LIBRARIES
UNIVERSITY OF WISCONSIN–MADISON

US mission documents. 1959/1976

[s.l.]: [s.n.], 1959/1976

https://digital.library.wisc.edu/1711.dl/BVIIJFAEEJHKV8Z

This material may be protected by copyright law (Title 17, US Code).

For information on re-use see:
http://digital.library.wisc.edu/1711.dl/Copyright

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

728 State Street | Madison, Wisconsin 53706 | library.wisc.edu

LA
309.2235594
L399

PN ABI 059
(59)

PN-ABI-128

File
Laos Reports

ISD 9-8-8
PN ABI 128

CDD-Library

AMERICAN COOPERATION WITH LAOS

A Vital Link in the Chain of Mutual Security

Report of the Director

United States Operations Mission to Laos

July 1, 1959

American cooperation with Laos; a vital link in the...

LA
309.2235594 USOM/Laos
L399 American cooperation with Laos; a vital link in the chain of mutual security Daly C. Lavergne. July 1959.
73 p.

1. Mutual Security Program, 1951-. 2. Military assistance - LA. 3. Socio-economic development - LA. 4. Development planning ( ). I. Lavergne, Daly C. II. Title.

A.I.D.
Reference Center
Room 1656 NS

TABLE OF CONTENTS

	Page
Foreward	i
Map of Laos	ii
Facts About Laos	iii
Summary Observations	1
The Setting	4
Framework of Operations	5
Environment	5
Climate	7
Main Centers	7
Political Framework	14
The People	16
History	19
Language	23
Public Health	23
Education	28
Agriculture	32
Industry and Crafts	34
Mining	35
Building and Construction	36
Forests	37
Transportation and Communications	37
Trade and Finance	43
The Government	45
International Payments	46
Monetary System	47
Financial and Credit Institutions	50
Electric Power	54
Development Effort	56
Public Finance	63

Appendices

A. Population Estimates	67
B. USOM Aid Program Specifics	69
C. Foreign Aid to Laos Other Than U.S.	72

FOREWORD

This booklet seeks to tell the story of American aid to Laos through July 1, 1959, within the overall framework of that country -- its people, resources and institutions. This approach has the advantage of increasing the general public's knowledge of that young nation; it also furnishes a backdrop for American activities in Laos. In this way a perspective is afforded which would seem necessary in any assessment of our effort in that country.

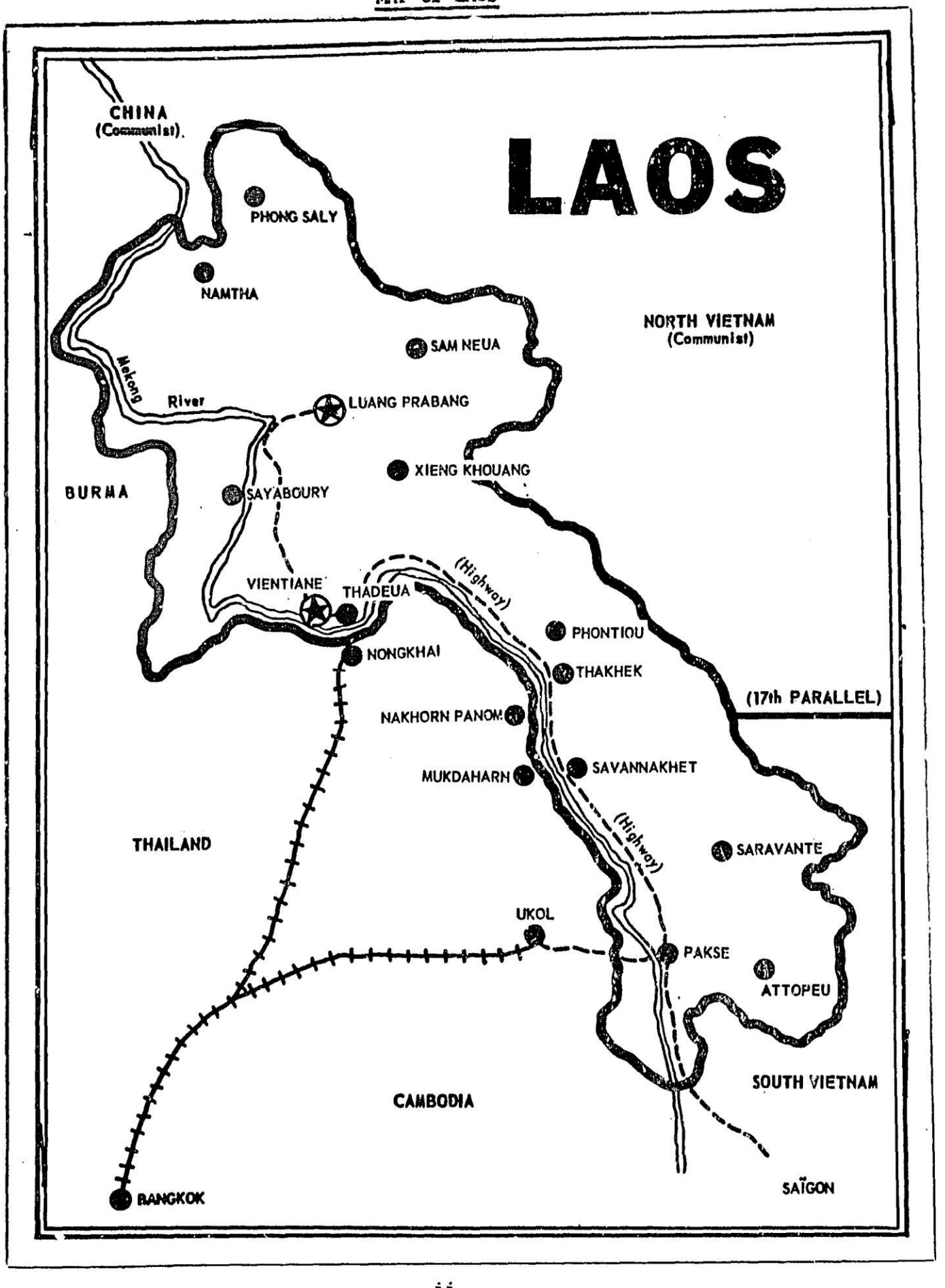
Since the preparation of this report, two important developments have occurred in Laos: (1) In October 1959, King Sisavang Vong passed away. Crown Prince Savang Vatthana, who had been appointed regent by his father two months earlier because of the latter's ill-health, became ruler of the "Land of a Million Elephants"; (2) in January 1960, Phoui Sananikone was replaced as the country's Prime Minister by Thao Kou Abhay.

Laos is one of a number of newly-independent nations born of the upheaval that today grips the world. Since its birth a few years ago, the United States, in response to a request from the Government of Laos, has been giving positive assistance under a program of mutual security. The force responsible for this request was the threat of Communism. How long this program will continue no one at the moment can tell. All that is known is that events dictate American interest and help -- perhaps for a long time. What is accomplished in this period will depend in considerable measure upon what is done with the opportunity.

Among the American agencies directly participating in this effort is the United States Operations Mission to Laos. As Director of this organization over the past year, and at the end of the fiscal year, as well as at the close of my tour at this Mission, I should like to report on the country through July 1, 1959 to the fullest limits permissible under security regulations, and on some of the growth problems that beset it; also on the American effort to help the Government of Laos accelerate the advancement of its people and its capacity to resist the pressures of Communism.

Daly C. Lavergne, Director
U.S. Operations Mission to Laos

MAP of LAOS


LAOS
CHINA
(Communist)
PHONG SALY
NAMTHA
NORTH VIETNAM
(Communist)
SAM NEUA
Mekong
River
LUANG PRABANG
XIENG KHOUANG
BURMA
SAYABOURY
VIENTIANE
THADEUA
(Highway)
PHONTIOU
NONGKHAI
THAKHEK
(17th PARALLEL)
NAKHORN PANOM
SAVANNAKHET
MUKDAHARN
(Highway)
THAILAND
SARAVANTE
UKOL
PAKSE
ATTOPEU
SOUTH VIETNAM
CAMBODIA
BANGKOK
SAIGON

FACTS ABOUT LAOS

(through June 1959)

Approximately 12,000 miles from the United States.
Estimated area, 91,000 square miles.
Estimated population, 2 million.
Ninety per cent of people engaged in self-subsistence agriculture.
Over 90 per cent of people live in about 10,000 villages.
Estimated life span, under 40 years.
Rate of exchange, $1 equals 80 kip.
Estimated national product, 6 billion kip.
Value of U.S. aid furnished since 1955, about $225 million.
U.S. military budget support covers 100 per cent of pay and allowances in Lao military budget (25,000-man army).
Value of French aid for calendar year 1958, about $5.8 million.
Political capital, Vientiane.
Royal capital, Luang Prabang.
Two-thirds of country is forested.
Main economic centers: Vientiane, Pakse, Savannakhet and Thakhek.
Main river, Mekong.
Principal mineral and export, tin.
Principal crop, rice.
Politically, a constitutional monarchy.
Prime Minister, Phoui Sananikone.*
Major ethnic groups: Lao Lum, Lao Thenh and Lao Xung.
Six hospitals in Laos; 77 physicians; 3 dentists.
Less than 10 per cent of people functionally literate.
No colleges and universities in Laos; only 5 junior high schools and 1 senior high school.
Vehicles: automobiles, 3,580, and trucks, 1,350 (excluding publicly-owned vehicles).
Road mileage, about 1,800, of which 1,000 all-weather roads.
Thirty-two airstrips, 3 of which service scheduled international flights.
"Five-Year Plan" goes into effect July 1, 1959.

---

* Succeeded as Prime Minister in January 1960 by Thao Kou Abhay.

SUMMARY OBSERVATIONS

The bulk of American assistance to Laos is for budgetary support to the Lao military forces. This help is essential in keeping not only Laos free and independent but also the region of Southeast Asia secure on the side of the Free World.

The value of military assistance cannot be easily measured in dollars and cents. This is also true of the economic aspects of the American aid program. In this latter connection it is important to keep in mind that an aid dollar in Laos does not carry the same weight as in other countries. The differential, of course, is due to a variety of factors, such as the stage of development of the country, the framework within which the program must function, and the shortage of professional and technically trained manpower. In the case of Laos, we cannot always get as much progress out of an aid dollar as we would like. The volume of resources we introduce may at times appear to be excessive, but the fact is that they have not been out of line with overall requirements of the country. Solid gains - economic and social - are being made.

Aside from the military assistance, American aid is intended to help the people of Laos so that they themselves can shape a society based on the principles of a free world. The task is not an easy one. It is complicated by a number of factors not the least of which are those of geography, culture and the general undeveloped character of the country. Definite progress, however, is reflected in attitudes of the people and the strengthened position of the government leadership; also in the physical and institutional development of the country.

A real basis now exists for social and economic advancement. Certainly, the future looks brighter today to the people of Laos as a result of what the American people have done to help them, especially in the fields of public health,

education, public works, agriculture and rural development. While the outlook is hopeful, the road ahead remains formidable for all concerned. Many of the problems to be faced, however, are problems of growth. Tackled in the right spirit, they will be solved and thereby promote not only the security and advancement of Laos but also the objectives of the Free World.

The problems that lie ahead underscore, among other things, a real need for

(a) Still greater coordination of American activities with those of the Government of Laos. Maximum benefit from United States aid dollars can only be obtained through an effective pooling, under proper safeguards, of all resources--technical as well as financial--available to Laos. This means that increasingly our aid planning must be effectively coordinated with the Royal Commissioner of the Plan. Laos is a sovereign nation and, as such, has the responsibility to chart its own course. Furthermore, the Commissioner's office is a logical agency to combine the requests of the various government ministries and to weigh them in the light of Laos' own limited resources and those forthcoming from the United States, France, Japan and other countries; also from the United Nations and its specialized agencies, the Colombo Plan countries and private organizations.

In this general connection, mutually desirable objectives must be sifted out and delineated. Extremely useful in this respect is the recently published "Five Year Plan" of the Government of Laos which went into effect on July 1, 1959. Here is a vehicle for furthering organization, cooperation, balance and direction to the overall effort of Free World partners in Laos.

(b) Closer American cooperation with French aid efforts in Laos. French advisors hold key positions throughout the government. A number of them have been here for years and know the country and the region well. French is the second language of Laos. Key Lao officials in government and in the Army have

largely received their training in French-speaking institutions; some studied in France. Like ourselves, France is a member of SEATO and also of NATO. The need to increase this cooperation between us is fortunately recognized by both United States and French official representatives in Laos.

(c) Some realignment of American project aid to Laos. A number of project have necessarily been continuations on a year-to-year basis of earlier efforts, developed essentially to register immediate impacts. During the past year, the Mission was able to give greater direction and purpose to these projects, in spite of issues such as Monetary Reform and budgetary deficits. The groundwork now exists for strengthening the program in the coming fiscal year, with less scatteration of effort and funds and greater effectiveness of individual projects.

(d) A greater emphasis than in the past on regional activities. Laos is the most remote and primitive and least organized of the free nations in Southeast Asia. Closer cooperation with the more advanced Free World neighbors in the region, especially with those in which the United States Government has aid programs, would unquestionably benefit Laos greatly and permit its development in a larger setting. At times this could result in more effective use of the American aid dollar. Our program has made an important start in this direction. For example, the United States is now supporting, in cooperation with other governments and international agencies, a 4-country Mekong River Project, a regional telecommunications project, a regional English language project and regional health activities. Projects of this kind can go a long way in helping to break down barriers and remove frictions. A good beginning has been made. Much more, however, must be done. In the days ahead, USOM/Laos, in cooperation with United States aid missions in other countries in the region, must strive continually to encourage new regional ties.

These are the realities that confront the United States Operations Mission as it plans further assistance to Laos. By facing them openly and courageously, the American aid program will prove to be a genuine antidote to Communism.

THE SETTING

The Royal Kingdom of Laos is not a country of factories, highways, power dams or large structures. It is a low-income nation, with a largely self-sufficing agricultural economy, and underdeveloped in nearly all respects. Emphasis is on bare essentials, be it in terms of the food that is eaten, the implements used, the goods exchanged, or the shelters of most of the population. Practically the entire country is still in its unchanged natural state. It is the least developed in the region, lacking proven material resources, physical and institutional development, and most classes of even semi-skilled workers and entrepreneurial leadership. The difficulties of the situation are further aggravated by recurring political instability. Despite all this, the Lao continues to live unaffected and unruffled -- and undeveloped, quite removed from 20th century ways of life. Forces, however, well beyond the control of these people are now changing all this, mainly because of the country's geography which places it in the front lines -- on the side of the Free World.

Laos is one of the most distant countries from America. It is on the opposite side of the world on the mainland of Asia. This country cannot be expected to develop within the economic orbit of the United States, or even of Western Europe, in spite of the direct and very substantial assistance from such sources to its security and development. Major dividends, however, will surely accrue in due course in the contribution our aid will make in helping these people to shape a society based on principles the Free World can accept.

A look at the map tells us that Laos is wedged in as a buffer between the Free and Communist Worlds. Bordering the country on the north and east are Communist China and the Communist satellite, North Vietnam. While its other immediate neighbors--Cambodia, South Vietnam, Burma and Thailand--are among the world's free nations, the pressure of Communism on them is also intense. Together with Laos, these countries hold the key to all of Southeast Asia, including Malaya, Singapore and Indonesia. In this region live many millions of people. Here, also, are a number of critical raw materials, the greater part of which for many years have found markets in the Free World, with an important share entering the American economy. If Laos were lost to Communism, not only all of Southeast Asia would be placed in serious jeopardy but also South Asia as well.

It is in this setting that the American program of assistance--an antidote to Communism--is being administered.*

FRAMEWORK OF OPERATIONS

The American operation in Laos, aside from being influenced by forces operating beyond the borders of the country, is also conditioned by a complex of internal factors--social, political and economic. Here are a few thoughts to be kept in mind in this general respect.

Environment: Laos is in the tropics, between the 15th and 25th parallels north of the equator. It covers about 91,000 square miles, or nearly the size

---

* For specifics of the USOM program, see Appendix "B".

of the State of Oregon. It is located inland and is completely isolated geographically from the Western World. Access to the sea is mainly by way of Bangkok, Thailand, although limited use is also made of exit routes via Saigon and Tourane in South Vietnam. Use of these Vietnamese port facilities should increase in the wake of intransit agreements concluded in June 1959 between Laos and Vietnam. Upon completion of the Port of Sihanoukvi and the signing of the necessary commercial accords, Laos will also have access to this new Cambodian port.

Laos enjoys a long frontage on the Mekong, one of the world's great rivers. The value of this waterway and its tributaries, however, is severely restricted by natural obstructions. Its use as a source of power and for irrigation is yet to be tapped, although its potential in these respects is great. An initial project for the regional development of this capital resource is now under way.

Laos is a matrix of highlands, plateaus and plains. The highlands are in the north and cover a substantial part of the land area of Laos. They are generally infertile. Their crests range around 5,000 feet, with one peak rising to 9,200 feet. The slopes are forested. Slash-and-burn subsistence agriculture is practiced here by tribal people. In the north-central part of the country are the relatively unproductive Xieng Khouang and Sam Neua plateaus whose average elevation is about 4,000 feet. Much of the rolling terrain of these regions is covered with high grass and pine. In the south is the Bolovens plateau, whose soil is probably the best in Laos. Here is where the French once experimented with small plantations of coffee, rubber, tea and fruits. More recently, the Japanese and also the Nationalist

Chinese have evidenced serious interest in the economic possibilities of the region. Finally, there are the plains, mainly along the Mekong and its tributaries, where most of the country's staple food crop of glutinous rice is grown.

Climate: Seasons are well-defined in Laos. Generally, from November to February a movement of cool dry air from the continent passes across the country, followed by a hot dry period which continues usually through May and often into early June. During these two periods the average monthly rainfall is about half an inch, with showers on an average of only 2 days a month. April is the hottest month, with an average maximum of 93°F and an average minimum of 72.5°F. Beginning in late May or June, the winds shift, moving in from the sea and carrying with them heavy rains. These generally last through October, averaging between 11 and 12 inches per month. When the rains come, most of the people turn to their small plots with their buffalo, readying them for rice planting. During this season a number of the roads throughout the country become impassable, thus cutting off the major link of communication and exchange among the people. The rainy season also marks the end of any real progress on road construction throughout Laos.

Main Centers: The major economic communities of Laos are Vientiane, Pakse, Savannakhet, Thakhek and Luang Prabang, the seat of the Royal family. Other towns throughout the country, including the remaining provincial capitals, are undeveloped and sparsely populated. For a good part of the year, i.e., during the rainy season, many of the country's towns and villages may be isolated.

Vientiane - This city is the political capital of the Kingdom and the administrative and economic center of the nation. Latest estimates place the city's population (including the suburbs) at from 45,000 to 80,000.

Vientiane is located on the Mekong River. It is serviced by an airport capable of accommodating international flights and a river port (Thadeua) with ample dock and ferry facilities (constructed with American aid) for importations, via Bangkok, Thailand. Thadeua is the largest single port of entry for Laos.

The metropolitan area of Vientiane is the center of what little industry there is in Laos. There are reportedly over 300 small industries and businesses scattered about the city or its environs. The principal ones are charcoal plants, brick kilns, sawmills, carpentry shops and rice mills; also, printing shops, ice plants, hotels, movie houses, aviation companies, weaving shops and a cigarette factory. There are several open markets in Vientiane. A high percentage of the vegetables sold here are brought in daily across the Mekong from Thailand.

Vientiane serves as a center for the export of limited quantities of cattle, mainly to Thailand. The stock involved are buffalo, beef cattle and hogs.

Vientiane has grown considerably during the past few years. Much of this is attributable to the American and other aid programs. Currently USOM emphasis is in the rural districts of the country.

About 280 new structures were put up in Vientiane in 1957, about 170 in 1958, and about 40 in the first half of 1959. Eighty per cent of these are of wood and bamboo-and-thatch, constructed in a style which has not changed

in centuries by family and friends out of materials that are largely free; the remainder are hotels, offices and the more substantial homes. It is estimated that the value of all construction did not exceed $1 million (U.S.) in 1957, perhaps as much as one-half million dollars in 1958, and about $150,000 through June 1959.

Living conveniences in the city and its environs are limited. There is inadequate city water supply, and only the most rudimentary inter-provincial communications system. The city has open sewers. Not more than one-fifth of the houses in Vientiane have limited electrical services, and only a very few have electrical appliances of any sort. Most homes are illuminated by candle. Kerosene is imported in large quantities for lighting both in the homes and shops. About a tenth of the homes (mostly rented to foreigners) have limited and uncertain indoor plumbing. There are only 50 miles of paved road in the city. Some of the roads which connect with other towns and villages are impassable during the rainy season. There are camps scattered throughout the city which accommodate a sizable number of refugees from North Vietnam, perhaps as many as 15,000. To date, there has been practically no expenditure of public funds on new housing.

The cost of living in Vientiane is quite high relative to average income. It is estimated that the wages for laborers range from 50 to 80 kip a day. (80 kip = $1). A few Vientiane stores are fairly well-stocked with imported items, such as canned foods, household materials, drugs and sundries. Most of this merchandise is sold to the foreign community and the small Lao upper class group.

Pakse - This city is located on the Mekong River near the frontiers of Thailand, Cambodia and Vietnam. It is in the heart of the Bolovens Plateau. The chief occupation of the people is farming. Pakse can be reached in about 2 hours by plane from Vientiane. The population of Pakse and suburbs is estimated

to range from about 6,000 to 10,000.

The economic condition of the city, by Lao standards, is relatively good. The few main roads within the city are fairly well-paved. Outgoing arteries into the province are in need of repair and extension in order to facilitate movement of goods and people to and from the markets. This is particularly important since Pakse is the center through which rice is regularly supplied to the provinces of Vientiane, Thakhek and Savannakhet. Pakse is also the market through which livestock is exported to Cambodia and Vietnam.

Pakse has two ports of entry on the Makong River, one at Vang Tao and the other at Kinak. Imports from Thailand come in through Vang Tao, while Kinak receives goods from Cambodia and Vietnam. Prior to Monetary Reform, the value of total imports was quite high and the Customs offices there collected an estimated 4 million kip per month. Since devaluation, however, they have collected about 1 million kip per month. Principal items imported include gasoline, oil, cement, salt, flour, milk, spare parts for cars, sheet iron and household articles. The limited exports, in addition to cattle, include unginned cotton, red pepper, coffee, soybeans and dried hides. The overall value of imports into Pakse is about 20 times the value of exports.

Savannakhet - Total population of this city and its environs, which is near the frontiers of Thailand and Vietnam, is placed at from 7,000 to 10,000. This community has several small lumber mills and a tannery for cow and buffalo hides; also limited hotel facilities, movie houses and a number of small restaurants. The central market is too small to serve the population, with the result that most of the merchants have now opened their own little places of business just outside the market area.

The Savannakhet province has long been a principal supplier of cattle. It is estimated that there are at present 90,000 buffalos, 70,000 cows, 1,000 horses

and 100,000 hogs throughout this area. Cattle are exported to Saigon, Thailand and Hongkong. The province does not produce enough rice to feed itself, because of floods. About one-third of its rice requirement is obtained from Thailand or from other Lao provinces.

There are thousands of acres of virgin forest in the province; also evidence of mineral deposits, mainly of iron and gypsum.

Savannakhet has about 50 miles of asphalt roads and some 35 miles of unimproved roads. This city also has three ports of entry: one is located in the town proper, one in Seno, about 20 miles from town, and one third in Chipon. The last-named is south of the town and is largely used for Cambodian trade.

Thakhek - This city is located in central Laos, about one and a half hours from Vientiane by plane. The city has a small airstrip which can accommodate only light planes. Population is estimated at from 4,000 to 7,000.

Thakhek is located on the Mekong, opposite the Thai city of Nakhorn Panom. The majority of the people earn their livelihood from farming, fishing, weaving and trading. There are a few wells in the city, most of the water being obtained from the Mekong. A small power plant supplies slightly over half the population with electricity. There is one hotel which is partly owned by the provincial government. Industries are few. There is a tannery for cow and buffalo hides exported to Saigon, an ice plant and two lumber mills. There are also a couple of movie houses, a few small textile shops (which produce for local consumption only), and a number of shops which cater to the general living requirements of the populace.

It is interesting to note that Thakhek usually must import from Thailand about a third of the amount of rice needed for the city and the province of which it is the capital. The cost of living in Thakhek is somewhat lower than in Vientiane, especially for pork, beefsteak, fish and vegetables. The price of canned food, however, is higher than in Vientiane.

Thakhek is a river-port city. Imports include textiles, canned foods, salt and bicycles. Exports include mainly buffaloes, beef cattle and hogs. The volume of imports exceeds exports by a ratio of about 20 to 1.

With respect to the above four cities, which are also the capitals of their respective provinces, a few general observations are in order. There are, for example, deficits in the public budgets of all of them, and there are deficits in the balance of trade at each of the ports which service these cities. These individual deficits are reflections of the hard fact that the whole Lao economy operates at a deficit and that the provinces are unable to produce enough to maintain even their present very low standards of living. Furthermore, in none of these centers are the city services at even a minimum level of adequacy. Except for some administrative direction, each city is typified by the scarcity of the services it performs for its citizens. Each of the four cities has one hospital at the present time. A second hospital is nearing completion in Vientiane. The only other cities in Laos with one hospital are Luang Prabang and Xieng Khouang. There are 87 dispensaries throughout Laos, 51 of which are in the four cities under reference. All of these communities have open sewers and none has a municipal water supply; furthermore, not one of them has more than the most rudimentary fire-fighting organization. Electric power facilities of each are small, uncertain and insufficient.

Although Vientiane, Thakhek, Pakse and Savannakhet are the economic centers of Laos, they are deficient in real capital (plant, equipment, and housing). Furthermore, the flow of monetary savings available for investment into these facilities is inadequate. Those existing at the present time are meager indeed. Except for a very few wealthy families in each of these cities, the accumulated capital of the Lao population consists mainly of a little livestock, a little light equipment, some crude ornaments of precious metal, and housing that ranges from simple to primitive.

Each of the four cities under review is a rather important river port as well as a marketing center for their respective provinces. Yet each is faced with a severe problem of transport. In each instance the problem of marketing local products involves the problem of overcoming space. Laos is a difficult terrain with a small population and few cities. The distance from farm to the city markets is in each case an obstacle of major proportions, especially during the rainy season. Moreover, the geographic position of Laos poses the problem of transporting her products to foreign markets at costs low enough to permit profitable sale. This is true in Vientiane; it is equally true in the other three centers. While the transport of non-perishable goods poses a difficult problem, that of perishable goods in even more severe. As for the Mekong River, it is navigable only in parts and at certain periods of the year. Air transport, of course, is much too expensive for the kind of products Laos offers for export.

In all of these cities the housing problem is enormous. The population of each is divided into classes of different economic status and, accordingly, there are differing housing needs. Overcrowding in these cities is not merely a question of insufficient housing space; it rises in part from traditional Lao social customs, the most important of which is the tendency for the family to include more than the parents and children. According to one Lao source, nearly 20 per cent of the urban families live in family units of seven or more members. In Vientiane, the housing problem is aggravated by the influx of a large number of refugees from North Vietnam.

In three of the four cities (except Vientiane), it is estimated that some 80 per cent of the people are absorbed in agricultural activities, 10 per cent in small industry and handicrafts, and the remaining 10 per cent in administration, commerce, transport, domestic services and religion. In the

surroundings of Vientiane, the approximate ratios are: agriculture 65 per cent; industry, business and handicrafts 20 per cent; and administration, commerce, transport, domestic services and religion about 15 per cent. A number of women and children between 10 and 14 years of age are also part of the Lao work force, particularly in agriculture and handicrafts.

The level of technical competence of the Lao labor force in each of these main cities must be improved. There is practically no skilled Lao labor, while on the other hand, the unskilled is composed almost entirely of Lao. Also in the more modern commercial sector of the economy, and in technical and professional personnel, the number of Lao is small at the present time. The few handicraft workers are usually paid by standards determined by the employer, depending on demand and supply in the market and the profit margin of the enterprise. Skilled workers, of course, enjoy much higher wages.

Political Framework: Laos is a constitutional monarchy. The King of Laos, Sisavang Vong,* ascended the throne of the Kingdom of Luang Prabang in 1904. He was a direct descendant of the thousand-year-old Khoun Lo dynasty of South China. King Sisavang Vang was crowned in 1905. His reign is therefore longer than that of any other living monarch. His Majesty was deposed by a provisional assembly in October 1945, but was re-instated--as King of all Laos--when the provisional government was driven into exile in Thailand in May 1946. The Crown Prince, Savang Vatthana, is very active in affairs of state and has represented his father on many

---

* His Majesty passed away in October 1959. He was succeeded by his son, Crown Prince Savang Vatthana.

occasions.

The present Government describes itself as neutral in the East-West struggle. Nevertheless, the Government has expressed itself on many occasions as being sympathetic to the side of the Free World. It does not maintain diplomatic relations with any Communist country. Diplomatic representation is limited at the moment to only a few countries, due to the lack of qualified persons for such assignments and the costs of such representations.

Laos is a member of the United Nations. It also holds membership in UNESCO, FAO and WHO, as well as in the Universal Postal Union, the International Civil Aviation Organization, the International Telecommunications Union and the World Meteorological Organization. Laos also is a member of the Colombo Plan and, in due course, expects to associate itself with other agencies, such as the International Monetary Fund and World Bank. It is not a member of SEATO, although it enjoys the protection of this regional organization which has assumed important responsibilities for the maintenance of the political integrity of Southeast Asian countries.

The Royal Kingdom is divided into 12 provinces, each with its own governor and local officials. The provinces are not yet effectively integrated into a strong national unit, due mainly to the woeful inadequacy of transport and communications facilities, as well as ethnic distinctions and lack of common traditions. The political, social and economic implications of this deficiency are well recognized by the Royal Government which, in cooperation with USOM, is giving high priority to remedying this condition at the earliest possible date. Each province is divided into districts and

sub-districts. Only a few of the village and sub-district heads can read or write, although the national government is now providing instruction to overcome this deficiency. Village political organization often follows tribal concepts.

The People: The population of Laos is a heterogenous collection of numerous groups, each with its own distinct characteristics and way of life. There are some fairly well defined ethnic groupings which, in turn, are subdivided into well over 30 tribal units. Together, all of these people total about 1,700,000 to 2,400,000 although some estimates run well above these figures.* Sound estimates are difficult to make primarily because of the isolation of many of the villages and the wide practice of slash-and-burn-and-move-off farming. "If you tell us where the villages are, we'll put them on the map," observed a responsible official of the government recently. The figure generally used for purposes of measurement is 2,000,000. Reasonably accurate census data will not be available until the first national census is taken in 1961.

Nowhere in Laos is there evidence of population pressure on the land. The Lao and the French are completely free to move and re-establish themselves with little concern for restrictions of any sort, including those of land tenure. The movement of other nationals among the provinces is restricted by the central government. In this general connection, it should be added that Indian, Chinese and Vietnamese nationals cannot enjoy the right of real property ownership in Laos.

The majority of Lao are rural people whose lives follow tribal patterns. Customs, culture and language have been heavily influenced over the years by the cultures of India, China and the Khmer. The state religion is

---

* See Appendix "A" for latest population estimates, by province and principal communities.

Buddhism. A sizable number of tribes are animists.

Over 90 per cent of the people live in some 10,000 small villages, many of which are isolated. A great number of these people are completely uninformed about their national government and, for that matter, of anything outside of their own village. Reasons: mountainous and jungle terrain, absence of communication and transportation facilities and a serious lack of government administrators, technicians and educational institutions.

Ethnic differences are of long standing in Laos. These must be recognized before an understanding of the country is possible. The largest single group of people is the Lao Lum, a branch of the Thai race.* They account for barely over half the population of Laos and are settled in permanent villages, mainly in towns along the rivers. These people are the most socially advanced of the population. The second largest group is the Lao Thenh. These people are believed to be of Indonesian origin. The majority of them are settled in the small clearings on the mountain flanks. They are commonly referred to as the "kha", meaning slave, because for centuries they were subjugated by all other groups in the region. There are quite a number of tribal units that make up the Lao Thenh, such as the Oi, Xu and Lavel. A third branch of the Lao population is the Lao Xung, a general grouping which includes such tribal units as the Meo, Lolo and Yao. Although of Chinese origin, these people have over the years developed close ties especially with the Lao Thenh. Like

---

* While the expression "Thai" identifies citizens of Thailand, it also applies to an ethnic group which does not include all citizens of that country. Thus, it includes, for example, the "Thai" of Thailand, the Lao of upper Thailand; the Lao Lum, and also the Shan of Burma.

the latter, the Lao Xung live in the highlands. Their chief occupation is subsistence hunting and the farming of such staples as maize and rice. They also cultivate poppy fields of opium.

In addition to the foregoing groups, there are important minorities, mostly in the cities: Chinese, engaged in the main population centers as merchants and traders, restaurant-keepers and semi-skilled workers; Vietnamese, who pursue such occupations as tailoring, barbering, etc.; and small groups such as Indians who are primarily vendors of imported fabrics; also the Thai, who are mainly small merchants or in the general worker class. Then there are the Filipinos, 182 of them at the present time of whom a number are employed by USOM, USIS and Operation Brotherhood (a program of key value sponsored by the Philippine and Lao Junior Chambers of Commerce under which over 50 Filipino personnel, divided into nine teams, provide medical facilities in remote areas of the country); the remainder are in private employment. It might be added here that the 41 Filipinos now with USOM occupy positions as engineers, automotive and diesel mechanics, electricians, accountants and clerks. They were recruited in the Philippines for service in Laos. Their contribution continues to be of high order, particularly in imparting to the Lao technical knowledge and skill about electricity, engineering, plumbing, masonry, painting and carpentry. In addition, there is a French colony of about 6,500, mostly government officials, technicians, teachers, business men and missionaries; and a group of some 500 Americans, all but 70 of whom are in the employ of the United States Government. In addition to all these, there is a scattering of other nationalities who are either

engaged in business here or are representatives of international government agencies.

History: The story of Laos, as well as that of American participation in the country, is enmeshed in that of the politically strategic and economically valuable Indochina peninsula. The interest of nations that have sought to establish a hegemony over the area has been primarily in the penisula, with involvement in Laos always incidental thereto.

Earliest references to Laos date back to the 11th century, when the Lao first began to move down from Yunnan in South China. The major exodus from this Chinese province, however, did not really begin until the 13th century under pressure of Mongol hordes. These emigrés formed petty states in Upper Thailand and along the Mekong. In 1353, a number of them joined to form the "Kingdom of the Million Elephants." Its leader, Fa Ngum, is credited with introducing numerous Khmer bonzes and men of wisdom in the area of Luang Prabang (now the Royal capital). His purpose was to revitalize Buddhist culture, originally introduced years before by the Dhmers (who formerly ruled over all territory from Luang Prabang south to the region now comprising South Vietnam, and west to the territory that today makes up Thailand).

Luang Prabang continued as the national center of the Kingdom until 1563 when, following its capture by the Burmese, the capital was moved to Vientiane. This location had the advantage of promoting closer relationships with the people of Thailand, to whom the Lao looked for protection against the Burmese.

Events moved slowly in the area now known as Laos until about the middle of the 19th century, when the Thai succeeded in establishing suzerainty over Lao principalities. They were followed by the British

and French, with the latter's claim to the territory comprising Laos firmly established by the turn of the present century.

The French, understandably, were able to invest relatively little capital in Laos. This country was, and remains, the most inaccessible portion of Indochina and the French were more concerned with other parts of the peninsula. Nevertheless, the French can be proud of what they did accomplish, especially in the field of education and road construction (which was later destroyed in the Indochinese conflict).

The outbreak of World War II found the Japanese using the region as a vital base for carrying on their war against the Allies. In the battle of the peninsula, nationalistic movements, although limited in character, were given encouragement by both the Japanese and the French. As the war began to favor the Allies, the French position improved. With the capitulation of the Japanese in 1945, a new chapter opened for the region of Indochina.

Although the French, with the aid of British occupation forces, succeeded in re-establishing civil administration in southern Indochina, it soon ran into a number of difficulties. In Laos, a demand for independence resulted in the formation of the Lao Issara (Free Laos). France gave Laos the status of a separate political entity in 1946. This was followed by the election of a National Assembly in the closing days of this same year. This body drew up the present constitution, which was promulgated by the King in May 1947. These developments did not satisfy the Lao Issara, which immediately formed a "government" in exile (in Bangkok). Dissension among its leaders (which included a number of currently

prominent Lao leaders) subsequently led to a split in the movement into right and left wings. The latter, headed by Prince Souphanouvong, was closely linked to the Communist-controlled Viet Minh in Vietnam. In 1949, as a result of activities in this respect, Prince Souphanouvong was dismissed from the Lao Issara, which then disbanded and joined in support of the Royal Government of Laos. As for Prince Souphanouvong, he and a number of his followers went to what is now Communist North Vietnam. In December 1952, the North Vietnamese Communists invaded Laos, entrenched themselves in the northeast where (in Sam Neua) Prince Souphanouvong established his Pathet Lao headquarters.

In the months that followed there was no peace in Laos, the Communists having occupied most of Sam Neua and Phong Saly provinces. In October 1953 the Kingdom of Laos was given a status of a fully independent and sovereign state by France; however, it freely affirmed its membership in the French Union. In this period, the young country passed through some sobering experiences with Communism. In July 1954, agreements to end hostilities in Indochina were signed at Geneva. Under their terms, an International Commission was set up to supervise the carrying out of the agreements. The war's end, however, brought only an uneasy peace to Laos. The Lao Government was confronted with the need to find a basis for a political settlement with the Pathet Lao, within the wider setting of world politics. On the local scene, this immediately put the focus on the December 1955 elections. It also underscored, in Washington, D.C., the need to cooperate directly and solidly with the pro-Western leadership in Laos. Faced with this reality, our government in January 1955 replaced

its mission to the Associated States* with separate missions to Laos, Cambodia and Vietnam. It also agreed to furnish military budget and economic support assistance directly to Laos. A small United States Operations Mission (the present USOM) was set up in Vientiane in a tent (which served as both home and office) in a pasture belonging to the Royal Government.

The election of December 1955 was won by the conservatives of the Royal Government, but the challenges and threats in the political field persisted. In the months that followed there were plenty of skirmishes. Not until November 1957 was a "final" agreement reached on the civil and military reintegration of the Pathet Lao into the Kingdom. Under the terms of this accord, the Pathet Lao returned the two provinces of Sam Neua and Phong Saly to Royal jurisdiction, together with the troops, military equipment and civil servants of the Pathet Lao. At the same time, as part of the settlement, two Pathet Lao leaders were taken into the newly-formed Government of National Union as Minister of Planning, Reconstruction and Urbanism, and as Minister of Religion and Fine Arts. The agreement with the Pathet Lao did not spell a full victory for the Royal Government. In fact, the results of the May 1958 elections found the opposition's position considerably strengthened.

In August 1958 a new government was formed with Phoui Sananikone as Prime Minister.** His cabinet did not include any former Pathet Lao

---

* This operation, based in Saigon, had been established for Laos, Cambodia, and Vietnam under the Mutual Security Act. Even prior thereto, the United States Government had been indirectly operating in the area under a program of assistance, in the form of equipment, supplies and budgetary support, via the French Government, for the war in Indochina.

** Phoui Sananikone was succeeded as Prime Minister in January 1960 by Thao Kou Abhay.

leaders. It was his government, incidentally, which instituted Monetary Reform in October, a move that eliminated many opportunities for corruption. In January 1959 the Prime Minister called the National Assembly into Special Session and asked for full powers. These were granted to him. In February 1959 he formally announced that the obligations of Laos under the terms of the Geneva Agreement had been completely fulfilled. The above actions have set the stage for the days ahead.

Language: One of the difficulties with which the American aid program has to contend is that few American Mission members have any substantial command of the Lao language. This is not unusual, since very few outsiders, including the French, possess this competence. (To be fluent in Lao, it is estimated that several years of intensive study would be required.) The Lao language is closely related to Thai. It is written in script of Indian origin. Incidentally, not all the tribes speak Lao. Each has its own tongue as well as its own customs.

The Lao leadership generally has a background of French education, training and discipline. Only a few speak or understand English. French, of course, is the most useful foreign language in Laos at the present time. It is a second official tongue.

PUBLIC HEALTH

There are virtually no communicable disease statistics available in Laos, except for malaria and, to a lesser extent, yaws. Diseases of the gastro-intestinal tract are the most prevalent in Laos and vie with malaria for both the highest morbidity (proportion of sickness in a locality) and highest mortality rate. Dysentary, both amoebic and bacillary, are common and responsible for serious illness or death among the children

and the very old. Typhoid is common in Laos, and cholera is at times reported. Colds, measles, whooping cough and other sicknesses are quite common. Tuberculosis is found in all parts of Laos and in all age groups.

Smallpox has been a problem in the past but vaccination has practically eliminated it. Here it might be pointed out that there is no difficulty in getting people to take medicine or injections. This fact is important because it will indeed help to reduce the incidence of disease. Yaws was found in the southern part of Laos with an incidence of about 4 per cent of the population. A combined project in which the Ministry of Health, WHO (World Health Organization) and ICA participated, has practically eradicated this disease. Eye infections are found in all of Laos but no estimate of their prevalence is available.

Malaria is one of the most important problems of Laos. Surveys have shown rates as high as 80 per cent among children and its effect is evidenced by its very high prevalence and mortality. Over the past two years, a malaria eradication program has been under way. It is estimated that some 750,000 persons have been protected against the disease as a result of annual spraying campaigns.

Typhus is found but may usually be traced to immigrants from China or North Vietnam. Yellow fever has never been reported in Laos, but the carrier mosquito is present. Rabies is potentially a serious problem because of the large number of stray dogs.

Malnutrition is one of the major health problems in Laos. Beri-beri and pellagra (dietary deficiency diseases) are common. Due to Laos' land-locked position, the people have little food containing iodine and therefore simple goiter is quite common.

Prior to 1945 public health matters were assigned to the Office of the Inspector General of Hygiene and Public Health of Indochina, which had its headquarters in Saigon. This organization had centralized services for administration, laboratories, preventive medicine, medical education, the control of drugs, etc. Unfortunately, none of these facilities were located in Laos. Each of the Associated States, including Laos, had a Director of Health, and under him Provincial Chiefs. All of these positions were filled by Europeans. The few Lao personnel in the picture were assigned to subordinate positions on the staffs of the European officials. With the advent of independence, Laos, therefore, found itself with very limited health facilities and extremely short of trained personnel.

In 1946 the Royal Ministry of Public Health was established in Vientiane. Until recently this ministry relied heavily on French counselors. Today, a good part of the staff is Lao. Limited French personnel are now assigned to military sections of hospitals but give assistance to the ministry wherever possible in connection with its civilian activities.

Each of the provinces has a medical chief with a modicum of training in administration. Six provinces have hospitals, each with room for about 100 patients and with a government physician in charge. The Lao Army shares some of these hospitals. The remaining provinces have infirmaries. Some 80 dispensaries, staffed by government physicians or nurses, serve the large villages throughout the country. The greater part of the population does not have access to medical facilities.

There are at present six hospitals in Laos. One each is located in Vientiane, Luang Prabang, Savannakhet, Pakse, Xieng Khouang and Thakhek. A second small one is now under construction in Vientiane. There are

87 dispensaries in the country, most of which are in the provinces listed above. Approximately 74 physicians, mostly trained in Vietnam or Cambodia, staff all these various medical institutions. The remaining three are in private practice.

Summary of Physicians in Laos, as of December 1958

Lao Physicians trained in Indochina	31
Lao Physician trained in France	1
Lao Physician trained in Thailand	1
Thai Physician	1
Japanese Physicians	2
French Physicians (Three in private practice; 13 in Army Service)	16
Filipino Physicians with Operation Brotherhood (1959)	19
Iranian Physician (on USOM staff)	1
World Health Organization Physicians	2
U.S. Physicians	3
Total	77

Some 450 Lao "infirmiers" (male and female nurses) are on the payroll of the Royal Government. Their nursing education is very sketchy. Fewer than 12 French nurses are in the Lao Army and other government installations. About 30 Filipino nurses are in the Operation Brotherhood establishments located in eight provinces. There are no known trained Lao dentists, but there are two French dentists and one Filipino dentist in Laos. There are a number of Chinese and Vietnamese dental cabinets of the painless type of the "Ol'e West."

Eighty-seven technicians and four doctors have been sent to Thailand under aid auspices for training in malariology and 20 additional technicians and one doctor are scheduled to go shortly; also, 16 Lao nurses are now taking special work in Bangkok and 14 more will go soon. Other USOM assistance includes one Lao physician who is studying Rural Health in

the United States; two more are scheduled to go this fall. In addition, 10 male nurses are taking a year's course in rural health and sanitation at the Cholbury School in Thailand. Upon their return they will spearhead a program of sanitation and health education in rural areas.

The Nursing School in Vientiane, with advice and commodities from USOM, has been reorganized and recently reopened. A Thai nurse with post-graduate training in the United Kingdom is in charge. Other staff nurses are slated for a brief refresher course in Bangkok.

There are several outside agencies active in medical work in Laos. These are:

USOM: Operates a program of preventive medicine working in cooperation with the Lao Government. The staff consists of two doctors and one nurse. Plans call for the addition of a sanitarian (public sanitation expert) and a public health educator.

WHO: Its staff includes two physicians. One is a laboratory specialist and the other conducts the campaign against yaws in collaboration with USOM. This year WHO plans to send a Maternal and Child Health team to Laos; also a physician's aide and one or more nurses.

IVS: The IVS team is located at Phon Savanh. It includes a nurse who operates a dispensary with commodities supplied by USOM.*

MEDICO: This private voluntary medical organization is independent of U.S. Government activities. In Laos, it is operated by Dr. Thomas A. Dooley and a team of two hospital corpsmen. They operate a dispensary at Muong Sing on the Laos-China-Burma border.

Operation Brotherhood: Under the aegis of the Philippine and Lao Junior Chambers of Commerce, this organization operates nine teams in eight provinces of Laos. USOM provides commodity support to the medical and health program of Operation Brotherhood. This program, which is entering its third year in Laos, supplies from 50 to 60 trained Filipino personnel. These teams are

---

* A team of seven American technicians working under contract with International Voluntary Services is conducting a diversified program of community leadership activities for the improvement of health, education, agricultural production, housing and small public works. About 15 young Lao men and women are receiving in-service training by daily association with IVS team members. More than 100 government workers and villagers are also receiving regular English instructions from these young Americans.

engaged in medical activities primarily in remote areas of the country. Located in nine centers, they operate hospitals, out-patient clinics and mobile clinics. They also train Lao nurse aides. From January 1957 through November 1958, they treated a total of 170,614 new cases and 209,547 follow-up cases, for a grand total of 380,161.*

Catholic Missions: There are a few in Laos which offer dispensary services in the communities in which they work. Some of these missions have Western-trained nurses (nuns); others are served by priests who furnish some medical services.

Most of the physicians now in government employ have received their training in medical schools patterned after the French system, in Vietnam or Cambodia. At present, about a dozen Lao students are in medical school in Paris and some 30 at Phnom Penh, Cambodia. These are nearly all on French and Lao Government scholarships and it is expected that they will be employed in the Lao Army.

A small school of medicine has been started in Vientiane under the sponsorship of French army physicians. Twelve students are in the first year and five are in the second year of a projected four-year course of instruction, which is in French. Few midwives in Laos have had formal training, but most of the hospitals have an experienced midwife in charge of deliveries.

EDUCATION

A national education system is a unifying influence in any country, and particularly in an area like Laos which is comprised of so many different tribal groups. As education is developed here and activated in the more remote regions, the schools will have a considerable part in the unification of language, the development of literacy, and in the dissemination of the type of learning which will contribute to the development of improved health, institutions of all kinds and economic welfare.

---

* Members of Operation Brotherhood teams are fully accepted by villagers and officials. Aside from the medical aspects of their work, they live among the people, imparting knowledge and skills in all fields of endeavor.

Probably less than 10 per cent of the people of Laos are literate. Although there is compulsory education, this requirement is of little consequence since there are no penalties for non-attendance; moreover, there are not nearly enough schools for either students or the training of teachers. Current estimates place the number of children in the present compulsory age bracket (6-14 years) at over 300,000. Of this number about 100,000 are presently enrolled. There are 1,287 public primary (grades 1-3) and elementary (grades 4-6) schools serving the needs of these children. In addition, there are a number of private and elementary schools authorized by the Lao Government. These include 16 Catholic schools, 3 Chinese schools, 7 French schools, 4 privately-owned schools, and 1 school for children of American government personnel in Vientiane. Enrollment in these schools numbers about 5,000.

The problem of elementary education is complicated by the fact that the country is predominantly rural in character, and that many of the villages are accessible only by ox-cart or on foot, with attendant difficulties during the rainy season. Only 6 of the 12 provinces have public secondary schools to the 10th grade level, and of these only Vientiane has a 13-year Lycee, based on the traditional French system of education. There are also public professional schools at the secondary level in Vientiane. These are for teacher-training, public administration and medicine. Two provinces have vocational schools, with activities in drafting, wood-working, metal-work and auto mechanics. Higher education, i.e., colleges and universities--does not yet exist in Laos. The few professionally-trained people have been educated abroad, mostly in France and Thailand. College-level education in Laos, of course, would be dependent upon the further development of secondary education and the development of college-level institutions. Approximately 400 Lao are now studying at the

college level abroad.

There has been considerable progress in the development of education in Laos. For some time now, the schools have been getting both their leadership and support through the national government which notes that it can develop the schools no faster than funds are available. Perhaps the time is here when the communities should be organized to support the costs of the teacher and the costs of simple school structures, and that these be subsidized by the national budget only in instances of extreme need. This would release national funds for the training of teachers and for the production of textbooks and other educational materials.

Foreign influences and aid to Lao education are substantial. It is understandable why the French have influenced education in Laos as much as they have, and still do. Currently, French aid supplies about 125 teachers and pays their salaries and housing. Most of these teachers work in the upper elementary schools, secondary schools, vocational schools, or in advisory capacity to the Lao Government. French aid also makes contributions in the form of books and materials; it also sponsors and finances the Lycee in Vientiane.

Then there is UNESCO, whose major contribution to date has been a survey of education in Laos. This was started in 1956 and reported in 1957. The present UNESCO staff consists of technicians working on administration, elementary education, technical education, fundamental education and textbook production. UNESCO pays the salaries of these individuals but it does not provide an operating budget to cover project costs. These, as a matter of practice, are underwritten by others, including USOM.

The Colombo Plan is also in the education picture of Laos. It has thus far supplied teachers of English. Then there is the Asia Foundation, which

plans to supply litho duplicating equipment for a pilot textbook project which the Ministry of Education proposes to undertake with the aid of UNESCO and USOM.

As for USOM's own program in education, past efforts have been in the elementary and vocation education fields. Elementary education was stimulated in the rural areas through in-service training, paying teachers' salaries in rural project schools, furnishing hard-to-get materials and equipment, through the training of selected participants in the United States, Thailand, and through observation study community schools in the Philippines. Technical education was supported by USOM with equipment and materials for vocational schools. USOM is also supplying funds for a dormitory at the vocational school in Vientiane. This will make it possible for the school to enroll students from the provinces.

Currently, USOM is actively promoting the advancement of education in Laos through projects, namely, Teacher Education and Education for Rural Development. The prime undertaking of the Teacher Education project is the construction and operation of the Teacher Training School. This is the initial development at a 35,000-acre site which has been set aside for a National Education Center near Vientiane. This center will include model provincial elementary and secondary schools, workshops, laboratories, warehouse facilities, dormitories and utilities installations. The classroom-administration building is now completed. In connection with the Teacher Training School, a four-country Regional English Project is active in the training of Lao instructors for the teaching of English, in the development of materials, and for guiding the first groups of Lao English teachers in their initial assignments.

As for the Education for Rural Development project, this undertaking will give support to the development of education in the rural areas in the Royal Government's plan for (a) building a Rural Education Center for the training of

school workers to go into the remote villages to build and operate schools; (b) assisting in the development of provincial education centers, which will eventually make a model elementary and secondary school available in each province; and (c) increasing the availability of educational materials and the development of school books suitable for use in Laos.

One fundamental problem which must be solved with the growth of literacy is the availability of reading materials in the local language. If directed in the proper channels, such materials can represent a veritable extension of the school system which will reach the adult population. In the absence of such materials, literacy tends to deteriorate or lapse. In this general connection, it should be noted that there are certain possibilities for economic development which would stimulate education and the production of reading materials. The potential for the manufacture of paper and paper products would seem to be considerable here. Paper can be made from both bamboo and from wood cellulose from trees which do not have good qualities for lumber production. At present, paper is being imported from as far away as the Scandinavian peninsula.

AGRICULTURE

Over 90 per cent of the people of Laos are engaged in agriculture, many of them in "rai" farming.* Agriculture is almost wholly pursued on a subsistence basis, with glutinous rice the major commodity produced. Other crops grown include corn, soybeans, peanuts, coffee and tobacco. Sugar cane is cultivated in many parts of the country. It is used in the production of the family

---

* Rai farming, often referred to as "slash-and-burn" agriculture, is widely practiced in Laos and especially by the mountain people. Trees are burned during the dry season and plantings made just after the first rainfalls in April or May. The consequences of this system are harmful. Thick forests are changed into meager vegetation areas, resulting in erosian, floods, silting of rice fields and drying up of steams.

staple, brown sugar, and for chewing. Other crops include peppers, beans, leafy legumes and a variety of tropical fruits. Coco trees are found near river banks and styrax trees (which produce benzoin), rubber trees, and the special trees on which sticklac is found, exist in some quantity. As for opium, the poppies are grown in two small northern areas of Laos. Some of it may be locally consumed but most of it is illegally exported. Aside from opium, very little of the agricultural production is sold.

Animal production in Laos is also low. Taking agriculture as a unit and including the value of products consumed by the producer at the source, the contribution of this sector (which takes in the majority of the people) to the national product can hardly be much more than a quarter of the total.

Irrigation is one of the greatest needs in Laos. The dams most commonly built here are of mud, sticks, wood and stone. USOM has given technical and financial assistance in the construction of eight small dams and distribution systems in the past year. These are located in six of the 12 provinces, and furnish a domestic water supply for about 3,000 families.

USOM, in cooperation with the Laos Government, has improved a type of glutinous rice which resulted in increased yields, where planted in 1958, by about 25 per cent over the previous year. About 500 tons of this variety were grown in Laos during the past year, and eleven other improved varieties are now being tested in the hope of further improving the grade of this basic commodity.

Sixteen purebred female and 24 male Berkshire pigs were brought from Japan in April 1958 under a USOM project. More than 100 of the pigs from the first litters have been placed in cooperating villages for upgrading local stock. Twenty-one of the imported males have also been placed in villages throughout Laos.

Two poultry stations have been set up by the Lao Government with USOM

assistance for the purpose of upgrading local chickens. About 1,000 breeding birds have been placed with farmers in the provinces. The USOM technician in charge of this project has provided training to Lao veterinary personnel on improved poultry feeding, breeding and incubation practices.

Sixteen Lao agricultural technicians have been sent to Thailand and the Philippines for short-term organized training under USOM sponsorship. Some of these have finished this training and are now working in the Lao Agriculture Services.

Industry and Crafts: This sector is almost completely undeveloped, probably accounting at the present time for not much more than 5 per cent of the national product. It should, however, show definite improvement in the early future as a result of American aid which is bringing about an increase in demand for a variety of items which can be produced locally and profitably. Another positive factor in this picture is Monetary Reform (effected in October 1958), which has helped to improve the investment climate of the country.

In recent months several small new industries have been established for the making of such items as matches, cigarettes and soft drinks. In addition, a number of existing ones are improving and expanding facilities to meet demands. Among these are sawmills producing rough lumber, shops producing rattan and wood furniture and small cement plants; also, charcoal ovens, brick kilns, salt works and sheetmetal shops. The need for additional industries, of course, is increasing rapidly. Opportunities, for instance, exist for the manufacture of farm tools and small hand tools; rice mills; food-processing plants; tanneries; rope making; small boat construction; paper making; small machine and welding shops for the repair of automotive and other types of equipment; also for more cement works (since Laos has unlimited quantities of limestone). Facilities of this kind, and the list could be added to substantially, would help

greatly to save precious foreign exchange, service the civilian economy as well as the military establishment, in addition to providing an opportunity for the employment of indigenous resources, human and material, a justification for the development of infrastructure and also of institutional facilities without which real progress cannot be made.

Helpful in these respects are the arrangements now being made by USOM in cooperation with the Lao Government to have an industrial development survey made to determine the number of existing small industries throughout the country, potential industrial requirements, available raw materials, present imports which could be replaced by local manufactures, and exports which could be increased; also cost estimates and other requirements.

Mining - Although the contribution of this activity to the national product is currently not much more than one per cent, it is expected, to the extent that effective American and French assistance is forthcoming, to play an increasingly more important role in the economy of Laos in the days ahead. At the moment, the principal mineral being produced is tin, the country's main foreign exchange earner. Output of this commodity is already on the rise as a result of the recent installation of modern plant equipment at the SEEMI Tin Mines at Phontiou. Latest information indicates an increase of from 50 to 70 metric tons of tin ore concentrate per month as a direct result of the new equipment which was privately financed but procured under the ICA dollar import program.

There are strong indications of the presence of other mineral resources in Laos. Among these are coal, chemical-grade manganese, gypsum, iron, lead and petroleum.

Coal - Drilling operations have been underway these past months (May and June) under a USOM contract executed with the Royal Thai Department of Mines.

The contract calls for core-drilling operations to determine the extent of the Ban Padou coal deposit. Samples have been obtained which are now in the process of being analyzed.

Gypsum - Samples of a high grade gypsum and chemical-grade manganese have been obtained through surface prospecting in western Laos, regionally adjacent to developed deposits in north Thailand.

Iron - On the basis of recommendations of a U.S. Bureau of Mines geologist, a contract is being negotiated for an aerial geophysical survey of an indicated iron deposit in western Laos, adjacent to similar geological formations in northern Thailand. Purposes to determine the extent of the deposit in Laos and to fix sites for initial drilling explorations.

Lead - This mineral is believed to be present in northern provinces of Laos. Samples received by USOM from its field offices have been sent to the Philippine Bureau of Mines for analysis and report.

Petroleum - A French company has a concession from the Lao Government to undertake explorations for petroleum at a site which geologists have found to have encouraging geological structure.

In addition to the above minerals, a search for others is continually under way. For example, the French Economic Aid Mission to Laos supports a continuing survey, during each dry season, of mineral possibilities.

Building and Construction - In the current growth pattern of the country, building and construction now account for about 10 per cent of the national product. In the urban centers a number of new structures are rising, giving some investors a profitable opportunity to employ savings at home, and the people some visual evidence of progress. There is, and there will be for some time to come, a considerable demand for new homes, offices, shops, public

buildings and small industrial plants. The generating force of all of this is primarily American aid.

Forests - This resource is abundantly present in Laos. Forests cover about two-thirds of the country and include rich preserves of teak and other hardwoods and also pine. Very little of these woods is being exploited, due mainly to their inaccessibility. Forest products at present account for not more than 2 per cent of the national product. However, given the growing demand for lumber and the gradual opening up of forest preserves under the program of road-building, it is expected that this indigenous resource will prove its real worth to the country in the not-too-distant future.

USOM gets into this picture through the improvement of methods and equipment for the production of forest products in connection with its forestry project; also through the assistance it is giving in the construction and maintenance of roads.

Transportation and Communications - In the past, the scarcity of these facilities has largely been responsible for the slow development of the country, the low level of exchange of commodities, the material poverty of its people, and its isolation from the outside world. Even at the present time this sector contributes not much more than 3 per cent to the national product.

There are no railways in Laos. The numbers and types of transport vehicles currently in the country are indicated below:

Type of Vehicle	Number
Samlors (bicycle taxis)	5,000
Motor Boats	300
Motor Cycles	958
Trucks	1,350
Automobiles	3,580

(By way of contrast: in 1952 there were only 45 trucks and 48 automobiles in Laos.)

The country now has about 1,800 miles of roads, about half of which are all-weather roads. The balance are usable only during the dry season, mainly because of the lack of bridges which were either destroyed during the war periods or by the elements. About 250 miles of the major roads are black-topped. Most of these, however, require betterment. The most important road, 780 miles long in Laos, begins at Saigon in South Vietnam, crosses Cambodia and runs due north through the main towns of Laos, terminating at the Capital of Luang Prabang. This road and its existing bridges are in fair condition. Three hundred forty miles of this road, running from Thakhek to the southern border, are asphalt-surfaced. Around Vientiane and Luang Prabang are about 155 miles of all-weather passable roads, a few sections of which are black-top surfaced.

The need for linking the thousands of villages throughout the country with each other and with the urban centers, and also the need for opening up the nation's productive centers, is desperate, one fully recognized by the Lao leadership and emphasized by USOM. In cooperation with the latter, and also with the French, the government is now constructing new roads and bridges, repairing and improving existing ones. The tempo of work on the road program is indicated, for example, by the fact that since the rainy season of a year ago, the Lao, with USOM's cooperation, have repaired 500 miles of roadway for dry season use. When required bridges are constructed on these roads and mountain slides eliminated, they will be usable the year around. The magnitude of the overall bridge program is indicated by the fact that recent surveys reveal the need for 952 bridges in seven provinces. About 25 of them are sizable structures, ranging from 150 to 900 feet long.

There are 32 airstrips in Laos, three of which are at airports which serve

international flights. These are at Vientiane, Seno and Pakse. A few of the airstrips can handle craft up to C-47, but the majority can accommodate only small craft. None of the airports is equipped for night landing, and only a few have ground-air communications. All of them, of course, are of fundamental importance to the security and advancement of Laos. Preliminary studies indicate an urgent need for the rehabilitation and improvement of the Vientiane air terminal. In this connection, USOM is moving ahead with plans for the construction of a new runway and drainage systems in the next dry season, and the French will construct a terminal building for this airport. As for the other 31 airstrips throughout the country, USOM, in cooperation with the Lao Government, is making repairs on 12 of them and investigating requirements for the others.

In addition to roads, bridges and airfields, increasing attention is being given to that great natural artery, the Mekong, one of the world's great rivers and an important water-shed of the Himalayas. This river for 600 miles forms an international border for Laos, with several hundred miles more running through the country. Several important tributaries add to its value. Located on the Mekong are the nation's most important cities: Vientiane, Pakse, Savannakhet, Thakhek, and Luang Prabang. Through passage on the Mekong to the sea is impossible because of natural obstructions. It is navigable, however, in parts, such as from Luang Prabang to Vientiane to Savannakhet, but limited to shallow craft during the low water season.

Located about 10 miles outside of Vientiane on the Mekong is Thadeua, where a modern international ferry and ramp facilities have been installed with American aid. This facility links the nation's capital and chief economic center to Nongkhai in Thailand, from which point the Thai Railway

System connects with Bangkok. At Thadeua a terminal customs warehouse was constructed with American aid. Traffic crossings on the ferry in the first five months of this year totalled 9,572 metric tons, carried in 1,915 trucks. Two other Mekong River ferries and ramp facilities are scheduled for installation in 1960-61 at Pakse and Savannakhet. At Pakse, thought is being given to the extension of the railway from Ubol in Thailand to the Mekong, where the ferry would link up with Pakse. Such a development would give Laos a second major link with the port of Bangkok and an outlet for the agricultural crops of the Bolovens.

In connection with transport facilities, mention should also be made of a receiving and forwarding warehouse established with American aid at the Port of Bangkok for handling cargoes destined for Laos from world-wide shippers.

One other important development involving the Mekong and its tributaries is a regional survey of the Mekong River Basin already under way. This project is being sponsored by ECAFE with the United States financing the initial phases of the planning stage. This includes providing the services of an American engineering firm to set up a basic data collection system, training of nationals of benefitting countries in this system, and financing some of the initial equipment needed. Other ECAFE countries are making contributions in the form of services and equipment.

The project is aimed at opening the Mekong River and its tributaries for navigation, irrigation, flood-control and hydroelectric purposes. By its very nature, real dividends from this project will be long in being realized.

One of the major deficiencies in the economy of Laos, with important political and social implications, is the general lack of domestic and

international communication facilities. An adequate network would, of course, be of inestimable value to the commercial community as well as to the government as a link with the provinces and for security purposes. In the entire country, excluding private lines installed by foreign groups, there are only 600 telephones installed by the Lao Government. There is, in addition, a public telecommunications system whose facilities permit the sending of commercial telegrams to the major centers of Laos, as well as cables throughout the world.

A particularly important effort in the field of communications is the Regional Telecommunications Project. This undertaking falls into two parts, namely, (1) the evaluation of the economic feasibility of the project and the preparation of the basic engineering plan; and (2) the actual construction of the telecommunications system. The first phase was completed in 1958 with the drawing up of a fundamental plan by an American engineering firm. The second phase has as its objective the development of telephone and telecommunications systems within Laos. These will link with those of neighboring countries where comparable efforts are under way. An automatic dial telephone system is being installed in Vientiane. French aid is financing the equipment while American aid is underwriting the costs of installation.

A vital communications medium is the press. There are 16 "newspapers", 9 of them in the Lao language, 3 in French, three others with both a French and Lao edition, and one in Chinese. These journals are, with two exceptions, small mimeographed bulletins of two to six sheets which usually are published on a weekly or twice-monthly basis. Most of them are typified by a highly personalized journalism similar to that prevalent in the United States in the

early part of the 19th century. Also, most of the papers are the specific organs of a single political figure or of a political party or organization. The one exception is the LAO PRESSE, which is a semi-official publication of the Royal Government. It is a daily paper and is published in both French and Lao editions.

A brief analysis of these papers follows:

1. "ANAKED" (The Future) is published irregularly in Vientiane by Oun Sananikone, who is both owner and editor. It is said to have a circulation of 5,000. Its political affiliation is with Lao Hom Lao.

2. "KHAM MOUAN" is published bi-monthly in Thakhek by Mouphat Chounramany, a deputy in the National Assembly, and has a reported circulation of 2,500. Its political affiliation is with the Lao Hom Lao, and with the Progressives. It is published in the Lao language only.

3. "LAO HAK SAT" (The Patriotic Lao) is published weekly in Sihom and in Vientiane in the Lao language only. It is owned by Khamphai Boupa, a deputy in the National Assembly and edited by another deputy, Sisana Sisane. Its circulation is reported as 10,000 and its political affiliation is NLHX.

4. "LAO HAKXA SAT" is published weekly in its Lao edition and bi-monthly in its French edition (which incidentally is printed rather than mimeographed). It is published in Vientiane and is owned by the National Defense Protecting Organization (CDNI). Its total circulation is said to be 25,000.

5. "LAO HUAM LAO" is published in Vientiane on a bi-monthly basis by its owner, Ngo Sananikone, a deputy in the National Assembly. Its affiliation is the Lao Hom Lao and circulation is given as 5,000. Its editor, Khamleune Boungnaseng, is a deputy in the National Assembly. Printed in Lao only.

6. "LAO HUAM SAMPHAN" is owned and edited by a National Assembly deputy, Bong Souvannavong. It appears weekly and reports a circulation of 5,000. It is an organ of the National Union party. Printed in Lao language only.

7. "LAO LAN YANG" is published bi-monthly in Vientiane by Pheng Phonsavan, President of the National Assembly and is affiliated with the Lao Hom Lao. It is printed in Lao only.

8. "LAO PRESSE" is published by the Information Service of the Royal Government and is the semi-official government organ. It appears daily in both Lao and French. The Lao edition has a circulation of 2,000 and the French edition 1,600. Its editor is Thao Soukkhoum.

9. "MIDTHAHARN" is the paper of the Military Information Service of the National Army of Laos (ANL). It is published weekly in the Lao language and has a reported circulation of 3,000.

10. "PRACHATHIPATAY" is published irregularly in Vientiane by Bouthong Voravong. It is in the Lao language and is affiliated with the Democrat group. The circulation is given as 1,500.

11. "SIENG RAJSADORN" The French Edition is called LA VOIX DU PEUPLE. It is published in Pakse in Lao and in French by Katay D. Sasorith, a deputy in the National Assembly and Vice-President of the Cabinet of the Royal Government.* It is affiliated with the Lao Hom Lao. The circulation of the Lao edition is unknown, but the French edition is said to have a circulation of 2,000. It appears bi-monthly.

12. "TAMRUAJ SAMPHAN" is published weekly in Lao by the Police Department and has a reported circulation of 10,000.

13. "L'INDEPENDENT" is published weekly in Vientiane in the French language only by Phoui Sananikone. The political affiliation is Lao Hom Lao. Its circulation is unknown.

14. "L'AVENIR DU LAOS" is a bi-monthly paper in French only with a stated circulation of 1,500. It is also published by Katay D. Sasorith.*

15. "LAO TRIBUNE DES JEUNES" was published monthly by a National Assembly deputy, Bounlap, in the French language until about a year ago. Its circulation was very limited.

16. A Chinese language paper.

All of these publications have generally been mild in their attitudes on the American aid program and the foreign policy of the United States. The one exception is the Communist-oriented Neo Lao Hak Sat (NLHX) publication.

Trade and Finance - The level of development of this sector is a reflection of the degree of well-being. Where, for example, the level of

---

* Katay died just prior to the resignation of the Phoui Cabinet.

trade and finance is low, we can be sure that the standard of living of the people is low. This, in fact, has been the picture in Laos where the economy is yet to develop an important surplus of commodities for domestic or international exchange and, accordingly, a capacity for importing. Today, the contribution of this sector to the national product is perhaps running at about 10 per cent of the total, as against about 25 per cent in 1958.

As a result of American aid, the demand for goods and services is slowly on the rise due to an increase in purchasing power. Result: the commercial community is beginning to show signs of growing. Wholesalers, manufacturers' agents, merchants and financial institutions are slowly on the increase. Business associations are taking more active roles. Laos now has a National Chamber of Commerce with regional offices; also an active Junior Chamber of Commerce and a Rotary Club.

The absence of a developed market economy is a good measure of the primitive character of the country. Moving goods from producers to consumers is quite difficult just about everywhere in Laos. Transportation and communication facilities, as already noted, are still very limited and, in most areas of the country, non-existent. Under existing conditions, where consumer demand for goods and services is very limited, the need for such intermediaries as wholesalers, retailers, commission merchants, bankers, transporters and salesmen is understandably not great. The retailers, it should be noted, are mostly small merchants all carrying about the same stock of merchandise. There is little variety in the goods handled and, in fact, outside the principal cities, a good part of their trade is often on a swapping basis with customers.

Prior to Monetary Reform, the number of importers was abnormally high,

as was the volume of imports, due to abuses encouraged particularly by an unrealistic rate of exchange and the poor administration of an import license system. Since October 10, 1958, with Monetary Reform in effect and licensing abolished, the number of "importers" dropped sharply and import volume was brought more in line with the legitimate needs and demands of the economy.

The Government - Measured in terms of national product, the Government of Laos currently plays the major role in the economy, mainly through its purchase of goods and services, including the employment of civil servants and police, and the maintenance of the nation's armed forces. The contribution of this sector to the national product in 1958 was probably 25 per cent. The apparent exaggerated character of this sector is due to the emphasis given to security, in which respect the American aid program is a most significant element. Aside from military assistance, which covers all costs of the Royal Army, American aid also supports the greater part of the Lao police establishment. Here is a summary picture of what USOM is doing in just the field of public safety.

A police academy was opened this past February in Vientiane. In addition, 100 civil police officers have completed training courses in the Philippine Constabulary School. Ten police officers recently completed a one-year course in Radio Maintenance at the Police Radio School at Korat, Thailand. Approximately 70 other Lao police officers will be sent this year to the well-known British Police Training schools at Singapore, Kuala Lumpur and Hong Kong for specialized training. Three Lao police officers have already completed this course which is jointly financed by our government and the British. Other Lao police officers will go to Vietnam and the United States this year for training. The Lao Police, with USOM assistance, has also estab-

lished a comprehensive and efficient radio network of 33 police radio stations throughout the country, and plans have been developed to establish nine more this year.

International Payments - To get a balanced picture of the economy of Laos, it is necessary to examine not only the domestic situation, but also the picture of the country's economic relationships with the outside world.

Laos exports few commodities. Their recorded value is under $2 million. The most important of these is tin, which usually accounts for about half of the foreign exchange earned each year by the Royal Government. Other exports include benzoin, coffee, cardamon, sticklac, wood and wood-products, hides and skins and unginned cotton. Opium is exported illegally. As for imports, this country depends heavily on the outside world for such items as processed foods, including beverages, chemical products, textiles and clothing, metal products, transport equipment and parts; also mineral products, vegetables and fruits (mainly from Thailand). The import volume officially recorded reached $35 million before the Monetary Reform and now has fallen to an $18 million yearly level.

Data on the international trade and payments of Laos are not very reliable. One fact is certain, namely, that the gap between the value of exports and imports is very great. A second fact is that the trade deficit reported before the Monetary Reform in the amount of approximately $34 million (in U.S. equivalent), in 1947 and $25 million in 1958 in no way reflected imports which actually had been received. A large part of this deficit, in fact, represented foreign exchange import licenses obtained at the attractive pre-Monetary Reform rate of 35 to 1, but not fully used for import of commodities. With Monetary Reform in effect, we can now expect this trade gap to narrow considerably. Reasons: adoption of a more realistic exchange rate of 80 to 1; elimination of

foreign exchange allocations and licensing; and the institution under Monetary Reform of a free and competitive economy which rid the country of abuses in trade practices and speculative operations, bringing imports more in line with legitimate requirements of the economy, i.e., currently at about the level of $18 million. One further observation should be made here with respect to this trade gap. Exports, with the institution of Monetary Reform, are expected to increase greatly, perhaps as much as 50 per cent over 1957. This does not take into consideration the strong possibilities that export volume should be on the rise in the days ahead as a result of the emphasis currently being given by the government to the exploration and development of the country's natural resources and the creation of new local industries as well as the expansion of existing ones.

To the foregoing picture must be added the "invisibles" in the payment picture. At the present stage of the country's development, debit invisibles are sizable due to such factors as capital flight, which relates itself to the economic and political instability of the country. This same condition lessens the attractiveness of the country to domestic and foreign investors.

MONETARY SYSTEM

The national currency of Laos is the kip. This unit is not defined in terms of a metal content. It is a paper currency whose value is pegged by decree (a) to the American dollar at the official rate of 80 kip to 1 U.S. dollar, and (b) to the French franc at the official rate of 6.1713 francs to 1 kip. The National Bank of Laos and authorized institutions may freely buy and sell U.S. dollars against kip in cash at the above rate of 80 to 1. The National Bank may also freely sell French francs, but it may only buy under specified conditions from the French Treasury at the above rate. All other

authorized institutions may freely purchase and sell any foreign currency at rates determined by supply and demand.

Due to the primitive character of the economy, transactions outside the several urban centers are not monetized. In this connection, wages paid the Lao Army, the National Police and the many day laborers under the American aid program, are contributing importantly to the monetization of the economy. The use of checks throughout the country is very limited, most transactions being settled on a barter basis or in cash. This is reflected in the money supply of the country which showed notes in circulation totalling 1.6 million kip on April 30, 1959, or about 84 per cent of the total.

All kip currency is issued by the National Bank of Laos. The law requires a legal reserve of 30 per cent in foreign exchange or gold against all currency issued. Most of this reserve is held in dollars in depositories in the United States. On April 30 of this year the reserve against this institution's note and demand deposit liabilities was about 95 per cent, or about 3 times that required by law. Such a high coverage is required to maintain confidence in the currency, since its value rests almost wholly upon the government's capacity to redeem kip freely into dollars, as provided for in the law. In other words, the present political and economic climate of Laos cannot fully support or justify a free convertibility rate of 80 kip to the dollar.

On October 10, 1958, Monetary Reform was instituted by the Royal Government. Objectives were: (1) to eliminate corruption and exploitation which resulted from disparities between the official rate of 35 to 1 and open market rates, mainly in Bangkok and Hongkong, of over 100 to 1; (2) to create conditions which would increase the benefits of the American aid program; (3) to establish a parity of purchasing power for the kip with foreign currencies,

in order to give greater value to the kip in foreign markets (as a result of the revaluation of the kip this currency is no longer unfavorably discounted in terms of other currencies); (4) to help in the promotion of an investment climate (regarded as indispensable to the development of real resources and exports of Laos); (5) to check capital flight and excessive drawdowns on the government's foreign capital flight and excessive drawdowns on the government's foreign exchange reserves; (6) to create conditions essential to the political stability of the country; and (7) to bring about a stabilization of the price structure by allowing the forces of supply and demand to operate freely throughout the economy.

There are good indications to date that most of these objectives have been substantially attained. These benefits have put the economy of Laos on a more solid foundation and on a basis which should permit the Lao people to move forward. This is not to discount the fact, however, that some of the effects of Monetary Reform have created additional problems for the Lao Government. Among other things, it resulted in the immediate withdrawal of the major portion of commercial bank deposits these institutions maintained with the Royal Treasury and which the latter used as current operating funds. Free convertibility gave the commercial banks an opportunity to convert such holdings into dollars, which were preferred over kip, and to invest such funds at a higher rate than the one per cent per annum paid by the Lao Treasury. There was also a substantial drop in imports which, in turn, resulted in a sharp decline in customs receipts. The latter, in the past, accounted for upwards of 70 per cent of government receipts. Furthermore, public expenditures abroad have increased in terms of kip.

Reference to Monetary Reform and its effects also puts the focus on

the dollar reserve position of the Royal Government. These reserves (net), on the date Monetary Reform was effected, stood at nearly $30 million. As of May 31, 1959, the net position dropped to nearly $20 million. The drawdown for all purposes is currently averaging less than $2 million a month. Dollar additions to these reserves accrue mainly under American aid.

Laos has never issued any silver coins. However, native traders, particularly producers of opium and benzoin, require payment in silver coins or silver bars. Silversmiths also use coins and bars in their handicraft to make bowls for ceremonies, belts for women, and other items of adornment. Silver coins seen in Laos are French Indochinese piasters, in denominations of 50-20-10 centime pieces, and Chinese coins. The silver bars currently sell for 800-1,400 kip, depending on the weight of the bar and the purity of the silver. No information is available on the quantity of silver coins or bars in the country. Most of the latter are said to be smuggled into the country from Thailand or China. The coins apparently pass from hand-to-hand in trade.

FINANCIAL AND CREDIT INSTITUTIONS

There are only a few financial institutions in Laos. These are inadequate to meet the expanding requirements of the economy of the country. Structurally, these institutions include only five commercial banks and Credit National Lao, an industrial-type bank, and a national bank. There are no insurance companies, although agencies representing a number of foreign companies service needs in the various specialized fields.

The oldest banking institution in Laos, Banque de l'Indochine, dates back to 1953. It is a French institution. The other four commercial banks opened their doors during the last two years. The National Bank of Laos was established in January 1955. Credit National Lao was created by the government

in October 1956. The growth of these institutions, given the stage of the economy's development, has been impressive. In 1953, there was only one bank. It performed all commercial and central banking functions, with exclusively French and Vietnamese personnel. Today, there is the complex indicated above, with a good portion of the second echelon personnel being Lao nationals. These institutions now link the economy of Laos with the outside world. A sign of this growth is reflected in the fact that several large American banks are now competing actively for correspondent and depository ties with these institutions.

Owing to the political instability of the country, the banks have tended to follow the practice of maintaining a high liquidity position. Their financing has been restricted to short-term loans mostly for the financing of imports. Due to this practice the government felt it necessary to create the Credit National Lao, an agency intended to assist in the promotion and development of various industrial and agricultural projects which would be of benefit to the economy of the country. This institution has the authority to make medium and long-term loans to commercial, industrial and agricultural enterprises at reasonable interest rates.

Commercial Banks - All five institutions are located in Vientiane, with one bank operating a branch in Pakse and Savannakhet. The banks are as follows:

	Date Established
Banque de l'Indochine	1953
Banque Lao-Vieng	1956
Bank of Tokyo, Ltd	1957
Banque Lao-Thai	1957
Lao Commercial Bank	1957

Operations of commercial banks* of Laos are subject to the Commercial Banking Act, enacted in March 1956. This law invests the General Council of the National

*Individual statements of condition of these institutions are treated as "confidential" and therefore are not available for publication. In December 1958, their aggregate resources totalled 876.4 million kip; cash and due from banks and correspondents, 281 million kip; loans and discounts, 166.2 million kip; and deposits, 311.5 million kip.

Bank of Laos with broad powers to assure the proper observance of the provisions of the Act.

Under the Banking Act, commercial banks are permitted to perform all the customary services of their specialization, provided their operations are compatible with the laws of the Kingdom. Notwithstanding this broad authority, the services of these institutions are mostly utilized by importers and exporters. Only a few individuals and businesses make use of either the checking or savings facilities of thes institutions. On the lending side of their operations, these banks do not extend medium or long-term credits. Most of their lending, as already noted, is in the for of self-liquidating short-term loans, and these primarily are for the financing of imports.

The National Bank of Laos - This Bank was created in January 1955 to replace th former Institute of Issue which was dissolved the previous month under an agreement signed by Laos, Cambodia, Vietnam and France at Paris in December 1954. Actually, the National Bank does more than just replace the Institute of Issue since it has th usual powers and attributes of a central bank. The Institute, on the other hand, was essentially an organism charged with furnishing currency and also making advances to the State.

The major powers of the National Bank include the exclusive issue of currency, control of credit, the supervision and control of commercial banks, and the making of loans for production and processing. It also acts as fiscal agent of the Royal Government.

The National Bank is required to hold 10 percent of the legal reserves of the country's commercial banks*. Furthermore, it has the authority to fix the prevailing

*Commercial banks are currently required to maintain a legal reserve of 15 percent against all their demand deposits. Ten percent of this total must be kept with the National Bank and five percent with the Royal Treasury. The upper limit on legal reserve requirements is fixed by law at 50 percent.

discount rate as well as to limit the volume of loans (commercial and certain others) that can be made by commercial banks. These powers are the principal means at the disposal of the National Bank to exercise its authority to control the volume of credit in the country. To date, very little use has been made of this authority. Up to the present time, in fact, the National Bank has not even discounted or rediscounted any commercial paper, nor has it granted any loans for production or for processing.

The Banking Act confers on the National Bank the right to conduct periodic inspection of the records of the nation's banking institutions. It also has the power of authorization of new banks and new branches or agencies of existing banks. The National Bank to date has obtained few reports from the commercial banks on their activities and has made little use of the reports thus far received. Among the drawbacks is the serious lack of trained personnel. To help this institution overcome some of these difficulties, French advisors have been working with the directorate. USOM also has assigned a Banking Advisor to it. Since December 1957, he has concentrated on, among other things, training of personnel and the introduction of modern procedures.

The National Bank maintains the general account of the National Treasury. It is authorized to make temporary advances to the latter. The total amount of such advances, however, cannot exceed 25 percent of all types of receipts acquired for the account of ordinary, extraordinary or annexed (includes foreign aid) budgets during the preceding year. Any such loans outstanding at the end of five years are to be replaced with interest-bearing negotiable Lao Treasury bonds bearing maturities of three months but subject to renewal for additional three-month periods. As of May 31, 1959, the balance of temporary advances to the Royal Treasury was 138.3 million kip. As a result of Monetary Reform, the Lao Government was able to repay from "profits"

accruing from the revaluation of the kip a major portion of its borrowings which pr viously reached a high of 757.8 million kip.

The Credit National Lao - This is a Lao Government institution. Its purpose i to promote the social and economic development of the country by making available medium and long-term loans to commercial, industrial and agricultural enterprises. is also authorized to participate directly in the stock ownership of enterprises. Funds used in its operations may be obtained from the sale of its own securities, from international lending agencies, or from funds provided under foreign aid.

Since its inception in 1956, the financing operations of this institution have been greatly hampered by the inadequacy of appropriate legislation defining the rights and obligations of lenders and borrowers, particularly where liens on real an personal property are involved. Entering into this picture also--i.e., the low volume of loans made--have been several other important factors including the lack o qualified personnel and the generally prevailing unfavorable climate for expanding o establishing new enterprises, especially in the pre-Monetary Reform era. One of its very few loans, made in 1957 for 8 million kip, was for the purpose of financing the construction of a cement plant in Thakhek.

While Credit National Lao to date has not played the role expected of it, never- theless progress has been made which may materially change this picture in the near future. For example, essential legislation on the subject of financing has recently been enacted and business conditions have been stabilized considerably due to Monetary Reform. The Five-Year Plan envisages an active role for Credit National Lao in connection with the financing of projects in all major sectors of the economy.

ELECTRIC POWER

The economic development of Laos has reached the stage where electricity has become a necessity, especially in urban centers, to provide light and power. The

Royal Government, recognizing this fact, is planning to establish a utility company for water and electricity at an early date. This would be a mixed company (capital supplied by government, a commercial company and individuals) with the Royal Government subscribing one-half and the commercial company and individuals supplying the balance of the 10 million kip initially needed. According to present plans, the company would begin operations in six cities: Vientiane, Luang Prabang, Pakse, Savannakhet, Thakhek and Saravane.

Output of any significant quantities of electric power is now limited in Laos to the six cities mentioned above. In addition, the tin mine at Phontiou, operated by SEEMI, has a large electric generating plant fueled with wood. It has an annual production of three million kilowatt hours. An electric power survey of Laos (published in June 1958), financed by ICA and conducted by a team of American experts, estimated that the six cities have a yearly need of 10 million kilowatt hours, ranging from Vientiane's yearly requirement of nearly 7.6 million to Saravane's 94 thousand. Last year, according to these experts, the combined yearly output of these communities was 4.1 million KWH, leaving a total insufficiency of 5.9 million KWH, distributed as follows: Vientiane, 4.8 million; Luang Prabang, 200 thousand; Thakhek, 150 thousand; Savannakhet, 400 thousand; Pakse, 300 thousand; and Saravane, 50 thousand. In the case of Vientiane, the new powerhouse, equipped with 3 generators of 2200 KW and with fuel storage, was installed under the USOM program. Negotiations are in process, under a USOM project, for contracting engineering services to survey and design improvements to the distribution system of Vientiane.

One of the obvious reasons for the disparity between the need for and the output of electrical energy is that the generally old and inadequate power plants used in the six major cities of Laos cannot be economically utilized. This factor is aggravated by the lack of experience and skilled operators.

The survey team of American experts, who conducted the electric power survey referred to above, believed that most of the electricity generated in Laos for some years to come will be powered by diesel engines, unless other sources of fuel are located and developed. Diesel oil, of course, must be imported. According to their report, there are at present insufficient data with respect to the country's hydroelectric potential.

Development Effort - On July 1, 1959, the Royal Government's "Five Year Plan for the Economic and Social Development of Laos" goes into effect. It is not the first effort of the Lao leadership to introduce a rational approach to the development of the country and the advancement of its people. The first attempt came in 1952 when the government (then administering Laos) drafted a five-year program in an effort to come to grips with difficulties common to most developing nations. Project-wise, emphasis in that draft was placed on agricultural production, transport and communications, and government services. The cost of the program was set at 900 million Indochinese piasters. (The currency used in Laos before January 195[illegible] piasters 34.82 equalled $1 U. S.). The war in Indochina and the resulting confusion throughout the country held up approval of the program by the National Assembly until May 1953. This act, however, was rendered meaningless for a variety of reasons, including the unavailability of domestic resources or of French aid (mainly because of the heavy costs of the Indochina War), administrative difficulties, and national conditions in general. Except for the establishment of the National Planning and Foreign Aid Council in June 1956, substantive progress was slow indeed during this period.

Not until the latter part of 1958 was the government's development project reactivated. In August of that year a formal program was published by the Royal Government. At this point, other problems of national concern took the spotlight

away from any active consideration of the Plan. The Phoui Government, however, did not lose interest in this document. Over the next few weeks the August draft was re-examined, a few changes made in it, and then republished on a limited distribution basis under a September 1958 dateline. At this point, the Plan once again got sidetracked by more pressing national problems, including that of Monetary Reform, a Royal Treasury financial dilemma, and a political crisis which finally was broken on January 14, 1959, when the Prime Minister obtained special powers to govern by decree for one year. It was April 4, 1959, before any further public reference was made to the project. This came in the form of a Presidential Decree promulgating the Five-Year Plan, which had been approved by Royal Ordinance dated March 19, 1959.

The principles on which the Plan is based may be summarized as follows:

(a) To provide effective and equitable distribution of foodstuffs throughout Laos so that the people are assured of a proper diet;

(b) To promote and develop those industries for which raw materials are available locally and which are necessary to the economic and human development of the country;

(c) To increase the production of goods for export in order to improve the country's balance of payments;

(d) To develop facilities necessary for the desired circulation of goods, people, and ideas throughout the country;

(e) To promote the general well-being of the people through improvement and expansion of educational and public health programs; and

(f) To undertake studies in areas necessary to the development of indigenous natural resources of the country, e.g., mining, hydroelectric power, etc.

If the Plan is to be kept in correct perspective, the major assumptions on which it apparently rests must also be borne in mind. These would seem to be as follows:

(a) American aid, along with at least that of France, the Colombo Plan countries, and the United Nations and its specialized agencies, will continue to be

forthcoming in support of the economic and social objectives of the present government*; and of the Plan. In this general connection, Article 3 of the Presidential Decree promulgating the Plan is pertinent: "The Commissariat of the Plan will coordinate with the Ministry of Finance, the National Budget, Foreign Aids, and interested private organizations, the means to be used in financing."

(b) American project aid in the future can be effectively integrated into a long-range, legally based, development program formulated by the Royal Government, one which expresses the national will;

(c) The Plan at this stage is intended to serve more as a "working paper" than as a final blueprint;

(d) The level of financing at which the Plan is pitched is realistic in terms of the Lao reality and potential, the absorptive capacity of the country, and the present assumed level of national income; also that it is within the capability of the Lao leadership to administer; and

(e) Laos can continue to exist as a free and independent nation over the long run only if it begins now to build a sound productive base, develops and makes increasingly greater use of indigenous resources--human and material, creates the necessary institutional structure, etc.

Areas on which the Five-Year Plan would focus are as follows:

(a) The Social Sector, with emphasis on public health and national education. Allotment: 1 billion kip;

(b) The General Equipment Sector, covering such activities as roads and other public works, housing, city planning, civil aeronautics, river facilities, post offices, and telecommunications. Allotment: 1 billion kip; and

(c) The Economic Sector, including rural economy, agriculture, animal husbandry, and forestry; also industrial undertakings of a semi-public character, such as water and electric power, and those of a private nature, such as industry, mining, and artisanship. Allotment: 500 million kip. (Realization of this sector is based on the expectation that a supplementary 1.5 billion kip will be forthcoming from additional sources.)

As regards the economic sector, the government indicates that while it expects to spearhead the development effort, it plans no interference with private initiative and free enterprise. Its role, it explains, would be mainly to make basic studies and to orient private capital and initiative toward those areas where it has not yet appeared, except timidly. In this general connection, the Plan

---

*See Appendix "C" on Summary of other aid activities in Laos.

indicates that government loans to business and incentive legislation are contemplated; also measures to help artisanship and village enterprises which, it is believed, will encourage the development of rural communities. In this latter respect, special emphasis is placed on improving methods of cultivation and basic equipment. Mechanized cultivation is also to be encouraged due to the lack of manpower and the need to raise per capita production.

As regards domestic private capital, the Plan recognizes that it is not yet inclined to invest in industrial enterprises. For this reason, the device of "mixed companies" is anticipated in order to permit Lao Government control of operations while it is facilitating the extension of credit. The importance of private capital, however, is clearly recognized. In the view of the planners this capital, both domestic and foreign, would be oriented insofar as possible to those activities encouraged by special legal and financial advantages.

As for "borrowed capital," an immediate and primary source would be the Credit National Lao. According to the Plan, borrowed capital would be handled by this public institution in accordance with flexible formulas satisfying the institutions providing these funds, and adjusted to the exigencies of the national economy. In due time it would be expected that sources of such funds would be expanded, both within (domestic savings) and from outside the country.

The Royal Government notes that the execution of projects and the realization of programs of the type indicated in the Plan, beyond financial necessities, requir the assistance of a complex of qualified technicians at all levels of technical direction. While a few of these, especially at lower echelons, can be recruited within the country, it is recognized that the greater number would have to be recruited from abroad and given certain legally guaranteed advantages. In this general respect, the Plan calls for the accelerated formation of cadres and replacement personnel.

As a vital part of the development effort, a broad range of programs is contemplated. These would include, for example:

(1) Construction of housing, mainly in urban centers;

(2) Road building to assure, for example, movement of products from the interior of the country to the urban centers;

(3) Improvement of the central channel of the Mekong River to make possible the shipment of heavy freight within the country as well as to link up the regions of Vientiane, Thakhek and Savannakhet;

(4) Development of internal air transport facilities to permit movement of people and the exchange of goods among the regions;

(5) Extension of postal, telephone and telegraph facilities;

(6) Expansion of basic educational facilities; also of sanitary and hygenic institutions; and

(7) Initiation of city planning with focus on development and improvement of such basic facilities as water, markets, sidewalks and drainage systems.

Aside from the domestic factors that must be considered in any meaningful development effort, the Royal Government is also conscious of the necessity to improve its commercial balance with the outside world as a sound means of promoting the economic stability and social well-being of the nation. This is evidenced by the fact that the Lao Government would pursue concomitantly with the domestic effort a program of (a) suppressing certain imports (e.g., food products, construction goods, etc.); (b) reducing gradually imports of certain items (e.g., fuel) as increasing sources of domestic energy are developed; and (c) increasing exports of mineral, agricultural and forestry products.

In examining the Plan, it must be remembered that Laos is still an undeveloped country in practically all particulars. Centuries have passed it by. Today, it is confronted with the complex of problems peculiar to many new nations. For example, at the present time Laos does not yet possess:

(a) A stable political climate or structure;

(b) A unified country;

(c) A sound fiscal policy;

(d) A favorable atmosphere for the attraction of enterprises;

(e) Adequate basic facilities required for economic growth; pure water supply health and education facilities; housing and hotel accommodations; transport and communication facilities; sewage disposal; electric power; recreation facilities, etc.;

(f) A trained labor force;

(g) An adequate marketing and distribution system;

(h) Indigenous savings;

(i) An adequate legal and administrative framework;

(j) Adequate institutional relationships with other countries;

(k) Management know-how; and

(l) Technical proficiency.

In spite of serious handicaps, Laos is currently making progress and is now at the beginning of the road to economic and social advancement. There can be no doubt but that the Lao leadership must now be serious in its efforts to advance the nation and the welfare of its people as quickly as possible. This it must do if it is to retain its political influence over the country. In this setting, the need for an overall plan for development becomes obvious; goals must be set; realities of the existing situation assessed, definite and detailed recommendations developed; sources of financing established and coordinated; duplication and overlapping avoided; and leadership provided. In these respects, the concept of the Plan as published represents a good beginning.

One area in which the Plan is particularly tentative is in the matter of financing of the level of investment contemplated over the five-year period of the

program. This is understandable, given the heavy reliance of the Royal Government on foreign aid. Not until specifics are worked out with the donor nations or organizations will the Laos Government be able to firm up this picture, and get on with the development of a Financial Program (as distinguished from the Plan), one which not only will show the application made by the Royal Government of foreign aid funds, but also the allocation of anticipated revenues over the period of the Plan.

It is to be noted that kip calculations in the Plan are at the former rate of 35 to 1. The explanation is that these details were prepared prior to 1958 Monetar Reform. Nevertheless, as the Ministry of Plan points out, on the whole, the Monetary Reform has not affected the internal purchasing power of the kip. It, therefore, takes the view that calculations expressed in the Plan in kip remain essentially unchanged. (This view would seem to discount the Plan's requirements for goods and services from countries such as the United States.)

As for the level of investment itself, as indicated in the Plan, it is based on a number of assumptions, including an estimated national income of about 6 billion kip, and a population estimate of 2 million.

While it is important and understandably desirable to accelerate the transition from an economically passive state to one of development and growth, it is not sound, in USOM's view, to plan a rate of growth based as heavily on grant aid as is indicated in the Plan. Even if levels of foreign assistance assumed over the five-year period were to be firmly committed by their donors, there still would be very serious doubts (a) surrounding the ability of the Lao economy to employ effectively the level of investment contemplated in the Plan, and (b) about the capacity and real resources (still not known) of the economy to sustain after the five-year period the momentum of growth which foreign assistance would undoubtedly generate during the Plan's five-year period.

To promote sound economic growth in Laos, not only per capita consumption would have to be increased but also per capita savings. There is a political aspect to this situation which the Royal Government apparently recognizes. During the first two years of the Plan, for instance, the greatest emphasis would be placed on non-income-producing social and basic development expenditures, and not on the economic or income-producing sector. Social expenditures, it is explained, would be met entirely out of the limited resources available to the government. This indeed seems unrealistic.

As regards per capita savings, if these are to increase, the level of national income would have to grow at a rate which would permit the economy to produce savings; also at a rate somewhat faster than the rate of growth in population. Then, too, if the economy is to build up a sustaining power of its own, net savings (or capital formation) would have to take place to support the investment budget. As presently conceived, little if any savings can be anticipated under the program, at least during the first two years of the Plan, for reasons explained above. This puts a heavy pressure on the remaining three years of the Plan, particularly on the use to be made of foreign aid funds.

Public Finance - Under its aid program, United States military budget supports cover 100 percent of pay and allowances in the Lao military budget. Also covered is approximately 80 percent of the budget of the National Police. In addition, Laos receives additional aid under the American program, not to mention assistance from other external sources. In spite of this help, the Royal Government continues to show budget deficits. As a matter of fact, the Lao Government has never had a balanced civil budget. (The Lao "civil budget" does not include expenditures of military.) Financial obligations have consistently and considerably exceeded Lao sources. Overnight, Laos had to meet the expenses of running its Government, its

diplomatic missions, pensions payments, welfare activities, maintenance of roads, etc. The items either did not exist previously or, in limited measure, were defrayed by the colonial administration. While costs thus multiplied overnight, income lagged far behind. Lao resources are small, real industries do not exist and, above all, there was no Department of Internal Revenue with the administrative capacity to collect taxes throughout the thousands of villages which shelter over 90 percent of the population (not to speak of the difficulties presented by the bart economy of the hinterlands). Businessmen keep few if any records. Tax avoidance is almost a national habit. USOM public administration programs are now working in this area but it takes time and patience to build a tax structure and install procedures and a trained, dedicated civil service.

The Lao Government met its budgetary difficulties during the past few years, in large part, through advances from the National Bank of Laos, as already explained in an earlier section. Monetary Reform in October 1958 resulted in a revaluation of the dollar from 35 to 80 kip. The "windfall" profits accruing to the National Bank from its dollar holdings were used by the Royal Government to retire earlier advances to the Treasury.

The salutary effects of Monetary Reform are without doubt the most important and successful event of the year. Monetary Reform, however, as already pointed out, has had side effects. Due to the large inventories on hand and the fact that the Lao merchant had now to pay 80 kip instead of 35 kip for most imported goods (some had previously come in with black market dollars), the volume of imports fell drastically. This, of course, meant an equally sharp reduction in the custom revenues of the Royal Government. The effect on the civil budget becomes clear when it is pointed out that in fiscal year 1958 at least 70 percent of the government's income was derived from custom duties. On the other hand, however, Monetary

Reform did not change the amount of the government's own dollar obligations. It now took 80 kip to buy these dollars instead of 35 kip. In this category fall imported goods needed for government services ranging from paper clips to cement, for highway maintenance, costs of foreign travel by officials, expenses of embassies abroad, contributions to international organizations, etc.

The Royal Government, in cooperation with American financial experts, is currently laying the groundwork for tapping new sources of revenue income as well as to improve present collection methods. It is politically a difficult move, however, to levy new taxes on the heels of Monetary Reform, which sharply reduced incomes and business activities. In a few words, Monetary Reform, in spite of its positive aspects, nevertheless contributed to the sharp reduction in resources of the Lao Government on the one hand and, on the other, increased public expenditures by requiring more kip for foreign expenditures. In order not to default on its obligations (salary payments to government employees, etc.), the government had to resort either once more to deficit-financing or ask the United States for special assistance.

After a careful study of all aspects of the problem, both in Washington and in Vientiane, it was agreed that if, among other things,the solid achievements of the kip devaluation were to be safeguarded, a "cash grant" to tide the situation over was in order, in spite of the general opposition on the part of our government, as a matter of policy, to making cash grants (as against loans) for civil budget purposes. Any other source in this particular instance, it was believed, would have been counter-productive and would have jeopardized the entire investment our country is making in the independence ofthis country. A return to deficit-financing at this time would have had dangerous implications. The dollar reserves of the National Bank had shrunk considerably since October 1958. Free convertibility

of the kip permits an unrestricted outflow of dollars while at the same time, the sharp reduction in United States aid for fiscal year 1959, resulted in small dollar acquisitions by the National Bank of Laos. The openly pro-Western government of Laos had staked its life on Monetary Reform. A denial of its request for special budget assistance at this crucial juncture could have resulted not only in economic difficulties but in serious political repercussions.

Appendix "A"

POPULATION ESTIMATES

(By Province and Selected Communities)

Province	Communities	Minimum	Maximum
Luang Prabang	Luang Prabang Province	210,000	280,000
	Luang Prabang City	7,800	18,000
	Muong Ngoi	1,000	2,500
	Muong Sai	1,000	3,000
	Pak Tha	1,600	2,600
	Muong Houn	1,500	3,500
	Nam Bac	1,000	1,300
	Muong Kasay	1,000	1,500
Vientiane	Vientiane Province	180,000	250,000
	Vientiane (City & Suburbs)	45,000	80,000
	Paksane	2,000	3,000
	Phone Hong	1,500	2,500
	Sonakham	1,500	2,500
	Ban Keune	1,500	2,500
	Vang Vieng	1,000	1,500
Savannakhet	Savannakhet Province	270,000	350,000
	Savannakhet (City & Suburbs)	7,000	10,000
	Kengkok	1,500	2,500
	Dongden	1,500	2,000
	Songkhone	1,500	2,500
	Lahanam	2,000	3,800
	Tchepone	1,000	1,500
Khammouane	Khammouane Province	120,000	160,000
	Thakhek (City)	4,000	7,000
	Hinboun	1,500	2,000
	Mahaxay	1,500	2,500
	Nhommarath	1,000	1,500
Champassak	Champassak Province	170,000	220,000
	Pakse (City & Suburbs)	6,000	10,000
	Champassak	3,000	4,000
	Saphay	2,500	3,500
	Muong Khong	1,500	2,000
	Paksong	1,000	1,500

Appendix "A" - continued

POPULATION ESTIMATES

Province	Communities	Minimum	Maximum
Attopeu	Attopeu Province	60,000	90,000
	Attopeu (City)	2,500	3,000
Saravane	Saravane Province	160,000	200,000
	Saravane (City)	2,000	3,500
	Thateng	1,000	1,500
	Kongsedone	1,500	2,500
Sayaboury	Sayaboury Province	140,000	160,000
	Sayaboury (City)	2,000	8,000
	Paklay	1,500	2,500
Namtha	Namtha Province	65,000	100,000
	Muong Luang Namtha	1,500	3,000
	Muong Sing	1,000	2,000
	Houcisai	1,000	2,000
Xieng Khouang	Xieng Khouang Province	130,000	170,000
	Xieng Khouang (City)	3,000	4,000
	Muong Kham (Ban Bane)	1,500	2,000
Phongsaly	Phongsaly Province	70,000	100,000
	Phongsaly (City)	2,000	3,000
	Boun Neua	2,000	3,000
	Cutay	1,500	2,000
Samneua	Samneua Province	80,000	110,000
	Samneua (City)	2,500	3,500
	Muong Poune	1,500	2,000
	TOTAL FOR LAOS	1,786,000	2,427,500

SOURCE: Statistics Office, Ministry of Plan
Royal Laos Government

Appendix "B"

TABLE I

U.S. Aid to Laos (Total Funds Obligated)
FY 1958-1959 (in millions of U.S. dollars)

	1958	1959
Military Budget Support	19.8	11.2
Other Non-Project Assistance	7.5	7.2
Project Assistance	2.6	4.2*
Technical Support of USOM Program	1.5	2.8**
Total	31.4	25.4

---

* Does not include AEDF regional funds for malaria eradication in Laos totalling $237,000 in 1958 and $120,000 in 1959.

** Including special appropriation for USOM housing construction.

TABLE II

U.S. Aid to Laos, 1958-1959
Project Aid (000 U.S.$)

	1958	1959
Agriculture	142	301
Industry and Mining	114	215
Transportation	1,062	2,325
Health and Sanitation	40*	61*
Education	333	434
Civil Police Administration	188	149
Public Administration	97	57
Community Development	659	600
General and Miscellaneous	6	100
Total	2,641	4,242

---

* Does not include AEDF regional funds for malaria eradication in Laos totalling $237,000 in 1958 and $120,000 in 1959.

(continued)

TABLE III

Summary of U.S. Project Aid for FY 1959

(all figures in 000's of dollars)

PROJECT TITLE (Abbreviated)	$	Kip *
Agriculture & Natural Resources		
Agriculture Extension	50	21
Irrigation Development	53	302
Livestock & Poultry	100	57
Crop Development	70	29
Forest Resources	28	25
Total Agriculture and Natural Resources	301	434
Industry & Mining		
Mining & Mineral Survey	215	
Vientiane Power		27
Total Industry and Mining	215	27
Transportation		
National Road System	1,265	875
Rivers, Harbors & Ferries	295	
Vientiane Airport	765	
Total Transportation	2,325	875
Public Health		
Yaws eradication		9
Training of Health Workers	61**	9
Malaria Eradication		157
Total Public Health	61**	175
Education		
Teacher Training	384	269
Rural Education	50	88
Total Education	434	357

(continued)

---

* Figures converted into U.S. dollars at 80 kip equals 1 U.S. dollar. All figures are preliminary.

** Does not include AEDF regional funds for malaria eradication in Laos totalling $120,000 in 1959.

Appendix "B" - continued

TABLE III (continued)

PROJECT TITLE (Abbreviated)	$	Kip
Public Administration - Police - Other		
Police	149	940
Government Purchasing Office	42	31
Public Administration	--	--
Banking	12	--
Customs	3	88
American Aid Commission	--	16
Statistics & Census	--	19
Total Public Administration - Police - Other	206	1,094
Community Development		
Xieng Khouang Demonstration Project	70	15
Civic Action	70	579
Rural Self-Help	210	313
Operation Brotherhood	250	--
Total Community Development	600	907
Miscellaneous		
Lao Photo Press	100	114
Total Miscelleneous	100	114
TOTAL COUNTRY PROGRAM	4,242	3,983

(Note: In addition to the Malaria Eradication Project, Laos benefits from two other regional projects: Regional Telecommunications Project and Regional English Project. Both projects include multi-year contracts. Project funds are allocated on a regional basis and therefore specific amounts for Laos can not be identified.)

Appendix "C"

Summary of Foreign Aid Activities in Laos Other Than American

French Aid

Next to American aid, French assistance is the most important source of outside help Laos is receiving. For calendar year 1958, it amounted to approximately $5.8 million. Some $2.4 million was used to provide French advisors and instructors to the Royal Lao Army.

Funds of some $3.4 million were allocated to economic, technical and cultural aid activities. The building of two high schools and the salaries of some 125 French instructors and educational advisors accounted also for approximately $1 million. The remaining funds were used for a variety of projects including mining exploration, construction of a telephone exchange in Vientiane (not yet completed), provision for French advisors to various Lao ministries and assumption of expenses of Lao who are being trained in France.

In addition to these activities, France placed at the disposal of the Credit National Lao a revolving loan fund equivalent to $1 million. This fund is not yet operative but when activated should assist materially to broaden present very limited credit facilities in Laos.

Japanese Aid

The Royal Lao Government and Japan recently agreed to liquidate long standing World War II reparation claims in the form of Japanese assistance projects with a value of $2.8 million. The main project is a $2 million waterworks for the city of Vientiane. Technical details of this project are still under discussion. The balance of the funds will be used in bridge construction and various technical surveys, particularly of the hydroelectric potential of the Nam Ngum River.

United Nations and Special Agencies

Assistance to Laos by these agencies takes almost exclusively the form of providing technical experts in the fields of public administration, education, disease control and agricultural research. For the past years the value of this assistance has slowly increased from $170,000 in FY 1957 to $230,000 for FY 1959.

Colombo Plan

The Colombo Plan is helping Laos mainly through scholarships at universities of the member nations. The value of this assistance is estimated at approximately $50,000 per year. In addition, Australia, under the Plan, has supplied some surplus construction equipment. New Zealand has also announced that it will present Laos in the course of 1959 with some $45,000 worth of mobile veterinary dispensaries.

(continued)

Various foundations and organizations are extending aid to Laos. In most instances, it is difficult to place a monetary value on these activities. Much of this type of aid consists of the self-sacrifices and devotion of those engaged in this work. Among these organizations are the Junior Chamber of Commerce (International) which, via the Philippine and Lao Junior Chambers of Commerce, is sponsoring the pioneering activities of Operation Brotherhood in the field of public health; MEDICO (Dr. Thomas Dooley), which is currently operating a small hospital at Muong Sing in the northernmost part of Laos near the Burma-Red China border: (MEDICO plans a second small hospital in Laos for the coming year); The Asia Foundation, which has recently set up a field office in Laos and plans to provide miscellaneous supplies to local schools, sponsor scholarships for the Lao at foreign universities, etc.; also, Catholic Missions, which have been working among the Lao for many years.

* * * * *

ANNUAL STATISTICAL Report

McK either

LAOS
1962

PREPARED BY:

USAID LAOS

OFFICE OF ECONOMIC AFFAIRS

C O N T E N T S

A. Charts
- A-1 - Consumer Prices for Laotian Family in Vientiane and Luang Prabang
- A-2 - Foreign Exchange Holdings by the National Bank of Laos
- A-3 - Money Supply and Foreign Exchange
- A-4 - Budget Expenditures, Cumulative Borrowing, U.S. Budget Support & Money Supply
- A-5 - Foreign Trade
- A-6 - Production and Exports of Tin

B. Prices
- B-1 - Consumer Prices for Laotian Family in Vientiane
- B-2 - Consumer Prices for European Family in Vientiane
- B-3 - Consumer Prices for Laotian Family in Luang Prabang
- B-4 - Black Market Rate of U.S. Dollar

C. Monetary and Banking Statistics
- C-1 - Foreign Exchange Holdings by the National Bank of Laos
- C-2 - Money Supply
- C-3 - Monetary Assets and Money Supply
- C-4 - Money Supply and Coverage of Kip
- C-5 - National Bank of Laos, Assets and Liabilities
- C-6 - National Bank of Laos, Receipts and Sales of U.S. Dollars and French Francs

D. Government Finance
- D-1 - Lao Budget Revenues and Expenditures
- D-2 - Advances to the Government from the National Bank of Laos
- D-3 - Lao Budget Revenues

E. Program Statistics
- E-1 - Regular Counterpart Fund Status
- E-2 - Section 402 U.S. Owned Local Currency Account
- E-3 - Deposits in Counterpart Fund by Origin
- E-4 - Withdrawals from Counterpart Fund by Use

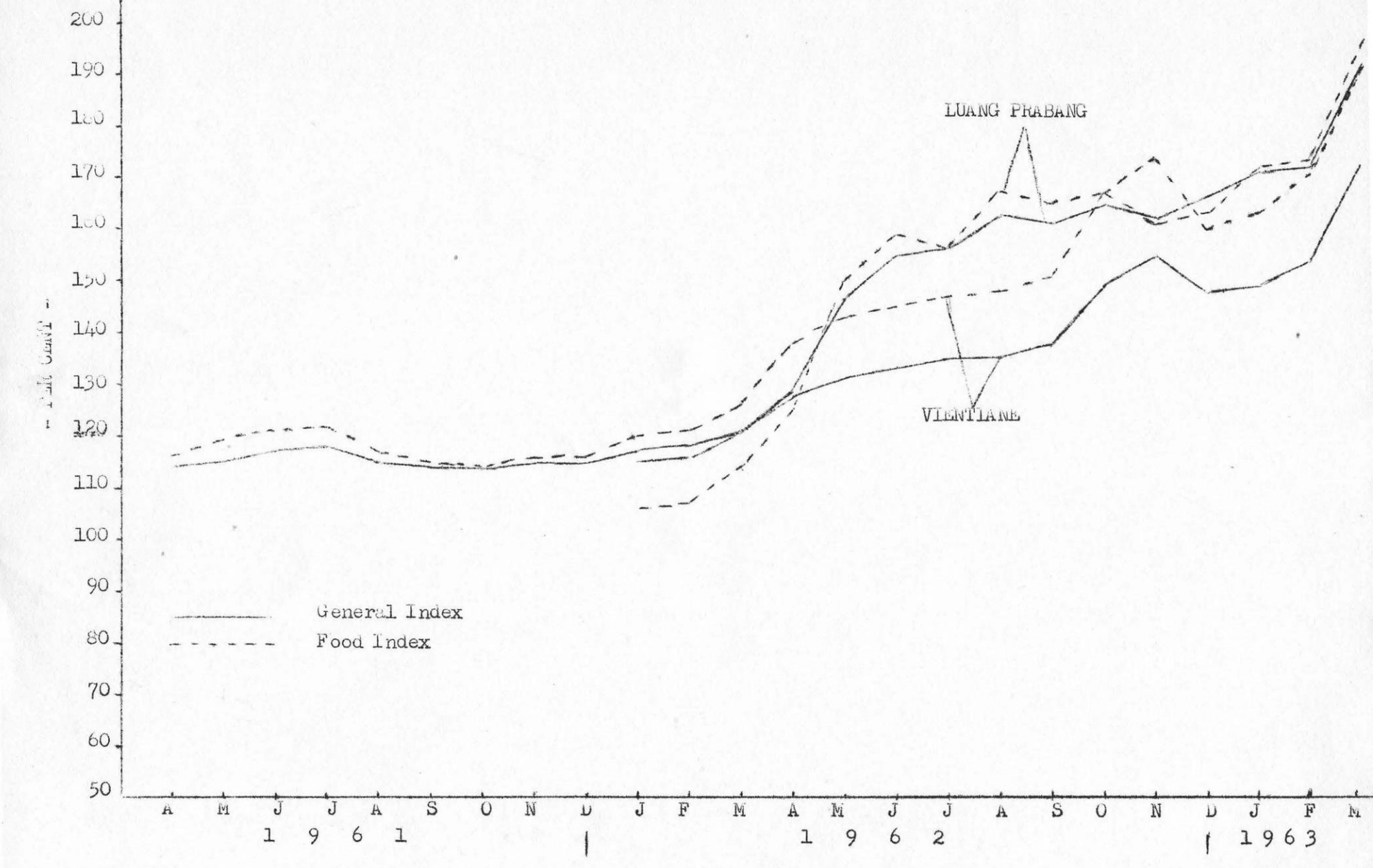
F. Foreign Trade
- F-1 - Imports
- F-2 - Imports by Commodity
- F-3 - Imports by Country of Origin
- F-4 - Imports by Type of Financing
- F-5 - Exports
- F-6 - Exports by Commodity
- F-7 - Exports by Country of Destination
- F-8 - Imports of Petroleum Products

G. Agriculture
- G-1 - Forestry Production
- G-2 - Livestock Slaughtered
- G-3 - Production of Hides

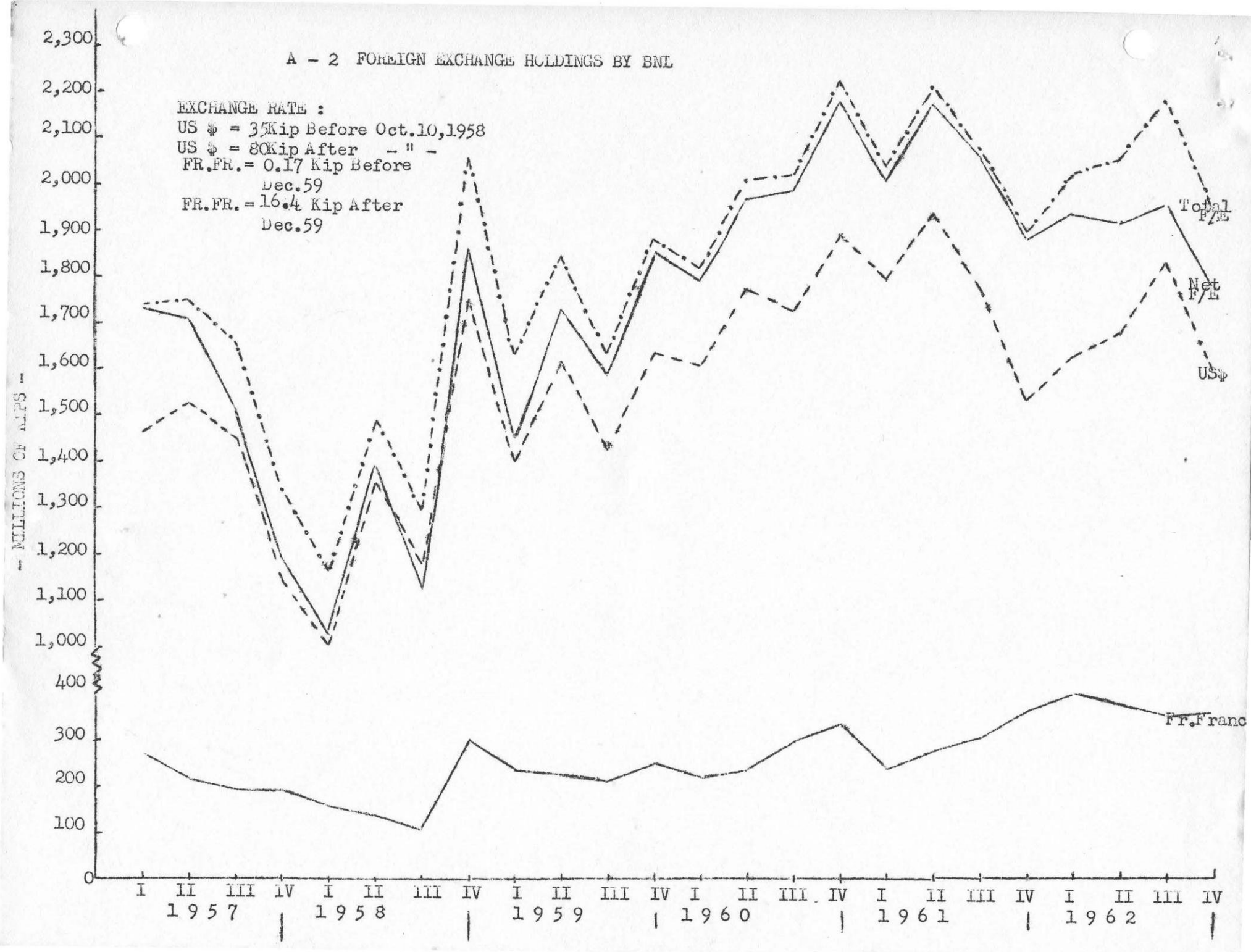
H. Mining and Industry
- H-1 - Production of Tin Concentrates
- H-2 - Production of Electricity

I. Civil Aviation Traffic
- I-1 - Local-Arrivals
- I-2 - International-Arrivals

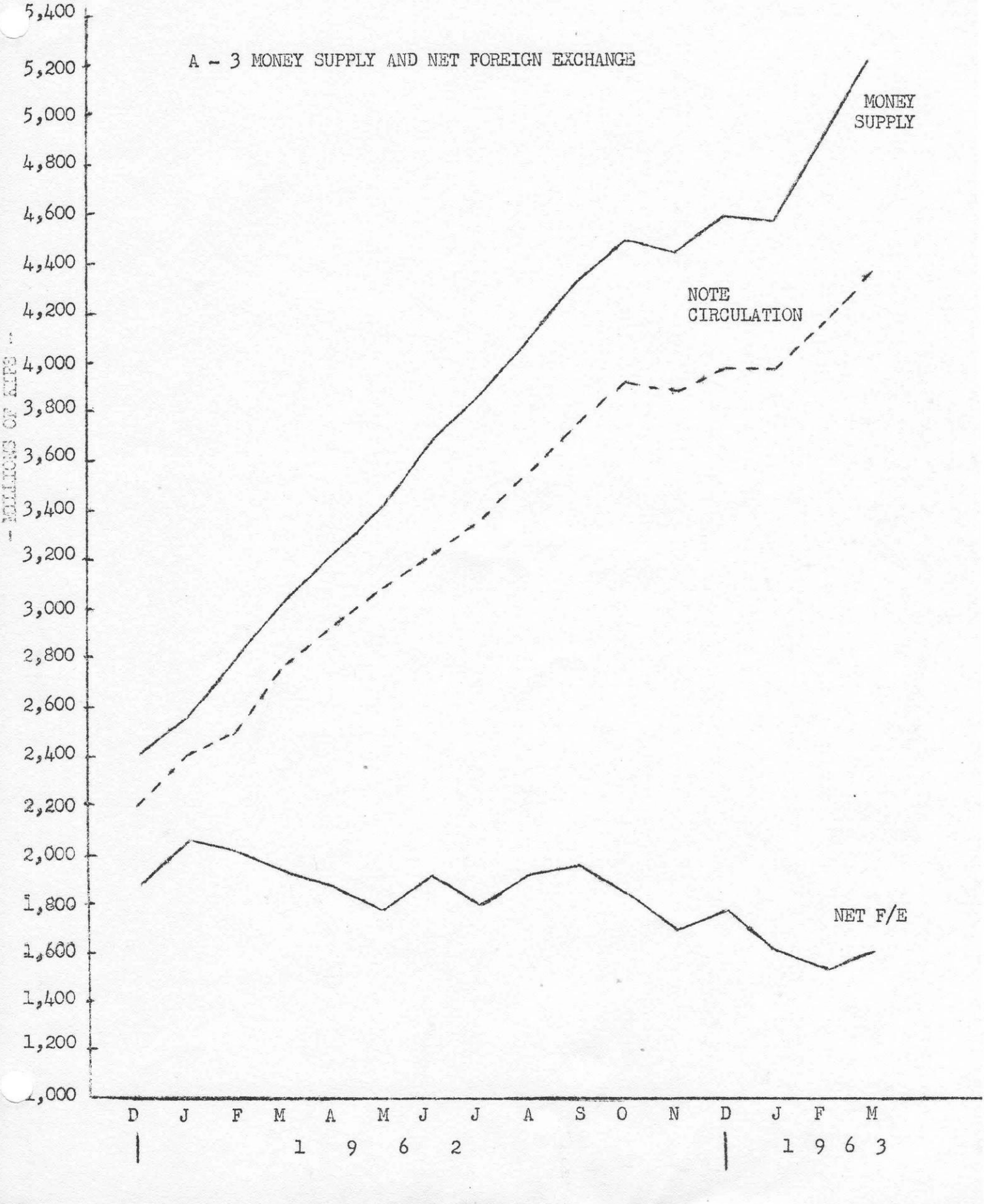
A - 1 CONSUMER PRICES FOR LAOTIAN FAMILY IN VIENTIANE AND LUANG PRABANG
(1959=100)



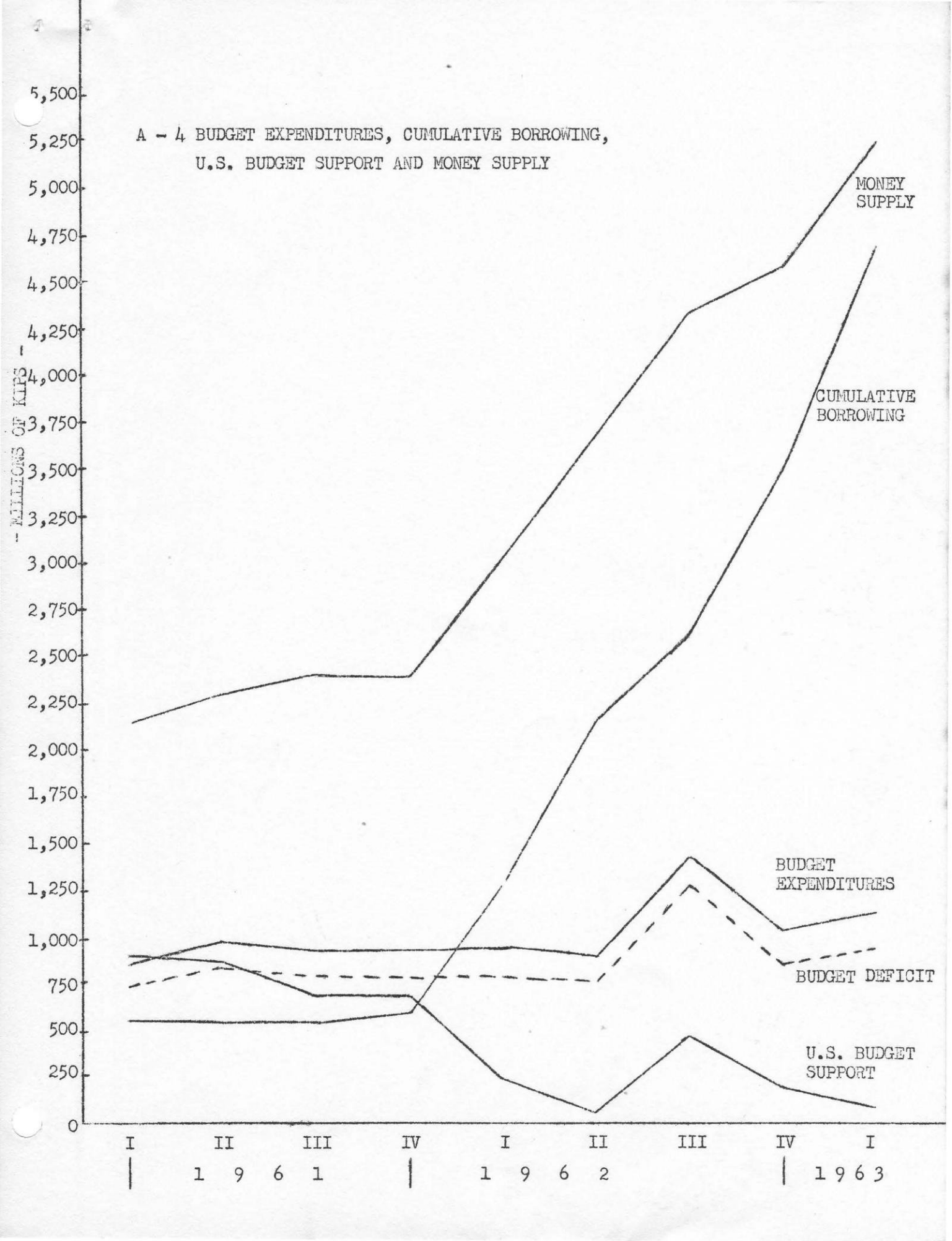
A - 2 FOREIGN EXCHANGE HOLDINGS BY BNL

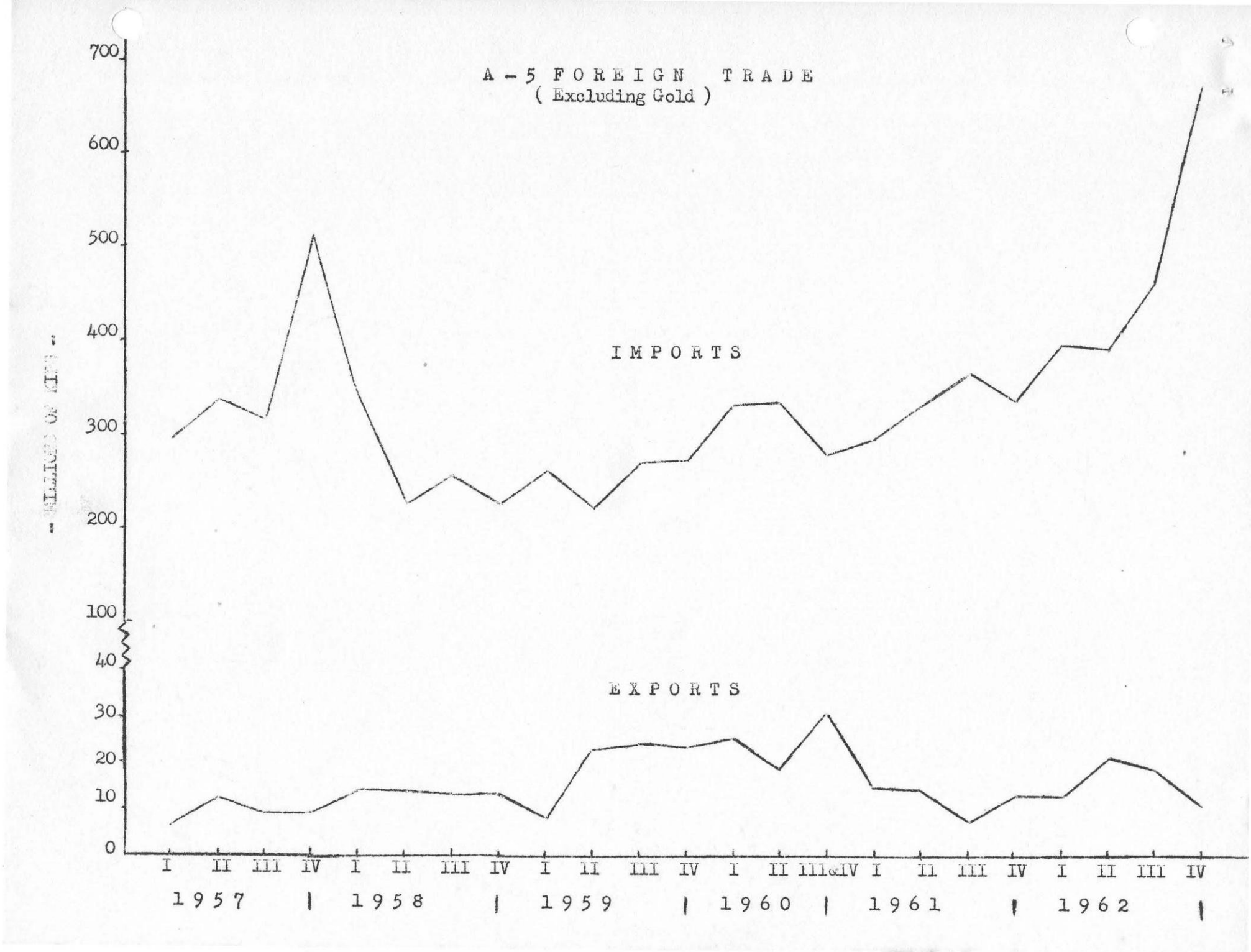


A - 3 MONEY SUPPLY AND NET FOREIGN EXCHANGE



A - 4 BUDGET EXPENDITURES, CUMULATIVE BORROWING,
U.S. BUDGET SUPPORT AND MONEY SUPPLY




A - 5 FOREIGN TRADE
(Excluding Gold)
- MILLIONS OF RM -
700
600
500
400
300
200
100
40
30
20
10
0
IMPORTS
EXPORTS
I II III IV I II III IV I II III IV I II III&IV I II III IV I II III IV
1957
1958
1959
1960
1961
1962

A – 6 PRODUCTION AND EXPORTS OF TIN

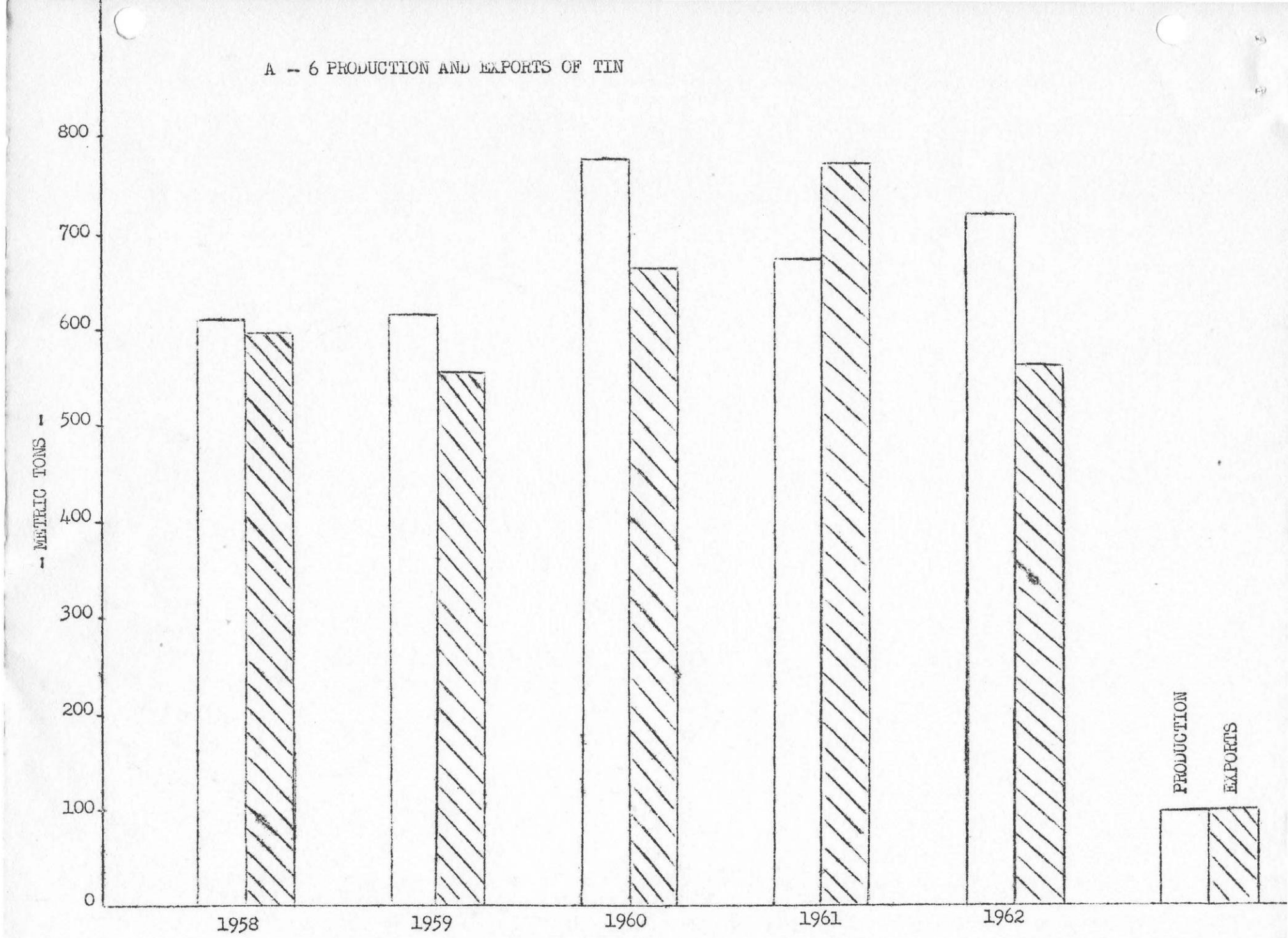


Table B - 1

Consumer Prices for Laotian Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1960	121	96	83	103	113	114
1961	117	92	132	121	120	115
Jan 62	120	91	155	127	116	117
Feb 62	121	92	155	127	116	118
Mar 62	126	93	155	127	116	121
Apr 62	138	93	155	127	120	128
May 62	143	94	155	127	120	131
Jun 62	145	96	155	128	121	133
Jul 62	147	100	154	130	121	135
Aug 62	148	100	154	131	124	136
Sep 62	151	102	154	131	127	138
Oct 62	168	102	154	139	132	149
Nov 62	174	103	154	158	133	155
Dec 62	160	103	154	161	133	148
Jan 63	163	103	154	161	134	149
Feb 63	171	105	154	161	134	154
Mar 63	191	121	168	187	143	172

Source : Service de la Statistique du Laos, Bulletin de Statistiques du Laos.

Table B - 2

Consumer Prices for European Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	60	25	4	12	37	138
% of Weight	55.0	15.0	7.0	8.7	14.3	100.0
1960	126	94	114	99	112	116
1961	124	93	119	114	121	119
Jan 62	127	94	130	120	118	120
Feb 62	128	94	130	120	118	121
Mar 62	130	94	130	120	120	122
Apr 62	141	95	130	120	123	129
May 62	147	95	130	120	123	132
Jun 62	152	98	130	123	124	136
Jul 62	152	101	130	124	125	137
Aug 62	154	101	130	125	127	138
Sep 62	155	102	130	125	129	139
Oct 62	170	104	130	133	133	149
Nov 62	178	104	130	150	134	155
Dec 62	164	104	130	153	135	148
Jan 63	166	104	130	153	137	149
Feb 63	182	106	130	153	137	158
Mar 63	199	119	141	177	152	174

Source : Service de la Statistique du Laos, Bulletin de Statistiques du Laos.

Table B - 3

Consumer Prices for Laotian Family in Luang Prabang
(1959=100)

		Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles		83	25	4	14	44	170
% of Weight		56.0	13.8	3.2	10.4	16.6	100.0
Jan	62	106	121	211	120	119	115
Feb	62	107	128	211	120	119	116
Mar	62	114	128	211	121	121	121
Apr	62	125	136	211	121	126	129
May	62	150	140	211	129	144	147
Jun	62	159	143	236	133	148	155
Jul	62	156	150	262	134	150	156
Aug	62	168	151	262	136	152	163
Sep	62	165	150	262	136	155	161
Oct	62	167	152	262	145	160	165
Nov	62	161	152	262	154	160	162
Dec	62	163	151	262	161	171	166
Jan	63	172	151	262	163	170	171
Feb	63	173	151	262	163	170	172
Mar	63	197	163	262	214	170	192

Source : Service de la Statistique du Laos, Bulletin de Statistiques du Laos.

Table B - 4

Black Market Rate of U.S. Dollar
(monthly average)
Official Rate : $1 =80kips

1962	Jan	Feb	March	Apr	May	June
	90	105	115	130	125	100
	Jul	Aug	Sept.	Oct.	Nov.	Dec.
	105	120	140	160	155	150
1963	Jan	Feb	March			
	153	170	205			

Table C - I

Foreign Exchange Holdings by National Bank of Laos

(Millions of Kips)

	U.S.$ (Gross)	Fr. Francs (Gross)	Others (Gross)	Total	Liabilities in Foreign Exchange	Net
1957						
I	1,463.3	267.2	8.7	1,739.2	8.5	1,730.7
II	1,526.0	215.1	8.4	1,749.5	43.3	1,706.2
III	1,450.0	193.0	8.0	1,651.0	144.1	1,506.9
IV	1,138.8	190.9	7.4	1,337.1	151.2	1,185.9
1958						
I	1,002.1	153.2	6.9	1,162.2	139.0	1,023.2
II	1,351.8	135.6	6.4	1,493.8	101.0	1,392.8
III	1,179.4	105.2	5.8	1,290.4	163.5	1,126.9
IV	1,750.6	298.0	3.7	2,052.3	184.5	1,867.8
1959						
I	1,396.2	232.2	.5	1,628.9	179.3	1,449.6
II	1,614.2	225.7	.5	1,840.4	116.0	1,724.4
III	1,421.7	208.0	.6	1,630.3	49.4	1,580.9
IV	1,630.8	246.7	.6	1,878.1	32.5	1,845.6
1960						
I	1,601.2	214.8	.4	1,816.4	41.8	1,774.6
II	1,770.2	231.1	.4	2,001.7	37.3	1,964.4
III	1,721.6	290.8	.4	2,012.8	33.5	1,979.3
IV	1,886.1	331.4	.4	2,217.9	43.6	2,174.3
1961						
I	1,791.8	237.8	.4	2,030.0	31.9	1,998.1
II	1,928.0	271.6	.4	2,200.0	36.8	2,163.2
III	1,768.9	300.5	.4	2,069.8	19.7	2,050.1
IV	1,529.7	355.3	.4	1,885.4	13.2	1,872.1
1962						
I	1,622.0	392.5	.3	2,014.7	86.4	1,928.3
II	1,673.8	371.7	.3	2,045.7	140.9	1,904.8
III	1,823.4	348.9	.3	2,172.5	224.8	1,947.8
IV	1,585.2	358.9	.2	1,944.3	177.7	1,766.6
1963						
Jan	1,426.1	359.8	.2	1,786.1	181.6	1,604.5
Feb	1,282.9	343.5	.2	1,626.6	96.9	1,529.8
Mar	1,378.4	336.4	.2	1,715.0	122.9	1,592.1

@ Totals may not add due to rounding

Source : Banque Nationale du Laos.

Table C - 2

Money Supply
(Millions of Kips)

	Note (1) Circulation	Private Demand Deposits	Total
1957			
I	1,212.0		
II	1,268.0		
III	1,252.0		
IV	1,235.0		
1958			
I	1,221.0		
II	1,341.0		
III	1,472.2	245.6	1,717.8
IV	1,250.0	186.5	1,436.5
1959			
I	1,161.0	170.2	1,331.2
II	1,277.0	163.9	1,440.9
III	1,388.7	189.5	1,578.2
IV	1,496.7	199.6	1,696.3
1960			
I	1,445.4	209.2	1,654.6
II	1,389.7	202.8	1,592.5
III	1,659.3	206.0	1,865.3
IV	2,274.5	215.9	2,490.4
1961			
I	1,994.2	153.0	2,147.2
II	2,117.1	186.2	2,303.3
III	2,216.2	191.2	2,407.4
IV	2,190.7	203.2	2,393.9
1962			
I	2,761.3	259.3	3,020.6
II	3,213.6	464.2	3,677.8
III	3,748.2	584.0	4,332.2
IV	3,969.8	611.6	4,581.4
1963			
Jan	3,962.3	598.0	4,560.3
Feb	4,156.1	743.2	4,899.3
Mar	4,359.9	877.9	5,237.8

(1) Adjusted figure

Source : Banque Nationale du Laos.

Table C - 3

Monetary Assets and Money supply
(Millions of Kips)

Balance at end of period	Commercial Bank Reserves			Private Demand Deposits				Total Money Supply	Total Monetary Assets
	CB dep's in Treas'y	CB dep's in BNL	Total 1 &2	at CB's	at BNL	Total 4 & 5	Kip in Cir'n(1)	6 & 7	3 & 8
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Jan 60	18.2	32.2	50.4	190.6	14.6	205.2	1,470.7	1,675.9	1,726.3
Feb 60	36.8	26.8	63.6	183.6	13.4	197.0	1,487.7	1,684.7	1,748.3
Mar 60	26.3	32.3	58.6	192.5	16.7	209.2	1,445.4	1,654.6	1,713.2
Apr 60	19.6	28.6	48.2	192.0	18.7	210.7	1,404.6	1,615.3	1,663.5
May 60	23.8	62.0	85.8	209.9	16.4	226.3	1,440.5	1,666.8	1,752.6
Jun 60	32.2	35.2	67.4	186.0	16.8	202.8	1,389.7	1,592.5	1,659.9
Jul 60	28.1	46.4	74.5	181.8	15.5	197.3	1,413.6	1,610.9	1,685.4
Aug 60	22.8	56.2	79.0	167.2	15.7	182.9	1,586.8	1,769.7	1,848.7
Sep 60	22.2	90.3	112.5	188.3	17.7	206.0	1,659.3	1,865.3	1,977.8
Oct 60	17.2	47.8	65.0	167.3	16.9	184.2	1,855.6	2,039.8	2,104.8
Nov 60	25.8	50.2	76.0	173.8	17.5	191.3	1,868.7	2,060.0	2,136.0
Dec 60	32.1	124.1	156.2	199.0	16.9	215.9	2,274.5	2,490.4	2,646.6
Jan 61	24.0	25.8	49.8	123.4	15.0	138.4	2,074.5	2,212.9	2,262.7
Feb 61	8.3	35.2	43.5	161.2	18.0	179.2	2,029.0	2,208.2	2,251.7
Mar 61	4.3	18.4	22.7	129.6	23.4	153.0	1,994.2	2,147.2	2,169.9
Apr 61	15.4	21.9	37.3	128.5	20.7	149.2	2,024.0	2,173.2	2,210.5
May 61	18.2	33.2	51.4	169.3	27.2	196.5	2,025.2	2,221.7	2,273.1
Jun 61	29.2	19.2	48.4	164.0	22.2	186.2	2,117.1	2,303.3	2,351.7
Jul 61	19.6	104.7	124.3	166.5	21.0	187.5	2,140.4	2,327.9	2,452.2
Aug 61	31.7	91.5	123.2	165.7	23.2	188.9	2,256.3	2,445.2	2,568.4
Sep 61	28.2	100.0	128.2	169.7	21.5	191.2	2,216.2	2,407.4	2,535.6
Oct 61	24.1	117.1	141.2	151.7	22.1	173.8	2,277.3	2,451.1	2,592.3
Nov 61	28.0	29.9	57.9	161.2	19.7	180.9	2,278.5	2,459.4	2,517.3
Dec 61	17.4	48.6	66.0	167.3	35.9	203.2	2,190.7	2,393.9	2,459.9
Jan 62	12.1	106.7	118.8	228.8	26.9	255.7	2,293.2	2,548.9	2,667.7
Feb 62	22.0	123.4	145.4	269.2	23.8	293.0	2,488.2	2,781.2	2,926.6
Mar 62	7.3	77.7	85.0	229.3	30.0	259.3	2,761.3	3,020.6	3,105.6
Apr 62	8.8	107.2	116.0	246.7	39.4	286.1	2,921.7	3,207.8	3,323.8
May 62	16.3	127.2	143.5	281.0	40.3	321.3	3,079.4	3,400.7	3,544.2
Jun 62	19.4	205.8	225.2	418.1	46.1	464.2	3,213.6	3,677.8	3,903.0
Jul 62	22.9	221.2	244.1	451.4	54.1	505.5	3,352.1	3,857.6	4.101.7
Aug 62	47.2	262.1	309.3	499.0	49.7	548.7	3,543.8	4,092.5	4,401.8
Sep 62	44.4	295.8	340.2	535.0	49.0	584.0	3,748.2	4,332.2	4,672.4
Oct 62	27.4	257.9	285.3	516.6	58.6	575.2	3.906.5	4,481.7	4,767.0
Nov 62	39.8	355.5	395.3	509.4	58.5	567.9	3,871.2	4,439.1	4,834.4
Dec 62	40.2	390.1	430.3	538.6	73.0	611.6	3.969.8	4,581.4	5,011.7
Jan 63	53.4	408.3	461.7	528.6	69.4	598.0	3,962.3	4,560.3	5,022.0
Feb 63	52.8	519.0	571.8	666.2	77.0	743.2	4,156.1	4,899.3	5,471.1
Mar 63	99.8	471.6	571.4	636.9	241.0	877.9	4,359.9	5,237.8	5,809.2

(1) Adjusted figure

Source : Banque Nationale du Laos

Table C - 4

Money Supply and Coverage of Kip[1]

(Millions of Kips)

Month and Year	Kip in Circulation[2]	Total Money Supply[3]	Net Foreign Exchange at BNL	Coverage of Kip
Jan 61	2,074.5	2,385.2	1,926.0	80.74 %
Feb 61	2,029.0	2,555.9	2,099.5	82.14 %
Mar 61	1,994.2	2,440.4	1,998.1	81.87 %
Apr 61	2,024.0	2,902.9	2,431.1	83.74 %
May 61	2,025.2	2,812.2	2,348.6	83.51 %
Jun 61	2,117.1	2,677.0	2,163.2	80.80 %
Jul 61	2,140.4	2,836.9	2,223.8	78.38 %
Aug 61	2,256.3	2,633.5	2,014.0	76.47 %
Sep 61	2,216.2	2,713.9	2,050.1	75.54 %
Oct 61	2,277.3	2,609.5	1,959.3	75.08 %
Nov 61	2,278.5	2,572.0	1,969.8	76.58 %
Dec 61	2,190.7	2,514.3	1,872.1	74.45 %
Jan 62	2,293.2	2,764.7	2,041.5	73.84 %
Feb 62	2,488.2	2,898.8	2,005.9	69.19 %
Mar 62	2,761.3	3,258.0	1,928.3	59.18 %
Apr 62	2,921.7	3,450.1	1,867.6	54.13 %
May 62	3,079.4	3,670.9	1,770.8	48.23 %
Jun 62	3,213.6	4,029.6	1,904.8	47.27 %
Jul 62	3,352.1	3,905.5	1,790.5	45.84 %
Aug 62	3,543.8	4,158.0	1,916.3	46.08 %
Sep 62	3,748.2	4,507.0	1,947.8	43.21 %
Oct 62	3,906.5	4,697.3	1,838.8	39.14 %
Nov 62	3,871.2	4,607.1	1,685.6	36.58 %
Dec 62	3,969.8	5,087.5	1,766.6	34.72 %
Jan 63	3,962.3	4,853.2	1,604.5	33.05 %
Feb 63	4,156.1	5,613.3	1,529.8	27.24 %
Mar 63	4,359.9	6.049.9	1,592.1	26.32 %

(1) This is BNL's legal method of determining coverage

(2) Adjusted figure

(3) Including demand deposits (Commercial Banks deposits at BNL, commercial banks deposits at Treasury, Treasury's deposits at BNL, American Aid deposits at BNL and private deposits at BNL)

Source : Banque Nationale du Laos.

Table C - 5a

National Bank of Laos

Assets

(Millions of Kips)

End of Year or Month	1958	1959	1960	1961	1962	Mar.63
Foreign Exchange Holdings						
U.S. Dollars	1,750.6	1,630.8	1,886.1	1,371.7	1,427.2	1,220.4
French Francs	298.0	246.7	331.4	355.3	358.9	336.4
Others	3.7	.6	.4	.4	.2	.2
Subcription to International Financial Organizations (Foreign Exchange)(1)	-	-	-	158.0	158.0	158.0
Sub-Total	2,052.3	1,878.2	2,217.9	1,885.4	1,944.3	1,715.0
Advances to the State						
Loans arising from liquidation of old Indochina Treasury	340.6	340.6	340.6	340.6	340.6	340.6
Loans to the State (Consolidated)	305.0	305.0	305.0	305.0	305.0	305.0
Temporary Advances to the State	153.0	133.3	558.3	599.6	3,498.6	4,698.6
Subcription to International Financial Organizations (in Kips)(1)	-	-	-	72.0	72.0	72.0
Sub-Total	798.6	778.9	1,203.9	1,317.2	4,216.2	5,416.2
Participation in different enterprises	40.0	40.0	60.0	23.5	86.7	99.7
Miscellaneous Assets	94.9	98.3	102.8	233.5	190.1	198.1
Fixed Assets	48.5	51.0	47.4	52.1	53.2	60.7
T O T A L	3,034.3	2,846.3	3,632.0	3,511.7	6,490.5	7,489.7

@ Totals may not add due to rounding

(1) See note (1) to Table C - 5b

Source : Banque Nationale du Laos.

Table C - 5b

National Bank of Laos
Liabilities
(Millions of Kips)

End of Year or Month	1958	1959	1960	1961	1962	Mar 63
Notes in Circulation (2)	1,569.5	1,815.9	2,593.7	2,509.9	4,289.0	4,679.1
Treasury Deposits	2.8	167.2	139.0	177.1	389.9	744.7
Counterpart Fund Deposits	447.2	150.6	52.2	44.6	224.5	132.9
Banks and Other Deposits	138.3	67.2	140.9	84.5	463.1	712.6
International Financial Organizations Deposits (1)	-	-	-	71.7	71.7	71.7
Foreign Exchange Liabilities	184.5	32.5	43.6	13.2	177.7	122.9
Provisions and Reserves	328.6	278.0	341.9	320.1	388.9	388.8
Miscellaneous	363.3	335.0	320.6	290.6	485.6	636.9
T O T A L	3,034.3	2,846.3	3,632.0	3,511.7	6,490.5	7,489.7

© Totals may not add due to rounding

(1) Transfers effected by the BNL to IMF and IBRD.
As counterpart, RLG deposited a Treasury Bond of 230 Million kips.

(2) Including unadjusted figure for notes of the former Institute of Issue

Source : Banque Nationale du Laos

Table C - 6a

National Bank of Laos

U.S.Dollars - Receipts
(Thousand of Dollars)

Month	A.I.D	Embassies	International Organizations	B.N.L	Private Sector	T O T A L
Jan 62	3,000.0	-	-	-	-	3,000.0
Feb 62	-	-	-	135.2	-	135.2
Mar 62	-	-	-	20.0	-	20.0
Apr 62	-	23.2	43.7	93.1	31.8	191.7
May 62	-	86.7	67.1	11.5	27.0	192.3
Jun 62	3,000.0	605.1	76.6	9.4	28.6	3,719.8
Jul 62	-	123.8	64.4	101.2	39.0	328.4
Aug 62	3,000.0	68.6	92.0	29.2	56.2	3,246.1
Sep 62	2,000.0	33.5	120.7	19.7	5.5	2,179.5
Oct 62	-	823.7	74.3	26.3	26.3	950.6
Nov 62	-	13.7	71.6	28.6	44.6	158.5
Dec 62	2,000.0	69.4	125.0	30.7	753.8	2,978.9
T O T A L	13,000.0	1,847.8	735.4	504.8	1,012.8	17,100.8
Jan 63	-	118.0	106.3	-	2.7	227.1
Feb 63	-	63.2	97.5	-	56.1	216.8
Mar 63	2,000.0	81.0	92.7	-	68.7	2,242.4

@ Totals may not due to rounding

Source : Banque Nationale du Laos

Table C - 6b

National Bank of Laos

U.S.Dollars- Sales
(Thousands of Dollars)

Month	Civil Administration	Military and Police	Students	Private Sector	Merchandise	T O T A L
Jan 62	224.0	-	-	49.0	289.3	562.3
Feb 62	322.9	-	0.2	143.1	172.7	638.8
Mar 62	324.2	12.1	4.6	224.6	440.6	1,006.0
Apr 62	80.3	6.6	10.6	139.5	446.2	683.2
May 62	203.3	9.6	13.5	518.5	566.1	1,311.0
Jun 62	327.3	32.5	12.1	435.3	1,141.2	1,948.3
Jul 62	251.0	76.4	13.4	338.0	1,357.5	2,036.2
Aug 62	269.7	64.1	8.2	159.1	1,283.2	1,784.4
Sep 62	390.3	33.0	13.5	351.9	597.7	1,386.3
Oct 62	416.1	27.1	21.0	140.3	604.4	1,208.9
Nov 62	588.6	19.6	12.6	249.3	593.1	1,463.3
Dec 62	143.1	3.6	10.5	199.1	470.2	826.6
T O T A L	3,540.6	284.6	120.2	2,947.5	7,962.3	14,855.3
Jan 63	253.9	7.3	25.4	181.0	519.5	987.1
Feb 63	284.5	28.1	13.6	62.6	267.7	656.6
Mar 63	299.0	39.1	13.3	16.3	33.5	401.2

@ Totals may not add due to rounding

Source : Banque Nationale du Laos

Table C - 6c

National Bank of Laos

French Francs - Receipts
(Thousands of Francs)

Month	French Treasury	Embassies	International Organizations	B.N.L	Private Sector	T O T A L
Jan 62	-	-	-	-	-	-
Feb 62	1,234.3	-	-	67.0	-	1,301.3
Mar 62	1,851.4	-	-	103.8	-	1,955.2
Apr 62	-	-	-	13.4	0.4	13.8
May 62	-	-	-	104.4	-	104.4
Jun 62	-	-	-	31.4	0.9	32.3
Jul 62	-	80.0	-	61.4	59.7	201.1
Aug 62	1,234.3	119.6	0.3	52.8	-	1,406.9
Sep 62	-	-	0.4	52.7	-	53.1
Oct 62	-	-	-	42.4	0.1	42.5
Nov 62	1,234.3	0.9	-	30.0	0.5	1,265.7
Dec 62	1,234.3	-	-	52.4	2.9	1,289.6
T O T A L	6,788.4	200.5	0.7	611.8	64.6	7,666.0
Jan 63	520.7	-	-	-	0.3	521.0
Feb 63	-	-	-	0.1	18.3	18.4
Mar 63	-	-	-	99.3	0.1	99.4

@ Totals may not add due to rounding

Source : Banque Nationale du Laos

Table C - 6d

National Bank of Laos

French Francs -Sales
(Thousands of Francs)

Month	Civil Administration	Military and Police	Students	Private Sector	Merchandise	T O T A L
Jan 62	454.1	-	-	185.4	15.3	654.8
Feb 62	175.2	-	-	98.7	18.0	291.8
Mar 62	860.9	-	141.3	117.2	86.7	1,206.0
Apr 62	71.3	-	27.6	302.5	28.3	429.7
May 62	121.1	-	16.7	173.3	49.9	361.0
Jun 62	425.1	-	151.0	249.2	178.6	1,003.9
Jul 62	488.4	16.7	193.8	54.5	203.8	957.1
Aug 62	258.9	-	97.6	36.2	199.0	591.6
Sep 62	264.6	-	106.9	42.7	14.3	423.5
Oct 62	108.9	30.0	181.1	71.3	112.1	503.4
Nov 62	448.0	30.0	119.5	120.0	190.7	908.3
Dec 62	205.1	27.5	85.5	44.3	0.3	362.7
T O T A L	3,881.6	104.2	1,115.9	1,495.3	1,096.8	7,693.8
Jan 63	171.6	-	240.7	1.2	115.1	528.6
Feb 63	254.2	25.3	71.4	52.2	586.2	989.3
Mar 63	428.2	18.9	38.1	27.4	1.5	514.1

@ Totals may not add due to rounding

Source : Banque Nationale du Laos

Table D - 1

Lao Budget Revenues and Expenditures

(Millions of Kips)

Period	U.S.Budget Support	Borrowing from BNL	Change in Treas'y Balance	Total Deficit	Budget Revenues	Total Budget Expenditures
FY 61	2,625	+416	+106	2,935	397	3,332
1st Qr.FY 62	691	-	-109	800	132	932
2nd Qr.FY 62	700	+50	-40	790	150	940
3rd Qr.FY 62	247	+680	+133	794	153	947
4th Qr.FY 62	74	+879	+201	752	148	900
Total FY 62	1,712	+1,609	+185	3,136	583	3,719
Jul 62	224	-	-309	533	55	588
Aug 62	190	+130	-51	371	55	426
Sep 62	64	+330	+16	378	52	430
1st Qr.FY 63	478	+460	-344	1,282	162	1,444
Oct 62	169	+310	+186	293	55	348
Nov 62	20	+70	-145	235	59	294
Dec 62	9	+500	+181	328	69	397
2nd Qr.FY 63	198	+880	+222	856	183	1,039
Jan 63	8	+27	-246	281	65	346
Feb 63	81	+823	+531	373	63	436
Mar 63	2	+350	+69	283	70	353
3rd Qr.FY 63	91	+1,200	+354	937	198	1,135

Table D - 2

Advances to the RLG from the National Bank of Laos
(Millions of Kips)

Month	Advances	Outstanding
1960		
Jan	-	133.3
Feb	-	133.3
Mar	-	133.3
Apr	-	133.3
May	-	133.3
Jun	-	133.3
Jul	-	133.3
Aug	75.0	208.3
Sep	100.0	308.3
Oct	-	308.3
Nov	100.0	408.3
Dec	150.0	558.3
1961		
Jan	-	558.3
Feb	-	558.3
Mar	-	558.3
Apr	-38.7	519.6
May	-	519.6
Jun	30.0	549.6
July	-	549.6
Aug	-	549.6
Sep	-	549.6
Oct	-	549.6
Nov	50.0	599.6
Dec	-	599.6
1962		
Jan	70.0	669.6
Feb	160.0	829.6
Mar	450.0	1,279.6
Apr	357.0	1,636.6
May	297.0	1,933.6
Jun	225.0	2,158.6
Jul	-	2,158.6
Aug	130.0	2,288.6
Sep	330.0	2,618.6
Oct	310.0	2,928.6
Nov	70.0	2,998.6
Dec	500.0	3,498.6
1963		
Jan	27.0	3,525.6
Feb	823.0	4,348.6
Mar	350.0	4,698.6

Source: Banque Nationale du Laos

Table D - 3

Lao Budget Revenues

(Thousands of Kips)

Period	State Forests	P.T.T.	Registry	Customs	Indirect Taxes	Direct Taxes	Total
1957	3,542	28,303	15,261	435,074 74.5%	77,343 13%	26,645 4.5%	586,168 92%
1958	4,370	26,028	22,647	526,291 71.5%	84,024 11.5%	69,077 9.5%	732,437 92.5%
1959	4,404	33,049	18,483	357,723 64.5%	77,696 14%	64,842 11.6%	556,197 90%
1960	3,330	37,763	15,976	315,014 66%	70,954 15%	35,132 7.5%	478,169 88.5%
1961	2,816	35,041	17,117	369,168 68%	75,145 14%	43,665 8%	542,952 90%
Jan 62	322	2,845	1,559	35,252	9,259	6,854	56,091
Feb 62	412	4,530	1,460	27,158	6,028	6,713	46.301
Mar 62	593	1,107	2,271	36,956	7,592	2,167	50,686
Apr 62	439	4,336	1,044	29,760	7,477	3,016	46,072
May 62	377	3,539	1,286	33,307	8,478	3,281	50,768
Jun 62	297	2,534	1,536	34,761	10,008	2,452	51,588
Jul 62	420	3,786	1,521	35,256	12,029	2,468	55,480
Aug 62	379	3,122	1,436	35,788	11,239	2,573	54,537
Sep 62	285	2,341	1,032	34,821	10,982	2,466	51,927
Oct 62	394	2,908	1,107	33,259	14,500	3,329	55,497
Nov 62	315	2,900	1,577	40,394	10,901	2,496	58,583
Dec 62	317	3,194	2,208	41,380	9,858	12,309	69,266
Total 1962	4,550	37,142	18,037	418,592	118,351	50,124	646,796
Jan 63	605	2,495	11,858	34,125	13,977	2,186	65,246
Feb 63	524	4,374	13,414	30,010	11,855	2,504	62,681
Mar 63	864	3,604	14,878	35,576	11,615	3,055	69,592
Total 1st. Qr. 1963	1,993	10,473	40,150	99,711	37,447	7,745	197,519

Source : Ministère des Finances du Laos.

Table E - 1

Regular Counterpart Fund Status

(Excluding Section 402 U.S. Owned Local Currency Account)

(Millions of Kips)

Period	Deposits		Withdrawals		Balance
	During Period	Cumulative	During Period	Cumulative	
Dec. 31, 1954	30	30	30	30	-
1955	1,218	1,248	1,184	1,214	34
1956	1,540	2,788	1,559	2,773	15
1957	1,180	3,968	1,174	3,947	21
1958	1,920	5,888	1,526	5,473	415
1959	2,370	8,258	2,656	8,129	129
1960	1,960	10,218	2,049	10,178	40
1961	3,141	13,359	3,149	13,327	32
1962	1,188	14,547	997	14,324	223
Jan 63	-	14,547	9	14,333	214
Feb 63	-	14,547	81	14,414	133
Mar 63	160	14,707	162	14,576	131
Total through Mar 63		14,707		14,576	131

Source : Office of the Controller, USAID/Laos.

Table E - 2

Section 402 U.S. Owned Local Currency Account

(Thousands of Kips)

Period	Deposits		Withdrawals		Balance
	During Period	Cumulative	During Period	Cumulative	
1957	5,558	5,558	-	-	5,558
1958	4,100	9,658	7,916	7,916	1,742
1959	-	9,658	-	7,916	1,742
1960	-	9,658	-	7,916	1,742
1961	-	9,658	-	7,916	1,742
1962	-	9,658	1,742	9,658	-
Jan 63	-	9,658	-	9,658	-
Feb 63	-	9,658	-	9,658	-
Mar 63	-	9,658	-	9,658	-
Total through Mar 63		9,658		9,658	

Source : Office of the Controller, USAID/LAOS.

Table E - 3

Deposits in Counterpart Fund by Origin

(Millions of Kips)

Period	Procurement Authorization	Cash grant Dollars	Other	Total
Dec.31,1954	-0-	-0-	30	30
1955	-0-	1,208	10	1,218
1956	58	1,481	1	1,540
1957	459	721	-0-	1,180
1958	266	668	986	1,920
1959	120	2,095	155	2,370
1960	118	1,842	-0-	1,960
1961	72	3,069	-0-	3,141
1962	88	1,040	60	1,188
Jan 63	-	-	-	-
Feb 63	-	-	-	-
Mar 63	-	160	-	160
Total through Mar 63	1,181	12,284	1,242	14,707

Source : Office of the Controller, USAID/Laos.

Table E - 4

Withdrawals from Counterpart Fund by Use

(Millions of Kips)

Period	Military Budget Support	Economic Aid Projects	Adminis-trative	Civil Budget Support	Total
Dec.31,1954	30	-0-	-0-	-0-	30
1955	1,065	119	-0-	-0-	1,184
1956	1,341	207	11	-0-	1,559
1957	987	167	20	-0-	1,174
1958	839	324	33	330	1,526
1959	1,409	369	51	827	2,656
1960	1,313	330	46	360	2,049
1961	2,468	207	34	440	3,149
1962	695	142	38	122	997
Jan 63	-	3	5	-	8
Feb 63	-	76	5	-	81
Mar 63	-	2	160	-	162
Total through Mar 63	10,147	1,946	403	2,079	14,575

Source : Office of the Controller, USAID/Laos.

Table F - 1

I M P O R T S

Excluding Gold	Wt. - Kgs	Value - Kips
1st Quarter 1957	18,926,490	294,557,200
2nd Quarter 1957	24,000,228	337,427,264
3rd Quarter 1957	23,324,898	314,615,438
4th Quarter 1957	39,184,902	513,205,922
T O T A L 1 9 5 7	105,436,518	1,459,805,824
1st Quarter 1958	22,681,188	338,075,327
2nd Quarter 1958	22,444,672	223,096,264
3rd Quarter 1958	31,463,681	255,857,210
4th Quarter 1958	18,272,292	223,863,323
T O T A L 1 9 5 8	94,861,833	1,040,892,124
1st Quarter 1959	20,942,892	261,662,444
2nd Quarter 1959	13,715,365	220,728,927
3rd Quarter 1959	14,665,541	269,023,022
4th Quarter 1959	17,917,468	271,767,956
T O T A L 1 9 5 9	67,241,266	1,023,182,349
1st Quarter 1960	25,665,922	333,015,383
2nd Quarter 1960	23,503,193	335,040,411
3rd & 4th Qr. 1960	21,174,832	278,753,669
T O T A L 1 9 6 0	70,343,947	946,809,463
1st Quarter 1961	21,499,836	294,139,697
2nd Quarter 1961	27,277,522	332,136,643
3rd Quarter 1961	24,069,068	366,045,335
4th Quarter 1961	24,956,906	335,194,345
T O T A L 1 9 6 1	97,803,332	1,327,516,020
1st Quarter 1962	32,478,682	397,552,506
2nd Quarter 1962	32,248,171	390,767,935
3rd Quarter 1962	35,437,592	464,600,615
4th Quarter 1962	59,080,500	676,696,700
T O T A L 1 9 6 2	159,244,945	1,929,617,756

Table F - 1

Gold Only	Wt. - Kgs	Value - Kips
2nd Quarter 1959	1,049	87,011,056
3rd Quarter 1959	4,648	427,053,488
4th Quarter 1959	6,717	618,048,165
T O T A L 1 9 5 9	12,414	1,132,112,709
1st Quarter 1960	8,593	785,118,923
2nd Quarter 1960	7,249	661,721,375
3rd & 4th Qr.1960	914	84,634,917
T O T A L 1 9 6 0	16,756	1,531,475,215
1st Quarter 1961	4,842	446,946,399
2nd Quarter 1961	6,877	629,779,954
3rd Quarter 1961	6,438	589,589,586
4th Quarter 1961	8,148	746,942,036
T O T A L 1 9 6 1	26,305	2,413,257,975
1st Quarter 1962	6,132	563,162,669
2nd Quarter 1962	5,806	533,296,832
3rd Quarter 1962	5,103	467,570,906
4th Quarter 1962(1)	3,045	279,611,133
T O T A L 1 9 6 2	20,086	1,843,641,540

(1) Imports of Gold prohibited as of 11 - 7-62

Source : Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 2

Imports by Commodity[1]

(Millions of Kips)

	1957	1958	1959	1960	1961	1962
Animals & Meat	38.1	22.9	45.9	42.4	65.6	116.6
Vegetables	93.7	54.0	47.6	68.4	168.0	392.9
Fats & Oils	13.3	4.9	1.4	3.2	3.2	3.6
Industrial Food Products	151.7	141.1	143.1	152.1	197.3	214.7
Minerals	96.6	141.4	220.0	247.4	293.3	398.8
Chimical Products	101.0	54.0	56.9	51.4	101.6	93.0
Rubber & Rubber Products	25.3	18.4	16.8	18.0	17.2	25.9
Leather & Hides	6.3	2.7	1.3	1.1	3.0	2.8
Wood & Wood Products	20.3	8.7	2.7	4.0	4.4	14.3
Paper & Paper Products	39.7	49.1	19.2	33.7	53.7	48.2
Textiles	312.4	139.5	140.6	77.8	138.3	221.2
Wearing Apparel	28.3	10.9	12.4	16.8	22.9	18.3
Ceramic & Glass	27.7	18.2	14.8	14.6	19.3	27.5
Precious Metals, Jewelry	.8	.4	.5	.2	5.2	0.9
Metal & Metal Products	157.5	126.7	87.8	61.8	61.2	89.9
Machinery	98.2	99.4	106.6	85.3	90.2	127.2
Means of Transportation	219.6	121.4	82.4	49.0	54.9	101.4
Scientific Instruments	7.3	6.0	9.3	7.8	11.1	18.4
Weapons	7.5	1.3	1.6	1.9	-	0.1
Others	14.5	19.9	12.3	9.9	17.1	13.9
T O T A L	1,459.8	1,040.9	1,023.2	946.8	1,327.5	1,929.6

[1] Excluding Gold

Source : Ministère des Finances, Direction des Douanes et Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 3

Imports by Country of Origin(1)

(Millions of Kips)

Country	1957	1958	1959	1960	1961	1962
England	79.3	47.9	39.2	41.5	51.9	37.1
France	201.5	175.8	122.2	121.0	102.7	145.6
West Germany	74.8	69.9	38.4	36.8	38.2	36.9
Hong Kong	184.1	132.6	96.9	46.0	53.1	107.7
Indonesia	54.6	82.9	154.3	155.8	215.5	272.9
Japan	315.0	165.5	185.1	132.0	176.9	217.2
South Vietnam	18.3	21.4	22.9	30.3	31.2	21.6
Thailand	224.5	134.1	111.3	152.5	320.9	660.3
U.S.A.	209.7	136.6	134.1	124.1	197.2	253.7
Others	98.0	74.2	118.8	106.7	139.9	176.6
T O T A L	1,459.8	1,040.9	1,023.2	946.8	1,327.5	1,929.6

(1) Excluding Gold

Source : Ministère des Finances, Direction des Douanes et Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 4

Imports by Type of Financing(1)

(Millions of Kips)

Type of Financing	1958	1959	1960	1961	1962
Authorized Allocation of U.S.Dollars by BNL	-	-	-	-	170.6
U.S.Aid - A.S. Licence	473.9	131.7	26.1	-	-
U.S.Aid - P.A. Funds	238.4	60.1	20.0	12.1	11.2
Free Market Exchange	246.1	736.8	689.6	858.1	946.4
Lao Army	-	-	90.4	216.1	202.0
U.S. Direct Aid	5.9	35.6	23.6	66.4	116.7
French Direct Aid	5.4	10.5	14.6	7.1	4.9
Colombo Plan	-	1.9	0.3	0.1	0.2
Other Aid	-	5.0	7.3	1.4	16.4
Imports for Embassies & Foreign Missions	71.2	41.6	74.9	166.2	461.2
T O T A L	1,040.9	1,023.2	946.8	1,327.5	1,929.6

(1) Excluding Gold

Source : Ministère des Finances, Direction des Douanes et Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 5

E X P O R T S

Excluding Gold		Wt. - Kgs	Value - Kips
1st. Quarter	1957	496,705	6,880,200
2nd. Quarter	1957	619,303	12,534,900
3rd. Quarter	1957	848,179	9,094,600
4th. Quarter	1957	898,573	9,234,573
T O T A L	1957	2,862,760	37,744,273
1st. Quarter	1958	745,622	14,073,960
2nd. Quarter	1958	879,105	13,825,085
3rd. Quarter	1958	1,760,590	13,116,452
4th. Quarter	1958	841,419	13,750,905
T O T A L	1958	4,226,736	54,766,402
1st. Quarter	1959	513,222	7,863,608
2nd. Quarter	1959	936,652	22,854,655
3rd. Quarter	1959	4,059,966	23,988,000
4th. Quarter	1959	3,168,671	23,395,567
T O T A L	1959	8,678,511	78,101,830
1st. Quarter	1960	3,506,383	25,388,298
2nd. Quarter	1960	1,106,446	18,940,753
3rd.& 4th. Quarter	1960	1,662,450	30,728,367
T O T A L	1960	6,275,279	75,057,418
1st. Quarter	1961	1,014,133	14,672,000
2nd. Quarter	1961	1,162,604	13,915,300
3rd. Quarter	1961	959,142	7,307,400
4th. Quarter	1961	726,591	12,840,850
T O T A L	1961	3,862,470	48,735,550
1st. Quarter	1962	977,922	12,538,600
2nd. Quarter	1962	754,438	20,298,800
3rd. Quarter	1962	1,021,699	18,708,100
4th. Quarter	1962	556,141	10,439,100
T O T A L	1962	3,310,200	61,984,600
Gold Only (1)			
2nd. Quarter	1959	950	94,999,980
3rd. Quarter	1959	3,829	382,900,000
4th. Quarter	1959	6,045	604,530,000
T O T A L	1959	10,824	1,082,429,980
1st. Quarter	1960	7,733	734,719,835
2nd. Quarter	1960	6,524	619,789,500
3rd.& 4th. Quarter	1960	822	78,147,000
T O T A L	1960	15,079	1,432,656,335

(1) Figures not available after 1960

Source : Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table F - 6

Exports by Commodity (1)

(Thousands of Kips)

COMMODITY	1957	1958	1959	1960	1961	1962
Tin	18,050	19,142	25,326	33,344	19,813	35,106
Wood	1,613	7,001	12,883	3,484	4,435	945
Green Coffee	3,338	2,383	10,538	6,627	2,063	11,448
Cardamon	1,583	6,945	9,694	5,782	5,761	2,766
Benzoin	4,984	5,175	3,420	2,921	2,140	-
Sticklac	2,218	749	56	852	1,529	248
Leather & Hides	1,173	2,106	1,213	1,424	1,764	2,321
Others	4,785	11,265	14,972	20,623	11,231	9,151
TOTAL	37,744	54,766	78,102	75,057	48,736	61,985

(1) Excluding Gold

Source : Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table F - 7

Exports by Country of Destination (1)

(Thousands of Kips)

COUNTRY	1957	1958	1959	1960	1961	1962
Cambodia	-	580	706	646	241	54
England	197	-	445	344	13	-
France	4,713	12,437	1,971	916	1,599	2,567
Hong Kong	2,813	6,891	9,404	5,432	4,804	12,001
Singapore & Malaya	10,432	5,846	26,395	33,343	20,372	35,585
Thailand	11,557	24,635	24,981	18,327	11,362	10,050
South Vietnam	7,199	2,456	13,861	13,621	9,088	1,690
U.S.A.	833	1,866	100	758	-	16
Others	-	55	239	1,670	1,257	22
TOTAL	37,744	54,766	78,102	75,057	48,736	61,985

(1) Exluding Gold

Source : Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table F - 8

Imports of Petroleum Products

(Thousands of Kips)

	1957	1958	1959	1960	1961	1962
Aviation Gasoline	14,627	28,107	21,456	43,780	91,793	122,031
Motor Gasoline	25,556	32,357	93,866	82,629	86,796	103,937
Petroleum	4,377	10,390	11,028	12,624	17,234	18,888
Gas Oil	4,373	10,274	22,924	32,032	43,420	24,641
Fuel Oil	2,622	3,450	8,496	6,408	7,694	10,789
Lubricants	5,055	8,218	15,748	19,410	17,615	15,860
TOTAL	56,610	92,796	173,518	196,883	264,552	296,146

Source : Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table G - I

Forestry Production

Year	Timber Cubic meters	Firewood Cubic meters	Charcoal Metric Tons	Bamboo Cubic meters
1957	29,205	72,961	9,089	5,207
1958	39,882	78,176	12,463	6,266
1959	58,625	35,805	7,098	2,824
1960	36,446	57,539	3,710	1,784
1961	24,960	77,741	4,880	1,279
1962	41,128	43,288	7,728	2,465

Source : Service des Eaux, Forêts et Chase du Laos.

Table G - 2

Livestock Slaughtered

(Heads)

Year	Cattle	Watter Buffalo	Hogs
1957	7,321	14,708	44,786
1958	6,758	14,276	55,920
1959	6,953	16,190	65,429
1960	7,612	37,830	63,538
1961	8,787	19,952	59,491
1962	12,119	19,586	73,766

Source : Service de l'Elevage et des Epizoties du Laos.

Table G - 3

Production of Hides

	Unit	1958	1959	1960	1961	1962
Cattle	Number	5,543	4,091	3,171	6,015	6,707
	Weight in metric tons	40	254	29	37	447
Water Buffalo	Number	11,604	13,972	7,744	13,621	9,907
	Weight in metric tons	211	152	139	179	142

Source : Service de l'Elevage et des Epizoties du Laos.

Table H -1

Production of Tin Concentrates
(Metric tons)

Month \ Year	1958	1959	1960	1961	1962
Jan	58.5	58.9	44.1	59.9	75.6
Feb	44.3	37.4	53.0	42.2	46.6
Mar	48.9	48.1	74.3	49.7	75.9
Apr	49.1	75.8	76.4	53.0	68.8
May	69.6	64.5	80.1	50.2	63.3
June	44.8	42.9	61.3	58.3	52.4
July	57.9	39.4	61.7	48.8	45.1
Aug	37.1	57.4	97.2	73.1	72.6
Sept	36.0	56.3	50.6	63.2	61.1
Oct	55.4	34.7	51.3	43.8	65.9
Nov	53.0	33.3	76.1	48.9	50.9
Dec	55.8	68.1	50.7	82.6	41.9
Total for the year	610.4	616.8	776.8	673.7	720.1

Source : Société d'Etudes et d'Exploitation Minière de l'Indochine

Table H - 2

Production of Electricity
(Thousands KWH)

Province \ Year	1958	1959	1960	1961	1962
Luang Prabang	425.3	414.1	501.7	518.6	535.0
Paksé	426.6	518.5	599.2	657.9	794.3
Saravane	43.0	50.8	43.2	25.1	24.5
Savannakhet	347.8	499.4	517.7	614.8	722.9
Thakhek	48.8	141.5	162.8	163.8	159.9
Vientiane	2,166.5	4,091.6	5,081.6	6,030.0	7,146.8
Total	3,458.0	5,715.9	6,906.2	8,010.2	9,383.4

Source : Régie Nationale d'Electricité du Laos

Table I - 1

Civil Aviation Traffic

Local-Arrivals (Vientiane)

Period		No. of Flights	No. of Passengers	Freight - Tons
1st Quarter	1958	1,946	3,068	118
2nd Quarter	1958	1,492	3,151	129
3rd Quarter	1958	1,334	6,641	649
4th Quarter	1958	1,617	1,715	53
Total	1958	6,389	14,575	949
1st Quarter	1959	1,211	5,091	468
2nd Quarter	1959	1,244	586	10
3rd Quarter	1959	1,321	1,639	73
4th Quarter	1959	1,600	2,053	69
Total	1959	5,376	9,369	620
1st Quarter	1960	1,108	1,438	100
2nd Quarter	1960	1,959	1,043	38
3rd Quarter	1960	728	1,786	121
4th Quarter	1960	189	1,364	89
Total	1960	3,984	5,631	348
1st Quarter	1961	498	4,033	378
2nd Quarter	1961	900	3,487	230
3rd Quarter	1961	722	5,794	496
4th Quarter	1961	764	4,259	357
Total	1961	2,884	17,573	1,461
1st Quarter	1962	717	3,795	216
2nd Quarter	1962	849	5,581	433
3rd Quarter	1962	586	4,908	182
4th Quarter	1962	520	5,426	320
Total	1962	2,672	19,710	1,151

Source : Service de l'Aviation Civile du Laos.

Table I -2

Civil Aviation Traffic

International - Arrivals (Vientiane)

Period		No. of Flights	No. of Passengers	Freight-Tons
1st Quarter	1958	473	6,672	416
2nd Quarter	1958	484	5,449	467
3rd Quarter	1958	389	5,978	197
4th Quarter	1958	412	2,696	192
Total	1958	1,758	20,795	1,272
1st Quarter	1959	363	4,422	137
2nd Quarter	1959	328	1,683	184
3rd Quarter	1959	394	3,479	389
4th Quarter	1959	371	2,702	355
Total	1959	1,456	12,286	1,065
1st Quarter	1960	303	1,923	317
2nd Quarter	1960	308	814	193
3rd Quarter	1960	324	1,774	378
4th Quarter	1960	333	4,522	320
Total	1960	1,268	9,033	1,208
1st Quarter	1961	204	1,450	185
2nd Quarter	1961	191	1,495	190
3rd Quarter	1961	299	3,052	380
4th Quarter	1961	284	3,234	436
Total	1961	978	9,231	1,191
1st Quarter	1962	278	3,044	360
2nd Quarter	1962	284	3,058	231
3rd Quarter	1962	299	3,158	136
4th Quarter	1962	536	5,109	316
Total	1962	1,397	14,369	1,043

Source : Service de l'Aviation Civile du Laos.

PN-ABI 129

American aid to Laos, FY 1955 - FY 1962

LS
309.2235594 USAID/Laos.
A512b American aid to Laos, FY 1955 - FY 1962.
1 v.

1. Economic assistance - LS. 2. Technical assistance - LS. I. Title.

LS
309
.2235594
A512b

94 ISN 71879
PNAB 29

American Aid to Laos FY 1955 - FY 1962

Introduction

Laos, on its emergence as a nation in 1955, was confronted by many problems arising from a minimum of material resources; very few trained administrators or technical personnel; rugged terrain; lack of communications and other facilities; extreme ethnic diversity among its population, (with non-Lao ethnic groups constituting a majority); and severe internal security problems - subversion on the part of the Pathet Lao and the threat of invasion by Communist China or North Vietnam. These conditions called for the establishment of a relatively large armed force and a police force to combat internal subversion, as well as the creation of an administrative framework to unify the nation, and meet basic public needs. These responsibilities and burdens were far greater than the Lao Government's domestic financial resources.

Given these circumstances and the strategic location of Laos between the Communist nations to the north and other Free World nations of the area, the United States, upon the request of the Lao Government, has provided assistance to support the Royal Lao Government in it efforts to maintain its independence and territorial integrity and to assist the Lao economy.

Laos, with U. S. assistance, has been struggling to become a unified country and to resist Communist-led separatist movements and rebellions from the time it gained its independence. Without U. S. assistance this very poor and small country could not have maintained substantial military and militia forces, which effectively contained the Communist rebels until the latter were strengthened by the entry of North Vietnamese troops and advisers.

The Unites States is continuing its efforts to conclude arrangements that would make Laos a neutral and independent state. Since the conflict in Laos worsened in 1960, our Government has worked to settle the crisis after the Communist-supplied forces scored major military victories and placed themselves in a position to seize the entire country.

Our objectives were set forth by the President - March 23, 1961, namely that the United States strongly supports the goal of a neutral and independent Laos, tied to no outside power, threatening no one, and free from any domination. He also declared in favor of constructive negotiations, among the nations concerned and among the leaders of Laos which would help Laos back to the pathway of independence and genuine neutrality. On July 23, 1962 the United States was one of 14 nations to sign the Geneva agreements on Laos which are disigned to bring about a peaceful settlement of the conflict in Laos.

Current U. S. assistance to the Government of National Union, which was formed under the Geneva plan for Lao unity, is part of a Free World effort (including British, French, Australian and Japanese assistance) to help establish an independent and truly neutral Laos and to prevent Laos from coming under

Communist control. Our assistance includes support of projects which benefit the Lao people and increase the influence of the non-Communist Government of National Union. For example, nearly 3,000 rural self-help and rural public works activities have been undertaken since 1959 with our aid and advice. Lao villagers' contributions of labor and local materials have met 50% of the total cost of self-help projects, including the construction of schools, wells, markets, community centers, dispensaries, small irrigation and drainage facilities, bridges and feeder roads. Such assistance counters the Communist propaganda claims that only the Pathet Lao are interested in the economic and social development of Lao villagers. The U. S. and other Free World countries also provide non-project aid to help meet essential Lao import and foreign exchange requirements and thus prevent the collapse of the Lao economy. The denial of such Western assistance to Laos at this time would likely result in internal chaos and a Communist takeover or the collapse of the Geneva plan for a unified Laos.

Administration

A separate United States AID Mission (US AID) to Laos was first established in Vientiane in 1955 to administer U. S. technical assistance, Military Budget Support and economic assistance. Included within the USOM was a Program Evaluation Office (PEO) which carried out the limited military non-tactical training and support activities permitted under the Geneva Agreement. Prior to 1955, the United States had been indirectly operating in the area under a program which provided equipment, supplies and budgetary support, during the Indochina War, administered through the French Government.

Following an evacuation of AID personnel after the Battle of Vientiane in December 1960, the US AID was reorganized with a Task Force in Laos and a Support Group in Bangkok/Thailand to cope with the existing conditions of hostilities and limited security in Laos. The PEO was replaced by an expanded Military Assistance Advisory Group on April 19, 1961. However, under the Geneva Agreements all U. S. military forces were evacuated by October 7, 1962. The US AID Support Group has now returned to Laos. Regional USAID offices, under the guidance of rural development advisors, have been established to coordinate U. S. assistance with local RLG authorities and Lao Provincial Development Councils in areas not under Pathet Lao control.

Program and Funding

From 1955 through June 1962 over $441 million of economic and military assistance had been obligated or committed for U. S. assistance to Laos. Most of this American aid went to meet the immediate problems of continued existance of the Lao National Government. The Military Assistance Program provided the Lao army with military hardware and training in equipment maintenance and weapons utilization under PEO. Military Budget Support (MBS) is given to finance Lao defense expenditures including troop pay and allowances. Efforts to provide internal security included the establishment of a Lao National Police force and its training, equipment and support. This assistance was terminated subsequent to the Battle of Vientiane when the police were integrated into the Lao army. Civil Budget Support (CBS) has been required to help meet the deficit in the Lao civil budget.

Much of our economic aid through FY 1962 was in the form of cash grants to the Lao Government. The deposit of U. S. cash grant dollars generated local currency required for the military and civil budgets and to support U. S. economic projects in Laos. The sale of these dollars through the Lao National Bank to local businessmen and others, under the system of free convertibility, permitted them to import goods or spend the dollars abroad in other ways. This system had some advantages in that it maintained financial stability and removed incentives for corruption and smuggling, but it also invited wasteful use of resources and flight of capital.

In FY 1963 we have changed the system of financial assistance, curbing use of aid funds for wasteful purposes and putting pressure on the Lao authorities to reduce budgetary requirements for local currency. Our financial aid now is being focused on real import requirements, rather than being determined by Lao budget deficits.

Economic Projects

Meeting the above cited military requirements has limited the amount of aid available for economic project activities, as shown in Attachment A. Economic projects in Laos have been carried out in the fields of Transportation, Community Development, Public Administration, Education, Agriculture, Health and Industry and Mining.

Transportation. Nearly $20 million has been obligated for projects such as the Development of the Lao National Road System, Improvement of River Harbors and Ferries, and Rehabilitation of the Wattay Airport. These obligations include funds to complete rehabilitation of the Wattay Airport at Vientiane; to complete the Vientiane-Thadeua Road linking the Lao administrative capital with the country's principal point of entry; to cover installation of bailey bridges to permit all-weather use of Luang Prabang-Vientiane Road; and to construct a proposed 100 km Nam Cadinh Road to link North and South Laos.

Community Development. Military operations in various parts of the country forced curtailment of operations such as the pilot rural development project in Xieng Khouang Province, which had been staffed by young American men and women of the International Voluntary Services (IVS). It had been planned to expand this project into eight provinces.

Another project, entitled National Development, provides the core of our current project activities. Under its three segments -- Rural Self-Help, Rural Public Works and Refugee Relief -- we have been able to aid the Lao villagers to construct through their own efforts wells, schools, community centers, dispensaries, feeder roads, village market places and small irrigation and drainage facilities. Over 2,700 of these activities have been completed since the United States assisted in the establishment of Provincial Development Councils in each Lao province in 1959. Since the coup of 1960 US AID efforts have included the organization of Lao village and district development councils in addition to providing in-service training for existing provincial development councils. Rural Public Works projects which affect more than one village have

included provincial roads, markets, regional schools, small dams and landing fields.

The United States is currently providing direct assistanct to over 120,000 Lao war refugees. In most cases these refugees, who are normally self-sufficient in their mountain homeland, have been forced to flee without even the barest essentials. While thousands of refugees have reached villages and towns along the Mekong, most of these refugees are scattered in makeshift camps which vary in size from a few hundred refugees to seven and eight thousand. The only means of supply for these camps is by hazardous airlift and airdrops. The refugees have constructed over fifty landing strips, by hand, for use of small planes. Since it was not possible for most of these refugees to return to their homes with sufficient seeds before the end of the April-May 1962 planting season it is expected that refugee relief operations will be required to continue until December 1963, with the next rice harvest. Current hostilities in the Plaine des Jarres area may further prolong the need for this assistance

Public Administration projects included Civil Police, and assistance in procurement, statistics, customs, banking and economic planning. Of these former projects only customs assistance in connection with the U. S. Import Program in presently active.

Education projects have attempted to meet the basic Lao needs for improved elementary school level education. A Teacher Training Center established near Vientiane has continued to function successfully in spite of the hostilities during the Battle of Vientiane and subsequent armed raids on the campus. Enrollment of elementary teacher trainees has exceeded 900. In addition, regional training centers have been established in two other provinces. All three centers are in year-round operation including in-service summer session workshops.

Agriculture activities included irrigation development, livestock and poultry assistance, crop development, agricultural extension and forestry conservation. These projects were transferred to Civil Budget Support (CBS), although irrigation activities continue under the National Development Project.

Health activities have included yaws control and malaria eradication as well as training of nurses and health workers. Another health project has been Operation Brotherhood (OB), consisting of Filipino medical teams who receive medical supplies through American aid. These OB teams, with their four hospitals and out patient clinics, have treated over 1 million cases since January 1957.

Industry and Mining. Proposed Industrial Development Centers to further handicrafts and essential village industries were never implemented due to the August 1960 coup; however, mineral surveys and training in mining operations practices took place prior to August 1960.

Proposals for future assistance programs are subject to continued discussions with the new Government of National Union to assure that these programs meet essential objectives of the United States and Laos.

Attached are a summary funding statement and several US AID reports providing further details on American Aid to Laos since the December 1960 Battle of Vientiane.

LAOS

Dollar Obligations and/or Commitments
and Local Currency Withdrawals by Type of Program FY 55-FY 62

(in millions of dollars or dollar equivalent)

I. Total AID Assistance to Laos ($ obligations) 290.4

A. Internal Security and Governmental Support

Military Budget Support (L/C Withdrawals)	184.4
Civil Budget Support (L/C Withdrawals)	18.2
Police Support ($ project obligations and L/C Withdrawals)	13.7

B. Economic Project Assistance

Dollar Project Aid ($ obligations - excluding Police)	49.8
Support of Economic Projects (L/C Withdrawals - excluding Police)	24.3

Field of Activity	Dollar Obligations		Local Currency (withdrawals)	
Agriculture		1.4		1.9
Industry and Mining		1.8		0.6
Transportation		20.5		7.9
Education		2.4		1.9
Health and Sanitation		2.5		1.8
Public Administration		0.9		1.0
(Civil Police)	(1.9)		(11.8)	
Community Development		7.0		5.4
General Technical Support and Other		13.3		3.8
	(51.7)	49.8	(36.1)	24.3

II. Total Military Assistance Program (MAP) Aid to Laos
(DOD) Programmed Dollar Commitments 150.6

III. Total Mutual Security Program (MSP) Aid to Laos 441.0

IV. PL 480 1.2

V. Grand Total US Assistance to Laos 442.2

UNCLASSIFIED

Preparatory Committee
Draft Paper
Contributions Chapter

LAOS

United States aid obligations to Laos were $39,090,400 in FY 63. Of this total, $536,000 was for Title III PL 480 surplus agricultural commodities and the rest supporting assistance grants. The supporting assistance funds were divided between project funds ($20,035,400) and non-project funds ($18,519,000). The non-project funds financed the import of various essential commodities and related services for which Royal Lao Government foreign exchange was not adequate. $14.5 million of the local currency generated by these imports will be used for Lao budgetary support and about $4 million in support of U.S.-financed economic development activities in Laos.

A total of 10 continuing projects were financed during FY 1963. 117 U.S. technicians were furnished at a cost of $1,951,857 for the year and 92 participants were trained in the United States or third countries at a cost of $84,890. In addition, contract services amounting to $9,973,309 were furnished as well as $7,496,499 worth of project related commodities and $528,865 in local expenses.

Technical assistance activities included rural development, transportation teacher training, public health, a power plant and telephone installations in Vientiane and a large element for operations in support of all project activities which included heavy air support costs required by the chaotic political and security situation.

UNCLASSIFIED

TFTeele:phi[illegible]/PL 9/18/63

Attachment B

13 October 1961

TASK FORCE REPORT NUMBER ONE

PART I

On January 10, 1961 USOM/Laos reorganized on a task force basis. The pattern for the new type of organization was set by the Director and the Executive Staff in the days immediately following the December Battle of Vientiane. At that time, USOM, with most of its personnel evacuated to Bangkok but faced with the need to take immediate action on emergency tasks radically different from its traditional function, was forced to approach them as an integrated entity.

The battle had left some eight thousand people in need of relief and assistance, essential public services had been damaged or disrupted and morale in the RLG civil service was at a low level. To cope with these problems, a core of essential USOM personnel remained in Vientiane after the battle and began refugee relief operations, assisted in hospital and medical work, rehabilitated public services (water and power) and generally began consultations and some planning activities with RLG. This period was short lived: a second evacuation became necessary on New Year's Day.

Following this last event, a reassessment of the American position in Laos indicated that an American presence in the shape of a civilian aid effort was required but that it would of necessity have to be different from that in the past. It was necessary to reiterate to the Lao people that the US interest in their country was not purely military or associated with military activities. Therefore, a USOM group was required in the country. On the other hand, the fluidity of the situation itself clearly suggested that a large mission along traditional ICA lines would be largely unemployed, would be difficult to support and cumbersome to protect or evacuate in possible future emergencies.

Consequently, the mission was cut almost in half and split groups: 1) a volunteer task force, selected on an individual basis, with minimum administrative support activities in Vientiane, and 2) a support group based in Bangkok.

The composition of the task force itself was specifically dictated by the objectives it sought to achieve. Divisional lines were abolished and exports molded together to join with their opposite numbers on the Lao side to attack problems on a geographical basis rather than on a departmental basis. This was to have the effect of bringing greater experteese to bear on the smaller projects which were to become the major activity of the now integrated force. Further it was to bring US and Lao exports in various fields together in hundreds of small villages throughout the countryside. Whereas in the past there had tended to be a dichotomy between the self-help rural development approach to schools, irrigation and access roads, etc. and the divisional approach to doing the same types of things on a large scale, groups of experts would now address themselves to the smaller and somewhat larger projects on the same across the board basis.

It became obvious early in January that the refugee and relief operations would be necessary for some time. Secondly, there was need to make "impact" and to strengthen (and in some cases, re-establish) the American and RLG presence in practically all accessible areas. So the organization and operational pattern of the task force was developed along proven methods evolved in the Rural Development concept. This activity had in the past covered the largest geographic area of any activity in Laos; several field stations had been established and work was closely coordinated with the Lao people at all levels ranging from the central RLG ministeries down to the village authorities. Moreover, it had established concepts, techniques and operational methods designed to strengthen "government-to-people" ties, develop the notion of self-help and simplify administrative procedures.

First, refugee and relief activities were made a sub-project. Secondly, because of their proven success in the past and their close similarity to the basic objectives of the task force, rural self-help sub-projects were continued and increased in accessible areas. In the third place, a new group of sub-projects was undertaken. They were the sub-projects of provincial significance.

Sub-projects of provincial significance were determined to be those of a size and significance which would affect more than a single town, village or community. For this type of activity somewhat more sophisticated planning and technical advice were required than could be provided through the traditional self-help methods. They included provincial roads, dams, market places, smaller airfields, provincial teacher training facilities, well drilling, ets.

Finally, 21 of the 23 larger projects planned or in being were either cancelled or transferred to the RLG. The eight retained by USOM were undertakings of longer term significance aimed primarily at building up the social and economic infrastructure of the country and eliminating bottlenecks.

They include the development of the national road system and the rehabilitation of public works road equipment, the special Thadeua Road improvement and expansion of the Vientiane airport, the national teacher training center in Vientiane and the construction of the Vientiane outside telephone plant.

The need for mass media communications prompted the continuation of the Lao Photo Press, while shortage of medical assistance throughout the secure areas prompted continuation of USOM support to "Operation Brotherhood". Finally, the Police assistance project, while temporarily suspended, should be resumed as soon as the position of the Police assistance project, while temporarily suspended, should be resumed as soon as the position of the Police in the RLG is clarified. All of these major projects were and are, considered of high importance by the RLG. All, with the exception of roads, can be implemented within the restrictions imposed by security.

Eleven projects were reduced in scope and transferred to the RLG. In general, these were projects which covered activities and services normally provided by a host country itself. They also served to defray the cost of civil service salaries which USOM felt should be provided under the Lao Civil Budget.

The task force approach has been in operation for nine months. Certain visible results and trends to date permit a preliminary evaluation of its operations. In general, the task force has been a success. Refugee relief operations are proceeding smoothly, rural self-help sub-projects are being completed satisfactorily, in some cases considerably faster than in the past, and, on the whole, good work has been done on sub-projects of provincial significance. Specifically, relief aid has been and continues to be granted to some 50,000 persons, 500 self-help sub-projects have been completed or are nearing completion and sub-projects of provincial significance have generally passed the "take off" stage. This, despite the problems encountered in procurement, transport and the forced abandonment of certain projects due to security changes.

Procurement, in the first months of the task force's existance was a serious problem. Although ICA/W, at the Mission's request, promptly granted waivers of standard procedures and requirements to permit emergency procurement, a purchasing and contracting office had to be established in Bangkok and source of supply identified in the immediate vicinity of Laos to ensure effective and speedy acquisition of goods and services. This undertaking had its share of troubles and took time, but by July, 1961, it was functioning with reasonable smoothness. The second problem met, related to transport. Ample funds were avilable to contract for the full time use of aircraft but due to their general scarcity in the area, it was not until July that USOM could count on its own airlift consisting of two contract C-47 and one Beechcraft airplanes. Before this time, it had to borrow and rent planes as best it could. These problems created considerable delay in the implementation of some projects.

Another factor which affected the degree of success of the sub-projects of provincial significance as a whole, was the mandatory abandonment of certain projects due to security conditions. Work on two partially completed dams in Vang Vieng, and on in Vientiane province had to be discontinued due to the retaking of the areas concerned by unfriendly forces.

Parallel to the material accomplishments described above other significant effects have been obtained by the task force, consistent with its original broad objectives. There is little doubt that the U.S. civilian aid presence has been strengthened by task force activities. When the mission returned in January it found morale in the RLG civil service at rock bottom This condition had been brought about by some five months of drastically reduced government activity, in a divided camp, limited contacts with USOM and generally by "wait and see" attitudes imposed on it by the coup of August 9 and its aftermath. The return of American technicians, albeit in reduced numbers, plus their vigorous approach to problems at hand improved the outlook considerably. Moreover, with a reduction in the size and number of accessible areas, coupled with the mobility of the task force, more frequent visits to provincial areas than in the past have been possible for task force and RLG personnel. This has further restored some self confidence in RLG officials as well as confidence of the Lao population in their government officials and in the U.S. These attitudes have also been stimulated by the task force's proven ability to select and implement projects expeditiously.

On the side of the RLG operations the work and achievements of the task force have also had beneficial results. Public officials in Vientiane and in the provinces, already experienced in implementation of self-help sub-projects have from the beginning of the period under review participated actively in the selection, planning and execution of the larger sub-projects of provincial significance and in refugee relief activities. As a first result, this has increased their prestige and authority. Also, they have individually and collectively acquired valuable experience in administration and organization and developed a more realistic outlook concerning the capability of a village or community to undertake and absorb certain projects. A practical result has been their requests for aid in the 1962 fiscal year are more rational and modest than they have been in the past.

The RLG itself, in the spirit of the new aid approach, has taken some significant steps to expedite and improve execution of projects. Its most important action in this respect was the Prime Minister's decision to simplify contracting practices in the provinces. Under the new policy, the provincial authorities themselves are permitted to award contracts rather than having the awards made in Vientiane. Further, the waiting period between issuance of invitations to bid and the award of bids has been considerably shortened and the local authorities may also determine the number of bidders which may tender on a specific project. This again has expedited project implementation and raised the standing of local government.

In summation, the task force as a concept and as an operating unit has succeeded in Laos.

PART II

A detailed narrative and graphic description of task force and other Mission activities from January through August 1961 is given in the following paragraphs:

1. Task Force

The actual organization of the task force with the relevant assignment of terms of reference and responsibilities took place in early February 1961.

Three categories of sub-projects were made the responsibility of the task force: relief and rehabilitation, rural self-help and sub-projects of provincial significance.

a) Relief and rehabilitation,

The relief and rehabilitation program of USOM really began on a small scale immediately following the battle of Vientiane. At that time some 8,000 persons in Vientiane province (City of Vientiane, Vang Vieng) were assisted in a cooperative program with the RLG Department of Social Welfare. Five hundred sacks of rice, 2,400 blankets, 1,000 sweaters, 850 cooking utensils, 400 cases of milk, 70 cases of soap, 1,000 pieces mosquito nets and other basic items were distributed. As military operations progressed to the south and to the north the refugee relief problem gradually grew. Because most of the areas requiring relief were (and are) inaccessible due to security, the larger part of relief supplies have had to be dropped by air. To establish refugee needs and a system of control in distribution, American task force personnel visited the areas involved for several days at a time, many times arriving by helicopter and then having to walk long distances to cover all the points surveyed. As a result a reasonably smooth working system was developed and as of August 31, 1961, the following relief supplies (excluding the Vientiane distribution mentioned before) had been distributed (mostly by airdeop):

Rice	800 tons
Blankets	7,620 units
Cloth	950 pkgs
Men's suits	2,360 units
Women's suits	2,500 "
Children's suits	7,200 "
Mosquito nets	1,950 "
Soap	12,776 bars (1 lb each)
Canned milk	13,150 cans
Cooking pots (6 qt.)	3,544 units
Rice steamers	2,076 "
Spoons	23,135 "
Forks	23,125 "
Butcher knives	2,860 "
Matches	1,520 boxes

Candles	6,696 units
Pots (2 qt.)	950 "
Rice bowls	3,000 "
Plates	11,805 "
Sleeping mats	1,250 "
Table knives	1,766 "

In addition to the above distribution, the task force has transported relief supplies provided by CARE and the Missionary Alliance as follows:

CARE

Blankets	2,000 units
Cloth & sewing gear	1,500 pkts.
Hand tools	7,000 units

Missionary Alliance

Blankets	1,000 units
Plastic sheeting	2,000 yards
Black shirting	5,000 "

The recipients of relief aid have been mostly displaced Meo and other tribes people. Refugee relief can be expected to continue and to increase and eventually, the problem of resettlement of displaced persons will have to be faced. A sample of this future problem was experienced in late June, 1961, when approximately 2000 Meo displaced women, children and elders arrived unexpectedly in Vientiane. USOM personnel and the RLG Social Welfare department assisted by American and other volunteers manage to house and feed them and to supply them with basic necessities. They are still being cared for under emergency conditions and their future resettlement has not yet been decided.

b) Rural Self-help

The new Rural Development Project Agreement was signed on March 7, 1961, effective to June 30, 1961. Under the self-help section of the project all small self-help activities were approved and made the subject of sub-project agreements signed by the USOM RD field advisors and the various Provincial Development Councils. Subsequent changes in security conditions forced the dropping of some of the sub-projects planned and the addition of others so that by the end of FY 1961 some 500 were in hand. Of this figure, the majority have been completed. Some reports on progress are still lacking from some areas. Following is a list by province of the Rural Development sub-projects completed - or nearing completion since January.

APPROVED RURAL DEVELOPMENT SUB-PROJECTS
NATIONAL SUMMARY
1960-1961
P R O V I N C E S

ACTIVITY	HOUA KONG	KUANG PRABANG	SAVANNAKHET	VIENTIANE	KHAMOUANE	SAVANNAKHET	SARAVANE	CHAMPASSAC	ATTOPEU	TOTAL
Schools	49	51	44	27	50	21	5	7	5	269
Dispensaries	5	8	2	4	11	9	6		3	48
Markets	3	3	3	4	3	6				20
Dams	1	5		14						20
Canals	2	6		1						9
Teacher's Quarters				1						1
Salas	15	2	2	3		1		1		22
Reservoirs				4						4
Bridges	6		2	4		4		2		17
Roads				6						6
Comm. Centers		2			2					4
Stairs				1						1
Wells		6	6	31	12	7			20	72
Infirmary Kitchen		1								1
Airport		1								1
Poultry Hatchery		1								1
Nurses Quarters		1				2				3
Midwife School Dining Hall					1					1
A C T I V I T I E S	80	86	66	100	79	60	11	10	28	500

c) Sub-projects of Provincial Significance

By August 31, 1961 eighteen sub-projects of Provincial significance had been jointly approved by USOM and RLG. Three of those sub-projects have been completed and work on others has progressed rapidly considering the difficult conditions prevailing in the rainy season and the early delays in procurement and transport. Work on two sub-projects had to be abandoned due to security conditions. The tables given below show progress of the sub-projects and their distribution by province.

Sub-Projects of Provincial Significance

Name	Total	Under Construction	Completed	Cost (kip)
Roads	3	3		3,573,280
Dams	4		1	126,000
Flumes	1	1	1	60,000
Wells *	31		31	154,000
Schools**	3	1		3,905,185
Airfields	1	1		829,120
Markets	1			1,400,000
Buildings	1	1		2,600,000
School Supplies	1	1		?($7090)
UN RD Support	1	1		2,203,300
Tribal Re-settlement	1	1		175,000

* This is the total number of wells drilled under one sub-project.

** Includes two teacher training facilities and one groupe scolaire.

Geographic Distribution of Sub-Projects of Provincial Significance by province

	Vientiane	Namtha	Luang Prabang	Sayaboury	Savannakhet	Pakse
Roads		1		1		1
Dams	3			1		
Flumes			1			
Wells*	27				3	1
Schools**			1			2
Airstrips				1		
Markets					1	
Buildings	1					
School Supplies***						
UN RD Support	1					
Tribal Re-settlement		1				

* Number of wells dug under one project

** Included two teacher training facilities and one groupe scolaire

*** Supplies distributed to all accessible provinces

In planning the sub-projects equitable geographic distribution has been of primary consideration.

Brief progress reports on the various sub-projects of national significance are given below.

Roads

Paksong-Thateng road - Pakse. This project is 85% complete. Fifteen kilometers have been repaired and two bridges rebuilt.

Namtha-Houei Sai Road - Namtha. Practically all the road and bridge surveys have been completed. Materials are being assembled to begin construction. The road will be 145 kilometers long. 10% complete.

Sayaboury-KeneThao Road-Sayaboury. Some grading and realigning completed and small bridges have been built. Survey of entire road is underway. This project is 15% complete.

Dams

Vang Vieng Dams - Vientiane. One of these dams was finished and two were partially finished when work had to be discontinued because of security conditions.

Paklay Dam -Sayaboury. Surveys and preliminary work was begun on this dam but had to be stopped due to security conditions.

Flumes

Ben Nam Pa Flume-Luang Prabang. This sub-project has been completed. It provides water for irrigation of about 500 acres of land and for the Luang Prabang Teacher Training Center.

Wells

Well Drilling-Vientiane (27), Savannakhet (3) and Pakse (1). This sub-project has been completed. Wells have been drilled to provide water to a refugee village, to schools, hospitals and other public buildings and to urban peoples. Some pumps (both power and hand) have been installed.

Schools

Teacher Training Center-Pakse. Plans and specifications for classroom and housing facilities for 100 students and faculty have been completed and a site has been provided by the province. Construction will begin at the end of the rainy season.

Teacher-Training Center-Luang Prabang. Same progress reported as the sub-project shown immediately above.

Paksong Groupe Scholaire-Pakse. Plans and specifications have been completed. Construction will start at the end of the rainy season.

Airfields

Levelling, surfacing and lengthening of the runway in Sayaboury from 1,300 to 1,700 meters is well underway. Drainage work has been completed. The project as a whole is 50% complete.

Markets

Kengkok Market-Savannakhet. Detailed plans and specifications have been completed and construction should begin at the end of the rainy season.

Buildings

Rural Affairs Training Center-Vientiane. Construction of this building is underway and is presently about 30% complete.

Provision of School Supplies

This sub-project is completed. Under it, school supplies have been distributed to primary schools in all provinces not under Pathet Lao control.

United Nations Rural Development Support-Vientiane

Under this sub-project the following work has been accomplished; road maintenance and building of three bridges, two schools have been completed and three are under construction, thirteen wells have been drilled and land has been cleared for the establishment of a model farm. The project is about 50% completed.

Tribal Resettlement-Namtha

Under this project animals and tools were provided to 25 displaced hill tribe families. The sub-project has been completed.

1962

In addition to the sub-projects listed above, considerable work was done on two large sub-projects which will be funded and begun in FY 1962.

Market Improvement-Vientiane. This project will cost approximately 17,000,000 kip. It will provide an improved, modern and hygienic market for the city of Vientiane. Engineering and architectural plans have been completed and work should begin at the end of the rainy season.

New Market-Savannakhet. This sub-project will give Savannakhet a totally new market. It will cost 10,000,000 kip. Plans have been completed and await final approval by USOM and RLG. Work should begin at the end of the rainy season.

2. Other Projects

In addition to the activities described in the proceeding paragraphs, the Mission has also continued implementation of certain major projects, the progress of which will be described in this section.

a) National Education Center (Teacher Training Project)

After the return to normal operations after the events of December-January described before, the first order of business at the National Education Center was to prepare for the anticipated increase in enrollment (from 550 to 850) in September, 1961. Construction of ten major buildings and several minor ones was undertaken and completed by August 15, 1961.

Construction was performed under the supervision of a USOM architect, making use of the school's labor force and with help of students unable to return home during the vacation period. This resulted in substantial saving of time and funds and in demonstrating better workmanship.

School furniture was ordered and began arriving early in September. Additional staff was obtained from the RLG (20) and from the French Cultural Mission(24). The Lao contract was renewed and nine teachers had reported for duty by the end of September.

The curriculum of the four year course was re-studied with the result that 50 hours per week will be taught to the various sections of trainees in subjects such as agriculture, public health, arts and crafts, carpentry, masonry, home economics and electricity; then will be taught by teams of American and Lao teachers. The science curriculum is currently being re-orientated by a committee of Lao, French and American teachers to make it more meaningful for a nation such as Laos.

During the summer an in-service workshop was held for 350 teachers, (150 at the Center and 200 in the provinces). The purpose of this workshop was to upgrade teaching skills, especially in the lower elementary teachers and to inculcate some new concepts of community improvement through school leadership. Special materials and courses were prepared for this by the IVS team.

In order to assist in staffing and organizing the regional teacher training center being constructed by the task force, the NEC has undertaken to develop materials, curricula, undertake recruitment of students, etc. A pilot section of sixty students will begin work by October 1, 1961.

Other activities include assistance in the shape of commodity and technical support to a Materials Production Center (UNESCO) and some financial support to the Technical School teacher training project (UN Special Fund project) to increase its classroom, workshop and boarding facilities.

b) National Road System

The first two BPR technicians to return to Vientiane in January, 1961 began the rehabilitation and improvement of the national equipment park of RLG Ministry of Public Works, located seven kilometers outside Vientiane (PK7). Both the equipment pool and repair facilities were in urgent need of attention. A work program was developed with the dual purpose of quickly getting as much equipment off the line as possible and organizing and equipping repair and maintenance facilities. To date, the following work has been accomplished:

Equipment Rebuilt and Overhauled

4 Graders
2 Electric Plants
1 Road Wrecker
8 Tractors (6 Crawler and 2 Wheel)
3 Elevating grader attachments
1 Soil mixer
1 Pressure Water tank trailer
1 8-ton Roller
1 Road broom

1 Road Blower
10 Trucks
2 Shovels
1 Crane
1 Super C Scraper

Additionally, the following facilities have been completed and are in use: a warehouse complete with bins and control office; an engine rebuild shop, a machine shop, a shop office, a power house, a water supply system.

This work has been done with the assistance of locally hired third country personnel. On the other hand, the Lao staff employed at the park have shown remarkable progress in learning the mechanical, electrical and other skills, and it is now possible to send mechanics, trained at the park, to work in the provinces without direct supervision of American or TCS staff.

The second group of BPR technicians returned to Vientiane in March, 1961. Its immediate task was to develop a program (in local currency) for road building in the areas of Laos. In May a project agreement was signed providing $450,000 in counterpart for work to be done in the accessible areas of of nine provinces. Preparatory work and assembly of materials was begun immediately upon signing of the agreement. Actual construction under this program will begin at the end of the rainy season.

A major road project to be undertaken during the next dry season is the construction of the Vientiane-Thadeua road (19 kilometers). This work will be under the engineering supervision of the Officer in Charge of Construction, Southeast Asia (US Navy). The A & E work is almost completed and invitations to bid will be issued shortly.

c) Vientiane Airport

The contract to build a new runway, taxiways, drainage system at the Vientiane airport has been signed and work will begin at the end of the rainy season. Work will also begin on ancillary facilities such as parting apron, automobile parking, access road and utilities for the new terminal building constructed with French aid funds. A complete A & E for these facilities will be performed and invitations to bid will be prepared.

d) VARDA

One of the admirable contributions to the activities of the task force has been that of the IVS/VARDA group. The refugee relief sub-project in particular owes a large measure of its success to the efficiency and dedication with which these people have performed the tasks assigned to them. They have travelled continuously to remote villages and settlements to evaluate, on the spot refugee needs and to organize a system of distribution and control of relief supplies. Members of the group have visited and lived, sometimes for days on end, in villages surrounded by the enemy. Some of these places are only accessible by foot trail which has meant that they have had to make several two and three day hikes to reach them.

In arranging for the actual distribution of relief supplies the IVS/VARDA group has selflessly given its time and energies to the supervision of loading of aircraft, to participation in the air drops and to the reception, warehousing, preparation of commodities for distribution. This has at times meant working long hours continuously for several days.

An IVS/VARDA nurse has since January, directed the nursing school of the Vientiane hospital. The first group of nurses trained under her supervision were "capped" early in August. Also, she translated and distributed numerous simple manual instructions on hospital procedures and methods.

In addition to the task force activities described above, IVS/VARDA had engaged in some small projects: demonstration of a small earth block machine which has been adopted in three villages; demonstration of a hand washing machine; experimentation with a long handled hoe that could be made by villagers; construction of a baffle over a drainage culvert to prevent flooding of rice land, etc.

e) Regional Communications

The Laos section of this project was originally to have provided the country with a domestic and international telecommunications system. Because of security conditions the decision was made to suspend implementation of all phases of this project except the construction of the outside telephone plant for the city of Vientiane. Engineering work has proceeded on this phase, commodities have been ordered, recruitment of third country technician personnel is being arranged and actual work should begin by late October.

Attachment C

Jan. 27, 1962

TASK FORCE REPORT NUMBER TWO

PART I

The USOM/Laos Task Force is one year old and the time is appropriate for taking stock of its first year of life. The first report concerning Task Force activities (TOICA A-378) up to August 31, 1961 was submitted on October 13, 1961; this supplementary presentation will attempt to bring the data contained in that report up to date.

The work of the re-organized Mission generally has proceeded in accordance with the pattern established with reorganization took place. However, with most of the Task Force's "teething troubles" out of the way, and with an appreciation of certain changes in conditions affecting it and other factors, there now emerges a view of its merits, advantages and defects and, to some extent, of its outlook for the future. The original problems of procurement, transport have been received; the personnel situation is improved and generally good progress has been made toward overcoming support and "housekeeping" difficulties.

The problems which were created by the critical emergency conditions that obtained during the first months of the Task Force's existence still exist, but they are now being dealt with by means of methods and situations which have presented themselves in the past months. This has meant that a routine has been established for Task Force operations and that technicians have been able to devote more time and effort to the substantive aspects of the Task Force program. They have been able to make more visits to areas where the various projects and sub-projects are being implemented and to participate more directly therein. This has naturally resulted in accelerated project implementation and in a better quality in the end product.

As a result of the developments described above, good progress has been made toward achievement of the basic objective of the Task Force, that is, the strengthening of the American civilian presence in Laos. Reports from USOM field representatives and from force technicians clearly indicate an appreciable improvement in the morale and attitudes of RLG officials and the Lao people affected by Task Force activities. Their enthusiasm and dedication in working side by side with USOM technicians is higher than it has ever been in the past. In some cases, RLG officials and employees have risked their personal safety transporting aid materials and equipment through insecure areas to remote villages. Also, upon completion of many sub-projects (sometimes even small ones), villagers have requested that American representatives be present at the completion ceremonies.

The Task Force by its presence and work in Laos has achieved another impact, perhaps more lasting, in the thinking and attitudes of the Lao. The Lao people concerned take the concepts of aid and self-help much more seriously than in the past. This is reflected in a big improvement in their planning, selection of sub-projects and in more realism and awareness of the relative merit of the one possible sub-project over another. Also, the importance of the contribution of the people themselves to "self-help", sub-projects is now taken seriously. (In one area, the local governor has established the policy that no aid materials will be released to a village unless the latter first makes its contribution and formally commits the labor for sub-project implementation).

Another positive effect of Task Force activities on the thinking of Lao officials and people has been the introduction of improved methods and practices in the awarding of contracts, procurement and project supervision and control. In the field of the larger sub-projects of provincial significance particularly, the continued presence of USOM technicians at bid openings and their follow-up visits to work sites has osmotically introduced basic concepts of inspection, control, etc., into the thinking of their counterparts.

To summarize, good material results have emerged the Task Force operations during their first year and the educational and training by-product therefrom has been of an encouragingly high quality.

PART II

The three main areas of Task Force activity have been: (A) Refugee Relief and Rehabilitation; (B) Rural Self-Help Sub-Projects; (C) Sub-Projects of Provincial Significance. In addition, the Mission has continued a number of other projects. Developments in each of these areas is detailed in the following paragraphs.

A. Refugee Relief and Rehabilitation

Refugee aid continues to be a major Task Force function. Despite the "cease fire" conditions, a considerable displacement of Meo and other tribes people has gone on during the year and the problem of feeding and

clothing them has not abated. Many of those folk are in remote isolted a areas and their relief has been conducted exclusively by "air drop". USOM aircraft have been almost on daily operations since July, dropping rice, salt and other basic necessities. Direct relief operations will continue for some time and eventually the "rehabilitation" phase of the function will have to be implemented. Toward the end of the year (1961), the first indication of a resettlement demand appeared. Some 480 displaced Meos expressed the wish to settle in Sayaboury province in time to prepare for the 1962 rice crop. The Mission, in cooperation with the RLG agencies concerned, is planning to provide assistance for their resettlement provided helicopters can be obtained to transport the commodities and the refugees. This experiment will provide an idea of the nature and scope of what will have to be faced in eventual resettlement of all refugees.

From September 1, 1961 through December 1961, the Mission provided the following commodities for refugee relief:

Blanket	18,092 Pcs.
Men's clothing	3,486 Sets
Women's clothing	1,945 Sets
Skirt	3,251 Pcs.
Boy's clothing	2,136 Sets
Girl's clothing	2,699 Sets
Mosquito nets	1,487 Pcs.
Sleeping mats	2,180 Each
Candles	11,952 Each
Matches	27,540 Pcks.
Soap	43,960 Pcs.
Milk	13,869 Can
Plates	11,915 Pcs.
Bowls	1,440 Pcs.
Spoons	11,073 Pcs.
Forks	11,073 Pcs.
Knives, table	2,930 Pcs.
Knives, butcher	1,630 Pcs.
6-Qt. Pots	2,473 Pcs.
Sauce pan with lid	831 Pcs.
Lao Steamer pots	1,683 Pcs.
Salt	102,575 Kgs.
Rice, white	640,340 Kgs.
Rice, glutinous	122,168 Kgs.

B. Rural Self-Help

The rate of progress in rural self-help sub-projects has varied among the different provinces. Security conditions, communications and the vigor of local RLG officials are among the factors responsible for the variation. In general, however, progress has been good.

1. Luang Prabang

The implementation of sub-projects has suffered more because of security conditions in Luang Prabang, Namtha and Sayaboury than in any other area of Laos. To date, no sub-projects agreements for 1962 have been signed in Luang Prabang. Work on sub-projects funded in FY 1961, however, is still going on; they include two dams, one flume, four compost sheds and twelve schools.

It is anticipated that sub-project agreements for 1962 will be signed in January 1962. Present plans are only for four dams and a few other small sub-projects to be approved. Local authorities are reluctant to commit themselves further due to the uncertainty of security conditions in the province.

2. Namtha

Rural self-help sub-project agreements for FY 1962 will be considered in January. In the meantime, work is nearing completion on sub-projects funded in FY 1961. They are: nineteen schools, nine salas (rest shelters), one community center, one irrigation canal, six bridges and one market. Of a total of 80 sub-projects originally approved, 38 had to be dropped due to security restrictions.

3. Sayaboury

No decisions have yet been made regarding rural self-help sub-projects for 1962.

4. Vientiane

In Vientiane province the following sub-projects have been approved in principle: 22 schools (16 new construction, five expansion, one repair), three market places, one community center, 41 wells, one sala and one dispensary. Additionally, requests for six more school sub-projects (two expansion, five new construction and one repair), one community center, five wells and one dispensary have been submitted to the provincial development council. They will be considered later.

It is expected that the pertinent sub-project agreements will be signed in January.

5. Thakhek

Fifteen sub-project agreements covering 141 activities have been signed. They include 55 schools (51 construction, 4 repair), 67 wells, 9 dispensaries, 2 community centers, 2 markets, 6 foot bridges.

6 Savannakhet

Fourteen sub-project agreements have been signed. They cover 46 schools (15 construction, 31 repair), 1 teacher's quarters, 2 bridges, 2 markets, 2 dispensaries (one building, one repair).

7. Pakse

One agreement conveing 13 sub-projects has been signed. Two more agreements for additional 27 sub-projects will be signed in January. Under these agreements, the following sub-projects will be implemented: 8 small markets, 15 bridges, 30 wells (one sub-project), 3 dispensaries, 8 schools, 5 small dams. Sub-projects funded in FY 1961 have been completed.

8. Saravane

An agreement for 13 sub-projects has been signed and a second agreement for 10 more will be signed in January. They will provide assistance for building 3 schools, 2 markets, 10 wells (one sub-project) and 17 bridges.

9. Attopeu

Because of uncertain security conditions, only 10 sub-projects are presently being considered for 1962. They are: 8 bridges and 2 schools. Additional sub-projects may be considered later in the year.

10. Muong Khong

This is one of the new provinces created by RLG last year. No agreement has been signed yet, but it's expected that some 35 sub-projects will be undertaken during FY 1962. They will include six schools, five markets, 20 bridges and some wells.

11. Bassac

This is another new province. There is yet no agreement, but probably six schools, 10 bridges, 2 markets and some wells will be approved.

C. Sub-Projects of Provincial Significance

The following sub-projects of provincial significance were funded in 1961 but work on them has carried on to FY 1962.

Roads

Paksong-Thateng Road, Pakse. This project is 99 per centum completed; one kilometer remains to be repaired.

Namtha-Houei Sai Road. This road (185 kms) is presently open for jeep traffic in its entire length and for truck traffic for 54 kilometers. A total of 305 meters of major bridges and 175 meters of small bridges (three to six meter class) has been built and materials are on site for an additional 115 meters. With the completion of the latter, approximately 50 per centum of the bridge requirements of the entire road will have been

met and the entire length of the road will be open to truck traffic. The project is approximately 50 per centum complete and will be continued with FY 1962 funds.

Sayaboury-Kenethao Road. This route (242 kms) is open for jeeps for 177 kilometers and for trucks for 75 kilometers. One hundred and seventy meters of major bridges, 150 meters of small bridges and 8 box culverts have been completed. The sub-project is about 40 per centum complete.

Schools

Teacher Training Center - Pakse. Work on this sub-project (which will provide accommodations for 100 students and faculty) was begun in December and is about 20 per centum complete.

Teacher Training Center - Luang Prabang. Work on this school began two months ago and is presently at 40 per centum of completion mark.

Groupe Scolaire - Paksong. This project was completed in mid-December.

Airfields

Sayaboury Airfield. Work has continued on this sub-project and it is presently 60 per centum complete. The strip should be ready for use by C-46 aircraft by the end of the dry season; presently it can accommodate aircraft up to the C-47 class only.

Markets

Kengkok Market. Plans have been completed, the agreement has been signed and work should begin in about one month's time.

Buildings

Rural Affairs Training Center, Vientiane. This sub-project is about 60 per centum complete.

United Nations Rural Development Support

This sub-project, which included road maintenance, construction of three bridges, some small schools, land clearing and some well drilling, has been completed.

Up to the present time, seven sub-projects of provincial significance have been approved for funding in FY 1962.

Roads

Namtha-Houei Sai Road. Additional funds are being provided to continue work begun in 1961.

Schools

Ban Phone Sat School, Luang Prabang. The sub-project agreement has been signed but construction has not yet begun.

Ban Khay School, Luang Prabang. This sub-project is in the same status as the one above.

Markets

Namtha Market. The agreement has been signed but construction has not yet begun.

Vientiane Market. The plans and specifications for this market have been completed. The agreement should be signed within one week and bids will formally be invited on January 20, 1962.

Savannakhet Market. The same status as the above sub-project.

Rural Survey, Sayaboury

The agreement for this sub-project has been signed and work began on January 3, 1962.

D. Other Projects

1. National Education Center

Classes opened at the National Education Center in Vientiane in September with an enrollment of approximately 800 students. There are four programs now in progress: a four-year elementary teacher training course, a three-year secondary school teacher training course, a four-year English teacher training course and a one-year rural elementary teacher training course.

The last, a pilot section for the rural teacher training program to be undertaken in regional centers, opened October 1, 1961 with 67 students of whom nine are from minority ethnic groups. Curriculum and materials for teaching are virtually complete.

Two special training programs have been undertaken: recruitment and training of staff for the regional centers to be completed soon and a special course in teacher education and school administration. Also, special instruction has been given to two classes of Lao Army "civic action" teams, who will operate in areas of doubtful security.

Additional construction at the NEC to permit the accommodation of 1,000 students will be considered if the necessary funding can be obtained. This work should be completed by July 1962. Through the National Development Project, expansion of the facilities at the Trades School in Savannakhet is being undertaken. The French and Lao armies are cooperating in this project.

School construction and supply in provincial areas have been closely coordinated with other provincial development activities and two IVS education specialists are to be stationed in the northern and southern regions early in 1962.

2. National Road System

The project agreements for the road construction work for FY 1962 have not yet been prepared. Work financed with FY 1961 funds, however, has proceeded at a good pace. A summary report of the status in each province as of December 1, 1961 follows.

Luang Prabang - RLG 138, PK 2+500 - 7 KM
Stockpiling of stone at the crusher at PK-14 continues.
Subgrade is completed.
Project is considered to be 78% complete.

Nam Tha - Repair of 2 bridges and light improvement of 22 km of Houei Sai route.
Materials purchased. Project 52% complete.

Sayaboury - 9 bridges on Sayaboury-Thadeua route.
Project is complete.

Vientiane - RLG 138 - PK 20 to PK 40 = 20 km.
Subgrade is 30% complete. Project is 17% complete.
Ban Hom Road - PK 12+300 - 26+000 = 13.7 km
Project is 22% complete.

Savannakhet - RLG 13N - PK 864-969 = 5 Km
This project has been completed with FY 60 funds.

Thakhek - RLG 13S, PK 22-29 - 7 KM
RLG 13N, PK 0.5-3.5 = 3 km
Subgrade 85%, base course 85%, asphalt 70%
Project is 85% complete.

Pakse - RLG 10W - PK 8-24 = 16 km
Subgrade 50%. base course 45%
Project is 46% complete.

Attopeu - Work could not be performed on programmed section because of security. Alternate streets in Attopeu are being improved by reshaping and placing clay - gravel base course.
40% of the work has been completed.

Saravane - NR, OK 134-138
Estimate 50% complete.

Work on the completion of the National Equipment Park of the Ministry of Public Works in Vientiane (PK-7) and the repair and rehabilitation of road construction equipment has proceeded at a very rapid pace. Since September 1, 1961, the following facilities have been completed at the Park: electrical shop, paint shop, equipment storage shed, showers and toilets, 2,500 gallon water tank, automotive repair shop, service station and materials storage shed. In addition, the following pieces of equipment have been completely overhauled and rehabilitated:

2 Graders
1 Electric plant
2 Water tank trucks
7 Dump trucks
2 Model "D" Tournapulls
3 Rotary compressors
2 Super "C" Tournapulls
3 LW 16 Dozers
1 75 B shovel
1 Crushing and screening plant
1 Sheepsfoot roller
1 Road broom.
1 TD 9 loader-tractor
1 Ross fork lift.

A new pay scale has been set up for all employees and trainees and the training of Lao technical personnel has progressed very well.

The contractor selected to build the road from Thanaleng to Vientiane (19 kms) arrived in Vientiane in December. Work has proceeded very rapidly on this sub-project and it is presently about 2 per centum complete.

3. Vientiane Airport

The contractor selected for this project began work in November 1961. He will build a new runway, taxiways, drainage system and other major facilities at the Wattay airfield in Vientiane. This phase of the Project

is about 2 per centum complete. The A & E work on the ancillary facilities for the airport is being done and is at present about 20 per centum complete.

4. Regional Communications

Engineering work on this project has continued. Materials for the outside telephone plant for Vientiane will arrive in Vientiane on February 15, 1962. It is hoped that third country technicians will be available at that time to begin the actual construction work.

5. Other Activities

The Mission has continued advisory and support activities in the fields of public health, finance and public safety.

Attachment D
April 28. 1962

TASK FORCE REPORT THREE

The basic structure of Lao-American contact outside Vientiane was and still is centered on a Rural Development Advisor who operates as a quasi-official link between the provincial government, the national government, and USAID, as well as being a general US good-will ambassador before the local people. Previously, when a technician assigned to an operating division visited the field, he was provided food and lodging and certain local administrative amenities by the RD Advisor, but the Technician's major orientation was with his counterpart Ministry and his Division Hierarchy. Contacts with local people were limited, except in the case of the Agricultural Technicians.

In the Task Force, all Technicians work through and with the local RD Advisor. They tend to work on more , albeit smaller projects, to which they bring a higher level of technical competence than had been the case for pre-Task Force rural self-help sub-projects. The net result has been to put civil engineers Ardin, Cummins, Ridgeway, and Wimbich; agriculturists Lewis, MacQueen, and Matthews; education advisor Freeman, and medical doctor Platt, into the field more often and with wider contact with local Lao.

This has meant that more mature and experienced technicians have had wider contacts at the provincial and village level. This has impressed these officials and others with our presumed greater interest in their problems and has, in effect, given these activities higher status in their eyes.

Sub-Projects

(a) The following Rural Self-Help Sub-Projects (mentioned in Ref. A) were completed during the calendar year 1961 (1st January 1961 to 31 December 1961).

1. Luang Prabang

Schools -- 11 new; 2 repaired; Dispensaries -- 1; Irrigation canals -- 1; Bridges -- 2; Dams -- 1; Flumes -- 7; Rice fields -- 4.

2. Namtha

Schools -- 22; Dispensaries -- 3; Irrigation canal -- 1; Bridges -- 6; Community centers -- 6; Ricefields -- 5; Markets -- 1.

3. Sayaboury

Schools -- 29 new; 14 repaired; Dispensaries -- 2; Wells -- 8; Flumes -- 2.

4. Vientiane

Schools -- 16 new; 16 repaired; Dispensaries --2; Irrigation canals -- 2; Wells -- 55; Roads -- 3 new; 1 repaired; Markets -- 6; Bridges -- 1; Community Centers -- 17 new; 10 repaired; Reservoir -- 1.

5. Thakhek

Schools -- 22 new; 2 repaired; Dispensaries -- 4; Wells -- 12; Markets -- 3; Bridges -- 1; Community Centers -- 2; Water reservoir -- 3.

6. Savannakhet

Schools -- 3 new, 5 repaired; Dispensaries -- 1; Wells -- 1; Markets -- 3; Bridges -- 2; Community Centers -- 3.

7. Pakse

Schools -- 35 new, 25 repaired; Markets -- 1; Bridges -- 2; Community Centers -- 2.

8. and 9 No up-to-date information available now for Saravane and Attopeu due to insecure conditions in these areas.

10 and 11. No Sub-Projects agreements were made in either of these two new provinces (Kuong Khong and Bassac).

The following additional Rural Self-Help Sub-Projects are already funded for FY '62 and are underway.

1. Luang Prabang

   Dams -- 5

2. Namtha

   Schools -- 8; Bridges -- 1; Community center -- 1

3. Sayaboury

   Schools -- 14; Wells -- 1; Community center -- 1

4. Vientiane

   Schools -- 6; Community centers -- 2; Wells -- 3; Water Resevoir -- 1; Dispensaries -- 1 new, 1 to be repaired.

5. Thakhek

   Schools -- 17 new, 1 to be repaired; Wells -- 3.

6. Savannakhet

   Schools -- 18 new, 1 to be repaired; Wells -- 12; Technical school -- 1.

7. Pakse

   Schools -- 21; Markets -- 2; Community centers -- 1.

8. Saravane

   Schools -- 4; Dispensaries -- 2

9. Attopeu

   No sub-projects for FY '62 due to insecure conditions.

10. Sithandone (Muong Khong)

    Schools -- 2; Bridges -- 3

11. Champassac (Muong Bassac)

No sub-projects yet submitted

12. Borikhane (Muong Paksane)

School -- 1; Dispensary -- 1; Community center -- 1; Wells -- 3.

(c) All Provincial Sub-Projects for FY 1961 (mentioned in Ref. A) are completed except for the following:

1. Teacher Training Center in Pakse (90 per cent complete).

2. Kengkok Market (90 per cent complete).

3. Sayaboury-Kenethao Road (60 per cent completed).

4. Sayaboury Airfield (80 per cent completed).

(d) Progress on Provincial Sub-Projects for FY '62 (mentioned in Ref. A) is as follows:

Roads

Namtha-Houei Sai Road 70 per cent completed when work suspended due to hostilities.

Schools

Ban Phone Sat, and Ban Khay schools, Luang Prabang, construction not yet started.

Markets

Namtha, no construction due to security conditions.
Vientiane, work started 25 April 1962.
Savannakhet, work to start week of 30 April 1962

Rural Survey, Sayaboury

Completed.

(c) Progress on additional FY '62 Provincial Sub-projects is as follows:

1. Supplementary work for Rural Affairs Warehouse in Luang Prabang completed;

2. Thahine Market (Pakse) underway;

3. Champassac Market underway;

4. POL for Namtha-Houei Sai Road cancelled due to hostilities

5. POL for well-drilling project completed;

6. Namtha Airfield Improvement halted due to hostilities;

7. Purchase of cement for projects 2 and 3 completed;

Attachment E

August 18, 1962

RURAL SELF-HELP SUB-PROJECTS FUNDED AND/OR COMPLETED

JANUARY 1, 1959 to JUNE 30, 1962

	TOTAL FUNDED	TOTAL COMPLETED
Village Schools	981	838
Vocational Schools	1	0
Dispensaries	88	81
Irrigation Canals	118	118
Barrages	7	0
Dams	40	36
Reservoirs	5	3
Wells	414	336
Roads	215	213
Bridges	45	41
Markets	21	15
Community Centers	554	542
Community Gardens (Nam Tha only)	17	17
New Rice Fields	74	74
Airstrips	7	7
Creamitories	2	2
TOTALS	2589	2323

The total U.S. contribution toward these projects was 77,609,830 kips. The U.S. contribution was matched by villagers in the form of labor primarily. On projects such as roads, bridges, irrigation canals, gardens, rice fields, etc., villagers contributed more than 50 per cent of the total cost; on other projects such as schools and community centers, their contribution was no more than half.

DEPARTMENT OF STATE
UNCLASSIFIED
USAID/LAOS/VIENTIANE TOAID A-134

1 1

Attch. No. 3

Rural Self-Help Activities Funded During FY '62 Kip 12,649,830

	Schools	Markets	Wells	Dispensaries	Bridges	Community Centers	Roads	Water Reservoir	Dam	Barrages	Technical School	TOTAL
Vientiane	26	3	36	2	-	4	2	1	-	-	-	74
Khanmouane	23	-	7	-	-	-	-	-	-	-	-	30
Savannakhet	23	-	18	-	-	2	-	-	-	-	1	44
Sedone	44	2	1	-	-	3	-	-	-	-		50
Wapikanthong	4	-	-	-	-	1	-	-	-	-		5
Sithandone	6	-	13	2	3	-	-	-	-	7		31
Champassak	7	1	-	-	-	-	-	-	-	-		8
Saravane	4	-	-	2	-	-	-	-	-	-		6
Luang Prabang	-	-	-	-	-	-	-	-	3	-		3
Nam The	4	-	-	-	1	1	-	-	-	-		6
Borikhane	1	-	3	1	-	-	-	1	-	-	-	6
Sayaboury	15	-	-	-	-	1	-	-	1	-	-	17
TOTAL	157	6	78	7	4	12	2	2	4	7	1	280

UNCLASSIFIED

PROVINCIAL DEVELOPMENT SUB-PROJECTS

UNDERWAY AND COMPLETED SINCE MARCH 1, 1961

A. March 1, 1961 to June 30, 1961

		Underway	Completed
1.	Repair of Paksong-Thateng Road (15 kilometers)		x
2.	Teacher Training Center, Pakse		x
3.	Teacher Training Center, Luang Prabang		x
4.	U. N. Rural Development Support		x
5.	Paksong School		x
6.	Sayaboury Airport Extension (First Project)		x
7.	Flume in Ban Na Luang (Luang Prabang)		x
8.	Market in Kengkok (Savannakhet)	x	
9.	Rural Affairs Training Center (Vientiane)		x
10.	Nam Tha-Houei Sai Road (First Project)		x
11.	Well-Drilling (Various Areas)		x
12.	Nam Tha Tribal Resettlement		x
13.	Sayaboury-Ken Thao Road (First Project)		x
	TOTAL	1	12

TOTAL U.S. CONTRIBUTION - 25 Million K

July 1, 1961 to the Present Time

1.	Phone Saat School (Luang Prabang)	x	
2.	Ban Khoy School (Luang Prabang)	x	
3.	Rural Affairs Warehouse Addition (Luang Prabang)		x
4.	Nam Tha-Houei Sai Road (Second Project)		x
5.	Nam Tha Market		
6.	Sayaboury Provincial Survey of Rural Needs		x
7.	Sayaboury-Ken Thao Road (Second Project)		x
8.	Champassac Market	x	
9.	Thahine Market (Pakse)		x
10.	Sayaboury Airport Extension (Second Project)		x
11.	Well-Drilling (Various Areas)		x
12.	Cement for P. D. 7 and P. D. 8		x
13.	Sayaboury Airport Extension (Third Project)	x	
14.	Sayaboury-Ken Thao Road (Third Project)	x	
15.	Vientiane Market	x	
16.	Savannakhet Market	x	
17.	R. A. Warehouse Sayaboury	x	
18.	Thakhek Junior High School	x	
19.	Repair Paksong Market	x	

TOTAL U.S. FUNDS OBLIGATED FY 62 32,688,091 K.

STATEMENT TO THE PRESS

Protracted civil strife in Laos has given rise to strong emotions and deep suspicions which are not easily forgotten. The Government of National Union, under the leadership of its Prime Minister, His Highness Prince Souvanna Phouma, was formed nearly seven months ago. During this period, many of these emotions have begun to cool, and a beginning has been made toward achieving the cooperation and mutual confidence needed to unify Laos once again. The United States fully supports His Highness Prince Souvanna Phouma and his Government and has manifested this support by providing substantial assistance for education, roads, village development, agriculture and other development projects; and by contributing the cost of a large part of the Kingdom's needs for imported commodities. The United States will continue to do whatever possible to assist His Highness Prince Souvanna Phouma and his Government.

One of the problems facing his Government --- and, in humanitarian terms, one of the most important --- is that of the refugees who temporarily require relief supplies in order to survive. An estimated 125,000 to 150,000 men, women, and children, members of the Lao, Meo, Lao-Theung, and other ethnic groups, in northern, central, and southern Laos, have had their livelihood disrupted during the fighting. Many thousands sought refuge in isolated mountain areas, defending themselves when attacked. Others fled to population centers in the valleys. Like the other people of Laos, they wish to return to useful lives in a peaceful and united Kingdom. In order to do so, they need tools and seeds to plant new crops, and food to sustain them until their harvest is sufficient once again. Those in the northern mountains, in the provinces of Xieng Khouang, Sam Neua, Luang Prabang, and Nam Tha, who constitute a majority of the total number of refugees, pose an especially difficult problem. The rugged and roadless terrain precludes ordinary transport, and they must depend on air supply or face starvation within a few weeks. This requires a large and expensive operation, involving the air transport of about 1,500 tons of relief supplies per month.

It would be expected that no one would oppose a program to feed refugees until they were able to feed themselves. It is regrettable that the Pathet Lao have, in fact, appeared to seek to put an end to refugee relief. The Pathet Lao mounted extensive military operations against the hill people before the formation of the Government of National Union and have made occasional attacks since. The Pathet Lao have also concentrated their efforts against the air supply on which a majority of the refugees depend. The hill people have persistently held out in the areas which have been their homes for generations. The Pathet Lao claim however that these refugees are in their "zone." The Pathet Lao charge that the United States

UNCLASSIFIED

has been violating the Geneva Accords, alleging that arms and ammunition have been dropped and that one of the contractors providing air services, Air America, Inc., is a "paramilitary organization." They assert that the agreement signed by the Royal Lao Government and the United States Government to continue refugee relief was "illegal." Finally, the Pathet Lao have consistently fired upon aircraft carrying relief supplies to refugees, and have shot down such aircraft.

The United States, in cooperating with the Royal Lao Government to provide sustenance to people in need, has been the object of repeated accusations, misrepresentations, and calumny. Under these circumstances, it is appropriate to make the United States position entirely clear.

The United States has traditionally offered help to the victims of war and disaster all over the world. This has been true in Laos. Successive Lao Governments have asked the United States to assist their relief programs, and the United States has gladly provided supplies, ground and air transport, and technical assistance. On October 1, 1962, the Prime Minister wrote to the American Ambassador, requesting that arrangements be made for U. S. help to the relief program to continue under the Government of National Union. This was provided for in a formal agreement signed on October 7, 1962, by representatives of the Royal Lao Government and the United States Government. Under this agreement, the United States has continued its assistance to refugees, and is prepared to continue to do so as long as there is a need.

The United States has been glad to examine with the Royal Lao Government the problems raised by the needs of the refugees in Laos and to help the Royal Lao Government to continue to supply them with the necessities of life. The American Ambassador has frequently discussed the question of such supply with His Highness the Prime Minister. He has repeatedly reminded the leaders of the Pathet Lao that the American-chartered aircraft which provide supplies to refugees are open to inspection at all times. The Ambassador has reiterated that the United States has fully observed its obligations under the Geneva Accords and will continue to do so, and that no arms or ammunition have been supplied in violation of the Accords. He has also pointed out that the air service contractors are civilian companies which in no way violate the Accords.

The Ambassador has, furthermore, suggested adoption of means which would eliminate any suspicion that these are other than legitimate relief flights, and which would put an end to attacks on unarmed civilian aircraft flying humanitarian missions. He has made it clear that the United States would accept special markings for relief aircraft, liaison officers from the

UNCLASSIFIED

41

three factions in Laos to accompany the flights, verification by the International Commission for Supervision and Control, or any other reasonable method. Regrettably, the Pathet Lao leaders have as yet shown no interest in considering these suggestions.

The United States is now discussing with the Royal Lao Government means for placing aircraft at that Government's disposition. If the current discussions reach agreement, this could provide assistance to the Royal Lao Government for its general air transport needs as well as a method for supplying the refugees with the seed, tools, and food they require. It is sincerely hoped that, once these arrangements are concluded, the Pathet Lao would not continue to seek to put an end to the refugee program.

The unification of Laos is one of the principal objectives of the Geneva Accords and of the Government of National Union. By virtue of their participation in the Government of National Union, and their signature of earlier agreements among the three factions, the Pathet Lao have declared their commitment to the goal of reunification. Up to the present, however, the Pathet Lao's actions have implied that they are attempting to shift the balance of forces in Laos in their favor by seeking to cut off food supplies to the isolated refugees, imposing their will on the hill peoples, and consolidating what they claim to be the Pathet Lao "zone." It is obvious that these actions are not in keeping with the objectives which have been declared by the Government of National Union, and that they violate all accepted humanitarian principles. It is to be hoped that the Pathet Lao will agree to reasonable arrangements for continued relief supply, and that they will join whole-heartedly in the work of unifying Laos.

This is a question of simple human need. It is also a matter of grave importance to the Government of National Union and to the Geneva Accords. If it is indeed the intention of the Pathet Lao to attempt to alter the status quo in their favor and to consolidate their "zone" rather than to work toward reunification, the future of the Government of National Union and of the Geneva Accords may be in peril.

The attached Memorandum, "The Refugee Problem in Laos," provides further information on this subject.

MEMORANDUM

THE REFUGEE PROBLEM IN LAOS

I. Scope, Nature and Causes of the Problem

There are no precise statistics about refugees in Laos: basic population data are inadequate and outdated, and the frequent movements of many refugees make it difficult to keep records. The best available estimates place the total number of refugees between 125,000 and 150,000.

Most are members of ethnic minorities, in large part because much of the fighting in Laos was concentrated in mountainous areas where the minorities predominate. The refugee problem in Laos has frequently been described as one principally or exclusively concerned with the Meo, but they constitute only 50% to 60% of the overall total, and 60% to 65% of the refugees in the northern provinces of Xieng Khouang, Sam Neua, Nam Tha, Luang Prabang, and Sayaboury. The numbers of refugees belonging to each major ethnic group are roughly as follows:

Meo: 65,000 to 75,000; primarily in the northern provinces just mentioned;

Lao-Theung: About 50,000; in Saravane, Attopeu, Sam Neua, Savannakhet, Thakhek, Sayaboury, and Sedone provinces.

Ethnic Lao: 10,000 to 15,000; primarily in Sam Neua, Xieng Khouang, and Luang Prabang provinces;

Other ethnic groups, including Yao and Thai-Deng: about 5,000; in several northern provinces, especially Nam Tha and Luang Prabang.

These people, from widely-separated parts of Laos and belonging to many distinct tribes and sub-groups, nevertheless share certain common characteristi and experiences. Many lived at the higher altitudes of Laos' many mountain ranges, using the slash-and-burn technique to grow dry rice and other crops on the hillsides. It has always been at best a difficult and precarious living, but they have wished to live in their own way on their high ridges, which they prefer to the climate of the lowlands.

A large proportion of those who are now refugees in Laos had earlier experience with the Pathet Lao. In 1953 and 1954, when Viet Minh units, accompanied by Pathet Lao troops, invaded Laos, many upland people defended their homes. Following the 1954 Geneva Accords, Pathet Lao units and guerrilla bands sought to influence and dominate the hill peoples in both southern and northern Laos. They employed persuasion, propaganda, promises, intimidation, exactions of food, and conscription for labor and military service. In some areas, especially among the southern Lao-Theung living near the border with South Viet-Nam, the Pathet Lao established control. For the most part, and

especially in the north, the hill people came to [illegible] dislike the Pathet Lao and Pathet Lao efforts simply strengthened their desire to avoid Pathet Lao domination. Many villages and districts formed local Home-Defense Companies (ADC's) in order to put up an organized resistance against Pathet Lao pressure.

After large-[illegible] fighting broke out again in 1960, the Pathet Lao concentrated their forces and were joined once again by large numbers of Viet Minh. The Pathet Lao reestablished themselves in the area around Sam Neua town, moved into the Plaine des Jarres, and increased their activity in other areas, including the South. Much of this strength was directed against the mountain peoples, which the Pathet Lao sought to bring under complete control.

Remembering their earlier treatment by the Viet Minh and Pathet Lao, large numbers of hill people left their homes and sought to reestablish themselves in or near Vientiane, Luang Prabang, Pakse, and smaller towns. A larger number defended their home areas, using their existing Home Defense organizations, locally-made muzzle-loaders, and obsolete rifles. In cases where resistance could not be continued, they withdrew deeper into the mountains to more secure areas. Others remained behind, decided later to flee Pathet Lao control, and reached the refugee areas. Continued defense was still necessary, however, and many groups moved again and again as Pathet Lao pressure continued. The Royal Lao Army provided better weapons and equipment, and the Home Defense organization was broadened and improved. The United States Military Assistance Advisory Group (MAAG), at the request of the Royal Lao Government, assisted in the equipping and training of the hill peoples' Home Defense Units, just as it assisted other units of the Royal Lao Army at that time. United States advisors assisting these people were, along with all other United States military advisors, withdrawn from Laos by October 7, 1962, in full compliance with the Geneva Accords.

Pathet Lao attacks and harassment continued even after May 3, 1961, when the Pathet Lao declared their acceptance of the cease-fire. In June, 1961, for example, the Pathet Lao attacked Ban Padong, about 50 kilometers south of the Plaine des Jarres, where Home Defense Units were protecting several thousand women and children. All were forced to withdraw. There were many other attacks on less well-known locations. Military pressure on the refugees in mountain areas has declined sharply since the formation of the Government of National Union, but the refugees report Pathet Lao probes, mortar bombardments, and continuing small-scale attacks.

The Pathet Lao, who had failed to win the allegiance of the mountain peoples, also failed to impose their will on them through military force. The upland people lost a number of areas to Pathet Lao attacks, but the Meo

Lao, and Lao-Theung mountaineers retained control over more than half the total area of Xieng Khouang Province, between one-quarter and one-third of Sam Neua province, and other extensive areas in what the Pathet Lao claimed to be their "zone." The southern Lao-Theung in the Bolovens Plateau area succeeded in sharply reducing Pathet Lao harassment of their villages.

Conditions in the refugee villages vary widely. Morale, social cohesion and the will to continue are at different levels in different villages, but officials of the Ministry of Social Welfare, newsmen, U.S.A.I.D. technicians foreign diplomats, and others who have visited refugee areas have been impressed by their spirit and determination. It must be borne in mind that most refugees suffered great losses; it is difficult to estimate the total, but it is believed that on the average the refugees lost, in addition to their houses, crops, and fields, 80% to 90% of their cattle and pigs and 70% to 80% of their clothing, cooking pots, tools, and other possessions. They have managed, nevertheless, to build new homes and begin farming again. Groups and tribes which formerly regarded one another with some suspicion or even hostility found that they could live close together and work in co-operation. Thus the war has moved the hill peoples closer toward a sense of unity in the Lao nation.

The experiences of the refugees in Laos can best be understood by a review of the history of several refugee villages. Brief accounts of four villages, one primarily Meo, another composed of Northern Lao-Theung, one principally a refuge from ethnic Lao, and a fourth inhabited by two tribes of southern Lao-Theung, may be found in the Appendix to this Memorandum. These accounts show sacrifices made by the refugees, and their efforts to live decently, building their own schools---where the textbooks and subjects are the same as in other village schools in Laos---and operating simple dispensaries to care for the wounded and sick.

Since the formation of the Government of National Union, the refugees in the mountain areas have taken advantage of the return of relatively peaceful conditions and are clearing more land for planting. With very few exceptions, they would prefer to return to their original villages, where they would have familiar surroundings and, in most cases, better land. They are afraid to leave their refuges, however, until they can be sure of freedom from Pathet Lao retaliation or interference. The war has led to suspicions and bitter memories. When free movement is permitted, and military and civil integration provide a basis for confidence, it can be expected that these feelings will dissipate. Then the hill peoples will

be able to play a useful part in a unified Laos. Until this occurs, there is a need to assist them in achieving self-sufficiency and to sustain them until they can support themselves.

In the provinces of Sam Neua and Xieng Khouang, for example, the refugees who have been able to farm despite adverse conditions have saved enough rice-seed to sow over half the area they need for cultivation. Requirements for cooking-pots, cloth, and similar goods are only 25% of their initial level. It is expected that the quantity of rice supplied per month, now nearly 1500 tons, can be reduced to 500 tons per month by the end of 1963. This level of 75% overall self-sufficiency in basic foodstuffs can be achieved if the refugees receive tools, materials for making tools, and seed to supplement their own stock. Using these supplies, they will be able to clear more land, sow, and harvest. This assumes, of course, that the refugees will not be subjected to further Pathet Lao attacks or harassment. Equally promising possibilities are present for the refugees in the South.

These objectives cannot be achieved overnight, and until this effort is completed, the refugees will need further food supplies. The need is particularly acute for refugees in the northern provinces who depend upon air supply. Depending upon local opportunities for farming, many villages would be reduced to starvation within ten days if air supplies were suspended, while all isolated villages would face starvation within two months.

II: THE REFUGEE ASSISTANCE PROGRAMS OF THE ROYAL LAO GOVERNMENT AND UNITED STATES HELP TO THOSE PROGRAMS

The refugee programs of the Royal Lao Government have been aimed at providing support until self-sufficiency becomes possible. Specifically, this program has been administered by the Ministry of Social Welfare. The International Committee of the Red Cross, working in conjunction with the Lao Red Cross, private organizations such as C.A.R.E., and a number of friendly governments have offered assistance which has been accepted by the Royal Lao Government.

The United States Government has also been glad to offer assistance. It had long been meeting requests from successive Lao Governments for help to refugees, and when fighting was renewed in 1960 the need became more acute. Working closely with Social Welfare officials, the United States provided food, blankets, medical supplies and other needs to those who had suffered during the fighting in Vientiane. Similar assistance was later provided in Vang Vieng, Luang Prabang, Muong Kassy, Pakse, Ban Houei Sai, and other areas. At the request of the Royal Lao Government and on the basis of agreements with the Ministry of Social Welfare, increasing quantities of food and other relief supplies were provided, usually by air, to isolated refugees in the mountains. This assistance continued following the formation of the Government of National Union, with United States officials continuing to work with their counterparts in the Ministry of Social Welfare.

On October 7, 1962, following an exchange of letters between the Prime Minister and the American Ambassador, a new agreement governing the program for assisting refugees was signed by representatives of the Royal Lao Government and the United States Government. A communique issued by the Ministry of Social Welfare and published on October 15, 1962, in Lao Presse, the official bulletin of the Information Ministry, described this agreement: "In conformity with the wishes expressed by His Highness the Prime Minister of the Provisional Government of National Union in his letter of October 1st, 1962, to His Excellency the Ambassador of the United States, an increase in assistance to refugees has been arranged in the form of an addition to the initial program of the Social Welfare Ministry. This

assistance consists of the provision of imported goods, technical and administrative advice, or personnel qualified for the purchase, gathering packing, and distribution of relief articles, and transport by air or other necessary means." The communique added that 3,115,800 kip (equivalent to about $39,000) in counterpart funds and $736,500 in dollars were to be provided by the United States for local expenses and the purchase of seeds, rice, and other necessary supplies. It stated that "The project is administered by the Ministry of Social Welfare."

Procedures for implementing this agreement have varied in accordance with problems involved in supplying different refugee groups. In many areas, requirements are met by provincial Social Welfare officers, operating under the direction of provincial Governors and in consultation with regional USAID representatives, drawing on stocks provided to the Ministry of Social Welfare by USAID. Specific needs for clothing, cooking utensils, and similar items are certified jointly by representatives of the Ministry and U.S.A.I.D. and filled by the Ministry from stocks in its warehouses which were supplied by U.S.A.I.D. Rice is provided by U.S.A.I.D. on the basis of estimated monthly requirements for refugee areas, which are drawn up on the basis of requests by refugees to U.S.A.I.D. and Royal Lao Government representatives. Where air transport is necessary, U.S.A.I.D. makes it available through contracts with private American firms, including Air America, Inc., meeting all costs for fuel, maintenance, and other expenses. Flight schedules are filed with the appropriate officials of the Directorate of Civil Aviation.

Air supply to refugees is a complex and large-scale operation, involving 14 aircraft making over 1,000 flights per month, carrying about 1500 ton of cargo. Whenever possible, cargo is landed at airstrips and unloaded. Rice is usually dropped free-fall, while medical supplies, cooking utensils, school materials, and similar items are parachuted or taken to refugee areas in light aircraft, which also carry out medical evacuation missions and transport the Social Welfare and U.S.A.I.D. technicians who verify requirements and supervise distribution. As officials of the Ministry of Social Welfare have become more familiar with the techniques and procedures involved in the refugee program, the requirement for United States technical assistance and advice has been reduced.

III. The Pathet Lao Attitude Toward Refugee Relief

The Pathet Lao have long faced a situation which must cause them acute frustration and embarrassment. Since the early months of 1961, they have claimed that most of northern Laos and a wide area of the South contiguous to Viet Nam constitute their "liberated zone." They are well aware, however, that the peoples of very extensive areas of the North and substantial parts of the southern mountains have resisted Pathet Lao domination; attempts at persuasion, intimidation, and conquest have failed. In the North, effective Pathet Lao control has been limited to the towns, the areas along major roads, some of the valleys, and a few other areas which they seized. Realizing that the people in the mountains of the North, cut off from normal transport and unable to support themselves in peace, depended upon air supply for their survival, the Pathet Lao appear to have made a deliberate effort to starve the hill people into submission by bringing this air supply to an end.

Beginning early in 1961, the Pathet Lao alleged that they were engaged in a police action against "bandits" who had been "airdropped" by the United States into the "zone" claimed by the Pathet Lao. This propaganda line was also adopted in an attempt to justify Pathet Lao attacks on the hill people following the cease-fire. The Pathet Lao appeared to have forgotten that these people had resisted them in 1953 and 1954 and had avoided Pathet Lao domination ever since. The absurdity of the "air-dropping" contention is apparent if one wonders how, and why, anyone would parachute 100,000 or more men, women, and children into the rugged mountai of northern Laos. The hill people were there, they freely chose to defend themselves, and the Pathet Lao had to search for some way to explain it.

Throughout 1961 and 1962, however, this remained a frequent theme of Pathet Lao propaganda. Following the formation of Prince Souvanna Phouma's Government, the Pathet Lao representatives sought to achieve the cessation of relief supplies through manipulation of their position in the coalition. They claimed that the agreement on refugee relief signed by the Royal Lao Government and the United States Government was "illegal," although it had been worked out on the basis of a request from the Prime Minister that refugee relief continue under the Government of National Union. After the fact, Pathet Lao officials said that the agreement was not valid because they had not assented to it. Propaganda from the Pathet Lao radio became more intense, and General Singkapo, Pathet Lao commander in the Plaine des Jarres area, told newsmen that a special effort had been made to emplace anti-aircraft weapons. Relief aircraft were fired upon frequently, and an American aircraft on a refugee relief mission was shot down in Nam Tha

province on January 5, 1963, resulting in the death of a cargo handler. The Pathet Lao radio has since indicated that they would shoot down other aircraft whenever possible.

The Pathet Lao have also sought to cut off supplies to Neutralist forces in the Plaine des Jarres area. At the specific request of the Prime Minister, American aircraft carrying rice and other foodstuffs made drops to Neutralist units and unloaded at the Plaine des Jarres airstrip. The Pathet Lao radio, quoting General Singkapo, announced in November that American aircraft taking supplies to Neutralist forces would be shot down. On November 27, 1962, an aircraft loaded with rice was shot down while preparing to land at the Plaine des Jarres. Although it is reported that the shots were fired by members of a Neutralist unit who had forsworn their loyalty to the Prime Minister and to General Kong Le, the Pathet Lao's responsibility is clear.

The Pathet Lao have sought to justify these attacks on unarmed relief flights by asserting that the aircraft drop arms and ammunition, that alleged arms drops originate outside Laos, and that Air America, Inc., is a paramilitary organization which violates the Geneva Accords.

These accusations are entirely false. The United States is not introducing arms, ammunition, or other military supplies into Laos in violation of the Accords. No United States aircraft are making arms drops in violation of the Accords. All flights to destinations in Laos by American-chartered aircraft, including relief flights, originate in Vientiane. The companies providing air services under contract to the United States are entirely civilian, and their employees are not, to use the language of the Accords, "foreign civilians connected with the supply, maintenance, storing and utilization of war materials."

If the Pathet Lao wish to satisfy themselves that the refugee program in Laos is a legitimate relief operation, they can easily do so by inspecting the aircraft and their cargo. If any doubts remain, the Geneva Accords provide an international mechanism for verification: the International Commission for Supervision and Control. The Pathet Lao have not, however, made any official complaint about air supply to the Commission.

UNCLASSIFIED

APPENDIX

FOUR REFUGEE VILLAGES

PHOU CUM:

Phou Cum, in Luang Prabang Province, about 60 kilometers southeast of Luang Prabang city, and 35 kilometers northwest of Sala Phou Khoun, is now the refuge for about 2500 persons who have had to move three times since Pathet Lao pressure forced them to leave their home area east of Khang Khay in early 1961. Through careful cultivation of the good soil in their former home, they had become relatively prosperous, but only eleven of their more than 2,000 cattle had survived when they reached Phou Cum, about ten days' steady walk from their original area. The soil in their new area is poor, but if they are not attacked again they hope to clear land nearly one day's walk away and produce 50% of their food by the end of 1963. They have built two village schools, where the textbooks and subjects taught are the same as in other schools in Laos, a small dispensary-hospital, and several blacksmith shops.

BAN NA:

At Ban Na, in Xieng Khouang province, approximately 700 Lao-Theung have established themselves after fleeing their original village at the southwest corner of the Plaine des Jarres, about three days' walk to th east. In early 1961, Pathet Lao troops threatened the Naiban (village chief.) The villagers escaped, taking nothing with them, to Muong Phout. Continued Pathet Lao pressure forced them to move again to Ban Na, where they built a new village which was accidentally destroyed by fire. They rebuilt again, including a school and hospital-dispensary. Some facilites are shared with Meo and Lao villages nearby. Their new land is good, and they hope to become entirely self-supporting by the end of 1963 if not harassed.

UNCLASSIFIED

HOUA MONG:

Most of the refugees at Houa Mong, in southwestern Sam Neua province about three days' walk (60 kilometers) from Sam Neua town, are ethnic Lao. Some Meo and Lao-Thoung also live in the village, which has suffered extensively from Pathet Lao harassment. They fled into the hills during the Viet Minh-Pathet Lao invasion of 1954 and were attacked again in late 1961. The Pathet Lao occupied the area and burned all the surrounding villages except Houa Mong itself. Two months later, the villagers reoccupied their area, resisting renewed Pathet Lao attacks. There are now about 8,000 persons in the Houa Mong area; the village is a center of refuge for people from the burned settlements. A hospital and school have been constructed, and the outlying villages are now being rebuilt. They had lost all their pigs, but were able to save most of their cattle, and if left alone the people of Hua Mong hope to be able to grow four-fifths of their food by the end of this year, despite the added need to feed 2,000 persons who have come into the area since early 1962 from the valleys and other places under Pathet Lao control.

LONG PILIANG:

Long Piliang, in Saravane Province, about 15 kilometers east of the provincial capital, is now the refuge for 70 families belonging to two southern Lao-Thoung tribes, the Dta-Oi and the Nge. Their former villages in the mountains northeast and southeast of Saravane had been dominated by the Pathet Lao, who confined the people to their villages, took food without payment, and forced the young men to become soldiers, giving them weapons but no clothes. The villagers slipped away, leaving all their belongings behind. Although the members of the two tribal groups speak somewhat different dialects, the eight small refugee settlements around Long Pilieng have decided to work together. They plan to build a road to Nong Bua, the nearest town, and with tools and seeds will be able to grow their own rice, raise cotton, and weave their clothing.

UNCLASSIFIED

82

DAYTON MAXWELL

Annual Statistical Report



LAOS
1963

PREPARED BY:

USAID Laos

OFFICE OF ECONOMIC AFFAIRS

C O N T E N T S

A. Charts

A-1 - Consumer Prices for Laotian Family in Vientiane and Luang Prabang
A-2 - Foreign Exchange Holdings by the National Bank of Laos
A-3 - Money Supply and Foreign Exchange
A-4 - Budget Expenditures, Cumulative Borrowing, U.S. Budget Support & Money Suppl
A-5 - Foreign Trade

B. Prices

B-1 - Consumer Prices for Laotian Family in Vientiane
B-2 - Consumer Prices for European Family in Vientiane
B-3 - Consumer Prices for Laotian Family in Luang Prabang
B-4 - Consumer Prices for Laotian Family in Savannakhet
B-5 - Open Market Rate of U.S. Dollar

C. Monetary and Banking Statistics

C-1 - Foreign Exchange Holdings by the National Bank of Laos
C-2a and C-2b - Money Supply
C-3 - Monetary Assets and Money Supply
C-4 - Money Supply and Coverage of kip
C-5 - National Bank of Laos, Assets and Liabilities
C-6 - National Bank of Laos, Receipts and Sales of U.S. Dollars and French Francs

D. Government Finance

D-1 - Lao Budget Revenues and Expenditures
D-2 - Advances to the Government from the National Bank of Laos
D-3 - Lao Budget Revenues

E. Program Statistics

E-1 - Regular Counterpart Fund Status
E-2 - Deposits in Counterpart Fund by Origin
E-3 - Withdrawals from Counterpart Fund by Use
E-4 - United States Commercial Import Program - Monthly Approvals and Arrivals
E-5 - United States Commercial Import Program as of February 29, 1964

F. Foreign Trade *

F-1 - Imports
F-2 - Imports by Commodity
F-3 - Imports by Country of Origin
F-4 - Imports by Type of Financing
F-5 - Exports
F-6 - Exports by Commodity
F-7 - Exports by Country of Destination
F-8 - Imports of Petroleum Products

G. Agriculture

G-1 - Forestry Production
G-2 - Livestock Slaughtered
G-3 - Production of Hides

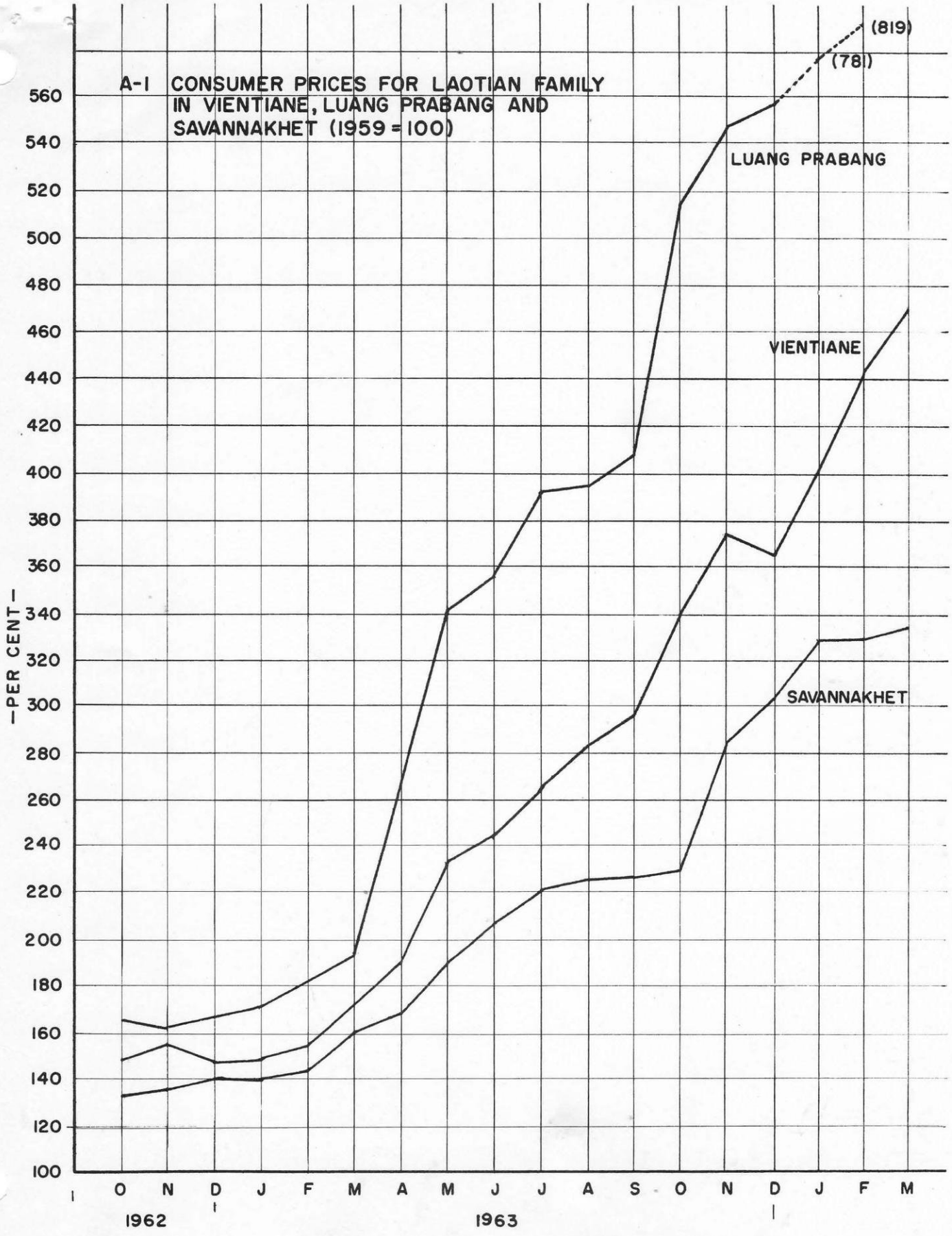
H. Mining and Industry

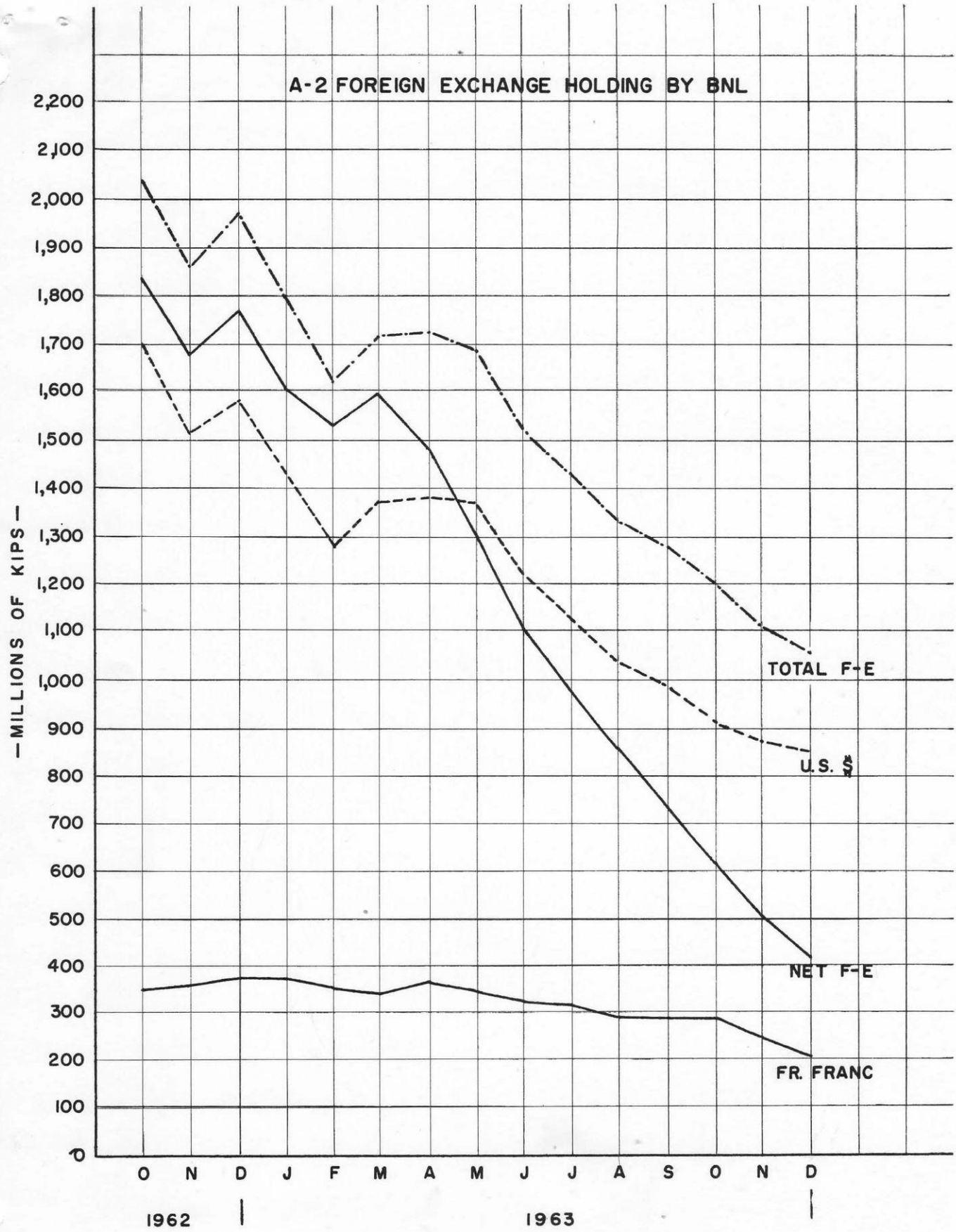
H-1 - Production of Tin Concentrates
H-2 - Production of Electricity

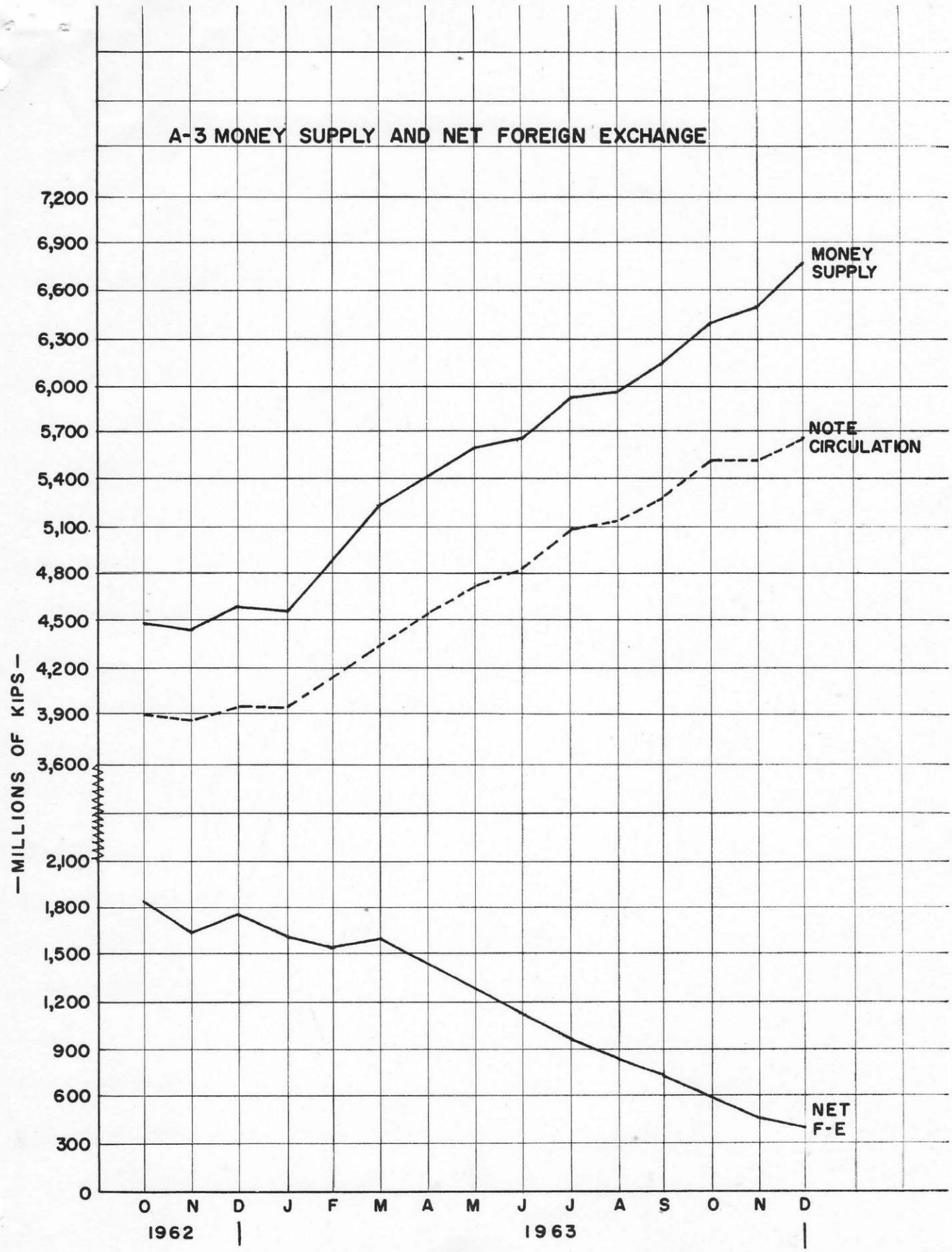
I. Civil Aviation Traffic

I-1 - Local - Arrivals
I-2 - International - Arrivals

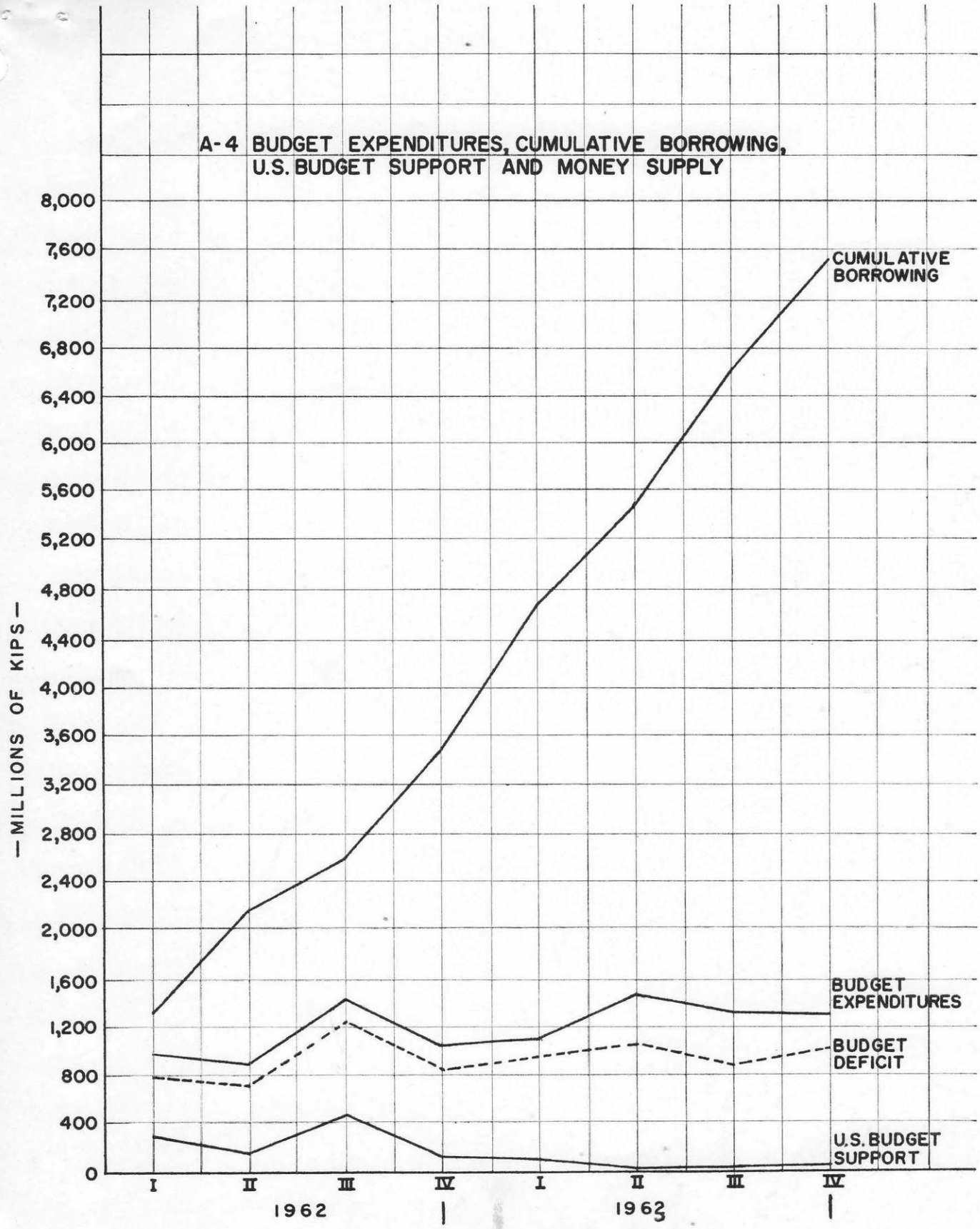
No Statistical Report was prepared for the 3rd and 4th quarter of 1963.


A-1 CONSUMER PRICES FOR LAOTIAN FAMILY IN VIENTIANE, LUANG PRABANG AND SAVANNAKHET (1959 = 100)
(819)
(781)
LUANG PRABANG
VIENTIANE
SAVANNAKHET
-PER CENT-
560
540
520
500
480
460
440
420
400
380
360
340
320
300
280
260
240
220
200
180
160
140
120
100
O N D J F M A M J J A S O N D J F M
1962
1963


A-2 FOREIGN EXCHANGE HOLDING BY BNL
— MILLIONS OF KIPS —
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
TOTAL F-E
U.S. $
NET F-E
FR. FRANC
O N D J F M A M J J A S O N D
1962
1963


A-3 MONEY SUPPLY AND NET FOREIGN EXCHANGE
7,200
6,900
6,600
6,300
6,000
5,700
5,400
5,100
4,800
4,500
4,200
3,900
3,600
2,100
1,800
1,500
1,200
900
600
300
0
—MILLIONS OF KIPS—
MONEY SUPPLY
NOTE CIRCULATION
NET F-E
O N D J F M A M J J A S O N D
1962
1963

A-4 BUDGET EXPENDITURES, CUMULATIVE BORROWING, U.S. BUDGET SUPPORT AND MONEY SUPPLY



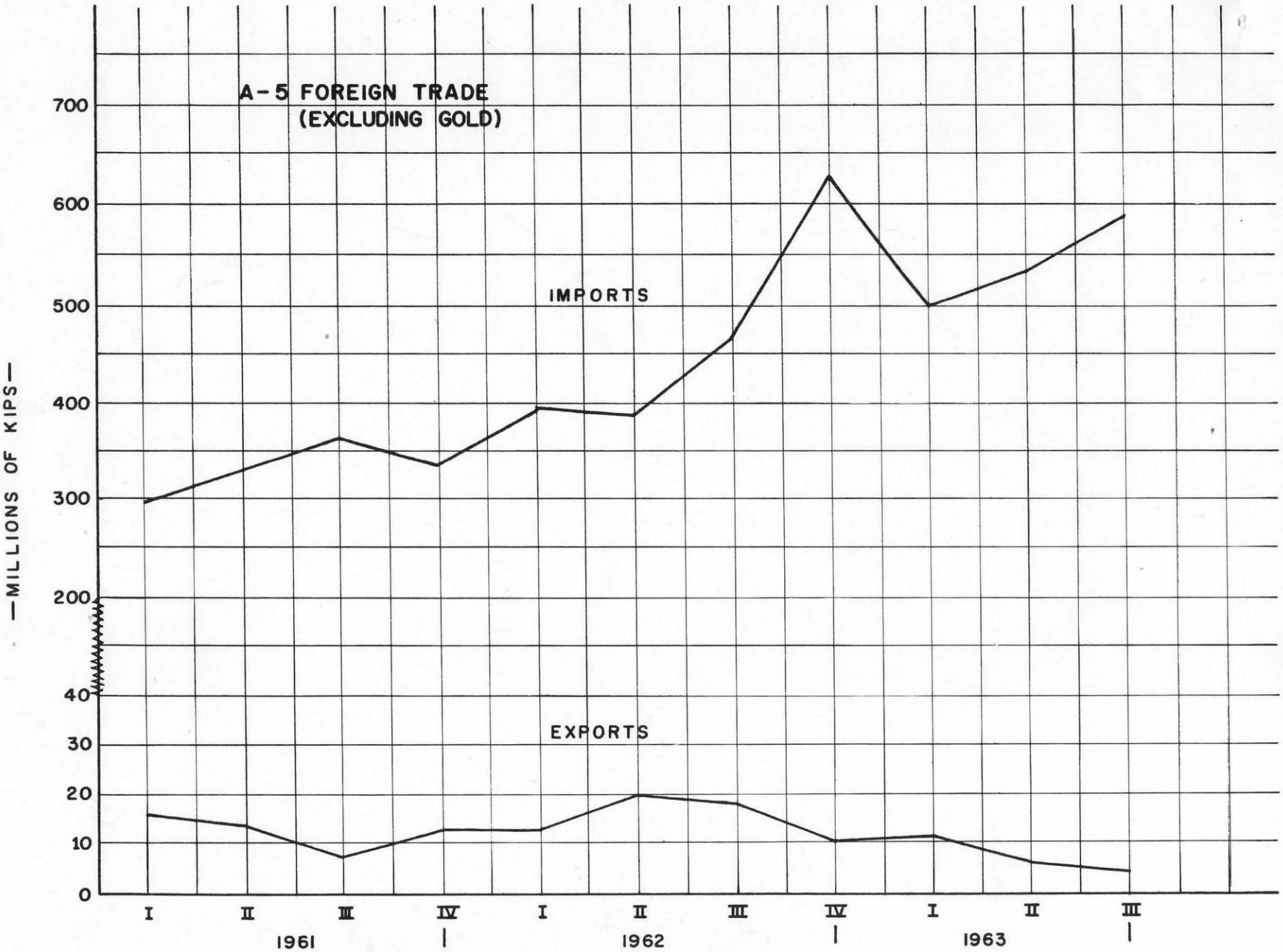

A-5 FOREIGN TRADE
(EXCLUDING GOLD)
—MILLIONS OF KIPS—
700
600
500
400
300
200
40
30
20
10
0
IMPORTS
EXPORTS
I
II
III
IV
I
II
III
IV
I
II
III
1961
1962
1963

Table B - 1
Consumer Prices for Laotian Family in Vientiane
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	145	97	154	134	123	134
Jan 63	163	103	154	161	134	149
Feb 63	171	105	154	161	134	154
Mar 63	191	121	168	187	143	172
Apr 63	222	123	168	187	153	191
May 63	295	128	168	187	165	235
Jun 63	308	128	168	187	168	243
Jul 63	348	141	168	196	169	268
Aug 63	365	172	168	204	176	284
Sep 63	385	174	168	204	177	296
Oct 63	463	175	168	204	182	340
Nov 63	508	205	205	232	198	377
Dec 63	478	211	205	272	202	365
Monthly Average	325	149	172	199	167	256
Jan 64	495	261	260	374	231	401
Feb 64	560	311	287	380	241	445
Mar 64	581	372	287	435	273	473

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 2

Consumer Prices for European Family in Vientiane
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	60	25	4	12	37	138
% of Weight	55.0	15.0	7.0	8.7	14.3	100.0
1962	150	99	130	128	126	135
Jan 63	166	104	130	153	137	149
Feb 63	182	106	130	153	137	158
Mar 63	199	119	141	177	152	174
Apr 63	228	120	141	177	157	191
May 63	288	124	141	177	178	228
Jun 63	317	124	141	185	187	246
Jul 63	347	135	141	192	189	265
Aug 63	389	161	141	199	198	294
Sep 63	405	163	141	199	199	303
Oct 63	485	163	141	199	204	348
Nov 63	527	195	175	233	216	382
Dec 63	492	200	175	263	221	367
Monthly Average	335	143	145	192	181	259
Jan 64	536	244	222	358	247	413
Feb 64	598	303	245	364	260	460
Mar 64	605	372	245	408	285	478

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 3

Consumer Prices for Laotian Family in Luang Prabang
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	145	142	238	134	144	146
Jan 63	172	151	262	163	170	171
Feb 63	173	151	262	163	170	172
Mar 63	197	163	262	214	170	192
Apr 63	305	173	262	270	207	265
May 63	400	201	324	375	250	343
Jun 63	421	204	324	387	255	357
Jul 63	447	245	324	436	320	393
Aug 63	451	252	324	436	321	396
Sep 63	453	268	396	456	345	408
Oct 63	537	387	396	641	480	513
Nov 63	568	475	396	655	496	547
Dec 63	521	611	469	823	479	556
Monthly Average	387	273	333	418	305	359
Jan 64	745	1195	469	957	513	781
Feb 64	798	1189	469	1013	566	819

Source: Service de la Statistique du Laos, Bulletin de Statistique du Laos

Table B-4

Consumer Prices for Laotian Family in Savannakhet
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	121	112	72	106	136	119
Jan 63	150	126	76	126	139	140
Feb 63	155	126	76	126	139	143
Mar 63	163	134	93	209	160	161
Apr 63	178	135	94	209	161	170
May 63	206	137	111	214	176	189
Jun 63	231	144	111	227	183	207
Jul 63	256	143	111	227	186	221
Aug 63	267	143	111	227	186	227
Sep 63	267	143	111	227	183	227
Oct 63	270	143	111	227	184	229
Nov 63	327	200	161	352	203	286
Dec 63	353	202	161	352	218	304
Monthly Average	235	148	110	227	176	208
Jan 64	400	204	161	352	235	333
Feb 64	400	204	161	352	235	333
Mar 64	404	204	161	352	235	335

Source: Service de la Statistique du Laos, Bulletin de Statistique du Laos

Table B - 5

Open Market Rate of U.S. Dollar

(Monthly Average)

Official Rate: $1 = 80K; from Jan.1,1964:$1 =240 K

1962	Jan	Feb	March	Apr	May	June
	90	105	115	130	125	100
	July	Aug	Sept	Oct	Nov	Dec
	105	120	140	160	155	150

1963	Jan	Feb	March	Apr	May	June
	153	170	205	247	305	310
	July	Aug	Sept	Oct	Nov	Dec
	357	366	400	522	463	443

1964	Jan *	Feb	March
	479	487	493

* From January 1, 1964, Fund's average monthly selling rate

Table C - 1

Foreign Exchange Holdings by National Bank of Laos

(Millions of Kips)

End of Period	U.S.$ (Gross)	Fr. Francs (Gross)	Others (Gross)	Total	Liabilities Foreign Exchange	Net
1962						
I	1,622.0	292.5	.3	2,014.7	86.4	1,928.3
II	1,673.8	371.7	.3	2,045.7	140.9	1,904.8
III	1,823.4	348.9	.3	2,172.5	224.8	1,947.8
IV	1,585.2	358.9	.2	1,944.3	177.7	1,766.6
1963						
Jan	1,426.1	359.8	.2	1,786.1	181.6	1,604.5
Feb	1,282.9	343.5	.2	1,626.1	96.9	1,529.8
Mar	1,378.4	336.4	.2	1,715.0	122.9	1,592.1
Apr	1,377.7	343.7	.2	1,721.7	250.1	1,471.6
May	1,356.4	334.9	.2	1,691.5	388.3	1,303.3
Jun	1,214.7	319.5	.2	1,534.4	423.1	1,111.3
Jul	1,124.9	309.0	.2	1,434.1	456.0	978.2
Aug	1,041.3	288.0	.2	1,329.6	478.4	851.2
Sep	991.4	285.0	.2	1,276.6	532.2	744.4
Oct	913.8	281.1	.2	1,195.2	565.7	629.5
Nov	876.1	232.4	.2	1,108.7	602.8	505.9
Dec.	849.2	202.6	.4	1,052.2	621.7	430.5

*Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 2a

Money Supply
(Millions of Kips)

End of Period	Note Circulation (1)	Private (2) Demand Deposits	Total
1962			
I	2,761.3	259.3	3,020.6
II	3,213.6	464.2	3,677.8
III	3,748.2	584.0	4,332.2
IV	3,969.8	611.6	4,581.4
1963			
Jan	3,962.3	598.0	4,560.3
Feb	4,156.1	743.2	4,899.3
Mar	4,359.9	877.9	5,237.8
Apr	4,510.9	896.1	5,407.0
May	4,738.6	835.9	5,574.5
Jun	4,820.0	844.8	5,664.8
Jul	5,085.7	836.0	5,921.7
Aug	5,136.9	844.1	5,981.0
Sep	5,300.1	842.1	6,142.2
Oct	5,512.1	872.0	6,384.1
Nov	5,541.3	936.5	6,477.8
Dec	5,671.3	1,114.5	6,785.3
1964			
Jan	5,633.0	1,145.3	6,778.3
Feb	5,671.8	981.7	6,653.5
Mar	5,627.8	1,025.6	6,653.4

(1) Exclusive of inactive notes issued by the Institut d'Emission prior to independence.

(2) Exclusive of deposits of French Disbursing Office at the Banque de l'Indochine.

Source: Banque Nationale du Laos

Table C - 2b

Money Supply According to IMF*

End of Period@	Note Circulation	Private Demand Deposits	Private Deposits with Treasury	T O T A L
Dec 1962	4,231.6	650.6	31.9	4,914.1
Jun 1963	5,057.3	1,122.8	49.0	6,229.1
Sep 1963	5,537.1	1,346.5	151.0	7,034.6
Dec 1963	5,858.4	1,579.6	137.2	7,575.2
Jan 1964	5,780.2	1,585.9	129.9	7,496.0
Feb 1964	5,840.9	1,497.1	114.1	7,452.1
Mar 1964	5,806.3	1,401.1	43.2	7,250.6

@ IMF data is available only for the months listed.

*IMF figures on money supply differ from those based on BNL data (Table C - 2a) owing to:

(1) IMF's money supply figures include currency notes issued by the old Institut d'Emission prior to independence. These are excluded from the note circulation in Table C - 2a.

(2) IMF's money supply includes private deposits with Treasury, which is excluded from money supply in Table C - 2a.

(3) IMF data on private demand deposits at commercial banks is based on balance sheets submitted to IMF by commercial banks, while figure for private demand deposits in Table C - 2a is based on BNL data. There is a discrepancy of several hundred million kip between those two sources of data on private demand deposits.

Table C - 3

Monetary Assets and Money Supply
(Millions of Kip)

Balance at end of Period	Commercial Bank Reserves: CB DMFs in Tr.	CB DMFs in BNL	Total 1 & 2	Private Demand Deposits: At CBs	At BNL	Total 4 & 5	Kip in Circulation[1]	Total Money Supply 6 & 7	Total Monetary Assets 3 & 8
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1962									
I	7.3	77.7	85.0	229.3	30.0	259.3	2,761.3	3,020.6	3,105.6
II	19.4	208.5	225.2	418.1	46.1	464.2	3,213.6	3,677.8	3,903.0
III	44.4	295.8	340.2	535.0	49.0	584.0	3,748.2	4,332.2	4,672.4
IV	40.2	390.1	430.3	538.6	73.0	611.6	3,969.8	4,581.4	5,011.7
1963									
Jan	53.4	408.3	461.7	528.6	69.4	598.0	3,962.3	4,560.3	5,022.0
Feb	52.8	519.0	571.8	666.2	77.0	743.2	4,156.1	4,899.3	5,471.1
Mar	99.8	471.6	571.4	636.9	241.0	877.9	4,359.9	5,237.8	5,809.2
Apr	105.8	499.7	605.5	644.3	251.8	896.1	4,510.9	5,407.0	6,012.5
May	80.2	470.6	550.8	599.8	236.1	835.9	4,738.6	5,574.5	6,125.3
Jun	68.3	485.3	553.8	622.4	222.4	844.8	4,820.0	5,664.8	6,218.6
Jul	73.5	566.3	639.8	646.4	189.6	836.0	5,085.7	5,921.7	6,561.5
Aug	59.5	588.4	647.9	643.1	201.0	844.1	5,136.9	5,981.0	6,628.9
Sep	74.6	581.9	656.5	663.6	178.5	842.1	5,300.1	6,142.2	6,798.7
Oct	71.1	625.2	696.3	684.2	187.8	872.0	5,512.1	6,384.1	7,080.4
Nov	82.3	716.1	798.4	797.7	138.8	936.5	5,541.3	6,477.8	7,276.2
Dec	62.0	786.0	848.0	889.9	224.6	1114.5	5,671.3	6,785.3	7,633.3

(1) Adjusted figure

Source: Banque Nationale du Laos

Table C - 4

Money Supply and Coverage of Kip (1)
(Millions of Kip)

End of Period	Kip in (2) Circulation	Total (3) Money Supply	Net Foreign Exchange at BNL	Coverage of Kip
1962				
I	2,761.3	3,258.0	1,928.3	59.18 %
II	3,213.6	4,029.6	1,904.8	47.27 %
III	3,748.2	4,507.0	1,947.8	43.21 %
IV	3,969.8	5,087.5	1,766.6	34.72 %
1963				
Jan	3,962.3	4,853.2	1,604.5	33.06 %
Feb	4,156.1	5,615.3	1,529.8	27.24 %
Mar	4,359.9	6,049.9	1,592.1	26.32 %
Apr	4,510.9	6,168.2	1,471.6	23.86 %
May	4,738.6	6,248.1	1,303.3	20.86 %
Jun	4,820.0	6,142.5	1,111.3	18.09 %
Jul	5,085.7	6,462.1	978.2	15.14 %
Aug	5,136.9	6,590.3	851.2	12.91 %
Sep	5,300.1	6,934.1	744.4	10.73 %
Oct	5,512.1	6,902.9	629.5	9.12 %
Nov	5,541.3	7,128.4	505.9	7.10 %
Dec	5,671.3	7,486.0	430.4	5.75 %

(1) This is BNL's legal method of determining coverage

(2) Adjusted figure

(3) Including demand deposits (commercial bank deposits at BNL, commercial bank deposits at Treasury, Treasury deposits at BNL, American Aid deposits at BNL and private deposits at BNL)

Source: Banque Nationale du Laos

Table C - 5a

National Bank of Laos
Assets
Millions of Kip)

End of Month	Mar 63	Jun 63	Sep 63	Oct 63	Nov 63	Dec 63
Foreign Exchange Holdings						
U.S Dollars	1,220.4	1,056.7	830.4	752.8	715.1	687.7
French Francs	336.4	319.5	285.0	281.1	232.4	202.6
Others	.2	.2	.2	.2	.2	.4
Subscription to International Financial Organizations (Foreign Exchange) (1)	158.0	158.0	161.0	161.0	161.0	161.5
SUB-TOTAL	1,715.0	1,534.4	1,276.6	1,195.2	1,108.7	1,052.2
Letter of Credit Opened by U.S. Government at Chase Manhattan Bank	- -	400.0	393.0	389.0	389.0	391.8
Advances to the State						
Loans arising from liquidation of old Indochina Treasury	340.6	340.6	340.6	340.6	340.6	340.6
Loans to the State (Consolidated)	305.0	305.0	305.0	305.0	305.0	305.0
Temporary Advances to the State	4,698.6	5,448.6	6,548.6	6,648.6	6,998.6	7,498.6
Subscription to International Financial Organizations (in Kip) (1)	72.0	72.0	72.0	72.0	72.0	72.0
SUB-TOTAL	5,416.2	6,166.2	7,266.2	7,366.2	7,716.2	8,216.2
Participation in different enterprises	99.7	99.7	104.7	104.7	106.7	106.7
Miscellaneous Assets	198.1	154.7	163.5	151.7	161.9	254.0
Fixed Assets	60.7	84.5	84.9	85.3	93.3	93.4
TOTAL	7,489.7	8,439.5	9,289.0	9,292.1	9,575.8	10,114.3

@ Totals may not add due to rounding
(1) See note (1) to Table C-5b

Source: Banque Nationale du Laos

Table C - 5b

National Bank of Laos

Liabilities

(Millions of Kips)

End of Month	Mar 63	June 63	Sep 63	Oct 63	Nov 63	Dec 63
Notes in Circulation (2)	4,679.1	5,139.2	5,619.3	5,831.3	5,860.5	5,990.6
Treasury Deposits	744.7	451.7	658.6	360.2	484.8	670.6
Counterpart Fund Deposits	132.9	94.8	140.4	146.5	165.1	71.5
Banks and Other Deposits	712.6	707.7	760.4	813.0	855.0	1,010.6
International Financial Organizations Deposits (1)	71.7	71.7	71.7	93.3	93.3	100.5
Foreign Exchange Liabilities	122.9	423.1	532.2	565.7	602.8	621.7
Provisions and Reserves	388.8	388.6	373.5	373.3	308.2	424.6
Counterpart of Letter of Credit at Chase Manhattan Bank	-	400.0	393.0	389.0	389.0	391.8
Miscellaneous	636.9	762.6	739.7	719.6	817.1	832.4
Total	7,489.7	8,439.5	9,289.0	9,292.1	9,575.8	10,114.3

@ Totals may not add due to rounding

(1) Transfers effected by the BNL to IMF and IBRD. As counterpart, RLG deposited a Treasury Bond of 230 Million kips.

(2) Including unadjusted figure for notes of the former Institute of Issue.

Source: Banque Nationale du Laos

Table C - 6a

National Bank of Laos

U.S. Dollars - Receipts
(Thousands of Dollars)

onth	A.I.D.	Embassies	International Organizations	B.N.L.	Private Sector	T O T A L
Jan 62	3,000.0	-	-	-	-	3,000.0
Feb 62	-	-	-	135.2	-	135.2
Mar 62	-	-	-	20.0	-	20.0
Apr 62	-	23.2	43.7	93.1	31.8	191.7
May 62	-	86.7	67.1	11.5	27.0	192.3
Jun 62	2,000.0	605.1	76.6	9.4	28.6	3,719.8
Jul 62	-	123.8	64.4	101.2	39.0	328.4
Aug 62	3,000.0	68.6	92.0	29.2	56.2	3,246.1
Sep 62	2,000.0	33.5	120.7	19.7	5.5	2,179.5
Oct 62	-	823.7	74.3	26.3	26.3	950.6
Nov 62	-	13.7	71.6	28.6	44.6	158.5
Dec 62	2,000.0	69.4	125.0	30.7	45.5	2,270.6
TOTAL	13,000.0	1,847.8	735.4	504.8	304.5	16,392.5
Jan 63	-	118.0	106.3	-	2.7	227.1
Feb 63	-	63.2	97.5	-	56.1	216.8
Mar 63	2,000.0	81.1	92.7	-	68.7	2,242.5
Apr 63	-	64.4	86.9	152.7	14.5	318.5
May 63	-	99.1	104.2	-	23.6	226.9
Jun 63	-	47.4	100.9	-	46.7	195.0
Jul 63	-	19.6	116.7	7.4	44.4	188.1
Aug 63	-	24.4	156.5	-	68.2	249.2
Sep 63	-	10.6	10.7	28.7	10.2	60.3
Oct 63	-	11.7	154.5	-	30.6	196.7
Nov 63	-	6.9	5.0	18.6	13.2	43.7
Dec 63	500.0	3.5	8.0	13.1	2.7	527.3
TOTAL	2,500.0	549.9	1,039.9	220.5	381.6	4,692.1

* Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C-6b

National Bank of Laos

U.S. Dollars-Sales
(Thousands of Dollars)

Month	Civil Administration	Military and Police	Students	Private Sector	Merchandise	T O T A L
Jan 62	224.0	- -	- -	49.0	289.3	562.3
Feb 62	322.9	- -	0.2	143.1	172.7	638.8
Mar 62	324.2	12.1	4.6	224.6	440.6	1,006.0
Apr 62	80.3	6.6	10.6	139.5	446.2	683.2
May 62	203.2	9.6	13.5	518.5	566.1	1,311.0
Jun 62	327.3	32.5	12.1	435.3	1,141.2	1,948.3
Jul 62	251.0	76.4	13.4	338.0	1,357.5	2,036.2
Aug 62	269.7	64.1	8.2	159.1	1,283.2	1,784.4
Sep 62	390.3	33.0	13.5	351.9	597.7	1,386.3
Oct 62	416.1	27.1	21.0	140.3	604.4	1,208.9
Nov 62	588.6	19.6	12.6	249.3	593.1	1,463.3
Dec 62	143.1	3.6	10.5	199.1	470.2	826.6
TOTAL.....	3,540.6	284.6	120.2	2,947.5	7,962.3	14,855.3
Jan 63	148.0	40.4	25.4	270.4	519.5	1,003.7
Feb 63	184.2	38.6	13.6	159.9	267.7	664.1
Mar 63	160.1	47.8	13.3	149.5	1,207.3	1,577.9
Apr 63	209.9	40.2	36.1	116.1	1,402.7	1,805.0
May 63	130.2	57.1	26.5	142.9	2,641.2	2,997.9
Jun 63	196.5	51.2	19.6	65.7	1,709.3	2,042.3
Jul 63	113.0	87.7	38.7	125.3	1,355.5	1,720.2
Aug 63	115.7	24.4	20.5	220.4	1,443.5	1,824.6
Sep 63	499.1	16.4	17.7	81.8	1,428.0	2,043.0
Oct 63	28.0	- -	- -	24.3	466.4	518.7
Nov 63	59.5	18.2	6.2	173.0	1,319.9	1,576.7
Dec 63	160.4	23.9	3.2	143.5	1,561.9	1,892.9
TOTAL.....	2,004.6	445.9	220.8	1,672.8	15,322.9	19,667.0

* Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C-6c

National Bank of Laos

French Francs - Receipts
(Thousands of Francs)

Month	French Treasury	Embassies	International Organizations	B.N.L.	Private Sector	T O T A L
Jan 62	-	-	-	-	-	-
Feb 62	1,234.3	-	-	67.0	-	1,301.3
Mar 62	1,851.4	-	-	103.8	-	1,955.2
Apr 62	-	-	-	13.4	0.4	13.8
May 62	-	-	-	104.4	-	104.4
Jun 62	-	-	-	31.4	0.9	32.3
Jul 62	-	80.0	-	61.4	59.7	201.1
Aug 62	1,234.3	119.6	0.3	52.8	-	1,406.9
Sep 62	-	-	0.4	52.7	-	53.1
Oct 62	-	-	-	42.4	0.1	42.5
Nov 62	1,234.3	0.9	-	30.0	0.5	1,265.7
Dec 62	1,234.3	-	-	52.4	0.2	1,286.9
TOTAL.....	6,788.4	200.5	0.7	611.8	61.9	7,663.3
Jan 63	520.7	-	-	-	0.3	521.0
Feb 63	-	-	-	0.1	18.3	18.4
Mar 63	-	-	-	99.3	0.1	99.4
Apr 63	-	1.5	-	606.2	1.7	609.4
May 63	-	-	-	71.8	0.1	71.9
Jun 63	-	-	-	-	0.9	0.9
Jul 63	-	-	6.6	82.7	-	89.3
Aug 63	-	-	-	46.3	0.2	46.5
Sep 63	-	-	0.3	10.8	-	11.1
Oct 63	-	-	-	73.8	-	73.8
Nov 63	-	-	-	-	0.3	0.3
Dec 63	-	-	-	46.2	0.5	46.7
TOTAL.....	520.7	1.5	6.9	1,037.2	22.4	1,588.7

Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 6d

National Bank of Laos

French Francs - Sales
(Thousands of Francs)

Month	Civil Administration	Military & Police	Students	Private Sector	Merchandise	T O T A L
Jan 62	454.1	-	-	185.4	15.3	654.8
Feb 62	175.2	-	-	98.7	18.0	291.8
Mar 62	860.9	-	141.3	117.2	86.7	1,206.0
Apr 62	71.3	-	27.6	302.5	28.3	429.7
May 62	121.1	-	16.7	173.3	49.9	361.0
Jun 62	425.1	-	151.0	249.2	178.6	1,003.9
Jul 62	488.4	16.7	193.8	54.5	203.8	957.1
Aug 62	258.9	-	97.6	36.2	199.0	591.6
Sep 62	264.6	-	101.9	42.7	14.3	423.5
Oct 62	108.9	30.0	181.1	71.3	112.1	503.4
Nov 62	448.0	30.0	119.5	120.0	190.7	908.3
Dec 62	205.1	27.5	85.5	44.3	0.3	362.7
TOTAL	3,881.6	104.2	1,115.9	1,495.3	1,096.8	7,693.8
Jan 63	231.2	12.7	240.7	16.1	115.1	615.8
Feb 63	232.1	37.4	71.3	74.5	586.2	1,001.5
Mar 63	355.6	18.9	38.1	77.4	1.5	491.6
Apr 63	113.7	47.9	314.4	119.2	7.4	602.6
May 63	385.7	37.2	154.3	91.7	73.8	742.7
Jun 63	230.7	48.1	131.6	68.4	4.4	483.2
Jul 63	278.7	15.5	114.5	56.4	27.9	492.9
Aug 63	58.1	64.9	77.3	132.3	27.7	360.2
Sep 63	1,462.2	56.4	67.8	37.3	50.8	1,674.5
Oct 63	108.6	-	-	88.2	0.8	197.5
Nov 63	251.7	-	93.4	53.6	5.9	404.6
Dec 63	286.0	29.8	84.5	165.1	2.0	567.4
TOTAL	3,994.3	368.8	1,387.9	980.2	903.5	7,634.5

* Totals may not add due to rounding

Source: Banque Nationale du Laos

Table D - 1

Lao Budget Revenues and Expenditures
(Millions of Kip)

Period	US Budget Support	Borrowing from BNL	Change in Tr. Balance	Total Deficit	Budget Revenues	Total Budget Expenditures
FY 62	1,712	+1,609	+ 185	3,136	583	3,719
Jul 62	224	-	- 309	533	55	588
Aug 62	190	+ 130	- 51	371	55	426
Sep 62	64	+ 330	+ 16	378	52	430
1st Qtr FY 63	478	+ 460	- 344	1,282	162	1,444
Oct 62	169	+ 310	+ 186	293	55	348
Nov 62	20	+ 70	- 145	235	59	294
Dec 62	9	+ 500	+ 181	328	69	397
2nd Qtr FY 63	198	+ 880	+ 222	856	183	1,039
Jan 63	8	+ 27	- 246	281	56	337
Feb 63	81	+ 823	+ 531	373	51	424
Mar 63	2	+ 350	+ 69	283	56	339
3rd Qtr FY 63	91	+1,200	+ 354	937	163	1,100
Apr 63	4	+ 300	- 73	377	110(1)	487
May 63	19	+ 350	- 58	427	72	499
Jun 63	14	+ 100	- 162	276	225(2)	501
4th Qtr FY 63	37	+ 750	- 293	1,080	407	1,487
Total FY 63	804	+3,290	- 61	4,155	915(1)(2)	5,070
Jul 63	10	+ 305	+ 11	304	159(3)	463
Aug 63	--	+ 295	+ 58	237	100	337
Sep 63	22	+ 500	+ 138	384	92	476
1st Qtr FY 64	32	+1,100	+ 207	925	351	1,276
Oct 63	15	+ 100	- 298	413	97	510
Nov 63	10	+ 350	+ 125	235	94	329
Dec 63	13	+ 500	+ 186	327	111	438
2nd Qtr FY 64	38	+ 950	+ 13	975	302	1,277
Jan 64	3	+ 50	- 318	372		
Feb 64	0	+ 400	- 68	468		
Mar 64	2	+ 400	- 56	458		
3rd Qtr FY 64	5	+ 850	- 442	1,298		

(1) Including 50 from the Stabilization Fund

(2) Including 147 from the Stabilization Fund

(3) Including 48 from the Stabilization Fund

Table D - 2

Advances to the RLG from the National Bank of Laos
(Millions of Kip)

Month	Advances	BNL "Advances to the State" Outstanding	BNL "Advances Against Reimbursement from USIP" Outstanding (1)
1962			
Jan	70.0	669.6	
Feb	160.0	829.6	
Mar	450.0	1,279.6	
Apr	357.0	1,636.6	
May	297.0	1,933.6	
Jun	225.0	2,158.6	
Jul	- - -	2,158.6	
Aug	130.0	2,288.6	
Sep	330.0	2,618.6	
Oct	310.0	2,928.6	
Nov	70.0	2,998.6	
Dec	500.0	3,498.6	
1963			
Jan	27.0	3,525.6	
Feb	823.0	4,348.6	
Mar	350.0	4,698.6	
Apr	300.0	4,998.6	
May	350.0	5,348.6	
Jun	100.0	5,448.6	
Jul	305.0	5,753.6	
Aug	295.0	6,048.6	
Sep	500.0	6,548.6	
Oct	100.0	6,648.6	
Nov	350.0	6,998.6	
Dec	500.0	7,498.6	
1964			
Jan	50.0	7,548.6	- - -
Feb	400.0	7,548.6	400.0
Mar	400.0	7,548.6	800.0

(1) In February, a new account labelled "Advances Against Reimbursement from USIP" was opened by the RLG with the BNL. It is intended that these advances will be cancelled through a transfer of funds from the Counterpart Account for Budget Support. Since February, all advances were made from this new account at the BNL.

ource: Banque Nationale du Laos

Table D - 3

Lao Budget Revenues
(Thousands of Kip)

Period	State Forests	P.T.T.	Registry	Customs	Indirect Taxes	Direct Taxes	T O T A L
1962							
1st Quarter	1,327	8,482	5,290	99,366	22,879	15,734	153,078
2nd Quarter	1,113	10,409	3,866	98,328	25,963	8,749	148,428
3rd Quarter	1,084	9,249	3,989	105,865	34,250	7,507	161,944
4th Quarter	1,026	9,002	4,892	115,033	35,259	18,134	186,346
Total 1962	4,550	37,142	18,037	418,592	118,351	50,124	649,796
1963							
Jan	605	2,495	2,933	34,125	13,977	2,186	56,321
Feb	524	4,374	1,556	30,010	11,855	2,504	50,823
Mar	864	3,604	1,464	35,576	11,615	3,055	56,178
Total 1st Qtr	1,993	10,473	5,953	99,711	37,447	7,745	163,322
Apr	694	3,799	1,874	35,576	13,286	4,635	59,864
May	856	3,296	1,145	42,762	12,789	11,141	71,989
Jun	626	7,126	2,752	50,098	15,403	2,404	78,409
Total 2nd Qtr	2,176	14,221	5,771	128,436	41,478	18,180	210,262
Jul	626	7,126	3,802	59,685	23,982	16,110	111,331
Aug	568	4,433	2,530	53,747	18,198	20,919	100,395
Sep	1,928	4,286	2,456	54,618	16,940	11,729	91,957
Total 3rd Qtr	3,122	15,845	8,788	168,050	59,120	48,758	303,683
Oct	429	7,334	1,290	65,498	16,297	6,153	97,001
Nov	517	7,555	1,618	58,324	19,598	6,505	94,117
Dec	652	5,257	2,240	77,102	18,515	7,779	111,545
Total 4th Qtr	1,598	20,146	5,148	200,924	54,410	20,437	302,663
Total CY 1963	8,889	60,685	25,660	597,121	192,455	95,120	979,930
Jan 1964	737		2,478	82,022			
Feb 1964	797		1,576	80,388			

Source: Ministère des Finances du Laos.

Table E - 1

Regular Counterpart Fund Status
(Excluding Section 402 U.S. Owned Local Currency Account)
(Millions of Kip)

Period	Deposits During Period	Deposits Cumulative	Withdrawals During Period	Withdrawals Cumulative	Balance
Dec. 21, 1961		13,359		13,327	32
1962	1,188	14,547	997	14,324	223
Jan 63	- -	14,547	9	14,333	214
Feb 63	- -	14,547	81	14,414	133
Mar 63	160	14,707	162	14,576	131
Apr 63	- -	14,707	4	14,580	127
May 63	- -	14,707	19	14,599	108
Jun 63	- -	14,707	15	14,614	93
Jul 63	- -	14,707	10	14,624	83
Aug 63	- -	14,707	- -	14,624	83
Sep 63	7	14,714	23	14,647	67
Oct 63	43	14,757	15	14,662	95
Nov 63	55	14,812	10	14,672	140
Dec 63	- -	14,812	115	14,787	25
Jan 64	61	14,873	3	14,790	83
Feb 64	63	14,936	109	14,899	37
Total through Feb 64		14,936		14,899	37

Source: Office of the Controller, USAID/Laos

Table E - 2

Deposits in Counterpart Fund by Origin
(Millions of Kip)

Period	Procurement Authorization	Cash Grants	Other	T O T A L
Total through 1961	1,093	11,084	1,182	13,359
1962	88	1,040	60	1,188
Jan 63	- - -	- - -	- - -	- - -
Feb 63	- - -	- - -	- - -	- - -
Mar 63	- - -	160	- - -	160
Apr 63	- - -	- - -	- - -	- - -
May 63	- - -	- - -	- - -	- - -
Jun 63	- - -	- - -	- - -	- - -
Jul 63	- - -	- - -	- - -	- - -
Aug 63	- - -	- - -	- - -	- - -
Sep 63	- - -	- - -	7	7
Oct 63	50	- - -	(7)	43
Nov 63	55	- - -	- - -	55
Dec 63	- - -	- - -	- - -	- - -
Jan 64	21	40	- - -	61
Feb 64	2	- - -	61	63
Total through Feb 64	1,309	12,324	1,317	14,936

Source: Office of the Controller, USAID/Laos

Table E - 3

Withdrawals from Counterpart Fund by Use
(Millions of Kips)

Period	Military Budget Support	Economic Aid Projects	Administrative	Civil Budget Support	T O T A L
Total through 1961	9,452	1,723	195	1,957	13,327
1962	695	142	38	122	997
Jan 63	-	4	5	-	9
Feb 63	-	76	5	-	81
Mar 63	-	2	160	-	162
Apr 63	-	4	-	-	4
May 63	-	19	-	-	19
Jun 63	-	15	-	-	15
Jul 63	-	10	-	-	10
Aug 63	-	-	-	-	-
Sep 63	-	20	-	3	23
Oct 63	-	15	-	-	15
Nov 63	-	10	-	-	10
Dec 63	-	5	102	8	115
Jan 64	-	-	-	3	3
Feb 64	-	32	76	-	108
Total through Feb 64	10,147	2,077	581	2,093	14,898

Source: Office of the Controller, USAID/Laos

Table E - 4

United States Commercial Import Program

Monthly Approvals and Arrivals
(Thousands of Dollars)

Month	Amount Requested	Applications Approved	Arrivals
Feb 63	1,168.6	328.1	-
Mar 63	2,753.7	805.5	-
Apr 63	4,239.7	1,020.8	133.0
May 63	4,819.3	2,294.5	125.8
Jun 63	2,618.7	1,131.8	128.7
Jul 63	3,762.3	1,201.6	398.7
Aug 63	4,216.6	874.4	678.9
Sep 63	7,706.8	926.3	701.8
Oct 63	7,807.6	556.2	794.0
Nov 63	6,450.7	1,490.4	982.2
Dec 63	2,922.2	1,573.6	1,296.9
Jan 64	2,302.4	553.8	915.8
Feb 64	2,155.5	864.4	747.9
Total	52,924.1	13,621.4	6,903.7

Source: Office of Economic Affairs, USAID/Laos

Table E - 5

United States Commercial Import Program
as of February 29, 1964
(Thousands of Dollars)

Commodity	Amount Allocated	Applications Approved	Arrivals
Wheat flour	380	301	235
Rice, Rough and Milled	1,000	825	454
Sugar	580	557	360
Milk	1,025	757	452
Fish-Fish Products	50	49	40
Seeds, Other than Oil seeds	13	4	-
Tobacco	676	527	204
Pesticides	115	50	31
Pharmaceuticals	440	391	77
Chemicals	715	595.	327
Dentifrice	115	65.	47
Cotton, Textiles	1,852	1,426.	918
Paper	862	762.	484
Newsprint	54	33	33
Non-Metalic Minerals	2,216	1,854	1,187
Iron & Steel Mill Products	2,130	1,739.	900.
Misc. Iron&Steel Manufactures	100	100	14
Non-Ferrous Metals	74	12	12
Generators, Motors & Parts	75.	52	11
Electrical Apparatus-Parts	839	589	370
Engines, Turbines-Parts	80	43	32
Construction & Mining Equipment	110	103	-
Metalworking Machinery & Parts	62	33	30
Agricultural Equipment & Parts	12	-	-
Food Products Machinery & Parts	50	36	36
Industrial Machinery & Parts	639	478	136
Motor Vehicles, Engines & Parts	1,582	1,453	331
Misc Vehicles & Parts	25	9	-
Tractors & Parts	345.	143	28
Off-the-Road Tractors & Parts	12	-	-
Aircraft Parts	100	2	-
Vessels & Equipment	96	96	-
Scientific & Professional Instruments	15.	2	2
Rubber & Rubber Products	600	497	136
Misc. Commodities	79	38	15
Unspecified Reserve	400.		
Total	17,519	13,621	6,902

Source: Office of Economic Affairs, USAID/Laos

Table F - 1

Imports

Excluding Gold	Wt. - Kgs	Value - Kip
1st Quarter 1962	32,478,682	397,552,506
2nd Quarter 1962	32,248,171	390,767,935
3rd Quarter 1962	35,437,592	464,600,615
4th Quarter 1962	59,080,500	676,696,700
TOTAL 1962	159,244,945	1,929,617,756
1st Quarter 1963	30,891,592	501,042,800
2nd Quarter 1963	35,895,099	529,115,060
3rd Quarter 1963		
Gold Only (1)		
1st Quarter 1962	6,132	563,162,669
2nd Quarter 1962	5,806	533,296,832
3rd Quarter 1962	5,103	467,570,906
4th Quarter 1962	3,045	279,611,133
TOTAL 1962	20,086	1,843,641,540
1st Quarter 1963	- - -	- - -
2nd Quarter 1963	1,435	131,589,500
3rd Quarter 1963	2,759	253,224,970
4th Quarter 1963	2,845	260,886,500
TOTAL 1963	7,039	645,700,970

(1) Imports of gold prohibited from 11-7-62 to 5-7-63.

Source: Ministère des Finances, Direction des Douanes et Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table F - 2

Imports by Commodity

(Thousands of Kips)

Commodity	1962	1st Qr.1963	2nd Qr.1963	3rd Qr. 1963
Animals & Meat	116,596.2	21,097.3	13,930.1	31,529.9
Vegetables	392,851.6	61,453.2	79,718.3	176,255.1
Fats & Oils	3,592.7	1,376.9	443.5	6,361.2
Industrial Food Products	214,720.7	51,473.1	68,837.3	53,757.5
Minerals	398,816.1	121,075.3	103,960.4	114,009.2
Chemical Products	92,995.2	18,305.2	20,272.5	26,461.9
Ruber & Ruber Products	25,885.7	8,020.6	5,394.6	4,045.0
Leather & Hides	2,806.7	361.8	369.4	269.4
Wood & Wood Products	14,312.2	5,136.9	744.1	4,421.2
Paper & Paper Products	48,244.3	14,387.1	18,430.0	17,396.9
Textiles	221,155.1	44,393.4	36,967.1	33,471.8
Wearing Apparel	18,294.1	3,503.6	2,816.5	2,365.2
Ceramic & Glass	27,512.0	13,211.9	6,084.2	18,133.8
Precious Metals, Jewelry	909.6	127.3	53.3	233.4
Metal & Metal Products	89,921.8	25,701.0	88,985.0	38,127.5
Machinery	127,215.4	36,059.2	40,096.9	43,569.9
Means of Transportation	101,357.1	66,509.1	35,344.1	8,127.3
Scientific Instruments	18,441.6	5,531.1	4,338.1	4,779.5
Weapons	56.9	16.0	-	-
Others	13,942.8	3,302.8	2,329.7	3,820.4
Total	1,929,617.8	501,042.8	529,115.1	587,336.1

(1)
Excluding Gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 3

(1)

Imports by Country of Origin

(Thousands of Kips)

Country	1962	1st Qr.1963	2nd Qr.1963	3rd Qr. 1963
England	37,113.0	14,623.3	19,461.3	12,483.7
France	145,618.1	36,898.6	42,921.7	30,775.2
West Germany	36,875.0	15,768.0	9,024.3	9,640.9
Hong Kong	107,679.8	17,299.9	16,753.4	10,161.3
Indonesia	272,931.1	76,347.8	48,258.9	14,273.5
Japan	217,234.1	81,638.4	123,414.8	15,743.0
South Vietnam	21,632.6	6,461.3	1,243.7	4,049.3
Thailand	660,267.2	109,119.5	133,116.9	270,887.1
U.S.A.	253,664.1	91,210.6	69,139.1	170,899.5
Others	176,602.8	51,675.4	65,781.0	48,422.6
Total	1,929,617.8	501,042.8	529,115.1	587,336.1

(1)
Excluding gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 4

Imports by Type Financing (1)

(Thousands of Kips)

Type of Financing	1962	1st Qr.1963	2nd Qr.1963	3rd Qr.1963
Authorized Allocation of U.S. Dollars by BNL	170,622.1	47,291.1	11,406.0	81,648.5
U.S. Aid - P.A. Funds	11,224.0	16,349.7	47,276.0	126,766.1
Free Market Exchange	946,381.9	238,801.1	273,574.0	171,242.2
Lao Army	202,014.7	51,021.8	19,433.9	37,675.1
U.S. Direct Aid	116,683.3	54,280.5	67,173.4	93,275.4
French Direct Aid	4,933.7	584.4	159.2	988.9
Colombo Plan	167.0	-	1,499.9	-
Other Aid	16,377.6	31,526.2	71,883.6	12,358.2
Imports for Embassies & Foreign Missions	461,213.5	61,188.0	36,709.0	63,381.7
Total	1,929,617.8	501,042.8	529,115.1	587,336.1

(1) Excluding Gold

Source: Ministère des Finances, Direction des Douanes & Régie, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 5

EXPORTS

Excluding gold	Wt. - Kgs	Value - Kips
1st Quarter 1962	977,922	12,538,600
2nd Quarter 1962	754,438	20,298,800
3rd Quarter 1962	1,021,699	18,708,100
4th Quarter 1962	556,141	10,439,100
Total 1962	3,310,200	61,984,600
1st Quarter 1963	895,296	10,801,100
2nd Quarter 1963	692,463	5,739,300
3rd Quarter 1963	934,794	4,139,800

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 6

Exports by Commodity
(Thousands of Kips)

Commodity	1962	1st Qr.1963	2nd Qr.1963	3rd Qr. 1963
Tin	35,106	3,934	-	-
Wood	945	568	996	2,694
Green Coffee	11,448	3,193	1,710	62
Cardamon	2,766	948	490	258
Benzoin	-	-	604	328
Sticklac	248	120	217	107
Leather & Hides	2,321	500	348	141
Others	9,151	1,538	1,374	550
Total	61,985	10,801	5,739	4,140

(1)
Excluding Gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 7

Exports by Country of Destination (1)
(Thousands of Kips)

COUNTRY	1962	1st Qr.1963	2nd Qr. 1963	3rd Qr. 1963
Cambodia	54	500	-	120
France	2,567	25	16	50
Hong Kong	12,001	1,545	814	296
Malaysia	35,585	6,240	-	-
Thailand	10,050	1,608	4,479	3,419
South Vietnam	1,690	863	430	246
U.S. A.	16	20	-	-
Others	22	-	-	9
Total	61,985	10,801	5,739	4,140

(1)
Excluding Gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 8

Imports of Petroleum Products
(Thousands of Kips)

	1962	1st Qr.1963	2nd Qr.1963	3rd Qr. 1963
Aviation Gasoline	122,031	29,663	22,126	47,736
Motor Gasoline	103,937	33,495	23,828	23,503
Petroleum	18,888	7,595	11,950	7,089
G as Oil	24,641	9,863	8,324	8,981
Fuel Oil	10,789	2,084	3,827	5,169
Lubricants	15,860	7,378	5,956	5,957
Total	296,146	90,078	76,011	98,435

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table G - 1

Forestry Production

Period	Timber Cubic Meters	Firewood Cubic Meters	Charcoal Metric Tons	Bamboo Cubic Meters
1962	36,356	44,368	7,651	2,475
1st Quarter 1963	19,940	16,681	3,145	681
2nd Quarter 1963	12,653	11,872	2,753	366
3rd Quarter 1963	9,289	17,487	2,325	455
4th Quarter 1963	8,779	6,854	2,342	425
TOTAL 1963	50,661	52,894	10,565	1,927

Source: Service des Eaux, Forêts et Chasses du Laos

Table G - 2

Livestock Slaughtered
(Head)

Period	Cattle	Water Buffalo	Hogs
1962	12,199	19,586	73,766
1st Quarter 1963	1,424	4,974	17,982
2nd Quarter 1963	1,815	2,669	17,664
3rd Quarter 1963	1,699	2,840	14,755

Source: Service de l'Elevage et des Epizooties du Laos.

Table G - 3

Production of Hides

	Unit	1962	1st Qtr 1963	2nd Qtr 1963	3rd Qtr 196
Cattle	Number	6,707	719	775	1,204
	Wt/Metric Tons	47	6	6	7
Water Buffalo	Number	9,907	1,850	687	2,713
	Wt/Metric Tons	142	26	8	27

Source: Service de l' Elevage et des Epizooties du Laos.

Table H - 1

Production of Tin Concentrates
(Metric Tons)

Month \ Year	1961	1962	1963
Jan	59.9	75.6	49.4
Feb	42.2	46.6	53.6
Mar	49.7	75.9	53.2
Apr	53.0	68.8	55.6
May	50.2	63.3	57.0
Jun	58.3	52.4	56.5
Jul	48.8	45.1	76.3
Aug	73.1	72.6	59.0
Sep	63.2	61.1	46.3
Oct	43.8	65.9	48.2
Nov	48.9	50.9	53.9
Dec	82.6	1.9	53.5
Total for the year	673.7	720.1	662.5

Source: Société d'Etudes et d'Exploitation Minières de l'Indochine

Table H - 2

Production of Electricity
(Thousands KWH)

Province \ Year	1962	1st Qtr 1963	2nd Qtr 1963	3rd Qtr 196
Luang Prabang	534.9	145.4	135.6	121.4
Pakse	794.3	213.0	222.7	230.1
Saravane	24.5	*	8.4	*
Savannakhet	722.9	163.6	147.3	184.9
Thakhek	159.6	43.3	39.4	43.9
Vientiane	7,146.8	1,823.8	2,000.6	*
TOTAL	9,383.0	2,389.1	2,554.0	*

* Not Available

Source: Régie Nationale d'Electricité du Laos

Table I - 1

Civil Aviation Traffic

Local Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freight - Tons
1st Quarter 1962	717	3,795	216
2nd Quarter 1962	849	5,581	433
3rd Quarter 1962	586	4,908	182
4th Quarter 1962	520	5,426	320
TOTAL 1962	2,672	19,710	1,151
1st Quarter 1963	523	5,685	713
2nd Quarter 1963	597	6,704	419
3rd Quarter 1963	679	6,322	155
4th Quarter 1963	690	5,684	220
TOTAL 1963	2,489	24,395	1,507

Source: Service de l'Aviation Civile du Laos

Table I - 2

Civil Aviation Traffic

International Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freight - Tons
1st Quarter 1962	278	3,044	360
2nd Quarter 1962	284	3,058	231
3rd Quarter 1962	299	3,158	136
4th Quarter 1962	536	5,109	315
TOTAL 1962	1,397	14,369	1,042
1st Quarter 1963	538	5,466	201
2nd Quarter 1963	507	6,421	105
3rd Quarter 1963	625	6,126	113
4th Quarter 1963	591	5,713	550
TOTAL 1963	2,261	23,726	969

Source: Service de l'Aviation Civile du Laos

AMERICAN AID to LAOS





Sri Savang Vatthana, King of Laos.



Prince Souvanna Phouma

"For over ten years, the Royal Lao Government and the United States Government have cooperated in developing the country in order to improve the living of the Lao people.

The development resulted in progress in every field such as education, agriculture, livestock, transportation, communication, and in economic and social stability which can be seen throughout the country. This pamphlet serves as evidence of the cooperation between the Royal Lao Government and the United States and also shows that the Lao people helped the projects described in this pamphlet to succeed because the Lao people will derive benefit from them.

I appeal to you to continue your cooperation for the sake of the security and prosperity of the Kingdom of Laos."

Prince Souvanna Phouma
(Prime Minister)

THE PURPOSE OF AMERICAN AID TO LAOS



His Excellency Leonard Unger

"Dear friends in Laos: In President Lyndon B. Johnson's State of the Union Message to the American Congress and to the American people on January 8, 1964 he said: 'We must strengthen the ability of free nations everywhere to develop their independence and raise their standard of living, and thereby frustrate those who prey on poverty and chaos. To do this, the rich must help the poor - - and we must do our part.' This is the thinking that has guided four American presidents in their support of assistance to developing nations since the close of World War II.

The United States knows from its own history that a nation in the process of shaping its future needs both assistance - - in the form of advice and material support - - and conditions of peace. Since American assistance to Laos began in 1955 a total of more than five hundred million dollars in goods and services have been provided. Much of this was in the form of funds, goods and technical advice needed for financial stability and social and economic development. The remainder represents support to help Laos maintain its freedom and independence.

With the efforts of its own people and the help of its friends, let us hope that tranquillity will return to Laos so that our collective energies can be devoted to building better lives for the Lao people. This book seeks to tell the reader what the United States has done and is presently doing to help Laos achieve these goals.

Leonard Unger
Ambassador of the United States of America to Laos

Some 90 per cent of the people of Laos live in the thousands of villages, large and small, which have grown up in the plains, forests, valleys, mountains, and along the rivers. They are the source of the nation's greatest strength.

The village life is a good life, but it can be changed by forces over which the villagers have little control. Sickness can strike the villager or his family or his livestock. His crops may not prosper because of bad weather, lack of water or weak soil. Insects and pests may attack his harvest. His well may go dry. Aggression may force him to abandon his home and begin life elsewhere. He may not have the education that would help him overcome his troubles.

The other 10 per cent of the people of Laos live in or near major cities. Their way of life and their needs are somewhat different. A village may need a well, but a city requires a water system. A village may need a dispensary, but a city requires a modern hospital.

The American program of assistance to Laos is based on the needs of the people, both in the villages and cities. Working with the Royal Lao Government, it tries to bring these improvements which the people need and are willing, through self-help programs, to strive for. In consultation with village officials, the Royal Lao Government learns which types of projects are best suited for a particular region. Then, in collaboration with Lao officials, American technicians and supplies are brought in to help bring these benefits to the people.

An American aid officer (right) examines rice yield at one of the Experimental Stations in Laos.



In cooperation with the Lao Agriculture Service of the Royal Lao Government, American aid has set up crop stations at Salakham, Tha Ngone, Pakse, and three on the Bolovens Plateau. Nurseries also have been established in Luang Prabang, Savannakhet, Sayaboury and on the Bolovens. These stations do research and experimental work to develop deeds or plants which will produce more and better rice, vegetables and other crops. They also distribute information about improved methods of farming.

High quality rice seed produced at the Lao Agriculture station at Salakham over the years is now available in sufficient quantity to make possible a program to increase rice production whereby Laos hopefully will not need to import rice in about five years.

A vegetable production program has been established by the Lao Extension Service, with American assistance, in a number of major cities. This is reducing the need to import vegetables.



Ban Phama Vegetable Garden, Vientiane



Pigs and chickens at this breeding station will be distributed to Lao farmers.



Lack of animal protein in Lao diets is a major cause of poor health. To increase the supply of animal protein, the United States and the Lao Veterinary Service are cooperating to increase livestock and poultry production. Approximately $15,000 worth of vaccine was imported in 1963 to inoculate animals and poultry against infectious disease. Three breeding farms have been restored. They are being restocked with 15 sows, three boars, 500 pullets, and 600 ducks. During 1964, 720 pigs, 1,000 chickens and 2,500 ducks will be distributed. Ten varieties of forage cuttings have been introduced and are ready for distribution. Incubators for hatching chickens, and refrigerators to store biologics have been imported.

American aid supports the agricultural work of Operation Brotherhood which maintains farms in Sedone, Sayaboury, Paksong and Attopeu, each with piggery pens, duck ponds, and poultry houses. Operation Brotherhood personnel also teach local farmers and school children about better methods of food production. Hundreds of fruit tree seedlings have been distributed.



A dam north of Luang Prabang



The Lao Irrigation Service built 26 dams and water storage distribution facilities in Laos with American aid during (fiscal year) 1962-1963. These dams have brought some 37,500 rais of farmland under irrigation. They also provide protection against flood damage and, in some places, provide the drinking water.



Dams as shown in these pictures can be found throughout the Kingdom of Laos.

Dam at Houie Sing, Luang Prabang.



OB Hospital, Kengkok

American assistance to the Royal Lao Government's public health program has totaled some $4,700,000 over the years. Among its accomplishments was a successful yaws eradication program. Operation Brotherhood had American aid in setting up hospital facilities at a number of major cities.



Operation Brotherhood now operates:

A 100-bed hospital in Vientiane
A 50-bed hospital in Paksong
A 25-bed hospital in Sayaboury
A 25-bed hospital in Attopeu,
and a 25-bed hospital in Kengkok.

Patients are registered for treatment at the OB Hospital, Kengkok.

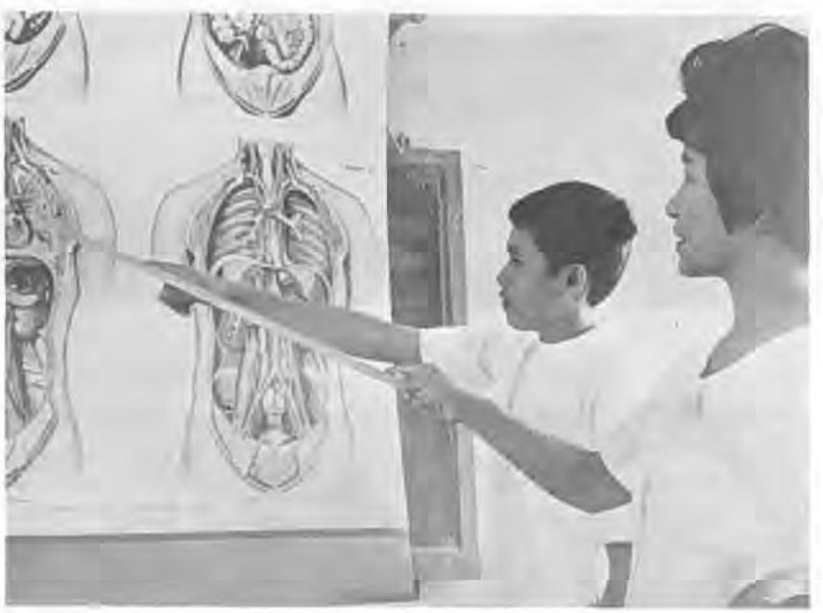
Operation Brotherhood has also set up 17 self-help clinics in Sedone, Sayaboury and Attopeu provinces, with the help of Lao civic and health authorities, volunteer labor and donated materials from the villagers.

Rural workers trained by Operation Brotherhood staff these dispensaries and give first-aid, deliver babies and help introduce good health practices.

Some 250 Lao have been trained in practical nursing, medic training, training of X-ray lab assistants, dental and laboratory work and equipment maintenance.

During the years 1957-1962, Operation Brotherhood treated a total of 891,634 cases. At the present rate of more than 100,000 patients a year, more than a million cases have been treated by Operation Brotherhood.

American aid is also supporting a village health program in cooperation with the Ministry of Public Health. In addition to improving sanitation, maternal and child care, nutrition and basic hygiene, this program currently maintains 100 small dispensaries and 9 bamboo hospitals which care for 250,000 people.



Training at the OB Hospital in Vientiane.

During the past five years, American aid has contributed basic school supplies and textbooks to the Lao Ministry of Education for distribution to elementary schools throughout Laos. (Teacher Training is discussed in the final section "Building for Your Future.")

Up to June 1963, American aid:

Provided materials for the construction by villagers of about 900 village school classrooms and 30 Groupe Scolaire classrooms, in conjunction with the Lao Ministry of Rural Affairs and the Ministry of Education.

Gave support to the construction of five additional classrooms at Savannakhet Vocational School, and provided $12,500 in equipment.



One of the school classrooms built with American aid.

Constructed five additional classrooms at Thakhek College.

Gave about $150,000 worth of school supplies to rural schools.

Sent 30 provincial school administrators to the Philippines for consultation and training.

Sent six assistant primary school inspectors and six elementary school principals to observe rural schools in Thailand.

Sent another six elementary school principals to Cambodia for the same purpose.

Sent 29 elementary school teachers from the provinces to Thailand to take special courses.

The key to much of the progress made throughout the Kingdom of Laos has been the various self-help programs which the people in cooperation with the Government have achieved through their own efforts. Sometimes these self-help projects are carried out as purely local endeavors.

More often they require assistance from departments of the provincial and national governments, under the supervision of the Commissioner of Rural Affairs. The record of accomplishments due to self-help programs has been truly impressive. In some instances, outside assistance has been required to bring some self-help projects to completion. Some 2,600 of these projects were assisted by the United States during 1959-1962. Among such projects were: 616 schools, 609 hand-dug and drilled wells, 28 roads and trails, 50 community buildings, 35 markets, 35 dispensaries, 27 bridges and drainage projects, 25 dams, 22 irrigation canals, 14 water systems, 8 airfields, 6 floating docks, 5 rice paddy and craft development projects, and 3 warehouses.



Lao villagers build a bridge -- a typical self-help project supported by the Lao Government and the United States.



The Symbol of the Cluster Program

Several areas in different parts of Laos have been chosen by the Royal Lao Government and the U. S. Government for this new type of development program. Under the program, a group of villages situated close to each other—clusters—agree on their most pressing needs in consultation with the Commission of Rural Affairs. These needs may range from wells, roads and schools, to dispensaries, crop seeds, and technical advice. American aid supplies these cluster areas with materials, and advisors come from the Royal Lao Government as well as American aid.

The cluster program is a clear example of cooperation among villages, an important first step towards unifying the Kingdom of Laos.

In recent months, self-help programs have been made even more effective. Assistance is now being concentrated in places where a number of villages can benefit from a group of interrelated projects rather than single projects in scattered villages.



Artwork on these pages is taken from American made posters promoting the cluster program.

There are at present six development zones in Laos. They are located at Phone Hong, Kengkok, Muong Phieng, Houei Kong, Muong Cao (Borikhane), and La Khone Pheng.

The cluster at Phone Hong, to give an example, contains 9 villages and 4,125 people. Work was begun in the cluster on October 1, 1963. Since that time, the following projects have been undertaken largely through the efforts of the people of the area.

Four drilled wells have been completed, more are in process.

An old dispensary has been completely renovated, and a new dispensary is 80% complete. Two medics are at each dispensary and treat more than 90 patients a day.

A whole new road system has been put in connecting all 9 villages.

A 12½-rai demonstration farm has been started and is about 50% planted. The farm demonstrates rainy season vegetable production, fruit tree propagation, and how to develop feed crops for animals. In the future, pens for swine and poultry will be constructed on the farm. Proper housing and feeding methods will be demonstrated and the farm used as a center for distributing livestock to the villagers.



Two village programs are in progress. One teaches the villagers how to grow vegetables in the rainy season. The other teaches villagers how to make water-seal privies.

In the future, the people of Phone Hong plan to finish a market, the dispensary, and two schools. The Royal Lao Government has plans to drill 21 wells.



Transportation for the refugees to their new homes.

Some of these refugees have been resettled in different locales throughout Laos. Such resettlement has required massive assistance both in transporting the refugees to new homes and in providing them with necessities until they can become self-sufficient again.

In addition to providing basic necessities, American aid has:

Established medical centers for the refugees.

In close cooperation with the Ministry of Social Welfare, a massive relief program to help Lao refugees was started in 1961. Its goal has been to bring foodstuffs and other essentials to some 150,000 to 180,000 refugees from Communist aggression from the north of Laos to Thakhek, Saravane, and Attopeu in the south.

Trained medics to manage these centers.

Provided materials with which the people built roads, wells and schools.

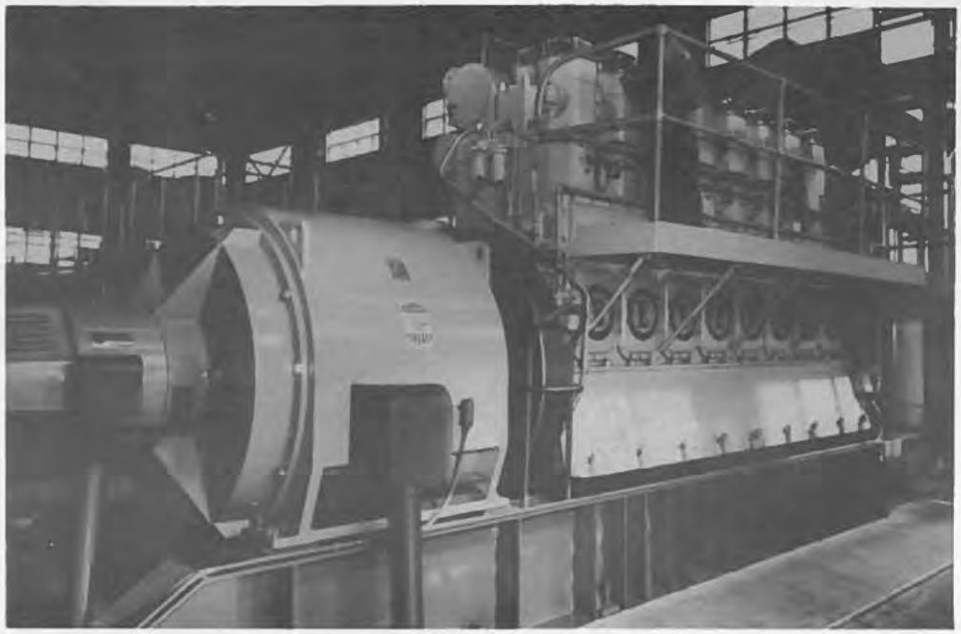
American relief flights have averaged 40 tons of rice a day dropped to refugees. Other supplies flown in include blankets, seeds, livestock, tools, medicine and foodstuffs.

The cost of bringing these supplies to Lao refugees since 1961 has been about $300,000 a month.





Basic necessities are provided by the United States for the refugees



A generator provided by the United States to the Vientiane Power Plant

To enable the Vientiane Power Plant to provide the entire city with electricity, the United States has provided assistance in the form of engineering and technical supervision and supplies. Aid to the Vientiane Power Plant has totaled more than $800,000 since 1956.

In cooperation with the Royal Lao Government, US AID built this new market in Vientiane to replace the old one at the same location. The new market has running water, concrete floors, and counters. It was opened in 1963.



UNIFYING YOUR NATION

Self-sufficiency (in Lao, "Enough to eat and enough to use") at the village level is not a goal in itself. It is the foundation on which a nation becomes self-sufficient. But neither the villages nor the cities or the nation can make much progress if they do not assist each other.

Some regions of Laos, because of climate, soil, or special skills of the inhabitants, are able to produce crops and goods that are needed in other parts of Laos. They, in turn, need products and information which are only found in other regions. To move these products and information, both to the markets and to the people, a country needs a system of transportation and communications and people to run them.

American aid has helped in the construction of roads, bridges and airstrips in Laos. It has also supported the Royal Lao Government's efforts to inform its people in the press and on the radio.

(Front, from r to l) Ex-Minister Nhouy Abhay, US AID Director Mann, and Chao Khoueng Bounlieng Chounramany in a ceremonial opening of a bridge at Sithandone Province



Modern road construction equipment received by the Ministry of Public Works



Since 1956, the United States has appropriated $19,500,000 to assist the Lao Ministry of Public Works to construct and maintain roads and bridges in Laos.

In 1962, American aid:
Constructed 31 bridges
Constructed 37 kilometers of primary road and 35 kilometers of secondary road

In 1963, American aid:
Graded 150 kilometers of road
Surfaced 152 kilometers of road
Installed 41 culverts
Constructed 28 bridges
Provided maintenance throughout the Lao National Road System. In 1964, American aid provided for new construction and general improvement of
450 kilometers of road
47 bridges.



Vientiane-Tha Deua Highway



A bridge at Muong Kong built through cooperation of the Lao Government and US AID



The United States currently is financing the construction of 100 kilometers of highway between two rivers on Route 13, the Nam Cadinh and Nam Hin Boun. When the project is completed in 1965, Laos will have an all-weather road from Vientiane to the Cambodian border. Eventually Route 13 will link Luang Prabang with Saigon.

The King is shown taking part in the earth-breaking ceremony, opening construction of a highway between the rivers Nam Cadinh and Nam Hin Boun at the end of 1963.

American aid has provided on-the-job training for 160 employees of the Roads and Bridges Division of the Ministry of Public Works. At present, it is training about 150 operators and mechanics at PK-7 (Vientiane), the central equipment yard, shops and warehouses of the Roads and Bridges Division of the Ministry of Public Works. PK-7 is responsible for the maintenance and repair of all equipment used by this division in carrying out its work.



The United States has contributed an estimated $10,000,000 worth of spare parts and machinery and has assisted in putting PK-7 back on an operating basis after work was brought to a stand-still as a result of the nation's internal difficulties a few years back. PK-7 now has a large warehouse with a well-organized parts system and parts bins, a light duty shop, a power house, a main office, an engine rebuilding shop, an electrical shop, a diesel pump shop, a paint shop, a carpenter shop, a machine shop, a welding and sheet metal shop, a service station and wash rack, showers and toilets, a 25,000 gallon water tank, a material storage shed, an equipment storage shed, a carport and cycle shed, guard houses, a salvage warehouse, classrooms, a water system, a drainage system, and electric power lines to all buildings.



Inside the workshop of the Ministry of Public Works at PK-7 in Vientiane

The diesel engine repair shop of the Ministry of Public Works



American aid supported construction at Vientiane Airport (Wattay), consisting of a concrete runway, taxiways, aircraft aprons, drainage, runway and taxiway lighting, diesel electric power plant, and new utilities for the terminal area. Work is now underway to provide a modern parking area and entrance road.

Materials and facilities for the airport's operations building and to improve the apron were provided at Luang Prabang.

At Khong Island and at Kene Thao, the landing strips were graded and graveled.



Construction of the new runway



H.H. the Prime Minister (right) and the American Ambassador (left) at the ceremony opening the runway of Wattay Airport early 1963

American aid to Wattay Airport alone came to $2,700,000. Another $500,000 was spent for the work at Luang Prabang, Khong Island, and Kene Thao.

Specialized training has been given to Lao Civil Aviation personnel. Six were trained in air traffic control and 14 in airport construction.

The United States has also donated transport planes which are now owned and controlled by the Royal Lao Government. American aid continues to pay for the maintenance and operation of these planes.

In addition, the United States Government has contracts with two private firms which provide an additional air capability of about 35 planes to help the Royal Lao Government carry out its many responsibilities. Used primarily for the transport of food, supplies and equipment, these planes also provide necessary passenger service.



Wattay Airport



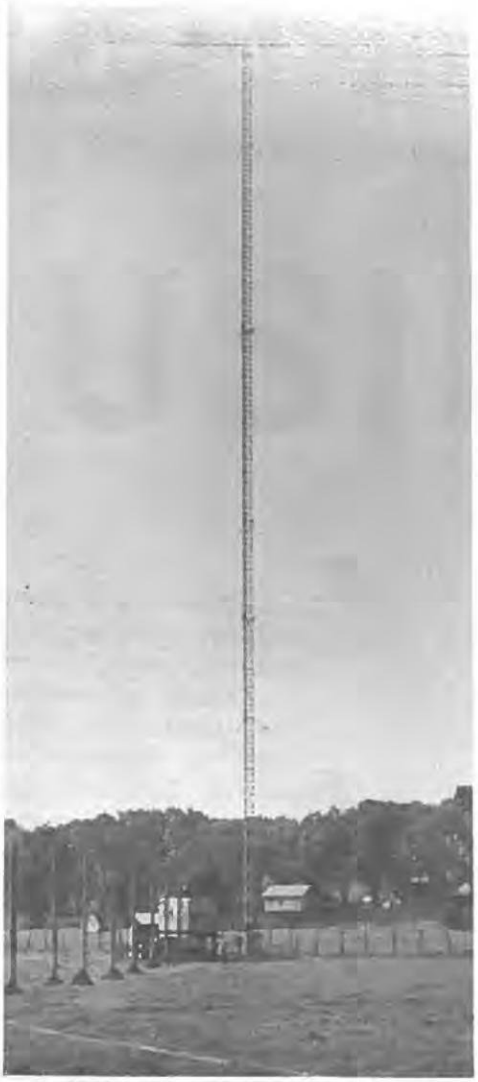
Telephone junction room

The United States has been supporting the four Lao National Radio stations in Vientiane, Luang Prabang, Savannakhet, and Pakse. This aid has been in the form of supplies and maintenance personnel.

To help the Royal Lao Government communicate with its people, American aid set up the Lao Photo Press at an initial cost of $430,000. Printing technicians are being trained with U.S. help.



Lao Photo Press Printing Plant



A transmitter antenna in Vientiane

A complete underground cable system capable of serving over 2,000 subscribers was furnished and installed in Vientiane by the United States, in cooperation with the Post Telephone and Telegraph Organization. This was connected to the 800-line system furnished by France.

In Savannakhet, engineering for the complete rebuilding of the telephone system has been completed.

Some 40 employees of the Post Telephone and Telegraph Organization are receiving on-the-job training with American assistance.

PROVIDING SECURITY

A nation's security is based on two things: a strong economy and society, and the physical capacity in trained men and weapons and equipment to protect itself from aggression.

Years of strife have caused great economic problems for Laos. The Royal Lao Government has had no choice but to maintain an army at strengths far above normal needs. As a result, fewer people are available to work in agriculture and industry. The Government's expenses, meanwhile, have gone up. Until recently, Lao businessmen found it difficult to obtain enough foreign exchange to pay for the import of essential goods. Inflation had damaged the value of the kip.

In many and various ways, American aid contributes to the growth of the Lao economy. Some of it is direct and tangible such as the assistance in agriculture and in the building of roads and bridges discussed already, but some of it, just as essential, comes less obviously. During Fiscal Year 1961, 1962, and 1963, total revenues of the Royal Lao Government came to the equivalent of $98,260,000 in kip. Of this amount, $22,300,000 came from domestic sources. The balance, $75,960,000 was furnished through U. S. assistance. Since the formation of the Government of National Union, new measures have been taken to continue and improve the help given the Lao economy. These are the United States Import Program (USIP) and the Lao Government's monetary stabilization program which the United States helps support with other donor countries. At the request of the Royal Lao Government, the United States has also assisted Laos' efforts to protect itself from military aggression.

USIP



The United States Import Program is a system by which essential commodities that are not produced in Laos are brought to the Lao people. By making it possible to bring these goods into the country at low costs, this program helps both the Lao consumer and the nation's economy. The Lao importer pays for the commodities at the official exchange rate (240 kip to one American dollar). He thus is able to sell these goods at reasonable prices, which lowers the cost of living for the Lao consumer. The money the importer pays for these goods is used to help pay the operating expenses of the Royal Lao Government.

Since this program was begun in March 1963, approved orders have amounted to $14,821,000 for an average of about $1,430,000 a month. Completed shipments have totaled $7,161,000. This means that as of March 1964 an average of almost $600,000 in USIP products have arrived in Laos each month since the program began.

Commodities brought in under USIP are cement, steel and iron, textiles, motor vehicles and parts, rice, paper and paper products, milk, chemicals, sugar, electrical equipment, and other essentials. Luxury items are specifically excluded.

In order to protect the value of the kip and to stem inflation, the Royal Lao Government requested the creation of a monetary stabilization fund. The purpose of the fund was to make foreign exchange available and at the same time to prevent inflation. In January, 1964, this fund of $3,000,000 was set up with the United States as a major contributor; other nations supporting the Foreign Exchange Operations Fund are Great Britain, France and Australia.





Following the formation of the Government of National Union, the Prime Minister in October 1962 made a formal request to the United States for support to the Lao Armed Forces. In response to this request, the United States has been providing military supplies and equipment such as petroleum and oil, training ammunition, clothing, and medical and welfare items.



American aid to the Military arm of the Royal Lao Government has been in direct response to the needs of the Government. Thus, when aggression against the Government was accelerated in the spring of 1964, the United States responded to the Royal Lao Government's request and increased both the amounts and type of military assistance.

As a result, Laos has been receiving

... more planes
... more artillery
... more military transport
... and more material for making uniforms.



BUILDING FOR YOUR FUTURE

So far this report has talked mainly about what American aid has done to improve living conditions of the people, to tie the nation together, to provide Laos with economic and military security. Some progress had to be made in each of these areas before Laos could look very far into the future. There has never been any question, however, that the Lao people must control their own future. More than anything else, the quality of education and professional training of the Lao people will determine what their future is to be.

That is why at the same time the United States has been helping Laos with immediate problems, it has also given massive support to the Lao educational system.

The following tables indicate the progress Laos has made in education since 1956.

American aid in the amount of $4,188,463 for educational purposes played an important part in this development.

	1956	1963
Elementary		
Schools	1,040	2,232
Pupils	66,998	121,053
Teachers	2,115	3,628
Secondary		
Schools	6	6
Pupils	1,215	3,018
Teachers	35	113

	1956	1963
Technical Schools		
Schools	2	2
Students	122	383
Teachers	10	32
Teacher Training Schools		
Schools	1	3
Students	106	1,400
Teachers	7	70





A classroom at the National Education Center at Dong Dok, Vientiane

American training programs have provided hundreds of young Laotians with training in the following fields: agriculture, health, public safety, education, minerals development, road building, customs, community development, and other essential areas. These civil servants were sent abroad under American auspices for varying lengths of time. Countries to which they have been sent are Thailand, the Philippines, Taiwan, the United States, Vietnam, Malaysia, and Hong Kong.

For 12 years the American Government has conducted a teacher training program under which 49 Lao teachers and education officials spent a minimum of 9 months of study in the United States.

Specialist programs provided study grants in the United States in the fields of Public Administration, Youth Activities and Communications. Nine Lao specialists received practical training and intensive schooling in these fields.

A Leader Program has so far enabled 19 top ranking Lao officials to spend about three months in the United States. Special programs are prepared for each official so that they can have first-hand observation of latest techniques and developments in their respective fields.

Training of Lao teachers at the National Education Center is now being handled by US AID contract personnel.

The American Mission to Laos also administers several private programs under which Lao students, at both the high school and university level, can do a portion of their studies in the United States.



Dormitories and mess hall area of the National Education Center at Dong Dok, Vientiane



A group of eight Lao students prepare to continue their study abroad.

The Agriculture Extension Service was set up by the Lao Government so that experienced personnel could work with the Lao people and bring to them information on how to improve crops and living conditions. There were, however, few trained personnel to carry out this project at first. Since 1956, some $206,000 in American aid has brought supplies and technical assistance to the Agriculture Extension Service.

By 1964, the total extension staff numbered 69 trained personnel, of which 58 were assigned to nine provinces. Among the accomplishments of these workers are 32 school gardens and 800 home gardens assisted in Vientiane and Pakse Provinces alone. The Agriculture Extension Service also was responsible for establishing the crop station at Salakham which has produced the rice seed needed to begin the seed multiplication program mentioned earlier in this report.

In looking back at all these programs of training and education, it can be seen that they are necessary to the fulfillment of various projects discussed earlier in this report. The village cluster program particularly will become increasingly successful as more trained people become involved in it, in education, in health, in agriculture, in community development. The people who were chosen for these special training programs are returning to their country to take up positions of increased responsibility, and are able to pass on their knowledge to fellow-workers and students so that all can work together in building the future of Laos.



The preceding pages have tried to show how the people of Laos through their own efforts and with assistance from their friends, have begun to meet the challenges of modernization. Their progress so far indicates that a successful groundwork has been laid to enable them to realize their ultimate goals of prosperity, independence, unity and neutrality. With this beginning, progress cannot only be sustained but can move ahead still more rapidly.

On behalf of all members of the United States Aid Mission who are working throughout your country, I wish to extend my congratulations to the people of Laos on a job well begun. The close associations your American friends have enjoyed with you will be cherished long after the job is done.

Charles A. Mann
Director
US AID Mission to Laos



Charles A. Mann


COOPERATION
UNITED STATES OF AMERICA
FOR PEACE
AND PROGRESS
ROYAL KINGDOM OF LAOS - UNITED STATES OF AMERICA

Background Notes

LAOS

Capital: Vientiane (Administrative)
Luang Prabang (Royal)
Population: 2.5 million

Strategically situated in the heart of the Southeast Asian peninsula, the landlocked Kingdom of Laos shares common borders with six other nations, two of which are under Communist regimes: on the north with Communist China (263 miles); on the east a long frontier with North Viet-Nam (818 miles) and with the Republic of Viet-Nam (301 miles); on the south with Cambodia (277 miles); on the south and west with Thailand (1,090 miles, of which over 500 are formed by the Mekong River); and on the west with Burma (146 miles).

The climate is monsoonal in nature and seasonally well-defined. There are 6 months of rainfall from May to October and 6 months of drought from November through April. Humidity is high most of the year. In April, the warmest month, the temperature in Vientiane normally ranges between 72°F. and 93°F., and in January, the coolest month, between 57°F. and 83°F.

Total area is approximately 91,000 square miles, or slightly more than Idaho or Great Britain. A large part of the terrain, particularly in the north, is covered by dense jungle and rugged mountains, some of which are over 9,000 feet high.

THE PEOPLE

The population is about 2.5 million—an estimate, since no accurate census has ever been taken. This sparse population is unevenly spread, with the greatest concentration in the Mekong Valley. The people lack homogeneity. About 49 percent are Lao, a people of Thai stock who are believed to have migrated originally from southwestern China principally in the 13th century. Mountain tribes, also of Thai stock, are found in upper Laos, while a number of other mountain tribes of Indonesian or proto-Malay background inhabit central Laos. The lack of common origin, customs, language, traditions, and beliefs among the various minorities poses a serious obstacle to the political unification of the kingdom. There are sizable minorities of Vietnamese and Chinese and smaller groups of Cambodians and Indians. In addition, there are some French and other Europeans and Americans, few of whom, however, are permanent residents.

The Lao language belongs to the Thai group, Thai and Lao being mutually comprehensible; it is written in a distinctive script of Indian origin. French serves as the second official language and is commonly used in commerce and government. It is estimated that not over 15 percent of the population is literate. The state religion is Buddhism of the southern or "Hinayana" type. While the mountain tribes are primarily animists or spirit worshipers, many of them have adopted Buddhism while retaining a measure of their old beliefs.

GOVERNMENT

Laos is a constitutional parliamentary monarchy. Under the December 1957 revision of the Constitution, originally promulgated by the King in May 1947, the hitherto exclusively male franchise was extended to women. General elections are held every 5 years; the most recent one was in the spring of 1960.

The bicameral legislature is composed of a National Assembly of 59 Deputies, which possesses the real legislative power of the country, and a rather inactive King's Council of 12 elder statesmen, 6 of whom are appointed directly by the King, the other 6 being designated by the National Assembly and confirmed by the King. The Prime Minister is designated by the King on consultation with the political leadership and submits his proposed Cabinet to the National Assembly for approval, a favorable two-thirds majority of Deputies present being required for investiture. Members of the Cabinet need not be Deputies of the National Assembly. The Constitution provides that the judicial power shall be separate and independent of the executive and legislative powers.

In mid-1962, concurrent with the Geneva agreements, a coalition government was formed under Prince Souvanna Phouma, with carefully balanced participation by the three major political factions. This Government of National Union, including the Prime Minister and the Deputy Prime Ministers, is composed of 4 conservative, 11 neutralist, and 4 pro-Communist (Pathet Lao) members.

Because the current legislature was not recognized by the Pathet Lao (PL) faction on grounds of alleged irregularities in the 1960

elections, Souvanna's cabinet was not invested by the National Assembly in June 1962 but was directly confirmed by the King. The Assembly has granted full powers to Souvanna's government, extended to October 1964, and is not playing an active role.

The two PL ministers have not participated in the government and have absented themselves from Vientiane since mid-April 1963. The interests of the PL have been preserved by its two secretaries of state with cabinet rank, but the government has not functioned properly as a coalition and Souvanna has been attempting with little success to persuade the PL to resume active participation.

HISTORY

Subjected to periodic invasions and external attempts at domination, particularly from Thailand and Viet-Nam, Laos was a tenuously united kingdom from the mid-14th until the end of the 17th century, and its territory comprised an area larger than it is today. In the 18th century the country was split into three rival kingdoms: Luang Prabang, Vientiane, and Champassak. With the advent of the French in Indochina, a power struggle between France and Thailand for control of the three Lao kingdoms started in the 1880's and ended in 1893 when the Thai abandoned their claims to Laos. The Franco-Siamese Treaty of 1907 defined the boundaries of Laos as they exist today.

At the end of World War II the Kingdom of Luang Prabang, under Japanese auspices, proclaimed its independence, which 2 months later was extended to include all Laos. The Free Lao nationalist movement sought unsuccessfully to prevent the reimposition of French rule, but by May 1946 the French had reoccupied all of Laos and driven the Free Lao leaders into exile in Thailand. The French then recognized the suzerainty of the King of Luang Prabang over the entire country. In a series of successive steps France gradually accorded Laos its independence and, in October 1953, recognized the kingdom as a fully sovereign state though Laos reaffirmed its adherence to the French Union. This relationship was also dissolved upon the conclusion of the Geneva agreements of 1954, which terminated the Indochina War. Final powers were transferred to Laos on December 29, 1954.

During the Indochina War there was a moderate amount of guerrilla activity in Laos as an extension of the Communist Viet Minh activity in Viet-Nam. The Pathet Lao (Land of Lao) movement was organized in Communist territory in North Viet-Nam in about 1951 under the leadership of Prince Souphanouvong. The Communist Viet Minh forces invaded northern and central Laos in 1953 and 1954 and brought with them a number of ethnic Lao military units as well as a pseudo-government, called the "Resistance Government of the Pathet Lao." With Viet Minh support, the Pathet Lao (PL) elements entrenched themselves firmly in the northern Lao provinces of Sam Neua and Phong Saly. While the PL were not admitted to the Geneva Conference of 1954, the agreements designed to restore peace in Indochina provided that those two provinces remain under Pathet Lao control pending the reintegration of its members into the national community. It was not until the end of 1957 that the PL leadership, advised and supported by North Viet-Nam, accepted in principle such reintegration and for a few months in 1958 two PL representatives held portfolios in a short-lived government of national union.

As part of the integration process two PL battalions were theoretically integrated into the Lao national army, but one mutinied in May 1959 and with North Vietnamese assistance promptly resumed guerrilla activities against the government. By late summer 1959, military action had intensified and in September the Lao Government appealed to the U.N. on the basis that North Viet-Nam was committing aggression on Lao territory. An investigatory subcommittee was sent to Laos, and the U.N. presence restored a semblance of peace to the area.

In August 1960 a young paratroop commander in Vientiane, Captain Kong Le, seized the capital in a coup. In an attempt to avert civil war among the non-Communist elements, Prince Souvanna Phouma, a former Prime Minister, was again called upon to form a government. General Phoumi, leader of the conservative, anti-Communist faction, at first agreed to serve in the government but soon reversed his decision and established a military headquarters in southern Laos from which he mounted a campaign to retake Vientiane. He recaptured Vientiane in December 1960, and Kong Le retreated with his troops to the northeast.

Meanwhile, Souvanna had accepted a Soviet aid offer, and the Soviets started airlifting supplies from the Soviet Union via Hanoi. The Soviets used this airlift to bring in arms and ammunition not only for the Kong Le forces but also for the PL. Profiting by the general political and military situation, the PL returned to full insurgency. In early January 1961 Pathet Lao and Kong Le forces, supplied by the Soviets and advised and encadred by the North Vietnamese, seized the strategic Plaine des Jarres where they established headquarters. By the spring of 1961, the Pathet Lao insurgents, strongly reinforced by North Vietnamese units and cadres, had scored important military victories and appeared to be in a position to take over the entire country.

Geneva Conference—1961-62

The United States was faced with three alternatives: the total loss of Laos to the Communists; military intervention, involving U.S. troops and other outside forces; or settle-

ment of the crisis through peaceful international and internal negotiations to achieve a neutral status for the kingdom that would permit it to survive as a nation. The decision was reached that a peaceful settlement transferring the struggle from the military to the political domain was the most desirable of the possible alternatives. The congressional leadership on a bipartisan basis was consulted on this decision. It was thus that the United States accepted participation in the 14-nation conference convened at Geneva in May 1961 which, after long and difficult negotiations, resulted in the signing of the new Geneva agreements on July 23, 1962, providing certain international guarantees for the independence and neutral status of Laos.

On the internal level the three Lao factions—conservative, neutralist, and pro-Communist Pathet Lao—reached agreement in June 1962 on the formation of a Government of National Union under the premiership of Prince Souvanna Phouma.

Of immediate importance under the 1962 Geneva agreements was the requirement that all foreign military personnel leave the country within 75 days of the signing. Under the supervision of the International Control Commission (ICC) all 666 U.S. military advisory personnel (no U.S. combat troops were in Laos) departed from Laos before the October 7, 1962, deadline. However, only 40 North Vietnamese troops were withdrawn through ICC checkpoints. In his letter of June 20, 1963, to the Co-Chairmen of the Geneva Conference, Prime Minister Souvanna charged that a substantial number of North Vietnamese cadres and combat troops remained in Laos, and the Prime Minister has repeated this charge on several occasions.

Within a few months of the signing of the 1962 Geneva agreements, the PL, supported by the North Vietnamese, began maneuvering to subvert or eliminate Kong Le's neutralist military forces, which constituted Souvanna's principal military strength. Minor skirmishing broke into open hostilities in April 1963, when the PL attacked Kong Le's troops in positions they had held jointly with the PL in Xieng Khouang Province. With assistance from the troops under General Phoumi, however, Kong Le was able to extricate most of his units from these areas as well as from other locations in central Laos and to maintain his positions in the western part of the Plaine des Jarres. These aggressive tactics by the PL not only failed to destroy the neutralist forces but resulted rather in much closer cooperation than before between the neutralists and the conservatives in the political, as well as the military, field.

With the outbreak of fighting in April 1963, the two PL ministers withdrew from Vientiane, leaving PL representation in the government headed by the two PL secretaries of state of cabinet rank. Negotiations to effect a cease-fire and to restore the governing coalition have taken place intermittently during the past nine months but with little result. Souvanna has proposed to move the seat of government at least temporarily from Vientiane to a neutralized Luang Prabang, where representatives of the three factions could meet on neutral ground. Details of the arrangements are being negotiated, but the fluctuating military situation has so far prevented agreement.

POLITICAL CONDITIONS

The Kingdom of Laos did not become a geographic entity until 1946 and only achieved complete political independence in 1954 after the first Geneva agreements had brought to an end the Indochina War. Laos has never been a national entity in the real sense, i.e. unified and governed by a stable, effective central authority. The intrinsic barriers to unity and a sense of nationhood described earlier have been increased by the internal and external Communist threat. The gulf between the central government and the people in the countryside persists today, and such efforts as have been made in the few years of independence have been further handicapped by the lack of communications, particularly roads.

Government and politics are the preoccupation of a small, educated elite, most of whom are related to each other, and the potential benefits of popular government are only dimly understood by the majority of the population living in isolated villages. The concept of political parties is still new to the Lao, and with the exception of the tightly organized Neo Lao Hak Xat (the political arm of the PL) the parties consisted of loose coalitions of personalities or families rather than cohesive parties in the Western sense. Political strength today is primarily divided among the leaders of the three factions making up the present Government of National Union. Although the non-Communist neutralist and conservative elements have drawn closer together in opposing Pathet Lao pressures, they have not succeeded in building disciplined political organizations. Prince Souvanna Phouma and his supporters are endeavoring to rally the non-Communist elements to the neutralist movement, but little progress has been made so far in creating a national organization. A parallel attempt made by General Phoumi to launch a new nationalist party has also made little headway. Both parties thus far are mainly limited to their regular adherents. The PL has retained firm control over the areas it occupies and has allowed only a few outsiders, such as the Prime Minister, to enter on conducted visits.

Three separate and distinct Lao armies exist: 1) the neutralist forces under Kong Le; 2) the former national army (known as the FAR or Forces Armées du Royaume) under General Phoumi; and 3) the PL forces under the field command of General Singkapo. Although various units under Kong Le and Phoumi have cooperated at times in military action against PL attacks, each army has been careful to preserve its identity as the locus of strength within its political faction. Integration of all

three armed forces into a national army does not appear possible in the near future.

The three-member International Control Commission (ICC) plays an important role in the current political situation. Originally created to supervise the implementation of the 1954 Geneva agreements, the ICC was given additional duties by the 1962 agreements to supervise the neutralization of Laos and preserve the peace. Despite obstructionism by the Polish member, who has always sided with the PL, the ICC under its Indian chairman has taken significant steps to preserve the 1962 agreements and to help stabilize the political-military situation. Its action by majority decision (Indian and Canadian) to station a team on the Plaine des Jarres has served as a deterrent to large-scale PL attacks in that area. The Polish member, however, acting in conjunction with PL representatives, has so far thwarted all efforts to institute an investigation into the presence of North Vietnamese troops in Laos.

ECONOMY

An underdeveloped country with limited natural resources, Laos has always suffered from its geographic isolation and rugged topography. Ninety percent of the people are still engaged in subsistence agriculture, supplying the bulk of their own needs, including textiles; the gross national product is estimated at less than $50 per capita. Industrial enterprises are confined to a few transport undertakings, one tin-mining operation, some sawmilling, one soft-drink bottling plant, and small-scale local manufacturing. Laos must therefore import almost all manufactured products and, being landlocked, is dependent upon the good will of neighboring countries, principally Thailand, to facilitate transshipment of such goods.

Annual production of glutinous rice, the most important food crop, has in the past averaged about 500,000 tons. Corn, tobacco, and tea are grown in small quantities. Disease has drastically curtailed the production of coffee, formerly one of the country's few exports. Cattle-raising and the reasonably profitable export of hides and skins have been seriously affected by depredations and losses in World War II and the Indochina War. Laos is one of the principal Southeast Asian sources of opium, cultivated by mountain tribesmen, then sold and smuggled abroad.

Approximately two-thirds of Laos is covered by forests, roughly half of which is of commercial interest. Forest products (timber, sticklac, benzoin) have formed a substantial proportion of Lao exports. Mineral output thus far has been limited to tin and rock salt. Geological surveys give some indication of other possible deposits, but it is not known whether these are substantial enough to warrant exploitation.

The lack of internal transport and the high cost of transshipment to and from the ports of other Southeast Asian nations pose a serious obstacle to economic development. There are few roads and no railroads. The Mekong River is navigable by small craft almost its entire length in Laos; rapids and falls, however, require frequent portage.

Laos was tied economically to Cambodia, Viet-Nam, and France until 1954. At that time it gained control over its central banking, foreign exchange, and tariff schedule; its foreign economic relations since then have been bilateral in nature. The Lao currency is pegged to the dollar; since the devaluation of January 1, 1964, the official rate of exchange has been 240 kip to the dollar.

The Lao economy has been at a virtual standstill in the past several years because of the gravity of the political-military situation. Even in the preceding post-World War II years exports had failed to attain their prewar level. Normally Laos is able to produce enough food to satisfy its own limited needs; but this has not been possible under wartime conditions. Rice cultivation, for example, has been suspended in many areas, necessitating imports from Thailand. The plight of isolated tribal peoples has required air-drops of food and other necessities. The United States has assisted in this activity as well as the supplying of thousands of refugees from PL-held areas.

Foreign Aid

For the past 9 years the United States has given substantial amounts of military and economic aid to assist Laos in maintaining its independence in the face of almost continual external and internal Communist pressures. From 1955 to date, the United States contributed over $300 million in economic assistance alone, the greater part to budgetary support, and lesser but still considerable amounts for economic projects as jointly determined by the U.S. and the Lao Governments.

The U.S. aid program today is designed to strengthen the government and at the same time lead the country toward a more viable economy. A large portion of our economic assistance in Laos consists of a commodity import program (the U.S. Import Program or USIP) to meet essential import requirements and thus assist the government to overcome its great deficiencies in foreign exchange and internal revenues. The U.S. aid program also includes a project sector which concentrates on rural development but also covers education, health, agriculture, transportation, and technical assistance.

We have also strongly urged other free-world nations to help support the government. France, the United Kingdom, and Australia currently provide significant amounts of technical assistance and financial support, particularly to the Lao Government's monetary stabilization program through the Foreign Exchange Operations Fund (FEOF), in which the United States also participates.

CURRENT PROBLEMS

The immediate and essential task in Laos is to insure the continued viability of Souvanna's Government of National Union. Souvanna's role as Prime Minister in a coalition government is so closely interwoven with the implementation of the 1962 Geneva agreements that the collapse of his government would probably unravel the peace that has been precariously constructed in that country, with the danger Laos would again become the arena for a big power confrontation. The 1962 Geneva agreements were designed to enable this small but strategically situated nation to preserve its neutral status and thereby survive as a sovereign, independent, non-Communist state and a buffer between Communist China and North Viet-Nam and the free nations of Thailand, Cambodia, and the Republic of Viet-Nam. Preservation of this neutral posture has required and will continue to require substantial free-world support to enable the government to resist pressures being exerted by the PL and its supporters to undermine the Geneva settlement.

The United States has taken every occasion to make abundantly clear its support of the Geneva agreements and Souvanna's government. We have encouraged other free-world countries to adopt a similar position. As appropriate, we have made the U.S. position clear to the Soviet leaders and have called on them and the Communist bloc generally to honor their commitments under the agreements.

When Prince Souvanna visited the United States in July 1962 and again in September 1963, he received assurances of U.S. confidence and support from the President, the Secretary of State, and other high-ranking officials. In Vientiane the U.S. Ambassador and his staff maintain very close contact with the Prime Minister and his government. Our principal allies in Laos--Australia, France, and the United Kingdom--are also giving substantial support to strengthen the government.

External backing, however, will not be sufficient to insure the stability of the government or its capacity to resist Communist pressures. Equally necessary are the loyalty and support of the non-Communist Lao leaders and the people. Some progress is evident in this direction as Souvanna and General Phoumi have been able to work together in the national interest and in an effort to preserve the coalition and the Geneva framework. The United States has been encouraging all non-Communist elements to join forces in support of Souvanna during this critical period.

Reunification of the country remains an unsolved problem. PL-held territory has remained closed to free circulation by others, leaving the Communists unhampered in their program to indoctrinate the population they control, largely through intimidation and terrorist tactics. PL intransigence on this subject has proved to be the major obstacle to Souvanna's efforts to unite his people and extend the central administration into every province.

BASIC OBJECTIVES OF LAO GOVERNMENT

In the domestic sphere the Lao Government's objectives are to achieve national reconciliation and necessary economic, social, and administrative reforms in order to extend governmental influence effectively throughout the country. On the international plane Laos wishes to remain independent, enjoy friendly relations with its neighbors and other governments regardless of political system, and maintain a policy of strict neutrality in the conflict between the Communist bloc and the free world.

PRINCIPAL GOVERNMENT OFFICIALS

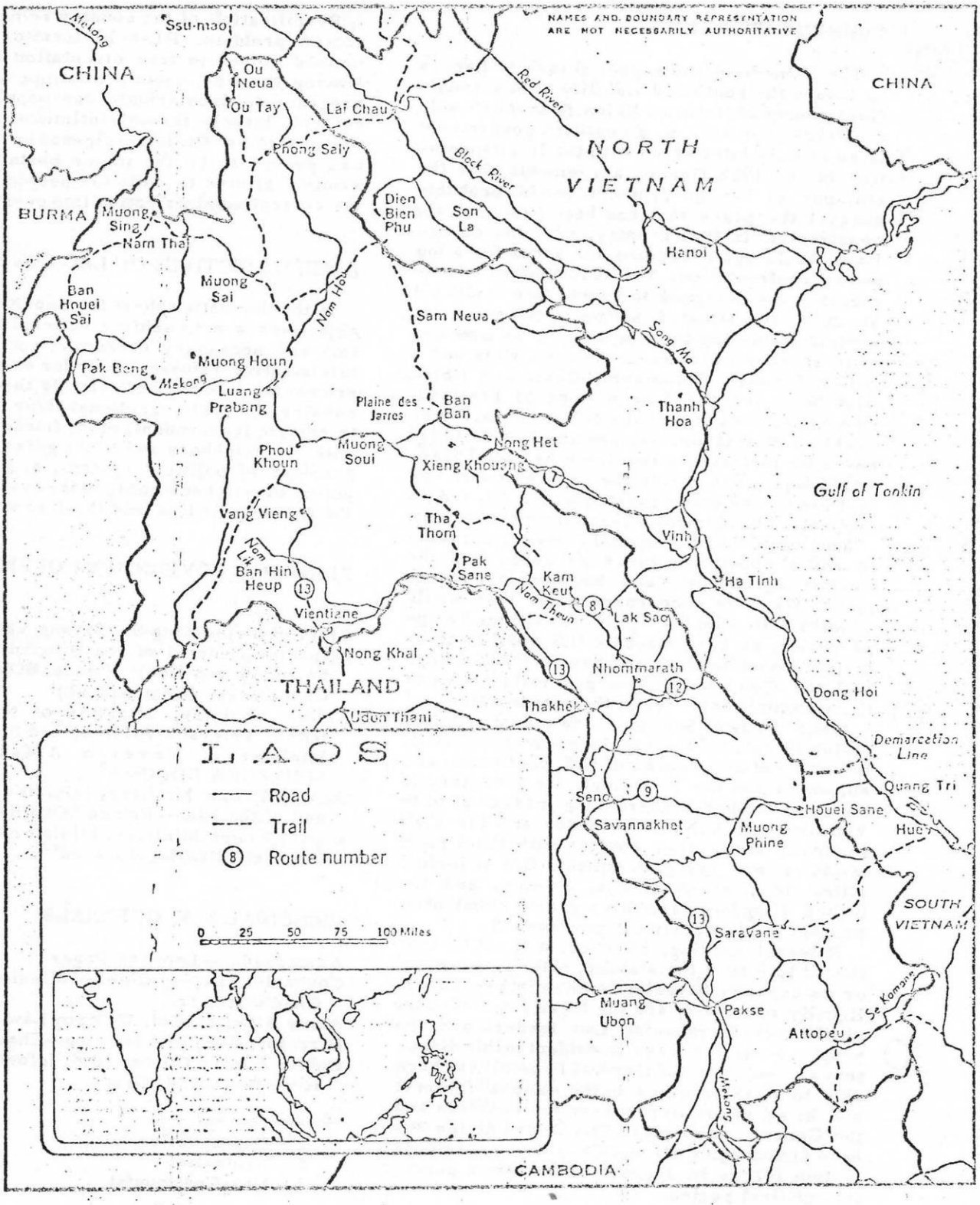
Chief of State--King Sri Savang Vatthana
Inspector General of the Kingdom (chiefly an honorary position)--Prince BOUN OUM Na Champassac (Champassak)[1]
Prime Minister, Minister of National Defense, Veterans Affairs, and Social Action, Minister of Foreign Affairs--Prince SOUVANNA PHOUMA[2]
Deputy Prime Minister, Minister of Economy and of the Plan--Prince SOUPHANOUVONG[3]
Deputy Prime Minister, Minister of Finance--General PHOUMI Nosavan[1]

PRINCIPAL U.S. OFFICIALS

Ambassador--Leonard Unger
Counselor (Deputy Chief of Mission)--Philip H. Chadbourn, Jr.
Army Attaché--Col. William Law
Director, U.S. AID Mission--Charles A. Mann
Public Affairs Officer (U.S. Information Service)--Gerard M. Gert

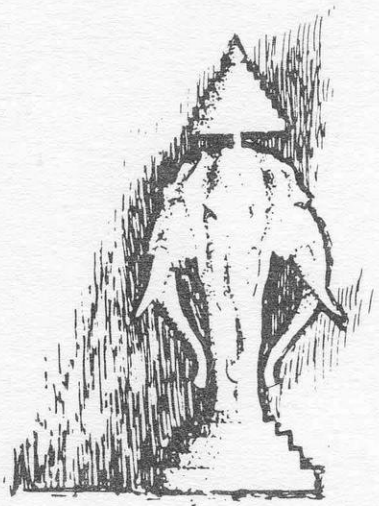
---

1 - Conservative
2 - Neutralist
3 - Pro-Communist


NAMES AND BOUNDARY REPRESENTATION ARE NOT NECESSARILY AUTHORITATIVE
Mekong
Ssu-mao
CHINA
Ou Neua
Ou Tay
Lai Chau
Phong Saly
Red River
Black River
NORTH VIETNAM
CHINA
BURMA
Muong Sing
Nam Tha
Dien Bien Phu
Son La
Hanoi
Ban Houei Sai
Muong Sai
Nam Ho
Sam Neua
Song Ma
Pak Beng
Mekong
Muong Houn
Luang Prabang
Plaine des Jarres
Ban Ban
Thanh Hoa
Phou Khoun
Muong Soui
Nong Het
Xieng Khouang
Gulf of Tonkin
Vang Vieng
Tha Thom
Vinh
Nam Lik
Ban Hin Heup
Pak Sane
Kam Keut
Ha Tinh
Vientiane
Nam Theun
Lak Sao
Nong Khai
Nhommarath
THAILAND
Thakhek
Dong Hoi
Udon Thani
Demarcation Line
LAOS
Road
Trail
Route number
Seno
Quang Tri
Savannakhet
Houei Sane
Muong Phine
Hue
0 25 50 75 100 Miles
SOUTH VIETNAM
Saravane
Muang Ubon
Pakse
Se Kamane
Attopeu
Mekong
CAMBODIA

DAYTON MAXWELL

Statistical Report



MARCH 1965

LAOS

PREPARED BY:

USAID LAOS

OFFICE OF ECONOMIC AFFAIRS

C O N T E N T S*

A. Charts

A-1 - Consumer prices for Laotian Family in Vientiane and Savannakhet
A-2 - Foreign Exchange
A-3 - Money Supply and Net Foreign Exchange
A-4 - Budget Deficit, Budget Expenditures, Cumulative Borrowing and Money Supply
A-5 - Foreign Trade

B. Prices

B-1 - Consumer Prices for Laotian Family in Vientiane
B-2 - Consumer Prices for European Family in Vientiane
B-3 - USAID Consumer Price Index for Vientiane
B-4 - Consumer Prices for Laotian Family in Luang Prabang
B-5 - Consumer Pfices for Laotian Family in Savannakhet
B-6 - Open Market Rate of U.S. Dollar

C. Monetary and Banking Statistics

C-1 - Foreign Exchange Holdings by the National Bank of Laos
C-2 - Money Supply
C-3 - Monetary Assets and Money Supply
C-4 - Money Supply and Coverage of Kip
C-5 - National Bank of Laos, Assets and Liabilities
C-6 - National Bank of Laos, Receipts and Sales of Foreign Exchange
C-7 - Foreign Exchange Operations Fund

D. Government Finance

D-1 - Lao Budget Revenues and Expenditures
D-2 - Advances to the Government from the National Bank of Laos
D-3 - Lao Budget Revenues

E. Program Statistics

E-1 - Regular Counterpart Fund Status
E-2 - Deposits in Counterpart Fund by Origin
E-3 - Withdrawals from Counterpart by Use
E-4 - United States Commercial Import Program - Applications, Letters of Credit and Arrivals
E-5 - United States Commercial Import Program - Commodity Composition

F. Foreign Trade

F-1 - Imports
F-2 - Imports by Commodity
F-3 - Imports by Country of Origin
F-4 - Imports by Type of Financing
F-5 - Exports
F-6 - Exports by Commodity
F-7 - Exports by Country of Destination
F-8 - Imports of Petroleum Products

G. Agriculture

G-1 - Forestry Production
G-2 - Livestock Slaughtered
G-3 - Production of Hides
G-4 - Production Estimates of Principal Agricultural Crops.

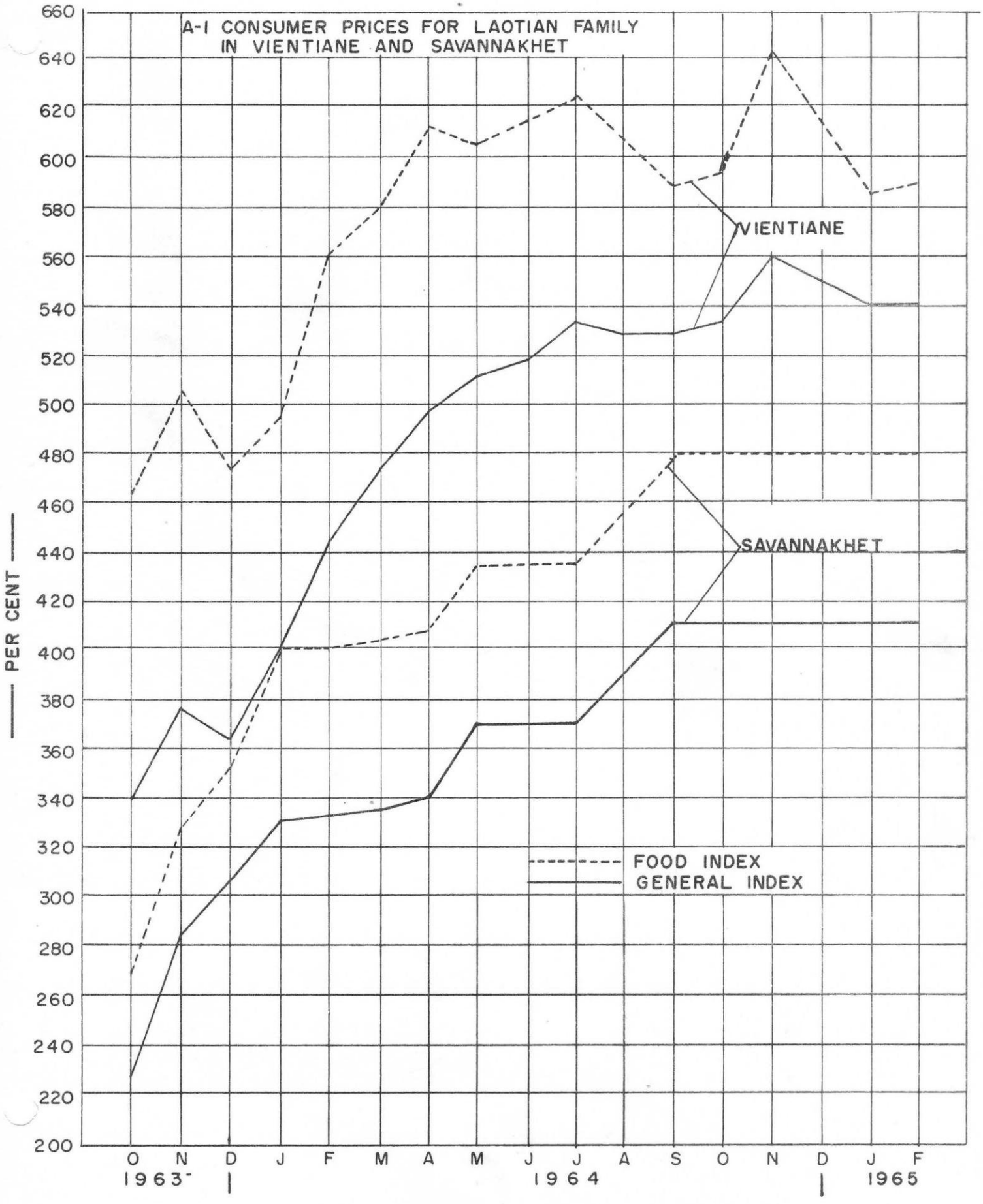
H. Mining and Industry

H-1 - Production of Tin Concentrates
H-2 - Production of Electricity

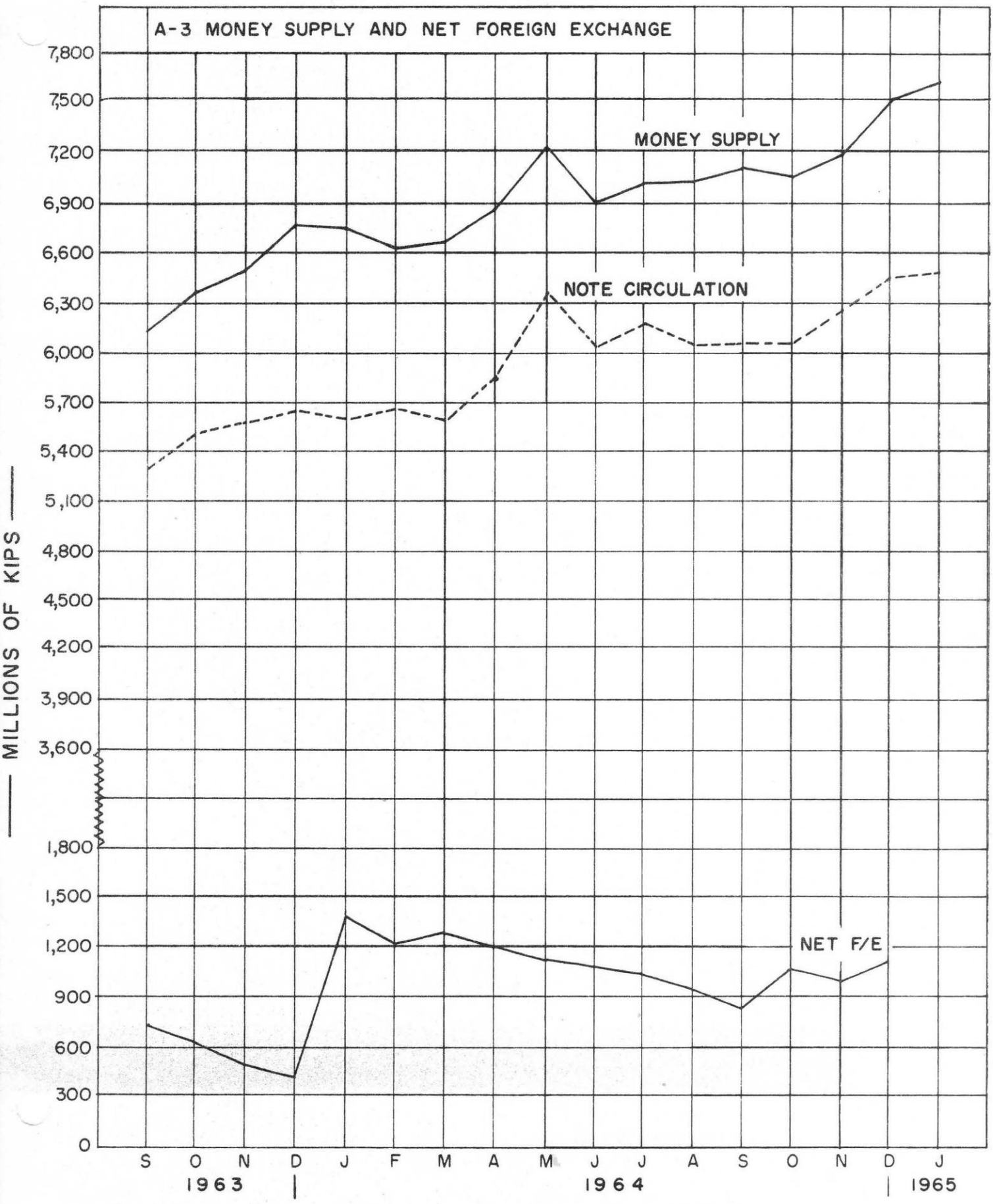
I. Civil Aviation Traffic

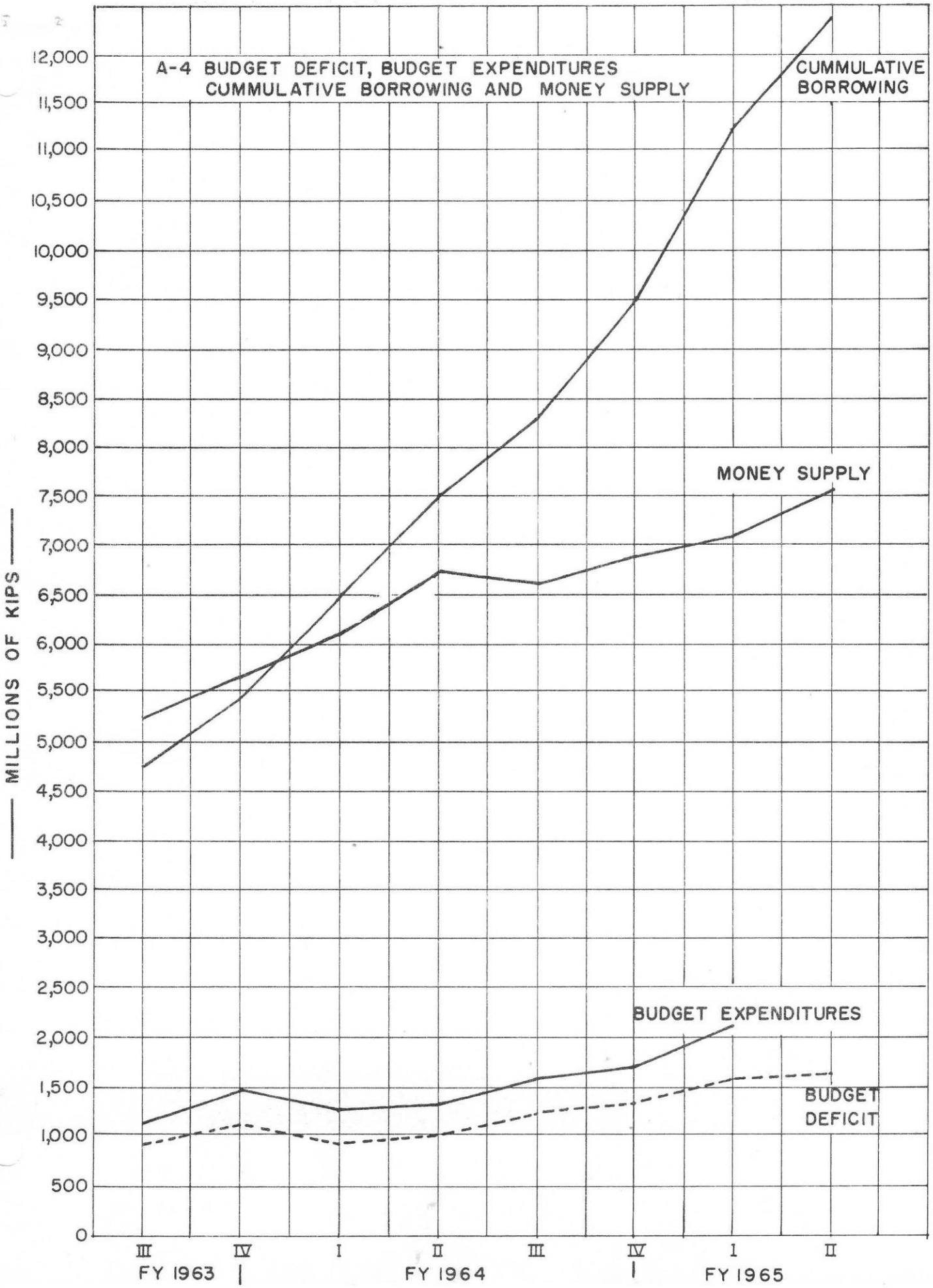
I-1 - Local - Arrivals
I-2 - International - Arrivals

*This issue of the Statistical Report follows the Statistical Report for November 1964 and includes all information available at the time of publication, March 1965.
Special attention is called to all charts and tables where conversion of foreign currencies into local currency was necessary. The exchange rate is 80 kip to $ 1 before January 1, 1964 and 240 kip to $1 thereafter, will the exception of imports of gold. In order to increase customs revenues, as of May 1, 1964 the open market kip/dollar rate on the day of custom declaration is applied to determine the kip value of imported gold. (See Table B-6 for open market kip/dollar rates).


A-1 CONSUMER PRICES FOR LAOTIAN FAMILY
IN VIENTIANE AND SAVANNAKHET
660
640
620
600
580
560
540
520
500
480
460
440
420
400
380
360
340
320
300
280
260
240
220
200
PER CENT
VIENTIANE
SAVANNAKHET
FOOD INDEX
GENERAL INDEX
O N D J F M A M J J A S O N D J F
1963
1964
1965


A-2 FOREIGN EXCHANGE HOLDINGS BY BNL
EXCHANGE RATE:
U.S. $ = 80 KIP BEFORE JAN.1, 1964
U.S. $ = 240 KIP AFTER JAN.1, 1964
FR.FR.= 16.2 KIP BEFORE JAN.1, 1964
FR.FR.=48.6 KIP AFTER JAN.1, 1964
TOTAL F/E
U.S. $
NET F/E
FR. FRANC
300
3,150
3,000
2,850
2,700
2,550
2,400
2,250
2,100
1,950
1,800
1,650
1,500
1,350
1,200
1,050
900
750
600
450
300
150
0
A S O N D J F M A M J J A S O N D
1963
1964


A-3 MONEY SUPPLY AND NET FOREIGN EXCHANGE
MONEY SUPPLY
NOTE CIRCULATION
NET F/E
— MILLIONS OF KIPS —
7,800
7,500
7,200
6,900
6,600
6,300
6,000
5,700
5,400
5,100
4,800
4,500
4,200
3,900
3,600
1,800
1,500
1,200
900
600
300
0
S O N D J F M A M J J A S O N D J
1963
1964
1965


A-4 BUDGET DEFICIT, BUDGET EXPENDITURES
CUMMULATIVE BORROWING AND MONEY SUPPLY
CUMMULATIVE BORROWING
MONEY SUPPLY
BUDGET EXPENDITURES
BUDGET DEFICIT
— MILLIONS OF KIPS —
12,000
11,500
11,000
10,500
10,000
9,500
9,000
8,500
8,000
7,500
7,000
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
500
0
III
IV
I
II
III
IV
I
II
FY 1963
FY 1964
FY 1965

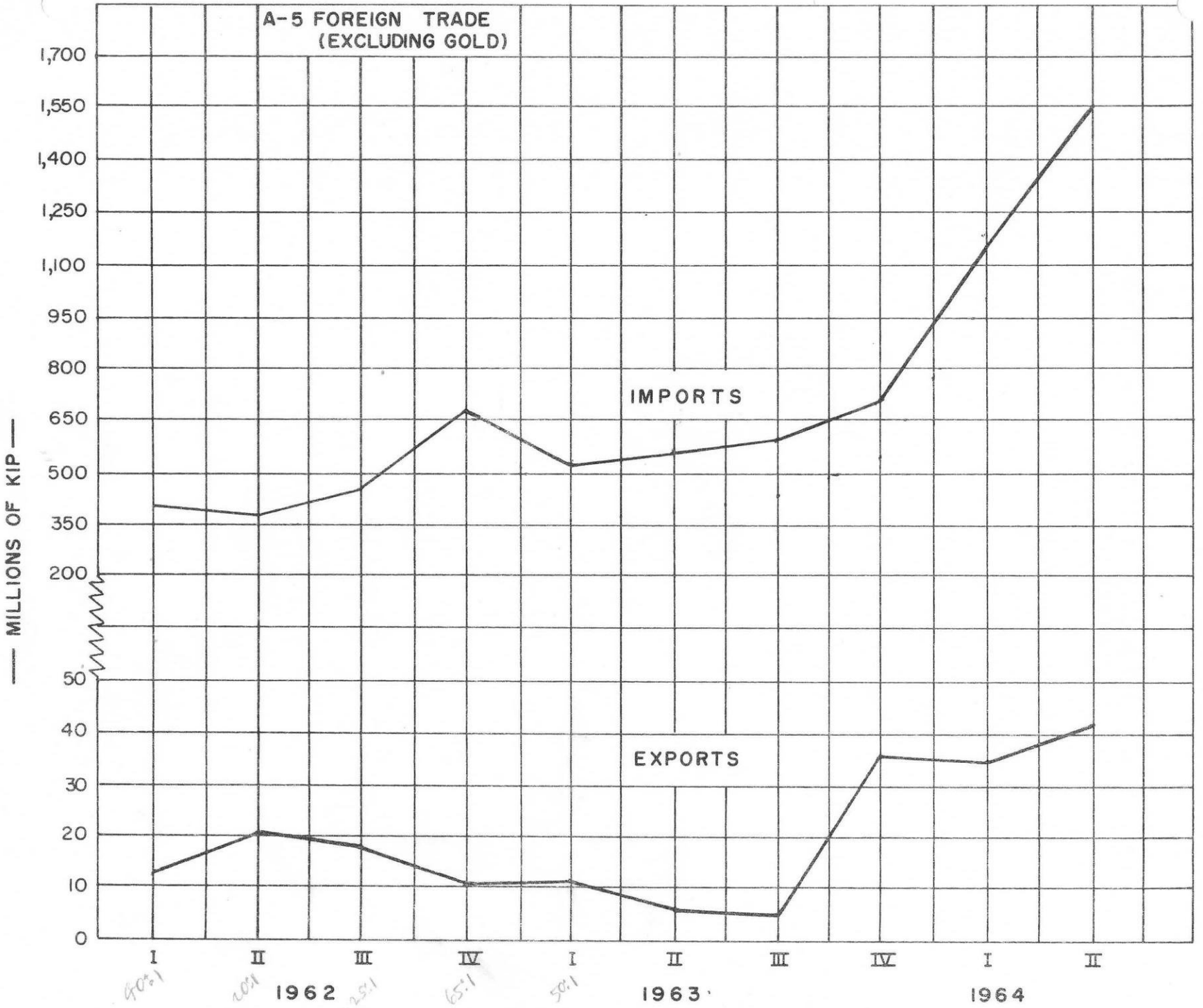

A-5 FOREIGN TRADE
(EXCLUDING GOLD)
— MILLIONS OF KIP —
1,700
1,550
1,400
1,250
1,100
950
800
650
500
350
200
50
40
30
20
10
0
IMPORTS
EXPORTS
I
II
III
IV
I
II
III
IV
I
II
1962
1963
1964

Table B - 1

Consumer Prices for Laotian Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	145	97	154	134	123	134
1963	325	149	172	199	167	256
Jan 64	495	261	260	374	231	401
Feb 64	560	311	287	380	241	445
Mar 64	581	372	287	435	273	473
Apr 64	613	376	287	439	306	497
May 64	604	406	287	528	353	513
Jun 64	613	410	287	528	354	519
Jul 64	623	411	287	564	398	535
Aug 64	603	419	342	567	413	530
Sep 64	588	423	342	611	426	529
Oct 64	597	422	342	612	430	534
Nov 64	643	427	342	612	430	561
Dec 64	615	437	342	612	460	551
Monthly Average	595	390	308	522	353	507
Jan 65	585	449	342	631	475	541
Feb 65	588	449	342	631	472	542

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 2

Consumer Prices for European Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	60	25	4	12	37	138
% of Weight	55.0	15.0	7.0	8.7	14.3	100.0
1962	150	99	130	128	126	135
1963	335	143	145	192	181	259
Jan 64	536	244	222	358	247	413
Feb 64	598	303	245	364	260	460
Mar 64	605	372	245	408	285	478
Apr 64	616	374	245	412	314	494
May 64	624	392	245	493	345	507
Jun 64	652	395	245	493	347	523
Jul 64	663	396	245	522	381	537
Aug 64	660	403	292	525	402	543
Sep 64	641	407	292	577	418	540
Oct 64	652	407	292	580	423	547
Nov 64	688	410	292	580	426	568
Dec 64	658	420	292	580	443	555
Monthly Average	629	377	263	491	358	514
Jan 65	628	426	292	596	449	542
Feb 65	634	426	292	596	445	545

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 3

USAID Consumer Price Index for Vientiane
(October 1962 = 100)

Month \ Year	1962	1963	1964	1965
Jan		110	347	396
Feb		112	378	403
Mar		122	366	
Apr		147	378	
May		208	395	
Jun		219	394	
Jul		268	390	
Aug		280	390	
Sep		276	390	
Oct	100	327	391	
Nov	111	344	415	
Dec	107	321	402	

Source: Office of Economic Affairs, USAID/Laos

Table B - 4

Consumer Prices for Laotian Family in Luang Prabang
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	145	142	238	134	144	146
1963	387	273	333	418	305	359
Jan 64	745	1,195	469	957	513	781
Feb 64	798	1,189	469	1,013	566	819
Mar 64	803	1,212	469	1,044	582	837
Apr 64	844	1,217	469	1,044	583	861
May 64	852	1,240	484	1,399	706	926
Jun 64	934	1,282	484	1,552	892	1,025
Jul 64	940	1,282	484	1,595	898	1,034
Aug 64	938	1,284	576	1,615	898	1,038
Sep 64	907	1,284	576	1,615	898	1,021
Oct 64	999	1,290	623	1,720	1,204	1,136
Nov 64	1,052	1,430	623	1,720	1,205	1,185
Dec 64	1,059	1,462	623	1,720	1,204	1,193
Monthly Average	906	1,280	529	1,416	856	988
Jan 65	880	848	547	1,606	1,084	974
Feb 65	954	880	547	1,606	1,084	1,020

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 5

Consumer Prices for Laotian Family in Savannakhet
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1962	121	112	72	106	136	119
1963	235	148	110	227	176	208
Jan 64	400	204	161	352	235	333
Feb 64	400	204	161	352	235	333
Mar 64	404	204	161	352	235	335
Apr 64	409	218	161	352	235	340
May 64	437	233	161	371	304	371
Jun 64	437	234	161	371	304	371
Jul 64	437	234	161	371	304	371
Aug 64	459	234	161	371	343	390
Sep 64	479	292	161	371	359	412
Oct 64	479	292	161	371	359	412
Nov 64	479	292	161	371	359	412
Dec 64	479	292	161	371	359	412
Monthly Average	442	245	161	365	303	374
Jan 65	479	292	161	371	359	412
Feb 65	479	292	161	371	359	412

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 6

Open Market Rate of U.S. Dollar
(Monthly Average)

Official Rate: $1 = 80K; from Jan. 1, 1964 $1 = 240K

1962	Jan	Feb	March	April	May	June
	90	105	115	130	125	100
	July	Aug	Sept	Oct	Nov	Dec
	105	120	140	160	155	150
1963	Jan	Feb	March	April	May	June
	153	170	205	247	305	310
	July	Aug	Sept	Oct	Nov	Dec
	357	366	400	522	463	443
1964	Jan	Feb	March	April	May	June
	479	488	493	495	499	500
	July	Aug	Sept	Oct	Nov	Dec
	497	497	497	497	499	501
1965	Jan	Feb				
	500	501				

* From January 1, 1964, Foreign Exchange Operations Fund's (FEOF) average monthly selling rate.

Table C - 1

Foreign Exchange Holdings by National Bank of Laos
(Millions of Kips)

End of Period	U.S. $ (Gross)	Fr. Francs (Gross)	Others (Gross)	Total	Liabilities in Foreign Exchange	Net
1962						
I	1,622.0	392.5	.3	2,014.7	86.4	1,928.3
II	1,673.8	371.7	.3	2,045.7	140.9	1,904.8
III	1,823.4	348.9	.3	2,172.5	224.8	1,947.8
IV	1,585.2	358.9	.2	1,944.3	177.7	1,766.6
1963						
I	1,378.4	336.4	.2	1,715.0	122.9	1,592.1
II	1,214.7	319.5	.2	1,534.4	423.1	1,111.3
III	991.4	285.0	.2	1,276.6	532.2	744.4
IV	849.2	202.6	.4	1,052.1	621.7	430.5
1964						
Jan	2,654.8	560.7	2.1	3,217.5	1,780.7	1,436.8
Feb	2,452.5	506.2	2.1	2,960.9	1,746.7	1,214.2
Mar	2,414.1	478.5	2.1	2,894.6	1,618.4	1,276.2
Apr	2,399.8	473.3	2.0	2,875.1	1,659.7	1,215.3
May	2,083.1	447.0	2.0	2,532.1	1,393.1	1,139.0
Jun	2,188.7	446.5	2.0	2,637.1	1,539.1	1,098.0
Jul	2,229.3	391.5	2.0	2,622.7	1,563.4	1,059.3
Aug	2,035.4	397.0	2.0	2,434.4	1,508.1	926.3
Sep	1,963.6	424.5	2.0	2,390.0	1,526.7	863.3
Oct	1,693.6	460.6	1.9	2,156.2	1,065.0	1,091.2
Nov	1,372.5	440.2	1.9	1,814.6	775.1	1,039.5
Dec	1,309.8	483.1	1.9	1,794.8	515.5	1,279.3

*Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 2

Money Supply
(Millions of Kips)

End of Period	Note (1) Circulation	Private (2) Demand Deposits	Total
1962			
I	2,761.3	259.3	3,020.6
II	3,213.6	464.2	3,677.8
III	3,748.2	584.0	4,332.2
IV	3,969.8	611.6	4,581.4
1963			
I	4,359.9	877.9	5,237.8
II	4,820.0	844.8	5,664.8
III	5,300.1	842.1	6,142.2
IV	5,671.3	1,095.5	6,766.8
1964			
Jan	5,633.0	1,093.3	6,726.3
Feb	5,671.8	957.3	6,629.1
Mar	5,627.8	1,025.6	6,653.4
Apr	5,876.5	1,017.6	6,894.1
May	6,350.8	912.1	7,262.9
Jun	6,021.9	881.9	6,903.8
Jul	6,148.6	887.3	7,035.9
Aug	6,059.6	979.4	7,039.0
Sep	6,046.1	1,067.5	7,113.6
Oct	6,061.7	1,006.4	7,068.1
Nov	6,259.3	960.8	7,220.1
Dec	6,476.5	1,054.1	7,530.6
1965			
Jan	6,502.7	1,116.9	7,619.6
Feb	6,604.5		

(1) Exclusive of inactive notes issued by the Institut d'Emission prior to independence

(2) Exclusive of deposits of French Disbursing Office at the Banque de l'IndoChine

Source: Banque Nationale du Laos

Table C - 3

Monetary Assets and Money Supply
(Millions of Kips)

Balance at End of Period	Commercial Bank Reserves		Private Demand Deposits					Total Money Supply	Total Monetary Assets
	CB dep's in Treas'y	CB dep's in BNL	Total 1 & 2	at CB's	at BNL	Total 4 & 5	Kip in Cir'n(1)	6 & 7	3 & 8
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1962									
I	7.3	77.7	85.0	229.3	30.0	259.3	2,761.3	3,020.6	3,105.6
II	19.4	205.8	225.2	418.1	46.1	464.2	3,213.6	3,677.8	3,903.0
III	44.4	295.8	340.2	535.0	49.0	584.0	3,748.2	4,332.2	4,672.4
IV	40.2	390.1	430.3	538.6	73.0	611.6	3,969.8	4,581.4	5,011.7
1963									
I	99.8	471.6	571.4	636.9	241.0	877.9	4,359.9	5,237.8	5,809.2
II	68.3	485.3	553.6	622.4	222.4	844.8	4,820.0	5,664.8	6,218.4
III	74.6	581.9	656.5	663.6	178.5	842.1	5,300.1	6,142.2	6,798.7
IV	62.0	786.0	848.0	870.9	224.6	1,095.5	5,671.3	6,766.8	7,614.8
1964									
Jan	92.5	777.6	870.1	890.4	202.9	1,093.3	5,633.0	6,726.3	7,596.4
Feb	67.0	727.0	794.0	738.9	218.4	957.3	5,671.8	6,629.1	7,423.1
Mar	191.1	823.2	1,014.3	798.6	227.0	1,025.6	5,627.8	6,653.4	7,667.7
Apr	127.4	698.7	826.1	809.4	208.2	1,017.6	5,876.5	6,894.1	7,720.2
May	127.4	617.7	745.1	621.2	290.9	912.1	6,350.8	7,262.9	8,008.0
Jun	129.5	571.9	701.4	623.4	258.5	881.9	6,021.9	6,903.8	7,605.2
Jul	125.7	705.8	831.5	638.5	248.8	887.3	6,148.6	7,035.9	7,867.4
Aug	108.6	790.1	898.7	658.1	321.3	979.4	6,059.6	7,039.0	7,937.7
Sep	119.5	970.9	1,090.4	766.0	301.5	1,067.5	6,046.1	7,113.6	8,204.0
Oct	107.6	904.5	1,012.1	723.3	283.1	1,006.4	6,061.7	7,068.1	8,080.2
Nov	75.2	983.2	1,058.4	648.5	312.3	960.8	6,259.3	7,220.1	8,278.5
Dec	71.6	1,032.5	1,104.1	696.1	358.0	1,054.1	6,476.5	7,530.6	8,634.7

(1) Adjusted figure. See note (1) to Table C - 2

Source: Banque Nationale du Laos

Table C - 4

Money Supply and Coverage of Kip (1)
(Millions of Kips)

End of Period	Kip in Circulation (2)	Total Money Supply (3)	Net Foreign Exchange at BNL	Coverage of Kip
1962				
I	2,761.3	3,258.0	1,928.3	59,18%
II	3,213.6	4,029.6	1,904.8	47.27%
III	3,748.2	4,507.0	1,947.8	43.21%
IV	3,969.8	5,087.5	1,766.6	34.72%
1963				
I	4,359.9	6,049.9	1,592.1	26.32%
II	4,820.0	6,142.5	1,111.3	18.09%
III	5,300.1	6,934.1	744.4	10.73%
IV	5,671.3	7,486.0	430.5	5.75%
1964				
Jan	5,633.0	7,293.3	1,436.8	19.70%
Feb	5,671.8	7,290.1	1,214.1	16.65%
Mar	5,627.8	7,565.2	1,276.2	16.87%
Apr	5,876.5	7,534.7	1,215.3	16.13%
May	6,350.8	7,831.5	1,139.0	14.54%
Jun	6,021.9	7,443.4	1,098.0	14.75%
Jul	6,148.6	8,239.5	1,059.3	12.86%
Aug	6,059.6	7,810.4	926.3	11.86%
Sep	6,046.1	8,574.3	863.3	10.07%
Oct	6,061.7	8,419.4	1,091.2	12.96%
Nov	6,259.3	9,055.7	1,039.5	11.48%
Dec	6,476.5	9,413.9	1,279.3	13.59%

(1) This is BNL's legal method of determining coverage
(2) Adjusted figure
(3) Including demand deposits (commercial banks deposits at BNL, commercial banks deposits at Treasury, Treasury deposits at BNL, American Aid deposits at BNL and private deposits at BNL).

Source: Banque Nationale du Laos

Table C - 5a

National Bank of Laos

Assets

(Millions of Kips)

End of Month	Dec 62	Dec 63	June 64	Sept 64	Oct 64	Nov 64
Foreign Exchange Holdings						
U.S. Dollars	1,427.2	687.7	1,704.2	1,479.1	1,209.1	888.0
French Francs	358.9	202.6	446.5	424.5	460.6	440.2
Others	.2	.4	2.0	2.0	1.9	1.9
Subscription to International Financial Organization (Foreign Exchange) (1)	158.0	161.5	484.5	484.5	484.5	484.5
Sub-Total	1,944.3	1,052.1	2,637.1	2,390.0	2,156.1	1,814.6
Letter of Credit opened by U.S. Government at Chase Manhattan Bank	-	391.8	125.6	81.3	1,364.1	1,364.1
Advances to the State						
Loans arising from liquidation of old Indochina Treasury	340.6	340.6	340.6	340.6	340.6	340.6
Loans to the State (Consolidated)	305.0	305.0	305.0	305.0	305.0	305.0
Temporary Advances to the State	3,498.6	7,498.6	7,571.6 (2)	7,635.6 (2)	7,635.6 (2)	7,635.6 (2)
Subscription to International Financial Organization (in kips)	72.0	72.0	72.0	72.0	72.0	72.0
Sub-Total	4,216.2	8,216.2	8,289.2	8,353.2	8,353.2	8,353.2
Participation in different enterprises	86.7	106.7	128.7	132.7	132.7	132.7
Miscellaneous Assets	190.1	254.1	2,435.6	4,236.1	4,519.0	5,640.3
Fixed Assets	53.2	78.7	98.2	114.7	114.8	121.4
Total	6,490.5	10,099.6	13,714.5	15,308.0	16,639.9	17,426.2

@Total may not add due to rounding

Source: Banque Nationale du Laos

(1) See note (2) to Table C-5b

(2) Including interest charges

Table C - 5b

National Bank of Laos

Liabilities
(Millions of Kips)

End of Month	Dec 62	Dec 63	June 64	Sept 64	Oct 64	Nov 64
Notes in Circulation (1)	4,289.0	5,990.6	6,341.1	6,365.3	6,380.9	6,578.5
Treasury Deposits	389.9	670.6	185.7	802.2	593.2	922.2
Counterpart Fund Deposits	224.5	71.5	275.9	460.6	594.5	656.0
Banks and Other Deposits	463.1	1,010.6	830.4	1,272.4	1,187.6	1,295.5
International Financial Organizations Deposits (2)	71.7	100.5	100.5	100.5	100.5	100.5
Foreign Exchange Liabilities	177.7	621.7	1,539.1	1,526.8	1,065.0	775.1
Provisions and Reserves	388.9	409.9	616.0	579.5	579.5	573.1
Counterpart of Letter of Credit at Chase Manhattan Bank	-	391.8	125.6	81.3	1,364.1	1,364.1
Miscellaneous	485.6	832.4	3,700.0	4,119.3	4,774.5	5,161.1
Total	6,490.5	10,099.6	13,714.5	15,308.0	16,639.9	17,426.2

@Totals may not add due to rounding
(1) Including unadjusted figure for notes of the former Institut d'Emission
(2) Transfers effected by the BNL to IMF and IBRD. As counterpart, RLG deposited a Treasury Bond of 230 million kips

Source@ Banque Nationale du Laos

Table C - 6a

National Bank of Laos

Receipts of Foreign Exchange
(Thousands of U.S.Dollars)

Period	A.I.D.	Embassies	International Organizations	B.N.L.	Private Sector	T O T A L
1962	13,000.0	3,274.1	735.5	629.7	317.1	17,956.4
1963	2,000.0	659.4	1,040.0	432.2	732.9	4,864.5
1964						
Jan	500.0	14.2	60.6	-	164.3	739.0
Feb	-	35.3	4.5	-	8.3	48.2
Mar	627.7	22.0	32.5	-	246.9	929.1
Apr	73.9	26.4	8.5	-	103.8	212.7
May	490.8	27.0	60.0	-	54.9	632.7
Jun	607.4	37.9	12.5	-	5.8	663.6
Jul	-	41.9	5.0	-	45.8	92.7
Aug	122.4	29.6	36.0	-	111.2	299.2
Sep	451.0	21.7	24.9	-	71.1	568.7
Oct	498.8	178.0	34.0	-	38.8	749.7
Nov	361.7	34.1	32.5	-	66.0	494.3
Dec	459.6	283.5	30.5	-	63.6	837.2
Total 1964	4,193.2	751.7	341.5	-	980.5	6,267.0
1965						
Jan	312.1	105.2	-	-	64.3	481,6
Feb	144.0	12.7	2.0	-	68.4	227.0

*Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 6b

National Bank of Laos
Sales of Foreign Exchange
(Thousands of U.S. Dollars)

Period	Civil Administration	Military and Police	Students	Private Sector	Merchandise (1)	T O T A L
1962	4,332.8	305.9	347.9	3,252.7	8,186.1	16,425.5
1963	2,819.8	521.2	504.0	1,872.8	19,936.8	25,654.6
1964						
Jan	13.9	1.5	7.7	1.4	391.8	416.3
Feb	59.2	5.0	60.0	1.5	353.1	478.8
Mar	272.0	-	55.1	5.4	1,296.2	1,628.6
Apr	304.0	0.7	32.7	6.8	464.5	808.7
May	412.0	0.4	164.4	6.2	747.9	1,331.0
Jun	437.9	4.3	117.8	87.1	885.8	1,532.9
Jul	337.5	0.6	85.7	139.3	347.8	910.8
Aug	298.2	-	110.9	158.5	578.9	1,146.5
Sep	219.0	22.8	197.4	65.6	721.3	1,226.1
Oct	189.8	18.7	113.0	9.8	1,824.6	2,155.9
Nov	156.2	24.5	180.7	43.7	1,221.7	1,626.8
Dec	95.4	15.2	55.2	63.6	915.7	1,145.1
Total 1964	2,795.1	93.6	1,180.7	589.0	9,749.4	14,407.7
1965						
Jan	261.2	9.7	79.8	25.5	607.9	1,084.0
Feb	155.2	0.7	96.3	19.1	559.0	830.3

(1) Since 1963 includes also United States and United Kingdom Commercial Import Programs

*Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 7

Foreign Exchange Operations Fund

Month	FEOF Sales (000 U.S.$)	Average FEOF Kip/Dollar Rate	Kip Acquired by FEOF (000Kip)
Jan 64	855.0	478.6	409,210
Feb 64	875.0	487.9	426,956
Mar 64	830.0	492.9	409,099
Apr 64	287.0	495.1	142,085
May 64	679.0	498.8	338,703
Jun 64	595.0	500.0	297,499
July 64	463.7	496.9	230,439
Aug 64	644.0	497.0	320,097
Sep 64	549.0	496.7	272,674
Oct 64	617.0	497.0	306,649
Nov 64	792.3	499.3	395,580
Dec 64	599.0	500.8	300,023
Total 1964	7,786.0	494.4	3,849,014
Jan 65	797.3	500.0	398,649
Feb 65	495.0	500.8	247,896

Source: Foreign Exchange Operations Fund

Table D - 1

Lao Budget Revenues and Expenditures

(Millions of Kips)

Period	US Budget Support	Borrowing from BNL	Change in Tr.Balance	Total Deficit	Budget Revenues	Total Budget Expenditures
FY 62	1,712	+1,609	+ 185	3,136	542(1)	3,678
FY 63	806	+3,290	- 61	4,157	894(2)	5,051
1st Qr.FY 64	33	+1,100	+ 207	926	318	1,244
2nd Qr.FY 64	38	+ 950	+ 13	975	305	1,280
3rd Qr.FY 64	5(3)	+ 850	- 442	1,297	343	1,640
4th Qr.FY 64	139	+1,150	- 43	1,332	401	1,733
Total FY 64	215	+4,050	- 265	4,530	1,367	5,897
Jul 64	114	+ 850	+ 377	587	197	784
Aug 64	120(4)	-	- 279	399	211	610
Sep 64	107	+1,000	+ 519	588	186	774
1st Qr.FY 65	341	+1,850	+ 617	1,574	594	2,168
Oct 64	79	-	- 209	288		
Nov 64	49	+ 906	+ 329	626		
Dec 64	195	+ 244	- 257	696		
2nd Qr. FY 65	323	+1,150	- 137	1,610		

(1) Including 197 from the Lao Stabilization Fund
(2) Including 48 from the Lao Stabilization Fund
(3) Including British Budget Support of 20 in April 64
(4) Including British Budget Support of 30

Table D - 2

Advances to the RLG from the National Bank of Laos
(Millions of Kips)

Period	Advances	BNL "Advances to the State" Outstanding	"Advances against Reimbursement from USIP" Outstanding (1)
1962	2,899.0	3,498.6	-
1963	4,000.0	7,498.6	-
1964			
Jan	50.0	7,548.6	-
Feb	400.0	7,548.6	400.0
Mar	400.0	7,548.6	800.0
Apr	350.0	7,548.6	1,150.0
May	800.0	7,548.6	1,950.0
Jun	-	7,548.6	1,950.0
Jul	850.0	7,548.6	2,800.0
Aug	-	7,548.6	2,800.0
Sep	1,000.0	7,598.6	3,750.0
Oct	-	7,598.6	3,750.0
Nov	906.0	7,598.6	4,656.0
Dec	243.5	7,598.6	4,899.5
1965			
Jan	-	7,598.6	4,899.5
Feb	462.3	7,598.6	5,361.8

(1) In February 1964, a new account labelled "Advances Against Reimbursement from USIP" was opened by RLG with the BNL. It is intended that these advnaces will be cancelled through a transfer of funds from U.S. Counterpart Account.

Source: Banque Nationale du Laos

Table D - 3

Lao Budget Revenues

(Thousands of Kip)

Period	State Forests	P.T.T.	Registry	Customs	Indirect Taxes	Direct Taxes	T O T A L
1962	4,370	37,147	18,002	418,593	118,117	50,153	646,382
1963	8,890	56,962	27,392	591,481	190,904	55,826	931,455
1964							
Jan	737	6,604	3,188	82,023	24,019	7,261	123,832
Feb	797	5,524	2,171	80,387	13,500	7,740	110,120
Mar	1,270	6,867	3,526	76,117	15,483	6,168	109,431
Total 1st Qr.	2,804	18,995	8,886	238,527	53,002	21,169	343,383
Apr	636	5,425	2,666	66,645	12,703	4,651	92,726
May	705	7,848	3,146	101,845	19,699	11,879	145,122
Jun	929	8,025	3,938	124,973	20,001	5,277	163,143
Total 2nd Qr.	2,270	21,298	9,750	293,463	52,403	21,807	400,991
Jul	670	6,007	4,988	136,933	25,417	23,329	197,344
Aug	690	8,255	4,286	138,001	30,340	29,310	210,882
Sep	855	8,863	4,540	132,170	20,984	18,407	185,819
Total 3rd Qr.	2,215	23,125	13,814	407,104	76,741	71,046	594,045
Oct	545		4,037	136,471	28,429	14,197	
Nov	623		3,212	138,552	25,798	9,798	
Dec	1,153		4,858	176,690	48,104	11,669	
Total 4th Qr.	2,321		12,107	451,713	102,331	35,664	
Total 1964	9,610		44,557	1,390,807	284,477	149,686	

Source: Ministère des Finances du Laos

Table E - 1

Regular Counterpart Fund Status
(Excluding Section 402 U.S. Owned Local Currency Account)
(Millions of Kips)

Period	Deposits During Period	Deposits Cumulative	Withdrawals During Period	Withdrawals Cumulative	Balance
Total through 1961		13,359		13,327	32
1962	1,188	14,547	997	14,324	223
1963	265	14,812	463	14,787	25
1964					
Jan	61	14,873	3	14,790	83
Feb	62	14,935	108	14,898	37
Mar	208	15,143	68	14,966	177
Apr	67	15,210	3	14,969	241
May	178	15,388	247	15,216	172
Jun	107	15,495	91	15,307	188
Jul	398	15,893	162	15,469	424
Aug	106	15,999	297	15,766	233
Sep	206	16,205	154	15,920	285
Oct	167	16,372	102	16,022	350
Nov	178	16,550	201	16,223	327
Dec	288	16,838	422	16,645	193
Total 1964	2,026	16,838	1,858	16,645	193
1965					
Jan	165	17,003	278	16,923	80
Feb	716	17,719	195	17,118	601

Source: Office of the Controller, USAID/Laos

Table E - 2

Deposits in Counterpart Fund by Origin
(Millions of Kips)

Period	Procurement Authorization	Cash Grant Dollars	USIP	Others	Total
Total through 1961	1,093	11,084	-	1,182	13,359
1962	88	1,040	-	60	1,188
1963	105	160	-	-	265
1964					
Jan	21	-	-	40	61
Feb	1	-	61	-	62
Mar	-	-	90	118	208
Apr	35	-	-	32	67
May	5	-	124	49	178
Jun	-	-	-	107	107
Jul	32	-	16	350	398
Aug	16	-	-	90	106
Sep	-	-	29	177	206
Oct	13	-	39	115	167
Nov	10	-	-	168	178
Dec	1	-	123	164	288
Total 1964	134	-	482	1,410	2,026
1965					
Jan	4	-	-	161	165
Feb	44	-	672	-	716

Source: Office of the Controller, USAID/Laos

Table E - 3

Withdrawals from Counterpart Fund by Use
(Millions of Kips)

Period	Military Budget Support	Economic Aid Projets	Administrative	Others	Total
Total through 1961	9,452	1,723	195	1,957	13,327
1962	695	142	38	122	997
1963	-	180	272	11	463
1964					
Jan	-	-	-	3	3
Feb	-	32	76	-	108
Mar	-	4	62	2	68
Apr	-	3	-	-	3
May	-	36	156	55	247
Jun	-	5	22	64	91
Jul	-	-	48	114	162
Aug	-	75	132	90	297
Sep	-	7	36	111	154
Oct	-	1	22	79	102
Nov	-	34	20	147	201
Dec	-	57	124	241	422
Total 1964	-	254	698	906	1,858
1965					
Jan	-	1	226	51	278
Feb	-	98	92	5	195

Source: Office of the Controller, USAID/Laos

Table E - 4

United States Commercial Import Program
Applications, Letters of Credit and Arrivals
(Thousands of U.S.Dollars)

Month	Amount Requested	Amount of Letters of Credit	Arrivals
Feb 63	1,168.6	190.6	-
Mar 63	2,696.2	862.7	32.0
Apr 63	4,354.1	953.6	101.0
May 63	4,517.3	1,409.3	125.8
Jun 63	2,136.3	1,451.4	128.7
Jul 63	4,439.5	997.1	398.7
Aug 63	3,951.4	1,401.1	678.9
Sep 63	4,937.2	479.0	701.8
Oct 63	8,789.6	905.0	794.0
Nov 63	7,232.8	823.2	982.2
Dec 63	4,171.7	2,398.8	1,296.9
Total 1963	48,394.7	11,871.9	5,240.0
Jan 64	-1,515.0 (1)	309.2	906.2
Feb 64	1,945.5	113.8	755.6
Mar 64	2,281.0	774.4	259.4
Apr 64	1,324.8	154.6	497.2
May 64	1,123.8	744.1	704.4
Jun 64	1,975.1	518.9	1,764.0
Jul 64	146.5	317.0	630.3
Aug 64	-182.9 (1)	423.3	490.3
Sep 64	-586.2 (1)	456.0	1,039.1
Oct 64	1,479.5	1,101.9	688.4
Nov 64	1,462.5	1,139.5	800.0
Dec 64	943.1	511.4	757.1
Total 1964	10,397.7	6,564.1	9,292.0
Jan 65	1,007.1	513.5	774.7
Feb 65	1,029.7	431.9	596.9

(1) Reflects withdrawal of applications

Source: Office of Economic Affairs, USAID/Laos

Table E - 5

United States Commercial Import Program

Commodity Composition

(Thousands of US Dollars)

Commodity	Amount of Letters of Credit 1963	Amount of Letters of Credit 1964	Arrivals 1963	Arrivals 1964
Wheat flour	275.8	268.6	209.2	112.8
Rice, Rough & Milled	819.6	484.2	68.3	957.3
Sugar	510.8	586.2	326.7	451.9
Milk	540.1	720.1	446.0	410.9
Fish & Fish Products	49.5	-	31.5	18.0
Seeds, Other than Oil Seeds	-	1.4	-	1.4
Tabacco	527.3	94.4	203.6	336.1
Pesticides	43.3	56.6	20.9	39.4
Pharmaceuticals	327.6	67.4	60.9	270.1
Chemicals	504.8	529.5	265.9	578.7
Soap & Toilet Preparations	51.2	75.2	47.4	50.2
Cotton, Textiles	1,273.0	712.1	633.0	824.6
Lumber & Sawmill Products	-	-	-	-
Paper	738.9	352.4	393.6	447.1
Newsprint	33.2	9.4	33.2	3.0
Non-Metalic Minerals	1,552.5	743.5	826.2	1,169.4
Iron & Steel Mill Products	1,448.0	700.0	732.2	1,212.8
Misc.Iron & Steel Manufacturers	59.0	96.8	12.4	93.9
Non - Ferrous Metals	12.6	15.7	12.6	4.9
Generators, Motors & Parts	51.7	106.4	8.0	147.9
Electrical Apparatus & Parts	508.6	248.0	305.0	300.7
Engines, Turbines & Parts	36.9	29.7	31.9	30.8
Construction & Mining Equipment	91.0	111.7	-	93.4
Metalworking machinery & Parts	32.7	21.3	10.2	20.1
Food Products Machinery & Parts	35.7	-	35.7	-
Industrial Machinery & Parts	477.2	126.1	106.0	384.3
Motor Vehicles, Engines & Parts Parts	1,236.6	174.3	330.6	679.1
Misc.Vehicles & Parts	9.3	1.1	-	9.3
Tractors & Parts	142.8	7.8	27.5	97.4
Off-the-Road Tractors & Parts	-	-	-	-
Aircraft Parts	-	11.4	-	-
Vessels & Equipment	96.0	2.2	-	96.0
Scientific & Professional Instruments	2.2	-	-	2.2
Rubber & Rubber Products	347.3	182.8	59.6	404.9
Miscellaneous Commodities	36.7	27.8	1.7	43.4
Total	11,871.9	6,564.1	5,240.0	9,292.0

Source: Office of Economic Affairs, USAID/Laos

Table F - 1

Imports

Excluding Gold	Wt. - Kgs	Value - Kip
1st Quarter 1962	32,478,682	397,552,506
2nd Quarter 1962	32,248,171	390,767,935
3rd Quarter 1962	35,437,592	464,600,615
4th Quarter 1962	59,080,500	676,696,700
Total 1962	159,244,945	1,929,617,756
1st Quarter 1963	30,891,592	501,042,800
2nd Quarter 1963	35,895,099	529,115,060
3rd Quarter 1963	48,705,250	587,336,162
4th Quarter 1963	49,214,580	705,637,786
Total 1963	164,706,521	2,323,131,808
1st Quarter 1964	42,383,642	1,171,470,913
2nd Quarter 1964	35,387,104	1,554,802,658
Gold Only (1)		
1st Quarter 1962	6,132	563,162,669
2nd Quarter 1962	5,806	533,296,832
3rd Quarter 1962	5,103	467,570,906
4th Quarter 1962	3,045	279,611,133
Total 1962	20,086	1,843,641,540
1st Quarter 1963	-	-
2nd Quarter 1963	1,435	131,589,500
3rd Quarter 1963	2,759	253,224,970
4th Quarter 1963	2,845	260,886,500
Total 1963	7,039	645,700,970
1st Quarter 1964	4,782	1,315,482,000
2nd Quarter 1964	2,184	1,269,885,755
3rd Quarter 1964	2,125	1,214,764,763
4th Quarter 1964	2,241	1,283,079,645
Total 1964	11,332	5,083,212,163

(1) Imports of gold prohibited from 11-7-62 to 5-7-63.

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 2

Imports by Commodity (1)

(Millions of Kips)

Commodity	1962	1963	1st Qr.1964	2nd Qr. 1964
Animals & Meat	116.6	85.9	26.9	23.6
Vegetables	392.9	396.4	264.9	211.1
Fats & Oils	3.6	9.2	4.9	1.0
Industrial Food Products	214.7	227.0	139.6	224.9
Minerals	398.8	510.7	171.7	217.5
Chemical Products	93.0	91.8	69.2	92.0
Ruber & Ruber Products	25.9	27.6	24.6	51.3
Leather & Hides	2.8	1.6	.9	.4
Wood & Wood Products	14.3	14.4	3.9	4.9
Paper & Paper Products	48.2	86.3	32.7	32.6
Textiles	221.2	192.3	118.8	76.4
Wearing Apparel	18.3	11.8	64.1	55.8
Ceramic & Glass	27.5	54.5	27.1	24.1
Precious Metals, Jewelry	.9	.4	2.5	.3
Metal & Metal Products	89.9	215.4	71.5	101.2
Machinery	127.2	198.4	71.7	244.3
Means of Transportation	101.4	165.5	61.4	168.4
Scientific Instruments	18.4	19.4	9.0	16.2
Weapons	.1	.2	-	-
Others	13.9	14.3	6.1	8.8
Total	1,929.6	2,323.1	1,171.5	1,554.8

229.8

(1) Excluding gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 3

Imports by Country of Origin (1)

(Millions of Kips)

Country	1962	1963	1st Qr.1964	2nd Qr.1964
United Kingdom	37.1	64.9	99.1	117.7
France	145.6	106.4	30.3	65.1
West Germany	36.9	41.4	10.7	7.7
Hong Kong	107.7	58.9	45.4	48.2
Indonesia	272.9	180.8	45.4	103.3
Japan	217.2	254.3	65.5	75.3
South Vietnam	21.6	19.0	15.9	14.3
Taiwan	29.9	64.6	43.6	80.5
Thailand	660.3	715.9	432.5	374.0
U.S.A.	253.7	592.2	282.8	562.4
Others	146.7	224.7	100.3	106.3
Total	1,929.6	2,323.1	1,171.5	1,554.8

(1) Excluding gold

Source: Ministère des Finances, Direction des Douanes & Régie, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 4

Imports by Type of Financing (1)
(Millions of Kips)

Type of Financing	1962	1963	1st Qr.1964	2nd Qr.1964
Authorized Allocation of U.S. Dollars by BNL	170.6	197.0	359.7	518.5
U.S. Aid - P.A. Funds	11.2	478.1	95.3	114.2
Other Licences	-	-	70.6	63.6
Free Market Exchange	946.4	858.9	302.0	390.7
Lao Army	202.0	138.4	142.8	12.2
U.S. Direct Aid	116.7	280.4	28.4	48.2
French Direct Aid	4.9	1.7	-	-
Colombo Plan	.2	1.5	-	-
Other Aid	16.4	136.3	.7	-
Imports for Embassies & Foreign Missions	461.2	230.8	172.0	407.4
Total	1,929.6	2,323.1	1,171.5	1,554.8

(1) Excluding gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 5

Exports

Excluding Gold	Wt. - Kgs	Value - Kip
1st Quarter 1962	977,922	12,538,600
2nd Quarter 1962	754,438	20,298,800
3rd Quarter 1962	1,021,699	18,708,100
4th Quarter 1962	556,141	10,439,100
Total 1962	3,310,200	61,984,600
1st Quarter 1963	895,296	10,801,100
2nd Quarter 1963	692,463	5,739,300
3rd Quarter 1963	634,794	4,139,800
4th Quarter 1963	1,474,471	36,617,132
Total 1963	3,997,024	57,297,332
1st Quarter 1964	976,756	35,616,800
2nd Quarter 1964	1,682,891	41,187,400

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 6

Exports by Commodity (1)

(Thousands of Kips)

Commodity	1962	1963	1st Qr.1964	2nd Qr.1964
Tin	35,106	37,201	29,494	25,417
Wood	945	5,015	1,780	1,417
Green Coffee	11,448	5,127	700	8,630
Cardamon	2,766	2,684	377	65
Benzoin	-	931	-	-
Sticklac	248	504	180	-
Leather & Hides	2,321	1,663	473	324
Others	9,151	4,172	2,613	5,334
Total	61,985	57,297	35,617	41,187

(1) Excluding Gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 7

Exports by Country of Destination (1)

(Thousands of Kips)

COUNTRY	1962	1963	1st Qr. 1964	2nd Qr.1964
Cambodia	54	620	-	-
United Kingdom	-	-	24	-
France	2,567	91	-	230
Hong Kong	12,001	5,138	2,468	4,012
Malaysia	35,585	39,507	30,032	33,992
Thailand	10,050	9,880	2,340	2,233
South Vietnam	1,690	2,033	637	-
U.S.A.	16	20	116	720
Others	22	8	-	-
Total	61,985	57,297	35,617	41,187

(1) Excluding gold

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des statistiques, Bulletin du Commerce Extérieur

Table F - 8

Imports of Petroleum Products

(Thousands of Kips)

PRODUCT	1962	1963	1st Qr.1964	2nd Qr. 1964
Aviation Gasoline	122,031	113,866	44,701	39,031
Motor Gasoline	103,937	119,849	38,762	66,511
Petroleum	18,888	45,748	21,688	8,838
Gas Oil	24,641	57,260	19,833	31,882
Fuel Oil	10,789	14,573	13,524	14,407
Lubricants	15,860	32,404	28,191	46,607
Total	296,146	383,700	166,699	207,276

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur.

Table G - 1

Forestry Production

Period	Timber Cubic meters	Firewood Cubic meters	Charcoal Metric Tons	Bamboo Cubic Meters
1962	36,356	44,368	7,651	2,475
1963	50,662	52,892	10,565	1,926
1st Qr. 1964	15,016	37,923	3,053	598
2nd Qr. 1964	13,350	10,262	2,858	445
3rd Qr. 1964	11,842	21,445	2,247	350
4th Qr. 1964	10,187	15,586	2,479	820
Total 1964	50,395	85,216	10,637	2,213

Source: Service des Eaux, Forêts et Chasse du Laos

Table G - 2

Livestock Slaughtered

(Heads)

Period	Cattle	Water Buffao	Hogs
1962	12,199	19,586	73,766
1963	5,990	11,907	66,127
1st Qr. 1964	809	2,568	17,284
2nd Qr. 1964	1,012	2,557	16,279
3rd Qr. 1964	1,584	3,727	18,238

Source: Service de l'Elevage et des Epizoties du Laos

Table G - 3

Production of Hides

	Unit	1962	1963	1st Qr.1964	2nd Qr.1964	3rd Qr.1964
Cattle	Number	6,707	3,436	462	923	220
	Weight in metric tons	47	23	3	13	2
Water Buffalo	Number	9,907	6,622	776	2,137	601
	Weight in Metric tons	142	79	12	69	9

Source: Service de l'Elevage et des Epizoties du Laos

Table G - 4

Production Estimates of Principal Agricultural Crops

(Metric tons)

Product \ Crop Year	1957/58	1958/59	1959/60	1960/61	1961/62	1962/63	1963/64
Rice (milled)	520,000	500,000	520,000	530,000	520,000	510,000	520,000
Corn	14,000	16,000	16,000	15,000	18,000	19,000	18,000
Coffee	300	500	700	400	600	500	600
Cotton	700	700	700	-	-	-	-
Tobacco	650	900	1,000	1,500	1,800	2,000	2,200

Source: Service de la Statistique du Laos

Table H - 1

Production of Tin Concentrates
(Metric tons)

Month \ Year	1962	1963	1964
Jan	75.6	49.4	64.7
Feb	46.6	53.5	44.6
Mar	75.9	53.2	70.7
Apr	68.8	55.6	67.0
May	63.3	57.0	55.4
Jun	52.4	56.5	56.3
Jul	45.0	76.3	67.1
Aug	72.6	59.0	45.2
Sep	61.1	46.3	55.1
Oct	65.9	48.2	52.5
Nov	50.9	53.9	52.1
Dec	41.9	53.5	55.5
Total	720.0	662.4	686.2

Source: Société d'Etudes et d'Exploitation Minière de l'Indochine

Table H - 2

Production of Electricity
(Thousands KWH)

Province \ Year	1962	1963	1st Qr.1964	2nd Qr.1964
Luang Prabang	532.8	526.1	148.8	128.4
Paksé	794.3	910.7	264.4	248.9
Saravane	25.0	8.4	NA	NA
Savannakhet	720.9	706.0	208.4	273.2
Thakhek	146.4	177.1	53.1	43.4
Vientiane	7,146.8	6,734.0	1,770.7	2,252.3
Total	9,366.2	9,062.3	2,445.4	2,946.2

Source: Régie Nationale d'Electricité du Laos

Table I - 1

Civil Aviation Traffic

Local - Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freight - Tons
1st Quarter 1962	717	3,795	216
2nd Quarter 1962	849	5,581	433
3rd Quarter 1962	586	4,908	182
4th Quarter 1963	520	5,426	320
Total 1962	2,672	19,710	1,151
1st Quarter 1963	523	5,685	613
2nd Quarter 1963	597	6,704	121
3rd Quarter 1963	679	6,322	521
4th Quarter 1963	690	5,684	201
Total 1963	2,489	24,395	1,456
1st Quarter 1964	606	5,820	189
2nd Quarter 1964	507	4,753	117
3rd Quarter 1964	383	7,040	122
4th Quarter 1964	452	6,256	152
Total 1964	1,948	23,869	580

Source: Service de l'Aviation Civile du Laos

Table I - 2

Civil Aviation Traffic
International - Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freight-Tons
1st Quarter 1962	278	3,034	360
2nd Quarter 1962	284	3,058	231
3rd Quarter 1962	299	3,158	136
4th Quarter 1962	536	5,109	315
Total 1962	1,397	14,369	1,042
1st Quarter 1963	538	5,466	201
2nd Quarter 1963	507	6,421	105
3rd Quarter 1963	638	6,185	133
4th Quarter 1963	591	5,713	200
Total 1963	2,274	23,785	639
1st Quarter 1964	750	5,506	159
2nd Quarter 1964	443	4,369	115
3rd Quarter 1964	298	6,269	98
4th Quarter 1964	366	5,555	103
Total 1964	1,857	21,699	475

Source: Service de l'Aviation Civile du Laos

~~SECRET~~

MEMORANDUM
RM-4743-AID/ISA
SEPTEMBER 1965

SECURITY AND ASSISTANCE IN LAOS (U)

Charles A. Cooper, Paul F. Langer, Richard H. Moorsteen,
and Charles J. Zwick

~~SECRET~~

PREPARED FOR:

AGENCY FOR INTERNATIONAL DEVELOPMENT
AND
THE OFFICE OF THE ASSISTANT SECRETARY
OF DEFENSE/INTERNATIONAL SECURITY AFFAIRS

The RAND Corporation
SANTA MONICA • CALIFORNIA

DECLASSIFIED
Rhea Johnson. AID/OPA
per ANE memo
12/8/87

~~SECRET~~

COPY NO. 100

MEMORANDUM
RM-4743-AID/ISA
SEPTEMBER 1965

SECURITY AND ASSISTANCE IN LAOS (U)

Charles A. Cooper, Paul F. Langer, Richard H. Moorsteen,
and Charles J. Zwick

This material contains information affecting the national defense of the United States within the meaning of the espionage laws, Title 18 U.S.C., Secs. 793 and 794, the transmission or the revelation of which in any manner to an unauthorized person is prohibited by law.

This research is sponsored jointly by the Agency for International Development, Department of State, under Contract No. AF 49(638)-1293 and by the Department of Defense, under Contract SD-300, monitored by the Assistant Secretary of Defense (International Security Affairs). Views or conclusions contained in this Memorandum should not be interpreted as representing the official opinion or policy of either of the sponsors.

DDC AVAILABILITY NOTICE
Qualified requesters may obtain copies of this report from the Defense Documentation Center (DDC).

The RAND Corporation
1700 MAIN ST • SANTA MONICA • CALIFORNIA • 90406

GROUP-1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND DECLASSIFICATION

Published by The RAND Corporation

PREFACE

This RAND Memorandum presents the results of an examination of U.S. assistance to Laos. It is part of a larger study aimed at contributing to the development of a coordinated U.S. assistance effort in Laos and Thailand. The results of the parallel Thailand study are presented in a companion Memorandum RM-4744-AID/ISA.

The dual study was undertaken at the request of the Assistant Administrator for Far East of the Agency of International Development, as an outgrowth of an earlier RAND study, also made for that office, of U.S. economic assistance in Vietnam (R-430-AID). The authors of that Report, upon its completion, made an exploratory visit to Thailand and Laos at AID's request in October 1964, to survey the possibilities for a similar study in those two countries. The resulting discussions with the U.S. Missions in both countries and with AID/Washington led to the decision for RAND to undertake studies in Thailand and Laos.

Because of the importance of the military element in U.S. assistance strategy in both countries and the interaction between economic and military aid, it seemed appropriate that the scope of the study should include the Military Assistance Program. The Assistant Secretary for International Security Affairs of the Office of the Secretary of Defense sponsored this element of the study. It was the view of both sponsoring agencies and of The RAND Corporation that simultaneous examination of both of the major aid programs would contribute to a more comprehensive understanding of U.S. assistance in the region.

A RAND team of eight people launched a six-month study in the field at the beginning of February 1965. Three of the authors of this Memorandum were based in Vientiane, and four of the authors of the companion Memorandum (RM-4744-AID/ISA) were based in Bangkok; both elements of the team worked in close association under the overall direction of the project leader, Charles J. Zwick, who is a co-author of both Memoranda. He also maintained contact with Washington and The RAND Corporation in Santa Monica, California. The team benefited

from discussions in Bangkok and Vientiane with F. R. Collbohm, Gerald F. Hickey, and Stephen T. Hosmer (all of The RAND Corporation), and Vernon E. Ruttan of the Asian Rice Institute.

This Memorandum reports the results of the Laos study. Its theme is the relation of U.S. assistance policy to U.S. security objectives. While the study is broad in scope, it does not attempt to be comprehensive. In the first place, time limitations as well as the extraordinary breadth of U.S. assistance programs in Laos called for selectivity and concentration of effort. Also, given the context and purpose of the study, it could be assumed that most readers would be familiar with the general nature of U.S. economic and military assistance programs in Laos, the administrative arrangements for them, and their policy environment. Therefore, no attempt is made to describe them systematically and fully. Rather, they are referred to only to the extent necessary to support the analysis and suggestions for innovation or change in the areas singled out for study. The depth and detail with which these areas are treated varies considerably. Some of the topics that were studied are only briefly touched upon here, either because there is little new to say, or because a more complete discussion, while not changing the substance of the Memorandum, would have made it necessary for security reasons to limit it to a very narrow distribution.

This Memorandum is addressed to both sponsors of the study. Much of the team's investigation was devoted to understanding military problems. However, although recommendations for MAP are made in the study, most of the findings refer to civilian programs supported by AID. This is not a reflection of the relative importance of the two programs in Laos, but rather of a central finding of the study: that the largest contributions to increased military effectiveness in Laos are to be expected from measures taken on the civil side.

The information on which this Memorandum is based was gathered by the authors as a result of extensive discussions and travels in the field. Similarly, the conclusions and recommendations reflect ideas and opinions originally encountered in the course of these discussions.

The authors wish to thank Ambassador William H. Sullivan for providing generous access to all elements of the U.S. Mission and facilitating contact with Lao officials and other informants, without which this study would not have been possible.

A particular debt of gratitude is owed to Charles A. Mann, the Director of the U.S. Aid Mission in Laos at the time this study was made. His support, encouragement, and assistance were invaluable. The authors wish to thank the many individuals throughout the U.S. Mission who gave generously of their time both in discussion and in facilitating the work of the authors. In particular, Norman Sweet, Robert Scott, and Walter Bollinger of the USAID Program Office did their best to familiarize the authors with the details of the USAID program and were ready at all times to discuss any aspect of it. Without the extensive assistance and guidance of Edgar Buell of the USAID Rural Development Division and of Doctors Charles and Patricia Weldon of the USAID Public Health Division, it would not have been possible for the authors to familiarize themselves with the Refugee Relief program, whose effectiveness is matched only by its complexity. Clark Joel of the Economic Affairs Office of USAID was the source of the information on which Chapter 8 of this Memorandum is based and extensive discussions with him illuminated the problems and issues relating to non-project aid. Mark Pratt and Thomas Barnes of the Political Division of the U.S. Embassy attempted to lead the authors through the thickets of Lao politics and arranged extensive informal contacts with Lao civil and military leaders. During the course of their travels throughout Laos the authors received at all times a degree of cooperation and help from field personnel that far exceeded the traditional bounds of courtesy. Finally, the authors might yet be struggling to cope with the novel problems of living and working in Laos were it not for the unflagging assistance of Mrs. Elizabeth Sher, secretary to the Director of USAID.

Although the study was not formally sponsored on the Lao side, Lao officials at all levels were exceptionally forthcoming and courteous. Discussions were held by one or more of the authors with

the Prime Minister, the Minister of Finance, and other senior officials of the Royal Laotian Government as well as with provincial governors, district officers, and field representatives of RLG ministries throughout Laos. Lao military representatives were equally helpful, and discussions were held with the Chief of Staff of the Forces Armées Royales, the commanders of the major military Regions, the Commander of the Royal Lao Air Force, the Commander of the Neutralist forces, and many younger officers, particularly representatives of the General Staff. Senior members of the Buddhist hierarchy also provided helpful information.

The burden of reading and commenting on a draft version of this Memorandum was undertaken by a number of the authors' RAND colleagues, including John Enos, Malcolm W. Hoag, Stephen T. Hosmer, David Mozingo, Richard R. Nelson, Guy Pauker, James R. Schlesinger, Robert Slighton, and Charles Wolf, Jr. Their efforts are gratefully acknowledged. Oleg Hoeffding painstakingly reviewed the original draft and contributed to its improvement with many valuable suggestions at every stage of its revision.

SUMMARY

Laos is of direct concern to three major U.S. security objectives -- it is a front of the war in Vietnam, it is the forward defense for Thailand, and it is an essential participant in the President's development program for Southeast Asia, which symbolizes U.S. commitment to the area. The importance of these objectives makes safeguarding Laos against communist takeover an enduring goal of U.S. policy. Laos' smallness and lack of internal stability stimulate the communists to seek power in that strategically located country, and make it improbable that Laos can remain independent solely through its own efforts, at least for many years. The U.S. role is to provide dollar and technical assistance to strengthen the ability of the Royal Laotian Government to govern and defend Laos, while, at the same time, through military means, deterring or counteracting pressures too large for the RLG to handle. It is in the U.S. interest to accomplish as much as possible through assistance, minimizing the risks of avoidable military involvement.

The U.S. assistance program to Laos has been essentially oriented toward maintenance, rather than investment in the future. Last year, only 10 to 20 per cent of economic assistance went for long-term purposes, and only about 2 per cent of MAP for training and military construction. The remaining funds went mainly for current costs, such as civil and military pay, relief, air supply, and military consumables. Maintenance is a low cost approach when pressures are low, but a high cost, high risk approach when they rise, as recent events have shown. The present situation in Laos has required greatly increased Thai and U.S. military involvement, and rapidly mounting expenditures of money (for example, MAP has increased by $30 million -- that is, tripled -- since 1964). A more fundamental approach to assistance for Laos is needed, to strengthen the contribution the Lao can make to their own security.

Programs oriented toward this need are now being formulated. In keeping with traditional U.S. assistance policy, they focus on

building infrastructure and raising income. To produce tangible results, projects that are large relative to Lao resources will be needed. However preponderant the U.S. contribution, the RLG will be taxed with additional technical, administrative, and financial responsibilities. Meanwhile new access to funds and new opportunities to use the money in politically disruptive ways will have been opened. Thus, while such programs have an important role to play, in their initial impact they may by themselves be destabilizing, divert the RLG from other tasks, and hence jeopardize the goal they are intended to achieve.

Nothing in the history of developmental assistance indicates that it is automatically transformed into improved security, our ultimate objective in Laos. The basic fact is that Laos now lacks the civil and military apparatus needed to convert dollars, in the form of traditional economic and military assistance, into an adequate return in terms of nation building and internal security. For U.S. objectives in Laos to be achieved, therefore, it is essential to confront the problem directly, making improvement in the quality of the government and military establishments themselves a principal objective of the assistance program.

This is the major finding of the present study. It is addressed directly in proposed programs to increase the technical capability of the RLG and the authority of its leaders, to reduce factional infighting and the illegal diversion of funds, and to improve local government and working relations between the center and the regions. It is also addressed indirectly, first, in a suggested reorientation of project aid to focus it as much on strengthening governmental leadership and promoting a sense of national identity as on stimulating general social and economic development, and, second, in suggested revisions of non-project aid procedures to regularize the financial relationship between the Lao private and governmental sectors, as well as to reduce the dollar costs of assistance.

INCREASING THE STABILITY AND EFFECTIVENESS OF THE RLG AND FAR

Laos has few competent men, and the talents of those it has are too often wasted on factional infighting. Both problems are greatly aggravated by corruption, which demoralizes the civil and military services and exacerbates factionalism as public funds are used to build the private following of ambitious power seekers. The resulting instability undercuts the basis for regularizing relations between the civil and military authorities or between the regions and the center. As a result, RLG leaders lack authority and Laos is unable to focus even the slender resources it commands on the tasks of defense and nation building. A leadership conscious of these problems is beginning to emerge in Laos, and there is a demand for change among influential circles of the elite. But the problems are so integral to their society that it is hard for the Lao to surmount them on their own. The best hope for success, therefore, lies in closer collaboration between the Lao and the Americans, as is frequently pointed out by the Lao themselves. The climate for such an undertaking is good now, but the opportunity may soon pass.

The key to the American role is finding measures effective enough to matter, but not so intrusive as to undermine the Lao-U.S. relationship. In this, the manner of implementation will be as important as the measures implemented.

Approaches to Implementation

The Americans should be clearly seen as acting to enhance the authority of the Prime Minister, so as to increase his effectiveness, enlist his support, and reassure the Lao regarding U.S. intentions. At lower levels, too, the Americans must work through indigenous leaders, developing their abilities and advancing the careers of the capable. To be accepted, U.S. advice should be closely attached to material support. For this reason and to foster governmental integrity, the U.S. Mission should strengthen its control over aid funds. To minimize frictions and misunderstandings, American

personnel should develop closer personal relations with their Lao counterparts. New measures should be phased in, gradually and tactfully, as experience is gained, and should move forward only as results satisfactory both to the Lao and the U.S. Mission are obtained. We should not aim or expect to thwart natural drives to seek authority and wealth, but instead should try to direct these drives into constructive channels. For example, while better controls can reduce the diversion of government funds, a more expansive economic climate will open opportunities to profit through legitimate business activities.

Improving the RLG Civil Service

Competent Americans should work in RLG staff positions, to upgrade RLG technical competence directly, to provide on-the-job training and stimulation to Lao co-workers, and to give the Prime Minister closer control over RLG operations. Their presence would also provide the U.S. Mission with more information and influence. At present, the RLG relies for advisors on France (about 40) and the United Nations (about 35), with results satisfactory neither to Laos nor the United States. USAID should form a Public Administration Division, with training of RLG officials as its first task, and improvement of RLG organization as a long-term goal. The RLG would need a matching agency, such as an equivalent to Japan's Personnel Authority, to improve personnel management and increase the Prime Minister's control over it. Thai civil service training facilities should be used. Both for training and reorganization, the goal must be improving on what exists, not changing wholesale to American systems.

The RLG should be urged to organize, with U.S. advisory participation, a government accounting office, reporting to the Prime Minister and with authority to audit all accounts, including the military. This would strengthen the most critical point in the RLG's ability to regulate itself, and would hold out the promise that U.S. assistance could flow more and more through RLG rather than USAID channels.

A necessary if not sufficient condition for improving RLG performance is a major increase in civil service pay and reform of pay schedules. Present rates are grossly inadequate -- still about 35 per cent below 1961 in real terms -- and do not provide adequate incentives for good effort, particularly at upper levels, thus making corruption and demoralization inevitable. Higher pay is greatly desired by the RLG and should be offered in combination with the arrangements for improved personnel management and auditing.

Improving Military Performance

The Forces Armées Royales play an essential role in Laos, but the FAR fails to make the military contribution it could to rural security or defense against communist aggression. Moreover, it is faction ridden, and is often a disruptive force in Lao civil affairs and an irritant to the public, especially the peasantry.

More training, better pay, tighter control of U.S.-supplied resources, and closer working relations between Americans and FAR commanders could gradually lead to a more disciplined, professionalized, and effective FAR. In particular, the FAR logistical system is inadequate to support effective operations and serves instead as an arena of contention among commanders and a source of funds for the politically ambitious. U.S. advisors at the G-4 level, third country technicians in FAR depots, and a working integration of the U.S. advisory and supply functions at the regional level would provide the contact and leverage to improve FAR operations, insulate the contending generals from each other, and reduce diversion of funds.

RURAL PROGRAMS

Refugee Relief

This program is, for the most part, not "relief" at all, but an integrated political-military war effort in the uplands of Laos,

and an outstanding success of its kind. While temptations to over-extend it should be resisted, expansion in many areas will be desirable. The program requires and deserves priority support from Vientiane. The content of the program could usefully be enriched by a more systematic effort to attract defectors from the communists, and a supporting informational campaign. The economic component of the program could be improved by the provision of veterinary services.

The Cluster Program

The village cluster program, which has been the cornerstone of USAID's rural development efforts ever since its inception in late 1963, is in transition, as demonstrated by the management this year of the "forward areas" program and the Wapi project in southern Laos. The latter represents an ambitious attempt to design a politically effective rural program over a broad area in which security considerations are closely tied to development efforts. By building on the solid base that has been established by the cluster program to date, it should be possible to modify the community development focus of the present standard cluster program in favor of an approach that more effectively supports and develops rural leadership and thereby better promotes security.

To permit more extensive coverage, projects should be simple and easily understood. Increased emphasis should be given by USAID field representatives to programs that contribute to organizing and making more effective rural government in Laos, even though the commodity input to these programs may be relatively minor. Guidance from Vientiane to USAID's field representatives is essential, but over-emphasis on the technical execution of projects can lead to neglecting action in areas where concrete results are less demonstrable but may be more fundamental.

AID TO EDUCATION

Nothing the RLG could offer its citizens is more in demand than greater educational opportunity. For both political and developmental

purposes, the United States should support a major expansion of Lao education. The guiding principles for the effort should be maximum access to education (as opposed to maximum quality for the few), and instruction in the Lao language (as opposed to the continued dominance of French). Within five years, it should be possible to increase enrollment in grades 1-3 one-and-one-half to two times, in grades 4-6 three to four times, in grades 7-10 tenfold. Teacher training must be expanded accordingly. Provision should be made where needed for financial assistance to students of merit, for study both in Laos and abroad, and especially in Thailand. Modest vocational training and adult literacy programs should be considered, but it does not seem appropriate at this time to provide university education in Laos. Aid to education in Laos is no doubt the most effective means by which traditional development assistance can be expanded.

ECONOMIC DEVELOPMENT

Economic progress in Laos is essential to provide the Lao leadership and people with the feeling that the future promises them a better way of life and a more modern nation. U.S. support for long-term development also shows the durability of our commitment and demonstrates that we have a more constructive purpose than fighting the enemy alone. In no case, however, should economic effectiveness be the sole criterion against which programs are judged. Political and security considerations must be adequately taken into account even in programs that have development as their apparent goal.

Commercial restrictions and uncertainties generated by the civil and military authorities are a major barrier to economic progress in Laos and should be a matter for priority attention by the U.S. Mission. A more adequate road system, including feeder roads, would serve to promote national unity and security objectives as well as to promote commercial activity in rural areas. Similarly, development of Lao rivers as transport arteries should be considered.

USAID is inaugurating a rice purchase program to supplement its on-going rice seed multiplication project. This program should include provision for making good the local rice deficits that may arise as a result of our purchases, and should be designed to strengthen, not supplant, private commerce in rice. A moderate differential between the Lao and internal Thai rice price would stimulate Lao production but still provide rice at a saving to USAID because of the Thai premium on rice exports. Because the Lao price is below the world market price for rice, consideration should be given to furnishing fertilizer and other imports at subsidized prices. However, large scale technical assistance and capital investment to increase Lao agricultural productivity does not appear appropriate at this time. A program that promoted the development of provincial capitals as economic centers would also support economic progress in rural areas.

NON-PROJECT AID

Continued non-project aid is necessary to support the Lao economy and help Laos bear the costs of a major military effort. This aid would be more efficient and less costly for any given level of the RLG budget deficit if the U.S. Import Program were reduced in size and limited to U.S. goods, and the Foreign Exchange Operations Fund increased accordingly. Tighter controls should also be established over the U.S. Invisibles Program. These changes can be accomplished without jeopardizing the financial stability achieved since the January 1964 stabilization program. To encourage exports the United States should urge the RLG to end the present practice of requiring exporters to surrender foreign exchange at the unfavorable official rate.

THIRD COUNTRY ASSISTANCE

The primary value of third country aid in Laos is not its contribution to easing the financial burden on the United States, but the tangible evidence it gives of international support for the RLG. However, such aid also provides leverage for the third country.

This can be troublesome if the donor does not share U.S., or even RLG, objectives, as is often the case with France. While it is desirable to have as broad an international backing for the RLG as possible, the United States should be prepared to fill the gap in cases where other donors attempt to influence the RLG in undesirable directions by reducing or threatening to reduce their contributions. In the case of Thailand, political as well as economic considerations argue for increased Thai-Lao economic cooperation.

U.S. MISSION EFFECTIVENESS

The priority of the USAID program in Laos, together with its highly unusual nature, makes inevitable a conflict between standard AID operating procedures and the needs of the program. Of particular importance are modifications in recruitment procedures in order to provide personnel of the required high quality. Attention should be given to the possibility of placing greater responsibility for recruitment on USAID personnel and to expanded use of contractors and non-career employees. Temporary promotions and performance bonuses should be considered to reward outstanding service. Administratively, procuring and warehousing against expected use would enable quicker response to rapidly changing demands, while greater reliance on post-auditing procedures would enhance the flexibility of USAID operations. Feedback for improved programming should be built into USAID operations, and more research is needed on the characteristics of rural Laos and on the nature and tactics of the Pathet Lao.

CONTENTS

PREFACE iii

SUMMARY vii

Chapter

1 INTRODUCTION 1

Part I A NEW DIMENSION FOR ASSISTANCE TO LAOS 9

2 PROBLEMS OF GOVERNMENTAL DEVELOPMENT IN LAOS 11
Incompetence, Factionalism, and Corruption 14
Civil and Military Authority 17
Regional and Ethnic Differences. 19
A Demand for Change. 20
A Role for the United States 22

3 MEASURES TO INCREASE RLG AND FAR EFFECTIVENESS AND STABILITY 25
Some General Directions to Follow. 25
Programming Recommendations. 30
Measures Directed Toward the Civilian Government . 31
Measures Directed Toward the FAR 46

PART II PROJECT AID 55

4 OBJECTIVES AND TACTICS 57
Objectives 58
Ingredients of Good Programming 62

5 USAID'S RURAL PROGRAM 67
Refugee Relief 68
The Village Cluster Program 81
Forward Area Operations 89
The "Wapi Approach". 90
Future Directions for the Cluster Program 94

6 EDUCATION AND TRAINING 107
The Setting. 107
Guidelines for An Expanded Educational Program . . 111
Emphasis on Quantity 112
Laotianization of Education 113
The Program in Summary 114

7 ECONOMIC DEVELOPMENT 119
Arbitrary Barriers to Economic Development in Laos 122
Roads, Rivers, and Radios. 123
Agricultural Production. 126
Small Industry 130
Developing Provincial Capitals 131

PART III FINANCE AND SUPPORT 135

8 NON-PROJECT AID 137
Introduction and Summary of Recommendations 137
Restricting USIP to U.S. Goods 144
The U.S. Invisibles Program and the RLG Currency Regulations 156
Changing Export Regulations 161

9 LAOS AND THIRD COUNTRIES 163
U.S. Objectives 163
Thailand 166
Japan 170
The French Presence in Laos 174
Other Contributor Countries, International Organizations, and Prospective Donors 177

10 IMPROVING U.S. OPERATIONAL EFFECTIVENESS IN LAOS . . . 180
Intooduction 180
Personnel Policy 181
Administrative Flexibility 187
Style of Operations 188
Research and Evaluation: Feedback for Improved Programming 191

Appendixes

A. Costs and Personnel Requirements 195
B. Suggestions for an Expanded Program of U.S. Assistance to Lao Education 199
C. Relations with Lao Buddhism 223

Chapter 1

INTRODUCTION

The United States is defending three major security objectives in Laos. In the first place, Laos is a front of the war in South Vietnam. The Democratic Republic of (North) Vietnam (DRV) uses Laos as a corridor and staging area to support the Viet Cong. This and the longstanding DRV ambition to control all of what was once French Indochina have resulted in increasing DRV intervention in Laos. The Pathet Lao are supplied, encadred, and augmented with organized units from the DRV. Successful action against the communist side of Laos, therefore, impedes DRV support for the Viet Cong directly and drains off men and materiel that would otherwise be available to the DRV for use elsewhere. Until a more general settlement is reached in Southeast Asia, the war in Laos must be viewed as part of the larger conflict.

Second, Laos is the forward defense for Thailand. The Chinese and Vietnamese communists have clearly signaled their intention to support a "war of national liberation" directed against the Royal Thai Government (RTG) and its American ally. The prospects for this enterprise hinge critically on the effectiveness of the communists' efforts in Laos. Communist failures in Laos will make their undertaking in Thailand vastly more difficult, whereas communist gains in Laos can add vastly to the costs to us of thwarting it.

Third, U.S. policy toward Laos is viewed by friends and enemies, by allies and potential allies, as indicative of U.S. intentions in Asia and of the U.S. will and ability to make good on commitments given. We are judged not only with respect to our resolution, but on the content of our effort -- whether we are pursuing a purpose more constructive than simply military opposition to the communists. All this, of course, applies most tellingly to the attitude of Thailand. It must also be a major factor influencing calculations on the communist side, which has long argued that lack of interest

and inability to cope with the problems and needs of the region would eventually produce a U.S. withdrawal from the Western Pacific. The other countries of the region -- Burma, Cambodia, and Malaysia -- also scrutinize our performance in Laos, and, as the President has noted, in the final analysis even countries as far away as our NATO allies will be affected by the degree of resolution that is shown.

These considerations are reflected in U.S. policy. They underlie the sequence of threat and counterthreat that led to the Geneva Accords of 1962, just as they do the unpublicized but resolute measures taken since 1962 in response to communist violations of the Accords. They have, however, become much more explicit, both publicly and in private commitments, during the present year, as the level of violence has mounted in Vietnam and Laos, as Thai-U.S. cooperation has crystallized, and as the President has spelled out the breadth and durability of our commitment to the region.

U.S. security interests would be fully served by a truly independent, non-communist Laos. As has been authoritatively stated, the United States neither needs nor wants Laos as a client state or military ally. Both history and logic, however, indicate that the communist side will not permit such independence in a power vacuum. Laos' internal weaknesses stimulate the communists to seek power. Except as these weaknesses are gradually overcome, therefore, even neutrality for Laos is a realistic goal only in the presence of external assistance sufficient to offset communist pressures. For the United States, this means playing an active role in Laos to defend it against communist takeover, while attempting over the long run to strengthen it as a social and political entity increasingly able to govern and defend itself. A reduction of the U.S. presence, now needed to avert communist exploitation of Laos' internal weaknesses, will be possible only as progress is made toward the long-term objective of nation building.

How Laos can be preserved as a non-communist state depends critically, of course, on events in South Vietnam. Although a

contribution to the war in South Vietnam can be made in Laos, the main impact will come from the other direction. A resounding victory over the communists in Vietnam would be of enormous benefit to the non-communist side in Laos. Even then, it should not be assumed that the Laotian problem would be resolved automatically. The communists would try to retain territory, military forces, and organization in Laos, hoping to make better progress whenever the circumstances become more propitious. This means that some degree of pressure against the non-communist side would persist, and that government weaknesses and fissures in the non-communist groupings would be exploited. Viewed pessimistically, the prospect of success against the communists might be expected to give freer rein to tendencies toward narrow self-interest and factional infighting on the non-communist side -- fostering anew conditions exploitable by the communists. In any case, building a reliable bulwark against this course of development must be part of a long-term policy toward Laos.

If the war in South Vietnam is protracted, heavy communist pressure in Laos will no doubt continue. If a negotiated settlement leaves the communists hoping to make further gains at another time, as has happened before, or frees DRV resources from South Vietnam for use elsewhere, pressures in Laos will at least continue and more likely increase, perhaps greatly.

The combination of centrifugal forces within the non-communist side and continued pressure from the communists offers little prospect that the Royal Lao Government (RLG) will be able to defend itself during the foreseeable future without substantial U.S. support. By the nature of the need, this support will have to include a mixture of economic and military components. Of the two kinds, economic support is the least costly to the United States. Participation on the military side not only runs quickly into large sums of money, it brings the United States into direct involvement, entailing U.S. prestige and credibility -- even American lives. It could also involve Thailand, with serious consequences for the

internal development and security of this important ally. The design of the U.S. assistance program in Laos should reflect these facts. Where there is uncertainty the risk of overspending in dollars is to be preferred to the risk of avoidable military involvement.

No program of assistance can develop sufficient indigenous strength to withstand all the pressures that can be exerted on Laos by the DRV and China. But it is reasonable to aim for an indigenous effort that will: (1) have sufficient internal cohesion and consistency of purpose to avoid being crippled by factional infighting, loss of hope or irresponsible policies; (2) make continuing progress against the communist side at its present level of input, local and foreign; (3) force the DRV and China, if they wanted to reverse the trend, to intervene on a scale that is costly, risky (in terms of provoking a U.S. reaction) and obvious to world opinion; and (4) make a major positive contribution to a joint effort, if escalation occurs and U.S. and/or Thai forces are required in Laos. Even with this, some direct U.S. participation, and the credible threat of more if needed, will be necessary to maintain Lao independence. Without a strong indigenous base in Laos, on the other hand, the costs to the United States and the risk of failure will be unacceptably high.

Even a program with these limited objectives is ambitious under present conditions. The non-communist side in Laos is ill-organized to defend itself. It is weakened by incompetence, corruption, and factionalism. A sense of nationhood is only beginning to emerge in Laos, and the country is dangerously divided along regional and ethnic lines. The war consumes a disproportionate share of its manpower and resources. Little is left for long-term improvement, and the morale of the people and their leaders is not adequately supported by hope for a better future. As a result of all this, neither the government nor the military is able to make satisfactory use of the material support received from the United States, for purposes of either self-improvement or effective action against the

enemy. The Forces Armées Royales (FAR), for example, does not make the contribution that might be expected from a force of its size toward sapping the enemy's strength and providing rural security. This is the case today. It would become more glaringly and dangerously obvious tomorrow, if the enemy's attention and resources were to be increasingly focused on Laos. The basic fact is that Laos lacks the civil and military apparatus needed to convert dollars, in the form of traditional assistance, into an adequate return in terms of nation building and military security.

U.S. assistance to Laos in the recent past has been oriented essentially toward maintenance. It has paid current costs but largely avoided investing in projects that would pay off only in the future. Thus of total economic assistance last year, project and non-project, only about 10 to 20 per cent was directed toward long-term development. The remainder went to support civil and military salaries, relief, air support, and the like. Of the current military assistance program, only 2 per cent goes for training and virtually nothing for military construction, the bulk being spent on consumables. As a maintenance operation, it has been remarkably effective. Successes have been scored in many directions scarcely foreseen at the time of the Geneva Conference. On the other hand, the intensification of the conflict in Southeast Asia and the deepening of the U.S. commitment cast increasing doubt on maintenance as the dominant form of U.S. assistance. It is a low-cost approach when pressures and commitments are low, but a high-cost, high-risk approach when they rise. This was illustrated strikingly during 1964. As communist efforts increased, the United States responded -- most dramatically with the T-28 program -- and the MAP budget tripled, rising by some $30 million. Developments since then have evoked further direct responses from the U.S. side, adding costs not shown at all in the assistance budget. In other words, the present situation has been obtained by invoking continually higher levels of effort, whereas any further deterioration in relative posture within Laos will have to be quickly reflected by

large increases in U.S. expenditures and involvement. It is only reasonable, therefore, to look for ways to defend against such deterioration by strengthening the non-communist's indigenous base. Efforts toward this end are more likely to succeed if begun now, while conditions in Laos are relatively favorable, than if delayed until the need is desperate.

Programs oriented toward these goals are now being formulated. In keeping with traditional U.S. assistance policy, these focus mainly on building infrastructure and raising incomes. For example, construction of the Luang Prabang Road has been approved, a vigorous effort is being made to organize financing for the Nam Ngum Dam, and a program to increase rice production has begun. Infrastructure and income have an indispensable contribution to make, but they are not goals in their own right. They contribute to the ultimate U.S. objective -- security -- only insofar as they promote the ability of Laos to govern and defend itself. Nothing in the history of economic assistance suggests that there is an automatic transformation of projects designed for these purposes into improved governmental performance, political cohesion, and hence national security. To produce tangible results, a program that is large relative to Lao domestic resources will be required. On past performance, it seems not unlikely that injecting the funds, personnel, and foreign contractors needed to carry out such a program will make it even harder for the Lao to hold up their end of our joint undertaking. However preponderant our contribution, the RLG will be called on to provide additional technical and administrative services, to deal with more numerous U.S. counterparts, and to take an active part in the equitable distribution of the benefits. This will tax RLG competence in the purely technical sense. Meanwhile, it will open new access to funds and new opportunities to use the money in disruptive political struggle. Thus in their initial impact, such projects may even be destabilizing and jeopardize the goal they are intended to achieve.

This is not an argument for doing less. For reasons already stated, it is essential to find suitable ways to build toward Laos' future. What is indicated, however, is that an effort along traditional developmental lines will not suffice. It must be accompanied by programs that will strengthen RLG effectiveness, stability, and integrity of purpose. In fact, analyzed closely, it is precisely the ability of Laos to govern itself that is the prime objective of the assistance program. To see this, it is enough to compare U.S. preferences as between a Laos that is poor but responsive to the guidance and mandate of the RLG, and a Laos that is wealthy but defiant of its government's leadership. The real question, therefore, is that of choosing programs best designed to accomplish the desired end. Developmental and welfare programs are certainly needed, but neither Laos nor the United States would be allocating their efforts wisely if they did not confront the problem more directly, making the improvement in the quality of the government itself a principal objective of the assistance program.

This is the major finding of the present study. The recommendations in succeeding chapters reflect it, both directly and indirectly. Thus Part I is devoted explicitly to programs to improve the performance of the RLG and FAR. Here the focus is mainly on the central government -- on increasing its technical capability, strengthening the authority of its leaders, especially the Prime Minister, reducing factional infighting and the illegal diversion of funds, and enhancing its ability to relate constructively to the regions and to support local government. The program is also designed to augment the U.S. Mission's leverage and intelligence with respect to FAR and RLG operations.

Selected issues concerning project aid are taken up in Part II. Most of the recommendations refer to the further development of projects already started by USAID, particularly in the fields of rural development and education. Here again, the orientation is toward programs that not only stimulate general social and economic

development, but specifically strengthen governmental leadership at all levels and promote a sense of national identity and unity.

Methods of financing non-project aid are discussed in Part III. Suggestions are made to reduce both the dollar cost and pressure on the U.S. balance of payments of maintaining any given level of effort. These measures should also rationalize the financial relationship between the Lao private and governmental sectors, producing an environment more conducive to economic development and governmental integrity. The relationship of Laos to third countries, in the perspective of U.S. security objectives, is also considered in Part III. Long-term viability for Laos, it is argued, will best be served by a gradual economic and cultural reorientation in which relations with Thailand in particular are strengthened. A constructive role for third country and multinational assistance to Laos is also suggested. Finally, measures to increase the effectiveness of U.S. operations in Laos are described.

PART I

A NEW DIMENSION FOR ASSISTANCE TO LAOS

Chapter 2

PROBLEMS OF GOVERNMENTAL DEVELOPMENT IN LAOS

The United States has a major stake in improving the unity and effectiveness of the Lao government and armed forces. The dangers of disunity among the forces on the noncommunist side have been painfully demonstrated by events in Vietnam. On what is fortunately a smaller scale so far, the same consequences can be seen in Laos. For example, the unsuccessful coup attempted last February virtually wiped out the Paksane-Borikhane section of the hill tribes program. A spread of this kind of infighting could undermine our most valuable military and political assets in Laos. Similarly, efforts to counter the communists by building infrastructure, stimulating economic development, and improving health and education are essential, but will be built on sand if not accompanied by a substantial improvement in the ability of the Lao to govern themselves. Again the case of Vietnam comes to mind, where millions have been invested in social and economic measures, but where the objective of these expenditures has been frustrated by government instability and malfeasance. In Laos the same unfortunate syndrome can be seen. For example, USAID supports programs designed to promote agricultural productivity, while army units requisition the peasants' output at gun point and the RLG district officer, for reasons of his own, forbids the movement of produce to urban markets. What is the net effect on the peasant? In short, it is self-deception to expect to accomplish more with good works than can be undone with the greatest of ease by bad government.

To acknowledge a major interest in developing effective governmental and military institutions is one thing. To specify their shape and how to bring them into existence is another. This is not usually a major focus for U.S. assistance policy and not, therefore, a field in which we have much experience to draw on. Undoubtedly, in the long run, it is also true that the task must be accomplished primarily by the Lao themselves. It is their country, and only through their own efforts will they come to appreciate and master the institutions that

emerge. But the Lao, too, are novices at building good government, and the best hope for success lies in a cooperative venture to which both parties contribute their best efforts.

A period of uncertainty and pragmatic exploration lies ahead, therefore. The problem for the United States (and Laos) is to insure that there is a trend in the right direction, and that it is clearly discernible. Meanwhile it is essential to maintain a level of governmental stability and effectiveness sufficient to support ongoing economic and military programs and a degree of responsiveness to U.S. guidance sufficient to support U.S. policy objectives in Southeast Asia.

Although our ultimate objective is to foster the initiative and responsibility of the Lao, this goal can be defeated by overloading Lao capabilities, just as a parent's ultimate objective of imparting independence and self-sufficiency to his child can be defeated by transferring responsibilities and authority prematurely. A case in point is the effect in Laos of providing inadequately controlled resources. Rivalry for their possession has a destabilizing impact on the system which undercuts the constructive purposes for which the funds are provided. Giving funds in this fashion subverts the recipient, whereas giving them with proper control assures that they are correctly utilized, and in the process builds the recipient's own ability to use them properly. In the USAID Trust Fund, the Mission has developed an instrument for controlling project aid that shows supervision can be both effective and acceptable to the Lao. U.S. supervision over the utilization of aid could be extended in areas where it is still inadequate, in particular with respect to MAP supplies and non-project aid.

There are many problems in building effectiveness that the Lao will find difficult to solve by themselves. Although Americans cannot replace the Lao in these tasks, there is a need for closer collaboration between the two. Some of these problems arise because the requisite technical competence is not readily available among the Lao. Others stem from low standards of performance, not so much in terms

of technical skills as of working habits, integrity, and acceptance of responsibility. In both respects, the Lao could benefit by working side by side with Americans doing similar jobs, through a shift of Americans from "counterpart" roles into positions where they do staff work for and with the Lao.

As elsewhere, improving the quality of government in Laos is basically a political task, which must be carried out by the political leadership. Paradoxical though it may sound, providing better U.S. supervision over aid funds and placing Americans in staff positions of the RLG, if properly handled, will work to enhance the authority of the present Lao political leadership. The most debilitating influence on their authority now is the limited ability of the system to carry out their policies, due to ineffective operational performance and factional infighting. To have authority, a leader must be able to get done what he says should be done. This authority will be increased by making the system respond better to the leadership's policies.

Laos is one of the world's most backward countries. Its institutions are amorphous and its modes of thought, even among many of the elite, are pre-modern. It is difficult even to discuss its problems in our customary terminology, because the words carry an air of substance and precision ill-suited to the shadows and ambiguities of Laos. Nevertheless, its geographic location and political significance make it important to us, and we must grapple with its problems, however frustrating and bizarre the task may sometimes seem. By the standards of the West, or even of Thailand, what can be accomplished is limited indeed. But the matter must be judged in relative terms, and the relevant standards are those of Laos. We cannot catapult the country into modernity, nor do we need to. But we can improve on the present situation. If we do not make such progress, the centrifugal forces in Laos may leave us no base from which to operate.

The remainder of this chapter examines in more detail the weaknesses in the Lao system alluded to above. This is not a complete description of the system, but focuses only on features that present special obstacles to U.S. policy and that can be significantly affected

by the U.S. assistance program. Chapter 3 offers specific program recommendations.

INCOMPETENCE, FACTIONALISM, AND CORRUPTION

The most serious ills afflicting present Lao leadership are incompetence, factionalism, and corruption. Taken singly, each is a major problem. Together they are mutually reinforcing and supported by historical factors and traditional Lao values to an extent that makes it doubtful whether they can be overcome by the efforts of the Lao alone. This is often pointed out by senior Lao, both civil and military.

Laos is notable for the lack of qualifications and experience with which its leaders must meet its complex and weighty problems. This is hardly surprising. The country's educational establishment does not begin to supply the country's needs. Education abroad, although an invaluable supplement, is inadequate quantitatively and often produces a Lao who is out of touch and even out of sympathy with his country's ways and needs. Both the policies of the French colonial administration and the tumultuous domestic developments in Laos since independence have prevented the establishment of a tradition or fund of experience adequate to develop competent leadership. This means that truly competent men are few and that their skills must be carefully husbanded and deployed.

The Lao power structure tends to organize itself into factions, based on allegiance to an individual or family, or a regional or ethnic elite. Both the army and the government, therefore, become arenas in which the struggle for power between these factions is carried on. This means, in the first instance, that the energies and offices of the nation's leaders become the instruments of internecine warfare, rather than the means of achieving national goals. Second, the struggle for factional power inevitably becomes in part a struggle to control positions of authority. Individuals are placed in office because of their factional allegiance or family connections, rather than for reasons of qualification. Thus the country's small stock of

competent men is not used to best advantage. Good men are not necessarily placed where they can do the most good. Instead, positions of critical importance are often preempted by men of lesser competence, motivated to use their office as a personal or factional status symbol, rather than to do the best job with the qualities they command.

The role of corruption in Asian societies is difficult for the Westerner to understand. Many extra-legal payments, which would be regarded by us as blatant graft, are so well accepted and so firmly embedded in tradition as to carry the legitimacy of the tip we leave in a restaurant. Payment is not unethical; indeed, nonpayment may constitute a high-handed breach of implicit contract. To say this much implies that we must strain our powers of comprehension in judging the effects of corruption in Laos. It would be pseudo-sophistication, on the other hand, to leap from this modest insight to the conclusion that all forms and degrees of corruption are acceptable to the Lao and compatible with that minimum of performance required for the survival of Lao society. On the contrary, in recent years, under the impact of social upheaval and the introduction of massive quantities of U.S. aid, techniques and uses of extra-legal transactions have been developed that have no sanction in Lao tradition. Furthermore, under the pressures of communist attack, many time-hallowed practices may themselves require revision. Difficult though the task may be, therefore, it is necessary to make a serious attempt to appraise the role of corruption in Laos and its impact on U.S. objectives there.

All the well-known consequences of corruption operate in Laos. It diverts resources. It distracts the nation's leaders from their legitimate duties. It is contagious in that honest officials are corrupted or demoralized as they see less scrupulous colleagues grow rich. But its gravest consequence from the U.S. point of view is that it is politically destabilizing to a degree that threatens the continuity and integrity of the government.

In the first place, corruption stimulates factionalism. Not only does a position of power give access to wealth, but the acquisition of

wealth opens the route to increased power. Since the authority of the factional leader depends on his personal following, he uses his resources to buy followers. Indeed, without resources at his personal command, his following is likely to prove of dubious reliability, as the recent experiences of Phoumi and Kong Le demonstrate. The competition for resources becomes part of the competition for power. One faction dares not leave the field of corruption to another without risking its own power position. Since so many resources flow from Vientiane, the culmination of this competition is often a struggle for control of the central government itself. Second, the widespread, widely known existence of corruption discredits the government and provides a moral justification for variously motivated attacks against it. Lao in all walks of life are literally obsessed with the problem. Thus even the most self-seeking aspirant to power can mobilize support by advertising his cause as an assault on corruption. It is not surprising, therefore, that in each of the coups since Kong Le's in 1960, corruption and the control over resources has figured both as a prime motivating factor and a political justification.

Since so many of these problems are integral to Lao society, it is hard for the Lao to surmount them on their own. The surest route for a man to improve his capabilities is to serve with colleagues of excellence -- but it is just this kind of pacesetter who is now in shortest supply. The strong Lao sense of obligation to personal, familial, and factional relations makes it extremely painful for individuals in public service to apply to their colleagues hard-headed standards in personnel policies or in the enforcement of financial integrity. Furthermore, it may be dangerous to do so, should an offended colleague find the means to take revenge through his own network of friends, relatives, and allies. This sense of danger acts, too, to preserve the factional character of the Lao power structure and therefore the frictions that factionalism creates. Did the commander who responded to Phoumi's appeal last February act as a free gesture of loyalty or as insurance against the possibility that Phoumi's coup would succeed and his failure to respond would be punished? Until there is assurance that factions will not rule the roost, individuals

will tend toward factional allegiance for self protection -- the problem breeds its own continuation.

CIVIL AND MILITARY AUTHORITY

The distribution of authority between Lao civil and military leaders is ill-defined, variable, and subject to dispute, sometimes hidden, sometimes overt. In part this is natural in a country long at war. A wide spectrum of government activities have security implications, and military leaders inevitably become involved in areas that in other countries are left entirely to civil authorities. However, military leaders, especially in Vientiane, also intervene in civil affairs to increase their personal political power. Control over armed forces and over the large volume of resources that flow through military channels tempts the ambitious general again and again to turn the army into an instrument of personal authority and to use this base to increase his influence on civil affairs, even to the point of upsetting the government.

An immediate consequence of this tendency is to promote competition and distrust among military leaders. At present, some of the country's most able military leaders fear arrest or assassination at the hands of their colleagues. This of course undermines the military effort against the communists. For example, most of the military movements in Laos in the early months of this year were directed against other non-communist units, in preparation for, and as aftermath to, the attempted February coup. The best organized and most effective military operation conducted by the General Staff since Operation Triangle in the summer of 1964 was the suppression of dissident FAR elements in Thakhek in late February. Able military leaders are scarce in Laos. The country can ill afford the reduction in numbers and effectiveness now occurring through political rivalries and intrigue.

In addition, the work of civil authorities is impaired by the encroachment of the military. What kind of performance can be expected from the Customs Service, for example, when its officers are waved

aside at gunpoint by military convoys carrying contraband? At a higher level, the government has reason to feel hostage to the military forces. Only timely and adroit action by the U.S. Mission frustrated military coups against the central government in 1964 and 1965. The orderly development of a more modern approach to government requires confidence, and this means that more stability must be built into the system. Hairbreadth rescues are not enough.

As matters now stand, many of the ablest, most ambitious -- and public spirited -- men in Laos are in the armed forces. They cannot be excluded from an interest in civil affairs by simple fiat, especially when they have serious doubts about the efficacy and integrity of the civil government, and harbor suspicions about the potential use of civil channels to promote the careers of rival military leaders. Furthermore, in many cases it may be desirable to recruit from the military in filling civil posts. Nevertheless, practical considerations dictate the continuation of an essentially civilian government in Laos. There are no leaders now visible among the military capable of stepping into Souvanna's or Sisouk's role. Filling the civil ministries with generals and colonels would not only reduce the professional competence of the government, but would lower the capabilities of the FAR. More important, the ascendance to power of any of the generals likely to take the step would jeopardize his colleagues and produce self-destructive conflicts within the military.

For all these reasons, a normalization of the relations and the distribution of responsibilities between the civil and military is needed. This must be based on greater confidence by the military in the performance and integrity of the civil government on one hand, and increased professionalization of the military on the other. They must be able to take pride in comporting themselves like soldiers and feel assured that their careers will be advanced by so doing. And they must know that neither they nor their rivals will find an alternative route to power by dominating civil affairs.

REGIONAL AND ETHNIC DIFFERENCES

Even among the ethnic Lao, there is a long tradition of regional autonomy and rivalry, stemming from the days of the Mekong city states into which Laos was once organized. This is reflected today in the domination of regional affairs by locally prominent families and in the mutual suspicion among these regional elites. From the U.S. viewpoint, it is most seriously reflected in the high degree of autonomy manifested by regional military commanders.

The sense of separation felt by the ethnic minorities of Laos is much sharper still. Each of these is distinguished from the Lao (and other minorities) in many ways, from language and religion to dress and world outlook. They have a history of conflict with the Lao, and they fear Lao domination, though the intensity of mutual suspicion is not so great as between the Montagnards and Vietnamese.

These built-in tendencies toward separatism run counter to the most fundamental common interest of the noncommunists of Laos. Given free play, they will increasingly lead the noncommunist side to fight within itself, permitting the enemy to play group against group. On the other hand, true national unity is a remote prospect. Neither the central government nor the General Staff commands sufficient respect and confidence to bring these diverse groups together. Nor does either body yet deserve such trust. Expanding their authority prematurely would exacerbate present differences rather than produce the desired unifying effect. For example, hastily extending the authority of Vientiane over the hill tribe programs of the North would be more likely to wreck this valuable effort than to bring unity and integration.

This is not to say that the cause of unity is without natural assets in Laos. The King is respected by almost all noncommunist groups. The war and the expansion of the military establishment have accelerated both geographic and social mobility. People know more about the rest of their fellow countrymen than ever before. Travel and education abroad has increased the sense of nationality among the

younger elite. But the most important forces are external. The pressure from the communist side has generated a sense of common cause. And the American support for each of the noncommunist groups has produced a set of special relationships between them and the Americans. In trying to bring harmony to the noncommunist effort, the Americans often act as honest broker -- carrying communications, seeking areas of mutual agreement, coordinating operations, restraining the impetuous or reassuring the threatened. In this way, American personnel have become a temporary unifying factor, permitting the noncommunist side to function in the interim needed to build effective national institutions of its own.

Regionalism and ethnic groupings are, perhaps, just a special case of factionalism, but they are functional in a very basic way and hence must be harnessed to our objectives rather than combated. Most of the fighting against the communists is carried on by a few FAR commanders in regions outside Vientiane and by partisan forces composed mainly of ethnic minorities. Their ability to operate is best served by retaining the present kind of localization. At the same time, friction between them and the center can undermine both their will and ability to fight, or even turn them against the center itself. Thus the building of a durable capacity to resist the communists depends on improving the quality of the central institutions until they win respect and authority among these diverse groupings. Meanwhile, the job of holding the lot together must fall at many critical junctures on the Americans.

A DEMAND FOR CHANGE

Despite a veneer of French administrative organization, leadership in Laos, until quite recently, has been dominated by an old and essentially exploitative, if traditionally Asian, approach to government. Positions of power were attained through strength, guile, and inheritance, and the resources and authority commanded by these positions were considered to be rightfully available for the pursuit of personal rather than public ends. The public interest received

consideration only instrumentally: traditional Lao leaders provided benefits in somewhat the spirit that ranchers protect and fatten their herds.

Developments since independence, most recently and threateningly the rise of Siho, have convinced a large and influential circle of Lao that the old style of leadership has become increasingly ill-suited to the needs of Laos. Its weaknesses and abuses are readily exploited by Pathet Lao propagandists and organizers, while the flow of dollars into Laos and the increase in the size and fighting capability of Lao armed forces have raised the stakes and the dangers of feudal disputes among noncommunist factions. Continued dependence on the political mechanisms that support the old style of leadership -- factionalism, favoritism, and corruption -- means continuation of an ineffective and inherently unstable government, ill-equipped even with U.S. support to act in its own defense.

A new style of leadership that draws its authority from its ability to achieve national goals is beginning, but only beginning, to emerge. Whether it can become firmly established is now at issue. Leadership in Laos will continue to be a blend of the old and the new, the proportions depending on the particular individuals who come to power and the ground rules under which they must work. Each step in the direction of the new style of governing will make the next step easier. As leaders emerge who seek the cooperation rather than the extinction of other potential leaders, and as the institutions of government become more effective in limiting the misuse of power by those in authority, fears of reverting to the old style of factional conflicts will diminish. On the other hand, the failure of such institutional changes to occur and the consequent retention of the means to power by the old style of leadership will undermine the confidence essential to continued development toward the new. Good intentions are not enough to insure success, as the experience of CDNI* testifies. The system itself must be altered, if leaders with

*Committee for the Defense of the National Interests.

the best of intentions are not to find themselves forced to choose between defeat and the adoption of the old style of operation.

The attempted coup of February 3, 1965, resulted in the ouster of two of the men most symbolic of the abuse of authority, Phoumi and Siho. Their departure has produced a momentary sense of relief and a demand for change, especially among civil and military officers just below ministerial or general rank. The dissatisfaction of these men is clearly a potential source of improvement, but it is also destabilizing. Some of them are cleared headed and judicious, but many, despite their good will, are inexperienced, impetuous, and unrealistic. Because education is both rare and esteemed in Laos, a well-educated man may carry weight in fields for which he has no particular qualification. Thus, for example, a young doctor, with a sound medical background but a political orientation of naive Marxism, may be in a position to influence political or economic developments. The present ferment cannot safely be resisted, but unless it is channeled into constructive directions, it may do more harm than good.

A ROLE FOR THE UNITED STATES

A number of circumstances make the present period more propitious for favorable development than has been true in the past. On the other hand, the basic weaknesses of the system remain, and there is little assurance of success unless some of these can be ameliorated. There is now an opportunity (which may not last if it is not acted on) for changes in the desired direction.

At the most senior level of government are a Prime Minister and Minister of Finance who enjoy the confidence of almost all noncommunist leaders in Laos and who appear able to work together in the new style. This is as favorable a combination as is likely in the foreseeable future for breaking the cycle of self-fulfilling suspicion and cynicism. However, they are limited in both the budgetary and administrative means at their disposal, and they are not without competitors in quest of authority. For example, at this writing, the General Staff seems to be evolving into the fiefdom of a single clan, one of whose

members was recently appointed Director of Customs. Meanwhile, delegations of colonels call on a respected regional commander, urging him to lead a coup against the high command. Faced with frustrations, either Souvanna or Sisouk might withdraw from his present post, with no replacements of comparable caliber in view. Even if they stay, a failure to achieve results will create dissonance in the ranks and undermine their effectiveness and resolution.

The combination of tact and steadfast support displayed toward the present RLG leadership by the U.S. Mission has produced an atmosphere of exceptional mutual confidence. The Mission's restraint in pressing its views has allayed possible fears of neo-colonialism. The Lao are in any case not xenophobic. At the same time the determined U.S. commitment to Southeast Asia has reassured the Lao about our long-run interest in their country. These factors have strengthened relations between the United States and the noncommunist elements in Laos. They have also contributed to the growing estrangement between the latter and the Pathet Lao. Given the uncertainties of life in Southeast Asia, however, we cannot be sure that the present opportunities for Lao-U.S. cooperation will always be available.

Even the Lao most alert to the weaknesses of the present system have only limited confidence in their own unaided ability to overcome them. Virtually every Lao we interviewed, from ministers and generals to captains and district officials suggested on his own initiative that Americans should play a more active role. This is not as surprising as it may at first seem. Many Lao attribute responsibility to the United States for the poor governmental performance of recent years, which they believe resulted in large measure because the United States provided assistance without adequate supervision or attention to political consequences.

Lao receptivity should not be taken as a signal to rush in blindly. An invitation to intervene issued in the abstract can produce resentment when accepted in the concrete. It would be naive, however, to suppose that by failing to take an active role in Lao affairs we can avoid incurring Lao resentment. A relatively detached policy will be

seen as an indication that the United States is unconcerned with the welfare of Laos and has only an instrumental interest in the country; this in turn will raise doubts about the durability of the U.S. commitment. Moreover, those Lao who resent our tolerance of the way assistance is misused are likely to be those most imbued with a sense of public spirit, whereas those who resent our intrusion are likely to be those misusing the funds provided.

In short, the United States is already a major participant in Lao affairs. U.S. economic and military assistance bulks so large, the U.S. diplomatic presence is so influential, and U.S. policies elsewhere in Southeast Asia weigh so heavily in Laos' future that nonintervention is not feasible. By omission or commission, we intervene daily. What is more, the present pattern of intervention does little to bring the necessity for intervention to an end. Unless better progress is made toward developing Lao institutions genuinely capable of effective self-government, the U.S. involvement will be needed indefinitely. This will become increasingly apparent to the Lao, who need the prospect of true independence to make even their current efforts seem worthwhile. The question, therefore, is not intervention versus nonintervention, but whether in collaboration with Lao leaders programs can be developed to give more satisfactory results to all concerned. The climate for such an undertaking is favorable at present. If we let the opportunity pass, we may end like the man who would not fix his roof while the sun was shining, but was forced to do a hasty job of patching under much less promising circumstances.

Chapter 3

MEASURES TO INCREASE RLG AND FAR EFFECTIVENESS AND STABILITY

The key to taking a more active American part in Lao governmental development is finding measures that are effective enough to matter, but not so intrusive as to undermine the basic Lao-U.S. relationship. The resolution of this conflict must be sought in the well-known principle that the manner of the execution is often more important than the content of the measure being executed. This chapter suggests first some general lines of conduct that would make a U.S. effort blend more effectively with the work and attitudes of the Lao; and second a menu of more or less concrete measures through which the United States can support the government-building process in Laos.

SOME GENERAL DIRECTIONS TO FOLLOW

Relations with the Prime Minister

U.S. policies must be clearly designed to enhance the authority of the Prime Minister. This is necessary to gain his acceptance and to reassure the Lao that the United States seeks to strengthen their government, not to take it over. Besides, it is essential to the ultimate objective. People everywhere, but especially in a society like that of Laos, tend to trust and respond to an individual, rather than an abstract institution. In particular, confidence in Souvanna and his authority is a unifying factor for the country because he is the least likely to use his power for parochial ends. The central government as an institution does not carry the same assurance, because it and many of its organs have too often been used for factional infighting. A major goal for the United States, therefore, is to increase the responsiveness of the central government and the General Staff to the guidance and values of the Prime Minister. As this is accomplished, public acceptance of the institutions will also grow, increasing their effectiveness. Meanwhile, by strengthening

relations between the U.S. Mission and the regional commanders, the Americans can serve the Prime Minister as a link between him and them. This will help him fulfill his unifying function without waiting for perfection in the General Staff or being stymied by its present defects.

The occupant of the post of Prime Minister may change from time to time. To function effectively, however, any occupant will need the authority and administrative means to make the governmental and military apparatus execute his policies. By putting themselves in a position to help in these respects, therefore, the Americans can facilitate orderly succession to the office, reducing the likelihood that Souvanna's successor, say, will be hamstrung because he lacks Souvanna's personal stature. In this way, too, they can be better placed to influence, if necessary, the conduct of occupants who, because of pressures or personal proclivities, might adopt dangerous policies.

Working Through Indigenous Leaders

At lower levels as well, our efforts should be toward developing and strengthening the indigenous leadership, but this will be more difficult because the quality and motivations of men at this level are uneven. Our weapon here is selectivity. Where leadership positions are already in the hands of good men, we should make a special effort to support them materially, to encourage them to take the initiative, thus developing their own leadership capacities, and to promote their relationships with higher levels of authority. As these men advance in effectiveness and rank, men of more marginal caliber should become receptive to adopting the same standards of performance. There will always be some who are basically inadequate. It is most realistic to expect that little will be accomplished where they are in authority and hence to focus our efforts elsewhere. There is more to be done in Laos than we or the Lao can undertake at once. It should be possible to work principally through support of desirable elements, avoiding conflict with (but also support of) the

less acceptable. Meanwhile selective advancement of the able, together with natural attrition, will improve the overall quality of the government.

Using Resources to Maintain Leverage

Much of our influence in Laos depends on our control over the flow of resources. If we want our advice to be taken, we will do well to attach it closely to accompanying support. Furthermore, existing Lao institutions are not yet capable of insuring correct end use. Premature transfer of control over resource allocation, therefore, has the effect of corrupting rather than strengthening the allocating institutions, by making them instruments of abuse rather than control. On both counts -- maintaining U.S. influence and fostering the integrity of the government -- the Mission should maintain and in some instances increase its control over resource flows. Many Lao, for example, spontaneously praised the USAID Trust Fund to the team, on the grounds that it assured the use of aid for its intended purposes, in contrast to other methods of transfer that did not supervise end use. Thus there is acceptance among the Lao of both the desirability and propriety of close U.S. supervision of aid funds. By contrast, we may end up with both the wrong friends and the wrong enemies if we make the funds available without such supervision.

Fostering Personal Relations with the Lao

As in most Asian countries, personal relationships play a most important role in Lao governmental and military affairs -- far greater than in western societies. The acceptability and effectiveness of Americans in Laos are greatly increased if their style of work takes adequate account of this fact. To get results at the working level, we must also build relations at the personal level. Although the members of the Mission are certainly well disposed to their Lao counterparts, they could do much more in this respect, on an individual-to-individual basis, with major benefits for their

work. There are now instances in which Lao at various levels of authority, including some quite senior, have established a degree of mutual confidence with individual Americans approaching that considered necessary for a reliable working relationship among the Lao themselves. For the Americans, this required linguistic qualification, an ability to contribute to the professional pursuits of the Lao, and an expenditure of time and attention far beyond that afforded by the normal cycle of working meetings and diplomatic entertainment. It is the unusual American who can play this role, but with even a few, if strategically placed, the payoff can be large in terms of our ability to communicate with the Lao and to comprehend and influence events. Senior members of the Mission should be able to encourage a general tendency toward more personal contact by giving explicit recognition of its value to the staff they supervise. Individuals who prove especially apt at it must be spotted and supported, and full use should be made of their potentialities. These considerations argue powerfully for offering adequate incentives to acquire linguistic qualification and live close to the Lao (for example, in the provinces), and for increasing the number of Americans working side-by-side with the Lao, rather than out of Mission offices.

A Public Rationale for Our Policies

For purposes of public explanation, the focus for the set of recommended actions should be support for the current efforts of the Prime Minister to improve the quality of government and reduce corruption. This combines several important elements: (1) It supports the Prime Minister's authority, moral as well as practical. (2) It attacks a problem widely recognized by the Lao. (3) U.S. concern with the disposition of our aid is recognized by the Lao as a legitimate reason for active American participation in the work of the government.

Pragmatic Implementation

Some of the measures recommended in the next section are novel.

Taken in their entirety, they could have a major impact on developments throughout Laos. On both counts, they should be instituted gradually and tactfully. This is important in order to make use of the experience gained in earlier phases to improve design and implementation in the later, to give the Mission time to master its new operational responsibilities and to avoid alarming or overwhelming the Lao.

Only as results satisfactory to both the Mission and the Lao are obtained from the first steps should additional ones be taken. Although the measures are intended to improve the general climate for institution building in Laos, true progress can be achieved only through the exercise of initiative by Lao leaders of genuine stature. Men with more advanced concepts of leadership are beginning to appear in influential positions in Laos. The best hope for success lies in encouraging them to take the initiative, while providing the kind of financial and administrative support they need to be effective.

The measures are also designed to provide the U.S. Mission with a capability in being, permitting it, as desired, to take a more active role in governmental development. The intention, in other words, is to create a suitable set of instrumentalities. The vigor with which these instrumentalities are applied and the uses to which they are put must be decided pragmatically, in accordance with the needs of the moment. Insofar as Lao initiatives are successful in developing more stable and effective practices, the Americans can tread lightly, working as disinterested technicians to provide improved RLG operational capability. Where help is needed or emergencies arise, on the other hand, the Mission will have a richer flow of information and be better equipped to act.

Regularization, not Regimentation

It is neither possible nor desirable to stymie the natural drives of ambitious and influential persons to seek authority and

wealth. It should be possible gradually to direct these drives into more constructive channels. For example, most of the important families of Laos are involved in business as well as government. The measures recommended in this study are intended to reduce opportunities for enrichment through illegal diversion of government funds, but at the same time their net effect would be to increase total disposable income in Laos and hence to expand business opportunities. By increasing their legitimate business activities, the families could end up richer than before, even though their direct access to government funds was reduced. The effect on Laos would be to reduce the disruption of governmental functions while stimulating economic development. Similarly, political activity in quest of office and rank must be expected to continue and can, in fact, make an important contribution to the emergence of effective leadership. What is needed is to enhance the relative probability of success for leaders who tend to operate in more modern and constructive ways.

PROGRAMMING RECOMMENDATIONS

Concrete measures must be tailored by the Mission to fit prevailing circumstances and can be adopted only in cooperation with the RLG. The measures suggested below are therefore described in relatively general terms. It is believed that they would, in some form, be acceptable to the RLG. Many were initially derived from suggestions by RLG officials, but no attempt has been made, of course, to explore formal RLG responsiveness.

The measures are essentially administrative, whereas the problems they are addressed to are essentially political. The paradox is inevitable, as the United States cannot rely primarily on taking political initiatives to attain its objectives with respect to Lao domestic developments. We can, however, press for administrative measures clearly related to our assistance program, but also conducive to the political trends we hope to foster. The measures suggested below are intended to be of this sort, in the

following respects: (a) They should alter the rules under which the game is played in favor of newer styles in leadership, by reducing the misdirection of aid funds for personal gain and power. (b) They should provide incentives for a more professional performance from those in civil and military service. (c) They should increase the authority of the Prime Minister and his associates. (d) They should provide the U.S. Mission with information and leverage at a finer level of detail than at present, permitting it to influence developments in the small, rather than choosing between inaction and swatting flies with a sledge hammer.

MEASURES DIRECTED TOWARD THE CIVILIAN GOVERNMENT

American Personnel for Staff Positions

The United States should stand ready to supply and finance competent personnel for staff positions in the RLG. These may be called "advisors" but they should be prepared to undertake operational as well as advisory responsibilities. The advantages of such staffing in critical areas are numerous. By supplying policy guidance and professional competence, RLG performance can be markedly improved. The advisors would also provide on-the-job training, stimulation, and a standard of performance by means of which the competence of Lao officials can be increased. In addition, the presence of Americans would help stiffen the backbone of the RLG and strengthen the ability of Lao officials to resist factional pressures. Finally, Americans in staff positions could provide useful intelligence about issues within the RLG and about personalities, making it possible for the United States to find and support capable and sympathetic officials.

At present, the French Mission supplies about forty advisors, operating at the ministerial and sub-ministerial levels from the Prime Minister's Office and Foreign Ministry to the Bureau of Post, Telephone and Telegraph. Even if these were all active, capable men, an arrangement under which we supply the money while the French

advise on spending it should be viewed askance. French and U.S. policies on Southeast Asia are sharply opposed. Furthermore, divorcing the advisor from the source of funds means divorcing him from his most persuasive tool. In practice, with some notable exceptions, the French advisors have tended toward passivity, waiting for advice to be sought by a counterpart who is too embarrassed and sometimes too ignorant even to ask. OPEX, under United Nations auspices, supplies some 35 experts who are supposed to act in staff capacities. Lacking either the motivation or supervision necessary to cope with the frustrations and vagaries of doing business in Laos, these men have for the most part slipped into the same passivity as the French. On performance to date, it is fair to say that neither source has met the needs of the RLG, nor, a fortiori, can either be considered a reliable support for U.S. objectives in Laos.

We can hope for better performance from Americans, acting under the guidance of the Mission and motivated by the high priority accorded Laos in U.S. policy. The excellent service performed in this year's budget preparations by the only U.S. advisor now attached to the RLG is an indication of how much can be accomplished. It is not necessary to displace the advisors now present in order to make good their deficiencies by adding Americans. Their presence may even be an asset; in part, by showing the entry of Americans as part of an existing tradition rather than a neo-colonial takeover. Furthermore, for some positions we too may wish to recruit foreign nationals. However, security sensitive positions should be occupied insofar as possible by Americans, and we should aim toward a general climate of opinion consistent with U.S. views throughout the advisory staff. With attrition, and the judicious application of leverage, this should be obtainable in the course of time.

Advisors should be provided only at the request of the RLG. There is already a demand on the Lao side that the United States has not yet met. Further requests could no doubt be stimulated by the Mission through responding to existing requests, suggesting additional slots,

and channeling USAID support most liberally to those functions in which we participate. The total number supplied would increase gradually and be decided pragmatically in accord with the results obtained and the Mission's ability to recruit suitable personnel.

The level at which advisors should be provided must be determined on a case-by-case basis. However, in general, there would appear to be scope at both technical and policy-making levels. In the latter case, the advisor's function is, through personal contact, to generate mutual confidence and a more comprehensive flow of information between his Lao colleagues and the U.S. Mission. With proper guidance, he can advise on many matters as long as he understands that negotiations on major issues continue to be the responsibility of senior members of the Mission.

The advisors supplied must have a level of technical competence high enough to perform their work and win the respect of their Lao colleagues. However, the present standards and technical complexity of work in most RLG services is not very demanding by western standards. In many cases a high degree of expertise will be less important than ability to establish close personal relations with Lao officials and flexibility in adapting one's working style and ideas to a novel environment. At senior levels, in particular, stress should be given to maturity of judgment, linguistic ability, and experience in dealing with novel and unstructured situations. If necessary, technical support could be given to senior advisors through a USAID special assistant or counterpart. Thus the advisory function would be divided into two layers: a small number of sensitive positions that must be filled by men of relative sophistication; and under them, a larger number of more routine positions, where technical skills are the main requirement. By holding down the numbers in sensitive positions, a sizable advisory effort could be mounted without sacrificing the flexibility essential to the Mission's operations in Laos. Some areas where introduction of Americans into the RLG structure would be particularly useful are identified in connection with the recommendations given below.

The Police

One area, for which no other programmatic recommendations are made in this Memorandum, should be given special weight -- the police. An excellent study of police reorganization by another group* recommends the provision of public safety advisors in the usual sense -- that is, to supply technical expertise in a consulting capacity. The report also calls attention to the potential for corruption and the abuse of power for political ends inherent in any police organization and frequently observed in action in the case of Laos, as well as to the fact that the current Director of Police is a man with a reputation for corruption in the recent past. A prime goal of our support for police reorganization must be to counteract such dangers. This can be accomplished only in part by traditional support programs, such as training and technical guidance. A vital element would be added with respect to both effectiveness and integrity if we also supplied Americans to work in key staff positions, such as the police inspectorate, the special branch, or the alien control division. In addition to these headquarters posts, advisors accepting staff functions should be assigned to the provincial police. The ability of the RLG to govern the countryside will be greatly affected, to the good or to the bad, by the comportment and quality of the provincial police. An advisor living and working in a single province would have enough time to learn Lao and could become sufficiently familiar with local personnel and police activities to give active guidance in a way impossible for a consultant working out of Vientiane or riding circuit over a number of provincial headquarters.

A USAID Public Administration Division

USAID should enlarge its support for the training and retraining of RLG officials. This would improve the quality of RLG performance not only through the general benefits of training but because it would provide USAID with an opportunity to exercise selectivity among trainees,

*Frank Walton, et al., Survey of the Lao National Police, USAID, Vientiane, 1965.

forwarding the careers of those of promise. This program should be carried on in close consultation with the USAID advisors working in staff positions in the RLG.

A contract such as that now maintained by USOM/Bangkok with Public Administration Services might be useful if an organization such as PAS could be found to supply personnel appropriate to the needs of Laos. The role of Ecole Royale de Droit et Administration Publique, now supported by the French, would also have to be examined. Perhaps the best use of an organization such as PAS would be to improve this institution.

For reasons of economy and political acceptability, as much of the training as possible should be conducted in Laos. Early exploration should be begun of what is needed to supply training in the Lao language, especially at junior levels. One possibility would be to employ Thai officials trained by the PAS as instructors. Training facilities available in Thailand should be utilized as fully as possible, with training in the United States or France occurring only in exceptional cases.

To support an expanded training effort, USAID would probably need a Public Administration Division. This Division would have training as its first task. However, it should also concern itself with the structure and organization of the RLG, a matter now receiving active consideration within the RLG itself. The present administrative organization has been adopted uncritically from the French and is often too complex for the Lao to operate. Furthermore, some of the most important central organs, in particular the Ministry of the Interior, have had many of their provincial functions usurped by the feudal character of the power structure in the provinces. Although the matter must be approached delicately, we must help the central government to develop the means to give leadership in the countryside, which means upgrading the qualifications of the province governors and district officers and their staffs, and increasing their responsiveness to guidance from the Ministries.

Both in training and reorganization, it is essential to recognize that the task is to improve on what now exists, not to change wholesale

to American systems. For this reason, and to enhance its general acceptability, the Division should work in close collaboration with RLG officials; for example, through the formation of joint study groups focusing on individual problems.

Increased Pay and Perquisites

A necessary, though not in itself sufficient, condition for improving government effectiveness in Laos is a major increase and reform in civil service pay. As a result of inflation, civil service real income has fallen by about 50 per cent since 1961. This has undermined civil service morale and in some cases made it virtually impossible for government officials to live on their salaries. A pay scale under which a government minister earns no more than a cook in household employment is not interpreted as a serious attempt at remuneration, but rather as an invitation to self-remuneration through illegal or inappropriate means. The result is corruption, inefficiency, and a lack of discipline. Also, if other measures designed to improve the quality of government performance are to be effective, an adequate, equitable wage scale for civil servants must be established.

The problem of inadequate pay is particularly serious at senior levels. Government salaries at upper levels do not begin to make it possible for senior officials to maintain a standard of living appropriate to their rank or comparable to that maintained by foreign officials or private businessmen in Laos. What is needed is a massive increase in government pay scales at the upper levels. Since relatively few individuals are involved, the cost of such an increase would be small, but the benefits would be large. If such a major pay increase raises political difficulties, consideration should be given to providing part of it in kind, through increased provisions for cars, housing, and household servants. Senior officials also incur sizable monetary obligations as part of their responsibilities. For example, during public appearances, especially in the countryside, they are expected to make religious and philanthropic contributions; they also must entertain other dignitaries and visitors from abroad. These obligations are

functional and firmly established. They cannot and should not be ignored. However, they should be normalized by regulations, legal sources of funds, and accountability.

Insufficiency is not the only defect in RLG civil service pay. Pay differentials for variations in skill and qualification are inadequate to provide incentives for good performance or self-improvement. Too large a share of the total is based on family size and cost of living allowances, while relative pay increases based on seniority alone exceed those obtainable by advanceing in grade. Even more serious is the fact that, at senior levels, payment for service abroad is many times greater than for service in Laos. The only way senior civil servants can live within their pay is by spending as much time as possible abroad, saving there to spend at home. It is not uncommon, therefore, to find a man whose services are badly needed in Vientiane absent from his post for three months to attend, say, a conference on consular law in Vienna. Considering the weight of Laos' domestic problems and that most of her important relations with other countries are handled in Vientiane, a pay system incorporating this strong disincentive to serve at home is especially perverse. Pay for service at home must be increased and the return on serving abroad should be reduced. (A way of doing this, by reducing opportunities for manipulating foreign exchange through "invisible" transactions, is suggested in Chapter 8.)

The RLG has doubled base pay (pay net of family and cost-of-living allowances) for all civil servants as of July 1, 1965. The increase amounts, on the average, to about one-third of the previous rate of payment. This is a step in the right direction, as it has restored some of the relative differentials between ranks. However, allowances will still account for more than half the total, and increases will still be excessively based on seniority rather than promotion. Furthermore, the increase will not provide adequate absolute levels. For example, a married man with two children, after eight years of service in the lowest of the three civil service grades, will now earn a little over 11,000 kip per month, whereas according to USAID estimates, a relatively austere budget covering food, clothing and sundries (but not

rent) for a family of this size would come to over 19,000 kip. For higher grades, the new pay scale covers this minimum requirement, but still falls far below the levels appropriate to the recipient's social position or the rate of pay he might expect in private employment.

It is desirable, therefore, for the U.S. Mission to begin now to consider what further increases and structural reforms are needed. As the Mission view is formed, joint consultations with the RLG could begin. The ultimate objective should be the establishment of an adequate and rational system of salaries, prequisites, and funds to meet legitimate official obligations. The particulars of such a system require detailed, technical study. By way of illustration, an increase of 55 per cent (about 1.9 billion kip) over the payroll projected for fiscal year 1965/66 (3.4 billion kip inclusive of the July 1, 1965 pay increase) would be enough to: (a) provide employees in the lowest grade with approximately enough to feed and clothe their families; (b) preserve existing relative differentials between grades; (c) preserve existing absolute differentials based solely on seniority (thereby reducing their relative importance); (d) establish two or three additional upper grades to open the route to advancement for the more competent; (e) provide salaries of 150-300,000 kip per month ($300-$600 at the free market rate) and expense accounts of 40-50,000 kip per month for the most senior 100 positions. This would bring average real civil service pay to about the level of 1961 once again, but with a much improved incentive structure.*

U.S. willingness to meet these costs would generate considerable good will, especially among the best elements in the RLG. This should help to induce the RLG, acting jointly with the U.S. Mission, to undertake

*An increase of this magnitude would make RLG salaries about the same as for comparable civil service grades in Thailand (using the free market rate of exchange between baht and kip). No precise comparisons are possible, though, because dependent allowances are given only in Laos. Generally speaking, Thai civil servants are considerably better qualified than Lao of comparable grade. On the other hand, RTG civil service pay is low by other Thai standards, with the result that the underpayment-cum-corruption syndrome prevails and consideration is now being given to ways of increasing pay rates.

reforms, with respect to civil service structure as well as the control over government funds. It is essential, therefore, that from the outset the provision of this additional financial support be contingent on the institution of such other measures, especially the two immediately following below. For this reason, it might be best to phase the provision of additional payroll support over a few years, that is, the period necessary to institute the other measures.

Personnel Authority

The barriers to effective use of existing talent within the Lao civil service are numerous. The problem goes far deeper than inadequate pay scales. Thus, the evils of promotion by seniority are reinforced by the diffusion of authority for personnel management throughout the ministries and by factionalism, which makes connections rather than ability the criterion for placement. Such a system will not attract good people and will not make for the best allocation or stimulate the best efforts of those it has. What can be done?

One possibility is the establishment of an office, similar to Janpan's National Personnel Authority, reporting directly to the Prime Minister's office, with broad powers of civil service administration. In Laos, the Authority would have a short-term objective of identifying talent already available and insuring its placement in positions of greatest usefulness, and a long-term program of revising civil service job descriptions, job qualifications, examinations, the design of programs and selection of candidates for in-service and outside training, promotions, and so on.

The short-term program is intended to employ exceptional measures to break through existing barriers to rational use of the country's slender stock of competence. The long-term goal is a system that can function effectively according to its own rules, without resort to exceptional measures. For both objectives the Authority would need the technical expertise and integrity of purpose of competent U.S. advisors. Only the combination of the Prime Minister's authority at the general level and the disinterested operation of the American at

the staff level will make it possible for the Authority to resist the pressures that now make rational personnel policy so difficult.

Even so, many concessions to Lao custom will be necessary. In particular, it will inevitably be easier, and politically more acceptable, to rationalize by promoting the able than by firing or demoting the incompetent. This will be especially true where senior posts are occupied by men of inadequate qualifications or motivation. Their work is poorly done and they keep potentially better men out of these posts, but the pressures that put them in also make it difficult to remove them. Many, however, could be "promoted," if sufficiently prestigious and well-paid positions were made available.

Given the waste generated by an incompetent man in an important job, the creation of acceptable sinecures might produce large gains in effectiveness at modest cost. For example, a series of Royal Policy Commissions on basic problems, such as economic development, education, or religion, might provide housing for men of experience and public standing no longer suited to operational positions. Alternatively, increased prominence and emoluments might be given the existing office of Royal Counselor. Partial retirement under conditions of public respect is honorably established in Lao tradition. Probably all that is needed to move many men from taxing responsibilities is the honorific and the honorarium. The United States should indicate its willingness to foot the bill.

On the other side of the picture, there are undoubtedly many underutilized resources now available to the RLG. For example, some civil servants are now in positions for which they are completely untrained. Their productivity could be increased by retraining or transfer to jobs for which they are better qualified. Others are in services with inadequate operating funds, with the result that they are quite able to work but have no function to perform. The Personnel Authority, by inventorying the present civil service staff and preparing adequate records, could rationalize the distribution and retraining of civil servants. In this way, it should be possible to permit a large increase in government services without expanding the civil service roster. In fact, even

a half-hearted attempt to count heads would reveal many "dead souls" on the roster, persons long since gone whose pay is now collected and used for other purposes. The payments now dispatched to the missing could be saved or used for better ends. The RLG roster now contains only some 9,000 regular civil servants. (There are also about 4,000 contract and daily hire personnel, but they account for a relatively trivial share of the total payroll.) An effort of modest size to develop a better picture of who and what these people are could produce substantial benefits.

A Government Accounting Office

Although the RLG alreday has some auditing capability, it lacks both the authority and the competence necessary for reliable accounting and control over the flow of resources. There is, thus, a major gap at perhaps the single most critical point in the government's ability to regulate itself, a weakness that could be offset to a substantial degree by U.S. technical assistance. One way of providing it would be the establishment of a Government Accounting Office reporting directly to the Prime Minister or the Minister of Finance. As a newly organized body, the office's personnel on the Lao side could be chosen afresh, avoiding the problems created by functionaries of inadequate qualifications or integrity embedded in existing offices. It would have Americans doing staff work, whether officially designated as technical advisors or otherwise. This presence, in addition to bolstering the technical capability of the office, would give it the authority to command access and would remove the onus of enforcement from the Lao employees who might otherwise suffer intimidation or retaliation. The office would make use of the present flow of information from existing auditing procedures to avoid unnecessary duplication, but it would have the authority to run checks on these and to conduct independent audits over the broadest range of accounts, including those such as the military, not now open to such inspection. Thus, in addition to providing better control over resource flows, the office would become a source of valuable information, both to the Prime Minister and the U.S. Mission, over a range of activities now carried on more or less autonomously.

What is proposed is a new RLG institution, and its feasibility in the form just suggested would depend, therefore, on the attitude of the RLG. Obviously, there are other ways of packaging the same set of essential components. There is reason to believe that some package of them would be acceptable, because the basic elements have been independently suggested by the Minister of Finance, that is, a revitalized auditing apparatus with better personnel selection, staffing by mixed nationalities, and a broadened field of investigation. It may be that the RLG would rather see the non-Lao positions not filled exclusively by Americans, or that it would prefer to reorganize existing offices to creating a new one.

The establishment of a dependable auditing capacity as an essential prerequisite to transferring authority over aid funds to the RLG. Until end-use supervision is assured, devices retaining control in American hands, such as the USAID Trust Fund, should be maintained. Thus, although U.S. participation in the auditing function initially would mean further American intrusion into RLG affairs, its objective is, on the contrary, the creation of circumstances that will permit the transfer of more complete control to the RLG. Ultimately, when the principle and practice of RLG auditing are well established, the Americans can withdraw from this function, surrendering complete control to the RLG. This phased sequence is the most prudent, but probably also the swiftest, route to true RLG self-sufficiency.

Although the institution of the auditing capability is intended primarily to strengthen the integrity and effectiveness of the RLG, it should also produce savings in the U.S. assistance bill. At present, the RLG civil budget is divided about equally between pay and materials costs. Thus large sums, which must ultimately be met through non-project aid, are spent on procurement through the RLG budget rather than the USAID Trust Fund, and hence are disbursed without adequate control. We know that civil servants spend more than they are paid. It is only reasonable to presume -- and there is direct evidence as well -- that they make good the difference in part through the misallocation of materiel procurement. At least part of the increased cost of higher civil service pay, therefore, can be recovered by auditing these expenditures.

Although it is impossible to estimate the magnitudes involved, they may be greater than might at first be supposed. Disposing illegally of building materials allocated to the Ministry of Public Works, for example, is a cumbersome method of self-remuneration and must cost us, the payer, more than it is worth to the recipient.

Improving Physical Facilities of the RLG

Most RLG offices are in dilapidated structures, expensive to maintain and depressing to work in. Although we do not wish to foster delusions of grandeur, we should not be insensitive to the problems that inadequate physical facilities can raise. F. H. Vittetow* describes the demoralization of a "materials production center" expected to write and print textbooks in a building without lights, water, usable equipment, or reference works. A modest program of improving the most inadequate RLG physical facilities is now carried on by USAID. This could usefully be expanded, as an indication of our interest in the long-term development of the government, but more importantly as a stimulus for RLG ministries to cooperate with USAID-sponsored programs. No cooperation, no new facilities.

Increasing RLG Revenues and Reducing Incentives for Corrupt Practices

A stable, predictable government that exacted no extra-legal payments would do much to stimulate normal economic activity and hence to broaden the government's tax base. Probably the best revenue-raising measure, therefore, is simply a general improvement in the integrity of the RLG and FAR.

Although it was Adam and Eve who sinned, the serpent and the apple played the precipitating role. In addition to enforcing standards of governmental behavior, therefore, we should try also to reduce the opportunities for illegal profits and to discourage the community of traffickers who organize the trade and provide the points of contact for corruptible officials.

---

*One Year and One Million Books Later, USAID, Vientiane, April, 1965.

The more frequently administrative procedures must be invoked, the more opportunities there will be for officials to demand bribes or for the swift of foot to make profits by offering them. Hence, it is desirable as much as possible to permit the laws of economics to regulate business affairs, rather than to depend on licenses, price controls, government monopolies and the like, all devices that have been amply tried, with predictable results in Laos. The Mission should use its influence to discourage excessive resort to administrative regulation. In particular, if civil servants and soldiers are adequately paid, the use of USIP to subsidize imports for sale to them at cut prices through "economats" and other special purveyors should be ended.

At present many goods are smuggled from Laos into neighboring countries, especially Thailand. This trade supports an underworld community in Laos that is always seeking new ways to exploit its capital and contacts. Many of these people are transients who would move on if their sources of profit in Laos were cut off.

The following measures should serve the combined purposes of increasing RLG revenues and reducing corrupt practices:

A further improvement in customs collections. Improved customs procedures now being instituted with USAID support in Vientiane could be extended to other major points of entry. Of greater importance, the RLG customs service should be provided with an adequate cadre of U.S. or third country advisors, working in staff positions, to assure honest and thorough collection. The system of forfeiture, under which customs duties are prepaid through negotiation, rather than on the basis of actual arrival, invites abuse and should be eliminated. Evasion of customs is not only a source of financial loss to the RLG, but one of the practices associated most notoriously in the public mind with corrupt officialdom. On both counts, a major effort should be mounted against it.

Equalizing Lao and Thai customs tariffs. Lao tariffs are now markedly lower than Thai rates on a number of goods, such as liquor and perfume, which are therefore imported first into Laos, then smuggled into Thailand. Equalizing customs rates would eliminate this traffic

and would bring the Lao domestic price structure into greater similarity with the Thai, providing better preconditions for gradual integration of the two economies in the future. The effect on Lao revenues is uncertain -- it would increase the duty received from each import, but reduce the total volume of imports by eliminating that portion destined for Thailand. Thai customs collections would clearly be increased. Thai officials have expressed concern at revenues now lost through smuggling from Laos. For these reasons, a willingness to consider tariff equalization on the Lao side should be welcomed by the Thai and could, perhaps, be made part of negotiations aimed at rationalizing Thai-Lao economic relations generally. For example, more generous Thai concessions in the matter of transit rates on goods coming to or from Laos, discussed in Chapter 9, might be induced.

An increase in urban real estate taxes. These should be limited to properties above a specified minimum value, to avoid burdening the poor. Urban real estate is one of the most visible of assets, and a tax on it should be easy to collect if the penalty for nonpayment were, as in most countries, seizure and public auction.

The U.S. Mission should pay housing rentals in kip. At present the Mission pays rentals in 12 foreign currencies by deposit in foreign bank accounts. This is contrary to Lao law and aids landlords in evading Lao income tax. There is, in the end, no profit to the United States in the practice because we are the residual payers of the RLG budgetary and balance-of-payments deficits. Thus, money we "save" through rental agreements reached in collusion with landlords we will later have to pay in the form of non-project aid. Meanwhile we give active support to illegal practices by landlords, most of whom are also RLG or FAR officers. We discredit ourselves and encourage corruption by this practice.

MEASURES DIRECTED TOWARD THE FAR*

FAR is a large army for a country of 2 to 3 million people, but it is undertrained and underdisciplined. As already noted, its performance leaves much to be desired in several respects. It fails to make the contribution it should to rural security and to raising the costs of military aggression to the North Vietnamese. It is ridden with rivalries among its senior officers and is a disruptive force in Lao civil affairs. The behavior of FAR units often antagonizes the civilian populace and undermines the stature and authority of the RLG. The recommendations in this section are designed to contribute to improved FAR performance in these areas.

The proposed measures would establish tighter control over U.S. supplied resources and, at the same time, create the necessary preconditions for better FAR performance by improving the rules and conditions under which FAR operates. They are also intended to encourage closer relations between FAR commanders and the U.S. Mission, especially at the region level. This would permit the Mission to use its influence with regional commanders not only to improve troop discipline and performance, but also to encourage greater responsiveness to and understanding of the objectives of the central government. As noted earlier, the General Staff is unable to perform this function adequately, and overreliance on it to do so would do more harm than good to the cause of national unity. At this stage, the General Staff can best be assisted by supplementing its ability to carry out critical coordinating, planning, and supply functions. Finally, certain measures are proposed to improve the training of FAR troops.

Some of the recommendations in this section would require the further introduction of U.S. (or third country) personnel in positions

*The discussion in this section refers to the FAR. It does not deal specifically with problems of the Neutralist army (FAN). The most important issue concerning the FAN is that of integration with the FAR. This issue is too current and too complex to be dealt with adequately in this study. However, the measures suggested in this chapter have as one of their objectives the professionalization of the FAR, which would facilitate the gradual integration of all Lao armed forces into a single establishment.

that could be interpreted as contravening the 1962 Geneva Accords. In recognition of this, we have tried to outline a low-visibility but high-impact program. In many cases such additional personnel could be given civilian status. To a large degree the measures we propose work through financial and supply management. Above, we have suggested the establishment of a Government Accounting Office. Continuing supervision over the use of funds and supplies by the FAR would be a legitimate function for such an Office, and the additional personnel we have in mind could be employed by the GAO in auditing capacities. In general, the question of contravening the Accords is a matter of interpretation. Both sides of the agreement have frequently published charges of violation by the other; since the Accords have not been formally revoked, it is clear that the signatories place a substantial value on keeping them intact. The potential usefulness of our recommendations must be considered in this context.

Pay and Perquisites

As with the civil service, the precondition for improving FAR discipline is the provision of an adequate level of pay and subsistence. Military pay, like civil service pay, has declined in real value by about half since 1961. Again, a doubling of base pay (excluding allowances) went into effect July 1, 1965, the net result of which was to increase military pay about a third over present levels.

With introduction of the new schedules, pay and family allowances of men in the ranks approaches adequacy. This takes account of the fact that their dependents are located mainly in the countryside, where living is cheaper and more austere than in the cities. Subsistance allowances, however, are still grossly inadequate. At present, 55 kip per soldier are allocated for daily perishable food requirements, whereas the USAID Requirements Office (RO) estimates that 85 kip are needed. As a result the troops supplement their allowance at the expense of the peasantry, stealing or underpaying for food. It is false economy to force an army fighting the Pathet Lao to provision itself in this fashion. An adequate allowance for requisitioned food would make it possible to

impose better standards of discipline in this respect and is therefore an essential part of encouraging better relations with the civil population. It would also raise rural money incomes and encourage peasant production for the market.

After the 1965 raise, pay rates for noncommissioned and commissioned officers, especially in senior ranks, will still be low relative to their social status and authority. It is unrealistic to expect a general commanding troops to hold his personal expenditures below the level of a skilled mechanic. That rate of pay invites abuse, and abuse at the top invites abuse in the ranks. In addition, as with senior civil servants, the higher military ranks have obligations (such as entertaining and payments to survivors of subordinates killed in action) that are not formally funded and that, therefore, they meet through extra-legal means. One common source of extra-legal funds is the allotment for local food procurement. Thus, the inadequacy of funds available to officers, whether for personal or official use, also results ultimately in underpayment for local procurements and alienation of the peasantry.

Again, the determination of a more suitable schedule of pay and allowances would require a technical study by the Mission and consultations with the Lao. To illustrate its possible cost, at present force levels for both FAR and FAN, an increase in the total expenditure for pay and allowances of about 2 billion kip over the 6 billion now budgeted for Fiscal Year 1966 would permit: (a) a modest 15 per cent increase over present levels for enlisted men; (b) an increase to 85 kip per day in subsistence allowance for enlisted men; (c) a 30-50 per cent increase over present levels for sergeants and commissioned officers, who receive no subsistence allowance; and (d) an increase of two to five times in total pay for colonels and generals.

In addition to increasing pay and subsistence, provision should be made now for accountable funds to be used for the monetary obligations traditionally borne by senior officers. In this connection, the question of pensions and survivors' benefits should be reviewed. These are now meager in the extreme. (The RLG budget for Fiscal Year 1966

provides only 45 million kip -- $90,000 at the free rate -- for all military pensions.)

Better Payroll Control

Under present procedures, military units have their own paymasters, who receive funds from the central budget and make distributions to individual soldiers. The paymaster is under the local commander, with the result that final allocation of the payroll is also under the latter's control, permitting him to redistribute it as he sees fit. In addition to permitting him to take a share for himself and for kickbacks to higher echelons, this system of payment has the effect of giving him considerable freedom in the numbers of men he maintains in his command. His roster may retain the names of men who are dead or missing, so that the receipt of their pay is continued. On the other hand, he may recruit locally, forcing him to spread pay and supplies over a larger number of men than they are intended for. For the FAR as a whole, the actual number of men under arms has tended to exceed the number budgeted for. This freedom in local recruiting has two harmful consequences: (1) Commanders compete for recruits and numbers under arms, intensifying reciprocal frictions and suspicions, and (2) logistic support does not match unit strength, usually with the result that there are not enough supplies to keep the soldiers adequately equipped. It would seem that better control over payrolls would permit better control over numbers, since unpaid soldiers would be difficult to keep in the ranks. How such control might be achieved is another question. One possibility would be for the paymasters to work out of the Ministry of Finance, making payment only to soldiers who can show positive identification and whose names appear on an official roster. Bona fide soldiers unable to appear for payment would receive arrears subsequently.

Better Exploitation of MAP

The FAR's logistical system presents it with some of its most acute problems. The technical difficulties are far beyond the system's capabilities. Responses to requisitions from the field are uncertain. Literally no one in Laos has a serviceable picture of what supplies are now available in FAR depots or of the condition and maintenance

requirements of equipment in the field. As a result, the supplies available often are mislaid or misdirected, and units in the field are ill-supported and unable to use much of the equipment they have. Second, inadequate control results in the illegal diversion of supplies to provide funds for influential officers. Third, the struggle for supplies is a major factor in the factional infighting among FAR commanders. The unreliability of the system thus intensifies mutual distrust. In particular, it undermines the respect of commanders outside the Vientiane region for the General Staff, the central government, and the Vientiane Commander. Finally, with logistic support in its present state, it is difficult for FAR to employ and develop its operational capabilities, its most important function from the U.S. point of view.

For these reasons, consideration should be given to increasing the U.S. role in operating the FAR logistical system. From our standpoint, this would reduce the waste of our supplies and permit better operational performance. This would provide FAR with the learning and self-confidence that come from more successful military operations. Americans played an active role in almost every aspect of Operation Triangle from which the FAR probably benefited more than from any other single experience. Logistics is an area in which more help from the U.S. side is needed -- and could be readily extended.

USAID's Requirements Office, perhaps acting jointly with ARMA and CAS, should be expanded to provide the following kinds of assistance: (1) Technicians should be supplied to FAR depots to inventory the items now in stock, maintain accurate current records henceforth, supervise equipment maintenance, and monitor the flow of supplies to assure proper end-use. Perhaps 30-40 third country technicians would be required. Men with experience in this work in Laos are available through ECCOIL from the Philippines. (2) Civilian American logistics advisors -- already requested by the General Staff -- should be made available. At least two should be assigned to work closely with the G-4 so that the paperwork required at headquarters does not make it impossible to travel extensively in the field. This would help develop both the

technical competence and the impartiality of the General Staff's logistic system. (3) Meanwhile, the work of RO/Vientiane and the G-4's office should for all practical purposes be integrated. Although G-4 should take as much responsibility and initiative as feasible, ultimate assurance of adequate logistic support to the regions should be provided by RO. Whether this means direct supply via Thailand or not is a technical question. The main point is U.S. assurance of support to the regions. This would alleviate perhaps the most corrosive defect in present FAR practices. (4) At least two permanent American representatives should be assigned to each of the major military regions, to assure sufficient travel to the field. One of the representatives would bear primary responsibility for technical supply functions and his qualifications need extend no further than that. The other, however, should have the stature and background to act as a general advisor to the regional commander. For him, the ability to make close contact with his counterpart and to understand broader military and political matters is of greater importance than a background in logistics. As an alternative to working out of RO, he might be from ARMA or CAS, depending on the needs of the region and the availability of suitable personnel. What is essential is a working integration of the advisory and supply functions. A good man, with this kind of leverage, should be able to motivate his counterpart in many desirable directions. This could be the key, for example, to better troop discipline, better planning, and so on. (5) In order to assure support and provide incentives for aggressive commanders and their operations, only minimum levels of support should be maintained according to the T/O&E of agreed force levels. Additional support should then be provided in accord with current operations. This would stimulate advance planning, in cooperation with the American regional advisor. He will be able to support his advice with material, or to withhold support from ill-conceived operations (and coups). (6) The trial head count and field inventory currently in progress should be reviewed, when finished, with respect to improving such activity and placing it on a continuing basis. Adequate support and the authority to assure access and reliability should be provided by RO. (7) Some

attempt should be made to provide reliable identification cards, however primitive, to every soldier and to begin a system of unit and individual accountability, making the troops responsible for equipment and gear issued them. At present, for example, it is virtually impossible to reequip a unit without issuing duplicates of many items still in hand.

Construction and Maintenance Funds

Military structures throughout Laos are in disrepair and neglect. At present, almost no funds are budgeted for their maintenance, replacement, or expansion. Where the commander is forced to take action, he generally does so illegally by diverting funds from other uses. Funds for the maintenance of existing structures and the construction of a limited amount of new facilities should be provided through legal channels, with adequate accountability. These funds should be made available on a priority basis to units whose military performance merits recognition.

Training

The Geneva Accords of 1962 gave to the French exclusive responsibility for training Lao military forces. Because of the breakdown of the Government of National Union the French Military Mission has, with a few exceptions, failed to carry out its training functions. As a result, FAR remains an inadequately trained army. One consequence of this is that FAR is considerably larger than would be optimal were its quality higher. Another consequence is that FAR has remained undisciplined and unprofessional. Finally, of course, lack of training sharply reduces its effectiveness.

A modest program of unit training in Thailand is supported by the United States. At present, training is given to units only up to company size, whereas FAR operations are often conducted by units of battalion size. The total number of troops trained under the program is now about 1,700 per year, only 2-3 per cent of present FAR and FAN strength. Only 2 per cent of MAP funds for Laos are spent for training.

This is a poorly balanced allocation of effort, and a larger training program is indicated.

The Geneva Accords make it impossible for the United States to conduct overt training in Laos. However, in-country training centers could be established in little frequented parts of the country such as Champassak and Sayaboury. Under overall U.S. supervision, instructors could be recruited from the Royal Thai Army, outfitted in FAR uniforms, and a program inaugurated that would permit a larger flow of unit training, up to battalion size. Such a program should be designed to produce Lao instructors so that in two or three years the entire program could be run by the Lao. Alternatively, the possibility might be explored of building one or more such centers in Northeast Thailand or expanding existing RTA facilities to accept more FAR units.

This program too should be used to reward good performance, and priority in training should be given to units under the most capable and reliable commanders.

Literacy for FAR Soldiers

A literacy program for the FAR is recommended in Chapter 6. This is a natural complement to the measures recommended above to professionalize the FAR and improve troop conduct. Such a program would provide the FAR with better qualified troops and Laos with better qualified citizens, increase the self-esteem of the troops, and indicate a concern for the common soldier on the part of the FAR and RLG, which should improve their image with the public.

PART II

PROJECT AID

Chapter 4
OBJECTIVES AND TACTICS

Project aid in Laos spans activities whose content ranges from the purely developmental (education, agricultural development) through mixed security and developmental (clusters, roads) to almost pure security (refugee relief, military technical support). No comparable distinction can be drawn functionally, however, since the two-way interrelationship between developmental and security projects is the heart of the aid problem in Laos. In this chapter, we attempt to analyze the relation between the broad lines of project aid and U.S. objectives, and the tactics for effective utilization of project aid.

The project aid activities of USAID are constantly being modified and improved. The Mission is rich in ideas for better programs, for new programs, for better ways of carrying out present programs. As outside observers we have been struck with the energy with which new programs, new procedures and new approaches are discussed and set in motion. Many of the problems that arise in the project aid program are essentially technical, for example: Are metal well-rings better than wooden well-rings? Will a particular kind of pig prove profitable in the Bolovens? On these issues the technicians within the Mission are far more competent to judge than any outside observers. Accordingly we do not attempt a comprehensive review of the ongoing programs of the Mission. In the remaining Chapters of Part II of this Memorandum we have selected three topics that appeared to us to be of importance and on which non-technical comments might be of use.

Before turning to the objectives of project aid, it would appear appropriate to discuss the distinction between project and non-project aid, one clearer in practice than in theory. Theoretically, projects could be administered through the RLG budget and financed by means of an increased non-project aid program. The criteria under which it becomes more desirable to administer a particular project through the form of project aid rather than through inclusion in the RLG budget are by no means clear-cut. Project aid has

important advantages, however, that in many cases make it a more desirable form of aid. First, and most important, it makes it possible for USAID personnel to ensure that projects are soundly conceived and well carried out -- in short, the United States has more direct control over the program content of project aid than over programs in the RLG budget. Furthermore, project aid can be used selectively to support competent Lao officials attuned to U.S. policy objectives, thereby improving the quality of local and central administration. An additional, though less apparent, advantage is that carrying out project aid provides the U.S. Mission in Laos with valuable information that would otherwise be unavailable.

From time to time arguments are advanced supporting the expansion of the RLG budget to include activities currently financed under project aid. This may be desirable sometime in the future but there is no hurry about it. Throwing too large an administrative burden on the RLG too soon would not only sharply reduce the effectiveness of the present programs but push the day further off when the Lao can run their own programs. As noted in the previous chapter, the best way to improve RLG performance is not to place impossible burdens on the fragile Lao administrative capability but to find ways of strengthening this capability while bearing whatever part of the burden the RLG cannot yet carry.

OBJECTIVES

The basic objective for project aid is the same as for U.S. policy as a whole -- to help create and maintain an independent noncommunist Laos. Within this broad goal, however, certain instrumental objectives can be distinguished that have particular relevance to project aid.

Influencing the Behavior of Individuals

One objective of the project aid program is to influence the behavior of individuals. The desired behavior will differ from area to area. Unlike Vietnam, Laos does not have active insurgency extending throughout the country. The war of "interlocking combs" barely

exists in Laos. Insurgency in some areas, conventional warfare in others, relatively stable communist or RLG control in others, and a power vacuum in some tribal areas -- the face of the conflict in Laos depends on where you are when you view it. The variegated nature of the conflict must be reflected in the kinds of programs mounted in particular areas and in the priorities assigned to them.

Where the conflict in Laos between the RLG and its communist adversaries approaches a classic insurgency situation, public attitudes and individual behavior have major security significance. In these areas much is needed from the peasant. Intelligence concerning Pathet Lao (PL) activity and membership is indispensable, participation is needed in RLG paramilitary efforts, individual and community resistance to PL efforts at gathering intelligence, at recruitment, and taxation is desirable. Similar objectives, though on a more modest scale, apply to areas where PL control is dominant. In both of these kinds of areas active support is the goal rather than passive support. "Winning the hearts and minds" of the inhabitants is not enough; good will must be turned into action in support of the government. Where peasants are asked to take genuine risks in supporting the government, strong incentives and good organization are needed. The riskier the behavior desired, the stronger must be the incentives and the better the organization.

Elsewhere in rural Laos, the conflict is for the moment dormant. In such areas less is required from the peasants in the way of overt action in support of the government. Nevertheless the allegiance of peasants in these areas to the RLG is important to counter any future communist attempts at fomenting active insurgency. Intelligence in particular is still needed, though the risk of giving it may be less acute. In the urban areas of Laos there are, at the present time, few signs of popular unrest or active insurgency. This situation could deteriorate were the PL to step up its pressure in the cities. The problem in the cities is to continue to give urban dwellers active disincentives to cooperate with any communist attempts to organize urban dissidence. Student unrest, civil service dissatisfaction, and

the establishment of a communist underground among the Chinese and Vietnamese communities are potential dangers to guard against.

Approximately half of the population of Laos consists of minority ethnic groups -- the so-called "hill tribes." The relation between these minority groups and the central government is a major, perhaps the major, social and security problem in Laos. These groupings do not constitute a homogeneous community. Individual tribes are themselves weakly organized, cooperation between tribal groups is limited. In some cases these people are organized against the communists, in others they are organized in support of the communists, in still others they are not organized at all. Project aid can support the friendly tribes and be instrumental in turning the unaligned tribes, and even those at present sympathetic to the communists, into active participants in the conflict against the communists.

Improving the Performance of Lao Civil and Military Authorities

A second major target of project aid is the performance of civil and military authorities. Better performance is needed to resist and overcome communist military pressure, to make effective use of U.S.-provided resources and to generate self-confidence among Lao leaders and general confidence in them from individual Lao citizens. A major aspect of improved performance is the reduction of official abuses, both civil and military. Probably nothing is as damaging to the image of the government as the casual tyranny imposed by local FAR units over the countryside. Similarly, the arbitrary abuse of power by regional and local civil officials, and the corrupt diversion of funds, go a long way toward negating efforts to demonstrate that the RLG is worthy of the peasants' respect and support.

It is also in the U.S. interest for Lao civil and military authorities to be responsive to U.S. guidance. Because there is a general community of interest between the United States and Lao leaders, and because responsible Lao officials realize their need for advice and assistance, this goal is attainable. Changing conditions could make it more difficult than it is at present, however. Accordingly careful

attention must be paid now to laying a solid groundwork for mutual cooperation as time goes on.

The U.S. Image

What people think about the U.S. role in Laos is important. "Image" may be a poor word but it is the best there is to describe this issue. The RLG attitude to the United States will greatly affect the success of our policies in Laos. RLG officials must be persuaded both of the benevolence of our interest and the durability of our support. If they have doubts about either they will have doubts about the ultimate consequences of U.S. participation in the struggle against the communists. Stressing the benevolent intentions of U.S. policy alone is insufficient because the Lao realize that when the chips are down the durability of our support will depend as much on our self-interest as on our good will.

The attitude of the rest of the world is also important. Recent history affords ample evidence that world public opinion can influence the outcome of such struggles as that in Laos. Although the world-wide popularity of U.S. actions in Laos is not the deciding factor, the material and moral support that can be enlisted from others will make a difference. It is also important that U.S. policy in Laos be persuasive to U.S. citizens and leaders.

Finally, U.S. policy in Laos must be viewed in light of its impact on present and potential allies. The current government of Laos has in effect allied itself with the United States in a struggle against communist aggression. Both Laotians and others can see what the tangible results of this alliance have meant. The United States can do nothing through its aid programs to bear the human costs of war -- the death and suffering that war entails. But it can bear the economic costs -- and more. Demonstrating in Laos that the United States will provide economic and military assistance to its allies, on a scale sufficient to bring the promise of a brighter future, may be decisive in determining the behavior of other nations when faced with the threat of communist aggression in the future.

INGREDIENTS OF GOOD PROGRAMMING

The principal objectives of project aid have just been listed. The means at our disposal for attaining them are specific programs, carried out in different sectors of Lao society. What elements must these programs contain to harness them to the desired objectives? This section spells out several such ingredients in general terms. An analysis of some specific programs in terms of these components is presented in the following three chapters.

Leadership on the Lao Side

One element essential to each of the objectives is active, indigenous leadership. This is not always easy to evoke, but in the end it will turn out to be the vital ingredient for success.

Individual citizens have ideas and values of their own. But in making decisions, and in particular in confronting the novel demands generated by USAID programs or the conflict between communists and noncommunists, they seek the guidance of men they respect and trust. Furthermore, to act effectively they must act together, just as to withstand the pressures of enemy propaganda and actions they need the reinforcement of group support. All of these things mean that they must be organized, which quintessentially requires leadership. To stimulate the desired behavior from individuals, it is necessary but not enough to approach them as individuals. It is essential that the kind of leadership they will accept and follow be present and participating. A fortiori, it is essential that this leadership not display passivity or opposition.

Leadership is equally important in determining the performance of the civil and military authorities. Neither group is a machine, responding automatically to commands from above. They are heterogeneous collections of people, with authorized functions they fulfill in greater or lesser degree, but also with motives and relationships of their own. Moving them to put out their best efforts, organizing them to work together efficiently, disciplining them to refrain from seeking personal ends at the expense of common goals, all require proper

leadership at each level of the hierarchy. The chao muong (district chief) may act the petty tyrant unless the chao khoueng (provincial governor) keeps his eyes open. The chao khoueng may lapse into passivity unless the central government or the regional commander shows an active interest in supervising him. Soldiers may abuse the authority their weapons give them unless their commander maintains discipline. Leadership is vital to good civil and military performance, and effective leadership at any level must stem from an adequate input of leadership at the top. The senior man is the keystone. He has the most authority both with the people and with leaders of lower rank. His sanction and interest mean effective participation at lower levels, whereas without him it will often be hard to obtain or of little practical value. Our ultimate objective, after all, is to bring the people into a better relationship with their government and senior leaders. The latter are the target of enemy propaganda and ideological attack for the same reasons that it is in our interest to strengthen their standing with the people -- it is the highest levels of leadership that can bring individuals and fragmented communities together to act in their own defense. It is to them that individuals and smaller communities look for wisdom and guidance, for the reassurance of belonging to a group large enough to care for itself.

Involving the indigenous leaders in constructive programs is also of great importance for the image of the United States projected by our activities in Laos. It demonstrates both to the Lao and to other potential allies that we seek to strengthen self-government, not to overwhelm it. And, by bolstering public support for the leadership, it associates our presence with a popular cause.

The Role of Americans

Two factors dictate an active and relatively prominent role for Americans in Laos. The first is that Laos has too slender a stock of competence, too weak a system of internal organization to do the things that must be done. Necessity forces Americans to do much that the Lao

cannot do for themselves, even when this may carry certain negative side effects. There is also a more positive aspect. Laos is a small country that has been invaded by a stronger neighbor, North Vietnam, and lives under the threat of a giant, China. The frequent reports of villagers who think they have seen Chinese battalions or Vietnamese divisions show that the sense of invasion and imminent peril from abroad is felt at all levels of Lao society. Viewed in this light, the Americans play the part of a powerful ally. A visible American presence is reassuring. A tactful but serious U.S. effort to develop Laos is read as signaling the degree of U.S. commitment to Laos' future.

Since Americans must be both active and visible, the key to their effectiveness does not lie in being inconspicuous, but in developing a working partnership with the Lao. This is difficult, as are all alliances, but there is a complementarity between what Americans and Lao have to contribute that is essential to success. It is the Láo who must do the fighting, gather the intelligence, operate their economy, and provide leadership to their fellow countrymen. Only indigenous leadership can evoke the response of the Lao citizenry and supply the political ingredients necessary for success. The United States, however, must also provide leadership, but leadership of a different kind. As partners with the Lao, the United States can help the Lao leaders develop a sense of identity and community and convince them of their capability of pulling their own weight in the alliance. To do this successfully requires that Americans do enough to assure that progress is being made and to develop the capacities of the Lao to do still more. At the same time Americans must guard against taking the leadership so enthusiastically as to rob the indigenous leadership of its authority and functions, even when no apparent resistance or resentment against their doing so is evident. In short, they must constantly be alert to the dangers of doing either too little or too much. The consequences and likelihood of misjudgment will be greatly reduced if we, as must all allies, seek every opportunity to build mutual confidence and understanding. This means, for example, never promising what cannot

be delivered, never starting what there is no intention of finishing. Most important, it means establishing relations of mutual trust between individual Americans and individual Lao.

Material Incentives

Our programs should use material incentives to motivate individuals and communities to resist the communists and to accept the guidance of noncommunist leaders. This means providing a significant differential in the quality of life in favor of those on our side, and doing so in a way that clearly associates the difference with continuing noncommunist leadership. The initial provision of such benefits should be done in a way designed to generate good will for the authorities on our side and thus for the other programs they sponsor as well. For example, these authorities should be actively involved with the establishment of a new school or dispensary, and the project might be timed to coincide with security-oriented programs, such as the formation of a self-defense unit. Benefits of a continuing nature, such as the services of a school teacher, or follow-on programs are needed, because the impression made by benefits provided in the past will gradually fade. The people need to feel that the continuation of noncommunist leadership is in their interest. For certain kinds of activities, such as gathering intelligence or capturing enemy arms, direct payments in money or kind would be appropriate, and material stimuli for defection or betrayal of the PL should be devised. More generally, we should be clear that the purpose of our material programs is to stimulate desired behavior and attitudes, and improvement in the material conditions of life is not an end in itself. Thus, for example, a program that improved the villagers' lot but threw a bad light on RLG performance (say, through an unfavorable comparison between the chao muong and the American cluster manager) would be more of a liability than an asset.

Long-Term Development

To command the loyalty of its members, a society must offer outlets for their ambitions and energies and the promise of improvement

in desired directions. Although the Lao are not obsessed with "progress" in the manner of the Americans, they have their own concepts and needs in this respect, as indicated, for instance, by the value they place on schooling for their children. Among the elite and the young, both of critical importance in the struggle with the communists, the desire for advance is especially noticeable. Our programs, therefore, must promote the long-term development of Laos.

Although our own prime concern is with political development, through which the people and their leadership are drawn together, this goal can be achieved only if accompanied by development in other directions as well: education must be expanded to provide trained cadres; physical infrastructure must be laid in to link the country's diverse parts; economic development is needed to provide individuals with the means to pursue their ambitions and better their lives. Again, though, development should be promoted primarily for the contribution it can make to political stability rather than for its own sake. Thus, assuring marketing opportunities for peasants who desire them is an appropriate goal, but stimulating discontent with subsistence agriculture in order to force economic growth is not. Although the United States must promote development as a tangible indication to the Lao and the rest of the world that its concern is deeper than simply supporting the day-to-day struggle with the communists, it should be possible to design programs for this purpose that serve the goal of political stability as well.

Chapter 5

USAID'S RURAL PROGRAM

One of the notable achievements of USAID in Laos is the degree to which the program has moved into the field. Sizable field operations extend the influence of U.S. personnel and provide indispensable information about developments and problems in provincial Laos. USAID people have learned that facts as they appear in Vientiane may bear little relation to the facts as actually found in the field. This heightened U.S. awareness of the problems and opportunities in rural Laos is the necessary pre-condition for the effective implementation of the kind of rural program suggested later in this chapter.

A wide variety of USAID activities is underway in rural Laos. We shall discuss these activities under two broad headings: refugee relief and cluster operations. Neither term is an adequate description of the activities they encompass, but they are both accepted as standard nomenclature. A distinction is drawn between these two programs for several reasons. First, the refugee relief program is centered on active military operations to a degree unmatched in the cluster and related programs. Second, the refugee relief program is operated in areas where the central government's administrative structure is weak or non-existent, whereas the cluster programs work in an environment where an RLG administrative structure is already in place. On the U.S. side, too, there is a clear administrative division between the two programs, even though both are embedded in USAID's Rural Development Division (RDD).

We do not attempt to evaluate or review each of the many technical operations that are carried out in rural Laos. Many, though by no means all, are integral parts of the refugee and cluster programs. The focus of this chapter is on the broad conception and effectiveness of these more general programs.

REFUGEE RELIEF

Many diverse activities are carried on under the title of "refugee relief." Some have to do with temporary assistance to or resettlement of people who have fled from dangerous or enemy controlled zones. The bulk of the program, however, is not "relief" at all, but part of an integrated political-military war effort. On performance to date, the program is perhaps the outstanding success among the various U.S.-sponsored attempts of the kind. In terms of U.S. objectives, it is the most advanced of the rural programs in Laos: it combines U.S. material and personnel inputs with indigenous leadership in a way that contributes both to the immediate goal of fighting the communists and to the long-term economic and political development of the region in which it operates. The program is described in some detail below. Except as indicated, the discussion refers to Northeast Laos (Sam Neua, Xieng Khouang, and Eastern Luang Prabang) where the program is most fully developed and the largest expenditures are made.

Description of the Program

Northeast Laos abuts on North Vietnam. Ever since the French Indochinese War it has been an area of major concern to the Vietminh and, in their conception, a base area for the Pathet Lao. It is inhabited, especially in the valleys, by ethnic Lao, but the largest part of the population are minority groups -- the Meo prominent among them -- living on the slopes and crests of the mountains that dominate the topography. Some of these people have been in the area for centruies, but a large number are relative newcomers, having migrated from China and North Vietnam after the turn of the century. They grow upland rice, using slash-and-burn techniques. They are migratory, but attached to their way of life, and hence to the kind of terrain that can support it. Their present area is rugged and sparsely populated with few towns, roads, or navigable rivers. They tend, therefore, to be quite self-sufficient. For this reason and because the population is sparse, the area does not produce food surpluses which can support an invading army.

Some of the people feel a strong commitment to the Pathet Lao because of political convictions or through personal loyalties and historical circumstances that have put their clans and leaders in the communist camp. A larger number are controlled by the communists through their traditional techniques of village political organizations and the exercise of de facto police, military, and governmental authority. Material hardships and the often harsh regimentation of what was formerly a freer, more traditional way of life, have produced widespread dissatisfaction with communist rule. The greatest source of strength for the communist side is its proximity to North Vietnam and its ability to draw on Vietnamese troops and supplies. The proportions in which Vietnamese and Lao nationals participate in the communist forces is apparently not known with precision, but North Vietnam provides organized units able to go into battle on their own as well as cadres for Pathet Lao units. The communist military force is heavily dependent on supplies from Vietnam. Unlike the Viet Cong, it tends to be road-bound, and the main areas it controls are lowlands and towns.

The noncommunist effort is led, both in civil and military affairs, by General Vang Pao, who is FAR Commander of the military region but also an indigenous leader of the Meo. He commands some regular FAR troops, but his effectiveness depends to a greater extent on partisan units organized from the local inhabitants. Although the Meo provide the backbone of the partisan effort, there is a substantial non-Meo participation as well, all under the command of Vang Pao. The essence of the partisan effort is that the soldiers are fighting in defense of their families and homelands. Their endurance and willingness to fight, therefore, depend on their seeing a close connection between their military efforts and the well-being of their families. The USAID program in the area is designed principally to support the war effort in this respect. In addition, it provides certain kinds of direct support to the fighting forces.

The largest and most vital element of the program is the supply of rice and other necessities to villagers who flee the communists.

To move, these people must go on foot, abandoning their crops under cultivation and most of their supplies and household possessions. Without external material support, movement of this sort means severe deprivation or even starvation. The first assurance required by a partisan fighter, therefore, is that provision will be made for his family when enemy pressures force withdrawal. Without it, he cannot accept the risks of fighting and would instead have to submit to enemy domination.

U.S. ability to provide this kind of support makes the organization of partisan bands possible. Furthermore, our ability to choose the locations at which we make distributions gives us a vital say in the deployment of the partisan forces. Generally speaking, these men will fight to defend their families and, in fact, will fight over sustained periods only if in reasonable proximity to their families. When the villagers flee, a decision (which must be acceptable to the villagers, Vang Pao and his staff, and the Americans) is made about the location at which they will establish their new village. In large degree, therefore, this decision also determines the deployment of the partisans. New sites must be chosen with a view to providing security for the civilians and land suitable for cultivation. At the same time, it is possible to give due weight to military considerations, maintaining forces in areas that might otherwise be abandoned to the enemy and coordinating the deployment and activities of scattered groups.

The strategic considerations underlying the pattern of relocation make this program fundamentally different from usual refugee relief operations. It is essential that the villagers make every effort to support themselves after they move, so they will retain the self-confidence and sense of proprietorship that motivates them to fight in defense of their lands. On the other hand, military considerations make it desirable for them to occupy terrain subject to contest by the enemy. For this reason there is no fixed relationship between the number of "refugees" receiving commodity assistance and the success of the program. A quick return to self-sufficiency

is a mark of success that reduces the refugee roster; but the villagers' determination to hold difficult terrain is also a mark of success, even though it may result in repeated moves and hence a large refugee roster. Thus, the commodities supplied through the program must be viewed as military support, not relief, and their effectiveness measured in military terms, not in the rate of reduction of the refugee roster.

The foregoing explains some of the inputs needed to make an effective partisan effort possible. A more creative aspect of the program is directed toward motivating people to take part in it. Of course, the most important factors in this respect do not stem from us, but from the unacceptable conditions of life imposed by the communists and the innate desire of the people to follow their own traditions and live by their own values. However, the program is designed to reinforce these desires by making the alternative to communist rule more attractive and by providing the political and organizational means to translate personal preference into collective action.

No doubt the single most important motivating factor has been the leadership of Vang Pao. Initially through necessity, and now through preference as well, the number of Americans in the area has been kept small. The program has operated as much as possible through the indigenous leadership of Vang Pao and his military and civilian subordinates. Their initiative has been encouraged and their judgments and objectives have been respected. Vang Pao himself has used the program not only to strengthen his position of leadership among the Meo but to extend it to other ethnic groups as well. Showing personal concern for their problems and values, filling responsible positions in his organization with their leaders, he has enhanced the authority which his command position gives him and won increasing acceptance of his leadership among the non-Meo. Thus, the program has fostered an indigenous leadership structure extending from the villages to Vang Pao, to which the people are responsive. They have the confidence of belonging to a group much

larger than their village, under the active leadership of a man much more powerful and experienced than their clan or village head.

Usually fewer than ten Americans operate on the ground, in close contact with the people of the region. About two-thirds of our expenditure on the program goes for the air support needed to transport program supplies to the Americans and Vang Pao and his staff, and to carry indigenous troops and people unable to move by foot because of injuries or enemy dispositions. Thus, a small number of Americans on the ground and in positions of political sensitivity multiply their effectiveness through the flow of resources they control. The air supply (requiring a much larger number of Americans) is technically demanding but requires no exceptional sophistication in dealing with the local people. In this way, a handful of Americans on the ground can maintain active collaboration with 150-250,000 inhabitants of the region. Limiting the number of Americans in the area is desirable in part because it ensures maximum participation and development of the indigenous leadership, and in part because it would be difficult to maintain the flexibility and quality of the American operation with greatly increased numbers.

The Americans on the spot take an active and visible role in the program. In some situations, their visibility may even be their main contribution -- for example, where it reassures isolated groups that they can expect American support and that the Americans have confidence their positions can be held. The Americans provide technical advice, direct many activities, help with supply, and coordinate and participate in decisions about all aspects of the program. In this, they are not only acting in support of the program generally, but also as representatives of the U.S. side in a working alliance. They are involved therefore in the bargaining process which all working alliances imply. On one hand, they must show U.S. good faith by their personal dedication, by demonstrating understanding and concern for the interests of the other party, and by trying to make the most effective use of the resources allocated to them. On the other, they must evoke a corresponding commitment from the local

people. The latter must understand and be confident that the program will succeed only by means of their own best efforts. This often means resisting attempts to avoid conflict with the enemy or to rely too much on American support. It means demanding self-reliance to the greatest extent feasible, but standing ready to help when something extra is really needed.

The balance between fostering local initiative and demonstrating American commitment through supplies and actions is made possible in large part through the personal relationships that have developed between the Americans and Vang Pao and his senior subordinates. As an outgrowth of their joint activities, but equally through the personal association in the evenings, at meals, drinking bouts, celebrations, and ceremonies, the two groups have come to understand and trust each other as individuals. Although establishing this kind of relationship is an art, rather than a science, and falls far beyond the range of normal professional activities of AID personnel, its contribution to the program is of critical importance. The result is not only a basis for good working relations at the top, but at lower levels as well, where the people are aware of their leaders' attitude toward the Americans. With this sanction, it is possible for the Americans to have direct dealings and develop relationships with people at all levels of authority.

In addition to responding to local leadership and American support, the people are motivated by the prospect of improving their lives and those of their children. Villagers who have had to abandon their homes are helped -- and expected -- to return to a self-supporting basis as quickly as possible. They are given blankets, some clothing, household utensils and tools, but are generally expected to construct their own housing from local materials. They will be supplied with rice through the end of the next growing season, but not thereafter. Hence, they must start promptly to cultivate their own. All of this permits them to maintain a minimum material level without submitting to communist rule.

Beyond this, they are encouraged to build for themselves simple schools and dispensaries using local materials. The American part is to provide textbooks, other school supplies, and medicines.

In the past there was no formal education in most parts of the area. Although the people strongly desire education for their children, there are few qualified teachers. For the present, therefore, it is necessary to make do with whatever is available. A literate and conscientious adult armed with USAID schoolbooks and teaching manuals can teach himself as he goes along and provide literacy and some access to knowledge to children who would otherwise have none at all. Education is in the Lao language, and this helps the various ethnic groups to find their place as part of the Lao nation. More than 110 schools have been established under the program since the first one was built in 1960.

Technicians for the dispensaries are given a training course of three months to one year in a USAID maintained hospital and are supervised thereafter by the USAID Public Health Division. They are taught to recognize and treat certain complaints, but to wait for assistance from Public Health for those which are unfamiliar to them. In addition to serving the civilians, the dispensaries perform an essential military function, treating about 7500 battle casualties a year. Again, the qualification of the technicians leaves much to be desired, but the provision of even rudimentary medical care is a complete innovation for most of the villagers, and the dispensary network represents a basis from which to provide better care in the future.

Assistance is provided to increase food production. Vegetable seeds are distributed, including some varieties not previously grown locally. The villagers have been encouraged to construct ponds, in which they raise fish (Tilapia) from fingerlings supplied initially by the Americans and now multiplied locally. Communities with ponds now derive about a quarter of their protein from Tilapia, and some of the fish are marketed locally, providing income opportunities for the ambitious and a step toward monetization of the economy.

The programs just described are carried on at the village level. In addition, some projects of larger scope have been completed or are now under way. The local dispensaries are backed up by a system of eighteen sub-hospitals manned by technicians of higher qualification. Cases that cannot be diagnosed or treated by the village technicians can be referred to these. Cases beyond the capacity of the sub-hospitals can be sent to an 80-bed hospital (now being expanded to 130 beds) at Sam Thong, Xieng Khouang, run under Public Health supervision by two Operation Brotherhood doctors and a staff of local nurses and technicians. These tiers of medical treatment reassure the patients and give the villagers generally a sense of belonging to a larger and stronger community. A similar practical and symbolic function will be served by the vocational and secondary schools now under construction at Sam Thong. These will provide village children with the means of extending their learning beyond primary school, and even to go on to higher education, something totally unknown in the past.

Sam Thong is in the Southwest quadrant of Xieng Khouang, whereas much of the territory most critically contested with the communists is further to the northeast, in Sam Neua. Although mobility (the ability to escape from the enemy when he attacks in force, and to return to harass him afterwards) is the essence of the partisan effort, some token of determination to remain in Sam Neua is needed to maintain the endurance this kind of effort requires. For this reason, two "little Sam Thongs" with permanent medical and educational facilities will be established in defensible sites in Sam Neua.

The program has served to bring people of different ethnic origins together, through their resistance to a common enemy, their acceptance of a common leadership, and their joint participation in constructive projects. Thus, both within and between ethnic groups, the program has increased social cohesion, that is, the ability to act collectively and the sense of belonging to a larger community.

Programs similar to the one in Northeast Laos are underway in Northwest Laos (Nam Tha Sayaboury, and Western Luang Prabang) and, on

a much more modest scale, in Southeast Laos (Saravane and Attopeu). These programs are not as developed as that in the Northeast, in part because they are newer, but also because the indigenous leadership on which they are based lacks the ability and stature of Vang Pao.

For Laos as a whole, the program has worked. By 1965, the number of villagers participating in it (that is, receiving commodities or benefiting from the schools and dispensaries) amounted to over 350,000, including perhaps half or more of the population of the northern hill country. Sam Neua province, for example, which was almost totally controlled by the communists at the time of the Geneva Accords, is now dotted with noncommunist partisan strongholds. The communists are increasingly forced to rely on troops and supplies from Vietnam, whereas the share of the local population participating in the program and thereby accepting noncommunist leadership has been limited mainly by our appraisal of a prudent rate of expansion, taking into account administrative capacity as well as the military response that more rapid expansion might evoke from North Vietnam.

Prospects and Problems

Directions of future development for the program are uncertain. There seems little doubt that increasing numbers of people can be attracted to take part in it, if sufficient material and human resources are made available from our side. There is scope for extension. Self-preservation may demand it, where military considerations, for example, make extension into particular areas important. In older areas, momentum must be maintained by gradually upgrading the quality of the effort. As long as the enemy attacks, some of the participants will be forced to fight, to suffer casualties, possibly to abandon and then reestablish their villages, with all that this costs in hardships, possessions, and work. A continuing sense of progress toward a better life will make the necessary effort sustainable. This means, for example, increasing the qualification of the teachers and hence the level of education available to village children, improving medical care for soldiers

and villagers, or enriching the food production program, perhaps by providing veterinary services. The problem is to increase the scale of operations in these directions while retaining the indigenous character of the program. A much more rapid rate of improvement would be possible only by greatly increasing American participation, with the danger that local initiative and self-confidence will be reduced. The villagers need to feel that they are fighting for their own cause, guided by their own leaders. A related problem could arise at the top. A growing program will intensify the demands -- administrative, technical, and personal -- on both the Americans and the indigenous leaders. Because so much of the program's success is based on the close relations existing among these individuals, too rapid growth would jeopardize the program's most important component. Although we must be sensitive to the natural desire of the indigenous leadership to see the program improved, we could defeat our own purpose by setting too vigorous a pace.

Second, the full scope and consequences of enemy military reactions remain to be tested. The effect of the program so far has been to weaken the Pathet Lao, while evoking ever-increasing participation from North Vietnam. The partisan forces mobilized by the program raise the cost of such intervention for the Vietnamese, which is to the good so far as we are concerned. Where the Vietnamese attack in force, however, they are difficult to resist. At the same time, the casualties sustained by the partisans impose a heavy strain on the morale of their home communities. These people are not professional soldiers. They have migrated to avoid danger in the past. It is difficult to know at this time whether the Vietnamese will be able and willing to inflict a casualty rate high enough to counteract the attractions of the program and the strength it has given the noncommunist communities, causing withdrawal or submission by the partisans and their families. Obviously, Vietnamese actions depend on many factors unrelated to the program, such as the likelihood of U.S. counter-escalation and alternative demands on their resources. In part, however, the Vietnamese must be expected

to respond to the success of the program itself. As they see their assets in Laos dwindle, they may be willing to pay a higher price or accept a greater risk to retain those that remain.

In other words, the program might be analyzed as attacking two targets, the Pathet Lao against whom it can operate decisively, and the Vietnamese against whom too great a measure of success may evoke a damaging reaction. Its general strategy -- in the absence of external support sufficient to deter or counteract the Vietnamese -- should be one of aggressive nibbling, eroding the communists' indigenous base by robbing the Pathet Lao of popular support and defeating it in battle; and harassing the Vietnamese when they intervene, making their operations costly and risky, but avoiding a challenge so militant as to induce a major Vietnamese reaction. The great virtue of the program is that it provides the noncommunist side with the combined political-military means to govern their own territory, even when opposed by an experienced indigenous insurgency. It is essential to preserve the program for this function. It is a weapon that can make the Vietnamese task in Laos much more difficult. By itself, however, it is not sufficient to exclude the Vietnamese from Laos, and if we tried to use it for the purpose, we could destroy it.

As noted already, mere preservation of the program requires further development of it and progress toward its goals. At the same time, growth itself makes the program harder to operate effectively by increasing the numbers and work loads of the men needed to guide it. This conflict can be relieved in part, therefore, by any measures, such as better logistical and technical support from USAID/Vientiane, that could increase the effectiveness of the men in sensitive parts of the program. As many requirements are generated by enemy actions that cannot be accurately foreseen, it is important to have quick and reliable responses from the program's supporting base in Vientiane. Delay in air dropping rice, for example, may cause terrain to be abandoned that could otherwise have been held. The importance of the program justifies special

procedures and priorities adequate to provide the support and flexibility needed to conduct this kind of warfare. More can and should be done in Vientiane toward this end.

At present, the program does not focus systematically on attracting and rehabilitating defectors from communist forces. For the most part, those who have shown their commitment to the communist side by bearing arms are treated as irredeemable. Few prisoners are taken and few incentives are offered to stimulate desertions. This is not an easy element to introduce into the program because much of the hostility between the opposing sides is based on deeply rooted tribal and historical antagonisms and because success on the non-communist side depends so much on social cohesion and mutual confidence among its members. Defectors from the communist ranks are not readily digestable, especially as some genuinely unreliable elements must be expected to come too. On the other hand, the carrot as well as the stick should be used. One possibility that might be developed further would be to resettle defectors in non-sensitive parts of Laos well away from areas occupied by their traditional foes. If the relocation problem could be solved, it should be possible to design effective, positive incentives for defection from the communist ranks.

The program could also be strengthened by a well-conceived informational effort. In part, this would consist of propaganda directed toward the enemy. A more important aspect, however, would be the development of an educational-political orientation effort for the forces on our side. The aims and content of such an undertaking would have to be carefully thought out in advance and the program designed to begin cautiously, developing themes, techniques, and goals as experience is gained. Recent studies have shown the important contribution to Viet Cong motivation and discipline made by continuing indoctrination. Although we are relative novices at this sort of activity, we can learn by doing. One way of beginning would be the organization of small discussion groups, with American and indigenous members, focusing on local happenings of political and

military significance. One aim would be to develop for ourselves a better feel for the motives, aspirations, and thought patterns of the indigenous troops. Another would be imparting to them a better understanding of the larger objectives furthered by their part in current operations, of the complementarity between their values and the goals of the program, and of the relationship of their locality to Laos as a nation. The sessions might also include instruction in literacy, local history, or arithmetic, using the widespread desire for self-improvement through education as a motivating factor. A program of this sort would be especially valuable in the Northwest and Southeast, where social cohesion and the indigenous leadership are still relatively underdeveloped.

The most important long-term problem facing the program is no doubt that of relating it to the central government in Vientiane. Until now, we have operated in the Northeast, for example, mainly in direct support of Vang Pao, rather than going through the General Staff of RLG ministries. In large part, for reasons given above, the success of the program is attributable to Vang Pao's personal leadership and the relationship established between him and the Americans. The rivalries with which the General Staff is ridden and the long-standing suspicions that divide the Meo and the Lao would undoubtedly have undermined the collaboration had we tried to operate solely through Vientiane. Our direct support for Vang Pao increased our influence with him while it reduced his vulnerability to undercutting from Vientiane. These two factors made it possible for him to keep his energies directed against the communists, even though political events that seemed threatening to him occurred in the capital. On the other hand, our direct support for him is known and viewed with apprehension by many leaders in Vientiane. They fear the separatism that is implied. Furthermore, the long-term interest of the people of the Northeast can be served only if they are part of a larger and more developed community. It is in the interest of all concerned, therefore, to find a route to gradual integration.

This has already been recognized in principle by Vang Pao, who has reintroduced the RLG Governor of Xieng Khouang as the civil authority in Sam Thong and brought the school system under the Ministry of Education. Nevertheless, true authority in the region still lies with him. It is important that we use our influence and our leverage both with Vang Pao and the RLG to facilitate the process of integration. In terms of our objectives in Laos, however, it would be a mistake to rush this process. Moving too swiftly in something this delicate could result in clashes and mutual suspicions that could make ultimate resolution of the problems more difficult. "Facilitating" integration, therefore, should include those measures that make a measured pace acceptable. As impatience will come mainly from the RLG side, we should seek to reassure them that integration is firmly accepted as a final goal. Meanwhile, we should avoid measures that increase RLG anxiety or jealousy, such as too rapid a rate of development of the physical facilities in Sam Thong, the most visible part of the program. In broader terms, the most important contribution to integration would be improving the stability and quality of the RLG itself, making the central government more capable of ruling the regions and more acceptable to them. The program itself will gradually make integration easier by spreading the Lao language and increasing the villagers' general level of education and knowledge of their country.

THE VILLAGE CLUSTER PROGRAM

The village cluster program, which has been the cornerstone of USAID's rural development efforts since its inception in late 1963, is in transition. In recent months standard cluster operations have been supplemented by the inauguration of the "Wapi Project" in the south and by the establishment of a "forward operations" program, which is already underway in two locations. These developments reflect changes that have occurred in Laos since the cluster program was designed, as well as experience gained from managing that program. Before addressing the question of the appropriate future direction of the program as a

whole, this section attempts to present a summary analytical review of the three types of rural programs currently in operation.

The Standard Cluster

The village cluster program arose in response to the conditions present in Laos after the signing of the Geneva Accords in 1962. It soon became apparent that the accords had not brought genuine peace to the Lao countryside and that USAID's rural program had to be designed to be effective in the midst of a continuing civil war throughout Laos. Prior to the inception of the cluster program, USAID's rural efforts comprised a series of self-help projects scattered over the country and designed to provide benefits, though on a small scale, throughout Laos. It was decided that such a program was too unfocused to be used as a major weapon in the struggle against armed communist insurgents. Accordingly, the village cluster program was formulated. The program was to be a combined village security and village development program designed to secure, in time, key rural areas of Laos. To make possible more effective utilization of scarce U.S. and Lao personnel, and the continuous on-site presence of skilled personnel with the leadership abilities needed to change village attitudes, the program was to be focused in seven village clusters, rather than spread thinly throughout the countryside. It was thought that by clustering the program it would be possible to demonstrate that improved health, education, diet, and village facilities were both desirable and obtainable to villagers willing to contribute their own efforts to achieve them. Clustering was necessary to provide a quantum change in the quality of village life, thereby demonstrating the value of joint community action.

The security side of the program encompassed two lines of development. Although the Pathet Lao did not control large areas of rural Laos in 1963, it was able to move freely throughout most of the countryside. FAR was believed to be incapable of providing security on an extensive basis even in areas nominally under government control. Clustering was necessary in strategic areas to fit in with

FAR capabilities for providing security. FAR was to take the lead in establishing early-warning intelligence nets and training and organizing village self-defense forces, which could resist small-scale PL incursions and release FAR forces from static defense for more aggressive military actions against the communists. USAID personnel were to play no part in the security aspect of the program.

The concept underlying the village cluster program was that village security and rural improvement had to proceed together. The dynamic of the program was based on the idea that if the villagers acquired a greater stake in their own security through the social and economic side of the program they would be willing to undertake greater responsibility for their own defense. The program was designed to grow in response to demands for it from areas outside the initial clusters, as neighboring villages heard and saw the successes of the program and its reputation spread. This view of the link between security and economic programs is a community-centered one. By associating changes in the community with the government, a favorable attitude towards the hitherto remote central government was to be fostered. Such a view was based on the idea that villagers, by and large, looked on outside authority as inevitable but not necessarily desirable. Apathy, rather than allegiance or hostility, was considered to be the characteristic attitude of villagers towards the central government.

Because the village cluster program was set in motion as a pilot project, the United States was slow to enlist the full support of the RLG and its regional and local representatives for the program. Not being able to guarantee the permanence of the program inhibited the United States from pressing the RLG to back the program and to ask its representatives to give it their full support. Although the cluster program had the nominal sanction of senior Lao officials, they did not participate in planning the program, they were not actively involved in carrying it out, and they failed to send down clear instructions to lower-level officials. As a result, in the initial stages of the program local officials in many cases failed

to give the program their blessing. Chao khouengs were given no assistance from the central ministries, chao muoungs received no guidance from chao khouengs, and so on down the line. Gradually this situation improved, and passive acceptance, if not always active involvement, was received from local as well as central government officials. Nevertheless, the cluster program in conception and execution was largely a community-centered program rather than a political program. Not until the Prime Minister began to give the program active support in late 1964 was the full cooperation of rural officials forthcoming.

Partly as a result of changes in the overall security situation in the countryside, and partly as a result of FAR's lack of initiative, the village security component of the program never came to fruition. Nevertheless, FAR was able to provide adequate conventional security to the clusters, in part because the Pathet Lao failed to respond actively to the challenge. Although the economic and social programs did not directly enhance security, they were able to proceed without being undercut by Pathet Lao depredations.

At the present time, the cluster program remains the main vehicle for USAID's rural development program. Projects outside cluster areas, although not discouraged, require special permission from the USAID Director before they can be undertaken. In each of the clusters varied development and welfare activities are carried on. Road building has been one of the most important and popular projects. Dispensaries and schools have been constructed and staffed. An attempt is made to carry out an agricultural program in each cluster with demonstration gardens, livestock programs, water control projects, and similar activities. A large well-digging program has been carried out as has a program of environmental sanitation largely focused on the construction of water-seal toilets. In short, the projects carried out in the clusters reflect a wide variety of rural programs and involve the use of all of the technical services of USAID.

The guiding philosophy of the cluster program remains one of community development. This approach seeks to foster increased self-confidence and to stimulate progressive community efforts. By providing technical guidance and material support, but insisting on village self-help to carry out projects, the program tries to demonstrate what is possible for a community that is willing to organize and exert itself to improve its material circumstances. The support that is given is designed to show the interest of the RLG in the welfare of its rural citizens.

The cluster program is given overall direction by the Rural Development Division of USAID. Permanent U.S. representation at the cluster sites is provided largely by members of the International Volunteer Service, although USAID personnel live in provincial capitals, and in two cases in cluster villages. The technical divisions of USAID assist in carrying out the various cluster projects. The RLG supports the cluster program through representatives of the various ministries involved, and through so-called "fundamental educators" provided by its Commissariat of Rural Affairs.

The cluster program has several important accomplishments to its credit. By mounting major rural development efforts in the countryside it has succeeded in stimulating FAR to provide security to the clusters and to move troops out from secure base areas into the field. Even though conventional military security is now good in most cluster areas this accomplishment is of major importance. RLG civilian ministries have also been stimulated to extend the scope of their rural activities and to provide government officials for service in the countryside. Local officials have also responded to the program and in many cases have taken an active role in helping to carry out its objectives.

Clusters provide significant benefits to the population that they reach. Large amounts of material resources have been given to the clusters and have been used to raise the local standard of living. Villages have schools and dispensaries today that had none before the clusters came into existence; roads have been built; pigs

have been distributed; wells have been dug -- in short, the economic side of the program has some notable successes to its credit. As a result, in the cluster areas the image of the RLG has improved. At the same time United States support for this program has convinced senior RLG officials that the United States has a genuine interest in the welfare of Laos and its inhabitants.

An additional accomplishment of the cluster program is its contribution to better management of the resources provided by the United States. Prior to the establishment of this program, U.S. resources were sprinkled over the countryside and distributed by local Lao officials. Few officials could resist the temptation, and corruption was common. By clustering its rural operations the United States controls the resources more effectively, and the problem of misappropriated resources is now of minor proportions.

Nevertheless the cluster program has not fulfilled all the hopes originally held for it. In particular, as mentioned above, the security part of the program has virtually dropped out. Although security is better in many rural areas, the reasons for this improvement lie elsewhere. No village defense forces have been formed, and no intelligence system has been established. In part the need for a security element in the older clusters is less than originally envisioned. But the absence of such an element has called into question the desirability of relying on the standard cluster as the model for carrying out USAID's rural program. One unfortunate aspect of the failure to develop a security program in conjunction with the economic and social program of the clusters is that many Americans carrying out the cluster program fail to recognize the importance and desirability of focusing on security issues. Community development has become a goal for its own sake rather than a means for attaining objectives more directly tied to United States policy goals in Laos.

Associated with this emphasis on community development as a goal in its own right has been inadequate attention to the political

effects of the cluster program. The focus of the program has been on the communities themselves and on local leaders -- naibans and tassengs -- rather than on higher levels of leadership. Provincial and district officials have gradually given their support to the village cluster program but their role has been a relatively passive one. Community development has been viewed as a technical process to be built from the bottom up. This approach has not been successful in achieving the quantum jump in community life that was originally hoped for. As the experience of the refugee relief program shows, and as is borne out by experience in Vietnam, strengthening local communities requires strong leadership from above. It is a mistake to view the Lao village as essentially an independent entity capable of developing its own local leadership to the degree necessary to build a cohesive and progressive village community. Political leadership is an essential ingredient both in strengthening local communities and in influencing the attitudes and behavior of the rural population toward the national government. Political leadership is also essential in coordinating village programs with the FAR and the RLG ministries.

Although the original cluster plan envisioned clusters as centers for extending benefits outward, as the program developed it has tended to focus inward on the cluster areas. As a result the favorable impact of the program has been felt in only a limited number of villages. The political effects of the program in villages outside cluster areas have been neutral at the best; at the worst they have been negative, for villages without programs have become jealous of their more favored neighbors. No program can, or should, distribute its benefits evenly over the countryside like icing on a cake. However, peasants in areas where the program is not operative have to understand why it is that they do not receive commensurate benefits. The essence of the problem is a political one. Political leaders must help determine the coverage of the program and help to explain to less favored areas why it is that they have not yet been provided the material benefits that other areas are receiving.

The most serious drawbacks of the cluster approach derive from the circumstances of its conception and design -- the failure to link the inputs with the desired output, the apolitical nature of the program, and its limited coverage. In addition to these weaknesses there are others that derive from the way the program has been implemented. The cluster program is over-programmed. Each local activity must be part of an overall activity plan, so flexibility of approach is limited. Detailed construction specifications are determined by Vientiane. As a result there are serious delays in initiating and completing projects and the whole program has an unnecessary sluggishness. In addition, cluster managers feel they must complete a given list of activities and accordingly focus on getting the job done on the input side without having adequate time or authority to worry about whether the job is getting done on the output side. Moreover, few USAID personnel live in the villages, whereas the IVS teams who do have little authority in designing the program and little experience in evaluating it. No political guidance is given them to help draw their attention to the kinds of information that would be most relevant and useful. USAID personnel who have the experience and authority to do this do not in most cases achieve the degree of personal involvement with local leaders that would enable them to get a clear picture of how the program is working and how it might be improved. Partly as a consequence of the lack of USAID personnel living in the villages, and partly as a consequence of the focus on inputs rather than output, there has been inadequate feedback in the program. Finally, the inward focus of the program has led to a preoccupation with what is going on inside the village and inadequate attention to the village's relations with the outside world, and to insufficient concern for what is happening in villages not covered by the program. This means that the political effect of a particular cluster on the broader region of which it is a part remains unperceived. In the economic sphere this has led to an overemphasis on raising the level of subsistence in cluster areas and underemphasis on broadening opportunities for and reducing barriers to commercial relations with areas outside the clusters.

FORWARD AREA OPERATIONS

Forward area operations are limited objective projects undertaken in areas of strategic political or military significance. Because they are new they have not yet evolved into a well-defined approach. They differ from standard cluster operations in a number of respects. In the first place they are less comprehensive, being limited to a few selected projects in each area where they are being undertaken. Although they will be conducted largely on a self-help basis the emphasis is more on the impact they have on the attitudes of the community than on fostering any deep-seated community development. An essential feature of these operations is that they are not intended to continue indefinitely, and United States personnel will not necessarily remain in place during the entire lifetime of the operations. In some cases it may be decided to transform forward area operations into full-scale cluster efforts, but in others the operations will simply cease once the initial projects are physically accomplished. The kind of projects chosen will be selected in order to provide quick and visible results. Thus, the emphasis will be on such things as bridges, air strips, schools, and dispensaries rather than on such training and development activities as environmental sanitation or agricultural improvement.

The great advantages of forward area operations are that they make it possible to move quickly to seize opportunities as they arise and to extend the coverage of the rural program further than would be possible simply through cluster efforts. Moreover, they will enable USAID to do something, however limited, in areas where security or political considerations dictate attention but where standard cluster operations would not be feasible. Their flexibility both as to content and location should make them a useful supplement to the more ambitious but more cumbersome cluster efforts. However, they share with the standard cluster approach an essentially apolitical character. The permission and support of local authorities is sought, but the programs are carried out largely by Americans and are not conceived primarily as a means for extending the prestige and authority of local and regional officials. Finally, although the possibility of

incorporating security programs in forward area operations has been discussed, they remain essentially input programs that place little responsibility on the local populace or local officials to respond actively in such a way as to provide major security or political returns.

THE "WAPI APPROACH"

The inauguration of a new kind of rural program in the province of Wapikhamtong early in 1965 marks a more advanced stage in the development of the cluster program in Laos. It is still too early to assess its success, though early indications are favorable. We give below a brief description of the Wapi approach, for comparison with other rural programs. Because of its newness, the focus of discussion is on the basic conception and strategy of the Wapi program rather than on its results to date.

Under the umbrella of FAR elements adequate to provide conventional security, the Wapi project combines a broad socio-economic program -- schools, dispensaries, roads, wells -- with a security program that includes the training of self-defense forces and the establishment of an early-warning intelligence system with an immediate reporting capability. The project is a joint U.S.-Lao undertaking with CAS in charge of its security aspects, USAID responsible for furnishing the inputs and guidance for the socio-economic program, and General Phasouk as the political and military leader on the Lao side. The area over which the Wapi project extends varies from secure to very insecure. The strategy is to begin in the relatively secure areas with a combination of simultaneous economic and security programs, and later to extend operations into less secure areas after the original areas are organized. Progress to date has set the stage for extending operations into some of the more insecure areas.

The Wapi project is a variation of the standard cluster operation, but a variation that differs fundamentally in size, scope, and kind. Where previous cluster programs have been narrow, focusing inward on a particular village or group of villages, the Wapi project is broad,

covering an area far larger than that covered by traditional cluster operations (in fact, it surrounds and incorporates the La Khone Peng cluster). Plans are ready for its expansion into neighboring areas. Closely associated with its geographical scope is its political character. Both Boun Oum, the foremost political leader of the region, and his nephew General Phasouk participated in initiating the Wapi project. Phasouk takes a leading role in managing it, and a control team made up of FAR officers under his command is responsible for coordinating and overseeing the various security aspects of the program. Phasouk is not only the Military Commander of the Fourth Military Region (which includes the province of Wapikhamtong) but also one of the most respected and effective political leaders in the area, and his sponsorship of the Wapi project lends it a political forcefulness not found in standard clusters. Villagers in the area covered by the Wapi project associate the benefits it provides and the obligations it imposes with General Phasouk. He, in turn, is well aware of the political nature of the project and manages its operations accordingly.

Another notable feature of the Wapi approach is that the expected output from it is well-defined. The socio-economic aspects of the program are designed to induce favorable attitudes toward the RLG and its local leaders. But that is not the end of the matter. These same villagers are also asked to modify their behavior: to bear arms in defense of their community; to provide intelligence; to resist PL demands for food, lodging, or labor; to cooperate with local RLG military and civil authorities. Standard clusters, where there is little agreement about what the desired output is even among those who manage them, are difficult to evaluate or improve. The Wapi project, on the other hand, has indicators of success built into it.

A valuable innovation in the Wapi project is the establishment of a training course for naibans and tassengs from the area. The course, which was held for several weeks, included personal appearances by General Phasouk and Prince Boun Oum as well as by representatives of FAR and RLG ministries. Apparently a success, even with officials brought in from territories controlled by the Pathet Lao, this course

will need follow-up action. Local officials should be brought together periodically for training, propaganda, and morale, and individuals of particular merit and skill should be selected for special training and attention.

The broader geographical and political character of the Wapi project has focused attention on the behavior and attitude of the FAR security forces and the performance of RLG civilian authorities. In standard clusters these matters are considered to be exogenous, except possibly as they relate to the cluster itself, but in the Wapi project they are viewed as endogenous problems and have received institutional recognition. FAR soldiers in the area have been given higher subsistence allowances and better quarters; in return, they are expected to behave correctly toward the local population and stricter discipline is maintained. In addition, General Phasouk has established an inspectorate within his control team to make field investigations of progress, problems, and abuses. This is a new and potentially very important development. It is too early to tell yet how it is working, but the experiment should be watched carefully and the United States should stand ready to advise and assist in any way possible. At the same time the village level propaganda effort, which got off to a slow start, should be given special attention by United States advisers. This sort of effort is difficult to organize and establish, but the potential pay-off is very high.

The Wapi project appears to be fundamentally sound in design and execution, but, as in all new programs of such scope, a number of issues remain in need of further clarification. The sharpest controversy over the Wapi project has centered on the question of "self-help" vs. "force account" construction. A temporary truce has been achieved but the issue is likely to arise again. The proponents of a force account approach stress the need for simultaneity -- if peasants are being asked to do something, the carrot must be forthcoming at the proper time and place. On the other hand, the proponents of self-help feel that only direct participation will make the benefits appreciated and lead to stronger communities, and that self-help is

the only way these primitive communities have of taxing themselves. Both of these arguments have merit. The question is whether a force account approach can be used in some cases without destroying the possibility of using a self-help approach in others. One possibility that might be tried is to reserve certain classes of projects to a self-help approach. Thus, where schools or dispensaries might be provided on a force account basis, small dams might always be constructed by self-help. In general, a flexible approach is called for, using force account where necessary, not insisting on self-help where inconvenient or unpopular, but preserving as far as possible the principle of the self-help approach.

The political character of the Wapi project means that its relative merits depend on one's view of the role of the regions in Laos. The question of whether United States influence and resources should work exclusively through the central government and General Staff in Vientiane is discussed earlier and that argument will not be repeated here. However, it should be noted that the close association of the Wapi project with General Phasouk will reduce the program's effectiveness as a symbol of United States goodwill toward the central government, while increasing its value to Phasouk and Boun Oum.

Finally, there is the question of whether the favorable beginning made by the Wapi project can be sustained. Wapikhamtong is a relatively poor province where the prospects for sustained economic development are poor. Will lack of economic progress eventually rob the project of its usefulness? There is reason to believe this will not be the case. The choice faced by villagers in the areas lies between the RLG and the Pathet Lao. They are aware that in Pathet Lao areas even the small benefits provided by the RLG do not exist. The presence of schools and teachers, dispensaries and medics, wells and roads will serve to remind the villagers of their government's continuing interest in them. Villages will respond to a continuing show of services. If this is forthcoming, a continuing inflow of resources is not essential. But even if the program can be sustained without fundamental economic progress, such progress would still help in increasing the effectiveness of the program.

FUTURE DIRECTIONS FOR THE CLUSTER PROGRAM

Laos today offers more favorable opportunities than it did when the cluster program was being formulated and designed. Security from Pathet Lao depredations has improved markedly in much of the Mekong Valley, the FAR is a greatly improved military organization, and the vigorous program of airstrikes in Laos inaugurated last year has been effective. Small-scale incursions by Pathet Lao patrols still occur, and areas of borderline security remain as do areas of communist control, but the improved security in RLG areas and the improved capability of RLG military forces have placed the Pathet Lao in a more vulnerable military position. At the same time, partly as a result of its increasingly evident dependence on the North Vietnamese, and partly as a result of its failure to fulfill its early promise of social and political reforms and progress, the Pathet Lao movement has lost much of its appeal and effectiveness as an indigenous revolutionary force. The RLG, on the other hand, has made considerable progress in bringing material benefits to the countryside and in harmonizing the formerly conflicting "right wing" and "neutralist" factions. The fragility of this recent political progress has been commented on earlier, but the fact remains that there is a more cohesive government base from which to build. The success of the recent stabilization program has also placed the Lao economy on a more solid footing. Finally, the role of the United States as a partner with the Lao has emerged more clearly, both as a result of the domination of the Pathet Lao by the North Vietnamese and as a result of our evident alliance not with any particular faction but with a political structure felt to be more representative of Lao national interests as a whole.

The time is opportune for mounting a rural program responsive to the better opportunities that exist for extending and securing RLG control over rural Laos. The experience gained from managing the cluster program, and the goodwill generated by it, place USAID in a position to move forward from the strong base that it has already established. Security-oriented rural programs, such as the Wapi project, can play an important role in extending RLG control into new areas and

in further restricting the ability of the Pathet Lao to operate in RLG areas. In addition, the USAID rural program can be instrumental in improving RLG effectiveness in governing rural Laos, thereby reducing the danger of future Pathet Lao subversion and demonstrating to areas still dominated by the Pathet Lao that the RLG offers benefits and progress that the Pathet Lao cannot match.

The primary objective of the rural program must be to make RLG officials more effective in attracting, organizing, and commanding the loyalties and energies of the rural population. Better and stronger leadership is the key to progress of every kind, whether security, economic, or social. Working in the village from the bottom up by attempting to change individual attitudes and capabilities will not produce results except over a very long period of time. To get quicker results the job must begin with the leaders, even though the ultimate objective is to change the attitudes and behavior of the people. Accordingly, the focus of USAID's rural program must be its impact on leadership in rural Laos, not on carrying out projects. The program should give primary emphasis to helping rural officials to use all the means at their disposal to provide effective leadership. The resources we have at our command must be used to impart prestige, authority, and power to these leaders, while leverage and abilities are used to point these leaders toward the right objectives. Good leaders will be energetic in making maximum use of their power to exploit the available opportunities for extending and deepening RLG control, and to make individual peasants aware of their role and their responsibilities.

Leadership in Laos is rudimentary. Its structure has not been fixed, and individuals are still far from achieving their full potential. But it is a mistake to think that rural Laos is a political vacuum. No area is anarchic, and none is really isolated from governmental and political leadership of some sort. Moreover, no Lao official is indifferent to the attitude of his superiors and to his own opportunities for advancement. Pressure from above can be used to elicit effort from rural officials. There is a structure with which to work and a hierarchy through which to operate. USAID's rural program should

be designed to be politically effective in moving and shaking the existing governmental structure of rural Laos to make it more responsive to opportunities as they arise, and to the needs of the rural population.

To make him a more effective leader the rural official needs resources that can be used to give weight to his leadership. His ability to command resources, to give them or deny them, provides the power to influence peasant behavior. He needs leadership above him, to encourage his efforts, reward his successes, and penalize him for his failures. Pressure must be placed on him to perform. He needs cooperation from the RLG and the FAR. The central ministries provide technical services that are indispensable to good government, and, in rural areas, the FAR provides the most important service of all -- security. The rural official's relations with the central ministries and with the FAR must be regularized. To accomplish this he needs the backing and support of higher officials in the region and in Vientiane.

The usual objection to USAID's working through and in support of local leadership is that good leaders in Laos are few and far between. The approach we recommend does not depend on the existence of a Phasouk in every muong. The capacity of every official to exert leadership can be increased. Better government, not ideal government, is the goal. Moreover, there is room for tradeoffs: where there is a weak and incompetent chaou muong, the chaou khoueng can be relied upon more heavily, and vice versa; if civil leadership is poor, the Regional Commander can play a more active role. Moreover, the program <u>should</u> reflect differences in the quality of leadership: larger and more ambitious programs should be directed to areas where there are capable Lao leaders because the payoff will be greater. If leadership in a critical area is too bad to work with or around, we should use our influence to change the leadership. Only if this is not possible, and the area is too critical to neglect, will there be no choice but to try to do the job ourselves. In this case, which should be the exception not the rule, our sights will have to be lowered. Although we can make Lao leadership work better, we cannot ourselves provide a substitute for it.

Since the objective of the rural program is to strengthen the government's ability to govern rural areas, the program itself should be designed to be effective over as broad an area as possible. Moreover, if the focus is on leadership rather than projects, it becomes clearer that the ultimate constraints on the program lie in the capacity of local leadership and the availability of resources to provide security (particularly military resources). With this focus, expansion of the program could proceed as opportunities open up and resources become available. Distinctions between different institutional forms (such as standard clusters, Wapi programs, and forward-area operations) would become unimportant. The particular form of the rural program could vary from area to area, with a full-scale Wapi project at one end of the spectrum and modest programs similar to current forward-area operations at the other. Perhaps the best way to envisage the rural program is to conceive of it as a single large program along the lines of the current Wapi project, but with its content in different areas reflecting the local situation. The question of when the Americans should "get out" then loses its relevance, for Americans are there to support local leadership, not to supplant it.

USAID's rural program has already begun to move in the direction of the broader, politicized approach that we are recommending. The development of the Wapi approach, the new problem-oriented format for Area Coordinator's reports and the establishment of an evaluation unit in the Program Office, and the increased authority and flexibility provided for Area Coordinators -- all testify to the progressive nature of the cluster program. The purpose of this section is to focus attention on what appear to be the central issues involved. The recommendations that follow are intended as suggestions to help in quickening the pace at which the program evolves, not as detailed instructions.

Two general principles should be applied in designing and carrying out a more politicized USAID rural program. First, the program should focus more clearly on the desired output. Neither increasing the welfare of the rural population nor promoting economic development are ultimate objectives in the same sense as improving security and strengthening the

political appeal and authority of the RLG. USAID's representatives should give priority of time and thought to security-related projects and to working through local leaders in a style that fosters political cohesion. In some cases, there may be a conflict between these goals and the goals of humanitarianism, economic development, and even efficiency. For example, the location of development projects should not be determined solely on the grounds of economic efficiency; consideration should be given to placing them in areas where their political payoff is particularly high. Similarly, refugee programs should be designed to serve security interests, not to improve refugee welfare or save dollars. The most efficient and humanitarian refugee program might well be to attract refugees from insecure to secure areas where they can be cared for and rehabilitated, but security considerations will often dictate leaving refugees in places where they can be used to provide intelligence and even to conduct paramilitary operations.

Second, the rural program should be less concentrated. Clusters, where they are appropriate, should be viewed as centers for providing services to areas outside them. The goal should not be to strive for a quantum jump in the welfare and attitudes of the cluster communities but to maximize their ability to serve outside communities. Some clustering of rural activities will be useful in helping maintain administrative control over resources, in providing a center for demonstrating the value of certain rural programs, and as training centers. But the overall goal should be to influence as broad an area as possible, striving for the most politically effective distribution of resources. Clearly, this implies removing the premium placed on activities within clusters and reducing the number of activities undertaken in cluster areas in favor of increasing them in outside areas. Concentration should no longer be a guiding principle.

The suggestions that follow are intended to illustrate some of the implications of these two principles:

Emphasis should be placed on simple, easily understood projects. Projects that necessitate fundamental changes in peasant attitudes should have less priority than those that satisfy peasant needs given

their present attitudes. Our interest is not in improving peasant lives but in achieving our political and security objectives. In concrete terms this means dispensaries rather than environmental hygiene, projects to raise disposable incomes rather than those to improve the content of diets. Concentration should be placed on a relatively small number of simple projects -- roads, schools, dispensaries, wells, small dams -- although in every locality some projects outside this basic list will also be desirable. Emphasis on simple projects will reduce the need for supervision and explanation, make a more extensive program feasible.

Quality standards should be relaxed. Relaxation of the quality standards of the present program would permit more rapid quantitative results. Ten makeshift schools with partially qualified teachers will make more of a contribution both to political and economic development goals than a single school in a permanent building with a qualified staff that has only one-tenth the number of students. A program of school building and dispensary construction in as many villages as possible should be a major goal of the rural program. Relaxing construction standards would also help in two respects. There is no need for USAID schools and dispensaries to be the best buildings in the area. They can and should be built of local materials in the local style. How rapidly the program is pressed should depend solely on how rapidly teachers and medics can be trained to staff it. To permit a maximum program the initial staff should possess only minimum qualifications. As time goes on the quality of these personnel should be upgraded, but it is not desirable to wait until fully qualified people are available to expand the program.

(Road building is an exception to the principle that quality is a relatively unimportant consideration. For valid political reasons roads are ordinarily not constructed on a self-help basis, and the question of durability and maintenance costs therefore becomes more important. If a self-help school lasts only a few years, the costs of reconstructing it are small. There is even some value in maintaining peasant involvement in the program through the periodic reconstruction

of self-help projects. For roads, however, the issue of quality of construction is purely economic and there is a clear tradeoff between the cheapness of the original road project and its durability.)

Self-help should remain a basic principle of the USAID rural program. Although self-help is not a principle that should be slavishly adhered to, it is one that is well worth preserving. Self-help involves people with their leaders and can be politically effective as a result. Moreover, self-help projects can serve to keep the program in line with what people really want: villagers will usually not voluntarily work on projects to which they are indifferent. To preserve this principle, self-help projects should be largely voluntary. Effective and respected political leaders will often be successful in organizing support for self-help projects that the community, left to its own devices, would not choose to support, but this is not inconsistent with voluntarism. Leadership serves to educate people to their needs and capabilities. Experience throughout Laos, and in other countries, has shown that self-help can achieve extensive and relatively rapid results under effective leadership, but not when such leadership is absent. One way to judge the effectiveness of a particular leader, and to force him to keep in touch with his people, is to give him responsibility for organizing self-help projects. In this respect, an effective technique is to limit the number of self-help projects that will be supported in any particular area at any particular time. For example, a muong may be given material support for three self-help projects at a time; only when one is completed would additional support be forthcoming. It should be noted that the earlier recommendation for simple projects with relaxed construction standards is consistent with dependence on self-help, for villagers have neither the time nor the skill to carry out elaborate construction tasks. Properly guided, self-help can be used to make an extensive rural program more manageable by holding costs and administrative burdens within feasible bounds.

Self-help is a matter of degree; it is consistent with the provision of outside labor as well as outside materials. Force account is simply one end of a continuum. Where timeliness is of urgent

importance, force account projects may be preferable to self-help. As discussed earlier, the problem is to make sure that using the force account approach for some projects does not foreclose the use of self-help for others. Moreover force account projects can be designed to enlist some degree of local participation in planning and discussion so as to preserve the principle of local involvement.

Projects should be supported for the express purpose of increasing the prestige and authority of a particular leader. Americans have often hesitated to support rural projects that are desired by local leaders largely to enhance their political stature rather than to benefit the local population. Such hesitancy may be mistaken; indeed, more attention should be given to providing the tools of leadership to local officials. For example, the United States should provide more transportation to rural officials -- for example, jeeps and boats to district and provincial officials to enable them to get out of their district and provincial centers. Where there is an official who will make good use of them, we should consider turning over limited amounts of commodities to him for his disposal. A few bags of cement will not subvert a district chief but they may well serve to enhance his authority and prestige. He should be given more authority to authorize small projects; and for larger projects, which must be carefully supervised by United States and RLG officials, he should be given the ultimate sign-off authority to help demonstrate that the project comes from him. There is little payoff in making projects appear to come from the United States or even from a distant and impersonal RLG.

Increased emphasis should be given to programs in which the U.S. commodity input is relatively minor. Managing USAID-supplied resources is only one aspect of USAID's rural program. USAID's field representatives should be viewed, and should view themselves, as having responsibilities that go far beyond this and extend to the broader question of organizing local government and making the RLG effective in rural Laos. A variety of programs contribute to this end, in many of which USAID already participates. A mere listing of some of the possibilities illustrates how important such programs can be: a Pathet Lao returnee

program, programs for rural youth, civic action, an adult literacy campaign, elimination of FAR abuses, and so on. USAID can and should play a major role in organizing and developing constructive programs of this sort. The relevant programs will depend on the particular circumstances of the area in question and on the particular interests and capabilities of the available USAID personnel. Specific suggestions are made below only concerning youth activities and civic action, though many other programs are of equal importance.

Young people in rural areas are the natural targets of communist propaganda and recruitment efforts. The breaking down of traditional society all over Laos, together with the slow pace and boredom of rural life, makes rural youth a potentially unstable element. Much can be done to combat this. Encouragement of sports and recreational activities in rural areas is at least as important as more purely developmental activities. IVS can play a major role in such programs, and consideration should be given to requesting, and using, IVS volunteers with interests and skills in physical education and recreation. Athletic activities are also a useful vehicle for increasing communication among villages and areas and can serve to foster a sense of belonging to a single nation. Recent efforts to organize urban youth for a peace corps type of activity in rural areas, particularly in summer programs, indicate that further attention should be given to providing support for rural youth organizations. RLG suspicion of efforts to organize rural youth has been inhibiting in the past, and only the Boy Scout and Girl Scout movements have received support. The Mission's Youth Committee should explore with the RLG what further possibilities appear workable and enlist the suggestions and comments of USAID's rural workers.

Civic action should be more of a two-way street. In addition to pressing military authorities to organize programs to benefit the civilian populace, we should consider what the civilian populace can do for the military. Commodities and materials to improve the soldiers' life (for barracks building and the like) could be channeled through the civil authorities. Villages could be persuaded to hold fêtes for

the benefit of the local military forces. Civic action itself should be emphasized, but an even greater payoff would come from simply eliminating present abuses (which are now termed "negative civic action"). USAID should always see itself as playing a valuable intermediary role between civil and military authorities. Ministerial rivalries and civil-military conflicts will not disappear by themselves; Americans can take an important part in working out the necessary adjustments between the various centers of power through designing and sponsoring programs directed to this end.

In some cases programs of the type we are discussing can be organized at the local level, but they will usually require regional and even national support and authorization. USAID can play an important role in serving as a transmission belt for ideas and in applying pressure at the higher levels. In every case, the objective should be to design the programs so as to consolidate and strengthen the RLG presence in rural areas.

Training programs should focus on officials. The question of providing training for the adult rural population in general and for rural officials in particular is a complex and important one. For the rural population as a whole the question of training cannot be separated from the question of literacy. However vigorous our training efforts are, they will be slow to take effect and have uncertain results if those who are being trained are illiterate. Literacy is more than a specific skill. It is a whole approach to life -- and to change. Laos will not become a nation of skilled craftsmen, or even of skilled farmers, until the general level of literacy and education is far higher than it is now. This is not an argument against training, but it is an argument for restricting, to a modest amount, the share of scarce resources allocated to programs for training individual peasants. For rural officials, however, this is not the case. Their training should have high priority.

Rural programs should foster a market economy. Lao villages are not self-sufficient, isolated communities. Even in relatively remote areas they already have some links to the market, and villagers are

not only producers but traders. There is undoubtedly scope for increasing and improving local handicraft production, but Laos is overwhelmingly a nation of small farmers. It is largely through development of a more profitable agricultural system that economic progress will come to the countryside. Accordingly, in USAID's rural program, stress should be placed on reducing the barriers to the commercialization of Lao agriculture. This requires attention to the links between villages and the outside world: marketing and transport facilities, the attitudes and policies of local and regional officials, and so on. This, too, is an argument for a more extensive rural program, rather than one that is primarily village-centered. Moreover, the success of the rice-seed multiplication project in non-cluster areas suggests that some economic programs may not require the close community relations that the cluster program aims at providing.

An associated weakness in the economic portion of the present cluster program is that it relies primarily on relatively inexpert generalists. For example, the demonstration plots of the cluster program are characterized more by good will than by good results. The IVS participants who manage them are inadequately trained and supervised; the crops and livestock demonstrated are frequently inappropriate, the plots are often poorly located, and the whole operation lacks a scientific approach. What is needed is a higher level of technical competence and professional specialization.

The USAID program must be flexible and responsive to new opportunities as they arise. A program of the type we are describing cannot be standardized; no simple set of specific guidelines will be appropriate in all areas. Only people on the spot will have the necessary expertise and familiarity with local conditions to make the program effective. In general, it would be inefficient and costly to lay down firm rules and standards. The ad hoc approach that is needed will still require guidance from Vientiane, but such guidance will be ineffective and inappropriate if it is overly rigid and specific. The danger lies as much in being over-specific about what should be done as in being over-restrictive about what may be attempted. Pressure on USAID field representatives to carry out a detailed list of activities and to meet

rigid time schedules can be just as burdensome as failure to permit novel approaches to problems. Overemphasis on the technical details of project execution (particularly on the input side) confuses means with ends, and can lead to neglect of action in areas where concrete results are less demonstrable but may be more fundamental. Chapter 10 offers some suggestions for administrative flexibility that apply also to the efficient administration of the rural program. The current trend toward greater decentralization of responsibility for the rural program is in the right direction and should be further developed.

A particularly fruitful area for administrative and program flexibility is that of inter-agency cooperation. Counterinsurgency is an inter-agency problem par excellence. The experience of USAID and CAS in the refugee and Wapi programs shows how productive inter-agency cooperation can be. But the limits of effective cooperation have by no means been reached. In particular, USAID's field employees could profit from better political guidance from the Embassy, and Embassy political officers could profit from USAID's on-the-scene knowledge of what is happening in rural Laos. Perhaps the most important need is to build an adequate information system into the rural program. No program in rural areas will be politically effective if information policy is neglected there, or is conducted at cross-purposes with the program. The role of USIS is crucial here.

More USAID personnel should live in the villages. No USAID personnel live in Lao villages with the recent exception of the cluster managers in Vang Vieng and Muong Pieng. When feasible, USAID personnel should be encouraged to have their permanent bases outside Vientiane and the provincial capitals. The only Americans now living in any numbers in the villages are IVS personnel, who do not participate in program development. There is no substitute for living where the work is being done. Allowance must be made for difficulties of transportation and communication, but if first-hand information is to be obtained and fed back into programs, some way must be found for more Americans to live a substantial part of the time in rural areas.

Feedback is essential. All rural programs are necessarily conceived in ignorance, and even well-designed programs can be improved substantially as experience is gained from operating them. But for experience to be useful it must be systematically collected and evaluated. Organized feedback is the key to progress, and every effort must be made to achieve greater feedback from current operations. Periodic program evaluation in terms of objectives is essential for the success of the rural program.

A role for the narrow cluster. The importance of training, agriculture research and experimentation, and organized feedback suggests an important role in the future for the narrowly focused standard cluster. Although inappropriate as the major vehicle for USAID's rural program, a cluster with narrow focus is appropriate as a center for training rural activators and local officials, and as a locus of research activities. USAID has already developed a concept of the village cluster as a rural "laboratory," and we believe that an attempt should be made to put it into practice.

Chapter 6

EDUCATION AND TRAINING

The present U.S. program of aid to Lao education is highly effective but limited. A major expansion of U.S. support to education in Laos would be justified by the contribution such a program would make to both economic development and to near and long-term political objectives. More and better education is fundamental to economic and social progress in Laos. Moreover, nothing the RLG has to offer is more in demand by the people of Laos than education for their children. Statements by defectors and captured Pathet Lao show how effective the communist promise of educational opportunity has been in recruiting for their side. Experience in the refugee relief and cluster programs shows that education can be a still more potent force for the RLG, which can better fulfill its promises. An ambitious and effective RLG education program would generate, as perhaps no other measure could, popular appreciation of the advantages of RLG rather than Pathet Lao control. A better educational system could in the longer run be a major unifying factor, imparting a sense of nationhood and common history to the diverse peoples of Laos. This is especially important with respect to the minorities who make up fully half of Laos' population and who, until recently, had no educational facilities at all. Even the ethnic Lao frequently tend to think of their community in local, or at best regional, terms.

Through a vigorous effort to provide Laos with better and more extensive educational opportunities, the United States could markedly improve its image and create an atmosphere of good will that would contribute to U.S.-Lao cooperation in other fields. Such an effort would also demonstrate to other countries, and to the U.S. public, the constructive component of American policy toward Laos, and provide a convincing demonstration of a long-range commitment in Laos.

THE SETTING

Apart from a modest effort of Buddhist-inspired education -- inferior to similar efforts in neighboring countries -- the Lao people

have until quite recently had virtually no access to education. Under the French colonial regime they were treated somewhat like natives who could only be spoiled by introduction to knowledge. What little instruction was provided was limited to a small minority. In 1945 there were only some 11,000 pupils in Laos' primary schools; probably no more than a few hundred Lao pupils were attending high schools in other parts of Indochina and abroad; and a mere handful held degrees from universities in France. Independent Laos, in all respects a late-comer among the nations of Asia, has thus been forced to build on a very slender educational base. This past neglect and the disruptive effect of civil war and foreign aggression have made it necessary to start from scratch in developing an educational system.

Even at the lowest levels, the present-day educational system fails to provide education for the majority of Lao children. Today, after the considerable primary school expansion of recent years, less than one-half of them have access to even the three-year primary school, representing the first step up the educational ladder, and only one-third to the full six years of elementary school. Although lack of educational opportunities is most serious in remote rural areas, even in Vientiane primary school facilities are seriously inadequate -- one Vientiane primary school, for example, is forced to turn back some 200 children each year.

At higher levels of education the situation is even worse. The application of the French educational philosophy in Laos has resulted in an educational pyramid that rapidly narrows at the middle and top levels, creating an enormous waste of human and financial resources and frustrating the ambitions of many of Laos' most aspiring and energetic citizens. In 1963 less than one-fourth of the school children originally admitted into the first grade succeeded in graduating from elementary school. Even within the highly selective secondary school system, the rate of attrition remains exceedingly high: in 1963, less than one-third of the students passed their intermediate examination (taken after three years of secondary schooling); less than one-third of these (that is, one-ninth of the original group) obtained the first

part of the baccalaureate; and only half of these, or about 5 per cent of the original class, left the lycée with the coveted document testifying that they had passed the second part and thus gone all the way through Laos' French-style secondary educational system. As a result in 1963 only 65 students in all of Laos obtained the qualifications to become full-fledged students in France's institutions of higher learning where Laos' elite continues to be trained.

The French imprint remains particularly strong in Lao education. French teachers are the instructors in the only secondary schools in Laos. Education is directed by French-educated officials and French advisors. The system itself is permeated by the academically oriented elitist educational philosophy of France. As a consequence, Lao education does not fit the pupil to his country's needs and does not prepare him for earning a livelihood in a Lao setting.

Even after independence, French remained the language of instruction in elementary schools. Today it continues in this role in the upper grades of the elementary school where French language instruction occupies one-fourth of the weekly schedule -- 7-1/2 hours as compared with only 4 hours for Lao. In secondary education, skill in French is still the criterion that determines success or failure, for instruction continues almost entirely in that language. The linguistically untalented, or the village boy poorly equipped in French, is seriously handicapped.

The RLG has plans for expanding the Lao educational system, but at a relatively slow rate. Current RLG projections aim at providing three-year schooling for 71 per cent of the relevant age group by 1980, and a full six-year education for some 50 per cent. In principle, the RLG has now accepted the fact that a Laotian nation must learn and think in Lao rather than in French, that its educational system must be geared to the needs of Laos rather than to the standards and conditions of a very different country. In practice, however, this principle is being implemented only sluggishly. Part of the difficulty is the French orientation of the educational leadership. An additional

difficulty is that the Lao language is still in a state of flux and to some extent lacks the requisite 20th century vocabulary (Thai terms are generally filling the gap). The dearth of printed Lao literature, texts, and reference works, basic to any sound instruction, presents another difficulty. Finally, there is the problem of training an adequate number of teachers and providing secondary training without the help of French instructors who teach in French.

Although these problems are slowly being solved, resistance to "Laotianization" persists. It is fed both by a lack of confidence of many Lao leaders in their people's ability to develop an indigenous educational system and by their skepticism about relying for help on U.S. educational methods, academic standards, and educational philosophy. The prominent role played by French advisers at all levels of Lao education also contributes to the anti-American, pro-French sentiment in education.

The French tradition in education in the past has also kept the Laotians from fully using Thailand's educational facilities. Indeed, French policy consciously separated these two countries, orienting Laos toward France. Individual Lao were led to seek education in France rather than in Thailand, where culture and language were closely related to the Laotian, and where educational opportunities were significantly greater than in Laos. As a result, only the rich or the favored had access to higher education, and the elitist bias of the French educational system was further strengthened.

U.S. assistance to Lao education has been restricted by U.S. hesitation about moving into this French cultural preserve. USAID has restricted its educational program to the field of primary education and has avoided anything that might look like a U.S. attempt to reduce the role of the French in education. In doing so, the United States has in effect voluntarily forgone opportunities to influence the new generation of Lao leadership and has failed to take the initiative in support of what could be a popular and productive program of major importance to the future of Laos and to U.S. objectives there. In the past such an approach probably stemmed from a correct reading

of the situation, but at a time when Lao attitudes toward the French have become markedly more suspicious, and when French willingness to play a constructive role in Laos is seriously in doubt, continued U.S. diffidence about undertaking a more active role in Lao education appears unwarranted.

GUIDELINES FOR AN EXPANDED EDUCATIONAL PROGRAM

The nature of the educational process is such that an educational assistance program requires a relatively long perspective; it must build from the base upward in an interlocking fashion. A child who is poorly trained in the first grades will be increasingly handicapped as he advances. A Lao pupil whose rural school has exposed him to only a limited amount of French will find it difficult if not impossible to pass through the narrow gate of the entrance examination to the lycée where French is the language of instruction. What may be intended as a limited reform of education might therefore have far-reaching effects. Frequent policy changes in education will prove extremely costly, and will be unsettling to those in the system. Hence, any substantially expanded U.S. assistance program for Lao education should be based on a well-articulated and integrated approach.

Since the success of an educational program in Laos must be judged in political as well as economic terms, technical criteria of economic or scholastic effectiveness alone are inadequate for designing such a program. Both the scale and content of the program must reflect political objectives. Further, the program should be carried out in close coordination with other programs. In particular, the guidelines for USAID's rural program discussed in the previous chapter are relevant to such matters as the location of schools, how they are built, who teaches in them, what is taught, and who gets the credit for the program. With proper attention to these matters the program can have an early payoff in terms of its effect on popular attitudes and allegiances, in addition to making a long-term developmental contribution.

A possible format for an expanded program of U.S. assistance to Lao education (taking into account the considerations just mentioned) is outlined in the final section of this chapter and set forth in more detail in Appendix B. Two broad objectives form the core of this program: the quantitative expansion of Lao education and a transition from French to Lao as the language of instruction at all levels of schooling.

EMPHASIS ON QUANTITY

In the short run, an increase in the quantity of Lao education can be expected to bring significantly greater political returns than improvement in the quality of the present amount of education. Peasants who themselves had no access to education want such access for their children. By making available even the simplest kind of primary school education to children who at present have no school at all, the RLG could reap a sizable harvest of good will. In addition, the steep slopes of the present pyramid of Lao education force most children now enrolled in school to drop out of the educational system much earlier than they might freely choose to do. If more room was made in the middle and at the top of the Lao educational system, this potential source of frustration and discontent would begin to dry up.

In order to permit a major quantitative expansion of Lao education, quality standards will initially have to be relaxed. A program that uses relatively unqualified teachers, makes do with cheap and available facilities and materials, and is permissive about the quality of education in general can be mounted on a broader scale and affect more people than one stressing quality. Political benefits flow from increasing access to some kind of education, even if it is not the best. The success of the extensive, low-quality education program in hill tribe areas testifies to the effectiveness of such an approach.

The degree of conflict between quantity and quality need not be great. Even a program focused on quantitative expansion could bring about relatively rapid expansion of functional literacy and achieve positive, if modest, economic benefits. In addition, the quality of

the existing educational system need not be reduced to make room for its quantitative expansion. Expansion can be achieved as an add-on to the present system. Finally, as time goes on, the quality of the larger educational system can be continuously improved as more qualified teachers are found, as teachers in the system are upgraded through retraining, and as more and better facilities and teaching materials are made available.

LAOTIANIZATION OF EDUCATION

It will be difficult to make Laos into a self-reliant nation so long as French rather than Lao is used in the schools. To transform the country into a nation in a real sense, the national language must not be relegated to a secondary role. Furthermore, a program for Laotianizing education (already accepted in principle by the Lao Government in the Education Act of 1962) should not end in merely replacing the French language with Lao and French instructors with indigenous teachers. It will also require a modification of the organization and content of Lao education so as to harmonize it more closely with the country's needs.

With increasing U.S. influence in the field of Lao education, it may be tempting to replace the traditional French flavor with a specifically American flavor, to substitute English for French, American instructors for French instructors, and American high schools for French lycées. Such a policy would be self-defeating. It would unnecessarily arouse the antagonism of those affected, especially of the French-educated leaders who might suspect the United States of practicing "neo-colonialism." It would also create major and costly difficulties of staffing and retraining that the United States would be ill-prepared to meet. And, most important, it would result in institutions perhaps even less suited and less related to the Lao environment than their predecessors. Such methods would also fail as instruments for building a Lao nation.

Laotianization as adopted in principle by the RLG and as a goal for U.S. assistance policy should thus not be anti-French in character,

but pro-Laotian. French instructors and French schools should be encouraged to continue their work. But their effort should be increasingly supplemented by secondary instruction in Lao, to expand the opportunities for secondary education and to create schools better adjusted to the Lao environment.

Foreign languages will remain an essential ingredient of Lao education above the elementary level. This does not mean, however, that English should replace French as the principal language of instruction. Under a program of Laotianization, French will lose its predominant position and English will play an increasing role, but only as a foreign language that allows the Laotian to participate in the modern world. The Thai neighbor has successfully used his own language in schools and universities while maintaining a high level of English language competence. There is no reason why this should not also be possible in Laos.

THE PROGRAM IN SUMMARY

We recommend an expanded USAID education program that might cost, when fully operative, additional AID funds amounting to about $9 to $10 million annually.

Primary and Secondary School Education

The core of our recommendation is that USAID should support and help in developing a major speed-up in the expansion of Lao primary and secondary education. Although estimates of the appropriate degree of expansion at each level are somewhat arbitrary, a reasonable approach would be to strive to increase the amount of primary school education in the first three grades by one-and-a-half or two times, triple or quadruple it in the next three grades, and expand secondary school education some ten-fold. These targets should be attainable in the next five years. For reasons of both desirability and practicality, this program should be based on the use of Lao as the basic language of instruction in both primary and secondary education.

Adoption of appropriate quality standards should make the physical requirements of the program attainable. Construction from local materials of additional simple schools, both primary and groupes scolaires,* largely on a self-help basis, and additions to the present groupes scolaires to extend their services to high school years, lies within USAID's capabilities. Similarly, the increased number of primary school textbooks required could easily be made available. Preparation of adequate high school textbooks, if they are viewed as simply year-by-year additions to the present primary textbooks, could also be accomplished.

The most difficult problem is finding the teachers. At the lower level, literacy alone may be a sufficient qualification, and more use could be made of formally "unqualified" instructors. At higher levels, the aim should be to train teachers to the minimum degree necessary to enable them to teach the grades to which they are assigned. A number of measures would help: provision of teachers' manuals, expanding the one-year National Education Center (NEC) program, upgrading the best of the upper grade primary school instructors through summer courses, and so on. It should be possible to expand the higher levels of primary education and extend instruction into secondary grades without undue delay. Systematic retraining and continued development of a basic teacher training program would permit the system to be continuously improved as time goes on.

It should be noted that the kind of secondary schools we recommend would not be a substitute for the present lycées, which would continue to represent a higher level of education than available in the Lao system. Although it would be possible to develop one or two U.S.-oriented "model high schools" of a standard equivalent to the French-oriented lycées, we do not believe this to be as desirable as a broader expansion of more modest but serviceable secondary schooling.

---

*Groupes scolaires offer a complete primary education (that is, grades one through six).

Scholarships and Stipends

One reason for the high dropout rate characteristic of the Lao education system is that the nature of the Lao school system effectively bars those lacking French language skills from advancing into secondary schools. Another important factor is that most Lao families cannot support an extended course of education for their children. Wealthier families, by contrast, can provide their children with a home environment where French is spoken and with the necessary funds for education beyond elementary school. Therefore, those who graduate from the lycées at home and abroad and are ready to fill governmental positions or obtain advanced education abroad are not only few in number, but belong for the most part to a select group of families. Their holdover positions of power and influence are perpetuated through the present educational system, which effectively prevents the broadening and democratization of the base for leadership.

One way of broadening this base is to identify ambition and talent and give those who have these qualities sufficient financial support to permit them to continue their education. This could be accomplished through a system of national scholarships and stipends based on merit. These would enable good students to complete their primary school education, and the best students to carry on through secondary school, even in cases where they must be supported away from home. Any expanded U.S. educational program should contain such a feature. In addition, in conjunction with our proposed reform of the U.S. Invisibles Program (see Chapter 8), U.S.-financed support of Lao students abroad should be based on merit and performance, and limited to secondary and university education.

Use of Third Countries

An international flavor to a U.S.-sponsored expanded education program would minimize French sensitivities as well as the apprehensions of those in the RLG who are dubious about the U.S. role in education. Moreover, third countries and international organizations could provide services that the United States by itself may not be in

a position to furnish. In particular, some of the French speaking nations outside France could provide technical or other personnel, through the United Nations, or by way of direct hire, thus supplementing U.S. resources.

The role of Thailand could be particularly significant in providing needed training facilities, personnel, and skills for underdeveloped Laos. A common cultural heritage and linguistic and geographic proximity make Thailand the natural choice for such a role. The systematic encouragement of advanced training of Lao students in Thai universities, and increased use of Thailand's technical training institutions, would be efficient economically and desirable politically.

Technical and Vocational Training

Before embarking on a major program of technical and vocational training, more information is needed. Any overall plan in this area would require a review of the present USAID in-Mission training program, an evaluation of the craft school extensions of the groupes scolaires, an examination of the two technical schools that now exist, a survey of the Thai facilities for technical training, and a study of the possibility of preparing technical training manuals in Lao.

Higher Education in Laos

U.S. support for higher education in Laos should be limited to improving the Institut Royal de Droit et d'Administration and Ecole Royale de Médecine, insofar as appropriate arrangements can be worked out with the French and the RLG. No encouragement should be given at this time to the idea of a national university in Laos.

Adult Education

The adult population of Laos is largely illiterate. Within this group there are undoubtedly some who desire and would respond to educational opportunity. Up to now the RLG has paid only lip service to the idea of an adult education and literacy program. A good place to begin

such a program would be within the RLG armed forces, where it should be possible to mount an effective literacy campaign and even perhaps a limited program of technical training. A modest adult literacy program in rural areas should also be considered. Finally, the increasing role and numbers of Americans in Laos would appear to call for a step-up in English-language instruction programs.

Training Government Officials

Lao officials are frequently underqualified for their jobs and would benefit from better training. In Chapter 3 we recommended the creation of a Public Administration Division for USAID, with training of officials as its primary function. As part of the rural program, training programs for government officials should be given every encouragement with emphasis on high-level officials. Since Thailand has had considerable experience in training local government officials, participation of Lao officials in Thai training programs (both full course and short sessions) should be encouraged.

Chapter 7

ECONOMIC DEVELOPMENT

The United States has a dual interest in stimulating the long-term economic development of Laos. The stamina and perspective needed to resist the communists and improve Lao institutions require a long-term prospect of progress. Both the leadership and the people need to feel that their efforts will do more than keep them in the same place, that gradually they will result in a more modern nation and a better way of life. Given the gap between contemporary Laos and the level of expectations generated by communist propaganda and continuing contact with the rest of the world, no single quantum of improvement is likely to satisfy their needs. Instead, the standard must be a rate of improvement that can be sustained for the indefinite future.

Second, support for long-term development reflects credit on the U.S. role in Laos -- among the Lao, with the rest of the world, and at home. It shows the durability and seriousness of the U.S. commitment to Laos, and it shows that we have a more constructive purpose than merely fighting the enemy.

The objectives are political and military in character, not economic. Accordingly, the effectiveness of programs should be measured in terms of what is accomplished in the political and military areas, not in terms of the rate at which Laos approaches economic self-sufficiency. The deepening of the U.S. commitment to Southeast Asia requires a level of activity in the area that will inevitably cost money. United States policy stems from the security interests we defend in Laos. This course will continue to be costly just as other expenditures for national defense will continue at high rates for as long as can be foreseen. That certain of these expenditures are best made in Laos, instead of elsewhere, is based on the calculation that our national security can be defended more economically and reliably in that way, not on Lao rates of growth. Even if the aid bill rose

every year, economic assistance to Laos might still be the most effective way to defend our interests.

As with other programs, promoting economic growth should be viewed in cost-effectiveness terms. This means every effort should be made to achieve any given level of effectiveness (political-military) at minimal cost (economic). It is at this point that economic efficiency enters as a criterion. Programs that successfully stimulate economic growth will increase Laos' ability to support itself, reducing the cost to the United States. The ideal program, therefore, maximizes political-military strength and economic growth simultaneously. In the real world, it is difficult to maximize two different things at once. Therefore, we shall often prefer programs that give large benefits in terms of domestic stability within Laos or of the world's impression of U.S. purposes in the area, as opposed to other programs, weaker in these respects, that maximize the rate of growth. In no case should economic effectiveness be the sole criterion against which programs are judged.

Laos is economically dependent on the United States and other foreign donors and will remain so for the indefinite future. Any progress that is made over the next few years can be expected to have only a marginal effect on eventual Lao economic viability. Lao economic dependence is in part a heritage of French colonial neglect, and in part a consequence of the strains imposed by a costly and protracted war. Although there are idealistic Lao officials who would feel less anxious if they could see an early end to dependence on external aid, continued Lao economic dependence gives the United States leverage it would otherwise not possess. Economic progress in Laos is desirable to satisfy Lao aspirations and meet Lao needs for self-respect, and to demonstrate to others the positive side of our involvement in Laos. However, this is not the time to sacrifice other objectives in favor of Lao self-sufficiency. Certainly the dollar costs of aid to Laos are not so high as to make necessary the planned phasing out of the aid program.

ARBITRARY BARRIERS TO ECONOMIC DEVELOPMENT IN LAOS

A major barrier to economic progress in Laos is that commerce and production for sale are hampered by restrictions and uncertainties generated by the civil and military authorities. A peasant may have his surplus output seized at little or no compensation by military requisitioners. A merchant who goes into the countryside to buy livestock or produce may be prohibited from taking his purchases back to market or forced to make extra-legal payments to district officers or soldiers at military checkpoints. Provincial governers or regional military commanders may prohibit the transport of rice out of their jurisdictions, to insure against local deficits or to exact bribes. A tin mine operator may have his supply of local fuel cut off by a general motivated by greed or personal pique. An alien who successfully develops a business may be harrassed for payments by the immigration police. The severity of these restrictive practices varies unpredictably from time to time.

Under the circumstances, it is not surprising that peasants produce mainly for their own consumption or that merchants and entrepreneurs hesitate to undertake new directions in trade or manufacturing. Many of the projects we might support to promote economic development can be frustrated by the arbitrary imposition of authority. There will be little response to encouraging vegetable production or building roads, for example, if the route from farm to market is blocked or made unprofitable. If we are serious about stimulating economic activity, we must do more than build projects. We must attack those root causes of malfeasance that are amenable to specific action, such as underpayment of the civil and military services. The Small Industry Survey Team in its draft report, for example, concludes that "government salaries must be adjusted upwards. We do not believe that any serious industrial development program is likely to succeed until this is done." Expenditures for improving governmental performance are as basic to economic development as expenditures for roads or dams. We must also use our influence and powers of persuasion to bring Laos' senior leadership to understand that more is required for economic

development than capital outlays. Finally, we must develop and use the kind of leverage with all levels of officialdom that will permit us to insist on remedial action when major abuses occur. Clearly, we should not think of action along these lines as a sweeping reform movement that could eradicate all abuses and arbitrary restraints. Such practices are often deeply rooted in the local culture. But any improvements in this respect will make it easier for the people of Laos to better their lives through productive activity, and also reduce the amount of friction between them and their officials. This path toward economic growth, therefore, is also politically stabilizing. Better intelligence from USAID field personnel concerning these issues would permit senior U.S. and Lao officials to use their authority and prestige to press for the reduction of arbitrary restrictions on economic activity.

ROADS, RIVERS, AND RADIOS

Just as it is fragmented politically, Laos tends to be fragmented economically. Peasant families produce for their own subsistence. Localities and regions are cut off from each other and strive for self-sufficiency. This is inefficient economically, as it obstructs specialization and the rational division of labor. It is divisive politically, as the people and regions do not have the communications and demands of interdependence to bring them together.

Perhaps the single most important element needed to overcome this fragmentation is a more adequate system of roads. The present system does not even connect all the principal cities, with the result, for example, that the price of pork in Vientiane is a multiple of that in Pakse, whereas the livestock breeders north of Pakse export to Thailand at low prices and are among the least prosperous peasants of lowland Laos. Much of the population of Laos lives in villages not accessible by road. These people cannot produce for the market even if they want to. In addition, they are isolated from government officials and services. Many USAID and FAR supply operations now carried on by air could be performed at lower cost if more roads were available. Providing Laos with a better road system is an especially

appropriate activity for the United States for several reasons: (1) Roads are essential to effective military operations. This is graphically illustrated by recent intelligence that suggests the North Vietnamese may have built more roads in Laos during the last twelve months than has our side. Providing against unforeseeable military contingencies also suggests a time urgency in road completion that might not emerge from a purely economic calculation. (2) Road building is a relatively impersonal operation, in which our taking the initiative will show us in a good light without undercutting RLG authority or leadership. (3) Improved means of access will increase the effectiveness of the present RLG administrative system. (4) Assuming that U.S. assistance to Laos will continue for some time, the cost of the roads supplied may well be recovered in large part by decreased costs of USAID and FAR supply operations. On this count, a large, early effort would be more economical than a program of the same cost and magnitude spread out over time. (5) Roads are the impact project par excellence. They are universally desired and appreciated by the rural populace, but provide benefits to the towns as well by increasing their marketing area. (6) Roads are relatively low risk projects. There is a great deal about the agriculture, politics, and sociology of Laos that is still not understood. Any vigorous attempt,to alter the status quo, therefore, entails the risk of error and unanticipated results. Among the undertakings that can make a major contribution to economic development, roads seem perhaps the least likely to produce unexpected side effects, because they make the transition to new forms of economic activity possible without simultaneously undermining the old. The community can therefore choose its own pace in changing over. For all these reasons, it is recommended that roads receive a substantially higher priority in the economic development program than would be indicated by economic calculation alone. Furthermore, road construction is an appropriate and feasible activity for direct U.S. action. Although it is clearly desirable to include provisions for training Lao workers and technicians in road building, the pace of the program should be dictated by U.S., not Lao, capabilities.

It is now planned to complete the Vientiane-Luang Prabang highway during the next three dry seasons. This could and should be shortened by one year. In the same period, the Nam Cadinh bridges between Vientiane and Savannakhet should be completed. Together with minor additional expenditures, these projects would provide Laos with an all-weather trunk road (Route Nationale 13) from Luang Prabang to the Cambodian border. This leaves a gap in the road system of the Mekong Valley portion of Laos from the Burmese border, through Houei Sai to Luang Prabang. The Mekong is navigable all year from Houei Sai to Luang Prabang, and unless there are overriding military considerations to the contrary, it would seem that the best use of funds in the near future would be in extending the system of feeder roads, linking towns and villages with Route 13 or, north of Luang Prabang, with the Mekong. Also, in accord with the analysis of rural programs in Chapter 5, we recommend that the present concentration of feeder road construction within standard cluster areas be relaxed and greater emphasis placed on connecting isolated villages with the national road system and the rural facilities provided in cluster areas. Giving priority to roads of military as well as economic significance is already standard USAID practice. In both connections, special attention should be paid toward coordinating road construction in Laos with existing and projected roads in Thailand.

Rivers provide a less costly means of transport than roads, and most of the major cities of Laos lie along its largest river, the Mekong. Although portions of this river are not navigable during the dry season, it can be used from Houei Sai to Pakse during high water, from Houei Sai to Luang Prabang and from Vientiane to Savannakhet the year around. Several smaller rivers, navigable at high water, feed into the Mekong. A balanced plan for developing transport facilities in Laos, therefore, should take full account of the potential of rivers. USAID has tentatively proposed a program of improving river docking facilities. Funds should be provided for this activity, and further study made of the costs and returns to channel improvement and provision of additional river craft.

An improved flow of economic information has a stimulating effect on economic development in much the same way as improved transport. To

produce for the market and sell advantageously, peasants must know what prices are offered and what markets are available. An overall effort to increase agricultural productivity, therefore, should include a supporting informational effort. In Laos, where literacy rates are low, radio broadcasting is an especially suitable vehicle for such an effort. The listeners could also be informed about other government programs designed to benefit the peasantry, to enlist their participation, and to increase their awareness of their stake in their government's future. To be of use to the peasant, economic information must pertain to his locality. This means that the provincial and regional programming should be stressed.

AGRICULTURAL PRODUCTION

Although rice is Laos' most important crop, the country does not satisfy its own consumption requirements. At present, about 50,000 tons a year must be imported from Thailand, at a cost to the United States of about $6 million. At the same time, Lao rice yields (about 900 kg. per hectare) are low relative to those in other countries and much land suitable for rice production is unused. Fertilization of rice is virtually unknown, pesticides are little used, water control is undeveloped, and the varieties grown have not been selected scientifically. Although low income levels do not seem to be a major source of discontent among the Lao peasantry -- it is difficult, for example, to hire day labor for public works at modest pay rates during the dry season, when peasants have time available -- there is evidence that higher incomes and ways to increase output are desired and appreciated.

There is thus a potential for increasing rice production that could raise rural incomes and permit the country to come closer to supplying the domestic market. On the other hand, as with so many facets of Lao society, much is still unknown about rice production and marketing, and many uncertainties are attached to the problem of raising output. For example, the large number of able-bodied men under arms means that the man:land ratio in the countryside is unusually low, which may account to a considerable degree for both the unused land and the low yields.

Over 90 per cent of Lao consumption is of glutinous rice, for which experimental data relevant to Laos are meager. It is not yet clear how output will respond to the agro-technical measures that might be adopted. Beyond this, increased output will be forthcoming only if producers are convinced that marketing channels are open to them. As noted above, commercial marketing is subject to harassment by local and regional authorities. Furthermore, those channels that do operate are only sketchily familiar to us, with the result that we cannot be sure of what will occur if we adopt specific measures designed to influence the volume of marketings. Given the importance of rice to both producers and consumers, unanticipated side effects of efforts to raise output and marketings could have serious political consequences. This is not an argument for passivity, but for proceeding with due caution.

USAID and the RLG Department of Agriculture are now engaged in an effort to increase rice output. The first phase of the program was begun last year. Improved rice strains were distributed to cultivators, who contracted to resell all output in excess of their own consumption needs, producing a multiplication of the improved rice seed. The multiplication program is continuing this year. Simultaneously, in order to increase yields, improved seed is being distributed to other farmers, with no concurrent obligation other than to repay the seed in kind after harvest. By harvest (November-January), it is intended to provide marketing channels that will assure producers a reliable outlet for this year's surplus and encourage them to strive for larger surpluses in the future. In designing this program and refining it in the future, the following considerations are suggested:

(a) We must be prepared to make good local rice deficits that arise as a result of our purchases. There is some possibility, though probably not a great one, that peasants will sell too much if offered an attractive price, causing them to run short later in the year when prices typically rise. A more serious prospect is that U. S. purchases will replace some that normally occur through commercial channels, with the result that non-producers, such as city dwellers or military dependents, will find their usual sources of supply inadequate. The

United States should be prepared in advance to sell rice when such deficits appear. The capability to do so will also serve to reassure local and regional authorities who are sincerely worried about rice shortages in their jurisdictions, making it easier to induce them to remove obstacles to the rice trade. Whether rice for this purpose must be stockpiled in Laos or should be obtained on need through importation is a technical question that must be decided on the basis of economy and reliability. What is essential is that rice be sold, if necessary throughout the year and throughout the country, at a rational price.

(b) The USAID program should be designed to strengthen, rather than supplant, private commerce in rice. The expansion of rice-marketing and milling will be done most effectively if the forces of private enterprise and competition can be harnessed to it. The rice-buying apparatus, therefore, should be directed toward demonstrating to producers, millers, and merchants that profitable opportunities for expansion exist, and toward standing by as both a buyer and seller of last resort, to maintain order in the market and to prevent the exploitation of producers where local competition among merchants and millers is lacking. Thus, for example, we should stand ready to buy paddy from the peasant or polished rice from the miller, but at a differential that allows slightly more than a reasonable return to the miller for handling, storage, and milling. If correctly calculated, this differential will stimulate the miller to outbid us slightly in buying from the peasant, assuring the peasant a fair price for his paddy but keeping the trade moving through commercial channels. If we find that we are acquiring paddy, it will indicate that we have shaved the margin too closely. Similarly, in selling rice to meet shortages, we must set prices high enough to permit a reasonable return to private merchants acting in competition. This means, for example, that the selling price must rise gradually in the period after the harvest, reflecting the interest charges and storage costs incurred by holding rice for later sale.

(c) As the largest customer for rice in Laos, USAID is in a

position to influence the price of rice throughout the country. Some increase over present levels seems desirable. If the increase in civil service and military pay scales we recommended in Chapter 3 are enacted, both of these groups will be able to absorb the price increase without hardship. Through the multiplier effect, the increases in USAID and RLG expenditures expected to occur during the next few years will raise incomes for the rest of the urban population as well. Meanwhile, the new pattern of providing non-project assistance we recommend in Chapter 8 will increase import prices somewhat. An increase in the price of rice would raise rural incomes, permitting peasants to share in the rise in urban incomes and to absorb increased prices for imports, while providing an incentive for increased rice production. Should the Lao price of rice rise above the Thai price, the unofficial movement of rice across the Mekong (that is, Thai exports on which the official rice export premium is not paid) will be stimulated. This probably puts a ceiling on the increase feasible in Laos. A moderate price differential, even if it attracts a small flow of rice from Thailand, would be desirable, because it would still stimulate Lao production and provide rice at a saving to USAID, the internal price for Thai rice being below that now paid for USAID procurements in Thailand. A large flow from Thailand would be undesirable, because it could be sustained only with the connivance of the Thai authorities, producing a corrupting relationship between Thai, Lao, and USAID officials.

(d) As sufficient experimental information is obtained to provide a reliable basis for using fertilizers and insecticides, these should be supplied to producers at subsidized prices. So long as the bulk of imported rice must come from Thailand at world market prices (that is, inclusive of the Thai rice premium), the economically rational ratio of rice-to-fertilizer or rice-to-insecticide prices is the world price ratio, not the ratio of the Lao rice price to the world fertilizer (or insecticide) price. Thus even calculating strictly on the basis of minimizing costs for the United States, it will pay to provide fertilizers and chemicals at subsidized prices in Laos, at least to the point where the need for imports is

eliminated. (Whether it pays to go beyond that point depends on the possibilities for marketing Lao rice abroad -- a distant prospect not examined here.) The rate of price reduction is given by the ratio of the Lao price of rice to the world market price paid by USAID in Thailand. For example, if rice in Laos sells for half the price charged USAID by Thailand, fertilizers and chemicals should be reckoned at half the actual cost of landing them in Laos in determining economic application rates and therefore in selling them to rice producers. If, for political reasons, it is desired to provide greater benefits to peasants, an even more generous subsidy could be granted. In either case, the provision of fertilizers will have to be supervised, to assure that they are used in Laos and not re-exported at the world price to Thailand. This is unfortunately cumbersome, but cannot be avoided so long as the Thais retain what is for them, too, an uneconomic rice: fertilizer price ratio.

(e) Certain non-glutinous rice varieties can be heavily fertilized to produce yields three or more times greater than those now obtained from glutinous rice in Laos. If similar yields could be obtained economically in Laos, it might be possible to offer non-glutinous rice to consumers at a large discount over glutinous. Experiments should be undertaken, therefore, to ascertain both the productivity of non-glutinous varieties under Lao conditions and the receptivity of the Lao consumer to low-priced non-glutinous rice. If results are positive in both cases, there could be major benefits from the introduction of these varieties: (i) Output and rural incomes would go up. (ii) Lao rice production would become heavily dependent on the supply of fertilizers from the Free World. Areas that came under communist control would be cut off from this supply, impairing their ability to support enemy forces and intensifying peasant awareness of the disadvantages of enemy rule.

(f) Any program expected to produce a major increase in marketing of rice (or any other product) must have active support from the most senior Lao leaders, in order that their authority be used to remove the barriers to such commerce now imposed by local and regional

authorities. Unless these artificial barriers are lowered, attempts to interest the peasant in producing for market are only too likely to arouse political discontent while failing in their economic aims.

The rice purchase scheme represents an ambitious new USAID program that will take time to be absorbed and improved. We feel that with the addition of this program the present scale of assistance to Lao agriculture is approximately correct for the next few years, though a moderate upward trend in its size is desirable. Two basic factors would appear to argue against a major campaign to increase Lao agricultural production at this time. First, protracted war in Laos has severely distorted the agricultural economy. Labor, in particular, is artificially short. As a result, it would be difficult to design and set in operation today a program appropriate for peacetime conditions. Moreover, until peace is reestablished, the payoff to such a program is likely to be very limited. Second, RLG and USAID administrative capacities are already strained. Even if money were available to support a major new program of agricultural development, its additional administrative costs could be high. The rice purchase scheme, together with measures recommended elsewhere in this study to expand Lao education, increase rural incomes by raising military pay, reduce barriers to rural commerce, and improve RLG effectiveness seems to represent a program in support of the Lao peasantry adequate in its impact and of higher priority.

SMALL INDUSTRY

Developing small industry in Laos is the subject of a separate study by the Small Industry Survey Team and therefore not treated systematically here. Although their final report is not available at this writing, a draft report finds that numerous profitable opportunities for manufacturing now exist, but go unexploited in Laos. One reason for this is political and military insecurity. Potential entrepreneurs are afraid that their investments may be damaged or seized as a result of fighting or a shift in control between the communist and noncommunist sides, or between factions of the

noncommunist side. For American investors, AID can provide investment guarantees against such eventualities. However, the opportunities in Laos will often be too small or too exotic to attract U.S. investors. A more promising candidate is the Asian entrepreneur -- for example, the Hong Kong or Bangkok Chinese -- who is experienced in dealings in this part of the world and interested in smaller undertakings that may complement other enterprises of his in the region. Means should be devised to attract this kind of entrepreneur and to create conditions under which he can operate constructively. We suggest, therefore, that ways be sought consistent with existing legislation for guaranteeing desirable investments against war damage or expropriation, even where the investor is not American. Perhaps FEOF or a similar multi-national fund could undertake this function, or a regional fund associated with the Asian Development Bank might be considered.

DEVELOPING PROVINCIAL CAPITALS

A program of developing provincial capitals could have an important unifying effect on the nation, if it were designed to increase the ties between the peasantry and their provincial centers and between the provinces and Vientiane. The essence of the scheme should be a flow of services from Vientiane to the provincial capitals, provided in a manner that makes them available to the surrounding villagers as well as to inhabitants of the capitals. USAID has proposed several developmental projects that lend themselves to this function. Others could no doubt be devised. Some examples that seem worthy of priority attention are discussed below.

Schools to provide secondary education in Lao should be built in the main provincial capitals, as recommended in Chapter 6 of this study. Boarding facilities and stipends for rural children who have shown promise in primary school should also be provided, to open educational opportunities for those without relatives in town or other means of supporting themselves away from their villages. This would represent a striking innovation in the career outlook for most peasant children. For the desired political effect to be achieved, however, it is

essential that some mechanism be installed to assure equity in the choice of beneficiaries, such as participation in student selection by USAID/Education.

Existing hospitals in the provincial cities are dilapidated and inadequately staffed. These should be refurbished and expanded; proper provision should be made for future maintenance, and additional doctors and other technicians provided. In addition to treating the people of the city, the hospitals should have the following functions: (1) Technical supervision and support for dispensaries in the surrounding villages. For example, a doctor from the hospital should be provided with transport and assigned to make regular visits to the village dispensaries to advise the village medic, treat complaints beyond the medic's competence, and bring serious cases back to the hospital. (2) Training and refresher courses for village medics should be established, to expand and upgrade the village dispensary system. (3) The hospital should provide backup for military medical facilities, training FAR medics and treating wounded soldiers. This service would be appreciated by the regional commanders as well as the troops.

As a result of military actions, Laos has large numbers of amputees and other physically disabled. Vocational training and rehabilitation centers for these people should be established to provide them with simple prosthetic devices, to help them acquire money earning skills, and reintegrate them into the productive economy. Such assistance would be appreciated by the disabled and by their families, and would improve the morale of troops in battle who risk disablement. It would also relieve FAR commanders of a demand for support, expected by disabled subordinates under Lao tradition, which now forces illegal diversion of funds budgeted for other purposes (see Chapter 3).

In addition to providing governmental services, measures should be adopted that will stimulate commercial and industrial activities in the provincial cities, such as the opening of branch banks and improvement of credit facilities, the use of local contractors to carry out RLG and USAID construction projects, and local procurement

by USAID of materiel. In all these activities the aim should not be the development of the urban area alone, but its development in conjunction with providing services, marketing, and employment outlets for the surrounding villages.

PART III

FINANCE AND SUPPORT

Chapter 8

NON-PROJECT AID

INTRODUCTION AND SUMMARY OF RECOMMENDATIONS

Role of Non-project Aid

Laos, largely because of its involvement in a war that forces it to support some 80,000 men under arms, runs a government budget deficit extremely large in relation to the Lao economy. The deficit generates domestic demand far greater than can be met from domestic resources at present levels of income. This leads to a balance-of-payments deficit that may be higher in relation to domestic production than that of any other country in the world. The deficit is financed by outside aid largely from the United States but also from other donors, mainly the United Kingdom, Australia, Japan, and France. This non-project aid translates domestic demand into purchases of imports and foreign exchange. Although the translation is not perfect, since imported goods and services are not perfect substitutes for domestic goods and services, recent experience has been reassuring. Demand has increased substantially but an adequate supply of foreign exchange has made it possible to hold domestic prices reasonably steady. This experience, together with the knowledge that most demands for goods in Laos can be met by imports from Thailand at stable prices, makes it possible to assume with some confidence that further increases in demand can continue to be neutralized by appropriate increases in non-project aid with relatively small domestic price increases.

The Lao balance-of-payments (summarized in Table 1) is both instructive and unique. Commercial receipts of foreign exchange from legal exports in 1964 covered only some 3 per cent of commercial imports of goods and services. Illegal exports, however, were some five times as great as legal commodity exports, and earnings from local expenditures of embassies and international organizations were twice as high. There is no hope under present wartime conditions of even approaching a solution to the Lao balance-of-payments problem.

Table 1

BALANCE OF PAYMENTS OF LAOS IN 1964
(in $ million)

Account	Debit (-)	Credit (+)
Current account:		
Commodity imports	31.3	
Invisibles (service) imports	6.0	
Total	37.3	
Earnings from exports and invisibles		6.7
Deficit on current account	30.6	
Capital account:		
Foreign aid (plus imports for embassies and international organizations)		35.3
Short-term capital export, and errors and omissions	4.7	

The payments deficit is a clear reminder that Laos cannot maintain its current modest standard of living without substantial foreign aid. Foreign aid feeds, clothes, and shelters the country to a remarkable degree. Even substantial relative increases in exports will not change this situation.

One interesting aspect of the Lao balance-of-payments data is the light they shed on the extent of capital flight. The $4.7 million figure for short-term capital export and errors and omissions would represent the maximum possible for capital flight if all the other entries were correct. Since a major part of the $4.7 million represents overseas transmissions of earnings, largely by Chinese businessmen and foreign workers, true capital flight is unlikely to be very high even if net export earnings are understated. However, receipts from re-exports of goods financed through the United States Import Program and the Foreign Exchange Operations Fund are probably understated and no allowance is made for over-invoicing of exports. On the other hand, certain local imports from Thailand that do not go through FEOF or USIP are also not caught.

The Present System of Non-project Aid: A Combination of Cash Grants and Commodity Imports

For many years one of the sharpest controversies concerning the USAID program in Laos was whether non-project aid should be given in the form of cash grants or through commodity import programs. Those who opposed cash grants argued that they were used to finance unwarranted amounts of luxury imports and capital flight, that they provided no protection to the U.S. balance of payments, and gave the RLG an incentive to increase its budgetary deficit. Strong evidence to support these arguments was found in the large excess of the value of cash grants over the value of imports: it showed that at best cash grants were being used to finance unwarranted increases in RLG reserves; at worst, to finance large amounts of capital flight.

Critics of commodity import programs, on the other hand, pointed out that the administrative capability necessary to administer and

police commodity import schemes was lacking in Laos, and that without cash grants adequate in amount to preserve the free convertibility of the kip, a currency black market would inevitably arise.

The present system of providing external financial assistance to Laos is based on the stabilization program introduced on January 1, 1964. This program included a devaluation of the official exchange rate from 80 kip to the dollar to 240 kip to the dollar, creation of a free market for all foreign exchange transactions except commodity aid imports and specified invisibles, the establishment of a multi-national FEOF to support the free market, the imposition of a fixed ceiling on the RLG budgetary deficit at a level agreed upon between the RLG and FEOF donors, and a pledge of credit restraint. This program has been successful in restoring financial stability to the Lao economy. Prices have held steady after an initial adjustment to the devaluation of the official rate, the free exchange rate has been maintained at approximately 500 kip to the dollar, and speculation against the kip has virtually ceased.

Non-project aid in Laos is a combination of commodity imports and cash grants. Table 2 summarizes non-project aid to Laos in 1965. Three national commodity import programs exist: the United States Import Program, the United Kingdom Import Program, and the Australian Import Program. Through these programs, certain authorized categories of goods are brought into Laos from specified sources at the official exchange rate of 240 kip to the dollar. UKIP and AUSIP are entirely tied to British and Australian goods respectively, whereas USIP, for some commodities, permits limited world-wide procurement. In addition, a United States Invisibles Program finances certain categories of invisibles payments, both private and official, at the official rate of exchange.

The demand for foreign exchange for purchasing goods and services not eligible for inclusion in the above programs is financed through the free market, largely with funds provided through FEOF. Goods and services financed through the free market include perishables and urgently needed imports for which commodity import procedures are too

Table 2

NON-PROJECT AID TO LAOS, 1965
(in $ million)

Type of Aid		Amount
Commodity aid, Fiscal Year 1965:		
U.S. import program (including petroleum, oil, lubricants)	9.0	
United Kingdom import program	2.2	
Australian import program	0.3	
Total		11.5
U.S. Invisibles Program		3.7
Contributions to Foreign Exchange Operations Fund, Calendar Year 1965:		
United States	4.0	
France	1.3	
United Kingdom	1.7	
Australia	0.4	
Japan	0.5	
RLG	2.8[a]	
Total		10.7
Total non-project aid		23.1
Of which U.S. contribution is		16.7

SOURCE: USAID, Laos.

[a]The RLG contribution of $2.8 million, representing a transfer of dollars from a U.S. working fund, was made in Fiscal Year 1965 but will be wholly available in Calendar Year 1965.

unwieldly, other goods not included in the commodity import codes (so-called "luxury" goods), and overseas remittances and capital transfers. FEOF operates as a multilateral fund of convertible currency to which the donors (the United States, the United Kingdom, France, Australia, and as of this year, Japan) contribute amounts agreed upon annually. This fund provides convertible currency to the commercial banks in Vientiane to meet the residual demand for foreign exchange at the free market rate. No limitation is put on the purposes for which FEOF funds can be supplied. Control over the demand for foreign exchange is exerted indirectly, through the agreement between the FEOF donors and the RLG on the maximum permissible size of the RLG budget deficit. If the deficit exceeds the agreed limit, the FEOF agreement is automatically abrogated.

The existence of FEOF makes it possible to maintain free convertibility for kip and has been essential in preserving financial stability and confidence in the currency. Were FEOF not in existence, or were more serious restrictions placed on the use of FEOF funds, a black market for foreign exchange would inevitably develop, as it has in South Vietnam and in Laos in the past. No conceivable system of exchange control in Laos could be well enough managed to avert this problem. Ineffective controls would invite abuse and stimulate speculation. The moderate amount of capital flight should be viewed as the price of free convertibility. Any attempt to reduce capital flight by imposing serious restrictions on the use of FEOF funds would in all probability be self-defeating, resulting in a black market that permitted capital flight to continue while it undermined public confidence in the kip. In the end, capital flight would be more likely to increase than to decline.

Outlook for Increased Domestic Spending

Increased domestic spending affects the amount of non-project aid required to hold inflationary pressures in check, whether the increase comes from a higher budget deficit or from increased local currency expenditures associated with project aid. Both these

categories of spending are likely to increase significantly over the next several years.

Largely as a result of the increase in civil service and military pay that went into effect on July 1, 1965, the RLG budget deficit is expected to increase from 4.8 billion kip in FY 1965 to 10.6 billion kip in FY 1966. At the same time local currency expenditures associated with project aid are expected to rise in line with the 15 per cent increase in project aid, a figure that does not include any increases that will result from the President's expanded program. In future years further increases can be anticipated in both of these categories. Government pay levels remain too low, and demands for increased government services are increasing. U.S. determination to invigorate development efforts in Laos and the beginning of operations on the Nam Ngum Dam project will also lead to rising local currency expenditures. Finally, if the recommendations made elsewhere in this study were fully implemented, domestic expenditures would rise by another five to eight billion kip.

In short, the costs of an effective aid program in Laos, responsive to changed conditions in that country and to U.S. policy for Southeast Asia, will be reflected in large part in heavier demand for non-project aid. Hence, the present system of non-project aid requires careful examination to ensure that it is appropriate to the increasing demands that will be placed on it.

Summary of Recommendations

The reestablishment of financial stability and confidence in the kip has been a major achievement. Changes in the system under which this was accomplished should be carefully scrutinized and discussed with the RLG to ensure that they do not jeopardize the newfound stability. Nevertheless, the present system can be improved upon and has several weaknesses that can and should be eliminated. Our recommendations are as follows:

(1) The USIP program should be restricted to U.S. goods (with

the exception of POL), held to a level no greater than the present dollar amount of imports of U.S. goods, and FEOF increased accordingly.*

(2) Tighter controls should be established over the U.S. Invisibles Program and steps taken towards the ultimate elimination of non-official conversions of kip at the official rate.

(3) The forced conversion of export earnings at the official rate should be eliminated.

We feel that the above changes can be carried out beginning in 1966 in such a way as not to jeopardize the financial stability of the past 18 months. The recommended changes would benefit the Lao economy, reduce the dollar cost of non-project aid, and help to make the Laos aid program more responsive to present needs. In the longer run, they would make for less foreign aid and contribute to the eventual economic independence of Laos.

RESTRICTING USIP TO U.S. GOODS

We recommend that, with the exception of POL items, the United States Import Program should be restricted to U.S. goods and held to

*Since this chapter was drafted, a major revision has been made in the USIP program by restricting it to rice, POL, certain types of machinery, and motor vehicles. As a result of this reform, the USIP program is expected to run at an annual rate of only about $4.8 million and the United States has informed the RLG it will increase FEOF accordingly. This change is very similar to that recommended in this chapter, with some exceptions: (a) Rice will continue to be imported through USIP. As noted elsewhere in this report (see Chapter 7) we recommend that a new rice marketing mechanism be established, and USIP imports of rice then eliminated. (b) The new system restricts USIP imports by commodity rather than by source. Restriction to U.S. suppliers would reduce the costs to the U.S. balance of payments and make the problem of over-invoicing more manageable. (c) The new system also would exclude certain USIP imports of U.S. origin now consumed in rural areas. One of the findings of the USAID survey mentioned below was that restricting USIP would not cause significant price increases in rural areas in part because several USIP items of importance in these markets would continue to be available; for example, detergents and condensed milk. As the new system takes effect, USAID should be alert to price developments in rural areas in case they turn out to be troublesome.

a level no greater than that of present imports from the United States under USIP. The Foreign Exchange Operations Fund should be expanded accordingly. Such a reform would achieve some dollar savings in aid, and would reduce the balance-of-payments drain of the U.S. aid program, without jeopardizing broader U.S. objectives in Laos.

Dollar Savings and Balance-of-Payments Benefits

Almost 60 per cent of USIP imports now come from countries other than the United States. Eliminating USIP financing for these goods, while holding the value of the USIP program to that of present imports from the United States, would channel a major portion of the Lao demand for foreign exchange from the USIP program to the free market. Since the free market rate of 500 kip per dollar is considerably lower than the USIP rate of 240 kip per dollar, there would be a marked reduction in the dollar costs of non-project aid. Table 3 indicates the approximate magnitude of these savings in fiscal 1966. Table 3 also shows that restricting USIP would reduce the amount of dollars spent outside the United States. The magnitude of the savings for the U.S. balance of payments, however, would depend on the use to which these dollars are now put. Reducing dollar earnings of countries who have a high propensity to spend dollars in the United States has only a limited effect on the U.S. balance of payments. When such indirect effects are included in the net balance of payments, savings are reduced. One major effect of restricting USIP would be to reduce the amount of dollars spent in Thailand. Since Thailand does not spend a particularly high proportion of its foreign exchange earnings in the United States, the direct balance-of-payments savings in this case will not be greatly reduced.

It would be a mistake to view restricting USIP primarily as a device for reducing the total cost of the aid program in Laos. A more important result of such a revision would be to reduce the dollar cost of future increases in RLG budgetary expenditures. Table 4 shows the approximate dollar savings per billion kip increase in the RLG budget deficit which the suggested restrictions on USIP would entail.

Table 3

EFFECT OF RESTRICTING USIP IN FY 1966
(in $ million)

Item	Present System[a]	Restricted USIP
FEOF	8.0	10.6
USIP (not including POL)	9.8	4.3
(U.S. origin)	(4.3)	(4.3)
POL	2.5	2.5
Total	20.3	17.4
Dollar savings		2.9
Reduction in direct balance-of-payments drain		3.2

NOTE: These figures are based on the following assumptions:

(1) A price elasticity of demand for foreign exchange of unity;

(2) Demand for POL is independent of the average price of other imports;

(3) 10 per cent of goods imported through FEOF are supplied from the United States;

[a]Figures in this column supplied by USAID, Laos.

Table 4

DOLLAR COSTS OF FINANCING A ONE-BILLION-KIP INCREASE IN THE RLG BUDGET DEFICIT

Item	(1)	(2)	(3)	(4)
	Present System		Restricted USIP	
Domestic multiplier	1.33	2.00	1.33	2.00
Cost ($ thousand)	1930	2870	1330	2000
Savings ($ thousand)			600	870

NOTE: The calculations in this table are rough estimates, but show the order of magnitude of the foreign exchange costs of an increase in the RLG budget deficit and the savings from restricting USIP. The assumptions on which these calculations are based are similar but not identical to those used by USAID (see TOAID A-1351, June 3, 1965). They include: (a) a marginal propensity to import of 0.5; (b) domestic leakages ranging from 0 to 0.25; (c) a unitary elasticity of demand for foreign exchange; (d) demand for POL independent of the size of the RLG budget deficit. The method used is virtually identical to that used by USAID.

Parts I and II of this study make various recommendations the implementation of which would increase the RLG budgetary deficit by five to seven billion kip. The aid costs of financing such an increase would be considerably less if the USIP program were restricted along the lines suggested. Table 5 illustrates the effect of restricting USIP on the non-project aid bill in the event of a five billion kip increase in the RLG budget deficit.

Impact on the Effectiveness of the U.S. Aid Program

Restricting USIP to U.S. goods would bring about a rise in domestic prices in Laos. USAID estimates that the rise in import prices resulting from restricting USIP would increase the cost of living in Laos by approximately 4 to 5 per cent, and that domestic prices might also increase slightly. However, a number of factors suggest that these price increases would not impair U.S. objectives in Laos:

(1) Domestic incomes will rise as a result of the scheduled increases in government and local currency expenditures. Table 3 shows that even under a restricted USIP it will be necessary to transfer more dollars to Laos in FY 1966 than were supplied in FY 1965. In other words, Lao real income will be increased over its present level even though the USIP program is restricted. Restricting USIP without increasing RLG spending above levels anticipated at present would be shaving this point rather finely, however, since FY 1966 non-project aid would be only $.7 million higher than FY 1965 non-project aid. The programs recommended elsewhere in this study, such as civil service and military pay raises, will more than compensate these groups for the increase in prices resulting from restricting USIP. As to peasant incomes, a USAID survey of rural purchases of USIP goods, conducted at our request, showed that the impact of restricting USIP on peasant standards of living would be relatively insignificant. Moreover, peasants would benefit from increased purchases in rural areas made possible by raising military pay and subsistence allowances.

Table 5

DOLLAR COST OF FINANCING A FIVE-BILLION-KIP INCREASE IN THE RLG BUDGET DEFICIT[a]

Item	(1) Present System Multiplier 1.33	(2) Present System Multiplier 2.0	(3) Restricted USIP Multiplier 1.33	(4) Restricted USIP Multiplier 2.0
FY 66 level	20.3	20.3	20.3	20.3
Dollar savings[b]	--	--	2.9	2.9
Adjusted FY 66 level	20.3	20.3	17.4	17.4
Additional costs resulting from increase in RLG budget deficit[c]	9.5	14.4	6.7	10.0
Total	29.8	34.7	24.1	27.4
Net increase in dollar costs over FY 66	9.5	14.4	3.8	7.1

NOTE:

[a]This table overestimates the dollar savings -- perhaps by as much as $1 million -- since it implies no increase in POL purchases in spite of a sizable increase in domestic spending.

[b]From Table 3.

[c]Based on estimates in Table 4.

(2) Dollars provided through FEOF rather than through USIP make a greater contribution to Lao welfare because a dual exchange rate is inefficient. When goods are brought into Laos at prices lower than those at which they are purchased, their dollar cost to the United States is greater than their value in Laos. For example, USIP building materials that cost $1000 outside of Laos may sell in Laos for as little as 250,000 or 300,000 kip. Consumers are willing to pay this amount for the USIP goods, but presumably would not be willing to pay the 500,000 kip that the same materials imported through the free market would cost. The difference between the 500,000 kip and the amount they actually pay is a measure of the inefficiency of the dual exchange rate. Given the magnitude of the difference between the official and free market rates of exchange, this inefficiency would appear to be quite sizable for the many goods that are purchased through USIP channels which could be competitively marketed in Laos even if imported at the free rate of exchange.

(3) USIP stimulates two types of corruption: re-exports and over-invoicing. Re-exports are profitable because of the difference between the USIP and free market exchange rates. Goods coming into Laos at prices lower than those prevailing in Thailand are re-exported into Thailand. This problem is less serious now than it was prior to the 1964 devaluation which narrowed the margin between the official and free rates of exchange. Nevertheless, re-exports of USIP goods continue, and restricting USIP would sharply reduce profitable opportunities for re-exports.

"Over-invoicing" is the process by which Lao importers, in collusion with foreign exporters, overstate the price of imported goods in order to get more dollars at the official rate, usually for transfer abroad. Unlike the re-export problem, this problem cannot be solved by bringing Thai and Lao prices into line because the importers will still have the same incentive to acquire dollars at the official rate of exchange, whatever price their goods sell for in Laos. Restricting USIP would eliminate over-invoicing on all goods originating outside the United States. U.S. suppliers should

be easier to police than those in other countries.

(4) USIP goods, which are imported at the official rate of exchange, are frequently relatively cheaper in Laos than on the world market. The general effect is to distort price relationships in Laos, artifically encouraging the production of certain goods relative to others. Although not a serious problem at this time, this distortion will grow in importance as the Lao economy develops. In the future it could become a major barrier to Lao economic independence and the establishment of closer economic relations with Thailand.

Cheap raw materials and cheap machinery purchased through USIP serve to encourage domestic manufacturers. However, for goods competitive with Lao production, the opposite is true. Trying to cope with this problem by making goods with potential domestic substitutes ineligible for USIP financing places a heavy burden both upon the administrators of the USIP program and upon local entrepreneurs who must make guesses about the future shape of the program. Markets react to present opportunities more vigorously than to the possibility of future opportunities dependent upon changes in economic policy. A major program of subsidized imports makes it more difficult to attract entrepreneurs to the Lao market.

POL, Rice, Tin Roofing, and Cement

These are the most important commodities that would be affected by a restriction of USIP to U.S. goods. The first two deserve special attention because of the unique characteristics of their cases, whereas a discussion of the latter two will serve to illustrate in specific terms some of the general points made earlier.

POL. The POL supplied to Laos through the USIP program is purchased by the United States through a barter arrangement with Indonesia in exchange for surplus agricultural commodities. Hence, the real cost to the United States is the value of the latter goods. This cost is considerably less than the dollar value of the POL on the world market. Consequently, the disparity that ordinarily

exists between the costs of USIP goods and their price on the Lao market is avoided in this case. So long as POL continues to be provided through this barter arrangement it is economically sound to furnish it to Laos at the USIP rate. Moreover, the effects on the domestic economy of Laos are favorable, since cheap petroleum products stimulate business activity and encourage rural transportation and commerce. The chief defect of the present system is that POL is illegally re-exported to Thailand because it is cheaper in Laos. In this case, the benefits to the United States seem to outweigh the defects, and our program should be continued. If the present barter arrangement should break down, the disadvantages of including POL in the USIP program would be similar to those for other goods and consideration should be given to excluding POL.

Rice. At the present time, rice is intermittently imported through USIP for sale below the Lao market price to civil servants in partial compensation for the rise of the cost of living. Rice supplied in this way, although small relative to the total supply of rice in Laos, reduces the demand for rice in normal market channels and serves to some extent to limit price increases at times of shortage. This system has several defects: provision of rice below market prices invites abuse on the part of those in charge of its distribution; providing rice through exceptional procedures -- Economats, Sogimex, and so on -- weakens the normal commercial marketing system; subsidizing a single commodity is an inefficient way of compensating civil servants. A preferable alternative is to provide adequate monetary compensation to civil servants and to leave the distribution of rice to the normal commercial marketing system. If rice imports are necessary to preserve an orderly market, a USAID program for this purpose should be instituted with the rice sold at the market price through commercial channels (as discussed in Chapter 7).

Cement and tin roofing. These two commodities are perhaps the most important of those that would be affected by restricting USIP to U.S. goods because both are imported from Thailand and brought

into Laos at well below world market prices. As both are consumed in rural areas, concern has been expressed that eliminating these goods from USIP would have an undesirable effect on U.S. interests in rural Laos. However, the survey of rural expenditures conducted by USAID indicates that a rise in the price of these goods would not cause a significant reduction in peasants' standards of living. Both of these goods are also widely used in urban areas, but those who benefit from their low price are those who already reap many of the benefits of the non-project aid program and who will benefit from the rise in domestic spending that is sure to occur in the next several years.

The low price of these goods artificially stimulates their consumption relative to available domestic substitutes. As pointed out earlier, this means that the amount of dollars spent on these goods greatly exceeds the value of the benefits they provide to Laos. In addition, their low price inhibits the development of production of domestic substitutes. Boun Oum's cement plant near Thakkek is about to start operation. Surely it is undesirable to force this plant to compete against subsidized imported cement. Roofing materials -- thatch and tile -- are also produced in Laos and it is undesirable to discourage their use by subsidizing the price of tin roofing. In short, we do not believe there is a good case for keeping these goods in the USIP program.

Alternatives to Restricting USIP

Two proposals for modifying the non-project aid program have aroused considerable interest: changing the FEOF rate of exchange, and eliminating USIP. We believe that restricting USIP is preferable at this time to either of these alternatives.

The total cost of the non-project aid program could be reduced by lowering the FEOF rate of exchange from 500 to 1, to 550 or 600 to 1. This would not reduce the inefficiencies of the present system. Moreover, it would increase rather than restrict the opportunities for corruption in the non-project aid program. A change in the FEOF

rate of exchange would undermine confidence in the kip and threaten the maintenance of financial stability in Laos by causing speculation and capital flight to increase. The opposite proposal -- that the FEOF rate be increased -- has also been advanced as a means for cushioning the effect on prices of a restriction of the USIP program. Even if USIP were reduced, as noted, real income in Laos would probably rise and there would be no need to raise the FEOF rate of exchange, which would be a costly procedure. In addition, changes in the free market exchange rate should be avoided to bolster public confidence in the durability of present arrangements.

We believe that restricting USIP is preferable to abandoning the program for several reasons. In general, it is prudent to change the system as little as possible. The present system has not failed, although it could be improved. The complete elimination of the USIP program would threaten the maintenance of the official 240 rate of exchange, which is politically attractive to the RLG. Preserving this rate for some imports also serves U.S. interests directly by making it easier to press foreign embassies and international organizations to purchase their kip at the official rate, thereby reducing the additional foreign exchange requirements of the RLG. Restricting USIP would also have a smaller impact on the price of goods consumed in rural areas, whereas even a restricted USIP program would make it possible to provide investment goods and materials at subsidized prices to stimulate domestic economic activity.* Moreover, eliminating USIP would not go much further than restricting USIP in reducing the inefficiency of a dual exchange rate. Thus, inefficiency, as described earlier, occurs when imports are sold in Laos at prices below their purchase prices in the world market. Many U.S. goods brought in through USIP would not be marketable in Laos if imported

*In the long run, an exchange rate subsidy, even for investment goods, is undesirable because it distorts factor ratios, produces an uneconomic price structure, and is a vehicle for administrative abuse. See the discussion in the report of the Small Industries Survey Team, Chapter 3.

at the free rate, and their prices are, therefore, nearer world market prices than are goods brought in from other countries that would be imported profitably even at the free rate.

Although restricting USIP would save somewhat fewer dollars than eliminating it, it would better protect the United States' balance of payments. Elimination of a $5 million USIP program restricted to U.S. goods might result in savings of some $2-1/2 million, but it would increase the balance-of-payments drain by approximately $2-1/4 million. The extra dollar costs should be viewed, in part, as the price of the favorable balance-of-payments effects. In addition, restricting USIP would require a smaller increase in the U.S. contribution to FEOF, reducing the appearance of U.S. domination of this institution, while making more likely the continued existence of the British and Australian import programs.

Although we recommend at this time that USIP be restricted rather than eliminated, we believe that the ultimate goal should be the establishment of a unitary exchange rate in Laos. In the long run, this will help to make the Lao economy more efficient and eventually release Laos from economic dependence on foreign aid. However, there is no urgency about establishing a unitary rate of exchange until domestic economic activity has become more vigorous. A gradual approach to a unitary rate of exchange would also moderate the adverse consequences to particular groups who benefit from the present system. In the interim, USIP commodity codes should be scrutinized annually to determine if further restriction is desirable and every attempt should be made to hold the dollar size of the USIP program near its present level. In determining which commodities to finance through USIP, first consideration should be given to those that subsidize investment rather than consumption, whereas commodities that are extensively re-exported should be cut back.

Side Effects of Restricting USIP

One consequence of restricting USIP may be that this program

will no longer generate sufficient counterpart funds to meet U.S. needs for local currency expenditures associated with project aid. This difficulty can be overcome by purchasing the needed kip from the Banque Nationale de Laos. If this is done, the United States should insist that the dollars used be turned over by the Banque Nationale to FEOF as a contribution of the RLG. This would ensure their efficient use in supporting the kip, and would help avoid the appearance of U.S. domination of FEOF. This latter danger is not sufficiently important to offset the advantages to be gained from restricting USIP. A larger U.S. contribution to FEOF will not involve greater U.S. control so long as the management of FEOF remains in the hands of an IMF Managing Director and a management committee made up of the donor nations.

THE U.S. INVISIBLES PROGRAM AND THE RLG CURRENCY REGULATIONS*

As part of its program of non-project aid, the United States finances certain Lao invisible transactions. In 1964 this program amounted to $3.5 million out of total recorded invisible transactions of around $6 million. For analytic purposes, the items financed can be divided into two kinds: (1) Direct foreign exchange payments by the RLG (expenditures of RLG embassies, salaries and per diem paid to diplomats and other RLG employees stationed or traveling abroad, contract air services); and (2) foreign exchange sales by the Banque Nationale de Laos to Lao individuals and corporations for purposes eligible for the official rate of 240:1.

The latter category includes: (a) a daily allotment allowed RLG employees and military personnel on temporary missions abroad over and above the per diem they are paid by the RLG; (b) an "installation" allowance for diplomats and their dependents stationed abroad, and for government employees, military personnel, and private students abroad for training and education (this allowance is additional to

*The information on which this section is based comes from an excellent USAID study of this subject prepared by Clark Joel.

stipends or other support); (c) a monthly allotment for students in school abroad; (d) actual expenses incurred for medical treatment abroad, plus a daily allotment while abroad for medical reasons; (3) payments for international airlines tickets, international telegrams, orthopedic appliances, vaccines and serums; (f) bank commissions; and (g) airplane rentals.

The RLG regulations governing the category are overly liberal. This results in excess expenditures at some avoidable cost to the United States. But the regulations are disadvantageous to both the United States and Laos for more fundamental reasons. By allowing foreign exchange sales at what is in fact a subsidized rate, they stimulate misallocation of the dollars available, and provide incentives for undesirable activities and corruption.

Dollars purchased for kip at 240:1 through the BNL can be legally exchanged back into kip at 500:1 at any commercial bank in Laos. Thus any opportunity to buy more dollars than actually needed can be turned to profit through arbitrage between the two exchange rates. The exchange regulations are so liberal that almost every trip or sojourn abroad offers such an opportunity. As a result, much undesirable foreign travel is generated while better uses for the dollars go unfulfilled. Worse yet, fictitious trips are recorded by officials in charge of travel rosters who then collect the profit on the corresponding foreign exchange allotment. At present, the United States commitment to provide foreign exchange for the agreed list of eligible transactions is open-ended. Thus, there is no incentive for the RLG to husband the resources involved. The amount of excess foreign exchange demanded as a result of this liberality is not large, but savings of perhaps as much as $1 million could be made.

We recommend that USAID and the RLG work together toward the eventual elimination of access to foreign exchange at 240:1 for individuals and corporations. Foreign exchange for direct RLG expenditures should continue to be provided at 240:1 in order to maintain the semblance of an "official" rate of exchange, desirable

for reasons explained earlier. The principal items recommended for elimination or restriction are discussed below.

Official Missions

Persons traveling abroad on official business are paid a per diem of about $14. If traveling in the United States they are entitled to purchase personally an additional $35 per day at 240:1. The allotment varies from $18 to $30 for other countries. If, for example, they use $17 per day to repurchase kip at 500:1 they will recover their entire kip outlay and still have $32 per day financed by the United States. This is in excess of their needs and permits them to make a significant profit on the trip -- the longer the stay, the greater the profit. This induces officers and civil servants to look for travel opportunities as an offset to their inadequate pay in Laos. Superiors even reward subordinates by sending them abroad. As a result, many of the official missions are of minor value, if any, to Laos; whereas the services of competent men are urgently needed at home. Thus the invisibles reimbursement is part of a perverse incentive system of high rewards for foreign junkets and underpayment for service at home, which should be corrected. An adequate but minimal per diem should be paid employees on official missions. No private purchase of kip at 240:1 is required.

Military Officers and Government Employees in Training Abroad

Expenses for training abroad are a similar problem. A direct payment is made out of USAID or MAP funds, but the individuals involved also have access to varying amounts of foreign exchange at 240:1; in some cases, even at 80:1. The total provision is excessive, also making foreign training too profitable and providing an incentive to go and remain abroad. Again the system should be reviewed by making an adequate provision in the form of direct support for necessary expenditures abroad, and eliminating the right to purchase foreign exchange at privileged rates.

Travel for Medical Treatment

Persons going abroad for medical treatment are entitled to purchase foreign exchange at 240:1 to cover their actual expenses for transportation and treatment, plus $35 per day. Thus a stay in a Bangkok sanitorium at, say, $15 per day would earn the patient a net profit of 5,500 kip per day over and above the sanatorium bill and transportation. (He could purchase $50 at 240:1 for 12,000 kip, but would be left with $35 that could be converted back at 500:1 into 17,500 kip.) Many patients return with tape recorders as well as improved health. Revision of the regulations could eliminate the profit opportunity by restricting foreign exchange purchases to actual outlays. The question remains, however, of the desirability of subsidizing medical treatment abroad. This is a subsidy received only by the wealthiest, many of whom could afford to pay for treatment at 500:1. Furthermore, funds spent for treatment abroad do nothing to finance the development of better medical facilities in Laos, and the money now spent to subsidize medical travel could be used for improving medical services in Laos.

Private Students

There are now about 300 Lao students enrolled abroad without scholarships. Under present regulations they are entitled to purchase foreign exchange at 240:1 for "installation" expenses ($400 in the United States, $240 elsewhere) and for support ($200 per month in the United States, $120 elsewhere). Funds for support may be purchased over an indefinite period and are available to all students, even five-year olds. Of the 300 students, about 200 are in France; their expenditures are not reimbursed under the U.S. Invisibles Program, but by the RLG out of its other foreign exchange earnings. The present system subsidizes education abroad, which no doubt is desirable, but does so inefficiently and in a way that leads to abuse. For example, some of the "students" on Taiwan are able to live on their earnings from arbitrage between the two exchange rates; "studying" is a way of life, and there is no indication that they will ever return to Laos.

Clearly, funds spent to subsidize primary school students abroad beyond a reasonable period could be put to other and better uses. Even in the remaining cases, this form of subsidization is inefficient, because it accrues to those most able to afford study abroad, rather than to those with the best educational potential. A more rational system would require those paying their own way to purchase foreign exchange at 500:1, with the dollars saved going to partial or complete scholarships for promising students who lack personal means. Providing the subsidy through scholarships would permit the United States and the RLG to influence the subjects studied and the place of study, to maximize the return to Laos on funds so spent. Acceptance of a scholarship should also obligate the student to return to Laos when his studies are completed. A gradual shift, designed to minimize hardships for students already abroad, should be made from the present system to one using scholarships instead of the exchange rate as the means of subsidy. For students reimbursed through the U.S. Invisibles Program, this can be accomplished through RLG-U.S. agreement. For students in France, the attitude of the French would have to be canvassed and new arrangements, if any, made accordingly.

Miscellaneous Expenditures

There is no valid reason for either the United States of the RLG to subsidize expenditures for airline tickets, telegrams, orthopedic devices, bank commissions, insurance. Foreign exchange for these purposes should be purchased at the free market rate. Eliminating foreign exchange purchases at 240:1 for airplane rentals would probably require a subsidy to Royal Air Laos from the RLG budget. If such subsidization is deemed desirable, it would be preferable to make it openly rather than through the exchange rate. Hiding subsidies in this fashion is bad budgetary practice, because it conceals real costs in terms of other possible budgetary expenditures forgone.

If all the above changes were adopted, U.S. reimbursements for invisibles would probably be reduced by $1.5 to $2 million, but the

demand for foreign exchange from FEOF would rise by perhaps $0.5 to $1.0 million. The difference, about $1 million, could be used to provide scholarships abroad and so on. The changes would also eliminate much of the incentive for the Lao elite to spend so much time abroad.

To make rational use of foreign exchange for invisible expenditures, the United States and the RLG should jointly study existing regulations and expenditure patterns. This should lead both to revisions in present regulations and the annual preparation of a foreign exchange budget, which would take account not only of U.S. reimbursements but RLG earnings from other sources and provide a comprehensive picture of all invisible expenditures. The United States' contribution would thus be based on a broad perspective and U.S. leverage could be used to promote the rationalization of all expenditures. In this connection, the United States and the RLG would no doubt also wish to review means to increase compliance with RLG currency regulations by other foreign embassies and international organizations in Laos.* At present, contrary to regulations, several embassies (Communist China, Indonesia, South Vietnam, Thailand, and Cambodia) and international organizations (CIC, FAO, UNESCO, and WHO) apparently finance their operations entirely at the free market rate, as they make virtually no purchases of kip through the BNL.

CHANGING EXPORT REGULATIONS

Increased Lao exports would reduce the amount of non-project aid needed to maintain financial stability in Laos. As the principal donor, the United States would benefit from Lao policies that facilitate exports. Present regulations, however, discourage exports by requiring that 60 per cent of export earnings be remitted to the Banque Nationale at the official rate of exchange. In effect, this regulation establishes a rate of exchange for exports of 344 kip to the dollar. The effective rate of exchange on the import side of

*The U.S. Mission should itself refrain from similar practices. See the remarks on rental payments in Chapter 3.

USIP is restricted to U.S. imports will be very close to the free rate of 500 kip per dollar. The disparity between the export and import rates of exchange makes the continuance of the present regulation uneconomical.

If exporters convert all their foreign exchange earnings into kip through the free market, FEOF resources will be augmented, even though BNL foreign exchange receipts will be reduced. There is a danger that exporters would hold their foreign exchange earnings abroad if they were not required to remit 60 per cent of these earnings to the BNL. However, if there is to be any hope of stimulating Lao export production and increasing commercial foreign exchange earnings, the present conversion requirement must be lowered. We recommend that USAID begin discussions with the RLG to this end.

Chapter 9

LAOS AND THIRD COUNTRIES

U. S. OBJECTIVES

Economic and Political Burden Sharing

Under many circumstances third country contributions to an assistance program will reduce the burden shouldered by the United States, economically and politically. This need not always be the case, however. If, for example, the aid program of a third country is meant to bolster policies markedly divergent from those encouraged by the United States, the economic benefits might be negated by the adverse political effects. In such instances, the United States might even be compelled to engage in heavier economic support programs in order to neutralize the effect of the other country's aid. It is clear that third country contributions should not be judged in purely economic and budgetary terms, but rather by their total impact, including both economic and political effects.

In the case of Laos, the economic aspects of third country aid contributions are overshadowed by political factors, in part because the amounts involved in economic (as distinguished from military) assistance to Laos are relatively modest, and in part because our objectives in that country are heavily security-oriented. The degree to which third country aid may lighten the political burden carried by the United States is not as easily or as accurately measured as its economic effect. On the whole, however, such contributions on the part of our allies and of friendly neutral nations are desirable from the U.S. point of view.

The impact of third country aid on public opinion. Foreign contributions influence public opinion in Laos itself, in the outside world, and even in the United States. Third country contributions to the development and security of Laos clearly bolster the latter's confidence, and decrease the undesirable psychological effect that too heavy and exclusive a reliance on U. S. support might have. At the

same time, international assistance to the U.S.-supported RLG strengthens the image of a legitimate government engaged in a struggle against foreign aggressors, and promotes the necessary climate abroad for continued international recognition of the RLG and support of its actions. Finally, no U.S. policy can be successfully implemented in the long run if it does not have the support of U.S. public opinion and of Congress. Participation of other nations in assistance to Laos can be an important factor in securing continued support for our own programs.

Creating a third-country involvement in Laos. It is in the U.S. interest to create a third country stake in Laos and where such stake already exists to enlarge it and increase public understanding of it. The economic involvement of third countries in Laos, whether through aid projects or through normal commercial channels, creates a political stake. It requires closer ties and contacts between Laos and third nations, which in turn will ordinarily have a beneficial effect on the level of mutual understanding and community of interest. For example, it is well known that a diplomatic representative is in many cases more sympathetic to the needs of the nation he is accredited to than is his home government because of his increased understanding of the local situation. This is particularly true in Laos, which must enroll foreign support by overcoming the stereotyped notion of a comic opera nation, one about which foreign news coverage is extraordinarily scanty and distorted. It is also desirable to maintain diversity of foreign involvement in the cultural and economic affairs of Laos in order to give that country the confidence of being part of a larger community of nations concerned with its welfare and possessing the strength to protect it against the powers that threaten its independence and survival.

Third country aid may, however, have negative side effects, for it can divert the energies of the Lao government and its personnel from more important work and provide the donor nation with increased leverage in Laos -- an effect that may not always be beneficial to U.S.

policies in that country. These considerations assume heightened importance in the case of aid from nations whose objectives in Laos differ considerably from those of the United States, as is the case with France and the Soviet Union. If, for example, these countries should decide to subscribe to building the Nam Ngum Dam, their contribution would be economically desirable. It would also have politically beneficial effects since such international aid would tend to legitimize U.S. support for Laos and give it the sanction of nations whose policies in Southeast Asia are in many ways antagonistic to those of the United States. But, a share in the support of such a major project as Nam Ngum would allow these countries to wield substantially increased leverage in Laos. It would therefore be desirable to maximize the beneficial effect of such foreign aid while establishing safeguards against the temptation on the part of these donor nations to apply their increased leverage in ways prejudicial to the United States. To meet this problem, the United States should be ready, if and when the need arises, to replace the foreign aid offered by other nations. So long as the United States maintains such readiness and shows its determination to exercise this option if required, it need not be unduly concerned about any increased leverage gained by a foreign nation.

Long-term Viability and Regional Security

Economic viability, political unification, and military security remain the national goals of the country, but even modest advances toward these objectives will require some degree of cooperation on the part of nations in Laos' periphery, as well as a willingness on the part of Laos to recognize the fact of regional interdependence.

Laos is too small to be economically efficient. Greater integration with its more developed neighbors would be a step toward economic viability. The scope for greater integration extends beyond purely commercial transactions. Regional cooperation would allow Laos to benefit from more advanced cultural and technological facilities and innovations, and help to narrow the technological gap which now

separates Laos from even its closest neighbors. Finally, closer integration of Laos into its environment would tend to modify the present view of Laos as a tiny, exotic, and intrinsically worthless country (and Southeast Asia as a collection of similar countries), in favor of a view on Laos as an integral part of an economically, politically, and strategically important region. Although such a viewpoint is also needed in the United States, it is particularly desirable in the third countries that are potential contributors to assistance programs in Laos.

Full regional integration in Southeast Asia is a distant goal; progress toward it raises many complex issues. But there are opportunities even now for knitting closer ties between Laos and other countries basically in accord with U.S. and RLG objectives in Asia. The outstanding case is Thailand. In a broader Asian context, and in a longer run, Lao-Japanese relations assume special importance.

THAILAND

Laos and Thailand share not only common ethnic, linguistic, and cultural origins, but also a history punctuated by invasions, mutual conflict, and war. The two peoples are linked together by many historical ties, but are separated by complex reactions to their past. In contrast to traditionally independent Thailand, Laos has only recently emerged from beneath a colonial regime that consciously sought to turn the Laotian people away from their Thai neighbors. French language and civilization was used during the past decades to create an artificial barrier between the two countries that had not existed before.

Today the characteristic feature of the relationship between the two countries might be termed its asymmetry. Viewed from Bangkok, Laos is a minor and poor relative, an underdeveloped region on the fringes of the Thai world with little to offer materially, culturally, or intellectually. It is only when foreign pressures in Laos threaten Thai security that Laos becomes a major concern for Thailand. The rest of the time Laos does not loom large on the Thai horizon. Laos,

on the other hand, sees Thailand as dwarfing it in population, area, material and cultural achievements. This gap has been further accentuated in recent years: whereas Thailand has enjoyed peace and has been progressing smoothly toward greater and greater prosperity, Laos suffered the devastation of civil war and foreign invasion and has been able to avert total collapse only through outside aid.

It is not surprising that the Lao view Thailand and the Thai people with mixed feelings. Aware of their weakness, and remembering Thai occupation of Lao border provinces during World War II, many Lao leaders fear that too close a relationship between the two countries will result in Thai domination. Living on the frontier of the struggle against communist aggression, they cannot help but feel that their sacrifices go unappreciated by their Thai neighbors for whom Laos serves as a protective shield. Yet at the same time, it is clear to most responsible men in Laos today that their people can benefit greatly from closer relations with Thailand.

Economic and Political Burden Sharing

The port of Bangkok is also the gateway to Laos: all goods from outside Thailand destined for Laos pass from Bangkok through Thai territory, and the few items Laos can send abroad leave by the same route. Thailand is also one of the major beneficiaries from the U.S. assistance program to Laos as its proximity makes it a major source of supply. In many other ways, Thailand gains economically from the U.S. involvement in Laos. Thailand is in a position to aid the development of Laos and facilitate efforts by the United States to reduce the cost of its assistance to Laos.

Admittedly, the indispensable role that Thailand plays with regard to supply lines for Laos places her in a strong bargaining position insofar as economic concessions to Laos are concerned. However, Laos is not entirely without assets in dealing with its neighbor, at least so long as the United States remains a third party interested in the welfare of both nations. Laos has something to offer Thailand. As pointed out elsewhere, the equalization of Lao and Thai tariffs could

benefit Thailand in many ways and the Lao market could come to play a significant role in the development of Northeast Thailand. Even so, we should perhaps not be too hopeful about the immediate possibilities of wresting economic concessions from Thailand for the sake of reducing the cost of U.S. assistance to Laos. We must first succeed in convincing Thailand more fully of the vital interest it has in a viable Laos and of the need for making contributions to that goal.

There are opportunities to reduce the U.S. burden by rationalizing the allocation of aid. To be effective such rationalization need not require any sacrifice on the part of Thailand or Laos. At present, and probably for a long time to come, U.S. assistance will continue to go to both Thailand and Laos. If the two countries are viewed as an entity rather than as separate recipients, a more rational allocation of aid could be achieved between them. For example, the freight rates now being charged by Thailand for the transport of aid commodities to Laos are uneconomically high. They substantially raise the cost of U.S. aid to Laos and discourage development of Lao exports. If these rates were reduced to an equitable level the loss to Thailand could, if necessary, be compensated for by an increase of U.S. aid to that country. Under such an arrangement, aid to both Laos and Thailand would benefit without any increase in cost to the United States. Similarly, the present allocation of resources for various types of training in Laos could probably be modified to make more use of those of Thailand's fairly well developed facilities in fields where Laos lags considerably behind.

Even where Thai civilian and military training and other facilities are fully utilized, it may be more economical to expand them than to build new facilities in Laos or introduce Thai personnel into Laos. There may be limits imposed upon such a policy by political considerations. To spur the development of Laos and to increase their confidence, the United States would not wish to create excessive reliance on Thai resources. In a few select cases it may be desirable to create some facilities in Laos (a medical school adapted to the needs of Laos and Northeast Thailand for example) that could be used jointly by Thailand to create at least the appearance of a more balanced relationship.

Although Thailand's economic interest in Laos is only marginal at the present time, political-strategic considerations favor Thai contributions to the development of Laos. A lukewarm Thai attitude toward support of Laos could be interpreted internationally as a downgrading of Laos' strategic significance. Clearly there are political incentives for any Thai government concerned about the threat from the north, and relying on U.S. protection, to contribute in some measure to the viability of Laos. These contributions are not likely to be offered in the form of substantial economic burden sharing, since Thailand, despite all the progress it has made, remains a comparatively small country with demanding development problems of its own.

Apart from the possibility of Thai purchases of electric power from the projected Nam Ngum Dam, Thai contributions in the future are likely to be mainly of two kinds: the handing down of low-grade technical skills much needed in Laos, and technical assistance in fighting the war in Laos without involving Thailand in heavy expenditures. Such contributions are already forthcoming to some extent. In view of U.S. leverage and the growing seriousness with which the Thai government views the situation surrounding Vietnam and Laos, the United States should be in a good position to obtain further Thai contributions with regard to the use of training and logistic facilities as well as in terms of more direct military contributions.

Regional Cooperation and Long-term Viability

It seems inadvisable to press too rapidly for implementation of a regional arrangement between Thailand and Laos. It is preferable at this stage to shun overly ambitious schemes that would be realized only on paper and seek practical opportunities for increased cooperation between the two countries. Areas for even greater cooperation between Thailand and Laos will continue to open up as time goes by, but even today a number of important opportunities suggest themselves.

The use of Thai educational facilities for the training and retraining of Lao citizens is already an accepted principle in USAID training programs. A particularly important opportunity relates to

the training of government officials. Successful programs of this type are now under way in Thailand with U.S. assistance. Laos, even more than Thailand, is in need of such training courses if it is to achieve an adequate level of government effectiveness. Both governments have indicated their willingness to cooperate in this and in related fields. This may be taken as one of an increasing number of indications that the obstacles in the path of Thai-Lao cooperation are steadily losing in significance under the impact of the common danger and the U.S.-induced intensification of relations between the two neighbors.

Both governments are eager to establish better control over their borders. Especially significant could be a fuller development of the incipient cooperation between the two countries' customs services, the police, and other local authorities along the common border, which serves as an access route for subversive elements, smugglers, and criminals. In this connection, some attention might be given to a study of the present inadequate legal arrangements regarding extradition of criminals and fugitives from justice as well as of commodities illegally exported or introduced into the other country.

Even along purely economic lines the present asymmetry of relations does not completely eliminate opportunities for expanding cooperation between Laos and Thailand. Thus, a gradual equalization of tariffs between the two countries, as suggested in Chapter 3 of this study, would have several beneficial consequences. On the other hand, reciprocal lowering or elimination of tariffs on selected goods could gradually lead to the creation of a single, broader, and more efficient market. Joint development plans could gradually prepare the ground for a greater degree of economic integration. An advance toward this goal would in turn facilitate the political cooperation desired by the United States and create conditions for regional arrangements.

JAPAN

For many years now, the Japanese government has been treading softly in Southeast Asia, sending high-level goodwill missions and

cultural envoys to erase the hatred sown during the war and to pave the way for normal relations. This patient effort has generally paid off. In recent years, Japanese business has begun to assert itself throughout the area and Japanese commercial ventures sprout almost everywhere. Southeast Asia is now almost as important a market for Japan as the United States.

Laos has played a minor role in this increased Japanese economic involvement in Southeast Asia because of the small size of its market and its economic and political instability. The introduction of USIP curtailed Japanese commercial opportunities in Laos and resulted in a sharp drop in Japanese exports to Laos. The present commercial stake of Japan in Laos is therefore very small and unlikely to grow unless Japan benefits from changes in U.S. aid policies or can be convinced to make substantial contributions to the development of Laos for other reasons than economic.

Japanese sensitivity to military involvement in Asia, born of the experiences of World War II, is decreasing, but it is still sufficiently strong to limit the freedom of action of the ruling conservatives in Japan. Any identification with the U.S. or allied military effort in Southeast Asia could generate the most serious domestic political pressures against, and even within, the government. Japanese economic aid in Southeast Asia will therefore be tied very closely to prospects for a broadening of the Japanese market there and will avoid any program or project that could identify Japan with the U.S. military effort. Moreover, under its present legal and administrative arrangements Japan is unable to provide grant aid except for minor technical projects and, in exceptional circumstances, projects related to wartime reparations.

An extension of the Japanese aid program in Laos is also rendered unlikely in the near future by the recently increased Japanese commitment to Southeast Asian development programs and other new Japanese responsibilities in Asia. Japan has recently extended a $50,000,000 long-term loan to Taiwan; has committed several hundred million

dollars worth of reparations and loans to Korea; and has pledged $200,000,000 to the Southeast Asian Development Bank. As a result, the Japanese Ministry of Finance feels that Japan is over-committed, at least so long as the present economic recession prevails. There is also fear that the difficult U.S. position in Vietnam may lead to increasing pressure on Japan to make additional financial contributions directly or indirectly related to support of U.S. policies -- support that Japan, for domestic political reasons, is reluctant to give. Thus, Japan is not likely at present to make a significant expansion of its modest aid to Laos on its own initiative. Nor would it respond favorably to a direct U.S. request to do so. However, should the United States want to encourage Japan to increase its contribution in the longer run, Japan might be receptive to several arguments and actions.

For one thing, Japan realizes that it stands to benefit substantially from the expansion of U.S.-sponsored economic development programs in Southeast Asia. The United States could point out to Japan that access to these benefits would warrant more cooperation with the United States in the economic and political development of Southeast Asia, including Laos. The modification of the USIP program, already instituted by AID and discussed in Chapter 8, will appreciably increase the Lao market for Japanese exports. The United States should continue to impress this fact upon Japan, and seek continued or increased Japanese support for FEOF in return.

The United States may be able to shape its development programs in Laos in such a way as to make it interesting for Japanese companies now operating in Thailand (such as construction and trading companies) to extend their operations northward into Laos. Any increase in the Japanese economic stake in Laos would also add to their willingness to defend and further develop that stake. It would be sound to welcome Japanese aid projects in Laos even when they do not command the highest priority in our view, so long as they do not run counter to U.S. objectives or entail heavy U.S. expenditures.

Japan's contribution to FEOF, $500,000 in 1965, is modest and is offered on terms less attractive to Laos than those on which the U.S. contribution is given. However, in view of the known Japanese difficulties in contributing on any other terms and in substantially increased amounts, it would not seem desirable to press too hard for concessions that we might fail to obtain and that might also prejudice potentially more important Japanese aid contributions. The present arrangements for Japanese participation in FEOF are tolerable and its presence in this body is highly desirable. The United States might therefore hint at the need for somewhat enlarged contributions, but not insist on them, coming back to this issue at a more opportune time. Meanwhile, however, the Japanese are building up local currency (kip) balances, and the United States should urge their use by the Japanese for projects deemed desirable.

Japan could play a larger role in providing technical aid to underdeveloped Laos. Existing Japanese legal arrangements facilitate this kind of aid, and it would also be desirable as a means of increasing the Japanese economic stake in Laos through the introduction of Japanese technology and perhaps Japanese contractors. Particularly promising in this respect are agricultural aid projects (including experimental farms; irrigation; plant improvement; and vegetable, fruit, and possibly silk production). Japan has special skills in this field and its government has expressed its readiness to mobilize these resources for the benefit of Asia, as reflected in the recent Japanese proposals for the establishment of an Agricultural Development Fund for Southeast Asia and the creation of an Asian Agricultural Technical Institute. Japan could also assist with medical and health services and with a whole range of other technical development projects. A useful role could be played by the recently established Japanese counterpart of the Peace Corps, the Overseas Cooperation Volunteer Corps. Laos has been assigned a high priority by the Corps and is scheduled to be among the first recipients of its services, before the end of 1965. The desire on the part of the Japanese Embassy to assign such volunteers to the Vientiane area and primarily to agricultural and technical projects deserves U.S. support.

Another field in which Japan has a strong stake and can point to considerable accomplishments is that of telecommunications. The provision of radio equipment by Japan to Laos' school system has suffered from the inefficiency of the Laotian government's administrative procedures but continues to hold out promise, and deserves U.S. backing.

In launching into extensive programs for roadbuilding in Thailand and Laos, the United States might also consider arrangements for Japanese participation. Japanese construction and construction machinery companies have far-flung interests in Southeast Asia and wield substantial political influence in Tokyo. The recent establishment of an Asian Highway Committee in Japan is another indication of Japanese interest in this field. Together with Thailand, Japan would also be well placed to help Laos with the establishment and operation of small industry.

Finally, an active Japanese role in the implementation of capital projects in Laos or having relevance to Laos is highly desirable for political reasons. Japan undertook the original feasibility study of the Nam Ngum Dam which has now been approved by the U.S. government in connection with the $1 billion development scheme for Southeast Asia, and is being subscribed to by other countries. This is an important test case; for having taken the lead in this matter, Japan's prestige is committed. It would harm the cause of U.S.-Japanese cooperation in Southeast Asia if Japan should take the role of a silent partner who benefits from the venture economically but fails to contribute and thereby build a political stake in this major international project.

THE FRENCH PRESENCE IN LAOS

For a number of reasons, the French relationship to Laos is of particular concern to U.S. policy. France's role in Laos continues to be important. More than 200 French teachers (a larger number even than in pre-independence days) serve in the country's post-elementary schools. French advisers sit in the Prime Minister's office, the Ministries of the National Economy, Finance, Justice, Public Health,

Public Works, Education, Telecommunications, and many other RLG agencies. In accordance with the Geneva Accords a French military mission has the monopoly of training the Lao armed forces. French citizens continue to enjoy certain legal privileges carried over from the earlier days.

French preponderance is gradually being reduced by the course of events. Improving relations with Thailand increase that country's cultural and economic influence, thereby reducing Laos' reliance on France. The overwhelming role now played by the United States and its personnel in keeping the country viable tends to lead Laos away from France. More important, so does French policy in Southeast Asia, which is often in open conflict with the Laotian government's conception of the national interest. To emphasize its disapproval of recent Lao policies, France has ended its program of aiding capital projects.

Yet, France's influence over the emotions and thoughts of the Laotian elite remains a factor to be reckoned with. It must also be recognized that France shows no sign of voluntarily relinquishing its influence. Thus, despite admitting an acute shortage of French teachers, the French government has been reluctant to let its nationals be supplemented by Americans even in the teaching of English and has granted some French teachers exemption from the military draft in exchange for their readiness to teach in Lao schools. The level of French expenditures for cultural purposes remains high and has actually grown in recent years, reportedly passing the $2 million level in 1965.

U.S. policy should be aimed at gradually decreasing Lao dependence on French contributions in the sensitive areas of government or in fields where the French presence could be an instrument for obstructing U. S. policies. The U.S. aid program should work toward developing Lao independence in a non-provocative fashion. What this means in terms of actual political and educational programs has been discussed in Chapters 3 and 6. There it is also argued that such an approach is politically feasible and need not lead to a clash with France unless the French leadership has decided to provoke a conflict in any case.

French economic contributions remain desirable so long as they do not provide the French government with undue political leverage that could be applied against U.S. interest. Accordingly, the desire to obtain French economic contributions should not be the dominant criterion in weighing the worth of French participation in economic assistance programs to Laos.

An examination of the present French aid program to Laos indicates that four of its components are now posing or may in the future pose a policy problem for the United States:

1. France has decided to abandon indefinitely the construction of the Nam Cadinh bridges. This problem is already being solved by the U.S. readiness to complete this project.

2. France continues to participate in the FEOF stabilization fund as the next largest contributor after the United States, contributing about $1.3 million in 1965, although under conditions that vitiate much of the contribution's value. For domestic and international reasons it seems desirable to continue the present arrangement. Should France decide to pull out entirely, the United States should be ready to substitute dollars or raise its contribution elsewhere.

3. A difficult problem may arise at least temporarily should the de Gaulle government take the dramatic step of suddenly withdrawing its teaching staff from all Laos educational institutions. Although this is not very likely, a sudden French withdrawal of teaching personnel cannot be entirely ruled out in light of such brusque actions of the French government as occurred some years ago in Guinea. In such an eventuality, the United States would obviously be hard put to fill the gap on short notice without temporary disruption of the system. However, as time goes by and Lao teachers become available, this problem should become less serious. Even if such a contingency should occur in the very near future, it should prove possible to replace at least some of the French personnel with linguistically qualified U.S. instructors and to fill the remaining posts with bilingual or French-speaking personnel to be obtained through the United Nations or from Canada, Switzerland, and Belgium -- or for that matter by direct hire among the French.

4. A French decision to withdraw all advisers to the RLG seems unlikely. Should it occur, it would tend to be damaging to French interests since it would create a demand for the introduction of U.S. personnel or of third-country specialists capable of cooperating with the United States. Nevertheless, the United States should prepare now for the time such a need might arise.

OTHER CONTRIBUTOR COUNTRIES, INTERNATIONAL ORGANIZATIONS, AND PROSPECTIVE DONORS

Commodity Import Programs

The recent modifications of USIP do not affect the value to the United States of the United Kingdom and Australian Commodity Import Programs. Although small in monetary terms, these programs tangibly demonstrate the commitment of other nations to the U.S. program of support for Laos. Further, since they are operated along lines very similar to USIP they help to make that program more acceptable, minimize the appearance of a U.S. monopoly of concern with Laos, and facilitate Congressional support for USIP. A cancellation of these two programs, even if balanced by donations of other types, would be undesirable from the U.S. point of view for the reasons stated. At present, the chances of enlisting the aid of other donors for similarly conceived programs do not look very hopeful. However, a search for such prospects should not be abandoned.

Foreign Exchange Operations Fund

The United States and France, the United Kingdom, Australia, and, as of this year, Japan participate in this stabilization fund by contributing varying amounts to its operations. Elsewhere (see Chapter 8) it is argued that it is desirable and may actually be inevitable to raise total subscriptions to FEOF substantially in the coming years. In this connection, it should be kept in mind that the international character of the fund is one of its most desirable characteristics. Even if no additional foreign subscriptions can be obtained, or if

certain donors should reduce their donations, every effort should be made to preserve international participation so as to avoid giving the impression of a U.S. monopoly of support.

The United Kingdom and Australia have in the past proved to be model participants. There is no reason to believe that the two Commonwealth allies of the United States will depart from their previous policies, although it may well be that the difficult foreign exchange position of the United Kingdom may force it temporarily to reduce its contribution. Although Canada might be viewed as a potential new donor, it does not appear that Canadian aid policies would allow that country's participation and it may be more effective to apply Canada's willingness to make a contribution in Laos to the field of technical assistance and capital projects.

Technical Assistance and Capital Projects

As in the case of FEOF it is in the interest of the United States to enlist the broadest possible international support and economic involvement, technical assistance and capital projects, in Laos. Within the limits posed by considerations of political and military sensitivity, efforts should be made not only to maintain the present level of bilateral and multilateral contributions, but to strengthen them and to enlist new donors so as to make the support program for Laos as much as possible an international venture. A number of European countries may be willing to make additional contributions, notably Germany which is under a reciprocal obligation to give tangible demonstrations of its solidarity with the United States in resisting communist pressure. Canada is another possibility. It may also be possible to increase the contribution of the Philippines which currently provides only medical services under the Operation Brotherhood program, entirely underwritten by USAID funds.

The multilateral assistance efforts in Laos, especially those of the United Nations, have in the past been rather ineffective. In part this has been because of the nature of the organizations involved. Some of the blame must also be assigned to the quality of the personnel

dispatched to Laos and to the lack of supervision under which they have been operating. The unsatisfactory performance of the United Nations specialists is also due to the fact that they are provided by their sponsors with no more than their salaries. In Laos, where even the most basic tools and facilities are lacking, and where the government is in no position to provide supplementary funds, the internationally sponsored specialist operating without the benefit of a support organization is often condemned to ineffectiveness unless he can obtain USAID support.

It may therefore be advisable for USAID to make a systematic study of bilateral and multilateral programs in Laos with a view to granting support to those that are currently ineffective for the reasons stated above, but could be upgraded. A first step in that direction might be an attempt to bring together the various contributors working in related fields. An experiment recently carried out (with RLG assistance) along these lines in the field of support for Lao education suggests that such an attempt could prove helpful to everyone concerned by suggesting priorities and avoiding duplications. It would also provide USAID with a better opportunity to coordinate and give direction to the many assistance efforts. How this could be done and how U.S. interests could be served is now being demonstrated in a joint planning effort for the development of a United Nations cluster village near Vientiane. If successful it might point the way toward reconciling the U.S. desire to give direction to the aid program with its hope of giving it international flavor and sanction.

Chapter 10

IMPROVING U.S. OPERATIONAL EFFECTIVENESS IN LAOS

INTRODUCTION

The USAID program in Laos should not be considered a standard aid program either in its priority or in its nature. The conflict in Laos and that in Vietnam are part of the same struggle against communist aggression in Southeast Asia. Moreover, the nature of the struggle in Laos is such that the USAID program plays a particularly active role in resisting communist pressure. Even a casual glance at the USAID program in Laos is enough to see that it bears little relationship to a standard program of promoting economic development. As a result the demands placed on the program are highly unusual, even exotic. In some areas of Laos the USAID program is a counter-insurgency program, in others it is even an insurgency program. USAID airplanes and materiel support a major military campaign against the Pathet Lao and North Vietnamese in the hills of Laos. USAID runs what in other countries would be considered a major military assistance program, is directly involved in almost every operation of the RLG and supports the entire Lao economy to a degree perhaps unmatched anywhere else in the world. In short, USAID finds itself doing things as a matter of course in Laos that would be impossible in most other countries.

The priority of the USAID program in Laos, together with its highly unusual nature, makes inevitable a conflict between the needs of the program and standard AID operating procedures, designed for entirely different kinds of programs in entirely different environments. It is the responsibility of both Washington and the Mission to seek imaginative ways of operating the program in Laos, even if these are in conflict with standard operational procedures. This has already been done to a remarkable degree: the flexibility of operating procedures in Laos is a credit both to the vigor and responsibility of the USAID Mission and to the understanding and receptivity of AID/Washington. In this chapter, certain issues are pointed up where more

conscious attention to the special needs of the program might be useful. The chapter does not discuss funding problems, but deals instead with administrative and organizational issues.

PERSONNEL POLICY

The crucial role played by USAID personnel in Laos places a premium on good performance. The payoff to good performance is greater and the costs of poor performance heavier in Laos than elsewhere. Accordingly the standard personnel problems -- recruitment, retention, utilization -- take on accentuated importance for the Laos Mission. Although able people are important throughout the Mission, in key positions responsibilities are particularly heavy and the opportunities for achievement are notably high. For these positions good people are not just desirable, but indispensable. When a person is found who "clicks," there is almost no limit to what he can contribute to the Mission's effectiveness. By dealing through such key personnel the Mission can retain its flexibility and its ability to give adequate policy guidance and advice even after the Mission as a whole has grown large, as now appears inevitable.

Recruitment

AID/Washington should accord special priority to recruiting for key positions in the Laos Mission. The personnel policies of AID as a whole require that availability be taken into account in filling vacancies. Special efforts should be made, however, to locate the best possible candidates, even though this will mean giving less weight to the placement of unassigned personnel than would standard AID procedures. In some cases formal availability should be waived entirely as a criterion, and uniquely qualified officials transferred from their present positions to Laos.

Attention to quality in Laos does not mean overemphasis on formal qualification. The nature of the program in Laos is such that educational background and time in service are often less reliable indicators of potential performance than elsewhere. AID/Washington must be

more flexible in the matter of job standard qualifications in Laos than in most places. The Ph.D. in rural sociology may be highly qualified for work in most AID missions, but his education and analytical abilities may not fit him for the work that is being done in Laos. USAID has a responsibility for informing AID/Washington about the nature of the jobs that need to be filled and the types of people it thinks could best fill them. Job standards and qualifications in Laos must match and reflect the special needs of the program. This can be done only through close cooperation between the field and Washington, and a willingness to be imaginative and pragmatic in meeting this problem.

Greater responsibility should be placed on USAID personnel for recruitment. The unusual nature of the program makes it difficult for people not part of it to assess the suitability of particular candidates. Moreover, Mission personnel often have personal contacts that could extend AID recruitment to channels and people that ordinarily would not come to AID's attention but would be particularly appropriate for this program. A man who is good at an unusual job is likely to know another who would also be good at it. Time and again USAID personnel remark on somebody "back home" who would be ideally suited for the kinds of positions available in Laos. USAID personnel should be canvassed for suggestions, and when they return to the United States on home leave or for special missions, or even after the end of their tours, they should be requested to spend part of their time in the United States on recruitment. Trips solely for recruiting purposes should also be made.

Any such program would have to receive adequate support from AID/Washington. Failure to follow through on the potential candidates would damage the program. Naturally, not everybody suggested can be used, but Washington must keep USAID personnel informed as to the action it has taken on their suggestions. If USAID personnel are given adequate and realistic guidance about AID/Washington requirements and needs, and if USAID is selective in the people it appoints to help in its recruiting responsibilities, such a program could be an effective complement to traditional AID recruiting procedures.

Greater use should be made of noncareer employees. Many people who might be attracted to work in Laos, and who might be well qualified for doing so, will not necessarily be interested or appropriate candidates for career positions in AID. A more ambitious attempt to enlist such people should be made. Temporary assignments carrying with them no guarantee of career appointments could be made both in Washington and the field. Similarly, contract personnel who can be hired for fixed periods of time would be appropriate in this regard. Greater use of noncareer people would make it more feasible to adopt pragmatic job standards and qualifications and to make more use of USAID personnel in recruiting as recommended above.

One source of noncareer people that could be tapped more fully is personnel from other agencies. The State Department, the Department of Defense, USIA, and the Central Intelligence Agency would all appear to be possible sources of personnel with qualifications and experience appropriate to many jobs in Laos, particularly jobs involving close working relations with the Lao. For technical, financial, and economic help the Treasury Department and the Federal Reserve Board would also appear to be potentially useful.

To make a noncareer service attractive it may often be necessary to provide appropriate financial incentives. Part of a career employee's remuneration lies in his career status. Noncareer employees should be provided with direct financial benefits to compensate for their lack of tenure in order to assure that adequately qualified applicants are attracted to the program.

The Peace Corps and former employees of the AID Mission in Vietnam should be thoroughly canvassed for candidates for employment in the rural programs in Laos. These sources have already proved to be capable of providing personnel well-suited for work in the rural programs in Laos, but neither has been fully exploited. A more effective canvassing of these sources would undoubtedly turn up additional candidates for consideration.

A pool of prospective employees should be hired prior to actual assignment on the basis of anticipated future needs. We understand that this has already begun and recommend that further exploitation

of this device be made. The time lag between the occurrence and filling of a vacancy, even in urgent cases, is often appallingly long. By hiring against the expected rate of attrition, both stochastic and scheduled, and in anticipation of future increases in personnel requirements, this time lag can be reduced. Moreover, having a pool of candidates available in Washington would make it possible to provide them with language and area training often impossible to accomplish when there is an urgent need to get them into the field.

Contractors

Greater use of contracting organizations, in addition to individual contract employees, should be considered. Contractors have more flexibility in paying their employees, and they often have an advantage in recruiting personnel with special skills and qualifications.

One possibility is to broaden the use of existing contract organizations, such as Air America, to undertake functions for which AID procedures fail to provide adequate personnel or support. For example, AID qualification requirements might preclude hiring a desirable employee who could, however, work for a contractor. Another possibility is to extend the list of contractors. Already IVS, Air America, and Operation Brotherhood show how useful this device can be. Three specific possibilities should be carefully considered. As mentioned above in Chapter 3, the establishment of a Public Administration Division within USAID would appear desirable. To augment the work of this division, consideration should be given to a contract such as that in Thailand with Public Administration Services (PAS). PAS has shown there that it has the capability of finding trained and qualified personnel and that it can mount an effective program of training and reform in public administration. Although the question of finding qualified personnel fluent in French is a difficult one, PAS, or another similar organization, might well be able to meet a need that cannot be adequately filled through AID channels. To improve and tighten RLG financial and accounting controls it might be possible to make use of one of the large international accounting firms. Such

firms have French speaking employees and might be more acceptable to the RLG as well as more effective than U.S. Government employees. Finally, further use might be made of foreign organizations under contract to either the RLG or USAID.

Promotion and Retention

The difficulty and unpredictability of finding people capable of outstanding performance in Laos and the investment USAID has in people who reach their greatest effectiveness only late in their tour of duty places a high premium on keeping those who work out particularly well. Exceptional measures should be considered to retain such people. AID/Washington will seldom be able to evaluate the performance of particular individuals on the basis of the formal documentary evidence available to it. However, the USAID Director will ordinarily have better and more extensive knowledge of the unique contribution made by individuals to his operations. Since we have been in Laos we have become familiar with several cases where the Director was unable to keep people who were making an outstanding contribution and who would have been glad to stay if promotions had been forthcoming. In an unusual operation such as USAID, maximum discretion must be permitted the Director in promoting and retaining those individuals he knows to be making an essential contribution.

Consideration should be given to temporary promotions and performance bonuses as a possible means of reconciling needs in Laos with AID and U.S. Government procedures and regulations. Often employees in Laos will be less concerned with their rate of advance in AID than with securing more adequate financial remuneration while they are there. The number of people who have left Laos to retire from AID is evidence of this. If the USAID Director were empowered to give them temporary promotions for as long as they remained in Laos, or to provide one-time performance bonuses, some of these people could undoubtedly be kept, to the benefit of USAID and AID. In particular, the USAID Director should be empowered to offer some sort of inducements to keep people on for additional tours of duty. Finally, one of the major obstacles to

retaining people in Laos is the inadequate provision for the education of their children. Providing partial scholarships for study in the United States or in other countries might be usefully considered.

Washington-Vientiane Exchange

AID policy in Laos is formulated partly in Washington and partly in the field. A similar division exists in the execution of AID policy. As a consequence, Washington and the field are continually engaged in joint decisions and joint program implementation. Nevertheless, there is frequently a divergence between the Washington point of view and a field point of view that reflects the divergence in the experience and atmosphere of the two locales. Vientiane is physically and atmospherically far removed from Washington. AID officials in Washington lack the detailed familiarity with the Lao environment of USAID officials in Laos. USAID officials in Laos lack the detailed familiarity with the no less exotic environment of their AID/Washington colleagues.

The problem of communication between the field and Washington exists in all aid programs, but is particularly important in Laos because of the highly unusual character of many USAID operations and because of the many unique features of the Lao environment. To make the partnership between AID/Washington and USAID/Vientiane more complete, consideration should be given to the temporary transfer of officials from one locale to the other. For example, a Program Officer in Vientiane might exchange jobs with his counterpart in Washington, say, for a three-month period. Such exchanges would probably be most effective if those involved were required to assume approximately the same operational responsibilities as their counterparts. Some provision for time spent on general orientation and familiarization should undoubtedly be made but the emphasis should be on doing a job, not on observation. This recommendation might be usefully implemented in conjunction with the above suggestion for more reliance on USAID personnel in recruitment.

ADMINISTRATIVE FLEXIBILITY

Many of the programs carried out by USAID, particularly the refugee relief program and other security oriented programs, require unusual flexibility to meet urgent demands. Timeliness is often of greater importance in making a program work than any other single factor. Similarly field personnel need adequate flexibility in meeting unusual and unpredictable demands and requirements. Below are suggestions designed to improve the efficiency and flexibility of USAID operations, especially field operations.

Procuring and Warehousing Against Expected Use

For high demand items procurement and warehousing against expected use can make a significant contribution to operational efficiency. The whole question of procurement and warehousing policy deserves analysis -- including the issues of local procurement authority, a Southeast Asian warehouse, a Lao warehouse, and regional warehouses. Going from field demand, to the regional headquarters, to Vientiane, and back to the states with requests for commodities is inevitably time-consuming and, for emergency items, costly. The Mission in Laos now has enough experience to make calculations of expected use feasible for a wide range of items. For other items local procurement authority may be needed. A more dynamic procurement and supply policy would save money and sharply reduce delivery times. This issue should be given priority review by the Mission and by AID/Washington.

Post Auditing

Particularly in field operations the USAID Mission should move further in the direction of making certain categories of expenditures permissible without specific prior approval. Given competent field personnel for routine and emergency expenditures post auditing should suffice to ensure that funds are being properly used and prior approval procedures held to a minimum. The establishment of certain categories of expenditures, which could be agreed to "on the spot" by field

personnel, with appropriate quantitative limitations, would give new flexibility and new timeliness to field operations. This proposal would be particularly helpful if the general shift towards cheaper, less elaborate projects recommended in Chapter 5 is implemented.

Better use should be made of petty cash funds. Almost without exception, every USAID field employee we encountered felt he could productively use a larger petty cash fund. The accounting requirements for petty cash need not be burdensome to satisfy legitimate bookkeeping requirements. A careful review of the adequacy of petty cash regulations should be instituted.

Commodity revolving funds should be established in a variety of locations. Certain commodities are constantly required for USAID field operations in relatively small amounts. The administrative burden on USAID field representatives would be eased if there were a commodity equivalent of petty cash.

STYLE OF OPERATIONS

The intimate involvement of the USAID program with the most sensitive matters of RLG concern, and the importance of close personal relations between Americans and Lao, dictate a style of operations in Laos in which technical competence is only one yardstick of effectiveness. Language competence, familiarity with the history and culture of Laos, awareness of the complicated political issues current in Laos, the ability to appreciate the Lao point of view, experience and ability in adapting to a novel culture and novel demands -- all may be of greater importance in enabling USAID personnel to carry out their jobs effectively than their degree of technical competence. Americans do not play an outsider's role in Laos; to be effective they must be accepted as partners and as friends. Accordingly a high priority must be placed on such things as language training, orientation for assignment in Laos, current political guidance, and political sophistication.

Language Training

Not enough USAID personnel speak adequate Lao or French. Not

enough language training is given prior to assignment to the field and existing facilities for Lao language training in Laos are inadequate. For most jobs outside of Vientiane the ability to communicate in Lao is highly desirable, and in many cases essential. Even for Vientiane, the ability to speak Lao is very useful and appreciated by Lao officials and the population. Yet, with the exception of the IVS personnel and some of the USAID's rural staff, few Americans can speak even a smattering of Lao. Lao is not a difficult language, and it is not necessary to speak it fluently and grammatically. This ability could easily be acquired within the first year in Laos. What is needed is a well-organized program of instruction in Lao, and, even more important, determined supervisory pressure to achieve results. Attendance in a class is not the goal; learning Lao is. Supervisory pressure will, of course, be less effective when the supervisors themselves have not learned the language. In some cases, French is more important than Lao, particularly for those USAID employees who deal largely with senior RLG officials. Although the Mission does better with regard to French than with regard to Lao, its performance is nevertheless inadequate and could be improved.

Language ability, in either French or Lao, should be a primary factor in promotion and retention throughout the Mission. Naturally there are some supporting technicians for whom language ability is less crucial. Yet even here the payoff should not be underestimated. The effect on the Lao populace in general, and on Lao officials in particular, if most Americans in Laos were to learn to speak even rudimentary Lao, would be highly favorable.

Orientation and Guidance

No USAID employee should arrive in Laos without at least rudimentary familiarity with the history and customs of Laos, and no USAID person should long remain in Laos without becoming familiar with the political environment in which he is working. Preassignment briefings and orientation should be made as thorough as possible, but guidance of this sort, perhaps from the political section of the Embassy, must

continue throughout the employee's stay in Laos. A briefing book should be maintained to keep personnel up to date, containing more extensive cultural and historical material than is usual in such documents as well as current political information. In general, particularly for field personnel and for senior USAID officials, greater emphasis should be placed on continuing political guidance and on the adequacy of their understanding of the overall situation in Laos. Otherwise such individuals will increasingly tend to become absorbed exclusively in their relatively narrow area of jurisdiction and lose sight of the broader policy considerations. This tendency can be overcome in large measure by keeping them informed of their part in the larger picture.

Living in the Field

The USAID program in Laos depends for its effectiveness on adequate and extensive field operations. Laos is too decentralized to depend on programs run from Vientiane and through the central Ministries of the RLG. Firsthand knowledge of conditions and problems in rural areas is essential. Equally important is the establishment of close personal relations between Americans and regional and local leaders throughout Laos. This can be done only by assigning USAID personnel to live in the field. However, there is no avoiding the fact that for most Americans, and even more for their wives, living conditions in rural and provincial Laos appear primitive and difficult. Moreover, the physical strain of living in rural Laos soon begins to be felt.

Consideration should be given to making available differential benefits to USAID personnel permanently assigned to field positions. One possibility would be to provide differential or per diem allowances, both as a material incentive and as a tangible indication of the importance of the assignment. In recognition of the physical and psychological strain, more generous provisions for leave and transportation could be provided, such as one week R&R trips every six months to Hong Kong, Bangkok, Manila or other Southeast Asian

cities reached by government aircraft. Such trips should be supplementary to standard government leave provisions.

RESEARCH AND EVALUATION: FEEDBACK FOR IMPROVED PROGRAMMING

The central theme of this report is that the time is opportune to shift the emphasis of U.S. programs in Laos from maintenance to development -- economic, social, political, and military. In part, this requires a greater degree of U.S. involvement in Lao affairs but it also demands a more vigorous and conscious effort to analyze the Lao environment and evaluate the success of American programs. The key to the proper design of programs is analysis and research; the key to their improvement is experience and feedback.

Analysis of the Pathet Lao

U.S. knowledge of the Pathet Lao remains seriously incomplete. Even such basic questions as whether the Pathet Lao are predominantly ethnic Lao or not remain unexplored. A concerted effort to bring together knowledge that already exists about the Pathet Lao, and to explore the remaining areas of ignorance, would pay handsome dividends in increasing the effectiveness of U.S. operations in Laos. In talking to American personnel in the field we have time and again been struck with the general ignorance that prevails about the nature of the enemy that is being fought. Yet it is a truism that an effective military campaign begins with good knowledge of the enemy.

There are several possible avenues of research. First, the existing information about the Pathet Lao should be brought together, organized and made more widely available. This alone would go a long way toward filling in the gaps; many people in Laos are familiar with some part of the Pathet Lao elephant. Pooling their information would make it possible for everybody to get a clearer picture of the whole animal. Research to extend our knowledge of the Pathet Lao should also be begun. One fruitful procedure would be a more comprehensive program of interrogation and interviews of Pathet Lao defectors, prisoners, and refugees. A considerable body of experience has been

built with this technique in other insurgency situations and the results have proved informative and illuminating. Another possibility is to conduct field investigations. The Pathet Lao movement reflects the decentralization of Laos; the leaders are often local rather than national. Those who are most acquainted with the local PL are often the local military or guerrilla leaders who have been fighting them for years. Families, clans, tribes are at least as important among the Pathet Lao as among the RLG, and the best way to sort out these relationships and exploit their vulnerabilities is through field investigation.

Basic Research on Rural Laos

Rural Laos has not had the academic attention paid to it that other areas of Southeast Asia have. The existing anthropological, sociological, economic, and political knowledge about rural Laos is sketchy and outdated. Frequently academic research is of little relevance to program operations, but this need not be the case. U.S. programs in rural Laos are big and getting bigger. To make them more effective some basic research into rural Laos should be begun. Several themes appear promising. First, more knowledge is needed about the nature of commercial relations in the countryside and the existing political and traditional barriers to increased commercialization. Second, more information is needed about the power structure in the countryside. Who are the natural leaders? What is the attitude of the peasants to the central government? What is the attitude toward FAR? Toward the Pathet Lao? Toward Americans? Toward other nationals?

USAID has already moved to increase its analytical capabilities by establishing an Evaluations Division within the Program Office. This is a useful step in the right direction but it is not a substitute for more fundamental research. Since government service provides only limited incentives for research, the main reliance would probably have to be on outside academics, whose career and reputations depend on research. USAID should consider means of stimulating suitable academic

interest in Laos. If USAID provided support and facilities for such research, it would also be in a position to see that the projects undertaken were relevant and that the people undertaking it were suitable for Laos. It is not a question of dictating conclusions, but of ensuring usefulness and avoiding political incidents and disclosure of security sensitive information.

Feedback

The best designed program in the world must constantly improve itself or it will quickly become static and ineffective. Experience provides useful lessons, but it will not automatically lead to improved programs unless there are effective feedback mechanisms. Using the lessons learned from experience for improving programs is the key to progress and continued success. Reports from program officials are the key to this process and should constantly be improved and revised. But operational reports will inevitably tend to focus on operational issues. The end-of-tour reports are among the most thoughtful and analytical pieces of paper that exist in the Mission. Better use could be made of them if they could be written somewhat prior to the end of tour thus permitting a fuller discussion and better interaction in the production of constructive ideas by the different elements of the Mission. Alternatively, the end-of-tour report might be replaced or supplemented by mid-tour reports. For example, if all personnel qualified to write such reports did so at about the same time, the Mission would periodically come into possession of a comprehensive review of its entire program.

Appendix A

COSTS AND PERSONNEL REQUIREMENTS

The measures recommended in this study are described in general terms to explain their nature and their relationship to each other and to U. S. objectives in Laos. For them to become operational, much more detail must be added, but this can be done only in connection with policy decisions about the mix of measures to be implemented, the approach to be taken with the RLG, the rate and sequence with which individual measures will be phased in, and so on. Furthermore, as such decisions are made and implemented, feedback will be forthcoming from the RLG, and the design of the measures will require continuing modification to reflect the new information gained and the outcome of the consultations between the Americans and the Lao. In other words, a practicable level of specificity can be reached only by those with operational responsibility, the U.S. Mission and its counterparts in Washington. For these reasons, too, it is impossible to make reliable estimates of the costs or personnel requirements of the recommended measures in their present form.

Dollar costs. On the basis of consultations with USAID/Vientiane, and some highly tentative calculations made by us, an estimate of the total cost of the various recommended measures has been made and is shown in Table A-1. These are additional to present programs, which are presumed to be continued. Of the total shown in the table, $3 million would be chargeable to MAP and the remainder to AID. The costs are based on the revised non-project aid procedures and sources of counterpart funds recommended in Chapter 8. The costs refer to an annual rate of expenditure at the time when all the recommended measures have been fully implemented. To reach this level of expenditure, therefore, would require five years or more (depending on the rate at which measures are implemented). In the interim, there would be a gradual increase to the indicated level.

Offsets. Institution of the non-project aid recommendations of Chapter 8 would reduce the dollar cost of the present level of support

for Laos by about $4 million -- $3 million through restricting USIP and $1 million through the revised invisibles program. With improved RLG auditing and personnel procedures and better control over the disposition of military supplies, as recommended in Chapter 3, there would be significant savings, perhaps several million dollars, both in AID and MAP, though the amounts can scarcely be foreseen with any accuracy.

Personnel. Most of the program recommendations would require few additional personnel. The major exception to this is the set of measures, outlined in Chapter 3, to increase RLG and FAR effectiveness. As this is the area in which program design must be most sensitive to decisions by those with operational responsibility, it is impossible to anticipate requirements with much realism. The cost estimates of Table A-1 are predicated on: additional advisory staff (including military warehouse technicians) of 100, consisting of 50 Americans and 50 third country nationals; a Public Administration Division for USAID and/or contractor services requiring 10 Americans and 5 third country nationals; additional personnel in education, 8 Americans; additional field staff for RDD, 15 Americans.

Table A-1

ILLUSTRATIVE COST ESTIMATES OF RECOMMENDED PROGRAMS
(millions)

	Project Aid	Non-Project Aid
Part I		
Civil and military pay increases	--	$7.8
Additional advisory staff	$1.5	--
Construction for RLG and FAR	0.1	0.4
Public administration program	0.3	--
Military training	3.0	--
Part II		
Education	3.5	5.5
Feeder roads	0.4	1.6
Provincial capital development	0.2	0.8
Rural programs	0.8	0.2
	9.8	16.3
Total Gross Cost	$26.1	

Appendix B

SUGGESTIONS FOR AN EXPANDED PROGRAM OF U.S. ASSISTANCE TO LAO EDUCATION

The following suggestions for an expanded U.S. effort in the field of Lao education represent varying levels of detail. This is partly due to the insufficiency of statistical data available on Lao education and population and partly because no attempt was made to go into the technical details of programs, a task best left to the educational specialist.

Cost figures shown in this section are merely indicative of the general magnitude of expenditures involved. These amount to a maximum annual total of $9.1 million. Elementary education programs would require about $5.7 million: school room construction, $1.5 million; instructional materials, $0.1 million; teacher training and related expenditures, about $0.5 million; scholarships, about $0.5 million; additional U.S. staff, $0.1 million; and, additional Lao staffing, principally teachers, roughly $3.0 million. Secondary education would require a budget of about $2.0 million: school construction, $1.1 million; teacher training and related expenditures, $0.35 million; American staff assistance, $0.15 million; and, text books, about $0.35 million. Other categories would absorb the following magnitudes of AID annual support: vocational and technical training, about $0.5 million; higher education, $0.5 million; scholarships (other than for elementary school level), $0.2 million; adult education, $0.2 million; and, training of government officials, $0.1 million. (The data for these calculations were for the most part supplied by the USAID staff.)

PRIMARY EDUCATION

It is estimated that only one-third of the school age population in Laos is currently in school and that the literacy rate of the adult population (including the armed forces) is somewhere around 15 per cent -- one of the lowest in Asia.

The current U.S. effort in the field of elementary education should not only be maintained, but the pace be stepped up with the aim of opening the school doors to all Lao children, or at least the vast majority, within the near future. An additional expenditure of about $5 million annually could probably bring this ambitious goal within sight during the next 6 or 7 years. It should be noted, however, that the rate of progress toward this objective need not necessarily be uniform. The speed of the educational drive and thus its cost as well as its final target and geographic emphasis could be adjusted in accordance with political considerations and changing strategic objectives.

The realization of the suggested program would entail U.S. and third-country assistance for four major program components: (a) physical facilities, (b) means of instruction, (c) teacher training, and (d) identification and support of talent.

Physical Facilities

Much has been accomplished during the past years in providing Laos with the physical facilities for instruction, either by way of rural self-help or through contract or force account construction.* Nevertheless, there are not enough elementary schools to accommodate the growing number who desire an education. Most schools currently operate on a two-shift curriculum and are overcrowded

This situation is particularly serious in the recently liberated areas and in the strategically important regions inhabited by the hill tribes. The current USAID effort to increase the educational facilities in these areas might well be stepped up in order to counteract Pathet Lao propaganda, to provide strong incentives to these groups in their fight against communist pressure, and gradually to link them more closely to the central government of Laos.

---

* Force account is construction contracted out and paid for on a straight commercial basis.

Here as in most other parts of the country, away from the towns, simple school buildings could be erected with local materials at small cost and with U.S. personnel involved only in a supervisory capacity. Where self-help is difficult to implement or where strategic considerations recommend speed, force account construction would seem indicated. Past experience demonstrates that in easily accessible areas (including most towns) there is enough contractor capacity currently available to expand the school construction program several fold. Within USAID, the Public Works Division is capable of tripling its school building activity if the necessary budgetary support is forthcoming. The construction program could probably be further accelerated if a joint U.S.-Lao program for the training of Lao supervisory personnel were initiated.

There seem to be no insurmountable obstacles to providing necessary school facilities in Laos within this decade, thus giving virtually all children an opportunity to obtain at least a minimum education of 3 or 4 years.

Considering the state of education in Asia and especially its retarded development in Laos, such a program could be a major achievement, for it could make the entire school age population functionally literate. Laos, however, will also require a large number of individuals sufficiently well prepared for vocational training and a few who can go on to more advanced education. These needs could be satisfied by a gradual increase of the numbers and sizes of the 6-year elementary schools, the so-called groupes scolaires, as well as realistic terminal programs in agricultural crafts and farm mechanics at the post-elementary level.

The USAID objective of raising the rate of those advancing beyond the fourth grade from the current 15 per cent to more than 30 per cent (and to maintain this percentage through the sixth grade) would probably necessitate an approximate doubling of the capacity of the existing 140 groupes scolaires. The cost of this relatively large building program (involving more permanent structures than the rural

schools) could be reduced if these buildings were used mainly for instruction in grades 4 through 6, while simple school structures for the lower grades were correspondingly increased.

Means of Instruction

One of the major achievements of the U.S. education program in Laos is the successful and rapid development of instructional materials (primarily textbooks) for Lao school children. This project constitutes a real breakthrough as, for the first time, it provides all school children with separate textbooks for each subject they study and in Lao rather than French. This program provides evidence that even in the complex and sensitive realm of education, and despite the French bias of many Lao educational leaders, U.S.-Lao cooperation can result in major advances and further the interests of both parties. The textbook project is so well underway that it need only be continued and, as needed, expanded to meet the rising quantitative requirements.

To gain maximum benefit from the on-going program, it could be extended into four functionally related areas: (1) the setting up of a Lao mechanism (with U.S. participation) for a continuing revision of the texts allowing for a strengthening of ties -- now largely nonexistent -- between the local teachers and the central administrative agencies in the Education Ministry; (2) the preparation, in conjunction with the National Education Center (NEC),* of teacher's manuals to accompany the texts; (3) some support to the development of local printing facilities to permit reprinting of texts in the country, and further expansion of the program with local resources; and (4) an extension of the materials production program into the field of secondary education (see below).

Thanks to the USAID-produced texts, a major problem in Lao education has been solved. However, further thought might be given to

* The Laotian Teacher Training Institute or Ecole Supérieure de Pédagogie.

the use of modern means of instruction in order to narrow the educational gap between the urban and rural areas. This gap is particularly wide in Laos where so many areas are nearly inaccessible because of a lack of transportation and also because of military security. The wider use of radio, as a training aid, already sanctioned by the RLG, would help. It would also have the desirable effect of linking the outlying areas more closely to the center, thus providing another unifying element in a country still very much given to tribal and clan loyalties. A previous radio teaching experiment, undertaken under international auspices, was less than successful primarily because of inherent administrative weaknesses in the Lao Government. A renewed attempt, again perhaps with international aid, is indicated once the U.S. effort to improve RLG administrative operations meets with some success.

Teacher Training

No school construction program will make sense without a parallel program producing the requisite number of teachers. In fact, the lack of teaching personnel constitutes today the major obstacle to a dramatic expansion of the elementary school system throughout Laos. Quite rightly, therefore, the U.S. assistance program has made a heavy investment in the development of the NEC at Dongdok, Vientiane, the largest single U.S. venture in Laos to date.

However, at the current rate of teacher formation, this training program for several years to come cannot provide a sufficient number of instructors from among its graduates and from the auxiliary facilities in Pakse and Luang Prabang. An acceleration of the educational effort in Laos would further sharply increase the demands on these training institutions. This presents in an acute form the problem of whether to emphasize quality or quantity. The forthcoming visit of a university contract team which will look into the problems of secondary education and teacher training may provide new ideas and insights into a possible solution.

Meanwhile, a cursory examination of the issues and problems involved strongly suggests that a breakthrough with regard to teacher training is possible. This would require a number of modifications of the existing program and some new approaches including the following measures.

(1) Accelerate the switch from French to Lao as language of instruction.

The political and related advantages of such a switch have been pointed out in the text of this report. Lao officials have already accepted this as an inevitable development in the educational reform of 1962. Moreover, experience with the use of French as the medium of instruction in teacher training programs has been disastrous. A recent official document of the Education Ministry speaks of the students in the French Section at Dongdok (where the majority of all future Lao teachers are trained) as "pursuing their studies by way of an uncertain state of bilingualism which for the majority of them turns into an insurmountable handicap as concepts must be discovered through the medium of [an alien] language." In short, the future teacher is unable to gain substantive knowledge because of his inability to understand his professors and the textbooks. Under pressure from its almost exclusively French staff, the NEC has moved in the wrong direction; rather than speeding the transition to Lao as the language of instruction, the future teacher now spends most of two years acquiring a better knowledge of French so that he can eventually absorb the subjects of his study. All this effort is directed toward teachers who will be going out to teach, not in universities, but in village schools, and not Frenchmen, but children who speak Lao at home and seldom hear a word of French.

In addition to this continued emphasis on French in practice, Laotianization is accepted in principle. The vigorous new Lao director of the NEC and some members of his staff now wish to Laotianize the program of their institution. They are also attempting to produce a series of instructional materials in the Lao language. Since these are essential to any program of Laotianizing teacher training, USAID

should seriously consider providing material assistance and link this support to its materials production program.

In teacher training, reliance on French teachers should gradually be narrowed to the teaching of French language and literature. (We must guard against the temptation of merely replacing French instructors by Americans. We would only create the same problems by placing U.S. instructors in positions that can be filled by Lao.)

(2) Strive to prepare more teachers.

If Laos is to broaden its educational base more rapidly, insistence on quality must to some extent be modified. The desire of the Lao leaders to provide their schools with the very best instructors on a par with those in more advanced countries is understandable, but it is also unrealistic, for this approach would deny literacy for many years to thousands of Lao youngsters.

Admittedly some minimum standards must be maintained for teachers just as functional literacy should be a minimum goal for the Lao pupil. Under the present circumstances, however, it seems more desirable to gear the teacher training program to the requirements of the various levels of school instruction the future teacher will confront, rather than aiming at all-around competency. The vast majority of Lao teachers will be teaching in village schools and in the first grades. It is an expensive luxury to equip them now much beyond their immediate needs.

Currently the NEC provides a number of training levels (a one-year course as well as four-, five-, seven-, and nine-year courses). The one-year course* has recently been producing a limited, and reportedly decreasing, number of graduates (fewer than 200 a year). The graduates have the status of auxiliary teachers qualified to teach in the first three grades in elementary village schools. This preparation would be quite sufficient to make these young men and women acceptable teachers for the first elementary grades. If so,

* Now being transformed into a two-year course.

there should be no reason for not expanding rapidly this part of the teacher training program. A massive effort in this direction would make it possible to meet the mounting needs of the lower grades.

Any concern about the quality of these elementary teachers or about their being barred from advance in the hierarchy could be remedied through a substantial program of upgrading through retraining courses. These might be held principally at the NEC, which is underused during much of the year (the Lao system is distinguished by its forthright recognition of the need for leisure time -- six or more months per school year). Financial incentives could attract the young teachers. Selective promotions of the more outstanding students and admission to third-country programs (for example, in Thailand) could be used as added incentives. In this way, a continuing improvement of teacher standards at the village level could be accomplished while providing the necessary upward mobility.

None of these proposed programs and approaches need prevent the NEC from simultaneously developing its training programs for a more advanced level of teaching aimed at providing Lao teachers for all levels of instruction.

(3) Decentralize training.

The bulk of teacher training (about 80 per cent) is now being done at the NEC in Vientiane, with a minor effort going on at Pakse and Luang Prabang Teacher Training Institutes. The latter programs are also slated for some extension, as the NEC is supposed to accommodate no more than 1,500 students.* In these circumstances, it is imperative that the training system be expanded in other localities such as Pakse and Luang Prabang. Additional sites may deserve consideration.

Another advantage of such decentralization for training, at least on the elementary level, relates to the nature of teacher training itself. It is a generally accepted principle that practice

* The reasons for this restriction may deserve looking into.

teaching is a useful ingredient of such training. However, the location of the NEC away from the Vientiane population center provides only very meager opportunities for practice teaching. (At present a need for 16 classes has to be met by only three.) Pakse, Luang Prabang and possibly other sites to be developed could provide more adequate practical training facilities.

(4) Encourage girls to enter the teaching career.

An upward trend in the number of girls admitted to teacher training at NEC has been observed over the years although the relative increase now appears to level off.

For some time to come, much of Laos' youth will probably continue to serve in the armed forces and remain unavailable for other duties. To fill the gap by mobilizing womanpower in suitable professions such as teaching appears one way of meeting the difficulty. Other countries have done well in this respect and there are no basic obstacles in the Lao social system to prevent a further advance of women into the teaching professions.

(5) Attract ethnic minority groups into the teaching profession.

To relate the ethnic minority groups more closely to the central government and to create among them a stronger feeling of identity of interest with the Lao population must be one of the important U.S. objectives. One of the best ways of creating such useful ties is through the medium of education. On one hand, this can and is being done by convincing the RLG that it must make a greater effort in providing the ethnic minorities with schools and teachers. Another effective means would be to open up the teaching career more widely to members of the minority community. Direct U.S. support for such a policy might lend itself to misinterpretation on the part of the RLG which remains suspicious of the loyalities and ambitions of the ethnic minorities. However, assistance could be extended through a scholarship system, financed by the United States and tied to a regional quota. Since the ethnic minorities predominate in certain regions, geographic representation would give them a better

chance to qualify than if the selections were all made by the Lao authorities in Vientiane.

(6) Identify and support talent.

The acute need for identifying potential Lao leadership and for facilitating its access to positions of influence has been discussed in the text of this report. Increasingly educational qualifications will become a prerequisite for such positions. To respond to this growing need, a program for the identification of talent among the Lao youth of school age would seem indicated. Such a scholarship system should aim particularly at mobilizing resources from rural and other areas now neglected (such as those inhabited by the hill tribes) and provide sufficient material support to allow the more gifted children to complete primary and, depending on performance, also secondary and advanced education. Publicizing such yearly stipends, based on merit and awarded by a respected national committee, could have a strong psychological and political effect. To enhance the image of the Lao national government such a scholarship program would probably best be defrayed out of Education Ministry funds rather than directly from U.S. aid, so long as the safeguards against diversion outlined in Chapter 3 have been introduced.

(7) Provide student counseling services.

Lao teacher training institutes like other Lao educational institutions lack anything resembling a student counseling service, and the introduction of an American adviser who could train Lao student counselors at Dongdok and elsewhere seems to be indicated.

SECONDARY EDUCATION

The Growing Need

In the modern world a country must secure its leaders and professional men from among those who have had at least a high school education. And it must offer opportunities for self-improvement to its ambitious citizens. But in Laos educational

educational facilities remain so limited and the rate of attrition so high that only one pupil out of 500 who entered the first grade leaves the terminal grade of secondary education. Moreover, stress in Laos' secondary institutions is on an elitist and academic orientation, ill suited to the needs of the country. The six lycées and collèges of Laos tend to produce, as the Laotians themselves admit, "des élites en l'air."

The problem of Lao secondary education is further compounded by the increasing difficulty of providing the necessary staff. More than 200 French instructors are now teaching in Laos' high schools as against a handful of Laotian professors. Even at the present slow rate of increase of the student body, some 800 French instructors would be needed within the next 15 years. This need is not likely to be met. The Education Act of 1962 has therefore adopted also for secondary education the principle of Laotianization, but the RLG does not expect to complete this process (which has hardly begun) before the end of the next decade.

For some time USAID has been concerned about the problem of secondary education in Laos. While U.S. support for elementary education is creating a broad and solid base for further advances, the top of the educational pyramid remains narrow and under-French control. In the absence of a policy decision to move into this vital area, the United States has been under pressure to provide the physical plant in which French-style secondary education continues.

Inevitably the United States has now been compelled to review its policy on Lao secondary education. USAID is currently in a position to make a major contribution to U.S. objectives by seizing the obvious opportunities.

The RLG, lacking experience and competence in higher education, and conscious of too great dependence on the French, appears willing to accept U.S. guidance and assistance for the development of its secondary education system. The Act of 1962 provides some basic guidelines that can be endorsed by the United States: the principle

of Laotianization of all education and the desire to make Laos' educational institutions conform more closely to the country's economic and social needs. A bold program on the part of the United States could dramatically affect the manpower situation in Laos and have a profound impact on the social, economic, and political structure of the country. Further, unless a secondary school system of a modern type is created, Laos will fall further and further behind its neighbors and find it difficult to participate in any future regional development effort.

Some Desirable Features of a Program for Secondary Education

There is a temptation to apply American standards and to aim at reproducing a system that has proved its worth under U.S. conditions, but may be overly sophisticated, wasteful in resources, and out of tune with the indigenous environment. Thus, any attempt to establish in Laos an American-style high school with its lavish appurtenances and costly construction would tend to arouse a negative reaction in Laos, would divert resources, and may create an image of the United States that would be counter-productive. Simplicity and adaptation to the Laotian environment should be the guiding principle in any U.S. planning for secondary education, whether it is a matter of developing a prototype such as a demonstration school or not. It must be kept in mind that anything created by Americans will eventually have to be taken over by the Lao -- the sooner, the better -- if it is to be practical and operative in the years to come.

The most logical and effective, as well as the most acceptable, way of introducing our aid into secondary education would be by building on the elementary system we have already created. The high schools we wish to develop in Laos should not be American counterparts of a lycée, but upward extensions of the primary school system that the U.S. educational program has been successfully developing in cooperation with the Lao government. These schools should be geared to the broader needs of the country rather than to those of a small, wealthy elite. To be fully effective these schools should be

developed in the provincial centers throughout the country rather than in a single city or two.

This approach would also go far toward solving the thorny "French question" in education. As the Lao-style four-year high schools develop, the lycées with their French instructors will be increasingly transformed into institutions providing advanced training beyond the high school level. On this level they will have to compete with training facilities in Thailand and elsewhere. Meanwhile, Laos will have genuinely Lao educational institutions from the elementary through the junior college level.

Implementation of a Broad Program of Secondary Education

If we approach the problem in this spirit, we should be able to provide Laos with simple four-year high schools in every province under RLG control within a short time and with the expenditure of relatively little American financial and technical assistance. A study of the problem suggests that such a plan would require no more than one or two American specialists and could be well underway within less than two years. It could be implemented fully within three years. After another year and a half, the new high schools could graduate their first 1,000 students -- a number of graduates roughly equal to the total graduate output of the French lycées for fifteen years.

These schools would lack the frills that we would normally associate with high school education. They would provide a modest but serviceable secondary school system that might not meet the high academic standards of metropolitan France but, for the first time in its history, would provide Laos with a continuous stream of young people adequately trained to occupy positions in the lower ranks of government, to engage in a variety of civilian occupations, and, with some additional technical training to take over the many positions that now are held by Americans and third-country nationals. The total impact on Laos and the effect of the American image there and elsewhere in Asia could be expected to be very large compared with

the modest outlay. The suggested project would very much be in the spirit of the Presidential proposal of April 1965.

The proposed high school system would build in every respect on existing institutions. To the largest extent possible, the existing groupes scolaires would grow into a single complex providing elementary, vocational, and secondary education. This will in most cases be feasible, since only a small number of rooms would initially be required to accommodate a yearly class of 50 pupils per provincial high school (a total national output of 1,000 graduates annually). The cost will be further reduced if the already available simple school room plans evolved by USAID/Public Works are adopted.

While these additional rooms are being built a select group of teachers in charge of the highest grade of elementary school could be trained at the NEC for a one-year period to prepare them for secondary teaching. Meanwhile, high school textbooks could be created by making use of the experience, some of the personnel, and the facilities of the Materials Production Center, which by mid-1966 will have completed its task of writing and producing texts for elementary schools.

A planning period to establish the necessary cooperation between the Ministry of Education and USAID and to work out in advance the technical details would obviously be required before launching the secondary school project. On the basis of past experience, six months to one year should suffice. Thereafter, another twelve-month period would make it possible to provide sufficient school rooms for the first two years of the new high schools, to train sixth-grade teachers to take over the 7th and 8th grades (the first two classes of high school), and to allow the writing and production of the Lao language texts. In the second year the developing high schools could be provided with the additional class rooms for the 9th and 10th grades, the requisite number of teachers for these grades could be trained, and the new texts could be written and printed. The training of principals for the new schools (probably

best done in Thailand) and the creation of supplementary materials could be fitted into this development program, which at the end of three years would result in an operational though modest high school system for all of Laos.

While many technical aspects of the suggested development program will require more detailed study, there appears to exist no fundamental difficulty in implementing the plan. An estimate made within the Mission puts the total cost of the program at less than $2 million. To this amount would have to be added the cost of feeding and boarding students from rural areas. The cost for food based on the experience of the NEC, where such a system of government subsidy prevails, would run less than $500,000 per year, even when the new school system reached its full capacity of four 1,000-student classes.

Vocational and Technical Training

Even elementary technical skills are exceedingly scarce in Laos today. As economic development in Laos proceeds, the demand for such skills is bound to grow. This will be especially true when such construction projects as the Vientiane-Luang Prabang Road and the Nam Ngum Dam get under way.

When the Mission requires technical personnel, it usually finds that the Lao labor market is unable to supply it. As a result, USAID operations and assistance programs sponsored by the Mission must rely heavily on third-country nationals, to the annoyance of the Lao. Substantial savings could be effected and a source of irritation removed if Lao were in a position to fill such posts. A concerted Mission effort to produce the necessary competence among the Lao would thus be justified for this reason alone.

Currently, Lao programs aimed at providing technical skills are distinguished by a lack of direction, by the absence of an overall plan, and by a multiplicity of uncoordinated efforts and donors. Some attempts have been made since 1964 to provide the groupes scolaires with a one-year vocational extension to be eventually expanded into a two-year program, but the project has hardly got off the ground.

Apart from a modest, recently launched German venture in low-level technical education, there are two major technical schools, the Vientiane Technical School (Collège Technique de Vientiane) and Savannakhet Technical School (Collège Technique de Savannakhet), with a student body of some 600. The whereabouts of the graduates is something of a mystery. They seem to have contributed little, probably because of the low level of training offered and the poor caliber of the entrants. The students have recently been described by the Lao direction of the Vientiane institution as, "zeros in terms of intelligence and in their knowledge of foreign languages, and below par even in their mother tongue" (nuls en intelligence, nuls en langues étrangères, moins que acceptable en langue maternelle même).

The difficulties of these institutions are compounded by the variety of their sources of support, which nevertheless remain insufficient in the aggregate. The RIG contributed in 1964/65 the equivalent of $40,000 for both technical institutions. USAID offered some minor assistance. France furnished four instructors and UNESCO provided an additional eight staff members. The level of international support is being drastically curtailed and, with a paucity of school equipment and discord among staff and students, Laos' technical training institutes present a bleak picture at present.

It is obvious that an attack on the problem must be made. Since no planned action can be expected from the inexperienced and financially constrained Education Ministry, the initiative will have to come from USAID, which should enlist in its efforts whatever international help can be obtained.

In these circumstances, the most immediate need is to establish the pertinent facts required for effective attack on the problem. The Education Division should have on its staff a vocational specialist who could gather the facts in cooperation with his Lao counterpart in the ALG Office of Technical and Crafts Organization (Bureau d'Organisation Technique et Artisanale) established in December 1964. The situation also suggests that some attempt should be made to establish priorities through a manpower survey, even if such a survey must by necessity be very modest.

An overall Mission plan for the development of Lao technical skills would require programs in five areas of concentration:

(1) An in-Mission training effort. Some steps in this direction are now being taken.

(2) An evaluation of the worth of the craft school extensions of the groupes scolaires. A countrywide planned program of support and development might be found promising.

(3) A detailed examination of the programs and resources of the two technical schools, to determine what kind of support would be required to enable these institutions to meet more fully the needs of economic development in Laos. This should take into account other international contributions and be coordinated with the German technical education effort. There would also seem to be ample room for enlisting Japanese aid in developing low-level technical skills in Laos, especially in the field of agriculture. Perhaps this could be done as a component in a multi-nationally staffed agricultural training institute.

(4) In cooperation with the Ministry of Education, USAID could also usefully extend its teaching materials program into the production of now lacking technical manuals in the Lao language. In this as in other technical programs the assistance of Thai technicians would prove inexpensive and effective.

(5) In line with the findings of the proposed survey, an expanded program for technical training in Thailand should be developed to supplement the modest Lao facilities. This would allow also a steady upgrading of Lao technical skills at minimum cost.

Higher Education

Sisavong University, the national university of Laos, exists at present only in name. Some Lao, however, are already dreaming about ivy-covered towers rising on the outskirts of Vientiane. To encourage such dreams at this stage of the country's development would be doing it a disservice, and may involve the United States in a costly and unpromising venture.

Rather than launch into such a project, U.S. aid policy should concentrate for the time being on building a broader base for professional competence, that is, a system of secondary and vocational technical schools. This does not mean that we should not avail ourselves of now existing opportunities to provide the advanced training desirable for government and other positions of leadership.

Laos possesses two institutions which could be classified as offering advanced professional training: the Royal Institute of Law and Administration (Institut Royal de Droit et d'Administration) and the Royal School of Medicine (Ecole Royale de Médicine). Both might do good service if given support; the inadequate support they now receive comes largely from French government sources. The School of Medicine, in addition to nurses and midwives, trains also a number of "assistant doctors." With an enrollment of some 60 students it is sadly lacking in almost everything: instructors, buildings, instruments, books, and professional literature. Some additional French support for this institution is a definite possibility, and substantial U.S. aid to it may raise the delicate problem of U.S.-French-Lao cooperation in a joint venture. Essentially, however, the decision as to whether U.S. aid should bolster the School of Medicine is dependent on the emphasis USAID places on the further systematic development of indigenous medical services in Laos. Any U.S. support program should be clearly geared to the country's needs for medical workers. Aid to the School of Medicine would therefore probably be best developed along very practical lines.*

The School of Law and Administration is currently the only institution in Laos which offers training for future government officials and administrators. Whatever its present level of accomplishment -- and there are contradictory opinions on this subject -- the institution occupied a key place in the Lao educational structure. Currently more

---

*See Dr. Franz Rosa, "A Doctor for Newly Developing Countries: Principles for Adapting Medical Education and Services to Meet Problems," The Journal of Medical Education, October 1964.

than 100 students are enrolled, including a number of government officials undergoing retraining. As with the School of Medicine, the principal outside support comes from the French government. Some minor assistance also comes from the U.S. government and the Asia Foundation. Any expanded U.S. aid to the institution would therefore inevitably raise the issue of U.S. relations with the French program in Laos. On the other hand, as the School is a RLG institution, and as financial assistance to it should be welcomed by the Lao authorities, there is room for working out suitable arrangements. Such arrangements are all the more desirable from the U.S. point of view, as a better trained administrative corps is a prime requisite for greater government effectiveness. The School of Law and Administration could play a key role in this regard. The most practical approach to the problem might be a contract with Public Administration Services, as suggested in Chapter 3.

Study Abroad

Advanced training for Lao students could be developed in such a way as to gradually reduce reliance on France and French institutions of higher learning. Lao interests can be served by more systematically encouraging the advanced training of Lao students in the universities of Thailand. The advantages are obvious: reduced cost, fewer linguistic and cultural obstacles, and the establishment of closer links between Laos and Thailand, and there is evidence that the Thai government is favorably inclined toward providing assistance. Thus, only in exceptional cases should training in the United States or other Western countries be encouraged.

An examination of RLG foreign exchange regulations and of the USAID Invisibles Reimbursement Program indicates that the United States now, in effect, reimburses RLG expenditures for the private study of Lao students abroad. This not only includes students in advanced training, but also students at the secondary and even at the elementary level.

Foreign exchange regulations, which are extremely generous in the treatment they accord private Lao students abroad, permit them to

purchase dollars at the official exchange rate of 240 kip per dollar. Any such student -- and this category includes 5-year-olds attending nursery school -- is entitled to an initial "installment allowance" of $400 in the United States ($240 in Europe). In addition he may convert each month the equivalent of $200 ($120 in Europe), and this profitable transaction may continue every month as long as the student is enrolled abroad. Only students in France do not fall under these regulations. (The total of private Lao students now abroad reportedly runs to a minimum of about 300, two-thirds of this number in France).

The present arrangements have two major undesirable features. (1) They provide U.S. subsidies for families wishing to send their children for study abroad irrespective of the need for such training and without imposing any selection standards other than family wealth. (2) They encourage Lao private students to remain abroad for unnecessarily extended periods or even indefinitely because in many cases (Hong Kong and Taiwan for example), the gains that can be realized from the exchange allocation exceed the amount that could be earned by work abroad. Often this means that the RLG (and ultimately the United States) will pay a subsidy to Lao students who have not the slightest intention of ever returning to Laos.

It would therefore seem desirable to proceed at the earliest practicable date to the revision of foreign exchange regulations removing expenditures for schooling abroad from the list of purposes eligible for conversion at 240:1. While awaiting the implementation of the change of the present system and in order to avoid hardship for students now abroad, certain modifications of current regulations may have to be introduced during the transitional period: (1) establish more realistic schedules for installment allowances, (2) introduce maximum terms for the period during which a student may remain abroad, the term depending on the type of training he is undergoing, (3) establish minimum standards of performance for students abroad, and (4) exclude elementary schooling abroad from the eligible list.

The proposed revisions of expenditures for study abroad would result in substantial savings, then making it possible for the same

number of aid dollars to provide education abroad for a larger number of Lao students. In addition, these students would be selected on the basis of their intellectual qualifications rather than by the criterion of family wealth. In line with that principle, the present system should be supplemented by the provision of adequate funds for scholarships enabling qualified Lao students to pursue advanced training in Thailand and in other countries which can offer an educational environment suited to Lao needs.

Adult Education

The Education Act of 1962 provides for the creation of Rural Education Centers (Centre Rural d'Education) which would serve simultaneously as primary schools and adult education centers. In practice, however, adult education has not been touched in Laos as all resources have been poured into the build-up of the regular school system.

Dean Rusk once stated, "A nation's political, social and economic development can rise no higher than that of its human resources. Since education is the chief means of raising the level of human resources, it is not a luxury to be postponed until national development has been accomplished." This statement applies obviously not only to the youth but also to the adult population of a country.

The potential contribution that improved adult skills can make is very large. Further, adult education gives an outlet to the energies and ambitions of those who are not satisfied with their station in life, ties these potential agents of progress more closely to their government, and broadens the reservoir from which the nation can draw for leadership.

Adult education need not -- in fact, should not -- be elaborate in its organization, content or setting. A beginning might be made as part of the refocused rural program. As the Education Act suggests, elementary schools could be used for these purposes, or other public buildings, even wats. Nor would the problem of teachers be an obstacle. Salaries for Laotian instructors are by American standards almost infinitesimally small; part-time instructors, for example, now receive 750 kip or $1.50 per month.

The village teacher or a literate Buddhist monk provided with a slight bonus payment, might be the logical choice for carrying the adult education program into the Lao communities. Perhaps there is also a place in this scheme for the so-called "fundamental educators," multi-purpose workers operating under the primary school inspectors and now lacking clearly defined functions. These men, who appear to be highly motivated and often of superior caliber, may well constitute a valuable reservoir of competence and energy. A re-evaluation of their role might well be undertaken by USAID.

Even where no regular teacher is available some progress could be made, for every Lao community has at least one literate person whose prestige could be served by making him the adult teacher in his community. The missing ingredient, the texts, could be easily supplied by a modification of the elementary texts already developed by USAID in cooperation with the Lao government.

We suggest that, at the least, an experimental program of adult education should be attempted. On the U.S. side such a program should be the responsibility of a USAID staff member working with the Lao authorities, preferably sitting as an adviser in the Education Ministry.

Similarly, a literacy and education campaign within the armed forces merits strong consideration. Earlier proposals have for some reason met with difficulties on the U.S. side, while there is indication of acceptance of the concept and even of enthusiasm on the part of many Lao military. The "school in a pack" idea which the Education Division has been promoting recently appears worthy of support. If implemented it could have a strong effect on the attitude, morale, and discipline of the FAR, not to speak of its practical usefulness. Realization of such a project would, of course, require the approval of the Education Ministry, and the support of the Ministry of National Defense and of the General Staff, while implementation would have to be left to the judgment of the regional commanders.

Ongoing English-language instruction programs for adults, both civilian and military, could also be stepped up to provide an instrument

for professional advancement and a tightening of links between Laos and the United States.

Training of Government Officials

In discussing the problem of Lao government effectiveness (see Chapter 3) it was recommended that USAID take the necessary steps to assist and advise the RLG in improving the technical skills and efficiency of its officials. Much of this could be done through the development of the Royal Institute of Law and Administration, and through the services of a Public Administration Division operating out of USAID, which would concern itself primarily with training. The experience of USOM/Bangkok with the training of local government officials in Thailand could serve as reference material. And it might be desirable to make arrangements for Lao officials, such as the chao muong, to attend Thai schools for local government officials -- the Nai Amphur Academy near Bangkok, for example. An exploratory survey of this possibility showed that the Lao government, on its own initiative, had been considering the use of these Thai training facilities and that the Thai government had responded favorably. Exploitation of this opportunity would be facilitated by the program for regional administrative training centers in Thailand. The first of these regional training programs was actually under way in July 1965 at Nongkai, opposite Vientiane. The convenient location of this site for Lao officials residing in the Vientiane area made it possible for two Lao officials to participate in the training program. In choosing sites for these Thai training centers, the possibility of Lao participation should be taken into account. Thus, sites on or near the Mekong river would provide easy access from the Lao side and be convenient for any such Thai-Lao regional training arrangement. Also, informal discussions between Lao and Thai officials indicate that training facilities in Thailand for government officials at the provincial governor level would be opened to Lao participation for short-term seminars. By beginning a Lao-Thai program "at the top," its effectiveness and acceptability throughout the RLG might be materially enhanced. Thus, while creating closer ties between Thailand and Laos, this form of regional cooperation could materially enhance the effectiveness of

the RLG. At the same time, U.S. support for such a program in Thailand would provide the United States with continuing and sufficient leverage to give it purpose and direction.

Appendix C

RELATIONS WITH LAO BUDDHISM

Buddhism is the state religion of Laos. The Buddhist Church, with its 8,000 monks and 10,000 novices, is the second largest organized group in the country (after the FAR). Its organization parallels that of the RLG, with a hierarchy of officials ranging from village to district to province to the Patriarch in Luang Prabang. Buddhist leaders are respected at all levels of society, and in particular in rural areas where the wat is the center of community life. Buddhism in Laos is not as dynamic as in some other Buddhist countries, in part because of the low level of education and backwardness of most members of the Buddhist clergy. But, although Buddhism is relatively quiescent as a political force, it is still a major social institution throughout Laos. It is impossible to travel through the Lao countryside without being struck by the fact that the wat is, ordinarily, by far the largest, best constructed, and best tended property in the Lao village. Clearly, the monks have an extraordinary ability to mobilize the villagers' resources and energies and to organize them in achieving communal goals.

Both the RLG, which maintains a Ministry of Cults in charge of relations with the Buddhist movement, and the Buddhist hierarchy itself, are anxious to preserve the present apolitical character of the Lao Buddhist movement. There is evidence of some rumbling beneath the placid surface, however. In June 1965, a Lao Buddhist Youth Association made its appearance prior to the national elections. The founders of this organization included cabinet members, political and business leaders, and FAR officers. From time to time, there are reports of Pathet Lao attempts to influence the Buddhist hierarchy and, particularly, the rural clergy. These efforts have so far met with little success. Finally, the active role of the Buddhist movement in South Vietnam in the national affairs of that country has not gone entirely unnoticed among Lao Buddhists.

Reliable information concerning trends and undercurrents in Lao Buddhism, and continued effective RLG influence with Buddhist leaders,

are necessary lest Lao Buddhism unexpectedly emerge one day as a disruptive political force. Consequently, Buddhism cannot be ignored in Laos or taken too lightly. Moreover, Buddhist comprehension and support can lend a legitimacy and sanction to the RLG and its programs. What is needed is a low key, low cost, low risk approach that would provide continued contact and influence for the U.S. Mission and the RLG with the Lao Buddhist movement.

In its relations with Lao Buddhism, the U.S. Mission should work closely with the RLG authorities, particularly the Ministries of Cults and Education, to avoid alarming the RLG or weakening Buddhist dependence on RLG material support and authority. Nevertheless, on the local level close working relations between Americans and the clergy will often prove desirable; and at a higher level, contact by Senior Mission officials with Buddhist leaders could be used to demonstrate U.S. interest in Lao Buddhism and to generate support for U.S. policies in Laos.

Suggestions for a modest expansion of U.S. activities involving Lao Buddhism are presented below. As experience is gained, a better basis will emerge for assessing the potentialities of work with the Buddhists and designing programs to realize them.

AN INFORMATION CAMPAIGN

In Laos today, Buddhist sanction for RLG programs and objectives is probably the greatest contribution that Buddhism could make to the RLG. Since the Buddhist Church is highly structured, support at local levels is most likely to be forthcoming only if senior Buddhist officials instruct their subordinates that it is desirable. Accordingly, every effort should be made to keep Buddhist leaders informed and bring them in on planning concerning RLG social and development programs. One specific device that should be considered is placing material concerning these programs in the two Buddhist periodicals which circulate among the Buddhist clergy throughout Laos.

SUPPORT FOR BUDDHIST SOCIAL ACTION

Lao Buddhism has a traditional interest in community and social

development. Village priests could be led to take a more active role in support of RLG village programs. In particular, they could play an important role in an adult education campaign. Consideration should also be given to the participation of young and energetic Lao monks in the current Thai program of training Buddhist monks for operating their own version of "Mobile Development Units" in rural areas. Alternatively, a similar Lao program might be inaugurated. At present, efforts to enlist Buddhist support for social programs are modest. USAID support, in addition to that given now by USIS and the Asia Foundation, might be useful in furthering such efforts.

SUPPORT FOR PALI AND WAT SCHOOLS

So-called Pali schools (Buddhist seminaries) and wat schools (supplementary primary schools with monks as auxiliary teachers) are qualitatively poor but quantitatively extensive. Even the former are not purely religious institutions since many of their graduates either re-enter civilian life or become teachers in wat schools. Support through RLG channels for these institutions, particularly in teacher training, provision of textbooks, and developing courses in practical subjects related to village life would be a useful adjunct to the USAID education program and an effective means for giving RLG support to Buddhism.

THE BUDDHISM INSTITUTE

The Buddhist Institute in Vietnam is Laos' institution of advanced Buddhist education. It now has some 130 students but is sadly lacking in funds, qualified instructors, and teaching materials. The Ministry of Education has ambitious plans for its future, featuring the development of a curriculum stressing Far East Buddhist civilization and the Buddhist role in community development, and has repeatedly requested assistance for the Institute and its staff. One possibility for U.S. assistance is to provide needed instructors in English. The U.S. Mission might also consider whether it can give formal support to teaching assistance from other countries.

AIRGRAM DEPARTMENT OF STATE

UNCLASSIFIED
CLASSIFICATION

For each address check one ACTION | INFO

TO - AID/W TOAID A- 520 X
CINCPAC FOR POLAD A 14 X
DEPCHJUSMAG A 15 X

DATE REC'D.

DISTRIBUTION ACTION

INFO.

DATE SENT Nov. 12, 1965

FROM - USAID/Vientiane

SUBJECT - USAID Monthly Report - August and September, 1965

REFERENCE -

Mr. Charles A. Mann departed on August 6th for assignment as Director of USOM/Vietnam. In the interim, Mr. Peter M. Cody, Deputy Director, was Acting Director until the arrival of Mr. Joseph A. Mendenhall on September 19th.

USIP - Licensing in August amounted to $456,492, a decrease of $357,360 as compared to July's figure of $813,872. USIP licensing in September amounted to $408,712, $279,881 of this, however, was carried forward from August so that actual licensing only amounted to $128,639. Total September licensing was $47,780 lower than the August figure of $456,492.

The arrival rate of USIP goods during September was $1,334,250, an increase of $708,324 over August figures. This significant jump is partially due to the following arrivals; (a) $200,000 of rice, (b) $50,000 in jeeps and trucks. In addition, the merchandise on a number of licenses arrived so late in August that the papers could not be processed in time to appear in August's statistical record.

OTHER AGENCY

Attachments:
(1) APPENDIX A - Personnel Strength
(2) APPENDIX B - Air Support

PAGE 1 OF PAGES 26

DRAFTED BY:	OFFICE	PHONE NO.	DATE	APPROVED BY:
[signature]	CP	191	11/10/65	J. A. Mendenhall, Director

AID AND OTHER CLEARANCES

CP:MLSweet [signature]

Distribution: AMB/DCM, EMB C&R, OD/DD, CP-2, CNA, RO, CON-2, OSM, RD-5, ADTS, EO, PER, AGR, PE, PN, EFR, CM, C&R-5

UNCLASSIFIED
CLASSIFICATION

On September 1st, the number of items importable under USIP was sharply reduced. The U.S. decision to take this measure and the unopposed approval given by the RLG Cabinet were seized on by a number of Deputies in the National Assembly as an issue on which to criticize the Government. The change in USIP was still a sensitive issue at the end of the month.

CUSTOMS - During August, three patrol boats arrived for the use of the Border Control Force. The Mission presently is making arrangements to have qualified personnel train Lao Customs officials in the operation and maintenance of these craft. Two new customs advisors joined OEA in September, Mr. Ernest Bennett and Mr. James Foster. Mr. Arthur E. Ouellette returned from home leave during the month.

FEOF - The Fund, which purchased no currency during August, sold $705,000, a decline of $65,000 as compared with July's figure of $770,000. Sales were particularly heavy the last half of August. During that period, the Economic Police were taking strong measures to enforce the official price of certain controlled items. Chinese merchants, reluctant to have surplus cash around while the police were conducting their investigations, transferred large sums of U.S. currency to Hong Kong. The rate of exchange of the free dollar in Vientiane dropped to 496 on August 9th and remained there throughout most of the month. This is the lowest free market rate recorded in over a year.

FEOF sales during September totalled $1,193,000, a large increase over August's figure of $705,999 and July's of $770,000. The principal factors responsible for this increase were; (a) impact of the budget deficit, which increased substantially after the raise in RLG salaries this July, and (b) the reduction in the number of items importable under USIP, which gave rise to a certain amount of speculative buying. The heaviest demands on the Fund occurred between September 6th and September 20th. During that 14-day period, the banks in 10 working days sold $753,000. After September 20th, sales began to move back to more acceptable levels; the amounts sold after that date until the end of the month averaged about $38,333 per day. Although demands on the Fund were unusually heavy during much of September, there was little evidence of panic (as opposed to speculative) buying.

The most probable explanation for the sudden drop in FEOF sales after September 20th is both the increasing difficulty in finding kip to buy dollars and the growing acceptance in the business community of announcements reaffirming support for the Fund among the donor countries.

During September, the rate of exchange of the free dollar in Vientiane fluctuated between 495 and 497 as the Fund attempted to respond to the demands of the market.

of fluctuations in the price of rice and river fish, particularly rice. The month's high of 111.6 was thus reached by September 21st. Thereafter, the index began to fall gradually until by the end of the month, it had dropped to 110.4.

EXECUTIVE OFFICE - In August, negotiations were completed with the Thailand Port Authority for the establishment by the Port of a special section to handle USG cargo bound for Laos. It is anticipated that a three-day reduction in handling time through the Port of Bangkok can be realized.

Sixty-three Safe Driving Awards were presented to Mission drivers during August.

Examination of techniques utilized in delivering cargo by aircraft resulted in a new concept in aerial delivery of lumber to up-country sites. Lumber is now palletized and airdropped from C-123 aircraft. The drop zones are lakes or small bodies of water adjacent to villages and readily accessible for recovery. Previous aerial deliveries were landed and subsequently air-shuttled by helicopter to remote areas.

During September, an intensive 2-week Driver Training Course for new drivers was implemented. Subject matter includes safe and "defensive" driving practices, driver inspection of vehicles and completion of trip tickets.

A barge/truck contract covering movement of material and equipment to several points on the Mekong River was executed to further reduce costly airlifts to areas otherwise accessible. Additionally, a letter of intent to contract refrigerated trucking was given to a Bangkok trucking firm which will now procure two refrigerator trucks to allow shipment of perishable commissary items currently airlifted from Bangkok to Vientiane. Non-refrigerated commissary items were scheduled to move by truck from Bangkok in early October; costs to the commissary will not be reduced until sometime in November, the commissary having to continue to pay for airlifts through October.

CONTROLLER - Six audit reports were completed and issued in August, and four were in process. Centralized payrolling was inaugurated as of the 7/18 - 7/31 pay period; numerous errors were noted and communicated to AID/W. The number of payroll adjustments was reduced in September; a total of 1,035 vouchers were processed during the month as compared with 501 the previous August. Mr. Charles Timme replaced Mr. Louis Taub as Budget and Accounts Officer, on the latter's departure for home-leave and transfer.

PIO/C and technical support request totalling $1,059,358 and $211,905 respectively were processed during August, and $428,219 and $148,825 respectively in September. Source waiver procurement under CIR XA-1306 totalled $53,057 and MRO purchases amounted to $5,399 in August and $3,650

and $3,184 respectively in September. Contracts let amounted to Kip 6,387,246 in August and Kip 3,177,625 in September. CSI/Bangkok issued purchase orders valued at $24,286, made purchases valued at $2,262 and awarded contracts valued at $827,972 during August, and issued $11,395 of purchase orders, made $2,717 in cash purchases and awarded contracts valued at $8,547 during September.

Design plans and an E-1 for the central depot, to be utilized by the RLG National Supply Service and USAID, were completed during September. The plans were approved by the Ministry of the Plan.

MANPOWER DEVELOPMENT

Local Training - In August, enrollment in Employee Development courses stood at 281 persons, of whom 163 were receiving English language training, 61 received typing and office procedure instruction and 57 were taking on-the-job training in various activities. In addition, 36 RLG employees were taking English language instruction.

In September, 259 persons were enrolled, of whom 161 were taking English courses, 49 were taking clerical courses and 49 were engaged in pre-service training. In addition, 27 RLG employees were learning English.

Participant Training - Following are statistics for the months of August and September concerning participants:

	Country of Training	No. Departed for Training	No. Returned	No. Still in Training at End of Month
August	U.S.	1	0	20
"	Thailand	8	31	33
September	U.S.	10	6	24
"	Thailand	21	28	26

Summer Training Program - The Mission, working closely with the Ministry of Education, employed a total of 110 students from secondary schools in Vientiane during the summer. The purpose was fourfold: (1) to provide practical training for secondary school students during their summer vacations, (2) to afford them the opportunity to work with and become better acquainted with U.S. Mission personnel, (3) to utilize their relatively advanced education in literacy and village development in rural areas, and (4) to enable them to earn the necessary funds to continue their schooling in the fall.

The majority (78) of the students were assigned to the USAID compound in Vientiane and worked in various shops and offices here, the remainder (32) were assigned to similar jobs in the provinces. At the end of the program, 102 students were still on the payroll, the other 8 having resigned for sundry reasons during the period.

Evaluation of the project showed that it was a qualified success, being most successful in field areas and less so where a highly specialised technical or manual skill was required. Division chiefs and other personnel working with the students believed the program should be repeated next year, the Ministry of Education expressed favorable comment in connection with it and expressed hope that it will be offered again next summer. The Mission is giving serious consideration to the matter. For a more comprehensive review of this program, see TOAID A-475.

EDUCATION - The University of Hawaii Contract Survey Team arrived on August 16th and departed on September 29th. Their report was reviewed by the Mission and the Ambassador and forwarded to AID/W. The Mission agrees, in the main, with the report of the Survey Team, and comments were forwarded to AID/W in TOIAD A-374.

Mr. Faulhaber, Chief of the Education Division, departed for the U.S. on September 10th and will be replaced by Dr. J. N. Andrus on his return from home leave o/a November 29th. In the interim, Dr. H. A. Little will be Acting Chief.

Mr. Nay Keoluanghot, Secretary of State for Education, has been appointed as Minister of Health and his former portfolio has been abolished.

Community Education - A planning conference was held in early August with the Director of Elementary Education, USAID officials and 9 PSI's to discuss program planning for FY 1966. The meeting reflected determination on the part of Ministry leadership to involve local officials in planning and execution of school progress.

Two-thousand pounds of school supplies and textbooks were distributed to the provinces in August, and 50,000 pounds were sent out in September.

Sixty-nine elementary school participants returned in August from a 2-month training course in Thailand; two groups ecolaires were completed in September out of a total of 11 programmed; three office/warehouses were completed for PSI's out of a programmed total of 11; four manuscripts for textbooks were sent to Manila for reproduction, and four others were received during August and six more manuscripts were sent off for printing in September. Twenty books are to be completed to reach present project objectives. FY 1965 contracts to produce locally constructed school furniture were almost filled. Plans for FY 1966 furniture construction were drawn and fabrication should begin in November.

Teacher Training - Continued progress was made on the acceptance by the Ministry of Education of McGraw-Hill English textbooks for English classes in the lycees and the National Education Center (ESP) under U.S. personnel instruction. Acceptance by French instructors is anticipated shortly.

The Regional RMI at Pakse will have a new director, Mr. Ouiane, presently Director of Studies at ESP.

AGRICULTURE

Rice Program - Three tons of DDT-talc dust was distributed for insect control in 9 provinces and fertilizer and variety trial plots were completed in Vientiane Province during August. In September, rice seed warehouse construction was nearing completion in Pakse and Luang Prabang, but was behind in Thakhek; two series of fertilizer trials were made at the Salakhan Rice Experiment Station.

Extension - During August, an academic training program in Extension Home Economics was developed for one student presently enrolled at the National Education Center (ESP); USIS developed a series of Home Economics Mohlam tapes for use by the Extension Bureau's weekly radio program; ten Meo students and three fundamental educators participated in on-the-job training in the Vientiane area; two papers were prepared for use by extension agents on improved methods of farmer education; bi-monthly 2-day training sessions were initiated to improve extension agent performance. In September, two trainees departed for study at the Tropical Agriculture Production and Agriculture Extension course at the University of Hawaii; the Chief of

Extension and four Provincial Chiefs returned from the U.S. after attending a 4-week seminar on extension; a home-economics practice house was turned over to Direction of Agriculture and will be used for in-service training; and 2,500 copies of color posters on vegetables were distributed, along with 5,000 copies of a wall newspaper depicting activities of the Home Extension Section.

Livestock - Brucellosis tests and retests were made on hogs at the Dong Dok Livestock Station and 13 positive reactors were found and destroyed. Spot tests were started in 4 cluster areas by CB laboratory technicians. USAID and CB trained a total of 20 RLG Veterinary Service agents to conduct tests for Brucellosis in rural areas including clusters. The RLG Veterinary Service, aided by USAID/AGR, organized and conducted a Brucellosis control campaign which (1) prohibited imports of swine until January into Laos from Thailand, (2) arranged for the destruction of infected pigs, and (3) replacing or compensating owners for their losses.

USAID/AGR, IVS and OEM/Bangkok representatives inspected Thai herds from which USAID/Laos stocks are imported and it was found that very few animals were available for use as foundation stock, the incidence of Brucellosis being high (4%) with no herd being certified as disease free. In the future, all pigs imported into Laos will have to be certified Brucellosis-free.

Irrigation - RLG/Irrigation and USAID personnel spent 10 days of August in Thailand observing dams and irrigation projects; the Houei Phan project in Pakse continued with extension of the reinforced concrete flume and a long section of ditch excavated; and dams damaged by flooding in Vang Vieng were repaired. In September, 21 persons concluded a 10-day observation tour of Thai dams and irrigation projects and preparations were completed for a 4-week advanced survey course to begin in October with 20 participants.

Little, if any progress has been made toward the obtaining of required contributions for the Nam Ngum project from other donors since the Mekong Committee Meeting of August 13th. It appears that actual progress on the project will be limited to planning until the financial arrangements are made. At that time, firm commitments can be made for the preparation of designs and specifications of the dam, and contracting for the power tie-line from Na Pong to Vientiane.

The first phase of the feasibility investigation of the Pa Mong has been completed by the US Bureau of Reclamation Team, and an interim report has been issued. A project agreement for the second phase of the investigation was presented, accepted and signed during the 29th Session (Special) of the Mekong Committee in Vientiane in August. The Bureau of Reclamation is actively engaged in the work of the second phase which will involve a 38-man team and a total of 12 million dollars over a 3-year period.

RURAL DEVELOPMENT

Area A - Luang Prabang

(a) Xieng Ngeun Cluster:

1. Outstanding problems during reporting period - None

2. Significant accomplishments or events - These included preparations for construction of a groupe scolaire in Xieng Ngeun and 2 smaller schools in other cluster villages; construction of the multi-purpose building neared completion; and 2 farmers were cooperating in a rice seed multiplication program.

(b) (b) Muong Kassy Forward Area:

1. Outstanding problems during reporting period - Villager fear of the PL prevented Forward Area Team members from getting full cooperation in development activities.

2. Significant accomplishments or events - A new dispensary was opened and staffed; the groupe scolaire neared completion; work on the village drainage and water fountain program continued.

Area B - Savaboury

(a) Muong Phieng Training Center:

1. Outstanding problems during reporting period - Heavy rains made intra-cluster travel by vehicle very difficult; Brucellosis discovered in some pigs distributed through the cluster to villagers. The pigs were destroyed and plans were made to replace them or to give compensation to the farmers.

2. Significant accomplishments or events - Leadership training for local officials continued; Civic Action Team training was approved by General Norasing, Commander VI Military Region; multipurpose building completed; and literacy classes for villagers continued.

(b) Xieng Lon Forward Area:

1. Outstanding problems during reporting period -- Heavy rains slowed fabrication of well rings; however, in September, with rains abated, construction was accelerated.

2. Significant accomplishments or events - These included preparation of activity plans for the repair and construction of 2 irrigation dams in the area and continued assistance to refugees. Plans were made to make a reconnaissance in October of the site of the proposed road to the Mekong.

Area C - Vientiane

(a) Vang Vieng Cluster:

1. Outstanding problems during reporting period - Due to rains, roads continued to deteriorate in the area.

2. Significant accomplishments or events - BPR began making plans for a base camp at Vang Vieng in connection with construction work on the Vientiane-Luang Prabang Road scheduled to begin in late CY 1965. FAN evinced interest in Civic Action Training programs. English teaching began for villagers and FAN with the assignment of an JVS/Education volunteer; grading, by BPR, was completed at the CB hospital site during September.

(b) Phone Hong Training Center:

1. Outstanding problems during reporting period - None

2. Significant accomplishments or events - MIG Agriculture furnished and began using an office at the Training Center; the chao muong explained to naibans the necessity for maintaining pumps on drilled wells, members of 3 RIG technical service agencies agreed on a plan for the use of the new multi-purpose building, a Los Angeles TV camera crew filmed the general cluster area and the Lao Agriculture training program involving 30 villagers outside the cluster area; a 2-week Civic Action Training program, begun through the initiative of Colonel Mak, was completed during the period.

(c) Ban Keun Cluster:

1. Outstanding problems during reporting period - None

2. Significant accomplishments or events - A preliminary cluster plan was prepared, one groupe scolaire was 80% completed and the chaoumuong and the cluster council held a series of meetings with the CDRA to explain their plan for the new cluster.

(d) Thadeua Cluster (UN):

Limited USAID assistance will be given when the UN team prepares a comprehensive plan outlining their objectives; this plan was not forthcoming during the reporting period.

Area D - Paksane

(a) Borikhane Cluster:

1. Outstanding problems during reporting period - Rats and insects infested rice fields in the cluster area and Lao Agriculture assisted in their eradication. The rains made travel difficult within the cluster and on the Vientiane-Paksane road.

2. Significant accomplishments or events - Construction of cluster roads was scheduled to begin at end of rainy season, refugee supplies were delivered to 87 families at Vangkhame; and 250 animals were innoculated.

(b) Pak Ca Dinh Cluster:

1. Outstanding problems during reporting period - There was no housing available for an IVS team proposed for assignment; heavy rains in the area made road transportation within the cluster very difficult.

2. Significant accomplishments or events - A cluster council was held to discuss the future programs to be carried out; a school improvement program begun in Ban Lao; an adult education program was begun in two villages;and Civic Action Team work continued in the Ban Lao area.

Area E - Savannakhet

(a) Ban Keng Kok Cluster:

1. Outstanding problems during reporting period - Heavy rains made road transportation very difficult between Thakhek and the cluster, road conditions were reported as good in September, however; and handling of a large influx of refugees put a heavy strain on available personnel.

2. Significant accomplishments or events - Work was completed on the cluster headquarters building; the Provincial Development Council met to discuss the cluster program; and one school was 60% complete and 3 others were in lesser stages of completion.

(b) Kengkok Cluster:

1. Outstanding problems during reporting period - Brucellosis was discovered among pigs distributed to villagers. The pigs were bought back and destroyed; they will be replaced as soon as possible.

2. Significant accomplishments or events - Sand screens and cement block forms were made in preparation of dry-season construction programs; the multi-purpose building was completed; USIS movie teams photographed students working in the cluster during the summer; the Crown Prince visited the cluster and was received by 10,000 villagers; plans were made to begin a Civic Action Training program with the FAR.

(c) Dong Hene Forward Area:

1. Outstanding problems during reporting period - Villagers became suspicious of the village surveys being undertaken by Forward Area Team members, but Mr. Vong Savong, Deputy Commissioner for Rural Affairs visited the area in company with USAID officials and the visitors were able to smooth matters over.

2. Significant accomplishments or events - A reconnaissance was made of the area to determine road repair requirements; wall-ring construction continued; a village survey and school inspection tour was made with the chaoumong; a police station was repaired; and refugee assistance in the Muong Phalane area continued.

Area F - Pakse

(a) Wapikhamthong Cluster:

1. Outstanding problems during reporting period - Shortage of personnel. Brucellosis was found in pigs distributed by RLG Veterinary Service - USAID, and were destroyed. Farmers were reimbursed.

2. Significant accomplishments or events - Lao Agriculture and USAID/AGR made a study of agriculture development possibilities of the area. General Phasouk, Commander of the IV Military Region, and chaou Khoueng involved in the expanded cluster area, met with RLG and USAID agriculturalists to discuss contributions to the overall program. Plans for a hospital at Khong Sedone, to be constructed under contract, were approved; school construction program continued on schedule; windmills were completed at Lakhonepheng and pumps installed on 3 drilled wells; seven Commission of Rural Affairs employees were assigned to work in the cluster.

(b) Houei Khong Cluster:

1. Outstanding problems during reporting period - Heavy rains curtailed travel by air; one recruiting visit by the PL was made to a village 12 kms. north of Houei Khong with undetermined success, however, they took 60 kilos of rice; USAID personnel remained on station.

2. Significant accomplishments or events - The Houei Khong groupe scolaire neared completion; General Phasouk attended a meeting of Phubans and asked the people to extend their help in the development of the cluster; a water tower for a hydraulic ram was constructed; aiding in supplying water to Houei Khong village; three CRA employees were assigned to work in the cluster; seven famers attended a 6-week agricultural training program at Pakseng; and a helicopter landing pad was constructed.

Area G - Xieng Khouang

(a) Muong Soui Forward Area:

A Forward Area Team was deployed to the area in early October and will concentrate its efforts on refugee assistance and village rehabilitation. Vegetable seeds sufficient for 2,000 families were sent in with the team.

REFUGEE ACTIVITIES - Demands for rice drops during August remained at about the same level as in July. The major highlight of September operations was the influx of approximately 2,300 refugees bringing the total to 5,000 in the Khamkeuane area. They arrived from Ban Kent, Khounarath and Mahaxay. Emergency relief supplies were distributed under the supervision of the chaou Khoueng and the CDAA.

The September rice drops were slightly above normal for this time of year and a continued rise in rice requirements was predicted for October and part of November. This is believed to be caused by the low-level of rice stocks remaining before harvest. A total of 1,730 metric tons of rice was airdropped during August and a total of 2,032 metric tons of rice and wheat was dropped during September.

Keo Viphakone, Secretary of State for Social Welfare, visited a number of refugee and relief stations. He was accompanied by members of USAID/ Vientiane staff and Mr. Houmphong Prathoumvan, the Director of Social Welfare.

PUBLIC HEALTH DEVELOPMENT - Six dispensaries were established and staffed in new refugee areas in the north during August. Drs. Joseph Westermeyer and John Kennedy were assigned to post during the month. During September, USAID medics from the pool of retrained malariologists were assigned to RLG dispensaries in the cluster areas of Ban Nong Bok and Ban Keun; the second class of intelmedics graduated at Pakse and were assigned to Wapikhanthong Cluster; Mr. Fred Michael, Medical Supply Advisor, returned from home-leave; and Miss Dianna Dick, R.N., completed her IVS tour and joined PHD as a Public Health Nursing Advisor. She began training nurses from the local populace in Sam Neua.

PUBLIC WORKS - During August, PWD was engaged in 36 force-account projects, 12 of which, while programmed, were not begun, and 24 of which were in process of construction (8 were completed during the month). In September, a total of 29 projects were under construction and 9 of these were finished.

Thirty-seven contract construction projects were in process during August, and one of these was completed during the period. In September, 28 projects, of which 7 were under AUDOCAS contracts, were in process and 9 of these were completed during the period.

Nine well-drilling crews were working at 36 sites during August and September; 12 wells were brought in during the period, some delay in work being caused by the delayed delivery of 4-inch pipe. A survey of wells and water supplies began during September, and PWD is training 135 RLG employees in well-drilling techniques.

NATIONAL HIGHWAYS (BPR)

A. General: Mr. A. G. Millyard, Division Engineer, departed for home-leave and transfer on September 18th, and Mr. W. C. Brewer became Acting Division Engineer; all BPR personnel on home-leave had returned to Laos by the end of September; road work in general was slowed during August due to heavy rains throughout the country, and during September the major activity consisted of repairing water damage; improvements continued on the Savannakhet airport, including grading for the parking area for commercial aircraft and excavation of the runway; resurfacing of major streets in Vientiane continued as weather permitted. Bids were offered and received for construction of the Nam Khone Bridge during the reporting period, and were scheduled for opening in October; Groves-Jones made preparations to repair water damage to the Nam Ca Dinh road, the work was scheduled to begin in November.

D. Vientiane-Luang Prabang Road: Preparations, including clearing of campsites at Vang Vieng and Nam Lik, and road surveying, commenced in August for the construction of the road and the Nam Lik Bridge; delivery of equipment purchased from Grove-Jones for use on the road began to arrive in Vientiane during August and September, its on-site mobilization, however, was delayed due to continuing rain in the Nam Lik area.

PUBLIC SAFETY

During August, PSD worked with Colonel Bounkhong Pradichit, Director General of Police, to discuss details of the Public Safety Program. Lao National Police requirements for office equipment, training aids, photo and crime laboratory equipment were discussed, and PIO/C's will be prepared. Participant training, police office building requirements were also discussed. Approximately 1,000 identity cards were issued to members of the police force residing in Vientiane, and the program will be expanded in the future to include all citizens. During the month, the LNP started the rehabilitation of the Lao National Police Academy, which was scheduled to re-open in September. The present plans are for 200 policemen to commence a 3-month indoctrination and refresher course, and for 60 commissioned officers to begin a 2-year training course.

During September, academy buildings were ready to receive classes which began early in the month with enrollment of 230 NCO's, and later in the month with 75 student officers. Water supplies were a problem, and USAID/PWD began deep well drilling operations on September 30th. During the month, Mr. Robert J. Mooney, Deputy Chief, PSD, arrived at post September 10th, and Mr. A. Malli, Program Assistant, arrived September 3rd. Sixty-one Lao National Police departed for training courses in Malaysia sponsored by the British Government. For a more detailed review of PSD activities in August and September see TOAID A-281 and TOAID A-396 respectively.

SULLIVAN

MENDENHALL

UNCLASSIFIED

APPENDIX A

PERSONNEL STRENGTH - August 31, 1965

Office/Division	American Direct Hire Posit. Planned	Posit. Estab.	On Board	Foreign Nationals Planned	On Board	Contract Americans On Board
Office of Director	4	4	4	-	-	-
Executive Office (HQ)	33	28	28	408	413	3 McFadden
Executive Office Field	5	3	3	-	-	1 Correa
Controller	12	12	10	54	49	
Office of Economic Affairs	18	18	14	12	12	
Program Office	14	10	10	6	5	
Office of Asst. Dir. Man.	5	3	3	1	1	1 Sigmund
Office of Supply Management	11	10	9	28	25	
Highway Division (HQ)	20	19	13	10	11	1 Green
Highway Division Field	39	9	9	2	2	1 Hakin
						1 Oswald
Office of Rural Dev. (HQ)	18	9	7	12	12	1 During
Office of Rural Dev. Field	53	26	19	133	120	1 Carlson
						33 IVS
						1 Jensen
						1 Falk
						1 Murphy
						1 O'Connor
						1 Adams
						1 Dahan
						1 Kinsman
						1 Young
						1 P. Larson
						1 G. Larson
						1 Carlon
Office of Technical Services	2	2	2	2	2	
Public Health Branch (HQ)	12	9	7	12	14	
Public Health Field	2	-	-	5	5	
Public Safety Branch	6	6	1	2	2	
Public Works Branch (HQ)	23	9	8	42	42	1 Myers
Public Works Branch Field	2	1	1	1	1	1 Burnett
						1 Flaskett
						1 Cooper
						1 Lewis
Agriculture Branch (HQ)	18	14	10	22	22	
Agriculture Branch Field]	2	2	2	1	1	

UNCLASSIFIED

Office/Division	American Direct Hire Planned	Posit. Estab.	On Board	Foreign Nationals Planned	On Board	Contract Americans On Board
Education Branch (HQ)	10	7	7	10	10	20 IVS
Education Branch Field	5	3	3	3	3	1 Brewer 1 Kawauchi 1 Kerman
Communication Media Branch	6	6	6	10	10	
Requirement Office (HQ)	22	20	19	37	33	
Requirement Office Field	5	5	4	19	19	
Secretary Pool (HQ)	24	23	25	-	-	
Secretary Pool Field	2	1	1	-	-	-
TOTALS August 31, 1965	373	259	225	819	814	82
TOTALS July 31, 1965	369	256	220	810	806	83

APPENDIX A

PERSONNEL STRENGTH - September 30, 1965

Office/Division	American Direct Hire Posit. Planned	Posit. Estab.	On Board	Foreign Nationals Planned	On Board	Contract Americans On Board
Office of Director	4	4	4	-	-	3 McFadden
Executive Office (HQ)	33	29	20	408	423	1 Correa
Executive Office Field	5	3	3	-	-	
Controller	12	12	10	54	48	
Office of Economic Affairs	18	18	12	12	13	
Program Office	13	10	9	6	5	
Office of Asst. Dir. Mun.	5	3	3	1	3	1 Sigmund
Office of Supply Management	11	10	9	28	31	
Highway Division (HQ)	23	23	17	10	13	1 Green
Highway Division Field	35	34	6	2	2	1 Eakin
						1 Oswald
Office of Rural Dev. (HQ)	19	16	9	12	12	1 During VTS
Office of Rural Dev. Field	52	33	19	133	124	1 Carlson PHS
						33 IVS
						1 Jensen
						1 Gustafson
						1 Falk
						1 Murphy
						11 O'Connar
						1 Kuhn
						1 Adams
						1 Bakon
						1 Kinsman
						1 Young
						1 P. Larson
						1 G. Larson
						1 Carlon
Office of Technical Services	2	2	1	2	2	
Public Health Branch (HQ)	12	10	8	12	15	
Public Health Branch Field	2	1	-	5	5	
Public Safety Branch	6	6	3	2	2	
Public Works Branch (HQ)	23	11	7	44	42	1 Myers
Public Works Branch Field	2	1	1	1	1	1 Barnett
						1 Plaehn
						1 Cooper
						1 Levin
Agriculture Branch (HQ)	18	15	12	22	20	
Agriculture Branch Field	2	2	2	1	1	
Education Branch (HQ)	9	9	7	10	11	1 Bruner
Education Branch Field	5	5	5	5	5	1 [illegible]
						1 Robinson
						17 IVS

UNCLASSIFIED

Office/Division	American Direct Hire Planned	Posit. Estab.	On Board	Foreign Nationals Planned	On Board	Contract Americans On Board
Communication Media Branch	6	6	6	14	9	
Requirement Office (FE)	22	20	19	37	34	1 French
Requirement Office Field	5	5	5	19	19	
Secretary Pool (FE)	24	24	25	-	-	
Secretary Pool Field	2	2	1	-	-	-
TOTALS September 30, 1965	370	314	229	838	838	83
TOTALS August 31, 1965	373	259	225	819	814	82

UNCLASSIFIED TOAID A 520 USAID/Vientiane 19 25

AIR OPERATIONS - HOURS FLOWN AND ESTIMATED COSTS
CUMULATIVE - 7/1/65 THROUGH 9/30/65

CONTRACTOR/AIRCRAFT	Hours Flown	Cost Per Hour	Total Cost $000	Cost Attributed by Mission $000 A	B	C	D	E	F	G
AIR AMERICA (342)										
C-46	1735	276	478	35	196	196	9	10	-	32
C-47	856	229	196	128	28	26	7	7	-	-
Ten-Two	209	105	22	14	-	3	2	3	-	-
C-123 (Air Force Bailed)	2333	198	461	61	60	104	97	100	39	-
Helio (AA Owned)	3429	107	368	27	135	135	34	37	-	-
Helio (Army Bailed)	1579	94	148	14	52	53	15	14	-	-
CV-2 (Army Bailed)	2320	185	429	53	108	130	53	52	33	-
Dornier	223	112	25	2	8	12	2	1	-	-
Sub-Total	12684		2127	334	587	659	219	224	72	32
Maint. Flts. - Prorata				10	14	20	14	14	(-72)	-
BKK Flts. - 2/3A - 1/3D				21	-	-	11	-	-	(-32)
ATOG Est. - Prorata			183	31	53	59	19	21	-	-
Commissary Credit (Sept.'65)			(-12)	(-12)						
Air Services Billing Credit * (July - Sept. '65)			(-19)	(-19)						
TOTAL AIR AMERICA (342)	12684		2279	365	654	738	263	259	-	-
CONTINENTAL AIR SERVICES (673)										
C-46 (Assigned RLG)	1884	265	499	-	117	117	138	127	-	-
C-47	230	165	38	23	5	10	-	-	-	-
Cessna Wren	125	96	12	10	-	-	1	1	-	-
Turbo - Porter	608	117	71	24	19	17	6	5	-	-
Dornier	83	108	9	9	-	-	-	-	-	-
Piper Apache	21	95	2	1	-	-	-	1	-	-
Beech Baron	8	125	1	1	-	-	-	-	-	-
TOTAL CONTINENTAL (673)	2959		632	68	141	144	145	134	-	-
CONT'L OPERATED - AA MAINT'ED										
674/401 Grant C-46s	883	264	233	-	11	12	165	37	8	-
Maint. Flts. - Prorata							7	1	(-8)	
TOTAL 674/401	883		233	-	11	12	172	38	-	-
TOTAL ALL AIR OPERATIONS	16526		3144	433	806	894	580	431	-	-

* Services rendered various other U.S. Agencies.

AIR OPERATIONS - HOURS FLOWN AND ESTIMATED COSTS
CUMULATIVE - 7-1-65 THROUGH 8-31-65

CONTRACTOR/AIRCRAFT	Hours Flown	Cost Per Hour	Total Cost $000	Cost Attributed by Mission $000 A	B	C	D	E	F	G
AIR AMERICA 342										
C-46	1156	275	318	21	131	132	6	7	-	21
C-47	601	230	138	89	22	21	3	3	-	-
Ten-Two	162	105	17	10	-	3	2	2	-	-
C-123 (Air Force Bailed)	1600	198	317	38	41	77	66	68	27	-
Helio (AA Owned)	2249	108	242	16	89	89	23	25	-	-
Helio (Army Bailed)	1268	93	118	12	41	42	12	11	-	-
CV-2 (Army Bailed)	1577	185	291	35	70	88	37	37	24	-
Dornier	194	113	22	2	7	10	2	1	-	-
Sub-Total	8807		1463	223	401	462	151	154	51	21
Maint Flts - Prorata				7	10	14	10	10	(-51)	-
BBK Flts - 2/3A, 1/3D				14	-	-	7	-	-	(-21)
ATOG Est - Prorata			122	20	35	40	13	14	-	-
Commissary Credit (Aug '65)			(-8)	(-8)						
Air Services Billing Credit* (July & August 1965)			(-14)	(-14)						
TOTAL AIR AMERICA 342	8807		1563	242	446	516	181	178	-	-
BIRD & SONS 327										
C-46 (Assigned RLG)	1283	265	340	-	82	82	91	85	-	-
C-47	141	163	23	18	-	5	-	-	-	-
Cessna Wren	80	100	8	6	-	-	1	1	-	-
Turbo-Porter	417	118	49	17	13	12	4	3	-	-
Dornier	39	103	4	4	-	-	-	-	-	-
Piper Apache	11	91	1	-	-	-	-	1	-	-
TOTAL BIRD & SONS 327	1971		425	45	95	99	96	90	-	-
BIRD OPERATED - AA MAINTAINED										
402/401 Grant C-46s	538	264	142	-	7	8	108	17	2	-
Maint Flts - Prorata							2		(-2)	
TOTAL 402/401	538		142	-	7	8	110	17	-	-
TOTAL ALL AIR OPERATIONS	11316		2130	287	548	623	387	285	-	-

* Services rendered various other U.S. Agencies

UNCLASSIFIED

UNCLASSIFIED

AID/Vientiane TOAID A 520

USAID/Vientiane TOAID A 520 UNCLASSIFIED 21 20

AIR OPERATIONS - HOURS FLOWN AND ESTIMATED COSTS
SEPTEMBER 1-30, 1965

CONTRACTOR/AIRCRAFT	Hours Flown	Cost Per Hour	Total Cost $000	Cost Attributed by Mission $00 A	B	C	D	E
AIR AMERICA (342)								
C-46	579	276	160	14	65	64	3	3
C-47	255	227	58	39	6	5	4	4
Ten-Two	47	106	5	4	-	-	-	1
C-123 (Air Force Bailed)	733	196	144	23	19	27	31	32
Helio (AA Owned)	1180	107	126	11	46	46	11	12
Helio (Army Bailed)	311	96	30	2	11	11	3	3
CV-2 (Army Bailed)	743	186	138	18	38	42	16	15
Dornier	29	103	3	-	1	2	-	-
Sub-Total	3877		664	111	186	197	68	70
Maint. Flts. - Prorata				3	4	6	4	4
BKK Flts. - 2/3A - 1/3D				7	-	-	4	-
ATOO Est. - Prorata			61	11	18	19	6	7
Commissary Credit (Sept.'65)			(-4)	(-4)				
Air Services Billing Credit * (Sept.'65)			(-5)	(-5)				
TOTAL AIR AMERICA (342)	3877		716	123	208	222	82	81
CONTINENTAL AIR SERVICES (673)								
C-46 (Assigned RLG)	601	265	159	-	35	35	47	42
C-47	89	169	15	5	5	5	-	-
Cessna Wren	45	89	4	4	-	-	-	-
Turbo - Porter	191	115	22	7	6	5	2	2
Dornier	44	114	5	5	-	-	-	-
Piper Apache	10	100	1	1	-	-	-	-
Beech Baron	8	125	1	1	-	-	-	-
TOTAL CONTINENTAL (673)	988		207	23	46	45	49	44
CONT'L OPERATED - AA MAINT'ED								
674/401 Grant C-46s	345	264	91	-	4	4	57	20
Maint. Flts. Prorata							5	1
TOTAL 674/401	345		91		4	4	62	21
TOTAL ALL AIR OPERATIONS	5210		1014	146	258	271	193	146

* Services rendered various other U.S. Agencies

UNCLASSIFIED

AIR OPERATIONS - HOURS FLOWN AND ESTIMATED COSTS
1-31 AUGUST 1965

CONTRACTOR/AIRCRAFT	Hours Flown	Cost Per Hour	Total Cost $000	Cost Attributed by Mission $000 A	B	C	D	E	F	G
AIR AMERICA 342										
C-46	610	275	168	11	68	69	4	5	-	11
C-47	325	230	75	47	13	13	1	1	-	-
Ten-Two	85	106	9	5	-	2	1	1	-	-
C-123 (Air Force Bailed)	818	198	162	23	16	44	32	33	14	-
Helio (AA Owned)	1161	108	127	10	46	46	12	13	-	-
Helio (Army Bailed)	613	93	57	6	20	20	6	5	-	-
CV-2 (Army Bailed)	689	184	127	17	32	32	17	17	12	-
Dornier	143	112	16	2	5	7	1	1	-	-
Sub-Total	4465		741	121	200	233	74	76	26	11
Maint. Flts - Prorata				4	5	7	5	5	(-26)	-
BKK Flts. - 2/3A, 1/3D				7	-	-	4	-	-	(-11)
ATOC Est. - Prorata			61	11	17	20	6	7	-	-
Commissary Credit (Aug '65)			(-4)	(-4)						
Air Services Billing Credit* (Aug. '65)			(-6)	(-6)						
TOTAL AIR AMERICA 342	4465		782	133	222	260	89	88		
BIRD & SONS 327										
C-46 (Assigned RLG)	674	266	179	-	40	40	53	46	-	-
C-47	54	167	9	4	-	5	-	-	-	-
Cessna Wren	38	105	4	2	-	-	1	1	-	-
Turbo-Porter	224	116	26	9	7	7	2	1	-	-
Dornier	39	103	4	4	-	-	-	-	-	-
Piper Apache	11	91	1	-	-	-	-	1	-	-
TOTAL BIRD & SONS 327	1040		223	19	47	52	56	49	-	-
BIRD OPERATED - AA MAINTAINED										
402/401 Grant C-46s	256	262	67	-	5	5	49	6	2	-
Maint Flts. - Prorata							2		(-2)	
TOTAL 402/401	256		67	-	5	5	51	6	-	-
TOTAL ALL AIR OPERATIONS	5761		1082	152	274	317	196	143	-	-

* Services rendered various other U.S. Agencies

UNCLASSIFIED

MAJOR AIR SUPPORT PROVIDED - SEPT. '65
CARGO (000 lbs.)

	Wheat	Rice a/	Other b/	Total	No. Pass.
I. By Air Support Mission					
A Inc. BKK Flts.			1579	1579	2976
B & C	342	3748	2426	6516	4875
D			2256	2256	5537
E	2	778	1580	2360	3750
TOTALS	344	4526	7841	12711	17138
II. By Contracts					
Air America (342)	202	2500	5722	8424	8001
Continental (673)		85	473	558	1250
Continental (673 Spec.)	125	1768	701	2594	4716
(MAG Assigned)					
Grant C-46s (AA-401/CAS-674)	17	173	245	1135	3171
TOTALS	344	4526	7841	12711	17138

a/ Dropped rice only
b/ Includes small quantity landed rice.

MAJOR AIR SUPPORT PROVIDED - AUGUST 1965

Cargo (000 lbs)

	Wheat	Rice[a/]	Other[b/]	Total	No. Pass.
I By Air Support Mission					
A Incl BKK Flts			1,652	1,652	3,527
B & C	173	4,025	2,534	6,732	5,354
D			2,409	2,409	5,897
E		801	1,595	2,396	3,396
TOTALS	173	4,826	8,190	13,189	18,174
II By Contracts					
Air America 342	110	2,508	5,984	8,602	9,106
Bird & Sons 327			365	365	1,093
Bird & Sons 327 SPEC. (BLG Assigned)	61	2,096	1,043	3,200	5,487
Grant C-46s (AA401/Bird402)	2	222	798	1,022	2,488
TOTALS	173	4,826	8,190	13,189	18,174

a/ Dropped rice only

b/ Includes small quantity landed rice

FLEET STATUS

AS OF 30 SEPTEMBER 65

CONTRACTOR/AIRCRAFT TYPE	NO.	REMARKS
Air America 342		
C-46	4	
C-47	3	
Ten-Two	1	
C-123	6	
Helio	9	
CV-2	5	
Total Contract 342	28	
Continental Air Services 673		
C-46	3	Assigned MLG
C-47	2	
Cessna Mrun	1	
Turbo-Porter	1	
Bornier	1	
Piper Apache	1	
Beech Baron	1	
Total Contract 673	10	
Cont'l. Operated - AA Maintained (674/401) Grant C-46s	2	MLG Owned & Controlled
TOTAL AID CONTRACTS	40	

FLEET STATUS

AS OF 31 AUGUST 1965

CONTRACTOR/AIRCRAFT TYPE	NO.	REMARKS
Air America 342		
C-46	4	
C-47	3	
Ton-Two	1	
C-123	6	
Helio	9	
Caribou	5	
Dornier	1	
Total Contract 342	29	
Bird & Sons 327		
C-46	3	Assigned RLG
C-47	1	
Cessna Wren	1	
Turbo-Porter	1	
Dornier	1	
Piper Apache	1	
Total Contract 327	8	
Bird Operated - AA Maintained		
402/401 Grant C-46s	2	RLG Owned & Controlled
TOTAL ALL CONTRACTS	39	

AIR SUPPORT PROVIDED

By aircraft assigned to or owned by RLG and operated under USAID contracts plus some light aircraft flights under USAID control. Includes air support for FAR and Refugee Relief in addition to that for the Neutralists. *

	Cum. 2Mos. 3Aug. '65	Sept. '65	Cum. 3Mos. 30Sept. '65
Heavy Cargo Flights			
Number of Flights	420	245	665
For Neutralists	111	64	175
For FAR	163	90	253
For Refugee Relief	146	91	237
Rice/Wheat (USAID Financed) Airlifted (000 lbs.)			
For Neutralists	1564	781	2345
For Refugee Relief	3049	1303	4352
Other Cargo Airlifted (000 lbs.)			
For Neutralists	887	435	1322
For FAR	2287	1111	3398
For Refugee Relief	395	345	740
Passengers Airlifted			
For Neutralists	4483	3049	7532
For FAR	8161	4838	12999
For Refugee Relief	85	165	250
Light Aircraft Flights			
Number of Flights	85	39	124
For Neutralists	16	7	23
For FAR	16	7	23
For Refugee Relief	53	25	78
Cargo Airlifted (000 lbs.)			
For Neutralists	-	1	1
For FAR	-	1	1
For Refugee Relief	150	66	216
Passengers Airlifted			
For Neutralists	32	15	47
For FAR	31	14	45
For Refugee Relief	861	483	1344

* This is in addition to that provided by USAID controlled aircraft.

Air Support Provided

My aircraft assigned to or owned by RLG and operated under US AID contracts plus some light aircraft flights under US AID control. Includes air support for FAR and Refugee Relief in addition to that for the Neutralists*.

	Cum 1 Mo 31 July 65	Aug. 65	Cum 2 Mos 31 Aug 65
Heavy Cargo Flights			
Number of Flights	199	221	420
For Neutralists	56	53	111
For FAR	75	88	163
For Refugee Relief	66	80	146
Rice/Wheat (USAID Financed) Airlifted (000 lbs)			
For Neutralists	763	801	1,564
For Refugee Relief	1,469	1,580	3,049
Other Cargo Airlifted (000 lbs)			
For Neutralists	447	440	887
For FAR	1,032	1,255	2,287
For Refugee Relief	133	262	395
Passengers Airlifted			
For Neutralists	1,746	2,737	4,483
For FAR	2,923	5,238	8,161
For Refugee Relief	-	85	85
Light Aircraft Flights			
Number of Flights	40	45	85
For Neutralists	7	9	16
For FAR	7	9	16
For Refugee Relief	26	27	53
Cargo Airlifted (000 lbs)			
For Neutralists	-	-	-
For FAR	-	-	-
For Refugee Relief	63	87	150
Passengers Airlifted			
For Neutralists	6	26	32
For FAR	5	26	31
For Refugee Relief	372	489	861

* This is in addition to that provided by US AID controlled aircraft

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No. 66-101

March 23, 1966

TO : Distribution List

FROM : Joseph A. Mendenhall, Director JAM

SUBJECT: Position and Role of the Area Coordinator (AC)
(Subject Index No. 220)

The Area Coordinator (AC) is the representative of the Mission Director in his designated geographical area and reports directly to the Office of the Director. He is the senior USAID official in his area and has administrative control over all USAID personnel assigned to his area, including personnel of the Requirements Office (RO).

The AC is responsible for the coordination and planning of all regional USAID activities in his area except those of RO and reporting to and advising the Office of the Director regarding the entire range of USAID activities in his area. He is expected to be a source of new ideas for program development and to provide mature judgment in achieving a balanced program -- oriented to U.S. and Lao objectives in his area.

He is responsible for keeping himself informed regarding elements of national programs undertaken in his area, providing guidance in their design for his area, and coordinating and assisting in their execution. Technical divisions are equally responsible to advise AC's of those elements of programs that are proposed to be undertaken in their areas. No program activities will be undertaken in an area without the prior knowledge of the AC.

The AC is the senior USAID contact with the RLG officials in his own area and represents the senior authority of the USAID in dealing with

DISTRIBUTION: A

these officials except when the Mission Director or Deputy Director is in the area. Under the coordination of the AC, technical issues with provincial RLG officials will be handled by the technical divisions either through their representatives in the area or by technicians coming from Vientiane or other areas. Where the representatives of technical divisions disagree with the decisions of the AC's, they may -- without prejudice -- raise this disagreement through their technical divisions to the Office of the Director for resolution. They will inform the AC of such actions. Pending such resolution, the technical divisions will not take action contrary to the orders of the AC.

The AC's will communicate directly with the technical and staff divisions in Vientiane to obtain services and plan and implement approved programs. In the event of disagreement or inability to obtain coordination between several divisions, the AC's may refer the issue for resolution to the Office of the Director.

The AC will participate in the preparation of the efficiency reports of all USAID staff members assigned to his area except those of BPR. In this latter case, he will prepare a supplementary statement on the employee's performance for attachment to the evaluation prepared by BPR.

All USAID staff members will inform the AC in advance of their intention to visit his area, their planned length of stay, and the reason for the visit. AC's will indicate their concurrence or reasons for nonconcurrence without undue delay.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No. 66-109

April 7, 1966

TO : Distribution List

FROM : Joseph A. Mendenhall, Director JAM

SUBJECT : Role of Community Development Advisors (CDAs)
(Subject Index No. 220)

1. The roles of the Area Coordinators (ACs) and the Community Development Advisors Area (CDAAs) are defined in separate Action Memos just issued. This Memo defines the roles of the Community Development Advisors (CDAs or Cluster Managers).

2. The role of CDAs can only be defined in the light of the objectives of USAID activities in rural areas:

a. The first purpose of USAID activities in rural areas is to help the Government of Laos increase its political support among the people. In order to achieve this end, USAID is assisting in rural areas in the development of the social infrastructure (education, health, roads, wells, etc.) to improve the welfare of the people. These social infrastructure activities are mounted by the Government for the benefit of the people, but with as much of a self-help component as is feasible.

b. The second and equally important purpose of USAID activities in rural areas is to assist the Government of Laos in the economic development of those areas. Such development is important for several reasons:

DISTRIBUTION: A

(1) To improve the levels of living of the people;

(2) To put the people into a position where they can better help defray (either directly or through taxes) at least part of the cost of the development, maintenance, and operation of the social infrastructure; and

(3) To place Laos in a position where it can gradually reduce imports and increase exports, thus cutting down on the country's balance of payments deficit.

To achieve these objectives, the economic focus in rural areas must be essentially on agriculture, since Laos is so overwhelmingly an agricultural country. Within the agricultural field, first priority should normally be on rice production and marketing. This is not to exclude promotion of other production possibilities where feasible -- livestock, vegetables, other crops and fruits, and small industry (like salt at Ban Keun).

3. The CDAs have multiple areas of authority and responsibility, and are subject to multiple channels of guidance:

a. Like the ACs and CDAAs in their geographic areas, the CDAs are also representatives of the USAID Mission as a whole in their smaller geographic areas (the clusters). The CDAs, like the ACs and CDAAs in broader geographic areas, thus have the authority and responsibility for coordinating the entire USAID program in their areas of jurisdiction. Other USAID divisions should work out their programs in cluster areas in consultation with the CDAs, and should undertake no project in those areas not approved by the CDAs. CDAs can thus veto the projects of other divisions, but the other divisions can, of course, appeal the veto. CDAs can suggest projects to other divisions. The other divisions can veto these suggestions, but the CDAs can likewise appeal the veto.

USAID technical divisions are required to notify CDAs (via ACs and CDAAs) when any of their personnel are visiting cluster areas. CDAs are expected to render cooperation and assistance to USAID technical division officials when they come into the cluster areas of CDAs. CDAs serve as the channel of contact for other technical divisions with local Lao officials in the cluster areas.

For these broad program coordinating responsibilities, the supervisory channel for the CDAs is up through the CDAAs and ACs to the Office of the Director.

b. Growing out of the objective outlined in paragraph 2a above, CDAs are responsible for the Community Development Program in their areas of geographical jurisdiction. In this connection they are expected to look for technical supervision, control and guidance to the Rural Development Division in Vientiane. They should, therefore, maintain close liaison with that Division. CDAs have generally received training as community development specialists -- they are, thus, themselves, technicians in this field, and in that respect, technical representatives of the Rural Development Division in the provinces and the clusters. They should, therefore, take guidance in the community development area from the Rural Development Division, just as any other field technician takes technical guidance from the relevant technical division in Vientiane. Their community development work (like the work of any other USAID technical division) will be under the general program coordination of the CDAAs and the ACs.

c. Growing out of the objective outlined in paragraph 2b above, CDAs are also responsible for the active promotion of the agricultural program. In this field, they work in cooperation with the Agriculture Division and its field representatives, and should look to that Division and its representatives for technical guidance and advice. Since CDAs are usually not technical experts themselves in this field, the problem is more difficult and delicate than their operation in the community development field. There are, however, many non-technical ways in which they can help promote the agricultural program -- by close cooperation with USAID and RLG agricultural officials, by obtaining the cooperation of Chao Muongs and other local officials in the agricultural program, by helping in normal contacts to make farmers aware of RLG and ADC services, by making program suggestions to USAID agricultural officials, by assisting in mobilizing villagers for agricultural purposes, by obtaining and submitting information pertinent to agricultural production, etc. No list can be all-encompassing - it is up to the initiative and vision of the CDAs, bearing in mind the high priority attached to agricultural development and particularly rice production. CAUTION: CDAs are not to initiate agricultural programs themselves because of difficulties this would raise with RLG agricultural officials.

As in their community development work, the agricultural work of the CDAs fall under the general program coordination of the CDAAs and the ACs.

d. CDAs, in addition to their program responsibilities, also have broad administrative responsibilities. They are responsible for the operation of the motor pools in their respective areas. They are also responsible for initiating action on housing, furniture, supplies, and other normal administrative requirements. These responsibilities of the CDAs are supervised by the CDAAs and the ACs.

4. I would like personally to add that no organization, no matter how roles are defined, will operate successfully unless the people in it are prepared to work and pull together to achieve its objectives. I, therefore, urge all USAID employees -- whether CDAs or technical division employees -- to approach each other in a spirit of cooperation with U.S. objectives firmly in mind.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

TO LAOS

ACTION MEMO

No. 66-119

April 19, 1966

TO : Distribution List

FROM : Joseph A. Mendenhall, Director JAM

SUBJECT : Position and Role of the Community Development Advisor - Area (CDAA) (Subject Index No. 220)

The position and role of the Area Coordinator (AC) and Community Development Advisor or Cluster Manager (CDA) are defined in separate Action Memos. This memorandum defines the position and role of the Community Development Advisor - Area (CDAA), who is on occasion referred to as a Sub-Area Coordinator.

The CDAA is generally a more experienced Community Development Advisor and as such is given direct supervisory responsibility for the Rural Development Division (RDD) activities in his area of responsibility which normally constitutes one province. This responsibility pertains both to the cluster programs and the refugee relief and resettlement activities of RDD. For an analogous description of his role in terms of program objectives, see paragraph 2 of Action Memo 66-109 of April 7, 1966, subject: "Role of Community Development Advisors (CDA's)."

In addition to this direct supervision of activities within the CDAA's field of technical specialty, the CDAA has a coordinating role analogous to that of the AC for all USAID activities within the area of his assignment. (See Action Memo 66-101 of March 23, 1966.) Under the guidance and supervision of the AC, the CDAA not only

DISTRIBUTION: A

coordinates on going activities, but also participates in the planning of all activities other than RO in his area and initiates suggestions for program development through the AC to the technical divisions and the Office of the Director.

The counterpart of the CDAA is normally the Governor of the province in which he is stationed, although it is recognized that this RLG official is also the counterpart of the AC when he is in the province.

The relation of the CDAA to the technical divisions is similar to that of the AC, although under the guidance of the AC. The CDAA coordinates all USAID activities in his province. Other USAID divisions should work out their programs in the CDAA's province in consultation with the AC's and CDAA's and should undertake no projects in the area that do not have their approval. Other divisions may appeal any decision of the CDAA or the AC, but will not undertake the activity pending such appeal.

USAID technical divisions are required to notify the CDAA's (via the AC's) when any of their personnel are visiting the province. CDAA's are expected to render cooperation and assistance to USAID technical divisions' officials when they come into the province and to serve as a channel of contact with the Lao officials of the province.

The CDAA's also have considerable administrative responsibilities, generally more extensive than those of a CDA and less complex than an AC. These responsibilities include logistics, transport, housing, local staff supervision, and similar activities.

Since the CDAA is normally a Community Development technician and the USAID personnel residents in his province are largely RDD people, the decision has been made to assign the CDAA's to RDD rather than to the AC's as part of the Office of the Director. The Performance Evaluation Reports and the Development Appraisal Reports are to be prepared by the AC's as their immediate supervisor and reviewed by RDD for submission to the USAID Efficiency Review Panel.

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No.66-134

June 1, 1966

TO : Distribution List

FROM : Joseph A. Mendenhall, Director JAM

SUBJECT: IVS/RD Role (Subject Index No. 220)

IVS/RD works in Laos under a contract with A.I.D. The Contractor, on behalf of the United States, renders technical advice and assistance to the Government of Laos.

In cooperation with the Cooperating Government, through the Ministry or the Commissioner of Rural Affairs, or his duly authorized representative, and under the general policy direction of the USAID Director, or his authorized representative, the Contractor provides personnel and advisory services in the planning and implementation of the program of rural development activities as selected jointly by the Cooperating Government, Contractor and USAID. Emphasis in rural development activities is given to rural self-help projects on a village or inter-village level designed to encourage local initiative and promote capabilities for organized community efforts leading to improved living conditions for villagers.

The IVS headquarters team is responsible for the overall policy, direction, fiscal and personnel support of field team members, the assignment of staff members in cooperation with the appropriate Ministry or service and USAID, and maintaining appropriate liaison with USAID and authorized representatives of the Commissioner. The Associate Chiefs-of-Party will maintain the above menioned liaison between the field team members and IVS headquarters, USAID and the RLG Ministries and Services at the national level by regular field visits. They will be in a position to discuss programs at the local level with full knowledge of the thinking and goals of the RLG at the national level through their contacts with the Ministries and Services.

DISTRIBUTION: D and All IVS/RD Personnel

Team members working on Rural Development projects will work under the general policy guidelines of the ADRD and cooperatively under the general direction of the CDA, administrative organ of the AC. The Agricultural group (including home economists) who are assigned to work with USAID/Agriculture will work under the technical direction of the chief of that division. With appropriate Cooperating Country counterparts, team members will be involved, in planning and implementation of village development activities at the Muong, Tasseng, and village level. They will also, in accordance with their specialties and agreed upon program objectives, assist in making preliminary surveys of areas to be developed in order to determine the needs of the population and prepare recommendations for project plans and activities.

IVS Agriculturists will cooperate with the field personnel of the Cooperating Country's Agriculture and Veterinary Services by giving advice and assistance in planning and implementing agricultural extension programs in surrounding villages and developing agricultural training programs for village leaders, farmers and others.

IVS Home Economists will work cooperatively with the RLG Home Demonstration agents by giving advice and assistance in planning and implementing extension programs dealing with home sanitation, gardening, health and nutrition, sewing, handicrafts, etc. They will also cooperate in developing training programs for village women in the above fields.

IVS Nurses will cooperate with RLG Midwives and PMI Nurses through the Ministry of Public Health in developing and implementing programs of prenatal and child care. Training programs for village women will also be developed cooperatively.

IVS Constructionists will work with Fundamental Educators and other representatives by advising and assisting in the organizing and training of villagers to construct and repair public facilities such as schools, dispensaries, wells, water seal toilets, etc. They will also assist in the development of training programs for the various manual arts.

The IVS Generalists will work with the Fundamental Educators, CRA field personnel when available, local teachers and others as appropriate by giving advice and assistance in planning and implementing information programs including movies, bulletin boards, etc. They will assist local schools in the development of recreational facilities and programs. They will further advise and assist in other areas according to program needs and the particular skills of the individual volunteer.

The field team members will work cooperatively with the CDA, the appropriate RLG personnel and USAID technical divisions in developing and obtaining approval for all projects. To the extent possible IVS/RD will channel requests for project commodities through their RLG counterparts in an effort to strengthen the influence of the Lao Government over the Lao populace. When this proves impractical, the volunteers will request material support through the CDA.

The IVS/RD headquarters staff will strive for better cooperation and understanding with the RLG by direct contacts with the appropriate Ministries and Services in Vientiane. Unilateral programs carried on by IVS will be forbidden in areas where AC's, CDAA's, CDA's and/or appropriate RLG counterparts are present. In areas where counterparts are not present, IVS will conduct programs only with the full approval of the responsible USAID representative and in agreement with the Ministry or Service involved.

US AID MISSION TO LAOS

MEMORANDUM

TO : See Distribution

FROM : Norman L. Sweet, Program Officer NLS

SUBJECT: "Fact Book"

Attached is a compilation of demographic, economic and other data on Laos, information as to the USAID program and its accomplishments, and some statistics on other foreign assistance to Laos. This replaces the booklet distributed in July 1966 and its several subsequent updatings.

The information given in the Fact Book is as of 31 December 1966, unless otherwise stated. As later statistics become available, the pertinent sections of the book will be revised.

Distribution
OD-2
EMB/POL-2
DD-1
EO-1
OPE-25
AD/AMI-3
Library-1
CON-2
RDD-3
IVS/RD-1
AGR-6
EDU-5
IVS/ED-1
BPR-3
OSM-1
PH-3
OB-1
PSD-1
PWD-3
RO-5
ECON-1
USIS-3
ARMA-1
AIRA-1
RMB-1
Rand-1
AID/W Laos Desk-5
Dept. Laos Desk-3
All field stations (List F)
C&R-3

OP/JWiarda:mcm/4/21/67

BASIC GEOGRAPHIC/DEMOGRAPHIC DATA

Area		91,000 sq. mi.(est.)
Under RLG Control		55,000 sq. mi.(est.) 1/
Population *		2,300,000
Ethnic Composition		
Thai or Tai (ethnic designation) Includes Lao and Tribal Tai		1,518,000
Phoutheng ("mountain people") Commonly called Lao Theng -- "mountain Lao" -- or Kha		621,000
Others Meo, Yao, miscellaneous		161,000
Population by Principal Cities		
Vientiane	125,000	
Savannakhet	25,000	
Luang Prabang	21,000	
Pakse	19,000	
Thakhek	10,000	
Population Density		25 per sq. mi.
Growth Rate		2.4% p.a.

1/ 35,200,000 acres, or 14.08 million hectares

* All population figures are estimates

OP/JWiarda:mcm
3/15/67

BASIC ECONOMIC DATA

Official Rate of Exchange

To October 1958:	K. 35 = $1.00
To January 1964:	K. 80 = $1.00
To date:	K. 240 = $1.00

Per Capita Income -- 1966, $66.0 (est.)
Gross National Product -- 1966, $179.2 million (est.)

Money and Banking ($ Millions)	1961	1962	1963	1964	1965	1966
Foreign Exchange Reserves	23.4	22.1	5.4	5.3	6.1	6.3
Currency in Circulation	27.4	49.6	70.0	27.0	34.3	40.1
Deposits in Com'l Banks	3.0	7.6	13.7	4.4	7.5	11.6

Foreign Trade ($ Millions)	1960	1961	1962	1963	1964	1965
Imports 1/	11.8	16.6	24.1	29.0	25.5	32.9
Exports	0.9	0.6	0.8	0.7	0.9	1.0
Trade Deficit	10.9	16.0	23.3	28.3	24.6	31.9

Imports by Source ($ Millions) 1/	1960	1961	1962	1963	1964	1965
France	1.5	1.3	1.8	1.7	1.1	1.9
HongKong	0.6	0.7	1.3	0.7	0.9	1.2
Indonesia	1.9	2.7	3.4	2.3	2.0	1.8
Japan	1.7	2.2	2.7	3.2	1.4	2.7
Thailand	1.9	4.0	8.3	8.9	7.1	8.5
United Kingdom	0.5	0.6	0.5	0.8	2.6	2.8
United States	1.6	2.5	3.2	7.4	7.2	8.3
Others	2.1	2.6	2.9	4.0	3.2	5.7
Totals	11.8	16.6	24.1	29.0	25.5	32.9

Imports by Commodities ($ Million) 1/	1964	1965
Vegetables	4.2	4.7
Minerals	4.1	5.3
Means of Transportation	2.9	3.3
Industrial Food Products	2.9	4.6
Textiles	2.5	3.0
Machinery	2.2	2.9
Chemical Products	1.7	1.9
Metal & Metal Products	1.6	1.8
Paper & Paper Products	0.7	1.1
Animals & Meat	0.7	1.1
Rubber & Rubber Products	0.6	0.7
Ceramics & Glass	0.4	0.9
Others	1.0	1.5
	25.5	32.8

1/ Excluding gold, but including all foreign aid project commodities.

Exports by Destination ($ Thousands)	1964	1965
France	0.9	11.2
HongKong	61.7	38.4
Singapore/Malaysia	753.6	663.7
Thailand	63.7	278.0
South Viet Nam	2,6	4.3
USA	4.7	2.8
Others	1.7	2.3
Totals	888.9	1,000.7

Exports by Commodity ($ Thousands)	1964	1965
Tin	690.6	613.4
Wood	53.0	79.5
Green Coffee	63.0	46.2
Cardamon	12.4	5.0
Benzoin	2.0	111.7
Sticklac	0.8	0.9
Leather & Hides	5.9	4.2
Others	61.2	139.1
	888.9	1,000.0

	1959/62	1963	1964	1965	1966
Gold Imports (Kgs.)	75,561	7,039	11,332	36,072	53,035
Value ($ Millions)	86.49	8.07	13.44	41.40	60.22

Import duty rate, 1966: 6.5% 8/31/66; 7.0% 12/19/66; 7.5% 12/31/66.

TIN CONCENTRATES PRODUCTION

1958/61	26,777.0 M.T.
1962	720.1 "
1963	662.4 "
1964	686.2 "
1965	578.3 "
10/31/66	557.7 "

OPIUM PRODUCTION

No figures available, but estimated to be worth $2.0 million per year to producers.

Source: USAID/OEA Statistical Bulletin

OP/JWiarda:mcm
3/15/67

AGRICULTURE

Total land area: 23.3 million hectares 1/
Area under RLG control (est.): 14.08 million ha.
Total arable area: 1.67 million ha.
Total cropped area: 0.8 to 1.2 million ha.
Total irrigated area: 33,000 ha. 2/
Area under rice cultivation: 900,000 ha. 3/
Paddy: 700,000 ha.; Upland: 200,000 ha.
Livestock Population 4/

Water buffalo	477,100
Cattle	724,800
Swine	979,400
Elephants	1,660
Fowl	10,104,200

1/ 91,000 square miles, or 58,240,000 acres. One hectare equals 2.5 acres.
2/ USAID/AG estimates. Of this total, USAID-assisted irrigation projects are responsible for 12,920 ha. (as of 7/1/66).
3/ FAO estimates.
4/ RLG Direction of Agriculture figures.

PRINCIPAL CROP PRODUCTION

	63/64*	64/65	65/66	66/67
Rice (milled) M.T	520,000	540,000**	570,000**	490,000**
Corn "	18,000	19,000*	20,520*	NA
Coffee "	2,000	3,480*	3,480*	NA
Tobacco "	3,000	3,000*	3,900*	NA

FORESTRY PRODUCTION *

	Timber(CM)	Firewood(CM)	Charcoal(MT)	Bamboo(CM)
1963	50,662	52,892	10,656	1,925
1964	50,392	79,216	10,635	2,213
1965	77,449	54,947	10,579	1,499
6/30/66	39,318	24,988	6,961	475

LIVESTOCK *

Slaughtered (Head)

	1962	1963	1964	1965	3/31/66
Cattle	12,199	5,990	4,991	7,104	1,803
Water Buffalo	19,586	11,907	13,303	17,927	3,963
Hogs	73,766	66,127	67,763	59,193	19,256

Hides

	1963		1964		1965		3/31/66	
	No.	MT	No.	MT	No.	MT	No.	MT
Cattle	3,436	23	1,838	20	946	5	144	1
Water Buffalo	6,662	79	4,335	101	1,650	23	541	1

* Source: Statistical Bulletin, USAID/OEA
** Source: USAID/Agriculture

OP/JWiarda:mcm
4/5/67

EDUCATION

Literacy Rate: 16% (est.)

Elementary Schools

	Total[1]	Number of Classrooms[2]	Enrollment[3]	Teachers[4]
Public	2,636	3,957	142,296	4,518
Private	89	373	17,421	417
Total	2,725	4,330	159,717	4,935

Secondary Schools [5]

	Total	Enrollment	Teachers
Public	14	4,165	176
Private	12	1,676	61
Total	26	5,841	237

1/ RLG preliminary figures for the 1966/67 school year; they include schools in areas not now under RLG control, which numbered 759 public and 27 private schools as of 15 November 1965 (the latest figures available in this respect).

2/ Also for the 1966/67 school year; the total reflects only those in use in RLG-controlled regions

3/ Actual enrollment as of November 1966 in only the schools operating in RLG territory; includes 102,123 boys (about 64%) and 57,594 girls (36%).

4/ The RLG retains on its payroll the teachers in public schools in areas affected by enemy action. If and when such teachers re-appear in secure territory they receive their back salaries and are re-assigned. The number of teachers thus "lost" varies from time to time, but is included in the overall total shown. Of the public school teachers' total of 4,418 (which includes 52 in administrative positions in the Ministry of Education), 81 percent (3,655) are men and 19 percent (863) are women; in the private schools almost 58 percent (240) are women while men teachers (177) represent just over 42 percent of the 417 total.

5/ RLG figures for the 1966/67 school year, as issued 15 March 1967; they cover only schools in areas to which RLG has access.

Public Elementary Schools by School District

District	Schools 1/	Classrooms 1/	Enrollment	Teachers 1/
Attopeu	60	85	2,938	104
Ban Keun (Vientiane)	59	125	4,197	133
Borikhane	73	123	4,290	143
Champassak	104	179	7,364	207
Houa Khong	110	95	2,743	122
Houa Phan	98	36	1,527	68
Kengkok (Savannakhet)	165	259	10,122	265
Khammouane	275	245	6,881	275
Luang Prabang	276	345	11,132	396
NongBok (Khammouane)	61	107	3,231	121
Paklay (Sayaboury)	87	146	5,263	160
Phone Hong (Vientiane)	52	101	3,211	121
Phone Saly -- Out of contact				
Saravane	134	137	4,360	166
Savannakhet	161	267	11,715	349
Sayaboury	74	135	4,528	155
Sedone	129	241	9,064	282
Sithandone	90	160	5,145	185
Vang Vieng (Vientiane)	105	138	4,514	155
Vientiane	162	631	24,248	713
Wapikhamthong	122	171	7,026	193
Xieng Khouang	239	231	8,797	153
Total	2,636	3,957	142,296	4,466

Private Elementary Schools by Province

Attopeu	4	4	101	4
Borikhane	2	10	295	10
Champassak	3	8	248	8
Houa Khong	1	1	56	2
Khammouane	13	46	1,566	46
Luang Prabang	5	42	1,828	46
Saravane	1	1	67	2
Savannakhet	5	37	2,042	43
Sedone	6	63	3,628	63
Sithandone	2	5	114	6
Vientiane	43	154	7,415	185
Wapikhamthong	1	2	61	2
Xieng Khouang	3	-	-	-
Totals 1/	89	373	17,421	417

1/ The footnotes on the first page of the Education section explain the apparent discrepancies between the number of schools, both public and private, the number of classrooms and the number of teachers in some districts.

USAID-assisted Public Elementary Schools by Province.
(FY 1955 - 31 December 1966)

Province	USAID-assisted Construction/Repair Schools	USAID-assisted Construction/Repair Classrooms	USAID-financed textbooks distributed
Attopeu	15	26	23,966
Borikhane	35	66	38,180
Champassak	39	74	67,189
Houa Khong	11	41	26,133
Houa Phan	1	7	22,819
Khammouane	68	167	101,196
Luang Prabang	29	110	96,712
Saravane	19	42	39,744
Savannakhet	58	172	178,278
Sayaboury	8	22	91,526
Sedone	67	130	90,584
Sithandone	43	67	49,396
Vientiane	52	203	199,961
Wapikhamthong	41	99	45,855
Xieng Khouang	6	32	52,126
	515	1,265	1,123,765

Groupes Scolaires by Province 1/

	Total	USAID-Assisted
Attopeu	4	3(12)
Borikhane	5	1(11)
Champassak	10	5(19)
Houa Khong	9	4(24)
Houa Phan	6	1 (7)
Khammouane	13	9(64)
Luang Prabang	26	14(88)
Phone Saly	3	-
Saravane	4	3(12)
Savannakhet	21	14(91)
Sayaboury	8	5(28)
Sedone	11	9(47)
Sithandone	8	7(21)
Vientiane	48	14(96)
Wapikhanthong	7	5(31)
Xieng Khouang	6	2(28)
	189	96(579)

1/ These figures are not additive to the total of elementary schools, but represent elements of that total.

Public Secondary Schools

	Enrollment[1]	Teachers
Lycees		
Vientiane -- 13 years	1,745	79 (11 Lao, 2 US, 62 Fr., 4 other
Pakse -- 12 years	541	22 (3 Lao, 1 US, 18 Fr.)
Savannakhet -- 12 years	549	24 (3 Lao, 1 US, 20 Fr.)
Luang Prabang -- 12 years	463	21 (3 Lao, 1 US, 17 Fr.)
Colleges [2]		
Saravane -- 10 years	139	7 (1 Lao, 1 US, 5 Fr.)
Thakhek -- 10 years	308	10 (1 Lao, 9 Fr.)
Attopeu	65	2 (2 Lao)
Borikhane	63	2 (1 Lao, 1 Fr.)
Champassak	36	1 (1 Lao)
Kengkok	71	2 (1 Lao, 1 Fr.)
Khong Island	66	2 (1 Lao, 1 Fr.)
Sam Thong	38	1 (1 Lao)
Sayaboury	28	1 (1 Lao)
Vang Vieng	53	2 (2 Fr.)
	4,165	176 (30 Lao, 6 US, 136 Fr., 4 oth

[1] RLG figures for 1966/67 school year, issued 3/15/67

[2] Except as otherwise noted, all now offer 1-year (7th grade) courses. The Ministry plans to start an additional grade at each in each of the next three school years, so that by the beginning of the 1969/70 school year all colleges will have 4-year programs.

Private Secondary Schools [1]

Vientiane		
Somboun Inthavong Lycee	208	6 (Misc.)
Chengsavong College	98	4 "
Chinese High School [2]	350	1 (Chinese)
Esperence College (Catholic)	83	2 (Misc.)
Darasmouth School "	130	4 "
Luang Prabang		
Dao Hung College (Catholic)[3]	166	11 (2 Lao, 2 Fr. 7 misc.)
Chinese High School	120	6 (1 Lao, 5 Chinese)
Paksane		
Esperence Lycee (Catholic)	64	5 (Fr.)
Mazenod College "	62	5 (Fr.)
Pakse		
Chinese High School	280	13 (Chinese)
Savannakhet		
Chinese High School	80	3 "
Sam Thong		
Sam Thong College (Lao)	35	1 (Lao)
Totals	1,676	61

[1] 1966/67 school year figures issued by the RLG as of 15 March 1967
[2] Offers 3 years above sixth grade; all others offer 4 years.
[3] Carries a small group up to seven years.

Teacher Training Schools (1966/67)	Enrollment	Teachers
ESP, Vientiane	1,507	116
2-, 4-, 5-, 7-, 9-year programs		
ENI, Luang Prabang	236	21
2- and 4-year programs		
ENI, Pakse	309	26
2- and 4-year programs		
ENI, Sam Thong 1-year program	70	4
ENI, Vang Vieng 1-year program	39	3
Total	2,161	170

Sectional Enrollment

	ESP	ENI,LP	ENI, Pakse	ENI, SamThong	ENI, VangVieng	Total
Lao	157	236	309	70	39	811
English	186	-	-	-	-	186
French	1,164	-	-	-	-	1,164
	1,507	236	309	70	39	2,161

Enrollment by Years of Study

	ESP	ENI,LP	ENI, Pakse	ENI, SamThong	ENI, VangVieng	Total
1st Year	467	131	211	70	39	918
2nd "	344	105	98	-	-	547
3rd "	289	-	-	-	-	289
4th "	227	-	-	-	-	227
5th "	52	-	-	-	-	52
6th "	54	-	-	-	-	54
7th "	55	-	-	-	-	55
8th "	10	-	-	-	-	10
9th "	9	-	-	-	-	9
	1,507	236	309	70	39	2,161

Expected Graduates -- 1967

	ESP	ENI,LP	ENI, Pakse	ENI, SamThong	ENI, VangVieng	Total
1-year program	-	-	-	70	35	105
2-year "	75	45	41	-	-	161
4-year "	170	-	-	-	-	170
7-year "	35	-	-	-	-	35
	280	45	41	70	35	471

Faculty Staffing, by Nationalities

	ESP	ENI,LP	ENI, Pakse	ENI, SamThong	ENI, VangVieng	Total
Lao	30	16	20	3	2	71
American	24	2	2	1	1	30
French	53	3	4	-	-	60
Canadian	2	-	-	-	-	2
English	2	-	-	-	-	2
Thai	3	-	-	-	-	3
Other	2	-	-	-	-	2

Technical Schools (1966/67)

	Enrollment	Teachers
Vientiane: Grades 7-9 and 11-12	402	52
Savannakhet: Grades 7-10	389	39
German (Vientiane): Grades 11-13	118	29
Totals	909	120

Enrollment by Course

	Vientiane	Savannakhet	German	Total
Commercial & Economic	99	92	-	191
Industrial Technology	9	-	-	9
Skills Training	165	157	75	397
Orientation (Aptitude Testing)	108	140	43	291
Short Course (Mechanics, etc.)	21	-	-	21
Totals	402	389	118	909

Enrollment by Grade

Grade 7 (Orientation)	108	140	-	248
Grade 7 (Commercial)	-	36	-	36
Grade 8	126	102	-	228
Grade 8 (Short course)	21	-	-	21
Grade 9	106	68	-	174
Grade 10	-	43	-	43
Grade 11	32	-	-	32
Grade 11 (Orientation)	-	-	43	43
Grade 12	9	-	36	45
Grade 13	-	-	39	39
Totals	402	389	118	909

Faculty Staffing by Nationality

Lao	28	16	23	67
French	22	21	-	43
German	-	-	6	6
USA	1	2	-	3
Canadian	1	-	-	1
Totals	52	39	29	120

Other Schools

Institute of Law and Public Administration (Est. 1923)
School of Medicine (Est. 1958)

PUBLIC HEALTH

Hospitals	**1,581 beds**	
RLG		
Vientiane (Mahosot) 1/	328 beds	(164 civ. 164 mil.)
Luang Prabang 2/	138 "	
Savannakhet	250 "	
Pakse	260 "	
Thakhek 2/	35 "	
Saravane 3/	60 "	
Paksane (FAR and RLG) 4/	60 "	
	1,131	Av. 17,000 patients p.a.

1/ French-assisted
2/ British-assisted
3/ OB-assisted
4/ Receives advisory service from Indian medical team.

OB-operated		
Vientiane	100 beds	
Paksong	60 "	
Sayaboury	30 "	
Attopeu	25 "	
Kengkok	25 "	
Vang Vieng	10 " 1/	
	250	Av. 10,000 in-patients, 116,000 out-patients p.a.

1/ To be 50 in March 1967 when new hospital is complete.

USAID-operated		
Sam Thong	140 beds	(Av. 350 in- and 1,400 out-patients monthly)
Indian Medical Team		
Vientiane	60 beds	(Patient load unknown)

Dispensaries		
RLG		
Rural Dispensaries	87	Av. 91,000 patients p.a.
USAID-assisted (Self-help, refugee, etc.)	235	Av. 750,000 patients p.a.

Trained medical/paramedical personnel		
Doctors		
Lao	10	
Ministry	4	
Military	6	

Foreign		57
Colombo Plan	4	
WHO	5	
French	8	
German	1	
Indian	4	
Filipino	30 1/	
American	5	
Medicin-chef *		15
In Provinces		
Assistant Medical Officers		26
Nurses *		397
Full-time	387	
Part-time	10	
Nurse Auxiliaries (Indian)		8
Midwives *		265
Diploma-ed	5	
Rural	260	
Hospital Orderlies *		9
Sanitary Agents *		1
Medical Students *		260
Doctors training (assistants)	154	
Dentists " "	1	
Nurses "	80	
Pharmacists "	13	
Midwives "	12	
USAID-Financed Training 1/		
Participant		
Malaria workers (medical/paramedical)		125
Male nurses (RLG) in rural sanitation		21
Head nurses (RLG hospitals)		10
Post-graduate Nurses (Ministry)		16
Practical Nurses (Ministry)		10
Midwives		5
Nurse-midwives		30
		217
OB Training		
Practical nurses		75
Auxiliary nurses		55
Medical aides		31
X-ray assistants		7
Laboratory assistants		11
Dental assistants		9
Midwives		5
Hospital dietitians		7
		200

1/ Includes 8 dentists

USAID/PHD Training

Field medics)	93
Village Health Workers)	
Practical nurses	75
Medics (civilian)	350

* As of 1964, latest RLG statistics availabel

1/ Cumulative as of 31 December 1966.

Sources: RLG Ministry of Health
USAID/PHD

OP/JWiarda:mcm

ROADS AND BRIDGES
(FY 1955 -- 31 December 1966)

Total Laos Highway System (Kms.)			5,623
Major (RIG)		2,941	
Secondary (RN)		2,682	
Annual Maintenance Financed Under USAID National Roads Project (Kms.)			1,896
RIG		1,231	
RN		665	
USAID-Financed Road Construction (Kms.)			1,052.2
National Roads Project		810.7	
RIG and RN	716.2 *		
Cluster	94.5		
Public Works Division RN and Cluster		241.5	
USAID-Financed Bridge Construction/ Major Improvement			132

* This is cumulative from FY 1955, and includes:

1. The 18.5-Km. Vientiane/Thadeua road, started in November 1961 and completed in February 1963 under an OICC contract (with Christiani and Nielson) at a cost of $1,415,606. (The ferry facilities at Thadeua were supplied under the Operation Mekong project.)

2. The 99.6-Km. Nam Cadinh/Nam Hin Boun road built by the Grove-Jones Company of New York, at a cost of $7.6 million; it was finished in May 1965.

3. 42.7-Km. of the 275-Km., $10,000,000, Vientiane/Luang Prabang project now under way and expected to be completed in 1969, to provide an all-weather road connection between the royal and administrative capitals of the country.

4. Approximately 235 Km. of road on which major rehabilitation was performed.

Sources: USAID/PWD
USAID/National Roads

OP/JWiarda:mcm
3/6/67

MAJOR AIRFIELDS IN LAOS

Name	Length (feet)	Width (feet)	Elevation (feet)	Constructed, Improved or Enlarged by USAID
Luang Prabang				
Luang Prabang	5,412	98	997	PWD
Sayaboury province				
Sayaboury	2,670	62	1,070	
Ken Thao	2,720	132	875	PWD
Paklay	1,630	60	917	
Xieng Lom	2,300	130	1,900	
Houa Khong province				
Ban Houei Sai	4,920	118	1,300	PWD
Nam Lieu	3,116	98	1,900	PWD
Vientiane province				
Vientiane	6,538	150	558	PWD
Vang Vieng	4,182	98	971	PWD
Borikhane province				
Paksane	4,650	65	515	
Savannakhet province				
Savannakhet	5,850	140	509	BPR
Seno	5,906	131	607	
Seno Alternate	3,937	131	607	
Khammouane province				
Thakhek East	2,660	100	500	
Thakhek West	2,660	100	492	
Saravane province				
Saravane	4,796	80	550	PWD
Sedone province				
Pakse	5,325	130	400	
Attopeu province				
Attopeu	4,400	68	410	BPR
Houei Kong	1,800	80	2,850	
Champassak province				
Wat Phu (Champassak)	2,954	160	400	
Sithandone province				
Khong Island	3,110	62	250	PWD
Xieng Khouang province				
Muong Souei	5,412	118	3,600	PWD
Sam Thong	2,128	81	3,800	PWD
Long Thien	2,200	150	3,120	PWD

Sources: USAID/PWD and USAID/BPR
3/20/67

LAO NATIONAL POLICE

	Officers	NCOs[1]	Men[2]	Total
Headquarters	57	232	80	369
Vientiane City Police	220	862	159	1,241
Sub-divisions	287	2,709	395	3,391
Attopeu	8	118	15	141
Borikhane	16	86	32	134
Champassak	15	93	40	148
Houa Khong	5	131	34	170
Khammouane	20	271	26	317
Luang Prabang	30	318	60	408
Saravane	17	149	35	201
Savannakhet	47	518	27	592
Sayaboury	29	160	14	203
Sedone	41	355	26	422
Sithandone	11	121	23	155
Vientiane	42	266	49	357
Wapikhamthong	6	123	14	143
Trainees [3]	-	-	96	96
TOTAL	564	3,803	730	5,097

1/ Ranging from sergeants to warrant officers
2/ Corporals; the LNP has no privates
3/ 76 are in training at the Done Noune police academy in Vientiane and 20 are in training in Thailand.

In addition, there are an estimated 423 Neutralist police, for about 300 of whom integration into the Lao National Police now is in process.

Sources: LNP Report, 8/16/66
USAID/PSD

OP/JWiarda:mcm
3/14/67

USAID PROJECT ASSISTANCE
(FY 1955 through 31 December 1966)

	Obligations	
	Dollars	Kip ($ equivalent)1/
Agriculture & Natural Resources	5,094,300	3,715,000
Industry & Mining	1,966,600	347,000
Transportation	33,912,100	14,435,000
Health & Sanitation	11,045,100	4,452,000
Education	6,985,800	6,657,000
Public Safety	3,437,800	15,461,000
Public Administration	1,363,900	1,233,000
Community Development & Social Welfare	36,556,800	12,441,000
General & Miscellaneous	77,417,800	15,690,000
TOTAL	177,780,200 2/	74,431,000

DOLLAR BREAKDOWN BY FISCAL YEAR
(Rounded to Nearest Thousand)

	FY 1955/63	FY 1964	FY 1965	FY 1966	FY 1967 3/	Total
Agri. & Natural Res.	1,515.0	551.7	891.0	1,631.6	505.0	5,094.3
Industry & Mining	1,888.4	51.2	-	-	27.0	1,966.6
Transportation	20,579.3	1,735.0	4,777.1	3,665.7	3,155.0	33,912.1
Health & Sanitation	2,826.9	1,704.4	2,789.5	2,790.3	934.0	11,045.1
Education	3,235.7	689.4	824.1	1,255.6	781.0	6,985.8
Public Safety	1,883.7	-	894.4	556.7	103.0	3,437.8
Public Admin.	968.4	137.4	92.4	98.7	67.0	1,363.9
Community Dev. & Social Welfare	10,614.5	3,554.7	7,061.4	9,577.2	5,749.0	36,556.8
Gen'l & Misc.	23,797.8	15,001.2	16,185.5	18,485.3	3,948.0	77,417.8
TOTALS	67,309.7	23,625.0	33,515.4	38,061.1	15,269.0	177,780.2

1/ Conversion Rates:
To October 1958: K. 35 = $1.00
To January 1964: K. 80 = $1.00
To present: K. 240 = $1.00

2/ This total represents, roughly, $90.8 million for personnel services; $74.4 million for project commodities, $1.4 million for participant training, and $11.2 million for other costs.

3/ Through 31 December 1966.

The above figures do not include projects carried on in Laos from FY 1950 through FY 1954 under the Indochina program administered by the Special Technical and Economic Mission (STEM, the forerunner of the USAID in the Far East) from Saigon. Those programs were in the same general fields as those listed above.

KIP BREAKDOWN BY FISCAL YEAR
(Dollar Equivalents, in Thousands)[1/]

	FY 1955/63	FY 1964	FY 1965	FY 1966	FY 1967[2/]	Total
Agri. & Nat. Res.	1,731	375	494	749	366	3,715
Industry & Mining	293	54	-	-	-	347
Transportation	9,936	953	908	1,195	1,443	14,435
Health & Sanitation	2,435	269	589	692	467	4,452
Education	2,749	903	740	1,351	914	6,657
Public Safety	15,000	-	-	31	430	15,461
Public Admin.	1,207	-	24	-	2	1,233
Community Development & Social Welfare	6,677	1,511	1,366	1,794	1,093	12,441
General & Misc.	4,447	1,785	2,679	5,262	1,517	15,690
TOTALS	44,475	5,850	6,800	11,074	6,232	74,431

NON-PROJECT ASSISTANCE
FY 1955 through 31 December 1966
(In Millions of Dollars)

	FY 1955/63	FY 1964	FY 1965	FY 1966	FY 1967	Total
Cash Transactions	214.0	6.0	7.7	12.5	5.9	246.1
Procurement Author.	30.9	2.7	2.5	3.0	-	39.1
US Import Program	11.5	8.0	4.9	2.0	-	26.4
Section 402	0.3	-	-	-	-	0.3
PL 480, Title II	0.8	-	-	-	-	0.8
PL 480, Title III	0.9	1.2	0.4	-	-	2.5
TOTALS	258.4	17.9	15.5	17.5	5.9	315.2

1/ Conversion Rates:
To October 1958: K. 35 = $1.00
To January 1964: K. 80 = $1.00
To present: K. 240 = $1.00

2/ Through 31 December 1966

OP/JWiarda:mcm
3/15/67

UNITED STATES IMPORT PROGRAM

Commodities Licensed for Import
(FY 1963 through 31 December 1966)

	Value
Foodstuffs (excluding rice)	$3,562,708
Rice	1,828,022
Medical, pharmaceutical & chemical preparations	2,220,747
Tobacco	748,364
Textiles	2,296,745
Paper and pulp products	1,797,575
Cement	2,003,786
Minerals (including non-metallic, but excluding cement and petroleum products)	3,880,228
Industrial equipment (excluding electricals)	1,788,191
Electrical apparatus	1,195,496
Vehicles	2,424,003
Tractors, road building, mining equipment	946,359
Tires and other rubber products	667,599
Miscellaneous	322,022
Total	$25,681,845

Value of arrivals as of 31 December 1966: $24,865,268.

In addition, POL import licenses totalling $9,012,347 have been issued during the same period.

Source: USAID/OEA

OP/JWiarda:mcm
2/13/67

BASIC ECONOMIC DATA

Conversion Rates: To October 1958: K. 35 = $1.00
To January 1964: K. 80 = $1.00
To present: K. 240 = $1.00

National Budget ($ Million)

	FY 1963	FY 1964	FY 1965	FY 1966 1/	FY 2/ 1967
Civil Budget	23.7	21.6	13.2	20.2	25.7
Military & Police Budget	29.8	29.0	29.8	39.6	39.6
Totals	53.5	50.6	43.0	59.8	65.3
Budget Revenues	10.6 3/	13.3 4/	19.7	19.6	20.9
US Budget Support	7.6	-	5.2	-	-
Deficit	35.3	37.3	18.1	40.2	44.4
Non-US Aid	-	0.1	0.9	1.5	2.9
Borrowings from Central Bank	43.8	16.2	18.6 5/	38.7 6/	41.5

1/ Figures as of November 1966; not final
2/ Estimates
3/ Includes $2.5 million from Lao Stabilization Fund
4/ Includes $0.6 million from Lao Stabilization Fund
5/ In May 1965, $10.5 million in FEOF Kip proceeds were used for repayment of debt to the National Bank.
6/ In October 1965 $1,137,500 of FEOF Kip proceeds were used for the same purpose as in 4/ above.

Budget Revenues ($ Million)

	FY 1963	FY 1964	FY 1965	FY 1966	FY 1/ 1967
State Forests	0.08	0.08	0.07	0.08	0.01
PTT	0.54	0.57	0.50	0.59	0.20
Registry	0.26	0.29	0.24	0.35	0.10
Customs	5.61	8.59	11.30	13.79	3.03
Indirect Taxes	1.86	1.87	2.19	2.63	0.75
Direct Taxes	0.64	0.69	1.13	1.61	0.48
Totals	8.99	12.09	15.43	19.05	4.57

1/ Through 30 September 1966

USAID Programs ($ Millions)

	FY 1955/62	FY 1963	FY 1964	FY 1965	FY 1966	FY 1/ 1967
Economic Aid Dollars	288.9	36.8	41.5	49.0	55.5	21.2
Kip ($ Equivalent) 2/	39.9	4.5	5.9	6.9	11.0	6.2

1/ Through 31 December 1966
2/ These funds are generated by part of the dollar economic aid and are not additive to that total.

OP/JWiarda:mcm
3/21/67

CLUSTER PROGRAMS
(FY 1964 through 31 December 1966)

Number of clusters	14
Total number of villages	1,483
Total population	380,646
Major physical accomplishments (cumulative)	
Schools built/repaired	124(268 rooms)
Dispensaries	37
Wells drilled	116
Wells dug	103
Roads (Kms.)	153.5
Bridges	45
Airstrips	2
Irrigation systems	9
Water storage/flood control dams	7
Villages with vegetable gardens	142
Training centers/multipurpose bldgs.	7
Villagers trained	1,048 1/
Soldiers trained	233
Markets	7
Bulletin boards	119

1/ This total includes only those trained in formal programs.

Names, Locations and Population

Luang Prabang province
Xieng Ngeun -- 27 villages, 4,237 population
Sayaboury province
Muong Phieng -- 17 villages, 12,500 population
Vientiane province
Phone Hong -- 77 villages, 21,784 population
Vang Vieng -- 69 " , 14,750 "
Ban Keun -- 34 " , 16,000 "
Thadeua 1/ -- 15 " , 10,000 "
Borikhane province
Borikhane -- 39 villages, 5,921 population
Pak Cadinh -- 31 " , 4,592 "
Savannakhet province
Kengkok -- 101 villages, 38,000 population
Dong Hene -- 192 villages, 42,700 population
Lahanam -- 117 villages, 37,000 population
Khammouane province
Nong Bok -- 70 villages, 26,000 population
Attopeu province
Houei Kong -- 44 villages, 5,162 population
Sedone Valley Development Program
(All of Wapikhamthong province, and portions of Sedone and Saravane provinces) 650 villages, 142,000 population

1/ A joint RLG/UN/USAID venture.

OP/JWiarda:mcm
3/17/67

FORWARD AREA PROGRAMS
(FY 1965 through 31 December 1966)

Number of Forward Areas	9
Total number of villages	149 1/
Total population	83,000 1/
Major physical accomplishments (cumulative)	
Dispensaries built/repaired	3
Wells drilled	5
Wells dug	39
Water supply systems	1
Irrigation systems built/repaired	5
Warehouses built	2
Crematories built	1
Roads built -- Km.	20
Soldiers trained in Social Service	8
Villages with vegetable gardens	13

1/ These figures are estimates and not all-inclusive; several of the Forward Areas are not yet completely defined.

Locations and Population

Luang Prabang province
- Nam Bac -- 10 villages, 5/8,000 population
- Muong Kassy 1/ -- 16 villages, 16,000 population

Sayaboury province
- Hong Sa -- 51 villages, 21,000 population
- Xieng Lom -- 32 villages, 13,000 population
  (Both areas served by one FA team)

Vientiane province
- Muong Met 1/

Savannakhet province
- Ban Houei Nun -- 6 villages, 4,500 population

Khammouane province
- Ban Nakhua -- 7 villages, 4,500 population
- Dong Kasene -- 14 villages, 11,000 population

Xieng Khouang province
- Muong Souei -- 13 villages, 6,000 population

1/ Muong Kassy and Muong Met are served by on FA team; population figures given for Muong Kassy actually represent totals for both areas.

OP/JWiarda:mcm
3/17/67

USAID/LAOS PHYSICAL ACCOMPLISHMENTS
(From FY 1955 through 31 December 1966)

The following shows the physical accomplishments of the USAID program in Laos by province, by cluster, and by major activity field. Totals for schools, dispensaries, roads and bridges include not only new construction but also USAID-financed major reconstruction of rehabilitation. Figures in parenthesis after schools show classrooms.

ATTOPEU PROVINCE

		Houei Kong Cluster	Non-Cluster	Total
Schools		8(13)	7(13)	15(26)
Training Center Dormitories		1	-	1
Hospitals		-	1	1(25 beds)
Dispensaries (Self-help) (These and 4 OB dispensaries are supported to varying degrees by USAID)		6	-	6
Roads (Kms.)		26	6	32
Bridges		13	-	13
TP/BPR shops/warehouses		-	1	1
Wells drilled		-	6	6
Water supply systems		2	-	2
Waterseal toilets		25	-	25
Ferry boats		-	1	1
Demonstration farms		1	-	1
Villages with gardens		40	-	40
Fishponds		5	-	5
Villagers trained		91	-	91
Social Service	14			
Public Works	15			
Home Economics	12			
Miscellaneous	50			
Bulletin Boards		10	-	10
Barracks		-	8	8
Textbooks distributed			23,966	23,966

BORIKHANE PROVINCE

	Borikhane Cluster	Pak Cadinh Cluster	Non-Cluster	Total
Schools	9(16)	6(16)	20(44)	35(76)
Dispensaries (Self-help) All supported by USAID	3	1	1	5
Roads (Kms.)	-	4.5	74.5	79
Bridges	4	-	11	15
Wells drilled	-	-	5	5
Wells dug	12	14	-	26
Waterseal toilets	80	-	10	90
Training centers	1	-	1	2
Markets	-	-	1	1

		Borikhane Cluster	Pak Cadinh Cluster	Non-Cluster	Total
Salas		-	-	5	5
Ferry boats		-	-	3	3
Bulletin boards		20	17	-	37
Villages with gardens		10	15	-	25
Villagers trained		63	91	15	169
Agriculture	15				
Home Economics	45				
Miscellaneous	109				
Textbooks distributed		-	-	38,180	38,180

CHAMPASSAK PROVINCE

Non-cluster	Total
Schools	39(74)
Wells dug	1
Wells drilled	12
Salas	3
Irrigation dams	1
Roads (Kms.)	39
Textbooks distributed	67,189

HOUA KHONG PROVINCE

Non-cluster		Total
Schools		11(41)
Dispensaries/Infirmaries		27
1 dispensary and one infirmary (12-bed) built with USAID assistance; all are supported to varying degrees by USAID		
Roads (Kms.)		30
Bridges		5
TP/BPR shops/warehouses		1
Airstrips		2
Ferry boats		2
Wells dug		18
Irrigation systems		1
Villagers trained		108
Leadership	100	
Public Works (Fundamental Educators)	8	
Textbooks distributed		26,133

HOUA PHAN PROVINCE

Non-cluster	Total
Schools	1(7)
Textbooks distributed	22,819

KHAMMOUANE PROVINCE

	NongBok Cluster	Dong Kasene FA	Nakhua FA	Non-Cluster	Total
Schools	7(16)	-	-	61(151)	68(167)
Rural crafts facilities	-	-	-	1 (1)	1 (1)
PSI offices/warehouses	-	-	-	2	2
Additions, Thakhek college					
Laboratory				1	1
Conference room				1	1
5-classroom/dining hall bldg.				1	1
Water system				1	1
Sanitary facilities				1	1
Fence				1	1
Dispensaries	-	-	-	5	5
2 built, 3 rehabilitated with USAID assistance; all receive USAID support in varying degrees.					
Roads (Kms.)	-	-	-	170	170
Includes 99.6-Km. Nam Cadinh/ Nam Hin Boun road.					
Bridges	-	-	-	13	13
TP/BPR shops/offices	-	-	-	1	1
Rice seed warehouses	-	-	-	1	1
Multipurpose buildings	-	-	-	1	1
Wells dug	19	-	-	7	26
Wells drilled	-	-	-	16	16
Villages with gardens	8	-	-	-	8
Villagers trained	30	-	-	61	91
Leadership 30					
Home Economics 61					
Textbooks distributed	-	-	-	-	101,196

LUANG PRABANG PROVINCE

	Xieng Ngeun Cluster	Muong Kassy FA	Nam Bac FA	Non-Cluster	Total
Schools	9(27)	1(3)	-	19(80)	29(110)
ENI-LP	-	-	-	1	1
3-room demonstration school					
2 dormitories					
1 auditorium/messhall/ kitchen bldg.					
1 toilet bldg.					
Faculty housing					
Service bldgs.					
Rural crafts facility	-	-	-	1(1)	1(1)
PSI office/warehouses	-	-	-	1	1
Dispensaries	-	2	-	-	2
16 other dispensaries are supported to varying degrees by USAID.					

	Xieng Ngeun Cluster	Muong Kassy FA	Nam Bac FA	Non-Cluster	Total
Roads (Kms.)	-	-	-	91	91
Bridges	-	-	-	17	17
TP/BPR shop/office bldgs.	-	-	-	1	1
Irrigation systems	2	-	-	19	21
Water fountains	-	1	-	-	1
Wells dug	6	1	-	-	7
Waterseal toilets	100	-	-	-	100
Multipurpose buildings	1	-	-	-	1
Markets	1	1	-	-	2
Cement floor/apron for market	-	-	-	1	1
Crematories	-	1	-	-	1
Bulletin boards	17	-	-	-	17
Slaughterhouses	-	-	-	1	1
Rice seed warehouses	-	-	-	1	1
Regional warehouses	-	-	-	1	1
Fish breeding stations	-	-	-	1	1
Fishponds	3	-	-	-	3
Airport rehabilitation	-	-	-	1	1
Repair, LP City water system	-	-	-	1	1
Ferry boats	-	-	-	4	4
Villages with gardens	15	8	-	-	23
Villagers trained	17	-	-	15	32
Vegetable production 15					
Maternal/Child Care 17					
Textbooks distributed	-	-	-	96,712	96,712

SARAVANE PROVINCE

	SVP*	Non-Cluster	Total
Schools	11(26)	8(16)	19(42)
Dispensaries (Self-help)	7	-	7
These are supported by USAID, as are 5 RLG dispensaries in the province			
Roads (Kms.)	-	22	22
Bridges	-	5	5
TP/BPR shop/office bldg.	-	1	1
Airstrip enlargement	-	1	1
Irrigation systems	-	4	4
Wells dug	1	-	1
Exploratory drilling (feet)	-	2,200	2,200
Ban Padou Coal Mine			
Textbooks distributed		39,744	39,744

* Sedone Valley Development Program; covers all of Wapikhamthong province and portions of Sedone and Saravane provinces.

SAVANNAKHET PROVINCE

	Kengkok Cluster	Dong Hene Cluster	Lahanam Cluster	Houei Mun FA	Non-Cluster	Total	
Schools	7(20)	6(6)[1]	-	-	45(146)	58(172)	
Savannakhet Technical School 3-bldg addition	-	-	-	-	1	1	
Savannakhet Apprentice School Dormitory	-	-	-	-	1	1	
PSI office/warehouses	-	-	-	-	2	2	
Hospitals	-	-	-	-	1	1	1-25 bed
Dispensaries (Self-help) All built with USAID assistance and supported to varying degrees by USAID, as are 3 RLG dispensaries	3	2[2]	-	-	-	5	
Airfield construction/ improvement	-	-	-	-	2	2	
Roads (Kms.)	-	-	-	-	124	124	
Bridges	-	-	-	-	7	7	
TP/BPR office/shop bldgs.	-	-	-	-	1	1	
Water storage/flood control systems	-	-	-	-	6	6	
Wells dug	18	8[3]	-	-	-	26	
Wells drilled	3	-	7	5	3	18	
Waterseal toilets	82	-	-	-	-	82	
Regional warehouses	-	-	-	-	1	1	
Rice seed warehouses	-	-	-	-	1	1	
Fish hatcheries	-	-	-	-	1	1	
Police stations	1	2[1]	-	-	-	3	
Multipurpose bldgs.	1	-	-	-	-	1	
Salas	-	-	-	-	2	2	
RLG/USAID headquarters	-	-	-	-	1	1	
Bulletin boards	20	-	-	-	-	20	
Villages with gardens	10	8[1]	-	-	-	18	
Villagers trained Agriculture 31 Blacksmithing 6 Miscellaneous 30	50	6	-	-	11	67	
Soldiers trained	20	-	-	-	-	20	
Textbooks distributed	-	-	-	-	178,278	178,278	

1/ Accomplished under Forward Area program.

2/ One built under Forward Area program.

3/ Four dug under Forward Area program.

SAYABOURY PROVINCE

	Muong Phieng Cluster	Xieng Lom FA	Hong Sa FA	Non-Cluster	Total
Schools	5(11)	-	-	3(11)	8(22)
PSI office/warehouses	-	-	-	1	1
Hospitals	-	-	-	1	1(30)
Dispensaries (Self-help)	4	1	-	1	6
All supported to some degree by USAID as are 12 other dispensaries in the province.					
Airfield improvement	-	-	-	1	1
Roads (Kms.)	-	20	-	154	174
Includes 117-Km. Kenethao/ Paklay road built by FAR with USAID assistance					
Bridges	-	-	-	4	4
TP/BPR shop/office bldg.	-	-	-	1	1
Irrigation systems	-	4	1	4	9
Water storage systems	1	-	-	-	1
Wells dug	15	37	1	4	57
Wells drilled	4	-	-	30	34
Waterseal toilets	139	-	-	-	139
Fishponds	2	-	-	-	2
Rice seed warehouses	-	-	-	1	1
Training centers	-	-	-	1	1
Multipurpose bldgs.	1	-	-	-	1
Bulletin boards	15	-	-	-	15
Ag. Demonstration areas	1	-	-	-	1
Markets	1	-	-	1	2
Salas	-	-	-	1	1
Ferry boats	-	-	-	1	1
Crematories	1	-	-	-	1
Villages with gardens	8	5	-	-	13
Livestock station	-	-	-	1	1
Agriculture nursery	-	-	-	1	1
Villagers trained (Leadership)	36	-	-	-	36
Soldiers trained (Social Service)	24	8	-	-	32
Textbooks distributed	-	-	-	91,526	91,526

SEDONE PROVINCE

	SVP *	Non-Cluster	Total
Schools	9(20)	58(110)	67(130)
PSI office/warehouses	-	1	1
ENI, Pakse	-	1	1
3-classroom/admin. bldg.			
2 dormitories			
3-room demonstration school			
Practical arts bldg.			
Auditorium/messhall bldg.			
Toilet bldg.			
Faculty housing			

	SVP *	Non-Cluster	Total
Hospitals	-	1	1 (60 beds)
Dispensaries 8 of these are operated by OB with USAID support. Some USAID assistance is provided for the 4 RLG dispensaries included in the total	-	12	12
Roads (Kms.)	24	58	82
Bridges	12	5	17
IP/BPR shop/office bldgs.	-	1	1
Wells drilled	15	17	32
Irrigation systems	-	1	1
Agriculture Training Center	-	1	1
Crop experiment stations	-	3	3
Fruit nurseries	-	1	1
Livestock stations	-	1	1
Fish hatcheries	-	1	1
Regional warehouse	-	1	1
Rice seed warehouses	-	2	2
Ferry boats	-	2	2
Refugee centers	-	2	2
Barracks	2	-	2
Villagers trained Agriculture 33 Home Economics 30	-	63	63
Textbooks distributed	-	90,584	90,584

* Sedone Valley Development Program; covers all of Wapikhamthong province and parts of Sedone and Saravane provinces.

SITHANDONE PROVINCE

Non-cluster	Total
Schools	43(67)
Bridges	4
Ferry boats	1
Airstrips	1
Irrigation dams	1
Wells dug	5
Waterseal toilets	5
Markets	1
Salas	12
Textbooks distributed	49,396

VIENTIANE PROVINCE

	Clusters					
	Ban Keun	Vang Vieng	Phone Hong	Thadeua (UN)	Non-Cluster	Total
Schools	-	10(30)	2(7)	1(4)	39(162)	52(203
PSI office/warehouses	-	-	-	-	3	3
ESP, Vientiane	-	-	-	-	1	1
1 Admin. bldg. 60 Classrooms 2 Demonstration schools 12 Dormitories 1 Infirmary 1 Auditorium/gym bldg. 1 Dormitory/messhall/ kitchen bldg. 9 Faculty houses 6 Faculty apt. bldgs. Misc. farm bldgs. Misc. service bldgs.						
Workshop, Vientiane Technical School	-	-	-	-	1	1
Dormitory, Vientiane Technical School	-	-	-	-	1	1
RLG warehouses	-	-	-	-	4	4
Agriculture Education Commission for Rural Affairs						
Social Welfare (Refugees)	-	-	-	-	2	2
RLG office/warehouse bldgs.	-	-	-	-	4	4
Purchasing Office American Aid Comm., Ministry of Plan Topographical Service Materials Production Center						
Printing Plant, Lao Photo Press	-	-	-	-	1	1
Customs Stations	-	-	-	-	2	2
Customs barriers/stations	-	-	-	-	5	5
Customs observation posts	-	-	-	-	2	2
Police Academy, Done Noune	-	-	-	-	1	1
Medical warehouses	-	-	-	-	1	1
Hospitals	-	-	-	-	2	2
Vientiane, 100-bed Vang Vieng, 10-bed						
Dispensaries (Self-help)	1	2	1	-	2	6
All supported to varying degrees by USAID, as are 7 RLG and 4 satellite dispensaries operated by OB.						
Roads (Kms.)	25	10	29	-	198	262
Includes the 18.5-Km. Vientiane/Thadeua road and 42.7 of the new Vientiane/LP road.						

	Clusters					
	Ban Keun	Vang Vieng	Phone Hong	Thadeua (UN)	Non-Cluster	Total
Gravel crushing facilities	-	-	-	-	1	1
Bridges	1	-	1	-	30	32
Street paving (Vientiane)	-	-	-	-	1	1
TP/BPR shop/training center	-	-	-	-	1	1
Irrigation systems	-	7	-	-	7	14
Wells dug	-	7	-	3	38	48
Wells drilled	25	-	23	-	81	129
Well drilling center	-	-	-	-	1	1
Waterseal toilets	25	95	122	-	88	330
Markets	1	1	2	-	4	8
Crop Experiment Stations	-	-	-	-	2	2
Agriculture nurseries	-	-	-	-	1	1
Livestock stations	-	-	-	-	1	1
Poultry stations	-	-	-	-	1	1
Rice stations	-	-	-	-	1	1
Rice seed warehouses	-	-	-	-	2	2
Villages with gardens	-	8	9	-	-	17
Fish breeding stations	-	-	-	-	1	1
Home Economics bldgs.	-	-	-	-	1	1
Model kitchens	1	-	-	-	-	1
Garages (CRA)	-	-	-	-	1	1
Public Works shops	-	-	-	-	1	1
Community/Multipurpose Centers	1	-	1	-	-	2
Airfields/airstrips	-	1	1	-	2	4
* Includes rehabilitation of Wattay airfield and installation of airfield power plant						
Bulletin boards	10	2	-	-	-	12
Generators, Vientiane power plant (cap. 2,200KW).	-	-	-	-	3	3
Outside-plant equipment, PTT, Vientiane	-	-	-	-	1	1
Salas	-	-	-	-	1	1
Ferry system, Thadeua	-	-	-	-	1	1
Ferry boats	-	-	-	-	6	6
Villagers trained	20	205	21	60	19	325
Agriculture 9						
PW (Fundamental Educators) 10						
Home Economics 72						
Maternal/Child Care 15						
Sanitation 60						
Blacksmithing 6						
Leadership 153						
Soldiers trained						
Social Service	-	28	161	-	-	189
Textbooks distributed	-	-	-	-	199,161	199,161

WAPIKHAMTHONG PROVINCE

	SVP*	Non-Cluster	Total
Schools	33(53)	31(50)	64(103)
Dispensaries Two were built by USAID, and five by villagers with USAID help; they and 5 RLG dispensaries in the province are supported, to varying degrees, by USAID.	7	-	7
Roads (Km.)	34.5	13	47.5
Bridges	14	3	17
Water storage dams	6	8	14
Wells dug	-	12	12
Wells drilled	39	5	44
Windmills and water storage tanks installed	6	-	6
Community/multipurpose buildings	-	1	1
Markets	-	1	1
Salas	-	1	1
Ferry boats	-	1	1
Airfield improvements	-	1	1
Barracks	30	-	30
Demonstration sites	1	-	1
Bulletin boards	8	-	8
Villages with gardens	10	-	10
Villagers trained	358	-	358
Social Service 256			
Home Economics 15			
Miscellaneous 87			
Textbooks distributed	-	45,855	45,855

* Sedone Valley Development Program, which now encompasses all of Wapikhamthong province and parts of Sedone and Saravane Provinces. Non-cluster projects were accomplished before the expansion of the Sedone Valley program.

XIENG KHOUANG PROVINCE

	Muong Soui FA	Non-Cluster	Total
Schools	1(5)	6(41)	7(46)
Hospital Complex	-	1	1(140
Dispensaries Not built by USAID, but all assisted by USAID in varying degrees.	-	58	58
Roads (Kms.)	-	135	135
Airstrips	-	3	3
Irrigation systems	-	1	1
Regional warehouses	-	1	1
Refugee supplies warehouses	1	-	1
Crop Experiment Stations	-	1	1
Civil Administration Centers (8 bldgs.)	-	1	1
Villages with gardens	1	-	1
Soldiers trained (Social Service)	5	-	5
Textbooks distributed	-	52,126	52,126

RECAPITULATION

Agriculture

53 Irrigation systems
21 Water storage/flood control systems
20 Agriculture stations
- 3 Demonstration farms/sites
- 1 Rice station
- 6 Experimental farms
- 3 Nurseries
- 3 Livestock
- 1 Poultry station
- 3 Fish hatcheries

7 Fish ponds
155 Villages participating in vegetable production program
8 Rice seed warehouses
2 RLG agriculture warehouses
- Direction of Agriculture
- Commission for Rural Affairs

1 Home Economics building
1 Model kitchen
1 Garage (CRA)
777 Within-Laos trainees
235 Participants trained abroad.

Transportation

1,052.2 Kms. of road
132 Bridges
16 Airfield/airstrips
9 TP/BPR shop/office/warehouses
City streets paving - Vientiane
1 Ferry system, Thadeua
22 Ferry boats
1 Gravel crushing plant
221 Within-Laos trainees
38 Participants trained abroad.

Health and Sanitation

7 Hospitals (390 beds)
51 Dispensaries
- (In addition USAID supports, to varying degrees 151 other dispensaries, infirmaries and clinics throughout the country)

1 Medical warehouse
771 Waterseal toilets
227 Wells dug
296 Wells drilled
6 Windmills with tanks installed
3 Water supply systems
2 Crematories
1 City water system (Luang Prabang)
667 Within-Laos trainees
217 Participants trained abroad.

Education

515 Schools (1,271 classrooms)
10 PSI office/warehouse buildings
2 Warehouses
Ministry of Education
Materials Production Center
2 Rural crafts facilities
2 ENIs
1 ESP
Additions to Existing Schools
Laboratory, conference and classroom/dining hall bldgs., water system, sanitary facilities
Thakhek college
3-Building addition,
Savannakhet technical school
1 Dormitory,
1 Workshop,
Vientiane technical school
1,123,765 Textbooks distributed
2,700 Within-Laos trainees
574 Participants trained abroad.

Public Administration and Public Safety

2 Customs stations
5 Customs barriers and barrier stations
2 Customs observation posts
1 Police academy
3 Police stations
3 RLG office/warehouse buildings.
Government Procurement Office
Topographical Service
American Aid Commission -- Ministry of the Plan
1 Printing Plant, Lao Photo Press
3 Generators (cap. 2,200KW) installed, Vientiane Power Plant
Outside-plant equipment, Vientiane PTT
2 Refugee centers
2 Refugee warehouses
1,657 Within-Laos trainees
PA 140
PS 1,517
446 Participants trained abroad
PA 38
PS 408

Miscellaneous

15	Markets		
25	Salas		
4	Training centers		
1	Training center dormitory		
7	Multipurpose bldgs.		
2	RLG/USAID headquarters bldgs (Regional)		
4	Regional warehouses (Rural Development)		
1	Well drilling center		
1	Public Works center		
119	Bulletin boards		
32	Barracks		
1	Slaughterhouse		
2,200	Ft. exploratory drilling, Ban Padou Coal Mine		
1,709	Within-Laos trainees		
	Cluster and Forward Areas		1,048 1/
	Social Service	270	
	Leadership	219	
	Agr. and Home Economic	256	
	Public Works	15	
	Miscellaneous	288	
	Other Community Development		292
	General and Miscellaneous		369
154	Participants trained abroad		
	Community Development		101
	Industry		21
	General		32

1/ In addition, 246 soldiers were trained in Civic Action/Social Service programs.

The above figures do not include the 1,455 self-help projects listed below which were completed by June 30, 1962, whose locations cannot be determined.

Schools	575
Dug wells	327
Drilled wells	192
Community buildings	55
Markets	36
Dispensaries	37
Roads and trails	30
Bridges and road drainage	27
Dams/canals	34
Water systems	14
Water reservoirs	3
Latrines	10
Airfields/strips	8
Rice paddies	5
Warehouses	3
Miscellaneous	99

OP/JWiarda:mcm
3/17/67

PARTICIPANT TRAINING
(From FY 1955 through 31 December 1966) *

Sector and Countries of Training	Total Persons	Total Months	Academic Training Persons	Academic Training Months
Agriculture ($223,782)	235	1,086	40	760.0
Thailand	155	667.0	30	425.5
Philippines	46	279.5	4	192.0
Taiwan	13	19.0	-	-
United States	8	75.5	6	142.5
Japan	1	1.0	-	-
Japan/Thailand	4	3.0	-	-
US/3rd Country	8	41.0	-	-
Industry & Mining ($11,500)	21	132.0	-	-
Thailand	21	132.0	-	-
Transportation ($66,800)	38	195.0	-	-
Thailand	29	175.0	-	-
Philippines	6	6.0	-	-
United States	3	14.0	-	-
Health & Sanitation ($189,050)	217	1,385.5	168	1,219.0
Thailand	212	1,351.5	166	1,195.0
United States	3	28.0	2	24.0
Philippines	2	6.0	-	-
Education ($608,500)	574	3,414.5	361	2,541.0
Thailand	450	2,468.5	342	2,090.0
Philippines	49	30.0	-	-
United States	47	892.5	19	451.0
Taiwan	22	22.0	-	-
Cambodia	6	1.5	-	-
Public Safety ($302,450)	408	1,072.0	-	-
Singapore/HongKong Malaysia	181	180.0	-	-
Philippines	110	220.0	-	-
Thailand	87	574.0	-	-
United States	30	98.0	-	-
Public Admin. ($25,035)	38	80.0	-	-
Vietnam	9	6.5	-	-
Thailand	23	61.5	-	-
United States	6	12.0	-	-
Community Development & Social Welfare ($73,000)	101	543.0	35	136.5
Thailand	97	542.1	35	136.5
United States	4	.9	-	-
General & Misc. ($49,300)	32	125.0	10	55.0
Thailand	26	91.0	4	21.0
United States	6	34.0	6	34.0
TOTALS ($1,549,417)	1,664	8,033.0	614	4,711.5

* Figures include all participants whose training has been funded since FY 1955 -- those who completed their training, those now in training, and those whose training has not yet begun.

OP/JWiarda:mcm
2/10/67

WITHIN-LAOS TRAINING
(Pre-service and In-service)
From FY 1955 through 31 December 1966

Field		Number
Agriculture		777
Pre-service and in-service		
Transportation		221
In-service		
Health and Sanitation		667
Pre-service and in-service		
Education		2,700
In-service		
Public Safety		1,517
Pre-service and in-service		
Public Administration		140
In-service		
Community Development		1,340
Cluster and Forward Area formal training	1,048 1/	
Other formal training	292	
General & Miscellaneous		369
Formal training		
TOTAL		7,731

1/ In addition, 246 soldiers were trained in Civic Action/Social Service programs

OP/JWiarda:mcm
3/6/67

OTHER FOREIGN TECHNICAL AND ECONOMIC ASSISTANCE
(In US Dollar Equivalents)

BILATERAL

France -- FY 1955 - 31 December 1966 $27,000,000
Covers an estimated 200 experts, an unknown number of professors and teachers (250 now in Laos), about 300 scholarships plus many short-term invitational visits to France. Also includes assistance in road, bridge, school and hospital construction and equipment, and a $3.5 million loan for hydroelectric development, tin mining development, a cement plant and supplier credits.

England -- FY 1959 - 31 December 1966 $ 5,700,000
Includes assistance to Lao National Radio and a public health program under which teams are operating in LP and Thakhek (where a hospital is being built), miscellaneous equipment, and scholarships (all under Colombo Plan). Does not include $2.8 million per year since FY 1963 for UK Import Program (UKIP).

Australia -- FY 1954 - 31 December 1966 $ 1,000,000
Miscellaneous road building, agricultural and radio equipment, school supplies, experts and 36 scholarships (all under Colombo Plan). Does not include $300,000 yearly since FY 1963 for Australian Import Program (AUSIP).

Japan -- FY 1958 - 31 December 1966 $ 5,000,000
Includes $2,800,000 reparations, mostly for 1964-built Vientiane power plant and generators, but also for Vientiane filter plant and water system. Balance covers miscellaneous industrial and other studies (including preliminary Nam Ngum study); $1,000,000 committed for extension of Wattay airport; veterinary equipment; experts at Tha Ngon Ag. station; scholarships (Colombo Plan); 10 Peace Corps volunteers.

Germany -- FY 1962 - 31 December 1966 $ 6,800,000
Includes a commitment (FY 1962) for a $5 million loan for Vientiane power distribution system, the LP water supply system and, possibly, some small industrial projects; and a $1.5 million loan (not yet negotiated), possibly for small industry. Also includes support to the Vientiane Lao/German technical school, built in 1964, where six FRG-supplied professors are instructing 80 students, and 20 fellowships.

Canada -- FY 1963 - 31 December 1966 $ 500,000
Scholarships for 24 Lao students, newsprint for textbooks, three teachers (all under Colombo Plan).

India -- FY 1964 - 31 December 1966 NA
1964-supplied 43-member medical team, now 17-member, operating in Vientiane and Paksane; also Colombo Plan scholarships.

Israel -- FY 1965 - 31 December 1966 NA
Took over in 1965 operation FAO Pilot Farm near Vientiane, on grant basis.

Thailand -- FY 1966 NA
Gift of 1,000 MT of rice promised March 1966; to date 600 MT delivered.

(These figures do not include participation in FEOF or multilateral programs, which are reported elsewhere.)

COMMODITY IMPORT PROGRAM

This is a stabilization program set up in FY 1963 under which the United States, United Kingdom and Australia finance commodities, in certain non-luxury categories, for import into Laos to help offset inflation by using up excess purchasing power and to provide essential commodities for the Lao economy.

Under the US and UK programs importers are required to open letters of credit through one of the commercial banks, with payment in kip (at the official rate) of 100 percent of the value of the imports; the Australian government, on the other hand, imports commodities and makes sales disposition through the RLG. Both Australia and the UK apply the kip sales proceeds to RLG budget support, as did the US until August 1965; the US now uses these kip to finance part of the activities in its technical assistance program

Contributions to the program from each of the countries to date are:

United States	$26,400,000
United Kingdom	11,200,000
Australia	1,200,000

While the three countries named are the only participants at present, Japan has indicated interest in opening a commodity import program in Laos, and both the RLG and USAID are urging Germany and France to enter into such an arrangement.

An illustrative list of commodities imported under USIP is given elsewhere.

Source: USAID/OP and OEA

OP/JWiarda:mcm
3/15/67

OTHER FOREIGN TECHNICAL AND ECONOMIC ASSISTANCE
(in US Dollar Equivalents)

MULTILATERAL

UNITED NATIONS

The UN program in Laos provides technicians, fellowships and limited commodity support for projects carried out by its several agencies. Through CY 1966, expenditures for such projects totalled the equivalent of about $3,258,750.

The UN Regular and Expanded Programs (Category I) for 1967 and 1968 are listed below, with the amount budgeted for each. The UN Category II Program is drawn up for use only if funds become available through non-implementation of Category I projects or parts thereof. The combined CY 1967 and 1968 Category II budget is shown after the Regular Program budget for those years.

REGULAR PROGRAM (Category I)

	1967	1968
BTAO		
Community Development		
Experts (1)	$22,000	$22,000
Social Services (Prosthetics)		
Experts (1)	22,000	-
Public Administration (legal)		
Experts (1)	12,000	12,000
Totals	$56,000	$34,000
WHO		
Maternal and Child Health		
Experts (4)	$69,225	$72,261
Commodities	30,000	30,000
Totals	$129,225	$102,261
Expanded Program of Technical Assistance (EPTA)		
BTAO		
Land Tenure		
Experts (1)	$22,000	$22,000
Public Administration (Civil Service)		
Experts (3, 1967; 1, 1968)	64,000	22,000
Fellowships (1, 1967; 2, 1968)	4,800	9,600
Industrial Productivity		
Experts (1)	22,000	11,000
Trade Promotion/Marketing		
Experts (1)	22,000	11,000
Public Finance		
Experts (1)	-	-
Fellowships (1, 1967; 2, 1968)	4,800	9,668
Housing		
Experts (1)	14,000	14,000
Narcotics Control		
Fellowships (3)	3,000	3,000
Totals	$156,600	$102,268

	1967	1968
ILO		
Human Resources Dev. (Vocational Trng)		
Experts (1, 1967; 2, 1968)	$22,000	$33,000
Commodities	2,200	-
Cooperation and Small Industries		
Experts (1)	21,000	22,000
Commodities	1,500	-
Totals	$46,700	$55,000
FAO		
Plant Production/Protection		
Experts (1)	$22,000	$11,000
Commodities	500	-
Land and Water Development		
Experts (1)	22,000	-
Animal Productivity/Health		
Experts (1)	22,000	11,000
Commodities	-	500
Totals	$66,500	$22,500
UNESCO		
Primary and Secondary Education		
Experts (1)	$22,000	$22,000
Adult Education		
Experts (1)	22,000	22,000
Totals	$44,000	$22,000
ICAO		
Civil Aviation		
Experts (1)	$11,000	$ 9,900
Fellowships (4, 1967; 1, 1968)	6,600	1,650
Totals	$17,600	$11,550
WHO		
Nursing Education		
Experts (4)	$60,015	$65,763
Central PH Laboratory		
Experts (1)	20,332	20,553
PH Administration		
Experts (1)	22,332	-
Rehabilitation of Physically Handicapped		
Experts (1)	15,633	14,378
Totals	$118,312	$100,694
ITU		
Telecommunications		
Fellowships (1)	$ 4,000	$ 4,000
WMO		
Meteorology		
Experts (1)	$19,800	-
Fellowships (2)	4,500	4,500
Forecasting		
Experts (1)	15,500	-
Fellowships (2)	4,500	4,500
Totals	$44,300	$ 9,000

Integrated Program (BTAO, FAO, UNESCO, WHO)	1967	1968
Rural Development		
Experts (6)	$114,175	$102,113
Commodities	9,500	9,500
Totals	$123,675	$111,613
Grand Total, Category I	$807,912	$574,386

SUPPLEMENTAL PROGRAM (Category II)

UNTA	$112,400	
Experts	(4) 88,000	
Public Administration		
Advisor to RLG Inspector-General		
Small and Medium Industry		
Statistics		
Fellowships	(5) 24,000	
Public Administration (2)		
Public Finance (3)		
FAO	$ 55,000	
Experts	(2) 55,000	
Phytopathology		
Pisciculture		
ILO	$ 57,300	
Experts	(1) 44,000	
Handicrafts (ceramics)		
Fellowships	(3) 10,800	
Handicrafts		
Commodities	2,500	
UNESCO	$ 67,200	
Fellowships	(14) 67,200	
Technical Education		
WHO	$124,858	
Experts	(3) 65,858	
Hospital Administration		
Sanitary Engineering		
Sanitation Technician		
Fellowships	(9) 57,000	
Environmental Sanitation (2)		
Laboratory Technicians (2)		
Nursing Education (2)		
Public Health Administration (2)		
Hospital Administration (1)		
ITU	$ 10,800	
Fellowships	(3) 10,800	
Telecommunications		
WMO	$ 14,500	
Fellowships	(1) 4,500	
Meteorological Engineering		
Commodities	10,000	

	1967	1968
ICAO	$ 12,500	
Experts	(1) 11,000	
Aeronautical Telecommunications		
Fellowships	1,500	
Air Traffic Control (4)		
Telecommunications		
Firefighting		
Airbases		

FOREIGN EXCHANCE OPERATIONS FUND

The Fund (FEOF) was established in January 1964, as a means of stabilizing the free market value of the kip by offering sufficient foreign exchange, at a steady rate, to smother black market operations and check inflation. Participating countries, their contributions through CY 1966 (which totalled $36.5 million) and their expected contributions in CY 1967 are:

	1964	1965	1966	Programmed for 1967
United States	4.0	5.2	13.7	13.8
France	1.7	1.3	1.7	1.3/1.7
Japan	-	0.5	1.7	1.7
United Kingdom	1.7	1.7	1.7	1.7
Australia	0.4	0.4	0.8	0.6
Total	7.8	9.1	19.6	19.1/19.5

OP/JWiarda:mcm
3/20/67

OTHER FOREIGN TECHNICAL AND ECONOMIC ASSISTANCE

PRIVATE

ASIA FOUNDATION

A private American foundation specializing in fast and timely, generally small, assistance which other donors cannot provide. It promotes traditional arts, music, dance and crafts; it has supplied sports equipment to Lao youth, sewing machines and looms to women's groups, teaching aids and books to Buddhist schools. The foundation has operated in Laos since 1959, but in the years from 1956 to 1959 it carried out projects in this country, under administration of its offices in Bangkok, Thailand, and Phnom Penh, Cambodia. In the 10 years its assistance is estimated to total nearly $1,000,000.

REGIONAL

MEKONG DEVELOPMENT PROGRAM

The Mekong Development Program is a joint effort of the UN, several specialized agencies and bilateral and private assistance, resulting from the 1957 joint resolution sponsored by Laos, Thailand, Cambodia and Vietnam requesting ECAFE assistance in the development of the Lower Mekong Basin. The adoption of that resolution by ECAFE led to a survey of the potentialities for such development and the establishment of Committee for the Coordination of Investigations of the Lower Mekong Basin, generally referred to as the Mekong Development Committee. The Committee (composed of representatives of the four riparian countries), is empowered to "promote, coordinate, supervise and control the planning and investigation of water resources development projects..." and to "make requests... for special financial and technical assistance and administer such ... assistance ..."(In recent years, the Committee has expanded its scope and has become more operational. It also has become interested in the comprehensive development of the areas in which its projects lie.)

The entire scheme (estimated conservatively to require several billions of dollars and 25 years) envisions development of the river and its tributaries for hydroelectric, irrigation, flood control, river transportation and water management and supply projects, leading also to the industrial, agricultural and other development of the 236,000 square miles which the river drains and benefitting directly or indirectly some 40 million inhabitants of the area.

Its most notable accomplishment to date has been the planning and financing of the Nam Ngum project (described below). Others will along in the investigative and study stage are the Pa Mong project which envisages a dam across the Mekong between Laos and Thailand at a point about 20 kilometers from Vientiane, which could (if linked to other water storage facilities in Laos and Northeast Thailand) provide irrigation water to at least a million hectares (2.5 million acres) of land in those two countries, would have an ultimate installed electric power generating capacity

of about 2 million KW; the power project on the Sambor in eastern Cambodia, expected to have an installed generating capacity of 625,000 KW initially; and the flood contral project at Tonle Sap in central/western Cambodia. All three are mainstream projects.

In addition to the three mainstream projects named, nine others, all multipurpose, are under preliminary study; seven of them would benefit Laos directly. Of the 11 tributary projects now under active consideration in the entire development scheme, three are in Laos -- the Nam Ngum, on which first phase construction is scheduled to begin in late 1967, and the Nam Dang and Lower Sedone, on which construction has begun.

NAM NGUM PROJECT

This is the first major multi-lateral, regional project to be implemented under the auspices of the Mekong Committee. As a result of promotional efforts by the Committee and several of the prospective donors, the Nam Ngum Development Fund Agreement was signed on 4 May 1965 by Laos, Thailand, and seven other countries pledging $22.8 million in grants. The U.S. agreed to provide half of the estimated construction cost: in addition, France became a party to the Agreement in August 1966, with a promise of $600,000, which increased the multi-lateral Fund to 23.4 million. In separate bi-lateral arrangements Thailand pledged $1.0 million in cement and Japan offered to finance, with a pledge of $315,000, the construction design work. The contributors to date are:

United States	$12,065,000
Japan	4,000,000
Japan (bi-lateral)	315,000
Netherlands	3,300,000
Canada	2,000,000
Denmark	600,000
Australia	500,000
New Zealand	350,000
France	600,000
Thailand (bi-lateral)	1,000,000
	$24,730,000

The multi-purpose dam (power, irrigation, flood control) will be constructed on the Nam Ngum River, 70 kilometers north of Vientiane. While the ultimate power capacity will be 120,000 KW, the first stage, due for completion in 1971, will provide 30 thousand KW. The ultimate irrigation potential (not presently included in first phase construction) is 32,000 hectares. The reservoir is expected to have a full storage capacity of 8.5 billion cm., with an effective capacity of 3.8 billion cm. While the type of construction is as yet undecided (concrete gravity or earth filled; decision pending completion of design field work and consultation between Nippon Koei, Acres, and the Bank), the dam is expected to be 66 meters high and 350 meters long.

The regional nature of the project is vividly emphasized in the power exchange agreement between Laos and Thailand. During the construction of the dam the incremental power needs of Vientiane and the needs at the dam site itself will be met from Thailand over transmission lines which are included within the Nam Ngum project. Upon completion of the dam, power will flow in the reverse direction to Thailand, where constantly increasing power needs outpace the supply. Also, it will be more economical for Thailand to utilize the hydro-power from Nam Ngum than to generate power within Thailand from thermal sources.

The Fund is administered by the World Bank, which has contracted with a Canadian firm (Acres, Inc.) to supervise implementation of the project. Acres functions as the resident representative of the Bank and as a consultant to the RLG.

The project now is well into the implementation stage. A Japanese firm, Nippon Koei, is completing its field work and should present the finished design plans to the Bank in May. The World Bank expects to let the major construction contract in the fall of 1967. The successful contractor thus will begin work on the dam itself early in the next dry season. Contracts have already been let for the access roads (Tonolini; local Lao/French firm) and the bridge across the Nam Ngum (Christiani-Nielson; Danish firm) which will service the dam site during the construction period. The contract for the transmission line from Udorn to Vientiane to the dam site is expected to be signed in late March or early April.

Construction of the dam is expected to have considerable impact on Laos. In addition to the skills developed internally during construction and the impetus given the economy by the significant flow of investment funds, an abundant supply of cheap power is expected to transform drastically many of the rural areas of Laos and provide an opportunity, if not an incentive, to local industry. Not to be under-emphasized is the uniqueness of the Lao/Thai power exchange. In a relationship where historically tensions and frictions have been the rule, projects of this kind which establish national inter-dependence also create bonds that can be strengthened with further efforts. Thus the project is a good example of the possibilities and the promise of the regional approach to development espoused by the President in his speech at Johns Hopkins on April 7, 1965.

Source:WTBurke/OP
3/21/67

Statistical Report



DECEMBER 1966

LAOS

PREPARED BY:

USAID LAOS

OFFICE OF ECONOMIC AFFAIRS

CONTENTS*

A. Charts

A-1-Consumer Prices for Laotian Family in Vientiane and Savannakhet
A-2-Foreign Exchange Holdings by the National Bank of Laos
A-3-Money Supply and Net Foreign Exchange
A-4-Budget Deficit, Budget Expenditures, Cumulative Borrowing and Money Supply
A-5-Foreign Trade

B. Prices

B-1-Consumer Prices for Laotian Family in Vientiane
B-2-Consumer Prices for European Family in Vientiane
B-3-USAID Consumer Price Index for Vientiane
B-4-Consumer Prices for Laotian Family in Luang Prabang
B-5-Consumer Prices for Laotian Family in Savannakhet
B-6-Open Market Rate of U.S. Dollar

C. Monetary and Banking Statistics

C-1-Foreign Exchange Holdings by the National Bank of Laos
C-2-Money Supply
C-3-Monetary Assets and Money Supply
C-4-Money Supply and Coverage of Kip
C-5-National Bank of Laos, Assets and Liabilities
C-6-National Bank of Laos, Receipts and Sales of Foreign Exchange
C-7-Foreign Exchange Operations Fund

D. Government Finance

D-1-Lao Budget Revenues and Expenditures
D-2-Advances to the Government from the National Bank of Laos
D-3-Lao Budget Revenues

E. Program Statistics

E-1-Regular Counterpart Fund Status
E-2-Deposits in Counterpart Fund by Origin
E-3-Withdrawals from Counterpart Fund by Use
E-4-United States Commercial Import Program - Applications, Letters of Credit and Arrivals
E-5-United States Commercial Import Program-Commodity Composition

F. Foreign Trade

F-1-Imports
F-2-Imports by Commodity
F-3-Imports by Country of Origin
F-4-Imports by Type of Financing
F-5-Exports
F-6-Exports by Commodity
F-7-Exports by Country of Destination
F-8-Imports of Petroleum Products

G. Agriculture

G-1-Forestry Production
G-2-Livestock Slaughtered
G-3-Production of Hides

H. Mining and Industry

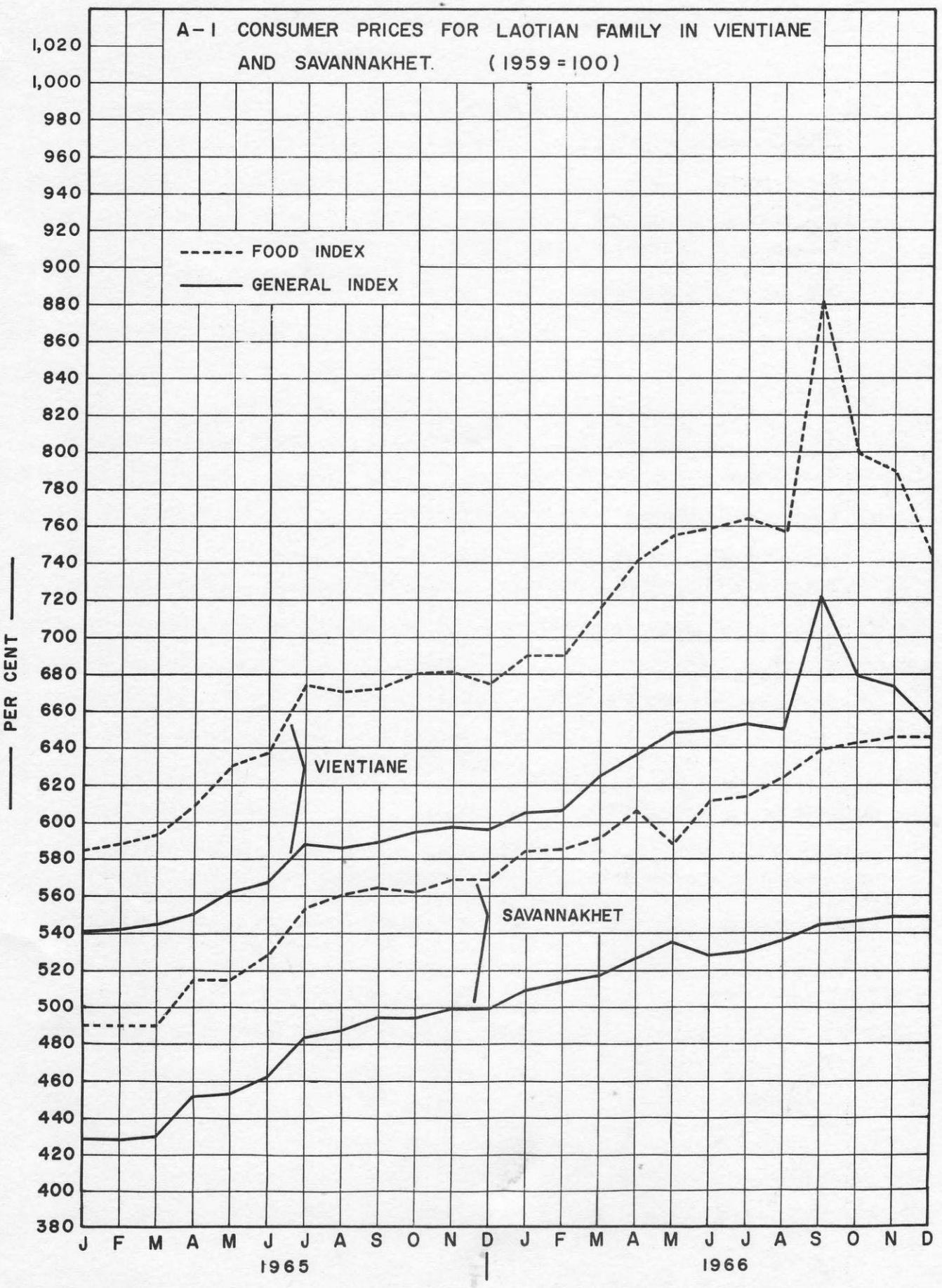
H-1-Production of Tin Concentrates
H-2-Production of Electricity

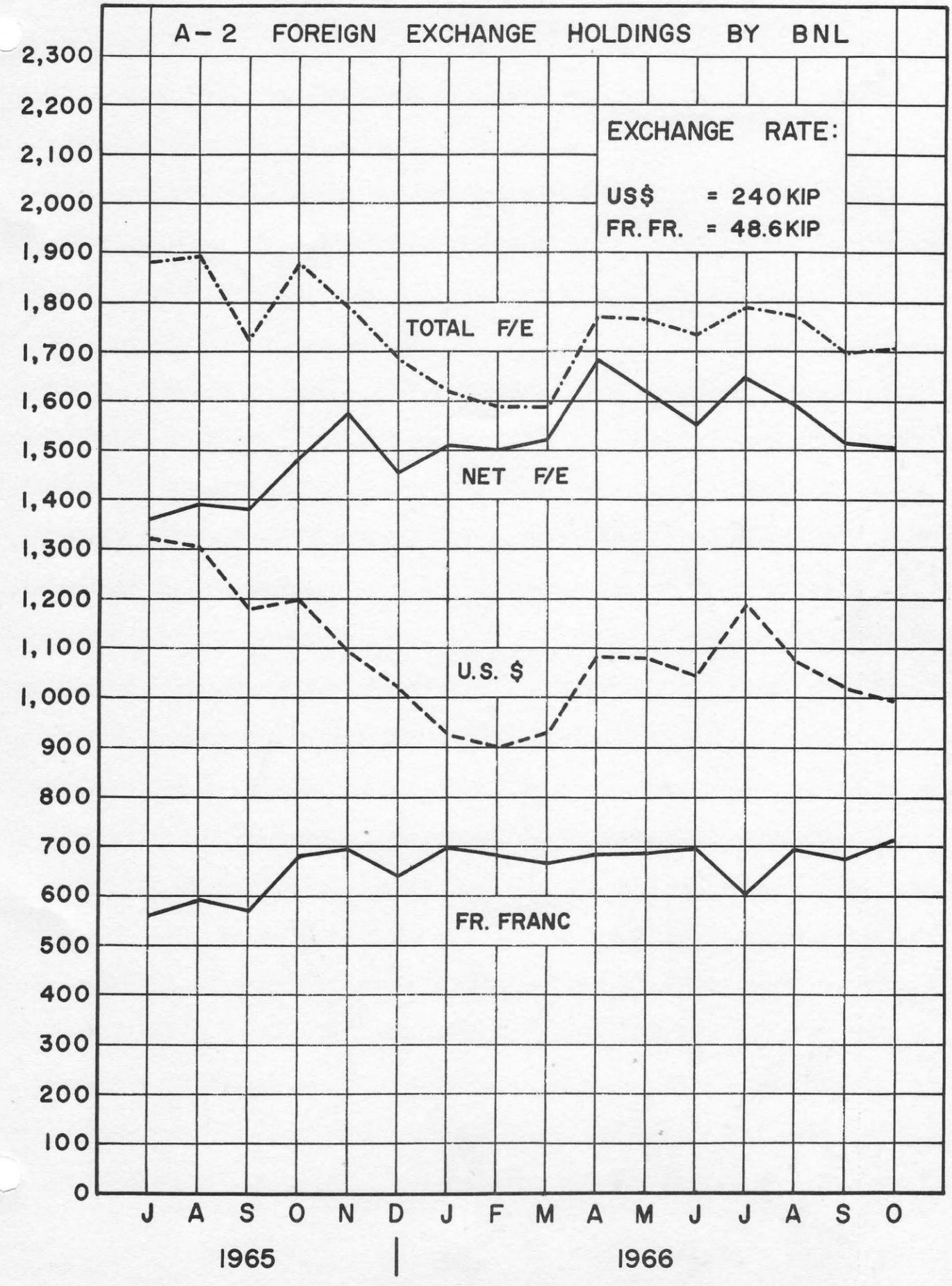
I. Civil Aviation Traffic

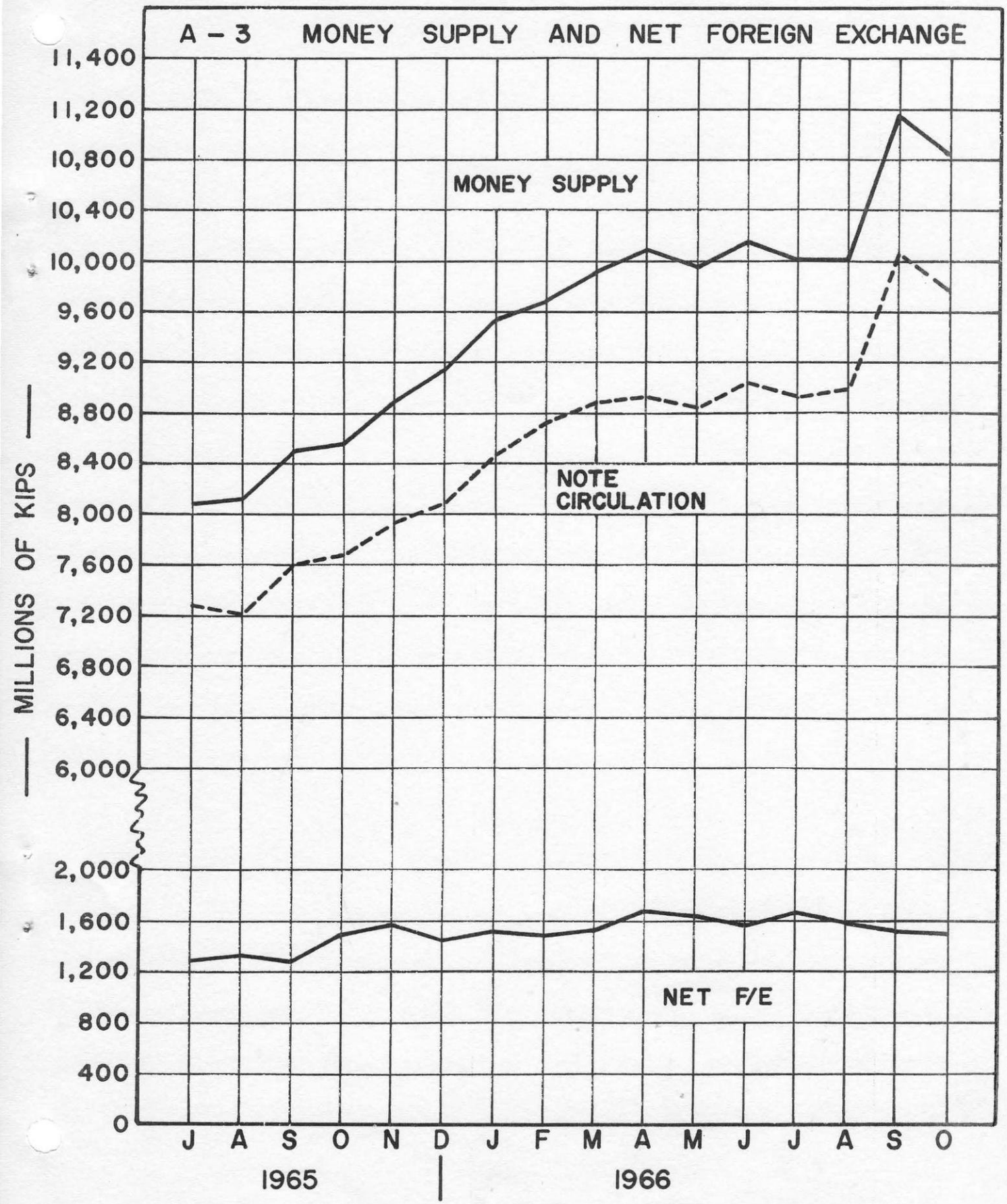
I-1-Local-Arrivals
I-2-International-Arrivals

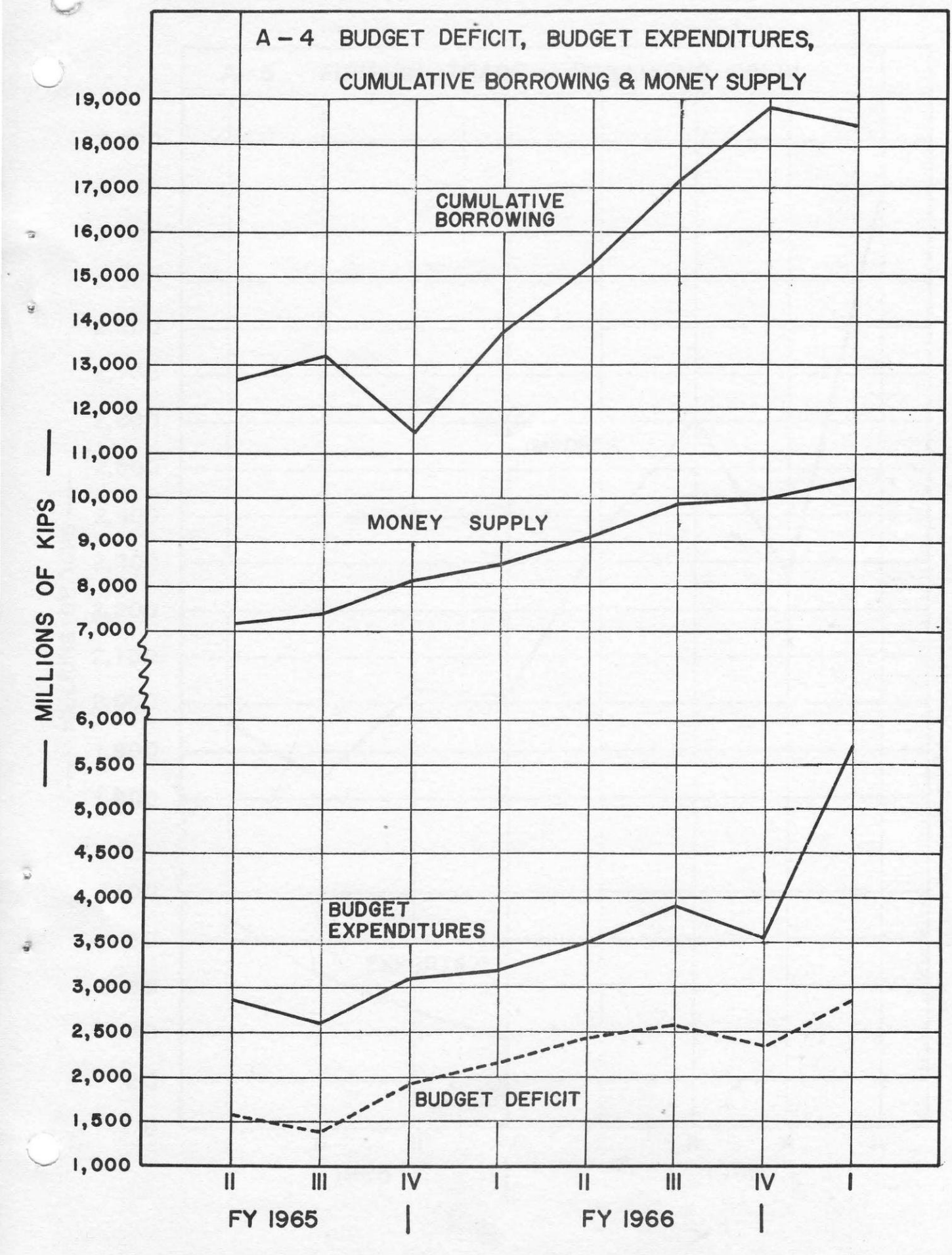
* This issue of the Statistical Report follows the Statistical Report for September 1966 and includes all information available at the time of publication, December 1966.

Special attention is called to all charts and tables where conversion of foreign currencies into local currency was necessary. The exchange rate is 240 kip to $1, with the exception of gold and imports with free market exchange. In order to increase customs revenues, as of May 1, 1964 the open market kip/dollar rate on the day of customs declaration is applied to determine the kip value of imported gold. (See Table B-6 for open market kip/dollar rates). For the same reason, to increase customs revenues, the value of goods imported with free market exchange is converted at the rate of $1 equal to 500 kip beginning 1st. quarter 1965. (See Table F-4-Imports by Type of Financing).


A-1 CONSUMER PRICES FOR LAOTIAN FAMILY IN VIENTIANE AND SAVANNAKHET. (1959 = 100)
FOOD INDEX
GENERAL INDEX
VIENTIANE
SAVANNAKHET
PER CENT
1,020
1,000
980
960
940
920
900
880
860
840
820
800
780
760
740
720
700
680
660
640
620
600
580
560
540
520
500
480
460
440
420
400
380
J F M A M J J A S O N D J F M A M J J A S O N D
1965
1966


A – 2 FOREIGN EXCHANGE HOLDINGS BY BNL
EXCHANGE RATE:
US$ = 240 KIP
FR. FR. = 48.6 KIP
TOTAL F/E
NET F/E
U.S. $
FR. FRANC
2,300
2,200
2,100
2,000
1,900
1,800
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
800
700
600
500
400
300
200
100
0
J A S O N D J F M A M J J A S O
1965
1966


A – 3 MONEY SUPPLY AND NET FOREIGN EXCHANGE
— MILLIONS OF KIPS —
11,400
11,200
10,800
10,400
10,000
9,600
9,200
8,800
8,400
8,000
7,600
7,200
6,800
6,400
6,000
2,000
1,600
1,200
800
400
0
MONEY SUPPLY
NOTE CIRCULATION
NET F/E
J A S O N D J F M A M J J A S O
1965
1966


A – 4 BUDGET DEFICIT, BUDGET EXPENDITURES,
CUMULATIVE BORROWING & MONEY SUPPLY
— MILLIONS OF KIPS —
19,000
18,000
17,000
16,000
15,000
14,000
13,000
12,000
11,000
10,000
9,000
8,000
7,000
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2,500
2,000
1,500
1,000
CUMULATIVE BORROWING
MONEY SUPPLY
BUDGET EXPENDITURES
BUDGET DEFICIT
II
III
IV
I
II
III
IV
I
FY 1965
FY 1966

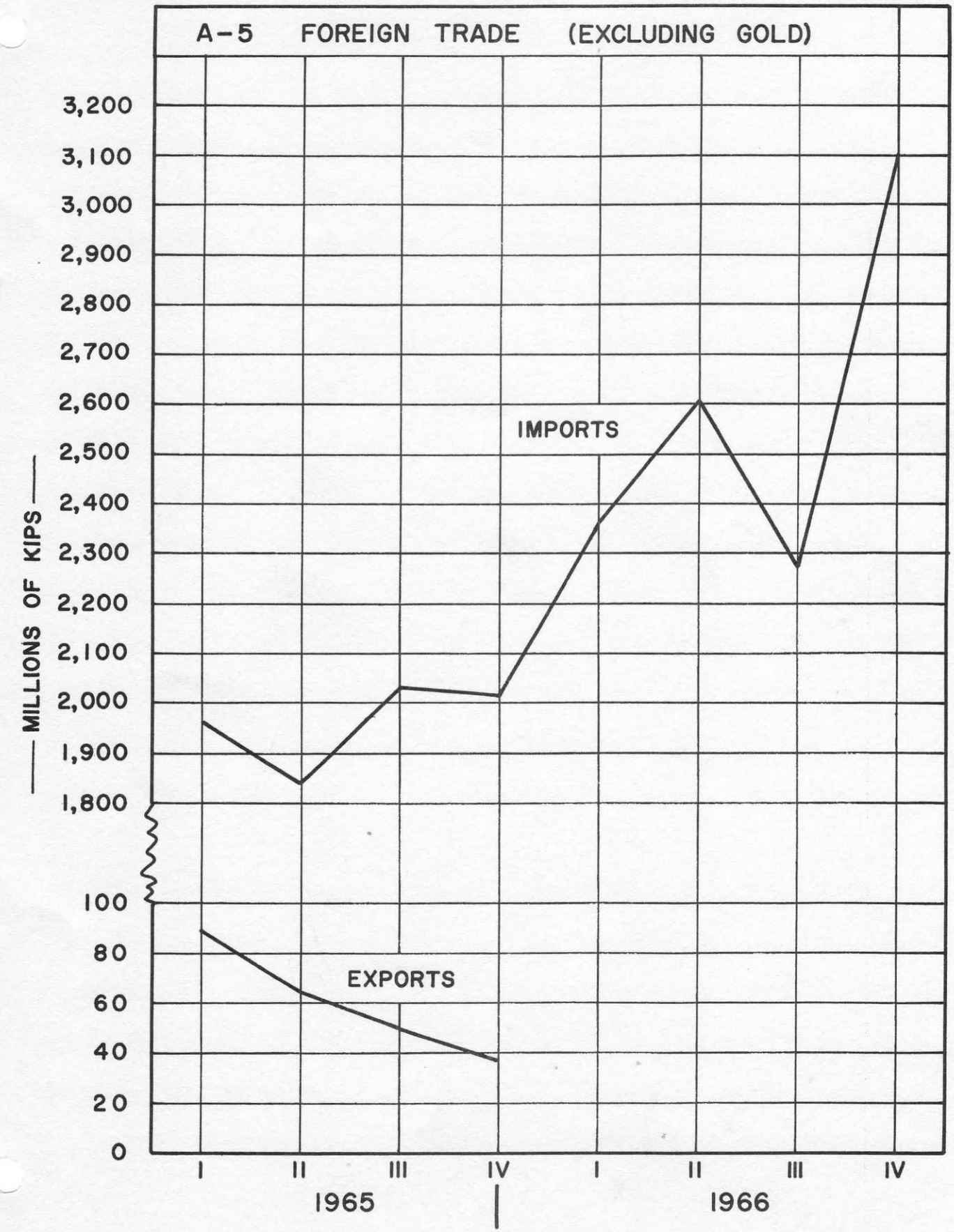

A-5 FOREIGN TRADE (EXCLUDING GOLD)
MILLIONS OF KIPS
3,200
3,100
3,000
2,900
2,800
2,700
2,600
2,500
2,400
2,300
2,200
2,100
2,000
1,900
1,800
100
80
60
40
20
0
IMPORTS
EXPORTS
I
II
III
IV
I
II
III
IV
1965
1966

Table B - 1

Consumer Prices for Laotian Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1964	595	390	308	522	353	507
1965						
Jan	585	449	342	631	475	541
Feb	588	449	342	631	472	542
Mar	593	449	342	631	474	545
Apr	609	449	342	595	474	550
May	630	449	342	601	474	562
Jun	637	449	342	606	474	567
Jul	674	451	342	606	474	588
Aug	670	451	342	607	474	586
Sep	672	451	342	607	485	589
Oct	680	452	342	610	490	594
Nov	681	449	342	628	493	597
Dec	675	450	342	649	494	596
Monthly Average	641	450	342	617	479	571
1966						
Jan	690	462	342	643	492	605
Feb	690	462	342	652	492	606
Mar	716	463	342	654	496	625
Apr	741	464	342	652	503	636
May	755	464	342	654	516	648
Jun	759	464	342	654	520	649
Jul	764	464	342	654	525	653
Aug	757	464	342	654	529	650
Sep	881	473	342	655	534	722
Oct	799	464	448	654	542	679
Nov	790	464	448	662	542	674
Dec	746	466	448	669	556	654
Monthly Average	757	465	369	655	521	650

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 2

Consumer Prices for European Family in Vientiane

(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	60	25	4	12	37	138
% of Weight	55.0	15.0	7.0	8.7	14.3	100.0
1964	629	377	263	491	358	514
1965						
Jan	628	426	292	596	449	542
Feb	634	426	292	596	445	545
Mar	628	427	292	596	444	541
Apr	651	427	292	567	442	551
May	672	427	292	574	445	564
Jun	679	427	292	581	445	575
Jul	719	427	292	581	445	590
Aug	716	427	292	582	445	588
Sep	721	427	292	583	446	591
Oct	743	429	292	583	457	605
Nov	743	429	292	601	461	607
Dec	738	431	292	616	463	607
Monthly Average	689	428	292	588	449	576
1966						
Jan	746	439	292	611	463	612
Feb	734	439	292	643	463	608
Mar	755	439	292	635	469	620
Apr	773	440	292	627	477	630
May	789	440	292	629	487	640
Jun	789	440	292	629	489	640
Jul	810	440	292	629	495	653
Aug	796	440	292	629	499	646
Sep	911	448	292	630	507	712
Oct	841	440	389	629	507	678
Nov	833	440	389	646	513	676
Dec	788	441	389	644	528	654
Monthly Average	797	441	316	632	491	647

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

TABLE B-3

USAID Consumer Price Index for Vientiane*
(October 1962 = 100)

Month \ Year	1964	1965	1966
Jan	347	385	452
Feb	378	396	460
Mar	366	389	480
Apr	378	396	499
May	395	398	509
Jun	394	411	511
Jul	390	426	511
Aug	390	418	505
Sep	390	425	632
Oct	391	438	531
Nov	409	454	510
Dec	394	451	489

*Based on 51 basic commodities consumed by Laotian family

Source: Office of Economic Affairs, USAID/Laos

Table B - 4

Consumer Prices for Laotian Family in Luang Prabang*
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1964	718	557	469	861	431	655
1965						
Jan	774	592	469	880	478	701
Feb	774	592	469	880	478	701
Mar	784	592	469	880	478	707
Apr	788	592	469	880	478	709
May	801	598	469	880	482	717
Jun	814	598	469	880	482	725
Jul	826	601	469	880	482	732
Aug	828	601	469	880	482	733
Sep	859	601	469	880	482	750
Oct	859	601	469	880	482	750
Nov	871	601	469	880	482	757
Dec	872	601	469	880	482	757
Monthly Average	821	597	469	880	481	728
1966						
Jan	863	601	469	880	482	752
Feb	876	601	469	880	484	760
Mar	876	601	469	880	484	760
Apr	904	601	469	880	487	777
May	906	601	469	880	487	777
Jun	906	601	469	880	487	777
Jul	942	615	478	880	497	802
Aug	948	615	478	880	497	805
Sep	961	617	478	880	505	814
Oct	979	699	478	880	505	835
Nov	993	699	478	880	505	843
Dec	1001	699	478	926	513	854
Monthly Average	930	629	474	884	494	796

*Previous figures completely recalculated by RLG Statistical Service

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 5

Consumer Prices for Laotian Family in Savannakhet*
(1959 = 100)

	Food	Housing	Domestic Services	Clothing	Sundry Expenses	General Index
Number of Articles	83	25	4	14	44	170
% of Weight	56.0	13.8	3.2	10.4	16.6	100.0
1964	441	259	204	443	329	390
1965						
Jan	490	271	252	460	368	429
Feb	490	272	252	460	369	429
Mar	490	274	252	460	370	430
Apr	515	300	255	474	390	452
May	515	306	265	474	390	453
Jun	528	308	279	484	391	462
Jul	553	329	279	464	425	483
Aug	560	329	279	464	425	487
Sep	564	330	279	511	429	494
Oct	562	330	279	511	429	494
Nov	569	331	279	520	429	499
Dec	569	331	279	520	429	499
Monthly Average	534	309	269	484	404	468
1966						
Jan	584	345	279	520	433	509
Feb	585	345	279	535	441	513
Mar	591	349	279	540	441	517
Apr	606	350	279	540	441	526
May	588	350	279	540	441	535
Jun	612	311	279	583	439	528
Jul	614	315	279	583	439	530
Aug	624	317	279	583	440	536
Sep	639	315	279	583	441	544
Oct	643	315	279	583	441	546
Nov	646	315	279	583	444	549
Dec	646	315	279	583	447	549
Monthly Average	615	329	279	563	441	532

*Previous figures completely recalculated by RLG Statistical Service

Source: Service de la Statistique du Laos, Bulletin de Statistiques du Laos

Table B - 6

Open Market Rate of U.S. Dollar
(Monthly Average)

Official Rate: $1 = 240K

1964	Jan	Feb	March	April	May	June
	479	488	493	495	499	500
	July	Aug	Sep	Oct	Nov	Dec
	497	497	497	497	499	501
1965	Jan	Feb	March	April	May	June
	500	501	501	500	498	497
	July	Aug	Sep	Oct	Nov	Dec
	497	496	496	497	497	499
1966	Jan	Feb	March	April	May	June
	499	498	500	500	501	502
	July	Aug	Sep	Oct	Nov	Dec
	501	501	504	504	505	505

Source: Foreign Exchange Operations Fund

Table C. - 1

Foreign Exchange Holdings by National Bank of Laos
(Millions of Kips)

End of Period	U.S. $ (gross)	Fr. Francs (gross)	Others (gross)	Total	Liabilities in Foreign Exchange	Net
1964						
I	2,414.1	478.5	2.1	2,894.6	1,618.4	1,276.2
II	2,188.7	446.5	2.0	2,637.1	1,539.1	1,098.0
III	1,963.6	424.5	2.0	2,390.0	1,526.7	863.3
IV	1,309.8	483.0	1.9	1,794.8	515.5	1,279.3
1965						
Jan	1,153.0	484.1	1.7	1,638.8	491.5	1,147.2
Feb	1,251.1	483.7	1.7	1,736.4	464.1	1,272.4
Mar	1,204.2	501.6	1.6	1,707.4	489.3	1,218.1
Apr	1,270.3	518.6	1.5	1,790.3	483.3	1,307.0
May	1,226.5	546.2	1.5	1,774.2	463.2	1,311.0
Jun	1,283.7	568.0	1.5	1,853.1	521.9	1,331.2
Jul	1,322.7	559.1	1.4	1,883.1	533.6	1,349.5
Aug	1,301.0	587.7	1.4	1,890.0	503.0	1,387.0
Sep	1,157.4	555.3	1.2	1,714.0	342.0	1,371.9
Oct	1,196.8	676.6	1.2	1,874.6	386.6	1,488.0
Nov	1,096.9	690.3	1.2	1,788.5	215.3	1,573.2
Dec	1,032.6	641.5	1.7	1,675.8	205.8	1,470.0
1966						
Jan	939.7	696.5	1.7	1,637.9	128.9	1,508.9
Feb	912.5	679.6	1.7	1,593.8	94.6	1,499.2
Mar	942.7	655.8	1.7	1,600.2	72.8	1,527.4
Apr	1,084.3	680.6	1.2	1,766.1	84.0	1,682.1
May	1,081.2	682.8	1.2	1,765.2	146.4	1,618.8
Jun	1,037.1	690.1	1.2	1,728.4	180.3	1,548.1
Jul	1,183.4	602.2	1.1	1,786.7	133.6	1,653.1
Aug	1,076.0	694.1	1.1	1,771.2	182.0	1,589.2
Sep	1,020.1	673.8	1.1	1,695.0	180.6	1,514.4
Oct	996.4	708.5	1.1	1,706.0	199.7	1,506.3

Exchange rate: US$ = 240 Kip
Fr. Fr. = 48.6 Kip

Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 2

Money Supply
(Millions of Kips)

End of Period	Note Circulation*	Private Demand Deposits**	T o t a l
1964			
I	5,478.5	937.8	6,416.3
II	5,930.2	748.4	6,678.6
III	5,877.0	821.3	6,698.3
IV	6,382.4	812.4	7,194.8
1965			
Jan	6,378.3	703.5	7,081.8
Feb	6,521.5	692.5	7,214.0
Mar	6,675.4	746.7	7,422.1
Apr	6,747.7	768.9	7,516.6
May	6,883.8	830.5	7,714.3
Jun	7,172.5	863.2	8,035.7
Jul	7,266.9	815.3	8,082.2
Aug	7,235.1	888.8	8,123.9
Sep	7,578.2	934.5	8,512.7
Oct	7,664.3	933.1	8,597.4
Nov	7,870.1	1,022.0	8,892.1
Dec	8,113.3	952.9	9,066.2
1966			
Jan	8,494.6	989.5	9,484.1
Feb	8,658.1	995.6	9,653.7
Mar	8,836.6	1,032.2	9,868.8
Apr	8,893.7	1,173.0	10,066.7
May	8,829.0	1,140.4	9,969.4
Jun	9,021.3	1,102.0	10,123.3
Jul	8,915.1	1,078.0	9,993.1
Aug	8,986.7	1,020.4	10,007.1
Sep	10,053.6	1,091.1	11,144.7
Oct	9,769.5	1,063.6	10,833.1

*Exclusive of inactive notes issued by the Institut d'Emission prior to independence and cash on hand in commercial banks and RLG Treasury

**Exclusive of deposits of French Disbursing Office at the Banque de l'Indochine and U.S. Trust Fund at the Banque Nationale du Laos

Source: Banque Nationale du Laos

Table C - 3

Monetary Assets and Money Supply

(Millions of Kips)

Balance at End of Period	Commercial Bank Reserves			Private Demand Deposits				Total Money Supply	Total Monetary Assets
	CB Dep's in Treas'y	CB Dep's in BNL	Total 1 & 2	at CB's*	at BNL	Total 4 & 5	Kip in** Cir'n	6 & 7	3 & 8
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1964									
I	191.1	823.2	1,014.3	833.1	104.7	937.8	5,478.5	6,416.3	7,430.6
II	129.5	571.9	701.4	655.2	93.2	748.4	5,930.2	6,678.6	7,380.0
III	119.5	970.9	1,090.4	731.8	89.5	821.3	5,877.0	6,698.3	7,788.7
IV	71.6	1,032.5	1,104.1	732.7	79.7	812.4	6,382.4	7,194.8	8,298.9
1965									
Jan	96.6	1,039.8	1,136.4	623.8	79.7	703.5	6,378.3	7,081.8	8,218.2
Feb	76.1	1,093.5	1,169.6	610.2	82.3	692.5	6,521.5	7,214.0	8,383.6
Mar	87.2	1,051.0	1,138.2	657.8	88.9	746.7	6,675.4	7,422.1	8,560.3
Apr	77.7	1,020.2	1,097.9	675.9	93.0	768.9	6,747.7	7,516.6	8,614.5
May	243.4	989.5	1,232.9	714.2	116.3	830.5	6,883.8	7,714.3	8,947.2
Jun	372.6	804.4	1,177.0	705.2	158.0	863.2	7,172.5	8,035.7	9,212.7
Jul	399.5	946.0	1,345.5	669.0	146.3	815.3	7,266.9	8,082.2	9,427.7
Aug	594.5	1,091.5	1,686.0	718.6	170.2	888.8	7,235.1	8,123.9	9,809.9
Sep	663.2	1,129.0	1,792.2	768.9	165.6	934.5	7,578.2	8,512.7	10,304.9
Oct	598.0	1,359.6	1,957.6	748.5	184.6	933.1	7,664.3	8,597.4	10,555.0
Nov	760.3	1,584.9	2,345.2	752.1	269.9	1,022.0	7,870.1	8,892.1	11,237.3
Dec	649.5	1,674.6	2,324.1	684.0	268.9	952.9	8,113.3	9,066.2	11,390.3
1966									
Jan	683.9	1,743.9	2,427.8	720.9	268.6	989.5	8,494.6	9,484.1	11,911.9
Feb	976.7	1,985.9	2,962.6	727.3	268.3	995.6	8,658.1	9,653.7	12,616.3
Mar	1,001.7	2,175.1	3,176.8	765.6	266.6	1,032.2	8,836.6	9,868.8	13,045.6
Apr	829.1	2,617.9	3,447.0	819.7	353.3	1,173.0	8,893.7	10,066.7	13,513.7
May	1,040.2	2,634.8	3,675.0	816.0	324.4	1,140.4	8,829.0	9,969.4	13,644.4
Jun	1,066.3	2,805.6	3,871.9	805.7	296.3	1,102.0	9,021.3	10,123.3	13,995.2
Jul	1,253.3	2,933.4	4,186.7	764.6	313.4	1,078.0	8,915.1	9,993.1	14,179.8
Aug	1,346.9	876.4	2,223.3	688.8	331.6	1,020.4	8,986.7	10,007.1	12,230.4
Sep	1,120.5	884.5	2,005.0	756.8	334.3	1,091.1	10,053.6	11,144.7	13,149.7
Oct	1,096.0	1,237.2	2,333.2	715.9	347.7	1,063.6	9,769.5	10,833.1	13,166.3

* Including private demand deposits at Treasury

** Adjusted figure. See note * to Table C - 2

Source: Banque Nationale du Laos

Table C - 4

Money Supply and Coverage of Kip*
(Millions of Kips)

End of Period	Kip in ** Circulation	Total *** Money Supply	Net Foreign Exchange at BNL	Coverage of Kip
1964				
I	5,627.8	7,565.2	1,276.2	16,87%
II	6,021.9	7,443.4	1,098.0	14,75%
III	6,046.1	8,574.3	863.3	10,07%
IV	6,476.5	9,413.9	1,279.3	13,59%
1965				
I	6,820.1	10,204.7	1,218.1	11,94%
II	7,273.1	10,991.1	1,331.2	12.11%
III	7,689.4	12,168.8	1,371.9	11.27%
IV	8,240.0	12,705.2	1,470.0	11.57%
1966				
Jan	8,701.2	13,175.9	1,508.9	11.45%
Feb	8,857.0	13,631.8	1,499.2	11.00%
Mar	8,931.3	13,761.3	1,527.4	11.10%
Apr	9,053.3	14,226.4	1,682.1	11.82%
May	8,969.4	14,529.1	1,618.7	11.14%
Jun	9,173.5	14,425.9	1,548.1	10.73%
Jul	9,018.4	16,761.6	1,653.1	9.78%
Aug	9,129.7	12,463.4	1,589.2	12.75%
Sep	10,238.2	13,452.3	1,514.5	11.26%
Oct	10,003.7	14,447.0	1,506.3	10.43%

* This is BNL's legal method of determining coverage
** Exclusive of inactive notes issued by the Institut d'Emission prior to independence but inclusive of cash in till at the commercial banks and RLG Treasury.
***Including demand deposits (commercial banks deposits at BNL, commercial banks deposits at Treasury, Treasury deposits at BNL, American Aid deposits at BNL and private deposits at BNL)

Source: Banque Nationale du Laos

Table C - 5a

National Bank of Laos
Assets

(Millions of Kips)

End of Month	Dec 64	Dec 65	Jul 66	Aug 66	Sep 66	Oct 66
Foreign Exchange Holdings						
U.S. Dollars	825.3	548.1	698.9	591.5	535.6	511.9
French Francs	483.1	641.5	602.2	694.1	673.8	708.5
Others	1.9	1.7	1.2	1.1	1.1	1.1
Subscription to International Financial Organizations (Foreign Exchange)*	484.5	484.5	484.5	484.5	484.5	484.5
Sub-Total	1,794.8	1,675.8	1,786.8	1,771.2	1,695.0	1,706.0
Letter of Credit Opened by U.S. Government at Chase Manhattan Bank	985.8	549.8	549.8	549.8	549.8	549.8
Advances to the State						
Loans arising from liquidation of old Indochine Treasury	340.6	340.6	340.6	340.6	340.6	340.6
Loans to the State (Consolidated)	305.0	305.0	305.0	305.0	305.0	305.0
Temporary Advances to the State	7,865.2**	8,311.5**	8,307.5**	8,307.5**	8,307.5**	8.307.5**
Subscription to International Financial Organizations (in Kips)	72.0	72.0	129.6	129.6	129.6	129.6
Sub-Total	8,582.8	9,029.1	9,082.7***	9,082.7	9.082.7	9.082.7
Participation in different Enterprises	132.7	137.7	142.7	142.7	142.7	142.7
Miscellaneous Assets	5,517.9	8,239.3	12,631.0	10,816.7	11,704.5	12,070.5
Fixed Assets	113.6	138.0	147.8	148.4	148.7	148.7
Total	17,127.6	19,769.7	24,340.8	22,511.5	23,323.4	23,700.4

Totals may not add due to rounding

* See note (**) to Table C - 5b

** Including interest charges

***This figure should be corrected in September issue to read: May, 9.025.1, June, 9,082.7, July, 9,082.7

Source: Banque Nationale du Laos

Table C - 5b

National Bank of Laos
Liabilities

(Millions of Kips)

End of Month	Dec 64	Dec 65	Jul 66	Aug 66	Sep 66	Oct 66
Notes in Circulation *	6,795.7	8,559.2	9,337.6	9,448.9	10,557.4	10,322.9
Treasury Deposits	665.3	300.2	3,562.1	1,231.8	446.2	925.0
Counterpart Fund Deposits	810.1	1,553.0	837.1	687.4	825.7	822.8
Banks and Other Deposits	1,390.5	2,856.3	3,561.6	1,583.7	1,580.3	2,841.7
International Financial Organizations Deposits **	122.1	122.1	179.7	179.7	179.7	184.8
Foreign Exchange Liabilities	515.5	205.8	133.6	182.0	180.5	199.7
Provisions and Reserves	692.3	835.7	759.8	759.8	759.8	749.6
Counterpart of Letter of Credit at Chase Manhattan Bank	985.8	549.8	549.8	549.8	549.8	549.8
Miscellaneous	5,150.3	4,787.7	5,419.5	7,888.5	8,244.1	7,104.1
Total	17,127.6	19,769.7	24,340.8	22,511.6	23,323.4	23,700.4

Totals may not add due to rounding

* Including unadjusted figure for notes of the former Institut d'Emission

** Transfers effected by the BNL to IMF and IBRD. As counterpart RLG deposited a Treasury Bond of 230 million kips

Note: This table in September issue should be corrected to read:

	Apr 66	May 66	Jun 66	Jul 66
Treasury Deposits	781.1	798.8	1,244.6	3,562.1
Counterpart Fund Deposits	553.3	1,109.8	443.6	837.1

Table C - 6a

National Bank of Laos

Receipts of Foreign Exchange
(Thousands of U.S. Dollars)

Period	A.I.D.	Embassies	International Organizations	B.N.L.	Private Sector	TOTAL
Total 1964	4,193.2	751.7	341.5	-	980.5	6,267.0
Total 1965	2,810.3	1,893.3	25.6	42.4	659.1	5,430.7
1966						
Jan	-	286.5	-	5.8	220.0	512.3
Feb	-	53.8	2.0	5.8	118.2	179.8
Mar	165.3	118.7	-	5.8	136.8	426.6
Apr	734.7	306.5	1.7	6.1	144.9	1,193.9
May	-	245.8	0.2	6.1	46.2	298.3
Jun	-	210.1	-	6.1	63.2	279.4
Jul	600.0	180.3	3.1	6.4	180.3	970.1
Aug	-	36.3	6.1	6.4	12.5	61.3
Sep	-	27.5	5.4	6.9	36.2	76.0
Oct	-	183.2	2.0	6.9	108.9	301.0
Nov	500.0	37.3	6.5	6.9	85.4	636.1
Total Jan-Nov	2,000.0	1,686.0	27.0	69.2	1,152.6	4,934.8

[c]Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 6b

National Bank of Laos

Sales of Foreign Exchange

(Thousands of U.S. Dollars)

Period	Civil Administration	Military and Police	Students	Private Sector	Merchandise*	Total
Total 1964	2,795.1	93.6	1,180.7	589.0	9,749.4	14,407.7
Total 1965	3,620.0	146.0	1,852.7	530.3	11,281.3	17,430.3
1966						
Jan	264.8	2.9	57.6	2.3	210.4	538.0
Feb	207.2	12.9	86.1	6.6	171.9	484.7
Mar	331.2	16.0	67.5	8.6	938.9	1,362.2
Apr	121.5	8.7	106.4	15.7	323.4	575.7
May	314.4	0.7	68.9	23.5	207.1	614.6
Jun	388.7	50.3	42.1	152.7	84.8	718.6
Jul	152.0	19.2	39.3	9.8	561.3	781.6
Aug	325.1	44.9	170.7	158.8	808.9	1,508.4
Sep	141.5	12.7	14.8	27.4	518.3	714.7
Oct	481.8	31.6	104.9	33.9	116.0	768.2
Nov	367.0	29.8	89.6	8.8	285.0	780.2
Total Jan-Nov	3,095.2	229.7	847.9	448.1	4,226.0	8,846.9

* Including United States and United Kingdom Commercial Import Programs

c Totals may not add due to rounding

Source: Banque Nationale du Laos

Table C - 7

Foreign Exchange Operations Fund

Period	FEOF Sales (000 US$)	Average FEOF Kip/Dollar Rate	Kip Acquired by FEOF (000 Kip)
1964			
Jan	855.0	478.6	409,210
Feb	875.0	487.9	426,956
Mar	830.0	492.9	409,099
Apr	287.0	495.1	142.085
May	679.0	498.8	338.703
Jun	595.0	500.0	297.499
Jul	463.7	496.9	230,439
Aug	644.0	497.0	320.097
Sep	549.0	496.7	272,674
Oct	617.0	497.0	306.649
Nov	792.3	499.3	395,580
Dec	599.7	500.8	300,351
Total 1964	7,786.7	494.3	3,849,342
1965			
Jan	797.3	500.0	398,649
Feb	495.0	500.8	247,896
Mar	625.5	501.0	313,413
Apr	659.0	499.9	329,410
May	637.9	498.3	317,874
Jun	558.0	497.2	277,431
Jul	770.0	497.0	382,715
Aug	705.0	496.0	349,702
Sep	1,193.0	496.4	592,261
Oct	1,200.0	497.0	596,390
Nov	1,425.0	497.4	708,760
Dec	1,836.0	498.5	915,285
Total 1965	10,901.7	498.1	5,429,786

Source: Foreign Exchange Operations Fund

Table D - 1

Lao Budget Revenues and Expenditures
(Millions of Kips)

Period	U.S. Budget Support	Borrowing from BNL	Change in Tr. Balance	Total Deficit	Budget Revenues	Total Budget Expenditures
FY 1964	215(1)	+ 4,050	- 265	4,530	1,367(2)	5,897
FY 1965	2,031(3)	+ 4,858	+ 458	6,431	4,290(4)	10,721
Jul 65	35(5)	+ 756	+ 140	651	307	958
Aug 65	28	+ 692	+ 71	649	316	965
Sep 65	27(6)	+ 660	- 227	914	352	1,266
1st Qr. FY 66	90	+ 2,108	- 16	2,214	975	3,189
Oct 65	-	-	- 665	665	358	1,023
Nov 65	65(7)	+ 1,349	+ 542	872	341	1,213
Dec 65	6	+ 684	- 203	893	380	1,273
2nd Qr. FY 66	71	+ 2,033	- 326	2,430	1,079	3,509
Jan 66	-	+ 692	- 174	866	422	1,288
Feb 66	24	+ 687	- 335	1,046	435	1,481
Mar 66	13	+ 680	- 14	707	413	1,120
3rd Qr. FY 66	37	+ 2,059	- 523	2,619	1,270	3,889
Apr 66	302(8)	+ 653	+ 18	937	465	1,402
May 66	15	+ 800	+ 446	369	394	763
Jun 66	-	+ 697	- 236	933	387	1,320
4th Qr. FY 66*	317	+ 2,150	+ 228	2,239	1,246	3,485
Total FY 66*	515	+ 8,350	- 637	9,502	4,570	14,072
Jul 66	85(9)	-	- 579	664	486	1,150
Aug 66	-	+ 1,386(10)	+ 802	584	417	1,001
Sep 66	15	+ 800	- 786	1,601	188	1,789
1st Qr. FY 67	100	+ 2,186	- 563	2,849	1,097	3,940

(1) Including British Budget Support of 20
(2) Including 48 from the Lao Stabilization Fund
(3) Including British Budget Support of 198
(4) Including Extraordinary Budget Revenues from sales of foreign exchange to FEOF
(5) Including Australian Budget Support of 16
(6) Including Australian Budget Support of 19
(7) Including Australian Budget Support of 32
(8) Including British Budget Support of 282
(9) British Budget Support
(10) FEOF reimbursed 3,131.6 (2,259.3 US Budget Support, 706.1 British and 166.2 Australian) however BNL advanced to RLG 1,385.5

* Revised figures

Table D - 2

Advances to the RLG from the National Bank of Laos
(Millions of Kips)

Period		Advances	BNL "Advances to the State" Outstanding	BNL "Advances Against Reimbursements to be received from the Contributing Countries" Outstanding*
1964		4,999.5	7,598.6	4,899.5
1965		5,999.5	7,598.6	7,589.5
1966				
Jan	+	692.0	7,598.6	8,281.5
Feb	+	686.8	7,598.6	8,968.3
Mar	+	680.0	7,598.6	9,648.3
Apr	+	653.3	7,598.6	10,301.6
May	+	800.0	7,598.6	11,101.6
Jun	+	697.0	7,598.6	11,798.6
Jul	-	85.3**	7,598.6	11,713.6
Aug	-	1,746.1***	7,598.6	9,967.5
Sep	+	800.0	7,598.6	10,767.5
Oct	+	281.6	7,598.6	11,049.1
Nov	+	1,000.0	7,598.6	12,049.1

* In 1966 a new account, "Advances Against Reimbursements to be received from the contributing countries", was opened by RLG with BNL, replacing the previous one, "Advances Against Reimbursement from USIP". It is intended that outstanding advances will be cancelled through transfers of funds from U.S. Counterpart Account and from FEOF proceeds.

** Reimbursed from UKIP.

*** 3,131.6 reimbursed from FEOF however BNL advanced to RLG 1,385.5

Source: Banque Nationale du Laos

Table D - 3

Lao Budget Revenues

(Thousands of Kips)

Period	State Forests	P.T.T.	Registry	Customs	Indirect Taxes	Direct Taxes	Total
1964	9,610	100,064	45,458	1,391,807	284,477	149,686	1,981,102
1965	16,229	119,138	58,644	2,711,193	527,284	271,892	3,704,380
1966							
Jan	1,460	12,962	5,973	302,177	50,635	49,179	422,386
Feb	2,155	12,588	12,841	325,426	57,629	24,290	434,929
Mar	2,024	11,733	6,520	322,691	51,515	18,651	413,134
Total 1st Qr.	5,639	37,283	25,334	950,294	159,779	92,120	1,270,449
Apr	2,093	7,389	6,265	349,867	50,635	48,796	465,045
May	1,757	11,397	7,235	294,063	48,635	31,392	394,479
Jun	1,326	15,576	13,173	288,920	53,158	14,904	387,057
Total 2nd Qr.	5,176	34,362	26,673	932,850	152,428	95,092	1,246,581
Jul	1,761	15,540	8,808	343,392	70,433	46,603	486,537
Aug	979	12,462	11,875	280,870	66,751	44,663	417,600
Sep	861	10,526	5,135	103,897	43,404	24,251	188,074
Total 3rd Qr.	3,601	38,528	25,818	728,159	180,588	115,517	1,092,211

Source: Ministere des Finances du Laos

Table E - 1

Regular Counterpart Fund Status
(Excluding Section 402 U.S. Owned Local Currency Account)
(Millions of Kips)

Period	Deposits		Withdrawals		Balance
	During Period	Cummu-lative	During Period	Cummu-lative	
Total through 1963		14,812		14,787	25
Total 1964	2,026	16,838	1,858	16,645	193
Total 1965	4,007	20,845	4,089	20,734	111
1966					
Jan	566	21,411	357	21,091	320
Feb	187	21,598	225	21,316	282
Mar	77	21,675	201	21,517	158
Apr	22	21,697	158	21,675	22
May	235	21,932	125	21,800	132
Jun	20	21,952	2	21,802	150
Jul	170	22,122	81	21,883	239
Aug	144	22,266	308	22,191	75
Sep	114	22,380	129	22,320	60
Oct	12	22,392	16	22,336	56
Nov	-	22,392	20	22,356	36
Dec	324	22,716	1	22,357	359
Total 1966	1,871	22,716	1,623	22,357	359

Source: Office of the Controller, USAID/Laos

Table E - 2

Deposits in Counterpart Fund by Origin
(Millions of Kips)

Period	Procurement Authorization	Cash Grant Dollars	USIP	Others	Total
Total through 1963	1,286	12,284	-	1,242	14,812
Total 1964	134	-	482	1,410	2,026
Total 1965	222	-	2,819	966	4,007
1966					
Jan	77	-	480	9	566
Feb	152	-	11	24	187
Mar	24	-	-	53	77
Apr	-	-	2	20	22
May	44	-	-	191	235
Jun	20	-	-	-	20
Jul	168	-	2	-	170
Aug	-	144	-	-	144
Sep	100	-	-	14	114
Oct	12	-	-	-	12
Nov	-	-	-	-	-
Dec	204	120	-	-	324
Total 1966	801	264	495	311	1,871

Source: Office of the Controller, USAID/Laos

Table E - 3

Withdrawals from Counterpart Fund by Use

(Millions of Kips)

Period	Military Budget Support	Economic Aid Projects	Administrative	Others	Total
Total through 1963	10,147	2,045	505	2,090	14,787
Total 1964	-	254	698	906	1,858
Total 1965	-	326	2,297	1,466	4,089
1966					
Jan	-	25	324	8	357
Feb	-	2	191	32	225
Mar	-	39	149	13	201
Apr	-	28	110	20	158
May	-	76	34	15	125
Jun	-	2	-	-	2
Jul	-	81	-	-	81
Aug	-	8	-	300	308
Sep	-	14	-	115	129
Oct	-	12	-	4	16
Nov	-	20	-	-	20
Dec	-	1	-	-	1
Total 1966	-	308	808	507	1,623

Source: Office of the Controller, USAID/Laos

Table E - 4

United States Commercial Import Program
Applications, Letters of Credit and Arrivals
(Thousands of U.S. Dollars)

Period	Amount Requested	Amount of Letters of Credit	P O L Letters of Credit*	Arrivals
1964	10,397.7	6,564.1	1,282.0	9,292.0
1965				
Jan	1,007.1	513.5	-	774.7
Feb	1,029.7	431.9	48.0	391.2
Mar	1,564.1	650.7	484.0	764.1
Apr	642.0	510.0	263.0	493.3
May	1,428.2	931.6	135.0	955.9
Jun	1,871.0	696.2	320.0	641.9
Jul	1,462.6	813.9	110.0	998.4
Aug	1,524.4	456.5	180.0	625.9
Sep	1,116.7	408.7	237.0	1,334.2
Oct	296.4	443.7	202.2	385.9
Nov	332.4	48.6	222.0	427.9
Dec	459.7	236.3	207.0	427.3
Total 1965	12,734.3	6,141.6	2,408.2	8,220.7
1966				
Jan	296.5	58.2	152.2	348.7
Feb	180.7	97.1	30.0	237.6
Mar	378.1	114.2	415.0	235.8
Apr	225.9	81.4	189.4	98.9
May	482.3	60.2	115.0	98.0
Jun	166.8	41.5	40.0	121.6
Jul	268.5	45.3	453.2	182.8
Aug	238.1	251.0	90.3	122.3
Sep	120.8	29.0	417.3	38.2
Oct	171.2	66.4	49.5	154.9
Nov	205.7	31.5	240.0	283.3
Dec	134.5	142.2	302.0	190.5
Total 1966	2,869.1	1,018.0	2,493.9	2,112.6

* No data available on arrivals of POL products

Source: Office of Economic Affairs, USAID/Laos

Table E - 5

United States Commercial Import Program

Commodity Composition - a) Letters of Credit

(Thousands of U.S. Dollars)

Commodity	1964	1965	1966
Wheat Flour	268.6	104.3	-
Rice Rough & Milled	484.2	440.7	83.5
Oil Cake, Feeds & Fodders	-	16.1	-
Sugar	586.2	118.0	-
Milk	720.1	232.4	-
Fish & Fish Products	-	-	-
Seeds, other than Oil Seeds	1.4	-	-
Vegetables Products	-	130.6	-
Tobacco	94.4	133.2	-
Live Animals	-	19.6	-
Pesticides	56.6	5.3	-
Pharmaceuticals	67.4	23.9*	-
Chemicals	529.5	352.3	-
Soap & Toilet Preparations	75.2	210.1	-
Cotton, Textiles	712.1	311.7	-
Paper	352.4	596.0	- 2.2*
Newsprint	9.4	56.2	-
Non-metalic minerals	743.5	757.3	- 0.4*
Iron & Steel Mill Products	700.0	288.8	- 18.8*
Misc. Iron & Steel Manufactures	96.8	123.1	-
Non-ferrous Metals	15.7	59.8	-
Generators, Motors & Parts	106.4	76.5	49.6
Electrical Apparatus & Parts	248.0	475.5	- 36.6*
Engines, Turbines & Parts	29.7	116.6	67.9
Construction & Mining Equipment	111.7	259.0	286.1
Machine Tools & Parts	-	3.3	-
Metalworking Machinery & Parts	21.3	2.0	-
Agricultural Equipment & Parts	-	8.1	-
Textile Machinery & Parts	-	114.3	-
Food Products Machinery & Parts	-	2.5	3.4
Industrial Machinery & Parts	126.1	237.6	60.3
Motor Vehicles, Engines & Parts	174.3	582.6	422.4
Misc. Vehicles & Parts	1.1	11.1	-
Tractors & Parts	7.8	60.7	104.1
Aircraft Parts	11.4	1.8	0.3
Vessels & Equipment	2.2	-	-
Scientific & Professional Instruments	-	8.7	-
Rubber & Rubber Products	182.8	137.9	- 1.6*
Miscellaneous Commodities	27.8	111.8	-
Total	6,564.1	6,141.6	1,018.0

* Reflects cancellation

c As of September 1, 1965, USIP was restricted to POL products, rice and broad categories of industrial machinery, agricultural equipment and utility vehicles

Source: Office of Economic Affairs, USAID/Laos

Table E - 5

United States Commercial Import Program

Commodity Composition - b) Arrivals

(Thousands of U.S. Dollars)

Commodity	1964	1965	1966
Wheat Flour	112.9	312.3	14.2
Rice, Rough & Milled	957.3	682.6	36.2
Oil Cake, Foods & Fodders	-	16.1	-
Sugar	451.9	436.4	-
Milk	410.9	601.3	34.5
Fish & Fish Products	18.0	-	-
Seeds, other than Oil Seeds	1.4	-	-
Vegetables Products	-	125.6	11.6
Tobacco	336.1	208.7	-
Live Animals	-	19.6	-
Pesticides	39.4	44.9	-
Pharmaceuticals	270.1	40.1	-
Chemicals	578.7	511.0	48.3
Soap & Toilet Preparations	50.2	186.7	55.7
Cotton, Textiles	824.6	771.0	66.4
Paper	447.1	694.4	98.0
Newsprint	3.0	62.6	-
Non-metalic Minerals	1,169.4	1,018.9	48.2
Iron & Steel Mill Products	1,212.8	457.7	33.6
Misc, Iron & Steel Manufactures	93.9	161.2	11.4
Non-ferrous metals	4.9	62.3	7.8
Generators, Motors & Parts	147.9	27.7	81.4
Electrical Apparatus & Parts	300.7	533.3	53.7
Engines, Turbines & Parts	30.8	34.7	152.6
Construction & Mining Equipment	93.4	105.9	362.0
Machine Tools & Parts	-	-	3.3
Metalworking Machinery & Parts	20.1	8.5	7.2
Agricultural Equipment & Parts	-	8.1	-
Textile Machinery & Parts	-	29.1	85.2
Food Products Machinery & Parts	-	0.5	5.4
Industrial Machinery & Parts	384.3	338.6	169.7
Motor Vehicles, Engines & Parts	679.1	350.9	616.0
Misc. Vehicles & Parts	9.3	6.6	-
Tractors & Parts	97.4	57.6	52.0
Aircraft Parts	-	6.5	7.0
Vessels & Equipment	96.0	-	2.2
Scientific & Professional Instruments	2.2	7.9	0.8
Rubber & Rubber Products	404.9	177.9	27.8
Miscellaneous Commodities	43.4	113.5	20.4
T o t a l	9,292.1	8,220.7	2,112.6

Source: Office of Economic Affairs, USAID/Laos

Table F - 1

Imports

Excluding gold	Wt. - Kgs	Value - Kips
Total 1964	154,815,466	6,123,565,252
Total 1965	163,091,677*	7,893,226,848*
1st Quarter 1966	26,008,976	2,356,598,515
2nd Quarter 1966	33,061,096	2,604,955,028
3rd Quarter 1966	92,608,052	2,270,631,723
4th Quarter 1966	101,085,598	3,101,148,836
Total 1966	252,763,722	10,333,334,102
Gold only		
Total 1964	11,332	5,083,212,163
Total 1965	36,072	20,709,126,665
1st Quarter 1966	14,113	8,083,490,131
2nd Quarter 1966	12,240	6,721,820,841
3rd Quarter 1966	8,210	4,706,578,510
4th Quarter 1966	18,472	10,597,927,126
Total 1966	53,035	30,109,816,608

Exchange rate: US$ = 240 kip before April 30,1964
US$ = Open Market Kip/Dollar rate after April 30,1964

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

* Revised figure

Table F - 2

Imports by Commodity*

(Millions of Kips)

Commodity	1964	3rd Qr. 1965	4th Qr. 1965	1965
Animals & Meat	158.8	67.0	51.4	258.0
Vegetables	1,003.4	179.8	335.0	1,138.5
Fats & Oil	16.8	5.1	1.5	55.3
Industrial Food Products	708.3	366.4	229.1	1,094.4
Minerals	981.8	367.5	289.8	1,268.4
Chemical Products	397.5	151.0	90.6	463.5
Rubber & Rubber Products	155.2	71.4	46.4	172.3
Leather & Hides	4.4	1.3	1.5	4.6
Wood & Wood Products	20.3	7.9	31.1	56.8
Paper & Paper Products	159.2	102.5	58.1	268.2
Textiles	609.1	146.3	217.4	727.2
Wearing Apparel	32.3	6.6	5.4	27.2
Ceramic-Glass	106.3	45.8	22.8	213.4
Precious Metals, Jewelry	48.6	1.1	3.3	5.2
Metal & Metal Products	380.1	104.8	182.2	434.3
Machinery	517.7	167.4	205.6	704.2
Means of Transportation	715.4	202.5	215.6	799.6
Scientific Instruments	65.4	24.9	27.7	114.9
Weapons	-	0.4	-	1.5
Others	43.0	21.9	27.2	85.7
Total	6,123.6	2,041.6	2,041.7	7,893.2

* Excluding gold

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

Table F - 3

Imports by Country of Origin*

(Millions of Kips)

Country	1964	3rd Qr. 1965	4th Qr. 1965	1965
France	266.1	116.2	136.9	442.8
West Germany	56.4	50.4	55.6	148.3
Hong Kong	221.4	67.1	107.4	299.7
Indonesia	475.8	66.0	32.1	435.2
Japan	332.9	141.6	232.1	638.0
South Viet-Nam	58.1	8.6	14.3	41.6
Taiwan	288.0	100.7	97.9	357.3
Thailand	1,714.6	478.6	543.7	2,050.0
United Kingdom	612.8	179.4	116.7	683.3
U.S.A.	1,735.3	535.9	427.5	1,981.9
Others	362.2	297.1	277.5	815.1
Total	6,123.6	2,041.6	2,041.7	7,893.2

*Excluding gold

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

Table F - 4

Imports by Type of Financing (1)
(Millions of Kips)

Type of Financing	1964	3rd Qr. 1965	4th Qr. 1965	1965
Authorized Allocation of U.S. Dollars by BNL	1,724.5	691.9	351.9	1,998.0
U.S. Aid P.A. Funds	416.5	60.1	136.5	306.7
Other Licenses	400.1	156.8	69.5	481.3
Free Market Exchange	1,654.4	688.2(2)	894.6(2)	2,688.4(2)
Lao Army	222.3	26.2	11.6	106.1
U.S. Direct Aid	127.5	16.6	265.1	287.0
French Direct Aid	4.2	-	23.8	28.3
Colombo Plan	0.9	0.1	-	0.1
Other Aid	37.5	10.0	8.5	25.5
Imports for Embassies & Foreign Missions	1,535.7	391.7	280.2	1,971.8
Total	6,123.6	2,041.6	2,041.7	7,893.2

(1) Excluding gold
(2) Converted at the rate US$ = 500 kip

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 5

Exports

Excluding gold	Wt. - Kgs	Value - Kips
1st Quarter 1964	976,756	35,616,800
2nd Quarter 1964	1,682,891	41,187,400
3rd Quarter 1964	783,743	81,505,000
4th Quarter 1964	1,819,493	55,035,500
Total 1964	5,262,883	213,344,700
1st Quarter 1965	1,749,386	89,262,934
2nd Quarter 1965	454,090	64,219,719
3rd Quarter 1965	1,510,873	50,594,770
4th Quarter 1965	646,236	36,091,090
Total 1965	4,360,585	240,168,513

Exchange rate: US$ = 240 Kip

Source: Ministère des Finances, Direction des Douanes & Régies, Bureau des Statistiques, Bulletin du Commerce Extérieur

Table F - 6

Exports by Commodity*
(Thousands of Kips)

Commodity	1964	3rd Qr. 1965	4th Qr. 1965	1965
Tin	165,745	17,822	17,616	147,246
Wood	12,716	3,073	1,105	19,122
Green Coffee	15,123	4,924	4,860	11,104
Cardamon	2,977	-	1,200	1,200
Benzoin	496	11,075	1,040	26,845
Sticklac	180	-	-	225
Leather & Hides	1,417	132	-	1,032
Others	14,691	13,569	10,270	33,395
Total	213,345	50,595	36,091	240,169

*Excluding gold

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

Table F - 7

Exports by Country of Destination*
(Thousand of Kips)

Country	1964	3rd Qr. 1965	4th Qr. 1965	1965
France	239	2,691	-	2,691
Hong Kong	14,800	3,320	2,630	9,217
Singapore & Malaysia	180,862	22,486	23,676	159,290
Thailand	15,278	21,398	9,785	66,724
South Viet-Nam	637	50	-	1,031
United Kingdom	99	30	-	30
U.S.A.	1,126	150	-	670
Others	304	470	-	516
Total	213,345	50,595	36,091	240,169

*Excluding gold

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

Table F - 8

Imports of Petroleum Products
(Thousands of Kips)

PRODUCT	1964	3rd Qr. 1965	4th Qr. 1965	1965
Aviation Gasoline	215,805	79,569	45,255	247,334
Motor Gasoline	239,116	86,942	70,775	316,273
Petroleum	94,573	30,625	52,463	140,437
Gas Oil	94,556	46,462	35,272	153,597
Fuel Oil	49,839	17,949	16,558	59,497
Lubricants	152,920	29,787	26,135	110,439
TOTAL	846,809	291,334	246,458	1,027,577

Source: Ministere des Finances, Direction des Douanes & Regies, Bureau des Statistiques, Bulletin du Commerce Exterieur

Table G - 1

Forestry Production

Period	Timber Cubic Meters	Firewood Cubic Meters	Charcoal Metric Tons	Bamboo Cubic Meters
1964	50,392	79,216	10,635	2,213
1st Qr. 1965	19,379	19,022	2,774	572
2nd Qr. 1965	19,395	15,004	2,870	186
3rd Qr. 1965	16,457	9,211	1,893	345
4th Qr. 1965	22,218	11,710	3,042	396
Total 1965	77,449	54,947	10,579	1,499
1st Qr. 1966	24,529	11,571	3,553	265
2nd Qr. 1966	14,789	13,417	3,408	210

Source: Service des Eaux, Forets et Chasse du Laos

Table G - 2

Livestock Slaughtered
(Head)

Period	Cattle	Water Buffalo	Hogs
1964	4,991	13,303	67,763
1st Qr. 1965	1,424	4,248	14,354
2nd Qr. 1965	1,745	4,562	13,551
3rd Qr. 1965	1,899	4,900	14,041
4th Qr. 1965	2,036	4,217	17,247
Total 1965	7.104	17,927	59,193
1st Qr. 1966	1,803	3,963	19,256

Source: Service de l'Elevage et des Epizooties du Laos

Table G - 3

Production of Hides

	Unit	1964	1965	1st Qr. 1966
Cattle	Number	1,838	946	144
	Weight in metric tons	20	5	1
Water Buffalo	Number	4,335	1,650	541
	Weight in metric tons	101	23	2

Source: Service de l'Elevage et des Epizooties du Laos

Table H - 1

Production of Tin Concentrates

(Metric tons)

Month \ Year	1964	1965	1966
Jan	64.7	43.3	45.3
Feb	44.6	54.6	32.6
Mar	70.7	61.9	79.8
Apr	67.0	48.0	68.3
May	55.4	47.1	62.3
Jun	56.3	27.9	50.3
Jul	67.1	47.0	51.8
Aug	45.2	52.0	52.6
Sep	55.1	56.7	58.2
Oct	52.5	42.5	56.5
Nov	52.1	51.1	
Dec	55.5	46.2	
Total	686.2	578.3	

Source: Societe d'Etudes et d'Exploitation Miniere de l'Indochine.

Table H - 2

Production of Electricity
(Thousands Kwh)

Province	Period	1964	3rd Qr. 1965	4th Qr. 1965	1965
Luang Prabang		562.2	143.0	165.5	587.3
Pakse		1,075.5	276.2	310.1	1,156.6
Savannakhet		1,070.6	349.1	381.6	1,400.9
Thakhek		136.6(1)	47.3(2)	80.0	238.0
Vientiane		9,447.9	3,337.3	3,417.3	12,231.4
T.O T A L		12,292.8	4,152.9	4,354.5	15,614.2

(1) Nine months only
(2) July and August only

Source: Regie Nationale d'Electricite du Laos

Table I - 1

Civil Aviation Traffic

Local - Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freight-Tons
1st Quarter 1964	606	5,820	189
2nd Quarter 1964	507	4,753	117
3rd Quarter 1964	383	7,040	122
4th Quarter 1964	452	6,256	152
Total 1964	1,948	23,869	580
1st Quarter 1965	381	5,437	114
2nd Quarter 1965	480	6,436	150
3rd Quarter 1965	676	9,470	285
4th Quarter 1965	734	8,532	325
Total 1965	2,271	29,875	874
1st Quarter 1966	742	9,198	360
2nd Quarter 1966	1,029	12,806	489

Source: Service de l'Aviation Civile du Laos

Table I - 2

Civil Aviation Traffic

International - Arrivals (Vientiane)

Period	No. of Flights	No. of Passengers	Freignt-Tons
1st Quarter 1964	750	5,506	159
2nd Quarter 1964	443	4,369	115
3rd Quarter 1964	298	6,269	98
4th Quarter 1964	366	5,555	103
Total 1964	1,857	21,699	475
1st Quarter 1965	335	4,263	93
2nd Quarter 1965	427	6,065	126
3rd Quarter 1965	168	3,505	103
4th Quarter 1965	240	3,373	143
Total 1965	1,170	17,206	465
1st Quarter 1966	269	5,000	119
2nd Quarter 1966	255	4,303	114

Source: Service de l'Aviation Civile du Laos

UNITED STATES AID

TO LAOS

UNITED STATES AID

TO LAOS

I. INTRODUCTION

In facing the current economic and social situation in this country, the Royal Lao Government has addressed itself both to the immediate emergency and to the long term development needs of Laos. The emergency, of course, stems from external aggression and the extraordinary burdens which the defense of the country places on its economy. The long term development needs result from the years and years of turmoil which have disrupted the growth of Laos and impeded its development.

The emergency results in at least two principal economic facts. First, there is the enormous budgetary cost of maintaining a large military establishment to defend the country, which is menaced by the constant danger of attack all along its eastern territories. Second, there is the abnormal absorption of able-bodied manpower into the armed forces, thus stripping the economy of a great portion of its agricultural labor force. The major result of these two circumstances is that Laos suffers a severe budgetary deficit, and has a significant amount or purchasing power which cannot be satisfied by local production.

These combined pressures cause increased demands for imported goods, including agricultural products, and present constant pressures towards inflation. Because of these circumstances and because the demand for imported goods introduces the problem of foreign exchange, the Royal Lao Government has had to ask for foreign assistance to meet this emergency. It called on specialists of the International Monetary Fund to devise means for dealing with the problem.

The means which have been devised are a complex of measures which are designed to assure Laos of necessities at the lowest possible cost and to meet other demands for imports through the least cumbersome channels and with the greatest stability or prices. Essentially, there are two mechanisms which function in this field. The first is the commodity import program, the so-called "aide commercialisee", which is provided by Australia, the United States and the United Kingdom. The second is the Foreign Exchange Operations Fund, which is composed of contributions from Australia, France, Japan, the United Kingdom and the United States.

1966. See introduction in 1968 edition.

Both of these mechanisms work in the very closest collaboration with and under formal agreements with the Royal Lao Government. They have been remarkably successful in helping the Government solve the economic problems which directly result from the emergency created by aggression.

Another aspect of the emergency is more humanitarian than economic. This is the plight of the thousands of families who have fled from the area under control of foreign troops. There are approximately 250,000 persons whose lives have been disrupted by the aggression and who have had to turn to the Royal Lao Government for help. The Ministry of Social Welfare has been forced to bear a staggering burden in caring for these people. Its resources have been simply overwhelmed and it has had to turn to outside help. Again, the United Nations, the Red Cross, several religious and charitable organizations, as well as friendly states, have responded to this appeal. All of them work directly under the supervision of the appropriate ministries of the Royal Lao Government.

On the longer range issue of economic development, the Royal Lao Government faces a more complex problem. The question is how to create and develop all the needs of a modern state while at the same time the country suffers from the dislocations of aggression. Essentially, how can Laos ever reach a position when it will be free from the need to rely on foreign assistance? How can it earn its own way and still improve the welfare of its people?

With consistent unanimity, the leaders of Laos have concluded that the answer lies in the improvement, the expansion, and the development of its agriculture. If Laos could till all the arable land in the country, could augment the yield per acre and could develop marketing and transportation systems for its products, it would not only increase the personal income of all families in Laos, but would also greatly increase the national income and the country's earnings of foreign exchange. The world market for rice alone is so well assured and so much in need that there will (at a sound economic price) indefinitely be a demand for all the rice that Laos can produce.

Laos, therefore, can look forward with confidence to the fact that its natural resources of land, water and climate, plus its human resources of an agriculturally-oriented population, can bring prosperity and progress to its citizens. However, to realize these objectives, it must have peace and must be spared the constant threat of aggression.

Nevertheless, the Royal Government of Laos has understood full well that it cannot merely wring its hands and wait for peace before work can be begun to place the country on the road to prosperity. Therefore, it has set in motion a highly imaginative and well coordinated program to build and develop the "infrastructure" needed for this prosperity. It involves such essentials as education, public health, road building, irrigation, communications, electric power, rural development and urban construction. It is a program which requires the closest collaboration among almost all the ministries of the Royal Lao Government and which will take many years to accomplish.

Because Laos realizes that it does not currently have the resources for this imaginative program and because it is still so much occupied in the task of defending its soil, it has turned to the United Nations and friendly foreign countries to aid in this work. The response has been significant and there are many nations currently engaged in the effort to help Laos prepare for its future.

This paper is intended to report to the people of Laos the nature of the United States response to the Government's requests and to indicate the scope of the current United States aid program to Laos. All of the measures reported in this paper are carefully integrated into the plans of the Royal Lao Government and are carried out under the supervision of the appropriate ministries of the Government.

II. PURPOSES OF UNITED STATES ASSISTANCE

United States economic assistance can largely be broken down into three broad areas by purpose: stabilization of the economy and of the value of the kip, humanitarian relief of the suffering of the people, and development of the economy to improve the living standards of the people.

The $51 million in economic assistance made available to Laos by the United States in the budgetary year 1965 was used as follows: $15 million for stabilization purposes, about $11 million for humanitarian purposes and over $11 million for development purposes. The remaining $14 million included funds to supply rice and other foodstuffs to the armed forces of Laos, to develop the civil police force and to bring American and foreign specialists and technicians to work in Laos. Annex No. 1 provides a further breakdown of the assistance extended in budgetary year 1965.

In the present budgetary year (July 1, 1965 - June 30, 1966) it is expected that assistance for stabilization purposes will rise somewhat and development assistance will increase substantially.

The following sections show exactly what United States economic aid is used for and what it has achieved.

III. STABILIZATION ASSISTANCE

United States economic assistance helps support three programs of the Royal Government of Laos designed to maintain prices and the value of the kip at reasonably stable levels. The United States support for this purpose consists of supplying dollars or commodities to help meet Lao demands for foreign exchange and imports.

A. USIP

The first of these programs is the United States commodity import program, well known as USIP. It makes available dollars at the exchange rate of 240 for authorized imports of commodities.

On September 1, 1965, commodities authorized for importation under USIP were substantially reduced in an effort to maximize the benefits of U.S. assistance to Laos. It was found that importers and dealers were making large profits out of USIP by falsifying invoices, re-exporting goods to Thailand, and pricing at the 500 exchange rate goods imported at the 240

rate. Thus, only a few merchants, rather than the people, were benefitting from many of the USIP imports. Moreover, not all of the goods imported under USIP were essential to the living standard of the average lower and middle income consumer and, therefore, did not justify the subsidy provided through sales at the official rate of exchange.

As a consequence, the list of authorized imports under USIP was reduced to a few essentials: rice, petroleum products, industrial machinery, and utility vehicles. Other commodities previously on the USIP list can, of course, be imported freely with foreign exchange bought on the free market from the Foreign Exchange Operations Fund.

United States Assistance for USIP, which amounted to $7.5 million in budgetary year 1965, is thus being reduced in budgetary year 1966. However, to compensate for this cut, United States assistance to the Foreign Exchange Operations Fund is increasing faster than the reduction in USIP funds.

In addition to the United States import program, the United Kingdom and Australia also extend similar commodity assistance to Laos.

B. FEOF

The second program of United States stabilization assistance is its contribution to the Foreign Exchange Operations Fund (FEOF). Founded on the recommendation of the International Monetary Fund at the end of 1963, FEOF aims at stabilizing prices and the value of the kip. It does this by selling foreign exchange through banks at a rate of about 500 to the dollar to anyone desiring it for any purpose. Laos is thus one of the few less developed countries in the world possessing a completely free foreign exchange market without any restrictions whatsoever.

The International Monetary Fund considers that FEOF has been remarkably successful in achieving its goals. The free market value of the kip has held steadily in value at about 500 to the dollar over the past two years. This contrasts with its rapid deterioration in value prior to the establishment of FEOF.

As Prime Minister Souvanna Phouma has stated, the kip rate would have sunk to 1,000 kip per dollar or lower if FEOF had not been successful. To sustain FEOF's success, the Royal Government of Laos has undertaken to hold its budgetary deficit during the next budgetary year (July 1, 1966 -

June 30, 1967) at a level which will not exceed the deficit in the current budgetary year.

The United States contribution to FEOF in the budgetary year 1965 was $4.0 million. For the current budgetary year, it will more than double last year's contribution.

The other foreign donors to FEOF are Australia, France, Japan and the United Kingdom.

C. Invisibles Program

The third United States contribution for stabilization purposes consists of assistance to the Royal Government of Laos in financing necessary invisible expenditures abroad. These are expenditures made for services (which are "invisible"), rather than goods (which are "visible", or tangible).

The United States contribution for this purpose has been running at about $3 million per year.

D. Kip Counterpart

Traditionally in many countries, including Laos, part of the United States aid dollars have been put to dual use by generating kip at the same time they are used for expenditures abroad for goods or services. Whenever a bank or an import firm buys aid dollars made available for stabilization purposes, it pays for them in kip, which then becomes available for government use. However, AID dollars made available for humanitarian and development purposes (as described in Sections IV and V, below) do not generate kip as they are used for Lao Government purposes and are not paid for by the Government in kip.

The kip acquired from the sale of dollars under the USIP and invisible programs go into a special fund known as the "counterpart account". Under an agreement between the United States and Royal Lao Government (similar to agreements which the United States has with other countries receiving aid), these counterpart kip can be used for purposes agreed to by both governments. Most of these counterpart kip are used to support the kip costs (that is, the costs within Laos) of humanitarian and development projects.

Kip are also acquired by the sale of FEOF of the dollars contributed by the United States. By agreement between the United States and Royal Lao Governments, these kip are used solely to retire debts of the Royal

Government to the National Bank of Laos arising from the budgetary deficit. This use is essential because any other use of these kip would increase demands within Laos for foreign exchange, and thus disrupt the stability which FEOF has achieved.

IV. HUMANITARIAN ASSISTANCE

A. Refugees

The United States has helped the Royal Government extensively for several years in meeting the needs of tens of thousands of refugees from Communist violence. The number of refugees requiring assistance has risen to about 250,000 at the present time.

The United States contribution to refugee support in the budgetary year 1965 amounted to $5 million and 73 million kip, and will probably increase in the current budgetary year. Much of this is used to supply rice for the refugees. It also includes some other foodstuffs as well as clothing and simple agricultural tools.

Most of this assistance has to be moved to the refugees by airplane because of their inaccessibility to any other mode of transportation. Refugee relief work, therefore, accounts for a substantial part of the air costs funded out of United States aid to Laos. These costs are over and above the $5 million cost of the commodities furnished to the refugees.

The approximately 250,000 refugees to whose support the United States is contributing are distributed as follows, by province:

Province	Number of Refugees
Houa Phan (Sam Neua)	38,920
Xieng Khouang	130,170
Luang Prabang	27,570
Houa Khong (Nam Tha)	27,630
Sayaboury	2,680
Vientiane	1,830
Borikhane	370
Khammouane	10,370
Savannakhet	610
Pakse	2,140

B. Public Health

United States assistance in the public health field is also provided for humanitarian purposes. In the budgetary year 1965 this amounted to $2.8 million and 157 million kip, and will probably be slightly higher in the current budgetary year.

About half of this amount is used to support health activities in rural areas and certain cities. Over one hundred dispensaries and infirmaries are supported in the following provinces:

Province	No. of Dispensaries	No. of Infirmaries
Houa Khong	22	2
Luang Prabang	10	3
Houa Phan	10	1
Xieng Khouang	24	3
Sayaboury	4	1
Vientiane	7	
Borikhane	4	
Khammouane	4	
Savannakhet	7	
Wapikhamthong	14	
Saravane	3	
Attopeu	5	

This assistance has also been used to build and equip a hospital at Sam Thong in Xieng Khouang Province, serving the people all over north-eastern Laos. Discussions are now in progress with the Royal Government about building a hospital at Khong Sedone in Wapikamthong Province. The United States has also agreed, along with other donors, to extend certain assistance to expand the facilities at the Luang Prabang Hospital.

The remainder of United States assistance in the health field is used cooperatively with Operation Brotherhood of the Philippines to support other hospitals and dispensaries. These facilities, operated with the assistance of the Filipino personnel of Operation Brotherhood at the request of the Royal Lao Government because of the shortage of Lao medical personnel, are located in the following places:

Hospitals	Number of Beds	Number of Dispensaries
Vientiane	100	-
Vang Vieng	25 (50-bed hospital under const.)	3
Sayaboury	30	4
Keng Kok	28	-
Paksong	60	10
Saravane	60 (joint hospital with Royal Lao Government)	-
Attopeu	25	6

V. DEVELOPMENT ASSISTANCE

A. Rural Development

During the past two years, United States assistance in rural areas of Laos has been concentrated in selected "cluster villages" and "forward areas". This rural assistance program is called Khet Phatanakane by the Royal Lao Government, or the program of "zones de developement rural".

The "cluster villages", or groups of villages, have been selected for special development attention for economic and political reasons. They are located throughout the Kingdom of Laos as follows:

Cluster Villages	Province
Xieng Ngeun	Luang Prabang
Muong Phieng	Sayaboury
Vang Vieng	Vientiane
Phone Hong	Vientiane
Ban Keun	Vientiane
Borikhane	Borikhane
Pak Ca Dinh	Borikhane
Nong Bok	Khammouane
Keng Kok	Savannakhet
Dong Hene	Savannakhet
La Khone Pheng	Wapikhamthong
Houei Khong	Attopeu

Dong Hene represents the newest group of villages selected as a "cluster" for development attention. It includes also Muong Phalane and Pha Kha Nhia.

As an example of development activity in a "cluster of villages", the following represents development in Phone Hong:

29 kilometers (18 miles) of roads, constructed where none previously existed, including one bridge and 51 culverts.

2 Groupes Scolaires (schools of 6 grades) built and one village school repaired.

2 dispensaries built (treating 3,000 patients per month).

1 market completed

1 building constructed for the offices of the Agricultural, Veterinary and Fundamental Educator employees of the Royal Government of Laos.

Same building also contains facilities for conducting training programs for soldiers (of which 5 courses with 110 students have already been given); maternal and child health course involving 40 mothers; in-service training for agents of the Royal Lao Government.

1 demonstration vegetable garden at the training center and other demonstration gardens at the Groupes Scolaires; vegetable seeds distributed to over 200 families.

1 demonstration rice plot showing improved varieties of rice and the use of fertilizer.

Distribution of improved rice seeds to farmers by the new Agricultural Development Organization.

Distribution of boar pigs to improve the village breed.

23 wells drilled by machine.

7 wells dug by hand and lined with cement well rings.

215 water seal toilets installed in 9 cluster villages.

The "forward areas" as zones of development are located in regions recently liberated or still fairly close to the enemy. Their main difference from "cluster villages" is that they do not receive the same intensity of development attention as the latter. The present "forward areas" are as follows:

Forward Areas	Province
Xieng Lom (with Extension to Hong Sa)	Sayaboury
Muong Kassy (With Extension to Muong Met)	Luang Prabang
Muong Soui	Xieng Khouang
Saravane	Saravane

As an example of "forward area" development, the following has been, or is being done in Xieng Lom:

1 6-bed dispensary constructed

30 hand dug wells under construction

1 cement dam and 3 gabion dams under construction

1 seven-room groupe scolaire underway

School books and supplies distributed to all schools

Wet and dry season vegetable seeds distributed to over 700 families

Road and bridge repair

6 military social service workers assist in vegetable, road, bridge and sanitation work.

Other rural areas also receiving extensive development attention are Sam Thong in Xieng Khouang Province and Ban Houei Sai and Ban Nam Thouei, both in Houa Khong Province.

In one area in southern Laos, the "cluster village" concept has been greatly expanded. The development program in the original "cluster" of

La Khone Pheng was subsequently extended to the entire province of Wapikhamthong, an area where the enemy had been strong for several years. At the present time this program is being further extended to cover the entire valley of the Sedone River (a rich agricultural area) all the way to the city of Saravane, as well as much of Sedone Province, including the northern and western parts of the Bolovens Plateau.

Already accomplished or underway in this program covering an entire region are the following:

New road approximately 40 kilometers in length from Ban Napong (on Route 13) north of Khong Sedone, eastward to Ban Samia on the Sedone River.

Rehabilitation of road from Saravane to Khong Sedone with an access road to Ban Samia (thus making possible 2 road connections from Saravane directly west to Route 13.)

New 20 kilometer road from Lao Ngam (Sedone Province) off KM-13 between Pakse and Paksong to Ban Kheng Nhap.

Buildings for security forces in Khong Sedone and La Khone Pheng.

One Groupe Scolaire in Khong Sedone and 2 Groupe Scholaires in Pakse.

44 primary schools in Wapikhamthong Province and adjacent areas.

3 dispensaries located on the Khong Sedone - Saravane road axis, and 1 dispensary east of Souvannakhili.

Irrigation project in Pakse, and 4 water storage dams and 6 windmills in La Khone Pheng. Construction will begin on 2 dam sites in Khong Sedone.

87 villages have been surveyed to determine rural development needs to date in the further expansion of this regional program.

Mass livestock vaccination program - 2,000 out of a planned 10,000 cattle and buffalo were vaccinated in Wapikhamthong province during the first 60 days of operations.

ADO purchased 239 tons of pure rice seed in Wapikhamthong and Sedone Provinces.

Outside the "cluster villages", the "forward areas", and the regional program in southern Laos, the United States has extended considerable assistance to other provincial areas. Assistance to education, to road construction and to agriculture (see the following subsections) has covered all of the provinces under the control of the Royal Government of Laos.

Markets have been constructed or are under construction in the following cities and towns:

Place	Province
Luang Prabang	Luang Prabang
Xieng Ngeun	Luang Prabang
Vang Vieng	Vientiane
Phone Hong	Vientiane
Vientiane	Vientiane
Savannakhet	Savannakhet
Kengkok	Savannakhet
Paksong	Sedone
Pakse	Sedone
Champassak	Champassak

Airfields for purposes of better communication have been or are being built or improved in the following places, as well as at numerous refugee sites:

City or Town	Province
Luang Prabang	Luang Prabang
Muong Kassy	Luang Prabang
Muong Met	Luang Prabang
Sam Thong	Xieng Khouang
Muong Soui	Xieng Khouang
Ban Nam Thouei	Houa Khong
Muong Phieng	Sayaboury
Vang Vieng	Vientiane
Nong Phet	Vientiane
Ban Done	Vientiane
Muong Som	Vientiane
Phone Hong	Vientiane
Vientiane (Wattay)	Vientiane
Muong Cao	Borikhane
Savannakhet	Savannakhet
Keng Kok	Savannakhet

Saravane	Saravane
Nong Boua	Saravane
Houei Khong	Attopeu
Latassasine	Attopeu

United States assistance for community development in rural areas during budgetary year 1965 amounted to $2.8 million and 252 million kip. It is expected to rise substantially in both dollars and kip in budgetary year 1966. These figures do not include the assistance stated in the following sections for education, roads and agriculture. They likewise do not include the substantial costs of air transportation for rural development - for example, all persons and things going to the "cluster villages" at Houei Khong or to the "forward area" of Muong Kassy have to be flown to these areas at the present time.

The Royal Government of Laos insists that community development programs stress self-help to the maximum extent possible. The United States supports this policy of the Lao Government both because it insures that development projects are really desired by the people, and because it enables available funds to be used to help a greater number of people to raise their standard of living.

B. Education

Education has for several years been a major area of United States assistance to the Royal Lao Government.

The biggest project undertaken by the United States in this field has been the National Teacher Training School (Ecole Superieure de Pedagogie) at Dong Dok, just outside Vientiane. Originally opened in 1959, the facilities at this school have been steadily expanded until it now has 1,344 students, 1,127 in the French section, 117 in the English section, and 80 in the Lao section.

The United States has also extended the necessary assistance for the construction of the Teacher Training Schools (Ecoles Normales des Instituteurs) at Luang Prabang and Pakse. Opening in 1962, these two schools now have 103 and 165 students, respectively.

All three teacher training schools turned out 405 teachers in 1965, and are expected to graduate 390 in 1966.

The United States has also furnished extensive assistance for the development of primary education throughout Laos. Groupes Scolaires for the first six grades have been, or are being, constructed in nearly all of the provinces of Laos.

Province	Number of Schools
Houa Khong	4
Luang Prabang	17 (4 in Luang Prabang City)
Sayaboury	6
Xieng Khouang	2
Vientiane	21 (3 in Vientiane City)
Borikhane	3
Khammouane	7 (plus 1 college in Thakhek)
Savannakhet	5 (2 in Savannakhet City)
Attopeu	3
Champassak	8 (1 Champassak-Ville)
Saravane	2
Sithandone	1
Sedone	8 (2 Pakse)
Wapikhamthong	11

Primary schools (first three grades) have been built in most parts of Laos as follows, using funds supplied by the United States:

Province	Number of Schools
Houa Phan (Refugee)	12
Houa Khong	43
Luang Prabang	75
Xieng Khouang (Refugee)	96
Sayaboury	32
Vientiane	111
Borikhane	26
Khammouane	78
Savannakhet	60
Wapikhamthong	54
Saravane	11
Sedone	69
Champassak	40
Attopeu	7
Sithandone	48
Total	762

United States assistance has also been, or is being, used to build offices and warehouses for Primary School Inspectors at the following locations:

City or Town	Province
Ban Keun	Vientiane
Keng Kok	Savannakhet
Thakhek	Khammouane
Luang Prabang	Luang Prabang
Nong Bok	Khammouane
Paklay	Sayaboury
Phone Hong	Vientiane
Savannakhet	Savannakhet
Pakse	Sedone
Vientiane	Vientiane

Another important educational program which the United States has supported with funds and technical assistance is the preparation of primary school textbooks. Two years ago such books were non-existent. By June, 1966, every Lao child in the first six grades is expected to be supplied with the necessary books. Total number printed by that time is estimated at 2 million.

The technical school at Savannakhet has been expanded by the addition of a classroom building, dormitory and dining room, with United States assistance.

In addition, rural craft schools enabling many students to acquire two years of vocational training after finishing the first six grades are being opened with United States support at the following places:

City or Town	Province
Pak Hom	Luang Prabang
Sam Thong	Xieng Khouang
Sayaboury (2 craft rooms)	Sayaboury
Paklay	Sayaboury
Ban Houei Sai	Houa Khong
Ban Keun	Vientiane
Phone Hong	Vientiane
Vientiane (2 craft rooms)	Vientiane
Paksane	Borikhane

Thakhek (2 craft schools)	Khammouane
Nong Bok	Khammouane
Savannakhet	Savannakhet
Keng Kok	Savannakhet
Saravane	Saravane

Assistance has also been furnished for the manufacture of school furniture and for minor school repairs in many places.

Discussions are in progress between the United States and Royal Lao Governments concerning possible assistance to secondary education.

United States assistance in the education field amounted to $900,000 and 175 million kip in budgetary year 1965. This assistance is expected to rise in budgetary year 1966.

C. Agriculture

The agricultural program of the Royal Lao Government is perhaps the most important development program being carried on in the Kingdom. Eighty-five per cent of the people are farmers, and agriculture is the major contributor to the national income. Thus, agriculture represents the key to the economic progress of Laos and to an improvement in the standard of living of the Lao people.

Increased rice production to the point of self-sufficiency and eventually to obtain a surplus for export is the most significant program in the agricultural field. At present, the United States finances imports of 50,000-60,000 metric tons of rice at a cost between $6 million and $8 million per year, mainly for refugees and the armed forces. It is hoped to eliminate these imports as well as other commercial imports from Thailand over the next few years as Lao production rises.

The United States has assisted the Lao Government in developing improved rice seeds which will furnish a higher yield per hectare. These improved seeds were distributed for the first time to selected farmers in 1965. In 1966, they will be distributed to many more as more than 500 tons of improved seeds were produced in 1965. These seeds are now stored in special warehouses built with United States assistance in Vientiane, Luang Prabang, Sayaboury, Thakhek, Savannakhet and Pakse.

Irrigation dams, particularly of the small self-help type, have also been constructed widely in order to assure adequate water for rice production. For example, the biggest existing dam in Laos was completed about six years ago near Muong Phieng in Sayaboury Province. In addition to many other dams already built, United States Assistance is being furnished during the dry season 1965-66 for the following irrigation or water storage projects, most of them related to rice:

Location	No.	Province
Namtane	1	Luang Prabang
Muong Nane	2	Luang Prabang
Muong Kassy	1	Luang Prabang
Hia Nakok	1 Under Const.	Sayaboury
Nam Non	1 Under Const.	Sayaboury (Xieng Lom)
Nam Kom	1	Sayaboury (Xieng Lom)
Nam Ean	1	Sayaboury (Xieng Lom)
Nam Ngum	1	Sayaboury (Xieng Lom)
Ban Nala 2	1	Sayaboury
Paklay	1	Sayaboury
Naphuei	1	Vientiane (Ban Keun)
Nong Chop	1	Vientiane (Ban Keun)
Muong Nam	1	Vientiane (Ban Keun)
Ban Na La	1	Vientiane (Ban Keun)
Houei Phan	1	Vientiane (Phone Hong)
Lower Houei Sida	1	Vientiane (Phone Hong)
Upper Houei Sida	1	Vientiane (Phone Hong)
Ban Phon My	1	Vientiane
Ban Pakpo	1 Cmpltd in February	Vientiane (Vang Vieng)
Ban Houei Ngum	1 Under Const.	Vientiane (Vang Vieng)
Ban Naken	1 Under Const.	Vientiane
Houei Bak	1	Savannakhet
Saravane Canal	1 Under Const.	Saravane
Noua Ling	1 Cmpltd in February	Champassak
Houei Nhang	1 Under Const.	Sedone
Ban Nonesevang	1 Cmpltd in January	Wapikhamthong (Lakhonpeng)
Na Prabang	1 Cmpltd in February	Wapikhamthong
Nadou Khow	1 Under Const.	Wapikhamthong
Dan La Lao	1	"
Between Khong Sedone and Saravane	6 Locations indefinite	"

An additional 25 projects are under consideration and some will probably be constructed this year, depending upon how soon the rainy season starts and other factors.

The new Agricultural Development Organization (ADO), founded in 1965, also plays a vital role in the program of increased rice production. In addition to handling the improved rice seeds, ADO also aims to insure the farmer of a market for his increased production - and a market at an equitable price. It is believed that the best way to encourage him to grow more rice is to make sure he can sell it and get a fair price for it. This is also the best way to raise his standard of living.

ADO is also expected to develop an agricultural credit mechanism; it will furnish seeds, fertilizer, insecticides, and simple machinery on a credit basis, probably repayable in kind initially. It is a joint Lao-American organization, functioning under the direction of the Royal Lao Government, but with staff provided by both governments.

Vegetable production is also being promoted extensively by the Lao Government with United States assistance. Commercial production in the Vientiane area has increased in the past two years until now more than 50 per cent of the market is supplied by Lao production. Further distribution of seeds and fertilizers should enable a continued rise in the percentage of the market supplied by Lao production.

In addition to the promotion of vegetable production around Vientiane and other Lao cities, an intensive campaign is in progress to encourage increased vegetable production for home consumption throughout the countryside. This is done through seed distribution and demonstration plots at "cluster villages", at refugee centers, and at many schools and hospitals.

Livestock output is also being encouraged. The Lao Government with United States assistance has initiated a widespread program of vaccination and other measures to improve the health of animals. Boar pigs are being introduced for cross-breeding in order to develop higher-yielding pigs. New breeds of ducks have also been introduced.

D. Roads

The United States is assisting the Royal Lao Government in the construction or reconstruction of main roads, the opening of new access roads from villages to main roads or to rivers, and the maintenance of existing roads.

Major road projects include the following:

1. Reconstruction of 100 kilometers of Route 13 south in Khammouane Province from Nam Ca Dinh to Nam Hin Boun.

2. Reconstruction of 235 kilometers of Route 13 North from Phone Hong (80 kilometers north of Vientiane) to Xieng Ngeun (20 kilometers south of Luang Prabang). This project will probably take about three years.

3. Improvement and construction of RN-1 in Sayaboury Province from Thadeua through Sayaboury and Muong Phieng to Ban Nakem.

4. Widening and asphalt surfacing of RIG-10 from Pakse to the Thai border in Champassak Province.

5. Opening of a road from Saravane west to Route 13 by rehabilitation of the Saravane-Ban Samia road and construction of a new road from Ban Samia to Ban Napong on Route 13.

6. Reconstruction and paving of the Vientiane-Thadeua Road.

7. Construction of a concrete ferry ramp at the Thanaleng crossing of the Mekong River, 18 kilometers from Vientiane.

Village access roads enabling farmers to get their produce out to markets have been, or are being built, mainly in "cluster villages", as follows:

1. Access roads in Muong Phieng cluster in Sayaboury Province

2. Access roads in Xieng Ngeun cluster in Luang Prabang Province

3. Access roads in Vang Vieng cluster in Vientiane Province

4. Access roads in Phone Hong cluster in Vientiane Province

5. Access roads in Ban Keun cluster in Vientiane Province

6. Access roads in Borikhane cluster in Borikhane Province

7. Access roads in Pak Ca Dinh cluster in Borikhane Province

8. Access roads in Nong Bok cluster in Khammouane Province

9. Access roads in Keng Kok cluster in Savannakhet Province

10. Access roads in Houei Khong cluster in Attopeu Province

11. New road from Lao Ngam on Pakse/Paksong road to Ban Keng Nhao in Sedone Province.

Road maintenance activities are, of course, constantly being carried on. The following shows road maintenance projects being financed out of funds provided in budgetary year 1965 and 1966:

1	Maintenance of RN-1	113 Kms
2	Maintenance of RN-2 + 2A	45 Kms
3	Maintenance of RN-3	30 Kms
4	Maintenance of RN-4	14 Kms
5	Maintenance of RN-11	45 Kms
6	Maintenance of RN-13	90 Kms
7	Maintenance of RN-16	16 Kms
8	Maintenance of RN-18	4 Kms
9	Maintenance of RN-19	3 Kms
10	Maintenance of RN-4	20 Kms
11	Maintenance of RIG-9	40 Kms
12	Maintenance of RIG-10	41 Kms
13	Maintenance of RIG-12	17 Kms
14	Maintenance of RIG-13	955 Kms
	Access Road Maintenance	151 Kms
	Total	1,584 Kms

An extensive program of training of personnel of the Ministry of Public Works of the Lao Government is also being carried on by the United States in order to place the Ministry in a position as rapidly as possible of being able to handle all road construction and maintenance throughout the Kingdom of Laos.

United States assistance for the roads program amounted to $4.8 million and 218 million kip in budgetary year 1965.

E. Small Industries

At the request of the Royal Lao Government, the United States has financed a survey by an American consulting firm on small industry possibilities in Laos. This report is expected to be available shortly.

Appropriate agencies of the United States and Lao Governments have begun discussions with respect to specific industries which it may be possible to foster in Laos. The salt industry in Ban Keun in Vientiane Province is an example of the type of small industry in which production can be boosted.

The retention of various kinds of industrial machinery and equipment in the commodity import program financed by the United States at the 240 exchange rate is also designed to encourage the development of small industry. Importation of machinery at this exchange rate in effect represents a subsidy for industrial development. Weaving looms, for example, were recently approved under this program to enable the start of a small textile industry in Laos.

F. Electric Power

Through budgetary year 1964 the United States supplied electrical generating equipment valued at $705,000 for Vientiane's power distribution system. This included a new 1,000-KW unit which was installed in 1964 at the new power plant built with Japanese assistance.

The Nam Ngum project, to which the United States has pledged a contribution of half of the total costs of about $24 million, will be the biggest project ever undertaken in Laos. Expected to be built by 1971, this project will provide 30,000 kilowatts of electricity in its first stage.

About one half of the Nam Ngum power will satisfy the estimated consumption requirements of the Vientiane area in Laos at the time of completion of the project. The remainder will be available for sale to Thailand.

G. Communications

The United States aid program has provided funds and technical assistance to three projects in the communications field. Together they account for a total dollar assistance of $825,000.

1. Lao Photo Press - Through budgetary year 1964, $328,000 and approximately 26 million kip were furnished to the Ministry of Information for the improvement of news dissemination facilities. The bulk of this dollar contribution was used to provide modern printing facilities. The Lao Photo Press building (completed in 1963) was paid for with local currency assistance.

2. Lao National Radio - A total of $122,000 was provided in budgetary years 1964 and 1965 to help maintain the four radio stations of the Royal Lao Government in Vientiane, Luang Prabang, Pakse and Savannakhet. Some sound and studio equipment was also provided under this project. Since 1962 Great Britain and Australia have taken over the major areas of support to the Lao National Radio.

3. Telecommunications - The United States Government provided $374,000 and about 7 million kip for the procurement and installation of nearly all outside telephone equipment, including cables, poles, transformers, and receivers, for approximately 800 subscribers in Vientiane and its environs.

H. Government Buildings

To help provide sufficient office and warehouse space for the efficient functioning of the Lao Government, United States assistance has been used to construct the following buildings for ministries of the Royal Lao Government at a total cost of 79 million kip. Additional amounts of kip have been made available for the rehabilitation and maintenance of other Government buildings

Building	Ministry
Home Economics Building	Direction of Agriculture, Ministry of National Economy
Warehouse	Direction of Agriculture, Ministry of National Economy
Topographical Service	Geographic Service, Ministry of National Economy
Purchasing Office	Ministry of Plan
Addition to Commission of the Plan	Ministry of Plan
Lao Photo Press	Ministry of Information
Central Customs Office	Ministry of Finance

Commission of Rural Affairs	Ministry of Rural Affairs
Warehouse (That Cao)	Ministry of Rural Affairs
Garage and Well Drilling Center	Ministry of Rural Affairs
Police Training Academy	Ministry of the Interior
Materials Production Center	Ministry of Education
Warehouse (Tafforin School)	Ministry of Education

ANNEX

UNITED STATES ECONOMIC ASSISTANCE TO LAOS

FOR YEAR JULY 1, 1964 - JUNE 30, 1965

Project Assistance	Amount in Missions of Dollars
Agriculture	1.0
Development of Lao National Road Systems	4.8
Public Health Development	2.8
Education Development	.9
Customs Development	.1
Development of Rural Economy	2.8
Relief of Refugees	4.6
Transportation Costs	10.1
Civil Police	.9
General and Miscellaneous	7.7
Total Project Assistance	35.6
Non-Project Assistance	
Commodity Imports	7.4
Invisibles	3.5
Foreign Exchange Operations Fund	4.0
Total Non-Project Assistance	14.9
PL 480 Title II, III	.4
TOTAL ASSISTANCE	50.9

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

TO LAOS

ACTION MEMO

No. 67-050

February 1, 1967

TO : All CDAAs and CDAs

FROM : Joseph A. Mendenhall, Director JAM

SUBJECT: Program Planning (Subject Index No. 1000)

I want to reiterate our policy that CDAAs and CDAs should maintain continuing contact with the IVSers at their levels in program and project planning and submission. All proposals put forward by IVS colleagues should receive appropriate consideration in this planning process. The IVSers are part of the U.S. family in the Rural Development field and should always be made to feel that they are in on the program and project take-offs as well as landings.

If there are IVS program and project suggestions which, after due consideration of all factors, including relative priorities for the use of limited resources, you feel cannot be recommended, the IVSers can propose these projects to the Chief of Party IVS/RD for further consideration with appropriate USAID officials in Vientiane. You will, of course, be fully consulted in any such instances before any final USAID decision is reached.

DIST: F
ADRD
IVS/RD

SPECIAL USAID PROGRAMS

A. Mountain People:

This is largely a relief and resettlement program, for Lao and other national groups seeking refuge from Pathet Lao encroachment. Relief consists of air drops and distribution of household commodities such as blankets, tools, seeds and pans. Resettlement is Community Development on a major scale and uses food commodities from the Public Law 480 program.

B. Vegetable Program:

The vegetable program was begun in June '63 in an effort to meet the excess of vegetables imports from Thailand. Teams from Agriculture, Rural Development, IVS and Lao Agriculture worked with villagers in the Vientiane, Savannakhet and Thakhet areas, explaining the program, demonstrating seed usages, making surveys and giving away seeds. With the start of Mu Ban Smaki in September, several personnel were drawn off the program, but the FY 64 budget extended the program another six months. All areas are nearly self-sufficient and Thai imports have dropped.

C. USIP Program:

The United States Import Products program finances via grants; basic import goods at the same time leaving the economic management to the Lao authorities. This includes responsibility for the Budget, the Balance of Payments and the exchange rate. The objective is dual: first to provide sufficient funds for basic imports and government transfers; and second: to restore the confidence of Lao merchants and businessmen following the withdrawal of the previous cash grant system.

D. Public Law 480:

The distribution of Department of Agriculture surplus food commodities for "Needy persons and Non-profit school lunch programs". Distribution is via registered voluntary organizations and commodities given to refugees. needy persons and nonprofit institutions are under the advise and approval of AID.

AMERICAN AGENCIES

A. USIS:

The United States Information Service closely supports Rural Development plans and policies. It's mass media seeks to guard against Pathet Lao encroachment by emphasizing Rural Development themes. In use are: approximately 95 sets of Motion Picture equipment, 5 or more Mohlam teams, (these have reached over one million people since June, 1963), daily Voice of America and local broadcasts (including one in Meo from Luang Prabang); and numerous pamphlets, posters and exhibits. Support for its Mu Ban Samaki is being built upon ideas stressed while supporting the Rural "Self-Help" program.

B. IVS

Begun early fiftys by church groups and govt. objective: to work with the people. Contract with AID for professional reasons, contract with government for financial reason, notably travel needs. Laos prog: ILEC, LP-TTC, NBS; to prepare ground for the professional technicians through gaining the villager's confidence. Done by agricultural programs: Eng, home economics, construction, etc..

C. OB:

Origination in 1954 from the Philippines, Operation Brotherhood works as a combined medical and community development organization. From the five main headquarters, Pakse, Vientiane, Luang Prabang, Attopeu, and Sayaboury, its activities ahave spread throughout the country. Public Health, youth programs, farm and home extension services, village training, and social welfare are among the most notable areas. Since '62 the Brotherhood has been under contract to USAID with little program change.

ALLIED ORGANIZATIONS

A. Colombo Plan

1. Britian: British assistance is in the areas of radio, medicine, English, visual aids, and hill tribe work. Medical advisors are in Luang Prabang and Thakhet; one radio advisor is in Luang Prabang; English instruction is given at Vientiane's Institute of Law and Administration and the National Education Center. Also present is one visual aids advisor.

2. Australia: Australian aid consists school supplies (exercise books, blackboard paint, etc.), and tools (spades, hoes, axes), scholarships (22 high school scholarships), "AUSIP" commodities.

B. Asia Foundation:

The Asia Foundation is a non-profit, non-government organization whose aim is to provide financial support in areas of Lao initaitive. This backing is given through the local and national institutions, such as the Ministry of Health, the Lao Women's Association, the Buddhist Mat, the Royal Lao National Science Society and other areas related to Social Welfare, Education and Cultural Affairs. Financial assistance comes in non-cash forms; scholarships, salaries for Mat repair teams, salary for a Taiwan carpenter and bamboo instructor, encouragement of Buddhist secular teaching, sponsorship of a Buddhist magazine, courses in home economics and sience and other activities similarly designed to encourage Lao attempts at self-development.

C. Christian Missionary Alliance:

The CMA's philosophy combines those of the Methodists and the Baptists. By virtue of a United States "Comity Agreement", all sects have agreed to respect areas held by other sects and will enter an area only through agreement with sect in question. heretofore, the CMA has been the representative for the Mennonites and the American Friends Service Committee. The

latter is soon to start an oprhanage in Vientiane and hance will have their own representation. The CMA spreads the "Scriptural Word" largely in Vientiane, Sayaboury and Luang Prabang. In Vientiane areas of endeavour include the retranslation of the Bible; a training program for Preachers; monthly newspapers and pamphlets printed in not only Lao, but also all major languages of the region. Elsewhere in Laos work is being done with all national groups and includes refugee relief and medical care; daily and weekly radio programs both in Lao and Meo and work with lepers.

D. Catholic Relief Fund:

The Catholic Relief Fund is under the direction of Father Menger in Vientiane. The Fund distributes surplus commodities under Public Law 480, Title 3; through USAID and RLG facilities. These commodities consist largely of vegetable oils, butter, milk, cheese, bulgar wheat and flour. Eligibility criteria are needy persons, institutions and refugee relief.

E. Medical Program:

1. USAID Public Health

USAID Public Health is seeking to win friends and influence people via a two-pronged village dispensary program. Refugee from PL occupied territories are being recruited and trained in pathology and the treatment of minor ills. Members of the WHO's 1960 malarial program are being trained for staff positions in Ha Ban Samaki. In both cases, medicine and professional advice is being supplied by USAID and RLG.

2. World Health Organization

The World Health Organization consists of 2 programs: maternity and child health, including mid-wifery. This is being taught at Mahost Hospital. Second, is a nursing program with centers in Vientiane, Pakse, Luang Prabang, and Savannakhet.

3. France

French medical aid is largely of military status with one exception; listed as "economic aid" work done in Pakse, Savannakhet, Vientiane, and Luang Prabang and includes work in general hospitals, as well as those military.

4. Dooley Foundation

In 1956 Dr. Thomas A. Dooley founded hospitals in Vang Vieng, Nam Tha, Houng Sing, and Ban Houei Sai. After his death in 1961, the program was taken over by Medico-CARE. In 1963 the Dooley Foundation was begun and severed its connections with Medico. The Ban Houei Sai hospital was re-opened after an agreement with the Lao government. This is a 14-bed hospital, staffed with 3 nurses, one administrator and one technician, Since February of 1964, a new center has opened at Khong Island.

F. Useful Manual Orders

Recurring Reports to AIDw 320.3
Reports by Area Personnel 320.4
Monthly Activity Reports 320.7
Completion of Assignment Report 430.2
Overtime and Holiday 450.1
Hours in Field Posts 450.8
Letters to Royal Lao Government 510.9
Memo of Conversations 510.12
American Blanket Travel Order 522.2
Use of USAID Aircraft 560.8
Advance Arrangements for visits to field stations 560.13
Printing, etc. 570.1A
Organizations and Functions 220.1
Requests for and offers of assistance from other Mission and Organ. 250.2
Field Trip Reports - Vientiane Personnel 320.2A
Lump Sum Payments 450.3
Annual & Sick Leave - local and third country nationals 450.6
Absentee Balloting 460.5

Re-issue October 19, 1967
IVS/Vte:PBasler:sp

TO: All Forward Area Team Members

FROM: L. E. Haffner, Chief, Forward Area Program

As all concerned know, we have had a recent unfortunate episode involving the first IVS combat-type fatality in Laos. As is usual with such events, those that are intimately concerned or involved find themselves banging against emotional bulkheads on a storm-tossed sea of rumors, fears, concerns, accusations and evaluations of purpose and objectives. I have spent much of my life dealing with such circumstances and have always found it worthwhile to bring the ship back steady on course by departing fancy for fact and taking stock of ourselves and the situation.

The death of the IVSer was a tragedy - the same as the deaths of two-hundred and seventy-one other Americans killed during the same week in Vietnam. All lost their lives in the same war on different fronts that reflect our nation's international struggle for free peoples' survival against a system that does not recognize fair play or competition based on example and free choice.

The IVSer carried no gun nor was he engaged in offensive action against the enemy, but he was no less dangerous to them -- he was hitting them where it really hurt -- he was outselling the hell out of them by example and deeds. The Commies can never compete and win on this basis - so they use the gun. We, in turn, revert to force to cover our peaceful efforts and the war continues. Whether it is the Marines, an UN Peace Force, or the FAR, the bullets snap as violently and it is a dangerous environment.

If any American feels that he can come to Laos and create his own quiet Nirvana and somehow become detached from the issues at stake, his personal American responsibilities and the risks attendant thereto, then he has either been highly misinformed or is naive beyond all reason - or possibly both. Cheydleur was certainly not disoriented is regards the situation at Phakkania and his personal place in it. One of his last reports reflected a change in the security situation for the worse but he made no recommendation for any action other than maintaining our position in Phakkania. Our individual responsibilities as Americans for sharing equally the burdens of our nation's struggle are not apportioned based on pay, titles, attitudes, religion or race. However, by the same token, my American who is exposing himself to danger on behalf of his country is entitled to equal support and consideration for his well being regardless of pay, titles, attitudes, religion or race. That perhaps is what this letter is about.

We haven't identified yet whether the Phakkania incident reflected a definite Vietnamese policy of going after rural developers in Laos as they are doing in Vietnam. The Dong Hene area has always experienced the presence of particularly vicious Commie leadership, as exemplified by the massacre of two busloads of civilians last year. Perhaps the Phakkania incident was more of the same. However, if it is established that there is now a policy of violence directed specifically against Americans in Laos, then an entirely new spectrum has been added to our struggle and major changes will have to be made in our tactics, techniques and procedures for dealing with the situation. Until such changes are necessitated, we will assume we are still on the same course in our programs.

It should be noted here, however, that regardless of precaution taken at any time or place, no persons or area in a war situation such as in Laos can be assured positive safety against attack. The enemy strikes at times and places of his choosing and under circumstances favorable to his efforts. He cases the situation, determines the routine, bides his time and moves with the advantage of surprise. He did this at Phakkania; he has also done the same thing at the vast fortress of Da Nang and the airfield at Bien Hoa. This is the nature of the ball game, and the best we can do in picking our Forward Area sites is to consider all facets of security and conclude we can go in and operate under conditions of a reasonable calculated risk. In the consideration of these facets of security, we are dependent upon current intelligence. This is intelligence made up from raw information picked up at the local level and also from civil and military briefings at the headquarters level. Given the nature of the war and the mobile and offensive makeup of the enemy, our batting average has been good in the collection of information and the subsequent development of intelligence. Intelligence on a given piece of real estate and on the small mobile enemy units within cannot be perfect, but our record has been good with the work of professional people we have in the field, as well as your constant ear to the ground.

Forward Area Team members, with few exceptions, are not militarily trained and oriented. They have not been brought into the profession to engage in military combat action, not even for purposes of survival. In fact, in accordance with international law, as reflected in the rules of land warfare, their being armed for participation against opposing military forces while they are civilians and not in uniform, or wearing markings easily identifiable as military combatants, can cause them to be subjected to the severest reprisals if captured. This is something all USAID members should be aware of when they run around carrying a weapon in the back country. Many Americans prefer to run the risk of going down in a shoot-out rather than being captured and allowed to rot in a cage on the Plain des Jarres, but they should at least be aware of the entire extent of the ramifications of being armed civilians in combat areas before they decide to carry a weapon. In any event, IVSers and other non-military Americans should not be deployed to danger areas where their safety depends upon their participation in armed action. This has been thoroughly considered in all cases in the Forward Area Program and in the orientation of FA Team personnel. I reiterate again, that your involvement with the military in some local episode does not require your participation as a combatant. For example, your buy-our instructions stress as a primary course that you join the

local military garrison headquarters and move with them until USAID can pick you up. While there, it is perfectly permissible and advisable for you to serve in some non-combatant helpful capacity as a first-aid assistant, etc,.

All Forward Area Teams who have to use airlift as their primary means of communications to and from their posts have been issued small survival kits containing the essentials for first aid and minimum food requirements for a few days in the open. Keep your kits complete by requesting replacement items from the Group Chief. IVS also has a pamphlet on survival instructions pertaining to Laos. If you haven't become familiar with it, do so. All Forward Area Teams involved with aircraft support have air-ground radios. Keep them operable and readily available at all times -- they are one of your major survival items. All Forward Area Teams not on main lines of communications have been given specific bug-out instructions. In most cases, these have been verbal and based on the local defense and terrain situation. In practically all cases they are the same, and I will cover them again to refresh your memory. In the event of brewing enemy action, let us know by SSB, couching your conversation in the simplest terms, i.e. "We anticipate a visit any minute from the boys out in the bush. We are going up and join the colonel in the fort. We will keep you informed by SSB or via the FAR military channel." This action was taken twice at Muong Het last winter and is typical also of one incident at Xieng Lom and the recent episode at Nam Bac. In the case of a sudden attack against your area, walk -don't run - to the military garrison which, in all but one FA Team area, is close by. I say walk, because the soldiers are jittery and trigger-happy in a shooting episode. If you should be cut off from the garrison or for any other reason have to take to the wilderness, remember your instructions. Attempt to grab your survival kit and air-ground radio. In any event, if it is dark, move only far enough into the jungle to hide. At the crack of dawn, move carefully away from the direction of enemy attack, avoid villagers, stay under cover, and when you have moved at what you consider a safe distance from the troubled area, find an open spot (slash-and-burn plot, etc,) and wait for the sound of an approaching aircraft. Remember, we are going to come looking for you with everything available.

When you hear or see the aircraft, use your radio if you have it, or make a signal with your underclothes and get their attention. From that point on, you have been located and your rescue is imminent - more than likely via chopper. If you are in a mountainous area try to pick your rescue site on as high a ground as possible.

As far as radio communications are concerned, don't forget your daily check in, and inform the Area Coordinator and Vientiane operator whenever you are going off the air. If your radio breaks down, come on out by any means available. If more than one day goes by and we haven't seen or heard from you, we will come back in and find out why. Don't forget, all FA Team radios can talk directly to Vientiane and check in at regular times. However, don't hesitate to call in at any hour of the day or night if you are in trouble. Ask for me at my house, which you have all done at one time or another, or ask for Tom Dunton at Leeville. We are the victims of an erratic phone system, so if you can't get us, then ask for Mr. Layson or Mr. Ostertag, his relief, who can be reached at their quarters via radio. Remember, when you make a report of trouble to us down here, we will see that it triggers certain action by support agencies -- air support, attache offices, RO, etc., as necessary to respond to your situation.

Unfortunately, the one flaw in the system is the fact that your immediate closest support echelon, the Area Coordinators, do not maintain an around-the-clock SCB watch. However, by the time you get this letter, certain arrangements will have been made to enable you and us to switch into some alternate channel - perhaps the attache channel - and get the word to the Area Coordinator concerned so that whatever coordination is necessary at that level can be worked out.

As far as enemy intelligence is concerned, we have always had a fairly effective close-in intelligence capability at the result of the FA Teams keeping their ears close to the ground with the villagers and the local military. Keep going with this process and get the villagers thoroughly oriented towards the idea that if they turn their backs on us in the matter of safety, we will move to some other area and bring wells and dams to people who are as concerned with our well being as we are with theirs. This is the onething that is still foggy about the Phakkania incident. Where were the villagers while hundreds of PL/VM organized and moved through the area towards the target?

We are going to establish immediately a better system of disseminating pertinent enemy intelligence from above down the line to USAID personnel concerned in the field. This will have to be handled primarily at the Area Coordinators' level.

Well that's about it gents - the Forward Area Program continues steadily onward. Some sites will close out this year, others will probably phase into clusters, and we are sighting in on some new areas.

The Forward Area Program hasn't yet been rocked off course by the recent unfortunate incident -- in fact, we are somewhat wiser, more resolute and, like all veterans, more professional. Enemy action on several fronts has buffeted our efforts, but we get stronger by adversity -- so the hell with ho and Go - Go - Go!

Re-issue October 20, 1967
IVS/Vte:PBasler:sp

UNITED STATES AID

TO LAOS

LAOS


PHONG SALY
PHONG SALY
HOUA KHONG
BAN HOUEI SAI
LUANG PRABANG
LUANG PRABANG
SAMNEUA
HOUA PHAN
XIENG KHOUANG
XIENG KHOUANG
SAYABOURY
SAYABOURY
BORIKHANE
PAKSANE
VIENTIANE
VIENTIANE
VIENTIANE
KHAMMOUANE
THAKHEK
SAVANNAKHET
SAVANNAKHET
SARAVANE
SARAVANE
WAPIKHAMTHONG
KHONG
SEDONE
PAKSE
SEDONE
CHAMPASSAK
ATTOPEU
ATTOPEU
SITHANDONE
KHONG

FOREWORD

This is a revision to a pamphlet issued on "United States Aid to Laos" in May, 1966. It brings up to date the developments in the United States aid program to Laos since that time.

Where no substantial change has occurred in the aid program or activities, sections of the previous pamphlet have been reprinted largely without alteration.

The main change during the past two years has been the greater concentration of aid efforts on the development program. This emphasis is consistent with the objectives and desires of the Royal Lao Government (a) to achieve economic independence as a nation, and (b) to improve the living conditions of the Lao people.

May, 1968

TABLE OF CONTENTS

		Page
I.	Introduction	1
II.	Purposes of United States Assistance	4
III.	Stabilization Assistance	4
	A. USIP	4
	B. FEOF	5
	C. Invisibles Program	6
	D. Kip Counterpart	7
IV.	Humanitarian Assistance	8
	A. Refugees	8
V.	Development Assistance	9
	A. Agriculture	9
	B. Fisheries	14
	C. Small Industries	15
	D. Roads	17
	E. Airports	19
	F. Communications	20
	G. Electric Power	20
	H. Education	21
	I. Public Health	25
	J. Well-Drilling and Water Storage Dams	26
	K. Community Development	27
	L. Government Buildings	31

Table: United States Economic Assistance to Laos

UNITED STATES AID TO LAOS

I. INTRODUCTION

In facing the current economic and social situation in this country, the Royal Lao Government has addressed itself both to the immediate emergency and to the long-term development needs of Laos. The emergency, of course, stems from external aggression and the extraordinary burdens which the defense of the country places on its economy. The long-term development needs result from the years and years of turmoil which have disrupted the growth of Laos and impeded its development.

The emergency results in at least two principal economic facts. First, there is the enormous budgetary cost of maintaining a large military establishment to defend the country against North Vietnamese invasion. Second, there is the abnormal absorption of able-bodied manpower into the armed forces, thus stripping the economy of a great portion of its agricultural labor force. The major result of these two circumstances is that Laos suffers a severe budgetary deficit, and has a significant amount of purchasing power which cannot be satisfied by local production.

These combined pressures cause increased demands for imported goods, including agricultural products, and present constant pressures towards inflation. Because of these circumstances and because the demand for imported goods introduces the problem of foreign exchange, the Royal Lao Government has had to ask for foreign assistance to meet this emergency. It called on specialists of the International Monetary Fund to devise means for dealing with the problem.

The means which have been devised are a complex of measures which are designed to assure Laos of necessities at the lowest possible cost and to meet other demands for imports through the least cumbersome channels and with the greatest stability of prices. Essentially, there are two mechanisms which function in this field. The first is the commodity import program, the so-called "aide commercialisée", which is provided by Australia, the United Kingdom, and the United States. The second is the

Foreign Exchange Operations Fund, which is composed of contributions from Australia, France, Japan, the United Kingdom, and the United States. Both of these mechanisms (described in detail in Chapter III) work in the very closest collaboration with and under formal agreements with the Royal Lao Government. They have been remarkably successful in helping the Government solve the economic problems which directly result from the emergency created by aggression.

Another aspect of the emergency is more humanitarian than economic. This is the plight of the thousands of families who have fled from the area under control of foreign troops. At any one time, there are approximately 190,000 persons whose lives have been disrupted by the aggression and who have had to turn to the Royal Lao Government for help. The Ministry of Social Welfare has been forced to bear a staggering burden in caring for these people. Its resources have been simply overwhelmed and it has had to turn to outside help. Again, the United Nations, the Red Cross, several religious and charitable organizations, as well as friendly states, have responded to this appeal. All of them work directly under the supervision of the appropriate ministries of the Royal Lao Government.

On the longer range issue of economic development, the Royal Lao Government faces a more complex problem. The question is how to create and develop all the needs of a modern state while at the same time the country suffers from the dislocations of aggression. Essentially, how can Laos reach a position when it will be free from the need to rely on foreign assistance? How can it earn its own way and still improve the welfare of its people?

With consistent unanimity, the leaders of Laos have concluded that the answer lies in the improvement, the expansion, and the development of its agriculture. If Laos could till all the arable land in the country, could augment the yield per acre and could develop marketing and transportation systems for its products, it would not only increase the personal income of all families in Laos, but would also greatly increase the national income and the country's earnings of foreign exchange. The world market for rice alone is so well assured and so much in need that there will (at a sound economic price) indefinitely be a demand for all the rice that Laos can produce.

Laos, therefore, can look forward with confidence to the fact that its natural resources of land, water and climate, plus its human resources of an agriculturally-oriented population, can bring prosperity and progress to its citizens. However, to realize these objectives, it must have peace and must be spared the constant threat of aggression.

Nevertheless, the Royal Government of Laos has understood full well that it cannot merely wring its hands and wait for peace before work can be begun to place the country on the road to prosperity. Therefore, it has set in motion a highly-imaginative and well-coordinated program to build and develop the "infrastructure" needed for this prosperity. It involves such essentials as education, public health, road building, irrigation, communications, electric power, rural development and urban construction. It is a program which requires the closest collaboration among almost all the ministries of the Royal Lao Government and which will take many years to accomplish.

Because Laos realizes that it does not currently have the resources for this imaginative program and because it is still so much occupied in the task of defending its soil, it has turned to the United Nations and friendly foreign countries to aid in this work. The response has been significant and there are many nations currently engaged in the effort to help Laos prepare for its future.

This pamphlet is intended to report to the people of Laos the nature of the United States response to the Government's requests and to indicate the scope of the current United States aid program to Laos. All of the measures reported in this pamphlet are carefully integrated into the plans of the Royal Lao Government and are carried out under the supervision of the appropriate ministries of the Government.

II. PURPOSES OF UNITED STATES ASSISTANCE

United States economic assistance can largely be broken down into three broad areas by purpose: stabilization of the economy and of the value of the kip, humanitarian relief of the suffering of the people, and development of the economy to improve the living standards of the people.

The $57.9 million in economic assistance made available to Laos by the United States in the budgetary year 1966-67 was used as follows: $17.2 million for stabilization purposes, $11.2 million for humanitarian purposes and $19.7 million for development purposes. The remaining $9.8 million included funds to supply rice and other foodstuffs to the armed forces of Laos, to develop the civil police force and to support American and foreign specialists and technicians working in Laos. Annex No. 1 provides a further breakdown of the assistance extended in budgetary years 1963-64, 1964-65, 1965-66 and 1966-67.

In the present budgetary year (July 1, 1967 - June 30, 1968) it is expected that United States economic assistance will run at approximately the same level as in budgetary year 1966-67.

The following sections show exactly what United States economic aid is used for and what it has achieved.

III. STABILIZATION ASSISTANCE

United States economic assistance helps support three programs of the Royal Government of Laos designed to maintain prices and the value of the kip at reasonably stable levels. The United States support for this purpose consists of supplying dollars or commodities to help meet Lao demands for foreign exchange and imports.

A. USIP

The first of these programs is the United States commodity import program, well known as USIP. It makes available dollars at the exchange rate of 240 for authorized imports of commodities.

On September 1, 1965, the types of commodities authorized for importation under USIP were substantially cut back in an effort to maximize the benefits of U.S. assistance to Laos. Further changes have subsequently been made in the authorized list of commodities.

The need for these changes in the authorized USIP list arose from problems caused by re-exports to Thailand and by over-pricing by merchants in Laos. Thus, only a few merchants, rather than the people, were benefitting from many of the USIP imports. Moreover, not all of the goods imported under USIP were essential to the living standard of the average lower and middle income consumer and, therefore, did not justify the subsidy provided through sales at the official rate of exchange.

As a consequence, the list of authorized imports under USIP has been reduced to a few essentials: petroleum products (except aviation gasoline and kerosene containers), industrial machinery for industries considered priority by the Royal Lao Government and USAID, agricultural machinery, and trucks and buses. Other commodities previously on the USIP list can, of course, be imported freely with foreign exchange bought on the free market from the Foreign Exchange Operations Fund.

United States Assistance for USIP now runs about $4.5 million per year.

In addition to the United States import program, the United Kingdom and Australia also extend similar commodity assistance to Laos.

B. FEOF

The second program of United States stabilization assistance is its contribution to the Foreign Exchange Operations Fund (FEOF) Founded on the recommendation of the International Monetary Fund at the end of 1963, FEOF aims at stabilizing prices and the value of the kip. It does this by selling foreign exchange through banks at a free market rate of about 500 to the dollar to anyone desiring it for any purpose. Laos is thus one of the few less-developed countries in the world possessing a completely free foreign exchange market without any restrictions whatsoever.

The International Monetary Fund considers that FEOF has been remarkably successful in achieving its goals. The free market value of the kip has held steadily in value at about 500 to the dollar over the past four years. This contrasts with its rapid deterioration in value prior to the establishment of FEOF. As Prime Minister Souvanna Phouma has stated, the kip rate would have sunk to 1,000 kip per dollar or lower if FEOF had not been successful.

FEOF's success in maintaining the stability of the kip and generally of prices is attributable both to the contributions by the donor countries and to the discipline of the Royal Lao Government in reducing its budgetary deficit.

Total donor contributions to FEOF in calendar year 1967 amounted to $19.5 million. The United States contributed $13.8 million. The other donors were the United Kingdom, Japan, France and Australia.

The progress of the Royal Lao Government in steadily reducing its budgetary deficit is shown in the following figures.

Budgetary Year	Deficit (billions of kip)
1965-66	9.6
1966-67	8.9
1967-68	8.5 (commitment to FEOF donors)
1968-69	8.0 (target)

C. Invisibles Program

The third United States contribution for stabilization purposes consists of assistance to the Royal Government of Laos in financing necessary invisible expenditures abroad. These are expenditures made for services (which are "invisible"), rather than goods (which are "visible", or tangible).

The United States contribution for this purpose has been declining.

D. Kip Counterpart

Traditionally in many countries, including Laos, part of the United States aid dollars have been put to dual use by generating kip at the same time they are used for expenditures abroad for goods or services. Whenever a bank or an import firm buys aid dollars made available for stabilization purposes, it pays for them in kip, which then becomes available for government use. However, AID dollars made available for humanitarian and developmental purposes (as described in Sections IV and V, below), generally do not generate kip as they are used for Lao Government purposes and are not paid for by the Government in kip.

The kip acquired from the sale of dollars under the USIP and invisibles programs go into a special fund known as the "counterpart account". Under an agreement between the United States and the Royal Lao Government (similar to agreements which the United States has with other countries receiving aid), these counterpart kip can be used for purposes agreed to by both governments. Most of these counterpart kip are used to support the kip costs (that is, the costs within Laos) of humanitarian and developmental projects.

Kip are also acquired by the sale to FEOF of the dollars contributed by the United States. By agreement between the United States and Royal Lao Governments, these kip are generally used to retire debts of the Royal Government to the National Bank of Laos arising from the budgetary deficit. This use is essential because any other use of these kip would increase demands within Laos for foreign exchange, and thus disrupt the stability which FEOF has achieved.

IV. HUMANITARIAN ASSISTANCE

A. Refugees

The United States has helped the Royal Government extensively for several years in meeting the needs of tens of thousands of refugees from Communist violence. The number of refugees now requiring assistance is about 190,000. From 120,000 to 140,000 of these receive rice assistance (depending on the time of year). The balance receive other forms of assistance, such as rice seeds, agricultural implements, clothing, etc.

The United States contribution to refugee support in the budgetary year 1966-67 amounted to $4.5 million and 86 million kip. Much of this contribution is used for the direct relief of refugee needs. However, in support of the Royal Government's policy of moving refugees to self-sufficiency as rapidly as possible, United States assistance is also used for resettlement. Those refugees who desire it are placed in permanent new sites. Others who wish to return to their former homes when hostilities are over, are temporarily relocated in places where they can also grow food.

Most of the assistance to refugees has to be moved by airplane because of their inaccessibility to any other mode of transportation. Refugee relief work, therefore, accounts for a substantial part of the air transportation costs funded out of United States aid to Laos. These costs are over and above the $4.5 million cost of the commodities furnished to the refugees.

The approximately 190,000 refugees to whose support the United States is contributing are distributed as follows:

Province	Total Refugees (as of March 1968)	Refugees Receiving Foodstuffs (as of March 1968)
Xieng Khouang/Houa Phan	110,000	86,000
Luang Prabang	25,000	24,000
Houa Khong (Nam Tha)	30,000	18,000
Sayaboury	4,000	2,000
Vientiane/Borikhane	2,000	1,000
Khammouane	10,000	1,500
Savannakhet	500	-
Pakse Region	8,000	5,000
	189,500	137,500

V. DEVELOPMENT ASSISTANCE

A. Agriculture

The immediate economic future of Laos lies in agriculture. There is remarkable unanimity within the Royal Government on this assessment and on the priority assigned to the development of agriculture.

Agriculture is regarded as the key to the economic independence of the Kingdom. With farmers constituting 85 per cent of the population, agricultural progress and rising farm income will at the same time substantially advance the standard of living of the Lao people.

Rice, the staple of the Lao and in great demand throughout East and South Asia, is the focus of the agricultural development program. For several years, the Royal Government, with United States assistance, has developed, multiplied, and distributed higher-yielding varieties of rice.

The surplus crop in Southern Laos as a result of the 1967 harvest demonstrates the success of these efforts when reasonably good weather exists. With this surplus, part of the rice needs of the armed forces and the refugees can now be met locally, rather than being completely imported from Thailand. A portion of the deficit in the Vientiane area arising from the drought in 1967 has also been filled by shipments of rice from Southern Laos.

The introduction into Laos in 1967 of the new "miracle" rice seeds--IR-8 and IR-5--from the International Rice Research Institute in the Philippines, as well as new high-yielding varieties from Thailand such as Sampathong, has dramatically enhanced the economic prospects for Laos.

In contrast to most local varieties of rice, IR-8 and IR-5 are not sensitive to differences in the amount of sunlight and can, therefore, be planted and thrive during the dry season (with adequate irrigation water) as well as during the rainy season.

Morover, with the proper amounts of fertilizer and insecticides and correct cultural practices, IR-8 and IR-5 can be expected to average about 4-5 tons per hectare for each crop, or about 8-10 tons per hectare each year if double-cropped.

Tests also indicate that IR-5, with adequate rainfall and fertilizer, can yield 3.5-5 tons per hectare when planted as an upland rice variety.

Sampathong, a glutinous rice, will yield 3-4 tons per hectare with proper attention. It can be planted only once a year, however, as it always matures in October.

These yields contrast to an average of about one ton per hectare for local varieties.

On the basis of these new varieties of rice seeds, the Royal Lao Government has projected an increase of 50 per cent in rice production in five years. This increase would eliminate the import gap estimated at 70,000 tons per year in two or three years. It would also enable Laos to export upwards of 200,000 tons per year in about five years, earning between $25 million and $30 million a year. Thus, substantial strides toward the economic independence of Laos are in sight.

The first major step in this reoriented rice program has been the spread of double-cropping during the 1967-68 dry season. Never before practiced in Laos, double-cropping was introduced modestly on a trial basis after the disastrous Mekong River floods in 1966. In the 1967-68 dry season, it has been extended to about 1,000 hectares in the following areas:

1967-68 Dry Season Rice Crop

Province	Hectares
Vientiane	339
Borikhane	37
Savannakhet & Khammouane	149
Sedone	48
Attopeu, Saravane and Wapikhamthong	19
Luang Prabang	224
Sayaboury and Houa Khong	143
Xieng Khouang	10

About two-thirds of this area is irrigated from small dams built on a self-help basis with United States assistance during the past few years. The balance is irrigated by pumping from rivers.

Pump irrigation of rice has developed as a multilateral aid program to the Royal Government, with the British Government furnishing the pumps and the American Government the pipes and other accessories, technical assistance in installation and operation, and construction assistance in digging canals. The sites of projects using large pumps are as follows:

Vientiane Province

Sithantay (on the Mekong River)
Ban Mahio (on the Mekong River)
Ban Cheng (on the Nam Ngum)
Kok Kiang (on the Nam Lik)
Ban Nasone (from a stream)

Borikhane Province

Hong Thong (on the Mekong)

Savannakhet Province

Lahanam (on the Se Bang Fai)

Sedone Province

Ban Phan Ngam (on the Sedone near Pakse)

About 230 small irrigation pumps have also been sold to farmers. They are used to some extent for rice production, but mainly for the expansion of vegetable production. Output of vegetables near the main cities of Laos has steadily expanded over the last few years. In fact, during the 1967-68 dry season, some vegetables were exported from the Vientiane area to Thailand.

It is estimated that the area for which irrigation water is now available is about 8,500 hectares in the wet season and about 5,100 hectares in the dry season. In addition, USAID and the Royal Lao Government have irrigation projects in process which will add about 14,300 hectares for wet season cultivation and about 7,500 hectares for the

dry season. The total irrigated area, both existing and in process, is thus about 22,800 hectares in the wet season and about 12,600 hectares in the dry season.

The total irrigated area, both existing and in process, is as follows, by province:

Irrigated Land in Laos
Totals by Province

Province	Completed Projects		Projects in Process	
	Wet	Dry	Wet	Dry
	(Hectares)			
Luang Prabang	2455	1465	1275	1000
Sayaboury	3443	2758	8700	4770
Houa Khong	-	-	2180	100
Xieng Khouang	10	10	-	-
Vientiane	1825	608	780	712
Borikhane	34	34	111	111
Savannakhet	137	137	639	439
Khammouane	8	8	390	90
Sedone	231	68	-	144
Attopeu	21	21	200	100
Saravane	300	2	-	-
Totals	8,464	5,111	14,275	7,466

The biggest irrigation project in the history of Laos is located on the Nam Tan south of Muong Phieng in Sayaboury Province. Started during the 1967-68 dry season, it is expected to be completed during the 1968-69 dry season. It will irrigate about 3,500 hectares during the rainy season and about 2,000 hectares during the dry season.

Another major irrigation project is under investigation on the Nam Tinh near the provincial capital of Sayaboury. It is estimated that this project will irrigate about 4,000 hectares during the rainy season and about 2,000 hectares during the dry season. If investigations are satisfactory, construction should start during the 1968 rainy season.

A major irrigation project on the Se Set west of Saravane has been deferred after initial investigations because of incursions of the North Vietnamese armed forces into that area.

The target for irrigation is 50,000 hectares during both the wet and dry seasons in order to achieve the rice production goals of the Royal Government.

Fertilizers and insecticides are also required in ample quantities to achieve maximum yield from IR-8 and IR-5 rice. Both of these commodities are now being imported in substantial quantities through the United States aid program. The Extension Service of the Lao Direction of Agriculture is teaching farmers how to use them. Demand on the part of the farmers is growing.

The Royal Government, with United States assistance, has set up an Agricultural Development Organization (ADO) to assist in fostering agricultural production. ADO sells commodities, such as rice seeds, fertilizer, insecticides, pumps, hand tools, etc., to farmers on a cash or credit basis. If on credit, the farmers can repay either in cash or in kind in rice. ADO thus functions as the first agricultural credit institution in the history of Laos.

ADO also assures farmers using the new varieties of rice seed that they will have a market for their increased production at a fair price. For this purpose, ADO is ready to step in to buy the output from the new rice seeds at a fixed minimum price if the farmers are not able to sell their crop at or above the same price to commercial rice dealers.

To assist in handling these agricultural commodities, warehouses have been, or are being, built, with United States aid in the following places:

City or Town	Province
Salakham (near Vientiane)	Vientiane
Ban Keun	Vientiane
Phone Hong	Vientiane
Sayaboury	Sayaboury
Muong Phieng	Sayaboury

Luang Prabang	Luang Prabang
Muong Khay	Luang Prabang
Xieng Ngeun	Luang Prabang
Thakhek	Khammouane
Nong Bok	Khammouane
Savannakhet	Savannakhet
Kengkok	Savannakhet
Saravane	Saravane
Khong Sedone	Wapikhamthong
Pakse	Sedone
Champassak	Champassak

Tractors are being used in fast-growing numbers to supplement manpower in agriculture. They can be imported under the American, British and Australian commodity import programs at the exchange rate of 240 kip per dollar. Tractors imported under the American program can be bought from commercial dealers on a credit basis by farmers cultivating their own land. Terms are at least 50 per cent cash payment, up to three years for payment of the balance, and 5 per cent interest.

United States assistance to agriculture, including irrigation and tractors brought in under the Commercial Import Program, totalled about $4.6 million and 160 million kip in budgetary year 1966-67.

B. Fisheries

Development of fish production is considered the most rapid way to increase the protein available for the diet of the Lao people. Therefore, with United States assistance, the Royal Government started in 1966 to rehabilitate the fish hatcheries in Vientiane (Nong Teng), Luang Prabang and Pakse.

The fish hatcheries are designed to sell fingerlings to stock fish-raising ponds operated by families, villages and other organizations. Such ponds are steadily increasing in numbers. For example, 2,000 of them have been set up by the people of Sam Thong and Long Thien in Xieng Khouang Province. At Houei Kong in Attopeu Province, a fish pond was built on a self-help basis for demonstration purposes, and now villages all over the southeastern part of the Bolovens Plateau are developing ponds.

By March 1968, 110,000 fingerlings had been reared and sold at the three fish stations. The breakdown was as follows:

Fish Station	Number of Fingerlings Produced	Places of Sale
Luang Prabang	14,000	Sam Thong Sayaboury Hong Sa Xieng Ngeun Houei Sai Luang Prabang Area
Vientiane (Nong Teng)	34,000	Sam Thong Sayaboury Vang Vieng Vientiane Area
Pakse	62,000	GM 18 (Nong Hong - Savannakhet Province) Kengkok Sam Thong Saravane Pakse Area

In the spring and summer of 1968, tens of thousands of additional fingerlings are expected to be available at the fish stations. The goal is for the three stations to produce 2,500,000 fingerlings per year. Most of the adult fish are used for breeding purposes, but it is expected that at full production, 50 tons per year will be sold for market consumption.

C. Small Industries

At the request of the Royal Lao Government, the United States financed a survey in 1965 by an American consulting firm on small industry possibilities in Laos. Progress is now being made in the development of such industries.

The retention of various kinds of industrial machinery and equipment in the Commodity Import Program financed by the United States at the 240 exchange rate is designed to encourage the development of small industries which serve to increase exports or decrease imports. Importation of machinery at this exchange rate in effect represents a subsidy, which is reserved for industries determined to be "priority" by the Royal Lao Government and USAID.

In March, 1967, the Royal Lao Government and the United States Government concluded an agreement for the establishment of a "Small Industry Loan Fund" to be administered through the Development Bank of Laos. The United States advanced 127 million kip for the first year of fund operations, and will lend additional kip for the second year. The fund makes loans to small private industries in kip at an interest rate of 12 per cent.

The Lao and American Governments decided to give first priority in the use of this loan fund to development of the lumber industry. In September, 1967, the first loan of 91 million kip was made to an association of sawmill owners in Vientiane called the Lao Timber Company. Additional loan applications from sawmill owners in Savannakhet and Pakse are under consideration.

Excellent results in increasing exports of lumber to Thailand have already been achieved. Such exports, worth $80,000 in 1966, expanded nine times in 1967 to $740,000. They are expected to reach as high as $1,500,000 in 1968.

Presently under consideration is assistance in the development of a veneer and plywood factory, to be followed by other wood product industries such as furniture and cabinet manufacture. It is also anticipated that assistance will be provided in establishing light metal-working industries and in the production of simple agricultural implements.

The salt industry at Ban Keun in Vientiane Province has been helped to expand its production. In February, 1967, USAID signed a contract for 1,200 tons of salt formerly bought in Thailand to meet refugee needs. It is anticipated that the contract will be revised in June, 1968, to cover both refugee requirements and part of the needs of the Lao armed forces.

D. Roads

The Royal Government is concentrating on reopening and improving the main roads north and south from Vientiane and on opening roads which feed into the main roads or into the Mekong River. United States assistance plays a major role in this roads program.

Route 13 South from Vientiane to Thakhek, Savannakhet and Pakse was reopened to traffic, generally on an all-weather basis, in the summer of 1965, and has become increasingly heavily used. A new 100-kilometer stretch of all-weather road was built in the northern part of Khammouane Province to replace a previous dry season road through this heavily forested area. Work is continuing to strengthen and replace bridges and to widen and improve various stretches of this main road to Southern Laos.

Route 13 North from Vientiane to Luang Prabang is under reconstruction. The previous road had seriously deteriorated until at many points it was only a footpath through the jungle. Work started north of Phone Hong at the end of 1965, and by early 1968, the new road was open to Muong Kassy. This 275-kilometer project is expected to be completed by mid-1969. Construction of this road has also served as a training ground for hundreds of Lao highway construction workers at all skill levels.

Many other roads have been constructed, or are in progress. The more important include:

(1) Reconstruction and paving of the Vientiane-Thadeua road.
(2) Construction of a concrete ferry ramp at the Thanaleng crossing of the Mekong River, 18 kilometers from Vientiane.
(3) Construction of a new road connecting Route 2 east of Thadeua in Vientiane Province with Route 13 South at Kilometer 48.
(4) Construction of a 14-kilometer road from Phone Hong to Ban Talat (near the site of the Nam Ngum dam).

(5) A 125-kilometer road from Houei Pa Mon (on Route 13 North, 15 kilometers south of Vang Vieng) to Sam Thong in Xieng Khouang Province is under construction at both ends, and should be completed in 1969.
(6) Construction of a bridge across the Nam Khan in Luang Prabang City.
(7) Improvement and construction of Route 1 in Sayaboury Province from Thadeua on the Mekong River through Sayaboury and Muong Phieng to Ban Nakhem.
(8) Construction of a 24-kilometer road in northern Sayaboury Province from Hong Sa to the Mekong River.
(9) Construction of a road in Houa Khong Province southeast from Ban Houei Sai toward Ban Dan.
(10) Construction of a 25-kilometer road from Paksane to Muong Cao in Borikhane Province.
(11) Construction of roads from Route 13 South in Borikhane Province to Nong Bua and Ban Lao.
(12) Construction of a 35-kilometer road in Khammouane Province from Thakhek to Nong Bok.
(13) Construction of various roads around Kengkok in Savannakhet Province.
(14) Opening of a road from Saravane west to Route 13 by rehabilitation of the Saravane-Ban Samia road and construction of a new road from Ban Samia to Ban Napeng on Route 13 near Khong Sedone.
(15) Construction of a new road starting at Kilometer 21 on the Pakse-Paksong road and leading to Kheng Nhao near the western edge of the Bolovens Plateau in Sedone Province.
(16) Construction of a 35-kilometer road from Paksong in Sedone Province to Houei Kong in Attopeu Province in the Bolovens Plateau.
(17) Widening and asphalt surfacing of Route 10 from Pakse to the Lao-Thai border in Champassak Province.
(18) Construction of a road from Champassak to Don Talat and expected to continue to Soukhouma in Champassak Province.

In addition to numerous other smaller projects, road maintenance by the Ministry of Public Works, with United States assistance, is constantly being carried on.

An extensive program of training of personnel of this Ministry is also under way in order to place it as rapidly as possible in a position of being able to handle all road construction and maintenance throughout the Kingdom of Laos.

United States assistance for the roads program is running about $7.4 million and 450 million kip per year.

E. Airports

Numerous airports have been built or improved with United States assistance. Major projects have included the following:

(1) Vientiane - paving of runway, taxiways and parking aprons and construction of other facilities.
(2) Luang Prabang - paving of runway and parking aprons.
(3) Savannakhet - assistance to the Ministry of Public Works in paving.
(4) Houei Sai (Houa Khong Province) - construction of new airport after destruction of the previous one during the 1966 flood.
(5) Sam Thong in Xieng Khouang Province.
(6) Muong Soui at the western entrance to the Plain of Jars.
(7) Muong Kassy on the Vientiane-Luang Prabang road.
(8) Vang Vieng
(9) Saravane
(10) Attopeu - assistance to the Ministry of Public Works.

Other smaller airstrips constructed or improved include:

Location	Province
Phone Hong	Vientiane
Ban Done	Vientiane
Muong Phieng	Sayaboury
Nam Thouei	Houa Khong
Kengkok	Savannakhet
La Khone Pheng	Wapikhamthong
Houei Kong	Attopeu

Small airstrips have also been carved out of mountains and jungle at numerous refugee sites in Northeastern and Northwestern Laos.

F. Communications

The United States aid program has provided funds and technical assistance to three projects in the communications field. Together they account for a total dollar assistance of $825,000.

(1) Lao Photo Press - About $340,000 and approximately 26 million kip have been furnished to the Ministry of Information for the improvement of news dissemination facilities. The bulk of this dollar contribution was used to provide modern printing facilities. The Lao Photo Press building (completed in 1963) was paid for with local currency assistance.

(2) Lao National Radio - A total of $123,000 has been provided to help maintain the four radio stations of the Royal Lao Government in Vientiane, Luang Prabang, Pakse and Savannakhet. Some sound and studio equipment was also provided under this project. Since 1962, Great Britain, Australia and the Federal Republic of Germany have taken over the major areas of support of the Lao National Radio.

(3) Telecommunications - The United States Government provided $374,000 and about 7 million kip for the procurement and installation of nearly all outside telephone equipment, including cables, poles, telephone instruments and associated equipment, for approximately 800 subscribers in Vientiane and its environs.

A telecommunications network under the control of the Lao National Police, but for use by other agencies of the Royal Government as well, is now being established. All provincial capitals are connected with Vientiane. District (muong) capitals are now being tied into the network.

G. Electric Power

Through budgetary year 1964 the United States supplied electrical generating equipment valued at $705,000 for Vientiane's power distribution system. This included a new 1,000-KW unit which was installed in 1964 at the new power plant built with Japanese assistance.

The Nam Ngum project, to which the United States has pledged a contribution of half of the total costs of about $24 million, will be the biggest project ever undertaken in Laos. Expected to be built by 1972, this project will provide 30,000 kilowatts of electricity in its first stage.

About one-half of the Nam Ngum power will satisfy the estimated consumption requirements of the Vientiane area in Laos at the time of completion of the project. The remainder will be available for sale to Thailand.

H. Education

Education has for several years been a major area of United States assistance to the Royal Lao Government.

In the field of primary education the United States has helped to build and repair schools and classrooms, develop and print Lao-language textbooks, furnish equipment and supplies, and construct offices and warehouses for Primary School Inspectors.

In cities and major towns, 22 permanent masonry-type groupes scolaires buildings of 12 rooms each for the first six grades have been built, or are under construction. Their locations are as follows:

City or Town	Province	Number
Vientiane	Vientiane	5
Luang Prabang	Luang Prabang	4
Sayaboury	Sayaboury	1
Houei Sai	Houa Khong	1
Long Thien	Xieng Khouang	1
Paksane	Borikhane	1
Thakhek	Khammouane	1
Nong Bok	Khammouane	1
Savannakhet	Savannakhet	2
Khong Sedone	Wapikhamthong	1
Pakse	Sedone	2
Champassak	Champassak	1
Khong Island	Sithandone	1

Substantial groupes scolaires buildings have also been built, some on a force account basis and some on a self-help basis, in numerous other places. These include Vang Vieng, Xieng Ngeun (Luang Prabang Province), Sam Thong (Xieng Khouang Province), Muong Cao (Borikhane Province), Kengkok, Muong Phalane and Lahanam (Savannakhet Province), Muong Wapi (Wapikhamthong Province), Houei Kong (Attopeu Province), and many others. Altogether, USAID has assisted 111 groupes scolaires buildings throughout the country.

The total number of elementary schools (including the groupes scolaires listed above) which USAID has helped construct or repair is as follows by province:

Province	USAID-Assisted Construction/Repair Schools	Classrooms
Attopeu	14	25
Borikhane	64	111
Champassak	39	75
Houa Khong	19	67
Houa Phan	1	7
Khammouane	77	188
Luang Prabang	35	146
Saravane	31	55
Savannakhet	76	232
Sayaboury	21	60
Sedone	78	152
Sithandone	43	67
Vientiane	124	398
Wapikhamthong	72	125
Xieng Khouang	11	85
	705	1,793

Primary school textbooks have been developed in the Lao language in all subjects for the first six grades. These books, totaling 2,750,000, have now been placed in the hands of every Lao child in grades 1-6. The subjects consist of health, civics, history, geography, arithmetic, reading, gardening, poetry, Lao fables, ethics, youth movement, and home economics.

In addition to a central Ministry of Education warehouse in Vientiane, offices and warehouses totaling 17 have been, or are being, built for Primary School Inspectors at the following locations:

City or Town	Province
Vientiane	Vientiane
Phone Hong	Vientiane
Ban Keun	Vientiane
Vang Vieng	Vientiane
Luang Prabang	Luang Prabang
Sayaboury	Sayaboury
Houei Sai	Houa Khong
Paksane	Borikhane
Thakhek	Khammouane
Paklay	Sayaboury
Nong Bok	Khammouane
Savannakhet	Savannakhet
Kengkok	Savannakhet
Khong Sedone	Wapikhamthong
Saravane	Saravane
Pakse	Sedone
Champassak	Champassak

In consultation with the Royal Government, United States assistance in the field of primary education is being reoriented to give greater emphasis to grades 4-6 than to grades 1-3. The reason for this change in focus is to make education at the grades 4-6 level available to a larger number of students and thus reduce the high drop-out rate at the completion of grade 3. This will insure an increasingly higher rate of literacy in Laos.

With the rapid development in primary education over the past few years, teacher training has assumed constantly greater importance. The United States has provided, or is providing, buildings, equipment supplies and some teaching staff for the following teacher training institutions:

Type of Institution and Location	Buildings
School of Pedagogy Dong Dok (Vientiane)	12 classroom buildings, 5 practical arts buildings, 4 laboratory buildings, 2 girls' dormitories, 12 boys' dormitories, 1 dispensary, 2 kitchens, 3 dining rooms, 1 director's house, 8 faculty houses, 24 faculty apartments, 1 warehouse, 1 auditorium/ gymnasium, etc.
Normal School Luang Prabang	Classroom-office building (6 rooms), classroom building (12 rooms), 2 dormitories converted to 4 classrooms each, 3 other 200-student dormitories, demonstration school, dining hall, 3 faculty houses, etc.
Normal School Pakse	2 classroom buildings (one 6-room and one 12-room), 2 dormitories converted to 4 classrooms each, 3 other 200-student dormitories, dining hall and kitchen, 3 faculty houses, etc.
Normal School Vang Vieng	2 classroom buildings and kitchen (on self-help basis)
Normal School Sam Thong	Classroom building and kitchen/dining room(on self-help basis)
Normal School Savannakhet	Classroom building (12 rooms), 2 dormitories, auditorium/dining hall.

There are now some 2,200 students in training as teachers in these institutions. This number will grow as these teacher training schools continue to expand.

The United States has also recently entered the field of secondary education at the request of the Royal Government. Under this arrangement, a grade 7-10 school was opened in Vientiane in October, 1967. When completed, it will accommodate about 500 students.

This new secondary school is designed to assist the Royal Government in carrying out the objectives of the Lao Educational Reform Act of 1962. Instruction is given in the Lao language, thus initiating action toward the Royal Government objective of Laotianizing all educational instruction by 1980. The new school also innovates by offering both vocational and academic tracks of instruction.

A group of educational experts from the University of Hawaii is assisting Lao staff in developing the curriculum, preparing secondary school textbooks in the Lao language, and improving teaching methods.

The United States also constructed the grade 7-10 school in Thakhek.

The United States has also extended other assistance to technical education by furnishing construction materials for a self-help classroom building, dormitory and dining room at the Technical School in Savannakhet, and two self-help dormitories and a building extension at the Technical School in Vientiane. Certain technical equipment has been supplied to both of these schools.

With this steady expansion of the Lao educational system, total enrollment has grown from 68,372 students in 1955 to 201,675 students in 1967-68.

I. Public Health

United States assistance is also provided in the public health field. In budgetary year 1966-67, this amounted to $1.7 million and 208 million kip.

This assistance has been concentrated particularly in rural areas, and has provided the first medical care ever available to thousands of villagers. Rural dispensaries are supported in the following provinces:

Province	Number of Dispensaries
Attopeu	7
Borikhane	9
Houa Khong	28
Khammouane	16
Luang Prabang	25
Sam Neua	3
Saravane	18
Savannakhet	19
Sayaboury	18
Sedone	8
Vientiane	13
Wapikhamthong	12
Xieng Khouang	52

In addition, a 150-bed hospital has been built and equipped at Sam Thong in Xieng Khouang Province and is the only hospital serving all of northeastern Laos. A modern, well-equipped 50-bed hospital has been constructed at Vang Vieng, and was opened in late 1967. A new 50-bed hospital has just been completed in Khong Sedone in Wapikhamthong Province.

The United States also supports the activities of the Filipino organization, Operation Brotherhood, in the health field. Operation Brotherhood furnishes personnel to work with the Lao Government in the following hospitals (mostly built with United States assistance):

Hospitals	Number of Beds	Remarks
Vientiane	100	Also contains training facility for nurses and technicians.
Vang Vieng	50	New hospital referred to above.
Sayaboury	30	
Kengkok	28	
Paksong	60	
Saravane	60	Filipino personnel assigned when security permits.
Attopeu	25	" " " "
Pakse		Temporary unit of Filipinos when they are unable to work in Saravane or Attopeu.
Khong Sedone	50	New hospital referred to above.

The United States is also assisting the Lao Ministry of Public Health to develop institutionally. A new 98-person nurses' training facility (classroom and dormitory) is being built on the grounds of Mahosot Hospital in Vientiane. Lao personnel are being sent to Thailand for higher medical training to enable further staffing of the Lao health institutions.

J. Well-Drilling and Water Storage Dams

Five American well-drilling rigs are in operation in Laos to provide safe and adequate supplies of water. The well-drilling program operates under the guidance of the Ministry of Public Works.

As a matter of policy, in view of the costliness of drilling operations and well installations, drilled wells are located only in areas where it is not feasible to dig wells by hand.

To date, 703 wells have been drilled in Laos. The following table provides a breakdown by province of the more recently drilled wells:

Province	Number of Drilled Wells
Attopeu	6
Borikhane	7
Champassak	21
Khammouane	26
Luang Prabang	5
Saravane	16
Savannakhet	38
Sayaboury	34
Sedone	40
Vientiane	257
Wapikhamthong	49

In Southern Laos water storage dams have been built extensively on streams to provide an adequate supply of water for both human and animal consumption during the dry season. The number of storage dams built to date is shown below:

Province	Number of Storage Dams
Champassak	3
Sedone	5
Wapikhamthong	19

K. Community Development

Community development, with a network of Lao workers and American advisors, serves as the sparkplug of rural development. Many of the accomplishments in the fields described above--agriculture, education, health, water resources--result from the work of community development personnel with villagers.

Community development aims at helping the rural people living in the villages to achieve what they want for themselves and their children. The construction of schools and dispensaries in the rural areas has usually been carried out with this approach. Wells that can be dug by hand and lined with cement rings are also done in this manner. Other community facilities, e.g., markets, training buildings, libraries, information centers, etc., are likewise built under this system.

Self-help is emphasized to insure maximum utilization of available resources and to strengthen villagers' feelings of accomplishment and pride in projects they undertake. They furnish the labor, except for technical supervision where required. They supply the materials like sand, gravel, and lumber which come from domestic Lao sources. They are also beginning to buy some imported materials like metal roofing.

In its earlier stages the community development program concentrated on the development of social facilities, such as schools and dispensaries. Subsequently, equal stress began to be placed on the development of production, particularly rice, in order to enable the villagers to increase their income and do more for themselves and their families.

Training has also become a significant element of the community development program. Leadership training of village chiefs (tassengs and naibans) and other village leaders has proven useful in accelerating economic and social progress in the countryside. Skills training of rice farmers, carpenters, masons, blacksmiths, etc., is enabling villagers to develop the trades essential for progress.

United States assistance to the community development program of the Lao Ministry of Rural Affairs has been organized to concentrate in selected areas in order to produce maximum impact. Up to 1963, American rural development assistance was scattered over such diverse areas in Laos that it did not achieve full effectiveness. Therefore, it was decided to focus it on certain groups of villages called "clusters". This was the origin of the cluster, or Khet Phatanakane, program.

As development in the original clusters of villages progressed, several additional steps were taken. The original clusters were extended to include additional villages, and in most cases each

cluster became coterminous with a Lao district, or muong. Thus, the district chiefs, or chao muongs, became the local leaders of the community development program.

The Lao Government also decided that this program should be extended to certain more remote sections of the country which are labeled "forward areas". These areas are usually difficult of access, often reachable only by air.

In Southern Laos one of the original clusters was extended in 1965 to cover much of Wapikhamthong Province and later to include major areas of Saravane and Sedone Provinces. This regional program became known as the Sedone Valley Development Program, with the Sedone River serving as its central artery.

As progress is achieved in these areas of community development concentration, American assistance is reduced or phased out. Lao officials then assume full responsibility for carrying on the program.

The areas of organized community developments effort with American assistance are listed below:

Location	Province	Remarks
Phone Hong	Vientiane	Extended to cover entire muong.
Ban Keun	Vientiane	Covers all of Muong Thourakhom except two mountain tassengs; resident American community development advisor replaced by Lao "cluster manager".
Muong Phantaboun	Vientiane	Together with two preceding areas, this has become known as the "North Nam Ngum area," with one American community development advisor working in all three muongs.

Muongs Saithany, Nasaithong, and Sayfong	Vientiane	One American Community Development Advisor works with Chao Muongs in all three muongs.
Vang Vieng	Vientiane	Also includes community development work in Ban Done, Nong Phet, and Muong Kassy.
Muong Met	Luang Prabang	A Forward Area.
Xieng Ngeun	Luang Prabang	A Cluster consisting of most of a muong.
Muong Phieng	Sayaboury	A Cluster comprising the equivalent of a muong.
Hong Sa	Sayaboury	A Forward Area consisting of most of a muong.
Xieng Lom	Sayaboury	Also a Forward Area, but lacking the road connection Hong Sa now has with the Mekong River.
Houei Sai	Houa Khong	Work in accessible areas of this province.
Sam Thong	Xieng Khouang	Work in accessible areas of Northeastern Laos, including Muong Soui.
Muong Cao Pak Chao	Borikhane	Presence of resident American personnel discontinued already or imminently; American Community Development Advisor now works with Province Chief (Chao Khoueng) in all accessible areas of province.
Nong Bok	Khammouane	A Cluster extended to cover all of a muong.
Dong Kasene	Khammouane	A Forward Area covering all of Muong Khammouane.

Na Khua	Khammouane	A Forward Area.
Central Hin Boun Valley	Khammouane	A Forward Area.
Kengkok	Savannakhet	Extended to cover all of Muong Champhone.
Lahanam	Savannakhet	Covers all of Muong Songkhone and accessible parts of Muong Phouvieng.
Dong Hene	Savannakhet	When security permits, covers Muongs Saphangtong, Phalane and Atsaphone.
Lakhonpheng	Wapikhamthong	Cluster subsequently extended to cover most of Wapikhamthong Province and later phased into Sedone Valley Development Program, with resident American advisors in Khong Sedone, Saravane, Pakse and Paksong.
Houei Kong	Attopeu	Cluster
Done Talat	Champassak	Cluster - to be extended toward Soukhouma.

Limited community development activities have also been carried out in certain areas not listed, such as non-cluster muongs in Savannakhet Province, Muong Khay and Pak Beng in Luang Prabang Province, Muong Sanakham in Vientiane Province, and Attopeu.

L. Government Buildings

To help provide sufficient office and warehouse space for the efficient functioning of the Lao Government, United States assistance has been, or is being, used to construct the following buildings for ministries of the Royal Lao Government:

Building	Ministry
Home Economics Building	Direction of Agriculture, Ministry of National Economy
Warehouse	Direction of Agriculture, Ministry of National Economy
Topographical Service	Geographic Service, Ministry of National Economy
Purchasing Office	Ministry of Plan
Addition to Commission of the Plan	Ministry of Plan
Lao Photo Press	Ministry of Information
Central Customs Office	Ministry of Finance
Commission of Rural Affairs	Ministry of Rural Affairs
Warehouse (That Cao)	Ministry of Social Welfare
Police Motor Maintenance Facility	Ministry of the Interior
Police Training Academy	Ministry of the Interior
Materials Production Center	Ministry of Education
Warehouse (Tafforin School)	Ministry of Education
Addition to Office Building	Ministry of Public Works
Various Facilities at PK-7 Maintenance Center and at Provincial Subdivisions	Ministry of Public Works

ANNEX No. 1

UNITED STATES ECONOMIC ASSISTANCE TO LAOS*

Project Assistance	Amounts in Thousands of Dollars by Budgetary Year 1963-64	1964-65	1965-66	1966-67
Agriculture	392	662	1,081	2,991
Irrigation	175	330	995	1,456
Industry (Small Industry)	51	-	-	71
Roads	1,828	5,131	4,877	7,357
Other Public Works	200	557	1,363	1,067
Health & Sanitation	1,704	2,789	2,790	1,698
Education	889	824	1,256	1,506
Public Administration	137	92	98	254
Well Drilling	190	529	1,032	703
Community Development	1,078	986	1,405	1,594
Refugee Relief & Resettlement	1,979	4,534	4,112	4,554
Air Transportation	9,177	8,676	8,810	6,395
Police	-	895	557	654
General Technical Support	2,888	4,170	6,036	5,160
Miscellaneous Technical Support	2,936	3,339	3,639	4,028
Subtotal	23,624	33,514	38,061	39,488
Non-Project Assistance				
Foreign Exchange Operations Fund	3,681	4,000	10,000	13,800
Commercial Import Program	10,735	7,406	5,000	1,900**
Invisibles	2,300	3,666	2,535	1,545
Subtotal	16,716	15,072	17,535	17,245
PL-480, Titles II & III (Surplus Agricultural Commodities)	1,700	300	400	1,200
GRAND TOTAL	42,040	48,886	55,996	57,933

* This table does not include United States assistance to regional projects benefitting Laos, such as the Nam Ngum dam.

** Commercial Import Program in budgetary year 1966-67 actually ran at about $4.5 million. The balance was funded from carry-over credits.

AMERICAN EMBASSY VIENTIANE, LAOS

September 1968.

BACKGROUND ON LAOS

I. Characteristics of the Area

A. Geography

The landlocked Kingdom of Laos, the keystone nation of the Southeast Asian Peninsula, shares common borders with six other countries, two of them communist. The border runs 146 miles with Burma to the northwest, 263 with China to the north, 818 with North Vietnam to the northeast, 301 with South Vietnam to the southeast, 277 with Cambodia to the south, and 1090 (including over 500 along the Mekong River) with Thailand to the west. Its total area covers approximately 91,000 square miles, or slightly more than Idaho or Great Britain. A large part of the terrain of Laos, particularly in the north, is covered by dense jungle and rugged mountains, the latter sometimes rising over 9,000 feet. Vientiane is the administrative capital, and Luang Prabang the royal capital.

B. Climate

The climate of Laos is monsoonal, with three seasons. There are five months of heavy rainfall from May through September. When the rains start tapering off in October, a cool season begins that lasts through January. February through April is hot and humid. In April, the warmest month, the temperature in Vientiane normally ranges between 72 and 93 degrees Fahrenheit, and in January, the coolest month, between 57 and 83 degrees Fahrenheit. Temperatures of 103 have been recorded in April, and 39 in January, however.

C. Population

The population, composed of many ethnic groups, is estimated at 2,500,000, but no accurate census has ever been taken. This sparse population is unevenly spread, with the greatest concentration in the Mekong Valley. Perhaps half of them are ethnic Lao, a people of Thai stock who are believed to have migrated originally from southwestern China principally in the 13th century in the wake of Kublai Khan's oncoming forces. North Laos contains mountain tribes of Sinitic, Thai, and Tibeto-Burman language families, plus some of Indonesian or proto-Malay background that are more abundantly found in south Laos. The lack of common origin, customs, traditions, and beliefs among the various minorities poses serious difficulties for the political unification of the Kingdom. There are also influential minorities of Vietnamese and Chinese, and smaller groups of Cambodians, Indians, and Pakistani. In addition, there are a few thousand Frenchmen and other Europeans in the country, of whom few are permanent residents.

D. Language

Lao is a national language like others of the Sino-Thai family. The Vientiane dialect has six tones, only three of which transfer directly to Bangkok Thai. Vientiane Lao and Bangkok Thai have areas of mutual comprehension only to educated speakers. As with English and French, abstract words tend to be cognate more frequently than everyday vocabulary.

Written Lao and Thai both use scripts of Indian origin, but Lao letters are rounded rather than angular, and Lao uses fewer consonants. The Lao spelling system is infinitely more representative of the spoken word than Thai, which tends to include unpronounced letters, particularly at the end of a word, that display the word's Sanskrit origin.

Since textbooks have been developed only through sixth grade in Lao, French remains the principal language of secondary education. French thus serves as the second official language, and is commonly used in government and commerce. Probably not over 15 per cent of the population is literate. Furthermore, the numerous ethnic groups possess their own languages or dialects, and the Vietnamese and Chinese retain their own school systems as well.

E. Religion

The predominant and, indeed state religion of the Kingdom is Theravada Buddhism, common also to Cambodia, Thailand, Burma, and Ceylon. It is not unusual, however, to see spirit shrines at Buddhist temples. While the mountain tribes are principally animist, some of them have adopted Buddhism while retaining a measure of their old beliefs.

II. Government Organization

Laos is a constitutional parliamentary monarchy. Under the December 1955 revision of the Constitution, originally promulgated by the King in May 1947, the hitherto exclusively male franchise was extended to women. In normal times, general elections are held every five years. Constitutional amendments passed in 1965 gave the King other options during times of crisis.

The bicameral legislature is composed of a National Assembly of 59 members, which wields the real legislative power of the country, and a less active King's Council of twelve elder statesmen, all of whom are appointed directly by the King, six upon the recommendation of the Assembly. An absolute majority of deputies present is required to uphold bills returned by the King's Council for Assembly reconsideration. This Council privilege has been rarely, if ever, exercised.

The Prime Minister is designated by the King in consultation with political leaders. The Prime Minister submits his proposed Cabinet to the National Assembly for approval, a favorable two-thirds majority of deputies present being required for investiture. Deputies who are candidates for ministerial posts may not participate in the vote of confidence for a new government. Members of the Cabinet need not be Assemblymen. The Lao Patriotic Front (Neo Lao Hak Sat), the communist faction, recognizes neither the present nor the previous two legislatures.

The Constitution provides that the judicial power shall be separate and independent of the executive and legislative powers. In practice, the judiciary is the least vigorous branch of the government.

Because of extreme factional strife and open fighting in Laos, the three principal Lao groupings -- Conservative, Neutralist, and Communist -- agreed in June 1962 to form a Government of National Union under the premiership of Prince Souvanna Phouma. The relationship of this government to the Constitution remains undefined. Although in 1963 Communist ministers withdrew from Vientiane and from active participation in the Government of National Union, and acting ministers have been appointed to carry on their work, the Communist ministers retain their portfolios in name, the door has been left open for their return, and the tripartite government remains undisturbed at least in form.

III. Historical Review

In the mid-fourteenth century, King Fa Ngoum united Laos, set up his capital at Luang Prabang, and ruled an area that would today encompass not only Laos but also much of northeast Thailand and the southern most part of Yunnan province of China. In the following century, the Vietnamese began their periodic incursions, which persist to this day. By the 18th century, Thailand and Vietnam had begun their competition for Lao soil.

In the early 19th century, the Thai of Siam obtained ascendancy over much of what is now Laos and retained their hold for the most part until France made Laos a protectorate in 1893. The Franco-Siamese Treaty of 1907 defined the boundaries of Laos as they exist today. Under the French, the three kingdoms of Laos - Luang Prabang, Vientiane, and Champassak were unified in 1946 under the dynasty of Luang Prabang. The country gained independence within the French Union in 1949.

During World War II, Japan did not fully take over control of Laos until March, 1945, and just prior to their defeat the Japanese persuaded the King of Luang Prabang to declare his kingdom independent. In September 1945, the Prime Minister of the "independent" government proclaimed the

creation of the Kingdom of Laos, including the areas of Vientiane and Champassak, under the King of Luang Prabang. In October, a provincial government formed by the "Lao Issara" (Free Lao) leaders, "dethroned" the King because of his alleged loyalty to the French. In May, 1946, French troops occupied Laos and recognized the sovereignty of the King of Luang Prabang over the entire country.

France gradually accorded Laos its independence and, in October, 1953, recognized the Kingdom as a fully sovereign state, although Laos reaffirmed its adherence to the French Union. This relationship was dissolved upon the conclusion of the Geneva Agreements of 1954, which terminated the Indo-China War. Laos became a member of the United Nations in 1955.

From 1954 to 1960 pro-Western or conservative governments held power, except for the brief interval in 1957-58 of a coalition government which include communist ministers.

In August, 1960, a young paratroop commander in Vientiane, Captain Kong Le, seized the capital in a coup. In an attempt to avert civil war among the non-communist elements, Prince Souvanna Phouma, a former Prime Minister, was again called upon to form a government. General Phoumi Nosavan, a leader of the conservative, anti-communist faction, at first agreed to serve in the government, but soon reversed his decision and established a military headquarters in southern Laos from which he mounted a campaign to retake Vientiane. He recaptured Vientiane in December, 1960, and Kong Le retreated with his troops to the northeast.

Meanwhile, Souvanna had accepted a Soviet aid offer, and the Soviets started airlifting supplies from the Soviet Union via Hanoi. The Soviets used this airlift to bring in arms and ammunition not only for the Kong Le forces, but also for the communist military arm, then known as the Pathet Lao. Profiting by general political and military instability, the Pathet Lao returned to full insurgency. In early January, 1961, Pathet Lao and Kong Le forces, supplied by the Soviets and advised and encadred by the North Vietnamese, seized the strategic Plain of Jars, where they established headquarters. By the spring of 1961, the Pathet Lao insurgents, strongly reinforced by North Vietnamese units and cadres, had scored important military victories, and appeared to be in a position to take over the entire country.

The United States was faced with three alternatives: The total loss of Laos to the Communists: military intervention, involving U.S. troops and other outside forces: or settlement of the crisis through peaceful international and internal negotiations to achieve a neutrality that would permit the Kingdom to survive as a nation. Bipartisan Congressional leadership was consulted on the decision to transfer the struggle from the

military to the political domain. It was thus that the United States accepted participation in the 14-nation conference convened at Geneva in May 1961. After long and difficult negotiations the new Geneva agreements were signed July 23, 1962, providing certain international guarantees for the independence and neutrality of Laos. Internally, the Government of National Union was formed in June, 1962.

Of immediate importance under the 1962 Geneva agreements was the requirement that all foreign military troops and advisors, except a small French training force, leave the country within 75 days of the signing. Under the supervision of the International Control Commission (ICC) consisting of political and military representatives of India, Canada, and Poland, all 666 U.S. military advisory personnel (no U.S. combat troops were in the country) departed Laos before the October 7, 1962 deadline. Only 40 Vietnamese troops were withdrawn through ICC checkpoints, however. In his June 20, 1963, letter to the Co-Chairmen (Great Britain and the Soviet Union) of the Geneva Conference, Prime Minister Souvanna charged that substantial numbers of North Vietnamese cadres and combat troops remained in Laos, and the Prime Minister has repeated this charge on several occasions since.

Within a few months of the signing of the 1962 Geneva agreements, the Pathet Lao supported by the North Vietnamese, began maneuvering to subvert or eliminate Kong Le's neutralist military forces, which constituted Souvanna's principal military strength. Minor skirmishing broke into open hostilities in April, 1963, just after a small group of Neutralists under Colonel Deuane Souvannarath broke away from Kong Le's forces and established what they called the "true Neutralist forces", but what the government prefers to term the dissident Neutralists. The Pathet Lao and the Deuanists attacked Kong Le's troops in the positions which they held jointly with the Pathet Lao in Xieng Khouang province. With assistance from the troops under Deputy Prime Minister General Phoumi Nosavan, however, Kong Le was able to extricate most of his units from these areas as well as from other locations in central Laos, and to maintain his positions in the western part of the Plain of Jars. These Pathet Lao aggressive tactics not only failed to destroy the neutralist forces, but resulted in much closer political as well as military cooperation between the neutralists and the conservatives. The Pathet Lao ministers withdrew from Vientiane, leaving Pathet Lao representation in the Cabinet in the hands of the two secretaries of state.

Following the failure of the tripartite negotiations of April 17 and 18, 1964, Prime Minister Souvanna announced in great discouragement that he was resigning. On April 19, troops of General Siho Lamphouthacoul, the Director General of the Department of National Coordination (DNC), a para-military organization which superseded the national police and some of its functions

in 1960, arrested the Prime Minister and some high Neutralist civilian and military leaders. Elements of the conservative Army's Fifth Military Region under General Kouprasith Abhay soon joined the DNC forces. Due to the sentiments of the Lao people, as well as the spirited intervention of foreign ambassadors, Souvanna was quickly returned to power: in fact, his military and financial power was increased at Phoumi's expense. Souvanna reorganized his government, discharging two of his left-leaning Neutralist cabinet members, who sought a relatively noisy refuge in Pathet Lao controlled territory where they still claim to be members of the Lao cabinet. In addition, Souvanna replaced several ministers and secretaries of state who were considered either corrupt or ineffective.

In the meantime, the Neutralist forces in the Plain of Jars, confused by the kaleidoscopic events in Vientiane, began to engage in some open disputes among various factions. Taking advantage of the dissidence in Neutralist ranks (and militarily using the strategic heights which they had captured from Kong Le's units in February), the Pathet Lao forces, supported by North Vietnamese troops, attacked the Neutralists in May, and attempted to represent their aggression as an open clash among Neutralist units. The attacks culminated in the withdrawal of most of the Neutralist troops from the Plain of Jars. Further Neutralist units and some officers were broken off from the Kong Le forces and placed under Col. Deuane's nominal command but actually subjected to Pathet Lao control.

The Indian and the Canadian ICC team was evacuated from the Plain just before the fall of Kong Le's headquarters. These military developments prompted Prime Minister Souvanna Phouma to call for military logistical assistance, and the United States responded within the framework of the Geneva Accords. On May 26, the British, also at the behest of the Prime Minister, invited the signatories of the Geneva Accords to begin consultations in Vientiane on means of restoring peace. The United States and several other signatories accepted the invitation, which the Communist states spurned. At the close of consultations in June, the representatives concluded that the Pathet Lao, with North Vietnamese support, had initiated the attacks against the Neutralists, and that the deteriorating military situation in Laos presented a grave threat to the peace of southeast Asia. They recommended that, conforming to the Prime Minister's views, all parties should ceasefire and withdraw, under ICC control and verification, to positions held before the most recent fighting.

Periodically during 1964, the Government presented evidence of North Vietnamese military involvement in Laos in violation of the Geneva Accords. In addition to documents and personal letters obtained from North Vietnamese soldiers killed in engagements with government forces, North Vietnamese soldiers were captured beginning in September 1964, and were brought to Vientiane for ICC interrogation and exposure to the world press.

With world awareness of the serious threat to the peace posed by continued Communist aggression, there have been various proposals for a new Geneva-type meeting of the 14 nations that took part in the 1962 conference. The United States had indicated its willingness to join some form of discussion to restore peace, provided Souvanna's pre-conditions were met of a ceasefire and Pathet Lao withdrawal to positions held before May 16, 1964. The United States has also pointed out that there already have been two high-level conferences on Southeast Asia and two formal agreements in 1954 and 1962 - neither of which the Communists have carried out. Up to now, failure to achieve peace has not been due to lack of conferences, but to failure on the part of Communist states to honor agreements already made. Since Peking and Hanoi refuse to end the conflicts by the simple act of leaving Laos and Vietnam alone, the United States remains committed to help Laos and other Southeast Asian nations in their struggle for security and independence.

Efforts on the part of the three Lao factions to resolve their difficulties, in meetings in Paris during August and September, 1964, likewise produced no basic concessions except a general agreement to continue talking. Talks have continued sporadically in Vientiane since then. Their main topic has been to discuss a place for the eventual meeting of the leaders of the three factions - Souvanna for the Neutralists, Boun Oum for the conservatives, and Souphanouvong for the Communists.

In the meantime, in Vientiane, General Siho began to differ more and more from General Kouprasith. A particular reason for the split was Siho's revival of some of the monopolies and other corruption which Phoumi had practiced in order to have funds for maintaining political support. Colonel Bounleut Saycocie then led some forces in Vientiane in a January 31, 1965 "demonstration" allegedly against the general staff. Bounleut denied that he was acting on behalf of General Phoumi, and declared that he wished merely to show to the government and the general staff that many professional Army officers, who were not interested in politics, desired a truly unified general staff that would get rid of Siho as well as certain bad elements from the Army. The "demonstration" provoked sporadic clashes between Fifth Region and police forces which finally erupted into open battle in Vientiane on February 3. Phoumi, attempting to give the impression that he had the overwhelming support of the Lao Army, including the forces of Bounleut, Siho, and the Second Military Region to the northeast, stated that he had lost confidence in the general staff, in the government, and in Souvanna, and felt constrained to take charge of the situation. Second Military Region troops attacked Vientiane from the south. The Siho police, when faced with an ultimatum to disperse peacefully, fought back, resulting in considerable destruction in the city. The forces under Colonel Bounleut, somewhat belatedly, rallied to the government and played a not inconsiderable role in destroying the last police resistance.

The February 3 battle settled many military and political problems, but Constitutional problems remained. The National Assembly elected in 1960 was coming to the end of its five-year mandate, and the government concluded, somewhat reluctantly, that regular elections could not be held because of internal warfare. Accordingly, a National Congress amended the Constitution, giving the King three options during times of crisis. The King selected the option of popular consultations, and the Fifth Legislature entered into session August 18.

The Pathet Lao were invited to participate in the elections but they predictably refused and denounced them as a farce. They have also continued to claim that they, along with the dissident Neutralist minister and secretary of state, have been excluded from the government. From their so-called "liberated" areas they continue to affirm that they remain the true representatives of the original coalition government, and continue to denounce the "Authorities of Vientiane" as American reactionaries. In the international sphere, they generally continue unqualified support of the Peking and Hanoi line except for some of Peking's more blatant attacks on the Russians.

On the military scene, the North Vietnamese, with decreasing assistance from the Pathet Lao, have made strong attacks against government positions in Sam Neua province during the dry seasons of 1965, 1966 and 1967. In Savannakhet province in March 1965, the Vietnamese launched a daring attack against the Reserve Officers' training school at Dong Hene, along Route 9 some 50 kilometers east of Savannakhet city. About 60 students and some officers successfully withstood the Vietnamese assault, and together with the Lao Air Force, accounted for a locally unprecedented 200 enemy dead. In addition, the government forces captured nine North Vietnamese Army prisoners. In November, 1965, the North Vietnamese unsuccessfully attempted to seize the Mekong River town of Thakhek, capital of Khammouane province. Several more Vietnamese soldiers were killed and captured in this venture.

To conform with other Communist-instigated insurgency movements in Southeast Asia, the Pathet Lao was renamed the Lao People's Liberation Army in October, 1965.

The ICC, which had been greatly hindered in its operations by Pathet Lao refusal to permit entry into its "liberated" territory, was asked to investigate these several communist attacks. Accounts of North Vietnamese captured in earlier operations in 1964, as well as during the Dong Hene attack, have been released as parts of majority reports signed only by India and Canada. The Poles refused to participate in the investigations.

On the government side, a significant area in northern Vientiane province was regained from communist control during Operation Triangle in the summer of 1964. Towns like Vang Vieng and Kassy, and villages like

Nong Peth, Done, and Muong Met were returned to the government fold. In August, 1966, the rich Nam Bac valley in northern Luang Prabang province was recuperated after over six years under communist control. In south Laos, a concerted social, economic, and security program was launched in mid-1965, and had cleared most of the Sedone Valley by the fall of 1967. Efforts to integrate Neutralist forces into the National Army made progress after Neutralist colonels ousted Kong Le from effective command in October, 1966. A sorry example of the periodic bursts of violence that occasionally characterize the Lao scene was the bombing, during the same month, of military targets in Vientiane by former Lao Air Force Commander, General Ma and a few of his pilots, in a misguided attempt to annihilate certain military leaders.

In January and again in June, 1966, the National Assembly mounted separate interpellations of the government, the second series continuing into September. Their sponsor introduced a motion of censure against the government at the end of August, and the Assembly rejected the government's budget September 16. Prime Minister Souvanna Phouma then asked the King to dissoved the Assembly. After consulting his Council, the King so ordered as of October 7. Elections for the Sixth Legislature were scheduled for January 1, 1967. One hundred and forty-two candidates ended up competing for the Assembly's 59 seats. The new Assembly, elected under normal Constitutional provisions rather than the special ones that brought the Fifth Legislature into being, has a full five-year mendate. The first session of the Sixth Legislature began on January 31. The session, in marked contrast to its predecessor, was noted for its atmosphere of constructive cooperation between the government and the Assembly. The King closed the session on September 8. The Sixth King's Council was inaugurated in September and the First Session of this body was closed by the King on October 13.

In October, 1967, Prime Minister Souvanna Phouma traveled to the United States where he spoke before the UN General Assembly and met with President Johnson, Secretary of State Rusk and other American officials. In early November, the Prime Minister made an official visit to Australia. Also, in November, Crown Prince Vongsavang Vatthana traveled to the United States on an official 10-day visit, which included a meeting with President Johnson, Vice President Humphrey and other American officials. King Savang Vatthana completed a two-week official visit to India on December 15, 1967.

During the early months of 1968, North Vietnamese troops, with limited Pathet Lao assistance, waged their most aggressive dry season offensive in several years. On January 14, the Lao Army suffered a major defeat when the Nam Bac Valley, which had been taken from the communists in 1966, was recovered by North Vietnamese troops. On January 12, four Russian made AN-2 biplanes, piloted by North Vietnamese, attacked a village in Northern Luang Prabang Province. Two of the planes,

the first North Vietnamese aircraft to appear in Laos, were shot down. In southern Laos, North Vietnamese and Pathet Lao units surrounded the provincial capitals of Saravane and Attopeu in February and occupied large areas of the rich Sedone Valley. On February 23, the Lao Army defeated a major North Vietnamese attack at Lao Ngam on the Bolovens Plateau. The town was later abandoned to the Pathet Lao in August for logistical reasons. The town of Muong Phalane in Savannakhet Province was taken by mixed North Vietnamese - Pathet Lao troops in February, but was recovered by the Lao Army in August. In central Laos, mixed North Vietnamese - Pathet Lao units drove into Borikhane Province. In the North, the communists tightened their grip on Houa Phan (formerly Samneua) Province and seized new territory in Xieng Khouang Province.

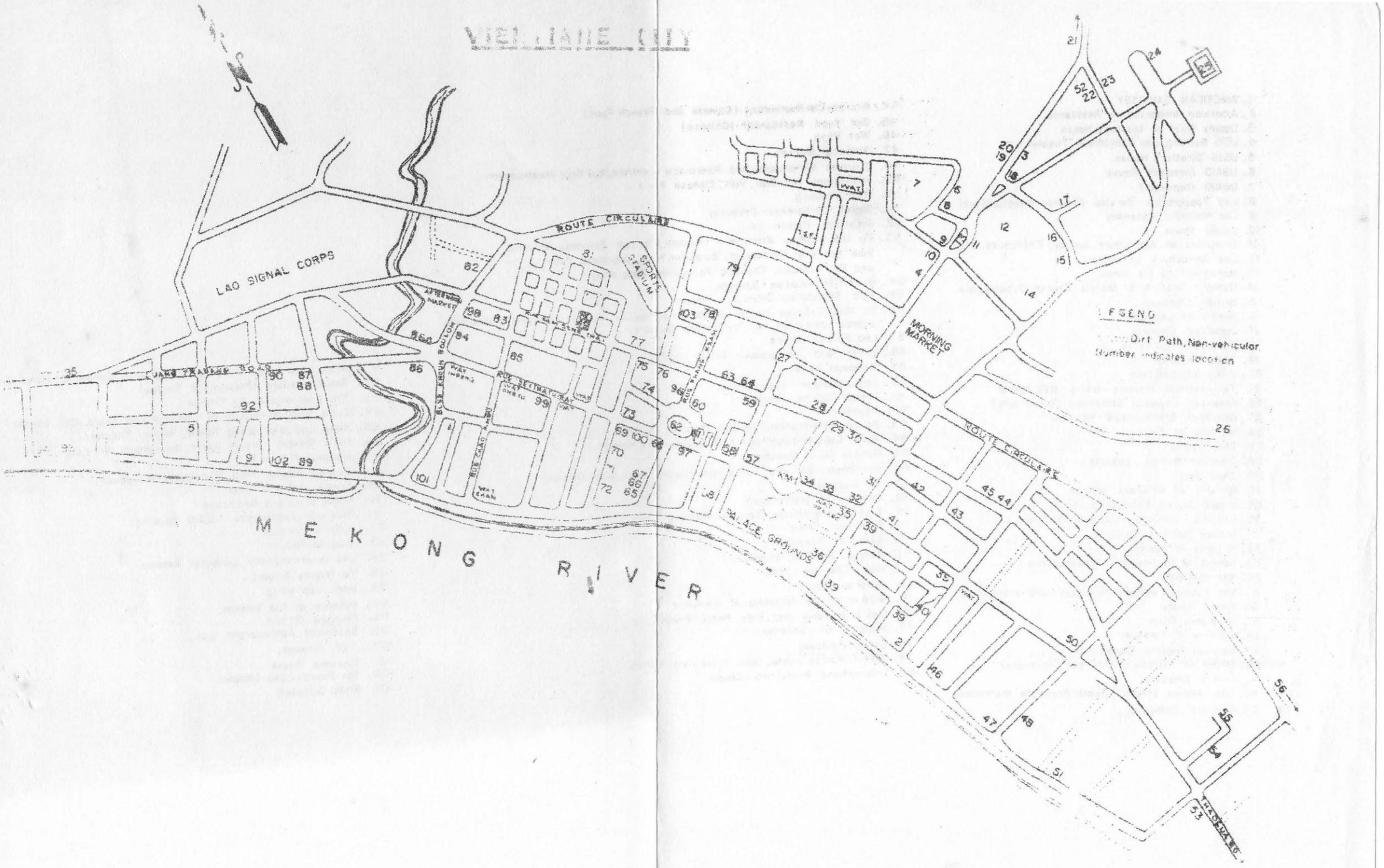
The RLG protested the North Vietnamese offensive in a series of letters to the ICC and the Co-Chairmen of the 1962 Geneva Conference. No official investigation was undertaken by the ICC, although the heads of the Canadian and Indian delegations made two brief visits to the threatened areas in the South.

At the outset of the rainy season in 1968, the communist military offensive subsided, as in past years, but much of the territory taken during the 1968 dry season remained occupied by Pathet Lao and North Vietnamese forces. Saravane and Attopeu remained surrounded.

On May 11, 1968, the National Assembly was opended by the King. Prime Minister Souvanna Phouma addressed the Assembly on May 30 with a "State of the Union" speech in which he scored North Vietnamese aggression and called for observance of the 1962 Geneva Accords. A motion supporting Souvanna's foreign policy was passed by the Assembly on June 3, 1968.

On July 26, 1968, during a vacation in France, the Prime Minister held a press conference in Paris where he announced the publication of a new RLG "White Book" documenting North Vietnamese aggression in Laos since 1966. The "White Book" was the third in a series. Souvanna also repeated the RLG's frequently stated demand that any settlement of the Vietnamese war should provide for the withdrawal of North Vietnamese troops from Laos.

Typed by EMB/PER


LAO SIGNAL CORPS
ROUTE CIRCULAIRE
SPORTS STADIUM
MORNING MARKET
PALACE GROUNDS
MEKONG RIVER
LEGEND
Dirt Path, Non-vehicular
(Number indicates location

1_ AMERICAN EMBASSY
2_ American Ambassador's Residence.
3_ Deputy Chief of Mission's House
4_ USIS Building, Lan Xang Movie Theater.
5_ USIS Director's House.
6_ USAID Director's House
7_ USAID Compound
8_ Lao Topographic Service. (Service Geographique)
9_ Lao National Assembly
10_ Lycée Pavie.
11_ Ministries of Agriculture, Justice, Economics, etc.
12_ Lao Agriculture Laboratory.
13_ Monument to the Dead.
14_ Catholic Mission: St. Mary's Church, Schools, etc.
15_ British Embassy
16_ Australian Legation.
17_ Japanese Embassy.
18_ Cambodian Embassy
19_ Thai Embassy
20_ U.N. Headquarters
21_ To American Housing - KM-6; NEC KM-9.
22_ American Embassy Compound (Silver City)
23_ Operation Brotherhood Hospital.
24_ Ministry of Cults.
25_ That Luang
26_ American Housing (Leaville)
27_ That Dam
28_ Ministry of Veterans Affairs.
29_ King's Council (Conseil du Roi)
30_ Electric Company (Usine Electrique)
31_ Groupe Scolaire Tafforin.
32_ Ministry of Health.
33_ School of Politics and Jurisprudence
34_ Wat Sisakhet
35_ Wat Prakeo (National Museum and Library)
36_ King's Palace
37_ Salle des Fêtes.
38_ Ministry of Finance.
39_ Mahosot Hospital Compound.
40_ School of Nursing (Ecole des Infirmiers)
41_ French Embassy.
42_ Lao Medical School (Ecole Royale de Médecines)
43_ Catholic Cathedral
44_ Arc-en-Ciel Restaurant (Chinese and French Food)
45_ Siet Yuan Restaurant (Chinese)
46_ Wat Phya
47_ Simuang Market.
48_ Customs Warehouse and Pharmacie Centrale, RLG Drug Warehouse, etc.
49_ Restaurant Tan Dao Vien, Chinese Food
50_ Wat Simuang
51_ South Vietnamese Embassy
52_ American Health Unit.
53_ To U.S. Military Attache' Houses; British Embassy Housing; Sala Kokiene Restaurant_ European and Japanese Food and Boat docks; Thadeua Ferry to Nong Khay.
54_ British Information Service.
55_ Asia Foundation Director's House
56_ To Mac Refugee Camp rehabilitation center; School of Home Economics (Under direction of Prevoyance Sociale)
57_ Lao Foreign Office.
58_ Postal and Telegraphic Office (PTT)
59_ Somboun Hotel.
60_ Lao-American Association.
61_ French Cultural Center.
62_ Fountain
63_ British Information Service Reading Room.
64_ Hotel Constellation - bar and Restaurant - French
65_ Banque De L'Indochine
66_ Bar-Royal, Bar and Restaurant_ Steaks, Onion soup, Omelets.
67_ Air Vietnam
68_ Ministry of Information.
69_ French Information Service Reading room.
70_ Provincial Police
71_ Bank of Tokyo
72_ Bureau of Civil Aviation.
73_ PAA - CPA Air Lines
74_ National Bank
75_ Bureau of the Khoueng of Vientiane
76_ Lao Imprimerie and Lao Photo Press
77_ Ministry of Defense.
78_ Indian Embassy.
79_ Setha Palace (Hotel, Bar, Restaurant - French)
80_ International Protestant Chapel
81_ Ecole des Beaux Arts and Chao Anou School of Home Economics
82_ Social Welfare (Prévoyance Sociale)
83_ Thai International, Air France
84_ Ecole Natasinh (School of Classical Lao Music and Dance)
85_ Seng Lao and Vieng Samai Movie Theaters.
86_ IATA_General Travel Agent. 86.a. Royal Air Lao.
87_ Ministry of Plan
88_ Bureau D'achat (RLG Warehouse - Aid goods)
89_ French Officers' Mess
90_ Prime Minister's Residence.
91_ Riverside Apartments (USAID Housing)
92_ Malaria Institute
93_ Asia Foundation
94_ Lao Veterinary and Livestock Service.
95_ To Wattay Airport
96_ Bank Lao Vieng.
97_ Ministry of the Interior.
98_ Chinese School.
99_ Economat Administratif Lao.
100_ Thai Airways
101_ Customs House
102_ Tax Bureau (Des Impots)
103_ Radio Diffusion.

DRAFT

June 1968

ARMY ATTACHE PRESS BACKGROUNDER

For your information, the following figures and general statements are used at press briefings in Vientiane.

A. Strength figures:

(1)	PL combat forces: (Inf, Armor, Arty and AA)	29,235
(2)	NVN combat forces: (Including Advisers and regular units):	18,350
(3)	Total Deuaneist Dissident Neutralists:	2,500
(4)	Total enemy combat forces:	50,085
(5)	Total NVN forces (includes both combat and support units):	40,000
(6)	Total friendly Lao Armed forces (FAR plus ADC is 65,000; FAN is 10,000):	75,000

B. MACV provides all information on infiltration and activities on the HO CHI MINH trail in the Laotian panhandle.

C. RLG control of areas - approximately 2/3 of laos is under more or less effective friendly control and probadly something over 80% of the population. If the question of a map arises, it is clear that there is no real line of contact in laos and that a line on a map would be a generalization that reflects only the broad outlines of the picture.

D. General nature of the Lao performance is much improved by:

(1) Better command and control at national level through general staff growth and development and the establishment of the Combined Operations Center.

(2) A general reorganization of the defense establishment, now underway, which will result in a streamlined military force, tailored to local requirements and responsive to local requirements.

(3) Increase in experienced officers and their placement in responsible positions.

(4) Rise in standards of training and job proficiency.

(5) Growth of more professional attitudes and outlooks throughout the Lao Armed Forces.

E. Decline in Pathet Lao performance has been offset by the introduction of new North Vietnamese Army units, new weapons (such as the 140 mm rockets and the AK family of arms), and increased quantities of munitions into laos.

F. (1) OARMA observers are maintained in the field to provide first-hand reporting on the military situation to the U.S.

(2) There is a U.S. supported military assistance program to Laos that is not highly publicized and is handled through the U.S. Economic Aid (USAID) Mission.

(3) At the request of the RLG, the U.S. has since 1964 been conducting reconnaissance flights over Laos escorted by armed aircraft. These reconnaissance flights are frequently fired upon by communist forces on the ground. By agreement with the Lao Government the escort fighter aircraft may return fire. These flights have been announced publicly since they began.

* * *

MINISTRY OF NATIONAL DEFENSE

ROYAL LAO GOVERNMENT

NAME	POSITION	BIRTHDATE
SOUVANNA Phouma	Prime Minister Minister of National Defense	Oct 7, 1901
MG BOUNLEUT Sanichanh	Inspector General	Oct 1, 1924
MG AMKHA Soukhavong	Deputy Inspector General	Feb 2, 1921
COL THONGPHANH Knoksy	Director of the Secretariat	Oct 9, 1933
BG BOUNTHIENG Venevongsos	Chairman of the Cease-Fire Committee	Oct 19, 1925
COL PHEUY Misaiphon	Director of Research, Plans and Operations	Nov 7, 1921
COL KAYSONE Sananikone	Director of the Military Budget	June 15, 1916
COL PHANH Inthavong	Director of Military Pensions	Nov 11, 1931
LTC PHOMMA Sayasane	Director of Personnel, Records and Mobilization	1928
COL SAKOUNE Sananikone	Director of Military Security	Apr 10, 1923
COL (Thao) SOY Savady	Director of Military Justice	Jul 12, 1917

HEADQUARTERS

FORCES ARMEES ROYALES

NAME	POSITION	BIRTHDATE
MG OUAN Rathikoun	Commander in Chief	1922
MG BOUNPONE Makthepharaks	Deputy Commander in Chief	Aug 11, 1926
MG KOUPRASITH Abhay	Deputy Commander in Chief	Jun 24, 1926
BG OUDONE Sananikone	Chief of Staff	Apr 5, 1921
BG LA Pathammavong	Deputy for Operations	May 27, 1923
BG HOUMPHANH Norasing	Deputy for Logistics	Aug 11, 1926
COL KHAMTHENE Chinyavong	Director of Psywar	Sep 24, 1928
COL PHAO Southi	Director of Operations	Aug 18, 1928

NAME	POSITION	BIRTHDATE
COL ETAM Singvongsa	Director of Intelligence	May 15, 1926
COL HATSADY	Director of Training and Sports	1931
COL BOUNMA Vongprachanh	Director of Personnel	May 10, 1928
COL SOUVANH Sinhavong	Director of Transport	Oct 17, 1933
COL BOUNLEUT Philavong	Director of Logistics	Nov 28, 1934
COL FONGSAMOUTH Arounpradith	Chief of Engineer Service	Jul 4, 1933
COL KHAMPHANH Sadettan	Chief of Medical Service	Jul 8, 1919
COL BOUNNAO Sabandith	Chief of Ordnance Service	Jan 4, 1934
COL SILAC Pathammavong	Chief of Signal Service	Feb 4, 1928
COL BOUNCHANH Thammavong	Chief of Quartermaster Service	Jul 9, 1930
COL PHADY Khammy	Chief of Finance Service	Jun 29, 1933
COL LOUNE Sisounol	Provost Marshal	June 20, 1930

NORTH LAOS TACTICAL HEADQUARTERS

NAME	POSITION	BIRTHDATE
MG OUAN Rathikoun	Commanding General	1922
COL BOUNCHANH Savathphayphane	Chief of Staff	Dec 9, 1927
LTC VIKON Bilavarn	Deputy Chief of Staff for Operations	Nov 2, 1933
LTC TONGVANH	Deputy Chief of Staff for Logistics	Jun 16, 1929

SOUTH LAOS TACTICAL HEARQUARTERS

NAME	POSITION	BIRTHDATE
MG BOUNPONE Makthepharaks	Commanding General	Aug 11, 1926
COL SISAVATH	Chief of Staff	Aug 26, 1926

MILITARY REGION I HEADQUARTERS

BG (Tiao) SAYAVONG	Commanding General	Jul 17, 1928
COL HOUMPHENG Bulyaphol	Deputy for Operations	Dec 1, 1934
COL PHOUY	Deputy for Logistics	Dec 5, 1930

MILITARY REGION II HEADQUARTERS

MG VANG PAO	Commanding General	1928
COL BOUN NOI Phaophongsavath	Deputy for Operations	May 5, 1927
COL (Tiao) VANNASENG Sayasane	Deputy for Logistics	Apr 30, 1931

MILITARY REGION III HEARQUARTERS

BG KOT Venevongsos	Commanding General	Jul 13, 1922
COL VANH Sisouvong	Chief of Staff	-
COL PONE Jean Baptiste	Deputy for Operations	Jan 28, 1917
COL BOUNETHENG Insisiengmay	Deputy for Logistics	Sep 27, 1931

MILITARY REGION IV HEADQUARTERS

MG PHASOUK Somly	Commanding General	Dec 9, 1916
BG KANE Insisiengmay	Deputy for Operations	Jul 20, 1928
COL KHAMMAY Vannavong	Deputy for Logistics	-

MILITARY REGION V HEADQUARTERS

MG KOUPRASITH Abhay	Commanding General	Jun 24, 1926
COL THONGLITH Chokbengboun	Deputy for Operations	Aug 4, 1931
COL Khamsing Sananikone	Deputy for Psyops	Mar 12, 1927
COL HEUANG Insisiengmay	Deputy for Logistics	Apr 12, 1923

MINISTERS AND SECRETARIES OF STATE

ROYAL LAO GOVERNMENT

NAME	POSITION	BIRTHDATE
SOUVANNA Phouma	Prime Minister Minister of Foreign Affairs Minister of National Defense Minister of Veterans Affairs Minister of Rural Affairs	Oct 7, 1901
SOUPHANOUVONG (NLHS - absent since 1963)	Deputy Prime Minister Minister of National Economy Minister of Planning and Cooperation	Jul 13, 1909
LEUAM Insisiengmay	Deputy Prime Minister Minister of National Education, Fine Arts and Sports and Youth	Aug 7, 1917
PHOUMI Vongvichit (NLHS - absent aince 1963)	Minister of Information, Propaganda and Tourism	Apr 6, 1909
PHENG Phongsavan	Minister of Interior Minister of Social Welfare	Jul 19, 1910
NGON Sananikone	Minister of Public Works and Transportation	Dec 29, 1914
BOUN OM na Champassak	Minister of Religious Affairs	Feb 12, 1916
SISOUMANG Sisaleumsak	Minister of Posts Minister of Public Health (Acting Minister of Information in absence of Phoumi Vongvichit)	Oct 31, 1917
INPENG Suryadhay	Minister of Justice (Acting Minister of Planning in absence of Souphanouvong)	Feb 13, 1923
SISOUK na Champassak	Minister of Finance (Acting Minister of National Economy in absence of Souphanouvong)	Mar 20, 1928
SOUK Vongsak (NLHS - absent since 1963)	Secretary of State for Public Works and Transportation	Jan 15, 1915
SOUKAN Vilaysarn	Secretary of State for Veteran Affairs	Jan 17, 1918
KEO Viphakone	Secretary of State for Social Welfare	Apr 15, 1920

NAME	POSITION	BIRTHDATE
KHAMPHEUANE Tounalom NLHS - absent since 1963)	Secretary of State for National Economy and Planning	Mar 12, 1926
SOUK Upravan	Secretary of State for Rural Affairs	Jun 12, 1927
HOUMPHANH Saignasith	Secretary of State for Finance	May 11, 1928
KHAMPHAI ABHAY	Secretary of State for Public Health	Nov 6, 1928
LIEN Praisongviengkham	Secretary of State for Sports and Youth	

....

CONFIDENTIAL

CLASSIFIED

MEMORANDUM

TO: Area Coordinators

THRU: USAID/D - A.E. Farwell

FROM: DCM - R.A. Hurwitch

SUBJ: The Local Political Situation and Local Leadership.

The United States Mission in Laos is now engaged in an effort to learn more about the current rural situation. Your field representatives and field representives from other mission elements, as the officers most closely attuned to the local situation, are being asked to accept as a priority project an evaluation of the situation in your area. Please arrange to have CDA's and other knowledgable officers in your region take the time to answer the enclosed questionnaires. We would like your comments by November 25.

Any attempt to develop a sense of national identity and attitudes of support for the government requires an understanding of local leadership and the system of communication from the village to the government. Among the major obstacles to communications to and from the village are the governmental tendency to repress ideas of subordinates, the tendency of subordinates not to question their superiors, and the villagers' inexperience in communicating. A normal flow of communications from the top down is from mass media (radio, newspapers, movies) to local opinion leaders and from local opinion leaders to the less active members of the village community. Two factors of importance in understanding a communications system are: a) sentimental attachments (respect, affection, etc.) which are most important in attitude formation; and b) the fact that a system nearer the opinion source will be more effective in its influence on attitudes.

The purpose of the enclosed questionnaires is to help you focus your thinking about various phenomena in the rural Lao environment which are involved in the communications effort and which therefore may have importance in future political developments. Among the phenomena of interest are local leadership, cultural/religious influence on the villagers, economic and financial factors affecting the villagers, military involvement which affects the villagers, communications up and down within each muong, and current villager attitudes.

POL:SWThomson:jm

CLASSIFIED

CLASSIFIED

(Please use this questionnaire as the framework for

a generalized analysis of your area.

Specific examples may be used as illustrations.)

C9t

THE VILLAGE

A. The decision-making Process: How are the following factors involved in the making of decisions at the village level?

1. The Nai Ban
2. Opinion makers
3. Other leaders: Buddhist Monks, teachers, etc.
4. Group leaders
5. External influences

B. Opinion Makers: In many cases people have been identified in the village, usually six to ten per village, who, although often inconspicuous, clearly have a dominating influence on the attitudes of the villagers. It has been said that even nai ban elections can be determined by their choice.

1. Have you noted this phenomenon in your area?
2. If so, how are these people identified?
3. How do they express their opinions?
4. What are the common elements in the personalities of these people: education, travel, family, other?

C. Village Organization.

1. What is the role of the Wat committee in the village?
2. What is the role of the school and of the teachers?
3. Is there a "development committee"?
4. If so, what is its role in the village?
5. Is there a local military or militia organization?
6. What is its role?
7. Youth groups: Are there any youth activities sponsored by:
a) the government; b) the local Wat; c) the boy scouts;
d) the PL?

D. To what extent is there a social hierarchy in the village?

E. Communication.

1. How many radios are in the village?
2. How current are the newspapers and how widely distributed are they?
3. Are there bulletin boards?
4. Are there reading rooms?
5. What is the nature of bus transportation to the village?
6. Are there traveling merchants?

CLASSIFIED

F. Impact of Economic Development. What effects, if any, have there been on the attitudes of villagers as a result of economic development efforts in their area?

1. Are they favorably inclined toward the government?
2. By creating expectations, have they created dissatisfaction with the government?
3. How has the PL reacted to local development efforts?
4. To what extent has the U.S. been identified with the development effort?

G. Attitudes: How do you characterize village attitudes toward:

1. The King
2. The Prime Minister
3. The National Assemblyman from their district
4. The Chao Khoueng
5. The Chao Muong
6. The Tasseng
7. The PL
8. Americans

H. What immediate RLG efforts, including military "civic action" do you think would have a favorable impact on the Lao villager in your area?

POL:SHThomsen
11/6/68

CLASSIFIED

QUESTIONNAIRE

(In this section please generalize on the basis of all Muongs, Tassengs, and Villages in your area. You may give examples to illustrate a point.)

LOCAL LEADERSHIP

I. IN OFFICE.

A. Chao Muong.

1. Is the Chao Muong from the muong itself? From the area?
2. What staff does the Chao Muong have?
3. How do villagers petition the Chao Muong?
4. On what subjects?
5. With what results: Adjudication? Rejection? Referral up or down? Procrastination?
6. To whom does the Chao Muong report?
7. Who reports to him?
8. How often does he visit the province capital, each tasseng, each village?

B. The tasseng (canton chief).

1. How is the tasseng selected?
2. To what extent is he respected?
3. How effective is he?
4. How does he communicate up: to the chao muong? To the military? Others?
5. How does he communicate down: to the nai ban? To village opinion leaders? To villagers?
6. How often does he visit the muong center? His villages?

C. The nai ban.

1. How is he selected?
2. To what extent is he respected?
3. How able is he?
4. How does he communicate up: to the tasseng? To the chao muong? To the military? To others?
5. How does he communicate down: To opinion leaders? To villagers?

CLASSIFIED

CLASSIFIED

D. Other local leadership institutions: military, Buddhist monks, teachers, technical service people, etc.

1. Military. To what extent is the military involved in the muong? tasseng? village level?

a. Have you seen six-man civic action teams? How would you evaluate them?
b. What other civic action efforts have you seen?
c. How does the military behave in general?

2. How active are Buddhist monks in influencing villager attitudes on secular matters?

3. Do teachers participate in village activities?

a. Is there a school council or committee?
b. Are teachers active in local development planning?

4. In what ways do the other local institutions influence attitudes at the village level?

II. INFLUENTIAL REGIONAL PERSONALITIES.

A. Please list the men who in your opinion could successfully work with and influence the people in your area. In a paragraph note the characteristics which cause you to hold that opinion. In so doing you may want to take note of:

1. Ethnic or tribal background

2. Family position, i.e., a) from clan or tribal leadership family, b) from village leadership family, or c) from middle level family.

3. Ties to traditional leadership elements: a) family b) marriage c) personal friendship.

4. Education: a) Literate b) Lycee c) foreign education or training.

5. Experience: a) RLG b) FAR c) Irregulars d) Viet Minh/Pathet Lao returnee e) other experience

6. Current position

7. Conditions and degree of contact with the potential voter, e.g., as a medic, in daily contact; or as a battalion commander, tasseng, nai ban, etc.

8. What organizational support could he develop from his family, village, military unit, or tribe in an election.

B. Please list those men in your area who could contact and favorably influence people in what are now Pathet Lao/North Vietnamese controlled areas. Provide a paragraph on each following the format of Section A.

CLASSIFIED

CLASSIFIED

III. "BLACK HATS"

Please list the men in your area who should not in any case be relied upon by the RLG or us. Those in leadership positions who are: a) blatently incompetent b) cruel c) dishonest within the local cultural meaning of the term d) PL sympathizers. This list should include only those flagrant cases which can be documented. Please provide a brief resumé of each case listed.

POL:SBThomsen
11/6/68

CLASSIFIED

Foreign Assistance for the Development of Laos



FOREIGN ASSISTANCE FOR THE DEVELOPMENT OF LAOS

(A compilation of economic assistance supplied to the Royal Kingdom of Laos by friendly donor countries.)

Foreign Assistance Being Provided to the Royal Kingdom of Laos

The following compilation of the various assistance conduits and aid inputs to Laos has been compiled by the U.S. AID Mission to Laos with the cooperation of the Embassies of the countries concerned and those international institutions which are supplying such aid.

This compilation does not include all aspects of U.S. bilateral aid. A separate pamphlet covering United States Aid to Laos was published in May 1968 and is available at U.S. AID Laos headquarters in Lao, English and French languages.

USAID/Laos

November 1968

Introductory Remarks

The past experience of aid donors other than France and the U.S. has tended to be concentrated in those areas where a substantial supervisory and operational overhead is not required; e.g., FEOF and commodity import programs. Scholarship assistance also has been a favorite. Even France, while conducting a fairly broad-spectrum aid program, nevertheless, has tended to remain aloof from programs operating outside of the major population centers. Thus, almost the entire burden of the effort in the countryside has fallen on the U.S. This necessarily is a costly type of assistance, because it requires a heavy investment in personnel and logistics, especially transportation.

Precise quantitative comparisons (i.e., in monetary terms) between U.S. and other donor aid is difficult and probably would have little validity even if the various aid inputs of these donors were given arbitrary monetary values and the varying fiscal years were adjusted to a basis comparable with that of the U.S. The extent of aid other than that which flows through U.S. bilateral channels can perhaps be assessed more realistically through a look at the composition and intent and general order of magnitude of the assistance provided by each donor in the various programs underway to provide development and stabilization assistance of Laos.

Regional Program

Under the regional program, a joint effort is made by the number of donor countries and international agencies to infuse aid into countries of the Mekong Basin through a multilateral regional approach under international auspices, as opposed to the customary bilateral channels. Projects are undertaken which promise benefits to more than one nation and which induce regional cooperation and regional ties. While the U.S. has been the prime donor in this regional effort, the program has been successful in eliciting additional assistance from several sources.

A series of successful projects already has been undertaken in the Basin, and the program contemplated over a 25-year period runs into several billions of dollars. The Mekong Committee, established by resolution of ECAFE in 1957, has through its Secretariat been the prime mover and promoter of the regional program for development of the Mekong Basin. ECAFE itself has been active in promoting regional (ECAFE-wide) conferences and seminars; its most noteworthy participation in regional development has been in connection with establishment of the Asian Development Bank; the proposed Special Funds window of the ADB promises to be an additional source of concessional aid for countries such as Laos with a low debt-repayment capability.

Laos is a prime beneficiary of the regional program, most noticeably to date in the realization of the Nam Ngum Dam described below. Training and material assistance has been provided in a series of other projects: The Vientiane Experiment and Demonstration Farm, Mekong System Analysis, Resources Atlas, Hydrologic Spare Parts, etc.

Other projects of direct interest to Laos and involving a multi-million dollar cooperative effort by a number of donors are to be underway shortly. Of particular importance is a project designed to effect needed improvements in Mekong navigation and cargo handling facilities; this project promises some substantial immediate benefits. In the long run, the enormous Pa Mong Dam project promises benefits of power, irrigation and flood control. Laos in fact has a growing list of projects which could be (or are being) considered under the regional program and perhaps could be developed for multilateral financing.

Nam Ngum Dam Project

The Nam Ngum project is the first major multilateral, regional project to be implemented under the auspices of the Mekong Committee. The Nam Ngum Development Fund Agreement was signed on May 4, 1966, by Laos, Thailand, and seven other countries pledging $22.8 million in untied grants. The project calls for construction in the first phase of a dam and power plant of 30,000 KW (potentially 120,000 KW in the third phase) and a transmission line from Udorn in Thailand to the dam site, via Vientiane. Subsequent to the signing of the Agreement in 1966, France became a party to the project with a pledge of $600,000, thus bringing the total funds in the Agreement to $23.4 million. The donors are as follows:

U.S.	$12,065,000
Japan	4,000,000
Netherlands	3,300,000
Canada	2,000,000
Denmark	600,000
Australia	500,000
New Zealand	350,000
France	600,000
Total	$23,415,000

Outside of the Nam Ngum Fund, Thailand has made a grant of $1 million in cement and Japan has provided $315,000 for the design work.

The contractor for the main works (Hazama-Gumi/Matsui) has been selected and operations commenced in this dry season (October 1968-May 1969). Cost estimates have been revised upward, in the neighborhood of $27-31 million. The World Bank, administrator of the project for the donors, is contacting the donors to make up the shortfall. The project is scheduled for completion in December 1971.

Foreign Exchange Operations Fund (FEOF)

The Fund was established in January 1964 as a means of stabilizing the free market value of the kip by offering sufficient foreign exchange to meet demand, given an agreed budgetary deficit level, e.g., 8.5 billion kip in FY 1967/68, and an exchange rate of about 500 kip to one dollar. Since its inception the FEOF has received contributions as follows (in millions of U.S. dollars):

	CY 1964	CY 1965	CY 1966	CY 1967	CY 1968	Totals
U.S.	4.0	5.2	13.7	13.8	13.7	36.6
France	1.7	1.3	1.7	1.7	1.7	6.4
Japan	---	0.5	1.7	1.7	1.7	3.9
UK	1.7	1.7	1.7	1.7	1.7	6.8
Australia	0.4	0.4	0.8	0.6	0.6	2.2
RLG	---	2.8	---	---	---	2.8
Total	7.8	11.9	19.6	19.5	19.4	58.7

By mid-1968 it had become clear that the pledged amounts for the year would not be sufficient to meet the total demand on FEOF. This was due to the sharp drop in gold imports into Laos beginning in February when the Tet offensive in South Vietnam disrupted the market for gold smuggled into Saigon from Laos and continuing during the rise in the world price of gold in the spring and after the two-tier system for gold was established. This decrease in gold imports from a level of nearly 6 metric tons per month to 1-2 tons per month had a double effect: it reduced both gold import tax revenues and the sale of non-FEOF dollars (part of which comes from the sale of gold abroad; these dollars are sold to the banks for kip to pay the gold import tax). The former increased the Royal Lao Government's difficulties in limiting its budgetary deficit and the latter increased the demand for FEOF dollars, given the continuing and increasing demand for foreign exchange.

The governments contributing to the Fund are considering supplemental contributions to carry FEOF through CY 1968.

Commodity Import Programs

In addition to the United States Import Program (USIP) of about $3.7 million per year, the United Kingdom and Australia operate commodity import programs. The programs of all three countries, however, have been reduced since 1965 because of problems of administration caused by re-exports to Thailand, by overpricing by merchants in Laos, and in the case of the UKIP, for economic reasons at home.

In FY 1969 the USIP includes about $2.5 million per year for petroleum products and about $1.2 million for other commodities. These other commodities were limited to industrial machinery for industries considered priority by the Royal Lao Government and USAID/Laos, agricultural machinery and trucks and buses. Careful consideration is given to the relationship of commodities imported under USIP to industrial development projects and the program is closely monitored to ensure that these commodities, imported at the official rate of exchange of 240 kip to one dollar, are used for the purposes indicated when the import is authorized.

The British and Australian commodity import programs have been reduced during the past year and are now also strictly limited to items which are directly related to economic development, e.g., agricultural machinery and irrigation pumps. The British have decided to spread their FY 1968 UKIP funds, about $1.5 million, over two fiscal years and are uncertain whether UKIP will be continued after this fiscal year. The Australian commodity import program (AUSIP) authorized at U.S. $150,000 during FY 1969 but utilization of AUSIP was at less than the authorized level last fiscal year and this may be the case again this fiscal year. Both the British and Australians have given greater priority to project assistance over commodity import programs during FY 1968 and will continue to do so this fiscal year.

France

After the United States, France is the major contributor of foreign aid to Laos. The overall aid level has been running at about $7 - 8 million annually and is expected to continue at this level through 1968.

French aid is administered by three separate agencies: the French Military Mission (FMM), established under the Geneva Agreements to provide training (no military hardware) to the Lao Armed Forces, currently has a staff of about 120 officers and enlisted men; the size of the FMM is gradually declining. The Economic and Technical Mission (MAET) currently has a staff of 82 engineers, doctors, and other technicians. The Cultural Mission now has a staff of about 300 teachers, a level which represents a 20 percent increase over that of a year ago. The slight decrease in the personnel and funds of the Military Mission is offset by roughly corresponding increases in the outlays of the MAET and Cultural Mission so that the overall aid level remains about the same.

French aid in Laos, as in other countries where French assistance is extended, tends to concentrate in the fields of education and culture, although assistance also is given occasionally for development of the infrastructure of the economy. Unlike U.S. technical "advisors", many of the French experts actually hold positions in the Lao Government and

function as Lao officials, much like a UN "operational executive" (OPEX). The French teachers also function (rather than "advise") in the classrooms, and most Lao students who reach the high school level are taught by the French or French-speaking Lao. This arrangement has two noteworthy results; it tends to ensure the maintenance of French cultural influence and it transfers from the Lao to the French the substantial budgetary outlay required, estimated to be about $2 million equivalent annually. It also considerably upgrades the level of instruction. The total budget of the Cultural Mission is estimated at about $3 million annually in the CY 66-69 period.

In June 1966-68 French assistance was provided to the Lycee at Luang Prabang, Mahosot Hospital (out-patient clinic and laboratory), and the School of Medicine (auditorium). During 1968 the Economic Mission provided 24 scholarships and the Cultural Mission 70.

The French have contributed to the stabilization program through their support of FEOF and official purchases of kip at the 240:1 rate (although their high rate of usage of FEOF kip proceeds nullifies the stabilizing effect of the contribution). In CY 1966 and CY 1967 these purchases of kip at 240:1 amounted to $1.7 million. In the capital projects field, the most recent noteworthy inputs are the French contributions ($600,000) to Nam Ngum and the Credit Agreement for 15 million francs ($3 million) signed in Paris in July 1966 by Prime Minister Souvanna Phouma and Foreign Affairs Minister Maurice Couve de Murville. Part of this loan is from the French private sector. Projects developed and deemed feasible for implementation will receive financing from an appropriate French firm, which in turn will receive certain guarantees from the French Government. Repayments will be in two years, both long (20 years) and short (5 years) term at varying interest rates, depending on negotiations between the Lao and the French firm involved. Additional French loans of this type are believed likely, but the French are waiting to determine the success of this one before making any further commitment.

The loan agreement provides 6 million francs as a long-term loan at one percent and 9 million francs in trade credits at a rate not to exceed 4.7 percent. The 6 million franc loan includes 4.5 million for the Selabam Dam (and transmission line to Pakse) and for the hydropower at Nam Dong Dam which will provide power to Luang Prabang. RLG will meet the labor and cement costs for these projects. Selabam is well underway and should be completed in the near future and construction will get underway shortly thereafter. The access road to the site was constructed under the USAID road development program. Also included is F 1.5 million "for projects to be determined"; the possibility of exploiting known tin

resources in the Thakhek area is under active consideration and equipment will be financed under the 1.5 million franc loan, as will other projects as they are developed. The nine million in short-term trade credits may finance, among other things, equipment for a new cement plant. France has provided additional funds, beyond the loan agreement, for a study on the feasibility of the cement plant.

Japan

Japan's aid to Laos started in October 1958 when the two countries signed an Economic and Technical Cooperation Agreement in place of a formal "Reparations Agreement." Under this agreement two major projects totaling one billion yen (about $2.8 million) were undertaken: three 1,000 KW thermal generators were purchased and installed in the Vientiane power plant (the plant itself was also constructed with Japanese aid funds), and a filtering plant and water distribution system were constructed in Vientiane. Upon transfer of the water system to the RLG in January 1965, the Japanese had met all of their obligations under the Agreement.

Japanese aid to Laos now is becoming more significant. Japan has pledged a sizeable amount, second only to that of the U.S., for the Nam Ngum Dam; the Japanese firm of Nippon Koei has done the design work on the Dam and now is supervising the Dam construction work being performed by Japanese contractors. (Hazama-Gumi/Matsui was the successful bidder in a tender open to all donor countries.) The GOJ also has been participating in FEOF since 1965 and has made annual contributions of $1.7 million for 1966, 1967 and 1968. Sending two survey teams in 1967 and 1968 Japan has made a final plan for the proposed Mekong River Bridge at Nongkhai-Thanaleng. Japan also sent two mineral study teams in 1966 and 1967. The first team made a general study for all Laos and the second did a detailed study for the copper mines in Champassak district. In Tha-Ngon village, 25 km. north of Vientiane, the Japanese are undertaking (since 1966) a demonstration farm staffed by five Japanese experts, eight Japanese youth volunteers and about 20 Lao Government officials and technicians. The purpose of this farm is to do testing and training in irrigation agriculture, horticulture, livestock raising, marketing and other specialties in the agriculture field. The farm is supported by the GOJ and some private enterprises in Japan. The Tha-Ngon village now has a modern primary school and dispensary built respectively in 1967 and 1968 with Japanese kip proceeds from FEOF. Very soon the dispensary will have Japanese medical equipment and be staffed by a Japanese doctor and two Japanese nurses. About 20 technical and university scholarships for study in Japan are provided annually to Laos. Since December 1965, Japan has been sending its youth volunteers to almost every department of the RLG (Education, Public Works, Agriculture, Sports, Information, P.T.T., Livestock Production, Social Welfare, etc.) to aid and transmit their technology to young Lao technicians. (In October 1968 they totaled 64.) Luang Prabang Hospital is creating its dental clinic with Japanese dentists and dental equipment.

New projects under discussion between Japan and Laos include extension of Vientiane Airport runway to accommodate international jet aircraft and irrigation of 800 hectares in Tha-Ngon district. Japan will send, in the very near future, its second survey team for each of these projects to develop final plans and will also send a feasibility survey team for construction of a railway between the proposed Mekong bridge and Vientiane city. Japan is preparing to provide Laos with new type of aid; e.g., Kennedy Round Aid, so that Laos could be furnished with a large amount of rice and agricultural equipment.

Germany

Capital aid amounting to a loan of DM 20 million (DM4=$1) was granted on December 14, 1965, out of which 16.5 million DM are destined for augmenting the Vientiane power supply system by about 8,000 KW increase in thermal capacity, 2.9 million DM for the Luang Prabang water supply system, and the rest for augmenting the power supply in Khammouane, Savannakhet, Pakse and Paksong.

In July 1966 an additional loan of DM 6 million was offered to the RLG. The RLG decided in August, 1968 to utilize this loan for revamping the Vientiane electric distribution system.

Technical assistance has been made available for the Lao-German Technical School in Vientiane. The school was constructed in 1964 and is now staffed with seven German teachers. Thirty-one young Lao have been sent to Germany for training as future instructors. At present, the German Government is offering to supplement Laotian efforts in constructing the necessary buildings by adding (at German cost) four new buildings for administration, classrooms, dormitory and workshops. Another project under technical assistance is the German participation in the modernization of the Laotian radio system. Germany has contributed one 25 KW short-wave transmitter in Vientiane, two 5 KW medium-wave transmitters in Pakse, and three experts for two years each. Three young Lao have received scholarships for training in Germany.

German aid to Laos is summarized as follows:

a. Material and equipment sent to Laos (figures in German Marks):

1965	1966	1967	Total 1965-67
632.640	470.442	766.190	1.869.272

b. Experts on loan to RLG;

1965	1966	1967	1968	Total 1965-68
6	7	10	7	30

c. Number of trainees in Germany:

1965	1966	1967	Total 1965-67
6	12	13	31

d. Loans utilized by RLG:

1965	1966	1967	1968 per 30.6	Total 1965 - 30.6.68
	179.000	505.000	3.428.000	4.112.000

United Kingdom

In its position as Co-Chairman of the fourteen-nation conference on Laos, and due to its strategic interests in Thailand and the Malayan peninsula, the UK has endeavored to maintain an important economic assistance program in Laos. However, because of economic difficulties at home the aid level to Laos, as to other countries, has dropped from a high point of about $6 million annually to its current level of about $3 million annually. Most British aid to Laos is now given under the FEOF program.

Substantial technical and programming assistance has been provided to the Lao National Radio as part of an International Aid to Radio project, and a nation-wide network, with broadcasting and relay stations at Vientiane, Luang Prabang, and Pakse, is virtually complete. The UK contribution to this project is estimated at about $1.7 million.

Assistance also has gone to the health field; British medical teams are presently located at Luang Prabang and Thakhek and a new hospital has been built at Thakhek (under U.S. technical supervision). In Luang Prabang two wards have been renovated, and equipped with British equipment, and a new out-patient unit opened. Despite recruitment difficulties efforts are being made to keep the British medical teams up to full strength.

Irrigation pumps valued at about $70,000 have been provided to the Agricultural Development Organization to help primarily in dry-season cultivation of rice. A small number of Lao students continue to be given training in the UK and in Thailand at British expense, but most British training is given on the spot by Technical Assistance experts employed under the Colombo Plan. In cooperation with the Mekong Committee and the Royal Lao Government, arrangements are currently being made for the photo-geological mapping of most of western Laos.

The UK has a team of about a dozen graduate volunteers (British Peace Corps) in Laos; most are engaged in teaching English, the rest supporting the work of the Technical Assistance experts in the medical and radio projects.

A UK Commodity Import Program (UKIP) has in the past provided subsidized imports to Laos. This is gradually being phased down and may be terminated in the near future.

Australia

All Australian aid to Laos, other than FEOF contributions, AUSIP, and its Nam Ngum Dam contribution is given within the framework of the Colombo Plan. Total Australian assistance to Laos under the Colombo Plan has amounted to U.S. $2,725,000 by June 30, 1967. By the end of 1968 this figure will have passed the U.S. $3 million mark. Equipment assistance has included road and agricultural equipment, primary school supplies, three radio transmitters and a mobile broadcasting van to the Lao National Radio, seeds and vaccines. Thirteen experts have been provided in various fields and there are at present two livestock raising experts and two teaching experts in Laos. One hundred and eighteen Laotian students have been trained in various courses in Australia as of June 30, 1968. An additional 15-20 scholarships are awarded annually and there are as of October 16, 1968 36 Laotian students training in Australia under the Colombo Plan and four private students. The annual cost of this scholarship program is approximately U.S. $77,000 with U.S. $440,000 expended as of June 30, 1968. Current major Australian projects include the Livestock Development Project at Na Pheng (annual cost approximately U.S. $55,000), the Luang Prabang transmitting station and aerial, and the reforestation project which will be launched later in 1968.

The total Australian aid level (FEOF, AUSIP, Colombo Plan and Nam Ngum) has been about U.S. $1.2 million annually; it is expected to continue at that level at least for the foreseeable future.

Thailand

U.S. offices in both Vientiane and Bangkok have actively encouraged Thai assistance to the Lao, since there is a common ethnic bond between the people; and the Thai, by virtue of their more advanced state of development, are in an excellent position to extend the required aid. Results on the major issue of Lao transit rights through Thailand, however, have not been encouraging. With the traditional Lao route to the sea through Vietnam temporarily cut by the war, landlocked Laos must move cargo through Thailand; to date the Thais, who are not signators to the UN convention on landlocked countries, have not been inclined to

grant the necessary concessions to bring transit costs (to the Lao) more in line with apparent operational costs. However, the Thais have extended a significant grant of cement ($1 million) and loan of power in connection with the Nam Ngum project, and have provided about $85,000 to rehabilitate the access road to the Israeli/UN Experimental and Demonstration Farm at Hat Dok Keo. The Thais also on occasion have extended other gifts such as rice, and Thailand provides an excellent training ground for Lao students and officials. There are numerous possibilities to extend the U.S.-funded training program of Lao in Thailand, and these are being actively and continuously explored.

Canada

Canadian assistance to Laos is administered through the Canadian Delegation to the ICSC. While bilateral aid as such has not been large ($1.096 million since the inception of the Colombo Plan), Canada has contributed $2 million to the Nam Ngum Dam project with an additional $1.3 million having been expended on the aerial survey undertaken by Canada in connection with the Mekong Development scheme. The main thrust of Canadian bilateral assistance is technical aid with Canada having earmarked up to 50 scholarship positions for Laos. The bulk of these are in the three priority areas of teacher training, forestry, and in the formation of engineers, technicians and administrators required for the construction and maintenance of the Nam Ngum Dam. Canada has successfully capitalized upon its unique position in Laos as a bilingual donor nation able to offer awards in either French or English with Laos having opted almost exclusively for the former. This bilingual position has enabled Canada to produce in French 40,000 geography and French grammar textbooks tailor-made for the needs of Laos. In the same vein, 40 tons of printing paper, to be used in the production of school textbooks in either French or Lao, have been given. The combined cost of these capital grant projects totaled $65,000.

In addition to French-speaking teachers, most of whom are concentrated at Dong Dok, Canada has sent five forestry experts, a chief forester, a photogrammetrist, a cartographer and two foresters, to guide and direct a forest inventory being undertaken jointly by the RLG, USAID and the Canadian Government.

At the present time, Canadian bilateral assistance to Laos is considered by the Canadian Government to be at an appropriate level. Rather than expand its bilateral aid or commit itself to multilateral programs such as FEOF, the Canadian Government has preferred to emphasize projects involving regional cooperation and development. To this end it has provided $25 million interest free to the Asian Development Bank's Special Fund and a further $100,000 to finance technical assistance projects under the ADB.

India

The major activity of India in Laos is in the field of medicine. The Indian medical team runs two hospitals, one in Vientiane and the other in Paksane. The first medical team consisting of six doctors and 37 nursing assistants arrived in Laos in 1964. In December 1967, a gynecologist and a dentist were added to the list of doctors, making a total of eight doctors and 37 nursing assistants. The term of the present team is expiring in December, 1968. The cost of maintenance of officers and men, equipment, medicines and running of the two hospitals has been met entirely by the Government of India.

In the field of education, the Government of India has so far given a total of 18 scholarships to Laos in different fields. India also provided two experts and two professors under the Colombo Plan. The professor of Sanskrit and Pali completed his tenure of two years in June, 1968, and the professor of mathematics on October 12, 1968. The other two experts, one in the field of mining and the other in the field of natural sciences, are continuing. India has helped in the completion of the building of the School of Medicine in Vientiane. The equipment for the physics and biology laboratories is also being provided by India. The first consignment of the equipment has already arrived and more is expected within CY 1968.

Other Free World Countries

A number of other countries also extend minor assistance to Laos on an ad hoc basis: Israel operates an Experimental and Demonstration Farm and has pledged $50,000 for an Israeli team to design an irrigation system for the first 5,000 hectares to be irrigated with power from Nam Ngum. China (Taiwan) and the Philippines have made small gifts of seeds and fertilizer through the Mekong Committee. Indonesia provided $90,000 in supplies and small equipment to Kong Le's neutralist army in 1966 and gave short-term training in Indonesia to 68 of his junior officers; training for 30 additional neutralist officers was offered in FY 1967. Denmark made a sizeable contribution of $600,000 for the Nam Ngum project, equal to that of France; additional assistance on a small scale, perhaps in the medical field is possible. Belgium, which at present does not provide assistance in Laos, is a possibility for some minor assistance in the future.

United Nations

The UN program in Laos is maintained at a fairly constant level of about $700,000-$900,000 annually. Exclusive of the UN assistance provided through regional channels such as the Mekong Committee and ECAFE, all of which is financed under the Special Fund, the approximate levels for the CY 66-68 period are as follows: CY 66 $800,000; CY 67 $900,000; and CY 68 $700,000. CY 69 is estimated at $800,000.

Through its "Regular Program" and the "United Nations Development Program (UNDP)" the UN provides technicians, fellowships for Lao studying abroad, funds for seminars and regional conferences, and limited commodity support. The UN role is one of responding to "country needs" as expressed by the RLG and provides limited technical assistance generally in those areas not covered by other assistance donors. The striking limitation of the UN program is its lack of adequate commodity and logistics support for the UN technicians, who must depend with great uncertainty on cooperative assistance from other donors (notably the U.S.); this situation severely limits, in many cases, the effectiveness of the UN technicians. In the Regular Program, the budget of the World Health Organization (WHO) constitutes the greater part of the total, with three small projects of the UN Bureau of Technical Assistance Organization (BTAO) making up the balance. Funds of the Regular Program are indicated in the following table in thousands of U.S. dollars:

	BTAO	UNICEF	WHO	ILO	Total Regular Program
CY 66	60	50	92		202
CY 67	56	71	99		226
CY 68	34	57	123	20	234
CY 69	42	50	251	20 (est)	363

The UNDP program is divided into the Expanded Program for Technical Assistance (EPTA) and the Special Fund (SF), part of which is channeled through the regional Mekong Committee in Bangkok. The EPTA Program (CY 66 $631,000; CY 67 $747,000; CY 68 $472,000; and estimated CY 69 $485,000) provided assistance to a wide range of projects, including the UN Integrated Rural Development Project (Thadeua cluster) which comprised 20-25% annually of the total EPTA program for the years CY 66-68. Because of insufficient commodity support, problems in coordinating the experts of various international organizations, and the fact that the experts commuted from Vientiane to the villages rather than living there, this project was unsuccessful. The RLG and the UN agreed to terminate it; this was done in September 1967. This should permit the UN to devote its limited resources to other areas of activity which are more in keeping with UN capabilities. The EPTA program also includes activities of the UN Specialized Agencies (WHO, ILO, FAO, etc.). These EPTA-funded activities are in addition to the "regular budget" activity of these agencies.

Under the Special Fund, the UN provides technicians on an ad hoc basis from its regional staff in Bangkok and finances study teams for work in Laos and the other three riparian countries of the Mekong. Perhaps the most significant financial contribution in the past two years is the SF allotment of $532,000 to expand a study begun in 1961 to determine the Basin's mineral resources. The Laotian phase of the

survey was begun in December 1966, and the first phase has been completed; initial explorations were encouraging and the new allotment will allow for 21 months of further exploration in Laos by a joint British-French team. The project was continued in the 68/69 program.

The amount of the Special Fund contribution to Laos cannot be estimated because it is a part of the total Special Fund contribution to the Mekong Basin.

The Asia Foundation

The Asia Foundation is essentially a small-grant organization which seeks to perform a catalytic role, to encourage innovation and cooperation in efforts toward development and social progress. All projects are conceived and carried out by Lao or Lao institutions. Foundation assistance, in amounts ranging from $100 to $15,000, normally is for a limited period; if it is continued for more than one year, the Foundation's role is expected to be a decreasing one, as local support is attracted or generated for the project.

The Foundation in Laos provides assistance to organization and individuals for projects of material assistance, research and study, conferences and seminars, short-term education and professional training and international exchange, in the fields of law, library and Lao literature development, rural development, public administration, adult education, urban problems, journalism, and youth and students. The Foundation has supplied all the government approved textbooks for Chinese primary and secondary schools; training seminars, teaching aids and books for Pali (Buddhist) schools; equipment and salaries for teaching personnel at the new Government Crafts Center, the Ban Amone Rural Training Center, the Lao Women's Association, and the Young Buddhist Association. It has also provided short-term training courses in Thailand for Lao civil servants, printers, teachers and students of the Lao Conservatory of Music and Dance, and physical educators. It has established a workshop for the preparation and printing of Lao language reading materials. In collaboration with the Ministry of Youth and Sports it has supported projects for the training of national teams in various sports.

The Foundation officially has operated in Laos since 1959, but in the years from 1956 to 1959 it carried out projects in Laos under the administration of its officers in Bangkok and Phnom Penh. In the past decade the assistance extended to Laos by the Foundation is, by rough estimate, about $1 million.

The annual budget of the Foundation varies between $150,000-$200,000. Another $16,000 is spent on costs of supporting local staff.

Communist Bloc Assistance

Communist aid to the RLG has been virtually nonexistent since the spring of 1963. Before that time the USSR had agreed to construct a 150-200 bed hospital at Chinaimo, a 50-kilowatt radio station at Vientiane, and a hydroelectric station in Xieng Khouang Province. Work on these projects has not begun. The Soviets did provide Laos with nine aircraft and one helicopter, but these no longer are operational because of the lack of spare parts and maintenance. Soviet crews and technicians left Laos following the assassination of Quinim Pholsena on April 1, 1963. The King and Queen of Laos with an RLG delegation including the Prime Minister visited the USSR in May and June 1966. Although numerous courtesies were extended, there has been no indication that the Soviets intend to provide assistance to Laos.

SUMMARY OF THE INTERNATIONAL DEVELOPMENT
EFFORT IN LAOS

It has been said that if you were to take a map of Southeast Asia and draw all meaningful boundaries, it would contain the political entities of Southeast Asia today and circumscribe a large, vairgated political vacum called Laos. Following the advent of Mao-tse Tung and the witdrawal of the French from Indochina, Laos became a focal point of increasing interest to the major world powers. Looking at the international participation in the development effort in Laos today does, indeed, give one the feeling that numerous efforts have been made to fill the vacuum. Regardless of the various objectives which motivate all this participation, the small kingdom of Laos with its $2\frac{1}{2}$ to 4 million people, receives aid from no less than 14 different governments, and several religious and private organizations. While the total amount of aid coming to Laos a year may not sound terribly impressive when contrasted to the staggering cost of armaments, the Vietnam war, or megadeaths, Laos, nevertheless, is virtually at the top of the list of nations receiving foreign assistance in terms of aid per capita.

There is a dual nature in the development problem of Laos today. On the one hand is the fact that very little development has taken in place in the past. On the other, there is the problem of the relentless disruption of newly initiated efforts in development by the war . Thus, in attending to the developement of Laos, programs must be instituted which deal with the day to day shortages and difficulties of the war and with the long range objective of creating a viable nation-state. The myriad of activities in Laos today undertaken by various government, private, and religious organizations are parts of attempt to deal with this two-fold problem.

Primary among Laos' problems, is that of economic stability. The war takes a noticable percentage of labor away from the paddies. At the same time, it creates a market for imported rice and various comodities not roduced in a country like Laos. This situation, if left alone long, will very likely result in endless, dibilitating inflation. To help prevent this situation from arising, the Foreign Exchange Operations Fund has been established. Its job is to stablilize the kip on the world monetary market. To accomplish this goal, the participants of the Fund agree to purchase any and all kip from prospective sellers at a rate of 240 kip to the dollar. The six members of the Fund are: the Royal Lao Goverment, Australia, France, Japan, the United Kingdom, and the United States. Since 1964, this program has cost $58.7 million with the United States paying the majority share of $36.6 million.

In addition to the kip stabilization effort, Australia, the United Kingdom, and the United States also promote commodity import programs. International Development of any country demands a good many capital inputs. Hopefully, it will be these inputs which will help agriculture machanize and industrialization to commence. Needless to add, Laos, like many underdeveloped countries in the world today, has a shortage of ready cash to invest in capital inputs. By permitting industrial machinery and petroleum products to enter Laos on the basis of 240 kip to the dollar as opposed to the free market exchange rate of approximately 500 kip to the dollar, the commodity inport programs provide whatever cash is available for capital investment with additional buying power. Cost of the programs: about $5 million a year.

The Mekong Committee donnors consist of Australia, Canada, Denmark, France, Japan, theNetherlands, New Zealand, and the United States. They are responsible for the single largest operation underway in Laos today, the Nam Ngum Dam Project. The project is to be completed in three stages and will eventually provide 120,00 kilowatts of power. Stage one, to be completed in 1971, should provide 30,000 kilovatts of power. Half of this will provide the full projected electrical demands of Vientiane. The other half will be available for sale to Thailand, thus helping to ease the balance of payments squeeze on Laos. Cost of stage 1: $24 million.

Aside from the United States, France provides the largest foreign assistance program in Laos. Under the French Military Mission, 120 officers and enlisted men help train the Royal Lao Army. The French effort, however, is emphasized through its Cultural Mission and its Economic and Technical Mission. The former consists of approximately 300 teachers and the latter of approximately 80 engineers, doctors, and technicians. Unlike the American approach, the French actually place many of their experts and teachers within the governmental structure, ie., many of the experts are officials within the RLG and teachers assume the same function and status as ordinary teachers within the RLG educational system.

In addition, the French has also provided assistance to the Lycee in Luang Prabang, Pahost Hospital, and the School of Medicine. Arrangements have also been made for loans to Laos from the French private sector, a long term governmental loan of 6 million francs, partially for the Salabam and Nam Dong dams which will provide power for Pakseand Luang Prabang respectively and 9 million francs in short term loans with the possibility of more to be forthcoming depending on what future projects are proposed. Total annual Cost of the French effort: $7-$8 million.

Japan's interest in Laos has grown steadily in the last few years. It is responisble for the design, construction, and second largest capital input, $4 million, of the Nam Ngum Dam project. 25 kilometers north of Vientiane, at the village of Tha-Ngon, a demonstration farm does testing and training in irrigation agriculture, horticulture, livestock raising, marketing, and other agricultural specialties. This village also contains a primary school and a dispensary. Laos is a location of the Japanese Overseas Co-operation Volunteers. With about 70 people currently in Laos, the JOCV's are located from Luang Prabang to Pakse. They do work in such fields as Education, Public Works, and Agriculture. Currently also, Japan is building and staffing a clinic in Luang Prabang and will shortly undertake a feasibility study for a railroad in Laos. Finally, Japan provides about 20 scholorships for Lao to study in Japan per year.

While the Foreign exchange Operations Fund, the commodity import programs, and the aid from France and Japan are by no means the only governmental efforts in Laos, excepting the United States program, they do constitute the major share of the foreign aid effort to Laos today. Several other countries, however, do make notable contributions. Through Operation Brotherhood, the Philippines has 99 people staffing their medical operations from Sayaboury to Pakse. Working in various areas and programs, they are about 800 Filipinos in Laos today. In and around Vientiane, the United Nations has seven experts working in different ministries and with thirty seven counterparts. Canada provides about 50 scholorship for Laos, has printed textbooks in English and French, and has supplied forestry experts. Other countries

supplying aid to Laos include India, Israel, and Taiwan. They supply medical aid, a demonstration farm plus a proposal to design an irrigation system, and seed and fertilizer respectively.

Government organizations do not have the aid effort to themselves. The Asia Foundation for example "provides assistance to organizations and individuals for projects of material assistance, research and study, conferences and seminars, shortterm educational and professional training and international exchange, in the fields law, library, and Lao literature development, rural development, public administration, adult education, urban problems, journalism, and youth and students." Among its activities the Asia Foundation helps support the Ban Amone Training Center and in the past supported the project which provided the new English-Lao:Lao-English dictionary. Over the past ten years this aid represents an investment of approximately $1,000,000.

There are also at least two religious organizations in Laos, the Catholic Relief Service and the Christian Missionary Alliance. The former consists of 100 priests and 125-150 nuns operating throughout Laos and in virtually every population center. Among the more important of their efforts is the assistance they offer to 25,000 to 30,000 refugees by providing about 2 million pounds of food. They also run schools and provide medical services at various locations throughout Laos. The Christian Missionary Alliance, while somewhat smaller, twenty nine persons, has a budget of about $50,000, cares for about 1500 refugees and does additional work in education.

As has been shown by the actions of other foreign aid programs, the United States is not the only nation which stresses capital inputs in its foreign assistance program. Within such a perspective, the record is well documented and impressive. The 1967-1968 economic assistance to Laos totaled $63,700,000. While all programs have not been successful, the record of achievement, nevertheless, is something to be considered seriously. Among the achievements of the American assistance program over the past years are the following; aid to some 200,00 refugees; introduction of high yield rice; the establishment of an agricultural development organization; an increasingly successful fisheries program; the establishment of a small industries loan fund; significant enhancement of the transportation network via numerous road construction efforts; aid to education in the form of buildings, 705, textbooks, and teachers; and over 200 dispensaries. To imply that there are not ulterior motives in some of these programs would be false. To deny that these same programs have not had some significant and in many cases beneficial impact on the people of Laos would also be false.

Perhaps the aid program falls short, as some would assert, because it is too"numbers" oriented. Due to their countervailing philosophy, ie. a philosophy which places more emphasis on people then it does on numbers, the contributions of the IVS volunteers should go a considerable distance in balancing the "numbers" emphasis. Whether or not the individual volunteer in good conscience can say he personally contributes in deed what he proposes by mouth, might make a good starting point for a little self introspection

FCunningham:smt
12/68

-LIMITED OFFICIAL USE-

To: Mr. Keith E. Adamson, Public Affairs Officer January 22, 1969

From: Larry Daks

Subject: Pathed Lao Textbooks; Observations and Recommendations of New Publications for Pathed Lao Controlled and Contested Areas

Recently a number of Pathed Lao school-books were picked up by Mr. Ernest Kuhn, USAID RD, in Houa Phan province. There are seven different titles. Two are Lao readers for P. 1 and 2, three are Lao math books for P. 1, 2 and 3, there is one Meo (Lao Soung) reader and Meo math book. The Meo books are printed in Lao script but the language is Meo. I have looked at these books, along with some USAID produced RLG textbooks, in order to describe them and make recommendations for new program items.

These books have color covers but inside all illustrations are in black and white with the exception of the Meo math book which has a few color foldouts. They are labeled as being printed by the Central Education Division, National Patriotic Liberation Front, at the NLHX printing center. They are published in quantities of between ten and fifty thousand and some of the Lao books have prices marked on them that range from eighteen to twenty-five kip. Some of the books were printed in 1964, others in 1966. The fact that the abacus is featured prominently in two of the math books, with illustrations and instructions on how to use it, indicates China as the source. (Neither the Vietnamese nor the Lao use the abacus.)

The two Lao readers contain a series of fables, stories and poems that get progressively difficult. Few of the stories are over one page long. Many of the stories are quite specific containing the names of particular villages, rivers, mountains or actual people. (The RLG readers are far less specific.) The stories stress unity, co-operation, pride in accomplishments, self-help and resistance against the enemy. They are very well written. Book 2 has more "hard-core" propaganda than Book 1.

The following list contains some summaries, translations and comments on some of the articles in these readers (complete translation of table of contents also attached):

1. Lao Reader 1, Article 1 - "My School" - A child describes his thatched roof school (with illustration).

   In these stories all progress is proudly acknowledged. The standard of accomplishment is not something that is seemingly unreachable, like that of Thailand, France or the United States. Other stories proclaim the virtues of growing vegetables, killing pests, building roads etc.

2. Lao Reader 1, Article 4 - "Helping A Friend" - A boy forgets to bring a pencil to school. A schoolmate breaks his in half and gives it to him.

3. Lao Reader 1, Article 15 - "A Cluster of Ants Seize the Victim" - One ant sees a dead worm. He tries to take it away but is not strong enough. He then calls many ants, they help each other, and it is very easy.

4. Lao Reader 1, Article 20 0 "Cleverness" - A ball falls down a hole. A boy tells his friends to put water in the hole and the ball floats to the top.

5. Lao Reader 1, Article 24 - "Red Ants" - Ants are loyal to each other. They fight together against any attacks on their home and won't stop until victory is achieved. Everyone is afraid of them.

6. Lao Reader 1, Article 33 - "Along The Mekong River" - First hand description of what a person sees from his village along the Mekong.

7. Lao Reader 1, Article 34 - "Seeing The Soldiers Off" - "Many people surround them, give them a baci, wish them a great victory and really praise these brave soldiers of ours. The soldiers leave, they turn around and wave their hands and cloths saying goodbye". (with illustration)

8. Lao Reader 1, Article 78 - "Laboring"

"A shortage of farmers,
Hunger,
There is no waiting,
Buildings, houses, stores,
If we lack —
Independence
I know
I am still little,
When I am bigger
I will be able
A shortage of food.
Not enough to eat.
Laborers build!
We live because of whom?
soldiers who love the nation
Who will defend it?
Helping with work
I will concentrate on studies.
A worker building the nation,
to labor."

9. Lao Reader 2, Article 4 - "Our Country"

"Laos is our country. It is a rich and beautiful country. There is fish in the river and rice in the fields. In the forests there are large valuable trees. In the ground are precious stones, silv silver and other minerals.

The American Imperialists want to take our natural wealth and make us their slaves. We love our country. We love our native land. We absolutely will not allow ourselves to be their slaves. We will preserve our native land. We absolutely will not allow ourselves to be their slaves. We will preserve our race and fight bravely for our land."

10. Lao Reader 2, Article 11 - "Bounkhong and Laopo"

"Thao Bounkhong and Thao Laopo study at the same desk at school. Bounkhong is a lowland Lao, Laopo is Lao Soung. They are very close friends.

One day when school was closed they went to the forest for firewood. Upon reaching the forest they heard the birds singing loudly. Bounkhong asked, "Little birds, 'What are you saying'? The bird answered, 'We are speaking about why you two love each other so much'. They answered together, 'Birds, we love each other because we are young Laotions living in the same country.' The little birds sang together 'admirable, admirable'.

11. Lao Reader 2, Article 57 - "My Temple" - (for those who think the P.L. do not respect or make a pretense of respecting Buddhism)

"In my village
On a day of worship
There is a temple and pavilion.
people go to listen to the sermon.
The reading and expounding of the story of Gautama Buddha as Vessantara,

They go in a procession unexpectedly.
I am touched.
Refrain from
I listen
I don't say anything
The priest gives a sermon.
evil
along with the elders.
nor play chasing after another.

12. Lao Reader 2, Article 80 - "The Water-wheel"- Supported by a simple illustration.

"In my village there is a large stream which runs continuously. When the time for the dry season crop comes my father makes a water-wheel to get the water into the fields. This water-wheel is circular just like the wheel of an oxcart. He attaches cylinders to the wheel in order to pick up the water. When the water flows the wheel turns. It is very interesting. It runs continuously. Watch the water quickly flow from the cylinders into the acquaduct and then run out to the field. Farmers in some areas like to make water-wheels for a dry season crop or when there is little rain.

13. Lao Reader 2, Article 107 - "Soldiers Harvest Rice Helping the People"

"Waking up early in the morning, Khamsing went with his mother to harvest rice. Upon reaching the fields he saw two soldiers helping harvest. They harvested quickly and sang entertainingly at the same time. One part of their song went,

'Our soldiers fight bravely,
At the same time they produce good results.
Serving the nation,
Protecting independence, -- permanent peace.'

The girls harvesting rice along side of them thought this was fun and they sang along with them. The sound echoed through the fields and this made it more fun. Khamsing listened, liked it and sang, 'Please sing more. I really like to listen.' "

14. Lao Reader 2, Article 109 - "Our Country"

"Our country is called Laos.
It is long and wide, as far as the eye can see.
The Mekong River flows.
There are beautiful, clean islands.
Our nation is great!
Our children were born to help.
Help develop the nation,
So that it is glorious in the future.
Don't stand still! Those who are real Laotions,
It is time to build peace.
Work together to suppress the aggressors.
The evil spirits, the giant imperialists,
Must be driven from Laos."

15. Lao Reader 2, Article 110 - "The Eight Brave Warriors"

"On the 10th, the month of the dragon, 1961, a company of the lackey soldiers of America came to make a military sweep of Ban Haad Sieo. In this village there were just eight of our soldiers. They did not let them destroy the houses and property of the people. These eight warriors divided their duties, absolutely repelling the enemy. Even though the enemy fired loud machine guns these soldiers laid and waited for the enemy to come close and then they fired their guns simultaneously. When the enemy was surprise attacked they fled and scattered. When we stopped firing they attacked again. They tried to advance four times but were caught by our soldiers each time. Finally they fled.

The people of Ban Haad Sieo highly lauded the spirit of the eight brave Pathed Lao warriors."

16. Lao Reader 2, Article 111 - "Sythong, The Bravest Warrior In The Nation" - The story of a soldier who fought the French d ri[illegible] and was given an award in 1956 (with picture).

17. Lao Reader 2, Article 112 -"The Celebration of the Liberation of Sam Neua"

"When they heard the news about the liberation of Sam Neua, people all over the province,--priests, young and old, boys and girls, various ethnic groups,--living nearby came to celebrate the day of liberation at the athletic field in the middle of town.

After that, Prince Souphannavong, Chairman of the Central Committee of the Neo Lao Hak Xat, spoke. Then the representatives of the people in Houa Phanh province gave their opinions. The people praised the victory and completely supported the policy of the Central Committee of the NLHX. In addition, they clapped their hands simultaneously and shouted slogans enthusiastically. At night there was a play by the army and a shadow play. The program ended very late.

After being liberated the people of Sam Neua felt very happy they had escaped the oppression of those who hunt colonies. Now they have created a beautiful new life."

18. Lao Reader 2, Article 113 - "Young People United In Struggle"

"We are young people, Newly emergent, clear thinking.
At the same time intelligent and serious. It is very fortunate,
That we will build along a peaceful path.
We are neutral in the most correct way. Don't kill or oppress
Don't kill or oppress anybody.
However, we stuggle Against the devils,
Who aggress against our land and infiltrate and destroy.
Externally and internally build! Broadly unite!
Join together, fight! To gain genuine independence."

19. Lao Reader 2, Article 114 - "Chasing Out the Enemy With One Gun" - Story taken from a P.L. newspaper about French soldiers who were frightened away by one gun.

20. Lao Reader 2, Article 115 - "Shooting Down An Enemy Plane" - The shooting down of an American plane, on [illegible]. 5, 1961 for repeated violations by this and other planes of the cease fire agreement of March 5, 1961.

21. Lao Reader 2, Article 116 - "Two Flint-lock Guns" - The story of how two men with flint-lock guns stopped a French boat.

22. Lao Reader 2, Article 117 - "Letter of Thao Ounkham To A Soldier of Company K"

"Beloved and respected Deth,

Since you left my village we have thought about you a great deal. When we go to places you used to go to act out plays, we act out similiar ones about your victories. The POW's are very frightened, but we are just and do not hurt them in any way.

Beloved brother, my parents say that in a short time you will return. Now you are performing your duties. We are waiting for you. When are you going to return? Come quickly, we miss you very much.

Missing you,

Ounkham"

23. Lao Reader 2, Article 119 - "Soldiers And People Are Like Fish And Water"

"In the area of Muong Sone, on the days when our soldiers are free, they help the people farm no matter how tired they are. When they help the people they feel relieved. When the people see the soldiers helping them with their work they arrange a very friendly greeting.

An elder asks, "If we didn't have you boys who would take care of the country and enable us to be happy and make a living in peace?.' A soldier answers, 'That's right father. We children have the duty of protecting the nation's peace and, by the same token, you people have the duty to care for and develop the army.' Therefore, the soldiers and the people can be compared to fish and water. They are inseparable."

24. Lao Reader 2, Article 12 0 - "Helping the People Exterminate Grasshoppers" - Through the co-operation of soldiers grasshopers plaguing rice fields are killed.

The Pathet Lao mathematic books, P. 1, 2 and 3, are also used as vehicles for propaganda. It is interesting that the numerals in these books (and those in all others) are Arabic. Lao numerals are not used at all, whether it be for the math problems themselves, dates or pagination. The RLG texts use Lao numerals.

Many of the math problems stress self-help. Students, farmers and businessmen are all depicted doing things for their communities. (e.g. Lao Math Book 3, Problem 234, "The people in Ban Say Sy Neua repaired the road from the templetto the well, a length of about 450 meters. The people of Ban Tay repaired the road from the well to the main highway, 550 meters. How many meters from the temple to the main road? How many kilometers?")

On page 125 of Lao Math Book 2 we get our first taste of the "hard-core" propaganda. There is an illustration of people marching, arms outstretched, carrying a sign that reads "America Leave". This illustrates problem 92 which reads, "Young people march in protest against America. They march five to a row. There are nine rows and two people marching in front. How many people in this youth group?"

of

Following are some additional samples propaganda used in the P.L. math books. All of these are from Lao Math Book 3.

1. Problem 286 - "The people took two boats to transport one hundred soldiers across the river..."

2. Problem 390 - "In the second month of 1961 students from Xieng Khouang divided into three wings and marched protesting American infiltration into Laos..."

3. Problem 476 - "Write the amounts in the following sentences in numerals:

   Laos received independence on October twelve, nineteen hundred and forty-five."

4. Problem 517 - "Write the amounts in the following sentences in numerals:

   a.) The Soviet Union reduced the number of their soldiers by one thousand eight hundred and forty. As for America they increased their forces from two million eight hundred and fourteen thousand to two million eight hundred and forty thousand..."

5. Problem 587 - "In 1960 the people of Laos in many provinces met to denounce and protest the infiltration by America. (From the chart below) Calculate the number of people at these meetings. How many men? Women?..."

6. Problem 689 - "The people of Vientiane province met in a number of places to sign a protest against America so that they will not infiltrate into Laos. In Borikhane there were 3,500 signatures, Tourakhom 5,215, Vang Vieng 2,760. On the average how many people signed in each district?"

The Meo (Lao Soung) textbooks are written in Lao script but the language is Meo. At the front of the reader are pictures of P.L. leaders--- Souphannavong, Faydam, Sithone and Kaysone. Interspersed among the stories are color foldouts, captioned in Lao as well as Meo, with slogans like "All the Lao people unite to repel Imperialist America". Another illustration that shows Meo reading these texts is captioned "Because of the Kindness of the NLHX our ethnic Lao Soung people have a written language". The Meo reader also has pictures of Souphannavong and Faydam talking with Lao Soung people.

I cannot comment on any of the language in the Meo math book because it is all in Meo. However, from the illustrations it seems obvious that there is even more "anti-enemy" propaganda in this book than in the Lao language edition.

OBSERVATIONS AND SPECIFIC RECOMMENDATIONS

After examining these texts there are certain things that I think all elements of the Mission might keep in mind when assisting or advising the RLG in the production of printed matter for use by people who have just left or are in P.L. held territory.

We have assumed that if anythings are recognizable by "all the peoples of Laos" they are the flag and the King. This may not be so in the P.L. controlled areas. The flag is pictured several times in one of the Meo textbooks -- the P.L. flag. This flag, red,blue and red horizontal stripes with a white circle in the middle, looks nothing like the RLG flag. I believe we should consider ways to give the RLG flag more specific ident identification. One possibility would be to link it up with the P.L. flag. For example, a poster showing a group of villagers happily raising an RLG flag while at the same time a P.L. flag is being lowered. At the bottom of this poster names of recently re-taken villages could be listed in large letters.

The present king is also nowhere to be found in these texts. Only the former King Sisavang Vong is shown. (His picture is on the 100 kip note which is pictured in Lao Math Book 2.) Perhaps we should use the former king's picture with that of the current one. (Recently, in Ban Nam Lao, a village about five kilometers from Sam Thong, I watched one of our "Lao Newsreels" with a group of villagers. During one segment showing the King and Queen visiting Sam Thong I asked the person next to me to identify one of the people. He replied "That's the King". When I inquired further as to what the King's name was and what he did the answer was "I don't know". The people in Ban Nam Lao have been in their present location for three years.)

The exclusive use of Arabic numerals in P.L. textbooks could be more than just a curiosity. After many years of P.L. rule in a large portion of the eastern half of the country perhaps our target audience in this area does not understand a leaflet that says "On March ๔ม, ๑๙๗๙ a group of ๔ก Pathed Lao..." In the future I recommend we advise that all Lao numerals should be followed by Arabic numbers in brackets.

The written language may also be a barrier. The * Pathed Lao retain some of the old written forms. For example, when they write the word "little" they write ນຽ instead of ນວຍ . Yes, a small difference, but these are the kind of things that discourage a person who reads slowly, often aloud, following along with his finger. A great deal of people who should be in our target audience are in this group. I recommend we follow the P.L. style of writing when appealing to people in areas under their control or to people who have recently left these areas. In addition, a "Special Lao Word List" should be compiled which would contain a few hundred of the most commonly written words found in P.L. textbooks and leaflets. Materials written in the name of the RLG and directed at the audience mentioned above should be kept within this vocabulary list.

RECOMMENDATION FOR A NEW PROJECT

Does the RLG have material comparable to these textbooks for those in P.L. controlled territory and contested areas? Is there any propaganda of a more permanent nature than leaflets dropped in response to a specific military situation or short general appeals? Generally, this latter propaganda can only be read by those who are very literate. In addition, it isn't very interesting. What are the school children and that large group of people who can only read a few hundred words haltingly reading? We should be trying to reach them with specific messages. There should be reading material that they would keep and read again and again. (We also have to keep in mind that these readers will not have a government spokesman to help explain the book's or leaflet's contents to them.) With these questions in mind I have also looked at the RLG textbooks that were developed with USAID's assistance.

These books are much more attractive than the P.L. texts, but also far less pertinent for the audience we are concerned with. The stories are too general and many are remote to people who have never seen Vientiane or any of the other big river towns. They may be fine for areas where there are RLG schools, teachers and regular bus service to the larger towns, but unsuitable for others.

These RLG texts don't take into account the realities of the situation,--that life is hard and young men must often leave their homes and fight. There is little stress on self-reliance. Rather the government is generally pictured as doing things for the people, something which is remote from the reality of living in Xieng Khouang, Houa Phanh, Phong Saly, Attopeu etc. (In addition, the "handclasp" emblem and the caption labeling these books as being produced in cooperation with Imperialist America and printed at its printing center in Manila clearly labels points up that these are a foreign product.)

I propose that we produce, as an experiment, an eight page black and white reader printed in LARGE TYPE DIVIDED BY SYLLABLES THE WAY READERS I AND II OF THE ROYAL LAO GOVERNMENT SERIES ARE. This book should be printed in a limited vocabulary and should be addressed to an audience in remote areas that are under RLG control as opposed to "our friends in the enemy camp". (The story is told that the BBC maintains great popularity and credibility throughout the world because it bills its overseas English language broadcasts as a service for Englishmen all over the world. The Indian then listens in and feels he is getting the "real story".) The enemy should be pictured as lost brothers who we worry about and regret having to fight.

This booklet should have a singlet theme. For example, we might start with the theme "there's no place like home." There would be six to eight stori stories, all but one or two being fables or personalized tales describing a person's love for their village and family. The last story or two would contain such things as a first person account of a rallie who returned home, with picture, and or a lament by a young girl worrying about her young man and other "lost souls" who have left there homes to fight for something they don't understand exposing themselves to disease and discomfort.

This book, and if it worked out well others along the same line, could be used as textbooks for children living in contested areas, for adult reading classes and could be air dropped in P.L. held territory. They both might help condition a person to respond to a leaflet calling for specific action such as ralling or returning home. (Eventually we could get into texts and themes aimed specifically at the Meo, Yao, and other groups.)

I hope you will find this useful.

cc: BPAO Luang Prabang, Pakse, Svkt.
DPAO, IO, Publications Officer, Radio Officer and Mopix Officer
Special Projects Officer
Embassy Political Section
ARMA (5 copies c/o Col. Mc Clean)
ACs Luang Prabang, Pakse, Sam Thong, Svkt.
USAID Refugee Relief
USAID Education
Mr. Morley Johnston

ATTACHMENT

TABLE OF CONTENTS FOR READING TEXTBOOKS I AND II

BOOK I

1. My School
2. My Teacher
3. Respect The Flag
4. Helping A Friend
5. Cleaning Up
6. The Grasshopper Pounds Rice Paddy
7. Baby Walks
8. Helping Grandmother
9. Wash Your Hands Before Eating
10. Taking Care of Mother When She Is Sick
11. Take Care o f Things Which Are Collectively Owned
12. The Winter Jacket
13. My Grandfather
14. Bathe Until Clean
15. A Cluster Of Ants Seize The Victim
16. Washing Feet
17. A Kid (Goat) Listens To His Mother
18. Two Storks
19. Preserve Cleanliness
20. Cleverness
21. The Greedy Dog
22. The Smart Grow
23. Don't Destroy The Bird's Nest
24. Red Ants
25. A Rainbow
26. The Rain Is Over
27. Waiting For Rain
28. Drizzling
29. Fall
30. Late In The Evening
31. Taking Care Of The Garden
32. Champac and the Flame Tree
33. Along The Mekong River
34. Seeing The Soldiers Off
35. Fragrant Flower
36. Orange Blossom
37. The Blooming of the Kapok and Sandalwood Flower
38. The Ant Colony
39. The Hen
40. Frogs
41. The Smart Ants
42. The Dee And The Butterfly
43. The Smart Little Girl
44. In The Classroom
45. Honesty
46. Mother Says
47. Talking Too Much
48. Cleaning Up School
49. Looking In The Mirror
50. The Full Moon
51. Tables And Chairs
52. Eating
53. Going To Sleep
54. Wake Up
55. The Craftsmen
56. Farmers
57. Watering Vegetables
58. My Vegetable Garden
59. Caring For Vegetables
60. Time Has Value
61. Raising Chickens
62. The Peepul Bo Tree Near School
63. The Cat Who Forgot His Hat
64. Falling In The Mud
65. Cleaning
66. Don't Bathe When You're Perspiring
67. The Fox And The Chicken
68. Liking Health
69. The Smart Rabbit
70. Making A New Dress
71. At Night In The Dry Season
72. For What Reason
73. Riding The Wooden Rocking Horse
74. Flying Kites
75. Two Close Friends
76. Playing Soccer Football
77. School Vacation
78. Laboring

ATTACHMENT (CON'T)

BOOK II

1. Opening Day of School
2. Respecting The Flag
3. I Go To School
4. Our Country
5. Our Teacher
6. Playtime
7. First Day Of School
8. Going To School
9. My School
10. Getting To School On Time
11. Bounkhong and Laopo
12. From The House To School
13. In School
14. Beloved Friend
15. I Will Remember
16. A Good Student
17. Miss Bounsong Sits and Writes
18. Practice Writing
19. This Book Is Clean
20. Studying Is Great Fun
21. Practicing To Read
22. Two Friends
23. Studying With Friends
24. The Farmer And The Bear
25. Preserving Discipline
26. Time
27. Keeping Clean
28. Take Care Of The Table And Bench
29. Take Care Of Things Commonly Owned
30. Receiving Praise
31. The Full Moon
32. Boat Races
33. Bird of Peace
34. My Home In The Morning
35. The Myna Bird
36. Spreading The Net
37. Hunting For Frogs
38. Admiring The Forest
39. Admiring The Moon
40. Flooding
41. The Tiger, Toad And Monkey
42. The Mekong
43. My Grandfather
44. Thavin's Father
45. My Pretty House
46. Listen To Elders
47. My Grandmother
48. My Family
49. My Younger Sibling
50. Khamphaeng Loves Her Little Sibling
51. I Clean The House
52. Washing Your Face In The Morning
53. My Younger Brother
54. The Tiger, Toad and Monkey
55. House of Thao Saen
56. Putting A Roof On The House
57. My Temple
58. Soothing Younger Sibling
59. Eat Slowly And Chew Well
60. Carrying Water
61. Returning From Caring For The Water Buffaloes
62. Spreading The Fishnet
63. The Cold Season
64. The Old Man And I Cross The Slippery Road
65. At Night In The Cold Season
66. A Bird Makes Its Nest
67. The Rooster Crows
68. Helping Each Other
69. My Pencil
70. You Shouldn't Stay Up Late
71. The Black Dog
72. Slipping In The Mud
73. The Striped Cat Sleeps In The Sun
74. The Sow Mother Of Piglets
75. We Clean Up Together
76. Exercise
77. Enjoying Competitive Games
78. The Tiger And The Oriole
79. Going To Get Firewood
80. The Waterwheel
81. Two Goats
82. The Female Water Buffalo Mother Of Young Children
83. Exterminating Flies
84. Riddles
85. The Crow And The Pheasant
86. Spring
87. Summer
88. The Vegetable Garden At Sunrise
89. The Corn Stalk And Fog
90. The Cricket And The Sun
91. Sowing Lettuce Seeds
92. The Bee And The Butterfly
93. The Bee Seeks Nectar
94. Killing Pests
95. Rain In The Mountains
96. Grow Mulberry To Feed Silkworms
97. Wake Up Looking For Work
98. The Fruits In My Village
99. Racing Down The River
100. Caring For The Vegetable Garden
101. Don't Tear Up The Nest Of Small Birds
102. Hens And Chicks
103. Raising Water Buffaloes
104. The Coconut Palm
105. Miss Bouakham Goes To The Market
106. Harvesting Rice Together
107. Soldiers Harvest Rice Helping The People
108. Our Country
109. Our Rich Country
110. The Eight Brave Warriors

111. Sythong, The Bravest Warrior In The Land
112. The Celebration Of The Liberation Of Sam Neua
113. Young People United In Struggle
114. Chasing The Enemy Out With One Gun
115. Shooting Down An Enemy Plane
116. Two Flint Lock Guns
117. Letter Of Thao Ounkham To A Soldier of Company K
118. Picking Flowers For A Glass Vase
119. The Soldiers And The People Are Like Fish And Water
120. Helping The People Exterminate Grasshoppers
121. The Pomelo Tree
122. Picking The Fruit Of The Chaulmoogra Tree
123. Group Dancing
124. Practice Painting
125. Jumping Rope
126. Running And Flying Kites
127. Helping Old People
128. Two Flint Lock Guns
129. Don't Climb Trees
130. Khamthan Is Cheerful
131. The Little Fish That Didn't Listen To Its Mother
132. The Honest Student
133. One Basket Of Wood Can't Heat A Fire
134. To The Fish Pond
135. Playing The Tiger Chases The Pig
136. The Spotted Horse
137. Showing A Shadow Play
138. Receiving A Letter
139. A New Blouse
140. Gathering Shells
141. Gathering Opium
142. Watermelons
143. The Cheat
144. The Thorns Of The Kapok Tree
145. In The Shade Of The Bamboo
146. Eliminate Flies
147. Its Raining
148. The Growing Season
149. Transporting Rice To The Granary
150. The Oriole
151. The Ripe Jackfruit
152. Looking For Bamboo Shoots
153. Going To Catch Cicadas
154. Catching Shrimp
155. Lichi Tree
156. Gathering Jambolan Plums
157. The Tumeric Flower With Fish Organs
158. The Lotus
159. The Final Day Of Class
160. The Closing Day of School
161. A Present Of Flowers
162. Fun On The Closing Day Of School

AID 1020-25 (7-68)	SECURITY CLASSIFICATION	001 PROJECT NUMBER
PROJECT APPRAISAL REPORT (PAR) (U-446) See M.O. 1026.1	UNCLASSIFIED	439-11-820-063

002 PAR AS OF: MO. 04 DAY 18 YR. 69

003 U.S. OBLIGATION SPAN FY 64 Thru FY 76

004 PROJECT TITLE: REFUGEE RELIEF & RESETTLEMENT

005 COOPERATING COUNTRY - REGION - AID/W OFFICE

439006300 1001

15p.

006 FUNDING TABLE

AID DOLLAR FINANCING-OBLIGATIONS ($000)	TOTAL	CON-TRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT	DIR. PASA	CON-TRACT
CUMULATIVE NET THRU ACTUAL YEAR (FY 1968)	18,547	405	641	-	47	8	-	17,400	-	93	358
PROPOSED OPERATIONAL YEAR (FY 1969)	1,340	76	255	-	14	4	-	995	-	10	62

CCC VALUE OF P.L. 480 COMMODITIES ($000) → Thru Actual Year : 6,989 Operational Year Program : 800

007 IMPLEMENTING AGENCY TABLE

If contractors or participating agencies are employed, enter the name and contract or PASA number of each in appropriate spaces below; in the case of voluntary agencies, enter name and registration number from M.O. 1551.1, Attachment A. Enter the appropriate descriptive code in columns b and c, using the coding guide provided below.

TYPE CODE b	TYPE CODE c
1. U.S. CONTRACTOR 2. LOCAL CONTRACTOR 3. THIRD COUNTRY CONTRACTOR 4. PARTICIPATING AGENCY 5. VOLUNTARY AGENCY 6. OTHER:	0. PARTICIPATING AGENCY 1. UNIVERSITY 2. NON-PROFIT INSTITUTION 3. ARCHITECTURAL & ENGINEERING 4. CONSTRUCTION 5. OTHER COMMERCIAL 6. INDIVIDUAL 7. OTHER:

a. IMPLEMENTING AGENCY	TYPE CODE b.	TYPE CODE c.	d. CONTRACT/ PASA/ VOLAG NO.	e. LEAVE BLANK FOR AID/W USE
1.				
2.				
3.				

PART I – PROJECT IMPACT

I-A. GENERAL NARRATIVE STATEMENT ON PROJECT EFFECTIVENESS, SIGNIFICANCE & EFFICIENCY.

This summary narrative should begin with a brief (one or two paragraph) statement of the principal events in the history of the project since the last PAR. Following this should come a concise narrative statement which evaluates the overall efficiency, effectiveness and significance of the project from the standpoint of:

(1) overall performance and effectiveness of project implementation in achieving stated project targets;

(2) the contribution to achievement of sector and goal plans;

(3) anticipated results compared to costs, i.e., efficiency in resource utilization;

(4) the continued relevance, importance and significance of the project to country development and/or the furtherance of U.S. objectives.

Include in the above outline, as necessary and appropriate, significant remedial actions undertaken or planned. The narrative can best be done after the rest of PART I is completed. It should integrate the partial analyses in I-B and I-C into an overall balanced appraisal of the project's impact. The narrative can refer to other sections of the PAR which are pertinent. If the evaluation in the previous PAR has not significantly changed, or if the project is too new to have achieved significant results, this Part should so state.

008 NARRATIVE FOR PART I-A (Continue on form AID 1020-25 I as necessary): **Refugee Relief began in Laos in 1958 and has continued with varying intensity until the present. U. S. Government-sponsored relief was given to small refugee groups shortly after the signing of the Geneva Accords of 1954. These refugees fled the provinces of Phong Saly and Sam Neua and were arriving in the provinces of Luang Prabang and Xieng Khouang. Relief to these refugees was given by airdrop. Kitchen utensils, blankets, cloth, etc., were dropped by "White Star" teams which were composed of Lao and Thai, usually headed by an American medic; this was "Operation**

MISSION DIRECTOR APPROVAL → SIGNATURE [signature] DATE [illegible]

05-01-69

Bumbershoot." Approximately 27,000 members of ethnic minorities were assisted through 1958. By late October, 1959, when USAID funding began, the refugees numbered approximately 40,000, most of whom were centered in Xieng Khouang Province. In August, 1960, with the Kong Le coup d'etat and his subsequent retreat to the Plaine des Jars in December, the refugee number had increased to 90,000. It was at this juncture that USAID (at that time called USOM) began its actual program of Refugee Relief and Resettlement.

The U. S. Mission to Laos in late December, 1960, was divided. There remained in Vientiane a small task force, the Director, and a small administrative staff, and Rural Development workers, including some IVS. The rest of the Mission was in Bangkok conducting business by radio and small aircraft. Refugee Relief was a major part of the Mission's efforts at that time. Exact tonnage shipped daily to refugees from Bangkok to Vientiane is unknown since all the old records have been destroyed. This type of relief operation continued until July, 1962, when the Mission was reunited. From July, 1962, to October, 1962, refugee relief was carried out by a small USAID staff and the MAAG. With the military advisors' departure, USAID and the RLG Ministry of Social Welfare assumed full responsibility for the refugee program. At the time, USAID was giving full or partial support to 127,000 refugees.

Relief support consists mainly of air drops of rice and salt, but surface means are used for more accessible areas. Emergency relief is given to new refugees or to those on forced marches. This consists of blankets, mosquito nets, cooking utensils, seeds, and medicines.

Refugee numbers have increased considerably during the past years. Within any given year, approximately 25,000 to 30,000 new refugees are added to relief rolls; however, an equal number of old refugees are deducted from the rolls through successful rice harvest, enemy entrapment, or simple disappearance. In recent years new refugees have outnumbered those dropped from relief rolls.

Currently, there are approximately 250,000 refugees scattered throughout Laos. Not all of these people are receiving relief assistance. Strangely enough, once you are a refugee in Laos, you are always a "refugee." To explain: the Prime Minister has often cited that there are "600,000 refugees in Laos" . . . in a sense, he is correct. He does not state since what date nor where they are, but these are people that left their original villages as far back as the 1954 Geneva Accords. For the most part, these "refugees" have long ago integrated in the economy and are making their own way. Some are very rich merchants, but they are still "refugees." Similarly, the Refugee Relief and Resettlement Branch counts some 250,000 refugees, but these are people who left their original villages within the past seven years; only a portion required assistance because many were able to bring with them all their livestock, adequate building materials, and seeds. Any assistance given these people in the past was minimal and of short duration. However, within the 250,000 figure USAID is giving full or partial food relief and basic assistance to approximately 110,000 refugees. This number will undoubtedly increase upward to 190,000 or more during the coming

planting season because of the large-scale enemy offensive now underway. This offensive began in late November, 1968, and will probably continue until the onset of the rainy season. At present, there are nearly 40,000 new refugees on the move and they will not be able to clear their land for planting.

In spite of the increased refugee movements, the Refugee Relief and Resettlement Branch can report excellent progress on the development of two large resettlement areas:

a. Nam Tan - Sayaboury Province: Most of the land plots are surveyed and refugees are preparing the land for this year's rice (hill rice). They are building houses and commercial structures.

b. Houei Nam Phak - Sedone Province: This large tract of land has only recently been awarded and preliminary roads and earth dams are being constructed. The first plots have not yet been awarded.

There are other resettlement programs in the offing, but at this stage are not fully programmed. Nam Tien, Muong Nan in Luang Prabang Province; Vang Vieng area in Vientiane Province.

1. Overall performance and effectiveness. The project performance has been outstanding in meeting the immediate relief needs of the target population. Needs have been satisfied quickly and adequately and very often on short notice. Progress achieved in the limited relocation effort to date has been satisfactory.

2. Contribution to achievement of sector and country goals. This project has made a contribution of the highest magnitude to our goal of assisting the Lao to be free of foreign domination. Emergency relief to buffer populations has probably allowed Laos to remain independent.

3. Anticipated results compared to costs. Costs are high in providing emergency relief to refugees in geographic areas totally lacking a transportation infrastructure and requiring air drops of supplies as routine operations. We have to pay the cost (see 006 on page 1) if we desire the results described in (1) and (2) above. Costs are continuously scrutinized and reduced whenever feasible. Air support costs for the rice program are significant. FY 68 costs to the U.S. Government were approximately $4,300,000, of which USAID funded 50%. It is estimated that FY 69 costs will be $5,000,000 but the USAID share will drop to 30% as the result of a new cost sharing arrangement with DOD.

4. Continued relevance and importance. This project is relevant as long as it is important to help Laos maintain its independence. It will decrease in importance once wartime conditions no longer exist.

The final contribution date of FY 76 is based upon: (1) an estimate of considerably reduced enemy pressure within several years, and (2) the lead time required to train Lao social workers capable of handling the greatly reduced welfare load that would exist if something approaching peace prevailed. As long as the present wartime conditions exist, the RLG cannot afford to operate the large refugee program and outside assistance is essential to survival.

SECURITY CLASSIFICATION: UNCLASSIFIED

PROJECT NUMBER: 439-11-820-063

PART I-B – PROJECT EFFECTIVENESS

009

I-B-1 – OUTPUT REPORT AND FORECAST – (See detailed instructions)

1. CODE NO. AID/W USE ONLY	2. This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target.	ACTUAL AND PLANNED OUTPUTS				
		3. ACTUAL 4/18/69	4. AS OF PRIOR JUNE 30 a. PLANNED	4. AS OF PRIOR JUNE 30 b. ACTUAL	5. PLANNED BY NEXT JUNE 30	6. PROJECTED TOTAL FOR PROJECT LIFE
	No PIP has been prepared yet but the following targets are suitable for the PIP, Part II.	**NONE OF THE DATA IS CUMULATIVE**				
	Refugee Relief and Resettlement is designed to cope with a fluctuating refugee problem. Increase and decrease in the number of refugees receiving assistance depends on such factors as enemy pressure, rice harvests, and natural disasters. The Laos refugee program can be divided into Relief, Relocation, and Resettlement.					
	1. RELIEF (including relief assistance to paramilitary and their dependents)					
	A. Full Relief - These are the refugees who have been forced to leave their home villages because of enemy attacks or fear of remaining in Pathet Lao dominated areas, or they are paramilitary and their dependents who must be classified as "hard core" refugees because of their high mobility and little likelihood that they can contribute much toward their own self-sufficiency. Assistance to this latter group must continue indefinitely or until the cessation of hostilities. Assistance to the paramilitary and their dependents is not included in the USAID budget but is funded under DOD Form 1080 procedure. USAID, however, provides the mechanism for distribution of the commodities.					
	Full Relief (excluding paramilitary)	40,000 (varies between 40,000 and 90,000)				
	Paramilitary and Dependents	70,000 (fluctuates but remains near 70,000)				
	B. Partial Relief - These are refugees who were once receiving full relief but have managed to become partially self-sufficient through minimal assistance such as relocation assistance. Location of their "safe haven" retreats, time of year, and general leadership in the villages determine the degree of self-sufficiency attained. This group can also include those refugees who had sufficient time to move out and were able to bring much of their belongings, tools, and seeds.					
	Partial Relief	30,000 (fluctuates but remains near 30,000)				
	2. RELOCATION ASSISTANCE. This type of assistance often is concomitant with other categories above. These refugees seek places of safety or "evil spirit free" areas that will provide them better opportunity to be on their own. This project assists them with seeds, small animals, and tools, if needed. Hopefully, they will remain in their new areas until hostilities are over.					
	Refugees Receiving Relocation Assistance	75,000 (this figure is extremely variable due to the amount of enemy pressure involved or the successful degree of harvest. It may vary as much as a low of 35,000 with a good harve with no enemy contact, or go as high as ~~100,000 if areas are overrun by enemy.~~				

PART I-B – PROJECT EFFECTIVENESS

009 — I-B-1 – OUTPUT REPORT AND FORECAST – (See detailed instructions)

1. CODE NO. AID/W USE ONLY	2. This section is designed to record progress toward the achievement of each project output target which was scheduled in the PIP, Part II. Where progress toward a target is significantly greater or less than scheduled, describe reason(s) beneath the target.	ACTUAL AND PLANNED OUTPUTS			5. PLANNED BY NEXT JUNE 30 1969	6. PROJECTED TOTAL FOR PROJECT LIFE
		3. ACTUAL CUM. TO DATE 4/18/69				
	3. RESETTLEMENT ASSISTANCE. This is a formalized program offered to those refugees who have agreed to settle in specific areas provided by the RLG. Resettlement locations are selected on a basis of economic, political, and strategic value. For the most part, the resettlement areas are developed in conjunction with large-scale irrigation and agriculture programs that have received U.S. Mission approval. The refugees are included in resettlement schemes along with disabled veterans, needy, and landless people. Resettled refugees receive basically the same assistance regardless of location. Schools, wells, roads, and dispensaries are programmed, much on a self-help basis, to help strengthen the "root concept" for these people. Each family receives a surveyed plot of land for their house and a small garden, plus a communal area in which to grow rice.					
	Refugees Resettled	10,000			10,000	dependent upon war
	Included in the above total are:					
	Thakhek (Khammouane Province)	7,000	(no assist. rec'd now)		7,000	7,000
	Nam Tan (Sayaboury Province)	2,000			2,000	5,000
	Houei Nam Phak (Sedone Province)	500			500	15,000
	Others now in planning but not fully programmed:	0			0	25,000
	Nam Tien (Luang Prabang Province)					
	Muong Nan (Luang Prabang Province)					
	Vang Vieng (Vientiane Province)					

SECURITY CLASSIFICATION	PROJECT NUMBER
UNCLASSIFIED	439-11-820-063

PART I-B – Continued

010 B.2 – OVERALL ACHIEVEMENT OF PROJECT TARGETS

Place an "X" within the bracket on the following seven-point scale that represents your judgment of the overall progress towards project targets:

					X	
Unsatisfactory	←		Satisfactory		→	Outstanding

PART I-C – PROJECT SIGNIFICANCE

011 C.1 – RELATION TO SECTOR AND PROGRAM GOALS (See detailed instructions M.O. 1026.1)

This section is designed to indicate the potential and actual impact of the project on relevant sector and program goals. List the goals in col. b and rate potential and actual project impact in cols. c and d.

a. CODE NO. (AID/W USE ONLY)	SCALE FOR COLUMN c: 3= Very Important; 2= Important; 1= Secondary Importance SCALE FOR COLUMN d: 3= Superior/Outstanding; 2= Adequate/Satisfactory/Good; 1= Unsatisfactory/Marginal b. SECTOR AND PROGRAM GOALS (LIST ONLY THOSE ON WHICH THE PROJECT HAS A SIGNIFICANT EFFECT)	c. POTENTIAL IMPACT ON EACH GOAL IF PROJECT ACHIEVES TARGETS	d. ACTUAL IMPACT ON GOAL TO DATE RELATIVE TO PROGRESS EXPECTED AT THIS STAGE
	(1) To help maintain an independent Laos and to honor humanitarian commitments through providing assistance to hill-tribes people (refugees) in a combined RLG/USAID effort.	3	3
	(2) To assist in the formation of a strong base of support for the RLG through a permanent resettlement program which will enable Lao citizens to make valuable contributions to the economical, political, and sociological advancement of Laos.	2	2
	(3) Assist in the development of an RLG Ministry of Social Welfare capable of meeting the peacetime welfare needs of Laos.	3	2
	(4)		

For goals where column c. is rated 3 or 2 and column d. is rated 1, explain in the space for narrative. The narrative should also indicate the extent to which the potential impacts rated 3 or 2 in column c. are dependent on factors external to the achievement of the project targets, i.e., is there a substantial risk of the anticipated impact being forestalled by factors not involved in the achievement of project targets. If possible and relevant, it also would be useful to mention in the narrative your reading of any current indicators that longer-term purposes, beyond scheduled project targets, are likely or unlikely to be achieved. Each explanatory note must be identified by the number of the entry (col. b) to which it pertains.

012 NARRATIVE FOR PART I-C.1 (Continue on form AID 1020-25 I):

1. This is the most important segment of the refugee program. The hilltribes people of northeast Laos are preventing the spread of communism that could conceivably overwhelm the country. Without the RLG/USAID efforts under this project there would be little incentive for the tribal people to continue their sacrifice. Already there is a certain malaise among the Lao that could restrict the resolve of the hilltribesmen to resist enemy incursions in the mountain regions. We provide immediate relief assistance to tribal and Lao ethnic groups caught in the maelstrom of ideological differences. This humanitarian effort is coupled with support for the families of paramilitary. It is essential that paramilitary forces be assured that relief assistance will continue to be on hand if it is expected that they will continue their resistance to aggression. People defending their homes must be fed, dependents and relatives must be given protection and shelter to prevent demoralization or defections that would be costly to fundamental RLG and U. S. aims.

2. Thousands of families without means of livelihood can create havoc in Laos. By helping these people settle on productive land and promoting improved agriculture techniques we not only will reduce long term welfare costs, but also help the economy and the stability of the RLG.

3. Laos cannot afford to meet the wartime welfare needs directly caused by foreign aggression. With experience now being gained by RLG personnel cooperating with USAID operational personnel, and with planned participant training, the RLG should be able to develop, with USAID assistance, an organization capable of operating the much smaller program that would be required if the foreign aggression is ended.

PART I-C – Continued

C.2 – GENERAL QUESTIONS

These questions concern developments since the prior PAR. For each question place "Y" for Yes, "N" for No, or "NA" for Not Applicable in the right hand column. For each question where "Y" is entered, explain briefly in the space below the table.	MARK IN THIS COL.
013 Have there been any significant, unusual or unanticipated results not covered so far in this PAR?	Y
014 Have means, conditions or activities other than project measures had a substantial effect on project output or accomplishments?	Y
015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor?	N
016 If the answer to 014 or 015 is yes, or for any other reason, is the project now less necessary, unnecessary or subject to modification or earlier termination?	N
017 Have any important lessons, positive or negative, emerged which might have broad applicability?	Y
018 Has this project revealed any requirement for research or new technical aids on which AID/W should take the initiative?	N
019 Do any aspects of the project lend themselves to publicity in newspapers, magazines, television or films in the United States?	Y
020 Has there been a lack of effective cooperating country media coverage? (Make sure AID/W has copies of existing coverage.)	N

021 NARRATIVE FOR PART I-C.2 Identify each explanatory note by the number of the entry to which it pertains. (Continue on form AID 1020-25 I as necessary):

013. The various inputs (commodities, air support, etc.) to the project make significant impact on the enemy (PL); and, although not completely unexpected, concentrated U. S. assistance to any one group of refugees causes almost instant reaction from the enemy forces.

014. Enemy action is the very reason for the existence of the project. Project output has a direct relationship to the number of refugees created by enemy action.

017. A positive reaction to the U. S. efforts for refugees has almost eradicated the enmity that existed, mainly through fear, between Lao and the hilltribes people in the north. Today, the Lao well realize that without the deterrent force of the ethnic minorities, Laos would not exist as a sovereign country.

019. All aspects of the Refugee Relief and Resettlement Program are excellent "copy." All mediums have been and are frequently utilized to cover the project.

SECURITY CLASSIFICATION	PROJECT NUMBER
UNCLASSIFIED	439-11-820-063

PART II – IMPLEMENTATION REPORT

II-A – STATUS OF SCHEDULE

022 A-1 – INDIVIDUAL ACTIONS (See detailed instructions M.O. 1026.1). This is a listing of major actions or steps which were scheduled for physical start or continuing implementation in the reporting period as reflected in the Project Implementation Plan, Part I.

(a) PIP ITEM NO.	MAJOR ACTIONS OR STEPS; CAUSES AND RESULTS OF DELAYS; REMEDIAL STEPS	(b) STATUS – PLACE AN "X" IN ONE COLUMN (1) BEHIND SCHEDULE	(2) ON SCHEDULE	(3) AHEAD OF SCHEDULE
	THE PIP has not been submitted, but the following actions are applicable to the PIP, Part I.			
1.	Provide Relief as needed. This phase of the project cannot be put into a time frame due to the emergency nature of the assistance required in a wartime situation. Emergencies are met immediately.		X	
2.	Provide Relocation Assistance as needed. Provide assistance for relocation in relatively safe areas that are capable of hill rice production.		X	
3.	Provide Resettlement Assistance. This includes land survey, awarding of sites, clearing land and distributing seed in areas selected by RLG/USAID for permanent resettlement.			
	Thakhek		completed	
	Nam Tan (security problems)	X		
	Houei Nam Phak		X	
	Nam Tien		planning	
	Muong Nan		planning	
	Vang Vieng		planning	
4.	Develop Ministry of Social Welfare into an organization capable of taking over duties now performed by USAID. (Based upon a peacetime takeover when the magnitude of the task may be within RLG capabilities.)		X	

PART II – Continued

023 II-A.2 – OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

	(a) On schedule	X
	(b) Ahead of schedule	
	(c) Behind schedule	

BLOCK (c): If marked, place an "X" in any of the blocks one thru eight that apply. This is limited to key aspects of implementation, e.g., timely delivery of commodities, return of participants to assume their project responsibilities, cooperating country funding, arrival of technicians.

(1) AID/W Program Approval	
(2) Implementing Agency (Contractor/Participating Agency/Voluntary Agency)	
(3) Technicians	
(4) Participants	
(5) Commodities (non-FFF)	
(6) Cooperating Country	
(7) Commodities (FFF)	
(8) Other (specify):	

II-B – RESOURCE INPUTS

This section appraises the effectiveness of U.S. resource inputs. There follow illustrative lists of factors, grouped under Implementing Agency, Participant Training and Commodities, that might influence the effectiveness of each of these types of project resources. In the blocks after only those factors which significantly affect project accomplishments, write the letter P if effect is positive or satisfactory, or the letter N if effect is negative or less than satisfactory.

1. FACTORS-IMPLEMENTING AGENCY (Contract/Participating Agency/Voluntary Agency)

024 IF NO IMPLEMENTING AGENCY IN THIS PROJECT. PLACE AN "X" IN THIS BLOCK:	X	032 Quality, comprehensiveness and candor of required reports	
		033 Promptness of required reports	
025 Adequacy of technical knowledge		034 Adherence to work schedule	
026 Understanding of project purposes		035 Working relations with Americans	
027 Project planning and management		036 Working relations with cooperating country nationals	
028 Ability to adapt technical knowledge to local situation		037 Adaptation to local working and living environment	
029 Effective use of participant training element		038 Home office backstopping and substantive interest	
030 Ability to train and utilize local staff		039 Timely recruiting of qualified technicians	
031 Adherence to AID administrative and other requirements		040 Other (describe):	

2. FACTORS-PARTICIPANT TRAINING

041 IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK:	X	TRAINING UTILIZATION AND FOLLOW UP 052 Appropriateness of original selection	
PREDEPARTURE 042 English language ability		053 Relevance of training for present project purposes	
043 Availability of host country funding		054 Appropriateness of post-training placement	
044 Host country operational considerations (e.g., selection procedures)		055 Utility of training regardless of changes in project	
045 Technical/professional qualifications		056 Ability to get meritorious ideas accepted by supervisors	
046 Quality of technical orientation		057 Adequacy of performance	
047 Quality of general orientation		058 Continuance on project	
048 Participants' collaboration in planning content of program		059 Availability of necessary facilities and equipment	
049 Collaboration by participants' supervisors in planning training		060 Mission or contractor follow-up activity	
050 Participants' availability for training		061 Other (describe):	
051 Other (describe):			

SECURITY CLASSIFICATION	PROJECT NUMBER
UNCLASSIFIED	439-11-820-063

PART II-B – Continued

3. FACTORS-COMMODITIES

PLACE AN "X" IN APPROPRIATE BLOCK:	062 FFF	X	063 NON-FFF		064 NO COMMODITY ELEMENT	

065 Timeliness of AID/W program approval (i.e., PIO/C, Transfer Authorization).		072 Control measures against damage and deterioration in shipment.	N
066 Quality of commodities, adherence to specifications, marking.		073 Control measures against deterioration in storage.	N
067 Timeliness in procurement or reconditioning.		074 Readiness and availability of facilities.	
068 Timeliness of shipment to port of entry.	N	075 Appropriateness of use of commodities.	
069 Adequacy of port and inland storage facilities.		076 Maintenance and spares support.	
070 Timeliness of shipment from port to site.		077 Adequacy of property records, accounting and controls.	
071 Control measures against loss and theft.		078 Other (Describe):	

Indicate in a concise narrative statement (under the heading a. Overall Implementation Performance, below) your summary appraisal of the status of project implementation, covering both significant achievements and problem areas. This should include any comments about the adequacy of provision of direct hire technicians as well as an overall appraisal of the comments provided under the three headings (b, c & d) which follow. For projects which include a dollar input for generation of local currency to meet local cost requirements, indicate the status of that input (see Detailed Instructions).

Discuss separately (under separate headings b, c & d) the status of Implementing Agency Actions, Participants and Commodities. Where above listed factors are causing significant problems (marked N), describe briefly in the appropriate narrative section: (1) the cause and source of the problem, (2) the consequences of not correcting it, and (3) what corrective action has been taken, called for, or planned by the Mission. Identify each factor discussed by its number.

079 NARRATIVE FOR PART II-B: (After narrative section a. Overall Implementation Performance, below, follow, on form AID 1020-25 I as needed, with the following narrative section headings: b. Implementing Agency, c. Participants, d. Commodities. List all narrative section headings in order. For any headings which are not applicable, mark them as such and follow immediately below with the next narrative section heading.)

a. Overall Implementation Performance.

There have been no significant problems involved with overall project timeliness and implementation. The nature of the project, i.e., Refugee Relief and Resettlement, does not lend itself to the usual categories of development planning. Implementation is carried out almost on a day-by-day basis; however, to inject a mode of operation, projections and plans are developed from historical data and programmed on an annual basis working with the average monthly requirement. We do plan a basic ration of food for refugees and the basic requirements per family for relief commodities.

b. Implementing Agency.

Not applicable. USAID oriented and staffed.

c. Participants.

Not applicable; but will be included in future PAR's and PIP's in relation to resettlement and the long term development of the Ministry of Social Welfare.

d. Commodities.

This category is the significant one because 90% of input is geared in the supply of rice, salt, household equipment, clothing, and kitchen utensils.

068. The biggest problem is arranging FFF commodities to arrive at the port of Bangkok on a quarterly basis. Invariably, we receive two quarters simultaneously. Reasons vary--shipping strikes, stateside loading and procurement, and general shipping delays. Such delays require additional warehousing, wharfage fees, and often deterioration of the product. The Mission has repeatedly tried to adjust this problem, but to no avail.

072. The problem of damage and deterioration is a severe problem. The commodities are handled so many times, at least 12 loadings and unloadings, between ship and arrival in Vientiane that loss, damage, and general condition makes substantial loss. Requests have been made to the Department of Agriculture and shipping companies to take special care, but with little success.

073. Claims against transporters are made immediately if shipment is damaged or loss through ripping or tearing. Collection of the claims has been slow and in addition the U. S. Mission is not informed of claims collected.

PART III – ROLE OF THE COOPERATING COUNTRY

The following list of illustrative items are to be considered by the evaluator. In the block after only those items which significantly affect project effectiveness, write the letter P if the effect of the item is positive or satisfactory, or the letter N if the effect of the item is negative or less than satisfactory.

SPECIFIC OPERATIONAL FACTORS:	
080 Coordination and cooperation within and between ministries.	P
081 Coordination and cooperation of LDC gov't. with public and private institutions and private enterprise.	
082 Availability of reliable data for project planning, control and evaluation.	N
083 Competence and/or continuity in executive leadership of project.	
084 Host country project funding.	N
085 Legislative changes relevant to project purposes.	
086 Existence and adequacy of a project-related LDC organization.	N
087 Resolution of procedural and bureaucratic problems.	
088 Availability of LDC physical resource inputs and/or supporting services and facilities.	N
089 Maintenance of facilities and equipment.	
090 Resolution of tribal, class or caste problems.	P
091 Receptivity to change and innovation.	
092 Political conditions specific to project.	
093 Capacity to transform ideas into actions, i.e., ability to implement project plans.	P
094 Intent and/or capacity to sustain and expand the impact of the project after U.S. inputs are terminated.	N
095 Extent of LDC efforts to widen the dissemination of project benefits and services.	
096 Utilization of trained manpower (e.g., participants, counterpart technicians) in project operations.	P
097 Enforcement of relevant procedures (e.g., newly established tax collection and audit system).	
098 Other:	
HOST COUNTRY COUNTERPART TECHNICIAN FACTORS:	
099 Level of technical education and/or technical experience.	N
100 Planning and management skills.	P
101 Amount of technician man years available.	N
102 Continuity of staff.	P
103 Willingness to work in rural areas.	P
104 Pay and allowances.	
105 Other:	

In the space below for narrative provide a succinct discussion and overall appraisal of the quality of country performance related to this project, particularly over the past year. Consider important trends and prospects. See Detailed Instructions for an illustrative list of considerations to be covered.

For only those items marked N include brief statements covering the nature of the problem, its impact on the achievement of project targets (i.e., its importance) and the nature and cost of corrective action taken or planned. Identify each explanatory note.

106 NARRATIVE FOR PART III (Continue on form AID 1020-25 I):

Cooperation of the RLG with USAID has been outstanding, to the extent that they have the means of cooperating. The Secretary of State for Social Welfare is intelligent, capable, and cooperative. He has many years of government experience. The Director General of the Ministry of Social Welfare is also quite capable and he is developing a good staff which includes a very satisfactory Director of Resettlement. There is a northern social welfare representative located in Luang Prabang, a southern representative located in Pakse, and a social welfare representative in each province. All of these officials cooperate well with each other and with USAID. The Ministry lacks operational people, however, trained welfare technicians capable of replacing the USAID people who actually distribute supplies and advise settlers. The Ministry also lacks the jeeps and supplies and funds needed to become operational in the field.

082. To collect reliable data in Laos is an almost impossible task. There exists a Bureau of Statistics, but it is still in its infancy. Any pertinent data

required, if not too ancient, can usually be found in Muong or Khoueng offices; but, for older records, information must be gleaned from older inhabitants. It is from these people plans and programs are devised. When action is initiated or completed there begins the recording of essential statistics.

084. Host country funding is practically nil. Within the past two years certain local personnel costs have been transferred to the National Budget. RLG contributions usually consist of land grants and labor. Major cost funding is still provided by the U. S. Mission, but other countries have donated such commodities as rice, roofing sheets, tractors, and radios. The donor countries are Japan, Thailand, Great Britain, and Australia. The International Red Cross has contributed mosquito nets, blankets, food, kitchen utensils. The IRC's contribution usually followed natural disasters, i.e., floods, fire, etc.

086. The Ministry of Social Welfare lacks the operational capability to provide refugee assistance in a wartime situation. Through planned training it may be capable of providing the more limited relief required in a peacetime situation.

088. The small and underdeveloped country of Laos cannot possibly support to any great extent the welfare needs generated by outside aggression. (see 086 above.)

094. See 086 and 088 above.

099. The Ministry lacks trained welfare technicians capable of operational fieldwork. Plans are being made to help the Ministry train technicians.

101. See 099 above.

PART IV – PROGRAMMING IMPLICATIONS

IV-A – EFFECT ON PURPOSE AND DESIGN

Indicate in a brief narrative whether the Mission experience to date with this project and/or changing country circumstances call for some adjustment in project purposes or design, and why, and the approximate cost implications. Cover any of the following considerations or others that may be relevant. (See Detailed Instructions for additional illustrative considerations.) Relevant experience or country situations that were described earlier can simply be referenced. The spelling out of specific changes should be left to the appropriate programming documents, but a brief indication of the type of change contemplated should be given here to clarify the need for change.
For example, changes might be indicated if they would:

1. better achieve program/project purposes;
2. address more critical or higher priority purposes within a goal plan;
3. produce desired results at less cost;
4. give more assurance of lasting institutional development upon U.S. withdrawal.

107 NARRATIVE FOR PART IV-A (Continue on form AID 1020-25 I):

The nature of the main responsibility of the Refugee Relief and Resettlement Project, namely providing immediate relief to war victims, precludes putting the program in an exact time frame or changing the method of operation substantially. The project is basically one of reaction to the exigencies of the situation. As long as fighting continues and more and more refugees are created, U. S. assistance must continue if our Mission goals remain the same. If some peace settlement is established and it is honored by the enemies of the RLG, the major change in the program will involve the return of refugees to their villages and permanent resettlement for those who cannot or will not return. In the meantime, relocation and resettlement will continue to the extent possible, with plans being prepared for eventual turnover of all welfare and resettlement responsibility to the Ministry of Social Welfare. Plans are also being prepared for the training of RLG operational social welfare workers.

IV-B – PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

1. Continued as presently scheduled in PIP.	
2. Continued with minor changes in the PIP, made at Mission level (not requiring submission of an amended PIP to AID/W).	
3. Continued with significant changes in the PIP (but not sufficient to require a revised PROP). A formally revised PIP will follow.	
4. Extended beyond its present schedule to (Date): Mo.____ Day____ Yr.____. Explain in narrative, PROP will follow.	
5. Substantively revised. PROP will follow.	
6. Evaluated in depth to determine its effectiveness, future scope, and duration.	
7. Discontinued earlier than presently scheduled. Date recommended for termination: Mo.____ Day____ Yr.____	
8. Other. Explain in narrative. Submit PROP and PIP	X

109 NARRATIVE FOR PART IV-B:

PROP and PIP will be submitted with the basic project design described under Item 107 above.

US AID MISSION TO LAOS
MANUAL ORDER

SUBJECT: Local Procurement of Project Rice

NUMBER: LAO- 1414.1

AMENDMENT:

SUPERSEDES:

REVIEW OFFICE: OP

DATE EFFECTIVE: May 6, 1969

I. Purpose

The purpose of this Order is to set forth Mission policy on local procurement of project rice.

II. Background

USAID has procured rice under the Refugee Relief and Military Technical Support projects since 1962. Until FY 1967 all rice was purchased from out-of-country sources. Beginning with FY 1967, however, as the success of the rice production program has made more rice available locally, increasing amounts of this rice have been procured within Laos. It is anticipated that USAID will have to continue to buy rice for project purposes as long as present military conditions and RLG financial difficulties remain; it is also expected that, beginning in FY 1970, the largest portion of this rice will be purchased in-country.

III. Underlying Assumptions and Considerations

In arriving at the policy outlined below the following considerations were taken into account:

A. Effect on U.S. Balance of Payments

The procurement of rice, whether in Thailand or in Laos, represents a net balance of payments loss to the U.S. Government. It is true that if purchases were made in Thailand rather than Laos, expenditures could be tied to U.S. exports through a Special Letter of Credit arrangement; however, given the large volume of "untied" Thai imports from the U.S., it can be assumed that the tied credits serve more to replace U.S. export transactions that would have occurred with or without the tying than to increase the total

DISTRIBUTION: D, F

volume of exports. It is therefore believed that, despite the fact that Thai purchases are tied and Lao purchases are not, there is little difference in the respective effects of these purchases on the U.S. balance of payments. It is further believed that because of the beneficial effects that rice purchases in Laos have on U.S. development efforts in the country and because of the generally lower prices of in-country rice, it is in the U.S. interest to procure rice in Laos.

B. Effect on Rice Production Program

Rice purchases within the country furnish a stimulus to production by providing a ready market for increased outputs; in addition, the increased earnings which accrue to Lao farmers as a result of these purchases, provide the farmers with the means to invest in the improved capital equipment, seed fertilizer, etc. which are necessary to further production increases.

C. Effect on Monetary Stability

The kip used to buy in-country rice are purchased from FEOF with dollars which remain freely available to the economy at the same rate at which they were sold. The effect of the kip expenditures on the stabilization program and FEOF demand is therefore at least neutral and probably importantly beneficial because (1) as the program grows, dollars are made available in increasing amounts in time ahead of the import demands generated by rising earnings of rice producers and (2) the stimulus to expanding rice production may spill over into the Lao market and have the result of stabilizing rice prices seasonally and lowering them to the consumer generally.

IV. Policy

A. USAID will procure rice from Lao sources in all cases in which it is determined that the delivered price of Lao rice is equal to or less than the price of equivalent quality Thai source rice. As a general policy, delivered price will determine the source of procurement, i.e., if the delivered price of equivalent quality Thai rice is cheaper than Lao rice, procurement will, as a general rule, be made in Thailand. (Lao sources have a competitive advantage over Thai sources in the amount of the Thai export tax. To pay higher prices for Lao rice would not only be uneconomic but would also run the risk of procuring in Laos what really is Thai rice with an added Lao middleman markup.)

B. In special cases where it is determined by the Director to be in the best interests of the economic development program, USAID may buy rice in one area of the country for use in a second area even though the combined cost (rice plus transportation) exceeds the price of Thai rice delivered to the second area. In such cases, however, the price paid for the Lao rice (excluding transport costs to the second area) must not exceed the delivered price of equivalent quality Thai rice that would be available to either the area of purchase or the area of delivery. For example, if it were determined desirable to procure rice in Pakse for use in Savannakhet, the price paid for the rice in Pakse must not exceed the delivered price of equal quality Thai rice available to Pakse or Savannakhet. It would be permissible, however, for the total cost of the Lao rice in Savannakhet (price paid in Pakse plus freight) to exceed the price of Thai rice shipped to Savannakhet.

C. The above policy is applicable to all USAID procurements of rice in Laos including those made under contract with the Agricultural Development Organization (ADO).

D. All USAID procurement of rice (for refugee relief, military support or disaster relief) will be handled by the Supply Management Branch (SMB). SMB may, if it is in USAID's interest, employ ADO as a purchasing agency or it may procure from ADO in the same manner and on the same conditions as from other suppliers.

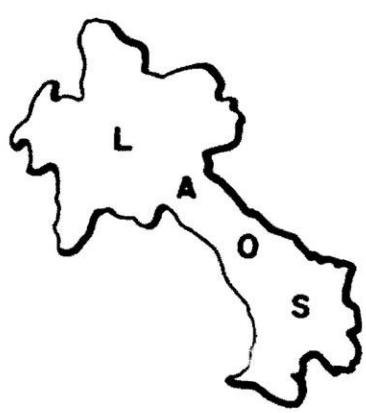
Any costs to the USAID program incurred for the purpose of removing surpluses, subsidizing farm prices, unusual expenses of transporting rice from relatively inaccessible areas to market sites, and other such "developmental costs" are properly charges on ADO rather than the consumer project.

V. Responsibilities

It is the primary responsibility of the Supply Management Branch, Office of Management, to assure that this policy is implemented and to obtain approval of the Director before undertaking procurements of rice which, in total cost to the U.S., exceed prices which could be obtained through alternate sources.

Charles A. Mann
Director

FOREIGN ASSISTANCE FOR THE DEVELOPMENT OF LAOS



7/69

FOREIGN ASSISTANCE FOR THE DEVELOPMENT OF LAOS

* * * * * * * * * *

A compilation of economic assistance provided to the Royal Kingdom of Laos by friendly donor countries

Published in cooperation with the Commission General of the Plan

F O R W A R D

For the past several years Laos has benefitted from a wide range of financial, technical, and commodity assistance offered by the many countries friendly toward Laos and interested in maintaining its stability and continued economic and social development. This pamphlet, prepared with the helpful cooperation of the many Embassies and representatives of other donor organizations in Laos, compiles briefly the record of foreign assistance provided Laos, excluding only the bilateral program of the United States which is fully described in a separate publication, "United States Aid to Laos," published in May 1968. However, the record of U.S. participation in the many multilateral and regional programs being implemented in Laos in coordination with the other donor nations is included in the following pages so the full scope of the international cooperation evidenced by these programs can be realized.

USAID/Laos
July 1969

INTRODUCTION

The great bulk of assistance made available by donor nations to Laos is concentrated in such activities as support of the Foreign Exchange Operations Fund (FEOF) to maintain the stability of the currency of Laos; operation of commodity import programs; granting of scholarships to Lao students for study abroad; providing foreign teachers for several Lao schools and institutions of higher learning; and making available technical advisors to assist the RLG.

Most of these activities and forms of assistance are by their nature implemented in the Vientiane area since it is both the economic and administrative center of the country. Concentration in and around Vientiane of necessity occurs because of the substantial logistical and administrative problems encountered when attempting to carry out development activities in the countryside. This concentration in the major population center is in contrast to much of the U.S. bilateral program which has made substantial development efforts in the rural areas of Laos requiring heavy investments of manpower, commodities, and support facilities.

Precise monetary evaluations of the various assistance programs are difficult to make and in any event would not provide an adequate basis of assessing the scope of the many assistance activities. The following resume of the several bilateral, multilateral, and regional aid programs provided Laos outlines the dimensions and magnitude of each program leading hopefully to a better understanding and appreciation of the efforts being made by the many donors to provide development and stabilization assistance to Laos.

REGIONAL PROGRAM

Since 1957 the four riparian nations of the Mekong Basin - - Laos, Thailand, Cambodia, and Vietnam - - have been working closely together under the auspices of the Mekong Committee and in cooperation with ECAFE to coordinate and promote a program of economic development that emphasizes regional cooperation and planning. Multilateral assistance under international sponsorship is sought for projects which promise benefits to more than one nation and induce greater regional ties throughout the Basin.

Several studies and some projects have already been undertaken by the Mekong Committee while plans are being developed for a program which envisages a series of dams, hydroelectric plants, and irrigation schemes along the Mekong and its tributaries which would take perhaps twenty-five years to implement and cost several billions of dollars.

The United States expects to expend $10 million preparing in cooperation with Laos and Thailand the feasibility study for the key project of

the overall Mekong Basin plan, the Pa Mong Dam. If the decision is made to construct the $1 billion dam twenty-five kilometers upstream from Vientiane, the benefits that will be derived from it are immense - - from 2.8 to 4 million kilowatts of power plus water available for irrigating perhaps as many as 2 million hectares in Laos and Thailand. The Stage-I feasibility report will be presented by the U.S. Bureau of Reclamation in December, 1969 while the final Phase-II report should be completed by June, 1971 after which time decisions on the future of the project will be considered. In addition to the cost of the feasibility study, the U.S. will devote $5.9 million to preparation of maps for the Pa Mong Project.

Apart from its activities in assisting the Mekong Committee, ECAFE has been active in promoting numerous regional conferences and seminars with one of its most noteworthy efforts leading to the establishment of the Asian Development Bank (ADB) which institution has already directly benefitted Laos by providing a grant of $250,000 from its Special Funds for a six-months study during the first half of 1969 of the feasibility of developing extensive agricultural activities on the Vientiane Plain. Laos intends to apply for further ADB assistance to implement some of the developments recommended in the report which should be published in September 1969.

In response to the request of the eight-nation Coordinating Committee for Southeast Asian Transport and Communications, the United States through its Office of Regional Economic Development in Bangkok has agreed to provide $125,000 to investigate the feasibility of developing in Laos a "Backbone" Telecommunications System which would link all the major cities of the country for the first time by a modern communications system and connect the Lao system to those of Vietnam and Thailand and so to the rest of the world. The study team will make its investigations and submit its report in the second half of 1969.

Another regional activity of direct interest to Laos is the Mekong River Port and Cargo Handling Improvements project which if implemented promises some substantial immediate benefits. The U.S. financed feasibility study which has been endorsed by the Mekong Committee, is presently being closely studied for possible partial implementation in 1970. The Regional Economic Development (RED) office of the U.S. Agency for International Development would provide financing for the project which could be as high as $3.5 million.

NAM NGUM PROJECT

The Nam Ngum Dam, the first major multilateral, regional project to be implemented under the auspices of the Mekong Committee, is now under construction by the Japanese contractor Hazama-Gumi at a site 85 kilometers

north of Vientiane. The dam, a concrete gravity-type structure, will be capable of producing 30,000 KW of electricity when completed in late 1971. Ultimately in the later stages of the project some 120,000 KW will be produced. A power transmission line has been constructed from Udorn, Thailand to Vientiane and will reach the dam site in January, 1970. Under a unique international agreement Thailand is now delivering 3,000 KW to the Vientiane power system, and on completion of the transmission line will also supply power for the later stages of the dam construction. When power generation commences at Nam Ngum, Laos will repay Thailand with Nam Ngum electricity for the power presently being supplied from Thai sources.

The Nam Ngum Project is being financed by grants from a consortium of nine donor nations that have already donated or pledged to the administrator of the project, the IBRD, some $30 million of the $31 million required to construct the first stage of the project. The main works now being erected will cost $14.5 million with the remaining funds being required for the power house, generators, transmission line, and bridge across the Nam Ngum River near the dam site.

Donors to the Nam Ngum fund are:

United States	$15,565,000
Japan	4,962,000
Netherlands	3,770,000
Canada	2,000,000
Denmark	780,000
Australia	628,000
France	600,000
New Zealand	433,000
Total	$28,738,000

In addition Thailand is supplying $1,240,000 worth of cement to the project to be repaid with power when production commences. Japan has also provided $315,000 for the preliminary design work. About $1 million remains to be raised to completely finance the project.

UNITED NATIONS

The United Nations through its family of specialized agencies has been assisting Laos since 1952. The UN staff in Laos at present is composed of about 45 technicians, advisors, and medical personnel administering programs of several UN agencies, the most important of which are the UN Development Program (UNDP), the UN Office of Technical Cooperation (UN/OTC), the World Health Organization (WHO). the International Labor Organization (ILO), and the UN Childrens Fund (UNICEF).

The following table illustrates the financial resources that have been administered by the various agencies of the UN in Laos for the past few years:

(U.S. $000)

CY	UNDP/TA	UN/OTC	WHO	ILO	UNICEF	Total
1966	500	60	92	--	50	702
1967	500	56	99	--	71	726
1968	500	34	123	20	57	734
1969	485	42	251	20	50	848

In addition to the UNDP/TA program mentioned above there is also the UNDP/SF or Special Fund Program whose monetary resources are incorporated in the regional projects administered by the Economic Commission for Asia and the Far East (ECAFE) and the Mekong Committee. The Special Fund sector, confining itself to the more costly projects of a pre-investment nature, has as its goal preparation for capital investment, and its projects, therefore, consist mainly of natural resource surveys, feasibility studies, and the establishment of advanced technical training and research institutes in collaboration with the requesting government.

Under the Special Fund, the UN provides technicians on an ad hoc basis from its regional staff in Bangkok and finances study teams for work in Laos and the other three riparian countries of the Mekong. Perhaps the most significant study undertaken under SF sponsorship in Laos has been the survey to determine the mineral resources of western Laos. Initial explorations which commenced in 1966 were encouraging and a new allotment has been made available to enable the seven-man team to continue its work.

On the other hand, the Technical Assistance sector of the UNDP and the Regular Programs of the different specialized agencies, although including a number of medium-term projects, generally consist of one or two experts who advise on a particular problem for one or two years and train nationals of the country to carry on their work after they leave. In Laos there are advisors of this type assigned to the Commission of Rural Affairs (community development), the Prime Minister's Office (public administration), Direction of Hydraulics (hydrography), Ministry of Finance (cadastre), Service Geographic (photogrammetry), Ministry of National Economy (small industry), Ministry of Social Welfare (labor legislation), and Direction of Agriculture (plant pathology and extension). Three advisors are assigned to the Ministry of Plan and Cooperation.

In addition to assigning technicians to assist the RLG, the UN also provides funds for seminars and regional conferences, fellowships to Lao

students for study abroad, and a limited amount of commodity support. Because the commodity support is limited the UN technicians sometimes find their programs inhibited and so their effectiveness is not what it should be.

The seventeen members of the staff of the World Health Organization (WHO) are assigned to several different health activities such as teaching at the Mahosot Hospital and at the Medical College, developing maternal and child health services, directing psysiotherapy at the Orthopedic Center, and advising on anti-malaria activities. The activities of WHO have been expanding rapidly in the last few years with its budget increasing from $92,000 in 1966 to $251,000 in 1969.

The United Nations Children's Fund (UNICEF) has a small program of providing material aid to improve the condition of children and youth through activities in the fields of health, nutrition, education, vocational training and social welfare. UNICEF coordinates its activities closely with those of the other UN agencies.

FOREIGN EXCHANGE OPERATIONS FUND (FEOF)

Founded on the recommendation of the International Monetary Fund at the end of 1963, FEOF has as its goal stabilizing both prices and the free market value of the kip. It does this by selling foreign exchange through banks at a free market rate of about 500 to the dollar to anyone desiring exchange for any purpose. Laos is thus one of the few less-developed countries in the world possessing a completely free foreign exchange market without any restrictions whatsoever. The IMF considers that FEOF has been remarkably successful in achieving its goals. The free market value of the kip has held steadily in value for over five and one-half years in contrast with its rapid deterioration in value prior to the establishment of the Fund; also prices in Laos have come to be remarkably stable for a country at war.

The following table shows the contributions of the various donors for each calendar year since FEOF was initiated: ($ Millions)

	CY 1964	CY 1965	CY 1966	CY 1967	CY 1968	Pledges CY 1969	Totals
U.S.	4.0	5.2	13.7	13.8	16.1 a/	16.1	68.8
France	1.7	1.3	1.7	1.7	1.7	- -	8.1
Japan	- -	0.5	1.7	1.7	1.7	1.7	7.3
UK	1.7	1.7	1.7	1.7	1.7	1.7	10.2
Australia	0.4	0.4	0.8	0.6	0.8	.7	3.7
RIG	- -	2.8	- -	- -	- -	- -	2.8
Total	7.8	11.9	19.6	19.5	22.0	20.2	100.9

a/ This includes $0.4 million which the U.S. was able to supply FEOF because Japan gave Laos FAC aid in a corresponding amount which offset purchases that would have been made from USAID project funds. In addition, the U.S. sold $2.5 million to FEOF to secure kip for the purchase of rice. This program will be expanded in CY 1969.

FEOF foreign exchange requirements remained fairly stable in CY 1966 and CY 1967, but by mid-year CY 1968 it had become clear that the pledged amount of $19.4 million for CY 1968 would not be sufficient to meet total demand. This was due to the sharp drop in gold flow into Laos beginning in February 1968 when the Tet Offensive in South Vietnam disrupted the market for gold smuggled into Saigon from Laos, and continued during the rise in the world price of gold in the spring and after the two-tier price system for gold was established. This decrease in gold imports from a level of nearly 6 metric tons per month to 1-2 tons per month had a double effect: it reduced both gold import tax revenue and the sale of non-FEOF dollars (part of which comes from the sale of gold abroad; these dollars are sold to the banks for kip to pay the gold import tax). The former increased the RLG's difficulties in limiting its budgetary deficit and the latter increased the demand for FEOF dollars, given the continuing and increased demand for foreign exchange. Supplemental contributions during CY 1968 were provided by Japan, Australia and the United States. The donor nations are currently negotiating with the RLG on the CY 1969 FEOF accords and it is anticipated that CY 1969 requirements will exceed the CY 1968 level by several million dollars.

FRANCE

After the United States, France is the major contributor of foreign aid to Laos providing some $7 to $8 million annually, a level which is expected to be maintained in the future.

French aid is administered by three separate agencies: the French Military Mission (MMF), established under the Geneva Agreements to provide training (but no military hardware) to the Lao Armed Forces, currently has a staff of about 120 officers and enlisted men. The size of the MMF is gradually declining and soon will be reduced to 100 men. The Economic and Technical Assistance Mission (MAET) has a total of about 85 engineers, doctors, and other technicians. The Cultural Mission now has a staff of about 312 teachers, a level which represents more than a 20% increase over that of a year ago. The decreasing personnel levels and funds available to the Military Mission are offset by roughly corresponding increases in the budgets of the MAET and Cultural Mission so the overall aid level remains about the same.

French aid in Laos, as in other countries where French assistance is extended, tends to concentrate in the fields of education and culture, although assistance is also given for development of the infrastructure of

the economy. As well as supplying some of the teaching staff, France has recently agreed to equip the physics and anatomy laboratories at the Royal Medical School and to construct in 1970 a 200-seat amphitheater at the Royal Academy for Law and Administration. The $ 60,000 Royal Agriculture Academy is presently under construction with French assistance at Tha Ngon near Vientiane. At the "Centre Lambert" which receives a great deal of French support, training is given to improve the skills and knowledge of the technicians of Electricite du Laos, the electric power producing and marketing company of Laos. The Vientiane Technical College will receive about $30,000 worth of new equipment from France in 1970.

The French education effort is concentrated at the secondary and college levels where almost all instruction is in the French language with the classes taught by French teachers or French-speaking Lao. As well as donating several thousand books in 1968 for the secondary schools, France has been providing a credit of $100,000 annually to facilitate importation of French books. Numerous scholarships are granted each year to Lao students for study in France with the Economic Mission providing 70, and the Cultural Mission 24. In 1970 the Cultural Mission will provide 38 scholarships.

In addition to educators, numerous French experts and advisors are provided to various departments of the RLG such as the Ministry of Finance, Commission for the Plan, and the National Bank of Laos, while several technicians and administrators assist in the operations of the local electric and water companies.

In addition to assistance to technical and educational institutions, several items of radio and navigation equipment have recently been supplied to the flight information center at Wattay Airport to improve civil aviation. A mineral prospecting and study mission has been investigating the possibility of extending tin production and will submit its report this year. Technical studies on the possibility of introducing television to Laos will also be presented in 1969 as will a feasibility study on development of a cotton spinning mill. France's largest single grant for a capital project in recent years was its donation of $600,000 in 1966 toward the construction of the Nam Ngum Dam.

Also in 1966 a Credit Agreement was successfully negotiated between France and Laos providing for loans and credits totaling 15 million francs ($3 million) for various projects. Six million francs was loaned for twenty years at a rate of 1% with the funds being applied to construction of the recently completed Selabam Dam and power transmission line near Pakse. The Nam Dong Dam, which will supply power to Luang Prabang and is now under construction, is also partially financed by the loan with the RLG providing the labor and cement costs for both projects. The access road to the Nam Dong site was constructed under the USAID road development program.

The nine million franc commercial credit is repayable over a five-year period at a rate not to exceed 4.7%. Under this loan the underground telephone cable network is presently being rehabilitated and in the near future the 800-line Vientiane telephone system will be extended to 2,000 lines. Other projects may be considered for financing from funds available in this credit.

In addition to their bilateral assistance to Laos, the French have taken part in the currency stabilization program along with the United States, Australia, Japan and the United Kingdom.

GERMANY

Assistance provided by Germany to Laos has been characterized by two principal activities: (1) maintenance of the Lao-German Technical School in Vientiane, and (2) providing substantial loans to Laos for improvements to various public utilities throughout the country.

The Lao-German Technical School was organized in 1964 and now has an enrollment of about 150 students and a teaching staff of seven Germans plus several Lao assistants who have received training in Germany. Thirty-one Lao have already been trained in Germany; five more will receive scholarships this year. Four new buildings are either planned or now under construction at German expense including a dormitory which will house sixty students.

Another technical assistance project of Germany has been its participation with Great Britain and Australia in the modernization of the Lao radio system. Germany contributed in 1967 one 25 KW short-wave transmitter for use in Vientiane, and two 5 KW medium-wave transmitters for Pakse. Three experts were assigned for two years to help establish the radio system.

In December 1965, Germany granted a credit of DM 20 million (DM4=$1) for up to a twenty-year period at 2% to 3% interest for improvements and expansion of public utilities in Laos. DM 16.5 million of the total has been applied to installation of new diesel generators in Vientiane capable of producing 8,000 KW. DM 3.6 million was provided for development of a new water system for Luang Prabang. In July 1966 an additional DM 6 million was offered to the RLG; it is planned to utilize this loan for the modernization of the Vientiane electricity distribution system.

At the moment the German Government is considering making available an additional DM 4 million as a loan to finance further work on the water systems of Luang Prabang, Savannakhet, and Pakse. Other projects which may attract German financing are a cement factory and possibly a brewery.

JAPAN

Japan's aid to Laos commenced in 1958 when an Economic and Technical Cooperation Agreement was signed by which Japan agreed to undertake two major projects whose total cost was about $2.8 million. The first project involved construction of a power plant in Vientiane, providing and installing in it three 1,000 KW diesel generators. With the second project Japan constructed a filtering plant and water distribution system in Vientiane. By January 1965 upon transfer of the water system to the RLG, Japan had met all of its obligations under the Agreement.

Japan's aid since 1965 has been even more significant. $4,962,000 has been pledged for the construction of the Nam Ngum Dam by Japan; the design work of Nippon Koei Ltd. valued at $315,000 was also donated to that project. The GOJ also has been participating in FEOF since 1965 and has made annual contributions of $1.7 million for 1966, 1967, and 1968, and has pledged that amount for 1969.

Again using the services of Nippon Koei Ltd., Japan provided $125,000 for the feasibility study of the Vientiane/Nongkhai Bridge across the Mekong. The study of this project continues and financing has not yet been sought. Through its Overseas Technical Cooperation Agency Japan has prepared plans for an 800-hectare irrigation project, the Tha Ngon Agricultural Development Project which will be located 25 kilometers north of Vientiane on the bank of the Nam Ngum River. The development project will eventually cost $1,100,000; Japan has already pledged $100,000 in construction materials while the balance of the funds are being sought from the Asian Development Bank and other sources not yet determined. It is hoped construction will commence in October, 1969.

Also located at Tha Ngon and adjacent to the site of the proposed development project is the Lao-Japanese Demonstration Farm which has since 1966 been staffed by three Japanese experts, eight Japanese youth volunteers and about twenty RLG officials and technicians. The farm, which is financed by the GOJ and some private enterprises in Japan, has been engaged in agricultural training and testing in irrigation, horticulture, livestock production, and other specialities. In addition to the youth volunteers stated at Tha Ngon, Japan has been sending others to almost every department of the RLG: Education, Public Works, Agriculture, Sports, Information, PTT, Livestock Production, Social Welfare, etc. The Japan Overseas Cooperation Volunteer group in Laos now totals over seventy members.

Through the Colombo Plan, Japan recently provided the services of two experts in sericulture to investigate the possibilities of developing silk worm production in Laos. Other assistance to the agricultural sector was provided in 1968 when Japan donated through the Kennedy Round a large amount of agricultural equipment; also under the same program which totaled $500,000 a great deal of rice for relief purposes was given. A further Kennedy Round contribution to Laos is under consideration for 1969.

Japan has agreed to implement in 1969 if possible the 1,000 meter extension of the runway at Wattay Airport, increasing its length to 3,000 meters so it will be able to accommodate international jet aircraft. This project will cost about $1 million. Japan has already appropriated some $620,000 for hard currency costs of the project; the exact source of the $380,000 in kip required for the project is still being studied.

Also in 1969 Japan will construct a telecommunications link between Vientiane and Nongkhai costing $100,000 which will provide Laos with a modern and efficient microwave connection with the communications system of Thailand.

UNITED KINGDOM

In its position as Co-Chairman of the fourteen-nation conference on Laos, and due to its strategic interests in Thailand the Malaysian peninsula, the UK has endeavored to maintain an important economic assistance program in Laos. However, because of economic difficulties at home the aid level to Laos, as to other countries, has dropped from a high point of about $6 million annually to its current level of about $3 million annually. Most British aid to Laos is now given under the FEOF program to which $1.7 million has been donated each year since 1964.

As part of the International Aid to Radio project a nationwide radio network has been set up, very largely at British expense, with broadcasting and relay stations at Vientiane, Luang Prabang, and Pakse. The last two stations were handed over to the RLG early in 1969. It is estimated that Britain has contributed about $1.7 million to this project, and continues to provide substantial technical and programming assistance as well as the services of the principal advisers.

Small British medical teams continue to work in the hospital at Luang Prabang and in the hospital which was built largely from British funds, under U.S. technical supervision at Thakhek. However, recruitment difficulties have made it impossible to maintain both teams at full strength. A dentist has been added to the team currently working at Thakhek.

Some 42 irrigation pumps valued at about $70,000 are being supplied to Laos in 1969, swelling the number of pumps already supplied by Britain to help primarily in dry-season cultivation of rice. Two rice dryers have recently been handed over to the Agricultural Development Organization (ADO) to ease grain storage problems and to help educate local farmers in improved storage methods. Two tractors, together with a wide range of ancillary equipment have been supplied early in 1969 as part of an experimental project on refugee resettlement, for which Britain also supplies the adviser. As part of a joint project supported by several countries Britain has undertaken to supply to the Lao Government Press one folding machine and

one binding machine which should arrive in 1969, thus helping to save foreign exchange expenditure on overseas purchases of school and college textbooks. In a joint effort with the RLG and USAID, Britain will contribute $90,000 towards construction of a soils laboratory for the RLG Direction of Agriculture. Arrangements are currently being made in cooperation with the Mekong Committee and the RLG for the photo-geological mapping of most of western Laos.

A small number of Lao students continue to be given training in the UK and in Thailand at British expense, but most British training is given in Laos by Technical Assistance experts employed under the Colombo Plan. In addition to Colombo Plan experts, the UK has a team of some fifteen volunteers (British Peace Corps) in Laos all but two of whom are university graduates; most are engaged in teaching English though some are engaged in technical work generally in support of British technical assistance experts.

A UK commodity import program (UKIP) has in the past provided subsidized imports to Laos. This program has been virtually phased out and replaced by the project aid described above.

AUSTRALIA

All Australian aid to Laos, other than FEOF contributions, is given within the framework of the Colombo Plan. Colombo Plan aid is divided into the Technical Cooperation Scheme and the Economic Development Program.

Total Australian aid to Laos under the Technical Cooperation Scheme was approximately US $1.5 million as of 31 December 1968. Of this sum $500,000 was expended on training. There were 50 Lao students undergoing a wide range of training in Australia as of 30 April 1969, and more than 130 Lao students have been trained so far. Scholarships have been awarded for Secondary and Tertiary studies, training in intensive English, aviation, education, customs, agriculture and police. Short-term courses in various technical fields have also been provided. The balance of the above sum was made up of experts ($200,000) and equipment ($300,000). Over twenty experts have been provided in various fields and there are at present six Colombo Plan experts resident in Laos: 2 school teachers; 2 livestock and pasture development experts; and 2 reafforestration experts. A further 2 reafforestation experts are due to arrive during 1969.

Equipment aid has included primary school supplies, drilling equipment, hospital and medical supplies, three radio transmitters and a mobile broadcasting van for Lao National Radio and various forms of emergency aid such as blankets and vaccines. Australian Economic Development Program aid totaled US $2.1 million through 1968. The three major projects under the Program have been roadmaking and agricultural equipment $600,000; Australian Import Program (AUSIP) $900,000; and the Australian contribution to the Nam Ngum Dam $500,000. An additional pledge of $128,000 has been made to the Nam Ngum fund.

Australia has contributed through 1968 a total of US $3 million to FEOF. Each annual contribution has been an outright grant to FEOF with the counterpart kip generated being subsequently applied to reduction of the RLG budgetary deficit.

Total Australian aid to Laos through 1968 was US $6.6 million of which more than 90% has been given since 1960. The annual level of aid has reached about US $1.2 million and is expected to continue at that level for the foreseeable future.

CANADA

Canadian assistance to Laos is administered through the Canadian Delegation to the International Commission for Surveillance and Control (ICSC). While bilateral aid as such has not been large ($1.826 million since the inception of the Colombo Plan), Canada has contributed $2 million to the Nam Ngum Dam project with an additional $1.3 million having been expended on the aerial survey undertaken by Canada in connection with the Mekong Development scheme.

The main thrust of Canadian bilateral assistance is technical aid with Canada having earmarked up to 40 scholarship positions for Laos. The bulk of these are in the three priority areas of teacher training, forestry, and in the training of engineers, technicians and administrators required for the operation and maintenance of the Nam Ngum Dam. Canada has successfully capitalized upon its unique position in Laos as a bilingual donor nation able to offer scholarships in either French or English with Laos having opted almost exclusively for the former. This bilingual position has enabled Canada to produce in French 40,000 geography and French grammar textbooks tailor-made for the needs of Laos. In the same vein, 40 tons of printing paper, to be used in the production of school textbooks in either French or Lao, have been given. The combined cost of these capital grant projects totalled $65,000.

In addition to French-speaking teachers, most of whom are concentrated at the National Education Center at Dong Dok, Canada has sent five forestry experts (a chief forester, a photogrammetrist, a cartographer and two foresters) to guide and direct a forest inventory being undertaken jointly with the RLG, USAID, and the Canadian Government.

At the present time, Canadian bilateral assistance to Laos is considered by the Canadian Government to be at an appropriate level. Rather than expand its bilateral aid or commit itself to multilateral programs such as FEOF, the Canadian Government has preferred to emphasize projects involving regional cooperation and development. To this end it has provided $25 million interest free to the Asian Development Bank's Special Fund and a further $100,000 to finance technical assistance projects under the ADB.

INDIA

The main assistance rendered by India has been in the field of medicine. From 1964 until December 1968 the Indian Medical Team consisting of 44 persons including 7 doctors and nursing assistants, were running two hospitals at Paksane and Vientiane. The team has been withdrawn after the completion of its tenure at the end of 1968. On its departure, all the medical equipment in the form of x-ray, dental and surgical equipment plus other medical stores was presented to the RLG at both locations. During the four year stay of this medical team in Laos the entire cost of running the two hospitals as well as the pay and allowances of the doctors and staff were met by the Government of India.

India has offered a total of 26 scholarships to Laos of which 20 have been awarded to students. This year two more scholarship holders are likely to proceed to India, probably in July. Under the Colombo Plan two professors - - one of Sanskrit and Pali, and the other of mathematics - - recently completed their two year assignments in Laos. Two other experts, one in the field of mining and the other in the field of natural sciences, continue. India has also lent the services of a Technical Data Expert, under the Technical and Economic Cooperation Scheme, to assist in the preparation of the joint RLG-USAID-Canadian forestry inventory. The cost of his travel and stay will be met fully by the Government of India.

India has also assisted in the completion of the construction of the School of Medicine in Vientiane, and in addition has supplied the equipment for the physics and biology laboratories, all expected to arrive by mid-1969.

NEW ZEALAND

In addition to its initial and supplementary grants to the Nam Ngum Fund totaling $433,000, New Zealand has awarded for some years three Colombo Plan scholarships a year to Lao students either to train at the English Language Institution, Wellington or to do undergraduate studies at New Zealand universities. In addition, two experts have served in Laos, one for over three years. These assignments have now ended and it is hoped that some further expert assistance will be provided in the near future.

At the moment New Zealand is investigating the possibility of undertaking the planning and design work required for an irrigation project on the Vientiane Plain.

THAILAND

U.S. offices both in Vientiane and Bangkok have actively encouraged Thai assistance to Laos feeling the Thai, by virtue of their more advanced state of development and their common ethnic bond with the Lao, are in an excellent position to extend valuable assistance. As numerous Lao are now trained in Thai educational institutions at USAID expense, it is hoped that in the near future Thailand will offer to pay a portion of these expenses itself and so materially aid Laos.

Thailand has assisted Laos with the Nam Ngum Dam by making available $1,250,000 worth of Thai cement for the project, the cost of which will be repaid by Laos with Nam Ngum electrical power as will the power presently being "loaned" by Thailand for use in construction of the dam and to supplement the power requirements of the city of Vientiane. About $85,000 was made available by Thailand to rehabilitate the access road to the Israeli Experimental Farm which was destroyed in the flood of 1966; there have been other gifts of rice for relief purposes made on several occasions in the past.

OTHER FREE WORLD COUNTRIES

A number of other countries also extend minor assistance to Laos on an ad hoc basis: Israel operates an Experimental and Demonstration Farm near Vientiane and has pledged $50,000 for an Israeli team to design an irrigation system for the first 5,000 hectares to be irrigated with power from the Nam Ngum Dam. In 1969 three Israeli experts visited Laos for the necessary field work for the study and are now preparing the plan for the 5,000 hectare project. China (Taiwan) donated 100 tons of cement and 10 tons of fertilizer in 1968. The Philippines has made small gifts of seeds and fertilizer through the Mekong Committee. Indonesia provided $90,000 in supplies and small equipment to Kong Le's Neutralist Army in 1966 and gave short-term training in Indonesia to 68 of his junior officers; training for 30 additional Neutralist officers was offered in 1967. Denmark made a sizeable contribution of $600,000 to the Nam Ngum Fund in 1966. This was subsequently increased by $180,000 in 1968.

THE ASIA FOUNDATION

The Asia Foundation is essentially a small-grant organization which seeks to perform a catalytic role by encouraging innovation and cooperation in efforts toward development and social progress. All projects supported are conceived and carried out by Lao or Lao institutions. Foundation assistance, in amounts ranging from $100 to $15,000, normally is for a limited period; if it is continued for more than one year, the Foundation's role is expected to be a decreasing one, as local support is attracted or generated for the project.

The Foundation's country program in Laos is focused on the following fields: (1) Legal Development; (2) Rural and Provincial Development; (3) Books, Libraries and Publishing; (4) Education and Human Resource Development; (5) Urban Problems; (6) Mass Communications; (7) Culture. Within these categories the Foundation provides assistance to organizations and individuals for research and study, conferences and seminars, short and long-term education and professional training programs, and international exchanges which are related to specific, ongoing projects.

During fiscal year 1968-69 the Foundation completed its RLG-sponsored Chinese textbook production project which has produced 312,000 primary and 96,000 secondary textbooks for use in the Chinese schools in Laos. Short-term training courses and observation tours were organized for Lao civil servants, magistrates, journalists and compositors, students of the Institute of Law and Public Administration, and teachers and students of the Lao Conservatory of Music and Dance. Longer-range degree programs were arranged for three future school inspectors at the Chinese University, HongKong, and a teacher trainer in physical education at the School of Physical Education, Bangkok. The Foundation also supported local training courses for monks in elementary rural development, for students at Dong Dok in physical education and youth activities, for members of the Lao Women's Association in home management, for trainees at the Government Crafts Center in weaving and pottery, for trainees at the Ban Amone Rural Training Center in pottery, charcoal and blacksmithing skills, and for members of the Young Buddhist Association in youth activities. The Foundation has also established a workshop for the preparation and printing of Lao language materials and the development of small community and professional libraries. In collaboration with the Ministry of Education and Ministry of Youth and Sports it has built, staffed, and equipped a youth center in Sayaboury and funded voluntary summer work camp activities for students and teachers.

The Foundation officially has operated in Laos since 1959, but in the years from 1956 to 1959 it carried out projects in Laos under the administration of its officers in Bangkok and Phnom Penh. In the past decade the assistance extended to Laos by the Foundation totals approximately $1.5 million.

The annual budget of the Foundation varies between $150,000 and $200,000 with another $16,000 being allocated for support costs of the local staff.

COMMUNIST BLOC ASSISTANCE

Significant Communist Bloc aid to the RLG has been virtually nonexistent since the spring of 1963. Before that time the USSR had agreed to construct a 150-200 bed hospital at Chinaimo, a 50 kilowatt radio station in Vientiane, and a hydroelectric station in Xieng Khouang

Province. It is not anticipated that these projects will be implemented. The Soviets did in 1961 provide Laos with nine aircraft and one helicopter; because of the lack of spare parts and maintenance which followed the withdrawal in April, 1963 of the Soviet crews and technicians none of these aircraft are any longer operational.

Several scholarships were given to Lao students during the early 1960s by many of the Eastern European Bloc countries as well as the Soviet Union. The number of such scholarships has decreased considerably but a few are still awarded each year. In 1969 scholarships for sixteen months of study in meteorology were given by the Soviet Union to three employees of the RLG Meteorological Service. Bulgaria offered in 1969 two scholarships for study of international law and international relations; however to date no candidates have been named by the Ministry of Education as winning these scholarships.

Also in 1969 Czechoslovakia made a donation of laboratory supplies to the Ministry of Education for use in secondary schools.

Dennis Mummert
December 18, 1945-August 5, 1969

Arthur Stillman
June 14, 1942-August 5, 1969

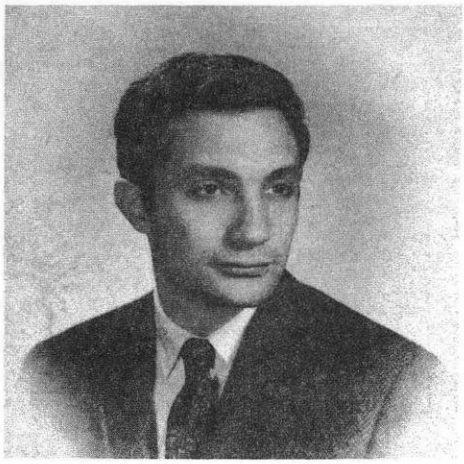
On August 5, 1969 two members of the International Voluntary Service were killed on Route 13 five kilometers from Ban Thabok. Arthur Stillman, Associate Chief of Party, and Dennis Mummert were ambushed as they were returning from Ban Na Kham to Ban Thouei where Dennis was a volunteer.

Art received his BA with honors from Harvard in 1963 and an MA in Southeast Asian studies from Yale University. Art was a Peace Corps volunteer in Northeast Thailand. After his tour as a volunteer he worked with several Peace Corps training groups. In 1965 he worked briefly as a Community Development Advisor in Vang Vieng. With IVS Art was responsible for advising the IVS Community Development workers and for the personnel management of the volunteers in central Laos. For the last month Art was chief of the Rural Development section of IVS/Laos. Art was most involved in finding and arranging opportunities for further training of IVS Lao assistants. He furthered the IVS goal of closer association with the Lao Government officials by his work with the RLG/Commission of Rural Affairs.

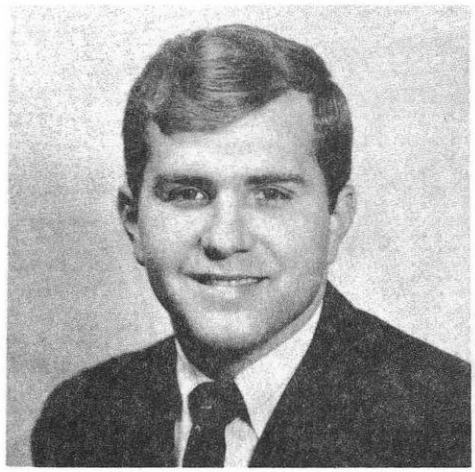
He is survived by his wife, Sumalee, and eight month old daughter, Larissa.

Dennis graduated in 1968 from the University of Illinois with a degree in Agriculture Communication. Dennis arrived in Laos in March of 1968 and was assigned to Ban Thouei as an Agriculture worker. Dennis worked with the local agriculture agents helping them with extension demonstrations and with dry season pumping projects. Dennis was an ideal IVS volunteer. He lived, worked, and ate with the people. He was sensitive to their problems and worked with them to help them solve these problems.

Their loss is a loss to the people of Laos and to the volunteer effort for which IVS is in Laos.



ARTHUR STILLMAN



DENNIS MUMMERT

ADMINISTRATIVE SUPPORT TEAM MEMORANDUM

Vientiane, Laos

Number 70-002

August 9, 1969

TO ALL AMERICANS IN LAOS FROM THE AMBASSADOR

SUBJECT: Personal Security

We recently suffered the tragic loss of two brave, young Americans. Their death is a personal loss to all of us but also could be detrimental to the objectives we are all working so hard to achieve. In other words, the fact that these men were killed has been reported throughout the free world press and will undoubtedly reflect unfavorably on Laos, complicate recruitment of all personnel for duty in this country and cause people to question our policy objectives here.

The death of these young men is all the more tragic in that it might have been avoided had they adhered more closely to existing surface travel regulations (see Administrative Support Team Memorandum 69-027, dated June 23, 1969). I therefore wish once again to call upon all Americans in Laos to review these regulations. If any American knowingly violates them, I guarantee that I will do everything I can to have him or her removed from Laos within twenty-four hours and be subjected to such disciplinary action as his or her parent organization deems appropriate. Americans in Laos are already exposed to sufficient danger in their work and life and it behooves all to cooperate to keep this danger to a minimum.

G. McMurtrie Godley
Ambassador

DIST:

Embassy - 100	ARMA - 20	Air America - 200	
USIS - 30	AIRA - 20	Continental - 200	USAID - B & E

Form Laos 268

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No. 70-012

August 25, 1969

TO : All Vientiane Offices and Field Stations

FROM : Charles A. Mann, Director

SUBJECT : Aircraft Loading Responsibility (Subject Index 560)

We have just endured another tragic aircraft accident and once again it appears that negligence on the part of all concerned could have been a contributory factor.

Both air contractors have sent out notices assuring all pilots of immediate dismissal if any evidence of their overloading an aircraft is detected.

Those in USAID who are directly involved and concerned with loading aircraft have an equal responsibility with the pilot to insure that weight limitations for the particular aircraft and mission are rigidly adhered to and enforced.

In conjunction with the air carriers policy I will take immediate disciplinary action, including dismissal, if any evidence is presented establishing proof that a USAID employee is pressuring a pilot to exceed his weight limitations, or that a USAID employee is playing one carrier against the other in an attempt to influence a pilot's operational decision.

In all instances the pilot is the final authority of what his aircraft can carry. It should further be realized that within the same make of aircraft, variable ACL's are in evidence, and what one aircraft can carry, another may not.

Your cooperation with the pilots and with the intent of this Action Memo is mandatory for a safe operation.

DISTRIBUTION: D & F

AIRGRAM

DEPARTMENT OF STATE

UNCLASSIFIED

CLASSIFICATION

For each address check one ACTION | INFO

DATE REC'D.

6

DISTRIBUTION ACTION

INFO.

TO - AID/W TOAID A 7[illegible] X

DATE SENT 9/2/[illegible]

FROM - VIENTIANE

10 p.

SUBJECT - Refugee Relief and Resettlement Project

4390063004301

REFERENCE - M.O. 1025.1

NON-CAPITAL PROJECT PAPER (PROP)

Country: Laos Project No. 469-11-820-063

Submission Date: ____ Original: X Revision No. ____

Project Title: Refugee Relief and Resettlement

U.S. Obligation Span: Undetermined, estimated through FY 1973

Gross life of project financial requirement: Undetermined ($000)

U.S. Dollars (FY 1969 through FY 1973)	$10,300
U.S.-owned or controlled local currency. . . . (450 million Kip at the cost of 240.1)	1,875
Cooperating country cash contribution	-
PL 480 Title II "inputs" using Title II Funding	
Refugee Food - 24,540 M.T. PL 480 Title II commodities	4,544 *
Refugee Cotton - 2,334,300 meters Cotton Cloth	1,51[illegible] *
Total U.S. Government Dollar Input.	$1[illegible]
Other Donor: 5,000 M.T. French rice (from French popular subscription).	600 *
GRAND TOTAL	$1[illegible]

* Estimated cost delivered in Laos

ATTACHMENT: Displaced Population Due to Enemy Action [illegible]

PAGE 1 OF 10 PAGES

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
MWBrady:bms	RR&R/RDD	2242		Charles A. Mann, Director

AID AND OTHER CLEARANCES

RDD:JWMacQueen

OP:JRRoberts

CON:CCChristian

DIST: OD/DD CON-3

RDD

CON

OP (2)

UNCLASSIFIED

CLASSIFICATION

AID-5-39 (11-65) (Do not type below this line) PRINTED 3-65

BEST AVAILABLE COPY

I. SUMMARY DESCRIPTION

Justification for the Project: The Refugee Relief and Resettlement Project continues to be a large-scale emergency effort required because of recurring and persistent military and political instability in the Laos countryside. Each year thousands of new refugees are displaced in Laos. Other groups are displaced time and again due to the P.L. (usually reinforced by the Viet Minh) attacks or harassment in marginal areas, particularly in the northern reaches of Xieng Khouang, Sam Neua, Luang Prabang, and Houa Khong Provinces. Presently, of a total of over 260,000 refugees, approximately 230,000 are in the north, largely Meo hill tribe people (130,000) but with a sizeable group of Lao (60,000) and other ethnic groups, including Lao Theung, Yao, Thai Dam and Lu. The balance of 30,000 are in the central and southern regions of Laos and include Lao, Lao Theung, and Mon Khmer (Kha) and a few Meo. Khammoune Province has approximately 7,000 Lao and Lao Theung.

In the Pakse Region (the six southernmost Provinces), there are currently 20,000 refugees, mostly Mon Khmer mountain people who were displaced by the recent enemy offensives in Thateng, Paksong and the area in and around the besieged towns of Saravane and Attopeu. Of the total 260,000 refugees in Laos, 170,000 receive some degree of assistance in Laos --- food, clothing, tools, the minimal requirement of household and bedding items, school and health services.

Refugees in Laos represent approximately 10 percent of the total population and the efforts of the RLG and USAID to provide at least minimal food and relief commodities needed is a significant factor in the establishment of a broad base of popular support for the current RLG in maintaining its independence, and assuring general political stability for the country.

Assistance for these refugees, particularly for those hill tribesmen and their families who are located in contested mountainous areas of northern Laos and serve as paramilitary forces, is essential. These forces augment the regular troops of the FAR and provide an effective screen against infiltration by the P.L. They patrol the mountains of Xieng Khoung, Sam Neua and Houa Khong Provinces and man strong points

UNCLASSIFIED

BEST AVAILABLE COPY

of resistance along key infiltration routes to urban areas and the Vientiane Plain. They usually occupy land that will only partially support them and which is inaccessible, in most cases, except by air drop or through the use of rotary wing and STOL aircraft; thus, they must be supplied and supported by air.

II. PROJECT GOALS

The Refugee Relief and Resettlement Project is not only a humanitarian effort; it also contributes to political and social stability within the country, clearly demonstrates the concern of the RLG and the free world for the victims of communist aggression, and fosters the development of political institutions which strengthen ties between the government and its people.

The Project assists the Royal Laos Government: (1) to provide relief and assistance to groups uprooted by war and temporarily unable to care for themselves, and (2) when possible, to relocate refugee groups to more secure areas where they can eventually become self-sufficient. Where feasible, the resettlement operations are combined with development programs of USAID and the RLG so that the resettled people become not merely self-sufficient but with assistance through irrigation, modern methods of diversified agriculture, training and improved facilities, able to overcome the physical, social and cultural barriers to economic advancement in Laos and become positive assets to their national economy.

III. GENERAL PLAN OF ACTION

The Refugee Relief and Resettlement program is designed to deal with the constantly fluctuating refugee burden. The number of refugees in need of assistance at any particular time is almost totally dependent on military events. This fact is illustrated in the attached chart "Displaced Population Due to Enemy Action 1964-69". For purposes of administration and to facilitatedmovement and accounting of supplies and support commodities, the program is divided into four categories of assistance. These are:

A. Relief Assistance:

1. Full Relief - This is assistance provided to people who are in immediate need of food, clothing and other supplies because they out of their homes by advancing communists. They are labeled as "refugees — full relief."

BEST AVAILABLE COPY

2. Partial Relief - This is assistance generally provided to former "refugees--full relief", who have located in new, often remote areas, and have managed to become partially self-sufficient with minimal assistance or supervision from the Refugee Relief Branch. At various times of the year, these people run short of clothing, rice, salt, or other commodities and require limited assistance. This also may be assistance provided to new refugees who from the outset are partially self-sufficient.

B. Relocation Assistance:

This is assistance generally given to former refugees, "full or partial relief", who move, or have been moved, to new areas. The relocation usually occurs after a unilateral decision by a particular group of people to move because of poor security in the area they currently occupy. The movement may also result from a decision by constituted authority to move the group for strategic reasons. These people generally prefer to live in upland areas and ultimately desire to return to their former homes. However, they are actively encouraged to live in the new areas on a permanent basis.

Relocated Refugees
~~Relocatees~~ generally are partially self-sufficient and receive foodstuffs, clothing and other commodities to supplement what they can produce for themselves. In addition, the Refugee Relief Branch provides some technical agricultural and other assistance and supplies to bring these people to full self-sufficiency. Improved rice seed varieties; chickens, pigs, ducks; carpentry tools, etc., are provided to induce these people to remain in the area even after hostilities have ceased.

C. Assistance to Paramilitary and Their Dependents:

This is assistance provided to the "hard-core" tribal military forces and their dependents. The rice this group manages to plant is usually subject to being burned or stolen by enemy forces. The Refugee Relief Branch has provided these people with food and other supplementary assistance, as needed, on a continuing basis. (Funding for food and air transportation thereof is financed by DOD, beginning in FY 1969) (See FY 1970 Country Field Submission.)

D. Resettlement Assistance:

This is assistance given to former "refugees--full or partial relief", who have agreed to permanently resettle in areas provided for them by the Lao Government. Resettlement locations are selected on the basis of their economic, political and strategic value. The settlers are placed on these locations in accordance with existing RLG laws on land tenure. They are given temporary cultivation permits and upon meeting the minimum improvement requirements under the law, they will receive title to the land. The selection of resettlement sites has been coordinated with other development projects supported by USAID. Sites selected are areas with lowland paddy rice potential, and areas generally adjacent to "farm to market" roads, and which a gravity flow or pump-type irrigation system is either under construction or being examined for feasibility. The areas offer greater opportunities for economic viability than lands upon which relocatees are placed. Resettlers receive the same kinds of assistance as "relocatees" plus assistance in establishing a basic social and economic infrastructure--schools, wells, dispensaries, and the like. Emphasis is also placed on training, improved agricultural methods, diversification of crops, marketing and cooperatives.

IV. SCOPE AND THRUST OF THE PROGRAM

The Refugee Relief and Resettlement Program for FY 1970-71 will continue as in past years to be oriented toward security, political and stabilization objectives. During FY 1971 it is expected that most of the refugee activity will continue to be in the hills of Northern Laos and will be overwhelmingly drawn from the ethnic minority hill tribes. These people will be largely growers of slash and burn hill rice and difficult to resettle on more productive paddy lands. Although most of the refugees will continue to be hill tribesmen, a substantial number is expected to be lowland Lao who are traditional paddy farmers. It is primarily toward this group of refugees that the resettlement program is directed. These lowland Lao, possibly 8-12,000 in number, will require permanent resettlement on paddy land. They can become producers of surplus rice and other crops more quickly than hill tribesmen and are potential beneficiaries of planned small-scale irrigation systems, land distribution programs, training courses, and the like.

The numbers of refugees for FY 1967-1968 remained relatively stable. In FY 69, as indicated in attached Table 1, there was a significant increase in the number of refugees. This resulted from the combined P.L.-Viet Minh offensives which began during the rainy season of FY 69 and have continued to date. Some reduction is expected in the number of refugees during the present rainy season (early FY 70) on the assumption that the offensive action by the enemy will be reduced. (See Table 1.)

Table 2 (attached) established the estimated maximum parameters of the refugee problem. The table evaluates the number of refugees that would require assistance if the main RLG bastions in the northern province were seized by the P.L., and the villagers and paramilitary were faced with having to evacuate their positions.

V. UTILIZATION OF PL 480, TITLE II COMMODITIES

PL 480 Title II foods, and cotton cloth although covered in separate PROPS are included as an "input" in the Refugee Relief and Resettlement PROP. The foods, and the cloth after fabrication into finished items, are supplied to refugees receiving full or partial assistance, and while being "relocated" or resettled.

A. Food:

During the obligation span some 24,540 M.T., of Title II foods have been, or it is estimated will be, provided for refugees. The CCC cost of food delivered in Laos (estimated) is $4,544,000. Current Title II food utilization includes only corn meal and vegetable oil, both of which are distributed almost entirely by air drop or air-land to the refugees living in the contested areas of northern Laos. Looking to the future, accelerated efforts will be made to utilize additional Title II food resources to extent feasible to offset local purchases.

B. Cotton:

During the obligation period some 2,334,000 meters of Title II cloth have been, or will be provided for refugees. The CCC cost delivered in Laos is about $1,510,000 - (estimated).

The PL 480 Title II cotton cloth project is relatively new, the first cloth arriving in Laos during FY 69. Under this project several hundred refugee women are gainfully employed being paid on a piece work basis for making skirts, blouses, pants, shirts, and towels, etc. Some women receive group training, some are provided with sewing machines to which they acquire ownership on a time purchase plan. After manufacture, the finished cotton products are distributed by USAID/RLG to needy refugees along with other basic commodities. Although this is a modest project it has offset substantial offshore purchases of cotton products and is simultaneously encouraging a new "home industry" that is designed to assist in alleviating the need for assistance to refugees.

VI. COST REDUCTION AND OTHER FACTORS

In FY 69 significant progress was made in the shift from rice procured from Thailand to the purchase of local rice available in certain rice surplus areas of Laos.

More emphasis will be placed on assistance to refugee hill people to increase rice production in remote and inaccessible areas. Local procurement and stockpiling of surplus rice in these areas significantly reduces the requirement for air transportation or air drops and provides a marked reduction in the overall cost of refugee relief to the USAID program.

Also, the rice drop system will be examined with a view toward improved bagging methods and utilization of U.S.-procured plastic sacks in preference to local jute variety. The utilization of aircraft in the drop program will be examined to increase efficiency in the scheduling of the aircraft.

A small amount of funds ($10,000) are programmed as consultant fees for evaluation and testing. It is anticipated that improved operation efficiency and reduction of rice losses due to improved operational methods will provide savings that will greatly offset the cost of this project.

In FY 70-71, as in the past, USAID Refugee Relief Branch will continue to work closely with its counterpart organization, the RLG Ministry of Social Welfare. Again in FY 70, six participants will be authorized three months' training with the Thailand Director of Public Welfare in order to further improve their level of competence as Ministry of Social Welfare junior functionaries.

GODLEY

Attachments:
Table 1
Table 2

TABLE 1

ASSISTANCE TO REFUGEES
(USAID Financed)

Category	FY 1969 Number Rec'g. Assist. 1/	FY 1969 Number Rec'g. Food 1/	FY 1970 Number Rec'g. Assist. 2/	FY 1970 Number Rec'g. Food 2/	FY 1971 Number Rec'g. Assist. 2/	FY 1971 Number Rec'g. Food 2/
1. Full Relief Assist.	82,000	82,000	70,000	70,000	70,000	70,000
2. Partial Assist.	20,000	11,300	25,000	12,000	25,000	12,000
3. Resettlement Assist.	8,000	5,000	8,000	5,000	5,000	5,000
Total	110,000	98,300	103,000	87,000	103,000	87,000

1/ Actual numbers as of June 1969
2/ Figures are averages based on anticipated monthly fluctuations.

RELIEF ASSISTANCE
(USAID Financed)

	Total Receiving Food [illegible] June 1969	Less Those Est. To Attain Self-Sufficiency By Harvest November 1969	Plus Est. New Arrivals Through FY 1970	Estimated Average FY 1970
Ban Houei Sai	9,000	4,000	5,000	10,000
Saynaboury	1,300	1,300	500	500
Luang Prabang	9,000	4,000	5,000	10,000
Xieng Khouang/Sam Neua	70,000	35,000	20,000	55,000
Vientiane/Xorikane	1,000	500	1,000	1,500
Thakhet/Savannakhet	500	500	500	500
Pakse	7,500	3,000	5,000	9,500
Total	98,300	48,300	37,000	87,000

BEST AVAILABLE COPY

TABLE 2

In the event of a sustained all-out offensive by the Pathet Lao and North Vietnamese, the refugee problem within the country could possibly, and would probably, reach the following proportions:

	Region	Number
1.	Xieng Khouang-Vientiane area	200,000-250,000
2.	Houa Khong	10,000
3.	Luang Prabang and Sayaboury	27,000
4.	Borikhane and Thakhek	5,000
5.	Savannakhet, Sedone area	30,000

Estimated 272,000 to 300,000 refugees.

RUSHING

AIRGRAM

DEPARTMENT OF STATE

UNCLASSIFIED

CLASSIFICATION

For each address check one ACTION | INFO

DATE REC'D.

6

DISTRIBUTION

ACTION

INFO.

TO - AID/W TOAID A 7[illegible] X

DATE SENT 9/2/69

FROM - VIENTIANE

10 p.

SUBJECT - Refugee Relief and Resettlement Project

4390063004301

REFERENCE - M.O. 1025.1

NON-CAPITAL PROJECT PAPER (PROP)

Country: Laos Project No. 469-11-820-063

Submission Date: ____ Original: X Revision No. ____

Project Title: Refugee Relief and Resettlement

U.S. Obligation Span: Undetermined, estimated through FY 1973

Gross life of project financial requirement: Undetermined ($000)

U.S. Dollars (FY 1969 through FY 1973)	$10,300
U.S.-owned or controlled local currency. . . . (450 million Kip at the cost of 240.1)	1,875
Cooperating country cash contribution	-
PL 480 Title II "inputs" using Title II Funding	
Refugee Food - 24,540 M.T. PL 480 Title II commodities	4,544 *
Refugee Cotton - 2,334,300 meters Cotton Cloth	1,51[illegible] *
Total U.S. Government Dollar Input.	$1[illegible]
Other Donor: 5,000 M.T. French rice (from French popular subscription).	600 *
GRAND TOTAL	$1[illegible]

* Estimated cost delivered in Laos

ATTACHMENT: Displaced Population Due to Enemy Action [illegible]

PAGE 1 OF 10 PAGES

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
MWBrady:bms	RR&R/RDD	2242		Charles A. Mann, Director

AID AND OTHER CLEARANCES

RDD:JWMacQueen

OP:JRRoberts

CON:CCChristian

DIST: OD/DD CON-3

RDD

CON

OP (2)

UNCLASSIFIED

CLASSIFICATION

AID-5-39 (11-65) (Do not type below this line) PRINTED 3-64

BEST AVAILABLE COPY

I. SUMMARY DESCRIPTION

Justification for the Project: The Refugee Relief and Resettlement Project continues to be a large-scale emergency effort required because of recurring and persistent military and political instability in the Laos countryside. Each year thousands of new refugees are displaced in Laos. Other groups are displaced time and again due to the P.L. (usually reinforced by the Viet Minh) attacks or harassment in marginal areas, particularly in the northern reaches of Xieng Khouang, Sam Neua, Luang Prabang, and Houa Khong Provinces. Presently, of a total of over 260,000 refugees, approximately 230,000 are in the north, largely Meo hill tribe people (130,000) but with a sizeable group of Lao (60,000) and other ethnic groups, including Lao Theung, Yao, Thai Dam and Lu. The balance of 30,000 are in the central and southern regions of Laos and include Lao, Lao Theung, and Mon Khmer (Kha) and a few Meo. Khammoune Province has approximately 7,000 Lao and Lao Theung.

In the Pakse Region (the six southernmost Provinces), there are currently 20,000 refugees, mostly Mon Khmer mountain people who were displaced by the recent enemy offensives in Thateng, Paksong and the area in and around the besieged towns of Saravane and Attopeu. Of the total 260,000 refugees in Laos, 170,000 receive some degree of assistance in Laos --- food, clothing, tools, the minimal requirement of household and bedding items, school and health services.

Refugees in Laos represent approximately 10 percent of the total population and the efforts of the RLG and USAID to provide at least minimal food and relief commodities needed is a significant factor in the establishment of a broad base of popular support for the current RLG in maintaining its independence, and assuring general political stability for the country.

Assistance for these refugees, particularly for those hill tribesmen and their families who are located in contested mountainous areas of northern Laos and serve as paramilitary forces, is essential. These forces augment the regular troops of the FAR and provide an effective screen against infiltration by the P.L. They patrol the mountains of Xieng Khoung, Sam Neua and Houa Khong Provinces and man strong points

UNCLASSIFIED

BEST AVAILABLE COPY

of resistance along key infiltration routes to urban areas and the Vientiane Plain. They usually occupy land that will only partially support them and which is inaccessible, in most cases, except by air drop or through the use of rotary wing and STOL aircraft; thus, they must be supplied and supported by air.

II. PROJECT GOALS

The Refugee Relief and Resettlement Project is not only a humanitarian effort; it also contributes to political and social stability within the country, clearly demonstrates the concern of the RLG and the free world for the victims of communist aggression, and fosters the development of political institutions which strengthen ties between the government and its people.

The Project assists the Royal Laos Government: (1) to provide relief and assistance to groups uprooted by war and temporarily unable to care for themselves, and (2) when possible, to relocate refugee groups to more secure areas where they can eventually become self-sufficient. Where feasible, the resettlement operations are combined with development programs of USAID and the RLG so that the resettled people become not merely self-sufficient but with assistance through irrigation, modern methods of diversified agriculture, training and improved facilities, able to overcome the physical, social and cultural barriers to economic advancement in Laos and become positive assets to their national economy.

III. GENERAL PLAN OF ACTION

The Refugee Relief and Resettlement program is designed to deal with the constantly fluctuating refugee burden. The number of refugees in need of assistance at any particular time is almost totally dependent on military events. This fact is illustrated in the attached chart "Displaced Population Due to Enemy Action 1964-69". For purposes of administration and to facilitatedmovement and accounting of supplies and support commodities, the program is divided into four categories of assistance. These are:

A. Relief Assistance:

1. Full Relief - This is assistance provided to people who are in immediate need of food, clothing and other supplies because they out of their homes by advancing communists. They are labeled as "refugees — full relief."

BEST AVAILABLE COPY

2. Partial Relief - This is assistance generally provided to former "refugees--full relief", who have located in new, often remote areas, and have managed to become partially self-sufficient with minimal assistance or supervision from the Refugee Relief Branch. At various times of the year, these people run short of clothing, rice, salt, or other commodities and require limited assistance. This also may be assistance provided to new refugees who from the outset are partially self-sufficient.

B. Relocation Assistance:

This is assistance generally given to former refugees, "full or partial relief", who move, or have been moved, to new areas. The relocation usually occurs after a unilateral decision by a particular group of people to move because of poor security in the area they currently occupy. The movement may also result from a decision by constituted authority to move the group for strategic reasons. These people generally prefer to live in upland areas and ultimately desire to return to their former homes. However, they are actively encouraged to live in the new areas on a permanent basis.

Relocated Refugees
~~Relocatees~~ generally are partially self-sufficient and receive foodstuffs, clothing and other commodities to supplement what they can produce for themselves. In addition, the Refugee Relief Branch provides some technical agricultural and other assistance and supplies to bring these people to full self-sufficiency. Improved rice seed varieties; chickens, pigs, ducks; carpentry tools, etc., are provided to induce these people to remain in the area even after hostilities have ceased.

C. Assistance to Paramilitary and Their Dependents:

This is assistance provided to the "hard-core" tribal military forces and their dependents. The rice this group manages to plant is usually subject to being burned or stolen by enemy forces. The Refugee Relief Branch has provided these people with food and other supplementary assistance, as needed, on a continuing basis. (Funding for food and air transportation thereof is financed by DOD, beginning in FY 1969) (See FY 1970 Country Field Submission.)

D. Resettlement Assistance:

This is assistance given to former "refugees--full or partial relief", who have agreed to permanently resettle in areas provided for them by the Lao Government. Resettlement locations are selected on the basis of their economic, political and strategic value. The settlers are placed on these locations in accordance with existing RLG laws on land tenure. They are given temporary cultivation permits and upon meeting the minimum improvement requirements under the law, they will receive title to the land. The selection of resettlement sites has been coordinated with other development projects supported by USAID. Sites selected are areas with lowland paddy rice potential, and areas generally adjacent to "farm to market" roads, and which a gravity flow or pump-type irrigation system is either under construction or being examined for feasibility. The areas offer greater opportunities for economic viability than lands upon which relocatees are placed. Resettlers receive the same kinds of assistance as "relocatees" plus assistance in establishing a basic social and economic infrastructure--schools, wells, dispensaries, and the like. Emphasis is also placed on training, improved agricultural methods, diversification of crops, marketing and cooperatives.

IV. SCOPE AND THRUST OF THE PROGRAM

The Refugee Relief and Resettlement Program for FY 1970-71 will continue as in past years to be oriented toward security, political and stabilization objectives. During FY 1971 it is expected that most of the refugee activity will continue to be in the hills of Northern Laos and will be overwhelmingly drawn from the ethnic minority hill tribes. These people will be largely growers of slash and burn hill rice and difficult to resettle on more productive paddy lands. Although most of the refugees will continue to be hill tribesmen, a substantial number is expected to be lowland Lao who are traditional paddy farmers. It is primarily toward this group of refugees that the resettlement program is directed. These lowland Lao, possibly 8-12,000 in number, will require permanent resettlement on paddy land. They can become producers of surplus rice and other crops more quickly than hill tribesmen and are potential beneficiaries of planned small-scale irrigation systems, land distribution programs, training courses, and the like.

The numbers of refugees for FY 1967-1968 remained relatively stable. In FY 69, as indicated in attached Table 1, there was a significant increase in the number of refugees. This resulted from the combined P.L.-Viet Minh offensives which began during the rainy season of FY 69 and have continued to date. Some reduction is expected in the number of refugees during the present rainy season (early FY 70) on the assumption that the offensive action by the enemy will be reduced. (See Table 1.)

Table 2 (attached) established the estimated maximum parameters of the refugee problem. The table evaluates the number of refugees that would require assistance if the main RLG bastions in the northern province were seized by the P.L., and the villagers and paramilitary were faced with having to evacuate their positions.

V. UTILIZATION OF PL 480, TITLE II COMMODITIES

PL 480 Title II foods, and cotton cloth although covered in separate PROPS are included as an "input" in the Refugee Relief and Resettlement PROP. The foods, and the cloth after fabrication into finished items, are supplied to refugees receiving full or partial assistance, and while being "relocated" or resettled.

A. Food:

During the obligation span some 24,540 M.T., of Title II foods have been, or it is estimated will be, provided for refugees. The CCC cost of food delivered in Laos (estimated) is $4,544,000. Current Title II food utilization includes only corn meal and vegetable oil, both of which are distributed almost entirely by air drop or air-land to the refugees living in the contested areas of northern Laos. Looking to the future, accelerated efforts will be made to utilize additional Title II food resources to extent feasible to offset local purchases.

B. Cotton:

During the obligation period some 2,334,000 meters of Title II cloth have been, or will be provided for refugees. The CCC cost delivered in Laos is about $1,510,000 - (estimated).

The PL 480 Title II cotton cloth project is relatively new, the first cloth arriving in Laos during FY 69. Under this project several hundred refugee women are gainfully employed being paid on a piece work basis for making skirts, blouses, pants, shirts, and towels, etc. Some women receive group training, some are provided with sewing machines to which they acquire ownership on a time purchase plan. After manufacture, the finished cotton products are distributed by USAID/RLG to needy refugees along with other basic commodities. Although this is a modest project it has offset substantial offshore purchases of cotton products and is simultaneously encouraging a new "home industry" that is designed to assist in alleviating the need for assistance to refugees.

VI. COST REDUCTION AND OTHER FACTORS

In FY 69 significant progress was made in the shift from rice procured from Thailand to the purchase of local rice available in certain rice surplus areas of Laos.

More emphasis will be placed on assistance to refugee hill people to increase rice production in remote and inaccessible areas. Local procurement and stockpiling of surplus rice in these areas significantly reduces the requirement for air transportation or air drops and provides a marked reduction in the overall cost of refugee relief to the USAID program.

Also, the rice drop system will be examined with a view toward improved bagging methods and utilization of U.S.-procured plastic sacks in preference to local jute variety. The utilization of aircraft in the drop program will be examined to increase efficiency in the scheduling of the aircraft.

A small amount of funds ($10,000) are programmed as consultant fees for evaluation and testing. It is anticipated that improved operation efficiency and reduction of rice losses due to improved operational methods will provide savings that will greatly offset the cost of this project.

In FY 70-71, as in the past, USAID Refugee Relief Branch will continue to work closely with its counterpart organization, the RLG Ministry of Social Welfare. Again in FY 70, six participants will be authorized three months' training with the Thailand Director of Public Welfare in order to further improve their level of competence as Ministry of Social Welfare junior functionaries.

GODLEY

Attachments:
Table 1
Table 2

TABLE 1

ASSISTANCE TO REFUGEES
(USAID Financed)

Category	FY 1969 Number Rec'g. Assist. 1/	FY 1969 Number Rec'g. Food 1/	FY 1970 Number Rec'g. Assist. 2/	FY 1970 Number Rec'g. Food 2/	FY 1971 Number Rec'g. Assist. 2/	FY 1971 Number Rec'g. Food 2/
1. Full Relief Assist.	82,000	82,000	70,000	70,000	70,000	70,000
2. Partial Assist.	20,000	11,000	25,000	12,000	25,000	12,000
3. Resettlement Assist.	8,000	5,000	8,000	5,000	5,000	5,000
Total	110,000	98,000	103,000	87,000	103,000	87,000

1/ Actual numbers as of June 1969
2/ Figures are averages based on anticipated monthly fluctuations.

RELIEF ASSISTANCE
(USAID Financed)

	Total Receiving Food [illegible] June 1969	Less Those Est. To Attain Self-Sufficiency By Harvest November 1969	Plus Est. New Arrivals Through FY 1970	Estimated Average FY 1970
Ban Houei Sai	9,000	4,000	5,000	10,000
Saynboury	1,300	1,300	500	500
Luang Prabang	9,000	4,000	5,000	10,000
Xieng Khouang/Sam Neua	70,000	35,000	20,000	55,000
Vientiane/Xorikane	1,000	500	1,000	1,500
Thakhet/Savannakhet	500	500	500	500
Pakse	7,500	3,000	5,000	9,500
Total	98,300	48,300	37,000	87,000

BEST AVAILABLE COPY

TABLE 2

In the event of a sustained all-out offensive by the Pathet Lao and North Vietnamese, the refugee problem within the country could possibly, and would probably, reach the following proportions:

	Region	Number
1.	Xieng Khouang-Vientiane area	200,000-250,000
2.	Houa Khong	10,000
3.	Luang Prabang and Sayaboury	27,000
4.	Borikhane and Thakhek	5,000
5.	Savannakhet, Sedone area	30,000

Estimated 272,000 to 300,000 refugees.

RUSHING

US AID MISSION TO LAOS
MANUAL ORDER

SUBJECT: USAID and ADO Policy on Support of Paddy Prices in the Vientiane Plain

NUMBER: LAO- 1414.2

AMENDMENT:

SUPERSEDES:

REVIEW OFFICE: OP

DATE EFFECTIVE: Oct. 14, 1969

I. PURPOSE

The purpose of this Order is to define the function of ADO in assuring a fair market for paddy rice in the Vientiane Plain area.

II. BACKGROUND

A. Because of certain market imperfections and the general underdeveloped state of middlemen links between farm and market in Laos, farmers who respond to new technologies offered them and produce rice for sale have frequently been unable to market their surpluses at a fair return. To the extent a farmer finds he either cannot market his rice or must take a loss at marketing time, he is discouraged from further attempts to produce more than his subsistence needs.

B. In order to assure farmers in the priority area of the Vientiane Plain a market for their rice and to insure them against loss because of possible sudden decreases in the price of paddy rice, it has been determined that ADO will intervene in the paddy market in order to stabilize prices and thereby help to create or sustain the incentive for increased production.

III. POLICY

A. In the interest of maintaining adequate inducements to Vientiane Plain farmers to grow rice in coming years, the Co-Directors of ADO will set a floor price for paddy from Vientiane Plain farms by standing ready to buy <u>all</u> rice farmers are willing to sell at the floor price. USAID will be prepared to buy milled rice from Vientiane mills to the extent necessary to ensure a market for the paddy rice ADO buys in carrying out its support-price policy (see M.O. LAO-1414.1, Local Procurement of Project Rice).

DISTRIBUTION: D & F

B. The floor price for paddy will be calculated to give farmers an adequate inducement to buy and use fertilizer to increase rice production (i.e., should be set in relation to ADO's selling price for fertilizer). It will be flexible enough to take into account area differences in production, transport costs, etc., but will, in general, aim toward or slightly above the breakeven point for the farmer of average efficiency who makes use of fertilizer. This should make it possible for private paddy purchasers to profitably outbid ADO at least in areas of ready access.

C. USAID and ADO will make an early public announcement of the policy of ensuring a market for rice grown in the Vientiane Plain at a fair price in order to stimulate farmers to use fertilizer in the present wet season.

D. USAID and ADO will develop an operational plan to ensure the availability of transport, storage space, and buying-agent services to buy, collect, and bring to mill the maximum amount of paddy supplied by Vientiane Plain farmers likely to be available under the best conditions, i.e., 20,000 M/T, and USAID should allow in its project rice purchases for the milled equivalent of that amount of rice, viz., 12,000 M/T, recognizing that this is a maximum target, part of which will, in all probability, have to be supplied in fact from Thailand.

E. ADO will dispose of its rice purchases in whatever manner it finds profitable. It is anticipated, however, that it will either sell milled rice under contract to USAID or sell paddy directly to Vientiane millers who in turn will be able to bid for USAID rice contracts. To the extent that ADO is unable to obtain from millers a price for its paddy equivalent to that which it paid to farmers, USAID will start ready to re-capitalize ADO for its loss. The amount of reimbursement required will represent the cost of the paddy price support program; it will simultaneously give a measure of the inducement required by Vientiane millers to buy and mill Lao rice.

F. As they deal in the rice market in Vientiane, USAID and ADO will seek to strengthen the capability of the private market elements -- the village cooperatives, the private rice buyers, the private truckers, private warehouses, the private rice mills, and the commercial banks (who may be called upon to finance rice inventories) by helping establish them in the business of marketing rice with, however, due regard for encouraging and maintaining competition at each stage of the marketing operation and for ensuring the minimum support price to the farmer for paddy.

Charles A. Mann
Director

AC/Xieng Khouang/Buell

OFFICE MEMORANDUM

October 16, 1969

TO : SEE DISTRIBUTION

FROM : Leroy H. Rasmussen, Chief, Agriculture Division

SUBJECT : 1969 Wet Season Rice Production in Vientiane, Borikhane and Xieng Khouang Provinces

Attached estimated computation on hectarage planted to lowland and upland rice and production estimate during 1969 wet season cropping.

The estimated increase in production in the Vientiane plain this year over that of 1968 is very low inspite of increased amounts of fertilizer and insecticides used plus the fairly adequate rainful during the growing season. This is principally attributed to the recent flood that destroyed or reduced the rice crop in the Sayfong and Thadeua area and affected the yields in areas where the rice plants were submerged for a few days but not completely damaged. The army worm infestation which followed the flood was also one of the contributing factors in the reduction of yields.

Marked decrease in yield per hectare in the Xieng Khouang Province is blamed upon continuous use of same lands on the hillsides. There are far too many people attempting to farm on the limited hectarage available, especially for rice production.

AGR:FOValera:JAUrano:phuse:10/16/69

DISTRIBUTION:

OD/DD
AD/FO
OP/Ramsay
OEA/Woolley
OEA/Martin
Laubis
Scott
Babb
Bell
Shimasaki
Brown/IER
Howe
AC/Vientiane
AC/Xieng Khouang
Tiao Somsavath Vongkoth
Oroth Choulamountry
Boun Nong Sipha
Souphanh Savady
CDAA/Vang Vieng
CDAA/Phone Hong
CDAA/Thadeua
A/CDAA/Borikhane
CDA/Ban Keun
Walker/Burec/Bangkok
AGR File-2
C&R-2

RICE PRODUCTION, VIENTIANE, BORIKHANE & XIENG KHOUANG

1969 WET SEASON CROPPING

PROVINCE - MUONGS	LOWLAND (PADDY)				UPLAND (HAI)			
	Area Planted HA	% Increase Over 1968	Estimated Production Tons	% Increase Over 1968	Area Planted HA	% Increase Over 1968	Estimated Production Tons	% Increase Over 1968
Vientiane								
1. Sayfong & Thadeua	5,000 *		6,000		63		50	
2. Teurakhom	2,400 **		2,400		1,000		800	
3. Phanthaboun	1,500 **		2,100		1,300		1,040	
4. Phone Hong	1,550		1,860		1,600		1,260	
5. Nasaythong	5,300		7,950		2,800		2,240	
6. Saythany	3,500 **		4,200		2,200		1,760	
7. Vang Vieng	4,500		6,750		2,000		1,600	
8. Vientiane	4,500 **		5,850		10		8	
9. Sanakham	600		720		1,800		1,440	
	28,850	+ 2.3	37,830	+ 1.0	12,773	+ 20.5	10,198	+ 25.9
Borikhane								
1. Borikhane	1,200		1,200		850		680	
2. Paksane	1,600		1,980		75		60	
3. Pakshae	1,300		1,300		2,200		1,980	
4. Phonesane	1,400		1,680		900		720	
	5,500	+ 7.8	6,160	+ 26.7	4,025	+ 9.4	3,440	+ 17.0
Xieng Khouang								
1. Muong Khoun	141		183		2,000		1,800	
2. Muong Kham	410		533		2,500		2,250	
3. Muong Mek	370		481		1,800		1,620	
4. Muong Mok								
5. Muong Meo	380		494		6,500		5,850	
	1,301	+ 13.1	1,691	+ 5.6	12,800	+ 9.3	11,520	+ 4.7

* Approximately 1,000 hectares completely damaged by flood.

** Fields flooded but not completely damaged.

AGR:FCValera:phuoc:10/15/69

STATEMENT OF

LORING A. WAGGONER

COMMUNITY DEVELOPMENT AREA ADVISOR

FOR THE U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT

IN THE NORTH NAM NGUM AREA OF THE

PROVINCE OF VIENTIANE, LAOS

BEFORE THE

SUBCOMMITTEE ON UNITED STATES SECURITY

AGREEMENTS AND COMMITMENTS ABROAD

OF THE SENATE FOREIGN RELATIONS COMMITTEE

20 OCTOBER 1969

The United States Agency for International Development program in Laos has always stressed that the aid would be temporary and would last only until villagers and government officials could make decisions and solve problems on their own. Our grass roots development policy has succeeded in making villagers aware of their problems, country and government. Our hope that government officials would absorb some of our suggestions on economic change has also been realized. We find, however, that many Lao Government officials due to the traditional Lao authoritarian system have continued to resist the notion that with economic change must come host government social and political change.

The United States Agency for International Development program in the North Nam Ngum area began in 1963. It was originally confined to an area of nine villages; this development zone was termed a cluster. The cluster concept was initiated as a concentration of USAID economic inputs in small areas which had a large population with the hope that the demonstrated impact of such a concentrated program would encourage villagers in surrounding areas to follow the examples of new farming methods, livestock growing and village decision making which were practiced in the cluster zone. USAID advisory support to the cluster program was provided in that several IVS agriculturalists were stationed in the area and a USAID advisor visited quite frequently but did not reside at the cluster site.

Approximately 4,000 villagers resided in the original Phone Hong cluster zone, situated 82 kilometers north of the administrative capital, Vientiane. The area is one of far reaching flat paddy land comprising the northern section of the Vientiane plain. Its two main rivers are the Nam Lik River to the north and the Nam Ngum River to the east. Ninety-six percent of the villagers of the Phone Hong cluster area were engaged in subsistence farming when the USAID program began.

The USAID program stresses maximum participation on the part of the villagers both economically and physically in what we term Rural Self-Help Projects. That is to say, villagers are encouraged to contribute to their maximum ability a high percentage of the cost and all of the labor of any project being attempted.

Projects designated for the cluster area included access roads, schools, dispensaries, agriculture demonstration plots, livestock programs and offices at the cluster center for RLG (Royal Lao Government) technical services representatives. A cluster council of villagers was formed to designate priorities of projects, and villagers deeded land to themselves for the various facilities recommended by the cluster council. A large emphasis was placed on self-help and villagers agreed to build local facilities if USAID provided the building materials such as cement, tin roofing, wood, nails, hinges and reinforcing rod.

Political loyalties to the Royal Lao Government on the part of the villagers at the outset of the program were dubious. A Pathet Lao political system had been functioning for several years; it was therefore assumed that the contacts made during the Pathet Lao era were still around and could surface at any moment. Despite this fact, however, the cluster program began and succeeded with maximum participation on the part of the villagers.

Several years after its inception, the cluster program in Phone Hong began to experience difficulties. Villagers not included in USAID projects began to resent the cluster villages. The building of a technical division office seven kilometers from the district office irritated the District Chief; many projects were initiated by RLG (Royal Lao Government) technical services without the consent or knowledge of the District Chief.

In 1966, I was assigned to the area as a full-time Community Development Advisor. My role was to counterpart the position of the District Chief, to act as a USAID liaison, to regulate USAID commodities coming into the area for USAID projects, and to advise a district governing committee which would be able to interpret and communicate needs of the villagers, determine natural resources, and if possible to bring about desirable social changes in direct proportion to the economic changes taking place in the area.

Several studies were undertaken at that time to determine the economic status of villages, political attitudes of villagers, historical backgrounds of villages, and the degree to which these factors influenced willingness to adjust to changes or to spark changes on the part of the villagers themselves.

It was found that villagers showed a marked tendency to hoard currency when engaged in purchasing consumer products. They preferred to barter. This was illustrated more clearly at the local marketplace. On any one day approximately 150-200 people were engaged in buying and selling local commodities. The actual currency change taking place during a three-hour period often did not exceed 4,000 Kip or $8. It was estimated, however, that the exchange of commodity-for-commodity value often exceeded 25,000 Kip or $50. This was not due to lack of currency. Studies showed that villagers engaged in the above commercial practices kept in their houses great quantities of currency which they neither invested nor spent. This phenomenon occurred throughout the general area (in spite of newly built access roads which linked the village with marketing points) but was most severe in areas which had security problems. It was eventually recognized that currency circulation paralleled the degree of a village's security situation. This was proven when the Pathet Lao would visit a village and confiscate rice. Market trade and the purchase of consumer products would drop off sharply until security was once again established in the area by the Royal Lao Government Army forces. The cluster area which had received concentrated monetary aid had not changed in this respect either.

The studies of the origins and ages of villages showed that there was a marked relationship between these factors and the degree to which villagers would innovate or accept new technological practices. For example: Older villages (100 years old plus) which had had a consistently good rice harvest with few or no natural disasters had a tendency to be strongly conservative and would manifest this tendency by resisting or refusing any or all suggested new methods for crop improvement, livestock raising, etc. Older villages (100 years old plus) which had had consistent natural disasters or new villages (less than 100 years old) were more willing to participate in rural self-help improvement programs.

The studies of the political attitudes of the villagers revealed that the Lao villager is normally committed to no one but himself, his family and his village. The constant foreign attendance in the Lao nation and the fluctuating security situation for the past 60 years has created an individual who commits himself to no one power structure forever but only temporarily where power is shown. The Lao villager has had a constant flow of temporary powers, and through the years he has learned that any active or obvious commitment on his part could possibly jeopardize the security or lives of his family, friends and village.

In March of 1966 the cluster development zone was expanded to encompass the complete district, comprising 76 villages. The assignment of a new district chief to the area alleviated much of the hostility in

that he was younger, more dynamic and more sympathetic to villagers than his predecessor. Technical services representatives were moved to the district office. The cluster center was converted into a training school for village leadership programs and a Grass Multiplication Center consisting of demonstration plots of new nutritional grasses for livestock consumption was established in cooperation with the Australian Colombo Plan which donated the original seeds and the technical advice needed. This Grass Multiplication Center was established in hopes that Australian grasses could be effectively integrated with native grasses in order to provide a more balanced nutritional food supply for the improvement of local livestock.

The period of June 1966 to February 1968 brought many changes to the overall area. USAID and the Royal Lao Government's strong emphasis on better rice growing methods, fertilization, and the growing of an additional crop of rice during the dry season with the help of irrigation brought many villagers out of subsistent level farming. When it became evident that villagers were able to do more for themselves, USAID commodities for self-help projects were reduced to a bare minimum of the original inputs with villagers taking up the slack. Currency began to be circulated in greater quantities and villagers began to risk their savings on expendable products such as fertilizer and other heretofore untried products. At this time, the rate of currency exchange equalled or exceeded that of barter change. New houses were being built, new crops were being tried and security was excellent throughout the area.

Villagers were becoming aware of their government officials through participating with them on village projects. The villagers began to see that district chiefs were not be be held in awe. In fact, the district chief could be viewed as a servant of the people and not vice versa. Villagers began to question openly the disappearance of village monies collected by RLG officials for village projects. They also began to demand more efficient district officers and all but discarded the traditional fear of government-appointed officials. Better financial status allowed villagers to purchase radios and listen to the government radio stations. This enabled them to hear speeches of deputies who were running for offices in the 1967 elections. Often when political incumbents arrived in villages to ask for votes they no longer found obedient, ignorant or naive constituents. To their great discomfort they found a people who remembered what they had said on the radio and they often had to embellish promises which they may not have intended to honor.

The District Chief found that his office had outgrown him, that villagers were no longer afraid of him, and that many of these villagers had petitioned for his removal because of ineptness and thievery.

Other developments due to the flourishing economic situation in the area bewildered the District Chief and his technical staff. Agriculture agents found that many farmers had tried fertilizers and pesticides on their own and while not being able to explain the results

scientifically, did understand the need for them. Farmers began to ask for more technical advice which the Agriculture agent found that he was unable to give due to lack of technical training. The Lao Government, however, was unable and unprepared to handle this sudden need for training of its local officials.

The construction of the World Bank administered Nam Ngum Dam brought with it a Pandora's box of social and political problems such as resettlement of displaced people from the reservoir area, labor problems, shifting of large population masses to the boom town adjacent to the dam site and its suburbs, excess traffic, poor sanitation practices, and land grabbing by high Vientiane officials. These caused a situation which the local officials could not solve, could not hide, and could not ignore. The Pathet Lao took advantage of this situation, used it for propoganda purposes, and in two instances made armed incursions into the area.

Local official reaction to these problems has been varied. A few Lao government officials have tried to frighten the village back into a submissive state. The villager often reacts by visiting Vientiane to complain to the official's direct supervisor. There are officials suffering from a cultural or situational neurosis manifested by a "do nothing and hope for a transfer" attitude. Some officials are trying to solve the problems but find that their lack of education severely restricts them or they find that in order to get approval or help from higher-ups, they must wait two to three months for a directive from Vientiane. There are indications, however, (such as Prime Minister

Souvanna Phouma's request of the United Nations for help in solving problems caused by the Nam Ngum Dam project) that the Royal Lao Government is realizing that these conflicts must indeed be solved and that Laos alone is not yet able to do so.

Villagers' reaction to the ineptness of their officials is one of unrest. There is increasing awareness on the part of the villager that he has the right to determine his own future and that certain benefits are entitled him under a central government system. This awareness, the freedom to express his views, and an increasingly better financial position have created social and political problems which the traditional central government authorities find difficult to solve without upsetting the balance of large-family power, army strength and the favored few.

The Lao Government officials themselves are painfully struggling to accept the fact that compromises in the form of appeasement are no longer valid. They do not, perhaps, realize to what a high degree USAID programs in Laos have created an atmosphere which demands that the Royal Lao Government implement basic social, civil and political changes.

In summary, aid programs in my area are leading to a requirement that the Government make some social and political adjustments. The natural resistance of the Lao elite, who make up the government, to these needed changes is understandable - but

change it must. We can only hope that social and political adjustments keep pace with the demand created by our program. If not, and if U.S. influence at the highest levels cannot produce it, social and political forces instigated by the very development programs designed to strengthen the present government structure could very possibly have the opposite effect.

BIOGRAPHICAL DATA FOR LORING A. WAGGONER

AGE:	28 (Date of Birth: February 13, 1941)
MARRIED TO:	Ernestine Ann Frederick
CHILDREN:	Two (ages 8 and 2)
EDUCATION:	New Mexico State University University of New Mexico

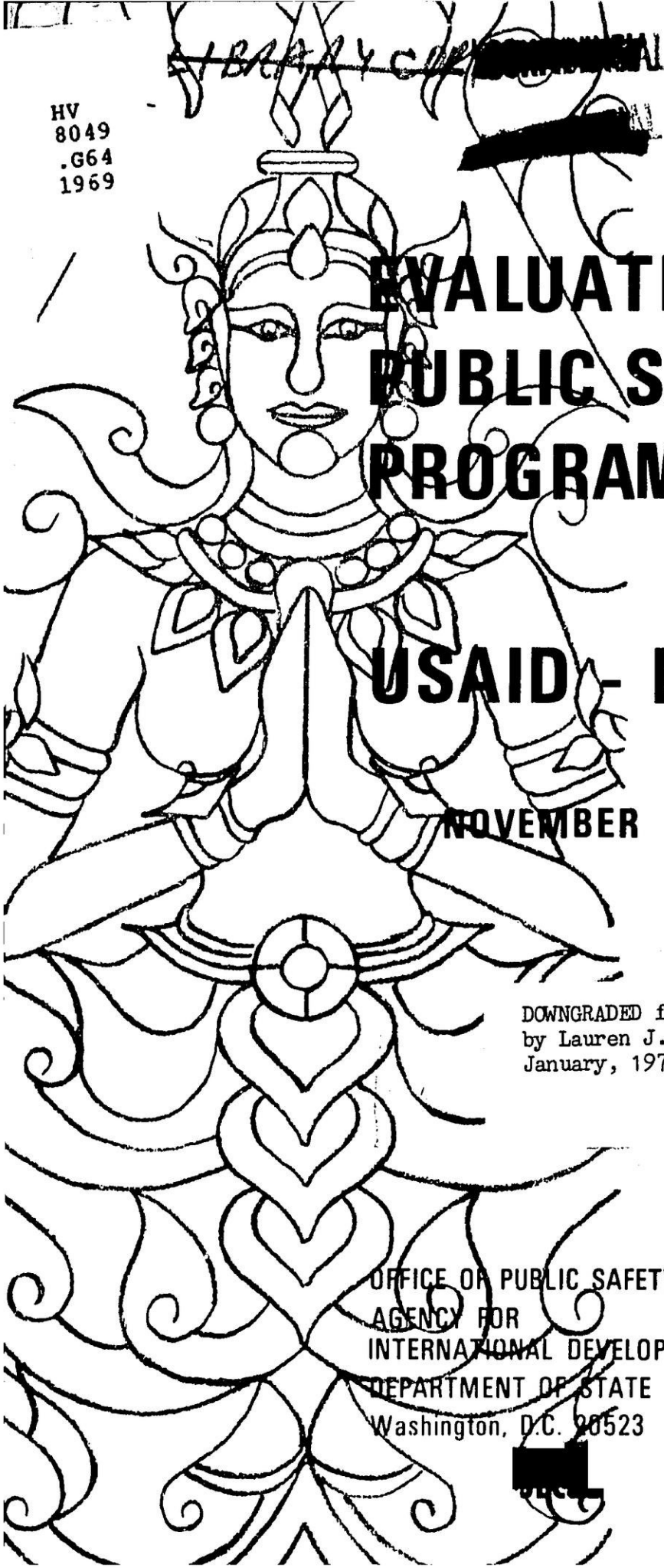
EMPLOYMENT HISTORY

1964 - present:	Agency for International Development
1967 - present:	Community Development Area Advisor, North Nam Ngum Area Vientiane Province, Laos. Also Refugee Relief Officer for Vientiane and Borikhane Provinces and adjacent areas during 1969.
1966:	Community Development Advisor, Phone Hong District, Vientiane Province, Laos.
1964 - 1965:	University of California at Berkeley. Training course in Rural Development in Southeast Asia. Foreign Service Institute, Department of State, Washington, D. C. Training course for Vietnam Provincial Representatives.
1963 - 1964:	University of New Mexico. Community Development Advisor to Rio Arriba county.
1961 - 1963:	Peace Corps Volunteer - Brazil

LIBRARY [redacted]

HV
8049
.G64
1969

PD-ABJ-408
[redacted]
90469



EVALUATION OF THE PUBLIC SAFETY PROGRAM

439-11-710-072
439-11-710-028

USAID - LAOS

DECLASSIFIED PER
William H. Littlewood
Date: 1/14/91
James L. Harper
Director
XA/PI
USAID.

NOVEMBER 1969

DOWNGRADED from SECRET TO CONFIDENTIAL
by Lauren J. Goin, Director, OPS
January, 1975

OFFICE OF PUBLIC SAFETY
AGENCY FOR
INTERNATIONAL DEVELOPMENT
DEPARTMENT OF STATE
Washington, D.C. 20523

[redacted]

A. I. D.
Development Information
Wa. .01

EVALUATION

OF THE

PUBLIC SAFETY PROGRAM

USAID/LAOS

Lauren J. Goin
Charles Leister

OFFICE OF PUBLIC SAFETY
AGENCY FOR INTERNATIONAL DEVELOPMENT
DEPARTMENT OF STATE
WASHINGTON, D.C.

NOVEMBER 1969

CONTENTS

	Page
INTRODUCTION	1
Geography, General Information	2
I. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS	4
II. UNITED STATES INTEREST IN LAOS	6
U.S. Objectives	
III. THE THREAT TO INTERNAL SECURITY	9
IV. THE PUBLIC SAFETY PROGRAM	14
History	14
Program Documentation	14
Program Resources	18
Observations and Conclusions	21
V. THE LAO NATIONAL POLICE	32
The Role of the National Police	32
General Police Organization	33
Police Manpower	37
Urban Police Operations	39
Rural Police Operations	40
Transportation and Mobility	42
Communications	44
Investigations, the Judicial Police	48
Records	49
Training	49
Riot Control	51
VI. LAO MILITARY FORCES	54
U.S. Military Assistance	54
VII. RECOMMENDATIONS	57

CONTENTS (Continued)

Page

ANNEXES

A. Laos – General Information 64
B. Duties, responsibilities and workload of the Public Safety Equipment (Auto) Advisor 67
C. Public Safety Training 68
D. Mission commodity procurement plans through FY 1973 70
E. Abstracts of the Mission's Project Appraisal Report 71
F. Project furnished firearms profile 82
G. Royal Decree No. 375 of December 7, 1965 83
H. Metropolitan Police Organization 88
I. Distribution of police vehicles 89
J. Distribution of police radios 90
K. Crime statistics 94

FIGURES

Figure 1 - Map, PL-RLG areas 10
Figure 2 - Bar chart – U.S. Hire 19
Figure 3 - Bar chart - TCN 20
Figure 4 - Photo – locally constructed police boats 28
Figure 5 - LNP organization chart 34
Figure 6 - Proposed LNP organization chart 36
Figure 7 - Photo – new LNP headquarters 39
Figure 8 - Photo – a typical police post 41
Figure 9 - Photo – police man foxholes in Saravan 42
Figure 10 - Photo – auto center 43
Figure 11 - Map, telecom network 45
Figure 12 - Photo – Communications repair center, Vientiane 47
Figure 13 - Photo – new classroom-dormitory building at the Police Training Center 50
Figure 14 - Photo – the new firing range at the Police Training Center . . 51

INTRODUCTION

At the request of the Director of the U.S. AID Mission, a team from the Office of Public Safety conducted an evaluation of the Mission's Public Safety program. The Team was composed of Mr. Lauren J. Goin, Chief of the Operations Division and Mr. Charles Leister, East Asia Branch of that Division, OPS. Study was undertaken on November 6 and the team departed on November 21 after providing oral briefings as to its findings and recommendations to the USAID Director, the Ambassador and members of their respective staffs.

The purpose of the study was set forth in terms of reference (State 176963 October 17, 1969) as follows:

A. Given the role of the Laos National Police (LNP) under the law and the present circumstances in Laos, the team will identify the police strengths and weaknesses to carry their role, and

B. Will examine the achievements made by the Public Safety program toward program objectives, and the utilization of U.S. and Lao resources by the LNP.

Stated in other words, the team attempted to (1) measure where we are now in our police assistance efforts, using the 1965 Walton-Skuse report[1] as a baseline, and (2) determine where we should be going with U.S. aid in this area. Naturally, such a study must be made against the backdrop of the Lao security situation and the LNP role in assuring internal stability and in the context of other U.S. efforts. Directly affecting the consideration of the charter of aid to be provided the police are such factors as:

A. The present and anticipated North Vietnamese, Pathet Lao and Chinese military actions in Laos, including the influence of what happens as the Vietnam war moves in the direction of disengagement, cease fire or peace.

B. In a general sense, the Royal Lao Government (RLG) ability, with U.S. help to its military forces, to cope with expected military pressures.

C. The appropriate role of the LNP given present and anticipated threats to stability, recognizing the influence of the Lao military forces and the military region

[1] "A Survey of the Laos National Police," Frank Walton, Paul Skuse, 15 May 1965.

"war lords" on one hand and the RLG need for a democratically oriented civil police institution on the other, and finally the most important.

D. The interests of the United States in the survival of Laos.

It also held discussions with the Director General of Police, Controller Lit Lunammachak, with members of his staff and with various field commanders. Extensive discussions were held with the Chief Public Safety Advisor and his staff.

The Team wishes to express appreciation to those who gave freely of their time and assisted the Team greatly in its study. Without their help the study could not have been concluded.

Geography[2]

Laos, the only land-locked country in Southeast Asia, is bordered on the north and northeast by Communist China and North Vietnam, on the south by South Vietnam and Cambodia, and on the west by Thailand and Burma. An elongated country, Laos spans almost 650 miles along its northwest-southeast axis. It is widest across the northern third, where it extends just over 300 miles; in the remainder, the width ranges from 60 to 100 miles. With an area of approximately 91,000 square miles, Laos is about the size of Wisconsin and Indiana combined.

Most of Laos is mountainous or hilly; plains are limited to areas bordering the Mekong River and in scattered upland locations. The mountains and hills are highest and most rugged in the north, where they trend generally northeast-southwest and are characterized by rugged peaks and ridges; deep, steepsided valleys; and numerous small basins. Most peaks in the north range from 4,000 to 7,000 feet in elevation. In the south, the mountains and hills are oriented generally north-south, are discontinuous, and contain peaks ranging from 3,000 to 5,000 feet above sea level.

The Plain of Jars, situated in the rugged highlands about 110 miles north of Vientiane, is mainly gently rolling and grass covered.

Near the southern end of Laos, the Plateau des Bolovens is situated at elevations generally between 3,500 and 4,000 feet. It is a rolling basaltic plateau bordered on the east, south, and west by 1,000 to 3,000 foot high cliffs.

---

[2]Quoted from "Southeast Asia Military Fact Book" AP-210-1-6-69-INT, Defense Intelligence Agency, January, 1969.

Rivers in Laos have a maximum flow during September, and flooding of adjacent low-lying areas occurs at times; they have a minimum flow in March or April. The Mekong generally flows between steep, muddy banks. Its high-water level is normally from 25 to 40 feet above the level during the period of minimum flow. This river is 500 to 800 yards wide upstream from Vientiane but widens to between 800 and 1,200 yards downstream from the capital.

The climate of Laos is monsoonal, with a humid, rainy season from mid-May to mid-September (the southwest monsoon) and a relatively dry season from mid-October to mid-March (the northeast monsoon). Mean annual rainfall varies from 40 to 150 inches, with greatest amounts on the southwestern slopes of the mountains of central Laos. Approximately 70 percent of the annual rainfall occurs during the southwest monsoon and less than 10 percent during the northeast monsoon.

The population of Laos is reported officially as of January 1969 as 2,879,000, but probably is more near the 4 million mark according to experienced observers. For additional details, see Annex A.

I. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The security situation in Laos traditionally see-saws according to the time of the year (wet-dry seasons) and the RLG forces have recently been unusually successful. The Pathet Lao-North Vietnamese forces are counter-attacking in the south as this is written, and it is expected that they will begin their offensive soon to recapture the Plain of Jars.

In the RLG controlled rear areas the Pathet Lao (PL) operated with small guerrilla bands, denying free movement to RLG forces (and U.S. personnel). Countering these elements is the responsibility of the Royal Army Forces (FAR).

The future for Laos seems bleak to the Team -- recognizing that the other side could drive to the Thai border at any time. The question is what will be the Chinese and/or North Vietnamese intentions after a settlement is made of the Vietnamese war.

In any case, the Team sees the police carrying a heavy burden -- and properly so -- during this period.

With regard to the Public Safety Program the Team feels that significant progress has been made since the Walton Survey of 1965 in the area of institutional development of LNP. Relatively, the police have become more professionally able and their capability to carry out their role has improved.

Specifically, the organizational structure of force and some of its administrative procedures have been developed, logistics/supply support services have been vastly improved, capability to perform more effective patrol has been increased, mobility is considerably greater than it was, a country-wide communications system has been put into operation, most of the elements of a training system have been assembled, and the basic steps toward establishment of a modern records and identification system have been taken.

The Team recognized a need for further improvement of the headquarters operation, felt that patrol activities, particularly in Vientiane, were insufficient, and noted the immediate need for technical assistance in the following areas:

1. Training
2. Investigations and management of Judicial Police operations.
3. Records and identification.

The apparent lack of a civil distrubance control capability in LNP was recognized. Leadership in the force is considered weak, with some bright spots in the middle-management levels. Rural patrol has improved, but should be better.

Present program plans call for a continuation of effort toward institutional infrastructure building. These are essential and minor changes in thrust are proposed by the Team.

It is recommended that:

A. Project goals be rephrased.

B. The Program methodology emphasize the shift in the advisor's role from essentially operational to advisory.

C. Third Country Nationals continue to be used to the extent required.

D. Increased emphasis be given to re-training the police force.

E. A concerted effort be made to create a merit system for promotions.

F. Selected commodities be procured to meet emergency needs.

G. Technical assistance be provided for the Judicial Police and the Special Police.

II. U.S. INTERESTS IN LAOS

With regard to the last mentioned factor mentioned in Chapter I, "The Interests of the U.S. in the Survival of Laos", a RAND team, in studying rural programs, commented recently on the "fluidity" of U.S. policy. The RAND study looked back to 1965 when U.S. efforts in the Southeast Asia area were on the upswing and at today when "the extent and durability of the U.S. security commitment to Southeast Asia is now seriously in question."[3] This study went on to paint a bleak picture of the RLG ability to cope with security threats and concluded that "it is now more true than ever that the outcome of the struggle in Laos will not be decided by developments within Laos", and involving the character of settlement that is brought about in the Vietnam war as seen by the North Vietnamese; how the U.S. may be able (politically) to respond to new pressures on the RLG; and whether the U.S. and Soviet Union will perceive a common interest in stabilizing the political situation in Southeast Asia and agree on establishing Laos as a buffer area. Finally, the RAND team sees the next few years as being "one of greater uncertainty than has prevailed in any comparable period in recent Lao history."

The U.S. interest in Laos has been expressed by the USAID in its Country Field Submission along the following lines:

The basic United States interest in Laos is for its continued existence as a neutral and independent state in the face of the Communist threat. In the longer run, U.S. interests lie in strengthening this national entity subsequent to a cessation of hostilities resulting from a negotiated Vietnam settlement.

1. Objectives

A. The maintenance of an independent Laos, neutral and free from external aggression.

B. The establishment of a broad base of popular support for the government, sufficient to assure political stability without undue reliance on the appeal of specific leaders.

---

[3]"Rural Programs in Laos–A Mid-1969 Reassessment (U)", Rand Corporation (Heymann and Downell) AR-464-AID, September 1969 (CONF) page 5.

C. To continue demonstrable impact-type economic and social growth, sufficient to maintain popular support for the Government and to provide the basis for long-term development following the cessation of hostilities.

A recent Comptroller General's report on the USAID[4] expressed U.S. basic interest as:

> "The primary objective of the United States in Laos is the protection of that country's independence and neutrality within the framework of the 1962 Geneva Agreements. The security of the Mekong Valley and the greatest possible restriction of Communist use of Laos for infiltration into South Vietnam and Thailand are basic to this objective."

Asian observers met recently in Singapore to contemplate the immediate fate of Southeast Asia after the Vietnam war ends. According to a news report in the Bangkok Post on November 16,[5] there was a general agreement of view that the North Vietnamese would consider Laos and Cambodia as unfinished business. They concluded that Laos would inevitably fall under the control of the Viet Minh.

According to reports of President Nixon's statements in recent months, during his visit to East Asian countries, and more recently to those attributed to the Laotian Premier Souvanna Phouma during his visit to the U.S. in October, the U.S. continues to have objectives as mentioned above. The question, presently raised by some members of Congress, seems not to be as to methodology and the manner of use of U.S. military aid but questioning whether the U.S. should be giving military aid at all. At this writing, a recent clear policy directive regarding U.S. interests and objectives in Laos has not been forthcoming from the National Security Council, although one is expected as a result of NSSM 51.

The Team does not propose to delve deeply into this complicated policy question per se, but notes that it is a vital one that embraces all of the rest of the East Asian countries and is most directly related to U.S. interests, objectives and commitments in and to Thailand.

In yielding to a temptation to speculate as to the future, the Team sees a bleak prospect for the survival of Laos as a viable national entity. Most assuredly the long range goals for the region held by Communist China and North Vietnam have not changed nor show any signs of doing so. After the Vietnam War ends, it is our estimate that communist adventures will sooner or later have Thailand as a target, with Laos and probably Cambodia falling under their control easily.

---

[4]"Assistance to Laos Administered by the Agency for International Development", Comptroller General of the U.S. (Secret)

[5]"The Turning World" Colin Garratt, The Bangkok Post, Sunday, Nov. 16, 1969.

Laos today does not possess the human resource capability, nor for that matter apparently the will, to go it alone as a democratic country. Its institutions are built on a feudal "war lord" base with the basic interest of the leaders being personal rather than national.

Laos has been able to resist outside military pressures and internal economic and fiscal demands mainly through U.S. help. The U.S. may or may not continue this degree of aid as one part of a new overall policy for Southeast Asia.

In the meantime, whatever can be done to prepare the Lao government to stand alone must be done.

The maintenance of internal stability is essential to meeting present U.S. interests in Laos, as well as elsewhere in the area. The USAID, for example, in its FY 1971 Country Field Submission stated, "foremost consideration in every Mission undertaking in Laos must be security" and a primary element of the Mission strategy is to, "maintain national viability through continued assistance in stability and security oriented activities to the extent required." Consequently, the Team assumes, as does the U.S. Mission according to comments made to the Team, that the present U.S. policy will be sustained, at least in a general sense, and that the police ability to carry its responsibilities effectively is extremely important to meeting U.S. interests.

III. THE THREAT TO INTERNAL SECURITY

Laos' geographic position makes it either a buffer against or a bridge for Communist expansion into the heart of Southeast Asia. Its present status as a netural nation has been guaranteed by the 1962 Geneva Agreements, but North Vietnam has violated the basic provisions of the Agreements from the beginning. At Geneva, North Vietnam agreed to stop interfering in the internal affairs of Laos, to withdraw all military personnel from Laos, to refrain from introducing additional military forces into Laos, and to stop using Laos to interfere in the affairs of other nations, i.e., South Vietnam. None of these commitments have been honored. In addition, the Communist Pathet Lao, despite membership in the tripartite Government of National Union, has obstructed all efforts at national reconciliation and territorial reunification.

Since the 1962 Geneva settlement, the war in Laos has been characterized, at least until the last year or so, by Communist advances in the dry season (November to April) and RLG counteroffensives during the rainy season (May to October). This pattern was recently changed, mostly due to General Vang Pao's initiatives in Military Region II and particularly in the vicinity of the Plain of Jars. The area under Communist "control" represents nearly 3/5ths of the country (see Figure 1) with other areas "contested". Most areas for both sides are under nominal control and guerrillas are free to move in the thinly populated countryside.

Initially, the NVA provided "advisors", then found it necessary to cadre PL units and finally had to commit NVA regular units. This pattern has a familiar ring to those who are familiar with South Vietnam and the history of our military effort.

Royal Lao Government forces number some 54,044 regular army (FAR) troops, commanded by Major General Ouan Rathikoun; 6,000 Neutralist troops (FAN), led by Colonel Somphet Sothsavan; and some 36,500 guerrillas.[7]

---

[6]In May, 1967 U.S. estimates gave the NVA personnel strength in Laos as 12,860 (NIS 43B GSCREV, page 73).

[7]Data as of October 28, 1969. Source: ARMA, Laos.

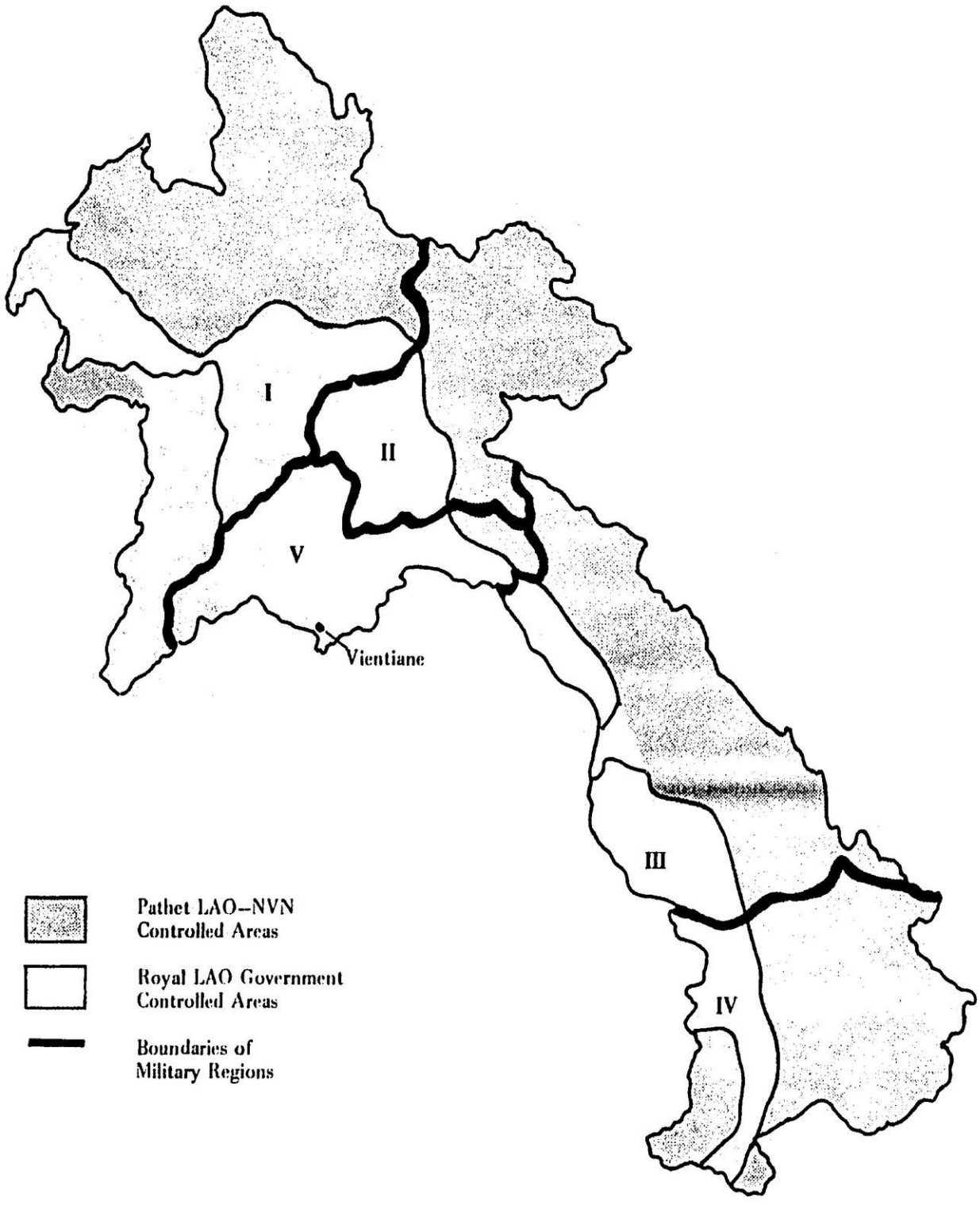


Figure 1. Map Showing Communist and RLG Controlled Areas.

One additional factor has been introduced that poses a delicate problem to the RLG and ourselves. The Communist Chinese moved south from Yunan Province some months ago and built a four lane highway to Ban Batene. They are now moving southward from Muong Sai and north to Muong La. Two thrusts are being made. One is an all weather road that extends from Ban Batene through Nam Tha and Ban Pheung to Muong Sai and toward Muong Pakbeng practically to the Thai border opposite Chieng Rai Province. The other is a fair weather road down the Nam Beng valley to the Thai border opposite Nan Province. Apparent Chicom intentions are to (a) prepare reliable roadways to the south from China for military purposes (anti-aircraft emplacements now protect portions of the completed road) and (b) establish a link with Route 7 to the east and north and to provide a major supply route extending from Dien Bien Phu in North Vietnam nearly to the Thai border opposite Chiang Rai Province. It is estimated that 6,000 Chinese, 2,000 of whom are armed, are involved in the building of this road.



(TIME, DECEMBER 5, 1969)

Time Magazine, in its December 5, 1969, issue, reported the substance of the information above. It also reported that "A more likely explanation for the road may be that China is planning to step up aid to the Laotian rebels. During the National Day speeches in Peking last October, Laos was moved up several spots on China's list of 'struggling peoples'. Peking now rates it third in importance, after Albania and Viet Nam."

The RLG has been successful in recent months in driving the Communists out of the Plain of Jars, placing this area under the RLG for the first time in nine years. A thrust by the RLG in the south, eastward from Thakhek and toward the Ho Chi Minh Trail was repulsed, but it represented a fresh initiative in this otherwise static area. During the time the study was being made the Pathet Lao and North Vietnamese troops were making successful advances to the west toward Thakhek.

All observers with whom the Team talked concluded that the Communists (principally the North Vietnamese) could overrun Laos at any time if they were willing to accept the resultant high loss of manpower. Thus, the option rests with the other side and the question will be whether they will make this choice after the Vietnam war subsides.

The political life of the country has strong military overtones. The country is divided into five areas called Military Regions[8] and commanders are extremely powerful "war lords." A military coup is a possibility but would require two or more of the war lords to get together. As far as could be determined, there is little likelihood of this happening in the foreseeable future.

The King exerts considerable influence and it is generally believed that the PL would not attack Luang Prabang because he lives there.

In 1965, foreigners were able to travel by road without undue risk in areas "controlled" by the RLG. Today, this is not possible due to the possibility of PL ambushes. The Team travelled extensively, but always by air with some side trips by boat and automobile. In a strict sense the ability of RLG forces to move in certain areas, such as the Plain of Jars, is better due to recent military successes. To the south the ability of the RLG to move its forces has diminshed. Royal Lao military forces and foreigners cannot move freely on the roads, but more important the Lao civilians have been targets of attack as well. Thus, should this trend continue, the ability of the farmer to get his product to market and for produce to move within the country will be impeded to the economic detriment of the population in general. It should be noted, conversely, that the Pathet Lao rear areas are operational areas for RLG guerrilla forces. It must be concluded that the security of the rural areas is correspondingly less than several years ago.

Police are working in the rural areas (2,865 or 52% are stationed outside of the four principal cities) and are assigned to stations in the most populated parts and to police posts. Rural patrol is being carried out with the police on foot patrol in the villages. In some sensitive areas the police patrol outside of the village and visit other settlements.

In the RLG controlled areas, PL teams are levying rice requirements on the farmers and conducting propaganda meetings. If they are challenged, it is by FAR units —— and seldom.

Subversion, in the sense that the PL is engaging in covert intelligence operations, exists with the principal target being Vientiane and probably Lang Xieng, Vang Pao's headquarters at the present time, and other militarily significant areas.

Terrorism and assassinations have been seldom-used weapons by the PL in Vientiane, although it is recognized that they have the capability to do so. Sabotage has been used

---

[8]Commanders of these regions are:

MR I - Brig. General Tiao Sayavong
MR II - Major General Vang Pao
MR III - Major General Bounpone Makthepharaks
MR IV - Major General Phasouk Somly
MR V - Major General Kouprasith Abbay

Boundaries of the MRs are shown in Figure 1.

recently, when sapper teams blew up the FAR ammunition dump situated 21 kilometers north of Vientiane. Elsewhere, however these tactics are used frequently. For instance, during the last week of November, four civilian vehicles were reported ambushed which resulted in a number of deaths, including a British nurse. During the same week, one assassination and three kidnappings were reported. During one week in December, seven civilian vehicles were reported ambushed. In addition to the ambushes of civilian vehicles, a number of military vehicles were ambushed the same week.

Criminality is a matter of police concern, but principally in the cities. Very little is reported in the rural areas, due probably to, (a) an actual lower crime incidence, (b) poor reporting procedures, and most significantly, (c) village elders and tribal councils deal with criminals themselves without calling on the police. In any event, the Team does not consider criminality as a major threat at this time.

In sum, the threat to internal stability continues to be primarily military in nature, with a coincident threat to rural "rear" areas brought on by PL incursions, ambushes, political meetings and harassment of the people. The USAID assumes[9] "that security conditions will continue to be uncertain for the foreseeable future, possibly even for a considerable period after a negotiated settlement in Vietnam." The Team endorses this assumption with a nod to those who speculate that the situation may get worse after the Vietnam question is resolved at the peace table in Paris.

---

[9]The Country Field Submission - FY 1971.

IV. THE PUBLIC SAFETY PROGRAM

History

Assistance to the Royal Lao Government started in 1955 after an extensive survey, conducted at the request of the RLG, by Mr. Byron Engle, consultant to the aid agency at that time, the Foreign Operations Administration. This program continued until 1961 or for a period of just over five years. During that period Chief Advisors Paul Skuse and, later, Jack Ryan submitted detailed plans for the development of a Lao National Police.

In 1965 the RLG requested the U.S. to re-institute its police assistance program and a new survey was conducted by Frank Walton, Paul Skuse and Wendell Motter of the Office of Public Safety, Agency for International Development. As a consequence of this study the Public Safety program as it now exists was started and Paul Skuse assigned as Chief Advisor.

Program Documentation

The Walton report[10] is used herein as a base line against which the Evaluation Team has made measurements of accomplishments of the project. Readers are directed to it for greater detail regarding background and the situation existing in April and May of 1965. This report will be necessarily brief regarding much of the history and background information which has not changed since that time.

During the 1956-1961 time period considerable progress was made in the development of an effective Lao National Police (LNP). Fragmented law enforcement agencies were consolidated into a single national police force; a headquarters staff was organized; a training academy was built and more than 600 policemen were given basic police training; 838 participants were sent to the Philippines, Thailand, Singapore, Hong Kong, and Malaysia for training. The U.S. Government provided nine American police advisors and four Third Country Nationals (TNC) contract technicians. Commodity support included weapons, vehicles, training aids and telecommunications equipment. After General Phoumi Nosavan's take-over in January 1961, the LNP was absorbed by the Directorate of National Coordination (DNC), a paramilitary organization in the Ministry of Defense, and the USAID project was discontinued. The U.S. assistance program from 1955 to 1961 had cost $1.9 million plus the equivalent of $12.8 million in local currency.

As Walton noted earlier, little doubt exists that the police suffered professionally and in the eyes of the public after it had been formed into the notorious Department

---

[10] Op. cit.

of National Coordination. For all practical purposes it ceased to function in August of 1960 and deteriorated thereafter into a repressive force responsible to Phoumi Nosavan. The LNP in 1965 was in a state of almost complete disorganization – stripped of its equipment by a number of raids and requisitions by the military, its records destroyed, and its facilities destroyed, preempted or deteriorated. It was necessary, therefore, to start from scratch in instituting the new Civil Police Assistance Program.

The present program began in July 1965. The first Project Agreement was signed on June 28 of that year (No. 5072) and obligated $900,000 for commodities. The purpose of the program was stated to be for, ". . . . . developing and improving the civilian LNP and to establish the respective undertakings and obligations of the parties, including the necessary procedures for the implementation of this Agreement." It went on to state that AID would:

- Provide advisors, number to be determined.
- The Chief Advisor will assign advisors' duty posts.
- Provide training in U.S., including travel and per diem, and in third countries.
- Provide materiel and equipment, and consider this for future years–types to be set forth in subsequent agreements.

And that the Laotian Government would:

- Permit advisors to travel freely; furnish transportation.
- Propose qualified candidates for training.
- Provide personnel for in-country training.
- Maintain vehicles and other equipment furnished by the agreement–provide POL and operating supplies.
- Consult with the Chief Public Safety Advisor (CPSA) on budget preparation.
- Consult with CPSA on all matters of major policy–and to develop long-range plans for the improvement of the LNP.
- Release from the counterpart special account, local currency (Kip) needed to support agreement purpose.

The Project Agreement for FY 1966, with revisions, provided for dollars and kip to implement the project, but no narrative description of its objectives.

The Agreement for FY 1967 set forth the project objectives as follows:

Long Range Objective: The overall objective of this project is to provide assistance to the Lao National Police in developing a modern efficient police organization capable of maintaining law and order and combating subversive elements, and to train its personnel in democratic concepts of responsible police administration. (page 2 of 6)

FY 1967 Objectives:

1. Strengthen LNP senior officer abilities to manage police force resources, supervise operations, and train personnel in various specialized fields.

2. Improve the training facilities at the Lao National Police Academy at Done Noune and continue to develop the curricula.

3. Augment the police capability to control civil disturbances.

4. Assist the police in setting up small arms ammunition reloading and small arms repair facilities.

5. Assist the police in setting up pistol range facilities.

6. Assist the police in the field of logistics and supply.

7. Assist the police in carrying out their essential duties in patrol and transportation functions.

8. Strengthen and expand the LNP communications system.

9. Assist the police in establishing a modern records and identification system.

10. Assist the police in improving border control capabilities.

11. Assist the police in developing techniques of intelligence collection, evaluation and dissemination.

It went on to specify how the specific objectives were to be implemented. It will be noted that none of the "specific" objectives are actually spelled out and those announced merely reflect functional areas where program resources were focused.

There was no ProAg narrative for FY 1968 and the FY 1969 Agreement (No. 9072, signed on November 16, 1968) provides, by Revision 6, a repetition of the long range goal mentioned above as a description of project objectives. The FY 1970 Agreement deals with the subject of objectives in the same manner.

The USAID's Non-Capital Project Paper (PROP) deals with the description of project goals as follows:

Objectives:

The objectives of this activity are to develop a police organization capable of maintaining law and order and combating subversive elements, and to train its personnel in democratic concepts of responsible and humane police administration.

Work Plan:

In order to accomplish the objectives of this Activity, the following targets were selected:

1. Training of LNP personnel.

2. Upgrading Telecommunications.

3. Providing Police Mobility.

4. Establishment of Automotive Maintenance and Vehicle Control Program.

5. Establishment of Firearms Training, Ordnance Repair and Ammunition Reloading Program.

6. Strengthening of Special Police Operations.

7. Improvement of Identification and Records System.

8. Upgrading LNP Patrol Operations.

9. Improvement in Management of LNP Logistics and Supply Operations.

The Project Implementation Plan (PIP) is more revealing in the area of communications and describes building construction required, but otherwise briefly deals with other objectives as above.

The Team is of the opinion that the generally stated long-range objective described for the program is appropriate. But, it would propose more specificity in the description of discrete targets, allowing for the necessary flexibility in scope to permit the USAID to seize upon development opportunities unforeseen at the time the Agreement is drafted.

Program Resources

It was recommended in 1965 that the program be authorized a six man staff and a secretary. At the present time a five man staff is authorized which includes a Chief Advisor and Advisors in communication, logistics/automotive maintenance, general policing and investigations. The investigations position is presently vacant. For the life of the project, 18 man years of advisory effort have been provided to date (see Figure 2). Due to the staff's small size, all advisors have had to "double in brass" -- for example, the generalist, also the program assistant and is advising the police on training, and the auto maintenance advisor works in three functional areas (see Annex B for a time analysis). The program has been able to function through the use of Third Country Nationals (TCN) from Thailand and some locally hired personnel (see Figure 3). Without the use of these personnel the staff would have had to be doubled, at least, to achieve the same gains.

The Team found that each of the advisors had assumed an operational role in the process of bringing about project accomplishments. Directions are given to "counterparts" and supervisory steps taken to see that they're carried out. The Chief Advisor and his staff recognize that the Lao police leaders should have taken on the burden of administration and management, but believe they are unable to at the present time. The staff agrees that if the usual advisor-counterpart relationship had been relied upon at the outset, practically nothing would have been accomplished.

The USAID Program Officer stated that the operational role of the Public Safety staff is not peculiar to this functional area, but is common to other USAID technical efforts also.

The Team believes that now is the time to place greater emphasis on the transfer of administrative and functional responsibilities to the Lao police commanders. Such a move would have to take place over a period of time, but a "desk next to desk" method should be the most productive. The Public Safety Division has been moving in this direction through the establishment of a logistics system, manned and led by Lao police and in other ways.

A word of caution. It is certain, in the Team's judgment, that the transfer must be gradual and an extended presence of the U.S. advisor will be needed lest the "system" regress to the "old way". In some cases, it may be possible eventually to continue the

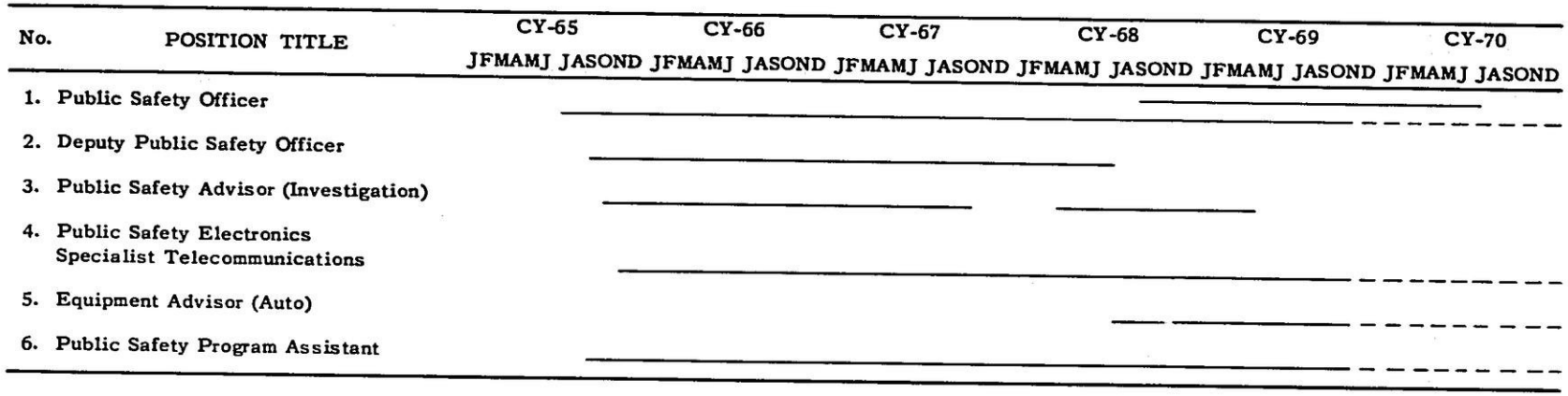
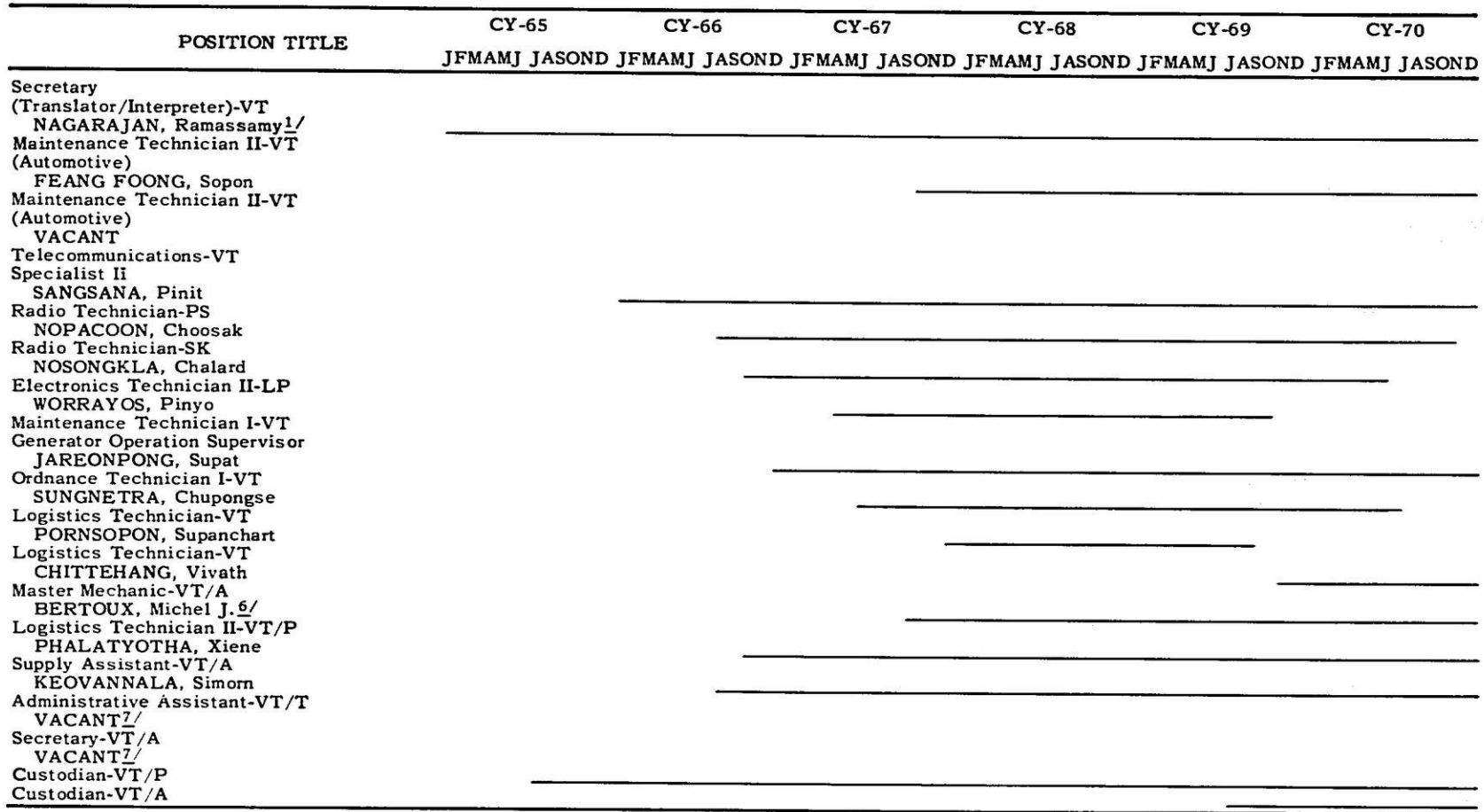


Figure 2. Bar Chart – Public Safety Staffing – Direct Hire Advisors.



1/ Commenced employment USAID/PSD Feb. 2, 1959.
2/ Position vacant. Recruitment in process.
3/ Position scheduled for phase out, however, as request for a year extension is pending approval.
4/ Position scheduled for phase out.
5/ Incumbent resigned.
6/ Employment covered by a special contract.
7/ Programmed increase not yet approved.

Source: PIP–1969.

VT – Incumbent operating from Vientianne.
LP – Incumbent operating from Vientiane.
PS – Incumbent operating from Vientiane.
SK – Incumbent operating from Vientiane.
VT/A – Vientiane Automotive maintenance project.
VT/P – Vientiane Public Safety main office.
VT/T – Vientiane, Lao National Police (LNP) training project.

Figure 3. Public Safety Staffing – Third Country Nationals and Local Hire Employees.

momentum of development without U.S. direct-hire aid, perhaps with Thai Third Country Nationals. This will have to be assessed with care on a case-by-case basis.

Training of the Lao policemen is a high priority task and is considered to be a most important element in the program. It therefore, receives a high priority in the allocation of funds. A.I.D. funded training is being conducted locally, in Third Countries (especially Thailand), and in the United States. A summary of training provided by category is given in annex C. Also see pp. 25 through 26.

Program: Observations and Conclusions

Starting from scratch to rebuild the LNP in 1965 required a relatively high input of commodities. To date, $1.9 million has been provided for this purpose through FY 1969 and an additional $251,000 is planned for FY 1970. Table I gives the breakdown of commodity costs, as well as for other resources for the program to date and projects these through FY 1970 under present planning. For Mission planning through FY 73, see annex D.

As described above, the objectives of the program have been generally stated. Measuring the degree of completion of each of these, therefore, presents some difficulty. With reference to the Walton survey recommendations, however, the Team estimates a considerable measure of accomplishment has been realized in a relatively short time. Table II give the Team's comments in this regard. [11]

In general, the thrust of the Public Safety program has been to develop a national police organization out of the nearly hopeless situation that the Walton team found in the spring of 1965. The effort was a classic one in institution building and some remarkable gains have been made. This has been the result of good program leadership and management and the willingness of the USAID to commit resources on a timely basis for the most part.

Dollar savings have been realized by the program. Through effective management and strict procurement practices, the cost of spare parts for police vehicles has been reduced by approximately $45,000. Due to these effective management and procurement practices, expenditures for replacement vehicles has also been reduced by $30,000. This represents a total savings of approximately $75,000 of budgeted Public Safety funds for FY 1970.

---

[11] Attention is directed to Chapter V, which describes the strengths and weaknesses of the Lao National Police as seen by the Team. Details as to the underpinnings of the police institution—communications, mobility and logistics—are given in this Chapter. Annex E presents abstracts of the Project Appraisal Report, prepared by the USAID in January of this year. (1969)

TABLE I
Direct U.S. Support (Dollar funding)
$000 U.S.

FY	U.S. Personnel	TCN	Participant TNG	Commodities	Other Cost	Total
1955 - 1961 (Closed) ...	$ 497,600.00	$ -	$184,100.00	$1,139,500.00	$ 62,500.00	$1,883,700.00
1965	-	-	-	900,000.00	-	900,000.00
1966	106,000.00	(1,400.00) 1/	60,000.00	382,000.00	9,000.00	557,000.00
1967	108,000.00	14,000.00	105,000.00	295,000.00	132,000.00	654,000.00
1968	143,000.00	33,000.00	47,000.00	189,000.00	88,000.00	500,000.00
1969	118,000.00	35,000.00	55,500.00	165,000.00	89,000.00	466,500.00
1970 2/	168,000.00	37,000.00 3/	70,600.00	251,000.00	201,000.00	632,600.00
Grand Total	$1,140,600.00	$119,000.00	$522,200.00	$3,325,500.00	$486,500.00	$5,594,800.00

1/ Charged to general technical support.
2/ Current project funding.
3/ Includes $3,000.00 for a TCN short term consultant.

TABLE II

WALTON RECOMMENDATIONS:	TEAM COMMENTS:
1. That the U.S. Government provide assistance to a Laos National Police Force of 5000 men (about 4500 Laos National Police and about 500 Neutralist Police) in the form of Technical Advisors, Contract Personnel, Commodities, Participant Training and Supplementary Budget Assistance.	1. In the Process. The program began in September 1965 although funds were obligated earlier by means of ProAg No. 5072.
2. That the program of assistance be phased with a modest number of advisory personnel, commodities, etc. the first year in order that the RLG viability and performance may be closely observed. First year emphasis should be on the re-establishment of the Headquarters and staff sections on a sound foundation.	2. In the Process. Advisory assistance continues to be modest. A continued emphasis is being given to the development of headquarters staff sections. This effort will be a continuing one to some degree for the life of the program.
3. That, if successful during this first phase, the program continue into the second and third phases with an increasing number of advisors. Second and subsequent years emphasis would be on development of police presence and police services in the villages.	3. In the Process. The development of staff functions has proceeded to the point where other things can be done–and have been done. The advisory staff remains at one less than proposed in the survey. Police services are being provided in the rural areas.
4. Special attention should be directed at training, the development of a Central Records and Identification Unit, and the development and installation of a police telecommunication network on a phased basis.	4. In the Process. The training objective and the Records and Identification objective are about half completed, while the initial plan for a communications network is completed.
5. First phase of the police telecommunication network should provide Vientiane, Luang Prabang, Savannakhet, and Pakse City Police service as well as a network connecting LNP Headquarters with the police of each of the Provincial Headquarters, including the Neutralist Police.	5. Completed.
6. Following phases should provide province to district service followed by district to village and to mobile units.	6. Completed to the extent that security permits.
7. Until such time as the Neutralist Police are merged with the LNP, it is recommended that force be treated as a provincial sub-division of the LNP and provided the same support as is provided a comparable LNP sub-division.	7. Completed. Integration of the Neutralist Force occurred in two phases; 400 officers being absorbed per Decree No. 250 of 26 June 1967 and 300 officers per Decree No. 373 of 29 September 1967. The remainder of the force, by a Decree process, was returned to the Army.

TABLE II (Continued)

WALTON RECOMMENDATIONS:	TEAM COMMENTS:
8. It is most strongly recommended that local currency be provided for the purpose of constructing a National Police Headquarters – and a National Police Training Academy.	8. Completed. A new Lao National Police Headquarters has been built, with the use of RLG funds only. It is expected that the Police Academy will be completed by the end of CY 1970. Three principal buildings have already been completed for the Academy.
9. It is recommended that the LNP improve, expand and intensify their civic action program by organizing and directing the program at the LNP Headquarters level.	9. In the Process. Some effort has been devoted to civic action, especially in training programs.
10. It is recommended that an Internal Affairs Division be formed in the LNP - this Division to be charged with the responsibility to promptly and fully investigate every allegation charging misconduct of any kind on the part of any member of the LNP. The formation of this new Division should be widely publicized and the filing of legitimate complaints encouraged.	10. Not Started. Initial overtures to LNP leaders met resistance with the conclusion that, while such a move is vital for the LNP, present circumstances indicate little chance for its success.

The repair of M-1 and M-2 carbines represents a considerable savings to both the United States and Royal Lao Governments. Since the inception of the Firearms Ordnance operation on June 18, 1967, a total of 533 carbines have undergone major repair. The average repair cost per carbine is $30.36. In comparison to replacement cost of $77.00 each, this represents a savings of $22,941.

The ammunition reloading operation has developed the capability to reload an average of 600,000 rounds of ammunition per year. This creates a savings of $8,820.00 when compared to the purchase of the factory reloaded ammunition.

The Team sees the present police institution as having a reasonably adequate mobility, communications and logistics infrastructure, with generally poor LNP leadership in most elements. Gains that have been made in these areas are sustained by the efforts of U.S. advisors and Thai technicians. National Police leadership, in general, is weak –– for example, the Director General Lit Lunammachak, has been in office for over a year, but has not travelled outside of Vientiane. His first trip was to Sam Thong with the Evaluation Team.

On the other hand the Team met with some very competent younger officers, such as the Province Police Chiefs at Paksan, Thakek and Pakse, who obviously command

their personnel well. The Chief of Police at Paksan, to illustrate the awareness of some younger officers of the police role, has developed a plan to "help the people carry out their development efforts". His plan has as it objectives: "a) crime prevention, b) obtain information on subversives and their activities, c) deny popular and material support to the Pathet Lao, and d) improve the image of the police in the eyes of the public by acting as teachers for the children and by helping the farmers with their crops." He also intends to conduct training classes for the police in his command, emphasizing training as a means by which his plan's objectives can be reached.

Specific gains toward various project goals have been made.

Training: Since 1965 the U.S. has provided for training of various kinds. Forty two key officers have been trained in the English and French General Courses at the International Police Academy in Washington; 112 have been trained in third countries (Thailand and Malaysia principally) and 1,122 have been trained in-country (see Annex C). A central training complex at Done Moune just north of Vientiane will be completed with the construction of two more major buildings (scheduled during FY 70), but even now can accept students. To complete the training complex, additional buildings will have to be constructed. Plans exist for the construction of a gymnasium, a maintenance building, a new perimeter road around the back of the "groupe scolaire" building, the installation of a fire hydrant system and for grading and drainage of the grounds. With the availability of funds, this additional construction could be completed in FY 1971 or early in FY 1972.

The Public Safety Staff has developed training plans over the years and has used these in working with the LNP staff toward the development of an institutional capability for training all ranks of the police. Much needs to be done in this area.

Regular NCO refresher training has been suspended for sixteen months pending completion of new classroom/barracks buildings. However, other in-service specialized training continued during this same period of time even though conditions were far from ideal. One Public Safety advisor now devotes a minor portion of his time to this activity and another handles participant training as an added responsibility.

The availability of training resources in Thailand has been especially valuable in developing a level of competence on the part of the LNP in several aspects. This training has involved LNP personnel in fields of records and identification, photography, firearms training, ammunition reloading, basic communications and generator maintenance and criminal investigations. To the extent that adequate courses covering these and other necessary areas cannot be developed for the LNP training Center, the Thai resources should be drawn upon.

While considerable progress has been made in training LNP members since late 1965, the Team believes that a greater effort is now needed. The Training Center is well enough developed to allow an additional 50 - 100 students to attend with some crowding.

It is urgent that the Lao policeman, at all levels, be given refresher training to upgrade individual quality. The urgency stems from the Team's feeling that the police must have even a greater role to play within the next few years if Laos is to have a reasonable chance at becoming a viable nation.

Specific accomplishments in training have been:

A. U.S. Training

Since reestablishment of the Public Safety Program, 42 LNP officers have been trained at the AID/OPS International Police Academy (IPA) in the United States as of November 1969. One policeman has completed an 18 month course in Electronics Systems at RCA Institute, New York, and another policeman is presently enrolled in the same program which he will complete in November 1970.

During FY 1970, 12 LNP officers will attend courses at the IPA. Projected U.S. training at IPA for FY 1971 through FY 1973 is anticipated to be approximately 36 LNP officers at a cost of about $120,000.

B. Third Country Training

From FY 1965 to date, AID has sponsored the training of 112 LNP personnel in Thailand in various special fields of police operations. Training for 56 more participants has been programmed for FY 1970 funding. From 1965 to date, three officers received training in Malaysia under joint U.S.–British sponsorship. In FY 1971 through FY 1973, the USAID plans to train approximately 65 LNP officers and non-coms in Thailand at an estimated cost of $38,600.

C. Local Training

The LNP has conducted training programs locally for 1,122 policemen and policewomen, non-commissioned officers and cadet officers during the past three years. Eighty-five cadet officers are currently in training at the Police Academy.

The USAID has also sponsored a number of local training programs for LNP personnel including English language training, vehicle, radio and generator maintenance; mathematics; typewriting; stock records; warehouse operations and procedures; use of AID supplied equipment; fire-fighting; etc. This training has involved both classroom and on-the-job training. To date, 333 LNP personnel have completed these specialized training courses and 167 are currently undergoing training.

Mobility: The project has provided adequate bicycles, jeeps and trucks to meet the present transportation needs of the police. At the present time, vehicles provided earlier are approaching the age of being uneconomical to repair and should be replaced. Project plans through FY 1973 include costs for a replacement program. A maintenance and repair facility has been constructed, personnel trained and a management system installed. It is significant to note that this effort was delayed due to an attempt to have police vehicles repaired by the Public Works garage (Traveaux Publique) as a Mission policy. This was found to be unworkable and the present USAID Director authorized a change in policy to allow the development of this capability within the LNP. The present motor maintenance Public Safety advisor arrived only in July, 1968, but has made visible, concrete steps forward in this relatively short period.

The present system for distribution of POL utilizes a coupon book and calls for an LNP administrator (Chief of Supply, "Service de L'Intendance") to distribute these within the force. The net result is that many are misused or sold. The budget for POL is about 25 million Kip with 21 million of this retained in the capital and the balance sent to the provinces. Of 129 vehicles in the police inventory, 75 are in Vientiane. A study conducted by the Motor Maintenance advisor revealed that actual POL needs for those vehicles assigned to Vientiane could be met at a cost of about 11 million Kip. Police officers commented to the Team that use of vehicles and generators was hampered because of a lack of fuel.

Although the USAID does not provide funds for POL for the police, the Chief Advisor has recognized current practices as hindering the effective operation of the force and as an indicator of poor administrative supervision. He has presented a copy of the Motor Maintenance Advisors study, referred to above, to the Director of the police with suggestions for improvement.

Due to initiative on the part of the project Chief Advisor, a low cost boat building program has yielded dramatic results. Thirteen boats of a local design were built in Laos at a cost of about $200 each and equipped with a motor costing about $100 (see Figure 4). These have provided a means of transportation on the Mekong River, which, in the absence of roads, filled a key need. Police carpenters, using donated lumber and in some cases USAID contributed cement and roofing, have established several police posts for villages along the upper reaches of the river.

Communications: The project action plan has been that set forth in the Walton Study and designed by OPS Telecommunications' Engineer Wendell Motter. Basic communications equipment, which arrived in the spring of 1966, has provided a capital-to-province headquarters link, at least for the RLG controlled portion of the country. Fourteen stations are involved in this net and were found to be working reliably. Intra-province networks have been installed, embracing 46 VHF-FM and 48 SSB radios. Not

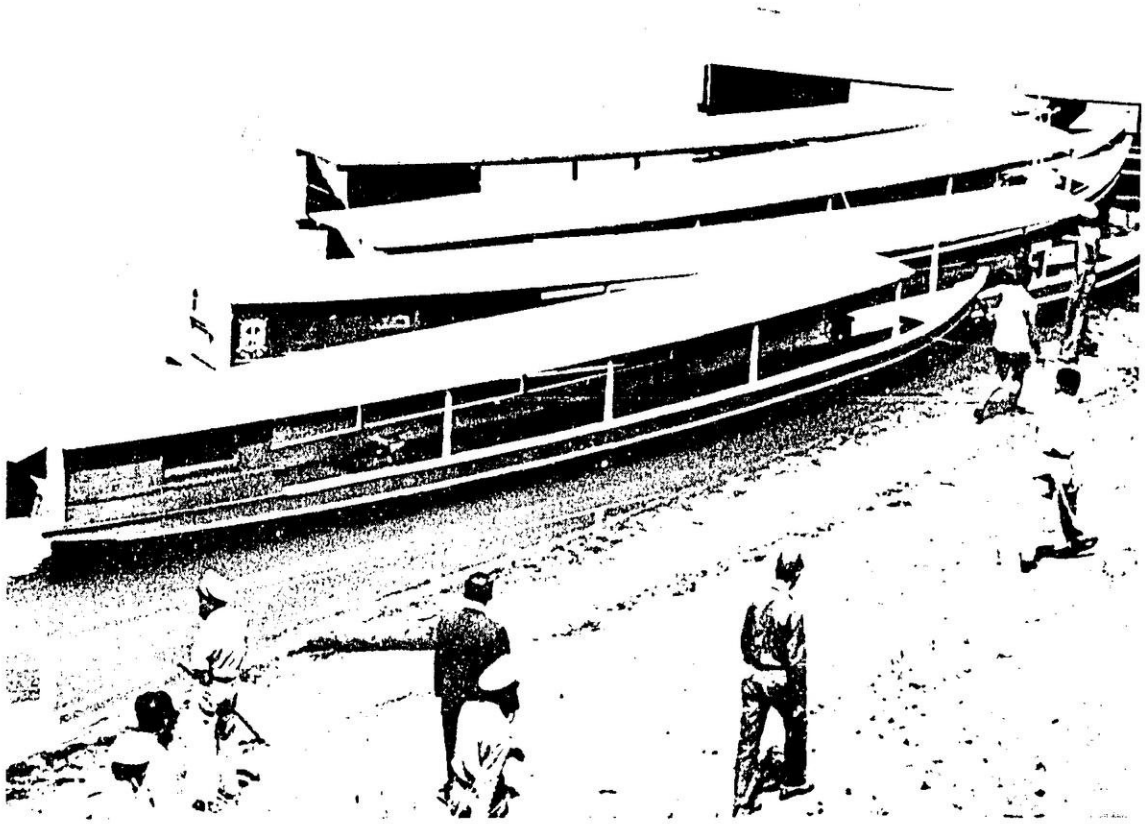


Figure 4. Locally constructed police boats for use on the Mekong River.

all of these have been installed according to the original plan due to a shift in the security situation (12 units), one set was captured by the Pathet Lao and four have been shifted to other needs.

In remote areas, generators are installed to provide power of the charging of wet-cell storage batteries. The practice used is for the various stations to monitor a schedule, which means that except for the scheduled times, the set is off the air and the station cannot be reached. Reasons for this given to the Team were (a) inadequate number of operators for a 24 hour watch, (b) lack of fuel for the generator, and/or (c) "running the radio all of the time would wear it out." If an "alert" should be declared the radios are then monitored continuously.

In sum, a communications network has been established for both urban and rural policing; some police have been trained as operators and repairmen and training for more is planned; and maintenance facilities have been built in Vientiane, Pakse and Luang Prabang. All of this has been in accord with the basic system designed in 1965. The Team believes that a fresh look should be taken at Police communications' needs in the

more sensitive areas. For example, in Sam Thong, south of the Plain of Jars and especially on the Plain itself, the police posts were unable to communicate by radio and had to rely on written messages passed by hand (usually via aircraft pilot who would be working the area). The Team proposes that four stand-by emergency packages be procured embracing one base station and ten tactical units. One or more of these should be made up of VHF-FM OPS-FM-5 and FM-1 units and the balance should be composed of HF-SSB equipment.

Logistics: With a relatively large commodity input by the program in FY 1965 and 1966, meticulous care was exercised by the PSD staff in keeping detailed program records. The records system devised then evolved into one that could (and should) be used by the LNP for accountability and budgetary preparation purposes. The program has developed an excellent example of technical assistance leading to institution building. At the present time, program and LNP records are kept side by side, using the same system. National policewomen, led by an LNP Lieutenant, staff the office and are assisted by a Thai technician. A significant, preplanned campaign is being made to transfer the burden of responsibility for administering the logistics system to the LNP.

The Team sees this as a welcome move, but believes that at least a Thai technician and probably a U.S. advisor will have to keep close touch with this activity for the immediate future. Regarding the system itself, the Team found it to be very effective and probably as efficient as any manual system that is used in any Public Safety program, if not more so.

Ordnance Repair and Ammunition Reloading: A capability has been developed for repair of handguns, carbines and some other weapons in the police inventory. The project has provided a total of 3,169 weapons of standard police type, consisting principally (2,957) of .38 caliber revolvers (see Annex F for details and information regarding distribution). Over six hundred of the latter still remain in the warehouse and the Chief Advisor states that these will not be distributed until the individual officer is able to qualify in the use of the weapon on the firing range. Ammunition reloading is being carried out at a capability rate of 50,000 rounds per month. This is considered adequate for all training and operational needs at the present time. United States support will be required for the time being for the procurement of spare parts, brass, lead, primers and powder.

Identification and Records: A records system based on the ten finger Henry classification has been developed and over 41,000 prints are on file. The program utilized a Thai technician for the provision of technical advice and LNP personnel were trained in Thailand. The system has barely started and its value has not been realized by the LNP as yet nor is adequate LNP supervision provided to ensure follow-up on operational procedures. Additional technical aid is needed in this area.

Special Police: The capability of this, the intelligence element of the police, is reported as good and to have good leadership. A records system has been established and personnel have been trained in Special Police operations. Just over three man years of technical assistance has been provided, ending about five months ago with the transfer of the advisor to other duties. Agent networks have been developed which have led to advance intelligence such as the forewarning of the successful PL sapper attack on the army ammunition dump near Vientiane. However, the army discounted this information and took no precautions.

Past technical assistance has been effective and training programs provided yearly by TDY specialists, have been worthwhile. In order to sustain the development of the Special Police, technical assistance is needed in two general areas, substantive police administration and management, and intelligence operations. The Mission plans to provide expertise in the latter area. A significant degree of advisory assistance should continue to be provided in the area of police administration.

Patrol Operations: The Team was unable to observe much in the way of urban patrol operations in the capital. This, in spite of devoting one day and night to the study of this question. The organization of the Metropolitan Police is adequate, but the execution of preventive patrols falters. Public Safety assistance has been provided the police in the area of patrol operations. For example,

1. At the request of the Chief Advisor, the British conducted a special training course in Patrol Operations and Radio Dispatchers duties in Malaya in September 1968.

2. The four LNP officers, who attended the International Police Academy General Course No. 22, were given a four weeks specialization course in Patrol Operations.

3. In February 1969, six high-ranking officers from the Vientiane Metropolitan Police spent 2 weeks in Bangkok studying Patrol Operations at the invitation of the Thai National Police. Expenses were shared by the LNP and the Thai National Police.

4. Ten selected junior officers and NCOs from Vientiane Metropolitan Police were sent to Bangkok in June 1969 for a four weeks course in Patrol Operations.

5. PSD has provided the Vientiane Metropolitan Police with six radio-equipped vehicles especially designed for patrol operations. Also provided were 90 bicycles with the understanding that they would be used for patrol. PSD provided a radio base station, trained dispatchers and also provided some plywood and other materials to set up a dispatchers room.

6. Public Safety Advisors have ridden in the patrol cars and have conducted critiques with the supervising officers.

The problem seems to be not so much that the U.S. effort has fallen short, but that the LNP has demonstrated inefficiency and poor leadership.

Rural patrolling is more prevalent, with the police assigned to posts patrolling in the villages and reportedly, in the surrounding area. This represents a security rather than a crime-prevention purpose since criminality in rural areas is not a major problem. These patrols serve to obtain information on Pathet Lao activities and to bring the principal extension of government to the people. One senior police official told the Team that the police officer in the village is not attacked by the PL for fear of alienating the people. Information obtained by the police patrol is usually of PL activities after the fact and is passed to his superior, up to the Province Police Chief and then to the Chief of the Special Police. At the same time this information is given to the army commander in the area, who has primary responsibility for countering PL actions. The program has devoted relatively little in the way of advisory assistance to these functions per se. The Chief Advisor and, to a lesser extent, the members of his staff, work with Provincial Police Chiefs relative to rural patrolling during trips out of the capital. The major contribution by the program toward improved rural policing has been in helping to meet the mobility and communications needs in many cases.

DECLASSIFIED PER
William H. Littlewood
Date: 1/14/91
James L. Harper
Director
XA/PI
U.S.A.I.D.

V. THE LAO NATIONAL POLICE AS AN INSTITUTION

The Role of the LNP

The role and organizational structure of the National Police of Laos is set out in Royal Decree (Order in Council) No. 375 (as amended) promulgated December 7, 1965, by which the organization is held responsible for "maintenance of public security, execution of laws and regulations, and maintenance of order in collaboration with the Armed Forces and public services of the Kingdom." (See Annex G).

The specific missions and tasks of the LNP, generally, remain the same as outlined in the Walton survey.[12]

Decrees No. 375 has been amended by the following orders:

No. 94 (Ordonance Royale) of 26 April 1966 which shifted authority (to appoint certain LNP commanders) from the Director General to the Minister of Interior;

No. 404 of 24 October 1968 which requires that candidates for promotion to positions in the highest levels of command in the LNP be nominated from the ranks of the LNP;

No. 360 of 26 September 1967 which revises the chart of organization set out in the original decree.

Additional basic directives are given in the following two orders:

No. 377 of 7 December 1965 in which uniform and insignia requirements are prescribed;

No. 343 of 26 October 1967 which establishes the LNP rank structure, salary schedule and promotion procedures and requirements. [13]

---

[12]Op. Cit., pages 43-4.

[13]This Decree supercedes Decree No. 376 of 7 December 1965.

By this series of decrees, the LNP is placed within the Ministry of Interior and a definite chain of command is constructed from the Ministry directly down through the Director General of National Police to Provincial (Khoueng), District (Muong) and finally sub-district or canton (Tasseng) police units. A chain of responsibility upward, uninterrupted via the same route, is implied.

The Team found, however, that allegiance on the part of provincial police to the Chao Khoueng (Province Governor) and the regional military commander is a predominant factor affecting the function of the police as a national institution. Furthermore, the "kings" of Laos, principally the recognized king, Savang Vatthana, who formerly was king of Luang Prabang in the north; and Bounum Champassak, now referred to as "prince" who was at one time king of the Sedone-Champassak area in the south, wield extreme influence in the selection and assignment of government officials -- including the police. This factor is predominant to that of the war lords of the five regions. The net effect is that normal procedures of institutional management and operation are set aside in favor of the old, practically fuedal way.

In theory, provisions in the joint directive of 18 August 1964 referred to in the Walton survey,[15] which places provincial police under the Chao Khoueng, were abrogated by Decree No. 375.[14] In actuality, the spirit of the joint directive is still respected. Furthermore, provisions for martial law remain and, indeed, are in force in practically all parts of the country.

The Team found some indications that this dual responsibility of the province Chief of Police is a problem at present, especially regarding the assignment of personnel. The situation opens the possibility that an ambitious Governor or regional commander could exercise an undesirable degree of control over the police of his jurisdiction.

Operationally, the role of the urban police is to provide conventional civil police services, and that of the rural force is, mainly, to provide a point of contact between the citizen and his government.

General Police Organization

The present organization of the Lao National Police (Figure 5) reflects some changes that have taken place since the Walton-Skuse study in 1965.[16] The effect of these

---

[14]Several high ranking police officers state that Decree No. 375 does not abrogate the old directives which place the provincial police under the authority of the Chao Khouengs. They further state that at the recent three week seminar (held in November 1969), which was attended by all Chao Khouengs, provincial police commanders and army commanders, it was emphasized that the Chao Khoueng is the senior Government official in the province and that all other Government officials are subordinate to him and subject to his orders. The police say that, if a Chao Khoueng gives an illegal order to a provincial chief of police, the latter can appeal up through police administrative channels to the Minister of Interior for a decision.

[15]Op. Cit., pages 41-42.

[16]Op. Cit., page 62.

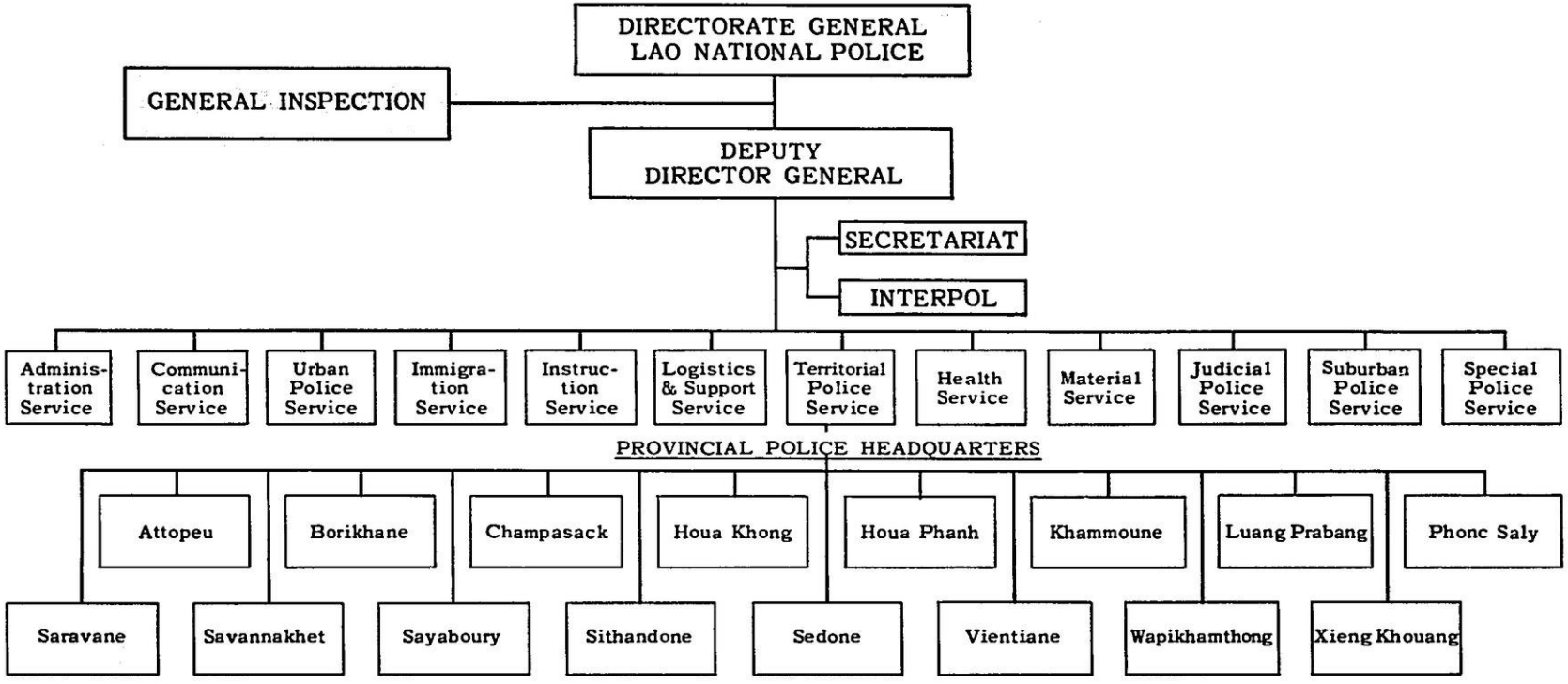


Figure 5. Organization of the Lao National Police.

changes has been to move certain functions into a Division status and to broaden the span of control. New Divisions have been formed for Communications Service, Logistics and Support Service, Health Service, Material Service and Suburban Police Service. Two of these were formerly under the General Secretariat as subordinate elements (Communications and Health) and the others represent innovations.

Under the present organization the span of control is broad, where 12 Division Chiefs report directly to the Director General or his Deputy. Reporting directly to the Director General has been the custom in the Lao police for years, regardless of how the organizational chart was drawn and in fact today extends to officers below the chiefs in the chain of command.

To some extent the nature of the added Divisions suggests the character of development of the force and is aligned with the Public Safety Program's objectives. The placing of importance on an activity by giving it prominence in the police organization has some value, but certainly doesn't contribute to sound management of resources on the part of the force as a whole. The proposed organization included in the Walton study (page 82) represents the kind of structure that should be strived for and which would provide for good management. Figure 6 reproduces the organizational chart as proposed by Walton, with some minor modifications by the Evaluation Team. The principal change proposed by the Team concerns giving the Inspection Staff the responsibility for Public Relations and Internal Affairs.

At the present time, the Inspector General's position is principally a sinecure. The present incumbent is General Bounkhong Pradichith, formerly Director General of the Police, who does practically nothing relating to the functions of the Inspector General. In fact he is shortly to assume the duties of Prefect of Luang Prabang. There is a dire need for the effective functioning of an Inspector General for the force. As Walton proposes, this officer should report directly to the Minister of Interior . . . and be his principal counselor on the effectiveness and the integrity of the police force.

One major step has been taken which facilitates the functioning of the National Police headquarters operations. A new National Police Headquarters building was completed early in 1968 (Figure 7) which allowed the assembly of the various parts of the organization under one roof. The Ministry of Interior is also housed in this building. Construction of motor pool facilities on the grounds is contemplated in the near future. It will be noted that the construction of such a headquarters building was one of the recommendations of the Walton Report. The building was constructed with the use of funds allocated to the police by the RLG (although not designated for this purpose) and and no U.S. funding was involved.

Public Safety offices are also situated in this building as well as at the respective police installations coincident with their responsibilities (auto maintenance and communications). This is an ideal arrangement, not followed in all Missions.

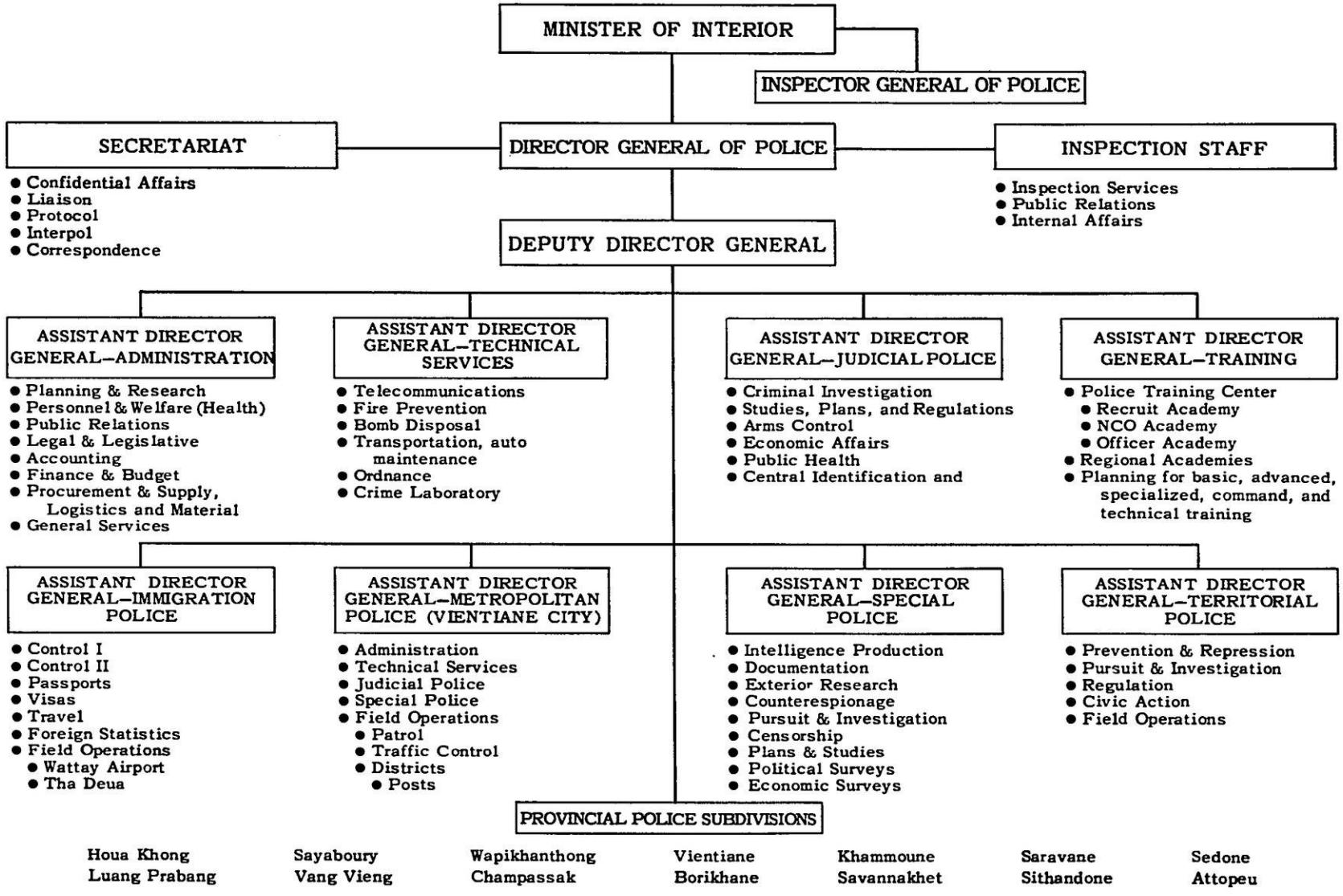


Figure 6. Proposed Organization of the Lao National Police.

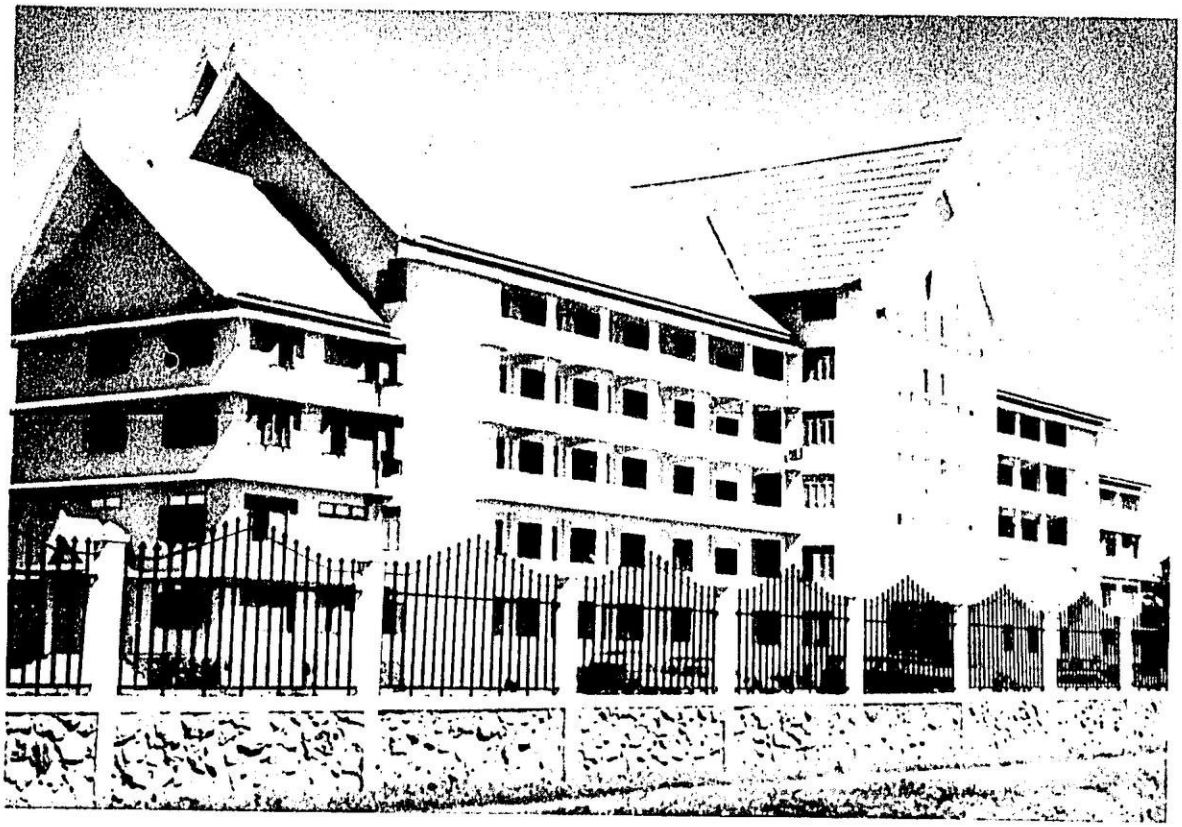


Figure 7. The new National Police headquarters building in Vientiane.

It was reported to the Team that the numbers of police utilized in headquarters amounted to 916 officers and men, including those assigned to the Metropolitan and Special Police (see Table III). A casual examination of various offices in headquarters led the team to the conclusion that very few of those assigned to clerical functions were busy and that the headquarters was overstaffed. To determine exactly the number of personnel required would demand a careful Division by Division audit of function and job description . . . a task requiring more time than available to the Team. Such a study should be conducted, however, in the interest of an economy in the use of manpower. The Team observed that women police were being used in certain clerical functions, and apparently effectively. It is likely that women civilian employees could be used more extensively for clerical tasks thereby relieving trained police personnel from this task.

Police Manpower

In May of 1965 the strength of the police was given as 5,254, which included 478 neutralist police.[17] Today the strength of the LNP is 5,466 and are distributed as indicated in Table III. By comparing the earlier distribution data with that in Table III

[17]See the Walton Report, page 73.

TABLE III

DISTRIBUTION OF LAO NATIONAL POLICE (LNP) BY RANK AND ASSIGNMENT

ASSIGNMENT	CONTROLLER			COMMISSIONER			INSPECTOR				BRIGADIER			SUB-BRIGADIER			CIVILIANS	TOTAL Officers	TOTAL Policemen	TOTAL Civilians	GRAND TOTAL
	First Class	Second Class	Third Class	First Class	Second Class	Third Class	First Class	Second Class	Third Class	Cadet	First Class	Second Class	Third Class	First Class	Second Class	Policemen					
Director's Office	1	1			2	1	2				1		3	11	4	4	1	7	23	1	31
Office of Inspection		1	1		1	2		4	1			1		5	6	8		10	20	0	30
Detachment Ministry of Int.		1				2	1	1			2				1	1		5	4	0	9
Administrative		1	1	1	4	3	4	13	6		11	10	42	33	24	22	17	33	142	17	192
Logistics and Support			1	2	1	1	3	7	1		5		16	4	2	6	1	16	33	1	50
Materiel – Motor Pool		1		1	1		6	2	1		3	3	10	9	8	4		12	37	0	49
Communications		1			3	1	1	1		14	3	3	14	18	6	8	1	21	52	1	74
Health			1					3			2		7	6	1	19		4	35	0	39
Special Police			7	4	5	2	11	13	8		11	13	27	68	19	2	6	44	140	6	190
Urban Police			1	3	10	12	29	51	52		76	40	88	218	120	90		158	632	0	790
Territorial Police			1	3	1	1	4	5	2		6	4	6	15	4	4	3	17	39	3	59
Immigration Police		1	1	1	4	6	7	10	8		13	11	14	16	6	11	1	38	71	1	110
Judiciary Police			1	1	1	7	11	9	15		6	6	13	17	6	11		45	59	0	104
Instruction			1	3	3	3	5	9	12	47	3	2	8	32	16	14	1	83	75	1	159
Samparn Cadet (Thailand)										10								10	0	0	10
Total General	1	7	10	19	36	41	84	128	106	71	142	93	248	452	223	204	31	503	1,362	31	1,896
PROVINCIAL POLICE																					
Attapeu				1			3	2	1		3	7	29	62				7	101		108
Borikane					3	1	6	3	3		7	19	14	52	17	10		16	119		135
Champassak				1	2	3	4	7	5		13	6	12	60	14	2		22	107		129
Houa Khong					2	2	1	2	3		9	8	49	53	9	16		10	144		154
Khammouane				3	3	1	7	9	9		32	49	32	151	9	5		32	278		310
Luang Prabang		1			2	4	11	13	6		27	20	121	138	43	6		37	355		392
Phong Saly				1	1	1		3	6			1	5	6	5	6		12	23		35
Houaphanh					1	1	1	3			1	3	5	11	3	5		6	28		34
Saravane					1	1		8	3		11	9	34	73	30	9		13	166		179
Savannakhet				3	6	3	20	14	15		34	75	78	313	14	4		61	518		579
Sayaboury					2	4	5	16	7		17	13	49	75	18	19		34	191		225
Sedone				2	3	8	11	13	24		26	37	65	205	23	11	2	61	367	2	430
Sithandone			1		1	1	3	2	4		9	5	15	38	28	7		12	102		114
Vientiane				1	1	6	10	29	27		31	29	87	147	58	51		74	403		477
Wapikhamthong			1	1	1		4		5		8	1	37	71	13	3		12	133		145
Xieng Khouang						1	3	4	2		5	13	9	12	19	56		10	114		124
Total Province		1	2	13	29	37	89	128	120	0	233	295	641	1,467	303	210	2	419	3,149	2	3,570
GRAND TOTAL	1	8	12	32	65	78	173	256	226	71	375	388	889	1,919	526	414	33	922	4,511	33	5,466

Source: LNP October 1969 monthly personnel strength report, October, 1969.

it can be seen that although the total number of police has increased slightly (4%) in the last four years plus, those assigned to headquarters duties have increased 65%. Those assigned to duties other than headquarters increased 4.8%. The implication is that an internal distribution of personnel has been made in order to increase the number of personnel devoted to headquarters functions at the expense of those assigned to police operational tasks. The ratio of headquarters personnel to the total force strength in 1965 was about 1 : 10; today it is 1 : 6.

Urban Police Operations

Strictly speaking, Vientiane is the largest urban center in Laos. The municipal police of this city of 132,283[18] people consists of a force of 790 men whose organization is structured as shown in Annex H. In each of the four precincts of the city there are, on the average, ten police posts to which is assigned a team of approximately nine patrolmen. At any given time, roughly one-third of this patrol force is available for work on the street, while a third staff the police posts, and the remainder are on relief. There is no city-wide change of shift at a given hour, nor is leave authorized, other than for illness, under the readiness posture in which the LNP remains.

Patrols based in the precinct police posts may be by motor vehicle or, more commonly, by foot or bicycle. Two men are normally employed in patrol, each of whom is armed with a sidearm. At night and for special operations, larger groups work as teams which may be mobile or which may establish temporary checkpoints where inquiries regarding vehicle registration and alien identity checks are made. The Team observed a night-time checkpoint operation, which utilized cadets from the Police Training Center.

Observations by the Evaluating Team of patrol activity in the city were made during daylight and at night; once during an evening when the police knew they were being observed and on several other occasions when they did not. The Team feels that, while the mechanism for patrol exists, the highly desirable single or two-man foot patrol operation is seen too rarely.

Centralized functions of the Vientiane Metropolitan Police include traffic law enforcement and accident prevention, prevention and repression of vice, enforcing municipal health and sanitary regulations, protection of local and foreign dignitaries, and the manning of approximately thirty fixed guard posts throughout the city at the request of the Prefecture and in compliance with RLG orders. Firefighting and fire prevention are also the responsibility of the Metropolitan Police.

[18]As of December 1968. Source: USAID/OP.

Rural Police Operations

The Evaluation Team spent several days in both the northern and southern back-country areas of Laos examining police responsibilities and practices. In several of the villages in the north that were visited by the Team, the police post is centrally located and the hub of village activity. The Police post depicted in Figure 8 represents a police presence in the area made possible by virtue of the fact that the police are able to move along the Mekong River on which the village is situated. There are no roads in this part of the Province and prior to the construction of the police boats, there were no police services provided such settlements along the river.

The provincial police headquarters and district (Muong) police posts appear to be active and respected elements with the local community, sometimes the sole representative of the central government constantly visible to the citizenry. The police role is a function of this relationship, the police providing the critically important point of contact between the people and the civil government. On more than one occasion the Team noticed definite manifestations of confidence and trust in the police on the part of the public and other government agencies.

To cite an example, the Xieng Khouang Province Police work with the hundreds of refugees who pass through processing centers of the province each day. Both Lao Government officials and USAID officers working with the refugee operation, praised highly the work of police in the program, and it is evident that the police are receiving the cooperation of the people.

The planned, and now real, result of this growing confidence is the building of the police role in intelligence collection. Rural police in Laos are gradually becoming more effective receptors of information and, where the recently established point-to-point telecommunications network exists, are able to transmit intelligence and situation data quickly to processing centers. It is axiomatic that the best continuous source of useful operational intelligence is the public, through the policeman "on the beat."

What is now developing in Laos insofar as the police/public relationship is concerned has proved to be an essential element in the internal defense mechanism in many countries, most notably Vietnam, Thailand and particularly, Korea.

Nevertheless, the abilities of the police are restricted due to the security situation. In much of the rear area under the control of RLG, free movement of the RLG forces, including the police, is denied by interdiction by the Pathet Laos. Consequently, police patrolling is limited to areas immediately surrounding the village or town in which they are situated. The Team was informed that the police in Saravan, an enclave surrounded by the PL, "patrolled" in nearby villages in plain clothes in order to maintain contact with the public and to glean information on PL activities. Thus, the conduct of rural

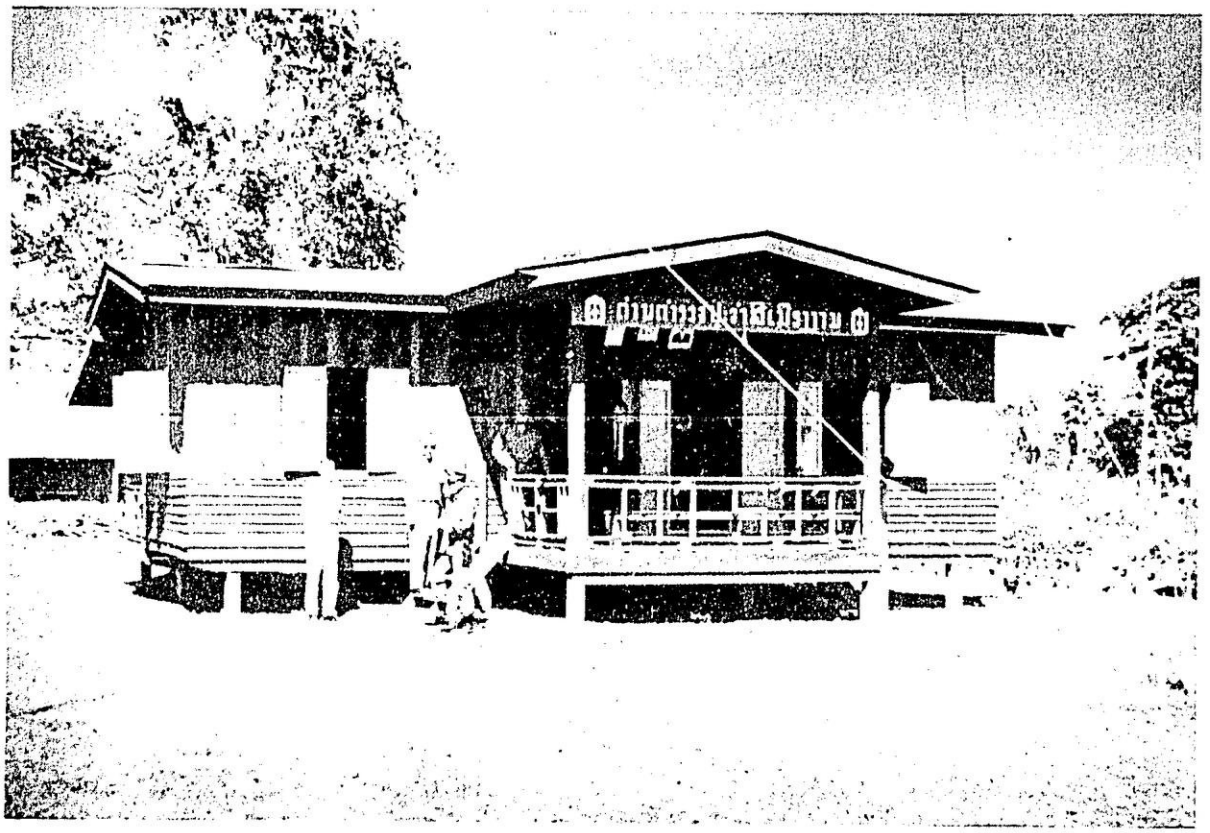


Figure 8. A typical police post located in a village in Houa Khong Province along the Mekong River.

police preventive patrols as is normally thought of in peaceful societies is circumscribed by the situation found today in the countryside in Laos.

As might be expected, the security situation in the enclave areas of Saravan and Attapeu in the south is tenuous. The police in these cities confine their patrol activities to the city proper and to surrounding villages to the extent possible. In Saravan, the police have been given the responsibility by the military commander for the protection of the north end of the airport runway. They have built bunkers and foxholes that are manned each night (Figure 9) and have been loaned some fatigue uniforms, two .30 caliber machine guns, two BAR automatic rifles and one 60 mm mortar, by the military. Police strength in these two enclaves is 295 and sufficient for the nature of work conducted.

The rudiments of a village security force have been developed in some areas, particularly in the south. Villagers, armed with hunting weapons, accompany the police on their patrols in areas surrounding the villages. Within the larger towns and cities, other government officials also assist in security patrols. This is especially true in the enclave cities and in Paksan and Thakek.



Figure 9. Police man foxholes at night in the Saravan enclave.

Transportation and Mobility

Annex I reflects the size and deployment of the LNP vehicle fleet as of the date of this evaluation.

Proper utilization of vehicles is a difficult problem for any foreign police organization. Police vehicles are primarily used to increase the effectiveness of patrol operations by increasing mobility, and secondarily for transport and drayage purposes. In actuality, the Team observed very few instances of use of vehicles for patrol.

Reduction of availability of LNP fleet vehicles is most frequently due to a lack of fuel or deadlining because of equipment malfunction.

The Team was made aware of, and actually observed, use of USAID provided police vehicles for transportation of the families of members of LNP. This and other nonofficial use of the vehicles is considered a harmful and serious diversion of police resources. In recognizing this, the Chief Advisor has discussed this problem extensively with the Director General of the police and has refused to consider the provision of replacement

vehicles for the police fleet through project assistance until this problem is dealt with by the police. He reports that there has been a considerable improvement in the use of police vehicles during the last six months.

Vehicle repair and preventative maintenance operations are being given substantial support through activities of the PSD Maintenance Advisor and the provision by AID of spare parts and repair and test equipment.

Prior to February, 1969, LNP vehicles were serviced by the USAID maintenance unit. Subsequent to that date the LNP were required to obtain service using Lao resources. Minor repairs (1st, 2nd and some 3rd echelon) were then made in an unenclosed temporary shed with a dirt floor, major work being done on a very low priority basis by the Ministry of Public Works. Repairs there were made with delays averaging one hundred days per job.

In July, 1969 a new maintenance facility, designed by personnel of the Public Safety Division, was opened (see Figure 10). The unit is now staffed by approximately 22 LNP mechanics, most learning their trade on the job, and administrative and clerical personnel. In addition to close operational and technical support by the Public Safety Advisor, the USAID provides the services of two TCNs (both Thai) and two local hire employees (a master mechanic originally from France, and a Laotian supply assistant).

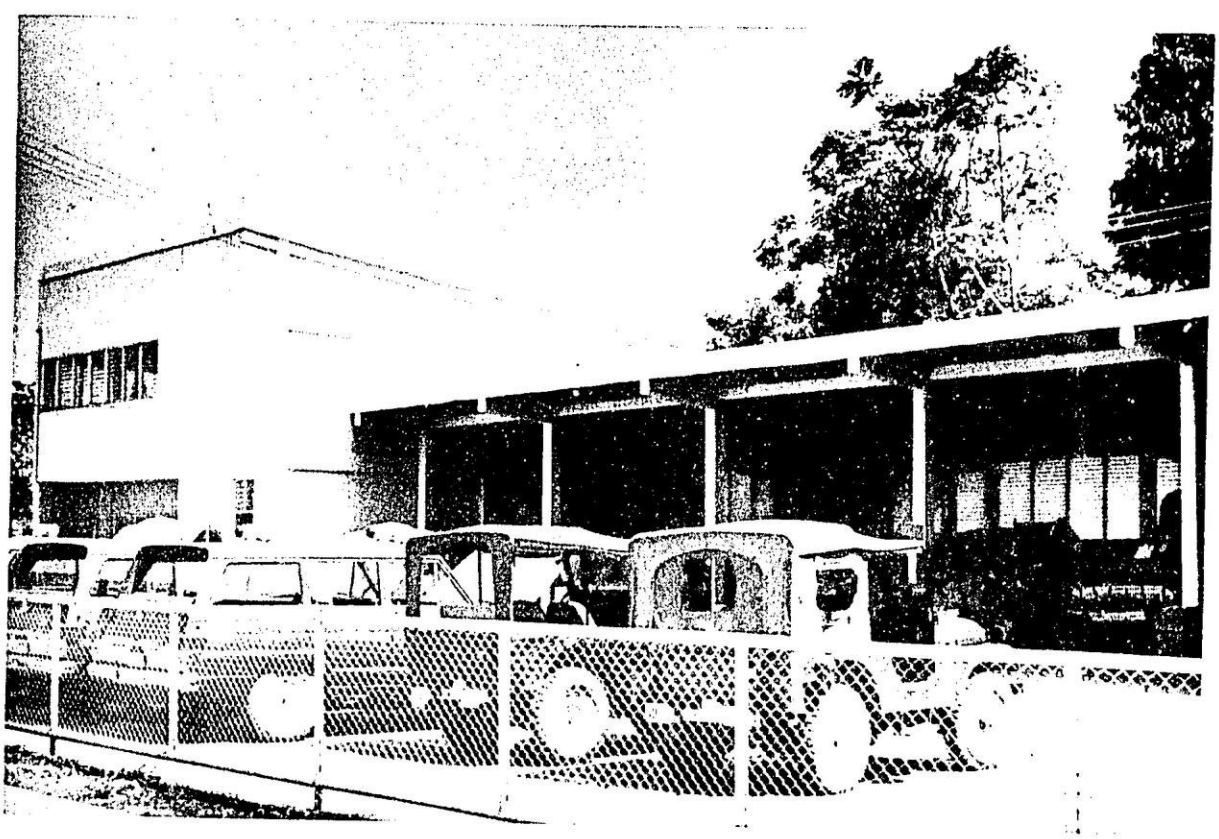


Figure 10. The new National Police auto maintenance garage in Vientiane.

The Team observed the maintenance facility as a new but working and effective unit where considerable practical training is being given on a daily basis. The ultimate goal is total assumption of responsibility by the Laos with TCNs providing continuity during the interim period following phase-down of U.S. assistance.

Spare parts are provided by AID through dollar purchases and LNP budgeted funds. A small stock of frequently used items is kept at the maintenance center, the bulk in a central warehouse. An excellent and strict stock control system has been put into service and is maintained jointly by the Laos and their advisors.

POL is supplied by the LNP, gasoline being issued by a ration system using chits as vouchers for driver purchases at local gas stations. At the time of the evaluation LNP was completing the installation of gasoline tanks and measured delivery pumps, and it is assumed that the chit system will be eliminated.

The PSD has recommended that no further expansion of the LNP patrol vehicle fleet be made at present. A need is recognized, however, for 4 communications service vehicles, an ambulance and two trucks.

In addition to the land-bound vehicles, the LNP also operates a small marine force of 21 river boats 26-feet in length, powered by long-shaft motors, and four 21-foot shallow-draft boats which use a conventional 50 horsepower outboard engine. The boats are used mainly on the Mekong River and in addition to their use as patrol craft, provide access to otherwise isolated police posts, particularly north of Ban Houei Sai. Most of the craft operate south from the Burma border at Ban Khouane to Ban Houei Sai, and in the vicinity south of Vientiane. During the flood of August, 1969 the police marine fleet provided essential emergency services to not only the Laotian citizenry but the official American community as well. PSD assistance to the police marine operation was minimal at the time of the evaluation.

Communications

A point-to-point radio network, designed by Public Safety telecommunications personnel and described in the Walton report, has been installed and is now operating in Laos (see Figure 11 and Annex J). There are 113 radio sets presently in use. The police headquarters in the principal city of each government controlled province is linked to LNP headquarters (Phase I of the initial development plan) and key police posts at the Muong (District) level are linked to other posts and, of course, their province police headquarters. Installation of this latter intraprovince, and the second phase of the development plan, is nearly completed. The original plan has been modified slightly. Four installations have been removed and re-installed at other points because of security considerations; one radio has been lost as a result of hostile action; and a few sets found their way into the vehicles of senior police officials. This latter use of radios has been carefully controlled and is minimal.

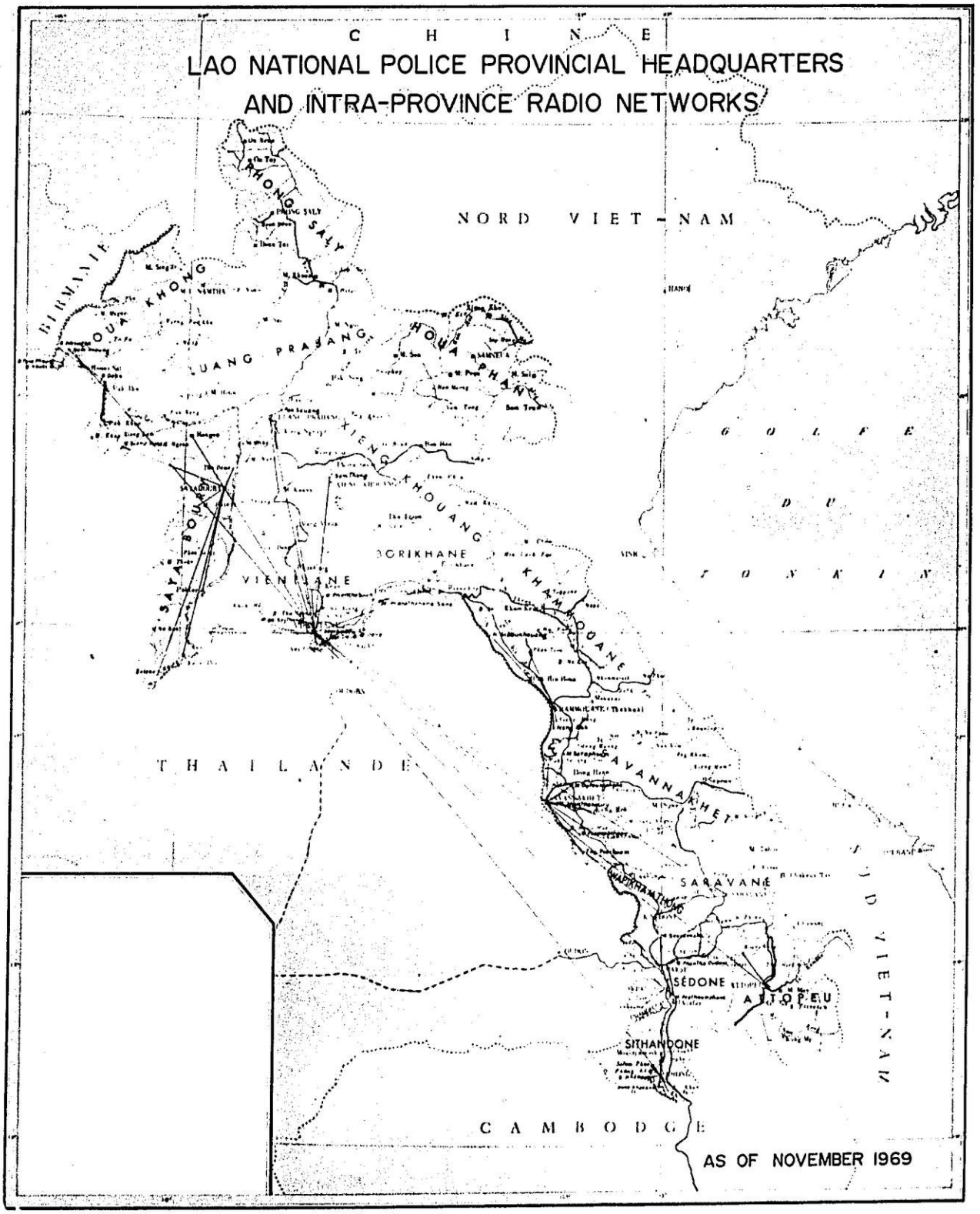


Figure 11. Map showing LNP communications network.

The networks operate on either a regular schedule or alert basis. The regular mode of operations involves the making of calls and handling of message traffic according to a preset schedule. Thus, province police headquarters monitor their frequencies only on certain hours. This arrangement is employed to minimize consumption of LNP provided gasoline to operate battery-charging generators. The alert mode of operation requires that all stations listen for calls on a 24-hour basis and is employed only in emergencies. As a practical matter, the use of a reporting schedule considerably limits the utility of the police radio networks. Vital information, or word of an enemy attack, must await the next scheduled reporting time, which may be as much as two hours later. The Team believes that Province headquarters and the LNP headquarters radios should be "on the air" 24 hours a day. Thus, district station and post radios could transmit information promptly at all times.

The LNP radio maintenance and repair activity is located in the new repair/warehouse complex in Vientiane (Figure 12), which also houses the vehicle, arms and ammunition facility and central LNP warehouse. Since January 1967, satellite repair shops have been located at three points throughout the country -- Pakse, Savannaket, and Luang Prabang. They are staffed by Lao police personnel with a TCN supervisor, skilled in routine repair procedures, and LNP on-the-job trainees.

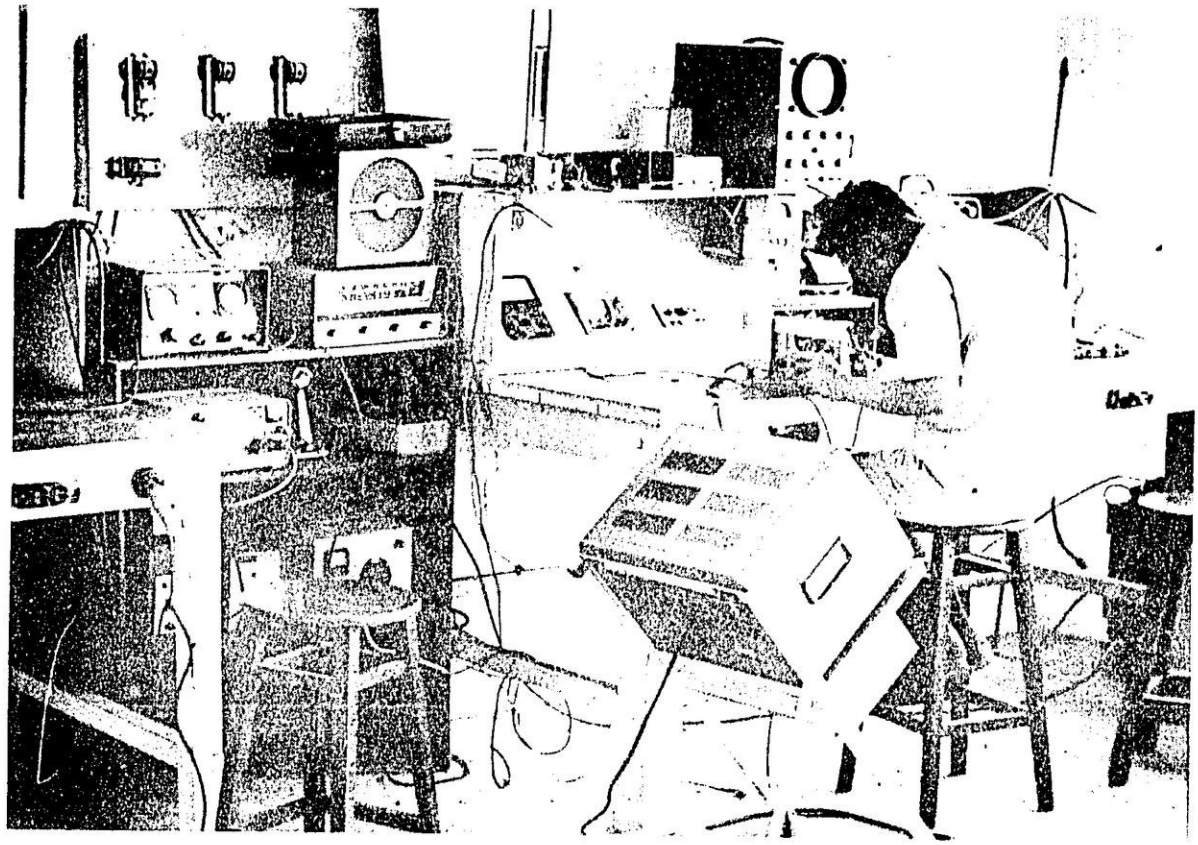


Figure 12. The radio repair center in Vientiane.

The central shop is staffed by LNP technicians and one Thai TCN. From the beginning of the current program, training of technicians has been given close attention. Of 23 men trained in Thailand in the past, 21 remain on the job, only 5 of which show promise of significant development. One technician is now in training in the United States and another, having completed a similar program in the U.S., is considered particularly skilled. There are, as of the date of the evaluation, 13 men in Thailand who have completed 11 months of an 18-month course.

In all, some progress is being made toward the goal of LNP assuming total responsibility for the full spectrum of maintenance and repair activities necessary to support their telecommunications system. For the future, it is planned that the Thai TCN personnel will provide supplementary support in the most complex technical areas. At the present time, and for the next two years at least, the program requires the full-time services of a U.S. telecommunications advisor. His main duties will continue to be to develop the LNP radio technical personnel and to assure the use of sound logistical procedures. He will also have to provide systems engineering knowledge to the expansion of the network to accommodate emergency police needs.

Investigations

Investigations of most reported offenses in Laos are made by the Judicial Police Service of the LNP. Personnel of this service are assigned to the Province and metropolitan police headquarters, and act as officers of the court.

A table of reported offenses by type and number is shown in Annex K. Verifiable data reflecting clearances and disposition of offenders is unavailable.

Offenses committed in rural Laos are usually handled by local or tribal councils and thus, most of the little rural crime which does occur, goes unnoticed by the government. In terms of volume, rural crime coming to the attention of the police is low. Most offenses involve minor thefts, cattle stealing and the like. The use of tribal coucils for dispensing justice was seen quite often in areas populated by hill tribes. The council is made up of representatives of the respective tribles, each of which deal with respective tribal members. Matters arising from inter-tribal offenses, such as one tribal member committing an offense against another, may be reported to the police. Others are dealt with by the council.

Evidence collection facilities exist, but are minimal and the capability for adequate crime scene investigation was not observed by the Team. Examination and evaluation of physical evidence is not presently an LNP capability.

The Team observed a number of weaknesses in the Administration of crime investigation and in processes related thereto. The part-time services of a Public Safety investigations

advisor are needed in this area. The LNP should recognize the need for impartial and effective investigations. This need, and the desirability of meaningful crime statistics and records actually exist at present. It would seem to be an opportune time to introduce improved management and procedures in this field.

Records

A partially centrallized records and identification unit is in operation at LNP headquarters. Systems implemented by a Thai TCN, [19] without U.S. advisory assistance, are functioning and include an alphabetical subject index file, a fingerprint card file, and dossiers arranged by index numbers. The unit classifies incoming sets of identification prints and reportedly has the capability of searching and identifying partial and developed latent prints. It was reported that over 41,000 fingerprint cards are on file, including those from applicants for identification cards and arrested persons. However, identification personnel reported that no identification had been made from latent prints to date.

The Evaluation Team was concerned by what appeared to be a lack of activity in the records and identification section and feels its potential is not being realized by the LNP. Furthermore, it was noted that dossiers are charged out to, or are filed in other depositories in the country.

The need for improved management and procedures in this activity was apparent to the Team and it is recommended that an Advisor, skilled in police records and identification procedures, be assigned to the unit on at least a part-time basis. His efforts will have to be supplemented by a language qualified Thai TCN.

Training

National Police training activities were, at the time of the evaluation, at an ebb. Lack of facilities during construction of the new Police Academy resulted in some suspension of recurit and LNP sponsored in-service training for the past sixteen months. (USAID sponsored participant training has continued and is referred to in the Chapter entitled "The Public Safety Program".)

---

[19]Special Police Colonel Chai Sevikul, Chief of the Fingerprint and Central Records Office of the Thai National Police Headquarters, Bangkok. He has a B.S. in Police Science and an M.A. in Public Administration from Washington State University. PSD tries to obtain his services on a TDY basis for a four week period twice a year. He is much more effective than an American advisor because of his fluency in the Lao language and the fact that all records are written in Lao.

In October 1969, a reorganization of the LNP Training Service, as proposed by the Public Safety Division, was effected by the RLG. Police planning includes a cadet training program covering a period of three years. The project advisor advises against this because the LNP can send police cadets to Thailand's cadet academy as they have done over the past few years.

Construction of the Police Academy is progressing, albeit behind schedule. Three of the four new buildings housing classroom and domitory facilities are finished and the firearms range has been completed (Figures 13 and 14). Under present commitments, there remains to be constructed an additional building of "Groupe Scolaire" design, mess facilities and a perimeter barrier. Additional improvements including a maintenance building, gymnasium, security facilities, other minor structures and landscaping are proposed.

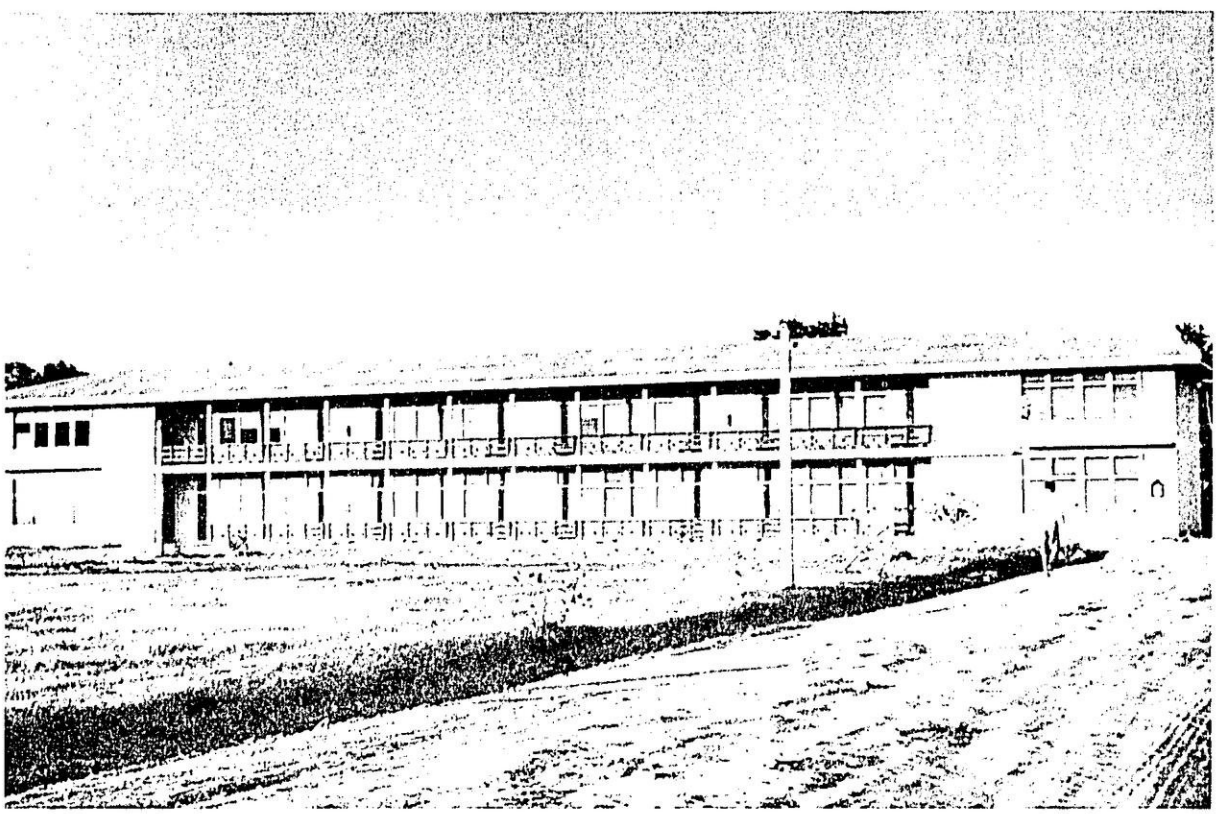


Figure 13. One of three new "groupe scolaire" classroom and dormitory buildings which have been built at the Police Training Center near Vientiane.

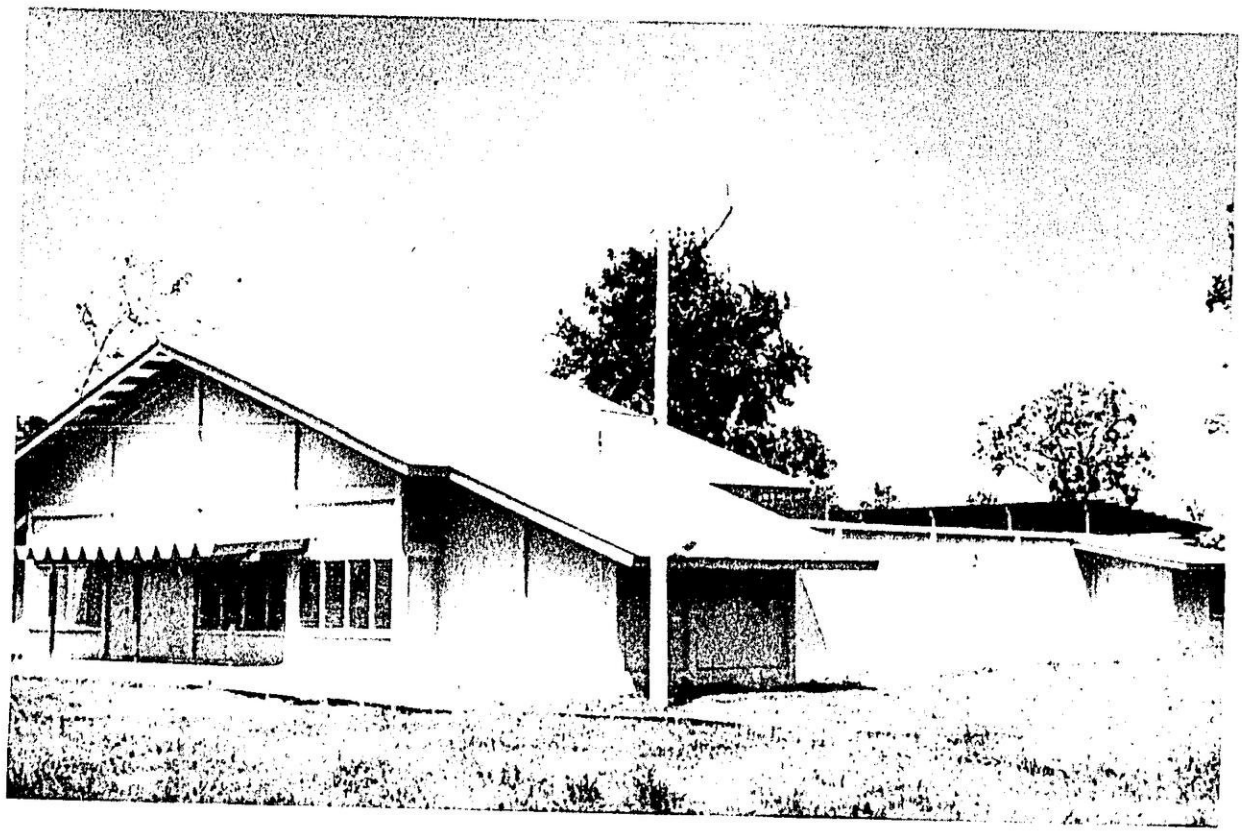


Figure 14. The new firing range at the Police Training Center.

The Team sees a need for more vigorous across-the-board training efforts by the LNP. The program has concentrated on speciality training to advantage and plans to continue with this type of training. However, there is additional need for in-service non-commissioned and officer training dealing with general policing, management, budgeting, police-public relations and marksmanship.

There is also a need for extensive planning for future training, and for close guidance of the LNP during initiation of a new and acutely-needed training program as mentioned above. The Team feels the services of a full-time Training Advisor are required, to give technical assistance to the LNP, and to coordinate their program with participant training activities to meet the total manpower needs of the police organization.

Riot Control

Consultations with the PSD staff indicated a lack of riot control capability on the part of the LNP.

U.S. assistance in this area has been limited to the provision of 1,710 units of tear gas since 1965, the majority of which remains in warehouse inventory. As can be seen from Table IV, a portion of these are older than four years and can be expected to be unreliable. These should be used for training purposes. In addition to munitions, the Program has provided riot control helmets, several tear gas guns, 100 shotguns with ammunition and riot batons. Riot control is included in the curriculum for the recruit and for NCO in-service training at the Police Training Center. However, there has been no riot or crowd control training given the LNP for the past sixteen months.

The Team feels that the LNP is neither equipped, nor trained, to deal effectively with civil disturbances of any magnitude. In the present circumstances, the responsibility for rior control in an emergency situation most probably would be given to the Lao military very early during an incident. Consequently, unless crowd control and indoctrination in minimum use of force has been a part of their military training, a difficult situation may be compounded instead of eliminated.

The chances of a civil disturbance occurring in Vientiane is judged to be small at this time and none have occurred in the past four years. Nevertheless, an appropriate plan should be developed, encompassing training and preparation of a police emergency force and operational procedures and instructions. This should be coordinated with military planning to place emphasis on the police as the first line of defense against civil disorders.

Aside from the provision of necessary riot control equipment, the Public Safety project has been active in training key officers in riot control measures. During FY 56 and 58 two groups of officers attended the International Police Academy and specialized in riot control training. In all, fourteen LNP officers have been trained in this subject. At the police training center, 696 non-commissioned officers have been given refresher training

TABLE IV
TEAR GAS MUNITIONS INVENTORY

	AGE, YEARS				
	4	3	2	1	TOTAL
GRENADE, CN BURNING	200		200	144	544
GRENADE, CN BLAST			200	176	376
PROJECTILE, CN BURNING			150	196	346
PROJECTILE, CN BLAST	140		150	154	444
TOTAL	340		700	670	1,710

in riot control measures since 1965, and 99 recruits have been trained since that date in this subject. Earlier, the British provided training for 71 officers and NCOs in riot control subjects as a part of the police field force training program in Malaya.

At the present time, the Vientiane Metropolitan Police has a riot control force of 36 officers and men which it claims is immediately available for riot control duty. The LNP headquarters has a riot control company of 179 officers and men, which were trained at the police training center. However, these police personnel have not had refresher training and their effectiveness, indeed, in civil disturbances is open to doubt. Although the chief advisor has repeatedly urged refresher training for these units, the Lao police state that the Lao people are docile and will not resort to riots. The chief advisor has countered by stating that civil disturbances are possible anyplace as we in the United States have found out in the last decade. It is likely that a riot will have to occur before the police change their attitude in this regard.

The present police policy appears to be that, should a riot occur, the first group called on would be the police cadets in training at the police training center.

VI. THE LAO MILITARY FORCES

The Team has neither the intent nor competency to examine the capabilities of the Lao military forces nor, for that matter, to examine critically those U.S. efforts designed to assist them. It is important, however, that these matters be studied to determine the extent to which they bear on the role of the police in ensuring the internal security of the nation and the U.S. efforts in this regard.

The armed forces are made of the army, the Royal Army Forces (FAR), the air force, a river flotilla and a neutralist force (FAN). The total strength of these units is reported to be 54.000 regular forces and 6,000 neutralists. In addition, a force of some 36,500 guerrillas have been trained and equipped with U.S. help.

The country is divided into five Military Regions (see footnote, page 12, and Figure 1), and the Regional Commanders exert considerable influence on the happenings in their respective areas.

The military forces have the responsibility for the pursuit of the war against the Pathet Lao, including the provision of security in the rear areas. Battalions are deployed in the rear areas for this purpose and, as reported to the Team by one Battalion Commander, conduct patrols in areas adjacent to their cantonements to deny free movement to the PL. Other observers report, however, that the army does not engage in patrol to the extent that thy should, and this would tend to account for the apparent free movement of the PL. It was also reported that army patrols use police personnel on accasions where the police officer is more familiar with the terrain and particularly, where the policeman knows villagers and can be successful in questioning them about PL activities. In any event, any patrolling that is done is conducted by the FAR, since the police do not have the capability nor the training. Guerrilla elements do some patrolling in what is referred to as the contested areas, but are more likely to be found in PL controlled areas.

MILITARY ASSISTANCE

Military Assistance is supplied pursuant to an agreement dated December 23, 1950, between the U.S. and the Government of Laos, supplemented by three exchanges of letters, the first dated September 10, 1962, between Prime Minister Souvanna Phouma and the U.S. Ambassador. U.S. military assistance is being provided at the request of

of the Royal Lao Government. This is authorized by Article 6 of the 1962 Declaration and Protocol between the U.S. and other Governments of the Neutrality of Laos.

Beginning in FY 1968, military assistance for Laos and Thailand was transferred from the regular MAP program under the Foreign Assistance Act to the Military Services budget (MASF). However, the basic system of program development, review and approval is continuing without major change and basically in accordance with Military Assistance Manual as applied to MAP under the Foreign Assistance Act.

The U.S provides nearly all the arms, equipment and ammunition received by the Royal Lao armed forces. Limited assistance is also provided by Thailand, and by France in steadily decreasing amounts. Total deliveries between 1953 and the end of FY 1968 under the U.S. program have amounted to $424.6 million.

Since 1965 military grant aid has been in the following amounts (in millions of dollars).

1965	1966	1967		1968	1969
MAP	MAP	MAP	MASF	MASF	MASF
39.9	51.8	52.9	31.5	90.1	96.0 (est.)

Actual requirements are affected by the course of military operations, and the assitance is given in order to sustain the operations of the Army forces (FAR and FAN), and the Air Force (RLAF). Less than 1% of the program costs is for investment items.

Beginning in FY 1969 the DOD assumed from A.I.D. responsibility for funding the provision of foodstuffs and related air delivery to military and paramilitary forces in northern Laos.

Administration of the Program

The Office of the Deputy Chief of the joint U.S. MAAG in Bangkok (DEPCHJUS-MAGTHAILAND) functions as the Laos MAAG, with the execution of the program being handled within Laos by the Requirements Office of the USAID. Programs are developed jointly by these two offices and submitted for review and approval through CINCPAC and regular MAP channels in the Pentagon.

Security Considerations

The draft Military Assistance Manual, prepared by ODMA/Plans in the Department of Defense, contains the following instructions regarding classification with respect to the Laos military assistance program:

"5. Special Security Instructions

a. Basically, the existence of a U.S. Military Assistance program for Laos is unclassified but the scope, quantity and specific nature of this assistance must be classified at least Confidential. In fact, the existence of military assistance for Laos is not to be publicized.

b. The fact that military assistance for Laos is the Mission of DEPCHJUSMAGTHAILAND is classified Secret and the organization handling military assistance is likewise classified Secret. This means that the Secret classified applies when the basic mission of DEPCHJUSMAGTHAI of organization for providing military assistance to Laos is disclosed, i.e., the specific responsibilities of DEPCHJUSMAGTHAI for military assistance to Laos and/or when details of the organization of this military assistance in Thailand are specified.

c. Association of DEPCHJUSMAGTHAI Thailand with Laos is classified Confidential, e.g., message traffic to DEPCHJUSMAGTHAI referring in any manner to Laos. This is necessary to preclude the possible disclosure of classified association by accumulation of messages otherwise unclassified.

d. Furthermore, the fact that the U.S. Government and the Royal Thai Government are formally involved in the military training of Lao students in Thailand is classified Confidential. Third country participation in military assistance activities within Laos is also classified Secret-NORFORN, and limited distribution procedures must apply."

The Military Technical Support program funds amounting to about $4 million each year are used to pay the staff of the Mission Requirements Office (RO), to provide imported food for the FAR and FAN forces and to aid in the administration of the MAP program for Laos. Since the Geneva Agreements prohibit stationing United States military personnel in Laos, the RO has been charged with preparing recommendations for the Military Assistance Program for Laos, placing orders for any arranging delivery of military assistance materials and arranging for training of Lao military personnel outside Laos. The RO is also charged with monitoring the use of MAP materials insofar as is consistent with the Geneva Agreements.

VII. RECOMMENDATIONS

The Evaluation Team found that the program has made significant and in some cases, dramatic gains in the face of difficult circumstances. These circumstances, mostly, are represented by the Laotian scene and security situation and the shambles the police force was in at the outset of the program. Consequently, the Team has few recommendations to submit and these reflect observations and findings set forth elsewhere in the report.

For the future conduct of the Program, it is recommended that:

A. Project Goals Be Rephrased:

It is considered advisable to sharply define project goals in order to facilitate an evaluation of project accomplishments and to define clearly in the ProAg exactly what both the U.S. and the RLG propose to do. Suggested language for the goals of the project are:

1. To establish a Police Training Center, including buildings of suitable design, for the training of ___ cadet officers, ___NCO personnel, ___ recruits and ___ in-service personnel each year.

2. To establish a communications capability within the LNP which will involve,

   a. Installation of equipment at 13 province police headquarters in a network that provides voice and telegraphy transmission with LNP/HQ in Vientiane.

   b. Installation of low-power two-way radio systems (mobile, fixed, and portable stations) for four major cities.

   c. Installation of intra-province radio stations (fixed point-to-point) for _____ stations and _____ police bases.

   d. Establishment of communications center at the new LNP Headquarters, Vientiane.

   e. Installation of manual telephone switching system (120 lines) at the new LNP Headquarters, Vientiane.

f. The development of four emergency communications support packages for temporary use in sensitive areas, composed of one base station and ten tactical radios each.

g. The development of adequate repair facilities which will employ ten trained LNP technicians.

3. Create a police records and identification system, based on the Henry fingerprint classification, for use throughout the country.

4. To establish a repair facility for police weapons and an ammunition reloading capacity for reloading _____ rounds of .38 caliber ammunition monthly.

5. To establish a logistics system for the LNP allowing accountability for police equipment, including consumables, and efficient warehousing and distribution of all police equipment according to need.

6. To establish an automotive maintenance capability through the 5th echelon, able to maintain and repair a fleet of 150 vehicles of about six various makes.

7. To ensure through technical assistance, a maximum of urban and rural patrol to bring the police closer to the public.

8. To continue the professional development of the Special Police and the Judicial Police abilities in intelligence and criminal investigations, respectively.

9. To improve individual and collective abilities of police administrators in the management of police resources.

It will be noted that each of these goals should have specific activities subordinate to them, which will describe the manner in which the goal is to be reached.

The question of phase-out of the program was addressed by the Team. Mission planning to date (See the PROP) carries through FY 1973 and beyond that, the mission states, "as long as the RLG lacks the necessary financial resources and technically competent human resources, the Civil Police Administration Project will have a major role in assisting the RLG to develop an efficient civil police force. The Final Contribution Date of FY 1973 is appropriate only if other outside financial and technical assistance is available to the RLG by that date." The Team endorses this view.

B. The Program Methodology Emphasize the Shift in the Advisor's Role from Essentially Operational to Advisory:

It is certain, using hindsight, that the rebuilding of elements of the LNP would not have been possible had the customary advisor/counterpart relationship been relied

upon in the provision of technical assistance. It is true that this kind of relationship does exist between the Chief Advisor and the Director General today, but otherwise the advisors have assumed an operational role. This is to say that decisions are made by the advisors and directions given to the police for their execution.

The Public Safety effort has been directed toward placing the burden of this responsibility on the police where it belongs. Illustratively, the logistics system and supply procedures are being dealt with in such a way as to train decision makers——looking to the day that they can assume their proper tasks without outside help. The Team proposes that this effort be intensified to include all functional areas receiving U.S. technical assistance.

As mentioned elsewhere, this must be done carefully and the pace taken toward this goal determined on a case-by-case basis. Personalities will be a major factor——and above all, we must not endanger the gains that have been made to date by a premature dependence on the Lao officer for administration and management.

One procedure that might be helpful is that used in the logistics area. The LNP supervisor's desk is placed next to the advisor's (the TCN in the case of the logistics system). All matters then could be dealt with by both, thus the "desk-by-desk" method representing an intensive "on-the-job" training means for the Lao supervisor.

C. That Third Country Nationals Continue To Be Used To The Extent Required:

The Team was very favorably impressed with the quality of the Thai TCNs and with the fact that without them, there would have been a lower level of technical assistance. For example, only 18 man years has been provided in over a period of five years through U.S. direct-hire advisors. The use of TCNs has allowed this contribution to be most effective. For the next several years, a high input of technical assistance will continue to be needed. Without constraints on U.S. direct-hire employment, the Team would prefer to see two additional advisors added to the staff (training and police records). Through the use of Thai technicians, the job can be done with the present U.S. staff —— even though U.S. advisors will continue to be responsible for tasks in addition to their regularly assigned function. The TCN represents a relatively inexpensive, language qualified, technically-able resource that is acceptable to the Lao police, and that functions effectively under the supervision of the U.S. Advisor.

D. That Increased Emphasis Be Given To Re-Training the Police Force:

The program has been successful in training police officers in various specialties, in Laos, Thailand, Malaysia and the U.S. This should be continued with particular emphasis on training at the OPS International Police Academy in Washington.

The major need is to proceed urgently with the development and fullest possible use of the partially-completed Police Training Center (formerly referred to as the Police Academy). Reduced training activity has been experienced for the past 16 months, reportedly due to the construction of police buildings. Now is the time to reinstitute training on a broad scale.

Training programs of various kinds have been well thought through by the Public Safety staff in working with their police counterparts. One area of disagreement between the PSD staff and the Lao police is the matter of cadet training. Public Safety's view is that cadet training at the police training center is an expensive way of dealing with what appears to be a minor problem. For example, approximately 20 officers are attrited per year and this need can be met effectively and economically through the training programs in the Thai national police system. The LNP position is that they see training of their police officers in Thailand as a loss of face and insist that they must have the capability for training their own people in Laos. They further point out that the Lao army has a similar school and reiterate that they must have a capability for a similar purpose. The Team sees the problem of overcoming the Lao view as a difficult one and, while agreeing with the Public Safety staff approach in terms of the most effective way of meeting the problem, believes that it may be necessary to bow to realities as they exist and assist them with the cadet program in the police training center. In any event, training of cadets should not exceed 20 per year, which in, and of itself, presents an uneconomical use of Lao police training resources. At the same time the Team would encourage the chief advisor to continue his efforts to persuade the LNP Directorate from following this course and to use the Thai police resources if at all possible.

With regard to non-commissioned officers, the Team proposes that an annual promotional course for NCOs be given to provide training for those at the patrolman-level who are eligible for promotion to a non-commissioned rank. Additionally, there should be extensive in-service training programs for those presently holding non-commissioned ranks in the force.

With PSD assistance the LNP is restricting its recruitment to those personnel having special skills (for example, the recent recruitment of 14 technical school graduates now being trained as radio technicians in Bangkok). The general plan is to continue recruiting small numbers of persons possessing skills needed while at the same time allowing the overall LNP personnel strength to gradually drop by attrition. During the period of the Team's visit they received a strong impression that additional manpower was required in certain areas of the country which had been vacated by military forces as a result of the shift in locus of military action. With respect to the general plan for attrition of the force to reduce its numbers, the Team proposes that considerable monitoring of the need for police personnel be conducted in

order to assure that adequate trained personnel are available to meet the requirements for police service in all areas of the country. The force strength level estimated in the Walton-Skuse report of 5,000 men appears to the Team to be a good round number estimate of needs. But, on the other hand, at the present time, given the manner in which personnel are used by the LNP, the present 10% over-strength figure would not seem excessive in this regard.

With respect to inservice training, a maximum number should be retrained so as to retrain all personnel within four years. The Training Center's facilities should provide the nucleus for this effort supported by the use of mobile police teams and by provincial schools in the most populous provinces. This training, including marksmanship, probably need not exceed four weeks.

The principal target is to give refresher training to all police, including officers, in the subjects of; police operations, police intelligence, police public relations, changes in the law, marksmanship, and security tactics (together with some paramilitary subjects).

E. That a Concerted Effort be Made to Create a Merit System for Promotion:

Today the police are automatically promoted after remaining in grade for a specified number of years. A concerted effort should be made, through technical assistance, to effect the adoption of a system of promotion through merit. This should be tied in closely with courses offered at the Police Training Center, which should be one of the prerequisites for promotion.

F. That Selected Commodities Be Procured to Meet Emergency Need:

The Team sees this need to exist today in communications and in protective clothing. The communications project has been pursuing a plan laid down earlier during the Walton study. Today the police are engaged in security operations in sensitive areas such as the Attapeu and Saravane enclaves and at the southern approaches of the Plain of Jars at Sam Thong. The Team found inadequate tactical communications at these locations--places where the need is urgent. It is proposed that four packages of communications equipment be procured with each module, composed of a base and up to ten satellite stations. These should represent additions to existing radios in any area and not a separate network. These packages should then be distributed to sensitive areas after a careful analysis of the need by the PSD staff. The distribution should be temporary, and the units should be moved on to other sensitive areas as the needs dictate. Mainly, the LNP (through PSD) needs the flexibility to be able to respond to urgent needs of this kind quickly. Sometimes these needs cannot be foreseen, such as the refugee security problem at Sam Thong and the surrounding area. The total cost of two VHF-FM and two SSB packages is estimated at about $30,000.

Another need to which the program should respond is for fatigue uniforms and steel helmets. Police in Saravane, Attapeu and the Sam Thong locations are engaged in paramilitary activities, including the manning of foxholes. To the extent possible, the police have begged clothing and weapons for this duty from the Army, with some success, but not enough to meet their needs.[20] It is proposed that the program purchase bolt cloth and that the uniforms be made at the Army-owned factory in Vientiane. Steel helmets, (about 600), should be procured now through the Army Material Command, if they are not available through excess property.

The Chief Advisor has been endeavoring to acquire used fatigue uniforms and ponchos through excess property for the past year without success. Fatigue uniforms are needed for the police in the areas mentioned above and for the use of the students at the Police Training Center, for a total of about 600 uniforms. The Team has no way of estimating U.S. costs involved for these items, but they should not be more than $10,000.

G. That Technical Assistance Be Provided For the Judicial Police And Special Police:

Until about five months ago, a U.S. advisor assigned to the Public Safety staff, provided technical advice to the Special Police. He has since been transferred to other duties. The Team proposes that his position be filled with a Public Safety advisor, to provide advice to the Special Police on police organization and management and to provide technical assistance to the criminal investigation and criminal records element of the LNP.

In the latter case, emphasis should be on basic elements of investigation, criminal and identification and records and narcotics investigations. To assist in this effort, the advisor will undoubtedly require the services of a Thai TCN to work with the criminal records development.

With respect to the Special Police, the Embassy now maintains liaison with this element, wherein one officer is assigned this task as a collateral duty. Embassy officers advised that this liaison will continue and will deal with operational matters only. The advisor proposed above should be concerned with the function of the Special Police as an organizational element of the LNP, including matters of management, administration and organization. Especially important is the functions and relationship of the Special Police with respect to those of the rest of the force.

It is important that the Public Safety Advisor and the Embassy liaison officer work very closely together so that each is fully aware of the interests and activities of the other. Naturally, there will be some operational matters which will

---

[20]Each policeman is issued one regular uniform each year and this is not appropriate for combat duty of this type.

be of no concern to the Public Safety Advisor. The main interest of both should be that a common thrust of technical assistance is provided the Special Police——and certainly that they do not work at cross purposes. The Team sees this as feasible and feels confident that the principal Embassy supervisor and the Chief Public Safety Advisor can assure that the two advisors work together as a team.

In discussing this recommendation with USAID Director Mann, he stated that he had no objection to the inclusion of such an advisor on the Public Safety staff, but that it should be recognized that personnel ceiling constraints dictated that the Mission would have to be provided an additional ceiling level to accommodate the increase. He said that the Mission could not "absorb" the increase implicit in the recommendation.

Costs:

The presently-planned commodities expenditures and other costs are reflected in Part V of the Project Implementation Plan (reproduced for reference as Annex D).

PRESENT TOTAL PROGRAM COSTS

	$000 FY 1970	FY 1971
Technicians (5)	205 (54 mm)	159 (60 mm)
Participants	70	60
Commodities	251	307
Other Costs	106	36
TOTAL	632	562

The additive costs involved in the recommendations contained in this evaluation report are small (approximately $40,000 for commodities). The Team examined program components to determine if the $40,000 additional commodity requirements could be absorbed within present funding reflected above. In reviewing FY 1970 plans, it is concluded that without entirely sacrificing presently planned on-going activities, such as auto spare parts and radio spare parts procurement, the present funding level could not accommodate recommended additives. It is considered very important to begin the replacement program this year, and at the pace planned by the USAID. Therefore, the Team concludes that ongoing activity costs should not be sacrificed, but that $40,000 should be added to the program for the commodities proposed.

ANNEX A

LAOS – GENERAL INFORMATION*

LAND: (U)

91,000 sq. mi.; about 5% cultivated, 4% pasture, 3% other arable, 88% forests or unsuitable for cultivation

PEOPLE: (U)

Population: 2,879,000; males 15-49, 672,000; 360,000 fit for military service; average number currently reaching usual military age (18) annually 27,000; no conscription age specified

Ethnic divisions: 47% Lao, 14% Tai, 25% Phoutheng (Kha), Meo, Yao, and other

Religion: 50% Buddhist, 50% animist and other

Language: Lao official, French predominant foreign language also used in administration

Literacy: about 12%

Labor force: about 1,268,000; over 90% agriculture; 159,286 engaged in manufacturing and services; 11,864 government employees

Organized labor: only civil servants are organized

GOVERNMENT: (C)

Legal name: Kingdom of Laos

Capital: Vientiane (Luang Prabang royal capital)

Political subdivisions: 16 provinces subdivided into districts, cantons, and villages

Type: constitutional monarchy

Legal system: based on civil law system; constitution of 1947 superseded by International agreements of 1962 and subsequent events; has not accepted compulsory ICJ jurisdiction

Branches: King, 59-member National Assembly, 12-member King's Council; provisional coalition government formally composed of three "tendencies" – neutralists, Communists, rightists -- but Communists not participating

Government leaders: King, Savang Vatthana; Premier, Souvanna Phouma, Deputy Premier, Leuam Insisiengmay, rightist

Sufferage: universal over age 18

Elections: National Assembly was designated by King in general elections held in 1967

*Drawn entirely from National Intelligence Summary 43B GSCREV, May, 1967

Political parties and leaders: Neo Lao Hak Sat, Communist-front organization which includes the Lao People's Party (Communist), only party active

Communists: Lao People's Party (clandestine) membership unknown

Other political or pressure groups: Communists are resisting "neutralist" government; insurgent Communist forces with North Vietnamese backing pose serious threat to existing government; other political groups are informal and associated with regional family and military leaders; Royal Armed Forces (FAR) leaders, Commander-in-Chief Ouan Rathikoun, and Generals Kouprasith Abhay, Phasouk Somly and Vang Pao

Members of: U.N., IMF, ECAFE, Mekong Committee, UNCTAD, Colombo Plan, SEAMES

ECONOMY: (S)

GNP: US$189 million (1966 est.), $70 per capita

Agriculture: main crops -- rice (overwhelmingly dominant), corn, coffee, tobacco; 90% self-sufficient; food shortages -- rice and small quantities of corn, cotton, tea; major food problem is distribution

Major industries: tin mining, timber

Shortages: capital equipment, petroleum, transportation system

Electric power: 15,000 kw. capacity (1967); 30 million kw.-hr. produced (1967), 11 kw.-hr. per capita

Exports: US$2 million (1967 est.); tin ore, timber, unroasted coffee; undeclared exports of opium significant but value unknown

Imports: US$30 million (1967 est.); vegetables, petroleum products, rice, transportation equipment, machinery, textiles

Trade: imports from Thailand, U.S., Japan, U.K., Indonesia, Hong Kong; trade with Communist countries insignificant; Laos a major transit point in world gold trade, with gold imports worth $82.1 million in 1967, but imports have fallen off sharply in 1968

Aid: U.S. -- US$528.3 million 1954-67 (grants); all others, US$71.5 million; U.N. technical assistance, $5.3 million through 1967

Monetary conversion rate: 240 kip=US$1; open market rate approximately 505 kip= US$1 (1968); all but restricted list of developmental commodities now imported at open market rate

Fiscal year: 1 July - 30 June

COMMUNICATIONS: (C)

Highways: about 7,700 mi. (including Communist-held areas); 500 mi. paved, 400 mi. gravel, 1,500 mi. improved earth, most of remainder unimproved and often iinpassable during rainy season (June – October)

Inland waterways: about 2,850 mi., primarily Mekong and tributaries

Ports (river): 5 principal (Luang Prabang, Vientiane, Savannakhet, Pakse, Thakhek), 4 minor ports

Civil air: 14 major transport aircraft

Airfields: 352 total, 211 usable; 3 with permanent-surface runways; 20 with runways 4,000-7,999 ft.

Telecommunications: service to general public considered poor; radio network provides generally erratic service to government users; limited international service by radiotelegraph; radiobroadcast transmitters operate in a few towns; 1,500 telephones, 35,000 radio receivers

DEFENSE FORCES: (S)

Royal Armed Forces:

Personnel: army 46,000, air force 1,500 (104 pilots), river flotilla 450, Auto Defense du Choc 5,000

Major ground units: 62 infantry battalions, 1 artillery regiment of 4 battalion-size groups, 1 armored regiment of 4 company-size groups

Neutralists:*

Personnel: army 6,000

Auto Defensesdu Choc (ADC):

Major ground units: 50 separate company-size units

Communists and pro-Communists:

Pathet Lao, 45,325; North Vietnamese Army regular units, 31,195; Deuane Dissident Neutralists 1,700, Khamouane Dissident Neutralists 1,300, plus about 15,000 NVN personnel, consisting of an undetermined mix of regular troops and civilian laborers, are estimated to be in Laos for the purpose of building, maintaining, and securing infiltration routes between North Vietnam and South Vietnam

Major ground units: 152 infantry battalions (Pathet Lao 28, Pathet Lao with NVA advisers 35, Pathet Lao/NVA 36, NVA 39, Deuane Dissident Neutralists 7, Khamouane Dissident Neutralists 7)

Supply: Royal Armed Forces and neutralist forces dependent on U.S. and France; Pathet Lao dependent on North Vietnam, U.S.S.R., Communist China

Military budget: for fiscal year ending 30 June 1968, US$34,416,666; about 51% of total budget

INTELLIGENCE AND SECURITY: (S)

Special Police of the Lao National Police, domestic; National Center of Documentation (CND), domestic/foreign; Intelligence Division (G-2), General Staff, Royal Armed Forces, domestic

*The Neutralists are moving toward incorporation into the army; however, they retain a separate status.

ANNEX B

DUTIES, RESPONSIBILITIES, AND WORK LOAD

PUBLIC SAFETY EQUIPMENT ADVISOR (AUTO)

Responsibilities fall within three civil police administration sub-projects:

1. Automotive Maintenance and Vehicle Control
2. Firearms Repair and Ammunition Reloading
3. Marine Police

In order to effectively perform the duties required in these areas, a 54 hour work week is a normal requisite. The following information indicates the time percentages required to conduct these functions:

1.	Budgeting, procurement, receipt and control of commodities.	24 hours	46%
2.	Administrative advisory duties: a. Establishing organizational structure. b. Preparing standard operating procedures. c. Establishing proper reporting systems. d. Establishing efficient records systems. e. Surveys and forecasts of maintenance trends and subsequent requirements.	10 hours	18%
3.	Responding to AID/W Office of Public. Safety and Mission queries on project.	10 hours	18%
4.	Direct operational technical advisory assistance and training.	8 hours	14%
5.	Mission special projects	2 hours	4%

NOTE: 1. Provincial inspection tours are required.. Time spent on these trips require additional hours to be added on the normal work week.

2. Prior to the writing of this report, items 1 through 5 were reduced to absorb approximately 40% of time spent in monitoring Public Safety Division's construction projects.

PSD:EJElliott:kak
11/18/69

ANNEX C

PUBLIC SAFETY TRAINING

October 1969

Place, Type of Training, Duration	Entered Tng. This Month	Total In Training	Completed This Month	Completed This FY To Date	Completed Cum. Total To Date
Local					
Lao Police Academy					
Basic Training (6 mos.) (NCO)	0	0	0	0	696
Cadet Officers (3 yrs.)	0	85	0	0	76
Officer Candidates Course (1 yr.)	0	0	0	0	40
Recruit Training (6 mos.)	0	0	0	0	99
Firearms Training (24 hours)	0	0	0	0	56
Radio Operator's Tng. Course (6 mos.)	0	0	0	20	30
Basic Fingerprint Tng (1 w.)	0	0	0	0	36
Somboune Academy, Vientiane					
Policewomen's In-Service Tng. (6 mos.)	0	0	0	0	89
English Language Tng. (Beginners-240 hrs.)	2	73	8	8	90
English Language Tng. (Advanced-240 hrs.)	0	8	3	3	54
USIS - Movie Projection Tng. (1 w.)	0	0	0	0	4
USAID/CM - Reproducing Machines (3 days)	0	0	0	0	2
USAID/MTS - Driver Preventive Mtnc. (2 days)	0	0	0	0	27
-Automotive Mtnc. (Mechanics)	0	0	0	0	14
-Automotive Mtnc. (Admin.)	0	0	0	0	1
-Stock Records Clerk	0	0	0	0	2
USAID/OSM-In-Service Training Whse. & Stock Records Clerk	0	0	0	0	3
PSD-Commo. Eqmt. Mtnc. (21 days)	0	0	0	1	1
PSD-Generator Mtnc. (3 mos.)	0	1	0	3	3
PSD-Firearms Repair & Mtnc. (40 hrs.)	3	0	3	9	17
PSD-In-Service Training (on going)					
Communications Eqmt. Mtnc. Stock Records Clerk	0	21	0	0	8
Communications Generator Mtnc.-	0	1	0	0	1
Communications Automotive Maintenance,	0	15	0	0	0
Mechanics Automotive Maintenance,	0	9	0	0	0
Admin	0	3	0	0	0
Supply Records Clerk	0	7	0	0	1
USAID/MGS Firefighting	0	0	0	0	32

PUBLIC SAFETY TRAINING (Continued)

Place, Type of Training, Duration	Entered Tng. This Month	Total In Training	This Month	This FY To Date	Cum. Total To Date
Basic Mathematics-Communications (120 hrs.)	0	0	0	0	13
Advanced Mathematics-Commo (80 hrs.)	0	0	0	0	1
USAID/BPR-Automotive Mtnc. (Admin)(100 hrs.)	3	3	0	2	2
-Automotive Mtnc. (4 mos.)	0	0	0	0	13
Typwriting (120 hrs.)	2	3	0	5	40
USAID/Power-Generator Mtnc. (2 w.)	0	0	0	0	2
USAID/TTB-Electrical Mtnc. (200 hrs.)	0	0	0	0	2
TOTALS	10	229	14	51	1,455
U.S.A.					
International Police Adademy, Wash., D.C.					
Special Actions (Riot Control) (11 w.)	0	0	0	0	8
IPA General Course (16 w.)	0	0	0	0	15
IPA French General Course (16 w.)	0	0	0	4	17
IPA Senior Course (14 w.)	0	0	0	0	2
Communications Training (18 mos.)	0	1	0	0	1
TOTALS	0	1	0	4	43
Third Country – Thailand					
Records & Identification (8 w.)	0	0	0	0	30
Photo Lab Techniques (8 w.)	0	0	0	0	5
Firearms Training (4 w.)	0	0	0	0	1
Administrative Firearms Training (8 w.)	0	0	0	0	4
Reloading Operations (4 w.)	0	0	0	0	0
Basic Communications (15 mos.)	0	13	0	0	23
Generator Maintenance (16 w.)	0	0	0	8	16
Criminal Investigations (16 w.)	6	6	0	0	18
Patrol Operations (4 w.)	0	0	0	10	10
Malaysia – Joint U.S. – British					
Motor Pool Operations (3 w.)	0	0	0	0	3
TOTALS	6	19	0	18	115

ANNEX D

COMMODITY PROCUREMENT PLANS

	FUND REQUIREMENTS					
	FY-69	FY-70	FY-71	FY-72	FY-73	TOTAL
U.S. INPUTS (U.S. $ Thousands or equivalent)						
COMMODITIES:						
Miscellaneous General Supplies	5	12	12	12	12	53
Miscellaneous General Supplies for rehab. and construction or police building	-	10	10	10	10	40
Repair parts for Weapons	5	5	3	2	2	17
Firing Range Equipment	2	2	2	2	2	10
Riot Control Equipment	3	1	1	1	1	7
Ammunition and Explosives	30	30	30	20	20	130
Vehicles	-	90	150	75	75	390
Vehicular Equipment Components (parts)	30	45	45	45	45	210
Tires and Tubes	10	10	10	10	10	50
Pirogus Motor and Repair Parts	4	2	2	2	2	12
Maintenance & Repair Shop Equipment	2	7	5	5	5	24
Telecom Equipment and Spare Parts	40	26	26	26	26	144
Photographic Equipment	3	1	1	1	1	7
Training Aids and Devices	2	2	2	2	2	10
Office Equipment and Machines	8	8	8	8	8	40
TOTAL	144	251	307	221	221	1,144
OTHER COSTS:						
Short-Term Consultants – TCN	3	3	3	3	3	15
Contractual Services – L.A.G.	4	4	4	4	4	20
Construction – Police Academy	-	150	-	-	-	150
MRO – Miscellaneous Small Purchases	3	5	5	5	5	23
Local and International Travel – U.S. & TCN	2	2	2	2	2	10
Transportation (Bangkok to Laos)	25	25	25	25	25	125
TCN Salaries	32	34	22	20	20	128
Construction: LNP Motorpool Facility	-	15	-	-	-	15
TOTAL	69	238	61	59	59	486

ANNEX E

ABSTRACTS FROM THE PROJECT APPRAISAL REPORT OF JANUARY, 1969

There is no previous PAR for this project. The following is a brief summary of the history of the project from its beginning:

The Civil Police Administration Program for the Lao Police was initiated in September 1955, in response to a request from the Royal Lao Government (RLG). This resulted in providing the RLG with technical assistance in surveying the organization and management of the Lao National Police (LNP). Provision was made for commodity assistance by procuring radio equipment, vehicles, miscellaneous supplies for logistics support, and by providing training (foreign and in-country).

Considerable progress was made in improving the capabilities of the LNP during the first phase (1955-1961) of the project: fragmented police forces were consolidated into a single LNP; a headquarters staff was organized; a training academy was established at Done Noune, 13 km. from Vientiane; and 838 participants were sent to the U.S., the Philippines, Thailand, Singapore, Hong Kong, and Malaya for training. The U.S. Government provided nine (9) American police advisors and four (4) Third Country Nationals (TCNs).

The police project was discontinued in FY-1961 due to the removal of the LNP from the control of the Ministry of Interior and its absorption by the Directorate of National Coordination (DNC), an agency of the Department of Defense.

After the unsuccessful coup d'etat of February 1965, the control of the LNP was re-established under the Ministry of Interior, and USAID assistance was resumed in June 1965. In order to develop the LNP into a modern, efficient police organization capable of maintaining law and order and combating subversive elements, the following targets were chosen:

- Training of LNP personnel (foreign and in-country)
- Construction of police facilities
- Improvement of identification and records system
- Establishment of ordnance repair and ammunition reloading
- Upgrading telecommunications
- Strengthening of special police operations
- Establishment of automotive maintenance operations
- Improvement in management of LNP logistics and supply operations

– Establishment of LNP Firearms Training Program
– Upgrading of LNP patrol operations

(1) Overall performance and effectiveness of project implementation in achieving project targets can be stated as satisfactory. Considerable progress has been made to date in the implementation of the above listed project targets.

(2) This project contributes to a great degree toward the achievement of national and sector goals. Development of a country's economy, and productive mobilization of its economic potential, cannot be accomplished without a minimum degree of personal security, peace in the community, and stability of government.

(3) There have been no unusual or unexpected costs in the Civil Police Administration Project. The commodity cost has constantly declined with each year's funding. The initial commodity cost was higher because of the destruction or seizure of police material (weapons, vehicles, radio equipment, etc.) by various power groups during the numerous coups and counter-coups which began in August 1960 and continued to occur for the next four and one-half years. When the Public Safety Program was reestablished in June 1965, the LNP had only a limited quantity of equipment, most of which was unserviceable and of poor quality. Participant training is another area with a yearly budget decline. FY-1967 is an exception as it was necessary to train a large number of communications personnel required to operate and maintain the LNP radio networks.

(4) The continuance of the Civil Police Administration Project is considered essential to country development and the furtherance of U.S. objectives. (See (2) above.) As long as the RLG lacks the necessary financial resources and technically competent human resources, the Civil Police Administration Project will have a major role in assisting the RLG to develop an efficient civil police force. The final contribution date of FY-1973 is appropriate only if other outside financial and technical assistance is available to the RLG by that date. If all professional guidance and financial assistance is withdrawn, the LNP is likely to retrogress and its capability to maintain law and order, preserve the public safety, and contribute to the internal security will be greatly diminished.

CONSTRUCTION OF POLICE FACILITIES

A. Police Pistol Range (completed)

B. Police Academy Buildings

Significant material assistance was held in abeyance until a reliable source of potable water could be developed. During FY-67 a deep well was drilled and sufficient potable water is now available for the Academy. In FY-67 authorization was granted for construction of one "groupe scolaire" type structure (a standard-plan Lao school building). In FY-68 authorization was granted for construction of two additional "groupe scolaire" type structures. A combination kitchen/mess hall building was planned for FY-69 but was canceled because of budget limitations. In FY-70 it is planned to construct the combination kitchen/mess hall and barracks building.

*C. Rehabilitation of Communications Center

D. Construction of Communications Radio Repair Facilities

E. Construction of generator sheds

*F. Erection of permanent type antenna towers and masts

G. Warehouse and Repair Complex (motor vehicle maintenance; radio, generator and ordnance maintenance; and warehouse) (completed)

H. LNP Motorpool (completed)

IMPROVEMENT OF IDENTIFICATION AND RECORDS SYSTEM

Full development of a modern records and identification system, based on Henry System of fingerprint classification and filing, was hampered by the lack of a Public Safety Advisor/Records and Identification. This problem was solved by USAID enlisting the services of Colonel Chai Sevikul, Deputy Chief, Criminal Records Office, Thai National Police, and his assistant. Consequently, a Central Records and Identification Bureau has been established in lieu of the outmoded system formerly used in Indochina; thirty-five LNP officers who were trained in Thailand during FY-66 are part of the staff. A photo laboratory has been equipped and LNP personnel have been instructed in photographic techniques.

ESTABLISHMENT OF ORDNANCE REPAIR AND AMMUNITION RELOADING

USAID has assisted the LNP in this activity by setting up a temporary ordnance repair and small arms ammunition reloading operation pending completion of the construction of the facilities to permanently house the project.

UPGRADE TELECOMMUNICATIONS BY ESTABLISHING A COUNTRY-WIDE RADIO COMMUNICATIONS SYSTEM

A. Installed primary radio circuits between LNP Headquarters in Vientiane and provincial police headquarters

*Behind the original schedules.

B. Installed a low-power two-way radio systems (mobile, fixed, and portable). Total includes 33 sets for estimated growth.

C. Installed intra-province radio stations (fixed point-to-point). Total includes 21 sets for estimated growth.

D. Establishment of communications center at the new LNP Headquarters in Vientiane.

E. Installation of manual telephone switching system (120 lines) at the new LNP Headquarters in Vientiane.

F. Spare parts, test equipment support, and procurement of radio equipment for replacement and systems growth.

Development of the police telecommunications system will level off in FY-1970 and will be followed by a program that provides spare parts and replacement of test equipment for a very active maintenance operation. A limited growth in the radio system is anticipated and this will necessitate procurement of equipment to meet these requirements.

STRENGTHENING OF SPECIAL POLICE OPERATIONS

This unit of the LNP continuously receives attention from advisory efforts, mainly concentrated on classroom and on-the-job training. A uniform records system has been established in the Special Police Headquarters and its provincial units.

ESTABLISHMENT OF AUTOMOTIVE MAINTENANCE OPERATIONS

Prior to FY-68, the maintenance of LNP vehicles was performed by USAID Motor Transportation Branch (MTB), as the LNP lacked the capacity. During the period of USAID responsibility, MTB accepted and trained 14 police mechanics and 2 administrative personnel. Public Safety made special arrangements for 16 weeks of training in the Bureau of Public Roads mechanics school and, to date, 4 police mechanics have finished general mechanics school, 2 are currently in training, and 2 have finished electrical mechanics on-the-job eight weeks of training. Three police officers were sent to Malaysia under joint U.S. and British sponsorship for training in motor pool operations.

In February 1968, the police assumed the responsibility of maintaining and repairing their vehicles and commenced the operation under the supervision of two Public Safety Third Country Nationals (TCNs) from temporary facilities constructed by USAID. A permanent motor-vehicle repair facility is presently under construction. In July 1968, full services of an American Public Safety Advisor were assigned to this Project.

IMPROVEMENT IN MANAGEMENT OF LNP LOGISTICS AND SUPPLY OPERATIONS

To assist the LNP establish an adequate warehousing commodity control system, USAID organized and trained LNP personnel in proper warehousing procedures. From April 1967 and until August 1968 (at which time USAID lost its right of occupancy

due to expiry of the lease), the training activity was conducted in USAID furnished facility. Pending completion of new warehouse facilities, LNP warehouse personnel are working at the LNP Headquarters in Vientiane.

ESTABLISHMENT OF LNP FIREARMS TRAINING PROGRAM

As part of this program, USAID has constructed a pistol range at the LNP Academy at Done Noune. PSD plans to commence the firearms training program during FY-69.

UPGRADING OF LNP PATROL OPERATIONS

In order to develop improved mobile and foot patrol operations in the major cities of Laos, PSD plans to train 30 LNP officers and non-commissioned officers in Thailand.

	Behind Schedule	On Schedule
1. Participant Training		
a. U.S.A.		x
b. Third Country		x
c. In-Country Training		x
2. Counstruction of Police Facilities		
a. Police Pistol Range		x
b. Replacement of wooden buildings at the Police Academy with concrete structures.	x	x
c. Rehabilitation of communication centers. PSD has concentrated on the installation of intra-province network radio stations and completion of rehabilitation of communication centers were given a lower priority.	x	
d. Construction of communications radio repair facilities		x
e. Construction of generator shets		x
f. Erection of antenna towers - erection of antenna towers is behind the original schedule because of revised priorities in replacing temporary antenna masts	x	
g. Construction of a complex which is to house automotive maintenance, small arms repair and small arms reloading operations, warehouse operations and repair of communications equipment (Construction delayed due to various problems in construction and subsequent change orders. Completion anticipated on or about February 1969.)	x	
3. Communications		
a. Installation of equipment at 13 province police headquarters in a network that provides voice and telegraphy transmissions with LNP/HQ in Vientiane		x
b. Installation of low-power two-way radio systems, mobile, fixed, and portable		x
c. Installation of intra-province radio stations (fixed point to point). Twelve delayed due to insecure locations	x	
d. Establishment of communications center at the new LNP Headquarters, Vientiane		x
e. Installation of manual telephone switching system (120 lines) at the new LNP Headquarters, Vientiane (FY-68 funds). Procurement commenced December 1968. Delayed action due to frequent changes in plans for location of telephone sets. Equipment is now expected in-country April 1969.	x	

	Behind Schedule	On Schedule
f. Spare parts, test equipment support, and procurement of equipment for replacement and systems growth		x
4. Improvement of Identification and Records System-		x
5. Establishment of Ordnance Repair and Ammunition Reloading-		x
6. Strengthening of Special Police Operations		x
7. Establishment of Automotive Maintenance Garages		x
8. Improvement in Management of LNP Logistics and Supply Operations		x

Overall Implementation Performance

The project is on schedule. A significant achievement has been the upgrading of LNP communications. It was necessary to start from scratch, procure commodities, implement various training programs and finally effect the installation of a country-wide radio network. Full achievement is hampered by poor military security in some locations. The quality of Lao performance related to this target activity has been quite satisfactory and LNP cooperation has been excellent.

On the other side of the ledger, the problem areas which plagued the project since inception of the new Civil Police Administration Program have been in the field of construction.

Participants

The participant training programs in the U.S. and third countries have covered a wide variety of professional levels, from staff senior police officers training (16 weeks) to lower echelon training in special skills related to the police field, such as fingerprint classification, police photography, and support activities such as ammunition reloading, maintenance of vehicles, generators and communications equipment. More and more training will be conducted locally as facilities and instructors become available and the third country training programs will be reduced accordingly.

Commodities

With rare exceptions, all Public Safety commodities were purchased from the United States. Out of the total dollars spent on procurement of commodities since 1965, 34.2% ($616,000) were expended for procurement of vehicles, garage equipment and spare parts; 28.3% ($500,000) went toward procurement of communications equipment and spare parts; and 21.4% ($379,000) were spent on procurement of arms and ammunition. The balance, 15.5% of the funds, was used for procurement of other miscellaneous commodities. In general the quality of commodities, adherence to specifications and markings have been satisfactory.

FACTORS AFFECTING PROGRAM IMPLEMENTATION

In the past, the lack of coordination and cooperation between ministries has presented some problems. For instance, the military authorities have refused to recognize the authority of the civil police over military offenders in off-duty, off-post status. However, recently, the Commanding General of the 5th Military Region authorized the civil police to arrest off-duty military personnel in possession of weapons and explosives to prevent incidents at the annual That Luang Festival. However, a full measure of law and order will never be attained until civil authorities are given jurisdiction over military personnel.

A National Documentation Center was recently established to coordinate the collection, evaluation and dissemination of information generated by the intelligence sections of the Laos National Police and the Army. Another measure which should improve coordination in the recent establishment of a Committee for the Maintenance of Peace and Security composed of senior military and civilian officials to coordinate security measures in the Vientiane area. Plans are being made to organize similar security councils at the provincial level.

Another problem has been the reluctance of "Travaux Publics" to cooperate in the implementation of USAID's plan to have that Agency perform 3rd, 4th, and 5th echelon repairs of police vehicles. The "Travaux Publics" vigorously opposed the proposition, insisting that it was already overtaxed in caring for its own fleet. When finally forced to accept it, they deadlined the police vehicles for an excessive period of time and charged the LNP exorbitant rates for labor charges. The problem is being dealt with by terminating the agreement with this element and by giving the LNP a greater capability for the maintenance of its vehicle fleet.

The host country is incapable of financing this project, and in fact, must rely on the U.S. and other donor-countries to finance its budget deficit in order to carry on normal government operations.

Progress toward a society of law and order is hampered by lack of a sophisticated legal profession, untrained judiciary, and outdated and inadequate body of laws and ordinances.

Because of the RLG's lack of financial resources, its physical resource inputs and supporting facilities have been limited and insufficient to support this project. The LNP has, however, rendered excellent cooperation in providing the manpower required to implement the various programs. The RLG has also provided funds to construct a LNP headquarters building in Vientiane which will contain the various headquarters bureaus and sections which have heretofore been housed in scattered buildings throughout the city. This consolidation, which was recommended by the Walton-Skuse Police Survey Team, should greatly improve the operating efficiency and administration of the LNP. The Director General of Police has provided office space for USAID's Public Safety

Division in the new LNP Headquarters building. This will facilitate liaison between PSD and the several bureaus and sections of the LNP Headquarters and make for better working relationships. By means of self-help projects the LNP has also built a large number of police posts in rural areas without the assistance of the U.S.

While the LNP has lacked the necessary facilities and the capability of maintaining its equipment, considerable progress is being made to overcome these deficiencies as a result of the USAID-financed police construction and training programs. However, it will take several years to adequately train LNP technicians to properly maintain the equipment furnished by the U.S. (especially the communications equipment).

Because of the RLG's limited financial resources, it is doubtful that the LNP will be able to sustain its vehicle fleet and communications system after the U.S. terminates its financial assistance.

The project has been hampered by the almost complete lack of technical skills in the LNP and the low level of education of its personnel. For instance, in selecting personnel for communications training, it was necessary for USAID to institute a course in basic mathematics before the participants could be sent to schools in Thailand for basic electronics training, as most of the participants had only a third or fourth year education level. The USAID is doing much to upgrade the technical education and experience of LNP personnel.

In general, except for those officers who have graduated from the Thailand Police Academy (a 4-year course), the LNP is lacking in planning and management skills. The USAID is attempting to correct this situation by providing advisory services and by sending selected personnel to the U.S. for training in police administration and management techniques at the International Police Academy.

During the past three years, the LNP has established police posts in many rural areas throughout the country. There has been no sign of reluctance on the part of police personnel to accept assignments to these posts, many of which are isolated and located in insecure areas subject to enemy attacks, even though a number of policemen have been killed, injured or captured as a result of enemy action.

The USAID is of the opinion that there is too great a concentration of police in the City of Vientiane due largely to overstaffing of the LNP Headquarters. However, the presence of what we consider to be an excessive number of police in Vientiane is due to political factors which cannot be reconciled at this time.

The police, like other civil servants of the RLG, are poorly paid and most of them must devote time to tilling their small farms or garden plots, or operating taxis and

samlors after duty hours to supplement their income. The USAID has endeavored to convince the RLG that quality of personnel should be stressed rather than quantity which would permit higher pay for civil servants without an increase in budget funding. However, the RLG has been reluctant to decrease its personnel because of political reasons.

ANNEX F

PROJECT FURNISHED FIREARMS PROFILE

I. PROCUREMENT DATA

Description	PIO/C No.	Item No.	Quantity Procurement	Quantity Received	Quantity Issued	On Hand USAID
Revolver .38 Barrel 4"	5-50492	1	1,500	1,500	1,500	0
Revolver .38 Barrel 4"	5-60292	1	1,500	1,457	1,457	0
TOTAL			3,000	2,957	2,957	0
Revolver .38 Barrel 6"	5-80198	1	12	12	12	0
TOTAL			12	12	12	0
Revolver .22 Barrel 4"	5-50521	1	40	40		
Revolver .22 Barrel 4"	5-60292	15	20	20	60	
Revolver .22 Barrel 4"	5-70372	3	40	40	2	38
TOTAL			100	100	62	38
Shotgun 12 gauge	5-50492	2	50	50	50	0
Shotgun 12 gauge	5-60292	2	50	50	50	0
TOTAL			100	100	100	0

II. DISTRIBUTION DATA

	Revolver .22 Barrel 4"	Revolver .38 Barrel 4"	Revolver .38 Barrel 6"	Shotgun 12 Gauge
Director General of Police	–	12	1	–
Health Service	1	4	–	–
Materiel Service	15	153	4	9
Intendance Service	2	32	–	–
Instruction Service	20	65	7	50
Administration Service	3	59	–	–
Communication Service	–	20	–	–
Inspection Service	–	15	–	–
Territorial Service	–	50	–	–
Immigration Service	–	100	–	–
Metropolitan Service	–	387	–	–
Special Service	–	115	–	–
Judicial Service	–	65	–	–
Commissariats				
Luang Prabang	1	103	–	1
Vientiane	1	187	–	1
Paksane	1	50	–	1
Khammouane	1	97	–	1
Savannakhet	1	125	–	1
Wapikhamthong	1	52	–	2
Saravane	2	67	–	1
Attopeu	1	53	–	1
Sedone	3	118	–	1
Champassak	1	66	–	1
Sithandone	1	45	–	1
Sayaboury	1	80	–	1
Xieng Khouang	1	98	–	1
Phongsaly	1	60	–	1
Houa Phanh	1	24	–	1
Houa Khong	1	40	–	1
LNP Warehouse, Vientiane	2	615	–	24
	62	2,957	12	100

ANNEX G

UNOFFICIAL TRANSLATION

KINGDOM OF LAOS

ORDER IN COUNCIL
No. 375 of 12/7/65

We, Boroma Setha Khatya Sourya Vongsa
Phra Maha Sri Savang Vatthana, King of Laos

DECREE:

Chapter I. General Provisions

Article 1: A Directorate General of the National Police (Tamrouat) is created in Laos, the organization of which is fixed by this Order in Council. The Directorate General of the Police is placed under the direct command of the Director General of the National Police who is responsible to the authority of the Minister of Interior.

Chapter II. Functions

Article 2: The main functions of the National Police are to look after the maintenance of public security, the execution of the laws and regulations, to assure the maintenance of order in collaboration with the Armed Forces and the public services of the Kingdom.

Chapter III. Organization and Functioning

Article 3: The National Police is organized with one Directorate General (Krom Tamrouat), several provincial organs called provincial commissions of the Police (Kong Kamkabkane Tamrouat Pracham Khoueng), several conscription organs called sections (Kong Tamrouat Pracham Muong) and several internal organs called squads (Mouat Tamrouat Pracham Tasseng) and posts (Dane Tamrouat).

Article 4: The Directorate General of the National Police (Krom Tamrouat) is organized into:

1) Inspection of Services of the Police (Kong Banjakane Charc Tamrouat).
2) Administrative Service of the Police (Kong Banjakane Pokkhong Tamrouat).
3) Service of the Special Police (Kong Banjakane Tamrouat Santibal).
4) Service of the Judicial Police (Kong Banjakane Tamrouat Youtidham).
5) Service of the Metropolitan Police (Kong Banjakane Tamrouat Nakhonbal).
6) Service of the Provincial Police (Kong Banjakane Tamrouat Phouthone).
7) Service of the Immigration Police (Kong Banjakane Tamrouat Touat Khen Khao Nuong).
8) Service of the Police Logistics (Kong Banjakane Phalathikane Tamrouat).
9) Service of the Police Education (Kong Banjakane Suksa Tamrouat).
10) Service of the Police Health (Kong Banjakane Satharanasouk Tamrouat).
11) Service of the Police Transmission (Kong Banjakane Susane Tamrouat).
12) Service of the Police Ordnance (Kong Banjakane Samphayout Tamrouat).

Article 5: The Director General of the National Police (Athibodi Krom Tamrouat) is selected from among the Chief Commissioners or, in the absence of whom, from among the Commissioners of the Police and assisted by:

– a Deputy Director General (Rong Athibodi Krom Tamrouat).
– an Inspector of the Services of the Police (Charc Tamrouat).
– the Deputy Director General and the Inspector General of the National Police are selected in the same conditions as those for the Director General of the National Police.

(Article 5 Amended By Decree 404 Of 24 Oct '68)

Article 6: The Deputy Director General of the National Police has the permanent delegation of authority from the Director General for the internal affairs of the service and for certain affairs specially conferred upon him by the Director General of the National Police. In case of absence or prevention, the latter is replaced by the Deputy Director General.

The Inspectors of the Services of the National Police is charged with assisting the Director General of the National Police in:

– the supervision of the functioning of the service of the Police at all levels.
– the application of the code of discipline.
– the studies, planning and establishment of the police regulations.
– the program of public relations.
– the liaisons and the special missions entrusted by the Director General of the National Police.

Article 7: The Services of the Police (Kong Banjakane Tamrouat) are each directed by a Commissioner or a Police Superintendent, bearing the title of Chief of the Police Service (Phon Banjakane) assisted by a Deputy.

Article 8: All the Chiefs of Services have the same prerogatives and in the precedence order come immediately after the Deputy Director General and the Inspector of the Services of the National Police.

Article 9: In each province a Provincial Commission (Kong Kamkabkane Tamrouat Pracham Khoueng) is created with its headquarters at the chief town of the province.

The breakdown of the Police personnel among the provincial commissions of the Police shall be made subject of an order of the Minister of Interior.

Article 10: Each of the provincial commissions is directed by the Commissioner or a Police Superintendent bearing the title of Provincial Police Superintendent (Phou Kamkabkane Tamrouat Pracham Khoueng), assisted by a deputy superintendent and bearing the title of deputy to the provincial police superintendent (Rong Phou Kamkabkane Tamrouat Pracham Khoueng).

Article 11: In each Muong, a police section is created (Kong Tamrouat Pracham Muong) responsible directly to the Provincial Commission of the Police. The Sections are each directed by a police inspection bearing the title of Section Commander of the Muong (Phou Bangkab Kong Tamrouat Pracham Muong).

Article 12: In each Tasseng, a squad (Mourat Tamrouat Pracham Tasseng) is created, directly responsible to the Police Section of the Muong and directed by a Police Sergeant bearing the title of Police Squad Leader (Nai Mouat Tamrouat) and in several posts (Dane Tamrouat) directed each by a police lance-corporal bearing the title of Chief of the Police Post (Nai Dane Tamrouat).

Article 13: A commission of the Prefectoral Police (Kong Kamkabkane Tamrouat Pracham Phanakhone) has been specially provided for the Prefecture of Vientiane, Administrative Capital of Laos.

The Commission of the Prefectoral Police is administratively responsible to the Prefect of the City of Vientiane and technically to the Directorate General of the National Police (Metropolitan Police Service). It is directed by a police superintendent bearing the title of Vientiane Prefectoral Police Superintendent (Phou Kamkabkane Tamrouat Pracham Phanakhone). The Metropolitan Police Chief can, cumulatively with his normal functions, direct the Vientiane Prefectoral Police Commission.

The Vientiane Prefectoral Police Commission is subdivided into several districts (Kong Tamrouat Pracham Nuong Nay Thesabane) directed each by a deputy superintendent or a police inspector.

Article 14: The nominations to the following functions shall be pronounced:

By Order in Council (Cabinet Council Session)

- the Director General of the Police (Athibodi Krom Tamrouat)
- the Deputy Director General of the Police
- the Inspector of the Service of the Police
- the Chiefs of Services of the Police

By Presidential Order

- the Deputies to the Chiefs of Services
- the Provincial Police Superintendents
- the Vientiane Prefectoral Police Superintendent
- the principals of the schools and training centers of the Police

By Order of the Minister of Interior

- the Chiefs of Office of the Directorate General of the Police
- the Chiefs of Section at the Provincial Police Commissions
- the District Chiefs of the Vientiane Prefectoral Police
- the Section Chiefs of the Muong

By Decision of the Director General of the Police

- the Section Chiefs of the Directorate General of the National Police
- the Sub-Section Chiefs of the Provincial Commissions of the National Police
- the Section Chiefs of the Office of the Vientiane Prefectoral Police

(Last Section Amended By Decree 94 Of 26 Apr '66)

Article 15: The powers and internal organization of the National Police, the police schools and the police training centers shall be determined by the Order of the Minister of Interior or, according to the case, by the inter-Ministerial Order.

(Article 15 Amended By Decree 360 of 26 Sep '67)

Article 16: In the remote areas not yet endowed with highway system, a section of mounted police, equipped with pack-and-saddle horses, may be created and attached to the Provincial Commission of the Police.

Article 17: In the provinces bordering the Mekong River or in the areas passed through by the navigable and floatable rivers, a section of water police equipped with motor boats, vedette boats and any other means of locomotion needed to assure the

presence of the police may be created and attached to the provincial commission of the Police and the Vientiane Prefectoral Police Commission.

Article 18: The Director General of the National Police shall receive the same allowances (in kind and in money) as the Province Chief.

Chapter IV. Final Provision

Article 19: The Order in Council No. 174 dated July 9, 1964 and all the provisions contrary to this Order in Council are abrogated.

Article 20: Our Prime Minister, President of the Council of Ministers, Minister of the National Defense and War Veterans, the Ministers of Finance, of Interior and of Justice are charged, each for his own concern, with the implementation of this Order in Council.

Done in our Royal Palace, Duang Prabang, December 7, 1965

His Majesty the King of Laos
(signed) Sri Savang Vatthana

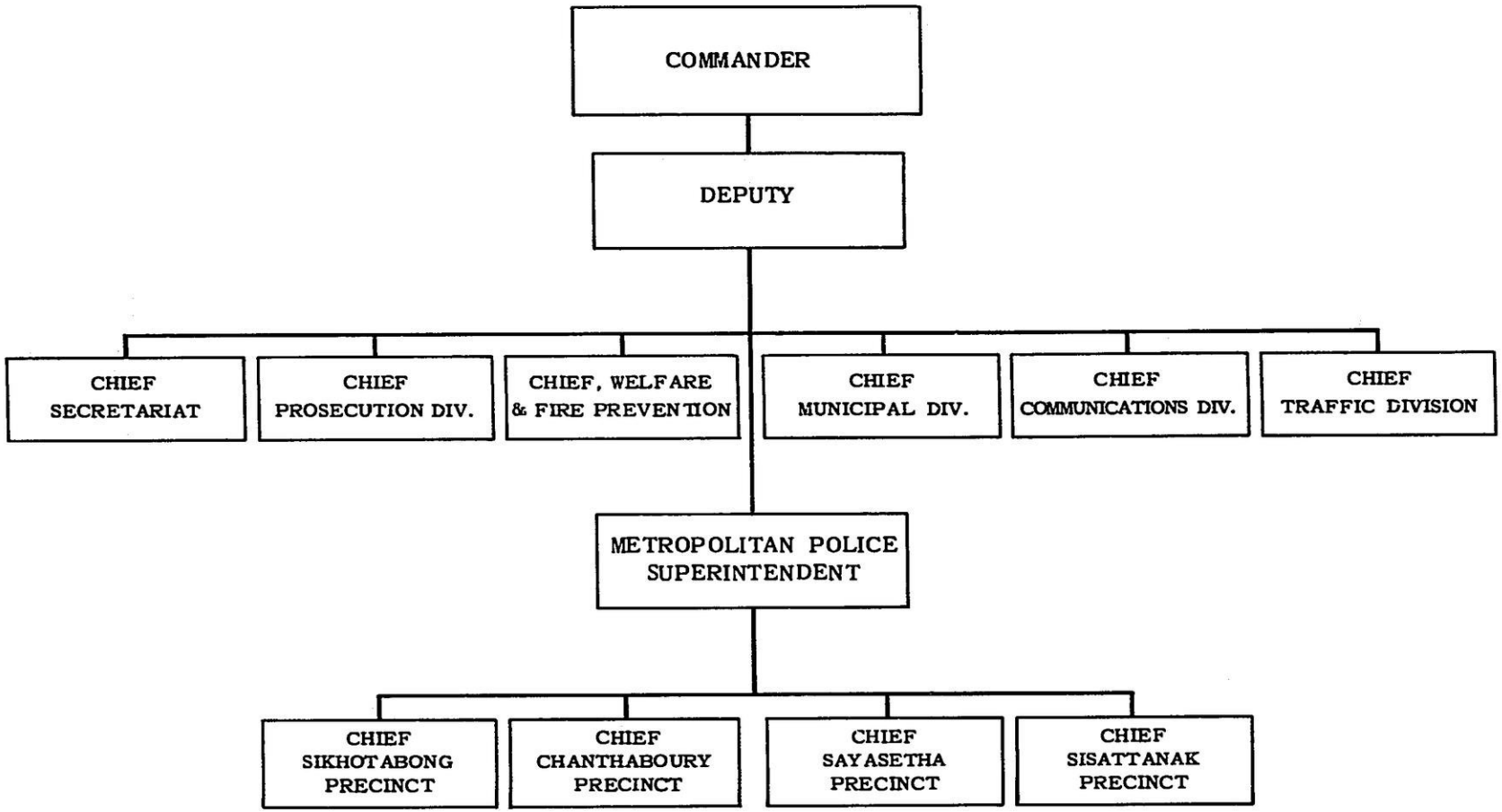
Prime Minister, President of the Council of Ministers
(signed) Prince Souvanna Phouma (Chao Krom Mana)

Minister of Interior
(signed) Pheng Phongsavar

Sighted at the Financial Control, No. 151 dated 11/15/65
(signed) Sisouk Na Champassak, Minister of Finance
Certified true copy: (Signed) Sisouphan Sukhaseum for: Director of Admin. Affairs
Outgoing No. 4/P dated 1/3/66.

ANNEX H

ORGANIZATION CHART OF THE METROPOLITAN POLICE HEADQUARTERS VIENTIANE



ANNEX I

LAO NATIONAL POLICE VEHICLE DISTRIBUTION

	JEEP			STATION WAGON	LIGHT TRUCK		MEDIUM TRUCK		HEAVY TRUCK			MISC.	TOTAL
	CJ-5	CJ-6	Willy CJ-3B	J-100	D-100	IVH 1200	D-500	J-3800	Water	Wrecker	Bus Truck	Fork Lift	
HEADQUARTERS	23	14	1	17	2	2	5	5	1	1	1	1	73
Public Safety Division													
CCAAC/CIC													
Administrative Service													
Logistics & Support Serv.													
Immigration Service													
Instruction Service													
Judicial Police Service													
Materiel Service													
Special Police Service													
Health Service													
Communication Service													
Suburban Police Service													
Urban Police Service													
Ministry of Interior													
General Inspection													
PROVINCES													
Phong Saly		1											1
Attopeu		1											1
Borikhane	1					1	1						3
Champasack	1						1	1					3
Houa Khong		1											1
Khammoune	1			1		1	1						4
Luang Prabang		1		3		2	1						7
Saravane		1				1							2
Savannakhet	1			2		2	1	1					7
Sayaboury		1				1							2
Sedone		1		2		1	1	2					7
Sithandone		1				1							2
Vientiane	1	8				1		1					11
Wapikhamthong	1					1	1						3
Xieng Khouang						1							1
Houa Phanh								1					1
TOTALS	[1]/29	30	1	25	2	15	12	11	1	1	1	1	129

[1]/ USAID procured 30 each; however, one vehicle was blown up.

ANNEX J

LAO NATIONAL POLICE PROVINCIAL HEADQUARTERS AND INTRA-PROVINCE RADIO NETWORKS

LOCATION	TYPE OF EQUIPMENT [1]
ATTOPEU PROVINCE	
Attopeu (Hq.)	SA-100
Muong Houei Kong	SBT-20B
BORIKHANE PROVINCE	
Paksane (Hq.)	SA-100
	MOTRAC
Muong Pakkading	MOTRAC
Muong Prabathphone Sane	MOTRAC
CHAMPASSAC PROVINCE	
Champassac (Hq.)	SA-100
	MOTRAC
Muong Phonethong	MOTRAC
Muong Soukhouma	MOTRAC
Tasseng Donc Talat	FM-5A
HOUA KHONG PROVINCE	
Ban Houei Sai (Hq.)	SA-100
	SBT-20B
Tasseng Nam Kheung	SBT-20B
Tasseng Tone Pheung	SBT-20B
Tasseng Ban Dane	SBT-20B
Tasseng Ban Khouane	SBT-20B
Tasseng Ban Houei Or	SBT-20B

[1] At each location, there is one each of type indicated.

LOCATION	TYPE OF EQUIPMENT
KHAMMOUANE PROVINCE	
Thakhek (Hq)	SA-100
	SBT-20B
	MOTRAC
Muong Sibounheuang	SBT-20
Muong Hinboun	MOTRAC
Muong Phone Tiou	SBT-20B
Muong Xieng Vang	FM-1A
Muong Nong Bok	MOTRAC
LUANG PRABANG PROVINCE	
Luang Prabang (Hq.)	SA-100
	SBT-20B
	MOTRAC
Muong Xieng Ngeun	MOTRAC
Muong Pak Seuang	FM-5
Muong Nane	SBT-20B
Muong Kassy	SBT-20B
Muong Khay	SBT-20B
SARAVANE PROVINCE	
Saravane (Hq.)	SA-100
SAVANNAKHET PROVINCE	
Savannakhet (Hq.)	SA-100
	SBT-20B
	RCA VHF
Muong Saraphoum	SBT-20B
Muong Sebang Fai	SBT-20B
Muong Outhoumphone	MOTRAC
Muong Dong Hene	MOTRAC
Muong Khanthaboury	FM-5A
Muong Keng Kok	SBT-20B
Muong Phommachady	SBT-20B
Tasseng Lahanam	SBT-20B
Tasseng Tha Prachoom	SBT-20B
SAYABOURY PROVINCE	
Sayaboury (Hq.)	SA-100
	SBT-20B
Muong Hong Sa	SBT-20B

LOCATION	TYPE OF EQUIPMENT
SAYABOURY PROVINCE (Continued)	
Muong Paklay	SBT-20B
Muong Xieng Hone	SBT-20B
Muong Kene Thao	SBT-20B
Muong Phieng	SBT-20B
Tasseng Tha Deua	SBT-20B
Tasseng Botene	SBT-20B
SEDONE PROVINCE	
Pakse (Hq.)	SA-200
	RCA VHF
Muong Paksong	MOTRAC
Muong Prathoumphone	MOTRAC
Muong Souvannakhili	MOTRAC
Muong Phantha Oudom	MOTRAC
SITHANDONE PROVINCE	
Khong Island (Hq.)	SA-100
	MOTRAC
Tasseng Done Khadane	FM-5A
Tasseng Ban Khone	FM-5A
Muong Moulapamouk	MOTRAC
Muong Salam Phao	MOTRAC
Ban Kamaou	FM-5A
VIENTIANE PROVINCE	
Vientiane (LNP Hq.)	SA-100
Vientiane (Provincial Hq.)	RCA VHF
	SBT-20B
Muong Phone Hong	MOTRAC
Muong Sanakham	SBT-20B
Muong Vang Vieng	SBT-20B
Ban Keun	MOTRAC
Muong Na Saythong	MOTRAC
Muong Saythany	FM-1A
Muong Phanthaboun	MOTRAC
Muong Say Fong	FM-5A
Tasseng Tha Deua	MOTRAC
Ban Done	MOTRAC

LOCATION	TYPE OF EQUIPMENT
WAPIKHAMTHONG PROVINCE	
Khong Sedone (Hq.)	SA-100
XIENG KHOUANG PROVINCE	
Sam Thong (Hq.)	SBT-20B

NUMBER OF LOCATIONS

Intra-Province - 57

Provincial Police Headquarters - 14

AS OF NOVEMBER 1969

ANNEX K

CRIME STATISTICS THROUGHOUT THE KINDOM FROM DEC. 21, 1968 TO JUNE 20, 1969–6 MONTHS

(Minister of Interior – Police Department – Judiciary Police)

OFFENSES \ PROVINCES	Phone Saly	Houaphanh	Xieng Khouang	Luang Prabang	Vientiane	Metropolitan area of V.T.	Houakhong	Sayaboury	Borikhane	Khammouane	Savannakhet	Wupikhamthong	Saravane	Sedone	Attapeu	Champasack	Sithandone	Total – this period	Last year's Total	Difference
Murder			1	1	6		1	11	2	2	4	1		1				30	56	-26
Manslaughter					4			3	1	2	1				1			12	27	-15
Assault				2	12	13	3		1	3	3	1	2		1		1	42	57	-15
Rape					6	2		2						1				11	20	-9
Plunder					1	3		4		1	13	1		4	1			28	56	-28
Robbery					4	2										1		7	20	-13
Theft			2	20	47	149		4	8	35	43	1	3	65	1	5	2	385	583	-298
Embezzlement				1	3	9			1				2	1		1		18	37	-19
Damage to property			1		3	4			1							1		10	6	+4
Arson					3	10		1	1	2			2					19	7	+12
Careless fire hazard			4	1	3	3	1							1			2	15	10	+5
Reception of stolen goods																		0	1	-1
Forging of Documents						1												1	4	-3
Bank note counterfeiting																			0	-0
Riot																			0	-0
Causing danger to public					2	3		1	1	1	3							11	27	-16
Malfeasance in office																		0	4	-4
Escape from prison											2			1				3	1	+2
Drug addiction																		0	7	-7
Gambling				3	4	2												9	16	-7
Illicit weapon					3	2				1								6	6	0
Customs violation						2												2	1	+1
Accident				2	41	604		2	4	15	4			9				681	1081	-400
Other cases						3												3	5	-2
Total cases this month			8	30	142	811	5	28	20	62	73	4	9	83	4	8	5	1293	2035	-747
Total cases following months			3	18	78	1310	8	37	29	145	173	19	11	62	8	16	13	2035		
Fine			+5	+12	+36	-499	-3	-9	-9	-83	-100	-15	-2	-21	-4	-8	-8	+742		

TO:

Director of Police 1
Intelligence Service 1
For info

Mark

+ Increase of crimes

- Decrease of crimes

Vientiane 1969

Judiciary Police Commander

L 301.01

U.S. ECONOMIC ASSISTANCE TO LAOS BY SECURITY RELATED, SOCIAL IMPACT AND ECONOMIC ORIENTED ACTIVITIES
FY 1969

	Dollars (000)	Local Currency ($000 240:1)	Kip (000)	Percentage ($ + Kip)
Security Related Activities				
Military Technical Support	2,242	71.3	17,102	
Air Technical Support	3,060	---	---	
Village Health Program	1,601	223.7	53,696	
Civil Police Administration	466	21.9	5,255	
Sub-total - Projects	(7,369)	(316.9)	(76,053)	
Technical Support (38%)	1,868	1,220.5	292,922	
Total - Security Related	9,237	1,537.4	368,975	18%
Social Impact Activities				
Operation Brotherhood	853	414.8	99,553	
Rural Self-Help	1,060	241.2	57,876	
Refugee Relief and Resettlement	2,117	312.1	74,897	
Well Drilling	394	43.4	10,423	
Support for C.R.A.	167	68.8	16,514	
Maternal and Child Health	990	---	---	
Sub-total - Projects	(5,581)	(1,080.3)	(259,263)	
Technical Support (21%)	1,032	674.5	161,878	
PL 480, Title II	800	---	---	
Total - Social Impact	7,413	1,754.8	421,141	15%
Economic Stabilization & Development				
Education	1,736	292.7	70,246	
Agriculture	2,680	677.9	162,709	
Industry	340	208.6	50,068	
Lao National Roads	3,915	1,051.2	252,280	
Rural Public Works	2,741	1,724.3	413,828	
Public Administration	275	31.6	7,587	
Sub-total - Projects	(11,687)	(3,986.3)	(956,718)	
Technical Support (41%)	2,015	1,316.9	316,048	
Foreign Exchange Operations Fund	19,200	---	---	
United States Import Program	2,500	---	---	
Invisibles	783	---	---	
Total - Economic Stabilization and Development	36,185	5,303.2	1,272,766	67%
TOTAL - ECONOMIC ASSISTANCE	52,835	8,505.4	2,062,882	100%

L 301.01

US AID TO LAOS
Obligations
(In Thousands of Dollars)

Projects	FISCAL YEARS					
	1964	1965	1966	1967	1968	1969
Agriculture Development	552	891	1,632	3,735	2,621	2,680
Industry Development	51	--	--	71	231	340
Dev. of Lao National Road System	1,735	4,777	3,666	5,578	4,884	3,915
Public Health Development	1,704	2,789	2,790	1,698	2,667	3,444 a/
Education Development	889	824	1,256	1,506	1,940	1,736
Civil Police Administration	--	895	557	654	501	466
Public Administration Development	--	--	--	254	202	275
Customs Development	137	92	98	--	--	--
Development of rural Economy	1,576	2,527	5,465	5,855	7,136	4,362
Refugee Relief and Resettlement	1,979	4,534	4,112	4,554	3,566	2,117
Military Technical Support	2,861	3,304	3,459	3,799	3,413	2,242
Air Technical Support	9,177	8,676	8,810	6,395	6,400	3,060
General Technical Support	3,008	4,205	6,216	5,389	5,239	4,915
Sub-Total	23,624	33,514	38,061	39,488	38,800	29,552
Non-Project Assistance						
FEOF	3,681	4,000	10,000	13,800	18,600	19,200
Invisibles	2,300	3,666	2,535	1,545	1,025	783
Commercial Import Program	10,735	7,348	5,000	1,900	4,475	2,500
(POL)	(2,735)	(2,465)	(3,000)	(1,300)	(3,475)	(1,300) b/
(NON-POL)	(8,000)	(4,883)	(2,000)	(600)	(1,000)	(1,200)
Sub-Total	16,716	15,014	17,535	17,245	24,100	22,483
PL 480, Titles II and III	1,700	300	400	1,200	800	800
GRAND TOTAL	42,040	48,886	55,996	57,933	63,700	52,835

a/ Including Maternal and Child Health 990

b/ Kerosene and diesel only. Gasoline transferred to FEOF.

U.S. ECONOMIC ASSISTANCE
($ million)

	Through FY 1967	FY 1968	FY 1969	Estimated FY 1970
NON PROJECT	66.5	24.1	22.5	19.2
FEOF	31.5	18.6	19.2	17.1
Invisibles	10.0	1.0	0.8	--
USIP (NON-POL)	15.5	1.0	1.2	1.9
USIP (POL)	9.5	3.5	1.3	0.2
PROJECT	202.0	38.8	29.5	29.0
Agriculture Development	8.3	2.6	2.7	2.7
Industry Development	2.0	0.2	0.3	0.5
Transportation	36.4	4.9	3.9	2.6
Public Health Development	11.8	2.7	2.4	2.5
Mathernal & Child Health	---	---	1.0	0.2
Education Development	7.7	2.0	1.7	1.8
Civil Police Administration	4.0	0.5	0.5	0.6
Public Administration Dev.	1.6	0.2	0.3	0.5
Development of Rural Economy	25.6	7.1	4.4	4.1
Refugee Relief & Resettlement	15.6	3.6	2.1	2.1
Military Technical Support	14.7	3.4	2.2	2.6
Air Technical Support	40.8	6.4	3.1	4.2
General Technical Support	33.5	5.2	4.9	4.6
PL 480	5.5	0.8	0.8	0.9
GRAND TOTAL	274.0	63.7	52.8	49.1

L 301.01

AIRPORTS

Numerous airports have been built or improved with United States assistance. Major projects have included the following:

1. Vientiane - paving of runway, taxiways and parking aprons and construction of other facilities.
2. Luang Prabang - paving of runway and parking aprons.
3. Savannakhet - assistance to the Ministry of Public Works in paving.
4. Houei Sai (Houa Khong Province) - construction of new airport after destruction of the previous one during the 1966 flood.
5. Sam Thong in Xieng Khouang Province.
6. Muong Soui at the western entrance to the Plain of Jars.
7. Muong Kassy on the Vientiane - Luang Prabang road.
8. Vang Vieng
9. Saravane
10. Attopeu - assistance to the Ministry of Public Works.

Other smaller airstrips constructed or improved include:

Location	Province
Phone Hong	Vientiane
Ban Done	Vientiane
Muong Phieng	Sayaboury
Nam Thouei	Houa Khong
Kengkok	Savannakhet
Muong Phoumachedy	Savannakhet
Muong Lahanam	Savannakhet
La Khone Pheng	Wapikhamthong
Houei Kong	Attopeu

Small airstrips have also been carved out of mountains and jungle at numerous refugee sites in northeastern and northwestern Laos.

L 301.01

COMMUNICATIONS

The United States aid program has provided funds and technical assistance to three projects in the communications field. Together they account for a total dollar assistance of $837,000.

1. Lao Photo Press. About $340,000 and approximately 26 million kip have been furnished to the Ministry of Information for the improvement of news dissemination facilities. The bulk of this dollar contribution was used to provide modern printing facilities. The Lao Photo Press building (completed in 1963) was paid for with local currency assistance.

2. Lao National Radio. A total of $123,000 has been provided to help maintain the four radio stations of the Royal Lao Government in Vientiane, Luang Prabang, Pakse and Savannakhet. Some sound and studio equipment was also provided under this project. Since 1962, Great Britain, Australia and the Federal Republic of Germany have taken over the major areas of support of the Lao National Radio.

3. Telecommunications. The United States Government provided $374,000 and about 7 million kip for the procurement and installation of nearly all outside telephone equipment, including cables, poles, telephone instruments and associated equipment, for approximately 800 subscribers in Vientiane and its environs. In June, 1968 the RLG and USAID entered into an agreement which was to have led to USAID financing the installation of a telecommunications link between Vientiane and Nongkhai, Thailand. Subsequently, however, USAID acceded to the request of the Japanese Government that it take over this project and construct the link. USAID, however, continues to finance in Thailand for a sum of $10,000 the training of the Lao technicians who will operate and maintain the new equipment.

A telecommunications network under the control of the Lao National Police, but for use by other agencies of the Royal Government as well, is now being established. All provincial capitals are connected with Vientiane. District (muong) capitals are now being tied into the network.

Electric Power

Through budgetary year 1964 the United States supplied electrical generating equipment valued at $705,000 for Vientiane's power distribution system. This included a new 1,000 KW unit which was installed in 1964 at the new power plant built with Japanese assistance.

The Nam Ngum project, to which the United States has pledged a contribution of half of the total costs of about $31 million, will be the biggest project ever undertaken in Laos. Expected to be built by 1972, this project will provide 30,000 kilowatts of electricity in its first stage.

About one-half of the Nam Ngum power will satisfy the estimated consumption requirements of the Vientiane area in Laos at the time of completion of the project. The remainder will be available for sale to Thailand.

L 301.01

INDUSTRY

At the request of the Royal Lao Government, the United States financed a survey in 1965 by an American consulting firm on small industry possibilities in Laos. Progress is now being made in the development of such industries.

The retention of various kinds of industrial machinery and equipment in the Commodity Import Program financed by the United States at the Kip 240:$1 exchange rate instead of the free rate of Kip 500:$1 is designed to encourage the development of small industries which serve to increase exports or decrease imports or are developmentally desirable. Importation of machinery at this exchange rate in effect represents a subsidy, which is reserved for industries determined to be "priority" by the Royal Lao Government and USAID.

In March 1967, the Royal Lao Government and the United States Government concluded an agreement for the establishment of a "Small Industry Loan Fund" to be administered through the Development Bank of Laos. In the three years of the Fund's operation, FY 67-FY 69, the U.S. provided kip 348,000,000 to enable the Fund to make 5-year loans to small private industries in kip at an interest rate of 11 percent.

In order to promote and assist small farmer purchases of farm tractors under the Import Program over the past three years, A.I.D. has provided a deferred payment plan for approved buyers. Also, in FY 69 the RLG and USAID approved the establishment of a new "Mechanized Farming Loan Fund" which, on the same terms as the Industry Loan Fund, will advance 5-year loans to farmers or groups, mainly in the Vientiane Plain but also in areas surrounding other urban centers, for farm equipment including tractors, and land clearing machinery. This program is particularly designed to expedite clearing and cultivation of the Plain area in connection with the accelerated rice production program.

Presently under consideration is assistance in the development of a furniture factory and a veneer/plywood factory, to be followed by other wood product industries. It is also anticipated that assistance will be provided in establishing light metalworking industries, and possibly in the development of an industrial estate (park) near Vientiane.

Favorable feasibility studies have been made for the furniture factory and the plywood factory. In FY 1970 additional studies are planned to determine the feasibility of automotive battery manufacturing, metal working/fabricating, industrial estates (parks), textiles, and agro-industries such as rice flour milling, crude brown sugar processing, food processing, animal feed enrichment, slaughterhouses and others.

TIRE RECAPPING PLANT

USAID has continuing requirements for recapping substantial numbers of tires each year, and the tires have been transported to Bangkok for this service. In 1967 USAID received approval to procure an "excess property"

tire recapping plant that was earlier procurred for Cambodia. This equipment was leased by USAID to a Lao industrialist who could make the construction/installation investment needed, and who could support, manage and control the staff and operation required. The lease agreement requires the plant to service USAID's tire recapping requirements on a priority basis.

The tire recapping plant is now successfully underway. In 5 months of operation there have been nearly 600 tires recapped. Production by 1971 is forecast at 6,500 tires, which should increase by 1974 to 9.000 units. Recapping by this method costs about half the new tire price, and USAID saves more than 10% on recapping costs by having the work done in Laos instead of in Bangkok. In later years the savings will be greater.

Lao Lumber Industry - Dramatic Growth in Exports

USAID has assisted in the expansion of lumber exports to Thailand by facilitating Lao sales to U.S. military facilities in Thailand. The following data shows the dramatic increase in lumber exports in recent years.

Year	Dollar Export Value
1966	$ 80,000
1967	746,000
1968	1,014,000
1969 (estimated)	1,100,000

The RLG and USAID decided to give first priority in the use of the Small Industry Loan Fund to development of the lumber industry, as a greater return was projected than for other investments. In September 1967 the first loan of 91 million kip was made to an association of sawmill owners in Vientiane called the Lao Timber Company. Additional loan agreements were signed in January 1969 with sawmill owners in Pakse and Savannakhet. The Sedone Timber Company received a loan of Kip 24,103,000 and the Lane Xang Timber Company received a loan of Kip 24,317,000.

The USAID has been instrumental in the development of the Lao lumber industry in a number of ways. USAID has given wide support to a comprehensive forest survey, using aerial photographic interpretation techniques and the application of electronic data processing techniques to make a timber inventory that will guide the RLG and private logging companies in selecting areas for cutting so as to obtain maximum return with the least long-term damage to Lao forest resources. USAID also has provided short term consultant services, IVS forest advisors, vehicles, equipment and supplies, air transportation for forest surveys, and training programs for Lao foresters.

The RLG also has given strong support to forestry development by providing necessary building space and recruitment of additional personnel for the Bureau of Water and Forests in order to support the forestry surveys and reforestation projects.

It is significant to note in this respect that the USAID effort has been complemented by the contributions of other countries. Canada has provided a team of five forestry experts; Australia has sent a four-man team to investigate overall forest potential, and is providing training in Australia for RLG forestry officials, and in addition, is furnishing three forestry advisors and substantial commodity support beginning in early 1969. The Indian Government has recently assigned a forest statistician on a short-term basis to assist in the data processing operations. The Royal Thai Forest Department has assisted in many ways, especially with training of Lao Technicians and testing of Lao forest products. Also, active consideration by FAO and UN experts of an UNDP forestry project is scheduled for the fall of 1969. Thus, the development of the Lao lumber industry is an excellent example of a multinational approach to foreign aid assistance.

L 301.01

ROADS

The Royal Lao Government is concentrating on reopening and improving the main roads north and south from Vientiane and on opening roads which feed into the main roads or into the Mekong River. United States assistance plays a major role in this roads program.

Route 13 South from Vientiane to Thakhek, S vannakhet and Pakse was reopened to traffice, generally on all-weather basis, in the summer of 1965, and has become increasingly heavily used. A new 100-kilometer stretch of all weather road was built in the northern part of Khammouane Province to replace a previous dry season road through this heavily forested area. Work is continuing to strenghthen and replace bridges and to widen and improve various stretches of this main road to Southern Laos.

Route 13 North from Vientiane to Luang Prabang, a 275 kilometer stretch of road, has been reconstructed and was opened to traffic in June 1969. The previous road had seriously deteriorated until at many points it was only a footpath through the jungle. Work started north of Phone Hong at the end of 1965, and by early 1968 the new road was opened to Muong Kassy. Construction of this road has also served as a training ground for hundreds of Lao highway construction workers at all skill levels.

Unfortunately, guerilla activities in the vicinity of the RLG-13, RLG-7 intersection in the last week of July resulted in closure of the route. Due to the security situation, no maintenance was possible during the rainy season and severe damage resulted. Repair of slides and washouts is now under way and traffic can now move through, though with difficulty.

Many other roads have been constructed or are in progress. The more important include:

1. Reconstruction and paving of the Vientiane - Thadeua road.
2. Construction of a concrete ferry ramp at the Thanaleng crossing of the Mekong River, 17 kilometers from Vientiane.
3. Construction of a new road connecting Route 2 east of Thadeua in Vientiane Province with Route 13 South at Kilometer 48.
4. Construction of a 14-kilometer road from Phone Hong to Ban Talat (near the site of the Nam Ngum Dam).
5. A 125-kilometer road from Houei Pamone (on Route 13 North, 15 kilometers south of Vang Vieng) to Sam Thong in Xieng Khouang Province is under construction at both ends.
6. Construction of a bridge across the Nam Khan at Luang Prabang City.
7. Improvement and construction of Route 1 in Sayaboury Province from Thadeua on the Mekong River through Sayaboury and Muong Phieng to Ban Nakhem.
8. Construction of a 24-kilometer road in northern Sayaboury Province from Hong Sa to the Mekong River.
9. Construction of a road in Houa Khong Province southeast from Ban Houei Sai toward Ban Dan.

10. Construction of a 25-kilometer road from Paksone to Muong Cao in Borikhane Province.
11. Construction of roads from Route 13 South in Borikhane Province to Nong Bua and Ban Lao.
12. Construction of a 35-kilometer road in Khammouane Province from Thakhek to Nong Bok.
13. Construction of various roads around Kengkok in Savannakhet Province.
14. Opening of a road from Saravane west to Route 13 by rehabilitation of the Saravane-Ban Samia road and construction of a new road from Ban Samia to Ban Napeng on Route 13 near Khong Sedone.
15. Construction of a new road starting at Kilometer 21 on the Pakse-Paksong road and leading to Kheng Nhao near the eastern edge of the Bolovens Plateau in Sedone Province.
16. Construction of a 35-kilometer road from Paksong in Sedone Province to Houei Kong in Attopeu Province in the Bolovens Plateau.
17. Widening and asphalt surfacing of Route 10 from Pakse to the Lao-Thai border in Champassak Province.
18. Construction of a road from Champassak to Don Talat and to Soukhouma in Champassak to Phoutong on Route 10.

In addition to numerous other smaller projects, road maintenance by the Ministry of Public Works, with United States Assistance, is constantly being carried on.

An extensive program of training of personnel of this Ministry is also under way in order to place it as rapidly as possible in a position of being able to handle all road construction and maintenance throughout the Kingdom of Laos.

Some of the progress made during this period in improved maintenance of existing routes and increased capability of the RLG Highway Department can be illustrated with the following accomplishments under this project:

	FY 67	FY 68	FY 69	Planned FY 70
Road Maintenance (km.)	2,025	2,241	2,[illegible]	2,553
Road Construction or Improvement (km.)	290	151	189	140
Bridge Construction or Major Improvement (No.)	10	28*	39**	27
Trainees Completing Formal Courses (not including on-the-job training)	113	222	175	270

* 11 of these were bridges rehabilitated following enemy action.
** 24 of these were bridges rehabilitated following enemy action.

L 301.01.

EDUCATION

Education has for several years been a major area of United States assistance to the Royal Lao Government. Following are major examples of physical accomplishments in the education field as of June, 1969:

Textbooks Distributed	2,903,395
Classrooms Constructed	2,511
Students Enrolled in Assisted Schools	185,000
Students Completing Courses in Assisted Teacher Training Schools	3,104
Teachers Provided In-Service Training	4,129
Total Classrooms in Country	6,114
Number of Students Enrolled in Schools	207,697
Number of Teachers	5,931

USAID has obligated $11,671,000 for education since 1955.

In the field of primary education the United States has helped to build and repair schools and classrooms, develop and print Lao language textbooks, furnish equipment and supplies, construct offices and warehouses for Primary School Inspectors, and provide in-service and participant training for teachers and school administrators.

In cities and major towns, 22 permanent masonry-type groupes scolaires buildings of 12 rooms each for the first six grades have been built, or are under construction. Their locations are as follows:

City or Town	Province	Number
Vientiane	Vientiane	6
Luang Prabang	Luang Prabang	4
Sayaboury	Sayaboury	1
Houei Sai	Houa Khong	1
Paksane	Borikhane	1
Thakhek	Khammouane	1
Nong Bok	Khammouane	1
Savannakhet	Savannakhet	2
Kong Sedone	Wapikhamthong	1
Pakse	Sedone	2
Champassak	Champassak	1
Khong Island	Sithandone	1

Substantial groupes scolaires buildings have also been built, some on force account basis and some on a self-help basis, in numerous other places. These include Vang Vieng, Xieng Ngeun (Luang Prabang Province), Sam Thong

and Long Tieng (Xieng Khouang Province), Muong Cao (Borikhane Province), Kengkok, Muong Phalane and Lahanam (Savannakhet Province), Muong Wapi (Wapikhamthong Province), Houei Kong (Attopeu Province), and many others. Altogether, USAID has assisted 111 groupes scolaires buildings throughout the country.

Almost all USAID support for the construction of primary school classrooms, aside from the 22 masonry-type groupes scolaires listed above, is channeled through the Rural Self-Help project, with technical assistance provided by Rural Public Works. The number of classrooms which USAID has helped to construct or repair in recent years in this manner is as follows:

USAID-Supported Rural Self-Help Construction of Primary School Classrooms

	Classrooms			Costs	
	New	Replacement	Total	Dollars	Kip
FY 1964-1968	556	644	1,200	329,935	113,532,000
FY 1969	176	250	426	56,556	13,155,000
FY 1970 (Proposed)	320	166	482	---	----

The practice of self-help construction is now being applied to urban as well as rural areas. In FY 69, USAID support was approved for the self-help construction of 33 classrooms in urban areas under the Community Education project.

Primary school textbooks have been developed in the Lao language in all subjects for the first six grades. These books, totaling 2,682,288, have now been placed in the hands of every Lao child in grades 1 - 6. The subjects consist of health, civics, history, goegraphy, arithmetic, reading, gardening, poetry, Lao fables, ethics, youth movement, and home economics.

In consultation with the Royal Lao Government, United States assistance in the field of primary education is being reoriented to give greater emphasis to grades 4 - 6 than to grades 1 - 3. The reason for this change in focus is to make education at the grades 4 - 6 level available to a larger number of students and thus reduce the high drop-out rate at the completion of grade 3. This will insure an increasingly higher rate of literacy in Laos.

With the rapid development in primary education over the past few years, teacher training has assumed constantly greater importance. The United States has provided, or is providing buildings, equipment, supplies and some teaching staff for the following teacher training institutions:

Type of Institution and Location	Buildings
School of Pedagogy Dong (Vientiane)	12 classrooms buildings, 5 practical arts buildings, 4 laboratory buildings, 2 girls' dormitories, 12 boys' dormitories, 1 dispensary, 2 kitchens, 3 dining rooms, 1 director's houses, 24 faculty apartments, 1 warehouse, 1 auditorium/gymnasium, etc.

Normal School Luang Prabang	Classroom-office building (6 rooms), classroom building (12 rooms), 2 dormitories converted to 4 classrooms each, 3 other 200-student dormitories, demonstration school, dining hall, 3 faculty houses, etc.
Normal School Pakse	2 classroom buildings (one 6-room and one 12-room), 2 dormitories converted to 4 classrooms each, 3 other 200-student dormitories, dining hall and kitchen, 3 faculty houses, etc.
Normal School Vang Vieng	2 classroom buildings and kitchen (on self-help basis)
Normal School San Thong	Classroom building and kitchen (on self-help basis)
Normal School Savannakhet	Classroom building (12 rooms), 2 dormitories, auditorium/dining hall.

In addition to the above institutions, the RLG has established normal schools at Ban Keun (Vientiane Province) and at Kene Thao (Sayaboury Province). Both of these schools are self-help construction projects of the Ministry of Education.

There are now some 2,200 students in training as teachers in these institutions. This number will grow as these teacher training schools continue to expand. Lao language textbooks in pedagogical subjects are being developed for these schools. A total of 176,107 copies have been delivered to date.

The United States has also recently entered the field of secondary education at the request of the Royal Lao Government. Under this arrangement, a grade 7 - 10 school was opened in Vientiane in October, 1967, a second school opened in Phone Hong in October, 1969, and a third school, at a site to be determined, is proposed for construction in FY 1970.

These new secondary schools are designed to assist the Royal Government in carrying out the objectives of the Lao Educational Reform Act of 1962. Instruction is given in the Lao language, thus initiating action toward the Royal Government objective of Laotianizing all educational instruction by 1980. The new schools also innovate by offering both vocational and academic tracts of instruction. Secondary-level textbooks in the Lao language are being developed for all subjects, with a current delivered total of 45,000 copies.

L 301.01

PUBLIC HEALTH AND SANITATION

United States assistance has been concentrated particularly in rural areas and has provided the first medical care ever available to thousands of villagers. The Public Health program plays a significant role in meeting United States objectives in both the security and developmental categories and is implemented through two basic approaches: (a) Village Health (VHP), and (b) Operation Brotherhood (OB).

The Village Health Program presently supports approximately 230 dispensaries, clinics, and hospitals to provide medical assistance to the rural population in cluster areas and to refugees and paramilitary forces in the war zone. These units are reporting 200,000 patient visits per month. U.S. dollar assistance in this project in FY 1969 was $1.6 million. This level of support has been about the same over the past three years. Rural dispensaries (including military) which are supported by USAID:

Province	Number of Dispensaries
Attopeu	1 - 2
Borikhane	6 - 4
Champassak	2 - 4
Houa Khong	42 - 48
Khammouane	16 - 18
Luang Prabang	9 - 17
Sam Neua	3
Saravane	18 - 13
Savannakhet	19 - 17
Sayaboury	18 - 29
Sedone	12
Vientiane	13 - 15
Wapikhamthong	12 - 8
Xieng Khouang	68 - 72

In addition, a 150-bed hospital has been built and equipped at Sam Thong in Xieng Khouang Province and is the only hospital serving all of northeastern Laos. A modern, well-equipped 50-bed hospital has been constructed at Vang Vieng, and was opened in late 1967. A new 50-bed hospital has just been completed in Khong Sedone in Wapikhamthong Province and a 50-bed hospital in Long Tien.

The Operation Brotherhood project, staffed by Filipino personnel, has been in existance since 1963 and supports the operation of seven hospitals providing in-patient and out-patient care for approximately 240,000 people annually, and public health service to the people around the hospitals. The number of hospital cases has risen by approximately 30% in FY 1969.

To an increasing extent the Mission and the RLG desire to upgrade RLG medical personnel qualifications to the point where they can assume the medical and administrative hospital tasks now carried out largely by OB personnel. OB personnel work in the following government hospitals:

Hospitals	OB Staff	Number of Beds	Remarks
Vientiane	34	108	
Vang Vieng	6	50	
Sayaboury	9	40	
Kangkok	9	25	
Paksong	10	40	
Khong Sedone	6	50	
Ban Houei Sai	6	30	Opened in April 1969 with staff previously removed from Attopeu and located temporarily in Pakse.
Admin. Staff	19	---	
Totals	99	343	

The project objective is to replace the Filipino personnel with a sufficient number of trained Lao to keep these hospitals in operation, and to transfer administrative and financial responsibility for operation of these hospitals to the RLG. The remaining life of the project will consist therefore, of implementing a five-step phase out plan which has been developed jointly by USAID, OB and the RLG. It was determined that FY 1975 was the earliest that phase out could take place without unreasonable disruption of existing services.

The first phase of this plan has already begun with the RLG assumption, beginning in FY 1969 of expenses of local personnel and daily operational costs for the hospitals at Khong Sedone and Vang Vieng. In addition, the OB staff of Attopeu and Saravane were forced to leave their hospitals during April 1968 because of poor security conditions. The Attopeu staff, temporarily in Pakse, has been transferred to an RLG hospital in Ban Houei Sai. The Attopeu hospital is now staffed on a skeleton basis by Lao medical personnel, with commodity support from USAID.

The OB staff at Vang Vieng and Kengkok are scheduled for phase out at the close of FY 1972, the staffs in Khong Sedone and Sayaboury in FY 1973, Paksong and Ban Houei Sai in FY 1974, and finally, Vientiane at the end of FY 1975. This plan would reduce the number of Filipino contract employees from 99 in FY 1971 to 82 in FY 1972, 65 in FY 1973, 46 in FY 1974, and 0 by the end of FY 1975. Gradual phase out of administrative staff will accompany the annual hospital phase outs.

FY 1969 cost of this project was $853,000; $520,000 for OB contract costs and the remainder in commodity and related expenses. The contract costs are projected to remain at the current high level of usage through the close of the project. Subsequently, some commodity support to municipal hospitals may continue through another program (perhaps the Village Health Activity), since it is not foreseen that Laos will have sufficient foreign exchange in FY 1975 for the purchase of all the necessary drugs and medicines.

Mother Child Health - The Mother Child Health project was begun in FY 1969 when $990,000 was obligated for the construction of a central clinic and teaching facility in Vientiane and for basic equipment and commodities (including milk products, vitamins and steroids). Construction of the facility (on the grounds of Mahosot hospital) will take place during FY 1970.

The goal of the project is to better future generations of Lao by improving maternal child health and by introducing family planning techniques. It is envisaged that implementation of training objectives will commence while the central facility is under construction and that construction of provincial facilities will take place during FY 1971.

L 301.01

L 301.1 1969 USAID Vientiane

REFUGEES

The United States has helped the Royal Government extensively for several years in meeting the needs of tens of thousands of refugees from Communist violence. The number of refugees now requiring assistance is about 260,000. From 100,000 to 130,000 of these receive rice assistance (depending upon the time of year). The balance receive other forms of assistance, such as rice seeds, agricultural implements, clothing, etc. The United States contribution to refugee support in FY 1969 was $2.1 million not including air transport cost which Refugee Relief must depend on because of delivery to remote areas.

The refugee relief and resettlement program is designed to deal with a constantly fluctuating refugee burden. This program is divided into four categories of assistance.

1. Relief Assistance

A. Full Relief. This is assistance provided to people who are in immediate need of food and other basic necessities because they have just fled from Communist-controlled areas or have been driven out of their homes by advancing Communists Military Forces.

B. Partial Relief. This is assistance generally provided to former "refugee-full relief," who have located in new, often remote areas, and have managed to become partially self-sufficient with minimal assistance needs.

II. Relocation Assistance

This is assistance generally given to former refugees, "full or partial relief," who move, or have been moved to new areas. The relocation usually occurs after a unilateral decision by a particular group of people to move because of poor security in the area they occupy. These relocatees generally are partially self-sufficient and receive foodstuffs and other commodities to supplement what they can produce for themselves. These people generally embark on a program designed to bring them to self-sufficiency in one to two years. These people generally prefer to live in the highlands and ultimately desire to return to their former homes. However, they are actively encouraged to live in the new areas on a permanent basis.

III. Resettlement Assistance

This is assistance given to former "refugees--full or partial relief," who have agreed to permanently resettle in areas provided for them by the Lao Government; resettlement locations are selected on the basis of their economic, political and strategic value. "Resettlers" receive the same kinds of assistance as "relocatees" plus some assistance in establishing a basic economic and social infrastructure--schools, wells, roads, dispensaries, etc.

IV. Assistance to Paramilitary and Their Dependents

This is assistance provided to the "hard-core" tribal military forces and their dependents. The rice this group manages to plant is usually stolen or burned by the enemy forces. These people are provided with food and other supplementary assistance, as needed, on a continuing basis.

ASSISTANCE TO REFUGEES
(USAID Financed)

Category	FY 1969 Number Rec'g Assist.1/	FY 1969 Number Rec'g Food 1/	FY 1970 Number Rec'g Assist.2/	FY 1970 Number Rec'g Food 2/	FY 1971 Number Rec'g Assist.2/	FY 1971 Number Rec'g Food 2/
1. Full Relief Assist.	82,000	82,000	117,000	117,000	117,000	117,000
2. Partial Assist.	20,000	11,000	25,000	12,000	25,000	12,000
3. Resettlement Assist.	8,000	5,000	8,000	5,000	5,000	5,000
Total	110,000	98,000	150,000	124,000	124,000	124,000

1/ Actual numbers as of June 1969
2/ Figures are averages based on anticipated monthly fluctuations.

RELIEF ASSISTANCE
(USAID Financed)

Breakdown by Area	Total Receiving Assistance Sept. 30, 1969	Less Those Est. to Attain Self-Sufficiency by Harvest November 1969	Plus Est. New Arrivals Through FY 1970	Plus Estimated Average FY 1970
Ban Houei Sai	13,500	4,000	5,000	14,500
Sayaboury	2,200	1,300	500	1,400
Luang Prabang	6,500	4,000	5,000	7,500
Xieng Khouang/Sam Neua	88,000	35,000	20,000	73,000
Vientiane/Borikhane	14,000	500	1,000	15,000
Thakhek/Savannakhet	2,200	----	500	2,700
Pakse	8,000	3,000	5,000	10,000
Total	134,000	47,800	37,000	124,100

L 301.01

US AID TO LAOS PROJECT ASSISTANCE

KIP Obligations
(To Million of Kip)

SECTOR/PROJECT	FY 1955 Kip Value	FY 1955 % of Total	FY 1955 Dollar Equiv. ($000)	FY 1956 Kip Value	FY 1956 % of Total	FY 1956 Dollar Equiv. ($000)	FY 1957 Kip Value	FY 1957 % of Total	FY 1957 Dollar Equiv. ($000)	FY 1958 Kip Value	FY 1958 % of Total	FY 1958 Dollar Equiv. ($000)	FY 1959 Kip Value	FY 1959 % of Total	FY 1959 Dollar Equiv. ($000)
Agriculture Development	7	3.93	200	15	6.76	429	21	6.78	600	17	5.97	486	15	4.60	187
Industry Development	13	7.30	371	1	0.45	29	5	1.61	143	2	0.70	57	2	0.61	29
Transp. (Rds, Airfields, Rivers)	47	26.41	1,343	70	31.53	2,000	74	23.87	2,116	69	24.21	1,971	60	18.41	749
Public Health Development	6	3.37	171	5	2.25	143	12	3.87	343	24	8.42	686	13	3.99	156
Education Development	16	8.99	457	25	11.26	714	9	2.90	257	10	3.51	286	26	7.98	323
Civil Police Administration	--	--	--	76	34.23	2,171	147	47.42	4,200	108	37.89	3,086	76	23.31	954
Public Administration Development	26	14.61	743	11	4.96	314	13	4.19	371	10	3.51	286	9	2.76	107
Development of Rural Economy	--	--	--	2	0.90	57	8	2.58	229	26	9.12	743	74	22.70	928
Refugee Relief and Resettlement	40	22.47	1,143	6	2.70	171	--	--	--	--	--	--	--	--	--
Military Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Air Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
General Technical Support	23	12.92	657	11	4.96	413	21	6.78	600	19	6.67	543	51	15.64	665
Total	178	100%	5,085	222	100%	6,342	310	100%	8,857	285	100%	8,144	326	100%	4,098

SECTOR/PROJECT	FY 1960 Kip Value	FY 1960 % of Total	FY 1960 Dollar Equiv. ($000)	FY 1961 Kip Value	FY 1961 % of Total	FY 1961 Dollar Equiv. ($000)	FY 1962 Kip Value	FY 1962 % of Total	FY 1962 Dollar Equiv. ($000)	FY 1963 Kip Value	FY 1963 % of Total	FY 1963 Dollar Equiv. ($000)	FY 1964 Kip Value	FY 1964 % of Total	FY 1964 Dollar Equiv. ($000)
Agriculture Development	24	4.50	300	--	--	--	--	--	--	--	--	--	32	4.06	375
Industry Development	3	0.56	37	--	--	--	--	--	--	5	1.08	62	--	--	--
Transp. (Rds, Airfields, Rivers)	133	24.95	1,663	40	29.63	500	32	20.25	400	96	20.64	1,200	188	23.86	952
Public Health Development	33	6.19	413	--	--	--	--	--	--	52	11.18	650	64	8.12	269
Education Development	29	5.44	362	12	8.89	150	24	15.19	300	38	8.17	475	139	17.64	903
Civil Police Administration	181	33.96	2,263	--	--	--	--	--	--	--	--	--	--	--	--
Public Administration Development	13	2.44	162	--	--	--	--	--	--	--	--	--	--	--	--
Development of Rural Economy	65	12.20	813	46	34.07	575	76	48.10	960	83	17.85	1,038	115	14.59	1,326
Refugee Relief and Resettlement	--	--	--	--	--	--	--	--	--	--	--	--	16	2.03	186
Military Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Air Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
General Technical Support	52	9.76	650	37	27.41	463	26	16.46	325	191	41.08	2,387	234	29.79	1,785
Total	533	100%	6,663	135	100%	1,688	158	100%	1,975	465	100%	5,812	788	100%	5,796

SECTOR/PROFJECT	FY 1965 Kip Value	FY 1965 % of Total	FY 1965 Dollar Equiv. ($000)	FY 1966 Kip Value	FY 1966 % of Total	FY 1966 Dollar Equiv. ($000)	FY 1967 Kip Value	FY 1967 % of Total	FY 1967 Dollar Equiv. ($000)	FY 1968 Kip Value	FY 1968 % of Total	FY 1968 Dollar Equiv. ($000)	FY 1969 Kip Value	FY 1969 % of Total	FY 1969 Dollar Equiv. ($000)
Agriculture Development	117	7.26	488	180	6.70	750	157	6.63	654	191	8.87	796	163	7.92	679
Industry Development	--	--	--	--	--	--	127	5.37	529	22	1.02	92	46	2.24	192
Transp. (Rds, Airfields, Rivers)	218	13.53	908	287	10.68	1,196	359	15.17	1,496	318	14.77	1,325	252	12.25	1,050
Public Health Development	141	8.75	588	166	6.18	692	208	8.79	867	163	7.57	679	153	7.43	638
Education Development	175	10.86	729	424	12.06	1,350	219	9.26	913	78	3.62	325	70	3.40	292
Civil Police Administration	--	--	--	7	0.26	29	13	0.55	54	15	0.70	63	5	0.24	21
Public Administration Development	6	0.37	25	--	--	--	3	0.13	12	--	--	--	8	0.39	33
Development of Rural Economy	252	15.65	1,050	374	13.92	1,558	432	18.26	1,800	420	19.51	1,750	498	24.20	2,075
Refugee Relief and Resettlement	72	4.47	300	57	2.21	238	86	3.63	358	109	5.06	454	75	3.64	312
Military Technical Support	--	--	--	--	--	--	26	1.10	108	26	1.21	108	17	0.83	71
Air Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
General Technical Support	630	39.11	2,625	1,292	48.08	5,385	746	31.11	3,067	811	37.67	3,379	771	37.46	3,212
Total	1,611	100%	6,713	2,687	100%	11,196	2,366	100%	9,858	2,153	100%	8,971	2,058	100%	8,575

OP/P: 9/30/69

Conversion Rates:

To October 1958: Kip 35 = $1.00
To January 1964: Kip 80 = $1.00
To Present : Kip 240 = $1.00

US AID TO LAOS PROJECT ASSISTANCE
Dollar Obligations ($000)

Sector/Project	FY 1955		FY 1956		FY 1957		FY 1958		FY 1959		FY 1960		FY 1961		FY 1962	
	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total
Agriculture Development	46	3.26	580	9.47	202	3.73	125	2.74	237	3.89	160	1.21	165	2.93	--	--
Industry Development	--	--	67	1.10	438	8.09	887	19.45	96	1.57	87	0.66	70	1.24	211	3.05
Transportation (Roads, Airfields, River)	38	2.69	2,869	46.86	2,326	42.96	805	17.65	1,840	30.17	8,894	67.39	1,083	19.23	1,249	18.03
Public Health Development	4	0.28	320	5.23	325	5.98	511	11.20	382	6.26	468	3.55	206	3.66	152	2.19
Education Development	27	1.91	118	1.93	172	3.18	298	6.53	243	3.89	302	2.29	338	6.00	741	10.70
Civil Police Administration	247	17.51	758	12.38	303	5.60	156	3.42	134	2.20	141	1.07	145	2.57	--	--
Public Administration Development	353	25.02	154	2.52	204	3.77	43	0.94	36	0.59	89	0.67	87	1.55	--	--
Development of Rural Economy	--	--	204	3.33	272	5.02	294	6.45	288	4.72	1,218	9.23	1,032	18.33	2,834	40.91
Refugee Relief & Resettlement	412	29.20	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Military Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Air Technical Support	--	--	--	--	--	--	--	--	--	--	--	--	[335] a/	[5.95]	[1,220] a/	[17.61]
General Technical Support	284	20.13	1,052	17.18	1,173	21.67	1,442	31.62	2,843	46.61	1,839	13.93	2,505	44.49	1,740	25.12
TOTAL	1,411	100%	6,122	100%	5,414	100%	4,561	100%	6,099	100%	13,198	100%	5,631	100%	6,927	100%

a/ Non-add item, obligated under Rural Development sector.

(Data on prior years obligations current as of August 1968)

US AID TO LAOS PROJECT ASSISTANCE
Dollar Obligations ($000)

Sector/Project	FY 1963		FY 1964		FY 1965		FY 1966		FY 1967		FY 1968		FY 1969	
	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total	$ Value	% of Total
Agriculture Development	--	--	552	2.34	891	2.66	1,632	4.29	3,735	9.46	2,621	6.76	2,680	9.07
Industry Development	32	0.18	51	0.22	--	--	--	--	71	0.18	231	0.60	340	1.15
Transportation (Rds, Airfiels & River)	1,474	8.21	1,735	7.34	4,777	14.25	3,666	9.63	5,578	14.13	4,884	12.59	3,915	13.25
Public Health Development	460	2.56	1,704	7.21	2,789	8.32	2,790	7.33	1,698	4.30	2,667	6.87	3,444*	11.65
Education Development	997	5.56	889	3.76	824	2.46	1,256	3.30	1,506	3.81	1,940	5.00	1,736	5.87
Civil Police Administration	--	--	--	--	895	2.67	557	1.46	654	1.66	501	1.29	466	1.58
Public Administration Development	--	--	137	0.58	92	0.27	98	0.26	264	0.64	202	0.52	275	0.93
Development of Rural Economy	4,061	22.63	1,576	6.67	2,527	7.54	5,465	14.36	5,855	14.83	7,136	18.39	4,362	14.76
Refugee Relief & Resettlement	[2,200][a]	[12.26]	1,979	8.38	4,534	13.53	4,112	10.80	4,554	11.53	3,566	9.19	2,117	7.16
Military Technical Support	1,350	7.52	2,816	11.92	3,305	9.86	3,459	9.09	3,799	9.62	3,413	8.80	2,242	7.59
Air Technical Support	7,741	43.14	9.177	38.85	8,676	25.89	8,810	23.15	6,395	16.19	6,400	16.49	3,060	10.36
General Technical Support	1,830	10.20	3,008	12.73	4,205	12.55	6,216	16.33	5,389	13.65	5,239	13.50	4,915	16.63
TOTAL	17,945	100%	23,624	100%	33,514	100%	38,061	100%	39,488	100%	38,800	100%	29,552	100%

* Includes Materaal and Child Health 990

US AID TO LAOS PROJECT ASSISTANCE
Dollar Obligations ($000)

Sector/Project	(Estimated) FY 1970 $ Value	% of Total	(Proposed) FY 1971 $ Value	% of Total	(Planned) FY 1972 $ Value	% of Total
Agriculture Development	2,720	9.39	2,647	9.51	2,464	9.10
Inudstry Development	445	1.45	695	2.50	559	2.07
Development of Lao National Road System	2,569	8.87	3,357	12.06	3,092	11.43
Maternal and Child Health	146	0.50	446	1.60	265	0.98
Public Health Development	2,530	8.74	2,900	10.42	2,900	10.72
Education Development	1,805	6.23	1,649	5.92	1,705	6.30
Civil Police Administration	632	2.18	562	2.05	492	1.82
Public Administration Development	510	1.76	506	1.82	482	1.78
Development of Rural Economy	4,088	14.12	4,672	16.79	4,718	17.43
Refugee Relief & Resettlement	2,100	7.25	2,010	7.22	2,004	7.40
Military Technical Support	2,605	9.00	--	--	--	--
Air Technical Support	4,217	14.56	3,812	13.70	3,800	14.04
General Technical Support	4,593	15.86	4,565	16.41	4,581	16.93
TOTAL	28,960	100%	27,831	100%	27,062	100%

PRESIDENT NIXON'S STATEMENT ON LAOS

March 6, 1970

In light of the increasingly massive presence of North Vietnamese troops and their recent offensives in Laos, I have written letters today to British Prime Minister Wilson and Soviet Premier Kosygin asking their help in restoring the 1962 Geneva Agreements for that country.

As co-chairmen of that conference, the United Kingdom and the Soviet Union have particular responsibilities for seeing that its provisions are honored. My letters note the persistent North Vietnamese violations of the Accords and their current offensives; support the Laotian Prime Minister's own current appeal to the co-chairmen for consultations; urge the co-chairmen to work with other signatories of the Geneva Accords; and pledge full United States cooperation.

Hanoi's most recent military build-up in Laos has been particularly escalatory. They have poured over 13,000 additional troops into Laos during the past few months, raising their total in Laos to over 67,000. Thirty North Vietnamese battalions from regular division units participated in the current campaign in the Plain of Jars with tanks, armored cars and long-range artillery. The indigenous Laotian communists, the Pathet Lao, are playing an insignificant role.

North Vietnam's military escalation in Laos has intensified public discussion in this country. The purpose of this statement is to set forth the record of what we found in January 1969 and the policy of this administration since that time.

I. What We Found.

A. The 1962 Accords

When we came into office, this administration found a highly precarious situation in Laos. Its basic legal framework had been established by the 1962 Accords entered into by the Kennedy administration.

Laos has been a battleground for most of the past twenty years. In 1949 it became a semi-independent state within the French union. The Pathet Lao communists rebelled against the government in the early 1950's, and fighting continued until the 1954 Geneva settlements ended the Indochina war. Laos at that time became an independent neutral state. The indigenous communists, the Pathet Lao, nevertheless retained control of the two northern provinces.

Since then, this small country has been the victim of persistent subversion and finally invasion by the North Vietnamese.

By 1961 North Vietnamese involvement became marked, the communist forces made great advances, and a serious situation confronted the Kennedy administration. In his news conference of March 1961, President Kennedy said, "Laos is far away from America, but the world is small...the security of all Southeast Asia will be endangered if Laos loses its neutral independence."

In May 1961 negotiations for a Laotian settlement opened in Geneva, with Governor Harriman as the chief American negotiator. During the course of those long negotiations fighting continued and the communists made further advances. Faced with a potential threat to Thailand, President Kennedy ordered 5,000 Marines to that country in May 1962.

Finally, in July 1962, after fourteen months of negotiations, fourteen nations signed the Geneva Accords providing for the neutralization of Laos. Other signatories besides the United States included the Soviet Union, Communist China, North Vietnam, the United Kingdom, France, the Southeast Asian nations most directly involved, and the members of the International Control Commission, Canada, India and Poland.

These accords came one month after the three contending forces within Laos announced agreement on the details of a coalition government composed of the three major political factions and headed by the neutralist, Prince Souvanna Phouma. North Vietnam claimed that it favored a coalition government. Both North Vietnam and the Soviet Union backed Prince Souvanna for his new post. The present government of Laos thus has been the one originally proposed by the communists. In approving the 1962 arrangements, the Kennedy administration in effect accepted the basic formulation which had been advanced by

North Vietnam and the Soviet Union for a Laotian political settlement.

B. The Record 1962-1969.

Before the ink was dry on the 1962 Geneva documents, and despite the fact that they embodied most of its own proposals, North Vietnam started violating them. In compliance with the Accords, the 666 Americans who had been assisting the Royal Lao Government withdrew under ICC supervision. In contrast, the North Vietnamese passed only a token 40 men through ICC checkpoints and left over 6,000 troops in the country.

A steadily growing number of North Vietnamese troops have remained there ever since, in flagrant violation of the Geneva Accords. They climbed to about 33,000 in mid-1967, 46,000 in mid-1968, and 55,000 in mid-1969. Today they are at an all-time high of some 67,000 men.

These are not advisors or technicians or attaches. They are line units of the North Vietnamese Army conducting open aggression against a neighbor that poses no threat to Hanoi.

In addition, since 1964, over a half-million North Vietnamese troops have crossed the "Ho Chi Minh Trail" in Laos to invade South Vietnam. This infiltration route provides the great bulk of men and supplies for the war in South Vietnam.

The political arrangements for a three-way government survived only until April 1963 when the Pathet Lao communist leaders departed from the capital and left their cabinet posts vacant. Fighting soon resumed and since then, there have been cycles of Communist offensives and Royal Laotian Government counter-offensives. The enemy forces have been led and dominated throughout by the North Vietnamese. In recent years Hanoi has provided the great majority of communist troops in Laos.

North Vietnam appears to have two aims in Laos. The first is to insure its ability to use Laos as a supply route for North Vietnamese forces in South Vietnam. The second is to weaken and subvert the Royal Lao Government -- originally established at its urging -- to hinder it from interfering with North Vietnamese use of Laotian territory, and to pave the way for the eventual establishment of a government more amenable to communist control.

Prime Minister Souvanna Phouma has tried a variety of diplomatic efforts to restore peace in Laos. He has repeatedly appealed to the co-chairmen and others to help arrange for restoration of the 1962 Accords. He and the International Control Commission, hampered by lack of authority, have reported and publicized North Vietnamese violations of the Accords. And Prime Minister Souvanna Phouma has made several attempts to achieve political reconciliation with the Pathet Lao and to reconstitute a tripartite government.

None of these efforts has borne fruit. Frustrated in his diplomatic efforts and confronted with continuing outside aggression, Souvanna has called upon three American administrations to assist his government in preserving Laotian neutrality and integrity.

By early 1963 the North Vietnamese and Pathet Lao had openly breached the 1962 Agreements by attacking the neutralist government forces in North Laos and by occupying and fortifying the area in Southeast Laos along what came to be known as the Ho Chi Minh Trail. In these circumstances, the Laotian Prime Minister requested American aid in the form of supplies and munitions. The Kennedy administration provided this assistance in line with the Laotian Government's right under the Geneva Accords to seek help in its self-defense.

In Mid-May 1964 the Pathet Lao supported by the North Vietnamese attacked Prime Minister Souvanna Phouma's neutralist military forces on the Plain of Jars. North Vietnam also began to increase its use of the Ho Chi Minh Trail to further its aggression against South Vietnam. The Johnson administration responded to Royal Laotian Government requests to meet this escalation by increasing our training and logistic support to the Royal Lao Government. In May 1964, as North Vietnamese presence increased, the United States, at Royal Lao Government request, began flying certain interdictory missions against invaders who were violating Lao neutrality.

Thus, when this administration came into office we faced a chronically serious situation in Laos. There had been six years of seasonal communist attacks and growing U.S. involvement at the request of the Royal Laotian Government. The North Vietnamese had steadily increased both their infiltration through Laos into South Vietnam and their troop presence in Laos itself. Any facade of native Pathet Lao independence had been stripped away. In January 1969, we thus had a

military assistance program reaching back over six years, and air operations dating over four years.

II. The Policy of This Administration.

Since this administration has been in office, North Vietnamese pressure has continued. Last Spring, the North Vietnamese mounted a campaign which threatened the Royal capital and moved beyond the areas previously occupied by communists. A counterattack by the Lao Government forces, intended to relieve this military pressure and cut off supply lines, caught the enemy by surprise and succeeded beyond expectations in pushing them off the strategic central plain in North Laos known as the Plain of Jars.

The North Vietnamese left behind huge stores of arms, ammunition and other supplied cached on the Plain. During their operations in the Plain of Jars last summer and fall, Lao Government forces captured almost 8,000 tons of communist equipment, supplies and weapons, including tanks, armored cars, artillery pieces, machine guns and thousands of individual weapons including about 4,000 tons of ammunition. The size and nature of these supply caches the communists had emplaced on the Plain by the summer of 1969 show clearly that many months ago the North Vietnamese were preparing for major offensive actions on Laotian territory against the Royal Lao Government.

During the final months of 1969 and January 1970, Hanoi sent over 13,000 additional troops into Laos and rebuilt their stocks and supply lines. They also introduced tanks and long-range artillery.

During January and February, Prime Minister Souvanna Phouma proposed to the other side that the Plain of Jars be neutralized. The communists' response was to launch their current offensive which has recaptured the Plain of Jars and is threatening to go beyond the furthest line of past communist advances.

The Prime Minister is now once again trying to obtain consultations among all the parties to the Geneva Accords, envisaged under Article IV when there is a violation of Lao sovereignty, independence, neutrality or territorial integrity.

In this situation, our purposes remain straightforward. We are trying above all to save American and allied lives in South Vietnam which are threatened. By the continual infiltration of North Vietnamese troops and supplies along the Ho Chi Minh Trail, Hanoi has infiltrated over 100,000 men through Laos since this administration took office and

supplies over the past four years which would have taken thousands of American lives.

We are also supporting the independence and neutrality of Laos as set forth in the 1962 Geneva Agreements. Our assistance has always been at the request of the legitimate government of Prime Minister Souvanna Phouma which the North Vietnamese helped establish; it is directly related to North Vietnamese violations of the agreement.

We continue to be hopeful of eventual progress in the negotiations in Paris. But serious doubts are raised as to Hanoi's intentions if it is simultaneously violating the Geneva Agreements on Laos which we reached with them largely on the basis of their own proposals. What we do in Laos has thus as its aim to bring about conditions for progress toward peace in the entire Indo-Chinese peninsula.

I turn now to the precise nature of our aid to Laos. In response to press conference questions on September 25, December 3 and January 30, I have indicated:

-- That the United States has no ground combat forces in Laos

-- That there were 50,000 North Vietnamese troops in Laos and that "more perhaps are coming."

-- That, at the request of the Royal Laotian Government which was set up by the Geneva Accords of 1962, we have provided logistical and other assistance to that government for the purpose of helping it to prevent the communist conquest of Laos.

-- That we have used air power for the purpose of interdicting the flow of North Vietnamese troops and supplies on that part of the Ho Chi Minh Trail which runs through Laos.

-- That, at the request of the Royal Laotian Government, we have flown reconnaissance missions in Northern Laos in support of the Laotian Government's efforts to defend itself against North Vietnamese aggression and that we were engaged in "some other activities."

It would, of course, have posed no political problem for me to have disclosed in greater detail those military support activities which had been initiated by two previous administrations and which have been continued by this administration.

I have not considered it in the national interest to do so because of our concern that putting emphasis on American activities in

Laos might hinder the efforts of Prime Minister Souvanna Phouma to bring about adherence to the Geneva Agreements by the communist signatories.

In recent days, however, there has been intense public speculation to the effect that the United States involvement in Laos has substantially increased in violation of the Geneva Accords, that American ground forces are engaged in combat in Laos and that our air activity has had the effect of escalating the conflict.

Because these reports are grossly inaccurate, I have concluded that our national interest will be served by putting the subject into perspective through a precise description of our current activities in Laos.

These are the facts:

-- There are no American ground combat troops in Laos.

-- We have no plans for introducing ground combat forces into Laos.

-- The total number of Americans directly employed by the U.S. Government in Laos is 616. In addition there are 424 Americans employed on contract to the government or to government contractors. Of these 1040 Americans, the total number, military and civilian, engaged in a military advisory or military training capacity numbers 320. Logistics personnel number 323.

-- No American stationed in Laos has ever been killed in ground combat operations.

-- U.S. personnel in Laos during the past year has not increased while during the past few months, North Vietnam has sent over 13,000 additional combat ground troops into Laos.

-- When requested by the Royal Laotian Government, we have continued to provide military assistance to regular and irregular Laotian forces in the form of equipment, training and logistics. The levels of our assistance have risen in response to the growth of North Vietnamese combat activities.

-- We have continued to conduct air operations. Our first priority for such operations is to interdict the continued flow of troops and supplies across Laotian territory on the Ho Chi Minh Trail. As Commander-in-Chief of our Armed Forces, I consider it my responsibility

to use our air power to interdict this flow of supplies and men into South Vietnam and thereby avoid a heavy toll of American and allied lives.

-- In addition to these air operations on the Ho Chi Minh Trail, we have continued to carry out reconnaissance flights in Northern Laos and to fly combat support missions for Laotian forces when requested to do so by the Royal Laotian Government.

-- In every instance our combat air operations have taken place only over those parts of Laos occupied and contested by North Vietnamese and other communist forces. They have been flown only when requested by the Laotian Government. The level of our air operations has been increased only as the number of North Vietnamese in Laos and the level of their aggression has increased.

Our goal in Laos has been and continues to be to reduce American involvement and not to increase it, to bring peace in accordance with the 1962 Accords and not to prolong the war.

That is the picture of our current aid to Laos. It is limited, it is requested. It is supportive and defensive. It continues the purposes and operations of two previous administrations. It has been necessary to protect American lives in Vietnam and to preserve a precarious but important balance in Laos.

III. The Future.

Peace remains the highest priority of this Administration. We will continue our search for it in Vietnam. I hope my appeal today to the Geneva Conference co-chairmen will help in Laos. Our policy for that torn country will continue to rest on some basic principles:

-- We will cooperate fully with all diplomatic efforts to restore the 1962 Geneva Agreements.

-- We will continue to support the legitimate government of Prime Minister Souvanna Phouma and his efforts to de-escalate the conflict and reach political understandings.

-- Our air interdiction efforts are designed to protect American and allied lives in Vietnam. Our support efforts have the one purpose of helping prevent the recognized Laotian Government from being overwhelmed by larger communist forces dominated by the North Vietnamese.

-- We will continue to give the American people the fullest possible information on our involvement, consistent with national security.

I hope that a genuine quest for peace in Indochina can now begin. For Laos, this will require the efforts of the Geneva Conference co-chairmen and the signatory countries.

But most of all it will require realism and reasonableness from Hanoi. For it is the North Vietnamese, not we, who have escalated the fighting. Today there are 67,000 North Vietnamese troops in this small country. There are no American troops there. Hanoi is not threatened by Laos; it runs risks only when it moves its forces across borders.

We desire nothing more in Laos that to see a return to the Geneva Agreements and the withdrawal of North Vietnamese troops, leaving the Lao people to settle their own differences in a peaceful manner.

In the search for peace we stand ready to cooperate in every way with the other countries involved. That search prompted my letters today to the British Prime Minister and the Soviet Premier. That search will continue to guide our policy.

****

BAN HOUEI SAI VIENTIANE O D 101700 Mar. 70

ALL AC'S & PC'S USIS, D D , MGT

FROM MANN: ONE MIGHT SAY THAT IN RECENT WEEKS LAOS HAS BEEN IN THE LIMELIG HT. NO DOUBT RELATIVES, FRIENDS AND LOVED ONES AT HOME MIGHT WELL FEEL CONCERNED ABOUT THE SAFETY OF EACH ONES US IN LOAS. I URGE ALL OF YOU TO WRITE REGULARLY TO FAMILLES AND FRIENDS TO PERMIT THEM TO REST EASILY THAT THE SITUATION IN LAOS IS NOT AS CRITICAL AND CONFUAED AS IT APPEARS FROM VARIOUS PUBLICATIONS IN THE U.S. AC'S AND PC'S SHOULD BRING THIS MESSAGE TO ATTENTION OF THEIR STAFF AND CONTENTS OF MESSAGE SHOULDKK BE READ AT NEXT REGULAR STAFF MEETING.

FROM MANN.

AC/BHS.

MEMORANDUM

TO: AC/Vientiane
AC/Luang Prabang
AC/Savannakhet
AC/Pakse
AC/Ban Houei Sai ✓
AC/Sayabouri

September 1, 1970

FROM: Charles A. Mann, Director

SUBJECT: 1970/1971 Dry Season Resource Requirements Study

With reference to my earlier memorandum on the same subject, a schedule has been drawn up for the Dry Season Study Team to visit each area to gather resource requirements data on the activities that will be proposed for implementation during the forthcoming dry season period, November-June. SSB dated 31 August gives the timing and itinerary for the field trips.

The purpose of this message is to give you additional information on the mechanics of the Dry Season Study, and to provide you with guidelines on developing your area proposals for the visit of the Study Team.

Attachment A contains specific comments on your area program proposals as presented during the Spring Program Reviews to guide you in developing your area proposals. In addition, as general policy guidance you should keep the following considerations in mind:

1) Assistance to refugees has the highest priority for Mission resources, and within this category priority attention is directed toward assisting the refugees on the Vientiane Plain and in the Site 272 area.

2) High priority should be given to the training of local RLG officials, both quantitatively and qualitatively, to develop these officials to be more effective representatives of their government, particularly in supporting and implementing joint RLG/USAID programs.

As indicated in my earlier memorandum, I consider the annual Dry Season Study as the implementation plan for the programs substantively approved during the Spring Program Reviews. Therefore, specific approval for individual activities which make up your area program proposal will be reserved until after the completion of the study, at which time the magnitude and specific resource requirements will be known in detail and informed decisions can be made on the best allocation of Mission resources to meet U.S. objectives.

In developing and updating your activity proposals for the visit of the Study Team, you should include all of the activities that you will submit for approval and implementation during the dry season. You should exclude activity proposals already approved in FY 1971 and prior years, as the resource requirements for these activities have already been estimated in Vientiane.

The Study Team will bring information with it on ongoing and proposed new activities to facilitate discussion of your area programs. The data will include a listing by type of activity, whether ongoing or a proposed new activity, the equipment, skilled manpower, and dollar and kip commodity resources required during the dry season period, and a listing of activities approved and completed during prior years.

This information will be particularly useful in evaluating proposed activities in terms of the present level of resources committed for ongoing activities, and the amount of AC, CDAA and other American supervisory time available to effectively monitor the implementation of ongoing and new activities. It will also help to identify moribund and defunct activities, and enable us to reduce the backlog of APs on our books; this is one of my objectives for the Dry Season Study.

I will advise you of the decisions reached as a result of the Dry Season Study and the specific activities approved for implementation in your area during the dry season before October 15, 1970, the beginning of the dry season period.

Clearance:
PRO:JRRoberts _____
AD/PE:GBRamsey _____
ADFO:LEHaffner _____

cc: AD/PE, AD/M, ADFO, ESD, PRO-2, C&R-3

Attachment A

FY 1971 Area Program Proposal

VIENTIANE

With the exceptions discussed below, substantive approval is given to the program proposal as submitted during the Spring Reviews, and you should proceed with refining your estimates of the resources that will be required for individual activities that will be submitted for implementation during the dry season.

Feeder Roads and STOL Strips - The following feeder roads have already been approved:

Ban Phon Song to Ban Nam Kieng
Ban Sai Fong to Ban Na Khoun Noi
Ban Phao and Ban None Sai

and the following feeder road activity proposal is in process for approval:

Ban Nam Pot to LS-53.

Additional feeder roads or STOL strips which are a part of refugee activities, or are substantially justified on economic or developmental grounds may be included in your proposals for the Dry Season Study. Feeder roads or STOL strips which are justified solely on military or security grounds, however, do not qualify for use of AID assistance funds and should not be included in your proposals.

Intelligence Fund - While I agree with the military and security merits of this proposal, I do not want to involve USAID in buying intelligence data. This activity should not be included in your estimates for the Dry Season Study.

Muong Center - Approval is given to include estimates of resource requirements for a pilot Muong Center facility to be located in Muong Thadeua. Estimates should be for a basic physical facility only, with power and communications the responsibility of the RLG. Note: Actual approval for the construction of the Center is reserved pending the completion of the Dry Season Study and my further consideration of the merits and possible ramifications of this idea.

ATTACHMENT A

FY1971 Area Program Proposal

LUANG PRABANG

Substantive approval is given to the regular budget programs as submitted during the Spring Review, and you should proceed with developing refined estimates of resource requirements for the specific activities composing the proposed programs.

With regard to the extra budgetary program proposals submitted:

1. The MCH Center is approved and funds have already been obligated.

2. Funds have been budgeted for the fourth Fa Ngum school which we expect will be constructed in LP. Approval is pending in AID/W.

3. A project for improving Mekong Port facilities, as provided by you in your "Waterway Improvement Project" has been submitted to AID/W for approval within the context of the Regional Development (RED) Program. The capital project paper for this project--which would include construction of a new ramp at LP--was forwarded to AID/W last week.

4. With regard to the Muong Nane road and the major irrigation project proposed during the Spring Review, while these projects are not disapproved, I am not willing at this time to divert the equipment and manpower required from other priority projects to undertake these two projects; requirements for these two projects should not be included in your estimates. If a change occurs in overall security and development of this area acquires additional economic significance, these two proposals can then be reconsidered.

Attachment A

FY 1971 Area Program Proposal

PAKSE

Substantive approval is given to the total program as presented during the Spring Program Reviews, and you should proceed to develop refined estimates of the resource requirements for individual activities that will be submitted for implementation during the dry season period.

Approval for the KM-8 Canal Area irrigation project, however, is withheld at this time pending the completion of feasibility surveys. You should not, therefore, include resource requirements for this project in the dry season data.

Attachment A

FY 1971 Area Program Proposal

SAYABOURY

Substantive approval is given to the program proposal as submitted during the Spring Review, and resource requirements data should be developed for all activities that will be proposed for implementation during the dry season period.

The Nam Tan Irrigation & Resettlement Project will be given first priority in the Sayaboury Area. Resources may be allocated to other activities only insofar as they are not needed to assure the progress of execution of the Nam Tan Project.

Attachment A

FY 1971 Area Program Proposal

BAN HOUEI SAI

Substantive approval is given to the program proposals as submitted during the Spring Program Review and you should go ahead with updating and refining resource requirements for specific activities that will be proposed for implementation during the dry season period.

Attachment A

FY 1971 Area Program Proposal

Savannakhet

Substantive approval is given to the total program as submitted during the Spring Program Review, and you should proceed to refine estimates of resource requirements for specific activities that will be proposed for implementation during the dry season. I am particularly interested in your proposal to make dispensaries independent enterprises and would like you to continue to work with PHD and the RLG to bring this into being.

Form Laos 268

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No. 71-05

September 1, 1970

TO : All Vientiane Offices and Field Stations

FROM : Charles A. Mann, Director

SUBJECT : Mission Organization (Subject Index 220)

Effective September 1, 1970, the following organizational changes are effected in the USAID Mission to Laos:

A. The Rural Development Division is abolished.

B. The Office of Refugee Affairs (ORA) is established, in accordance with the following policy:

It is the policy of the USAID Mission to Laos to assist, materially and technically, the Royal Lao Government to provide timely and adequate assistance to refugees displaced, directly or indirectly by military actions and political instability in Laos.

This policy is based on a fundamental humanitarian concern -- concern for the condition and distress of those people uprooted by war and unable, because of circumstances beyond their control, to provide their own basic requirements for survival.

Because of the non-deferrable, life or death nature of requirements, relief assistance to refugees will normally receive the highest priority within all USAID projects and supporting services in claims on material and human resources.

DISTRIBUTION: D, F

The goals of the refugee program are:

- to demonstrate the humanitarian concern of the RLG and the USG for the victims of the war.

- to insure that the RLG has necessary resources to assist refugees.

- to promote and assist reestablishment of civilian government authority and services for refugee groups, strengthening their ties with and loyalty to the RLG.

- to assist the RLG to bring the economic, social and political condition of the refugees to a level equal to that of Lao citizens (i. e., non-refugees) living in the general area of relocation, whose immediate physical condition and environment have not been directly affected by the war.

Appropriate USAID resources will be applied to the refugee program in the following order of priority:

1. Emergency movements created by or in anticipation of military action -- evacuation assistance; emergency medical care and attention; provision of food by surface, air-drops or landed load; location, provisioning and emergency staffing of temporary safe-haven and staging areas for displaced refugees; etc.

2. Relocation of refugees -- allocation of land area; transportation to relocation areas; provision of food, blankets, clothing, utensils, shelter materials, medical care, assurance of potable water supply; movement of refugees into individual family housing constructed on self-help basis.

3. Assistance in provision of essential facilities (health, education, police, etc.), RLG services to necessary physical facilities such as schools, dispensaries, roads and wells and assistance in establishing appropriate agricultural production to bring the refugee groups to a living condition equal to that of non-refugees in the general area where refugee groups are relocated. Any further assistance extended will be as part of normal rural assistance in health, education, agriculture, manpower development and the like as part of regular area

and national programs. While former refugees frequently are unusually susceptible to undertaking innovative practice and therefore constitute a special developmental resource, assistance basically designed to foster economic development should be extended as other than refugee assistance. As a minimum, the assistance designated as priority 1 will be given to any and all refugees where assistance has been requested by the RLG. As a maximum, assistance will be given under the aegis of refugee affairs to bring refugee relocation villages to the approximate level of non-refugee neighbors. Once permanent schools, dispensaries or medical services, access roads, sources of potable water, self-sufficient agricultural production and civil authority have been assured at a level consonant with that of the larger community of which the refugee area is a part, no further assistance will be given as refugee relief, and the inhabitants of the relocation area will no longer be considered refugees.

C. The Office of Refugee Affairs is directed by an Assistant Director for Refugee Affairs (AD/RA) who is responsible for implementation of the above policy. It is composed of Refugee Relief, Refugee Affairs Administrative, Refugee Relocation, and Food for Peace Branches.

1. The Refugee Relief Branch (RRB) backstops all refugee Operations Officers in the field (who are responsible to the Area Coordinator of the area to which they are assigned). Included in the responsibilities of this branch are: planning and monitoring of actions to provide initial emergency relief to refugees as they are initially displaced; implementation of requirements for refugee censuses; determination of overall initial commodity requirements, including medical supplies; coordination of logistics requirements, and preparation of requests for transportation of commodities; monitoring of refugee supplies (1) when received from Supply Management Branch and stored in RLG facilities, (2) when issued to Transportation Branch for surface or air transport to refugee sites, and (3) through reports from field operations officers, end-use and receipt of commodities by refugees.

2. The Refugee Affairs Administrative Branch (RAA) is responsible to AD/RA for programming preparation, record-keeping, organization, monitoring and serving as a central repository of all information relative to refugee affairs including information furnished

by other elements of the Mission. It conducts a running evaluation of conditions of refugee groups assisted and keeps AD/RA informed as to problems, progress and potential for phase-out of assistance.

3. The Refugee Relocation Branch (RRL) plans, monitors, backstops, and provides necessary liaison with other Mission elements to assure implementation of steps designated as second and third priorities. It assists the Administrative Branch in assuring documentation, reporting and records relative to this phase of refugee relief operations.

4. The Food for Peace Branch (FFP) will program and monitor the implementation of PL-480 commodities. Responsibility for receipt and issue of PL-480 commodities, however, will remain with SMB until such time as issue is made to RLG or USAID offices, which then assume responsibility through end-use.

D. Personnel

1. Personnel of FO are unchanged.

2. Personnel of the Community Development Branch are unchanged.

3. Mr. John W. MacQueen is designated Assistant Director for Refugee Affairs.

a. Mr. Jack Williamson is designated Refugee Affairs Officer.

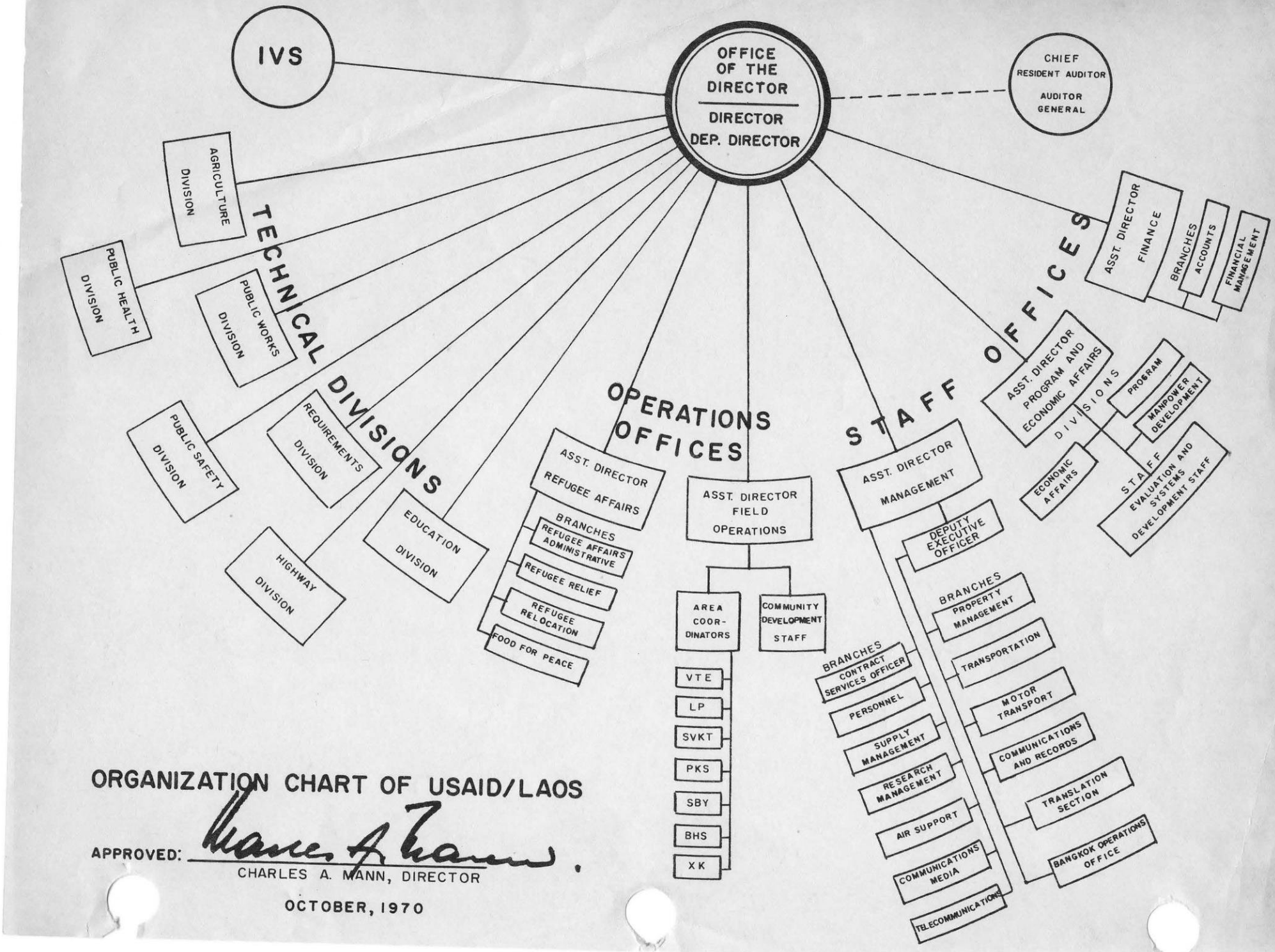
b. Mr. Robert Dakan is designated Refugee Relief Officer. He is assisted by two Assistant Refugee Relief Officers.

c. Mr. Fred Luning is designated Refugee Administrative Officer. He is assisted by Mr. Frederick Benson.

d. Mr. Roger S. Sprowls is Food for Peace Officer.

e. Mr. Hugh Brady is Refugee Relocation Officer. He is assisted by a Refugee Education Advisor, a Refugee Agriculture Advisor, a Refugee Public Works Advisor, and a Refugee Health Advisor, to be designated subsequently.

4. The Community Development Branch is transferred in its entirety to the Office of Field Operations and is redesignated Community Development Staff. Implementation of Rural Self-Help activities is the responsibility of the Assistant Director for Field Operations, in addition to his present duties, which are unchanged.



ORGANIZATION CHART OF USAID/LAOS

APPROVED: _____

CHARLES A. MANN, DIRECTOR

OCTOBER, 1970

Ernie
Johnson
Cunningham

The Economic Situation Report

Free foreign exchange demand was lower in August-October than a year ago and total foreign exchange demand was lower in August and September. Limited evidence on exports from other countries to Laos indicates that the volume of goods sent in 1970 is below a year ago, and government revenue collections related to import activity have been disappointing. Evidently, inflationary pressures in the Lao economy have lessened, perhaps temporarily.

Fiscal restraint of the Royal Lao Government (RLG) and reduced inflationary borrowing since May, stronger enforcement of commercial bank reserve requirements, and RLG pressure on importers to reduce the amount of deferred customs payments due the Treasury have been important factors tempering inflationary pressures. Market conditions in Southeast Asia have been dull, reflecting retrenchment in the world's financial centers. Political and economic events in Cambodia and Thailand have reduced two of Laos' major re-export markets. Depressed rice prices have lowered rural money incomes in neighboring Thailand and also in Laos. Lao gold trade came under stress as rising European prices depressed trading margins and competition from other centers became stronger. Finally, kip transactions of foreign governments appear to have had a somewhat less inflationary impact on the economy in 1970 than they did in the same months of 1969.

At the same time money supply in the hands of the public continued rising and was 12% above a year previous at end September. With prices stable its purchasing power grew proportionately. It is difficult to reconcile continued expansion in purchasing power with declining demand for foreign exchange and imports. Possibly public demand for money has been increased by the recent resettlement of considerable numbers of refugees near urban centers. Most basic needs of the refugees have been met from grants-in-aid, but gradually refugees enter the monetized sector to earn wages and produce foods and handicrafts for the market. The increase in money supply has been taken by the public as currency rather than demand deposits. The general public may have become apprehensive about the future and seeks greater liquidity. The growth in real purchasing power in the face of lower demand for exchange suggests that business may be moving through a temporary adjustment period to be followed by an upsurge in buying after a time in response to continued and possibly increasing monetary pressure from government deficit financing as government expenditures rise faster than revenues, in spite of new tax laws recently passed by the Assembly and the admonitions of the IMF Team (which recently discussed the economic situation with RLG).

Bank loans to the public increased in the first six months of 1970, more than last year, and dipped seasonally during the summer (wet season) lull. The commercial community has been complaining of credit shortage, indicating the effectiveness of the government's policy of containing commercial bank lending through high reserve requirements against public deposits. Vientiane commercial bank clearings in 2Q 1970 were below 2Q 1969 and the 12 months total ending with June failed to show a gain over the preceding year.

The slowdown of expansion has affected domestic production. Timber production was 3½% below the previous year in the 12 months ending September, charcoal production and hog slaughtering were respectively 11% and 5% below the preceding year in 12 months ending June. Consumption of petroleum products in 12 months ending August 1970 was down 1.5% from the year before, but this reflects the layup of thermal electric generating capacity in Vientiane and Pakse as Thai electricity imports and hydro power from Selembang came to be increasingly relied upon. Civilian airline passengers continued to grow in numbers, perhaps reflecting difficulties encountered by surface travel.

Prices at end September by the RLG index for Vientiane Lao Household have been below the corresponding month of last year from May through September. USAID's index of prices (reflecting mainly foods and importantly rice) was 18% below a year ago at end October.

Data as of Nov. 6, 1970

Foreign Transactions

Monthly Economic Indicators for Laos

	Foreign Exchange Supply = Demand ($ Thousands)														
	Total Free Market Supply 1/			BNL Official Supply 2/			Country Import Programs 3/			Total Exchange Supply			Gold Import (Kg)		
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	2987	4159	4171	722	350	41	912	517	271	4621	5026	4483	6704	2825	4900
Feb.	3516	3130	3194	74	103	79	12	0	129	3602	3233	3402	3189	2300	4075
Mar.	3547	3759	3972	110	250	216	377	156	333	4034	4165	4521	3482	3804	5075
1Q	10050	11048	11337	906	703	336	1301	673	733	12257	12424	12406	13375	8929	14050
Apr.	4179	3186	3945	495	129	70	264	60	0	4938	3375	4015	2965	1325	4475
May	3512	4338	4295	182	143	179	211	116	167	3905	4597	4641	1780	1850	3550
Jun.	3130	3609	3562	523	344	214	408	174	437	4061	4127	4213	1700	1710	4475
2Q	10821	11133	11802	1200	616	463	883	350	604	12904	12099	12869	6445	4885	12500
Jul.	3893	4195	4322	128	108	182	157	85	100	4178	4388	4604	925	2380	3852
Aug.	2781	3386	2536	180	142	124	502	236	263	3463	3764	2923	1250	1135	3129
Sept	3346	3570	3055	187	707	201	420	119	142	3953	4396	3398	2130	3175	1775
3Q	10020	11151	9913	495	957	507	1079	440	505	11594	12548	10925	4305	6690	8756
Oct.	4060	5051	4108	114	190	172	201	142		4375	5383		4055	3250	3335
Nov.	3178	4642		339	208		325	112		3842	4962		2900	3195	
Dec.	3555	4852		168	220		130	254		3903	5326		1750	5075	
4Q	10793	14545		621	618		706	508		12120	15671		8705	11520	
Year	41684	47877		3222	2894 4/		3969	1971		48875	52742		32830	32024	
Last 12 Mos.	41415	45116	46654	2959	2973	1906	4205	2169	2350	36755	49191	51871	38680	28404	46911

1/ From weekly FEOF Manager reports. January, May, July and October have 5 weeks each.

2/ 1968 - 2Q/69 data from Service de Controle des Changes. Thereafter data from BNL. See Supplement, p. 2.

3/ UKIP ended with 2Q 1968; AUSSIP ended with 3Q 1968; only USIP thereafter.

4/ Does not include $216.8 thousand carried forward from 1967/8 budget, nor $500 thousand drawn from Chase Manhattan Account #3 in December used to finance drawing of SDR's.

Data as of Nov. 6, 1970 — Monthly Economic Indicators for Laos

Changes in Money Supply and Related Factors (Million Kip)

	Factors Expanding (+) Money Supply															Change in Money Supply		
	RLG Net Inflationary Borrowing 1/			Change in USAID Kip Balance 2/			French and Japanese 3/ de-sterilization of FEOF Kip			Change in Bank Loans to Private Sector			Total Expansionary Factors					
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970 4/
Jan.	640	984	885	+20.	-6.	-36	80	120	6	+171	+101	42	911	1199	897	+303	+604	-162
Feb.	804	595	439	+153.	+234.	+202	-	160	40	-180	+96	158	777	1085	839	+30	+132	+63
Mar.	719	1073	1088	+31.	-114.	+32	-	120	2	+151	-68	143	901	1011	1265	+62	+277	-29
1 Q	2163	2652	2412	+204.	+114.	+198	80	400	48	+142	+129	343	2589	3295	3001	+395	+1013	-128
Apr.	913	1129	547	+210.	+282.	+229	270	80	40	-158	-1	43	1235	1490	859	+460	-32	-53
May	1114	636	883	-465.	+192.	-405	100	120	22	-19	-20	53	730	928	653	+206	-32	+329
June	990	562	930	+134.	+25.	-31	140	200	41	+36	+58	122	1300	845	1062	+162	+229	+217
2 Q	3017	2327	2360	-121.	+499.	-207	510	400	103	-141	+37	+218	3265	3263	2474	+828	+165	+488
July	704	531	589	+30.	+263.	148	40	100	10	-60	-55	18	714	839	765	-258	-	-22
Aug.	964	924	671	+79.	-338.	-4	-	-	2	-47	-27	-48	996	559	621	+454	-247	+454
Sept.	1044	946	1144	+114.	-132.	-40	-	2	425	+2	+8	-52	1160	824	1477	+27	+68	+290
3 Q	2712	2401	2404	+223.	-207.	104	40	102	437	-105	-74	-82	2870	2222	2863	+223	-181	+722
Oct.	972	585		+25.	+101.		180	-		-23	+25		1155	711		+316	-25	
Nov.	802	549		-10.	-116.		40	-		-40	+112		792	545		-335	-224	
Dec.	674	1209		+36.	-11.		103	38		-80	+64		733	1300		-324	+713	
4 Q	2448	2343		+51.	-26.		323	38		-143	+201		2680	2556		-343	+464	
Year	10340	9723		+357.	+380.		923	940		-247	+293		11404	11336		+1102	+1461	
Last 12 mos.	10540	9828	9519	+345	+457	+69	841	1225	626	-	-51	+680	-	11459	10894	+1143	+654	+1546

1/ From Treasury Record: Inflationary borrowing equals gross borrowing from BNL
Plus decreases in assets (cash and BNL deposits)
Plus increases in liabilities to commercial banks and pvt-depositors.

2/ + is a decrease in U.S. balance expanding money supply.

3/ Japanese desterilization is included from 1969 onward. It amounted to 1.7 (million kip) in July 1969, 2 in August and 38 in December, and accounted for all desterilization in Jan-Aug. 1970. The Sept. 1970 entry is a French withdrawal.

4/ BNL Series basis changed.

Money Supply (Cont'd)
Prices

Per.	Money Supply (a) Value (Million Kip) 1968	1969	1970	Money Supply (a) Index (1964=100) 1968	1969	1970	Vientiane Lao Household Price Index 1964 = 100) 1968	1969	1970	Real Money Supply (a) Index 1964 = 100 1968	1969	1970	Real Money Supply (a) Change (%) Year to Year 1968	1969	1970
Jan.	11563	12967	13662	173.4	194.4	204.8	138.2	148.1	152.5	125.5	131.3	134.3	-	+4.6	+2.3
Feb.	11593	13099	13725	173.8	196.4	205.8	140.8	147.6	150.7	123.4	133.1	136.6	-	+7.9	+2.6
Mar.	11655	13376	13696	174.8	200.6	205.3	144.0	147.3	150.7	121.4	136.2	136.2	-2.6	+12.2	+0.0
1 Q (b)	11604	13147	13694	174.0	197.1	205.3	141.0	147.7	151.3	123.4	133.5	135.7		+8.2	+1.6
Apr.	12115	13344	13643	181.7	200.1	204.5	145.3	148.7	152.2	125.1	134.6	134.4	-	+7.6	-0.1
May	12321	13312	13972	184.8	199.6	209.5	144.8	151.9	151.5	127.6	131.4	138.3	-	+3.0	+5.3
June	12483	13541	14184	187.3	203.0	212.7	148.3	152.1	152.1	126.2	133.5	139.8	+10.5	+5.8	+4.7
2 Q (b)	12303	13399	13933	184.6	200.9	208.9	146.1	150.9	151.9	126.3	133.2	137.5		+5.5	+3.3
July	12225	13541	14162	183.3	203.0	212.3	150.1	153.3	151.9	122.1	132.4	139.7	-	+8.4	+5.5
Augu	12679	13292	14616	190.1	199.3	219.3	148.7	151.6	151.2	127.8	131.5	145.0	-	+2.9	+10.3
Sept.	12706	13360	14906	190.5	200.3	223.5	147.5	150.6	150.0	129.2	133.0	149.0	+10.5	+2.9	+12.0
3 Q (b)	12537	13398	14561	188.0	200.9	218.4	148.8	151.8	151.0	126.4	132.3	144.6		+4.7	+9.9
Oct.	13022	13335		195.3	200.0		147.7	149.5		132.2	133.8		-	+1.2	
Nov.	12687	13111		190.2	196.6		146.5	150.3		129.8	130.8		-	+0.8	
Dec.	12363	13824		185.4	207.3		147.4	150.7		125.8	137.6		+4.9	+9.4	
4 Q	12691	13423		190.3	201.3		147.2	150.2		129.3	134.1			+3.8	
Year (c)	12093	13334		181.3	199.9		145.6	151.1		126.3	133.3			+5.5	
Last 12 mos. (c)	(n.a.)	13160	13907	(n.a.)	197.3	208.5	143.8	149.4	151.1	(n.a.)	132.1	137.9	(n.a.)	(n.a.)	+4.5

(a) Revised series beginning January 1970
(b) Quarterly average
(c) Twelve-month average

Data as of Nov. 6, 1970 Monthly Economic Indicators for Laos Production, Consumption

	Vientiane Bank Clearings (Million Kip)			Petroleum Product Consumption (000 Liters)				Vientiane Electricity Supply 1/ (Million KWH)			Timber Production (000 Cubic Meters)			Civil Aviation (Local Passengers) (000) 2/		
Per.	1968	1969	1970	1968	1969	1969*	1970*	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	4202	4791	4882	7562	8743	8593	9120	1.6	2.0	2.4	3.4	8.0	8.0	5.3	8.0	8.9
Feb.	3790	3672	3887	7347	9698	9663	8598	1.5	1.9	2.4	6.8	8.9	5.1	5.0	7.1	10.8
Mar.	3982	4436	4998	8107	8581	8559	8982	2.0	2.5	3.6	8.9	10.3	9.5	5.0	8.5	9.9
1 Q	11974	12899	13767	23016	27022	26815	26700	5.1	6.4	8.4	19.1	27.2	22.6	15.3	23.6	29.6
Apr.	3726	3948	3953	8810	9970	9653	8908	2.0	2.8	3.9	5.7	7.7	4.7	7.8	8.4	9.6
May	3928	5448	4197	9498	11055	10747	10101	2.1	3.1	4.0	2.0	5.4	10.2	6.7	5.0	8.2
June	3173	4874	5324	8880	9741	9431	8536	2.0	2.8	3.7	2.7	5.3	10.4	7.7	6.9	12.3
2 Q	10827	14270	13474	27188	30766	29831	27545	6.1	8.7	11.6	10.4	18.4	25.3	22.2	20.3	30.1
July	3638	4548		10252	9767	9547	9022	2.2	2.9	3.9	2.4	3.4	3.6	10.0	8.5	9.1
Aug.	3553	4076		9195	9339	9074	7868	1.8	2.9		5.3	10.5	4.8	9.0	7.9	6.8
Sept.	3781	4179		7714	8429	8165		1.7	2.9		4.1	37.6	3.2	8.7	7.1	5.6
3 Q	10972	12803		27161	27535	26786		5.7	8.7		11.8	51.5	11.6	27.7	23.5	21.5
Oct.	4134	4837		9199	9880	9648		1.3	3.0		3.0	5.4		8.1	8.1	
Nov.	3441	4077		7235	8669	8367		1.2	2.4		6.3	10.6		9.6	9.6	
Dec.	3836	5900		8541	9506	9066		1.1	2.2		16.1	4.8		8.8	8.8	
4 Q	11411	14814		24975	28055	27081		3.6	7.6		25.4	20.8		26.5	26.5	
Year	45182	54786		102340	113378	110513		20.5	31.4		66.7	117.9		91.7	93.9	
Last 12 mos.	43359	49552	54858	104878	109583	107956	106381	20.8	25.1	37.3	71.3	122.5	80.3	85.1	93.9	107.7

*Unadjusted data not including USAID deliveries to points south of Vientiane omitted in the source.

1/ Includes imports from Thailand amounting to 5.1 and 5.4 million KWH in 1 Q and 2 Q 1969, 3.1 and 3.3 million KWH in 3 Q and 4 Q 1969, 5.5 million KWH in 1 Q 1970, and 10.4 million in 2 Q 1970.

2/ Vientiane airport only

Data as of Nov. 6, 1970

Monthly Economic Indicators for Laos

Government Finance
(Million Kip)

	Revenues			Expenditures			Cash Deficit			Treasury Assets			RLG Borrowing from BNL			Trea.Liabil. to Com'l Banks & Depositors		
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	749	567	728	1481	1604	1474	732	1037	746	719	429	181	798	897	700	210	227	522
Feb.	576	638	661	1509	1305	1529	933	667	866	718	785	441	799	897	700	213	281	521
Mar.	607	674	729	1264	1278	1598	657	604	869	765	598	80	798	898	700	181	269	548
1Q	1932	1879	2118	4254	4187	4601	2322	2308	2483	-	-	-	2395	2692	2100	-	-	-
Apr.	564	611	658	1243	1193	1286	679	582	628	647	353	370	799	898	800	178	255	585
May	475	624	678	1323	1410	1701	848	786	1023	344	478	259	794	737	730	195	279	627
Jun.	578	686	771	2288	2564	2059P	1710	1878	1288P	123	678	184	798	743	850	165	298	632
2Q	1617	1921	2107	4854	5167	5046	3237	3246	2939	-	-	-	2391	2378	2380	-	-	-
Jul.	425	625	650	321	424	1061P	(-104)	(-201)	411	216	848	81	798	722	730	165	277	371
Aug.	507	552	618	1355	1420	1649	848	868	1031	284	633	317	997	691	900	200	296	395
Sep.	557	657	583P	1513	1365	1730P	956	708	1147P	265	167	104	999	350	900	225	424	425
3Q	1489	1834	1851	3189	3209	4440	1700	1375	2589	-	-	-	2794	1763	2530	-	-	-
Oct.	657	708		1212	1322		555	614		281	653		997	1042		217	453	
Nov.	591	640		1654	1351		1063	711		357	113		800	-		295	461	
Dec.	567	769		1282	1770		715	1001		513	372		900	1400		225	528	
4Q	1815	2117		4148	4443		2333	2326		-	-		2697	2442		-	-	
Year	6853	7751		16445	17006		9592	9255		-	-		10277	9275		-	-	
Last 12 Mos.	6903	7449	8193	16094	16711	18530	9191	9262	10337	-	-	-	10547	9530	9452			

P = Provisional Figures

Data as of Nov. 6, 1970

Monthly Economic Indicators for Laos

Sources of BNL Official Foreign Exchange Supply ($ thousand) 1/

SUPPLEMENT

	USAID (Invisibles)			Exports			Foreign Embassies & Missions						Administration		
							Total			French			PTT		
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	400.0	195.2	-	50.2	85.0	28.9	259.7	69.6	3.5	163.3	61.2		11.8	0.1	8.3
Feb.	-	-	-	35.0	37.6	68.4	36.4	65.7	6.7	-	-		2.5	0.3	4.0
Mar.	-	196.0	-	33.9	38.1	100.6	31.8	6.2	106.8	-	-		44.2	9.4	9.0
1Q	400.0	391.2	-	119.1	160.7	197.9	327.9	141.5	117.0	163.3	61.2		58.5	9.8	21.3
Apr.	325.0	-	-	27.7	42.1	37.8	132.0	83.7	6.2	61.2	61.2		10.0	3.2	26.1
May	-	-	-	84.5	50.8	103.1	87.4	90.9	66.5	61.2	61.2		10.1	1.8	9.0
Jun.	300.0	195.9	-	103.3	39.2	81.6	112.0	104.2	61.7	81.6	81.6		7.7	4.2	71.0
2Q	625.0	195.9	-	215.5	132.1	222.5	331.4	278.8	134.4	204.0	204.0		27.8	9.2	106.1
Jul.	-	-	-	62.2	16.7	74.6	64.8	80.5	74.0	61.2	60.9		0.6	10.7	33.2
Aug.	-	-	-	60.4	40.4	14.6	116.2	86.2	82.6	61.2	71.9		3.6	15.4	27.1
Sep.	-	500.0	-	29.6	89.4	76.6	150.8	114.7	84.3	122.4	71.9		6.4	2.7	40.4
3Q	-	500.0	-	152.2	146.5	165.6	331.8	281.4	240.9	244.8	204.7		10.6	28.8	100.7
Oct.	-	-	-	88.4	29.0	40.4	24.3	160.2	113.7	-	89.9		1.6	1.0	18.1
Nov.	-	-		22.2	69.7		309.1	129.0		244.9	107.9		7.7	9.6	
Dec.	-	-		21.6	62.6		141.5	132.8		122.4	144.1		4.5	4.5	
4Q	-	-		132.2	161.3		474.9	442.0		367.3	341.9		13.8	14.5	
Year	1025.0	1087.1		619.0	600.6		1466.0	1143.7		979.4	811.8		110.7	62.3	
Last 12 Mos.	1025.0	1087.1	0	640.3	512.1	758.7	1176.1	1312.5	887.8				110.5	61.0	259.7

1/ Source of 1968 - 2Q 1969 data is Service de Controle des Changes, thereafter BNL.

Data as of Nov. 6, 1970

Monthly Economic Indicators for Laos

SUPPLEMENT

							Private Sector (Million Kip)					
	BNL Sales of Foreign Exchange ($ thou.) 1/			USIP Letters of Credit Opened ($ thous.)			Outstanding Loans to Public by All Banks			Change in Private Time Deposits		
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	377	145	375	752	517	271	1421	1093	1218	-7	-2	28
Feb.	132	179	75	1	0	129	1241	1188	1376	-2	-5	-6
Mar.	167	162	230	377	156	333	1392	1121	1519	+8	+3	21
1Q	617	486	680	1130	673	733						
Apr.	176	572	268	102	60	0	1233	1120	1562	-4	-2	13
May	320	209	368	139	124	167	1214	1100	1615	-10	+3	34
Jun.	508	263	68	408	174	437	1240	1158	1737	+4	-2	-10
2Q	1004	1044	704	649	358	604						
Jul.	185	16	343	157	85	100	1180	1103	1755	+15	+21	+23
Aug.	122	75	88	502	236	263	1133	1076	1707	-11	+8	-48
Sep.	200	159	332	244	119	142	1135	1083	1655	+1	+7	0
3Q	507	250	763	903	440	505						
Oct.	224	239	204	201	142		1112	1110		-3	+42	
Nov.	110	292		325	112		1072	1221		-14	+25	
Dec.	287	233		180	254		992	1285		+6	-24	
4Q	621	764		706	508							
Year	2808	2544		3388	1971					-17	+80	
Last 12 Mos.	2658	2416	2876	3494	2177	2350				(n.a.)	+20	+98

1/ Official Administrative Expenditures

Monthly Economic Indicators for Laos

SUPPLEMENT

	Vientiane Price Indexes						Charcoal			Cattle			Hogs		
	RLG Lao Household Index (1964=100)			USAID Food and Hsehold Index 1/ (1968=100)			Production (000 metric tons)			Slaughtered (000 head)			Slaughtered (000 head)		
Per.	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970	1968	1969	1970
Jan.	138.2	148.1	152.5	98.9	101.0	88.3	1.2	1.4	1.4	.6	.7	.7	6.0	4.8	4.2
Feb.	140.8	147.6	150.7	98.7	100.2	87.3	1.2	1.1	.9	.6	.6	.6	5.1	4.1	4.4
Mar.	144.0	147.3	150.7	97.4	97.1	89.0	1.2	1.3	1.3	.6	.7	.6	5.1	5.2	4.4
1Q							3.6	3.8	3.6	1.8	2.0	1.9	16.2	14.1	13.0
Apr.	145.3	148.7	152.2	101.0	101.3	87.7	1.3	1.6	1.2	.6	.8	.7	3.0	4.2	4.5
May	144.8	151.9	151.5	100.8	107.5	90.7	1.1	1.3	1.1	.7	.6	.7	4.8	4.7	4.4
Jun.	148.3	152.1	152.1	100.1	100.9	95.0	1.2	1.3	1.3	.7	.7	.6	4.7	4.2	4.3
2Q							3.6	4.2	3.6	2.0	2.2	2.0	12.5	13.1	13.2
Jul.	150.1	153.3	151.9	102.0	101.1	87.9	1.1	.4		.7	.8		4.7	4.6	
Aug.	148.7	151.6	151.2	101.5	102.4	83.1	1.0	1.0		.6	.8		4.3	4.5	
Sep.	147.5	150.6	150.0	102.1	102.5	84.1	1.0	1.1		.5	.7		7.1	4.5	
3Q							3.1	2.5		1.8	2.3		16.1	13.6	
Oct.	147.7	149.5		100.2	101.1	2/ 82.8	1.1	1.1		.5	.8		4.9	5.0	
Nov.	146.5	150.3		94.5	93.5		1.0	.9		.5	.7		4.5	4.6	
Dec.	147.4	150.7		101.9	93.7		1.0	.9		.7	.7		4.4	5.0	
4Q							3.1	2.9		1.7	2.2		13.8	14.6	
Year	145.6*	151.1*		99.9	100.2		13.4	13.4		7.3	8.9		58.6	55.4	
Last 12 Mos.	144.3	149.4	151.1	100.3	101.9	88.6	13.4	14.2	12.6	8.9	7.7	8.4	61.0	57.1	54.4

1/ End-of-month readings

*Annual Averages

2/ 21 October

Monthly Economic Indicators for Laos

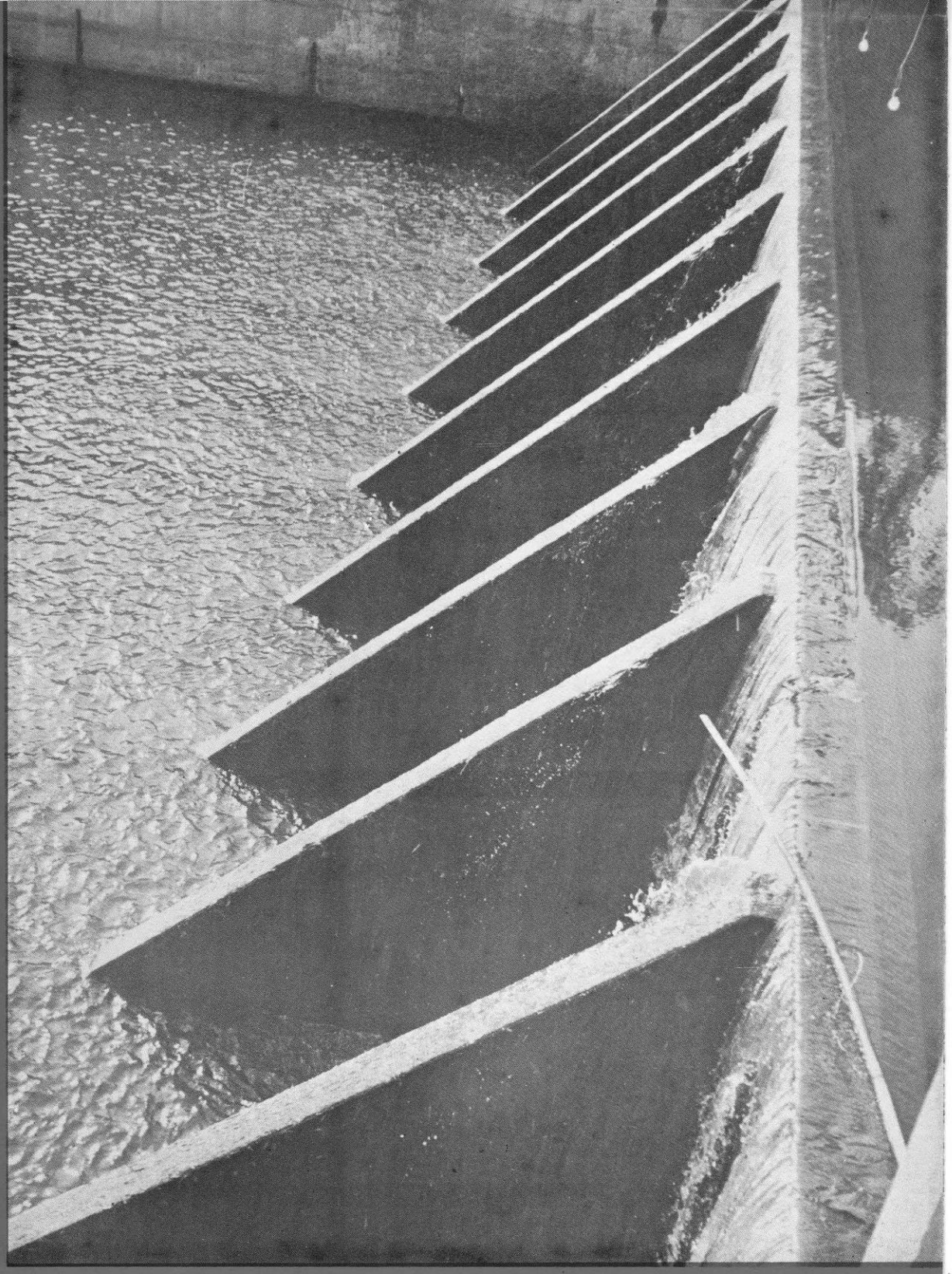
SUPPLEMENT

	Petroleum Products (000 liters) 1/															
	Motor Gasoline				Kerosene				Gasoil & Diesel				Lubricants			
Per.	1968	1969	1969*	1970*	1968	1969	1969*	1970*	1968	1969	1969*	1970*	1968	1969	1969*	1970*
Jan.	3585	4033	3920	4393	911	868	867	997	2773	3581	3555	3433	303	261	251	297
Feb.	5347	4621	4600	3468	665	835	834	953	3037	3925	3913	3876	308	317	316	301
Mar.	4046	3886	3865	4000	862	772	771	1036	3001	3690	3690	3422	198	233	233	524
1Q	10958	12540	12385	11861	2438	2475	2472	2986	8811	11196	11158	10731	809	811	800	1122
Apr.	4270	4930	4822	4179	838	1021	1021	961	3367	3663	3454	3439	335	351	351	329
May	4612	4667	4628	5007	766	785	785	804	3916	5214	4946	3993	204	393	393	297
Jun.	3907	4353	4311	3659	874	568	568	849	3705	4293	4025	3753	394	527	527	275
2Q	12789	13950	13761	12845	2478	2374	2374	2614	10988	13170	12425	11185	933	1271	1271	901
Jul.	4230	3968	3933	4416	1246	955	955	947	4479	4533	4348	3401	297	311	311	258
Aug.	4076	3779	3700	3956	796	738	738	774	3877	4538	4352	2917	446	284	284	221
Sep.	3166	3771	3750		1011	770	770		3360	3622	3379		177	266	266	
3Q	11472	11518	11383		3053	2463	2463		11716	12693	12079		920	861	861	
Oct.	4611	4399	4354		865	1099	1099		3508	4104	3917		215	278	278	
Nov.	3564 2/	3771	3736		657	1111	1111		2705	3591	3324		309	196	196	
Dec.	3551	4546	4417		926	907	907		3782	3812	3501		282	241	241	
4Q	11726	12716	12507		2448	3117	3117		9995	11507	10742		806	715	715	
Year	46945	50724	50036		10417	10429	10426		41510	48566	46404		3468	3658	3647	
Last 12 Mos.	48695	49129		49335	9910	10001		11208	42497	46792		42355	3776	3660		3483

1/ Petroleum product data for 1969 adjusted to include USAID deliveries to points south of Vientiane omitted from source.

2/ Price increase November 1968

*Unadjusted data not including USAID deliveries to points south of Vientiane omitted in source.



THE NAM TAN PROJECT

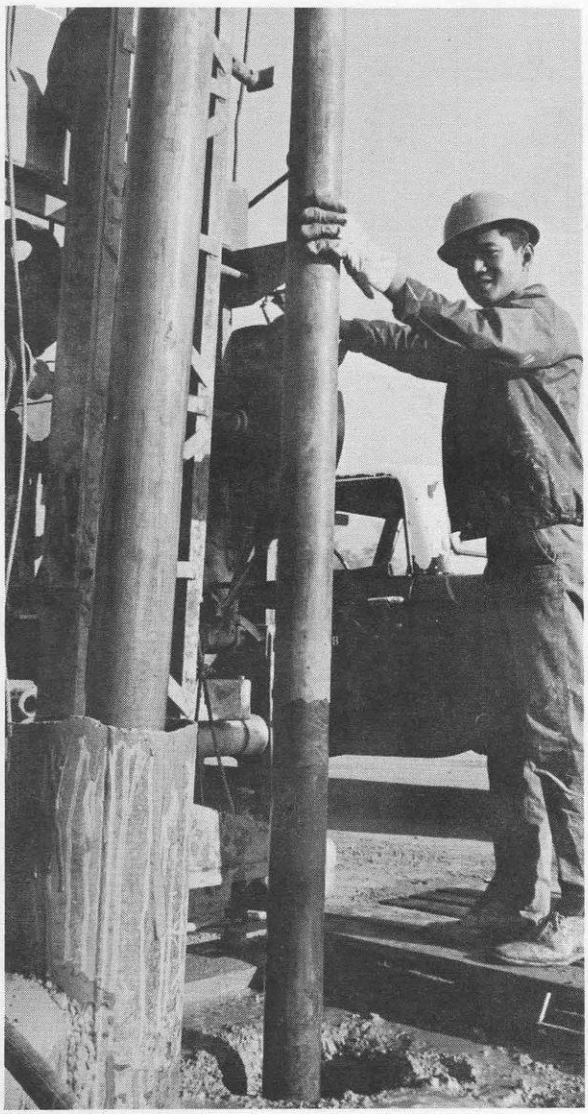
Waterway to Progress



THE NAM TAN PROJECT

Waterway to Progress

In the 1950s, this valley in Sayaboury was a quiet and remote corner of the Kingdom, with little contact with the rest of the country. As the Royal Lao Government expanded its programs of helping rural people throughout the Kingdom, some changes happened. New roads spread across the valley. People banded together to build schools, dig wells, and operate dispensaries. Farmers went back to school to learn new ways to farm.



Work on the Nam Tan project began with surveying the terrain (opposite page), clearing the jungle, and then bringing in heavy equipment for construction (above).

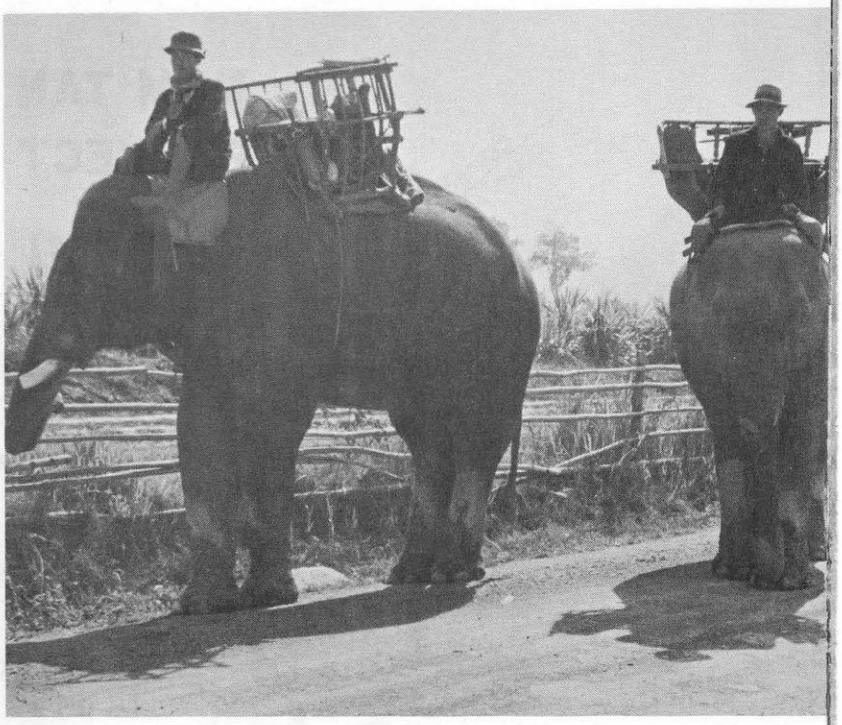
Three years ago, this community agreed to a bold enterprise: They would try,


WELCOME
TO NAM TAN IRRIGATION PROJECT

with their government's help, to grow food for the Royal captital, Luang Prabang, and for other areas needing more food. To do this, they had to grow more than one crop each year; to do this, they had to make use of the water from the Nam Tan river.

Today, when most of the countryside is brown and sere, the Nam Tan is green with new rice -- rice for the people of the valley, and rice for the tables of the cities. How did this come to be?

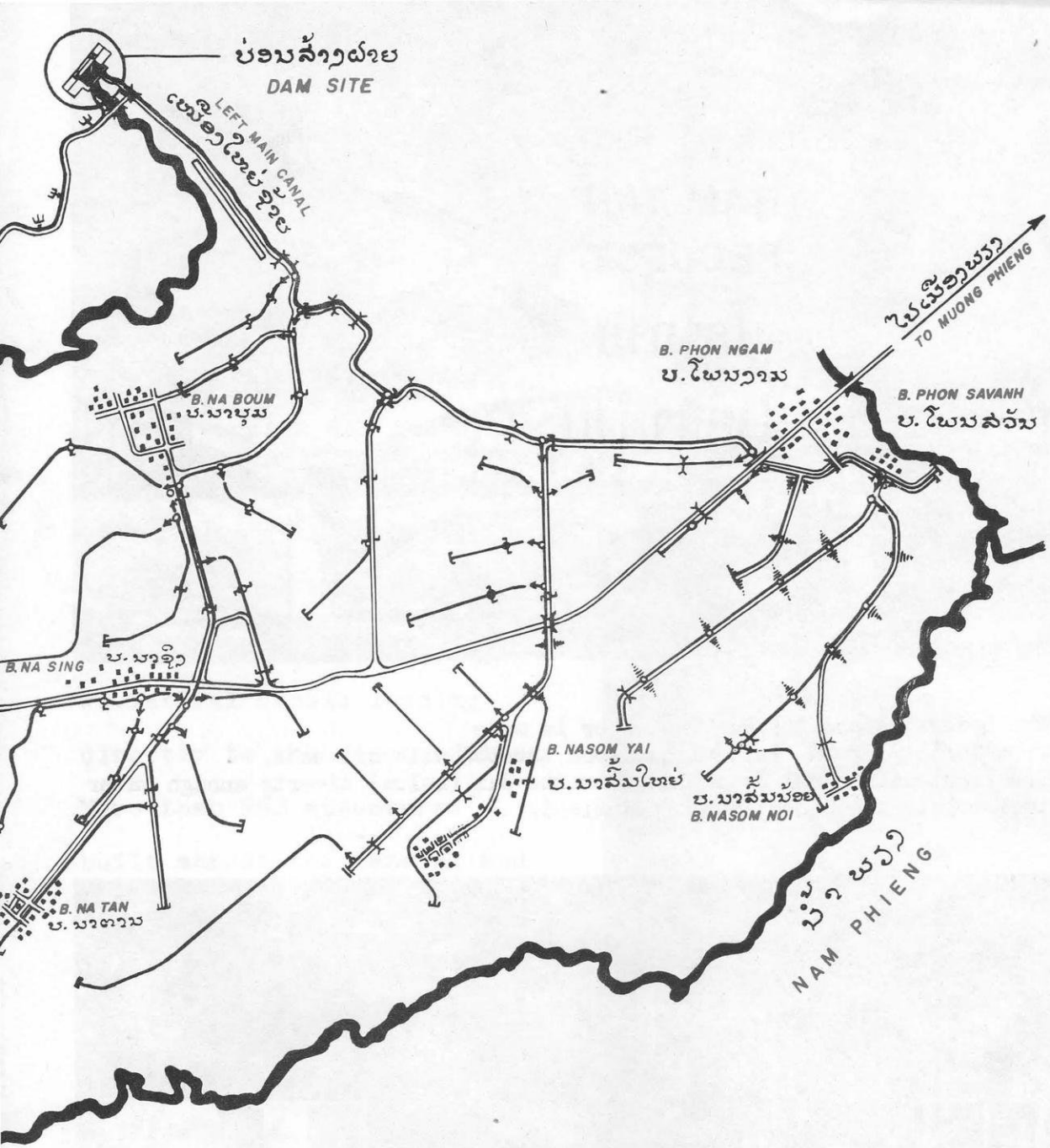
One thousand farmers have undertaken this task. And to make it possible the royal Lao Government, with the assistance of the United States Government, has constructed an irrigation



Elephants (above) were used in Sayaboury for heavy duty work until the importation of machinery (below).




NAM TAN
PROJECT
โถงภาบ
ฝายบ้ำตาบ
RIGHT MAIN CANAL
B.HUA NA
B. NONG BOUA
B. NALOUM
B. NONE HOUNG
B. NA KHEM
B. HOUI OUM
NAM TAN
NAM PHIENG
TO NAM POUI
SCALE 1:25,000
0 250 500 1,000 1,500 2,000 2,500
METERS



LEGEND

ເຄື່ອງໝາຍ

- ແມ່ນ້ຳ RIVER
- ເໝືອງໃຫຍ່ MAIN CANAL
- ເໝືອງຊອຍ LATERAL CANAL
- ເໝືອງນ້ອຍ SUB-LATERAL

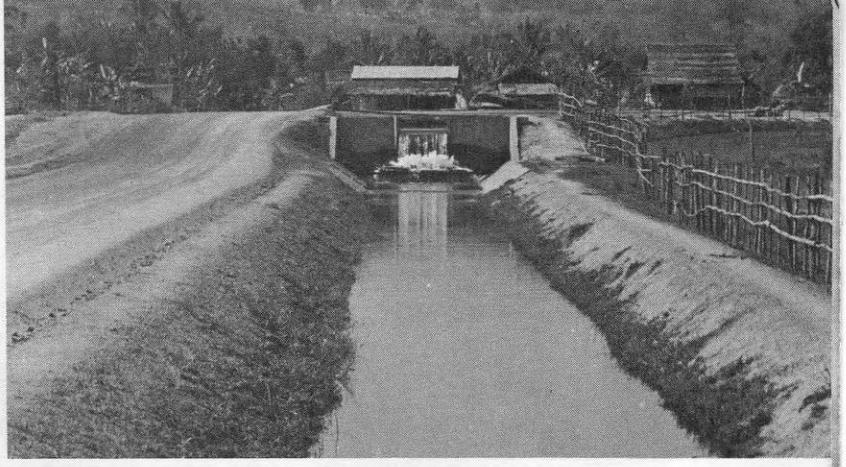


The bridge across the Nam Tan river is made
from locally grown tropical hardwood treated with creosote.
The right main canal extending from the dam (below) diverts enough water
to irrigate 1,600 hectares of farmland.

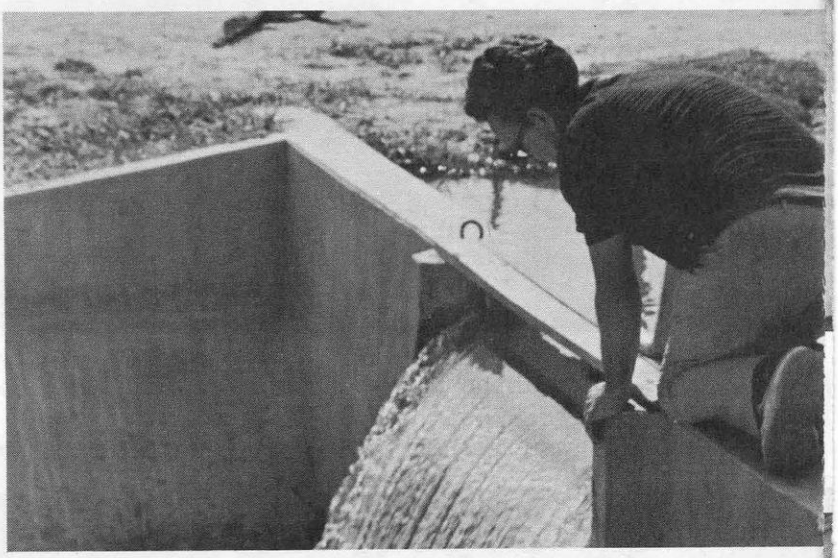


system to bring water on the land.

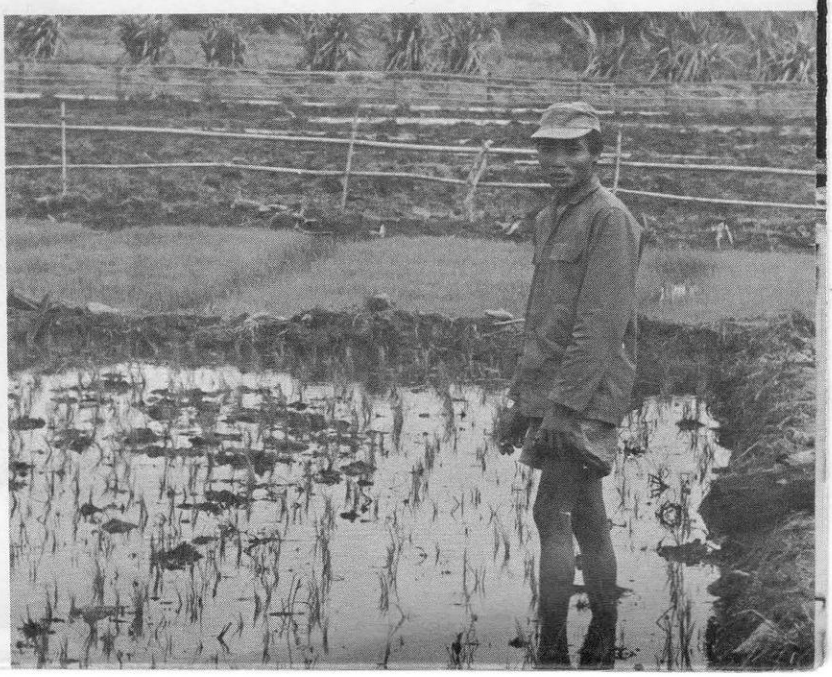
The irrigation system consists of a seven-meter high diversion dam that channels water into left and right main lateral canals, which in turn divert water into the 90 kilometers of sublateral canals leading directly to the rice paddies. More than 250 structures built across the lateral and sublateral canals regulate the flow of water for equitable distribution to the fields. Fifty timber bridges and more than 60 kilometers of fence are being built in connection with the project. In full operation, the irrigated area has the potential of producing annually 23,000 metric tons of rice.



Lateral canals (above) branch off from the main canals and in turn furnish water to the sublaterals (below).

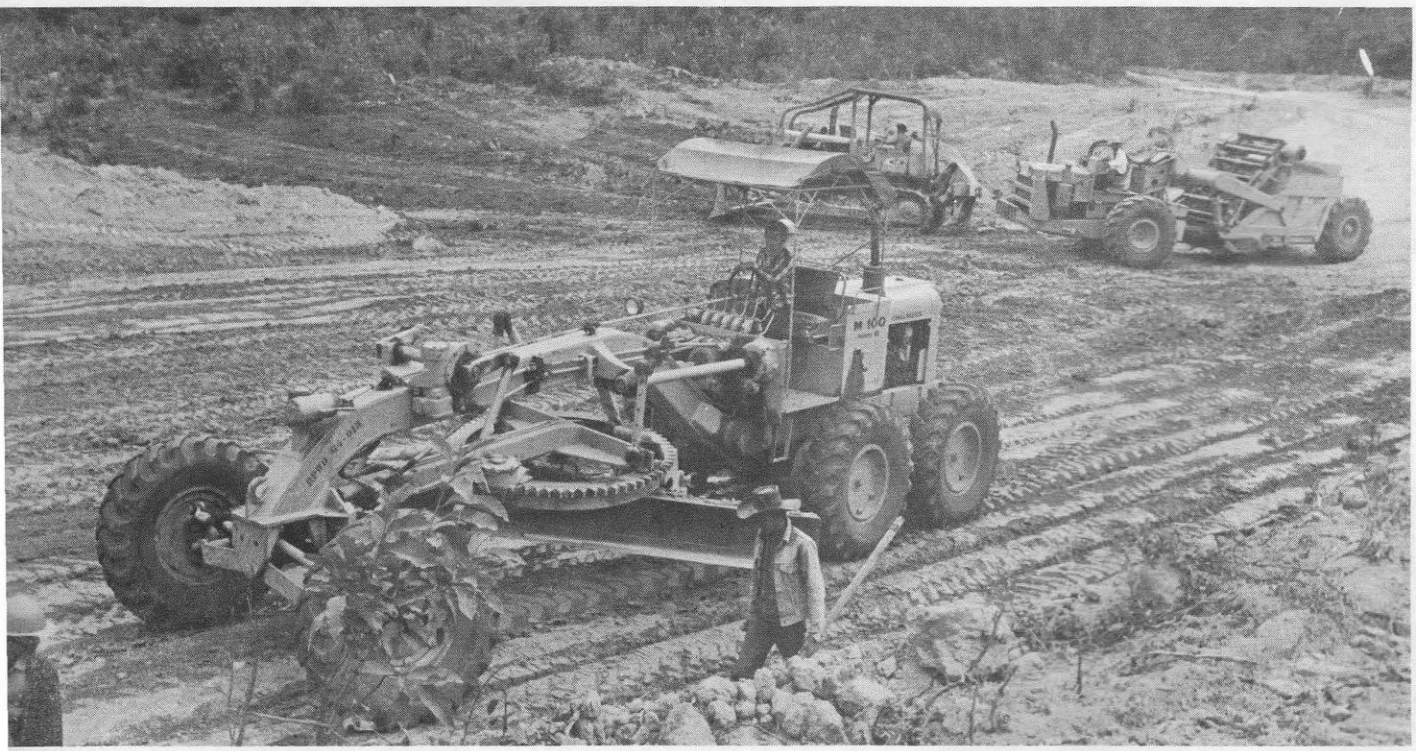


More than 250 structures regulate the flow of water into the rice fields, making possible a second crop during the dry season (below).



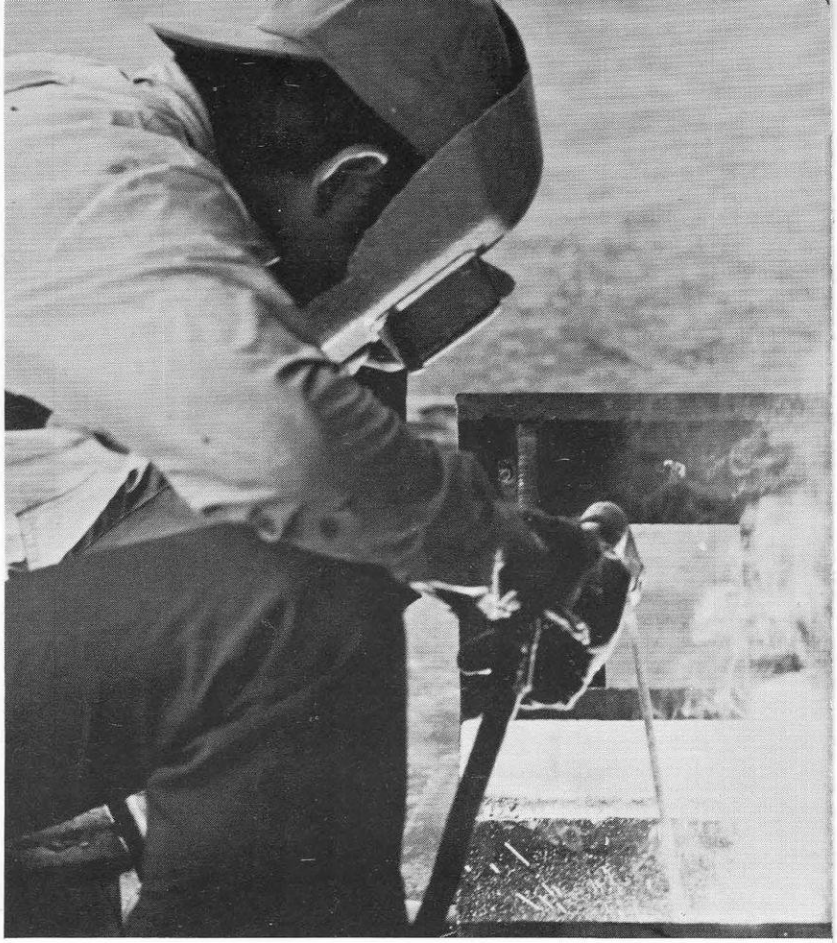


Khampha Sirisomphone (right) oversees the Royal Lao Government work on the Nam Tan project. Heavy equipment for roadbuilding (below) was furnished by USAID road-engineering division.



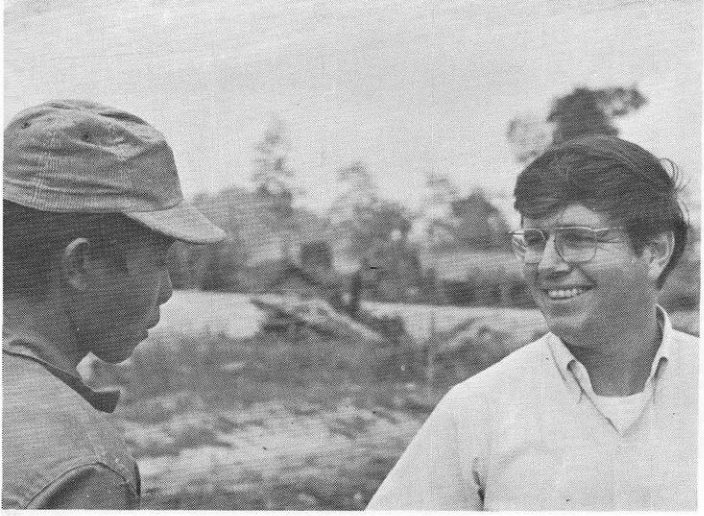
The project has brought some extra benefits to the people of the valley: New bridges, like the three-span bridge made of locally cut mai du wood downstream from the dam; fish ponds for extra protein in the diet of the people; more roads, shops and schools; a thirty hectare demonstration research center; and perhaps most important, new skills in agriculture, carpentry, metalworking, and construction and equipment operation.

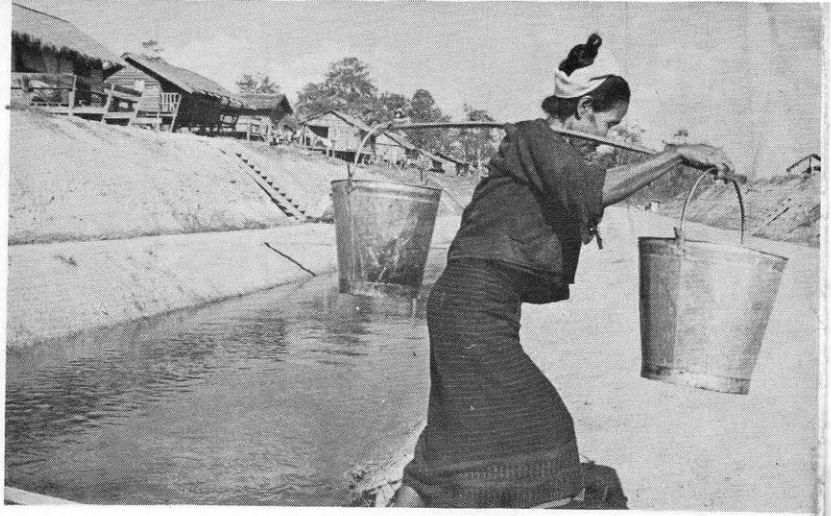
What made it possible? Nature's water and the good earth. The will of the people to work together. And the help of the Royal Lao and United States governments.



USAID trained scores of skill workers in such trades as welding (above) and mechanics (below).







USAID Technician Peter Flynn
listens to an optimistic
forecast of
next year's crop
by a nearby
village headman (above).

Among the many uses of
the water: fishponds (below),
human consumption, bathing,
laundering, and recreation
(right, top to bottom).

The immediate agricultural
benefits of the Nam Tan project
to the agriculture community
will be matched by
long term advantages to
the province of Sayaboury
and the nation in term of
rice surplus, commerce,
and social and
educational advancement.









Form Laos 268

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO LAOS

ACTION MEMO

No. 71-64

March 19, 1971

TO : All Offices and Divisions

FROM : Charles A. Mann, Director

SUBJECT : Refugee Policy (Subject Index 1500)

REF : Action Memo 71-05, September 1, 1970

The policy statement regarding Refugee Assistance, issued September 1, 1970, is repeated for the information and guidance of all Mission personnel. This policy continues in force as in the past.

"It is the policy of the USAID Mission to Laos to assist, materially and technically, the Royal Lao Government to provide timely and adequate assistance to refugees displaced, directly or indirectly by military actions and political instability in Laos.

This policy is based on a fundamental humanitarian concern -- concern for the condition and distress of those people uprooted by war and unable, because of circumstances beyond their control, to provide their own basic requirements for survival.

Because of the non-deferrable, life or death nature of requirements, relief assistance to refugees will normally receive the highest priority within all USAID projects and supporting services in claims on material and human resources.

DISTRIBUTION: D & F

The goals of the refugee program are:

- to demonstrate the humanitarian concern of the RLG and the USG for the victims of the war.

- to insure that the RLG has necessary resources to assist refugees.

- to promote and assist reestablishment of civilian government authority and services for refugee groups, strengthening their ties with and loyalty to the RLG.

- to assist the RLG to bring the economic, social and political condition of the refugees to a level equal to that of Lao citizens (i. e., non-refugees) living in the general area of relocation, whose immediate physical condition and environment have not been directly affected by the war.

Appropriate USAID resources will be applied to the refugee program in the following order of priority:

1. Emergency movements created by or in anticipation of military action -- evacuation assistance; emergency medical care and attention; provision of food by surface, air-drops or landed load; location, provisioning and emergency staffing of temporary safehaven and staging areas for displaced refugees; etc.

2. Relocation of refugees -- allocation of land area; transportation to relocation areas; provision of food, blankets, clothing, utensils, shelter materials, medical care, assurance of potable water supply; movement of refugees into individual family housing constructed on self-help basis.

3. Assistance in provision of essential facilities (health, education, police, etc.), RLG services to necessary physical facilities such as schools, dispensaries, roads and wells and assistance in establishing appropriate agricultural production to bring the refugee groups to a living condition equal to that of non-refugees in the general area where refugee groups are relocated. Any further assistance extended will be as part of normal rural assistance in health, education, agriculture, manpower development and the like as part of regular area

and national programs. While former refugees frequently are unusually susceptible to undertaking innovative practice and therefore constitute a special developmental resource, assistance basically designed to foster economic development should be extended as other than refugee assistance. As a minimum, the assistance designated as Priority 1 will be given to any and all refugees where assistance has been requested by the RLG. As a maximum, assistance will be given under the aegis of refugee affairs to bring refugee relocation villages to the approximate level of non-refugee neighbors. Once permanent schools, dispensaries or medical services, access roads, sources of potable water, self-sufficient agricultural production and civil authority have been assured at a level consonant with that of the larger community of which the refugee area is a part, no further assistance will be given as refugee relief, and the inhabitants of the relocation area will no longer be considered refugees."

HILL TRIBE REFUGEES
(Xieng Khouang Province)

This is the largest group of refugees concentrated in a very small area in Laos. It is also the group among which are refugees that have been subject to upheaval and displacement for more than a decade. They are composed mainly of Meo tribesmen but include other ethnic groups--Lao Theung, and a small percentage of Thai Dam and Lao. At this writing the number of refugees in this group totals approximately 153,000. The history of their movements--movements by and large south and southwestward, is one of being more concentrated in smaller and smaller areas as North Vietnamese and Pathet Lao pressures were exerted. The set of maps at the end of this section illustrate graphically the historical harrassment and concentration of these refugee groups. They show locations and movements of these groups of refugees since January 1963 when there were approximately 107,000 refugees living in 105 locations (Map #2). This situation more or less obtained as an average through February 1968. In 1969, however, the North Vietnamese and Pathet Lao (NVA/PL) greatly intensified their military efforts throughout Xieng Khouang and Sam Neua provinces, especially in and around the Plain of Jars. This coupled with the response of the RLG--particularly the Meo forces under the command of General Vang Pao--resulted in the loss of a great number of locations in Sam Neua and Xieng Khouang provinces previously inhabited by the hill tribe people and assisted by the RLG with U.S. help.

By January 1970, there were 136,000 refugees located in 128 sites (Map #3), the results of a westward movement of large numbers of refugees. The number of inhabitable locations decreased by over half because of NVA/PL pressures through 1970 (Map #4) until today almost all of the 153,000 hill tribesmen are concentrated in an area of about 900 square kilometers (Map #5) which represents a little over one acre of land of all types (arable and non-arable) per person. The precise amount of arable land per person in this

area is not nor cannot be established at this time because of the existence of NVA/PL troops in and around the area prohibiting free movement to survey the area. There is, at this time, no permanent solution to the lack of land and concentration of refugees in this area; and none is expected until a more permanent solution to security problems in Indochina in general and Laos in particular has been achieved.

When viewed in terms of overall population, the numbers of these refugees are highly significant. Out of a total estimated population of 370,000 people in Xieng Khouang and Sam Neua Provinces, roughly 229,000 persons, or 61.8% of the total, have at one time or another been displaced from their homes. Comparison of the maps illustrates the dilemma which is presently facing refugees in northern Laos. Continuous communist offensive military activity has driven refugees into a corner, as it were, with nearly two times as many refugees currently receiving emergency relief as required support at any given time during the period since 1963 over an expanse of territory 10 times as great.

Roughly 41.3% of the total Sam Neua/Xieng Khouang population is receiving emergency assistance in the Ban Xon project area. An additional 10.8% are receiving relocation support in the Vientiane, Paksane and Van Vieng areas. An estimated 15.5% of the population in the Ban Xon area is either self-sufficient refugees or stable villagers. The balance of an estimated 32.5% of the population is living in enemy controlled areas of Xieng Khouang and Sam Neua Provinces.

U.S., in helping the RLG to provide humanitarian assistance to this group, has been, and continues to be, the largest contributor of support for these special hill tribesmen in Laos. These refugees are provided the basic utensils for cooking, blankets, mosquito nets, roofing and other materials required to construct shelters where necessary, simple medical care, and food.

The are a hill people who traditionally live in highlands and subsist by employing "slash and burn" agricultural practices, and

move periodically as the land they are farming with upland rice and corn is farmed out. Where groups are now living in areas inaccessible by surface transportation, food, subsistence, commodities, medical supplies and medics are delivered by aircraft to small STOL landing strips and by helicopter. In cases where there isn't even the possibility of landing any of these items, food and other provisions are airdropped.

Medical assistance is provided mainly through a network of field dispensaries which carry simple medical supplies such as medicines for treatment of diarrhea, anti-malarial medicine, aspirin--basically, the simplest form of medical relief for every-day problems. At times when these groups have been displaced by military action and are on the move, they are visited where possible by U.S. and RLG Public Health personnel, provided either by air drop or air delivery with necessary medicines, and in most cases are accompanied by Lao medics who walk with the groups and administer simple medical needs. Upon arrival at a place where these groups can be relocated, their health condition is evaluated by U.S. and RLG doctors, innoculations are given when called for, and treatment for serious cases is arranged generally by evacuation of the cases to the nearest hospitals currently available to service this group: the RLG/Operation Brotherhood-staffed hospital at Van Vieng, a recently constructed hospital at Ban Xon, a hospital at Long Thien, and a recently constructed field type hospital at Nam Moh.

Aside from providing desperately needed foods, medicines, and subsistence commodities, the role of U.S. personnel is that of a catalyst, trouble shooter, and supporter (physical and moral) of this group of refugees. A basic concept in working with these groups is the belief that Lao civilian government leadership must be with and function among the refugees. The U.S. official working with the RLG civil authorities and the refugees has been most effective in cutting across culturally-based attitudes inimical to efficient operations so strongly needed when emergencies arise. The U.S. official, for example, can and does, when necessary, go directly to the top authority, military or civilian, in the areas when decisions and support for actions are necessary but where cultural mores if practiced would not allow for such direct action. This breach of

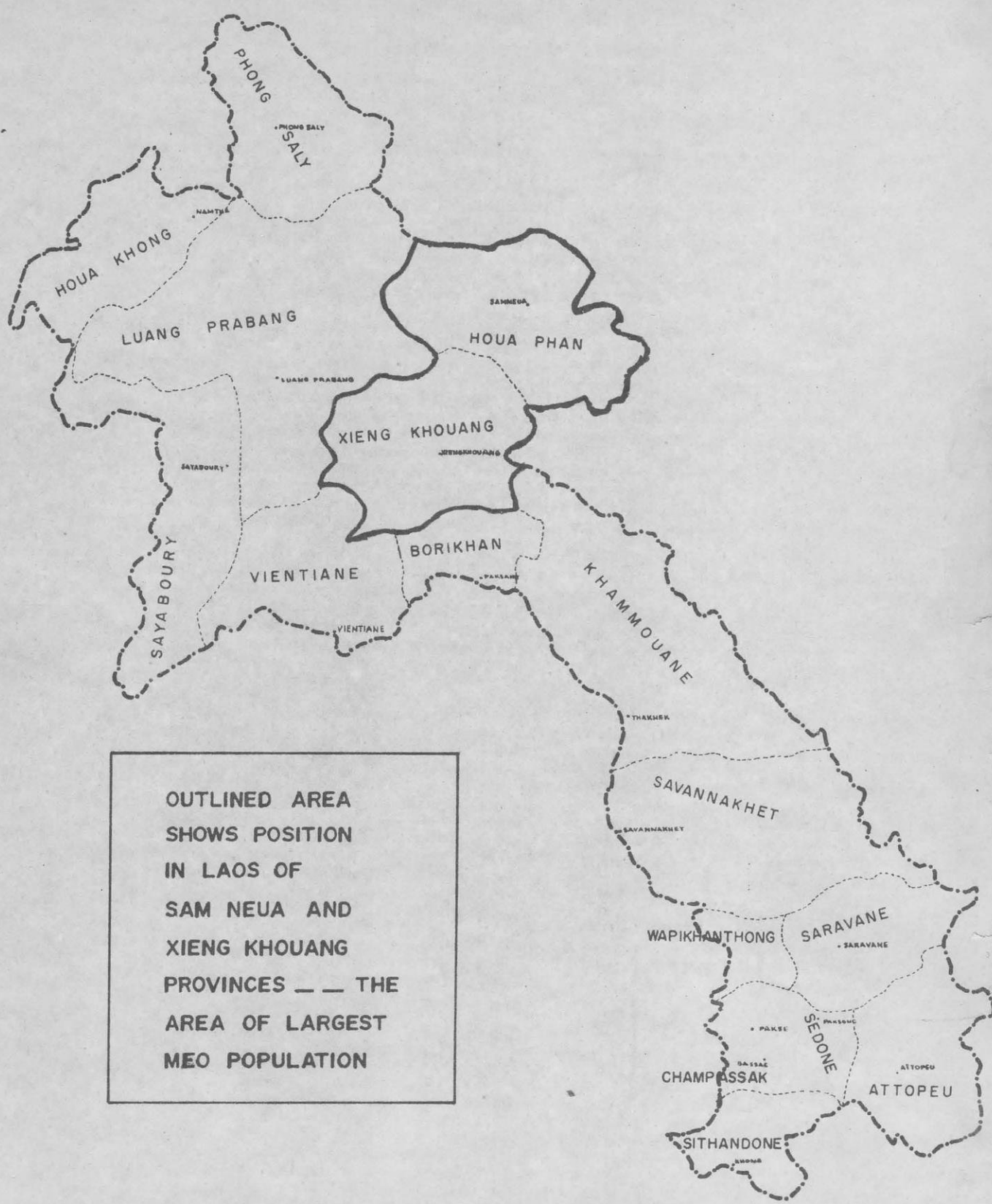
cultural patterns is accepted when done by Americans, but is extremely difficult for a Lao. The RLG civil government authorities are living with and functioning in the very areas of the largest concentration of refugees. They are subjected to the same hazards of living conditions and threats of military actions by the North Vietnamese and Pathet Lao as are the simple villagers in these refugee groups.

The center of U.S. and RLG operations in support of this large hill tribe refugee population is now at a place called Ban Xon. (Prior to March 17, 1970, the center for support of this group was at Sam Thong. Sam Thong was attacked by the North Vietnamese at that time and has been untenable as a support base since them.) Ban Xon is accessible by an all-weather road branching off national highway #13 (Vientiane-Luang Prabang) and can be supplied from Vientiane via this surface route. Ban Xon has an airstrip sufficiently large to handle C-123 and Caribou cargo aircraft. It has warehousing space for rice and other foods, subsistence commodities (utensils, blankets, etc), and medical supplies. There is a 200-bed hospital which has a small laboratory, pharmacy, x-ray equipment, and an operating room for minor surgery. Supported out of this headquarters and supply point are the approximately 153,000 refugees referred to above. The complement of USAID personnel working daily in and out of this center includes an Area Coordinator and his deputy, 5 refugee operations officers, 1 community development advisor, 1 MD, 1 male nurse, and 2 medical technicians.

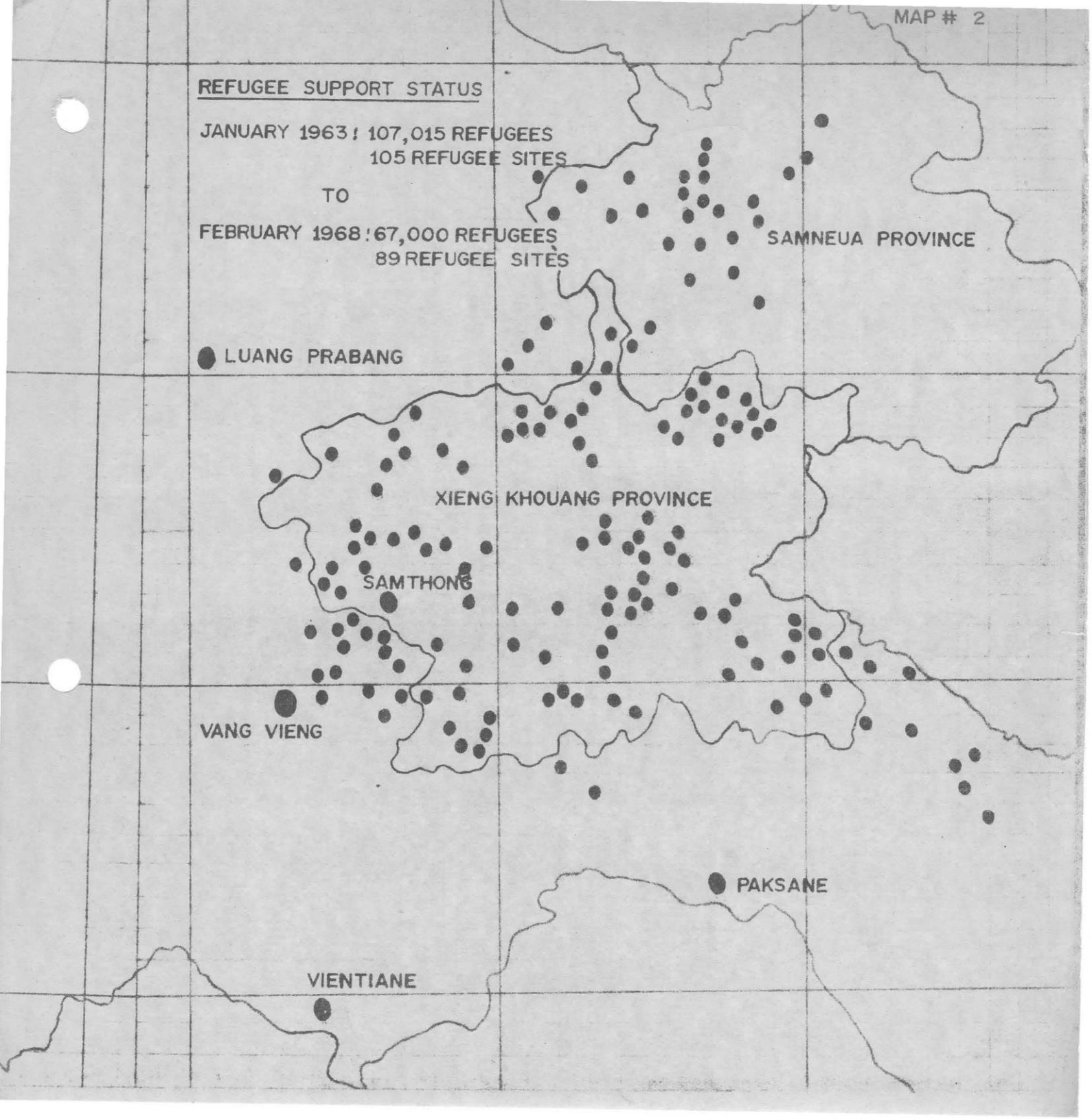
We were encouraged recently in our efforts at meeting the needs and problems of this large group of refugees, by the opinions of representatives of the International Committee for Refugee Coordination (ICRC) at the conclusion of their visit to Laos in February 1971 to look at the refugee situation. After having inspected the refugee areas south and southwest of the Plain of Jars, ICRC representatives voiced their opinion to the U.S. Ambassador and the USAID Director that they were favorably impressed with the job being done by the USAID. They indicated they thought the USAID was doing an excellent job in satisfying refugee needs with food, medicines, supplies for dispensaries, basic clothing, shelter and other basic subsistence commodities.

GBRamsey:ab:AD/PR
April 9, 1971

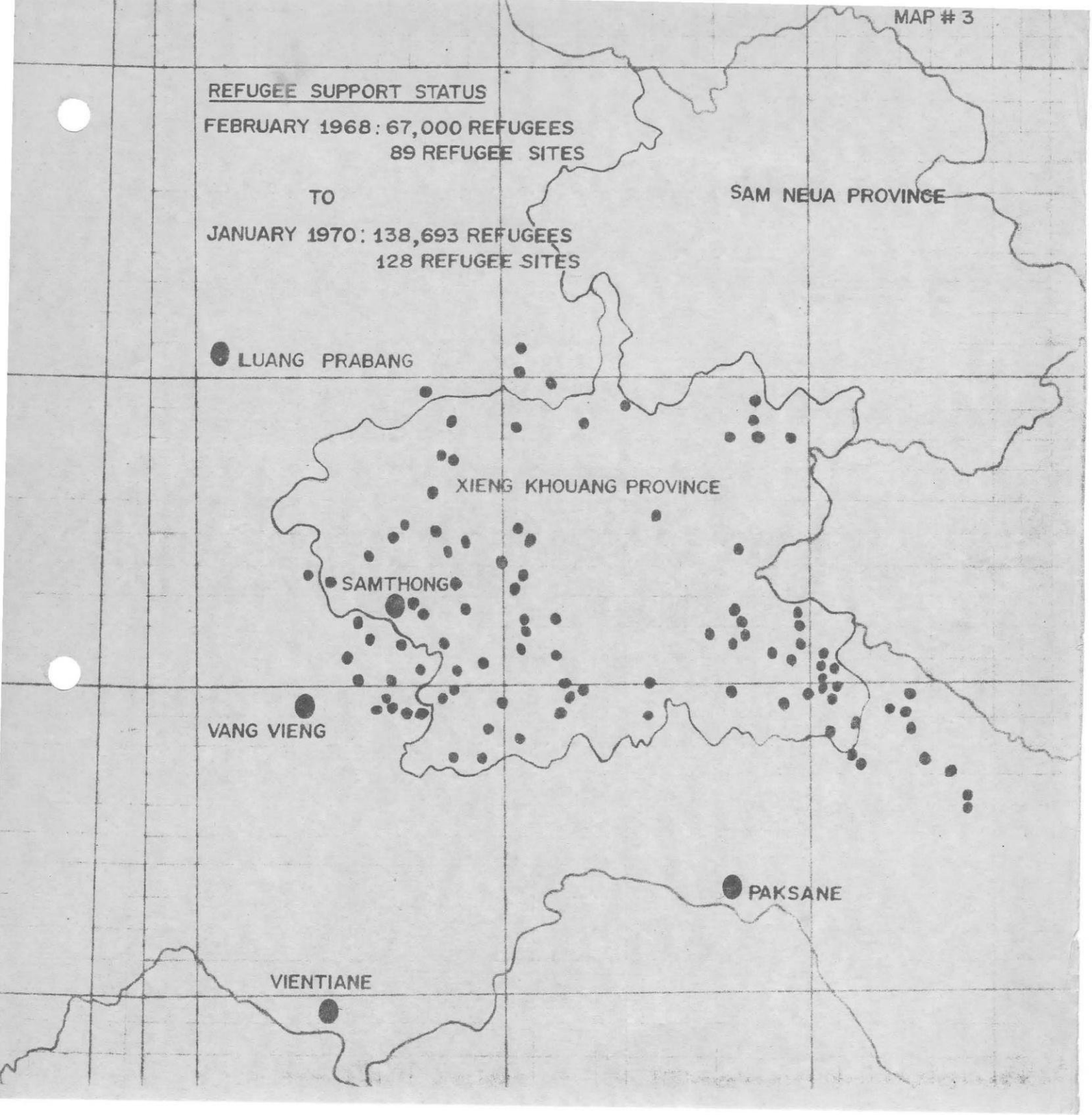
MAP # I

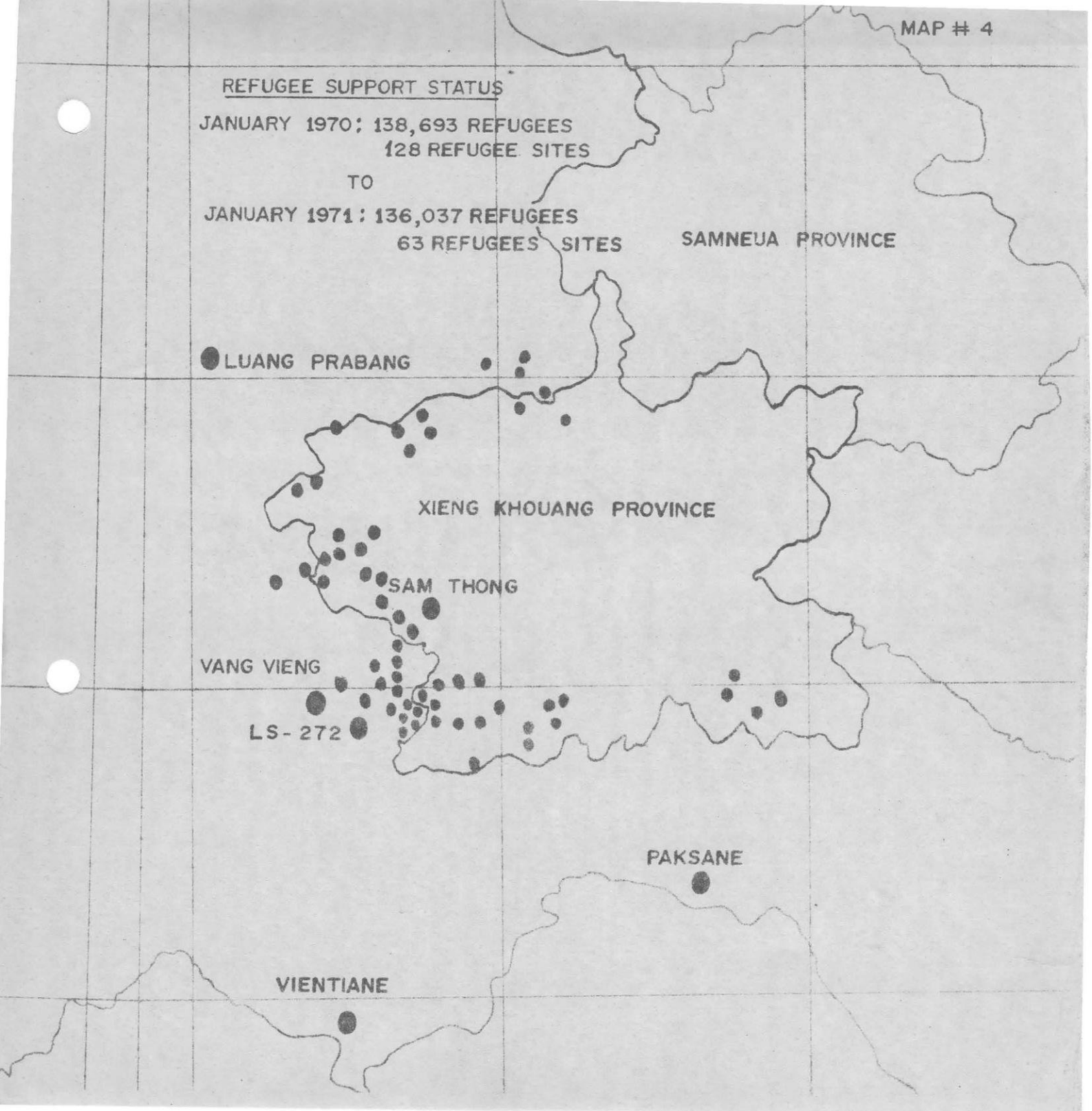


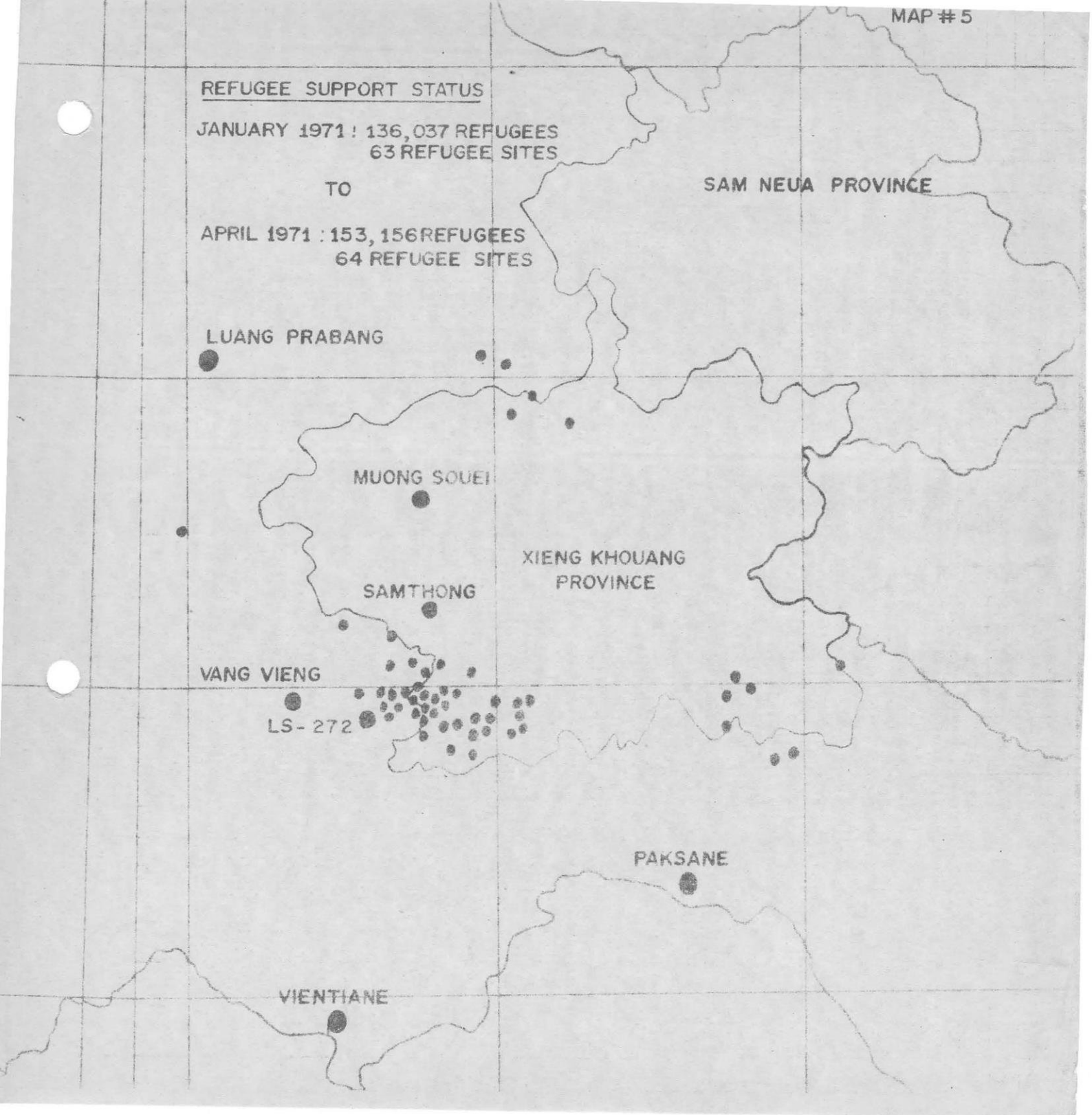
OUTLINED AREA SHOWS POSITION IN LAOS OF SAM NEUA AND XIENG KHOUANG PROVINCES __ THE AREA OF LARGEST MEO POPULATION


MAP # 2
REFUGEE SUPPORT STATUS
JANUARY 1963 : 107,015 REFUGEES
105 REFUGEE SITES
TO
FEBRUARY 1968 : 67,000 REFUGEES
89 REFUGEE SITES
SAMNEUA PROVINCE
LUANG PRABANG
XIENG KHOUANG PROVINCE
SAMTHONG
VANG VIENG
PAKSANE
VIENTIANE

MAP # 3


REFUGEE SUPPORT STATUS
FEBRUARY 1968: 67,000 REFUGEES
89 REFUGEE SITES
TO
JANUARY 1970: 138,693 REFUGEES
128 REFUGEE SITES
SAM NEUA PROVINCE
LUANG PRABANG
XIENG KHOUANG PROVINCE
SAMTHONG
VANG VIENG
PAKSANE
VIENTIANE


MAP # 4
REFUGEE SUPPORT STATUS
JANUARY 1970: 138,693 REFUGEES
128 REFUGEE SITES
TO
JANUARY 1971: 136,037 REFUGEES
63 REFUGEES SITES
SAMNEUA PROVINCE
LUANG PRABANG
XIENG KHOUANG PROVINCE
SAM THONG
VANG VIENG
LS-272
PAKSANE
VIENTIANE


MAP # 5
REFUGEE SUPPORT STATUS
JANUARY 1971 : 136,037 REFUGEES
63 REFUGEE SITES
TO
APRIL 1971 : 153,156 REFUGEES
64 REFUGEE SITES
SAM NEUA PROVINCE
LUANG PRABANG
MUONG SOUEI
XIENG KHOUANG
PROVINCE
SAMTHONG
VANG VIENG
LS-272
PAKSANE
VIENTIANE

HILL TRIBE REFUGEES
(BAN XON)

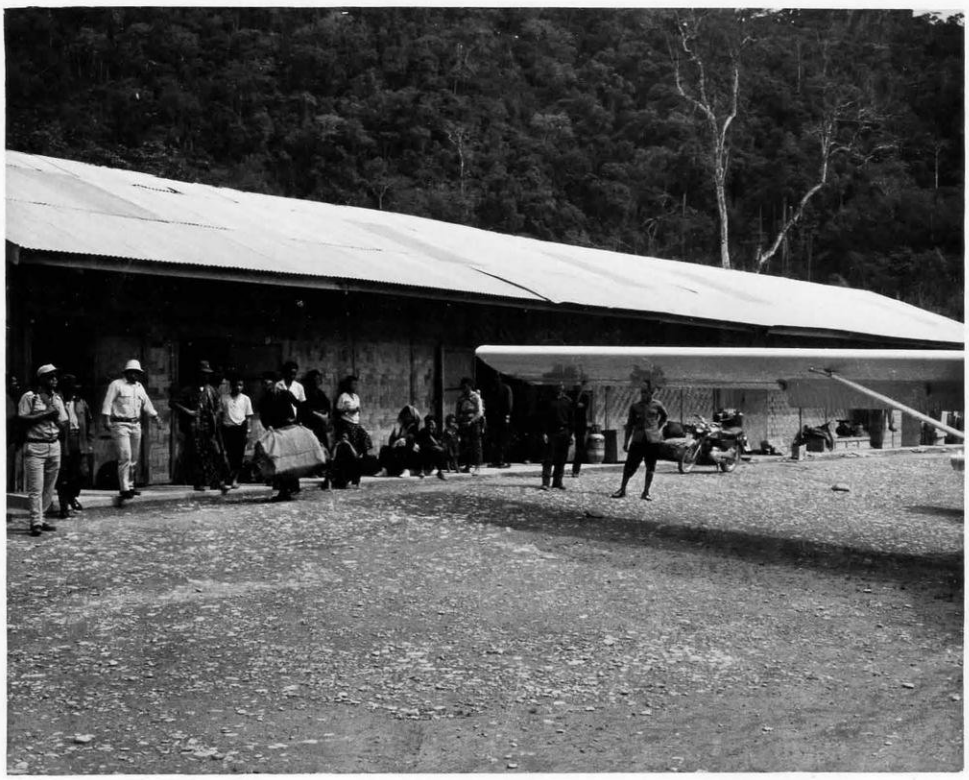
Photograph Nos.	
1.	Meo refugees await rides back to airstrips near their homes. Priority is given to sick, and to medical supplies, rice, and refugee commodities. Rides of 45 minutes by plane can save up to six-day walks.
2.	USAID has constructed two fair-sized bamboo and tin roofing warehouses at Ban Xon for rice, refugee commodities, medical supplies, and several small offices. Both warehouses were damaged slightly in an enemy attack in March, 1971.
3.	Ban Xon (Site 272) as seen from the south. Refugee village of Ban Vieng Keo at lower left. Along right side of airfield are POL dump, small restaurant, rice and medical warehouses, radio shack, and mechanic's shed. Headquarters administrative buildings and duck/pig pens are more to the right. Ban Na Sou hospital just around corner of mountain. Road continues past hospital to village of Ban Koua Lek.
4.	Loading 100 kilo (220 lb.) sacks of milled rice aboard USAID chartered helicopters to be transported to mountain refugee villages. Rice import costs to Ban Xon were cut drastically in mid-1970 with completion of a road from the Vientiane-Vang Vieng Route 13, thus allowing commercial trucking in of rice and other commodities.
5.	Meo mother and child await possible transportation from one refugee village to another.
6.	Ban Koua Lek Nam Meuay (Village of the Iron Bridge on the Meuay River) has grown up in the last year along the USAID road and bridge. Village settlement began in April 1970, after evacuation of Sam Thong, and reached an estimated population of over 5,000 until refugees began to evacuate for areas further south in fear of enemy attacks. Village is largest of string of villages along the road.

HILL TRIBE REFUGEES
(BAN XON

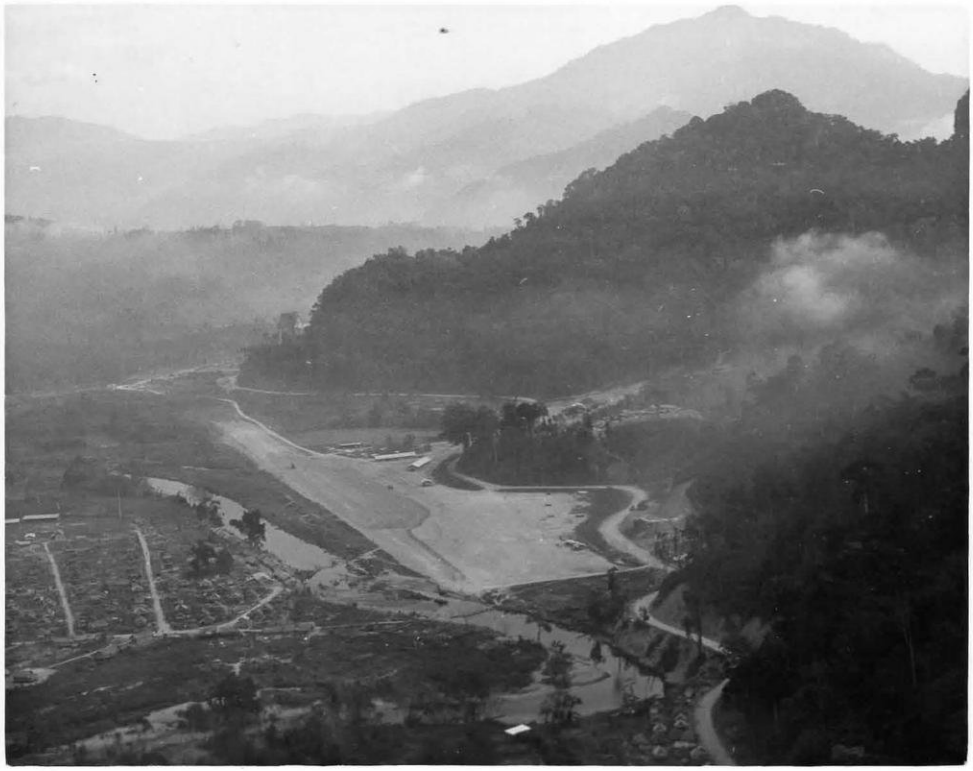
Photograph Nos.	
7.	Mechanic's garage at Site 272 provides POL and repairs for over 15 vehicles. Shop was damaged and several vehicles totally destroyed in March 1970, by enemy squad which attacked structures at the airport.
8.	Communications shack at Site 272 keeps operations in daily communication by shortwave and FM radios with rest of USAID operations in Laos.



1



2



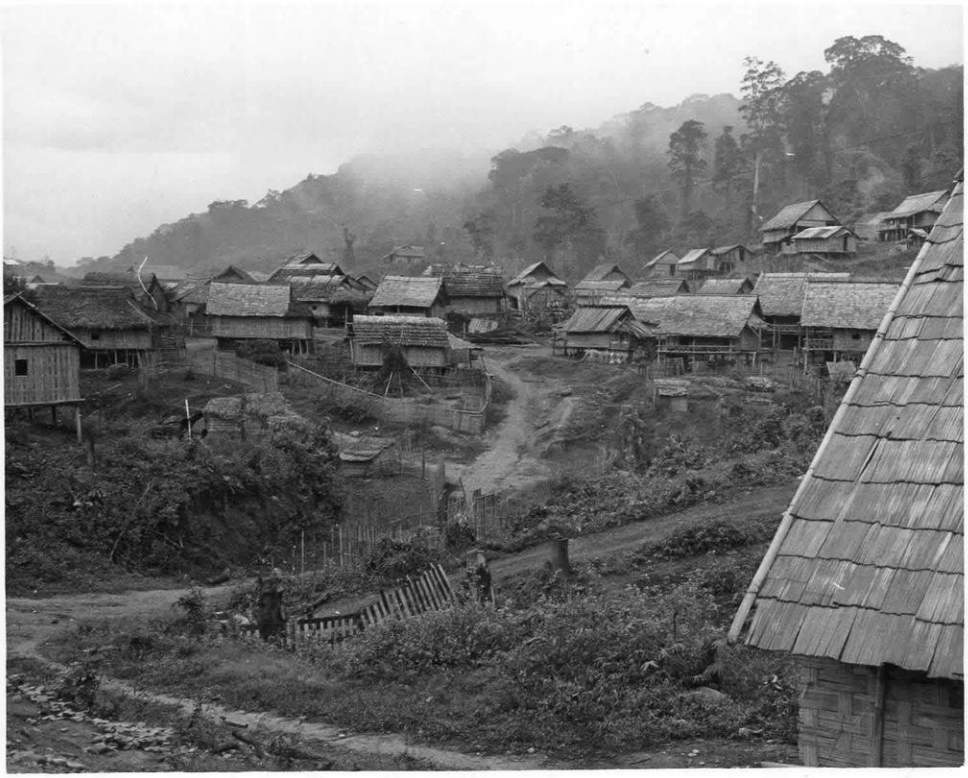
3



4



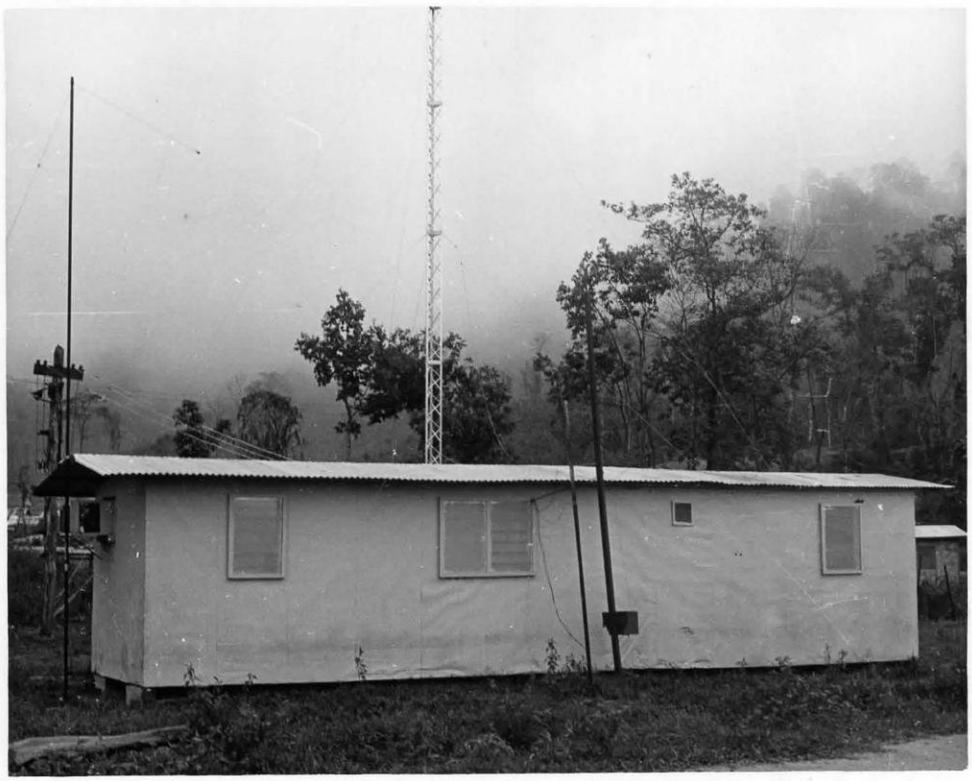
5



6



7



8

RECENT REFUGEE MOVEMENTS INTO THE ROYAL CAPITAL OF LUANG PRABANG

Beginning in mid-March 1971, North Vietnamese units began to move toward high ground areas 10-15 miles north of Luang Prabang.

On the night of March 21/21 these units swept over all outposts at positions north of Pak Ou (approximately 10 miles from Luang Prabang) and dispatched forward units to the perimeter of the Luang Prabang airstrip.

On March 24 and 25, refugees from villages taken by the North Vietnamese units began to arrive in Luang Prabang and vicinity. Many families came directly into the city to take up temporary residence with friends or relatives. Others, primarily those from northwest of the city, travelled toward the Xieng Mene area (just across the Mekong from Luang Prabang). Still others were scattered throughout areas along the river bank and in open areas of the city wherever they could set up temporary shelter.

Immediate food and medical assistance was provided to these families as they arrived and RLG authorities made the decision to utilize the school buildings of Luang Prabang to house those in the city without friends or relatives able to help them.

By April 1, approximately 7,000 people had moved into the city proper. An estimated 3,000 of these were able to find shelter without governmental assistance. The remaining 4,000 were sheltered in school buildings. In addition to these, 4000 people had moved to the plain area in the Xieng Mene area and were assisted in setting up temporary shelters with plastic sheeting donated by USAID.

As of April 9, 1971, there were 15,526 refugees being supported by the RLG/USAID at sites in or near the Royal Capital. Besides these refugees being supported, an additional 2,000 (who would be eligible for support if it were requested) are living in Luang Prabang with relatives and have not requested nor are receiving RLG/USAID support.

C

Meanwhile, on March 27, with continued and intensified pressure by the North Vietnamese troops around the airport, a decision was made by the Lao and Americans to begin emergency construction of an alternate landing strip 3 miles southwest of the city. To accomplish this, and thereby assure continuing supply to the city (refugees as well as regular population), the RLG made the decision to conscript all heavy equipment available in the city for this purpose. This included Lao Public Works, Lao Army and the equipment of two private contractors. The U.S. agreed to supply POL, spare parts and American engineering advice. As of April 6, 1500 feet of usable runway had been constructed capable of accommodating Caribou and other small STOL craft.

On March 29-31, innoculations and sanitation programs were commenced in order to forestall potential health problems among these people brought together in relatively close quarters. Lao boy scouts and high school students assisted in the construction of latrines and in general clean-up activities around the schools while public health teams were dispatched with cholera vaccines.

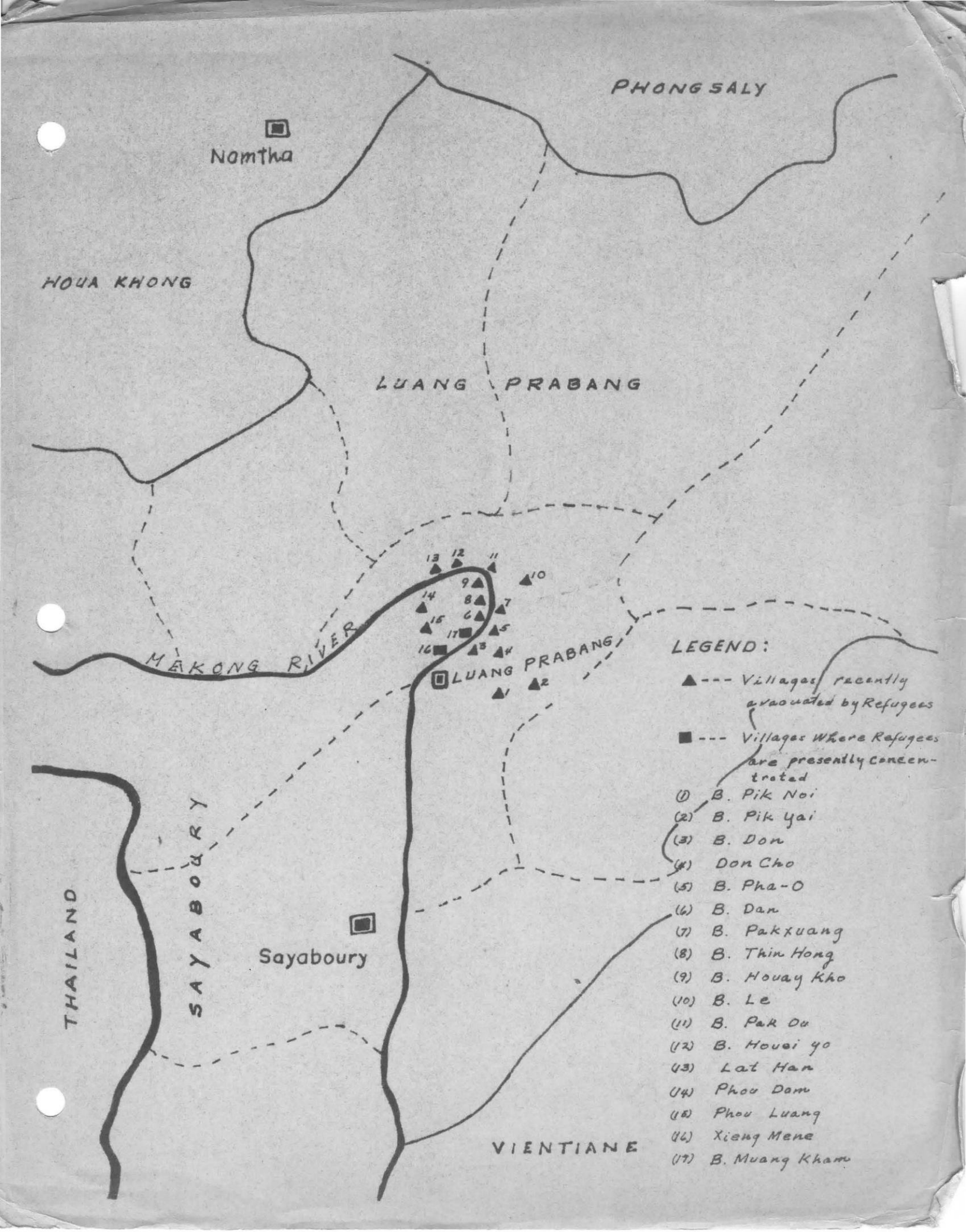
As of April 7, all refugees in the Luang Prabang area had been innoculated against cholera, DDT was sprayed and chlorate of lime spread around all refugee areas, and latrines had been constructed at all school areas housing refugees.

The Lao Red Cross has assisted in this crisis by donating 7500 bottles of fish sauce, 2500 kgs of peppers, 2500 kgs of dried fish, 5000 Lao shirts and 2500 men's sarongs in support of the refugees in and around the Royal Capital. The value of these donated items is Kip 1,000,000.

In the event that the North Vietnamese forces remain around the city in mid-April, plans are now being developed to move the refugees now sheltered in schools to areas further south such as Xieng Ngeun where temporary shelter will be made available. If the military forces of the RLG are able to push the enemy out of the home areas of these people, the refugees will return to their homes and be assisted in reestablishing themselves.

The attached map shows the locations of the villages from which the refugees moved into Luang Prabang city.

GBRamsey:ab:AD/PE
April 9, 1971


PHONG SALY
Namtha
HOUA KHONG
LUANG PRABANG
MEKONG RIVER
LUANG PRABANG
THAILAND
SAYABOURY
Sayaboury
VIENTIANE
LEGEND:
▲--- Villages recently evacuated by Refugees
■--- Villages Where Refugees are presently concentrated
(1) B. Pik Noi
(2) B. Pik Yai
(3) B. Don
(4) Don Cho
(5) B. Pha-O
(6) B. Dan
(7) B. Pakxuang
(8) B. Thin Hong
(9) B. Houay Kho
(10) B. Le
(11) B. Pak Ou
(12) B. Houei yo
(13) Lat Han
(14) Phou Dom
(15) Phou Luang
(16) Xieng Mene
(17) B. Muang Kham

SENO RELOCATION PROJECT

The Seno Refugee Relocation Project is located in Savannakhet Province approximately 30 kilometers east of Savannakhet city and 5 kilometers from the Seno military camp. It comprises an area of some 60 square kilometers or 6,000 hectares. The project begain in September of 1969 when 500 refugee families (2,931 refugees) were brought out of Muong Phine following a military offensive by the Royal Lao Army. Most of the families had been under Pathet Lao (PL) domination for over 5 years.

Following their evacuation from Muong Phine the refugees were placed in temporary facilities at the Seno camp and provided with emergency relief commodities. Shortly after the refugees arrived at Seno work began by representatives of the RLG Ministry of Social Welfare Resettlement Directorate, USAID refugee relief and RLG provincial officials to select the relocation area and organize the project.

The Seno Relocation Project is a structured program and USAID assistance to it is funded under USAID Field Project Number 004. The project plan includes establishment of 8 villages with adequate educational, health facilities and water supply. The RLG has allocated sufficient land to permit each family unit to cultivate approximately 7 acres. The project also provides technical assistance to the refugees to help them build a viable village economy through such means as agriculture diversification, production and handicrafts -- where their livelihood will not be dependent upon rice alone.

The project has proceeded on schedule. All of the 8 villages called for in the project are completed and occupied.

During the construction of the villages, the refugees lived in the temporary facilities in the Seno Military Camp. This permitted an organized approach to the construction of the villages. The sites were laid out and staked by a survey crew provided by the USAID. Each refugee family was allotted a 30 x 30 meter home plot for individual vegetable cultivation. Village streets were surveyed and each site laid out according to a standard plan adopted by the MSW.

The villagers cleared the site and streets and access roads were constructed with USAID equipment. Culverts were put in where necessary. The villagers then built their houses, using bamboo and local material with a small amount of sawed lumber from a USAID-provided Saw Mill.

One well per village was drilled initially; now a second well has been completed in each village; additionally it is planned to drill two more wells, one in each school yard. This will make a total of 18 drilled wells for the project.

As the Seno Project area has no natural sources of water, i.e., streams, lakes, etc., three water storage reservoirs have been constructed in the project

to catch and hold water during the rainy season. Two of these dams and reservoirs are relat ively large, with dams two hundred meters long and 4 meters high. These reservoirs should provide year-round water for cattle raising and dry-season irrigation for gardens.

Two four-room permanent type schools have been completed and are in use. A third school is nearing completion which will assure adequate facilities for all school-age children. A Muong (District) Center is being built in the project area. This is a new RLG USAID concept that is being tried for the first time in the Seno Project. This Muong Center will provide office space and communication facilities for RLG Muong (District) officials and Social Welfare workers in the Seno Project and hopefully will ensure closer coordination between the various RLG technical services (Agriculture, Forestry, Vet Service, etc.) in their assistance to the refugees in the Seno Project. Construction of two dispensaries is also nearing completion.

A soils survey by a USAID Agriculture Technician has been conducted and was used as a basis for a cadastral survey to divide the usable land into farm plots. The cadastral survey is 100% complete. The first actual distribution of farmland was begun in January 1971. The refugees are issued a cultivation permit by the RLG Provincial Governor as the first step in obtaining title to the land. Each refugee family will receive approximately 7 acres of land.

Work has now begun on land clearing for the project. A total of 650 acres will be cleared by equipment provided by USAID. It is planned to put this land in production for the 1971 wet-season crop. A buffalo loan program has been initiated by the RLG Ministry of Social Welfare to provide these refugee families having paddy land an opportunity to purchase a buffalo, with payments over a three-year period. The Ministry of Social Welfare also is providing farm tractors from equipment donated by the French Committee for Freedom from Hunger. These tractors will assist in preparing the land once it has been cleared by USAID bulldozers.

Land is being cleared and plowed, garden plots are plowed and ready for the wet-season vegetable crop. The refugees are getting ready to plant the wet-season rice crops. Rice seed is being provided by USAID; RLG agricultural service and USAID agriculture technicians will advise and assist refugee families in preparing soil and planting the rice crop. The goal of every village is self-sufficiency at harvest time, November/December 1971.

The Seno Project is beginning to move into a program of handicraft for production of charcoal, weaving and pottery. The Asian Christian Service (an international voluntary agency) has been providing medical care for the project and has now offered to carry out a handicraft training program; final details are being worked out between ACS, USAID & RLG. Morale among the refugee families is high.

ORA:HBrady:GRamsey/ADPE:jaf:4/10/71

SENO PROJECT

Photograph No.	
1 and 2	Tractors donated by French Committee of World Campaign Against Hunger. These are being used for plowing rice fields, Seno Project.
3	Street scene in Seno Village No. 3 showing village streets and refugee houses. Note spacing of the home lots.
4	Refugee girl drawing water from a drilled well, Seno Project. Construction in background is Muong Center.
5	Construction of a kiln for the manufacture of charcoal.
6	Street scene in Village No. 5, Seno Project. Note spacing and uniform arrangement of home lots.
7	Earth dam water reservoir, Seno Project.
8	One of the three four-classroom schools.
9 and 10	Two earth dam water reservoirs, Seno Project.
11 and 12	Classroom and school-ground scenes, refugee children.



1



2.



3



4



5



6



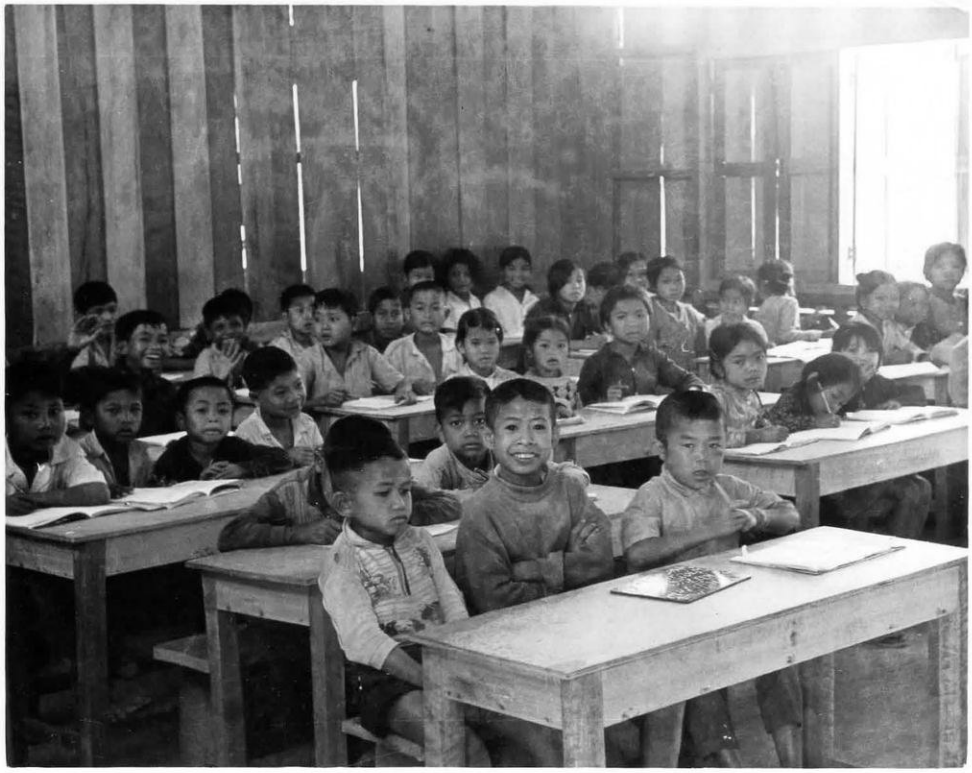
7



8







11



12.

THE REFUGEE PROGRAM IN LAOS

As early as 1954, after the signing of the Geneva Agreements, refugees began moving southward from the northern provinces of Laos: Phone Saly, Houa Khong, Houa Phan. Most of the refugees were Meo, inhabitants of the mountains of northern Laos, who practice a slash-and-burn agriculture and who find it difficult to live at altitudes lower than 3,000 feet. For the most part, they moved southward into the mountainous regions of Luang Prabang and Xieng Khouang provinces. During these early years of independence in Laos, the refugees had little help other than what they received from the villages. A small amount of U.S. Government-sponsored relief was provided through humanitarian organizations.

By the end of 1958, approximately 27,000 Meo and other mountain tribes had been helped in this way. By late 1959, the refugees numbered approximately 40,000; in 1960, after the Kong Le coup d'etat and his subsequent retreat to the Plain of Jars, their number increased to 90,000. It was at this point that USAID began to help the Royal Lao Government in refugee relief and relocation.

With the cease-fire of the 1962 Geneva agreements, the Royal Lao Government found itself host to approximately 125,000 people who had moved from the northern and eastern provinces to that part of Laos under control of the Royal Lao Government. By this time, an organization and procedures had been developed to carry out refugee relief. This relief, then and now, consists of commodities: rice, salt, blankets, mosquito nets, cooking utensils, hand tools, vegetable seeds, and medicines. Many of these commodities, then and now, are air-dropped at sites marked by the refugees in the remote and isolated parts of Laos that cannot be reached by road.

Over the years, the movement of refugees back and forth across Laos has continued. In any given year, 25,000 to 30,000 people become refugees in Laos. Also, in any given year, a portion of the refugees become self-sufficient and no longer depend on the government for support. The Royal Lao Government estimates that since 1962 over 600,000 people have been displaced by the war in Laos.

USAID Assistance - Policy and Objectives

Because of the nondeferrable, life-or-death nature of refugee requirements, refugee relief receives first priority among USAID projects in claims on USAID resources. These resources are, in turn, allocated in the following order of priority:

1. Assistance on an emergency basis to refugee movements created by or in anticipation of military action, providing

help in evacuating people if required, and emergency medical care and food supply.

2. Assistance in relocating refugees, providing transportation to relocation sites, food, water supply, shelter materials, medical care;

3. Assistance in providing basic facilities (schools, dispensaries, roads, wells) to bring refugee groups to an economic and social level equal to that of the non-refugees in the area.

The USAID Office of Refugee Affairs (ORA) is responsible for carrying out USAID policy on the three levels of priority. ORA is made up of the following branches:

(1) Refugee Relief Branch (RRB), which provides emergency relief to refugees as they are initially displaced; carries out requirements for refugee censuses; determines commodity requirements, including medical supplies, coordinates logistics requirements, and monitors refugee supplies.

(2) Refugee Affairs Administrative Branch (RAA) organizes, monitors, and serves as a central repository of all information relating to refugee affairs, including evaluation of conditions of refugee groups, problems, progress, and potential for phase-out of assistance.

(3) The Refugee Relocation Branch (RRL) plans, monitors, backstops, and acts as liaison with other Mission elements to assure implementation of steps designated as second and third priorities.

(4) The Food for Peace Branch (FFP) programs and monitors the use of PL-480 commodities.

People become refugees under varying circumstances, and they are placed in three categories according to their needs. In the first category are those refugees who have been forced to leave their homes and villages in such haste that they have neither food, household goods, nor the means to acquire them when they arrive in that part of Laos controlled by the Royal Lao Government. These refugees require full support.

In the second category are those who have managed to become partially self-sufficient, usually as the result of help in relocating on land that they now have under cultivation. Also in this category are those refugees who, when they left their homes, had sufficient time to gather their belongings--tools, seeds, animals, and household goods. The location of their new homes, the time of year that they arrive (because planting and harvesting are bound to the seasons), and the quality of village leadership determine the degree of self-sufficiency achieved and how quickly.

In the third category are those refugees who wish to remain in that part of Laos controlled by the Royal Lao Government or who feel that there is little hope of returning to their native villages. The Royal Lao Government has developed a formal plan of assistance for these refugees. Initiated in 1966 in an effort to reduce in number the mass movements of people back and forth across Laos, the plan includes the distribution of land to groups of refugees. In the initial phase of their relocation, USAID and the Royal Lao Government emphasize the goal of self-sufficiency for the refugees, which, to the Lao translates as "Enough to eat and enough to use." In terms of USAID assistance, once schools, dispensaries, roads, and wells have been built and agricultural production assured to a level equal to that of the non-refugee villages in the area, the people of the relocation areas are no longer considered refugees; any further USAID assistance is given under USAID projects to develop the rural economy.

USAID Programming and Program Implementation

1. USAID Financial Support

The following table shows the distribution of USAID-programmed funds in support of the refugee relief program for FY 1970, estimated FY 1971.

TOTAL ASSISTANCE TO REFUGEES a/
($ Thousands)

	FY 1970	FY 1971 c/
Refugee relief	6,012 b/	4,730
Air Technical Support	3,872	4,000
Public Health	2,637	2,600
General Technical Support	1,657	1,800
Development of Rural Economy	1,115	1,872
Agriculture	454	920
Education	29	118
Sub Total	15,776	16,040
PL-480	600	1,300
Total	16,376	17,340

a/ Includes local currency costs.
b/ Includes $500,000 contributed to Foreign Exchange Operations Fund (FEOF) in exchange for Japanese FAC rice.
c/ Estimated.

2. Contingency Planning

The years of experience with refugees in Laos make it possible to predict with reasonable accuracy the extent of refugee movements and their costs if the extent of North Vietnamese, Pathet Lao, and Royal Lao Government military action can be projected from reported military activity. USAID plans on a contingency basis--that of estimating probabilities and preparing for alternatives. A comparison of the USAID assessment of probabilities with actual events reveals that in the past two years, these assessments have been reasonably accurate; they are proving particularly accurate in 1971.

3. Refugee Movements and Relocation

The military events of 1969 and 1970, which included the liberation and eventual evacuation of the Plain of Jars, reached a peak with the loss of Sam Thong in March 1970, and culminated with the loss of Attopeu and Saravane during April and May of 1970. The number of refugees increased rapidly during this period of unusually heavy offensives by Pathet Lao and North Vietnamese and counteroffensives by Royal Lao Government forces. By the end of October 1970, approxmately 276,000 refugees required assistance. Since October, 60,000 refugees have become self-sufficient; however, many of this number will require additional assistance to reach full self-sufficiency. The map at Tab A shows the location of these refugee groups and the number of people in each group. Because of territorial losses, many refugees are crowded into relatively small land areas. For example, over 153,000 refugees (over one-half of the total population now being supported) are concentrated in a narrow strip of land south of the Plain of Jars and near the village of Ban Xon. (A description of this group of refugees is covered at Tab D.)

At present, conditions in refugee areas vary with three factors that relate to population density: (1) where scarcity of land is a problem, (2) where, because of enemy activity in the dry season of 1971, refugees are in temporary villages, where they await a change in the security situation to return to their homes or are in a phase prior to the allocation and clearing of land for permanent village sites, and (3) where refugees have been resettled and have established permanent villages.

The hill tribe refugees referred to above and in Tab D are the most pressed for land area. With regard to those refugees fitting the description of (2) above, most of the refugees who have been displaced by enemy activity in 1971 want to return to their homes and villages if the security situation improves. The number of people in-

volved total approximately 4,000 of which about 2,500 are in the Savannakhet and Seno areas. If security conditions prevent the return of these refugees to their villages, the Royal Lao Government has under consideration the provision of land for permanent resettlement. For the 2,500 refugees in the Savannakhet and Seno area, land is available in Seno where the 1970 refugees from Muong Phine have been permanently resettled.

With regard to those refugees in resettlement status, the Vientiane Plain, Seno, and Houei Nam Pak near Pakse, have been established by the Royal Lao Government as refugee resettlement areas. The RLG standard plan for refugee villages on the Vientiane Plain calls for individual home lots of 30 x 40 meters, which is larger than the traditional village average. In addition, the Royal Lao Government provides each family with 5-7 acres of farmland near the village. Adequate schools and dispensaries exist or are under construction or planned. The people who live in these villages are primarily refugees from the Plain of Jars who were evacuated in February 1970 (see Tab E), a few days before the Pathet Lao and North Vietnamese attacked and reoccupied the Plain.

At Seno, near Savannakhet, 500 families have been relocated in eight villages in an area that encompasses approximately 14,500 acres. There are three large earth dam water reservoirs that have been completed which store water for dry season vegetable farming and cattle raising. Sixteen water wells have been drilled and pumps installed in villages. Two four-room schools are complete and one additional school is under construction (see also Tab F.)

At Houei Nam Pak, south of Pakse, 80 individual family dwellings, public buildings (an office, school, dispensary, and cooperative store) have been completed in the first of three planned villages. The village is a model of planned and organized community development. In addition to home plots, there is a community garden where each family is allotted a 20 x 100 meter plot. The project area encompasses approximately 900 hectares in a national forest reserve, and the Royal Lao Government has agreed to provide additional land as the project expands. The second village is presently under construction and the third is planned. These two villages will accommodate an additional 150 to 200 families. This project was temporarily set back when in March, 1970, a group of armed Pathet Lao soldiers blew up vehicles and community buildings (stores, schools, etc.) and looted the homes of refugees.

4. Health Care

Since 1963, when USAID began to help the Royal Lao Government meet the health needs of its people, medical care for the refugees, victims of war, and the people of the villages has been and continues as the most immediate need. This medical care is given for the most part through dispensaries for which USAID provides medical supplies and equipment and training for medics and practical nurses. At present, there are 250 of these dispensaries (their number varies with security conditions). The dispensaries are located predominantly in those parts of Laos where there are large numbers of refugees, where they serve both refugees and the non-refugee population. In most cases, the dispensaries are the first source of medical care that the people have known.

For those cases that require hospital care, USAID supports a 200-bed field hospital in the midst of the largest concentration of refugees at Ban Xon. In addition to this field hospital, which is manned by RLG and USAID medical personnel, there are seven Royal Lao Government hospitals which are staffed by medical personnel of the Philippine organization Operation Brotherhood, under contract with USAID. The more serious cases among the refugees and civilian casualties of the war are treated in these hospitals. The hospital records and those of the USAID-assisted dispensaries provide the most reliable source of information on the number of people who are civilian victims of the war in Laos as Royal Lao Government hospitals and dispensaries do not differentiate between war-connected injuries and deaths and those that are caused by accident or crime. Based on these records and best estimates from all sources, 3,907 people were civilian casualties of the war in 1970; the figure includes both dead and wounded.

Patient load in the hospitals increased 31 percent during 1970. This increase in patient load has been met by accommodating patients in ward tents and by shifting staff among hospitals to meet the varying case-load demand. The capacity of the RLG Operation Brotherhood hospital at Vang Vieng is being increased by 100 beds, which with other facilities country wide it is believed will meet this year's requirements unless the North Vietnamese and Pathet Lao overrun other hospital locations.

In addition to the medical services provided by USAID and Operation Brotherhood personnel, medical supplies for the dispensaries and the hospitals are financed through the USAID program. The cost of the USAID public health program directly related to refugee assistance is currently running at approximately $2.5 million to $2.9 million annually.

Compared with the condition of refugees in the late summer and fall of 1969 when concern about protein malnourishment was most prevalent, all refugees (including tribal groups) currently appear clinically healthier. USAID, RLG, and Voluntary Agencies' medical personnel who work in the refugee areas and ICRC representatives are impressed by the lack of malnutrition among the refugees. Adult protein deficiency is rarely seen. All attribute this improved situation to the institution of a program in the fall of 1969 to provide animal protein supplement to those refugees who have no access to animal proteins in the areas where they are located. Between 1 January 1970 and today, USAID has distributed monthly an average of 8,000 cases of canned meat or the equivalent in dehydrated U.S. meat products. Approximately 90 percent of these protein supplements have been distributed among tribal groups where the need is constantly greatest. In addition, 10,000 ducks and 1,000 swine are being furnished to hill tribes in the Ban Xon area to replenish flocks and herds lost during moves or seized by PL/NV authorities.

5. Commodity Control

The commodities that USAID provides for refugee relief include PL-480 commodities, rice, salt, blankets, mosquito nets, cooking utensils, hand tools, vegetable seeds, and medicines. These commodities are transported to Laos from the port of entry at Bangkok necessarily by Express Transportation Organization (ETO), a Thai government owned monopoly which has sole authority to transport international cargo off-loaded in Thailand for consignment to Laotian border points, and set prices for this service. These services include clearing cargo through Thailand customs at the Port of Bangkok and at the port of exit, Nongkhai, and if any loss is suffered while the cargo is in custody of ETO, that organization is responsible for the value of the cargo and for the import duties.

The large quantities in which these commodities are imported require that USAID establish a series of tight controls to ensure that the commodities reach the destination for which they are intended--the refugees. USAID payment to ETO is based on a signed Shipping and Receiving Report which accompanies each invoice as evidence that the cargo was delivered to Thanaleng, the port of entry for Laos. At Thanaleng, ETO delivers the cargo to Societe de Gestion and d'Outillage Public de Province de Vientiane, a Lao government-controlled firm that operates the in-transit customs warehouse, where the Lao Transport Association picks up the cargo for delivery to USAID.

The USAID Supply Management Branch (SMB) is responsible for the receipt of all refugee commodities at two designated warehouses

and at Wattay Airport, Vientiane. Stock control records are maintained for all non-bulk items and all issues are by a Supply Requisition Issue and Return Document. The bulk commodities are handled differently after USAID receives them as these commodities are never stored for a long period. From 24 to 48 hours is the normal holding period in Vientiane for rice before transhipment to refugee sites. USAID monitors all shipments between the receiving warehouse in Vientiane and the airport warehouse. A daily summary in-and-out record book is maintained and the balances on hand are verified by evening floor counts. Signature cards are obtained from all stations from those personnel who are authorized to receive refugee commodities.

Other Assistance to Refugees

PL-480 foods have proved a significant contribution to refugee support, and the range of foodstuffs has been expanded over the past few years to give the program greater flexibility in meeting the needs of refugees. In addition to corn meal, nonfat dried milk, and vegetable oil, the FY 1972 program includes wheat flour, bulgur, wheat soya blend (WSB), and corn soya milk (CSM).

PL-480 commodities reach refugees through two channels: (1) government-to-government agreement under which commodities are distributed by the RLG Ministry of Social Welfare and USAID, and (2) Catholic Relief Services (CRS) distributions to refugees on the Vientiane Plain. Under the government-to-government program 1,913 short tons of PL-480 vegetable oil, bulgar wheat, flour, WSB, CSM, and corn meal were distributed to refugees between January and March 1971. During this same period, CRS has distributed 509 short tons of the same foods with the exception of corn meal.

World Vision has donated canned baby food, simulac, food kits, canned soups, vitamins, and sardines. Between January 1970 and March 1971, 160 metric tons of these nutrients have been distributed through the Ministry of Social Welfare with assistance in logistics from USAID. The protein fortified baby foods have been helpful in avoiding protein malnourishment at the critical age of under five years.

In addition to the USAID public health program, medical services for refugees are provided by Asia Christian Services (ACS), Dooley Foundation, and a Swiss Red Cross team. The Ministry of Public Health has assigned these agencies geographic areas, a part of which includes refugee sites. ACS and the Dooley Foundation work in mobile teams throughout the villages of the Vientiane Plain.

The Swiss Red Cross maintains a surgical team of nine members who are stationed in the provincial hospital in Luang Prabang. This team provides medical services for the entire population of the area which at this moment includes 25,000 refugees. The team visits outlying villages as time and

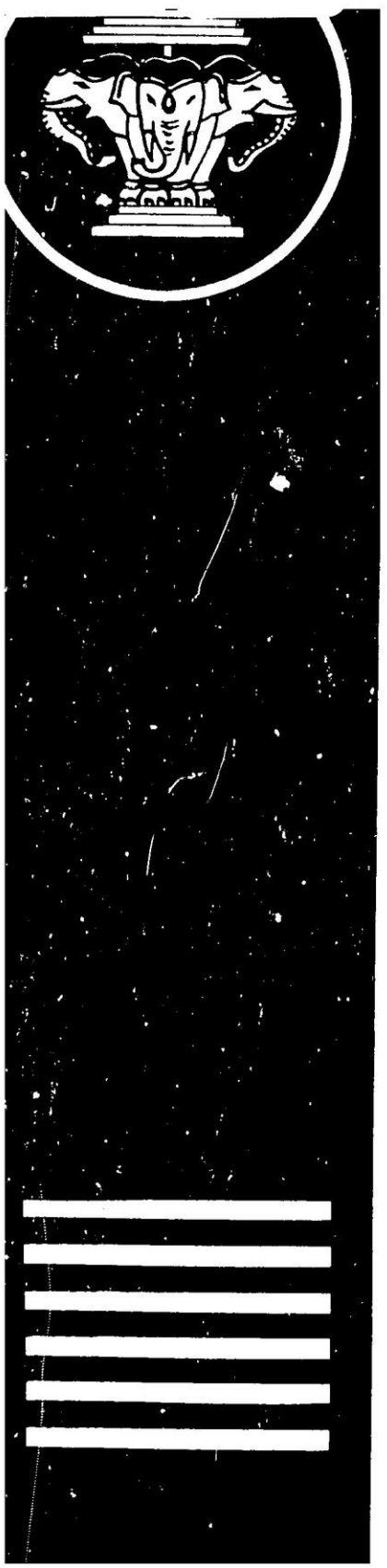
security permit.

The French Committee for the World Campaign Against Hunger, a private humanitarian organization, has donated 5,000 tons of rice, 30,000 roofing sheets, and a large quantity of canned milk and drugs for refugee relief. In 1970, the same organization donated 30 tractors, 4 bulldozers, several trucks and assorted agricultural implements to the Royal Lao Government for use in resettling refugees on the Vientiane Plain.

In 1969, Japan provided $500,000 worth of rice to Laos for refugee relief, which allowed the United States to divert the same amount from its refugee program as a supplementary contribution to the Foreign Exchange Operations Fund (FEOF). Humanitarian assistance to refugees in the form of drugs and goods valued at $40,000 was also provided in 1970 by Japan.

In 1971, Japan agreed to a new "Kennedy Round" program which will make available $200,000 worth of agricultural implements for refugee relief assistance. Consideration is also being given to providing for refugee relief purposes other items of Japanese equipment already imported into Laos under earlier "Kennedy Round" programs.

G. B. Ramsey:jts:AD/PE
April 10, 1971



FACTS ON FOREIGN AID TO LAOS

EMBASSY OF THE UNITED STATES OF AMERICA

U.S.A.I.D.

MISSION TO LAOS

FACTS ON FOREIGN AID TO LAOS

EMBASSY OF THE UNITED STATES OF AMERICA

U. S. A. I. D.

MISSION TO LAOS

APRIL 1971

CONTENTS

INTRODUCTION v

LAOS SINCE 1954: A POLITICAL PERSPECTIVE 1

Geneva Conference, Indo-China, Agreement on the Cessation of Hostilities in Laos 8

Declaration on the Neutrality of Laos 22

Protocol to the Declaration on the Neutrality of Laos 26

GOVERNMENT OF LAOS 33

Summary of Provisions of the Lao Constitution 57

Members of the Provisional Government of National Union, 1962 62

Members of the Government of National Union, 1970 64

Ministries of the Royal Lao Government and Major Subdivisions 66

ECONOMY OF LAOS 73

Statistical Appendix 83

U.S. ASSISTANCE TO LAOS

Stabilizing the Economy	95
Refugees	100
Food for Peace, PL-480	107
Developing the Rural Economy	109
Public Health	114
Roads	117
Lao National Police	121
Education	125
Institutions and People	130
Industry Loan Fund	137
Agriculture	139
Statistics on U.S. Assistance to Laos, FY 1970	150

OTHER FOREIGN ASSISTANCE TO LAOS 165

FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS 189

INTRODUCTION

Over the past years, the United States Agency for International Development Mission to Laos (USAID) has welcomed many visitors and has received many requests for information about its activities, about the government and economy of Laos, and about all matters on which an office of the United States Mission in Laos might be queried. We have been glad of these visits and we have been pleased to answer these questions.

But since there is never quite enough time to say all that we would like to, and since visits, by definition, are limited in duration, I felt it would be useful to assemble in printed form some of the information which has consistently been requested.

A question all too frequently not asked is: Why are you here? Although visitors may be too polite to ask such a blunt question, it is the essential one, and I shall answer briefly.

The answer is almost as blunt: Without the assistance of many friendly nations, of which the United States is one, it is extremely unlikely that the country of Laos could survive, since it must devote those resources normally available for political and economic development to a life-and-death struggle against foreign aggression. It is in the interest of United States foreign policy that this nation should survive, and it is in the interest of the Royal Lao Government to receive assistance from the United States and from other friendly nations. In a rather formal way, a bilateral agreement was signed between the Royal Lao Government and the United States in 1951; each year that agreement is reaffirmed by joint Royal Lao Government and United States signatures on agreements which spell out in detail each and every assistance project for the next twelve months.

The United States gives its economic assistance in a great many forms. There are currently, for example, 24 broad projects in various fields such as education, health, roads and the like; there are some 145 activities going on to implement these programs and some 550 different individual "jobs" (a school, a drilled well, a dispensary, an access road, a training program) going forward at the

time of writing. All of this activity, however, can be more easily understood if classified in accordance with the principal purposes for which it takes place. These categories are:

Economic Stabilization: Stabilization of the local currency and restraint of inflation in the monetized economy. (See Foreign Exchange Operations Fund for Laos.)

Security-related Program: assistance to refugees; medical assistance; assistance in air and surface transportation (for example, repair of bridges blown up by the invaders).

Maintenance of governmental services: hospital operation; dam repair; building and maintenance of community schools; teacher training; public administration; logistic and training assistance to public safety forces for the preservation of law and order; maintenance of the highway system.

Social Infrastructure: community education; nurse training; maternal and child health programs; comprehensive secondary schools; local, third-country and U.S. training programs.

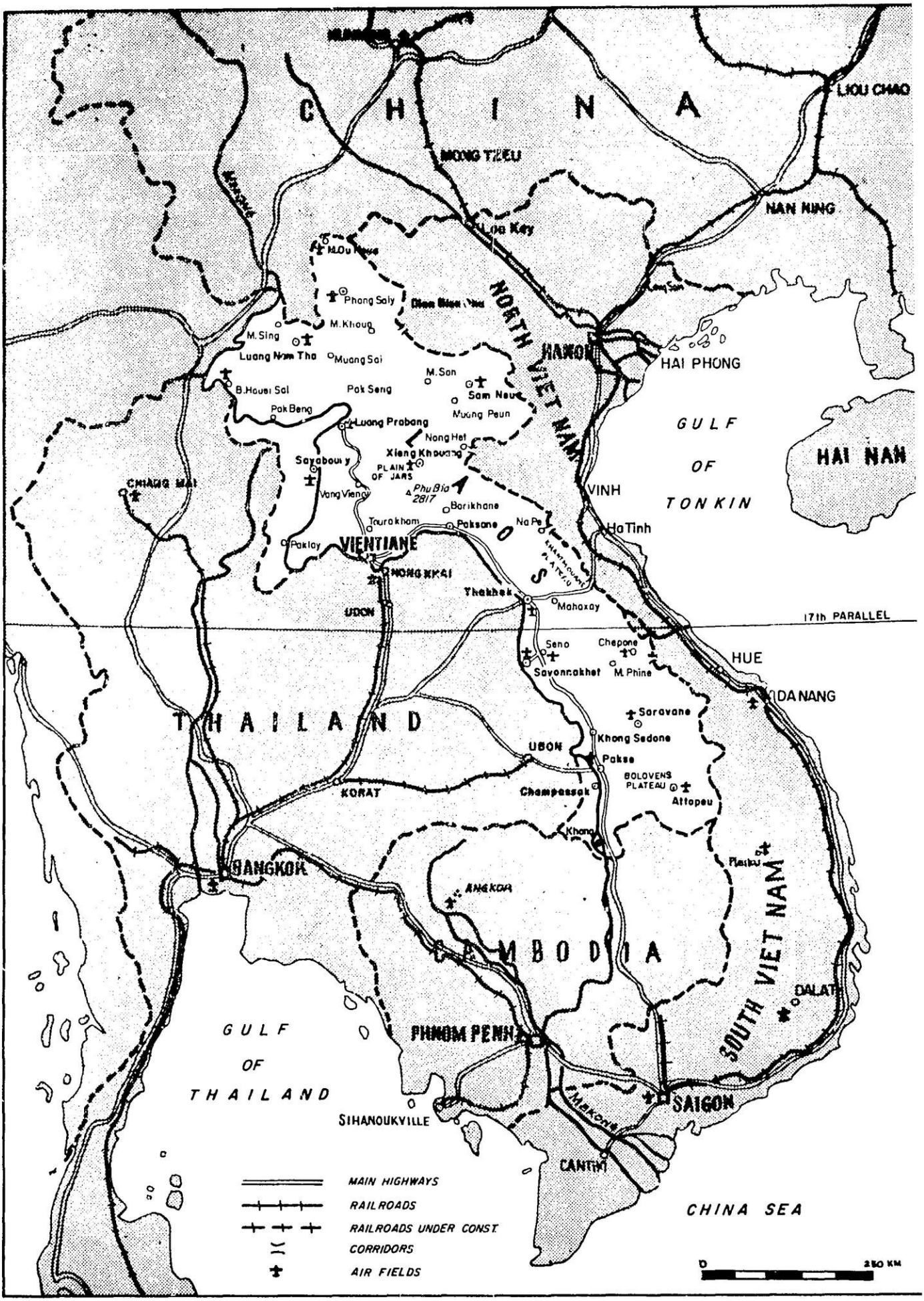
Economic Development: accelerated rice production in the Vientiane plains; fisheries; agricultural research; the Nam Tan and other irrigation projects; power; industry; feeder roads to connect farm to market.

These, in very brief form, catalog U.S. economic assistance to Laos. In order, however, that the U.S. program can be understood in perspective, this booklet provides information on recent history (since the inception of the aid program), a sketch of the structure of the Royal Lao Government, a brief analysis of the Lao economy, a summary of assistance given by other friends of Laos, and, of course, more detailed information about the U.S. program.

We did not prepare this book to discourage inquiry, and most certainly not to reduce the number of our visitors, because we like to answer questions about the country and the program and we thoroughly enjoy receiving visits. We simply hope that perusal of this material will make answers more understandable and visits more profitable.



Charles A. Mann
Counselor of Embassy
for Economic Affairs
and Director, USAID/Laos


C H I N A
LIOU CHAO
NAN NING
Phong Saly
M. Sing
M. Khoua
Luang Nam Tha
Muang Sai
M. Son
B. Houei Sai
Pak Seng
Sam Neua
Pak Beng
Muang Peun
Luang Prabang
Nong Het
Xieng Khouang
PLAIN OF JARS
Phu Bia 2817
Sayabouly
CHIANG MAI
Vang Vieng
Borikhane
Tourakhom
Paksane
Na Pe
Paklay
VIENTIANE
NONG KHAI
Thakhek
Mahaxay
UDON
17th PARALLEL
Seno
Chepone
Savannakhet
M. Phine
HUE
DA NANG
Saravane
Khong Sedone
Pakse
BOLOVENS PLATEAU
Attapeu
KORAT
Champassak
Khong
Plateau
BANGKOK
ANGKOR
PHNOM PENH
SOUTH VIET NAM
DALAT
GULF OF THAILAND
SIHANOUKVILLE
SAIGON
CANTHO
CHINA SEA
HANOI
HAI PHONG
GULF OF TONKIN
HAI NAN
VINH
Ha Tinh
THAILAND
MAIN HIGHWAYS
RAILROADS
RAILROADS UNDER CONST.
CORRIDORS
AIR FIELDS
0
250 KM

LAOS SINCE 1954: A POLITICAL PERSPECTIVE

Confined within the irregular contours of its border, Laos is a landlocked country of about 91,000 square miles inhabited by some three million people. Geography has tended to isolate the Lao from one another and from the rest of the world. The predominantly mountainous terrain accounts for the survival of a great number of distinct and more or less unassimilated ethnic groups. Laos' lengthy border with North and South Vietnam extends through the Annamite mountain chain, a mountainous, sparsely inhabited region, where a few passes offer a limited number of communication links. Massive mountain barriers separate Laos from China and Burma to the north; the plains of the Mekong River provide fairly easy access southward to Cambodia. To the west, most of the frontier is defined by the Mekong River, which serves, however, as a link rather than a barrier between the Lao and the ethnically related inhabitants of northeast Thailand.

In 1949, Laos became an autonomous member of the French Union and it achieved full independence after the Geneva Conference of 1954. The Pathet Lao, or left wing of the Lao nationalist movement under Prince Souphanouvong, became increasingly involved with the Vietnamese Communists. Intermittent civil war has existed since 1953 when Viet Minh and Pathet Lao forces crossed into northeastern Laos into provinces contiguous with North Vietnam.

In 1954, after the French defeat at Dien Bien Phu, the major Communist and non-Communist powers met in Geneva to negotiate "the cessation of hostilities" in Vietnam, Laos, and Cambodia.

The Geneva Conference of 1954

The Conference was convened primarily on the initiative of the Governments of Great Britain and the Soviet Union who, as co-chairmen of the Conference, acted as intermediaries between the opposing groups. In addition to Great Britain and the Soviet Union, France, United States, Communist China, Cambodia, North Vietnam, South Vietnam, and Laos were represented. The Conference produced

separate agreements on Laos, Cambodia, and Vietnam. The participating powers agreed to refrain from intervention in the internal affairs of these countries.

The postion of the 1954 Geneva Agreements concerning Laos called for withdrawal of all foreign troops, with Pathet Lao forces to regroup in the two northern border provinces of Sam Neua and Phong Saly pending their incorporation into the Lao National Army. The Royal Government would administer the two provinces until elections were held to reintegrate the country. Although the United States did not join in the final declaration of the Conference, it declared its acceptance in principle.

The Geneva Conference also established the International Commission for Supervision and Control (ICC), composed of representatives of India, Canada, and Poland which was to supervise withdrawal of the foreign forces and to report any violations of the terms of the agreement.

1955-1960

Progress toward effecting a political settlement within Laos was slow. The Royal Government held elections in 1955 and, despite a Pathet Lao boycott, succeeded in forming a government under Prince Souvanna Phouma. In 1956, he and Prince Souphanouvong agreed, in principle, to establish a Government of National Union, which would include Pathet Lao representatives. The Pathet Lao political organization, the Neo Lao Hak Sat (NLHS) would be recognized as a legal political party.

The Government of National Union under the premiership of Prince Souvanna Phouma and including Prince Souphanouvong was approved by the National Assembly in 1957. This government fell in an anti-Communist reaction to Pathet Lao gains in the 1958 elections. It was succeeded by one in which a rightist coalition under Phoui Sananikone was dominant; no members of the NLHS were included. In the summer of 1959, Pathet Lao forces in Sam Neua province began an offensive and the Royal Lao Government brought charges of North Vietnamese aggression before the United Nations.

When Phoui Sananikone resigned at the end of the year, General Phoumi Nosavan, the dominant power of the strongly anti-Communist Committee for the Defense of National Interests and a member of the rightist coalition under Phoui Sananikone, announced that the army would assume power until a new government was formed. Military spokesmen denied the imposition of a dictatorship, and the King appointed a caretaker government pending the 1960 elections. No NLHS candidate was returned to the National Assembly in the April election that followed. Imprisoned NLHS leaders, including Prince Souphanouvong, escaped from Vientiane to rejoin the Pathet Lao, which denounced the elections as fraudulent. A new government was formed in June under Tiao Somsanith.

The situation rapidly grew more complex. Captain Kong Le, a young paratrooper commander, seized Vientiane on August 9, 1960. He announced his support for a neutral government that would be dedicated to integrating the Pathet Lao. With the approval of the National Assembly, Kong Le handed over administrative power to Prince Souvanna Phouma. Although offered a post in the new government, General Phoumi Nosavan left Vientiane for Savannakhet where he set up a "revolutionary committee" under Prince Boun Oum Na Champassak. When Prince Souvanna Phouma's government fell in December, the National Assembly joined the King in asking Prince Boun Oum to form a government. The Boun Oum government, with General Nosavan as deputy prime minister and minister of defense, was recognized by Thailand and the Western powers. Captain Kong Le retreated to the Plain of Jars where he was joined by the Pathet Lao. In late January 1961, a leftist government claiming authority from a minority of the Assembly and Prince Souvanna Phouma, whom it allegedly supported, was formed at Xieng Khouang. This government was recognized by India and the Communist powers.

On March 23, the British Government in a note to the Soviet Union proposed a cease-fire, the reconvening of the ICC, and an international conference to end the hostilities in Laos.

The Geneva Conference of 1961-1962

On May 16, 1961, a fourteen-power conference convened in Geneva

to consider the matter of Laos. In addition to the countries represented at the Geneva Conference of 1954, Burma, Canada, India, Poland, and Thailand sent delegations. The United States, which had supported the rightist government of Prince Boun Oum, and the Soviet Union, which had supported the Pathet Lao and the neutralist government of Prince Souvanna Phouma, agreed to accept a neutralist coalition of the three Laotian factions represented at the Conference: Rightist, neutralist, and Pathet Lao. Final Conference action awaited the formation of this coalition government.

On June 11, 1962, Prince Souvanna Phouma formed the provisional Government of National Union in which he assumed the posts of prime minister and minister of defense. General Nosavan became deputy prime minister and minister of finance, and Prince Souphanouvong, deputy prime minister and minister of economic planning.

On July 23, 1962, the Geneva Conference issued a declaration which incorporated the Laotian Declaration of Neutrality and a protocol. The Declaration of Neutrality, which rejected the protection of any alliance, reaffirmed support of the five principles of peaceful coexistence, pledged not to permit foreign intervention in the country's internal affairs, and announced that unconditional foreign aid would be accepted from any country.

The declaration committed the Geneva Conference powers to "respect...in every way the sovereignty, independence, neutrality, unity, and territorial integrity of the Kingdom of Laos." They agreed to consult with the Laotian government and among themselves in the event of any threatened violation of the sovereignty or neutrality of Laos. The protocol strengthened the role of the ICC in its peacekeeping functions. It authorized the Commission acting with the concurrence of the Laotian government, to investigate alleged violations of the cease fire. Commission recommendations were required to be unanimous, but investigations could be initiated by majority vote.

In October, the Commission confirmed the departure of 666 American and 403 Filipino military and civilian personnel. It reported the withdrawal of 40 North Vietnamese troops. The prisoners taken by both sides were released, and the neutralist officers accepted their promotions: Captain Kong Le became a major general. In

late November, the Pathet Lao, neutralists, and rightists agreed to form a single army of 30,000 men and a police force of 6,000 to be drawn equally from the three factions. The coalition government formally accepted the continuation of U.S. aid. As the winter of 1962 passed, however, rifts began to appear among the members of the coalition government which were to apread even to its neutralist center.

1963-1970

On February 12, 1963, a left-wing neutralist assassinated Colonel Vongsouvanh Ketsana of the moderate neutralist forces of General Kong Le, and minor skirmishes occurred between the two neutralist factions in Xieng Khouang. Following the assassination on April 1 of the left-inclined Foreign Minister, Quinim Pholsena, minor skirmishing broke into open hostilities when the Pathet Lao attacked Kong Le's troops. On April 18, Kong Le withdrew from the Plain of Jars airfield which was now within easy range of Pathet Lao positions, to Muong Phanh, six miles to the northwest. Here, he was joined by Phoumist reinforcements and the two forces set up a joint headquarters.

Attempts by the ICC, by the British and Russian ambassadors, and by Prince Souvanna Phouma to stop the fighting failed. The Plain of Jars became a battle front. There were repercussions elsewhere in Laos: Pathet Lao forces began to penetrate southern Laos and, with the assassination in Vientiane of two left-wing neutralists, the Pathet Lao ministers began to leave for Pathet Lao headquarters at Khang Khay where Prince Souphanouvong was already in residence. Some neutralist ministers followed. Members of the NLHS withdrew from the government; their posts remain unfilled.

Military provocation and reaction by both sides continued and increased in intensity; however, political talks among the members of the three factions had begun on the Plain of Jars when in April 1964, a group of right-wing troops, the Pathet Lao attacked. Kong Le and his forces during May and June of 1964 were pushed off the Plain of Jars. In 1966, Kong Le went into exile.

Prime Minister Prince Souvanna Phouma publicly denounced "premeditated Pathet Lao aggression... with the aid of North Vietnam," and the Royal Lao Government asked the United States to increase its economic and military aid and to undertake armed air reconnaissance over Pathet Lao territory. The Prime Minister addressed the General Assembly of the United Nations, deploring North Vietnamese intervention in Laos and the concept of "wars of national liberation." The Prime Minister has repeatedly announced that the air operations would stop when the Pathet Lao agreed to a cease-fire and North Vietnam withdrew its troops from the country. The Pathet Lao made new allegations of government collusion with the United States and the Royal Lao Government has replied that the military aid was necessitated by Pathet Lao and North Vietnamese violations of the Geneva Agreements.

The work of the ICC has been hampered by its lack of recognition by the Pathet Lao and their refusal to allow the ICC into Pathet Lao territory, by the failure of ICC members to achieve unanimity, and by lack of funds. Reports of violations, compiled by the Canadian and Indian members of the ICC and based largely on the evidence of North Vietnamese prisoners, have been circulated unilaterally by the British Government to members of the 1962 Conference. The Prime Minister Prince Souvanna Phouma has made several offers over the years in an effort to achieve an understanding with the other side. Among his proposals are his offer to travel to Sam Neua or to Hanoi for discussions, the neutralization of the Plain of Jars, and a standstill cease-fire with international supervision.

On February 28, 1970, after the reoccupation of the Plain of Jars by Pathet Lao forces, the Prime Minister officially asked Great Britain and the Soviet Union, as co-chairmen of the Geneva Conferences, to request consultations among the fourteen signatories of the 1962 Agreement, which under Article Four provides for consultations "in the event of a violation or threat of violation of the sovereignty, independence, neutrality, unity, or territorial integrity of the Kingdom of Laos." A similar proposal was made to the co-chairmen on March 6 by President Richard Nixon. In his letter, the President urged them to work with the other Conference members and pledged the full cooperation of the United States.

The British Government proposed to the Soviet Union that the Prime Minister's letter in which he requested consultations be circulated with a covering message deploring the upsurge in fighting and regretting "that this should have taken place instead of consultation between the parties concerned upon proposals... aimed at neutralization of the Plain of Jars and a reduction in tension in Laos." The message invited the views of the countries that had participated in the Geneva Conference on actions that might be taken to bring about peace. As the Soviet Union did not agree to the proposal, this message and the Prime Minister's letter were circulated on March 19 by the British Government.

The Prime Minister and Prince Souphanouvong have since exchanged messages concerning arrangements for negotiations between two representatives and, eventually, a wider Lao political conference. The Pathet Lao appear to have dropped, or at least to have ignored for the time being, their long-held demand for a complete bombing halt before any discussions could start. That negotiations are desirable has been agreed upon by all Lao factions as well as by North Vietnam. The opening of negotiations has been delayed by disagreement over the status of the representative of the Prime Minister; the Lao Patriotic Front claims not to recognize the legitimacy of the present Royal Lao Government.

On October 7, 1970, President Nixon in an important message to the United States and the world, sought to break the deadlock of the Paris peace conference by putting forth a five-point proposal for peace throughout Indochina. The points include an internationally supervised standstill cease-fire throughout the area, a widened Indochina peace conference, a negotiated timetable for the withdrawal of all U.S. forces, a fair political solution in South Vietnam, and an immediate release of all prisoners of war. These proposals involve Laos; they would parallel, not preclude, negotiations among the Lao for a solution of internal affairs.

GENEVA CONFERENCE

INDO-CHINA

AGREEMENT ON THE CESSATION OF HOSTILITIES IN LAOS

CHAPTER I - CEASE-FIRE AND EVACUATION OF FOREIGN ARMED FORCES AND FOREIGN MILITARY PERSONNEL

Article 1

The Commanders of the armed forces of the parties in Laos shall order and enforce the complete cessation of all hostilities in Laos by all armed forces under their control, including all units and personnel of the ground, naval and air forces.

Article 2

In accordance with the principle of a simultaneous cease-fire throughout Indo-China the cessation of hostilities shall be simultaneous throughout the territory of Laos in all combat areas and for all forces of the two parties.

In order to prevent any mistake or misunderstanding and to ensure that both the cessation of hostilities and the disengagement and movements of the opposing forces are in fact simultaneous.

(a) Taking into account the time effectively required to transmit the cease-fire order down to the lowest echelons of the combatant forces on both sides, the two parties are agreed that the complete and simultaneous cease-fire throughout the territory of Laos shall become effective at 8 hours (local time) on 6 August 1954. It is agreed that Pekin meantime shall be taken as local time.

(b) The Joint Commission for Laos shall draw up a schedule for the other operations resulting from the cessation of hostilities.

Note: The cease-fire shall become effective 15 days after the entry into force of the present Agreement.

Article 3

All operations and movements entailed by the cessation of hostilities and regrouping must proceed in a safe and orderly fashion:

(a) Within a number of days to be determined on the spot by the Joint Commission in Laos each party shall be responsible for removing and neutralizing mines, booby traps, explosives and any other dangerous substance placed by it. In the event of its being impossible to complete the work of removal and neutralization in time, the party concerned shall mark the spot by placing visible signs there.

(b) As regards the security of troops on the move following the lines of communication in accordance with the schedule previously drawn up by the Joint Armistice Commission in Laos, and the safety of the assembly areas, detailed measures shall be adopted in each case by the Joint Armistice Commission in Laos. In particular, while the forces of one party are withdrawing by a line of communication passing through the territory of the other party (road or waterways) the forces of the latter party shall provisionally withdraw two kilometres on either side of such line of communication, but in such a manner as to avoid interfering with the movement of the civil population.

Article 4

The withdrawals and transfers of military forces, supplies and equipment shall be effected in accordance with the following principles:

(a) The withdrawals and transfers of military forces, supplies and equipment of the two parties shall be completed within a period of 120 days of the entry into force of the present Agreement.

The two parties undertake to communicate their transfer plans to each other, for information, within 25 days of the entry into force of the present Agreement.

(b) The withdrawals of the Viet-Namese People's Volonteers from Laos to Viet-Nam shall be effected by provinces. The position of those volunteers who were settled in Laos before the hostilities shall form the subject of a special convention.

(c) The routes for the withdrawal of the forces of the French Union and Viet-Namese People's Volonteers in Laos from Laotian territory shall be fixed on the spot by the Joint Commission.

(d) The two parties shall guarantee that the withdrawals and transfers of all forces will be effected in accordance with the purposes of this Agreement, and that they will not permit any hostile action or take action of any kind whatever which might hinder such withdrawals or transfers. The parties shall assist

each other as far as possible.

(e) While the withdrawals and transfers of the forces are proceeding, the two parties shall not permit any destruction or sabotage of any public property or any attack on the life or property of the local civilian population. They shall not permit any interference with the local civil administration.

(f) The Joint Commission and the International Commission shall supervise the implementation of measures to ensure the safety of the forces during withdrawal and transfer.

(g) The Joint Commission in Laos shall determine the detailed procedures for the withdrawals and transfers of the forces in accordance with the abovementioned principles.

Article 5

During the day immediately preceding the cease-fire each party undertakes not to engage in any large-scale operation between the time when the Agreement on the cessation of hostilities is signed at Geneva and the time when the cease-fire comes into effect.

CHAPTER II - PROHIBITION OF THE INTRODUCTION OF FRESH TROOPS, MILITARY PERSONNEL, ARMAMENTS AND MUNITIONS

Article 6

With effect from the proclamation of the cease-fire the introduction into Laos of any reinforcements of troops or military personnel from outside Laotian territory is prohibited.

Nevertheless, the French High Command may leave a specified number of French military personnel required for the training of the Laotian National Army in the territory of Laos; the strength of such personnel shall not exceed one thousand five hundred (1, 500) officers and non-commissioned officers.

Article 7

Upon the entry into force of the present Agreement, the establishment of new military bases is prohibited throughout the territory of Laos.

Article 8

The High Command of the French forces shall maintain in the

territory of Laos the personnel required for the maintenance of two French military establishments, the first at Seno and the second in the Mekong valley, either in the province of Vientiane or downstream from Vientiane.

The effectives maintained in these military establishments shall not exceed a total of three thousand five hundred (3,500) men.

Article 9

Upon the entry into force of the present Agreement and in accordance with the declaration made at the Geneva Conference by the Royal Government of Laos on 20 July 1954; the introduction into Laos of armaments, munitions and military equipment of all kinds is prohibited, with the exception of a specified quantity of armaments in categories specified as necessary for the defence of Laos.

Article 10

The new armaments and military personnel permitted to enter Laos in accordance with the terms of Article 9 above shall enter Laos at the following points only: Luang-Prabang, Xieng-Khouang, Vientiane, Seno, Pakse, Savannakhet and Tchepone.

CHAPTER III - DISENGAGEMENT OF THE FORCES--ASSEMBLY AREAS--CONCENTRATION AREAS

Article 11

The disengagement of the armed forces of both sides, including concentration of the armed forces, movements to rejoin the provisional assembly areas allotted to one party and provisional withdrawal movements by the other party, shall be completed within a period not exceeding fifteen (15) days after the cease fire.

Article 12

The Joint Commission in Laos shall fix the site and boundaries:

--of the five (5) provisional assembly areas for the reception of the Viet-Namese People's Volunteer Forces.

--of the five (5) provisional assembly areas for the reception of the French forces in Laos,

--of the twelve (12) provisional assembly areas, one to each province, for the reception of the fighting units of "Pathet Lao".

--The forces of the Laotian National Army shall remain in situ during the entire duration of the operations of disengagement and transfer of foreign forces and fighting units of "Pathet Lao".

Article 13

The foreign Forces shall be transferred outside Laotian territory as follows:

(1) French Forces: The French forces will be moved out of Laos by road (along routes laid down by the Joint Commission in Laos) and also by air and inland waterway;

(2) Vietnamese People's Volunteer forces: These forces will be moved out of Laos by land, along routes and in accordance with a schedule to be determined by the Joint Commission in Laos in accordance with principle of simultaneous withdrawal of foreign forces.

Article 14

Pending a political settlement, the fighting units of "Pathet Lao", concentrated in the provisional assembly areas, shall move into the Provinces of Phongsaly and Sam-Neua, except for any military personnel who wish to be demobilized where they are. They will be free to move between these two Provinces in a corridor along the frontier between Laos and Viet-Nam bounded on the south by the Line SOP KIN, NA MI-SOP SANG, MUONG SON.

Concentration shall be completed within one-hundred-and-twenty (120) days from the date of entry into force of the present Agreement.

Article 15

Each party undertakes to refrain from any reprisals or discrimination against persons or organizations for their activities during the hostilities and also undertakes to guarantee their democratic freedoms.

CHAPTER IV - PRISONERS OF WAR AND CIVILIAN INTERNEES

Article 16

The liberation and repatriation of all prisoners of war and civilian internees detained by each of the two parties at the coming into

force of the present Agreement shall be carried out under the following conditions:

(a) All prisoners of war and civilian internees of Laotian and other nationalities captured since the beginning of hostilities in Laos, during military operations or in any other circumstances of war and in any part of the territory of Laos, shall be liberated within a period of thirty (30) days after the date when the cease-fire comes into effect.

(b) The term "civilian internees" is understood to mean all persons who, having in any way contributed to the political and armed strife between the two parties, have been arrested for that reason or kept in detention by either party during the period of hostilities.

(c) All foreign prisoners of war captured by either party shall be surrendered to the appropriate authorities of the other party, who shall give them all possible assistance in proceeding to the destination of their choice.

CHAPTER V - MISCELLANEOUS

Article 17

The Commanders of the forces of the two parties shall ensure that persons under their respective commands who violate any of the provisions of the present Agreement are suitably punished.

Article 18

In cases in which the place of burial is known and the existence of graves has been established, the Commander of the forces of either party shall, within a specified period after the entry into force of the present Agreement, permit the graves service of the other party to enter that part of Laotian territory under his military control for the purpose of finding and removing the bodies of deceased military personnel of that party, including the bodies of deceased prisoners of war.

The Joint Commission shall fix the procedures by which this task is carried out and the time limits within which it must be completed. The Commanders of the forces of each party shall communicate to the other all information in his possession as to the place of burial of military personnel of the other party.

Article 19

The present Agreement shall apply to all the armed forces of either party. The armed forces of each party shall respect the territory under the military control of the other party, and engage in no hostile act against the other party.

For the purpose of the present article the word "territory" includes territorial waters and air space.

Article 20

The Commander of the forces of the two parties shall afford full protection and all possible assistance and co-operation to the Joint Commission and its joint organs and to the International Commission and its inspection teams in the performance of the functions and tasks assigned to them by the present Agreement.

Article 21

The costs involved in the operation of the Joint Commission and its joint groups and of the International Commission and its inspection teams shall be shared equally between the two parties.

Article 22

The signatories of the present Agreement and their successors in their functions shall be responsible for the observance and enforcement of the terms and provisions thereof. The Commanders of the forces of the two parties shall, within their respective commands, take all steps and make all arrangements necessary to ensure full compliance with all the provisions of the present Agreement by all military personnel under their command.

Article 23

The procedures laid down in the present Agreement shall, whenever necessary, be examined by the Commanders of the two parties and, if necessary, defined more specifically by the Joint Commission.

CHAPTER VI - JOINT COMMISSION AND INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL IN LAOS

Article 24

Responsibility for the execution of the Agreement on the cessation of hostilities shall rest with the parties.

Article 25

An international Commission shall be entrusted with control and supervision over the application of the provisions of the Agreement on the cessation of hostilities in Laos. It shall be composed of representatives of the following States: Canada, India and Poland. It shall be presided over by the representative of India. Its headquarters shall be at Vientiane.

Article 26

The International Commission shall set up fixed and mobile inspection teams, composed of an equal number of officers appointed by each of the above-mentioned States.

The fixed teams shall be located at the following points: Pakse, Seno, Tchepone, Vientiane, Xieng-Khonang, Phongsaly, Sophao (province of Samneua). These points of location may, at a later date, be altered by agreement between the Government of Laos and the International Commission.

The zones of action of the mobile teams shall be regions bordering the land frontiers of Laos. Within the limits of their zones of action, they shall have the right to move freely and shall receive from the local civil and military authorities all facilities they may require for the fulfilment of their tasks (provisions of personnel, access to documents needed for supervision, summoning of witnesses needed for holding enquires, the security and freedom of movement of the inspection teams etc....). They shall have at their disposal such modern means of transport, observation and communication as they may require.

Outside the zones of action defined above, the mobile teams may, with the agreement of the Command of the party concerned, move about as required by the tasks assigned to them by the present Agreement.

Article 27

The International Commission shall be responsible for supervising the execution by the parties of the provisions of the present Agreement. For this purpose it shall fulfil the functions of control, observation, inspection and investigation connected with the implementation of the provisions of the Agreement on the cessation of hostilities, and shall in particular:

(a) Control the withdrawal of foreign forces in accordance with the provisions of the Agreement on the cessation of hostilities

and see that frontiers are respected;

(b)Control the release of prisoners of war and civilian internees;

(c)Supervise, at ports and airfields and along all the frontiers of Laos, the implementation of the provisions regulating the introduction into Laos of military personnel and war materials.

(d)Supervise the implementation of the clauses of the Agreement on the cessation of hostilities relating to rotation of personnel and to supplies for French Union security forces maintained in Laos.

Article 28

A Joint Commission shall be set up to facilitate the implementation of the clauses relating to the withdrawal of foreign forces.

The Joint Commission shall form joint groups, the number of which shall be decided by mutual agreement between the parties.

The Joint Commission shall facilitate the implementation of the clauses of the agreement on the cessation of hostilities relating to the simultaneous and general cease-fire in Laos for all regular and irregular armed forces of the two parties.

It shall assist the parties in the implementation of the said clauses; it shall ensure liaison between them for the purpose of preparing and carrying out plans for the implementation of the said clauses; it shall endeavour to settle any disputes between the parties arising out of the implementation of these clauses. The joint groups shall follow the forces in their movements and shall be disbanded once the withdrawal plans have been carried out.

Article 29

The Joint Commission and the joint groups shall be composed of an equal number of representatives of the commands of the parties concerned.

Article 30

The International Commission shall, through the medium of the inspection teams mentioned above, and as soon as possible, either on its own initiative, or at the request of the Joint Commission, or of one of the parties, undertake the necessary investigations both documentary and on the ground.

Article 31

The inspection teams shall submit to the International Commission the results of their supervision, investigation and observations; furthermore, they shall draw up such special reports as they may consider necessary or as may be requested from them by the Commission. In the case of a disagreement within the teams, the findings of each member shall be transmitted to the Commission.

Article 32

If an inspection team is unable to settle an incident or considers that there is a violation or a threat of a serious violation, the International Commission shall be informed; the latter shall examine the reports and findings of the inspection teams and shall inform the parties of the measures which should be taken for the settlement of the incident, ending of the violation or removal of the threat of violation.

Article 33

When the Joint Commission is unable to reach an agreement on the interpretation of a provision or on the appraisal of a fact, the International Commission shall be informed of the disputed question. Its recommendations shall be sent directly to the parties and shall be notified to the Joint Commission.

Article 34

The recommendations of the International Commission shall be adopted by majority vote, subject to the provisions contained in article 35. If the votes are equally divided, the chairman's vote shall be decisive.

The International Commission may make recommendations concerning amendments and additions which should be made to the provisions of the Agreement on the cessation of hostilities in Laos, in order to ensure more effective execution of the said Agreement. These recommendations shall be adopted unanimously.

Article 35

On questions concerning violations, or threats of violations, which might lead to a resumption of hostilities, and in particular,

(a) refusal by foreign armed forces to effect the movements provided for in the withdrawal plan;

(b)violation or threat of violation of the country's integrity by foreign armed forces,

the decisions of the International Commission must be unanimous.

Article 36

If one of the parties refuses to put a recommendation of the International Commission into effect, the parties concerned or the Commission itself shall inform the members of the Geneva Conference.

If the International Commission does not reach unanimity in the cases provided for in article 35, it shall transmit a majority report and one or more minority reports to the members of the Conference.

The International Commission shall inform the members of the Conference of all cases in which its work is being hindered.

Article 37

The International Commission shall be set up at the time of the cessation of hostilities in Indo-China in order that it may be able to fulfill the tasks prescribed in article 27.

Article 38

The International Commission for Supervision and Control in Laos shall act in close co-operation with the International Commissions in Viet-Nam and Cambodia.

The Secretaries-General of these three Commissions shall be responsible for co-ordinating their work and for relations between them.

Article 39

The International Commission for Supervision and Control in Laos may, after consultation with the International Commissions in Cambodia and Viet-Nam, having regard to the development of the situation in Cambodia and Viet-Nam, progressively reduce its activities. Such a decision must be reducedunanimously. These recommendations shall be adopted unanimously.

CHAPTER VII

Article 40

All the provisions of the present Agreement, save paragraph (a)

of Article 2, shall enter into force at 24 hours (Geneva time) on 22 July 1954.

Article 41

Done in Geneva (Switzerland) on 20 July 1954, at 24 hours, in the French language.

STATEMENT BY THE UNDER SECRETARY OF STATE AT THE CONCLUDING PLENARY SESSION OF THE GENEVA CONFERENCE, JULY 21, 1954

As I stated on July 18, my Government is not prepared to join in a declaration by the Conference such as is submitted. However, the United States makes this unilateral declaration of its position in these matters:

Declaration

The Government of the United States being resolved to devote its efforts to the strengthening of peace in accordance with the principles and purposes of the United Nations takes note of the agreements concluded at Geneva on July 20 and 21, 1954 between (a) the Franco-Laotian Command and the Command of the Peoples Army of Viet-Nam; (b) the Royal Khmer Army Command and the Command of the Peoples Army of Viet-Nam; (c) Franco-Vietnamese Command and the Command of the Peoples Army of Viet-Nam and of paragraphs 1 to 12 inclusive of the declaration presented to the Geneva Conference on July 21, 1954 declares with regard to the aforesaid agreements and paragraphs that (i) it will refrain from the threat or the use of force to disturb them, in accordance with Article 2 (4) of the Charter of the United Nations dealing with the obligation of members to refrain in their international relations from the threat or use of force; and (ii) it would view any renewal of the aggression in violation of the aforesaid agreements with grave concern and as seriously threatening international peace and security.

In connection with the statement in the declaration concerning free elections in Viet-Nam my Government wishes to make clear its position which it has expressed in a declaration made in Washington on June 29, 1954 as follows:

> In the case of nations now divided against their will, we shall continue to seek to achieve unity through free elections supervised by the United Nations to insure that they are conducted fairly.

With respect to the statement made by the representative of the State of Viet-Nam, the United States reiterates its traditional position that peoples are entitled to determine their own future and that it will not join in an arrangement which would hinder this. Nothing in its declaration just made is intended to or does indicate any departure from this traditional position.

We share the hope that the agreements will permit Cambodia, Laos and Viet-Nam to play their part, in full independence and sovereignty, in the peaceful community of nations, and will enable the peoples of that area to determine their own future.

DECLARATION ON THE NEUTRALITY OF LAOS

The Governments of the Union of Burma, the Kingdom of Cambodia, Canada, the People's Republic of China, the Democratic Republic of Viet-Nam, the Republic of France, the Republic of India, the Polish People's Republic, the Republic of Viet-Nam, the Kingdom of Thailand, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America, whose representatives took part in the International Conference on the Settlement of the Laotian Question, 1961-1962;

Welcoming the presentation of the statement of neutrality by the Royal Government of Laos of July 9, 1962, and taking note of this statement, which is, with the concurrence of the Royal Government of Laos, incorporated in the present Declaration as an integral part thereof, and the text of which is as follows:

THE ROYAL GOVERNMENT OF LAOS,

Being resolved to follow the path of peace and neutrality in conformity with the interests and aspirations of the Laotian people, as well as the principles of the Joint Communique of Zurich dated June 22, 1961, and of the Geneva Agreements of 1954, in order to build a peaceful, neutral, independent, democratic, unified and prosperous Laos,

Solemnly declares that:

(1) It will resolutely apply the five principles of peaceful co-existence in foreign relations, and will develop friendly relations and establish diplomatic relations with all countries, the neighbouring countries first and foremost, on the basis of equality and of respect for the independence and sovereignty of Laos;

(2) It is the will of the Laotian people to protect and ensure respect for the sovereignty, independence, neutrality, unity and territorial integrity of Laos;

(3) It will not resort to the use or threat of force in any way which might impair the peace of other countries, and will not interfere in the internal affairs of other countries;

(4) It will not enter into any military alliance or into any agreement, whether military or otherwise, which is inconsistent with the neutrality of the Kingdom of Laos; it will not allow the establishment of any foreign military base on Laotian territory, nor allow any country

to use Laotian territory for military purposes or for the purposes of interference in the internal affairs of other countries, nor recognise the protection of any alliance or military coalition, including SEATO.

(5) It will not allow any foreign interference in the internal affairs of the Kingdom of Laos in any form whatsoever;

(6) Subject to the provisions of Article 5 of the Protocol, it will require the withdrawal from Laos of all foreign troops and military personnel, and will not allow any foreign troops or military personnel to be introduced into Laos;

(7) It will accept direct and unconditional aid from all countries that wish to help the Kingdom of Laos build up an independent and autonomous national economy on the basis of respect for the sovereignty of Laos;

(8) It will respect the treaties and agreements signed in conformity with the interests of the Laotian people and of the policy of peace and neutrality of the Kingdom, in particular the Geneva Agreements of 1962, and will abrogate all treaties and agreements which are contrary to those principles.

This statement of neutrality by the Royal Government of Laos shall be promulgated constitutionally and shall have the force of law.

The Kingdom of Laos appeals to all the States participating in the International Conference on the Settlement of the Laotian Question, and to all other States, to recognise the sovereignty, independence, neutrality, unity and territorial integrity of Laos, to conform to these principles in all respects, and to refrain from any action inconsistent therewith.

Confirming the principles of respect for the sovereignty, independence, unity and territorial integrity of the Kingdom of Laos and non-interference in its internal affairs which are embodied in the Geneva Agreements of 1954;

Emphasising the principle of respect for the neutrality of the Kingdom of Laos;

Agreeing that the above-mentioned principles constitute a basis for the peaceful settlement of the Laotian question;

Profoundly convinced that the independence and neutrality of the Kingdom of Laos will assist the peaceful democratic development of the Kingdom of Laos and the achievement of national accord and unity in that country, as well as the strengthening of peace and security in

South-East Asia;

1. Solemnly declare, in accordance with the will of the Government and people of the Kingdom of Laos, as expressed in the statement of neutrality by the Royal Government of Laos of July 9, 1962, that they recognise and will respect and observe in every way the sovereignty, independence, neutrality, unity and territorial integrity of the Kingdom of Laos.

2. Undertake, in particular, that

(a) they will not commit or participate in any way in any act which might directly or indirectly impair the sovereignty, independence, neutrality, unity or territorial integrity of the Kingdom of Laos;

(b) they will not resort to the use or threat of force or any other measure which might impair the peace of the Kingdom of Laos;

(c) they will refrain from all direct or indirect interference in the internal affairs of the Kingdom of Laos;

(d) they will not attach conditions of a political nature to any assistance which they may offer or which the Kingdom of Laos may seek;

(e) they will not bring the Kingdom of Laos in any way into any military alliance or any other agreement, whether military or otherwise, which is inconsistent with her neutrality, nor invite or encourage her to enter into any such alliance or to conclude any such agreement;

(f) they will respect the wish of the Kingdom of Laos, not to recognise the protection of any alliance or military coalition, including SEATO;

(g) they will not introduce into the Kingdom of Laos foreign troops or military personnel in any form whatsoever, nor will they in any way facilitate or connive at the introduction of any foreign troops or military personnel;

(h) they will not establish nor will they in any way facilitate or connive at the establishment in the Kingdom of Laos of any foreign military base, foreign strong point or other foreign military installation of any kind;

(i) they will not use the territory of the Kingdom of Laos for interference in the internal affairs of other countries;

(j) they will not use the territory of any country, including their own for interference in the internal affairs of the Kingdom of Laos.

3. Appeal to all other States to recognise, respect and observe in every way the sovereignty, independence and neutrality, and also the unity and territorial integrity, of the Kingdom of Laos and to refrain from any action inconsistent with these principles or with other provisions of the present Declaration.

4. Undertake, in the event of a violation or threat of violation of the sovereignty, independence, neutrality, unity or territorial integrity of the Kingdom of Laos, to consult jointly with the Royal Government of Laos and among themselves in order to consider measures which might prove to be necessary to ensure the observance of these principles and the other provisions of the present Declaration.

5. The present Declaration shall enter into force on signature and together with the statement of neutrality by the Royal Government of Laos of July 9, 1962, shall be regarded as constituting an international agreement. The present Declaration shall be deposited in the archives of the Governments of the United Kingdom and the Union of Soviet Socialist Republics, which shall furnish certified copies thereof to the other signatory States and to all the other States of the world.

In witness whereof, the undersigned Plenipotentiaries have signed the present Declaration.

Done in two copies in Geneva this twenty-third day of July one thousand nine hundred and sixty-two in the English, Chinese, French, Laotian and Russian languages, each text being equally authoritative.

PROTOCOL TO THE DECLARATION ON THE NEUTRALITY OF LAOS

The Governments of the Union of Burma, the Kingdom of Cambodia, Canada, the People's Republic of China, the Democratic Republic of Viet-Nam, the Republic of France, the Republic of India, the Kingdom of Laos, the Polish People's Republic, the Republic of Viet Nam, the Kingdom of Thailand, the Union of Soviet Socialist Republics, the United Kingdom of Great Britain and Northern Ireland and the United States of America;

Having regard to the Declaration on the Neutrality of Laos of July 23, 1962;

Have agreed as follows:

ARTICLE 1

For the purposes of this Protocol

(a) the term "foreign military personnel" shall include members of foreign military missions, foreign military advisers, experts, instructors, consultants, technicians, observers and any other armed forces in Laos, and foreign civilians connected with the supply, maintenance, storing and utilization of war materials;

(b) the term "the Commission" shall mean the International Commission for Supervision and Control in Laos set up by virtue of the Geneva Agreements of 1954 and composed of the representatives of Canada, India and Poland, with the representative of India as Chairman;

(c) the term "the Co-Chairmen" shall mean the Co-Chairmen of the International Conference for the Settlement of the Laotian Question, 1961-1962, and their successors in the offices of Her Britannic Majesty's Principal Secretary of State for Foreign Affairs of the Union of Soviet Socialist Republics respectively;

(d) the term "the members of the Conference" shall mean the Governments of countries which took part in the International Conference for the Settlement of the Laotian Question, 1961-1962.

ARTICLE 2

All Foreign regular and irregular troops, foreign para-military formations and foreign military personnel shall be withdrawn from Laos in the shortest time possible and in any case the withdrawal shall be completed not later than thirty days after the Commission has notified the Royal Government of Laos that in accordance with Article 3 and 10 of this Protocol its inspection teams are present at all points of withdrawal from Laos. These points shall be determined by the Royal Government of Laos in accordance with Article 3 within thirty days after the entry into force of this Protocol. The inspection teams shall be present at these points and the Commission shall notify the Royal Government of Laos thereof within fifteen days after the points have been determined.

ARTICLE 3

The withdrawal of foreign regular and irregular troops, foreign para-military formations and foreign military personnel shall take place only along such routes and through such points as shall be determined by the Royal Government of Laos in consultation with the Commission. The Commission shall be notified in advance of the point and time of all such withdrawals.

ARTICLE 4

The introduction of foreign regular and irregular troops, foreign para-military formations and foreign military personnel into Laos is prohibited.

ARTICLE 5

Note is taken that the French and Laotian Governments will conclude as soon as possible an arrangement to transfer the French military installations in Laos to the Royal Government of Laos.

If the Laotian Government considers it necessary, the French Government may as an exception leave in Laos for a limited period of time a precisely limited number of French military instructors for the purpose of training the armed forces of Laos.

The French and Laotian Governments shall inform the members of the Conference, through the Co-Chairmen, of their agreement on the question of the transfer of the French military installations in Laos and of the employment of French military instructors by the Laotian Government.

ARTICLE 6

The introduction into Laos of armaments, munitions and war material generally, except such quantities of conventional armaments as the Royal Government of Laos may consider necessary for the national defence of Laos, is prohibited.

ARTICLE 7

All foreign military persons and civilians captured or interned during the course of hostilities in Laos shall be released within thirty days after the entry into force of this Protocol and handed over by the Royal Government of Laos to the representatives of the Governments of the countries of which they are nationals in order that they may proceed to the destination of their choice.

ARTICLE 8

The Co-Chairmen shall periodically receive reports from the Commission. In addition the Commission shall immediately report to the Co-Chairmen any violations or threats of violations of this Protocol, and also any other important information which may assist the Co-Chairmen in carrying out their functions. The Commission may at any time seek help from the Co-Chairmen in the performance of its duties, and the Co-Chairmen may at any time make recommendations to the Commission exercising general guidance.

The Co-Chairmen shall circulate the reports and any other important information from the Commission to the members of the Conference.

The Co-Chairmen shall exercise supervision over the observance of the Protocol and the Declaration on the Neutrality of Laos.

The Co-Chairmen will keep the members of the Conference constantly informed and when appropriate will consult with them.

ARTICLE 9

The Commission shall, with the concurrence of the Royal Government of Laos, supervise and control the cease-fire in Laos.

The Commission shall exercise these functions in full co-operation with the Royal Government of Laos and within the framework of the Cease-Fire Agreement or cease-fire arrangements made by the three political forces in Laos, or the Royal Government of Laos. It is understood that responsibility for the execution of the cease-fire shall rest with the three parties concerned and with the Royal Government of Laos after its formation.

ARTICLE 10

The Commission shall supervise and control the withdrawal of foreign regular and irregular troops, foreign para-military formations and foreign military personnel. Inspection teams sent by the Commission for these purposes shall be present for the period of the withdrawal at all points of withdrawal from Laos determined by the Royal Government of Laos in consultation with the Commission in accordance with Article 3 of this Protocol.

ARTICLE 11

The Commission shall investigate cases where there are reasonable grounds for considering that a violation of the provisions of Article 4 of the Protocol has occurred.

It is understood that in the exercise of this function the Commission is acting with the concurrence of the Royal Government of Laos. It shall carry out its investigations in full co-operation with the Royal Government of Laos and shall immediately inform the Co-Chairmen of any violations or threats of violations of Article 4, and also of all significant steps which it takes in pursuance of this Article in accordance with Article 8.

ARTICLE 12

The Commission shall assist the Royal Government of Laos in cases where the Royal Government of Laos considers that a violation of Article 6 of this Protocol may have taken place. This assistance will be rendered at the request of the Royal Government of Laos and in full co-operation with it.

ARTICLE 13

The Commission shall exercise its functions under this Protocol in close co-operation with the Royal Government of Laos. It is understood that the Royal Government of Laos at all levels will render the Commission all possible assistance in the performance by the Commission of these functions and also will take all necessary measures to ensure the security of the Commission and its inspection teams during their activities in Laos.

ARTICLE 14

The Commission functions as a single organ of the International Conference for the Settlement of the Laotian Question, 1961-1962. The

members of the Commission will work harmoniously and in co-operation with each other with the aim of solving all questions within the terms of reference of the Commission.

Decisions of the Commission on questions relating to violations of Articles 2, 3, 4 and 6 of this Protocol or of the cease-fire referred to in Article 9, conclusions on major questions sent to the Co-Chairmen and all recommendations by the Commission shall be adopted unanimously. On other questions, including procedural questions relating to the initiation and carrying out of investigations (Article 15), decisions of the Commission shall be adopted by majority vote.

ARTICLE 15

In the exercise of its specific functions which are laid down in the relevant articles of this Protocol the Commission shall conduct investigations (directly or by sending inspection teams), when there are reasonable grounds for considering that a violation has occurred. These investigations shall be carried out at the request of the Royal Government of Laos or on the initiative of the Commission, which is acting with the concurrence of the Royal Government of Laos.

In the latter case decisions on initiating and carrying out such investigations shall be taken in the Commission by majority vote.

The Commission shall submit agreed reports on investigations in which differences which may emerge between members of the Commission on particular questions may be expressed.

The conclusions and recommendations of the Commission resulting from investigations shall be adopted unanimously.

ARTICLE 16

For the exercise of its functions the Commission shall, as necessary, set up inspection teams, on which the three member-States of the Commission shall ensure the presence of its own representatives both on the Commission and on the inspection teams, and shall promptly replace them in the event of their being unable to perform their duties.

It is understood that the dispatch of inspection teams to carry out various specific tasks takes place with the concurrence of the Royal Government of Laos. The points to which the Commission and its inspection teams go for the purposes of investigation and their length of stay at those points shall be determined in relation to the requirements of the particular investigation.

ARTICLE 17

The Commission shall have at its disposal the means of communication and transport required for the performance of its duties. These as a rule will be provided to the Commission by the Royal Government of Laos for payment on mutually acceptable terms, and those which the Royal Government of Laos cannot provide will be acquired by the Commission from other sources. It is understood that the means of communication and transport will be under the administrative control of the Commission.

ARTICLE 18

The cost of the operations of the Commission shall be borne by the members of the Conference in accordance with the provisions of this Article.

(a) The Governments of Canada, India and Poland shall pay the personal salaries and allowances of their nationals who are members of their delegations to the Commission and its subsidiary organs.

(b) The primary responsibility for the provision of accommodation for the Commission and its subsidiary organs shall rest with the Royal Government of Laos, which shall also provide such local services as may be appropriate. The Commission shall charge to the Fund referred to in sub-paragraph (c) below any local expenses not borne by the Royal Government of Laos.

(c) All other capital or running expenses incurred by the Commission in the exercise of its functions shall be met from a Fund to which all the members of the Conference shall contribute in the following proportions:

The Governments of the People's Republic of China, France, the Union of Soviet Socialist Republics, the United Kingdom and the United States of America shall contribute 17.6 per cent each.

The Governments of Burma, Cambodia, the Democratic Republic of Viet Nam, Laos, the Republic of Viet Nam and Thailand shall contribute 1.5 per cent each.

The Governments of Canada, India and Poland as members of the Commission shall contribute 1 per cent each.

ARTICLE 19

The Co-Chairmen shall at any time, if the Royal Government of Laos so requests, and in any case not later than three years after the entry into force of this Protocol, present a report with appropriate recommendations on the question of the termination of the Commission to the members of the Conference for their consideration. Before making such a report the Co-Chairmen shall hold consultations with the Royal Government of Laos and the Commission.

ARTICLE 20

This Protocol shall enter into force on signature.

It shall be deposited in the archives of the Governments of the United Kingdom and the Union of Soviet Socialist Republics, which shall furnish certified copies thereof to the other signatory States and to all other States of the world.

In witness whereof, the undersigned Plenipotentiaries have signed this Protocol.

Done in two copies in Geneva this twenty-third day of July one thousand and nine hundred and sixty-two in the English, Chinese, French, Laotian and Russian languages, each text being equally authoritative.

GOVERNMENT OF LAOS

A remarkable and significant feature of the government of Laos is the continuity of its ruling royal family. This family is probably the oldest ruling dynasty in the world today. According to legend, the Khoun Lo dynasty was founded in Muong Land Xang Hom (Land of the Million Elephants) about 1000 years ago by King Khoun Boulom who, seated on a white elephant which had black lips and eyelashes, descended from the Celestial Empire (China) on a mission of conquest, followed by a vast retinue carrying royal coronation insignia for himself and his successors. Laos is today ruled by a monarch of the original dynasty. The present King, Sisavang Vatthana, succeeded his father, Sisavong Vong, who died in 1958.

The present constitution, adopted in 1947, preserves the traditional method of succession to the throne by specifying that the King may appoint and subsequently annul his successor, who shall be the Crown Prince or any male descendant. Should he fail to do so, the successor is proposed by the Privy Council and proclaimed by the National Congress, i.e., the two houses in joint session.

The King and the Constitution

At the end of World War II on the departure of the Japanese, a strong independence movement (the Lao Issarak) proposed a constitution to the King. The elements of this first constitution have persisted and have been incorporated in the present constitution, which was drafted by a constituent assembly in 1947, accepted by the King and promulgated by him on 11 May 1947. Since the Prince of Champassak had previously agreed to renounce his sovereign rights (he was appointed Inspector-General of the Kingdom in return), Laos was truly unified again, after over 200 years, under a single constitutional monarchy. In 1953 Laos was granted full independence within the French Union. An amendment to the Constitution in 1956 removed the reference to the French Union, which was dissolved in 1958.

Modifications to the Constitution in 1949, 1952, 1956, 1957, 1961, and 1965 have considerably strengthened the King's power. He may

now dissolve the Assembly if proposed by the Council of Ministers and approved by the Privy Council. Under unusual circumstances he may promulgate legislative measures by Royal Ordinance, with prior approval of the Standing Office of the National Assembly, subject to subsequent ratification by the Assembly. During national emergencies, by request of the Privy Council and Assembly, he may assume leadership of the Government or appoint a Government of Exception. Under similar circumstances, or when war makes elections difficult, he may, in consultation with the Privy Council and Council of Ministers, preserve the old Assembly, call an election by a reduced electorate, designate new deputies or appoint additional deputies.

The Preamble of the Constitution affirms loyalty to the Crown, expresses the desire for democratic government, recognizes equality before the law, freedom from wants, and freedom of religion. Prescribed duties are service to the nation, tolerance towards all, solidarity, family obligations, work and study, integrity, and respect for the law. Further responsibilities are specified in a Bill of Rights outside the Constitution. Of particular importance in the context of Laos, and unusual among constitutions, is the obligation of tolerance towards all. Closely related to the Buddhist influence which is deeply ingrained in the people of Laos, this provision is significant in explaining the continuity and stability of a government which is backed by a constitution only 13 years old in the face of almost continuous crisis. This continuity has been achieved through progressive adaptation of the Constitution to circumstances and the tolerant acceptance of extra-legal government organization in preference to the upheaval which a more dogmatic interpretation might have entailed.

Beside his emergency powers and conciliatory role, the King's routine duties are to appoint or annul his successor, appoint the President of the Council of Ministers (in effect, the Prime Minister), and preside at meetings of the Council, appoint six members to the Privy Council (Conseil du Roi), promulgate by Royal Ordinance (Ordonnance Royale) laws adopted by the National Assembly and recommended by the Privy Council, confer civil and military grades, pardon and commute sentences, declare war subject to two-thirds vote of the National Assembly, and act as High Protector of Buddhism.

Structure of the Government

The Government of Laos consists of these elements: the King, who is Chief of State, the Council of Ministers, the Council of the Cabinet (an expanded Council of Ministers), and two chambers--the Privy Council and the National Assembly, which, in joint sessions, form the National Congress.

The Council of Ministers is the inner sanctum of the full Cabinet. The King presides over its formal sessions but, in fact, these are held rarely. The Council of the Cabinet (often abbreviated to Cabinet) is an expanded Council of Ministers which includes the Secretaries of State. The President of the Council of Ministers (often called the Prime Minister) presides over sessions of the Cabinet. In practice, the distinction between the composition of the two councils is not adhered to and the full Cabinet also attends the occasional meetings of the Council of Ministers when the King presides. These occasional sessions occur only when matters of extreme national urgency are to be discussed or when the King expresses a wish to preside. Because of the traditional esteem in which the King is held by the political leaders of the country, they may request his appearance to help resolve critical domestic issues. Since Laos is in a chronic state of undeclared civil war, the Chief of Staff of the Armed Forces, or his representative, is usually invited to all sessions of the councils to report on the military situation. In forming a Council of Ministers, the President is appointed by the King after due consultation with political leaders. He, in turn, selects the Council Members or Ministers. Prior to investiture by the King, approval of the entire Council by a simple majority vote of the National Assembly is required. Provision is made for a Vice-President of the Council and in 1962 two Deputy Presidents (or Prime Ministers) were appointed in the new government which followed the Geneva settlement. Ministers may be chosen from within or outside the Assembly. If Deputies, they may not vote on motions of censure or confidence. Should the Prime Minister die, power reverts to the King who must appoint a replacement, subject again to Assembly approval. Ministers normally head one or more large government agencies called Ministries. Secretaries of State are inferior in rank to Ministers and head smaller agencies, called Secretariats of State, or major subdivisions of Ministries. Ministers and Secretaries of State provide the major

political and executive link between the Ministries and Cabinet and often the National Assembly.

The National Assembly is the chief legislative body in an essentially one-camera legislature. The entire Assembly is reelected every five years by general suffrage. The conditions of suffrage, representation, and apportionment are fixed by an electoral law which has been modified by each Assembly. The present law (Ordonnance Royale No. 300 of 12 October 1967) provides for 59 deputies who represent the country as a whole but are elected from individual districts apportioned by registered voters. It grants universal suffrage to men and women from the age of 18.

The Assembly is convened annually by the King on May 11 for a five-month session. Special sessions may also be convened. Each session elects its President and Vice-President and a Standing Office of five Deputies who maintain contact with the actions of individual Ministers of the Council of Ministers while the Assembly is not in session. It can enact emergency laws subject to later ratification.

Bills are usually introduced to the Assembly by the Council of Ministers. They may also be introduced by the Privy Council or by individual Deputies. These are usually referred for study to standing or ad hoc committees, the latter predominating, before a vote is taken. The Constitution requires that the Assembly must deliberate on the following laws: The budget, national loans, budget accounts, civil service statutes, modifications of legal codes, organization of the kingdom, amnesties, ratification of treaties. Laws passed by the Assembly are sent to the King by way of the Privy Council, which may recommend promulgation or modification by the Assembly but has no power to deny the ultimate wishes of the Assembly. Laws not promulgated by the King within two months may be promulgated by the President of the Assembly. Finally, the Assembly is sole arbiter of the Constitution and participates in its amendment in a joint session with the Privy Council, called the National Congress.

Most sessions of the Assembly are public. A summary of its deliberations and proceedings are published in the Journal Officiel du Royaume by the Direction des Archives Nationales. It is also the official record of laws, ordinances, regulations, and of executive

and judicial proceedings. It is currently far behind schedule, but efforts are being made to close the gap.

The Privy Council (King's Council) is an upper chamber with substantial prestige but little power. It has twelve Councilors appointed by the King of which six are designated by him and six by the Assembly. Length of office and timing of sessions conform to Assembly practice, but the Council assumes the role of Chief of State and remains in session during the King's absence.

The Council is essentially an advisory body to the King on matters of legislation. It can introduce bills to the Assembly, but it seldom does. It can review, revise, remand, but not veto legislation approved by the Assembly. Its revisions can be accepted or overruled by the Assembly by a simple majority. The Council renders opinions at the request of the Cabinet. As High Court of Justice, the Council may try impeachments preferred by the Assembly.

The judiciary is based on French juridical principles but incorporates some local practices adapted to French legal codes. Prior to 1953 non-Lao were covered by a separate jurisdiction but since then all residents, except a small number with diplomatic immunity, are subject to trial by Lao courts. French law emphasizes resolution of litigation through facts and logic; Anglo-Saxon law depends more on the rival presentation of evidence by prosecution and by defence, weighed by a jury. Hence, French law makes less use of juries and greater use of investigating judges. The grand jury is unknown. It is replaced by a juge d'instruction (examining magistrate) whose responsibility it is to determine the facts and to present them to the procureur (prosecutor) who decides what action to take. It is to the juge d'instruction that one should address oneself, if possible, to obtain specific information concerning an individual held in prison for an alleged crime.

The Constitution guarantees independence of the judiciary from interference, provides for the control and discipline of judges through a Superior Judicial Council, and leaves the organization, authority, and scope of the courts to be established by law. The basic law was passed in 1950 (No. 67, dated March 31) and subsequently modified

in 1952, 1954, 1956, 1963. Since 1964, a government commission has been revising, harmonizing, and codifying the laws.

At the village (ban) level justice is usually dispensed by the Headman in the presence of the village elders. At the district (muong) level, there are some 70 justices of the peace, whose extended jurisdiction is intended to reach all the villages in the district, but has not so far achieved this goal. Prior to 1953, appeals could be made by foreign residents from provincial justices of the peace to higher courts in Saigon, Hanoi, and eventually Paris.

Above the justices of the peace, who deal only with misdemeanors, there are courts at two levels: provincial and national. The provincial courts (Cour de Premiere Instance) are located in all provincial capitals and hear both civil and criminal cases, as well as cases referred by justices of the peace. Of these, the courts in five provinces (Luang Prabang, Vientiane, Khammouane, Savannakhet, and Sedone) are first class courts, presided over by a president and two judges. The others are second class courts with only a single magistrate presiding. In Luang Prabang, Vientiane, and Pakse there are criminal courts separate from the civil courts but at the same level.

There are two national courts: One, the Court of Appeals (Cour d'Appel) is located in Luang Prabang, Vientiane, and Pakse. It reviews appeals from first-instance courts and is exclusively appellate. Three judges, assisted by four counselors, sit on each of these courts. The other, the Court of Nullification (Cour d'Annulation) is the supreme national court in all nonconstitutional cases. It is located in Vientiane and is composed of a president and four counselors. Administrative courts, a significant feature of the French judiciary system, have not been introduced in Laos.

Civil Administration

The basic structure of administration in Laos follows the French model very closely. Its chief characteristics are a high degree of centralization and a legalistic rather than an administrative approach to making the structure function. All over Laos (except temporarily in the occupied areas) education, public health and welfare, the courts, revenue collection, agricultural services, provincial administration are administered from the central government. All teachers and police work for the central government. All taxes and accounts are collected and disbursed by employees of the central government. With the exception of a few large communities, all highways, roads, and streets are constructed and maintained by the central government. Even town planning and construction permits are centrally administered.

The Executive Branch of the Government is divided for administrative purposes into a Presidency or Prime Minister's Office, an Inspectorate and Ministries (17 of them in 1970), which correspond to Departments in the U.S. Government. Ministries consist of a group of related functions. Heads of Ministries are Ministers, who provide the direct political-executive link with the Prime Minister and his Cabinet. Two other political officials are common to many Ministries: a Secretary of State and a Chief of Cabinet. The former may act as Deputy Minister or he may head a major subdivision of the Ministry. The functions of the latter are described later.

Ministries are subdivided into a hierarchy of administrative units shown below. For budgetary convenience, Ministries are assembled into related groups. The standard terms for the complete hierarchy, in English and French, as well as the title of the responsible official at each level, follows:

Name of Administrative Unit In English	In French	Responsible Official	Type of Authority
Ministry	Ministère	Minister	Political
Secretariat of State	Secrétariat d'Etat	Secretary of State	Political
Minister's Cabinet	Cabinet du Ministre	Chief of the Cabinet	Politico-Administrative
Inspectorate-General	Inspection-Générale	Inspector-General	Administrative
Inspectorate	Inspection	Inspector	Administrative
Directorate-General	Direction-Générale	Director-General	Administrative
Directorate *	Direction	Director	Administrative
Service *	Service	Director	Administrative
Division	Division	Chief	Administrative
Bureau	Bureau	Chief	Administrative
Section	Section	Chief	Administrative

* Often used interchangeably.

A few ministries have their own traditional terminology, notably the Ministry of Justice and the National Police. Other unorthodox terms sometimes encountered include: Commissariat, Office, Sous-Direction.

A list of Royal Lao Government Ministries (assembled by current budgetary groups) follows: A more complete list, showing the major subdivisions of each ministry, is given in Appendix D.

General Administration

Presidency of the Council of Ministers
Inspectorate-General of the Kingdom
Ministry of National Defence
Ministry of Veterans' Affairs
Ministry of Information
Ministry of Finance

Foreign Representation
Ministry of Foreign Affairs (and 13 Embassies)

Internal Security
Ministry of the Interior (and National Police)
Ministry of Justice

National Economy
Ministry of the Plan and Cooperation
Ministry of Rural Affairs
Ministry of National Economy

Cultural
Ministry of National Education
Ministry of Religious Affairs
Ministry of Youth and Sports

Social
Ministry of Public Health
Ministry of Social Welfare

Infrastructure
Ministry of Public Works
Ministry of Posts and Telecommunications

As might be expected, the functioning of the Royal Lao Government follows French practice fairly closely. Information and authority flow principally in a vertical direction with minimum horizontal coordination. In a typical Ministry each major division, usually a Directorate, reports directly to the Minister or Secretary of State. Coordination of the Directorates at the Directorate-General level is generally relatively minor. The principle function of the Directorate-General (in some ministries the Secretariat-General) is usually to provide internal administration: personnel, finance, accounting, maintenance, communications facilities, etc. To a lesser degree, it deals with broad ministerial problems that fall outside the scope of operational Directorates.

Most RLG Ministries have a Cabinet and Chief of Cabinet but these are usually small (sometimes only the Chief himself) and fulfill a much smaller role than in France. Because of this and because the Government in Laos is relatively small and intimate, there is usually daily contact between each Minister and the Director of each Directorate. In at least one Ministry, the Cabinet has recently been eliminated and the Directorate-General is assuming some of the coordinating and supervisory functions normally carried by the Cabinet. A technical staff is also being planned to keep the Director-General informed on the technical situation of each Directorate and to assist in obtaining a better implementation of Directives.

The Chief of Cabinet fulfills another role--that of liaison with the public. It is to him that a member of the public should address himself when he has matters of business which require administrative attention.

Documentation of Authority

In keeping with its legalistic approach to administration, authority in Laos is expressed through a number of documents:

Ordonnance Royale
Ordonnance Loi
Arrete du President du Conseil or Arrete Presidential
Arrete Ministeriel
Decision du Gouverneur Provincial or Gouverneur Municipal
Circulaire d'Interpretation) or Instruction de Service
Circulaire d'Application)
Note de Service or Ordre de Service

The first document sanctions important government decisions or actions; the second is an ordinance with force of law; the next three are formal juridical orders manifestly intended to carry the full authority of law with legal redress for noncompliance. Circulaires straddle the dividing line between juridical and nonjuridical documents, with legality determined more by the content of each document than by definition. Notes or Ordres de Service are used to transmit administrative instructions or actions with no juridical implications.

All Ordonnances and most Arretes are published in the Official Journal while very few Circulaires and no Notes or Ordres de Service are so published.

In keeping with their juridical character, all Ordonnances and Arretes follow a distinctly legalistic form, consisting of three sections: The preamble lists by number and date all prior or related texts, each preceded by the word Vu (Seen). This is followed by the new text, divided into articles, which define the terms followed by the method of application of the document. The formalistic character of these and other documents is further emphasized by the proliferation of official seals, usually in red ink, which are required in addition to the signature of the authorizing official. To be legally valid, documents must usually bear the original signature and seal (photostatic copies are valid only for information) or be official facsimiles. Thus, officials spend considerable time signing multiple copies of documents, usually at the end of the work day, and therefore requests for appointments at such hours may not be favorably received.

The Ordonnance Royale is signed by the King. Reference is always made to applicable portions of the Constitution, pertinent laws or prior ordonnances. Its principal uses are:

1. To promulgate laws approved by the National Assembly;
2. To enact regulations drafted by the Privy Council for the application of certain laws when called for in the law;
3. To convene, close or dissolve the National Assembly;
4. To appoint the President of the Council of Ministers and the Privy Councilors;
5. To make civil and military appointments to ranks and grades;
6. To commute or reduce sentences.

The Ordonnance Loi is also signed by the King. It is a variation on the Ordonnance Royale. Its principal use is as a royal decree to promulgate emergency laws approved by the Standing Office of the Assembly and subject to subsequent ratification by the full Assembly.

The Arrete du President du Conseil des Ministres or Arrete Presidentiel is signed by the President of the Council of Ministers (Prime Minister). Reference is always made to authorizing laws, statutes and decrees as well as laws, statutes and decrees affected by the Arrete. It corresponds roughly in the U. S. Government to an Executive Order. The purpose of this Arrete is to regulate by Cabinet decision the application of laws and statutes which broadly affect all Government ministries.

The Arrete Ministeriel is signed by an individual minister. Reference is always made to appropriate laws and decrees. Its purpose is to regulate, with proper reference to law, matters affecting usually only a single ministry, particularly matters of personnel management and personnel authorizations (appointments below certain grades, official travel, leave, etc.).

The Decision du Gouverneur Provincial or Gouverneur Municipal (Prefect) is signed by a provincial governor or a prefect. This document has an exceptional character defined by implicit or formal statutory or by governmental delegation of authority. Reference is always made to the delegation of authority in the pertinent statute or ministerial authorization. Its purpose is to regulate matters of personnel, provincial or municipal budgets, or urgent problems of hygiene or reprovisioning.

The Circulaire or Instruction de Service is, as its second and newer title suggests, the most commonly used document to officially disseminate instructions or policies within the Administration. Its original name stems from the days when documents could only be issued in limited numbers. Instructions were then circulated for each official to read and note. Now such instructions are disseminated in multiple quantities. This document corresponds approximately to the Manual Order in U. S. Government administration but probably covers a wider range of topics. Some idea of the scope of the Circulaire is given by the following three uses to which it might be put:

1. As a ministerial commentary, the Circulaire interprets, clarifies, explains a law or decree thus establishing the official doctrine.

2. The Circulaire may amplify a law or decree by adding legally valid regulations for its application.

3. In its simplest form, the Circulaire may be an instruction to subordinates intended to deprive them of practically all freedom of action.

In general, Circulaires are not uniform, their nature is determined by the content and they normally regulate matters of internal administration. Some examples include:

1. A Circulaire from the Minister of Finance to all tax collectors of the Revenue Service interpreting new provisions of the tax laws.

2. A Circulaire from the Minister of Defence defining the procedure for general mobilization, within the framework of current laws and regulations. Such a Circulaire could be drafted to discuss various interpretations of the laws or could simply provide instructions to be followed by subordinates and/or conscripts without offering justifying explanations.

3. A Circulaire from the Minister of Education to high school principles instructing them how to organize the education of students serving in the army.

The Note de Service or Ordre de Service is used for giving an internal instruction of minor significance, usually related to matters of personnel or material, which do not significantly affect the status of a civil servant or other employee. Examples are a temporary appointment or transfer, allocation of an official vehicle to an official.

Territorial Administration

Territorially, Laos is subdivided into four basic types of units shown in Table 1.

Table 1

TERRITORIAL SUBDIVISIONS

Subdivision	Number of Subdivisions	Head of Subdivision	Derivation of Authority of Head
Khoueng (Province)	16	Chao Khoueng (Governor)	Designated by Ministry of Interior, appointed by King (Royal Ordinance)
Muong (District)	115	Chao Muong (District Officer)	Designated by Chao Khoueng with approval of Ministry of Interior, appointed as above.
Tasseng (Canton)	910	(Nai) Tasseng (Canton Chief)	Elected by Naibans, under Chao Khoueng supervision.
Ban (Village)		Phoban or Naiban	Elected by villagers, under Chac Muong supervision.

The lower subdivisions and their chiefs do not always adhere in composition, name or title to the standard terms in the above table. In addition, assistants to chiefs, village councillors and staff still retain special local titles. Some of these follow:

	Names in common use		
For a group of cantons (district)	Muong	Kong	Dane (Administrative post)
For its chief	Chao Muong	Nai Kong	Nai Dane (Post Chief)

Sometimes the head of such a unit may be the Chao Khoueng himself, as specified by Royal Ordinance, if the Khoueng headquarters are in the District.

	Titles in common use
For a group of villages (canton)	Tasseng
For its chief	Tasseng or Nai Tasseng
Elderly village councillors	Krommakane
Village secretaries	Samien

A village chief may also be assisted by a community Samien. When a village chief is responsible for 10 or less registered inhabitants, he is granted the rights and privileges of a councillor or Krommakane. Canton, village and certain other officials are collectively referred to as Notables. They receive no salary from the Government. However, in recent years it has been customary to grant them a small, honorific, annual stipend. The National Budget for the fiscal year 1970-71 shows 24,699 Notables and provides 151 million kip for their stipends, an average of about 6,000 kip per year each.

Other terms sometimes used are:

King Khoueng (Delegated Provincial Circumscription) consisting of a group of Muongs or Kongs administered through delegation of certain of the Governor's powers to one of the Chao Muongs.

King Muong (Delegated District Circumscription) consisting of two or more cantons administered through delegation of certain of the Chao Muong's powers to one canton chief.

The organization of urban areas is shown in Table 2.

Table 2

URBAN SUBDIVISIONS

Subdivision	Names of Subdivisions	Head of Subdivision	Derivation of Authority of Head
Khampheng Nakhorn, 1st Class (1st Class Municipality)	Vientiane Luang Prabang	Prefet (Prefect)	Same as Chao Khoueng
Khampheng Nakhorn, 2nd Class (2nd Class Municipality)	Thakhek Savannakhet Pakse	Municipal Administrator	Same as Chao Muong
Khampheng Muong (Integrated Urban Center)	Xieng Khouang Saravane Attopeu Namtha Sayabouri	Resident Chao Khoueng or Chao Muong	Same as for Chao Khoueng or Chao Muong

Territorial borders between and within provinces, districts, and cantons are by no means precisely fixed yet. Correcting this situation is a recognized continual process. To promote the process and to establish the legal validity of new or modified borders and circumscriptions, the central government has defined the authority required to fix legally borders of political subdivisions.

POLITICAL SUBDIVISION

	Authority for Territorial Change
Province, regional group of provinces, or a first-class municipality	By law
District, group of districts, second-class municipality, or an urban center	By Royal Ordinance
Group of Cantons	By Presidential Arrete
Canton	By Arrete of the Minister of Interior
Group of villages or hamlets (excluding cantons)	By Decision du Gouverneur approved by the Minister of Interior

In common with French practice, the provinces and local communities of Laos are subject to a very high degree of central government authority and control. Even cantons and villages are subject, in theory at least, to supervision by central authorities.

Khouengs (Provinces)

In each provincial capital is reproduced on a small scale the executive structure of the central government. The Governor (Chao Khoueng), designated by the Ministry of the Interior and appointed by the King, is the central government executive representative responsible for administration of the province in accordance with laws passed by the National Assembly, the executive decisions of the Council of Ministers or Cabinet, and the orders of the Minister of the Interior.

Each Ministry which performs activities affecting the country as a whole, is represented by a Provincial Service Chief (Chef de

Service Provincial) and suitable staff to carry out his functions in the province. In some Ministries, the Provincial Service Chief traditionally carries a different title but the responsibility is the same. All Ministries are not necessarily represented in every province, but where they are, the following are the titles of the Provincial Service Chiefs:

Chef du Service Provincial de l'Education
Chef de Subdivision Provincial des Travaux Publics
Chef du Service Provincial de la Sante Publique
Chef du Service Provincial des Affaires Sociales et du Travail
Chef du Service Provincial de l'Information
Tresorier Provincial
Controlleur Provincial des Impots et Contributions
Receveur Provincial des Douanes et Regies
Conservateur du Domaine et de la Propriete Fonciere (Land Officer for Crown and Private Lands)
Receveur Provincial de l'Enregistrement du Timbre et des Assurances (Registrar of Deeds, Collector of Stamp Tax and Controller of Insurance)
Chef de Subdivision Provincial du Cadastre (Provincial Chief of Land Surveys or Cadastre)
Commissaire Provincial de Police (Provincial Superintendent of Police)

In addition to Provincial Services, some Ministries have also established regional administrations. Thus, the Customs Service has a Northern and Southern Inspectorate and the Revenue Directorate has three Inspectorates. These regional administrators are primarily for intraservice coordination. Despite their regional competence, they are subject, in most matters, to the authority of the Chao Khoueng. They also assist him by sitting on the provincial councils. With rank equivalent to that of a Director-General, the Governor outranks the Provincial Superintendent of Police and all Regional and Provincial Service Chiefs, who have the rank of Director. The Governor has undisputed authority and disciplinary power over all provincial chiefs with the exception of the courts and the Army Commander, though the latter is required to maintain close liaison with the Governor. The Governor may order administrative investigations on his own authority. He may order police investigations

and criminal proceedings but such orders must be transmitted through the provincial Superintendent of Police. The power of public prosecution before the provincial courts (Cour de Premier Instance) is retained by the Provincial Superintendent of Police.

In theory, all communications between Provincial Services and their headquarters are supposed to pass through the Chao Khoueng's office. In practice, just as in France where this system originated, the high degree of control accorded to provincial governors has proved difficult to impose and direct communications with home Ministries by each provincial service tends to be the rule rather than the exception, with the Chao Khoueng acting more as a coordinator. Modern communication facilities and increasingly technical aspects of many government services have reinforced this direct communication in recent years.

The Chao Khoueng also fulfills certain other important functions. He directly represents the Minister of the Interior in his province and carries out the Minister's orders in all matters of security. He directs the administrative offices of the province, such as personnel, payroll, accounting and is responsible for the effective operation and coordination of all provincial services but does not interfere with their technical operations. He has supervisory authority over Muongs, second-class municipalities and urban centers as well as over cantons and villages, to the extent that these have been granted executive or administrative powers. Such power applies in particular to community services which are provided by custom in the absence of any official text establishing cantons and villages as independent collectivities. The Constitution grants the Chao Khoueng executive independence but in the absence of provincial budgets, this independence is theoretical rather than actual. Only the prefects of first-class municipalities, who have the same status as provincial governors, with their small independent budgets, are able to exercise some executive independence.

In another, and perhaps one of his most important functions, the Governor is the representative of the Minister of Finance, Chief Certifying Officer of the Kingdom (Ordonnateur Principal), with the title of Sub-Certifying Officer (Sous-Ordonnateur). All funds spent in a province emanate from the national budget and are allocated periodically to the Chao Khoueng in lump-sum obligations (delegations)

in amounts necessary to meet the planned needs of individual provincial services. All requests for expenditures against these funds by the provincial services must be approved and certified correct by the Chao Khoueng, after which the actual disbursement is made by the Provincial Treasurer. Since there are at present no provincial revenues and all taxes collected revert to the central government, the Chao Khoueng and Provincial Treasurer, together, control the purse strings of the province.

The Provincial Governor is assisted by two councils, both created since the independence of Laos: the Provincial Consultative Council, established in November 1949, and the Provincial Administrative Council, established in June 1961. These councils correspond in embryonic form to a provincial legislature and cabinet, for it must be emphasized that provincial government remains today essentially only an arm of the central government. Only when taxing and spending authority through an independent budget is granted to the provinces will they begin to acquire political independence. Since widespread education is of very recent origin and communication between areas of the same province is often interrupted by the present state of war, it is very doubtful whether the country is ready yet to undertake such a move. On the municipal level, where the territorial problems are minor, progress is being made in developing political and fiscal independence. Experience gained here should be useful in extending greater autonomy to the provinces.

The Provincial Consultative Council is composed of

Ex-officio members:

The Chao Khoueng, Chao Muongs, Naikongs and Nai Danes of the Province.

Appointed members:

1-3 Counsellors, representing non-Lao mountain tribes, appointed by the Chao Khoueng.

Elected members:

2-4 Counsellors from each Muong or Khong elected for 4-year terms by electors from circumscribed villages.

By invitation:

Chiefs of provincial services, Tassengs whose presence is pertinent.

The Consultative Council is essentially an advisory body on administrative matters but excluding political matters. Subject to restrictions of applicable national laws, the Council may act on changes of provincial or intra-provincial borders, establishment of administrative posts or delegated circumscriptions, the public works program, use of requisitioned labor, additional matters subsequently authorized by law. The Council meets annually at a session held at the provincial capital. One special session may be convened. Between sessions it is represented by a standing committee consisting of the governor, civil servant members, and all council members who reside in the provincial capital.

The Provincial Administrative Council or Kong Pasoum Phokong Khoueng was created in 1961 with the object of strengthening the Governor's control over Provincial Service Chiefs and reducing their habit of operating as extremities of their central Ministries, in isolation of other Provincial Services. These councils replaced other bodies previously created for the same purpose, the most recent being the Provincial Coordinating Committees established in 1957. Members of the Administrative Council are, ex-officio:

The Chao Khoueng or Governor	President
The Commander of the Military Subdivision	Vice President
The Provincial Superintendent of Police	Vice President
The Chiefs of Government Provincial Services	Vice President
An official of the Governor's office	Secretary

Meetings of the Provincial Administrative Councils are called weekly or more often if necessary by the Council's President. The Councils are intended to act as executive cabinets and as coordinating bodies between the Provincial Services.

Muongs (Districts)

A Muong is a political circumscription grouping several cantons, usually of ancient and traditional origin. It is the smallest territorial

area directly administered by a government civil servant--the Chao Muong or District Chief. His rank corresponds to that of a director in the civil service, his position is a particularly sensitive one because he represents the power of government not only at the district level but also, to a limited extent, at the canton and village levels.

In matters of order, general administration, public works or services of national interest, canton and village chiefs are agents of the central government and subject to orders of and even disciplinary action, in certain cases, by the Chao Muong. In administrative matters and public works of purely local concern, the chiefs retain their traditional autonomy which the Chao Muong must respect, support, and physically assist when appropriate. As an example, he may request assistance from the central government in both material and personnel for a worthy local project such as the construction of a school or dam.

In other matters the responsibilities of the Chao Muong parallel, at a lower echelon but with a few exceptions, those of the Chao Khoueng. He directly represents the Chao Khoueng and the Minister of the Interior in the Muong. He is the lowest echelon territorial representative of the government except, where they may exist, for Khongs or King Muongs where one district chief has been delegated authority over others. He is responsible, to the extent that they may exist, for effective operation, coordination and political impact of Muong branches of provincial services of central Ministries, but not for their technical operation. Normally, service branches would include education, public health, internal revenue and, of course, police and army posts.

Invested with police responsibility, the Chao Muong is responsible in his own right or under orders from the Chao Khoueng, for order, security, and compliance with laws and regulations. These laws and regulations are enforced as a general matter by the district branch of the National Police, but always under direct orders of the Chao Muong. He may assume the authority of canton and village chiefs when they fail to exercise their police powers. He may initiate judicial investigations and report his findings to the provincial governor and public prosecutor. He may make administrative investigations and discipline civil servants within his competence except for judiciary personnel, unless he is a justice of the peace, a

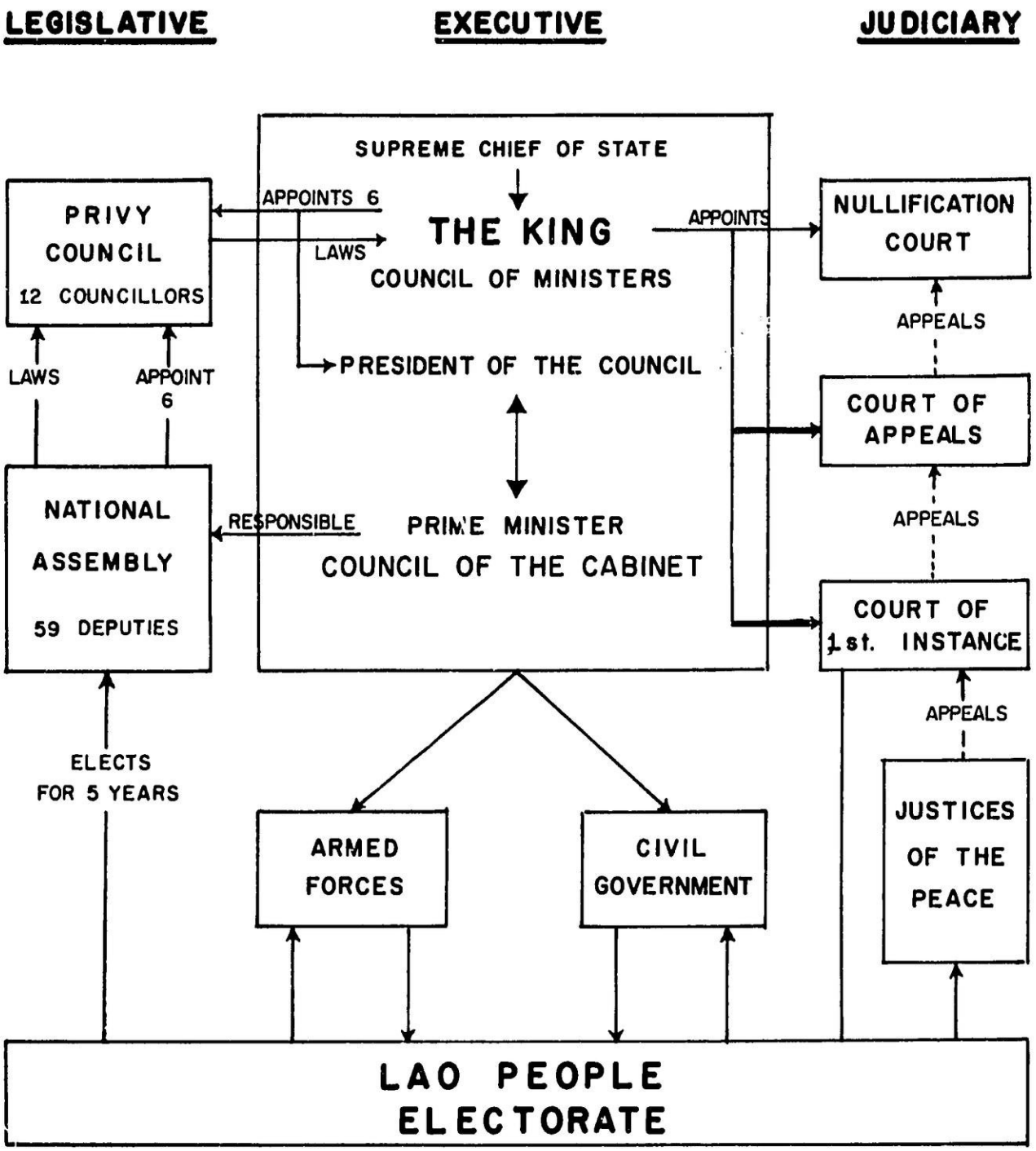
power which has in fact been conferred upon most Chao Muongs. Executive power has not been conferred upon the Chao Muong and he may not, therefore, issue regulations. He must only issue and enforce regulations emanating from the Chao Khoueng.

The Chao Muong is assisted by a District Administrative Council or Khong Passoum Pokhong Muong, created in 1961 at the same time as the Provincial Administrative Councils. Members of the District Administrative Council are, ex-officio:

The Chao Muong or District Chief	President
The Commander of the Military Company	Vice President
The District Chief of Police	Vice President
The Representatives of Provincial Services Chiefs	Vice President
An official of the District Office	Secretary

These councils exactly duplicate in purpose and practice the Provincial Administrative Councils.

ROYAL LAO GOVERNMENT



Appendix A

SUMMARY OF PROVISIONS OF THE LAO CONSTITUTION

The Constitution was adopted on 11 May 1947 and amended in 1949, 1952, 1956, 1957, 1965.

Preamble

The Constitution affirms loyalty to the Crown and to the ancient dynasty of His Majesty Sisavang Vong, King of Laos. It expresses the desire that Laos be governed by a democratic government. It recognizes as basic human rights equality before the law, freedom from want, freedom of religion; and as duties, service to the nation, tolerance toward all, solidarity, family obligations, work and study, integrity and respect for the law. Other rights are specified by law.

Fundamental Principles: Articles, 1, 2, 6, 7

Laos is a unitarian, indivisible, and democratic kingdom with its capital at Vientiane. Its flag is red with a three-headed elephant (the Erawan) at its center, standing on a five-step pedestal under a seven-tier white parasol (symbol of royalty). The national anthem is the Xat Lao (Lao Nation). The official language is Lao. Buddhism is the state religion and the King its High Protector.

The People of Laos: Articles 3, 4, 5

The Sovereignty of Laos emanates from its People. Lao citizens comprise persons of all races definitively established on Lao territory who no longer possess any other nationality. Acquisition and loss of nationality is specified by law. Voting rights, subject to legal provisions, are enjoyed by all Lao citizens of both sexes who are of age.

The King and the Government: Articles 3, 8, 9, 10, 13, 14, 15, 17, 19, 20, 21, 22, 30, 33

Succession to the throne passes to the Crown Prince or a male descendant of King Sisavang Vong in accordance with dynastic rules and the customary law of succession. The King may appoint, and subsequently annul, his successor. Should he fail to do so, his successor is proposed by the Privy Council and proclaimed by the National Congress, i.e., the two houses in joint session. Should the King be physically or juridically incapacitated, a regent (normally the Crown Prince) shall reign in his place.

The King is the Supreme Chief of State and of the Armed Forces. His person is sacred and inviolable. He is the High Protector of Buddhism. He confers all civil and military grades. He has the power to pardon and to commute sentences. He may declare war, but only with the approval by a two-thirds majority of the Assembly.

The King exercises his powers through Ministers appointed by him and presides at the Council of Ministers or delegates this prerogative. (Actually, he seldom presides.) The King, in consultation with Government leaders, appoints the President of the Council who selects a Government of Ministers and submits it to the approval, by vote of confidence, of the Assembly. The King then appoints the Ministers. During national emergencies, by joint request of the Privy Council and National Assembly, the King may assume leadership of the Government or appoint a Government of Exception, with a life fixed by the National Assembly. The King may dissolve the Assembly when proposed by the Council of Ministers and approved by the Privy Council. New elections must follow within 90 days.

By Royal Ordinance (Ordonnance Royale) the King promulgates (with a two-month maximum delay) laws adopted by the National Assembly and recommended by the Privy Council. He enacts regulatory provisions proposed by the Government and countersigned by responsible Ministers. Under unusual circumstances, and with the approval of the Officers of the National Assembly, he may promulgate by Royal Ordinance (Ordannance Loi) legislative measures subject to ratification by the Assembly.

Ministers and Secretaries of State may be appointed from within or outside the National Assembly. Ministers must direct one (or more) Ministries and may propose new laws. The President of the Council and all Ministers are jointly and individually responsible for Government policy and their own individual actions. Defeat of the Government by the Assembly on a motion of no-confidence (or on key legislation, such as the National Budget) requires the resignation of the entire Government.

The Privy Council (King's Council): Articles 12, 25, 30, 37, 38

The Privy Council has 12 members, appointed by the King. Six are designated by the King and six by the National Assembly. They may not simultaneously be Ministers or Deputies. Length of office, the calling of sessions, and their duration conform to Assembly practice except that in the King's absence, the Privy Council remains in permanent session and assumes the King's responsibilities as Chief of State.

The Privy Council examines laws approved by the Assembly and recommends promulgation by the King or recommends modifications to the Assembly. The Privy Council serves as an advisory body on proposed laws and other matters submitted for study by the King or the Assembly. The Privy Council serves, when necessary, as a High Court of Justice.

The National Assembly: Articles 24, 25, 28, 30, 31, 32

All Deputies are elected every five years and represent the entire country, not merely the electorate alone. The Assembly is convened annually on May 11 for five months, subject to modification by the King. Special sessions are called on the authority of the King, of the Council of Ministers, of the Standing Officers of the Assembly, or of 50 percent of the Deputies.

During states of national emergency or war when safety of the polls cannot be assured, election of deputies may be deferred by a special National Congress convened by the Government. During

this period the King may, in consultation with the Privy Council and Council of Ministers (1) preserve the old Assembly, (2) call an election by a reduced electorate, (3) designate new deputies following popular consultation. The King may also appoint additional deputies, not to exceed by one-third the number fixed by the electoral law (Art. 25, amended in 1965).

Specific laws that must be approved by the Assembly are the budget, national loans, the budget accounts, civil service statutes, modifications of legal codes, organization of the kingdom, amnesties, ratification of treaties. Deputies may propose laws and appoint commissions of inquiry or investigation of public services.

Approved laws must be promulgated within two month (one month for urgent laws) or returned to the Assembly by the Privy Council for reconsideration. The Assembly may override the recommendations of the Privy Council. Otherwise, they are adopted obligatorily.

The Assembly elects at each session a Standing Office. While not in session, this Office studies and supervises the emergency proposals and actions of the Government and assures their eventual ratification. (Emergency laws put into effect by this means are called Ordonnances Lois until ratified.)

Administrative and Judicial Organization: Articles:: 39-42

Provinces are administered by a Chao Koueng, assisted by an elected Provincial Council. Provinces may have autonomous budgets. The revenues, expenditures, administration and control of such budgets will be established by law. Large urban centers may have a special organization.

The organization, authority, and scope of the Courts over judicial, administrative, and jurisdictional matters are established by law. The discipline, rights, and duties of judges are assured through a Superior Judicial Council. Independence of judicial authority from legislative and executive power is guaranteed.

Amendments: Articles 43, 44

Amendments may be proposed by the Privy Council, Council of Ministers, or the National Assembly by absolute majority. Such proposals must be deliberated on by a joint session or National Congress of the Assembly and Privy Council convened by the King. Approval requires a two-thirds majority vote. The form of Government and the guarantees of freedom and equality may not be amended. Final interpretation of the Constitution is by the National Assembly.

Appendix B

MEMBERS OF THE PROVISIONAL GOVERNMENT OF NATIONAL UNION, 1962

Note: N - KK (Neutralist - Khang Khay) R (Rightist)
N - VT (Neutralist - Vientiane) L (Leftist)

President of the Council of Ministers, Minister of Defence, Veterans' Affairs, and Rural Affairs	Prince Souvanna Phouma (N - KK)
Vice-president of the Council, Minister of National Economy and of the Plan	Prince Souphanouvong (L)
Vice-president of the Council, Minister of Finance	Phoumi Nosavan (R)
Minister of Interior and of Public Welfare	Pheng Phongsavan (N - KK)
Minister of Foreign Affairs	Quinim Pholsena (N - KK)
Minister of Information, Propaganda and Tourism	Phoumi Vongvichit (L)
Minister of Education, Arts, and of Sports and Youth	Leuam Insisiengmay (R)
Minister of Religious Affairs	Bounthan Songvilay (N - VT)
Minister of Posts and Telecommunications	Prince Sisoumang Sisaleumsak (N - KK)
Minister of Public Works and Transportation	Ngon Sananikone (N - VT)

Minister of Public Health	Khamsouk Keola (N - KK)
Minister of Justice	Khun One Voravong (N - KK)
Secretary of State for Finance	Phouangphet Phanaret (R)
Secretary of State for Social Welfare	Keo Viphakone (N - VT)
Secretary of State for Arts, Sports and Youth	Bounthong Voravong (R)
Secretary of State for Economy and Plan	Khampheuane Tounarom (L)
Secretary of State for Public Works and Transport	Tiao Souk Vongsak (L)
Secretary of State for Veterans' Affairs	Heuane Mongkholvilay (N - KK)
Secretary of State for Rural Affairs	Khampheng Bhoupha (N - KK)

Appendix C
MEMBERS OF THE GOVERNMENT OF NATIONAL UNION, 1970

Prime Minister, President of the Council of Ministers, Minister of Defence, Foreign Affairs, Veterans' Affairs and Rural Affairs (as of 30 October, in charge of Ministry of Information)	Prince Souvanna Phouma (N - KK)
Vice-president of the Council of Ministers, Minister of National Economy and of the Plan	Prince Souphanouvong (L) Absent
Vice-president of the Council, Minister of Education, Arts and Sports and Youth	Leuam Insisiengmay (R)
Minister of Information, Propaganda and Tourism	Phoumi Vongvichit (L) Absent
Minister of Interior and of Social Welfare	Pheng Phongsavan (N - KK)
Minister of Public Works and Transportation	Ngon Sananikone (N - VT)
Minister of Religious Affairs	Boun Om Na Champassak (R)
Minister of Posts and Telecommunication (in charge of Information* and Public Health)	Sisoumang Sisaleumsak (N - KK)
Minister of Justice (in charge of Plan and Cooperation)	Inpeng Suryadhay (R)

*Transferred on 30 October to Prince Souvanna Phouma.

Minister of Finance (in charge of National Economy)	Sisouk Na Champassak (R)
Secretary of State for Public Works and Transport	Souk Vongsak (L) Absent
Secretary of State for National Economy and for Plan and Cooperation	Khampheuane Tounalom (L) Absent
Secretary of State for Public Welfare	Keo Viphakone (N – VT)
Secretary of State for Veterans' Affairs	Soukan Vilaysarn (N - KK)
Secretary of State for Finance (in charge of National Economy	Houmphanh Saignasith (R)
Secretary of State for Rural Affairs	Souk Upravan (N - KK)
Secretary of State for Public Health	Khamphai Abhay (R)
Secretary of State for Sports and Youth	Lien Phravongviengkham (R)

Appendix D

MINISTRIES OF THE ROYAL LAO GOVERNMENT AND MAJOR SUB-DIVISIONS

General Administration

Presidency of the Council of Ministers
- Secretariat-General
- Investigation Service
- Directorate of Civil Service
- Directorate of National Archives

Inspectorate-General of the Kingdom

Ministry and Cabinet
- Ministry and Cabinet
- Directorate-General
- Inspectorate-General of the F. A. R.
- Chiefs of Staff
- Directorate of the Military Budget
- Directorate of Military Finances
- Directorate of Military Justice
- Military Academy
- Directorate of Civil Defence
- Directorate of Logistics
- Directorates (4) of Special Studies, Organization, Administration and Control, Military Security
- Directorate of Military Pensions
- Joint Support Services (10)
- Psychological Warfare Service
- Social Welfare Service

Ministry of Veterans' Affairs
- Ministry and Cabinet
- Secretariat of State for Veterans' Affairs
- Directorate-General
- Directorate of Pensions and Social Affairs

Directorate of Reclassification
and Coordination
External Services
Orthopedic Center
Veterans' Cooperative
Center for the Disabled
Re-education Center
Center for Special Discharges

Ministry of Information, Propaganda and Tourism
Ministry and Cabinet
Directorate-General
Directorate of Information
Directorate of Tourism
Directorate of the Lao-Presse
Directorate of Broadcasting

Ministry of Finance
Ministry and Cabinet
Secretariat of State for Finance
Inspectorate-General
Directorate of Debt and Foreign Finances
Directorate of the Budget
Directorate of Internal Revenue
Directorate of Customs and Excise
Directorate of Accounts
Directorate of Housing and Property Accounting
Directorate of Registry, Lands and Stamp Tax
National Cadastral Service
National Insurance Service
National Pension Service
Treasury-General
National Bank
Development Bank of Laos

Foreign Representation

Ministry of Foreign Affairs
- Ministry and Cabinet
- Secretariat-General
- Lao Embassy at London
- Lao Embassy at Washington
- Lao Embassy at the U.N.
- Lao Embassy at Canberra
- Lao Embassy at Bangkok
- Lao Embassy at Tokyo
- Lao Embassy at New Delhi
- Lao Embassy at Phnom Penh
- Lao Embassy at Saigon
- Lao Embassy at Rangoon
- Lao Embassy at Paris
- Lao Embassy at Moscow
- Lao Embassy at Peking

Internal Security

Ministry of the Interior and National Police
- Ministry and Cabinet
- Inspectorate of Internal Affairs
- Directorate-General
- Directorate-General and Cabinet of National Police
- Inspectorate-General of Police
- Administrative Service
- Police Training Service
- Special Police Service
- Judicial Police Service
- Immigration Police Service
- Urban Police Service
- Territorial Police Service
- Commissariate of Police in each Province (16)

Ministry of Justice
- Ministry and Cabinet
- Inspectorate-General
- Directorate-General
- Court of Nullification
- Courts of Appeal (Vientiane, Luang Prabang, Pakse)
- Courts of First Instance in each province
- Penitentiary Service

Economy

Ministry of the Plan and Cooperation
- Ministry and Cabinet
- Secretary of State for the Plan
- Office of Research and Liaison
- Office of Research and Valuation
- Commissariat for the Plan
- Purchasing Office
- National Statistical Service
- Service of Mines

Ministry of Rural Affairs
- The Ministry
- Secretariat of State for Rural Affairs
- Ban Amone Rural Training Center

Ministry of National Economy
- Ministry and Cabinet
- Secretariat of State
- Directorate-General
- Commerce Service
- Agriculture Service
- Forestry Service
- Veterinary Service
- Crafts and Industry Service

Cultural

Ministry of National Education
- Ministry and Cabinet
- Directorate-General
- Directorate of Higher Education
- Directorate of Secondary Education
- Directorate of Technical Education
- Directorate of Primary Education
- Directorate of Teacher Training
- Directorate of Museums and Libraries
- Directorate of Arts and Crafts

Ministry of Religious Affairs
- Ministry and Cabinet
- Directorate-General
- Directorate of Religious Affairs
- Directorate of Religious Education
- Directorate of Historic Monuments

Ministry of Sports and Youth
- Ministry and Cabinet
- Secretariat of State for Sports and Youth
- Directorate-General
- Sports Service
- Youth Service

Social

Ministry of Health
- Ministry and Cabinet
- Secretariat of State for Public Health
- Directorate-General
- Pharmaceutical Service
- Hygiene and Preventive Medicine Service
- Maternal and Child Care Service
- Laboratory Service
- Hospital Service
- Leprosy Service

Ministry of Social Affairs and Labor
- Ministry and Cabinet
- Secretariat of State for Social Affairs and Labor
- Directorate-General
- Directorate of Refugee Relief
- Directorate of Social Welfare
- Directorate of Labor

Infrastructure

Ministry of Public Works
- Ministry and Cabinet
- Inspectorate-General
- Directorate-General
- Directorate of Roads and Bridges
- Directorate of Equipment
- Directorate of Waterways and Navigation
- Directorate of Urban Development
- Directorate of Civil Aviation
- Meteorological Service
- Geographic Service

Ministry of Posts and Telecommunications
- Ministry and Cabinet
- Directorate-General
- Inspectorate
- Directorate of Posts
- Directorate of Telecommunications

BLANK

PAGE

ECONOMY OF LAOS

At independence in 1954, Laos emerged as a country ill-prepared to survive economically as a twentieth-century state. French rule in Laos was far less sophisticated than in Vietnam and Cambodia. During the French colonial period, Laos became part of the Indochina economic complex. As such, the need for internal development was viewed in the context of Indochina as an economic whole. Government expenditures always exceeded the revenue which the economy of Laos could yield, and international payments were always greater than the foreign exchange that the economy of Laos could earn. The deficits in both instances were met out of the surpluses derived from earnings in Vietnam and Cambodia. Developmental efforts were directed primarily toward construction of a road network to facilitate the political and military administration of Indochina. There was some investment of French private capital--for example, in tin and coffee, both for export--but the effect of these enterprises on the overall economy was slight. Sixteen years after independence, Laos remains largely undeveloped, with most of its natural resources unexploited or unsurveyed. The many years of conflict within its borders have prevented gathering the basic data that are needed to identify, plan, and exploit these natural resources.

Manpower Resources

Laos has a population of about three million of which more than 80 percent live in rural areas and engage in subsistence agriculture. The population is spread unevenly throughout the country, with the greatest concentration in the valleys of the Mekong River. Only about 10 percent of the people live in the five largest towns: Vientiane, Savannakhet, and Pakse along the Mekong and Sayaboury and Luang Prabang to the north. The population under the control of the Royal Lao Government (RLG) consists of about 1.2 million people who are engaged primarily in subsistence agriculture and 500,000 people who live in places where economic activity is largely monetized.

Per capita income for the country as a whole is about $66 and the Gross National Product (GNP) in 1968 was estimated at $188 million. Per capita annual income in the monetized sector is estimated

at $180, or $1.080 for the average family of six persons. This estimate includes the foreign goods and services that have become available because of stabilization aid supplied by friendly foreign governments. In the nonmonetized village economy, per capita income is estimated at $55.

Table 1 shows the manpower resources of that area controlled by the Royal Lao Government, the number of people of working age, and the distribution by monetized and subsistence sectors. On the basis of an estimated 42 percent of the population under 15 years of age and 4 percent over 59 years of age, 54 percent of the population make up the total work force, of which an estimated 50 percent are male. An estimated 20 percent of the males of military age are in the armed forces. Of the male work force of 135,000 in the monetized sector, an estimated 40,000 are engaged in civil, police, and military activities. Nongovernmental employment in the monetized sector engages about 95,000 men. Their services are augmented by the number of women who work outside the home.

Military demands on the work force have made male workers comparatively scarce in Laos and the country has attracted a substantial number of foreign workers who have the skills that the monetized sector requires. In the most recent sample census survey, the proportion of foreigners in the population was particularly high for Vientiane and Pakse (27 percent and 28 percent, respectively), about 14 percent for Savannakhet, and 10 percent for Luang Prabang.

Workers who are literate and have a degree of education have a marked advantage over those with no schooling. Demand for education in Laos is strong and tends to outrun educational facilities. Over the five-year period ending 1969, enrollment grew 42 percent or an average of 7.3 percent per annum, which is nearly three times the 2.4 percent estimated rate of population increase. Of the 22 percent of the population of primary school age (6 to 14), 58 percent were enrolled in school in 1970. Enrollment in the sixth grade grew 83 percent over the past five years or an average of 12.8 percent per annum. Enrollment in the higher grades grew almost as fast--76 percent or an average of 12 percent per annum. Lao workers with a sixth-grade or better schooling are increasing in numbers twice as fast as the 6-percent-per-annum growth rate of the monetized economy.

Table 1

DISTRIBUTION OF MANPOWER RESOURCES
UNDER RLG CONTROL

Estimate, 1970

Manpower Distribution	Monetized Sector	Subsistence Sector	Total
Total population[a]	500,000	1,200,000	1,700,000
Work force[b]	270,000	650,000	920,000
Males[c]	135,000	325,000	460,000
Government employees[d]	40,000	70,000	110,000
Nongovernment	95,000	255,000	350,000

a/ The total population of Laos includes 200,000 to 250,000 refugees who are a part of the subsistence sector of the economy.

b/ Estimated to be the 54 percent of the population in the age group 15-59.

c/ At 50 percent of the work force.

d/ Civil, police, and military.

Government employment offers a good market for those entering the labor force with secondary education or advanced training. The civil service is growing at about 3 percent per annum. At present, the government can employ the secondary school and university graduates, but this may not be the case after a few years if a more rapidly growing number of these workers outstrips a more slowly growing governmental sector.

The less well educated who enter the labor force with a sixth-grade qualification or less are absorbed in the private sector, where they are preferred over the much larger numbers of unskilled workers. The quality of the Lao labor force is constantly being upgraded by education. The strong demand for education that is reflected in the growing numbers enrolled in school indicates that the people believe that education gives them an advantage in life and provides a way to success.

Refugees

Among the people of the subsistence economy are between 200,000 to 250,000 refugees who depend on the government for support. The impact that this refugee population will eventually have on the economy of Laos is at present a matter of speculation. The refugee population consists almost entirely of elderly people, women of all ages, and young children of both sexes.

The most promising areas for refugee integration into the monetized economy of Laos are those relocation areas near commercial centers--on the Vientiane Plain and near Pakse, Savannakhet, and Luang Prabang. At present, about 46,000 people are relocated in these areas. The plan for the economic integration of these refugee groups consists basically of two steps: First, to provide the seed and tools that will help them become self-sufficient in food production; and secondly, to introduce handicrafts, such as textile weaving, or small commercial undertakings, such as silk production or cash crops which have a market value. The degree to which these measures are successful will determine the extent to which the refugee becomes a contributor to the economy and a market for its products.

The problem of integrating the approximately 100,000 Meo and other hill-tribe refugees into the economy of Laos remains unsolved. Their traditional homes in the mountains around and north of the Plain of Jars are denied them by the presence of the Pathet Lao and North Vietnamese. They can no longer, to the extent possible in the past, follow their traditional pattern of slash-and-burn agriculture, which depends on their access to the mountains and their freedom to move

from hillside to hillside every two to three years. In effect, the future of this group of people appears at present to depend on the cessation of hostilities; there is little hope of integrating them into the economic life of Laos so long as the war continues.

Agriculture

Although Laos is potentially self-sufficient in agricultural production, armed conflict and inadequate transportation facilities have prevented development of a country-wide marketing system; urban centers must depend on imports, mainly from Thailand, to meet most of their food requirements. For rice alone, these imports have required the expenditure of an estimated $4.5 million in foreign exchange each year.

Most of the farming population of the country live in villages of 50 to 200 inhabitants. Farms in Laos total about 350,000 and the units of land worked by a family are small, usually one to three hectares. Families ordinarily till only enough land to meet their immediate needs; any surpluses are usually traded for a few necessary items, such as metal implements, textiles, and salt. Farmers in the vicinity of Vientiane and near other centers of population participate to some degree in the buying and selling that characterize the money economy. Even in these areas, however, trade of goods and services for money is not substantial and the market system is not well organized.

Rice is the major crop and the dietary staple. The decline in rice production began to assume serious proportions as early as 1960 as political disorder and armed strife forced thousands of people, particularly in the north, to move with such frequency that they were unable to plant and harvest. The critical shortages that occur in the northern areas cannot be alleviated by southern rice surpluses because of poor transport facilities. With the introduction of improved varieties of seeds and new methods in farming, rice production has steadily increased over the past three years; however, areas in which production does not meet demand remain, notably in the Vientiane Plain and the northern provinces.

Industry

Industry is limited to a few enterprises: Tin mines, sawmills, rice mills, transport operations, a match factory, building-materials plants, shoe factories, soft-drink factories, two oxygen plants, three cigarette factories, a garment factory, and a few other small-scale local manufactoring plants make up the present industrial base.

Tin is the most valuable mineral under exploitation and the country's leading export commodity. Phontieu, the most important mine, is the main French private economic interest in Laos and the largest single industrial operation. Production of tin-in-concentrate averages some 1200 tons per year.

Sawmilling is the largest manufacturing industry. Lumber ranks second after tin concentrate as an export commodity although commercial exploitation of the forests is limited because of insecurity in many forest areas. Most of the 70 to 80 sawmills are old and require substantial modernization if the lumber-export potential of Laos is to develop and grow. Because the lumber produced is seldom cured properly, it is not entirely satisfactory for either construction or woodworking. One wood-treatment plant was installed in 1970 near Vientiane.

Electric power now serves only a small proportion of the population; however, major increases in power production are taking place with the development of the country's very large hydroelectric potential. Under the auspices of the Mekong Committee with contributions from nine countries (with the United States as major contributor), a dam and hydroelectric plant are under construction on the Nam Ngum River in Vientiane Province. This hydroelectric complex will have an initial capacity of 30,000 kilowatts and an ultimate capacity of 135,000 kilowatts. Other hydroelectric development projects include dams and power plants on the Nam Dong for Luang Prabang and the Selabam dam on the Se Done for Pakse. These projects have been undertaken with the assistance of long-term credits from the French Government.

The Development Bank of Laos, the government-operated lending institution, has various industrial development functions, such as making industrial loans from its own resources, soliciting foreign credits, and participating in the financing of industrial enterprises. To assist investors, a new investment code has been formulated that, in addition to tax exemptions for the first five years of operation and exemption from duty on capital imports, provides a guaranteed period of unchanged taxation, no obligation to reinvest tax-free profits, and no sales tax.

Transportation

Laos is a country of about 91,000 square miles, however, its geographic location and topography are such that the country faces many transportation problems. Landlocked, Laos must depend on other countries to transit exports and imports. With passage through Vietnam and Cambodia denied, Tahiland is at present the only surface transit route.

From northwest to southeast, Laos extends over 500 miles with the Mekong River as its western boundary. There are no railroads. The highway system is made up of about 6,000 kilometers of primary and secondary roads of which about 20 percent can be classified as all-weather. Few roads extend inward to the more mountainous regions. Aircraft are used extensively to carry both passengers and commodities throughout Laos; in most cases, the landing facilities will accommodate only smaller-type planes. Sporadic hostilities disrupt ground transportation and force heavy reliance on air service.

Water transport is an important means of moving goods and people among those sections of the country that are near the Mekong River. The Mekong is navigable for moderate-size boats and barges from Ban Houei Sai in the north to Savannakhet, but rapids below this point and at other locations during the dry season make long-distance hauling difficult.

Trade Within Laos

To a marked degree, Laos is segmented into distinct geographic regions. Long distances by road and water between centers of population and military actions curtail trade within the country and shape the pattern for the production and distribution of farm products. In effect, each region is a separate entity. There is little movement of goods from one region to another, and serious marketing problems often arise when a particular product is not produced, processed, and consumed within a single area.

Trade with Thailand

For some time, Thailand has been supplying a major portion of the crop and livestock products consumed in population centers in Laos along the Mekong River. Despite tariff schedules, a large part of these commodities move tax free. Thailand has had a comparative advantage in that price levels in the two countries are such that it is more profitable in many instances to move Thai goods to Laos rather than the reverse. No reliable data are available on the magnitude of the traffic because much of it is not reported. Live animals, eggs, rice, fruits, and vegetables are smuggled in quantity.

Foreign Economic Relations

Foreign trade relations are characterized by a large and persistent trade deficit. The small volume of exports, valued in 1969 at $2.0 million, consists mainly of tin, wood and forest products, and green coffee. A consistently high level of imports, valued in 1969 at $42.2 million, consists primarily of manufactured goods, petroleum products, machinery and transport equipment, and since 1962, foodstuffs.

Since independence, the trade deficit has been financed by foreign economic assistance. In 1969, 67 percent of the country's imports were financed by a commodity import program of the United States and by the Foreign Exchange Operations Fund (FEOF) established in 1964 upon recommendation of the International Monetary

Fund (IMF) by the United States, United Kingdom, France, Australia, and joined in 1965 by Japan.

Trade in gold is authorized and provides a major source of revenue to the government. The government collects a 5.5 percent customs revenue on these imports. In 1969, revenue from the gold trade amounted to $2.3 million.

Financial and Monetary System

Since independence, the government has had to maintain an extensive and costly military effort. The budget is dominated by a necessary security expenditure that in itself equals total government receipts. The civilian budget deficit is covered for the most part by FEOF which has been particularly effective in maintaining the value of the country's currency since 1964. There are two legal rates of exchange for the country's currency, the kip. The official rate of Kip 240 per $1 covers purchases of goods under commodity import programs financed by foreign aid and purchases of kip by foreign governments for administrative purposes. All other transactions occur at a FEOF-supported free-market rate of Kip 500-505 per $1. FEOF has been successful in maintaining the stability of the kip during the past six years and in keeping inflationary pressures under control.

Budget revenues are derived from customs duties, fees, and to a lesser extent, direct taxes. Of these sources, over two-thirds are derived from customs duties and of this sum more than one-half has for the past several years come from duty on gold. Direct taxes provide less than ten percent of the total revenue, but have shown a steady increase in recent years.

Trends

Although security conditions have prevented the expansion of mining, timber and coffee production, the war has stimulated economic growth within the Mekong River valley. Internationally supported development activity has focused on the Vientiane Plain with the construction of the Nam Ngum dam, increases in domestic electric production and distribution, planning for the Pa Mong dam, and proposals to irrigate and to increase the cultivated area of the plain.

The war has brought about significant shifts in the population and has produced a tight labor market in the urban centers. Population is increasing in the towns at the per annum rate of 10 percent in Vientiane, 7.5 percent in urban areas generally, and 6.3 percent in the monetized sector. The per capita income level of $180 in the monetized sector provides a growing market for motorcycles, radios, and other industrial products. As the rural areas are subsistence rather than market-oriented, the growth of the urban areas has left Laos increasingly dependent on imported foodstuffs.

In summary, the war has accelerated growth in the monetized urban sector and, at the same time, it has held back development in the isolated rural areas. The war has thus increased the potential for imbalance between the rural and urban economy and between Laos and its trade partners.

STATISTICAL APPENDIX

Selected Economic Indicators
Key Economic Trend Indicators, July 1970
Education
Number of Students Studying Abroad Under Foreign Donor and RLG Sponsorships
Public Health
National Road System
Agriculture
RLG Expenditures and Receipts, FY 1965-FY 1971

SELECTED ECONOMIC INDICATORS

Area	Laos	Thailand	South Vietnam	Cambodia
Total area (thousand sq mi)	91	198	66	70
Agricultural land				
Percent of total area	7	22	33	20
Acres per capita	1.4	0.8	0.8	1.3
GNP				
Calendar year 1969 [a] ($ billion)	0.2	6.0	3.1	1.0
Average annual increase, 1964-69 [a] (%)	2.8	8.4	19.1	0.2
Per capita [a] ($)	66	166	175	74
Per capita average annual increase 1964-69 [a] (%)	0+	4.9	16.0	n.a.
Population, Health, and Education				
Mid-year population, 1970 (million)	3	37	17	7
Current population growth rate (%)	2.6	3.3	2.6	2.2
Life expectancy (years)	35	56	35	44
Students as % 5-19 age group	27	44	52	42
Students as % 5-14 age group	37	48	83	53
Literacy (%)	20	68	60	41
People per physician (thousand)	24	7.4	10	22
Government Expenditures and Revenues, 1969				
Defense expenditures ($ million)	17	180	396	65
Defense expenditures as % of GNP	14	3	17	7
Tax revenues ($ million)	15	774	315	168
Tax revenues as % of GNP	12	13	14	17
Trade and Foreign Exchange				
Commodity exports 1969 ($ million)	3	711	15	70
Annual increase exports, 1964-69 (%)	25	4	-20	-4
Commodity imports 1969 ($ million)	42	1257	668	60
Imports from U.S. 1969 ($ million)	6	148	n.a.	4
Commercial imports from U.S., 1969 ($ million)	1	126	n.a.	4
Gold, foreign exchange, July 1970, ($ million)	5	966	242	66
Leading exports	Tin	Rice/Rubber	Rubber	Rice/Rubber
Percent 1966-68 exports	68	42	87	69
Production and Production Factors				
Electric power per capita 1968 (kwh)	11	85	44	20
Roads per 1000 sq mi	30	50	120	40

	Laos	Thailand	South Vietnam	Cambodia
Prices				
Increase prices 1968-69 (%)	3.9	2.1	19.5	n.a.

SOURCES: "Selected Economic Data for the Less-Developed Countries," Office of Statistics and Reports, Bureau for Program and Policy Coordination, Agency for International Development, Washington, D.C., May 1970.

"Principle Economic and Financial Indicators," National Bank of Vietnam, Saigon, July 1970.

Vietnam Statistical Yearbook, National Institute of Statistics, Directorate General of Planning, Saigon, 1969.

Monthly Bulletin of Statistics, No. 5, National Institute of Statistics, Directorate General of Planning, Saigon, 1970.

Monthly Bulletin, Vol. X, No. 4, Bank of Thailand, Bangkok, April 1970.

a/ Laos 1968 and 1965-68 at 1965 prices.

KEY ECONOMIC TREND INDICATORS, JULY 1970

Item	Unit	1965	1966	1967	1968	1969	1970
GNP, 1965 prices	$ Million	173	-	-	188	-	-
Subsistence sector		124	-	-	130	-	-
Monetized sector		49	-	-	58	-	-
GNP, per capita	Dollars	66	-	-	66	-	-
Subsistence sector		55	-	-	55	-	-
Monetized sector		122	-	-	122	-	-
Money supply, end period	Kip Billion	9.07	10.74	11.26	12.36	13.82	15.36
At constant (1964) prices (deflated by Lao index only)		8.05	8.37	8.18	8.48	9.21	10.37
Private term deposits, end period	Kip Million	58.2	51.8	89.6	73.0	144.9	245.8
Private credit outstanding, end period	Kip Billion	1.34	1.14	1.25	0.99	1.29	1.70
Production							
Tin concentrate	MT Thousand	578	782	1230	1173	1262	
Timber	cu m Thousand	77	72	115	67	117	
Consumption							
Electricity, 6 cities	Million kw/hr	16.5	21.0	24.7	26.2	37.6	
Petroleum products	Million liters	---	83	104	102	113	
Passenger vehicle registration	Thousand	6.4	8.1	9.5	10.6	11.4	
Utility vehicle registration	Thousand	2.3	2.6	2.9	3.4	2.9	
Motorcycle registration	Thousand	2.1	6.1	8.6	10.4	11.2	
Air transport	Thous. passengers						
Local		80	95	68	92	94	
International		34	33	37	41	43	
Manpower							
Students passing Primary Education Certificate	Thousand	4.33	5.05	5.54	6.77	7.61	7.57

Item	Unit	1965	1966	1967	1968	1969	1970
Average price index	1964 = 100[a/]	112.7	128.3	137.6	145.8	150.1	150.7
Average exchange rate	Kip per $[b/]	358	425	443	460	480	480
Stabilization aid	$ Million	23.2	24.3	27.0	28.3	28.7	26.7
Total foreign exchange utilization	$ Million	30.9	35.4	43.9	48.9	52.7	49.7
Foreign trade	$ Million						
Total exports, FOB[c/]		0.5	0.7	2.1	2.9	2.0	
Total Imports, CIF[d/]		34.4	40.8	42.0	40.9	42.2	
Exports from U.S. to Laos[d/]		9.5	10.1	9.2	8.5	5.9	
Exports from Thailand to Laos[d/]		10.7	13.0	12.6	5.5	6.0	
Foreign exchange reserves, end period	$ Million						
Blocked		3.1	3.3	2.7	2.5	1.7	1.3
Free		1.6	1.5	1.1	1.4	1.1	1.6
IMF tranche		1.9	1.9	1.9	1.9	2.5	3.5

a/ RLG Vientiane Lao Household consumer price index.

b/ Average of official and free market exchange sales. Since January 1, 1964, the official rate has been K240 = $1; average free market rates were K498 = $1 (1965); K502 = $1(1966); and K505 = $1 since.

c/ Recorded exports converted at K500 = $1 to the U.S. were less than $0.1 million in any year.

d/ As reported by trade partners with 10% added to exports FOB (except from Thailand). 1969 estimate based on 7 to 11 months. Main Imports from U.S. ($ thousands): Transport equipment, $857; Non-electrical machinery, $811; Electrical machinery, $235; Iron and Steel, $324; Metal Manufactures, $152; Tobacco, $134; Cereals, $109 (cumulative January - August 1969).

EDUCATION

Note: School-age population, 6 to 14, figured at 22 percent of the 1970 estimated 1.7 million population under control of Royal Lao Government: 374,000

Percent of school-age population enrolled in school (public and private) 58 percent

	FY 60	FY 70
Enrollment		
Elementary Education	99,615	193,795
Secondary Education	2,742	6,352
Vocational Education, Fine Arts	293	1,352
Teacher Training	541	3,036
Higher Education	86	517
Private Schools (all types)	8,224	25,751
Total	111,501	230,803
Number of Schools		
Elementary Schools	1,573	1,939
Secondary Schools	6	18
Vocational Schools, Fine Arts	4	5
Teacher Training Schools	1	9
Higher Education	3	3
Private Schools (all types)	59	116
Total	1,646	2,090
Personnel		
Elementary Education	3,028	6,020
Secondary Education	143	393
Vocational Education, Fine Arts	10	291
Teacher Training	18	448
Higher Education	6	56
Private Schools (all types)	(unknown)	698
Total	3,205	7,906

Number of Students Studying Abroad under Foreign Donor and RLG Sponsorships[a/]

JUNE 1969

	U.S.A.	France	Canada	Australia	Great Britain	Japan	West Germany	Philippines	New Zealand	India	U.S.S.R.	Cambodia	Thailand	Hong Kong	Malaysia	Czechoslavakia	Yugoslavia	TOTAL
Medicine		40	1			1					3	4	6					55
Dentistry		4																4
Pharmacy		11				1												12
Secondary Studies	20		2	28		1			2		2			3		2		60
Economics Sciences	7	18																25
Law	1	11																12
Public Administration		8	2															10
Arts		10			3				1							1		15
Hydroelectricity		2																2
Teaching - Arts	1	8	2															11
Electronics		2																2
Agriculture	1	5	4		1	1		2			2		8					24
Political Sciences	1	2																3
Teaching - Mathematics		4	1															5
Sciences		45				1												46
Pedagogy	6		10	3									4					23
Commercial Studies	2				2	3												7
Engineering	1	2				2				3			3			1		12
Business Administration		1																1
Textiles		1																1
Fine Arts		1										9	1					11
Statistics		3																3

	U.S.A.	France	Canada	Australia	Great Britain	Japan	West Germany	Philippines	New Zealand	India	U.S.S.R.	Cambodia	Thailand	Hong Kong	Malaysia	Czechoslavakia	Yugoslavia	TOTAL
Telecommunications			2															2
Taxation		1																1
Hydrology	1																	1
Civil Engineering						1						1						2
Mining			1								4							5
Teaching-Draftmanship		1	1															2
Dev. Planning		2																2
Teaching - Science		11																11
Buddist Studies					1					3			7					10
Vocational Studies		1	2				18						1			2	4	29
Public Works		4									5	2						11
Forestry		2																2
Technology		3		1														4
Electricity			1								8					4		13
Architecture		1	1								2	4						8
Physical Education															7			7
Miscellaneous	1								1		11		2					15
	42	204	30	32	7	11	18	2	1	6	37	20	32	3	7	10	4	469

a/

Source: Human Resources Division, Commission for the Plan, Ministry of the Plan.

PUBLIC HEALTH

Medical Facilities	Number 1960	1969
Hospitals	5	7
Dispensaries	89	250 [a]
Midwifery	246	269
Medical Personnel		
Lao Medical Doctors	4	13
Medical Assistants	32	42
Foreign Medical Doctors	9	49
Lao Registered Nurses	0	0
Lao practical nurses, male	322	411
Lao practical nurses, female	109	265
Midwives	246	269
Dentists	0	1
Pharmacists	1	4

[a] The number varies with security conditions.

NATIONAL ROAD SYSTEM[a/]

Item	Unit	1962	1970
Roads	km		
Asphalt		586	784
All weather gravel or laterite		1,234	2,481
Dry season, earth		1,300	3,127
Bridges	Number	680	829

a/ Under control of Royal Lao Government.

AGRICULTURE

Item	Unit	1960	1970
Cropped area	ha Thousand	1670	1420
Irrigable area		1	19
Area under rice cultivation	ha Thousand		
Paddy			258
Upland		356	117
Production			
Crop			
Rice, paddy	MT Thousand	Not available	541
Corn		10 to 15	Not available
Coffee		Not available	1.5 to 2.5
Forestry			
Timber	cu m Thousand	29	111
Charcoal		695	992
Fish	MT Thousand	Not available	7.6 (1968)
Livestock	Head Thousand		
Buffalo		Not available	398
Cattle			280
Hog			522
Horse			15
Elephant			1
Goat			4
Poultry			2761

RLG EXPENDITURES AND RECEIPTS
FY 1965 - FY 1971

(Kip Million)

	FY 65 Actual (1)[a]	FY 66 Actual (2)[a]	FY 67 Actual (3)[a]	FY 68 Actual (4)[a]	FY 69 Actual (5)[a]	FY 70 Actual (6)[b]	FY 71 Budget (7)
Expenditures							
Civil	3,165	4,824	5,780	6,565	7,489	8,554	8,173
Police	761	1,173	1,185	1,159	1,160	1,220	1,231
Military	6,389	8,393	8,345	8,260	8,253	8,534	8,869
Total Expenditures	10,315	14,390	15,310	15,984	16,902	18,308	18,273
Receipts							
Customs Gold	500[c]	1,345	2,723	2,382	1,164	1,793	1,300
Customs Trade	1,516[c]	1,882	2,026	2,846	3,812	3,952	4,500
Taxes and Fees	826	1,364	1,606	2,029	2,128	2,432	3,673
Extraordinary Revenues[d]	488	130	36	21	-	-	-
Total Receipts	3,330[e]	4,721	6,391	7,278	7,104	8,177	9,473
DEFICIT	6,905[e]	9,669	8,919	8,706	9,798	10,131	8,800

a/ Columns 1, 2, 3, 4, and 5: Treasury payments.

b/ Column 6: Civil expenditures include the new Development Budget of Kip 515 million; all expenditures in this column are obligations. Receipts are final.

c/ FY 65 division of customs revenues is approximate.

d/ Perequation receipts (i.e. from revaluing inventories).

e/ The deficit was met in part by the sale of Kl. 4 million of USIP assets to FEOF.

STABILIZING THE ECONOMY

Since 1964, the Foreign Exchange Operations Fund (FEOF) has played the key role in the economy of Laos in stabilizing the exchange rate, in neutralizing the inflationary impact of the government's large budgetary deficits, and in creating economic conditions that favor a modest rate of growth even under stresses of war. When FEOF was established, the economy of Laos was in the midst of a series of inflationary spirals, each more intense than the preceding one. Political upheavals, budgetary deficits, and interruptions in the flow of foreign aid combined to drive the price level up by 17 percent between 1961 and 1962, by 91 percent between 1962 and 1963, and by 98 percent between 1963 and 1964. The exchange rate rose from Kip 80 per $1 in 1961 to Kip 660 per $1 in 1963. In this economic environment, FEOF began operations on January 2, 1964.

FEOF is an international venture in which five countries participate: Australia, France, Japan, United Kingdom, and United States. In late 1963 with foreign-exchange black marketing at its height, a program of monetary reform for Laos was drawn up by the International Monetary Fund. The Fund proposed:

> (1) A once-for-all increase in the official kip exchange rate from Kip 80 per $1 to Kip 240 per $1;
> (2) Establishment of a legal open market for foreign exchange in which rates of exchange would be determined only by supply and demand;
> (3) Organization of a stabilization fund supported by donor governments to sell foreign exchange to the public as necessary to maintain a stable market;
> (4) Commitment by the Royal Lao Government to limit the level of its deficit financing to a specified maximum in any period of time; and
> (5) Agreement by donor governments in return that kip proceeds of sales by the fund would be sterilized, thereby neutralizing the inflationary effect of the government's budgetary deficit.

FEOF was established on the basis of the International Monetary Fund proposals. Each year since 1964, four or more contributing governments have renewed their agreements with the Royal Lao Government to maintain FEOF. In drafting these renewals, the governments take into account, on the one hand, the budgetary performance of the Royal Lao Government in the preceding year and, on the other hand, the funds that the donors will be able to provide. On the basis of these consultations, simultaneous bilateral agreements are signed between the Royal Lao Government and each of the donor governments. These set an upper limit for the budget deficit and guidelines for Royal Lao Government financial and budgetary performance during the terms of the agreement. Table 1 shows the contributions of each of the participating governments from 1964 through 1969, and pledges for 1970.

Table 1

CONTRIBUTIONS TO FEOF 1964-1970
BY SOURCE

($ Million)

	Contributions						
	1964	1965	1966	1967	1968	1969	1970
United States	4.0	5.2	13.7	13.8	16.0	16.6	16.1
France	1.7	1.3	1.7	1.7	1.7	1.7	1.7
Japan	-	0.5	1.7	1.7	1.7	1.7	2.0
United Kingdom	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Australia	0.4	0.4	0.8	0.6	0.8	0.7	0.7
Royal Lao Government	-	2.8	-	-	-	-	-
Total	7.8	11.9	19.6	19.5	21.9	22.4	22.2

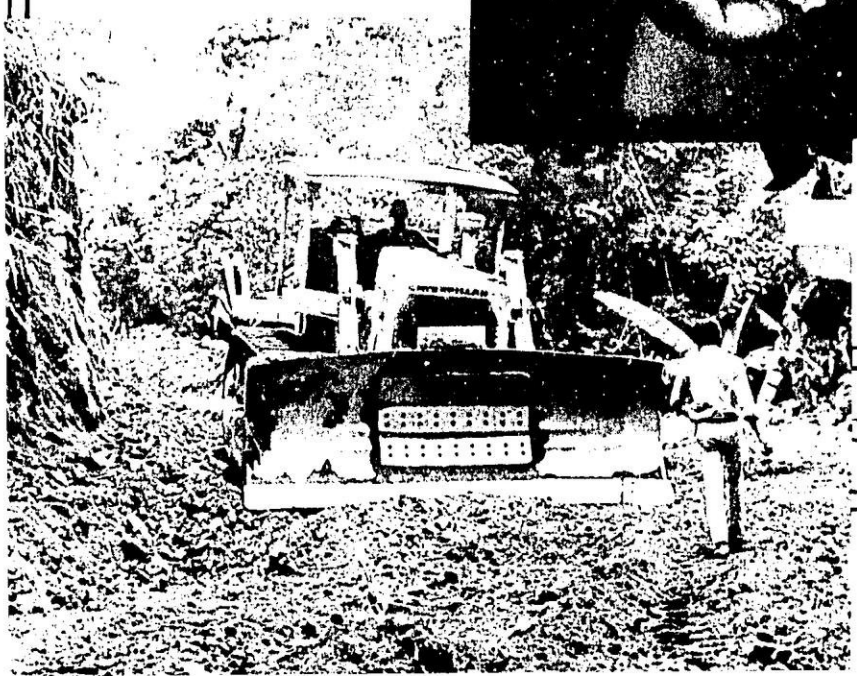
U. S.

ASSISTANCE

TO

LAOS





REFUGEES

FROM THE PLAIN OF JARS

TO THE VIENTIANE PLAIN

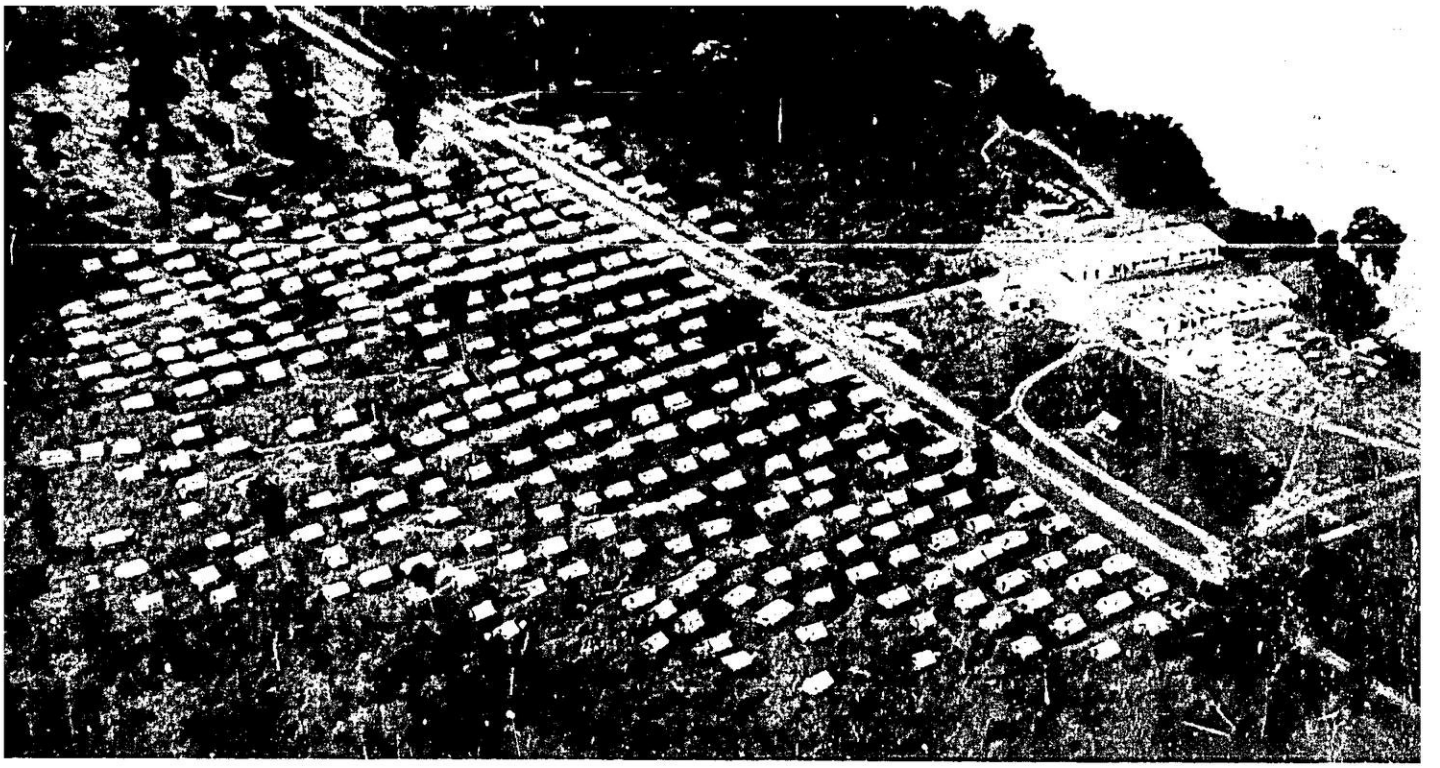
FACES OF REFUGEES

A Buddhist monk awaits the arrival of the plane that is to take him away from the Plain of Jars.



... At Wattay Airport, Vientiane

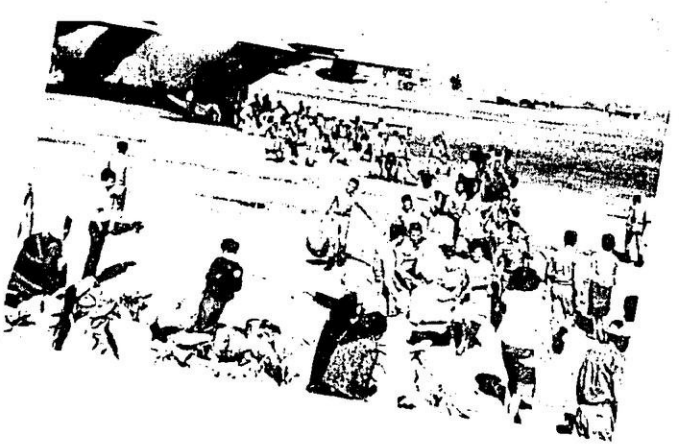




Ban Veun Kham on the Nam Ngum River, one of 17 refugee villages on the Vientiane Plain. During the one year since their evacuation from the Plain of Jars, the over 2,000 people who live in this village have built their houses, planted their rice fields, and harvested their first crop.

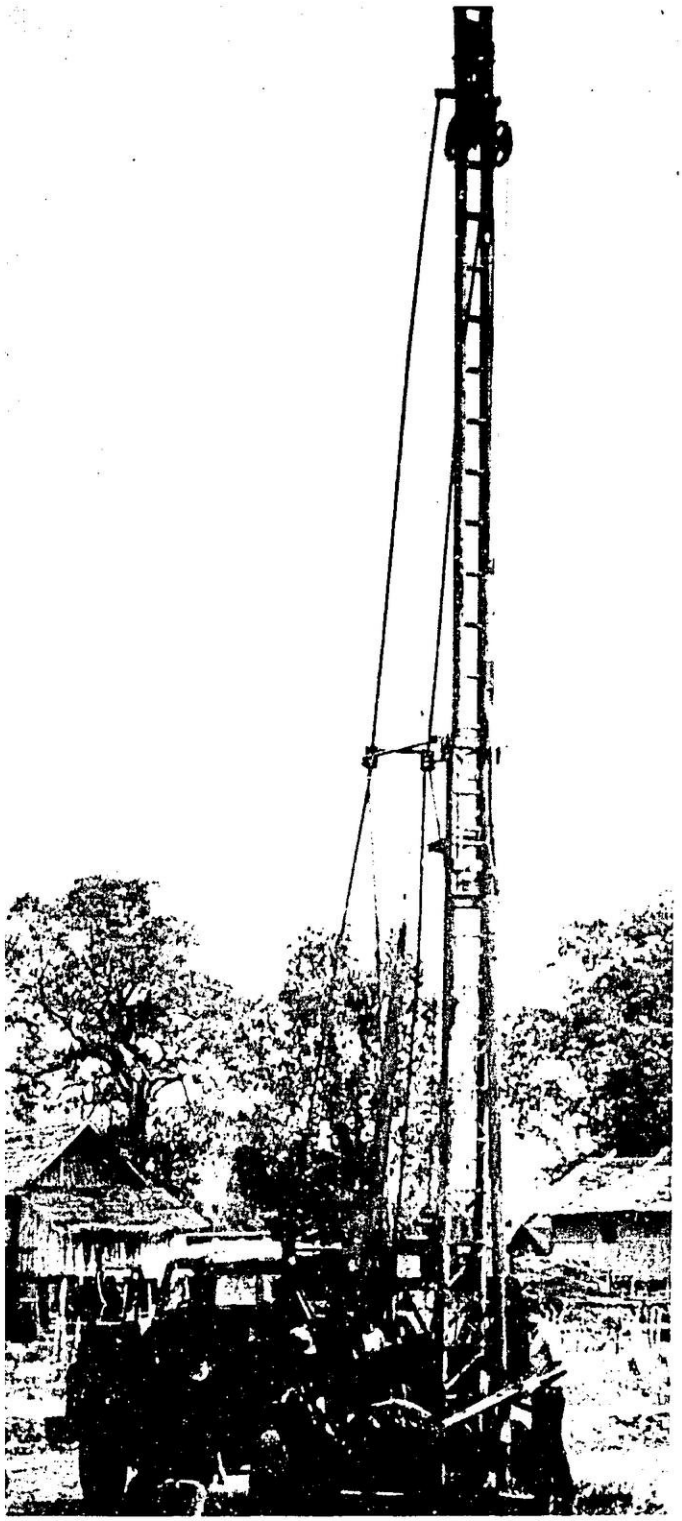


The refugees board the trucks that are to take them to a reception area and then to the villages on the Vientiane Plain. At the reception center, government workers and volunteers registered the refugees, gave them inoculations and malaria suppressants, and a three-day food supply.



Wattay Airport, Vientiane. Royal Lao Government civil service employees, military men, police, and volunteers help the refugees carry their possessions--pots and pans, here and there a sewing machine, chickens, clothes in bundles. In eight minutes, the plane unloaded, began its flight back to the Plain of Jars.

RURAL





USAID provides three rotary and two cable tool well rigs to bring water to the villages of Laos. Although lack of security limits the number of villages where well-drilling crews can work, over 1,000 wells have been drilled; in most cases, these wells are the first source of potable water that the village has known.

A new road leads from village to market on the Vient Plain. This is one of the 80 km of new roads that USAI constructing to provide access to refugee villages and promote economic activity in rural Laos.

CONOMY





Self help in the villages provides schools for village children. USAID has contributed the technical help and materials not locally available to construct 1,751 classrooms in rural communities. In 1970, these classroams accommodated over 70,000 pupils.

Well-drilling crews are trained on the job with experienced crews. Five field crews have been trained to the point of proficiency that requires only specialized technical advice from USAID technicians.

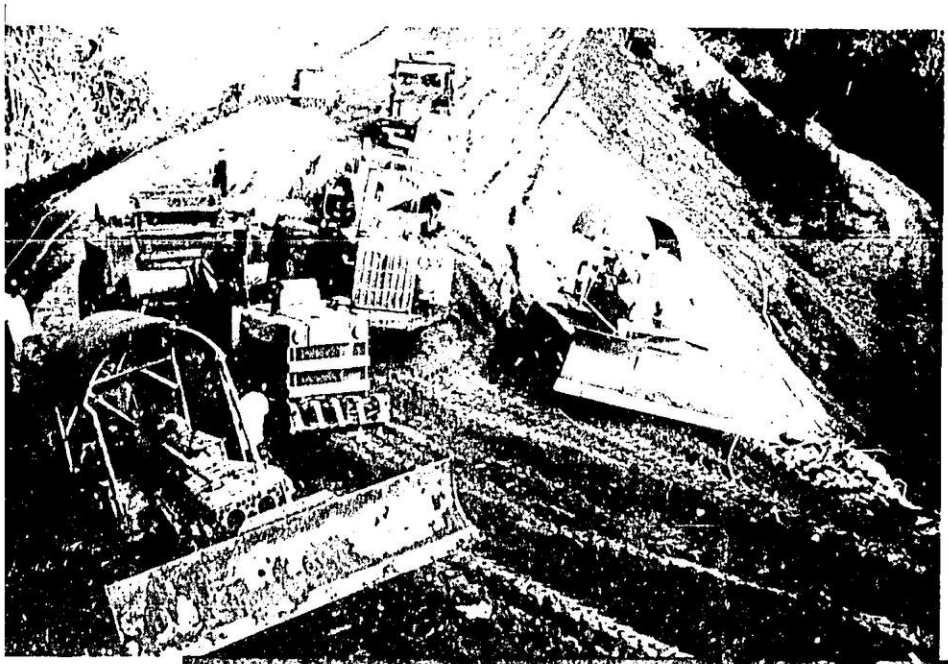
PUBLIC HEALTH



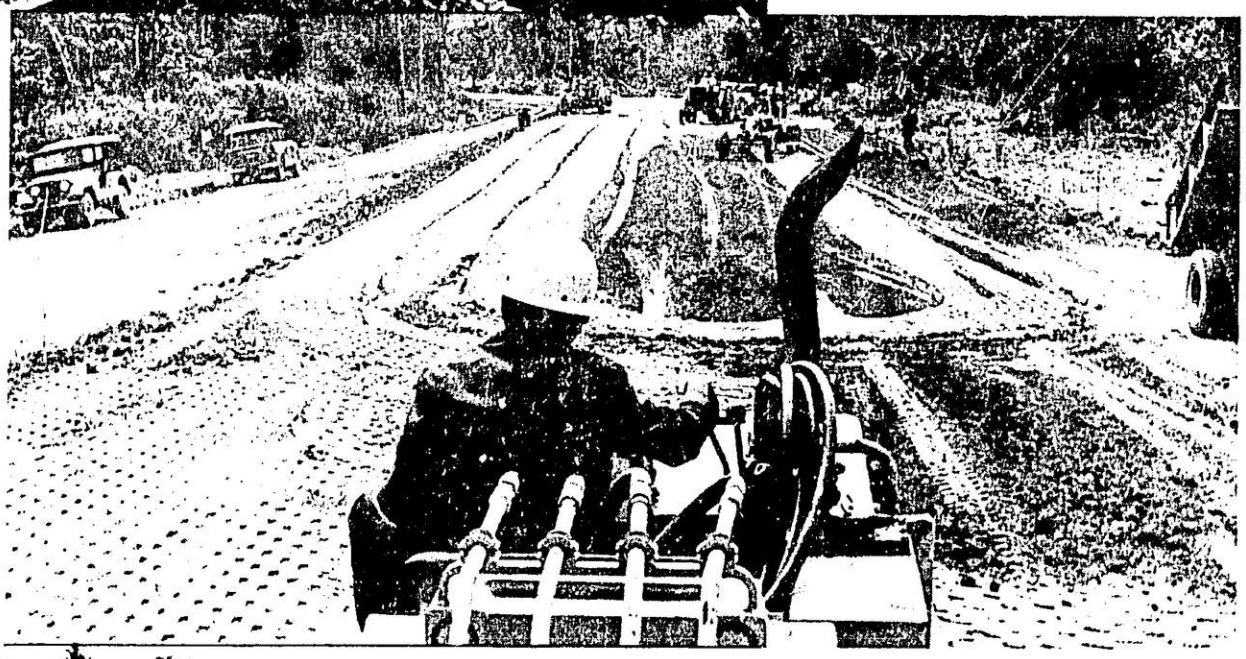
A Lao nurse who has trained for two years at one of the six Schools of Practical Nursing in Laos. Until 1969, when classes began at the School of Nursing, Mahosot Hospital, Vientiane, nurses received only two years of training. Thirty-eight student nurses are now in training in a three-year program under which they will qualify as registered nurses.



A medical team at a rural dispensary. USAID provides medical supplies and equipment for ap imately 250 rural dispensaries (their number varies with security conditions) and training for dics and practical nurses.



ROADS





Often, the roads of Laos are cut through jungle and thick underbrush. Construction crews operate from base camps near the construction site. Of the present road network of 6,392 km of asphalt, gravel or laterite, and earth roads, USAID has constructed or improved 3,272 km over the past eight years.



Drafting class in the industrial arts major. Other courses include woodwork, electricity, power mechanics, general metals. Twenty five percent of the students chose the industrial arts major.

FA NGUM SCHOOLS

The name commemorates the Lao King Fa Ngum who ruled the Land of a Million Elephants and White Parasol, 1353 - 1373.

Fa Ngum schools are an innovation in Lao education. At present, they number three comprehensive high schools that offer a choice of five majors: academic, ugriculture, commercia home economics, and industrial arts. Because the Fa Ngum schools have shown the advantages of combining academic and pre-vocational education, the Ministry of Education has announced that pre-vocational courses will be added to the traditional curriculum at the Lycees as instructors and textbooks become available.



Tronsplanting rice.



Typing class. Students learn both English and Lao typing. Other commercial courses include office management, bookkeeping, office machines (and the abacus), shorthand, business law. Twenty percent of Fa Ngum students

E D U C A T I O N



hildren i a village school illustrate the problem and the promise of education in Laos-- n ever - increasing demand for schools. Today, 2,055 elementary schools enroll 218,000 pupils-- n increase of 484 percent in enrollment over the past 15 years. USAID in cooperation with he Ministry of Education has constructed and repaired over 3,500 classrooms to help neet the demand for education in rural Laos.



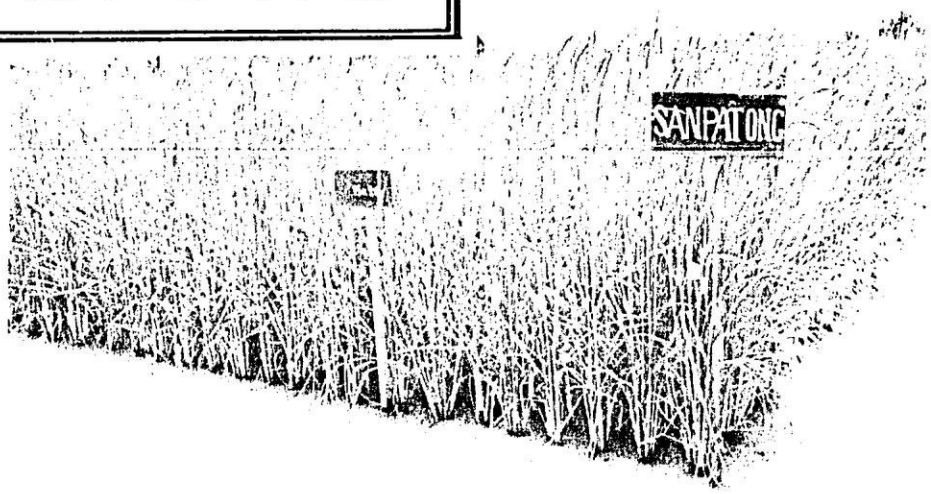
ewing class. Other home economics courses include ooking, child care, nutrition, hygiene. Twenty two per- ent of Fa Ngum's students chose the home economics ajor.



Textbooks for distribution. USAID has helped the Ministry of Education to write, print, and distribute over three million textbooks in the Lao language and to publish 84 elementary texts.

AGRICULTURE

The rice fields at Salakham Research Center, Vientiane, are planted in test plots of new rice strcins that are the result of crossings between native Lao rice and the high-yielding varieties developed at the International Rice Research Institute, Philippines. From these test plots come the seeds that the Lao farmer uses to increase his rice yield.

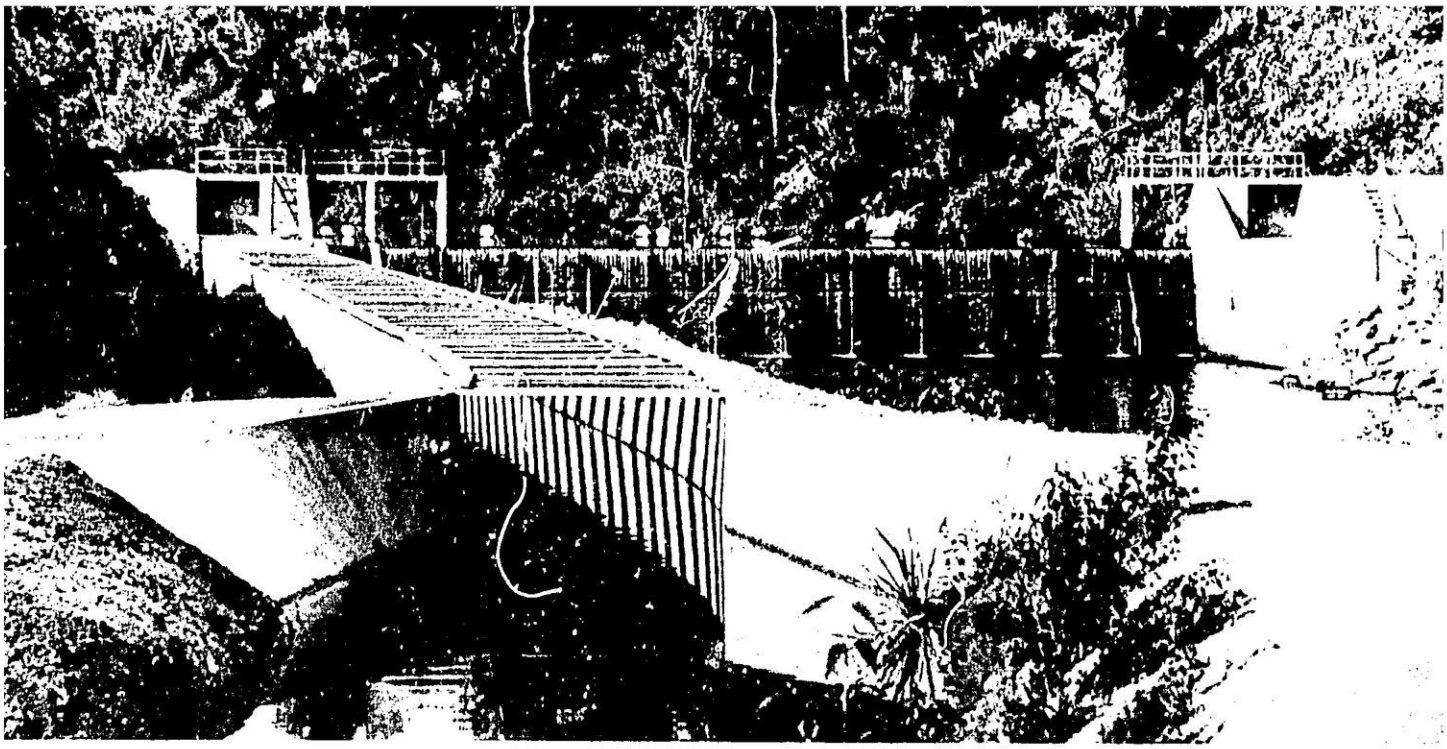




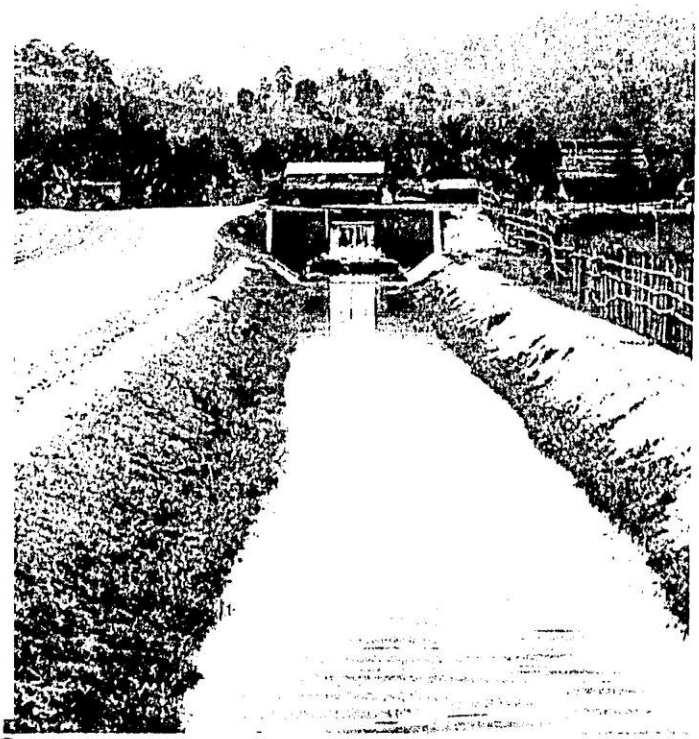
Vegetables grown in Laos appear in increasing quantity in the market. Since 1962, when extension agents began to distribute vegetable seeds and conduct demonstrations, the Lao farmer has become increasingly aware of vegetable gardens as a source of additional income. About 60 percent of all vegetables for sale in the Vientiane Market are now produced in Laos, an increase of 40 percent over the past eight years.

Extension workers introduce farmers to the new methods of production-oriented agriculture. Here, farmers tour a demonstration site to observe the increase in rice production that can be achieved by planting the new high-yielding varieties.





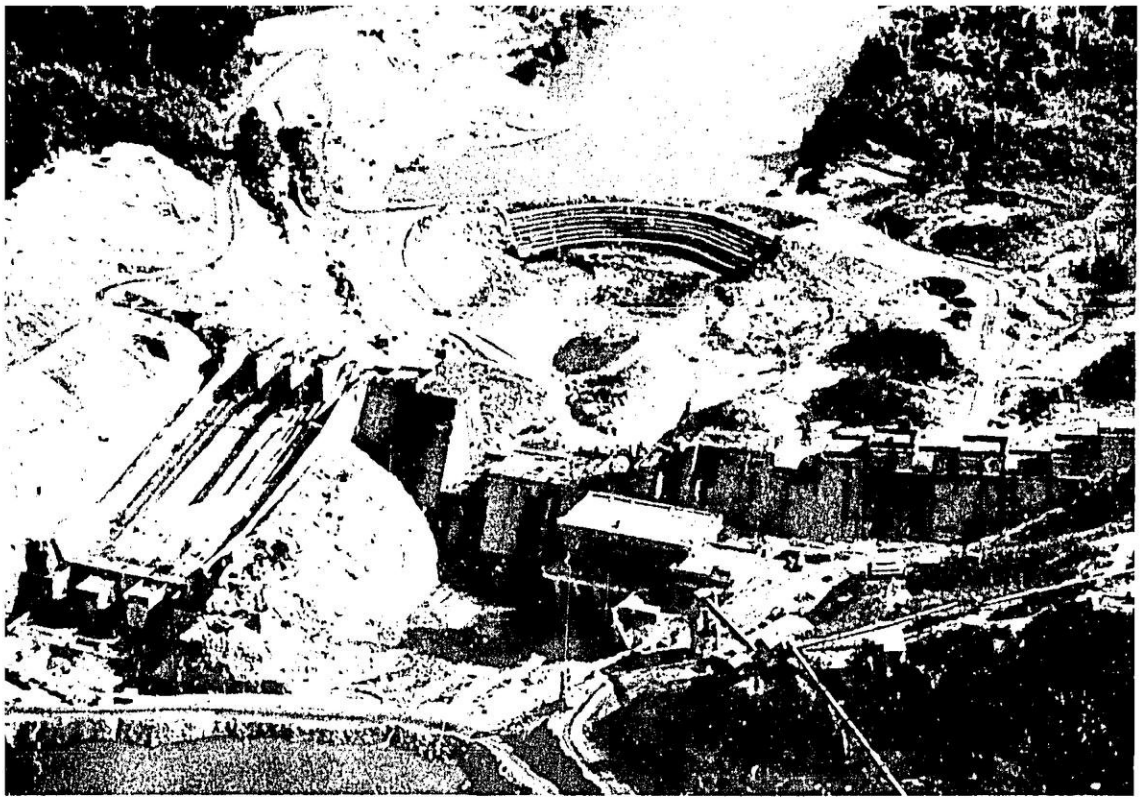
The dam and right main lateral canal of the Nam Tan irrigation system. A 7-meter high dam diverts water into distribution canals on the right and left banks of the Nam Tan River. The canal system will irrigate 3,000 hectares in the wet season and 1,000 hectares in the dry season.



Distribution canals branch off from the main canals to deliver water directly to the rice paddies. With the system in full operation, 23,000 MT of rice can be produced each year on the land that the irrigation system serves.

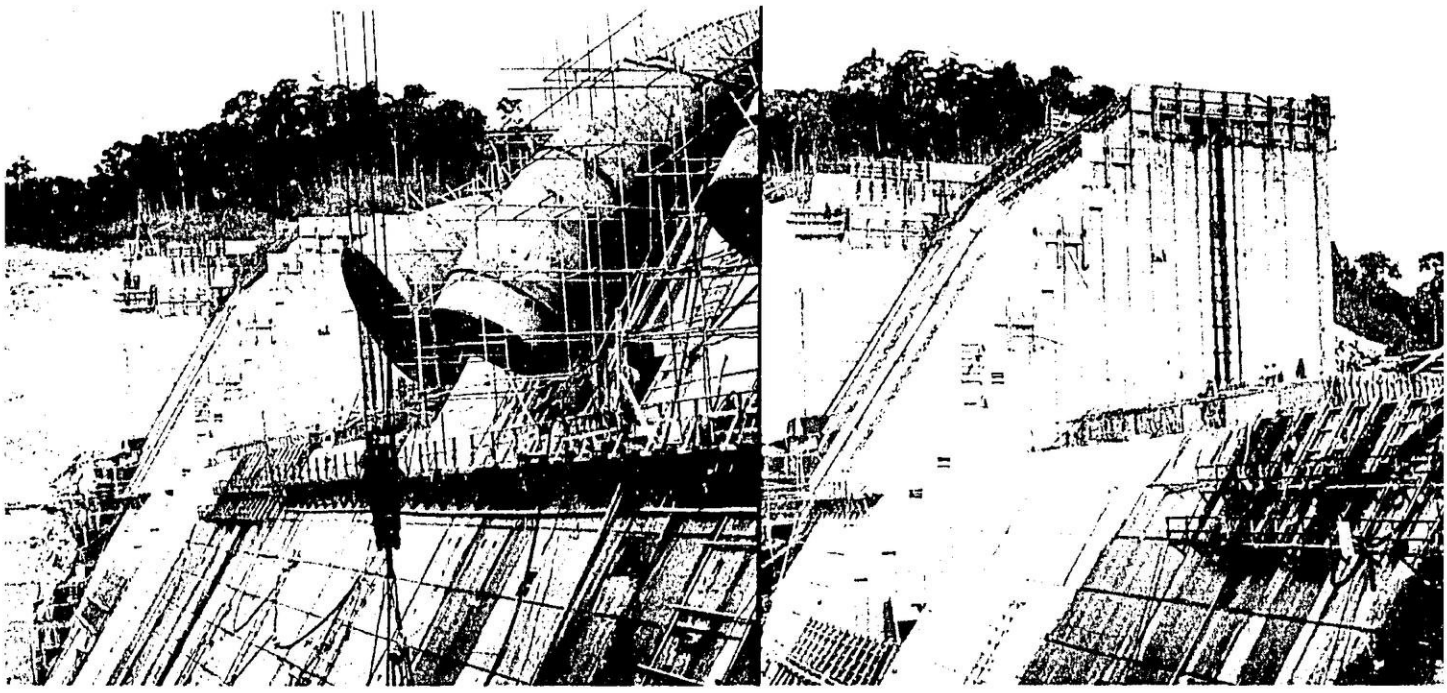


Rice horvest at Salakham Research Center, Vientiane. Adaptive research has produced o "pockage of rice technology" of improved seeds, fertilizer, insecticides, ond modern farming methods that increases the former's yield from one to two tons of rice per hectare to four to six tons per hectare.



Nam Ngum dam, th
first major multilater
regional project to b
implemented under th
auspices of the Mekon
Committee, is now unde
construction 40 mile
north of Vientiane. Th
dam is financed b
grants from a consor
tium of nine nations.

FOREIGN ASSISTANCE



Downstream face of the dam and power penstocks. The dam is a concrete gravity - type structure 75 meters high. With its accompanying powerhouse, it will be capable of producing 30,000 kw of energy in the initial stages of the project. Construction has been underway since 1968 with completion scheduled for December 1971.

As a stabilization program, FEOF depends equally for its success on the contributions of the donor governments and on the fiscal discipline of the Royal Lao Government and its willingness to control domestic credit. FEOF permits a free market and relies on fiscal and monetary policy to limit inflationary pressure and demand for foreign exchange rather than direct controls over exchange supplies. Under FEOF, Laos has two legal exchange rates: the official rate of Kip 240 to $1 at which imported aid goods are priced into the economy and at which all government transactions are financed, and the free market rate of Kip 500-505 to $1 at which FEOF sells its exchange and all remaining transactions are financed. Since 1967, FEOF has observed the rate of Kip 505 to $1 for all its transactions.

The FEOF Record

The major contribution of FEOF to the economy of Laos is its success in controlling the inflationary pressures of the government's large budgetary deficits that are a concomitant of the war. FEOF has permitted the reduction of price increases in Laos to annual rates equal to or lower than the rates of increase in the most advanced of the world's economies: 5.8 percent in 1968, 3.9 percent in 1969, and for 1970, the forecast is no increase or a very small one.

FEOF ended foreign-exchange black marketing in Laos. All commercial transactions after 1964 were made at a free-market-determined rate of exchange, and all incentive to black-marketing operations disappeared. FEOF operates solely as an adjunct to the free-market system. It provides greatly increased resources to the Lao economy, but allocates them through free-market channels. It strengthens the value of the kip, but leaves to the free market the determination of its distribution and use.

FEOF has not replaced existing sources of foreign exchange, but instead has stimulated their expansion. Non-FEOF free-market exchange earnings have improved regularly and at present equal or exceed donor contributions to FEOF. The maintenance of a stable exchange rate through FEOF has provided security and development incentives to foreign commerce in Laos. This record of stability has permitted traders and investors interested in Laos to have confidence in the future value of their transactions and has helped export, import, and investment planning.

Commodity Imports as a Stabilization Measure

As a further contribution to stabilizing the Lao economy and as a stimulus to development, the United States finances a commodity import program which consists of sales of essential commodities at the official exchange rate of Kip 240 to $1. Prior to establishing FEOF, the import requirements of the Lao economy (consumer items as well as capital goods such as machinery and equipment) were financed by commodity import programs of the United States, United Kingdom, and Australia. As shown by Table 2, the United Kingdom and Australia terminated their programs after 1967; the United States Import Program (USIP) has continued in greatly reduced amounts.

Table 2

COMMODITY IMPORT PROGRAMS
BY SOURCE
FY 1964 - FY 1970

($ Million)

	Actual Obligations						
	1964	1965	1966	1967	1968	1969	1970
United States	10.7	7.3	5.0	1.9	4.5	2.5	1.5
United Kingdom	2.8	2.8	2.8	2.8	1.0	-	-
Australia	0.3	0.3	0.3	0.2	-	-	-
Total	13.8	10.4	8.1	4.9	5.5	2.5	1.5

USIP as a stabilization measure is limited in its effectiveness: First, the market for essential items of U.S. origin that can be economically imported into Laos is limited; and secondly, before FEOF was established, pressures were strong to re-export goods imported under USIP because of the price differential between Lao imports at the official exchange rate and the cost of similar imported items in Thailand. By establishing a free-market rate at approximately Kip 500 to $1, FEOF reduced the difference between the free-market rate and the official rate and thus reduced the margin of profit that could be realized by re-export.

Since September 1, 1965, the kinds of goods that can be imported under USIP have been restricted to those that are considered essential to developing the economy: petroleum, oil, and lubricants, agricultural machinery, and trucks and busses. Petroleum products are gradually being shifted to free-market financing.

Table 1 and Table 2 illustrate the trend of stabilization assistance in terms of financing. Since 1964, contributions to FEOF have been increasing and commodity import programs decreasing. FEOF has proved to be a highly effective stabilization instrument; direct financing in the United States of commodity imports has served, first, as an incentive to development through financing capital goods and, secondly, but nonetheless importantly, as a measure that has helped to stabilize the kip.

REFUGEES

Seen from a helicopter at 1200 feet, the Vientiane Plain changes from the dark green of forests to the red earth of cleared land and the scattered geometric patterns of rice fields and villages. Among the villages, some are new. The thatch of the roofs is still the color of straw; the houses are pale stripped bamboo, not yet weathered to the gray of the older villages. For 70 miles north on the plain and 60 miles east, the new villages appear at intervals, sometimes near an older settlement, sometimes in relative isolation. The people who live in the new villages are refugees. About 15,000 are from the Plain of Jars, evacuated between February 4 and February 10, 1970, a few days before the Pathet Lao attacked and reoccupied the Plain. With the fall of Sam Thong, Xieng Khouang Province, in March 1970, their numbers increased to over 24,000 people. They live in 17 new villages on land provided by the Royal Lao Government as part of its effort to relocate the hundreds of thousands of people who have been uprooted by the war in Laos.

As early as 1954, after the signing of the Geneva Agreements, refugees began moving southward from the northern provinces of Laos: Phong Saly, Houa Khong, Houa Phan. Most of the refugees were Meo, inhabitants of the mountains of northern Laos, who practice a slash-and-burn agriculture and who find it difficult to live at altitudes lower than 3000 feet. For the most part, they moved southward into the mountainous regions of Luang Prabang and Xieng Khouang provinces. During these early years of independence in Laos, the refugees had little help other than that they received from the villages. A small amount of U.S. Government-sponsored relief was provided through humanitarian organizations. Teams airdropped blankets, cloth, cooking utensils. By the end of 1958, approximately 27,000 Meo and other mountain tribes had been helped in this way. By late 1959, the refugees numbered approximately 40,000; in 1960, after the Kong Le coup d'etat and his subsequent retreat to the Plain of Jars, their number increased to 90,000. It was at this point that USAID began to help the Royal Lao Government in refugee relief and relocation.

With the cease-fire of the 1962 Geneva agreements, the Royal Lao Government found itself host to approximately 125,000 people

who had moved from the northern and eastern provinces to that part of Laos under control of the Royal Lao Government. By this time, an organization and procedures had been developed to carry out refugee relief. This relief, then and now, consists of commodities: rice, salt, blankets, mosquito nets, cooking utensils, hand tools, vegetable seeds, and medicines. Many of these commodities, then and now, are airdropped at sites marked by the refugees in the remote and isolated parts of Laos that cannot be reached by road.

Over the years, the movement of refugees back and forth across Laos has continued. In any given year, 25,000 to 30,000 people become refugees in Laos. Also, in any given year, a portion of the refugees become self-sufficient and no longer depend on the government for support. The Royal Lao Government estimates that since 1962 over 600,000 people have been displaced by the war in Laos.

USAID Assistance

Because of the nondeferrable, life-or-death nature of refugee requirements, refugee relief receives first priority among USAID projects in claims on USAID resources. These resources are, in turn, allocated in the following order of priority:

1. Assistance on an emergency basis to refugee movements created by or in anticipation of military action, providing help in evacuating people if required, and emergency medical care and food supply;

2. Assistance in relocating refugees, providing transportation to relocation sites, food, water supply, shelter materials, medical care;

3. Assistance in providing basic facilities (schools, dispensaries, roads, wells) to bring refugee groups to an economic and social level equal to that of the nonrefugees in the area.

People become refugees under varying circumstances, and they are placed in three categories according to their needs. In the first

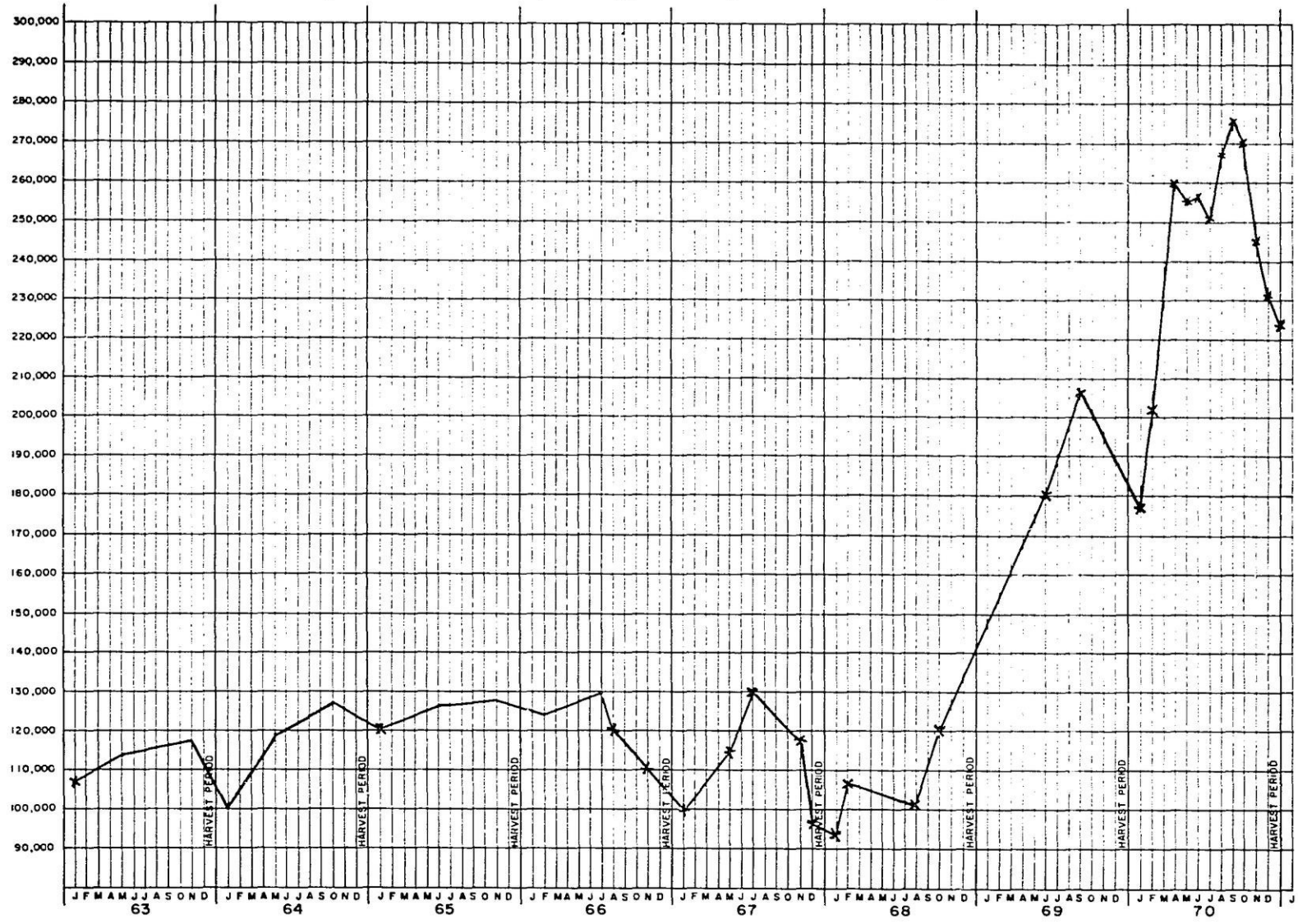
category are those refugees who have been forced to leave their homes and villages in such haste that they have neither food, household goods, nor the means to acquire either when they arrive in that part of Laos controlled by the Royal Lao Government. These refugees require full support. Figure 1 shows by month and year the number of people who have been displaced in Laos and who fall into the category of those groups who require full support.

In the second category are those who have managed to become partially self-sufficient, usually as the result of help in relocating on land that they now have under cultivation. Also in this category are those refugees who, when they left their homes, had sufficient time to gather their belongings--tools, seeds, animals, and household goods. The location of their new homes, the time of year that they arrive (because planting and harvesting are bound to the seasons), and the quality of village leadership determine the degree of self-sufficiency achieved and how quickly.

The Royal Lao Government has developed a formal plan of assistance for those refugees who wish to remain in that part of Laos controlled by the Royal Lao Government or for those who feel that there is little hope of returning to their native villages. Initiated in 1966 in an effort to reduce in number the mass movements of people back and forth across Laos, the plan includes the distribution of land to groups of refugees, such as those who are now relocated on the Vientiane Plain. In this, the initial phase of their relocation, USAID and the Royal Lao Government emphasize the goal of self-sufficiency for the refugees, which, to the Lao translates as "Enough to eat and enough to use."

In these refugee villages on the Vientiane Plain, the people now live in houses that they have built, they have planted rice and vegetable gardens and harvested their first crops; the some 4000 children of the villages are now in school. During the second year, more land will be cleared, paddy fields prepared, roads built, and houses and schools improved. In terms of USAID assistance, once permanent schools, dispensaries, roads, wells have been built and agricultural production assured to a level equal to that of the nonrefugee villages, people relocated on the Vientiane Plain will no longer be considered refugees. Any further USAID assistance will be given as part of

Fig. 1 - Number of Refugees Supported: By Month Since 1963



USAID's work in developing the rural economy: e.g., present plans to organize training programs in blacksmithing, charcoal-making, carpentry, animal husbandry, vegetable raising, and farming techniques.

The most promising areas for refugee integration into the economy of Laos are those relocation sites near commercial centers, such as these villages on the Vientiane Plan and those near Pakse, Savannakhet, and in Sayaboury Province. At present, about 46,000 people are relocated in these areas. The plan for integration of these refugee groups consists basically of two steps: First, to provide the seeds and tools that will help them become self-sufficient in food production; secondly, to introduce handicrafts, such as textile weaving, or small commercial undertakings, such as silk production or cash crops that have a market value. The degree to which these measures are successful will determine the extent to which the refugee becomes a contributor to the economy and a market for its products.

As relatively successful as refugee relocation has been to date, there remain approximately 100,000 Meo and other hill-tribe groups who are in temporary relocation sites where they must depend on the rice drops for enough to eat. The problem of integrating this group of refugees into the economy of Laos remains unsolved. Their traditional homes in the mountains around and north of the Plain of Jars are denied them by the presence of the Pathet Lao. For almost 15 years, these people have been caught in the offensives and counter-offensives of the conflict that has divided Laos. They have stripped the mountains of game, their livestock has disappeared, they can no longer practice their traditional pattern of slash-and-burn agriculture which depends on their access to the mountains and their freedom to move from hillside to hillside each two to three years. In many cases, the rice drop is their only source of food.

Depending on weather or on the presence of Pathet Lao or other enemy forces, aircraft drop approximately 50 tons of rice each day at a total of 120 drop sites. The refugees mark the sites with panels of red or white cloth which remain on the ground only for the length of time that the aircraft circles above the site. The rice is packed in triple-sewn 40-kilo sacks and dropped from an altitude of about 1000 feet from the aircraft moving at about 140 miles an hour. These 120 drop sites are served from subsupply centers where USAID stores the rice in quonset huts or in warehouses of split bamboo.

Causes and Motives in Refugee Movements

On February 1, 1970, the governor of Xieng Khouang Province and his staff of five district chiefs met with the Headmen of the villages of the Plain of Jars to present the Royal Lao Government's offer of evacuation before the Plain was once more retaken by Pathet Lao forces. The people of the Plain of Jars had lived under Pathet Lao rule from 1964 until 1969 when the Plain of Jars was recaptured by Royal Lao Government forces. The motives that prompt a people to choose between two kinds of rule are not always clear, but three conditions of life under the Pathet Lao appear to have prompted the choice of evacuation: the rice tax, portage, and the draft. The people grew more rice than they had ever grown before, but they had less for themselves. They paid it out in the form of taxes--rice to help the state, trading rice, and rice from the heart. The Pathet Lao devised an elaborate labor system of convoys and work crews. They drafted all the young men for the army. The refugees from the Plain of Jars say that primarily for these reasons they chose to leave their homes.

The years of experience with refugees in Laos make it possible to predict with reasonable accuracy the extent of refugee movements and their cost if the extent of Pathet Lao and Royal Lao Government military action can be projected from reported military activity. The military events of 1969 and 1970, which included the liberation and eventual evacuation of the Plain of Jars, reached a peak with the loss of Sam Thong in March 1970 and culminated with the loss of Attopeu and Saravane during April and May 1970. As shown by Fig. 1, the number of refugees increased rapidly during this period of unusually heavy offensives by Pathet Lao forces and counteroffensives by Royal Lao Government forces. By the end of October 1970, approximately 276,000 refugees required assistance. Since October, 60,000 refugees have become self-sufficient; however, many of this number will require additional assistance to reach full self-sufficiency. Figure 2 shows the location of these refugee groups and the number of people in each group. Because of territorial losses, the refugees are crowded into relatively small land areas. For example, over 112,000 refugees (one-half of the total refugee population now being supported) are concentrated in a narrow strip of land south of the Plain of Jars and near the village of Ban Xon.

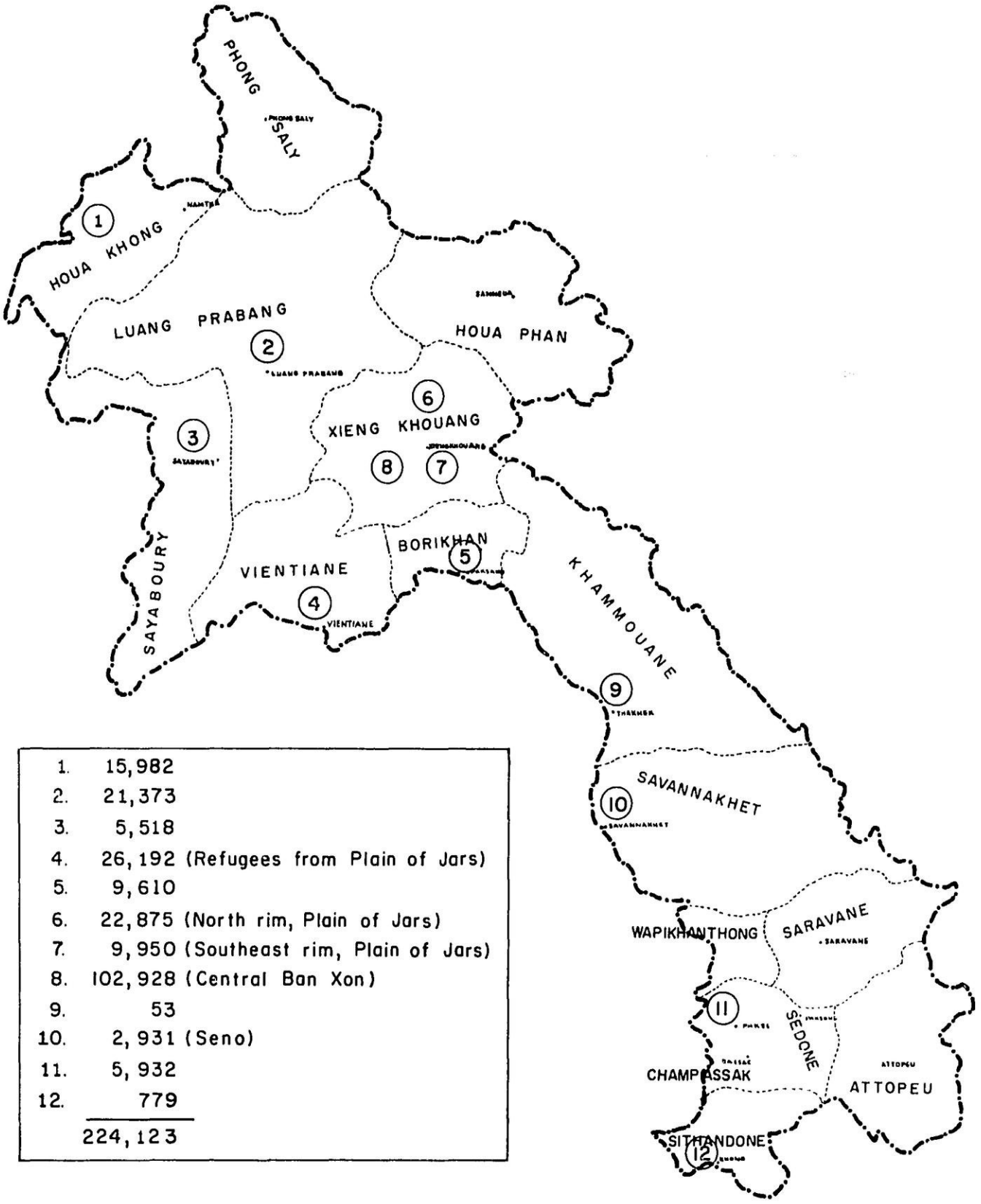


Fig. 2 - Number of Refugees and Location of Refugee Groups, January 1971

FOOD FOR PEACE, PL-480

The PL-480 food donation for FY 1971 has been substantially increased over that of previous years, and the range of foodstuffs widend to give the program greater flexibility in meeting the requirements of food for refugees. In addition to corn meal, nonfat dried milk, and vegetable oil, the FY 1972 program includes wheat flour, bulgur, wheat soya blend (WSB), and corn soya milk (CSM). Table 1 summarizes the PL-480 program, FY 1968 - FY 1971.

Table 1
PL-480 FOOD DONATION
(MT Thousand)

	FY 1968	FY 1969	FY 1970	FY 1971
Voluntary Agencies	0.7	0.75	0.8	1.3
Refugee relief	3.0	3.0	3.0	8.5
Total	3.7	3.75	3.8	9.8

All-purpose flour and WSB are processed into dry noodles by a local manufacturer to provide a dry high-protein food for refugees. Currently, the noodles are being trucked to refugee villages, but as production increases, they will be included in the airdrop. Home economists from the Ministry of Agriculture and International Voluntary Service personnel have developed recipes with PL-480 foods. They have trained home economics teams in the preparation and use of these foods; the teams, in turn, are training local leaders in the refugee villages on the Vientiane Plain.

PL-480 cotton cloth (518,000 meters) will be distributed to refugees as both finished clothing and piece cloth. Yard cloth will be provided those refugees who have the means and the ability to make their own clothing. Clothing manufacture has begun in Thakhek with programs planned for Pakse and Ban Houei Sai.

The Catholic Relief Services program has been extended to help meet the food needs of the increased refugee population on the Vientiane Plain. UNICEF continues to provide nonfat dry milk to Maternal and Child Health Centers in Vientiane and in the provinces.

DEVELOPING THE RURAL ECONOMY

Over 80 percent of the estimated 1.7 million people in that part of Laos controlled by the Royal Lao Government live in villages or in the countryside. For the most part, they are bound to the traditional pattern of subsistence rice farming. Economic progress in the rural areas is slow when compared with that of the urban centers, and the lack of security has further retarded development.

Fundamental in all USAID activities directed toward developing the rural economy is the effort to stimulate a social and community consciousness on the part of village leaders and among the people of the village. The goals are two, both equally important: To introduce social and economic change through projects that are chosen and carried out by the village, and to involve the village increasingly in the political and administrative fabric of government. The organization that USAID has developed to achieve these goals consists of three projects: rural self help, rural public works, and well drilling. These projects are closely interrelated; they interact with each other and with other USAID projects: agriculture, irrigation, community education, teacher training, village health.

Self Help in the Villages

In the political hierarchy the village is the smallest administrative unit. Village social organization is traditionally democratic, with the village leader retaining his position by popular acceptance. Village organization for social development, however, has been largely nonexistent. Village people, in general, do not identify with institutions outside their family and village, and the concepts of cooperating in self-help activities to improve their environment and of participating in processes of the national government are not prevalent.

USAID introduced the first self-help projects in 1962. These were small undertakings such as school construction, dispensaries, and wells. In the self-help project, the people of the village contribute labor and local materials; USAID contributes technical help and materials that are not locally available; the Royal Lao Government

contributes the services of its technicians and land. The USAID community development advisor acts as a social catalyst in planning and carrying out the projects. His is a multifaceted approach that is accomplished through conducting village surveys, assessing the nature and potential of the leadership in the village, and helping to develop those indigenous institutions that contribute to improving economic and social conditions.

Development work in a village consists of three overlapping phases: The first is the construction phase during which roads, dispensaries, schools, dams, wells, and training centers are built. In addition to calling upon the resources of rural public works and well drilling, this phase requires the close cooperation of other USAID projects: community education, teacher training, and village health. Table 1 shows the accomplishments of this first phase in terms of the number of construction projects completed by 1965 and the increase in that number by 1970.

Table 1

RURAL SELF-HELP CONSTRUCTION PROJECTS

Construction Projects	Number of Projects Completed By FY 1965	By FY 1970
Classrooms a/	180	1751
Dug wells	40	569
Drilled wells	28	1039
Dispensaries	3	117
Roads (km)	261	499
Bridges	34	58
Markets	8	18
Small irrigation projects	15	60
Training centers	-	11

a/ In terms of student capacity, the 180 classrooms completed by FY 1965 accommodated 7200 students; the 1751 completed by FY 1970 accommodate 70,040 students.

In the second phase, emphasis shifts to training sessions for village leaders and for the people of the village: For the leaders, to strengthen their ability to identify problems and to work with the people toward solving them; for the people, to teach new skills such as blacksmithing and carpentry, and to introduce agricultural practices that increase production. The training sessions for the village leaders inform them of the services that the government provides and of their responsibilities to the government. From these training sessions, village development committees have emerged that are beginning to originate their own self-help projects and to administer them.

In the third phase, emphasis is placed on increasing agricultural production. The work that has been done to increase rice production has stimulated the organization of farmer groups who share farm animals and machinery; embryonic credit and marketing enterprises are emerging. In cooperation with the Agriculture Extension Service, farmer association training sessions are organized; extension workshops and field trips stress the advantages of group cooperation and modern farming techniques.

Over the past four years, progress achieved has enabled the villages to increase their contribution to self-help projects from 34 percent to 64 percent of the cost of the project. USAID participation in self-help projects is shifting from its early emphasis on demonstration and construction to the training and advisory phase, with increasing demands placed on local and governmental initiative.

Public Works

Rural public works participates in developing the rural economy by providing skilled workmen and equipment to help construct schools, dispensaries, training centers, roads, airstrips, and irrigation systems. In one phase of its operations, rural public works acts as a construction contracting organization within USAID which provides its services to other USAID projects. For agriculture, rural public works constructs rice storage warehouses, fish ponds, irrigation systems; for public health, hospitals, maternal and child centers, dispensaries; for education, teacher training facilities, dormitories, primary and

secondary schools. This construction ranges from small village water systems to irrigation canals and pump installations; from masonry hospitals to one-room dispensaries built with split bamboo; from 12-classroom masonry school buildings to one-room schools with bamboo walls and thatch roofing. The accomplishments shown in Table 1 would not have been possible without the assistance that rural public works gives rural self-help projects.

In a second phase of its operations, rural public works provides plans, estimates, and supervision of the 25 to 30 construction projects that are built each year by private construction companies. Basically, the purpose of this phase is to develop within Laos contracting organizations that can take over the construction work that is now carried out by USAID. During the years since 1964 when Rural Public Works was established as a technical service organization within USAID, as many as 20 contracting organizations have acquired the experience that permits them to perform building projects varying in cost from $20,000 to $250,000.

Training is a fundamental component of all rural public works activities: To train unskilled labor as construction equipment operators, mechanics, carpenters, masons, plumbers, and electricians; to train people in the villages in more efficient use of local materials and in construction techniques; to train surveyors and draftsmen on airfield and road construction projects. Over the past five years, training programs have brought about a 40-percent increase in efficiency in the operation and maintenance of construction equipment.

Wells

Sources of uncontaminated water were rare in the villages of Laos in 1963 when USAID brought the first well-drilling equipment to Laos and began to train well-drilling crews. Although lack of security limits the number of villages where well-drilling crews can work, over 1000 wells have been drilled, in most cases, providing the first source of safe, potable water that the village has known. Currently, three rotary and two cable tool well rigs are in operation; five field crews have been trained to the point of proficiency that requires only specialized technical advice from USAID technicians, and five field crews are in training, working on the job with the experienced crews.

By far, most of the wells drilled are for village use or, as increasing numbers of refugees are relocated, to provide water for the new refugee villages. Unless they are refugees, the people pay for the well pump and provide sand, gravel, and other local materials to construct the well; they are responsible for its maintenance. Wells for commercial enterprises are also drilled when these enterprises contribute to economic development; the enterprise is required to pay the full price for drilling and installation.

PUBLIC HEALTH

Since 1963, when USAID began to help the Royal Lao Government meet the health needs of its people, medical care for the refugees, victims of war, and the people of the villages has been and continues as the most immediate need. This medical care is given for the most part through dispensaries for which USAID provides medical supplies and equipment and training for medics and practical nurses. At present, there are 250 of these dispensaries (their number varies with security conditions). The dispensaries are located predominantly in those parts of Laos where there are large numbers of refugees, where they serve both refugees and the nonrefugee population. In most cases, the dispensaries are the first source of medical care that the people have known.

Operation Brotherhood

In 1963, USAID contracted with Operation Brotherhood, a Filipino nonprofit organization, to continue the medical services that its teams had been providing in Laos since 1957. These services now include assistance to the Royal Lao Government in operating seven government hospitals located in municipal centers. In total, the hospitals have about 350 beds, are staffed by 103 Filipino medical, administrative, and support personnel, and 384 Lao employees. They provide in-patient and out-patient care for about 240,000 people a year and public health services for the communities in which they are located. An additional 17 Filipino technicians have been added to public health teams to assist in providing services in refugee relocation areas.

The USAID goals for the work carried out by Operation Brotherhood are two: To replace the Filipino personnel with trained Lao sufficient in number to keep the hospitals in operation and to transfer to the Royal Lao Government the administrative and financial responsibility for operating the hospitals. USAID, Operation Brotherhood, and the Royal Lao Government have developed a plan to phaseout the Operation Brotherhood contract gradually, but in a manner that will not unduly disrupt hospital services. The first step in the phaseout plan was taken in 1969 with assumption by the Royal Lao

Government of expenses of local personnel and daily operational costs for two of the seven hospitals.

Laos has never had sufficient trained medical personnel to care for its people. At present, there are about 13 Lao doctors; however, 24 Lao will complete medical training abroad between 1969 and 1974. Within Laos, the Royal School of Medicine graduates each year about 30 Doctor's Assistants who have a knowledge of most phases of medicine but have not had the full training to qualify for the medical degree. By 1972, 15 of these graduates, sponsored by USAID, will have received an additional two years' training in Thailand and will be available for staffing hospitals. With assistance from WHO and from the French Mission d'Aide Economique et Technique, the Royal School of Medicine is being expanded to provide full medical-degree training. Nurses are training in-country at the new Mahoset Nursing School, which was constructed with USAID assistance. The first class began in 1969.

Maternal and Child Health

Ban Nong Nieng is a village about six kilometers from Vientiane. Occasionally, a Vientiane taxi moves along its narrow, dusty streets, and some of the young men and women of the village work in Vientiane. Ban Nong Nieng is nevertheless a village of rural Laos. The people grow rice in the fields around the village; they catch fish in rice-paddy fish ponds; the boys drive the water buffalo to and from the fields. For the most part, the children of the village grow up in the traditional way. During the first months of their lives, their mothers tend them until they are replaced by another child. The older children then care for the younger. They develop immunities to the endemic diseases, they survive despite malnutrition, or they sicken and die. Most village children and the poor children of the urban centers are born and go through life without adequate medical care. With a mortality rate estimated at 30 to 50 percent, depending on areas, the babies that survive are handicapped by ritualistic taboos, although the people of the villages near urban centers are in a transitional stage and new concepts of medicine are being assimilated. Many of these new concepts are brought to them by maternal

and child health (MCH) teams that work out of Vientiane and the provincial capitals. The work of these MCH teams is one example among several Ministry of Health programs that, with WHO and USAID assistance, bring medical care to mothers and children of Lao villages.

USAID expanded its assistance in the field of public health in 1969 to include a project to improve the level of maternal and child health care for expectant and nursing mothers and their families. Under this MCH project, medical facilities are being constructed, medical commodities provided, and staff trained.

At Mahosot Hospital in Vientiane, the site has been cleared for the construction of a National Maternal and Child Health Center that will provide a full range of obstretric, gynecologic, and pediatric care and serve as a training center. Construction of this 200 bed facility began February 1, 1971. In addition, 10 rural medical facilities will be renovated to serve as maternal and child health centers, and MCH centers will be constructed in Luang Prabang, Ban Houei Sai, Savannakhet, Pakse, and Sayaboury. The medical commodities that are being provided include vitamins, minerals, steroids, infant formula, and other drugs and biologicals.

To develop a corps of MCH workers, training within Laos, in Thailand and in the Philippines is provided. Training within Laos consists primarily of short-term, inservice training in midwifery, home economics, and nursing. Four midwifery schools provide two-year training and the rural midwife of the village receives six to eight months' training. Training in Thailand and in the Philippines is more specialized and technical; for example, administration of child nutrition centers, advanced training in midwifery, nursing, and family planning.

As there has never been a formal census in Laos, such standard factors as population growth rate, sex and age distribution, average family size, remain estimates. The MCH project is concerned with obtaining as many of these basic data as possible. Two pilot census surveys have been carried out on the Vientiane Plain and a demographic team is presently evolving the methods of sampling and census techniques to be used for future data gathering.

ROADS

Seen from the air, the roads of Laos are slashes of the red of laterite or the pale indeterminate color of hardpacked earth cutting across a green land. These are the roads that connect village to town, farm to market, or the new roads that lead to refugee villages. Route 13, originally built by the French, winds along the Mekong River from the Cambodian border north to Savannakhet, Thakhek, and Vientiane. From the Cambodian border to Savannakhet, the road is asphalt; from Savannakhet north, with the exception of small stretches in the vicinity of Thakhek and Vientiane, the road is surfaced with laterite. The 400 km of Route 13 north from Vientiane to Luang Prabang (which had by 1965 deteriorated in many places to a footpath through the jungle) has been rebuilt and is open to traffic.

These roads make up the highway system at present under control of the Royal Lao Government. They consist of 784 km of asphalt, 2481 km of gravel or laterite which are all-weather roads, and 3127 km of earth roads which can be travelled in the dry season only. The roads leading east through central Laos to Vietnam are closed.

USAID's work with the Royal Lao Government's Ministry of Public Works is carried out by personnel of the U.S. Department of Transportation, Federal Highway Administration (FHWA) in a project with two goals that are interrelated and that are equally important: To assist the Royal Lao Government maintain and improve its present road system and, at the same time, through advisory services and training, to assist the Ministry of Public Works achieve its goal of developing an administrative and technical organization that can plan, construct, and maintain a national road system in Laos.

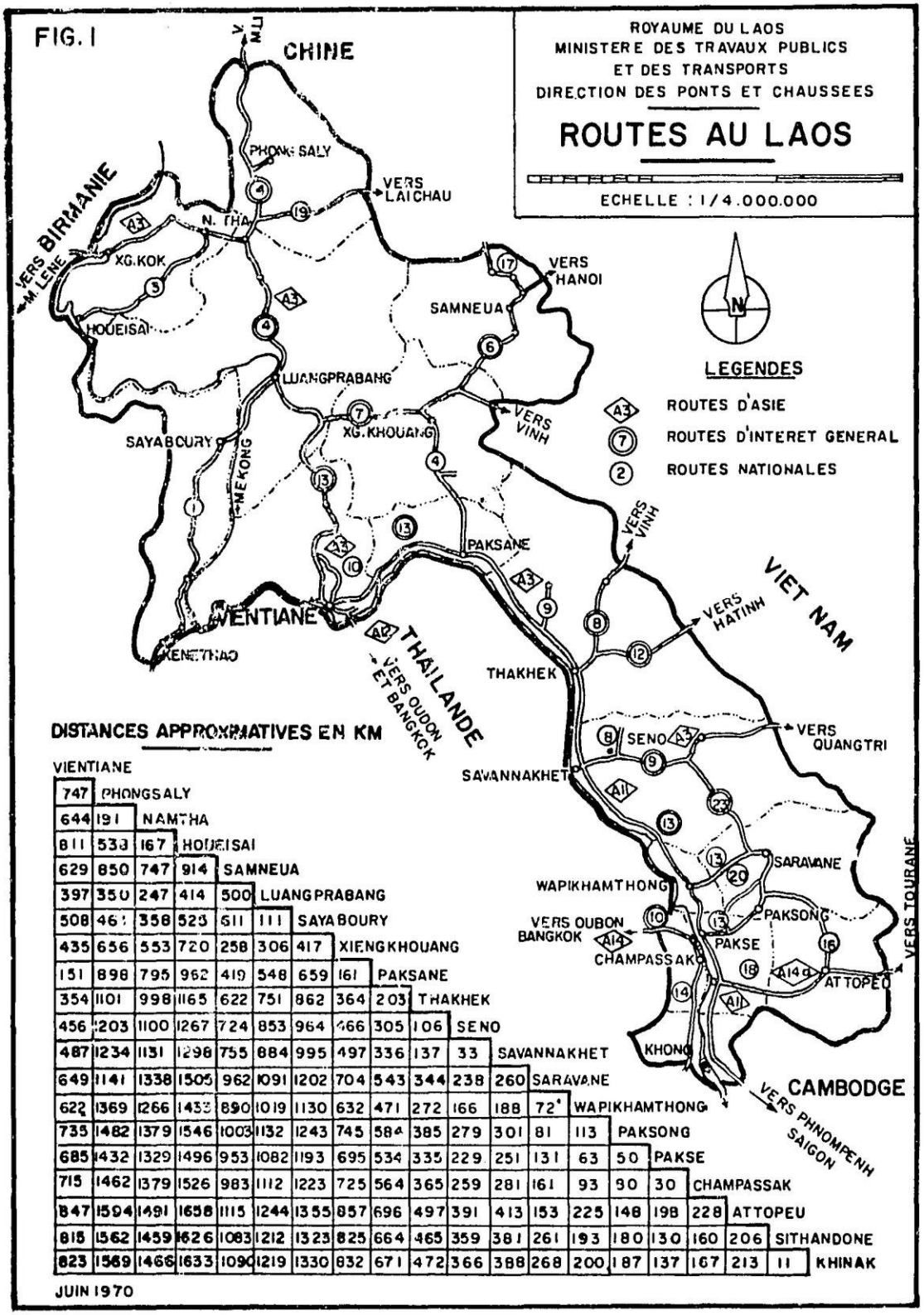
FHWA personnel and their counterparts in the Directorate of Roads and Bridges share the same offices in the Ministry of Public Works, Vientiane headquarters. FHWA personnel are assigned to Pakse, Savannakhet, and Luang Prabang. In Vientiane and in the field, FHWA engineers advise on highway planning, methods of road and bridge construction, scheduling and using equipment. Equipment specialists advise and instruct personnel engaged in servicing, operating, and repairing equipment and in requisitioning and accounting

FIG. 1

ROYAUME DU LAOS
MINISTERE DES TRAVAUX PUBLICS
ET DES TRANSPORTS
DIRECTION DES PONTS ET CHAUSSEES

ROUTES AU LAOS

ECHELLE : 1/4.000.000



DISTANCES APPROXIMATIVES EN KM

VIENTIANE																		
747	PHONGSALY																	
644	191	NAMTHA																
811	533	167	HOUEISAI															
629	850	747	914	SAMNEUA														
397	350	247	414	500	LUANGPRABANG													
508	461	358	523	611	111	SAYABOURY												
435	656	553	720	258	306	417	XIENGKHOUANG											
151	898	795	962	419	548	659	161	PAKSANE										
354	1101	998	1165	622	751	862	364	203	THAKHEK									
456	1203	1100	1267	724	853	964	466	305	106	SENO								
487	1234	1131	1298	755	884	995	497	336	137	33	SAVANNAKHET							
649	1141	1338	1505	962	1091	1202	704	543	344	238	260	SARAVANE						
622	1369	1266	1433	890	1019	1130	632	471	272	166	188	72	WAPIKHAMTHONG					
735	1482	1379	1546	1003	1132	1243	745	584	385	279	301	81	113	PAKSONG				
685	1432	1329	1496	953	1082	1193	695	534	335	229	251	131	63	50	PAKSE			
715	1462	1379	1526	983	1112	1223	725	564	365	259	281	161	93	90	30	CHAMPASSAK		
847	1594	1491	1658	1115	1244	1355	857	696	497	391	413	153	225	148	198	228	ATTOPEU	
815	1562	1459	1626	1083	1212	1323	825	664	465	359	381	261	193	180	130	160	206	SITHANDONE
823	1569	1466	1633	1090	1219	1330	832	671	472	366	388	268	200	187	137	167	213	11	KHINAK

JUIN 1970

JUIN 1970

for supplies and materials.

Of the present road network, USAID has contributed to the construction or improvement of 198 km asphalt, 1247 km all-weather, and 1827 km earth road. Present security conditions prohibit any major expansion of the road network; however, approximately 100 km of new farm to market roads are constructed each year to promote economic activity in rural Laos.

Ministry of Public Works employees receive classroom instruction at a training school in the central repair shop in Vientiane. Courses include the theory of combustion engines, automotive electricity, and hydraulic systems. They also receive instruction in English and mathematics, which they must know to work with the service manuals and parts books. From the classroom, the employees go to the central repair shop if they are to be mechanics, or to field sites if they are to be equipment operators. In the repair shop, the mechanics disassemble, reassemble, and operate gasoline and diesel engines in on-the-job training. At the field sites, the equipment operators learn to operate and maintain highway construction equipment and, at the same time, construct and repair roads during training. One of the most important training programs carried out by FHWA personnel was the reconstruction of 275 km of Route 13 north to Luang Prabang. When construction work began, the equipment operators and skilled laborers were for the most part technicians and workers from other countries. By the time construction was complete, the equipment operators and skilled laborers were Lao who had been trained on the project.

Despite the war and the limitation on new road construction, the work that has been carried out has contributed to economic growth in urban centers and in the communities that the roads serve. With the reopening of Route 13 between Vientiane and Luang Prabang, trucks now carry cargo that formerly was flown at far greater expense. Trucks are now available for hire from commercial carriers in Vientiane, an expansion of private enterprise that is a direct result of highway construction and maintenance. With the completion of 42 km of road off Route 13 to the site of a USAID warehouse and dispensary, rice can now be trucked rather than flown, with a consequent reduction in cost.

The many Lao who have trained and worked on Ministry of Public Works projects have acquired skills that will contribute to their own economic future and to that of the country. Not only employees of the Ministry of Public Works but also people in the villages who knew only to farm and to hunt have learned to operate equipment units. They have learned to mix and pour concrete; to cut, bend, place, and tie reinforcing steel; to wire buildings and to install plumbing. These workers are providing skills that, although still in insufficient supply, have reduced the need to import skilled labor from other countries.

LAO NATIONAL POLICE

USAID's purpose in working with the Lao National Police is easily defined and clearly delineated: To help the Lao National Police improve its ability to maintain public order and safety. Created by Royal Ordinance No. 375 of 7 December 1965, the present Lao National Police is a force of over 5000 men under the Ministry of Interior. Its mission is "to maintain public security and the execution of laws and regulations and to insure the maintenance of order in collaboration with the armed forces and public services of the realm." Lao National Police are stationed throughout the country; in some places, they are the only representatives of the civil administration.

USAID began a police assistance program in 1955 which, however, was suspended in 1961 when the police were absorbed into the Ministry of Defense. During these first six years of the program, the police forces were consolidated into a single Lao National Police, a headquarters staff was organized, and the Lao National Police Training Center was established.

In 1965, when the Lao National Police were again established under the Ministry of Interior, the police assistance program was resumed in what, in effect, was a second beginning. The Lao National Police did not exist as an effective independent unit: It was stripped of equipment, its records for the most part destroyed, its facilities deteriorated, and there had been little or no police training for four years. Under the reorganization, which was completed in 1966, most of the changes that were made were designed to strengthen civilian control. Organizationally, the Lao National Police consist of a central headquarters, called the Directorate General of National Police, the metropolitan police of Vientiane, and the territorial police who are stationed in the 16 provinces. The Directorate General, as the central headquarters, determines policy and directs all the country's police components; however, the territorial police report on operational matters to the provincial governor as the senior civil official in the province as well as to the Directorate General. A radio communications network has been installed between the Lao National Police headquarters in Vientiane and provincial police headquarters. Radio communications with mobile or portable units exist

Table 1
LAO NATIONAL POLICE

Manning	1965			1970		
	Officers	Men	Total	Officers	Men	Total
Headquarters	154	534	688	267	625	892
Vientiane Police	74	579	653	177	608	785
Provinces	265	2,702	2,985	426	3,156	3,582
Cadets	-	-	-	-	90	90
Grand Total	493	3,833	4,326	870	4,479	5,349

Installations	1965		1970	
	Vientiane Metropolitan Area	Provinces	Vientiane Metropolitan Area	Provinces
General Headquarters	1	-	1	-
Province or City Headquarters	-	13	1	16
Districts and Precinct Headquarters	4	89	4	112
Posts and Boxes	38	136	48	156
Total	43	238	54	284

Communications	1965	1970
Repair facilities	2	4
VHF short-range net	52[a/]	192[b/]
SSB long-range net	18	77
Total radios	70	269

a/ Includes 4 bases, 13 mobiles, and 35 portables.

b/ Includes 68 bases, 39 mobiles, and 85 portables.

only in Vientiane and in a few major provincial towns. Table 1 illustrates in terms of manning, installations, and communications the development of the Lao National Police over the past five years.

USAID acts in an advisory capacity to the Lao National Police in organizational procedures, operations, and local training, and provides participant training and equipment. USAID advisory assistance at the Directorate General level focuses on organizational planning, administration, budgeting, and personnel. Training encompasses all facets of police operations. High-ranking police officers attend the senior course at the International Police Academy and middle-level officers attend the general course at the Academy. When training in communications, vehicle, and weapons maintenance and in other specialized fields cannot be accomplished in Laos, participants train in Thailand. Over 1000 men have trained at the Lao National Police Training Center where the courses fall into four categories: recruit training, cadet officer training, advanced courses for senior staff and noncommissioned officers, and specialist training in such fields as fingerprint classification and communications. Training continues at other installations on the maintenance of communications equipment, vehicles, generators, weapons, and in warehousing and logistics. Table 2 summarizes USAID assistance to the Lao National Police in construction of facilities, commodity support, and training.

During the past five years, USAID assistance has focused on the support fields--training, communications, maintenance--with only limited advisory assistance to the police operational units. To derive full benefit from the progress that has been made, the program is now broadened to increase advisory services to the Vientiane police force who work directly with the people in enforcing the law.

Table 2

USAID ASSISTANCE TO LAO NATIONAL POLICE

	Cumulative FY 1970
Construction	
Police Installations	
Training academy (Lao National Police Training Center)	1
Police posts	10
Maintenance Facilities	
Vehicle	1
Communications	4
Supply System Warehouse	1
Commodity Support	
Vehicles (number)	130
Communications equipment (sets)	269
Weapons (units)	3141
Training	
Participant	
U.S.	55
Third Country[a/]	140
In-country	
Police Training Center	1641
Other	663

a/ Twelve communications and 4 outboard-motor mechanic trainees still in training, FY 1970.

EDUCATION

The Lao school system is in a time of transition, a movement away from its French colonial tradition toward a national school system that will offer opportunities for education at all levels of society. That there is progress is evident. In 1955, there were 944 elementary schools (ranging from one to twelve classrooms in size) in Laos. In 1970, there are 2055 elementary schools with an enrollment of 218,000 pupils, which represents a 484-percent increase over the past fifteen years. To provide facilities for the rapidly increasing number of public school students, USAID in cooperation with the Ministries of Education and Rural Affairs constructed and repaired over 3500 elementary classrooms. Enrollment has also increased rapidly in secondary schools and teacher training institutions, which are now located throughout Laos. In 1960, there were 2742 students enrolled in secondary schools; in 1970, there are 6352. In 1960, there were 541 students enrolled in teacher training institutions; in 1970, there are 3036. Special attention has been given to schooling for refugee children, in response to current fluctuating population displacements caused by the war.

The new schools and increases in enrollment would not have been possible without foreign assistance, but that much has been achieved is the result in part of the Education Reform Decree of 1962, which gave Lao education its present focus and direction.

The Education Reform Decree of 1962

In Buddhist Laos, the priests were the teachers of the whole way of life, and education was carried out within the compound of the wat or Buddhist temple. Education was eminently practical. Boys were taught basic subjects and manual arts in the wat schools so that they could become heads of families in a subsistence economy. The colonial administration relied on wat schools to maintain moral authority in the village and it established secular schools in the urban areas to meet the need for French-speaking Lao secretary-interpreters and, later, minor functionaries.

The French educational pattern, the reliance on French as the language of instruction for secondary education, and the practice of seeking higher education at institutions in France continued after independence in 1954. The most dynamic influence on the development of an educational system to meet the needs of society in the 1970s is the government's effort to fashion a school system distinctly national in orientation and in which Lao replaces French as the language of instruction at the higher levels of education. The Education Reform Decree of 1962 defines the Lao school as "... no longer an academic institution, but a system in the service of the country's economic development." The Decree stresses the nonpolitical national role of education, the need for practical training for economic and social improvement, and the importance of community-oriented school activities and curricula. From Article 4,

> "... the new program of the elementary school should de-emphasize purely academic knowledge and stress what the child should know to live better and work for a better output in his community."

The Ministry of Education is now undertaking the task of translating the principles of the Education Reform Decree into courses of study and teaching materials. At the elementary level, subjects such as health and agriculture, which are crucial to the needs of Laos, are gaining greater emphasis. More prestige is attached to training in agriculture and vocational skills than in former years when competition to enter technical schools was weak compared with efforts to enter a lycee. With the exception of the new comprehensive high schools, instruction in secondary schools is still in French, but foreign nationals are being replaced by qualified Lao teachers as rapidly as possible, and the goal of providing instruction in the native language in all secondary schools should be accomplished during the 1970s.

Fa Ngum Schools

In 1967, the Ministry of Education established, with U. S. assistance, the first of three comprehensive high schools that conform more closely to the Education Reform Decree than other secondary schools.

The Fa Ngum Vientiane Comprehensive High School is now entering its fourth year, Fa Ngum Phone Hone its second, and Fa Ngum Savannakhet opened in 1970. The three schools enroll 760 students.

Courses in the Fa Ngum schools are taught in the Lao language, and the curriculum is designed to meet the need for personnel in the beginning and middle-level management and technical positions in government and in business, as well as to prepare students for advanced study in professional fields. The five majors offered are academic, agriculture, commercial, home economics, and industrial arts. Six such schools are planned. The programs in the seventeen other secondary schools in the country will gradually be converted to follow the Fa Ngum example.

Teacher Training

In 1955, there were about 100 students in the Normal School in Vientiane. That same year, USAID joined with the Ministry of Education in planning the School of Pedagogy, to which the French teachers and Lao students were transferred in 1959. International Voluntary Service teachers joined the staff in the same year. The subsequent establishment of eight normal schools between 1962 and 1969 brought the number of such institutions to nine and the enrollment to over 3000.

This expansion does not keep pace with the demand for teachers, but progress is considered satisfactory in view of the rate of development of Lao teacher-training staff and of Royal Lao Government budgetary limitations on expansion of teaching staffs. A major annual problem for the Royal Lao Government is the requirement on the Lao national budget for the salaries of ever-increasing numbers of teachers. A further increase to 3300 in teacher-training institution enrollment is envisaged for 1971; at this rate, supply should catch up with demand in a few years, provided adequate budgetary resources are available.

Curriculum and Teaching Techniques

Ministry of Education and USAID staff members work together on revisions of elementary and secondary curricula to insure that they conform to the provisions of the Education Reform Decree. A University of Hawaii team under contract with USAID has helped the Ministry devise a curriculum for the Fa Ngum schools. Curriculum revision and improvement in also a continuing process in the teacher training schools, where greater emphasis is being placed on practical arts and subject specialization.

Annual inservice training courses have been attended by over 5000 teachers since 1964, or over 80 percent of the number of elementary teachers in Laos; 989 participant programs have been provided for education personnel. Most are sent for training courses in Thailand, including many short-term study programs for ten to twelve weeks during vacation periods in various fields of specialization.

Textbooks and Teaching Materials

USAID has helped the Ministry of Education to write, print, and distribute over three million textbooks in the Lao language and to publish 84 elementary texts. Teachers learn to construct their own teaching materials in workshops. Many teachers are sent to Thailand to study Thai methods in production and use of educational materials.

As instruction in the Lao language increases at the normal school and secondary levels, emphasis is shifting from the production of elementary textbooks to teacher-training and secondary texts. A total of 15 teacher-training textbooks have been written and published. The Lao faculty of Fa Ngum Vientiane is converting its carefully researched and prepared classroom lessons into the first secondary textbooks in the Lao language.

Directions

The immediate future of education in Laos promises to be a time of continuing national development. An increasing number of young, qualified Lao educators will find a new excitement in researching their own customs and history and in classifying and describing their own environment, drawing from their research the materials to make up curricula and Lao textbooks that are responsive to the needs of Laos. Foreign aid and foreign advisors are available to provide resources and training when needed, but only the Lao can complete the work of establishing an indigenous educational program.

While continuing to implement the Education Reform Decree the Ministry of Education must also administer an inevitably expanding school system. Schools are a governmental service particularly close to the political process; whether in urban area or refugee village, children cannot be turned away from school. Additional classrooms are needed for the later elementary level of education after the fourth grade. Some foreign aid will be needed to construct new classrooms, but the principal factor in the construction of schools will continue to be the self-help contribution of the Lao people, both in rural and urban areas.

The training of teachers qualified to carry out the educational programs will be another demanding task for the Ministry of Education. With some foreign assistance, inservice and preservice training programs will be up-graded and more supervisory personnel will be assigned to assist the classroom teachers. Plans will go forward for the establishment of a degree-granting College of Education from which the secondary schools in the country will receive qualified instructors. Particular attention must also be given to the training of teachers qualified to teach prevocational and technical subjects.

The increased numbers of teachers, the expansion of the school system, and the improvement of the quality of the educational program will lead to further heavy demands on Lao fiscal resources. The Ministry and the various supporting aid missions must continue to strive for the most efficient administrative and educational use of the national and foreign resources that are available.

INSTITUTIONS AND PEOPLE

In working with the institutions of government in Laos, USAID focuses on helping the Royal Lao Government move toward its goal of planning, developing, and administering its economic and social programs; in working with people, on the goal of developing a staff who increasingly assume responsibility and leadership in these programs. Two USAID projects are concerned specifically with achieving these goals: public administration, through providing advisory assistance to the Ministry of Finance and to the Ministry of the Plan; and manpower development, through helping the Royal Lao Government assess and coordinate its manpower resources and demands and through sponsoring training within Laos and abroad.

Ministry of Finance

The agreements signed in 1963 which created the Foreign Exchange Operations Fund provided that the Royal Lao Government request the services of financial advisors to assist it in complying with the budgetary commitments required by this international effort to achieve monetary stability in Laos. USAID has provided advisors to the Ministry of Finance since 1964. In 1968, this assistance was expanded to provide training and equipment to key divisions of the Ministry. In 1969, these activities were further expanded to provide assistance to the Commission General for the Plan.

Assistance to the Ministry of Finance has two major goals: The first is immediate support to the monetary stabilization program. Advisors assist the Ministry to analyse its revenues and expenditures and prepare reports and periodic financial statements which are discussed at the monthly meetings of the Stabilization Consultative Committee. Assistance is provided in the complex annual problem of preparing the budget and in controlling expenditures after the budget is approved. In cooperation with International Monetary Fund representatives, help is provided in analyzing the tax structure and finding means of increasing tax yields. Customs trade and revenue statistics are being improved by working in close cooperation with ECAFE, which now processes Lao import declarations by computer

and returns printed bulletins and special customs revenue analyses. These are used by customs officials and advisors in determining and acting on causes of revenue losses.

The second goal is medium-and long-range institution building to develop the professional capability that the Ministry of Finance will need to cope in the future with its financial problems. This is done through short-and long-term training. Each year since 1968, some 40 to 50 carefully selected, low, middle, and high-level officials have received training ranging between 2 and 22 weeks, primarily in the Thai Ministry of Finance, Budget Bureau Revenue Department, and Land Department.

In cooperation with a United Nations technical surveying advisor, a cadastral survey of the major town in Laos is developing. Shortly, this survey will be extended to new agricultural lands such as the Vientiane Plain. Economic development has required that many communally owned lands pass into individual ownership, and precise measurement and location of each owner's land is a prerequisite to valid and incontestable land titles. These, in turn, are required by banks before loans to farmers and business men that are secured by land. Land titles have thus become a necessity.

Each year, a cadastral school at the Ministry of Finance gives basic training to 20 or 30 young Lao student surveyors. USAID then sends them to Thailand for four months to acquire practical experience with Thai field teams and buys surveying equipment to equip the new Lao teams.

Long-term training will provide future professionals in public finance to man the increasingly complex positions of leadership in the Ministry of Finance. USAID sends four new students each year to study in Thailand for BA degrees in public finance or administration. Similarly, two future surveying professionals are sent each year to Thailand for five years of study.

Ministry of the Plan

The Ministry of the Plan performs a number of functions in support of the national-level ordering of priorities. The Ministry is

responsible for preparing the national development plan, collecting and publishing national statistics, maintaining liaison with neighboring countries in matters of economic cooperation, and coordinating human resources studies. The Ministry participates for Laos in the International Committee for the Development of the Lower Mekong Basin. USAID has provided assistance in all of these areas.

The Plan Cadre, the national five-year development plan, was adopted by the National Assembly in 1969. Its primary goal is to build a productive sector that will enable the Lao economy eventually to support the economic and social institutions that have been developed with the help of foreign assistance. USAID provides advisory services to assist the Commission General for the Plan in evaluating Plan Cadre proposed and current projects, in determining priorities for the allocation of funds and in choosing projects, and in coordinating foreign assistance programs. The advisory assistance has served to define the relationship of the Plan Cadre program to the USAID program and that of other foreign assistance to the Plan Cadre and to USAID assistance. In working with the national representatives of the Mekong Committee, USAID has helped to assess the Lao interest in various projects.

There has never been a national population census in Laos; however, urban and agricultural censuses have been taken to which USAID has contributed personnel and material. A USAID demographer will arrive in early 1971 to help organize a health census.

USAID provides advisory assistance to the Human Resources Division, established within the Ministry of the Plan and responsible for collecting and centralizing information on manpower resources and demand. The Director of the Human Resources Division has received and is continuing to receive training in manpower analysis, and USAID provides assistance as required for special surveys, such as the recent survey of personnel of the Ministry of Interior.

Manpower Development

The USAID goal is to make manpower development in Laos a smooth continuum of in-country and participant training in a program

which takes into account these aspects of the training environment: First, the relatively scarce supply of trained manpower and training resources within the country; secondly, the growth of these over the past few years, and thirdly, the existence of generally adequate training facilities to the graduate level in Thailand.

When the training program began, it was necessary to send substantial numbers of Lao to Thailand for low-level training. As these Lao have returned with new skills, it has become possible to increase technical training within Laos at the lower levels, to shift the resources available for training in Thailand to longer-term professional training, and to decrease substantially U.S. training which is now used only for graduate-level or highly specialized study. Table 1 shows the number of participants by fields of training and illustrates trends in the length of participant training programs.

Table 1

NUMBER OF PARTICIPANTS BY FIELD OF TRAINING [a/]
FY 1966 - FY 1970

	Duration of Training in Months			
	Less than One	One to Three	Three to Six	Six and Over
Agriculture	126	59	110	128
Education	220	146	26	119
Industry	9	1	-	11
Public health	68	10	-	58
Public administration	16	77	41	36
Refugee relief	-	6	20	1
Public safety	14	76	85	52
Federal Highway Administration	1	4	8	30
Rural development	16	21	17	27
Manpower development	-	-	-	61
	470	400	307	523

a/ Data are based on participant departures during Fiscal Year.

Within Laos, the transfer of technical and administrative skills is accomplished by the systematic training of intelligent people, whether or not they have the full academic background normally thought necessary.

A study has not yet been made to evaluate the results of training in general terms; but, because most training programs were devised to meet specific needs, the fact that these needs are being met is an indication of success. People are now performing tasks which they were formerly incapable of performing; they are using newly acquired skills in institutions that did not exist a short time ago. Although some of the results shown in Table 2 may seem unrelated to training (e.g., increased rice production), these results could be obtained only because of training in new techniques and new skills.

The basic problem of manpower development in Laos is that skills have had to be created at all levels simultaneoulsy, from highly skilled to semi-skilled. Today, past investment in training abroad provided by USAID, by the Royal Lao Government, and by other countries, is beginning to pay off in an increase in in-country training facilities and in administrative and technical competence.

Table 2

USAID-SPONSORED IN-COUNTRY TRAINING
1965-1970

Field	Less than One Month		One to Three Months		Over Three Months		Part-time Training 1-3 hours a Day	
	Administrative	Technical	Administrative	Technical	Administrative	Technical	Administrative	Technical
Agriculture [a]	-	2865	30	1804	-	120	-	-
ADO	-	-	90	-	8	-	-	-
Irrigation	-	-	-	-	-	126	-	-
Education [b]	349	179	146	3714	-	-	-	-
Public health [c]	-	-	-	-	-	1200	-	-
Public works [d]	-	-	-	-	30	75	-	-
Public safety [e]	-	130	34	73	40	1065	7	281
Federal Highway Administration [f]	-	-	-	-	55	644	-	-
Rural development [g]	2251	-	-	9607	300	-	-	-
USAID local employees [h]	18	426	-	-	163	148	1717	175
Totals	2618	3600	300	15,198	596	3378	1724	456
Total, all fields								27,870

135

a/ Agriculture: Rice imports reduced from approximately 74,000 MT to 30,000 MT. Lao:Thai vegetable production ratio increased from 40%:60% to 60%:40%.
ADO: Marked improvement in records kept by field agents.
Irrigation: Field survey teams now operating independently with Lao crew chiefs.

b/ Education: Improvement in teaching methodology and use of training aids in primary schools; improvement in administration by provincial education officials.

c/ Public health: Now over 700 medical technicians serving in areas where modern medicine unavailable previously.

d/ Public works: 40% increase in efficiency in use of equipment.

147

e/ Public safety: An additional 1000 trained police operating in Laos, 750 in rural areas; communications much improved.

f/ Federal Highway Administration: Ninety RLG employees completed 16-week training courses at the FDWA Training Center.

g/ Rural development: A greater awareness in the rural areas of government-villager relationship and how to cooperate in development activities.

h/ Number of foreign nationals employed by USAID decreased by about 150, or from 15% of the work force to less than 10%. Quality of work performed by local personnel markedly improved.

841

INDUSTRY LOAN FUND

In 1967, USAID established the Industry Loan Fund (ILF), which is administered by the Development Bank of Laos. The Fund's purpose is to assist in developing the private industrial sector of the economy through loans granted on the basis of the technical, economic, and financial feasibility of a proposed enterprise.

In general, the Fund should not be compared with a commercial loan fund as its purpose and loan terms differ. As a development fund, it is intended to promote private enterprise and, at the same time, to contribute to stabilizing the economy. ILF is also designed to assist the Development Bank of Laos in developing procedures for industrial loans, such as methods of loan appraisal to assure that financial planning and management of proposed enterprises are adequate.

The Fund makes five-year loans to private investors at an interest rate of 11 percent. ILF is a revolving fund that requires, on repayment, 40 percent of the loan funds to revolve for other loan issuances after a reserve of 10 percent has been set aside from loan repayments to cover loss contingencies. Thus, approximately 60 percent of the loan funds return to the USAID counterpart fund for subsequent use. The bulk of revolved loan funds will return to the counterpart fund after 15 years, with full principal returning in 25 years. Loan terms require that investors make 30 percent investment, with an ILF loan providing the balance. Between 70 percent and 80 percent of the loan must be used to finance commodity imports under the U.S. Import Program (USIP).

The number of ILF loans has been relatively small; however, ILF has supported the USAID goal of stabilization by drawing equity funds from the private sector, thus reducing the amount of money available for consumption spending. The loan projects also increase employment and the productive capacity of the economy.

In 1969, ILF was expanded to include financing of mechanized farming loans that would bring into cultivation new farming lands to increase rice production. The Mechanized Farming Loan Fund covers

the purchase of land-clearing tractors which, after being used to clear the borrower's land, could perform custom land clearing at a profit to be applied to repayment of the loan interest and principal. These loans are limited to equipment financing based on 30 percent down payment by the borrower.

USAID has financed preinvestment studies of industries that are considered priority in the view of USAID and the Royal Lao Government. Based on the results of a 1968 study of a proposal by the Lao Wood Industries Company, Ltd., a loan of Kip 40 million was made to finance two-thirds of the cost of a model furniture factory. Four preinvestment studies have been made by the Development and Research Corporation under contract with USAID: agricultural industry, which covers manufacture of sugar, rice flour, animal feed, vegetable oils, and meat processing; an industrial park at Vientiane; footwear industry; and a preliminary appraisal of a small scale pharmaceutical industry.

AGRICULTURE

Years of conflict in Laos have changed the production and marketing pattern for rice and other farm products. At the time of independence in 1954, 90 percent of the people produced their own food. In 1970, not more than 60 percent of the people who live under the Royal Lao Government grow the food that they eat. Agricultural production ceased to meet demand as increasing numbers of men were taken into the armed forces and increasing numbers of people were displaced by military actions. These shifts in the population have been accompanied by a movement of the people away from the rural areas and into occupations that are agriculturally nonproductive. The result in terms of the production and marketing of rice is the presence of areas of rice deficit which, in the absence of a marketing infrastructure, cannot be economically supplied from areas of rice surplus. This new production and marketing pattern for rice shapes the direction of agricultural development in Laos today. Rice as the staple of Laos and its most important crop continues to be the focus of agricultural development, but work to increase production now centers in those areas where supply does not meet demand. Where rice grows in plenty, emphasis is shifting to other crops that have a market value. These changing emphases are reflected first, in research as the prerequisite to the new and better technologies that transform traditional to modern agriculture, and secondly, in extension as the fundamental method of introducing change in an agricultural economy.

Research

USAID assistance to the RLG Directorate of Agriculture began in 1955. The Directorate then consisted of two Lao officials who had been trained in the plantation agriculture introduced by the French. The commercial agriculture of Laos was primarily one of export crops with markets in the Vietnamese ports of Hanoi, Da Nang, and Saigon. There were no data on production methods and problems that could be used to assess the agricultural needs of Laos.

During the years between 1955 and 1957, new staff members were added to the Directorate. USAID undertook a training program that

was well worked out and met its quantified goals, particularly in extension. In 1957, the first elaboration of the management structure formed the three sub-Directorates Research, Extension, Irrigation, with new lines of specialization.

In research, the years between 1955 and 1966 are best characterized as a period during which a research infrastructure evolved and a limited technical competence developed. In 1967, the Bureau of Agricultural Research established the single priority goal of increasing rice production, and USAID joined with the Bureau in the effort to achieve a new technology that would help to meet the goal.

Today, agricultural research in Laos is a process of applied technology that uses the results of basic analytical work in the biology of the rice plant and adapts these results to Lao soil and skill. The rice fields at Salakham Research Center near Vientiane are planted in test plots of new rice strains that are the results of crossings between native Lao rice and the high-yielding varieties developed at the International Rice Research Institute in the Philippines. From these test plots come the seeds that the Lao farmer uses to increase his rice yield.

The process of adaptive research and training in adaptive research that began in 1967 produced a "package of rice technology" illustrative of the increase in rice production that can be achieved with improved seeds, fertilizer, insecticides, and modern farming methods. At the Salakham Research Center, 6.1 metric tons of rice per hectare have been produced under the same soil, climatic, and water conditions that yield the Lao farmer about 2 metric tons per hectare. The farmers' yield with the new technology can average between 4 metric tons to 6 metric tons per hectare. The farmers of about 60 villages now plant the improved seeds and use the fertilizer and insecticides that make up the "package of rice technology."

Salakham has now become a center for teaching rice technology. Personnel from the Bureau of Agricultural Research and extension agents train there for six months under a staff headed by two Lao instructors who studied at the International Rice Research Institute. They follow a course that simulates instruction at the Institute. In the classroom, they learn theory which they put into practice on demonstration plots that duplicate the growing cycle of rice from seedbed

to threshing. They work with the improved varieties of rice that are the most productive for Laos; they analyze the results of varying amounts of fertilizer used on new varieties and on native rice; they work with insecticides and pesticides to determine their effectiveness against plant infestation and plant disease. The method that was followed in the first class continues: The participants are tested at the beginning and end of the course. The results of training show that even with limited educational backgrounds that average about four years of elementary school, a staff trained in the methods of adaptive research can be developed.

During the past three years, training at Salakham has expanded to include a two-week course in seed technology, multiplication, and certification; a two-week seminar on program planning and evaluation; a two-week rice technology course for participants returning from studies abroad; and a one-month course for new recruits from the Israeli-sponsored Hat Dok Keo Experimental Farm who will become crop specialists.

Research at Salakham now enters a new phase that can be undertaken only because of the skills that were acquired in working with rice. Work in research shifts this year from its strict focus on rice production to encompass multiple-cropping techniques--the 365-day-a-year cultivation of a plot of ground planted to rice, vegetables, and other crops. About 10 hectares at Salakham are now planted to test plots of upland rice, corn, sorghum, soybeans, peanuts, sweet potatoes, and five kinds of vegetables. The varieties are the improved strains that have been developed in basic research programs in the United States, Thailand, Taiwan, and Indonesia. Following the selection of the most promising strains from the Salakham trials, these varieties will then be tested at other experiment stations: Nam Tan, Hat Dok Keo, Tha Ngon, and Se Done, where their performance under other soil and climatic conditions can be evaluated. Salakham will continue its function as the center for applied research in developing and distributing screened, improved strains of new crop varieties that are adapted to the soil of Laos.

Extension

Agricultural extension agents are concentrated in those parts of the country that have the greatest potential for economic development in terms of markets, transportation, and security. On the Vientiane Plain, their work focuses on increasing rice production. In southern Laos, a region agriculturally renowned for the wide spectrum of crops that can be produced, emphasis is on introducing methods that will decrease costs of production and developing those crops that now must be imported to meet the demand.

During the years since the Agricultural Extension Service was established in 1956, the organization has become one with well defined goals and with training programs directed toward achieving those goals. To learn the new methods that increase rice production, once each year on a staff-rotating basis, eight extension agents attend the six-month course at Salakham Research Center. To learn to increase the production of crops other than rice, three extension agents work for three months at Hat Dok Keo Experimental Farm; eight extension agents are training in Thailand. Each year, 115 extension agents attend two-week inservice training courses in the field where specialized instruction of Salakham Research Center, Hat Dok Keo, and Thailand is repeated in miniature.

To teach the farmer how to produce more rice, the extension agents conduct training courses in the villages where for six days during the rains when the farmers are not working in the field, the growing cycle of rice is duplicated on a one-acre plot.

On the extension agent's skill, knowledge, and the results of the new methods that he introduces depend the farmers' acceptance of new agricultural techniques. With paddy-rice-field and farm demonstrations, the extension agent has convinced the farmer that he can produce more rice. On land that formerly produced one metric ton of rice per hectare, the yield is four metric tons when high-yielding rice seeds are planted and fertilizer and insecticides are used. On native rice, the yield is increased by 20 percent when fertilizer and insecticides are used. On land where no rice was produced during the dry season, the yield with irrigation can be four metric tons per hectare.

Most farmers grow vegetables for home consumption; however, since 1962 when extension agents began to distribute vegetable seeds and conduct demonstrations, the farmers have become increasingly aware of vegetable gardens as a source of additional income. The result has been a reduction in the import of vegetables from Thailand. About 60 percent of all vegetables for sale in the Vientiane market are now produced in Laos, an increase of 40 percent over the past eight years. Total vegetable production has increased 20 percent over the past two years near cities and towns where there is a market. On a limited scale, fruit, peanuts, cotton, hemp, tobacco, and coffee are now grown for home and commercial use.

Home economics extension work complements food production through village training courses in nutrition, home gardens, child care, and sanitation. Child nutrition centers have been established on a trial basis and they have proved successful. Their number is increasing.

Irrigation

New large-scale irrigation projects no longer appear necessary to reach the goal of producing enough rice to meet the demand. On the Vientiane Plain, the increase in rice production that has been achieved through extension methods, fertilizer sales, and small irrigation systems indicate that the rice deficit can be met through more intensive wet-season farming. In rice-surplus regions such as southern Laos, new irrigation projects involving USAID support will be constructed only on land that is clearly intended for the cultivation of crops other than rice. In 1971, the emphasis in irrigation will be on operating, maintaining, and improving existing systems and on establishing water users' associations among farmers.

Irrigation in Laos has followed much the same evolutionary pattern as in other countries. The first irrigation systems were simple, easily constructed gravity diversions created by small dams of rocks, stones, and logs such as the Lao have built across streams for centuries. The first USAID contribution to irrigation in Laos consisted of construction materials and technical assistance in building

concrete and masonry dams or weirs to replace the less permanent structures. Over 170 small irrigation systems now provide water for about 18,600 hectares, of which about 9400 hectares can be fully irrigated during the dry season to produce a second crop. Twenty small systems which cover some 3000 hectares are now under construction; about 50 sites are under study to determine if development is economically feasible.

In cooperation with the Agriculture Development Organization, pumping projects have been installed in areas where farmers have organized associations to maintain the systems. Twenty-nine farmer associations operate systems that can irrigate approximately 1000 hectares. The 39 pumps that are installed were supplied by the British Government.

Nam Tan

The people who live in the small villages of the mountain valley through which the Nam Tan and the Nam Phieng rivers flow are subsistence farmers who grow paddy and upland rice and hunt in the forest for food. Rainfall is inadequate to grow paddy rice without irrigation. In the past, the farmers have channeled hillside run-off water to their fields; they have built many short-lived brush dams on the Nam Tan and the Nam Phieng to divert water from the rivers.

The Nam Tan irrigation project was started in 1967 to alleviate the rice deficit in the Luang Prabang area. The canal system will provide supplemental water for rice production during the rains and water to grow rice and other crops during the dry season. A diversion-type dam of reinforced concrete was completed in January 1970; by May 1970, the 43 kilometers of distribution canals on the left bank of the Nam Tan River were completed and the 36 kilometers of distribution canals on the right bank are scheduled for completion in May 1971. The canal system will irrigate 3000 hectares in the wet season and 1000 hectares in the dry season. The farmers of the valley grew their first dry-season crop during the first four months of 1970.

Nam Tan has two distinct contributions to make to the economic development of Laos: First, as an area where agricultural production

can be increased through irrigation, and secondly, as an area of sufficiently high production potential to settle some 500 to 600 families to contribute to increasing agricultural production. A land committee of the Royal Lao Government grants each new farm family three hectares of land. The indigenous farmers can now claim the paddy fields that they have farmed as their own, and farmers with less than three hectares are granted additional land. Cadastral surveys of farms, old and new, are being carried out to establish farm boundaries.

As the irrigation system nears completion, the second developmental stage of the project begins. Extension workers are training farmers in the new methods of a production-oriented agriculture. At the Nam Tan Experiment Station, 30 hectares of land are reserved to develop multiple-cropping techniques. The farmers of the valley have been introduced to the concept of farmer organizations in the context of operating and maintaining the canal system; farmer organizations to cope with problems of credit, purchasing, and marketing are the next step.

Fisheries

In Laos, where the average annual income per capita is about $70 a year, fish sell in the market at a price often higher than that of competing meats, and the demand is high. Among the Lao, fish are the most important source of protein and protein deficiency is the single most important factor in Lao diet. At present, about 946,000 kilos of fish, or about 25 percent of the fish consumed, are imported annually.

Fish ponds were not unknown in Laos in 1967 when USAID entered into a contract with U.S. Consultants, Inc. to increase fish production in Laos; however, they were few in number. In those towns and villages where extension agents have demonstrated fish culture, the number of ponds have increased rapidly. They have proved not only a good source of protein, but also a source of additional income for the farmer. A spectacular increase in the number of ponds has occurred in Xieng Khouang where, from an isolated few in 1966, they have increased in number to over 4000 to meet a monthly average

demand for 40,000 to 50,000 fingerlings. Extension agents are now demonstrating fish culture in rice paddies as another readily available method of increasing fish production.

The three most important fish hatcheries in Laos are now equipped to produce their quota of fingerlings to stock fish ponds: Vientiane, 1,300,000; Pakse, 1,000,000; and Luang Prabang, 500,000. To meet the demand among farmers, the work at the hatcheries has focused on producing fingerlings. Emphasis is now shifting to the production of fish for the market. The goal for Vientiane is 35 metric tons; for Pakse, 30 metric tons, and for Luang Prabang, 5 metric tons. The proceeds from these sales plus a modest charge for the fingerlings will provide funds to operate and maintain each station.

Livestock

The new breeds of swine and poultry that USAID introduced in Laos between 1963 and 1968 have significantly affected methods of livestock production. The swine breeds, which are now predominantly raised in urban areas, provide a foundation stock for the development of a livestock industry on the Vientiane Plain. USAID participation in increasing livestock production is now limited to assisting management and improving feeding practices at the Vientiane Swine Cooperative organized in 1970. There are now fifteen members; ten are distillers of rice alcohol who use mash for animal feeds and who are now feeding a total of 1500 pigs daily.

USAID assistance in maintaining animal health has had good returns. Outbreaks of animal disease can be properly handled by the Veterinary Medicine and Livestock Directorate. Diagnostic work that was formerly done in Bangkok can now be carried out at the laboratory in Vientiane and the Directorate is equipping the laboratory to produce bacterins and vaccines.

Agriculture Development Organization (ADO)

In July 1964, with the rice deficit in Laos placed at 70,000 metric tons, the newly established Agriculture Development Organization

(ADO) distributed improved rice seed to farmers as its first official function. Today, ADO functions cover credit to farmers at reasonable rates, sale of fertilizers, insecticides, farm equipment, tools and machinery, and the warehousing, distribution, and marketing of rice. Organized in April 1964 as a joint venture of USAID and the Directorate of Agriculture, ADO was established by Presidential Decree of October 1965 as an organization "... to stimulate and promote development of agriculture in Laos."

Since its beginning, ADO has functioned under the broad policy of the Presidential Decree, emphasizing rice production and marketing rather than other agricultural products. Between 1965 and 1968, ADO established six provincial bureaus to manage credit sales of fertilizers, insecticides, and farm equipment and to advise farmers on their use. ADO has succeeded in encouraging the individual farmer to increase his rice production and in providing the agricultural inputs that increased production requires. For example, ADO began a fertilizer sales campaign in 1967. During the first year, 100 metric tons of fertilizer were sold; sales in 1969 totalled 2200 metric tons. ADO has made its contribution to reducing the 70,000 metric-ton deficit of 1964 to 23,000 metric tons in 1970; however, problems of marketing and distribution remain.

ADO is now concentrating its resources where rice production still does not meet demand. On the Vientiane Plain, approximately 22,500 hectares of relatively good soil with a progressive farmer population were chosen for a saturation program during the 1969 wet season. ADO and extension agents concentrated their efforts in this area to promote fertilizer usage, to introduce the most productive cultivation techniques, and to maintain market outlets for increased production. Although floods destroyed the crop on 3000 hectares, production increased by six percent over 1968.

Outlets for the sale of fertilizer and seeds have been established at nine locations on the Vientiane Plain. Beginning with the 1970 wet season, kits containing all the biological inputs needed to increase rice production became available for sale.

In July 1970, an important change took place in USAID's relations with ADO. Because of the new managerial skills that have been acquired by ADO's Lao staff, the concept of co-direction by the USAID

Chief of Agriculture and the RLG Director of Agriculture has been abandoned in favor of a seven-member administrative council. The four Lao and three USAID members now formulate ADO management policy and delegate day-to-day operations to an Executive Manager approved by the council.

Agricultural Industry

Among its natural resources, the forests of Laos are the source of products that play an important part in the domestic economy and in export trade. Commercial exploitation of forests, for internal and export purposes, has focused on a few luxury and high-grade woods, and secondary forest products such as stick lac and benzoin. Except for teak, nearly all lumbering has been directed at the local market, with, until 1966, limited exports of lumber across the Mekong River to northeast Thailand. By opening up markets in Thailand, USAID participated in a dramatic expansion of lumber exports between 1966 and 1969:

Year	Export Value
1966	$ 80,000
1967	746,000
1968	1,014,000
1969	917,882

Lumber exports have declined since 1968 because of the reduced demand in the Thailand market. Measures that might be taken to establish a lumber export market are an important part of a current USAID evaluation of the forestry sector.

Because of the lumber-export potential, the first loans approved by the USAID-financed Industry Loan Fund (ILF) were granted to three logging companies: Lao Timber Company, Vientiane; Lane Xang Timber Company, Savannakhet; and Se Done Timber Company, Pakse. The Lane Xang and Se Done timber companies are in their second operational year. Their logging roads are multipurpose: They are designed for the extraction of logs for several years; they then may be used for forest administration and management as well

as for general access to the forest areas. The logging companies have proved of economic benefit to the surrounding communities by providing employment for villagers and increasing rural economic activity.

Unlike the Lane Xang and Se Done companies, the Lao Timber Company has not proved a successful venture. Lack of security in its operating area has forced the company to suspend operations. A decision to liquidate was made by the company in January 1970.

A fourth ILF loan was granted in 1970 to the Lao Wood Industries Company, Ltd., Vientiane, to finance two-thirds of the cost of a model furniture factory. With the purchase of equipment imported in 1962 under the Australian Commodity Import Program, this Lao company has opened the first wood-treatment plant in Laos. In addition to meeting an immediate need for treated lumber, the plant introduces an important new industry that will permit the less expensive, plentiful varieties of wood to be substituted for the more costly, scarce varieties that are now being used for common construction purposes.

In 1969, the Royal Lao Government and USAID approved the establishment of a Mechanized Farming Loan Fund which, on the same terms as the ILF, will advance up to five-year loans to farmers or farmer groups to buy mechanized equipment including tractors and land-clearing machinery. This equipment will be used to expedite clearing and cultivation to increase agricultural production mainly on the Vientiane Plain.

Appendix

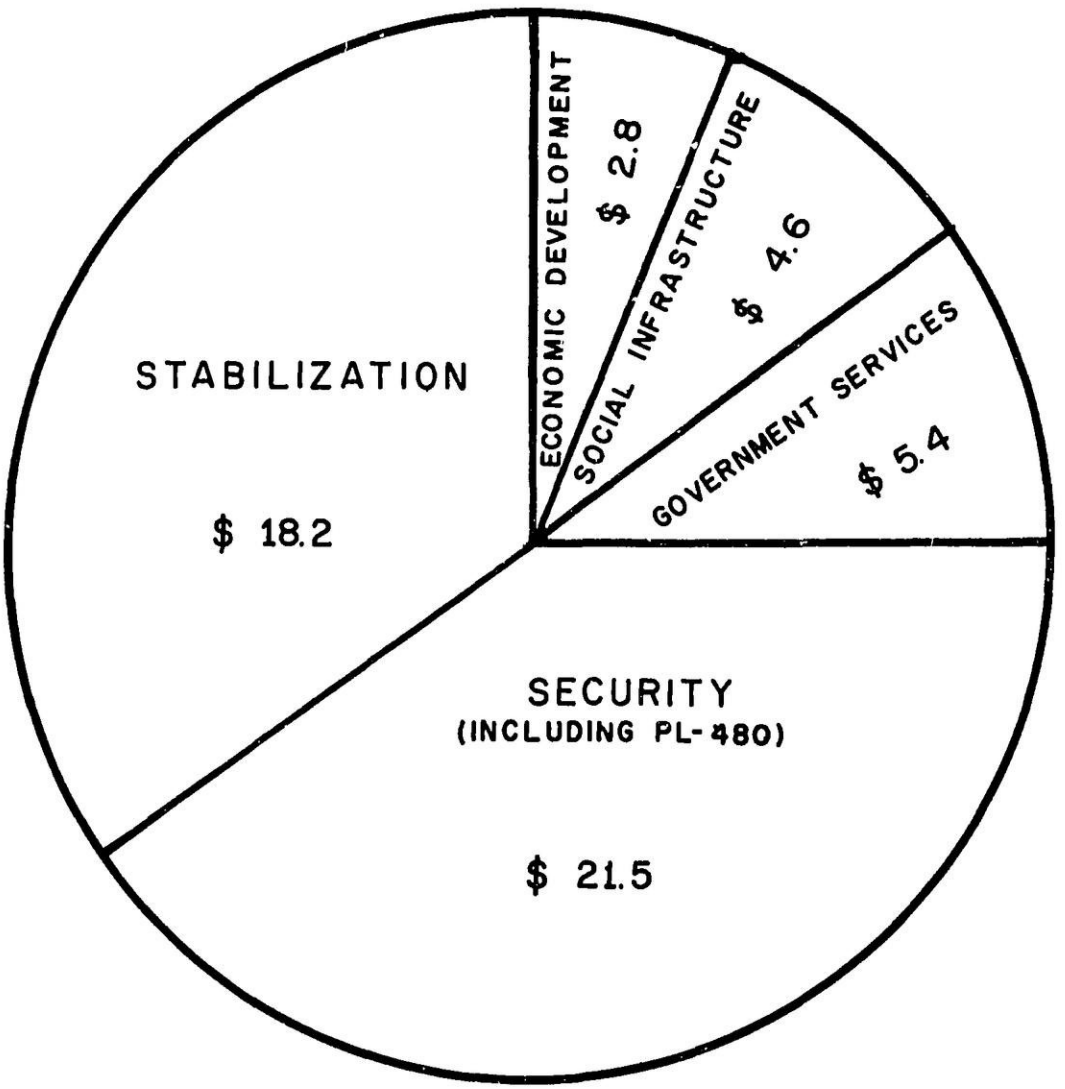
STATISTICS ON U.S. ASSISTANCE TO LAOS, FY 1970

U.S. assistance to Laos in FY 1970 totalled $52.5 million. The purposes that these funds have served are illustrated by Fig. 1, which shows their distribution by category:

> Stabilization, or those measures that have been taken to stabilize the currency and to control inflation in the monetized economy;
>
> Security, or that assistance that is given to alleviate the effects of the war in Laos;
>
> Governmental services, or those measures that are taken to assist the Royal Lao Government maintain a minimum level of services for its people;
>
> Social infrastructure, or those measures that are taken to develop manpower resources and social institutions;
>
> Economic development, or that assistance that contributes to increasing productivity in both the monetized and nonmonetized economy.

The statistical data that follow illustrate use of the funds that have been provided and results that can be expressed in quantitative terms.

The United States participates in those measures that are taken to stabilize the economy of Laos through its contribution to the Foreign Exchange Operations Fund (FEOF) and through the U.S. Import Program (USIP). Together, these funds total $18.2 million or 35 percent of total U.S. assistance to Laos in FY 1970. In terms of economic stabilization, the FEOF contribution is by far the more significant.



($ Million)

Fig. 1_ U.S. assistance to Laos by category, FY 1970

The major contribution of FEOF to economic stabilization in Laos is its success in controlling the inflationary pressures of the government's large budgetary deficits that are a concomitant of the war. FEOF has permitted the restraint of price increases in Laos to annual rates equal to or lower than the rates of increase in the most advanced of the world's economies: 5.8 percent in 1968, and 3.9 percent in 1969. Table 1 illustrates this stabilizing trend in consumer prices over the past decade.

Table 1

VIENTIANE CONSUMER PRICES 1960-1969[a/]

Calendar Year	Index	Change from Previous Year (%)	Calendar Year	Index	Change from Previous Year (%)
1960	22.7	15.2	1965	113.2	12.4
1961	23.1	2.6	1966	128.1	13.1
1962	26.6	15.1	1967	136.1	6.2
1963	50.9	91.3	1968	143.3	5.8
1964	100.7	98.0	1969	148.9	3.9

a/ Twelve-month average of Lao and European household consumer price indexes published by the RLG Statistical Office. Base: 1964 (Lao) = 100.

Funds that were provided to alleviate the effects of the war in Laos totalled $21.5 million or 40 percent of U.S. assistance to Laos in FY 1970. For the most part, these funds have been used to help 200,000 to 250,000 refugees survive. They have provided foods, medical supplies, temporary shelter, tools for clearing land, roads to relocation sites, transportation by air and surface.

USAID administers the contracts for the air services provided by Air America, Inc. and Continental Airways, Inc. In this capacity, USAID supervises scheduling, warehousing, and handling of cargo and passengers. Table 2 shows the number of aircraft (fixed wing, single and multi-engined and rotary wing) which have been used to help carry out the USAID program over the past four years. These aircraft transport cargo and passengers. They are used to airdrop food to refugees in remote areas of Laos and to evacuate refugees before enemy attack.

Table 2

CONTRACT AIRCRAFT

	1967	1968	1969	1970
Air America				
Fixed Wing	27	28	28	33
Rotary Wing	21	21	25	25
Continental				
Fixed Wing	8	8	6	9

During 1970, these aircraft carried a total of 133,353,688 pounds of cargo and 110,871 passengers.

There are currently 118 operational landing sites within Laos. USAID has constructed the small short takeoff and landing (STOL) strips and has contributed to the construction of the airports that serve the larger towns.

More than any other USAID program, assistance to refugees calls upon total USAID resources. Table 3 illustrates the extent that USAID activities in public health, agriculture, education and rural economic development contributed directly to refugee assistance in FY 1970.

Table 3

PROJECT ASSISTANCE TO REFUGEES
($ Thousand)

Project	FY 1970
Public health	2,637
Agriculture	132
Education	29
Rural public works	892
Rural self help	168
Well drilling	55
Nam Tan Irrigation	322

Funds that were provided in FY 1970 to assist the Royal Lao Government maintain a minimum level of services for its people total $5.4 million or 10 percent of total U.S. assistance to Laos in FY 1970. Within this category are included hospital operation and support, building and replacing community schools, teacher training, wells, and public safety.

As over 80 percent of the estimated 1.7 million people in that part of Laos controlled by the Royal Lao Government live in villages or in the countryside, USAID assistance in maintaining governmental services has to a great extent focused on rural Laos. Table 4 and Table 5 illustrate progress in the rural economy in terms of rural self help. Table 4 compares FY 1965 with FY 1970 in terms of rural self-help construction projects; Table 5 in terms of the rural self-help contribution. Table 6 shows the extent of USAID activities in developing the rural economy over an 18-month period.

Table 4

RURAL SELF-HELP CONSTRUCTION PROJECTS

Construction Projects	Number of Projects completed By FY 1965	By FY 1970
Classrooms[a/]	180	1751
Dug wells	40	569
Drilled wells	28	1039
Dispensaries	3	117
Roads (km)	261	499
Bridges	34	58
Markets	8	18
Small irrigation projects	15	60
Training centers	-	11

a/
In terms of student capacity, the 180 classrooms completed by FY 1965 accommodated 7200 students; the 1751 completed in FY 1970 accommodate 70,040 students.

Table 5

RURAL SELF-HELP CONTRIBUTION

	In FY 1965	In FY 1970
Villager man-days	75,000	700,000
Villager commodities (in Kip thousands)[a/]	12,000	195,000
Royal Lao Government contribution (in Kip thousands)	-	30,000
USAID contribution (in Kip thousands)	51,875	440,000

a/
Kip 500 = $1.

Table 6

DEVELOPMENT OF THE RURAL ECONOMY

USAID Activities, July 1, 1969--December 31, 1970

Activity	Total	Location							
		Vientiane	Luang Prabang	Pakse	Savannakhet	Xieng Khouang	Sayaboury	Bon Houei Sai	Other Areas
Dams and Irrigation Systems	35	9	8	2	7	-	3	2	4
Crop Demonstrations and Trials	105	30	4	7	20	-	8	2	34
Training Programs	115	42	5	16	6	1	26	2	17
Training Centers	8	3	1	3	-	-	1	-	-
School Construction (Classrooms)	1,293	237	105	235	168	502	22	20	4
Wells Drilled	194	22	7	85	34	4	-	17	25
Wells Dug	159	21	-	1	45	-	1	11	50
Hospital and Dispensary Construction	19	4	1	4	2	1	-	6	1

USAID assistance in maintaining and improving the Lao national road system has contributed to maintaining public services and to promoting economic activity in rural areas. Table 7 shows the USAID contribution to the road network from the beginning of the project in 1962 through 1970.

Table 7

USAID ASSISTANCE TO LAO NATIONAL ROADS

(Cumulative, 1962-1970)

Road	Unit	
Asphalt	km	198
All weather, gravel		1,247
Dry season		1,827
Bridges	**Number**	
Bailey		150
Timber		399

USAID has provided $4.6 million, or 9 percent of U.S. assistance in FY 1970, as its contribution to developing manpower resources and social institutions in Laos. The use of these funds can be no better illustrated than by the progress that has been made in education and in training personnel.

Table 8

USAID ACCOMPLISHMENTS IN EDUCATION

Cumulative, through FY 1970

Textbooks distributed	3,176,564	
Elementary classrooms constructed with USAID assistance	3,683	
Total number of elementary classrooms in Laos (FY 70)	4,850	
Percent of total number of elementary classrooms constructed with USAID assistance		76 percent
Teacher Training schools constructed with USAID assistance	9	
Total number of teacher training schools in Laos (FY 70)	9	
Percent of total number of teacher training schools constructed with USAID assistance		100 percent
Secondary schools constructed with USAID assistance	4	
Total number of secondary schools in Laos (FY 70)	18	
Percent of total number of secondary schools constructed with USAID assistance		22 percent
Administrative facilities constructed with USAID assistance	20	
Students enrolled in assisted schools	203,183	
Total number of students enrolled in schools in Laos (FY 70)	230,803	
Percent of total number of students attending USAID-assisted schools		88 percent

Teachers completing courses in teacher training schools	4,219
Teachers and administrators provided in-service training	5,227
Teachers and administrators provided participant training	989
Total number of teachers and educational administrative personnel in Laos (FY 70)	7,906

From 1955 to 1960, USAID sent 831 participants abroad for study in the fields of agriculture, education, public administration, and public safety. At the end of FY 1970, a total of 2613 had received training as shown in Table 9.

Table 9

PARTICIPANT TRAINING, FY 1960 - FY 1970

Field	Number Trained in U.S.	3rd country	Total
Agriculture	15	444	459
Education	39	950	989
Transportation	6	54	60
Public Administration	24	183	207
Public Health	3	324	327
Public Safety	63	318	381
Well Drilling	7	55	62
Rural Development	2	89	91
Industry Development	1	31	32
Miscellaneous	0	5	5
	160	2453	2613

By June 30, 1970, a total of 2005 USAID local employees and employees of the Royal Lao Government had completed courses at the USAID Training Center as shown by Table 10.

Table 10

USAID TRAINING CENTER

Courses and Personnel Trained[a/]

Training Courses	Number USAID Local Employees	Number RLG Employees	Total
English Language	863	329	1,192
Clerical procedures	161	2	163
Radio Operations	35	15	50
Mathematics	34	23	57
Typing - English	463	39	502
Accounting	23	-	23
Communications and Records	18	-	18
	1,597	408	2,005[b/]

a/ The training described in this table is limited to that accomplished as a part of USAID's Manpower Development project. On-the-job training carried out under other USAID projects is described in U.S. Assistance to Laos, "Institutions and People," Table 2.

b/ In addition to the 2005 employees who have completed courses at the USAID Training Center, 30 USAID employees have trained abroad and 885 Lao secondary schools students have completed a 10-week period of on-the-job work experience in USAID and RLG offices under the USAID Summer Students Training Program.

In an agricultural economy, progress can best be measured in terms of increases in agricultural production. When high-yielding rice seeds are planted and fertilizer and insecticides are used on land that formerly produced one MT of rice per hectare, the yield is now four MT. The yield is increased 20 percent when fertilizer and insecticides are used on native rice. On land where no rice was produced during the dry season, the yield with irrigation can be 4 MT per hectare.

Table 11 illustrates the increase in fertilizer sales that has contributed to the increase in agricultural production; Table 12 shows USAID assistance in irrigation.

Table 11

AGRICULTURE DEVELOPMENT ORGANIZATION
FERTILIZER SALES

Year	Tons
1966	50
1967	632
1968	982
1969	2036
1970 a/	1665

a/ Decrease in fertilizer sales in 1970 reflects discontinuance of fertilizer sales in southern Laos as private suppliers of fertilizer entered the market.

Table 12

IRRIGATION

	Cumulative, 1960-1970
Projects	176
Area irrigated (in hectares)	
Wet season	12,932
Dry season	4,143

Since 1962 when extension agents began to distribute vegetable seeds and conduct demonstrations, the farmers have become increasingly aware of vegetable gardens as a source of additional income.

Table 13

VEGETABLE PRODUCTION[a/]

Year	Kilograms Produced in Laos	Percent of Total Market Supply
1965	89,154	49.6
1966	109,553	51.9
1967	132,150	54.3
1968	110,242	54.8
1969	103,570	55.8

a/ Based on market observations one day each month.

Table 14 summarizes U.S. assistance to Laos by sector, FY 1964-66 through FY 1970 and U.S. assistance for FY 1971 as planned.

Table 14

U.S. ECONOMIC ASSISTANCE TO LAOS[a/]

($ Thousand)

Project Assistance	FY 1964-66	FY 1967	FY 1968	FY 1969	FY 1970	FY 1971[b/]
Agriculture	2,135	2,991	1,763	1,645	1,157	1,300
Irrigation	940	744	858	1,035	814	703
Industry	51	71	231	340	372	383
Lao National Roads	10,178	5,578	4,884	3,915	2,127	2,194
Rural Public Works	4,348	3,558	4,930	2,741	3,001	2,440
Public Health	7,283	1,698	2,667	3,444	4,755	4,700
Education	2,969	1,506	1,940	1,736	1,690	1,676
Public Administration	327	254	202	275	523	525
Well Drilling	1,751	703	475	394	141	250
Community Development	3,469	1,594	1,731	1,227	963	1,170
Refugee Relief	10,625	4,554	3,566	2,117	5,329	4,413
Air Support	26,663	6,395	6,400	3,060	5,823	6,823
Police	1,452	654	501	466	547	500
General Technical Support	13,094	5,339	5,239	4,915	4,578	4,721
Military Technical Support	9,914	3,799	3,413	2,242	2,021	----
Subtotals	95,199	39,488	38,800	29,552	33,841	31,798
Nonproject Assistance						
Foreign Exchange Operations Fund (FEOF)	17,681	13,800	18,600	19,200	16,600	16,800
U.S. Import Program	23,141	1,900	4,475	2,500	1,500	1,500
Invisibles[c/]	8,501	1,545	1,025	783	---	---
Subtotals	49,323	17,245	24,100	22,483	18,100	18,300
PL-480, Titles II and III (Surplus Agricultural Commodities)	2,400	1,200	800	800	600	1,938
Grand Totals	146,922	57,933	63,700	52,835	52,541	52,036

a/ This table does not include U.S. assistance to regional projects; e.g. the Nam Ngum Dam.

b/ Planned.

c/ Royal Lao Government official expenditure abroad.

Table 15

ASSISTANCE TO REFUGEES [a]
($ Thousand)

	FY 1968	FY 1969	FY 1970
Refugee Relief and Relocation	3,806	2,266	6,012[b]
Air Technical Support	4,000	2,236	3,872
Public Health	1,250	1,278	2,637
General Technical Support	1,050	1,086	1,657
Development of Rural Economy	675	1,048	1,115
Agriculture Development	460	485	454
Education Development	24	24	29
	11,265	8,423	15,776
Public Law 480 Commodities	800	800	600
Total	12,065	9,223	16,376

[a] Includes local currency costs.

[b] Includes $500,000 contributed to the Foreign Exchange Operations Fund (FEOF) in exchange for Japanese rice contributed to refugee relief program.

OTHER FOREIGN ASSISTANCE TO LAOS

For the past several years Laos has benefitted from a wide range of financial, technical, humanitarian, and commodity assistance offered by the many countries that are friendly toward Laos and interested in maintaining its stability and continued economic and social development. The bulk of assistance that donor nations have made available to Laos is concentrated in such activities as support of the Foreign Exchange Operations Fund (FEOF) to maintain monetary stability in Laos; teachers for several Lao schools and institutions of higher learning; scholarships to Lao students for study abroad; technical advisors to assist the several Royal Lao Government Ministries; and financing major capital projects, such as the Nam Ngum dam.

This section describes the assistance programs of the several donor nations other than the United States and of international organizations in Laos. The record of U.S. participation in coordination with the other donor nations in the many multilateral and regional activities that are being implemented in Laos is included, however, so that the full scope of the international cooperation evidenced by these programs may be realized.

This section has been prepared with the assistance of the Commission General of the Plan and with the cooperation of the many Embassies and representatives of other donor organizations in Laos. The dimensions and magnitude of each program are described to bring about a greater understanding and appreciation of the efforts that are being made by many donors to contribute to the economic and social development of Laos.

Regional Planning

Since 1957, the four riparian nations of the Mekong Basin--Laos, Thailand, Cambodia, and Vietnam--have been working closely together under the auspices of the Mekong Committee and in cooperation with the United Nations Economic Commission for Asia and the Far East (ECAFE) to coordinate and promote a program of economic development that emphasizes regional cooperation and planning.

Multilateral assistance under international sponsorship is sought for projects which promise benefits to more than one nation and thus induce stronger regional ties throughout the Mekong Basin.

A number of studies and some projects, notably the Nam Ngum dam in Laos, have already been undertaken by the Mekong Committee. The Amplified Basin Plan for coordinated Mekong development, which has been worked out by the Mekong Committee, envisages construction of a series of dams, hydroelectric plants, and irrigation schemes along the Mekong and its tributaries. These will take perhaps 25 years to implement and will cost several billions of dollars.

Nam Ngum

The Nam Ngum dam, the first major multilateral, regional project to be implemented under the auspices of the Mekong Committee, is now under construction by the Japanese contractor Hazama-Gumi at a site 40 miles north of Vientiane. The dam will be a concrete gravity-type structure 75 meters high. With its accompanying powerhouse it will be capable of producing 30,000 kw of energy in the initial stages of the project. Although Nam Ngum is conceived as a power project only, irrigation of the Vientiane Plain will be possible, using Nam Ngum energy to pump water from both the Mekong and Nam Ngum rivers. Construction at the damsite has been under way since October 1968 with completion scheduled for December 1971. At the moment, the project is a little over half-completed.

A power transmission line extending from Thailand to the damsite, constructed as part of the project, is now delivering Thai power for Vientiane city requirements and for dam construction. Under a unique international agreement the power is being loaned by Thailand to Laos with repayment to be in kind once Nam Ngum power is in production.

The project is financed by grants from a consortium of nine donor nations which has already pledged some $30 million of the estimated $31 million cost of the first stage of construction to the administrator of the project, the International Bank for Reconstruction and Development (IBRD). The main works now being erected will cost $14.5 million with the remaining funds being applied to construction of the power house, transmission lines, and bridge across the Nam

Ngum River to the damsite.

Donors to the Nam Ngum fund are

United States	$15,565,000
Japan	4,962,000
Netherlands	3,770,000
Canada	2,000,000
Denmark	780,000
Australia	628,000
New Zealand	350,000
France	600,000
	$28,655,000

In addition to the grants from the above donors, Thailand is supplying $1,250,000 worth of cement to the project. This loan will be repaid with power when the project is completed. Japan has also provided $315,000 for the design work. About $1 million more may have to be raised to finance the project completely.

Pa Mong

The United States has spent almost $14 million in preparing (in cooperation with Laos and Thailand) the feasibility study for the key project of the initial phase of Mekong development--the Pa Mong dam. If the decision is made to construct this $1.455 billion dam 25 kilometers upstream from Vientiane, the benefits that will be derived from it are immense--4,800,000 kw of power capacity plus water available for irrigating perhaps as many as two million hectares in Laos and Thailand. The Pa Mong Stage One Feasibility Report was completed by the U.S. Bureau of Reclamation in March 1979, while the final Phase II report should be completed by June 1971. It will probably be several years before a final decision is made by Laos and Thailand to undertake the project.

It is estimated that once a decision has been made to proceed with construction of Pan Mong, approximately four years will be required for preconstruction planning and eight years for the construction of Stage I, after which electrical production of 600,000 kw would

begin at the dam. An additional nine years would be required to install all generators and to achieve maximum production of 4,800,000 kw. If constructed, Pa Mong would be one of the largest dams in the world. It would be capable of producing more electrical energy than the Grand Coulee and High Aswan dams combined.

Asian Development Bank

One of the achievements of ECAFE was the establishment of the Asian Development Bank (ADB) in 1966 to finance various types of development activities with both "hard" and "soft" loans and to provide technical assistance, usually on a grant basis, both for the implementation of projects and for the preparation of various types of studies.

In 1969, the ADB made its first grant to Laos: $250,000 for preparing a feasibility study of the development of extensive agricultural activities on the Vientiane Plain. The study recommended construction of a number of irrigation projects. First priority was given to the Tha Ngon Development Area, an 800-hectare site 25 kilometers north of Vientiane designed with Japanese assistance. In 1970, the ADB agreed to lend the Royal Lao Government approximately one-half of the cost of the project, with Japan granting most of the remainder. The ADB loan amounted to $973,000 with repayment in 40 years, 10 years grace period, 1-1/2 percent interest. In addition to the loan, the ADB will provide as a grant the services of a team of experts to assist with the final design and implementation of the project. This grant is valued at $275,000. This project is discussed in the section describing the Japanese assistance program.

The ADB is now investigating other projects in Laos that might be eligible for Bank assistance. In January 1971, a team will arrive in Laos to look into the needs of Electricité du Laos in expanding the electrical distribution system of Vientiane. In February 1971, the Bank will present to the Mekong Committee its findings on the feasibility of the Nongkhai-Vientiane bridge across the Mekong. Thailand and Laos have jointly sought the aid of the Bank in assessing this project. The Bank also has under preliminary study a request from the Royal Lao Government for a loan to upgrade the Vientiane water system.

Other Regional Projects

In response to the request of the eight-nation Coordinating Committee for Southeast Asian Transport and Communications, the United States through its Office of Regional Economic Development (RED) in Bangkok agreed to provide $100,000 to investigate the feasibility of developing in Laos a "backbone" telecommunications system. This system would link all the major cities of Laos for the first time with a modern communications system and connect the Lao system to that of Vietnam, Thailand, and possibly Cambodia. The United States is now considering financing the recommendations of the report and implementing a joint USAID/PTT program to develop the new communications system.

Another regional activity of direct interest to Laos is the Mekong Ports Improvement Project which, if implemented, promises substantial immediate benefits. The program proposes development of a series of improved Mekong River ferry crossings and river port facilities at Ban Houei Sai, Luang Prabang, Thadeua (Sayaboury), Thakhek, Savannakhet, Pakse, and Muong Kao in Laos, and Mukdhan and Nakhon Phanom in Thailand. It is hoped final project approval will be obtained in early 1971 with construction to begin shortly thereafter.

Development of the Nam Ngum fishery will also probably begin in 1971 as a joint effort of the Royal Lao Government and the United States through its regional program. In cooperation with the Mekong Committee, plans are presently being developed for the project. These involve construction of landing and fish-packing facilities as well as development of a hatchery for the production of commercially desirable varieties of fish.

United Nations

The United Nations (UN) through its family of specialized agencies has been assisting Laos since 1952. The UN staff in Laos at present is made up of about 43 technicians, advisors, and medical personnel who administer programs of several UN agencies, the most important of which are the United Nations Development Program (UNDP), Office of Technical Cooperation (OTC), World Health Organization

(WHO), International Labor Organization (ILO), Food and Agriculture Organization (FAO), and International Monetary Fund (IMF).

Table 1 shows the financial resources that have been administered by the various agencies of the United Nations in Laos for the past few years:

Table 1

($ Thousands)

Calendar Year	UNDP (Technical Assistance)	OTC	WHO	ILO	IMF	UNICEF	Total
1966	500	60	92	--	--	50	702
1967	500	56	99	--	--	71	726
1968	500	34	123	20	--	57	734
1969	485	42	251	20	24	50	872
1970	584	42	204	--	48	90	968

In addition to the UNDP Technical Assistance program, there is also the UNDP Special Fund whose monetary resources are incorporated in the regional projects administered by ECAFE and the Mekong Committee. The Special Fund, which confines itself to the more costly projects of a preinvestment nature, has as its goal capital investment programs, and its projects, therefore, consist mainly of natural-resource surveys, feasibility studies, and establishment of advanced technical training and research institutions in cooperation with the requesting government.

Under the Special Fund, the United Nations provides technicians on an ad hoc basis from its regional staff at ECAFE in Bangkok and finances study teams for work in Laos and the other three riparian countries of the Mekong. Perhaps the most significant study undertaken under Special Fund sponsorship in Laos has been the survey to determine the mineral resources of western Laos; this was completed in 1969.

UNDP Technical Assistance and the regular programs of the specialized agencies, although including a number of medium-term projects, such as the Arts and Crafts Center, generally consist of one or two experts who advise on a particular problem for one to two years and train nationals of the country to carry on their work after they leave. For example, in Laos, there are advisors of this type assigned to the Commission of Rural Affairs (community development), the Prime Minister's Office (public administration), Ministry of Finance (cadastre), Ministry of National Economy (small industry), Ministry of Social Welfare (labor legislation), and Directorate of Agriculture (veterinary medicine).

In addition to assigning technicians to assist the Royal Lao Government, the UN family of organizations also provides funds for seminars and regional conferences, fellowships for further study abroad, and a very limited amount of commodity support.

The 13 members of the WHO staff (some financed by UNDP and others by the regular program of WHO), are assigned to several different health activities. These include three instructors at the Mahosot Nurses Training School, four doctors who instruct at the Royal School of Medicine, one physiotherapist at the Orthopedic Center, and other advisors and instructors who assist with the development of public health statistics, maternal and child health services, urban sanitation services, and antimalaria activities. The WHO activities have been expanding rapidly in the past few years; its budget has increased from $92,000 in 1966 to approximately $204,000 in 1970.

The UNDP is exploring the possibility of assisting in establishing a training center for forest rangers at the National Education Center at Dong Dok near Vientiane. The project would be carried out in cooperation with the Australian and Canadian forestry teams. The UNDP is also seeking approval for establishment of a telecommunications training school in Vientiane to assist in developing the technicians that are required by PTT, Civil Aviation, and National Radio. In 1971, a new program will be instituted at the National Education Center by UNESCO to assist with curriculum development and, in particular, to introduce programmed education techniques. At least four UN experts will collaborate in developing this program.

Private Foundations

The Asia Foundation is essentially a small-grant organization that seeks to perform a catalytic role by encouraging innovation and cooperation in development and social activities. All projects supported are conceived and carried out by Lao or Lao institutions. Foundation assistance, in amounts ranging from $100 to $15,000, normally is for a limited period; if it is continued for more than one year, the Foundation's role is expected to be a decreasing one as local support is attracted for the project.

The Foundation has operated in Laos since 1959, devoting in all about $1.5 million to its projects; recent expenditures have varied between $150,000 to $200,000 annually.

The Foundation's current program includes among its many activities the development of youth centers by constructing facilities, supporting training programs for youth leaders, and providing financial support for athletic competitions. Assistance is given to development of the legal and administrative systems of Laos through grants for advanced study in Thailand and the United States for Royal Lao Government officials concerned with public administration and the teaching of law. The Foundation also supports programs for development of Lao literature and libraries, Lao classical dancing, weaving and wood carving. Vocational training for veterans and participation in the support of the Ban Amone Rural Training Center are other significant Foundation activities.

World Vision Inc., since the initiation of its program in Laos over one year ago, has brought to Laos over 750 tons of food stuffs, vitamins, and medical supplies. The commodities, 90 percent of which are such items as canned meats, prepared dinners, baby foods, milk, etc., are donated to this humanitarian and charitable organization for the most part by manufacturers in the United States. A.I.D. pays the ocean transportation to Laos and assists with the distribution of the commodities to refugees in Laos. The value of the items provided to date is about $800,000.

Catholic Relief Services (CRS) has been distributing food and clothing to persons in need in Laos since 1957. Over $3.5 million

worth of food alone has been provided since the inception of the program with annual distributions totaling about $240,000 at present. The powdered milk, bulgar wheat, corn meal, and flour provided makes possible feeding programs for mothers and preschool-age children, school lunches, charitable institutions, lepers, and war-generated refugees. The food itself is surplus U.S. agricultural commodities donated to CRS for distribution overseas through the PL-480 program.

The Dooley Foundation has been providing medical care and services in Laos for over ten years. Although formerly staffing and maintaining hospitals at Ban Houei Sai and Khong Island, the Dooley Foundation is at the moment concentrating its efforts and program on bringing medical assistance to villages along the Mekong in the vicinity of Vientiane-Paksane and Pakse-Champassak by means of two river boats donated by supporters in the United States and specially equipped as floating clinics. Many of the Dooley staff are volunteers and all of its estimated $200,000 annual budget comes from private donations.

France

France contributes the second largest amount of foreign assistance to Laos each year, providing an estimated $6 to $7 million annually, a level somewhat lower than in the past.

Three separate agencies administer the various sectors of the French assistance program. The French Military Mission (MMF), which has been gradually declining in size in recent years, presently has a staff of about 90 officers and enlisted men. Established under the Geneva accords, the MMF provides training and advisory services, but no military equipment, to the Royal Lao Army. The Economic and Technical Assistance Mission (MAET) with its staff of 70 provides the services of engineers, doctors, advisors, and other technicians to almost all the Royal Lao Government ministries, public utilities, and major educational institutions. About 280 French school teachers are assigned by the Cultural Mission to the lycées, teacher training school, and other secondary education institutions throughout the country. About 35 of these teachers are volunteers--

Cooperants du Service National--paid by the French Government, who have chosen to serve in Laos in lieu of military service. The staff of the MAET also includes about 20 such volunteers.

The number of teachers assigned to Laos at the moment represents a reduction of over 10 percent from the staff level of last year. This decrease reflects implementation of the new Franco-Lao policy of striving for greater program effectiveness by reducing the number of less-skilled foreign personnel and devoting the funds saved to improving physical facilities and training more Lao instructors as assume increased responsibilities for teaching in the higher-level institutions.

Traditionally, France has assigned a high priority to providing extensive financial and professional assistance to almost all the higher level schools in Laos. In addition to providing teachers and educators, many of the classrooms, laboratories and other physical facilities have been constructed or furnished by France. Recent projects include construction of the Royal School of Agriculture on which about $300,000 has been expended. The Royal School of Law and Administration will have a 200-seat amphitheatre in 1971, while the Vientiane Technical College and certain provincial technical schools will receive from France donations of needed machinery and equipment valued at $36,000 in 1970, the same amount that was made available to them in 1969. The Centre Lambert, the technical training school of Electricité du Laos, was developed and equipped by France and continues to receive extensive physical support and the services of a number of French instructors. The physics and anatomy laboratories of the Royal School of Medicine were recently equipped by France as a step in the recently instituted program being carried out by the faculty of the University of Lyon to upgrade the school to the level of a doctorate-granting institution, the first in Laos.

As well as donating numerous books annually to the secondary schools, France has been providing each year a large credit to facilitate the importation of French books. Scholarships for training in France are another significant portion of the French educational program, with about 100 awards being granted to Lao students each year.

In addition to educators, several French experts and advisors are assigned to a number of offices and instrumentalities of the Royal

Lao Government such as the Commission for the Plan, the Ministry of Finance, and the National Bank of Laos, while other technicians and administrators assist with the operations of the telephone, electric, and water companies.

As well as assistance to technical and educational institutions, France continues to assist major capital projects. In 1966, France contributed $600,000 toward the construction of the $30 million Nam Ngum dam. In the same year, a credit agreement was successfully negotiated between France and Laos providing for loans and credits totaling 15 million francs ($2.7 million) for several projects. Some 6 million francs (about $1 million) of the credit was made available for construction of the 2550 kw Selabam dam near Pakse, the first hydroelectric project in Laos. In addition to the loan made for twenty years at one percent interest, France granted the equivalent of $400,000 in technical services and assistance with design of the structure, which was completed in February 1970. At present, a smaller structure, the Nam Dong dam, is under construction near Luang Prabang, also partially financed by the 1966 loan. The Royal Lao Government provided the labor and cement for both projects.

The 9 million franc commercial credit is repayable over a five-year period at a rate of 6 percent. With these funds, the underground telephone cable network of Vientiane is presently being rehabilitated and the 800-line Vientiane telephone system is being expanded to 2000 lines. In October 1970, the Royal Lao Government and France signed a protocol under which loans totaling up to 13.2 million francs ($2.4 million) will be negotiated in the future for two important projects. The great bulk of the loan (11.25 million francs) is to be devoted to improving aero navigation and communications equipment and terminal facilities at Wattay Airport in Vientiane. Further improvements to the local telephone system, valued at 2 million francs, will also be made. One-half of the total funds of the loans will be provided by the French Government at an interest rate of 3 percent for a 20-year term with a five-year grace period. The remaining half of the funds will be provided by private sources for five years at commercial rates of interest.

In 1970, the French Committee for the World Campaign against Hunger, a private humanitarian organization, donated 30 tractors,

4 bulldozers, several trucks and assorted agricultural implements to the Royal Lao Government for use in resettling thousands of war-generated refugees on the Vientiane Plain. In 1968, the same organization donated 5000 tons of rice, 30,000 roofing sheets, and a large quantity of canned milk and drugs, also for refugee relief.

In addition to its bilateral assistance to Laos, France has participated in the currency stabilization program of FEOF since 1964 in cooperation with Australia, Japan, the United Kingdom, and the United States.

Japan

In 1958, Japan's assistance to Laos began with an agreement under which Japan provided two vitally needed projects to Laos with a total value of $2.8 million. The first was a 3000-kw diesel-generating plant, and the second, a water-filtration and distribution system, both located in Vientiane. In 1965, with the completion of the latter project, the quantity of Japanese assistance provided Laos has become increasingly significant. Japan joined with eight other nations in signing the Nam Ngum agreement in 1966, donating as its share $4,962,000 of the $30-million total cost of the project. Previously, the design work of Nippon Koei Ltd., valued at $315,000, was provided by Japan. Japan has also been participating in FEOF since 1965, contributing $1.7 million each year from 1966 through 1969 and $2 million in 1970.

Again utilizing the services of Nippon Koei Ltd., Japan made available $141,000 for the feasibility study of the Vientiane-Nongkhai Bridge across the Mekong. Financing for the construction of the bridge is being jointly sought by Thailand and Laos from the Asian Development Bank. A major construction project completed in 1970 was the 1000-meter extension of the runway at Wattay Airport, which increased runway length to 3000 meters, which made it possible for international jet aircraft to serve Vientiane. This project was funded by grants from Japan of $800,000 foreign exchange and about $400,000 in kip generated by Japan's contribution to FEOF. Japan now has under consideration a request from the Royal Lao Government to extend the aircraft-parking ramp and taxiways and to construct highspeed turnoffs at Wattay.

In 1969, Japan agreed in principle to construct a telecommunications link between Vientiane and Nongkhai valued at $90,000 which will provide Laos with a modern and efficient microwave connection with the communications system of Thailand. Construction will begin in early 1971 after the signing of the formal agreement.

In 1966, the Japanese Overseas Technical Cooperation Agency (OTCA) established the Lao-Japanese Demonstration Farm on a site near the village of Tha Ngon on the bank of the Nam Ngum River, 25 kilometers north of Vientiane. At present the farm is staffed by three Japanese experts, seven Japanese youth volunteers and about 20 Royal Lao Government officials and technicians. They are engaged in agricultural training and testing in irrigation techniques, horticulture, livestock production, and other specialties. The Government of Japan in cooperation with some private enterprises in Japan provides the operating budget and equipment required by the farm.

In 1968 and 1969, the OTCA prepared at a cost of $128,000 a study and plans for an 800-hectare irrigation project and development area adjacent to the demonstration farm. The project, which will be the first major irrigation project on the Vientiane Plain, is designed not only to produce two crops of rice but also fruits and vegetables to help meet the demands of the Vientiane market, which are still to a great extent satisfied by imports from Thailand. Water for irrigation required by the project will be taken from the Nam Ngum River with pumps powered by electricity generated at the Nam Ngum dam upstream from the Tha Ngon project. It is expected about 400 families will be settled on the project; a large number will be those families displaced from the Nam Ngum reservoir area.

The project (not including the experimental or pilot farms) will require $1,957,000 in foreign exchange and local currency to develop. Of this sum, Japan has agreed to grant $200,000 in foreign exchange and about $373,000 in kip. The kip will be generated for the most part by Japan's FEOF contribution with the balance being produced by sale of commodities donated by its "Kennedy Round" contribution. To fund the balance of the project requirements, the Asian Development Bank in April 1970 agreed to lend Laos $973,000 in foreign exchange at an interest rate of 1-1/2 percent, 40-year term, with ten

years grace period. In addition, the Bank will provide the services of technical advisors and consultants to the project to prepare the final designs and direct construction. These services are valued at $275,000.

To be constructed in conjunction with the Tha Ngon Development Project will be the 100-hectare Tha Ngon Pilot Farm to which Japan will appropriate over a five-year period almost $1 million in capital and operating costs; $860,000 in foreign exchange will be required and about $130,000 in kip. On the pilot farm, the new techniques and practices that must be adopted to make the development area a success will be taught to farmers in a more typical agricultural situation than that of the demonstration farm.

In addition to its important effort at Tha Ngon, Japan is providing through the Colombo Plan the services of two experts in sericulture to investigate the possibilities of developing silkworm production in Laos. As well as the seven youth volunteers--Japanese Overseas Cooperation Volunteers--stationed at Tha Ngon, there are about 63 others assigned to almost every sector of the Royal Lao Government: public works, agriculture, sports, information, PTT, livestock production, social welfare, etc.

Japan has provided significant quantities of commodity assistance to Laos under various programs in the past few years. In 1968, some $200,000 worth of agricultural equipment and $300,000 worth of rice for relief purposes was donated under the "Kennedy Round" program. In 1969, $500,000 worth of rice was provided to Laos for refugee relief which allowed the United States to divert the same amount from its refugee program as a supplementary donation to FEOF. In 1970, some $500,000 worth of agricultural equipment was provided Laos to be sold for kip by the Agricultural Development Organization. The kip from sales is in turn sterilized for use at a later date for local costs of development projects organized by Japan. Humanitarian assistance to refugees in the form of drugs and goods valued at $30,000 was also provided in 1970.

Future projects which may attract Japanese support in the form of loans include the extension of the generating capacity of the Nam Ngum dam from 30,000 kw to 105,000 kw, which is estimated to require $16 million, and construction of a cement plant at Ban Thalat

which may cost $4.5 million. In 1971, Japan agreed to a new "Kennedy Round" program which will make available $200,000 worth of agricultural implements for the refugee-relief program of the Royal Lao Government. Consideration is also being given to making available for refugee relief other items of Japanese equipment already imported into Laos under earlier "Kennedy Round" programs.

Germany

German assistance to Laos is characterized by two principal activities: (1) construction, maintenance and staffing of the Lao-German Technical School in Vientiane, and (2) provision of substantial soft loans for improvements to the electrical and water systems of the major cities of Laos.

The Lao-German Technical School, organized in 1964, now has an enrollment of about 150 students and a teaching staff of 24 which includes 7 German and 17 Lao instructors. Of the Lao instructors, 10 have received extensive training in Germany; 5 Lao are presently in Germany receiving training and 4 more will be sent this year. On their return to Laos, all will assume teaching positions in the school.

The school provides students with a three-year course of study with training offered in metal working, auto mechanics, plumbing, and electricity. At present, four new buildings financed by Germany are under construction at the school, including a new workshop, classrooms, and a dormitory. With the completion of the new facilities, the enrollment of the school will be increased to 200 students of whom at least 60 will be able to reside in the new dormitory.

In addition to its support of the school, Germany has participated with Great Britain and Australia in the development of Lao National Radio. Germany contributed in 1967 one 24-kw shortwave transmitter for use in Vientiane and two 10-kw mediumwave transmitters for Pakse. Three German experts were assigned initially to Laos for the installation of this radio equipment; at the moment, one remains, who will continue to assist with this program for one more year.

In December 1965, Germany granted Laos a credit of DM 20 million (DM 3.65-$1) for a 30-year term at an interest of 3 percent for

improvements to and expansion of public utilities in Laos. DM 16.5 million of the loan was applied to the purchase and installation of new German diesel generators in Vientiane capable of producing 8000 kw. The balance of DM 3.5 million plus an additional amount of DM 100,000 was utilized in improving the water distribution system of Luang Prabang. In September 1970, a new loan in the sum of DM 6 million was made to the Royal Lao Government for a term of 20 years at an interest rate of 2-1/2 percent. These funds will be applied toward the first stage of the rehabilitation of the Vientiane power distribution system; additional funds for the later stages of this project may be sought from both Germany and from the Asian Development Bank.

Related to its interest in improving the water and power systems of Laos, Germany has awarded scholarships for training in Germany to two employees of Electricité du Laos and one of Société des Eaux, the water company.

United Kingdom

In its position as Co-Chairman of the 14-nation conference on Laos and because of its continuing desire to promote political and economic stability in Southeast Asia, the United Kingdom has endeavored to maintain an important economic assistance program in Laos. Since the establishment of its Embassy in Laos in 1954, Britain has contributed over $25 million to Laos, the great bulk of which has been financial aid with the remainder being technical assistance.

Because of a general constriction of worldwide British aid activities in the last few years the level of assistance to Laos has dropped from a high point of about $6 million in one year to its present level of $2.5 million annually. As the major portion of its assistance in 1970 Britain has again contributed $1.7 million to FEOF as it has each year since the inception of FEOF in 1964.

The most important British program after FEOF, and perhaps its most successful technical assistance effort, has been the development of Lao National Radio. As part of the multilateral International Aid to Radio project, a nationwide radio network has been established, very largely at British expense, with broadcasting and relay stations

at Vientiane, Luang Prabang, and Pakse. The last two stations were handed over to the Royal Lao Government in 1969. Britain has contributed about $2 million to this activity and continues to support it with the services of an advisor, four British engineers, three other experts and instructors, plus three graduate VSOs (Volunteers for Service Overseas). British support will continue for at least three more years.

In addition to its advisory activities, a long-term training program for radio technicians has been organized by the British. Training in degree-granting courses will be provided for four Lao radio engineers in Britain this year and programmers will be given short-term training with the BBC. Other students to receive training in Britain this year include an electrical engineer, an agriculturist, a photogeologist, and civil aviation personnel.

Two technical assistance activities of several years' duration in Laos, organized under the Colombo Plan, were phased out in 1970. The British medical team which had in part built, supplied, and staffed small hospitals in Luang Prabang and Thakhek handed over their project to the Royal Lao Government and the last British doctor withdrew at the end of October. An advisor to the Ministry of Social Welfare, who had worked closely with the refugee relief program for the last seven years, completed his assignment in September.

Colombo Plan advisors who remain include two specialists in English-language teaching, one at the College of Law and Administration and the other at the Ecole Superieur du Pedagogie. An expert in bookbinding has just arrived to begin his two-year assignment with the Lao National Press to which Britain has also just presented two new pieces of equipment--a folding machine and an automatic bookbinder. It is anticipated that this new advisor will advance the program to produce more textbooks in Laos and thus achieve a savings in foreign-exchange expenditures on overseas purchases of school and college textbooks.

In addition to Colombo Plan experts, the United Kingdom has a team of some 18 young volunteers (VSOs), all of whom are university graduates, presently in Laos. This number represents an increase of four over last year's complement. Except for those working with Lao National Radio, all teach English at various lycées and

teachers' colleges throughout Laos.

In 1969, as in the previous year, Britain supplied about $100,000 worth of agricultural pumps, rice dryers, and tractors to the Agricultural Development Organization in continued support of the accelerated rice production program. Related to this assistance to the agricultural sector, Britain will contribute, beginning in 1971, $90,000 towards construction of a plant pathology laboratory being developed jointly with the Royal Lao Government Directorate of Agriculture and USAID.

In cooperation with the Mekong Committee and the Royal Lao Government, Britain has agreed to implement a photogeological mapping activity of most of western Laos. Working from aerial photographs, two photogeologists of the Institute of Geological Sciences in Britain will prepare maps of much of northern and western Laos, and also provide training in Britain to one or two Lao counterparts. It is expected the project will require three years to complete.

The United Kingdom Commodity Import Program (UKIP) has in the past provided subsidized imports to Laos. This program, which funded about $10 million worth of imports between 1963 and 1969, has been virtually phased out and replaced by project aid, training, and advisory services.

Canada

Since the withdrawal of most Canadian personnel from Laos in early 1970, Canadian assistance to Laos is presently administered by the Canadian International Development Agency from its offices in Saigon. Since the inception of the Colombo Plan, Canadian bilateral aid to Laos has totalled about $2 million. An additional $2 million was donated to the Nam Ngum dam consortium plus $1.3 million for the aerial survey of much of the Mekong Basin in Laos to develop the basic data for use in preparing further Mekong development plans.

Recently, the most significant Canadian bilateral assistance efforts have been in the fields of education and forestry in Laos. At the moment, about 30 Lao students are attending Canadian technical

schools or universities under scholarships awarded by Canada; about 20 more scholarships may be provided next year for suitable candidates. It is expected that many of the engineers, technicians, and administrators required for the operation and maintenance of the Nam Ngum dam will benefit from study in Canada. At the moment, eight Lao who will be assigned to Nam Ngum on their return are studying various aspects of electrical engineering in Canada. In addition to their classroom study, they will also be given the opportunity to gain practical work experience through extended periods of on-the-job training at various hydroelectrical installations in the French-speaking areas of Canada. Because of its unique position as a bilingual nation, Canada is in a particularly flexible position to offer training adapted to the linguistic background of the student. Most Lao have opted for study in French on winning a Canadian scholarship.

For the past three years, Canada has been a major participant with Australia and the United States in the joint forestry inventory and development program, contributing goods and services valued at $160,000. There are now resident in Laos three Canadian foresters who work closely with the Royal Lao Government Directorate of Water and Forests. Although their assignments will be completed early in 1971, Canada is considering extending its participation in this activity, with emphasis on training Lao foresters. The extended program would last for three more years and require the full-time presence in Laos of two Canadians plus short-term visits from others. The extended program, if approved, would require about $345,000 to implement, with the Canadian contribution about $240,000.

Three Canadian professors of French now teach at Lao teachers' colleges; the Royal Lao Government recently requested Canada to provide the services of more such professors. In the recent past, Canada has assisted the development of education in Laos by providing 40,000 geography and grammar textbooks in French and forty tons of printing paper to be used in the production of school books.

At the present time, Canadian bilateral assistance to Laos is considered by the Canadian Government to be at an appropriate level. Rather than expand its bilateral aid or commit itself to multilateral programs such as FEOF, the Canadian Government has preferred to

emphasize projects involving regional cooperation and development. To this end, it has provided $25 million interest free to the Asian Development Bank's Special Fund and a further $100,000 to finance technical assistance projects under the administration of the Bank.

Australia

Australian assistance to Laos is channeled through the Foreign Exchange Operations Fund (FEOF), the Colombo Plan Economic Development Programme, and the Colombo Plan Technical Cooperation Scheme.

From the inception of FEOF in 1964 through 1969 Australia has contributed a total of $3.7 million to the Fund; in 1970 the sum of $720,000 was provided. Each annual contribution has been given to FEOF as a direct grant with the counterpart kip generated being applied essentially to the reduction of the Royal Lao Government budget deficit.

Under the Australian Economic Development Programme, aid amounted to some $2.2 million by the end of 1969. Of this amount, major contributions include $900,000 through the Australian Import Programme (AUSIP), a program which has now been phased out; about $100,000 for roadmaking, agriculture, and drilling equipment, and $500,000 to the Nam Ngum dam. An additional pledge of $128,000 to the Nam Ngum fund has also been made.

Through the end of 1969, Australian aid to Laos under the technical cooperation scheme was approximately $1.8 million. Of this sum, $625,000 was spent on training, both academic and technical, in Australia. At any one time there are between 55 to 60 Lao students training in Australia; through mid-1970, 150 Lao students had been trained there. Scholarships have been awarded for both secondary and tertiary studies; current practice is to award approximately 10 secondary school scholarships a year with the possibility, after graduation, of the scholars proceeding to an Australian University or undertaking tertiary studies of a technical nature. In addition, a number of awards for intensive English are available each year, some of which are followed by ad hoc training in widely diverse fields.

Courses in agriculture, public administration, customs administration and police training are frequently undertaken. It is to be expected that the number of Lao students going to Australia on short-term technical courses will increase as the Australian Government widens the scope of its training program.

The balance expended on technical assistance has been used to provide experts ($300,000) and equipment ($900,000). Over 20 experts have been appointed in various fields. There are at present six Colombo Plan experts resident in Laos: three English instructors and three reforestation experts. In late 1969 and mid-1970, two livestock experts concluded their assignments and turned over to the Royal Lao Government the livestock development project they had created over a period of several years.

Equipment aid has included primary school supplies, hospital and medical supplies, three radio transmitters and a mobile broadcasting van for Lao National Radio, and various forms of emergency aid such as blankets, vaccines, and seed.

Total Australian aid to Laos through 1970 amounted to approximately $9 million, almost all of which has been given since 1960. The annual level of Australian assistance has reached approximately $1.2 million.

Thailand

Because of the close cultural and ethnic bonds between Thailand and Laos, hundreds of Lao students have for the past few years sought higher education at Thai universities and other training institutions. While for the most part, USAID has funded the expenses of this training, Thailand has recently been assuming part of these costs, particularly in the fields of forestry, electrical engineering, and tropical medicine. Thailand for several years has provided instructors to the Dong Dok teachers college in Vientiane; at present, there are four Thailand teachers resident at that institution.

Thailand has assisted the construction of the Nam Ngum dam, providing $1,250,000 of Thai cement to the project, the cost of which

will be repaid by Laos with Nam Ngum electrical energy once production begins in December 1971. At that time, Laos will also repay the Thai power that is now being allotted Laos for use in construction activities of the Nam Ngum dam and as a supplement to the power requirements of the city of Vientiane.

Related to the Nam Ngum project, Thailand has offered to provide training without cost at hydroelectric stations in Thailand for those Lao technicians who will be assigned to Nam Ngum but who now lack the opportunity for practical work experience. Thailand has also agreed to purchase from Laos energy produced at Nam Ngum which is excess to Lao requirements.

In 1969 and 1970, Thailand donated significant quantities of metal roofing sheets, rice, and foodstuffs for use by dependents of soldiers of the Lao Army. In each year, 2000 tons of rice, 163,000 roofing sheets, and 85,000 tins of preserved foods were presented, valued at approximately $286,000.

On numerous occasions in the recent past, Thailand has responded to specific requirements for relief supplies with donations of rice and drugs.

New Zealand

In addition to its initial and supplementary grants to the Nam Ngum fund totaling $433,000, New Zealand awards three Colombo Plan scholarships each year to Lao students to train at the English Language Institution, Wellington, or for undergraduate study at New Zealand universities. Two experts have served in Laos, one for over three years. A team of engineers from New Zealand, working in conjunction with Israeli experts, have just completed the plans for the main civil works of the proposed 5000-hectare Hat Dok Keo irrigation project south of Vientiane.

India

From 1964 through 1968 India staffed and supported the 44-man Indian Medical Team in Laos which operated hospitals in Vientiane

and Paksane. With the completion of the Team's mission two years ago, India's assistance has primarily consisted of providing scholarships to Lao students for study in India and also the services of technicians and teachers. In all, about 30 scholarships have been provided; these include four in the 1970-71 scholastic year. At present, there is an Indian mining engineer working as an advisor to the Royal Lao Government Service of Mines and an instructor in natural sciences teaching at the National Education Center at Dong Dok. In 1970, India also provided the services of two experts on a short-term basis to work with the Canadian-Australian-USAID forestry project and to investigate possible areas of future Indian assistance to developing forestry and related industries in Laos.

Other Free World Countries

A number of other countries also extend assistance to Laos, generally on an ad hoc basis. China (Taiwan) donated 100 tons of cement and 10 tons of fertilizer in 1968. The Philippines has made small gifts of seeds and fertilizer through the Mekong Committee, and in 1970 assisted in surveying canals and laterals of the Hat Dok Keo project. Denmark contributed $600,000 to the Nam Ngum fund in 1966 and subsequently increased its contribution by $180,000 in 1968. Belgium has for the past four years provided the services of an hydrographer to assist the Royal Lao Government Service of Hydraulics and Navigation. Israel for five years has provided two experts to assist with the organization and operation of the Lao-Israeli Experimental and Demonstration Farm at Hat Dok Keo. In 1969 and 1970, three additional experts working in conjunction with engineers from New Zealand prepared designs for the 5000-hectare Hat Dok Keo irrigation project. Switzerland in December 1970 provided Laos with the services of a six-man medical team which will be stationed in Luang Prabang for the next two years. Finland through the World Meteorological Organization provided some $10,000 worth of meteorological balloons to the Royal Lao Government Meteorological Service in 1970.

Bloc Country Assistance

Significant Communist bloc project assistance to the Royal Lao Government has been virtually nonexistent since the spring of 1963. Before that time, the USSR had agreed to construct a 150-200 bed hospital at Chinaimo, a 50-kilowatt radio station in Vientiane, and a hydroelectric station in Xieng Khouang Province. None of these projects were implemented. The Soviets in 1961 provided Laos with nine aircraft and one helicopter; because of the lack of spare parts and maintenance which followed the withdrawal in April 1963 of the Soviet crews and technicians, none of these aircraft has remained operational.

Several scholarships were awarded to Lao students during the early 1960s by many of the bloc countries as well as by the Soviet Union. Although the number of new scholarship awards has decreased considerably, there are still an estimated 95 Lao students in Russia and Eastern Europe. About 50 are in Russia, 15 in Czechoslovakia, 10 each in Poland and Hungary, and 5 in East Germany.

In 1969, scholarships for sixteen months of study in meteorology were given by the Soviet Union to three employees of the RLG Meteorological Service. This Service also received in 1970 from the USSR through the World Meteorological Service some $100,000 worth of radio-teletype equipment.

THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

What is FEOF?

The Foreign Exchange Operations Fund for Laos (FEOF) was established on January 1, 1964 upon recommendation of the International Monetary Fund. It aims to control inflation and to maintain stable exchange rates in Laos. For this purpose, a consortium of donor countries contribute foreign exchange to FEOF, which then sells the exchange to banks authorized to deal in the free market in return for domestic currency (kip). Kip purchased by the Fund are retired from the money supply (kept out of circulation), thereby reducing pressure on prices and stabilizing the Lao economy.

What countries support FEOF?

The original donor countries were France, Australia, the United Kingdom, and the United States. Japan became a contributor to FEOF in 1965.

Why was FEOF established?

Limited internal resources make Laos heavily dependent on imports. Local industry is embryonic at best. Security conditions and physical geography hinder transportation between provinces, and war requirements displace manpower from productive activities. Laos at present is unable to produce even food products in sufficient quantity to meet the needs of its urban population. Practically all manufactured goods and substantial foodstuffs must be imported.

Exports, however, are not sufficient to finance Laos' large import requirements. The main exports of Laos--tin, lumber, and green coffee--are handicapped by high transport costs from this landlocked country to markets abroad, by fluctuations in world prices for basic commodities, and by the war's impact on production. As a result, Laos in recent years has succeeded in financing less than 10 percent of its imports through export earnings, as shown in Table 1.

Table 1

FOREIGN TRADE OF LAOS, 1966-1969

($ Million)

Calendar Year	Recorded Exports	Imports	Exports as % of Imports
1966	1.1	40.8	2.7
1967	2.3	42.0	5.5
1968	3.2	40.9	7.9
1969 a/	2.5	42.2	6.0

Source: Royal Lao Government and trade partner statistics.

a/ Estimated.

The war has forced the Royal Lao Government (RLG) to live with substantial annual budget deficits. The RLG has had to support large armed forces and rising numbers of war victims and their dependents. At the same time, losses of territory to communists, war-time disruption of commerce and hindrances to production have weakened the Government's revenue base. Unable to meet essential requirements from existing tax receipts, the RLG has been obliged to borrow from the National Bank of Laos (BNL) more than 50 percent of its annual appropriations (as shown in Table 2) while enacting such tax measures as the political climate will permit.

Without foreign assistance, the RLG budgetary deficit would have compounded Laos' existing trade imbalance, set domestic prices in an inflationary spiral, and forced unending successive devaluations of the kip as happened in the years immediately preceding the establishment of FEOF when political upheavals, budget deficits, and interruptions in the flow of foreign aid combined to drive the price level up 17 percent between 1961 and 1962, 91 percent between 1962 and 1963, and 98 percent between 1963 and 1964. The exchange rate in the rampant black market rose from $1=K80 in 1961 to $1=K660 in October

Table 2

RLG BUDGET PERFORMANCE, 1965-1969

(Kip Billion)

Fiscal Year	Receipts	Expenditures	Accounting Deficit
1964-65	3.3	10.3	7.0
1965-66	4.7	14.4	9.7
1966-67	6.4	15.3	8.9
1967-68	7.3	16.0	8.7
1968-69	7.1	17.0	9.9

Source: RLG Treasury records.

1963. Under present politico-military conditions, such a situation would be disastrous.

For these reasons, the RLG and interested foreign governments agreed to institute a new stabilization program for Laos. This plan proposed by the International Monetary Fund (IMF), provided for (1) a once-for-all increase in the official kip exchange rate from $1= K80 to $1=K240; (2) establishment of a legal open market for foreign exchange in which rates or exchange would be determined only by supply and demand; (3) organization of a stabilization fund supported by donor governments to sell foreign exchange to the public as necessary to maintain a stable market; (4) commitment by the RLG to limit the level of its deficit financing to a specified maximum in any period of time; and (5) agreement by donor governments in return that kip proceeds of sales by the fund would be sterilized, thereby neutralizing the inflationary effect of the RLG budgetary deficit. On the basis of this proposal, the Foreign Exchange Operations Fund for Laos was established. The success of this approach depended primarily on the fiscal discipline of the RLG and its willingness to control domestic credit, since, as a stabilization plan, it permitted a free

market and relied upon fiscal and monetary policy to limit inflationary pressure and demand for foreign exchange rather than upon direct controls over exchange supplies.

FEOF as an International Institution

FEOF is supported by a consortium of industrialized countries. Each year since 1964 agreements with the RLG concerning the Fund have been renewed by four or more contributing governments. In drafting these renewals, the governments take into account, on the one hand, the budgetary performance of the RLG in the preceding year and prospects for performance in the ensuing 12-month period and, on the other hand, the funds which the donors will be able to provide. On the basis of these consultations, simultaneous bilateral agreements are signed between the RLG and each of the donor governments. These set an upper limit for the RLG budget deficit and guidelines for RLG financial and budgetary performance during the term of the agreement. Table 3 shows the contributions of each of the participating governments from 1964 through 1969.

During the life of the agreements the RLG, the contributing governments, and the IMF resident representative meet monthly in a Consultative Committee to review the performance of the Fund and the stabilization program. Embassy staffs and the IMF resident representative provide continuous analysis and evaluation support for the FEOF operation. In addition, the IMF conducts a semiannual review of the Laotian economy with FEOF as a focal point.

FEOF Management

The FEOF Manager is required to maintain complete accounts of all transactions. The Fund's operations are subject to audit by any donor government and/or the RLG. Such audits have been performed annually.

FEOF operates with a minimum of staff. Direct administrative expenses of the Fund have been low since inception. Per dollar of assistance supplied, FEOF has made one of the best administrative

Table 3

CONTRIBUTIONS TO FEOF 1964-1969 BY SOURCE

($ Million)

	CY 1964	CY 1965	CY 1966	CY 1967	CY 1968	CY 1969
United States[a/]	4.0	5.2	13.7	13.8	16.1	16.6
France	1.7	1.3	1.7	1.7	1.7	1.7
Japan	-	0.5	1.7	1.7	1.7	1.7
United Kingdom	1.7	1.7	1.7	1.7	1.7	1.7
Australia	0.4	0.4	0.8	0.6	0.8	0.7
Royal Lao Government	-	2.8	-	-	-	-
Total	7.8	11.9	19.6	19.5	22.0	22.4

a/ U.S. contributions include $0.4 million in 1968 and $0.5 million in 1969 which the United States was able to supply FEOF because Japan gave Laos FAC aid in corresponding amount, thus off-setting purchases that would have been made from USAID project funds. U.S. contributions do not include $1.7 million in 1968 and $2.1 million in 1969, of U.S. sales to FEOF to secure kip for the purchase of rice, and do not include $1.2 million supplied to FEOF in 1969 to finance motor gasoline imports shifted from USIP to FEOF.

performances of any foreign aid program: in 1969, $16,000 on sales of $25.4 million or .063 percent.

Demand on FEOF

Demand for foreign exchange supplied by FEOF originates primarily from RLG deficit spending, and secondarily from growth of the national economy and expansion of private credit in Laos.

When the RLG borrows from the BNL and then spends the proceeds, it injects new money into circulation. This increases the cash flow to consumers who then attempt to transform their money holdings into increased merchandise purchases. Given the limited supply of domestically produced goods, almost all government deficit spending is transformed into consumer demand for imports. To pay for imports, the public seeks to convert its kip holdings into foreign exchange at one of Vientiane's five commercial banks. The banks have available a limited exchange supply received from private sources, primarily from export earnings. When this supply is reduced, the banks purchase from FEOF.

How FEOF Functions

The mechanics of FEOF operations are similar to those of the foreign exchange counter at any major commercial bank, with three exceptions:

(1) The Fund sells foreign exchange only to nine Vientiane "clients": five "authorized" commercial banks, and four petroleum companies. These are:

The Bank of Indochina at Vientiane
The Bank of Tokyo at Vientiane
The Bank of Vientiane
The Bank of Laovieng
The Lao Commercial Development Bank
Shell Oil Company, Vientiane
ESSO, Vientiane
CALTEX, Vientiane
Summit Industrial Corporation, Vientiane

(2) The exchange rates at which the Fund buys and sells exchange are identical since the Fund is a non-profit institution. Since 1967, the Fund has observed the rate of $1=K505 for all its transactions.

(3) Since public demand for foreign exchange exceeds supply at the rate maintained by the Fund, it must depend on donor government contributions to replenish its foreign exchange accounts.

Banking Facilities Maintained by FEOF

To accommodate the needs of donors and customers, FEOF maintains three dollar and three kip accounts at the following banks:

Bank	Accounts Owned
Irving Trust Company at New York	Dollar only
National Bank of Laos at Vientiane	Kip only
Bank of Indochina at Vientiane	Dollar and Kip
Bank of Tokyo at Vientiane	Dollar and Kip

Inputs into FEOF

The contributions that the several donor governments will make to FEOF are decided annually at the time the FEOF accords are renewed. Whenever necessary, the FEOF Manager requests the donors to make available a specified portion of their agreed annual contributions. These funds are deposited at one of the three dollar accounts owned by FEOF

A second source of exchange proceeds are kip purchases from FEOF by the U.S. Government to finance USAID rice procurement programs in Laos, in agreement with the RLG.

Finally, the Vientiane commercial banks from time to time sell small amounts of foreign exchange to the Fund to liquidate temporary excess holdings. Such sales normally are neutralized within 24 hours by new purchases from the Fund.

Sales by FEOF

FEOF may sell foreign exchange only to the five authorized commercial banks and to the four authorized petroleum companies in Vientiane, as follows:

(1) Sales to the Bank of Tokyo: The Bank of Tokyo deposits kip in FEOF's local currency account with that bank. The FEOF Manager then writes a check payable to the Bank of Tokyo on the FEOF dollar account at the Bank of Tokyo.

(2) Sales to the Bank of Indochina, Bank of Laovieng, Bank of Vientiane, and the Lao Commercial Development Bank: The purchasing bank deposits kip at the BNL in return for a certified BNL kip check. FEOF deposits this check at its kip account at the BNL and then gives the purchasing bank a check on the Fund's dollar account at the Bank of Tokyo or Bank of Indochina.

(3) The four petroleum companies were authorized to purchase exchange directly from FEOF in connection with the decision to eliminate motor gasoline from the USIP program in 1968. The oil companies purchase exchange from FEOF by certified kip check on the Bank of Indochina and receive in return a check on FEOF's dollar account at the Bank of Indochina.

Disposal of FEOF's Kip Proceeds

Through FEOF the dollars contributed by the donor countries are sold to the public in exchange for kip. The Fund is managed so as to maintain minimal dollar balances consistent with the need to meet widely fluctuating market requirements. Kip proceeds from the Fund accumulate during the year. After the close of the year the Fund pays over to the RLG the total of these kip proceeds, excepting amounts reserved in the agreements for use by donors for specified purposes. Kip paid over to the RLG is used exclusively to retire the debt of the RLG at the BNL and thus is withdrawn from circulation.

Achievements of FEOF

Through FEOF, donor governments have succeeded in stabilizing the Laotian economy and in creating economic conditions favoring a modest rate of economic growth even under stresses of war. FEOF's major success has been to control inflationary pressures resulting from the burdens imposed on Laos by the war. After a period of near-hyperinflation in the early 1960's, FEOF's activity ultimately permitted the reduction of price increases in Laos to annual rates (5.8 percent in CY 1968 and 3.9 percent in CY 1969) equal to or lower than the rates of increase in the most advanced of the world's economies,

Table 4

VIENTIANE CONSUMER PRICES 1960-1969[a/]

Calendar Year	Index	Change from Previous Year (%)	Calendar Year	Index	Change from Previous Year (%)
1960	22.7	15.2	1965	113.2	12.4
1961	23.1	2.6	1966	128.1	13.1
1962	26.6	15.1	1967	136.1	6.2
1963	50.9	91.3	1968	143.3	5.8
1964	100.7	98.0	1969	148.9	3.9

a/ Twelve-month average of Lao and European household consumer price indexes published by the RLG Statistical Office. Base: 1964 (Lao) = 100.

in spite of chronic heavy RLG deficit spending. Table 4 illustrates this stabilizing trend in consumer prices over the past decade.

The FEOF operation has been unusually efficient and free from abuse. An annual level of FEOF sales in the order of $25 million in 1969 has been turned into effective stabilization aid through an office run by one qualified banking official and one secretarial assistant with staff support from the interested governments and the IMF. The line of control and standards of management have been clear and satisfactory.

FEOF has been a focal point for improvement in the functioning of the Lao administration. Because the RLG deficit and demand on the Fund are clearly related, donor governments, the RLG and the IMF have fruitfully cooperated in seeking ways to increase the efficiency of the Lao administration, decrease expenditures, and improve revenue collections. At the same time, all parties recognize that elimination of the RLG budget deficit cannot be hoped for so long as extraordinary demands are placed on the budget by an active war.

The Fund has served to improve the working of the free market in Laos. Regardless of how well operated, other assistance programs in Laos necessarily distort the supply-and-demand structures and price systems of the commodity and service markets with which they are in contact. FEOF, on the other hand, operates solely as an adjunct to the free-market system. It provides greatly increased resources to the Lao economy, but allocates them through free-market channels. It strengthens the value of the kip, but leaves to the free market the determination of its distribution and use.

FEOF has not replaced existing sources of foreign exchange, but instead has stimulated their expansion. Non-FEOF free market exchange earnings have improved regularly and at present equal or exceed donor contributions to FEOF as shown in Table 5.

Table 5

FEOF SALES AND FREE MARKET SUPPLY
OF FOREIGN EXCHANGE, 1964-1969

($ Million)

	CY 1964	CY 1965	CY 1966	CY 1967	CY 1968	CY 1969
FEOF Net Sales to Public	7.8	10.9	20.6	19.8	23.3	25.4
Non-FEOF Supply	3.3	2.9	4.0	14.6	18.3	22.5
Total Free Market Supply	11.1	13.8	24.6	34.4	41.6	47.9

FEOF's establishment ended foreign-exchange black marketing in Laos. All commercial transactions after 1964 were made at a free-market-determined rate of exchange, and all incentive to black-market operations disappeared.

Maintenance of a stable exchange rate through FEOF provided security and development incentives to foreign commerce in Laos. Since 1964 FEOF's rate to banks has varied only slightly, and it has remained constant since 1967. Rarely has the commercial bank rate with the public varied by more than a percentage point from that practiced by FEOF. This record of stability has permitted traders and investors interested in Laos to have confidence in the future value of their transactions and thus has facilitated rational export, import, and investment planning.

The Future

FEOF supplies essential supplementary resources and flexibility to the economy of a small, embattled country whose present levels of administrative and economic development preclude the adequacy of other alternatives. FEOF has now been renewed in six consecutive years and it is likely that the need for such a stabilization fund will continue for some time yet. It is equally likely that the need for stabilization will be met, in some form, by countries interested in maintaining an independent and neutral Laos.

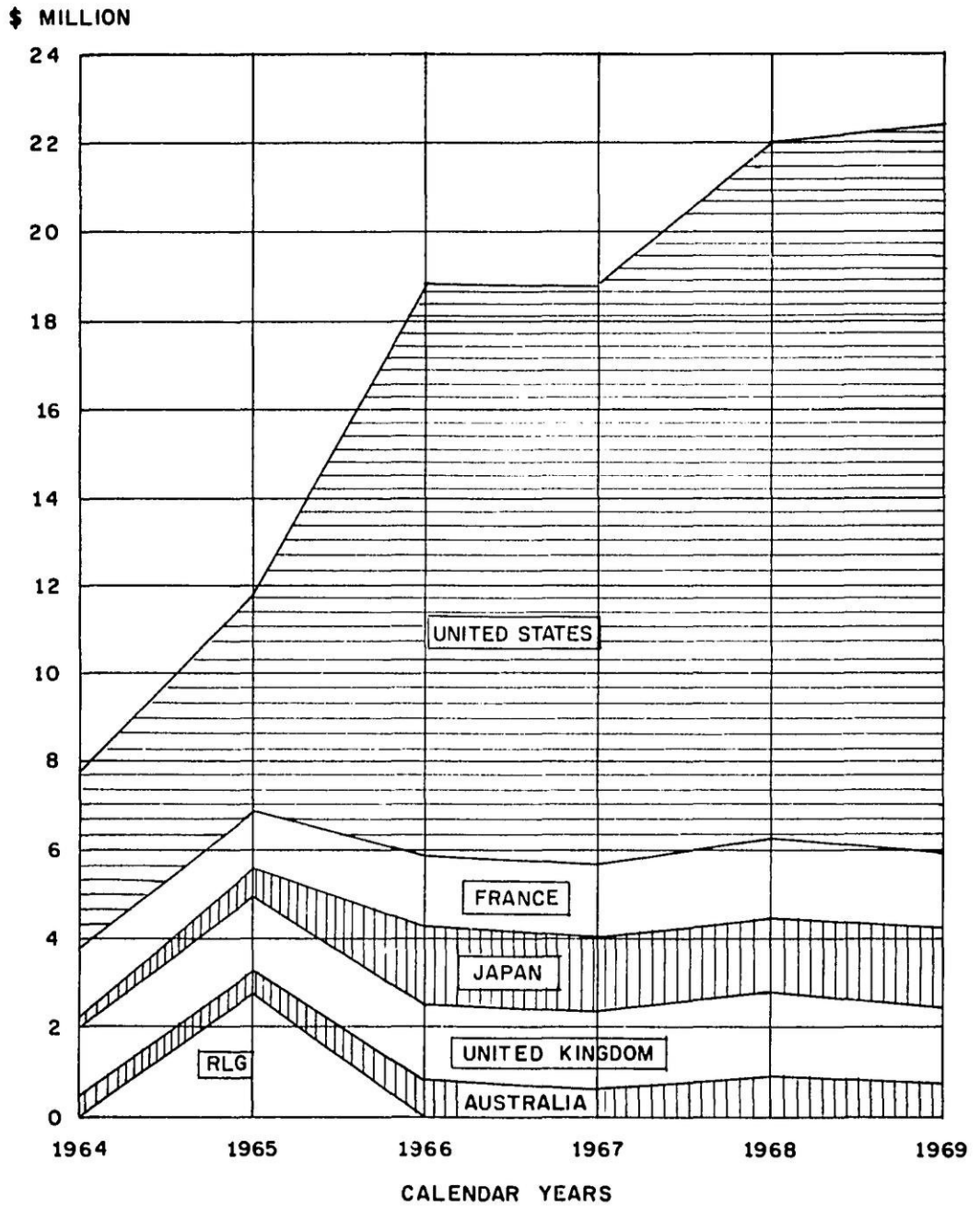


Fig. 1 - Contributions to FEOF by Source, 1964-1969

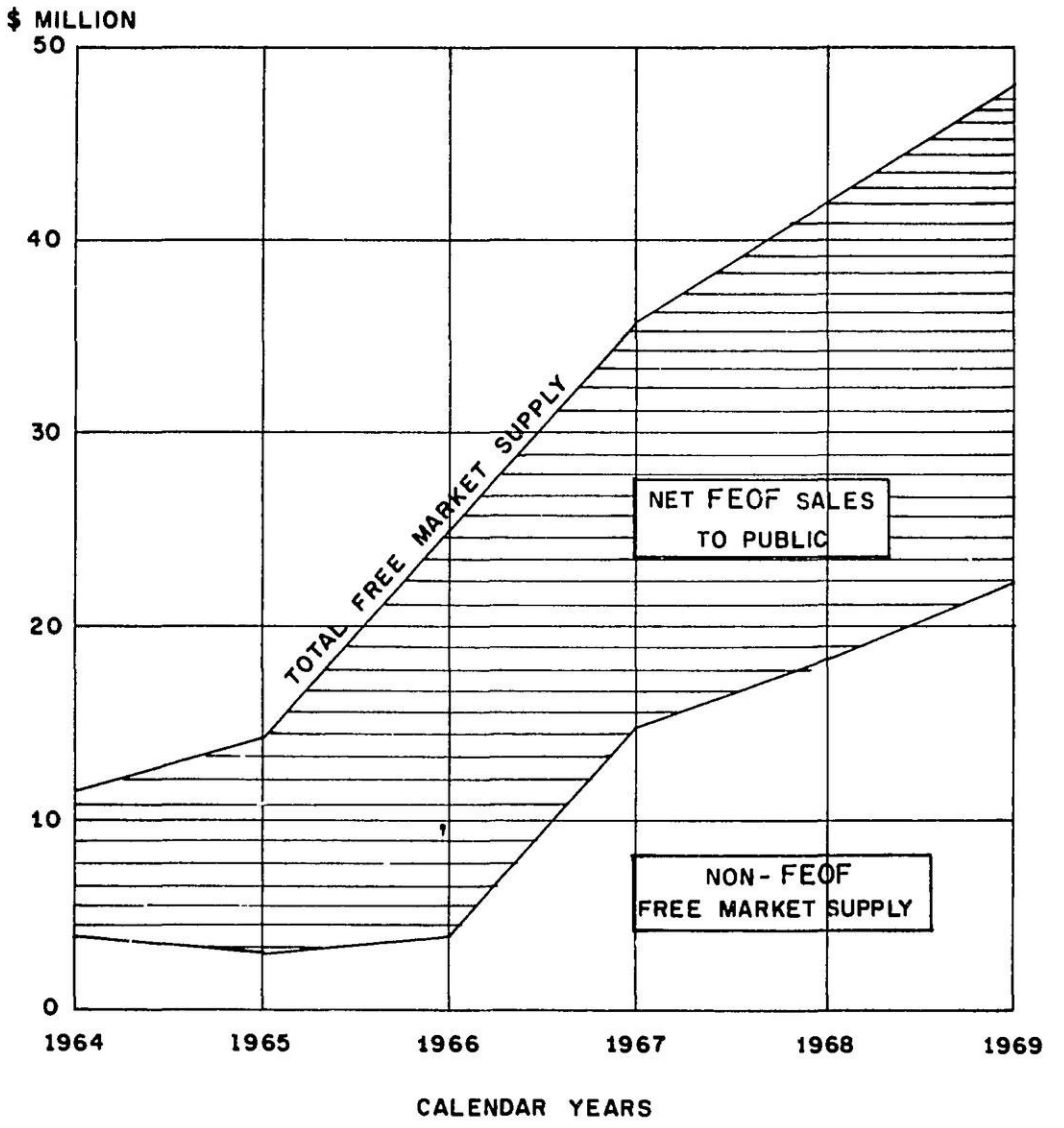


Fig. 2-FEOF Sales and Free-Market Supply of Foreign Exchange, 1964-1969

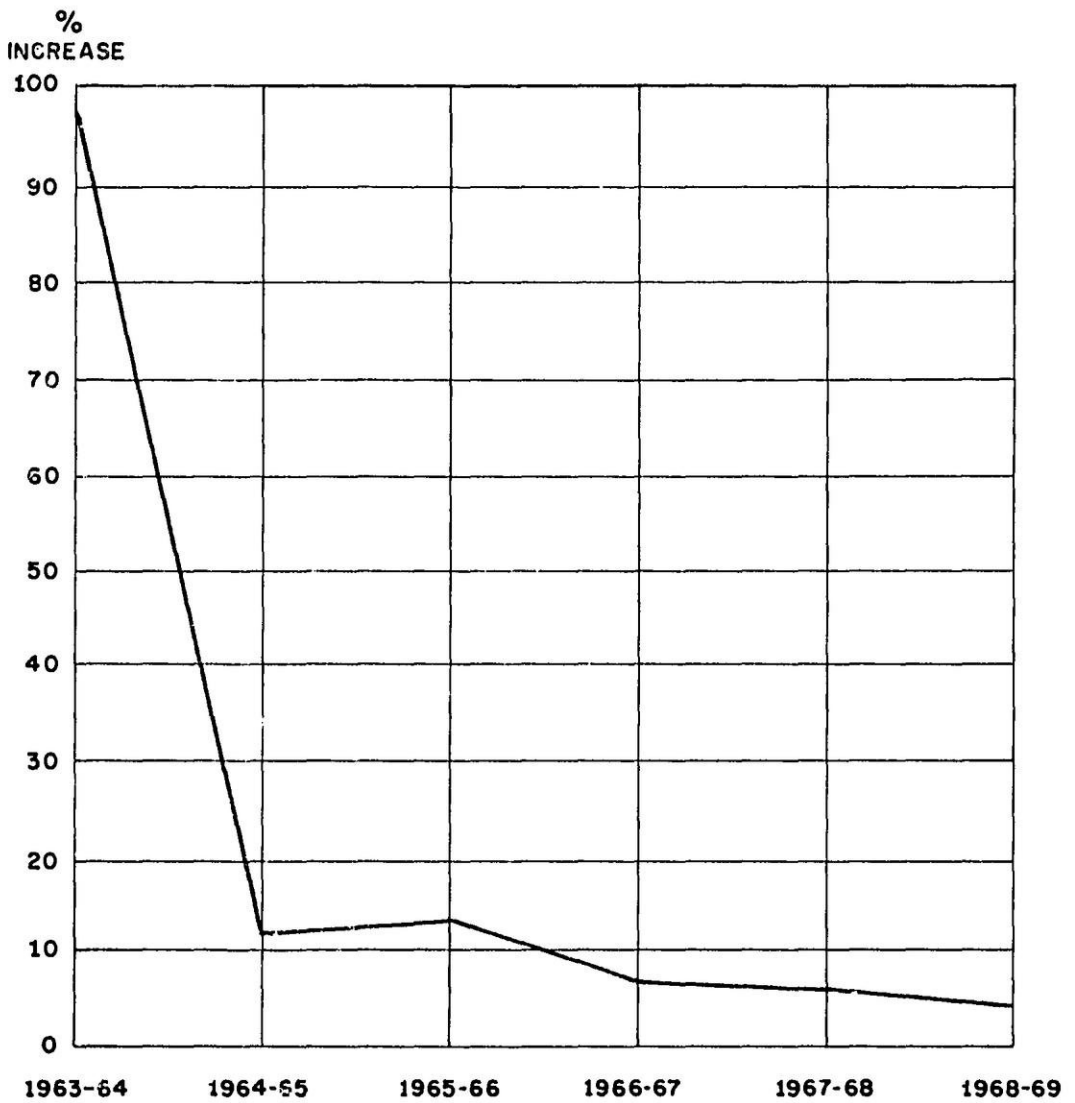


Fig. 3 - Vientiane Consumer Prices, 1964-1969: Percent Annual Increase of Average of Lao and European Price Indexes.

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

May 5, 1971 VIENTIANE, LAOS No. 71-46

SUBJECT: Refugees in Laos (Subject Index 800)

Attached are two important statements, one by Ambassador Sullivan, Deputy Assistant Secretary of State, and one by Mr. Meinecke, Deputy Assistant Administrator of AID, before the Kennedy Subcommittee and dealing with the subject of refugees in Laos.

The Director asks that these statements be made available for reading by all American employees and to such others as may be interested.

Harry L. Carr
Assistant Director for Management

Attachment: Statement by Ambassador Sullivan
Statement by Mr. Willard Meinecke

DISTRIBUTION: B, E

SUBCOMMITTEE ON REFUGEES AND ESCAPEES
OF THE
SENATE COMMITTEE ON THE JUDICIARY

STATEMENT OF
WILLIAM H. SULLIVAN
DEPUTY ASSISTANT SECRETARY OF STATE
FOR EAST ASIAN AND PACIFIC AFFAIRS

April 22, 1971

Mr. Chairman and Members of the Committee:

My name is William H. Sullivan. I am currently Deputy Assistant Secretary of State for East Asian and Pacific Affairs. I have been asked to appear before this Subcommittee today to discuss the problems of the refugees in Laos and Cambodia.

Appearing with me as witnesses are Mr. Dennis J. Doolin, Deputy Assistant Secretary of Defense for International Security Affairs and Mr. Willard H. Meinecke, Deputy Assistant Administrator, Bureau for East Asia, Agency for International Development. Also accompanying me are several experts who have particular knowledge concerning matters of interest to your Subcommittee. Among them are Mr. Monteagle Stearns, Deputy Chief of our diplomatic mission in Laos, Mr. Thomas J. Corcoran, Mr. Jack Williamson, Dr. Patricia McCreedy, and Mr. Edward Archer.

With your permission I would like to read a brief prepared statement covering both Laos and Cambodia on behalf of all the witnesses present. We are then prepared to answer questions. I should like to start with a discussion of Laos, where the refugee problem is heavier and where the United States plays a direct role in support of refugee activities. I will end with several paragraphs devoted to the refugee situation as best we know it in Cambodia.

LAOS

It has often been stated that Laos is a victim of its geography. The assumption is made that Lao territory has been the scene of military activity because North Viet-Nam sends its logistics and its manpower down the Ho Chi Minh Trail in Laos in order to attack South Viet-Nam and Cambodia. This is partly true and it is a fact that the heaviest concentration of North Vietnamese forces in Laos is located in the southeastern panhandle region of Laos where the Ho Chi Minh Trail runs.

This is also the locus of most United States military activity in Laos. About 80 percent of the air sorties flown by United States air power are concentrated in this area.

However, this is not a populated area of Laos. Even before military activity began there our information indicates that no more than eight or nine thousand hill tribe people lived in the area which is traversed by the Ho Chi Minh Trail and affected by our bombing operations against that trail. Almost all of these original residents have long since left the area and it is today, for all practical purposes, unpopulated except by the North Vietnamese military forces, their engineering and logistics auxiliaries, and the porters whom they use in the operation of the Ho Chi Minh Trail. Therefore the area of Laos which is subjected to the most intense military activity is not an area which is of direct concern to us in examining the question of refugees.

The refugees in Laos are those whose lives have been disrupted by the other war in Laos, which has nothing to do with military operations in South Viet-Nam or Cambodia. This other war is a war which represents the ambitions of the North Vietnamese to extend their control over their peaceful Lao neighbors. The North Vietnamese have fought this war over the years at a pace and priority which is clearly secondary to their principal focus in South Viet-Nam. However, they have committed a significant number of their own forces to this effort and have been aided by tribal people from northern and south-central Laos in association with a very small number of ethnic Lao who are political dissidents. There is very little ideological content to this war and to most of those who are caught up in it on both sides, it does not represent political or social issues; but rather a continuation of the age-old expansionist tendencies of the North Vietnamese against their Lao neighbors.

This war has been fought through most of its years along the hills and ridge-lines of north and northeastern Laos. Until about three years ago it had a seasonal seesaw pattern which was governed largely by the monsoons. North Vietnamese units usually entered as shock troops in the dry season, pushing the Lao and Meo defenders westward. The North Vietnamese generally retired back to their own territory during the rains and much of the terrain they held at the end of the dry season was usually recaptured, mostly by Meo guerrilla activity. In the dry season fighting the North Vietnamese forces, who were operating on unfamiliar terrain, usually operated in conventional pattern along the road network and in the valleys, attacking hill outposts from which Meo defenders generally melted

away when they were outmanned and outgunned. So long as this pattern obtained and there was a buffer of land between the North Vietnamese and the population, casualties were relatively light and displacements of civilian populations limited.

Nevertheless, as early as 1962 there were approximately 125 thousand refugees who had moved south westward out of the areas of Sam Neua and eastern Xieng Khouang province which were controlled by the North Vietnamese and their Pathet Lao auxiliaries. Depending upon the thrust and parry of military operations in northern Laos over the next six years, there were seasonal increases to the refugee population and an inexorable displacement of population gradually westward. However, by the end of the rainy season in 1968 the total number of refugees stood at about 128 thousand, of whom the largest number were the Meo whose men formed the forward defense screen in northeast Laos and whose families had to be cared for by the Royal Lao Government and supported by the United States.

Beginning with the dry season in the fall of 1968 the North Vietnamese significantly stepped up their military activities in Laos. They increased sharply the number of shock troops that they sent into the country that year and began a campaign to press all the local population out of eastern Sam Neua province and northern Xieng Khouang province. By spring of 1969 they had succeeded in eliminating almost all the Meo outposts north and east of the Plaine des Jarres. They began reinforcing their positions in the Plaine and prepared for an attack across Route 7 to Muong Soui to cut the central highway of Laos which connects the administrative capital of Vientiane and the royal capital of Luang Prabang.

In order to forestall this action and to turn the cutting edge of the North Vietnamese forces, the Commander of Laotian Military Region II launched attacks in the late spring of 1969 against the logistics bases and the marshalling grounds of the North Vietnamese forces on the Plaine des Jarres. By fall of 1969 his units had swept over the Plaine and had succeeded in capturing a vast quantity of enemy supplies. Nearly six million rounds of ammunition, over six thousand weapons, 25 tanks, 113 vehicles, and more than two hundred thousand gallons of fuel were captured in these forays. The net result was to frustrate North Vietnamese offensive against Route 13.

Another result of this action was, however, to convert the Plaine des Jarres into a battlefield for the first time since 1964. Approximately 20,000 civilians lived in the towns and villages in and around the Plaine des Jarres. Many of them were caught up in the fighting that swirled around them during the last nine months of 1969.

As the dry season began in the last months of 1969, the North Vietnamese resumed their attacks throughout Laos. Their efforts were not confined merely to northeast Laos, but extended also into southern and central Laos, where they laid seige to the provincial capitals of Attopeu and Saravane. In early 1970, the Royal Lao forces were pushed back from the Plaine des Jarres, and approximately 17,000 refugees were moved out with them in February and March of 1970. The North Vietnamese attacks on Attopeu and Saravane reached their climax in April through June, and another 15,000 civilians were displaced in those areas.

By the time the dry season had ended in the early summer of 1970, the North Vietnamese and their Pathet Lao auxiliaries stood in control of a broad new band of territory stretching from the entire Plaine des Jarres in the north to the Bolovens Plateau in the south of Laos. During the course of this military campaign, a total of about 150 thousand persons were displaced by this North Vietnamese offensive and moved westward as charges of the Royal Lao Government, supported by the Government of the United States.

In the 1970-71 dry season, North Vietnamese military pressure began again. This year their offensive has been directed not only against Lao Government positions south of the Plaine des Jarres, but against the royal capital of Luang Prabang in the north. Once again the North Vietnamese have augmented their forces in Laos. They brought back the 312th Division and both the 312th and the 316th Divisions are fighting in northern Laos at the present time. They have enhanced their firepower and have kept a steady artillery and rocket pressure on the forward outposts and ridge lines held by the Meo defenders. Once again these actions have caused the westward movement of civilian populations and have created new refugee communities.

In this long, unhappy history of North Vietnamese aggression against Laos from 1962 until the present time, over seven hundred thousand residents of Laos have been displaced at least once, and at some time or other, have been on the refugee rolls. There are currently approximately 309 thousand residents of Laos who receive refugee assistance of one sort or another. Of these 309,000 people, 120,000 are the families of Lao Government forces (most of whom are Meo), 169,000 come from friendly areas from which they were pushed westward by the North Vietnamese, and 20,000 come from areas controlled by the North Vietnamese and Pathet Lao.

It is therefore very clear that the prime cause of these refugee movements to the west has been the constant military pressure of the

North Vietnamese. By an examination of the numbers of refugees listed on the rolls at any one time it can be seen that there is a very close correlation between military activity and the generation of refugees. We will submit for the record a map showing the current location of refugee centers, the population in each, and an indication of the areas from which they have been driven. Again the correlation between displacement and North Vietnamese military activity will be clear.

There has been much concern expressed about the exact causes for refugee movements. In some instances the cause is quite clear and quite simple; the North Vietnamese, not trusting the civilian population, drive them out ahead of their forces rather than attempting to capture and control them. This has been particularly true of the Meo population north and east of the Plaine des Jarres. In other instances the civilian population themselves, having experienced or knowing the reputation of life under the North Vietnamese and the Pathet Lao, have chosen to flee rather than submit to that sort of regime. In still other instances the constant pressure and menace of warfare have caused the people to move from their homes and accept refugee status. And finally, in a small number of cases, the Lao Government has moved the civilian population as a result of its own decision, in order to remove them from the path of battle.

I believe I should say something about the role which air attacks have played in this whole tragic picture. It has been suggested that air attacks have been the primary cause of refugee movement, or even that air attacks have been deliberately mounted in order to create refugee movement and to deprive the North Vietnamese and the Pathet Lao of human resources represented by the refugees. It has, for example, been suggested that, as a result of the cessation of United States bombing over North Viet-Nam in November, 1968, a vast increase of air power was applied to northern Laos and resulted in the increase of refugee movements in that part of the country.

The facts do not bear this out. There was a significant shift of United States air power from North Viet-Nam to Laos after the cessation of bombing in November, 1968. However, this shift was almost exclusively to the area of the Ho Chi Minh Trail where sortie rates were very significantly and sharply increased immediately after the cessation in North Viet-Nam. As I have indicated previously, there is no Lao population along the Ho Chi Minh Trail and therefore this augmentation of sorties in that area had no relationship to the generation of refugees. As a matter of fact in North Laos the sortie level continued almost exactly as it was from November 1968 through February and early March of 1969.

It was only in late March of 1969 and subsequently through the military campaigns which rolled over the Plaine des Jarres from then until early 1970 that there was an augmentation of air activity in northern Laos. This air activity was directly associated with the ground operations that had erupted on the Plaine des Jarres. As I previously indicated, this lengthy struggle for the Plaine des Jarres which eventually resulted in its control by the North Vietnamese, resulted in the westward movement of some 17,000 people out of the total of approximately 150,000 people who were forced to move westward during that North Vietnamese offensive in the same period. These 17,000 were unfortunately caught up in the very center of major military activity, both ground and air. This sort of fighting was an unusual exception to the normal pattern of military activity which has prevailed over the past several years in the north of Laos.

The normal activity in northern Laos, as I have earlier indicated, consists largely of small units sparring for control of logistics routes and terrain features. The function of air activity in this type of warfare has been quite specialized. The greatest number of United States air sorties on a daily basis in north Laos have been flown on route reconnaissance and interdiction missions. They have expended their ordnance either against moving vehicles on the roads or against choke points and known military storage areas. Because these roads run in the valleys away from hill settlements, the greatest proportion of these sorties do not impinge upon areas of civilian population.

Similarly, in the south along the Ho Chi Minh Trail where the greatest proportion of United States daily sorties are flown, there are no inhabited areas in the zone of operations.

In normal circumstances there are only a few United States aircraft a day that operate in areas of Laos where there is a danger of impinging upon inhabited locations. Whenever there is a request, from whatever source, for sorties of this type, they are carefully examined in advance by the Embassy in Vientiane, and the strike has to be personally approved by the Ambassador. These rules of engagement, which are designed to protect the civilian population, have been in effect since 1965 and, with respect to this safety feature, have not been altered.

I go into this detail, not because I am trying to suggest that no civilian casualties have ever resulted from United States air operations, but in an effort to demonstrate the care that is taken to minimize the effect of United States air operations upon civilians. It is true that certain civilians have been caught up in military operations in which United States air power was

a component part. We have 17,000 refugees from the fighting in the Plaine des Jarres in 1969 and 1970 as testimony to that fact. They are, however, a decidedly exceptional group in the overall total of 700,000 refugees who have moved westward in the face of North Vietnamese pressure over the past ten years.

I know that you and your staff are most interested in hearing about the assistance which the United States has been providing to the refugees in Laos and the arrangements for their welfare. Mr. Meinecke, Mr. Williamson, and Dr. McCreedy are prepared to answer your questions on this subject. However, before turning to them I would like to finish my testimony with a few comments on the refugee situation as we know it in Cambodia.

CAMBODIA

Perhaps the most important points to be made about the refugee situation in Cambodia are the things that have not happened:

-- There has been no massive destruction of urban or heavily populated areas.

-- There are no large refugee camps.

-- There is no sweeping program of U.S. assistance, advice, and involvement.

-- There has been no need for large-scale government programs of resettlement and relief.

-- There has been no conspicuous overcrowding or squalor in Phnom Penh.

Because of the rather modest dimensions of the problem, and the lack of any involvement of Americans, detailed figures are few and not always reliable. I should like, therefore, to present a general overview of what has happened in Cambodia since March 1970, and its effect on population movements, before entering upon those figures which are available to throw light on the current situation.

You will recall that Prince Sihanouk was deposed as chief of state on March 18, 1970, by a unanimous vote of the Cambodian parliament, and that thereafter the North Vietnamese and Viet Cong rejected efforts of the Cambodian government to negotiate a peaceful withdrawal of the

Vietnamese Communist forces in Cambodia. Although there had been skirmishes and local military action between Cambodian and Vietnamese Communist forces earlier, at least since the summer of 1969, the VC/NVA did not begin a general offensive against Cambodian forces, along much of the border and in the southern and eastern provinces, until the last few days of March and the first week of April.

The Cambodian forces, hopelessly outnumbered and outgunned, fell back before this enemy offensive. Here and there, discovering or suspecting that local ethnic Vietnamese residents were joining the invading enemy, they turned on and killed groups of ethnic Vietnamese civilians. The Cambodian Government, to which we and other friendly nations had expressed our shock and concern over these incidents, quickly took measures to prevent their recurrence. At the same time, and in cooperation with the Government of Viet-Nam, it began bringing its urban Vietnamese population together in resettlement camps, partly for their own safety, partly because it was clear that elements of the Vietnamese community, exposed for many years to North Vietnamese and Viet Cong organizational and propaganda efforts, were aiding the Vietnamese Communist invaders with supplies, information, and acts of terrorism.

The Cambodian and Vietnamese Governments agreed on the repatriation of most of this ethnic Vietnamese population, which was carried out during the summer of 1970. About 200,000 Vietnamese returned to the Republic of Viet-Nam, some on their own, but most by an air and sealift organized by the two governments on their own. They did not ask for, nor did they need, American help in this task.

Not all the ethnic Vietnamese, of course, left Cambodia. The 1962 census had shown an ethnic Vietnamese population of some 217,000, and this number had undoubtedly grown considerably in seven years. Some three to ten thousand Vietnamese remain in Phnom Penh, of whom fewer than a thousand are being housed in a resettlement camp and may still return to Viet-Nam. Another eight thousand or so Vietnamese are still living normally in western Cambodia and along the Tonle Sap. Some of them may wish to return to South Viet-Nam, but no facilities for their doing so have been available yet. Still other Vietnamese remain in villages along the border, where in some cases they may represent a source of supplies and recruits for the VC/NVA. Finally, an unknown but probably large number of Cambodians are wholly or partly Vietnamese by adopted Cambodian manners and customs, in many cases intermarried with Cambodians, and are thought of as Cambodians. They have not been subjected to the suspicion of cooperating with the enemy which has fallen on other ethnic Vietnamese in Cambodia.

In the meantime, and as the Vietnamese Communists were on the verge of consolidating their control over southern Cambodia with a secure road link to the port of Kompong Som (formerly Sihanoukville), U.S. and GVN began their cross-border operations on April 30. These operations ended on June 30.

One of the last significant US/RVNAF operations before June 30 involved the extrication from the northeasternmost province of Ratanakiri some 5,000 Cambodian troops, their dependents, and civilians. The North Vietnamese offensive in April had cut off and surrounded their force but had failed to overrun it. The troops were subsequently trained in Viet-Nam and both they and the civilians have returned to Phnom Penh. They constitute a major part of the few thousand people housed in refugee camps in and around Phnom Penh.

With the exception of this group from Ratanakiri, we do not believe that the U.S. operations in Cambodia generated any large number of refugees or caused a significant number of civilian casualties.

Many Cambodians, however, fled as their homes fell under the control of the VC/NVA, who occupied much of eastern and northern Cambodia. Fortunately, this area is sparsely settled; the four eastern provinces in which NVA/VC control is complete, although they represent 26 percent of Cambodia's territory, contained less than 5 percent of the country's population. It is in this area, and adjoining regions to the west and south, that the enemy has been attempting ever since last summer to rebuild base areas and supply depots, and it is on this lightly-populated area that U.S. air operations to interdict the flow of enemy supplies and troops have been focussed.

The flow of refugees from Communist-controlled and threatened areas has continued, though at a manageable rate. There is considerable agreement among Cambodian Government reports, the results of our Embassy's contacts in the field, and even press reports, on the reasons which motivate these people to leave their homes and seek safety in government-controlled areas:

First, people are afraid of the VC/NVA and of their Cambodian puppet forces. It does not take very many executions to terrorize a village.

Secondly, there is strong resentment against the invaders, not simply as Communists but as Vietnamese.

Third, living conditions have quickly deteriorated in the areas which have fallen under enemy control. The cut-off of trade with the cities and areas under government control, and the VC/NVA demands for food and other supplies, have imposed a heavy burden.

Fourth, there is strong distaste for the controls and regulations which the Communists have sought to impose. Travel controls, for instance, are much resented, even by villagers who have no immediate plans to travel and who might do so only once or twice in a lifetime.

Other refugees have left areas of heavy fighting between Cambodian and VC/NVA forces. Such movements have kept civilian casualties from the fighting to a relatively low level. Cambodian government figures show some 450 civilians killed since the beginning of hostilities, and about a thousand wounded. Probably these figures are incomplete, but they do suggest that physical destruction in some of the villages and small towns where there have been sharp engagements has fortunately not been matched by civilian casualties.

Typically, individuals and families move into the towns from insecure areas or areas of combat, and move out again as soon as they can safely recover their plots of land. The villagers tend to follow Cambodian armed forces and, where government control is re-established, try very quickly to resume their normal lives, rebuild their houses, and cultivate their fields. While they are in the towns or cities, these refugees typically live with relatives or friends. In a country where food supplies are ample, and where family ties are extensive or widespread, it is thus possible for sizeable population movements to take place with relatively little distress and without much government involvement.

At present, some 50,000 families, or about 250,000 persons, are believed to be taking refuge in Phnom Penh. Of these, no more than about 5,000 are located in the five refugee camps now in existence in and around the capital. About 6,500 are dependents of military personnel whom they are unable to accompany, and are being cared for by government aid. Outside Phnom Penh, the available information indicates that some 12,000 families - say 60,000 people - are refugees in provincial towns.

Much of the burden of assistance to those refugees who need help has been borne by Cambodian private organizations, with help from abroad. The Khmer Red Cross plays a leading role in distributing food and relief supplies and in providing medical care. It is also the principal channel for contributions from abroad, which up to the present have totalled some

$2.5 million from at least 17 countries. The Association of Khmer Women, and relief agencies of the Catholic and Protestant churches of Cambodia, have also been active in relief efforts.

Relief activities of the Government of the Khmer Republic are carried out by two agencies, the Ministry of Social Welfare and the Commissariat General for War Victims, a new sub-cabinet agency established last July. The Ministry of Social Welfare is concerned primarily with continuing or permanent programs, such as the operation of an orphanage and the construction of housing for refugees. The Commissariat General is responsible for supplementing and coordinating the efforts of voluntary agencies to provide essentially temporary aid in cash or in kind, tiding over refugees until they can find employment in town or return to their land.

Like many aspects of the Cambodian nationalist struggle against external aggression, the performance of the Government of the Khmer Republic and of individual Cambodians in caring for war victims has been impressive. Our assistance has not been sought, and there has been no need for it. Unless there is some unexpected change in the situation, we have no plans to involve ourselves in the Cambodian refugee program or to assume new responsibilities with regard to it.

Mr. Chairman, this completes my testimony.

ooo O ooo

5/4/71

STATEMENT OF

WILLARD H. MEINECKE

Deputy Assistant Administrator, Bureau for East Asia

Agency for International Development

In February of this year, Mr. Chairman, you sent to Dr. Hannah, AID, three GAO reports on Laos and two on Vietnam and requested comments on them. In his acknowledgement, Dr. Hannah said we would comment on these reports as soon as our review had been completed. You will receive our comments in writing very soon. May I summarize them for you now?

Your letter stressed particularly your concern regarding the GAO findings on A.I.D. "assistance to military, paramilitary forces and their dependents in Laos."

As the GAO report shows, most of the assistance in this area had been shifted to non-A.I.D. financing prior to the GAO report. During this fiscal year, our Mission and we have evaluated the program in order to identify any remaining costs which could reasonably be considered to fall in this area and shift them to non-A.I.D. financing as soon as practicable. I can report to you now that with one shift made during FY 1971 and others that will be effective at the beginning of FY 1972, all of the A.I.D. financing with which you have been concerned will be terminated. Our written comments to you will show the specifics.

Your letter expressed the apprehension that our program showed a "lack of priority to ... basically humanitarian concerns." I would like to stress, however, that nothing in our A.I.D. program has a higher priority than helping refugees and civilian war casualties. To illustrate this aspect, I would like to spend a few minutes on the question of conditions on Lao refugee centers and health facilities. You will recall this is one of the matters you mentioned in your press release on the GAO reports.

It is, of course, humanly impossible to have good and health living conditions in an area into which large numbers of refugees have to be moved suddenly or to avoid inadequate medical facilities in the face of a sudden influx of people needing emergency health care. Our Mission, however, does all it can, with the cooperation of the Lao Government, to remedy unsatisfactory conditions as quickly as possible.

Let us take as an example the situation at Luang Prabang, the Royal Capital, which experienced a rocket attack on March 21 and around which there has since been vigorous military action by enemy forces. There had been almost 20,000 refugees in the area. As a result of the enemy action, Luang Prabang -- normal population about 20,000 -- experienced an influx of about 12,000 refugees -- about 8,000 people who were already in refugee status and about 4,000 newly created refugees. Our Mission immediately provided the refugees with food, clothing, and blankets, and began inoculation and sanitation programs. By April 8 all the refugees in the city had been inoculated against cholera. Further, a program to inoculate the regular population had been initiated, disinfectant had been sprayed around all refugee areas, and new latrines had been constructed at the schools containing refugees. Plans to move these refugees to relocation areas or where possible back to their home villages have now been made.

I believe those who have seen relocation and resettlement centers established with A.I.D. assistance and unaffected by enemy action, can attest to the accomplishments of our Mission in making such sites satisfactory in all respects within only minimal periods.

In this connection, I might cite this passage from page 8 of the report by the General Accounting Office: "Given the wartime conditions in Laos and the general lack of economic and technical resources, General Accounting Office believes that the contributions of the public health program represents a substantial achievement. Comments in this report are not intended to detract from these accomplishments. General Accounting Office's observations at field medical facilities were those seen through Western eyes and what might appear to be shortcomings may not be so considered by the Laotian standards."

Your letter and the GAO reports show a third area of major concern -- Mission management in the refugee and health fields.

Within this general area one of the concerns expressed is that management is too often of a contingency nature, that there is insufficient long-range planning.

That problem is unfortunately not possible to solve with any amount of planning on our side because the Lao situation has for a long time been fluid and unpredictable. We can't tell where the communists will move next and in what force. One of the reasons for existence of our refugee and health programs is primarily to react to contingencies, and I believe this has been done very well. And forward planning takes place to the extent it is possible. As an example, in the latter part of 1970, the Mission embarked upon a

program to increase the hospital bed capacity at three points in Military Region II from 50 beds to 250. This was done in anticipation of additional refugee requirements which did materialize as a result of communist actions.

In the refugee field, the Mission constantly considers where it might locate new refugees who might be created. But it cannot actually prepare centers for new refugees until it is clear where new refugees may be created and to where it may be possible to relocate them. Enemy military action can generally not be predicted far enough in advance to permit the pre-development of new refugee centers.

The second area of management with which the GAO and you, Mr. Chairman, have been concerned is the control of refugee relief commodities.

The GAO team, while still in Laos, brought to the attention of the Mission certain weaknesses in the accounting and control procedures applied to refugee relief commodities. As shown in the GAO report, the Acting Mission Director ordered an immediately examination of the problem. One result was a USAID/Laos Action Memo, incorporated in the GAO report, providing for improvement in the Mission's organization and procedures in the fields covered by the GAO report. The Mission has since then made further improvements of this sort. Investigation by the Mission revealed that most of the losses cited by the GAO were not losses of the commodities themselves but reflected mis-filing or non-arrival of documents at the time the GAO report was made. Nevertheless, we attach high importance to the proper documentary control over the receipt of refugee relief commodities, and appreciate the constructive criticisms made by the GAO. As a result of the GAO visit, improvements in our Mission's organization and procedures for the control of refugee commodities have been effected.

Mr. Chairman, I believe you will find our written response to you on these GAO reports comprehensive and responsive. I am glad to have had this opportunity to give you these main points. I want to add that we are always glad to have constructive criticism of our program, because it is a broad and complex one and an outside perspective frequently helps us achieve the objective you and we share -- an A.I.D. program for Laos as helpful to that unfortunate country and as efficient as we can possibly make it. All we ask is that in fairness the very difficult conditions of AID's operating in Laos be taken into account in judging our performance.

5/4/71

PN ARF 056

FACTS ON FOREIGN AID TO LAOS

Supplement No. 1

REFUGEES

Embassy of the United States of America
U.S.A.I.D.
Mission to Laos

June 1, 1971

215

CATEGORIES OF ASSISTANCE TO REFUGEES

The refugee situation in Laos is one of constant change in number of refugees and in the kind and degree of assistance that these refugees need. A refugee movement can increase the number of refugees when people move into that part of Laos under control of the Royal Lao Government; that number can decrease when refugees are captured or isolated by Pathet Lao or North Vietnamese forces. Similarly, a refugee movement can increase the number of refugees in one part of Laos and decrease that number in another. As these population shifts occur, the needs of the refugees change. Harvest of a first crop or relocation in a resettlement area changes the kind and degree of assistance that USAID provides. To report these changes of kind and degree, USAID has established categories that serve as guidelines for allocating its resources; these categories reflect the status of each refugee group.

This Supplement to "Refugees" in Facts on Foreign Aid to Laos has been prepared to describe in detail these categories of assistance, the circumstances that determine the movement of refugees from one category to another, and to respond to requests for further information on those facets of refugee movements in which readers have expressed interest.

Categories of Assistance

USAID assistance to refugees is encompassed in the two broad categories designated Food Support and Rehabilitation Support. These two categories are subdivided in turn to reflect the status of the refugee groups that receive assistance: those refugees who are fully dependent on food and rehabiliation assistance; those who are partially dependent on food and rehabilitation assistance; and those who receive rehabilitation assistance only.

The following terms are defined to delineate the kind and degree of assistance in each category:

> Food assistance: provision of any kind of food--rice or a mix of rice and PL-480 foods such as bulgur wheat, corn meal, wheat noodles, or PL-480 commodities only. (In northwestern and central Laos, a protein supplement may be included.)

Fully dependent: These refugees are almost completely dependent on food assistance to obtain the caloric intake necessary to life and health; they obtain a minimal self-help supplement from foraging, growing vegetables, or, in some cases, obtaining in the area a few livestock.

Partially dependent: These refugees grow or obtain enough food to meet a substantial part of their caloric requirements, but to meet full minimal requirements, they must receive additional food, usually from PL-480 sources.

Rehabilitation only: These refugees receive no food assistance, but are recipients of other forms of assistance, which varies from region to region depending on security conditions and on feasibility. Rehabilitation assistance includes as a minimum:

Shelter (plastic sheeting or other roofing),
Medical assistance (medicines and access to local medical technician or, when possible, evacuation of serious cases to a hospital),
Adequate water supply, and
Educational assistance in reestablishing schooling for children.

When a successful harvest enables those refugees who are receiving full or partial food assistance to become self-sufficient in food, they move from the food assistance category to the rehabilitation category if they require further assistance. If they have insufficient food to carry them through to the next harvest (this is frequently the case), they reenter the fully or partially dependent category.

Rehabilitation assistance was established as a second category on November 6, 1970 to reflect more precisely the status of each refugee group assisted. In addition to the minimum, rehabilitation assistance may include commodities such as cooking utensils, seeds, tools, fertilizers, insecticides, breeding stock to replace animals lost by refugees on the move, land clearing for village sites and rice fields, wells, dams, storage basins, fish ponds. Under certain conditions,

technical assistance in agriculture may be provided (for example, where hill-rice farmers move to a paddy-rice area), or training in skills such as carpentry, blacksmithing, weaving when income from agriculture is likely to be insufficient to meet local standards of living.

Figure 1.1 of this Supplement shows the total number of refugees who have received both food and rehabilitation assistance during the period from November 6, 1970 to June 1, 1971. Illustrative of the number of refugees in each category, Fig. 1.2 shows the total number of refugees who received both food and rehabilitation assistance in January 1971 as compared with Fig. 2 on page 106 of Facts on Foreign Aid to Laos which shows the total number of refugees who received food assistance only. Figure 1.3 shows the same geographic breakdown of refugee groups as of June 1, 1971.

Total Self-Sufficiency

The refugee assistance policy of the Royal Lao Government and of USAID specifies that at a given point refugees who have been resettled reach a level of living that is comparable to that of the nonrefugees in the community and at which they are considered adequately integrated into the society and economy of that community. At this point, they are permanently settled in villages and are agriculturally self-sufficient. They have a permanent elementary school, access to water for all necessary purposes, adequate medical services, and usually access by road to the nearest major marketing center. At this point, these groups are classified totally self-sufficient and they are no longer considered refugees.

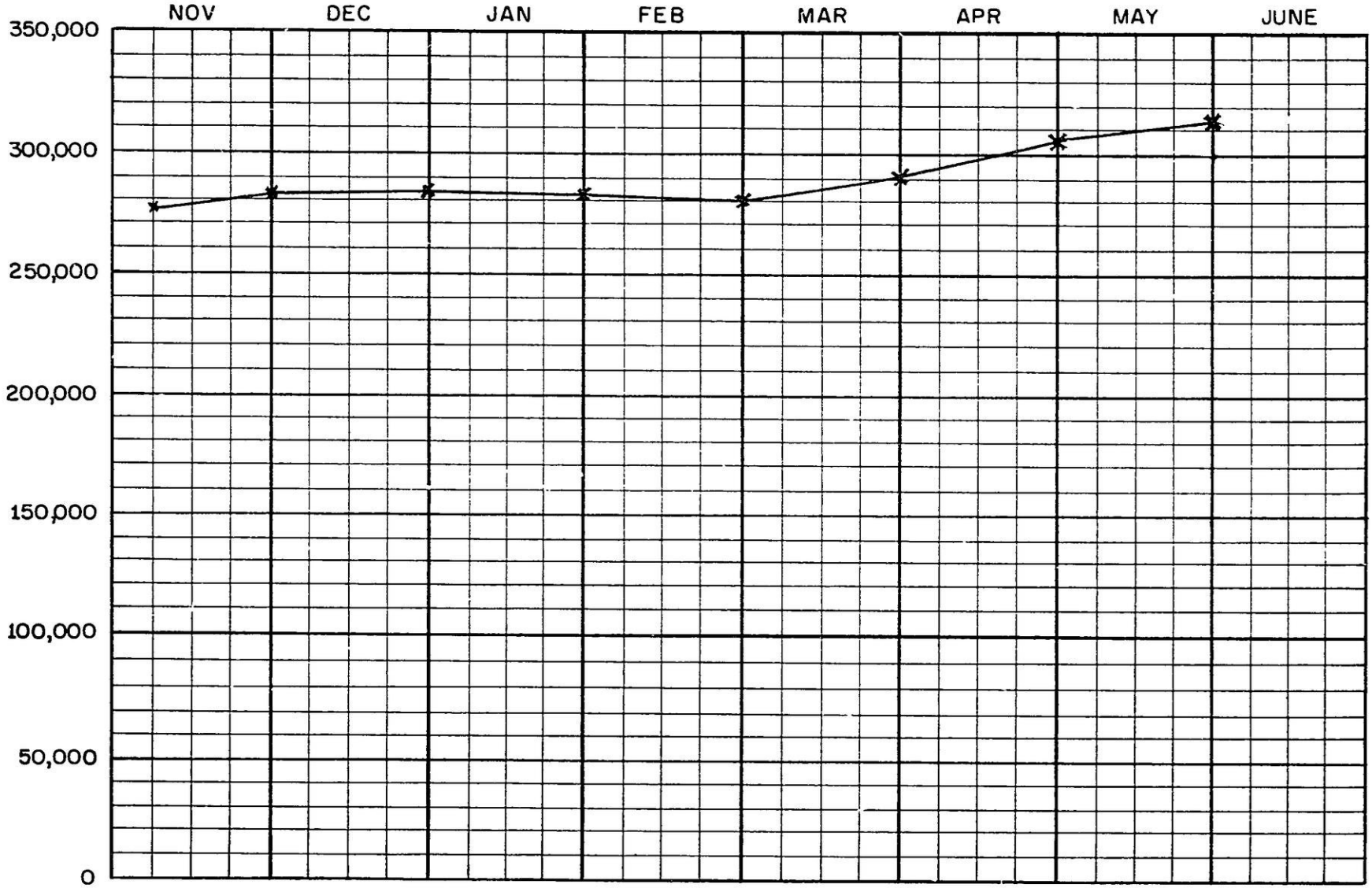
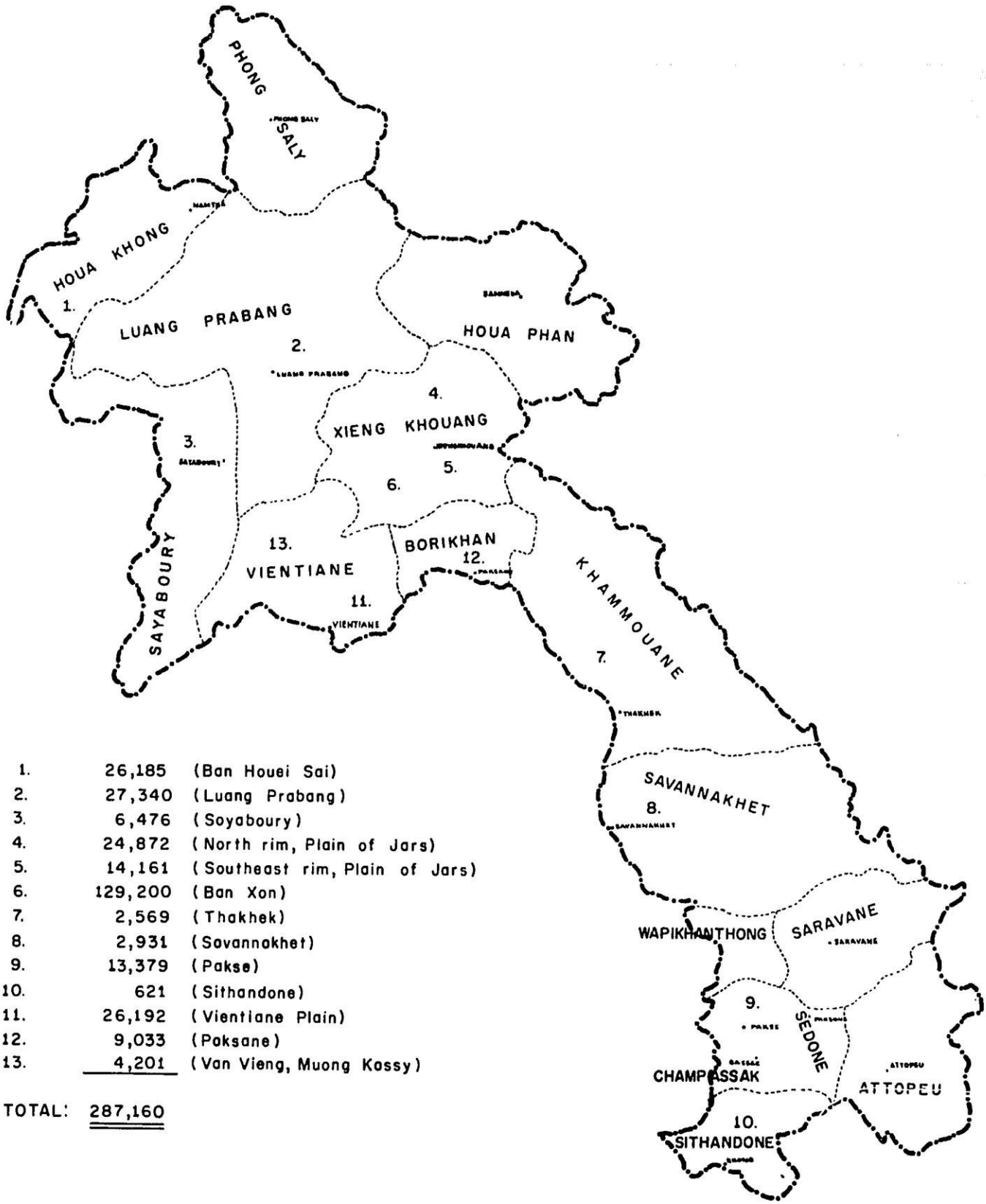
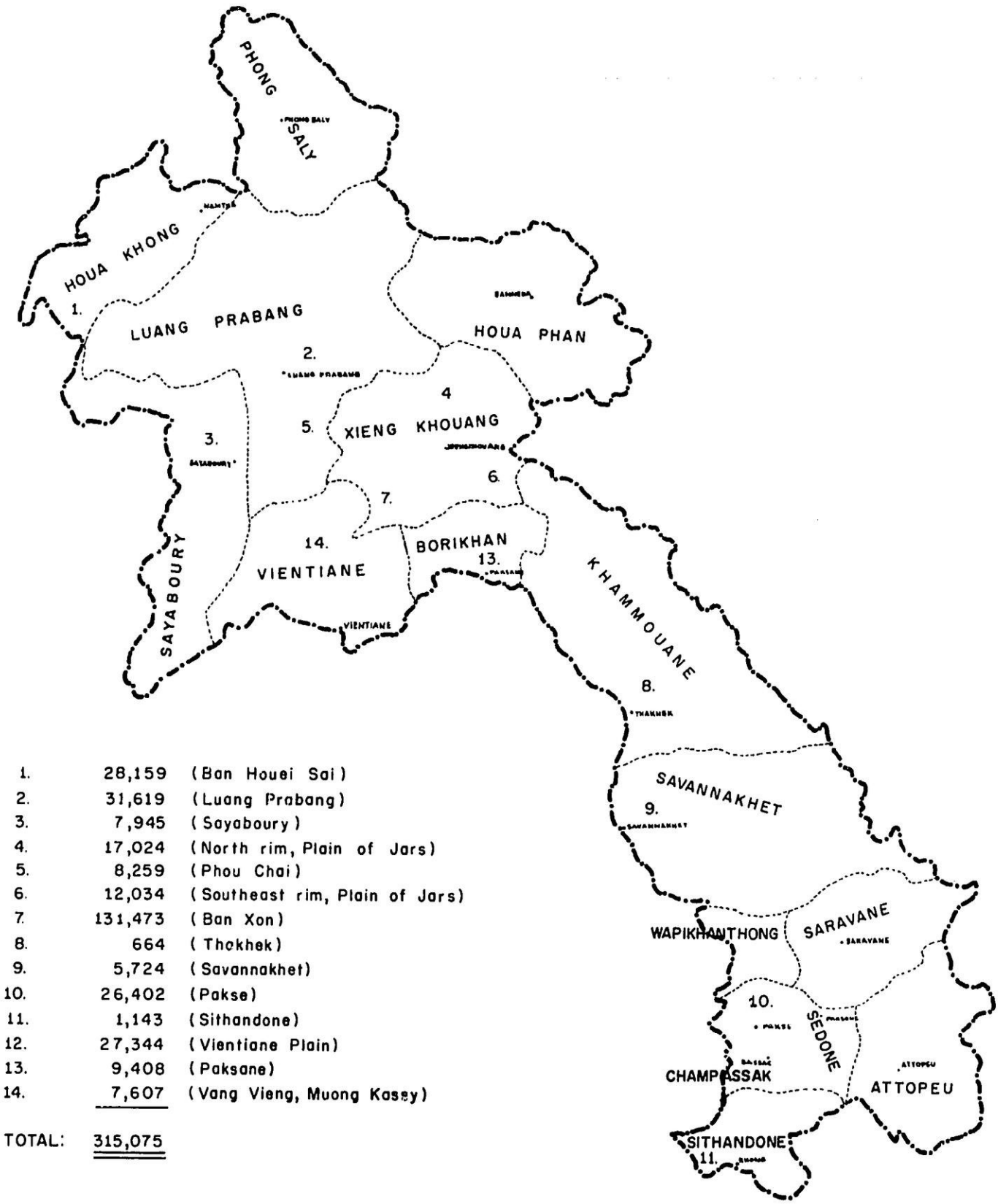


Fig. 1.1__ Number of Refugees Receiving Food Support and Rehabilitation Support, Nov. 6, 1970 - June 1, 1971.



1.	26,185	(Ban Houei Sai)
2.	27,340	(Luang Prabang)
3.	6,476	(Soyaboury)
4.	24,872	(North rim, Plain of Jars)
5.	14,161	(Southeast rim, Plain of Jars)
6.	129,200	(Ban Xon)
7.	2,569	(Thakhek)
8.	2,931	(Savannakhet)
9.	13,379	(Pakse)
10.	621	(Sithandone)
11.	26,192	(Vientiane Plain)
12.	9,033	(Paksane)
13.	4,201	(Van Vieng, Muong Kassy)
TOTAL:	287,160	

Fig. 1.2 -- Geographic Location and Number of Refugees Receiving Food Support and Rehabilitation Support, January 1, 1971.



1.	28,159	(Ban Houei Sai)
2.	31,619	(Luang Prabang)
3.	7,945	(Sayaboury)
4.	17,024	(North rim, Plain of Jars)
5.	8,259	(Phou Chai)
6.	12,034	(Southeast rim, Plain of Jars)
7.	131,473	(Ban Xon)
8.	664	(Thakhek)
9.	5,724	(Savannakhet)
10.	26,402	(Pakse)
11.	1,143	(Sithandone)
12.	27,344	(Vientiane Plain)
13.	9,408	(Paksane)
14.	7,607	(Vang Vieng, Muong Kasey)
TOTAL:	315,075	

Fig. 1.3 -- Geographic Location and Number of Refugees Receiving Food Support and Rehabilitation Support, June 1, 1971.

PATHET LAO RICE TAX

> "The people grew more rice than they had ever grown before, but they had less for themselves. They paid it out in the form of taxes--rice to help the state, trading rice, and rice from the heart."

The Pathet Lao rice tax (noted in Facts on Foreign Aid to Laos, p. 105 as one of the forces that prompt refugee movements) is described in this Supplement in response to a request for further information on the Pathet Lao taxation system. The rice tax is discussed in Life Under the P.L. in the Xieng Khouang Ville Area, Edwin T. McKeithen, USAID Refugee Affairs Officer, December 1969. A brief description of the three kinds of rice tax levied by the Pathet Lao follows:

Rice to help the state: Each member of a family is allowed 100 kilograms of paddy rice tax free. The remainder is taxed at the rate of 15 percent; this "state rice" is put in a public bin in each village.

Trading rice: This tax was put into effect for the 1968 harvest in Xieng Khouang province. Approximately 10 percent of the rice remaining after the "state rice" tax has been paid is bought by a cooperative (purchasing agency and retail outlet) for Kip 27 per kilogram (about 5 cents at the Royal Lao Government free-market rate).

Rice from the heart: This tax, in effect since 1967, is a voluntary contribution solicited from villagers at the time the other taxes are collected. At the time of collection, the purpose is to persuade each villager to exceed his neighbor's or his own contribution of the preceding year. The average for Xieng Khouang appears to be on the order of 10 to 20 kilograms per family, although further contributions are solicited throughout the year as need arises.

Erratum: **The fall of Saravane is incorrectly noted on p. 105 as May 1970. Saravane fell to the Pathet Lao on June 9, 1970.**

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

July 26, 1971 VIENTIANE, LAOS No. 72-07

TO : All American Personnel

FROM : Charles A. Mann, DIR

SUBJECT: Refugees in Laos (Subject Index 800)

Congressman Charles S. Gubser (R.-Calif) has been a leader in attempting to assure that a balanced and unbiased picture of the war in Laos evolves from the hearings in the Armed Services Committee of the House.

Recently Congressman Gubser requested statements on the refugee situation in Laos from Father Menger and the Reverend Mr. Roffe, both of whom have worked with refugees here for many years.

Their statements were used by Congressman Gubser to help set the record straight on Laos and they have appeared in the Congressional Record. These statements, which follow, will be of interest to all Americans in Laos, especially to those who have been disturbed by the many inaccurate and misleading reports on American activities in Laos which have been given publicity this year.

Reverend Roffe wrote:

Quote It is my sincere and considered opinion that the use of the term "indiscriminate" is quite unjustified in reference to the admittedly regrettable but apparently necessary bombing that has occurred in Laos.

My opinion as expressed above should be evaluated in the light of the following facts:

A. I am a Canadian and, consequently, am under no obligation to support or justify the policies of the Government of the United States as they affect Laos either politically or militarily. The

DIST: B, E Embassy - 100

opinion I offer is given in complete honesty and with no sense of the compulsion that might prompt me, were my status other than that of a genuine neutral.

B. I arrived in North Laos in early 1929 to become, as far as I know, the first person from the Western Hemisphere to establish residence in Laos. The more than forty years that have now elapsed have given me an inevitable knowledge of and sympathy for the people of this land to whom I would be traitor were I indifferent to the present undeniable distress.

While the fact of the distress, and the fact of the bombing which has, in part, contributed to that distress, are undeniable, it should be obvious that a true interpretation of these facts cannot be formed following a mere overnight visit, a stay of two or three days, or a fleeting contact with a relatively limited number of the many people of Laos: ethnic Lao, minority groups, refugees or others. Even an appr oximately accurate evaluation of surface facts would presuppose an in-depth acquaintance with the hopes, the fears, the aspirations and the attitudes of these people. In view of the severe restrictions laid on them by considerations of time, to say nothing of the very real barrier of language, such an acquaintance cannot possibility be acquired by visiting dignitaries, no matter how well intentioned they might be.

Not infrequently, such rapid investigations have simply served to confirm pre-established opinions, with all the evidence contrary to such opinions apparently being conveniently filtered out. This makes for irresponsible reporting, whereas the situation calls for an unbiased approach and an equally unbiased analysis of the facts that are gathered for evaluation.

Let me cite a single example. One group of refugees (from the Plain of Jars) was accurately reported to have stated that they left their villages because of the bombing. That statement, in isolation, would seem unequivocally to condemn the bombing. But responsible reporting should take into consideration the context of such a statement. This would require asking "What prompted the bombing?" and the simple answer would be that the presence and the activity of enemy forces in the area required drastic measures, in part to make it possible to get planes in there in order to evacuate the innocent civilian population.

The refugees stated that they left because of the bombing and that meant, at the very least, that they left because the bombing eventually made it possible for them to leave. They pointed out--and this was completely overlooked in subsequent reporting--that their loyalties, their sympathies, their ties were all with the Royal Government of Laos and they were happy to be able to rejoin those of "like precious faith." The bombing made it possible for them to flee an area which was under a repressive political regime, where religion was suppressed, and where they were subject to enforced labor, etc.

If these people have any serious complaints, it surely is not that they and their villages were bombed, but rather that unfriendly forces imposed harsh conditions on them without warrant. The bombing was a direct result of the unjustified presence and completely unwelcome practices of these intruders.

These last few paragraphs are not a diversion from the main question. On the contrary, I believe they are undoubtedly germane to it and I would be gratified if what I have herein presented serves to correct some of the misinterpretation of facts that is current in the United States and to thereby remove some of the misunderstanding that derives from such misinterpretation. Unquote.

Father Menger wrote:

Quote It is a privilege to be of assistance to you in the critical House debate relating to United States policy in Laos.

Directing myself to the question contained in your cablegram, it is my opinion that the allegation of U.S. policy to indiscriminately bomb Lao villages is erroneous and absurd. This unfounded charge can be refuted in many ways. For your information, I offer the following:

1) On many occasions, in private conversation, I have been advised by former Ambassador to Laos, William H. Sullivan, and present Ambassador G. McMurtrie Godley,

that all U.S. bombing raids in Laos are approved prior to the mission by the American Ambassador, and that no bombing raid is permitted within a determined radius of an inhabited village. At various times, the American Ambassador has refused to permit certain bombing missions lest civilian casualties occur. There is no justification for doubting the knowledge or veracity of these two distinguished American Ambassadors, both career officers of proven integrity and honesty. Their sworn testimony to the methods of U.S. bombing missions in Laos has been given to various congressional committees and substantiated by documentation from the Departments of State and Defense.

2) The critics of American policy in Laos have utilized the word "indiscriminate" which implies (as per Webster's Dictionary) a "wholesale slaughter of people." The criticisms of those opposed to American involvement and policy in Laos have often based their allegations on incorrect and unsubstantiated reports. A case in point of how misinformation is being issued by these critics appears on Page 23, Note. 20, of "Laos: War and Revolution," edited by Nina S. Adams and Alfred W. McCoy (Harper & Row, 1970). I quote:

"Jacques Doyen gave an eyewitness report of bombing in the Mekong Valley some 25 miles (1) northeast of the Mekong from Saksane (2): 'Our truck then crossed the twin villages of Nongboua and Nongvieng, bombed on the 17th of February by T28s and American F105s. The Pathet Lao were refuged there and had organized football games with the population before being surprised by the bombs. The school is in ruins. A blackboard lies on a bench jutting out from the debris. Here and there are the remains of houses... In Le Figaro datelined March 10, 1970, 'The ambiguity of the American involvement in Laos,' Jacques Doyen and Guy Hannoteau." (End of quote).

This report is incorrect in many instances: (1) The distance is nine miles, not 25; (2) the town is Paksane, not Saksane.

Following is an account of the incident as it really occurred based upon my interview with Khai Nun Chansi, the school teacher for the villages of Nong Veng-Nong Bua. Nong Veng and Nong Bua are twin villages situated in the Province of Paksane. In January 1970 a group of 100 North Vietnamese and Pathet Lao troops entered the village at approximately 8 P.M. Some 20 soldiers grouped the Tasseng (district chief), Nai Ban (village leader), the village elders, young girls and boys and men from the village in the churchyard and proceeded to give the villagers a two-hour indoctrination session, while the other 80 requisitioned food from the villagers.

In early February 1970 at 9 P.M., some 15-20 North Vietnamese and Pathet Lao troops entered the village. On this occasion they gave no indoctrination classes, but merely requisitioned food from the villagers (as they had on their previous visit) and departed.

Two weeks later a company (approx. 120 men) of Lao soldiers arrived from Paksane. They set up headquarters in the village school and dug trenches around the building. Khai Nun Chansi, the teacher, dismissed the pupils for the day. At 3 A.M. the following morning, heavy fighting broke out as Communist forces (estimated at 400-500 PL and North Vietnamese) attacked the villages. The Lao troops were driven out of the school by the Communists, who seized the building, using it as a command post.

On the second day of the fighting between RLG and Communist forces, between 9-10 A.M., A FAC (Forward Air Controller) aircraft arrived, followed shortly by two jets and four T28s. The aircraft made several passes of precision bombing, directing their fire to the enemy entrenched in the village school. The area around the school was bombed, two small huts near the school building collapsed from the impact. In addition, two huts (owned by Pho Mon and Pho Leuram) were destroyed by a bomb which fell nearby. These huts, situated on the very edge of the village, were damaged because the enemy troops were at the time fleeing in that

direction to reach Done Sim, a wooded area on the other side of the rice field. As for the school, two classrooms were destroyed by a large bomb which fell nearby. That evening, shortly after dark, a spooky gunship arrived. The aircraft fired only on the fringes of the village where there were no huts, and in the rice fields on the southern side of the village. The spooky gunship stayed in the air over this area for several hours, never once firing into the village.

The village teacher, Khai Nun Chansi, spoke with admiration of the preciseness of the bombing itself. Of 250 huts in Nong Veng-Nong Bua, only four were destroyed and that was because of heavy enemy concentration. No civilian casualties were caused by the bombing; four civilians were killed by crossfire between the RLG and Communist troops; one old man was injured in the crossfire and subsequently had a portion of his leg amputated.

Thus you can see the comparison of the two accounts (an eyewitness vs. a French reporter who arrived sometime after the battle), the erroneous information which is contributing to the unfounded charges of indiscriminate U.S. bombing.

It was the opinion of the village teacher, Khai Nun Chansi, that were it not for the air support, the battle of Nong Veng-Nong Bua would have been prolonged. He feels, and I share his opinion, that many more civilian casualties would have resulted if air support had not been used in the early stages of the fighting.

3) Among other villages which I have visited recently, there is Nyuot Tu, a complex of some 2,000 refugees now located in the southern section of Xieng Khouang Province. These Meo refugees have fled from their relocated areas six times, not to avoid the bombing, but to escape from the Communists.

There is Ban Kang, a village of some 350 Kha, also located in the southern section of Xieng Khouang Province. This group has fled six times to escape not the bombing, but advancing Communist forces. Their last flight took place in early March 1971 when they fled from Phou Bia. At 4 A.M. on that day, the North Vietnamese and Pathet Lao simultaneously attacked six villages and two military outposts in the Phou Bia area. The village leader, school teacher and several other people told me they were grateful that the planes had flown over during the night lighting their escape route with flares so they could find their way out of the area to safety. During their three-day trek aircraft dropped rice and other foods to help the refugees during their escape.

The village of Dong Ka Leum is a complex of approx. 1200 people near the Mekong River in the eastern sector of the Vientiane Plain. These people were evacuated from the Plain of Jars area in February 1970. They were grateful to U.S. and RLG aircraft for bringing them out of the Communist-held area. The Tasseng (district chief) told me he and his people never wish to liver under Communist domination again.

4) The critics who charge "indiscriminate" U.S. bombing never take note of the fact that a refugee has two options. He can: (1) move north and east, deeper into Communist territory, either of which would give him relief from bombing raids, or (2) he can escape both the bombing raids and Communist oppression by coming over to the RLG side, which is what the refugees have elected to do. A survey of these people have revealed that some 57 percent of them said they would return to their villages if the air attacks were stopped--but 96 percent of them said they would not go back if the Communists were still in control.

It is a tragic fact of history that innocent people are invariably caught up in the rigors of military conflict. However, history will testify that rarely, if ever, has a nation used such extraordinary precautions to avoid civilian casualties as the U.S. is exercising in the air operations in Laos. The use of air support in the Lao war is the only leverage which the Royal Lao Government has against the Communist forces. The RLG forces are exhausted, weary from fighting for so many years. They are outnumbered and out-equipped. Only the

support of aircraft gives them an advantage over their Communist enemies. The use of aircraft in the Lao war is for the same purpose as that in World War II and the Korean conflict: to bring freedom to an oppressed nation, the people of Laos. Unquote.

92d Congress
1st Session

COMMITTEE PRINT

LAOS: APRIL 1971

A STAFF REPORT

PREPARED FOR THE USE OF THE

SUBCOMMITTEE ON U.S. SECURITY AGREEMENTS AND COMMITMENTS ABROAD

OF THE

COMMITTEE ON FOREIGN RELATIONS UNITED STATES SENATE

AUGUST 3, 1971

NOTE.—Sections of this committee print have been deleted at the request of the Department of State, Department of Defense, and Central Intelligence Agency. Deleted material is indicated by the notation "[Deleted]."

Printed for the use of the Committee on Foreign Relations

U.S. GOVERNMENT PRINTING OFFICE
65-324 WASHINGTON : 1971

COMMITTEE ON FOREIGN RELATIONS

J. W. FULBRIGHT, Arkansas, *Chairman*

JOHN SPARKMAN, Alabama
MIKE MANSFIELD, Montana
FRANK CHURCH, Idaho
STUART SYMINGTON, Missouri
CLAIBORNE PELL, Rhode Island
GALE W. McGEE, Wyoming
EDMUND S. MUSKIE, Maine
WILLIAM B. SPONG, Jr., Virginia

GEORGE D. AIKEN, Vermont
KARL E. MUNDT, South Dakota
CLIFFORD P. CASE, New Jersey
JOHN SHERMAN COOPER, Kentucky
JACOB K. JAVITS, New York
HUGH SCOTT, Pennsylvania
JAMES B. PEARSON, Kansas

CARL MARCY, *Chief of Staff*
ARTHUR M. KUHL, *Chief Clerk*

SUBCOMMITTEE ON U.S. SECURITY AGREEMENTS AND COMMITMENTS ABROAD

STUART SYMINGTON, Missouri, *Chairman*

J. W. FULBRIGHT, Arkansas
JOHN SPARKMAN, Alabama
MIKE MANSFIELD, Montana
GEORGE D. AIKEN, Vermont

CLIFFORD P. CASE, New Jersey
JOHN SHERMAN COOPER, Kentucky
JACOB K. JAVITS, New York

PAT HOLT, *Staff Assistant*
JAMES G. LOWENSTEIN, *Staff Assistant*
RICHARD M. MOOSE, *Staff Assistant*

CONTENTS

	Page
Preface	v
I. Introduction	1
II. Summary and general observations	1
III. The military situation	3
IV. Air operations	7
V. The military assistance program	12
VI. CIA activities	14
VII. The AID program	17
VIII. Miscellaneous points	19
IX. Future prospects	21

PREFACE

At a meeting in executive session on May 21, the Subcommittee on U.S. Security Agreements and Commitments Abroad received a report, classified "top secret," from James G. Lowenstein and Richard M. Moose of the subcommittee staff on a trip which they had made to Laos on behalf of the subcommittee. The information contained in their report added considerably to the subcommittee's understanding of the nature and extent of the activities of the United States in Laos. I felt that the importance of this information was such that it should be brought to the attention of the Senate and accordingly a closed session was held for this purpose on June 7 at my request and with the concurrence of the chairman of the Foreign Relations Committee.

The staff of the subcommittee has now reviewed the report with representatives of the Departments of State and Defense and the Central Intelligence Agency. After considerable discussion of the basis and need for continued security classification of much of the information in the report—a process which lasted 5 weeks—the representatives of the executive branch agreed to publication of the report as now issued. Nevertheless, considerable information has been deleted at their insistence.

While I do not agree that the publication of some of the material which has been deleted from the report which follows would adversely affect our national security, the information which does appear will give the American public a far better picture of U.S. involvement in Laos than can be found in any previous public government report.

STUART SYMINGTON,
Chairman, Subcommittee on United States Security Agreements and Commitments Abroad, Committee on Foreign Relations.

LAOS: APRIL 1971

I. Introduction

During our visit to Laos from April 22 to May 4, 1971, we met with Ambassador Godley and the senior and junior civilian officials and military officers in the U.S. Mission. In addition, one or both of us met with Prime Minister Souvanna Phouma; the Foreign and Defense Delegates and the Transport Minister; the Commander of Military Region V and the Governor of Xiang Khouang Province; the Pathet Lao representative in Vientiane; reporters, teachers, and others in private life; and a number of other Ambassadors. We spent a weekend in Savannakhet with the Ambassador and Chief of the AID Mission who were there to open an airfield during which time we visited the Air Operations Center, the [deleted], the irregular force base camp and the irregular training camp known as "Whiskey Three"; a day at the Long Tieng base, the headquarters of Genertl Vang Pao, with whom we lunched, and at Site 32, a village composed mostly of resettled Meo refugees which is north of the Plain of Jars and is the only enclave in that area not under Pathet Lao control; and a day in Thailand at Udorn, visiting the 7/13th Air Force and the 1802 Joint Liaison Detachment [deleted], and at Nakhon Phanom Air Base, visiting [deleted] which is the activity that runs the so-called electronic battlefield in southern Laos.

II. Summary and General Observations

A. Most observers in Laos say that from the military point of view the situation there is growing steadily worse and the initiative seems clearly to be in the hands of the enemy. There are apparently no plans for retaking and holding any of the two-thirds of the country no longer under government control but only a hope, not too firmly held in some quarters, that the one-third of Lao territory now under government control can continue to be held. Since Lam Son 719, more Lao territory has come under enemy control, and there are about three regiments more of North Vietnamese forces in southern Laos than there were before the Lam Son operation. U.S. air operations continue in both northern Laos and in the south against the Ho Chi Minh Trail. In both cases the number of sorties this year is down in comparison with last year, the reduction being proportionally greater in the north. The principal reasons for this reduction are, first of all, the fact that fewer aircraft are now available because some squadrons are being redeployed from Southeast Asia, and, second, the additional demands imposed on remaining aircraft by the situation in Cambodia. Since February 1970 we have been using B–52s in northern Laos on a regular basis, a fact the Committee had not been told and that was not made public until the open Committee hearing at which the Under Secretary of State testified on May 3. We are, however, now flying about

[deleted] times as many B–52 sorties in southern Laos as in the northern part of the country. The Royal Lao Air Force has doubled its sortie rate in the past year, but the attrition rate of their limited number of T–28 aircraft is high. We are filling the gap. The "truck kill" rate of North Vietnamese trucks is also high, having reportedly reached the astronomical total of over 100 a day in April of this year, but even some U.S. military authorities in Southeast Asia discount these figures, most by about 30 percent. And despite everything that is being done in the air by the United States, and on the ground by the South Vietnamese, Lao and Cambodians, supplies continue to move through Laos into Cambodia and South Vietnam. The Air Force claims that only about one-third the quantity of supplies is getting through this year compared to last year, but others point out that the fact remains that the North Vietnamese are moving sufficient supplies through Laos to sustain their military operations.

B. The war in Laos is run in most respects by the Embassy in Vientiane. In fact, this undertaking seems to consume a considerable portion of the time of the senior officers in theMission. The "Operations Meeting" at the Embassy—which lasts from 9 a.m. to approximately 10:30 daily, including Saturday, and at which the Ambassador presides—is devoted in large part to detailed briefings by the Army and Air Attachés and the CIA Station Chief which cover practically every military engagement of the preceeding 24 hours. Air operations are followed very closely, even down to the types of ordnance employed, as are the details of the deployment and support of Royal Lao Army and irregular forces.

C. The United States continues to train, arm, and feed the Lao Army and Air Force and to, train, advise, pay, support, and, to a great extent, organize the irregular military forces under the direction of the CIA. The combat element of these irregular forces is about as large as the combat element of the Royal Lao Army. These irregular forces include not only the forces under General Vang Pao's command in Military Region II, but forces in every other military region of Laos except the area immediately around Vientiane. The cost of these irregular forces has been increasing every year, in part because as more territory has fallen under Pathet Lao control it has become necessary to rely increasingly on air transport and in part because of the rising cost of ammunition. These irregular forces have become the cutting edge of the military, leaving the Royal Lao Army as a force primarily devoted to static defense.

D. [Delete.] In the past few months the Chinese have increased their air defense capabilities along the road they are building in northern Laos. The road now reaches to the Ou River, marking the division of responsibility between the Chinese and the North Vietnamese on the east, and is only some 45 miles from Pak Beng on the Mekong in the west. The number of Chinese forces along the road has increased from 6,000 two years ago to between 14,000 and 20,000. The concentration of anti-aircraft and associated radar installations along the road, which has been greatly increased in recent months, makes this area one of the most heavily defended in the world. The area around the road, and north of it, is off-limits to U.S. aircraft, and supposedly to Lao aircraft as well, although it was bombed in January 1970 by two

Lao Air Force planes. Whether related or not, the buildup of anti-aircraft facilities followed this attack.

E. The number of Thai in Laos, at the time of our visit, was about [deleted]. Since then, [deleted]. We were told that these "irregular" volunteers, as they are characterized by Thai and American officials, are recruited for service in Laos from outside the regular Thai Army. They are said to receive lower pay and allowances than regular Thai Army personnel [deleted]. The costs involved are channeled through CIA, although U.S. officials told us that they thought some of the funds come from the Defense Department budget. As far as the future is concerned, [deleted].

F. The Royal Lao Government continues to be almost totally dependent on the United States, perhaps more dependent on us than any other government in the world, and this dependence appears to be increasing as the war continues and the military situation worsens. The cost of U.S. military assistance to Laos has risen rapidly in the past few months with the fiscal year 1972 program doubling since January, mostly as the result of the rise in the cost of ammunition and ordnance being supplied to both the Royal Lao Army and Air Force and the irregular forces and the higher rate at which this ammunition and ordnance is being used. The United States provides not only for all of Laos' defense needs but for day-to-day needs as well. And on the political front, we gathered from our conversations with various Lao that it has been made plain to all opponents of the present Prime Minister—primarily the southern politicians and generals—that we wish to see him continue in office and that any change in government might jeopardize continued U.S. support.

G. The Lao Government's budget for the current year is 18.3 billion kip or, converted to dollars at the official rate of 500 kip to the dollar, $36.6 million. By contrast the partial total of estimated U.S. expenditures in Laos in fiscal year 1971 is $284.2 million, composed of an estimated $162.2 million in military assistance, $52 million in the AID program, and $[deleted] million spent by CIA exclusive of the Thai irregular costs. This partial total of estimated U.S. expenditures amounts to $141 per capita for the approximately 2 million Lao under government control compared with a per capita GNP estimated at $66. Not included in the above U.S. expenditure total are items such as the cost of U.S. air operations in northern or southern Laos or the cost of Thai irregulars in Laos. The planned increase in fiscal year 1972 military assistance coupled with AID and CIA expenditures at this year's level would bring the total of these three programs up to $374 million. So far as we can determine, the only overall figure ever released by the executive branch for any category of current aid to Laos is the $52 million estimate for the AID program in fiscal year 1971, although during the Symington subcommittee hearings in 1969 the fiscal year 1971 military assistance program was estimated at $90 million. In point of fact, we were told that the actual final total for that year was $146.4 million, as noted in the section below on the military assistance program.

H. U.S. activities in Laos show the interlocking relationship between all U.S. agencies in Laos and all U.S. activities and commands in Southeast Asia. Thus, [deleted]. The sortie rate of U.S. tactical

aircraft is kept at Udorn, but this information does not include the rates for B–52s or Navy aircraft. These figures are kept by 7th Air Force in Saigon. Within Laos, the CIA trains and advises irregular forces, but until last week AID had provided these forces with rice in Military Regions I and II, while the military assistance program, operated ostensibly under AID in Laos, provides food and equipment to the regular Lao Army. The U.S. Air Force flies the planes that bomb the Ho Chi Minh Trail, but much of their targeting information comes from CIA, and the final approval for their missions, at least in some cases, comes from the Embassy.

f. Finally, there is an evident determination among U.S. officials in Laos to continue to prosecute the war with only gradually reduced secrecy. It is argued, with regard to air operations, that many of these planes are based in Thailand and are there pursuant to agreements with the Thai Government which stipulate that [deleted]. As far as operations of the irregular forces are concerned, some say that CIA is not used to prosecuting a war in public and does not see what purpose would be served by doing so. Underlying many of these arguments for maintaining secrecy is the feeling that much of what the United States is doing does violate the Geneva Agreements of 1962, and ancillary "understandings" thereto; and that while our violations are justified by antecedent North Vietnamese violations, putting our violations on the public record, while North Vietnam continues to deny that it is violating the agreements, would make it far more difficult, if not impossible, to reactivate the provisions of the 1962 agreements.

III. The Military Situation

A. General Description

Since last July, the enemy has extended his control to the western edge of the Plain of Jars, past Muong Soui and Sam Thong, while pushing further west in southern Laos, taking Muong Phalane shortly after Lam Son 719 ended. To the west of the area in which South Vietnamese forces were active during Lam Son 719, a whole new network of trails has been constructed, although the enemy continues to use the routes in the area in which the Lam Son operation took place. Enemy forces have put increasing pressure on the important towns of Seno and Pakse, both of which are now only a few kilometers from the area under enemy control. Virtually the entire Bolovens Plateau area is now held by the North Vietnamese, the few remaining Lao outposts on its western edge having been captured in the last few days. In sum, over 60 percent of Laos is no longer under Lao Government control.

The generally accepted figure for the entire population of Laos has been 2.8 million, although some dispute this figure and claim that it is closer to 2 million. On the basis of the 2.8 million figure, the Embassy claims 2.1 million under government control, although a publication issued by the AID Mission sets the figure at 1.7 million.

In the weeks immediately preceding our visit to Vientiane, Luang Prabang had been under virtual siege. The airfield had been rocketed and the enemy surrounded it on all sides. During the time that we were there, the enemy pulled back, indicating an intention not to take

the royal capital. During the same period, however, they rocketed the principal base at Long Tieng daily with rocket attacks averaging 30 a week.

Trying to estimate enemy intentions is a constant concern of American officials in Vientiane as it is in Saigon, Phnom Penh, and Bangkok. The prevailing assumptions at the time of our visit were that the North Vietnamese and Pathet Lao would continue the war in the north despite American and Lao bombing; that they could continue to move supplies through Laos into Cambodia and South Vietnam although at a reduced rate, again regardless of the bombing, and in fact could do in Laos pretty well whatever they wished during both wet and dry seasons provided they were willing to take heavy casualties in some cases; that they probably would not try to take Luang Prabang because it is the site of the Royal Palace and home of the King and such an attack would therefore have a deleterious effect on public opinion in Laos; that the Royal Lao Government forces will [deleted]. In this connection, both American and Lao officials told us that they would consider the loss of Long Tieng to be a disastrous psychological blow and hence had determined that it should be defended. Understandably, General Vang Pao was particularly adamant on this point for Long Tieng represents virtually the last foothold of the Meo people in northern Laos.

Recent new developments affecting the military situation, all reported in the press since our visit, have been the deployment, for the first time, of North Vietnamese surface-to-air missiles in southern Laos, the development of a road system into the Plain of Jars which will enable the North Vietnamese to operate throughout the rainy season, and the occasional sighting of North Vietnamese MIGs over Lao territory, a potential new hazard for the Lao T-28s and the U.S. pilots flying Forward Air Control missions in small observation planes.

B. FRIENDLY FORCES

Friendly forces in Laos consist of [deleted] in the Royal Lao Army, [deleted] in the neutralist army, [deleted] in the Royal Lao Air Force, and some 30,000 Lao and [deleted] Thai irregulars (which are described in section VI below). Friendly forces thus total between 95,150 and 97,650 compared to enemy forces of about 115,000 to 139,000.

Of the [deleted] in the Royal Lao Army, somewhere between [deleted] and [deleted] are infantry, depending on whether the Army Attaché estimates of those present for duty is taken or the Lao Army figure is used as a basis for calculation.

It has apparently become increasingly difficult in the past year or so to maintain an adequate level of manpower in the Royal Lao Army. There are very few enlistments and no national conscription system. From time to time manpower requirements are set by Royal decree for each military region, and quotas are then levied on provinces and villages. What follows is said by some to resemble a press gang operation in which only those without political connections end up in the Army. We were told that 30 percent of all new recruits desert.

The length of service in the Royal Lao Army is 2 years and the basic pay for a private is equivalent to $5 per month plus allowances for dependents. Soldiers apparently seldom receive all of the money or

food to which they are entitled, and the rolls of some units are said to be padded with personnel who never existed or who have been killed, are missing, or have deserted. We were told about one unit in the neutralist army, for example, which was supposed to have 300 men but when mustered could produce only 25. Another American told us that such an accomplishment would be the envy of many other battalion commanders.

C. NORTH VIETNAMESE AND PATHET LAO FORCES

The estimate of enemy forces in Laos as of April 20 was between 114,765 and 139,000. The 139,000 estimate is composed of 100,000 North Vietnamese and 39,000 Pathet Lao. The estimate in March of 1968 was 91,690 composed of 40,045 North Vietnamese troops and 51,645 Pathet Lao.

It thus seems clear that the North Vietnamese have been able to increase the level of their forces in Laos despite the heavy casualties they have taken. In fact, at the time of our visit there were three more regiments of North Vietnamese forces—about 15,000 men—in southern Laos than there before Lam Son 719 began, although some of the enemy forces who fought in Laos during that operation had returned to North Vietnam.

[Deleted.]

Of the North Vietnamese in Laos, some [deleted] are in infantry battalions; [deleted] in transportation, engineering, and communications units; [deleted] in anti-aircraft and artillery units; [deleted] in Pathet Lao infantry battalions or as advisors to such battalions; and [deleted] in armored units. [Deleted.] In all, about 80 percent of the North Vietnamese are in southern Laos in Military Regions III and IV.

As for the Pathet Lao troops, [deleted] are infantry battalions with some [deleted] of these in Military Region I; [deleted] each in Military Regions II and IV; [deleted] in Military Region III (where North Vietnamese strength is particularly high); and [deleted] in Military Region V. About 60 percent of all Pathet Lao forces—combat and support—are in northern Laos.

The ratio of enemy killed to friendly killed in action is far lower than the ratio released for Vietnam. In the period from 1968 through the first 4 months of 1971, the irregular forces lost 8,020 killed in action (of which 6,873 were lost in Military Regions I and II), while killing an estimated 22,726 of the enemy. During this same period the Royal Lao Army lost 3,664 killed in action, while killing 8,522 of the enemy. The enemy kill ratio is thus far higher for the irregular forces. At the same time, however, the brunt of irregular losses has fallen heavily upon tribal groups such as the Meo, which is one of the reasons why Thai irregulars have been brought into Military Region II.

The North Vietnamese units are definitely carrying the brunt of the fighting and taking most of the casualties, and most Pathet Lao units have North Vietnamese cadre. It seems to some observers that the North Vietnamese are deliberately sparing the Pathet Lao for the future when they will vie for political control in Laos with non-Communist Lao forces whose numbers will have been greatly reduced by war losses

inflicted by the far more numerous North Vietnamese. During our stay in Vientiane, a number of Pathet Lao, possibly as many as 200, were reported to have "rallied" to the Government side. Authorities in Vientiane were endeavoring to exploit these defections which they believe, on grounds which were not altogether clear to some observers, to be indicative of a "trend."

D. CHINESE FORCES

The number of Chinese forces along the road they are building in northern Laos has increased from between 6,000 and 8,000, the figure given the subcommittee 2 years ago, to somewhere between 14,000 and 20,000.

The Chinese have also moved in a heavy new increment of radar-directed anti-aircraft weapons, increasing the number by 100 in the last 6 to 7 months to the present total of 395, including for the first time guns of 85mm and 100mm, the latter said to be effective up to 68,000 feet. Since early 1970, they have also [deleted]. Of the Chinese troops along the road, those who hold to the lower figure of 14,000 say that between 3,000 and 3,500 are members of anti-aircraft crews and the rest construction workers, while those who give the higher estimate say that anti-aircraft crews total 6,000 to 7,000.

As a result of recent work done on the road, it will be a motorable all-weather surface dual-lane highway by August all the way from the Chinese border to Muong Huon, although there has been no extension of the road past Muong Huon since February 1970. In addition to upgrading earlier road construction, the Chinese have, since November 1970, constructed eight small arms firing ranges of a kind normally associated with garrisons of ground troops as well as large headquarters buildings and 66 basketball courts. There are 154 camps along the road. The western branch of the road still ends 45 miles from Pak Beng on the Mekong River, some 20 miles from Thailand. On the eastern leg of the road, only a bridge or ferry across the River Ou needs to be built to connect with the road which has been reconstructed from Dienbienphu into Laos.

We were told, on originally inquiring, that there had been no provocation which would account for the sudden buildup in anti-aircraft defenses along the road. After further inquiry, however, we learned that the Lao Air Force had bombed the road at least twice. In the most recent and important such incident, two Lao T–28s from Luang Prabang flew over the road in January 1970 and claimed to have been fired upon by the Chinese. In their debriefing the pilots stated they had then destroyed 10 trucks. This claim could not be confirmed from later photography, although the photographs did show craters on the road. [Deleted.]

IV. Air Operations

U.S. air operations in Laos have declined in the course of the past year and are now below the level of the first 9 months of 1969. At that time, the United States was flying about [deleted] sorties a day in northern Laos and [deleted] a day in southern Laos, a total of 400 sorties a day. One year ago, the average daily rate was about 350 sorties—[deleted] in northern Laos and [deleted] in southern Laos. In April of this year, the rate averaged about 340 sorties a day—[de-

leted] sorties a day in northern Laos and [deleted] a day in southern Laos, although during the last week in April, while we were in Laos, the sortie rate averaged 282 a day—[deleted] in the north and [deleted] in the south.

On February 18, 1970, the United States began B–52 missions against northern Laos. The White House confirmed in March 1970 that one B–52 mission had taken place in northern Laos, but there had been no subsequent disclosure that B–52's were bombing northern Laos on a regular basis. In fact, the Committee had not been informed, even on a classified basis, that B–52 raids had been extended to northern Laos, although several times executive branch witnesses were prepared so to testify in executive session if asked. Our telegram from Vientiane reporting on B–52 operations in northern Laos was relayed to the Committee by the Department on April 29, 1971. When Under Secretary Irwin was asked about B–52s at the public hearing on May 3, he acknowledged the fact of B–52 operations in northern Laos but said that he could not supply sortie figures as these were not available in the State Department. It is interesting to note, in this connection, that documents dealing with B–52 operations in northern Laos are classified "Top Secret" while B–52 operations in the south are considered "Secret."

The figures we were given by the Embassy in Vientiane indicated that the B–52 sortie rate in northern Laos is higher in 1971 than it was in 1970. We were told in Vientiane that in the first 4 months of 1971 there were [deleted] B–52 sorties in northern Laos and that in all of 1970 there had been [deleted] B–52 sorties in northern Laos.* B–52 sorties in northern Laos constitute a small percentage of total B–52 strikes in Laos, both north and south. For all of Laos B–52 strikes are now averaging [deleted] to [deleted] a day.

The reported figures for the number of North Vietnamese and Pathet Lao trucks damaged or destroyed are growing at a geometric rate. We were told that, during the first 29 days of April, 69 trucks had been destroyed and over 4,133 damaged in northern Laos and over 4,850 destroyed and 1,155 damaged in southern Laos. For previous years, the figures given us for trucks destroyed or damaged were 3,291 in 1967; 7,332 in 1968; 9,012 in 1969; and 12,368 in 1970. These figures are not taken seriously by most U.S. officials, even Air Force officers, who generally apply something on the order of a 30 percent discount factor. One reason why there is some skepticism about the truck kills claimed by the Air Force is that the total figure for the last year greatly exceeds the number of trucks believed by the Embassy to be in all of North Vietnam.

Truck kill and damage figures are arrived at through a set of criteria developed by the Air Force. It is assumed, for example, that if a truck is hit by a 40mm shell it is destroyed and that if the shell hits within 10 feet of the truck it is damaged. One Air Force officer told us that if the truck kill figures proved, on further analysis, to be unrealistic,

*Subsequently, in response to a question in an open Committee hearing on May 3, the Under Secretary of State said that he did not know how many B–52 sorties had been flown in northern Laos in 1970 and 1971 but would provide the figures. Under cover of a top secret letter dated June 10, 1971, from Assistant Secretary of State Alshire, the figures given were [deleted] sorties in 1970 and [deleted] as of May 1971—indicating a lower sortie rate in 1971 than in 1970.

the criteria would then be changed. Another commented that he assumed that the North Vietnamese were intelligent enough to set off decoy explosions when trucks were being attacked so that they would be counted as destroyed or damaged even if not hit.

"Through put" figures, which refer to the estimated number of tons transported into South Vietnam or Cambodia by either trucks or water-borne means, are kept at 7/13th Air Force. They vary widely with the season and cannot take account of such unknown factors as stockpiling. In January and February 1970, we were told, between 1,500 and 2,500 tons were estimated to be "in put" and between 1,150 and 1,250 tons as "through put" a week. In January and Fehruary 1971, "in put" averaged between 2,000 and 3,300 tons a week while "through put" averaged between 135 and 200 tons a week. The figures for the week of April 14–20 showed an "in put" of 1,932 tons and a "through put" of 824 tons, a record figure for 1971. We were told that the Lam Son operation had not slowed the trend and that the seasonal trend this year follows the same general pattern as last year, although at a considerably lower level. Last year 33 percent of the "in put" was getting through. This year only 10 percent is getting through. And in the course of the first 4 months of this year, 4,000 to 5,000 tons have gotten through, which is exactly half the amount that it is estimated got through in the first 4 months of last year. These figures are regarded with considerable skepticism by some U.S. officials who point out that as a matter of fact the North Vietnamese continue to be able to get the supplies through to Cambodia and Sonth Vietnam that they require for the military operations they are conducting.

* * *

The Royal Lao Air Force has more than doubled the number of sorties flown in the past year. One year ago they were flying [deleted] sorties a month. Now the rate is [deleted]. Of this total, about [deleted] are T–28 bombing sorties and [deleted] are AC–47 gunship sorties. The Royal Lao Air Force has [deleted] AC–47s and about [deleted] T–28s. Somewhere between [deleted] and [deleted] of the T–28s were in commission every day during our visit and available for bombing missions. [Deleted] T–28s were reserved for training and were kept at Udorn, as were those being repaired. The Lao Air Force has been promised [deleted] additional T–28s through the mlitary assistance program by the end of this December. Ten of these are, however, borrowed from the Thai Air Force program and will have to be returned or replaced.

We noticed that none of the Lao Air Force T–28s we saw in Vientiane, Savannakhet, Long Tieng, and Udorn were marked except for serial numbers on the tail, a fact that seemed to come as a surprise to some American officials when it was mentioned. It seems clear that this procedure would allow them to be interchanged with other T–28s.

* * *

The sortie rate of the 7/13th Air Force seems to provide a rough index to the intensity of the air war in Laos. In January 1970, monthly sorties in Laos reached a high point of 14,000, of which about [deleted] were in northern Laos and [deleted] in southern Laos. The sortie rate then began to decline, the rate of sorties in northern Laos more rapidly

than the rate in southern Laos, and total sorties in April of this year were 8,299. The projection for the next fiscal year is that the total will further decrease to an authorized maximum of [deleted] a month.

U.S. sorties in Laos are controlled by a complicated set of "Rules of Engagement and Operational Authorities." These rules seem to make it impossible for villages or other nonmilitary targets to be bombed. In brief, target information is developed either by Royal Lao Army units, CIA irregular units, electronic means, aerial visual reconnaissance, or photo intelligence. 7/13th or 7th Air Force then selectes targets and these requests are passed to the mission in Vientiane. Planned strikes are first reviewed by the Air Attaché, or—for targets in southern Laos outside the Trial area—by the Air Operations Center at Savannakhet, and then passed to a junior Foreign Service officer in the Embassy (known locally as the "Bombing Officer") for "validation" or approval. He checks proposals against the rules of engagement and the latest aerial maps which show nonmilitary "structures" in order to make certain, for example, that the proposed strikes are targeted more than 500 meters from "active villages" (defined as one building, hut, or structure not validated by the Embassy for a strike) and at least 500 meters from friendly intelligence teams. If there is any doubt in the Bombing Officer's mind, he passes the request on to the Deputy Chief of Mission or Ambassador for final decision. In 1970, 86 percent of all requests for tactical air strikes, 76 percent of the requests for B–52 strikes in northern Laos, and 70 percent of the requests for strikes in special operating areas, which are explained below, were approved. When U.S. tactical aircraft arrive over targets, they are controlled by U.S. Forward Air Controllers accompanied by Lao spotters.

B–52 strikes are directed against two categories of special operating areas: SOLOAS, which are specially validated areas, and PARVELAS which are partially validated areas. These special operating areas are, in effect, free fire zones. They are areas in which it bas been determined by the Embassy that there is no civilian population or civilian structure of any sort. SOLOAS are considered to be validated without further clearance except when napalm is used. PARVELAS require 72-hour advance notice to the Embassy. At the time of our visit there were 11 SOLOAS and four PARVELAS.

There is one other kind of prevalidated strike area known as a SOA (special operating area) in which tactical air strikes can be made against any military target without specific validation. In these areas the Embassy has predetermined that there are no "active villages." Napalm may be used within the SOA for several kinds of targets, and any type of ordnance approved for use in Laos may be jettisoned within the SOA. At present one group of SOAs covers most of the Plain of Jars plus Route 7 leading from North Vietnam to the Plain.

The rules of engagement for U.S. air operations vary from one area of Laos to another. In eastern Laos pilots have maximum flexibility whereas in the far north, adjacent to China, there are no U.S. combat air operations. In fact, no U.S. aircraft are permitted to enter this area without Embassy Vientiane, CINCPAC, and JCS approval. [Deleted.]

American pilots who fly Forward Air Control missions do so out of five Air Operations Centers. These are located in Vientiane, Pakse,

Savannakhet, Luang Prabang, and Long Tieng. In theory each American Forward Air Controller has a Lao pilot in the back seat who is there because he knows the ground situation and can communicate with ground Forward Air Guides. There are 53 Royal Lao Army Forward Air Guides and 129 from the irregular units spread throughout all military regions.

Given the apparent stringency of these rules of engagement, it is difficult to see how roads with civilian traffic, villages and groups of civilians could have been bombed, rocketed, or napalmed. It seems clear, however, although the rules are stricter now than they were some years ago, that mistakes do happen (especially when Forward Air Controllers begin flying missions as soon as they arrive at Laos); that some pilots have deliberately violated the rules of engagement, expending ordnance against unauthorized targets (the town of Khang Khay being a notable example); and that the system itself is so complicated that it cannot possibly be foolproof. Indeed, the effort to provide in the rules of engagement for every contingency appears to create obvious loopholes. One is the rule which allows ground fire to be returned virtually anywhere in Laos when a U.S. plane is participating in a search and rescue operation or is flying in support of infiltrating or exfiltrating troops.

There are plenty of instances known to American civilian employees who have been in Laos for some years in which civilian targets have been bombed. There is a certain reluctance, especially on the part of the Air Force, to admit that mistakes have happened which tends to undermine the credibility of official claims made about the infallibility of the conduct of the air war in Laos. The Embassy itself is quite insistent that the rules are scrupulously observed. Yet it apparently has no system for regular photographic review of the results of individual strikes, although it can and does ask for special photography if there is reason to believe a violation has occurred. We made several attempts to obtain photographs of specific towns which we had been told had been bombed. The Embassy was unable to produce such photographs and neither was 7/13th Air Force. The Lao Ministry of Information was reported to have photographs of bomb damage on the Plain of Jars. In response to its efforts to obtain copies of these for us, the Embassy was given only photographs of sightseeing dignitaries and fuzzy distant views of Xieng Khouangville.

The Royal Lao Air Force is not bound by the same rules of engagement and is theoretically free to do what it wishes, although we were told that U.S. officials have sought to do their best to influence the Lao to adhere to the same general principles. Nevertheless, Lao T–28 bombers have attacked towns, Saravane being a well-known case in point, the Chinese road and other targets that are clearly off-limits to U.S. aircraft. As noted above, Lao T–28s are not marked so some of these attacks may well be blamed on the United States. U.S. Forward Air Controllers have been able to assume control over virtually all of the Lao Air Force sorties in Military Regions III, IV and V, but not in Military Regions I and II. Furthermore, Lao Air Force pilots are given special combat allowances which are different in each military region, and at least in some military regions they are paid a bonus for each sortie so that there is an incentive not to adhere too strictly to

rules of engagement. Lao AC–47 gunships are not controlled by Forward Air Controllers but control their own missions, although most of these missions occur in situations where friendly troops are in contact with enemy forces.

Aircraft loss figures are difficult to obtain in Vientiane, but we were told that between January 1970 and April 1971 there have been 25 U.S. aircraft and 13 crew members lost in northern Laos and 56 aircraft and 53 crew members lost in southern Laos. These totals do not include U.S. Forward Air Controllers (five FACs and one Air Operations Center commander were lost in 1970 and three FACs in the first 4 months of 1971), the B–52s (although none has been lost in combat in Indochina) or Navy carrier aircraft.

* * *

In addition to military aircraft operations, there is a large U.S. civilian fleet operating in Laos run by Air America, Continental Air, and Lao Air Transport. These three carriers operate under contracts with AID, although funds are provided by AID, the Defense Department, CIA, and the State Department. The funding arrangements are worked out in Washington.

We were told that the civilian air fleet consists of 20 helicopters, 12 C–123s, 7 C–7As, 5 helios, 10 Porters, 7 C–46s, and 1 Volpar. The C–123s and C–7As are "bailed" aircraft: that is, they are rented from the Air Force. Like the Lao T–28s, they are unmarked.

In fiscal year 1970, the air transport contract costs involved were $5 million for AID (of which $0.5 million was for "bailed" aircraft), $[deleted] million for CIA, and $11.7 million for the AID Requirements Office which administers the military assistance program. Air transport contracts thus totaled $26.2 million. We were told that this total is up about 10 percent in fiscal year 1971.

Half of AID's fixed wing contract of $3.5 million was for refugee relief. Some of the CIA contract goes to ferry Americans back and forth each day to Long Tieng, Sam Thong, and refugee sites, as the military situation is so precarious that Americans do not remain there overnight. There are, for example, 55 Americans at Long Tieng and Sam Thong who are shuttled back and forth from Vientiane every day.

V. The Military Assistance Program

The most recent information the Committee has received from the Department of Defense on the Defense Department funded military assistance program in Laos is a document dated January 26, 1971, and entitled "Estimated Amounts Included in Military Functions Appropriation Fiscal Year 1972 Budget for Support of Free World Forces in Vietnam, Laos, and Thailand and Related Costs in Fiscal Year 1970, Fiscal Year 1971, and Fiscal Year 1972." That document gives as total estimated figures for funding the military assistance program in Laos amounts of $74.2 million in fiscal year 1970, $117.3 million in fiscal year 1971, and $125.8 million in fiscal year 1972. In Vientiane we were told that the fiscal year 1970 program ceiling was not $74.2 million but $125 million (although even that ceiling has been exceeded by $21.4 million, so that the total military assistance program ceiling for fiscal year 1970 was not $74.2 million but $146.4 million). We were also told that

as a result of "recent messages from Washington," the fiscal year 1971 ceiling had been increased to $162.2 million, and the fiscal year 1972 ceiling to $252.1 million.

The explanation which we were given for the increase in total program for fiscal year 1972, which is double the original estimate of the new funds needed, was the sharp increase in fighting and the rising cost of ammunition and ordnance. According to figures given us in Vientiane, these ammunition and ordnance costs were $79.4 million in fiscal year 1970, declined to $51.7 million in fiscal year 1971, but rose to $136.3 million in fiscal year 1972. Of that $136.3 million, the Royal Lao Air Force is to receive $[deleted] million (compared to about half that amount in fiscal year 1971), and the irregulars will require an additional [deleted] million worth of ammunition. Incidentally, the other most noticeable change in the program between 1970 and 1972 is the rise in operating costs of the Lao Air Force from $74.3 million in fiscal year 1970 to [deleted] million in fiscal year 1972, reflecting costs of the [deleted] T–28s to be provided the Lao by the end of this calendar year.

Military assistance costs are thus rising steeply, as they have throughout the program. According to the figures we obtained in Vientiane, the cost of the military assistance program when it began in fiscal year 1963 was $11.9 million. That cost rose to $21.4 million in fiscal year 1964, $40.8 million in fiscal year 1965, $59.7 million in fiscal year 1966, $80.8 million in fiscal year 1967, $79.4 million in fiscal year 1968, $90.4 million in fiscal year 1969, and—as explained above—$146.4 million in fiscal year 1970, $162.2 million in fiscal year 1971, and $252.1 million in fiscal year 1972. The cost of military assistance thus doubled every year between fiscal year 1963 and fiscal year 1965, doubled again between fiscal year 1965 and fiscal year 1967, and in fiscal year 1972 it will be more than three times as large as it was in fiscal year 1967 (and 25 times as large as it was when it began 9 years ago).

The military assistance program is designed to support a Defense Department "force goal" recently increased from [deleted] to [deleted]. As noted above, Royal Lao Army and Air Force strength is now [deleted].

The Royal Lao Air Force has some [deleted] T–28s, [deleted] C–47s, [deleted] H–34 helicopters, and [deleted] small O–1 and U–17 aircraft. It is "authorized" [deleted] T–28s. The rate of loss of T–28s has been about [deleted] a year, although in this fiscal year almost that many have already been lost. As noted above, [deleted] new T–28s are scheduled to be provided between now and December, although 10 of these will go to the Thai Air Force to replace the 10 now on loan from that program.

* * *

The logistical functions of the military assistance program are administered in Laos by the AID Requirements Office rather than by a MAAG as would normally be the case. This device is used in order to maintain the appearance of U.S. compliance with the prohibition against foreign military advisory personnel contained in the 1962 Geneva Agreements. The Requirements Office has 34 U.S. direct hire employees, all of whom are former military personnel but are now AID employees; 24 third country nationals; 93 local employees; and

65 Filipinos under contract to Eastern Construction Co. In addition, there are three Defense Department employees, 18 U.S. dependents, three local employees, and 24 Filipinos under contract to the Eastern Construction Co. who run an English language school for Lao military personnel. We did not have the chance to hear how Lao who have been taught English by a Filipino use the language, but those who have say the end product is ofen quite unique.

The Requirements Office has regional offices in each military region where liaison work is done with the Army and the Air Force. We were told that there is not much emphasis in the Requirements Office operation on end-use checking because, it was stated to us, a Presidential waiver has been granted. (In Cambodia, on the other hand, we had been told that there has been no such waiver, and end-use requirements thus continue to be used as a justification by the Defense Department in arguing for an increase in the size of the Military Equipment Delivery Teams and more direct control over the military assistance program by CINCPAC.)

In addition to the Requirements Office personnel, Army Attaché personnel also work with the Lao Army and Air Force in the military regions. Of the 127 authorized Army Attaché personnel, 24 are assistant Army Attachés stationed in the five military regions working with Royal Lao Army units. In addition to gathering information and doing some end-use checking, they perform what seems to amount to an advisory function. One officer from the Army Attaché office is permanently detailed to USIS where his job is to "publicize the Lao Government to the Lao people." Incidentally, these Army personnel wear uniforms in the field and are referred to by rank. The Air Force personnel in the Air Operations Centers do not wear uniforms, are called "Mister" and say they are with the AID Mission if asked.

VI. CIA Activities

A. LAO IRREGULAR FORCES

The most effective military force in Laos is not the Royal Lao Army, but the force known previously as the Armée Clandestine, then as the SGU (for Special Guerrilla Units) and now as the BGs (for the French term *Bataillons Guerriers*). The BG units are part of the irregular forces which are trained, equipped, supported, advised, and, to a great extent, organized by the CIA. The BG units have become the cutting edge of the Lao military forces, as one U.S. official put it. The Royal Lao Army forces are concentrated near centers of population, lines of communication, depots, and airfields and in fact 3,000 members of the Army, or over 5 percent of the force, is tied up in straight guard duty.

Royal Lao Army units are all controlled by individual military region commanders who are frequently likened to warlords. We were told that Vientiane authorities are thus not at liberty to move them from one region to another as the overall military situation may require. Apparently each such move requires negotiation with regional authorities. The BG units, because of the American connection, are relatively free from such constraints. We were told, for example, that at the outset of the recent crisis in Luang Prabang, the Prime Minister

asked for irregular units to defend the capital. The request was refused, and the Prime Minister was compelled to negotiate with the regional commanders in order to increase the forces around Luang Prabang. The Prime Minister's success in this negotiation was cited as an indication of a growing sense of national responsibility on the part of regional military and political figures or, at least, as a manifestation of their devotion to the king.

In addition to the greater flexibility with which they may be used, the irregular forces are considered by American officials to be better disciplined and more capable of conducting independent unit operations. It is the BG units that do most of the day-to-day patrolling, ambushing, and attacking throughout the country. As for other irregular units, [deleted], self-defense units organize the defense of villages and commando teams go out to destroy trucks and supplies and ambush troops.

All of those in the BG units are volunteers (referred to by the Americans in charge of the program as "assets") with the exception of some 1,500 cadre personnel and officers from the Royal Lao Army. The CIA supervises the operation closely and claims that, [deleted], the irregular units receive the rations and pay due them. Also unlike the Royal Lao Army, they are guaranteed evacuation by Air America helicopters and subsequent medical care, which for at least some of them is in a U.S. field hospital at the Royal Thai Air Force base at Udorn, Thailand. CIA "Case Officers" supervise the training and advise on operations of these irregular units, but we were told that they do not accompany them on operations.

BG units and other CIA supported paramilitary and intelligence units exist not only in Military Region II, where they first began as a force of Meo tribesmen under General Vang Pao, but in every military region, except Military Region V around Vientiane. There are [deleted] in Military Region I, [deleted] in Military Region II, [deleted] in Military Region III, and [deleted] in Military Region IV. About 38 percent of the irregulars are thus in Military Region II. In fiscal year 1967, the irregular forces totaled 37,800. Their strength rose to 39,800 in fiscal year 1969, but then dropped to present totals by March of this year. The authorized force level for U.S. support is [deleted]. The size of the irregular forces has been reduced since fiscal year 1969 because of attrition, principally desertion, heavy casualties, and the financial restraints incurred by budgetary limitations. We were told that the costs of these forces have gone up as increased combat activity resulted in the expenditure of more ordnance and because of the necessity to rely more and more on air transport as more Lao territory has fallen under enemy control. The CIA budget for the Lao irregulars was [deleted] million in fiscal year 1969. This year, we were told in Vientiane, it is expected to be about $[deleted] million. This figure does not include the costs connected with the Thai irregulars.

B. THAI FORCES

At the time of our visit to Long Tieng on April 28, there were [deleted] Thai there, at the nearby base of Sam Thong, and at Hill 1663 near Sam Thong. (There was also a small Thai team of [deleted]

men at Nam Yu in Military Region I.) The Thai irregulars are under [deleted] and the overall command of General Vang Pao, Commander of Military Region II. Of these [deleted].

Most of the irregulars have been recruited, we were told, as a "volunteer force" outside the Thai Army, although [deleted]. The Thai irregular program developed during the past year and was designed by the CIA specifically along the lines of the irregular program in Laos. The CIA supervises and pays for the training of these irregulars in Thailand and provides their salary, allowances (including death benefits), and operational costs in Laos. We were told that the details of the funding were not known in Vientiane, as all of this bookkeeping is done in Washington. We were also told, however, that some of the funds probably come from the Defense Department budget. The pay and allowances of the Thai irregulars are said to be less than those of regular Thai Army personnel [deleted]. The Thai irregulars are transported from Thailand to Laos by Air America and are returned to Thailand when their tours are up again by Air America. We were told that the Embassy wanted to [deleted] the [deleted] with [deleted] because the [deleted] were more mobile and thus "could do things the others could not do." As for the future, [deleted]. The need for Thai "volunteers" results from the fact that the military manpower base in Laos is estimated to be 114,765 and the Lao Army, neutralist army, irregulars and Pathet Lao all must draw from this base which is now exhausted. (General Vang Pao's forces, for example, have suffered 3,272 killed and 5,426 wounded since 1967; as a result 40 percent of his forces are no longer Meo but Lao Thung). Thus additional military manpower can only come outside Laos. Estimates of the number of additional [deleted]. We also understand that there have been intermittent discussions regarding the possibility of [deleted].

Incidentally, we asked what motivated Thai to volunteer for the irregular forces in Laos in light of the heavy losses they have suffered. We were told that the principal motivation was [deleted].

C. [DELETED]

D. SECRECY

The irregular force camps continue to be kept behind a barrier of strict official secrecy. This applies particularly to the principal camp at Long Tieng. Reporters are not permitted on either Air America, Continental, Lao Air Force, or civilian planes which land, or which even might land, at Long Tieng airport, the only means of reaching the camp. Every nonofficial American or Lao who wishes to fly to Long Tieng must have written permission from General Vang Pao, and passengers are checked both getting on and getting off planes. In fact, a few chosen reporters have been allowed to visit Long Tieng but they have been sworn to secrecy.

The principal arguments we heard for the need to continue to maintain secrecy were these: first, that General Vang Pao does not want to allow the press to visit because his military security would be compromised; second, that if reporters were permitted to visit Long Tieng, they would concentrate on the role of the United States, overlooking Vang Pao's contribution; third, that CIA is a clandestine organiza-

tion not used to operating in the open and that its operations in other parts of the world might be compromised if the techniques and individuals involved in Laos were to become known; fourth, that were U.S. activities publicized, the United States would be accused of violating the Geneva Agreements of 1962 and it would thus be more difficult to re-establish the Geneva Agreements as a framework for a future settlement in Laos; and fifth, that the details of the Thai presence would become known which would [deleted].

VII. The AID Program

The total Lao budget for this year is 18.3 billion kip or $36.6 million. The estimated total of U.S. economic assistance to Laos in fiscal year 1971 is $52.036 million, a total that has been about the same since fiscal year 1969 when it dropped from the higher totals of fiscal year 1967 and fiscal year 1968.

The scope of the AID program covers virtually every aspect of Lao civil administration. As a publication of the AID Mission in Laos states, there are 24 broad projects involving various fields, 145 activities going on to implement these programs, and some 550 different individuals jobs.

The broad categories of the AID program are economic stabilization (the Foreign Exchange Operations Fund which offsets the effect of the Lao Government's budget deficit), programs related to security (such as assistance to refugees, medical assistance, and air transport), the maintenance of governmental services (such as hospital operation, dam repair, school building, teacher training, public administration, police training, and highway maintenance), social infrastructure (such as education and nurse training), and economic development (such projects as rice production, fisheries, agricultural research, irrigation, power, industry, and roads).

* * *

Points of interest from the AID publication "Facts on Foreign Aid to Laos":

(*a*) The government obtains 90 percent of its foreign exchange from the Foreign Exchange Operation Fund. Contributions to the fund totaled $22.4 million in 1969, the last year for which figures were published, of which the United States contributed between $16.1 million and $18 million, depending on which set of AID figures is accepted. At a minimum, in any case, the United States contributed 72.5 percent of the foreign exchange provided. The other contributors were Japan with $2 million, France with $1.7 million (although it is said that the French have a special arrangement with the Fund which permits them to remove foreign exchange so that their contribution is often less than it appears to be), the United Kingdom with $1.7 million, and Australia with $0.7 million. When the Fund was originally established in 1964, with a total contribution of $7.8 million, the United States provided 51.3 percent of the total. That percentage has gradually increased and has been over 70 percent since 1967.

(*b*) The Lao have recently had to expend an estimated $4.5 million in foreign exchange each year to import rice, the production of which began to decline in 1960.

(*c*) Exports were valued at $2 million and imports at $42.2 million in 1969. The United States was the principal source of imports in the first half of 1970, providing about 34 percent of total imports, followed by Indonesia and Thailand, each with about 19 percent, Japan with 11 percent, and France with 9 percent. Since independence, the trade deficit of Laos has always been financed by foreign economic assistance. In 1969, 67 percent of the country's imports were financed by the Commodity Import Program of the United States and by the Foreign Exchange Operations Fund.

(*d*) Lao budgetary expenditures for security last year equaled total government receipts.

(*e*) Over two-thirds of budget revenues are derived from customs duties and more than half of this sum comes from duties on gold. Direct taxes provide less than 10 percent of the total revenue.

(*f*) The literacy rate in Laos is 20 percent compared to 41 percent in Cambodia, 60 percent in South Vietnam, and 68 percent in Thailand.

(*g*) The United States has constructed or improved 3,272 kilometers of road, which is slightly less than half of the total road network of 6,392 kilometers of asphalt, gravel, or laterite and earth roads in Laos.

(*h*) In any given year 25,000 to 30,000 people become refugees in Laos. The Royal Lao Government estimates that since 1964 over 600,000 people have been displaced by the war. The number of refugees "supported by the government," to use the phrase found in the AID publication, rose from about 108,000 in January 1963 to 275,000 in January 1970 and declined somewhat by May 1 to 257,800. (While refugees depend on the government for support, the government in turn depends on the United States for support. In fiscal year 1971, the United States provided $17.3 million for refugee relief. U.S. aircraft drop approximately 50 tons of rice each day at a total of 120 drop sites for refugee use, and at an air delivery cost of $58 a ton which is about equal to the original price of the rice, and the Public Law 480 food donation has risen from 3,700 metric tons in fiscal year 1968 to 9,800 in fiscal year 1971.)

(*i*) AID has constructed 76 percent of the total number of elementary classrooms in Laos, 100 percent of the teacher training schools, and 22 percent of the secondary schools. In all, 88 percent of the students enrolled in schools in Laos attend schools which have received U.S. assistance.

(*j*) Economic assistance from other countries has been at an annual amount considerably less than that contributed by the United States. The Nam Ngum Dam is described in the AID publication as a regional project implemented under the auspices of the Mekong Committee and financed by grants from a consortium of nine donor nations. The donations total $28.6 million, but of this amount the United States has contributed $15.6 million. The Asian Development Bank has granted Laos $250,000 for a feasibility study of agricultural activities and a $973,000 loan for an irrigation project. The total assistance from U.N. agencies amounted to $968,000 in calendar year 1970. France, which contributes the second largest amount of foreign assistance to Laos, is now giving between $6 and $7 million a year, most of it for technical and educational institutions. British assistance has dropped from a previous high point of $6 million to about $2.5

million annually, of which $1.7 million is the British contribution to the Foreign Exchange Operations Fund. Japan provided, in 1970, $1.7 million to the Foreign Exchange Operations Fund, $500,000 worth of agricultural equipment and $30,000 worth of humanitarian assistance for refugees. Australian assistance had reached an annual level of $1.2 million by 1970 including a $700,000 contribution to the stabilization fund. West Germany has loaned the Royal Lao Government 6 million DM for the Vientiane power distribution system. Canada, Thailand, New Zealand, and India have provided lesser amounts of assistance.

* * *

In addition to its own activities in Laos, AID provides support for both CIA and the military assistance program. The AID food distribution program, for example, feeds irregular military units as well as their families who often are nearby in refugee camps. Until recently, this program had also been totally funded by AID, but it is now funded almost entirely by the Defense Department. As noted earlier, both the air operations branch and the Requirements Office of AID are heavily involved in military programs. While visiting Savannakhet we learned that the airport which was being dedicated that weekend as an AID public works project had, in fact, been funded from Department of Defense appropriations.

VIII. Miscellaneous Points

A. In the subcommittee hearings in 1969, the number of U.S. personnel as of September 30 totaled 891. Of this total, 558 were so-called direct hire and 333 were contract personnel. In his speech on March 6, 1970, the President gave a total of 1,040 consisting of 616 direct hire and 424 contract. The figures we were given total between 1,143 and 1,231. Every set of figures we received, and they were given to us several times in the course of our stay, showed 663 direct hire, but the number of contract personnel varied from 480 to 568. We noticed that the number of Air America personnel was now somewhere between 276 and 415. The figures we were given covered the full range. The figure we were given for direct hire AID employees granged from 330 to 395. It seemed clear to us that there is considerable confusion in accounting for the number of Americans in Laos, and that the various categories of people are shifted to try to keep the numbers as low as possible. In all fairness it should be said that the highest version of various categories include CIA personnel who must be hidden in various components of the mission staff, which may well account for some of the confusion, and that the various contract arrangements also make it difficult to categorize some personnel.

B. The mission does not seem to have made much of an effort to keep a record of what factors have been responsible for "generating" refugees. As a result, they are unable to provide proof to counter allegations that most refugees are generated by U.S. bombing. Some of the officers who work in the refugee affairs section of AID, many of whom have been in the country for years, estimate that between 2 to 5 percent are due to the bombing. They say that the rest of the refugees have come out because of their dislike of the North Vietnamese and

their fear of general military activity, the most dreaded aspect of which is the bombing. They also say that in the northeast about 30 percent of the population has chosen to remain in Pathet Lao territory while 70 percent has left. On the other hand, the few on-the-spot surveys that have been conducted tend to put more weight on either the experience of bombing, or the fear of bombing, as a reason for moving. Certainly that was the principal reason given by a group of refugees with whom we talked outside of Seno, only a few miles, incidentally, west of Dong Hene captured by the enemy 10 days after we left Laos.

Those who work most closely with the refugee problem are particularly concerned about the fate of the refugees from the tribal areas, such as the Meo. There appears to be little prospect of these people returning to their native areas, and although they have paid a heavy price in lives to defend their homelands against the North Vietnamese—thereby defending the capital and the Vientiane plain as well—the minority people continue to be looked down upon by the ethnic Lao who control the Government. Some Americans believe that the situation of the minority peoples poses a potentially serious problem as more of them come to recognize what little security the government in Vientiane affords to them.

C. The Embassy in Vientiane told us that the latest figures that they have for U.S. personnel missing in Laos as of January 19, 1971, showed 232 U.S. personnel, including one Air America pilot, missing since April 1, 1965. There is no firm evidence, according to CIA, that any of these men are being held prisoner in Laos by either the North Vietnamese or the Pathet Lao. The Pathet Lao representative told us that Prince Souphanouvong had stated recently that the Pathet Lao were holding prisoners, including some Americans, and that these prisoners were being held in a safe place. We asked him if a list of the prisoners could be obtained, pointing out that the North Vietnamese had provided such a list. He said that the North Vietnamese had not provided a list until after the bombing had stopped and that the Pathet Lao, similarly, would not do so as long as the bombing continued.

D. The Royal Lao Government is holding 92 North Vietnamese prisoners of war. The number of North Vietnamese prisoners taken has thus been low in proportion to the number killed and wounded. There were 17 prisoners taken in 1968, 15 in 1969, 26 in 1970, and 15 in 1971. Similarly, there have been few North Vietnamese "ralliers"; that is, those who have come over to the other side. These ralliers totaled 17 in 1968, 15 in 1969, 18 in 1970, and two in 1971. By comparison, there were 725 Pathet Lao prisoners taken in 1968, 1,213 in 1969, 412 in 1970, and 144 in 1971. Similarly, there have been far more Pathet Lao ralliers—270 in 1968, 401 in 1969, 174 in 1970, and 239 in 1971. The explanation given for the low number of North Vietnamese prisoners is that the North Vietnamese prefer to commit suicide rather than permit themselves to be captured. We also heard reports, however, that the Lao sometimes shoot North Vietnamese wounded prisoners, especially when Lao forces are in retreat.

Last year there were discussions between the Lao and South Vietnamese governments about turning over North Vietnamese prisoners in Laos to South Vietnam. The decision was made not to do so. The United States took no position in these discussions except to say that it would assist both governments in whatever decision was reached.

E. The cable of instructions sent by the State and Defense Departments about our trip asked our Embassies in any country visited to be frank and forthcoming and to avoid confrontation at all costs but stipulated four subjects which were not to be discussed with us. These were: (1) the deployment of nuclear weapons; (2) military contingency plans or military rules of engagement past, present or proposed, including the operational details of joint integrated air defense; (3) the operational details of sensitive operations, the disclosure of which would clearly jeopardize the safety of U.S. forces; and (4) military assistance program plans and programs beyond fiscal year 1972 (in connection with which the Embassy was instructed to say, if the subject arose, that no decision had been taken beyond 1972). The instructions also said that no documentation should be provided and that if documentation were requested, guidance should be sought from Washington. In summary, the cable noted that our approach "will likely be that of participants in an adversary process."

F. [Deleted.]

IX. Future Prospects

No one we met in Laos, American or Lao, seems to have a prescription for the future other than to continue to do what is being done now. Some observers pointed out to us that, in the long run, the odds are heavily against defending Laos, given the advantages the North Vietnamese enjoy. These are a 1,300-mile front along which they can attack; short, well-developed and increasingly heavily defended supply lines; a sanctuary largely safe from direct attack; a population 10 times that of Laos; and a larger, more experienced and better motivated army. In their more optimistic moments Lao and Americans, as well as most western observers, expressed a guarded belief that the Lao will be able to cling to what remains of their territory until the war ends in Vietnam, believing that the war in Vietnam will end in an agreed settlement in which the great powers will participate and that this settlement will lead to a similar resolution of the situation in Laos.

There is a sporadic dialogue between the Pathet Lao and Lao Governments, and a Pathet Lao representative has arrived in Vientiane within the past week to present new proposals. But these new proposals are apparently harder than previous proposals and include a demand for a bombing cessation throughout Laos—not just in parts of Laos, as in previous demands—before talks can begin.

Thus, the prospect of negotiations seems slim indeed. In the first place, the Pathet Lao and North Vietnamese are in the strongest military position they have ever enjoyed, and it is difficult to imagine what, from their point of view, they might gain by a compromise which did not bring an end to U.S. bombing of the Trail. In the second place, as long as we continue to provide the Lao with the means for continuing the war, even though at a high cost to us in money and an exorbitant cost to them in lives, and as long as the leaders of Laos see no crucial need to negotiate, the initiative for a political settlement will not come from the Lao. The latest series of attacks all along the line in Laos may, however, force Lao leaders to alter their attitude toward negotiation, particularly if additional American or Thai help is not forthcoming. Finally, as far as U.S. policy is

concerned, it is quite apparent that many American officials regard the continued prosecution of the war in Laos as an essential adjunct of our current military strategy in Vietnam because, in their view, it ties down two or more North Vietnamese divisions and permits us to exploit Lao territory to interdict the Trail, thereby buying time for Vietnamization. In this sense, we are indeed using the Lao for our own purposes at an increasingly heavy cost to them in lives and territory. At the same time, U.S. officials also believe that if U.S. air activities in Laos were stopped, the military situation would be even more serious in Military Regions II, III, and IV and that all of Military Region II, including the vital base at Long Tieng, could be lost.

The Thai irregulars constitute a new complicating factor, one not yet fully acknowledged by some accustomed to dealing with Laos within the context of an Indochina war. Some observers pointed out to us, however, that it would seem to follow from the presence of these Thai in a key strategic location in Laos that the Thai will inevitably be parties to any negotiation with the North Vietnamese, the issue for them being the line demarcating areas of influence in Laos. And in connection with areas of influence, it was pointed out to us that the practical effect of the Chinese road is that the Chinese border has already been shifted southward to encompass a substantial portion of northern Laos.

Both the Royal Lao Government and the United States Government seem to consider themselves tied inextricably to the concept of the 1962 Geneva Agreements. Prime Minister Souvanna Phouma indicated in his conversation with us that he regards these agreements as a commitment on the part of the great powers in general, and the United States in particular, to provide military assistance and financial support. He also seems to view the agreements as a pattern for the future. It is difficult for some observers to see how agreements violated so blatantly, by both parties, can be regarded as a realistic basis for a future settlement when they have not accomplished this end so far. Yet the statement is persistently heard in Vientiane—from both Lao and United States officials—that the Geneva Agreements of 1962 can be implemented after the war in Vietnam is settled or in conjunction with a settlement. And no one seems willing to admit the possibility that there may be no final settlement but merely a continuation of the war in Vietnam, though perhaps at a somewhat reduced level.

If there is no settlement in Vietnam and the war also continues in Laos, Laos will remain a hostage available to the North Vietnamese should they wish to draw American airpower away from Cambodia and South Vietnam, embarrass the United States, threaten Thailand or bring the Chinese into closer involvement. Perhaps the only real protection the Lao have is whatever limits the North Vietnamese wish to place on themselves. Some U.S. officials believe that these limits include not taking over the whole country but continuing to use Lao territory as a supply route while assisting the Pathet Lao as a political—as well as military—force with the final objective of a partitioned Laos in which the eastern portion will be governed by the Pathet Lao and the western portion by a regime not unsympathetic to North Vietnam. Meanwhile, the area under government control shrinks steadily,

the cost to the United States rises, the Pathet Lao consolidate their hold on territories no longer under government control and the Lao Government's professed policy of neutralism continues to hang by the single human thread of Prime Minister Souvanna Phouma. He, in turn, seems to be increasingly isolated from other powerful political figures in his country who wish to involve the United States, or the Thai, even further in the defense of what remains of their country, knowing that they cannot possibly defend it themselves.

○

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

August 10, 1971 VIENTIANE, LAOS No. 72-14

SUBJECT: Statement of United States Government Position on Foreign Forces in Laos (Subject Index 800)

Following is the text of a Statement issued by the Department of State in Washington August 9, 1971 which will be of interest to all personnel:

"Statement of United States Government Position on Foreign Forces in Laos

"The U.S. Government continues to support the 1962 Geneva Agreements on Laos and believes that their full implementation would lead to not only the solution of the Lao problem but also to a general reduction in the level of violence on the entire peninsula. Since it is generally held that these agreements are now being violated, the President of the United States in 1970 wrote to the heads of government of all the signatories urging them to support the efforts of the Lao Prime Minister, Prince Souvanna Phouma, to promote consultations among the signatories as is provided for in Article IV of the declaration on the neutrality of Laos in cases of violation of the agreements. The response was disappointing; some governments did not even respond to this appeal. Subsequently in his October 7, 1970, peace proposal, the President urged an Indo-China conference which would address the problems of the conflict in Laos and Cambodia as well as in Vietnam. To date North Vietnam has refused to join us in this effort to bring peace to that troubled peninsula.

"The root cause of the current problems in Indo-China is the presence beyond the borders of North Vietnam of some 250,000 North Vietnamese troops. In the case of Laos, while the United States withdrew its entire military advisory group of 666 men following the signing of the Geneva Agreements in 1962, the North Vietnamese withdrew only 40 personnel through the ICC checkpoints. Although some of the 10,000

DISTRIBUTION: B, E

North Vietnamese military then in Laos were apparently withdrawn, many stayed. Over the years the number has grown, and some 80,000 North Vietnamese forces are not only directed against the neutral Government of Laos, but also use the territory of Laos, the Ho Chi Minh trail, to intervene in the internal affairs of a neighboring state, the Republic of Vietnam. Such use of Lao territory is in itself also a violation of the 1962 Geneva Agreements. It was in response to this continuing threat that the Republic of Vietnam mounted an operation in Laos and Northern South Vietnam in March and April of 1971 to disrupt the North Vietnamese use of the trail. The Royal Lao Government, while expressing regret for the South Vietnamese action, noted that '...primary responsibility for this development rests on the Democratic Republic of Vietnam which has violated international law and the 1962 Geneva Agreements. The Democratic Republic of Vietnam has violated and is continuing to violate the neutrality and territorial integrity of the Kingdom of Laos.'

"More recently there has been controversy over reports of what have been called 'Thai troops' in Laos. Both the Lao and Thai Governments have denied that there are Thai Government troops in Laos. The Thai Government has stated that there are volunteers of Thai nationality in irregular forces in Laos. These volunteers, many of them from areas bordering on Laos and ethnically indistinguishable from the Lao, have enrolled in the Lao military services in response to appeals from the Royal Lao Government. These volunteers and the military organizations to which they belong are part of the RLG armed forces and are under the command of the Royal Lao Government, through the Lao military region commanders.

"On June 7 the Department of State spokesman acknowledged that the U.S. Government provided support to these volunteers and to other forces, regular and irregular, in Laos.

"The Royal Thai Government has acknowledged that it has provided training for Lao forces, regular and irregular, on Thai soil, acting in response to a request from the Royal Lao Government. The Thai Government's willingness to provide this kind of assistance stems from the extreme importance of Laos to Thai security.

"The Royal Lao Government is sensitive to implications with respect to the Geneva Agreements created by the presence of volunteers of Thai nationality in Laos. However, in the face of the massive North

Vietnamese invasion, the RLG felt constrained to seek reinforcements for the severely depleted Lao forces. It considers that it is fully justified in seeking such assistance. The DRV's violations constitute a material breach of the agreements which entitle -- and indeed impel -- the RLG to take necessary measures to defend itself. Likewise the USG, itself a signatory of these agreements, is entitled to withhold complete compliance in light of this failure by the DRV to honor its obligations, and it is justified in responding to requests for assistance from the RLG. The Lao Prime Minister, Prince Souvanna Phouma, has made it clear on many occasions that he is prepared to return to full implementation of the Geneva Agreements whenever the DRV is prepared to do likewise, beginning by the withdrawal of all its military forces from Laos. The USG fully supports this position of the Lao Prime Minister."

Charles A. Mann
Director

Form Laos 267

Mr. Kut

United States AID Mission To LAOS

USAID Staff Notice

November 10, 1971 VIENTIANE, LAOS No. 72-36

SUBJECT: RLG Stabilization Reforms
(Subject Index 800)

The following is an unofficial translation of a communique, as it was published in Lao Presse, Monday, November 8, 1971, for the information and guidance of USAID personnel:

1. Declaration of the Royal Government concerning the new rate of the kip relative to the US dollar:

Since 1964 the Kingdom has enjoyed an unprecedented monetary stability despite war and subversion which has permitted it to conduct under favorable circumstances its program of economic development: increase of production of rice, whose price has remarkedly diminished during these recent years, increase of livestock production, increase of truck gardening, construction of dams, landing fields, administrative buildings, etc. This policy, well understood domestically and sustained internationally by free powers, has equally permitted the private sector to enjoy foreign exchange facilities for the establishment of small industry and for the pursuit of profitable commercial activities. However, this favorable situation has been modified by factors, at the same time internal and external, which are independent of our will: continuation of the war, responsibility for increasingly numerous refugees, various indemnities to families of war victims, marked diminution of exports and of budgetary receipts because of the flood, repercussion of the crises in the world monetary system. Several countries which benefit from American aid have already been obliged to undertake monetary reforms to meet the new situation, for example, Israel, Indonesia, Khmer Republic, The Republic of Vietnam, etc. Others will not fail to do the same.

In the matter which concerns us, after having carefully studied the situation with the International Monetary Fund Mission and the representatives of the powers contributing to the Foreign Exchange Operations Fund, the Government has decided to modify, effective today, November 8, at zero hours, the rate of the kip in relation

DISTRIBUTION: A, E, E_1

to the US Dollar at 600 kip per dollar a single rate. The Ministry of Finance will specify the necessary measures entailed by this new rate.

2. Communique of the Ministry of Finance:

The Royal Government has the honor to announce that it has decided in collaboration with the IMF Mission and the countries who contribute to the Foreign Exchange Operation Fund, to readjust the kip by 20 per cent. This measure will take effect, effective Monday, November 8, 1971. It goes into effect in the framework of the monetary adjustment made necessary following the international monetary crisis which has touched nearly all developing countries.

The purchases and sales of foreign exchange at bank windows will be free of all restriction as before. Our system of free monetary convertibility remains in force. The donor countries have clearly expressed their intention to continue their firm support to the functioning of the Foreign Exchange Operations Fund. The Royal Government, on the basis of technical recommendations of the International Monetary Fund, and, in agreement with the donor countries, the United States of America, Great Britain, France and Australia, have decided to take the entire series of measures of a fiscal and budgetary nature in order to attain the successful implementation of the new reform. It will make the maximum effort that this reform does not unduly affect the social classes who are economically weak.

The success of the new devaluation will depend especially on sacrifices which each one of us should accept in order to adapt ourselves to the regime of austerity imposed by the new situation.

3. Announcement by the Ministry of Finance:

The Ministry of Finance has the honor to invite all exchange offices established in Laos to suspend, effective 8 November 1971 and until further notice, all operations of sale and purchase of foreign exchange with the public.

Only authorized banks will henceforward be authorized to carry out these operations.

4. Communique of National Economy:

Following the adjustment of the rate of our money on the free exchange market in relation to the American dollar, effective 8 November 1971, the Minister of National Economy brings to the attention of all dealers that no increase in the price of merchandise imported before that date will be authorized.

Any attempt to infringe this decision and likewise any attempt to hide merchandise will be punished in accordance with Law 154 of 8 May 1953. The population is invited to collaborate closely with competent authority of the Royal Government to prosecute profiteers and their accomplices.

For all merchandise imported after 8 November 1971, the adjustment homologation of price is required and will be done in accordance with the procedure in force.

5. Press conference of the Minister of Finance:

The Minister of Finance will hold a press conference on monetary and economic problems following on the change of the rate of the kip, Tuesday, 9 November at 10 o'clock in the conference room of the Ministry of Finance.

Harry L. Carr
Assistant Director for Management


ການຊ່ວຍເຫລືອຊາວພິບັດໃນລາວ

ການຊ່ອຍເຫລືອຊາວອົພຍົບໃນລາວ

ປີ້ນນ້ອຍຫົວນີ້ແມ່ນການທົບທວນກ່ຽວກັບເຣື່ອງ ການຊ່ອຍເຫລືອ ທີ່ບັນດາປະເທດໃນຄ່າຍໂລກເສຣີ ໃຫ້ແກ່ລາວ ເພື່ອບັນເທົາທຸກ ຜູ້ອົພຍົບຫລົບພັຍຍ້ອນ ເສີກສົງຄາມ ທີ່ວຽດນາມເຫນືອລຸກລານລາວ ການ ຊ່ອຍເຫລືອເຫລົ່ານີ້ ໄດ້ຮັບຈາກອົງການສະຫະປະຊາ ຊາດ ຈາກປະເທດຕ່າງໆທັງໃນທະວີບຢູໂຣບແລະເອ ເຊັຽ ຈາກປະເທດສະຫະຮັຖອະເມຣິກາ ໂດຍຜ່ານ ທາງອົງການຢູເຊດຊຶ່ງພວມຮ່ວມມືດຳເນີນການກັບກະ ຊວງປະຊາສົງເຄາະ ນອກຈາກນີ້ ການຊ່ອຍເຫລືອ ຍັງໄດ້ຮັບຈາກອົງການກຸສົນອື່ນໆ ຢ່າງເຊັ່ນ ອົງການ ບັນເທົາທຸກຄາທໍລິກ ອົງການພະຣາດອນພາບຂອງຟີ ລິປປິນ (ໂອ.ບີ.) ແລະມູນນິທິດູລີຍ້ເປັນຕົ້ນ.

ພຣະຣາຊອານາຈັກລາວ ຕົກຢູ່ໃນຖານະອາ ພັບ ເປັນປະເທດທີ່ຍາກຈົນ ບໍ່ມີທາງອອກທະເລ ຊຳ້ ຜັດມີເສີກເສືອເຫນືອໃຕ້ຍ້ອນການສູ້ຣົບພາຍໃນ ແລະ ການລຸກລານຈາກພາຍນອກສືບມາເປັນເວລາດົນນານ ແລ້ວ ຈຳນວນປະຊາຊົນທີ່ຢູ່ໃນຖານະຜູ້ອົພຍົບຈຶ່ງມີ ຫລວງຫລາຍ ພຽງແຕ່ໃນລະຍະສິບປີປາຍມານີ້ ກໍ່ມີຜູ້ ອົພຍົບກາຍກວ່າຫ້າຮ້ອຍພັນຄົນແລ້ວ ສ່ວນຫລາຍເຂົາ ເຈົ້າຫນີມາຈາກເຂດທົ່ງໄຫຫິນ ຊຶ່ງພວກລຸກລານວຽດ ນາມເຫນືອເຂົ້າຍຶດຄອງແຕ່ຕົ້ນປີ ຈພກວ.

ດ້ວຍການເຕັບພ້ອມຂອງຣັຖບານລາວ ເມື່ອປີ ໑໙໗໐ ອົງການຢູເຊດໄດ້ຕັ້ງສູນກາງຊ່ວຍເຫລືອຜູ້ອົພຍົບຂຶ້ນອີກແຫ່ງນຶ່ງທີ່ບ້ານນາຊຸ ຫ່າງຈາກວຽງຈັນໄປທາງເໜືອປະມານ ໑໔໐ ກິໂລແມດ ປັດຈຸບັນມີຜູ້ອົພຍົບຢູ່ຫລາຍກວ່ານຶ່ງຮ້ອຍພັນຄົນ ສູນກາງແຫ່ງນີ້ຫາງອອກມາຄົບຫາງໃຫຍ່ຄືຫາງຫລວງສາຍທີ ໑ນີ ມີຣົດຮັບສົ່ງຄົນໂດຍສານ ຕິດຕໍ່ກັບຂົງເຂດນອກໄດ້ສະດວກ ຈຶ່ງພວມຈະກາຍເປັນເມືອງໃຫມ່ ເພາະມີຕລາດແລະມີຮ້ານຂາຍເຄື່ອງກິນ ເຄື່ອງໃຊ້ເພີ່ມມາກຂຶ້ນເລື້ອຍໆ ແລະເພື່ອໃຫ້ມີຄວາມສະດວກໃນການຈະປຸກສ້າງໂຮງເລຶ່ອຍສຳລັບຜູ້ອົພຍົບ ອົງການຢູເຊດຈຶ່ງໄດ້ສ້າງໂຮງເລຶ່ອຍຂຶ້ນໂຮງນຶ່ງ ແລະຍ້າຍໂຮງໝໍຈາກຊຳຫອງມາ

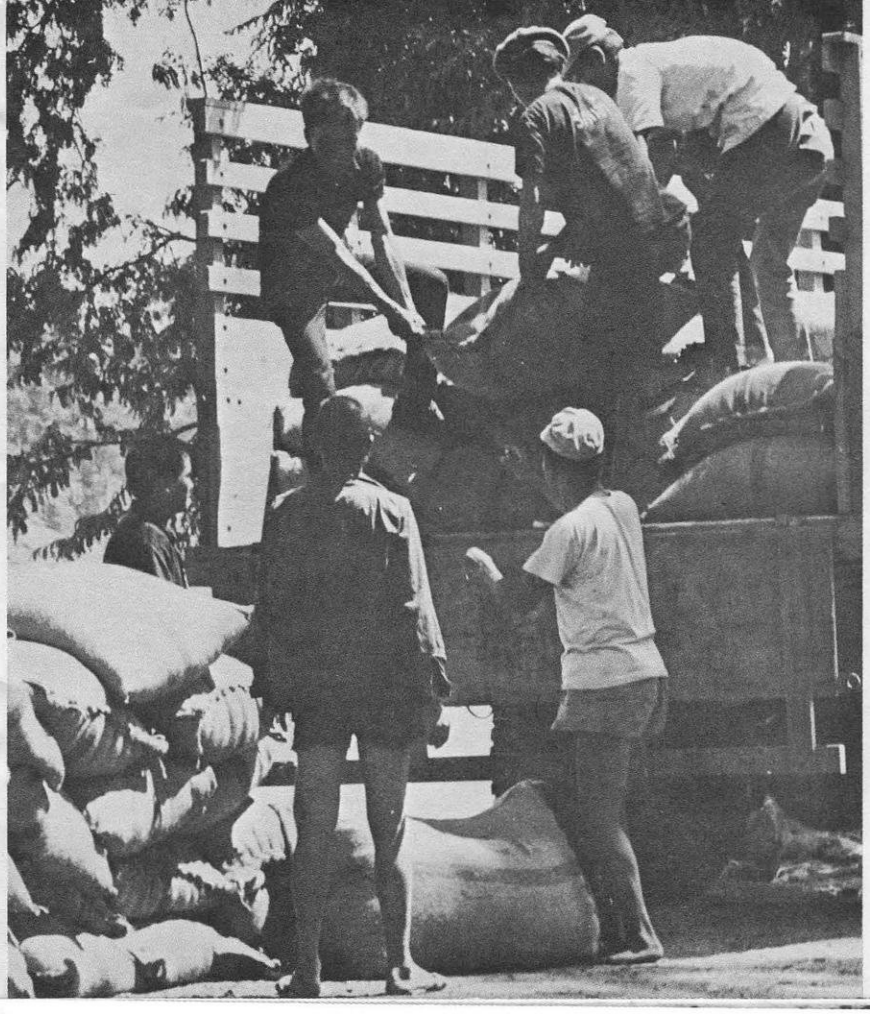




ຕັ້ງຢູ່ບ່ອນນີ້ ໂດຍມີນາຍແພດເປັນຄົນອະເມຣິກັນ ມີຜູ້ຊ່ອຍນາຍຫມໍແລະນາງພຍາບານເປັນຄົນລາວ ສ່ວນຫມູ່ບ້ານຕາມພູທີ່ຢູ່ມໍ່ກັບບ້ານນາຊູ ທາງອົງການຢູເຊດກໍຈັດສົ່ງນາຍຫມໍ ແລະຢຸກຢາໄປຊ່ອຍເຫລືອໂດຍເຮືອບິນຂນາດນ້ອຍ ຫລືໂດຍເອລິກອບແຕ.

ບັນຫາໃຫຍ່ໃນການຊ່ອຍເຫລືອຜູ້ອົພຍົບກໍແມ່ນເຣື່ອງເຄື່ອງກິນ ໂດຍສະເພາະກໍແມ່ນເຂົ້າ ຍ້ອນວ່າເຂົ້າມີນ້ຳຫນັກຫລາຍ ການຂົນໄປສົ່ງໂດຍເຮືອບິນຂນາດນ້ອຍເທື່ອນຶ່ງໆສາມາດຂົນໄດ້ບໍ່ຫລາຍ ທາງຢູເຊດຈຶ່ງໃຊ້ເຮືອບິນຂນາດໃຫຍ່ ຂົນໄປຖົ້ມລົງໃຫ້ຕາມບ່ອນຕ່າງໆ ສະເພາະແຕ່ປີ ຈຜກວ ຢູເຊດໄດ້ຂົນເຂົ້າໄປຊ່ອຍເຫລືອຜູ້ອົພຍົບດ້ວຍຣົດບັນທຸກ ເຮືອບິນ





ຂນາດໃຫຍ່ຂນາດນ້ອຍ ແລະເອລີກອບແຕ ມີນຳ້ຫນັກ
ຫລາຍກວ່າສີ່ສິບຫ້າພັນໂຕນ ນອກຈາກເຂົ້າກໍມີເຄື່ອງ
ກິນຢ່າງອີ່ນເຊັ່ນ ປາແຫ້ງ ນົມຝຸ່ນ ແລະແປ້ງທີ່ເຮັດ
ຈາກຫມາກສາລີ ຫລືຖົ່ວ.

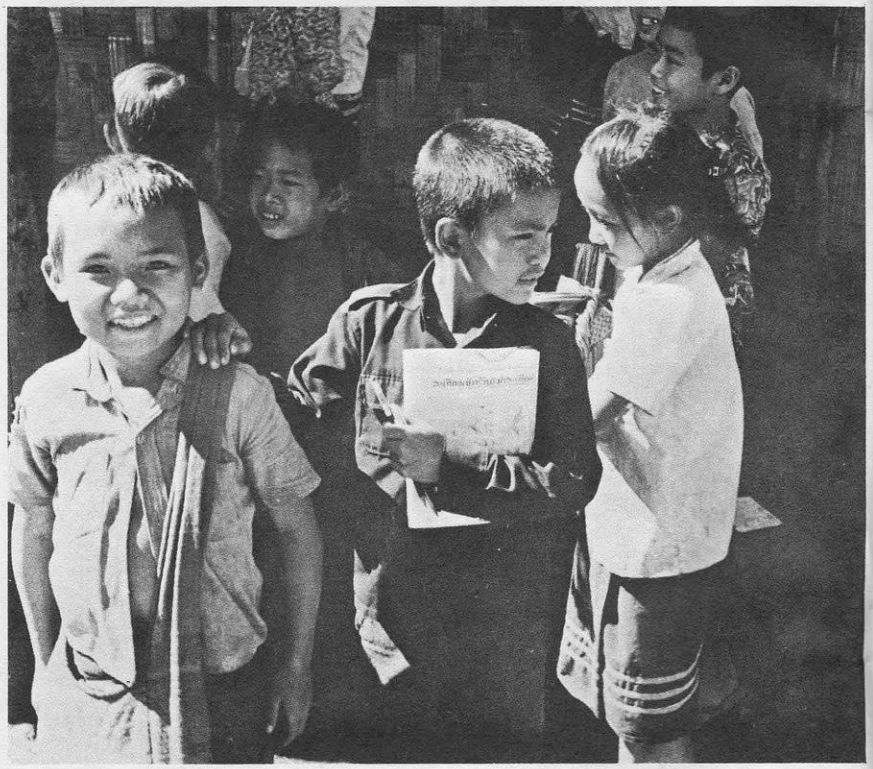
ການຊ່ອຍເຫລືອຂອງຢູເຊດວາງຫລັກເກນໄວ້
ເປັນຂັ້ນໆ ທຳອິດກໍແມ່ນຊ່ອຍເຂົາເຈົ້າໃຫ້ມີຢູ່ມີກິນຊຳ
ຊາທີ່ຫາກໍມາຮອດໃຫມ່ໆ ຂັ້ນຕໍ່ໄປກໍຊ່ອຍໃຫ້ເຂົາເຈົ້າ
ສາມາດຫາກິນກຸ້ມຕົວເອງ ແລະຄອບຄົວ ເຊັ່ນຈັດຫາ
ເຄື່ອງມືເຮັດກິນ ດັ່ງເຊັ່ນຈົກ ສຽມ ມີດ ພ້າ ແລະ
ດ້ວຍການຈັດຫາສັດລ້ຽງໄປແຈກຢາຍດັ່ງເຊັ່ນຫມູແລະ
ເປັດ ເພື່ອເຂົາເຈົ້າຈະໄດ້ນຳໄປລ້ຽງຂຍາຍພັນສຳ
ລັບຊ່ອຍຮາຍໄດ້ຄອບຄົວ ປັດຈຸບັນອົງການຢູເຊດໄດ້



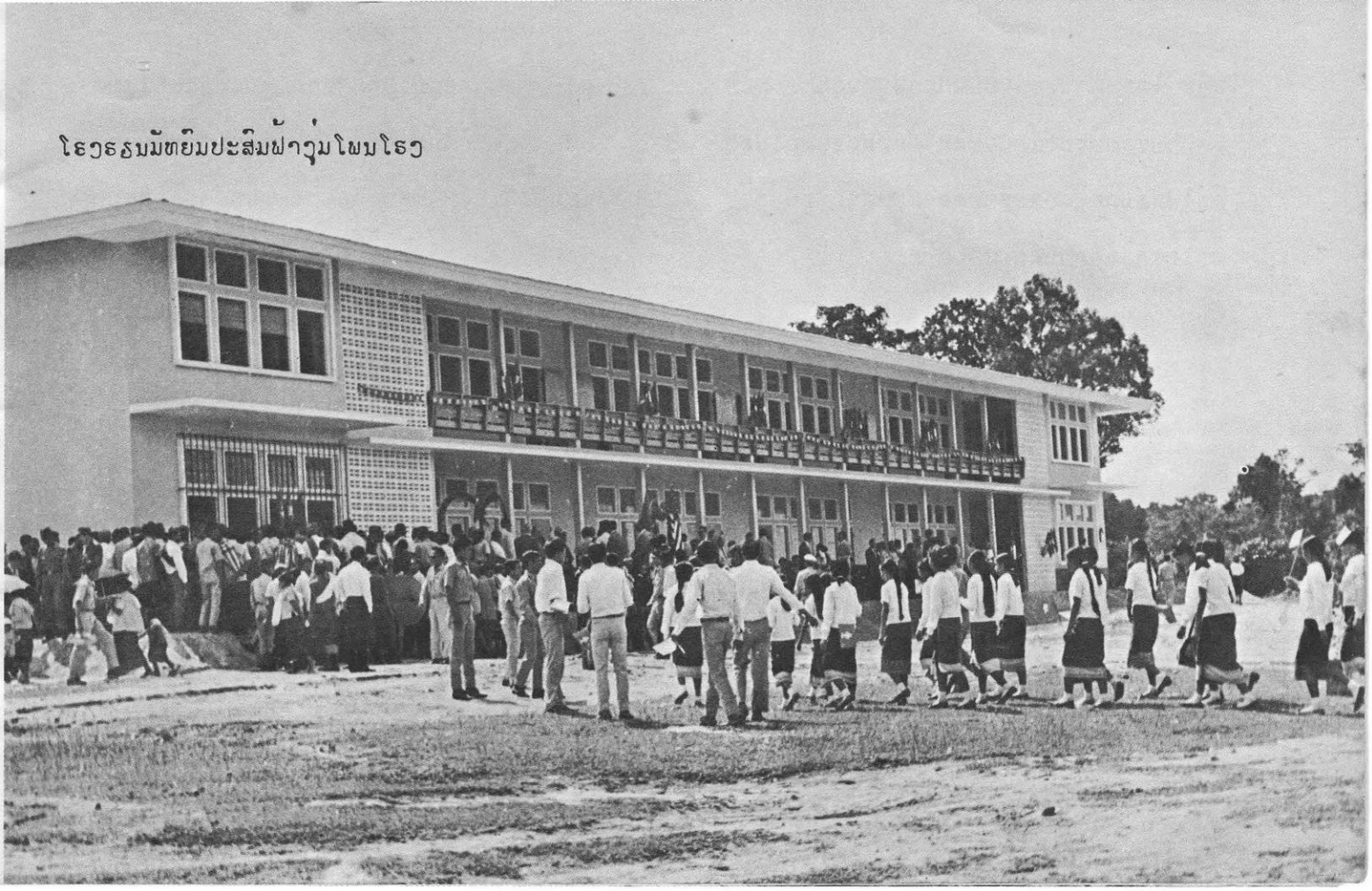


ແຈກຢາຍເປັດໃຫ້ແລ້ວຫລາຍສິບພັນໂຕ ແລະໝູພັນຕົ
ຈຳນວນຫລາຍພັນໂຕ.

ອີກຂັ້ນຕອນໜຶ່ງ ທີ່ນັບວ່າມີຄວາມສຳຄັນຫລາຍກໍ
ແມ່ນການສຶກສາຂອງເດັກນ້ອຍຊາວອົພຍົບເພາະເຂົ້າ
ເຈົ້າຈະເຕີບໃຫຍ່ ເປັນກຳລັງສຳຄັນຂອງຊາດໃນອະ
ນາຄົດ ດ້ວຍເຫດນີ້ ຜແນກສຶກສາຂອງອົງການຢູເຊດ
ຈຶ່ງໃຫ້ການຊ່ວຍເຫລືອ ໃນດ້ານການສ້າງໂຮງຮຽນ
ອົບຮົມນາຍຄຣູ ແລະພິມປຶ້ມຮຽນແຈກຢາຍໃຫ້ລູກສິດ
ສຳລັບປຶ້ມຮຽນນັ້ນຢູເຊດໄດ້ຈັດພິມແລະແຈກຢາຍໄປທົ່ວ
ພຣະຣາຊອານາຈັກລາວຫລາຍກວ່າສອງລ້ານຫ້າແສນ
ຫົວແລ້ວ ທີ່ວຽງຈັນ ຣັຖບານອະເມຣິກັນໄດ້ຈັດຕັ້ງ
ໂຮງຮຽນມັທຍົມປະສົມຟ້າງຸ່ມ ຂຶ້ນເປັນແຫ່ງທຳອິດໃນ



ໂຮງຮຽນມັທຍົມປະສົມຜ້າວຸ່ມໂພນໂຮ



ลาว โดยมีภาษสอนเป็นพาสาลาวล้วนๆ ตลัภ
สูดภาษธรรมภ์เป็นแบบปะสิม ดีธรรมวิจาที่อไปสำ
ลับไปธรรมต์ธะดับมะตาวิทยาลัย และวิจาอาจิบ
จึ่งได้แก่วิจาภาษค้า แม่บ้านภาษเธือน วิจาว่า
ด้วยภาษอุตสาตะภัม และวิจาภะสิภัม.

โธงธรรมมัทยิมปะสิมฝ้าวุ่มแต่งทีสอง ตั้ง
ยู่บ้านโพนตมี เมืองโพนโธง เธิ่มถำเนินภาษ
สอนแต่ปี ๑๙ภ๐ และพวมยู่ในละตว่างภ์สำงอิภ
สี่แต่ง โธงธรรมเตลี่ำนี้ ธับลูภตลานจาวอิพยิบ
เอ้ำธรรมเป็นจำนวนตลายยู่ เอ้ำเจ้ำพวมเตีบ
ใหย่ในยุภใหม่อองเมืองลาว มีโอภาดได้ภันดียู่
ดี ได้ธับภาษสึภสาดี และมีสุขพาบอะนามัยดี
ความทุภยาภย้อนเสิภสิงคาม จิ่นเป็นเตดให้พัด
พาภจาภบ้านเภิดแต่ยามน้อย ต้องมาตั้งตั้นจิ่วิด
แบบใหม่ที่บ่อนใหม่ จะพาให้เอ้ำเจ้ำคึดสแวง
ตาความสันติยิ่งภว่าผู้อื่นใด เท้าผองใดที่บ้าน
เมืองยังมีเสิภธิบเลวภัน โดงภาษจ่อยเตลือผู้
อิพยิบที่บ้านจ้อนภ์ดี ที่เจโนภ์ดี และที่ปาภเจภ์ดี
ภ์เป็นพรงแต่จ่อยให้จาวอิพยิบค่อยสะบายใจอึ้น
แด่ และมีความตัวว่า จะได้ยู่ย่างสงิบสุภใน
โอภาดต้นาเที่านั้น เอ้ำเจ้ำจึ่งตั้งต้นาคอยอันที่
จะมีสันติพาบและสงิบสุภที่วแดนลาวแต่ย่างดรว



HISTORY OF U.S. MILITARY ASSISTANCE TO THE RLG

The U.S. has furnished military assistance to Laos since about 1949. U.S. military assistance was channeled through the French High Command for Indochina after the U.S. recognized Laos in 1949 as a member of the Associated States of Indochina. France had principal responsibility for the defense of the three associated states--Cambodia, Laos and Vietnam--until the signing of the first Geneva Accords of 1954 and dealt through a U.S. Military Assistance Advisory Group (MAAG) located in Vietnam.

After the signing of the first Geneva Accords of 1954, military assistance was provided directly to Laos administered by a civilian organization called Program Evaluation Office (PEO). In 1960, after the ICC adjourned sine die, a MAAG administered the military aid program to Laos.

The 1962 Geneva Accords signed July 23, 1962, stipulated that with the exception of a French training mission, no military personnel was authorized to be stated in Laos for the purpose of participating in, rendering advice, or administering military assistance. Subsequent to the signing and in accordance with the Second Geneva Accords of 1962, the U.S. MAAG was returned to the U.S. in late 1962. A request submitted by the tri-partite government headed by Prince Souvanna Phouma dated September 1962 (Pathet Lao leader Prince Souphannouvong was Deputy Prime Minister and Minister of Plan and National Economy), to the U.S., requested continued military assistance to Laos. Military assistance furnished by the U.S. to Laos at the request of

its government since 1962 has been administered by a civilian organization attached and responsible to the USAID Mission to Laos. Its members are qualified in military logistics and to a large extent are retired officers of the U.S. armed forces. They concern themselves with military logistics only and do not repeat not concern themselves with giving advice to the Royal Lao army.

The Geneva Accords do not repeat not prohibit the RLG from requesting and receiving training outside its national territory. Such training has been received by the Lao army in the military establishments of Thailand, the U.S., Indonesia, France and the USSR. Military assistance to Laos since 1962 has included furnishing supplies, materiels, weapons and ammunition to all elements of the Lao army consisting of the Royal ground forces, the Royal Air Force and the Royal Navy (river flotilla). Thus, the U.S., in addition to supplies, equipment, weapons and ammunition to the ground and naval forces, has furnished fighter airplanes to the Royal Lao army. These fighter airplanes are conventional propeller-driven aircraft and are of the T-28 type. These planes are flown exclusively by Lao pilots who have received their initial training outside the Lao national territory in Thailand by Thai and U.S. instructors.

If required, cargo airplanes under contract to the USG and flown by civilian repeat civilian pilots at the request of the RLG are used to supply the Royal Lao armed forces with materiels furnished by U.S. military assistance.

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

January 19, 1972 VIENTIANE, LAOS No. 72-50

SUBJECT: "U.S. Position on Laos" (Subject Index 800)

Attached is a "GIST" statement from the Department's Bureau of Public Affairs, which is intended as a quick reference aid to U.S. Government personnel on the above subject.

This statement should be brought to the attention of all American personnel and dependents, and to interested non-American personnel of the Mission as well. It states concisely the basic facts of our position, and the points of reference for your discussing it with others.

Charles A. Mann
Director

Attachment: "GIST" No. 14 (rev. 2)

DISTRIBUTION: B & E

GIST

—A quick reference aid on U.S. foreign relations primarily for Government use. Not intended as a comprehensive U.S. policy statement.

BUREAU OF PUBLIC AFFAIRS — DEPARTMENT OF STATE

LAOS: U.S. POLICY — No. 14 (rev. 2)

What is the U.S. position on Laos?

1. Background

- Under the Geneva Agreements of 1954 all Vietnamese Communist forces were to withdraw from Laos, Cambodia, and South Viet-Nam. However, North Vietnamese forces continued to occupy substantial areas of Laos. By 1961 the North Vietnamese and Lao Communist troops (Pathet Lao) threatened to take over the country by force. To help counter this threat, the U.S. in 1961 provided tactical military advisers for the Lao Government forces.

- At Vienna in the spring of 1961, President Kennedy and Soviet Premier Khrushchev agreed to seek a political solution. Fourteen nations including the U.S., the USSR, China, and North Viet-Nam, met at Geneva, and in the Geneva Agreements of 1962 agreed on a settlement guaranteeing the independence and neutrality of Laos.

- In simultaneous internal arrangements the 3 Lao factions—conservative, neutralist, and Communist—agreed to form a Government of National Union under neutralist Prince Souvanna Phouma, the Soviet choice.

- The accords called for withdrawal of all foreign military personnel except for a small French training mission. The U.S. withdrew all 666 U.S. military advisory personnel, but North Viet-Nam left about 6,000 troops.

2. Communist involvement: Since the signing of the Agreement, Royal Lao Government (RLG) forces have been under attack by the North Vietnamese, and the Lao Communist forces, now called Lao People's Liberation Army (LPLA). The North Vietnamese troops in Laos, now numbering about 80,000, have taken over most of the military operations from the 40,000 LPLA forces. In addition, the North Vietnamese use Lao territory as a supply route and sanctuaries to support their efforts to take over South Viet-Nam; such violation of Lao territory is also a direct violation of the 1962 Geneva Agreements.

3. U.S. involvement: Our goal is to reduce American involvement, not to increase it. Our aid is requested, supportive, limited, and defensive.

Military Aid:

- U.S. air operations declined in 1971. We are using air power along the Ho Chi Minh Trail in eastern Laos to reduce the flow

(over)

P/MS DECEMBER 1971 — Editor: Miss Fahey Black ext. 20736 — For copies: ext. 20783

of supplies from North Viet-Nam to South Viet-Nam and thereby save American and allied lives. Lao civilians have long since departed from this area.

- The U.S., with air and logistics, supports South Viet-Nam in its efforts to halt the flow of North Vietnamese men and materiel through Laos into South Viet-Nam.

- We carry out reconnaissance flights in north Laos and fly combat support missions for Lao forces when requested to do so by the RLG. When there is a danger of civilian casualties resulting from these missions, the request must be reviewed in advance by the U.S. Ambassador to Laos. Such requests are approved only if it is determined that civilians will not be hit.

- There are no American ground combat troops in Laos.

- Under Article 6 of the 1962 Laos accords, which allows "the introduction of [such]...conventional armaments as the Royal Government of Laos may consider necessary for the national defense," and at Lao Government request, the U.S. since 1962 has provided military supplies.

- At the request of the RLG, the CIA equips, trains, and advises about 30,000 Lao irregular forces. These forces are in addition to a Royal Lao Army force of about 50,000.

- As extended attrition nearly exhausted the Lao manpower reservoir, and the North Vietnamese increased their troop strength and number of attacks, the RLG sought assistance fro the Royal Thai government for volunteers to serve in irregula forces in Laos. These volunteers are recruited and trained in Thailand, but fight in Laos under RLG operational control.

Economic Aid:

- The U.S. has given bilateral aid to Laos since 1954. In FY '72, the Administration is asking for $47.3 million. This is primarily to control inflation, support essential government services—including relief to about 304,000 Lao refugees uprooted by hostilities—and a limited amount of economic development.

4. U.S. policy: The U.S. supports a neutral, independent Laos within the framework of the 1962 Geneva Agreements. We are cooperating fully with all diplomatic efforts to arrive at full implementation of the 1962 Geneva Agreements. We continue to support the government of Prime Minister Souvanna Phouma. We have repeatedly emphasized at the Paris meetings on Viet-Nam that a peaceful Viet-Nam settlement must also provide for the withdrawal of North Vietnamese forces from Laos. At the same time we support the efforts of nations to resist outside threats to their independence. This is fully consistent with the Nixon Doctrine, the framework for U.S. efforts in Southeast Asia.

FURTHER REFERENCES: . Senate Armed Services Committee Hearings on FY 1972 Military Procurement Bill, July 22, 1971, pg. 4259.

. Background Notes - Kingdom of Laos (Dept. of State pub. 8301).

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

May 25, 1972 | VIENTIANE, LAOS | No. 72-78

SUBJECT: Refugee Situation in Laos (Subject Index 800/1500)

I should like to give all personnel an opportunity to read Mr. O'Connor's excellent statement on refugee assistance in Laos, which he made to the Senate Subcommittee on Refugees and Escapees on May 9, 1972. Besides giving the facts about the refugee problem and what is being done about it, Mr. O'Connor made a strong answer to critics of our program and said he was proud, particularly, of what has been done in health services.

Charles A. Mann
Director

Attachment

DISTRIBUTION: B, E

STATEMENT OF
THE HONORABLE RODERIC L. O'CONNOR
COORDINATOR FOR SUPPORTING ASSISTANCE
AGENCY FOR INTERNATIONAL DEVELOPMENT
BEFORE THE SUBCOMMITTEE ON REFUGEES AND ESCAPEES
OF THE SENATE JUDICIARY COMMITTEE

May 9, 1972

Refugee Situation in Laos

Mr. Chairman:

I am glad to have the opportunity to appear before this Subcommittee again and to discuss, from the standpoint of A.I.D., the current refugee problems in Laos and Cambodia.

Let me deal first with Laos. The Subcommittee already has considerable knowledge of the refugee problem in Laos and of the nature and scope of A.I.D.'s refugee assistance there. I shall therefore confine my comments to a summary of some of the major developments of the past two years since I last appeared before this Subcommittee.

From June 1970 - April 1972, we have supported an annual average of 281,000 refugees. The high point was reached in June 1971 when the total was 317,000. The total steadily decreased to 238,000 (a 25% decrease) by February of this year, due largely to the success of some refugees in planting and harvesting sufficient rice to become at least temporarily self-sufficient. I might point out that this decrease occurred

(Continued)

during the unexpectedly early and strong dry season offensive of the North Vietnamese, who were equipped with Russian tanks and, for the first time, Russian 130 millimeter guns. This offensive, which has not yet ended, has to date displaced about 45,000 refugees and created about 7,500 new ones. We presently are supporting about 263,000 refugees, which means that some who had become temporarily self-sufficient, again need our assistance.

As the Subcommittee knows, we have for some years been devoting about one-third of our A.I.D. funds for Laos to refugee assistance, and that assistance has gone from about $8.4 million in FY 1969 to about $16.3 million in FY 1972, virtually doubling that part of the A.I.D. program. During these same years, other agencies of the government -- the Department of Agriculture with PL 480 commodities, the Department of Defense and in FY 1972, CIA -- have also contributed substantial amounts for this purpose, with the result that the sum total of funding for refugee assistance in Laos has gone from about $12.2 million in FY 1969 to an estimated $23.9 million in FY 1972, again virtually a doubling of the resources made available for this purpose.

These are large increases in resources, but perhaps the human side of the equation can be better understood in terms of per capita expenditures. We estimate that in FY 1969 the per capita assistance given to refugees was approximately $70, whereas in FY 1972 it has risen to about $88. This may sound like very little money in Western terms until one realizes that the annual average per capita income in Laos is something less than $75.

(Continued)

We have doubled the number of full-time American staff assigned to refugee work since 1970. There are now 23 full-time Americans in the Office of Refugee Affairs, created in the late 1970 reorganization to upgrade the refugee function. In addition, about 34 other U.S. personnel in the A.I.D. Mission devote either all or part of their time to refugee work.

Despite the war, permanent resettlement of refugees with A.I.D. assistance is a constant process. The Royal Lao Government estimates that over the past decade about 500,000 refugees have become permanently resettled and self-sufficient. At present, our Mission is giving resettlement assistance to nearly 70,000 refugees. Such assistance includes clearing new villages, building houses, roads, streets, schools, and dispensaries, drilling wells, preparing land for planting, giving the settlers seed, tools, insecticides, fertilizers, and special agricultural training. I have seen some of these resettlement projects in my visits to Laos and have been impressed to see the effective way resettlement is done and the enthusiasm of the settlers for their new lives.

Let me now address myself to some of the criticisms that have been leveled against A.I.D.'s refugee and health programs in Laos. These criticisms, both from members of Congress and the press, fall into essentially two areas. First, there have been charges that A.I.D. funds have been devoted -- or "diverted" -- to financing combat operations in

(Continued)

Laos; sometimes it's put that A. I. D. is financing "CIA's secret war". Second, there has been criticism of certain alleged shortcomings in A. I. D. 's refugee programs, particularly in the health services and management areas. I should like now, for the record, to respond to these two sets of criticisms.

First, regarding the repeated charges that A. I. D. funds have been used in Laos to finance combat operations. This is not true now, and it never has been true.

What is true is that A. I. D. has in the past financed food for the Lao military and paramilitary forces and paramilitary dependents, medical care and supplies for paramilitary forces and their dependents, and miscellaneous relief supplies for paramilitary dependents. In order to show why this was done, I would like to explain the background briefly.

In the spring of 1963, a decision was made at the highest level of the Kennedy Administration that the United States should resume assistance to Lao paramilitary units, and the CIA was given the responsibility for the training and advising of these irregular forces. These forces needed food, medical care and supplies. The dependents of these irregulars had long since been forced from their homes by the North Vietnamese Army and were thus refugees, qualifying for assistance under the A. I. D. refugee program.

(Continued)

Until 1970, the financing noted above had been determined by our General Counsel to be authorized under our statutory authority because the primary purpose of this assistance was to maintain political stability. Moreover, A.I.D. regularly described these activities to Congress in its annual presentation.

However, in January 1970, A.I.D.'s General Counsel ruled that Supporting Assistance was no longer an appropriate funding source with respect to two items; namely, the direct provision of rice and other foodstuffs to Lao military personnel, and the costs associated with the Requirements Office. That office, manned by civilians, was established in 1962 in the A.I.D. Mission to perform logistics functions in connection with the military supply assistance our Government had decided to give the Royal Lao Government at its request. This finding by A.I.D.'s General Counsel was precipitated by a September 1969 GAO decision in the Premier Auto Case in India, which held that funds authorized under Part I of the Foreign Assistance Act are not an appropriate funding source to finance consumables for direct delivery to the military or to fill existing military orders.

Let me emphasize that our General Counsel's ruling was applicable only to delivery of food and logistics services directly to the Lao military. The General Counsel's decision neither explicitly nor by implication challenged A.I.D. authority to finance medical supplies and services and refugee supplies such as cooking utensils and blankets to paramilitary personnel or their dependents.

(Continued)

As a result of our General Counsel's ruling, A.I.D. and DOD agreed on the transfer to DOD, beginning in July 1970, of funding responsibility for the two items mentioned above. However, to this date, the legality of financing by A.I.D. of medical services and supplies and relief supplies for paramilitary dependent refugees has not been challenged. We continue to believe that these are clearly justifiable uses of Supporting Assistance funds. It was agreed, however, on policy rather than legal grounds, that all costs for these services should be shifted to CIA and DOD, and this has now been done.

In summary, I want to reiterate the following points. First, at no time have A.I.D. funds been used in Laos to finance any combat operations. Second, A.I.D. financing of food for the Lao military was considered legal until 1970 when a GAO ruling, entirely unrelated to Laos, cast doubt upon A.I.D.'s prior legal interpretations. Third, A.I.D. financing of food, medical services and relief supplies for paramilitary dependent refugees has never been legally challenged and continues to be, in the view of our General Counsel, a clearly justifiable use of Supporting Assistance funds. Fourth, the shifts of financing to CIA and DOD subsequent to 1970 were made as a result of policy determinations and not because the activities were considered illegal. Finally, the responsibility for financing all of the above types of assistance has now been transferred to either DOD or CIA.

(Continued)

This last statement is substantiated by the GAO's own report of March 29, 1972. On page 30 of that report, the GAO states:

> "In our prior report we noted that action had been taken or was under way to transfer funding responsibility for assistance to military and paramilitary forces and their dependents from AID to DOD. We pointed out that, at the time of our prior review, despite DOD agreement to pay all such assistance costs beginning July 1, 1970, AID was funding certain assistance -- medical aid, protein supplements, and nonconsumables, such as knives and blankets -- being provided to these forces and dependents. Our current work indicates that, beginning with fiscal year 1972, DOD and CIA will be funding these remaining items of assistance.
>
> "We also found that, through an oversight, the AID-DOD cost-sharing agreement did not cover about $1.1 million worth of protein supplement being provided to paramilitary dependents; however, the matter was being negotiated at the AID/Washington level at the conclusion of our review."

I can report that an agreement has been reached between A.I.D. and DOD on this last item, and that no FY 1972 A.I.D. funds have been spent for this purpose. I hope that the GAO statement I have just referred to will once and for all put a stop to statements that A.I.D. is still allocating funds for assistance to military and paramilitary forces and their dependents.

Let me now turn to contentions that our health program in Laos is not adequate.

We are proud of that program. In the midst of war, it is enabling the Lao Government not only to meet the immediate medical needs of its people but also to develop its own public health capacity for the longer pull. Let me give you just a few main points.

(Continued)

During the past year, A. I. D. -funded construction has increased hospital bed capacity at A. I. D. -supported hospitals by 240, to a total of 715. This total was achieved despite the total loss of two hospitals in 1971. A 60-bed hospital at Paksong was overrun by the North Vietnamese military in May of 1971 and was deliberately burned to the ground. 68 patients and 8 Lao staff are missing. A 100-bed hospital in Long Tieng had to be evacuated under heavy artillery and small arms fire in December 1971; and because of the heavy fighting that has continued in the area to the present time, this installation has been closed indefinitely. Four other hospitals with a total of 385 beds had to be temporarily closed down during the year as a result of enemy action for periods of a month or more.

However, in spite of these hazards, overall patient load increased in these hospitals by 12% in 1971 over 1970 and by 20% in the first quarter of 1972 over the previous quarter.

In addition to A. I. D. -supported hospitals, our Agency also supports about 225 dispensaries in the rural areas of Laos. These handled approximately 3 million patient visits in 1971, approximately a 20% increase over the previous year. With a population of about 750,000 in the rural areas served, this means an average of four visits per person during the year, an unusually high level for rural Asia.

In the meantime, in-country training of Lao medical personnel is proceeding on schedule despite the war. The retraining cycle of 350 medics

(Continued)

will be completed this fiscal year. 20 medics completed the basic six months' course and 31 maternal-child practical nurses completed 9 months' training this fiscal year. All of the above personnel have been assigned to refugee locations.

Now I would like to deal with criticisms of our Mission's management of the refugee and health programs.

I am convinced that over the years our Mission has done a good management job in a very difficult situation. Many improvements have been made -- in good part reacting to suggestions coming from the GAO and this Subcommittee. I was pleased to read the following statements on page 9 of the GAO report of March 29:

"Our follow-up work showed that USAID/Laos had taken steps to eliminate many of the weaknesses noted in our previous report and, as a result, had strengthened the management of the refugee program. Specifically, we found that USAID/Laos

- had increased the number of people assigned to the organization responsible for program management.
- had developed statements describing the functions of the organization responsible for program management.
- was developing written procedures for program execution.
- had given consideration to steps it would need to take to respond to unpredictable program changes.

(Continued)

- had increased the quantity of data being reported to AID/Washington.

It is true that the GAO says (p. 10) the reorganization of refugee assistance has "not resulted in any readily discernible differences in USAID/Laos' policies and practices." However, no where in the GAO report is there any criticism of USAID's policies and practices. I have here with me, and would like to insert for the record, a copy of the Mission's "Action Memo No. 71-05 dated September 1, 1970." That memorandum sets out in some detail the policy of our Mission, noting among other things that "relief assistance to refugees will normally receive the highest priority within all USAID projects and supporting services in claims on material and human resources." The GAO report also notes, however, that the "upgrading" of the refugee function accomplished by the reorganization "does evidence the high priority assigned refugee affairs by the Mission."

Management of a complex program can almost always be improved, however, and we are examining the GAO report carefully to determine whether it contains any suggestions not already being acted upon by the Mission which it would be desirable to adopt.

Also in the management area, the GAO makes some suggestions for improving the control over refugee commodities and the administration of our Title II P.L. 480 program. As to the control over commodities, the GAO expressed concern that in some cases USAID/Laos is paying

(Continued)

freight bills without "appropriate documentation evidencing the actual receipt of transported items." Unfortunately, shipments of in-transit goods from Bangkok to Laos have to be handled by three separate carriers. Claim action must be directed against the carrier in custody of the cargo at the time of damage or loss. Deferral of payment to the Express Transport Organization (ETO) until all handling is cleared would be inequitable. As we indicated in 1970, payment to ETO is "in accord with standard commercial practices."

Although the GAO report continues to question this as a prudent practice, it is the experience of A. I. D. that commercial carriers generally require payment in advance of final delivery both in the U. S. and overseas. If there is a discrepancy between what is shipped (and paid for) and what is subsequently received, a claim is initiated. Deliveries are certified by USAID personnel. USAID personnel also verify at least monthly receipt of air deliveries and airdrops. In the first three quarters of FY 1972 commodities with a value of $4,800,000 were shipped with claims against carriers totaling $2,647 or .06 percent.

The GAO report on refugee relief listed several deficiencies in commodity storage and record-keeping. The Mission has corrected or is in the process of correcting these problems and will continue with on-the-job training to upgrade the performance in this area.

(Continued)

Mr. Chairman, I have, of course, not covered all the points made in the recent GAO reports. But what I have said about some of the GAO suggestions goes for all of them. We welcome the constructive recommendations of the GAO and shall carefully examine both of its recent Laos reports - the second of which was received only about two weeks ago - to determine how we can be helped by them.

I hope my remarks have been helpful in summarizing and putting into proper perspective our refugee program in Laos. Since fiscal year 1969, we have reorganized the program, doubled its staffing, doubled its budget and improved its efficiency. We have an excellent and devoted field staff. Two of these people are with us today, Mr. Chairman, and we now stand ready to give you as much additional information as we can.

oooOooo

Form Laos 267

United States AID Mission To LAOS

USAID Staff Notice

May 26, 1972 VIENTIANE, LAOS No. 72-79

SUBJECT: Radio Interview (Subject Index 800)

While I was in the U.S. on consultation, I was a guest on a radio program, "Overseas Mission", on WAMU-FM, Washington. The program host was Michael J. Marlow and the interviewing reporters were John F. Barton of UPI, Lucia Mouat of Christian Science Monitor, and John P. Wallach of Hearst Newspapers.

Various reports of things I said or did not say have filtered back through newspaper and other sources. Thinking that many of you will find it of interest, I am distributing copies of the transcript of the program.

Charles A. Mann
Director

DISTRIBUTION: B, E

Transcript

OVERSEAS MISSION

as broadcast on

WAMU-FM, Washington

Guest: Charles A. Mann, AID Mission Director (Laos)

Reporters: John F. Barton, UPI
Lucia Mouat, Christian Science Monitor
John P. Wallach, Hearst Newspapers

Program host: Michael J. Marlow

MICHAEL J. MARLOW: This is Overseas Mission, a spontaneous and unrehearsed interview with a senior official whose work is concerned with the developing nations of the world.

Today's guest is here in Washington briefly from his overseas mission in Asia. He is Charles A. Mann of the Agency for International Development, the AID mission director in Laos.

Here with me to interview our guest in the order in which you will hear them are three Washington correspondents who regularly cover the State Department. They are John F. Barton of the United Press International; Lucia Mouat, staff correspondent of The Christian Science Monitor; and John P. Wallach of the Hearst newspapers.

JOHN F. BARTON: Mr. Mann, does AID help in any way to check narcotics traffic from the Golden Triangle of Laos, Thailand, and Burma?

LUCIA MOUAT: Mr. Mann, where have most of the refugees ended up and how much is U.S. aid really meeting their needs?

JOHN P. WALLACH: Mr. Mann, the Central Intelligence Agency's secret war no longer appears to be a secret. The wraps have been taken off Vietnam. And with what President Nixon calls "naked North Vietnamese aggression" across the demilitarized zone, why shouldn't the CIA be involved in Laos?

MARLOW: In a moment we'll hear the answers to these and other questions from today's guest.

This is Michael Marlow welcoming you to Overseas Mission, which is presented by public radio station WAMU FM of the American University in Washington in cooperation with the Agency for International Development.

Mr. Mann, welcome to Overseas Mission. Originally from Germany, you have been a naturalized citizen of the United States for the last 30 years. During World War II between 1942 and '45 you served with the U.S. Army and after that went on to study at the University of New Mexico. You have been in foreign aid work since 1949 and Asia has been your specialty, except for your service in the Congo. Among your overseas missions have been Cambodia and Vietnam, where at different times you headed the foreign aid programs there.

For more than three years now you've been in Laos, your second tour in that country. And I think it would be fair to say that if you were looking for one of the easier, easy going, pressureless jobs in foreign aid you certainly would not be in Laos.

We have a number of questions for you on your part of the world. And here with the first one is Mr. Barton of UPI.

BARTON: Mr. Mann, the narcotics traffic has become a great problem in this country, and recently has been given a lot of attention by Congress. There seems to be a feeling in Congress that now that Turkey appears to be doing something about the problem, that much of the opium and narcotics may be coming from the Golden Triangle of Laos, Thailand, and Burma. I'm wondering if AID is doing anything to help check that traffic.

CHARLES A. MANN: Mr. Barton, I'm delighted to respond to your question. The AID mission to Laos with the with the royal Lao government and other U.S. government agencies such as the Bureau of Narcotics and the U.S. Customs Service are engaged to give the royal Lao government assistance to curb the traffic of narcotics that goes with the territory.

I'm very happy to say the Lao government shares the U.S. concern and passed a law, a very excellent law, in August 1971. And since that time has made approximately 12 seizures of either opium, heroin, or the chemicals that are required to produce heroin. The program has been very successful. There have been remarks about -- complimentary remarks about the activities, not only by senior members of the U.S. government, such as the Director of BNDD, Mr. Ingersoll, or Mr. Cross, but I also understand that there have been complimentary remarks been made on the floor of the Congress.

BARTON: There have been some charges made by some Congressmen that -- regarding Thailand, that some Thai officials

seem to be involved or are profiteering from some of this traffic. I wonder if you find any indication of that in Laos at all.

MANN: Obviously I can't speak about Thailand. I can say that within the region there is close coordination and cooperation between Laos and -- Laos and Thailand. I have no direct knowledge whether or not any officials of the royal Lao government ever have been involved in the narcotics traffic. I can say, though, that the actions of the royal Lao government in response to the narcotics problem have been outstandingly good.

And -- let me look at a piece of paper -- in 1971 there were seven actions by the Lao government. And in 1972 there have been five actions by the government. If you want to -- there were 95.8 kilos of opium seized. There were five kilos of opium seized. In late November there have been six kilos of heroin seized. Opium dens were raided and so forth and so on.

So we are very happy to be of assistance to the royal Lao government. And the input by the U.S. AID mission is in the neighborhood of about a million dollars, that gives the royal Lao government assistance.

LUCIA MOUAT: Mr. Mann, may I just ask one more question...

MANN: Yes, ma'am.

MOUAT: ...on the narcotics frontier. We hear a great deal about a lot of the problem being in areas that are not controlled by the royal Lao government. And is -- would you say -- could you give us any rough percentage of the traffic that's -- that's in that uncontrollable area?

And is there any way to get at this? Or is it pretty hopeless?

MANN: Well, in the uncontrolled areas of Laos, they are either under the control of the NorthVietnamese or the Pathet Lao. And obviously it's impossible to get in there, otherwise you would be taken prisoner or you would be shot. This applies both to the U.S. personnel or the royal Lao army or their civilian personnel.

The areas that the North Vietnamese and the Pathet Lao control were the traditional opium growing areas. There have been stories, rumors, that the Pathet Lao have a trade agreement with North Vietnamese where the furnishing of opium is included. But we have -- I cannot say this is a fact. There have been stories in Vientiane that wpwould indicate that such a trade agreement exists.

BARTON: Do you know if that narcotics trade is any major source of foreign exchange for the communist movement

there?

MANN: It well might be. The North Vietnamese and the Pathet Lao do have a trade agreement where the North Vietnamese furnish commodities and in turn the Pathet Lao furnish commodities. It might be an exchange in value. Whether these transactions are being handled in cash I do not know.

MARLOW: Let me ask you on that point, Mr. Mann, you say that your foreign aid agency's involvement with the royal Lao government is in the neighborhood of a million dollars in this area?

MANN: Approximately a million dollars, yes.

MARLOW: And are you trying to do the same thing that the Turkish farmers are being assisted in, that is, are you trying -- is the government trying to persuade them to grow other cash crops?

MANN: I think I can answer that the problem is an entirely different one. The production of opium in Laos is very very minimal. And the best guesses that we have -- and let me say they are guesses -- is that it is between 15 and 20 tons of opium a year in highly isolated areas that are very hard -- that has very hard access.

The real problem about narcotics in Southeast Asia is in fact in Burma. The easterly provinces in Burma are the major opium producing areas in Southeast Asia. And the figure is that in these Burmese border provinces anywhere between 800 to 900 tons of opium is being produced, and that -- it is the transit and the traffic and the transformation of the opium which is the key issue in Southeast Asia. The production in Laos -- and it does exist there, as I say, too, about 12 to 15 tons -- is really no problem. I think the figures I just mentioned demonstrate it, particularly where they are concerned.

MARLOW: Mr. Wallach.

JOHN P. WALLACH: Mr. Mann, the so-called secret war is becoming very difficult to hide. The Director for the Agency for International Development, Mr. Hannah, admitted recently that CIA men use AID humanitarian health programs as a cover in Laos. There are also reports that AID public health funds are being used to provide medical care for CIA irregular soldiers and their dependents. In some cases it is reported that CIA men even pose as AID workers.

With the flagrant North Vietnamese aggression across the demilitarized zone, why should we continue to hide the CIA involvement in Laos?

MANN: I think if I understand your question's in three parts. You stated...

WALLACH: At least three parts.

MANN: At least three parts. Let me answer, first, your comment about Dr. Hannah. I don't think that Dr. Hannah ever admitted that AID funds were misused. Dr. Hannah acknowledged, I think some time last year, that the AID mission provides some cover positions for the CIA. Let me add that these personnel have absolutely and utterly no policy functions. They have no responsibility about the direction of the AID program. And they are exactly like Dr. Hannah stated: personnel for which AID has provided, as it says, cover position.

I think to the second part of your question, I think certainly in the last year, nobody has hidden the presence of the Central Intelligence Agency in Laos and its involvement in the -- in the -- in the involvement of the irregular troops that are fighting in Laos.

Third, stating that we have -- I mean, you said -- have used funds to assist the CIA, I think this is basically wrong. There are...

WALLACH: I mean channeling of funds. It goes directly from the CIA to AID, doesn't it, to the tune of about two and a half million dollars?

MANN: I was coming to that. It's what we call a cost-sharing arrangement. And the nature of the program makes that a perfectly logical and acceptable arrangement. And I would like to give you a couple of examples.

We operate about 200 field dispensaries throughout Laos, principally in the mountainous areas of northeastern Laos. These are for the refugee population in that area. Obviously if a wounded soldier comes to this dispensary, or if a dependent of a soldier comes to the dispensary, or if a civilian comes to the dispensary, they might have had -- stepped on a mine, or unfortunately has been wounded, you're not going to ask, "My dear friend, are you a soldier, are you a dependent of a soldier," or "because you have stepped on a mine, therefore I cannot treat you and God bless, good luck, go someplace else where there is no medical care" and...

MARLOW: Mr. Mann, are you...

WALLACH: And are you saying...

MARLOW: Well, I'm sorry.

WALLACH: Go ahead.

MARLOW: No, no. Go ahead.

WALLACH: I just was going to ask you, to be clear in my own mind, whether you in effect are denying that CIA men at times have posed as AID employees.

MANN: No. I'm not denying that at all. I'm sticking by Dr. Hannah's statement, which is absolutely correct, that AID has provided some CIA personnel as cover positions. But the very definition of cover positions mean that these individuals then would indentify themselves as AID personnel.

MARLOW: To what extent is that going on at the present time, Mr. Mann? Is that continuing, you say?

MANN: Which? I'm sorry.

MARLOW: That some CIA personnel are posing as AID technicians in Laos?

MANN: Yes, this is -- yes.

MARLOW: Miss Mouat?

MOUAT: Well, we might just turn to the refugees for a moment to get to my first question, then. But is the -- where have most of the refugees now ended up? And is AID really meeting their needs?

You hear a lot about -- you know, that many are -- are not being -- having their needs met through these GAO reports and so on that have come out.

Is it making a dent in...

MANN: I wouldn't -- I think you're somewhat unfair to the General Accounting Office. The General Accounting Office has never really said that the need of the refugees have not been met. I think...

MOUAT: Well, maybe Senator Kennedy added his own twist to it, then.

MANN: I obviously cannot comment on that.

MOUAT: Uh huh.

MANN: But the General Accounting Office in one of their reports mentions that there were some administrative deficiencies which have been corrected.

Now, coming to your question about the refugees, there are as of today about 245,000 refugees that receive assistance from the Lao government and from the United States. The figure

might well increase to 300,000 refugees because one is trying to get the refugees as self-sufficient as rapidly as possibly, and as some of them only produce a crop for about three months or six months out of the year, as you get farther away from the harvest time the number of refugees receiving assistance increases.

Now, you asked where do the refugees come from. Well, they come from all parts of Laos. But obviously the area that has been either taken over by the Pathet Lao and the North Vietnamese.

MOUAT: I was really wondering where they went. Excuse me.

MANN: Well, you have approximately 150,000 refugees that are in the mountainous areas west of what is well known, the °Plain de Jars. These are mostly ethnic minorities such as the Meos and the Lao tung. The other refugees are ethnic Lao, or people that are living at the lowlands of the Mekong River valley. And they are being permanently resettled in the Vientiane Plain down the Mekong River in the area around Bak Sod (?), further south in the area of southern Ikadeva (?) and Si Noh (?) and further down around Pakse in an area east of Pakse.

WALLACH: Dr. Mann, could you tell us...

MANN: Sir, you're giving me a title that I don't deserve.

WALLACH: Mister...

MANN: I don't have a Ph.D.

WALLACH: I think -- I think it's the German accent and the resemblance to Dr. Kissinger.

(Laughter)

MANN: Thank you for the compliment.

WALLACH: Could you tell us what role the Pathet Lao are playing, if any, in the current communist offensive in South Vietnam?

MANN: I have no idea. I don't think there are any Pathet Lao in South Vietnam.

WALLACH: Well, could you describe for us the situation of the war in Laos itself? Recently, I understand, the base of CIA operations in Laos, Long Chenh (?) was abandoned by the approximately 1,000 local volunteers who were defending it. Which led a U.S. spokesman in Vientiane to call the situation

critical and rapidly deteriorating. Could you comment on the course of the war in Laos?

MANN: Well, let me come to the first part of your question. The headquarters of Military Region Two commanded by General Vang Pao, which is Long Chenh, was never abandoned, period. And I repeat: was never abandoned. It was being attacked, it was being shelled, and it was being defended. But under no circumstances at any time was it ever abandoned.

WALLACH: Could you go on to the larger question of your analysis or your evaluation of how the war is progressing in Laos itself?

MANN: That's a rather difficult question to answer, because it obviously depends on the intentions of the North Vietnamese. And let me repeat that the North Vietnamese -- the Pathet Lao have very little, if any, influence on the war. It is directed from Hanoi. And the fighting forces that fight against the royal Lao government are the North Vietnamese that similar to Vietnam has brought -- have brought in some highly sophisticated new weapons such as the 130 millimeter gun that can shoot about 25 to 30 kilometers.

I think the Lao have performed very well by the very fact that Long Chenh has not fallen, that overall the lines have been maintained, and that no really important territory that has been under the control of the royal Lao government has been taken over.

WALLACH: Let me go on to another question. Do you believe that there is a possibility of a settlement in Laos apart from a larger Indochina settlement?

MANN: I don't think that can be ruled out. The Lao have always maintained that they are an independent country, a neutral country. And that's the reason why they have been fighting against the North Vietnamese since nineteen hundred and -- practically since 1942, but certainly since 1954. The Prime Minister has always maintained that he is ready to sit down and discuss the Lao problem wherever the Pathet Lao would choose to designate. Therefore it is within the policies of the royal Lao government to separate the Viet -- the war in Vietnam from the war in Laos. And that has been a policy that has been accepted by the United States for a very very long time.

I think the question has to be asked differently. Are the North Vietnamese willing to accept a settlement in Laos, which is outside what they call the Indochinese front? It seems to me their attitude in Indochina is the key bottleneck for not having a settlement in Laos, because if the North Vietnamese would leave the Pathet Lao alone I'm quite sure that the two parties could come to a settlement.

The key question is always, what are the intentions of the North Vietnamese? And if I could hear what's going on in Hanoi I could give you a more precise answer.

WALLACH: Would you describe the best aim of American policy being the -- more or less the preservation of the status quo for the day when there might be a general Indochina settlement? In other words, realistically there's not much expectation that the two sides in Laos will reach any kind of an accommodation, although this has -- we've come to the border of that several times in the past. Would you describe our chief aim in Laos as being able to withhold the Pathet Lao advance, to take as much territory away from them as possible?

MANN: Now you're going a little bit beyond the spheres of my responsibility. But on a personal basis, the policy of the United States has always been maintenance of a neutral and independent Laos. And to the best of my knowledge this policy is still the policy of the United States government.

MARLOW: Mr. Mann, let's take you to an area of your responsibility. And that is you're also the number one expert at the Embassy for Economic Affairs, as well as being head of the AID program. What are we getting for this $50,000,000 a year of assistance that we're giving to Laos? How would you characterize what we're getting for that?

MANN: Well, the $50,000,000, which is in the overall context not such a terrific amount, it gains you the stability of the Lao economy. It gains you maintenance of government service, ~~and a certain~~ amount of economic and social development.

BARTON: But I notice that, I think it was in the Fiscal Year '72 budget, a request at least that asked for 18.2 million for economic stabilization, out of that 32.4 for what was called "project activities". I'm wondering what kind of project activities are included in that.

MANN: In these 32 million is roughly 18 million dollars are included for taking care of the refugees. What I mean by that is not just feeding -- feeding the refugees. It means medical care. It means resettlement. It means the construction of roads so when people are resettled, why, they can have a way to the market place. It means the building of schools. It means the building -- it means the training of people. It means agricultural activity, the furnishing of seed with a vegetable or rice. It means providing tools so that people can cut down wood and make charcoal and so forth and so on.

So if you have 18.1 plus 18 is 36. The balance of the program is being used for maintenance of government services such as repairing roads. Unfortunately rebuilding a lot of bridges that the North Vietnamese have blown up. And...

BARTON: Let me interrupt there.

MARLOW: Go ahead, Mr. Mann. Finish that, please.

MANN: And it means we want to have economic development in the institutional sense -- economic and social development in the institutional sense, such as being in the secondary education field, such as doing agricultural research, going into irrigation projects and so forth and so on.

MARLOW: Let us button up this particular aspect of the refugee question. Are you saying that you are providing a great deal of humanitarian assistance in this area and that it's effective?

MANN: The answer is an unqualified yes. And I'm putting my professional reputation on the line. I think the refugee program is being well conducted. There obviously always room for improvement. I also would like to say that I understand that the International Red Cross has made a report about refugee activities in Laos. And this report stated that it's one of the best conducted refugee programs that they ever have seen in modern history.

MARLOW: A couple of other points, Mr. Mann. It has been charged -- and I think Miss Mouat referred to this earlier -- that the U.S. AID program is being used to support military and paramilitary forces in Laos. That is, the money that is supposed to be going to help with the refugees. Have -- have you answered that to your satisfaction?

MANN: Well, let me answer that again. No funds that are appropriated to AID under the Foreign Assistance Act are being used for support of military activities.

MARLOW: And one more point, if I may, Mr. Barton. I've got another quotation from -- I believe it's the GAO report concerning the refugees. Tens of thousands of Laos refugees are still being pushed around and dying needlessly for our strategic reasons under the cover of humanitarian programs administered by the Agency for International Development. I'd like to know what your answer is to that point.

MANN: Well, obviously neither the royal Lao government nor the United States government is pushing refugees around. The people that're pushing refugees around are the North Vietnamese that are attacking in Lao territory, Lao positions. And if the Lao citizens or the Lao people decide that they do not want to be under the control of the North Vietnamese or the Pathet Lao and move from the places they have been living, many have moved many times, it is their free choice. And I think it is to the credit of the United States and the credit of the royal Lao government that they use their resources to feed these people.

There's one more remark I want to make. This movement of people -- and it's been going on for a long time -- to the best of my knowledge there never has been one single epidemic such as cholera, typhus, or typhoid, which in fact I believe shows how well the medical programs have been conducted.

MOUAT: Mr. Mann...

MARLOW: Quick -- quick question. We've got 20 seconds, Miss Mouat.

MOUAT: Can I just ask you about Pop Buell since he's a figure familiar to many people.

MANN: He's a great friend of mine.

MOUAT: Was it a great -- was it a considerable decision for AID to weigh whether you should bring him back or whether to leave him up there? Or was it strictly a personal decision on his part?

MANN: It was a personal decision and it was a health decision. Pop Buell had two heart attacks. And he is now a man 58 years of age. And any human being that had two heart attacks and is 58 years of age simply should not float around in airplanes all the time. He's going to be a special assistant to me for ethnic minorities. And I was very happy that he is coming back.

MARLOW: Mr. Mann, that's about all the time we have. But we want to thank you very much for being with us today to answer our questions on Overseas Mission.

You've just heard a spontaneous and unrehearsed interview with Charles A. Mann of the Agency for International Development, the AID mission director and head of the U.S. foreign aid program in Laos.

Mr. Mann was interviewed in Washington by John Barton of United Press International; Lucia Mouat, staff correspondent of the Christian Science Monitor; and John Wallach of the Hearst newspapers.

Overseas Mission is brought to you by WAMU FM of the American University in Washington in cooperation with the Agency for International Development.

EMBASSY OF THE
UNITED STATES OF AMERICA

September 6, 1972

MEMORANDUM TO ALL PERSONNEL AND CONTRACTORS OF THE U.S. MISSION TO LAOS:

It is important that all American Personnel remain as well informed as possible with regard to the drug situation, generally, and in Southeast Asia particularly. To this end there is attached the text of a report made public August 16, 1972 by the U.S. Cabinet Committee on International Narcotics Control, entitled "Drug Situation in Southeast Asia."

G. McMurtrie Godley
Ambassador

DISTRIBUTION:

USAID	B & E	USIS	15	AIR AMERICA	300
EMB	100	ARMA/AIRA	60	CASI	80

DRUG SITUATION IN SOUTHEAST ASIA

The remote Golden Triangle area of northern Thailand, western Laos and eastern Burma, constitutes the world's major producing area for illicit opium (an estimated 700 tons). The vast majority of that opium is consumed in Southeast Asia by the hill tribesmen who cultivate it, and by ethnic Chinese living in urban centers of Asia, particularly Hong Kong. A very small percentage of this opium is transformed into heroin and much of this, too, is consumed by users in Southeast Asia. Some of the heroin which formerly supplied our troops in Vietnam is now being directed towards addicts in this country, but our best estimates are that only a small share -- probably less than 10 percent -- of the heroin flowing to our shores now originates in Southeast Asia.

Thus, Southeast Asia presently constitutes a significant but secondary source of our existing drug problem. However, as drug control efforts improve elsewhere in the world, it looms as a serious potential source. It is also quite clear that the region has a drug problem of its own which demands a solution.

It was with these two concerns in mind that the Cabinet Committee on International Narcotics Control in November of 1971 directed for Chiefs of Mission in Vietnam, Laos, Thailand and other principal Southeast Asian countries to develop narcotics control action plans.

In attempting to block the flow of narcotics across borders and within the area, the governments of Southeast Asia must cope with several unique problems, such as internal security, a difficult topography, and a value system which tolerates drug use and trade by segments of their societies.

The Governments of Laos and South Vietnam are engaged in wars of national defense, while the Governments of Burma and Thailand are threatened by insurgent groups which control or harass large areas of the opium growing regions. In spite of their commitment to solving the drug problem, these governments have limited resources and trained personnel available for narcotics control. In addition, the lack of internal security hampers police action and intelligence operations against traffickers. The Government of Burma, for example, does not have effective administrative control over significant portions of the area where most Southeast Asian poppies are grown.

The topography of the Golden Triangle area is mountainous, wild, and uncontrollable. When one smuggling route is uncovered and plugged by police and customs teams, the traffickers can easily detour to alternate routes and modes of transportation. We need only look at the difficulties that our own well-trained and equipped law enforcement agencies have in blocking narcotics traffic across our clearly-defined, militarily-secure border with Mexico to gain a better appreciation of the difficulties in Southeast Asia.

Opium is an accepted part of the area's culture and has been regarded as a legitimate commodity of commerce for centuries under both indigenous and colonial governments. For the hill tribes, opium is still the principal source of medicinal relief for endemic diseases, and is also the most lucrative crop to sell or barter for basic necessities. Furthermore, addicts are not ostracized in Southeast Asia since violent criminal action is rarely necessary to secure narcotics. An addict is usually looked upon as a fool, not a threat to society, and drug abuse is viewed there much as we regard drunkenness or alcoholism here.

Despite these problems, U.S. Government efforts to encourage the governments of the region to take effective action against the international drug traffic have led to substantial progress, particularly in Thailand, Laos, and Vietnam. The passage last November of an anti-narcotics law in Laos -- the first in its history -- and the recent announcement of South Vietnam's tough, new law providing the death penalty for major traffickers, are good examples of changes in attitude. The Royal Thai Government's new special narcotics operation is a mobile strike force that has been making the life of drug traffickers in northern Thailand difficult, costly, and dangerous during recent months. A description of the current situation in Burma, Laos, Thailand, and Vietnam follows:

Burma

Most of Burma's illicit opium production (estimated at 400 tons annually) and trafficking takes place in remote, mountainous areas of the Shan and Kachin states where the hill tribes have grown opium poppies for centuries. These areas are plagued with insurrection as well, and insurgency and opium have become almost inextricably mixed, for the drug trade brings arms to the rebels. Insurgencies defy government law enforcement efforts in many areas and even in

areas under government control, divert government attention and limited resources away from vigorous anti-narcotics activities. As long as the Burmese continue to place highest priority on their internal security needs, the major source of illicit opium in Southeast Asia will continue unchecked.

Since the Burmese government adheres to a rigid policy of nonalignment and minimal international involvement, it is extremely wary of foreign influence and designs. The Burmese have been extremely reluctant to accept outside advice or assistance on narcotics problems from other nations, including the U.S. on the other hand, recent discussions between representatives of the United Nations and the Burmese offer the hope of increased multilateral cooperation on their drug problem in the near future.

Laos

Prior to the late 1960's, as much as 100 tons of opium was thought to be produced annually in Laos. Since then, the war situation has forced many hill people into lowland areas with the result that production has dropped to about 30 tons. Almost all that amount remains in Laos where it is consumed by local addicts. However, Laos is used as a transit point for caravans moving opium from Burma to Thailand, and thus continues to play a part in the international trafficking picture.

One year ago, Prime Minister Souvanna Phouma welcomed our suggestion that we develop a bilateral narcotics control action plan for Laos. In November, 1971, the first narcotics control law in the Kingdom's history went into effect. It prohibits any commercial transaction involving opium or its derivatives, including heroin.

The U.S.-Lao narcotics control program has already registered a number of significant actions. Over the past five months, operations by customs, local police, and a special narcotics unit have seized more than 660 pounds of opium, some of it on military aircraft. They have also discovered substantial amounts of heroin and acetic anhydride. The new narcotics unit in Vientiane has fearless and honest leadership which has made it the primary factor in recent seizures.

Thailand

Last September, the Thai Government signed a joint memorandum with the U.S. on drug control, and they created a multi-agency subcommittee to map out increased efforts aimed at suppressing illicit narcotics traffic. The three major smuggling rings responsible for drug trafficking to U.S. troops in Vietnam have now been smashed.

Chinese Irregular Forces (CIF) remain in the border area and have been active in the processing, trade, and transportation of opium in Burma and northern Thailand. The Thai Government has undertaken a program to resettle certain CIF forces in Thailand.

In return for land and resettlement assistance, these groups agreed to turn over their opium stocks and cease drug trafficking activity. Twenty-six tons obtained from the CIF were burned by the Thai Government on March 7, 1972. The resettlement project involved a contribution of 580,000 dollars from the Thai Government and one million dollars from the U.S. Government.

Thailand was the first country to sign a major agreement with the new United Nations fund for drug abuse control. The program will be financed by two million dollars in U.S. funds and the equivalent of 5 million dollars by the Thai Government, and its immediate objectives include crop substitution and reduction in drug addiction throughout the country.

A Special Narcotics Organization (SNO), which is an elite, mobile strike force operating in northern Thailand, began operations in April, 1972. This joint U.S.-Thai effort has made 15 arrests and seized more than 8.5 tons of opium in the past two months. These raids confiscated 3,500 pounds of opium with trucks and chemicals on June 10, a heroin laboratory with 50 pounds of heroin on July 18, and the largest seizure in Thai history -- more than 5,000 pounds of opium -- on July 23 and 24 in the Mai Sai area of northern Thailand.

South Vietnam

Vietnam is neither a grower nor a major trafficker in illicit narcotics. Moreover, with the departure of U.S. combat troops, the demand for heroin has been reduced significantly. At the same time, with narcotics abuse growing among ethnic Vietnamese, President Thieu has taken a tough stand on narcotics by signing a new law demanding the death penalty for organized trafficking in hard drugs (August 12, 1972).

Although preoccupied with national security problems, the Vietnamese police have organized a 60-man narcotics squad which arrested several important traffickers last month, breaking up a major smuggling organization. Officials have stepped up customs inspections, raids on opium dens, and general harassment of dealers and users. The stepped-up activity of Vietnamese presecutors and the judiciary system in narcotics matters has helped to control the situation.

U.S. Economic Assistance to the Royal Lao Government 1962 ~ 1972

EMBASSY OF THE

UNITED STATES OF AMERICA

USAID MISSION TO LAOS

DECEMBER 1972

U.S. ECONOMIC ASSISTANCE TO THE ROYAL LAO GOVERNMENT 1962 - 1972

CONTENTS

Introduction	
Summary of Total Assistance	1
Refugee Relief and Rehabilitation	3
Narcotics Control	7
Maternal and Child Health	9
Public Health	10
Agriculture Development	12
Education Development	16
Human Resources Development	19
Public Administration	23
National Roads	24
Rural Public Works	26
National Police	27
Rural Self Help	29
Industry Loan Fund	31
Regional Economic Development Projects	32

December 1972

INTRODUCTION

Over the past ten years, the United States has provided under its foreign aid program $536,278,000 in economic assistance to the Royal Lao Government. These funds have served many purposes. They have been used to stabilize the currency, to alleviate the effects of war in Laos, to help the Government maintain public services for the Lao people, and to develop a social and economic base on which to plan for the future.

The assistance that these funds have provided takes many forms. The United States has participated in measures to stabilize the economy of Laos through its contribution to the Foreign Exchange Operations Fund (FEOF), through the U.S. Import Program (USIP), and through direct grants. The U.S. contribution under these three programs totals $ 206,358,000 or 38% of total U.S. economic assistance to the Government of National Union.

Fifty-nine percent of these economic assistance funds or $314,979,000 has been used to carry out projects in refugee relief and rehabilitation, public health, agriculture, education, rural development, transportation, public safety, public administration, and narcotics control. The kinds of assistance that these funds have made possible since the Royal Lao Government was established in 1962 are illustrated by the following examples:

- 337,578 metric tons of food have been provided to feed annual averages of 115,000 refugees from 1963 through 1968 and of 225,000 refugees from 1969 through 1972.

- 160,646 metric tons of refugee relief commodities have been delivered by air to refugees in isolated areas.

- 60,414 refugees have been relocated in areas and under conditions that offer them the opportunity to become self-supporting.

- 10,784,207 outpatient and 23,792 inpatient treatments have been provided in rural dispensaries and hospitals.

- 167 irrigation systems have been constructed and 958 kilometers of canals to irrigate 18,000 hectares of land.

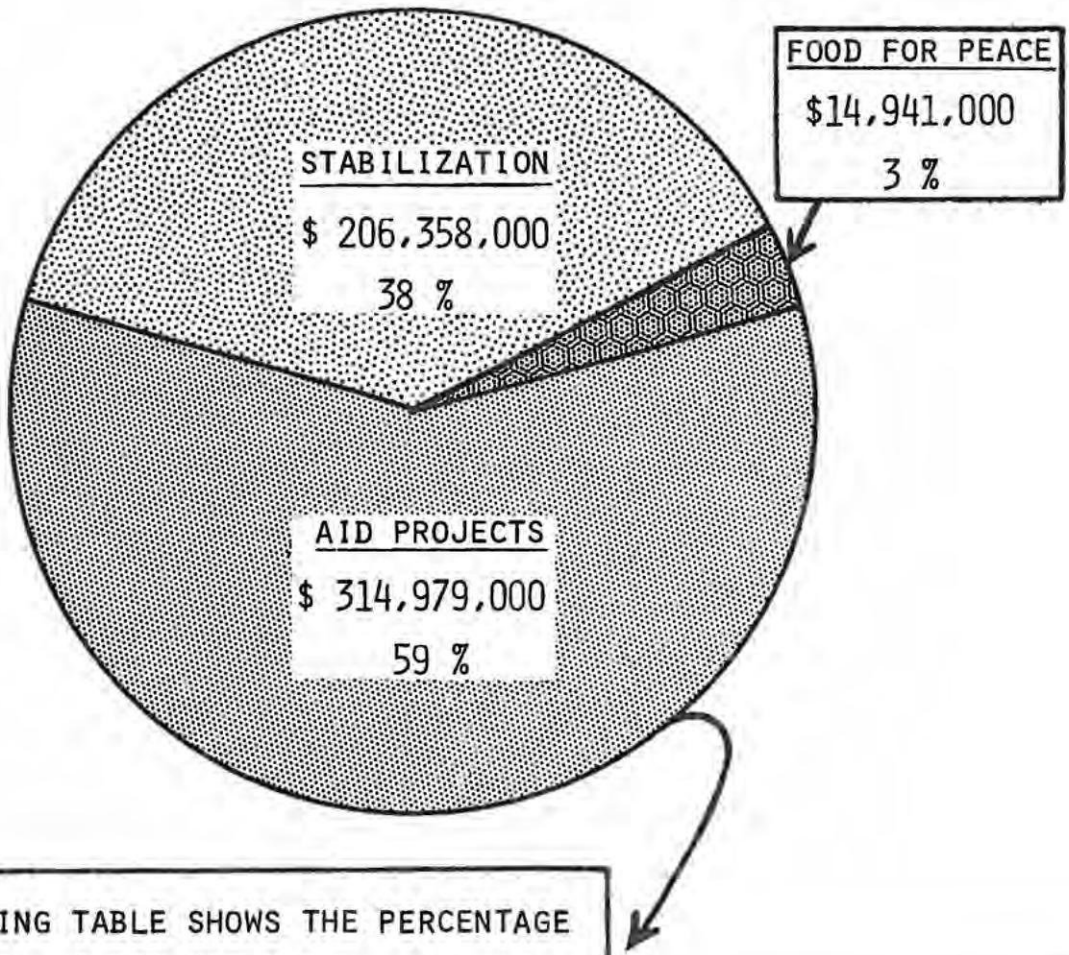
- 3,682 kilometers of road have been constructed and 449 bridges built.

- 4,700 elementary classrooms; 4 Fa Ngum secondary schools and 9 teacher training schools have been constructed.

- 3,682,564 textbooks have been printed and distributed.

- 2,694 participants have received training in the United States, Thailand, and the Philippines and 10,000 government employees have received training within Laos.

These statistical data and the more comprehensive compilation which appears in the pages that follow illustrate the many uses of economic assistance funds which have been provided since 1962 and the results that can be expressed in quantitative terms.



THE FOLLOWING TABLE SHOWS THE PERCENTAGE BREAKDOWN OF $ 314,979,000 BY PROJECTS.

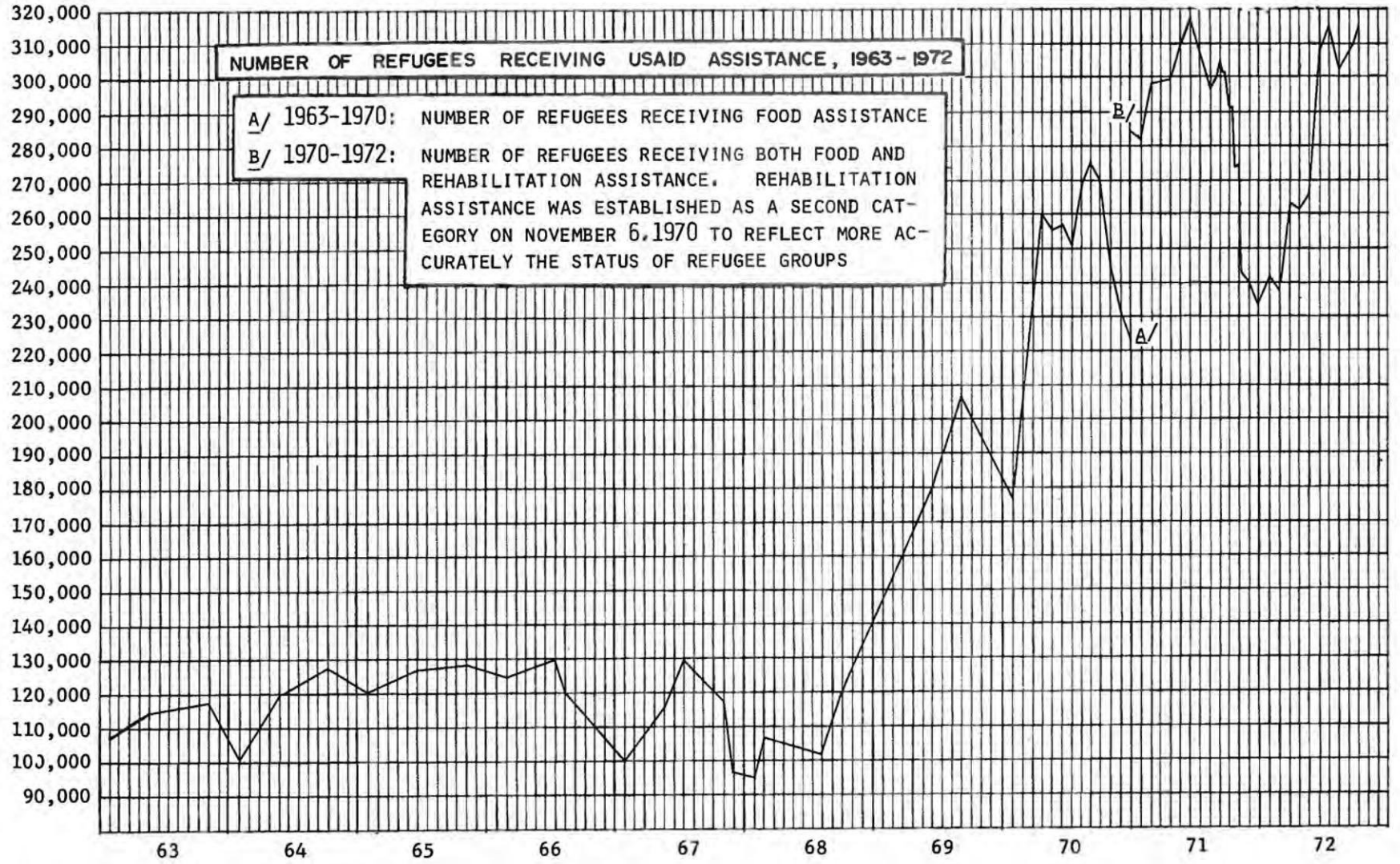
PROJECTS	AMOUNT	%
AGRICULTURE	16,301,000	5.18
INDUSTRY	1,609,000	0.51
TRANSPORTATION-ROADS & AIRPORTS	32,187,000	10.22
PUBLIC HEALTH	23,339,000	7.41
EDUCATION	13,593,000	4.32
NATIONAL POLICE	4,201,000	1.33
PUBLIC ADMINISTRATION	3,402,000	1.08
DEVELOPMENT OF RURAL ECONOMY	41,656,000	13.22
REFUGEE RELIEF AND REHABILITATION	34,603,000	10.99
MATERNAL AND CHILD HEALTH	3,157,000	1.00
NARCOTICS CONTROL	1,100,000	0.35
SUPPORT PROJECTS	139,831,000	44.39
TOTAL	$ 314,979,000	100.0

U. S. ECONOMIC ASSISTANCE
TO THE
ROYAL LAO GOVERNMENT
1962 - 1972

SUMMARY OF TOTAL ASSISTANCE

	Dollar Total	Kip Equivalent [a]
Stabilization	$ 206,358,000	K 124,846,590,000
Foreign Exchange Operations Fund (FEOF) U. S. Import Program (USIP) Cash Grants		
AID Projects	$ 314,979,000	K 190,562,295,000
Agriculture, Industry, Roads, Public Health, Education, Civil Police, Narcotics Control, Public Administration, Rural Public Works, Rural Self Help, Refugee Relief and Rehabilitation, Support Projects		
Food for Peace	$ 14,941,000	K 9,039,305,000
Refugees Child Feeding		
Total	$ 536,278,000	K 324,448,190,000

[a] Kip 605 = $1.00. The kip exchange rate has varied over the period 1962-1972 from Kip 80 = $1.00 to Kip 605 = $1.00, the unified conversion rate established in April 1972.


NUMBER OF REFUGEES RECEIVING USAID ASSISTANCE, 1963-1972
A/ 1963-1970: NUMBER OF REFUGEES RECEIVING FOOD ASSISTANCE
B/ 1970-1972: NUMBER OF REFUGEES RECEIVING BOTH FOOD AND REHABILITATION ASSISTANCE. REHABILITATION ASSISTANCE WAS ESTABLISHED AS A SECOND CATEGORY ON NOVEMBER 6, 1970 TO REFLECT MORE ACCURATELY THE STATUS OF REFUGEE GROUPS
320,000
310,000
300,000
290,000
280,000
270,000
260,000
250,000
240,000
230,000
220,000
210,000
200,000
190,000
180,000
170,000
160,000
150,000
140,000
130,000
120,000
110,000
100,000
90,000
63
64
65
66
67
68
69
70
71
72
B/
A/

REFUGEE RELIEF AND REHABILITATION

1962 - 1972

Dollar [a]	Kip [b]	Total [c]
$48,033,000	K 1,077,000,000	$51,218,000 or K 30,986,890,000 [d]

a/ Includes Food for Peace agricultural commodities.

b/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

c/ Total for Refugee Relief and Rehabilitation Project only. In addition, other USAID projects provide refugee assistance, e.g., agriculture, public health, education, public works, rural self help. Total assistance to refugees provided by all projects has averaged approximately $18,000,000 per year over the past three-year period.

d/ At Kip 605 = $1.00.

The United States has provided assistance

- On an emergency basis in refugee movements created by or in anticipation of military action, providing help in evacuating people if required, and emergency medical care and food supply.

- In relocating refugees, providing transportation to relocation sites, food, water supply, shelter materials, and medical care.

- In providing basic facilities (schools, dispensaries, roads, wells) to bring refugee groups to an economic and social level equal to that of the nonrefugees in the area.

FOOD ASSISTANCE

	Amount (MT)
Rice	300,471
Food for Peace agricultural commodities	32,000
Canned meat	5,107
	337,578

Average number refugees fed per year

1963-1968	115,000 refugees
1969-1972	225,000 refugees

MEDICAL ASSISTANCE

Facility	Average Annual Patient Treatments
Dispensaries - 150 [a/]	1,440,000
Hospitals - 2 [a/]	

[a/] Average number in operation, 1962-1972.

AGRICULTURE ASSISTANCE

Project	Unit (ha)
Soil classification, 8 relocation sites	95,000
Land reclamation, Dong Kalume Plain	1,500

EDUCATION ASSISTANCE

Classrooms constructed	1,192
Refugee students currently enrolled	38,177
Teachers assigned refugee schools	1,164
Refugee teachers given training	1,768
Textbooks provided	538,000
Notebooks provided	1,057,500
Other instruction materials	190,000

AIR SUPPORT

Refugee relief commodities delivered by air	160,646 MT
Drop zones	240 sites [a]
Airfields	134 sites [a]

[a] Current number.

REFUGEE RELOCATION PROJECTS
1969 - 1972

Relocation Sites	Refugees (Number)	Villages (Number)	Houses (Number)	Classrooms (Number)	Dispensaries (Number)	Roads (Kilometers)	Drilled Wells (Number)	Reservoirs (Number)
Xieng Ngeun-Muong Nane	3,700	18	1,000	20	2	60	-	-
Seno	2,875	8	500	14	2	25	18	3
Thasano	6,400	16	1,100	40	3	63	36	4
Houei Nam Phak	1,075	3	214	3	1	8	4	-
Phou Ba Chiang	5,000	15	1,500	20	3	20	-	3
Paksane	8,000	22	1,585	39	6	-		
Hin Heup	5,589	10	825	21	1	11	2	-
Vientiane Plain	27,775	48	4,800	123	5	98	34	-
Total	60,414	143	11,524	264	23	225 a/	94	10

a/ An additional 206 km of roads have been constructed outside project areas.

NARCOTICS CONTROL

1971 - 1972

Dollar	Kip	Total
$1,100,000	-	$1,100,000 or Kip 665,500,000

ADDICT REHABILITATION

Rehabilitation Centers	Admissions (No.)
Wat Tham Khabok, Thailand	435
National Detoxification Center, Vientiane	90
Total	525

AGRICULTURE REDIRECTION [1/]

Land clearing and leveling	Houa Khong
Agriculture Redirection Training Center	Luang Prabang
Five silk production projects	Houa Khong
Vegetable gardening project	Houa Khong
Poultry and livestock production project	Luang Prabang
Corn production project	Luang Prabang
Animal and poultry feed production project	Luang Prabang
Market access road (15 km)	Ban Nam Ngao -- Ban Nam Kueng, Houa Khong
Market access road (4 km)	Ban Mui Singham, Houa Khong
Market access road (21 km)	Ban Nam Keung - Ban Phuong, Houa Khong

1/ Assistance to hill farmers to change from opium poppy cultivation to other crops.

COMMUNITY ASSISTANCE

6 education improvement projects Work shops for tribal teachers, adult literacy programs, classroom construction	Houa Khong
64 classrooms for Lao Theung and Meo	Luang Prabang
Resettlement assistance for Lao Thueng and Meo, 18 villages	Long Nam Khan Luang Prabang
Wells, 17	Luang Prabang

NARCOTICS SUPPRESSION

Interceptions and Confiscations

Item	Amount (kg)
Heroin	28.9
Liquid Opium	4.1
Raw Opium	491.3
Acetic Anhydride	3,290.0

TRAINING

	Trainees (No.)
Narcotics suppression and enforcement Lao National Police FAR Military Police Customs Officials	273

MATERNAL AND CHILD HEALTH

1969 - 1972

Dollar	Kip[a/]	Total
$3,157,000	K 19,000,000	$3,195,000 or K 1,932,975,000[b/]

a/ The kip exchange rate has varied over this period from Kip 240 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00

CONSTRUCTION

Facility	Location
National Maternal and Child Health Center, Mahosot Hospital	Vientiane
Provincial Maternal and Child Health Center	Ban Houei Sai

TRAINING

In-country	
Midwives	65
Auxiliary midwives	234
U.S. and Third Country	
Doctors	19
Nurses	42
Midwives	21
Statisticians	2
Total	383

PUBLIC HEALTH

1962 - 1972

Dollar	Kip [a]	Total
$23,339,000	K 1,516,000,000	$28,831,000 or K 17,442,755,000 [b]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

CONSTRUCTION

Facility	Location
Nursing school	Vientiane
Hospital, 50-bed	Khong Sedone
Hospital, 100-bed	Vang Vieng
Hospital, 200-bed	Sam Thong
Hospital, 100-bed	Long Tieng
Hospital, 250-bed	Ban Xon
Hospital, 30-bed	Nam Moh
Hospital expansion, 130-bed	Vientiane
Hospital, 50-bed (under construction)	Sayaboury
Surgical unit, 50-bed	Pakse

RURAL MEDICAL CARE

Year	Dispensaries	Hospitals	Population Served	Inpatients Per Year	Outpatients Per Year
1963	38		45,000		
1964-66	150	2	350,000	2,400	1,000,000
1967-69	250	2	610,000	4,500	2,050,000
1970	250	1	520,000	4,708	2,695,355
1971	230	2	700,000	8,296	3,337,543
Jan-Jun 1972	250	1	700,000	3,888	1,701,309

Patient Visits:	Inpatients	23,792
	Outpatients	10,784,207

OPERATION BROTHERHOOD ACTIVITIES

Operation Brotherhood Hospital and Public Health Teams

Location	Year Established	Year Discontinued	Villages Served	Population Served
Vientiane	1963	Continuing	62	308,745
Paksong	1963	1971	54	9,878
Sayaboury	1963	Continuing	173	44,233
Attopeu	1963	1968	33	58,595
Keng Kok	1964	Continuing	234	42,349
Vang Vieng	1964	Continuing	10	42,000
Saravane	1965	1968	127	33,828
Pakse	1968	1969	27	29,674
Khong Sedone	1968	1972	57	4,696
Houei Sai	1969	Continuing	130	27,293
Pakse (Surgical Ward)	1972	Continuing		

Patient Visits:	Inpatients	143,728
	Outpatients	1,173,531
	Dental Patients	139,821
	Total	1,457,080

TRAINING

Incountry:	
Medics	1,181
Practical Nurses	204
Third-country	384
United States	5
Total	1,774

AGRICULTURE DEVELOPMENT

1962 - 1972

Dollar	Kip[a/]	Total
$16,301,000	K 1,300,000,000	$20,885,000 or K 12,635,425,000[b/]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

IRRIGATION

Irrigation projects	167
Area irrigated	18,000 ha
Structures (dams, control gates, valves, etc.)	1,442
Canals	958 km
Vientiane Plain Flood Control Project	
Road Dike	4 km
Control structures	14
Area protected	5,805 ha
Inservice training	863 trainees
Participant training	72 trainees

FISHERIES

Fingerling production		3,032,080
Nong Teng Station	1,197,354	
Pakse Station	841,852	
Luang Prabang	985,194	
Nam Tan	7,680	

Market fish production		11,711 kg
Nong Teng Station	1,752	
Pakse Station	6,439	
Luang Prabang Station	3,519	
Fish Ponds Constructed		9,244

LIVESTOCK

Vaccines	1,816,470 doses
Drugs	194,300 vials
Animals distributed	13,257

AGRICULTURE DEVELOPMENT ORGANIZATION (ADO)

Loans to 10,000 farmers

For	
Fertilizer	5,456 MT
Insecticides	143 MT
Pumps	78
Other Equipment	$500,000
Poultry Project - Luang Prabang	
Lao Savings and Loan Cooperatives	

Rice Marketing Stabilization Program

Paddy rice purchased from farmers	$500,000

CROPS AND SOILS

Salakham Research Center

Paddy rice varietal testing	3,430 strains

Improved Varieties Production	Varieties (No.)
Paddy rice	6
Upland rice	3
Field corn	2
Wheat	1
Tomato	1
Potato	1
Onion	1

Training	Trainees (No.)
Inservice training	212
International Rice Research Institute (Philippines)	14

AGRICULTURE EXTENSION

	Demonstrations (No.)
Wet-season rice production	330
Dry-season rice production	120
Diversified crop verification	94
Commercial vegetable garden	26

Training

	Farmers (No.)
Six-day farmer-leader training	4,230
Two-day rice production training	4,776

	RLG Extension Agents
Inservice training	550
Rice production training	199
Inservice training, home economics	60
	Trainees (No.)
Food preparation	85
Village training program, home economics	3,568
	Attendees
Food preparation demonstrations	8,602
Child care and nutrition training	905

SERICULTURE

Vientiane Plain Silk Production

Villages	19
Family units	461
Mulberry plantings	434 rai

Ban Houei Sai Area

Villages	6
Family units	70
Mulberry plantings	60 rai

EDUCATION DEVELOPMENT
1962 - 1972

Dollar	Kip[a/]	Total
$13,593,000	K 1,268,000,000	$19,299,000 or K 11,675,895,000[b/]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

CONSTRUCTION

Elementary Classrooms

Constructed with USAID assistance	4,700
Total number of elementary classrooms in Laos, 1972	6,000
Percentage of total constructed with USAID assistance	78%

Secondary Schools

Fa Ngum secondary schools	4
Total number of secondary schools in Laos, 1972	22
Percentage of total constructed with USAID assistance	18%

Teacher Training Schools

Constructed with USAID assistance		9
Ecole Superieur de Pedagogy (ESP)	1	
Ecole Normale d'Instituteur (ENI)	4	
Accelerated Teacher Training Centers	4	
Total number of teacher training schools in Laos, 1972		9
Percentage of total constructed with USAID assistance		100%

Administrative Facilities

Constructed with USAID assistance		20
Offices and warehouses for primary school inspectors	19	
Central warehouse for school supplies	1	

STUDENT ENROLLMENT

Total number of students enrolled in public schools in Laos, 1972	242,440
Students enrolled in USAID-assisted schools	233,970
Percentage of total in USAID-assisted schools	96%

TEXTBOOK PRODUCTION

Total number of textbooks distributed		3,682,564
Number of titles printed		109
Elementary education	64	
Secondary education	27	
Teacher training	18	

SCHOOL SUPPLIES AND EQUIPMENT

Elementary education	$1,275,000
Secondary education	650,000
Teacher training	1,120,000
Total	$3,045,000

TEACHING STAFF AND ADVISORS

	Man/Years of Teaching
International Voluntary Services (IVS) teachers	180

Advisors	Man/Years of Service
USAID	80
Contract	64

TRAINING

U.S. and third-country training for teachers and administrators	
Number of participants	968
Inservice training for teachers and administrators	
Number of trainees	8,108
Number of courses	173
Preservice training for teachers	
Number of teachers	5,936

HUMAN RESOURCES DEVELOPMENT

1962 - 1972

Dollar	Kip [a]	Total
$1,077,000	K 65,000,000	$1,208,000 or K 730,840,000 [b]

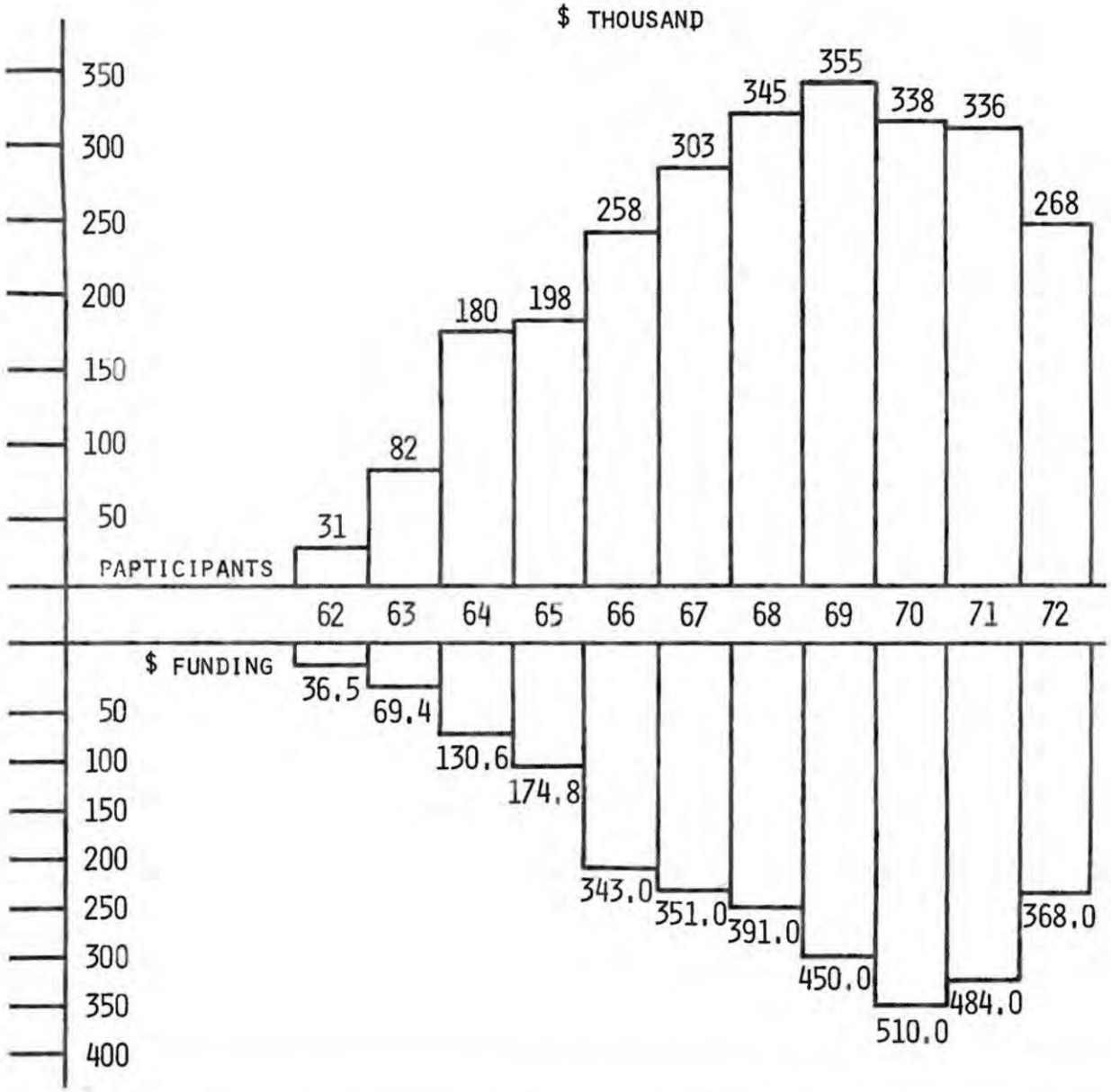
a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

PARTICIPANT TRAINING

Participants in training, 1972		232
United States	19	
Thailand	210	
Philippines	3	
Long-term academic training	140	
Short-term training	92	
Participants returned since 1962		2,462
Total number of participants, 1962-1972		2,694

PARTICIPANTS - BY FISCAL YEAR OF OBLIGATION



LOCAL TRAINING

USAID LOCAL TRAINING CENTER

Courses and Personnel Trained

1966 - 1972 [a/]

Courses		Trainees (No.)
Language Training		
English		4,810
Lao		350
	Subtotal	5,160
Administrative		
Clerical		460
Lao Typing		30
Shorthand		20
Supervisory management		200
	Subtotal	710
Technical		
Mechanics		360
Generator operations		120
Electrical fields		140
Accounting		160
Plumbing		10
Mathematics		240
Radio operations		80
Drivers		1,350
	Subtotal	2,460

Academic and On-the-Job Training

Participant Pre-University	150
Technical School Graduates	70
Summer Student Work Experience for secondary school students	1,450
Subtotal	1,670
Grand Total	10,000

a/ The Center was established in 1966.

PUBLIC ADMINISTRATION

1962 - 1972

Dollar	Kip [a]	Total
$2,325,000	K 39,000,000	$2,459,000 or K 1,487,695,000 [b]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

EQUIPMENT

Jeeps	56
Office Machines	53
Air Conditioners	12
Office furniture and cabinets	29
Surveying equipment for 14 teams	14 sets

PUBLICATIONS

Trade Statistics

Quarterly bulletin, RLG imports and exports	4 per year
6 quarterly tabulations, custom duties and taxes	4 per year
1972 Customs Nomenclature with data processing codes	1,000 copies
Communications and Records Handbooks	5 titles

TRAINING

	Trainees
Key-punch operators	2
Surveyors	28
English language	40 per year
Accounting	4
Communications and records	244
U.S. and third-Country participants	307

NATIONAL ROADS

1962 - 1972

Dollar	Kip [a]	Total
$32,187,000	K 2,646,000,000	$42,549,000 or K 25,742,145,000 [b]

a / The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b / At Kip 605 = $1.00.

CONSTRUCTION AND MAINTENANCE [1]

Year	Roads Constructed or Improved (km)	Bridges Constructed	Roads Maintained (km)
1962	72	10	
1963	216	21	
1964	450	47	
1965	100	22	
1966	134	38	1,688
1967	290	10	2,025
1968	151	17	2,241
1969	189	15	2,482
1970	140	27	2,553
1971	125	30	2,775
1972	285	20	2,675
Total	2,152	257	

1/ In addition, 1,530 km of roads and 192 bridges have been constructed under the Rural Public Works Project.

MAJOR ROADS CONSTRUCTED

285 km - Reconstruction of RIG-13 north from Hin Heup to Xieng Ngeun.

100 km - Construction of new road RIG-13 south from Hin Boun to Pak Cadinh.

35 km - Construction of new road from Hin Heup to Ban Done (in process; 12 km completed)

19 km - Reconstruction and asphalting of road from Vientiane to Thanaleng.

25 km - Construction of new road from Paksane to Borikhane.

35 km - Construction of new road from Thakhek to Nong Bok.

TRAINING

	Trainees
In-country (classroom and on-the-job)	734
U.S. and third country (participants)	84
Total	818

RURAL PUBLIC WORKS

1962 - 1972

Dollar	Kip [a]	Total
$26,710,000	K 2,487,000,000	$35,123,000 or K 21,249,415,000 [b]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

CONSTRUCTION

Classrooms	2,156
Airstrips	42
Training Centers	42
Markets	21
Land Clearing	1,289 (ha)
Roads	1,530 (km)
Bridges	192
Dispensaries	70
Hospitals	34
Warehouses	79
Dams/Dikes	35
Drilled Wells	720
Miscellaneous Construction Projects	296

NATIONAL POLICE

1965 - 1972

Dollar	Kip [a]	Total
$4,201,000	K 62,000,000	$4,414,000 or K 2,670,470,000 [b]

a / The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b / At Kip 605 = $1.00.

TRAINING

Location		Trainees
In Laos:		
	Lao National Police Academy	2,271
	USAID	567
	Subtotal	2,838
Third Country		159
United States		67
	Grand Total	3,064

FACILITIES CONSTRUCTED

Central Warehouse
Central Vehicle Maintenance Shop
Central Telecommunications Repair Center
Motor Pool for Lao National Police Headquarters
19 Rural Police Posts
Central Small Arms Reloading and Repair Facility
7 Communications Centers
Police Academy: Dormitories, 4
Classrooms, 12
Dining Facility
Small Arms Firing Range
Gymnasium
Administrative Offices

TELECOMMUNICATIONS SYSTEMS

Radio Communication Nets	44
Communications Stations	278
Communications Centers	7
Communications Service Shops	4

EQUIPMENT

Passenger Vehicles	98
Cargo Vehicles	44
Motorcycles	70
Boats and motors	32
Bicycles	1,030
Hand Weapons	2,102
Ammunition Rounds	1,410,950
Radios	410
Generators	100
Batteries	250
Office Equipment (Typewriters, desks, file cabinets, etc.)	437
Cameras and Projectors	7

RURAL SELF HELP

1962 - 1972

Dollar	Kip [a]	Total
$14,431,000	K 1,108,000,000	$20,219,000 or K 12,232,495,000 [b]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

CONSTRUCTION PROJECTS

Classrooms	2,562
School furniture (sets)	3,330
Blackboards	498
Offices	3
Dispensaries	101
Markets	18
Dug Wells	908
Latrines	661
Sanitation facilities	12
Slaughter houses	2
Water systems	6
Dams	2
Dikes	4
Bridges	4
Roads	21 km
Information centers	1
Training centers	3

TRAINING

	Trainees
Leadership Training	4,776
For village officials in administrative procedures and community development	

CRA extension agents	249
Skill Training	8,763
For village people in weaving, blacksmithing, charcoalmaking, carpentry, new agricultural methods	
Total	13,788

INDUSTRY LOAN FUND

1967 - 1972

Loans to the private sector [a]

Lao Timber Company	Kip 120,828,000
Sedone Timber Company	30,656,000
Lane Xang Timber Company	26,055,000
Lao Wood Industries, Ltd.	69,871,000
Mechanized Farming, Savannakhet	11,378,000
Tire Recapping, Vientiane	4,657,000
Total	Kip 263,445,000

[a] Loans financed by the United States and administered by the Development Bank of Laos

REGIONAL ECONOMIC DEVELOPMENT PROJECTS

1962 - 1972

U.S. Contribution to cost of projects directly benefitting Laos — $15,286,570 or K 9,248,374,850

Projects	Estimated Completion Date
Nam Ngum Dam, Phase I	Completed
Nam Ngum Fishery Development	June 1973
Backbone Telecommunications System	September 1974
Lao Language Curriculum Study	November 1973
Mekong Channel Improvement	June 1973
Mekong Ports Improvement	June 1973
Studies	
Pa Mong Dam - Stage I Study	Completed
Pa Mong Dam - Stage II Study	Completed
Regional Transportation Survey	Completed
Route 9 - Sattahip - Danang Road Study	Completed

THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

USAID Mission to Laos
Economic Affairs Division
February 1973

THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

CONTENTS

1. What Is FEOF?
2. What Countries Support FEOF?
3. Why Was FEOF Established?
4. FEOF As An International Institution
5. FEOF And RLG Exchange Market Policy
6. FEOF Management
7. Demand On FEOF
8. How FEOF Functions
9. Achievements Of FEOF
10. The Future

APPENDIX

TABLES

TABLE 1 - CONTRIBUTIONS TO FEOF, 1964-72, BY SOURCE

TABLE 2 - FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE, 1964-72

TABLE 3 - FOREIGN TRADE OF LAOS, 1967-71

TABLE 4 - VIENTIANE CONSUMER PRICES, 1961-72

TABLE 5 - RLG BUDGET PERFORMANCE, FY 1965-72

CHARTS

CHART 1 - CONTRIBUTIONS TO FEOF, BY SOURCE, 1964-72

CHART 2 - FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE, 1964-72

CHART 3 - VIENTIANE CONSUMER PRICES: PERCENT ANNUAL INCREASE OF LAO HOUSEHOLD CONSUMER PRICE INDEX, 1964-72

CHART 4 - RLG BUDGET PERFORMANCE: REVENUES, EXPENDITURES, AND DEFICIT, FY 1965-72

THE FOREIGN EXCHANGE OPERATIONS FUND FOR LAOS

1. What Is FEOF?

The Foreign Exchange Operations Fund (FEOF) for Laos was established on January 1, 1964 upon recommendation of the International Monetary Fund. Its aims are to have an anti-inflationary impact on the economy and to maintain orderly conditions in the foreign exchange market in Laos. For this purpose a consortium of donor countries contributes foreign exchange to FEOF which then sells the exchange for domestic currency (kip) to banks authorized to deal in the legal market. Kip purchased by FEOF, with the exception of limited amounts reserved for development projects in agreement with the government, are retired from the money supply (kept out of circulation), thereby reducing pressure on prices and helping to stabilize the Lao economy.

2. What Countries Support FEOF?

The original donor countries were France, Australia, the United Kingdom and the United States. Japan has been a contributor to FEOF since 1965. Laos contributed to FEOF in 1965 and 1972 (Table 1 of Appendix).

3. Why Was FEOF Established?

Limited internal resources make Laos heavily dependent on imports. Local industry is embryonic at best. Security conditions and geography have hindered transportation between provinces, and war requirements have drawn manpower from productive activities. Laos is at present unable to produce even food products in sufficient quantities to meet the needs of its urban population. Practically all manufactured goods and substantial amounts of foodstuffs must be imported.

Exports, however, are far from being sufficient to finance Laos' large import requirements. The main traditional exports of Laos - tin, green coffee and lumber - have been handicapped and in some instances

halted by the war's impact on production, by high transport costs from this landlocked country to markets abroad, and by fluctuations in world prices for basic commodities. As a result, Laos in recent years has been able to finance less than 10% of its imports through earnings from recorded exports (Table 3 of Appendix).

The war has forced the Royal Lao Government (RLG) to incur substantial annual budget deficits. The RLG has had to support large armed forces and rising numbers of war victims and their dependents. At the same time, losses of territory to communists, wartime disruption of commerce, and hindrances to production have weakened the government's revenue base, which had already been very narrow and limited. Unable to finance essential expenditures from existing taxes, or to raise additional taxes in sufficient amounts, the RLG has regularly been obliged to borrow from the National Bank of Laos (BNL) more than half of its annual budget appropriations (Table 5 of Appendix).

Without foreign assistance, the RLG budgetary deficit would have compounded the seriousness of Laos' existing trade imbalance, set domestic prices in a continuing inflationary spiral, and forced unending successive devaluations of the kip, as happened in the years immediately preceding the establishment of FEOF, when political upheavals, budget deficits and interruptions in the flow of foreign aid combined to drive the price level up 92% between 1962 and 1963 and 98% between 1963 and 1964. The exchange rate in the rampant black market rose from $1=K80 in 1961 to $1=K660 in October 1963. Very possibly, in the absence of foreign assistance, the economy would have collapsed. With the currently existing situation in Laos, the absence of foreign assistance could have a similarly very serious effect.

For these reasons the RLG and interested foreign governments agreed to institute a stabilization program for Laos. This plan, proposed by the International Monetary Fund, provided for (1) an increase in the official kip exchange rate from $1=K80 to $1=K240; (2) establishment of a legal open market for foreign exchange in which the rate of exchange would be determined only by supply and demand; (3) organization of a stabilization fund supported by donor governments to sell foreign exchange to the public as necessary to maintain an orderly market; (4) commitment by the RLG to limit the level of its deficit financing to a specified maximum in any period of time; and (5) agreement by donor governments in return that kip proceeds of sales by the fund would be sterilized (except for limited amounts reserved for use by donor countries), thereby neutralizing the inflationary effect of the RLG budget deficit. On the basis of this proposal, the Foreign Exchange Operations Fund for Laos was established.

The success of this approach depended primarily on the fiscal discipline of the RLG and its willingness to control domestic credit since it relied upon fiscal and monetary restraint to contain inflationary pressures, rather than upon direct exchange controls to limit demand for foreign exchange. By 1971 the limitations of this policy, given RLG budgetary stress and the vulnerability of the narrow exchange market to speculative surges, were clearly apparent. In late 1971, therefore, the RLG devalued the kip by 19.8%, changing the rate from $1=K505 to $1=K605. This devaluation was followed in early 1972 by further RLG modifications of the exchange system, whereby the RLG instituted a limited exchange control system applicable to all legal market exchange purchases.

4. FEOF As An International Institution

FEOF is currently supported by a consortium of industralized nations and the Royal Lao Government. The agreements with the RLG concerning FEOF have been renewed annually since 1964 by four or more contributing governments. In renewing the annual agreements, the governments take into account the recommendations of the International Monetary Fund (IMF) in its semi-annual reviews of the Laotian economy. The donor governments also consider both the fiscal and monetary performance of the RLG and the National Bank of Laos in the preceding calendar year and prospects for performance in the ensuing 12-month period and the funds which the donors will be able to provide. On the basis of these findings and consultations, simultaneous bilateral agreements are signed between the RLG and each of the donor governments. These agreements set an upper limit for the RLG budget deficit and guidelines for fiscal and monetary performance for the year.

During the course of the year, representatives of the RLG, the contributing governments, and the IMF meet monthly in a Consultative Committee to review the performance of FEOF and the stabilization program. Embassy staffs and the IMF Resident Representative provide continuous analysis and evaluation support for the FEOF operation.

5. FEOF And RLG Exchange Market Policy

From the inception of FEOF in 1964 until 1972, the RLG did not seek to control the foreign exchange market, and the public could freely buy foreign exchange at any authorized bank or money-changer. However, in late 1971 and in 1972, following the kip devaluation and other fiscal

and monetary reforms,the RLG found it necessary to impose some limited exchange controls. Actions by the RLG in late 1971 and in 1972 included unification of the exchange rate by eliminating the official rate of $1=K240, establishment of a financial transfer tax of 240 kip per dollar for certain types of foreign exchange transfers, and establishment of the Foreign Exchange Authorizing Commission (FEAC, or CODE, for the French name Commission d'Octroi de Devises Etrangeres).

The Foreign Exchange Authorizing Commission was established to verify and approve all purchases of dollars for certain defined uses, including the purchase of those imports that do not require payment of the 240 kip per dollar transfer tax. Commercial imports (excluding certain luxury and non-essential imports), limited amounts of funds for official travel, overseas education, and medical travel are eligible for exchange without payment of the 240 kip tax on every dollar purchased at the rate of $1=K605. Exchange for other types of transfers is subject to the financial transfer tax (FTT) of 240 kip per dollar.

Receipts from the financial transfer tax are treated as are other tax revenues, and help to reduce the RLG budget deficit. As with the sterilized kip receipts which result from the purchase of foreign exchange, the kip receipts from the FTT also help to reduce inflationary pressures on the economy.

These controls have not completely eliminated the free foreign exchange market of which FEOF has been an important component. However, they have helped to channel the foreign exchange resources of Laos to those priority uses which the Royal Lao Government considers to be the most important areas for exchange utilization.

6. FEOF Management

The current FEOF Manager and Assistant Manager, appointed in 1972, bring to FEOF many years of experience in the fields of finance and commercial banking, including foreign exchange and money market operations. They are required to maintain complete accounts of all transactions.

To accomodate the needs of donors and the administrative needs of FEOF, dollar and kip accounts are maintained at the following banks:

National Bank of Laos (Kip only)

Bank of Indochina at Vientiane (Dollars and Kip)

Bank of Tokyo at New York (Dollars)

Irving Trust Company at New York (Dollars)

FEOF's operations are subject to audit by any donor government and/or the RLG. Such audits have been performed annually.

FEOF operates with a minimum of staff, and direct administrative expenses have been low since inception. Per dollar of assistance supplied, FEOF has had one of the best administrative performances of any foreign aid program - in 1972 approximately $33,000 on sales of $25.4 million, or only 0.13%.

7. Demand on FEOF

The large and persistent Lao foreign exchange deficit which FEOF is designed to meet results primarily from (1) the imbalance that exists between the needs and desires of the Lao population for foodstuffs and manufactured commodities and the very limited production capacity existing in Laos, and (2) the imbalance between the growth of kip in circulation and the economy's ability to expand production. The principal

causes for such excess monetary expansion are the budget deficit of the central government and, to a lesser extent, the expansion of central bank credit to the private sector.

When the BNL lends to the RLG to finance the budget deficit, or increases its lending to the private sector, it injects new money into circulation. This increases the cash flow to businesses and consumers. Given the limited supply of domestically-produced goods, a high percentage of all government deficit spending and private credit expansion is transformed into consumer demand for imports. To pay for imports, the public seeks to convert its kip holdings into foreign exchange at one of Vientiane's five authorized banks. The banks have available a limited exchange supply received from non-FEOF sources. When this supply is exhausted, the banks purchase dollars from FEOF.

8. How FEOF Functions

FEOF may sell foreign exchange only to the five authorized banks in Vientiane (the Bank of Indochina, Bank Laovieng, Bank of Vientiane, Lao Commercial Development Bank, and the Development Bank of Laos), and in accordance with foreign exchange regulations, it may sell only against purchase applications which have been approved by FEAC.

A purchasing bank deposits kip at the National Bank of Laos (BNL) in return for a certified BNL kip check. FEOF then deposits this check in its kip account at the BNL and transfers the equivalent in dollars to the purchasing bank either by check on the Bank of Indochina or by telegraphic transfer on FEOF's New York accounts.

The exchange rates at which FEOF buys and sells exchange are identical since FEOF is a non-profit institution. From 1967 until late 1971 FEOF

observed the rate of K505/$ for all its transactions. Since November 1971, following the devaluation, the rate has been K605/$.

The Vientiane commercial banks sell from time to time small amounts of foreign exchange to FEOF to liquidate temporary excess holdings or on instruction from FEAC. Such sales are normally offset within twenty-four hours by new purchases from FEOF. Since public demand for foreign exchange exceeds substantially the non-FEOF foreign exchange supply, FEOF must depend on donor government contributions during the course of the year to replenish its foreign exchange accounts.

The contributions which the donor governments will make to FEOF are decided annually in connection with the renewal of the FEOF accords. During the year, FEOF is managed so as to maintain sufficient dollar balances consistent with the need to meet widely fluctuating market requirements. Whenever necessary, the FEOF Manager requests the donors to make available a specified portion of their agreed annual contributions. These funds are deposited in one of the three dollar accounts owned by FEOF.

A second source of exchange proceeds are kip purchases from FEOF by the United States Government to finance USAID procurement of rice and of some other commodities in connection with its programs in Laos, in agreement with the RLG.

Kip proceeds from FEOF accumulate during the year. After the close of the year, FEOF then turns over to the RLG the total of these kip proceeds, excepting amounts reserved in the agreements for use by donors for project assistance. Kip turned over to the RLG is used exclusively to retire the debt of the RLG at the BNL and thus is withdrawn from circulation.

9. Achievements Of FEOF

Through FEOF, donor governments have succeeded in maintaining a reasonable degree of stability in the Laotian economy and made it possible for the economy to achieve a modest rate of economic growth despite the stresses of war. FEOF has substantially moderated the inflationary pressures resulting from the burdens imposed on Laos by the war. After a period of near hyperinflation in the early 1960's, FEOF's activity ultimately permitted the reduction of price increases in Laos to annual rates (3.2% in CY 1969, 0.3% in CY 1970, and 1.3% in 1971) equal to or lower than the rates of increase in the most advanced economies of the world, in spite of chronic heavy RLG deficit spending (Table 4 of Appendix). The effects of RLG exchange reforms, world currency adjustments and the world rice shortages together required a more substantial (27%) price adjustment in the first eight months of 1972, but these price pressures had largely subsided by the end of the year.

Although the 1971-72 RLG exchange reforms, like the 1964 reforms, did affect consumer prices, this cost was offset by other clear gains. These reforms enabled the RLG to reduce the demand for foreign exchange and reduce the gap between supply and demand for exchange. Due to these reforms net FEOF sales were reduced from $28.8 million in 1971 to $25.4 million in 1972 (see Table 2).

The performance of FEOF has been consistently efficient and relatively free from abuse. An annual level of FEOF sales of $25 million in 1972 has been turned into effective stabilization aid through an office comprised of two qualified managers and two secretarial assistants with staff support from the interested governments and the IMF. The lines of control and standards of management have been clear and satisfactory.

FEOF has been a focal point for improvement in the functioning of the Lao administration. Because the RLG deficit and BNL monetary policy are clearly related to demand on FEOF's foreign exchange resources, donor governments, the RLG and the IMF have fruitfully cooperated in seeking ways to increase the efficiency of the Lao administration, decrease expenditures, improve revenue collections, and control credit expansion. At the same time, all parties have recognized that elimination of the RLG budget deficit cannot be hoped for so long as extraordinary demands are placed on the budget by an active war and its aftermath.

Maintenance of a stable exchange rate, plus the preferential treatment provided by FEAC since mid-1972 for productive equipment, raw materials, and other priority commodities and transactions, has encouraged domestic investment and production and discouraged capital transfers abroad. This record of financial stability, plus increasingly positive RLG intervention to assure productive use of FEOF's resources, has greatly increased the ability of Laos to meet future economic challenges.

10. The Future

FEOF has supplied essential supplementary resources and helped maintain reasonable economic stability to a small, embattled country whose present levels of administrative and economic development preclude the effective implementation of other alternatives. FEOF has now been renewed in eight consecutive years, and it is likely that the need for such a stabilization fund will continue for some time yet. However, as the war ceases, and Laos moves into the postwar period, it seems probable that gradually a relatively larger percentage of foreign assistance to Laos can be devoted to development efforts and less to stabilization.

The role of FEOF will be to assist in maintaining a stable economic environment conducive to development, so that eventually the Lao economy will be sufficiently strong to make FEOF stabilization assistance no longer necessary.

APPENDIX

TABLES

TABLE 1 - CONTRIBUTIONS TO FEOF, 1964-72, BY SOURCE

TABLE 2 - FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE, 1964-72

TABLE 3 - FOREIGN TRADE OF LAOS, 1967-71

TABLE 4 - VIENTIANE CONSUMER PRICES, 1961-72

TABLE 5 - RLG BUDGET PERFORMANCE, FY 1965-72

CHARTS

CHART 1 - CONTRIBUTIONS TO FEOF, BY SOURCE, 1964-72

CHART 2 - FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE, 1964-72

CHART 3 - VIENTIANE CONSUMER PRICES: PERCENT ANNUAL INCREASE OF LAO HOUSEHOLD CONSUMER PRICE INDEX, 1964-72

CHART 4 - RLG BUDGET PERFORMANCE: REVENUES, EXPENDITURES, AND DEFICIT, FY 1965-72

TABLE 1

CONTRIBUTIONS TO FEOF, 1964-72, BY SOURCE 1/
($ Millions)

	CY 64	CY 65	CY 66	CY 67	CY 68	CY 69	CY 70	CY 71	CY 72
United States 2/	4.0	5.2	13.7	13.8	16.1	16.6	16.1	20.1	16.1
France	1.7	1.3	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Japan	-	0.5	1.7	1.7	1.7	1.7	2.0	2.3	2.6
United Kingdom	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8
Australia	0.4	0.4	0.8	0.6	0.8	0.7	0.7	0.7	0.8
RLG 3/	-	2.8	-	-	-	-	-	-	2.0
TOTAL	7.8	11.9	19.6	19.5	22.0	22.4	22.2	26.6	24.9

1/ Totals may not add due to rounding.

2/ U.S. contributions include $0.4 million in 1968 and $0.5 million in 1969 which the U.S. was able to supply FEOF because Japan gave Laos FAC aid in corresponding amount offsetting purchases that would have been made from USAID project funds. U.S. contributions do not include $1.7 million in 1968, $2.1 in 1969, $2.8 in 1970, $1.9 in 1971, and $0.7 in 1972, of U.S. sales to FEOF to secure kip for the purchase of rice, and do not include $1.2 million supplied to FEOF in 1969 to finance motor gasoline imports shifted from USIP to FEOF.

3/ The 1972 RLG contribution does not include $0.4 million repayment of FEOF funds to FEOF for foreign exchange utilized by RLG agencies and organizations.

TABLE 2

FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE, 1964-72
($ Millions)

	CY 64	CY 65	CY 66	CY 67	CY 68	CY 69	CY 70	CY 71	CY 72
FEOF net Sales to Public	7.8	10.9	20.6	19.8	23.3	25.4	24.1	28.8	25.4
Non-FEOF Supply	3.3	2.9	4.0	14.6	18.3	22.5	20.5	18.3	15.0
Total Legal Market Supply 1/	11.1	13.8	24.6	34.4	41.6	47.9	44.7	47.0	40.3

1/ Totals may not add due to rounding

SOURCE: FEOF Manager

TABLE 3

FOREIGN TRADE OF LAOS, 1967-71
($ Millions)

Calendar Year	Recorded Exports	Recorded Imports	Exports as % of Imports
1967	2.1	35.3	5.9
1968	2.9	34.8	8.3
1969	2.0	51.7	3.9
1970	3.4	55.7	6.1
1971	2.9	39.4	7.4

SOURCE: RLG Trade Statistics (Statistiques Douanieres du Commerce Exterieur). Dollar value of exports for years 1967-70 calculated at K505/$. For 1971, first three quarters and 1/3 fourth quarter calculated at 505 rate, and 2/3 fourth quarter at 605 rate.

TABLE 4

VIENTIANE CONSUMER PRICES, 1961-72 1/
(Base: 1964 = 100)

Calendar Year	Index	% Change from Previous Year	Calendar Year	Index	% Change from Previous Year
1961	22.7	0.9	1967	138.6	7.9
1962	26.4	16.3	1968	145.5	5.0
1963	50.6	91.7	1969	150.1	3.2
1964	100.0	97.6	1970	150.6	0.3
1965	112.8	12.8	1971	152.6	1.3
1966	128.4	13.8	1972	191.1	25.2

1/ Twelve-month average of Lao Household Consumer Price Index.

SOURCE: RLG Statistical Service

TABLE 5

RLG BUDGET PERFORMANCE, FY 1965-72 1/
(Kip Billions)

Fiscal Year	Receipts	Actual Expenditures	Actual Deficit 2/
1965	3.3	10.3	7.0
1966	4.7	14.4	9.7
1967	6.4	15.3	8.9
1968	7.3	16.0	8.7
1969	7.1	16.9	9.8
1970	8.2	18.2	10.0
1971	6.8 3/	19.0 3/	12.2
1972	6.9 4/	21.3 4/	14.5

1/ Figures for FY 65-71 are actual, figures for FY 72 are provisional (though these provisional figures should closely approximate the actual).

2/ Receipts less expenditures may not equal the actual deficit due to rounding.

3/ Excludes kip 216 million carried over to FY 1971-72 for the Development Budget.

4/ Includes kip 216 million carried over from FY 1970-71 for the Development Budget.

SOURCE: RLG Ministry of Finance

CHART 1

CONTRIBUTIONS TO FEOF

By Source, 1964-72

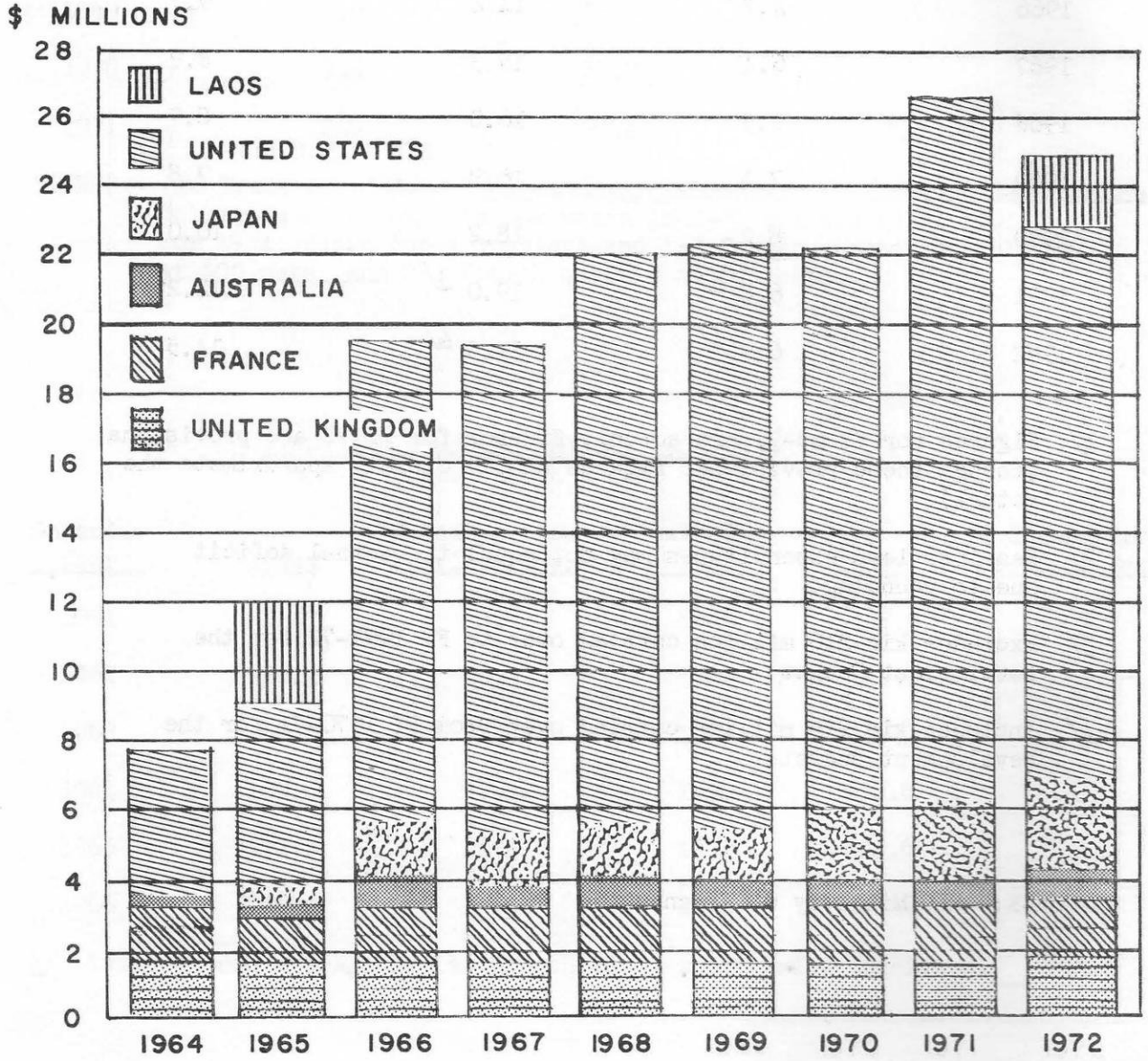


CHART 2

FEOF SALES AND LEGAL MARKET
SUPPLY OF FOREIGN EXCHANGE
1964—72

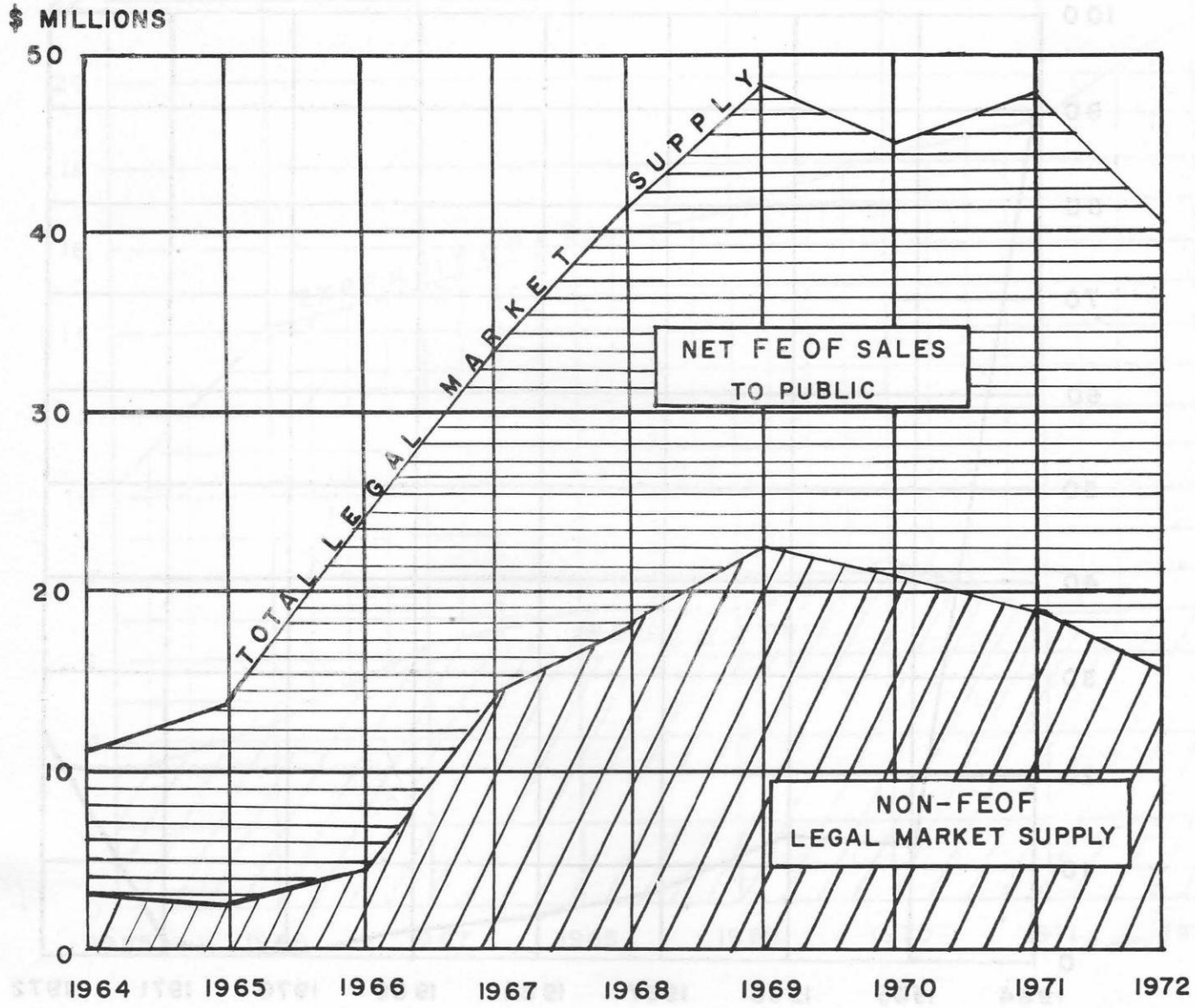


CHART 3

VIENTIANE CONSUMER PRICES

Percent Annual Increase of Lao

Household Consumer Price Index

1964-72

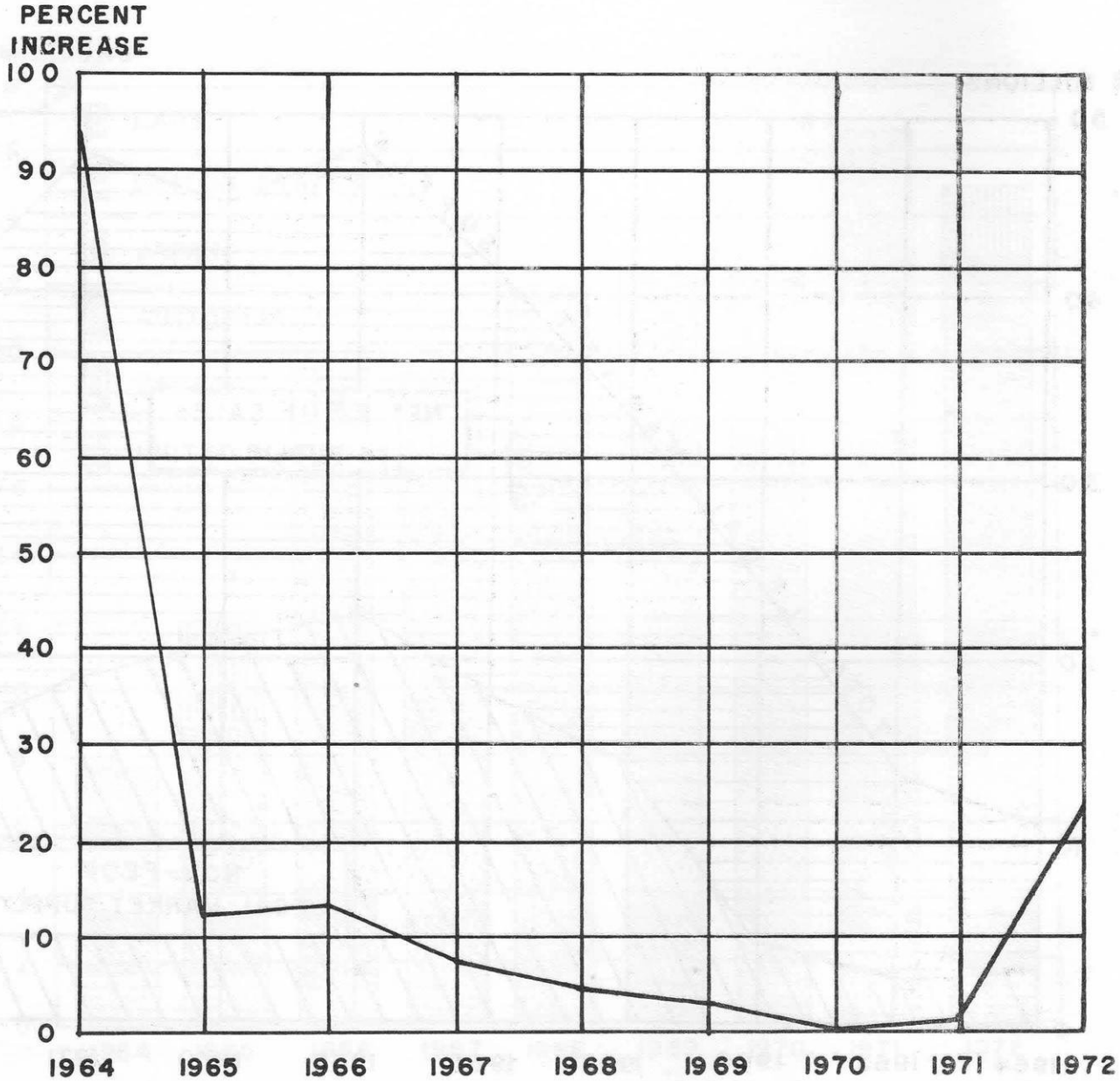
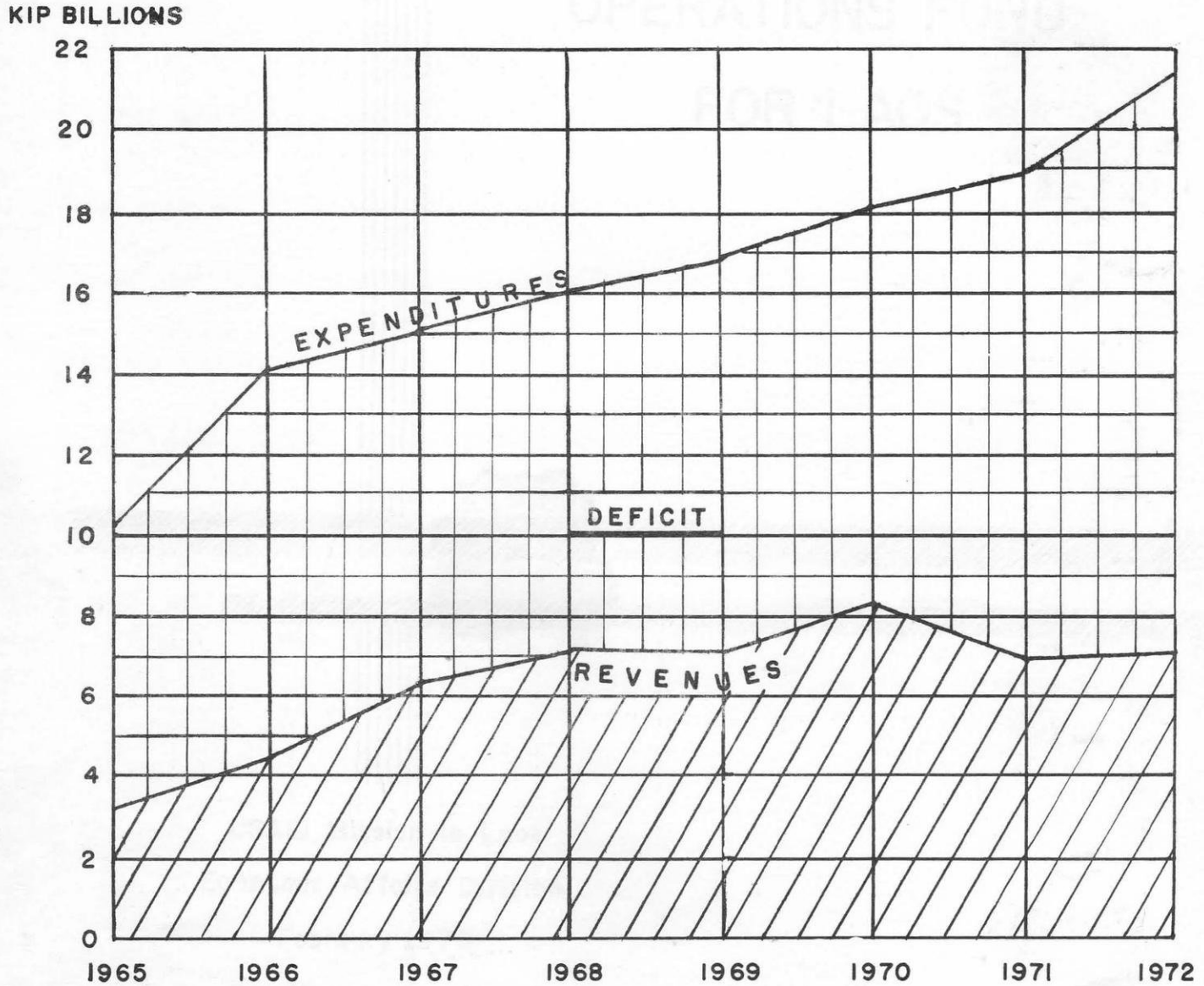


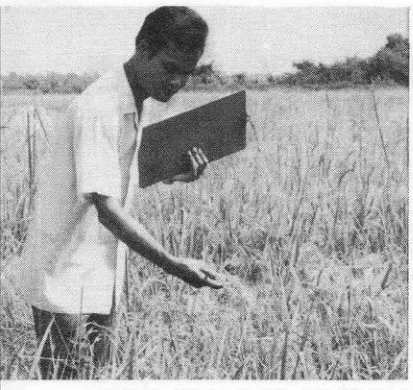
CHART 4

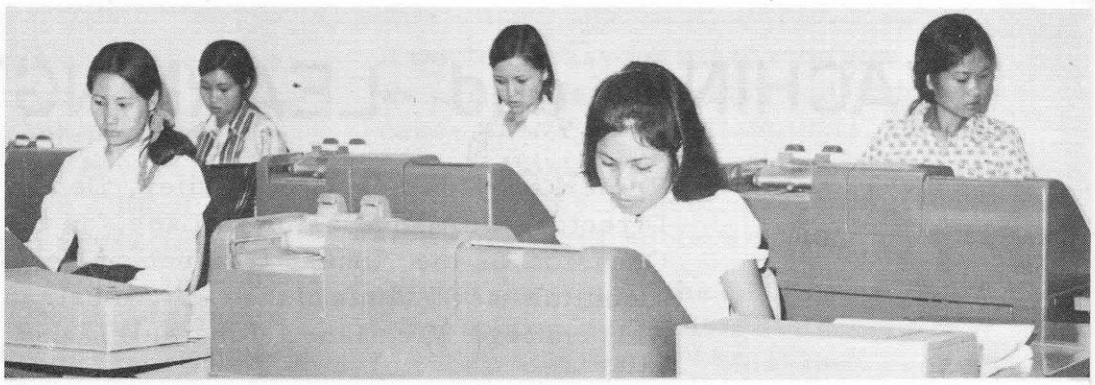
RLG BUDGET PERFORMANCE

Revenues, Expenditures, and Deficit

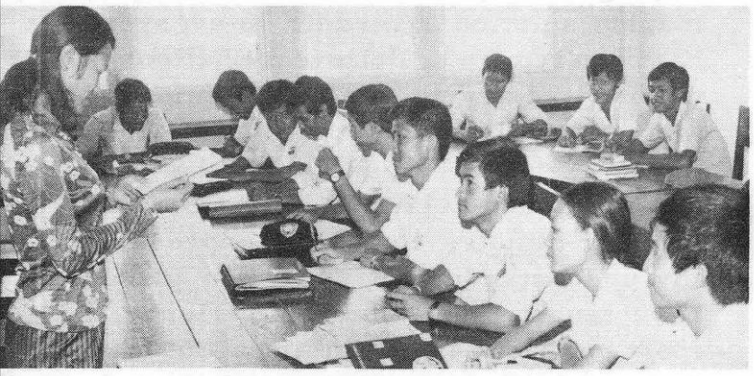
FY 1965-72

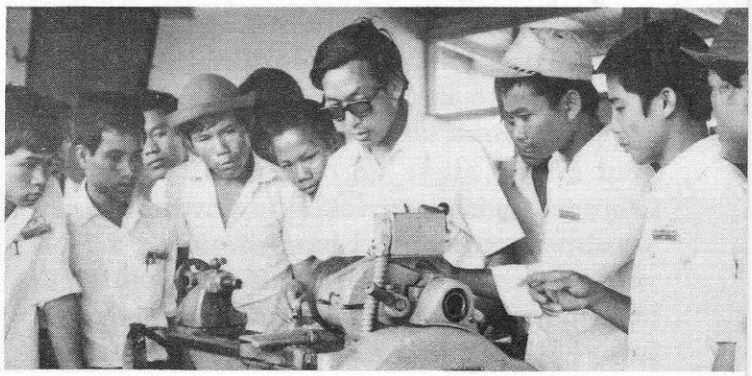






Teaching and Learning in Laos





Embassy of the United States of America

USAID Mission to Laos





TEACHING and LEARNING in LAOS

Remarks by James B. Chandler, Deputy Director, USAID Mission to Laos, on the Occasion of the Annual Graduation Ceremony for the Students of the Lao-American Association, Vientiane, June 8, 1973.

It is pleasant for me to speak to you tonight for more than one reason. First, I can speak to you in English, because you have just completed the full English program here at the Lao-American Association. Fifteen years ago, when the Lao-American Association first started its English classes, such a talk in English could not have been made anywhere in Vientiane.

Second, it is a moment of happiness and reward for you, because tonight you receive public recognition for your years of hard work and study. But last and best of all, it is an opportunity for me to speak with you for a few minutes on a subject to which I have devoted a few years of my own life and one which I consider most important for your future: Teaching and Learning in Laos.

Let me begin by saying that since this is the Lao-American Association, I am going to talk mostly about how Lao and American people have worked together to teach and learn. I could also talk about how the many other friends of Laos have taught and learned here, but there is not enough time for that, too.

First, let us look at what Lao people have taught Americans. Do you know, for example, that 350 Americans working for the United States Mission here were taught to speak Lao by Lao teachers? But, that is only formal teaching--in a classroom. Perhaps the best teaching is by example and by friendship. And, you have taught us a great deal in this way. You have taught us to smile, even when annoyed or unhappy. You have taught us patience. You have taught us that it is often better to do something gracefully than to do it quickly. You have taught us something about better ways to settle disagreement among people. We even have words for it: We say, "A Lao solution," by which we mean that with patience, understanding, and great respect for the feelings of all persons concerned, a permanent solution agreeable to everyone has been reached. Believe me, although we may not say so, we appreciate this kind of knowledge.

But, as much as I would like to spend my few minutes tonight in expressing my understanding of what Lao people have taught their American friends, I must go on to say something about what Americans have taught their Lao friends. Again, the best way is example and friendship. And there, I think we have taught that, sometimes, it is better to do something quickly than to do it gracefully; I hope we have taught that, some times, you cannot reach a just and fair solution without hurting someone's feelings, even though you should try not to do so.

As important as such teaching and learning may be, it is perhaps a little easier to talk about formal teaching and learning. Sometimes this is in a classroom, but sometimes it is just by working at a job until you can do it well. In the little book I have had prepared to go along with my talk tonight, you will find some lists of the kinds of learning and

teaching Lao and Americans have done together over the past ten years or so. I have had this little book prepared because you would not find it very interesting to listen to me give a lot of numbers, and statistics, and dry facts. But I wonder if you are not impressed--as I have been--by the variety of new things Lao people have learned to do. I do not think you are surprised that Lao people have learned English, although you may find the number who have done so, over 19,000, somewhat surprising. I am most impressed that Lao people have learned such interesting and different things. Do you know what a water master is? I think it is someone who knows how to divide water for irrigation so that everyone gets enough for his rice but not too much or too little. In any case, 15 Lao people know what it means and how to do it, just as 4,617 people know how to grow better vegetables, 47 know how to operate a chain saw (for cutting down trees faster), 530 how to produce silk and others know how to

> Manage statistics, operate bulldozers, manage a business, repair water pipes, operate radios, type, deliver babies, weave, grow fish, grow and test new kinds of rice, survey a road and supervise the building of it, run a movie projector, take fingerprints and analyze them, operate calculating machines, manage a bank, collect and budget the use of taxes, control airplanes in flight, fly airplanes, maintain airplanes, drill a well, investigate a crime, and teach teachers how to teach.

You can be proud of all the many new things that Lao people have learned to do over the past years. You can be a little thankful to those who have taught (and many, many times the teacher himself has been Lao). This is a good kind of pride and a good kind of thankfulness.

It would be easy for me to stop now while we are all feeling warm and happy because of our accomplishments. But, I do not think we have looked closely enough at this subject. Teaching is one of man's most noble actions, but it is only in the wat or the church that knowledge and understanding are sought only for their own value. Most men seek to use new knowledge for their own good or, better, for the good of others. Let us then ask ourselves, To what use can and should this new knowledge be put? I should like to give you a very simple answer: Your friends will help, but only you can do. All these new skills and all this new knowledge must be put to work to make your country strong, prosperous, and most of all, able to make its way without asking the help of its friends. This is not an easy task, and there is much long and hard work to do to reach these goals of strength, prosperity, and real independence.

I must be very frank with you about this. At the present time, your country must still buy 10 times more from other countries than it sells to other countries. Your government spends more than twice the amount that it receives in taxes. One-fourth of your citizens have been displaced from their homes because of enemy invasion of your country. Many of your best men have had to serve in the armed forces to defend your country. Even much of the food eaten by people in your cities must be bought from other countries. These are very great problems.

But the picture is not all black because there is no problem which cannot be solved if you have knowledge and if you work hard. As peace comes and soldiers are again free to work for their country in a different way, Laos can again grow all the food it needs; it can make some of the things it now buys; it

..... (Continued on inside back cover)

TRAINING ABROAD

USAID Participant Training Program

Education	
Teacher Training Secondary Education	98
Teacher Training Elementary Education	548
Educational Administration	298
Education Materials Production	26
	970
Agriculture	
Crops and Soils	124
Agriculture Extension	132
Livestock and Poultry	33
Home Economics	26
Fisheries	27
Irrigation	66
Forestry	29
Agriculture Development Organization	23
	460
Development of Rural Economy	
Community Development	48
Well Drilling	38
	86
Refugee Relief and Rehabilitation	33

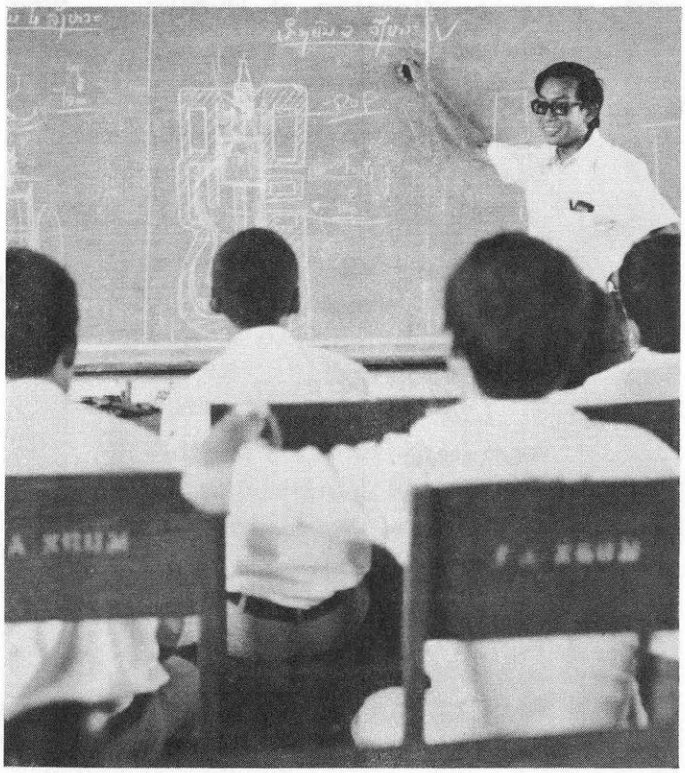
BELOW: Somsack Saythongpet, Principal Fa Ngum School, Vientiane.

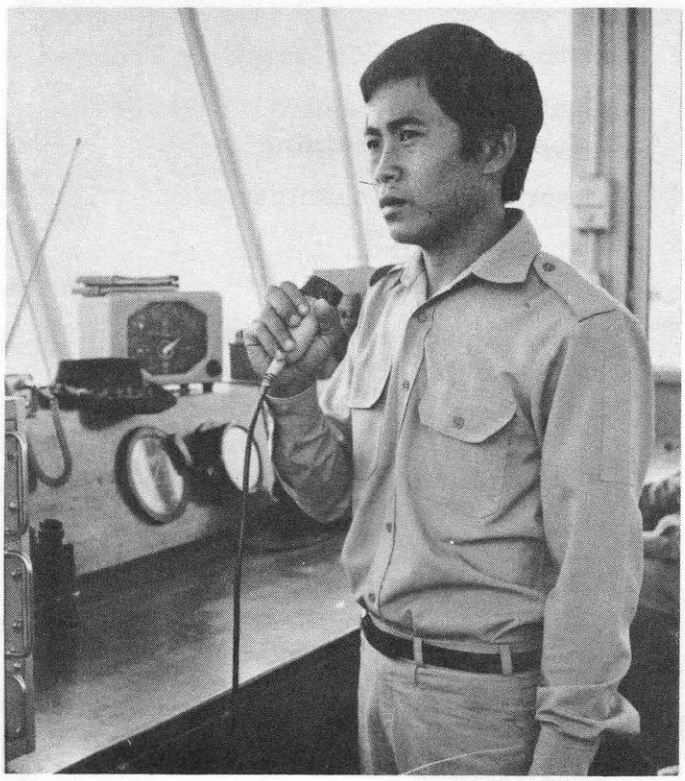




ABOVE: Manichanh Thammavong, Teacher of Mathematics, Fa Ngum School, Vientiane.

BELOW: Khamphao Outsana, Teacher of Industrial Arts at the Fa Ngum School, Vientiane.





ABOVE: Khampha, Air Traffic Control, Wattay Airport, Vientiane.

Public Health

Malaria Eradication	148
Nursing	115
Midwifery	46
Nutrition	13
Laboratory Techniques	18
Assistant Doctor Training	12
Medical Chief Training	22
Medical Records Management	11
Sanitation Control	11
	396

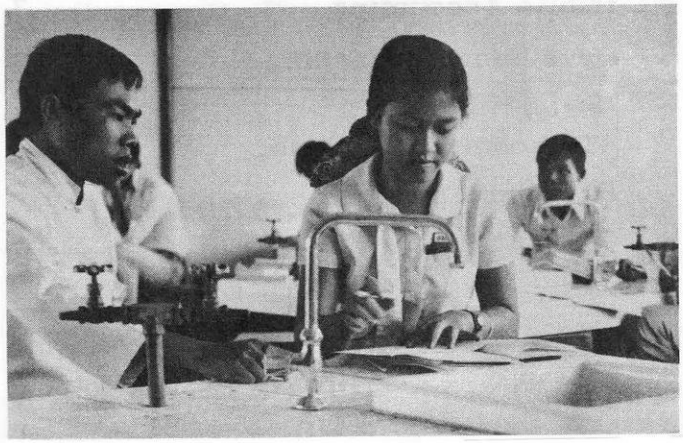
Public Administration

Civil Aviation Traffic Control	28
Civil Aviation Communications	7
Land Survey Cadastre	54
Land Administration	33
Budget Analysis	10
Tax Administration	30
Exchange Control	3
Local Administration	7
Statisctics and Census	24
Controllership	10
Treasury Accounting	35
Customs Development	15
Public Accounting	7
Development Planning	19
Postal Telecommunications	11
Pre-University Training	22
	315

Civil Police Administration

International Police Academy General Course	51
International Police Academy Senior Course	8
Riot Control	8
Telecommunications	2
Narcotics Control	2
Records and Identifications	30
Photographic Laboratory Techniques	5
Firearms Training	12
Basic Communications	43
Generator Maintenance	16
Criminal Investigations	30
Patrol Operations	10
Outboard Motor Mechanics	4
Automotive Mechanics	9
Advanced Communications	5
Judiciary Police	11
Immigration	5
Special Police Training	45
General Police Administration and Operations	91
	387

Below: (Left) Khampheuane Temthavy, Science Teacher, Fa Ngum School, Vientiane.



BOUNPHEUM SOUVANNASY,

Architect, Urban Development, Ministry of Public Works.

Faculty of Architecture, Chulalongkorn University, Bangkok, 1959-1962.

Participant Training Program, 1970-1972, Chulalongkorn University, B.A., Architecture.

KEO DENGPHENG,

Assistant Director of Studies, Ecole Superieure de Pedagogie, Vientiane.

Participant Training Program, 1966 - 1971, Kent State University, Ohio, B.S., Social Studies.

Lao National Roads System

Customer Services Specialized Training	16
Automotive Mechanics	4
Laboratory and Shop Techniques	16
Instructor Training	8
Equipment Repair and Maintenance	26
Draftmanship	2
Welding	2
Warehouse Stock Control	6
Engineering Aide	6
	86

Rural Public Works

Architecture	1
Telecommunications	10
	11

BOUARITH KHAMPHOOWONG,

USAID Community Development Advisor in Sayaboury.

Completed seven year's schooling (Maha 6) at Wat Chanh, Vientiane, 1956.

Joined USAID as Field Assistant Trainee, 1962.

Selected to go to University of Hawaii to teach Lao to American employees of USAID preparing to work in Laos, 1966.

Under USAID sponsorship, attended National Institute of Development Administration, Thailand, 1971, for Community Development Leadership Training. Assigned as Community Development Advisor in Sayaboury.

TRAINING ABROAD

USAID Academic Degree Program

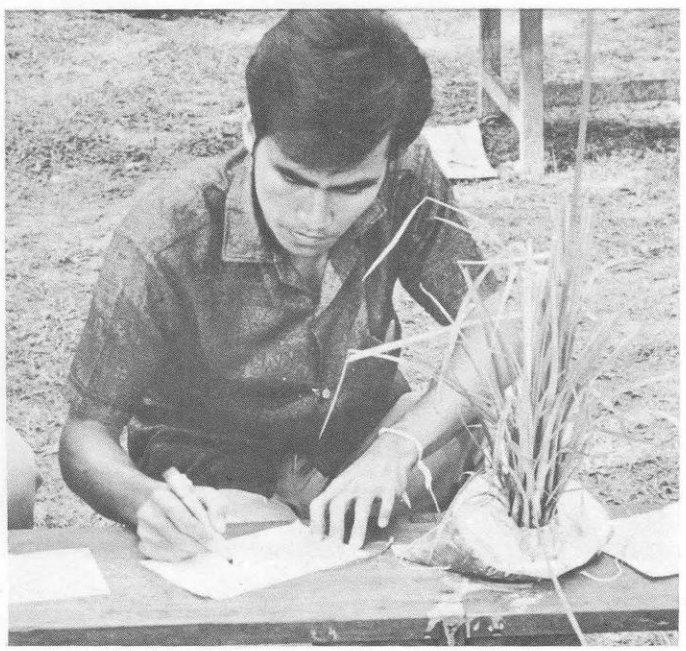
Field of Study	Number of Graduates
Education Administration	2
Linguistics	1
School Administration	1
Teacher Training	3
Elementary Teaching	1
Elementary Education	1
English	1
Industrial Arts	6
Social Study	8
Agriculture Extension	3
Home Economics	4
Crops and Soils	7
Animal Husbandry	1
Mathematics	4
Commerce	2
Architecture	1
Science	3
Agriculture	7

INSTITUTE OF INTERNATIONAL EDUCATION SCHOLARSHIPS

American Embassy

Field of Study	Number of Students
Political Science	4
American Civilization	1
English	3
Administration	1
Civil Engineering	1
Education	2
International Relations	2
Home Economics	2
International Finance and Banking	1
Agriculture	1
Business Administration	2
Economics	3
International Law	1
Architecture	1
Engineering	2
Romance Language	1

BELOW: Simma Chareunsouk, who studied at the International Rice Research Institute in the Philippines is now attending Katsetsart University under the participant training program. He will receive a B. S. in agricultural economics.



AMERICAN FIELD SERVICE

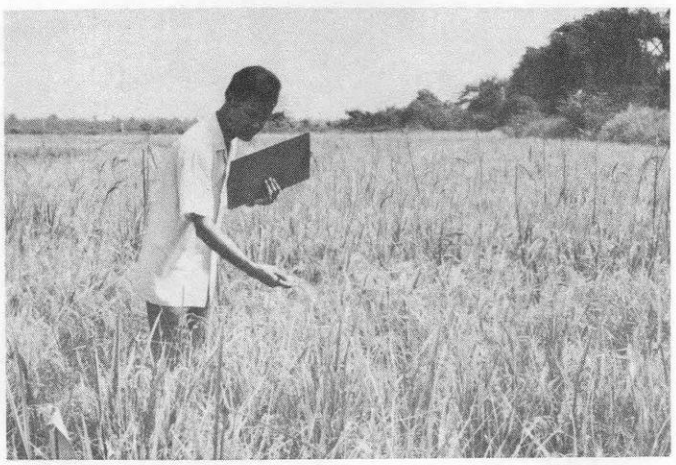
Scholarships for study in secondary schools abroad 103

EAST WEST CENTER SCHOLARSHIPS

American Embassy

Field of Study	Number of Students
Political Science	3
English	7
Civil Engineering	5
Education	2
Agriculture	1
Business Administration	1
Economics	7
Engineering	4
Public Administration	6
Horticulture	1
Arts and Sciences	10
Pre-Medical	2
Electricity	1
Marketing	1
Electronics	1
Biology	1

BELOW: Ramien Thongsodeng, Rice Research, at the Salakham Rice Research Center.



PHOUANG PHAN SANANIKONE, Director, Economic and Social Analysis, Commission General for the Plan.

American Field Service scholarship to attend high school, Grosse Pointe, Michigan, 1963.

Education Division, USAID, 1963-1964. At this time he was a member of the local employee group which formed the Association of Lao Employees for the American Mission (ALEAM), the only organized labor group in Laos. He was an officer of ALEAM and assisted in developing the ALEAM philosophy of cooperation with management to further Mission employee relations, including establishment of the Local Training Center.

East-West Center scholarship to attend University of Hawaii, 1964 - 1968, B.A., Economics. He continued his studies at the University of Colorado, Boulder, to obtain M.A., Economics, in 1970.

He returned to Laos, 1971, to become Director, Economic and Social Analysis, Commission General for the Plan.

TRAINING WITHIN LAOS

Public Health

Midwives	65
Auxiliary midwives	234
Medics	1,181
Practical nurses	204

Federal Highway Administration (FHWA)
Ministry of Public Works

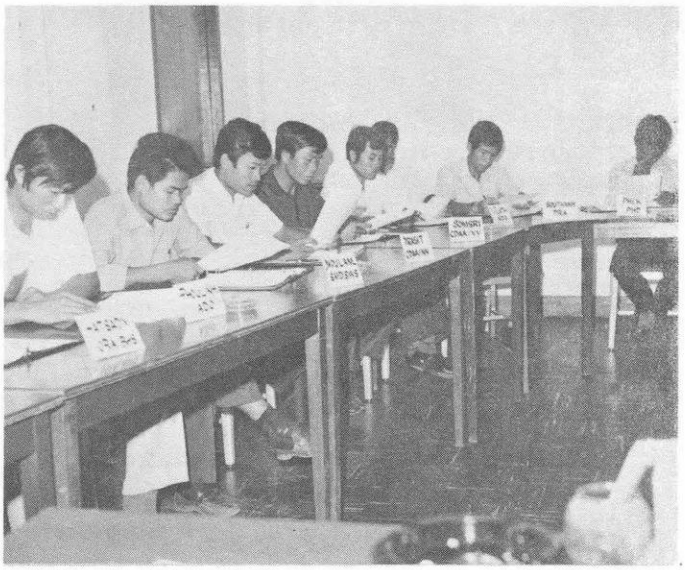
Heavy equipment operators	312
Automobile mechanics	203
Heavy equipment mechanics	205
Automobile electricians	77
Road maintenance foremen	40

Customs Assistance

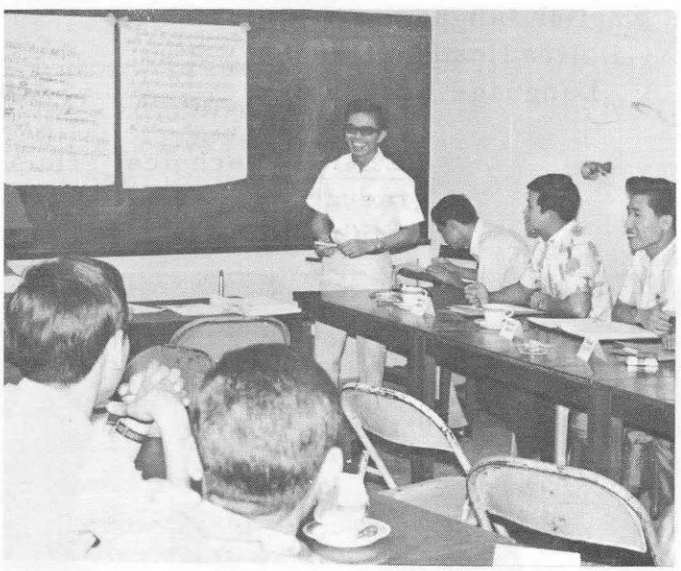
Customs primary screening and baggage examination	52
Narcotics interdiction and customs enforcement	22
Specialized training in customs investigation	8

Public Administration

Document management	244
Data processing of trade statistics	2
Surveyors	28







PHOTOS at RIGHT:

Supervisory Management Seminar. In a series of three 5-to-8-day seminars scheduled six months apart, Lao employees of USAID learn and then put into practice the principles of supervisory management. The instructional materials have been translated into Lao and the seminar is now conducted by the Lao staff. The Seminar was introduced to prepare Lao employees for promotion to supervisory positions.

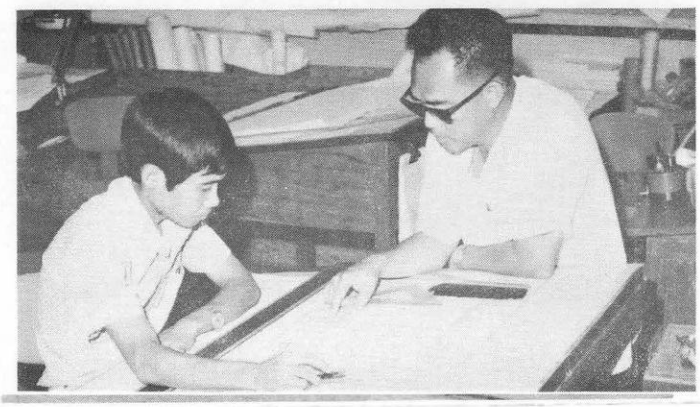
Lao Police Training Center

Basic training (NCO)	750
Commissioner's refresher course	191
Cadet officers	187
Officer candidates' course	70
Recruit training	99
Special security training	23
Firearms training	379
Radio operator's training course	50
Basic fingerprint training	36
Fingerprint training	18
Riot control course (Refresher)	188
Traffic refresher course	114
Basic narcotics	142

Somboune Academy, Vientiane

Policewomen's inservice training	89
Judiciary Police Photography and Photographic laboratory techniques	1
English language training (Beginner)	162
English language training (Advance)	76
English language training (Grammar)	15
English language training Police Headquarters Language Laboratory	120

BELOW: Technical school graduate in a draftsman's training program.



WATH SYMOUN, Principal, Fa Ngum School in Luang Prabang.

American Field Service scholarship to attend high school in the United States 1963-1964.

Participant Training Program, 1966-1970, University of Southern Illinois, B. A., Secondary Education.

Nominated to continue study under Participant Training Program, 1973, to obtain M. A., School Administration.



USIS

Movie projection training	4

USAID

Reproducing Machine	3

USAID Maintenance

Preventive maintenance (Drivers)	37
Automotive maintenance (Mechanics)	19
Automotive maintenance (Administrative)	1
Stock Records Clerk	22
Motorpool operations	12

USAID Supply Management Branch

Inservice training

Warehouse and Stock Records Clerk	3
Vehicle spare parts management	1

Public Safety Division

Equipment and maintenance	11
Generator maintenance	4
Firearms repair and maintenance	23

Inservice training

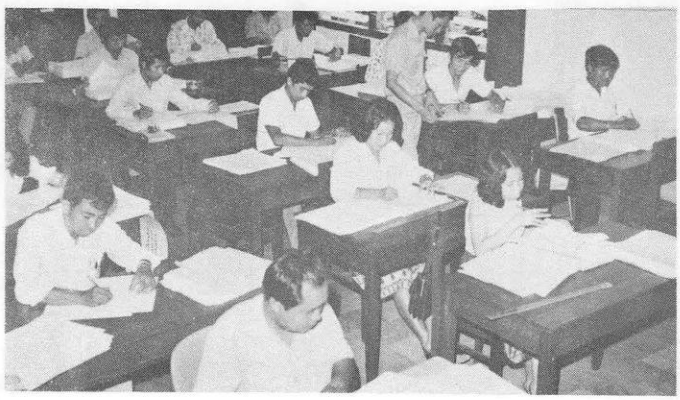
Communications equipment maintenance	44
Stock Records Clerk	2
Generator maintenance	15
Automotive maintenance (Mechanics)	12
Automotive maintenance (Administrative)	3
Supply Records Clerk	10

PHOTOS:

(Left): Miss Samphone, graduate of the clerical course, Local Training Center, is now Receptionist for the Office of the Director, USAID.

(Above right): Tiao Manitiane, Instructor in clerical courses, Local Training Center, works with Miss Seng Keo, Commission General for the Plan.

(Below): Data correlators, Commission General for the Plan, studied at the Local Training Center.





USAID Mission Guard Service

Firefighting	35
Basic Mathematics	13
Advanced Mathematics	1

USAID FHWA

Automotive maintenance	5
Automotive maintenance	13
Typerwriting	43

USAID Power

Generator maintenance	4
Generator maintenance (Supervisory)	2

USAID

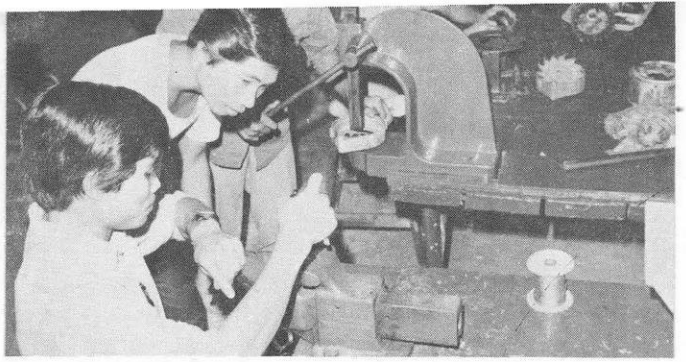
Electrical maintenance	2
Plumber training	2

Rural Development

Leadership Training	Number of Trainees
Naiban-Tasseng	3,092
RLG Employees	406
Village Development Committee	2,304
Chao Muong	35

Skill Training

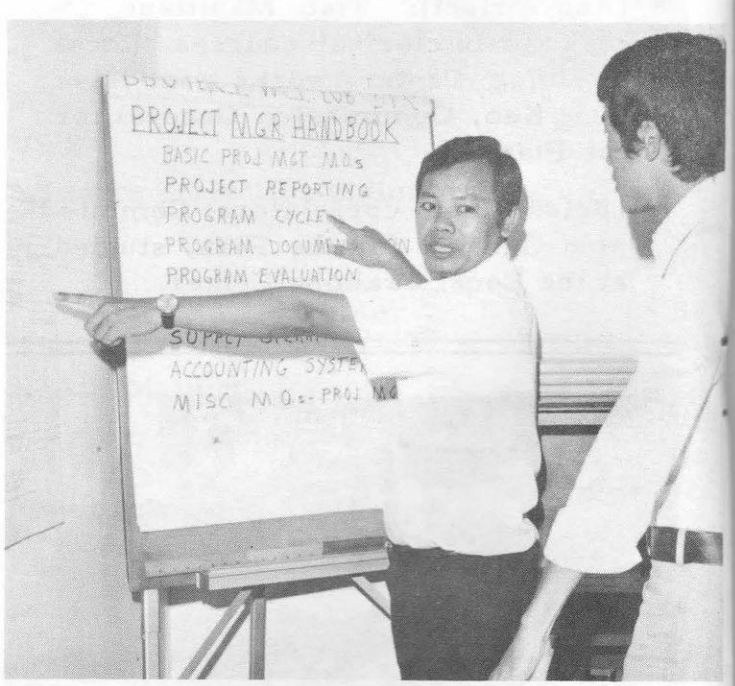
Blacksmith	255
Carpentry	280
Weaving	136
Construction	606
Mechanics	172
Home Economics	521
New agriculture methods	6,793



Above: Trainees in the USAID Auto-electric Shop.

Agriculture	Number of Trainees
Irrigation Training Aides	
Elementary Engineering Course	268
Advanced Engineering Course	192
Water Master Course	15
Agriculture Development Organization (ADO)	
Field Agents	90
Office Managers, Bookkeepers	30
Credit Union Managers	58
Extension	
Farmers	
Vegetable Production	4,617
Rice Production	1,802
Field Crop Production	3,789
Leader Training	1,695
Extension Agents Inservice Training	124
Assistant CDAA	30
Field Assistants	8
Crops and Soils	
Intensive Rice Growing Salakham	230
Crop experiment methods	102
Seed Technology	10
Program Planning and Evaluation	15
Home Economics	
Home Economics Agents Inservice	52
PL-480 Food Demonstrators	74
PL-480 Food Demonstrators Refugees	8,294
Home Economics Villager Program	
Home Economics Training	1,730
Handicraft Production	876
Clothing Construction	1,729
Home Gardens	853
Child Nutrition Center	893
Miscellaneous	
Chain Saw Operation	47
Silk Production	530
Fish Growing	17

BELOW: Mr. Somsai explains program documentation to Khamnouane Keomanyphanh, recent clerical graduate of the Local Training Center who types the project designs.



SOMSAI PHANRISVONG,

Project Manager Specialist, Evaluation and Program Management, USAID, Vientiane.

Studied at Wat Chanh, Vientiane, 1952 - 1956, Dhamma Thouta College, Rangoon, 1956 - 1957, Delhi University, New Delhi, 1957-1959.

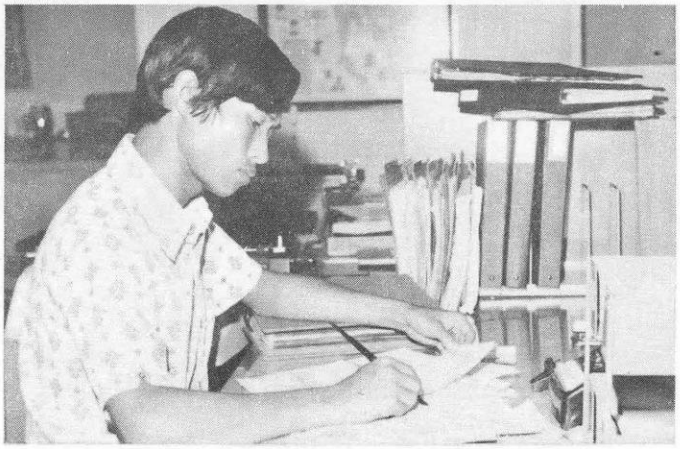
Joined USAID as Administrative Assistant, Education Division, 1963.

Selected for Supervisory Management Training, Local Training Center, 1972. Appointed Instructor in the Supervisory Management Training Course, 1972 - 1973.

Assigned as Project Management Specialist, Evaluation and Program Management Division, working with USAID and Lao Government Project Managers in developing project designs as planning instruments.

Elected President, U.S. Mission, Local Employee Credit Union, 1972.

Secondary Education Inservice	
Secondary Teachers Workshop	329
Lao History Seminar	11
Secondary Education Teacher Training	26
Geography Seminar	17
Secondary Education Student-Teacher Training	20
Community Education	
Primary School Inspector (PSI) Conference	42
Primary Teachers	1,888
Accountants from PSI Offices	42
Director Groupe Scolaire	365
CREC Teachers	1,533
Warehouse Management	24
Materials Development	45
Bonze Teachers	150
Homemaking Workshop	32
Statistics Workshop	22
Mathematics	30
Summer Courses for Refugee, Government, CREC, Military, and Bonze Teachers	775
Supervision and Testing	19
CREC and Refugee Teacher Instructors	80
Elementary Statistics	35
Health Education	30
School Maintenance	45
Xan Tri and Xan Tho Teachers	241
Refugee Teachers	146



Above: Graduate of the clerical course at work in the Personnel Office, USAID.

Education	Number of Trainees
Teacher Training Inservice	
Teacher Education Workshop	20
Training School Supervisor	10
Lao Language Seminar	50
Instructional Aid Workshop	20
Intensive English training	50
Typing	21
Student Teaching Workshop	60
English Seminars ESP Vientiane	50
Refugee Teacher Training	23
School Maintenance	250
School Improvement	600
Educational Materials	180
Generator Operators	6
School Administration	25
Student Teacher Supervision	85

USAID LOCAL TRAINING CENTER

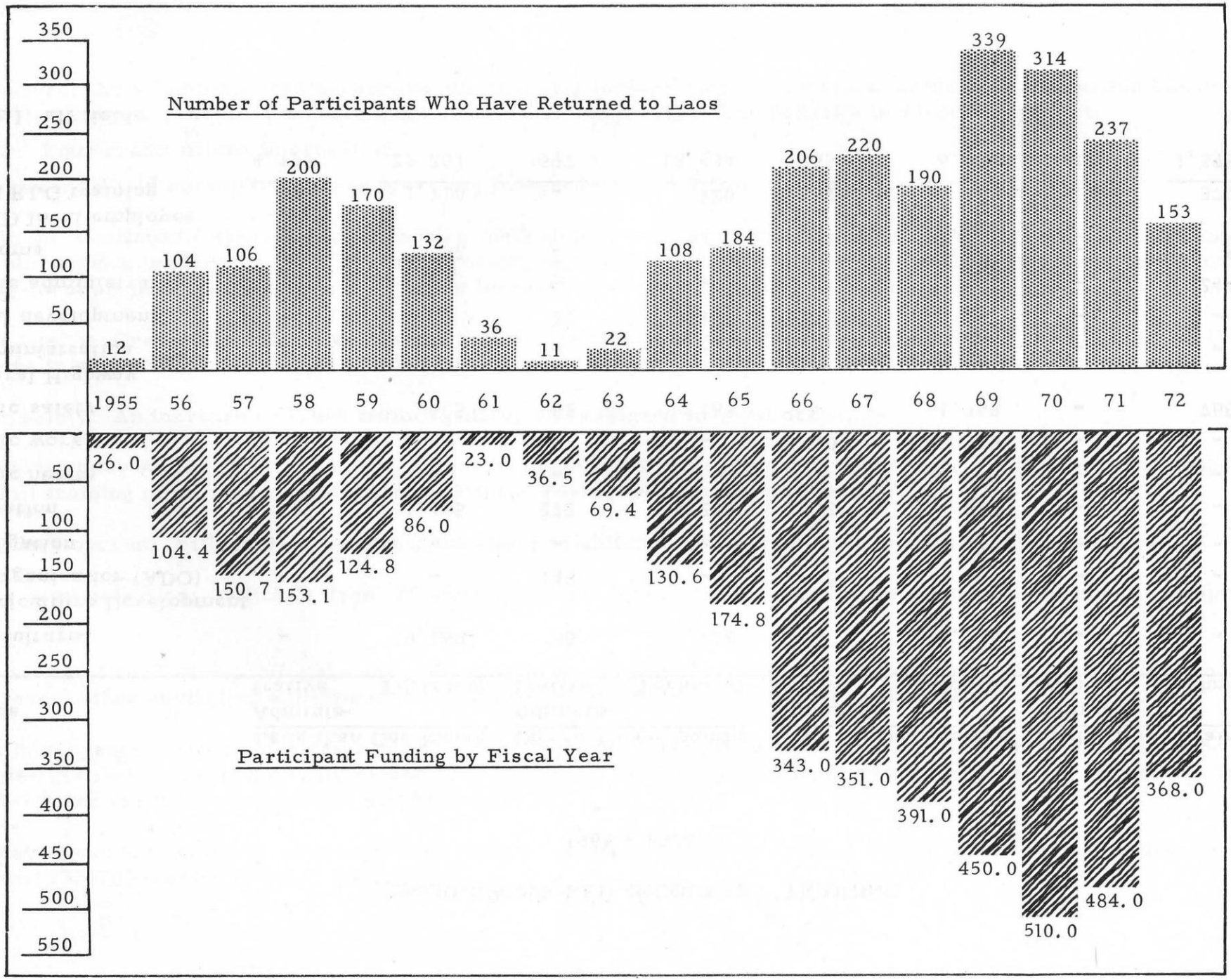
Courses and Personnel Trained

1966 - 1972

Courses	Number of Trainees
Language Training	
English	4,810
Lao	350
	5,160
Administrative	
Clerical	460
Lao Typing	30
Shorthand	20
Supervisory management	200
	710
Technical	
Mechanics	360
Generator operations	120
Electrical fields	140
Accounting	160
Plumbing	10
Mathematics	240
Radio operations	80
Drivers	1,350
	2,460
Academic and On-the-Job Training	
Participant Pre-University	150
Technical School Graduates	70
Summer Student Work Experience for secondary school students	1,450
	1,670
Total	10,000

Below: Miss Vanna, one of the graduates of the USAID Driver Training School.




Number of Participants Who Have Returned to Laos
350
300
250
200
150
100
50
12
104
106
200
170
132
36
11
22
108
184
206
220
190
339
314
237
153
1955
56
57
58
59
60
61
62
63
64
65
66
67
68
69
70
71
72
50
100
150
200
250
300
350
400
450
500
550
26.0
104.4
150.7
153.1
124.8
86.0
23.0
36.5
69.4
130.6
174.8
343.0
351.0
391.0
450.0
510.0
484.0
368.0
Participant Funding by Fiscal Year

USAID-SPONSORED INCOUNTRY TRAINING

1965 - 1972

Fields	Less than One Month		One to Three Months		Over Three Months		Part-time Training	
	Administrative	Technical	Administrative	Technical	Administrative	Technical	Administrative	Technical
Agriculture	-	19,669	30	3,718	-	1,123	-	-
Agriculture Development Organization (ADO)	-	-	148	-	8	-	-	-
Irrigation	-	-	-	-	-	126	-	-
Education	349	1,465	272	4,225	32	888	-	-
Public health	-	-	-	60	-	1,260	-	-
Public works	-	-	-	-	30	75	-	-
Public safety	-	365	68	163	-	1,369	-	766
Federal Highway Administration	-	-	-	-	-	870	-	-
Rural development	4,128	-	79	10,126	318	192	-	-
Public administration	-	-	-	-	-	2	-	244
Customs	-	52	-	22	-	-	-	8
USAID local employee and RLG training	18	1,710	-	120	367	168	3,117	377
	4,495	23,261	597	18,434	755	6,073	3,117	1,395
Total, all fields								58,127

Agriculture: Introduction of new techniques in producing lowland rice, commercial crops, and cultivation commercial vegetable gardens. Lao:Thai vegetable ratio increased from 40%:60% to 62%:38% in Vientiane market.

ADO: Four credit unions in operation.

Irrigation: Field survey teams now operating independently with Lao crew chiefs.

Education: Continued improvement in teaching methodology and use of training aids in primary schools; development of administrative leadership at all levels; increasing capability to train at higher levels; CREC teachers being qualified in long-term project; Lao language instruction increasing; curricula reform implemented.

Public health: Over 400 medical technicians and practical nurses are now providing maternal and child health (MCH) services in areas where MCH care previously unavailable.

Public safety: An increase of 1,000 trained police, 750 assigned to rural areas.

Federal Highway Administration: Forty percent increase in efficiency in use of equipment. Emphasis now on long-term and skill training of personnel of Ministry of Public Works, Department of Roads.

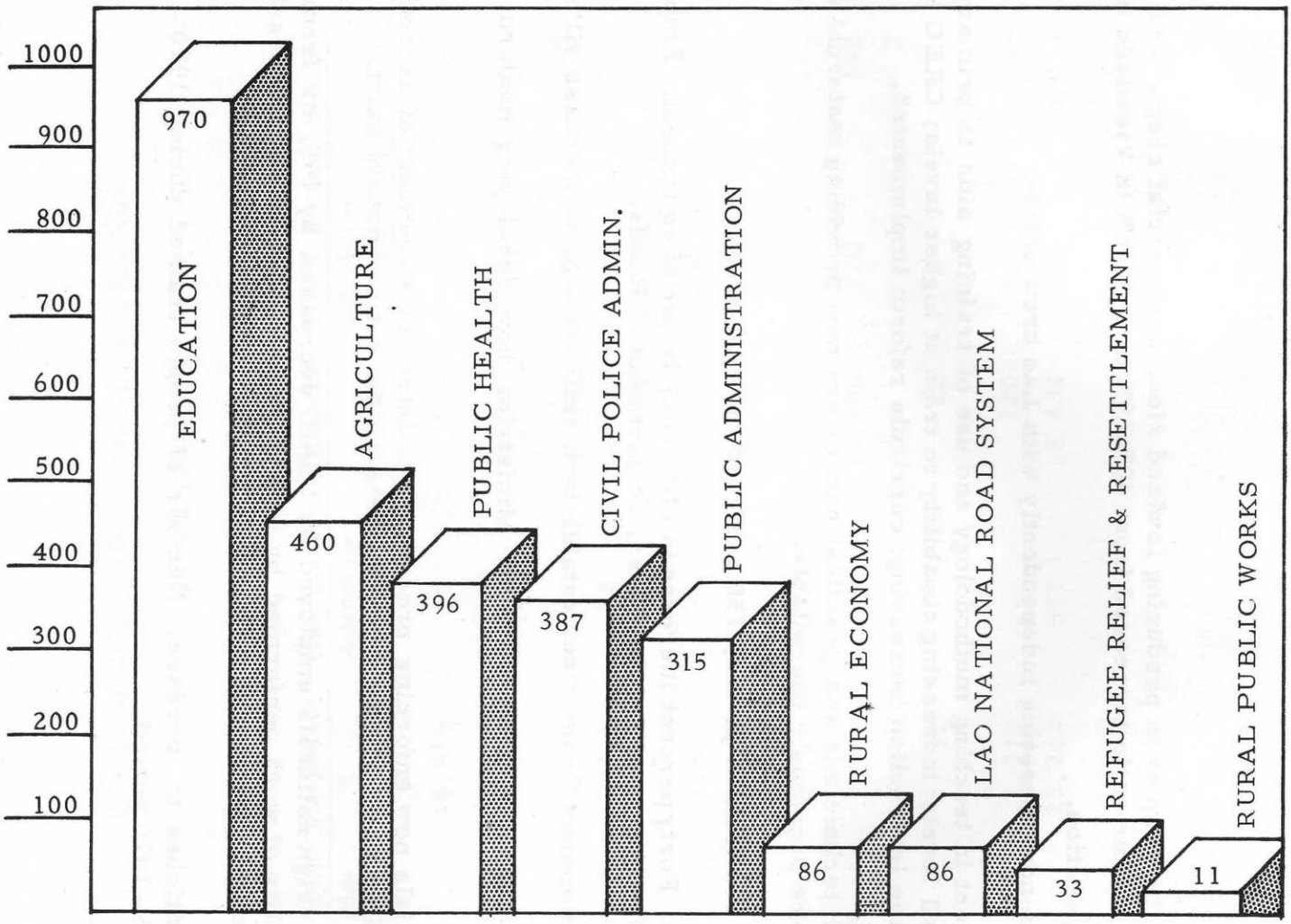
Rural development: Village Development Committees established; skill training to increase village incomes.

Public administration: Officials from 25 offices in the Ministries now developing modern document management procedures.

Customs: 82 Lao Customs officials now enforcing procedures to interdict movement of narcotics into and out of Laos and prevent other smuggling activities. Narcotics control brigade did not previously exist.

Local employees: Number of foreign nationals employed by USAID decreased by 190, or from 15 percent of the work force to less than 6 percent; quality of work performed by local personnel made reduction possible. Emphasis now on long-term and upper-level employee development.

General: Incountry training continues to increase. Number of people trained during 1970 - 1972 equalled the total number (27,870) trained in 1965 - 1970 period.



Number of Participants by Field of Training.

(Continued from Page 3)

can sell more of the things it grows and makes to other countries, just as it now sells lumber, tin, and electricity. And, with knowledge it can find new things to grow, to make, and to sell. And, as your country becomes stronger and more prosperous, all your citizens can give more and better support to your government, so that it begins to earn as much as it spends. I know that you can do all these things, because I have seen your country's greatness in defending itself against its enemy for so many long and hard years.

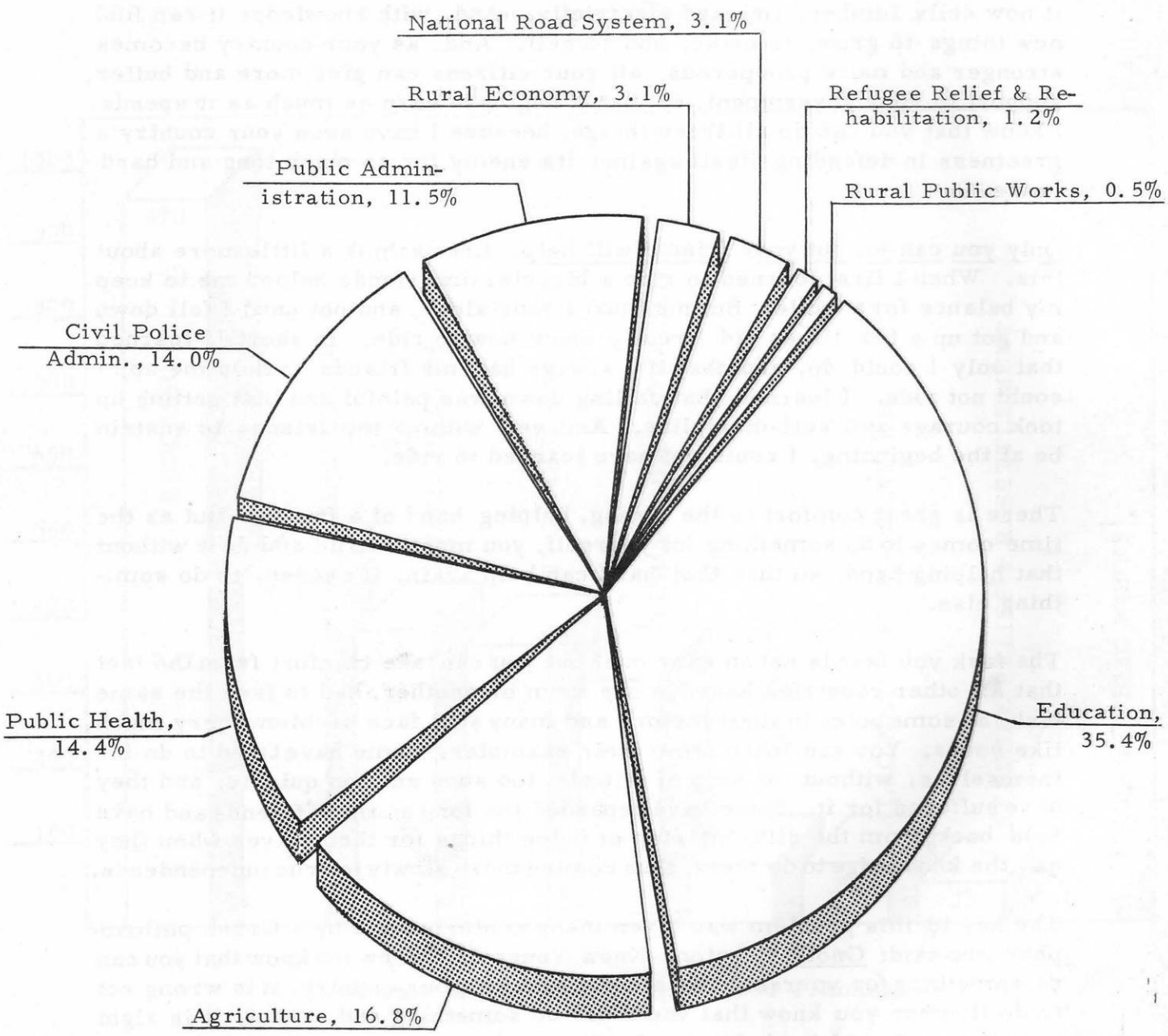
Only you can do, but your friends will help. Let us think a little more about this. When I first learned to ride a bicycle, my friends helped me to keep my balance for a while. But not until I rode alone, and not until I fell down and got up a few times did I really know how to ride. In short, I learned that only I could do, and that if I always had my friends to hold me up, I could not ride. I learned that falling down was painful and that getting up took courage and self-discipline. And yet, without my friends to sustain be at the beginning, I could not have learned to ride.

There is great comfort in the strong, helping hand of a friend. But as the time comes to do something for yourself, you must be bold and do it without that helping hand, so that that hand can help again, if needed, to do something else.

The task you face is not an easy one, but you can take comfort from the fact that all other countries have, in one form or another, had to face the same task, at some point in their history and many still face problems very much like yours. You can learn from their examples. Some have tried to do for themselves, without the help of friends, too soon and too quickly, and they have suffered for it. Some have depended too long on their friends and have held back from the difficult step of doing things for themselves when they had the knowledge to do them, thus coming more slowly to true independence.

The key to this problem was given many centuries ago by a Greek philosopher who said: Gnothi Seauton--Know Yourself. When you know that you can do something for yourself, for others, and for your country, it is wrong not to do it; when you know that you must do something and cannot, it is right to ask your friend for help, but for just as long as you need his help.

As one who believes himself to be a friend who has tried to help, I must do more than express my happiness that you have worked so hard to learn my language. I must also say that I fully expect you to apply that knowledge, and all the rest of your knowledge and strength, to the task of keeping your country and your people strong, prosperous, and independent.



Percentages of Total Number of Participants by Sponsoring Project.

PA-AAE-561
ISN 72443

FACTS ON FOREIGN AID TO LAOS

2ND EDITION

EMBASSY OF THE UNITED STATES OF AMERICA
USAID
MISSION TO LAOS
JULY 1973

Facts on Foreign Aid to Laos.
LA
309.2235594 USAID/Laos. NTIS
U58b Facts on Foreign Aid to Laos.
1971.
202 p. Illus.
Supplement.
2nd Edition - July, 1973
1. Development assistance - LA. 2. A.I.D. - Programs - LA. 3. Socio-economic conditions - LA. 4. Refugees - LA. I. Title.

Contributions

Laos Since 1970: A Political Perspective	Robert P. Myers, Jr., Political Officer, American Embassy
Stabilization Report	Walter F. Stettner, Senior Economic Advisor, USAID
Refugee Report	Jack L. Williamson, Refugee Affairs Officer, USAID
U.S. Economic Assistance to Laos Projects Report	Lea Knott, Program Evaluation Officer, USAID
Other Foreign Assistance to Laos	Douglas J. Clark, Regional Program Officer, USAID
Foreign Exchange Operations Fund for Laos	Leslie Dean and John E. Diller, Program Economists, USAID
Layout Design	Joseph L. Budy, Graphics and Design Officer, USAID
Layout Artists	Xay Kaignavongsa Soune
Typescript	Kim Bich Morris
Editor	Lea Knott

Produced by Communications Media Branch, USAID - Kenneth L. Ross, Chief

Contents

Introduction

Laos Since 1970: A Political Perspective 1

Agreement on the Restoration of Peace and Reconciliation in Laos 4

U.S. Economic Assistance to Laos 13

Economic Stabilization 17

Refugee Relief and Resettlement 21

PL-480, Title II Food Program 26

PL-480, Title II Cotton Program 29

Narcotics Control 30

Public Health Development

Village Health Program 36

Operation Brotherhood 38

Maternal and Child Health 40

Development of Lao National Roads 47

Development of the Rural Economy

Rural Public Works 51

Well Drilling 56

Rural Self Help 58

Agriculture Development
Agriculture Development Organization 61
Sericulture 65
Crops and Soils 67
Irrigation 68
Agriculture Extension 73
Fisheries 75
Livestock 78
Education Development
Community Education 80
Secondary Education 83
Teacher Training 85
Development Administration
Public Administration and Finance 88
Development Planning 91
Human Resources Development 93
Civil Police Administration 101
Statistical Appendix 105

Other Foreign Assistance to Laos 133

Foreign Exchange Operations
Fund for Laos 161

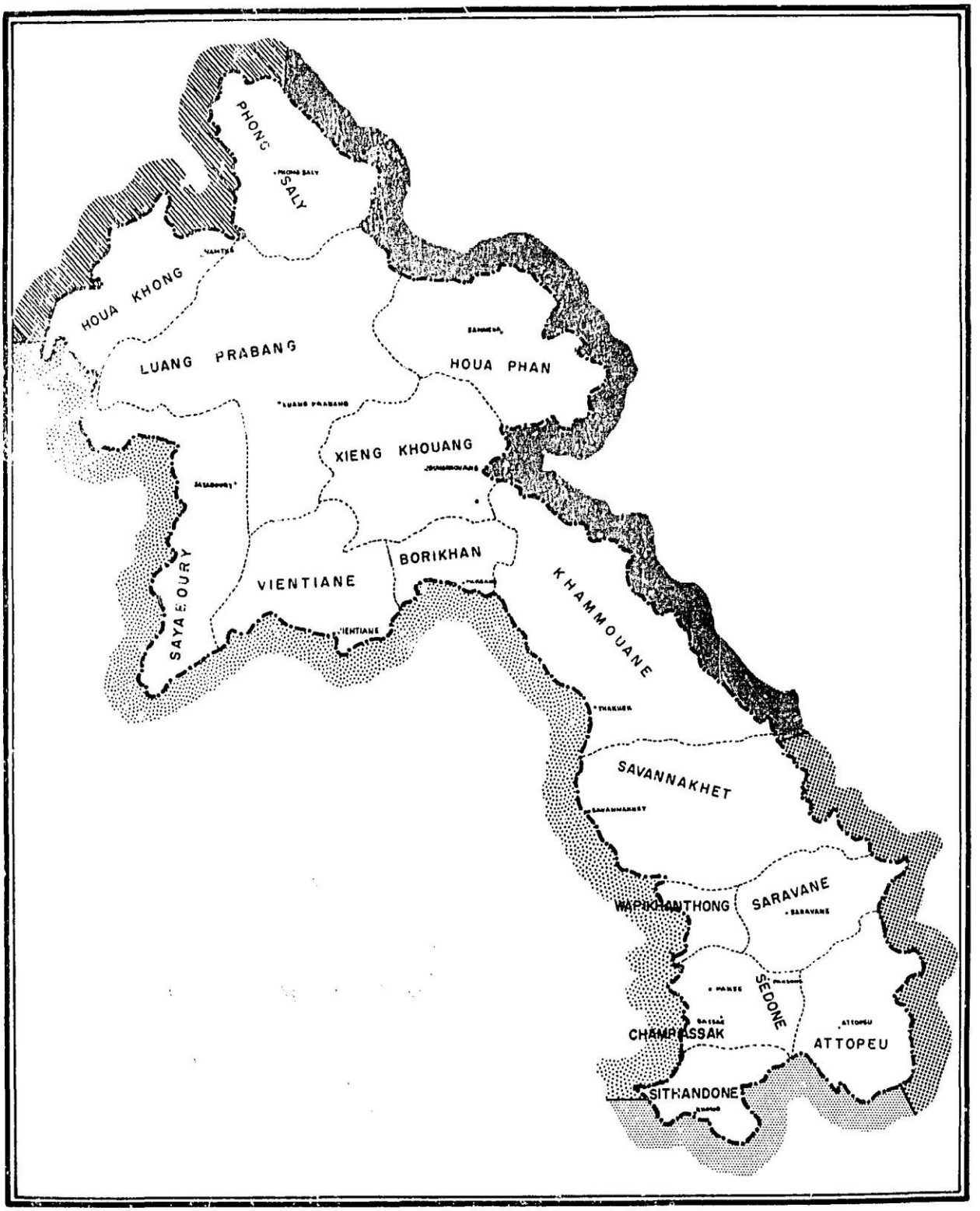
Introduction

Our reasons for publishing this Second Edition of Facts on Foreign Aid to Laos are very simple: The publication has proved of use as reference material to a great variety of people--not only to government officials and members of international organizations, but also to businessmen, the press, reference librarians, students and private citizens--in short, to most people who have an interest in Laos. We have learned that this is true because of the number and kind of requests for copies of the publication that we have received.

For this Second Edition, we have retained much of the format of the original publication in reporting developments in foreign assistance to Laos over the past two years. Perhaps the greatest change is in reporting the USAID program. As much for our own record as for public interest in U.S. economic assistance to Laos, we have described each project on an individual basis and attempted to define its place in the economic assistance program as a whole. This program falls into four categories of assistance: humanitarian, reconstruction, development, and stabilization. It continues to support the Lao Government in its endeavors to maintain reasonable economic stability, to resettle the many refugees created during the fighting, to reconstruct infrastructure destroyed during hostilities, and to prepare the ground for moving toward the long-term development of Laos.

The U.S. economic aid program, as all U.S. assistance to Laos, supports fully the leadership of Prime Minister Souvanna Phouma.

Charles A. Mann
Counselor of Embassy
for Economic Affairs
and Director, USAID Laos


PHONG SALY
HOUA KHONG
LUANG PRABANG
HOUA PHAN
XIENG KHOUANG
SAYABOURY
VIENTIANE
BORIKHAN
KHAMMOUANE
SAVANNAKHET
WAPIKHANTHONG
SARAVANE
SEDONE
CHAMPASSAK
ATTOPEU
SITHANDONE

Laos Since 1970: A Political Perspective

The year 1970 began with Laos on the threshold of military and political crisis. In January, the Lao Patriotic Front (LPF) in its annual dry-season offensive forced the Royal Lao Government (RLG) troops to evacuate the strategically located Plain of Jars in north central Laos. North Vietnamese Army (NVA) participation in military operations in Laos increased significantly during the final months of 1969, in fact dwarfing the LPF role. In response to this development, the United States in February 1970 ordered B-52 raids over northern Laos at the request of the Royal Lao Government.

Prime Minister Souvanna Phouma officially proposed on February 3 that the Plain of Jars be neutralized as a first step towards peace. Both the North Vietnamese and the Lao Patriotic Front rejected the proposal with the latter promising to recapture the area in question. In fact, a new Communist offensive began on February 12.

On March 6, 1970, the Lao Patriotic Front put forward a five-point plan, which among other things called for an end to all U.S. military involvement in Laos, including an unconditional stop to all bombing. Prime Minister Souvanna Phouma replied by insisting that all North Vietnamese troops be withdrawn from Laos.

On March 6, President Nixon also made a statement on Laos in which he appealed to the United Kingdom and the USSR, as co-chairmen under the Geneva Accords, to help see that the provisions of the 1962 Geneva Agreements were honored. On March 16, the USSR rejected the President's appeal, calling for negotiations first between the two Lao parties.

Between April and June 1970 two provincial capitals in southern Laos--Attopeu and Saravane--which had never before been occupied by the Communists, succumbed to North Vietnamese attacks. During March, the Sihanouk government in neighboring Cambodia had been deposed and, as a result, the Communists had lost the use of the port of Kompong Som (Sihanoukville). This development, combined with the allied incursion into Cambodia in late April and early May, forced the North Vietnamese troops operating in South Vietnam and Cambodia to rely almost totally on the Ho Chi Minh trail system in Laos for their supplies.

On October 7, 1970, President Nixon put forward a five-point proposal for peace in Indochina which urged an immediate ceasefire throughout Indochina, an immediate release of all prisoners of war in the Indochina area, the holding of an all-Indochina peace conference, the complete withdrawal of all outside forces and the negotiation of a political settlement based upon the aspirations of the Indochinese people themselves. The North Vietnamese response to the President's offer was significant escalation in the size and aggressiveness of its forces in Laos.

Despite sporadic contacts between representatives of the Royal Lao Government and the Lao Patriotic Front during late 1970, no progress occurred on the negotiating front. As a result, in January 1971 talks between the sides were suspended.

During February 1971 South Vietnamese forces aided by U.S. air support, conducted a cross-border operation, named Lam Son 719, into the Lao panhandle near Route 9 around the sparsely inhabited town of Tchepone. This incursion constituted an effort to interdict North Vietnamese infiltration routes passing through Laos into South Vietnam. Casualties on both sides were very high as the armed forces of South Vietnam met stiff North Vietnamese resistance. South Vietnamese forces withdrew from Laos after two months of combat operations, having, at least temporarily, disrupted the flow of men and materiel southward. Although the Royal Lao Government protested the Lam Son 719 operation as a violation of its neutrality, it placed the real blame for it on the continued presence of North Vietnamese troops in Laos.

The fighting in Laos during early 1971 was particularly fierce. By the end of May 1971 the Plain of Jars had been retaken and lost by the Royal Lao Government, and Long Tieng, General Vang Pao's Second Military Region Headquarters southwest of the Plain, was gravely threatened. Moreover, in southern Laos the district town of Moung Phalane on Route 9 had been captured in January, and farther south, the town of Paksong fell in May, thereby putting most of the Bolovens Plateau into enemy hands.

Action around Long Tieng resumed during the 1971-1972 dry season as the North Vietnamese made another concerted effort to capture Long Tieng. (At the height of the dry season, it is estimated that up to 100,000 North Vietnamese troops were in Laos, many of them devoted to trail operations and security as well as to combat operations.) Despite bitter fighting, the RLG forces managed to hold Long Tieng, but the enemy continued to occupy the Plain of Jars.

In early January 1972, despite the tenuous military situation, nationwide elections were held in Laos on schedule. Some 200 candidates campaigned for 60 seats and, somewhat unexpectedly, 41 new deputies were elected into office. The results mirrored popular discontent with rising prices, the war, and the previous "do-nothing" assembly. The election itself was remarkably democratic and honest. The Lao Patriotic Front had been invited by Prime Minister Souvanna Phouma to participate in the campaign, but it denounced the elections as a farce conducted by the rightist forces in Laos. This charge was clearly disproved by the results of the voting.

During July 1972, the Lao Patriotic Front sent a representative to Vientiane to broach the subject of further negotiations between the two sides. Formal talks resumed on October 17. After four months of negotiations, and following the signing of the Vietnam Agreement on January 23, 1973, the Agreement on the Restoration of Peace and Reconciliation in Laos was signed on February 21, 1973 by both Lao parties. The Agreement called for a ceasefire, an end to bombing, formation of a new Provisional Government of National Union (PGNU) within 30 days of the signing of the Agreement, and the withdrawal from Laos of all foreign troops within 60 days of the formation of the Provisional Government of National Union and Joint National Political Council. Also all prisoners of war "regardless of nationality" were to be released within the same 60-day period.

Under the Vientiane Agreement, ministerial portfolios in the new Provisional Government of National Union are to be divided equally between the Royal Lao Government and the Lao Patriotic Front rather than on the tri-partite lines (leftist/neutralist/rightist) specified in the Plain of Jars Agreement of 1962. The Prime Minister will be from neither side and there is no stipulation concerning the post of Deputy Prime Minister. Pending the holding of elections, the two Lao zones would be temporarily administered separately.

The ceasefire has proved remarkably durable; only scattered, minor combat persisted into June. By mid-1973, however, the Lao parties had been unable to negotiate the formation of the new Provisional Government of National Union and, consequently, other aspects of the Agreement were not fully implemented. However, conclusion of the Paris Communique on June 13 between the United States and the Democratic Republic of Vietnam opened the prospect for further progress toward peace in Laos.

[American Embassy Unofficial Translation]

AGREEMENT ON THE RESTORATION OF PEACE AND RECONCILIATION IN LAOS

In response to the august desire of His Majesty the King and the earnest hope of the entire Lao people who wish to end the war soon, to restore and preserve a durable peace, and to achieve national reconciliation to unify the nation, and establish its independence, neutrality, democracy and prosperity so it may play a role in the development of peace in Indochina and Southeast Asia.

Based on the 1962 Geneva Agreement concerning Laos and the current situation in Laos, the Vientiane government side and the Patriotic Forces side have agreed unanimously as follows:

PART I

GENERAL PRINCIPLES

ARTICLE I

(A) The intention of the Lao people is to firmly preserve and resolutely apply basic and inviolable national rights, such as the independence, sovereignty, unity and territorial integrity of Laos.

(B) The Declaration on the Neutrality of Laos, dated July 9, 1962, and the 1962 Geneva Agreements on Laos are the correct bases for the peaceful, independent and neutral foreign policy for the Kingdom of Laos; the Lao parties concerned, the United States, Thailand and other foreign states must scrupulously respect and apply them. The internal problems of Laos must be solved by the Lao people themselves without foreign interference.

(C) Given the noble goal to restore peace, consolidate independence, achieve national reconciliation and unite the nation, and given the present situation in Laos, in which there are two zones and two separate administrations, the Lao internal problem must be solved in accordance with the spirit of national reconciliation, based on the principle of equality and mutual respect without either side pressuring or annexing [1] the other.

(D) To preserve national independence and sovereignty, promote national reconciliation and unite the country, it is necessary to carefully observe the rights and freedoms of the people, such as: individual liberty, freedom of religion, freedom of speech, freedom of the press, freedom of assembly, freedom to form political parties and associations, freedom to vote and to run for office, freedom of travel, freedom of residence, freedom of trade, and freedom to own personal property; all laws, regulations and organizations prohibiting the above-mentioned rights must be abolished.

PART II

ARTICLES CONCERNING MILITARY AFFAIRS

ARTICLE 2

At 1200 noon on February 22, 1973, Vientiane time, a ceasefire-in-place will be carried out fully and simultaneously throughout Laos, including the following:

(A) Foreign countries will cease completely and permanently the bombing of all Lao territory, will cease intervention and aggression in Laos, and will cease all military involvement in Laos.

(B) All foreign armed forces will completely and permanently [2] cease all military activities [3] in Laos.

(C) All armed forces of all Lao factions will cease completely all military activities that constitute hostilities toward one another, both on the ground and in the air.

ARTICLE 3

Following the ceasefire:

(A) Ground or air forces are forbidden all activities to attack, annex, threaten and enter territory temporarily under the control of the other side.

(B) All military actions which constitute other hostile acts are forbidden, including banditry, suppression, armed activity, and espionage [4] by air and ground means. If one side wishes to resup-

ply its own side with foodstuffs [5] by passing through the zones of the other side, the committee to implement the agreement will consult and agree [6] on establishing specific measures for this.

(C) All "sweep" operations, terrorism and suppression which endanger the lives and property of the people, as well as acts of revenge and discrimination against people who have cooperated with the opposite side during the war, are forbidden; to help the people who were forced to flee from their homes during the war to be free to return and earn a living according to their wishes [7].

(D) It is forbidden to bring into Laos all types of military personnel, regular troops and irregular troops of all kinds and all kinds of foreign-made weapons or war material, except for those specified in the Geneva Agreements of 1954 and 1962. In case it is necessary to replace damaged or worn-out weapons or war materials [8], both sides will consult and arrive at an agreement.

ARTICLE 4

Within a period no longer than 60 days, counting from the date of establishment of the Provisional Government of National Union and the Joint National Political Council, the withdrawal of foreign military personnel, regular and irregular, from Laos, and the dismantling of foreign military and paramilitary organizations must be totally completed. "Special forces"--organized, trained, equipped and controlled by foreigners--must be disbanded; all bases, military installations and positions of these forces must be liquidated.

ARTICLE 5

Both Lao sides will return to each other all persons regardless of nationality that were captured, and those imprisoned for cooperating with the other side, during the war. Their return will be carried out according to the procedures set up by the two sides, and, at the latest, must be completed within 60 days following the establishment of the Provisional Government of National Union and the Joint National Political Council.

After all those who were captured have been returned, each side has the duty to gather information on those missing during the war and report the information to the other side.

PART III

ARTICLES CONCERNING POLITICS

ARTICLE 6

General elections shall be held in accordance with the principles of freedom and democracy in order to elect a National Assembly and establish a Government of National Union, which will truly represent all the people of all nationalities throughout Laos. The procedures and the timing for the elections will be agreed between the two sides.

Before these elections are held, and not later than 30 days after the signing of this agreement, the two sides will establish a Provisional Government of National Union and a Joint National Political Council, to carry out the agreements which have been signed and to administer the affairs of the nation[9].

ARTICLE 7

The new Provisional Government of National Union will consist of representatives of the Vientiane government side and of the Patriotic Forces side in equal number, and two qualified persons who are for peace, independence, neutrality and democracy, as agreed upon by the two sides. The Prime Minister-to-be will be outside the equal apportionment to the two sides[10]. The Provisional Government of National Union will be set up under a special procedure with the agreement[11] of the King; It will work according to the principle of unanimity between the two sides. It will have the duty of carrying out the agreements signed and the political programs which the two sides have agreed to, for instance, the carrying out of the ceasefire, the preservation of a durable peace, to implement in full the democratic rights of the people, to practice a peaceful, independent and neutral foreign policy, to coordinate plans for economic development, cultural expansion, and to receive and distribute combined foreign assistance[12] from various countries aiding Laos.

ARTICLE 8

The Joint National Political Council is an organization of national reconciliation, consisting of equal number of representatives of the Vientiane government side and the Patriotic Forces side, as well as other qualified persons who support peace, independence,

neutrality and democracy in a number to be agreed on by both sides, working in accordance with the principle of unanimity in consultations between both sides and having the following duties:

-- Consult and furnish opinions to the Provisional Government of National Union on major questions of domestic and foreign affairs of the nation.

-- Support and assist the Provisional Government of National Union and the two sides in implementing the agreement, in order to successfully achieve national reconciliation.

-- Examine and agree together with the Provisional Government of National Union on laws and regulations relating to general elections and to cooperate with the Provisional Government of National Union in setting up the elections to elect a National Assembly and to set up a regular national government.

The procedure for establishing the Joint National Political Council is as follows: both sides will discuss the subject in detail and come to a decision which they will forward to the Provisional Government of National Union to be submitted to the King for the final appointment. The same procedure will be followed to effect the dissolution of the Council.

ARTICLE 9

The two sides agree to neutralize Luang Prabang and Vientiane and to seek every method to guarantee the security of the Provisional Government of National Union and the Joint National Political Council and their effective functioning and to protect them from sabotage or pressure from any force within or without.

ARTICLE 10

(A) While awaiting the election of the National Assembly and the establishment of the Permanent Government of National Union, in accordance with the spirit of Article 6 of Part II of the joint communique issued at Zurich June 22, 1961, both sides will preserve their own zones of temporary control and will attempt to carry out the political programs of the Provisional Government of National Union which the two sides have agreed upon.

(B) Both sides will promote normal relations between the two zones, setting up favorable conditions for the people to travel, earn a living, visit one another, carry out economic, cultural and other exchanges and other activities in order to develop national concord and build national unity quickly.

(C) Both sides take cognizance of the announcement of the American government that it will participate in healing the wounds of the war and in the reconstruction of Indochina after the war. The Government of National Union will discuss with the American government such participation in regard to Laos.

PART IV

CONCERNING THE JOINT COMMISSION TO IMPLEMENT THE AGREEMENT AND THE INTERNATIONAL COMMISSION FOR SUPERVISION AND CONTROL

ARTICLE 11

The implementation of this agreement is primarily the responsibility of the two sides concerned in Laos. The two sides will immediately set up a commission to implement the agreement with an equal number of representatives from each side. The commission to implement the agreement will begin to function immediately after the ceasefire is effective. The commission to implement the agreement will function according to the principle of unanimity in consultation.

ARTICLE 12

The International Commission for Supervision and Control, which was set up according to the 1962 Geneva Agreements on Laos, consisting of representatives of India, Poland and Canada, with India being the Chairman, will continue its activity in accordance with the duties, powers, and working principles stipulated in the Protocol of the above-mentioned agreements.

PART V

OTHER DISPOSITIONS

ARTICLE 13

The Vientiane government side and the Patriotic Forces side promise to carry out this agreement and to pursue negotiations to bring to reality all the provisions that they have agreed to and to solve the remaining problems involving the two sides in a spirit of equality and mutual respect in order to put an end to the war, restore and preserve a durable peace, carry out reconciliation, build national unity and lead the nation to become peaceful, independent, neutral, democratic, unified and prosperous.

ARTICLE 14

The present agreement is effective as of the date of signing. Done at Vientiane, February 21, 1973, in five copies in Lao:

-- one copy for H. M. the King;
-- one copy for each side;
-- one copy for the archives of the Provisional Government of National Union, and
-- one copy for the archives of the Joint National Political Council.

Representative of the Vientiane Government	Representative of the Party of the Patriotic Forces
Phagna Pheng PHONGSAVAN,	Phagna Phoumi VONGVICHIT,
Special Plenipotentiary	Special Plenipotentiary
Representative of the	Representative of the
Vientiane Government	Patriotic Forces

NOTES:

1/ PL text in English — "Annexation"
PL text in Lao — "Swallow"
French text — "Annexer"

2/ PL text in English — "For good"
PL text in Lao — "Permanently"
French text — "Definitivement"

3/ PL text in English — "Activities"
PL text in Lao — "Movements"
French text — "Activités"

4/ PL text in English — "Espionage"
PL text in Lao — "Armed Air Reconnaissance"
French text — "Espionnage"

5/ PL text in English — "To supply its men in food"
PL text in Lao — "To transport food supplies"
French text — "Revitailler en vivres ceux qui relevent d'elle"

6/ PL text in English — "Will discuss this and define upon common agreement"
PL text in Lao — "Must discuss and lay down"
French text — "En discutera et definira d'un common accord"

7/ PL text in English — "Assistance must be given to people who were forced to leave their native villages during the war to help them return there freely to live the way they desire"

PL text in Lao — "The people who were forced to evacuate from their native land during the war must be assisted to freely return to their domiciles to earn their living in accordance with their desires."

French text — "Aider les habitants refugies qui ont été obligés de quitter leurs villages d'origine pen-

		dant la guerre a y retourner librement pour y gagner leur vie selon leur desir."
8/	PL text in English	"Replacement of damaged or worn-out armaments and war material"
	PL text in Lao	"Replace damaged or out-of-order weapons and war means"
	French text	"Remplacement d'armament et matériel militaires endommages et usés."
9/	PL text in English	"Handle state affairs"
	PL text in Lao	"Administer national tasks"
	French text	"Gérer les affaires du pays"
10/	PL text in English	"The future Prime Minister will not be included in the two equal numbers of representatives of the two parties"
	PL text in Lao	"The Prime Minister must be a person who is not a member of the representatives in the government"
	French text	"Le futur premier ministre ne sera pas compris dans des deux nombres égaux de représentants des parties"
11/	PL text in English	"Of direct investiture by His Majesty the King"
	PL text in Lao	"By Royal Decree to His Majesty the King"
	French text	"Par l'investiture direct de sa Majesté le Roi"
12/	PL text in English	"The aid given by various countries to Laos"
	PL text in Lao	"All aid materials from all countries aiding Laos"
	French text	"L'aide commune accordée au Laos par les divers pays"

U.S. Economic Assistance to Laos

U.S. economic assistance to Laos takes two forms:

> Stabilization assistance to control the inflationary pressures that threaten the Lao economy.
>
> Project assistance to help the Royal Lao Government provide essential services and facilities for its people and to alleviate the effects of the war in Laos.

The funds that have been provided for stabilization purposes and for projects are shown in the table which summarizes U.S. economic assistance to Laos, FY 1955 - FY 1973.

The purposes that these funds serve fall into five categories of assistance: humanitarian, reconstruction, development, stabilization, and an anti-narcotics program. The figure uses these categories in showing the distribution of $50.1 million in economic assistance funds and the value of PL-480 foods provided in FY 1973.

Humanitarian Assistance

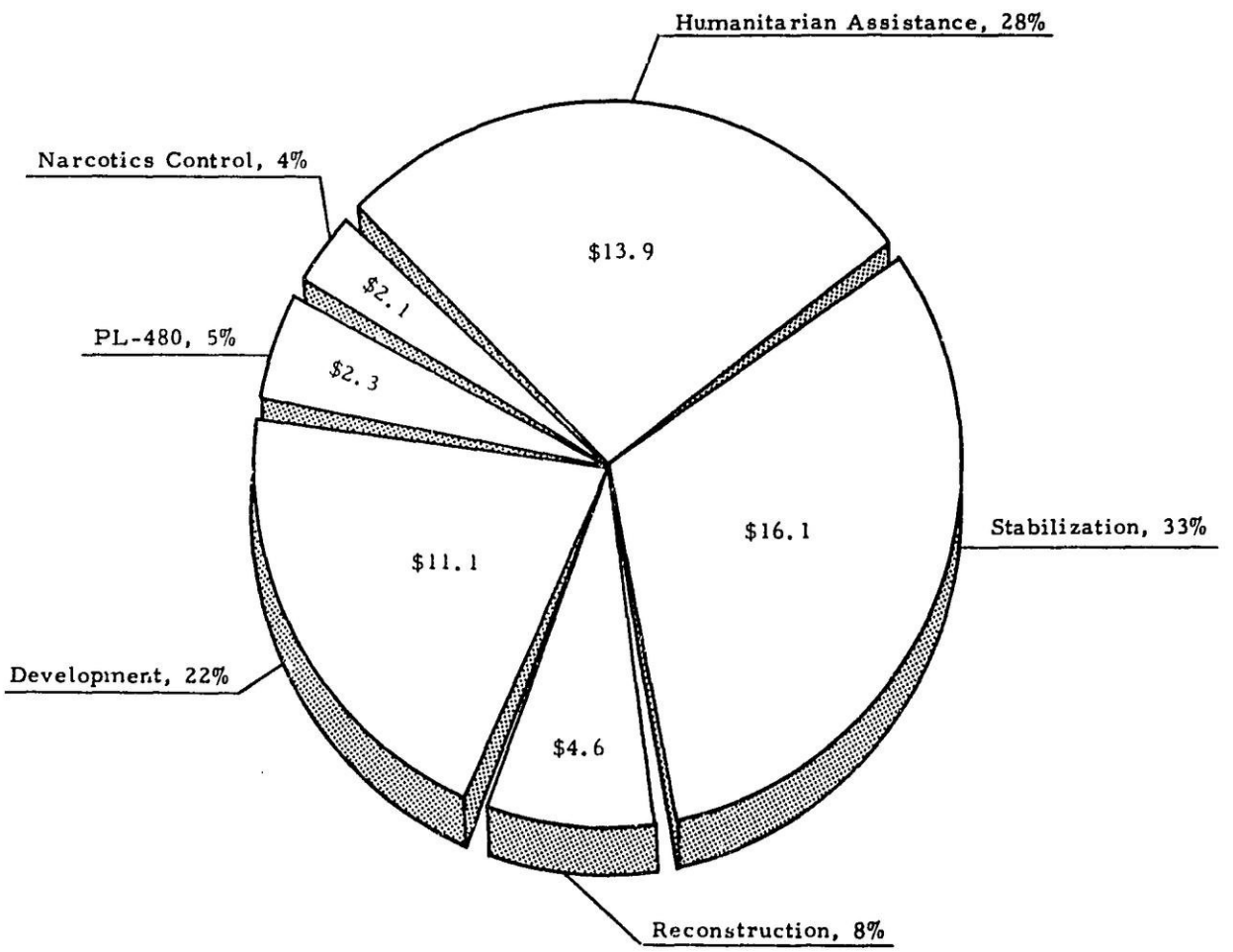
> Almost one-third or $16.2 million of FY 1973 funds fall in this category. Of this amount, $13.9 million or 28 percent of total FY 1973 funds were used to help resettle refugees, to build roads, schools, and medical facilities in the resettlement areas, and to provide food and medical care for refugees in isolated regions of Laos. Five percent or $2.3 million in PL-480 foodstuffs were distributed among refugees.

U.S. ECONOMIC ASSISTANCE TO LAOS

FY 1955 - FY 1973

($ Thousand)

Project Assistance	Cumulative FY 1970	FY 1971	FY 1972	FY 1973
Agriculture Development	14,043	1,976	1,797	1,444
Industry Development	2,881	244	129	-
Lao National Road Development	41,325	2,538	2,902	3,206
Development of the Rural Economy	39,908	4,288	3,715	4,145
Maternal and Child Health	1,732	883	500	780
Public Health Development	19,939	3,743	1,872	2,342
Education Development	12,253	1,557	1,282	1,699
Development Administration	2,517	893	960	1,230
Refugee Relief and Resettlement	28,268	3,405	3,342	5,255
Narcotics Control	-	-	1,100	2,047
Air Support	37,659	6,282	6,973	3,501
Civil Police Administration	5,248	481	355	396
General Technical Support	47,362	5,003	5,800	5,682
Military Technical Support	22,225	-	-	-
Subtotal	295,360	31,293	30,727	31,727
Nonproject Assistance				
Foreign Exchange Operations Fund (FEOF)	85,867	16,100	17,750	16,100
U.S. Import Program	75,358	1,500	450	-
RLG official foreign exchange budget support	11,857	-	-	-
Cash Grants	214,069	-	-	-
Subtotal	387,151	17,600	18,200	16,100
PL-480	11,524	2,293	1,367	2,282
Grand Total	694,035	51,186	50,294	50,109



U.S. Economic Assistance to Laos, FY 1973 ($ Million)

Reconstruction Assistance

Eight percent or $4.6 million of FY 1973 funds were used to reconstruct roads and bridges damaged in military activity and to repair or replace public health and educational facilities.

Development Assistance

Twenty-two percent or $11.1 million of FY 1973 funds fall in this category. These funds were used to educate and to train manpower, to improve governmental facility in economic management and planning, to develop public health and maternal and child care services, to increase agricultural production, and to improve the public safety system.

Stabilization Assistance

Thirty-three percent or $16.1 million of FY 1973 funds constitute the U.S. contribution to the Foreign Exchange Operations Fund (FEOF) to which the governments of Australia, France, Japan, United Kingdom, and Laos also contribute. FEOF is the principal mechanism for promoting economic stabilization in Laos.

Narcotics Control

Four percent or $2.1 million of FY 1973 funds were used to help Laos enforce its Anti-Narcotics Law, to rehabilitate Lao drug addicts, and to help in finding alternative means of livelihood for those people who for centuries have grown the opium poppy for use and sale.

The U.S. economic assistance program and the projects that make up that program are described more fully in the pages that follow.

ECONOMIC STABILIZATION

Since gaining independence in 1954, Laos has been in a nearly constant state of war, civil disturbance, and invasion. To these man-made hazards are added the natural ones of lack of access to seaports, geographic barriers to transportation and communication, and lack of readily accessible natural resources. Altogether, these factors have produced severe economic imbalances which have been reflected in recent years in annual governmental budget deficits consistently over 55 percent of budget expenditures and in a trade deficit of over 90 percent. Without appropriate foreign assistance, these conditions would have long since destroyed the economy of the country.

U.S. Contribution to Stabilization

From 1955 through 1972, the U.S. contribution to economic stabilization in Laos has totalled $425.6 million distributed as follows:

	Amount ($ Million)
Cash grants to Royal Lao Government	$ 211.6
Support of official foreign exchange budget	13.3
U.S. Commodity Import Program (USIP)	79.1
Foreign Exchange Operations Fund (FEOF)	121.6
Total	$ 425.6

The cash-grant program ended in 1963, support of the Royal Lao Government's official exchange budget in 1969, and the U.S. Commodity Import Program in 1972. Contributions to the Foreign Exchange Operations Fund continue.

Foreign Exchange Operations Fund

The present stabilization program was established in 1964 on recommendation of the International Monetary Fund. The main instrument of the current program is the Foreign Exchange Operations Fund, financed by an international consortium composed of Australia, France, Japan, United Kingdom, United States, and the Royal Lao Government. As shown in Table 1, non-U.S. financial support for the Fund has increased over the past two years. Contributions from countries other than the United States totalled $8.8 million or 35 percent of the Fund's pledges in 1972 as against $5.1 million or 23 percent in 1969. In 1972, it has been possible to decrease the U.S. contribution to the Fund from $20.1 million in 1971 to $16.1 million.

Table 1

CONTRIBUTIONS TO FOREIGN EXCHANGE OPERATIONS FUND

1964 - 1972

($ Million)

	1964	1965	1966	1967	1968	1969	1970	1971	1972
United States	4.0	5.2	13.7	13.8	16.0	16.6	16.1	20.1	16.1
France	1.7	1.3	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Japan	-	0.5	1.7	1.7	1.7	1.7	2.0	2.3	2.6
United Kingdom	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8
Australia	0.4	0.4	0.8	0.6	0.8	0.7	0.7	0.7	0.8
Royal Lao Government	-	2.8	-	-	-	-	-	-	2.0
Total	7.8	11.9	19.6	19.5	21.9	22.4	22.2	26.5	25.0

The Fund is renewed by annual agreements which set specific standards for Royal Lao Government fiscal and monetary performance and fix donor pledges for the forthcoming year. The Fund sells foreign exchange at the rate of Kip 605 = $1.00 on presentation of approved and properly documented applications for essential imports, for payments to government-sponsored students abroad, or for medical evacuations from Laos. All other sales of foreign exchange are subject to a 40-percent exchange tax.

Of the four different forms of stabilization assistance to Laos since its independence, the most effective has been the Foreign Exchange Operations Fund. It has accomplished its goal of maintaining reasonable economic stability since 1964. Price increases over the period 1967-1971 averaged 3.5 percent a year. Although larger increases occurred in the first part of 1972, prices have remained almost unchanged since July 1972. Even with the ever-present difficulties of transportation and communication, the Fund has assured that no significant shortages of goods have occurred anywhere in the government-controlled areas of the country. The Fund has enabled the government to provide essential services for the people. It has permitted sufficient economic growth to avoid economic stagnation and serious unemployment.

Economic Reforms of 1971 and 1972

Table 2 shows the Royal Lao Government's increasing budgetary deficit. These increases, brought about primarily by defense and civil expenditures as a result of a continuing war and a decline in revenues from the gold trade, led to a devaluation of the free-market rate of the kip on November 8, 1971. On recommendation of the International Monetary Fund, the Royal Lao Government devalued the kip from Kip 505 = $1.00 to the present rate of Kip 605 = $1.00. At the same time, the government increased customs duties for nonessential commodity imports and adopted other more stringent measures related to budgetary expenditures and foreign exchange transaction procedures.

On April 3, 1972, the Royal Lao Government unified the official exchange rate (Kip 240 = $1.00) and the free-market exchange rate of Kip 605 = $1.00, and established the Exchange Authorizing Commission to review and approve all applications for the purchase of foreign exchange on the legal market at the Kip 605 rate. A 40-percent financial transfer tax was instituted on May 26, 1972 on the purchase of all foreign exchange other than that authorized by the Commission for essential imports, government-sponsored students abroad and medical evacuation.

These and other economic reforms have made it possible to maintain reasonable financial stability in 1972 and, as compared with 1971, allowed a $4 million decrease in the contribution of the United States to the Foreign Exchange Operations Fund.

Table 2

ROYAL LAO GOVERNMENT REVENUES, EXPENDITURES, AND DEFICITS

Approved Budget and Actual, FY 1968 - FY 1972

Approved Budget, FY 1973

($ Million)

	FY 1968		FY 1969		FY 1970		FY 1971		FY 1972		FY 1973
	Budget Approved	Actual	Budget Approved	Actual	Budget Approved	Actual	Budget Approved	Actual	Budget Approved	Actual	Budget Approved
Expenditures											
Civil	11.1	10.9	10.9	12.4	12.7	14.0	13.6	14.7	15.7	17.4	18.7
Police	2.0	2.0	1.8	2.0	2.0	2.0	2.0	2.0	2.0	2.1	2.1
Military	13.7	13.7	13.6	13.7	14.0	14.0	14.7	14.7	14.0	15.4	16.7
Total expenditures	26.6	26.4	26.4	27.9	28.6	30.1	30.2	31.4	31.7	34.9	37.7
Revenues											
Gold customs	5.5	4.0	3.1	2.0	2.0	3.0	2.1	1.3	1.7	0.3	0.8
Non-gold customs	3.8	4.6	5.3	6.3	7.4	6.6	7.4	5.1	7.3	4.6	5.3
Other	3.1	3.5	3.8	3.5	4.8	4.0	6.1	4.8	7.1	6.4	7.6
Total revenues	12.2	12.1	12.2	11.7	14.0	13.6	15.7	11.2	16.0	11.4	13.7
Deficits	14.4	14.4	14.0	16.2	14.5	16.5	14.5	20.2	15.7	23.6	24.0

NOTE: Totals may not add as amounts are rounded.
The Lao fiscal year is July 1 - June 30.
RLG kip budget converted at $1 = Kip 605

REFUGEE RELIEF AND RESETTLEMENT

A project to help the Ministry of Social Welfare provide

> **Emergency relief for refugees;**
>
> **Resettlement assistance to enable refugees to return to normal economic and social pursuits.**

In over a decade of incessant political and military conflict in Laos, the Royal Lao Government estimates that nearly one million people, approximately one-third of the country's total population, have been forced at one time or another to leave ancestral homes, villages, and farmlands. Over the years, three-quarters of these refugees either have resettled on lands where they continue their traditional farming or have migrated into urban areas where they have been absorbed into the war economy's demand for manpower.

Although most of the refugees have been able to reestablish themselves with a minimum of government assistance, there has been over the past three years a constantly fluctuating number of refugees, an average of 250,000 annually, who require emergency relief. This is a revolving average which reflects a typical wartime situation: Refugees who are relocated and who have harvested crops no longer require assistance and they are deducted from the total; but at the same time, new refugees are added to the total because of ongoing conflict. Concomitant with this addition-reduction process, there has also been an ebb-and-flow movement of people returning to their traditional villages as government forces have taken the initiative, only to be displaced again when the North Vietnamese and Pathet Lao renewed their attacks. Some groups of refugees have moved back and forth a dozen times or more. Although these people are obviously weary of constant movement, their strong attachment to their ancestral lands has kept alive the hope of returning home in peace.

Confronted with the exigencies of the refugee problem, the Royal Lao Government with USAID help and that of international organizations and other governments, has evolved a two-fold program of refugee assistance: emergency relief and resettlement.

Emergency relief for people displaced by military conflict consists of the provision of essentials such as food, clothing, and medical care. After the emergency-relief phase, longer-range resettlement assistance begins. These projects are planned to prevent the refugees from becoming over-dependent on government assistance. Thus, refugee self-help is combined with appropriate government help to establish traditional villages and encourage the people to return to their normal way life as rapidly as possible. There are not, nor have there ever been in Laos, refugee camps where great numbers of refugees are housed and supported. Refugee displacements have been handled in such a way as to keep villages together and relocate the people in new sites as cohesive village units.

As shown by the table, USAID assistance to refugees has averaged about $14 million a year over the past three years. Assistance to refugees provided under PL-480, Title II, and by other U.S. agencies has averaged an additional $10.9 million over the same period. Figure 1 shows the number of refugees who have received USAID assistance since 1963. The refugee population remained relatively stable until the last three months of 1968 when military activity increased and continued at a high degree of intensity through 1972 and early 1973. This factor combined with the diminishing supply of rice at the end of the harvest increased the number of refugees to 353,297 as of June 30, 1973. This increase is reflected in Fig. 1; the number and location of the refugees are given in Fig. 2.

ASSISTANCE TO REFUGEES - ALL U.S. SOURCES[a/]

($ Thousand)

AID	FY 1971	FY 1972	FY 1973[b/]
Refugee Relief and Resettlement	$ 4,800	$ 4,039	$ 6,050
Air Technical Support	4,020	2,056	2,200
Public Health	2,347	1,297	1,515
General Technical Support	672	678	653
Development of Rural Economy	3,570	3,572	3,334
Agriculture Development	390	319	239
Education Development	51	78	77
Total	$15,850	$12,039	$14,068
PL-480 COMMODITIES	1,300	1,367	6,600
Total	$17,150	$13,406	$20,668
OTHER AGENCIES	9,192	7,318	6,797
Total	$26,342	$20,724	$27,465

NOTE: The reduction in total USAID project funds reflected in FY 1972 and FY 1973 is the result of increased use of surface transportation, tighter procurement management, a saving in dollar equivalent of local currency after the kip was devalued in November 1971, and a Japanese grant during FY 1972 of $1 million in rice to help feed Lao refugees.

a/ Includes dollar equivalent of kip expenditures.
b/ Estimate.

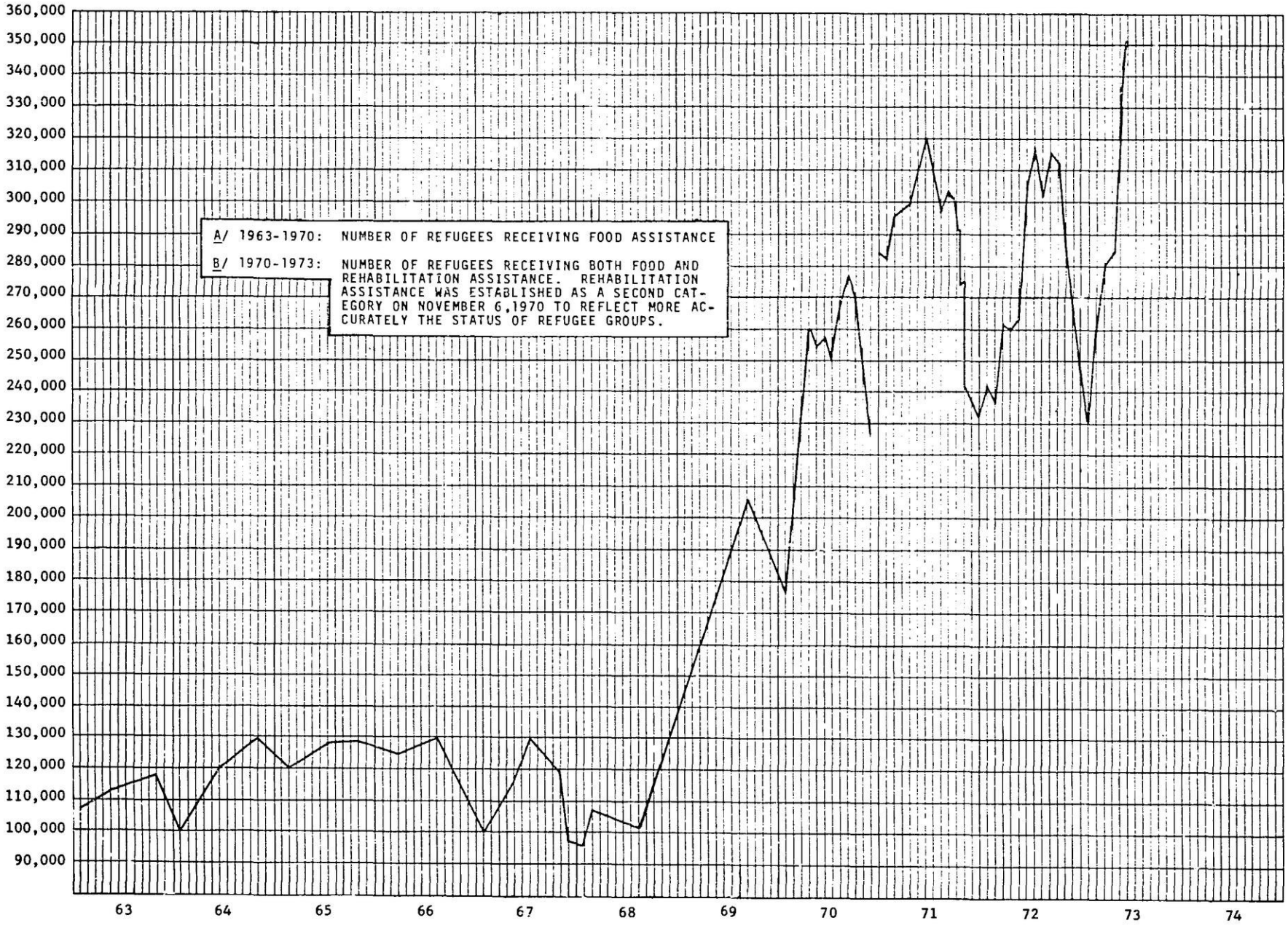


Fig. 1 -- Number of Refugees Receiving Food Assistance, 1963 - 1973.

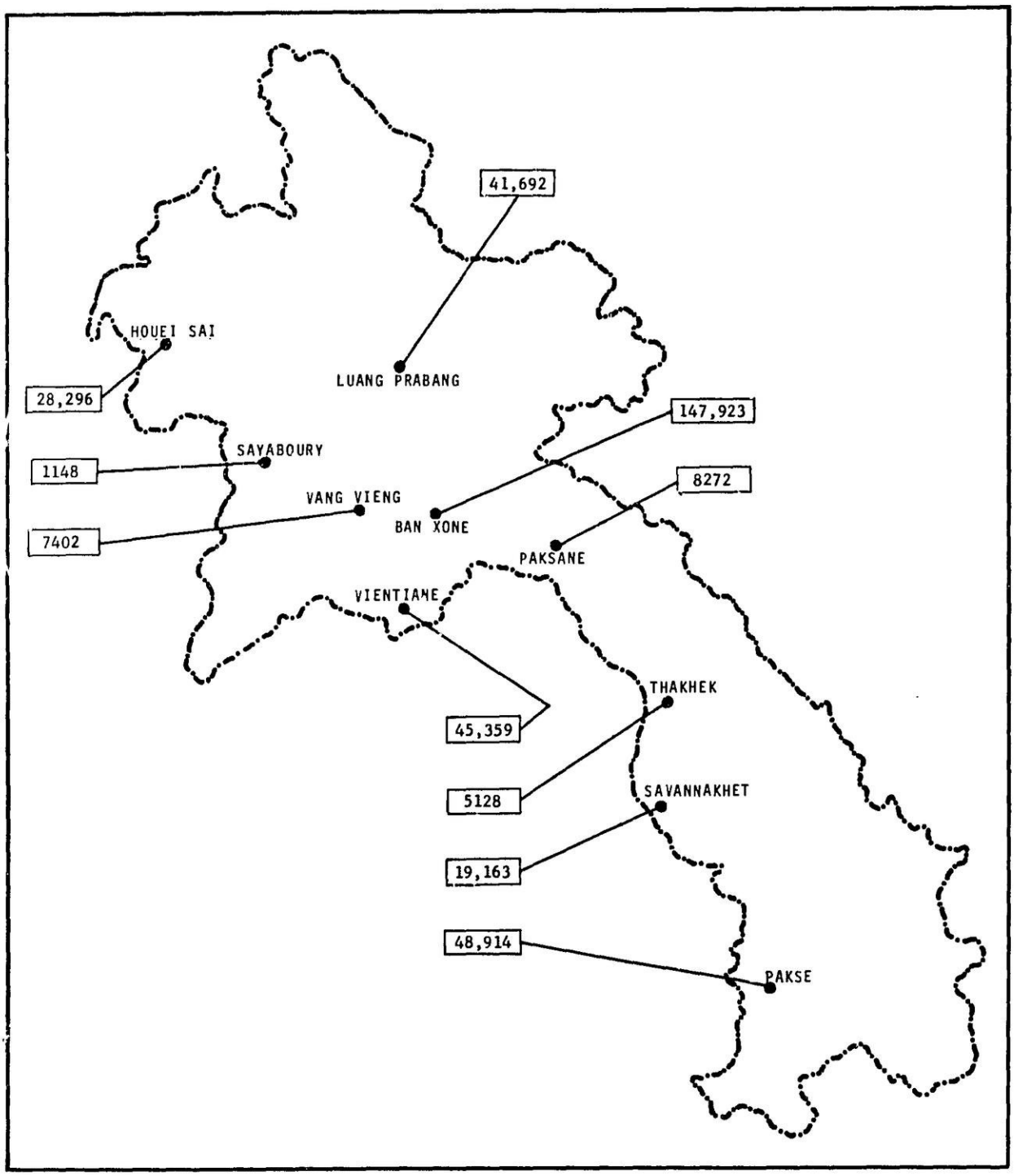


Fig. 2 -- Number and Location of Refugees Requiring Food Assistance, June 29, 1973.

PL-480, TITLE II FOOD PROGRAM

Over the past 15 years, the United States has shipped to Laos 55,078 MT of foodstuffs: cornmeal, bulgur wheat, flour, wheat soya blend (WSB), corn soya milk (CSM), nonfat dry milk, rolled oats, vegetable oil. Of this amount, 37,306 MT were provided under a government-to-government agreement between Laos and the United States; 17,772 MT were provided through the American voluntary agency, Catholic Relief Services. These foods have been used to feed refugees and other people in need in Laos.

In kind and quantity of foods furnished under the government-to-government agreement, the PL-480 program in Laos encompasses two phases: the initial phase from 1966 through 1969 and the expanded program of the present phase. During the three years from 1966 through 1969, the United States shipped to Laos 11,650 MT of Title II commodities: 8,230 MT of cornmeal, 350 MT of vegetable oil, and 3,070 MT of bulgur wheat. These commodities were distributed among approximately 100,000 refugees and 60,000 victims of the 1966 flood of the Mekong River.

In late 1969, when refugees in Laos numbered over 200,000, the PL-480 program was expanded in quantity and kind of commodities provided under Title II. Compared with an annual average of 3,500 MT for the previous three years, the expanded program called for 8,456 MT of Title II commodities in 1971 and for 17,200 MT in 1972. In addition to cornmeal, bulgur wheat, flour, and vegetable oil, the program includes nonfat dry milk and the high-protein WSB and CSM. These high-protein foods are distributed among the refugees to increase caloric and protein intake. The table shows quantity and value of the PL-480 foods provided under the current program.

Refugees on full food allowance receive 500gm of glutinous rice per person per day with periodic issues of canned meat and salt. As a replacement for rice, a target has been set for PL-480 foods to provide up to 50 percent of the calories in refugee rations; concentrated food preparations such as WSB and CSM now replace 30 percent of the protein requirement. These standard requirements are altered among those refugees who suffer from malnutrition, intestinal parasites, and endemic malaria, or those who are engaged in hard manual labor. Under these conditions, PL-480 foods are used to supplement the basic ration.

PL-480, TITLE II FOOD PROGRAM

December 1969 - June 1973

Commodity	Quantity MT	Value US $
Cornmeal	7,000	$ 697,550
Bulgur wheat	5,400	534,546
Flour	7,600	733,856
WSB	1,178	215,291
CSM	1,378	271,893
Nonfat dry milk	860	673,629
Vegetable oil	1,440	609,200
	24,856 [a/]	$3,608,301

[a/] Of this total 22,656 MT have arrived in Laos, with the remaining 2,200 MT scheduled for delivery by June 1973.

With the exception of cornmeal, vegetable oil, and flour to a degree, the Title II commodities introduced under the expanded program were unknown among the Lao. These new foods were included in the program for two reasons: their high nutritional value and their adaptability to substitution for the ingredients of familiar foods.

Noodles are manufactured in Vientiane for distribution among the refugees under a USAID contract with a Lao company. The noodles are made from an enriched formula which consists of ten percent WSB, five percent nonfat dry milk, and 85 percent wheat flour. The result is a noodle of 15 percent high-quality protein content. In their manufacture, locally procured salt produced in Vientiane Province is used at the rate of 150 MT a year. The company produces 16 MT of noodles per day. The noodles are trucked or airdropped to refugee sites. About 6,300 MT have been distributed to date; distribution is at the rate of about 450 MT each month.

Since the first PL-480 foods began to arrive in Laos, home economists of the Royal Lao Government have worked with home demonstration agents in teaching the use of these ingredients in preparing

foods familiar to the Lao: Among the Meo and other hill tribes of Laos, cornmeal prepared as polenta and as corn fritters; among the Lao, noodles for soups and fried noodles. The training sessions held in Vientiane are attended by home demonstration agents from the provinces and by refugee girls who return to their villages to teach the other women of the villages how to use the new ingredients.

Catholic Relief Services

The first PL-480 foods shipped to Laos were distributed by Catholic Relief Services (CRS) under an agreement with the U. S. Department of Agriculture. Until 1966, CRS acted as consignee for the PL-480 foods which USAID distributed among refugees.

During its 15 years in Laos, CRS has distributed 17,772 MT of PL-480 foods to schools, institutions, hospitals, orphanages, and destitute families. Beginning with a few hundred people in 1957, CRS now distributes 200 MT of Title II commodities a year among 58,600 people. These commodities consist of bulgur wheat, rolled oats, flour, CSM, WSB, nonfat dry milk, and vegetable oil. The recipients are primarily nursing and expectant mothers, children, the ill, and destitute families.

PL-480, TITLE II COTTON PROGRAM

Since 1968, PL-480 textiles have been used to help provide clothing for refugees. A total of 717,920 meters of cotton cloth and 17 bales of raw cotton have been shipped under Title II. The table shows kinds of cloth, quantity, and value.

PL-480, TITLE II COTTON

1968 - 1972

Commodity	Quantity		Value
	Meters	Bales	US $
Cotton, raw		17	1,600
Broadcloth	410,000		
Muslin	67,920		
Denim	190,000		
Drill	50,000		428,400
	717,920	17	430,000

Currently, clothes for refugees are produced at two locations in Laos. At Ban Houei Sai in northern Laos, refugee women attend sewing classes where they make clothes for their families and for other refugees under the supervision of a home economist of the Ministry of Social Welfare. In the small town of Thakhek near the provincial capital of Savannakhet in central Laos, refugee women cut the cloth at a building on the USAID compound. The material, cut to patterns for shirts, pants, blouses and skirts, is then issued as piecework to women in the refugee villages. The women who participate in this small cottage industry earn about Kip 8,000 ($13.35) a month, often the only cash income in the family.

NARCOTICS CONTROL

A project

> To suppress narcotics trafficking in and through Laos;
>
> To rehabilitate Lao drug addicts;
>
> To introduce substitute agricultural crops for opium poppy production.

The narcotics control project in Laos was initiated following President Nixon's message to the U.S. Congress on June 17, 1971 in which he expressed concern with the growing international drug problem and asked international cooperation in suppressing drug trafficking. On September 17, 1971, the Royal Lao Government promulgated the Anti-Narcotics Law to prohibit production, processing, and commerce in opium and its products. Four Royal Lao Government agencies are responsible for enforcement of the law: Groupe Special d'Investigation (GSI), Lao National Police Narcotics Bureau, Force Armée Royale (FAR) Military Police, and Royal Lao Government Customs Service.

GSI, established by Presidential Decree and reporting directly to the Prime Minister, is the coordinating organization for enforcement of the anti-narcotics law. It is staffed by select officials on detail from Lao National Police, FAR Military Police, and Royal Lao Government Customs Service. GSI became operational on a national basis in August 1972 with the opening of headquarters in Vientiane and field offices at Ban Houei Sai, Luang Prabang, Sayaboury, and Pakse. The U.S. Bureau of Narcotics and Dangerous Drugs (BNDD) acts in an advisory capacity to GSI.

The Lao National Police Narcotics Bureau staff of 35 works with BNDD staff, USAID public safety and U.S. Customs Bureau personnel in training Lao National Police, FAR Military Police, and Lao Customs personnel in narcotics identification and law enforcement procedures. FAR Military Police check military aircraft, crews, and passengers at Ban Houei Sai and at other critical enforcement locations throughout Laos.

The Lao Customs Service function in the narcctics control program is to interdict smuggling into and through Laos from neighbouring countries, particularly Burma and Thailand. Four Customs outposts have been established in Houa Khong Province along the Mekong River; 18 Customs Service officials with special training in narcotics enforcement procedures are assigned to this area.

In addition to the enforcement measures of these Royal Lao Government agencies, the Security Inspection Service is a self-policing agency of U.S. charter air companies operating in Laos. Fifteen Lao and five American inspectors at major Lao airports inspect the baggage of all the passengers travelling aboard U.S. charter flights. During 1972, there were 87 opium interceptions of small quantities which were turned over the Lao National Police.

The table shows total narcotic seizures in Laos in the less than two years that Lao narcotics control legislation and enforcement efforts have been in effect.

NARCOTICS SEIZURES IN LAOS

1971 - 1973

Year	Opium (kg)	Heroin (kg)	Morphine Base (kg)	Acetic Anhydride (liter)
1971	154.5	8.6	-	3,000
1972	458.8	21.4	-	280
1973				
January				
February	230.5	2.0	23.0	-
	843.8	32.0	23.0	3,280

NOTE: For narcotics seizures through June 30, 1973, see "Narcotics Control" in the statistical appendix to this section.

Figure 1 shows the number of narcotics seizures by calendar-year quarter, 1971-1973, and illustrates the rapid rise in number of seizures immediately following passage of the Anti-Narcotics Law. Two hundred arrests have been made for violations of the law. Figure 2 shows location of narcotics seizures in Laos and kind and quantity seized in each location.

Rehabilitation Program

The National Detoxification Center for treatment of Lao narcotic addicts opened on September 4, 1972. Detoxification treatment is given under medical supervision; the method includes use of methadone. The Ministry of Health staff of one physician and 15 medical specialists is assisted by a USAID rehabilitation advisor and a medical clinician. The Center treats an average of 50 patients per month. As of March 1, 1973, 245 addicts have been treated at the Center. Ninety-one percent of the patients are male between the ages of 30 and 60 and addicted from one to 30 years; 82.5 percent were opium addicts and 12.3 percent, heroin addicts. Treatment is voluntary, and it is the policy of the Royal Lao Government to offer assistance to any addict who seeks it.

Under a program sponsored by the Ministry of Social Welfare in cooperation with the Ministry of Health, an average of 75 addicts a month are sent to Thailand for treatment at Wat Than Ka Bok, a religious center administered by Buddhist monks. USAID has financed the program since May 1972; before that time, it was financed by contributions from private sources to the Ministry of Social Welfare. Approximately 1,400 addicts have been treated at Wat Than Ka Bok; 500 addicts are presently scheduled for treatment.

Agriculture Redirection Program

The dedication of the village of Ban Na Kong, Houa Khong Province, on March 19, 1973 inaugurated the Royal Lao Government's program in northern Laos to find alternative means of livelihood for those people who for centuries have grown the opium poppy for use and sale. Ban Na Kong is located on a 200-hectare tract which the Royal

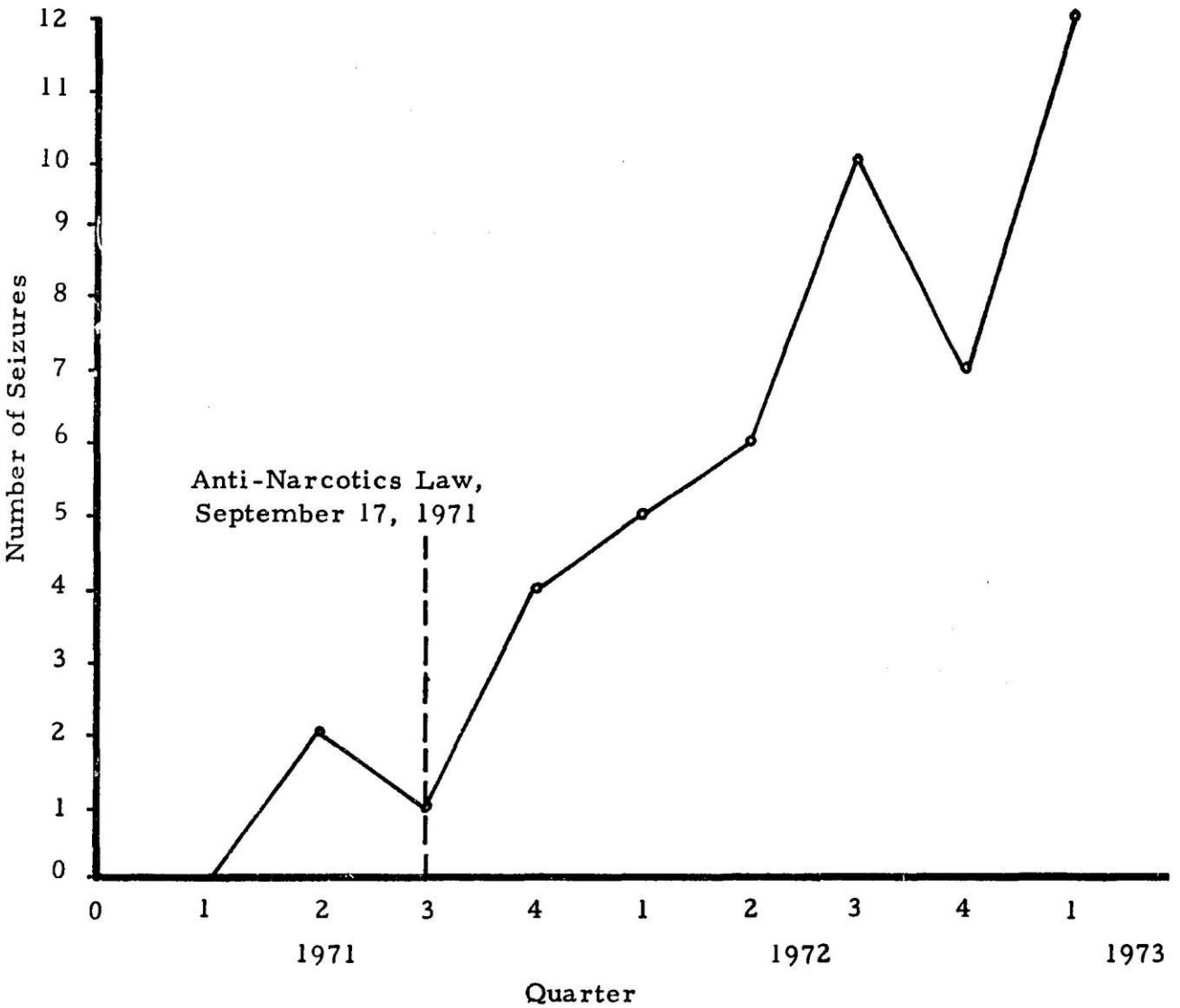


Fig. 1 -- Number of narcotics seizures (above 1 kg) by quarter, April 11, 1971 - February 21, 1973.

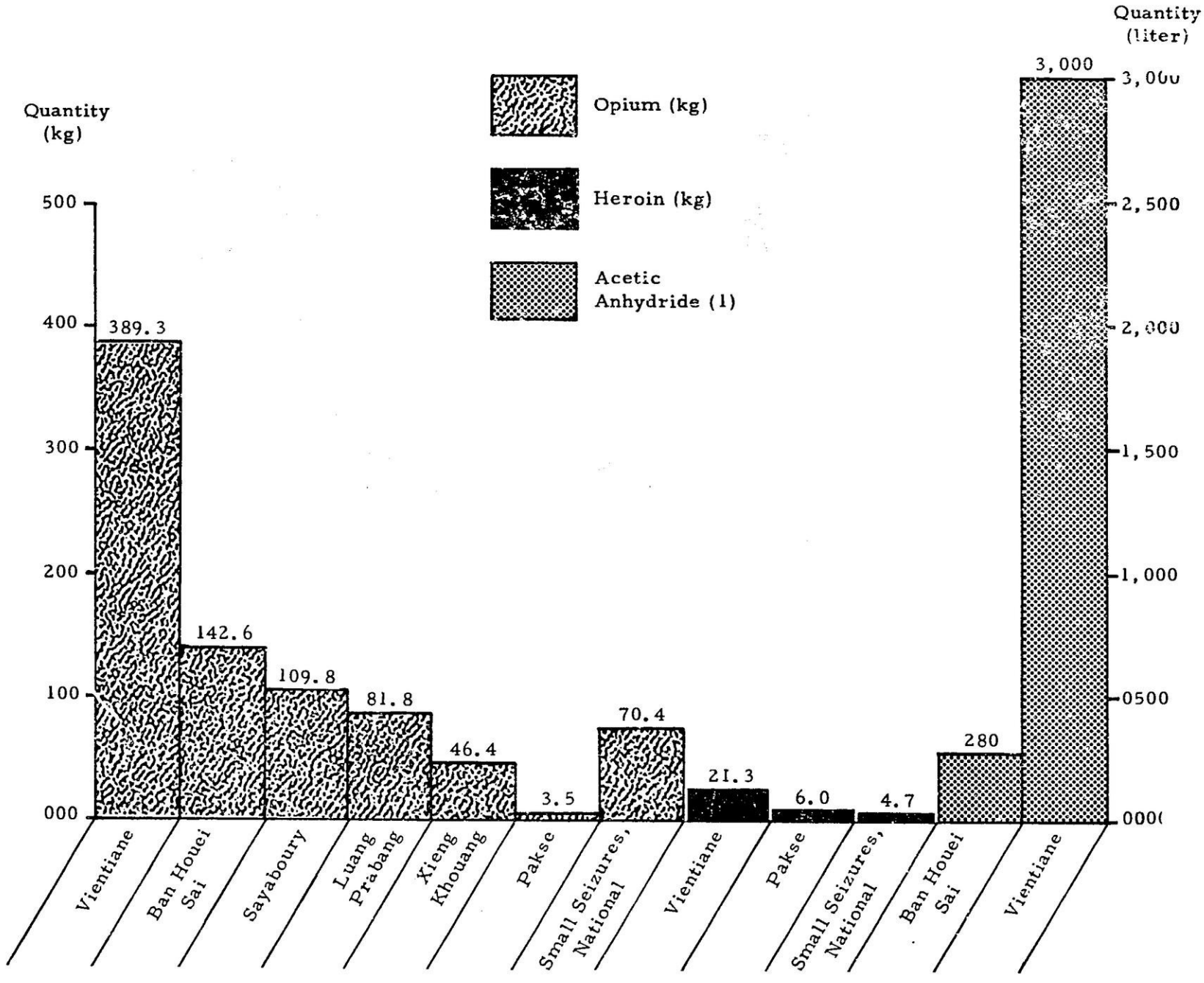


Fig. 2 -- Opium, heroin, and acetic anhydride seizures, April 11, 1971 - February 28, 1973.

Lao Government has set aside for the resettlement of hill-tribe people on land where they can earn their living by cultivation of crops other than the opium poppy. USAID furnished heavy equipment to clear and plow the land and will further assist the village by sponsoring instruction in paddy-rice cultivation and by providing handtools and buffalo. The people of Ban Na Kong are ethnic Yao; theirs is the first village to move to this 200-hectare site.

In December 1972, short-course training in commercial vegetable crops began in the Luang Prabang highlands to help Meo farmers find alternatives to cultivation of the opium poppy. In February 1973, an Agriculture Redirection Training Center opened in Luang Prabang Province.

A selective aerial survey of regions where the opium poppy is now grown was completed in January 1973. It is planned that the survey will be repeated in 1974 to determine the success of the agricultural redirection program in reducing opium cultivation.

Funding

FY 1972 funding of the narcotics control project totalled $1,100,000; FY 1973 funding totals $2,047,000. These funds cover the cost of USAID and contract personnel assigned to the project, participant training, commodities, construction, and air support. Three narcotics enforcement advisors from USAID Public Safety Division assist the Lao National Police Narcotics Bureau. Eight Customs advisors from the U.S. Customs Bureau under contract with USAID work with Lao Customs Service.

USAID personnel are assigned to the rehabilitation and agricultural redirection programs. Participants are training in all phases of narcotics control: enforcement, customs, rehabilitation, agricultural redirection. Construction costs include those for customs posts and for the permanent detoxification center at Mahosot Hospital. Air support costs cover air surveillance in the border areas, transport, and aerial survey.

PUBLIC HEALTH DEVELOPMENT

VILLAGE HEALTH PROGRAM

A project

To provide medical care for refugees and the people of rural Laos.

The Village Health Program was established as a project in FY 1964 to provide medical assistance for refugees and for the people of remote villages. USAID assistance under the project consists of training of medics, practical nurses, and technical personnel for staffing hospitals and dispensaries, and provision of medical supplies and equipment.

Medical care is provided through a system of small dispensaries and hospitals. Their number has varied with the security situation. The dispensaries are located primarily in those parts of Laos where there are large numbers of refugees, and they serve both the refugee and nonrefugee population. Many are small buildings built of bamboo siding and thatch roof; others are modern cement structures. Each dispensary is staffed by at least one medic; USAID provides the medical supplies and equipment.

The hospital totally supported by this program is located at Ban Xon which serves as the USAID base for the medical support of the approximately 250,000 people of Xieng Khouang Province. On an average, about one-half of this number are refugees. Most of the people are treated in the 77 dispensaries in Xieng Khouang which have recorded 4,200,000 patient visits since March 1970 when Ban Xon was established as the USAID control center for refugee support operations in Xieng Khouang.

Ban Xon Hospital is a general hospital with a 250-bed capacity, which is the largest in Laos. The complex consists of five wards, a surgical obstetrical wing, outpatient clinic, X-ray laboratory, dental clinic, staff quarters, classrooms, and kitchen services.

From December 31, 1971 through June 30, 1973, the hospital recorded 44,471 outpatient visits, inpatients for the same period numbered 12,370.

The table shows the number of dispensaries and hospitals, 1963-1973, and the population of the area in which they are located and for which they are the only source of medical care.

RURAL MEDICAL CARE

Year	Dispensaries	Hospitals	Population Served	Inpatients Per Year	Outpatients Per Year
1963	38		45,000		
1964-66	150	2	350,000	2,400	1,000,000
1967-69	250	2	610,000	4,500	2,050,000
1970	250	1	520,000	4,708	2,695,355
1971	230	2	700,000	8,296	3,337,543
1972	250	1	700,000	7,645	3,493,283
Jan-Jun 1973	215	1	700,000	4,725	1,738,392

The practical nurses and paramedical personnel who have been trained under the Village Health Program usually are residents of the community where the dispensary is located. They are often minimally educated when they enter training. In Xieng Khouang Province, they are hill-tribe people who often have to be taught to speak as well as to read and to write Lao, which is not their native language. Medics trained under the project total 1,181; practical nurses, 204.

USAID funding of the Village Health Program, FY 1964 - FY 1972 has totalled $12,920,000; FY 1973 funding totals $905,000. These funds have been used to cover the cost of U.S. personnel assigned to the project, medical supplies and equipment and transportation costs, and participants.

OPERATION BROTHERHOOD

A project

> To assist the Ministry of Public Health in managing, operating, and maintaining hospital facilities.

In 1963, USAID entered into a contract with Operation Brotherhood International (OBI), a Filipino nonprofit organization, to continue the medical services that its teams had been providing in Laos since 1957. In addition, the contract requires that OBI staff train Lao medical personnel in hospital management and administration and gradually integrate OBI operation of medical facilities into a national health system administered and staffed by Ministry of Public Health personnel.

OBI now assists the Ministry of Public Health in operating six government hospitals in urban population centers·

Vientiane, 120 beds
Ban Houei Sai, 60 beds
Sayaboury, 30 beds
Vang Vieng, 100 beds
Kengkok, 30 beds
Pakse hospital
  Surgical wing, 30 beds

These hospitals are staffed by 129 Filipino professional, technical, and administrative personnel and approximately 750 Lao personnel consisting primarily of practical nurses, nurses' aides, and maintenance staff. A typical OBI team consists of two physicians, two nurses, a dentist, medical technologist, and a nutritionist. The Ministry of Public Health assigns a Lao doctor who acts as hospital director.

As shown by the table, OBI teams have been assigned to a total of 11 hospitals during the period 1963 - 1972; five of these hospitals have been evacuated because of military action. The hospitals have recorded a total of 1,457,080 patient visits during this period: 143,728 inpatients, 1,173,531 outpatients, and 139,821 dental patients.

OPERATION BROTHERHOOD HOSPITALS

AND PUBLIC HEALTH TEAMS

Location	Established	Status	Villages Served	Population Served
Vientiane	1963	Continuing	62	308,745
Paksong	1963	Discontinued 1971	54	9,878
Sayaboury	1963	Continuing	173	44,233
Attopeu	1963	Discontinued 1968	33	58,595
Kengkok	1964	Continuing	234	42,349
Vang Vieng	1964	Continuing	10	42,000
Saravane	1965	Discontinued 1968	127	33,828
Pakse	1968	1969	27	29,674
Khong Sedone	1968	1972	57	4,696
Ban Houei Sai	1969	Continuing	130	27,293
Pakse Surgical Ward	1972	Continuing		

USAID funding of Operation Brotherhood, FY 1964 - FY 1972, totals $9,791,000; FY 1973 funds total $1,440,000. These funds cover the cost of the Operation Brotherhood contract, commodities and transportation of commodities.

MATERNAL AND CHILD HEALTH

A project to assist the Ministry of Health

> Provide family planning and maternal and child health services.

The Maternal and Child Health (MCH) project began in 1969 with construction of facilities and training of personnel to expand health-care services for mothers and children. On January 5, 1972, the Royal Lao Government by Presidential Decree established a policy of promoting a rate of population growth which would be "in harmony with the practical realities of the country in the fields of education, public health, employment, etc., for the socio-economic progress of the nation over the next thirty years." The Decree also established an implementing mechanism for the policy--the Commission for the Promotion of Family Well-Being. One of the ways in which the Commission proposes to achieve its purposes is "through voluntary family planning, so as to promote harmonious growth of the population and family well-being."

Figures 1 through 4 show training of Lao medical personnel in family planning, 1969-1972. Training within Laos is carried out by the Lao Family Welfare Association (LFWA), a private organization sponsored by the International Planned Parenthood Federation (IPPF). Training abroad is sponsored by IPPF and by USAID. Since 1969, IPPF has provided family planning services for those families in Laos who have requested the service. Table 1 shows the increase in the number of acceptors of family planning methods since the Commission for the Promotion of Family Well-Being was established and in the number of facilities providing contraceptives.

Table 2 shows USAID construction of MCH facilities. Construction of a 200-bed National Maternal and Child Health Center, Mahosot Hospital, Vientiane, was recently completed. The Center will provide obstetric, gynecological, and pediatric care; it will also be the training center for medical personnel in the MCH program.

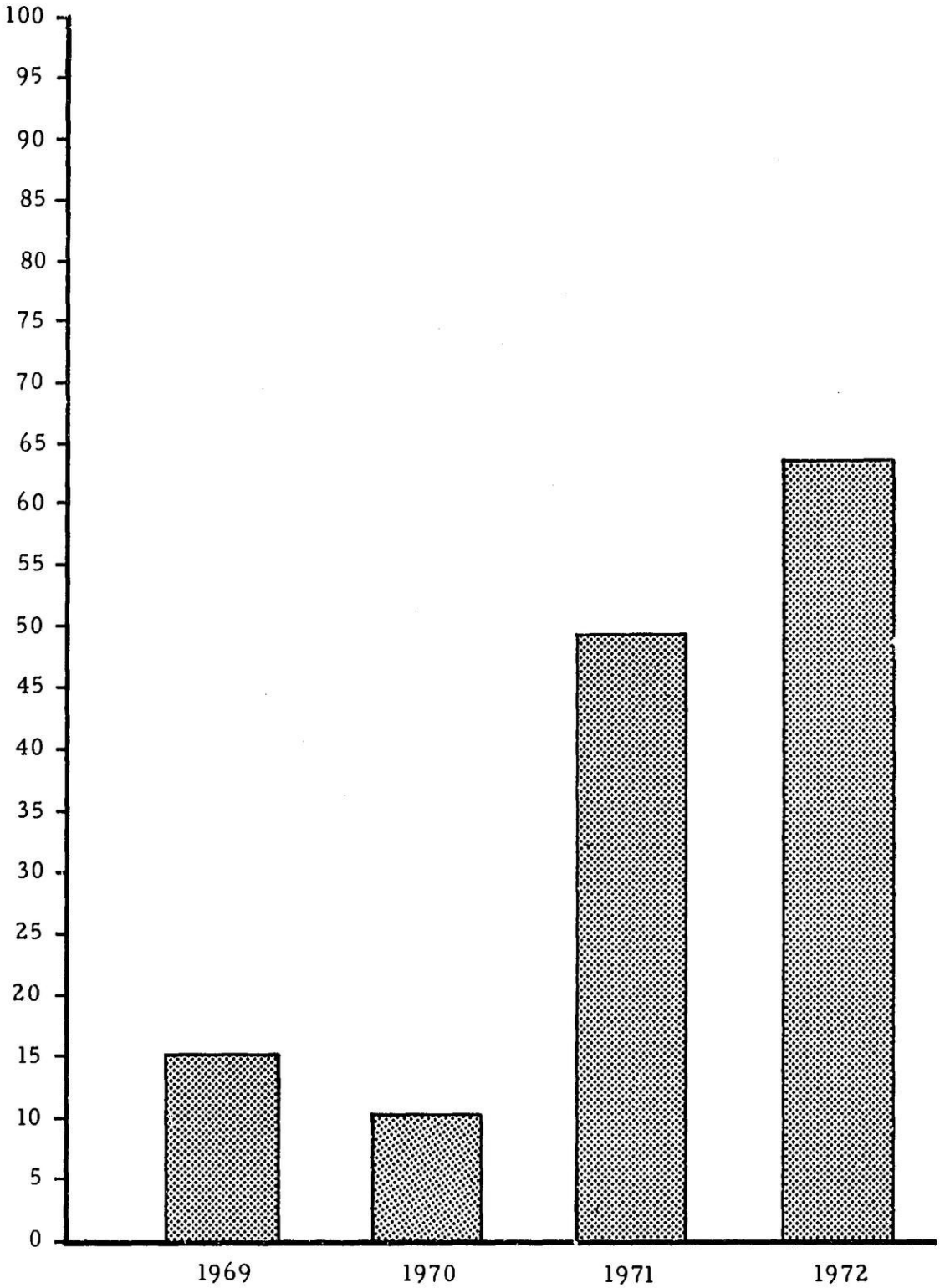
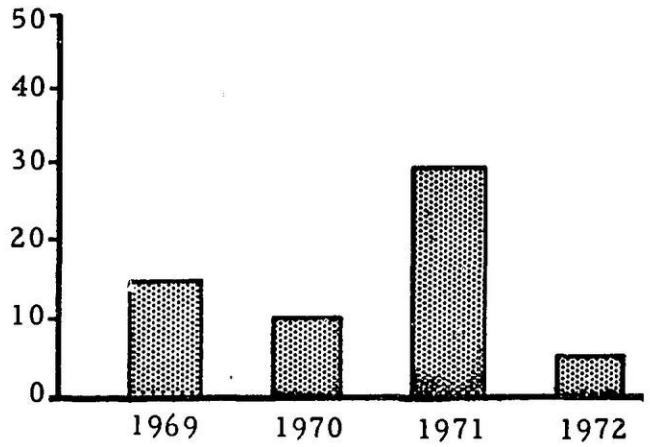
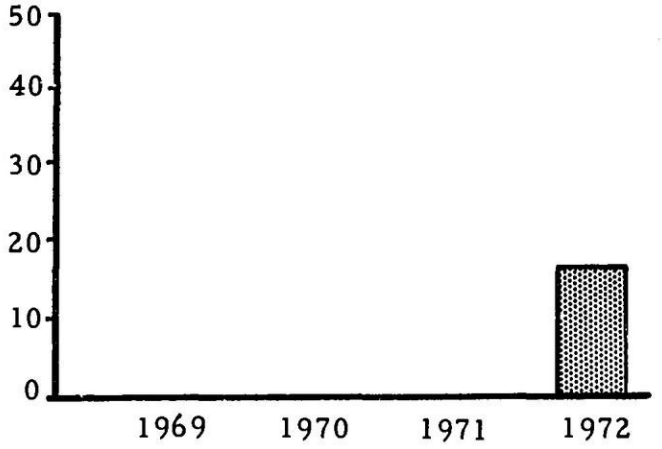


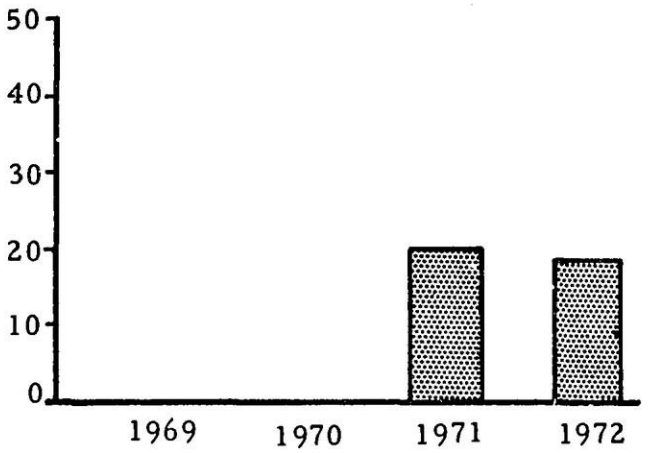
Fig. 1--Number of Lao medical personnel trained in family planning within Laos, 1969-1972. Training is sponsored by the Lao Family Welfare Association.



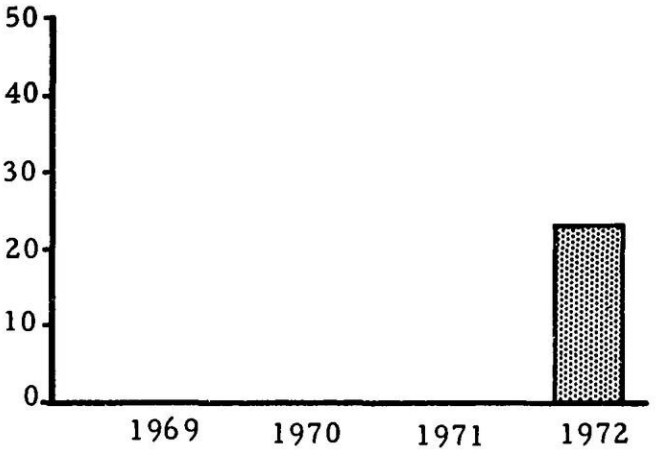
Rural Midwives



Chief, Provincial MCH Centers



Auxiliary Midwives



USAID Public Health Medics or MCH Nurses

Fig. 2 -- Family Planning Training in Laos, by Personnel Classification, 1969 - 1972

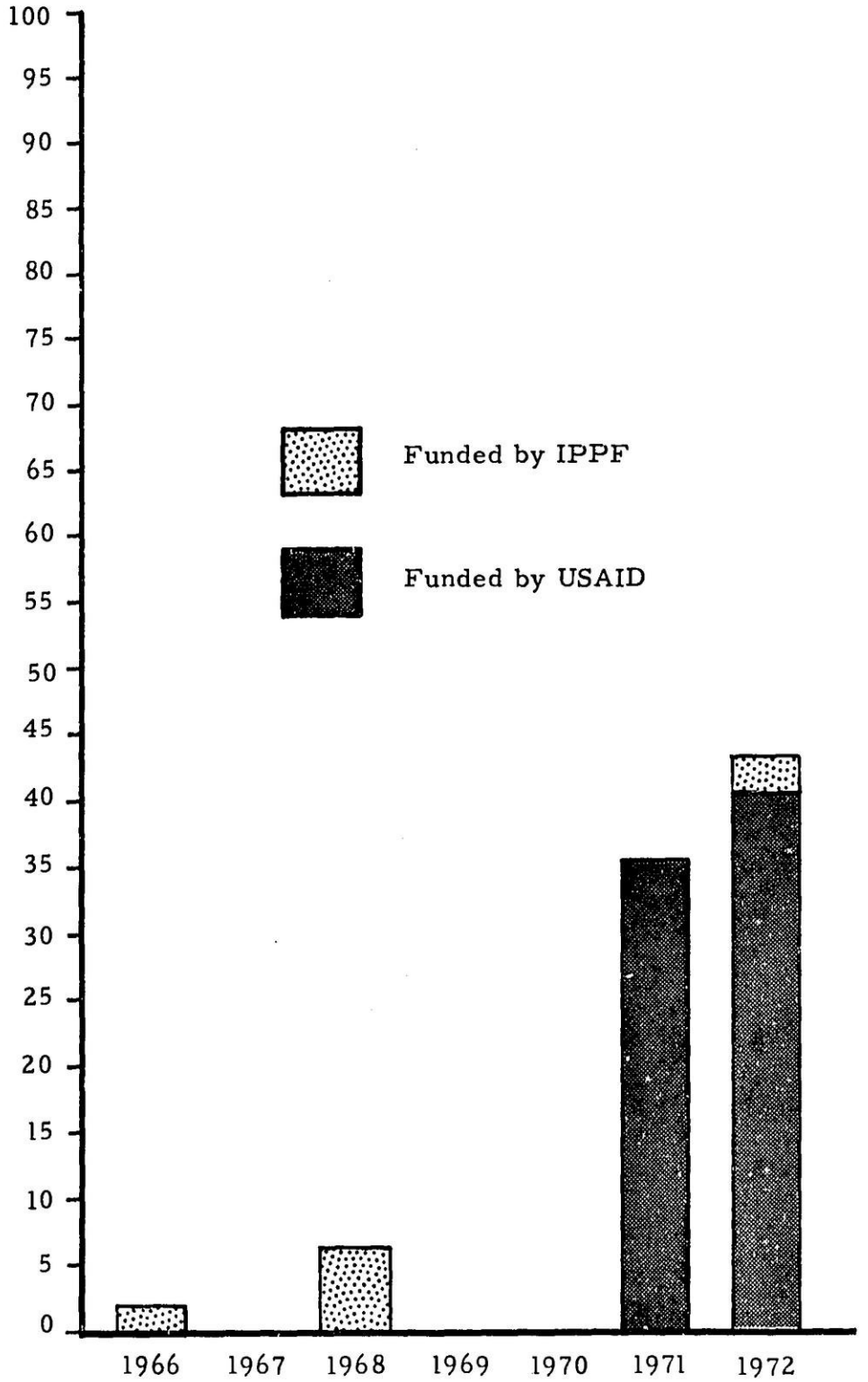
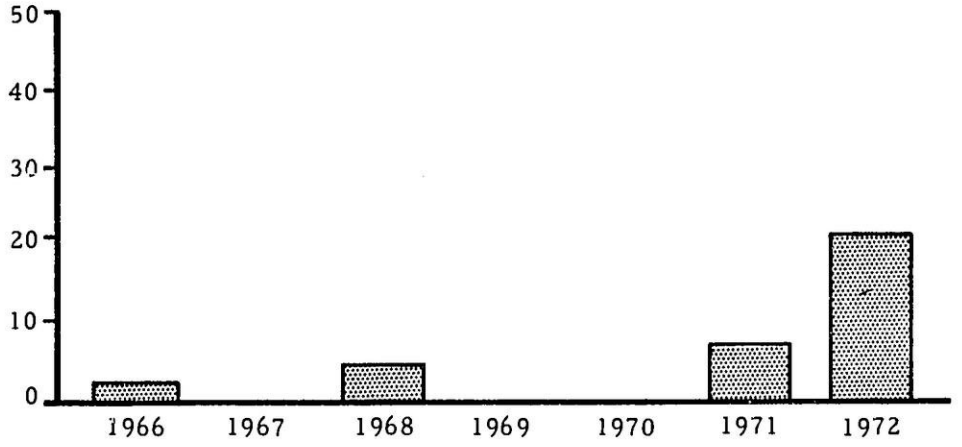
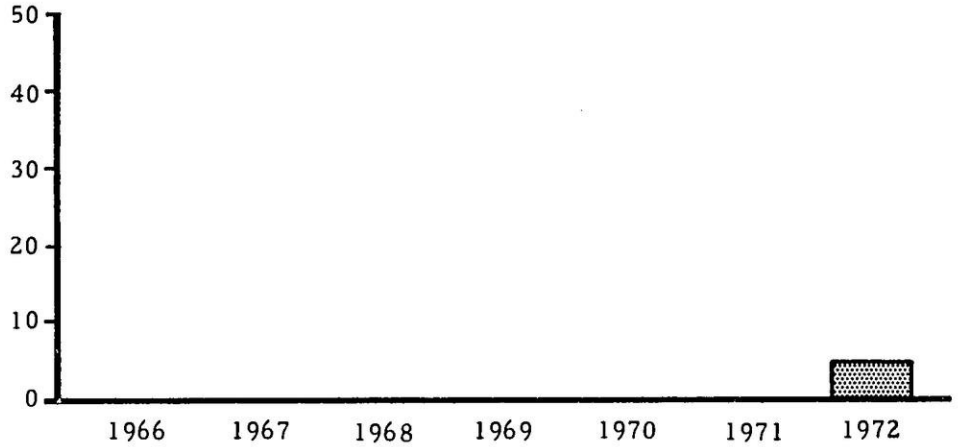


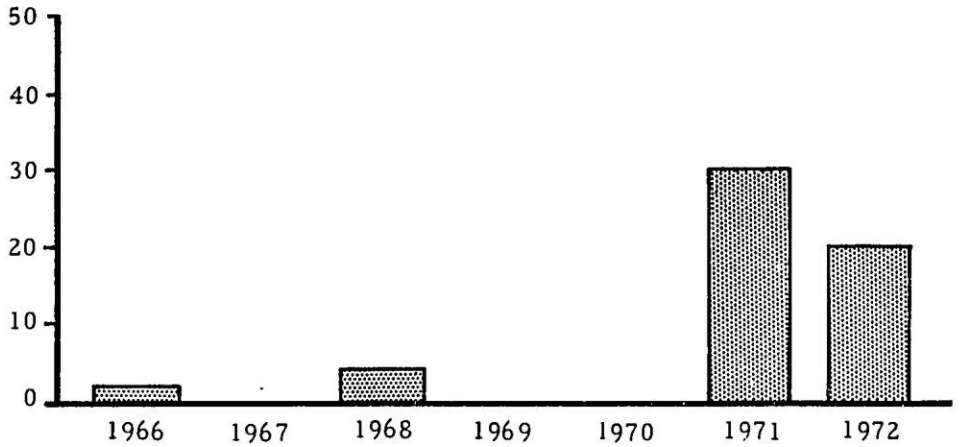
Fig. 3--Family Planning Training



Doctors and Assistant Doctors



Nonmedical Personnel



Midwives and Nurses

Fig. 4 -- Family Planning Training Abroad by Personnel Classification, 1966 - 1972

Table 1

FAMILY PLANNING FACILITIES

1969 - 1972

Year	Clinics		Mobile Clinic Teams		New Acceptors					
	Sponsor	No.	Sponsor	No.	Pills	IUD	Condom	Injection	Others	Total
1969	LFWA	6	-	-	21	252	17	-	-	290
1970	LFWA	6	-	-	227	371	32	-	73	703
1971	LFWA	9	LFWA	1						
			OB[a/]	1	655	559	120	125	8	1,467
1972	LFWA	13	LFWA	1	3,024	470	48	175	83	3,800
	USAID Public Health Medics	21	OB	2						
			Dooley Foundation	1						

a/ Operation Brotherhood.

Table 2

MCH HOSPITAL CONSTRUCTION

Location	Starting Date	Completion Date	Cost
National Maternal and Child Health Center, Vientiane	February 1971	March 1973	$749,000
Pakse	October 1972	April 1974	285,000
Ban Houei Sai	November 1971	March 1972	50,000
Luang Prabang	November 1973	May 1974	316,000
Savannakhet	November 1974	May 1975	300,000

In addition to the construction of these MCH hospitals, USAID is providing medical supplies and equipment to rural MCH centers. At present, these number 12 provincial MCH centers, 9 district centers, and 30 village centers.

USAID funding of the Maternal and Child Health project, FY 1969-FY 1972 has totalled $3,157,000; FY 1973 funding totals $780,000. These funds cover the cost of personnel assigned to the project, medical supplies and equipment, participant training, and construction of MCH facilities.

DEVELOPMENT OF LAO NATIONAL ROADS

A project to assist the Ministry of Public Works

> Improve and maintain the national highway system;
>
> Develop an administrative and technical organization equipped to plan, construct, and maintain the national highway system.

USAID's work with the Ministry of Public Works is carried out under an agreement between the U.S. Department of Transportation, Federal Highway Administration (FHWA) and the Agency for International Development (AID). Under this agreement, USAID has contributed to the construction or reconstruction of 2,152 km of road and 257 bridges since 1962.

The national road system of Laos shown in Fig. 1 totals approximately 5,900 km of road of which slightly over 3,000 km are in those portions of Laos which have remained under control of the Royal Lao Government over the past ten years. Route 13, the major highway of Laos, lies within this network. Route 13 parallels the Mekong River from the Cambodian border north to Pakse, Savannakhet, Thakhek, and Vientiane. In 1965, the road north from Vientiane to Luang Prabang had deteriorated in many places to a foothpath through the jungle. It was rebuilt by Ministry of Public Works and FHWA personnel and opened to traffic in 1969.

FHWA engineers assist Ministry staff in highway planning, methods of road and bridge construction, scheduling and using equipment; technicians instruct personnel engaged in servicing, operating, and repairing equipment and in requisitioning and accounting for supplies and materials. FHWA personnel and the Ministry's Directorate of Roads and Bridges staff share the same offices in the Ministry of Public Works, Vientiane headquarters. FHWA personnel are assigned to regional offices in Pakse, Savannakhet, and Luang Prabang. Ministry of Public Works employees receive classroom instruction at a training school in the central repair shop in Vientiane. Courses

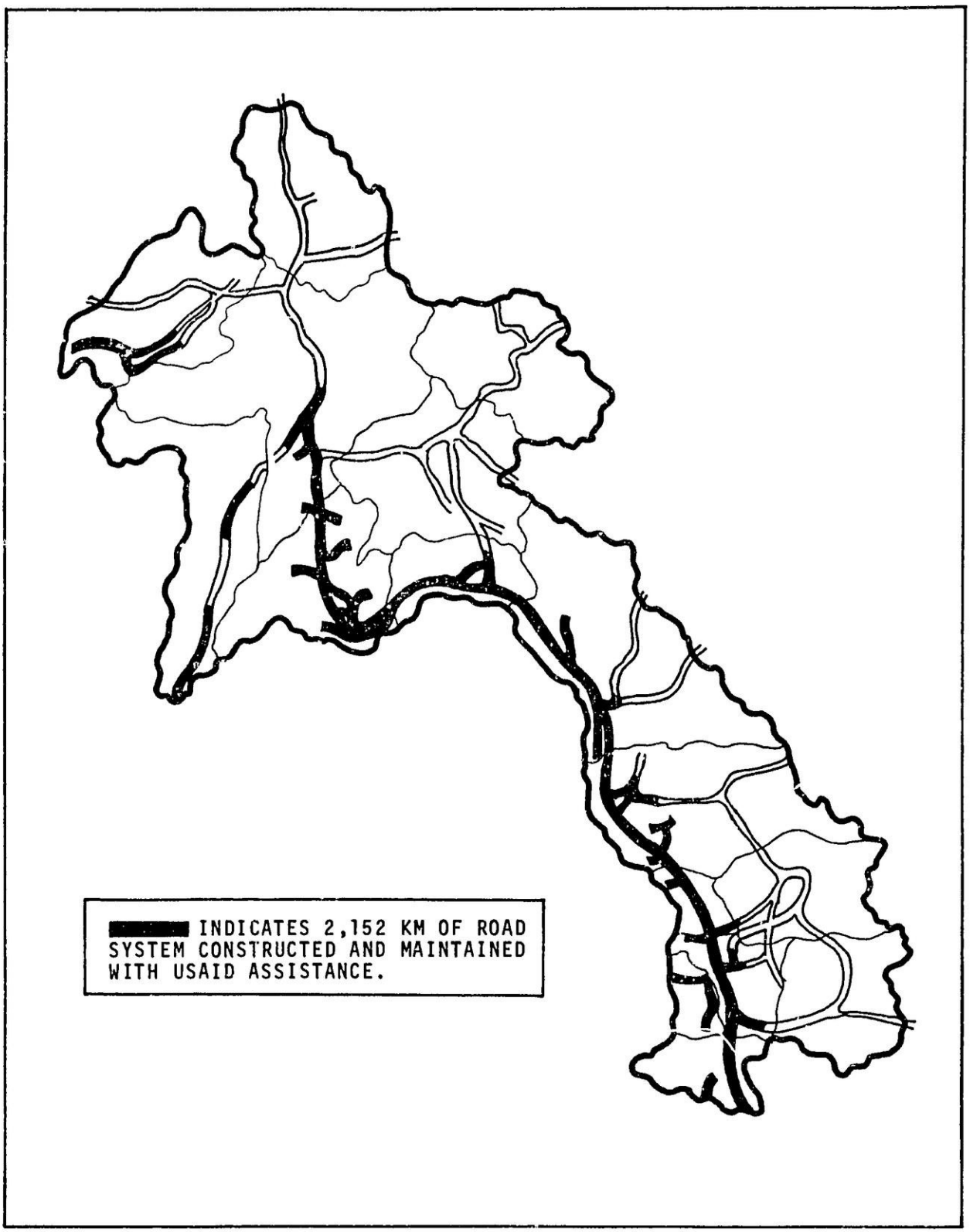


Fig. 1 -- The National Road System of Laos

include the theory of combustion engines, automotive electricity, and hydraulic systems. They also receive instruction in English and mathematics to enable them to work with the service manuals and parts books.

From the classroom, the employees go to the central repair shop if they are to be mechanics, or to field sites if they are to be equipment operators. In the repair shop, the mechanics disassemble, reassemble, and operate gasoline and diesel engines in on-the-job training. At the field sites, the equipment operators learn to operate and maintain highway construction equipment and, at the same time, construct and repair roads during training. One of the most important training programs carried out by FHWA personnel was the reconstruction of 275 km of Route 13 north to Luang Prabang. When construction work began, the equipment operators and skilled laborers were technicians and workers from other countries. By the time construction was completed, the equipment operators and skilled laborers were Lao who had been trained on the project.

Despite the war and the limitation on new road construction, the work that has been carried out has contributed to economic growth in urban centers and in the communities that the roads serve. With the reopening of Route 13 between Vientiane and Luang Prabang, trucks began to carry cargo that formerly was flown at far greater expense. Trucks are now available for hire from commercial carriers in Vientiane, an expansion of private enterprise that is a direct result of highway construction and maintenance.

USAID funding of the Lao National Roads project, FY 1962 - FY 1972, has totalled $32,187,000; FY 1973 funding totals $3,206,000. These funds cover the cost of FHWA personnel assigned to the project, equipment, commodities, and participant training.

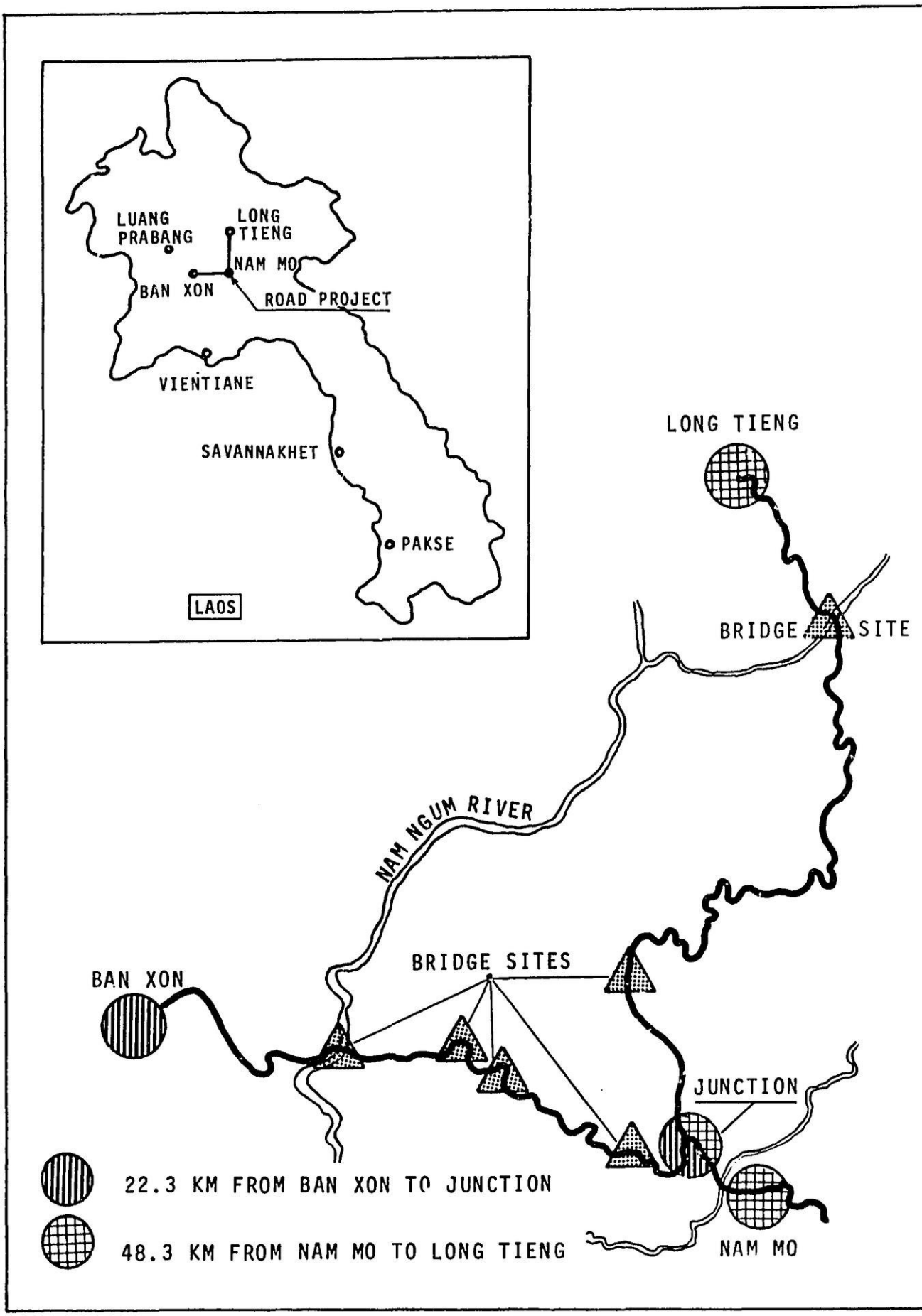


Fig. 1 - Ban Xon-Long Tieng Road

DEVELOPMENT OF THE RURAL ECONOMY

RURAL PUBLIC WORKS

A project established as a technical service organization within USAID

> To provide plans and designs, supervision, equipment, and manpower for project construction.

When Rural Public Works was established as a project in 1963, its center of operations was rural Laos and its most important activities were the construction of secondary roads, schools, and dispensaries in rural Laos. These activities continue; however, the project now includes the construction of dams, irrigation and drainage systems, dikes and flood-control structures, all-weather roads, bridges, airfields, and hospitals, schools, housing and administrative facilities, public buildings and offices in urban Laos.

The table illustrates the range of construction projects carried out under Rural Public Works. The 30 projects listed were either in process or completed as of May 31, 1973. They range in complexity and cost from the Maternal and Child Health Center, Mahosot Hospital, Vientiane, $749,000, to a police post on the Vientiane Plain, $800.

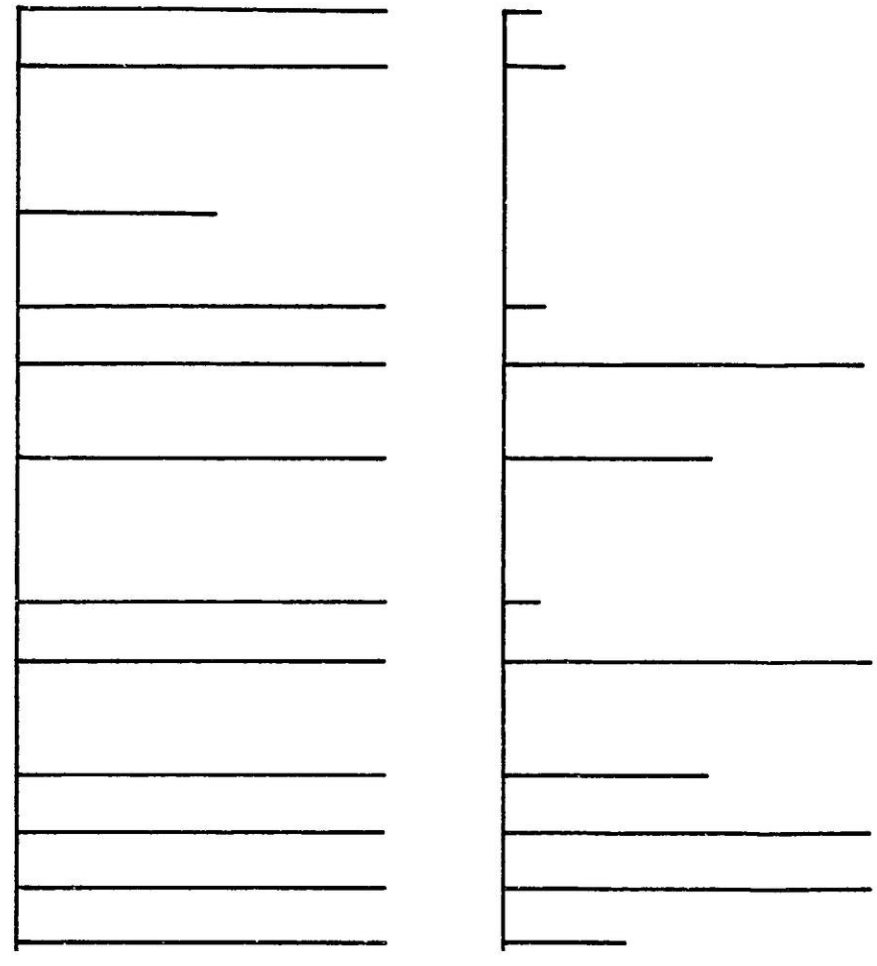
Figure 1 shows the 70.6-km road which is under construction between Ban Xon and Long Tieng in Xieng Khouang Province at an estimated cost of $3,474,000. The road is built over rugged mountainous terrain. It will link with a road west from Ban Xon to Houei Pamone on Route 13, which connects Vientiane with Luang Prabang, the Royal Capital.

Figure 2 shows the Dong Kalume flood plain, a 5,000-hectare tract of rich agricultural land which stretches about 20 km along the Mekong River. The land is used primarily for growing rice; however, tobacco and vegetables grow in the irrigated areas. In the past, rising waters of the Mekong River flooded the land during the rains.

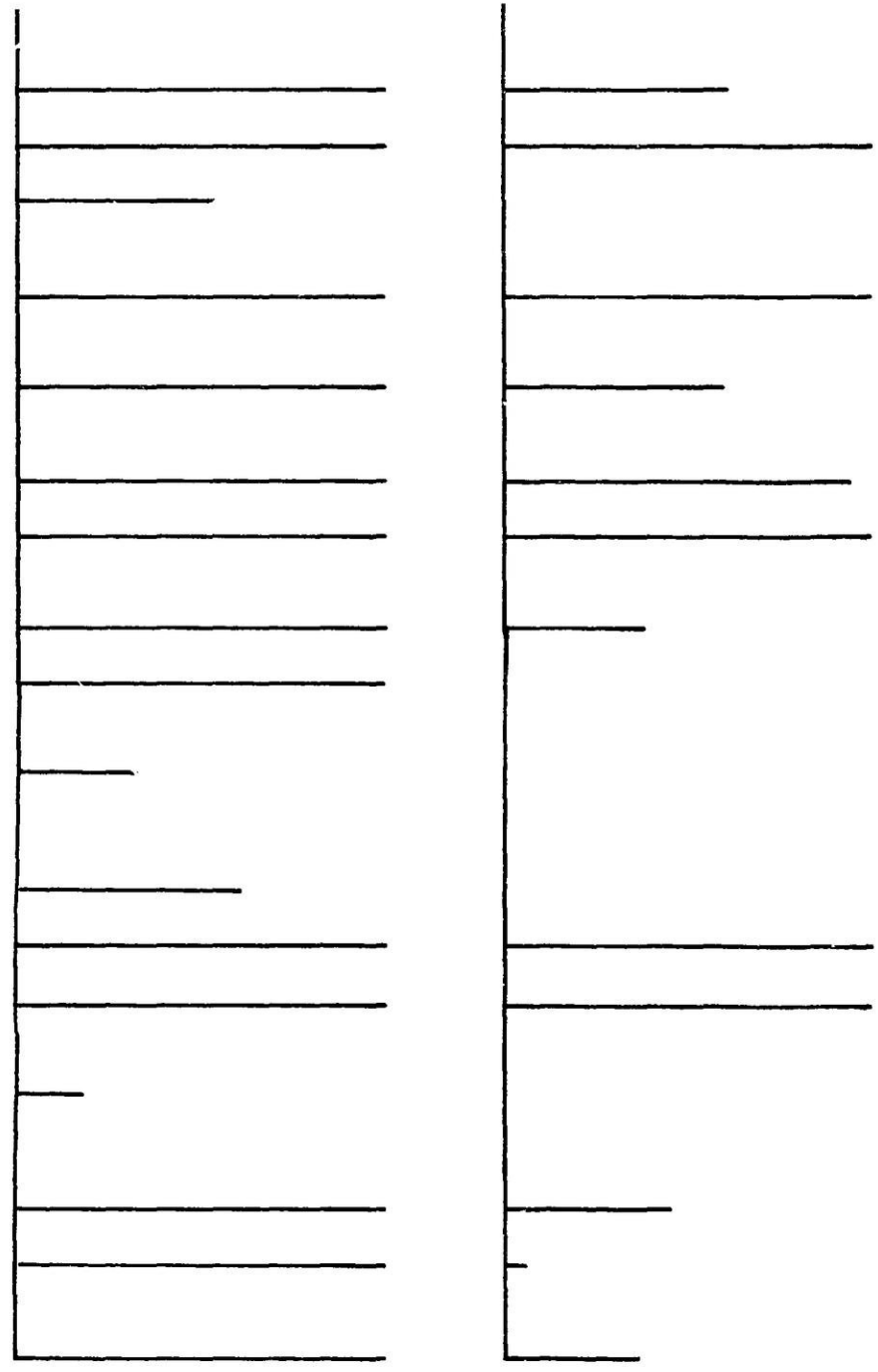
RURAL PUBLIC WORKS CONSTRUCTION PROJECTS

May 31, 1973

Location	Project	Design (% completed) 0 25 50 75 100	Construction (% completed) 0 25 50 75 100
Houa Khong Province			
Ban Houei Sai	Warehouse		
Ban Houei Sai	Market		
Luang Prabang Province			
Luang Prabang	Maternal and Child Health Hospital		
Luang Prabang	Fa Ngum School irrigation system and water tank		
Luang Prabang	Fa Ngum School Phase II		
Xieng Ngeun	Agriculture Redirection Center		
Sayaboury Province			
Sayaboury	Maternal and Child Health Hospital		
Sayaboury	Rice mill		
Xieng Khouang Province			
Ban Xon	Surgical suite		
Ban Xon	Nurses' dormitory		
Ban Xon	Police post		
Ban Xon-Long Tieng	Road		



Vientiane	Medical equipment repair facility	
Vientiane Plain	Customs post	
Vientiane Plain	Dike	
Vientiane Plain	Dike/road and flood control structure	
Vientiane Plain Km-52	Meo refugee village road	
Vientiane Plain Km - 52	Maternal and Child Health Center, Mahosot Hospital	
Phone Savone	Secondary school	
Vientiane	Curriculum Center, Fa Ngum School	
Vientiane	Police Academy, Phase IV	
Vientiane	Detoxification Center, Mahosot Hospital	
Savannakhet Province		
Kengkok	Hospital ward	
Thasano	Refugee Reception Center	
Thasano	Road construction	
Savannakhet	Maternal and Child Health Hospital	
Sedone Province		
Phou Ba Chiang	Refugee access road	
Pakse	Fa Ngum School	
Pakse	Maternal and Child Health Hospital	



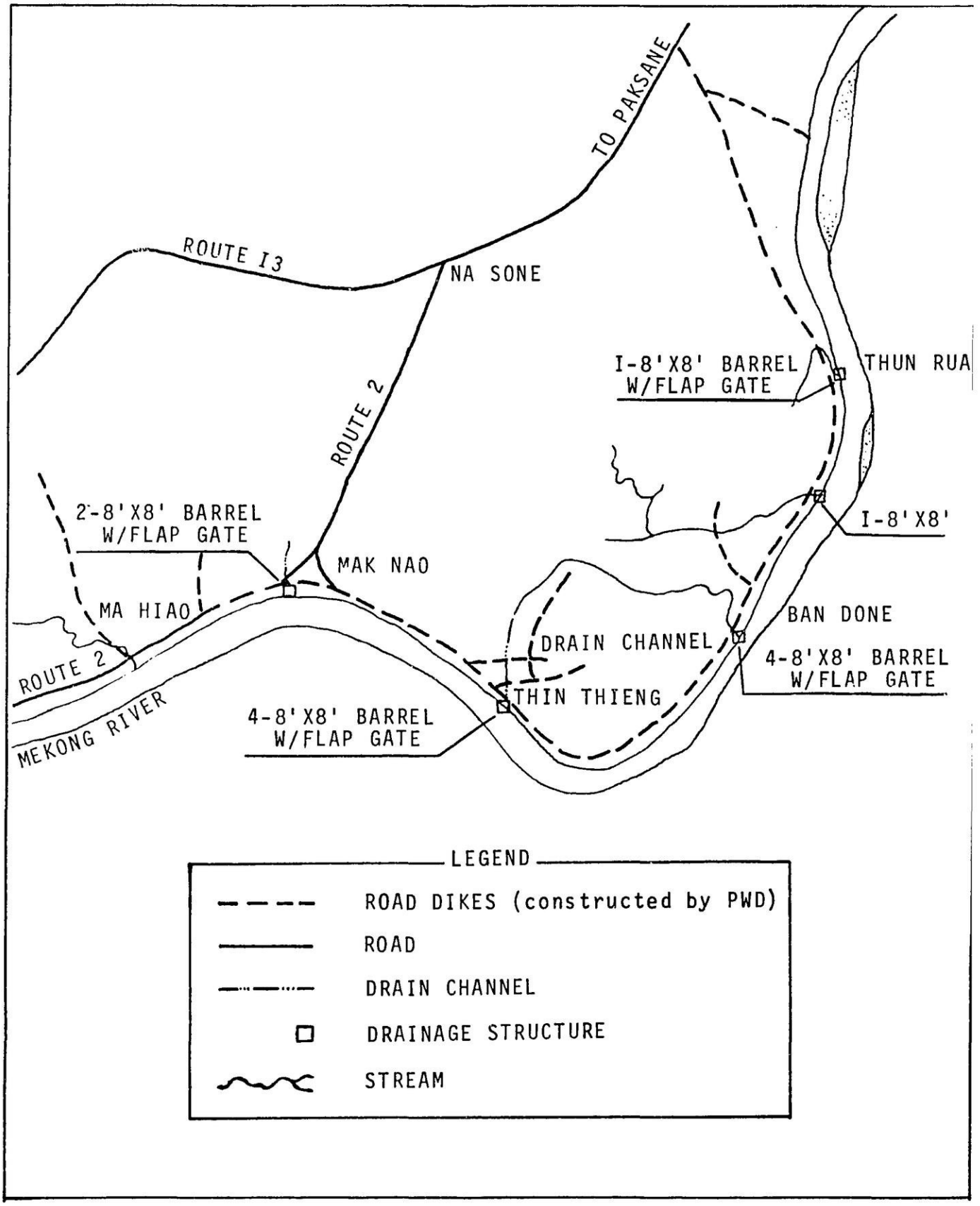


Fig. 2 - Flood control system, Dong Kalume plain.

Rural Public Works in 1970 began constructing an extensive dike-road system with drain channels and flood-control structures to prevent flood-level waters from inundating and destroying the crops. This project of 24 km of road dikes, 4,700 meters of deep drain channels, 5 reinforced concrete flood-control structures with automatic control gates was completed in 1972 at a cost of $460,000. Two crops a year can now be grown on this land because of these flood-protection measures.

In one phase of its activities, Rural Public Works operates similar to a construction contracting organization within USAID which provides its services to joint USAID and Lao government projects. For agriculture, Rural Public Works constructs rice storage warehouses, fish ponds, irrigation systems; for public health, hospitals, maternal and child health centers, dispensaries; for education, teacher training facilities, dormitories, primary and secondary schools.

In a second phase of its operations, Rural Public Works utilizes the services of the Naval Facilities Engineering Command representative in Laos, OICC, to provide estimates, plans, and supervision for projects that are built each year by private construction companies.

In a third phase, Rural Public Works functions as an on-the-job training unit: unskilled laborers are trained as construction equipment operators, mechanics, carpenters, masons, plumbers, and electricians; people in villages are trained in the more efficient use of local materials and in construction techniques.

USAID funding for the Rural Public Works project, FY 1964-FY 1972, totals $23,114,000 and in FY 1973, $2,922,000. These funds cover the cost of U.S. personnel assigned to the project, equipment, commodities, and participant training.

WELL DRILLING

A project established as a technical service organization within USAID

> To provide manpower and equipment for drilling wells as a source of water for villages, institutions, and commercial enterprises.

USAID established the well-drilling project in 1963 to provide sources of uncontaminated water in areas where the water table is too low or subsurface layers too hard to permit digging wells with handtools. In the approximately 10 years that the project has been in effect, 1,392 wells have been drilled; these vary from the early shallow wells, 40 ft to 60 ft in depth, to present wells which may be drilled to a depth of 1,000 ft to 1,500 ft.

Currently, five well-drilling rigs are in operation--three rotary rigs in southern Laos where the soil is such that a well may be drilled in less than a week, and two percussion rigs in northern Laos where, because of the limestone subsurface, a well may take over a month to drill. Five field crews have been trained to the point of proficiency that requires only specialized technical advice from USAID technicians. Replacements are trained working on the job with experienced crews.

As revealed by the well-drilling project, groundwater resources in Laos fall into erratic patterns. On the Vientiane Plain, water-bearing strata in which sand and gravel predominate produce water with a high salt content at depths below 125 ft. The higher-producing wells operate at 60 percent capacity to produce water in which the salt content is acceptable. In northern Laos, approximately 80 percent of the wells are in limestone crevices at 100 ft to 150 ft in depth; these wells are usually very low producers. In southern Laos, salt areas are encountered and much of the water is of high iron content. These conditions limit the development of ground-water resources and expansion of the well-drilling project beyond its present purposes.

The table shows category and number of wells drilled in each category over the past three years. By far, most of the wells drilled are for village use or, as increasing numbers of refugees are relocated, to provide water for the new refugee villages. Unless they are refugees, the people pay for the well pump and provide sand, gravel, and other local materials to construct the well; they are responsible for its maintenance. An average three to five wells are drilled each year for commerical enterprises; the enterprise is required to pay the full price for drilling and installation.

WELL DRILLING OPERATIONS, 1970 - 1971

	Number of Wells Drilled		
	1970	1971	1972
Refugee	17	15	76
Village	50	91	34
Schools	10	12	10
Hospitals	4	4	2
Other[a/]	26	11	20
	107	133	142
Abandoned holes[b/]	34	26	22
Total	141	159	164

a/ Includes military camps, road camps, RLG offices, and commercial enterprises. These wells meet special requirements for water for RLG facilities, or, in some cases, are drilled for private enterprise which USAID and the Royal Lao Government consider developmental in character and for which full reimbursement of costs is required.

b/ Abandoned because of high salt content or dry hole.

USAID funding for well drilling, FY 1964 - FY 1972, totals $2,957,000 and for FY 1973, $220,000. These funds cover the cost of U.S. personnel assigned to the project, equipment, commodities, and participant training.

RURAL SELF HELP

A project

> To plan and coordinate the use of resources that the Lao Government and USAID provide for rural development;
>
> To assist in developing within the Lao Government an organization to plan and coordinate rural development.

USAID and the Royal Lao Government introduced the first self-help projects in 1962. These were small projects such as village schools, dispensaries, and wells, and they were undertaken for two reasons: to introduce social and economic change through activities chosen and carried out by the villages and to involve the villages in the political and administrative structure of government. Construction and training are the means that Rural Self Help uses to achieve these ends.

Construction calls on the resources of Rural Public Works and Well Drilling and is carried out in cooperation with other USAID projects, e.g., Village Health and Community Education. Table 1 shows the kind and number of rural facilities which have been constructed between FY 1964 (when Rural Self Help was established as a formal project) and FY 1972. Table 2 shows rural construction sponsored by other projects and completed before FY 1964.

The Commission for Rural Affairs is responsible for setting up training programs for village leaders and for the people of the village: for the leaders, to strengthen their ability to identify problems and to work toward solving them; for the people, to teach new skills such as weaving, blacksmithing, and carpentry. The training sessions for the village leaders inform them of the services that the government provides and of their responsibilities to the government.

Table 1

RURAL SELF HELP CONSTRUCTION PROJECTS

FY 1964 - FY 1972

Projects	Number
Buildings	
Classrooms	2,500
School furniture	5,285
Dispensaries	124
Markets	20
Training Centers [a/]	42
Latrines	661
Crematoriums	13
Slaughterhouses	2
Hospitals [b/]	10
Warehouses [b/]	79
Communications	
Roads, km [b/]	1,200
Bridges [c/]	192
Airstrips [b/]	42
Land and Water Resources	
Dug Wells	908
Water Systems	21
Fish ponds	25
Irrigation projects	16
Drilled wells [b/]	720

a/ Includes 28 Training Centers built by Rural Public Works for other projects.

b/ Constructed by Rural Public Works for other projects.

c/ Includes 177 bridges built by Rural Public Works for other projects.

Table 2

RURAL CONSTRUCTION PROJECTS

FY 1955 - FY 1963

Project	Number Constructed
Classrooms	1,000
Dispensaries	11
Dug wells	124
Training centers	4
Markets	8
Warehouses	4

From these training sessions, village development councils have emerged which originate their own self-help projects. Village officials who have attended training courses in administrative procedures and community development total 4,776; village people who have participated in skill training total 8,763.

The contributions of each of the participants in self-help projects have remained essentially the same since the beginning. The people of the village contribute labor and local materials; USAID contributes technical help, e.g., carpenters and masons, and commodities beyond the financial resources of the village; the Lao government contributes the services of its technicians, the Village Level Workers of the Commission for Rural Affairs, and materials when available. Over the past two years, the Lao government has contributed corrugated tin roofing for schools, dispensaries, and markets.

USAID funding of Rural Self Help, FY 1964 - FY 1972, has totalled $10,064,000; FY 1973 funding totals $1,003,000. These funds cover the cost of personnel assigned to the USAID Office of Field Operations, and Rural Self Help participant training, equipment, and commodities.

AGRICULTURAL DEVELOPMENT

AGRICULTURAL DEVELOPMENT ORGANIZATION

A project

To promote agricultural production.

Organized in 1964 first as a joint venture of the Directorate of Agriculture and USAID, the Agricultural Development Organization (ADO) was established by Presidential Decree of October 1965 as an autonomous Royal Lao Government organization ". . . to stimulate and promote development of agriculture in Laos." ADO functions cover credit to farmers at reasonable rates, sale of fertilizer, insecticides, farm equipment, hand tools, poultry, and poultry and livestock feeds. Figure 1 compares ADO gross sales for FY 1972 with those for FY 1973. The increase in sales that occurred during the period July 1972 through May 1973 indicates an expanding interest on the part of farmers in using commercial agriculture products.

Between 1965 and 1968, ADO established six provincial bureaus to manage credit sales of fertilizers, insecticides, and farm equipment, and to instruct farmers in their use. Since 1967, 5,456 MT of fertilizer and 143 MT of insecticides have been sold to farmers on credit terms; 777 MT of fertilizer and 10 MT of insecticides have been donated to government projects for pilot testing and demonstration purposes in programs designed to increase agricultural production. Fertilizer and insecticide sales total $693,700; donations total $98,300.

ADO has sold and distributed agricultural equipment valued at $500,000. This equipment includes pumps, tractors, harvesters, threshers, sprayers, and rice mills. Over a three-year period, 78 pumps valued at $230,000 were sold to farmers' associations for irrigation purposes. These pumps provide water during the dry season for a total of 1,340 hectares.

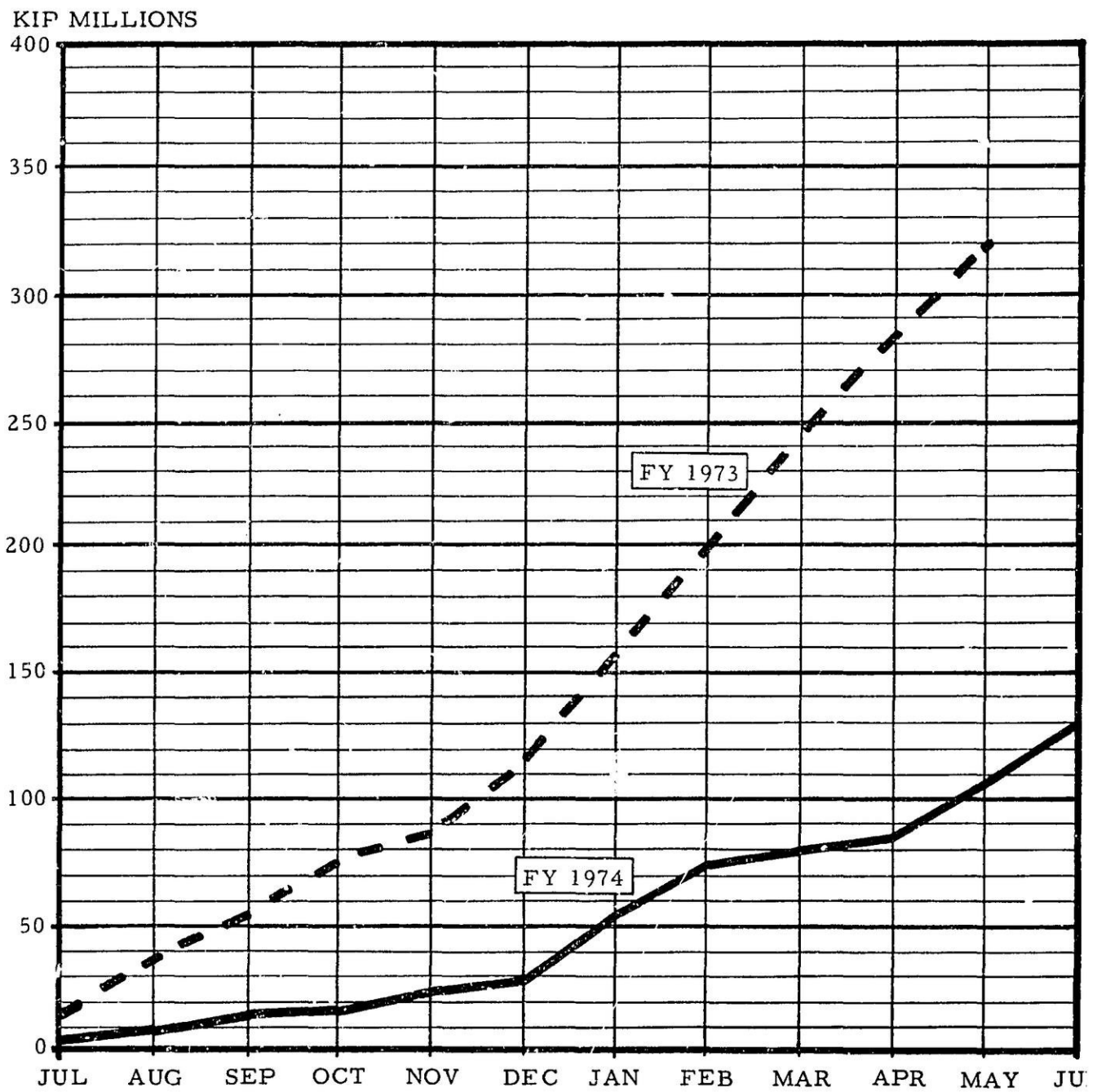


Fig. 1 -- ADO gross sales, FY 1972 - FY 1973.

Over the past five years, ADO has extended credit to approximately 10,000 farmers for the purchase of agricultural commodities. Figure 2 shows ADO cash and credit sales for FY 1973. Although in part the result of new credit procedures, the increase in cash sales reflects the availability in rural areas of sufficient money to purchase agricultural commodities.

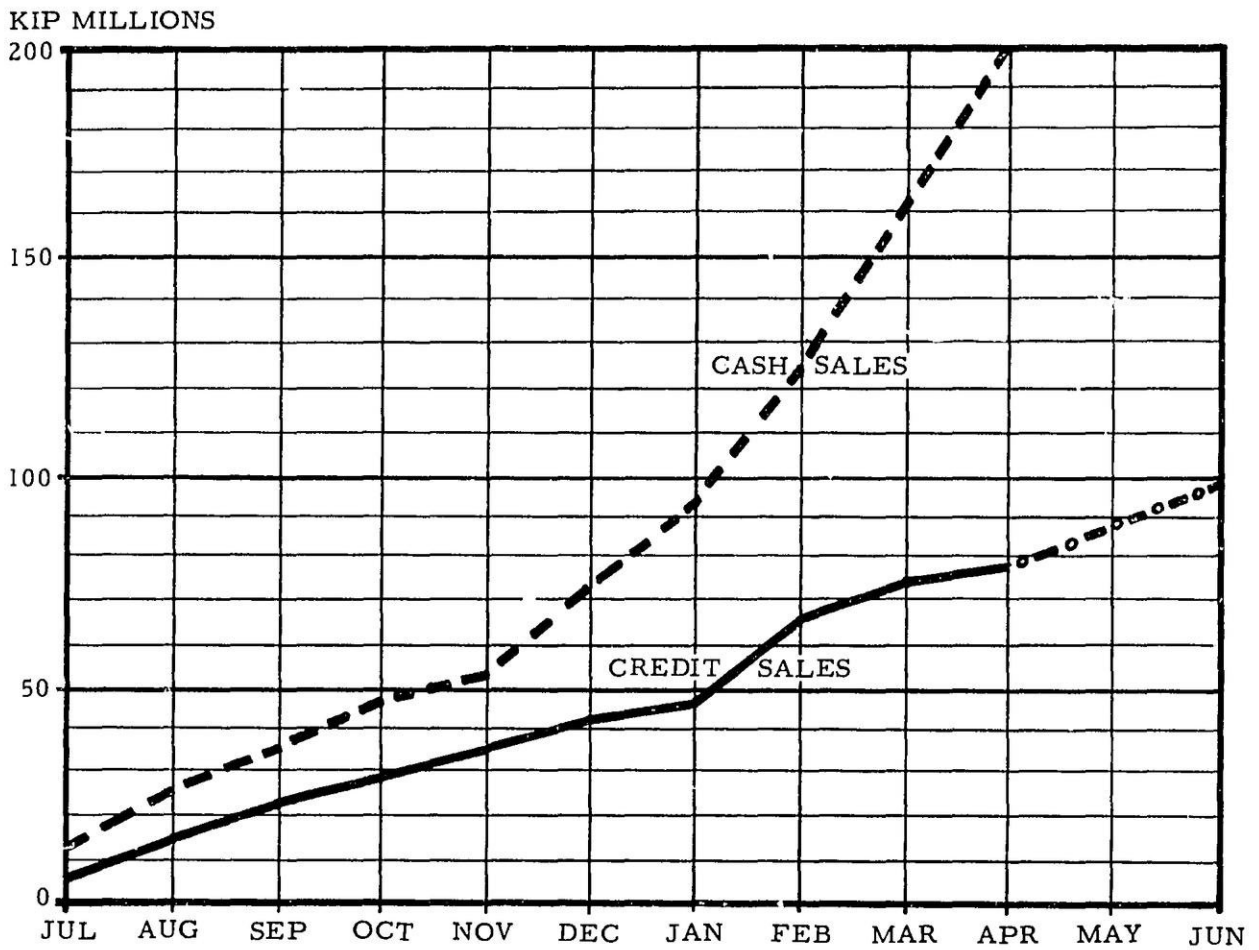


Fig. 2 -- ADO cash and credit sales, FY 1973.

ADO provides credit and acts as a supplier for poultry businesses in Vientiane, Luang Prabang, Savannakhet, and Pakse. In 1972, poultry production as a commercial enterprise was introduced in refugee resettlement areas. Beginning on the Vientiane Plain, re-

fugee families selected on the basis of interviews with ADO technicians were instructed in commercial poultry production. With the purchase on credit of 200 baby chicks, feed, and equipment, a family averages a net profit of Kip 50,000 or about $83.00 at the end of two months or an annual profit of Kip 250,000 or about $413.00.

ADO has imported 50,000 chicks since July 1972 for sale to poultry farmers with the result of a profit to the poultry farmers of Kip 7,500,000 or about $12,500. The value of these poultry products on the Lao market totals Kip 60,000,000 or about $100,000. The success of poultry production as a commercial enterprise is illustrated by Fig. 3 which shows ADO sales of selected commodities from July 1972 through May 1973.

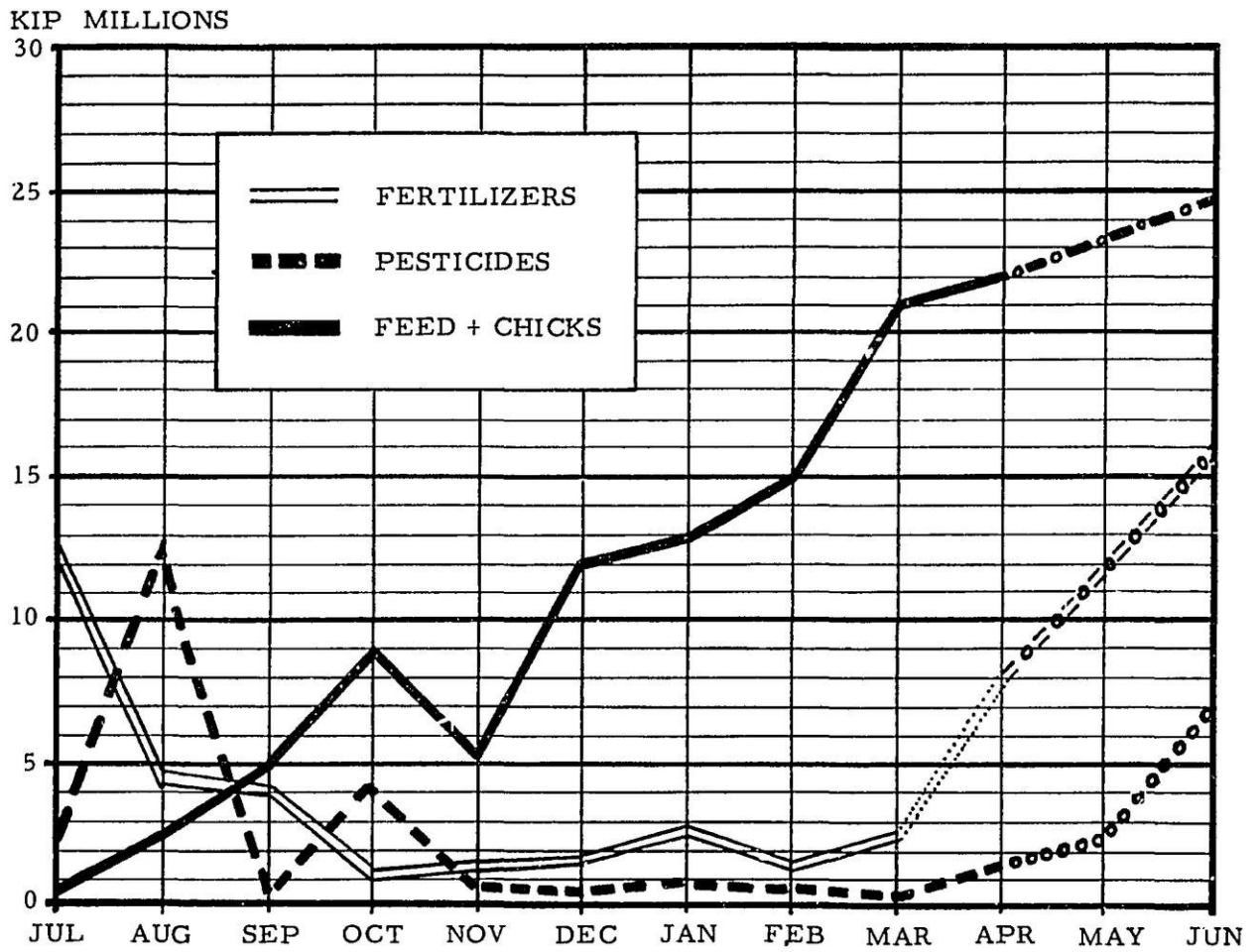


Fig. 3 -- Gross sales of selected commodities, July 1972 - May 1973

In January 1972 the Administrative Council of ADO authorized the Lao Savings and Loan Cooperative (LSLC) to operate as an organization within ADO. The Credit Union National Association, Inc. (CUNA) is providing technical assistance under a contract with USAID in establishing rural cooperatives as a means of extending credit to farmers. During its first year of operation, LSLC has organized four cooperatives and two more are scheduled to open in 1973.

USAID funding for the Agricultural Development Organization, FY 1965 - FY 1972, totals $4,197,000 and in 1973 $414,000. These funds cover the cost of U.S. personnel assigned to the project, the CUNA contract, participant training, and commodities.

SERICULTURE

A project

> To reintroduce the commercial production of silk in Laos.

Sericulture as a USAID project established administratively within ADO falls into two categories of development assistance in agriculture:

> An agro-industry which provides an immediate contribution to the economy.
>
> An agro-industry of high export potential.

USAID introduced sericulture as a means of providing a source of income for refugee families on the Vientiane Plain and as an alternative to cultivation of the opium poppy among hill tribes in Northern Laos. Thailand provides the market for the raw silk produced by

the villages practicing sericulture. Laos is known throughout Southeast Asia for production of the finest silk, but the political turmoil and conflict of the past two decades has all but destroyed its silk industry.

Sericulture was introduced in five refugee villages on the Vientiane Plain in FY 1971. The production methods that were worked out with the 200 families of these villages remain in effect: The people of the village clear the land for mulberry planting; they are responsible for basketry and handwork. USAID provides each family with 500 stems of mulberry, a roll of barbed wire to fence their gardens, silkworm stock, and cheesecloth. As the villages produce finished silk, USAID informs representatives of the Thai silk market of this new source of supply.

In 1972, six refugee villages on the Vientiane Plain produced 2 MT of silk at a market value of $20,000. Fourteen villages now practice sericulture and the original 200 families has expanded to over 1,100 families. Over 250 hectares of small holdings in mulberry have been planted on the Vientiane Plain. At the present production rate, these 14 villages will produce 16 MT of silk in 1973.
USAID funding for sericulture, FY 1971 - FY 1973 totals $127,000. These funds cover the cost of U.S. personnel assigned to the project and commodities.

CROPS AND SOILS

A project to assist the Bureau of Agricultural Research

In carrying out production-oriented research;

In solving technical problems that prevent Lao farmers from increasing crop production.

Crops and Soils was established as a project in FY 1963 to help the Bureau of Agricultural Research develop a program which would contribute toward increasing agricultural productivity in Laos. This program is carried out at Salakham Research Center near Vientiane. The method is one of adaptive research which uses the results of basic analytical work in plant biology and adapts these results to the climate and soil of Laos.

Currently, 350 varieties of rice are being tested at Salakham. The new rice strains are the result of crossings between native Lao rice and the high-yielding varieties developed at the International Rice Research Institute in the Philippines. Three glutinous and four nonglutinous varieties are producing the highest yields and the foundation seed derived from these varieties are planted by farmers who are producing certified seed for sale by AID. On land planted with these seed, the result is an average increase in production of 1.4 MT of rice per hectare or double the yield from land planted with unimproved varieties.

Over the past two years, test plots of corn, sorghum, soybeans, peanuts, and five kinds of vegetables have been planted at Salakham. These varieties are the improved strains that have been developed in basic research programs in the United States, Thailand, Taiwan, and Indonesia. Now released to farmers and in production are two varieties of field corn and one variety each of wheat, tomato, Irish potato, and onion.

With the opening of the soils laboratory in the Plant Protection Center at Salakham, research will begin in fertility levels of the soils of Laos to establish plant nutrient requirements. Problems of agricultural productivity on marginal lands are under study; e. g., upland areas where slash-and-burn agriculture has been practiced and the mountainous areas where large numbers of refugees are settled.

USAID funding for the Crops and Soils Project, FY 1963 - FY 1972, has totalled $2,018,000; FY 1973 totals $66,000. These funds cover the cost of U. S. personnel assigned to the project, participant training, equipment and commodities.

IRRIGATION

A project to assist the Irrigation Service, Directorate of Agriculture,

> In operating, maintaining, or rehabilitating irrigation systems;
>
> In designing and constructing irrigation and drainage systems and in land classification.

Although the irrigation project was not established until FY 1964, USAID had earlier provided construction materials and technical assistance in building small concrete or masonry dams and weirs to replace less permanent structures built by Lao farmers. Between 1964 and 1968, construction of these small structures continued; between 1968 and 1971, larger projects were undertaken such as Nam Tan and Dong Kalume. Table 1 shows construction of irrigation projects by year; the location of these projects is shown in Fig. 1. Since 1971, the irrigation project has worked with the Irrigation Service and Farmers' Water Users Associations on management, operation, and maintenance of the irrigation systems that have been constructed.

Table 1

IRRIGATION PROJECTS

FY 1962 - FY 1973

Fiscal Year	Number of Projects	Area Irrigated (hectares)	Canals (km) [a]
1962	1	40	4
1963	6	1,081	24
1964	9	937	36
1965	27	1,984	108
1966	25	2,356	100
1967	22	1,286	88
1968	19	1,291	76
1969	21	1,838	168
1970	28	2,305	208
1971	4	4,568	106
1972	3	115	24
1973	2	200	16
	167	18,001	958

[a] During the period 1962 - 1968 an average 4 km of canals were constructed for each project, usually by self-help labor. After 1968, when heavy equipment became available, an average 8 km of canals were constructed for each project, with the exception of the Nam Tan irrigation project where a canal network of 79 km was constructed.

The Nam Tan irrigation project shown in Fig. 2 was started in 1967 to provide supplemental water for rice production during the rains and water to grow rice and other crops during the dry season. The irrigation system, which is the most extensive in Laos, consists of a diversion dam of reinforced concrete, 43 km of main lateral



Fig. 1 -- Location of Irrigation Projects.

canals on the left bank of the Nam Tan River and 36 km on the right bank. Under construction are 85 km of farm service ditches on the left bank and 43 km on the right bank. The canal system irrigates 2,200 hectares in the wet season and 300 to 500 hectares in the dry season.

In 1970, the Agriculture Extension Service established a 30-hectare demonstration farm at Nam Tan for trial plantings of rice, row crops, and orchards and instruction in fish culture. The Nam Tan fish hatchery, which opened in 1971, provides fingerlings for the 350 fish ponds in the area. The Nam Tan branch of the Lao Savings and Loan Cooperative opened in 1972.

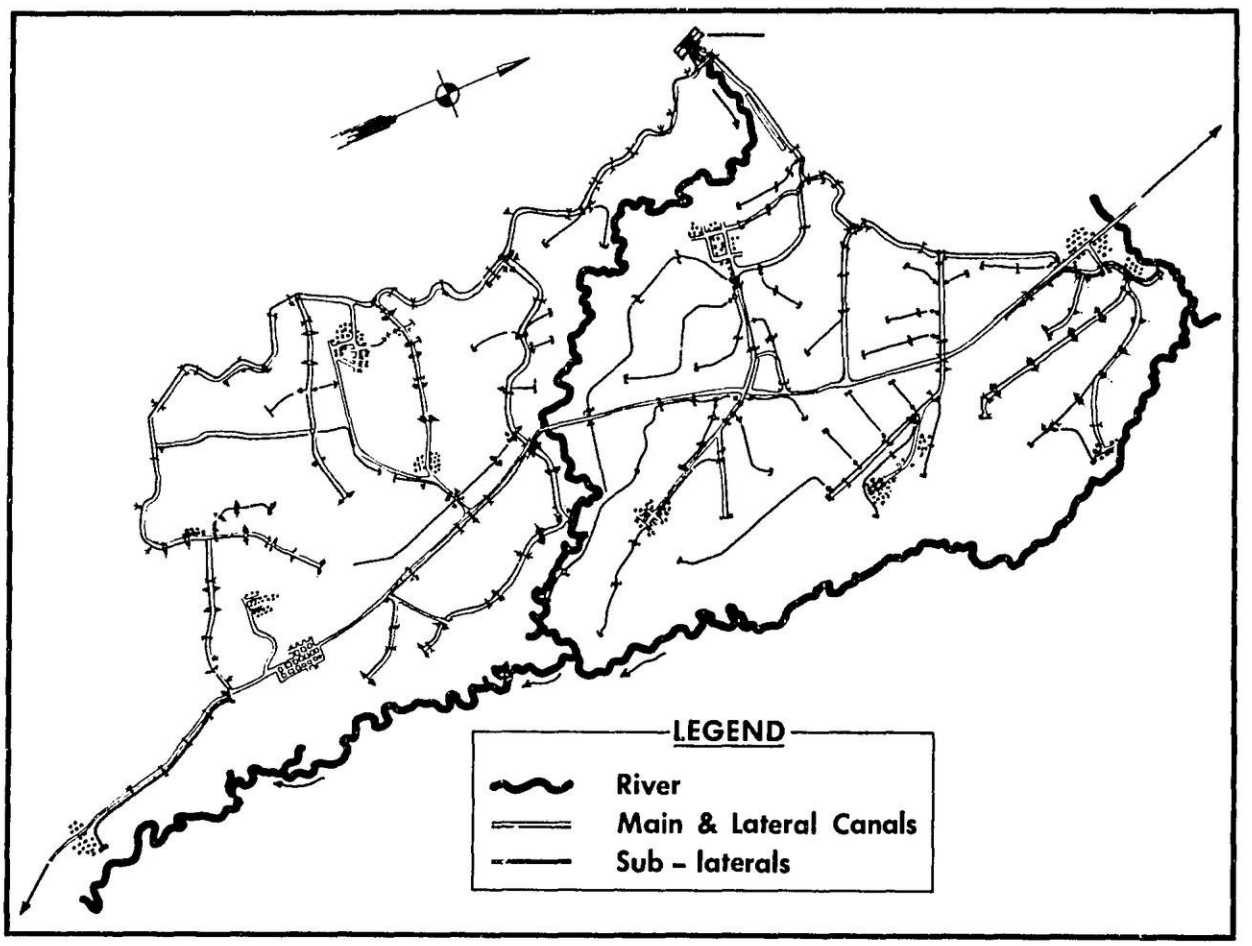


Fig. 2 -- Nam Tan Irrigation Project.

The Dong Kalume land reclamation project is the most extensive of its kind in Laos. The Dong Kalume flood plain, a 5,000-hectare tract of rich agricultural land that stretches 20 km along the Mekong River, is one of the most fertile areas in Laos. Here, five flood gates and 24 km of dike roads have been constructed to protect the 60 percent of the land that in the past has not been farmed because of flooding. This reclamation project has provided farm land for 3,000 refugess and protects the land cultivated by over 6,000 indigenous farmers. (The project is described in more detail under Development of the Rural Economy, Rural Public Works.)

The results of the land classification program carried out under the irrigation project are summarized in Table 2. The increase in land classification that began in 1971 is the result of the land resources inventory that USAID has undertaken to determine the agricultural potential of land that has been proposed for refugee resettlement.

Table 2

LAND CLASSIFICATION

Fiscal Year	Hectares
1969	5,230
1970	7,180
1971	104,225
1972	246,966
1973	125,000[a/]
	488,601

[a/] Accomplished to date plus projection.

USAID funding for irrigation, FY 1964 - FY 1972, has totalled $5,401,000; FY 1973 funding totals $232,000. These funds have been used to cover the cost of U.S. personnel assigned to the project, participant training, equipment, and commodities.

AGRICULTURE EXTENSION

A project

> To develop a production-oriented field extension service;
>
> To expand the supply of farm products in the consumers' market.

Agriculture Extension was established as a project in FY 1963 to help the Directorate of Agriculture develop an extension staff in agriculture and in home economics to work with Lao farm families. The agriculture extension staff now numbers 126 field agents; the home economics staff, 50 field agents. They are stationed in 49 agricultural development zones in seven provinces.

The Agriculture Extension Service is concerned primarily with two facets of agriculture production: the introduction and promotion among Lao farmers of high-yielding rice varieties and of new crops. With the growth of the Agriculture Development Organization and the expansion of its operations, extension field agents are increasingly working with those farmers that ADO and the Lao Savings and Loan Cooperatives have selected and financed to promote commercial agriculture production. For example, the extension service assigned field agents to work with 85 families in six villages on the Vientiane Plain during the 1972 planting and harvesting seasons. These families had been chosen to participate in the 1972 program to raise subsistence farmers to the status of limited commercial producers by planting high-yielding rice varieties and using insecticides and fertilizers available at ADO.

Since 1963, when extension agents began to distribute vegetable seeds and conduct demonstrations, farmers have grown vegetables for home consumption, and in villages near cities and towns where there is a market, they have become aware of vegetable gardens as a

source of income. Extension agents are encouraging this interest with demonstrations and instruction in the production of corn, soybeans, chili pepper, mungbeans, mushrooms, and other crops in high demand which are now largely imported from Thailand.

The extension service has assigned field agents to work with hill-tribe farmers in Ban Houei Sai and Luang Prabang Province to instruct them in the cultivation of crops to replace the opium poppy. An extension staff has been assigned to the Xieng Ngeun Agriculture Redirection Training Center, Luang Prabang Province, to instruct former growers of the opium poppy in vegetable and livestock production, fish culture, and blacksmithing.

Home economics extension agents conduct village training courses in nutrition, home gardens, child care, and sanitation. Twenty-two child nutrition centers have been established in rural areas. Home economists have worked with home demonstration agents in teaching the use of PL-480 foodstuffs in preparing food familiar to the Lao. The training sessions held in Vientiane are attended by home demonstration agents from the provinces and by refugee girls who return to their villages to teach the other women of the village how to use the new ingredients.

USAID funding for Agriculture Extension, FY 1963 - FY 1972, has totalled $1,662,000; FY 1973 funding totals $148,000. These funds cover the cost of U.S. personnel assigned to the project, participant training, commodities and equipment.

FISHERIES

A project to assist the Fisheries Service develop the facilities and staff

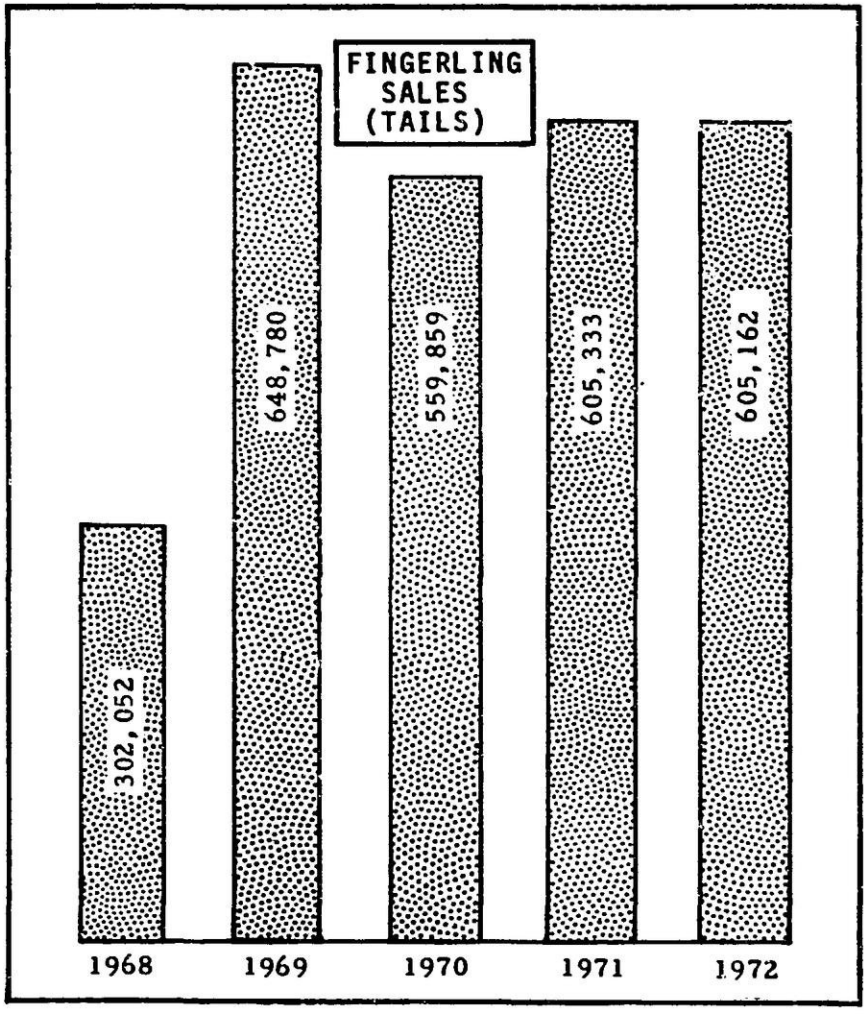
To produce fingerlings in sufficient quantity to meet demand;

To provide advisory services in fish culture to Lao farmers.

USAID assistance in fisheries is carried out by a team of fish culture specialists provided under a contract with U.S. Consultants, Inc. The project began in FY 1966 with work to rehabilitate three fish hatcheries: Nong Teng at Vientiane and the hatcheries at Luang Prabang and Pakse. The facilities at these hatcheries have been completed and a fourth hatchery built at Nam Tan. The hatcheries are stocked with carp and tilapia. Figure 1 shows sales by year of fingerlings and market fish at the four hatcheries, FY 1968-FY 1972. Proceeds from these sales provide funds to maintain and operate the four hatcheries. A fifth hatchery is under construction at Ban Xon to provide fingerlings for fish production among the refugees and a sixth hatchery is planned at Ban Houei Sai to promote fish culture as an alternative to cultivation of the opium poppy among the hill tribes.

Figure 2 shows the number and location of fish ponds. These ponds are for the most part built and owned by farmers who grow the fish for their own consumption or for sale as market fish or as fingerlings to stock other ponds. The number of these ponds has increased each year, with the most outstanding increase in Xieng Khouang Province where, from an isolated few in 1966, they now number over 3,000 ponds.

Under the supervision of the fisheries team, a limnological survey of the 217 sq km reservoir created by the Nam Ngum Dam is in process. The reservoir has been stocked with 150,000 Chinese carp



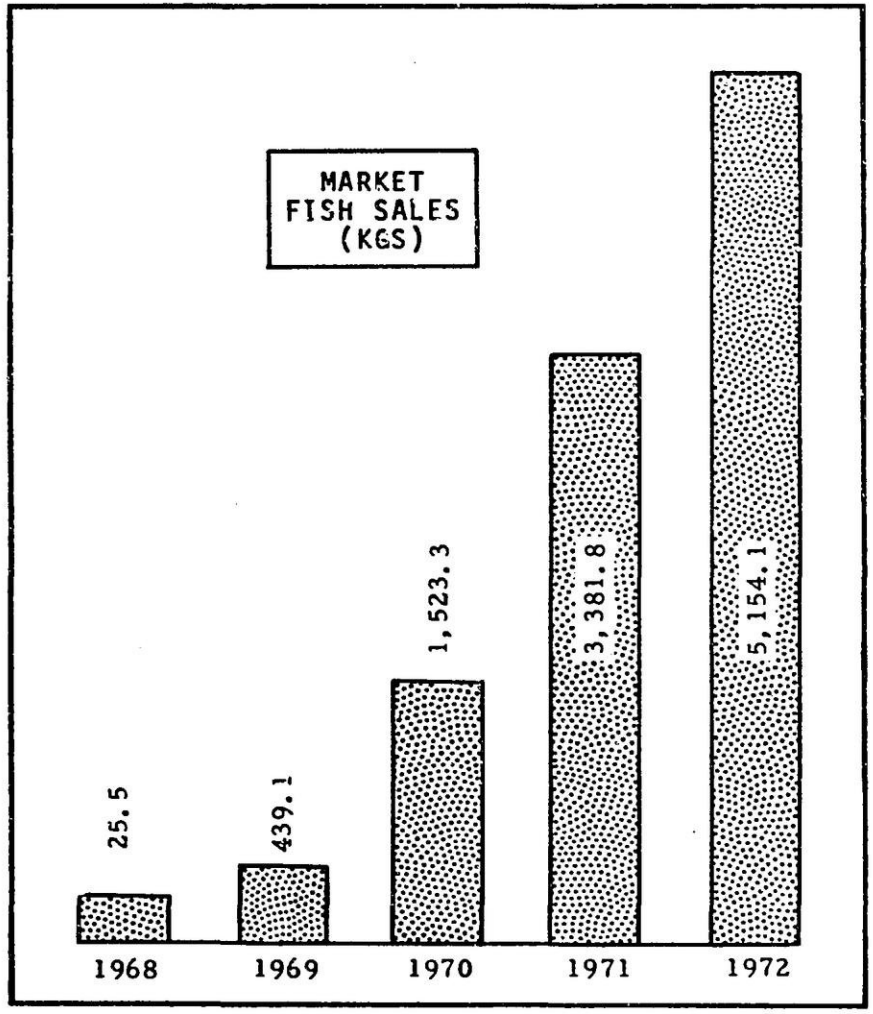


Fig. 1 -- Yearly Sales of Fingerlings and Market Fish

fingerlings of three species who feed on different varieties of vegetation in the water. The present catch at the dam approximates one ton of fish per day. The fishermen include refugees who have resettled in the areas as well as inhabitants of the old villages.

USAID funding of the fisheries project has totalled $662,000, FY 1966 - FY 1972; FY 1973 funding totals $56,000. These funds cover the cost of the fisheries team, participant training, equipment, and commodities.

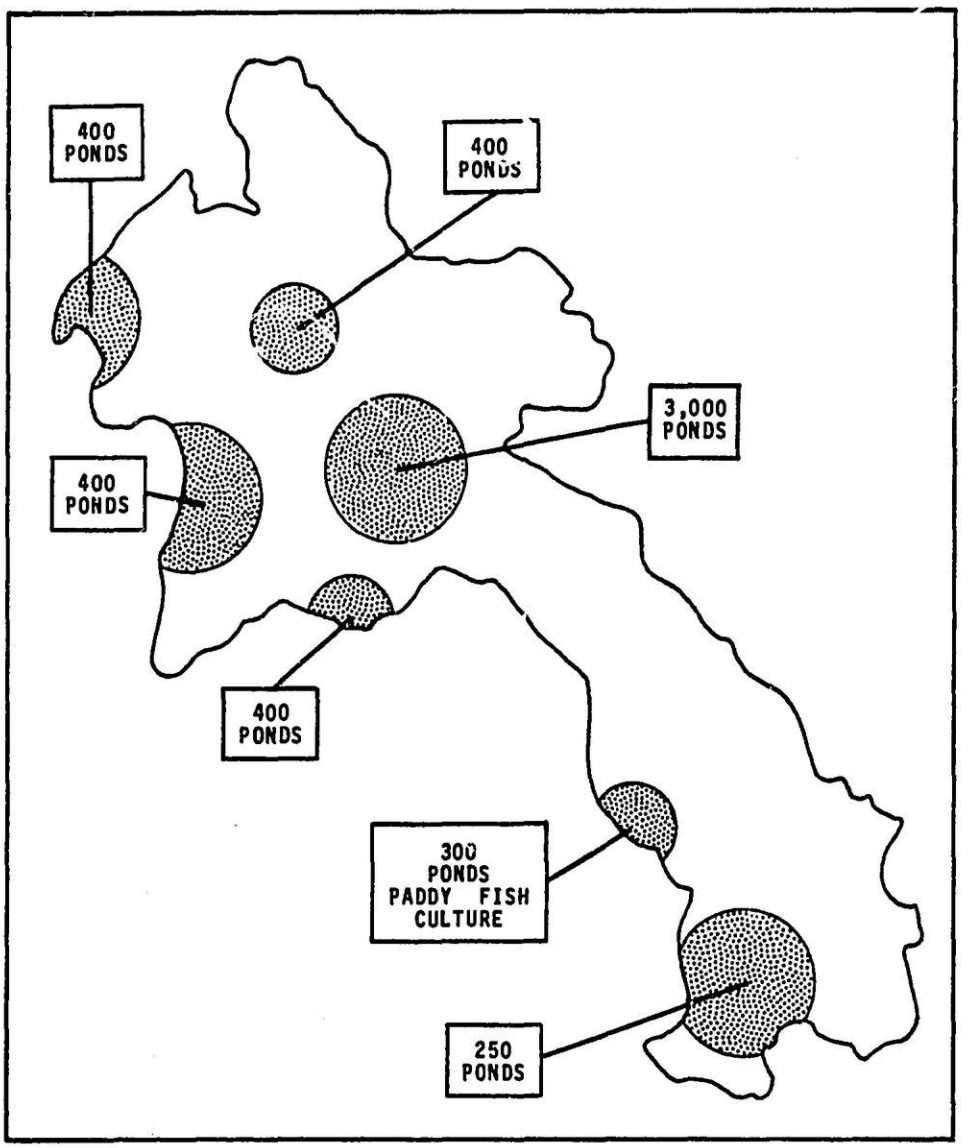


Fig. 2 -- Number and Location of Fish Ponds

LIVESTOCK

A project

> To assist the Directorate of Veterinary Medicine and Livestock in developing its laboratory staff and facilities;
>
> To promote commercial production of swine and poultry.

The livestock project established in FY 1963 began with the import of swine and poultry to stock breeding farms and of vaccines to inoculate animals against disease. Approximately 11,000 chickens and ducks, 2,000 pigs, and 400 buffalo were imported and distributed over a four-year period. Concurrently, Veterinary Service personnel were trained in the use of vaccines and equipment furnished to help establish a laboratory for vaccine production and diagnosis of disease.

The Veterinary Service staff can now carry out preventive vaccination and immunization programs, isolate and contain infectious animal diseases, and treat sick animals. The laboratory began production in 1969 and over the past three years has produced 203,500 doses of vaccines. ADO now maintains drug supplies similar to those which USAID provided to supplement the locally produced vaccines, and the USAID contribution has decreased from an average 240,000 doses annually to 4,200 doses.

Livestock project advisory services provided the basic design of the poultry enterprises for which ADO provides credit and acts as supplier. These are micro-broiler projects for which the management program covers one cycle of broiler production. Poultry enterprises are now established in Vientiane, Savannakhet, Pakse, Luang Prabang, and among the refugees on the Vientiane Plain.

The livestock project has provided breeding stock to expand the herd at the Veterinary Service pig farm near Vientiane. The farm is a commercial enterprise which sells pigs to farmers for breeding stock. Pigs from this farm have also been furnished refugee villages on the Vientiane Plain.

USAID funding for the livestock project, FY 1963 - FY 1972, has totalled $739,000; FY 1973 funding totals $99,000. These funds have been used to cover the cost of personnel assigned to the project, participant training, and commodities.

EDUCATION DEVELOPMENT

COMMUNITY EDUCATION

A project

To reduce illiteracy;

To provide practical education for those students who do not continue school beyond the elementary grades;

To prepare students for further education.

Although there were earlier USAID - assisted school development activities, 1962 marks the real beginning of community education as a project. USAID assistance to community education falls into four major categories:

Construction of school facilities to permit an increase in elementary enrollment;

Revision of textbooks and curricula;

Development of national and provincial administrative structure;

Training of teachers and administrators.

School construction in rural Laos is largely a matter of self-help on the part of the village people who build the schools under the supervision of personnel assigned by the Commission of Rural Affairs. The USAID projects Rural Self Help, Refugee Relief and Rehabilitation, and Community Education, contribute resources not locally available; e.g., cement or skilled workmen if necessary. The village people supply lumber, sand, and gravel.

During the past three years, the self-help method has been extended to urban elementary school construction; in these instances, the Ministry of Education contributes funds for lumber and for labor.

Much of the initiative for self-help school construction comes from 771 Parent-Teacher Associations whose members have also assumed responsibilities in school maintenance.

School construction under the community education project provides three kinds of facilities:

> Groupe Scolaire, a six-year elementary school;
>
> Demi-Groupe Scolaire, an elementary school with more than three grades but less than six grades;
>
> Primary school, a village school, Grade 1 through Grade 3.

At present, there are over 6,000 elementary classrooms in Laos; of this number, 4,700 or 78 percent of the total, have been constructed with USAID assistance. Of the over 240,000 students enrolled in elementary school, over 233,000 or 96 percent are enrolled in USAID-assisted schools. Of these totals, 1,192 classrooms have been constructed to provide educational facilities for

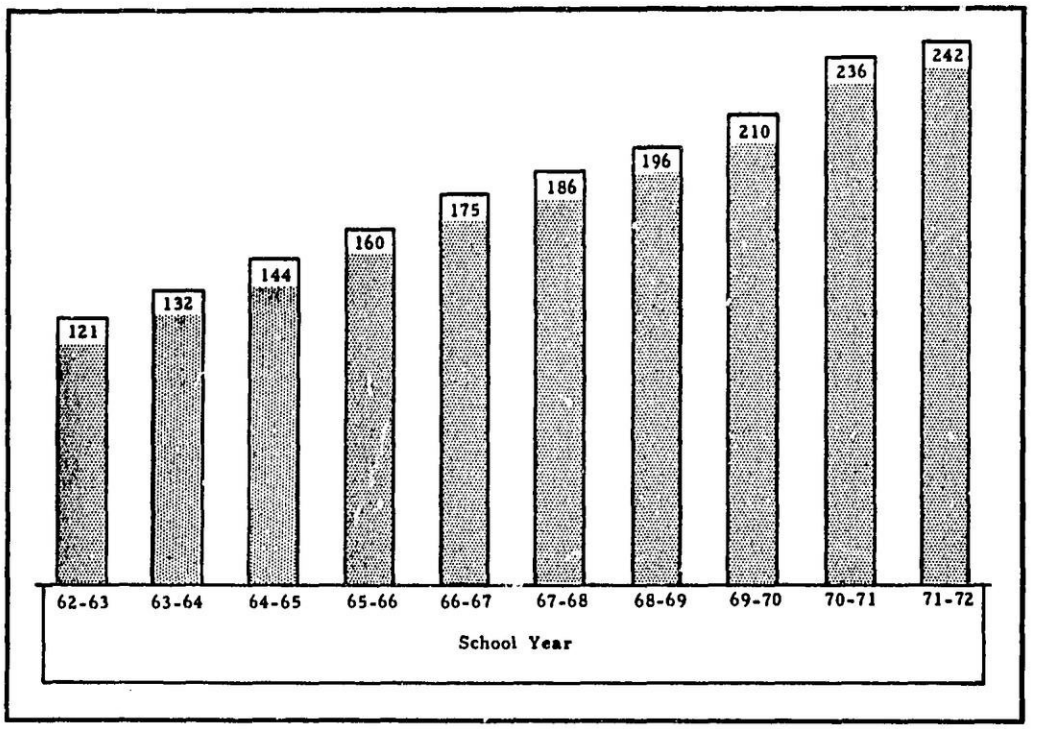


Fig. 1 -- Elementary School Enrollment, 1962 - 1972 (In Thousands).

the children of refugees; 39,434 refugee children are enrolled. As shown by Fig. 1, elementary school enrollment has been increasing at an average rate of over 10,000 students a year.

Ministry of Education officials with USAID technicial advice are revising the elementary school curriculum to conform to the provisions of the Education Reform Act of 1962. The Act stresses the need for practical training for economic and social improvement and the importance of community-oriented school activities and curricula. From Article 4,

> . . . the new program of the elementary school should de-emphasize purely academic knowledge and stress what the child should know to live better and work for a better output in his community.

At the elementary level, subjects such as health and agriculture which are crucial to the needs of Laos will be emphasized. Since 1962, 2.5 million elementary textbooks (61 titles) have been printed and distributed.

Because of the shortage of teachers at the beginning of the project, many teachers were assigned who lacked academic qualification. Inservice training for teachers includes courses designed to qualify them academically and, for those already qualified, to instruct them in the new teaching techniques which revision of the curriculum has required. Under the participant training program, teachers study methods in testing and guidance and curriculum development in science, mathematics, crafts, agriculture, and home economics. Ministry of Education administrative staff receive inservice training in school administration, budgeting and fiscal procedures, requisition and distribution of supplies, and school maintenance. In developing the national and provincial administrative structure, 19 offices and warehouses for provincial school inspectors and one central warehouse for school supplies have been constructed with USAID assistance.

USAID funding of the Community Education project, FY 1962 - FY 1972, has totalled $3,053,000; FY 1973 funding totals $329,000. These funds cover the cost of U.S. personnel assigned as advisors to the project, participant training, and commodities.

SECONDARY EDUCATION

A project

To expand the secondary school system;

To provide practical education for those students who do not continue school beyond the secondary level;

To prepare students for higher education.

In 1965, The Ministry of Education requested USAID to make recommendations for developing a secondary school program to implement the Education Reform Act of 1962. The study was carried out by a survey team from the University of Hawaii. Recommendations included use of Lao as the language of instruction and a curriculum to consist of a core of academic subjects with four elective prevocational fields designed to graduate students with practical skills.

USAID contracted with the University of Hawaii in 1967 to provide technical consultation services to carry out the recommendations. These services include codevelopment of curricula, Lao textbooks and teaching materials, inservice training of teachers and administrators, advice to school directors and Ministry personnel.

Since 1967, four comprehensive high schools have been constructed by USAID and development of a fifth site has been started. The Lao government named each of these schools Fa Ngum in honor of the illustrious king of Laos who unified the country. The location and the present status of these schools are as follows:

Location	Year School Established	Grades Offered January 1973 [a]	Enrollment
Vientiane	1967	7 - 12	611
Phone Hong	1969	7 - 10	415
Savannakhet	1970	7 - 9	316
Luang Prabang	1971	7 - 8	202
Pakse	(Scheduled to open October 1973)		
			1,544

[a] With the exception of Phone Hong, all Fa Ngum Comprehensive High Schools will add one grade each year until they reach Grade 13.

Cost to USAID for development of each site totals approximately $300,000 for construction and $100,000 for equipment. The Ministry of Education provides the site, utilities, staff and operating expenses, and some student scholarships. These expenses average about Kip 30,000 or $50 per student per year. For an enrollment of 800 students at one Fa Ngum School, the Ministry of Education contribution totals Kip 24,000,000 or $40,000 per year.

Cost of curriculum and textbook development provided by USAID includes approximately $400,000 annually for the University of Hawaii contract services and a total of about Kip 60 million ($100,000) for translation, writing, and printing of textbooks and related materials.

Courses in the Fa Ngum schools are taught in the Lao language and the curriculum is designed to meet the needs for personnel in the beginning and middle-level management and technical positions in government and in business, as well as to prepare students for advanced study in the professional fields. The first year of enrollment in a Fa Ngum school is a year of orientation in mutiple fields of study and work. All students take the same courses in mathematics, science, social studies, agriculture, business education, home economics, industrial arts, English and French. Also, during this first year as part of the vocational guidance program, all students take field trips to talk with workers; they view films and filmstrips on vocational choice techniques. At the end of the first year, the students choose a practical arts speciality in agriculture, business education, home economics, or industrial arts.

The University of Hawaii will complete its contract in June 1976. By that time, six Fa Ngum Schools are expected to be in operation with a total enrollment of about 3,000 students. In addition, the present 18 academic secondary schools in Laos, following the pattern set by Fa Ngum schools, will have added prevocational subjects to their curriculum. They will be using Lao rather than French as the language of instruction in most classes.

TEACHER TRAINING

A project

To provide qualified teachers to staff the Lao elementary and secondary school system.

At independence in 1954, there was one teacher training institution in Laos. This Ecole Normale d'Instituteurs (ENI) was located in Vientiane and had an enrollment of 106 students. In 1973, there are nine teacher training institutions located throughout the country with an enrollment of 4,076 students. The increase in enrollment in teacher training institutions is shown by year in Fig. 1. In 1973, the Ecole Superieure de Pedagogie (ESP), Vientiane, will grant the equivalent of a B.A. degree to the first group of teachers to complete college-level studies within the country. ESP students are trained to teach in the secondary school system. Eight ENI provide two-year and four-year training programs for elementary school teachers.

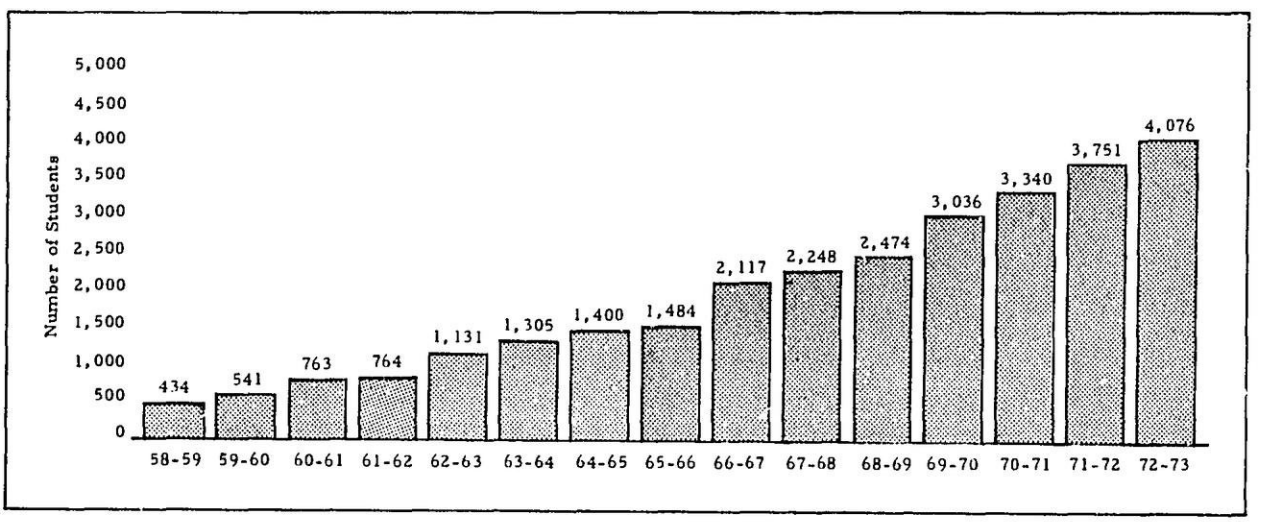


Fig. 1 -- Enrollment in Teacher Training Institutions, 1958 - 1973.

USAID assistance was first directed toward construction of facilities for the teacher training institution in Vientiane which in 1959 moved to its present campus, Dong Dok. Beginning in 1962, USAID assistance broadened to include construction of teacher training institutions in provincial centers. The location and program of the present eight ENI are shown in the following list:

Location	Year School Established	Program 2-year	4-year
Vientiane.	1959		X
Luang Prabang	1962	X	X
Savarnakhet	1968	X	X
Pakse	1962	X	X
Ban Keun	1968	X	
Vang Vieng	1966	X	
Sam Thong[a/]	1965	X	
Kene Thao	1968	X	

[a/] Relocated on the Dong Dok Campus after the fall of Sam Thong to North Vietnamese and Pathet Lao forces in 1970.

ESP facilities at Dong Dok constructed with USAID assistance include

Buildings	Number
Classroom	12
Practical arts	5
Laboratory	4
Dormitory, women	2
Dormitory, men	12
Dispensary	1
Kitchens	2
Dining rooms	3
Faculty houses	9
Faculty apartments	24
Warehouse	1
Auditorium-gymnasium	1

The ESP opened its doors on the Dong Dok campus in 1959, and was staffed by Lao, American, British and French teachers. Instruc-

tion was in the French and English languages, and teachers from the International Voluntary Services (IVS) are still providing teaching services under contract to USAID. In 1971, instruction at certain grade levels began in Lao, which will ultimately be the vehicle of instruction for all classes.

Year by year, an increasing number of Lao teachers have become academically qualified for assignment to the faculties of teacher training institutions. Figure 2 compares Lao and foreign teaching and administrative staff of the nine teacher training institutions over a 10-year period, 1962-1972. Foreign teaching personnel in these institutions have come from France, United States, Canada, Great Britain, Australia, Thailand, India, Japan, and other countries.

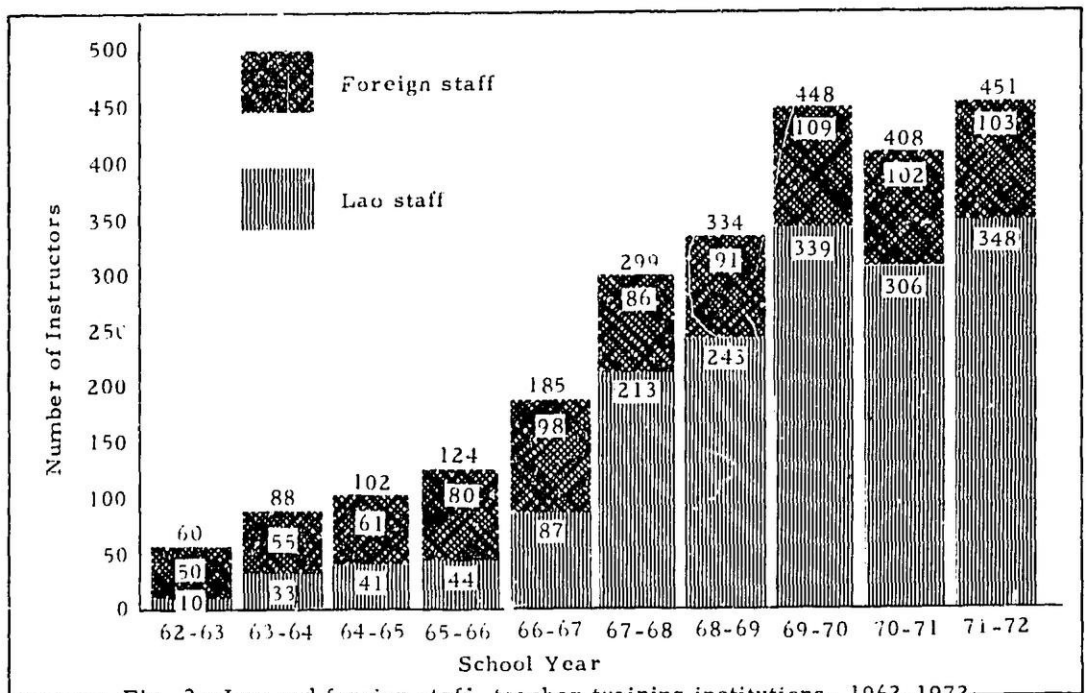


Fig. 2--Lao and foreign staff, teacher training institutions, 1962-1972

USAID funding of the Teacher Training project, FY 1962 - FY 1972, has totalled $6,125,000; FY 1973 funding totals $314,000. These funds have been used primarily to cover the cost of construction to expand teacher training facilities, equipment and materials, technical advisory assistance, IVS instructors, and participant training in Thailand and in the United States for teachers and school administrators.

DEVELOPMENT ADMINISTRATION

PUBLIC ADMINISTRATION AND FINANCE

A project

> To assist the Ministry of Finance develop the organization, skills and procedures required to assure effective financial administration.

The public administration project originated after the Monetary Stabilization Agreement of 1963. This Agreement, which created the Foreign Exchange Operations Fund (FEOF), stated that the Royal Lao Government would request the services of financial advisors to assist it in complying with the budgetary commitments required by the Agreement. USAID has provided advisors to the Ministry of Finance since 1964. In 1968, this assistance was expanded to provide advisory services, training, and equipment to key divisions of the Ministry: Budget Directorate, Revenue Directorate, Treasury, Inspection and Audit Services, State Lands Property and Cadastral Directorate, and the Customs Statistics Division.

Assistance to the Ministry of Finance falls into the following categories:

> Developing administrative organization, financial planning and reporting skills;
>
> Developing future administrators through long-term training.

USAID provides advisory assistance to the Ministry in analyzing government revenues and expenditures and in preparing reports and financial statements for the monthly meetings of the Stabilization Consultative Committee. The analyses and projections prepared at the Ministry are disseminated among the foreign aid missions and economic assistance groups, including the five countries that contribute to FEOF, International Monetary Fund (IMF), and Asian Development Bank.

USAID provides advisory assistance in the complex annual problem of preparing the budget and in controlling expenditures after the budget is approved. The budget has been redesigned and standardized and an annual development budget has been introduced. In cooperation with IMF representatives, the tax structure has been analyzed and means of increasing tax yields worked out. Customs, trade, and revenue statistics are being improved by working in cooperation with ECAFE, which now processes Lao import declarations by computer and returns printed bulletins and special customs revenue analyses. These are used by customs officials and advisors in determining and acting on causes of revenue losses or modifying customs rates and taxes. ECAFE also provides basic training in data processing to customs personnel to reduce errors in reporting statistics.

Each year since 1968, some 40 to 50 carefully selected, middle-and high-level officials of the Ministry of Finance have been trained in their special fields for periods of 2 to 22 weeks, primarily in Thailand in the Ministry of Finance, Budget Bureau, Revenue Department, and Land Department. Each year, a cadastral school at the Ministry of Finance gives basic training to 20 to 30 young Lao student surveyors. USAID then sends them to Thailand for four months to acquire practical experience with Thai field teams and provides surveying equipment to equip the new Lao teams. Twenty teams are now surveying private property in the cities, agricultural land under development on the Vientiane Plain, and land recently assigned to new refugee villages. Economic development will require that many communally owned lands pass into individual ownership and precise measurement and location of each owner's land is a prerequisite to valid and incontestable land titles. These, in turn, are required by banks before loans secured by land can be made. Land titles are thus becoming a necessity which parallels economic development.

General administration is being assisted by developing document management skills and procedures. Technical manuals have been prepared and people trained throughout the government. Appropriate organization and procedures for applying the manual and skills are now being developed.

Long-term training is providing professionals in public finance to staff the increasingly complex positions of leadership in the Ministry of Finance. USAID sends four new students each year to study in Thailand for B.A. degrees in public finance or administration. Similarly, two future surveying professionals are sent each year to Thailand for five years of professional study.

Until FY 1973, the two projects Public Administration and Finance and Development Planning (discussed in the following section) were funded under the Public Administration Project. USAID funding for this project, FY 1966 - FY 1972, totalled $2,017,000. These funds covered the cost of U.S. personnel assigned as advisors to the Ministry of Finance and Commission General of the Plan, participant training for staff members of the Ministries of Finance and the Plan, commodities and equipment. FY 1973 funding for the two projects totals $683,000.

DEVELOPMENT PLANNING

A project

> To assist the Ministry of the Plan in formulating goals, policies, and strategies in national development planning and in preparing annual and multi-year plans;
>
> To train development administrators.

The Ministry of the Plan is responsible for formulating and establishing a system of priorities for the economic and social development of Laos. As a part of this function, the Ministry prepares the national development plan, collects and publishes national statistics, maintains liaison with neighboring countries in matters of economic cooperation, coordinates external assistance inputs to Laos, and carries out human resources studies. USAID has provided assistance in all these areas since 1969.

The first five-year development plan (Plan Cadre), which was prepared by the Ministry's Commission General for the Plan and passed by the National Assembly in 1969, ends in June 1974. The goal of this first plan was to build a productive sector which eventually would enable the Lao economy to support the economic and social institutions that are being developed with the help of foreign assistance. This goal continues as one of the priorities of the second five-year plan which is now being drafted. The second plan, however, expands this goal to include the further priority of accelerating economic development by establishing certain preconditions for development which the country now lacks:

> An environment favorable to investment;
>
> Guidelines for the use of resources which, in the context of the second plan, include the

Lao people, land, water and mineral resources, capital infrastructure, and foreign aid;

Designation of the most profitable projects and enterprises for development.

USAID has provided advisory services to assist the Commission General for the Plan in establishing its system of national priorities, in evaluating current and proposed projects, and in coordinating foreign assistance programs. This advisory assistance has served to define the relationship of the Plan Cadre program to the USAID program (historically the largest foreign assistance component) and that of other foreign assistance to the Plan Cadre. As the Ministry of the Plan participates for Laos in the International Committee for the Development of the Lower Mekong Basin, these advisory services have included assistance in assessing the Lao interest in various projects.

As the scope of development planning widens, USAID is increasing its assistance to help create preconditions for development. New tasks include

Assembling and organizing data on Lao natural resources to establish a base for national planning and to assist potential investors;

Acquiring the economic and demographic statistics needed for development planning and administration and for fiscal management;

Analyzing the legal and financial environment for private investment in Laos.

Development Planning was established as a separate project in FY 1973. See "Public Administration and Finance" for a discussion of previous funding under the Public Administration Project. FY 1973 funding for the two projects totals $683,000.

HUMAN RESOURCES DEVELOPMENT

A project

> To provide professional training for Lao under the participant training program;
>
> To provide preservice and inservice training within Laos for Lao government and USAID employees in office procedures and technical and supervisory skills.

Human resources development in the form of participant training was one of the first projects undertaken with the signing of the agreement for economic and technical cooperation between Laos and the United States in 1955. Since that time, 2,744 participants have studied abroad and returned to Laos. Their numbers by year are shown in Fig. 1.

When the training program began, participants were sent to Thailand for low-level skill training. As these participants returned to Laos, their new skills enabled new approaches in the training program:

> An increase in technical training within Laos at lower levels;
>
> A shift in the resources available for training in Thailand to longer-term professional training;
>
> A decrease in training in the United States, which is now provided for graduate-level or highly specialized study.

University degree-level training, in assuming increasing importance over the past few years, has brought about placement of some 200 students in Thai universities and institutions of higher learning in the fields of secondary school teaching, agriculture, irrigation engineering, and public administration. Thailand continues to furnish the greatest number of training programs because of proximity to Laos and similarity of language.

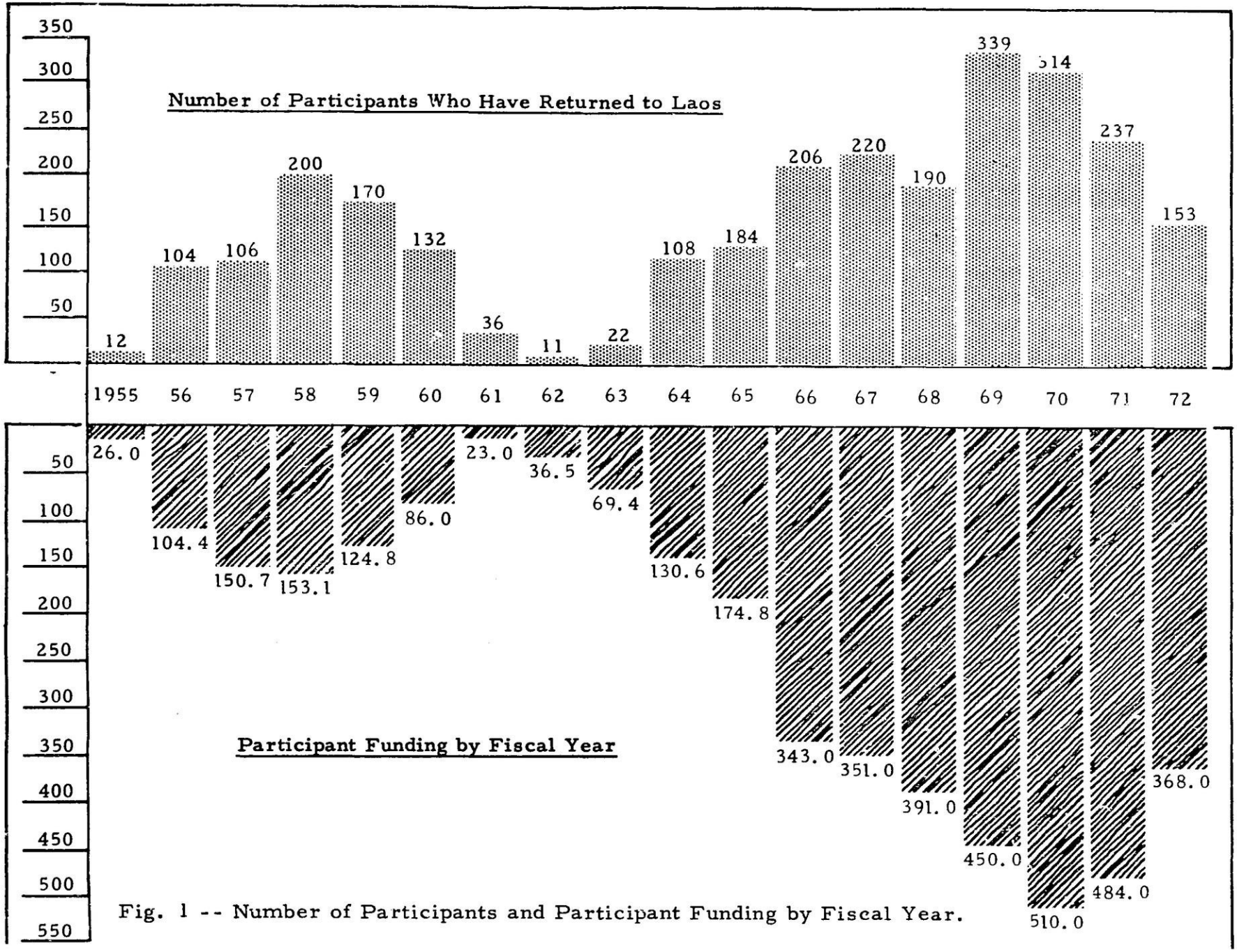


Fig. 1 -- Number of Participants and Participant Funding by Fiscal Year.

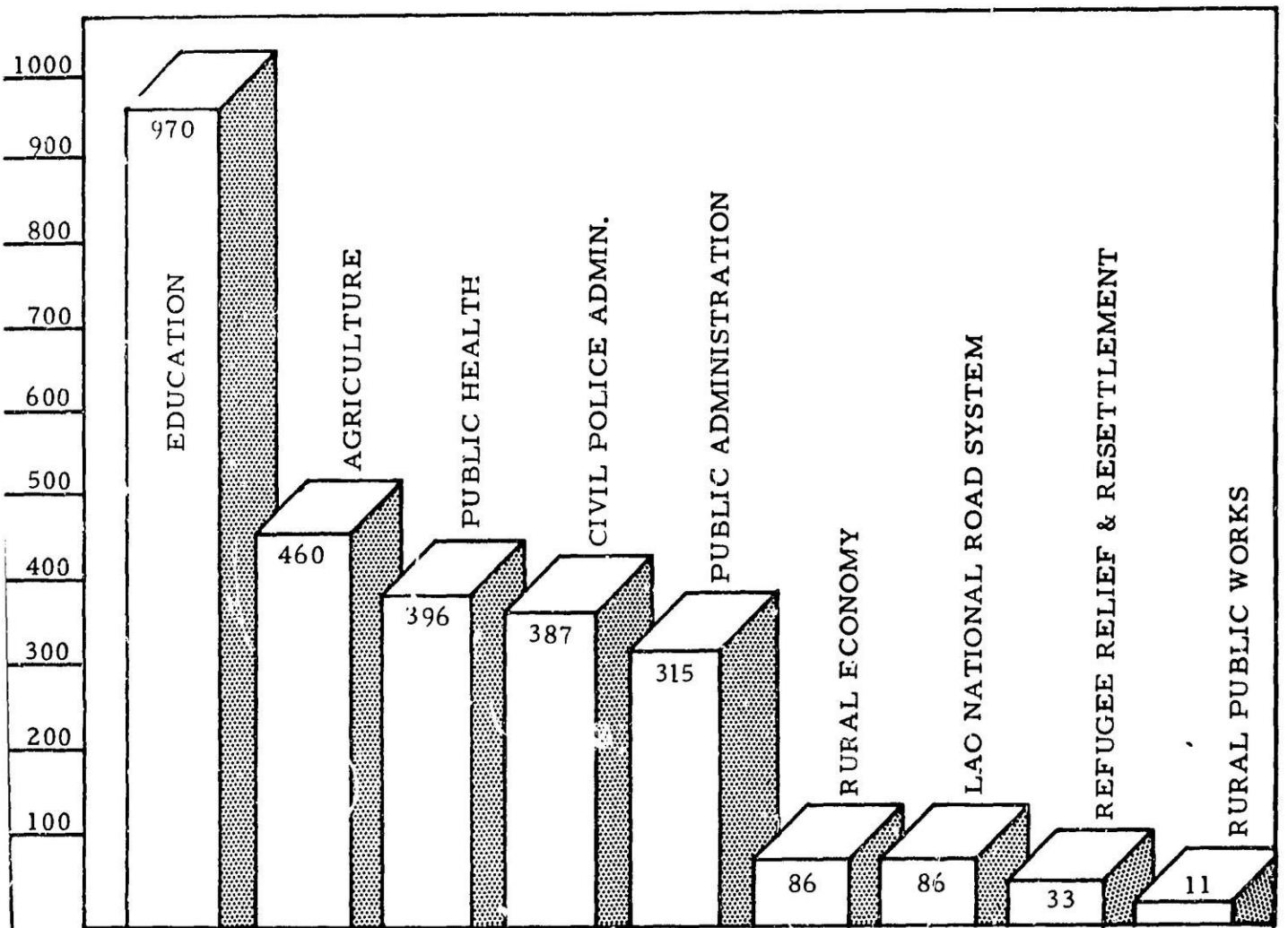


Fig. 2 -- Number of Participants by Field of Training.

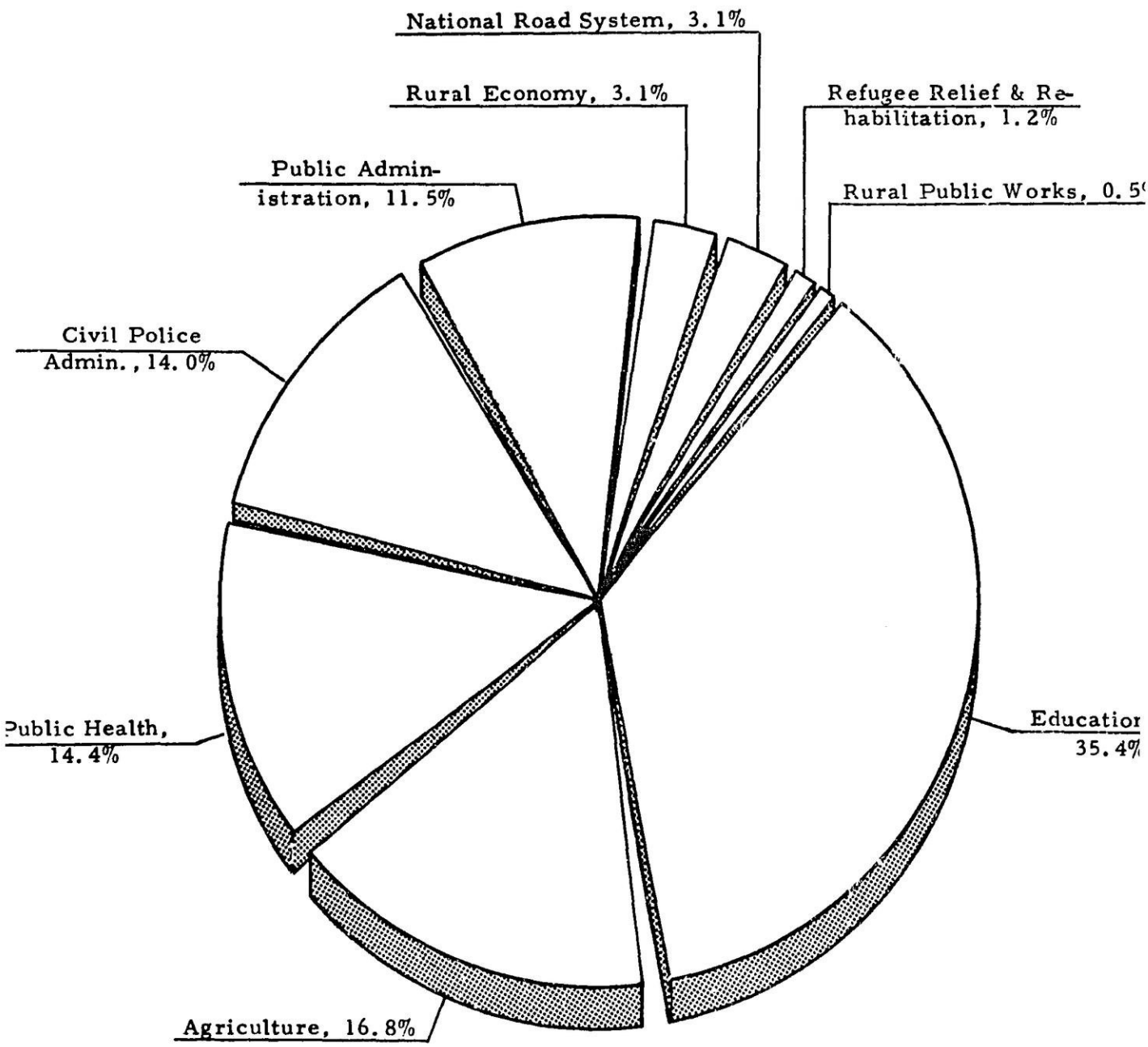


Fig. 3 -- Percentages of Total Number of Participants by Sponsoring Project.

Increasingly, short-term training is being given within Laos. Many kinds of training programs have been organized, ranging from a specialized but simple skill such as chain-saw operation and maintenance to a general but complicated task such as supply management. Short-term one-to-two-week conferences for provincial school inspectors have been held as well as six-to-twelve-month courses for irrigation technicians. A large number of participants who have returned to Laos are being used as instructors in these programs as well as in formal educational institutions. Figure 2 shows the number of participants who have returned to Laos by field of training; Fig. 3, the USAID projects which have sponsored participants and the percentage of the total number of participants sponsored under each project.

In 1966, USAID established the Local Training Center to provide training in basic clerical skills, English, mathematics, accounting, typing, and communications and records. At any time, 800 to 900 people are in training in these programs of whom over 200 are Lao government employees.

In late 1971, a program was started to introduce modern supervisory practices to the local employee staff of USAID. It consists of three 5-to-8-day seminars scheduled six months apart during which participants learn and then put into practice the principles of supervisory management. The materials have been translated into Lao and are taught by the local employee staff. In the 18 months since the program began, 214 employees have participated in the first seminar and 86 in the second. The third seminar is scheduled for 1973.

The Summer Student Work Experience Program has employed a total of 1,450 Lao secondary students for 10 weeks during school vacation from 1966 through 1972. The purpose of the program is to provide useful employment to Lao students and to involve them in development activities which will give their academic work more meaning.

Because most training programs were devised to meet specific needs, the fact that these needs are being met is an indication of success. People are now performing tasks which they were formerly incapable of performing; they are using newly acquired skills in

USAID-SPONSORED INCOUNTRY TRAINING

1965 - 1972

Fields	Less than One Month		One to Three Months		Over Three Months		Part-time Training	
	Administrative	Technical	Administrative	Technical	Administrative	Technical	Administrative	Technical
Agriculture	-	19,669	30	3,718	-	1,123	-	-
Agriculture Development Organization (ADO)	-	-	148	-	8	-	-	-
Irrigation	-	-	-	-	-	126	-	-
Education	349	1,465	272	4,225	32	888	-	-
Public health	-	-	-	60	-	1,260	-	-
Public works	-	-	-	-	30	75	-	-
Public safety	-	365	68	163	-	1,369	-	766
Federal Highway Administration	-	-	-	-	-	870	-	-
Rural development	4,128	-	79	10,126	318	192	-	-
Public administration	-	-	-	-	-	2	-	244
Customs	-	52	-	22	-	-	-	8
USAID local employee and RLG training	18	1,710	-	120	367	168	3,117	377
	4,495	23,261	597	18,434	755	6,073	3,117	1,395
Total, all fields								58,127

Agriculture: Introduction of new techniques in producing lowland rice, commercial crops, and cultivation commercial vegetable gardens. Lao:Thai vegetable ratio increased from 40%:60% to 62%:38% in Vientiane market.

ADO: Four credit unions in operation.

Irrigation: Field survey teams now operating independently with Lao crew chiefs.

Education: Continued improvement in teaching methodology and use of training aids in primary schools; development of administrative leadership at all levels; increasing capability to train at higher levels; CREC teachers being qualified in long-term project; Lao language instruction increasing; curricula reform implemented.

Public health: Over 400 medical technicians and practical nurses are now providing maternal and child health (MCH) services in areas where MCH care previously unavailable.

Public safety: An increase of 1,000 trained police, 750 assigned to rural areas.

Federal Highway Administration: Forty percent increase in efficiency in use of equipment. Emphasis now on long-term and skill training of personnel of Ministry of Public Works, Department of Roads.

Rural development: Village Development Committees established; skill training to increase village incomes.

Public administration: Officials from 25 offices in the Ministries now developing modern document management procedures.

Customs: 82 Lao Customs officials now enforcing procedures to interdict movement of narcotics into and out of Laos and prevent other smuggling activities. Narcotics control brigade did not previously exist.

Local employees: Number of foreign nationals employed by USAID decreased by 190, or from 15 percent of the work force to less than 6 percent; quality of work performed by local personnel made reduction possible. Emphasis now on long-term and upper-level employee development.

General: Incountry training continues to increase. Number of people trained during 1970 - 1972 equalled the total number (27,870) trained in 1965 - 1970 period.

institutions that did not exist a short time ago. Although some of the results noted in the table may seem unrelated to training, the acquisition of new skills contributed to their achievement.

USAID funding of the Human Resources Development Project, FY 1966 - FY 1972, has totalled $1,077,000; FY 1973 funding totals $548,000. These funds cover the cost of U.S. personnel assigned to the project, Ministry of Interior and civil aviation participants who are funded by the project, and cost of the local training center. Beginning in FY 1972, the International Voluntary Services (IVS) contract was funded under Human Resources Development; the contract will continue to be financed under this project. IVS provides two categories of volunteers: those assigned to teach in secondary schools and teacher training institutions and those assigned to positions with various Lao Government Ministries.

CIVIL POLICE ADMINISTRATION

A project

> To help the Lao National Police improve its ability to maintain public order and safety.

USAID assistance to the Lao National Police began in 1955 under a program which was suspended in 1961 when the police were absorbed into the Ministry of Defense. With the reorganization of the Lao National Police under the Ministry of Interior in 1965, USAID assistance resumed. Table 1 shows Lao National Police force size in 1965 and in 1972.

Organizationally, the Lao National Police consist of the Directorate General of National Police, the metropolitan police of Vientiane, and the territorial police who are stationed in 16 provinces. The number of Lao National Police installations in 1965 and in 1972 is shown in Table 2. The Directorate General determines policy and directs all the country's police components; however, the territorial police report on operational matters to the provincial governor as well as to the Directorate General.

A radio communications network has been installed between the Lao National Police headquarters in Vientiane and provincial police headquarters. Radio communications also link the district and village police with provincial police headquarters. Radio communications with mobile or portable units exist in Vientiane and in a few major provincial towns. Table 3 compares Lao National Police communication facilities in 1965 with those in 1972.

The Lao National Police Narcotics Bureau was established within the Directorate General of National Police after passage of the Anti-Narcotics Law in 1971. The Narcotics Bureau staff of 35 policemen is responsible for interprovincial narcotics enforcement within Laos and for supervision and guidance of the provincial narcotics sections responsible for intraprovincial narcotics enforcement. Members of the Lao National Police are assigned to the Groupe Special d'In-

vestigation (GSI) which is responsible for narcotics enforcement involving international trafficking. During 1972, Lao National Police opium seizures totalled 182.5 kg or an average of 15.2 kg of opium per month.

Table 1

LAO NATIONAL POLICE

	1965			1972		
	Officers	Men	Total	Officers	Men	Total
Headquarters	154	534	688	380	545	925
Vientiane Police	74	579	653	204	624	828
Provinces	265	2,702	2,985	459	3,031	3,490
Cadets	-	-	-	-	88	88
Total	493	3,833	4,326	1,043	4,288	5,331

Table 2

LAO NATIONAL POLICE INSTALLATIONS

	1965		1972	
	Vientiane Metropolitan Area	Provinces	Vientiane Metropolitan Area	Provinces
General Headquarters	1	-	1	-
Province or City Headquarters	-	13	1	16
Precinct and District Headquarters	4	89	4	118
Posts	38	136	30	136
Total	43	238	36	260

Table 3

LAO NATIONAL POLICE COMMUNICATION FACILITIES

	1965	1972
Repair Facilities	2	4
VHF Short-Range Net	52[a/]	294[b/]
SSB Long-Range Net	18	79
Total Radios	70	373

a/ Includes 4 bases, 13 mobiles, and 35 portables.
b/ Includes 207 fixed stations, 47 mobiles, and 119 portables.

Table 4

USAID ASSISTANCE TO LAO NATIONAL POLICE

Cumulative, 1972

Construction

Police installations		Maintenance facilities	
Training center	1	Vehicle	1
Police posts	16	Communications	8
		Supply system warehouse	1

Equipment

Vehicles, 4-wheel	142	Communication equipment sets	373
Vehicles, 2-wheel	70		
Bicycles	1,030	Weapons	6,262

Training

Participant		Incountry	
U.S.	65	Training center	2,271
Third country	154	Other	567

USAID acts in an advisory capacity to the Lao National Police in organizational procedures, operations, and local training, and provides participant training and equipment. USAID advisory assistance at the Directorate General level focuses on organizational planning, administration, budgeting, and personnel. Training encompasses all facets of police operations: communications, vehicle and weapon maintenance, warehousing and logistics. In the specialized field of narcotics, training courses include narcotics identification, enforcement procedures, and intelligence analysis. Training for the Military Police engaged in anti-narcotics operations is given in conjunction with training of the National Police.

Table 4 summarizes USAID assistance to Lao National Police in terms of construction, equipment, and training. Over 2,000 men have attended the Lao National Police Training Center which USAID assisted in establishing and developing. The Training Center courses fall into four categories: recruit training, cadet officer training, advanced courses for senior staff and noncommissioned officers, and specialist training in such fields as fingerprint classification and communications.

In 1971 USAID expanded its advisory assistance to include the field operational units. The USAID public safety staff acts as advisor to the 16 provincial police chiefs and their staffs in matters of administration, operations, training, equipment maintenance, and logistics. This phase of the project is a logical extension of advisory assistance at the national level.

USAID funding of the Civil Police Administration project, FY 1955-FY 1972, has totalled $6,084,000; FY 1973 funding totals $396,000. These funds cover the cost of USAID public safety personnel assigned to the project, equipment, construction, and training.

STATISTICAL APPENDIX

This statistical appendix has its origin in a report prepared by USAID Laos on ten years of U. S. economic assistance to the Royal Lao Government. The decade 1962-1972 was chosen as the period of the report because of the signing of the Geneva Agreements in 1962. In revising the report for this publication, we have added the last six months of FY 1973 (or the period January through June 30, 1973) to provide as current statistical data as possible. As in the original publication, FY 1962 remains the beginning date for some projects which, in fact, began at an earlier date.

Unless otherwise noted, dollar and kip obligations shown in this appendix are cumulative, FY 1962-FY 1973, in contrast to those shown in the table in "U.S. Economic Assistance to Laos" and to those given in the preceding project reports which cover the period since the signing of the initial project agreement for each project.

REFUGEE RELIEF AND RESETTLEMENT

FY 1962 - FY 1973

Dollar [a]	Kip [b]	Total [c] [d]
$53,285,000	K 1,387,000,000	$56,982,000 or K 34,474,110,000

[a] Includes PL-480 agricultural commodities.

[b] The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

[c] Total for Refugee Relief and Resettlement Project only. In addition, other USAID projects provide refugee assistance, e. g., Agriculture, Public Health, Education, Public Works, Rural Self Help. Total assistance to refugees provided by all projects has averaged approximately $18,000,000 per year over the past three-year period.

[d] At Kip 605 = $1.00.

The United States has provided assistance

- On an emergency basis in refugee movements created by or in anticipation of military action, providing help in evacuating people if required, and emergency medical care and food supply.
- In relocating refugees, providing transportation to relocation sites, food, water supply, shelter materials, and medical care.
- In providing basic facilities (schools, dispensaries, roads, wells) to being refugee groups to an economic and social level equal to that of the nonrefugees in the area.

Food Assistance	Amount
Rice	322,797 MT
PL-480 agricultural commodities	38,946 MT[a]
Canned meat	74,295 cases

[a] Includes Catholic Relief Services distribution on Vientiane Plain.

Average Annual Number of Refugees Provided Food	
1963 - 1968	115,000
1969 - 1972	225,000

Medical Assistance	Average Annual Patient Treatments
Dispensaries - 150[a]	
Hospitals - 2[a]	1,400,000

[a] Average number in operation, 1962 - 1972.

Agricultural Assistance	Unit (ha)
Soil classification, 8 relocation sites	95,000
Land reclamation, Dong Kaiume Plain	1,500

Air Support	
Refugee relief commodities delivered by air	176,773 MT
Drop zones	204 sites[a]
Airfields	118 sites[a]

[a] June 30, 1973.

REFUGEE RELOCATION PROJECTS

FY 1969 - FY 1973

Relocation Sites	Refugees (Number)	Villages Planned	Villages Completed	Houses Planned	Houses Completed	Classrooms Planned	Classrooms Completed	Dispensaries Planned	Dispensaries Completed	Roads (km) Planned	Roads (km) Completed	Drilled wells Planned	Drilled wells Completed	Reservoirs Planned	Reservoirs Completed
Xieng Ngeun - Muong Nane	3,700	18	11	1,000	600	20	20	2	2	30	30[c]	-	-	-	-
Seno	2,875	8	8	500	525	14	14	2	2	25	25	18	18	3	3
Thasano	8,767	16	16	1,100	1,100	40	19	3	3	63	63	36	36	4	2
Houei Nam Phak	1,075	3	2	214	214	3	3	1	1	8	3[d]	4	4	-	-
Phou Ba Chiang	7,482	15	11	1,500	909	20	10	3	4	30[e]	18	-	-	8	5
Paksane	7,079	22	17[a]	1,585	1,585	39	37	6	6	-	-	-	-	-	-
Hin Heup	5,590	10	10	825	825	21	21	1	1	11	11	2	2	-	-
Vientiane Plain	27,775	48	65	4,800	4,800	123	147	5[b]	-	98	132	34	36	-	-
Thakhek	4,207	7	5	1,004	409	7	0	1	1	4	0	16	-	-	-
	69,550	150	145	13,528	10,967	271	266	24	20	239	282	110	96	15	10

[a] Twenty-two planned, 21 established, 4 abandoned because of military action.

[b] These 5 dispensaries will not be constructed as faciiities have proved adequate.

[c] Dry-season road only to be upgraded to all-weather status.

[d] Requirement overestimated.

[e] Planned in FY 1972, 20 km.

Education Assistance to Refugees	Number
Classrooms constructed	1,192
Refugee students currently enrolled	39,434
Teachers assigned refugee schools	1,164
Refugee teachers given training	1,768
Textbooks provided	538,000
Notebooks provided	1,057,500
Other instructional materials	190,000

NARCOTICS CONTROL

FY 1972 - FY 1973

Dollar	Kip	Total
$3,147,000		$3,147,000 or Kip 1,903,935,000

Addict Rehabilitation Centers	Number [a]
Wat Than Ka Bok, Thailand	1,823
National Detoxification Center, Vientiane	487
Total	2,310

[a] As of August 1, 1973.

NARCOTICS INTERCEPTIONS AND CONFISCATIONS

FY 1971 - FY 1973

Year	Opium (kg)	Heroin (kg)	Morphine Base (kg)	Acetic Anhydride (liter)
1971	154.5	8.6	-	3,000
1972	458.8	21.4	-	280
Jan-June 1973	464.5	2.0	23.0	-
	1,077.8	32.0	23.0	3,280

Training in Narcotics Suppression and Enforcement	Number of Trainees
Lao National Police, FAR Military Police, Customs Officials	334

Assistance to Hill-tribe Farmers to Promote Cultivation of Crops Other than the Opium Poppy in Houa Khong and Luang Prabang Province

Agricultural Redirection

Land clearing and levelling	200 ha	Houa Khong
Agriculture Redirection Training Center		Luang Prabang
Silk production	5 villages	Houa Khong
Vegetable gardening project		Houa Khong
Poultry and livestock production project		Luang Prabang
Corn production project		Luang Prabang
Animal and poultry feed production project		Luang Prabang
Market access road	15 km	Ban Nam Ngao-Ban Nam Keung Houa Khong
Market access road	4 km	Ban Mui Singham Houa Khong
Market access road	21 km	Ban Nam Kueng-Ban Phuong Houa Khong

PUBLIC HEALTH DEVELOPMENT

FY 1962 - FY 1973

Dollar	Kip[a/]	Total
$25,684,000	K 1,710,000,000	$31,497,000 or K 19,055,685,000[b/]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Facilities Constructed	Location
Nursing school	Vientiane
Hospital, 50-bed	Khong Sedone
Hospital, 100-bed	Vang Vieng
Hospital, 200-bed	Vang Thong
Hospital, 100-bed	Long Tieng
Hospital, 250-bed	Ban Xon
Hospital, 30-bed	Nam Moh
Hospital expansion, 130-bed	Vientiane
Hospital, 50-bed (under construction)	Sayaboury
Surgical unit, 50-bed	Pakse

RURAL MEDICAL CARE

Year	Dispensaries	Hospitals	Population Served	Inpatients Per Year	Outpatients Per Year
1963	38		45,000		
1964-66	150	2	350,000	2,400	1,000,000
1967-69	250	2	610,000	4,500	2,050,000
1970	250	1	520,000	4,708	2,695,355
1971	230	2	700,000	8,296	3,337,543
1972	250	1	700,000	7,645	3,493,283
Jan-June 1973	215	1	700,000	4,725	1,738,392

Patient Visits
Rural Medical Facilities

Inpatients	32,274
Outpatients	14,314,573

OPERATION BROTHERHOOD HOSPITALS

AND PUBLIC HEALTH TEAMS

Location	Year Established	Status	Villages Served	Population Served
Vientiane	1963	Continuing	62	308,745
Paksong	1963	Discontinued 1971	54	9,878
Sayaboury	1963	Continuing	173	44,233
Attopeu	1963	Discontinued 1968	33	58,595
Keng Kok	1964	Continuing	234	42,349
Vang Vieng	1964	Continuing	10	42,000
Saravane	1965	Discontinued 1968	127	33,828
Pakse	1968	1969	27	29,674
Khong Sedone	1968	1972	57	4,696
Ban Houei Sai	1969	Continuing	130	27,293
Pakse Surgical Ward	1972	Continuing		

Patient Visits
Operation Brotherhood Hospitals

Inpatients	143,728
Outpatients	1,173,531
Dental Patients	139,821
Total	1,457,080

Training Incountry

Medics	1,181
Practical Nurses	204
Third-country	384
United States	5
Total	1,774

MATERNAL AND CHILD HEALTH

FY 1969 - FY 1973

Dollar	Kip[a/]	Total
$3,937,000	K21,000,000	$3,944,000 or K2,386,120,000[b/]

a/ The kip exchange rate has varied over this period from Kip 240 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Training

Incountry

Lao Family Welfare Association
Family planning

Rural Midwives	54
Rural Midwives (Retraining)	22
Auxiliary Midwives	38
Chief MCH Center Nurses	29
Home Agents	42
(Observers)	7
USAID Medics	9
(Retraining)	9
USAID MCH Nurses	14
Practical Nurses	5
Assistant Doctors	10
	239

U.S. and Third-country Training

Doctors (M.D. or Assistant Doctor)	32
Nurses	51
Midwives	36
Statisticians	2
Information, Education, Communication Specialist	1
	122

Total 361

MCH HOSPITAL CONSTRUCTION

Location	Starting Date	Completion Date	Cost
National Maternal and Child Health Center, Vientiane	February 1971	March 1973	$749,000
Pakse	October 1972	April 1974	$285,000
Ban Houei Sai	November 1971	March 1972	$50,000
Luang Prabang	November 1973	May 1974	$316,000
Savannakhet	November 1974	May 1975	$300,000

Rural MCH Centers

Provincial	12
District	9
Village	30

DEVELOPMENT OF LAO NATIONAL ROADS

FY 1962 - FY 1973

Dollar	Kip[a/]	Total
$35,393,000	K 3,073,000,000	$46,461,000 or K 28,108,905,000[b/]

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

CONSTRUCTION AND MAINTENANCE[1/]

Year	Roads Constructed or Improved (km)	Bridges Constructed	Roads Maintained (km)
1962	72	10	
1963	216	21	
1964	450	47	
1965	100	22	
1966	134	38	1,688
1967	290	10	2,025
1968	151	17	2,241
1969	189	15	2,482
1970	140	27	2,553
1971	125	30	2,775
1972	285	30	2,675
Total	2,152	257	

1/ In addition, 1,530 km of roads and 192 bridges have been constructed under the Rural Public Works Project.

MAJOR ROADS CONSTRUCTED

285 km - Reconstruction of RLG-13 north from Hin Heup to Xieng Ngeun.

100 km - Construction of new road RLG-13 south from Hin Boun to Pak Cadinh.

35 km - Construction of new road from Hin Heup to Ban Done (in process; 12 km completed)

19 km - Reconstruction and asphalting of road from Vientiane to Thanaleng.

25 km - Construction of new road from Paksane to Borikhane.

35 km - Construction of new road from Thakhek to Nong Bok.

RURAL PUBLIC WORKS[a/]

FY 1962 - FY 1973

Dollar	Kip[b/]	Total[c/]
$29,851,000	K 2,933,000,000	$39,001,000 or K 23,595,605,000

a/ Includes funding for well drilling project.

b/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

c/ At Kip 605 = $1.00.

Construction

Classrooms	2,156
Airstrips	42
Training centers	42
Markets	21
Land clearing	1,289 ha
Roads	1,530 km
Bridges	192
Dispensaries	70
Hospitals	34
Warehouses	79
Dams/dikes	35
Drilled Wells	1,392
Miscellaneous construction projects	296

RURAL SELF HELP

FY 1962 - FY 1973

Dollar	Kip [a]	Total [b]
$15,434,000	K 1,180,000,000	$21,341,000 or K 12,911,305,000

[a] The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

[b] At Kip 605 = $1.00.

Construction Projects

Classrooms	2,500
School furniture (sets)	5,285
Blackboards	498
Offices	3
Dispensaries	124
Markets	20
Dug Wells	908
Latrines	661
Crematoriums	13
Slaughterhouses	2
Water systems	21
Dams	2
Dikes	4
Bridges	4
Information centers	1
Training centers	14

Training	Number of Trainees
Leadership training For village officials in administrative procedures and community development	4,776
CRA extension agents	249
Skill training For village people in weaving, blacksmithing, charcoalmaking, carpentry, new agricultural methods	8,763
Total	13,788

AGRICULTURE DEVELOPMENT

FY 1962 - FY 1973

Dollar	Kip[a/]	Total[b/]
$17,745,000	K 1,380,000,000	$22,461,000 or K 13,588,905,000

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Irrigation

Irrigation projects	167
Area irrigated	18,000 ha
Structures (dams, control gates, valves, etc.)	1,442
Canals	948 km
Vientiane Plain Flood Control Project	
Road dike	4 km
Control structures	14
Area protected	5,805
Training	
Inservice	863
Participant	72

Fishery Facilities and Production

1965 - 1972

Fingerling Production		3,032,080
Nong Teng Station	1,197,354	
Pakse Station	841,852	
Luang Prabang Station	985,194	
Nam Tan	7,680	
Market Fish Production		11,711 kg
Nong Teng Station	1,752	
Pakse Station	6,439	
Luang Prabang Station	3,519	
Fish Ponds Constructed		9,244

Livestock

Vaccines	1,186,470 doses
Drugs	194,300 vials
Animals distributed	13,257

Agriculture Development Organization (ADO)

Paddy rice purchased from farmers to stabilize rice market, 1968-1972	$500,000

Loans to 10,000 farmers for

Fertilizer	5,456 Mt
Insecticides	143 Mt
Pumps	78
Miscellaneous equipment	$500,000

Poultry project, Luang Prabang

Lao Savings and Loan Cooperatives

Crops and Soils

Salakham Research Center

Paddy rice varietal testing	3,430 strains

Improved Varieties Production	Number of Varieties
Paddy rice	6
Upland rice	3
Field corn	2
Wheat	1
Tomato	1
Potato	1
Onion	1

Training	Number of Varieties
Inservice	212
International Rice Research Institute (Philippines)	14

Agriculture Extension

	Number of Demonstrations
Wet-season rice production	330
Dry-season rice production	120
Diversified crop verification	94
Commercial vegetable garden	26

Training	Number of Farmers
Six-day farmer-leader training	4,230
Two-day rice production training	4,776

	Number of Trainees
Food preparation	85
Village training program, home economics	3,568

	Number of Attendees
Food preparation demonstrations	8,602
Child care and nutrition training	905
RLG Extension Agents	
Inservice training	550
Rice production training	199
Inservice training, home economics	60

Sericulture

Vientiane Plain Silk Production	
Villages	14
Family units	1,100
Mulberry plantings	250 ha
Houa Khong Province	
Villages	5
Family units	70
Mulberry plantings	10 ha

EDUCATION DEVELOPMENT

FY 1962 - FY 1973

Dollar	Kip[a/]	Total[b/]
$15,291,000	K 1,356,000,000	$21,142,000 or K 12,790,910,000

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Construction

Elementary Classrooms

Constructed with USAID assistance	4,700
Total number of elementary classrooms in Laos, 1973	6,000
Percentage of total constructed with USAID assistance	78%

Secondary Schools

Fa Ngum secondary schools	4
Total number of secondary schools in Laos, 1973	22
Percentage of total constructed with USAID assistance	18%

Teacher Training Schools

Constructed with USAID assistance		9
Ecole Superieur de Pedagogy (ESP)	1	
Ecole Normale d'Instituteur (ENI)	4	
Accelerated Teacher Training Centers	4	
Total number of teacher training schools in Laos, 1973		9
Percentage of total constructed with USAID assistance		100%

Administrative Facilities

Constructed with USAID assistance		20
Offices and warehouses for primary school inspectors	19	
Central warehouse for school supplies	1	

Student Enrollment

Total number of students enrolled in public schools in Laos, 1972-1973 school year	242,440
Students enrolled in USAID-assisted schools	233,970
Percentage of total in USAID-assisted schools	96%

Textbook Production

Total number of textbooks distributed		3,682,564
Number of titles printed		109
Elementary education	61	
Secondary education	27	
Teacher training	18	

School Supplies And Equipment

Elementary education	$1,275,000
Secondary education	650,000
Teacher training	1,120,000
Total	$3,045,000

Teaching Staff And Advisors

	Man/Years of Teaching
International Voluntary Services (IVS) teachers	180
Advisors	**Man/Years of Service**
USAID	80
Contract	64

Training

U.S. and third-country training for teachers and administrators	
Number of participants	968
Inservice training for teachers and administrators	
Number of trainees	8,108
Number of courses	173
Preservice training for teachers	
Number of teachers	5,936

PUBLIC ADMINISTRATION

FY 1962 - FY 1973[a/]

Dollar	Kip[b/]	Total[c/]
$3,008,000	K 44,000,000	$3,150,000 or K 1,905,750,000

a/ Includes funding for activities in the public administration sector before the Public Administration Project was established in FY 1966.

b/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

c/ At Kip 605 = $1.00.

Equipment

Jeeps	56
Office Machines	53
Air Conditioners	12
Office furniture and cabinets	29
Surveying equipment for 14 teams	14 sets

Publications

Trade Statistics

Quarterly bulletin, RLG imports and exports	4 per year
6 quarterly tabulations, custom duties and taxes	4 per year
1972 Customs Nomenclature with data processing codes	1000 copies

Communications and Records Handbooks	5 titles

Training

	Trainees
Key-punch operators	2
Surveyors	28
English language	40 per year
Accounting	4
Communications and records	244
U.S. and third-country participants	307

HUMAN RESOURCES DEVELOPMENT

FY 1966 - FY 1973

Dollar	Kip[a/]	Total[b/]
$1,625,000	K111,000,000	$1,832,000 or K1,108,360,000

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Participant Training

Participants in training, 1972		232
United States	19	
Thailand	210	
Philippines	3	
Long-term academic training	140	
Short-term training	92	
Participants returned since 1955		2,744
Total number of participants, 1956 - 1972		2,976

USAID LOCAL TRAINING CENTER

Courses and Personnel Trained

1966 - 1972[a/]

Courses	Number of Trainees
Language Training	
English	4,810
Lao	350
	5,160
Administrative	
Clerical	460
Lao typing	30
Shorthand	20
Supervisory management	200
	710
Technical	
Mechanics	360
Generator operations	120
Electrical fields	140
Accounting	160
Plumbing	10
Mathematics	240
Radio operations	80
Drivers	1,350
	2,460
Academic and On-the-Job Training	
Participant Pre-University	150
Technical School Graduates	70
Summer student work experience for secondary school students	1,450
	1,670
Total	10,000

[a/] The Center was established in 1966.

CIVIL POLICE ADMINISTRATION

FY 1955 - FY 1973

Dollar	Kip[a/]	Total[b/]
$6,480,000	K 656,000,000	$7,564,000 or K 4,576,220,000

a/ The kip exchange rate has varied over this period from Kip 80 = $1.00 to Kip 605 = $1.00.

b/ At Kip 605 = $1.00.

Facilities Constructed

Central Warehouse
Central Vehicle Maintenance Shop
Central Telecommunications Repair Center
Motor Pool for Lao National Police Headquarters
16 Rural Police Posts
Central Small Arms Reloading and Repair Facility
7 Communications Centers
Police Academy:

- Dormitories 4
- Classrooms 12
- Dining Facility
- Small Arms Firing Range
- Gymnasium
- Administrative Offices

Training	Number of Trainees	
Incountry		
Lao National Police Academy	2,271	
USAID	567	
	2,838	
Third country	159	
United States	67	
	226	
Total		3,064

Telecommunications Systems

Radio Communication Nets	44
Communications Stations	278
Communications Centers	7
Communications Service Shops	4

Equipment

Passenger vehicles	98
Cargo vehicles	44
Motorcycles	70
Boats and motors	32
Bicycles	1,030
Hand weapons	2,102
Ammunition rounds	1,410,950
Radios	410
Generators	100
Batteries	250
Office equipment (typewriters, desks, file cabinets)	437
Cameras and projectors	7

INDUSTRY LOAN FUND

1967 - 1972

Loans to the private sector[a/]

Lao Timber Company	Kip 120,828,000
Sedone Timber Company	30,656,000
Lane Xang Timber Company	26,055,000
Lao Wood Industries, Ltd.	69,871,000
Mechanized Farming, Savannakhet	11,378,000
Tire Recapping, Vientiane	4,657,000
Total	Kip 263,445,000

a/ Loans financed by the United States and administered by the Development Bank of Laos

REGIONAL ECONOMIC DEVELOPMENT PROJECTS

FY 1968 - FY 1973

U.S. contribution to cost of projects directly benefitting Laos — $16,453,570 or K9,954,409,850

Projects	Estimated Completion Date
Nam Ngum Dam, Phase I	Completed
Nam Ngum Fishery Development	June 1973
Bacbone Telecommunications System	September 1974
Lao Language Curriculum Study	November 1973
Mekong Channel Improvement	June 1973
Mekong Ports Improvement	June 1973
Keng Kabao Channel Blasting	June 1974
Mekong Flood Forecasting	June 1974

Studies	Status
Pa Mong Dam - Stage I Study	Completed
Pa Mong Dam - Stage II Study	Completed
Regional Transportation Survey	Completed
Route 9 - Sattahip - Danang Road Study	Completed
Pa Mong Island Study	Completed
Navigational Aids Study	Completed
Regional Management Survey	Completed
Nam Ngum Dam Phase II Study	Completed
Waterborne Diseases Study	Estimated completion December 1974
Pa Mong Resettlement Study	To begin 1973
Mekong Fisheries Study	To begin 1973

NON-U.S. ASSISTANCE TO LAOS

1968 - 1973

($ Thousand)

Source	1968	1969	1970	1971	1972	1973	Total
France	$7,000	$7,410	$7,690	$7,150	$6,842	$6,000	$ 42,092
Japan	3,100	3,910	5,000	4,030	3,730	4,500	24,270
United Kingdom	4,900	2,870	2,180	1,950	2,297	2,300	16,497
Australia	1,500	1,190	1,200	1,175	1,517	1,350	7.932
United Nations	734	872	788	1,084	1,690	1,660	6,828
Asian Development Bank	-	250	1,248	-	3,370	030	4,898
Federal Republic of Germany	2,230	1,570	2,440	2,244	850	100	9,434
World Vision, Inc.	-	-	800	1,460	1,130	1,130	4,520
Canada	260	1,300	410	390	-	200	2,580
Thomas A. Dooley Foundation, Inc.	200	260	200	200	150	100	1,110
Asia Foundation	150	150	150	150	448	160	908
Switzerland	-	-	900	-	-	-	900
The International Committee of Red Cross	-	-	-	750	060	-	810
Thailand	-	286	360	-	015	-	661
Catholic Relief Services	-	-	-	-	300	300	600
Asia Christian Service	-	-	-	140	190	269	599
Israel	054	058	062	066	070	070	380
Bloc Countries	-	-	-	-	-	150	150
Belgium	010	030	030	030	025	020	145
India	-	-	-	-	122	-	122
Finland	-	-	001	-	-	-	001
	20,138	20,156	23,459	20,819	22,506	18,339	$125,417

Other Foreign Assistance to Laos

Over the past several years Laos has received financial, technical, humanitarian, and commodity assistance offered by the many countries that are friendly toward Laos, interested in maintaining its stability, and in contributing to its economic and social development. Most of the assistance that donor nations have made available to Laos is concentrated in such activities as support of the Foreign Exchange Operations Fund (FEOF) to maintain monetary stability in Laos; teachers for several Lao schools and institutions of higher learning; scholarships to Lao students for study abroad; technical advisors to assist the Ministries; and financing of major capital projects, such as the Nam Ngum dam.

This section describes the assistance programs in Laos of donor nations other than the United States and of international organizations. The record of U. S. participation in coordination with the other donor nations in the many multilateral and regional activities that are being implemented in Laos is included, however, in order that the full scope of the international cooperation evidenced by these programs may be realized.

This section has been prepared with the assistance of the Commission General of the Plan and with the cooperation of the many Embassies and representatives of other donor organizations in Laos. The dimensions and magnitude of each program are described to bring about greater understanding and appreciation of the efforts that are being made by many donors to contribute to the economic and social development of Laos.

Regional Planning

Since 1957, the four riparian nations of the Mekong Basin--Laos, Thailand, Cambodia, and Vietnam--have been working closely together under the auspices of the Mekong Committee and in cooperation with the United Nations Economic Commission for Asia and the Far East (ECAFE) to coordinate and promote a program of economic development that emphasizes regional cooperation and planning.

Multilateral assistance under international sponsorship is sought for projects which promise benefits to more than one nation and thus induce stronger regional ties throughout the Mekong Basin.

A number of studies and some projects, notably the Nam Ngum dam in Laos, have already been undertaken by the Mekong Committee. The Amplified Development Plan of the Lower Mekong Basin for coordinated Mekong development, which has been worked out by the Mekong Committee, envisages construction of a series of dams, hydroelectric plants, and irrigation schemes along the Mekong and its tributaries. These will take perhaps 25 years to implement and will cost several billions of dollars.

Nam Ngum Dam

The initial phase of the Nam Ngum Dam, the first major multilateral, regional project to be implemented under the auspices of the Mekong Committee, was completed in December 1971. The project was financed by a consortium of nine donor nations with the World Bank (IBRD) serving as the administrator of the project. Financing of the project was from the following sources:

Foreign exchange grant		$27,588,550
United States	$14,407,500	
Australia	628,541	
Canada	2,000,000	
Denmark	780,000	
France	607,649	
Japan	4,962,000	
Netherlands	3,770,000	
New Zealand	432,860	
Cement loan, Thailand		$ 1,250,000
Engineering services, Japan		$ 315,000
Total project financing		$29,153,550

The dam is a concrete gravity-type structure 66 meters high; with its accompanying powerhouse, it is presently capable of producing 30,000 kw of energy. Although Nam Ngum was conceived as a power project only, irrigation of parts of the Vientiane Plain is possible by using Nam Ngum energy to pump water from the Mekong and Nam Ngum rivers.

In January 1972, Laos began supplying Nam Ngum produced energy to Thailand under a ten-year agreement. Under this agreement, Thailand will purchase all excess energy produced at Nam Ngum at a rate of 4-1/2 mills per kilowatt hour. At the present time, Laos is providing energy to Thailand in repayment for cement borrowed for the construction of the dam. It is expected that this repayment will be completed by mid-1974 at which time Thailand will begin to purchase all excess Nam Ngum energy and make payment in U. S. dollars. The sale of Nam Ngum produced energy to Thailand will be one of the largest foreign exchange earners for Laos. Laos has already completed repayment in the form of energy to Thailand for approximately $500,000 worth of energy which was borrowed from Thailand for use at the dam site and in the city of Vientiane while the dam was being constructed.

It is expected that financing arrangements for the second phase which will increase the energy-producing capacity by an additional 105,000 kw will be completed soon. At the January 1973 Mekong Committee meeting in Saigon, Japan offered to extend a loan for at least half of the estimated $24 million cost of the second phase. Australia offered to grant US$600,000, and the United States announced its intention to provide a portion of the funds required. It is envisioned that a multilateral fund will be established and administered by an international lending institution similar to administrative arrangements for the first phase. The second phase will include the installation of three 35,000-kw generators, installation of spillway gates, expansion of the powerhouse, and construction of additional transmission lines and ancillary equipment.

Pa Mong

The United States has spent almost $14 million in preparing in cooperation with Laos and Thailand the feasibility study for the key pro-

ject of the initial phase of Mekong development--the Pa Mong dam. If the decision is made to construct this $1.1 billion dam 25 kilometers upstream from Vientiane, the benefits that will be derived from it are immense--4,800,000 kw of power capacity plus water available for irrigating perhaps as many as two million hectares in Laos and Thailand.

The Pa Mong Stage One Feasibility Report was completed by the U.S. Bureau of Reclamation in March 1970 and the final Phase II report was completed in late 1972. Presently, a study of the projected downstream effects of Pa Mong is nearing completion, and a study of resettlement of the Pa Mong reservoir evacuees will begin in mid-1973. It will probably be several years before a final decision is made by Laos and Thailand to undertake the project.

It is estimated that once a decision has been made to proceed with construction of Pa Mong, approximately four years will be required for preconstruction planning and eight years for the construction of Stage I, after which electrical production of 600,000 kw would begin at the dam. An additional nine years would be required to install all generators and to achieve maximum production of 4,800,000 kw. If constructed, Pa Mong would be one of the largest dams in the world. It would be capable of producing more electrical energy than the Grand Coulee and High Aswan dams combined.

Asian Development Bank

One of the achievements of ECAFE was the establishment of the Asian Development Bank (ADB) in 1966 to finance various types of development activities with both hard and soft loans and to provide technical assistance, usually on a grant basis, both for the implementation of projects and for the preparation of various types of studies.

In 1969, the ADB made its first grant to Laos: $250,000 for preparing a feasibility study of the development of extensive agricultural activities on the Vientiane Plain. The study recommended construction of a number of irrigation projects. First priority was given to the Tha Ngon Development Area, an 800-hectare site 25 kilometers north of Vientiane designed with Japanese assistance. In 1970, the ADB agreed to lend the Royal Lao Government approximately one-half of the cost of the project, with Japan granting most of the remainder.

The ADB loan amounted to $973,000 with repayment in 40 years, 10 years grace period, 1-1/2 percent interest. In addition to the loan, the ADB will provide as a grant the services of a team of experts to assist with the final design and implementation of the project. This grant is valued at $275,000. This project is discussed in the section describing the Japanese assistance program.

In June 1972, the ADB made a loan to the Electric Utility of Laos to finance approximately one-half of the cost for renovation and expansion of the Vientiane city power distribution system. The ADB loan amounted to $3.37 million with repayment in 25 years, 5 years grace period, 1-1/2 percent interest. The ADB also has under consideration a request from the Royal Lao Government for a loan to upgrade and expand the Vientiane city water system. The Royal Lao Government has also requested the ADB to provide technical assistance experts for the Development Bank of Laos.

Other Regional Projects

In response to the request of the eight-nation Southeast Asia Transportation and Communication Organization (SEATAC), the United States through its Office of Regional Economic Development (RED) in Bangkok agreed to provide $100,000 to investigate the feasibility of developing in Laos a "backbone" telecommunications system. The study was completed in 1970. This system will link all the major cities of Laos for the first time with a modern communications system and connect the Lao system to that of Vietnam, Thailand, and possibly Cambodia. As a result of this study, the United States agreed to provide $630,000 for the development of the Lao "backbone" telecommunications system. It is expected that the system will be completed by early 1975.

Another regional activity of direct interest to Laos is the Mekong Ports Improvement Project. The project consists of improving Mekong River ferry crossings and river port facilities at Ban Houei Sai, Luang Prabang, Thadeua (Sayaboury), Thakhek, Savannakhet, Pakse, and Muong Kao in Laos, and Mukdaharn and Nakorn Panom in Thailand. The United States through RED provided $161,000 to finance the project. It is expected that the project which began in 1971 will be completed by mid-1974.

The reservoir created by the Nam Ngum dam has proved to be Laos' richest fishery resource. The United States through RED has granted a total of $57,000 to provide the Royal Lao Government with the resources necessary to ensure the rational exploitation of the fishery potential. Under this grant, carp fingerlings to stock the reservoir, equipment to establish government fishery agents at the reservoir, and construction of carp breeding facilities have been provided. When the fishery potential of the reservoir is fully realized, approximately 2,200 metric tons of fish with a market value of Kip 880 million ($1.5 million) are expected to be caught and marketed each year.

The United States through RED also has provided financing for a study of Mekong waterborne diseases, in particular shistosomaisis. The study is being carried out by the Smithsonian Institute, and most of the field research has been done at Khong Island, Laos and Ubol, Thailand. The first phase of the study should be completed by mid-1974.

The United States through RED in 1972 granted $67,000 for the Mekong River Keng Kabao channel improvement project. Blasting of rock shoals from this channel will allow year-around safe navigation on the Mekong River between Vientiane and Savannakhet.

Private Foundations

The Asia Foundation is a small-grant organization which encourages innovation and cooperation in development in response to locally expressed needs. All projects are carried out by the Lao themselves.

The Foundation's current program includes faculty training, curriculum and administrative development, and research projects with those educational institutions which form the nucleus of the proposed national university. Support is also given to research on law and the publication of legal materials. Assistance is provided the Ministry of the Plan for staff development and for coordination and implementation of development plans among ministries and at different governmental levels.

Distinctive Foundation projects include community development seminars for Buddhist monks in various parts of the country and the reintroduction of the traditional crafts of wood-carving and bronze casting among the monks of Luang Prabang. The Foundation is also supporting research on the ethnic minorities of Laos and on the standardization of the Lao language. Related to these activities are Foundation efforts to encourage the growth of Lao literature and publications in Laos and the expansion of library facilities.

World Vision Inc., since the initiation of its program in Laos in 1968, has brought to Laos over 3,800 tons of foodstuffs, vitamins, and medical supplies. The commodities, 90 percent of which are items such as canned meats, prepared dinners, baby foods, and milk, are donated by manufacturers in the United States. AID pays the ocean transportation to Laos and USAID assists with the distribution of the commodities to refugees in Laos. The value of the items provided to date is approximately $3.8 million. Through World Vision, Inc. private donors support from 750 to 1,999 school children each year, most of whom are orphans or children of disabled war veterans.

Catholic Relief Services has been distributing food and clothing to people in need in Laos since 1957. Over $4.4 million worth of food has been provided since the inception of the program with annual distributions totaling about $300,000 at present. The powdered milk, bulgur wheat, corn meal, and flour provide feeding programs for mothers and preschool - age children, school lunches, charitable institutions, lepers, and refugees. The food is surplus U.S. agricultural commodities donated to Catholic Relief Services for distribution overseas through the PL-480 program.

The Thomas A. Dooley Foundation, Inc., has been providing medical care and services in Laos for over 12 years. Although formerly staffing and maintaining hospitals at Ban Houei Sai, Khong Island, and Champassak, Dooley Foundation is at the moment concentrating its efforts on medical assistance and public-health teaching in villages along the Mekong River from Vientiane to the confluence of the Nam Ngum River. Funding of personnel and medicines are still provided the hospital at Khong Island and Champassak. Many of the Dooley staff are volunteers and all of its estimated $100,000 to $200,000 annual budget comes from private donations.

From a modest beginning in 1964, the Delegation of the International Committee of the Red Cross (ICRC) has gradually expanded its assistance to war victims and to those who have suffered from natural disasters. The central staff in Vientiane now consists of eight foreign and eight Lao employees; the field teams total 11 people. Increased support from different Red Cross National Societies has broadened the scope of the ICRC program in Laos and forms the nucleus for the ICRC role in post-hostilities relief and rehabilitation activities.

Current refugee programs complement the efforts of the Lao Government, the Lao Red Cross and other foreign donors by distributing commodities which would otherwise not be provided: fish sauce, padek, chili peppers, and articles of clothing such as sinhs and sarongs.

ICRC has distributed 60 tons of clothing which were donated by Japan. Foodstuffs, blankets, medicine and other commodities have been given to flood victims over the years.

Another major component of the ICRC program is in the field of medical services. In 1970 the first Swiss Red Cross medical team began operations in Luang Prabang. There are currently two teams from the Swiss Red Cross in the Royal capital: one, a hospital-based surgical-medical team and the other a mobile rural team which provides immunizations and other public health services in Luang Prabang Province. The first team consists of one surgeon, one generalist, and four nurses; the second, one doctor and two nurses. The ICRC has also provided medical commodities to the Neo Lao Hak Sat (NLHS) in keeping with its policy of neutrality. This program has been in effect since 1971.

Plans call for further expansion of both relief and medical programs. A mobile medical team from the Japanese Red Cross (one doctor, two nurses, and one administrator-interpreter) will be placed in Paklay and other teams are planned for southern Laos. An Orthopedic Center is planned for Savannakhet. Relief and rehabilitation activities will be increased under the umbrella of the Indochina Operational Group (IOG, the ad-hoc organization of the Red Cross movement for rehabilitation in Indochina) which will include the tracing and the location of displaced and missing persons in keeping with the ICRC's traditional work.

Asian Christian Service (ACS) was established by the Churches in Asia to help the people of Indochina in South Vietnam, Cambodia, and Laos. ACS began operations in Laos in 1969 after two years of experience in Vietnam in conducting humanitarian programs. While initial efforts in Laos concentrated on relief to refugees, ACS soon expanded the scope of its work to include activities in rehabilitation, reconstruction, and development as well. A staff of 18 foreign and 29 Lao workers are currently carrying out projects in the four provinces of Savannakhet, Vientiane, Borikhane and Luang Prabang.

The refugee relief activities center around preventive and curative medical services which are provided by both fixed medical centers and mobile medical teams. The eight-man team at Paksane includes members qualified in community development, home economics, and education in addition to nurses and paramedical personnel. Their coverage extends to 12 resettlement villages and their projects include work in agriculture, animal husbandry, nutrition, and crafts as well as health care. The eight-man medical team at Ban Thalat serves a refugee population of 15,000 people in 12 villages.

Annual costs of the ACS medical relief programs have run over $70,000 during the past two years, not including dehydrated milk supplements provided by Switzerland and Holland. About 25 tons of dried milk are distributed per year.

Nonrefugee populations are also served by ACS medical programs. The most notable project in this category is the multipurpose clinic at Paksong, Savannakhet Province. The two-story clinic is a major rural health-care facility which has been built, staffed, and operated

by ACS and is presently manned by 15 medical and paramedical personnel. The Paksong clinic supports six mobile medical teams which extend programs of health, nutrition, and community development into the countryside. It also serves as a center for health education and paramedical training. The Paksong health center may soon be expanded to provide inpatient services, X-ray capability, and improved laboratory and ancillary facilities. Costs for this project have come close to $70,000 per year, and the expansion of facilities would cost about $35,000 more.

ACS has also encouraged the development of local cottage industry with the establishment of a Weaving Center in Seno, Savannakhet Province, which trains about 60 refugee women a year in cotton and silk weaving. Similar weaving projects comprise part of ACS relief programs in Vientiane and Borikhane Provinces. The combined weaving projects are currently supported by about $13,000 from ACS; plans call for an increase in the scope of this project.

Savannakhet is the site of a farmer's training center where a staff of 10 Lao employees provide the teaching nucleus for programs in agriculture, animal husbandry, and nutrition. Budgetary support for this project has been reduced from $37,000 to $20,000 as Lao contributions and responsibilities have increased.

ACS also supports rural primary education through church-related activities in Vientiane and Savannakhet Provinces, and is making plans to assist in the construction of secular school facilities as well.

The overall ACS budget totals $269,000 in 1973 and is expected to continue to rise. Contributions come primarily through the World Council of Churches, with smaller donations from individual countries and churches.

United Nations

The United Nations (UN) through its specialized agencies has been assisting Laos since 1952. The UN staff in Laos at present is made up of about 44 technicians, advisors, and medical personnel. The country program is coordinated by the United Nations Development Program (UNDP) with the Royal Lao Government and is executed by the UN agencies, the most important of which are the Office of Technical Cooperation (OTC), World Health Organization (WHO), United Nations Fund for Population Activities (UNFPA), International Labor Organization (ILO), Food and Agriculture Organization (FAO), and the United Nations Industrial Development Organization (UNIDO). In addition, there are regional programs administered by ECAFE and the Mekong Committee.

The table shows the estimated financial resources that have been administered by the various agencies of the United Nations in Laos for the past few years and the approved funding for 1972-1974.

DISTRIBUTION OF UNITED NATIONS FINANCIAL RESOURCES

($ Thousand)

	1966	1967	1968	1969	1970	1971	1972	1973	1974
UNDP Technical Assistance	500	500	500	485	459	716	1000	1000	1000
Fellowships[a/]	-	-	-	-	-	-	100	100	100
OTC	60	56	34	42	-	8	90	90	90
WHO	92	99	123	251	234	243	250	250	250
ILO	-	-	20	20	20	-	-	-	-
FAO	-	-	-	-	-	-	30	-	-
IMF	-	-	-	24	-	-	-	-	-
UNFPA	-	-	-	-	-	-	80	80	80
UNICEF	50	71	57	50	83	90	90	90	90
UNIDO	-	-	-	-	12	27	50	50	50
Total	702	726	734	872	788	1084	1690	1660	1660

a/ Regional and interregional.

The UN provides technicians on an ad hoc basis from its regional staff at ECAFE in Bangkok and finances study teams for work in Laos and the other three riparian countries of the Mekong. A large complement of ECAFE technicians are assigned to the Mekong Committee Secretariat.

UNDP technical assistance and the regular programs of the specialized agencies, although including a number of medium-term projects such as the Arts and Crafts Center and the UNESCO team at Dong Dok, generally consist of one or two experts who advise on a particular problem for one to two years and train nationals of the country to carry on their work after they leave. For example, in Laos there are advisors of this type assigned to the Ministry of Public Works (photogrammetry), Ministry of National Economy (handicrafts and agricultural marketing), Ministry of Social Welfare (labor legislation), Directorate of Veterinary Medicine (veterinary medicine), Ministry of Education (functional literacy), Ministry of Public Health (physiotheraphy and prosthetics).

In addition to assigning technicians to assist the Royal Lao Government, the UN agencies also provide funds for seminars and regional conferences and fellowships for study abroad.

The 13 members of the WHO staff (some financed under UNDP and others under the regular program of WHO) are assigned to different health activities. These include three instructors at the Nurses Training School, Mahosot Hospital, Vientiane, four doctors who instruct at the Royal School of Medicine, one physiotherapist at the Orthopedic Center, and other advisors and instructors who assist with the development of public health statistics, maternal and child health services, antimalaria activities, family planning and nutrition.

The UNDP has undertaken with the RLG the establishment of a telecommunications training school in Vientiane to assist in training the technicians that are required by PTT, Civil Aviation, and National Radio. A new program has been initiated at the National Education Center at Dong Dok by UNESCO to assist with the development of a curriculum for teachers of science and mathematics. The five UN experts assigned to the project also are developing semi-programmed education methods for the science and mathematics curriculum.

The UNDP is exploring the possibility of assisting in the establishment of a training center for Lao government civil servants.

France

France contributes the second largest amount of foreign assistance to Laos each year, providing $6 million to $7 million annually.

Three agencies administer the French assistance program:

> The French Military Mission of Instruction (MMFI) presently has a staff of about 70 officers and enlisted men. Established under the Geneva Accords, the MMFI provides training and advisory services (but no military equipment) to the Royal Lao Army.
>
> The Economic and Technical Assistance Mission (MAET) with its staff of 70 provides the services of engineers, doctors, advisors, and other technicians to almost all the Royal Lao Government Ministries, public utilities, and major educational institutions. The MAET staff includes 20 volunteers (Cooperants du Service National), paid by the French Government, who have chosen to serve in Laos in lieu of military service.
>
> The Cultural Mission assigns 290 French school teachers to the lycees, teacher training school, and other secondary education institutions throughout the country. About 60 of these teachers are volunteers (Cooperants du Service National).

Traditionally, France has given high priority to providing financial and professional assistance to upper-grade-level schools in Laos. In addition to providing teachers and educators, classrooms, laboratories and other physical facilities have been constructed or furnished by France. Projects include construction of the Royal School of Agriculture at a cost of $400,000. A 200-seat amphitheater at the Royal School of Law and Administration was completed in early 1972. The Vientiane Technical College and the Savannakhet Technical School receive donations of machinery and equipment. The Centre Lambert, the technical training school of Electricité du Laos, was developed and equipped by France and continues to receive extensive physical support and the services of French instructors. The physics, chemistry, and anatomy laboratories of the Royal School of Medicine

were equipped as part of the recently instituted program of the faculty of the University of Lyon to upgrade the school to the level of a doctorate-granting institution--the first in Laos. Twenty French medical experts who teach at the school are also assigned to the medical school of the Mahosot Hospital in Vientiane.

As well as donating books annually to the secondary schools, France has been providing each year a credit for the import of French books. Scholarships for training in France are a significant portion of the French educational program, with about 60 new grants and from 25 to 35 continuing grants awarded to Lao students each year.

French advisors are assigned to offices of the Royal Lao Government, such as the Commission for the Plan, the Ministry of Justice, the Prime Minister's Office, the Ministry of Finance, Ministry of National Economy. Other technicians and administrators assist with operations of the telephone and electric utilities.

France continues to assist major capital projects. In 1966, France contributed $600,000 toward the construction of the $29 million Nam Ngum dam. In the same year, a credit agreement was negotiated between France and Laos which provided loans and credits totaling 15 million francs ($2.7 million). Six million francs (about $1 million) of the credit was used for construction of the 2,550 kw Selaban dam near Pakse, the first hydroelectric project in Laos. In addition to the loan for 20 years at one-percent interest, France granted the equivalent of $400,000 in technical services and assistance with design of the structure, which was completed in February 1970. The Nam Dong dam near Luang Prabang, completed in 1971, was also partially financed by the 1966 loan. The Royal Lao Government provided the labor and cement for both projects.

The 9-million franc commercial credit portion of the 1966 loan is repayable over a five-year period at a rate of six percent. With these funds the underground telephone cable network of Vientiane was rehabilitated and the 800-line Vientiane telephone system was expanded to 2,000 lines.

In October 1970, the Royal Lao Government and France signed a protocol for a loan totaling 13.25 million francs ($2.4 million). The bulk of the loan (11.25 million francs) has been used to improve

aero-navigation and communication equipment at Wattay Airport in Vientiane; e.g., installation of an instrument landing system, VOR transmitter and ancillary equipment. France has also made a technical assistance grant of 1.35 million francs to this project for the construction of new passenger and cargo terminal facilities at Wattay Airport.

Further improvements to the local telephone system will also be made at a cost of two million francs. One million francs were expended for the purchase and installation of the equipment for the Vientiane - Hongkong telex link which opened in June 1972. The remaining one million francs will be used to purchase automatic switchboards for the provincial PTT centers and to purchase spare parts for the entire telephone system. One-half of the total funds of the loans will be provided by the French Government at an interest rate of three percent for a 20-year term with a five-year grace period. The remaining half of the funds will be provided by private sources for five years at commercial rates of interest.

In 1970, the French Committee for the World Campaign Against Hunger, a private humanitarian organization, donated 30 tractors, four bulldozers, several trucks and assorted agricultural implements to the Royal Lao Government for use in resettling thousands of refugees on the Vientiane Plain. In 1968, the same organization donated 5,000 tons of rice, 30,000 roofing sheets, and a large quantity of canned milk and drugs for refugee relief. The total donation from this private organization was approximately $2 million.

In addition to its bilateral assistance to Laos, France has participated in the currency stabilization program of FEOF since 1964 in cooperation with Australia, Japan, the United Kingdom, and the United States.

Japan

Japan's assistance to Laos began in 1958 with an agreement under which Japan provided two vitally needed projects with a total value of $2.8 million to Laos. The first was a 3,000 kilowatt-hour capacity diesel generating plant and the second was a water filtration and distribution system. Both projects are located in Vientiane.

Japan joined with eight other nations to contribute to the Nam Ngum Phase I Fund. Japan's contribution totaled $4,962,000 of the $29.1 million total cost of the project. Prior to the establishment of the Nam Ngum Dam Phase I Fund, the design work of the dam, valued at $315,000 had been provided by Japan through Nippon Koei, Ltd.

Japan has contributed to FEOF since 1965. Its contribution in 1965 was $0.5 million; each year from 1966 through 1969 was $1.7 million. The 1970 contribution was $2.0 million; in 1971, $2.3 million; and in 1972, $2.6 million.

Again utilizing the services of Nippon Keoi, Ltd., Japan provided $141,000 in 1969 for the feasibility study of the Vientiane-Nongkhai bridge across the Mekong.

A major construction project completed in 1970 was the 1,000-meter extension of the runway at Vientiane's Wattay Airport, which increased the runway length to 3,000 meters. It is now possible for international jet aircraft to serve Vientiane. This project was funded by grants from Japan of $1.2 million in foreign exchange and about $400,000 in kip generated by Japan's contribution fo FEOF. Wattay Phase II construction was completed in April 1972. High-speed turnoffs, taxiways, and additional aircraft parking aprons were constructed. The project was funded by grants from Japan of $1.0 million in foreign exchange and about $880,000 in kip generated by Japan's contribution to FEOF.

In 1971, Japan agreed to construct a microwave telecommunications link between Vientiane and Nongkhai. This installation, which provides Laos with a modern and efficient microwave connection with the communications system of Thailand, was completed in 1972. The cost of the installation was $100,000. Japan has also provided an additional grant of supplemental equipment for the installation.

The Tha Ngon irrigation project is presently being developed by technicians from the Japanese Overseas Technical Cooperation Agency (OCTA). In 1968 and 1969, OCTA prepared at a cost of $128,000 a study and plans for this 800-hectare irrigation project, which is the first major irrigation project on the Vientiane Plain.

It is designed not only to produce two crops of rice but also fruits and vegetables to help meet demands of the Vientiane market, which is still to a great extent dependent upon imports from Thailand. Water for irrigation required by the project will be taken from the Nam Ngum River with pumps powered by electricity generated at the Nam Ngum dam upstream from the Tha Ngon project. Presently nine OCTA technicians and three to four Japanese Overseas Cooperation Volunteers (JOCV) are assigned to the project, which, it is presently anticipated, will be completed by the end of 1973.

To fund a portion of the project's requirements, the Asian Development Bank in 1970 agreed to lend Laos $973,000 in foreign exchange at an interest rate of 1-1/2 percent for forty years with a ten-year grace period. The ADB has also provided a $245,000 technical assistance grant to prepare the final designs and direct the construction. Japan agreed to grant $200,000 of construction equipment and approximately $250,000 in agricultural production commodities through 1975. In 1971, Japan agreed to the use of $44,000 in kip generated by its Food Assistance Convention (FAC) contribution and $512,000 in kip generated by its contribution to FEOF. The total ADB and Japanese investment in the Tha Ngon project is $2,544,000.

The Tha Ngon dispensary is staffed by two doctors, one X-ray technician, and three nurses. OCTA provides the service of these Japanese medical personnel. Medical supplies and equipment are also provided by OCTA.

Four OCTA technicians are assisting the Royal Lao Government to operate and maintain the Nam Ngum dam. One OCTA technician is assisting the Agriculture Development Organization (ADO) to sell and maintain the farm equipment Japan has donated to ADO. OCTA also provides the services of one dentist to the Luang Prabang hospital and of a mobile dental unit operated out of Luang Prabang. OCTA also provides material support for the unit.

Japan is providing through the Colombo Plan the services of two experts in sericulture to investigate the possibilities of developing silkworm production in Laos, and to teach the techniques of silkworm cultivation. A sericulture research station has been established in Sayfong which is located a short distance south of Vientiane. Japan recently granted commodities and equipment valued at $20,000 to the station.

At the present time there are about 50 JOCV serving in Laos. These volunteers are primarily assigned to the following sectors of the Royal Lao Government: education, agriculture, animal husbandry, public works, and communications. The volunteers serve for two years and receive a salary of $170 per month. During 1971, 22 short-term study grants were awarded for study in Japan.

Japan has provided significant quantities of commodity assistance to Laos under various programs in the past few years. In 1968, some $200,000 worth of agricultural equipment and $300,000 worth of rice for relief purposes were donated under the FAC program. In 1969, $500,000 worth of rice was provided to Laos for refugee relief, a contribution which allowed the United States to divert the same amount from its refugee program as a supplementary donation to FEOF. In 1970, some $500,000 worth of agricultural equipment was provided to Laos to be sold for kip by ADO and $200,000 of agricultural equipment was also granted to the Royal Lao Government. In 1971, $1,000,000 worth of rice was provided to Laos for refugee relief.

Japan plans to grant $560,000 in foreign exchange for a refugee relocation project which will resettle about 600 families on the Vientiane Plain. This project, which will be implemented in the near future, will involve the construction of an all-weather road through the area, access roads, schools, dispensaries, wells, and government administrative offices. Partial assistance will also be provided for the construction of houses.

Private humanitarian assistance to refugees has included donations of drugs and clothing. The Tenri Kyo which is a private religious group each year funds a four-to-five-man Japanese medical team that works at the Ban Kuen, Vientiane Province, hospital for a two-month period.

Future projects which may attract Japanese support in the form of loans include the extension of the generating capacity of the Nam Ngum dam from 30,000 kw to 105,000 kw, which is estimated to require $24 million.

United Kingdom

Since the establishment of its Embassy in Laos in 1954, Great Britain has contributed over $30 million to Laos, the bulk of which has been financial aid with the remainder being technical assistance. Because of a general constriction of worldwide British aid activities in the last few years, the level of assistance to Laos has dropped from a high point of about $6 million in one year to its present level of $2.3 million annually. As the major portion of its assistance in 1972, Great Britain contributed $1.85 million to FEOF.

The most important British program after FEOF, and perhaps its most successful technical assistance effort, has been the development of Lao National Radio. As part of the multilateral International Aid to Radio project, a nationwide radio network has been established, largely at British expense, with broadcasting and relay stations at Vientiane, Luang Prabang, and Pakse. The last two stations were handed over to the Royal Lao Government in 1969. Britain has contributed about $2 million to this activity and continues to support it with the services of an advisor, four British engineers, three other experts and instructors, plus four graduate Volunteers for Service Overseas (VSO).

In addition to its advisory activities, a long-term training program for radio technicians has been organized by the British. Training in degree-granting courses is provided for 17 Lao radio engineers in Britain. Programmers are given short-term training with the BBC.

Other students who will receive training in Britain this year include an electrical engineer, an agriculturist, and civil aviation personnel.

Two technical assistance activities of several years' duration in Laos, organized under the Colombo Plan, were phased-out in 1970. The British medical team which had in part built, supplied, and staffed small hospitals in Luang Prabang and Thakhek handed over their project to the Royal Lao Government and the last British doctor withdrew at the end of 1970. An advisor to the Ministry of Social Welfare, who had worked closely with the refugee relief program for seven years, completed his assignment in late 1969.

Colombo Plan advisors presently resident in Laos include two specialists in English-language teaching--one at the College of Law and Administration and the other at the Ecole Superieure de Pedagogie. An expert in bookbinding is just completing a two-year assignment with the Lao National Press. As a result of this assistance, more textbooks can be produced in Laos which will achieve a savings in foreign-exchange expenditures on overseas purchases of school and college textbooks. An expert in diesel engineering is teaching at the Technical College in Vientiane. An expert in cooperatives and a lecturer in education will soon be posted to Laos.

In addition to Colombo Plan experts, the United Kingdom has a team of some 23 young VSOs, all of whom are university graduates, presently in Laos. Except for those working with Lao National Radio, all teach English at lycees and teacher's colleges throughout Laos.

In 1968 and 1969, Britain supplied about $200,000 worth of agriculture pumps, rice dryers and tractors to the Agriculture Development Organization in support of the accelerated rice production program. Related to this assistance to the agricultural sector, Britain contributed $125,000 towards the construction of a plant pathology laboratory. The project was developed jointly with the Royal Lao Government Directorate of Agriculture and USAID. The construction of the laboratory was completed and turned over to the Royal Lao Government in 1972. Britain assigned a Colombo Plan advisor in the field of entomology to the laboratory in early 1973.

In cooperation with the Mekong Committee and the Royal Lao Government, Britain has completed a photogeological mapping activity of most of western Laos. Working from aerial photographs, two photogeologists of the Institute of Geological Sciences in Britain have prepared maps of much of northern and western Laos.

The United Kingdom Commodity Import Program (UKIP) has in the past provided subsidized imports to Laos. This program, which funded about $10 million worth of imports between 1963 and 1969, has been phased-out and replaced by project aid, training, and advisory services.

Australia

Australian assistance to Laos is channeled through the Foreign Exchange Operations Fund (FEOF), the Colombo Plan Economic Development Programme, and the Colombo Plan Technical Cooperation Scheme. Australian assistance to Laos from 1964 to mid-1972 totals $10.8 million of which approximately 50 percent represents contributions to FEOF. The present level of Australian assistance is approximately $1.2 million per annum.

From the inception of FEOF in 1964 through 1971, Australia contributed a total of $5.3 million to the Fund; in 1971 the sum of $720,000 was provided and in 1972, $800,000. Each annual contribution has been given to FEOF as a direct grant with the counterpart kip generated applied to the reduction of the Royal Lao Government budget deficit.

Under the Colombo Plan Economic Development Programme and the Technical Cooperation Scheme, assistance amounted to $5.5 million through the end of 1971. Of this amount, major contributions in the past have included $900,000 through the Australian Import Programme (AUSIP), a program which has now been phased-out, approximately $100,000 for roadmaking, agriculture, and drilling equipment and $500,000 to the Nam Ngum dam. An additional pledge of $128,000 to the Nam Ngum fund has also been made. Current assistance under these programs support projects in the fields of education, forestry, and training in Australia.

At present, there are approximately 75 Lao students training in Australia. Through mid-1971, 210 Lao students have completed academic or technical training courses in Australia. Scholarships have been awarded for both secondary and tertiary studies. Currently 12 to 14 secondary school scholarships are awarded with the possibility, after graduation, of the scholars proceeding to an Australian University or undertaking tertiary studies of a technical nature. There are also six scholarships for various forms of long-term training. In addition, about 15 scholarships are presently awarded for intensive English training, some of which are followed by ad hoc training in widely diverse fields. Courses in agriculture, public administration, public health, communications, customs administration, and police training are frequently taken. The number of Lao students going to

Australia for short-term technical courses has increased in recent years as the Australian Government has widened the scope of its training program. During 1971-1972, approximately $275,000or 20 percent of the total Australian assistance to Laos funded training in Australia.

At present, eight Colombo Plan experts are working with technical assistance projects. Three experts are assigned to the reforestation project, two experts to the forestry school, and three experts to the College of Education.

Assistance to the reforestation project began in 1969, and the present level of assistance is approximately $100,000 per year. The objective of the project is to assist Lao foresters to identify and to implement the procedures and techniques most appropriate for encouraging reforestation in Laos. Both imported and native tree species are raised in the nursery established near Vientiane and performance assessed on trial plots throughout Laos. Training is an integral part of the project.

A contribution of $210,000 during the period 1971-1974 is planned to assist in establishing a forestry school. This contribution will fund two Colombo Plan experts, construction of buildings to house the school, vehicles, and equipment. The school will offer a basic forestry course of 12 months' duration.

In 1969, two livestock experts concluded their assignments and turned over to the Royal Lao Government the livestock development project which had been created. The project still receives short-term technical assistance, seed, and local currency contributions from the Australian Government.

Since 1962 five contributions of primary school supplies such as chalk, books, paper, pencils, pens, ink, and blackboards have been made. During 1972-1973 another contribution of these basic supplies valued at $120,000 is planned.

Additional contributions during 1970 and 1971 include three DC-3 aircraft valued at $200,000, three ambulances for the Ministry of Public Health valued at $13,000, and commodities for refugee assistance valued at $11,000.

Canada

Since early 1970, Canadian assistance to Laos has been administered by the Canadian International Development Agency (CIDA) from its offices in Saigon. Canadian bilateral aid to Laos has totalled about $2 million since the inception of the Colombo plan. An additional $2 million was donated to the Nam Ngum dam consortium plus $1.3 million for the aerial survey of much of the Mekong Basin in Laos to develop the basic data for use in preparing further Mekong development plans. Canada has made a $3 million offer to the Mekong committee and to the Royal Lao Government as its contribution to Phase II of the Nam Ngum dam project.

Recently, the most significant Canadian bilateral assistance efforts have been in the field of education. At present, about 20 Lao students are attending Canadian technical schools or universities under scholarships awarded by Canada. Engineers, technicians, and administrators required for the operation and maintenance of the Nam Ngum dam are studying various aspects of electrical engineering in Canada. In addition to their classroom study, they are also given the opportunity to gain practical work experience through extended periods of on-the-job training at various hydroelectrical installations in the French-speaking areas of Canada. Because of its unique position as a bilingual nation, Canada offers training which is adapted to the linguistic background of the student. Most Lao have chosen study in French on winning a Canadian scholarship.

In the past, Canada has been a major participant with Australia and the United States in the joint forestry inventory and development program, contributing goods and services valued at $160,000. One project in the field of forestry inventory was completed in 1971; Canada is presently considering extending its participation in this activity.

Two Canadian professors now teach at the teacher training college in Vientiane and the Royal Lao Government recently requested Canada to provide the services of more such teachers. In the recent past, Canada has assisted the development of education in Laos by providing 40,000 geography and grammar textbooks in French and 40 tons of printing paper to be used in the production of books.

At the present time, Canadian bilateral assistance to Laos is considered by the Canadian Government to be at an appropriate level. Rather than expand its bilateral aid or commit itself to multilateral programs such as the Foreign Exchange Operations Fund, the Canadian Government has preferred to emphasize projects involving regional cooperation and development. To this end, it has provided $25 million, interest free, to the Asian Development Bank's Special Fund and a further $100,000 to finance technical assistance projects under the administration of the bank.

Belgium

Belgium has provided the Directorate of Hydraulics and Navigation the services of an hydraulics advisor for a five-year period which ends in 1974. During 1971, four scholarships were granted for the study of inland navigation in Belgium for a period of six months. Four grants are proposed in the fields of inland navigation, harbor construction, hydrography, and beach-bank protection.

New Zealand

In addition to its initial and supplementary grants to the Nam Ngum Dam fund totalling $447,000, New Zealand awards three Colombo Plan Scholarships each year to Lao students to train at the English Language Institute in Wellington, or for undergraduate study at New Zealand universities. Two experts have served in Laos, one as an English Language Expert for over three years. A team of engineers from New Zealand, working in conjunction with Isaraeli experts, has just completed the plans for the major civil works of the proposed 5,000-hectare Hat Dok Keo irrigation project south of Vientiane. Recently, the New Zealand Government has provided relief supplies, mainly canned beef, as well as garden implements and blankets to help refugees.

New Zealand aid has also been channelled toward the Vientiane abattoir, now being constructed by a New Zealand firm. This assistance has taken the form of a number of awards to enable the personnel associated with the abattoir to be trained in New Zealand's meat industry. Awards have been made in the fields of management, livestock buying, meat-cutting and bookkeeping. In addition, the New Zealand Government has provided rendering equipment and refrigerated vehicles for the abattoir.

India

From 1964 through 1968 India staffed and supported a 44-man Indian Medical Team in Laos which operated hospitals in Vientiane and Paksane. With the completion of the team's mission, India's assistance has primarily consisted of providing scholarships for Lao students and the services of technical experts and teachers. In all, about 40 scholarships have been provided for study in fields such as public administration, education, forestry. India has also financed study tours for Lao officials.

An Indian Visiting Professor of Asian Civilization has been working at the Dong Dok National Education Center since 1971. In 1970, India provided the services of a forestry expert to study forest resources, potentialities, and installation of forest-based industries; in 1971, a team to conduct a feasibility study for setting up an industrial estate near Vientiane; in 1972, engineers to conduct a feasibility study of the Ban Mak Nao irrigation project; in 1973, a fisheries expert to advise on breeding carp and a specialist in bridge construction to advise on building bridges over the Nam Ngum and Nam Cading rivers.

India presented to the Royal Lao Government equipment for sediment testing laboratories at Paksane and in Vientiane in 1972.

Federal Republic of Germany

German assistance to Laos falls into two principal categories:

> Construction, maintenance and staffing of the Lao-German Technical School in Vientiane;
>
> Provision of loans for improvements to the electrical and water systems of the major cities of Laos.

The Lao-German Technical School, established in 1964, now has an enrollment of 189 students and a teaching staff of 21 which includes 3 German and 18 Lao instructors. Of the Lao instructors, 13 have trained in West Germany; 5 Lao are presently training in West Germany and 2 more will go this year. On their return to Laos, all will assume teaching positions in the school.

The school provides a three-year course of study in metal working, auto mechanics, plumbing, and electricity from which students graduate as skilled workers, and a one-year course which produces semi-skilled workers. New buildings financed by the Federal Republic include a new workshop, classrooms, and a dormitory; these were completed in 1972. The dormitory will accommodate 64 students.

In December 1965, the Federal Republic of Germany granted Laos a DM 20 million credit for a 30-year term at an interest of 3 percent for improvement and expansion of public utilities in Laos. DM 16.5 million of the loan was applied to the purchase and installation of new German diesel generators in Vientiane capable of producing 8,000 kw. The balance of DM 3.5 million plus an additional amount of DM 100,000 was used to improve the water distribution systems of Pakse and Savannakhet.

Since 1970, the Federal Republic has granted two loans of DM 6.6 million each which are being used to extend the power distribution network in Vientiane. Three German technicians are working with Electricité du Laos (EDL) and scholarships for training in Germany have been awarded to two EDL employees and to one employee of the water company in Vientiane.

The Federal Republic has participated with Great Britain and Australia in the development of Lao National Radio. In 1967, Germany contributed one 24-kw shortwave transmitter for use in Vientiane and two 10-kw mediumwave transmitters for Pakse.

Thailand

Because of the close cultural and ethnic bonds between Thailand and Laos, hundreds of Lao students have for the past few years sought higher education at Thai universities and other training institutions. While for the most part, USAID has funded the expenses of this training, Thailand has recently been assuming part of these costs, particularly in the fields of forestry, electrical engineering, and tropical medicine. Thailand for several years has provided instructors for the Dong Dok teacher training college in Vientiane; at present, there are five Thai teachers resident at that institution.

Thailand has assisted in the construction of the Nam Ngum dam, providing $1,250,000 in cement to the project, the cost of which is being repaid by Laos with Nam Ngum produced electrical energy. Laos has already completed repayment in electrical energy which was borrowed from Thailand for construction activities at the Nam Ngum dam and to supplement the power requirements of the city of Vientiane.

Thailand has offered to provide training without cost at hydroelectric stations in Thailand for those Lao technicians who will be assigned to Nam Ngum but who now lack the opportunity for practical work experience. Thailand has also agreed to purchase from Laos energy produced at Nam Ngum which is in excess of Lao requirements.

In 1969 and 1970, Thailand donated metal roofing sheets, rice, and foodstuffs for use by refugee dependents of soldiers of the Lao Army. In each of these two years, 2,000 tons of rice, 500 tons of roofing sheets and nails, and 85,000 tins of preserved foods were presented, valued at approximately $286,000. Contributions of rice in varying amounts and of roofing sheets continue; 500 tons of roofing sheets and nails were donated in 1972 and 1973.

Israel

Israel provides the services of an agricultural advisory team to the Hat Dok Keo Experimental and Demonstration Farm near Vientiane. From 1965 through 1972, a total of 11 advisors have been assigned to the Farm at an annual cost of between $44,000 to $70,000. During 1969-1970, Israeli experts, working with New Zealand engineers, prepared designs for the Hat Dok Keo irrigation project. The present canal system at the farm totals 30 km.

The three Israeli agricultural advisors presently assigned to Hat Dok Keo carry out a program which consists of

Research to introduce new crops and varieties and to increase yields;

Agricultural extension services which include establishment of a farmers' cooperative;

Animal husbandry and feed experimentation;

Instructing Lao technicians in cultivation practices, equipment maintenance and repair, crop storage, and farm administration and financial management.

Switzerland

The Swiss Red Cross has been providing medical services in Laos since 1970. Currently, there are two medical teams stationed in Luang Prabang: one, a hospital-based surgical-medical team and the other, a mobile rural team which provides immunizations and other public health services in Luang Prabang Province. The first team consists of one surgeon, one generalist, and four nurses; the second, one doctor and two nurses.

Foreign Exchange Operations Fund for Laos

The Foreign Exchange Operations Fund (FEOF) for Laos was established on January 1, 1964 upon recommendation of the International Monetary Fund. Its aims are to produce an anti-inflationary impact on the economy and to maintain orderly conditions in the foreign exchange market in Laos. For these purposes, a consortium of donor countries contributes foreign exchange to FEOF which then sells the exchange for domestic currency (kip) to banks authorized to deal in the legal market. Kip purchased by FEOF, with the exception of limited amounts reserved for development projects in agreement with the government are retired from the money supply (kept out of circulation), thereby reducing pressure on prices and helping to stabilize the Lao economy.

The original donor countries were France, Australia, the United Kingdom and the United States. Japan has been a contributor to FEOF since 1965. Laos contributed to FEOF in 1965 and in 1972. Contributions of the participating governments are shown in the Appendix, Table 1 and Fig. 1.

Why FEOF Was Established

Limited internal resources make Laos heavily dependent on imports. Local industry is embryonic at best. Security conditions and geography have hindered transportation among provinces and war requirements have drawn manpower from productive activities. Laos is at present unable to produce food products in sufficient quantities to meet the needs of its urban population. Practically all manufactured goods and substantial amounts of foodstuffs must be imported.

Exports, however, are far from sufficient to finance Laos' large import requirements. The main traditional exports of Laos--tin, green coffee, and lumber--have been handicapped and in some instances halted by the war's impact on production, by high transport costs from this landlocked country to markets abroad, and by fluctuations in world prices for basic commodities. As a result, Laos in recent years has been able to finance less than 10 percent of its imports through earnings from exports. (See Appendix, Table 2.)

The war has forced the Royal Lao Government (RLG) to incur substantial annual budget deficits. The Royal Lao Government has had to support large armed forces and rising numbers of war victims and their dependents. At the same time, losses of territory to communists, wartime disruption of commerce, and hindrances to production have weakened the government's revenue base, which was already very narrow and limited. Unable to finance essential expenditures from existing taxes, or to raise additional taxes in sufficient amounts, the Royal Lao Government has regularly been obliged to borrow from the National Bank of Laos more than half of its annual budget appropriations. (See Appendix, Table 3 and Fig. 2.)

Without foreign assistance, the RLG budgetary deficit would have compounded the seriousness of Laos' existing trade imbalance, set domestic prices in a continuing inflationary spiral, and forced unending successive devaluations of the kip, as happened in the years immediately preceding the establishment of FEOF, when political upheavals, budget deficits and interruptions in the flow of foreign aid combined to drive the price level up 92 percent between 1962 and 1963 and 98 percent between 1963 and 1964. The exchange rate in the rampant black market rose from Kip 80 = $1.00 in 1961 to Kip 660 = $1.00 in 1963. Very possibly, in the absence of foreign assistance, the economy would have collapsed. With the current situation in Laos, the absence of foreign assistance could have a similarly serious effect.

For these reasons, the Royal Lao Government and interested foreign governments agreed to institute a stabilization program for Laos. This plan, proposed by the International Monetary Fund (IMF), provided for

1. An increase in the official kip exchange rate from Kip 80 = $1.00 to Kip 240 = $1.00;

2. Establishment of a legal open market for foreign exchange in which the rate of exchange would be determined only by supply and demand;

3. Organization of a stabilization fund supported by donor governments to sell foreign exchange to the public as necessary to maintain an orderly market;

4. Commitment by the Royal Lao Government to limit the level of its deficit financing to a specified maximum in any period of time; and

5. Agreement by donor governments in return that kip proceeds of sales by the fund would be sterilized (except for limited amounts reserved for use by donor countries), thereby neutralizing the inflationary effect of the RLG budget deficit.

On the basis of this proposal, the Foreign Exchange Operations Fund for Laos was established.

The success of this approach depended primarily on the fiscal discipline of the Royal Lao Government and RLG willingness to control domestic credit as it relied on fiscal and monetary restraint to contain inflationary pressures rather than on direct exchange controls to limit demand for foreign exchange. By 1971 the limitations of this policy, given RLG budgetary stress and the vulnerability of the narrow exchange market to speculative surges, were clearly apparent. In late 1971, therefore, the Royal Lao Government devalued the kip by 19.8 percent, changing the rate from Kip 505 = $1.00 to Kip 605 = $1.00. This devaluation was followed in early 1972 by further RLG modifications of the exchange system in which the Royal Lao Government instituted a limited exchange control system applicable to all legal market exchange purchases.

FEOF as an International Institution

FEOF is currently supported by a consortium of industrialized nations and the Royal Lao Government. The agreements with the Royal Lao Government concerning FEOF have been renewed annually since 1964 by four or more contributing governments. In renewing the annual agreements, the governments take into account the recommendations of the IMF in its semiannual reviews of the Laotian economy. The donor governments also consider both the fiscal and monetary performance of the Royal Lao Government and the National Bank of Laos in the preceding calendar year and prospects for performance in the ensuing 12-month period and the funds which the donors will be able to provide. On the basis of these findings and consultations, simultaneous bilateral agreements are signed between

the Royal Lao Government and each of the donor governments. These agreements set an upper limit for the RLG budget deficit and guidelines for fiscal and monetary performance for the year.

During the course of the year, representatives of the Royal Lao Government, the contributing governments, and the IMF meet monthly in a Consultative Committee to review the performance of FEOF and the stabilization program. Embassy staffs and the IMF Resident Representative provide continuous analysis and evaluation support for the FEOF operation.

FEOF and RLG Exchange Market Policy

From the inception of FEOF in 1964 until 1972, the Royal Lao Government did not seek to control the foreign exchange market, and the public could freely buy foreign exchange at any authorized bank or money changer. However, in late 1971 and in 1972, following the kip devaluation and other fiscal and monetary reforms, the Royal Lao Government found it necessary to impose limited exchange controls. Actions by the Royal Lao Government in late 1971 and in 1972 included unification of the exchange rate by eliminating the official rate of Kip 240 = $1.00, establishment of a financial transfer tax of Kip 240 per dollar for certain types of foreign exchange transfers, and establishment of the Foreign Exchange Authorizing Commission, FEAC, or CODE, for the French name Commission d'Octroi de Devises Etrangeres.

FEAC was established to verify and approve all purchases of dollars for certain defined uses, including the purchase of those imports that do not require payment of the Kip 240 per dollar transfer tax. Commercial imports (excluding certain luxury and nonessential imports), limited amounts of funds for official travel, overseas education, and medical travel are eligible for exchange without payment of the Kip 240 tax on every dollar purchased at the rate of Kip 605 = $1.00. Exchange for other types of transfers is subject to the Financial Transfer Tax (FTT) of Kip 240 per dollar.

FTT receipts are treated as are other tax revenues, and help to reduce the RLG budget deficit. As with the sterilized kip receipts which result from the purchase of foreign exchange, the FTT kip receipts also help to reduce inflationary pressures on the economy.

These controls have not completely eliminated the free foreign exchange market of which FEOF has been an important component. However, they have helped to channel the foreign exchange resources of Laos to those priority uses which the Royal Lao Government considers to be the most important areas for exchange utilization.

FEOF Management

The current FEOF Manager and Assistant Manager, appointed in 1972, bring to FEOF many years of experience in the fields of finance and commercial banking, including foreign exchange and money-market operations. They are required to maintain complete accounts of all transactions.

To accomodate the needs of donors and the administrative needs of FEOF, dollar and kip accounts are maintained at the following banks:

National Bank of Laos (kip only),
Bank of Indochina at Vientiane (dollars and kip),
Bank of Tokyo at New York (dollars),
Irving Trust Company at New York (dollars).

FEOF's operations are subject to audit by any donor government and/or the Royal Lao Government. Such audits have been performed annually.

FEOF operates with a minimum of staff and direct administrative expenses have been low since inception. Per dollar of assistance supplied, FEOF has had one of the best administrative performances of any foreign aid program--in 1972 approximately $33,000 on sales of $25.4 million, or only 0.13 percent.

Demand on FEOF

The large and persistent Lao foreign exchange deficit which FEOF is designed to meet results primarily from

1. The imbalance that exists between the needs and desires of the Lao population for foodstuffs and manufactured commodities and the very limited production capacity existing in Laos, and

2. The imbalance between the growth of kip in circulation and the economy's ability to expand production.

The principal causes for such excess monetary expansion are the budget deficit of the central government and, to a lesser extent, the expansion of central bank credit to the private sector.

When the National Bank of Laos (BNL) lends to the Royal Lao Government to finance the budget deficit, or increases its lending to the private sector, it injects new money into circulation. This increases the cash flow to business and consumers. Given the limited supply of domestically produced goods, a high percentage of all government deficit spending and private credit expansion is transformed into consumer demand for imports. To pay for imports, the public seeks to convert its kip holdings into foreign exchange at one of Vientiane's five authorized banks. The banks have available a limited exchange supply received from non-FEOF sources. When this supply is exhausted, the banks purchase dollars from FEOF.

How FEOF Functions

FEOF may sell foreign exchange only to the five authorized banks in Vientiane (Bank of Indochina, Bank Laovieng, Bank of Vientiane, Lao Commercial Development Bank, and Development Bank of Laos) and, in accordance with foreign exchange regulations, it may sell only against purchase applications which have been approved by FEAC.

A purchasing bank deposits kip at the National Bank of Laos in return for a certified BNL kip check. FEOF then deposits this check in its kip account at the National Bank of Laos and transfers the equivalent in dollars to the purchasing bank either by check on the Bank of Indochina or by telegraphic transfer on FEOF's New York accounts.

The exchange rates at which FEOF buys and sells exchange are identical as FEOF is a nonprofit institution. From 1967 until late 1971, FEOF observed the rate of Kip 505 = $1.00 for all its transactions. Since November 1971, following the devaluation, the rate has been Kip 605 = $1.00.

The Vientiane commercial banks sell from time to time small amounts of foreign exchange to FEOF to liquidate temporary excess holdings or on instruction from FEAC. Such sales are normally offset within 24 hours by new purchases from FEOF. Since public demand for foreign exchange exceeds substantially the non-FEOF foreign exchange supply, FEOF must depend on donor government contributions during the course of the year to replenish its foreign exchange accounts.

The contributions which the donor governments make to FEOF are decided annually in connection with the renewal of the FEOF accords. During the year, FEOF is managed so as to maintain sufficient dollar balances consistent with the need to meet widely fluctuating market requirements. Whenever necessary, the FEOF Manager requests the donors to make available a specified portion of their agreed annual contributions. These funds are deposited in one of the three dollar accounts owned by FEOF.

A second source of exchange proceeds are kip purchases from FEOF by the U.S. Government to finance USAID procurement of rice and of other commodities in connection with its programs in Laos as agreed with the Royal Lao Government.

Kip proceeds from FEOF accumulate during the year. After the close of the year, FEOF then turns over to the Royal Lao Government the total of these kip proceeds, excepting amounts reserved in the agreements for use by donors for project assistance. Kip turned over to the Royal Lao Government is used exclusively to retire the RLG debt at the National Bank of Laos and thus is withdrawn from circulation.

Achievements of FEOF

Through FEOF, donor governments have succeeded in maintaining a reasonable degree of stability in the Laotian economy and have made it possible for the economy to achieve a modest rate of economic growth despite the stresses of war. FEOF has substantially moderated the inflationary pressures resulting from the burdens imposed on Laos by the war. After a period of near hyperinflation in the early 1960s, FEOF's activity ultimately permitted the reduction of price increases in Laos to annual rates of 3.2 percent in

1969, 0.3 percent in 1970, and 1.3 percent in 1971, which are equal to or lower than the rates of increase in the most advanced economies of the world despite chronic heavy RLG deficit spending. (See Appendix, Table 4 and Fig. 3.) The effects of RLG exchange reforms, world currency adjustments, and world rice shortages required a more substantial (27 percent) price adjustment in the first eight months of 1972, but these price pressures had largely subsided by the end of the year.

Although the 1971-1972 RLG exchange reforms, like the 1964 reforms, affected consumer prices, this cost was offset by other clear gains. These reforms enabled the Royal Lao Government to reduce the demand for foreign exchange and to reduce the gap between supply and demand for exchange. Because of reforms, net FEOF sales were reduced from $28.8 million in 1971 to $25.4 million in 1972. (See Appendix, Table 5 and Fig. 4.)

The performance of FEOF has been consistently efficient and relatively free from abuse. An annual level of FEOF sales of $25 million in 1972 has been turned into effective stabilization aid through an office comprised of two managers and two secretarial assistants with staff support from the interested governments and the IMF. The lines of control and standards of management have been clear and satisfactory.

FEOF has been a focal point for improvement in the functioning of the Lao administration. Because the RLG deficit and BNL monetary policy are clearly related to demand on FEOF's foreign exchange resources, donor governments, the Royal Lao Government and the IMF have fruitfully cooperated in seeking ways to increase the efficiency of the Lao administration, decrease expenditures, improve revenue collections, and control credit expansion. At the same time, all parties have recognized that elimination of the RLG budget deficit cannot be hoped for so long as extraordinary demands are placed on the budget by an active war and its aftermath.

Maintenance of a stable exchange rate, plus the preferential treatment provided by FEAC since mid-1972 for productive equipment, raw materials, and other priority commodities and transactions, has encouraged domestic investment and production and discouraged capital transfers abroad. This record of financial stability, plus

increasingly positive RLG intervention to assure productive use of FEOF's resources, has greatly increased the ability of Laos to meet future economic challenges.

The Future

FEOF has supplied essential supplementary resources and helped maintain reasonable economic stability in a small, embattled country whose present levels of administrative and economic development preclude the effective implementation of other alternatives. FEOF has now been renewed in eight consecutive years, and it is likely that the need for such a stabilization fund will continue for some time yet. However, as the war ceases, and Laos moves into the postwar period, it seems probable that gradually a relatively larger percentage of foreign assistance to Laos can be devoted to development efforts and less to stabilization. The role of FEOF will be to assist in maintaining a stable economic environment conducive to development, so that eventually the Lao economy will be sufficiently strong to make FEOF stabilization assistance no longer necessary.

APPENDIX

Table 1 -- Contributions to FEOF, 1964 - 1972, By Source

Table 2 -- Foreign Trade of Laos, 1967 - 1971

Table 3 -- RLG Budget Performance, FY 1965 - FY 1972

Table 4 -- Vientiane Consumer Prices, 1961 - 1972

Table 5 -- FEOF Sales and Legal Market Supply of Foreign Exchange, 1964 - 1972

Fig. 1 -- Contribution to FEOF, By Source, 1964 - 1972

Fig. 2 -- RLG Revenues, Expenditures, and Deficits, FY 1965 - FY 1972

Fig. 3 -- Percent Annual Increase of Lao Household Consumer Price Index, 1964 - 1972

Fig. 4 -- FEOF Sales and Legal Market Supply of Foreign Exchange, 1964 - 1972

Table 1

CONTRIBUTIONS TO FEOF, 1964 - 1972, BY SOURCE[a/]

($ Million)

	1964	1965	1966	1967	1968	1969	1970	1971	1972
United States[b/]	4.0	5.2	13.7	13.8	16.1	16.6	16.1	20.1	16.1
France	1.7	1.3	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Japan	-	0.5	1.7	1.7	1.7	1.7	2.0	2.3	2.6
United Kingdom	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.8
Australia	0.4	0.4	0.8	0.6	0.8	0.7	0.7	0.7	0.8
Royal Lao Government[c/]	-	2.8	-	-	-	-	-	-	2.0
Total	7.8	11.9	19.6	19.5	22.0	22.4	22.2	26.6	24.9

a/ Totals may not add as amounts are rounded.

b/ U.S. contributions include $0.4 million in 1968 and $0.5 million in 1969 which the U.S. was in a position to provide FEOF because Japan gave Laos FAC aid in corresponding amount, thus offsetting purchases which would have been made from USAID project funds. U.S. contributions do not include $1.7 million in 1972 of U.S. sales to FEOF to secure kip for the purchase of rice, and do not include $1.2 million supplied to FEOF in 1969 to finance motor gasoline imports shifted from the U.S. Import Program (USIP) to FEOF.

c/ The 1972 RLG contribution does not include $0.4 million repayment of FEOF funds to FEOF for foreign exchange utilized by RLG agencies and organizations.

Table 2

FOREIGN TRADE OF LAOS, 1967 - 1971

($ Million)

Calendar Year	Recorded Exports	Recorded Imports	Exports as % of Imports
1967	2.1	35.3	5.9
1968	2.9	34.8	8.3
1969	2.0	51.7	3.9
1970	3.4	55.7	6.1
1971	2.9	39.4	7.4

SOURCE: RLG trade statistics from Statistiques Douanieres du Commerce Exterieur.
Dollar value of exports for years 1967-1970 calculated at Kip 505 = $1.00.
For 1971, first three quarters and 1/3 of fourth quarter calculated at Kip 505 rate, and 2/3 of fourth quarter at Kip 605 rate.

Table 3

RLG BUDGET PERFORMANCE, FY 1965 - FY 1972[a/]

(Kip Billion)

Fiscal Year	Receipts	Actual Expenditures	Actual Deficit[b/]
1965	3.3	10.3	7.0
1966	4.7	14.4	9.7
1967	6.4	15.3	8.9
1968	7.3	16.0	8.7
1969	7.1	16.9	9.8
1970	8.2	18.2	10.0
1971	6.8[c/]	19.0[c/]	12.2
1972	6.9[d/]	21.3[d/]	14.5

SOURCE: RLG Ministry of Finance.

a/ Figures for FY 1965 - FY 1971 are actual; figures for FY 1972 are provisional, although these provisional figures should closely approximate the actual.

b/ Receipts less expenditures may not equal the actual deficit due to rounding.

c/ Excludes Kip 216 million carried over to FY 1971 - FY 1972 for the development budget.

d/ Includes Kip 216 million carried over from FY 1970 - FY 1971 for the development budget.

Table 4

VIENTIANE CONSUMER PRICES, 1961 - 1972[a/]

(Base: 1964 = 100)

Calendar Year	Index	Change from Previous Year (%)	Calendar Year	Index	Change from Previous Year (%)
1961	22.7	0.9	1967	138.6	7.9
1962	26.4	16.3	1968	145.5	5.0
1963	50.6	91.7	1969	150.1	3.2
1964	100.0	97.6	1970	150.6	0.3
1965	112.8	12.8	1971	152.6	1.3
1966	128.4	13.8	1972	191.1	25.2

SOURCE: Royal Lao Government Statistical Service

a/ Twelve-month average of Lao Household Consumer Price Index.

Table 5

FEOF SALES AND LEGAL MARKET SUPPLY

OF FOREIGN EXCHANGE, 1964 - 1972

($ Million)

	1964	1965	1966	1967	1968	1969	1970	1971	1972
FEOF net sales to public	7.8	10.9	20.6	19.8	23.3	25.4	24.1	28.8	25.4
Non-FEOF supply	3.3	2.9	4.0	14.6	18.3	22.5	20.5	18.3	15.0
Total legal market supply[a/]	11.1	13.8	24.6	34.4	41.6	47.9	44.7	47.0	40.3

SOURCE: FEOF Manager.

a/ Totals may not add as amounts are rounded.

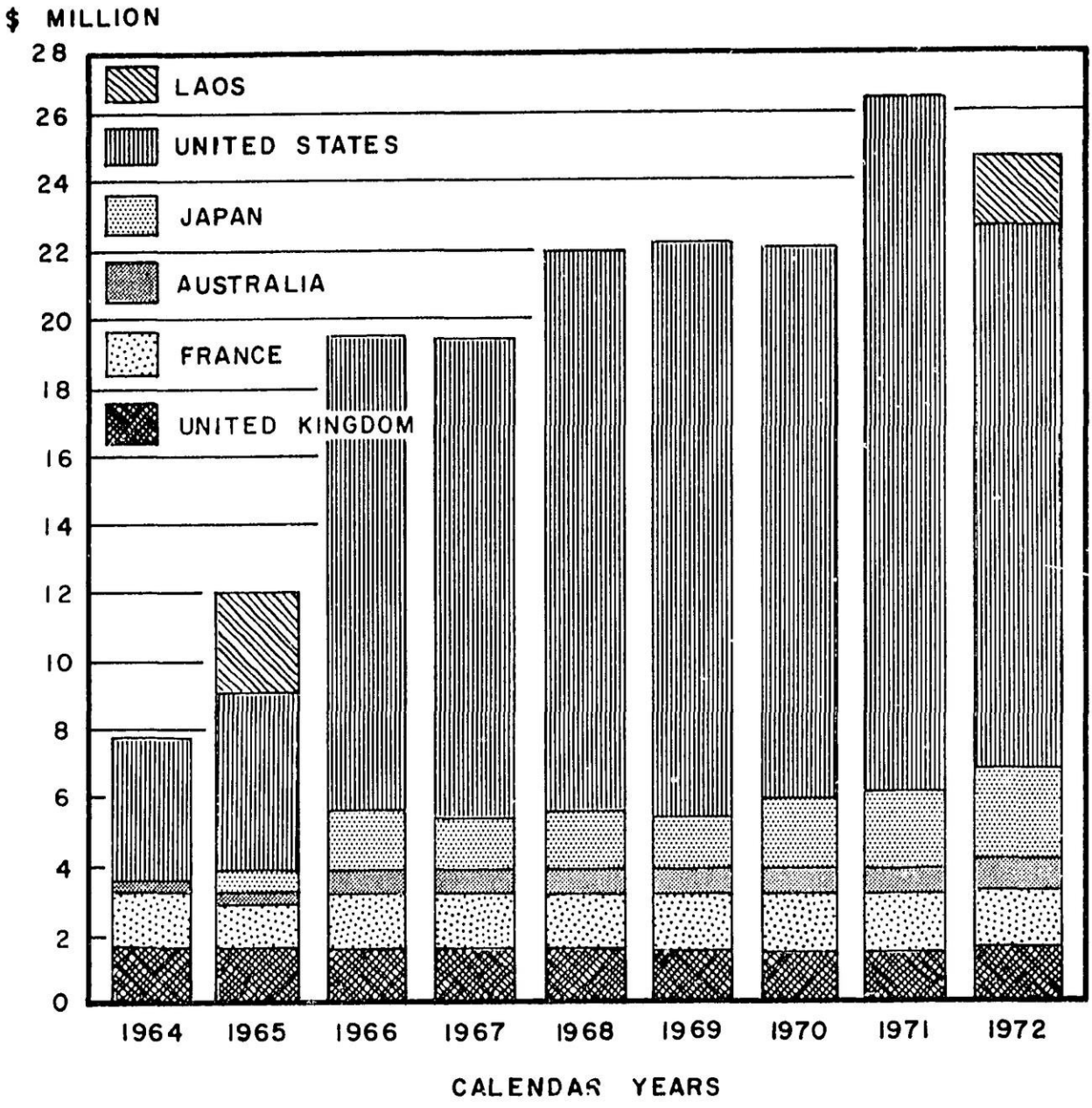


FIG. 1 CONTRIBUTIONS TO FEOF

By Source, 1964 - 1972

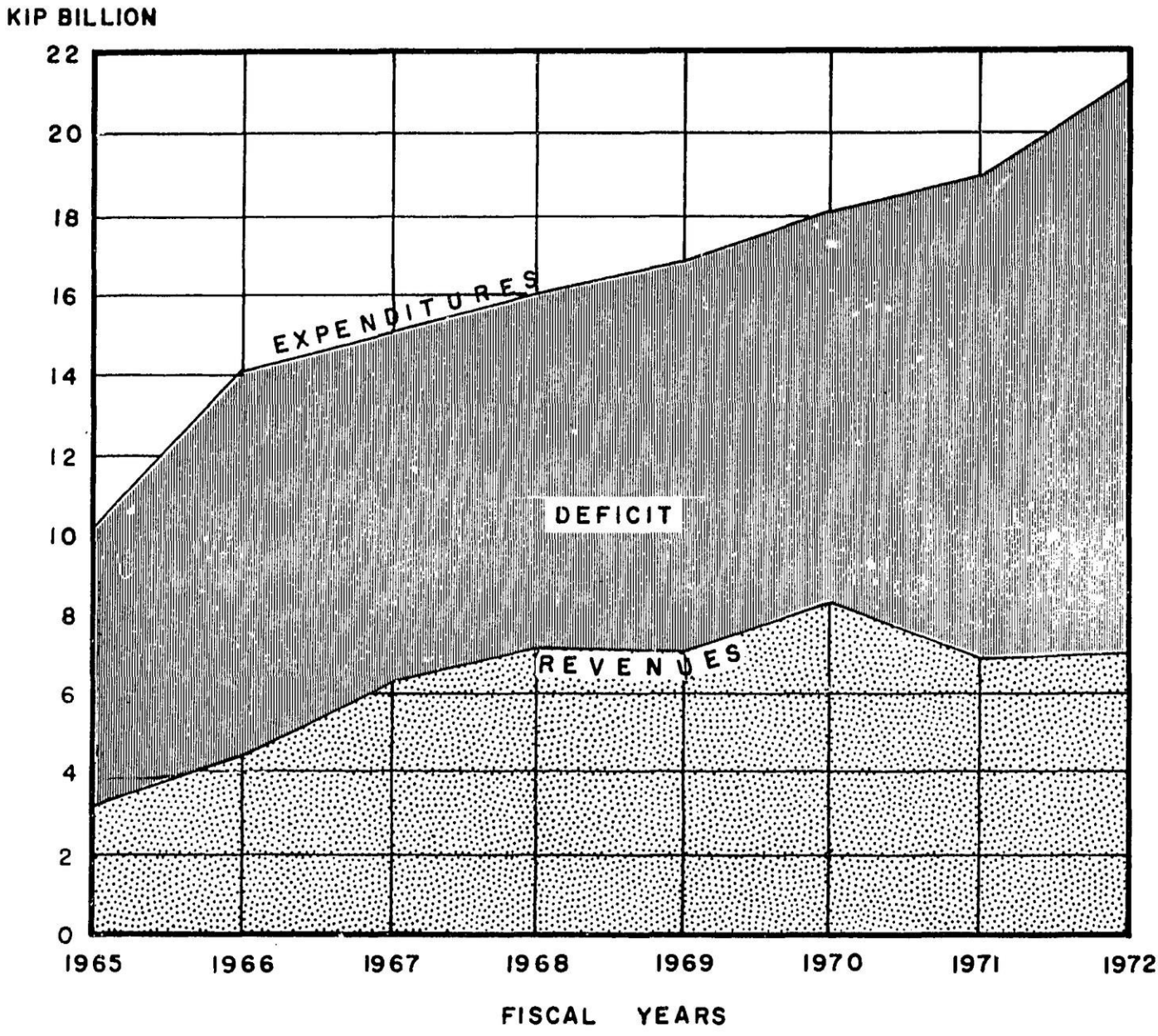


FIG. 2 R L G Revenues, Expenditures, and Deficit FY 1965 - FY 1972

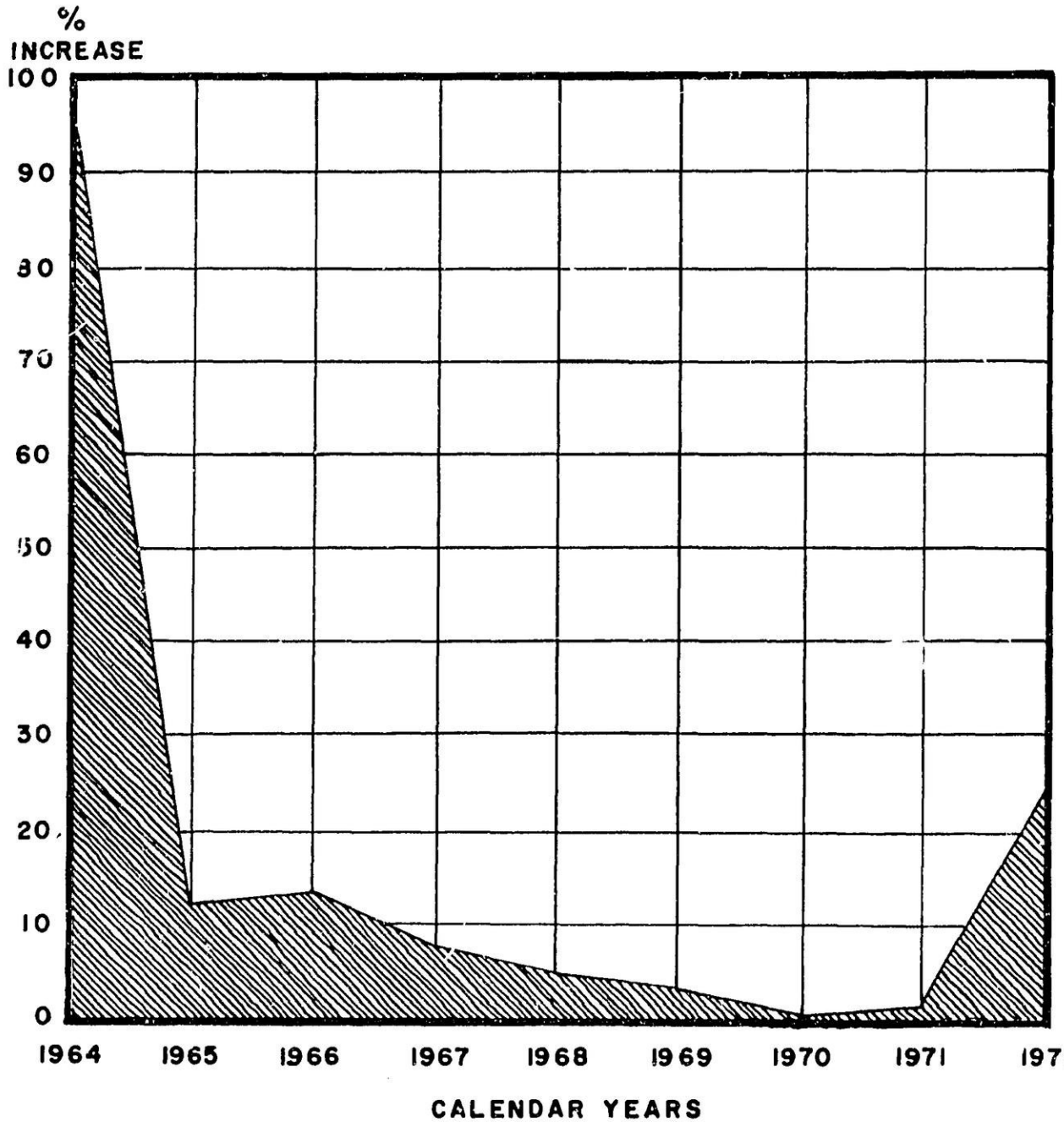


FIG. 3 Percent Annual Increase of Lao Household Consumer Price Index 1964 - 1972

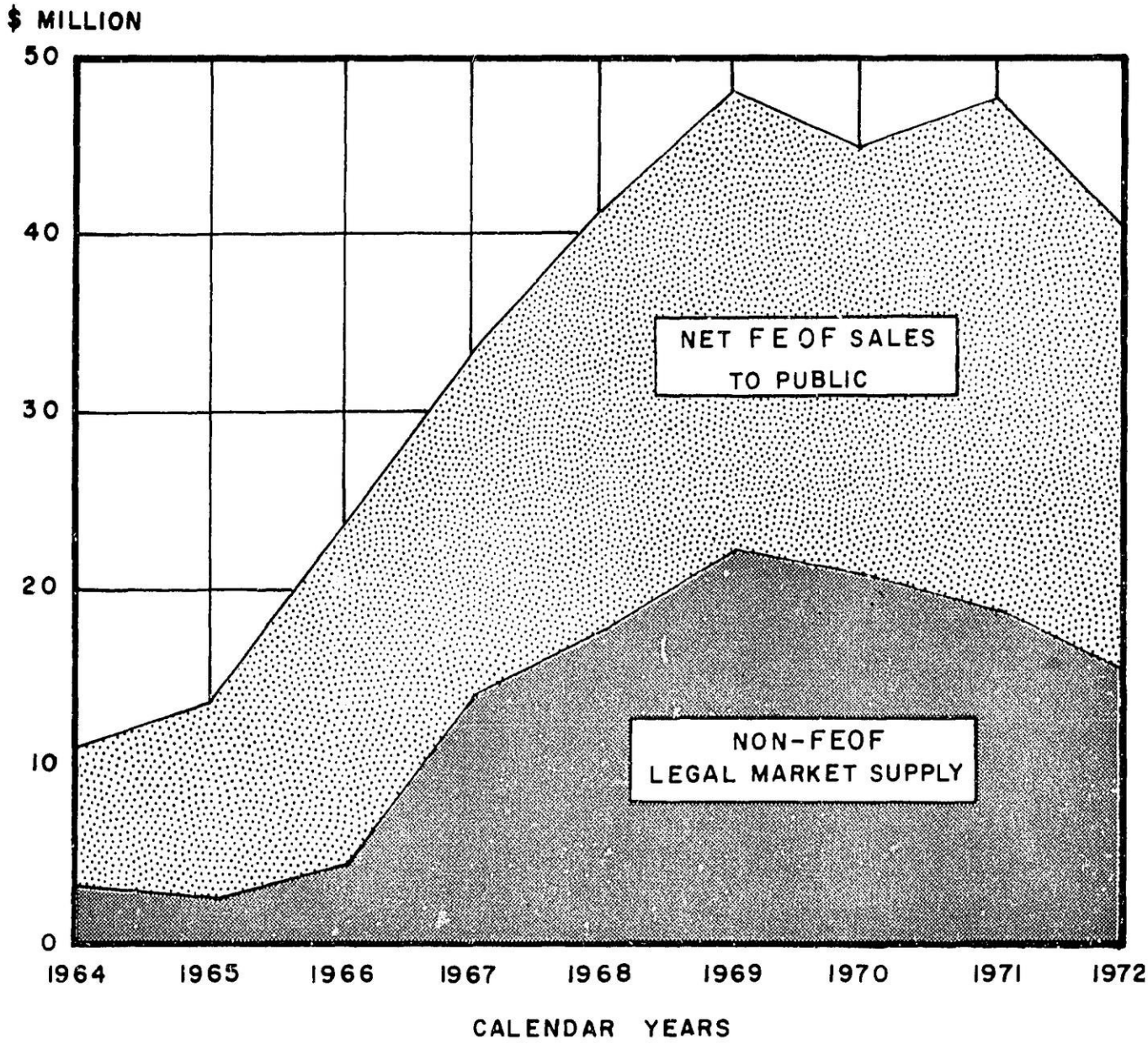


FIG. 4 FEOF SALES AND LEGAL MARKET SUPPLY OF FOREIGN EXCHANGE 1964 - 1972

ETIN ข่าวสาม NEWS BULLETIN ข่าวสาม NEWS BULLETIN ข่าว

UNITED STATES INFORMATION SERVICE VIENTIANE

September 14, 1973

STATEMENT BY THE SPOKESMAN OF THE EMBASSY OF THE UNITED STATES IN LAOS

The United States welcomes the successful completion of the negotiations on the implementing Protocol to carry out the February 21, 1973, Agreement on the Restoration of Peace and Reconciliation in Laos.

We hope the Agreement will secure the peace and freedom from aggression for which His Highness Prime Minister Souvanna Phouma and the Lao people have sacrificed so much in years past.

The United States stands ready to continue cooperation and assistance to the New Provisional Government which is expected to be formed shortly in Laos.

The United States will, of course, be guided by the provisions of the Agreement and its implementing Protocol and by the wishes of His Highness Prime Minister Souvanna Phouma and the New Provisional Government. We expect all other parties who have participated in the conflict to do the same and to respect the sovereignty of Laos.

PD-ACC-437

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

PROJECT BUDGET SUBMISSION
FY ~~1974~~ 1975

LAOS

DEPARTMENT
OF
STATE

DECEMBER 1973

DEPARTMENT OF STATE

UNCLASSIFIED

CLASSIFICATION

125 w

For each address check one: ACTION | INFO

DISTRIBUTION

ACTION

INFO.

TO - AID/W TOAID A 583 X

DATE REC'D

DATE SENT 12/11/73

FROM - Vientiane

E.O. 11652 N/A

SUBJECT - FY 1975 Project Budget Submission

REFERENCE - (A) State 221997, 8 November 1973
(B) TOAID A-398, 15 August 1973

SUMMARY:

Attached is the FY 1975 Project Budget Submission for Laos. As instructed in Ref A, the project budget level for FY 1974 has been reduced from $36.8 million as presented in the FBS submission of August 1973 to a level of $26.7 million (excluding specially funded projects: Narcotics and Maternal Child Health). While this reduction will create some operational difficulties for project implementation in FY 1974 and reduce commodity pipelines, the project level for FY 1974 will be adequate to meet essential humanitarian, reconstruction, and some priority development requirements provided the ceasefire holds or other unforseen emergencies do not occur. In FY 1975 the level of $37.7 million adheres to the AID/W guidelines of Ref A and reflects the requirement for Kip purchase with project dollars as well as the impact of the shift from MASF to MAP funding for military assistance. For both years a "special" development program" for MR II is reflected in priority emphasis within the Agriculture, Public Health, Rural Economy and Refugee sectors. Further details are provided below and in the attached project narratives and related tables.

Reductions in project funding for FY 1974 are being accomplished through the following measures:

Attachments a/s sent SHE 1-2

PAGE 1 OF PAGES 4

DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY:
Steven Shepley:mem	PRO	6213	12/11/73	Charles A. Mann, DIR

Clearances: AD/P

AD/FIN

DD

UNCLASSIFIED

1. Postponement of the Vientiane Dike.
2. 25% reduction in Project Commodity Inventories.
3. Postponement of project vehicle procurement.
4. Reduction in project funding of new participants.
5. Shortening of medical commodity pipeline.
6. 80% reduction of forward funding of institutional contract services (i.e., University of Hawaii, International Voluntary Services, and Operation Brotherhood).
7. Postponement of heavy road construction equipment procurement.
8. Reduction of Air Technical Support forward funding.
9. Reduction in numbers of mission U.S. direct hire, contract, and TCN personnel.

Kip de-sterilized for mission FY 74 support under the CY 73 FEOF agreement ($4.2 million equivalent) will be fully obligated by March 31, 1974. Therefore, for the last quarter of FY 74, $900,000 has been budgeted from project funds for required Kip purchases. The US will not de-sterilize Kip under the CY 74 FEOF agreement.

The SA project budget level for FY 1975 of $37.7 million reflects the increased USAID funding requirements for dollar purchase of project local currency and compensation for the phase-out of DOD cost-sharing of the refugee and medical programs. With the shift from MASF to MAP funding in FY 1975, the budgets of the National Health Development and Refugee Relief and Resettlement Project [redacted] have been increased to meet continuing requirements of dependent refugee feeding and medical care.

In FY 1975, all required project local currency will be purchased with project dollars. To meet this requirement, $5.3 million have been included in the proposed project budget. This factor accounts for the increase in project dollar requirements for FY 1975 over FY 1974 even though project activities have been tailored to meet only essential humanitarian, reconstruction and highest priority development requirements.

A good example of this increase is in General Technical Support. Although foreign exchange expenditure requirements of this project actually decline by approximately $1.5 million in FY 1975 because of US direct hire and contract personnel reductions, the FY 1975 dollar requirement for this project is slightly higher than FY 1974 because of the $2.3 million budgeted for purchase of local currency.

Dollar budgets for local currency of the other major users in FY 1975 are:

Lao National Roads--$504 thousand
Development of Rural Economy (Rural Public Works)--$944 thousand
Refugee Relief and Rehabilitation--$608 thousand
National Health Development--$636 thousand

Other factors contributing to the budgetary increase for FY 1975 include adjustments in contract funding and rescheduling of needed heavy equipment procurement. With regard to contract funding adjustments, the mission normally forwards funds institutional contracts for one year in advance. Items eliminated, because of project funding constraints, from the Education, Health and Development Administration project budgets in FY 1974 include forward funding for 10 months of the University of Hawaii, Operation Brotherhood, and International Voluntary Service contracts. In view of the reduced contract forward funding in FY 1974, project budgets have been increased by $850 thousand in FY 1975 to cover actual contract fiscal year 1975 operations. No additional funds have been included in the FY 1975 budgets for contract services in FY 1976.

In similar fashion, FY 1974 project funding constraints have forced postponement of planned road construction equipment procurement in FY 1974. To compensate for this postponement, $800 thousand has been added to the Roads and Rural Economy (Public Works) budgets for FY 1975. This additional equipment is required to replace aged and deadlined equipment needed to maintain current highway construction and maintenance capabilities in Laos of 180 km of new construction and 2,500 km of maintenance per year.

A major requirement for project funding in FY 1974 and FY 1975 is a special development program for Military Region II, the most densely populated refugee area in Laos. In this region approximately 135,000 refugees are concentrated in an area one tenth of the land area they formerly occupied. Most of the refugees in MR II are currently receiving grain and protein supplement support from USAID and are not presently able to meet all of their basic subsistence requirements.

The special development program for MR II, which has been started in FY 1974 and will continue throughout FY 1975, is a comprehensive accelerated effort to provide basic agricultural, education, medical, and lines of communications support to this area to make its refugee inhabitants self-sufficient as quickly as possible and provide them with the basic public services they require to become productive. The special development effort, (including subsistence during the next two years), costing approximately $20.5 million in FY 1974 and FY 1975, includes construction

of 96 kms of all-weather road between Ban Xon and Long Tiong and Muong Cha. These roads will provide ready access to the majority of refugee villages in the MR II area and facilitate farm to market communications within the region.

Other activities included in the special development program are: poultry, livestock and fish production projects, agricultural extension assistance, irrigation, marketing assistance, classroom and dispensary construction, vocational training, reforestation to replace timber destroyed by years of uncontrolled swidden agriculture, and subsistence feeding and related air delivery services. Further details regarding the special MR II development program will be the subject of a separate special report.

The Narcotics budget submitted herein is based on the levels provided in Ref B (FY 1975 FBS) as adjusted to reflect personnel reductions. The Maternal-Child Health budget has been excluded from this submission on the basis of instructions contained in Ref A. The MCH budget will be forwarded at a later date after completion of Boynton visit in early January.

DEAN

TABLE I

A. I. D. PROGRAM

DOLLAR BUDGET SUMMARY

($ 000)

Sector	FY 1974	FY 1975
Stabilization	18,200	17,500
FEOF	18,200	17,500
SA Project Programs	26,700	37,700
Agriculture Assistance	1,424	1,305
Lao National Roads	2,623	3,719
National Health Development	1,424	4,405
Education Development	1,040	1,495
Civil Police Administration	374	-0-
Development Administration	782	1,355
Development of Rural Economy	3,640	4,847
Refugee Relief and Rehabilitation	5,293	5,978
Air Technical Support	3,139	2,938
General Technical Support	6,961	7,332
Vientiane Dike	-0-	4,326
Non SA Project Programs	1,500	1,152
Narcotics Control	1,500	1,152
Total Project (excluding MCH)	28,200	38,852
Total AID Program (excluding MCH)	46,400	56,352
PL-480 Title II	3,598	1,947

AGRICULTURE DEVELOPMENT Project 439-11-190-065

Project Target and Course of Action

Priorities of the agriculture project in Laos are:

a. Assist refugee communities throughout Laos achieve basic subsistence levels of agriculture production in order to reduce and eventually eliminate the need for U. S. Government feeding support of the Lao refugee population.

b. Develop acceptable cash crop substitutes for opium production to provide former opium producers in Laos alternative sources of farm income.

c. Contribute to Lao Government objectives of increasing agricultural production in Laos to reduce dependence on costly feed imports from Thailand.

To achieve these objectives, the project provides technical advisory services to refugee communities, former opium producing villages and to the Directorate of Agriculture of the Lao Government. Commodity support and participant training are also provided on a selective basis for needed agricultural inputs and to develop trained Lao agricultural technicians to carry on project activities after the scheduled phaseout of the project in FY 1978.

A principal vehicle for achieving project objectives is the Agricultural Development Organization (ADO), a Lao government agency advised and assisted by the United States. The mission of ADO, with technical assistance provided under this project is to furnish inexpensive commercially marketed agricultural inputs such as fertilizer, pesticides and water pumps to the agricultural sector in key producing areas throughout Laos.

In conjunction with the commodity sales, ADO also provides project design and marketing consultation services to selected farmers in refugee, hill tribe and former opium producing areas, and to other sections of Laos with high agricultural potential. These consultative services include advice to farmers regarding crops and livestock to be grown and raised, best production methods (i. e., fertilizer use, feeding technique, etc.) marketing techniques, and overall agricultural economics.

An adjunct to the design and production consultative services provided by ADO are the Lao Savings and Lao Cooperatives (LSLC) advised and initially subsidized under this project to furnish low interest agricultural loans to selected Lao farmers. Under the LSLC program, credit cooperatives are

established in selected areas of Laos, memberships are established among the farming population, and small interest loans are made to needy farmers from the initial local currency subsidy provided by USAID. Annual repayments with interest then keep the loan fund operating on a self-sustaining basis.

Technical advice and training provided outside the ADO framework by this project in irrigation, seed research, livestock, extension, and fisheries supplements the technical expertise of ADO and provides direct technical assistance to Lao farmers as required.

Background and Progress to Date

Due principally to the introduction of improved high yielding rice varieties and modern agricultural production techniques, there have been increases in rice production. Favorable weather and increased acreage of upland plantings in FY 74 have resulted in a bumper rice crop that will possibly meet local requirements in many areas if appropriately stored, distributed, and marketed.

Small to medium sized self-help irrigation systems are presently operational in approximately 160 locations. These systems have the capability of providing a dependable source of water for approximately 10,000 hectares of land during the wet season and 3,000 hectares during the dry season. To manage these irrigation systems and to give the users direct control over the water resources, approximately 40 water users associations are in various stages of organization. The most extensive irrigation project undertaken to date is at Nam Tan in Sayaboury Province. This system irrigates 2,200 hectares of land during the wet season and about 350 hectares during the dry season. Five hundred families have settled at the project site. Half of these families are refugees. Project efforts have been directed toward increasing yields of traditional farmers by encouraging the use of improved varieties of indigenous rice strains. Increased yields of 10 to 30 percent have been achieved where improved local varieties have been used. The project has also assisted in achieving an estimated 20 percent increase in the production of vegetables for sale in the local market over the past several years.

Production at the project sponsored fish hatcheries in Nam Tan, Luang Prabang and Pakse reached 3 million fingerlings, and market fish production amounted to 11.7 metric tons in FY 1973. Sericulture projects have been established in 17 villages on the Vientiane Plain and in five villages in Houa Khong Province to develop a source of exports, provide a means of livelihood to refugee communities, and provide a possible alternative to opium production.

Each year over 14,000 farmers receive RLG advisory assistance on improving livestock and rice production, diversifying crops, in developing irrigation O&M techniques, and in other aspects of agriculture. 422 RLG personnel have been trained to date under the project's participant training program. 6 Credit Cooperatives have been established and are in various stages of development.

FY 1975 Program

In FY 1975, special emphasis will be given to enhancing agricultural production in the most heavily refugee populated areas of Laos, Military Region II. In previous years, the approximately 135,000 refugees concentrated in an area one tenth of the size of the land area they formerly occupied have been the largest recipients of U.S.-furnished protein and grain feeding support. In recognition of the need to reduce and eventually eliminate the dependence of these refugees on USAID feeding assistance, a special effort launched in FY 1974 and continued through FY 1975 sponsored by this project with direct technical inputs from ADO and project technicians will consist of the following activities:

a. Establishment of four Farm Service Centers to provide marketing of basic production commodities, custom plowing services, feed and rice mills, and production and marketing counsel to farmers.

b. Livestock, poultry, and pisciculture projects to increase protein production.

c. An additional branch of the Lao Savings and Loan Cooperative to provide low cost credit to needy farmers for production purposes.

In addition to the special agricultural development program for the refugee areas of MR II, continuing project emphasis will be given to assisting former opium producers develop suitable cash crop alternatives.

ADO will continue to concentrate its efforts on design and capitalization of small commercial projects in crop fibres, livestock, and feed production in the other areas of Laos with high agricultural potential. In view of the fact that animal protein imports amount to approximately $4 to $5 million dollars per year, high priority will be given to encouraging poultry, pork, and other livestock production in Laos.

The irrigation activity will be concentrated primarily on supporting refugee irrigation requirements and on achieving the full production potential of the Nam Tan irrigation system.

Finally, the 6 previously established cooperative branches will be further strengthened with the objective of having them fully capitalized and operational by the end of the fiscal year.

TABLE V

PROJECT BUDGET TABLE
($ thousands)

Project Title Agriculture Assistance

Project Number 439-11-190-065
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY 64	FY 79
Expenditures	FY 64	FY 80

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	644	194	92	224	75	420	358	275	1,444
Direct	595	180	12	30	75	420	358	43	1,083
PASA	-	-	-	-	-	-	-	-	-
Contract	49	14	80	194	-	-	-	232	361
FY 1973 Expend-Total	723	228	94	224	53	367	409	259	1,538
Direct	587	180	15	30	53	367	409	20	1,084
PASA	-		-		-		-	-	-
Contract	136	48	79	194	-		-	239	454
6/30/73 Unlig.-Total	71	14	1	-	52	407	144	111	379
Direct	-		-		52	407	144	13	209
PASA	-		-		-		-	-	-
Contract	71	14	1		-		-	98	170
FY 1974 Oblig- Total	769	211	66	174	46	360	204	339	1,424
Direct	575	151	9	24	46	360	204	67	901
PASA									
Contract	194	60	57	150	-		-	272	523
FY 1974 Expend-Total	774	211	67	174	56	437	325	350	1,572
Direct	575	151	9	24	56	437	325	80	1,045
PASA									
Contract	199	60	58	150	-			270	527
6/30/74 Unlig.-Total	66	14	-		42	330	23	100	231
Direct	-				42	330	23	-	65
PASA	-								
Contract	66	14	-				-	100	166
FY 1975 Oblig.-Total	662	180	20	60	46	360	247	330	1,305
Direct	463	120	5	12	46	360	247	101	862
PASA									
Contract	199	60	15	48	-		-	229	443
FY 1975 Expend-Total	662	180	20	60	46	360	239	351	1,318
Direct	463	120	5	12	46	360	239	101	854
PASA									
Contract	199	60	15	48				250	464

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-190-065

PASA/Contract Name Credit Union National Association, Inc.

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID/ced-1526			
From(mo/yr)	9/71	4/73	9/73	9/74
To(mo/yr)	9/73	9/73	9/74	9/75

Budget & Expenditures	Personnel				Partici-pants		Commod-itées	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	16	5						9	25
FY 1973 Expenditures	-							-	-
6/30/73 Unliquidated	16	5						9	25
FY 1974 Obligations	60	24						35	95
FY 1974 Expenditures	63	24						37	100
6/30/74 Unliquidated	13	5						7	20
FY 1975 Obligations	65	24						34	99
FY 1975 Expenditures	62	24						35	97

*Other Costs	FY 73	FY 74	FY 75
Head Office Overhead Charges	3	15	16
Other Direct Costs	1	5	5
Transportation & Travel	5	8	6
Others	0	7	7

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-190-065

PASA/Contract Name U.S. Consultants, Inc.

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID-439-699			
From(mo/yr)	6/72	6/73	9/74	9/75
To(mo/yr)	5/73	8/74	8/75	8/76

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	9	3	6	6	-		-	9	24
FY 1973 Expenditures	-		-		-		-	-	-
6/30/73 Unliquidated	9	3	6	6	-		-	9	24
FY 1974 Obligations	33	12	14	24	-		4	48	99
FY 1974 Expenditures	35	12	15	24	-		4	45	99
6/30/74 Unliquidated	7	3	5	6	-		-	12	24
FY 1975 Obligations	35	12	15	24	-		4	46	100
FY 1975 Expenditures	35	12	15	24	-		4	48	102

*Other Costs	FY 73	FY 74	FY 75
Indirect Costs	6	20	23
Contract Fee	2	8	10
International Travel & Per Diem	0	16	7
Local Travel Subsistence			
Insurance	1	4	6
Miscellaneous			

TABLE VI

Project Number 439-11-190-065

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	-	-	-	-	-	-
PASA:short-term	-	-	-	-	-	-
Contract:long-term	3	36	194	3	36	199
Contract:short-term						

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
										(for contract personnel only)		
Credit National Union Association (CUNA), AID/:			50			63			62			
Accountant	1	3	14	1	12	30	1	12	30			
Specialist	1	9	36	1	12	33	1	12	32			
U.S. Consultants, Inc. AID/W:												
Specialist	1	12	35	1	12	35	1	12	35			

TABLE VII

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-190-065
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)						
L-T (cont'g)	30	360	46	30	360	46
Short-term						

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	55	367	-	22	31	58	437	8	44	4	30	360	-	42	4
I. U.S. Training	1	6			7										
A. Long-term															
New															
Continuing															
B. Short-term															
New	1	6	-	-	7	-	-	-	-	-	-	-	-	-	-
Continuing															
II. 3rd Country Trng.	54	361		22	24	58	437	8	44	4	30	360	-	42	
A. Long-term															
New	-	-	-	-	-	5	60	-	7	-					
Continuing	30	317	-	22	6	30	333	8	23	4	30	360	-	42	4
B. Short-term															
New	23	41	-	-	17	23	44	-	14	-	-	-	-	-	-
Continuing	1	3	-	-	1	-	-	-	-	-	-	-	-	-	-

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Agriculture Development Project Number 439-11-190-065

Commodity Budget (Type and amount)
FY 1974 Obligations

I.	Common Use	190.6
	General Supplies	56.6
	Cement	5.7
	POL	50.5
	Vehicle & Equipment Repair Parts	77.8
II.	Other	167.6
	Agriculture Equipment & Parts	10.4
	Fertiliger	4.0
	Vehicles	92.2 *
	Motorcycles (15)	6.1
	Breeding Stock	1.0
	O&M Equipment	9.6
	Vegetable Seeds	4.3
	Training & Demonstration Supplies	2.9
	Office Furniture & Machine	18.8
	Chemicals & Peanut Cake	2.5
	Fish Meal & Net	3.5
	Meat Chopper & Air Blower	1.7
	Mulberry Cutting	3.2
	Storage Bins	7.4

Other Cost Budget (Type and amount)
FY 1973 Obligations 274.7

Transportation of Commodities	10.0
MRO and Miscellaneous Small Purchases	19.8
Operational Travel	22.9
Miscellaneous Contractual Services (ADO)	222.0

* 4 Pickup Trucks, 9 Scouts, 2 IHC Trucks and 6 Dump Trucks.

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Agriculture Development Project Number 439-11-190-065

Commodity Budget (Type and amount)

FY 1974 Obligations

I. Common-Use	145	II. Other	59
Gen. Supplies	41	Livestock Vaccines & Supplies	8
POL	45	Sericulture Equip. & Supplies	17
Cement	6	Agr. Equip., parts, training & Demonstration Sup.	21
Vehicle & Equip Supplies	53	Emergency Procurement	13

FY 1975 Obligations

I. Common-Use	185	II. Other	62
Gen. Supplies	49	Livestock Vaccines & Supplies	22
POL	50	Sericulture Equip. & Supplies	22
Cement	4	Agr. Equip., parts, training & Demonstration Sup.	18
Vehicle & Equip. Supplies	82		

Other Cost Budget (Type and amount)

FY 1974 Obligations

	339
Operational Travel	32
Misc. contractual Ser. (ADO)	272
Local Currency Costs.	35

FY 1975 Obligations 330

MRO & misc. small purch.	3
Operational Travel	3
Misc. contractual Ser. (ADO)	229
Local Currency Costs	95

-13-

Project No. 439-11-190-065
Project Title: Agriculture Dev.

MANPOWER ANNEX
PROJECT DIRECT/PERSONNEL

(thousands of U.S. dollars)

		Actual FY 1973			Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(3)	(2)	(3)	(4)
I. U.S. Direct Personnel -Total		15	180	595	10	151	575	10	120	463
FD/AGRI OFF	SA	X	12		X	12	60	X	12	50
DEP FD/AGRI OFF	SA	X	12		X	12	48	X	12	59
AGRI ADV	SA	X	12		X	12	30	X	12	50
PROG ASST	SA	X	12		X	12	40	X	12	50
PRVT ENTR OFF	SA	X	12		-	6	32	-	-	-
EXTN ADV	SA	X	12		-	11	33	-	-	-
SOILS ADV CLASS/MAP	SA	X	12		X	12	36	X	12	40
LVST ADV	SA	X	12		X	12	48	X	12	48
AGRI ADV	SA	X	12		-	6	29	-	-	-
HYD ENG ADV W. RS	SA	X	12		X	12	48	X	12	48
AGR ADV AREA	SA	X	12		X	12	36	X	12	38
AGRI ADV AREA	SA	X	12		X	12	48	X	12	48
AGRI ADV AREA	SA	X	12		-	6	34	-	-	-
AGRI ADV AREA	SA	X	12		-	1	10	-	-	-
AGRI ADV AREA	SA	-	-		X	12	33	X	12	32
EXTN ADV INFO	SA	X	12		-	1	10	-	-	-

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

DEVELOPMENT OF LAO NATIONAL ROAD SYSTEM Project 439-11-310-010

Project Target and Course of Action

The purpose of this project is to provide the Royal Lao Government's Ministry of Public Works with the required training and equipment needed to develop and maintain a national highway system. This is being accomplished through a Lao Government sponsored and USAID supported program to: a) construct and maintain a system of national highways and feeder roads; b) build and maintain access roads to and within refugee areas and areas of high agricultural potential; and c) improve the administrative structure and engineering, and operational capabilities of the RLG Ministry of Public Works which has primary responsibility for the construction and maintenance of the national road system in Laos. Technical advice and guidance are provided to all levels of ministry personnel and all aspects of highway operations.

Background and Progress to Date

With the assistance provided under this project, the Ministry of Public Works has made significant progress in developing the Lao national road system. Large sections of the main north-south highway artery in Laos, R. I. G. (Route d'Interet General) #13 have been opened to regular traffic from its northern terminus at the royal capital of Luang Prabang to the Cambodian border, 1,242 kilometers to the south.

Sections of R. I. G. #13 completed to date include: 100 kilometers of new road in Khammoune Province; reconstruction of a 285 kilometer section between the cities of Luang Prabang and Vientiane; and general upgrading of the remainder of the road.

As a result of the upgrading of R. I. G. #13, thousands of tons of freight previously transported by air can now be transported overland at a much lower cost.

A further benefit of the R. I. G. #13 upgrading process has been the linking together of important urban and rural areas of Laos through provision of access roads linking rural agricultural production areas with the urban markets.

Other major roads constructed under the auspices of this project include:

- Construction of a new road from Paksane to Borikhane (25 kms)
- Construction of a new road from Thakhek to Nong Bok (35 kms.)
- Construction of a new road from Hin Heup to Ban Done (30 kms.)

In addition to these major road construction efforts, project assistance has given the Ministry of Public Works the capability to conduct general

repair and maintenance of the entire national road within areas currently under RLG control. In 1973 and 1974, approximately 93 kilometers of roads were constructed or upgraded and 3,051 kilometers of roads were maintained.

Systematic training has played an important role in the attainment of these accomplishments. Project personnel conduct regular formal classroom and on-the-job training programs for the Ministry of Public Works engineering, technical and administrative personnel in all aspects of highway construction and maintenance. To date, 1,000 personnel have received in-country training under this project. Some 105 personnel have also been trained under the auspices of the project participant training program.

FY-75 Program

In FY 1975, the same general range and level of project activities described above will be continued. The Ministry of Public Works will be encouraged to place continued emphasis on the maintenance and improvement of R.I.G. #13, the backbone of the national highway system, and to continue maintenance and improvement of the feeder and access routes tributary to R.I.G. #13, which constitute a vital communication and transportation link between the rural population and the central government and urban markets.

During FY 1975, a 60 kilometer road to connect R.I.G. #13 at Xieng Ngeun, located approximately 30 kilometers south of Luang Prabang, with the Mekong River crossing at Thadeua north of Sayaboury will be completed by the Ministry of Public Works. This road will permit highway access from the Nam Tan irrigation project to Luang Prabang, the principal northern market area.

The RLG will be encouraged to take on more responsibility for countrywide maintenance operations, and continued efforts will also be initiated during FY 1975 to upgrade the new road construction capability of the RLG.

PROJECT BUDGET TABLE
($ thousands)

Project Title Development of Lao National Road System
Project Number 439-11-310-010
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY 56	FY 80
Expenditures	FY 56	FY 81

Project Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	707	299	157	480	17	180	2,248	77	3,206
Direct	-	-	12	36	17	180	2,248	17	2,294
PASA	707	299	-		-	-	-	-	707
Contract	-	-	145	444	-	-	-	60	205
FY 1973 Expend-Total	549	299	158	480	9	111	2,133	67	2,916
Direct	-		12	36	9	111	2,133	3	2,157
PASA	549	299	-		-		-	(1)	548
Contract	-		146	444	-		-	65	211
6/30/73 Unlig.-Total	206	-	1		17	177	1,487	17	1,728
Direct	-		-		17	177	1,487	17	1,521
PASA	206	-	-		-		-	1	207
Contract	-		1		-		-	(1)	-
FY 1974 Oblig- Total	770	270	155	468	11	84	1,541	146	2,623
Direct	-		12	36	11	84	1,541	110	1,674
PASA	770	270	-		-		-	36	806
Contract	-		143	432	-		-		143
FY 1974 Expend-Total	976	270	156	468	18	177	2,578	163	3,891
Direct	-		12	36	18	177	2,578	127	2,735
PASA	976	270						36	1,012
Contract			144	432					144
6/30/74 Unlig.-Total	-	-	-	-	10	84	450	-	460
Direct					10	84	450	-	460
PASA	-	-	-	-					
Contract									
FY 1975 Oblig.-Total	765	240	108	311	10	84	2,270	566	3,719
Direct	-		5	12	10	84	2,270	526	2,811
PASA	765	240	-		-		-	40	805
Contract	-		103	299	-		-	-	103
FY 1975 Expend-Total	765	240	108	311	11	84	2,020	566	3,470
Direct			5	12	11	84	2,020	566	2,562
PASA	765	240	-					40	805
Contract	-		103	299				-	103

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-310-010

PASA/Contract Name Federal Highway Administration

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)	7/71	7/72	7/73	7/74
To(mo/yr)	6/72	6/73	6/74	6/75

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	571	299						136	707
FY 1973 Expenditures	502	299						-	502
6/30/73 Unliquidated	69	-						136	205
FY 1974 Obligations	646	270						124	770
FY 1974 Expenditures	715	270						260	975
6/30/74 Unliquidated	-							-	-
FY 1975 Obligations	707	240						58	765
FY 1975 Expenditures	707	240						58	765

*Other Costs	FY-73	FY-74	FY-75
Travel & Transp.	79	80	42
Transp. of Things	11	33	6
Storage Cost	9	11	10
Allowance & Local Costs	37	-	-
	136	124	58

TABLE VI

Project Number 439-11-310-010

Page 1 of 2 pages

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	20	270	770	20	240	765
PASA:short-term	-	-	-	-	-	-
Contract:long-term	-	-	-	-	-	-
Contract:short-term	-	-	-	-	-	-

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
PASA - Total	24	299	57[illegible]	20	270	715	20	240	707	(for contract personnel only)		
1. Hwy. Eng. Advisor	-	11		1	12	52	1	12	55			
2. Hwy. Eng. Advisor	1	12		1	12	41	1	12	44			
3. Admin. Officer	1	12		1	12	34	1	12	40			
4. Asst. Spl. Mgt. Off.	1	12		-	6	17	-	-	-			
5. Const. Advisor	1	12		1	12	29	1	12	35			
6. Sup. Gen. SPL	1	12		1	12	26	1	12	30			
7. Matrl. Eng. Adv.	1	12		1	12	28	1	12	30			
8. Hwy. Eng. Advisor	1	12		1	12	31	1	12	35			
9. Hwy. Eng. Advisor	1	12		1	12	32	1	12	36			
10. Hwy. Eng. Advisor	1	12		1	12	30	1	12	34			
11. Hwy. Eng. Advisor	1	12		-	6	18	-	-	-			
12. Maint. Supervisor	1	12		1	12	32	1	12	35			

Project Number 439-11-310-010

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
										(for contract personnel only)		
13. Equip. Adv. Hvy.	1	12		1	12	34	1	12	40			
14. Equip. Adv. Hvy.	1	12		1	12	29	1	12	35			
15. Equip. Adv. Hvy.	1	12		1	12	29	1	12	35			
16. Equip. Adv. Hvy.	1	12		1	12	28	1	12	30			
17. Equip. Adv. Hvy.	1	12		1	12	29	1	12	35			
18. Equip. Adv. Hvy.	1	12		1	12	28	1	12	35			
19. Equip. Adv. Hvy.	1	12		1	12	29	1	12	32			
20. Equip. Adv. Hvy.	1	12		-	6	20	-	-	-			
21. Equip. Adv. Hvy.	1	12		-	6	20	-	-	-			
22. Constr. Supt.	1	12		1	12	24	1	12	29			
23. EQP SPL GEN	1	12		-	6	20	-	-	-			
24. Asst. Spl. Mgt. Off.	1	12		1	12	31	1	12	34			
25. Eng. Technician	1	12		1	12	24	1	12	28			

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-310-010
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)___

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)						
L-T (cont'g)	7	84	11	7	84	10
Short-term						

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total															
I. U.S. Training															
A. Long-term															
New															
Continuing															
B. Short-term															
New															
Continuing															
II. 3rd Country Trng.															
A. Long-term															
New	18	63	-	1	4	13	106	-	11	-	-	-	-	-	-
Continuing	7	48	-	4	-	9	71	4	2	1	7	84	-	10	1
B. Short-term															
New															
Continuing															

COMMODITY AND OTHER COST BUDGET
($ Thousands)

Project Title Develop. of Lao National Roads Project Number 439-11-310-010

Commodity Budget (Type and Amount)
FY 1973 Obligations

I.	Common Use	787.8
	General Supplies	301.2
	Cement	11.9
	POL	320.2
	Vehicle & Equip. Supplies & Repair Parts	154.5
II.	Other	1460.2
	Parts and Supplies for Heavy Equipment	754.0
	Shop Tools and Equipment	10.0
	Scientific Supplies	6.5
	Asphalt	25.0
	Construction Equipment	498.0*
	Office Equipment	3.7
	Bailey Bridge Components	163.0
	Other Cost Budget (Type and Amount FY 1973 Obligations	77.0
	Transportation of Commodities	40.0
	MRO and Miscellaneous Small Purchases	10.0
	Operational Travel	5.0
	Mess and Camp Manager Services	22.0

* 11 Pickups
4 Bulldozers
2 Road Graders
12 Trucks

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Development of Lao National Road System Project Number 439-11-310-010

Commodity Budget (Type and amount)
FY 1974 Obligations

I.	Common Use	633
	1. Miscellaneous General Supplies	230
	2. P.O.L.	310
	3. Cement	20
	4. Vehicle and Equipment Supplies and Repair Parts	73
II.	Other	908
	Parts and Supplies, Heavy Duty Equipment	620
	Shop Tools and Equipment	10
	Scientific Supplies	5
	Office Equipment	5
	Construction Equipment	46
	Other Cost Budget (Type and amount)	
	Batteries	15
	Excess Property	77
	Tires and Tubes	100
	Asphalt	30
	TOTAL	1,541

FY 1975 Obligations

I.	Common Use	873
	1. Miscellaneous General Supplies	376
	2. P.O.L.	377
	3. Cement	20
	4. Vehicle and Equipment Supplies and Repair Parts	100

TABLE VIII -23-

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title: Development of Lao National Road System — Project Number: 439-11-310-010

~~Commodity Budget (Type and amount)~~
~~FY 1974 Obligations~~

II. Other		1,397
Parts and Supplies, Heavy Duty Equipment		727
Shop Tools and Equipment		10
Scientific Supplies		5
Vehicles		50 *
Construction Equipment		450 **
Excess Property		10
~~FY 1975 Obligations~~		
Tires and Tubes		100
Batteries		15
Asphalt		30
	TOTAL	2,270

Other Cost Budget (Type and amount)
FY 1974 Obligations

PASA Local Costs		36 ✓
MRO and Miscellaneous Small Purchases		10
Operational Travel		5
Mess Services		3
Local Currency Costs		92 ✓
	TOTAL	146

FY 1975 Obligations

PASA Local Costs		40
MRO and Miscellaneous Small Purchases		10
Operational Travel		5
Miscellaneous Services		7
Local Currency Costs		504
	TOTAL	566

*8 pick-ups
**3 bulldozers
6 motor graders

Project No. 439-11-310-010
Project Title: Dev. of Lao National Road System

Country: LAOS

ANNEX

PROJECT DIRECT PERSONNEL

Actual 1973				Estimated FY 1974			Projected FY 1975		
(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)

No Manpower Annex Required as this Project has PASA Personnel only. Details for PASA Personnel are shown on Tables Vb and VI, Pages 17, 18, and 19 repectively.

PUBLIC HEALTH DEVELOPMENT Project No. 439-11-590-066

Project Target and Course of Action

This project is designed to provide medical services to meet immediate and long range health needs in Laos. The primary objective of the project is to maintain existing health systems, with special emphasis on medical services in refugee-relocation areas to reduce morbidity and mortality in these congested and highly vulnerable populations. Continuing attention will be directed toward expansion of preventive health services in the disciplines of Maternal-Child Health, Nutrition and Population Control.

Project assistance includes: medical and technical advisory services provided by USAID direct-hire and contract personnel and by an institutional contract with Operation Brotherhood. Medical commodity support is also furnished; RLG medical personnel are given extensive training in-country and abroad under USAID auspices. All such assistance is coordinated with other donor agencies and voluntary agencies in the field of health to avoid duplication.

Another important effort is the Narcotics Rehabilitation Program funded under the Narcotics Control Project. This is a joint RLG/USAID pilot program designed to promote rapid and thorough rehabilitation of identified Lao narcotics addicts through a multi-modality treatment approach to opiate and related narcotics addiction.

Background and Program to Date

National Health Development Sub-Activity

Cumulative services provided since 1963 include medical care of 202,679 in-patients and 15,793,469 outpatients. In FY 1973, 35,159 inpatients and 3,695,910 outpatients were treated in seven USAID-supported hospitals with a capacity of 670 beds and in 210 rural dispensaries. Ten percent of the outpatient services were Maternal-Child Health related.

In FY 1974, a 50-bed provincial hospital complex was completed at Sayaboury replacing an antiquated inadequate facility. A medical equipment repair facility constructed during FY 1973-74 began operation to provide expertise and in-country training in this field. Minor renovations and additions were accomplished at the Ban Xon and Ban Houei Sai hospitals.

Plans were also formalized for a tripartite five-year malaria control program with the UNDP/WHO and the RLG as a result of the evaluation of the pilot

Vientiane Plain malaria project conducted from 1969 to 1973. The countrywide malaria control program is scheduled to begin in January 1974.

USAID has also participated in a WHO Health Manpower Survey of RLG resources. To date, 396 participants in various fields of medical and related public health studies have completed training.

Narcotics Rehabilitation

The National Detoxification Center opened in Vientiane in September, 1972, and treated 921 patients in its first year of operation.

The Ministry of Social Welfare has sent 824 addicts from rural Laos for treatment at a Buddhist facility (Wat Than Kabok) in Thailand.

Plans were completed for construction of a National Detoxification Center to be located on the Mahosot Hospital grounds in Vientiane. Construction is scheduled to begin in early 1974 and completion is planned during FY 1975. This will provide an adequate facility to treat an estimated 1,300 addicts per year.

FY 1975 Program

It is anticipated that assistance will be provided at approximately the FY 1974 level. Special emphasis will be given to providing preventive health services such as malaria control, environmental sanitation, health education, maternal child health/family planning, and nutrition services. The funding increase for FY 1975 reflects the termination of FY 1974 U.S. Agency cost sharing ($2.842 million) with the corresponding requirements for total AID funding for the project. Increased other donor activity in the field of health is anticipated and every effort will be made to insure that no duplication of services occur.

During FY 1975, responsibility for certain recurring operational funding requirements, previously provided by USAID to the RLG, will be turned over to the Lao Government as part of an overall USAID effort to increase Lao Government funding for national health programs. In the Public Health sector, the RLG will assume the local currency costs for in-country training activities.

TABLE V

PROJECT BUDGET TABLE
($ thousands)

Project Title National Health Development
Project Number 439-11-590-066
Appropriation
Area of Concentration (if appropriate)

Financing Dates (FY)

	Begin	End
Obligations	FY 64	
Expenditures	FY 64	

Project Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	214	168	619	924	20	60	1,376	116	2,345
Direct	201	156	18	36	20	60	1,376	67	1,682
PASA	-		-		-	-	-	-	-
Contract	13	12	601	888	-	-	-	49	663
FY 1973 Expend-Total	210	178	443	674	19	181	1,398	77	2,147
Direct	187	156	18	36	19	181	1,398	34	1,656
PASA	-		-		-		-	-	-
Contract	23	22	425	638	-		-	43	491
6/30/73 Oblig.-Total	10	6	173	250	33	197	1,321	118	1,655
Direct (*)	3	-	-		33	197	1,321	98	1,455
PASA	-		-		-		-	-	-
Contract	7	6	173	250	-		-	20	200
FY 1974 Oblig- Total	257	180	237	378	32	84	767	131	1,424
Direct	213	156	6	12	32	84	767	81	1,099
PASA									
Contract	44	24	231	366				50	325
FY 1974 Expend-Total	267	186	274	528	33	197	1,938	199	2,711
Direct	216	156	6	12	33	197	1,938	179	2,372
PASA									
Contract	51	30	268	516				20	339
6/30/74 Oblig.-Total	-	-	136	100	32	84	150	50	368
Direct	-	-	-		32	84	150	-	182
PASA	-	-	-					-	
Contract	-	-	136	100				50	186
FY 1975 Oblig.-Total	349	161	949	1320	24	120	2,244	839	4,405
Direct	323	149	6	12	24	120	2,244	677	3,274
PASA									
Contract	26	12	943	1308				162	1,131
FY 1975 Expend-Total	349	161	949	1320	32	96	1,778	727	3,835
Direct	323	149	6	12	32	96	1,778	677	2,816
PASA									
Contract	26	12	943	1308				50	1,019

(*) Multifunded.

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-590-066

PASA/Contract Name Operation Brotherhood International, Inc.

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID-439-851			
From(mo/yr)	9/71	8/72	8/73	8/74
To(mo/yr)	8/72	7/73	7/74	7/75

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations			484	840			2	110	596
FY 1973 Expenditures			340	590			-	80	420
6/30/73 Unliquidated			144	250			2	30	176
FY 1974 Obligations			169	318			-	43	212
FY 1974 Expenditures			249	468			2	73	324
6/30/74 Unliquidated			64	100			-	-	64
FY 1975 Obligations			770	1,308			2	171	943
FY 1975 Expenditures			770	1,308			2	171	943

*Other Costs	FY 73	FY 74	FY 75
Management Fee	52	20	81
International Travel	32	13	50
Insurance & Social Security	26	10	40
	110	43	171

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-590-066

PASA/Contract Name PSCs - Staff Nurse, Admin. Asst., Secretary

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)		8/72	8/73	8/74
To(mo/yr)		8/73	8/74	8/75

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other * Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	13	12						-	13
FY 1973 Expenditures	11	11							11
6/30/73 Unliquidated	2	1							2
FY 1974 Obligations	40	24						4	44
FY 1974 Expenditures	40	24						4	44
6/30/74 Unliquidated	2	1							2
FY 1975 Obligations	24	12						2	26
FY 1975 Expenditures	24	12						2	26

*Other Costs	FY 73	FY 74	FY 75
Travel & Transportation	-0-	4	2

Project Number 439-11-590-066

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	-	-	-	-	-	-
PASA:short-term	-	-	-	-	-	-
Contract:long-term	2	24	44	1	12	26
Contract:short-term	-	-	-	-	-	-

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
										(for contract personnel only)		
PCSs	2	24	23	2	30	51	1	12	24			
Staff Nurse	1	12	10	-	6	7						
Admin. Assistant	1	12	13	1	12	15						
Med. Officer				1	12	29	1	12	24			

TABLE VII

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-590-066
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate) ___

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)	1	12	15	1	12	2
L-T (cont'g)	6	72	17	9	108	22
Short-term	-	-	-	-	-	-

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng. During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	25	181	1	18	-	21	197	13	20	-	8	96	-	32	-
I. U.S. Training															
A. Long-term															
New						1	12	-	10	-	2	24	-	15	-
Continuing											1	12	-	9	-
B. Short-term															
New															
Continuing															
II. 3rd Country Trng.															
A. Long-term															
New	25	181	1	18	-	14	113	13	6	-	-	-	-	-	-
Continuing						6	72	-	4	-	5	60	-	8	-
B. Short-term															
New															
Continuing															

COMMODITY AND OTHER COST BUDGET

($ thousands)

Project Title National Health Development Project Number 439-11-590-066

Commodity Budget (Type and amount)
FY 1973 Obligations

I.	Common-Use	125.3
	General Supplies	62.0
	Cement	13.2
	POL	37.8
	Vehicle and Equipment Repair Parts	12.3
II.	Other	1,251.0
	Office Machines and Furniture	5.9
	Generator and Parts	7.8
	Medical Supplies, Biologicals Drugs	1,179.0
	Refrigerator and Air Conditioner Parts	12.1
	Training Aids	3.0
	Laundry Equipment	6.0
	Hospital Equipment	2.6
	Site 272 Hospital Electrical Supplies	5.0
	DDT & Sprayers	4.7
	Vehicles, Forklift (1)	15.2
	Construction Materials for Site 272 Surgical Core	6.0
	Material Handling Equipment	1.6
	Electrical Supplies	1.1
	Submersible Pump	1.0
	Other Cost Budget (Amount and type) FY 1973 Obligations	116.0
	Transportation of Commodities	25.0
	MRO & Miscellaneous Small Purchases	31.0
	Operational Travel	12.4
	Generation Operations at various Medical installations	23.6
	Local Construction Costs	24.0

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title National Health Development Project Number 439-11-590-066

Commodity Budget (Type and amount)
FY 1974 Obligations

	General Supplies	$ 78
	Cement	15
	POL	45
	Repair Parts	13
*	Vehicles	116
	Motorcycles	4
	Medical Equipment and Supplies, Drugs, Biologicals	357
	Laundry Equipment	22
	Office Machines	7
	Generator and Parts	36
	Refrigeration and Air Conditioner Parts	14
	Office Furniture	.7
	Journals and Training Aids	5
	DDT	15
	Bicycles	1
	Stoves	2
	Emergency Procurement	30
	TOTAL	$767

Other Cost Budget (Type and amount)
FY 1974 Obligations

Operational Travel	20
Hospital Construction	40
Malaria Control Project	15
Dispensaries Construction	10
Local Currency Costs	46
TOTAL	$131

* FY 74
6 Scouts
5 Pick-ups
7 Travel-alls
1 Ambulance
2 Jeeps
1 Truck

TABLE VIII
Page 3 of 3 Pages

COMMODITY AND OTHER COSTS BUDGET

Project Title National Health Development Project Number 439-11-590-066

Commodity Budget (Type and amount)
FY 1975 Obligations

General Supplies	$110
Cement	10
POL	52
Repair Parts	19
*Vehicles	32
Motorcycles	2
Medical Equipment and Supplies, Drugs, Biologicals	1,941
Laundry Equipment	26
Office Machines	7
Office Furniture	7
Refrigeration and Air Conditioner Parts	15
Journals and Training Aids	5
DDT	18
TOTAL	$2,244

Other Cost Budget (Type and amount)
FY 1975 Obligations

Miscellaneous Small Purchases	10
Operational Travel	10
Miscellaneous Contractual Services	5
Malaria Control Project	15
Power Costs	47
Maintenance	6
Dispensaries Construction	10
Rural Health Delivery Contract	100
Local Currency Costs	636
TOTAL	$839

*FY 75
6 Scouts

Project No. 439-11-590-066
Project Title National Health Dev.

MANPOWER ANNEX
PROJECT DIRECT/PERSONNEL
(thousands of U.S. dollars)

Country: LAOS

		Actual FY 1973			Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		13	156	201	11	149	431*	11	132	323
HLTH OFF	SA	X	12		X	12	50	X	12	45
PH PHSN	SA	X	12		X	12	38	X	12	35
CLIN CN	SA	X	12		X	12	36	X	12	30
ADM OFF	SA	X	12		-	6	30	-	-	-
PH ADV	SA	X	12		X	12	40	X	12	30
MED TECH ASST	SA	X	12		X	12	30	X	12	30
MED TCHL ASST	SA	X	12		-	11	28	-	-	-
MED TCHL ASST	SA	X	12		X	12	32	X	12	35
ASST SPL MGT OFF	SA	X	12		X	12	32	X	12	25
ASST SPL MGT OFF	SA	X	12		X	12	30	X	12	25
STAF NRS	SA	X	12		X	12	30	X	12	24
STAF NRS	SA	X	12		X	12	30	X	12	24
MED TCHL ASST	SA	X	12		X	12	25	X	12	20

* 218 funded from Medical Cost Sharing Allotment.

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

EDUCATION DEVELOPMENT PROJECT Project No. 439-11-690-064

Project Target and Course of Action

The purpose of this project is (1) to support educational programs related to humanitarian assistance for refugees and their families; (2) to assist with the reconstruction of schools damaged or destroyed as a result of hostilities; (3) to assist with the development and improvement of the Lao secondary school system; and (4) to improve teacher training programs.

In recent years, USAID's support for educational activities in Laos has been managed through three sub-projects: Teacher Training, Community Education, and Secondary Education. In FY 75, for greater efficiency in project management and closer coordination of developmental programs, the three sub-projects have been consolidated under a single Education Development Project. Priority will continue to be given to activities at all levels of the Lao National School System related to humanitarian and reconstruction assistance. Additional developmental activities will emphasize the improvement and Laoization of secondary education and teacher training schools. Technical assistance in developmental aspects of the program will be provided through a contract with the University of Hawaii.

Background and Progress to Date

Largely through USAID assistance, the number of teacher training institutions in Laos has grown from one small normal school in Vientiane in 1965 to nine institutions spread throughout the country in 1973. The level of pre-service training has been continuously elevated and in June, 1973, Laos granted the equivalent of a B.A. degree to the first group of teachers to complete college level studies within the country. Lao personnel presently employed in the elementary, secondary, and teacher training systems number about 8,500, an increase from 3,200 personnel in the Lao school system ten years ago. About 8,000 teachers and administrators have received in-service training and approximately 1,050 teachers and administrators have been trained under project participant training programs.

School enrollment has also increased dramatically. Students enrolled in the nine normal schools now total approximately 4,000, an increase from 540 in 1960. The cumulative number of graduates from teacher training schools as of June 1973 was about 6,700. Enrollment in secondary schools has increased from 2,750 in 1960 to about 9,000 in 1973; in elementary schools, the enrollment has increased from 107,000 in 1960 to 245,000 in 1973.

The project has assisted with the development of approximately 120 Lao language textbooks for various levels of the national school program and has printed over 3.6 million copies of these books for distribution to the schools. Curriculum

improvements and materials development have been accomplished at all levels of the elementary and secondary school systems. Some 7,500 elementary classrooms are now in use throughout the country while the number of secondary schools has increased from six in 1960 to 24 at present, including five comprehensive Lao language high schools constructed under the Secondary Education Sub-Project.

FY-75 Program

Technical assistance will be provided to the Ministry of Education and to the Ministry of Social Welfare for the establishment and operation of schools for refugee children, including the reconstruction of war-damaged schools. Other planned school construction includes building a new comprehensive high school in Military Region II and material support for the self-help construction of up to 80 new classrooms for elementary and secondary schools in urban areas. The development of curriculum and the printing of Lao language materials for use in all secondary level schools will be continued and assistance will be given to the Ministry of Education in furthering the use of the Lao language as the medium of instruction in 18 existing secondary schools and nine teacher training schools. Training will be provided for approximately 18 students in the U.S. and 78 students in Thailand, most of whom will be in long term training in specialized subjects required for the development of improved secondary education and teacher training programs. In-service training for teachers and administrators will receive continued emphasis. Commodity inputs for the project in FY 75 will include refugee school supplies, teaching equipment and materials, vehicles and parts, administrative supplies, and building materials to support self-help school construction.

Beginning this fiscal year, the Ministry of Education will assume responsibility for providing local currency operating budgets for nine teacher training schools and for five comprehensive high schools. In addition, the Ministry will fund operating expenses for most in-service training programs, student summer work programs, and textbook printing activities carried out under this project.

PROJECT BUDGET TABLE
($ thousands)

Project Title Education Development

Project Number 439-11-690-064
Appropriation SA
Area of Concentration (if appropriate)

	Financing Dates (FY)	
	Begin	End
Obligations	FY 64	FY 76
Expenditures	FY 64	FY 76

Project Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	743	228	-	-	217	846	471	268	1,699
Direct	244	72	-	-	217	846	471	24	956
PASA	-	-	-	-	-	-	-	-	-
Contract	499	156	-	-	-	-	-	244	743
FY 1973 Expend-Total	788	252	-		101	882	443	103	1,435
Direct	257	72	-		101	882	443	14	815
PASA	-		-		-		-	-	-
Contract	531	180	-		-		-	89	620
6/30/73 Unlig.-Total	476	147	-		203	891	157	241	1,077
Direct	-		-		203	891	157	13	373
PASA (*)	-		-		-		-	-	-
Contract	476	147	-		-		-	228	704
FY 1974 Oblig- Total	411	127	-		212	1080	385	32	1,040
Direct	199	55			212	1080	385	32	828
PASA									
Contract	212	72							212
FY 1974 Expend-Total	662	196	-		210	774	457	163	1,492
Direct	199	55			210	774	457	45	911
PASA									
Contract	463	141	-					118	581
6/30/74 Unlig.-Total	225	72	-		205	1197	85	110	625
Direct					205	1197	85		290
PASA									
Contract	225	72						110	335
FY 1975 Oblig.-Total	611	173	-		227	1213	357	300	1,495
Direct	149	41			227	1213	357	130	863
PASA									
Contract	462	132						170	632
FY 1975 Expend-Total	605	173	-		210	1089	342	240	1,397
Direct	149	41	-		210	1089	342	130	831
PASA									
Contract	456	132	-					110	566

(*) Multifunded.

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-690-064

PASA/Contract Name American Association of College for Teacher Education

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID/csd-2859			
From(mo/yr)	1/71	9/72		
To(mo/yr)	9/72	9/73		

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	47	12	-	0	-	-	-	-	47
FY 1973 Expenditures	35	9							35
6/30/73 Unliquidated	12	3							12
FY 1974 Obligations	-		-		-		-	-	-
FY 1974 Expenditures	12	3	-		-		-	-	12
6/30/74 Unliquidated	-		-		-		-	-	-
FY 1975 Obligations									
FY 1975 Expenditures									

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-690-064

PASA/Contract Name University of Hawaii

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID-ea-1			
From(mo/yr)	7/72	7/73	7/74	7/75
To(mo/yr)	6/73	6/74	6/75	6/76

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	323	132	-	-	-	-	7	105	435
FY 1973 Expenditures							-	-	*
6/30/73 Unliquidated	323	132	-	-	-	-	7	105	435
FY 1974 Obligations	165	72					2	45	212
FY 1974 Expenditures	323	132	-	-	-	-	7	105	435
6/30/74 Unliquidated	165	72					2	45	212
FY 1975 Obligations	340	132					10	112	462
FY 1975 Expenditures	340	132					4	112	456

* Other Costs	FY 73	FY 74	FY 75
Travel & Transportation	9	5	18
Other Direct Costs	48	13	48
Overhead Costs	44	27	44
In-Country Training	4	2	2
	105	45	112

*Funded in FY 72

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-690-064

PASA/Contract Name Larry D. Woodson

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.		AID-439-US-214		
From(mo/yr)	6/72	6/73	6/74	6/75
To(mo/yr)	6/73	6/74	6/75	6/76

Budget $ Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	17	12	-	-	-	-	-	-	17
FY 1973 Expenditures	1								1
6/30/73 Unliquidated	16	12							16
FY 1974 Obligations	-	-	-	-	-	-	-	-	-
FY 1974 Expenditures	13	6	-	-	-	-	-	3*	16
6/30/74 Unliquidated	3	-	-	-	-	-	-	(3)	-
FY 1975 Obligations	-	-	-	-	-	-	-	-	-
FY 1975 Expenditures									

*Other Costs	FY-74
Travel and Transportation	1
Household Effects	1
Personal Car	1
	3

TABLE VI

Project Number 439-11-690-064

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	-	-	-	-	-	-
PASA:short-term	-	-	-	-	-	-
Contract:long-term	12	72	212	11	132	462
Contract:short-term				-	-	-

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
University of Hawaii	12	144	*	10	132	323	11	132	340	(for contract personnel only)		
Secondary Education Specialist	1	12		1	12	35	1	12	36			
" "	1	12		-	6	20	-	-				
" "	1	12		1	12	32	1	12	35			
" "	1	12		1	12	31	1	12	35			
" "	1	12		1	12	30	1	12	33			
" "	1	12		1	12	30	1	12	33			
" "	1	12		1	12	25	1	12	28			
" "	1	12		1	12	25	1	12	28			
" "	1	12		1	12	25	1	12	28			
" "	1	12		1	12	25	1	12	28			
School Building & Equip. Spec.	1	12		-	6	20	-	-				
Linguist	1	12		1	12	25	1	12	28			
Financial Advisor	-	-		-	-		1	12	28			

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976 (for contract personnel only)		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
A ACTG												
Curriculum Advisor	1	9	35	-	3	12	-	-	-			
PSC												
Com. Edu. Adv. Refugee	1	12	*	-	6	16	-	-	-			

* Funded in FY 72

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-690-064
(Direct/~~PASA/Contract~~)
PASA/Contract Number (if appropriate)___

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)	38	456	83	25	300	44
L-T (cont'g)	52	624	129	76	912	183
Short-term	-	-	-	-	-	-

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	115	882		70	31	177	774		186	24	190	1085		188	22
I. U.S. Training	17	43			23	34	257		145	14	32	187	-	98	10
A. Long-term															
New	-	-			-	7	84	-	58	-	4	48	-	32	-
Continuing	14	33			17	24	159	-	72	14	28	139	-	66	10
B. Short-term															
New	2	3			4	2	10	-	14	-					
Continuing	1	7			2	1	4	-	1	-					
II. 3rd Country Trng.	98	839		70	8	143	517		41	10	158	898		90	12
A. Long-term															
New	18	8	-	-	1	52	246		21	5	58	394		46	4
Continuing	60	747		70	5	69	228		18	5	100	504		44	8
B. Short-term															
New	20	84	-	-	2	20	36		1						
Continuing						2	7		1						

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ Thousands)

Project Title Education Development Project Number 439-11-690-064

Commodity Budget (Type and amount)
FY 1973 Obligations

I.	Common Use	262.5
	General Supplies	202.7
	Cement	23.2
	POL	16.3
	Vehicle & Equipment Repair Parts	20.3
II.	Other	208.5
	Water Pumps	8.9
	Vehicles	60.1*
	Language Lab Equipment	1.0
	Office Machines	6.1
	Instructional Equipment	47.3
	Motorcycles (19)	5.1
	Construction Materials for Pakse Fa Ngum	80.0
	Other Cost Budget (Type and Amount) FY 1973 Obligations	268.0
	Transportation of Commodities	6.0
	MRO and Miscellaneous Small Purchases	8.1
	Operational Travel	16.8
	Construction Fa Ngum Pakse	237.1

* 7 Scouts
1 School Bus
4 Pickups

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Education Development Project Number 439-11-690-064

Commodity Budget (Type and amount)
FY 1974 Obligations

General Supplies	187
POL	15
Cement	26
Vehicle & Equip. Supplies	14
Instructional Equipment	75
Water Pumps	11
Vehicles	27 *
FY 1975 Obligations	
Asphalt	4
Instructional Materials	1
Office Machines	2
Paper for Printing Books	15
Textbook Printing Equip.	8
TOTAL	385

Commodity Budget (Type and Amount)
FY 1975 Obligations

General Supplies	130
POL	20
Cement	25
Vehicle & Equip. Supplies	17
Instructional Equipment	90
Water Pumps	10
Vehicles	35 **
Office Machines	20
Textbook Printing Equipment	10
TOTAL	357

Other Cost Budget (Type and amount)
FY 1974 Obligations

Operational Travel	5
Local Currency Costs	27
TOTAL	32

FY 1975 Obligations

Misc. Sm. Purchases	3
Operational Travel	5
Construction	170
Local Currency Costs	122
TOTAL	300

*6 scouts
**7 scouts

Project No. 439-11-690-064
Project Title: Education Dev.

Country: LAOS

MANPOWER ANNEX
PROJECT DIRECT/PERSONNEL
(thousands of U.S. Dollars)

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		6	72	244	4	55	199	3	41	149
EDU OFF	SA	X	12		X	12	40	X	12	40
EDU ADV RUR	SA	X	12		X	12	45	X	12	45
EDU ADV ELEM	SA	X	12		X	6	25	-	-	-
EDU ADV TECHR TRG	SA	X	12		X	12	45	-	5	19
EDU ADV RUR	SA	X	12		-	1	4	-	-	-
MTN ADV	SA	X	12		X	12	40	X	12	45

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

POLICE ADMINISTRATION Project 439-11-710-072

Target and Course of Action

The objective of the Public Safety Project is to assist the RLG in developing and improving the capability of its civil National Police organization to enforce law and maintain public order. Special attention is given to assisting both the civil police and FAR Military Police in narcotics enforcement as part of the narcotics control program. The narcotics support activity, while operationally a part of the Public Safety project, is funded through the Narcotics Control Project. Assistance provided by this project includes advisory services in administrative and operational methods, training, provision of communications and transportation equipment, creation of an effective supply-logistics and maintenance system, and development of physical facilities.

Background and Progress to Date

The Public Safety project was first initiated in September 1955, and continued until 1960 when the Lao National Police (LNP) was disbanded and replaced by a paramilitary force. In 1965, the project was reactivated with the re-establishment of the LNP as a civil police force. Since many trained police personnel and many items of equipment were lost during the five years when no police force existed, the LNP had to be virtually rebuilt from the beginning.

A major element of this rebuilding effort has been training of police personnel. Local training was re-established and centralized in a new training academy. This academy, whose staff is entirely Lao, now provides training in all aspects of basic and middle-level police activities. 2,389 police have been trained at this facility since 1965. Training has also been provided to some 1,500 police staff in skills such as automotive maintenance and repair, radio operations, typing, and English language training. Advanced training has been provided in the United States for 78 command and middle-level officers at the International Police Academy (IPA). Specialist training has been provided for 159 police in Malaysia and Thailand in riot control, communications, and criminal investigations. Since the narcotics activity was begun in 1971, training in improved methods of narcotics enforcement has been provided for 184 police, 138 Military Police, 13 Groupe Special d'Investigation members, 21 Customs personnel, and 27 other RLG officials.

Another project accomplishment has been the establishment of a nationwide police radio communications administrative and command network. This long

distance communications network has 44 installations in RLG-held districts in Laos and provides rapid and dependable communications within province, between provinces, and between national headquarters and subordinate police units. Short-range voice nets are being established for use between police headquarters and patrol vehicles in the major cities of Laos. Four service shops have been established to maintain the system.

A communications network has just been completed for the support of the LNP Immigration Service in the Vientiane area.

A central garage facility was completed in 1971 to serve the large Vientiane City headquarters area, and a corps of 19 mechanics have been trained to staff this facility. Efforts are currently underway to improve vehicle and maintenance in the provinces through training and the provision of equipment and repair parts to permit local routine maintenance in each province. Advisory support in this area was discontinued at the end of Calendar Year 1973. The Lao National Police will assume responsibility for all maintenance support to their vehicles countrywide. Some repair parts will continue to be provided by the project, but the LNP will be expected to assume a large share of this responsibility.

In 1971,the project expanded its advisory assistance to include a Narcotics Enforcement Program. This included the provision of three advisors to the LNP and two advisors to the Military Police of the Royal Lao Army to assist in the development of a Narcotics Enforcement Program. As of January 1974, there will remain two advisors to the LNP and one advisor to the Military Police to continue development of the Narcotics Enforcement capability. The remaining advisors will continue to closely monitor and improve the utilization of commodities provided under the Narcotics Control project.

In 1971,the project expanded its advisory assistance by providing two advisors to work with Provincial Police units on training organization, reporting procedures, and operational practices. This system has resulted in improved Provincial Police operations and in January 1974 these two advisory positions were eliminated.

In early 1973, a determination was made that an improved records system was needed for not only the LNP but for other enforcement agencies in Laos to permit more effective operation of the overall criminal justice system. An advisor has been assigned to assist in the development of a records system. The system will also permit development of an effective narcotics information system with improved collection, collation, analyses and dissemination capabilities for the interdiction of narcotics traffickers.

FY 1975 Program

This project will be terminated at the end of FY 1974. Delivery of project commodities in the pipeline will continue until procurement and receipt of all programmed commodities has been completed. Participant training in the U.S. will continue under the auspices of the human resources development activity of the public administration project. Funding of priority narcotics enforcement activities will be continued under the narcotics control project.

TABLE V

PROJECT BUDGET TABLE
($ thousands)

Project Title Civil Police Administration
Project Number 439-11-710-072
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY 65	
Expenditures	FY 65	

Project Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	210	81	21	48	19	17	123	23	396
Direct	207	72	6	12	19	17	123	11	366
PASA	-		-		-		-	-	-
Contract	3	9	15	36	-		-	12	30
FY 1973 Expend-Total	217	81	21	48	21	25	107	(46)	320
Direct	214	72	6	12	21	25	107	5	353
PASA	-		-		-		-	-	-
Contract	3	9	15	36	-		-	(51)	(33)
6/30/73 Unlig.-Total	-		1		4	5	82	107	194
Direct (*)	-		-		4	5	82	8	94
PASA	-		-		-		-	-	-
Contract	-		1		-		-	99	100
FY 1974 Oblig- Total	209	64	28		15	36	105	17	374
Direct	209	64	6	12	15	36	105	17	352
PASA									
Contract	-		22		-		-	-	22
FY 1974 Expend-Total	209	64	29		12	12	126	124	500
Direct	209	64	7	12	12	12	126	25	379
PASA									
Contract			22					99	121
6/30/74 Unlig.-Total	-		-		7	29	61	-	68
Direct					7	29	61	-	68
PASA									
Contract									
FY 1975 Oblig.-Total	-		-		-		-	-	-
Direct									
PASA									
Contract	-		-		-		-	-	-
FY 1975 Expend-Total					7	29	61	-	68
Direct					7	29	61	-	68
PASA									
Contract									

(*) Multifunded.

TABLE VII

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-710-072
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)						
L-T (cont'g)						
Short-term	7	36	15			

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	11	25		6	15	8	12	-	4	8	7	29	-	7	-
I. U.S. Training	6	16	-	4	15	8	12	-	4	8	3	5	-	4	-
A. Long-term															
New															
Continuing															
B. Short-term															
New	6	16	-	4	15	8	12	-	4	8	3	5	-	4	-
Continuing															
II. 3rd Country Trng.	5	9	-	2							4	24	-	3	-
A. Long-term															
New															
Continuing															
B. Short-term															
New	5	9	-	2							4	24	-	3	-
Continuing															

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Civil Police Administration Project Number 439-11-710-072

Commodity Budget (Type and amount)

FY 1974 Obligations

I.	Common-Use	32	II.	Other	73
	General Supplies	17		Office equip. & training aids	4
	POL	-0-		Pirogue motors	2
	Cement	-0-		Telecom equip.	53
	Vehicle & Equipment Supplies	15		Ammo components, weapons parts	8
				Crowd control equip.	2
				Emergency Procurement	4

FY 1975 Obligations

Other Cost Budget (Type and amount)

FY 1974 Obligations	17
Operational Travel	6
Local Currency Costs	11

FY 1975 Obligations

COMMODITY AND OTHER COSTS BUDGET

Project Title Civil Police Administration Project Number 439-11-710-072

Commodity Budget (Type and amount)
FY 1973 Obligations

I.	Common-Use	25.5
	General Supplies	5.8
	Cement	.2
	Vehicle and Equipment	19.5
	Other	97.5
	Prioque Motors & Parts	1.9
	Telecommunications Equipment and Parts	24.1
	Riot Control Equipment	2.0
	Ammunition Components	4.4
	Vehicles	53.5*
	Repair Parts for Weapons	4.1
	Training Aids	1.8
	Motorcycles (15)	5.7
	Other Cost Budget (Type and Amount) FY 1973 Obligations	23.0
	Transportation of Commodities	3.0
	MRO Miscellaneous Small Purchases	10.0
	Miscellaneous Contractual Services	9.0
	Operational Travel	1.0

*12 Travelalls

Project No. 439-11-710-072
Project Title: Civil Police Adm.

Country: LAOS

ANNEX C
PROJECT DIRECT/PERSONNEL
(thousands of U.S. Dollars)

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel-Total		6	72	207	4	64	209			
PS OFF	SA	X	12		X	12	43			
PS ADV	SA	X	12		-	6	16			
PS ELTRS SPCL TELS	SA	X	12		X	12	32			
PS EQP ADV	SA	X	12		-	6	16			
PS ADV	SA	X	12		X	12	47			
PS ADV	SA	X	12		-	6	15			
PS ADV	SA	-	-		X	10	40			

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

DEVELOPMENT ADMINISTRATION Project 439-11-995-073

Project Target and Course of Action

This project has a three-fold objective: The first is to improve the administrative capability of the Lao Government with particular emphasis on developing and strengthening budgetary and fiscal controls required to assure continued stabilization of the Lao economy; the second is to assist the Lao Government strengthen its capability to perform national-level economic and social development planning; the third is to upgrade the capabilities of USAID's local employees with the objective of replacing USAID's third country national employees with Lao nationals as rapidly as possible, and of creating for Laos a pool of skilled personnel that will be available for both the public and private sectors. Project assistance includes advisory services, participant and in-country training, and liminted commodity support.

Background and Progress to Date

The Development Administration Project, in its present form, was established in 1968 to provide the Lao Government with the training and commodity support needed for compliance with the budgetary performance standards specified in the Stabilization Program. Some of the more significant accomplishments of the financial management portion of the project include:

a. The national budget has been standardized and a national development budget has been introduced.

b. The budgetary accounting system has been improved so that periodic and timely budgetary statements are now produced.

c. A reform of the tax structure has produced progressive increases in receipts.

d. Following the Kip devaluation in 1971, a 40% foreign exchange transfer tax was introduced on certain categories of transactions. This tax produced a very high yield in FY 1973, with a consequent reduction of the budget deficit to a line well below that provided in the Stabilization Agreements.

e. Timely and complete trade statistics for Laos are now produced quarterly in collaboration with the Economic Commission for Asia and the Far East.

f. A cadastral service has been developed and equipped in collaboration with both the UNDP and the French Economic Aid Mission to Laos. This service is surveying state lands occupied by refugees for permanent allocation to them as well as privately owned property where the issuing of land titles is being fostered to promote the collection of real estate taxes.

g. Document and records management has been introduced throughout the RLG through development of five basic manuals in the Lao language and widespread intensive, in-service training. A pilot records management division is being organized in the Ministry of Finance and taxpayer records are being developed for the Revenue Department.

With regard to the planning activities, the project has assisted the Lao Government evolve its own set of development objectives, policies, and strategies through direct assistance in preparation of a system of priorities which has now received the approval of the National Planning Council as a guide for the next five-year plan; and in negotiations with third countries and multilateral agencies to broaden sources of development aid for Laos; the first member of a contract planning group is now in Laos and is assisting directly in the detailed formation of the next annual and five-year plans. Assistance has also been provided to the first formal census of the major population centers in Laos.

In the human resources development activity, training and education resources continue to be developed and improved in Laos. Most lower level clerical and technical personnel are now being trained locally utilizing instructors who have been trained abroad. To date over 10,000 technical and clerical personnel have been trained under the auspices of this project. The 315 returned participants are also teaching and improving Lao educational standards and assisting in the academic training of others preparing to go to Thai universities. Training has now progressed to upper level administrative programs with the establishment of a new training office in the Ministry of Interior and a Supervisory Management training program within USAID. Other specialized formal training conducted by USAID now include accounting, supply management, and telecommunications. This has permitted the shifting of resources for short term third country training to longer-term professional education, and a reduction in the number of participants sent to the United States. Within USAID, the training program to develop Lao employees has brought about a substantial increase in the number of upper level local employees with a corresponding drop in the number of Third Country National

(TCN) employees. Specifically, in USAID the number of TCN's was reduced from 563 in FY 1967 to 267 in FY 1973. This has been due mainly to the increased availability of trained local personnel for replacement.

FY 1975 Program

Under the financial management activity, revenue collection will be further strengthened after the current upgrading of taxpayer records has been completed. Revenue personnel will be assisted to make effective use of these records to ensure compliance with tax laws, to detect errors and evasions, and to improve regular audits of taxpayers. Introduction of recommended accounting changes in the Treasury will improve the accuracy of central and provincial accounting for expenditures. Widespread adoption throughout the RLG of document management and records procedures is anticipated.

In the planning activities, it is still difficult to predict the effect of the yet to be formed new government's impact on national planning. The major direction of this activity relates to the introduction during FY 1974 of a highly skilled contract development planner. Under this contract, four to six sectoral experts will assist in the development of the next five-year plan. Emphasis will continue to be placed on encouraging wider other donor and multilateral participation in the RLG development programs.

With regard to the human resources development activity, RLG participation in project planning and the implementation of activities have steadily increased since 1969, although operational support costs were mostly provided by USAID. It is expected, however, that in FY 1975, the RLG will be able to assume responsibility for the cost of participants' international travel and physical examination when required prior to departure. In addition, increased administrative support to the USAID participant training program will be required from the RLG in view of the reduction of American personnel in the Mission Training Office.

During FY 1975, the emphasis of the project will continue in the area of training USAID local employees so that further replacement of USAID TCN employees can be accomplished. Short-term third country participant training will be reduced as resources are shifted to fund more long-term training in Thailand.

PROJECT BUDGET TABLE
($ thousands)

Project Title Development Administration

Project Number 439-11-995-073
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY-70	FY-78
Expenditures	FY-70	FY-79

Project Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	968	677	19	24	120	652	26	98	1,231
Direct	428	128	5	12	120	652	26	34	613
PASA	11	3	-	-	-	-	-	-	11
Contract	529	546	14	12	-	-	-	64	607
FY 1973 Expend-Total	763	613	15	24	81	617	25	97	981
Direct	414	128	5	12	81	617	25	22	547
PASA	11	3	-		-		-	-	11
Contract	338	482	10	12	-		-	75	423
6/30/73 Unlig.-Total	574	604	9	8	93	426	12	31	719
Direct *	23	-	-		93	426	12	16	144
PASA	-		-		-		-		-
Contract	551	604	9	8	-		-	15	575
FY 1974 Oblig- Total	514	186	25	36	86	644	31	126	782
Direct	344	114	12	24	86	644	31	56	529
PASA									
Contract	170	72	13	12				70	253
FY 1974 Expend-Total	878	646	25	36	91	531	43	126	1,163
Direct	367	114	12	24	91	531	43	56	569
PASA									
Contract	511	532	13	12	-		-	70	594
6/30/74 Unlig.-Total	210	144	9	8	88	539	-	31	338
Direct	-		-		88	539	-	16	104
PASA									
Contract	210	144	9	8				15	234
FY 1975 Oblig.-Total	966	708	43	48	131	992	10	205	1,355
Direct	320	90	14	24	131	992	10	82	557
PASA									
Contract	646	618	29	24				123	798
FY 1975 Expend-Total	878	624	43	48	90	673	10	205	1,226
Direct	320	90	14	24	90	673	10	82	516
PASA									
Contract	558	534	29	24				123	710

* Multifunded

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-995-073

PASA/Contract Name International Voluntary Services, Inc. (IVS)

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	AID/ea-89			
From(mo/yr)	7/72	7/73		
To(mo/yr)	6/73	6/74		

Budget & Expenditures	Personnel				Participants		Commodities	Other * Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	192	492					5	153	350
@ FY 1973 Expenditures	-	-					-	-	-
6/30/73 Unliquidated	192	492					5	153	350
FY 1974 Obligations	17	42					-	18	35
FY 1974 Expenditures	192	492					5	153	350
6/30/74 Unliquidated	17	42					-	18	35
FY 1975 Obligations	226	576					5	245	476
FY 1975 Expenditures	200	504					5	218	423

* Other Costs	FY73 Oblig.	FY73 Exp.@	FY74 Oblig.	FY74 Exp.	FY75 Oblig.	FY75 Exp.
Insurance	5	-	-	5	35	30
Miscellaneous	5	-	-	5	5	5
Indirect Costs	138	-	18	138	161	141
Other Direct Costs	5	-	-	5	5	5
Travel	-	-	-	-	39	37
	153	-	18	153	245	218

@ Funded in FY 72.

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-995-073

PASA/Contract Name Development Planning and Administration Specialists

Contract No.	FY 1972	FY 1973	FY 1974	FY 1975
From(mo/yr)		9/73	9/74	9/75
To(mo/yr)		9/74	9/75	9/76

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	72	30					3	65	140
FY 1973 Expenditures	-	-					-	-	-
6/30/73 Unliquidated	72	30					3	65	140
FY 1974 Obligations	76	30					5	54	135
FY 1974 Expenditures	72	30					3	65	140
6/30/74 Unliquidated	76	30					5	54	135
FY 1975 Obligations	80	30					3	57	140
FY 1975 Expenditures	76	30					5	54	135

* Other Costs

	FY 73	FY 74	FY 75
Travel and Transportation	22	6	22
Overhead Costs	15	16	16
Education Allowances	4	4	4
Training, TDY, Indirect Costs and Miscellaneous	24	28	15
	65	54	57

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-995-073

PASA/Contract Name PSC - M. Miller

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)	2/72	1/73	1/74	
To(mo/yr)	6/72	1/74	1/75	

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	24	12						2	26
FY 1973 Expenditures	5	2						-	5
6/30/73 Unliquidated	19	10						2	21
FY 1974 Obligations	-	-						-	-
FY 1974 Expenditures	19	10						2	21
6/30/74 Unliquidated	-	-						-	-
FY 1975 Obligations	-	-						-	-
FY 1975 Expenditures									

* Other Costs	FY 73
Travel	2

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-995-073

PASA/Contract Name PSC - Finance Advisor

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)				10/74
To(mo/yr)				10/75

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations									
FY 1973 Expenditures									
6/30/73 Unliquidated									
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations	25	12						5*	30
FY 1975 Expenditures									

* Travel & Transportation.

TABLE VI

Project Number 439-11-995-073

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term						
PASA:short-term						
Contract:long-term	48	72	170	55	618	646
Contract:short-term						

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
IVS CONTRACT: AID/W	40	480	*	39	492	192	42	504	200	(for contract personnel only)		
English Teacher	17	204		16	204	74	18	216	80			
Nutritionist	4	48		4	54	20	4	48	20			
CD Worker	1	12		1	12	5	1	12	5			
Adm. Officer	1	12		1	12	5	1	12	5			
Pedagogy Teacher	2	24		2	24	10	2	24	10			
Youth & Sport Adv.	1	12		1	12	5	1	12	5			
Social Studies Teacher	3	36		3	42	15	4	48	17			
Math. Teacher	1	12		1	12	5	1	12	5			
Science Teacher	3	36		3	36	15	3	36	15			
Maintenance Adv	1	12		1	12	5	1	12	5			
Program Officer	2	24		2	24	10	2	24	10			
AGR Teacher	1	12		1	12	5	1	12	5			
C D Teacher	1	12		1	12	5	1	12	5			
Team Leader	1	12		1	12	7	1	12	7			
Director	1	12		1	12	6	1	12	6			

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-995-073

PASA/Contract Name AID/W through Bureau of Customs, Treasury Department

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)		8/72		
To(mo/yr)		10/72		

Budget & Expenditures	Personnel				Participants		Commodities	Other * Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	6	3						5	11
FY 1973 Expenditures	6	3						5	11
6/30/73 Unliquidated	-	-						-	-
FY 1974 Obligations									
FY 1974 Expenditures									
6/30/74 Unliquidated									
FY 1975 Obligations									
FY 1975 Expenditures									

* Other Costs	FY 73
Travel & Transportation	2
Overhead Costs	1
Local Costs	2

PROJECT PARTICIPANT TABLE
($thousands)

Project Number Development Administration
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)	34	408	51	59	708	89
L-T (cont'g)	19	228	28	23	276	35
Short-term	2	8	7	2	8	7

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 73	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	82	617	-	39	42	132	531	-	78	13	137	673	-	73	17
I. U.S. Training	1	3	-	-	7	4	32	-	19	7	2	8	-	-	7
A. Long-term															
New						2	24	-	19						
Continuing															
B. Short-term															
New	1	3	-	-	7	2	8	-	-	7	2	8	-	-	7
Continuing															
II. 3rd Country Trng.	81	614	-	39	35	128	499	-	59	6	135	665	-	73	10
A. Long-term															
New					1	47	222	-	28	4	93	433	-	47	7
Continuing	24	490	-	39	8	24	207	-	16	2	42	232	-	26	3
B. Short-term															
New	57	124	-	-	26	57	70	-	15						
Continuing															

Table VIII

COMMODITY AND OTHER COST BUDGET
($ Thousands)

Project Title Development Administration Project Number 439-11-995-073

Commodity Budget (Type and amount) FY 1973 Obligations		
I.	Common Use	4.2
	General Supplies	2.7
	POL	.5
	Vehicle & Equipment Repair Parts	1.0
II.	Other	21.8
	Survey Instruments	10.0
	Vehicles	7.6*
	Office Machines	4.2
	Other Cost Budget (Type and amount) FY 1973 Obligations	98.
	Transportation of Commodities	2.0
	MRO and Miscellaneous Small Purchases	8.9
	Operational Travel	9.8
	Library Development	1.0
	Computer Services	16.6
	English Language Training	43.5
	Correspondence Courses	15.7
	Miscellaneous Contractual Services	.5

* 2 Jeeps

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Development Administration Project Number 439-11-995-073

Commodity Budget (Type and amount)
FY 1974 Obligations

General Supplies	$	4
P.O.L.		1
Vehicles & Equipment Supplies		1
Survey Equipment		10
Office Furniture		1
Office Machines & Equipment		8
Emergency Procurement		6
FY 1975 Obligations TOTAL	$	31
General Supplies		5
Office Machines & Equipment		5
TOTAL	$	10

Other Cost Budget (Type and amount)
FY 1974 Obligations

Operational Travel	$	13
English Language Training		70
Thailand Training and Correspondence Courses		12
Local Currency Costs		31
TOTAL	$	126

FY 1975 Obligations

Misc. Small Purchases	$	7
Operational Travel		6
Computer Services (OICC)		3
English Language Training		70
Aerial Survey		50
Thailand Training & Correspondence Courses		17
Local Currency Costs		52
TOTAL	$	205

Project No. 439-11-995-073
Project Title: Dev. Administration

Country: LAOS

ANNEX C
PROJECT DIRECT/PERSONNEL
(thousands U.S. Dollars)

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		11	128	428	9	114	344	7	90	320
PA ADV	SA	X	12		X	12	40	X	12	43
INTL DVL INTR										
DVTR OFF	SA	X	12		X	12	44	X	12	44
EMP DVL OFF	SA	X	12		X	12	40	X	12	36
ASST DVTR OFF	SA	X	12		-	6	18	-	-	-
EC ADV	SA	X	12		X	12	55	X	12	51
PA ADV	SA	X	12		X	12	40	-	6	25
PROG ECON	SA	X	12		X	12	32	-	-	-
PROG ECON	SA	X	12		X	12	28	X	12	47
PROG ECON	SA	X	12		X	12	28	X	12	49
TRD SPCL	SA	X	12		X	12	19	X	12	25
CRDT ADV BNKG	SA	X	8		-	-	-	-	-	-

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

DEVELOPMENT OF RURAL ECONOMY Project 439-11-810-062

Project Target and Course of Action

The goal of this project is to support Lao Government development activities in rural areas. Activities are concentrated in rural areas of particular political importance and relatively strong economic potential. Project activities include: a) self-help projects chosen and carried out by villagers such as schools, dispensaries, hand-dug wells, and a multitude of village level training programs, b) public works activities through which more complex projects are undertaken such as large irrigation projects, road construction and land clearing; and c) mechanical well drilling where hand-dug wells are not feasible. All of these activities are closely interrelated and interact with each other and other joint Lao Government/USAID programs such as agriculture, irrigation, community education, village health development, and refugee resettlement programs.

Project assistance includes U.S. advisory services, in-country and participant training, and commodity and equipment support. Project emphasis is increasingly directed toward training and advisory services with increasing demands placed on local and national governmental initiatives.

Background and Progress to Date

Self-help projects are used as a means to stimulate social change and develop community consciousness on the part of village leaders and among the rural population, while at the same time fostering economic development of the rural economy.

The first self-help projects were introduced in 1962. Since that time self-help projects have been instrumental in providing many rural areas of Laos with a basic infrastructure of public facilities for the first time in their history. By the end of 1972, the number of public facilities accomplished through self-help projects included the construction of over 2,600 school classrooms, 124 dispensaries, 521 kilometers of road, 22 village markets, some 924 hand-dug wells, and many other community projects.

While it is not possible to quantify and measure precisely the effectiveness of such small self-help projects in stimulating social change and fostering attitudes for political and economic development, the performance of rural officials and RLG field personnel has shown marked improvement over this period of time.

Training is an important element in the long term development of rural Laos, and as the public infrastructure in the rural countryside has begun to reach a basic level of development, the emphasis of the project has been increasingly directed toward the training of local village leadership. The focus of this training is to strengthen the ability of village leaders to identify the problems of their villages and local areas and work with the villagers toward solving these problems. Some 6,163 village officials and other local leaders have received leadership training under this project and skills training has been provided to 8,883 villagers since 1965.

The rural public works activity has provided skilled personnel to assist and supervise many of the self-help activities. Other major components of rural public works are road construction, land clearing, irrigation system construction and construction of larger more complex structures. Since 1962 approximately 1,200 kilometers of roads, irrigation systems benefitting 10,000 hectares of rice land, and over 5,188 school classrooms have been constructed by equipment and personnel furnished by this sub-activity.

Progress has also been made in providing sources of potable water to rural villages through drilled wells where dug wells are not feasible. Some 1,555 wells have been drilled since 1962 under the well drilling activity.

FY 1975 Program

During FY 1975, self-help activity efforts will increasingly be directed toward leadership training for local villagers and in upgrading the planning and implementation efforts of RLG officials within the Ministry of Interior. Training programs will include: (a) provincial and national level administration, (b) skills training, and (c) civil servant management training.

The public works activity will continue to emphasize refugee resettlement and reconstruction related activities. A substantial portion of the horizontal construction resources will be utilized to complete the construction of three major all weather roads in MR II, an area of major refugee concentration. These roads will allow year-round surface travel to key areas in MR II, and will link them with the Vientiane Plain. The public works activity will also play a major support role in the implementation of the MR II special development program. Participation of public works assets in self-help activities will continue to be deemphasized as a result of increasing availability of indigenous construction resources and skills.

The well drilling activity will continue to provide drilled wells, where needed, in the refugee resettlement areas. Operation and maintenance of completed drilled wells will receive more attention as will the turning over to the RLG of those portions of the well drilling activity its personnel are capable of assuming.

TABLE V

PROJECT BUDGET TABLE
($ thousands)

Project Title Development of Rural Economy

Project Number 439-11-810-062

Appropriation SA

Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY 64	
Expenditures	FY 64	

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	1,853	833	189	486	1	12	2,022	80	4,145
Direct	1,515	504	31	60	1	12	2,022	40	3,609
PASA	270	293	-	-	-	-	-	-	270
Contract	68	36	158	426	-	-	-	40	266
FY 1973 Expend-Total	1,809	833	189	486	2	14	1,741	100	3,841
Direct	1,506	504	31	60	2	14	1,741	39	3,319
PASA	249	293	-		-		-	-	249
Contract	54	36	158	426	-		-	61	273
6/30/73 Unlig.-Total	93	35	1	-	2	6	1,001	17	1,114
Direct	(1)	-	1	-	2	6	1,001	16	1,019
PASA	36	-	-		-		-	-	36
Contract	58	35	-		-		-	1	59
FY 1974 Oblig- Total	1,914	901	183	448	-	-	1,381	162	3,640
Direct	1,595	515	24	48	-	-	1,381	162	3,162
PASA	253	350							253
Contract	66	36	159	400			-		225
FY 1974 Expend-Total	1,949	901	184	448	2	6	2,292	179	4,606
Direct	1,594	515	25	48	2	6	2,292	178	4,091
PASA	289	350							289
Contract	66	36	159	400	-	-	-	1	226
6/30/74 Unlig.-Total	58	35	-	-	-	-	90	-	148
Direct	-	-	-	-	-	-	90	-	90
PASA	-	-	-	-	-	-	-	-	-
Contract	58	35	-	-	-	-	-	-	58
FY 1975 Oblig.-Total	1,667	495	155	360	2	12	2,052	971	4,847
Direct	1,589	459	25	48	2	12	2,052	971	4,639
PASA	-	-							-
Contract	78	36	130	312					208
FY 1975 Expend-Total	1,667	495	155	360	2	12	1,731	971	4,526
Direct	1,589	459	25	48	2	12	1,731	971	4,318
PASA	-	-						-	
Contract	78	36	130	312	-		-	-	208

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-810-062

PASA/Contract Name OICC

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)	7/71	7/72	7/73	7/74
To(mo/yr)	6/72	6/73	6/74	6/75

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	54	26	116	267	-		11	89	270
FY 1973 Expenditures	46	26	100	267			11	77	234
6/30/73 Unliquidated	8	-	16	-			-	12	36
FY 1974 Obligations	62	24	110	326	-		11	70	253
FY 1974 Expenditures	70	24	126	326	-		11	82	289
6/30/74 Unliquidated	-	-	-	-	-	-	-	-	-
FY 1975 Obligations	-	-	-	-	-	-	-	-	-
FY 1975 Expenditures									

Other Costs	Obligations FY-73	FY-74
Overhead Costs	44	30
Travel	8	25
Transp.	9	
TDY	10	5
OICC/Thai Design & Inspection	10	10
Others	8	-
	89	70

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-810-062

PASA/Contract Name PSCs: Messrs. Betwetz, McClutchey and Sage

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)	7/72	7/73	7/74	7/75
To(mo/yr)	6/73	6/74	6/75	6/76

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	59	36	-		-		-	9	68
FY 1973 Expenditures	6	1						9	15
6/30/73 Unliquidated	53	35	-					-	53
FY 1974 Obligations	66	36	-		-		-	-	66
FY 1974 Expenditures	66	36						-	66
6/30/74 Unliquidated	53	35	-		-		-	-	53
FY 1975 Obligations	72	36	-		-		-	6	78
FY 1975 Expenditures	72	36	-		-		-	6	78

*Represents costs other than Personnel Compensation and Benefit.

PROJECT PARTICIPANT TABLE
($thousands)

Dev. of Rural Economy
Project Number 439-11-810-062
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)	-	-	-			
L-T (cont'g)						
Short-term				2	12	2

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	2	14	-	1	1	2	6	2	-	-	2	12	-	-	2
I. U.S. Training															
A. Long-term															
New															
Continuing															
B. Short-term															
New															
Continuing															
II. 3rd Country Trng.	2	14	-	1	1	2	6	2	-	-	2	12			2
A. Long-term															
New															
Continuing															
B. Short-term															
New	2	14	-	1	1	2	6	2	-	-	2	12			2
Continuing															

Project Number 439-11-810-062

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	2	24	253	-	-	-
PASA:short-term						
Contract:long-term	3	36	66	3	36	78
Contract:short-term						

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976 (for contract personnel only)		
	On-board 6/30 73	MMs	Expenditures ($000)	On-board 6/30 74	MMs	Expenditures ($000)	On-board 6/30 75	MMs	Expenditures ($000)	On-board 6/30 76	MMs	Expenditures ($000)
OICC PASA			46			70						
Director	1	12	-	1	12	-	-					
Engineer - Construction	1	12	24	1	12	35	-					
Engineer - Design	1	12	22	1	12	35	-					
Contract - PSCs			54			66			72			
CD Adv - Area	1	12	19	1	12	23	1	12	25			
Engineer Aid	1	12	17	1	12	21	1	12	23			
Construction Supervisor	1	12	18	1	12	22	1	12	24			

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Development of Rural Economy Project Number 439-11-810-062

Commodity Budget (Type and amount)
FY 1973 Obligations

I.	Common-Use	1,377.8	II.	Other	644.2
	General Supplies	238.2		Vehicles (18 scouts)	88.0
	Cement	42.7		Motorcycles (10)	3.5
	POL	156.7		* Construction Equip. & Parts	415.6
	Vehicle and Equip. Supplies and Repair Parts	940.2		Drafting Equip. and Office Machine	6.8
	[illegible]			Well Drilling Equip. and Parts	130.3

Other Cost Budget (Type and amount)
FY 1973 Obligations 80.0

Transportation of Commodities	40.0
MRO & Miscellaneous Small Purchases	21.5
Operational Travel	18.5

[illegible]

* 1 HD-16 Crawler Tractor, 5 Farm Tractors
  2 Water Trucks, 4 Dump Trucks, 3 Rollers
  2 Motor Graders, 4 Roller Vibrators and 2 Concrete Mixers

Project No. 439-11-810-062 ANNEX C

Project Title: Dev. of Rural Economy PROJECT DIRECT/ PERSONNEL

(thousands U.S. dollars) Country: LAOS

		Actual 1973			Estimated			Projected		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		45	540	1,515	41	515	1,595	39	459	1,589
FLD COORDR OFF	SA	X	12		X	12	50	X	12	63
ASST FLD COORDR OFF	SA	X	12		X	12	46	X	12	49
ASST FLD COORDR OFF	SA	X	12		X	12	40	X	12	36
CD ADV	SA	X	12		-	3	10	-	-	-
CD ADV AREA	SA	X	12		X	8	35	X	12	41
*AREA COORDR Jensen	SA	X	12		X	12	36	X	12	36
AREA COORDR Budlen	SA	X	12		X	12	28	X	12	40
ASST AREA COORDR	SA	X	12		X	12	39	X	12	34
CD ADV AREA	SA	-	-		X	6	15	X	12	32
AREA COORDR	SA	X	12		X	12	38	X	12	57
CD ADV AREA	SA	-	-		-	6	20	-	-	-
CD ADV AREA	SA	X	12		X	12	24	X	12	35
AREA COORDR	SA	X	12		X	12	46	X	12	45
CD ADV AREA	SA	X	12		X	12	32	X	12	40
CD ADV AREA	SA	X	12		X	12	30	-	-	33
AREA COORDR	SA	X	12		X	12	57	X	12	59
CD ADV AREA	SA	X	12		X	12	27	X	12	40
CD ADV AREA	SA	X	12		X	12	21	X	12	32
AREA COORDR	SA	X	12		X	12	54	X	12	55
CD ADV AREA	SA	X	12		X	12	35	-	2	14
CD ADV AREA	SA	X	12		X	12	31	X	12	31
AREA COORDR	SA	X	12		X	12	40	X	12	34
*Dual Incumbency		(20)	(240)		(20)	(23)	(754)	(18)	(218)	(806)
GEN ENG OFF	SA	X	12		X	12	52	X	12	47
DEP GEN ENG OFF	SA	X	12		X	12	41	X	12	46
ADM OFF	SA	X	12		X	12	30	X	12	34
CIV ENG ADV	SA	X	12		X	12	33	X	12	37
ENG TECH	SA	X	12		X	12	26	X	12	31
ENG TECH	SA	X	12		X	12	19	-	1	5

Project No. 439-11-810-062
Project Title: Dev. of Rural Economy

ANNEX C
PROJECT DIREC PERSONNEL
(thousands U.S. dollars)

Country: LAOS

	Actual 1973				Estimated			Projected		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total										
STRC ENG ADV	SA	X	12		X	12	41	X	12	47
CIV ENG ADV	SA	X	12		X	12	36	X	12	38
CONSTR ADV	SA	X	12		X	12	40	X	12	37
LOC MGT OFF	SA	X	12		X	12	38	X	12	36
EQP ADV	SA	X	12		X	12	37	X	12	35
EQP ADV	SA	X	12		X	12	39	X	12	35
EQP ADV	SA	X	12		X	12	39	X	12	35
EQP ADV	SA	X	12		X	12	33	X	12	37
GEN ENG ADV	SA	X	12		X	12	41	X	12	45
CONSTR ADV	SA	X	12		X	12	33	X	12	39
HYD ENG ADV W. RS	SA	X	12		X	12	45	X	12	43
CIV ENG ADV	SA	X	12		X	12	41	X	12	43
WL ORLG ADV	SA	X	12		X	12	45	X	12	47
CIV ENG ADV	SA	X	12		-	6	20	-	-	-
ENG TECH	SA	X	12		X	12	27	X	12	31
CIV ENG ADV	SA	X	12		-	6	20	-	-	-
STRC ENG ADV	SA	X	12		X	6	20	-	-	-
ENG TECH	SA	X	12		X	12	25	X	12	35
CIV ENG ADV	SA	X	12		X	6	20	-	-	-
		(25)	(300)		(23)	(276)	(811)	(21)	(241)	(783)

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Development of Rural Economy Project Number 439-11-810-062

Commodity Budget (Type and amount)
FY-1974 Obligations

I.	Common-Use	1,265	II.	Others	116
	General Supplies	161		Equipment*	90
	POL	248		Emergency Procurement	26
	Cement	36			
	Vehicle & Equip. Sup.	820			

FY-1975 Obligations

I.	Common-Use	1,641	II.	Others	411
	General Supplies	226		Equipment & Vehicles**	385
	POL	284		HD Repair Parts	26
	Cement	36			
	Vehicles & Equip. Sup.	1,095			

Other Cost Budget (Type and amount)

FY-1974 Obligations	162
Operational Travel	25
Local Currency Costs	137
FY-1975 Obligations	971
Operational Travel	25
Local Currency Costs	945
Other	1

*FY-1974
1 Earth Mover
2 Backhoes

**FY-1975
6 Stake Trucks X 14
6 Self Propelled Rollers
4 Tractor Crawlers
4 Road Graders

REFUGEE RELIEF AND REHABILITATION Project 439-11-8201063

Project Target Course of Action

On the assumption that the ceasefire in Laos will hold and few if any new refugees will be generated, the primary emphasis of this project is now on assisting the present refugee population to reestablish themselves as productive and self-supporting members of Lao society.

This program is a comprehensive effort to provide basic food and clothing support and other assistance including land for cultivation and basic public facilities such as dispensaries, schools, roads, potable water, and essential seeds and farm implements to encourage agricultural production or other means of self-support in refugee communities. The refugee resettlement effort is a joint program under the administrative control of the Lao Government with advice and commodity assistance provided by USAID, specific resettlement projects supported by the Japanese Government, and humanitarian contributions in varying degrees from the Australian Government, several Voluntary Agencies and the International Red Cross.

Background and Progress to Date

During FY 73, food support was given to an average of 290,395 refugees per month. This refugee feeding level was higher than the average level of 245,814 per month recorded during FY 72 because of an increase of hostilities just prior to the ceasefire in February 1973 and several refugee moves just following the February ceasefire agreement among the Lao parties. An additional 118,000 new refugees were added to the rolls between December 1972 and June 1973. On 31 October 1973, a total of 378,801 refugees throughout all of Laos were receiving food support. Due to a good harvest, this number as of December 7, 1973 reduced itself to 161,800.

Resettlement projects to date include 145 permanent village sites with a total of 10,874 homes. Approximately 87,000 people have received assistance under this program. At the resettlement sites approximately 2,000 hectares of farmland have been cleared and are in various stages of preparation for agricultural production.

Service facilities constructed at the resettlement sites include 25 dispensaries, 96 wells providing potable water and 271 classrooms. A total of 263 kilometers

of roads have been completed to connect relocation areas with existing roads have been completed to connect relocation areas with existing roads and to facilitate farm to market communications.

In order to maximize the use of available farmland in refugee areas and to help promote diversification of agriculture with these areas, projects in silk production, mushroom culture, cassava and corn production have been started. During the past fiscal year 6,550 hectares of farmland for refugees have been surveyed. To facilitate distribution of this land, the Lao Government has formed district and provincial land committees to analyze cadastral survey results, resolve land disputes and approve the issuance of cultivation permits to individual refugee families.

Beginning in FY 1974, assistance is being given to several thousand refugees who now are able to return to their former villages and reestablish themselves. This program provides refugees returning to their home areas with basic assistance until they become self-supporting and with the means to reconstruct their homes and basic service facilities such as schools, dispensaries, etc. At the present time approximately 15,000 refugees are being helped in this way to return to their homes in areas of Wapikhamthong in southern Laos. These areas are now secure but badly damaged as a result of hostilities in the late 1972-early 1973.

FY 1975 Program

During FY 75 U.S. Agency cost sharing of assistance for the military dependent refugees will be phased out. Therefore, USAID will assume responsibility for feeding all refugees. During FY 1975 it is estimated there will be an average of 163,000 refugees requiring feeding assistance. The reduced feeding support projected for FY 1975 is based on the assumption that approximately 50,000 refugees previously on the feeding rolls will have achieved self supporting status and will no longer require food support.

In FY 75, highest priority will be given to a special program for improving economic possibilities within the largest area of refugee population concentration, Military Region II, in which 150,000 refugees are currently located.

This special effort will consist of agricultural development activities including projects in swine, poultry and fish production, and agricultural marketing

consultation and services provided by the Agricultural Development Organization. Extensive efforts to construct roads throughout the area to provide ready accessibility of as many villages as possible to the Vientiane Plain marketing area, and to enhance internal communications within the region will continue.

Major emphasis will be placed throughout Laos on the resettlement of refugees.

PROJECT BUDGET TABLE
($ thousands)

Project Title Refugee Relief and Resettlement
Project Number 439-11-820-063
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)

	Begin	End
Obligations	FY 64	
Expenditures	FY 64	

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	645	312	23	60	-		4,274	310	5,252
Direct	447	204	6	12			4,274	13	4,740
PASA									
Contract	198	108	17	48	-		-	297	512
FY 1973 Expend-Total	482	241	25	60	1	2	4,257	480	5,245
Direct	439	204	7	12	1	2	4,257	18	4,722
PASA									
Contract	43	37	18	48	-		-	462	523
6/30/73 Unlig.-Total	157	71	-	-	-		1,332	28	1,517
Direct	-		-		-		1,332	2	1,334
PASA									
Contract	157	71	-		-		-	26	183
FY 1974 Oblig- Total	607	189	21	60	10	21	4,359	296	5,293
Direct	512	180	5	12	10	21	4,359	144	5,030
PASA									
Contract	95	9	16	48				152	263
FY 1974 Expend-Total	692	234	21	60	10	21	4,557	324	5,604
Direct	512	180	5	12	10	21	4,557	146	5,230
PASA									
Contract	180	54	16	48				178	374
6/30/74 Unlig.-Total	72	26	-	-	-	-	1,134	-	1,206
Direct	-		-	-	-	-	1,134	-	1,134
PASA	-		-	-	-	-			
Contract	72	26	-	-	-	-		-	72
FY 1975 Oblig.-Total	432	156	16	48	10	21	4,660	860	5,978
Direct	410	144	3	6	10	21	4,660	620	5,703
PASA									
Contract	22	12	13	42				240	275
FY 1975 Expend-Total	432	456	16	48	10	21	4,661	860	5,979
Direct	410	444	3	6	10	21	4,661	620	5,704
PASA									
Contract	22	12	13	42				240	275

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-820-063

PASA/Contract Name PSCs

Contract No. From(mo/yr) To(mo/yr)	FY 1972	FY 1973	FY 1974	FY 1975

Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	115	48							115
FY 1973 Expenditures	5	3							5
6/30/73 Unliquidated	110	45							110
FY 1974 Obligations	*70	9						* 25	95
FY 1974 Expenditures	*180	54						* 25	205
6/30/74 Unliquidated	-	-						-	-
FY 1975 Obligations	22	12						-	22
FY 1975 Expenditures	22	12						-	22

* Lump Sum Payment, Severance Pay and Travel.

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-820-063

PASA/Contract Name Borrower/Grantee Messrs. Hearn, Johnson, Grabow, Wille & Hunt

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)				
To(mo/yr)				

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	83	60	-		-		-	-	83
FY 1973 Expenditures	40	34	-		-		-	-	40
6/30/73 Unliquidated	43	26	-		-		-	-	43
FY 1974 Obligations	-	-							-
FY 1974 Expenditures	43	26							43
6/30/74 Unliquidated	-	-							-
FY 1975 Obligations	-	-							-
FY 1975 Expenditures									

TABLE VI

Project Number 439-11-820-063

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term						
PASA:short-term						
Contract:long-term	7	9	95	1	12	22
Contract:short-term						

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
	7	37	43	2	54	180	1	12	22	(for contract personnel only)		
ASST RELOCATION OFF	1	1	1	-	6	46						
RE/OPNS OFF	-	-	-	-	6	37						
AERIAL SURVEY	1	2	3	1	12	22						
RE/OPNS OFF	1	10	15	1	12	20	1	12	22			
MTN SUPV	1	4	1	-	6	14						
RE/OPNS OFF	1	6	6	-	6	15						
"	1	4	1	-	3	12						
"	1	10	16	-	3	14						

TABLE VII

PROJECT PARTICIPANT TABLE
($thousands)

Project Number Refugee Relief & Resettlement 439-11-820-063
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)						
L-T (cont'g)						
Short-term	15	21	10	15	21	10

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total															
I. U.S. Training															
A. Long-term															
New															
Continuing															
B. Short-term															
New															
Continuing															
II. 3rd Country Trng.															
A. Long-term															
New															
Continuing															
B. Short-term															
New						15	21	-	-	10	15	21	-	-	10
Continuing															

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Refugee Relief and Resettlement Project Number 439-11-820-063

Commodity Budget (Type and amount)
FY 1973 Obligations

I.	Common Use	351.5
	General Supplies	199.1
	Cement	49.0
	POL	35.2
	Vehicle and Equipment Repair Parts	68.2
II.	Other	3,922.5
	Household Supplies	212.5
	Rice Bags	71.0
	*Vehicles	77.7
	Vegetable Seeds	44.9
	Tools	3.6
	Rice	2,476.2
	Protein Supplement	950.7
	Salt	38.6
	Pascoe Steel Building	40.4
	Fire Extinguisher	1.9
	Air Compressor	5.0

Other Cost Budget (Type and amount) 310.0
FY 1974 Obligation

Transportation of Commodities	59.0
MRO and Misc. Small Purchases	8.5
Operational Travel	4.7
Bagging Services	226.0
Inspection Services	6.5
Guard Services	5.3

* 1 Fire Truck, 1 Water Truck, 3 Focklifts and 5 Scouts.

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Refugee Relief & Resettlement Project Number 439-11-820-063

Commodity Budget (Type and amount)

FY 1974 Obligations

I.			II.		
	Common-Use	578		Others	3,781
	Gen. Supplies	403		Seeds & Seedlings	22
	POL	63		Education Supplies	48
	Cement	51		Livestock	47
	Vehicle & Equip. Sup.	61		Tools & Equipment	10
				Household & Clothing	100
	FY 1975 Obligations			Seed Rice	100
				Pallets & Hardware	3
				Poly Bags	90
I.	Common-Use	684		Rice	2,823
	Gen. Supplies	435		Protein Supplement	450
	POL	84		Salt	47
	Cement	75		Seeds	41
	Vehicle & Equip. Sup.	90			

Other Cost Budget (Type and amount)

	FY 1974 Obligations	296	II.	Others	3,976
				Seeds & Seedlings	50
	Operational Travel	10		Education Supplies	50
	Bagging Contract	140		Livestock	50
	Inspection	12		Tools & Equipment	10
	Local Currency Costs	134		Household & Clothing	75
				Seed Rice	100
				Pallets & Hardware	3
	FY 1975 Obligations	860		Poly Bags	100
				Rice	2,845
	Misc. Small Purchases	5		Protein Supplement	650
	Operational Travel	7		Salt	43
	Bagging Contract	225			
	Inspection	15			
	Local Currency Costs	608			

Project No. 439-11-820-063
Project Title: Refugee Relief Rest.

Country: LAOS

ANNEX C
PROJECT DIRECT/PERSONNEL
(thousands of U.S. Dollars)

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		17	204	447	13	180	512	12	144	410
RE RHB ADV	SA	X	12		X	12	52	X	12	47
RE RHB ADV	SA	X	12		-	6	22	-	-	-
PRO ASST	SA	X	12		X	12	40	X	12	39
ASST RE RHB ADV	SA	X	12		X	12	37	X	12	28
SPL MGT OFF	SA	X	12		X	12	22	X	12	26
ASST SPL MGT OFF	SA	X	12		-	6	22	-	-	-
RE RHB ADV AREA	SA	X	12		X	12	26	X	12	32
ASST RE RHB ADV AREA	SA	X	12		X	12	24	X	12	28
ASST RE RHB ADV AREA	SA	X	12		-	6	22	-	-	-
RE RHB ADV AREA	SA	X	12		X	12	22	X	12	31
RE RHB ADV AREA	SA	X	12		-	6	22	-	-	-
RE RHB ADV AREA	SA	X	12		X	12	25	X	12	30
RE RHB ADV AREA	SA	X	12		X	12	25	X	12	20
RE RHB ADV AREA	SA	X	12		X	12	24	-	-	-
FFP OFF	SA	X	12		X	12	46	X	12	47
ASST RE RHB ADV	SA	X	12		X	12	35	X	12	45
ASST RE RHB ADV	SA	X	12		X	12	46	X	12	37

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

AIR TECHNICAL SUPPORT Project No. 439-11-995-069

Project Target and Course of Action

This project provides for the air transportation of personnel and commodities in rural locations where surface transportation is not possible due to inadequate roadways, difficult terrain and other reasons.

In addition, air transportation is required in the support of isolated communities which need nutritional and public health assistance. Air transportation will also be required to provide responsible administrative and technical surveillance of the post hostilities programs and rehabilitation projects.

This project also provides for the supervision and control of related ground support services.

Background and Progress to Date

The movement and location of refugees within Laos has in the past been directly related to the frequency and intensity of military activities. With the development of a relatively stable political environment, it is anticipated that the refugee population will remain stabilized geographically and that the total number of refugees will gradually decrease. In 1971, 34,033 metric tons of food and other commodities were air delivered to refugee locations. In 1972, the total was 32,260 metric tons and in 1973, the total was 29,425 metric tons. Over the past three years, costs have been held down by the imposition of strict cost control measures and by restricting aircraft usage to only the most essential activities.

FY 1975 Program

The cessation of hostilities and improvement of security conditions will result in a significant cutback in air contract requirements if these conditions prevail. The rice drop program will be greatly curtailed and greater use of surface transportation will be made as major road construction projects in MR II are completed.

The primary mission of this project will be concerned with the timely movement of mission personnel engaged in the developing of and monitoring of the various projects in the remote areas of Laos.

The air fleet composition will be developed around the small helicopter and administrative fixed wing aircraft. It is anticipated that no more than 12 to 14 aircraft will be required for the mission's needs in FY 1975, as compared with the FY 1968 peak of USAID's air operations in Laos when there were as many as 36 contract aircraft utilized in support of USAID activities.

TABLE V

- 93 -

PROJECT BUDGET TABLE
($ thousands)

Project Title Air Techn. Support

Project Number 439-11-995-069

Appropriation SA

Area of Concentration (if appropriate)

Financing Dates (FY)

Begin	End

Obligations

Expenditures

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	175	60	25	60	-	-	-	3,301	3,501
Direct	175	60	-		-	-	-	5	180
PASA	-		-		-	-	-	-	-
Contract	-		25	60	-	-	-	3,296	3,321
FY 1973 Expend-Total	1		-		-	-	-	2,443	2,444
Direct	1		-		-		-	-	1
PASA	-		-		-		-	-	-
Contract	-		-		-		-	2,443	2,443
6/30/73 Unlig.-Total	1		-		-		-	1,137	1,138
Direct	1		-		-		-	-	1
PASA	-		-		-		-	-	-
Contract	-		-		-		-	1,137	1,137
FY 1974 Oblig- Total	130	48	21	48				2,988	3,139
Direct	130	48						5	135
PASA									
Contract	-		21	48				2,983	3,004
FY 1974 Expend-Total	130	48	21	48				4,125	4,276
Direct	130	48						5	135
PASA									
Contract			21	48				4,120	4,141
6/30/74 Unlig.-Total	-		-		-		-	-	-
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total	55	15	10	24				2,873	2,938
Direct	55	15						5	60
PASA									
Contract	-		10	24				2,868	2,878
FY 1975 Expend-Total	55	15	10	24				2,873	2,938
Direct	55	15						5	60
PASA									
Contract			10	24				2,868	2,878

*Multifunded.

Project No. 439-11-995-069
Project Title: Air Tech. Support

Country: LAOS

ANNEX C
PROJECT DIRECT/PERSONNEL
(thousands U.S. Dollars)

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		5	60	175	4	48	130	1	15	55
TRAN OPNS ADV CIV AV	SA	X	12		X	12	40	X	12	42
TRAN OPNS ADV CIV AV	SA	X	12		X	12	40	-	-	-
TRAN SPL CIV AV	SA	X	12		X	12	30	-	3	13
TRAN SPL CIV AV	SA	X	12		-	-	-	-	-	-
SECRETARY	SA	X	12		X	12	20	-	-	-

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

FY Project Budget Submission - Laos

GENERAL TECHNICAL SUPPORT Project 439-11-999-000

Target and Course of Action

The purpose of this project is to provide logistical and administrative support to those mission activities which cannot be attributed to individual projects. The range of activities which are provided include:

1. Supply management, involving centralized commodity procurement, contracting services, warehousing, and commodity distribution, plus the storage, inventory control, issuance and accounting of common use commodities (general supplies, construction materials, POL, equipment and vehicle repair parts, and cement);

2. Real property management, including leasing and maintenance of all residential housing and other USAID facilities, and operation of utilities for some but not all U.S. personnel;

3. Arrangements for the movement of all Mission commodity imports from ports of entry and across Thailand and inland transportation between points in Laos;

4. Operation of a motor pool and vehicle repair shop servicing the field and headquarters, and providing repairs and maintenance for project vehicles and equipment;

5. Operation of a telecommunications network linking all work locations for administrative and security purposes including telephone, teletype and radio facilities.

6. Administrative support, including personnel administration, secretarial and translation services, property accounting, security of Mission facilities, supplies and equipment, communications media, records management, financial management, cashier service, automated data processing, research management staff, administration analysis staff, program operations and documentation, program evaluation and management, plus general maintenance and housekeeping services.

FY 1975 Program

In FY 1975, Technical Support functions will continue, but at a reduced level as a result of reductions in Mission staff. It should be noted, however, that

the actual dollar budget for FY 1975 is slightly higher than the FY 1974 level because of the requirement to purchase $2.3 million in local currency to meet local operating costs.

TABLE V

PROJECT BUDGET TABLE
($ thousands)

Project Title General Technical Support
Project Number 439-11-999-000
Appropriation SA
Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY 55	
Expenditures	FY 55	

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	2,479	1377	715	1992	-	-	1,443	1,044	5,681
Direct	2,422	1356	452	1320	-	-	1,443	493	4,810
PASA	21	9	-		-	-	-	-	21
Contract	36	12	263	672	-	-	-	551	850
FY 1973 Expend-Total	2,480	1377	723	1992	-		1,248	1,016	5,467
Direct	2,424	1356	459	1320	-		1,248	491	4,622
PASA	29	9	-		-		-	-	29
Contract	27	12	264	672	-		-	525	816
6/30/73 Unlig.-Total	25	-	11	-	-		337	114	487
Direct	16	-	1	-	-		337	15	369
PASA	-		-		-		-	-	-
Contract	9	-	10	-	-		-	99	118
FY 1974 Oblig- Total	2,771	1254	712	1884			1,456	2,022	6,961
Direct	2,738	1242	456	1236			1,456	832	5,482
PASA									
Contract	33	12	256	648				1,190	1,479
FY 1974 Expend-Total	2,796	1254	712	1884			1,580	2,120	7,208
Direct	2,754	1242	456	1236			1,580	847	5,637
PASA									
Contract	42	12	256	648				1,273	1,571
6/30/74 Unlig.-Total	-	-	-	-			213	16	229
Direct	-	-	-	-			213	-	213
PASA									
Contract	-	-	-	-				16	16
FY 1975 Oblig.-Total	1,732	756	454	1248			1,415	3,731	7,332
Direct	1,696	744	303	876			1,415	2,884	6,298
PASA									
Contract	36	12	151	372				847	1,034
FY 1975 Expend-Total	1,732	756	454	1248			1,483	3,687	7,356
Direct	1,696	744	303	876			1,483	2,884	6,366
PASA									
Contract	36	12	151	372				803	990

Table Vb

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-999-000

PASA/Contract Name PCS - Computer Programmer

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)		8/72	8/73	8/74
To(mo/yr)		8/73	8/74	8/75

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs *	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	26	12						10	36
FY 1973 Expenditures	23	12						3	26
6/30/73 Unliquidated	3	-						7	10
FY 1974 Obligations	30	12						3	33
FY 1974 Expenditures	33	12						10	43
6/30/74 Unliquidated	-	-						-	-
FY 1975 Obligations	35	12						1	36
FY 1975 Expenditures	35	12						1	36

*Other Costs	FY-73	FY-74	FY-75
Travel and Transportation	5	3	1
Housing Allowance	5	-	-

COMMODITY AND OTHER COSTS BUDGET
($ thousands)

Project Title General Technical Support Project Number 439-11-999-000

Commodity Budget (Type and amount)
FY 1973 Obligations

I. Common-Use	978
General Supplies	469
Cement	17
POL	398
Vehicle and Equipment Repair Parts	94
II. Other	465
Generator Telecom, Radio Spares & Miscellaneous Supplies	165
Office Furnishings & Equpment	29
Residential Furnishing and Equipment	3
Automobiles	3
Generators Telecom Radio, Air Conditioners & Other Equipment	265
Other Cost Budget (Type and Amount) FY 1973 Obligations	1,044
Transportation of Commodities	236
Operational Travel	39
Rents and Utilities	142
Shared Administrative Support	355
Minor Construction	3
Computer Services	102
Mission Guard Services	101
Power Operation	46
Office Machine Maintenance	20

TABLE VIII
Page 1 of 2 Pages

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title General Technical Support Project Number 439-11-999-000

Commodity Budget (Type and amount) FY-1974 Obligations	
Common-Use	$747
General Supplies	279
Cement	16
POL	386
Repair Parts	66
Non-Common-Use	709
Generator Spares	139
Telecom/Radio and Other Spares	27
Miscellaneous	19
Supplies, Office, Safety, Janitorial, Plumbing, Electrical, Carpentry and Other	179
Office Furniture and Equipment	17
Residential Furnishings and Equipment	17
* Automobiles	22
Other Equipment	289
Total	$1,456

Other Cost Budget (Type and amount) FY-1974 Obligations	
Transportation of Commodities	$420
Operational Travel	93
Rents and Utilities	200
Shared Admin. Support (SAS)	339
Minor Constr./Renovation	16
Automated Data Processing (ADP)	215
Power Oper./Maintenance	93
Office Machine Maintenance	89
Guard Services	99
Other Services	58
Local Currency Costs	400
Total	2,022

* 5 Sedans

TABLE VIII
Page 2 of 2 Pages

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title General Technical Support Project Number 439-11-999-000

Commodity Budget (Type and amount)
FY-1975 Obligations

Common-Use	$932
General Supplies	368
Cement	15
POL	360
Repair Parts	189
Non-Common-Use	483
Generator Spares	83
Telecom/Radio and Other Spares	38
Miscellaneous	11
Supplies, Office, Safety, Janitorial, Plumbing, Electrical, Carpentry and Other	119
Office Furniture and Equipment	24
Residential Furnishings and Equipment	10
*Automobiles	13
Other Equipment	185
Total	$1,415

Other Cost Budget (Type and amount)
FY-1975 Obligations

Transportation of Commodities	$513
Operational Travel	68
Rents and Utilities	264
Shared Admin. Support (SAS)	259
Misc. Contractual Services	243
Local Currency Costs	2,314
Sewer Construction	70
Total	3,731

* 3 Sedans

Project No. 439-11-999-000 ANNEX C

Project Title: General Tech. Support PROJECT DIRECT/ PERSONNEL

(thousands U.S. dollars) Country: LAOS

		Actual 1973			Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		113	1,356	2,422	106	1,242	2,738	62	744	1,696
Office of Management										
MGT ANLST	SA	X	12		X	12	23	X	12	21
CON SRVS OFF	SA	X	12		X	12	43	X	12	35
INV MGT OFF	SA	X	12		X	12	40	X	12	34
Personnel Branch										
ASST PER OFF	SA	X	12		X	12	30	X	12	32
ASST PER OFF	SA	X	12		X	12	30	X	12	28
ASST PER OFF	SA	X	12		X	12	17	X	12	20
Research Management Branch										
MGT ANLST	SA	X	12		X	12	40	-	-	-
MGT ANLST	SA	X	12		X	12	31	-	-	-
ADM AIDE	SA	X	12		X	12	19	-	-	-
MGT ANLST	SA	X	12		X	6	15	-	-	-
PERS ASST	SA	X	12		-	-	-	-	-	-
ASST BUD/ACTG OFF	SA	X	12		-	-	-	-	-	-
ASST SPL MGT OFF	SA	X	12		-	-	-	-	-	-
ADM AIDE	SA	X	12		X	12	18	-	-	-
RUR DVL ASST	SA	X	12		-	-	-	-	-	-
RUR DVL ASST	SA	X	12		X	12	27	-	-	-
RUR DVL ASST	SA	-	-		-	-	-	-	-	-
RUR DVL ASST	SA	X	12		X	12	38	-	-	-
RUR DVL ASST	SA	X	12		X	12	37	-	-	-
AD/M AIDE	SA	X	12		X	12	13	-	-	-
MGT ANLST	SA	X	12		X	12	40	-	-	-
MGT ANLST	SA	X	12		X	12	18	-	-	-
ASST GSO FLD SPRT	SA	X	12		X	12	17	-	-	-

Project No. 439-11-999-000 ANNEX C

Project Title: General Tech. Support PROJECT DIRECT/[illegible] PERSONNEL

(thousands U.S. dollars) Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
Research Management Branch										
AD/M AIDE	SA	X	12		X	12	19	-	-	-
AD/M AIDE	SA	X	12		X	12	17	-	-	-
PROG DOC CLK	SA	X	12		X	12	17	-	-	-
AD/M AIDE	SA	X	12		X	12	28	-	-	-
Administrative Analysis Staff										
PA ADV	SA	X	12		X	12	37	-	-	-
PA ADV	-	-	-		X	6	20	-	-	-
PA ADV	SA	X	12		X	12	22	-	-	-
PA ADV	SA	X	12		X	12	23	-	-	-
PA ADV	SA	X	12		X	12	30	-	-	-
PA ADV	SA	X	12		X	12	28	-	-	-
MGT ANLST	SA	X	12		X	12	24	-	-	-
PA ADV	SA	X	12		X	12	20	-	-	-
AD/M	SA	X	12		-	1	5	-	-	-
MGT ANLST	SA	X	12		X	12	21	-	-	-
AD/M	SA	X	12		X	12	11	-	-	-
PROG DOC CLK	SA	X	12		X	12	15	-	-	-
PA ADV	SA	X	12		X	12	40	-	-	-
MGT ANLST	SA	X	12		X	12	26	-	-	-
PA ADV	SA	X	12		X	12	26	-	-	-
PA ADV	SA	X	12		X	12	25	-	-	-
PA ADV	SA	X	12		X	12	29	-	-	-
MGT ANLST	SA	X	12		X	12	26	-	-	-
Data Processing Branch										
SPL MGT ADV PROG ASST	SA	X	12		X	12	41	X	12	46
CMPTR SYS ANLST	SA	-	-		X	7	20	X	12	38
MGT ANLST	SA	X	12		X	12	22	-	-	-

Project No. 439-[illegible]-999-000 ANNEX C

Project Title: General Tech. Support PROJECT DIRECT/CONTRACT PERSONNEL

(thousands U.S. dollars) Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
Telecommunications Branch										
ELTR ENG ADV	SA	X	12		X	12	46	X	12	40
COM SPCL	SA	X	12		X	12	23	X	12	28
Transportation Branch										
ASST GSO LOG	SA	X	12		X	12	40	X	12	43
ASST GSO LOG	SA	X	12		X	12	34	-	-	-
Bangkok Operations Office										
ASST SPL MGT OFFICE	SA	X	12		X	12	35	X	12	38
General Services Division										
GSO	SA	X	12		X	12	38	X	12	34
ASST GSO FLD SPRT	SA	X	12		X	12	26	X	12	28
AD/M AIDE	SA	X	12		X	12	15	-	-	-
ASST GSO FLD SPRT	SA	X	12		X	12	33	X	12	38
ASST GSO FLD SPRT	SA	X	12		X	12	15	X	12	20
ASST GSO FLD SPRT	SA	X	12		X	12	34	X	12	34
AD/M ASST	SA	X	12		X	12	15	-	-	-
Property Management Branch										
GSO (Pearcy)	SA	X	12		-	6	20	-	-	-
ASST GSO HSNG	SA	X	12		X	12	24	X	12	28
ASST GSO BLDG/EQP	SA	X	12		X	12	23	X	12	27
ASST GSO (Power)	SA	X	12		X	12	26	X	12	29
Property Accounting Section										
ASST GSO PROP/SPL	SA	X	12		X	12	26	X	12	25

Project No. 439-11-999-000 ANNEX C
Project Title: General Tech. Support PROJECT DIRECT/[illegible] PERSONNEL
(thousands U.S. dollars) Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
Maintenance										
ASST GSO BLDG/EQP	SA	X	12		X	12	39	X	12	39
ASST GSO BLDG/EQP	SA	X	12		X	12	28	X	12	33
Motor Transport Branch										
*ASST GSO AUTO MTN	*SA	X	12		X	12	29	X	12	27
ASST GSO AUTO MTN	SA	X	12		X	12	21	X	12	24
*Dual Incumbency										
Communications Media Branch										
COM RSRS ADV	SA	X	12		X	12	40	-	-	-
Translation Branch										
TRANSLATOR	SA	X	12		X	12	19	X	12	20
Supply Management Division										
SPL MGT OFF	SA	X	12		X	12	50	X	12	40
DEP SPL MGT OFF	SA	X	12		X	7	27	-	-	-
ASST PROP UTLZ OFF	SA	X	12		X	12	23	X	12	28
DEP SPL MGT OFF	SA	X	12		X	12	34	X	12	36
ASST SPL MGT OFF	SA	X	12		X	12	34	X	12	38
ASST SPL MGT OFF	SA	X	12		X	12	28	X	12	31
ASST SPL MGT OFF (PROC)	SA	-	-	-	X	7	20	X	12	21
ASST SPL MGT OFF	SA	X	12	-	X	12	32	X	12	33
ASST SPL MGT OFF	SA	-	-	-	X	9	30	X	12	31
ASST SPL MGT OFF	SA	X	12	-	X	12	28	X	12	29
Office of Finance Ceiling										
DEP CTLR (FIN ANLST)	SA	X	12	-	X	12	36	X	12	38

Project No. 439-11-999-006

ANNEX C

Project Title: General Tech. Support PROJECT DIRECT/( ) PERSONNEL

(thousands U.S. dollars) Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
Financial Management Branch										
ACCNT (FIN ANLST)	SA	X	12	-	X	12	35	X	12	38
ACCNT (FIN ANLST)	SA	X	12	-	X	12	29	-	-	-
ACCNT (FIN ANLST)	SA	X	12	-	X	12	26	X	12	28
ACCNT (FIN ANLST)	SA	X	12	-	X	12	37	-	-	-
ACCNT (FIN ANLST)	SA	X	12	-	X	12	30	X	12	34
Program Division										
PROG PL OFF	SA	X	12	-	X	12	36	X	12	35
ASST PROG OFF	SA	X	12	-	X	12	30	X	12	30
ASST PROG OFF	SA	X	12	-	X	12	22	X	12	23
ASST PROG OFF	SA	X	12	-	X	12	23	X	12	28
ASST PROG OFF	SA	X	12	-	X	12	22	X	12	30
EPM										
PROG EVAL OFF	SA	X	6	-	X	6	24	-	-	-
PROG EVAL OFF	SA	X	12	-	X	12	21	X	12	21
PROG EVAL OFF	SA	X	12	-	-	6	17	-	-	-
Secretarial Support Staff										
EXEC ASST	SA	X	12	-	X	12	24	X	12	20
SECY	SA	X	12	-	X	12	19	X	12	20
SECY	SA	X	12	-	X	12	19	X	12	19
SECY	SA	-	-	-	X	10	19	X	12	19
SECY	SA	X	12	-	-	6	14	-	-	-
SECY	SA	X	12	-	X	12	15	X	12	16
SECY	SA	X	12	-	X	12	13	X	12	14
SECY	SA	X	12	-	X	12	16	X	12	17
SECY	SA	X	12	-	X	12	15	X	12	16

Project No. 439-11-999-000 **ANNEX C**

Project Title: General Tech. Support PROJECT DIRECT/(PERSONNEL

(thousands U.S. dollars) Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
Secretarial support staff										
[illegible] CY	[illegible]A	X	12	-	X	6	7	-	-	-
CY	[illegible]A	X	12	-	-	1	2	-	-	-
CY	A	X	12	-	X	12	15	X	12	16
ECY	[illegible]A	X	12	-	X	12	12	X	12	1
ECY	SA	-	-	-	X	6	10	X	12	13
[illegible] CY	[illegible]A	X	12	-	X	12	14	X	12	15
SECY	SA	X	12	-	X	12	14	X	12	17
EXEC ASST	SA	X	12	-	X	12	17	X	12	16
SECY	SA	X	12	-	X	12	13	X	12	14
SECY	SA	X	12	-	X	12	17	X	12	16
SECY	SA	X	12	-	X	12	15	X	12	16
SECY	SA	X	12	-	X	12	17	X	12	16
SECY	SA	X	12	-	-	-	-	-	-	-

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

NARCOTICS CONTROL Project 439-11-710-084

Project Target and Course of Action

The purpose of this project is to promote suppression of the narcotics traffic within and through Laos; provide for rehabilitation of Lao narcotics additcts; and alleviate the adverse economic impact to opium growers resulting from the termination of traditional poppy production. The course of action being followed to accomplish this project purpose includes the provision of U.S. advisory and supporting assistance to strengthen Lao Government internal and border narcotics enforcement capabilities; medical support to Lao Government programs for treatment and rehabilitation of its own additcts; and support to activities inducing and assisting opium producers to discontinue poppy cultivation in favor of other gainful pursuits. Long term efforts will emphasize the development of multi-lateral regional mechanisms to coordinate regional narcotics control efforts.

Background and Progress to Date

The narcotics control project is a relatively new program which began in FY 1972. The direct genesis of the program can be traced to President Nixon's message to the U.S. Congress of June 17, 1971 in which he expressed the grave concern of the United States for the growing international drug problem, particularly as it affected United States citizens, and called upon the United States to seek international cooperation in waging effective war against the flow of narcotics at the source.

Although the narcotics program is only two years old, a number of significant accomplishments have been made in this short period. These accomplishments include:

Enactment of a national RLG anti-narcotics law in November of 1971 which prohibits production, processing, possession for sale, or use of heroin or morphine.

Expanded and strengthened Lao Government police, military police, and customs service narcotics enforcement capabilities. Specialized training has been given to 394 enforcement officials, and four customs and police inspection posts have been established in northwestern Houa Khong (Ban Houei Sai) province.

Establishment of a high level enforcement coordinating agency, the Groupe Special d'Investigation (GSI), reporting directly to the Prime Minister. The GSI enforcement organization is composed of selected experienced officials of the national police, the military police, and the customs service.

Significant interceptions and seizures of illegal narcotics and processing chemicals and equipment have been made since 1971. Through October 1973, 1107.6 kilograms of opium, 42.8 kilograms of heroin, 3280 liters of acetic anhydride, and 23 kilograms of morphine base were confiscated. Two hundred fifty traffickers have also been arrested.

Three thousand narcotics addicts have received detoxification and rehabilitation treatment through October 1973. The RLG, with U.S. assistance, has arranged for 1800 addicts to receive treatment at a religious facility in Thailand (Wat Than Kabok). In addition, a temporary National Detoxification Center was opened in Vientiane in September 1972 and now has the capability to treat 85 addicts per month. This Center has treated 921 addicts from September 1972 to November 1973.

Construction of a permanent facility for the National Detoxification Center will start in January 1974 and is scheduled for completion within one year.

Assistance to poppy producers to encourage them to discontinue opium production is in progress. Practical agricultural alternatives being developed and tested include field and vegetable crops, livestock, and silk production. Farm lot relocation where feasible is being surveyed and programmed. Training programs are held on a monthly basis at the Crop Redirection Center in Luang Prabang and to date 80 hilltribe farmers have been given training in alternative cropping methods. At the high elevation Crop Introduction Center in Houa Khong Province 350 fruit trees of 18 different species have been planted along with Japanese mushrooms and ginseng as possible substitutes for opium.

During FY 1974 the following changes have been made in the Narcotics Control Program for Laos:

1. The Security Inspection Service Contract (SIS) to inspect American chartered aircraft is being substantially reduced. This is made possible because of the actual and forecast decrease in U.S. contract air support throughout Laos.

2. Customs advisors will be reduced from seven to four by June 1974. Even with this reduction, customs operations will continue unabated in the critical Ban Houei Sai area and in maintenance of the nationwide customs training effort.

3. Public Safety Division Narcotics advisors will be reduced from five advisors to three by December 1973. The three remaining Public Safety advisors will focus on the training of Lao civil and military police in narcotics control.

All these reductions generally reflect our recognition of the increasing ability of the RLG to control illicit narcotics production and trafficking within Laos.

PROJECT BUDGET TABLE
($ thousands)

Project Title Narcotics Control

Project Number 439-11-799-084
Appropriation DF
Area of Concentration (if appropriate)

	Financing Dates (FY)	
	Begin	**End**
Obligations	FY 72	
Expenditures	FY 72	

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total	492	214	3	6	38	53	576	938	2,047
Direct	190	96	-		38	53	528	400	1,156
PASA	256	96	-		-		-		260
Contract	46	22	3	6			48	534	631
FY 1973 Expend-Total	590	204	3		18	14	274	569	1,454
Direct	189	84	-		18	14	274	322	803
PASA	350	84	-		-		-	4	354
Contract	51	36	3		-		-	243	297
6/30/73 Unlig.-Total	202	56	-		21	39	367	390	980
Direct	-	-	-		21	39	367	50	438
PASA	168	56	-		-		-	-	168
Contract	34	-	-		-		-	340	374
FY 1974 Oblig- Total	661	240	6	12	55	55	207	571	1,500
Direct	226	78	-		55	55	207	412	900
PASA	250	96	-						250
Contract	185	66	6	12				159	350
FY 1974 Expend-Total	697	240	6	12	76	94	541	802	2,122
Direct	226	78			76	94	541	462	1,305
PASA	276	96							276
Contract	195	66	6	12				340	541
6/30/74 Unlig.-Total	166	56	-	-	-	-	33	159	358
Direct	-	-		-	-	-	33	-	33
PASA	142	56							142
Contract	24	-						159	183
FY 1975 Oblig.-Total	470	162	6	12	15	36	193	468	1,152
Direct	211	72			15	36	193	333	752
PASA	150	98							150
Contract	109	42	6	12				135	250
FY 1975 Expend-Total	551	186	6	12	15	36	197	492	1,261
Direct	211	72			15	36	197	333	756
PASA	231	72							231
Contract	109	42	6	12				159	274

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-790-084

PASA/Contract Name U.S. Bureau of Customs

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.	SA (TC)17-72			
From(mo/yr)	2/72	2/73	2/74	2/75
To(mo/yr)	2/73	2/74	2/75	2/76

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	166	96					5	85	256
FY 1973 Expenditures	70	40					-	15	85
6/30/73 Unliquidated	96	56					5	70	171
FY 1974 Obligations	175	96					16	59	250
FY 1974 Expenditures	196	96					11	69	276
6/30/74 Unliquidated	75	56					10	60	145
FY 1975 Obligations	93	48					5	52	150
FY 1975 Expenditures	168	72					8	55	231

*Other Costs	FY 73	FY 74	FY 75
Travel & Transportation	24	22	32
Overhead Costs	33	35	19
Local Costs	1	1	1
TDY	11	-	-
Training Costs	16	-	-
	85	59	52

PASA/CONTRACT BACK-UP BUDGET TABLE
($ thousands)

Project Number 439-11-799-084

PASA/Contract Name PSCs

	FY 1972	FY 1973	FY 1974	FY 1975
Contract No.				
From(mo/yr)				
To(mo/yr)				

Budget & Expenditures	Personnel				Partici-pants		Commod-ities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Obligations	34	22						12	46
FY 1973 Expenditures	32	22						4	36
6/30/73 Unliquidated	2	-						8	10
FY 1974 Obligations	146	66						39	185
FY 1974 Expenditures	148	66						47	195
6/30/74 Unliquidated	-	-	-					-	-
FY 1975 Obligations	98	42						11	109
FY 1975 Expenditures	98	42						11	109

*Other Costs

	FY 73	FY 74	FY 75
Travel & Transportation	4	20	11
Consultant Per Diem	8	19	-
	12	39	11

Project Number 439-11-799-084

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Technicians	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
PASA:long-term	8	96	250	4	48	150
PASA:short-term	-	-	-	-	-	-
Contract:long-term	5	60	169	3	36	93
Contract:short-term	1	6	16	1	6	16

U.S. Personnel (PASA/Contract, implementing agent, and position title)	*Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976 (for contract personnel only)		
	On-board 6/30 73	MMs	Ex-pendi-tures ($000)	On-board 6/30 74	MMs	Ex-pendi-tures ($000)	On-board 6/30 75	MMs	Ex-pendi-tures ($000)	On-board 6/30 76	MMs	Ex-pendi-tures ($000)
PSCs	3	36	51	6	66	146	4	42	98			
AGRON - GGN - AGRLST 9/3-10/21	1	12	14	1	12	16	1	12	17			
PROG OPNS OFF 6/1-5/31	1	12	16	1	12	18	1	12	19			
CLIN CN 6/1-5/31	1	12	21	1	12	22	-	-				
INSPECTOR	—	—	—	1	12	35	1	12	32			
INSPECTOR	—	—	—	1	12	35	—	—				
INSPECTOR				1	6	20	1	6	30			

*Partially funded in FY 72

Project Number 439-11 -790-084

PROJECT PASA/CONTRACT U.S. PERSONNEL TABLE
($ thousands)

U.S. Personnel (PASA/Contract, implementing agent, and position title)	Actual FY 1973			Estimated FY 1974			Projected FY 1975			Projected FY 1976		
	On-board 6/30 73	MMs	Expenditures ($000)	On-board 6/30 74	MMs	Expenditures ($000)	On-board 6/30 75	MMs	Expenditures ($000)	On-board 6/30 76	MMs	Expenditures ($000)
PASA - U.S. Bureau of Customs	7	*84	162	8	96	196	4	80	168	(for contract personnel only)		
Customs Adv. (Chief of Party)	1	12	27	1	12	28	1	12	29			
Instructor	1	12	22	1	12	23	1	12	24			
Instructor	1	12	19	1	12	20	1	12	21			
Instructor	1	12	23	1	12	24	1	12	25			
Investigations Adv	1	12	19	1	12	20		8	15			
Customs Adv	1	12	26	1	12	27		8	18			
Customs Adv	-		-	1	12	27		8	18			
Customs Adv	1	12	26	1	12	27		8	18			

*Partially funded in FY 72

TABLE VII

PROJECT PARTICIPANT TABLE
($thousands)

Project Number 439-11-799-084
(Direct/PASA/Contract)
PASA/Contract Number (if appropriate)

Participants	FY 1974 Obligations			FY 1975 Obligations		
	No.	MMs	$000	No.	MMs	$000
L-T (new)						
L-T (cont'g)						
Short-term	15	55	55	7	36	15

Participants	Actual FY 1973					Estimated FY 1974					Projected FY 1975				
	No. In Trng. During FY 73	MMs of Trng During FY 73	Expenditures ($000) Funded In FY 71 and Prior	FY 72	FY 73	No. In Trng. During FY 74	MMs of Trng. During FY 74	Expenditures ($000) Funded In FY 72 and Prior	FY 73	FY 74	No. In Trng. During FY 75	MMs of Trng. During FY 75	Expenditures ($000) Funded In FY 73 and Prior	FY 74	FY 75
Participants - Total	10	14	-	-	18	27	94	1	20	55	7	36			15
I. U.S. Training	10	14	-	-	18	25	70	-	18	55	5	12			12
A. Long-term															
New															
Continuing															
B. Short-term															
New	10	14	-	-	18	25	70		18	55	5	12			12
Continuing															
II. 3rd Country Trng.						2	24	1	2		2	24			3
A. Long-term															
New															
Continuing															
B. Short-term															
New						2	24	1	2		2	24			3
Continuing															

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Narcotics Control Project Number 439-11-799-084

Commodity Budget (Type and Amount)
FY 1973 Obligations

I.	Common-Use	61.7
	General Supplies	41.0
	Cement	4.2
	POL	5.5
	Vehicle and Equipment Repair Parts	11.0
II.	Other	514.0
	Vehicles	198.4*
	Motorcycles (76)	28.7
	French and Lao Typewriters	3.7
	Air Conditioners and Refrigerators	2.4
	Communication Equipment and Parts	108.5
	Office Equipment	7.3
	Outboard Motors	6.9
	Vegetable and Fuld Crop Seeds	5.4
	Fertiligers	1.1
	Hand Cuffs	3.0
	Medical Supplies	35.0
	Metal Detectors	2.0
	Hospital Equipment & Supplies	60.0
	Fruit tree cutting & Patchouli	3.6
	Construction Materials for Detoxification Center	48.0

Other Cost Budget (Amount and Type) 938.0
FY 1973 Obligations

Transportation of Commodities	17.0
Security Inspection Services	189.5
Flying Surveillance	205.5
Construction Detoxification Center	108.0
Construction LNP narcotics Bldg.	16.7
MRO and Miscellaneous Small Purchases	45.0
Program Support Provided by GTS	177.4
Local Currency Costs	160.3
Operation Travel	18.6

*25 Scouts
11 Jeeps
2 Sedans

TABLE VIII

COMMODITY AND OTHER COST BUDGET
($ thousands)

Project Title Narcotics Control Project Number 439-11-799-084

Commodity Budget (Type and amount)
FY 1974 Obligations

I. Common-Use

General Supplies	42
POL	11
Cement	1
Vehicle & Equip. Sup.	42
	96

II. NON-Common-Use

PSD-Commo, Trg. & Off. Equip.	28
GSI-Vehicles & Radio & Parts	14
CAD-Vehicles, Boats & Radio & Parts	13
PHD-Medical & Hosp. Equip.	44
AGR-Agr. Supplies & Motorcycles	12
	111

FY 1975 Obligations

I. Common-Use

General Supplies	42
POL	14
Cement	0
Vehicle & Equip. Sup.	42
	98

II. NON-Common-Use

PSD-Commo. Trg. & Off. Equip.	28
GSI-Motorcycles & Radio Parts	8
CAD-Vehicles & Radio & Parts	13
PHD-Medical & Hosp. Equip.	38
AGR-Agr. Supplies	8
	95

Other Cost Budget (Type and amount)
FY 1974 Obligations

Transportation	16
MRO & Misc. Small Purchases	8
Operational Travel	10
Others	2
Kip Purchases	238

TOTAL = 571

Air Surveillance	30
Air Transportation	85
Aerial Survey	16
Reimbursement to Gen. Tech. Sup.	166

FY 1975 Obligations

Transportation	20
MRO & Misc. Small Purchase	8
Operational Travel	8
Others	2
Kip Purchases	190

TOTAL = 468

Air Transportation	75
Aerial Survey	10
Reimbursement to Gen. Tech. Sup.	155

Project No. 439-11-799-884
Project Title: Narcotics Control

ANNEX C
PROJECT DIRECT/PERSONNEL
(thousands U.S. dollars)

Country: LAOS

	Actual 1973				Estimated FY 1974			Projected FY 1975		
	(1)	(2)	(3)	(4)	(2)	(3)	(4)	(2)	(3)	(4)
U.S. Direct Personnel - Total		7	84		6	78	226	6	72	211
PS ADV	DF	X	12		X	12	39	X	12	41
PS ADV	DF	X	12		X	12	39	X	12	41
PS ADV	DF	X	12		X	12	33	X	12	37
PS ADV	DF	X	12		-	6	25	X	12	35
PS ADV	DF	X	12		-	6	25	-	-	-
ASST PROG OFF	DF	X	12		X	12	35	X	12	38
SECY	DF	X	12		X	12	18	X	12	19
SECY	DF	-	-		X	6	12	-	-	-

(1) Funding Source (2) No. On-board (3) Man-months (4) Expenditures

FY Project Budget Submission - Laos

VIENTIANE DIKE Project 439-11-120-085

Project Target and Course of Action

The city of Vientiane has been periodically subjected to heavy flooding resulting from heavy water discharges from the Mekong River occurring annually during the months of August and September. Damage to property and choice agricultural lands in and around the city of Vientiane has often been severe and has resulted in major and extensive loss of public and private property and agricultural produce. Severe floods in 1966 and 1967 resulted in several million dollars damage.

To mitigate against this situation, USAID plans to assist the Lao Government with financing the construction in FY 1975 of a comprehensive dike system capable of protecting against water levels of the magnitude experienced in 1966. The planned dike freeboard will be built at a height of one meter above the 1966 crest level and the proposed construction will have a 50-year life span. The length of the dike will be 23.62 kilometers and be composed of eleven separate dike saddle units.

PROJECT BUDGET TABLE
($ thousands)

Project Title Vientiane Dike

Project Number 439-11-120-085

Appropriation SA

Area of Concentration (if appropriate)

Financing Dates (FY)	Begin	End
Obligations	FY-75	FY-75
Expenditures	FY-75	FY-75

Project Budget & Expenditures	Personnel				Participants		Commodities	Other Costs	Total
	U.S.		Local/TCN						
	$	MM	$	MM	$	MM	$	$	$
FY 1973 Oblig.-Total									
Direct									
PASA									
Contract									
FY 1973 Expend-Total									
Direct									
PASA									
Contract									
6/30/73 Unlig.-Total									
Direct									
PASA									
Contract									
FY 1974 Oblig- Total	-		-		-		-	-	-
Direct									
PASA									
Contract	-		-		-		-	-	-
FY 1974 Expend-Total									
Direct									
PASA									
Contract									
6/30/74 Unlig.-Total									
Direct									
PASA									
Contract									
FY 1975 Oblig.-Total								4,326	4,326
Direct									
PASA									
Contract								4,326	4,326
FY 1975 Expend-Total								-	-
Direct									
PASA									
Contract								-	-

TABLE X

LOCAL CURRENCY FUNDING ANNEX FOR FY - 1975 (in $000)

Project	Project #	Approp	Personnel Costs	Commodity Costs	Other Costs	Total
Agriculture Assistance	439-11-190-065	SA	51.9	17.1	25.7	94.7
Development of Lao National Roads	439-11-310-010	SA	130.9	11.4	361.7	504.0
National Health Development	439-11-590-066	SA	479.3	22.3	134.4	636.0
Education Development	439-11-690-064	SA	23.3	36.0	62.7	122.0
Development Administration	439-11-995-073	SA	50.3	0.3	1.1	51.7
Development of Rural Economy	439-11-810-062	SA	854.8	17.9	72.1	944.8
Refugee Relief and Resttlement	439-11-820-063	SA	66.9	165.2	375.9	608.0
General Technical Support	439-11-999-000	SA	847.6	76.3	1,390.1	2,314.0
Narcotics Control	439-11-799-084	DF	79.2	21.9	88.9	190.0



TERMINATION PHASE-OUT STUDY

PUBLIC SAFETY PROJECT

LAOS

439-11-710-072
439-11-799-084

MAY 1974

AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF PUBLIC SAFETY
WASHINGTON, D.C. 20523



TERMINATION PHASE-OUT STUDY

PUBLIC SAFETY PROJECT

LAOS

MAY 1974

PETER ELLENA

JOHN E. MEANS

PAUL KATZ

TABLE OF CONTENTS

CHAPTER		page
I.	INTRODUCTION	1
	A. Terms of Reference	1
	B. Conducting the Evaluation	1
II.	SUMMARY	3
	A. Internal Security Situation	3
	B. Observations and Conclusions	3
	C. Recommendations	3
III.	INTERNAL SECURITY SITUATION	5
IV.	LAOS NATIONAL POLICE	6
	A. Organization	6
	B. Personnel	9
	C. Budget	10
	D. Logistics	11
	E. Training	13
	F. Operations	15
	G. Communications	21
	H. Immigration Service	25
V.	PSD NARCOTIC CONTROL PROGRAM	26
	A. Lao National Police	26
	B. Military Police	29
VI.	THE PUBLIC SAFETY PROGRAM	32
	A. Description	32
	B. Observations and Conclusions	34
VII.	RECOMMENDATIONS	38
	Organization	38
	Motor Vehicle Maintenance	39
	Weapons and Ammunition	39
	Training	40
	Urban and Mobile Patrol	40
	Records	40
	Police Laboratory	41
	Narcotics Enforcement Activity	41
	Communications	42

LIST OF ATTACHMENTS

		page
A.	U.S. and Host Country Personnel Contacted	43
B.	Proposed Organizational Chart, LNP	45
C.	Current Organizational Chart, LNP	46
D.	Deployment	47
E.	Province Organization	49
F.	Existing Police Post Since Ceasefire	50
G.	Organizational Chart of LNP Narcotics Bureau	51
H.	Organization Chart, Directorate of Training LNP	52
I.	Courses at LNP Academy	53
J.	Agreement Re Joint Police	55
K.	Regulations Re Joint Police	57
L.	Participant Training	62
M.	Funding	63
N.	Police Wage Scale	64
O.	In Country Narcotics Training	65
P.	Commodity Listing	66
Q.	LAO National Budget	68
R.	Organization of Military Police	79
S.	Organization Provost Marshal General	80
T.	Organization Narcotics Control Branch	81

U. Criminal Investigation Division..... 82

V. 1970 Objectives and Accomplishments..... 83

W. Recap of Narcotics Seizures..... 87

X. Proposed Organizational Chart for LNP Narcotics Division..... 88

Y. Vientiane Provincial Radio Network..... 89

Z. LNP Command Radio Network..... 90

AA. Immigration Police Radio Network..... 91

BB. National Police Headquarters Radio Net..... 92

CC. Lao National Police Radio Communications Networks..... 93

CHAPTER I

INTRODUCTION

A. Terms of Reference

The Civil Police Administration project has been provided to the Government of Laos to assist the Lao National Police in the development of an effective force which would be capable of maintaining public order, humane enforcement of the law and protection of life and property. Both host government and U.S. resources were programmed and employed to strive jointly toward those goals.

Due to U.S. congressional action, the continued input of U.S. Government resources planned for this project must be terminated sooner than programmed and prior to the achievement of the goals and objectives which were mutually established by the two governments. It is, therefore, the purpose of this report to cite the progress made thus far and to enumerate what remains to be accomplished in order to achieve the project goals. The report also includes recommended actions which the Government of Laos should take, employing their own resources, but, under the circumstances, excluding in-country assistance by the U.S.

B. Conducting the Evaluation

The team was composed of the following members:

Paul Katz[1]	-	OPS/W
John Meahs	-	OPS/W
Peter Ellena	-	OPS/W

After reviewing pertinent background documents and consulting with concerned officers in Washington, the team arrived in Vientiane on May 5, 1974, and remained until May 19, 1974, for its in-country survey.

---

[1]Mr. Katz conducted only the communications section of this report.

The study was conducted by interviews and discussions with concerned U.S. officials and Laos Police officials. On-site visits were made to police installations in Vientiane and Pakse.

Prior to departure, the team discussed the findings with officials of the U.S. Embassy, USAID and the Lao National Police and Military Police. (See Annex A for list of persons contacted.)

CHAPTER II

SUMMARY

A. Internal Security Situation

Criminality at present is not a threat, however, with the military demobilization crowding more into an inadequate job mart, the crime rate in the cities can be expected to mount considerably. The ceasefire has been extremely effective, leaving, in addition to the expected rise in crime, the narcotics traffic and refugee problems as internal security threats.

B. Observations and Conclusions

During the period June 1966-May 1974, positive steps were taken by the LNP and the Office of Public Safety to analyze problems, designate objectives and implement measures designed to carry out the recommendations of the 1965 Walton/Skuse Report[2] and the 1969 Goin/Leister Study[3] of the Laos National Police. The basic goals were:

Reorganize the LNP.
Effect short and long range planning.
Revamp internal administrative and operating techniques, procedures and policies.
Establish logistics and training systems.
Construct facilities.

Most project objectives were met. The results vary from outstanding to unsatisfactory. The stratified degrees of success are attributed to unstable economic and political problems created by internal security conditions.

C. Recommendations

The phaseout of the Public Safety Civil Police Program will have a deleterious effect on the operational effectiveness of the LNP. In order to overcome this shortfall, the RLG must take prompt action

---

[2] "Survey of the Laos National Police" - Frank Walton/Paul Skuse, 15 May 1965.

[3] "Evaluation of the Public Safety Program" - USAID/Laos, Lauren J. Goin/Charles Leister, November 1969.

to fill the void by providing needed funds, manpower, facilities, equipment and technology. Also, management must be overhauled with emphasis on streamlining functions and procedures and reducing the span of control. Detailed recommendations for RLG consideration are to be found in Section VI of this report.

CHAPTER III

INTERNAL SECURITY SITUATION

Although criminality is not a major threat at this time, with the military demobilization which will glut an already overcrowded job market, the crime rate can be expected to soar. The concern will, as in the past, be principally in the cities. Very little has been reported and can be expected to be reported in rural areas, due probably to: (a) an actual lower crime incidence; (b) poor reporting procedures, and most significantly; (c) village elders and tribal councils deal with the criminals themselves without calling on the police. Besides crime, the narcotics traffic which originates in the golden triangle is presently a security problem which can be expected to grow worse. However, since the signing of the agreement in 1973, refugee problems should begin stabilizing.

The new Lao coalition government and National Political Council, provided for in the Lao Agreement and Protocol of 1973, were formed April 5, 1974. Under the Lao Accords, the Cabinet and Council are considered "equal and independent," have equal participation of LPF and Vientiane sides, and are to work according to the principle of unanimity. Prince Souvanna Phouma heads the government Cabinet as Prime Minister while LPF Chairman Prince Souphanouvong is President of the 42 member Political Council which convened in Luang Prabang April 25. The Council has the quasi-legislative role of advising the Cabinet, proposing changes in the laws and helping to prepare for national elections at a time as yet unspecified. Pending these elections and formation of a permanent government, however, each side is to retain responsibility for the administration of its own zone. It is yet unclear how the operation of this system will evolve. The ceasefire, which went into force February 1973, has been extremely effective. Under the Lao Accords, all foreign military forces are to be withdrawn from country by June 4 (i.e., sixty days after the formation of the government).

CHAPTER IV

LAO NATIONAL POLICE

A. Organization

The history of the Lao Police Forces is found in great detail in not only the pre-project surveys of the Civil Police Forces of 1955 and 1965, but also in the Goin/Leister evaluation of 1969. Therefore, it is felt that the only comment necessary is that until 1965 the system of law enforcement was in a confused state. However, in 1965 the Civil Police came out from under the influence of the Army to be restored to the Ministry of the Interior.

The present organization of the Lao National Police reflects few changes since the Goin/Leister evaluation of 1969. Some of the same problems exist, the span of control has been broadened from 12 division chiefs reporting to the Director General to 13 with the addition of the Narcotic Bureau. The span of control is too broad for proper management. The police lack adequate, well defined, written rules and regulations.

The current rules and regulations are vague and ill-defined, and with only a few copies available to headquarters personnel. Public Safety has prepared and submitted to the Director General and the Minister of Interior a proposed reorganization plan in addition to new rules and regulations.

The proposed organizational change would reduce the span of control by adding three Assistant Directors, i.e., Assistant Director General for Administration, Assistant Director General for Staff Services, and Assistant Director General for Operations. The plan was submitted in October 1973. Experience shows that congestion results when decisions are too highly centralized and excessive centralization wastes the resources of the organization. In addition, by delegating the responsibility for decisions, the initiative and interest of the subordinate are substantially increased. In general the executive span of control should, if possible, be limited to the direct supervision of three individuals, as proposed in the Public Safety reorganization plan (see Annex B). Another factor inhibiting

proper police administration is the lack of authority for the Director General to transfer or take disciplinary action against any officers of bureau chief level or above. This is currently done by the Minister of Interior. The Director General should clearly be given the authority to discipline and transfer all policemen under his command.

The Lao National Police is a directorate under the supervision of the Minister of Interior. It is commanded by a Director General and divided into 12 services and a narcotic bureau (see Annex C for current organizational chart). The roles and missions of the Lao National Police are the same as described in the Goin/Leister evaluation report of 1969 and will, therefore, not be repeated here. However, the following is a brief description of the function of each police service.

1. Inspection Service

The Inspection Service is directly responsible to the Director General and acts in his behalf in conducting inspections of police operations at all levels. It is also responsible for internal security investigations, enforcing police discipline, planning and implementing new police regulations and maintains a police public relations program.

2. Administrative Service

This service is responsible for the administration of police personnel, recruitment, promotions, social welfare and coordinates the activities of the other police services and, in addition, acts as the secretariat of the Director General.

3. Special Service

It is responsible for the gathering, analyzing, interpreting and dissemination of domestic intelligence, particularly as it pertains to police problems such as riots, civil disorders, etc.

4. Judicial Police

This is the criminal investigation branch of the police. This service has the responsibility of crime investigation, scientific investigation (Crime Lab), civil and criminal records, issuance of

identification cards and firearms licenses. (The Records and Identification card functions will be transferred to the new Records Division when it is established.)

5. Metropolitan Police (Urban Police)

The Metropolitan Police have the responsibility of maintaining law and order in the urban area of the Capitol City, Vientiane. In addition to providing general police services, it also controls the fire department.

6. Territorial Service

This service provides supervision for the police in the 16 interior provinces. It also maintains a small river patrol unit located in the Vientiane area.

7. Immigration Service

The Immigration Police have the responsibility of alien control, both transient and resident, in addition to issuing passports to Lao citizens.

8. Intendence Service

This service is responsible for the police budget and all finance and inventory control of all police equipment and supplies.

9. Instruction Service

This service exercises control over all police training, domestic as well as foreign, and the operation of the Police Academy. The Police Academy is composed of three schools:

a) Recruit Training School (6 months)
b) Police Cadet School (3 years)
c) Police Commissioner School (16 months)

10. Communications Service

This service is responsible for the installation and maintenance of all police communication equipment and systems.

11. Materiel Service

Materiel Service is responsible for all maintenance and distribution of police vehicles, arms and ammunition. In addition, it also maintains the Central Police warehouse.

12. Health Service

This service provides medical and dental care for police personnel and their families.

B. Personnel

The authorized strength of the LNP is 5,600. The current actual strength is 5,266 distributed by ranks as shown below:

Controller 1st Class (Lt. General)	2
Controller 2nd Class (Major General)	6
Controller 3rd Class (Brig. General)	17
Commissaire 1st Class (Colonel)	89
Commissaire 2nd Class (Lt. Colonel)	92
Commissaire 3rd Class (Major	108
Inspector 1st Class (Captain)	377
Inspector 2nd Class (1st Lt.)	176
Inspector 3rd Class (2nd Lt.)	166
Cadets (Officer Candidates)	59
Brigadier (Master Sgt. thru SFC)	2,475
Sub-Brigadier (Sgts. & Corporals)	1,597
Agent (Privates)	50
Contract (Civilian)	52
Total Actual LNP Strength	5,266

There are 2,318 police assigned to the Capitol City and the remaining 2,948 are assigned in the 16 Interior Provinces. (See Annex D for Police Deployment.) Geographically the Lao National Police is divided into the Metropolitan (Capitol City) police and sixteen (16) provinces. Each province is sub-divided into districts (Mouangs) and each district divided into villages (Bans).

The provinces are technically responsible to the Police Territorial Service, however, administratively the provincial police are responsible to the governors of their respective provinces (see Annex E

for breakdown of typical interior province). Additionally, in the 16 provinces, there are 345 general police posts varying from large districts and precincts to small police and immigration posts. This is illustrated in Annex F which is the listing of existing police posts since the ceasefire.

C. Budget

During the long period of hostilities in Laos, the Lao National Police have been forced to operate in a minor role and on a very austere budget. As in any country on a war footing, the military have held the reins of power and usurped the major portion of the budget. During the past three years just prior to cessation of hostilities, the Lao National Budget has been increased. Although this has meant a slight increase in monies received by the LNP such increase has not kept pace with operational costs. (See Annex Q for breakdown of the National Budget for the previous three years.

Although the pay scales (see Annex N) of the police and the military are the same, there is a great disparity in amenities. While the soldier has received food, clothing and shelter, in addition to his pay, the policeman and his family have been forced to exist on little more than his meager salary which at this time will hardly purchase his basic ration of rice, the staple food. Under such circumstances, he can hardly be expected to concentrate on his primary duty, that of law enforcement. In order to alleviate part of this problem it is imperative that the policeman be given at least a living wage.

As a result of the cessation of hostilities and the planned reduction in the Armed Forces, the team recommends highly that a portion of the budget formerly allotted to the military be used to increase the police budget whereby salaries can be made more meaningful and operational funds increased to assist the police in carrying out their role in the field of law enforcement. This can very easily be done since the Lao National Budget for 1973-74 reflects that 45.20 percent was allocated to the Armed Forces while only 7 percent was allocated to the National Police.

During the early post war period, the police will be faced with a drastic increase in crime due to military demobilization which will flood an already inadequate job mart.

The phase-out of U.S. assistance will seriously hamper the overall effectiveness of the LNP and, therefore, urgent steps are required not only to supplant U.S. aid but to additionally increase the LNP budget to meet the requirements of law enforcement during this critical period and in the future.

D. Logistics

1. Motor Maintenance

Vehicle maintenance and repair by the Lao National Police (LNP) Vehicle Maintenance Facility is considered to be less than satisfactory. An analysis of maintenance output data reflects an unusually slow maintenance and repair rate with a resultant backlog.

Prime contributing factors which adversely affect the vehicle maintenance and repair rate are:

a. A 50% reduction of the work force in November 1973 to provide manpower for the JSPD.

b. A sizeable quantity of back orders for urgently required out of-stock vehicle repair/spare parts.

c. The loss of a key TCN employee in July 1973.

Average monthly workload of the LNP Vehicle Maintenance and Repair Facility is 15 vehicles repaired and 10 vehicles serviced for preventive maintenance. During the team visit, seven vehicles were deadlined.

The repair shop commander claims his six mechanics are capable of keeping the police fleet in running order. His principal reason for having deadlined vehicles is lack of spare parts. The yearly budget for vehicle spare parts is approximately U.S. $6,000. This figure is unrealistic and PSD estimates a minimum figure for spare parts to be U.S. $31,000 per year. There are a total of 206 vehicles in the police fleet consisting of 106 passenger cars, pickups

and trucks and 100 motorcycles. Of this total, 77 have over nine years service and 114 have two years service or less. Repair of the older vehicles is costly and consideration should be given to replacement on a phased plan. This may not be economically feasible at this time. However, the team wishes to emphasize that unless the RLG substantially increases the budget for spare parts, the repair center will be totally ineffective in six months.

	May 1, 1974
Total vehicles issued since 1965	252
Total vehicles disposed	56
Total vehicles in use	196
Vehicles (Jeep, Wagoneer, Scout, T/ALL, Truck	107
Motorcycles	89
	196
Vehicles -- Nine (9) years old	78
Vehicles -- One (1) -to-three(3) years old	29
	107

2. Weapons and Ammunition

The LNP operates a small modest facility for maintenance and repair of all its weapons. The team was impressed with the cleanliness of the operation and in the two capable weapon maintenance specialists. This section also operates a small reloading facility which in the past reloaded approximately 2,000 rounds per operating day. No ammo has been reloaded for the last 9 months due to lack of components that were lost in shipment (lead and cases). Reloading their own ammunition can be a sizeable savings to the police. The current police ammunition inventory is approximately 814,000 rounds; 475,000 rounds of .38; 226,000 rounds of .22; and 101,000 rounds of 30 cal. carbine ammo. According to police estimates, this inventory is sufficient to last from six months to a maximum of one year. This includes ammunition for firearms practice.

E. Training

Because of the inadequacy of the facilities at the Lao National Police Academy, USAID agreed in 1965 to construct a modern, permanent Police Academy to replace the deteriorating wooden facility. The first building was completed in 1967 and the academy is now in the final stages of construction; only the administration building remains to be completed. The final construction date is now set for December 1974.

The academy provides training for officer cadets in a three year commission program, a six month training program for recruits, promotional training programs for police advancement and specialized courses such as instructor training, fingerprinting, command supervision, narcotics investigations, patrol operation, traffic control and radio operation. Special courses are also provided on an "as needed" basis. An example of this is the four-week course in narcotics enforcement. Under the impetus of U.S. advisor efforts, the academy is being staffed with U.S. trained personnel (Annex H, organization of Directorate of Training.)

Recognizing the need for continued training throughout the Lao National Police, PSD and the LNP have developed a program to retrain the entire Lao Police Force within the next four years. The training program is divided into two fields: (1) Command Supervision; and (2) Basic Law Enforcement Operations.

A problem encountered at the police academy and in provincial training areas is the dearth of publications in the Lao language. The majority of the instruction was given by lecturers and the students had to rely on note taking. Training aids were non-existent. During FY 73, Public Safety instituted an agressive program to translate professional material into Lao in sufficient quantities to satisfy the needs of the academy.

Thus far, approximately 20 professional pamphlets have been translated and distributed to the various provinces. Training aids such as felt boards, flip charts and traffic boards have been made under the advisor's supervision. In addition, commercial audio-visual aids have been furnished.

The inability of the majority of the Lao National Police personnel to speak English has limited the number of police officers for specialty training in the U.S.; precluded the use of English language professional publications provided by Public Safety; and reduced the amount of coordination that could be effected. To counter this, two English language laboratories were instituted; one at LNP Headquarters and another at the police academy. This has proved to be an effective and popular program. There are 117 police officers currently attending the basic course at the academy and 120 are attending at police headquarters. In addition, ten policemen are attending the advanced 240 hour course.

Participant retention has been excellent. Of the 92 U.S. trained participants, only 2 are no longer in the police service. One participant was killed in the line of duty and the other died of natural causes. Forty four (44) participants or 48 percent have been promoted and 30 percent of those promoted have been transferred to jobs with more responsibility. The academy employs a staff of 58, however, only 15 are fulltime instructors. Of these 15 full-time instructors, eight have been U.S. trained.

There were 237 students attending various courses at the academy during the team visit:

1st year Cadet	30
2nd year Cadet	30
3rd year Cadet	29
Radio Communications	20
Basic Training (JSCD)	50
Fingerprint Science	12
Commissaire Course (promotional)	32
Officer Candidate (enlisted ranks in line for commission)	34
TOTAL	237

(See Annex I for course contents and hours of instruction.)

As mentioned previously, the training academy is near completion with only the administration building remaining to be constructed. The training academy will consist of ten buildings. There are four classroom/domitories, one messhall, a kitchen (two buildings in one complex), a gym, a guard office, a pistol range, and the uncompleted administration building.

The USAID contribution to the training academy project has been approximately U.S. $352,260 for the construction of the buildings. Host government support amounted to K 3,886,300 (U.S. $6,423.00). During the construction several problems were encountered which were not anticipated: (1) after drilling five water wells no potable water could be found; and, (2) a defective electrical system was installed necessitating a complete reinstallation of the system.

In addition, a sewerage system remains to be completed. The USAID has programmed U.S. $112,112.00 to complete construction of the administration building, install a rain water catch system to provide water to the academy, overhaul the electrical system and install an adequate sewerage system. The total USAID dollar input to this project will be approximately U.S. $464,372.00. Finally, during FY 74, U.S. $44,739 has been used to support the training institution as follows:

Textbook printing	$14,981
Subsistence for selected police officers in training	24,000
Equipment for classroom and mess facilities	4,958
	$43,939

The National Police Academy is well on the way to becoming a viable, effective training institution. However, with the A.I.D. funded police assistance being terminated, the team wishes to emphasize to the RLG that additional funds must be appropriated to continue the institution at its present capabilities. It is estimated that approximately $25,000 of the funds provided by USAID during FY 74 to the academy will be recurring costs and that amount should be included over and above the current academy budget for FY 75.

F. Operations

1. Urban Patrol

The peace agreement of February 1973 provided for the neutralization of Vientiane and Luang Prabang Cities and the formation of the Joint Police Forces consisting of personnel from both the government and Pathet Lao sides to provide law enforcement, security and to insure the neutralization of these two cities.

The peace agreement called for each side to have 1,000 men in Vientiane and each side to have 500 men in Luang Prabang. These units have total responsibility for the security of these cities and all military units have been withdrawn, leaving the Joint Police Forces in control and with full responsibility for security.

Considerable planning and numerous meetings were held to determine the organizational structure and responsibilities of the Joint Police Forces. However, no firm decision was reached until early February 1974. On February 6, 1974, the regulations governing the Joint Police Forces and the organizational structure were agreed upon and signed by both parties. (See Annex J for detailed agreement.)

The February 6 agreement provided for the Vientiane Metropolitan Police to be abolished and all personnel, equipment and facilities be transferred to the Joint Police Forces. In Luang Prabang the District Police within the city and their equipment and facilities were transferred to the Joint Police Forces. (See Annex K.)

2. Mobile Patrol

A beat and mobile patrol system was instituted for the Vientiane Metropolitan Police on June 15, 1973. It was planned to be used as a pilot program for mobile patrol implementation for the police in the provinces.

Initially, the patrol force numbered 29 men which fielded five 2-man patrol teams on bicycles. Supervisors utilized motorcycles. In July 1973, the patrol force was increased to 37 men.

In August 1973 three new vehicles equipped with red lights, sirens and radios were issued to the Vientiane Metropolitan Police for mobile patrol operation. During that month, 30 men assigned to the patrol force received 20 hours of training in mobile patrol techniques. The course included concepts of police patrol, motorized patrol, crime prevention, first aid and practical exercises in stopping suspects in vehicles and search techniques.

During September 1973, five new vehicles equipped with red lights, sirens and radios were assigned to the Provincial Police for mobile police patrol operations. Two of the vehicles were assigned to Luang Prabang Province and one each was assigned to Sedone, Khammouane, and Savannakhet Provinces.

Initial planning was completed in October 1973 for conducting a patrol training course for 20 policemen assigned to patrol duties in Luang Prabang Province. Unfortunately, the PSD advisor to the Vientiane Metropolitan Police and Provincial Police was transferred to PSD/W in December 1973 and his advisory position was eliminated.

In February 1974, the Joint Police Forces assumed the responsibility for police patrols in the two neutral cities of vientiane and Luang Prabang. Existing police equipment and facilities were also turned over to the Joint Police Forces.

3. Criminal Investigation

a. Records

Prior to February 1973 an evaluation of the National Police records indicated a lack of systemized records keeping. The existing records were found not to be responsive to the needs of the National Police and other associated law enforcement agenices. Therefore, on February 17, 1973, an OPS records advisor was assigned on a TDY basis to survey and recommend a simplified, effective law enforcement management and records system.

As a result of this survey, the following goal was established in order to produce an "Administration of Criminal Justice System" to be implemented during the period of February 1973 to June 30, 1975:

Establish and institutionalize an administration of criminal justice system to be made up of three sub-systems; incident reporting, standard central records and arrest accountability.

Though a great deal remains to be done remarkable progress has been made to date mainly through the energetic efforts of the records advisor. The advisor has, to date, accomplished the following:

(1) Assisted in preparing a document creating a Central Records Service of the Lao National Police. The document has been cleared by the Joint Council and is presently before the Minister of Justice for final approval. Though formal approval is still pending, the Prime Minister has orally agreed to sign the document and the Director General has ordered the implementation of the record system.

(2) Prepared a detailed manual of "Operation and Procedure" which has been translated into Lao, printed and is currently being distributed.

(3) Developed plans for staffing the Central Records Service on a 24 hour basis and assisted in the implementation. A setback occurred when 50 percent (25 individuals) of the trained personnel were transferred to the "Mixed Police." However, those technicians who were transferred and had special training as fingerprint classifiers and searchers are currently being returned to the Central Records Service. To date approximately ten have been returned.

(4) Provided for the chief of central records to receive training in the U.S. The administrative assistant is scheduled to attend the next IPA Record Management Course. National Police personnel are currently receiving in-country training in the field of fingerprint science.

(5) Advised and assisted in the installation of a security pass system at the Vientiane International Airport.

(6) Brought about a very significant decrease in personnel and equipment costs, at the same time enhancing efficiency through the establishment of the Centralized Records System. Previously, each of the nine divisions in LNP Headquarters maintained their own records which failed to fulfill the needs of any one division, much less the entire force. Information was retrieved piecemeal and served little or no purpose. Under the newly-designed system, these inadequacies have been eliminated and records are now available on a 16 hour basis.

Though the Central Record System has been implemented and is operating the work has just begun. The host government, if it wishes to produce an effective and efficient administration of criminal justice system, must insure a concentrated, continuing effort to implement the operational procedures set forth by Public Safety. In addition, the following must be accomplished:

(1) Installation, implementation and institutionalization of:

(a) A central records sub-system in each province police headquarters.

(b) A dispatch system utilizing commercial airline (RAL) postal or courier service for the movement of documents and records (incident, investigative personal history, identification, arrest or detention and administrative reports and records) to and from the Central Records Division.

(c) Complete consolidation of all personal history, investigative and administrative files.

(d) Complete conversion of all indexing to the "standard index card," with total cross referencing.

(d) Complete conversion of all indexing to the "Standard index card," with total cross referencing.

(e) Print and distribute all standardized forms and other administrative supplies or equipment.

(2) Installation, implementation and institutionalization of the incident reporting sub-system:

(a) Select, train and assign personnel to operate as operation desk officers and reports review officers in each unit of each service and province.

(b) Direct and enforce the implementation of the incident reporting sub-system throughout all law enforcement agencies of the RLG.

(c) Train all investigative personnel to utilize the standard investigative report form and procedures.

(d) Administer and supervise the operation of the incident report sub-system.

(3) Installation, implementation and institutionalization of the arrest accountability sub-system:

(a) Write, translate and publish the manual of operation and procedures.

(b) Train all operations desk officers, reports review officers, judiciary sworn officers to include judges, magistrates, prosecutors, police and other law enforcement agents in the operation and procedures of the arrest accountability sub-system.

(c) Order and enforce the implementation of the arrest accountability sub-system.

(d) Print and distribute the forms required to implement the sub-system.

(e) Administer and supervise the installation and operation of the sub-system.

b. Police Laboratory

The Lao National Police Laboratory is responsible for the scientific examination of all physical evidence submitted by the different law enforcement agencies. As found today, the physical facilities are ill-equipped to fulfill their functions and the technician assigned to the laboratory has received only limited training in the field.

The laboratory is presently capable of performing only the more basic, preliminary examinations. Simple tests are conducted on opiates and some dangerous drugs; other examinations include the restoration of erased numbers in metal, development of latent fingerprints, preparation of plaster casts, presumptive analyses for blood and testing for dermal nitrates.

In February 1973, a Public Safety Advisor (criminalistics) was temporarily assigned for six months to train three individuals in basic narcotics analyses. However, after the Advisor's departure one of the technicians was transferred out of the laboratory; another was sent to Japan for a three-month conference. The one remaining technician is now tasked with the responsibility to conduct all the examinations.

However, efforts are being made to improve these facilities. The physical plant is being renovated and new equipment, some of which has been purchased by the Lao Government, is being installed. A control system has been developed and is being implemented to provide for closer accounting of the custody of physical evidence.

The National Police must also take action to develop truly qualified forensic scientists or criminalists. One individual should be recruited and trained to ultimately serve as the Laboratory Chief who would not only be responsible for the laboratory's administration and operation but also be employed to train future scientific personnel and to develop technicians for mobile crime scene units. The candidate should receive long-term training (two to four years) in the forensic science or criminalistics field at a university in a foreign country. Under the circumstances, he should have already received some academic training in the natural sciences or related field; exhibit fluency in the foreign language of the country in which he would study; and must otherwise qualify to enroll at the university in the curriculum.

Consideration should be given to providing the same training, as outlined above, for at least one more individual upon the return to Laos of the first individual

G. Communications[4]

1. Background

The U.S. Government has been assisting in the development of the Laos National Police (LNP) communications capability for the last 15 years. This assistance was interrupted for a five-year period (1960 to 1965).

In 1965 a communications study was conducted by an OPS Telecommunications Engineer to determine assistance required to effect a minimum communications capability. This study concluded that past efforts were dissipated by the five-year interruption and that assistance would have to be reinitiated. The study reported that the communications equipment provided the LNP was either destroyed, lost or confiscated. In addition, many of the trained personnel were not returned to the LNP when control of the force was returned to civil authority.

[4]The communications section was written by Mr. Paul Katz.

In late 1965, a Public Safety Communications Advisor was assigned to re-establish a communications capability for the LNP.

Communication assistance from 1966 to 1969 was directed towards assisting the LNP in establishing radio networks to satisfy urban and rural law enforcement requirements. A country-wide high frequency single sideband (HF/SSB) point-to-point radio network was established linking Vientiane LNP Headquarters with police headquarters located in the major cities of each government controlled province. A combination of 46VHF/FM and 48HF/SSB radios were installed and extended the LNP radio network from the province to some 45 key police posts at the Muang (District) level.

To assist the LNP develop a radio maintenance capability, 38 police personnel were trained outside the country. Two attended the RCA Institute in the United States and the balance received training in Thailand. Maintenance facilities with adequate test equipment, tools and spare parts were established in Vientiane, Pakse, Luang Prabang and Savannakhet.

In 1969 an evaluation of the overall Public Safety program in Laos was conducted at which time the following recommendations to improve LNP communications were offered:

(a) To extend LNP communications to other areas such as Som Thong and police posts on the Plain of Jars.

(b) That the LNP Headquarters and Province Headquarters radio stations be on the air 24 hours a day.

(c) That the TCN technician be retained to provide supplementary support in the more technical areas.

(d) That the U.S. telecommunications advisor be retained for at least the next two years to develop LNP radio technical personnel, assure sound logistical procedures and provide systems engineering knowledge to the expansion of the radio network.

It has been established that the last two recommendations were accomplished, while the first two were not.

Since 1965, a total of 538 radio transceivers have been provided by the U.S. Government to the LNP. Of this number 25 have been lost, destroyed or captured and 10 are no longer serviceable. Almost half of the radio transceivers 238 are being utilized in the Vientiane Province and form several radio networks. The LNP Vientiane Provincial Radio Network shown in Annex Y utilizes a combination of VHF/FM and HF/SSB communications equipment to connect the LNP Vientiane Provincial Headquarters with its subordinate district headquarters and remote posts.

A VHF/FM radio network shown in Annex Z was established to provide a command channel for the Director General of the LNP. This network provides direct communications between each of the LNP major elements within the Vientiane area. Another VHF/FM radio network shown in Annex AA was provided the Immigration Police and connects the headquarters with each of its operating elements in the Vientiane area.

The LNP continue to operate a country-wide HF/SSB radio network to pass administrative and command traffic. This network shown in Annex BB connects the LNP headquarters in Vientiane with each of its subordinate police headquarters located in the principle city of each RLG controlled province. This system has been expanded through a combination of VHF/FM and HF/SSB radio transceivers to form intra-province networks (see Annex CC). It services many remote district police stations.

The LNP communication system has been very effective. The use of Morse Code (CW) on the long distance circuits has enabled the LNP to get messages through even when the interference from neighboring countries was severe.

The LNP communications system has developed a reputation as being one of the most reliable country-wide radio networks in Laos. However, as a practical matter the LNP country-wide radio network leaves a great deal to be desired. It was observed during this evaluation that the LNP headquarters station was off the air for 10 minutes during a city power failure. Efforts were still being made to start a standby generator when the city power came back on. The radio system continues to pass messages on a present time schedule and is not on the air 24 hours a day. Preventive maintenance was found to vary from excellent to poor. The HF/SSB communications equipment for the most part is over eight years old and has been operating under severe environmental conditions. These factors

could effect the reliability of the system.

The communications service is established as a staff element of the LNP. The communications service is divided into three sections: Administration, Technical and Supply. It is commanded by a Controller III who reports directly to the Deputy Director General. The LNP Communications Service personnel currently number 241.

Of this number approximately 16 are classified as radio technicians and 10 as generator mechanics. The recruitment, training and retention of radio technicians has been a continuous problem. Of the 38 radio technicians trained outside the country only 12 are deemed capable of maintenance. Although these LNP radio technicians may not have comparable skills to the Third Country National (TCN) radio technicians employed by USAID, they are nevertheless believed capable of installing and maintaining the LNP communications equipment. This includes the VHF/FM radio transceivers provided under the Narcotics Enforcement program as well as the HF/SSB communications equipment used in the LNP country-wide radio network. Two of the most qualified were trained at RCA Institute in the U.S. One is in Vientiane and actively engaged in the management of this repair facility. The other technician has been assigned to the Joint Police and his services are not readily available to communication activities. Ten radio technicians trained in Thailand have been assigned to LNP radio repair facilities in Vientiane, Pakse, Savannakhet and Luang Prabang.

The LNP has a substantial quantity of some 121 trained morse code (CW) radio operators. These operators are qualified at an average speed of 25 words per minute and are to a great extent responsible for the success of the country wide LNP communications system.

Past efforts to develop within the LNP organization a capability to support the US provided communications equipment are notable. The training conducted in the US, Thailand and on-the-job in Laos has resulted in the development of several qualified police radio technicians.

No members of the LNP Communications Service have been exposed to formal training in management and administration of communications systems. The problem appears to be a lack of English language-qualified LNP officers. Telecommunications management training becomes of major importance with the phase-out of U.S. advisory assistance.

H. Immigration Service

The Lao National Police Immigration Police Service is responsible for enforcement of the Lao Immigration Law, for processing all entries and exits, investigation of all violations of immigration laws and regulations, investigation of applicants for visas, stay permits and passports, and the issuance of travel documents and visas.

The Public Safety advisory effort has assisted the Immigration Police Service in:

1) Establishing a standard records system.

2) Standardization of forms.

3) Establishment and printing of an entry exit form which assists the applicant by virtue of a built-in carbon reproduction capability. It also assists the police as the forms are used to insure that the person who enters or exits the Kingdom on or before the day of expiration of the visa.

4) Renovating and reorganizing of office space to assist applicants and police to process more efficiently the required paper work and to be more responsive to the need of the applicants.

5) Establishing a telecommunications system which allows administrators and investigators to contact all entry and exit points in Laos in order to assist in problem solving and to react rapidly to problems. The system has been used to detect and apprehend criminals who attempt to enter or exit Laos.

6) Providing four 22 HP longshaft motors for immigration boats to be used for patrol of the Mekong River in order to detect and apprehend individuals who attempt illegal entry or exit.

CHAPTER V

PSD NARCOTIC CONTROL PROGRAM

In view of the importance of narcotics and narcotic trafficking, the team believes a chapter should be devoted to this subject. The following background on the Public Safety Division was prepared in close cooperation with the PSD Narcotic Advisors.

The mission of the PSD Narcotic Control program is to assist in the development of a viable narcotics control program within both the Lao National Police (LNP) and the Military Police (MP). This mission will probably remain the same, even though the Provisional Government of National Union has been established. The cessation of hostilities will probably result in more trafficking routes and the scope of the narcotics problem may become appreciably broader. Should this occur, the size of the narcotics advisory force may have to be reconsidered, as well as the amount of commodity support and the time phasing of specific objectives bearing on the accomplishment of the mission.

A. Lao National Police

The LNP Bureau of Narcotics and Smuggling (BNS) was created by Ministerial Decree in September 1967 within the Judicial Police Service of the LNP Directorate. It was staffed with 15 men and divided into three separate sections: Administrative, Investigations, and Intelligence. Each section contained several sub-sections. (See Annex G—Organizational Chart of LNP Narcotics Bureau.) The BNS was responsible for, among other things, the enforcement of an antiquated French law which prohibited the movement, possession, and consumption of narcotics unless such movement, possession, and consumption was for personel use. The law failed to spell out the limitation for personal use. This discrepancy, coupled with other ambiguities, rendered it ineffective and almost impossible to enforce. During the four year period from 1967 to 1971, the BNS managed to accummulate 93 kilograms of opium from an indeterminate number of seizures. In November 1971, the opium was burned at a public ceremony in Vientiane which had been planned to coincide with the promulgation of the Narcotics Control Law.

In August 1971, some three months before the law was promulgated, the first PSD narcotics advisor arrived in Laos. He was assigned to advise the LNP in all matters associated with narcotics enforcement. His initial efforts brought about the immediate expansion of the BNS from 15 to 40 personnel and the establishment of a temporary headquarters facility in Vientiane. He also established an urgent need to furnish a minimal amount of required equipment and commodities to enable the BNS to effect an immediate impact on narcotics trafficking.

The second PSD narcotics advisor arrived in January 1972. He was assigned to advise and assist the LNP in the northern province of Houa Khong, in the tri-border area. He was instrumental in the establishment of a Narcotics Section in Ban Houei Sai in early 1972. His area of responsibility was later expanded to include the neighboring province of Sayaboury.

In February 1972, under the auspices of the U.S. Narcotics Attache (BNDD representative), the Groupe Speciale d'Investigation (GSI) was created and staffed with personnel from the LNP, MP, Customs Service, and the National Documentation Center (Intelligence Center). Among the first police officers to be transferred to GSI was the Chief of the BNS from the time of its inception in 1967. As a result of his transfer, along with other BNS personnel, a considerable amount of narcotics expertise and experience was lost to the BNS.

The third PSD narcotics advisor arrived in June 1972, and was assigned to advise the BNS. Substantial progress was made during the last six months of 1972 as exemplified by the number of narcotics arrests and seizures. Also, some of the personnel in the BNS were beginning to exhibit professional expertise in case development, surveillance operations, and in the development and use of informers.

In May 1973, the LNP Deputy Director General recommended that the size and scope of the BNS should be expanded and raised to division level.

In November 1973, as the result of advisory efforts, the LNP Director General removed the BNS from the Judicial Police Service. It was reorganized with a moderate increase in personnel and placed under the control of the LNP Director General's Office.

The construction of a permanent headquarters facility for the BNS was completed in April 1974 (Narcotic Funding at Customs of U.S. $30,000). It is a one-story structure, 32 meters long and 10 meters wide. It has ample space to accommodate the entire BNS and contains two temporary detention cells, two interrogation rooms, and a conference room.

With advisory assistance and financial support, the BNS provides training courses in narcotics enforcement at the Lao National Police Academy in Vientiane for participants from all law enforcement organizations in Laos, including the Prosecutor's Office. Training includes subjects such as Gathering and Exploiting Narcotics Intelligence, Development and Use of Informers, Techniques of Interrogation, Raid and Search Procedures, Fixed and Mobile Surveillance, and Narcotics Case Development. A total of 410 personnel from the LNP, Military Police, Customs Service, GSI, and the Prosecutor's Office have received specialized narcotics enforcement training. (See Attachment O.) This training was developed and presented by the narcotics advisors with the assistance of a few Lao personnel from some of the aforementioned organizations.

Two investigators assigned to the BNS have completed the ten-week Narcotics Training Course at the DEA National Training Academy in the U.S. The present Chief of the BNS, along with five other senior LNP officers have completed the Narcotics Management Course at the IPA, Washington, D.C.

The BNS has begun to exercise both staff and technical supervision over police narcotics enforcement sections which have been established in all provinces not controlled by the Pathet Lao.

Excluding numerous temporary detentions of narcotics suspects and seizures of many items of opium smoking equipment, between 1 November 1971 and 30 April 1974, the LNP effected 93 narcotics arrests and made 125 seizures of narcotics, consisting of 2.6 kilos of #4 Heroin, 11.8 kilos of #3 heroin, 453.5 kilos of opium, and 22.1 kilos of liquid opium. (See Annex W for narcotics arrests and seizures made by all narcotics enforcement agencies.)

Financial support for the LNP's narcotics enforcement effort began in August 1971. Funds were (are) provided by the USAID Narcotics Control Project. The PSD's dollar budgets for fiscal

years 1972, 1973, and 1974 are shown below:

Fiscal Year 1972 (10 months only)	Total Funding:	$106,600
U.S. Direct Hire Personnel		73,400
Commodities/Other Costs		33,200
Fiscal Year 1973	Total Funding:	$211,100
U.S. Direct Hire Personnel		110,500
Participant Training		16,900
Commodities/Other Costs		83,700
Fiscal Year 1974	Total Funding:	$180,000
U.S. Direct Hire Personnel		131,100
Commodities/Other Costs		48,900

B. Military Police

In mid-1972 two additional PSD advisors arrived in-country. They were both assigned to advise the Forces Armees Royale (FAR) Military Police in narcotic enforcement.

These two advisors had to start from scratch as the MP's had no organization for enforcing the provisions of the Narcotics Control law. The advisors gained the respect and support of the Provost Marshal General (PMG) and, with his sanction, conducted numerous field trips throughout the Kingdom and contacted all the Provost Marshals in each of the five military regions. The purpose of these trips was to sensitize the MP's in the field of narcotics enforcement and gain their support in following existing procedures for such enforcement.

A staff study was completed in December 1972 for the reorganization of the Criminal Investigation Division (CID) in the Office of the PMG. The reorganization included a special section for narcotics control, a section which was non-existent at that time. Also, a new justification was prepared and submitted for vehicles and communications equipment which would be required to implement the MP's narcotics control program.

In January 1973 the reorganization of the CID was approved by the PMG and a narcotics control section was established the following month at Headquarters, PMG, in Vientiane. The Chief of the Section

had only three MP's under his command. A few months later the Narcotics Section was upgraded to branch level and staffed with nine additional MP's for a total of 12.

During January 1973 the PMG requested FAR headquarters to publish an official order directing the Military Police in all areas to institute programs for searching aircraft for narcotics. His request was honored two months later when a directive was issued by the Commander of the Royal Lao Air Force (RLAF). The directive stated in part, "The transporting of any form of narcotics is illegal and the Military Police are authorized to search all arriving and departing aircraft, including passengers and cargo." The only exceptions being the King's aircraft, VIP aircraft and aircraft on emergency (tactical missions).

By the end of May 1973, MP narcotics enforcement sections were established throughout each of the five military regions. The personnel strength of these sections varied from one to six men. The mission of these sections is to conduct investigations of all military personnel suspected of either using or trafficking in narcotics. Subsequently, they are to provide guidance and assistance in narcotics investigations and furnish training for all MP personnel in each detachment who are responsible for narcotics enforcement. In addition, they are to maintain close liaison with the narcotics enforcement elements of the Customs Service, National Police, and the GSI.

During the fourth quarter of 1973, eight International Scouts, 19 Honda 100cc motorcycles, 18 FM-5 radios and 16 FM-1 radios were turned over to the PMG for priority assignment to the MP elements responsible for narcotics enforcement.

Since the inception of the PSD's narcotics advisory effort for the MP's in July 1972, four officers and three enlisted men have completed the Narcotics Training Course at the DEA National Training Academy in the U.S.

Excluding numerous joint narcotics arrests and seizures made with other narcotics enforcement units, the MP's effected since May 1973, 13 narcotics arrests and nine seizures consisting of 156.4 kilos of opium and 10.4 kilos of liquid opium.

Financial support for the Military Police's narcotics enforcement effort began in July 1972. Funds were (are)provided by the Narcotics Control Project. The PSD's dollar budgets for fiscal years 1973 and 1974 are as follows:

Fiscal Year 1973	Total Funding	$197,000
U.S. Direct Hire Personnel		50,000
Participant Training		8,800
Commodities/Other Costs		138,200
Fiscal Year 1974	**Total Funding**	**$145,000**
U.S. Direct Hire Personnel		61,900
Participant Training		35,800
Commodities/Other Costs		47,300

C. Communication Support for Narcotics Enforcement Activities[5]

To support narcotics enforcement efforts in Laos, some 136 VHF/FM radio transceivers were provided the Laos National Police and the Military Police. In addition, some 90 units were provided GSI and Customs through the Narcotics Enforcement Program.

The majority of the VHF/FM communications equipment provided under the narcotics enforcement program is identical to that provided the Laos National Police for other police activities. Approximately 50% of this equipment is located in the Vientiane area where the LNP have an adequate radio repair shop, spare parts inventory and trained technicians. Additional LNP facilities capable of maintaining this VHF/FM equipment are located at Luang Prabang, Savannakhet and Pakse.

Presently, messages between Vientiane and Luang Prabang regarding Narcotics Control activities are transmitted over the LNP HF/SSB country-wide radio network.

[5]Ibid.

CHAPTER VI

THE PUBLIC SAFETY PROGRAM

A. Description

The Civil Police Administration Project was designed to assist the Lao National Police in the development of an effective force which would be capable of maintaining public order, humane enforcement of the law and protecting life and property.

1. Background

The advice, assistance and support provided by the Public Safety Division to help the Lao National Police to achieve the objectives outlined above has, because of internal political turmoil within the Kingdom of Laos, been divided into two separate phases, 1955 to 1961, and 1965 to 1974. During the interval between these two phases, no United States assistance was provided for the police. During this interval, the civil police was absorbed by the Directorate of National Coordination, under the Ministry of Defense. An employee of the Office of Public Safety, Washington, D.C., having no advisory or assistance mission, was stationed in Laos during this interval as an observer.

From January 1961 until its disbandment in February 1965, no U.S. support was provided for the Directorate of National Coordination (DNC), the organization under the Ministry of Defense which had absorbed the civil police when they were removed from the Ministry of Interior. In February 1965, the Lao National Police organization was again established under the Ministry of Interior and the Civil Police Administration Project resumed in a few months in what was, in effect, a second beginning.

By 1965, virtually all progress made between 1955 and 1961 in assisting the Lao Police to become an effective law enforcement organization had been negated. Most of the equipment furnished the police through U.S. assistance during those years had, between 1961 and 1965, been taken over by the military forces. What equipment remained was either unserviceable or in very poor condition. Most of the arrest records, general police files, and fingerprint cards had been destroyed. Files retained in the provinces, although inadequate,

were later used to reconstruct some basic police files. Many of the force's buildings had deteriorated, some had been preempted, and the remainder had been destroyed. Police training during that period had, for all practical purposes, ceased to exist. The Police Academy, which had served as DNC Headquarters, had deteriorated to the extent that renovation was deemed impractical.

2. The Survey

During March and April 1965, at the request of both the USAID and the RLG, a team of American police specialists from the Office of Public Safety, Washington, D.C., conducted a survey to assess the capabilities of the LNP for the purpose of determining what actions would be necessary for reconstituting the force as an efficient police organization.

Recommended actions by the survey team included the provision of administrative guidance and assistance at both staff and command levels of the force, professional police training, the provision of adequate facilities and equipment, and a nationwide communications network.

A Project Agreement to provide assistance to the Lao National Police was signed on 28 June 1965. With the reestablishment of the Civil Police Administration Project, the PSD's advisory and support role included the following objectives:

(1) Establish an extensive training program;

(2) Establish an country-wide Communications Network;

(3) Establish a maintenance, repair and logistics capability

(4) Establish a police management system; and

(5) Assist in the development of improved basic police operations.

3. Goin/Leister Evaluation

The Public Safety program was evaluated by L. J. Goin and C. Leister in November 1969. The evaluation team recommended that:

(a) project goals be rephrased;

(b) the program methodology emphasize the shift in the advisors' role from essentially operational to advisory;

(c) third country nationals continue to be used to the extent required;

(d) increased emphasis be given to retraining the police force;

(e) a concerted effort be made to create a merit system for promotions; and

(f) selected commodities be procured to meet emergency needs.

C. Observations and Conclusions

Generally, goals and targets have not been on schedule. Changes in priority of effort, operational requirements and funding shortages have contributed to the slippage. An accurate administrative yardstick to measure the progress of the LNP has not been developed. However, on the site observation of police performance by the survey team coupled with reports and records disclose significant improvement in all phases of the civil law enforcement operations.

The following is a synopsis of the accomplishments and action taken by the LNP to meet the objectives established in September 1970. The short and long term goals with specific objectives were in response to the findings and recommendations contained in the Goin/Leister evaluation. These individual objectives and accomplishments are contained in Annex V.

1) A LNP training facility, designed to meet present and projected requirements, is completed with the exception of the administration building. This institution will provide basic, special

and in service training for cadet officers, non-commissioned officers and recruits. The various courses of instruction are tailored to meet the personnel requirements of field units. Steps have been taken to increase the English language capability through the establishment of language laboratories. Also, English language materials are being translated into the Lao tongue. It has been found that the retention of participants has been 100 percent. However, only eight of the full-time instructors at the Police Academy are United States trained.

2) A central records system and an identification system, based on the Henry fingerprint classification, was established in LNP Headquarters. These systems are to be extended to all provinces in the near future.

3) A small arms repair facility with an ammunition reloading capability for .38 caliber ammunition only was established, is operational and meets the normal requirements of the LNP. Recently, the loss during shipment of lead and brass has restricted the output of ammunition. The team considers the present use of factory loaded ammunition for firearms practice to be wasteful and should be discouraged.

4) A logistics system that includes receiving, warehousing, distribution and accounting procedures for all types of supplies was devised by PSD and established by the LNP. Functionally, the system is inefficient due to limited budgeting and split responsibility. For example, warehousing is under the Material Services and the Intendence Service is responsible for inventory control of all equipment and supplies.

5) Automotive repair facilities capable of servicing about 100 four-wheel vehicles have been established at LNP Headquarters and in the regions. A shortage of trained mechanics and a limited supply of spare parts hampers the efficiency of these facilities. Additional RLG funding is required to accomplish basic goals.

6) The frequency and number of urban and rural motorized police patrols have increased measurably, thereby bringing the police closer to the public. Training and vehicles provided by technical assistance have improved the quality of the police services but not to the desired level. The lack of adequate RLG financial support for further training, automotive maintenance and replacement of vehicles will continue to hamper the progress of this program.

7) Effective management of police resources continues to be a major shortcoming of the LNP. The selection and assignment of IPA graduates to key positions, coupled with in-service and on the job training of other officials have enhanced general administration and improved the quality of planning, operations and services. Many commanders are to be commended for maximum utilization of available human and material assets. However, now that the country is no longer on a "war" basis, funds that have previously been funneled into defense spending must now be channeled into other activities. Some of this money must be used to increase the police budget in order that the life of the career policeman can be improved and salaries can be brought within the cost of living. Additionally, with the phase out of US assistance, budget changes must be taken to fill the void caused by the cessation of A.I.D. supplied funding support and at the same time increase police funding to meet increased requirements.

8) A police laboratory has been established although it is presently only capable of performing simple tests and examinations. However, steps are being taken to remedy some of the deficiencies.

9) The Immigration Service has been considerably improved through concentrated joint efforts by the LNP and PSD.

10) Although problems exist in the area of narcotics enforcement, they are certainly not insurmountable. The RLG and concerned senior officials are aware of the problem areas and can solve them by taking direct, positive action.

(a) Lao National Police. The Narcotics Bureau of the Lao National Police presently has a solid nucleus for further developmental growth. This is a result of many personnel changes since the initiation of the Public Safety Advisory effort in 1971. Present Bureau personnel have undergone considerable training, both formal and on the job, and five members have attended narcotics training in the U.S. The Bureau has made significant progress in improving its capability to initiate and further narcotic investigations and in fact, has made more seizures and arrests than any of the other enforcement groups in Laos. The Narcotic Bureau provides technical and staff supervision to the narcotics sections located in the provincial police units throughout the country, but does not exercise command supervision over these sections. The police narcotics sections throughout the country are under the command of their respective province police chiefs. Most logistical/funding support for police narcotics investigating activity has been through USAID. The LNP has provided little of this type support to date.

(b) Lao Military Police (MP). The PSD advisory effort to this organization was not began until July 1972 and it was in January 1973 that the first narcotics section was created within the Criminal Investigations Division of the Office of the Provost Marshal General. This section is just beginning to develop the capability to initiate and further narcotics investigations, however, the section does not exercise staff supervision over Military Police narcotics enforcement efforts country-wide. As with the LNP above, the Military Police throughout the country are under the command of their respective Province Military Commanders.

11) Although the LNP country-wide Communications System has been very effective, it still has room for great improvement. The need for Telecommunications management personnel is obvious. This will exist until formal training can be given.[6]

[6] Ibid.

CHAPTER VII

RECOMMENDATIONS

Based upon observations contained in preceding sections of this report, the team offers the following recommendations for consideration.

It is recommended that:

Organization

1. The Lao National Police budget must be increased in order to assume the funding responsibility which, in the past, was provided by U.S. assistance. It is estimated that the Lao National Police budget should be increased by 500 million Kip in order to provide sufficient POL, office supplies, uniforms for police officers, vehicle and radio spare parts, in-service training programs, facilities and office equipment purchase inventory. There must be an additional increase in order to provide a living wage to the policeman. This can be easily accomplished since the Armed Forces received in 1973-74 a large proportion of the national budget (45.20%) while the LNP received only 5%. With the cessation of hostilities the reduction of need for military forces can allow a large reduction in Defense spending and more for civil law enforcement.

2. The Royal Lao Government allow the Lao National Police to recruit sufficient new policemen to bring the force up to its 5,600 personnel level and provide for continuing recruitment to replace personnel who leave the Lao National Police service.

3. The Lao National Police adopt the proposed rules and regulations as submitted by the Chief of the Public Safety Division. These rules and regulations should be printed and distributed to all personnel, particularly to remote interior posts.

4. The Royal Lao Government adopt the proposed reorganization submitted to the Director General of the Lao National Police and the Minister of Interior by the Chief of the Public Safety Division in October 1973. The current span of control is much too broad for one man to manage. The recommended organization structure would be for the present service to be grouped by similar activity under three Assistant Director Generals; i.e., Assistant Director General for Administration, Assistant Director General for Staff Services, and Assistant Director General for Police Operations.

5. The Director General of the Lao National Police be given the full authority for all transfer assignments, disciplinary actions of personnel below the position of Deputy Director of the Lao National Police. The Minister of Interior should only appoint the Director General.

6. A promotional advancement system be established and maintained whereas requirements regarding establishment for education, training and time in grade for each rank should be strictly adhered to.

Motor Maintenance

7. The LNP budget at least U.S. $31,000 a year as a desired figure for the acquisition of spare parts.

8. The trained mechanics taken away from repair facilities to provide manpower for the Joint Police be returned. At the same time steps must be taken to train more mechanics.

Weapons and Ammunition

9. The LNP take steps to continance to purchase of reloading components in order that this program continue.

10. Use of factory loads for firearms practice be discontinued.

Training

11. The ongoing English language programs for the LNP be continued in order to provide more future candidates for training.

12. A higher percentage of instructors at the Academy be trained abroad.

13. The program jointly developed by LNP and PSD to retrain the LNP in the two areas of Command Supervision and basic law enforcement operation be begun as soon as possible.

14. The program already begun by PSD to translate material into the Lao language be continued upon departure of U.S. advisory personnel.

15. A minimum of U.S. $25,000 be planned over and above the current Academy budget in order to counteract the termination of USAID assistance.

Urban and Mobile Patrol

16. Financial and training support be provided by the LNP in order to continue and expand the beat and mobile patrol systems already begun.

17. Adequate planning be taken to support the mobile patrol through maintenance and vehicle replacement allocation in the budget.

Records

18. The LNP, if it wishes to provide an effective, efficient administration of Criminal Justice must continue a concentrated effort to implement the operational procedures already set forth and put in operation by PSD.

19. The present sub-system be installed in each province police headquarters and methods be developed to move documents and records to and from the LNP Central Records Division.

20. All personal history, investigative and administrative files be consolidated.

21. The LNP take immediate steps to convert all indexing to the "standard index card" with total cross referencing. Additionally, all standardized forms and other administrative supplies must be printed and distributed.

22. Personnel be selected, trained, and assigned to all phases country-wide in the three sub-systems of incident reporting, standard central records and arrest accountability.

Police Laboratory

23. A qualified individual be recruited and trained to ultimately serve as Laboratory Chief with responsibility for administration, operations and training of laboratory personnel. This candidate should receive long-term training in forensic science at a foreign university.

24. Upon the return to Laos of the above individual, consideration be given to providing the same training for at least one more individual.

Narcotics Enforcement Activity

25. The Police Narcotics Bureau be upgraded to Division level, with all police personnel having narcotics enforcement responsibility assigned to this Division. This would considerably accelerate the effort to institutionalize the specialized narcotics enforcement effort within the Lao National Police. See the proposed organizational chart for the Police Narcotics Division, Annex X.

26. Lao Government contributions to the narcotics enforcement activity be increased in order that on departure of U.S. advisory and technical assistance, the program established will be able to continue.

27. The RLG effort be realigned to insure the appropriate coordination among all concerned agencies to facilitate progress.

Communications

28. Efforts to develop additional language qualified officers who can assimilate telecommunications management training receive high priority.

United States and Host Government Personnel Contacted

U.S. Personnel

Ambassador Charles S. Whitehouse
Political Officer, Embassy, J. Hoganson
Customs Lawrence Thompson
DEA Charles Vopat
USAID Mission Director, Charles A. Mann
USAID Deputy Director, Gordan B. Ramsey
USAID Area Coordinator, Pakse, Robert Zimmerman
USAID Public Safety Division Staff

Host Government Personnel

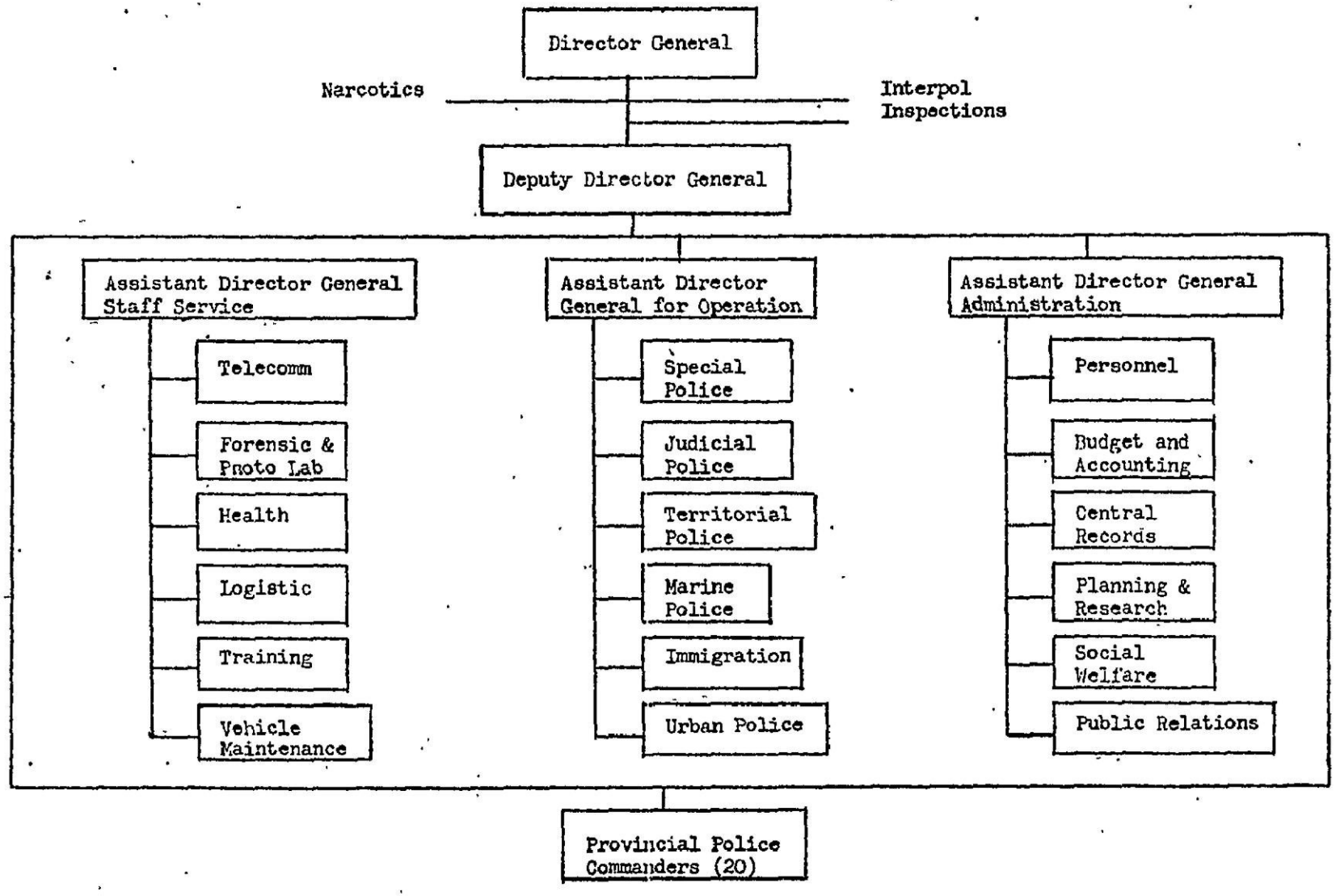
Controller 1st Class Chanthaboun Luanglath, Director General National Police (NP)
Controller 2nd Class Vatha Phanekham, Deputy Director General NP
Controller 3rd Class Ounheuan Sinbandith, Chief Judiciary Service NP
Controller 3rd Class Cong Sengsourichanh, Chief Material Service NP
Controller 3rd Class Chanthala Sihackr, Chief Instruction Service, NP
Commissaire 1st Class Aroun Boupha, Deputy Chief Judiciary Service NP
Commissaire 1st Class Phonethip Chindavong, Deputy Chief Material Service, NP
Commissaire 1st Class Thavisit Kosol, Deputy Commandant Administration, Training NP
Commissaire 1st Class Sirenthone Douangehak, Chief, NP, Sedone Province
Commissaire 1st Class Khamphy Thepsoupanh, Chief, NP Saravane Province
Commissaire 1st Class Phet Khouphongsy, Deputy Chief, NP, Sedone Province
Commissaire 1st Class Bouakham Chanla, Judiciary Chief, NP, Sedone Province
Colonel Loun Sisounol, Provost Marshal General, Military Police (MP)
Lt. Colonel Thong Kham Daranouvong, MP Commander Mobile Bn
Commissaire 2nd Class Bounthank Khounlavong, Chief Narcotics Bureau NP
Commissaire 2nd Class Southone Sundara, Chief of Staff, GSI, NP
Commissaire 2nd Class Ngamdy Siharaj, Chief of Records, GSI, NP
Commissaire 2nd Class Khamphong Louangaphay, Narcotics Chief, NP, Sedone Prov.
Commissaire 2nd Class Bounthauk Khounlavong, Chief Narcotics Bureau, NP
Commissaire 2nd Class Nai Sengphrachank Nakhammouand, Dep. Chief Field Operations, NP

ATTACHMENT A

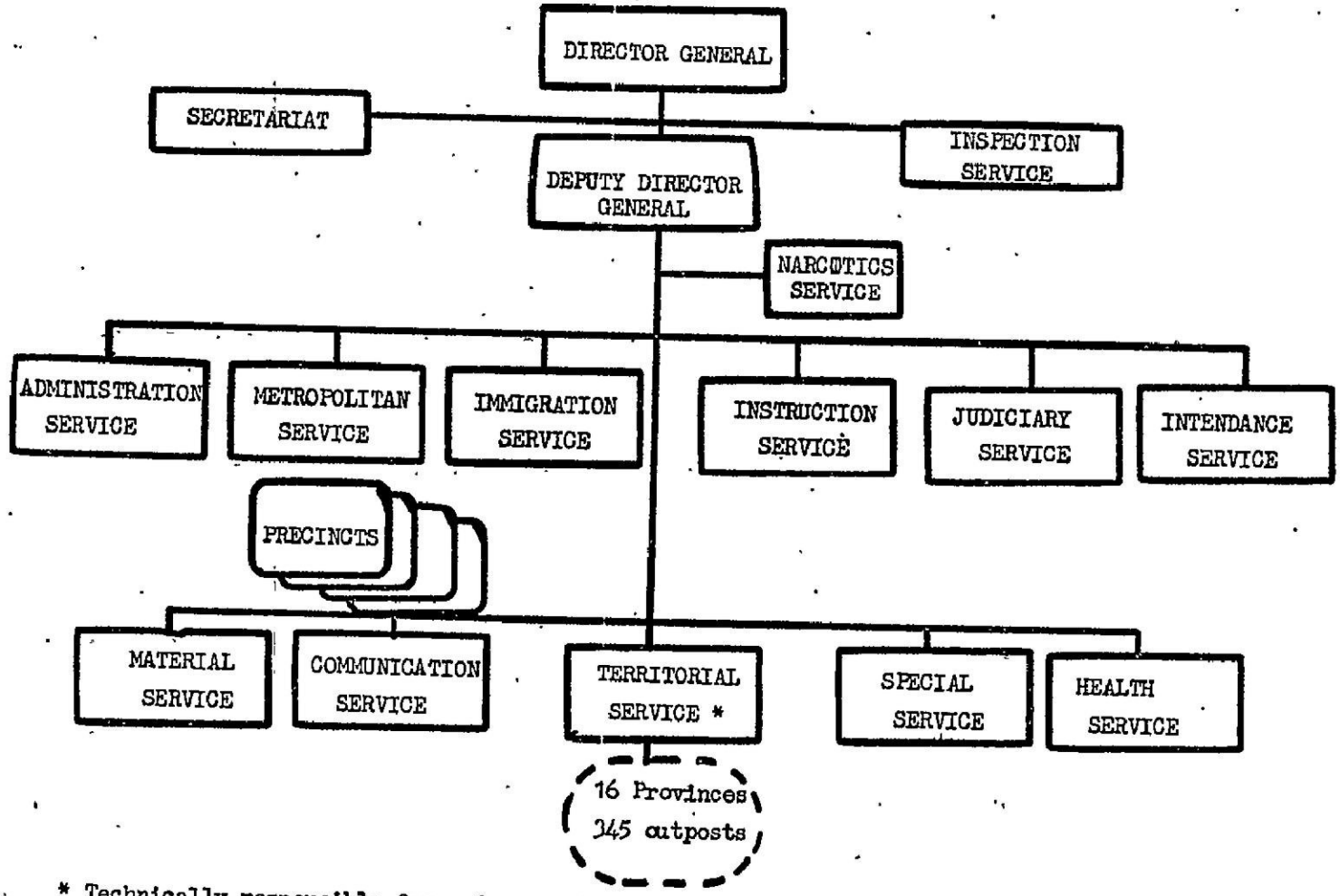
Major Oun Xaypharath, MP, Chief of Training
Major Khamkhenap Erichittavong, MP, Chief Narcotics Branch
Commissaire 3rd Class Bounmy Dangmanivanh, Deputy Chief, Investigations, NP
Commissaire 3rd Class Sengprachank Nakhammouand, Dep., Chief Narcotics, NP
Commissaire 3rd Class Phan Aryavong, Chief Administration, NP
Captain Mok Somphithak, Chief G-4,MP
Captain Bounta Thoonsavath, Chief Accounting Section, MP
Captain Bounliane Rajphoumy, Provost Marshal, MP
Captain Bounegnadeth Makthepharak, MP
Inspector 1st Class Bounthiem Intervong, Commo Chief, Sedone Province, NP
Inspector 1st Class Bounprasith Khourengnavong, KM-8 Sedone Province, NP
Inspector 2nd Class Khamphoo Thanasouk, Lab Technician, NP
Inspector 2nd Class Liem Phettaphong, KM-33, Sedone Province, NP
M/Sgt. Thao Ke Inthapalith, KM-33, MP, Sedone Province.

ATTACHMENT B

PROPOSED REORGANIZATION FOR THE LNP



ATTACHMENT C



* Technically responsible for enforcement operations, but each governor exercises administrative control over police assigned to his province

LAOS NATIONAL POLICE

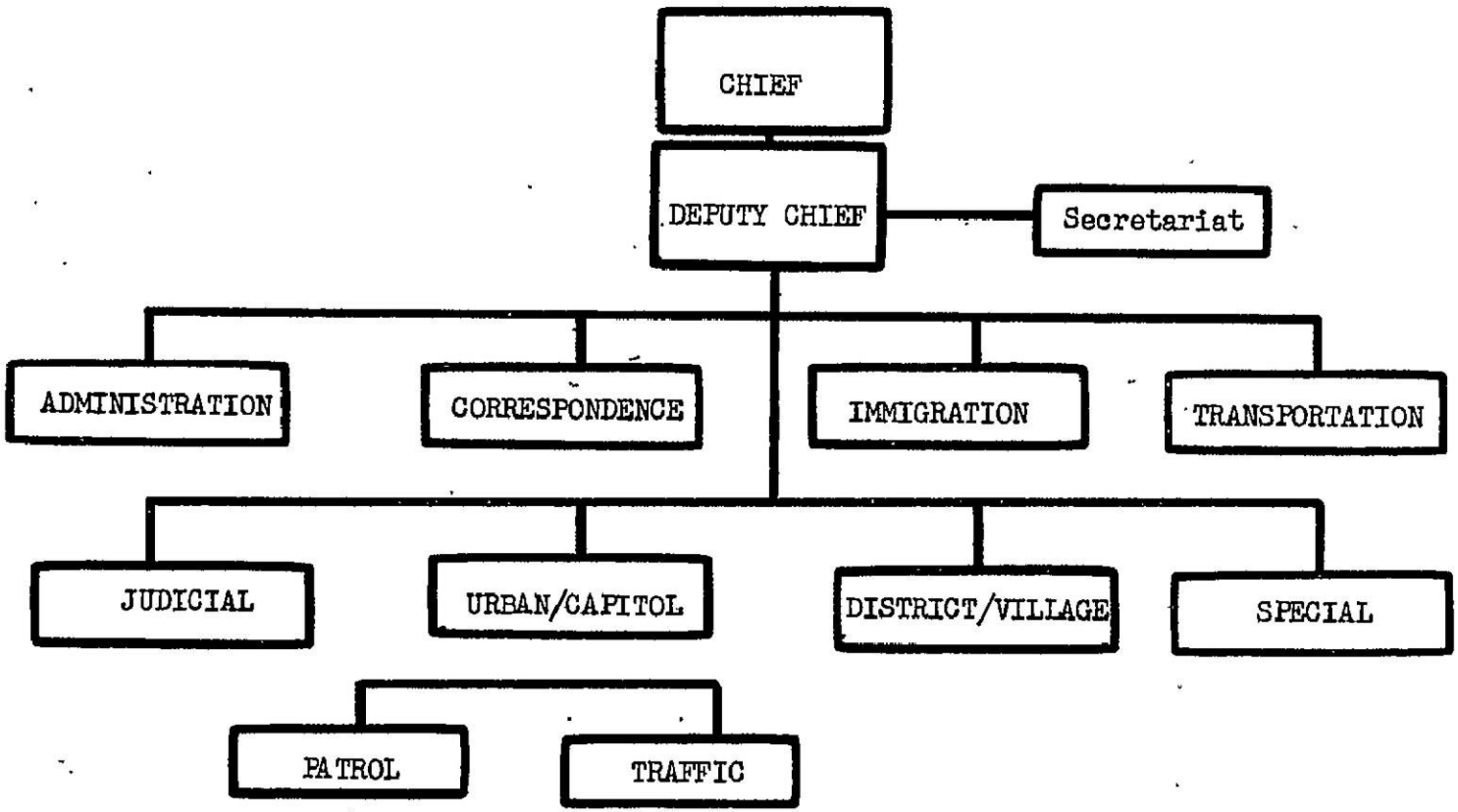
ATTACHMENT D

DEPLOYMENT OF POLICE MANPOWER BY RANK

	Controller	Commissaire	Inspector	Brigadier	S/Brigadier	Agents	Civilian	Total General
Director General's Office	2	2	1	9	3		4	21
Inspection Service	2	1	6	2	6			17
Administration Service	1	26	33	87	58		24	229
Intendance Service	1	5	8	14	4		1	33
Communication Service	1	3	6	29	18	1	2	60
Health Service	1		3	6	13	1	1	24
Special Service	2	16	26	80	43		5	172
Material Service	1	6	5	37	31		3	83
Immigration Service		18	32	28	15		1	94
Territorial Service	1	10	12	20	13		3	59
Judicial Service	1	13	44	35	23		1	117
Metropolitan Service	2	40	174	299	233	2	3	753
Instruction Service	1	9	84	25	19		2	140
Students (Interior)	7	5						12
TOTAL	23	154	434	671	479	3	50	1,814

	Controller	Commissaire	Inspector	Brigadier	S/Brigadier	Agents	Civilian	Total General
Phogsaly		3	5	7	6	3		24
Houakhong		3	8	94	46			151
Luang Prabang		11	44	203	87	43		388
Xieng Khouang		10	9	30	65			114
Houaphanh		6	7	18	14			45
Sayaboury		10	22	94	67	1		194
Vientiane	1	15	70	247	171			504
Borikhane		7	13	58	52			130
Khammouane		11	27	165	92			295
Savannakhet		26	47	338	156		1	568
Vapikhamthong		2	6	65	48			121
Sedone		19	45	226	155		1	446
Champassack		5	18	61	45			129
Saravane	1	2	10	103	33			148
Attapeu		2	7	44	34			87
Sithandone		3	6	51	48			108
TOTAL	2	135	344	1804	1118	47	2	3452

ATTACHMENT E



PROVINCIAL POLICE - STANDARD ORGANIZATION

LIST OF EXISTING POLICE POSTS SINCE THE CEASEFIRE

NO.	PROVINCES	DISTRICTS OR PRECINCTS	SECTIONS	POSTS	IMMIGRATION POSTS	TOTAL
1.	Houaphanh	7		5		12
2.	Houakhong	6	4	1		11
3.	Phongsaly	3	4			7
4.	Sayaboury	7	2		5	14
5.	Luang Prabang	25	2			27
6.	Xieng-Khouang	9	6	4		19
7.	Vientiane	12	43	36	4	95
8.	Borikhane	4	14	3		21
9.	Khammouane	8	5	8	1	22
10.	Savannakhet	14	21	7	1	43
11.	Wapikhamthong	3	3	3		9
12.	Sedone	6	6	3	1	16
13.	Champassak	4	4		1	9
14.	Saravane	7				7
15.	Attopeu	5				5
16.	Sithandone	4		7	1	12
	16					16
TOTAL	16	124	114	77	14	345

ATTACHMENT F

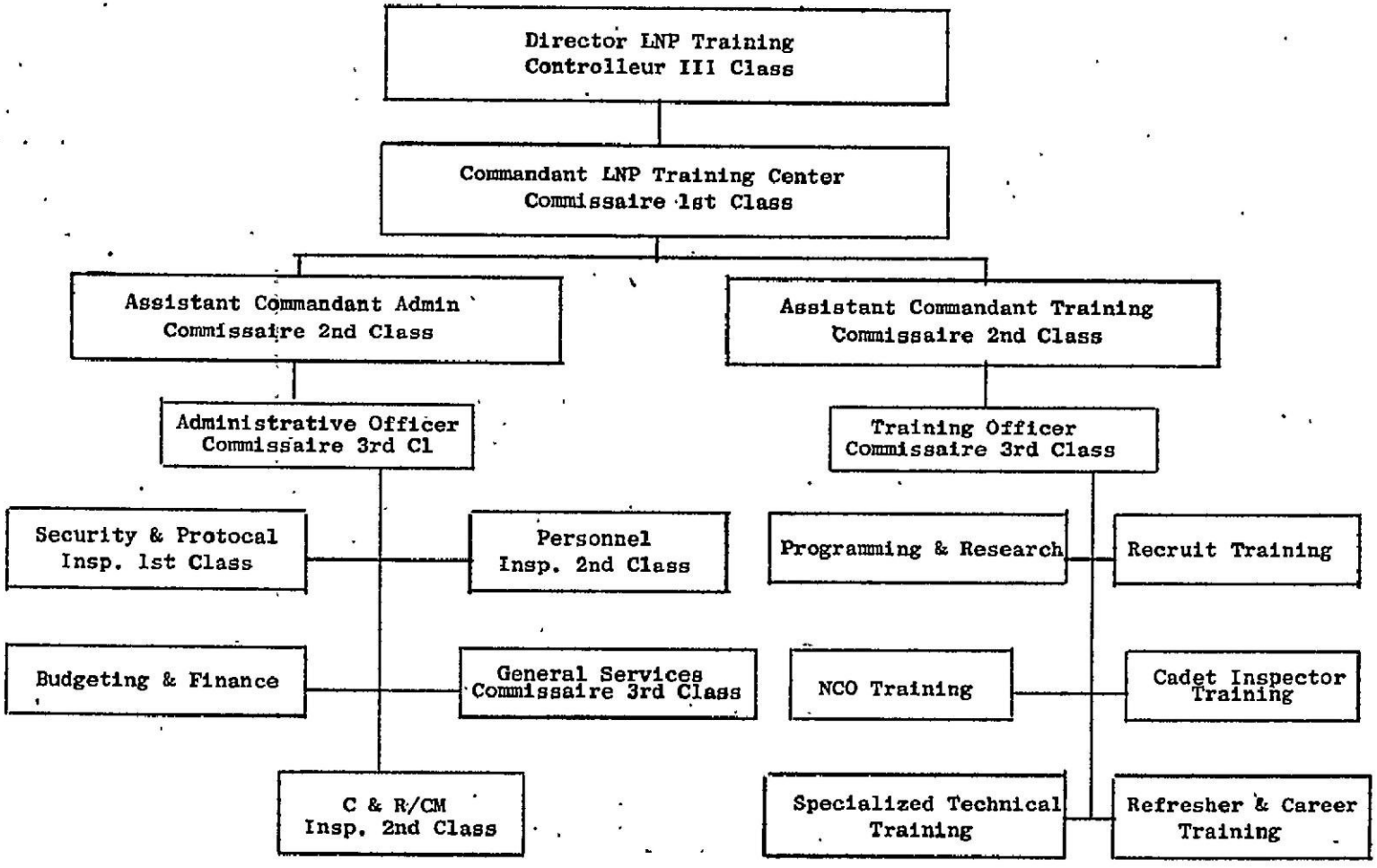
ATTACHMENT G

AS OF NOVEMBER 19, 1973. BUREAU REPORTS DIRECTLY TO DIRECTOR GENERAL, LAO NATIONAL POLICE

LAO NATIONAL POLICE NARCOTICS BUREAU

ATTACHMENT H

PRESENT ORGANIZATIONAL CHART
LAO NATIONAL POLICE DIRECTORATE OF TRAINING



COURSES AT LNP ACADEMY

Number Hours Instruction

Cadet Courses	1st Year	2nd Year	3rd Year
A. Law	420	420	250
B. Police Science	270	300	250
C. General Subjects	200	190	120
D. Drill	140	200	240
TOTAL	1,030	1,110	860

Commissaire	3 Months
A. Law	112
B. Police Science	86
C. General Subjects	98
D. Drill	60
TOTAL	410

Radio Communications	5 Months
A. Radio	784
B. Police Science	78
C. Drill	96
TOTAL	958

Fingerprint Course	8 Weeks
A. FP System	320
B. Police Science	32
C. Drill	32
TOTAL	384

Officer Candidate	1 Year
A. Law	240
B. Police Science	216
C. General Subjects	140
D. Drill	144
TOTAL	740

ATTACHMENT I

Recruit Training	6 Months
A. Law	138
B. Police Science	150
C. General Subjects	78
D. Drill	194
TOTAL	560
Narcotics Course	1 Month
Traffic Course	2 Weeks
Crowd and Riot Control	2 Weeks
JSCD (Joint Security Force Training)	3 Months

(NOTE: Abbreviated Recruit Training - Personnel are ex-Military)

English Language Training

Cadets receive:	240 hours Beginner 240 hours Advanced
LNP Academy and LNP Hq	Continuous and Advance according to capability

AGREEMENT RE JOINT POLICE

UNOFFICIAL TRANSLATION

TELEGRAM NO. 231/Admin-1
Date: 2/6/74

From : Director General, Lao National Police

To : Chiefs, Police Services (including Chief JSCD)
Chiefs, Provincial Police Headquarters
Commissaire I Class Somphet Vongsouvanh

PREFACE: Since the Central Joint Committee for Neutrality had already agreed on the Joint Police Service to be manned by both sides which will operate in the Luang Prabang and Vientiane cities, the following is to be implemented:

ARTICLE I The actual Metropolitan Police Service including its police precincts and its various bureaux to vacate their former premises and to move to LNP Headquarters from where they will function temporarily. The actual Metropolitan Police facilities will be turned over to the Government side of the Joint Police Service.

ARTICLE II The Chief of the Metropolitan Police to transfer all functions of the Police Precincts (Mouangs Chanthaboury, Sikhottabong, Sayasettha and Sisattanak) and all its functions within the Vientiane Municipality to the Chief of the Government side of the Joint Police Service. Similarly the Commander of the Luang Prabang Provincial Police to transfer the functions of its police precincts (Xieng Dong, Xieng Leck and other precincts) and all the police functions within the Luang Prabang Municipality to the Chief of the Government side of the Joint Police Service in Luang Prabang.

ARTICLE III The name of the Government side of the Joint Police Division in both the cities is changed and is now called: "The Joint Police Service of the Vientiane Government". The Government side of the Joint Police Service in Vientiane and Luang Prabang are placed under the direct command of the LNP Directorate. But the functions of neutralizing the two cities are charged to the Central Joint Committee for implementing the Peace Protocol.

ATTACHMENT J

ARTICLE IV Commissaire I Class Somsouk Banouvong who is presently Deputy-Chief of the Police Administration Service will be the new Chief of the Government side of the Joint Police Service. He will replace Commissaire Khamphone Xayarath who is now re-assigned to the Special Police Service. The new Chief of the Government side of the Joint Police Service and his deputy, Commissaire I Class Somphet Vongsouvanh will be installed in their new functions by the Chairman of the Central Joint Committee and will take over personnel and facilities of the Metropolitan Police Service as mentioned in Article II above and this order comes into effect as of 8 February 1974.

ARTICLE V The Chief of the Metropolitan Service has the responsibility of providing technical advices in order to assist the LNP Directorate in all municipal police activities except Vientiane and Luang Prabang municipalities.

ARTICLE VI Each Police Service, Provincial Police Headquarters and their bureaux, to extend all facilities to the police officers assigned to the Joint Police Service which consist of 500 men to Luang Prabang and 1,000 men to Vientiane by providing the best and qualified commissioned and non-commissioned police officers in order to facilitate their important mission which they have to perform in cooperation with the Pathet Lao Force.

ARTICLE VII The Royal ordinance will follow and these instructions are issued for immediate implementation.

Signed: Controller II Class Vatha PhaneKham
Acting Director-General, LNP

Distribution:
- The Minister of Interior
- Chairman of the Central Joint Committee of Government side - Vientiane
- Chief of the Secretariat Bureau/Director General's Office
- Chief, Interpol

(for report)

REGULATIONS

Concerning Joint Police Forces of two sides in
Vientiane and Luang Prabang, signed on February 6, 1974

In execution of Article 10 (B) of the Protocol to the Vientiane Agreement, the Delegation of the Patriotic Forces side and that of the Vientiane Government side in the Joint Central Commission (CJC)* to Implement the Agreement have unanimously agreed on the following regulations concerning the Joint Police Forces of the two sides in the Cities of Vientiane and Luang Prabang. If necessary, the two sides will continue discussions to amend the contents of the regulations and make them more complete.

I. The Positions:

1. The positions of the Headquarters and Police Forces of each side:

In Vientiane: The Headquarters and Police Forces of the Patriotic Forces side are located at the Somboun Hotel at kilometer 2.

The Headquarters and Police Forces of the Vientiane Government side are located at the former Headquarters of the Metropolitan Police.

In Luang Prabang: The Headquarters and Police Forces of the Patriotic Forces side are located at Xieng Keo and Phou Khouang.

The location of the Headquarters and Police Forces of the Vientiane Government side will be discussed and agreed upon by the CJC Delegations of the two sides.

2. The positions of the Joint Headquarters of the Joint Police Forces of the two sides:

In Vientiane: It will be at the former construction department at kilometer 2 at Houa Muong.

In Luang Prabang: It will be discussed and agreed upon by the CJC Delegations of the two sides.

---

* Also called JCCIA or JCIA

ATTACHMENT K

3. The positions of the Police Forces of each side in the Joint Police Forces stationed in various Districts in the two Cities:

In Vientiane: These forces will be stationed at the Muong Sisatthanak District, the Muong Chanthaboury District, the Muong Saisettha District and the Muong Sikhothabong District.

In Luang Prabang: These forces will be stationed at the Muong Xieng Dong District, the Muong Luang Prabang District and the Muong Xieng Lek District.

For convenience and practicality, in each of the cities the Police Forces of each side in the Joint Police Forces stationed in the various Districts are permitted to have both their own office spaces and joint offices, the locations of which will be discussed and determined by the Commands of the Joint Police Forces of the two sides. As for the Joint Police Forces of the Vientiane Government side, while awaiting new living quarters, they are permitted to live temporarily in their former living quarters.

4. The locations of the Police Stations and Posts in various areas and communities:

They will be located in various areas and communities in each District in the two Cities in accordance with needs of work. Their locations will be discussed and agreed upon by the Commands of the Joint Police Forces of the two sides.

II. The organization of the Police Headquarters of each side:

1. The Headquarters of the Joint Police Forces of each side in the two Cities, will consist of the following Police Divisions:

(1) The Special Police Division
(2) The Municipal Police Division
(3) The Traffic Police Division
(4) The Immigration Police (Entry and Exit) Division
(5) The Judiciary Police Division
(6) The Security Police Division (to protect premises persons)
(7) The Crime Suppression Division
(8) The Patrol Division
(9) The Airport Security Police Division
(10) The Marine Police Division (for security along the river)
(11) The Fire Division

III. The stationing of Police Force personnel: Each side will station its Police Forces and Police Commanders at the positions and living quarters assigned to it. The commands of the Joint Police Forces of the two sides will dispatch the Joint Police Forces and Commanders to be stationed at the following places:

(1) The Joint Police Headquarters in the Cities of Vientiane and Luang Prabang

(2) The various District positions in the Cities of Vientiane and Luang Prabang

(3) The various Police Posts in the Cities of Vientiane and Luang Prabang.

In addition, the Commands must also assign the Joint Police Forces and personnel to carry out special duties and provide security for various functions attended by important persons of the two sides.

IV. Weapons and Equipment:

1. The Joint Police Forces and personnel of the two sides will be equipped with equal numbers of individual weapons and equivalent characteristics as follows: Submachine guns, rifles, handgrenades, pistols, teargas grenades, shields and batons. Submachine guns, rifles and handgrenades will be used only for guard positions, carrying out patrol missions and suppressing serious incident in emergency situations, only when authorized by the Commands of the Joint Police Forces.

The Commands of the Joint Police Forces of the two sides will discuss and agree upon the quantity of each kind of weapons including bullets and grenades, for equipping the Joint Police Forces. Each side has the right to replace damaged arms and used or defective bullets on a piece for piece basis; but the other side must be informed in advance of any replacement.

2. Other equipment and tools--central radio located at the Joint Headquarters and Joint District positions, car and motorcycle radios, vehicles for work, water trucks, large and small speed boats, handcuffs and other technical equipment.

V. Working Procedures for the two Joint Police Forces:

1. Each side has the duty to control and command its own Police Forces. However, the two sides will cooperate in specialized work and actual police operations. The commands of the Joint Police Forces of the two sides must discuss and formulate plans to maintain

law and public order in the Cities of Vientiane and Luang Prabang in accordance with the working principles unanimously agreed upon. The command of the Joint Police Forces of each side will then disseminate these plans among its officers and men for implementation.

In peacetime, the Joint Police Forces are responsible for maintaining public order and security in the two Cities. If necessary, the Commands of the Joint Police Forces of the two sides may request cooperation from the Commands of the Joint Military Forces of the two sides. After executing the common plan unanimously agreed upon by the Commands of the Joint Police Forces of the two sides, each side must report to its higher authorities.

2. After the Commands of the Joint Police Forces of the various levels of the two sides, have discussed and unanimously agreed upon common general and technical working principles, a joint memoranda will be prepared, countersigned and sealed by the Commanders of the two sides before such agreements are implemented.

3. If, in carrying out mutually agreed plans, one side notes that the other is incorrectly executing the plans, it shall so notify the other side so the two sides can correct the situation as soon as possible.

4. Officers and men attached to the commands of the Joint Police Forces of the two sides in the two Cities must be equal in numbers, positions rights and responsibilities. Each side has the right to replace and transfer its forces on a man for man basis with prior notification to the other side.

5. To help the Joint Police Forces in the two Cities perform their tasks, the police of the Vientiane Government side shall give them a clear and detailed briefing, and turn over all official functions of all police services in the two Cities to the Joint Police Forces of the two sides. Any tasks not yet entrusted to the Joint Police Forces will temporarily be performed by the Joint Police Forces of the Vientiane Government's side.

6. The Joint Police Forces and the Joint Units responsible for neutralizing the two Cities must, within the limits of their responsibilities and duties, coordinate their work with officials of the Administrations of the two Cities in order to Implement the Agreement and the Protocol and disseminate their contents to the General Public.

VI. Responsibilities and duties of the Joint Police Force of the two sides:

The Joint Police Forces of the two sides shall carry out their duties in accordance with the General Police principles and the rights and duties stipulated in Article 10 (B) of the Protocol, that is by coordinating with the Administrative Branch, Ministeries, Departments and Courts.

The Joint Team responsible for neutralizing the Cities of Vientiane and Luang Prabang must in order to perform their jobs effectively, coordinate with the Commands of the Joint Police Forces, the Commands of the Protective Military Forces of the two sides, and with administrative officials in the two Cities.

This document shall come into force on the date of its signature by the two sides.

Done in Vientiane in 10 copies on February 6, 1974.

Head of the Patriotic Forces side's Delegation to the Central Joint Commission, Soth Phetrasy.

Head of the Vientiane Government side's Delegation to the Central Joint Commission, Phagna Souraphon Latsapakdi Soukan Vilaysan.

PARTICIPANT TRAINING
THROUGH APRIL 1974

International Police Academy

Senior Officers Course	10
General Course	53
Narcotic Management Course	5

Other Training

Police Executive	4
Technical Specialist	20
TOTAL	92

Technical Specialist Training By Subject

IPA General Course

Criminal Investigation	29
Immigration/Customs	1
Instructor Methods	12
Patrol Operations	4
Riot Control	6
Traffic Management	1

Technical Specialist

Communications	2
Criminalistics	3
Narcotics	6
Riot Control	8
Rural Policing	1

ATTACHMENT L

U.S. DOLLAR FUNDING
(000)

Year	Total	Personnel	Participants	Commodities	Other Cost
1965	894.4			894.4	
1966	556.7	105.9	59.7	382.1	9.0
1967	654.0	121.0	105.0	294.0	134.0
1968	500.0	176.0	47.0	189.0	88.0
1969	466.0	153.0	55.0	169.0	89.0
1970	547.0	199.0	60.0	151.0	137.0
1971	481.0	151.0	26.0	172.0	132.0
1972	356.0	200.0	27.0	118.0	11.0
1973	431.0	227.0	18.5	155.0	31.0
1974	481.0	257.1	18.5	177.4	28.0
	5,367.6	1,590.0	416.7	2,701.9	659.0

LOCAL CURRENCY KIP (000) FUNDING

Year	Total	Personnel	Construction	Commodities	Other Cost
1966	7,509	(Breakdown not available)			
1967	2,871	1,223	6,397	5,251	
1968	14,738	1,968	2,496	3,956	6,318
1969	5,255	3,059		1,096	1,100
1970	7,847	3,372	1,225	2,250	1,000
1971	6,945	4,432		893	1,620
1972	5,598	4,102		264	1,232
1973	6,100	4,300		600	1,200
1974	38,300	6,800		1,500	30,000
	105,163	29,256	10,118	15,810	42,470

ATTACHMENT M

POLICE WAGE SCALE

RANK	No. of Yrs. Service within Rank	Base Pay	Family Allowance	Tax Deduction	Net Pay
Cont I Cl		45,633	3,000	3,465	45,168
Cont II Cl	More than 6 yrs	45,633	3,000	3,465	45,168
	Less than 2 yrs	39,015	3,000	2,830	39,985
Cont III Cl	More than 6 yrs	41,121	3,000	3,032	41,089
	Less than 2 yrs	34,804	3,000	2,425	35,379
Comm I Cl	More than 10 yrs	39,015	3,000	2,830	39,185
	More than 6 yrs	34,804	3,000	2,425	35,379
	Less than 2 yrs	29,991	3,000	1,963	31,028
Comm II Cl	More than 4 yrs	29,991	3,000	1,963	31,028
	Less than 2 yrs	26,381	3,000	1,617	27,764
Comm III Cl	More than 6 yrs	26,381	3,000	1,617	27,764
	More than 4 yrs	25,780	3,000	1,559	27,221
	Less than 2 yrs	23,073	3,000	866	25,207
Insp I Cl	More than 4 yrs	23,073	3,000	866	25,207
	Less than 2 yrs	20,978	3,000	800	23,178
Insp II Cl	More than 4 yrs	20,813	3,000	789	23,024
	Less than 2 yrs.	18,510	3,000	642	20,868
Insp III Cl	More than 2 yrs	17,523	3,000	579	19,944
	Less than 2 yrs	15,897	3,000	516	18,381
Chief Brig	More than 20 yrs	16,743	3,000	585	19,158
	More than 9 yrs	15,897	3,000	531	18,366
	Less than 5 yrs	15,051	3,000	298	17,753
Brig I Cl	More than 20 yrs	16,224	1,500	574	17,150
	More than 9 yrs	15,209	1,500	509	16,200
	Less than 5 yrs	14,363	1,500	285	15,578
Brig II Cl	More than 9 yrs	14,701	1,500	298	15,903
	Less than 5 yrs	13,855	1,500	264	15,091
Brig III Cl	More than 5 yrs	13,517	1,500		15,017
	Less than 5 yrs	13,009	1,500		14,509

(Kip 840 = U.S. $1.00)

ATTACHMENT N

PSD-INITIATED
IN-COUNTRY NARCOTICS TRAINING

DATE OF COURSE	LNP	MP	GSI	CUSTOMS	OTHER	TOTAL STUDENTS	NO. HOURS
11/4 - 11/20/71	45	--	--	--	--	45	60
11/22/71	--	80	--	--	--	80	4
1/7/72	--	--	--	--	17	17	6
1/31/72	29	--	--	--	--	29	8
2/2- 2/11/72	10	5	1	--	1	17	47
2/17/72	--	17	--	--	--	17	6
5/29 - 6/9/72	17	2	2	2	2	25	62
7/26 - 7/28/72	20	5	--	5	--	30	18
11/6 - 11/11/72	16	--	--	--	--	16	34
12/11 - 12/22/72	12	5	4	4	--	25	62
[illegible]		16	4	5	--	32	100
[illegible]	17	3	--	3	4	25	115
[illegible]	13	5	[illegible]	2	3	25	115
01/22 - 2/15/74	17	4	2	2	2	27	114
TOTALS.	201	142	15	23	29	410	751

ATTACHMENT O

CAPABILITY RECAP BY LAOC
Included type "B" Procurement

Item Description	(# on hand) by Fiscal Year										
	FY-65	FY-66	FY-67	FY-68	FY-69	FY-70	FY-71	FY-72	FY-73	FY-74	Total
[illegible]	[illegible]			20	[illegible]	[illegible]	40	20	112	40	329
[illegible]	20			[illegible]	10	10	20	22	10	2	[illegible]
[illegible] (Mobile)			26		6					4	10
[illegible] (Base)	4		4								8
[illegible] (Portable)											
[illegible] Monitor/Rec				4							4
[illegible] (Base)	18			3							21
[illegible] (Portable)			20		4			4			28
[illegible]rator, Electric	[illegible]										[illegible]
Installation Acc[illegible]	Lot		Lot	Lot	Lot	Lot	Lot	Lot	Lot		Lot
[illegible] Part, Electron			Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot	Lot
Audio Equipment											
[illegible] Tools	Lot									Lot	Lot
[illegible] quipment	Lot		Lot					Lot			Lot
[illegible]ntenna Telephone				Lot							Lot
Telephones				Lot							Lot
[illegible]anphones				2							2
[illegible]ng Recorders											
[illegible]AL											
Camera, Still (all types)			2						13		15
Photo Enlarger											
Photo Developing [illegible]pt											
Photo Developing [illegible]				Lot	Lot						Lot
[illegible]o Printer											
[illegible]nsole Console											
[illegible]Fiche											
Projector Movie							1		1		2
[illegible]r Film									2		2
[illegible] Sector Overhead							1		1		2
[illegible]o Screen									1		1
[illegible] Material											
[illegible] Shops											
[illegible]ipment Kit											
[illegible] Small											
[illegible] Shops	22										22
[illegible]		8			56		12	1		6	64
[illegible] Equipment		[illegible]									[illegible]
[illegible]									[illegible]		[illegible]
[illegible]									[illegible]		[illegible]
[illegible]				[illegible]	[illegible]						[illegible]
[illegible]											
[illegible]											
[illegible]											
[illegible] Equipment											
[illegible]											
[illegible]											
[illegible]											
[illegible]											

ATTACHMENT P

CIVILIAN MAP TO LAOS
Included type "" Procurement

ITEM PROCURED (Fiscal Year)	FY-65	FY-66	FY-67	FY-68	FY-69	FY-70	FY-71	FY-72	FY-73	FY-74	Grand Total
Jeeps & Station Wgns.	27							1			2
Carryall (Over ton)	[illegible]								2		[illegible]
Trucks ton	60						30	6	22		118
Trucks and Trailers											
Jeeps											
Ambulance											
Motorcycle							40	30	15	15	100
Aircraft											
Aircraft Engine											
Boat		6									6
Outboard Motor						3			10		13
Fire Engine											
Auto Shop Equipt & tools		Lot	Lot	Lot	Lot	Lot	Lot	Lot			Lot
Engine Spare Parts	Lot		Lot	Lot			Lot				Lot
Bicycles	998							30			1,028
Wreckers											
Fork Lift											
Gas, Oil and Grease											
WEAPONS											
Revolver .38	1,300	1,457		12							2,969
Pistol											
Carbine											
Rifle											
Shotgun	100										100
SMG											
Machine Gun											
Revolver Cal. .22	40	20	40								100
WPN Repair Parts				Lot	Lot	Lot	Lot		Lot		Lot
Reload Equipment	Lot			Lot	Lot				Lot		Lot
Tools	Lot										Lot
Cleaning Supplies											
Ammo	Lot									Lot	Lot
Gun Powder									300 Lbs		300 Lbs
Bullet Metal									2000 Lbs		2000 Lbs
Gas Gun					5						5
Chemical Dispenser											
Tear Gas Grenade			200	176	196		48		760		720
Tear Gas Projectile			150	156	150		76		132		668
Gas & Chemical Sub											
Helmet							24	198			222
Safety Shield						200					200
Gas Mask							20				20
Gas Mask Canister							20				20
Ammo Belt											
Handcuffs							0			200	270

ATTACHMENT Q

LAO NATIONAL BUDGET

	1971 - 1972	Percent	1972 - 1973	Percent	1973 - 1974	Percent
Total	19,200,000,999 ($31,735,537)		22,807,546,000 ($37,698,400)		28,785,500,000 ($47,580,000	
Armed Forces	8,492,605,000 ($14,037,364	44.2%	10,149,000,000 ($16,775,000)	44.64%	13,000,000,000 $21,487,600)	45.20%
National Police	1,233,837,000 ($2,039,400)	6.4%	1,323,837,000 ($2,188,160)	5.8%	1,457,765,000 ($2,409,529)	7%

LAO NATIONAL POLICE BUDGET (Thousand Kips)

FY 1970-1971

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureaux
Director-Gen Office	9,888	300					
Inspection Service	6,162	300					
Admin. Service	45,210	600					
Intendance Service	25,859	3,010		1,500	4,000	21,100	
Special Police	41,823	480					400
Judiciary Police	24,694	360					1,200
Metropolitan Service	156,490	720					400
Territorial Service	15,396	300					
Immigration Service	27,137	300					
Health Service	5,305	300					
Commo Service	17,600	300					
Material Service	12,772	300					
Instruction Service	39,248	600				680	
Phongsaly	8,349	180				160	
HouaKhong	29,993	180				400	
Samneua	7,163	180				160	
XiengKhouang	20,029	180				160	
Luang Prabang	80,455	420				600	
Sayaboury	44,473	180				300	
Vientiane	101,227	420				600	
Borikhane	27,128	180				300	
Khammouane	59,349	320				320	
Savannakhet	111,151	510				600	
Sedone	88,659	420				600	
Wapikhamthong	28,077	180				300	
Saravane	33,757	180				300	
Attapeu	23,908	180				300	
Champassack	29,429	180				300	
Sithandone	22,298	180				300	
TOTALS	1,143,029	11,940		1,500	4,000	27,480	2,000

SPECIAL FUNDS

INTENDANCE	
Uniform	9,554
Function Allowances	
Subscription Newspapers	650
Dispute Sect. Operation	380
Sports Sect. Operation	300
INSTRUCTION	
Tuition Instructors	1,500
Food Allowance	12,000
Academy Operation	2,000
Public Relations (Admin)	
Fire Brigade (Metro)	500
Health Service Operation	1,000
Commo Service Operations	1,600

TOTAL: K 1,219,433,000 ($2,015,590)

LAO NATIONAL POLICE BUDGET (Thousand Kips)

FY 1971-1972

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureaux
Director-Gen. Office	9,888	300					
Inspection Service	6,162	300					
Admin. Service	35,210	600					
Intendance Service	22,859	3,500	1,000	1,500	4,000	21,100	
Special Police	39,623	480					400
Judiciary Police	21,542	360					1,200
Metropolitan Service	153,490	720					400
Territorial Service	15,396	300					
Immigration Service	27,137	300					
Health Service	5,305	300					
Commo Service	17,600	300					
Material Service	12,772	300					
Instruction Service	39,248	600				680	
Phongsaly	8,254	180				160	
Houakhong	31,597	180				400	
Samneua	9,621	180				160	
XiengKhouang	24,159	180				160	
Luang Prabang	83,670	420				600	
Sayaboury	45,405	180				300	
Vientiane	113,027	420				600	
Borikhane	27,168	180				300	
Khammouane	60,331	320				320	
Savannakhet	113,268	510				600	
Sedone	91,062	420				600	
Wapikhamthong	20,440	180				360	
Saravane	36,250	180				300	
Attapeu	23,912	180				300	
Champassack	28,986	180				300	
Sithandone	26,061	180				300	
TOTALS	1,143,029	11,940	1,000	1,500	4,000	27,480	2,000

SPECIAL FUNDS

INTENDANCE	
Future Increase in Salaries	5,000
Function Allowances	
Subscription Newspapers	704
Dispute Sect. Operation	380
Sports Sect. Operation	300
Uniforms	8,000
INSTRUCTION	
Tuition Instructors	1,500
Food Allowance	12,000
Academy Operation	2,000
Public Relations (Admin)	
Fire Brigade (Metro)	500
Health Service Operation	1,000
Commo Service Operations	1,600

TOTAL: K 1,233,837,000 ($ 2,039,400)

LAO NATIONAL POLICE BUDGET (THOUSAND KIPS) 1972-1973

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureau
Director-Gen Office	11,283	300					
Inspection Service	6,543	300					
Admin. Service	38,047	700					
Interdance Service	22,995	5,000	2,150	2,000	4,000	23,000	
Special Police	40,541	500					500
Judiciary Police	24,280	400					1,500
Metropolitan Serv.	154,486	800					400
Terriporial Serv.	15,871	300					
Immigration Serv.	27,226	400					
Health Service	4,816	300					
Commo Service	16,272	400					
Material Service	15,696	300					
Instruction Serv.	40,023	600				400	
Phongsaly	8,682	240				200	
Houa Khong	31,782	250				500	
Samneua	9,988	220				200	
XiengKhouang	23,724	220				200	
Luang Prabang	81,980	600				1,000	
Sayaboury	47,498	300				520	
Vientiane	120,123	600				800	
Borikhane	27,562	300				420	
Khammouane	66,768	400				500	
Savannakhet	128,292	620				800	
Sedone	102,229	520				700	
Wapikhamthong	29,856	280				400	
Saravane	40,185	240				380	
Attopeu	23,912	240				380	

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureau
Champassak	31,800	240				400	
Sithandone	24,377	280				400	
TOTALS	1,216,837	15,850	2,150	2,000	4,000	10,500	2,400

SPECIAL FUNDS

INTENDANCE

Future Increase in Salaries	6,000
Function Allowances	
Subscription Newspapers	800
Dispute Sect. Operation	400
Sports Sect. Operation	400
Uniform	20,000

INSTRUCTION

Tuition Instructors	2,000
Food Allowance	14,000
Academy Operation	2,000

Public Relations (Admin)	300
Fire Brigade (Metro)	500
Health Service Operation	1,000
Commo Service Operations	2,000

TOTAL BUDGET: K 1,323,837,000
($ 2,188,160)

LAO NATIONAL POLICE BUDGET FY-74 (Thousand Kips)

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureaux
Director-Gen Office	11,010	360					
Inspection Service	7,030	360					
Admin Service	40,870	800					
Intendance Service	24,610	6,000	3,000	3,000	5,000	24,000	
Special Police	43,764	600					500
Judiciary Police	26,274	500					1,500
Metropolitan Serv.	166,680	1,000					500
Territorial Serv.	17,064	400					
Immigration Serv.	29,336	500					
Health Service	5,205	400					
Commo Service	17,265	500					
Material Service	16,875	400					
Instruction Serv.	40,144	500				500	
Phongsaly	9,371	240				240	
Houakhong	34,384	250				500	
Samneua	10,800	240				200	
Xieng-Khouang	25,635	240				200	
Luang Prabang	88,566	700				1,000	
Sayaboury	51,283	340				560	
Vientiane	129,744	700				800	
Borikhane	29,744	340				460	
Khammouane	72,101	440				540	
Savannakhet	138,528	660				900	
Sedone	110,364	560				800	
Wapikhamthong	32,238	300				440	
Saravane	43,409	260				400	
Attopeu	23,912	240				380	

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureaux
Champassak	34,375	260				400	
Sithandone	26,361	300				400	
TOTALS	1,306,942	18,390	3,000	3,000	5,000	32,720	2,000

SPECIAL FUNDS

INTENDANCE

Future Increase in Salaries	7,000
Function Allowances	20,000
[illegible]iption Newspaper	1,000
[illegible] Sect. Operation	500
[illegible] Sect. Operation	500

[illegible]

[illegible] Instructors	2,000
Food Allowance	16,000
Academy Operation	2,400

Public Relations (Admin)	300
Fire Brigade (Metro)	500
Health Service Operation	1,000
Commo Service Operations	2,400

TOTAL BUDGET: K 1,424,652,000

LAO NATIONAL POLICE BUDGET SUBMISSION FOR 1974-1975 (THOUSAND KIPS)

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureau
Director-Gen Office	11,286	400					
Inspection Service	7,752	460					
Admin. Service	59,347	1,000					
Intendance Service	34,910	10,000	6,000	8,000	10,000	43,200	
Special Police	58,511	700					600
Judiciary Police	42,303	600		—			3,000
Metropolitan Serv.	227,983	1,200					700
Territorial Serv.	21,931	500					
Immigration Serv.	34,609	600					
[illegible] Service	6,768	500					
[illegible] Service	18,718	500					
[illegible]terial Service	23,862	500					
[illegible]struction Serv.	53,427	1,000				800	
[illegible]gsaly	9,223	400				400	
Nou Khong	47,959	400				900	
Samneua	17,219	400				400	
Xieng Khouang	33,455	400				400	
Luang Prabanh	111,001	1,000				1,500	
Sayaboury	62,537	500				800	
Vientiane	174,612	1,000				1,400	
Borikhane	42,359	500				700	
Khammouane	91,058	600				800	
Savannakhet	176,448	900				1,400	
Sedone	144,653	700				1,200	
Wapikhamthong	38,555	400				600	
Saravane	49,167	340				500	
Attopeu	26,483	340				500	

Beneficiaries	Salaries	Office Supplies	Repair of Furniture	Repair of Buildings	Vehicle Spare Parts	POL	Operation of ID Bureau
Champassak	41,133	400				600	
Sithandone	32,421	400				600	
TOTALS	1,699,690	26,740	6,000	8,000	10,000	56,700	4,300

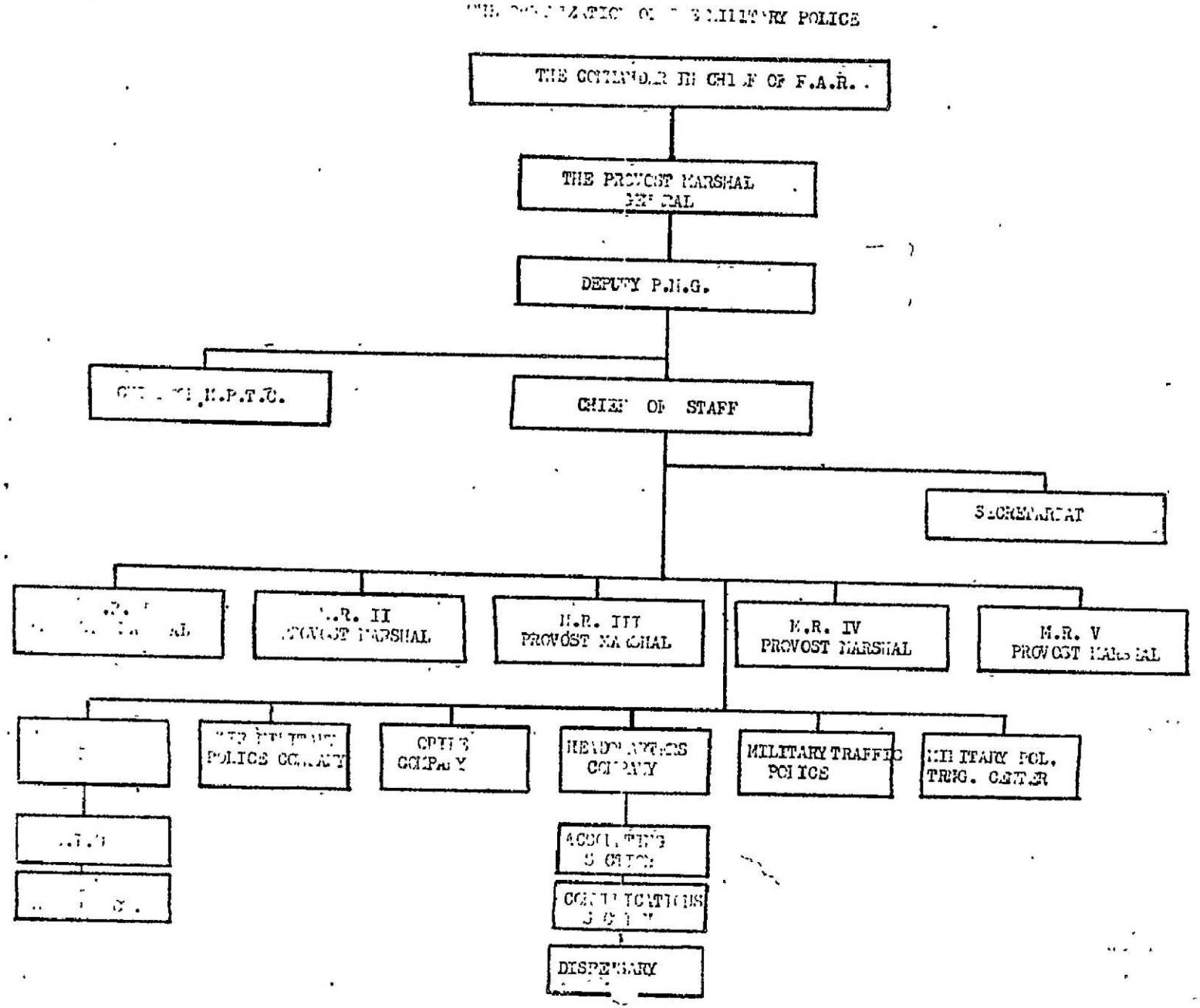
SPECIAL FUNDS

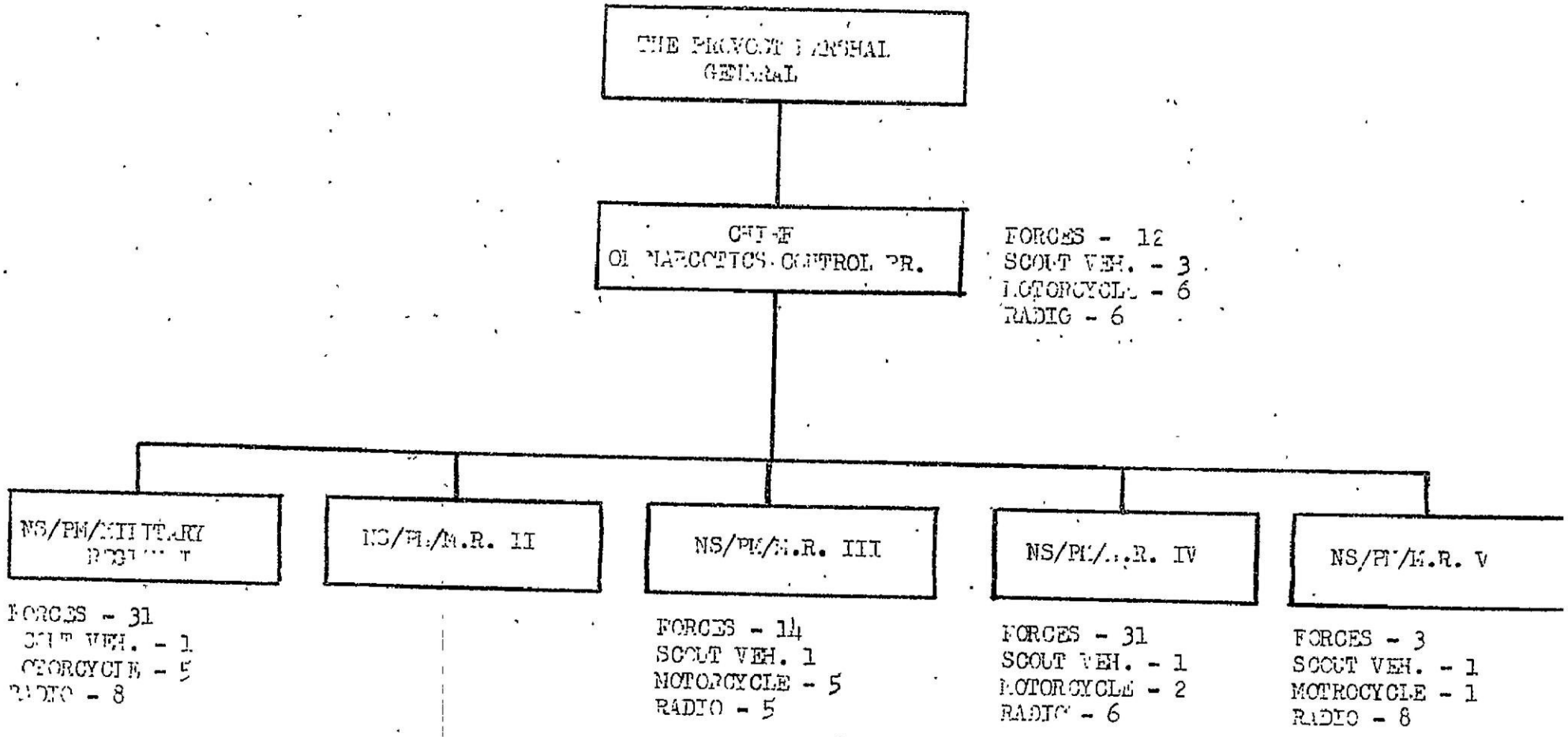
INTENDANCE	
Future Increase in Salaries	9,000
Function Allowances	
Subscription Newspapers	1,500
Dispute Sect. Operation	2,000
Sports Sect. Operation	1,000
Uniform	70,000
INSTRUCTION	
Tuition Instructors	3,000
Food Allowance	20,000
Academy Operation	4,000

Public Relations (Admin)	500
Fire Brigade (Metro)	1,000
Health Service Operation	2,000
Commo Service Operations	4,000

TOTAL BUDGET: ₭ 1,929,430,000
($3,189,140)

ATTACHMENT R



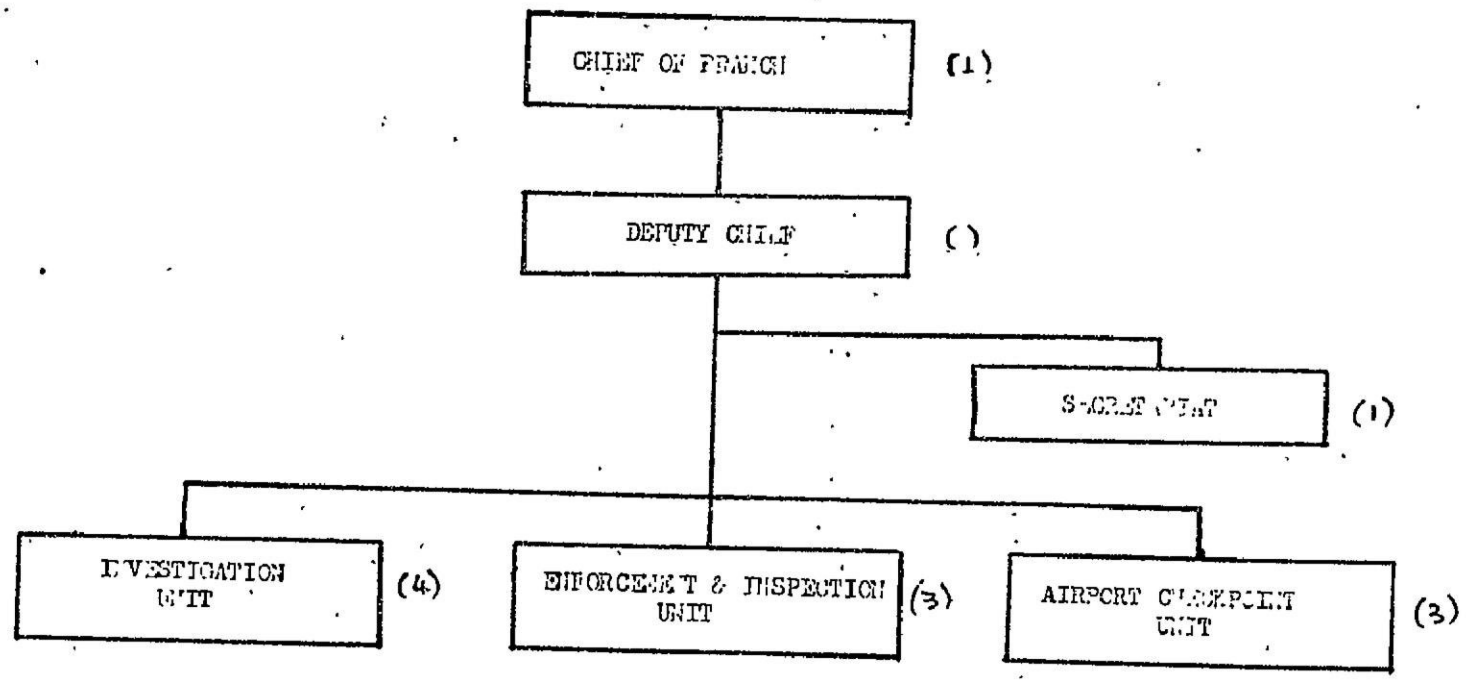


ORGANIZATION CHART OF PROVOST MARSHAL GENERAL

ATTACHMENT S

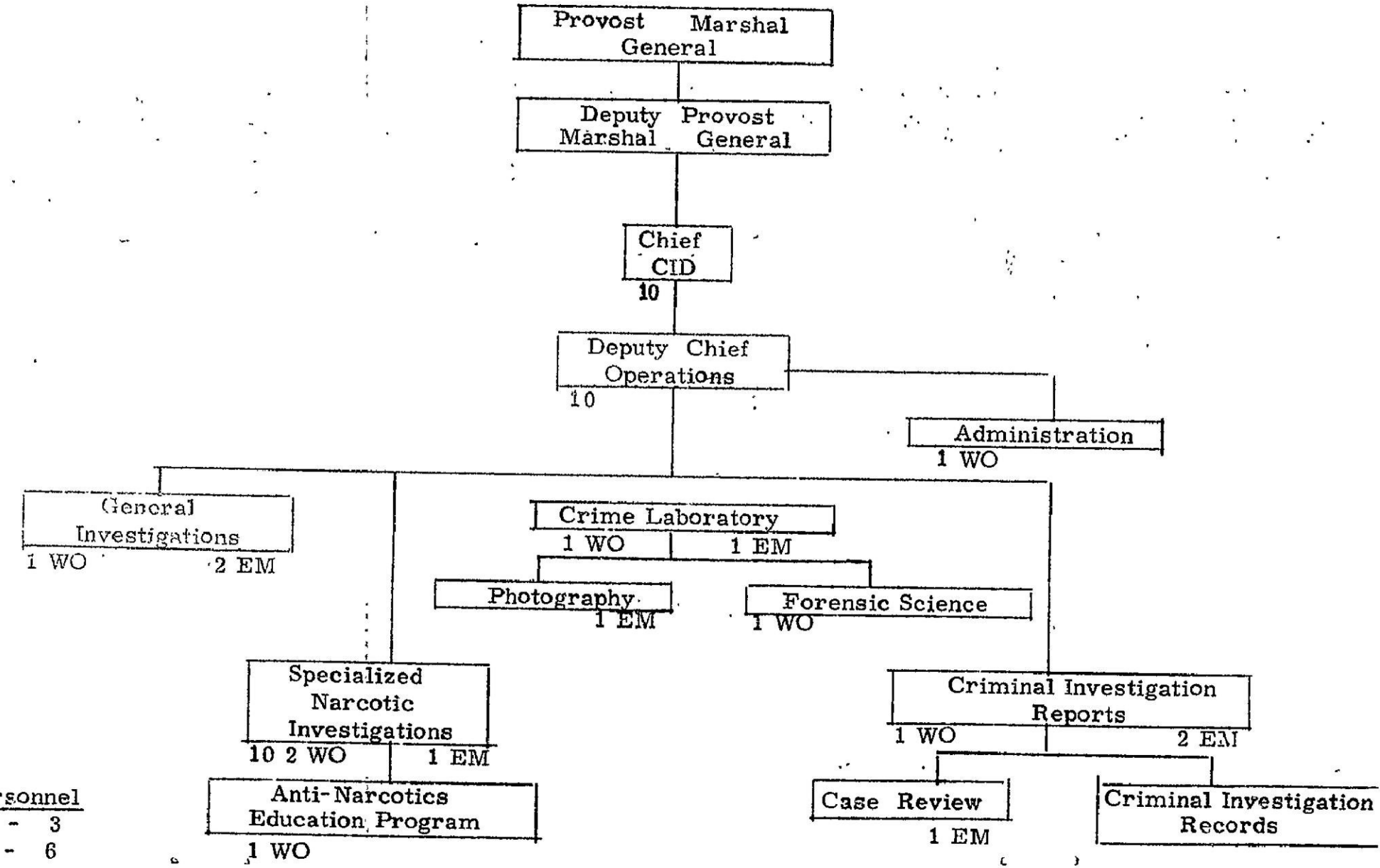
ATTACHMENT I

THE REORGANIZATION CHART OF THE NARCOTIC CONTROL BRANCH, IAR/AP



ATTACHMENT U

CRIMINAL INVESTIGATION DIVISION
OFFICE OF THE PROVOST MARSHAL GENERAL
HEADQUARTERS, FORCE ARMEE ROYALE



Personnel	
O -	3
WO -	6
EM -	6

INDIVIDUAL OBJECTIVES AND ACCOMPLISHMENTS

On September 28, 1970, PSD established short and long term goals with specific objectives designed to carry out the recommendations of the Goin/Leister evaluation. Total accomplishment of the basic objectives outlined below would have resulted in the development of the LNP as an effective, unified national institution capable of performing its primary mission to a degree that would create public support, and enhance the security and stability of the Kingdom.

Objectives	Degree of Accomplishment
Improve the quality of LNP leadership through training and technical advice and assistance.	Partial- 1. Sixteen officers underwent training at IPA. The training received was management oriented. 2. The Director General and his aide toured U.S. law enforcement facilities that were noted for having effective management systems. 3. Assigned advisors tendered management oriented guidance and counsel to the Director General and 12 service chiefs.
Improve planning.	Effective planning is being carried out by senior officers who were trained at the IPA, and/or assigned by PS advisors.
Reassign excess personnel from major headquarters to operational units.	Partial - The staffing of the Mixed Police met part of the objective. However, national and province staffs remain overstrength.

ATTACHMENT V

Promulgate effective command directives	Partial - Directives are weak and unclear. Supervisors fail to enforce the DG's directives.
More effective liaison with field units.	Partial - Inspections and field visits by the DG and principle staff officers are being conducted more frequently.
Develop standing operating procedures and a duty manual designed to provide guidance to police personnel and establish standards of performance.	Partial - A manual of rules and regulations and a manual of operation and procedures have been prepared in English and Lao and submitted to the DG. To date only the Central Records Manual of Operation and Procedure has been approved and is being implemented.
Improve operational effectiveness of field units emphasizing service to the public.	No marked improvement. The LNP believe the public should come to the police.
Adequate around the clock patrol activity.	A patrol system is in effect in major cities.
Better investigative activity.	Partial - the Judicial Police have started to conduct special training. However, the majority of Judicial Police Investigators need to be trained in collection and preservation of evidence, report writing, intelligence and other investigative techniques.
More efficient administration.	Partial - Mid level management procedures are lacking in all principle units. However, the situation is improving due to participant training (especially IPA), assistance by PS advisors and in-service training.

More effective utilization of personnel and equipment and the development of increased individual responsibility.	Partial - There is a direct correlation between effectiveness as a manager and upgrading professional skills through quality training which is lacking.
Improve LNP Headquarters organization, operations and personnel management in order to upgrade operational effectiveness of field elements.	Partial - 1. A manual encompassing rules, regulations and personnel procedures was developed, published in English and Lao and distributed to the Director General (DG), service chief and Deputy Director General. The manual has not been approved by the DG nor implemented. 2. A personnel system that provides better administrative control, and outlines procedures for training and merit promotion was developed and implemented.
Develop a more functional organization with a definite chain of command and an effective span of control.	Partial - a recommended reorganization designed to meet the objectives was submitted to the DG 6 months ago. To date the Minister of Interior has not approved the proposal.
Improve LNP Training, especially at LNP Training Center, emphasizing improved instructor techniques, curricula and text development, improvement of physical plant and the development of courses for all grade categories in the police.	See Training Section.
Develop in-service and specialized training for personnel assigned to operational units.	Partial - A few courses relating to technical and criminal investigations, techniques of instruction and traffic and patrol were conducted.

Effective utilization of returned participants in training activities.	Partial - To the extent possible U.S. trained participants who are capable are assigned to conduct specialized training.
An increased sense of responsibility by police personnel.	Partial - Improved performance due to U.S. and in-country training. However, individual efforts are curtailed by custom and economics.
Improve budgeting procedures.	Partial - Some progress has been made. Continued emphasis and improvement are imperative. The LNP FY 75 budget includes an additional 500 million Kip to cover cost of police equipment, POL, spare parts, maintenance of facilities, and furniture and administrative supplies.
To provide moderate amounts of commodities required by police to carry out assigned function.	See Annex K for listing of commodities provided or in pipeline.
Develop maintenance capabilities to the point where police will be self sufficient.	Marked progress is evident. Facilities have been constructed and a nucleus of technicians have been trained. However, for the improvement to continue the RLG must provide funds for spare parts and training. Failure to receive adequate funding will result in the loss of all progress to date.

RECAP OF NARCOTICS SEIZURES

16 April 1971 - 30 April 1974

NUMBER OF SEIZURES BY AGENCY

GSI	38
Customs	15
MP	9
LNP	125
Joint	11
Total:	198

NUMBER OF SEIZURES BY TYPE

OPIUM (all)	146
No.3 Heroin	32
No.4 Heroin	6
Morphine Base	1
Yen Shee	12
Chemicals	1
Total:	198

AMOUNT OF SEIZURES BY AGENCY AND TYPE
(in kilograms)

CRUDE OPIUM

GSI	386.395
Customs	82.600
MP	156.400
LNP	425.309
Joint	147.060
Total:	1197.764

LIQUID OPIUM

GSI	50.400
Customs	3.300
MP	10.400
LNP	22.052
Joint	6.800
Total:	92.952

PROCESSED OPIUM

GSI	2.400
Customs	109.000
MP	
LNP	6.116
Joint	1.500
Total :	119.016

No. 3 HEROIN

GSI	0.429
Customs	
MP	0.010
LNP	11.823
Joint	
Total:	12.262

No. 4 HEROIN

GSI	10.050
Customs	6.000
MP	
LNP	2.600
Joint	9.370
Total:	28.020

MORPHINE BASE

GSI	22.900
Customs	
MP	
LNP	
Joint	
Total:	22.900

YEN SHEE

GSI	0.012
Customs	
MP	
LNP	1.470
Joint	
Total:	1.482

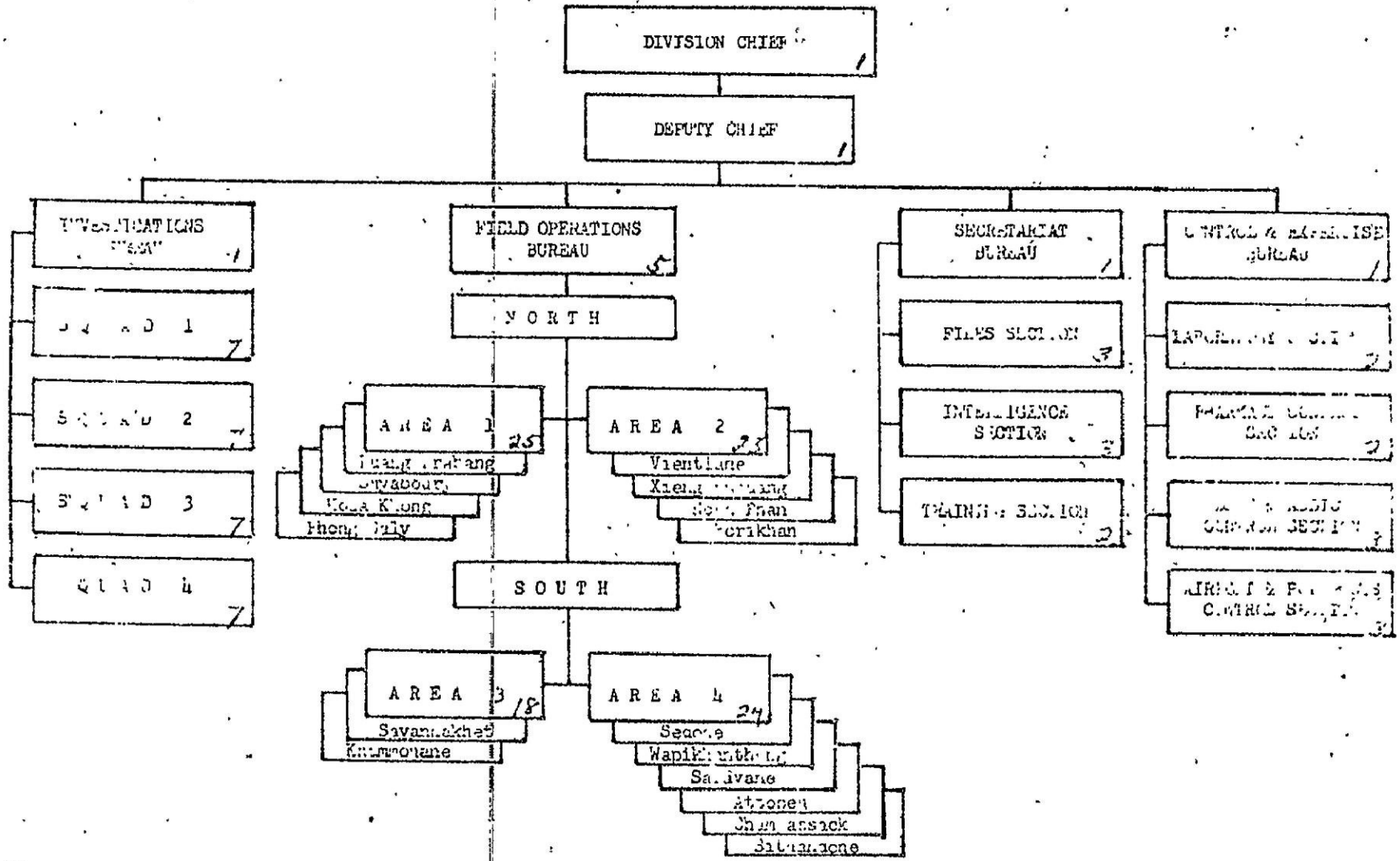
CHEMICALS

Acetic Anhydride	280 kgs
Sodium Carbonate	9 bbls
Acetone	60 ltrs
Ether	48 kgs
Hydrochloric Acid	5 ltrs

ATTACHMENT W

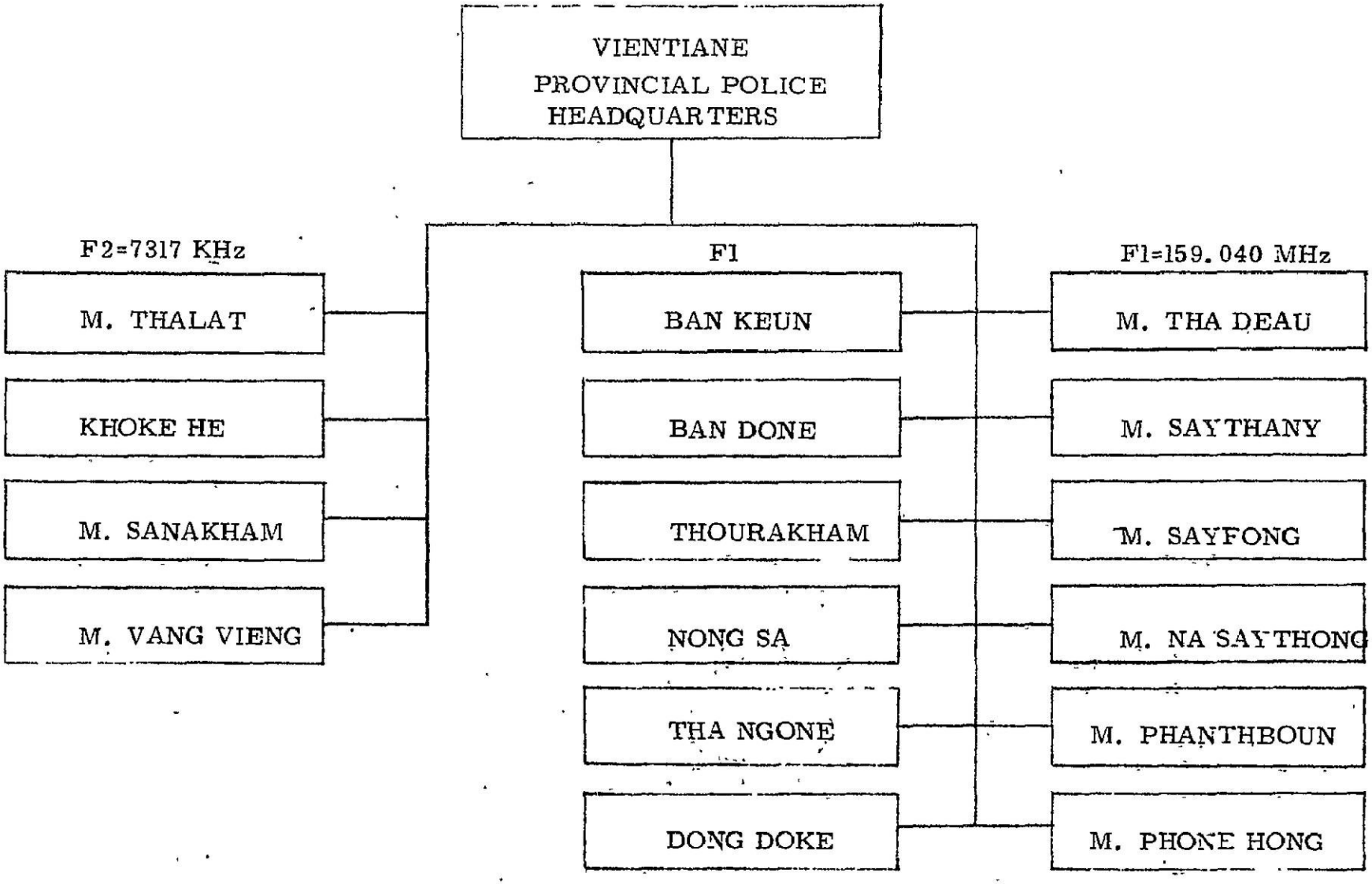
+ 90 = 146

PROPOSED ORGANIZATIONAL CHART FOR LNP NARCOTICS DIVISION

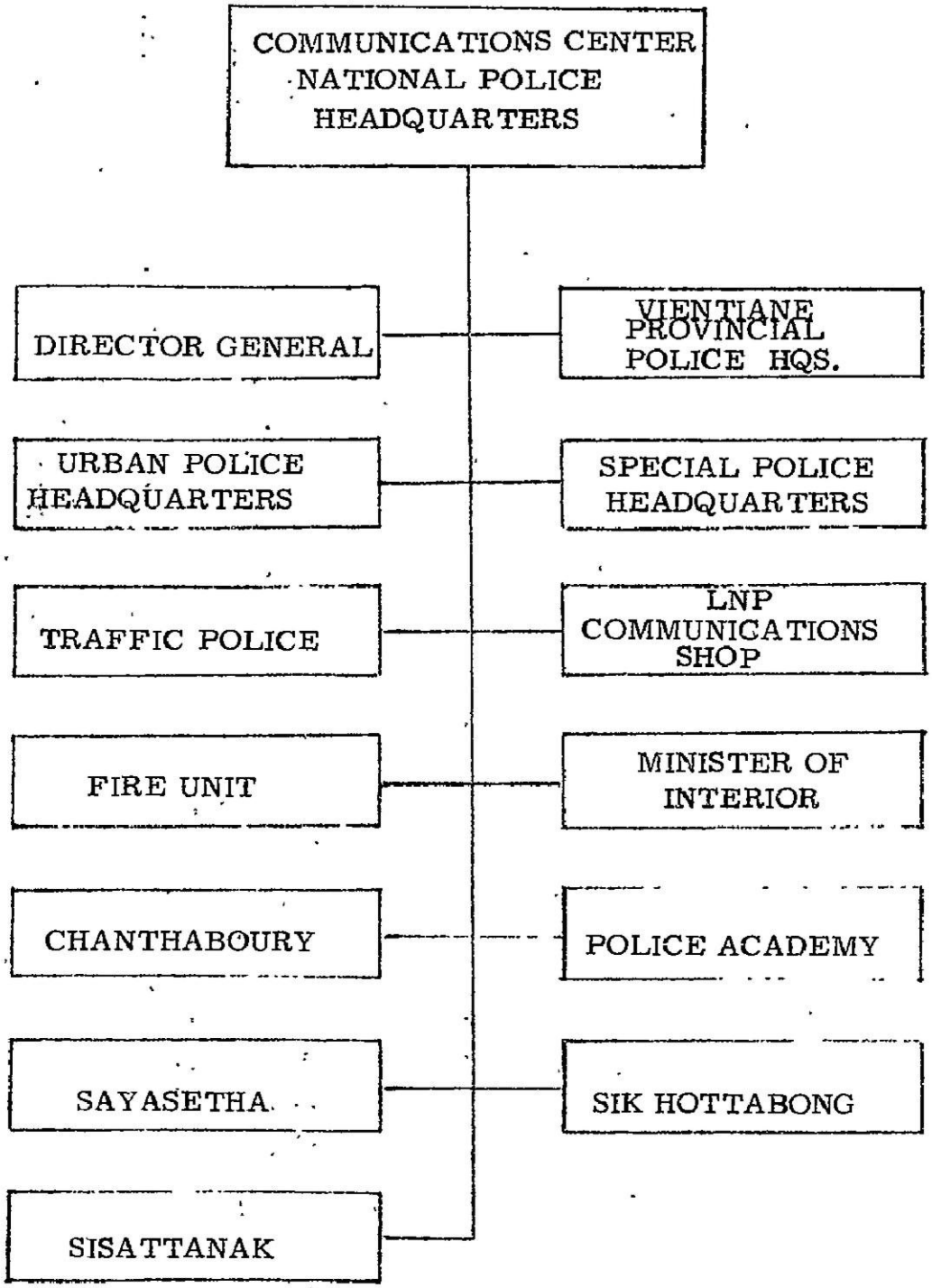


ATTACHMENT X

VIENTIANE PROVINCIAL NETWORK



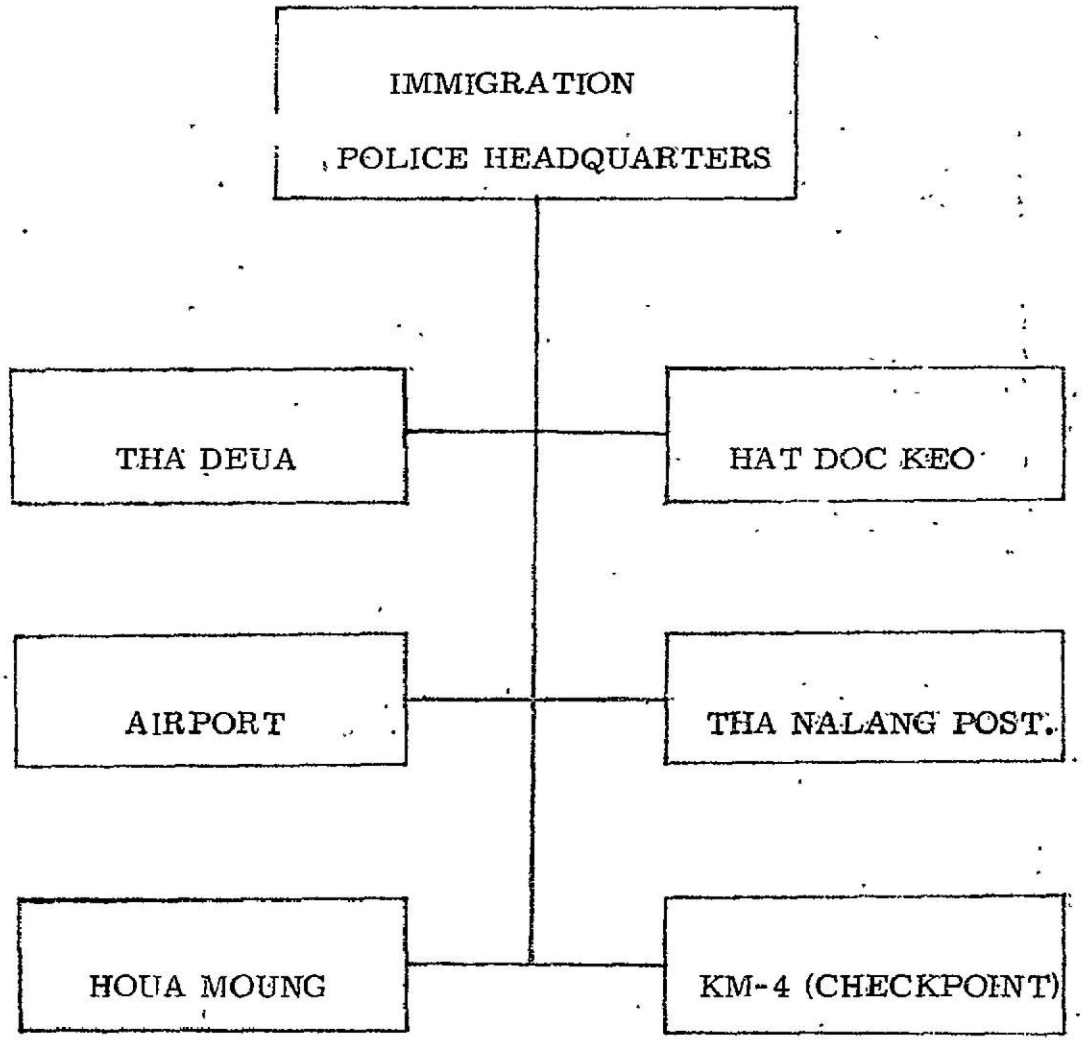
LNP COMMAND RADIO NETWORK



FREQUENCY 163.100 MHz

ATTACHMENT Z

IMMIGRATION POLICE
RADIO COMMUNICATION NETWORK.

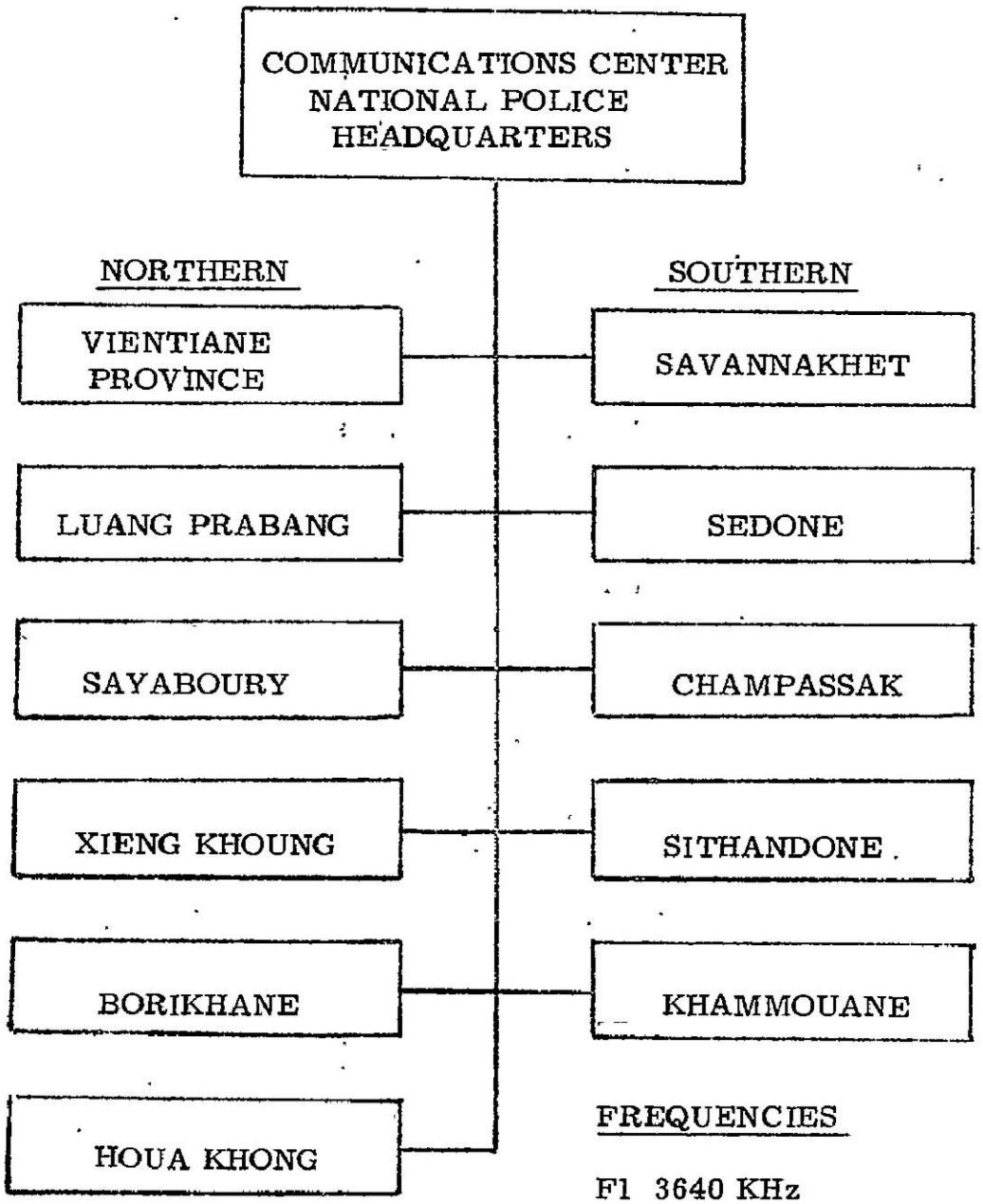


FREQUENCIES

F1=163.060
F2=163.100

ATTACHMENT AA

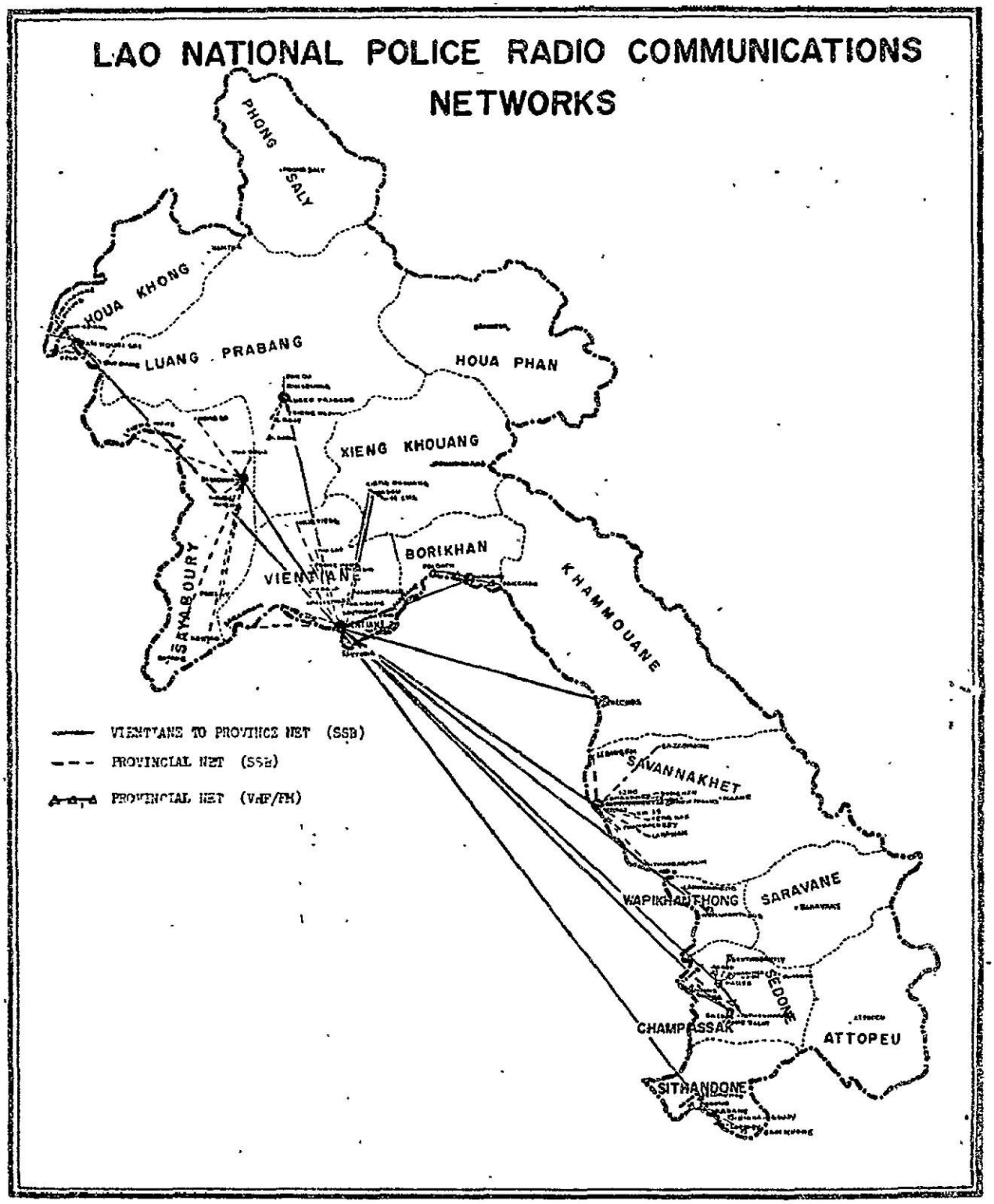
NATIONAL POLICE HEADQUARTERS



FREQUENCIES

F1 3640 KHz
F2 6920 KHz
F3 6950 KHz
F4 7317 KHz

ATTACHMENT BB



ATTACHMENT CC

STRIKES IN VIENTIANE DURING AUGUST 1974

Beginning the week of 19 August 1974, strikes in private industry and in government entities became commonplace. The inflation in the Lao economy-especially since the closure of the banks 22 July through 4 August - most severely affects those laboring at the botton of the wage scale. For example: the pre-strike total daily wage of a coolie working for the city of Vientiane bought 1½ kilos of rice (he eats ½ kilo of rice per day), or 300 grams of buffalo meat. With prices of food and other necessities rising sharply and shortages apparent, some slight organizational work and articulation was all that was needed to bring the workers out on strike. There is evidence that students from the National Law Institute (IRDA) or the recently surfaced Lao Labor Federation, or both, were involved in all the strikes.

The demands, in most cases, were basically for increases in pay; however, there were overtones of a) Lao nationalism, such as the demands that certain foreign supervisors (Thai mostly) be discharged or that the Lao flag be flown, and b) political opportunism, such as the ubiquitous demand to support the "18 Points" of Prince Souphanouvong and the frequent demand from government employees that certain corrupt officials be discharged.

The strikes were of short duration, five days at the longest, perhaps because there were no strike funds, or perhaps because employers quickly met reasonable demands. In two instances the strikes were only demonstrations lasting a few hours.

In general two points are evident: 1) The inflation, exacerbated by the foreign exchange crisis, is reaching the point where urban laborers and civil servants can no longer make ends meet, and 2) since February 1974 when the students in Pakse showed their power to influence Governmental decisions, there is more open criticism of authority with the likelihood that public demonstrations supporting LPF altitudes will be protected by the LPF contingent of the Joint Police.

EAD:FLGillespie:mv:8/28/74

mr. Kent Henry Thung

STRIKES AND DEMONSTRATIONS IN VIENTIANE DURING AUGUST 1974

Organization	Work Force involved	Demands and Agreements		Strike Date	Outside Influence
Operation Brotherhood in Vang Vieng	30	1. Raise pay equal to OB/ Vientiane. 2. Have sick pay 3. Remove the hospital director 4. No pay deduction for breaking equipment	1. Being considered in Vientiane 2. - do - 3. The Director promised to be fair and polite 4. Agreed	8/13-8/16	Governor of Vang Vieng was mediator
Vientiane Prefecture	350	1. Increase 350Kip minimum daily wage to 700 kip with upper limit at least 2000 Kip. 2. Do not decrease the size of labor force; no retaliation for striking 3. Reduce work week to 45hrs 4. Overtime should be paid by the hour 5. Overtime work should be optional 6. Follow the Lao labor law Supplemental demands: 1a The removal of the prefect of 2b The removal/the chief engineer	1. Agreed 2. Agreed 3. Agreed 4. Agreed 5. Agreed 6. Agreed 1a Retirement previously announced 2a not yet determined	8/19-8/22	Federation of labor Federation of Gov't Employees Direction of Labor (Min Interior) Prefect (mayor) designate was mediator.
Lao Wood Industries	300	1. 60% wage increase 2. National Flag display in front of shop 3. Good conduct of managers	-Total agreement with all points included: 1. An across the board increase of 240 Kip per day, equivalent to 70% for lowest paid personnel.	8/19-8/23	

		4. No work on National holidays 5. Improve sanitary conditions in the shops 6. Frings benefits 7. Committee for emergency 8. Company uniforms 9. Provide transportation 10. Signs within shop in Lao 11. Follow Lao Labor law very strictly 12. No retaliation for strike	2. Time and a half for holidays if no meal provided. 3. A qualified nurse at LWI to help workers in case of accident. 4. Vehicle to take workers to hospital in case of accident 5. Job-related death to be settled under Lao Labor law. 6. Company-provided uniforms.		Federation of students Federation of Labor Direction of Labor
Air Continental	48	1. Pay increase 2. Remove foreign supervisors 3. Follow Lao Labor law 4. Holiday pay	1. 25% increase 2. 1 Swiss, 1 Thai removed 3. Agreed 4. Agreed	8/19-8/20	Direction of Labor Federation of Students Federation of Labor
Slaughterhouse		Demand the foreign supervisor be more considerate and understanding of Lao culture.	Agreed	8/19-8/20	None evident
Traffic Police	300	1. Justice in administrative management 2. Change administration rules. 3. Fairness in promotions 4. Remove the present Police Director 5. Do not punish, change the position of, or remove those striking.	Agreed to all points without specifics of implementation	8/23-8/26	Police Gen. Chao Siharath Phasouk represented strikers upon their request.

PTT	30	Submission of written demand to Minister that he remove the present Director General because of corruption and unfair hiring and placement pactices. (No work stoppage)	No decision, yet	8/26	None evident

EAD:28 Aug 1974

EXCHANGE RATE VIENTIANE
July - August
1974

Month	Kip/Dollar	Month	Kip/Dollar
Jul. 23	1100 - 1400	Aug. 09	1110 - 1130
24	1100 - 1400	12	1150 - 1170
26	1000 - 1100	14	1050 - 1070
29	900 - 950	16	1050 - 1070
30	950 - 1000	19	1050 - 1070
31	1000 - 1020	21	1050 - 1070
Aug. 02	1020 - 1040	22	1050 - 1080
05	1120 - 1140	23	1080 - 1100
06	1120 - 1140	24	1080 - 1100
07	1150 - 1170	26	1120 - 1140

EAD:Vantho:8/27/74

PN-ABP-469

PROGRESS REPORT ON THE

USAID/LAOS - PGNU PROJECT FOR OPIUM POPPY CROP

SUBSTITUTION IN HOUA KHONG PROVINCE



PLEASE RETURN THIS FILE TO:

IRON MOUNTAIN
America's Largest Records Management Company
(703) 866-3188

ACCT # 103383 BOX# 586

LOCATION # 318-10323

PER # _____ DATE _____

December 1974
Ban Houei Sai

Table of Contents

I.	Introduction	1
	A. Background	1
	B. Summary	2
II.	Phou Pha Deng Crop Introduction Center	3
	A. Fruit and Nut Project	5
	B. Medicinal Plants	7
	C. Shiitake Mushroom	8
	D. Field Crops Trials	9
	E. Forages Trials	11
	F. Essential Oil Crops	12
III.	Extension Program	12
	A. "Key Villages"	13
	B. Training	14
IV.	Paddy Development	16
	A. Nakong Pilot Project	16
	B. Houei Mak Kheua Project	19
	C. Topographic Surveys	21
	D. Farm Tractor Operation	22
	E. Irrigation Assistance	22

Progress Report on USAID/Laos-PGNU Opium Poppy Crop Substitution Project for Houa Khong Province-Ban Houei Sai

I. Introduction:

A. Background:

In 1971 the Royal Lao Government enacted legislation prohibiting the commercial production and marketing of opium and its derivatives. This legislation effectively eliminates the main cash crop and economic base of many hilltribes of Laos. In order to mimize resultant economic and social trauma among the population of the opium growing regions, the Lao Government requested USAID assistance to develop a program to redirect the hilltribes' agriculture towards more productive cash crops.

The project's goal is to develop alternate agricultural crops or systems which will supplement income lost from opium production. An experimentation-extension approach was selected for implementation in Houa Khong Province. This province was selected because of favorable security conditions plus the fact that it is the home of some 25,000 traditionally opium growing tribes people.

The project employs a three-fold approach to the goal of agricultural redirection:

1. Experimention and testing of new crops and techniques.

2. Extension activities to introduce new crops and techniques to hilltribes.

3. Paddy development assistance to hilltribes.

A crop suitable as a one-to-one replacement for opium poppies in all areas has not been immediately available. A number of promising substitute crops do exist and likely different crops will be suited to different areas.

Opium, though a very important factor in hilltribe's economy, is not essential. Few opium growers are wealthy and social problems, such as addiction, probably outweigh the benefits of cash income from opium. Often tribes living adjacent to opium growers maintain as high a standard of living without cultivating poppies.

Tradition is perhaps the greatest obstacle to overcome in introducing a new economic base for hilltribes. A short term solution has not yet been found.

B. Summary:

1. Crops with Greatest Potential as Substitute for Opium:

The crop with the greatest initial potential as a substitute for opium in the hilltribe economy is rice. Many current opium producing villages are rice-deficient and must pack rice up to their villages. In many cases these villages can be relocated to areas suited to paddy rice where they can feed the village and have surplus rice for sale.

However, potential paddy areas may not be sufficient for the expanding hilltribe populations, thus upland substitute crops are still required. Crops with best possibilities as high value cash crops are: ginseng, shiitake mushrooms, and silk. All three of these require further verification trials to determine adaptability to local conditions. In very remote areas (1-3 days walk from a market) forages and cattle production are the best substitute at present. In relatively accessible areas (1-2 hours walk from a road) coffee, cardamom, tea, or possibly other nut trees are best. In these areas, corn,

and beans are feasible cash crop substitutes but require slash-and-burn cultivation as does opium.

In all areas fish ponds, vegetable gardens, and dry season upland crops of sorghum can improve health and living standards but do not fit the role of cash crops.

2. Estimate of Poppy Area Substituted in Houa Khong Province:

Some reduction of poppy planted area has occured due to villager uncertainty resulting from the anti-narcotics law and to village movements caused by war and insecurity. Plantings will likely increase in 1975 when refugees become established and respond to increased prices for opium caused by decreased supplies.

Crop substitution efforts to date have redirected the agricultural efforts of approximately 152 hilltribe families. This equates with reduction in opium planting of about 51 ha. (340 kg.) annually. Work is under way with an additional 240 families.

II. Phou Pha Deng Crop Introduction Center:

The "Crop Introduction Center" is located at Ban Phou Pha Deng, a white Meo village at an elevation of 3,000 ft. The Center provides facilities and land for test planting of new crops. The Center and its operation is intentionally simple and unsophisticated. This is in keeping with available resources, transportation and manpower. This simplicity, though making work more difficult, may contribute to eventual success of the Center.

Work was begun at the location in March 1973. Eleven hectares have been cleared by hand in five plots at elevations between 3,000 ft. and 4,000 ft. The RLG Provincial Agriculture Research Chief manages the station. USAID employs four technicians and local labourers.

A dry season jeep track (8 km) connecting Phou Pha Deng to Nam Kheung was completed to facilitate work at the Center and allow villagers easier market access for other crops.

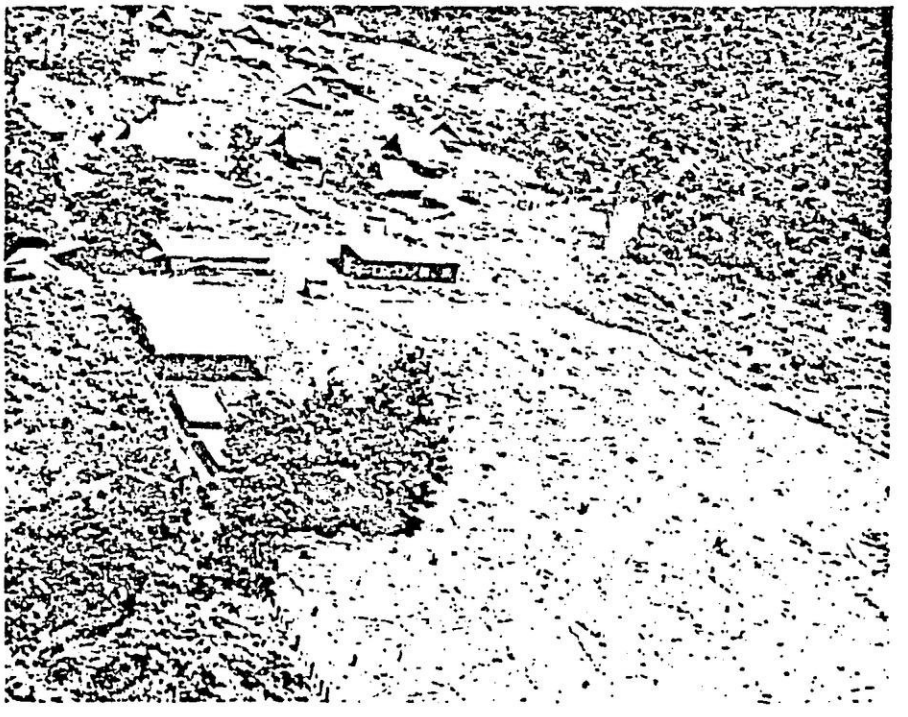


Fig. 1: Aerial view of Crop Introduction Center in Meo village of Phou Pha Deng (elev. 3,000 ft.). Garden site No. 1 with intercropping of field crops and long-term tree crops. (August 1973).

The work of the Center can best be described as verification/propagation-test plantings of crops to verify adaptability and provide stock for propagation and distribution of suitable planting material to hilltribe villages. Labourers are recruited from different tribes and learn on an "apprentus basis". More formal training will be intiated later. Tentative results to date, however, are summarized below:

A. Fruit and Nut Tree Project:

Sixty-six varieties of 29 species of fruit and nut tree have been planted at two elevations: 3,000 ft. and 4,000 ft. Most of these have been planted for less than a year and a half, so no yield data is yet available. Growth is generally much better at the lower elevation.

Tree crops are ideally suited to upland areas, as they are soil and watershed conserving. They have the considerable drawback of requiring much investment and time prior to initial harvest. This makes acceptance by hilltribes more difficult, but carry the advantage of making tribes less migratory.

Observations, thus far are:

Crop	No. Varieties	No. Planted	Growth	Comment (6 rai = 1 ha)
Avocado	1 (seedlings)	38	Good	Valuable for home consumption.
Cardamom	3 (2 wild)	½ rai; 100	Good	Wild variants sent for analysis Seedling of commercial variety (Guatemalan) ready to transplant
Citrus	15	97	Good	250 rootstock seedlings started for propagation.
Chinese chestnut	1	3	Fair	Insufficient number for good indication of adaptability.
Coffee	11	1 ha.	Good	Very promising; Rust resistant varieties obtained from CRRC.
Fig	1	1	Good	Insufficient number for observation.
Grape	2	94	Poor	Considerable disease problem, esp. downy milldew. Probably beyond the ability of small farmer to control.
Guava	1	14	Good	For home consumption.
Litchee	6	78	Fair	For more accessible areas.
Longan	5	66	Good	200 seedlings started for propagation. For home consumption.
Mango	4	35	Fair	100 seedlings started for propagation.
Pear	1	11	Good	Burmese variety planted. Improved varieties on order.
Peach	1	3	Good	Burmese variety planted. Improved varieties on order. 200 seedlings started for rootstock.
Sapori-dilla	1	8	Good	For home consumption.
Tea	1	½ rai	Good	-----

In addition to the above, the following crops proved unadaptable to the high elevation environment: custard apple, durion, jackfruit, mangosteen, ranbutan, and rose-apple.

Many of the local fruit crops are of commercial value only in limited accessible areas. Nut crops and fruits that can be dried or preserved have greater commercial potential. Exotic, high-value fruits, such as apples and peaches, have commercial potential for marketing as fresh fruit.

Tamperate zone fruits on order for planting in 1975 season are: apples, peaches, pears, prunes, plums, apricots, macadamia nuts, walnuts, pecans, and chestnuts.

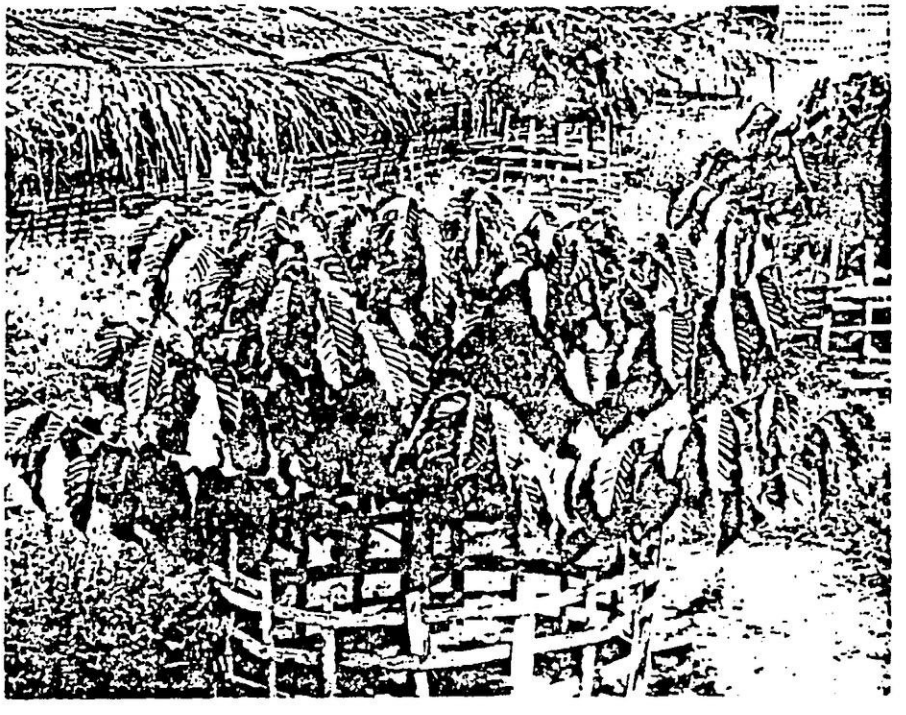


Fig. 2: Two year old Robusta coffee tree.

B. Medicinal Plants

A large market demand exists for Chinese medicinal plants-many of which are of high value. Three medicinal plants being test planted are listed below. Collections of indigenous tribal medicinal plants are being collected and will be sent for analysis.

Crop	No. Varieties	Planted	Growth	Comment
Ginseng	1	400 m^2	Good	Root used as general conditioner and aphrodisiac; value up to $80 per kilo; top growth satisfactory but value dependant on root quality; generally 3-5 yrs. to harvest now planted 2 yrs.
Kek-huai	1	40 m^2	Good	Actually, menthol an essential oil plant; leaves used to make tea which is a general tonic-conditioner; a local demand developing but growth may also be good in lowlands.
San-si	1	-	-	Root used as medicine by Chinese; also high value; a wild variant occurs locally; cultivated form only newly obtained.

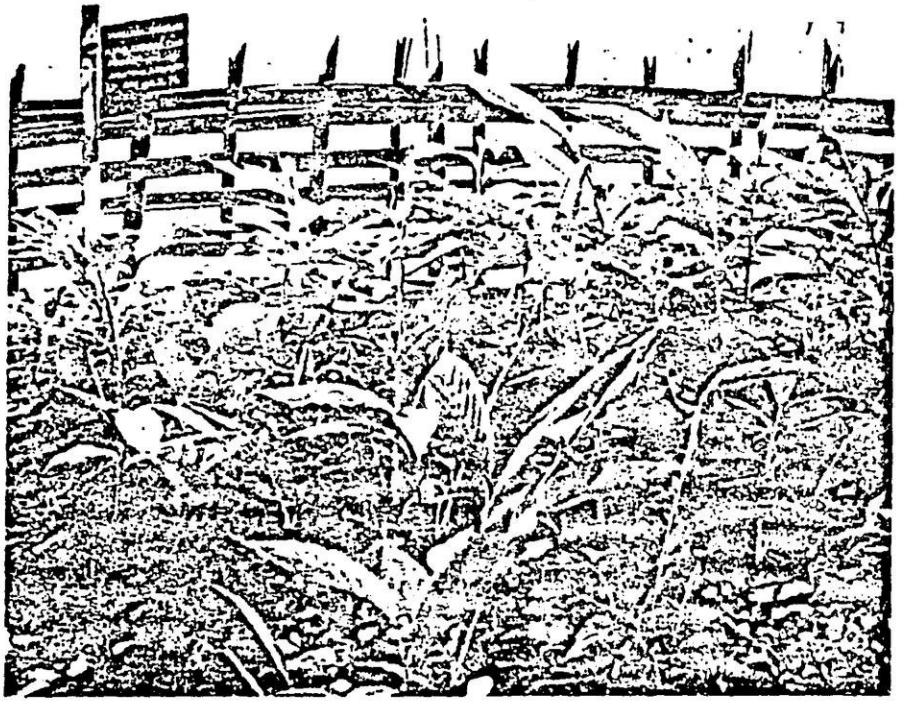


Fig. 3: Guatemalan cardamom seedlings in seed bed.

C. "Shiitake" (Tong-ku) Mushroom

"Shiitake" or Japanese black mushrooms have been trial planted to determine feasibility of culturing on Lao woods under upland climatic conditions. Dried these mushrooms can be stored and sell for 35,000-45,000 kips per kilo. Two plantings have been made, but spawn used for first planting was suspect. Harvest is generally 6-12 month after planting. Logs of three species of local oak (Quercus sp.) and chestnut (Castanopsis sp.) were used.

Planting Date	Log Species	No. Planted	Total
7/4/74	Mai Koh Heen	15	
	Mai Koh Pheuak Deng	53	
	Mai Koh Pheuak Heed	102	170
4/8/74	Mai Koh Pheuak Deng	20	
	Mai Koh Pheuak Heed	125	145
			315



Fig. 4: Logs planted to shiitake mushroom spawn under natural shade at Phou Pha Deng.

D. Field Crop Trials

Adaptability trials and variety comparisions have been done with a number of field crops. Field Crops, require

slash-and-burn cultivation and thereby damage soil, timber reserves, and watershed. Prices for field crops are generally low on a value per weight basis, thus making them unsuited to remote areas. Current high prices for some crops, ie beans, make production feasible in relatively accessible areas (within 2-3 hours walk of a market).

Wet season adaptability trials over the past two seasons give the following results:

Crop	No. Varieties	Years Tried	Observation, Wet Season
Soybeans	13	2	Yields generally poor due to fungus disease problems. Young seedlings may rot or mature grains sprout during ripening. Alter planting dates. Wayne was the best variety but Bathet and TK-5 also show promise.
Mungbeans	1	2	Poor yield. Change planting time.
Bushbeans	2	2	Average yield, but have fungus disease problems.
Redkidney-beans	1	1	Average yield, but sprout in pod during rain. Drying a problem.
Peanuts	1	1	Average yields, but sprout in pod. Drying a problem.
Corn	3	2	Good yield. Probably best rainy season alternative to rice.
Potatoes	2	1	Too wet, too much disease problems.
Sesame	2	1	Poor. Need to change variety and/or planting time.
Wheat	2	1	Too wet, sprouts in head.
Castorbeans	1	1	Seedling rot. Will try dry season planting.
Upland Rice	3	1	Two South Vietnamese varieties planted. Have not yet harvested.

Day Lily	1	1	Growth good, production good. Limited market. Can be dried.

Wet season cultivation entails problems with most of the above crops; except corn and rice. These are already "staples" for wet season cultivation. What is needed is a crop, other than opium, for double cropping. Dry season plantings of the following are in process: soybeans, wheat, sorghum, peanuts, potatoes, and kidney beans.

Saffron bulbs are on order for trial plantings.

E. Forage Trials

Five rai of land has been planted to propagation plots of sixteen varieties of forage and cover crops. Initial villager skepticism turned to interest when the growth and palatability of these crops become apparent.

Forage	Growth	Comment
Napier	Very Good	- For cut and carry
Hybrid Napier	Very Good	- For cut and carry
Molasses grasses	Very Good	- Died back from frost, but came on strong again.
Pangola grass	Poor	- Difficult to establish.
Colonial guinea	Good	- -
Guinea grass	Good	- -
Hartley plicatulum	-	- Newly planted
Glycine, tinaroo	-	- Newly planted
Setaria	-	- Newly planted
Greenleaf desmodium	-	- Newly planted. Hogs ate original planting.
Silverleaf desmodium	Fair	- Newly planted. Original planting very small area.
Siratro	-	- Newly planted
Centrosema	Good	- Comes on well after dry season.
Townsville Stylo	Fair	

Cooks' stylo	-	- Newly planted
Schofield stylo	-	- Newly planted



Fig. 5: Station manager in six month planting of molasses grass pasture.

F. Essential Oils Crops

A two rai plot of lemon grass has been planted. Small plantings of mint, menthol, and patchouli are also started. During the dry season a village level extraction process will be tried.

III. Extension Program

An extension program was initiated to introduce new agricultural techniques to hilltribe villages of Houa Khong

Province. Initial efforts involved village vegetable production training programs, introduction of improved swine breeding stock; fish pond projects; and increasing government extension capabilities.

Subsequent activities have been as follow:

A. "Key Villages"

Experience from initial activities led to selection of eight "key villages" in the province from which to work, introduce new crops and agriculture techniques. The eight villages include the four major hilltribe groups-Hmong, Yao, Lahu, and Akha. The villages are:

Village	Ethnic Group	Pop. (Families)	Walk to Rd/River	Elevation(m)
Kho Haw	Akha	90	30 min.	500
Mak O	Yao	45	3 hrs.	1,100
Houa Nam Kheung	Lahu	125	2 "	500
Houei Mak Kheua	Yao	212	1 "	400
Nam Oi Mai	Yao/Hmong/Lahu	120	3 "	1,000
Houei Nok Kaeng	Hmong	60	30 min.	600
Nam Phat	Hmong	60	1 hrs.	700
Chomchook	Hmong	40	30 min.	850

Accomplishments to date have been:

- Hand development of 4 ha. paddy
- Construction of 80 fish ponds
- Planting of 2 rai of forages
- Planting and improving of 6 rai of fruit trees
- Planting of 18 rai of coffee and tea
- Planting of 12 crop demonstration plots



Fig. 6: Agriculture field worker advising villager on fruit orchard management.

B. Training

Training of hilltribe farmers must be an integral part of the program to redirect upland agricultural production. The training is necessary, not only to introduce new agriculture techniques, but also to assist in integrating them into the larger Lao society and economy. Training activities have been:

1. Xieng Ngeun Training Center.
   Since the opening of the Agriculture Redirection Training Center in Xieng Ngeun, forty-eight trainees have attended from Houa Khong Province.

2. Sericulture Training.
   Eight Hmong trainees (3 men; 5 women) undertook an intensive two month course in sericulture at Sai Fong Sericulture Center in Vientiane. Upon returning to their village these trainees planted four rai of mulberries.

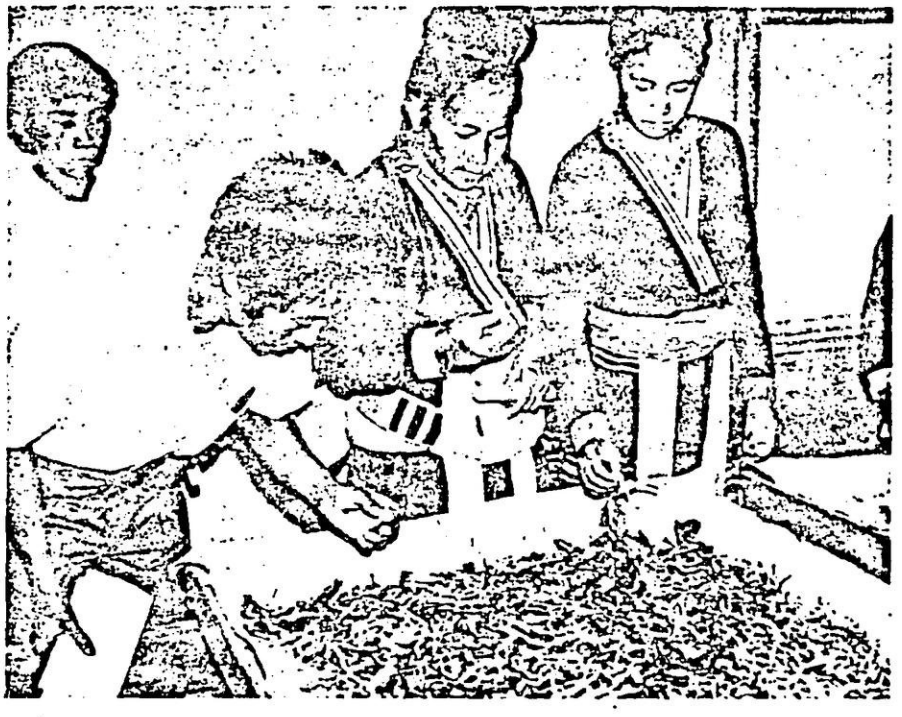


Fig. 7: Hmong sericulture trainees observing 12 day silkworms at the Sai Fong Sericulture Center.

3. Hilltribe Leader Tour.
As informal training, forty-seven hilltribe leaders (Naibans and Tassengs) have taken six day tours of agriculture development centers around Vientiane.

IV. Paddy Development

A. The Nakong Pilot Project

The background of the pilot project at Ban Nakong was discussed in detail in the first progress report in January of this year. To review briefly, this project was initiated to assist several Yao villages in developing the approximately 180 hectares of lowland in the area into rice paddies. Assistance given included land clearing by bulldozer (USAID/PWD), construction of a two-room school, installation of a small clean-water system and the carrying out of a topographical survey of the area to determine the feasibility and desirability of constructing an irrigation system.

Developments at Nakong since the time of that first progress report have been as follows:

1. A committee from the Provincial Offices of Land and Social Welfare has visited Nakong to distribute land and issue cultivation permits.

2. Approximately 10% of the newly-cleared land at Nakong has been planted to paddy rice during the 1974 wet season. As it was originally envisioned that all of the land would be developed as paddy. This ten percent seems a poor beginning, but the low percentage is attributable partly to the not inconsiderable change-of-life-style necessitated in switching from slash-and-burn to paddy cultivation.

   Supplemental irrigation may well be the solution to further paddy development, and a plan for irrigating this land is being studied.

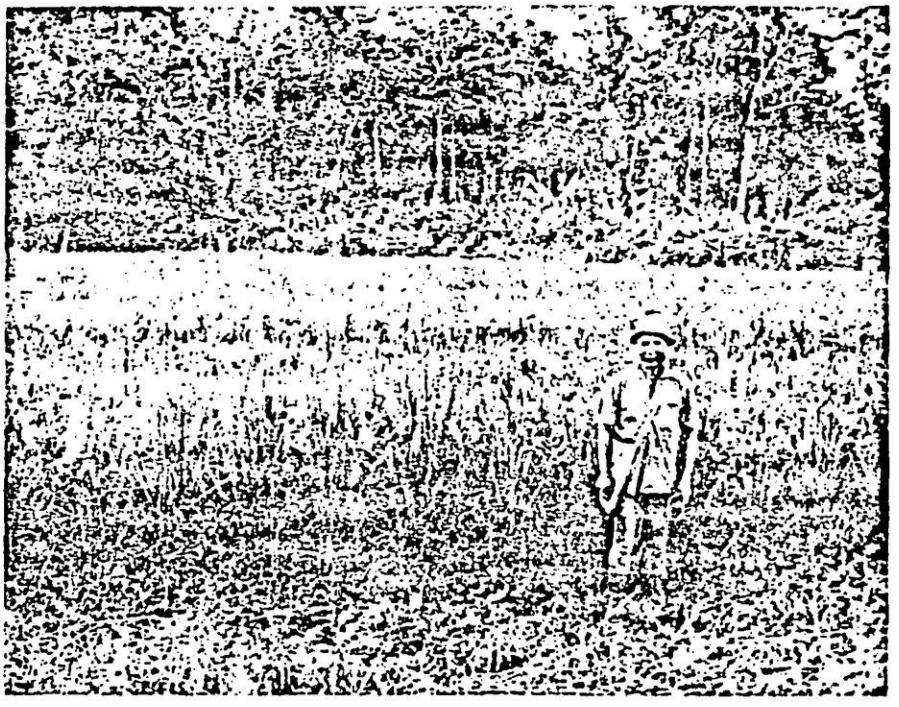


Fig. 8: Nakong villager in his paddy rice field.

3. A small rice mill has been installed at Nakong, not by USAID or the Lao Government, but by one of the villagers. This represents an investment of more than ₱26,000 (approximately $1,300) and seems to be an indication that some people at Nakong are conviced that their move was a good one and will be permanent.



Fig. 9: Ricemill purchased and installed by Nakong entrepreneur.

4. Attitudes shown by other members of the village, though, are not always positive. Certain tensions have been created by moving two villages together at one location, and further problems seem to have developed between two factions within one of these former villages. Although there will always be factions and disputes in any village, it becomes a particular threat to the success of a project like Nakong when part of the village, in dispute with the rest, threatens to leave.

B. The Houei Mak Kheua Project

A number of factors preclude doing further relocation activities in the same manner as at Nakong, the high cost of mechanical land clearing being perhaps the most important. At Houei Mak Kheua, however, there are real possibilities for assistance to former opium-producing villagers who have already settled there, but who, as yet, have no permanent means of supporting themselves. A topographical survey of the area has been completed and shows that two irrigation projects are feasible for the area. With supplemental irrigation soils in the area are suitable for development into paddy. Up to 200 hectares may be developed in this area.

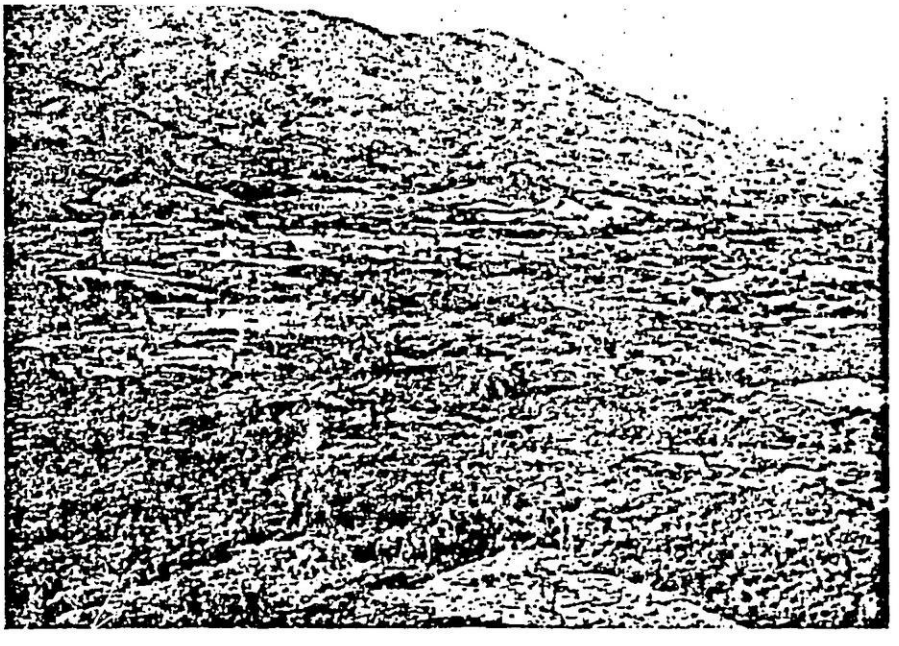


Fig. 10: Aerial view of Houei Mak Kheua area.

Assistance to several villages in this area is planned. This will take the form of "agricultural support," for which approximately $1,500 and ₭ 5,000,000 have already been approved by USAID, and at least one irrigation system has been tentatively approved by USAID. Some assistance has already been given to villagers here, a paddy trainer having been posted there to work on paddy development and tests/ demonstration of other crops, such as sorghum and vegetable gardens. During the dry season additional activities and joint PGNU/USAID assistance to Houei Mak Kheua will become more tangible.

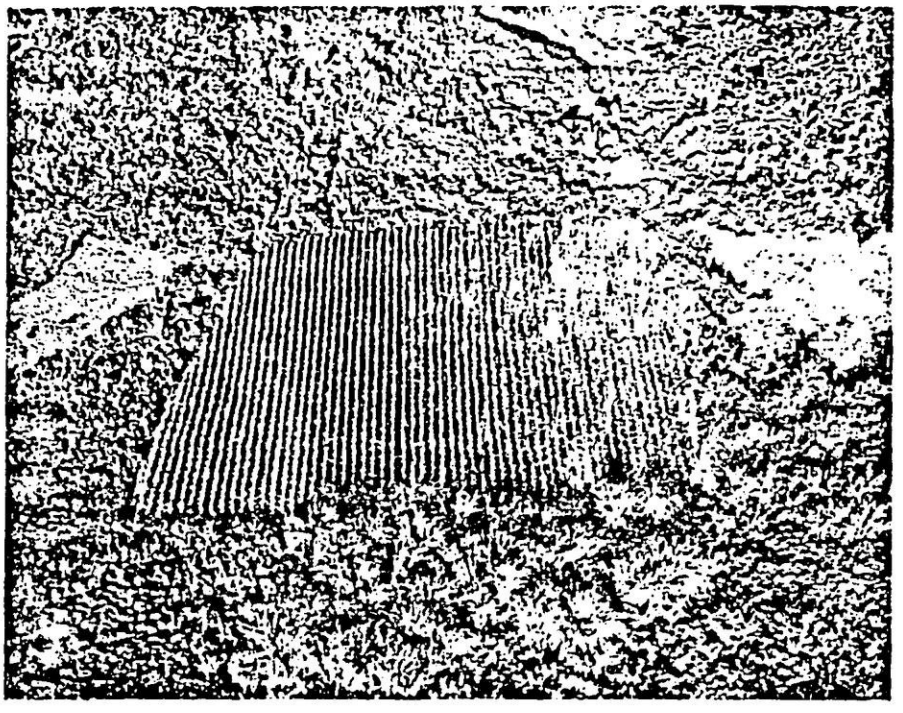


Fig. 11: Sorghum field demonstration planted at Houei Mak Kheua.

C. Topographical Surveys

Topographical surveys have been proposed for several areas to determine suitability/possibilities for paddy development and irrigation. A survey team is now working in the Thong Phao Hao area-about 25 kilometers southeast of Ban Houei Sai. Of a total plain area of about 4,000 hectares, this survey will cover the four hundred hectares which may be suitable for paddy development when the nearby stream, Houei Sai Noi, is tapped for irrigation.



Fig. 12: Survey team and Hmong villager inspecting first year paddy rice crop at Houei Sai Noi.

A further possibility for the survey team will be the area immediately around the village of Nam Ma, some 15 or more kilometers northeast of Houei Sai. The purpose of such a survey would be to determine possibilities for irrigation, with an eye towards assisting hilltribe opium growers in developing paddy on lowland areas.

D. Farm Tractor Operation

Three farm tractors belonging to the Lao Government's Ministry of Social Welfare are being supported by the Project in an effort to aid hilltribe villagers who have settled in lowland areas in developing their new land. A small charge is made for plowing services in order to pay drivers salaries and get spare parts, with fuel and oil being provided by USAID. Most of the plowing has been and will be done in the Nam Ngam/Houei Mak Kheua/Houei O/Ban Khouane area. Approximately 100 hectares of land has been plowed.

E. Irrigation Assistance

Two irrigation dams which have been constructed are the Nam Chang and Nam Nyong. Together these dams can now supply water to some 200 hectares during the wet season and possibly 60 hectares for dry season crops.

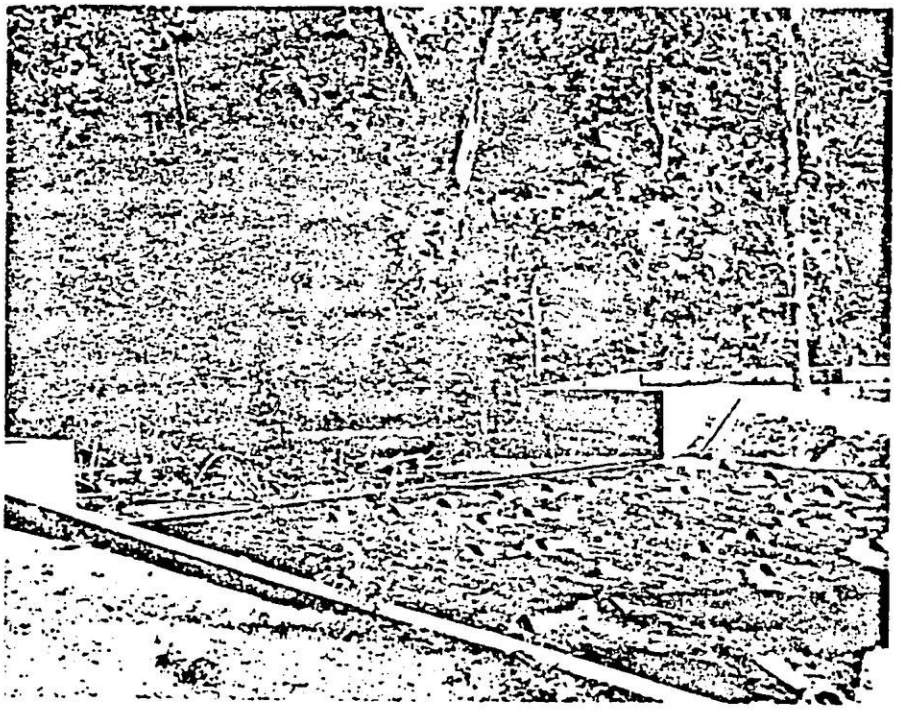


Fig. 13: Nam Chang diversion dam capable of providing supplemental irrigation to 80 hectares.

Addendum

Page	Paragraph	Line	Correction
1	1	5	Mimize should be minimize
2	5	10	Cardamom should be cardamon
5	3	2	Cardamom should be cardamon
6	3	1	Tamerate should be temperate
8	Fig. 3	1	Cardamom should be cardamon
16	4	4 & 5	Omit period, next line uncapitalized t

4390063 (7)
PD-AAF-043-A1

AID 1020-25 (10-70) REPORT U-446

PAGE 1

PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO.	2. PAR FOR PERIOD:	3. COUNTRY	4. PAR SERIAL NO.
9-11-820-063	FY-74 TO	Laos	74-9

5. PROJECT TITLE

Refugee Relief and Rehabilitation 439006300/005

6. PROJECT DURATION:	7. DATE: LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR
Began FY 64 Ends FY Indef.	4/22/70	8/13/69	8/1/71

10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: ($000) $ 35,325	b. Current FY Estimated Budget: ($000) $ 5,400	c. Estimated Budget to completion After Current FY: ($000) $ 5,400

4p.

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.
NONE	

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X) USAID	A. ACTION (X) AID/W	A. ACTION (X) HOST	B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
			PLEASE NOTE: This project is financed with IPRA appropriations and therefore is justified to the U.S. Congress as important to and in support of U.S. Foreign Policy objectives of a political and security nature. As such, its primary purpose or purposes are not developmental, but rather its input to the economy of Laos serves a larger purpose for which it is one of the many assistance tools. It therefore must be evaluated in this context and not purely as a technical assistance project whose primary purpose is economic and/or social development. A special operational evaluation report dated 25 July 1973 (Airgram-351) was submitted to AID/W in lieu of a FY-73 PAR. This report made eight recommendations. In brief, the recommendations are: 1. Develop uniform operating procedures of governing the establishment and management of emergency relief sites. 2. Initiate more systematic visits to every refugee site. 3. Initiate systematic American spot inspections of refugee rice to insure USAID gets the quality of rice specified in the contract. 4. Insure that water supply systems are as sanitary as practical. 5. Amend Pro Ag 3063 by deleting provisions for cultivation permits and land titles if the PGNU can not be encouraged to issue these documents.	

C. REPLANNING REQUIRED REVISED OR NEW: ☐ PROP ☑ PIP ☒ PRO AG ☐ PIO/T ☐ PIO/C ☐ PIO/P

D. DATE OF MISSION REVIEW: June 15, 1974

PROJECT MANAGER: TYPED NAME, SIGNATURE, TITLE AND DATE: George T. Cosgrove 9/12/74

MISSION DIRECTOR: TYPED NAME, SIGNATURE, INITIALS AND DATE: Gordon B. Ramsey, Acting Director 1/22/75

PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO.	2. PAR FOR PERIOD:	3. COUNTRY	4. PAR SERIAL NO.
9-11-820-063	FY-74 TO	Laos	74-9

5. PROJECT TITLE

Refugee Relief and Rehabilitation

6. PROJECT DURATION: Began FY _____ Ends FY _____	7. DATE LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR

10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: $	b. Current FY Estimated Budget: $	c. Estimated Budget to completion After Current FY: $

11. KEY ACTION AGENTS (*Contractor, Participating Agency or Voluntary Agency*)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X) USAID	A. ACTION (X) AID/W	A. ACTION (X) HOST	B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE

7. Where security permits, encourage refugees to return to their homes by assisting the PGNU to restore government services and buildings in these areas as quickly as practical.

8. An annual refugee survey should be conducted by ORRA as a means to identify refugee program problems and develop recommendations for their solution. Recommendation I has been accomplished and recommendations 2, 3, 4, 7, and 8 have been carried out and are still being followed. For recommendation 5 the PGNU has and is continuing to issue cultivation permits to those people permanently resettled. Recommendation 6 no longer applies as the demonstration program was completed in the programmed area.

This is the fifth PAR prepared for the Refugee Relief and Rehabilitation project. USAID Laos is now in the process (begun in late FY-1974) of negotiating and fostering increased private voluntary agency (PVO) participation in overall refugee projects. It is anticipated that in the course of FY 1975 and FY 1976, PVOs will be assuming greater operational responsibility for portions of the relief and rehabilitation effort.

J. REPLANNING REQUIRES REVISED OR NEW: ☐ PROP ☐ PIP ☐ PRO AG ☐ PIO/T ☐ PIO/C ☐ PIO/P

K. DATE OF MISSION REVIEW

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE

MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE

PAGE 1

PROJECT APPRAISAL REPORT (PAR)

1. PROJECT NO.	2. PAR FOR PERIOD:	3. COUNTRY	4. PAR SERIAL NO.
9-11-820-063	FY-74 TO	Laos	74-9

5. PROJECT TITLE

Refugee Relief and Rehabilitation

6. PROJECT DURATION: Began FY ____ Ends FY ____	7. DATE LATEST PROP	8. DATE LATEST PIP	9. DATE PRIOR PAR

10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: $	b. Current FY Estimated Budget: $	c. Estimated Budget to completion After Current FY: $

11. KEY ACTION AGENTS (*Contractor, Participating Agency or Voluntary Agency*)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X) USAID	AID/W	HLST	B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE

Continuous monitoring of programs will be maintained in order to determine the most effective assistance possible within mission limitations. Advice and assistance to the PGNU will be to foster and encourage improvements in Lao Government services and systems. Action will be taken to provide timely and appropriate assistance either through the Mission or PVOs as the opportunity arises. Examples of this assistance are:

a. To assist and encourage the PGNU in taking over greater responsibility for planning, budgeting and administering social welfare activities and projects.

b. To assist the PGNU to improve commodity warehousing and to correct distribution problems.

c. To assist and encourage the PGNU to resolve land appraisal and claimant problems on lands reserved for refugees.

D. REPLANNING REQUIRES REVISED OR NEW: ☐ PROP ☐ PIP ☐ PRO AG ☐ PIO/T ☐ PIO/C ☐ PIO/P	E. DATE OF MISSION REVIEW

PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE	MISSION DIRECTOR: TYPED NAME, SIGNED INITIALS AND DATE

AID 1020-23(10-73) PAGE 3 PAR	PROJECT NO. 439-11-820-063	PAR FOR PERIOD: 8/01/74	COUNTRY Laos	PAR SERIAL NO. 74-9

II. 7. Continued: Comment on key factors determining rate of achievement. Japanese Government donated $1,660,000 for land clearing and refugee facilities at 2 sites during FY73 - 74. Also provided blankets, rice, salt and roofing (FY 74) to be divided equally between both sides of the PGNU. The Australian Government donated 200 metric tons of dried milk plus other commodities to the MSW, valued at $161,000. The Federal Republic of Germany donated commodities valued at 300,000 DM. The Government of New Zealand donated commodities valued at $110,000. The Thai Government donated $163,500 worth of rice and roofing sheets during FY 73 and 2,000 tons of roofing during FY 74.

III KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY 74 TO DATE	CURRENT FY 74 TO END	FY 75	FY 76	END OF PROJECT
Provision of emergency relief (Full support) (Average rate) Number of persons:	PLANNED	150,000 250,000	190,000	190,000	(Dependent upon political stability)		
	ACTUAL PERFORMANCE	160,000 378,000	220,000				
	REPLANNED						
Provision of emergency relief (partial support) (average rate) Number of persons:	PLANNED	200,000	60,000	60,000	(Dependent upon political stability)		
	ACTUAL PERFORMANCE	30,000 87,000	103,000				
	REPLANNED						
Rehabilitation assistance (cumulative). Number of persons:	PLANNED	120,000	100,000	100,000	(Dependent upon political stability)		
	ACTUAL PERFORMANCE	120,000	85,000				
	REPLANNED			lative)			
Development of Relocation sites. (cumulative) Number of sites:	PLANNED	20	21	21	(Dependent upon political stability)		
	ACTUAL PERFORMANCE	20	21				
	REPLANNED						

B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	
1. Absence of hunger and/or privation among refugees.	COMMENT: The USAID has concentrated attention and resources on eliminating hunger and privation. Programs have been very successful as surveys indicate only rare isolated instances of hunger and privation among refugees.
2. MSW able to operate a social welfare program adequate for peace time conditions.	COMMENT: MSW after ceasefire and later under new PGNU has been slow in SW budgeting, planning and implementing responsibilities. This is due in part to continuing unsettled political conditions.
3. Attainment of economic self-sufficiency by refugees.	COMMENT: Priority effort being made to establish self-sufficiency in rice production with a concomitant push for agricultural diversification, and to get cash crops started.

AID 1020-25 (10-73)

PAGE 1 of

PROJECT APPRAISAL REPORT (PAR)

4390063 (8)

1. PROJECT NO.	2. PAR FOR PERIOD	3. COUNTRY	4. PAR SERIAL NO.
439-11-820-063	1/75 to 6/75	Laos	75-4

5. PROJECT TITLE

Refugee Relief and Resettlement

XD-AAF-043-A

439006300100G

6. PROJECT DURATION	7. DATE LAST PROP	8. DATE LAST PIP	9. DATE PRIOR PAR
Began FY 64 Ends FY 75	4/22/70	8/13/69	1/22/75

10. U.S. FUNDING	a. Cumulative Obligation Thru Prior FY: $41,013,000	b. Current FY Estimated Budget: $1,457,000	c. Estimated Budget to completion After Current FY: $ 0

6p.

11. KEY ACTION AGENTS (Contractor, Participating Agency or Voluntary Agency)

a. NAME	b. CONTRACT, PASA OR VOL. AG. NO.

I. NEW ACTIONS PROPOSED AND REQUESTED AS A RESULT OF THIS EVALUATION

A. ACTION (X) USAID	AID/W	HOST	B. LIST OF ACTIONS	C. PROPOSED ACTION COMPLETION DATE
			Lessons Learned	

The Refugee Project, was conceived more than a decade ago. As such it provided food, medical and other basic household necessities required to support and maintain villages caught up in the war, thereby freeing husband-soldiers from the need to work the fields so that full time could be devoted to the war.

As the fighting progressed the nature of both the war and the Refugee Project changed. The refugee program while still supporting para-military dependents, came less to directly support the war, and began more and more to focus on the humanitarian task of assisting the growing numbers of displaced people. As it became increasingly clear that many of the refugees could not soon return to their home areas, the focus of the refugee program began to shift toward relocation/resettlement efforts and away from short-term relief. This change of course coincided with, and indeed resulted from, significant changes in the character of the war itself. Following the cease-fire virtually all short-term relief activities were discontinued since few new refugees were generated.

Throughout the life of the Project large inputs of assistance, the mix of which varied with the character of the war itself, from other mission Projects such as Public Health, Agriculture, and Education were also used to complement and broaden the overall quantity and quality, as the Project was increasingly focused almost exclusively upon relocation/resettlement, the Project became correspondingly more indistinguishable (cont.)

D. REPLANNING REQUIRES REVISED OR NEW: ☐ PROP ☐ PIP ☐ PRO AG ☐ PIO/T ☐ PIO/C ☐ PIO/P	E. DATE OF MISSION REVIEW
PROJECT MANAGER: TYPED NAME, SIGNED INITIALS AND DATE HWiseman AISA/Laos	MISSION DIRECTOR TYPED NAME, SIGNED INITIALS AND DATE

from traditional Community Development programs.

In reviewing the Project, it is necessary to recognize that it was a very complex, multi-faceted large-scale operation, undertaken under war-time conditions. It was for the most part planned and operated by the USAID with a minimal degree of Lao Government involvement, due both to an acute lack of Lao resources and trained personnel. Much of the Project required sizable control of and access to resources such as aircraft, food supplies, and construction equipment and materials to an extent that discouraged the significant involvement of nearly all other potential donors. Additionally, many donors were increasingly inclined to avoid the portions of the Project having controversial political overtones, such as in MR II.

In reviewing the Project the following points surface as particularly significant in view of the manner events developed in Laos. (1) The personnel and resource component of other mission projects, such as Agriculture, Health and Education, which were directly concerned with refugee assistance, might have been integrated into the Refugee Project thereby assuring centralized direction of activities and maximizing the efficient use of available resources. As it was, the objectives/goals of other projects did not always complement the Refugee Project.

(2) Tolerance of excessively inefficient and corrupt local Lao refugee officials tended to undermine the Project.

(3) The control which the USAID exercised over commodities and the manner of refugee operations, while appropriate and indeed remarkably effective during the war, should not have continued beyond the cease-fire. As it was, the virtually unchanged arrangement provided grist for PL propaganda about U.S. control of Laos and concurrently assaulted the growing sense of nationalism among even the rightists in the postwar period.

(4) The mixing of AID personnel, resources and operations with other elements of the U.S. Mission had the long-term effect of making the USAID suspect in the eyes of many Lao, particularily the PL. Although this mixing did have the short-term advantage of maximizing the efficient use of USG resources such as aircraft, etc., the long-term effect was detrimental.

(5) On the more positive side, the wide use of young, able, language-trained officers in the field was very successful. The energy and language capability of these officers more than compensated for what they might have lacked in age and experience.

(6) Another positive element of the program was the latitude and responsibility given young low level officers. This resulted in a good deal of innovation. The highly successful rice drop program is one example.

AID 1020-25 (10-70) PAGE 2 PAR	PROJECT NO. 439-11-820-063	PAR FOR PERIOD: TO 6/75 1/75	COUNTRY Laos	PAR SERIAL NO. 75 - 4

II. PERFORMANCE OF KEY INPUTS AND ACTION AGENTS

A. INPUT OR ACTION AGENT CONTRACTOR, PARTICIPATING AGENCY OR VOLUNTARY AGENCY	B. PERFORMANCE AGAINST PLAN UNSATISFACTORY		SATISFACTORY			OUTSTANDING		C. IMPORTANCE FOR ACHIEVING PROJECT PURPOSE (X) LOW	MEDIUM			HIGH
	1	2	3	4	5	6	7	1	2	3	4	5
1. None												
2.												
3.												

Comment on key factors determining rating

4. PARTICIPANT TRAINING	1	2	3	4	5	6	7	1	2	3	4	5	

Comment on key factors determining rating

None

5. COMMODITIES	1	2	3	4 X	5	6	7	1	2	3	4	5 X	

Comment on key factors determing rating Commodities, especially in the earlier years of the Project, were almost totally controlled by the U.S. Near the end some degree of control had been relinquished to the PGNU. Commodities were essential to the successful implementation of the Project, particularily in the relief and relocation phases and to an increasingly lesser extent in the Resettlement phase. Commodities, especially food, were nearly always available in a timely manner and in adequate quantities. The success on the commodity (Cont.-

6. COOPERATING COUNTRY	a. PERSONNEL	1	2 X	3	4	5	6	7	1	2 X	3	4	5
	b. OTHER												

Comment on key factors determining rating The planning and implementation of the Project was done so completely by the U.S. that little opportunity, nor Project emphasis for that matter, was afforded for the development of Lao Government capabilities. Consequently, Lao capabilities remained underdeveloped and poorly utilized. This coupled with low pay; low levels of motivation, and very centralized decision making within the MSW, reuslted in the MSW functioning at a low level of efficiency. In the sense that assisting refugees was the project goal, the goal was very satisfactorily realized. However, the Project purpose, which was to assist the Lao Government to address refugee problems, was not satisfactorily achieved to the extent that this entailed building a strong and competent MSW.

7. OTHER DONORS	1	2 X	3	4	5	6	7	1 X	2	3	4	5	

(See Next Page for Comments on Other Donors)

portion of the Project was quite satisfactory in the sense that procurement, storage and distribution were well handled. However the dearth of Lao Government resources coupled with the reluctance of the U.S. to relinquish control over U.S. procured commodities retarded the development of the MSW as well as prolonging its extensive dependence and/or subservience to U.S. direction.

AID 1020-23(10-70)	PROJECT NO.	PAR FOR PERIOD.	COUNTRY	PAR SERIAL NO.
PAGE 3 PAR	439-11-820-063	1/75 6/75	Laos	75 4

F. 7. Continued: Comment on key factors determining rating of Other Donors Although sizable quantities of relief goods were given to Laos by various private and Government donors, the donations were generally uncoordinated, intermittent or unpredictable in nature and although useful, generally not of a magnitude which seriously addressed the problem (albeit with some significant exceptions such as Japanese rice). Several international and VolAg teams worked on refugee relief and resettlement but again in all cases they were small, lacked significant resources and confined their activities to limited locations and specific types of assistance such as medical assistance. In many cases other donor activities depended to varying extents on the US for support to carry out their activities. Transportation of commodities and personnel is one such example.

III. KEY OUTPUT INDICATORS AND TARGETS

A. QUANTITATIVE INDICATORS FOR MAJOR OUTPUTS		TARGETS (Percentage/Rate/Amount)					
		CUMULATIVE PRIOR FY	CURRENT FY TO DATE	CURRENT FY TO END	FY ___	FY ___	END OF PROJECT
Not Available	PLANNED	Output indicators were refugees					
	ACTUAL PERFORMANCE	resettled/relocated; including wells dug, houses,					
	REPLANNED	roads, classrooms and villages constructed, and					
	PLANNED	land cleared. By late 1974 and early					
	ACTUAL PERFORMANCE	1975 the combination of a bumper					
	REPLANNED	rice harvest, increasing numbers of					
	PLANNED	refugees returning to original home					
	ACTUAL PERFORMANCE	areas, the USAID/MSE revising					
	REPLANNED	somewhat outdated criteria for determining					
	PLANNED	refugees requiring support and the changing					
	ACTUAL PERFORMANCE	political situation had virtually					
	REPLANNED	eliminated the refugee problem.					

B. QUALITATIVE INDICATORS FOR MAJOR OUTPUTS	
1. Adequate servicing of refugees	COMMENT: The decline in refugee numbers was relatively rapid. The corresponding level of USAID support hence declined rather abruptly with little long-term opportunity or need, within the last year, for the MSW to function at the level or in the manner that USAID had functioned. Nevertheless, although all refugees were adequately serviced
2. Adequately functioning MSW.	COMMENT: up to the time AID departed, most ovservers believe that the MSW was not able or prepared to effectively provide SW services without substantial AID or other outside assistance. This is due to both a lack of qualified and motivated personnel, cumbersome internal administrative procedures and a significant lack of resources.
3. Attainment of economic self-sufficiency by refugees.	COMMENT:

AID 1020-25 (10-70)	PROJECT NO.	PAR FOR PERIOD:	COUNTRY	PAR SERIAL NO.
PAGE 4 PAR	439-11-820-063	1/75 - 6/75	Laos	75 - 4

IV. PROJECT PURPOSE

A. 1. Statement of purpose as currently envisaged. 2. Same as in PROP? ☐ YES ☐ NO

To develop and assist the MSW in providing the basic human needs of food, clothing, shelter and health care to refugees; and to assist all responsible PGNU agencies in helping refugees attain economic and social levels equal to those non-refugees in the area.

B. 1. Conditions which will exist when above purpose is achieved.	2. Evidence to date of progress toward these conditions.
Functioning MSW Economic self-sufficiency of former refugees Adequate community services provided	At the time AID left Laos virtually all refugees had achieved a degree of physical well-being and economic self-sufficiency which had allowed them to be dropped from the refugee rolls. In all relocation/resettlement efforts within the 'Vientiane side' AID satisfied relatively high self-imposed standards of community services. The MSW was functioning more effectively than a decade earlier due in large part to the efforts of AID. However, in the view of most AID officials, the MSW was still some way from being able to effectively and efficiently satisfy actual and potential requirements for its services.

V. PROGRAMMING GOAL

A. Statement of Programming Goal

To alleviate war-caused suffering and disruptions, and in so doing promote the economic and social development of Laos.

B. Will the achievement of the project purpose make a significant contribution to the programming goal, given the magnitude of the national problem? Cite evidence.

Although AID is now out of Laos, the project provided emergency relief, relocation and resettlement assistance to a cumulative total of up to 1/3 of the population of Laos over the alst decade. In so doing a measure of stability was injected into an otherwise chaotic situation. The Government continued to function in a relatively normal manner, and economic and social activities and structures continued to function, and in some cases, even managed to develop and expand. Problems resulting from war-related suffering and dislocation were addressed in a way that minimized their impact and even in many cases started the very victims on the road to a life better than that from which they had fled, as a result of their introduction to better education, medical facilities, agricultural training, etc.

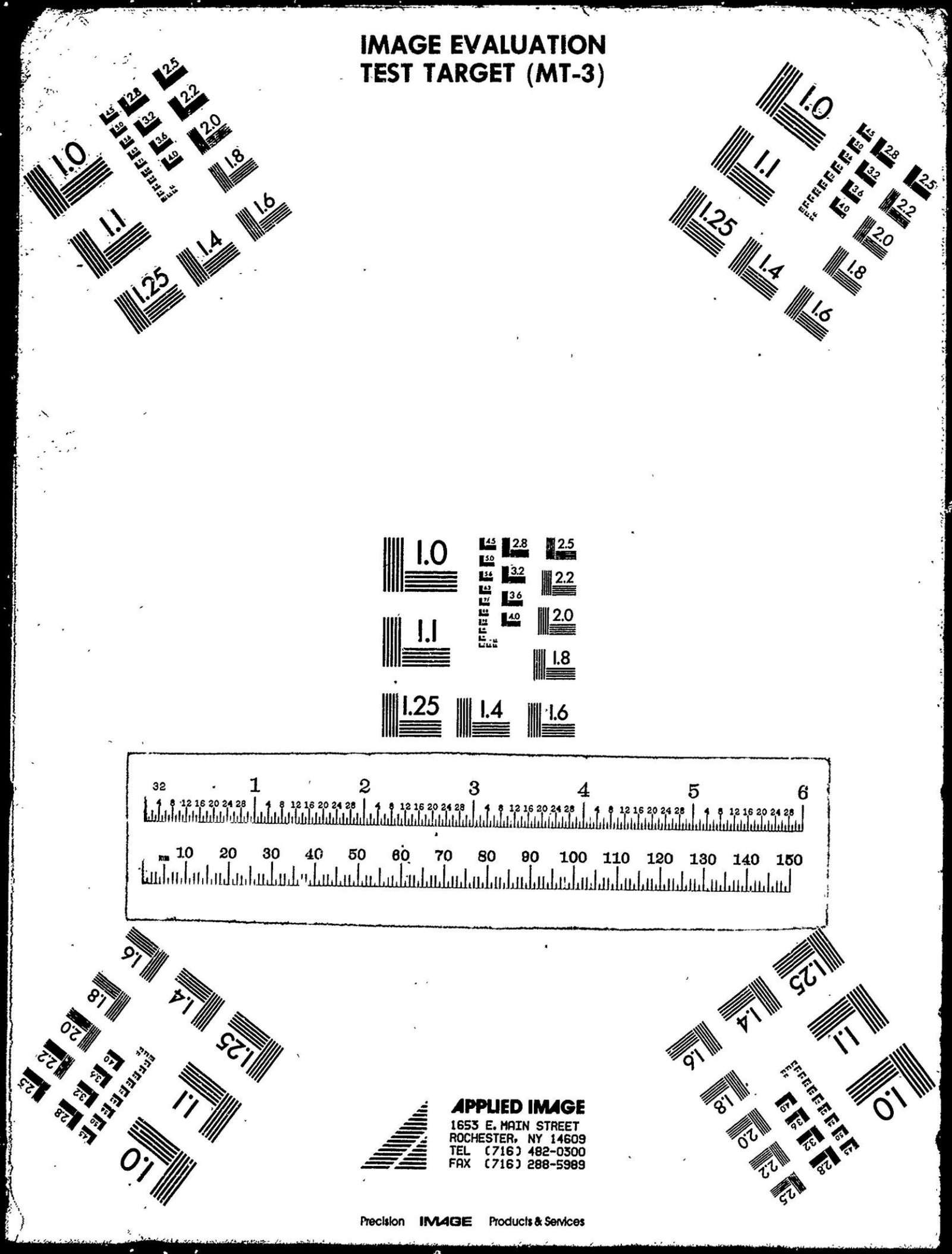


IMAGE EVALUATION
TEST TARGET (MT-3)
1.0
1.1
1.25
1.4
1.6
1.8
2.0
2.2
2.5
2.8
3.2
3.6
4.0
4.5
5.0
5.6
6.3
7.1
8.0
9.0
10
11
12
13
14
15
16
18
20
22
25
28
32
36
40
45
50
56
63
71
80
90
100
110
120
130
140
150
APPLIED IMAGE
1653 E. MAIN STREET
ROCHESTER, NY 14609
TEL (716) 482-0300
FAX (716) 288-5989
Precision IMAGE Products & Services

PN-AAX-021

PN = 49948

A.I.D.
Reference Center
Room 1656 NS

TERMINATION REPORT

USAID LAOS

ASIA/Laos
(1/9/76)

ACKNOWLEDGMENTS

The following personnel formerly assigned to the Laos Mission and to the Office of Laos Affairs, AID/W, provided first draft contributions to this Termination Report.

OVERVIEW: Gordon B. Ramsey

AGRICULTURE: Charles A. Sanders
Leland W. Voth
Thomas Wilson
William H. McCluskey
Percy J. Avram

DEVELOPMENT ADMINISTRATION: Finance: Charles F. Wilding-White
Development Planning: Paul J. Maynard
Human Resources: Dayton L. Maxwell

EDUCATION: Hunter A. Fitzgerald

MATERNAL AND CHILD HEALTH: Edwin T. McKeithen, III

NATIONAL ROADS: FHWA PASA Team

NARCOTICS: Robert T. Dakan
Gary E. Alex
Lawrence J. Berger

PUBLIC HEALTH: John Kennedy

REFUGEES: Ernest C. Kuhn

RURAL ECONOMY: Ernest C. Kuhn

MILITARY REGION: I: John A. Huxtable
" " II: Gerald L. Nell
" " III: Sanford J. Stone
" " IV: Robert E. Zimmerman
" " V: Don F. Wadley

STABILIZATION PROGRAM: Theodore L. Lewis
Walter F. Stettner

Staff of the Office of Laos Affairs

ASIA/Laos: 1/9/76

INDEX

I. OVERVIEW 3

II. PROJECT PROGRAM

1. Agriculture 13

2. Development Administration

A. Finance Sub-project 26

B. Development Planning Sub-project 46

C. Human Resources Sub-project 63

3. Education 87

4. Maternal and Child Health 103

5. National Roads 121

6. Narcotics 129

7. Public Health 157

8. Refugees 169

9. Rural Economy 193

III. MILITARY REGIONS - FIELD OPERATIONS 203

IV. STABILIZATION PROGRAM: FOREIGN EXCHANGE OPERATION FUND

1. Summary and Conclusion 262

2. Historical Survey: Cash Grants, USIP, and FEOF 281

3. Supporting Tables 316

V. MISCELLANEOUS: TERMINATED PROJECTS; AIR SUPPORT; NAM NGUM DAM; OTHER REGIONAL PROJECTS 323

VI. FUNDING SUMMARY CHARTS 331

VII. BIBLIOGRAPHY 334

I. OVERVIEW

THE ECONOMIC ASSISTANCE PROGRAM IN LAOS
An Overview
(1954-1975)

Background

The history of Laos since its establishment as a separate state following the Geneva Conference of 1954 has been one totally dominated by maneuvering and fighting for political supremacy among its internal power factions - rightist, neutralist and leftist. During this period all major governmental policy decisions were based on these political facts. No government, however, became sufficiently strong and cohesive to weld the entire country together and adopt economic policies and programs that were understood and accepted by the majority of Lao citizens. The meager material wealth of the country was controlled and shared among the traditional elite landed family groups.

At independence in 1954, Laos emerged ill-prepared economically to survive as a modern state. During the French colonial period, government expenditures in Laos always exceeded its revenues. Foreign exchange requirements could not be met from Lao exports and deficits in both local currency and foreign exchange were met from surplus earnings of Cambodia and Vietnam. Development efforts were directed toward tin and coffee exports, and construction of a road network to facilitate the political and military administration of Indochina. The effect of these development efforts on the economy was negligible.

Since independence, more than two decades of military and political conflict within Laos' borders have prevented both the accumulation of accurate data and the initiation of a concerted effort to identify, plan and exploit natural resources. As a result, Laos today remains largely underdeveloped.

It is within this setting that the U.S. economic assistance program was designed and implemented.

U.S. Interest and Policy in Laos

U.S. policy was determined primarily by Laos' unique geographic location, its relationship with its neighbors (China, Burma, Vietnam, Cambodia and Thailand) and the geopolitical implications of these relations. For many years, Laos served as a buffer area, separating the communist territories and influences to the north from Thailand and the Mekong River Valley where the U.S., Japan, and other Western and Western-oriented countries predominated. Although the traditional

American humanitarian concerns had a significant influence in the assistance program, normal economic, commercial and mineral interests were relatively unimportant.

Relationship of U.S. Economic Assistance to U.S. Interest

Economic assistance to Laos was planned and implemented within the context of the overriding political interests. These interests required maintenance of reasonable economic stability and of reasonably effective government services in order to ensure the political stability of the Royal Lao Government (RLG). A lack of sufficient numbers of trained and experienced Lao, however, made it necessary for foreign donors, particularly the U.S., to provide what might under normal assistance programs be considered excessive support to government services within Laos. U.S. assistance, for example, included execution by A.I.D.-financed employees of such services as construction of provincial administrative facilities, schools, and roads, as well as prolonged provision of operational supplies and maintenance services.

Emergency aid and subsistence support to refugees displaced by the hostilities was a major area of daily concern during most of the 21 years of U.S. economic assistance to Laos. Within the project portion of the A.I.D. program, the heaviest expenditures - particularly from the mid-1960's onward - were for food, health care, relocation and related support costs for Lao refugees.

Efforts directed uniquely at development during the years of the Indochina war (up to the cease-fire agreement in February 1973) were continually frustrated by the see-saw nature of hostilities in Laos. Reasonable security in any given region of Laos could not be counted upon or guaranteed for a sufficient time period to allow for planning, implementation and maintenance of significant development programs.

Results of the A.I.D. Program

In terms of its predominantly political role in Laos, the economic assistance program was an essential element in the necessary support to the daily functioning of the RLG and was thereby instrumental in assuring the government's continued viability. Maintenance of a viable RLG helped to delay a Pathet Lao takeover and to assure that the area would continue to serve as a buffer between North Vietnam and China to the north and Thailand.

Both the refugee and economic stabilization programs were of paramount importance during the war years. Refugees, dislocated by the continuing hostilities, were cared for and assisted in resettlement areas. Rudimentary health services provided to the refugee population were also made available to the majority of the remaining population under RLG control. The stabilization program made it possible for Laos to import its essential requirements and at the same time to maintain the reasonable economic stability that was necessary to the maintenance of political stability.

Primarily with help from A.I.D., the RLG was also able to provide its citizens with at least minimum governmental services - the number of schools was greatly expanded; teachers were trained and placed; teaching materials were provided; dispensaries for rural health care were established and supplied; some major routes and many minor feeder roads were constructed; agricultural seeds, fertilizers, insecticides and irrigation pumps were made available; and hundreds of Lao were given in-country training and training in Thailand, the Philippines, Taiwan and the U.S. in technical fields required to improve Lao manpower capabilities.

Although economic development, per se, was not a priority requirement for use of A.I.D. security assistance funds, a good deal of economic infrastructure actually was created, manpower capabilities among Lao public servants were advanced considerably, and a few small basic industries were developed with resources provided Laos through the A.I.D. program. The largest development project in Laos, the Nam Ngum hydroelectric power dam and transmission system, completed in 1971, was 50 percent funded with U.S. assistance funds. This dam and the 30 MW generating capacity it provided initially were sufficient to provide all power needs of Vientiane city and some surrounding areas as well as to earn foreign exchange from power exports to Thailand.

Over the years, the A.I.D. program assisted the Lao Government in making the major road artery, Route 13, passable in all weather from Luang Prabang in the north to the Cambodian border in the south. All weather roads were constructed connecting mountainous Ban Xon, Long Tieng, Nam Moh and Moung Cha with Route 13. An all weather road was constructed between Xieng Ngeun and Muong Nane. Although it was designed principally to open up the area between these two towns for refugee settlement, at the same time it increased commercial exchanges between the city of Luang Prabang and Sayaboury City and Province. Hundreds of kilometers of feeder and village roads were constructed in the areas of Pakse, Savannakhet, Thakhek, Borikhane, Vientiane, Sayaboury, Xieng Khouang, Luang Prabang and Ban Houei Sai. And hundreds of water wells were drilled and hand dug to provide potable water for hundreds of rural villages.

With A.I.D. funds, two large warehouse facilities in Vientiane and over a hundred smaller warehouses were built throughout the Mekong valley of Laos. These also were important assets for continuing development.

The total amount of such resources provided to Laos by the A.I.D. program was considerable and could and perhaps may still be utilized in a planned development effort.

The Dissolution of the A.I.D. Mission

On April 5, 1974 the new Provisional Government of National Union (PGNU) was established. Ministerial portfolios for the ten most influential ministries were distributed equally between the political Right, or "Vientiane-side", and the Left, or Lao Patriotic Front (LPF) faction. Two ministries, Justice and Post, Telephone and Telegraph (PTT), were allocated to appointees considered Neutrals and accepted as such by the Vientiane and LPF sides. Prime Minister Souvanna Phouma was accepted politically by both sides as a Neutralist.

The LPF Ministers and Deputy Ministers (Secretaries of State) were inexperienced in governing a state not totally dominated by a single communist or socialist party. They were intially wary, careful, courteous and formally correct in their relations with U.S. and other western representatives.

In June and early July of 1974, the U.S. Ambassador and the A.I.D. Director on several occasions asked both the LPF Foreign Minister and the LPF Minister of Economy and Plan whether the new government desired changes to be made in the manner of administering and the content of the U.S. economic assistance program to Laos. The response from both ministries was essentially that the new government needed time to organize itself, establish its own mode of operation and set its priorities. Until it had accomplished these tasks, the PGNU wished the A.I.D. Mission to continue its current programs and operate in the manner it had during the previous year.

The PGNU, during the late summer and fall of 1974 did, however, state its wish to assume more leadership and management responsibilities for programs assisted by foreign donors. Such statements appeared entirely reasonable and, indeed, desirable for a new government whose task was to unify the country and move it forward in peaceful social and economic development.

Therefore in response, the A.I.D. Mission began to arrange for the transfer to the PGNU of large elements of or total projects it had

been funding and supervising. By July 1974, the independently operated and large construction capability of the Mission was terminated. U.S. Public Works personnel were reduced by 50 percent and further reductions were planned during FY 1975. Over $3 million worth of heavy equipment, as well as maintenance and repair facilities and machinery, were turned over to the PGNU. Management of the Nam Tan irrigation project was turned over to the Agriculture Directorate. Full control and executive management of the Agriculture Development Organization was relinquished to the PGNU. The Mission made plans to reduce regional field offices from six to three, and a four-year phase-out plan for the Operation Brotherhood International medical services contract was negotiated with the PGNU Ministry of Public Health. It was also planned to reduce the American direct-hire and PASA staff to 86 by June 30, 1976, representing a two-thirds reduction since the establishment of the new coalition government.

Mission personnel made known to the PGNU leadership that U.S. assistance policy was flexible and amenable to program changes as soon as the new PGNU established its priorities and made its assistance desires known.

While the foregoing actions by the A.I.D. Mission were proceeding, another set of political events was moving along simultaneously. In late summer/early fall of 1974, Lao students apparently began to realize that if organized they could wield a certain amount of political influence and power. The impetus for this Lao student awakening and initial political action seems to have come from the Thai student actions of the year before (1973) when they actually precipitated the fall of the Thanom Government in Thailand. The closeness of the Lao and Thai languages, the proximity of Thailand, easy movement across the Mekong, and the fact that hundreds of Lao students had received training and advanced schooling in Thailand made it easy for the Lao students to absorb both organizational and tactical methods from their Thai colleagues.

Lao students first began demonstrating against specific school administrators and in most cases got results from the PGNU. On several other occasions, they took the lead in collaboration with other demonstrating groups (samlor drivers, certain civil servants, taxi drivers) and took up economic issues, such as rising market prices; corruption; and gambling casinos in the Savannakhet and Pakse areas. Progressively and quickly the students became more adept at organization and political issues began creeping into their slogans and causes.

During the same period of late summer and early fall of 1974 other groups began to organize for political and economic purposes. A group known as the "21 Organizations" was formed. This group included a variety of small organizations with common interests and causes, such as "Association of Returned Students from Socialist Countries", "Employees of Electricite du Laos", "Royal Air Lao Employees", "USAID Employees", and student groups representing individual secondary and teacher training institutions. These groups assisted each other in strikes and demonstrations. Poster writing and other propaganda dissemination for all groups were handled mostly by the students because they were better educated and more articulate.

In early October 1974, a few platoons of FAR (former RLG army) soldiers stationed at the demarcation line between Vientiane-side/LPF-side zones in Houa Khong Province rebelled against the Ban Houei Sai regional commander and occupied the city of Ban Houei Sai for three days. They complained of not receiving their pay and food rations. The government agreed to meet their demands and remove the regional military commander. These complaints and demands were generally considered to be justifiable and the uprising itself was believed by observers to be spontaneous.

The government, particularly the FAR command, however, delayed taking the promised action, and by Christmas Eve, 1974, the Ban Houei Sai regional commander had not been removed. On that Christmas Eve the same "rebel" group attacked Ban Houei Sai and took over the military command and the city.

This time, however, there was a great difference. The complaints were political, and the demands included not only the removal of the military commander and other government service chiefs but also such political reforms as free movement and trade between zones. In addition there was a considerable amount of anti-American propaganda. The American A.I.D. employees in Ban Houei Sai were held as hostages for six days before they were released and evacuated to Vientiane.

Two new elements were involved in this second Ban Houei Sai incident: (1) armed Lao student leaders, who were the spokesmen and most powerful element, and (2) Pathet Lao forces who occupied all villages and surrounding areas of Ban Houei Sai. It soon became evident that the students were receiving instructions and support from the LPF. The method of takeover in Ban Houei Sai became a prototype for similar operations throughout the Vientiane-side zone of Laos, culminating in late August 1975 with a formal declaration by the LPF that all of Laos had been "liberated".

By May 1, 1975, the students and other protest and demonstration groups were well organized and, using these groups as implementers of their political goals, the LPF launched a series of demonstrations in all parts of the Vientiane-side zone against both the Vientiane-side leadership and the Americans. It was clear by early May 1975 that the fall of Phnom Penh and Saigon in late April had bolstered the LPF's confidence and accelerated its political timetable.

Through the use of demonstrations (usually spearheaded by students) the LPF managed to force out the principal Vientiane-side Ministers and Military Commanders, as well as the Vientiane-side leadership in all provinces of Laos and to harass A.I.D. operations and employees to the extent that all A.I.D. American and TCN employees were obliged to depart first the provincial posts and eventually Vientiane.

The Ministry of Foreign Affairs' position as spokesman for the PGNU was that the American A.I.D. Mission was too large, too influential throughout the countryside, and operated too independently of "the government". "The government", in LPF terms, was represented by the LPF Foreign Minister, who was the principal LPF public official in Vientiane. The student and other protesters added to these criticisms the charge that the A.I.D. Mission was an umbrella for all U.S. Government activities in Laos including intelligence gathering and operations. As a result of the demonstrations and harassment of Americans, and particularly of A.I.D. employees, an agreement was finally signed on May 27, 1975 between the PGNU and the American Charge d'Affaires that the A.I.D. Mission would be terminated no later than June 30, 1975. Termination was completed on June 26, 1975 when the Acting A.I.D. Director departed Vientiane and an Embassy Diplomatic Note to that effect was delivered to the Ministry of Foreign Affairs.

In the end, it was the operational involvement, and hence influence of the A.I.D program that was used by the LPF in its propaganda campaign against the U.S., in spite of the Mission's demonstrated willingness to alter its role and adjust its assistance program in accordance with PGNU wishes. The speed and manner in which the U.S. A.I.D. program came to an end was unfortunate but was probably inevitable given the reduction in political stature and precipitate disappearance of Vientiane-side leadership between May 1 and May 15, 1975, following the communist military victories throughout Indochina.

Summary and Conclusion

U.S. economic assistance to Laos, from its inception in 1954, was provided and justified for political purposes. It was not designed

as a program to assist Laos in long-range social and economic development. It did, nevertheless, provide basic economic assets that could in the future be exploited through planned development.

In the education sector, moreover, the A.I.D. program was a successful developmental activity and did contribute greatly to progress in Laos' manpower development. The Nam Ngum dam and power distribution system was the most significant economic project completed in Laos during the period of U.S. aid to that country.

The program was intensively operational and A.I.D. employees were directly involved in normal host-country service and maintenance operations. This modus operandi was necessary during most of the period to provide adequate support to the RLG, which suffered from both manpower shortages as a result of the war and a lack of adequately trained personnel in general.

The A.I.D. program was successful in meeting the major tasks it was given in support of U.S. policy toward Laos: maintenance of reasonable economic stability; humanitarian succor for the refugees created by the war; and maintenance of minimum governmental services within the RLG controlled portion of Laos.

II. PROJECT PROGRAM

AGRICULTURE DEVELOPMENT

Summary

When U.S. assistance to the Kingdom of Laos began in the mid-1950's, subsistence agriculture was the main source of livelihood for some 90% of the population. A farm family typically tilled from one to three hectares of land. The major crop was and still is rice (paddy and upland), although production is perhaps the lowest of any of the rice producing LDC's. Any surplus rice has been used traditionally to barter for other available necessities of the rural, village life. The nations' forests were and have continued to be rapidly exploited with little conservation practiced. Fish (mostly from small streams and rivers) were common, but never adequate to meet minimal requirements. Livestock (including poultry) were maintained on a scavenger basis in most of the country. Buffalo and oxen were the only source of power for the farm, and thus, were seldom used for meat until they were no longer required for draft purposes.

U.S. assistance to Laos in the field of agriculture began in 1954 with limited assistance in forestry, fisheries, crop and livestock production. The first resident U.S. agricultural experts arrived in 1955. Assistance was increased in virtually all phases of agriculture, from about $200,000 to approximately $3.0 million per annum. Between 1954 and 1975 total U.S. assistance directly attributed to agriculture was slightly over $23.0 million. However, in addition to the many technical constraints to improved production (e.g. poor soils, slash and burn agriculture in the highlands area, lack of water for irrigation during the dry season, and virtually no trained professional agriculturalists) Lacs suffered from a lack of political and economic stability and the ravages of war for most of this period.

A major portion of the U.S. assistance in agriculture was concentrated on irrigation and extension services to promote increased crop production. Additionally, in the period 1965-75, the U.S. sponsored the development of the semi-autonomous Agriculture Development Organization (ADO) whose objective was to stimulate agricultural production through project planning, management/monitoring, financing of inputs and marketing. U.S. assistance in agriculture was simultaneously provided in other areas, mainly through small, discrete, unrelated projects many of which were undertaken for humanitarian or political reasons and were not designed to achieve long lasting results.

During the final years of the program, the objectives or priorities of the agricultural assistance efforts were to:
(a) assist refugee communities achieve basic subsistence levels of agricultural production; (b) seek acceptable cash crop substitutes

for opium; and (c) assist the Lao Government with its objectives of increasing agricultural production.

To address these objectives, the agriculture program of the early 1970's was formulated as seven sub-projects (see the attached highlights for each sub-project). Because of the continually declining geographic areas available to the former RLG and the persistent movement of food stuffs across the Mekong River from Thailand to meet the food needs of the growing urban population, increased effort was made during 1973-75 in specific production-oriented projects in the food deficit areas (Vientiane, Luang Prabang-Nam Tan, Xieng Khouang). Some of these activities did result in increased food production; however, lack of adequate baseline data restricted project planning capabilities and there remained only a limited food supply for the urban areas of Laos. U.S. efforts to interest the PGNU officials and other donors in undertaking an agriculture sector analysis during 1974/75 were unsuccessful. It was believed this type of study could have better identified production constraints and resulted in planned projects that would have interested and gained support from other donors. The PGNU, however, was slow in defining its development priorities and continued to favor only small discrete projects.

During the several months prior to the termination of U.S. assistance, the Lao officials were becoming dissatisfied with the reduced funding and support to the far-flung U.S.-assisted agriculture activities. This was clearly noticeable in FY 1974 when the Mission discontinued most of the logistical support to the three Directorates (Agriculture, Veterinary-Livestock, and Waters and Forests) and to ADO.

Despite the many years of U.S. and other donor assistance in agriculture, there was still an acute shortage of adequately trained technical and managerial manpower in all of the agricultural services. Only a few of those trained under these assistance programs remained in government services, reportedly due to inefficient management, political pressures, and low salaries.

In summary, there were a few noticeable improvements in agriculture. It should be kept in mind that the primary U.S. objectives in Laos were not of a developmental nature and that the many constraints to increasing agriculture production in Laos might be overriding, even with a stable political situation, in the absence of a wholehearted commitment of the government to address all of them.

Following is a more detailed survey of each of the sub-activities.

Crops and Soils

The activities included during 1973-75 were as follows:

1. Adaptive Rice Research
   Salakham Rice Station near Vientiane (rainfed lowland rice)
   Nam Tan Rice Station
   Rainfed upland rice

2. Crop Production Estimate (Rice): 2nd wet season survey, CY 1974

3. Soils Mapping-Vientiane Plain: Land resource inventory and land classification map

4. Backstopping area coordinators and ADO

5. Coordinating with and assisting other donors.

The institutional development of the Directorate of Agriculture was greatly handicapped by the continued shifting of limited, trained personnel out of the Directorate and into the semi-autonomous agriculture agencies, such as ADO, Agency for the Vientiane Plain, Mekong Committee, and to other special projects. Due to this shifting, adverse political pressures and limited operational funds, the Directorate had become almost sterile. It represented a poorly coordinated, poorly motivated, understaffed and ineffective agriculture production effort. Even though the PGNU supposedly placed major emphasis on agriculture production, only a very insignificant 0.67 of one percent of the national budget was allocated to support all agriculture activities in FY 1975. The uncoordinated thrust of the various agriculture groups splintered the effort and rendered it unproductive.

Despite this, however, some progress was made in increasing food production as a result of the large amounts of A.I.D. contributions: labor costs, commodities, and management during the war years. The production increase was being threatened, however, by the failure of small irrigation dams, pump irrigation projects, and ADO, due to lack of maintenance, indifferent subsistent farmers, unresponsive government officials, and budget constraints.

During 1973/74 in the area of crop research, the major input was advisory assistance in planning and implementing trial work at the stations.

In the area of crop production estimates, there was for a number of years a lack of any factual baseline data. Therefore, detailed field surveys were made in 1973 and 1974. The most difficult unknown was the number of hectares planted. In 1974, an estimate was undertaken jointly by the PGNU and the A.I.D. Mission. The production area was graphically measured on maps, then adjusted by a simple measuring procedure in the field. The methodology for collecting and analyzing the yield samples was closely supervised. All information was computerized for both upland and lowland areas; only the accessible areas were surveyed. The estimate resulting from this survey was probably the most significant one ever made in Laos.

Local dry season production of vegetable crops had increased from approximately twenty percent to fifty percent of the market supply. Wet season vegetable production remained deficit.

Feed grain production, virtually unheard of prior to FY 1973, had increased from an estimated 10 tons sold commercially in 1973 to 600 tons in 1975, and an anticipated production of at least 1,100 tons in 1975. This resulted from providing a market in the form of a modest feedmill and revolving fund made available by A.I.D. through ADO.

Land classification for refugee resettlement was started in July 1970. By May 1975 field studies had been made, reports written, and maps published on 600,000 hectares on various resettlement projects throughout Laos. The soils mapping effort began in early FY 1974 as a first step preparatory to a sector study. The total area to be mapped at this time was limited to the Vientiane Plain. This was to serve as a model for other areas in Laos. The Land Resource Inventory map would have been completed by July 1, 1975.

Irrigation

Assistance was provided to the Irrigation Service, Directorate of Agriculture, in designing, constructing, maintaining, and rehabilitating irrigation and drainage systems.

Prior to 1968, the Mission provided assistance to numerous small widely scattered projects that yielded knowledge of the water resources and acceptance of the program by the water users. During the 1968 to 1971 period, larger projects such as Nam Tan and Dong Kalum were conducted in an effort to increase crop production in excess of needs.

It is estimated that the Mission expended in excess of $7.0 million on physical irrigation works. One hundred sixty-seven irrigation projects, involving 18,000 hectares of land, 1,422 appurtenant structures and 958 kilometers of canals were constructed.

After 1971, the Mission's irrigation section concentrated efforts on assisting the PGNU and Farmers' Water Users Association in management, operation, and maintenance of the irrigation systems that had been constructed.

The Nam Tan irrigation project was begun in 1967 to provide supplemental water for rice production during the rains, and water to grow rice and other crops during the dry season.

The 1974 rice season was the second successive year that Nam Tan produced surplus rice (4,890 MT) for the market. This, in part, satisfied the project goals of producing surplus products for the Luang Prabang market. The production was largely attributed to improved management of the water delivery system. Between 1973 and 1975, the Nam Tan farmers organized themselves into a management group and displayed a sharply increased talent for managing and financing their own water delivery system.

The benefit cost analysis produced four ratios: 0.69:1 at official price excluding secondary benefits; 1.41:1 at free market price excluding secondary benefits; 0.85:1 at official price including secondary benefits; and 1.56:1 at free market price including secondary benefits.

Socially, the Nam Tan Project did represent a notable achievement. It provided a secure place for both residents and refugees to live and farm. Farmers from various ethnic groups and backgrounds lived and worked together successfully despite their unique cultures, religions and attitudes. Social discrimination was greatly diminished over the project lifetime. The objectives of the Irrigation Branch prior to Mission termination were to firm up and make workable the physical irrigation works already accomplished and to plan a few selected projects in support of refugee programs.

Some problems were encountered with the PGNU Irrigation Service due to its inability to conduct its work effectively. The service had a staff of some 60 people. A.I.D. had trained 57 in short-term programs, plus eight in degree programs in Thailand. Because of the low salary scales, however, only a very few of the trainees were employed by the PGNU Irrigation Service.

Extension

The Agricultural Extension sub-activity was started in the mid 50's and terminated at the end of FY 1974. The major objective was institution-building, mainly by improving the capability of the host country extension agents to influence farmers to increase production, principally rice. Throughout the life of the project, training received major emphasis with a total of 137 participants sponsored by A.I.D. Six of these were in degree programs but only two successfully completed their studies and later returned to work in the Agriculture Development Organization. Because qualified degree-seeking candidates were not available, the great majority of participants received short-term training for periods of three weeks to one year in Thailand or the Philippines. The majority of the agents had the equivalent of a sixth grade-level education, and therefore, a limited ability in problem-solving skills. The primary methods used in extending agricultural knowledge to the farmers consisted of field demonstrations, tours and short-term farmer training classes. In fact, many of the demonstrations were in reality "mini" field trials conducted to collect information. Sufficient prior knowledge was not available to establish them in acceptable field plot designs. Thus no statistical analysis to ascertain validity or significance was possible, and the results were of doubtful value. In the absence of an adequate research base the extension service frequently had little valid information to "extend", and hence, became involved in an area the agents were ill-equipped to handle. Too frequently, moreover, the true costs of inputs relative to benefits were too great to encourage adoption by small

producers or the inputs used were not those available to the farmers. Both aspects serving to retard wide-scale acceptance.

During the life of this activity, substantial support in the form of vehicles, POL, per diem, expendables, etc., were provided by A.I.D. However, judging by results, either the support was inadequate or of the wrong type to encourage the needed changes. Inasmuch as virtually everything but the basic salaries were provided by A.I.D., it is very likely that the level of management was inadequate to properly supervise the inputs. The combination of a below-minimum level of host-country budgetary support and a lack of low level dedicated, capable leadership, helped to prevent the expected significant impact from A.I.D.-furnished commodities such as fertilizers and insecticides. Moreover, when farmers were compelled to seek these commodities at "real" market value, they were discouraged.

In addition to the lack of institutional support by the host-country (0.67 of one percent of the national budget in FY 1975 for all agricultural activities), various marketing constraints, such as road check point taxes, also served to retard the value of an extension program.

A history/evaluation of the A.I.D. assistance to the Lao Agriculture Extension Service in Laos was prepared in April 1974 and is on file in the A.I.D./W reference library.

Agriculture Development Organization

The Agriculture Development Organization (ADO) was established by degree in October 1965, which endowed it with legal status and financial autonomy, to stimulate and promote agriculture development. It was initially capitalized in kind by A.I.D. commodity grants, primarily fertilizers and insecticides, and later received equipment grants from the Japanese Government which contributed to the capitalization process. Also, during the first eight years, the organization received operational support from the Mission in the form of transportation, expendables, and borrower-grantee contract funds.

Efforts during the first six years focused upon stimulating increased rice production by providing in-kind credit to individual producers, and purchasing rice frequently at subsidized prices. This method of operation proved highly inefficient as servicing small producer accounts through in-kind collections cost more than the value of the receivables.

In 1971, the basic guidelines governing ADO activities were reoriented from the restrictive position of promoting rice production to encouraging development throughout the entire agriculture sector. This resulted in handling a much broader range of production inputs as well as adopting a more businesslike approach to development. Because grant-in-aid commodities had been exhausted, ADO turned to commercial sources of

supply, purchasing primarily in Thailand for resale under marketing policies established by the Administrative Council. The Council was a Board of Directors, in effect, composed of four Lao and three U.S. officials. Implementation of policy guidelines was entrusted to an Executive Manager, a position filled by a succession of U.S. direct-hire personnel until Septmeber 1973, when a Lao was appointed by the Council.

Because the ADO was assisted and nurtured by the U.S., it was considered primarily a U.S. Mission activity by the Lao and by many U.S. personnel even though the organization was composed predominantly of Lao employees. Starting in 1973, serious efforts were made to reduce the U.S. image. Operational support for vehicles, transport of commodities and expendables were drastically reduced. At the time of the departure of U.S. personnel, the only remaining operational support was in the form of the salaries of six of the original eleven borrower-grantee contractor advisors, all of whom were scheduled for phase-out within the following six months.

The reorganization in 1971 had led to establishment of a dealer network designed to reduce overhead costs and to reduce ADO participation in the costly practice of offering individual credit. Retail margins of dealers were controlled, and dealers were provided wholesale credit. In addition, the Lao Savings and Loan Cooperative was established under the ADO umbrella and partially capitalized with an ADO loan to develop a small farmer credit system. Finally, a Project Development Branch was established, serving the functions of a Research and Development section. At the time of evacuation, the organization consisted of headquarters in Vientiane, five branches located in five provinces, and a dealer network of approximately one hundred retailers.

Progress between 1972 and 1975 was significant. In FY 1973, ADO achieved a break-even operation (excluding salaries for U.S. advisors) for the first time in its eight-year history. Gross sales increased from approximately 140 million kip in FY 72 to over 457 million in FY 1974 and a projected level of approximately 1,000 million for FY 1975. Cash sales represented about eighty-five percent of the total sales volume, indicating that the commodities and prices were attractive to producers. Through participation in pilot commercial operations which originated with a small refugee program, ADO increased layer and broiler chick sales from 400 per week to about 20,000 per week and established a pilot feedmill which was producing approximately 185 tons of blended rations per month. By means of a U.S. grant of 20 million kip, a revolving grain purchase fund was established which resulted in the purchase and use of 594 tons of locally produced corn in the feedmill. Informal agreements made with producers indicated that in excess of 1,000 tons would be produced in 1975. In 1973, a national rice marketing program was developed by the PGNU which resulted in establishment of the National Rice Office, with ADO as the implementing agent. Operation during the initial year demonstrated

that the concept was feasible, reducing retail price fluctuations as well as contributing by-products to the embryo feed milling industry. The major need was for more operational funds on a timely basis so the program could be extended over more months of the year.

A more detailed account of accomplishments may be derived from the ADO Summary Reports for FY 1973 and FY 1974, previously submitted to A.I.D./Washington.

The success of ADO during the last three years demonstrated that a business-oriented institutional approach could give rewarding development results in an environment such as that in Laos. Budgetary and manpower constraints were critical, complicated at times by policy restrictions which were in conflict with sound business principles. Without any doubts, ADO would not have existed or succeeded without the support and encouragement of A.I.D.; but the results demonstrated that ADO was reaching the small producer whereas this was not achieved through the more formal host-government institutions. Capitalization was the single greatest need, and a form of concessional loan might have been profitably used under peacetime conditions.

Lao Savings and Loan Cooperative

This activity initially called for the reorganization of the Credit Department of the Agriculture Development Organization (ADO). The reason for revamping this service was that ADO was ineffective in providing adequate and timely credit to farmers for increasing food production and was faced with a high cost of operation and a poor collection record.

The Credit Union National Association (CUNA) was requested by A.I.D. to appraise the ADO operations and to recommend a solution. CUNA recommended that ADO's operations be converted to cooperatives, beginning with the credit department, and delineated the procedure for doing so. It provided the technical services for putting the program into effect.

The immediate program objectives were:

1. To test the method on a pilot project basis to determine the level of acceptance by the Lao farmers of the cooperative idea of credit extension on a commercial basis.

2. To determine volume levels in terms of both human and capital resources required in order for the program to become viable and self-sustaining.

3. To determine capital needs, human resource requirements and the time frame required for expansion of the program on a nation-wide basis.

4. To develop a system that would in addition to providing credit, mobilize the savings of the rural Lao people, and thus play a role in monetizing and commercializing the economy.

The program was initiated by organizing a new institution known as the Lao Savings and Loan Cooperative (LSLC). It commenced operations under the ADO umbrella until it received its legal charter from the Ministry of Interior on May 10, 1974.

The LSLC head office was located in Vientiane, and branch offices were opened in the outlying areas to serve the farmers and villagers. Branch offices were established to serve from five to 10 villages or about 1,000 families with a land area up to 1,200 hectares of land. Anything less than this amount would not provide a viable economic base for a branch office. Prior estimates indicated that each branch required a 30 million Kip (at 1500 K:$US 1 rate) loan portfolio loaned out on a constant basis at 18 percent per annum or 1 ½ percent per month to earn sufficient interest income to pay for its operating expenses and interest on capital employed and to set aside reserves. It would require five such branches or 150 million Kip to create sufficient interest income to make the whole system viable, including the Head Office operation.

The activity met with its initial objectives in every way, and in some areas surpassed them.

Teams from the Asia Development Bank and the World Bank in search of investment projects in Laos, rated LSLC as a qualified institution for receipt of low cost, soft currency loan funds for its use in agricultural and rural development.

A sample survey carried out in December, 1974, indicated that the average loan was 123,000 Kip in amount, and that each loan had produced 179,000 Kip of income for the borrower or about 138 percent of the loan value after the loan together with interest had been repaid. LSLC had been wholly accepted by everyone involved with it, and the system was growing in a positive manner. New members were joining at the rate of 100 per month. Loan repayments and capital recycling was running at a ratio of 1.65:1 during 1974. Approximately 1 percent of the total Lao population became members of LSLC during this short period of time.

The employees displayed a special kind of loyalty and concern for LSLC, because they came to realize that they were working for and with an institution that not only provided them with better than average salaries but was also an instrument by which technological and attitudinal changes were made, incomes increased and living standards raised.

Livestock

Emphasis in this area up to FY 1973 had been upon operational support for the Directorate of Veterinary Medicine and Livestock (DVML). An evaluation of the overall situation in FY 1973 resulted in a sharp curtailment of direct operational support with emphasis limited to advisory assistance and to improving the operation of the principle PGNU Dong Dok swine station. The majority of the goals for the swine station were realized with production levels comparable to the U.S. achievements. Improved breeding animals from the project were distributed to refugee villages and sold to commercial producers. This project, which had built up a large operational fund of over 19 million kip from sales, was being transferred back to the PGNU when Mission participation was terminated. Commercial swine production had increased modestly, but there existed an unfavorable hog:feed ratio which inhibited any significant expansion until retail price controls on meat were removed.

Two participants had received training in vaccine production, two in livestock nutrition and one at the degree level in animal science. Two laboratories had been equipped, one for diagnostic work but neither functioned effectively due to inadequate budgets and a lack of adequately trained manpower.

Poultry production had increased to near self-sufficiency by FY 1975, but this was primarily a result of activities by the Agriculture Development Organization rather than the DVML.

Pilot forage and training programs were initiated to encourage ruminant production but this work was subsequently assumed by the Australians with whom a close working relationship had been developed. Commercial milled feed production was initiated in 1974 (by ADO) and had reached a production level of approximately 185 tons per month when the Mission was terminated.

In summary, the only significant successes (poultry production and commercially-milled feeds) were achieved in the market-oriented Agriculture Development Organization rather than through the formal host-country institution.

Fisheries

The activity was undertaken to assist the Lao Fisheries Service under the Directorate of Forests and Waters to: (a) produce fingerlings in sufficient quantities to meet demand, and (b) provide advisory services in fish culture to Lao farmers. A.I.D. financed a contract team (U.S. Consultants Inc.) to manage the project.

In FY 1966 work began by rehabilitating three fish hatcheries. By 1974 five hatcheries were producing about a million fingerlings to stock the country's 5,150 fish ponds. The hatchery fish were mainly common carp and some tilapia and kissing gourami.

A limnological survey was completed of the 217 sq. km. Nam Ngum reservoir. As a result of stocking the reservoir with fish, it had been the source of four to five tons of fish a day. Fish and fish products have continued to develop as a major source of protein in the average Lao diet, but despite the increased production efforts, the demand in the Vientiane market was still partially supplied from Thailand.

A Lao inter-agency jurisdictional problem arose in 1973 which adversely affected the program at the Nam Ngum reservoir. This problem was still unresolved in May 1975 when the assistance program was terminated. The fisheries program was believed to be very effective insofar as the five fish hatcheries and distribution of fingerlings were concerned. However, lack of adequately trained management and technical staff was a constant constraint.

Crop Production (Opium Poppy Substitution) and Refugee Program

The Mission Agriculture Division provided technical backstopping in these two areas of the Mission/PGNU programs. An Agricultural Advisor in Vientiane coordinated the endeavors. Funding for both activities, however, was not included in the agriculture budget.

In 1971, the Royal Lao Government enacted legislation prohibiting the commercial production and marketing of opium and its derivatives. This legislation affected the main cash crop and economic base of many hill tribes of Laos. In order to minimize resultant economic and social trauma among the population of the opium growing regions, the Lao Government requested A.I.D.'s assistance in developing a program to redirect the hill tribes' agriculture toward more productive cash crops. The project's goal was to develop alternative agricultural crops or systems which would supplement income lost from cessation of opium production.

The project employed a three-fold approach to the goal of agricultural redirection:

1. Experimentation and testing of new crops and techniques;

2. Training activities to introduce new crops and techniques to hill tribes; and

3. Material assistance in establishing new crops and techniques.

Operational funding of the project was from the Narcotics Control budget (FY 1973 budget was $145,400; FY 1974-$115,200; FY 1975-$150,000). The activity employed two American contract agriculturalists, one Third-Country National, and 10 Foreign Service local employees. The PGNU provided six technicians and a national level counterpart officer. At the Crop Introduction Center situated in Northwestern Laos, with field plots at 3,000 and 4,000 feet, the following were tested: 24 species of fruit and nut trees; three species of essential oil crops. It must be noted that the timeframe was insufficient to identify the most feasible crops.

The crop with the greatest initial potential as a substitute for opium was found to be rice. Many opium producing villages were rice-deficient and had to pack rice up to their villages. However, the potential rice producing areas were limited. Thus, a combination of the following high value agricultural systems were recommended: ginseng, mushrooms, silk, which are easily transportable and non-spoiling; coffee, cardamon, tea or nut trees if the area were relatively accessible (1-2 hours walk to a road); forages and livestock in more remote areas (1-3 days walk to market). Nearly all villages could improve their health and living via improved vegetable gardens, fish ponds and use of dry season upland crops.

By December 1974 training to introduce new crops and techniques had resulted in:

a. The graduation of 264 young tribesmen from a six-week practical training course at the Xieng Ngeun Redirection Training Center,

b. The placement of resident agricultural agents in eight key villages which included the four major tribal groups of H'mong, Yao, Lahu and Akha. This latter activity affected 752 families and resulted over nine months' time in the hand development of four hectares of paddy, construction of 80 fish ponds, the planting of three hectares of coffee and tea, twelve crop demonstrations, and the planting of fruit trees, forage, and mulberry trees for silk production;

c. The development of the Naking Pilot Program which included the relocation of three villages, clearing 180 hectares of land for paddy rice, conducting topographical surveys on 780 hectares, construction of a two-room school, and installation of a clean water system.

Material assistance was provided from the Narcotic's Control budget and consisted of planting material, livestock, training facilities and support, transportation, hand tools, and land preparations.

Some reduction in the area planted in poppies had occurred due to the anti-narcotics law, villager uncertainty caused by insecurity, and the crop substitution program. A comparative study of 1973 and 1974 aerial

photos showed a decrease in hectares planted. In the one area of Houa Khong Province, crop substitution efforts had redirected the agricultural efforts of approximately 152 hill tribe families. This compares with the reduction in opium planting of about 51 hectares (or 340 kg of opium) annually. However, it was gradually believed that increased demand/price resulted in increased production during FY 1975 (November 1974-June 1975).

As a reuslt of a survey in mid-1974 of the graduates of the Redirective Training Center the program was being restructured jointly by the PGNU and A.I.D. to place increased emphasis on practical in-the-village training with resident guidance agents.

In February 1975, the U.N. Fund for Drug Abuse Control signed an agreement with the PGNU to provide $166,000 for initiation of an opium redirection program. At the time the A.I.D. Mission was terminated, the plan was to phase down the A.I.D. redirection program gradually as the UNFDAC program expanded.

DEVELOPMENT ADMINISTRATION

PUBLIC ADMINISTRATION - FINANCE SUB-PROJECT

History-Development of the Sub-project.

At the time of its termination in FY 1975, the Development Administration Project consisted of three sub-projects: 1. Development Administration, 2. Public Administration-Finance, 3. Human Resources Development. In 1966 a General Participant Training (GPT) project was established which supported all participant training activities of the Mission, including those connected with advisory services in the Ministry of Finance. In 1967 these activities in the Ministry of Finance were incorporated into a Public Administration Project and the GPT project broadened and renamed the Manpower Development Project, assuming responsibility for training local employees of the Mission and for advising the Commission General of the Plan (C.G.P.) on manpower and related problems of the Lao Government. In 1969 these two projects were integrated as sub-projects of a Public Administration Development Project and all non-manpower assistance to the C.G.P. was transferred from the Manpower to the Public Administration Sub-project.

To more effectively assist the CGP, an economic development advisor position was created and filled in FY 1970. This led in FY 1971 to the separation of the P.A. Sub-project into the Development Administration and the Public Administration-Finance Sub-projects. The latter concentrated its efforts on the Ministry of Finance, with some occasional assistance provided to other ministries or agencies. The Public Administration Development Project was then composed of three sub-projects: Development Administration, Public Administration-Finance and Manpower Development, later renamed the Human Resources Development Sub-project.

There was no further change in the composition of the project except for a change in name in FY 1974 to the Development Administration Project. All further discussion will therefore be confined to the Public Administration-Finance Sub-project from the inception of advisory activities in the Ministry of Finance in 1964 until the abrupt termination of the entire project in 1975.

To stem the rapid inflation which had developed in Laos following various insurrections and a state bordering on civil war during the early 1960's, a monetary stabilization agreement was signed in late 1963 between the Government of Laos and four countries, namely: Australia, France, Great Britain and the U.S.A. Under these agreements the Foreign Exchange Operations Fund was established, the purpose of which was to support the local currency, or Kip, by providing a fund of freely-accessible foreign exchange and to cover the large budget deficit by sterilization of Kip proceeds from sales of foreign exchange, a device uniquely suited to Laos

because a very high proportion of the budget deficit emerged in the free market as demand for foreign exchange for imports, there being almost no local industry. The Foreign Exchange Operations Fund (FEOF) was supplemented by commodity import programs but these were gradually phased out and FEOF became, apart from some foreign exchange earned from the public, the sole device for providing monetary stability and budget support.

The FEOF Agreements, renewed annually thereafter, stipulated among many provisions, the budgetary expenditure and deficit limits and revenue goals. In order to assist the Government to meet these goals, the Agreements also always specified that the Lao Government would request the services of advisors in the Ministry of Finance. Accordingly, advisory assistance to the Ministry of Finance was introduced under General Technical Support in FY 1964. The original plan envisaged three American advisors and two TCN accounting technicians. The advisors were to be a financial, a budget and a tax advisor. The first of these was in place in March 1964 and the second in July 1965. The two accounting technicians were also obtained during 1965. The tax advisor was not obtained and in 1967, the finance advisor left at his own request on an assignment with the IMF. This left only one advisor and two technicians.

Filling the two vacancies was deferred because after a re-evaluation of the situation in the Ministry it was decided that further missionary work was required to establish a favorable climate for advisory assistance. Another reason was that the United Nations and French Economic and Technical Assistance Mission (M.A.E.T.) had by then provided a short-term economist and a long-term budget advisor. The latter proved very effective and stayed until about 1971. By then the advisory needs of the Ministry had changed and it was agreed that short or medium-term specialized advisors in several fields of expertise should be used instead of the two long-term advisors previously envisaged.

From the beginning, administrative reforms were recommended in the tax structure and collection procedures as well as in budget preparation and control of expenditures but these recommendations were received in the ministry with some reluctance. To stimulate interest in reform, a visit was arranged to the Royal Thai Government (RTG) Budget Bureau by the Lao budget and revenue directors and other top Lao officials, accompanied by an American and French advisor. This visit proved very successful and stimulated constructive discussion which led to acceptance of some of the reforms recommended above during the years 1968 to 1970. This visit also stimulated the first participant training in Thailand, an activity destined gradually to become a major part of the P.A. Sub-project. Nine high-level officials, funded under the General Participant Training project, were sent to the RTG Budget Bureau and Finance Ministry for several weeks of successful study in budget procedures. This stimulated further interest in reform and re-organization for more effective budgetary control.

Considerable difficulty was now encountered by the Mission in administering the growing range of activities being developed by the advisors in the Ministry of France. These activities were then financed by General Technical Support and by the General Participant Training Project. The first of these, in particular, was not designed to support direct assistance to the host government. Creation of the Public Administration Project overcame this problem, gave clearer identity to the assistance activities and provided for a more precisely defined allocation of costs.

II. Development of the Public Administration Sub-project

The initial Project, created in 1967 and which later became a sub-project in the Development Administration Project as already described, received considerable encouragement to expand into public administration activities within and even outside the Ministry of Finance, in the expectation that an improved administration would impinge favorably on politics and economic stability and also result in improved budgetary and revenue performance. This emphasis, which lasted for about two years, was abetted by modified Mission policies brought about by a change in Mission Director. Financial reporting, initially the primary activity in the Ministry of Finance, continued but no longer as the top priority. New activities were actively developed which established the framework of the project for the remainder of its life, although later at a somewhat subdued level. After FY 1970, the Mission again re-emphasized financial reporting in support of FEOF and de-emphasized the importance of public administration as a priority activity in achieving adherence to the FEOF Agreements.

Some of the new activities established during the emphasized public administration period used only A.I.D. resources, others collaborated with international organizations in joint inputs. Some of the activities, though envisaged during this period, were actually implemented only after the end of the period.

To improve the chaotic condition of records files and the irregular distribution of mail and communications, a study of the problem (requested by the Ministry in 1968) was made in 1969 by the Communications and Records supervisor of the A.I.D. Mission who prepared a report with concrete proposals for improvements. This report was implemented between 1971 and 1974 after an advisor had been located.

In collaboration with the Economic and Social Council for Asia and the Pacific (ESCAP), formerly ECAFE, development of Lao trade statistics was initiated (very inadequate statistics were being prepared, with a two-year backlog, under an expensive Lao Government contract with IBM in Saigon) in order to expand their utility and timeliness to both the public and Lao Government, eliminate the backlog and reduce their cost. These

objectives were eventually fully achieved. In collaboration with a U.N. cadastral advisor in the Ministry of Finance and the French aid program, M.A.E.T., assistance was initiated in the creation of a cadastral service in the Ministry. Starting in 1968 with a staff of nine persons obtained from the National Geographic Service where an ineffective cadastral activity had existed for several years, the staff had expanded by 1975 to 100 persons, largely surveying and mapping technicians trained in classical ground survey techniques. The U.N. provided an OPEX advisor who established a cadastral school, largely staffed by French M.A.E.T. teachers. A.I.D. provided classical surveying equipment totaling about $50,000 over several years, A.I.D. also provided three types of participant training. After completion of two years in the Lao Government Cadastral School, novice technicians were sent to Thailand for three months of on-the-job field work with experienced survey teams. Cadastral brigade chiefs spent six weeks with Thai counterparts in provincial offices to improve their ability to plan and supervise the work of the new Lao survey teams who were being used to staff new provincial offices.

Finally, with a view to the future, long-term five-year technical training scholarships were provided to two young men each year at the Bangkok Technical Institute to produce junior engineers to staff future supervisory positions. After formation of the PGNU in 1974, future needs of the Cadastral Service were expanded and plans were made to increase the new annual scholarships to six but restrictions later imposed by the Ministry of Education on third country scholarships prevented this plan from being carried out.

Emphasis on financial and economic reporting in support of FEOF and as an important source of data for the expanded Economic Affairs Division at A.I.D., to whose staff the Public Administration Sub-project staff was now attached, became the first priority of the sub-project in late 1968. After that few new strictly public administration activities were undertaken, though there were some important exceptions.

In 1969, with U.N. assistance, the reorganized Commission General of the Plan developed its first five-year development plan with a Lao budget requirement for the first year of 600 million kip, for which funding had to be found. The then senior economist and Chief of the Economic Affairs Division of A.I.D. proposed several measures for harnessing public savings, one of which was an issue of treasury bonds at attractive rates of interest. The proposal was approved and bonds were procured from an American source in 1970 and sold to the Ministry of Finance. The project also arranged for a short-term advisor on bond sales, the director of bond marketing of the Philippine Government, to spend three weeks in Laos. He wrote an incisive report with precise recommendations, but cast some doubt on the overall wisdom of bond sales in Laos under the unsettled conditons then prevailing. In fact

the bonds were never sold because a monetary crisis in 1971 resulted in a devaluation of the kip that shook public confidence. The time was by then definitely no longer opportune.

A major effort was started in 1971 to develop a government-wide records management program. It extended, with one interruption, from 1971 to 1974.

The records management activity stemmed from a request by the Lao Budget Director in 1969 for assistance in the management of records and control of correspondence. A preliminary study made by the Communications and Records Supervisor of the A.I.D. Mission recommended creation of procedures for the identification and orderly distribution of documents. It also recommended designation of responsibility for action on incoming documents by subject matter, centralization of receipt, distribution and filing of documents and methods for final disposition of documents.

In 1971 the author of the above report retired and was hired for 10 months in 1972 under a personal services contract to carry out the prior recommendations and also to train personnel in the use of the new procedures. Widespread interest developed throughout the Government and the major accomplishments were the intensive in-service training of 240 persons from many government agencies, the creation of a Lao subject numerical filing system for documents and a widespread familiarization throughout the Government with the basic concepts of records management. At the request of the Lao Government the advisor returned to Laos again from May 1973 to October 1974 under a borrower-grantee contract with instructions to reorganize the records and mail procedures in the Ministry of Finance and to assist the Revenue Directorate to develop records and files designed to improve tax collection.

The following was accomplished. An operational mailroom was established and equipped and a competent ex-A.I.D. local employee recruited, trained and placed in charge. It was up-graded from an office to a division in order to give it appropriate stature. It was envisaged as a pilot, demonstration effort to serve as a model for other ministries and agencies. The File Classification/Records Disposal Handbook in Lao was fully revised, the subject numerical file expanded. In the Revenue Directorate, permanent seven-digit tax-payer identification numbers were introduced and also used by the Customs Directorate to identify and cross check importers. Individual tax-payer records were devised with their adoption to follow after the identification numbers. In the Civil Service Agency, personnel history summary cards were introduced, along with a concise manual in Lao, to provide fast access to the qualifications and work history of some 20,000 government employees. Recognizing the need for trained secretaries, a secretarial curriculum in Lao and French was devleoped in conjunction with the records management handbooks referred to above. This course was developed for the Local Training Branch at the Mission which was responsible for providing the training. A pilot group of five secretaries was successfully trained. Further implementation was planned by the Human

Resources Development Sub-project in collaboration with the Lao Civil Service Agency but not completed for reasons explained in the section entitled Training.

Training

Participant training, principally in Thailand, was rapidly expanded and became one of the chief elements of the project. Until FY 1974 short-term training, varying in duration from two to 17 weeks consisted of approximately the following distribution of courses and trainees:

Training field	No. of participants
Budget analysis	3
Tax administration	6
Treasury accounting and audit	10
Cadastral survey	10
Cadastral brigade	5
Land administration	10
Total	54

Other (FY 1973 and FY 1974 only)

Processing of trade statistics at

ESCAP	Total	22

Much of the participant training was completed in FY 1974 and progressive termination of repetitive courses was initiated in FY 1975 with termination of all short-term training planned for FY 1977.

Six new long-term academic scholarships were also provided each year starting about FY 1974 at Thai universities to develop future administrative talent. At first the scholarships were

Public Finance -BA oriented	two per year
Public Administration - BA oriented	two per year
Cadastral Surveying - Junior engineer oriented	two per year

In FY 1973, to reflect changing needs in the Ministry of Finance, the first four scholarships were consolidated into public finance and in FY 1975 it was planned to consolidate all six new scholarships into Cadastral Surveying. However, PGNU education policy aborted all new scholarships in FY 1975.

Short-term participant training was originally envisaged as a readily avaioable means of bolstering the knowledge and enthusiasm of upper

and middle level personnel by demonstrating to them the accomplishments in a neighboring country which had successfully oveecome many problems similar to those then faced by the Lao Government. It was never expected to be better than in-service training which would be the next step.

In-service training was not as easily provided as participant training which was supported by a Mission sub-project and facilities in both Laos and Thailand. In-service training usually required services of specialized advisors. Because few of these were obtained, this form of training did not acquire the dimensions originally envisaged. The following in-service training was provided during the life of the project.

Training field	Number trained
Records management	240
Secretarial training in Lao and French (pilot course)	5
English language training classes (provided by the A.I.D. Human Resources Sub-project)	average number, about 40 in training during 5 years

Records management was the most effective in-service training provided. It inculcated sound, basic knowledge and developed Government-wide familiarity with the subject of records management. More training on these lines would have been desirable in other selected subjects. English language training was provided at a very low cost and established a close appreciation of the A.I.D. effort by a large number of Lao personnel who had little other contact with A.I.D. Many of those trained found it useful in their work even though work orientation was perhaps not its most important achievement.

Starting in about 1974 extensive discussions were held with the Human Resources Development Division Chief and its Local Training Branch Chief to plan and develop in-service training courses for the Lao Government, initially to include supervisory training, bookkeeping and accounting and secretarial training. Such courses already existed in English for local A.I.D. employees and limited access was available to Lao Government employees. Courses needed to be translated and adapted to the needs of the Government. The U.S. advisors believed such courses would be of utmost value in the Ministry of Finance. Believing that responsibility should be assumed by the Lao themselves, the Mission negotiated extensively with the Lao Civil Service Agency in an effort to jointly develop the requisite training. Unfortunately A.I.D. budget restrictions in FY 1974 hampered this development which, following the groundwork achieved through participant training, would have provided a logical forward step.

Commodities

Apart from survey equipment for the cadastral development efforts and copying and reproducing equipment for the new mailroom in the Ministry of

Finance, there was no other planned program of commodity procurement. A minor amount of simple office equipment was procured to bolster the activities of offices which produced financial data related to the fiscal reports prepared by the project staff. Two jeeps were procured for provincial offices of the Revenue Directorate, rather inadequate vehicles for the purpose because they are expensive to operate and maintain and designed for rugged terrain over which they were not to be used. However, no more suitable American-made vehicle, such as the Citroen 2-CV,was available.

Over a period of several years about 50 jeeps were procured by the project and sold to the Ministry of Finance at the official rate of exchange, then 240 kip to US $1, which saved the Ministry about 50% of the cost at the then free rate of exchange of 505 kip/US $1 which the Ministry would indirectly have had to pay through local procurement. Alternative financing through USIP was not approved for jeeps which are quasi utility-passenger vehicles. These vehicles were allocated throughout the Government by the Minister of Finance and were not directly related to project activities although some vehicles were allocated to the Cadastral Service.

To support the Lao Government's decision to issue Treasury Bonds, 500,000 bonds were procured in 1970 from an American source and sold to the Ministry of Finance using the same arrangement as for the jeeps described above.

Advisory activities

It is difficult to separate advisory assistance from strictly project activities since the latter of necessity include advisory help. In the description of the sub-project, advisory assistance included in development activities has been discussed. Other advisory activities are described below. This advisory assistance was provided chiefly in the fiscal areas of the Ministry of Finance.

Initially, emphasis was put on preparing monthly fiscal statements to enable the Prime Minister's Office, the Ministry of Finance and the Donors to FEOF to monitor budgetary performance in relation to the goals agreed upon in the FEOF agreements. This was no easy task because budgetary and revenue accounting procedures were archaic, slow and often inaccurate. However, short-cut methods were developed to obtain data, evaluate and adjust it, and produce statements which were effective for the purpose for which intended. These statements were quickly appreciated by their recipients, became a major activity throughout the 10½ years of assistance to the Ministry and were progressively expanded and improved in timeliness and accuracy. In addition, cash outlays by the Government and net inflationary borrowing statements were added to assist the economists in their work. The statements were much used by the IMF resident representative in Laos and the IMF advisory teams that were sent there periodically. From 1970 on they were routinely transmitted to A.I.D./W and used in monitoring and administering FEOF. The Laos Mission also used selected data from the statements in its expanding economic indicators. Much later after establishment of the Provisional Government of National Union, the new Pathet Lao Secretary of State was

quickly briefed on the state of public finances by means of these statements and thereafter he depended heavily on them and on additional information which he sometimes requested from the advisory team to keep himself abreast of the budgetary and financial situation.

The FY 1968 budget was essentially prepared jointly by the French (M.A.E.T.) and A.I.D. advisors. Budget hearings were held for the first time and the budget format revised into a logical structure. The improved structure was permanently maintained but budget preparation retrogressed somewhat after 1969 to authoritarianism and political pressures, partly as a result of some resentment that had developed against too much relinquishment of budgetary authority to the advisors, a possible indication that change had been introduced too fast.

During this period tax collection authority (except for real estate taxes) was transferred from the ill-staffed Treasury (traditional French tax-collection practice) to the Revenue Directorate. This reduced time-consuming administrative delays between the two services and led to progressive increases in revenues collected because the Revenue Directorate was better staffed and in direct contact with tax-payers who were required to submit tax-related data for tax assessment by the Directorate. Furthermore, the 1968 Tet offensive in Vietnam drastically affected the gold trade through Laos from which the Government earned in FY 1967 up to one-third of its total revenues. New competition from Singapore further cut into the Lao gold revenues. This gave strong impetus to increase other revenues, to which the Revenue Directorate responded with some success. In a further effort to increase revenues the IMF provided a short-term tax advisor in 1969 and again in 1970. In collaboration with the A.I.D. advisor, he restructured certain indirect taxes, principally turnover and sales taxes and shifted the point of collection from retail and service outlets to point of import or issue from the factory. As a result of these changes, revenues increased by over 50% in a relatively short period of time. Changes were also made in corporation profits taxes and personal income taxes with beneficial revenue results in the former.

In collaboration with the M.A.E.T. financial advisor, budget accounting was shifted from old-fashioned registers to large manually recorded cards designed to maintain daily totals so that summaries at the end of each month could be quickly prepared.

In 1969 the expenditures control organization was strengthened by the creation of a pre-expenditures control office (Direction du Visa), followed two years later by the establishment of an essentially post-audit National Accounts Commission (to which the Visa Service was also attached), a body destined eventually to become fully independent of the Ministry and to report directly to the National Assembly. Some good work was accomplished by the Vias Service but, for reasons discussed later, the National Accounts Commission was never granted the authority and respect needed to accomplish its appointed task.

The Treasury and Ministry of Finance had always experienced difficulty in reconciling their figures, a source of difficulty in preparing fiscal reports. At this time treasury reporting requirements were increased to assist economists in determining the cash flow of the Ministry. They had previously relied on budget appropriations and expenditures, somewhat less precise information for their purpose. To remedy this situation, the services of a short-term accounting advisor were obtained in 1972 (a former employee of the Office of Finance) who prepared in a few weeks a report recommending organizational changes in the Treasury, divestiture of extraneous work performed for the Directorate of bookkeeping and accounting machines at a cost of about $30,000, and provision of in-service training. When the report was approved by the Ministry of Finance, project technicians requested implementation under the sub-project. The Mission, however, did not approve the request, expressing doubt about the ultimate value of the proposal in terms of improved reporting as well as the ability of the Lao to provide trainable personnel and to obtain necessary maintenance for the equipment with the closest service point in Bangkok. An advisor for six months to a year, though not mentioned in the report, would undoubtedly have been necessary but would have had to be recruited as the author of the report retired after its completion.

III. Assessment of the Sub-project prior to formation of the PGNU.

Prior sections complete the description of the principal activities developed during the life of the sub-project. During the last two years of the sub-project no new activities were initiated. Gradually certain activities were phased out or terminated. Short-term participant training was progressively diminished ; the trade statistics activity was completed. No further procurement or training for the cadastral activity was planned after FY 1975.

On the other hand, fiscal reporting was continually improved and expanded to provide increasing direct support to the sectoral goal of monetary stabilization. In the preparation of these reports the PA staff worked continuously with the Lao Budget and Treasury staffs and were very effective in training these staffs in improving their accounting and verification procedures. Serious efforts were made to obtain Lao counterparts for a year's training to eventually assume full responsibility for fiscal reporting and to develop a technical research division in the Ministry. It was urged that a few of the returning BA graduates in Public Finance should be allocated as counterparts to the PA accountants but at the date of termination this had not yet been achieved, though receptivity to the proposal had definitely improved.

After formation of the PGNU, certain changes occurred which merit discussion. Before that, however, a retrospective review of the sub-project up to the PGNU formation in 1974 is appropriate. It will be

recalled that the original plan in 1964 called for a full-time staff of three advisors. This plan was altered with the arrival of a full-time French advisor, and the departure of one of the two American advisors. After a re-evaluation made in about 1969, it was decided to maintain only one American advisor and to supplement his efforts with short-term technical specialist advisors, provided either by A.I.D. or conceivably by international organizations or other bilateral donors. It was conceived that these specialists would develop in-service training and that participant training would be phased out as in-service training was introduced.

Special advisors envisaged included a tax advisor, a budget advisor, a treasury accounting advisor, a records management advisor and a supervisory development advisor and/or others as might be determined by periodic re-evaluations. This plan was only partly implemented. Only two advisors were obtained and both proved fully effective both technically and in their counterpart relationships. The first was the IMF tax advisor in 1969 and 1970. The second was the records management advisor in 1972 and again in 1973 and 1974. Their activities were previously described.

Except for a brief but excellent bond marketing study and recommended Treasury accounting improvements by a former A.I.D. staff member (neither of which was implemented for reasons unrelated to the project) no other specialist short-term advisors were provided. Though restricted to some degree by a somewhat unreceptive environment, the activities of the tax and records management advisors were well conceived and effectively implemented. In retrospect, the short-term advisory plans of the sub-project fell far short of real need despite having proved themselves very effective in limited instances in which approved.

This advisory gap in the implementation of the sub-project resulted in a distinct bias in the balance of its actual development in relation to its planned development. Certain critical activities (viz. budget analysis and planning and Treasury accounting) received little help other than extended participant training. Short-term participant training was prolonged excessively with diminishing returns while advisory assistance and in-service training in key activities were never provided. This imbalance seems to have stemmed from certain Mission constraints which indirectly affected the sub-project. No difficulty was ever experienced in obtaining approval for participant training while, on the contrary, the Mission approved few of the technical advisors recommended for the integrated development of priority activities.

IV. Fiscal Performance in the Ministry of Finance from 1965 to 1968

From 1965 until 1968 a concerted and successful effort was made by the Ministry to remain within the fiscal performance goals in the FEOF agreements and amended budgets were presented for approval to the

National Assembly at the end of each fiscal year as required by the Lao financial statute. In FY 1969 the fiscal goals were not achieved and the budget deficit exceeded the agreed limit, principally because of the drastic fall in gold trade revenues following the Tet offensive in Vietnam and new competition from Singapore gold merchants which required Laos eventually to progressively reduce its gold duty from a high of 8% to 3½%. Gold revenue continued throughout the life of the project, fluctuating in relation to external factors, but never again was a major receipt. Firm efforts were made to replace this loss by increasing the conventional indirect taxes (customs duties excluded) and within two years, with the assistance of a short-term advisor, they were almost doubled. Customs receipts also rose substantially. Despite these efforts, expenditures rose more rapidly and henceforth budget deficit ceilings were usually exceeded in every fiscal year.

Several factors account for this trend: 1. Civil expenditures for education, health and other programs rose rapidly as Donor projects in these areas matured and the Lao Government assumed operating costs for new schools, hired new teachers, nurses etc. 2. For political and traditional reasons, the Government hired each year virtually all the Lao graduates of secondary schools and universities (the latter mostly abroad). Annual additions to the Government civil payroll soon reached 1500 per year (on a total payroll excluding police which rose steadily from 15,000 to 20,000). No effective efforts were made to develop private sector employment for Lao, a sector which traditionally employed Chinese, Vietnamese and Thai. 3. Expenditures for new construction, coronation expenditures (mainly construction) for a perpetually deferred coronation, purchases of government passenger vehicles and a host of other similar expenditures progressively increased and one must suspect that vested interests profited from these expenditures. 4. Pensions and disabled veterans' bonuses rose rapidly and became a significant load charged to civil expenditures, thus giving the impression that military expenditures were relatively static.

As expenditures rose, efforts to increase revenues correspondingly became progressively weaker, particularly after the initiative and incentive created by the 1970 tax reforms had run its course, a matter of some 18-24 months. Throughout the life of the sub-project customs and indirect taxes, both of which were closely linked to imports, remained the major source of revenues.

The Mekong River which forms the border with Thailand is long and difficult to patrol. Local trade between Laos and Thailand largely evaded taxation. Commodities such as cement, rice, petroleum products and manufactured articles (usually imports from overseas) tended to be smuggled across the river whenever the retail price differed significantly between the two countries. This also created an incentive to import by various means at privileged rates below the official tariffs in order to smuggle profitably into neighboring countries, chiefly Thailand, and possibly Burma too.

Cigarettes manifactured in Laos, largely from imported tobaccos, always benefited from concessional raw material duties. By a variety of means many liquors and other luxury products were also imported at low duty rates and smuggled abroad at substantial profits. To benefit local vested interests, the revised indirect tax laws of 1970 were somewhat distorted in the orders and regulations developed for their application.

Directtaxes increased substantially over the years, especially after 1970, but never accounted for over 10% of total revenues. Their chief sources were trade licenses, mainly on importers, and profits taxes, chiefly on foreign companies operating in Laos. The salary withholding tax law was principally applied to Lao Government employees from whose salaries it was withheld at the source. In the private sector little was collected and wealthy Lao paid almost no taxes. Foreign residents were taxed at a flat annual rate but receipts were relatively small as the tax was difficult to collect and responsibility for its collection lay with the Immigration Police.

Real estate taxes, by law all collected by the central government and a major potential source of revenue, were very difficult to collect because landowners were chiefly Lao. The cadastral program contributed little to increasing this revenue because no laws were enacted to require the cooperation of landowners, chiefly Lao citizens, in establishing property boundaries or the issuing of ownership titles. In FY 1973 only about three million kip was collected in all of Laos by the Treasury. On the advice of the PA advisor, collection was transferred to the Land and Real Property Directorate who also assessed the taxes and collection jumped in FY 1974 to about 40 million kip, mostly from foreign tenants of shophouses owned by the wealthy Lao. This was a ludicrously small amount from a tax with a potential of perhaps two or more billion kip.

Up to 1973 the National Assembly could be persuaded and did modify certain taxes or tax rates, including the transfer of the tax on rents from the landowner to a withholding tax payable by the tenant to the Revenue Directorate amounting to 1/12 th of the annual rent. Many foreign missions cooperated actively with this law and significant receipts resulted. Private tenants, however, usually managed to ignore the law successfully. The National Assembly was strongly opposed to an increase in real estate tax rates which had not been altered despite devaluations of the kip from around 30 to 500 kip/US$1 (240 kip/US$1 at the official rate but used only in official transactions). In 1972 it finally approved a new substantially increased schedule of tax rates but exonerated all but commercial property. Lao landowners, exonerated from taxation on their own multiple dwellings, usually required in their leases that tenants of commercial properties pay the real estate taxes, if assessed, rather than the Lao owners themselves.

As a result of the above unimpressive revenue collection effort, total budget revenues collected, including those from gold, never exceeded 50% of expenditures and, while revenues did increase progressively, the rise in expenditures was so much faster that towards the end of the sub-project, budget revenues represented only about 1/3 of total expenditures. In 1972 a foreign exchange transfer tax was established on most non-official purchases of foreign exchange which produced 240 kip/US$1. Very substantial amounts were collected, reaching around 9 billion kip in FY 1974. This could not be properly construed as real budget revenue. It was, in effect, additional kip counterpart obtained from a two-tier exchange rate (600 Kip and 840 kip/U.S. dollar). While useful as budget-support in an overall monetary/economic context, in the Ministry of Finance it tended to obfuscate the perception of the Minister and his administrators who were deceived into believing a solution to low revenue collection was at hand.

Another significant event occurred shortly after the financial crisis in 1969 occasioned by the loss in gold revenues following the Tet offensive. The war effort in Laos was built up and given a higher priority than maintaining monetary stability. Consequently the deteriorating budgetary performance trends reported by the periodic fiscal performance reports did not engender sufficient pressure on the Lao Government by the Donor Governments to obtain effective corrective action. Consequently the terms in the FEOF agreements relating to budget performance (excluding FTT receipts) increasingly failed to meet predetermined goals and shortages in stabilization funds ensued. For some time the Donors found ways to reinforce these funds by direct and even by indirect means, the nature of which lies outside the context of this report.

Increasingly the Lao committed themselves in the annual FEOF agreements to budget performances which could only be achieved by very severe budgetary discipline. Budgetary performance over the following years, however, showed a growing inability to enforce stern budgetary discipline. Consequently, due to excessive pressure on FOEF, several monetary crises ensued, the chief cause of which was the rising budget deficits. These crises were resolved by devaluations of the kip which occurred in November 1971, May 1972 (unification of rates) and March 1975. Freedom of access to foreign exchange for non-essential purposes was progressively restricted and an exchange control commission established in the Ministry of Finance to process foreign exchange authorizations. Other monetary and budgetary reforms were also instituted, the latter consisting chiefly of increases in duty rates on cigarette raw materials import duty contracts (forfait contracts), on luxury products and cars, and on petroleum products to equalize prices with those in Thailand which rose progressively following the world petroleum crisis.

The increases on luxury duty rates were unfortunately sometimes partially negated by specially negotiated arrangements between the Ministry and highly placed Lao importers, such as the creation of bonded warehouses for the re-export of foreign liquors, with the Lao Government collecting a modest service charge for the transit privilege. It was estimated in 1974 by reliable sources in Thailand that about one-third of all hard foreign liquor sold in Thailand was smuggled into the country from Laos. Lao proponents of these schemes contended that the trade was self-financing and did not draw down FEOF resources. This contention could never be fully analyzed because of incomplete information. It is likely, for instance, that some of the liquor found its way into the local market, displacing liquor on which the full duty and taxes would have been paid. It is also likely that profits from this trade may have stimulated capital flight.

The events described heretofore were accompanied by a steadily rising cost of living which required the Government to grant several modest salary increases, either across the board or as rice cost bonuses. In addition, there was considerable reluctance to raise many taxes, receipts from which declined in real monetary terms because of the devaluations. Consequently towards the end of the sub-project, budget deficits rose with increasing speed as an inflationary spiral set in. Compounding these problems were adverse external factors such as devaluation of the dollar, world-wide inflation and increases in POL prices.

With some very significant exceptions, employee morale began to deteriorate in the Ministry of Finance as a result of recurring monetary crises and the inadequate imposition of the corrective measures developed in collaboration with the Donors, the resident advisors and I.M.F. advisory teams sent periodically to Laos. The Budget Director, as an example, frequently complained that his authority was usurped by Cabinet approvals of supplementary expenditures requested by influential minister, with no consideration given to the budgetary impact. The Revenue Director found himself unable to prevent the granting of tax concessions by socially prominent tax inspectors on his own staff. In numerous instances the Customs Director was instructed to accept customs declarations showing only nominal values as a basis of duty calculation for luxury cars imported by influential families.

Increasingly, Ministry officials gave only lip service to advisory assistance and displayed a gradually diminishing interest in cooperating to achieve the established objectives of the sub-project. Treasury cash advances against unbudgeted expenditures increased in amount as did the delays in regularizing them through subsequent budgetary provisions, and required increasing attention from the advisors. Introduction in the Revenue Directorate of tax identification procedures previously referred to proceeded slowly and sometimes reluctantly. Rivalries between the

Director General and the Minister's Chief of Cabinet inhibited granting full authority to the chief of the newly developed mail room.

These are examples of the growing malaise which increasingly hindered the achievement of the real project objectives. Where this malaise did not exist, as in the Customs Statistics Division, sub-project objectives were fully realized. Fiscal reporting did proceed and indeed was expanded in breadth and depth although some difficulties were encountered in a few areas in obtaining information or cooperation in changing to appropriate accounting procedures. This again reflected high-level sensitivities to assumption of responsibility.

V. Impact of the Provisional Government of National Union

In April 1974 a Provisional Government of National Union was established in Laos. In the Ministry of Finance the Minister, from the Vientiane side, was changed from Sisouk Na Champassak to Ngon Sananikone. The Secretary of State from the Vientiane side, Houmphanh Saignasith, was replaced by a Neo Lao Hak Sat or Pathet Lao, Boutsabong Souvannavong, a leftist member of one of the influential Lao families. Contact was immediately established by the A.I.D. public administration advisor with the new Minister and Secretary of State. The former proved to be motivated chiefly by political issues. The latter showed an interest in both political and technical matters. The budgetary situation and fiscal reports were explained to him in detail and for over a year, until the withdrawal of the advisor in May 1975, he displayed a keen interest in learning about the situation, in listening to fiscal advice and gradually, but perceptibly, in introducing some of the recommended reforms in order to stabilize the growing budgetary chaos. He was reputed to have obtained a financial education in France. His knowledge of budgetary practice was weak at the start but developed quite rapidly. He also conferred frequently with the I.M.F. resident advisor. He became familiar with the staff of the Ministry and apparently evaluated for future use the capacities and integrity of each official in key or secondary positions of authority. Despite a heavy work load he began to show interest in the sub-project objectives. He became immediately concerned with assigning Lao personnel as direct counterparts to the advisory staff's accountants.

Politically he was a moderate leftist and showed a disposition to resolve the budgetary and monetary problems to a considerable extent within the framework of the free economic environment in existence. After an initially naive faith in the resolution of the budgetary crisis through receipts from communist country commodity imports, he progressively came to grips with the real nature of the budgetary problems. Time was too short to evaluate whether this attitude was fundamental or merely transitional towards what would eventually become a totally controlled economy. Nor is it within the scope of this report to judge whether the

developing political power structure in Vientiane would permit him for long to resolve fiscal problems without imposition of authoritarian policies and controls.

It was predictable that the formation of the PGNU, starting with political changes, would lead eventually to administrative changes. It might therefore have been hoped that an incentive for budgetary and fiscal improvement would have resulted. In reality, quite the contrary occurred. This may perhaps be explained by an intuitive premonition on the part of those most deeply involved with personal and vested interests which conflicted with good fiscal management. Expenditures continued to rise for non-essential expenditures without a corresponding rise in budget revenues (FTT excluded). The Foreign Exchange Control Commission was put under pressure to grant significantly larger amounts of foreign exchange for certain necessary imports than past experience seemed to justify. These imports were controlled by an influential Lao group. In general, however, this Commission performed creditably.

The end came dramatically and began suddenly on the 8th and 9th of May when several Vientiane side ministers, generals and highly placed administrators left the country precipitately. In the Ministry of Finance some of these returned within a week but those in positions most likely to have been implicated in questionable financial activities stayed away permanently. These included the Minister of Finance, the Director General and the Director of the Budget. The Pathet Lao Secretary of State immediately took over political control of the Ministry and maintained it even after a Vientiane side Minister of inconsequential stature was appointed shortly after. The Secretary of State immediately appointed acting directors to fill the two vacated directorships, appointing the Treasurer-General as Budget Director and a member of the National Accounts Commission, as Director General. Both had reputations for integrity and the former had conducted in past years several successful investigations of Treasury irregularities and successfully prosecuted employees guilty of fraudulent activities. Such prosecutions were rare in Laos.

These events were followed by a series of daily employee meetings apparently instigated by a well organized cell in the Ministry. Demands were made for resignations of directors suspected of collusion, backed up by strike threats. These threats were effective and several directors, including the Revenue Director, did resign. Pressure was also being exerted for all directors to resign, subject to reappointment by popular approval.

Throughout these events the public administration advisor and his staff had continued to work undisturbed in the Ministry. On Wednesday, May 28, 1975, on orders from the A.I.D. Acting Director, the staff was removed and the American project advisor departed Laos. Prior to departure, fiscal reports for April were delivered to the Secretary of State.

VI. Future Prospects

At the time of termination, many recommended administrative changes were well known to the more serious administrators as well as to their subordinates but the political environment had prevented their adoption. Initially some of these administrators were appointed as acting directors and chiefs to replace those who had resigned and who had often hindered administrative progress. If the policy in the Ministry continues to encourage appointment of the employees known for their integrity and ability, it is quite likely that many of the recommended reforms may be adopted, to the eventual benefit of the Government and population. Whether political or administrative considerations receive the higher priority will have bearing on future directions.

The chief short-term effect of the sub-project was a significant contribution through fiscal reporting and improved budgetary accounting to better monitoring of the monetary stabilization program for Laos. Long-term effects were both tangible and intangible. Tangible effects included a logically restructured budget, changes in the tax structure, comprehensive trade statistics, a working records management division with extensive in-service training in this subject throughout the Government, personnel summary biodata cards adopted in all ministries as well as by the Civil Service agency, permanent tax-payer identification numbers (and individual records ready for adoption), a Cadastral Service trained and prepared to conduct a cadastral survey, given the right political changes. Intangible effects of an unquantifiable nature resulted from both short-term and long-term participant training. The full impact of this training is unpredictable but will depend upon the future course of events in the Ministry.

VII. Lessons learned

Sub-project goal and purpose were established sometime after the inception of the sub-project. The goal was: To promote a viable national government in Laos capable of providing basic governmental services and improved economic opportunities to its population.

The Purpose was: To improve resource management and development planning of the Lao Government.

Conditions needed for sub-project success are summarized as follows: Under goals: 1. Security would progressively improve; 2. Profitable commercial enterprises with an impact on domestic and export markets would be feasible; 3. Political and vested interests within the Government would not unduly hinder the application of financially sound policies, procedures and administrative practices. Under sub-project purpose: 1. The Lao Government would give priority to improving fiscal management, tax collection systems and overall conduct of public administration; 2. Merit would be increasingly used in appointments and advancements; 3. National priorities established by the Planning Commission would be accepted as guiding principles

by all ministries; 4. Qualified personnel would be provided for training and subsequently used in the functions for which trained.

In retrospect the goal and purpose appear too broad and ambitious for the commitment the Mission was able to make to what essentially was never more than a small effort, chiefly in the Ministry of Finance, paralleled by a similar small effort in development administration in the Ministry of the Plan.

Apart from fiscal reporting, which was strongly supported by the Mission, other sub-project activities were to a considerable degree selected and developed by the sub-project manager, with varying degrees of success. The integrated support required to develop these activities, particularly in short-term advisers and in-service training was, with one exception, not forthcoming. These activities would have benefited from a more intensive and periodic review, both with the sub-project manager and counterparts in the Ministry to determine whether the limited resources available might not better have been concentrated on integrated efforts in a smaller number of activities.

Substantive Sub-project Agreements could very profitably have been more intensively discussed with the Director-General and Minister and more direct liaison between the Mission Program Office and chief counterparts in the Ministry would have been a valuable support to the sub-project manager. In one fiscal year an enterprising program officer went well beyond his usual area of responsibility and discussed substantive program agreements in considerable depth at the ministries involved at meetings with the Lao counterparts and sub-project manager. The immediate effect was to dispel the anxiety often present among Lao counterparts that the Mission was distant and difficult to approach. Advisors and project managers, alone, found it difficult to dispel this feeling. To this end, a three-way communication proved, when used, much more effective.

Although the goal and purpose were stated in the broadest of terms, in fact the sub-project contibuted little to good administration by the Lao in other sectors of the Mission's program. Consideration could well have been given to providing advisory assistance in other projects such as public health, agriculture, etc. To the extent that such assistance was provided, it came from the projects themselves. A more integrated approach might have yielded better results.

The required conditions for sub-project success were not always met. Under goals security improved moderately (after the formation of the PGNU), commercial enterprises did develop, but political and vested interests distinctly hindered to an increasing degree the activities of both political and top level administrators who were capable and sufficiently trained to apply financially sound policies and procedures and administrative practices. Under Purposes, it is apparent in retrospect that the Lao government did not give priority to improved fiscal management and the tax collection system, that merit was not increasingly considered as an important aspect of employee appointment and advancement. It appears do-btful whether all ministries accepted the national priorities established by the Planning Commission and it is clear that personnel trained were sometimes not used effectively in the functions for which trained.

In conclusion, future projects of this type would benefit from more integrated planning and evaluations, with greater liaison between the Mission, project manager and chief counterparts; by greater flexibility to adapt the activities of the project to those necessary areas where receptivity to improvement exist and to provide integrated support for fewer but more carefully selected activities; by terminating activities when conditions for success do not develop as expected; by broadening the scope of the project to provide appropriate assistance in sectoral areas other than those designated as strictly public administration in the "classical" sense of the term.

DEVELOPMENT ADMINISTRATION

DEVELOPMENT ADMINISTRATION AND PLANNING SUB-PROJECT

Summary

Throughout Laos' twenty years as a democracy its government allocated its resources - national public and private and foreign aid - on an ad hoc basis. An organization existed that carried the appropriate title (Ministry of the Plan, and its planning agency, the Commission-General of the Plan) but which functioned principally as a reviewing office for development aid projects that were planned and largely implemented by foreign personnel.

There was a great dearth of educated manpower in Laos available to staff the planning agency at the outset and very little independent administrative experience under the previous colonial government.

Moreover the planning agency had no role in the preparation of the national budget and was not called upon to provide economic status reports, projections or goals. Implementation of a rudimentary five-year plan was the principal concern of the Commission-General of the Plan (CGP), although a considerable portion of CGP attention was devoted to approving small favorite projects of the operating ministries. The CGP was also a convenient place to send the many missions from national and international aid agencies who arrived in profusion.

CGP personnel were diverse in background, having been trained in both Bloc and non-Bloc countries. During the years 1957 to 1972, the Commission-General of the Plan was a respected and reasonably effective organization. In early 1973, it looked as though hostilities had ceased and hope was felt regarding the possibilities for producing a soundly-based long-range development plan. To this end, a U.S. devleopment planning contract team was hired, and a good start was made. The work ended abruptly in May, 1975.

Introduction

The following report was written with virtually no documentary support because project files were left in Vientiane. Although this report is directed principally to recapitulating significant events in the implementation of the Development Planning Project it is necessary, especially in discussing the period following the formation of the Provisional Government of National Union in April of 1974, to describe the more broad context of activities throughout the Government occurring outside the Ministry of the Plan. The interplay of personalities is given more attention than may seem necessary. However, in a country where the level of professionalism is so low, personality rather than technical competence often becomes the determinant of action.

The scheme of the report is to present a broad brush survey of the principal events, activities, and conditions occurring during four successive periods:

1. Before the start of the Development Planning sub-project;

2. Start of the project in December, 1969 to the signing of the Peace Agreement in February, 1973;

3. From February, 1973 to the PGNU in April, 1974; and

4. The final period, from April, 1974 to May/June, 1975.

Following this survey are sections dealing with planning methodology and a summary of changes in the Commission of the Plan resulting from the USAID participation since 1970.

Development Planning in Laos, Basic Chronology

1. Pre-1970 Planning

The planning of economic development in Laos started in the mid-1950's with the creation of the Ministry of the Plan and Cooperation (MinPlan). As originally designed, the MinPlan included a Government Purchasing Office and the Mines Service as well as the more directly development-oriented Commission of the Plan and the National Statistical Service. The U.S. built two buildings to house the Ministry, one of which contained storage space and internal cranes for handling government purchases. The other building housed the remaining planning activities and the Minister's office.

The basic aid agreement between the RLG and the U.S. established the Commission (later Commission-General) of the Plan as the aid contracting agent for the RLG. The Commissioner's signature on "blueprint" documents along with that of the A.I.D. Mission Director committed the RLG and the U.S. to joint implementation of the aid programs. The stage was set for close cooperation between the two countries in the development of the Laos economy and its governmental and social services. One of the first U.S. projects attempted to build an efficient MinPlan Government Purchasing Office, with the objective that all U.S. aid supplies as well as RLG purchases would be handled by this agency.

It should be remembered that at this time, few Lao officials had ever had authority in their own country. The previous administration had been under the top level direction of the French, assisted by an almost wholly Vietnamese expatriate civil service. Because

Laos produced few exportable resources (stick-lac, a few cardamon seeds and a small amount of tin ore) the cost of governing Laos represented a drain on the French exchequer. Consequently, administrative resources allocated to Laos were relatively limited. Few Lao advanced beyond the third grade of grammar school, while only enough Lao elite received high school or university education in France to insure the loyalty of the nominally ruling class.

This was the available manpower when the independent Lao government was formed. The top Ministerial positions were divided among the few educated Lao. The gap in ability and education between them and the rest of the Lao functionaries was large and tended either not to be filled (there were some Division Directors with only a third grade education) or to be filled with French and Vietnamese expatriates. Financial resources available to the government were small.

It was into this environment that the U.S. assistance programs started to bring more supplies and money than the Lao had ever known. At the Government Purchasing Office the temptations were too great to resist. It soon became clear that considerable diversion of supplies was occurring as well as extraction of extra-legal contributions from contractors for goods or services. The U.S. was forced to cease its dealing with the GPO and to expand its own procurement capability. This action did not enhance the relationship between the ComPlan and the Mission, unfortunately. (The GPO personnel were kept in the government budget until 1971 although they were permitted to perform only limited procurement. However, by 1971, the RLG had finally decided that the unit should be disbanded.)

A second disruptive element was the reception accorded by the U.S. to a five-year plan (for approximately 1959-64) that had been created by the ComPlan. The plan was not regarded highly by the A.I.D. Mission, where it was described as "merely a shopping list". In actuality, when seen in the perspective of thesucceeding fifteen years and in the light of the economic information available then and now, the plan was creditable. It summarized and projected governmental revenues and expenditures and tried to place development expenditures in an albeit crude macroeconomic context.

Summaries of the status of the various sectors were attempted and five-year targets set forth. Heavy emphasis was placed on infrastructure development. Detailed project cost estimates were included. Although the plan was unrealistic in its failure to recognize the limited absorptive capacity of the Lao administrative structure and the poverty of Lao manpower at the required levels of skill, it might have been given better marks as a first effort.

The plan had been prepared under the direction of M. Oukeo Souvannavong the second Commissioner-General of the Plan (the first was a Vietnamese who remained a very short time) and his Deputy, a Frenchman named Jean Vermeersch. Both Oukeo and Vermeersch were oriented toward continued French involvement in Lao affairs and tended to disregard the U.S. Mission. Throughout M. Oukeo's tenure as Commissioner-General relations between the ComPlan and the A.I.D. Mission were correct if not always warmly cordial. The main Mission request of the ComPlan was only that it sign the necessary blue-print documents.

During this time the USAID played such a predominant role in both the maintenance of essential government services as well as in economic development that its program office (including an economic analysis activity) performed many of the functions of a central planning facility. Some of the most important functions of such a facility were not under the control of USAID, however, namely designation of targets for internal revenue and governmental expenditures and the allocation of governmental aid resources from all contributing countries. Furthermore, the time constraints under which USAID planning operated - final approval of the funding for an annual plan sometimes was received after the beginning of the year for which it applied - made it difficult to coordinate these plans with host country planning.

Attempts had been made to seek ComPlan and Ministerial participation when plans were being tentatively formulated. Unfortunately, many of the Lao tended to take the tentative plans seriously and to start running with them. Ill feeling and disappointment resulted when USAID's ultimate plans, after Congressional approval, were shown to be quite different from the early drafts. After repeated experiences of this kind, it was found that the Lao technicians in the Ministries, possibly because of their much closer working level relationships with the USAID technicians assigned to the Ministries, adopted a more realistic attitude toward the tentative plans, permitting these technicians' participation at early levels of planning. The ComPlan, on the other hand, did not develop any particular understanding of such USAID problems, making

it more difficult to cooperate with the ComPlan. No U.S. technicians were stationed at the Plan, although the ComPlan was fully equipped with French technicians in every department.

2. Planning, 1970 to February 1973

In approximately 1966 M. Oukeo was replaced as Commissioner-General by Dr. Pane Rassavong who soon established closer working relationships with A.I.D. and a full-time Mission advisor was assigned to the ComPlan.

The duties of the new Special Advisor to the RLG for Planning (SAR) were to: (1) serve as principal liaison between the ComPlan and A.I.D., (2) assist Dr. Pane in all aspects of development administration, (3) aid in expanding the scope and size of foreign aid contributions of other donors, (4) supply material and training support to the Ministry of the Plan, and (5) perform such other duties as the C-G or the Mission Director might designate.

One of the first jobs of the new Commissioner-General was to have a five-year plan (1969-74) prepared under the direction of a French UN Advisor. Called the "Plan Cadre" it was said to be "neither indicative nor determinative, but rather incitative". (See following section on "Planning Methodology".) Each year there was difficulty in securing what could be considered an adequate budget for this Plan. Although some Lao and foreign aid personnel refused to take the Plan seriously, in general it received recognition as a useful Lao enterprise.

The C-G devoted a good deal of attention to the Plan during its first three years, after which he left the entire responsibility for formulating the annual tranches to his first Deputy.

In 1970 the Asian Development Bank began to play an increasingly large role in Lao development. Their first loan was for the Tha Ngone Irrigation project, which had started as a pilot farm project assisted by the Japanese. Over the next four years two more loans and a number of study groups, as well as the Bank's acceptance of the position of Administrator of the Second Phase of the Nam Ngum hydro-electric project attested to their interest in Laos.

The first of the international banks to participate in Lao development had been the World Bank (International Bank for Reconstruction and Development - IBRD) which had been the administrator for the first phase of the Nam Ngum project. The ComPlan had participated only slightly in the planning and implementation of this first phase.

The Lao planning group involved in this work had been the Lao National Mekong Committee (LNMC). However, when tensions developed between the IBRD, the managing engineers that they had hired (Acres International of Canada), and the Lao electricity company, Electricite du Laos (EDL),on the one hand, and the LNMC and the Japanese engineers and contractors on the other, the Commissioner General and the A.I.D. advisor were drawn into the fray as mediators. An Inter-Ministerial Commission was set up with the C-G as its head, to provide guidance to all disputants and to provide a channel to the Office of the Prime Minister (Presidence du Conseil) and the Cabinet in case of unresolvable clashes of opinion. This Commission was later given the responsibility for negotiating the Second Phase of the Nam Ngum project.

The process that resulted in the selection of the ADB as the administrator of the Second Phase of the Nam Ngum project was one of extracting a reasonable course of action from much confusion. When the resident representative of the IBRD left Vientiane on completion of the first phase, he left the clear impression that the IBRD would not be interested in assisting with the Second Phase.

The Lao were quite disappointed at this recommendation and accused the IBRD of continuing to discriminate against Laos. A further evidence of discrimination was felt to be the stated IBRD policy that no loans would be made to Laos until Indochina became more secure. A formula was ultimately reached whereby the ADB was asked to convass its member countries and others for financial support for the project. It was implicit that the ADB would then assume responsibility for the further administration. This was later confirmed when the ADB Board of Governors agreed to accept the responsibility for administration of the project.

It was during this period that the Special Advisor prepared a reorganization of the ComPlan, including documentation supporting and explaining it, that was accepted by the Cabinet and that gave each of the sector planners in the ComPlan a higher rating than they had had previously. This was much appreciated and actually was badly needed. However, the reorganization was not successful in obtaining a better rationalization of the so-called Department of Cooperation, which continued to cut across many operational areas and to create confusion in the minds of the representatives of foreign aid.

During this period the Special Advisor was consulted on virtually all problems that arose in the ComPlan and participated in all meetings involving any aid problems and programs with the exception

of many of the meetings about French aid and international meetings such as the Joint Lao-Thai Committee on Economic Problems. In the latter case, he prepared agenda and briefing materials for the first three meetings for the C-G, who was the head of the Lao delegation.

The transit problem (goods from overseas countries moved by Thai transporters across Thailand tax-free) dominated these meetings. In preparation for discussions of this subject, the Special Advisor, along with the A.I.D./Laos office in Bangkok and Thai port officials, made a detailed operational analysis of the life cycle of a piece of commercial merchandise (as opposed to A.I.D. merchandise), from the moment it was moved from the ship onto the dock until it arrived in Vientiane. The charges levied by the Thai Port Authority, Customs, and Express Transport Organization (ETO) were then indicated for each operation. Briefing charts with diagrams were prepared and were instrumental in securing two reductions in transit costs.

Because of the efficiency of the A.I.D./Laos port operations group, it was recommended that the Lao work with A.I.D. in establishing a similar group for their official and commercial cargo. This turned out to be a mistake. Authority to set up such an organization was delegated to the National Chamber of Commerce which was headed by the largest commercial importers in Laos. With the agreement of ETO, they were given the authority to approve key documents, giving them a stranglehold on the release of Lao commercial merchandise. The Chamber made no attempt to consult with the Mission in order to establish an efficient port-clearing mechanism. Instead, the commercial customs brokers, who had been clearing cargo at a high cost to the importer, were replaced by an organization that performed little or none of the necessary work of the customs brokers, yet extorted even higher fees by threatening to withhold the required clearance. Large importers simply ignored the Chamber. The smaller importers were then worse off then before, even though ETO rates had been reduced. In addition to set charges for prescribed "paper work", the importers were often assessed additional contributions to expedite their merchandise.

By mid-1972, the climate at the ComPlan had changed. A young American-trained Lao economist had accepted a position at the Plan and had become the closest advisor of the Commissioner General.

At this time, many of the more important tasks at the Plan were connected with the negotiations for Nam Ngum Phase II. First there was confusion between the Ministry of Finance and the

Ministry of the Plan as to who was responsible for certifying the validity of the various documents that created the Second Nam Ngum Development Fund, and the several loan documents. The ComPlan performed almost all of these tasks.

Many missions, from the various UN organizations, from donor countries, and from voluntary and other international organizations, invaded Laos, all seeking out the same information. Their parent organizations also felt it necessary to hold meetings and seminars to which planning and related personnel from developing countries were invited.

Frequently such missions, meetings and seminars were time consuming, produced reams of redundant information and did not result in any new assistance activities.

3. The "Peace Agreement" Period, February 1973 to April 1974

The first step in the establishment of the Provisional Government of National Union of Laos was the "agreement to agree" that was signed in February, 1973, by the PL and RLG. The protocol to that peace agreement was signed in September, 1973. The PGNU was invested in April, 1974 and the practical (though not nominal) dissolution of the PGNU became effective in May and June, 1975. This series of events also catalogues the deterioration and destruction of the ComPlan.

The period from February, 1973 to April, 1974 was dominated by skepticism among officials that the formula of the peace agreement that permitted the Pathet Lao to say "What's mine is mine and what's yours is half mine" would work. This skepticism was tempered by the hope that the PL would ultimately turn out to be "true nationalists". At the ComPlan, however, the mixed character of the personnel reflected a broad range of anticipation. Those trained in communist countries appeared confident and became the center of polarization of attitude among some middle-of-the-roaders. The most prominent of these later became a leading demonstrator against the American-tainted personnel at the Plan, and another later was designated deputy chief of the committee to distribute Bloc aid.

Most of the remainder of the officials continued to perform their duties although they did not conceal their opinion that the peace accords were unfavorable to them. The major work tasks were the preparation of the second five-year plan (1975-80) and of the annual plan for the last year of the Plan Cadre, completing arrangements

for the Nam Ngum Phase II project, the development of an overall plan for social development under the guidance of the UNICEF, handling of A.I.D. blueprint documents, and working with other donors, primarily the ADB, UNDP, Japan and France, in program and project development. During this time, no new proposals for industrial investment were submitted to the Investment Commission.

In August of 1973, the Chief of Party of a new contract with Louis Berger, Inc. arrived to begin assisting the ComPlan in development planning. At various intervals thereafter a total of five other team members arrived for tours ranging from three to 16 months. They were experts in agricultural production, manpower, budgeting and fiscal management, and industry. Their contributions were of variable but generally high quality. Their impact was made during the period of the Coalition Government and will be discussed below.

4. The Coalition Government (PGNU) - April, 1974 to June, 1975

The government reorganization found the Ministry of the Plan combined with the Ministry of National Economy, with the title Ministry of Economy and the Plan (MinEcoPlan). The new Minister was Soth Phetrasy, who had been, in effect, the resident representative of the PL in Vientiane for the ten years prior to the signing of the Accords. His accession to the Ministership, however, was felt to be an indication that the Ministry would have little power.

The Minister and the SecState established very quickly that they were in charge. All documents sent to the ComPlan could be logged in, but had to be sent directly to the office of the SecState before any action was considered. This included all A.I.D. blueprint documents, which normally had only to be processed by the ComPlan Department of Cooperation before being presented to the Commissioner-General or one of his deputies for signature.

This occurred at a time when the Mission was being given only quarterly allotments of its budgeted funds, and the new PGNU was unofficially indicating that no action would be taken on A.I.D. blueprint documents until a fundamental re-evaluation of the basic Lao-U.S. aid agreement had been made. Because of the latter possibility, at one time consideration was given to monthly preparation of all A.I.D. blueprints. This possibility was rejected, however, and even the quarterly submission of blueprints began to flood the MinEcoPlan, causing resentment among the long-time employees at the ComPlan.

The new Minister and Secretary of State insisted that they would read all Plan documents, at least for an initial period, in order to learn the operations at the Plan. Considering their many duties connected with other elements of the newly-combined Ministry (which also included Agriculture, Forestry, Livestock, Irrigation, Commerce, Industry, and another planning and research office), the job and the accumulation of action documents became enormous. It later developed that neither the Minister nor the Secretary of State was insistent that the documents be held up, but the Chef de Cabinet was the person who demanded detailed explanations of every document and who held them in his office for inordinate lengths of time. It soon became apparent that the latter had as much if not more PL authority than the Minister and publicly demonstrated this power.

One of the first recommendations of the new Ministry managers was that all aid agreements should be reviewed and revised if found to be disadvantageous to the PGNU. Multiple copies of most of the agreements were reproduced and a meeting held at which it became apparent that the only agreement that the managers were interested in was that with the U.S. When the bulk of the Plan personnel indicated that they thought that all agreements should be reviewed, the managers seemed to drop the idea, possibly with the feeling that the ComPlan was not as subservient an organization as they had hoped.

By May, 1974, the National Political Council of the Coalition had met and had issued 18 points of domestic and foreign policy. The 18 points had been prepared by PL members and presented to the combined PL-Vientiane Side-Neutral membership for approval.

The ComPlan was instructed to use the 18 points for guidance in all of its planning, and especially with regard to the new five-year plan that was in preparation. Guidelines for this plan had been prepared by the ComPlan and approved by the National Planning Council in late 1972 ("System of Priorities for National Development"). The Louis Berger contract team mentioned above had arrived in mid-August, 1973, with the principal objective of assisting with the new five-year plan. The first comprehensive planning document, produced in large part by this team and titled "Policy Guidelines for National Development", was issued in late 1973 and continually revised and expanded over the next 16 months to suit the series of demands for economic and social development plans that were placed on the ComPlan.

This document was essentially the first macroeconomic approach to the exposition of Lao development requirements that had ever been made. In its penultimate form, and based on admittedly incomplete and probably inaccurate statistics, it summarized recent public

revenues and expenditures, the balance of payments and made a very gross estimate of Gross Domestic Product (GDP). These parameters were then projected over the next five years, and an estimate of public and private investment requirements (including support for the Foreign Exchange Operations Fund) to achieve a six percent growth rate in GDP was made. The need for fundamental changes in governmental administration was recognized and a series of specific commitments was set forth regarding means for raising more revenue and reducing expenditures. In both cases, specific measures to correct improper, illegal or wasteful practices were cited. It was hoped that when the document was adopted by the Cabinet, National Assembly (or the PGNU version thereof) and the King, a series of laws or regulations authorizing the corrective measures would flow automatically.

The most difficult problem was to get the PL Ministries and Secretaries of State, or even the Vientiane Side Ministers and Secretaries of State, to read the document. However, a revised version of the "Policy Guidelines . . .," called "External Aid Requirements in the Second Development Plan . . ." was prepared hastily and translated into French to be used by the PGNU delegation in a series of visits to communist countries to seek additional assistance in late 1974 and early 1975. This document also included a second volume comprising 18 public works projects totaling $76.0 million and 53 agriculture projects totaling approximately $140.0 million. In addition to these books, the mission also took lists of commodities that each country was expected to provide.

The kind of aid that was forthcoming from the Bloc countries was responsive to the lists of commodities and did not address any of the problems cited in the planning documents. Because the response was wholly political, economic data probably played little part in forming the decisions by the Bloc countries to donate.

A second team visiting non-Bloc countries did use the volumes prepared by the ComPlan and distributed them to their hosts in the countries visited.

A further revision of the volume was prepared for use at the IBRD-ADB sponsored meeting of donors to Laos held in Manila in April, 1975. In this case, the contract team supervised a major rewrite which was then read by M. Boutsabong, the PL Secretary of State for Finance, who offered comments and corrections.

Throughout this period, the Louis Berger team had been working closely with the ComPlan and also with other Ministries. A higher level of economic analytical professionalism than the ComPlan had

ever had was introduced, including the macroeconomic formulations so widely demanded by international banks and foreign aid agencies. In addition to preparing a development series of planning documents, the team provided assistance to the ComPlan's nascent national income accounts office, and assisted in the compilation of Laos' economic situation and development needs that served as the principal Lao submission at the meeting of the Lao aid donors group held in Manila in April, 1975.

The contract team also contributed a basic manpower study that was designed to be the basis for the manpower chapter in the five-year plan and made transportation surveys which resulted in a series of project recommendations used by the economic aid-seeking missions.

In the summer of 1975, the Cooperation Department was transferred from the ComPlan to the Ministry of Foreign Affairs.

Planning Methodology and Organization

1. Planning Methodology

In 1970, planning methodology followed the French system. Laos was in the first year of the five-year Plan Cadre, which had been prepared largely by a French UN technician. Annual tranches of the Plan Cadre were created through a system of vertical and horizontal commissions. The vertical commissions corresponded in scope and content with each of the directorates under the Planning Department. The three horizontal commissions were for finance, foreign aid, and structural reform of the government. In the latter years there was diminished emphasis on the horizontal commissions, the functions of which were accomplished on an ad hoc basis by the ComPlan.

The Plan Cadre, which had been adopted by the National Assembly and promulgated by the King projected a five-year budget for the Plan, averaging approximately 600 million kip per year which amounted to $2.5 million at the official rate or $1.2 million at the free market rate of the kip. The official rate of the kip was 240 to a dollar. The free market rate of 505 to a dollar held firm from 1964 to 1971 through the mechanism of the Foreign Exchange Operations Fund. The Plan budget target was never actually allocated, but totaled between 300 and 400 million kip per year.

The Plan Cadre budget fund, the "Development Budget", was placed entirely at the disposal of the ComPlan. Each year, a certain proportion of the annual amount was allocated by the ComPlan to each of the vertical commissions. It had became the task of each

commission to decide which projects from the Plan Cadre were to be implemented in the given year and with what level of funding. In the later years, new projects were introduced, although this was not the intent of the Plan Cadre when designed. Each vertical commission was chaired by the senior Director-General of the ministries represented in the Commission, while the secretariat was supplied by the ComPlan. After the projects were approved and in the process of implementation, the ComPlan signed off on requests for budgeted funds. The bills were then relayed to the Ministry of Finance for payment. The ComPlan was also supposed to monitor the progress of projects being implemented. The later function was seldom exercised.

The annual Plan Cadre budget of a maximum $1.6 million kip equivalent represented between two and five percent of the annual average of approximately $70.0 million of total foreign aid resources granted or loaned to Laos each year. The Plan Cadre sometimes provided the kip element in projects funded by foreign aid but by no means supplied all required local currency. Its main function was to serve as a sort of "pork barrel" by which means the ministries could secure funding for favorite projects that had been rejected by foreign aid donors. This availability of funds through the ComPlan enhanced its status with the ministries and operated to induce cooperation between the ministries and the ComPlan and thereby to introduce the concept of national, or multi-ministerial planning to the ministries. However, the Plan Cadre was not, in any sense, a mechanism for determining comprehensive development needs nor for allocating available resources, foreign and domestic, in accordance with a rationalized development scheme. This objective was never met in Laos, either by the ComPlan or by any other organization.

The closest that Laos came to having such an organization was during the time that the Louis Berger, Inc. team was working on preparing the second five-year plan. If the suggested organizational reforms had actually been accepted by the PGNU, the ComPlan would have become the major development planning agency of the Government. Instead, the bulk of the ComPlan functions were transferred to the Ministry of Foreign Affairs while the others were abandoned.

2. Organization of the Plan to April, 1975

In 1970, the Ministry of the Plan had four major subunits; the Commission-General of the Plan, the National Statistical Service, the Mines Service, and the Government Purchasing Office. A service responsible for monitoring the activities of the state-owned and "mixed" (joint private/public ownership) agencies was in existence

on paper but was nonoperative. Within a year or two the GPO was deactivated. The Mines Service was transferred to the Ministry of National Economy in 1973 but did not move from the MinPlan compound until 1975.

The Commission-General of the Plan (CGP) was the largest, the most active and the most important of the two remaining agencies. The National Statistical Service, for the entire period, was headed by an ineffective Director and made minimal contribution to Lao development.

Throughout the period under review, the official Minister of the Plan was Prince Souphanavong, the "Red" prince. Although he had left the RLG zone in early 1963, he was considered to be the official incumbent in order to maintain the balance of ministerial portfolios between the Left, Center, and Right factions within the Provisional Government of National Union that had been formed in 1962. All ministerial appointments to replace the departed Pathet Lao ministers were considered to be "acting minister", if they themselves were of ministerial rank, or "Charge des Affaires Courantes" if they ranked as "Secretaries of State".

From 1970 until the advent of the PGNU in 1974, the Commissioner-General of the Plan, Dr. Pane Rassavong, ran the CGP with little interference from the acting ministers or the "charges". From the time of his appointment in 1967 until approximately 1973, he was held in high respect by other RLG officials and especially by his own staff. Many intelligent and well-qualified young officials had been drawn to the CGP by his reputation for honesty and forceful leadership and it has been generally accepted that the CGP had the best corps of young officials in the RLG.

The CGP had two Deputy Commissioners-General, one who was primarily responsible for planning, and the other who was responsible for administration and "cooperation". Cooperation was a loosely defined area that presumably concerned itself with housekeeping for the technical cooperation analysts from other countries.

The third tier at the CGP comprised the department heads: Economic and Social Analysis, Cooperation, and Administration.

The Planning Department consisted of planning directorates for industry, agro-silvo-pastoral affairs (agriculture, forestry, livestock); physical infrastructure (including electric power, transportation, communications, water supply); social infrastructure (education, health, social welfare, including refugee affairs); and regional development, plus a directorate for annual and multiyear planning.

The Economic and Social Analysis Department was designed to supply top-level analyses of economic and social issues, proposals, and problems. Lacking an effective Statistical Service, it was given responsibility for setting up a system of national income accounts. In actuality, the Director of this department became a close advisor to the C-G and was given a wide range of duties, often overlapping those normally the province of other directorates or departments.

The duties of the Department of Cooperation were conceived by its Director, to comprise responsibility for handling all aspects of "technical cooperation", which he defined as foreign aid supplied by and through foreign technicans, or experts. This was contrasted with "project aid" - which was assumed to be the responsibility of the rest of the CGP. Because of this, there was continuing overlap with the Planning Department regarding relationships with the various foreign aid donors.

The Department of Administration was responsible for personnel matters, procurement, training of Ministry employees, provision of services such as typing and reproduction, for the briefing of RLG employees being sent overseas for various missions, and for disseminating information throughout the country about development matters.

Changes Introduced, 1970-1975

Possibly the principal change that occurred at the Ministry of the Plan as a result of the American presence was that it lost its parochial perspective. In early 1970, the Commission-General of the Plan (CGP), the planning agency in the Ministry, devoted all of its efforts to implementing the five-year plan, the Plan Cadre, which covered the period 1969 to 1974. The combined foreign and local resources devoted to activities comprising the Plan (except for a few "Grand Projects") accounted for approximately 25 percent of the total foreign aid resources being expended in Laos. The CGP was not aware of the character or objectives of the activities pursued by A.I.D., for which it signed the blueprint documents for the RLG, and including those for which the Plan Cadre contributed at least a part of the local currency contribution.

The personnel at the CGP took pride in the fact that they were the national planning organization and that they had a national plan that had been adopted by the National Assembly and promulgated by the King. The fact that the Plan Cadre represented only a fraction of the development effort and that it was based on a very superficial analysis of the Lao economy was ignored. This attitude arose in part because most of the substantive work at the CGP was being performed by French experts, who showed little interest in asking about, or publicizing, the American contributions, but were interested in continuing French influence at the ComPlan.

They knew that although the Plan Cadre was incomplete, it was the only comprehensive planning document that was widely circulated within the Government. In the first annual plan of the Plan Cadre, for the year 1969-70, the French-supported projects were given much more space than other projects. On the other hand, A.I.D. usually planned projects directly with the implementing Ministries. Although each Ministry knew what A.I.D. was doing with it, there was no Lao governmental document that summarized all of these contributions. People in one Ministry knew little of what was being done in the next Ministry.

The first step that was taken to broaden the CGP horizons was to secure accurate figures on the funding by A.I.D. and other foreign donors of projects included in the Plan Cadre. A tabulation was made showing the contribution of each donating country, by category of project. To counteract the complaint that U.S. assistance was not all developmental, a fiscal summary of all foreign aid was published, compiled by A.I.D.-established categories of refugee affairs, monetary stabilization, maintenance of essential governmental services, and development. Although the A.I.D. portion devoted to purely developmental activities was small in comparison with the total, the distribution of other foreign countries' aid funding was also shown to cover all categories, although not in the same proportions.

Although conditions were not yet ripe for CGP participation in all ministerial development planning, the legitimacy of their interest started to be established. Although this objective was never achieved to the desired degree the Plan Cadre began to assume a smaller and more realistic role within CGP planning and operations. By 1973, the Commissioner-General had delegated to a subordinate all responsibility for preparing the annual tranches and concerned himself only with assuring that a reasonable amount of funds was allocated each year to the Plan Cadre budget (officially called the Development Budget) by the budget Directorate and approved by the Assembly. In at least one case he was able to have the Assembly increase his budget after having been allocated an insufficient amount by the Budget Directorate.

In early 1972, a major advance was made toward not only broadening the CGP interest in comprehensive, integrated development, but also in acquainting the individual ministries with the overall development needs of the entire nation. A "System of Priorities" paper was prepared and disseminated throughout the government that had as its objective the awakening of interest in each of the ministries of the full development needs of the nation.

Circulated to all Ministers, Director-Generals and Directors, the report drew some comments and a good amount of approbation. The report was adopted by the National Planning Council as the guideline for preparation of the Second Five-Year Plan.

A second important change was the reduction in the influence of the French experts at the CGP. In 1970, meetings were held almost daily, involving either solely the Plan personnel or Plan personnel plus representatives of other Ministries and foreign aid agencies. The C-G chaired the meetings, flanked by a French advisor on each side although one of these was replaced by the U.S. advisor. Four of the directorates each had a French advisor who sat next to his counterpart at the meetings. Discussions at staff meetings were conducted wholly in French although there could be some byplay in Lao. The meetings were essentially conversations among the French advisors.

With some urging from the U.S. advisor, the Lao eventually became more self-assertive. The transition came full circle when the Mission, together with the Asia Foundation, remodeled a new conference room, fully equipped with conference table and simultaneous translation equipment. From this point on, the internal meetings were held without foreign advisors present except on the rare occasions when special assistance was needed. All of this occurred by 1974, before the advent of the PGNU.

The third major change was the introduction of the Louis Berger planning team. Its expected impact, however, was vitiated by the change in planning philosophy under the PGNU.

Had the Berger contract been able to continue in a friendly political climate, it seems very likely that the Second Five-Year Plan would have been a satisfactory basic working document for the IBRD/ADB-sponsored donors' group for Laos in the realization of a coordinated effort in the development of Laos during the post-war era.

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT

HUMAN RESOURCES DEVELOPMENT SUB-PROJECT

INTRODUCTION

Pre-project conditions in the human resources area were essentially the same as in any of the least developed countries. Existing skilled manpower was insufficient both to maintain essential government services and to work on capital development projects, existing institutions were not able to meet current needs, and manpower planning was highly de-centralized, short-term, and opportunistic if it existed at all.

The establishment of competent manpower planning and development institutions and behavior is always a long-range and comprehensive exercise. It was felt in 1965 that both the A.I.D. Mission and the Lao government needed a central coordinating point for on-going training activities and a central office for collecting manpower information, stimulating needed training, and projecting country-wide requirements. It was understood that the absorptive capacity of the Lao government was minimal and efforts would have to be small.

The Public Administration Development Project including the Manpower Development Sub-Project was established in FY 1969. The Manpower Development (later Human Resources Development) Sub-Project was unusual in that it had both action and advisory functions. This solved an internal A.I.D. organizational problem and provided a central location for training activities,which secondarily demonstrated the Mission commitment to training Lao.

Before examining the details of the sub-project, however, it would be helpful to note certain other influences which governed the decisions creating and maintaining it throughout its existence:

1. The preliminary comment by the Mission Evaluation Officer on the FY 1971 PAR was true for the life of the sub-project: "This project is...important to and in support of U.S. Foreign Policy objectives of a political and security nature. As such, its primary purpose or purposes are not developmental, but rather its input to the economy of Laos serves a larger purpose for which it is one of the many assistance tools. It therefore must be evaluated in this context and not purely as a technical assistance project whose primary purpose is economic and/or social development."

2. The Mission needed an umbrella-type project which could provide funding for participant training of Lao government officials in ministries or services: 1) with which A.I.D. had no project

agreements; 2) that A.I.D. did not desire or need to support through project agreements; but 3) upon which A.I.D. did depend directly or peripherally for certain services, as for example, the RLG Civil Aviation Administration which provided air transport services.

3. The Mission also wished to coordinate in-country training programs and provide centralized training when common needs existed for both Mission local employees and Lao government employees.

4. Lao government officials and Mission local employees sustained through the life of the project a high interest in training Lao to replace the Third Country National (TCN) employees hired by the Mission to compensate for certain skill deficiencies in the Lao labor market.

5. Under wartime and sensitive political conditions, desirable changes to modernize antiquated systems tended to be stifled by top officials who did not wish to upset delicate balances or who had other priorities.

6. Other donors were also deeply involved in human resource development work. It was a practice to encourage and support the activities of others as much as possible to help reduce the need for U.S. involvement.

7. The HRD sub-project was never in the mainstream of war-created (such as refugee relief) or Washington-stimulated (such as population control) priorities, thus no order-of-magnitude escalation in the level of assistance was seriously considered.

The subsequent administrative unit responsible for the sub-project, the Human Resources Development Division, was composed of the Participant Training Branch and the Local Training Branch, with the division chief primarily responsible for the advisory services. As the Mission orientation began to change under peacetime conditions established in Laos in 1974, the programs were being phased into a more development assistance-oriented style. collaboration with other agencies was increasing, a new project with greater emphasis on development goals was to be designed, functions that were really technical support were being transferred back into the management division (such as the local employee training responsibility), and the magnitude of training was being reduced as a result of general A.I.D. staff reductions.

PART I. HISTORICAL DEVELOPMENT

The chronology (attachment 1) and the evolution charts (attachment 2) should be examined before reading this Part and used as reference when needed. The three separate functions of the HRD Sub-Project

were at first relatively independent from each other. But their activities as they developed began to diversify and overlap. The discussion here will attempt to relate the historical development of each, re-tracking at times to incorporate new sub-activities.

A. Local Training:

The growing need for trained local staff that emerged in late 1964 and early 1965 remained through the life of the project to stimulate and sustain Mission training activities. American supervisors were expanding and managing their programs with local staffs having less than the desirable skills. Therefore, the Mission imported employees from India, China, the Philippines, Thailand and Vietnam to compensate partially for this deficiency. While the programs continued to grow, at the same time the Lao government and the Mission local employees, who had just formed their own organization (Association of Lao Employees of the American Mission-ALEAM), began to press for training Lao rather than meeting the needs by hiring from outside Laos.

1. The Local Training Center

The first step was to hire an American vocational training advisor on a personal services contract in April, 1965. He began in-service and pre-service clerical and technical training programs in 1965 and opened the Local Training Center in 1966. This was not a separate project, but was funded under Technical Support.

In FY 1967 the Manpower Development Division composed of the Participant and Local Training Branches was funded under the newly created Manpower Development sub-project of the Public Administration Development Project. Although the principle purpose of the local training program was to meet Mission needs, the scope of the program always included meeting Lao government needs when feasible, such as when duplicate needs existed. The first example of this came in early 1967 when a radio operator training program was implemented to train radio operators for A.I.D., Air America, and the RLG National Police.

English language instruction was always a major function of the training program, and at times as many Lao government officials were receiving English instruction under Training Center programs as Mission local employees. Generally the ratio was more like 60% A.I.D. to 40% Lao government employees. The Lao-American Association

(USIS subsidized) was contracted to teach all English programs.

Progress in the development of Local Training Center programs is presented in the chart on the next page. In preparation for Phase IV, the training center was moved in October, 1974, to a new location and re-dedicated as the Staff Development Center at an official ceremony attended by Lao government officials. The purpose was to re-emphasize the Mission commitment to training.

2. In-Country A.I.D. Training Coordination

An adjunct function of the local training staff was to monitor and report on other Mission training programs, both for local employees and for Lao government employees. This included statistical reporting, establishment of standard methodology and report formats for the Project Management Inventory (PMI) system, and coordinating, studying, evaluating, and reporting on specific programs upon request.

3. Priorities for FY 1975-76

Had the project not been terminated, plans called for developing a small Development Training Project for transferring the training capability developed at the Staff Development Center (Local Training Center) to the Lao government. Considerable collaboration with the Lao government, the United Nations, and Asia Foundation had already begun and some training programs conducted. Specifically, the following activities were begun or projected:

1. With the Ministry of Interior National Institute of Rural Administration: Provided instruction in management principles from material in the Lao language adapted from the A.I.D. Supervisory Management Training Program. Intended to provide additional assistance in training trainers, organizing and integrating training units, and material preparation.

2. With the Civil Service Office: Provided Lao typing and Lao government office procedures course to one group of 75 PGNU officials from 14 Ministry offices in a program coordinated by the Civil Service Office. This program, other clerical programs, and the supervisory management program were to be moved to Civil Service facilities when available and given to the UNDP experts scheduled to arrive and initiate the Civil Service training function in June, 1975.

3. With the Ministry of Public Works: Planned to provide instruction in pre-university mathematics and science to prepare PGNU-selected candidates for engineering scholarships to the U.S.. This training

LOCAL TRAINING CENTER PROGRAMS
PROGRESS: 1965-1975 1/

Phase I Basic Skills (1965-1970)	Phase II Specialized Programs (1971-1972)	Phase III Professional and Tailored Programs (1973-1974)	Phase IV Transfer to Lao Government (1974-1976)
Typing	Advanced English	English Writing	Pre-University
Office Procedures	Shorthand	Accounting	Professional Preparation
English	Supervisory Management	Scholarships to	Civil Service training
Radio Operation	Pre-University	Thailand	Rural Administration
Technical	Academic	Secretarial training	
Apprentices 2/		Administrative Ass't.	Supply Management
Correspondence		Specialized U.S. Training	Warehouse Supervision
Courses		Supply Management	

1 Each Phase added the activities listed and maintained the activities of the previous Phase(s).

2 In 1967 a Trades Training Branch was organized in the Management Division to provide specialized training for these and other apprentices.

was to be conducted in a Ministry of Public Works school.

4. With the Commission of the Plan: Conducted a Warehouse Supervisor training program for 20 PCNU employees from several ministries having supply functions. Although this program was coordinated by the CGP because of a UNICEF warehouse project, the Mission urged transfer of the next program (training of 60 employees) to the more logical Civil Service Office.

B. Participant Training:

Participant training programs had been operating for years in the normal manner, funded by the projects and administered by the participant training officer. Initially no relationship existed between the Participant Training Branch and the Local Training Branch. As time progressed, however, in-country training was required for participants and in 1974 the two branches merged under one American supervisor. The local employee staff was capable of handling more responsibility.

Participant training work did begin to take on special significance, however, for the Manpower Planning portion of the Sub-Project. It became a tool for improving Lao government services and stimulating long-term staffing projections. Regular and special participant programs are discussed below:

1. The General Participant Training Project

After the FY 1966 presentations had been completed, a need arose in connection with the newly implemented Foreign Exchange Operations Fund (FEOF) for participant training for Ministry of Finance officials who were involved in the program. Inasmuch as the regulations provided that Technical Support funds could be used for this kind of project support, the transitory "General Participant Training Project" was established during FY 1966 to fund the training required.

2. Special Participant Training.

The Manpower (Human Resources) Development Sub-Project continued to fund miscellaneous participant training programs to improve Lao government services which the Mission considered useful but not to the extent that project agreements were desires. This included such programs as training Civil Aviation radio operators, repair technicians, and aircraft controllers; sending Ministry of Interior District officials to the Thailand Nai Amphur (District Chief) Academy; and

providing training for National Bureau of Statistics officials preparing for national census activities.

3. Regular Participant Training Progress.

A large number of participants were handled annually before and throughout the length of the project. During the early years a large portion of the participants attended short-term training programs in Thailand or in other countries of the region. As time progressed, the returned participants were able to staff or stimulate their own in-country short-term training programs and more Lao with a high school education were available to be sent abroad on long-term scholarships. Thus the program gradually changed from primarily short-term programs to primarily long-term academic programs with the goal of university degrees. A.I.D. participants were beginning to return with university degrees at the rate of 20 to 30 per year at the time of project termination. At the same time, the number of Lao receiving training in-country considerably expanded.

Another reason for the large increase in long-term university degree scholarships was the gradual reduction of resistance within the Lao government to sending participants to Thailand for university study. The RLG objection to Lao studying in Thai universities derived from several reasons: they felt Thailand university study was inferior to that received in Western countries, they feared that Thai culture would corrupt the Lao, they wanted educated officials to have one of the common foreign languages, and they thought there were too many problems in administering the participant program in Thailand. But when responsible Lao officials began to look at the alternatives with an appreciation of costs involved and with an appropriate expectation of results, the objections began to dissolve.

The coalition PGNU, however, in 1974 changed its policy again to one of permitting "countries sponsoring scholarships to send students only to the country of the sponsor." This prohibited any new U.S. scholarship programs to Thailand, although programs already committed could be completed. The decision was probably politically motivated and originated with the Pathet Lao side.

4. Pre-University Training.

The pre-university selection and training program became an important part of the university scholarship program. Lao high school graduates available for A.I.D. scholarships did not have the academic background to qualify for direct entry to Thai universities. In the

initial years of sending Lao to Thai universities they were first required to attend the last year of Thai high schools. In 1970 a pre-university training program was developed and administered at the A.I.D. Local Training Center in Vientiane. Those incapable of university study were selected out during this program. After accepting all certified high school graduate applicants into the program about 15% were dropped. As a result of this program, no Lao going to Thai universities failed their programs.

5. Projected Pre-University Training.

Under the National Roads Development Project the Mission planned to continue to support the ambitious Ministry of Public Works roads program. Funds were being committed at the time of project termination to a significant U.S. scholarship program to train civil engineers to staff the program. Past experience in training Lao to become engineers had been dismal, thus careful planning was required.

As a result of a) the successful Training Center pre-university training program, b) positive results with an in-house professional accounting program, and c) surprising results of Lao high school graduates taking the SAT examination (standard U.S. university entrance examination) in February, 1975, it was felt that candidates could be selected and provided pre-university training in Vientiane which would lay the foundation for completion of training by a large number of engineers after about five-six years.

Another problem also had to be overcome. Because of the timing of the A.I.D. funding process, scholarship money was not in place until considerably after the July selection of candidates for scholarships offered by the Lao government and other donors. As A.I.D. normally announced scholarships in September-October, it frequently got the leftovers. For the engineering scholarships, however, funding was being committed early enough to announce scholarships available in competition with the other donor selections.

Thus although participant training to Thailand was scheduled to be reduced, the participant training program in general would continue to provide educational opportunities to meet skill deficiencies in Laos.

6. Summary

In summary, the Mission's ability to find, process, and educate Lao had progressed considerably during the lifetime of the project. In addition, the ability of the Lao high schools to turn out better qualified high school graduates had also improved considerably.

Much of this was due to the Secondary Education project which helped to develop the Fa Ngum school system. The Fa Ngum graduates taking the 1974-5 pre-university training program (see above) in preparation to go to Thailand finished in four months' time materials which previous groups required seven months to complete.

C. Advisory Services:

1. General

The Public Administration Development Project Proposal (PROP) of July 16, 1969, contains the primary background information on the expansion of the project beginning in FY 1969. Briefly, prior to 1967 the A.I.D. involvement with the RLG Commission General for the Plan (CGP) had been limited to liaison and obtaining project approvals. A new, well-educated Commissioner was appointed in 1966 who requested greater advisory assistance from the U.S.. The reasons included: a growing U.S. assistance program which requred better liaison with the central RLG planning agency, the completion and implementation of Laos' first five-year development plan which required close U.S. collaboration, and the need to balance the numerous French "experts" located at the CGP.

Thus the Development Planning Sub-Project was added to the Public Administration Development Project in FY 1969. The Manpower Development Sub-Project was also expanded slightly to include assisting with the creation of an RLG/CGP Human Resources Bureau for manpower planning purposes and supporting statistical-gathering functions such as census-taking and reporting on people in training abroad.

Comparison of the FY 1969 PROP with the annual Project Appraisal Reports (PARs) will quickly reveal that the greatest changes in the HRD Sub-Project goals and activities occurred in the area of assistance to the RLG manpower planning activities. Initial objectives were developed during a rather enthusiastic period of planning centered around the production of the RLG five-year Plan Cadre by U.N. experts, the RLG/CGP officials, and other advisers. The establishment of ambitious goals was in principle good so long as annual reviews permitted them to be adjusted to meet the realities of implementation.

This, in effect, is what happened. The initial intent of the Human Resources Sub-Project was never to provide unilateral project support to implement manpower planning programs, but more to provide liaison between the RLG and A.I.D. in manpower development activities, to assist in the coordination of these activities,

to catalyze and stimulate activities by other donors wherever possible and in general to monitor, advise and encourage the staff of the newly created CGP Bureau of Human Resources Development.

In other words, the intent of A.I.D. was simply to "become involved" in CGP manpower development activities, and the stated project objectives were both based on U.N. assistance and depended on the U.N. being the primary implementation agent. Certain results were achieved, and they will be discussed in Part II following. The scaling down of objectives, however, was for the following reasons: the CGP was too thinly staffed to be able to devote the effort required to effectively implement a comprehensive manpower planning program; all manpower planning tasks were new departures for the Lao government, and as with all new statistical gathering activities, much time was required in simply describing and explaining the requirements; priorities in the CGP were focused on the immediate coordination of the projects being implemented and meeting with the many experts constantly flowing in and around the CGP; the A.I.D./HRD staff was also small and had competing implementation priorities with limited time for detailed work with the CGP/HRD staff; the U.N. provided no resident human resources development expert or staff, preferring to depend upon visits of short-term consultants, which tended to introduce a certain lack of continuity; and CGP/HRD bureau chiefs changed too frequently.

2. THe CGP/HRD Bureau

Despite the foregoing difficulties, the Human Resources Bureau was established in the CGP, and did function well during certain periods of its existence. An inter-ministerial committee was established to coordinate human resources development, and although it did not function in a decision-making capacity (basic decisions continued to be made in traditional fashion by power and family clique leaders), it served to stimulate thinking in each ministry on manpower planning needs. Most ministries began to establish their own manpower need projections in a decentralized fashion as a result of various influences, including that of the CGP, and to establish training or scholarship programs to meet their projections.

Centralized statistical gathering and reporting by the CGP Human Resources Development Bureau remained weak, however, and greater results in the way of staff development probably were achieved by the Lao Government as a whole than appeared in print. A Mission survey in 1972 showed more people received in-country training in the 1970-72 period than in all previous project years combined.

This survey covered only training in A.I.D. project-supported activities.

3. Coordination with RLG Ministries.

In the initial PROP (FY 1969) reference was made to organizations in the Lao government functionally responsible for staffing Lao government positions. In Part IV.B1.(p.15) of the PROP the proposed approach was "limited and flexible." When opportunity to assist appeared, assistance was provided. If not, pressures were not exerted. Not much work was done with the Royal Institute of Law and Administration (IRDA), for example. The French government was providing assistance to IRDA and seemed to be guarding its prerogatives. Exploratory and liaison activities were undertaken with other organizatioins, however, as described below.

a. Ministry of Interior

In 1969 two A.I.D./RDD Community Development technicians nearing the end of long assignments in Laos were asked to study and report on the problems of rural administration in Laos. It had become apparent and was a matter of great concern to the Mission that much of the rural development activity in Laos was initiated and performed by the Americans and that development of Lao institutions to perform the same kind of work was considerably lagging. The rather lengthy report resulting from the study focused on a key weakness, the relatively untrained and unmotivated Lao Government district chiefs. The authors recommended some significant effort to improve the performance of the Lao Government-appointed district chiefs.

The Nai Amphur (District Chief) Academy in neighboring Thailand was regarded as a model which Laos could follow. However, Laos was not yet ready to create its own academy. There was considerable discussion on the alternatives: expanding IRDA, setting up a government-wide administrative training course, creating a new institution, etc. The Mission waited for the Lao government to take the initiative and develop solid plans but was prepared to consider the possibility of support at that time. Funding was provided under the project to send two Ministry of Interior candidates annually to the Thailand Nai Amphur Academy.

The report was made available to the U.S.-educated chief of the CGP/HRD bureau, who visited the provinces in early 1971 with Ministry of Interior representatives to survey the rural administration needs. He then began working with the Ministry of Interior, A.I.D., and

other organizations to develop plans to meet the needs. By 1973 thoughts had matured and plans were laid for varied activities bearing on the problem of improving rural administration. In 1974 three significant activities were initiated: the model Muong (model district) program which was primarily politically inspired in order to counter the Pathet Lao influence in the province areas; provincial and regional planning activities under provincial council auspices which would be integrated into national planning activities; and a Chao Muong training program in the Ministry of Interior.

The CGP/HRD bureau chief, who was instrumental in coordinating the efforts to begin the Chao Muong training, transferred to the Ministry of Interior to head its new training office and the new Rural Administration Training Center where Chao Muong training programs were conducted. The center facilities had been built previously under a Mission Rural Development activity for training village and country leaders; the staff was composed of the A.I.D.-sponsored graduates of the Thailand Nai Amphur Academy. Planning techniques taught by CGP officials were based on the Project Design framework, and A.I.D. Training Center materials and instructors were used to lead seminar units in management principles. The Asia Foundation was providing equipment and more participant training support, and the Pathet Lao were also participating in leading some of the instructional units. This Center had been operating about one year at the time of A.I.D. termination.

6. Civil Service Office.

The Civil Service Office was virtually ignored until 1974. The reasons were numerous: organizationally it fell under the Prime Minister's office which under other circumstances might be a good location--in this case it meant simply that the establishment could maintain controls to prevent upsetting change; it did not have a permanent staff but employed officials on a loan basis from other Ministry offices who were generally not very competent; although "administrative reform" was often mentioned, no substantial actions were taken to change stagnant personnel practices; and in general nothing ever happened to draw attention to this office.

With the formation of the PGNU, however, several donor agencies noted that the weak Civil Service Office was a key obstacle to creating the kind of government services required in peacetime conditions. The Mission was seeking a way to transfer its training machine to the Lao government. Logically this function belonged in the Civil Service. The Asia Foundation was exploring the possibilities of support which would complement its interest in the Ministry of Interior training. The UNDP continued to pursue previously initiated studies on Lao government staff training needs.

In late 1974 a UNDP study which claimed to have high-level support from both sides of the coalition government, documented considerable underemployment among government officials and recommended stopping new hiring immediately. The study recommended upgrading the Civil Service Office to a Commission. It concluded that the Civil Service Commission should then be responsible for all government official training and recommended the establishment of a national training institution under the Civil Service Commission which would incorporate the Ministry of Interior training programs and initiate specific new programs for clerical and bureau chief personnel. Funding was to come under a previously committed UNDP project agreement. The CGP agreed with the recommendations, and a new era seemed imminent at the time of program termination.

c. Labor Department.

Contact was also maintained with the Lao government Labor Department. However, it had little status in the Lao government, and although the potential existed for a useful relationship in terms of human resources planning, no significant activities were being performed by the Labor Department.

d. Ministry of Education.

Constant counterpart relations were maintained with the Ministry of Education Director of International Studies because of the participant training program. With A.I.D. assistance, this office developed a records keeping and reporting system that was able to provide information on all students studying abroad, including the vital fields of study, date of expected return, and availability.

4. International Voluntary Services, Inc. (IVS).

The IVS contract(s) had existed since 1955, but prior to 1973 had been handled by the Rural Development and Education Divisions. Because its scope had been broadened to provide services to the Lao government in general, at government request, and was not limited to teaching services only, the HRD division was designated the most appropriate office to administer the contract. The chief of HRD became the Contracting Officer's Representative for the IVS contract in 1973.

At the time of the project termination, IVS was attempting to work out development programs jointly with the Lao government, and not necessarily to staff programs initiated by A.I.D.. However, a new relationship with the coalition government had not yet formed, and there was some discussion about the possibility of terminating the contract should the PGNU not request the continuation in writing.

PART II. RESULTS

The objectives below are taken from the FY 1969 Project Proposal (PROP), the project document guiding the course of action. Annual Project Appraisal Reports (PARs) reviewed the progress and altered the objectives when required. The results listed below correspond to the PROP planned courses of action and summarize the PARs.

A new PROP was prepared in FY 1973 as scheduled, but not accepted by A.I.D./W. Major changes in the project were being formulated in FY 1975 at the time of termination and would have been effected by FY 1976.

OVERALL OBJECTIVE:

"To coordinate and assist in the rational utilization and development of the limited manpower resources throughout Laos in a manner which best serves to meet the political, social and economic development needs of Laos."

Changes During Course of Project:

The "coordination" activity was reduced and was finally eliminated in FY 1972 (see FY 1972 PAR, p.4, Part IV), and was replaced by a liaison and advising activity to the Lao Government Human Resources Development Bureau. A.I.D. played a key role initially in assisting with the establishment of the Human Resources Development Bureau in the CGP and in encouraging UN assistance. Once established, it was redundant for the sub-project to continue in a role which essentially had been transferred to the Lao Government.

Accomplishments are listed as they relate to the three PROP objectives.

OBJECTIVE NO. 1:

"Assist the Commission General for the Plan in collecting, developing and centralizing information on manpower resources and demand, and in establishing within the Commission a Bureau of Human Resources."

Changes During Course of Project:

The activities projected to meet this objective were completed by the end of FY 1972. This objective was revised in the FY 1972 PAR to read "To improve RLG efficiency and RLG/A.I.D. project implementation by developing and maintaining a systematic institutional effort within the RLG, coordinated and stimulated by the Division of Human Resources (RLG), to plan and efficiently meet Laos' manpower requirements."

Results Through FY 1972:

The Bureau of Human Resources was established in the Commission

General for the Plan (CGP) with official RLG documents defining its functions and responsibilities. The A.I.D. project manager facilitated the assignment of an ECAFE Regional Manpower Advisor through the UN to work with the CGP/HRD Bureau Chief to plan the activities of the Bureau. A "Work Plan" consisting of 12 tasks was developed and published. Eight of the 12 tasks were completed, with results published.

The forecast of manpower requirements for the Plan Cadre projects was one of the tasks completed under this "Work Plan". This and other projected training requirements led to the request of a UN Vocational Training Advisor to make recommendations to meet these requirements. He recommended the establishment of a Professional Training Center for public and private technician training. This project was subsequently jointly funded by the UN and the RLG and completed in FY 1974 (see below).

The initial chief of the RLG/CGP/HRD Bureau was U.S.-educated, and he was sent again to the U.S. for specialized training to the Department of Labor International Manpower Seminar in FY 1972. The RLG did not, however, immediately find the four qualified staffers required to perform all the functions anticipated for the bureau. The quality of the tasks performed under the "Work Plan" was consequently weak by our standards, yet a data base was established upon which they could move and improve.

A survey of private sector technical and professional personnel was scheduled to be conducted by the RLG Department of Labor (Ministry of Social Welfare) with UN support. Forms were printed and meetings held to implement the survey, but it was indefinitely postponed. (United Nations ESCAP experts conducted an independent survey in FY 1974.)

Results Following Change in Objective in FY 1972 PAR:

The following results were not all directly the result of A.I.D. sub-project support and assistance and were often projects of other donors. But A.I.D. project personnel participated very intensely with RLG and other donor officials in initiating and stimulating planning activities which achieved these results:

1. The first chief of the CGP/HRD Bureau was instrumental in establishing the following:

   a. a Training Division within the Ministry of Interior, to which he transferred as chief in FY 1972, and which included a Training Center for provincial district chiefs (had nearly completed one year in operation at the time of termination), seminars for regional planners in coordination with the CGP, and seminars for deputy province chiefs.

b. training programs in office procedures and administration within the Civil Service Office which were due to be implemented in late 1975.

c. the professional training school (see above) to train specialized technicians for the government and private industry.

2. A civil engineering technician training school was established by the RLG Ministry of Public Works, initially to train technician supervisors, but was developing into an institution which would produce civil engineers. It was a French-supported project to supplement the A.I.D.-supported technician training program, and in its third year of operation at time of project termination.

3. The proliferation of short-and medium-term training programs throughout Laos could in a small part at least be attributed to the manpower planning efforts catalyzed by the A.I.D. "Manpower Profile" activity (see Objective 3) and the CGP/HRD studies.

4. At the time of project termination, one CGP/HRD staff member, who had a year earlier returned from one-year training in France, was actively engaged in manpower planning activities. For example, as a reuslt of a UNICEF requirement for warehouse supervisors, he coordinated with other ministries having the same need, resulting in a training program conducted by A.I.D. for 19 RLG warehouse supervisors from nine ministry offices (FY 1975). Further training was planned. Although the CGP/HRD Bureau Chief position was vacant, other CGP officials were sharing the responsibilities of the position.

OBJECTIVE NO. 2:

Assist the Census Division of the RLG National Statistical Service to undertake a general population census and consolidate and tabulate available statistical data to provide meaningful information for development and manpower planning.

Changes During Course of Project:

No changes were made. Most activities were completed by the end of FY 1972. Activities not completed by that time were monitored by the project manager of the Development Planning Sub-Project.

Results:

The United Nations became highly involved in the census activities of the RLG, reducing the need for A.I.D. participation. No U.S. technicians were provided, as proposed by A.I.D./W and projected in the PROP, because of the UN involvement.

A.I.D. provided participant training programs in census statistics and sampling techniques in Thailand for 18 National Statistical Service employees in FY 1971. The tabulation of results for population census taken in the five main cities of Laos was completed in FY 1972. The population census of the Vientiane Plain was also completed, and it became a pilot project in preparation for the RLG participation in a world census.

OBJECTIVE No. 3:

"To upgrade the skills of A.I.D. and RLG employees through training and evaluate results to meet the needs of trained manpower for A.I.D. projects as well as to support the A.I.D. continuing policy of replacing third-country nationals with qualified Lao employees."

Changes During Course of Project:

This objective remained operative throughout the life of the project. During the post-war period and in preparation for a follow-up project, however, plans were progressing on formulating the following objective: To transfer the training technology, materials, expertise, and administration capability developed by the A.I.D. staff development program to a Lao government institution responsible for civil service training for Lao government officials. Some efforts had already begun as requested by the Lao government and as seemed appropriate.

Results:

1. Training programs for local employees of the A.I.D. Mission to meet A.I.D. staffing needs continued for the life of the project. Several types of programs not projected in the PROP were conducted and the numbers trained far exceeded the numbers projected by the PROP. In addition to the basic training programs of English, clerical procedures, and some technical training, specialized training programs were developed in the following areas: accounting, secretarial skills, administrative assistance, telecommunications repair, English writing, and long-term academic programs in Thailand leading to vocational and university level degrees in accounting, engineering, and electronics.

2. A supervisory management training program was initiated for A.I.D. local employees in FY 1972 and some units used in training programs for Lao government employees beginning in FY 1974. Local employees were trained as trainers and were conducting the programs in Lao language.

3. Technical training for local and RLG employees was continued after the phasing out in 1970 of the Trades Training Branch in the electrical, air conditioning, mechanical, and warehousing fields.

4. The opportunities for training for local employees were sufficient to the extent that many employees were forced to choose among desirable programs opening new career development paths to them

5. The number of third-country nationals employed by the Mission at the time of termination was 103, reduced from 469 in July, 1967, and 395 in May, 1969. Further reductions were projected to 85 by the end of June 1975. The eventual number was to be limited only to those authorized by the Lao government as a result of their highly specialized skills.

6. An A.I.D. certificate of achievement from the Local Training Center, particularly in the clerical skills, was universally accepted within the Lao economy as good qualification for clerical work. The Mission had a high staff turnover rate (25% during periods when the local economy was strong), demonstrating the high regard in the community for A.I.D. as a training and proving ground for office workers. This turnover rate was not considered undesirable, except for its nuisance factor, because it contributed significantly to raising the country's skills level.

7. Coordination of training programs conducted by various divisions of A.I.D. was maintained for statistical record-keeping purposes and for channeling trainees from different Mission divisions and RLG ministries into appropriate training programs.

8. The project manager coordinated the development of a "Manpower Profile" for each technical division which was used to project needs for trained Lao personnel to work on A.I.D. projects into the future. The resultant RLG staffing needs formed the basis for the Mission participant training programs for the next five years. An indirect result was to focus attention in each RLG Ministry office participating in an A.I.D. project and by each A.I.D. project manager on the future staffing needs required in order to continue to improve government services.

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
HUMAN RESOURCES DEVELOPMENT SUB-PROJECT

Preliminary: April, 1965; Vocational Training Advisor hired on Personal Services Contract to initiate training for Mission Local employees in clerical and vocational skills.

During FY 66: Instituted participant training for RLG Ministry of Finance officials under "General Participant Training Project:

FY 67 : Initiated "Public Administration Development Project" to centralize Mission training activities and provide technical assistance services to Ministry of Finance.

FY 69 : Expanded Project to provide increased services to RLG Commission General for the Plan (CGP) in planning and manpower development.

FY 73 : A.I.D. director changed name of sub-project to "Human Resources Development" to support Equal Opportunity philosophy, and IVS contract transferred to HRD sub-project.

FY 76 : Plans projected to dismantle the Public Administration Development Project and create separate smaller projects. A new Development Training Project was being developed to transfer the Mission local training expertise, materials, and perhaps facilities to the PGNU Civil Service office and other PGNU training centers.

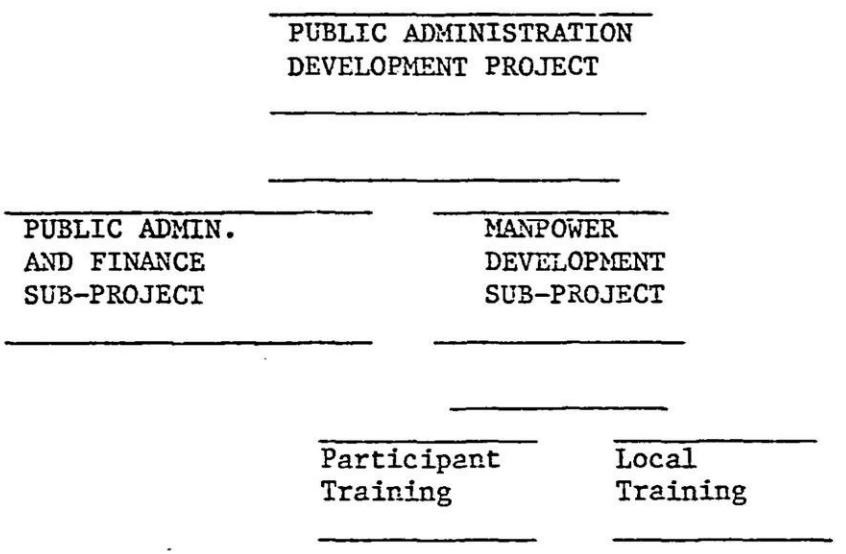
Att. 2

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
EVOLUTION CHART I - FY 1966

GENERAL PARTICIPANT
TRAINING PROJECT

Ptp. Training for
RLG MOF in Support
of FEOF

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
EVOLUTION CHART II, FY 67-68



PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
EVOLUTION CHART III, FY 69-72

PUBLIC ADMINISTRATION
DEVELOPMENT PROJECT

PUBLIC ADMIN.
AND FINANCE
SUB-PROJECT

MANPOWER
DEVELOPMENT
SUB-PROJECT

DEVELOPMENT
PLANNING
SUB-PROJECT

RLG/CGP/HRD
Advisory
Services

Participant
Training

Local
Training

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
EVOLUTION CHART IV, FY 73-75

PUBLIC ADMINISTRATION
DEVELOPMENT PROJECT

PUBLIC ADMIN.
AND FINANCE
SUB-PROJECT

HUMAN RESOURCES
DEVELOPMENT
SUB-PROJECT

RLG(PGNU)/CGP/HRD
Advisory Services

Participant
Training

Local Training
(Staff Development)

IVS Contract

DEVELOPMENT
PLANNING
SUB-PROJECT

Louis
Berger
Contract

PUBLIC ADMINISTRATION DEVELOPMENT PROJECT
EVOLUTION CHART V, PROJECTED FY 76

DEVELOPMENT PLANNING PROJECT

Contract

DEVELOPMENT TRAINING PROJECT

PGNU Training Services

Local Training

Participant Training

IVS Contract

EDUCATION DEVELOPMENT

Historical Setting

In Buddhist Laos the ecclesiastical hierarchy assumed the function of maintaining the traditions of culture, its skills, knowledge, principles of inter-personal conduct, and its religious tenets and values. It manifested itself on the local level in the village wat where bonzes taught boys only. Evidence indicates that the curriculum of the Lane Xang period was quite extensive and included: study of religious texts; reading; writing; religious ethics; elementary law; medicine; politics; history; elementary geography; calligraphy; and manual work such as smelting, carving and sculpture, painting, architecture, carpentry, metal forging, brickmaking; construction of canoes, domestic and religious objects. The traditional education was content with maintaining the status quo.

The status quo was upset drastically by the arrival of western culture and technology which brought monetization, cheap imported articles to replace items once produced by skilled craftsmen, and disease traveling the newly-constructed roads to villages where principles of health and sanitation were unknown.

The Colonial administrators relied on wat schools to maintain moral authority in the village and they established secular schools in the urban areas to meet the administrative and political requirements of the protectorate. French-speaking Lao secretary-interpreters and, later, minor functionaries were needed while Vietnamese held the higher civil service positions.

By 1917 the Colonial school system was well ensconced in the political and social fabric of Laos; members of the Lao elite, after exhausting the curriculum in French schools in Indo-China, were being sent to study in France while French teachers, in Laos, taught school children exclusively in the French language. Vietnamese instructors in the same schools used a combination of Lao, Vietnamese, and French. The intermediate and higher classes devoted 12 hours out of 27½ hours per week to the study of the French language. French was taught in the elementary grades, too. By 1917, a young man who lacked facility in the French language could not compete in the new administrative hierarchy. Consequently, the wat schools declined.

By 1920, the Colonial schools in Laos were incorporated into a common Indo-China education system in which every "Commune" was to have a primary school. By 1939, another order authorized "village schools", the school building and a house for the teacher to be provided by the village and the teacher, and school materials to be provided by the government. During and after World War II, elementary school enrollments increased; and additional emphasis was placed on the construction of secondary schools, all in the French tradition.

Primary School Enrollments Under Colonial Rule

(Selected years)

	Enrollment	Schools
1915	260	10
1920	931	28
1925	1,585	39
1930	2,223	55
1935	6,667	87
1940	7,062	92
1945	11,000	187
1950	38,333	581

The Colonial educational system modified the traditional Lao system to the extent that it met the needs of a French protectorate and not of an independent country.

In 1949, Laos became an autonomous member of the French Union and it achieved full independence after the Geneva Conference of 1954, and joined the United Nations in 1955. Independence did not bring peace, however, for intermittent warfare continued in the country. In May, 1961, a fourteen-power conference convened in Geneva to again consider the matter of Laos. On July 23, 1962, a declaration issued by the Geneva Conference powers committed them to "respect...in every way the sovereignty, independence, neutrality, unity, and territorial integrity of the Kingdom of Laos." Despite this declaration, peace did not come to the Kingdom and the burdens of war continued to affect the economy, life, and development of Laos.

The Geneva Accords of 1962 included a statement by the Royal Lao Government which resolved "to build a peaceful, neutral, independent, democratic, unified and prosperous Laos." These words have been often quoted since 1962 and may be taken as a declaration of the government's objectives in all fields including its goals for educational development.

The Education Reform Act

In the same year as the signing of the Geneva Accords, the Royal Lao Government promulgated a significant piece of legislation known as the Education Reform Act of 1962. This Act outlines the objectives of education in Laos and stresses the importance creating economically viable rural and urban communities, with a citizenry literate in the Lao language, and able to participate intelligently in the social, religious and political activities of the country.

Some salient and typical elements of the Act are quoted below:

> "Article 4...the new program of the elementary school should de-emphasize purely academic knowledge and stress what the child should know to live better and work for a better output in his community."

"Article 14...Decrees by the Presidency of the Council will prescribe for:

...The measures to be taken to promote the establishment of rural schools built by villagers, with a teacher chosen and suggested by them."

"Article 36...Failure in the French language part of the (Secondary school) examination will not constitute failure in the entrance examination. Pupils who do not have a sufficient knowledge of French will be sent to a preparatory class where they will get intensive and practical training in the French language."

U.S. Assistance to Education

U.S. assistance to the educational program in Laos began in 1955 under a single project which from the outset emphasized the training of adequate numbers of teachers.

In 1964, there was a reorganization and expansion of U.S. educational assistance which resulted in the following sub-projects:

Teacher Training	1964 to 1975
Community Education	1964 to 1975
Materials Production	1964 to 1968
Secondary Education	1967 to 1975

Changes Which have Occurred in Lao Education

In 1955, 17 percent of the Lao National Budget (exclusive of military and police expenditures) was allocated to the Ministry of Education in support of all titles under the Act; in 1975 22 percent was being allocated.

There were 1,040 elementary schools in Laos in 1955 with approximately 75,000 students. In 1975 there were over 3,500 elementary schools with an enrollment of over 249,000 pupils (public schools only). To meet the increased enrollment, A.I.D., in cooperation with the Ministry of Education constructed and repaired over 2,100 elementary classrooms. Eighteen office/warehouses for Primary School Inspectors (PSI) were constructed after FY 1965 and the Mission also financed and constructed a warehouse in Vientiane for Ministry use. This provided much-needed office and warehouse space for the PSIs and facilitated better storage and distribution of textbooks and supplies.

Only 28 percent of the 249,000 enrollees in public elementary schools were in grades 4 through 6, and only one in five of these finished the sixth grade; one in 300 finished the secondary course. This situation can be attributed in part to the fact that only 10% of the students who completed the primary course could be accommodated in the existing 16 secondary and three technical schools. To increase opportunities for terminal education of sixth grade graduates, the Ministry, with

some A.I.D. assistance, had begun to establish a two-year crafts training program in connection with the Groupes Scolaires (six-year elementary schools). The Mission also provided limited assistance to the Savannakhet and Vientiane Technical Schools and major assistance to the teacher training program. In addition, the Mission and MoE established in 1967 the first Fa Ngum Comprehensive High School which conformed more closely to the Educational Reform Act of 1962 than did the existing secondary schools. A contract team from the University of Hawaii provided technical assistance. There was a total of five Fa Ngum Schools in operation. Courses in these schools were taught in the Lao language, and the curriculum was designed to meet the needs for trained manpower in the beginning and middle-level management and technical positions for both the public and private sectors, mainly the latter. The five tracks offered were: academic, agriculture, commercial, home economics, and industrial arts.

Obstacles to Change in the Lao Educational System

Even though the MoE realized the need for radical reforms in the educational system, and did take some steps in that direction, there was an inability to move forward quickly, especially in the areas of administrative and curriculum reform and teaching methodology. Elements of this inability were related to:(1) depth to which the Colonial system of education and culture had ensconced itself; (2) the lack of sufficient funds with which to finance a modified and more effective educational system; (3) preference by villagers for academic courses which lift their sons and daughters out of the village and into government jobs--there was no prestige attached to agriculture or skills training; (4) the lack of sufficient numbers of trained educational leaders.

General Project Objectives

To foster social cohesiveness through better understanding and deeper appreciation of diverse ethnic groups and other sections of the country;

To foster a sense of national pride and national identification through greater awareness of geography, history, and accomplishments both past and present;

To foster an enhanced sense of national self-confidence through a greater awareness of national potential, former glories, and recent accomplishments;

To foster increased loyalty to the Government by presenting it as the heir to the Lane Xang Government and by emphasizing government efforts and successes in improving the welfare of the people;

To foster an enhanced appreciation of democracy on a national level by relating national elections to the traditional system of electing Ban and Tasseng chiefs;

To foster increased allegiance to the national government through better understanding of its organization, functions, and leaders; and

To foster the value of patriotism by expanding the concept of "merit gaining" to include service to the nation as well as to religion.

Statement of Goals

a. To assist the PGNU to develop a hard core of literate, skilled personnel with varying degrees of education to fill positions in government and business, ranging from skilled craftsmen to administrators and members of professions.

b. To assist the PGNU to meet the legitimate desires and needs of the rural population for basic health, social, and agricultural development in such manner as to assimilate them into the social, political and economic streams of the dominant Lao culture. This assistance was to be primarily through education where that rural population was willing to bear a major portion of the costs through self-help inputs in manpower, materials and money.

c. To assist in the establishment of Lao as the language of instruction in Lao schools, as provided for in the Lao Education Reform Act of 1962.

d. To assist the PGNU in changing or adapting curricula and programs at elementary, secondary and technical levels to fit the needs of an agricultural economy and to prepare citizens of all economic and social levels to meet the country's real need for human development.

Project Description

In general, the purpose of the total Education Development Project was to assist with the training of Lao elementary and secondary school teachers and to help improve and expand the Lao elementary and secondary school system. There were two main types of activities: (1) administration, operations, and school construction with special support in this area for the construction and operation of schools for refugee children and (2) curriculum, materials, and training.

Teachers received pre-service training in Laos at eleven A.I.D.-supported secondary level normal schools preparing grade school teachers and one A.I.D.-assisted university-level school, the College of Education, preparing secondary school teachers. The project also supported extensive in-service training activities for teachers, as well as participant training in Thailand in specialized educational fields

and participant training in the U.S. for degree work in the teaching of English and graduate work in school administration. The project contracted with the American Association of Colleges for Teacher Education (AACTE) for the services of one advisor to assist with the improvement of pre-service training for secondary school teachers. This two-year contract was completed in September of 1973. Another A.I.D. contract with the International Voluntary Services provided 25-30 instructors for teacher training and secondary schools, with emphasis on teaching English and training English-language teachers.

The project also had a contract with the University of Hawaii which furnished an eleven-man team to develop suitable curricula and Lao language instructional materials for use at the secondary school level. The new curricula and materials were being utilized in five comprehensive high schools (Fa Ngum) constructed and supported by the project. Some commodity support and technical assistance were also given through the project for the operation of elementary schools and improvement of elementary curricula and materials.

School construction at the elementary level was carried out as a community self-help activity supported by imported materials and construction supervision supplied by the Mission. The project coordinated self-help school construction in rural areas with the Mission's community development, refugee relief and public works activities but took main responsibility for self-help school construction in urban areas. Technical support for the administration and operation of schools emphasized the development of systems and training for improving procedures in budgeting and finance; requisitioning and distribution of supplies; and school maintenance.

Progress to Date of Termination

Largely through A.I.D. assistance, the number of teacher training institutions in Laos grew from one small secondary level normal school in Vientinae in 1956 to eleven institutions, one of which is a post-secondary school, spread throughout the country in 1971. The level of pre-service training was continuously elevated and in June, 1973 was about 6,000. Lao personnel presently employed in the elementary, secondary, and teacher training systems numbered about 8,000 in 1975--an increase from 3,200 twelve years earlier. About 5,800 teachers and administrators have received in-service training courses and about 1,000 teachers and administrators were given participant training programs of various lengths. The project assisted with the development of approximately 100 Lao language textbooks for various levels of the school program and printed over three million copies of these books for distribution to the schools. Work on curriculum improvement and materials development was undertaken at all levels. Enrollment in elementary schools more than doubled

since 1964, from less then 100,000 to over 200,000 in 1975. Some 2,000 elementary schools were in operation throughout the country. The number of secondary schools increased from six in 1969 to 22 in 1975, including the five Fa Ngum comprehensive high schools constructed by A.I.D. Enrollment in secondary schools increased from 2,750 in 1960 to about 8,700 in 1972.

Prior to termination of the A.I.D. Mission in June 1975, it was proposed that the A.I.D. education program concentrate investment during the next several years on the normal schools and the Lao-language secondary education system. The proposed continued U.S. investment in these institutions was to be based on the precondition that (1) the PGNU would devise and initiate a system of local contributions (voluntary or taxation) which would provide the necessary long-range financing for adequate teachers' salaries and other operating costs of a quality elementary school system, and (2) the Lao Government and educational community would conceptually and materially (including assignment of capable teachers in the latter case) support an expansion of a Lao-language secondary school system.

The Future Education Development Project at the Time of Termination

A.I.D. had made substantial contributions to the development of elementary education and teacher training programs in Laos since the early 1960's and to secondary education programs since 1967. In general terms, the results of the combined A.I.D.-PGNU efforts have been:(1) the creation of an adequate elementary school system that reaches over 50 percent of the children of all levels of society in urban and rural areas throughout Laos, and that had the capacity to continue to grow and improve itself largely with its own resources; (2) the establishment of adequate normal schools to train sufficient numbers of teachers needed to teach through Grade 8 in the public school system, but which was still inadequate for preparing the varieties and numbers of teachers needed beyond that level; and (3) the creation of Laoicized curricula and materials for secondary schools which were being utilized in five high schools and which were being adopted by the 19 other high schools in existence beginning in 1975. The original projects were planned for phasing out by 1976. The main work that remained to be done in FY 1975 and 1976 was the expansion of a unified, Laoicized secondary school system and the improvement of programs to train secondary school teachers.

A.I.D.'s new program directive for the Education Sector stressed the general policy of trying to reach the poorest groups and places emphasis on the areas of (1) education economics and analysis, (2) non-formal education, (3) educational technology, and (4) higher education. The central feature of the new strategy was to "identify

important development problems and work with LDC's using various technologies in formal and non-formal settings to find improvements and alternatives to present patterns of human resource development investment which are financially and technically feasible and socially and economically desirable."

In relation to the new strategy, the Mission had been encouraged to support an analysis of the Education Sector in FY 1975 or 1976. An effort was also underway to begin a non-formal skill training program as an innovative, pilot project which could lead to further development of new "learning systems" in Laos. In the area of educational technology, it was felt that further development of Lao language textbooks and other printed materials was as much "technology" as the Lao school system could handle at that time although it might be possible to begin work with radio education in the future.

Projects in elementary education and teacher training were effective means of providing services to the rural poor. It seems that these systems could be expanded, but other forms of educational programs should also be explored. The project in secondary education also reached rural groups but it was not designed to serve large numbers. Indirectly, however, it should have provided the leadership needed for the development of future educational programs in rural areas.

Status at Termination and Future Requirements of the Formal School System

Elementary Schools had 249,000 pupils and 8,145 teachers, of which 867 were untrained "CREC" (Rural Community Education Centers) 1/ teachers and 212 were "military" teachers. The system could absorb a continuing increase in enrollment at the then current rate of about 7 percent per year. Assuming there were 440,000 children aged 6-12 in the PGNU zone (22 percent of 2,000,000), then 56 percent of the children in this age group were in PGNU schools. The goal was 100 percent enrollment at an unspecified date. The administrative structure was adequate.

Requirements projected before termination:

1. Training for 1,000 CREC and military teachers;
2. Construction materials for about 400 new self-help rural and urban classrooms per year;
3. A system to reprint and distribute textbooks;
4. Chalk, slate, paper and other school supplies.

1/ CREC teachers were untrained primary school teachers without formal preparation who were provided with in-service summer workshops of basic education and teaching skills.

Normal Schools were training about 800 students to be teachers of Grades 1-3 and 1,800 students to be teachers of Grades 4-6. About 600 new graduates entered teaching each year, which was adequate to cover attrition and an annual 7 percent expansion of elementary enrollment. The eight existing normal schools were almost completely Laoicized by 1975. They began elevating the four-year programs to seven-years (already done in Vientiane) and the two-year programs to four-years. The goal was to increase quality rather than quantity. The administrative structure for the normal schools was adequate.

Requirements projected before termination:

1. About 50 more Lao teachers with BAs and 50 with AAs to staff the normal schools by 1978;
2. About 10 more professional teacher training textbooks in Lao;
3. Establishment of a four-year or seven-year ENI in MR II;
4. Annual need for school supplies and instructional equipment.

Secondary Schools (four Lycees, five Fa Ngums, 15 Colleges) enrolled 9,400 students. In 1974, out of 400 teachers, 220 were Lao. The colleges and lycees were moving toward Laoization in October of 1974 by instructing new 7th graders in Lao. Some expansion of the colleges and broadening of their curriculum was also planned. The administrative structure for these schools was weak.

Requirements projected at the time of termination:

1. About 250 more Lao teachers (80 BA; 100 AA; 70 Bac) to staff secondary schools by 1980;
2. Continued development of Lao textbooks for Grades 11-13;
3. Establishment of a Fa Ngum School in MR II;
4. Construction of about 90 classrooms to expand colleges;
5. Annual need for school supplies and instructional equipment.

Technical Schools and Higher Education Schools were predominantly French in orientation and language. A 10th grade graduate could enter Second Cycle schools offering agriculture, pharmacy, nursing, engineering, technical skills, teaching, military and police training. A high school graduate could enter Sisavangvong University, composed of schools of Law, Medicine, and Education.

Requirements projected at the time of termination:

1. About 80 well qualified Lao teachers were projected for 1980 to teach advance technical skills and higher level academic subjects;
2. There were practically no Lao language materials available for this level of education;
3. Laos had no institution to train teachers of vocational or technical subjects.

U.S. Assistance to Education, Course of Action

The tentative A.I.D. strategy encompassed several courses of action designed to improve elementary education and influence the direction of secondary and teacher education.

Teacher Training - There were 100 students in the French-supported normal school in the City of Vientiane in 1955. Shortly thereafter, the U.S. Mission joined with the MoE in planning the construction of a large new plant at KM-9, to which the French teachers and Lao students were transferred, and American IVS teachers added. The addition of four normal schools in 1962-67 brought the number of such institutions to five and the enrollment to over 2,100. A large additional normal school opened at Savannakhet and a smaller one in Ban Keun in FY 1969 and existing schools were to be expanded. While it is true that this expansion still had not quite kept pace with the demand, it was considered to be as much as was feasible in view of the shortage of Lao teacher-training staff and of budgetary funds for teachers and their training. The annual drain on the Lao national budget for the salaries of ever-increasing numbers of teachers was a serious problem. A further increase in teacher-training institution enrollment was envisaged for 1975-76 and at that rate supply should catch up with demand a few years thereafter, provided adequate budget support were available for salaries.

Curricular and Teaching Techniques - Curriculum planning for teacher education made progress. A new seven-year curriculum changed the secondary teacher preparation to place greater emphasis on practical arts and subject specialization. The University of Hawaii team helped the Ministry devise a curriculum for comprehensive secondary schools in accordance with the 1962 Reform Act.

New approaches to teaching and examinations were introduced, especially in the English Section of the Vientiane Teacher Training College and the Fa Ngum schools, and were gaining acceptance in the Lao and French sections. The first aptitude test in Lao was given to the applicants for the 1968-69 school year at the pilot Fa Ngum Comprehensive High School. Fa Ngum was also pioneering in the vocational guidance field in Laos.

Participant and in-service training courses to upgrade teaching skills have been attended by over 3,500 teachers since 1962, comprising approximately one-half of the elementary teachers in Laos.

Comprehensive Secondary School System - An additional school was planned in FY 1975 to open for the 1976-77 school year.

Textbooks, Materials Production - The Mission assisted the Lao in writing, printing and distributing over four million textbooks and other materials in the Lao language. A.I.D. assisted the Ministry in publishing 84 elementary texts. This compared with the approximately 95 books of all types in the Lao language which previously were available in Vientiane. Workshops on teaching aids were held in Luang Prabang, Sam Thong, Savannakhet, Pakse, Vang Vieng, Ban Houei Sai, Paklay, and Vientiane to aid teachers in constructing their own teaching materials. Many teachers were sent to Thailand to study Thai methods in the production and use of educational materials. Moreover, the emphasis in A.I.D. assistance to the Ministry was shifted from elementary texts to teacher training and secondary textbooks and Lao language instruction. In FY 1968 a total of 11 teacher training textbooks were written and published.

Replacing Foreign Teaching Staff With Qualified Lao - Technical school graduates with superior scholastic ratings were being sent to Thailand for further study and training with A.I.D. assistance. It was planned that they would return to Laos to assume teaching positions and replace the foreign teaching staff; the outlook for this same process occurring on the academic secondary school level was much longer term because of the non-availability of a sufficient number of educated Lao.

Experimental parent groups were established in a number of Lao schools. The new Fa Ngum secondary school was testing this method of improving school organization in the Lao environment and results were encouraging. A MoE publication on regulations for elementary schools underscored the need for parents and teachers to work together and all primary school inspectors were officially instructed in January 1968 to move in the direction of parent-teacher cooperation. The number of functioning PTA's was over 800 in 1975.

Changes in Process at the Time of Termination

Requirement for a Sector Study

An early task of the new Provisional Government of National Union was to define and concur on developmental goals for a unified Laos. The paucity of trained manpower at all levels made development of human resources a key element in any over-all development plan. Laos still lacks enough qualified personnel to plan and administer projects, organize and disseminate information, evaluate effectiveness, and do the other tasks needed to carry out any program, whether it be for improved agricultural practices, better child nutrition, family planning, or an extension of elementary education.

Requirement for Non-Formal Education

Laos needed more and better elementary and secondary schools and the teachers and materials to operate them, but it also needed other kinds of educational programs. There needed to be programs for demobilized soldiers, for adults who never had a chance to go to school, and for young persons who dropped out of school or who could not be admitted to the limited number of educational opportunities offered at the secondary level. For these groups, some kind of non-formal skill training program seemed desirable.

Laos had various types of non-formal education programs including traditional apprenticeship arrangements, religious training in the temples, the beginning of a UNESCO-supported functional literacy program for adults in two limited geographical areas, and various programs provided by the military and some government agencies. A.I.D. offered rather extensive courses in various skills at its Local Training Center and at PK-7, as well as through its support to the PGNU for in-service training for teachers, agriculturists, health workers, and so on.

There was not, however, any real government-sponsored functioning program for the out-of-school young adult who was looking for a better life and a way to support himself. At least two proposals were being considered to establish skill training programs for this group, under the direction of the Ministry of Education.

The first proposal was made by the PGNU to the UN Resident Representative for support for establishing about twenty centers for skill training throughout Laos over a five-year period. These centers would offer a more formal type two-year training course for elementary school graduates and various four- or six-month ungraded courses for adults.

The second proposal was to be considered as a pilot project. It was being designed for the needs of refugees, veterans and war widows in the Vientiane area and was in initial stages of planning by the Ministry of Education with support from the U.S. Mission. The project was faced with the immediate problems of a scarcity of qualified teachers for such programs and a complete dearth of any Lao language materials for the step-by-step teaching techniques used in these courses. At the time of project close-out, eight Lao educators had received training in Thailand under A.I.D. sponsorship and were ready to train skills training teachers. Curricular materials were developed in Lao language by the same individuals;

an Activity Plan was written and approved by the PGNU, and receiving final Mission review. The pilot project would have provided for the establishment of a skills training program in Vientiane.

Impact of the University of Hawaii Contract

The Fa Ngum Comprehensive High Schools were developed to assist in the implementation of the Education Act of 1962. Some of the salient features of the contract were: to provide for Lao language instruction, student participation, practical knowledge, the use of modern teaching techniques, and education in the Buddhist tradition.

During the span of the contract five Fa Ngum Schools were constructed with equipped classrooms, laboratories, and practical arts facilities. The University of Hawaii contract team provided technical consultation services to the project.

The scope of the contract focused on carrying out the following general objectives:

--Help develop and revise the total curriculum for seven years of study.

--Help develop, edit, and produce textbooks in the Lao language for this curriculum.

--Plan participant training programs for pre-service training and for upgrading teacher and administrator capabilities.

--Plan and assist local in-service training activities to implement curriculum improvements.

--Provide general school supply and maintenance, logistic support and advisory services at the five comprehensive high schools.

--Plan and assist in the extension of the Lao language comprehensive school concept to existing academic schools.

--Provide a focus for continuing curriculum and textbook production by the Ministry of Education.

The measurable outputs of the contract are presented in detail in the Project Appraisal Report prepared in June 1975. However, there were many significant spinoffs from the project that should be noted for future reference:

--Teacher training institutions had already adopted Fa Ngum textbooks and materials.

--An approved, well-planned, time-phased Activity Plan had been initiated to convert colleges and Lycees to modified comprehensive high schools.

--Slow but pervasive attitudinal changes were taking place within the ranks of the Lao educators which may have far-reaching consequences over future years even though the political complexion of Laos has changed drastically.

The Overall Project

As Part of the U.S. Mission in Laos

The United States Mission in Laos was not what could be termed a "normal" mission in any sense of the word. During the life of the Educational Development Project war was in progress most of the time, regimes came and went; and, in the end, the North-Vietnamese-influenced communist faction prevailed throughout the country. The Project made an important contribution to the overall United States foreign policy throughout some twenty years of assistance.

The educational inputs to the overall effort were interwoven into the total scheme of things in a rather extraordinary manner. There were some salient examples of this in programs undertaken and accomplished.

--The Department of Primary Education, with assistance from A.I.D., provided a really viable social service to the rural poor at the elementary level.

--Through the local Primary School Inspectors, the educational needs of refugee school children were met with dispatch. The Office of Refugee Affairs and the Education Division worked out cooperative programs with the Ministries of Social Welfare and Education which local, GAO, and Congressional investigators all felt met the emergency situation adequately.

--A drastic change came about in the basic concepts, procedures, and operations within the entire educational system, much of which was founded in the large United States cooperative effort.

Counterpart Relationships

Generally speaking, the relationships between A.I.D. and Ministry of Education officials were very good throughout the life of the Project, even immediately before the Mission terminated. However, as the Pathet Lao gained increasing influence MoE personnel became cautious in their dealings with A.I.D. staff members.

Methods of Implementation

Methods of implementation changed from the initial period when almost complete operational control was retained by A.I.D. to the point where the PGNU was handling its own educational affairs with minimal operational support. Elementary Education and Teacher Training activities were almost completely self-sufficient except for limited commodity support and technical advice.

Project emphasis had moved toward improving instruction in the national language; training (both pre-service and in-service) to upgrade the educational system; and, the introduction and development of a meaningful non-formal education system. The underlying goal in terms of implementation was Lao self-sufficiency.

Changes Following the Cease-Fire

The personnel assigned in the Ministry of Education did not change appreciably following the cease-fire since it was not designated as a Pathet Lao Ministry. A new office was created for the Secretary of State for Education, from the PL side, and his small staff. As the Pathet Lao influence grew, the Secretary of State gained control and could disapprove any project or action if he desired. This influence was utilized to the maximum to gain control over student associations, teacher groups, and anything which could be used for political purposes. It appeared that most of the education officials had made an accommodation with the new powers.

After the cease-fire, the Ministry of Education developed a new eighteen-point educational reform document which paralleled the Communist Chinese educational system. The proposal had not yet been approved or started when the U.S. assistance program terminated, but it appeared that it would be implemented in the near future.

It is interesting to note that the majority of schools were in session and related A.I.D. educational activities were functioning well into the month of May, 1975. The Pathet Lao were only using small groups of students and designated schools for relatively short periods of time for political unrest activities.

General Conclusions

A review of the Logical Framework in the Project Appraisal Report reveals that most outputs and project purposes were accomplished in both the qualitative and quantitative sense. However, the program or sector goals were not met in the prescribed time frame after the cease-fire. Obviously this was because of a fundamental change within the government.

The Role of Other Donors

The Agency has stressed repeatedly the importance of other donor support and cooperation and the Lao Mission responded to these directives in a very positive manner. The other donor performance was quite disappointing in both its overall implementation and results. In 1974 UNICEF began a support program to primary education which was poorly planned, lacked any real coordination with other agencies, and had expended considerable funds with no evident accomplishemnts. With the exception of A.I.D., which really had a development program, the other donors appeared to be treading diplomatic water. The French continued thier expatriate teacher program which has a counterpart in most former colonies but this effort had little development potential. The German government had a single successful technical school project which was completed in 1973. Most other donor contributions in recent times were either in terms of commodity contributions or scholarships, many of which were not relevant to the Lao situation.

In a prior section of this report, it was pointed out that a serious sector study and better planning facilities were needed. If these had been accomplished, there possibly could have been an effective other donor system of support established.

MATERNAL CHILD HEALTH AND FAMILY PLANNING

The Laos MCH/FP project was conceived in late 1968 in response to two quite independent developments in Laos and in A.I.D./W. In Laos, a group of highly placed women had begun discussions on the problems which uncontrolled fertility had created for individual Lao families. These discussions were held under the patronage of the Prime Minister's daughter, Princess Moun. Ironically they were conducted during the same week the Prime Minister made an official statement to the press that the Lao people should under no circumstances practice contraception because the latter would deprive Laos of the additional population it needed. The wife of the Secretary of State for Public Health, an M.D. herself, was also active in this discussion group, which was formed in response to the concerns of upper class Lao women over the absence of family planning services and information.

At the same time, the Mission had begun to feel pressures of a different sort from A.I.D./W, as a result of increasingly large congressional appropriations for population programs. The Laos mission was strongly urged to develop interest within the Lao government for a family planning program. However, it was initially unsuccessful in overcoming the official reluctance of the Minister of Public Health and the Commissioner General of the Plan, who had stated that the use of contraceptives was contrary to RLG policy and the Lao religion.

On the Lao side, the early sponsors of family planning had decided to move tactfully on two fronts: 1) to begin providing family planning services as quickly as possible without precipitating official backlash, and 2) to begin discrete attempts to change official thinking on the sensitive subject of population policy. From the outset it was felt that the private sector should take the lead in clinical services in order to minimize controversy within the government, and a local affiliate of The International Planned Parenthood Federation(IPPF) was formed called the Lao Family Welfare Association. The wife of the Secretary of State for Public Health was chosen as its head. At the same time, Ministry of Public Health officials began to develop plans for a greatly expanded maternal and child health system that would be politically acceptable and could provide the medium for provision of family planning services once the population policy question had been settled.

By late November 1968, Mission officials had been able to map out a strategy that was acceptable to the Agency in terms of the pressures for new program starts, and acceptable as well to Lao government officials in terms of the local political environment. A PROP was submitted in December, 1968, and the project was approved by A.I.D./W on January 17, 1969. The PROP gave a good description of the conditions under which the project must be undertaken, and sections excerpted below place the origins of the project in perspective. The PROP noted that:

"...it is not possible for A.I.D. to make a head-on

assault on royal and governmental policy regarding family planning; on the other hand, the highly permissive character of Lao attitudes will permit considerable groundwork to be laid and real progress made under the guise of projects which are in keeping with official policy (as would be the case with this project).

"The proposed project is a workable vehicle for introducing family planning concepts and materials in Laos. The proposal is not a direct affront to official policy but is in accord with discussions and the suggested approach of Dr. Khamphai Abhay, Secretary of State for Health, who is one of the Lao leaders who recognizes the need for family planning in his country."

"...the strategy will be to provide Laos with a central training and clinical facility for mother/child health, and, through this facility, introduce family planning concepts and practices to trainee midwives, nurses and doctors and also to patients as a normal part of their medical consultation. These concepts and practices will then be spread to other urban and rural areas by persons trained in the Vientiane facility and operating out of smaller facilities established in the provinces..."

The PROP also called for third-country training of some MCH/family planning personnel until the central facility at Mahosot could be completed. The PROP also called for medical equipment to equip the national center at Mahosot hospital and for medical supplies, including contraceptives, to sustain the new MCH/FP effort.

On the local scene, the Lao Family Welfare Association--the IPPF chapter --quietly opened its doors in January 1969 and began providing clinical contraceptive services. At the same time, A.I.D./W approval of the project allowed the A.I.D. Mission to begin drawing up plans for renovations and additions to the Ministry's MCH facilities, with assistance in design which was provided by TDY experts under A.I.D. contract with the International Division of the American Hospital Association. The Lao Family Welfare Association soon expanded its role to include the local training of family planning clinical personnel, and the first A.I.D. participant trainees were selected for specialized family planning training.

Renovation of provincial MCH facilities got underway in late 1969, when additions were begun to the MCH center at Ban Houei Sai in northwestern Laos. By February 1971, design work had been completed and construction had begun on the National Maternal and Child Health Center at Mahosot hospital in Vientiane; two rural clinics were renovated in south central Laos (Phone Sim and Savannakhet) during the Spring and Summer of 1971.

Throughout this time, the Secretary of State for Public Health, aided in no small measure by the upper class Lao women who had first pressed for family planning services, continued to work toward modifications of the official opposition to family planning. Almost two years elapsed from the time that Dr. Khamphai, the Secretary of State for Health, had first begun discussions with the A.I.D. Mission, until the time that he was able to achieve the first tentative steps toward a realization of government policy.

In October, 1970, Dr. Khamphai attended the Southeast Asia Ministerial Conference on Family Planning in Kuala Lumpur, and upon his return he was able to persuade the Prime Minister away from a position of outright opposition to a more neutral stance on family planning. In January of the next year, the Prime Minister signed a decree establishing a "Commission for the Study of Family Well-Being," composed of representatives of most ministries, and chaired by the Secretary of State for Public Health. The establishment of this commission coincided with the assignment of a demographer to the A.I.D. Mission. The commission met ten times from March through November, 1971, and the discussions covered fully the problems of excessive population growth rates. The A.I.D. demographer attended as an observer and was able to provide the impartial expert knowledge sought by the commission members by acting as a resource person and by compiling information relevant to questions of population and development. There is no question that he served a catalytic role as a staff member by preparing discussion materials and background papers for the Commission's deliberations, and in this way was able to guide the study toward positive conclusions. By November, 1971, the commission had sent to the Prime Minister a series of enlightened recommendations for an official population policy.

The turning point in the official attitude occurred on January 5, 1972, when the Royal Lao Government formally committed itself to a population policy of reducing the birth and death rates in order to be"...more in harmony with the practical realities of the country in the fields of education, public health, employment, etc., for the socio-economic progress of the Nation over the next 30 years...." The policy statement, Presidential Decree No. 03/PC, also established an implementing mechanism for the policy--the Commission for the Promotion of Family Well-Being. Article 3 of the Decree stated that:

> "The Commission has as its purpose the implementation of the recommendations proposed by the Commission for the Study adopted on November 19, 1971, by the Government:
>
> a. through the reduction of the rate of mortality through the Kingdom.
>
> b. through voluntary family planning, so as to promote harmonious growth of the population and family wellbeing."

The recommendations referred to in the Decree imply a fifty percent reduction within thirty years of 1972 estimated birth and death rates of 48 and 18 per thousand, respectively. The Commission was composed of the heads of the Ministries of Public Health, Social Welfare, Education, Economy, Interior, Information, Justice, Religious Affairs and Plan. Cutting across virtually all civil sectors of government, the new Commission established the nucleus for a broadly based effort that recognized the importance of policies and programs that affected knowledge and attitudes about family size and family planning in addition to the more obvious relationships between health and contraception. The full commission was further divided into two Sub-Commissions: the Sub-Commission for Public Health and the Sub-Commission for Coordination and Information. This division of responsibility represented an awareness of the distinction between the health system which acts as the primary delivery mechanism of family planning services, and the non-health components of the population program, which consist of the broad range of economic, cultural, legal, social and attitudinal factors which affect (and are affected by) population phenomena.

The momentum of the Lao Government's favorable change in population policy was maintained by a three-day seminar on population and family planning held in August of 1972. The seminar, which was funded by the Ford Foundation, was chaired by the Prime Minister and attended by the key officials of the government. The focus of the seminar discussions, including various papers presented by high ranking officials, concentrated on the impact of excessive fertility at the national level, with particular reference to educational and social resources, and to the influence that various rates of population growth would have on the country's future development. The original impetus for family planning in Laos, which came from the upper class women, was now reinforced at the highest political levels in terms of national development goals.

The Ban Houei Sai MCH center opened in March, 1972. This center consisted of a 30-bed obstetrical wing of the provincial hospital, which was jointly funded by several projects.

The National Center at Mahosot Hospital was dedicated a year and a half later, on September 28, 1973. Built and equipped at a cost of $1,174,500, this 226-bed wing added not only modern gynecological, pediatric, and family planning obstetrics facilities for radiology, pharmacy, record keeping, and conferences. The Center was located adjacent to the Royal School of Nursing, on the same grounds with the old offices of the National MCH Service, and quickly assumed its planned role of the central teaching facility and administrative headquarters of the national MCH/FP effort.

The training of family planning workers which had begun by the private Lao Family Welfare Association was gradually overshadowed by the official training programs of the Ministry of Public Health, although the Ministry did continue to send some of its people to LFWA training sessions. By early 1974, the project had provided specialized training in family planning to 362 people in the following fields: rural auxiliary midwives, medics and nurses; graduate MCH nurses; home economics extension agents; medical assistants; graduate midwives; doctors; statisticians; I.E.C. and

In addition to this specialized Family Planning training, about 600 other medical practitioners had formal exposure to family planning methods and techniques as part of their regular training curricula, which had gradually been expanded following the Lao Government's change in population policy. These people consisted of the following major types:

Doctors and Assistant Doctors	46
Registered and Practical Nurses	169
Auxiliary Nurse Midwives	174
Rural (Traditional Village) Midwives	202
	591

For the most part, the in-country training sessions mentioned above lasted several weeks, while the third-country training usually lasted from several months to a year. One of the major other donor inputs to the project consisted of the training programs which were devised in large measure by World Health Organization (WHO) advisors to the Ministry of Public Health, and to the Ministry of Education, under whose auspices the schools of medicine and nursing were administered. The overall thrust of the WHO approach was to emphasize an integrated "polyvalent" approach to the health disciplines most needed in Laos, e.g., nutrition, maternal and child care, family planning, environmental sanitation, etc., as distinct from the specialized, compartmentalized approach which had been borrowed from the French colonial experience. Similarly, WHO focused on medical assistants and auxiliary medical personnel, and tended away from the traditional emphasis on the medical doctor as the centerpiece of the French-influenced curative system in Indochina.

A major source of training outside the RLG's formal academic system consisted of the Operation Brotherhood (OB) in-service courses which were held continuously on a wide variety of subjects. Training under OB was provided for more than 700 Lao staff members in the six OB hospitals, as well as about 700 Lao medics and nurses attached to the A.I.D. Village Health program. The training, which emphasized the practical application of basic health skills, included MCH/FP as one of its core elements.

The provision of actual family planning services and information, as noted above, was first carried out by the Lao Family Welfare Association through its handful of private clinics. During 1969 and 1970, in fact, this organization was the only outlet for FP services, although it is likely that a substantial number of lowland women took advantage of the ready availability of services just across the river in Thailand. By 1971, LFWA had increased the number of its clinics from six to nine, and during the same year, Operation Brotherhood fielded two mobile teams which provided FP services as part of a general rural public health program. During 1972, the year in which the RLG adopted its favorable population policy, the total number of service outlets increased from eleven to forty-six, broken down as follows:

	Urban Clinics	Rural Clinics	Mobile Teams
LFWA	13	0	0
OB	0	0	3
Dooley Foundation	0	9	0
A.I.D. Village Health Program	0	21	0
	13	30	3

By early 1974, further expansion of the service delivery network had brought the number of outlets up to 91, which since the beginning of 1973 had included clinics of the Ministry of Public Health:

	urban	rural	mobile teams	total
Ministry of Public Health	9	4	0	13
Lao Family Welfare Assn.	3	7	0	10
Operation Brotherhood	1	0	13	14
Dooley Foundation	0	9	0	9
A.I.D. V.H. program	4	41	0	45
	17	61	13	91

The number of people accepting contraceptive services rose quite rapidly from the outset of the first LFWA program in 1969. The following table illustrates the increase in the number of new acceptors of contraceptive services:

	NEW ACCEPTORS PER YEAR
1969	290
1970	703
1971	1,467
1972	3,[illegible]00
1973	7,[illegible]52

The long delay in the Lao Government's official entry into the business of providing contraceptive services, a natural consequence of the absence of a clear-cut population policy, meant that through 1973, roughly twice as many family planning acceptors received their first contraceptive supplies from other agencies as they did from Ministry facilities. By July 1974, however, family planning services had become available at all of the Ministry's 15 provincial hospitals, although many of these had only recently come on line, and although only two were engaged in formal post-partum services.

On July 6, 1974, the MCH/FP wing of the Pakse provincial hospital was dedicated, adding a major facility to the Ministry's hospital network. This 100-bed wing, built and equipped at a cost of $490,000, provided the same services as the National MCH/FP Center in Vientiane, although at a slightly lower level of sophistication.

By 1974, the original PROP under which the project had begun was nearing its expiration date (June 30, 1974). The preparation of a new PROP became a very timely activity because of both the status of project implementation and the need to resolve several major issues, between A.I.D. and the Lao Government as well as between the Mission and A.I.D./W. On the Lao side, the Mission felt that more should be done to deliver contraceptive services, particularly since the policy issue had long been resolved, the construction of facilities was proceeding well, and the training of service personnel had been going on for some time. With respect to A.I.D./W, the Mission felt that the original A.I.D./W pressures, to mount a population program in Laos, and Agency agreement on an integrated MCH/FP program as the only appropriate course of action, were being reversed by the Office of Population, which was beginning to program substantial Title X funding reductions in Laos resulting in substantial changes in on-going project implementation.

In an introduction to the PROP revision in 1974, the Mission described its new proposed emphasis on service delivery.

> "1. Expanded clinical coverage will be achieved by providing family planning services through a greater number of existing MCH clinics...
> "2. Greater post-partum FP service delivery will be achieved by instituting post-partum programs in all existing hospitals over the two-year period...
>
> "3. Extensive in-service training will qualify existing MCH personnel to provide family planning services and information...
>
> "4. The project will emphasize improvements in the commodity management and logistic network of the Ministry of Public Health to insure a timely and adequate distribution of contraceptives and medical commodities throughout the delivery system.
>
> "5. As a corollary to the training of medical auxiliaries, the MCH/FP project will assist the Ministry of Public Health in expanding the delivery of FP services through this body of para-professional personnel in order to gain maximum effectiveness from all levels of medical manpower.
>
> "6. In addition, the MCH/FP project will pursue the development of non-clinical delivery systems for family planning services and information through such pilot activities as the establishment of outlets on market grounds.
>
> "7. Similarly, the project will examine the roles which it can play in encouraging the spread of FP services through private sector physicians and traditional medical practitioners.

"8. One of the major initiatives which the project will undertake during FY 1975 will consist of a long-term implementation schedule for increasing contraceptive coverage throughout the fertile population. This set of annual targets for acceptors and continuation rates will provide a useful management tool and will allow for ongoing evaluation of project performance. It will also provide specific guidelines for implementing the Lao Government decree on population, which calls for a 50% reduction in birth and death rates by the turn of the century."

The new PROP also noted several other areas of departure which the Mission planned to follow:

" The MCH/FP project during FY 1975-FY 1976 will place greater emphasis on factors designed to increase popular demand for FP services, primarily through the development of more widespread information, education and communication activities.

" Another new emphasis in project direction will stress the integration of related activities, with particular reference to nutrition."

" Finally, the project will continue to stress the long-standing objective of developing the Lao Government's physical infra-structure for Maternal Child Health and Family Planning service delivery by providing for MCH/FP wings at Luang Prabang in FY 1975, and at Savannakhet in FY 1976. The establishment of these two provincial centers, along with continued renovations to rural centers, will complete the project design for delivery system and in-country training facilities."

This latter proposal for additional major construction was, in fact, a pro forma repetition of the Mission's long-standing request for these facilities, and did not represent any strongly felt sentiment within the Mission that these facilities were necessary conditions for the achievement of project purposes.

The Mission did disagree strongly, however, with the reaction of the Office of Population in A.I.D./W to the Laos population program. Basically, Population called for Title X funding cut-offs for the following elements of the MCH/FP project: general medical commodities, except those which directly contributed to reductions in fertility; construction or renovation of physical facilities; hospital or clinical

equipment, except for items which would contribute directly to the reduction of fertility; and funding for the OB Public Health Field Operations Team.

Major differences of opinion between the Mission and A.I.D./W were reflected in a long series of cables, beginning in the Fall of 1973, which were left unresolved to any degree of satisfaction until the January, 1974 visit to Vientiane of Dr. Willard Boynton, Deputy Director of the Office of Population. At that time, the Mission agreed to defer Savannakhet and Luang Prabang construction until non-Title X sources of funding, if any, could be found. A compromise level of general medical commodities was reached, to be split-funded between Title X and IPR, and the OB issue was resolved in favor of the Mission, but on a tentative basis for FY 1975 and FY 1976 only. The most important result, from the Mission's point of view, was continued A.I.D./W acceptance of the notion that the best way to approach family planning programs in Laos was through the medium of an MCH infrastructure, and that it was important to support the nascent MCH system of the Lao Ministry of Public Health.

The PROP also set forth, for the first time, a schedule of fertility reduction which would have to be met in order for the Lao Government to fulfill the reduction in growth rate which its population policy statement had called for:

> "Reduction of the 1972 birth rate of 43/1000/yr. to: 41 by the end of CY 1974 (a 4.6% cumulative reduction), leading to 36.5 by the end of CY 1979 (a 15.0% cumulative reduction), and 22 by the year 2000 (a 50.0% cumulative reduction)."

The PROP also called for a 20% reduction of both infant and maternal mortality rates by the end of 1979. In order to meet the fertility reduction, the project manager and his Ministry counterparts had prepared a detailed schedule which showed, for each year through the turn of the century, the number of couples practicing contraception, the number of new acceptors each year in each age group, and the continuation rates required to achieve the government's goal. These schedules were summarized for the five-year period covered by the PROP:

Indicator	By End of FY 74	79
Contraceptive Users	22,000	95,000
Percentage of Eligible Population Enrolled	5%	16%
New Acceptors per Year	17,000	60,000
First Year Continuation Rate	51%	56%

In order to achieve an increase in acceptors of this magnitude, the number of service outlets was also projected to increase substantially:

Number of MCH/Family Planning Service Outlets in Representative Years

Sponsor	73	76	79
RLG	14	220	300
A.I.D. National Health Development Project 1/	45	-	-
OB Public Health 2/ Field Teams	13	15	N/A
LFWA 3/ (Estimates)	10	20	20
Other 4/	9	N/A	N/A
	91	255	320

This expansion of service availability was scheduled to reach a larger proportion of the Lao population in accordance with the following projection:

1/ To be incorporated into PGNU System by end CY 1975
2/ Operation Brotherhood-A.I.D. Contract Organization
3/ Lao Family Welfare Association (IPPF)
4/ Dooley Foundation, Asian Christian Service

The revised PROP was submitted to Washington in August, 1974 and was approved by A.I.D./W in December, 1974, five months before the termination of the project along with the rest of the A.I.D. Mission to Laos on June 1975. One of the conditions of the A.I.D./W approval of the PROP was that a comprehensive evaluation of progress through December 1974 be undertaken. Although a formal evaluation per se was never completed, the data required for such an evaulation was gathered in the Spring of 1975, and the field work was completed at the same sime. The last project manager of the MCH/FP project, Dr. Alan Mumm, later submitted his analysis of the data, and provided the Agency with an evaluation in draft of the more central elements of the project. Dr. Mumm's evaluation, which was prepared after his resignation from A.I.D., provides the best look to date of the degree to which the project fulfilled its central purpose; i.e., the provision of contraceptive services to Lao couples.

On the central subject of persons accepting contraceptive services, the report notes that by December 31, 1974, there were an estimated 21,621 acceptors. Over 10,000 of these, however, were reported by the LFWA, which did not report dropouts in their statistical submissions. In order to refine this raw data, the evaluation applied drop-out rates from other Lao programs to the LFWA program from the time it began, and arrived at an estimated 4,500 active users in the LFWA activity for a country-wide total of approximately 16,000 people at that time accepting services through an official program. Of these, about 72 percent chose the pill, 10 percent the IUD, 9 percent condoms, 7 percent provera injections, and 2 percent other methods, primarily foam. In addition, it was likely that quite a few women continued to acquire their contraceptive supplies from adjacent towns in Thailand, probably in numbers equal to those in the official programs. During CY 1974, there were 11,096 new acceptors in all programs, up from 7,052 in CY 1973. These levels fell below the acceptor goals in the new PROP, which had called for 17,000 new accpetors and 22,000 active program participants during CY 1974. The most probable reasons for the shortfall were:

1. A six-month delay in the assignment of 10 professional nurse-midwives to Xieng Khouang Province, from August 1974 to January 1975;

2. A long standing policy of charging for contraceptive supplies in LFWA and Lao government clinics, which was not officially stopped until mid-way through 1974, and which continued on a de facto basis throughout most of the year;

3. Political attacks beginning in the summer of 1974 by the Pathet Lao (PL) against family planning in general, and against the Minister of Health and his wife (head of LFWA) in particular, which had a strong impact on the attitudes of field workers. During the last six months of

the year, the number of new acceptors remained stationary at about 850 per month, the first time in the history of the program that there had been no continuous growth in the rate of new acceptors, and despite a substantial increase in the number of outlets during the same period.

Evaluation

Following are the most significant excerpts from the informal evaluation of the Laos MCH/FP project:

Field activities were conducted during January, February, and March of 1975. Clinic records were examined as of December 31, 1974 but no 1975 acceptors are included in the survey.

A total of 25 clinics were surveyed out of approximately 150:

Province	A.I.D. Clinics	RLG Clinics	Total
Luang Prabang	1	4	5
Sedone	5	2	7
Champassak	3	2	5
Wapikhamthong	3	1	4
Sithandone	0	3	3
Vientiane	0	4	4
	12	16	28

Clinic evaluation was limited to the following:
(Estimates made by medics, local political leaders, refugee officers, and the like).

1. Population of village
2. Population of area served
3. Number of acceptors expressed as a percent of eligible couples in the village and service area.
4. Analysis of stock on hand and on order.
5. Analysis of daily records for accuracy and completeness.
6. Analysis of monthly reports for accuracy and completeness.
7. Number of months clinic had been offering services.
8. Price being charged for contraceptives, if any.
9. General discussions with clinic workers, local officials, and villagers.

1. Provincial level: announced visits were made to each provincial MCH office. Inventories of stocks were taken and patient records examined.

2. Village level: Unannounced visits were made. The team usually consisted of a project manager, one A.I.D./Lao local hire, one government official and one or two provincial level officers.

3. Acceptor Data: At each Clinic data were collected on each individual who had ever accepted a method of contraception at that clinic.

A. Data Collected:

1. Age
2. Number of living children (Total number of children had not been taken by some government outlets).
3. Method of contraception
4. Date acceptor entered program
5. Date stopped (if any)

This data was collected on 1,060 acceptors. 1,718 acceptors were surveyed overall but some had to be excluded from this analyiss because all of the necessary data was not recorded. Most of this was due to poor record keeping in the early days of the program.

B. Results: Evaluation of Clinic Performance

1. Provincial Level Center.
   a) All centers were keeping very good records; this was to be expected because the highest quality workers were usually assigned to this level.
   b) All centers had at least four-months' supply on hand.
   c) None had four-months' supply on order.

The original supply and logistics set up was one in which the provincial level officers, using a set of tables based on population, number of current users, and a growth factor, would calculate the amount of pills, condoms, etc. needed and request these from Vientiane. Transportation to the provinces was provided by the A.I.D. medical supply system. However, during the course of evaluation, it was found that the provincial level employees could not accurately use this simple system.

As a direct result of this, the system was changed in late February 1975 during an MCH supervisors' seminar in Vientiane. Under the new system, provincial officers simply sent their regular reports to Vientiane. Officials in Vientiane calculated the estimated needs for each province on a quarterly basis and initiated shipments from the A.I.D. medical warehouse.

2. Local or Village Level Centers and Clinics:
   a) Percentage of eligible couples enrolled.

This portion of the survey looked at the performance of each clinic in terms of success in enrolling eligible women in the immediate village and in the service area.

Overall, the total population of the villages surveyed was 73,200 x 0.2 =14,640 eligible females. The total number of acceptors was 1,718. 11.7% of eligible females had at one time accepted services.

The total estimated population of the service areas was 148,600 x 0.2 = 29,720 eligible females. 1,718 acceptors represented 5.8 percent of eligible females in the service areas who had been enrolled at some time during the period of service availability.

The following table breaks down this data according to type of Clinic.

Villages

Type of Clinic	Population of Villages	Population of Eligible Females	Acceptors	Acc. as % of Eligible Females
Gov't.	56,500	11,300	743	6.6%
A.I.D.	16,700	3,340	975	29.2%
Total	73,200	14,640	1,718	11.7%

Areas

Type of Clinic	Population of Areas	Popolation of Eligible females	Acceptors	Acc. as % Eligible Females
Gov't.	113,000	22,600	743	3.3%
A.I.D.	35,600	7,120	975	13.7%
Total	148,600	29,720	1,718	5.8%

C. Three conclusions emerge from these data:

1. There was a much greater percentage of eligible females enrolled in villages as opposed to area. This was no doubt due to the effects of immediate availability!

2. There was a much higher percentage in A.I.D.-serviced villages and areas than in RLG locations. Average duration of services in A.I.D.-serviced villages was 14 months and average duration of services in Government villages was nine months. Six out of 12 A.I.D.-serviced villages had offered services for more than 12 months and only three of 16 Government villages had offered services for more than 12 months; i.e., the A.I.D. program had been in effect longer. In general A.I.D. Clinics received much closer supervision, with area supervisors making monthly visits.

3. Effects of Prices on contraceptive supplies:

If the acceptance rates of villages (not areas) are examined in terms of those Clinics that were charging for services, and those that were not, the following results were obtained:

	Population of Eligible Females	Acceptors	% of Eligible Females Accepting
No Charges	9,620	1,516	15.8%
Charging 100-300 Kip/ cycle	3,020	202	6.7%

Average duration of services in "No Charge Villages" =11.4 months
Average duration of services in "Charge Villages" = 10.8 months

If these relationships are examined in terms of area population then:

	Population Eligible Females	Acceptors	% of Eligible Females Accepting
No charge	22,220	1,516	5.5%
Charge 100-300 Kip/cycle	7,250	202	2.8%

In those clinics charging 200 Kip or more per cycle the area-wide acceptance rate was 1.7% of eligible females and the average duration of services was 12.5 months.

As suspected, the data confirmed that the price structure was hampering the program. If all clinics were charging 100 kip or less perhaps the PROP goal of 17,000 new acceptors during CY 1974 would have been achieved. This could only be determined, however, if all clinics had been surveyed.

4. Stock on Hand and on Order

Stock on hand and on order was graded adequate, short, or not determined for each clinic visited by counting contraceptive materials on hand and looking at requests for supplies in the clinic or at provincial centers.

Results: Stock on Hand in Village Clinics

	Number of Clinics		
Score	A.I.D. Clinics	Gov't. Clinics	Total
Adequate	12	14	26
Short	0	2	2
Not Determined	0	0	0

The results appear quite good and much better than expected, when the survey began. It is probable that these results reflect the excellent service of the A.I.D. medical-supply system, which delivered the commodities to the location where the workers picked up their salaries.

Almost without exception the Government nurses picked up their contraceptive supplies when they went to the provincial capital to get their wages every two-three months. Usually, they too (like their supervisors), did not understand how to estimate the amount of contraceptives that might be needed (see table on the following page) but they usually erred on the safe side.

Results: Stock on Order in Village Clinics

	Number of Clinics		
Score	A.I.D. Clinics	Gov't. Clinics	Total
Adequate	8	3	11
Short	0	2	2
Not Determined	4	11	15

5. Records and Reports

At each clinic the daily, individual patient records were examined and monthly reports were checked.

These reports were graded on a scale of 0-4

0=Essentially useless
1=Full of errors but able to be corrected by the supervisors.
2=Many minor or two or three major errors
3=A few minor errors
4=Perfect

Results: Daily Patient Records

	Number of Clinics		
Score	A.I.D. Clinics	Gov't. Clinics	Total
0	0	2	2
1	0	1	1
2	1	2	3
3	6	5	11
4	5	6	11

Monthly Reports

	Number of Clinics		
Score	A.I.D. Clinics	Gov't. Clinics	Total
0	0	2	2
1	0	2	2
2	2	4	6
3	6	3	9
4	4	5	9

In looking rather loosely at the data it would appear that the A.I.D. medics were better record keepers. This might be explained by the fact that the last and largest class in the new record keeping

system, conducted by the Mission, was composed entirely of A.I.D. medics.

6. Discussions with Health Workers, Villagers, Local Officials

No really surprising information came out of these sessions. All of the nurses and medics were well versed in giving instructions and knew when to make referrals for complications. However, only three midwives were using pills themselves and three medics were using condoms. That amounted to only six out of 28 using a contraceptive method. Six other nurses were either pregnant or nursing.

In five villages the old Ovral to Norinyl changeover syndrom was found but no serious disruptions or ill feelings were encountered. Most of the women affected were still on Norinyl and doing well.

Discussions on ways to increase program coverage by mobilization of nurses were rather frustrating. The A.I.D. nurses were already using bicycles to visit nearby villages in refugee areas but the Government nurses thought very little of that idea. Most of them claimed to be afraid to travel alone.

7. Continuation Analysis

It is highly probable that the new record system implemented by the Government in 1974 could have provided precise continuation rates if given a chance. But at the time of the evaluation survey the system had not been in place long enough to derive reliable rates.

Nevertheless, some appreciation of acceptor performance can be gained by looking at the data that was then available. It might be useful to first consider overall performance by lumping all acceptors together and classifying them by duration of use.

Duration of use for all acceptors surveyed (January 1972 through December 1974).

Duration	Number	Percentage
less than 6 months	489	46.1
6-11 months	269	25.4
12-17 months	139	13.1
more than 18 months	163	15.4
	1,060	100.0%

This would indicate that 71.5 percent terminated before 12 months. However, this conclusion needs further refinement in that 760 of the 1,060 survey subjects entered the program in 1974 and thus did not

yet have time to make the 12 month circle.

If attention is limited to those who have had a chance to participate for at least 12 months (i.e. entered the program prior to January 1974) a better estimate can be made of the true 12-month continuation rates. However, this figure must be used with caution because these women numbered only 300.

Duration of Use-Acceptors Prior to January 1974

Duration	Number	Percentage
less than 6 months	21	7.0
6-11 months	25	8.3
12-17 months	91	30.3
more than 18 months	163	54.3
	300	99.9%

If these data are further refined, a high continuation rate is still evident. By looking at all surveyed women who entered the program between January 1972 and December 1973, it becomes apparent that 65.7% were still active at the time of the survey date (December 31, 1974).

Even by cohort analysis, a high continuation rate is still evident:

Period of Entry into Program	Number of Acceptors in Survey	Percent Active after 6 months	12 months	18 months
Jan. 72-June 72	19	100	100	84.2
July 72-Dec. 72	33	93.9	81.8	51.5
Jan. 73-June 73	155	93.5	85.2	73.5
July 73-Dec. 73	93	90.3	81.2	(1)
Jan. 74-June 74	300	76.7	(2)	NA
July 74-Dec. 74	400	(3)	NA	NA

(1)="No chance for 18 months" 1/ but 72% of the 93 were active at time of survey
(2)="No chance for 12 months" but 65.3% of the 300 were active at time of survey
(3)="No chance for 6 months", but 78.5% of the 460 were active at time of survey.

The evaluator concluded that the continuation rate in Laos was probably better than the world-wide average and that the Lao, like all basically rural and agricultural societies, were quite conservative and slow to adopt new behavior. Once having accepted the new behavior, however, they did not give it up easily.

1/ "No chance" means some women who entered during that cohort were too late to achieve the specified number of months; e.g., a woman enrolled in August for the July 1974-December 1974 period would have completed only five months by the end of the period.

LAO NATIONAL ROADS

General Background

The Lao National Roads Program began during the late 1950's with a few Bureau of Public Roads (BPR) personnel who began organizational planning. In 1960 the operational staff began to arrive. Late in 1960, there was a "coup d'etat" which developed into a major war situation that was not settled until October 1962. During this period, 1960-62, very little happened because the dependents and a major portion of the staff were evacuated to Bangkok and only a caretaker force remained in the country. Peace was restored after the Geneva Accords were signed in October 1962.

At the end of hostilities, BPR began to build up a new staff as most of the old staff did not want to remain in Laos.

The A.I.D./BPR Assistance and Advisory Program consisted of BPR engineers and equipment specialists who were assigned to major locations throughout the country to assist in technical areas. Assistance was furnished in the form of equipment, spare parts, commodities, construction materials, and POL products. A.I.D. also financed 100% of the cost of road construction of A.I.D.-selected projects.

A contract was let in April 1963 for construction of a 100 Km road project from the Nam Hin Boun to Nam Ca Dinh Rivers on Route 13, the main north-south route through the country. This project was completed in June 1965 at a cost of $8.4 million.

At the completion of the Nam Hin Boun-Nam Ca Dinh Contract Construction Project in June 1965, A.I.D. bought all of the contractor's (Grove-Jones) equipment and assets in Laos. Contractor and BPR personnel began moving all of the purchased equipment and supplies by truck and barge to Vientiane. In September, the equipment began to move by road to Ban Hin Heup, 94 kilometers north of Vientiane, to begin the reopening of the Vientiane-Luang Prabang Road. This project, 279 kilometers in length, was set up as a Force Account Construction Demonstration and Training Project. Construction began in January 1966 with 18 Americans and 38 TCN's who began training the local employees in all phases of highway and bridge construction. The major classifications trained were heavy duty and light duty mechanics, construction equipment operators, truck drivers, labor foremen, carpenters, plumbers, electricians, engineering survey, design, and bridge construction personnel. This project was completed in June 1969, at a cost of $6.5 million. The personnel and equipment from this project continued to operate on a force account basis, constructing access roads for refugee resettlement and other roads requested by the Lao Government and the Mission. Construction in progress at the time the Mission was terminated, included the Xieng Ngeun-Muong Nane Road and several access roads to large villages in the vicinity of, but not served by, the main road project. This project was scheduled for completion

in early June 1975 when all equipment was to be given to the Lao Government. The project was operating with an all Lao staff except for two Americans and three TCN's. This crew had been developed into a very efficient organization capable of constructing any road without direct supervision of any outside element.

In 1967, the A.I.D./BPR-Lao Roads and Bridges Organization began operating on a joint A.I.D./Lao National Roads Program where A.I.D. contributed 100% of equipment, equipment spare parts, construction materials, and POL, plus twothirds of the labor payroll and locally purchased materials. This method gave the BPR more latitude in operations and some control. This system was still in operation when the Mission closed.

The country-wide equipment repair shop, the supply center and the training school were located at the PK-7 complex in Vientiane.

Training was performed at the complex from 1963, in or for light and heavy duty mechanics, auto electricians, welders, fuel injection systems, equipment operators and warehousing classifications. Approximately 1,500 students have received certificates from this training center in the 11-year period. The on-the-job training of these students was performed in the PK-7 shop and also on field training projects of selected road construction in and near Vientiane. Approximately 8 to 10 kilometers of roads and/or streets were completed per year by these trainees.

The PK-7 Central Supply Warehouse performed the on-the-job training of warehousing classifications along with the theory training at the training center. These classifications consisted of receiving, stock control, issues, inventory, and property control records.

The PK-7 Central Shop performed major engine overhaul, fuel injection system repair, body repair, rebuilding of crankshafts, and any other mechanical repairs that could not be performed in the field.

Upon the completion of formal training at the PK-7 Training Center, the trainees were sent back to their respective provinces. Field on-the-job training continued in their home provinces with both Lao and American advisors as instructors. This method produced a well-qualified staff of Lao mechanical maintenance and equipment operator personnel in all provinces. Major provinces also have adequate, though not professional level, personnel to carry out the warehousing operations to adequately administer the flow of spare parts and construction materials to all provinces.

Throughout the period of the training program, the PK-7 warehousing function developed all Lao capabilities in all warehousing operations, except purchasing or resupply. The reasons for this included: (a) lack of Lao tax structure to provide funds for purchase of materials, (b) lack of established credit with manufacturers or supply organization (all funds were A.I.D. grants handled through American systems of resupply), (c) lack of candidates with adequate education to perform or administer such an operation, (d) the Lao government would not, or did not, establish a world-wide organization for the purchasing and shipping of commodities.

To summarize, the Lao Directorate of Roads and Bridges of the Ministry of Public Works and Transportation, did successfully achieve the capabilities to perform all facets of minor highway and simple bridge construction, and their maintenance, except establishing sources of funds and an organization for a resupply system.

History of the Materials Laboratory Development

In 1963, there were two BPR materials people assigned to the project, a Materials Engineer and a Materials Technician. The technician was assigned to do materials investigations and construction control on the Nam Ca Dinh Project and the Materials engineer began working directly to develop the Ministry of Public Works (Travaux Publics -TP) laboratory in Vientiane. The two year Nam Ca Dinh Project produced five Lao technicians who remained with A.I.D. or BPR/FHWA until termination in 1975. Actual training of Public Works personnel began in 1965 after the completion of the Nam Ca Dinh Project. A new laboratory building was completed and equipped by BPR in 1967 and the lab was moved from the PK-7 equipment yard at that time.

TP personnel consisted of five technicians and a laboratory chief over this entire period (1963-1975). There were also other nontechnical people in the laboratory: drivers, casual hire laborers, secretaries, and guards. In 1967, there were about 25 people in the TP laboratory organization and at termination the number had dropped to about 13. However, the same five technicians (Lao civil servants) remained for the full time. The laboratory chief at termination had been in the laboratory for almost seven years but prior to his assignment there had been five chiefs between 1965 and 1967 furnished by TP as counterparts.

Training was generally on-the-job using the laboratory technicians already with TP and also three A.I.D. employees working under the supervision of the FHWA materials engineer. Training was generally in foundation investigations, soil classification, construction control testing (compaction and concrete) and later on in asphalt identification testing. Training projects were the actual testing and investigations requested by A.I.D., Lao Government agencies, and private contractors; TP actually requested little testing, even in the Vientiane area, until about 1970 when they started using the laboratory once they were more familiar with why it was there and what it could do. Bridge foundation studies were being done in almost all the provinces under the government's control but compaction control was limited to the Vientiane area.

Out-of-country training was sponsored by A.I.D. to send four TP technicians to Thailand in 1967 to work with the Thai Highway Department. Two BPR Lao technicians spent more than a year at a Thai University in Bangkok.

It was hoped they could become civil engineers; however, they could not do acceptable work and returned to Laos, one to work with the Mission Public Works Division and the other as the laboratory chief at the Nam Ngum Dam for a Japanese contractor. The last laboratory chief received out-of-country training on two occasions in France.

At the time the project terminated, the laboratory had the capacity to do both design and control testing on earth type highways, including concrete designs and foundation studies for structures. The highway laboratory was not yet ready to do asphalt design testing but did have some training in asphalt identification testing.

History of Training Program Development

From its beginning in 1963 until the project was closed in 1975, the main problem plaguing the training program was that the salary scale of Lao Government workers was not competitive with private industry nor U.S. Government-supported payrolls. After receiving training most anyone with a little initiative could soon find a higher paying job on the outside, leaving no alternative but to start the training process all over again with new personnel.

During the first two years of the program, 1963 to 1965, in-country training courses of 6-12 months duration were set up for mechanics and equipment operators of TP. Trained people were in such demand throughout the country that most students left TP soon after training was completed to seek higher paying jobs.

In 1966 the program was revised with the aim of training masses of people to a minimum level of competence in order to flood the market with semiskilled technicians. Those students that remained with TP would then be brought back at a later date for more advanced training. Courses of 16 weeks duration were set up for automotive mechanics, equipment mechanics, automotive electricians and equipment operators, each course having an average enrollment of 10-12 students. This approach worked relatively well. Even though many graduates of these courses elected to leave TP for better salaries elsewhere, some did remain. The incentive offered to allow good students to return for additional study after specified lengths of on-the-job training prompted some to stay despite low pay. Gradually advanced courses in mechanics, hydraulics and electricity were added to the curriculum as students were recycled through the training center.

After the initiation of preservice and basic skills training, the following Lao personnel received such training in the TP/FHWA program: 418 heavy equipment operators, 201 heavy duty mechanics, 336 light duty mechanics, and 109 automotive electricians. Due to a number of factors,

but primarily the low salary offered by the ministry, only 252 of these people remained with TP. Continuing on-the-job training was provided these employees by field-based direct hire and contract employees, both U.S. and Thai.

In an effort to coordinate our activities with those of other donor countries, foreman trainees of TP studying under a French-sponsored program were given practical training in mechanics, surveying and equipment operation at facilities supported by A.I.D./FHWA. Approximately 90 students were given varying amounts of training under this portion of the program.

In addition to the formal classroom training in-country, the force account projects, i.e., Vientiane-Luang Prabang, Nam Lik-Ban Done, and the Xieng Ngeun-Moung Nane Roads, of FHWA trained large numbers of mechanics, operators, greasers, welders, etc., as they were needed to support that project. The training was conducted almost entirely on-the-job. Even though one of the functions of this project was to be training for TP, only a few of those trained ever went to work for TP because of the salary differences.

Out-of-country training, conducted for the most part in Thailand, included both short- and long-term programs: the short-term in specialized areas such as warehousing, hydraulics and equipment servicing; the long-term training leading to B.S. degrees in Engineering. It was extremely difficult to find qualified Lao to send out of country for any type of advanced study and the failure rate for engineering candidates was very high even though they had been given additional training in-country beyond available high school studies. Third country technican and university training was provided to 88 TP employees and U.S. observational training was provided eight engineers and technicans.

At the termination of the project, only one candidate had successfully completed engineering training and upon his return, he refused to work for TP because salaries and benefits were better in another department of the ministry. Five participants were in their fifth year of engineering studies at Thai universities when the Mission was terminated.

In the beginning, the training program was the responsibility of the Director of Equipment and Materials whose many duties left him little time for active involvement in the training effort. A turning point for training came in 1974 when TP created the position for a Director of Training and appointed a very capable young Lao to fill that position. This move indicated that the government finally realized the importance of a good training program but regretfully it came so late that the new plans could not be implemented. A revised organizational chart for the entire ministry had been prepared showing all existing positions and additional positions needed. A master training chart for the next 8-year

period was drawn up, the in-country training curriculum was being revised and upgraded and the long-term participant program was changed completely with plans being made to select 20 candidates per year for engineering studies at the University of Hawaii. It looked like some real progress was in the making until the country situation collapsed and the financial assistance necessary to support this program had to be withdrawn.

Project Goals

The original concept was to construct major projects by contract. The Nam Hin Boun-Nam Ca Dinh Project was to be the first project under A.I.D. sponsorship. The high cost of American contractor (Grove-Jones, total cost $8.4 million) mobilization and the lack of qualified local contractors proved that A.I.D. could get better results at a lower cost by forming a force account operation for future major construction. A.I.D., thereafter, purchased the contractor's (Grove-Jones) equipment and began mobilizing for the reopening of the Vientiane-Luang Prabang Road which was set up as a construction demonstration and training project. This project, 279 kilometers in length, was successful in both production and training local Lao. The project was completed in June 1969, at a cost of $6.5 million and had trained Lao in every phase of construction, equipment maintenance, repair and operations. The Lao were also trained as carpenters, electricians, plumbers, culvert pipe installers and bridge erectors.

From the above, it is evident that project and subproject goals did change to some extent from year to year. The project changed from contract to force account, from repair and maintenance of bridges and roads damaged or destroyed by military activity, to a situation where roads and bridges could be maintained on a daily routine basis. With the exception of those years when ample funds were provided for construction of the Nam Hin Boun and opening of Route 13 to Luang Prabang, FHWA's budget was not sufficient to allow much development of the Lao National Road Program beyond routine maintenance.

The political and military activities changed almost daily. Military operations were continually interrupting one phase or another of the overall Lao National Roads Program. Between 1964 and 1971, a total of 98 bridges were destroyed by enemy forces and all were repaired or replaced. Traffic continued to operate on Route 13, except for short delays due to military actions and ambushes until after the cease-fire in April 1973. At that time the Pathet Lao took over control of approximately 110 kilometers between Paksane and Thakhek, which cut Route 13 and the southern part of the country from Vientiane. This section was still under PL control when the A.I.D. Mission was terminated.

Following completion of the contract and force account construction and with the crews adequately trained, American and TCN personnel were reduced considerably. Some were placed in the various provinces in training capacities to assist in developing the TP subdivisions in the fields of

administration, supply, mechanics, and operations in support of their maintenance functions. This situation continued to the end of the project when American and TCN personnel departed the country.

The change in political environment (Pathet Lao Minister appointed to head TP) provided an opportunity to change the long-standing FHWA role to an advisory rather than an operational one. Also changed was FHWA's approach to its entire role as advisors. The Lao were required to justify their needs more stringently, and constructive criticism was provided by means of monthly reports to the Division Office. Such reports were then passed on to the Lao Director of Roads and Bridges. Other changes made to meet changing situations will be discussed.

Relationships to Other Projects

Obviously FHWA's project should have and did to one degree or another, compliment most other U.S. projects/activities. The Xieng Ngeun-Muong Nane Force Account Project complemented the Nam Tan Irrigation Project by providing a road and ferry ramps to the principal market at Luang Prabang. Unfortunately, the road was completed long after the irrigation project was completed. Had the reverse been true, construction costs for the road could have been paid for by reduced costs to A.I.D. of transporting equipment, supplies, and materials, to Nam Tan by road rather than by air.

This project's activities enhanced and/or complimented other A.I.D. activities by forming a network of highway access and feeder roads to basically all of the important villages in RLG-controlled areas. This gave the villagers an access to markets for their produce and gave them bus and truck routes to connect them with other areas of the country. It also contributed to other A.I.D. projects such as Education, Agriculture, and Refugee Programs, providing them with a network of roads to better expedite shipment of materials and supplies to project sites.

Because FHWA and TP always enjoyed a true counterpart relationship, attitudes and perceptions of officials of both sides remained unchanged following the cease-fire. A strong attempt was made by FHWA in the last two years of the project to improve work discipline among TP officials. Toward the end this effort began to bear fruit in that the PASA team began to receive copies of the director's admonitions to his subdivision chiefs regarding lax administration. This had not occurred before without considerable urging from FHWA.

Accomplishments and Problems

FHWA's major successes and accomplishments in its projects were the aforementioned contract road construction; the following force account

construction: Improvement of Route 13 north to Luang Prabang (279 Kilometers), realignment of Route 13 from Km. 60 to Km. 80 and Km. 121-Km. 130, construction of Phakanhoun Road (17 Km.), Nam Lik to Ban Done (28 Kms., plus 11 Kms. of access roads), construction of the Xieng Ngeun-Moung Nane-Thadeua Road (60 Kms. and 28 Kms. of access roads), plus the ferry ramp; development of PK-7 warehouse and shop; and operation of the training program.

Major problems consisted of: frequently insufficient RLG control over A.I.D.-provided resources; lack of qualified candidates for participant training; lack of qualified middle and upper management personnel; loss of people once trained to the private and other sectors including A.I.D. (particulary PWD) who could pay better wages or provide more prestigious positions; attitudes and apathetic behavior of Lao TP employees.

Because of the problems outlined above, it had not yet been possible to develop TP into an efficient highway organization capable of doing anything beyond the basic maintenance function.

For a detailed description of the state of the project at time of termination, refer to the FY 1974 Project Evaluation Report required by Program Agreement No. 4010-A. Since the TP Ministry was so busy with politics during all of the FY 1975, little further progress was made. Exceptions to that evaluation are as follows:

1. FHWA's staff was reduced to 15 Americans by January 1, 1975, and remained at that level till near the end of the project;

2. Administration of PK-7 Technical Training School was taken over by TP on January 1, 1975; however, due to budgetary and political constraints very little training was accomplished during the last half of the fiscal year;

3. The uniform Country-wide Equipment Maintenance Policy was completed by FHWA and was being considered for adoption at end of project;

4. The substantive ProAg, which was rewritten to include more details and controls, was negotiated, revised, translated and presented to TP for acceptance but was not signed;

5. A partial set of standard specifications was written and presented to TP for adoption, as were other policies, procedures, and guides.

NARCOTICS CONTROL PROGRAM

General

As a result of increasingly severe drug problems among U.S. forces in Vietnam, as well as mounting domestic drug problems within the U.S., President Nixon announced, in June 1971, an all out attack on drug use, trafficking and production.

A.I.D., in conjunction with other appropriate U.S.G. organizations, was directed to assist in mounting this attack overseas. Laos, as one of the "Goldern Triangle" countries, was a prime target for extensive narcotics control efforts from the outset.

Since Laos did not have an anti-narcotics law at this time, there was no substantive basis for the enforcement (i.e. police, customs, etc.) assistance which the U.S. was prepared, and indeed desired, to provide. Hence the Lao Government was urged to enact a stringent anti-narcotics law and did so in September of 1971.

Although the initial U.S. narcotics control efforts were focused on enforcement, it was soon realized that enforcement addressed only one piece of a multifaceted problem. Therefore in September 1972, the agricultural and medical portions of the project were begun.

By this time the project had been developed to the point where its form would remain essentially unchanged for the duration of the project. The purposes of the project were essentially threefold: (1) to develop an effective Lao Government narcotics enforcement capability to suppress the flow of illegal narcotics within and through Laos; (2) to provide rehabilitation services for Lao addicts which would result in the reduction of the number of Lao addicts who remained dependent on opium; and (3) to establish a program of alternate crop production that would result in a reduction in poppy cultivation. It should also be emphasized that the second and third activities above played a large role in making the interdiction and suppression efforts more acceptable to the Government and population, since the project was generally viewed as being a purely American program of benefit mostly to the U.S. Without the agricultural program, for example, farmers would have been asked, or forced, to stop growing poppies without having an economically viable alternative. As it was, given the short life of the program, many possible alternative crops were tested, but no economically viable alternative crop was definitely confirmed. Again due to

the short life of the program, little if any lasting impact was really made on the extent of poppy production.

It should be noted that all three of the programs, enforcement, agriculture redirection, and detoxification, were started on a crash basis. Personnel, commodity and participant training levels reached their peak in fiscal year 1973 with a complement of: eight U.S. Customs advisors under a PASA agreement with A.I.D., five A.I.D. Public Safety Narcotics advisors, two agriculture contractors, three contract personnel working with the detoxification programs, one A.I.D. program coordinator, and three additional contract personnel who were responsible for the inspection of all U.S. Mission aircraft to see that no illicit narcotics were being transported on them. In addition to these personnel directly supported by A.I.D. with Section 482 funds, the Drug Enforcement Administration (DEA) had stationed in Vientiane two special agents assigned to the U.S. Embassy as Narcotics Attaches. One political officer was responsible to the Ambassador and acted as his representative for all narcotics control coordinating meetings. During the remaining years, 1974 and 1975, U.S. input levels were reduced as the Lao began to improve their own capability to administer a narcotics control program. It was also established by this time that Laos played a minor role as a producer country of illicit narcotics for the international market. Thus, our inputs were reduced accordingly beginning in FY 1974.

With the formation of the Provisional Government of National Union in April 1974, it soon became apparent that the rightist faction previously supported by the U.S. was preoccupied with a fight for political survival within the new coalition government. Partially as a result, many members of the government became increasingly independent and nationalistic and hence, less inclined toward whole-hearted cooperation in what was generally seen as the American narcotics control program.

Also at this time, the Embassy was beginning to press for restructuring of the U.S. presence in Laos in view of the changed, and changing, situation. The U.S. 'profile' was being reduced substantially and the A.I.D. role was being changed from a highly operational to a more traditional advisory one. The Narcotics program was also beginning to be reduced in view of these considerations and the fact that Laos was not believed to be a significant supplier of the international narcotics market.

By FY 1976 the enforcement program was to have been reduced to only one or two DEA personnel working out of the Embassy but still maintaining some contact with the National Police. The agriculture and detoxification program support would also be reduced somewhat but would thereafter remain essentially unchanged for several years.

The following is a descriptive summary of each element of Narcotics Control Project.

Enforcement

The enforcement effort had four components. The U.S. Customs Service provided advice, training and commodity assistance to the Lao Customs Service. The U.S. provided similar assistance to the Lao National (civilian) Police, and to the Military Police. The DEA similarly worked with the Groupe Special d' Investigation (GSI), which was a special investigative organization, composed of officers on loan from the National Police, Customs and Military Police, established specifically for the purpose of narcotics enforcement and attached directly to the Office of the Prime Minister. This organization was established, at the urging of the U.S., to be immune to pressures from various influential civilian and military interests, and was dependent upon U.S. support for its continued existence.

The enforcement program, as stated above, was begun with great urgency. The rapid build-up of personnel and the input of commodities left the Lao standing on the sidelines. However their response to this build-up was quite remarkable considering the task established for them. The Lao civilian and military police, Customs Service and Groupe Special d' Investigation (DEA's counterpart) between 1971 and 1974 did make significant seizures of illicit narcotics in Laos. These seizures did, in fact, reduce the amount of drugs moving through Laos on to Vietnam and other international markets.

As the program increased in size, however, it became obvious that it was beyond the capability of the Lao to continue without U.S. advisory and financial assistance. Although our departure was premature it was very doubtful under the political conditions existing at the time whether the Lao government could begin to assume any of the narcotics enforcement functions started by the U.S.

At the time of termination it was clear that additional time was required for training Lao enforcement officials to do the job themselves, preferably in locally developed training courses.

Agriculture Redirection

This element of the program along with the detoxification program was begun in late 1972 to provide assistance to the Lao who were affected by the anti-narcotics law of September 1971. In reality very few Lao hill tribe farmers stopped growing opium because of the law. The Lao Government was probably unwilling for political reasons to vigorously suppress poppy production in the absence of reasonable alternative crops, and in any case generally unable to take effective action in most cases because of lack of effective control over most poppy growing areas. Many hill tribe farmers did, however, express a desire to plant an alternative crop that would bring similar economic returns for their efforts. The replacement crop for opium, however, has yet to be found. It must be light weight, compact and of high value so that it can be easily and profitably carried out of the hills to markets. A high elevation experiment station was developed at Phou Pha Deng near Ban Houei Sai in northern Laos to investigate the possibilities of potential replacements. Also a training center was constructed at Xieng Ngeun near Luang Prabang to encourage hilltribe farmers to experiment with new crops and small animals that might possibly replace opium. If the U.S. assistance program had not been abruptly terminated, the information gathered from both of these locations over a period of five to ten years might have solved the replacement problem. These were agricultural development programs that were certainly needed in Laos and the success of these programs could only be measured over the long run. Such agriculture programs take many years to develop and many more years to bring returns. For additional details see Annex 1.

Detoxification

This program began in late 1972 when a temporary detoxification center was opened in Vientiane. Utilizing methadone in decreasing doses, two thousand Lao addicts were successfully detoxified since its inception. The rate of recidivism was about 50 percent. These results are quite acceptable if compared with the methadone programs in the U.S. This program was structured so that there was a high involvement of Lao Public Health personnel. Because of this and the fact that an approximately five-year supply of methadone has been turned over to the Lao, the new government may carry on this program.

A second experimental detoxification program was concurrently conducted for Lao addicts under the auspices of Buddhist monks at a nearby wat in Thailand. The success of this program was marginal. The construction of the new National Detoxification Center on the grounds of the Mahosot Hospital in Vientiane was underway, but not completed, at the time the project was terminated. The Lao tended to view the detoxification program as being of some value to them and hence supported it. Further details on this program are contained in Annex 2. (See also Public Safety Termination Phase-Out Study, Laos, May 1974, Agency for International Development.)

PHOU PHA DENG UPLAND CROP INTRODUCTION CENTER

I. Summary

The Phou Pha Deng Upland Crop Introduction Center Activity was begun in March, 1973. Political unrest forced its closure in December, 1974. Despite problems involved in finding a cash crop substitute for the opium poppy -- some unique to this project and some general obstacles -- initial pilot trial results and experience with the project indicate directions for productive future work.

The test center was located at an elevation of 900 meters in a typical opium growing mountain area. Initial test plantings at the Center were established, though some difficulty was encountered due to lack of experience on the part of resident technicians and due to problems in obtaining desired planting stock. Some 124 varieties of 61 crops were planted at the Center. In June, 1974, an extension program was initiated as part of the Center's operation to introduce new crops to farmers in six key village areas. Villager acceptance of the project was good.

The time period elapsed during operation of the Center was too short to obtain concrete results. No one crop substitute for opium was available. Several suitable crops could be introduced as opium poppy substitutes in relatively accessible areas within a three-hour walk of a market road. These include: coffee, red kidney bean, and yellow corn. Cardamom, temperate and subtemperate fruits and nuts, and seed potatoes were possibilities, but would require more study.

Substitute crops for more remote areas presented fewer possibilities. Ginseng and shiitake mushroom were good possibilities. Saffron was not test planted, but appeared to hold good promise. Forages to improve livestock production would provide the best immediate answer for remote areas, but more work was needed on these, too.

The search for an opium poppy crop substitute was not answered, but a number of crops hold promise and deserve more attention.

II. Introduction

In 1971 the Royal Lao Government, in response to international pressure, banned the production and sale of opium. An estimated 30% of the Lao population was composed of ethnic hilltribes who derived almost all of their cash income from cultivation of

the opium poppy. New crops were needed to replace the traditional opium poppy in the hillbribes' economy. Antinarcotics legislation banning production and trade in opium were those related to watershed protection; soil, water and forest conservation; and increasing production and population-carrying capacity per unit area.

The Crop Introduction Center was planned to test and introduce new crops for the highland areas of Laos. Work was initiated on the Phou Pha Deng Crop Introduction Center in March, 1973. The site was selected following aerial survey of the province and discussions with local officials and villagers. In December, 1974, work at the Center was disrupted and the project terminated due to military attack on the Center during the take-over of the provincial government. Records and data on the Center's work were lost at this time and during later disturbances in Laos.

The site of the Center near Ban Phou Deng was selected because of its relative accessibility and the fact that it was an area representative of the highland opium-growing areas of northern Laos. The village of Phou Pha Deng was a White Meo village at an elevation of 900 meters. The village was initially accessible only by helicopter or by a four-hour walk from the Mekong River. In November, 1974, a dry season jeep trail was finished linking Phou Pha Deng to Ban Houei Sai.

Given the difficulties of transportation; the remoteness and relative primitiveness of the site; the lack of trained personnel, and dearth of previous work and data on highland agriculture, an unsophisticated village-style approach was dictated for the Center. Trial plantings of a large number of crops and varieties were made. The trial plantings were to prove adaptability to the highland environment and to provide propagation stock for further trials and for extension plantings in villages.

The staff at the Center consisted of five technicians. The Center Manager was the Lao Government's Provincial Agriculture Service Research Chief. He handled administrative matters and trial work with field crops. Other technicians funded by USAID were: horticulturalist; forage specialist; village industry crops specialist; and coffee-tea specialist.

Six "key villages" around the province were selected to initiate extension work using materials and results from the Phou Pha Deng Center. The "key village" extension project was staffed by a PGNU (Lao Government) agent manager; two USAID-funded administrative assistants in Ban Houei Sai; and six village agents.

III. Discussion and Conclusions

The results obtained from trial plantings at Phou Pha Deng are only those initial pilot plantings, and therefore have not been statistically analyzed. Conclusions must be tentative, but do seem to verify the approach of the Center and indicate direction for future work on the problem of crop substitution.

Problems encountered were many. Some are basic to the problem of redirecting hilltribe agriculture from opium poppy production; some were unique to the USAID/Laos Phou Pha Deng Project. The different problems and obstacles are summarized below. The first nine were unique to the project. The rest are general for crop substitution for opium.

1. Time. The Crop Introduction Center was only in operation from March 1973 to December 1974. This was not enough time to do more than initiate work. A minimum of five years, and, more desirably, ten years, is needed to better test and develop new crops or agricultural techniques to replace opium culture in the highlands.

2. Security. Lack of security resulted in the Center's being closed when it was attacked and one workman was killed in December 1974. Work at the Center had to be shut down on two previous occasions, because of lack of security. A constant security threat prevented many farmers from investing in and trying new crops and methods of production.

3. Political Implications of the Narcotics Project. Due to the political implications of the narcotics project, there was pressure for a "quickie" solution to crop substitution and a very real need for a focal point for interest in the program. The Na Kong Resettlement Project had to be initiated to fill this need.

4. Lack of Trained Personnel. Lack of trained personnel hindered work on the project. Technicians working at the Crop Introduction Center averaged only about seven years of schooling,

and had only two to three weeks' informal training in their respective responsibilities. Training of extension workers was even more limited. It must be pointed out, however, that this is liable to be generally true as a problem with highland agriculture technicians. A knowledge of and experience with upland agriculture; understanding of the languages, customs and cultures of the hilltribes; and knowledge of the forests and mountains is perhaps as important as formal agriculture training. Technicians must be motivated and willing to work under primitive conditons in remote areas. In this respect, as opposed to formal training, the technicians at Phou Pha Deng were outstanding.

5. Opposing Priorities. Lao government and USAID technicians were forced to direct their attention to war-created refugee problems on many occasions. This took time away from the Crop Introduction Center project. Lahu refugees moved into the area of the Crop Introduction Center and caused disruption of work -- seed and tools disappeared; demands were made for assistance, etc.

6. Lao Government Lack of Interest. The Provincial Lao Government Agriculture Service cooperation on the project was good in most cases, but their involvement was not active or on a large enough scale. This was partially because of traditional government lack of interest in the hilltribes. It also stemmed from lack of direction from the Ministry in Vientiane as to what role the Agriculture Service was to play in the Crop Substitution Project. No new agriculture technicians were assigned to the Crop Introduction Center or to the province. Lack of planning and direction from the Ministry caused many problems in day-to-day operation.

7. Back-stopping. During the initial six to eight months of establishing the Crop Introduction Center, back-stopping by both Lao Government and USAID/AGR in Vientiane was limited. This caused delays or neglect in ordering planting stock and materials; obtaining technical information; and approving plans. This problem was solved by new back-stops the last eight to twelve months, but time was lost in the beginning stages of the Center.

8. Scope of Work. Due to the number of crops and varieties planted, and range of activities at the Center, technicians were often "stretched too thin."

9. Village Spirits. The village Ban Phou Pha Deng was a more tradition-oriented Meo village than most. Most families in the village moved there from other villages where they could not get along because of change. Degree of opium addiction was also higher than average. When a viral epidemic broke out, the villagers claimed that the Crop Introduction Center had offended local spirits by: locating a tree nursery near a large boulder; building a barbed wire fence across the slope of the mountain; using a soil auger; or noise from a helicopter circling. Government medics helped to clear up the problem.

10. Transportation/Communication. Difficulty in transportation was basic to work in the mountain areas of Laos. Use of Bell Jet Ranger helicopter was an excellent but expensive solution to this problem. The completion of the Phou Pha Deng road was a more reasonable long-range solution, but this road was used for only one month. Technicians had to be willing to "rough it" and walk and use pack animals for work in mountain areas.

11. Tradition. The life-style of the hilltribes is very much shaped by tradition. Opium cultivation has been accepted as a part of the tribal tradition by some of the tribes. This makes crop substitution very difficult, but not necessarily impossible. Yao-hilltribe oral history maintains that the Yao grew cotton until British and French introduced opium. Presumably, if it could be introduced, it could also be de-introduced. Many hilltribe leaders saw opium addiction as destructive, and would be amenable to an alternative. This was not always readily admitted.

12. One-Crop Misconception. Many expect a one-crop answer to crop substitution for opium. This may be possible, but a more diverse answer is more likely, and many crops suited to specific mountain areas were already available.

13. Misconception of Value of Opium Produced. Many considered opium irreplaceable in the hilltribe economy because of erroneously believing the opium income of the grower to be very large. Conversations with growers indicated that an average family earned only $100 to $150 from opium per year, and this at the cost of high labor input. Another observation was that often two hilltribe villages were found within a short distance

of each other -- one an opium growing village; the other not. The standard of living differed little, or might be in favor of the non-opium growing village.

14. Culture Pattern. A replacement crop for the opium poppy should fit the hilltribe culture pattern. It should be a dry season crop -- or one which requires peak labor input in the dry season. And, it should be one which women can cultivate as they do the poppy.

15. Value Per Unit Weight. Due to lack of transport and need to pack the crop to market by man or animal, an opium crop substitute must have a high value per unit weight. Hill tribespeople would pack a crop to market for a return of about $25 per 50 pounds for a four-hour trip. They would put in quite an effort, but need a minimal sufficient return.

16. Adaptability to Climate. A substitute crop would, of course, have to be adaptable to the upland climate and environment. It must, for example, be resistant to frosts or near-frosts; resistant to alternate dry and wet seasons; and resistant to the rainy, overcast wet season.

17. Ecological Impact. A substitute crop for opium should ideally also address other problems in the hilltribe agriculture environment. Intensive slash-and-burn cultivation destroyed timber resources, damaged the watershed, promoted flooding and silting of waterways, promoted soil erosion, and decreased population carrying capacity per unit area of land. Perennial cash crops should moderate these damages and lead to a more settled social pattern for hilltribe villages.

18. Ethnic discrimination. Crop substitution efforts tended to be directed at the major opium-growing hilltribes -- Hmong, Yao and Akha. This created ethnic tensions and jealousies with other hilltribes and with the politically dominant lowland Lao-Thai peoples. Dissatisfaction with directing crop substitution aid on a tribal ethnic basis was partially justified. Opium poppy cultivation was not limited to the main highland tribes. In Houa Khong Province, all tribes engaged in the cultivation, though some to only a limited extent. Also, the economy of the entire mountain area, including the lowlands, was affected by a ban on narcotics production and trade. The Chinese merchants in the area depended on opium trade for a large part of their income. Officials obtained much "unofficial income" from the opium trade. Lowland cultivators sold rice to

opium growers and obtained employment as guards, pack masters, and small-time traders for the opium trade. These gaps in the economy should be addressed as part of the extension crop substitution project.

Despite these and other problems, the Crop Introduction Center did achieve some positive results. Orchards and planting stock of many crops and varieties were established at Phou Pha Deng. These are available for further trial work and propagation, if the need for such a Center were accepted by the new government. More likely, such plantings reverted to the village, and villagers will care for and cultivate those crops in which they see value. Ginseng, tea, fruit trees, and, possibly, coffee, are examples of these.

Extension work had not progressed very far, but fish ponds, fruit orchards and coffee groves had been established, and might be continued by villagers. Seed of red kidney bean, yellow corn and vegetables were widely distributed, and will likely be retained for propagation by the tribes.

Training was an important part of the project. The approximately 15 agriculture technicians involved working at the Center and in the key villages received intensive on-the-job training in agriculture techniques and organization. The approximately 40 workmen who at various times worked at the Center were selected from different tribes and different areas of the province, and given responsibilities, so they could learn while working. Impact of the extension workers in key villages was perhaps not great, but significant, as they were in villages where agriculture extension personnel had never been before.

The major benefit from the Phou Pha Deng Project was the lessons learned which may be of value for future work in similar highland agriculture development. These are listed below, and include suggested direction to take on work with specific crops.

1. The Crop Introduction Center method of approach seemed good. It made for a fairly staggering number of crops at one location, but this expedited work on a number of crops/ideas in the mountains where communications and travel are difficult. It facilitated screening of many crops and techniques. Centralizing work on many crops also had advantages for training and for receiving official visitors -- who usually found that there was something for everyone.

2. Further work of screening trial plantings of crops can be done at an unsophisticated center using largely village-available resources. A trained agriculture adviser should be assigned fulltime at such a center. Technicians with different areas of specialties -- eg. forages, fruits, field crops, coffee, essential oils (and cardamom), herbs (and ginseng), village industries, shiitake mushrooms -- should be sent for training for six months to two years. Additional scholarships should be provided for personnel to complete university degrees and research in these areas. Consultants for the different areas of specialties should be called in for one to two months' planning and setting up during the first year of operation of a center.

3. The key village extension concept should be retained. Each key village should have only five to ten satellite villages in the immediate vicinity. Extension agents should be able to write the national language; experienced with hill agriculture; and fluent in the hilltribe language of their key village. They should be trained for six to twelve months at the Crop Introduction Center and allowed to hire one assistant. Their own wages can be low. They should be assigned to establish demonstration plots or orchards of crops propagated from the Crop Introduction Center. Only after at least one year of successful demonstrations, orchard establishment or yield checks by the key village agents should the crop be extended to farmers.

4. Differences in crop adaptability to different villages or areas should be recognized when selecting key villages. Highland areas within a one to three hour walk of a road can be assigned extension agents to work with temperate fruit and nut trees; potatoes; legumes or coffee. Remote areas two to four days' walk from markets can work with forages for cattle production.

5. When establishing key villages, the extension agents should survey population, agriculture potential, and problems of the key village and satellite village area. Vegetable seed and fish pond construction projects are valuable to build working relationships in the areas.

6. A valuable addition to the key village agriculture extension agent would be to introduce a "bare-foot doctor"-type medic and

a teacher into each of the key villages. This would allow greater impact on the village, help solve medical dependency on opium, and allow these agents of change to reinforce each other.

7. The project should be jointly planned with the host government at the Ministry of Agriculture level, and responsibilities outlined. Additional personnel should be assigned specifically to the Crop Introduction Center as a long-term commitment by the Ministry of Agriculture.

8. Goals of the project should be reducing watershed deterioration, erosion, forest resources destruction, and shifting cultivation, as well as opium poppy crop substitution. This will make the project more politically acceptable to the host government and increase its potential to make hill agriculture more productive.

9. The Crop Introduction Center should be accessible by road. Air transport costs are too great. A jeep track should connect the Center to satellite fields at different elevations. Optimum elevation for the Center would be 900 - 1000m. Satellite fields should be located at 500-700m. and 1200 - 1400m.

10. Hand tractors, water pumps and electricity may be beneficial for the Crop Introduction Center. They should not be available for key village demonstration plots unless a program is planned to provide them for villagers.

11. When a new crop is to be introduced to farmers, a subsidy should be considered. This can be in the form of an acreage subsidy fee for establishing and caring for a coffee orchard using recommended practices, or a subsidy for volume marketed, as for red kidney beans. In either case, the subsidy may be made dependent on not cultivating opium poppies.

12. The one most interesting crop for an opium poppy substitute in remote areas is ginseng. The crop is known by hilltribes; grew well in initial trials; and has a ready and expanding market demand. Longer term plantings are needed to determine root quality and marketability from the environment of highland southeast Asia. Trials are needed to determine optimal altitude for planting; optimal shade requirement; and to select the best variety from Korean and American stocks.

13. The shiitake mushroom is another good contender for remote area production. The mushroom is grown near Chiang Mai, Thailand. Good mycelial growth was noted on logs at Phou Pha Deng, but no production had begun. Work is needed to determine yield potential and profitability; recommended methods of production; species of log to use for planting; and methods for drying. A deterrent to shiitake mushroom as an opium cash crop substitute in remote areas is the necessity of providing availability of fresh spawn for planting.

14. Saffron planting material is available from Giardino Allegra in Italy. It was not planted yet at Phou Pha Deng, but appeared to be worth trying.

15. Forages hold promise for remote areas for livestock production. Napier grass may be useful near any highland tribal village as a source of cut-and-carry feed for livestock. This is in keeping with local practice. Molasses grass, centrosema, or mung beans may be useful to choke out cogon grass. Molasses grass, guinea grass, centrosema, and silverleaf desmodium proved best initially.

16. A highland crop suited well for relatively accessible areas within a one-to three-hour walk from a road is Arabia coffee. Growth was good at Phou Pha Deng, and production is reported good in many mountain areas of Indochina. Rust-resistant varieties from the Coffee Rust Research Center in Portugal, and from other sources, should be propagated and tested for local adaptability. Extension work with coffee can be started as soon as seedlings can be made available in relatively accessible areas. Robusta may prove more suitable for small farmer plots, and can be introduced in the lower elevations.

17. Local varieties of cardamom grow profusely around Phou Pha Deng, but yield poorly. Commercial cardamom variety planting stock can be obtained through the UN food and Agriculture Organization. Growth of seedlings of a commercial variety was very good. Yields must be checked. A good local market exists for cardamom.

18. Temperate and sub-temperate zone fruit and nuts are of high value in the countries of southeast Asia. Some varieties are likely suited to the highlands. A Burmese variety of pears grew well. Wild peaches occur in the area. Tree crops are

well suited to the mountains. Fruits would have to be produced quite near markets, but nuts and fruits that could be dried could be grown in a wider area. Plantings of selected varieties of: apple, pear, peach, fig, prune, plum, apricot, nectarine, chestnut, pecan, walnut and macadamia nuts should be established on a trial basis.

19. Double cropping of upland rice and corn fields should be tried by introducing dry season field crops following harvest. Red kidney beans do well after corn. They can be readily marketed from the relatively accessible areas. Potatoes also do well, but may be suited to a more restricted area. Production of seed potatoes for lowland areas should be investigated. Peanuts should be tried, and different varieties of soybeans tested with different planting dates. Sorghum gave good results following early upland rice in one trial. Other legumes should be surveyed. A survey of upland rice varieties should be undertaken to locate high-yielding varieties and short-season varieties suited for double cropping.

20. Some other substitutes for opium income for hilltribes have not been worked on, but are worthy of investigation.

- techniques for village extraction of essential oils of mint, patchouli, menthol, and others;

- survey of tribal herbs and medicinal plants for possible commercial pharmaceutical value;

- production and drying of fish from ponds;

- a silk worm variant can be raised on the wild castor bean plant which occurs in the area.

The search for an alternative cash crop to opium for hilltribe farmers was not a simple one. No single crop appeared to fit all requirements, and the time frame of work at the Phou Pha Deng Upland Crop Introduction Center was too short to obtain more than initial pilot test results. There are, however, many cash crops with potential for this area, and there is no reason such crops can not fit the role as a substitute for opium.

A more complete report of crop tests including appropriate data charts is on file at the A.I.D. Reference Center and the A.I.D. Office of International Narcotics Control.

DETOXIFICATION AND REHABILITATION

I. Historical Background

1. Development of Program

Towards the middle of 1971 a dialogue arose between the U.S. Mission to Laos and the Prime Minister's office as well as other elements of the Lao government concerning the establishment of anti-narcotic legislation and furnishing the necessary resources to assist already existing law enforcement agencies in its implementation. Because it was mutually recognized that such legislation would be to the distinct advantage of the U.S., the Lao expressed both deep interest and concern that some attention be paid to the medico-social aspects of any such program.

It was as a direct consequence of Lao government concerns about the area of treatment/rehabilitation that the A.I.D./ Laos Public Health Division retained the services of a consultant around whose inputs a program could be mounted. The consultant's intimate knowledge of both the area and subject matter made him an excellent choice for the task at hand. The first consultation paper 1/ appeared in March of 1972 and delineated three separate courses of action that could be undertaken by the Ministry of Public Health with A.I.D.'s assistance.

The alternative chosen was to develop a small medically and socially oriented program for voluntary opiate addicts that could be easily monitored and fairly flexible in its first year of operation to allow for evaluation and possible modifications at the end of that period.

It was recognized, at that time, by people involved in programing that the increasing social problems caused by opiate addicts in the Vientiane provincial areas were connected to the recent war-related refugee migrations from northern sections of the country. Problems arose when people went from a production-consumption situation with strict mores controlling social and medicinal usage of opiates into a consumption situation with the attendant economic and social hardships caused by becoming a refugee.

1/ Westermeyer, Jr.: Program Alternatives for Treatment and Rehabilitation of Narcotic Addicts in Laos, Nov.,1971.

2. National Detoxification Center

The main thrust of the effort was the establishment of the National Detoxification Center located in two rented villas on the edge of Vientiane. The facilities contained administrative offices, waiting area, pharmacy, conference/activity room and carpentry shop in one building and 27 in-patient beds, day-room area, treatment room, nurses' station, nurses' lounge, patient activity area, kitchen, laundry and dining area in the other.

3. Program Objectives

The program's aim was to help Lao people overcome their addiction to narcotic drugs. Secondary objectives included:

(A) assistance to the Ministry of Public Health in the development of an addiction care cadre that would act as a resource to their fellow professionals and community in the areas of chronic disease care and mental health;

(B) the mobilization of community resources to aid in the creation of new social-psychological environments (life styles) for abstinent addicts. Laos had virtually no social services other than the Ministry of Social Welfare which was primarily involved in the care and feeding of refugees. Therefore, it was imperative that the community be involved in any successful effort.

(C) the development and administration of the Narcotic Rehabilitation Program by Lao Ministry of Health officials with ancillary technical expertise provided through the U.S. Mission that in itself was an exercise in the design and delivery of treatment/rehabilitation care to the community. Activities directed towards the proper feeding and housing of patients, provision of utilities, maintenance and housekeeping, budgeting and financial control, logistics, supply, and personnel management, organization of training and staff, and records maintenance, it was hoped, would inculcate into the Lao director and his staff the type of management skills necessary to deliver these services.

4. Use of Methadone

The choice of methadone to be used in the medically supervised withdrawal of opiate addicts was determined solely on medical and technical grounds. "This drug was selected based on reports in the literature as well as on previous personal experience with various medications in narcotic detoxification (including methadone, morphine, demerol, codeine and barbiturates)." 2/

2/ Westermeyer, Jr.et al : A Program for Opiate Addicts in Laos: The First Six Months Experience, presented at International Council on Alcohol and Addict., Bangkok, Thailand, Feb., 1975.

The use of methadone, then, can be seen as merely fulfilling situational needs within the context of the program. Issues which surrounded the introduction of methadone on a widespread scale for use in drug treatment programs in the U.S. at that time, the abuse and re-sale of synthetic drugs and use of extended methadone maintenance as a treatment modality for opiate addicts, had no relation to the Lao scene.

5. No Diversions of Methadone

The fact that no diversions of this drug were experienced during the life of the project was not the direct result of elaborate security measures scrupulously maintained during the program but rather, at least in part, reflects the lack of familiarity and saleability of such synthetic substances on the Lao drug scene at that time.

6. Well Integrated Treatment Modalities

The treatment modalities used in the Narcotic Rehabilitation Program were well thought out and implemented in a manner that allowed integration of Western medicine/technology and Asian conventional wisdom concerning modes traditionally used by the Lao-Thai folk culture in the treatment of opiate addiction. The appropriate and effective incorporation of such material permitted both unsophisticated patients and staff to better relate to the methods employed at the center and more fully participate in the treatment process.

7. Maximization of Ministry of Health Commitment

There also existed at the inception of the program an informal contract between the Health Administration Advisor and the Director of the National Detoxification Center that stipulated all technically trained personnel including doctors, nurses, pharmacists, lab technicians, etc. would be provided by the Ministry of Health, while support personnel involved in simple housekeeping-related functions would be furnished by A.I.D. and supported under the local currency operating budget used by the center. It was in this way that the program was insured being identified as a total Lao effort, and any gains in knowledge and expertise by staff would appropriately be seen as belonging to the Ministry of Health.

8. Principal Modalities of Treatment Used

(A) In-patient Care at the National Detoxification Center

This consisted of medically supervised withdrawal using methadone in gradually decreasing dosages. As the program progressed, the Lao medical director became expert at determining proper dosage of methadone, treatment time increased from approximately 10 days to an average of 21 days to allow for treatment of accompanying physical problems and for the development of a treatment plan after discharge. This gave the patient some time before discharge to adjust to his/her new state of abstinence and for the staff to create a constructive milieu where the family could discuss with small informal groups of patients and staff the problems to be faced after discharge.

(B) Out-patient Program at the National Detoxification Center

Patients were treated by medically supervised withdrawal using methadone; however, in-patient status was not indicated. This group presented itself as much younger, more sophisticated, involved in a variety of daily activities (school, work), and more amenable to treatment on an out-patient basis. They also tended to be more manipulative of the staff's time and were best managed in conjunction with use of the narcotic detection equipment available at the center to do urinalysis of those patients suspected of abusing the treatment situation.

(C) Neighborhood Branch/Half-way House

This facility accomplished three main functions:

(1) temporary residence for patients awaiting treatment or those having finished, awaiting transportation home;

(2) half-way house enabling patients to receive counseling and/or work assignments aiding in the initial adjustment to abstinence;

(3) a social meeting place to receive support, follow-up treatment, etc. for those returned patients from that part of the community.

The director of the National Detoxification Center developed, using this facility as its base, a unique program consisting of job placements for some of the younger unskilled patients who had no cohesive family ties. The local artisans and shop proprietors, who had

initially agreed to accept placements only on the strength of their friendship with the director, soon started investing a lot of time and interest in their trainees. At the end of several months with this project many of the shopkeepers had developed very warm relationships with their trainees, and one case that started out as an extended apprenticeship ended as a full-salaried position.

(D) Wat Tham Ka Bok

Financial support for this project initially started by the Ministry of Social Welfare in 1970 was continued for an 18-month period during 1973 and 1974. Eight hundred and twenty-four addicts from the Vientiane Plain, Xieng Khouang and Ban Houei Sai areas of Laos received treatment at a Buddhist temple located 300 miles south and west of Vientiane.

Treatment was not medically supervised and constituted a cold-turkey withdrawal. Herbal substances fed to patients at regular intervals aided in this process and people were encouraged to take steam baths and cold showers to help purge their bodies of the opiates within and alleviate the burning sensation that was experienced. The basis for treatment surrounded the religious pledge or oath of abstinence that every person had to exchange with the abbot of the temple upon entrance into treatment. There were favorable aspects in this project and some will be treated in the discussion sections. Suffice it to say that it did enable large numbers of people to get into treatment in the beginning of the program and actually had moderate success among ethnic Lao-Thai populations with whom its belief systems were compatible.

Other examples of utilization of indigenous community resources program-wide were the inclusion of the Buddhist clergy in mental hygiene and educational sessions, the Vietnamese and Chinese Merchants Association in vocational placement and support, and various veterans groups involved in setting up a village for the handicapped.

II. Discussion

1. Numbers of Addicts Treated

During two years and eight months of operation, the combined projects of the Narcotic Rehabilitation Program afforded treatment to approximately 2,500 members of the community. The program contributed significantly in making other facets of the Narcotic Control Project palatable to the government of Laos and

its people and in this manner aided in the overall attainment of objectives.

The number of addicts who received treatment, however, was never really significant in proportion to the total estimated population of addicts in Laos (25,000). Addiction is learnt behavior and chemical dependence a chronic relapsing phenomenon. Without strict social control and isolation, any other objective, other than offering treatment as an alternative for those who would genuinely seek it, is unrealistic.

2. Post Ceae-fire Period

The post cease-fire period was characterized by a burgeoning Lao awareness of the passive and rather impotent role as recipients in the donor-recipient relationship. While the authority was invested in the program's director, the real power which was centered around the allocation and control of the resources available to the program had been retained by A.I.D. This new Lao awareness and attendant activity was directed towards getting direct control over program resources and taking the responsibilities involved in program operation.

3. Completion of Projects

There was a direct correlation between increased Lao participation in administration of resources and decision-making and time necessary for the completion of the particular task towards which they were directed. Projects planned for completion during late 1974 and early 1975, such as the long awaited outreach detoxification branches, a scheme designed to allow provision of services in the more populous rural areas of the country, became beset with an inordinate amount of problems. Hope for the establishment of these branches ended with the increased military activity during April, 1975.

4. Attitude of the Ministry of Health

Although informal overtures were made by the A.I.D./Public Health Division as early as October, 1974, concerning the eventual turnover of the local currency operating budget to the Ministry of Public Health for the Narcotic Rehabilitation Program, there seemed to be no interest within the Ministry in focusing on this issue.

The basic attitude of the Ministry of Public Health towards the Narcotic Rehabilitation Program was one of ambivalence. Faced with

a program that had gained such overwhelming public acceptance and become not only an institution in the community but an integral part of its overall health care delivery system. The Ministry could hardly refuse to accept the continued administrative responsibilities involved. However, given the priority of primary health care in Laos, with which it found itself hard pressed to cope already, it could hardly accept a program involved in the areas of chemical dependence/mental health. For this reason, unless outside assistance is received, the program will cease to function and follow the downgrading of all health services to be commensurate with the general level of development.

5. Negotiations for Transfer of Program Support

Negotiations were in process during May, 1975, and transition to the United Nations Fund for Drug Abuse Control (UNFDAC) in the areas of technical assistance and financial support was projected for 60 to 90 days, were it not for political factors which interrupted these efforts.

6. Condition of Program at Termination of Support

At the time of termination of support, there existed in the program an excellent potential for the formal expansion of services into the areas of education/mental hygiene and rudimentary diagnostics and treatment of psychiatric and neurological disorders. It was hoped that the new detoxification center funded by the USG during FY 1972/3 then under construction on the grounds of the Mahosot National Hospital Complex would have provided the necessary impetus and focal point for these and other related activities.

Successes - Accomplishments

The program must be considered highly successful on:

1. Humanitarian Grounds

Needed health and medical care services were provided in a reasonably economic manner. The program was seen as reflecting the felt needs of the community by the high level display of immediate and continued public acceptance and support for a program that represented an entirely new direction and dimension in health care. Occupancy rate for the 27 bed in-patient unit at the National Detoxification Center averaged 94% for the life of the program.

2. The Program as a Model

This effort illustrated that a program having its complexity can be mounted and made to work in a developing country, such as Laos, by unsophisticated health care personnel. Nurses and medics with marginal training and without any prior knowledge of program subject matter were able to perform and respond to the maximization of their potential within their levels of competence. This last point can be illustrated by the lack of mortalities in the patient population during the life of the program. Despite the fact that over 75% of patients treated were 40 years of age or older, whose condition could be generally characterized as being moderately to severely debilitated, there were less than 10 deaths in a population of 1,500 treated. This represents high quality care.

3. Training

Fourteen persons, including 12 staff nurses, the nursing supervisor and administrator, were sent to BAngkok, Thailand to attend 2- or 3-month courses in Psychiatric Nursing and Administration. It was felt that this training aided in the development of not only formal skills but high morale and an increased interest in the quality of their job performance as well. There was also a unique program entitled, "Summer Work Experience," funded by International Voluntary Services which afforded nursing and medical students the opportunity of doing an informal affiliation at the National Detoxification Center during their summer vacation.

The sending of the director of the National Detoxification Center and certain key members of his staff to an international conference on chemical dependence and observation tours in area countries was seen as the promotion of a regional dialogue and cooperation by pooling existing and potential expertise in the treatment/ rehabilitation field. It was felt that it:

(A) stimulated interest and activity among existing program administrators and policy-making level officials; and

(B) cultivated the proper perspective and orientation to drug-related problems enabling them to relate treatment modalities used in Laos to their own country's needs.

4. Collection of Demographic Data

The collection of demographic characteristics (included in contractor report) on patients treated in projects of the Narcotic Rehabilitation Program was done from Septmeber, 1972 through May, 1975 for approximately 1,500 patients. Data was collected by the administrative and

nursing staff at the National Detoxification Center. This information proved to be of great wealth not only to program planning and evaluation but also in obtaining much needed base-line data concerning the Lao (Asian) addict and associated patterns of addiction.

Factors Conducive towards Success - Indications for Future Programing

1. Utilization of a Consultant

The role of consultant was utilized very effectively in the overall effort. The initial consultation determined parameters, scope, direction, and focused on alternatives available to both the A.I.D./ Public Health Division and the Ministry of Public Health in initial negotiations for a program. Two subsequent consultations were used to evaluate program content as seen by a non-participating observer, define areas of achievement, and delineate future courses of action.

2. Limiting Direct American Involvement

There was only one full-time U.S. position, the Health Administration Advisor, working in association with the Lao Medical and Administrative Director of the Narcotic Rehabilitation Program. One half-time American clinician, who advised the Lao Medical Director of the National Detoxification Center, was phased out in December of 1974. It was felt that this low profile allowed for the maximization of the Lao role in the program effort.

3. High Quality Health Care

Offering comprehensive health and medical care beyond the scope of detoxification services at no or minimal cost combined with the enthusiasm of the staff made patients hold the total care which they received at the center in high esteem. The standard of care received was on a par if not higher than that which was offered at other facilities in the area.

4. Results of Follow-up

A small representative sample of patients were interviewed at their homes within one year of treatment at the National Detoxification Center. All had been treated as in-patients and were geographically distributed in three diverse areas of the country.

In the Vientiane Plain (metropolitan and surrounding rural areas) results showed approximately 40% had returned to usage of opiates. The second area, 80 miles north of Vientiane, consisting of hilltribesmen who were former opium producers showed only 30% return to usage. A subsequent survey completed in April of 1975 for about 70% of all patients having been detoxified in that area, regardless of time elapsed since treatment, indicated approximately 60 % return to usage. The survey was accomplished through the cooperation and logistic support of the A.I.D./Public Health Division's Village Health Program, which had 80 medical dispensaries distributed throughout the area. The third location, which was near the tri-border area of China, Laos, and Thailand, had 100% return to usage.

Overall trends indicated:

a) Sending people who resided together in the same village or who otherwise belonged to the same peer group seemed to be beneficial towards the favorable outcome of treatment. This was first observed in the Wat Tham Ka Bok project, when all the addicts in one village were transported for treatment at the same time for logistic reasons. Random sporadic follow-up of these patients showed a cohesiveness felt among those persons who had undergone treatment together, and strong peer pressure exerted towards the reinforcement of abstinence and censure of relapse.

b) The highest rates of abstinence were seen in areas where there was low availability of opiates with attendant high cost. The cost of opiates in the Vientiane area increased, due to the effects of enforcement and inflation, fourfold in a two-year period. The tri-border area in northernmost Laos, however, experienced almost no fluctuation in the relatively low price and high availability of opiates. Consequences for treatment efforts can clearly be seen; low cost and high availability correlated with lack of motivation to seek treatment and high recidivism once treated.

c) The recognition and acceptance, by all facets of the Lao government involved with medico-social legal aspects of programing (Ministries of Health, Justice, Interior), of the inviolate position of both confidentiality and voluntary status in the treatment situation, lent to the creation of a favorable treatment environment. Lao national police did not harass addicts or set up any programs specifically designed to force people into treatment/prison alternatives.

Problem Areas

1. Lack of Structured Follow-through

This problem was primarily related to leadership and delegation of authority from a central strong medical direction. It made well-ordered expansion of the new creative directions that were defined extremely difficult. Authorization was given only to perform repetitive, well-defined tasks; imagination and initiative were clearly discouraged. The development of competence anywhere else in the system was seen as threatening to the competency of the central authority figure. Although this problem is universal, it's accentuated in a country like Laos, which is paternalistic in nature.

2. Equating Amount of Resources with Treatment Efficacy

There was a propensity to equate the potential efficacy of a treatment modality with the amount of money/bricks and mortor that was to be spent on its implementation. This was clearly seen in the continual emphasis the Lao administrative director of the Narcotic Rehabilitation Program put on the creation of a residential vocational rehabilitation facility.

Almost all patients treated at the National Detoxification Center had vocations or were landed peasants. Experience with rehabilitation centers in other countries in the area (notably Vietnam) indicated they had only succeeded in supporting certain groups of people for extended periods. Patients who succeeded in these artificial environments tended to fail when returned home. Patients who have job skills and existing family relations do much better when treated in their environment or returned to it as quickly as possible. In this way they are able to make an adjustment to the drug-free state with all the support they can muster, under the conditions with which they have to live every day.

3. Obstacles to Ambulatory Care Delivery and Organized Follow-up

While the expansion of services towards ambulatory care was desirable, both from the standpoint of cost-effectiveness and treatment efficacy, there were many problems encountered in trying to move in that direction. Lack of material and transportation resources made it impossible for the majority of people. Treatment often meant uprooting the entire family to go live in the city with relatives, or in a Buddhist temple, until the patient was ready to return home. The solution was to tailor the service to meet the

target population, thereby requiring the construction of low cost outreach facilities serving rural areas which had high population density. This met resistance from professional staff who refused to be isolated from large urban centers where the standard of living and opportunities for professional advancement were better.

Several attempts to mount organized follow-up of patients treated in the program, a specific recommendation of the consultant, met with very limited success. The country had no unified network of roads making whole areas virtually inaccessible during certain times of the year. Furthermore, there were problems because Laos had no definitive system of national identification. Addicts often used false names and addresses, and although pictures were taken and I.D. cards issued, the mobile life style of most addicts made trying to trace former patients a discouraging and fruitless task.

PUBLIC HEALTH DEVELOPMENT

The primary purpose of this project, as conceived at its onset in 1963, was to provide immediate medical assistance in areas disrupted by war. Three factors at the outset determined the initial assistance requirements: (1) the inability of the RLG through its rudimentary civilian health services to provide medical care and health support to areas disrupted by the insurgency; (2) the near complete lack of an effective field military medical organization within the Royal Lao Government; (3) the conditions of the Geneva Accords which precluded U.S. military assistance in the health field.

The major thrusts of the project were immediate medical care at forward locations and development of evacuation systems for more serious cases. The major geographical concentration of services were at the outset in Military Region II, largely in Xieng Khouang and Sam Neua Provinces, with less extensive activities in MR I north of Luang Prabang and Ban Houei Sai, and on the Bolovens Plateau in MR IV. Because of the dearth of doctors and other professional medical personnel in Laos, early and continued emphasis in the project was on training health auxiliaries. By June 1967, the following numbers of health paramedical and auxiliary personnel had received basic health training in-country:

- Medics	1,924
- Practical nurses	208
TOTAL	2,132

Refresher courses had also been given to approximately 200 civilian and military health auxiliaries.

The main instrument for furnishing medical care from the onset was the village dispensary. This was a primitive structure of one or two rooms roughly constructed from locally available material by the villagers. In some cases galvanized iron for roofing was supplied by A.I.D. Typically the village dispensary was staffed by one or two "medics" who were housed in village-type huts. Depending on the military situation and the associated needs for care and evacuation of the warwounded, some of the village dispensaries were expanded into small "bush hospitals". These were actually primitive collecting stations where the less seriously sick or wounded could be held for a few days for treatment. Such collecting stations were usually located close to short improvised air strips for STOL (short-take-off-landing) aircraft which facilitated the delivery of supplies and the evacuation of the seriously sick or wounded.

By 1964 a network of such village dispensaries and collecting stations had been established throughout most of the contested areas of MR II and MR I with selected areas of coverage in the South, particularly East of Savannakhet, the areas surrounding Saravane and on the Bolovens Plateau. In all, the total number of village dispensaries in 1964 was about 180 and by 1972 numbered 250.

By then it was apparent that the existing government hospitals could not care for the large numbers of seriously sick and wounded that had to be evacuated for definitive treatment. Most of the patients, both sick and wounded, were members of tribal minorities, mainly Meo (H'mong) and Lao Thung who lived in the mountainous country which was the most heavily contested battle area. These people have different language and customs than the lowland Lao people and evacuation to hospitals in the lowland urbanized area was very disruptive. Logistical problems were formidable because transit was mainly by air and members of the tribal family always insisted on accompanying the patient. The Mission met the need for decentralized rural hospitals in three ways:

1. Direct A.I.D. support for construction of a regional hospital at Sam Thong, in Xieng Khouang Province, which was the administrative and coordination center for refugee relief activities in the North (MR I and MR II). Smaller units were also constructed at Houa Moung in Sam Neua Province and at Ban Nam Thouei in Houa Khong Province.

2. Support through a contract with Operation Brotherhood International for the staffing and operation of several rural hospitals throughout Laos.

3. Informal support and coordination with the Tom Dooley Hospital operating at Ban Houei Sai. Upon departure of the Dooley team in 1969, this hospital was operated jointly by the RLG and Operation Brotherhood with U.S. assistance.

Although an improvised hospital of thatched huts had been established at Sam Thong in 1963, this was grossly inadequate for care of the increasing numbers of sick and wounded among the tribal people of Xieng Khouang and SamNeua Provinces. In 1964, with A.I.D. assistance, the RLG built a wood-frame hospital adjacent to the STOL strip at Sam Thong. Although the design and the type of construction was not ideal for its purposes, this structure did provide a reasonable base for a forward area treatment center that could accommodate some 150 patients. During 1965 this hospital unit was improved by A.I.D. to include x-ray, laboratory, surgical units and extensions for laundry and kitchen. It subsequently served as the main field-support hospital for MR II until it was overrun by the Pathet Lao in 1970. By that time it was a very

adequate 250-bed, well-equipped and well-staffed facility which also served as the main in-service practical nurse training unit for Meo and other tribal minorities.

The provision of doctor staff for Sam Thong Hospital proved a problem from the outset. In 1964 and part of 1965, it was staffed intermittently by A.I.D. physicians and Filipino doctors detached from Operation Brotherhood and by a Lao surgeon. These arrangements were not fully satisfactory because there was always a lack of continuity in professional directorship, as well as problems of language, communications and interpretation of customs. Late in 1964, by agreement between A.I.D. and the Royal Lao Government, a young, well-qualified, French-educated Lao physician, Dr. Khamneung, was assigned as Director of the Sam Thong Hospital. He proved to be ideally suited for the post and continued as Medical Director for Hospital Services in MR II until 1974 when he was promoted to Assistant Surgeon General for FAR and assigned as Director of the principal FAR Military Hospital at Vientiane. Prior to 1970 two additional Lao doctors and a number of practical nurses were assigned to Sam Thong.

The Philippine-based Operation Brotherhood International (OB) had been in Laos under the aegis of the International Junior Chambers of Commerce since 1957. This private non-profit organization began working under A.I.D. contract in 1963. Their program, in 1964, was based on a community-development approach with a strong emphasis on hospital-based health services. In 1964, the RLG and A.I.D. built or renovated existing facilities served by OB to establish a number of small rural hospitals and one larger general hospital in Vientiane. The OB presence in Laos in 1963-64, was essential to the development and support of the Village Health Project. In FY 1966, at RLG request, Operation Brotherhood dropped its community-development approach and focused thereafter on health services. As RLG medical capacity improved, however, OB again provided community development/ public health services in refugee areas.

Similarly the Tom Dooley Foundation was operating a small hospital in Ban Houei Sai, left from Tom Dooley's medical efforts in the late 50's. The Mission provided considerable assistance to the Tom Dooley operated hospital in Ban Houei Sai in order to have a rural hospital to care for referrals from the village dispensaries in the most northern areas of Laos adjacent to the Mekong River.

By 1965 A.I.D., either directly or through contract with OB, was operating a widely dispersed network of health stations with eight rural hospitals and about 180 rural dispensaries. The system was providing about 2 million out-patient visits and caring for over 25,000 in-patients per year. A.I.D. was furnishing nearly all the

drugs, equipment and medical supplies for this operation at a cost of nearly $1.5 million per year. The RLG had no adequate medical supply or logistics system to support an operation of this size and scope.

In order to operate effectively the Mission had to set up its own medical supply procurement, storage and distribution system. As of 1965 this consisted of a medical supply warehouse (old and inadequate) in the That Luang district of Vientiane, a small regional warehouse at Sam Thong and a smaller warehouse at Pakse to supply facilities in the South. All procurement was through GSA and lag time from request until arrival in country was very long, in most cases over one year. There were always numerous shortages of essential items and a cumbersome pipeline. Operation Brotherhood had its own medical procurement and supply system. There was no standardization of supply items and no joint formulary. In 1966 it was agreed to integrate the OB supply system into the A.I.D. warehouse system and change procurement of drugs and medical supplies from GSA to the U.S. military, with shipment from the U.S. Military Medical Depot in Okinawa. The latter action shortened the lag time on common stock items from over one year to 90 days, thereby generally improving off-shore procurement.

The medical supply system of the Village Health Program from 1966 until termination of the project in 1975 remained essentially unchanged in its overall structure and organization. Initially it was run by one American Supply Advisor with considerable assistance from American medical technicians stationed in the field. During the last two years of the project there were two U.S. medical supply advisors while U.S. Field technicians were reduced from four to two as qualified Lao began to replace them. In 1966 the Central Warehouse in Vientiane had only about 12 local employees. In 1975 at termination there were 59. However, in the interim, third-country nationals were curtailed and more responsibility was assumed by the Lao employees. The system for administration and record keeping also was upgraded in response to repeated audit demands and requirements for more elaborate documentation.

Throughout its existence the medical supply system was frequently criticized and faulted; there was always a certain amount of minor thievery both at Vientiane and in the field. In general, however, pilferage and other losses were always below 1% of the gross value of supplies distributed. On the whole the system was effectively and efficiently operated.

Because of the wartime pressures under which the system operated, it was planned, directed and executed entirely by the Mission with

A.I.D.-hired local employees. Near the very end, an effort was made to correlate and integrate this supply system into the RLG Ministry of Health's logistic system. On the other hand, the RLG never had the nucleus of an effective modern medical supply system. It is unlikely that the use of a more collaborative style earlier would have been efficient or effective under the wartime conditions that prevailed until 1973.

From the inception of the project, the Mission was concerned about the severe lack of trained health personnel particularly at the professional and middle levels, but the urgent need for immediate medical services caused by the expanding insurgency, had to receive priority attention. The small available cadre of professional workers and paramedical supervisors could not be spared for longer range training out-of-country. The emphasis therefore was on short-term in-country courses and on-the-spot in-service training which was later developed into regular three-month refreshers every two years. Course content was at first heavily weighted towards simple symptomatic medical treatment, first-aid and care of the wounded, but gradually expanded to emphasize preventive services and data collection.

Except during the height of military activity, the bulk of patients were disabled by medical diseases: primarily malaria, diarrhea and respiratory infections. In areas where the people were constantly being uprooted by military activity, basic problems of food and adequate nutrition were paramount. Nearly everywhere the majority of patients both at dispensaries and hospitals were civilians and dependents of the armed forces. The in-country training courses, which earlier concentrated on war wounds, had to be extended to cover the treatment and management of the common medical complaints, the care of pregnant mothers and problems of infant and child health. With the expansion of hospital-type services there was urgent need for upgrading technical and supervisory skills particularly among nurses and midwives. These interrelated problems were partially ameliorated, though never satisfactorily solved, by limited support of in-country institution building and a small program of third-country training. A significant contribution was also made through the Maternal/Child Health Project. Early in 1971, training of rural health auxiliaries was begun and by 1975 over 40% of the rural refugee dispensaries were providing basic MCH and Family Planning services.

A.I.D. assistance in the third-country training began in 1965 with a program of training in the provincial hospitals in Thailand, mostly in the Northeast where the Thai dialect approximates the Lao language. By June 1968, 57 Lao nurse-midwives had received 6-12 months' training in Thai hospitals. During the life of the project this was increased to a total of 117. Similarly 20 chief ward nurses had received

refresher and improvement courses in Thailand by June 1968. Plans were set to give similar training to 70 more chief ward nurses but the goal of 90 was never reached because of lack of suitable candidates. There were similar problems in finding suitably qualified candidates for continuing education in out-of-country programs to develop nursing educators. Although a life of project goal was set in 1968 for third-country training for 67 nursing educators, only about 15 completed this training.

In FY 1967, A.I.D. initiated assistance to upgrade the existing nursing school at Mahosot Hospital in Vientiane; aid consisted of construction of a new building for the nursing school and contribution of equipment and training aids. Technical advisors were provided by WHO. The new nursing school produced the country's first class of registered nurses in 1972. Despite substantial problems, due mainly to poorly qualified local teaching staff and the outmoded concepts and attitudes of the doctor hierarchy, the school gradually improved over time due to growing RLG capability and increasing inputs from WHO and UNICEF.

In 1968, there were only 14 physicians in Laos, most of whom devoted 80% or more of their time to private practice. At that time there were 29 Lao doctors in France, Canada, and Thailand. The development of a medical school was never a prime goal of this project. However the French Economic Mission was substantially involved in this area while WHO also provided limited assistance. The main contribution of the U.S. project in this respect was to create and upgrade clinical facilities for in-service practice and training of doctors, dentists and medical assistants. Beginning in 1969 and continuing until termination, A.I.D. provided summer internship programs in the hospitals operated under the project. These summer training programs were well received by the students. An attempt in 1968 to provide third-country continuing education for physicians and medical assistants in Thailand was less successful because of the lack of qualified interested candidates. Most of the MDs preferred to seek graduate training in France. On the other hand the small number (about six) who returned to Laos after two or more years' work in Thai hospitals were among the best trained and most effective doctors in the country. In 1972, the program in Thailand was increased to provide ten doctors annually for MPH training.

From 1968 to the cease-fire in 1973, the military-political situation in Laos was characterized by a gradual but steady loss of territory controlled by the RLG to the Pathet Lao forces. In MR I, village dispensaries in the regions around Nam Tha and Nam Bac were withdrawn and shifted with the refugee movements to areas close to the Mekong River north of Ban Houei Sai and to areas near Luang Prabang. In

MR II the loss of the contested area of SamNeua, the Plain of Jars, and essentially all of the area north-westerly and southeast of it restricted the RLG operational area to a small southwest segment approximately 85 by 40 kilometers. The loss of Sam Thong in 1970 and with it the main support hospital there necessitated the relocation of the makeshift hospital base at Long Tieng and Ban Xon. A crude temporary hospital of some 200 beds was improvised at Ban Xon from a pre-existing A.I.D. Public Works camp and this served as the base for Mission medical operations in MR II until the termination of the project.

In MR III the RLG maintained control of an area along the Mekong which was only about one-third the width of the country in the South. The areas around Thakhek were unstable and tenuous. The hospital at Kengkok (operated by OB) and the surrounding network of dispensaries between there and Savannakhet remained in operation except for a brief period when Kengkok was lost.

In MR IV the hospitals established at Attopeu, Saravane and Pak Song were all lost. The newest hospital established at Khong Sedone was severely damaged by enemy attack and operations there were discontinued in 1972. The provincial hospital at Pakse was expanded and Pakse became the base for operations. The shift of refugees from the overrun areas of Attopeu, Pak Song, Saravane and the Bolovens Plateau required the establishment of refugee villages in areas north of Pakse. Dispensaries were established in these relocation areas where operations continued until the cease-fire.

In MR V the hospital at Vang Vieng gained increased importance in support of casualties and refugees when Sam Thong fell in 1970 and Long Tieng was under siege. Once the improved hospital was established at Ban Xon, the activity at Vang Vieng returned to normal. During the enemy's drive on the Plain of Jars and into Xieng Khouang Province, many tribal people were evacuated to Vientiane and later located in resettlement villages adjacent to route 13 between Vientiane and Vang Vieng. A smaller group was relocated southeast of Vientiane. This shifting of war refugees required the establishment of new dispensaries to serve these people.

Thus at the time of the cease-fire in 1973 the project was directly or indirectly operating seven hospitals, the temporary facility at Ban Xon under the Village Health Activity and six others under the OB contract, located at Ban Houei Sai, Sayaboury, Vang Vieng, Vientiane, Kengkok and Pakse. There was a network of about 200 village dispensaries approximately half of which were located in MR II. The dispensaries, although more numerous than in earlier years, were compressed into a smaller geographical area. The A.I.D. local-hire personnel in the village health program numbered about 650. About 125 of these were nurses or nurse-midwives, 450 medics, 60 medical supply and logistics and 15 medical technicians, such as laboratory and x-ray technicians. Total costs of operation including

supplies and transportation of commodities, were provided by the Mission.

Following the cease-fire, and in the period immediately prior to termination, the Mission reexamined its original goals and objectives. The initial project purpose of providing short-term medical care under wartime conditions had become less relevant. The highly operational nature of this project was also inconsistent with the A.I.D. policy of fostering a collaborative style under which the host government would assume prime responsibility for the development and execution of A.I.D. assistance programs. The Health Development Project despite its name was not a development project in the sense of building a lasting institutional base for a long-term health delivery system. It was created and expanded as an expediency in response to humanitarian, military, and political needs. In terms of providing acute medical care for insurgent and refugee areas it was highly successful. The overall problem in 1972 and subsequently was how to adjust this high-impact expedient medical-care program in the light of the changing political reality. In a real sense too the problem was how the United States could gracefully and gradually curtail its involvement and commitment to a large A.I.D.-operated medical program that was providing about two-thirds of the health care services in Laos.

There were many facets of the problem. Foremost, perhaps, was the problem of the large number of Lao health workers employed, paid, and managed by A.I.D./Laos. In addition, to the 650 local health workers in the village-health program, approximately 550 were employed and managed under the A.I.D.-financed contract with Operation Brotherhood. This total body of some 1200 health workers including medics, practical nurses, midwives, supply personnel, technicians, and maintenance and support staff had been trained under a system which did not comply with the standardized qualifications as set by Lao civil service systems and the Ministry of Health. Many of the workers, particularly the practical nurses and medics trained under the Village Health Project were recruited from young people in the areas where they served. Many were from the tribal minorities and most had less than the required amount of preliminary education. The technical training and categories of health workers designed in response to the care of the sick and wounded in war did not correlate with patterns established in the Ministry of Health.

The integration of these A.I.D.-trained health workers into the RLG regular personnel system met with little success until late in 1974 although there were many prior discussions with the Minister of Health on this point.

In April of 1974, the Mission submitted a study paper on this subject to the Ministry summarizing the numbers, types and locations of A.I.D. employed health workers, their preliminary education, technical training, and salary scales. This paper also compared relevant factors with similar categories of employees in the civil service system and suggested ways in which the A.I.D.-employed health workers could be assimilated. Shortly, thereafter, Ambassador Whitehouse sent a letter

to Prime Minister Souvanna Phouma pointing up the problem and urging that the PGNU seek ways of incorporating these A.I.D.-trained workers into the Government's employment system. Souvanna Phouma responded favorably to this request in January 1975. The Ministry of Health, after discussing the question in a series of meetings of the Superior Council of the Ministry of Health, agreed to try to absorb the A.I.D. health workers into the Ministry. In order to accomplish this the Minister of Health proposed an administrative committee with representation from the Ministry of Health, the Civil Service Commission, Budget and Finance, Plan, and the workers concerned. Such a committee was approved by the Cabinet and established by official decree in March, 1975. When the Mission was terminated about three months later this committee was actively engaged in collecting the necessary data and performing studies in an attempt to solve this problem. This effort on the part of the PGNU and particularly of the Ministry of Health seemed to be sincere and integration of the village health workers could probably have been accomplished before the end of CY 1975 if political events had not interrupted.

A similar important general problem was the need to reach agreement with the PGNU on integration of the A.I.D. and OB health facilities into the government's regular health delivery system. At the beginning of CY 1974 A.I.D. was directly operating the 200-bed temporary hospital at Ban Xon and 19 village dispensaries throughout the country. Through its contract with Operation Brotherhood, A.I.D. was also supporting six additional hospitals and supplying primary medical care and general preventive health services to about 40 villages in the Vientiane Plain where refugees had been located during the Pathet Lao advances in 1969 and 1970. About 120 Filipino doctors, nurses, technicians and administrative supply and maintenance people were operating these facilities and services. The contractor also employed about 550 local health workers, most of whom had been trained within OB hospitals. Although a small corps of regular government employees worked in these hospitals the majority of the workers were still employed, paid and directed by OB technical advisors.

Preliminary discussions with the Ministry of Health in 1973 had revealed that the responsible Lao health officials did not believe that more than perhaps 50 or 60 of the A.I.D.-operated dispensaries could be incorporated into the Government's permanent health delivery system. In part this reflected the Vientiane-based health officials' primary concern with developing health facilities only in more populous areas and their relative indifference to health problems in remote areas. Their plans too focused mainly on the lowland areas with predominently ethnic Lao populations and deferred extending out-reach programs into the mountainous areas, the traditional home of the tribal minorities. These officials had severe doubts about their ability to extend health services to peripheral areas with their limited resources and critical shortages of manpower.

During CY 1974 A.I.D. cut back and consolidated village dispensaries, decreasing the total to 135 by December of 1974. Plans were also made to further reduce the number of dispensaries to approximately 90 by June 9, 1975. Implementation of further cuts was deferred in March, 1975, at the request of the Minister of Health, until the previously described Administrative Committee for integration of A.I.D. health workers could complete its studies and make recommendations. This was essentially the situation that existed when political factors precipitously interrupted the project in May, 1975.

With respect to the MR II hospital at Ban Xon, a decision was reached with the PGNU to rebuild and expand the temporary hospital at Long Tieng which was started in 1970 and create a permanent 125-bed hospital there. Construction was to begin in July or August of 1975 with anticipation of completion by August or September of 1976. At that time the Ban Xon hospital would continue as a district health center with limited short-term inpatient care. UNICEF had agreed to construct a district health center at Moung Cha at the southeast end of the triangular area of Xieng Khouang Province controlled by the PGNU. This overall plan for developing a permanent health delivery system for the area was interrupted by closure of the project in June 1975.

After lengthy discussions between A.I.D.,OB and the Ministry of Health during the second half of CY 1974, a four-year plan for the phaseout of Operation Brotherhood and integration of their operations into the government's regular service was accepted and incorporated into a formal agreement in April, 1975. The process of negotiating a contract with Operation Brotherhood to implement this plan was near the final stages when the Mission was closed.

Throughout most of the life of the project, U.S. health professionals working in Laos as well as visiting consultants had been concerned about the lack of preventive measures in the project. The expedient nature of the project, its style of organization and operations and the training of the Lao health workers were all geared towards acute medical care. Preventive health measures were largely limited to routine immunizations, supplementary feeding programs to combat malnutrition and the provision of basic sanitary facilities, mainly water supplies. At most of the village dispensaries in MR I and MR II and at the hospitals located in Ban Houei Sai, Sayaboury, Vang Vieng, Sam Thong and later at Ban Xon, 50% or more of the cases treated or hospitalized were due to malaria. By 1965 and 1966, most of the malaria infections were caused by p. falciparum and by the mid-sixties this parasite had, particularly in the North, become resistant to chloroquine. Subsequently Fansidar or a similar combination of drugs was sometimes used at the hospitals, but because of the higher cost was not widely used in dispensary care. The suppressant effect

of chloroquine, because of drug resistance, became unreliable. By the late 60's it was increasingly apparent that a concerted program for malaria control was the priority health need, particularly in the northern part of Laos.

In the late 50's a previous attempt by the RLG to launch a malaria-control program had failed and was discontinued in the early 60's. The problems encountered in training and organizing a Lao technical staff together with the instability and disruption of the population caused by the increasing insurgency proved insurmountable. Unfortunately, throughout most of the life of the health development project the near constant shifting of the population in the war-torn area precluded the implementation of a conventional malaria-control program based on residual insecticide spraying of houses. By 1972, however, with the area controlled by the RLG much reduced but more stable, the RLG and later the PGNU could anticipate a viable malaria-control program. In 1969 the Ministry of Health with assistance from WHO had conducted a small pilot study of malaria control by residual home spraying with DDT in the Vientiane Plain area around the Nam Ngum Dam. The results were very encouraging and WHO in 1973 entered into agreement with the PGNU to provide technical assistance to a National Malaria Program. The Mission agreed to supply essential commodities including insecticides, anti-malaria drugs, transport and some laboratory supplies. The plan of operations for the first three years of the Program was not prepared until early in CY 1974.

In 1973, the Mission with the assistance of a technical advisor furnished through the International Red Cross conducted a limited malaria-control activity in Xieng Khouang Province using both Fansider anti-malaria drugs and residual spraying of houses. Coverage included only about 30,000 of a total 150,000 population. This was designed as a preliminary study and was not considered a part of the PGNU national malaria program. Unfortunately the areas of Xieng Khouang Province and most of Vang Vieng were not included for spray coverage in the WHO/PGNU Program operational plan for the first three years. A.I.D. protested this omission because the national malaria-control program would bypass the highly malarious Xieng Khouang triangle where A.I.D. had provided considerable assistance to the hospital at Long Tieng and an extensive dispensary network. Finally in December 1974, after repeated meetings and discussions, the PGNU, with WHO approval, concurred in the inclusion of Xieng Khouang Province in the national plan. Malaria spray operations to cover 100,000 people in this area were planned to begin in March, 1975. Despite the short lead time the Mission was able to procure the necessary 25,000 lbs. of DDT and to move it to Ban Xon by mid-March of 1975. Meanwhile, with WHO cooperation, 20 medics from MR II had been retrained in basic malaria-control techniques and were to serve

as spray squad supervisors. A.I.D. had also provided vehicles and anti-malaria tablets.

Thus preparations to begin spraying in Xieng Khouang Province were completed by April 20, 1975, which was one month behind schedule but nevertheless in time to complete the cycle before the onset of the rainy season. Shortly thereafter political events intervened which led to the exodus of a large number of the Meo population from the area and the termination of A.I.D. participation in assistance activities in Laos. The Government stopped the malaria-control efforts that had barely begun in Xieng Khouang Province.

In summary, at the close of the project, substantial progress was being made towards integrating the project activities into the Ministry of Health. Both a mechanism and a detailed plan towards this end had been worked out and was progressing steadily. A promising beginning had been made towards establishing a national malaria-control program in collaboration with WHO technical assistance. Within the young inexperienced but enthusiastic PGNU cadre of health workers organized for the malaria campaign, there was the nucleus for developing an integrated extension program of preventive medicine. Ordinarily one could expect that many of the field workers developed by A.I.D., particularly the male medics would find a useful and satisfying role and employment within some aspect of this expandable program of preventive medicine. It appeared that the Ministry of Health and other technical units of the PGNU were sincerely working towards integrating the practical nurses and other hospital technical staff trained and developed both directly by A.I.D. and by Operation Brotherhood.

There is no question that in terms of its original purposes this project was highly successful. Even if a more collaborative style in the earlier years of the project had been feasible, it is questionable whether it could at that time have produced more lasting results with respect to institutionalizing changes and development in the Laos Health Ministry. However, throughout the life of the project, except for the last two years, there was little pretense and certainly no clearly expressed intent that the project would strengthen and develop a <u>permanent</u> national health organization.

Nevertheless, the structures, system and manpower pool created under the project laid the foundation for development of an effective low-cost civilian health delivery system.

REFUGEE RELIEF AND REHABILITATION
1960-1975

Policy

The following was the official Mission policy regarding the humanitarian assistance to the Lao government:

> "It is the stated policy of the A.I.D.Mission to Laos to assist the Royal Lao Government, both materially and technically, in the provision of timely and adequate assistance to refugees displaced, directly or indirectly, by military actions and political instability in Laos.

The established objectives of the refugee program are:

1. To demonstrate the humanitarian concern of the Royal Lao Government and the U.S. Government for the victims of the war in Laos.

2. To insure that the Royal Lao Government (RLG) has the necessary resources to assist refugees.

3. To promote and assist the reestablishment of civilian government authority and services for refugee groups, strengthening their ties with and loyalty to the RLG.

4. To assist the RLG to bring the economic, social and political condition of the refugees to a level equal to that of Lao citizens (non-refugees) living in the general area of relocation, whose immediate physical condition and environment have not been directly affected by the war.

Appropriate A.I.D. resources are applied to the refugee program, in collaboration with the RLG, in the following order of priority:

1. Emergency movements created by or in anticipation of military action. The primary requirements to support this phase are evacuation assistance; emergency medical care and attention; provision of food by surface, air-drop or landed load, and the provisioning and emergency staffing of temporary safehaven and staging areas for displaced refugees.

2. Relocation of refugees including allocation of land areas; provision of food, blankets, clothing, mosquito nets, utensils, shelter materials, medical care, assurance of

adequate water supply; and movement of refugees into individual family housing constructed on a self-help basis.

3. Assistance in provision of essential facilities such as health, education, police, etc., including the establishing of appropriate agricultural production to bring the refugee groups to a living condition equal to that of non-refugees in the general area where refugee groups are relocated."

History

The first large modern-day refugee movements into and within Laos began after the fall of Dien Bien Phu in Vietnam and the subsequent Geneva Conference in 1954. One ethnic group, the T'ai Dam (Black Thai), moved from the Lai Chau and Dien Bien Phu areas of Vietnam into Phong Saly and Luang Prabang Provinces. Many of these refugees later moved into Xieng Khouang Province, with many eventually settling in the outskirts of Vientiane. In an unrelated move in the early 1950's several ethnic Lü settled in Houa Khong (Nam Tha) Province after fleeing China. The first internal refugee movements in Laos occurred about the same time. Ethnic Lao Neua (Northern Lao) began to move southward from Hua Phan (Sam Neua) Province into the Vientiane City area. Although present-day writers tend to negate the validity of early accounts of North Vietnamese incursions into Hua Phan at this time, refugees from the area maintain such incidents in fact occurred.

Over the years movements of ethnic groups into Vientiane gave rise to "quarters" similar to the quarters in Old Jerusalem, i.e. Hong Kha (the Lao Thung quarter), the Thai Dam quarter, the H'mong (Meo) quarter, the Hua Phan quarter, etc. In addition to the wealthier rural classes, many of these early refugees were officials' families and merchants (Lao and Chinese) who found the proximity to communism untenable. In these early years when refugees evacuated their homes they found their own way out to safety, relocated themselves and eventually became self-sufficient. A small amount of U.S. Government furnished relief was provided through humanitarian organizations.

By the end of 1958 approximately 27,000 H'mong and other ethnic groups, primarily in the northern mountainous areas of Laos, had received assistance in this manner. However, these refugees had to rely mainly on assistance from local villagers.

Active U.S. participation in refugee affairs began after the Kong Le coup in 1960 and his eventual retreat to the Plain of Jars.

Irregular paramilitary units were formed in Xieng Khouang, Hua Phan, Luang Prabang, Phong Saly and Houa Khong provinces in the early 1960's. Recruitment for these units was generally from among the ethnic minority groups such as the various Lao Thung groups, the H'mong (Meo), Yao and later Lü and Akha. These early groups operated in remote villages, deep in the contested mountain areas and revolved around villages or groups of villages rather than around a formal military structure. Being the first line of defense, these small isolated villages were vulnerable to concentrated or prolonged communist thrusts. The primary consideration was to save the population, rather than to save or protect territory. As paramilitary units were forced to retreat from mountain top to mountain top, the villagers, who, for the most part included the families of the paramilitary units, retreated also. In short, entire villages were evacuated in what was to become a slow, 15-year withdrawal to the south.

This combined paramilitary/dependent/dislocated persons exodus needed external support for two reasons. First, as the level of communist pressure continued to increase, the paramilitary could no longer attempt to protect their villages and clear fields and grow rice. Likewise, those villagers displaced were not able to grow sufficient amounts of food to sustain themselves. In evacuating their villages, often under fire from the enemy, villagers could not bring with them large supplies of rice or animals. Neither could non-refugee villagers continue to support a large influx of refugees into their areas. Upland rice fields had to be cleared during January, burned off during February, March and April, planted during May and harvested in late October or early November. Thus the various displaced ethnic groups in the mountains had little chance to support themselves. The entire local economic structure was disrupted as the displaced people could neither grow sufficient amounts of food, nor produce the cotton and flax normally used for clothing. Normal trading routes into China and Vietnam were also disrupted, stopping the flow of salt and other necessities the mountain people could not produce themselves.

It should be stressed here that the A.I.D. refugee program was initiated as a result of the paramilitary efforts in North Laos. The H'mong and other ethnic groups relied strongly on close family and clan bonds. It was quickly recognized that unless material support (food, clothing, tools) was provided to displaced villagers and to paramilitary dependents, the will and means to defend these remote northern areas would be undermined.

This problem of support was recognized early on in the general overall strategy of the Indochina conflict. In order to maintain this front line of paramilitary defense, substantial means of support was organized

within the Rural Development Division of the A.I.D. Mission to co-ordinate and implement delivery of relief commodities to refugees and the paramilitary and their dependents. The initial Project Agreement was signed in 1962 between A.I.D. and the Commissioner for Rural Affairs of the RLG. The initial staff of the Refugee Branch consisted of a few Americans, a Filipino and a Vietnamese who worked with local Lao field assistants.

It was not uncommon for field personnel to come to Vientiane, secure their own commodities, help load the planes and then fly out with them.

Initially U.S. Mission personnel were also assigned to Ban Houie Sai, Luang Prabang and Sam Thong to tabulate numbers of people needing support by category (paramilitary, paramilitary dependent, or refugee). It should be noted that paramilitary dependents were themselves often refugees. For funding purposes within the U.S. Mission it was important to maintain complete and separate food lists.

The care of the program consisted of three or four Americans working out of a makeshift hut at Sam Thong in western Xieng Khouang Province in Military Region II. However, the key to the entire support program was the aerial food delivery system which was perfected in the early 1960's. Rice and PL-480 commodities in triple sacked, 40 kilogram increments were air dropped to remote villages and to paramilitary units. The air-drop program proved highly successful in providing the regular supplies required to maintain these groups.

In 1965 A.I.D. recruited several former Peace Corps Volunteers to help expand the program country-wide. The Refugee Relief Branch stationed two Americans in the Vientiane office, two Americans coordinating the program in Ban Houie Sai, one operations officer in Luang Prabang, four to six Americans in Sam Thong and one each in Thakhek and Pakse. There were many more Americans in the field in Laos, but these were the ones directly involved with refugees.

The Refugee Relief and Rehabilitation Project was operated initially as a branch of the Rural Development Division (RDD) headed by the Assistant Director for Rural Development (AD/RD). The Refugee Project field staffs were responsible directly to the AD/RD and not to the local Area Coordinator (AC). Food for Peace, while not directly under the Refugee Project, was located in the same office.

In September 1970 the RDD was split into two assistant directorships--the Assistant Director for Field Operations (AD/FO) and the Assistant Director for Refugee Arrairs (AD/RA). The AD/RA consisted of a deputy, the Refugee Affairs Officer (RAO) and four separate branches, i.e. the Refugee Relief Branch (RRB), Refugee Affairs Administrative Branch (RAA),

the Refugee Relocation Branch (RRL) and the Food for Peace (FFP) Branch. The functions of these branches were as follows:

1) Refugee Relief Branch (RRB), which provided emergency relief to refugees as they were initially displaced, carried out requirements for refugee censuses; determined commodity requirements, including medical supplies, coordinated logistics requirements, and monitored refugee supplies.

2) Refugee Affairs Administrative Branch (RAA) organized, monitored and served as a central repository of all information relating to refugee affairs, including evaluation of conditions of refugee groups, problems, progress, and potential for phase-out of assistance.

3) The Refugee Relocation Branch (RRL) planned, monitored, backstopped, and acted as liaison with other Mission elements to assure implementation of steps designated as second and third priorities.

4) The Food for Peace Branch (FFP) programmed and monitored the use of PL-480 commodities.

In December 1973 the AD/FO was abolished and a new office, the Office of Refugee and Rural Affairs (ORRA) under the Assistant Director for Refugee and Rural Affairs (AD/RAA) was created. The Refugee Relocation Branch had become increasingly more important since 1970. By 1973 the primary emphasis in the refugee program was on relocation. The Branch Chief of the RRL became the deputy to the AD/RAA. A Project Support Branch was later added which was essentially the old Refugee Relief Branch, but with increased responsibility for logistical control of all ORRA commodities. This branch was later reorganized and the logistics control was put under the FFP branch chief.

It should be noted here that while the basic goals of the refugee program remained constant, the implementation methods changed. The initial phase involved primarily emergency relief and organization of basic infrastructure in remote villages. That phase ended about 1970. The second phase was directed mainly toward relocation of selected groups of refugees in areas where they might become self sufficient in foodstuffs. There were integrated projects providing land, housing, schools etc. Both phase one and phase two relied on a large number of American technicians with operational control of the program. Phase two ended in December 1974 when the Provisional Government of National Union, in conjunction with the United Nations High Commissioner for Refugees, began to canvass the refugees for eventual return to their original villages.

In phase one, the area of major emphasis in the program was in the north and concentrated chiefly on relief support to paramilitary dependents and refugees actively caught up in the burgeoning war. The procedures for providing the support to refugees and paramilitary dependents followed a rather regular pattern. New refugees would be reported through Lao military or civilian channels. Depending upon the location, an American and a H'mong A.I.D. assistant would visit the location, either on foot or by helicopter or airplane, the same day or at the latest the following day. Village leaders would be interviewed to determine all details regarding the refugees' former village, people who might still be there, and nature of the action that forced them to leave. After all data was gathered, name lists by family were broken down by sex and age. If the group were large enough and no rice were immediately available in the village, a portable SSB radio was used to request a rice drop from Vientiane. Normally the American and H'mong assistant would remain overnight with the refugees for further discussions regarding immediate relocation. When the name lists were completed the amounts and types of commodities needed were compiled. Depending upon the situation, the U.S. personnel could order the commodities by radio or return to Sam Thong with the list. By 1968-69 the pressures of sustaining large numbers of people in widely scattered areas became so great that the A.I.D. operations officer would usually move to other sites and return later for name and commodities lists. In other cases the operations officer might remain with the refugees overnight to emphasize to the refugees that support was coming and in general to give them moral support. When the commodities arrived at the refugee site the refugees were assembled by name to receive relief commodities. A normal distribution would be computed as follows:

1 large pot per family
1 small pot per family
1 saute pan per family
1 bowl per two people
1 plate per two people
1 spoon per person
1 waterpail per family
1 blanket for 1-4 people (2 for 5-7 people, 3 for 8-11, etc.)
1 ax per family
1 knife per family
1 bar soap per family
1 mosquito net (same as blankets)
1 mat per family
1 can salad oil per family
clothes for men - one set shirt/trousers
clothes for women - one set blouse/sin (skirt)
clothes for boy - one set boys shirt/trousers
clothes for girl - one set blouse/girl's sin (skirt)
other assorted items as available

Iron bars were often substituted for knives and axes if the refugees had time to make their own. Refugees coming in January through March would be given tools immediately to be used for clearing rice fields. Vegetable seeds were also distributed. For the H'mong bolts of black cloth were distributed at the rate of three meters per person so that they could fabricate their individual ethnic dress which was totally different from Lao dress. Food was computed on the basis of 15 kilograms of rice per person per month and salt at 500 grams per person per month. Canned meat, when available, was distributed on the basis of immediate need -- one can per two people per day, later reduced to roughly two cans per family per week, depending on how much food the refugees were able to grow themselves.

For any given drop zone (DZ) the amount of rice and salt needed for a month was figured on a total cumulative basis and the actual percentage breakout was made on the ground by local leaders. The rice drop planes, normally C-46's flying from Vientiane, were given a set of UTM coordinates and signal in order to locate and identify the DZ. As each individual DZ had a distinctive signal panel, such as a red "A" or white "T", the refugees would place the panel on the DZ as they saw the plane approaching. Pilots were instructed not to drop unless they saw the panel being put into place. If a signal panel were left in place permanently, the pilot would have no way of knowing if the people were still there or if the site were still friendly. By seeing the refugees place the panel it was assumed the site was friendly.

Once emergency relief was provided attention was given to relocation. If the area were secure enough, the people were encouraged to remain in place. All such decisions were closely coordinated with General Vang Pao, Commander of MR II, and the governors of Xieng Khouang and Hua Phan provinces. These same procedures were followed in certain areas of Luang Prabang and Houa Khong provinces which tactically fell under MR II command, even though located geographically in MR I. If the refugees were in an area too insecure to build villages, they would walk, if possible, to more secure areas. If this were impossible, air lift of the refugees to more secure areas would be undertaken.

Support in phase one was basic in nature alghough food was always abundant. PL-480 butter and salad oil were extremely popular. Corn meal was accepted by some H'mong from the Nong Het area. While other PL-480 foodstuffs were regularly shipped out from Vientiane and Sam Thong, there was really no program to integrate these foods into the diet of the refugees. Physical debilitation was not yet the

problem in phase one that it later became. The larger problem was primarily the emotional shock and trauma generated by a sudden and unexpected exodus from a village. As in any situation of this nature the very young and very old were usually the first to succumb to disease or illness.

When it was determined where the refugees would relocate, they were assisted and urged to build small air strips capable of taking STOL (short-take-off-landing) aircraft such as the Helio Courrier and the Pilatus Porter. These strips were from 450 feet to 1800 feet in length. Most were situated on high ridge lines or mountainsides and were usually buffeted by strong, unpredictable winds and often shrouded in fog or mist. Planes coming into these strips carried A.I.D. or Lao Government personnel, medicine, food, school supplies, and the like. They were also used to evacuate wounded or seriously ill. Attempts were made to set up simple village infrastructure, including bamboo schools and dispensaries. Teachers and teaching material were sent to the village. If no Government teachers were available, qualified paramilitary who may have had from one to three years' schooling would conduct classes. Much of the early support for the schools came from private donations of money, pencils, paper and other supplies. Neither A.I.D. nor the RLG was initially interested in supporting these schools. By the late 1960's this situation had changed in most areas. Dispensaries were usually staffed by a medic who was trained and paid by A.I.D. although occasionally a Government or military medic was available. Medicine was furnished by the A.I.D. Mission. In the vast majority of cases the mountain people in the north had never had schools or dispensaries in their villages. The limited resources of the RLG had not allowed such luxuries prior to this time.

The refugees were encouraged to maintain village life as closely as possible in their new locations. For the most part village leaders, both formal and informal, were retained. For security purposes overall authority for the village rested with local military commanders. All of these efforts, including the encouragement to continue traditional village life, were directed towards sustaining morale during the war.

The mid-1960's was a period where the Area Coordinator of Xieng Khouang, Mr. Edgar "Pop" Buell and his staff had a broad mandate from the Ambassador. As a result, a very young staff was able to coordinate a fast moving program, gather information not readily available elsewhere and make positive decisions with little or no supervision. There are probably very few situations in which a group of highly motivated, but junior grade personnel received such broad support and confidence from their superiors.

In 1966-1967 the RLG, while losing a few key areas such as Hua Muong (LS 58) in the north, actually gained some ground. Earlier losses in 1965 south of the Plain of Jars (PDJ) were not recovered although Muong Ngan (LS 236) was occupied in 1967. By late 1967 a half-hearted attempt was made at Operation Link-Up to draw Vietnamese troops away from the Nam Bac (LS 203) Valley. The list of gains and losses are too many to enumerate. However, in each instance more refugees were generated.

December 1967 saw the beginning of large-scale communist offensives in northern Laos including an abortive air attack by three Vietnamese biplanes on Phu Pha Thi (LS 85). Vietnamese troops mopped up one small outpost after another in north central Hua Phan Province. On March 6-7, 1968, after an all night intensive shelling and early morning ground assault, the keystone of north Laos, Phu Pha Thi (LS 85) was abandoned by the RLG. The following day an A.I.D. refugee operations center at Houie Kha Moun (LS 111) was hit by the Vietnamese. Prior to the attack 4,000 refugees were on the strip awaiting helicopter evacuation under the direction of an American operations officer, Extremely accurate mortar fire hit the small A.I.D. shack destroying the radio and generator. About half of these refugees were able to walk to RLG-held villages while the remainder were captured. Attempts were made to relocate 15,000 H'mong, Lao Thung, Lao Neua and T'ai Dam at Phu Loi near LS 184 but poor security made that plan unfeasible. In March 1968 the U.S. Ambassador approved the evacuation of some 12,000 civilians from Sam Neua to points south of Long Tieng. This first airlift tacitly acknowledged that those people could never return to secure villages in Hua Phan Province. It also implied that the U.S. government would assist in moving refugees from insecure areas to places where they could be safely relocated.

In September 1968 an offensive to retake Phu Pha Thai was launched. After heavy Lao-H'mong casualties, the operation was called off at the end of December. Another 10,000 refugees were air-lifted to Phu Lao. These people remained there until January 1970, when they were all evacuated to the Sam Thong-Long Tieng area. In March 1969 Na Khang (LS 36) the center of support for the Houa Phan area was overrun with heavy RLG casualties including the military commander and the governor. Small enclaves north of Nong Het held out until mid-1970 when they were overrun. A few hundred civilians were evacuated but the refugee program in Houa Phan Province was effectively dead.

In 1968 other parts of northern Laos were faring no better. Sites in southern Phong Saly Province were lost as were territories in northern and western Luang Prabang Province. Inhabited largely by Lao Thung tribal groups, the loss of these lands did not generate the number of refugees expected as people were either cut off or elected to stay behind. The same was true after the fall of Nam Bac in January 1968. Confidence in RLG leadership in Nam Bac was minimal due to mismanagement of the area by local commanders.

By the end of 1968 the original conceptual relationship between the paramilitary, their dependents, the refugees and local villagers was nearly finished. Long before official air evacuations had been sanctioned, thousands of civilians had managed to flee north Laos into the Sam Thong-Long Tieng area on returning aircraft.

The military campaign on and around the Plain of Jars in 1969 had far reaching effects on the refugee program and introduced a new phase of evacuation and resettlement activity. In April and May of 1969 RLG forces captured Xieng Khouangville and later, in June-August, the entire Plain of Jars (PDJ) area. Approximately 20-25,000 civilians fled or were initially evacuated to safer areas near the PDJ. There was no clear-cut overall policy regarding these refugees by either the RLG or the Mission. Because General Vang Pao, Commander of MR II, would not allow the civilians to remain on the fringe areas of the PDJ, all refugees were initially air evacuated a short distance away to Tha Tham Bleung (LS 72). This small STOL strip and surrounding tiny valley could not safely absorb all the incoming refugees. Black plastic for roofing and plastic tubing for water systems was used here on a large scale for the first time. Later as the RLG consolidated its hold on the PDJ, new relocation areas were set up on the Plain. Although there was some recruitment among the refugees, many were Pathet Lao sympathizers with sons or husbands in the PL army. Approximately 1,000 non-Lao civilians, primarily Chinese and Vietnamese, with some Indians and Khmer were air evacuated to Vientiane where they were taken in by their respective ethnic, social or political societies. By January 1970, however, the military situation had deteriorated on the Plain to the extent that the refugees could be neither trusted nor adequately protected. In February the civilian refugees were airlifted from the Plain of Jars area to Vientiane and located in the surrounding areas.

Then Sam Thong fell on 20 March 1970. Prior to that work had begun on a fall-back strip near an old Lao village, Ban Xon. A large airstrip and support facilities, such as warehouses, offices, and a small hospital were constructed. The A.I.D. support center for what was left of the old program was then conducted out of Ban Xon.

The complete disintegration of the original concept of the paramilitary civilian relationship was ended when three important decisions were made. The first was to attack and attempt to hold the Plain of Jars; the second was to relocate the civilian population found there; and the third was to integrate Government's village paramilitary (ADC's) into the more structured Special Guerrilla Units (SGU's).

The important features of the 1969 PDJ campaign which affected the refugee program were first of all, that a large scale military operation was undertaken to foil future enemy advances southward and to hold

territory. This was a clear divergence from the past when the civilians had been an integral part of the overall plan. Secondly, the requirement to relocate such large numbers of civilians was relatively new. The third departure from previous practices involved the relationship between the civilians in contested areas and their paramilitary defenders.

Nearly every village in the northern area had paramilitary units (ADC's). These groups, in theory, protected only their own areas. The Special Guerrila Units (SGU's), however, were widely recruited and their dependents were allowed to settle in Long Tieng for safety as these units might be sent anywhere in MR II. In order to bolster the sagging SGU's during this campaign, ADC units were converted to SGU's or simply taken from their villages to help defend the PDJ. This again broke down the conventional paramilitary and civilian relationship and contributed to the fall of the few isolated villages in northern MR II. Thus Long Tieng and Sam Thong became virtually the front lines. Only two RLG enclaves remained north of the PDJ.

Other areas of northern Laos were faring no better. Nam Bac fell in January 1968 (above). By 1970, RLG areas in western Luang Prabang, the Nam Houn Valley and Nam Beng Valley were lost. In November 1969 the fall of the last RLG position on the Mekong between Pak Ou and Pak Tha closed that river for shipping between Luang Prabang and Ban Houie Sai. This in effect isolated both towns in different ways. Luang Prabang had to rely upon either Route 13 or the Mekong from Vientiane. Commercial cargo and rice could not be barged in from Thailand. Ban Houie Sai, on the congrary, could receive commodities from Thailand but was cut off from the rest of Laos.

Thus by early 1970 all of northern Luang Prabang Province was gone, as well as the area west to the Nam Tha (River). Luang Prabang itself was nearly encircled. With a record high of 48,000 people on the food support rolls, land was at a premium. Villages on the Mekong which had always been secure, were swiftly overrun. The struggle during the next two years virtually destroyed all the old villages up the river including Ban Pak Ou.

Although not with the same intensity, other portions of Laos also felt the impact of the war. In 1961 three important areas in central Laos were lost -- Mahaxay, Xepone and Khamkeut. In the southern panhandle the North Vietnamese consolidated their hold on the Lao-Vietnam border area during the mid and late 1960's. In 1970 the military encroachments by South Vietnam into Laos forced the North Vietnamese to move further west to protect their old trail system and to open up new trails into the Khmer Republic. Large numbers of civilians were displaced. However, except for the Saravane and

Muong Phine areas, much of the population was either cut off or elected to remain in their villages.

In August 1970 Saravane and Attopeu in the south fell and Muong Phalane followed in January 1971. Fighting continued intermittently at those locations as well as at Thateng and Dong Hene up to the cease-fire in February 1973. In December 1970, 1,200 civilians from Thateng and Houei Kong fled to Paksong and later to Pakse. In early 1971 Vietnamese troops attacked the Houei Nam Phak refugee relocation site south of Pakse. A school, dispensary, office and cooperative store were destroyed. Several bulldozers and tractors were destroyed or damaged and personal goods of the refugees were stolen. The attack lasted only one night and the A.I.D. and RLG staff remained in the project. There were no further attacks. In March 1971 continued attacks along Route 9 in the Muong Phalane-Dong Hene area produced 2,243 refugees. Seven thousand civilians were trucked into Pakse from Saravane and 2,500 refugees fled Muong Phalane in mid-March 1971. The RLG made successful gains in the Phalane area as 1,500 refugees began to return to Muong Phalane. However, by late April Phalane was recaptured by the Vietnamese and Dong Hene followed. Four thousand and 2,800 refugees respectively were displaced. In June Dong Hene was reoccupied by Government troops and by November, 2,936 of 2,983 refugees had returned home. A.I.D. then drafted plans to rebuild Dong Hene. By late 1971, the Vietnamese were again in Saravane, Muong Phalane, Thateng and Paksong and the civilian population again fled these areas. Dong Hene held on until 7 February 1972 when it was again overrun. Heavy fighting continued in the Saravane area into the cease-fire period, Almost 10,000 refugees were reported from the area in January and February 1973. These people settled first in Khong Sedone and later nearer Pakse.

On 17 May 1972, in a sudden move, Vietnamese forces occupied the provincial capital of Khong Sedone. During the initial occupation 1 500 refugees fled to Savannakhet and 1,300 went to Pakse [illegible]

growing area and home of many high ranking Lao officials. Nong Bok, near Thakhek, was raided as was the Seno refugee relocation site, and 145 people were abducted.

RLG forces quickly retook Kengkok and the 3,000 or more civilians who had fled were soon able to return home. No moves were made around Nong Bok nor did the Seno raid displace anyone other than those abducted. The capture of Nam Thorne was more serious. In 1967-68, 7,000 civilians, who had previously fled Khamkeut in the early '60's, were relocated near Nam Thorne along RIG 13. These people were again displaced along with several thousand other villagers. Four to five thousand of these Khammoune people eventually came as far north as Vientiane and were relocated at Pak Sap on the Vientiane Plain.

During the first half of 1973 several thousand civilians continued to filter out of Vietnamese-held areas of central and south Laos. Although the ceasefire formally took effect in February 1973 sporadic fighting continued into the early part of 1974. Most notable in the south was the fall of Paksong after the ceasefire and serious Vietnamese incursions around Hin Boun.

By the time the Provisional Government of National Union was formed in April 1974 the refugee situation in the south had stabilized somewhat. Some movement of peoples back into the Lao Patriotic Forces (LPF) zone was occurring primarily in the Saravane region.

In the north during the years 1970-73 the Vietnamese continued to press against the outskirts of Luang Prabang, several times hitting the airport area with rockets, although the enemy was never able to effectively penetrate the inner city defenses. By the time of the ceasefire in February 1973, the RLG had regained the villages along the Mekong River up to Pak Ou and several kilometres up both the Nam Ou and Nam Xuang (Rivers). This allowed several thousand villagers to return home to attempt to rebuild their war-ravaged villages. The A.I.D. Mission began an ambitious program to build schools and install gravity-fed water systems in this area. Several villages along the Nam Xuang formed a buffalo cooperative with funds provided by the USAID. The cooperative closely followed a successful swine cooperative in Muong Khai several years previously. In both cases a certain amount of money was put up by both A.I.D. and the villagers for the initial purchase of the animals. Under the terms of the agreement a fixed number of offspring were retained to form a new cooperative in another village. After the initial obligation all other offspring belonged to the original association.

Most refugees in the Luang Prabang area stayed in place during the 14-month interval between the ceasefire and the formation of the Provisional Government of National Union in April 1974. However by the end of 1974, substantial numbers of refugees had returned to their original homes in the PL-controlled zone of north Laos. The modus operandi was worked out locally for their return. Each family was given a "grubstake" kit which aided in both rebuilding their old villages and clearing land.

Other parts of northern Laos also received heavy pressure before the ceasefire. The ancient Lao villages of Ban Done (LS 28), the residence of the second ranking Buddhist monk in Laos, was overrun in December 1970. In this same general area along the Lao-Vietnamese border in north central Laos, Muong Mok (LS 46) and Muong Nham (LS 63) came under heavy pressure. By January 1971 5,000 civilians were milling around the latter two villages while 2,000 civilians fled to Paksane from Ban Done. Muong Nham fell on April 1, 1971; it was later retaken and lost again on January 10,1972. Most of the civilians along the Vietnam border remained in place. Some H'mong made their way Southwest to Nam Heo (LS 360) and adjacent areas northeast of Paksane. This small enclave was still loyal to the RLG up to the very end.

While southeastern MR II was crumbling, the northwest section of MR II where it abuts MR I was also coming under heavy attack. Several thousand Lao Thung from LS's 96 and 178,the old original "Operation Linkup" sites, tried unsuccessfully to leave when those areas were attacked and fell. The civilian population, as well as the para-military, were trapped. In March 1971 another 8,000 Lao Thung and Meo from Lima Sites 57 and 180 north of Route 7 headed in the direction of Route 13. In addition 2,000 civilians formerly at the old neutralist center of Muong Souie began moving southwest. When that area fell on February 4, general uncertainty brought about by Vietnamese incursions around Long Tieng put 30-40,000 refugees into a confused flight.

North of the PDJ Phu Bia fell on June 28, 1971. In December, during the initial days of H'mong new year, the Vietnamese launched massive attacks against the PDJ. In one day the entire Plain was overrun. The refugee population crowded into the "crescent" from Long Tieng south of the PDJ panicked. An estimated 40,000 people evacuated their villages, many not in direct danger of the Vietnamese thrust. However thousands of refugees had been warned by the Vietnamese that if they were caught again they would be killed. This was especially true of the Thai Dam and Lao Neua, many of whom fled as far as the Vientiane Plain. Some 3,400 civilians fled from the Ban Xon area itself to Vientiane.

North of the Plain of Jars only two enclaves survived ,Bouam Long (LS 32) and Phu Cum (LS 50). While the courage and tenacity of the H'mong and Lao Thung were equally outstanding at both places Bouam Long has received deservedly more attention. Situated in a small bowl with one open end, Bouam Long is surrounded by hills, each topped by a small, but well dug-in position. For two years Bouam Long was subjected to continuous ground and rocket attacks by the Vietnamese. Scores of civilians, as well as troops, were killed or wounded. In several instances Vietnamese sappers penetrated the

airstrip, only to be killed or driven out. The most remarkable thing was that there was never a day when the 4,000 civilians and 500 troops lacked food or supplies. Air America and Continental Airlines crews braved incredible batteries of 12.7 mm anti-aircraft guns to drop 70-80 metric tons of food stuffs per month. Pilots were given extensive briefings on the situation before each flight. On several occasions the A.I.D. refugee relief logistics officer from Vientiane flew north to observe and coordinate rice drops into Bouam Long.

By the time of the ceasefire in February 1973 the situation had stabilized. RLG troops had moved back into some areas previously lost, north and east of Sam Thong, and an area southwest of Muong Souie. There were considerable population shifts into these areas in a continual effort to find land to plant rice. There were clashes with Pathet Lao troops, but the civilian populations remained. With two relatively quiet planting seasons, the refugees in MR II cleared land for rice at an unprecedented rate. Entire mountains were stripped bare. As a result, the food support rolls were reduced drastically so that all refugees from MR II were removed from the rolls after the 1974 harvest.

Although not so intense as activity in MR II, the events in Houa Khong in the northwest were also extremely important. As noted above, the years 1967-70 found Vietnamese and Pathet Lao forces putting heavy pressure on the area. In 1971 the northern panhandle which jutted into China and Burma began to crumble. Several small sites fell as well as LS 194. This set several thousand ethnic Akha fleeing south. Most walked for several days until they reached the larger Lü-Akha village of Muong Meung, LS 93. Several refugee sites were established around Muong Meung as land was getting scarce. The USAID had constructed a small dam to increase wet rice hectarage and a second was planned. Even this was inadequate to handle the numbers of people arriving.

In late 1972 the entire province was under pressure, particularly the eastern portion. Vieng Phu Kha (LS 135), the keystone of the upper Nam Tha (River) area, was overrun. This spelled the effective collapse of the interior. It was obvious that Nam Yu (LS 118A) was next. Just prior to the signing of the ceasefire agreement Nam Yu was attacked and fell the following day. The entire population, military and civilian, panicked. Muong Meung changed hands twice with the final fall occurring after the ceasefire agreement. Thousands of villages evacuated en masse along the Mekong River, including the center of the ethnic Yao, Nam Khreung (LS 150). Many of these refugees fled to Thailand and some to Burma and received no assistance. The number of food recipients in the Ban Houie Sai area jumped to 20,000. The majority of these refugees, along with old refugees and indigenous

villagers, were crowded into a thin strip of land along the Mekong. Small groups of refugees continued to filter into RLG-held territory up to the time of the formation of the PGNU in April 1974.

RELOCATION PHASE

The earliest A.I.D.-assisted relocation effort in Laos occurred in 1963 when 544 H'mong refugees from Luang Prabang Province were flown into Nam Hia in Sayaboury Province. Although simmerings of discontent always permeated the relationship between these H'mong and the Lao officials, these people and later arrivals were successfully resettled. One group is pictured in the January 1974 issue of National Geographic with a tractor they had purchased.

Houie Nam Phak

The first real integrated relocation project in Laos was located at Houie Nam Phak, 25 kilometres south of Pakse. The project was approved in 1968 after security conditions forced large numbers of people off the Bolovens Plateau. Orginally planned as an experimental project in agriculture and community development, the first 70 families moved into their new homes in April 1969. In a unique social experiment, three ethnic groups were relocated in the same project. Nine hundred hectares (2,223 acres) of the National Forest Reserve were allocated to the project. Houses and physical infrastructure such as schools, dispensaries and offices were constructed for the settlers. A dam was built which needed a lengthy canal system in order to achieve the intended benefits. In October 1970 plans for irrigation canals were postponed and never revived. As a result, the project never achieved its intended objectives in terms of permanent self-sufficiency. Some 1,400 refugees were relocated in this project.

As stated above Houie Nam Phak was attacked by the enemy in March 1971 with several thousand dollars worth of property and equipment destroyed. The project remained static as no further subprojects were authorized.

Although not a real integrated relocation project in the same sense as Houie Nam Phak, the relocation villages in Paksane were considered as one project. These people, about 75% of whom were Lao or tribal Thai (Thai Dam or Thai Daeng) and 25% H'mong and Lao Thung, fled south from the southern fringe areas of the Plain of Jars during the heavy fighting in 1970. These people, primarily following the Nam Nhiep (River) and Nam Sane (River) first grouped around the provincial

town of Paksane. Twenty-one separate villages were constructed in two long areas, one running 50 kilometres west from Paksane and the other area extending 27 kilometres north of Paksane. Over 1,800 hectares of land were put under rice cultivation.

This area was generally free from enemy harassment. However, the town of Muong Cao (Borikhane) was raided in mid-1972 In November 1972 many of the villagers, fearing for their personal safety, fled to Paksane and camped out around the airstrip there after Pathet Lao troops raided two of the refugee villages. Seven hundred twenty-eight refugees from Muong Ngam in Xieng Khouang province went with the Pathet Lao. It was not known whether these people were abducted. However some days prior to the raid many of these refugees had been seen selling off household items and newly-harvested rice.

Seno

In late 1969, nearly 3,000 civilians were evacuated prior to the battle for the strategic town of Muong Phine astride Route 9. These refugees were first brought into the Seno Military Camp east of Savannakhet. In early 1970, 14,820 acres of land in the Seno Military Camp were reserved for the relocation of the Muong Phine refugees. Houses were built for the refugees and each family was given land for a garden plot plus 5 acres of cropland. By October 1970, 400 of the 500 projected families had moved into Seno.

Eight villages were established with appropriate schools, water, storage ponds, roads and basic medical facilities. Charcoal became a major project at Seno. The land was not of good quality, however, and as a result these refugees never achieved the degree of self-sufficiency that was expected. This was despite an extensive program initiated in April 1971, whereby refugees could buy water buffalo with money provided by the USAID to the Ministry of Social Welfare.

Security in Seno was normally good. However, in October 1972 enemy forces abducted 145 people from the project.

Vientiane Plain

The next official relocation project was in the Vientiane Plain area. The initial project relocated 27,000 refugees in 27 villages, later expanded to 58, on 79,000 hectares (195,000 acres) of land reserved by the Lao Government. The initial settlers were Lao Phuan who had been airlifted from the Plain of Jars in February 1970.

During the next year several thousand other refugees fled the Long Tieng area to the relative safety of the Vientiane Plain. These people were also incorporated into the project, except for one site at Hin Heup which was designated as a separate relocation site.

As individual parcels of the 79,000 hectares were designated by the RLG, land classification teams followed, as well as survey teams who laid out village sites and rice fields. Land disputes between refugee and indigenous villagers were common, and committees were formed to adjudicate such disputes. For administrative reasons the project was divided into 10 areas.

Unlike Houie Nam Phak and Seno, no attempt was made to build each family a wooden house. Each family was responsible for constructing its own modest wood/bamboo house in the traditional manner. Heavy duty equipment was used to clear land for rice fields. An extensive system of roads was constructed and wells were drilled in the villages.

One persistent problem in the relocation of large numbers of refugees in Laos was the availability of suitable land for cultivation. In one area, Relocation Area 5, five flood gates and 13 miles of road dikes were constructed in order to protect land previously unuseable due to perennial flooding.

From a technical point of view, i.e., planned villages, roads, schools, wells, etc. the Vientiane Plain project was a success. However, the RLG never really addressed the problems the refugees created as an enclave responsible to their own province officials in exile. In addition, the refugees, as well as indigenous villagers, were victims of local military and civil leaders who "taxed" produce and livestock along the market route to Vientiane. The existence of this practice adversely affected the incentive to produce more, and also raised the price of produce in the market. The RLG took no steps to correct these abuses.

Thasano

In 1971 several relocation sites were begun. In Savannakhet in July 1971, the RLG reserved a 31 square mile tract of land located between Ban Tha Sano and Ban Houa Xang for the relocation of refugees from the Muong Phalane area. During the remainder of 1971 access roads were constructed, five dam sites were selected and laid out. Three years later an extension was added to the Thasano project, primarily for refugees from the Dong Hene area. The project eventually

relocated 11,500 people. As the situation stabilized in 1973-74, refugees began to trickle back to Dong Hene while still maintaining residency in Thasano in order to retain food support from A.I.D.

Hin Heup

The Vietnamese capture of the Plain of Jars in December 1971 and the subsequent pressure on the Long Tieng area during 1972 produced a flood of panicked civilians, many formerly from Hua Phan province, onto the Vientiane Plain. In order to accommodate many of these people, a new relocation area was designated on the Nam Lik (River) opposite Hin Heup, which ran for 19 miles to the west. This area had good soil and extensive groves of bamboo suitable for constructing houses. At least during the initial year the Nam Lik (River) yielded extraordinarily large numbers of fresh fish. Ten relocation villages were laid out along a 12 kilometre (7 mile) road. Approximately 6,000 people were relocated in these villages. (The road was later extended over the mountains to the Ban Done Valley.)

In general, the Hin Heup project was a success among the refugees themselves. A chicken co-op was organized with Agriculture Development Organization (ADO) support. Several farmers were involved in raising and reselling chickens primarily to markets in the northern Vientiane Plain areas and areas north of the Nam Ngum Dam. Unfortunately the Lao government withdrew the duty-free status of imported chicken feed which pushed the price of feed so high that these small entrepreneurs could no longer afford to raise chickens profitably. Entreaties to the Lao government to reinstate chicken feed on the import list were to no avail.

Long Nam Khan

As outlined in the historical narrative above, over 40,000 refugees were crowded in and around Luang Prabang by 1971. Although there were many who could, and eventually did, return to homes along the Mekong, there were several thousand refugees from northern Luang Prabang province who could not return. These people were primarily ethnic Lao Thung who were finding life very difficult around the city. To alleviate the problems of this group, a project was drawn up in late 1971 reserving 86,000 acres of land for a relocation project in the Long Nam Khan between Xieng Ngeun and Muong Nane. Plans were made to build a road between these two villages with the refugees to be settled along the road. Work was delayed for several months due to poor security in the area, but a rough trace was pushed through by May 1972.

This project, on the whole, was successful. Some problems were encountered regarding land reserved for veterans which was within the refugee reserve. The most important offshoot of this relocation site was the 25 mile road which linked Xieng Ngeun and Muong Nane. This all-weather road gave Sayaboury province direct access to the urban market

area of Luang Prabang City, thus eliminating the necessity to barge commodities up or down the Mekong.

Phu Ba Chiang

In August 1971 sites were under review for relocation areas in the Pakse area. Phone Thong on the west of the Mekong in Champasak Province was considered and surveys were made. However in October 1971, a decision was reached to locate a relocation project in a forest preserve at the foot of Phu Ba Chiang (Mountain). Soil surveys showed this land to be extremely fertile.

Work began on village sites, road construction and dams for water storage. In January 1972 work was temporarily suspended as Vietnamese troops pushed near Pakse. Two months later work resumed. Security remained uncertain during the year. Many refugees fled the relocation site for areas along the road into Pakse. By the time of the ceasefire everyone had returned.

Thakhek-Khammouane Province

The relocation efforts in this Province were directed towards assisting several thousand civilians who fled following the attack on Nam Thorne (LS 141A) on 28 October 1972. This relocation effort was never a coordinated project like the others. There was no attempt to put in roads, dams, and other infrastructure. The villages could be considered only semi-permanent due to poor soil at their locations. The number of people at any given time was very fluid as many refugees saw definite advantages to moving to the relocation sites in Borikhane Province or to Pak Sap, designated a formal relocation site within the Vientiane Plain project. Many of these refugees had originally been relocated from the Kamkheut area in the early 1960's and relocated along Route 13. Other than minimal assistance, primarily relief, there were few formal relocation programs in the area.

Houie Nam Ngam

The Houie Nam Ngam project, officially designated a relocation project in early 1974, was set up to handle the large influx of refugees generated during the enemy push on Houa Khong Province in late 1972 and 1973. This relocation site was just getting under way with roads and agricultural experiments being the primary projects.

Ban Xon: LS 272

This area was never an official relocation site although several extensive projects were undertaken.

In general the entire relocation effort never was successful in the same sense that the relief effort was. It must be pointed out that the relief project had primarily short-term, immediate objectives based on clear-cut criteria. The relocation effort was an open-ended attempt to relocate selected groups of refugees in specific localities, with the specific objective of becoming self-sufficient. The major problems were that most available soil was not good and that there was no way to determine how long the people might have to remain in these relocation villages before they could return to their original villages. Moreover the Mission was not consistent in determining when a relocation project was self-sufficient and no longer needed food support. No attempt was made to integrate relocation projects into overall area development or rural self-help projects, partly because refugee assistance qualified for available funds more readily than did development aid.

It was also often difficult to accurately judge what should be short-term versus long-term objectives. The "outer trappings" such as permanent concrete or wooden schools, dispensaries, roads, and dams were long-range undertakings, some essential, others not. However, the Mission was reluctant to engage in long-term agricultural endeavors with the refugees. During 1974 criteria for relocation stages were developed as follows:

Relocation Stages

I. Resettlement
II. Development of Core Infrastructure
III. Development of Economic, Social, Political Infrastructure
IV. Self-sufficiency
V. Phase Out

In December 1974 the Mission had classified the relocation sites as follows:

Houie Nam Phak	Phase out
Paksane	Phase out
Vientiane Plain	Phase out
Seno	Phase out
Thasano	Phase out
Long Nam Khan Valley	Phase out
Phu Ba Chiang	Phase out December 1974
Thakhek	Phase out
Houie Nam Ngam	Phase out

The Role of the UNHCR

The terminal phase of direct A.I.D. operational involvement in the refugee program began with the arrival of the representative of the United Nations High Commission for Refugees (UNHCR) in Laos in mid-1974. Prior to his arrival direct A.I.D. operational control of the refugee program by the A.I.D. was being questioned by the Provisional Government of National Union. By late 1974 the UNHCR representative was closely involved with the PGNU in conducting surveys for the eventual return of the refugees to their original villages. During this period in late 1974 much advice was discreetly passed on to the UNHCR representative by the Mission regarding the operational aspects of supporting and moving refugees as well as cost accounting procedures for the leasing of Royal Air Lao aircraft.

During this time A.I.D. was still providing certain foodstuffs and commodities to the refugees. Unfortunately, the distribution of refugee commodities became a political issue as donations from other countries had to be divided between the two political zones. One example was that neither side wanted to assist refugees returning home from the Vientiane side to the PL side. The PL claimed that their share of the goods was for people within their zone. The Vientiane side believed that if they helped the returning refugees then all the commodities would end up in the PL zone.

The U.S. Ambassador was concerned about any U.S. refugee commodities going into the PL zone for fear that they would be misused. Since the Mission did not have rights of inspection, an agreement was made whereby the UNHCR would verify that the U.S.-furnished commodities were being used properly.

In late 1974 Joint Mobile Teams (JMT) under the jurisdiction of the Joint Central Committee for the Implementation of the Agreement (JCCIA) began to canvass refugees in various parts of the Kingdom about their intentions to return home. Refugees returning to their original homes numbered 3,580 during December, 16,352 in January, 18,391 in February and 19,938 in March. The most dramatic move was the return of 21,340 refugees airlifted from Vientiane to the Plain of Jars area. Three hundred forty-two flights were made, primarily by the Royal Lao Air Force (RLAF) and leased Royal Air Lao (RAL) planes, with assistance of planes supplied by the governments of Australia and the Soviet Union. The UNHCR provided the funds, which included a U.S. contribution, for the leasing of aircraft and for the cost of POL for the RLAF planes. There was no direct U.S. involvement in the movement of these people. In other areas of Laos, there was some isolated U.S. assistance in helping refugees return to their homes. But for the most part the JMT and JCCIA coordinated their program with local officials.

Perhaps the most dramatic refugee policy decision issued by the U.S. Mission in 1974 was the A.I.D. Food Support Policy of November 21. This policy eliminated rice, except in certain specific cases, from the U.S. food assistance program in Laos as a result of increasing rice crops and widespread self-sufficiency among various refugee groups by that time. In fact in some areas, this rice policy may have been long overdue. However, it came at a time when the communist faction in the PGNU was beginning to flex its muscles and provided potential ammunition for the LPF to use against both the A.I.D. Mission and the Department of Social Welfare.

General Conclusions

In the short-term, the overall refugee program was a success in providing the support and the means necessary to sustain a large refugee population in a small country whose own resources were woefully inadequate to handle the problem. In the long-term the program failed to consider how the Lao Government would or could continue a large Department of Social Welfare once large-scale U.S. aid was curtailed. During FY 1975 the D of SW was essentially the only Lao Government department to continue to receive POL supplies and monetary supplements to its budget from A.I.D. Just prior to Mission termination, vehicles were still being granted to the D of SW. It was becoming more clear during 1975, however, that as refugees returned to Pathet Lao zones the need for a large Department was diminishing. Other elements of U.S. aid to refugees outside the immediate purview of the Social Welfare Department, were the expanded medical and educational systems which the Lao Government was hard pressed to maintain.

The D of SW had a rather extensive staff with offices and personnel in all the provinces controlled by the Vientiane side. During the period when the war was at its height nearly all operational decisions were implemented directly by A.I.D., either through Americans or local employees. There was a justifiable argument for this in that the Lao decision-making process was so cumbersome that direct implementation was necessary to get programs going. This was an effective means of operation. There can be no denying the fact that the refugee program was almost completely free of scandal and corruption, simply because the USAID controlled nearly all commodities from the time they entered Lao customs until the final distribution to the refugees in their villages. While this provided a good image for A.I.D., it did little to improve or strengthen the D of SW or to strengthen the RLG or later the Vientiane side of the PGNU.

It can be argued that when the PGNU was formed in April 1974, more direct control of project commodities should have been extended immediately to the proper Lao officials. Plans could also have been made to slowly reduce the total amount of money and commodities going into the refugee program and to accelerate reductions in personnel. Even with a reduced program, direct control of project commodities by Lao officials could have strengthened their position with respect to charges by the Pathet Lao that the Americans controlled not only the program but also the types of projects that were implemented. Ultimately, however, it is unlikely that such steps could have affected the political transformation that took place in Laos.

DEVELOPMENT OF RURAL ECONOMY

Background

Historically the Development of Rural Economy (DRE) Project was designed to fulfill the planning and execution of all construction activities, including both drilled and dug wells, sponsored under the auspices of A.I.D. in the rural areas. The construction was intended to serve as a vehicle to train villagers and village leaders in community development techniques as well as provide the physical assets needed to provide a base for economic and social development. Training courses, demonstrations, observation tours and information programs were also designed to develop government and community leaders.

Initially, the key word used in A.I.D.-sponsored rural development work was "counterinsurgency" which was considered to be an effort to "win the hearts and mind" of the rural people to the side of the RLG by helping them to develop social and economic infrastructure and to improve their lives. Work was concentrated in rural villages and it was only at a later date that work was done in key provincial towns--in fact, work did not truly begin in urban centers until 1969 and this was the result of a worsening security situation more than a recognition of the political and economic importance of Lao cities.

Over the years the direction of rural development in Laos has evolved through several distinct phases. During the early and mid-1950's rural development, under the sponsorship of several U.S. agencies, emphasized improvements in the rural population's standard of living as a means of obtaining villager support for their government. In 1959 rural development became more action oriented with the introduction of a six-man civic action team concept as a counter to similar teams employed by the Communists in northern Laos. This approach led in 1962 to the introduction of self-help projects by A.I.D. as a means to accelerate the rate of social and economic change by developing the necessary social and economic infrastructure in the rural countryside. Actually, substantial A.I.D. involvement in rural development began in 1958 with the initiation of the DRE Project. The RLG Commission for Rural Affairs (CRA) was set up in the same year to coordinate rural activities throughout the country. The Rural Self Help (RSH) subproject was begun in FY 1962 and in 1964 a second subproject was added, entitled Support for the CRA. This subproject was designed to give administrative support and guidance to the CRA, and to aid in the creation of an RLG provincial, village-based corps of rural development personnel. These two subprojects were combined into the existing RSH subproject in FY 1970. The three

remaining subprojects under the DRE Project in 1975 were: Rural Self Help (RSH), Rural Public Works (RPW), and Well Drilling (WD).

The A.I.D. rural development program emphasized the "Cluster Village" concept (introduced in late 1963), "Forward Area" teams (introduced in 1965), and self-help activities as the primary vehicle for promoting social and economic change.

The RSH subproject began in force with the "village cluster" concept in 1963. These "clusters" consisted of centralized groupings of villages selected for a concentrated development effort. The first clusters included Lakhonepheng, Muong Phieng, Xieng Ngeun, Phone Hong, Muong Gao (Borikhane), Kengkok and Ban Houei Kong. Additional clusters later added were: Vang Vieng, Ban Keun, Ban Lao, Dong Hene, Lahanam, and Champassak. Community Development Area Advisors (CDAA's) and contract personnel of International Voluntary Services (IVSers) were stationed in each cluster to work with RLG officials in the planning and implementation of coordinated programs for the entire area.

The Forward Area concept was instituted as a parallel program when it was realized that the cluster program reached only main lowland centers but that more isolated areas and those closer to battle fronts were largely untouched by development. To meet this need, Forward Area teams carried out a limited "impact" type of development program. Such areas included Xieng Lom, Hong Sa, Nam Bac, Muong Phalane, Lao Ngam and others.

Although A.I.D. activities have continued in many of these areas when security has permitted, the original clusters are no longer distinguishable as separate entities within the overall development program. U.S. personnel were eventually withdrawn from forward areas for security reasons.

The attitude toward self-help in Laos changed from the time when villagers were expected to provide all the inputs that they possibly could, to the more recent period when they were expected to provide only the more readily available inputs within a reasonable time frame. For example, it took villagers so long to saw lumber by hand under the older philosophy that they frequently lost interest in the activity before its completion. Later, however, they either bought the lumber or A.I.D. provided it and the villagers provided other inputs, resulting in more timely construction.

In the early years, program planning and initiative for activities under the RSH subproject were the responsibility of the CDAA's

assigned to the Rural Development Division. The implementation of these activities then became a joint responsibility with the CDAA's assuming the responsibility for the organization of villagers and labor inputs and for the control of commodities while the RPW subproject was responsible for technical support such as the provision of skilled construction technicians and necessary construction equipment.

Well Drilling, the third subproject under the DRE project, was originally established with the Commission of Rural Affairs as the RLG office responsible for its activities. Commodity and operations control was decentralized to eight geographical areas each with its own jeep-driven well drilling rig and team. Supervision and maintenance were poor and output was low. In 1968 the Ministry of Public Works assumed the RLG responsibility for the Well Drilling subproject and A.I.D. Public Works Division (PWD) well drilling advisors in the field assumed commodity and technical operations control at the local level.

PWD reduced the number of drilling teams, provided better and more sophisticated equipment, and maintained overall commodity and operations control from Vientiane. CDAA's were responsible for planning acitivties at the local level and acted as activity managers for implementation of the individually approved well drilling activity plans. Subsequently, activity planning was assumed by Province Development Committees in some geographic areas but the CDAA remained responsible for management and the RPW Area Engineer for commodity and technical operations control. In most provinces Lao participation in planning, let alone Lao control, began only very recently.

The Well Drilling Project Appraisal Reports (PAR's) indicate that an attempt was made in 1968-69 to interest private entrepreneurs in well drilling in order to assist private parties to make a commercial enterprise of well drilling. This attempt was not successful and no further efforts along this line were made at that time. It was then hoped that third country participant training and further incountry training would allow the RLG to assume management of well drilling by FY 1973, but this goal was not reached. The technical training was fairly successful but progress was much slower in the area of training middle management.

Thus, although initiated as a consolidated DRE Project, the two main elements involved (RPW and RSH) evolved in 1962 as subprojects under two separate divisions. The RPW assumed responsibility for the physical construction of all Self-Help and Force Account activities sponsored by RSH and by other projects, as well as force account

activities fostered for security-related reasons separate from the rural development program. Since RPW was responsible for the physical construction activities of all operational divisions within the Mission (Public Health, Agriculture, etc.), it was, as stated in RPW PAR's, acting as a construction agency for all operational divisions of A.I.D. The RPW relationship to the RSH subproject was no more specially connected by reason of similar goals than was its relationship to other projects, except that both related to all A.I.D. field work in their own special ways, with the RPW servicing all field construction to varying degrees and RSH often providing field management for activities funded by other projects. This latter function of RSH was one that developed through the personal direction of the Assistant Director for Field Operations (AD/FO) and the press of daily business. It was not reflected in any project agreements.

Field Organization

The basic structure of the field organization of RPW underwent very few, if any, changes from its inception. An Area Engineer was assigned to each field post and was responsible for the technical aspects of all construction activities, supervising a contingent of locally-hired personnel such as carpenters, masons, mechanics, heavy-equipment operators, etc. He was responsible for technical advice in the initial planning of projects and in their final implementation. He served in the capacity of engineering consultant and construction supervisor at the same time.

The field organization of the Well Drilling Project underwent one minor change after 1970. That was in the reduction of field-level American well-drilling supervisors. The general supervision of the well-drilling supervisors, who were employees of the RLG, was assumed jointly by the CDAA's and the Area Engineers (the CDAA was responsible for the day-by-day direction and the Area Engineer was responsible for their material and technical backstopping). The normal responsibility of RLG Public Works at the field level consisted of recording the sites that had already been drilled and in receiving the token payment of 36,000 Kip per well which the villagers were obligated to pay.

The A.I.D. field organization of the Rural Self-Help subproject underwent several changes over the years. Under the original Rural Development Division (RDD) the CDAA's were considered primarily as professional community development technicians concentrating their endeavors on activities related to that field. In practice, however, the CDAA's initiated, implemented and advised on activities related to all of the other technical divisions within their geographical

area of responsibility. Their specific field activities were under the direct supervision of their Area Coordinator (AC) although they received their technical program guidance from RDD.

In 1970 the Rural Development Division was abolished and two new offices created. The refugee functions of RDD were transferred to the Office of the Assistant Director for Refugee Affairs (AD/RA) and the Office of the Assistant Director for Field Operations (AD/FO) absorbed the remaining functions within its new and expanded responsibilities of overall coordination of field operations. The Community Development Staff (CDS) was created as an internal section of the Office of the AD/FO and given backstop responsibilities for what little remained of traditional and professional community development activities. At least 40 percent of the CDAA's time was directed toward refugee activities alone and some of the remaining 60 percent was spent coordinating and directing the work of technical divisions in the field. In practice, although the CDAA's were members of the Community Development Staff, they reported directly to the Area Coordinator and the Area Coordinators directly to the AD/FO. The CDAA's functioned as unofficial assistant AC's coordinating the operational efforts of A.I.D. field activities within their geographic area.

In reality the term Community Development Advisor was a misnomer and the CDAA's were program operations officers. The emphasis of the RSH subproject was on the immediate provision of physical infrastructure facilities, and the academic discipline underlying community development theory played only a very minor role in the RSH operations.

Counterpart Relationships

The counterpart relationships of the various A.I.D. elements comprising the DRE project varied according to changes in the security situation and field organization. In some instances they were quite limited.

Most of the construction undertaken by the RPW subproject was contracted. Because most RPW construction was sponsored by other A.I.D. projects which were counterparted to various RLG agencies, a RPW counterpart relationship was considered redundant. There were no regular counterpart relationships between the RPW subproject and the RLG Ministry of Public Works. However, on the national level PWD was counterparted to the Ministry of Public Works and after 1972 RPW was concerned with improving RLG construction bidding and inspection capabilities.

The working relationships of the RSH subproject with RLG counterparts was one of expediency. The changing war situation prompted the A.I.D.

Mission to personally control urgently needed developments in communications, resettlement and basic government services. Thus, there was no concerted effort applied towards the establishment of functioning counterpart relationships. This resulted in a situation where the field level personnel of A.I.D. counterparted themselves informally with the Provincial and District administrators (Chao Khouangs and Chao Muongs) who belonged to the Ministry of Interior while the Vientiane staff counterparted themselves with the Ministry of Rural Affairs.

Some of the counterpart relationships which existed simply consisted of obtaining the approval of the local administrators to proceed with activities which were planned, managed and implemented by A.I.D. American and Lao employees. Until 1970 no large effort had been made to train the responsible RLG officials at the local level in the techniques of program planning and management.

The Commission for Rural Affairs (CRA) under the Ministry of Rural Affairs was the formal counterpart in the RLG at the Vientiane level for the RSH subproject. However, until 1972, this relationship consisted of less than full time advisory assistance between the two agencies and some material support to the CRA. At the field level, the CRA officials who were responsible for the RLG self-help program conducted their own program with inadequate facilities and commodities.

CDAA's had informal counterpart relationships with whatever local official they deemed necessary in order to get the job done. In some instances the relationship was only to obtain RLG approval signatures on A.I.D.-planned, sponsored and managed activity plans. In other instances, the relationship included participation in planning and providing some resources, and in a few cases, it involved actual participation in the management of the activity. The officials thus informally counterparted could be district chiefs, province officials, or in some cases, field-level CRA workers.

The CRA was created in November 1958 as an operational arm of the Council of the Cabinet in the Prime Minister's Office and was incorporated into the Ministry of Rural Affairs upon creation of the Ministry in 1961. Its creation was mainly at the instigation of the U.S. Mission and for many years it was considered as an American institution by many Lao officials. Originally, the village level workers of the CRA were only afforded the status of daily-hire employees and their very small salary was augumented by A.I.D. per diem payments. This coupled with the control which CDAA's exercised over their work

re-enforced the notion of an American agency. In 1969 the village level workers were elevated to the status of civil servants. A.I.D. per diem payments were discontinued and higher officials were assigned at the provincial level to assume operational control. With these actions, the image of the CRA changed and it gained acceptance as a legitimate arm of the RLG although it never gained prestige as an important agency.

The Mission provided much material support for the construction of RSH activities while the RLG was not able to provide the CRA with a large program budget. Hence the CRA officials at the provincial level received nominal support from RLG resources and were dependent upon A.I.D. for the major portion of their material inputs. Without this external support the CRA would have been able to implement only a token program.

In most instances, CDAA's did not work through provincial level officials for a variety of reasons, one being the felt need "to get the physical job done", and work was done with the knowledge of, and in a few cases through, local officials below the province level. Since A.I.D. in Vientiane worked with Ministries, except for the Ministry of Interior, the important area of middle management at province level was not counterparted in the field of development planning and management. However, after 1971, more emphasis was placed upon the Provincial Development Councils (the Provincial Governor and all of the Provincial Service Chiefs). The general plans for the season's development work were channeled through this council for approval. The result of this was that by the time of the cease-fire there had not been developed, within the RLG, in either the local level of the Ministry of Interior or the CRA, a competency in planning and program management for the continuation of this type of work.

Final Two Years

The last two years of the project, 1973-1975 were very frustrating times for both Lao Government and A.I.D. officials involved in the day-to-day routine of that nebulous concept, rural development. The CRA was marked by continued apathy in the higher levels of the Lao Government, culminating in April 1974 with the loss of ministerial rank of the Ministry of Rural Affairs. The Ministry became an uncertain appendage to the Ministry of Interior and Local Affairs under the Director General of the Ministry of Social Affairs. The Secretary of State for Rural Affairs was appointed Ambassador to India and the Commissioner for Rural Affairs, who ran the daily CRA operations, was appointed to the National Political Council.

These events coupled with subsequent A.I.D. actions outlined below left the CRA (Department of Rural Affairs--DRA--as some Americans preferred) very demoralized.

It was becoming increasingly clear that A.I.D. interest and support for rural development, not related to refugees, was waning rapidly. Following the cease-fire, there had been no real change in direction of the project. In 1974 the same typesof local activities were being undertaken, albeit on a much reduced geographical scale, as were undertaken in 1964. There were no new and well-defined project goals. As a result, there was no solid justification for the continued existence as a rural development project per se. As stated above, during the 1960's the A.I.D. overshadowed the RLG, and CRA in particular, in conducting the rural development program. In 1969 the CRA received its own budget within the RLG and thus received funds to conduct its own rural programs without massive A.I.D. domination. Unfortunately the quality of A.I.D.-assisted projects was far superior to the CRA projects that were conceived with much less money, material and expertise. During the early 1970's efforts were made by the Mission to initiate joint rural projects in conjunction with the local CRA. Each of the individual elements involved--A.I.D., the CRA and local villagers--would agree to provide a specific amount or kind of materials and/or labor. This would allow the CRA to participate actively in a wider range of projects despite its meager budget.

The projects that were implemented were usually recommended by a Provincial Committee chaired by the governor and attended by all the provincial service chiefs, district officials (Chao Muong) and other local officials. Much ground work preceded the meetings because for each project presented at the meeting, the village presenting the request had to agree to provide labor, lumber and other local material. By February 1974 this was the prevailing modus operandi for all projects and also included CRA approval at the Vientiane level. During the Mission's Dry Season Approval Conference held prior to the Dry Season construction period, the programs of all Area Coordinators and project managers were reviewed and approved or disapproved.

It should also be pointed out that the support role that A.I.D played on the village level was such that even a slight change in Mission operational procedures could have great impact on implementation of self-help activities. Any significant delays in Mission implementation of a proposed activity could cause significant delay in a project for which all the local labor and other self-help resources had already been mobilized.

In this way, a Lao planning process could be thwarted due to the internal A.I.D. procedures. The delays in the approval process meant that except for those projects where village interest waned, they were carried over to the 1974-75 (December-May) dry season.

In late 1974, the Mission decided not to approve any new projects except on a case-by-case basis. It should be pointed out that the CRA was an uncertain element within the PGNU. With the formation of the PGNU the Ministry of Rural Affairs had been absorbed into the Ministry of Interior. Political maneuvering within the Ministry delayed the naming of a Deputy for Rural Affairs under the Director General of Social Welfare. Pathet Lao elements in the PGNU had quietly said that they considered rural development or rural affairs to be within their political sphere and not that of the Vientiane side.

During the early months of 1975 there were several discussions within the PGNU regarding the future role of CRA or a successor department. There were two dominant themes regarding rural development and A.I.D. participation. One, the Pathet Lao professed to welcome continued U.S. assistance in the rural areas of Laos. However, the PGNU did not want direct U.S. personnel involved in development activities in the countryside. The PL contention was that Americans in the field were there to "spy" on Lao villagers. Friendly government officials stressed that the Lao administrators must be given more authority to manage and implement certain programs in order to counter accusations by the PL that the U.S. dictated to the Lao Government what should be done.

Another event, the increase in the UNICEF program for Laos, also affected the Mission's decision to curtail its rural activities. While significant in itself that another donor was interested in assisting the rural segment of Laos, there were several weaknesses in the UNICEF program. Nevertheless, the Mission agreed to assist in transportation of UNICEF commodities in early 1975 although there was no participation in program implementation.

UNICEF was the only other donor outside of A.I.D. directly involved in local rural development. The Thai government normally gave roofing sheets each year to the Prime Minister, a portion of which were allotted to CRA for rural construction. Other than that there was no real direct input into rural activities. The RLG and later the PGNU never made a serious attempt to solicit direct aid to the CRA even when foreign donors were seeking to identify rural development projects.

In addition to their identity problems within the Lao Government, the CRA was never able effectively to utilize trained personnel

within their own organization. Approximately half of their 160 employees had had training, primarily in Thailand. Several staff members had advanced training in Japan, the Philippines, France and Australia. However the basic planning and management techniques needed to conduct any program were completely missing.

For FY 1976 a draft Project Paper (PP) had been prepared in the Mission which would have changed the entire RSH project. Direct U.S. involvement in implementing projects would have been eliminated to the extent possible. Emphasis would have been more on training CRA personnel to acquire the managerial skills needed to plan, implement and manage any rural self-help project. A small group of CRA workers (4-5) would have been given training, probably in Thailand, in managerial procedures, this cadre would then be utilized to instruct their colleagues within the CRA.

In addition, monetary support would have gone to the CRA to conduct seminars for 150 local leaders per province on how to initiate requests to the Provincial government for local projects and how to manage them effectively. These courses would have taken perhaps a Chao Muong or a Tasseng with several leaders from different villages under his jurisdiction and put them together in the same course. This vertical leadership approach, rather than a horizontal "peer" approach where all Naibans were trained in one group and all Tassengs trained in another, seemed more in keeping with the purpose of the seminars, i.e., to show local leadership how to get things accomplished through the system.

Although there would have been monies granted to the CRA to implement small local construction projects, this would not have been a major feature of the proposed program. Moreover this proposal would have eleminated all American personnel from the RSH project. Whether or not this new approach would have been successful under a coalition government is now academic.

III. MILITARY REGIONS - FIELD OPERATIONS

A.I.D. MISSION FIELD OPERATIONS

To facilitate administration of its highly operational program, the A.I.D. Mission maintained major area offices headed by Area Coordinators in each of the five Military Regions of Laos. Activities, as well as administrative problems connected with the program, varied from region to region, particularly as they related to the volume of refugee assistance required, ease of communication and transport, and existing resource endowment and development.

The following sections describing activities in each of the Regions (including only a part of Region I) are intended to provide a brief historical survey of the assistance program in each of these regions that will illustrate some of the differences among areas with respect to program activities and problems.

MILITARY REGION I: HOUA KHONG

Economic and military assistance to Houa Khong Province (then known as Nam Tha Procince) began in 1957. The period from 1957-1960 was generally characterized by military advisory assistance at Luang Nam Tha, the provincial capital. A few small civic action community development programs were concentrated in Nam Tha itself with no assistance extending beyond that at Nam Tha Village. The multi-ethnic population prior to 1960 was concentrated at Muong Sing, Nam Tha and areas located along the Nam Tha River. Ban Houei Sai had a population of less than 700 persons.

The modern Laotian conflict that engulfed the entire country for 13 years began in 1960 when hostilities broke out between pro-communist elements -- Neo Lao Hak Xat (NLHX) or Lao Patriotic Front (LPF) -- and non-communist elements in areas along the Nam Tha River. These hostilities led to the military take-over of the Provincial capital, Luang Nam Tha, in February of 1962, by the NLHX. Non-communist (loyalist) troops and American military advisors were forced to flee to the Ban Houei Sai garrison and across the Mekong to Thailand.

As a result of the Geneva Accords of July 1962, and the subsequent formation of a new Coalition Government, Houa Khong Province was divided, with nearly three quarters of the geographical area under NLHX administration and one quarter under Royal Lao Government (RLG) control. Significant numbers of refugees from NLHX areas fled to the RLG areas and emergency relief was needed to care for the continuous, influx of refugees from the NLHX areas as the NLHX administration tightened its control and consolidated its power. From 1962-1964, A.I.D. efforts were directed largely towards providing emergency relief to refugees with only a few minor community development projects.

In 1964, the Coalition Government collapsed and hostilities resumed on all fronts. The RLG offensive in Houa Khong Province resulted in recapture of considerable territory and nearly three quarters of the Province passed to RLG control.

The 1964-1968 period was characterized by two significant developments: a realization that economic and development assistance had to be extended and increased to the isolated mountainous hilltribe areas for political reasons, and a significant RLG mobilization of conscriptable age males was initiated to defend the new perimeter. The result of the latter action altered radically the available labor force and had a great impact on economic production and family self-sufficiency.

During this period, A.I.D. economic and development assistance was increased substantially. It included community development activities, construction of schools, training of teachers, well drilling, small irrigation projects and dams. Hostilities were insignificant during the four-year period except for a major offensive in 1966 when communist forces captured areas from Ban Hou Kha to Tha Fa along Route 3. In 1968 the two towns were retaken by the RLG which pushed FAR troops into Luang Nam Tha for a two-day occupation.

The inability of the RLG to hold Nam Tha and the subsequent withdrawal to positions surrounding Nam Tha precipitated the flight of thousands of persons from the area. This massive influx of an estimated 18,000 persons to the vicinity of Ban Nam Yu and along the Mekong particularly at Ban Dan once again required A.I.D. emergency refugee relief programs. Once settled in the Nam Yu and Mekong areas, programs of permanent community development were planned and implemented including permanent school construction, drilled wells, dug wells, construction of dispensaries, markets, and roads, and some irrigation projects. Considerable efforts to upgrade and develop the human resources was made; Naiban-Tasseng training, creation of Village Development Committees, farmer training, medics and nurses training, and the CREC (Community Rural Education Centers) program in teacher training designed to improve the qualifications of uncertified teachers. These broad-gauged development activities in human and natural resources began in 1968 and continued at increasing levels, emphasizing the self-help concept, until the 1973 ceasefire.

Beginning in the fall of 1973, when communist elements began a general offensive to acquire as much territory as possible before the cease-fire, A.I.D. operations were once again concerned primarily with refugee relief operations. A steady influx of refugees ultimately brought 21,000 new persons into those areas controlled by the RLG on the day of the ceasefire. A.I.D. was also emphasizing a joint narcotics program which may have come at an unfortuante period given the political and military realities at the time.

The rationale of USG assistance to the area of Houa Khong Province during the period is probably best explained by: its geographical location in an isolated border area, the sizable Military Assistance Program, the war-generated refugees, and anti-narcotics effort. Given the demographic make-up with over 15 major groups of ethnic minority hill tribes of the area (only

7% were ethnic Lao), the tremendous factionalization, lack of common leadership and national purpose, and the extremely meager communication/transportation/development resources at hand, any assistance program had formidable obstacles. A.I.D. field personnel recognized these constraints and for the most part attempted to formulate a multi-disciplined assistance program which would encompass all of the ethnic minorities at a "grass roots" level. Middle echelon civil servants, particularly village leaders and village council representatives appeared to make excellent use of the U.S. resources which were channeled to that level. Unfortunately a leadership vacuum existed at the top and the Government was unable or not willing to make personnel changes which would rectify the problem.

MILITARY REGION II.

The Region II program was the most unique in Laos inasmuch as it was overwhelmingly devoted to movement and support of Meo refugee groups. The region is composed of Xieng Khouang and Houa Phan Provinces, is located in the northeast sector of Laos and in the same general direction from the administrative capital, Vientiane. The region is totally bordered on the east and north by the Democratic Republic of Vietnam, to the west by MR I and to the south by MR's V and III. The area is extremely mountainous and has elevations from approximately 600 feet above sea level to 9,400 feet above sea level. Within the mountains are small plateaus and plains of which the Plain of Jars is the largest. The area is drained by four rivers - the Nam Ngum and the Nam Nhiep which flow into the Mekong and the Song Chu and Song Ma which flow through North Vietnam and empty into the Gulf of Tonkin.

The peoples of this region consist of many tribal and linquistic minorities. The largest groups are primarily the Xieng Khouang Lao, Meo, and the Lao Thung. Other minorities include the Kha, Black Thai, Yao and the Khmer. Even though the groups live within the same geographical area, they live separated mostly by elevation. The Lao live mostly in the plain and plateau areas where paddy rice cultivation is possible. The Lao Thung live in the middle areas on mountain sides between the elevations of 1,500 feet to 3,000 feet. The Meo or H'moung, live in the high altitude areas mostly above 3,000 feet where they are not bothered by malarial mosquitoes.

The Lao Thung have traditionally used the slash and burn method in growing rice, but as the availability of forested areas decreased, they increasingly converted to the paddy method of rice culture in the valleys and along streams. The Meo are exclusively slash and burn farmers. Along with rice cultivation most of the people also plant small gardens which produce only enough for local consumption. The Meo also produce opium for their own use and as a cash crop.

U.S. Policy and Activities (Pre-Cease-fire)

Active U.S. participation in refugee affairs began in early 1960 in response to military activity in Northern Laos. Irregular military units were formed in Houa Phan and Xieng Khouang Provinces, primarily among minority ethnic groups such as the various Lao Thung groups and the Meo. These groups operated initially in remote villages that were usually deeper in contested mountain areas than the RLG Army units (FAR) and were organized around villages or groups of villages rather than into

a formal military structure. As a result, smaller isolated villages were vulnerable to prolonged communist thrusts and, in fact, one hill top was often evacuated in favor of another for strategic reasons. This meant that entire villages were moved rather than abondoned to the mercy of their adversaries. Thus deprived of their old villages and fields, the tribal refugees required immediate external support. It was in this context that the A.I.D. refugee program was developed. Because most of the moves involved entire villages, it was easier to relocate refugees in temporary villages in areas of relative safety. Village infrastructure and leadership was maintained, and dispensaries and schools were established even in the most precarious locations. Villagers led as "normal" a life as possible under war time conditions. In the MR II area small STOL air-strips were built by the villagers in each refugee location permitting A.I.D. and the RLG officials to make regular visits. Medicine, PL 480, salad oil, cornmeal, salt, school supplies, etc. were delivered by small aircraft. Rice was dropped by C-46 cargo planes.

By 1963 much of the population of eastern Xieng Khouang Province had been forced south and west. This resulted in a vastly over-populated Long Tieng, Ban Xon, Moung Cha cresent. North of the Plain of Jars, civilians were also trickling into irregular RLG enclaves. As a result of political events and military action in 1964 the Plain and adjacent towns came completely under Pathet Lao and dissident neutralist control. The loss of the strategic Plain gave North Vietnam a central logistical base from which it could operate in any direction and was to affect refugee moves and hinder resupply efforts in the North up until 1969 when the Government army retook the Plain for a brief period.

In Houa Phan, sustained North Vietnamese attacks in March 1968 virtually eliminated RLG presence there. Lao counter attacks in late 1968 were briefly successful but as they ultimately failed, two large evacuations were made to the Sam Thong and Long Tieng areas involving about 20,000 people.

In June 1969 the neutralist enclave of Muong Souie fell and 5-6,000 civilians were airlifted or walked to Vang Vieng. Prior to that the RLG forces had taken Xieng Khouangville and 8,000 civilians were relocated in RLG territory. Some 15,000 persons from the Plain of Jars were airlifted in early 1970 to Vientiane and relocated on the Vientiane Plain on land set aside by the RLG for refugees. The Meo tribesmen and the Lao Thung groups who did not want to be resettled on the low lands made their way to the mountain area around Ban Xon in southwest MR II where they lived in temporary villages and farmed whatever land was available.

1970-1973 were not good years either for the RLG. The RLG/A.I.D. refugee center at Sam Thong was lost on March 20, 1970. Seven to eight thousand people fled south to the Vientiane Plain. Others moved into the densely packed "crescent" mentioned above bringing the population in that area to over 135,000 persons as compared to the estimated 15,000 in 1960. Continuous attacks against Long Tieng failed as did months of siege by Vietnamese troops against the enclave of Boum Lom north of the Plain of Jars. Five thousand civilians and 1,000 irregulars held out against overwhelming odds, sustained by air drops for virtually everything required to stay alive. The action in these two places did much to stiffen morale in the Region and some of the lost territory was regained in 1972.

Military Region II bore the brunt of the war for almost fifteen years. Nearly 80% of the refugee population in Laos originated in MR II, including the refugees on the Vientiane Plain. Almost the entire population of Houa Phan and Xieng Khouang Provinces was gradually forced south into the Long Tieng, Ban Xon, Moung Cha crescent.

The situation became acute after the fall of Sam Thong in March 1970. Sufficient food resources were not available without massive outside assistance. Forests were depleted as the refugees cleared land for gardens and upland rice fields. Villagers traditionally augmented their diet with forage from the forests, along with fish and game. These resources were soon depleted, however, leading to poorer nutritional conditions which increased the vulnerability of the population to endemic diseases. As a result of prolonged provision of food and diet supplements under the A.I.D. refugee project, however, at the time of the cease-fire there was very little malnutrition.

In 1970-71, the A.I.D. established MR II as a "High Priority" area for economic and support programs. Roads were being built through the mountains to open up remote refugee villages and to connect them to market areas. The school and dispensary programs continued at an even faster pace. In order to improve agriculture in the area, experiments with various types of crops were conducted, fruit trees were planted in several areas, and a fish hatchery and forestry station were constructed. With the increase in roads, it became possible to market crops from remote areas. Four "farm service centers" were constructed for the sale of seeds, fertilizer, rice, animal feed, and other farming and household needs. These

centers also bought and sold at controlled prices which greatly benefited agricultural production.

In summary, the pre-cease-fire period in MR II was a very difficult and traumatic one for the people of that area. Very little economic development could take place. The basic A.I.D. goal was the humanitarian one of easing to the extent possible the hardships of daily living for these people.

Post-Cease-fire MR II

With the signing of the cease-fire in Laos on February 21, 1973, the policies in MR II changed. Irregular forces were integrated into the FAR; refugee moves were not forced by hostilities; and the A.I.D. program could change from one of total concentration on emergency-type assistance for the people of the region.

As a matter of country team policy, MR II continued to receive "High Priority" within the country but the emphasis shifted to economic development with the goal of assisting the refugees to approach self-sufficiency. At the time of the cease-fire, there were approximately 135,000 refugees on the food support rolls. Most were located in the Long Tieng, Ban Xon, Moung Cha crescent area. The first priority was to find land that was cultivable and to disperse the refugees throughout the area. This task proved very difficult. First of all, communist military actions had left only one tenth of the original land area of the Region. Secondly, the land had never been surveyed to determine its production potential. To overcome the latter deficiency, aerial photography and interpretation were undertaken.

When the activity was completed in early 1974, several facts were evident. While many areas were underpopulated, many areas were heavily overpopulated. Much of the land could be paddy farmed if terracing and irrigation were available. There was enough land in the Vientiane side zone for all the refugees if new agricultural practices and new crops were introduced. Besides its usefulness in planning resettlement and new assistance activities, the aerial survey proved helpful in estimating the region's rice harvest, determining its population density and locating the population centers. The most important factor in the rice production survey was that it substantiated local surveys which showed the MR II area to be a producer of excess rice.

One of the first priorities in the post-cease-fire period was to complete a road network which would obviate the need for costly air transportation of construction materials, medicines, and

refugee relief commodities. To make the area accessible from Vientiane, an all weather road was completed from Houie Pamon on Route 13 to the A.I.D. depot at Ban Xon. This eliminated the necessity of flying all the A.I.D. commodities from Vientiane to the warehouse in Ban Xon. It also allowed the resupply of food for the refugees located in the valley south of Ban Xon to be delivered by truck. Thus cost savings resulted from fewer air drops and reduced loss of food commodities due to breakage.

The second section of all weather road was built from Ban Xon across the Nam Ngum river to Ban Nam Moh (LS 207). This again opened a densely populated area for easier access to markets for the people and to truck transportation of commodities for the refugees.

The third phase of all weather road construction connected the remaining high density population centers with Ban Xon and southward with Vientiane. Other small feeder roads were built during the construction of the main roads but in most cases they were only passable in the dry season. The roads were of great economic importance to the area. Once completed, local entrepreneurs initiated bus services to the main towns, affording villagers the means to transport their excess goods and livestock to market centers and further promoting a cash economy in the area.

Of prime importance to the area was the Xieng Khouang Development Cooperative (XKDC) - a private co-operative for the region approved by the PGNU. It was established in order to provide agriculture and household commodities within a price range accessible to the people; to act as a buying agent for all excess commodities within the region; and, through profits gained in its commercial enterprises, to provide public services needed in the area. A.I.D. provided advisory assistance to the various enterprises upon request from the co-operative.

The first purpose was met by the establishment of four "farm service centers" located at Long Tieng, Ban Xon, Moung Cha, and Nam Moh. These centers provided a wide variety of farm, and household supplies, including fertilizer, seeds, insecticide, rope, soap, dishes and cloth. The centers also purchased produce from farmers with excess supplies at a fair market price.

Cheap commodities were not the only concern of the XKDC. In order to develop a supply of inexpensive meat and protein two chicken farms were built, in the area, each of which was capable of producing an average of 5,000 birds for market every 8 weeks. These chickens were considerably less costly than those tranported from Vientiane.

Two pig farms were also planned. One was completed at Nam Ngua which produced approximately 300 pigs per year. Most of the pigs were sold to the villagers either for improved breeding purposes or for fattening purposes. As a result of this activity, the price for pork at the local markets was usually 25% cheaper than at Vientiane markets. In early 1975 a plan was drawn for a pig feeding farm at Nam Yen. construction was completed in the spring of 1975. It was programed for a total of 3,000 hogs per year. It should be mentioned here that both the chicken and pig projects along with the farm service centers were profit making ventures and that the profit was turned into the co-operative for developmental purposes.

Another activity of the organization was the Xieng Khouang Savings and Loan Cooperative. This financial enterprise received advisory assistance from CUNA, a contractor to A.I.D., and was responsible for issuing low interest development loans to the people. It also provided a safe place to deposit extra cash with a means of drawing interest on the deposits. The cooperative promised considerable success and at the time of the Pathet Lao take over in May, 1975, it had well over 300 members in the Long Tieng Valley. A cattle improvement project was also undertaken by the cooperative. During the war, most of the cattle and buffalo, which were used for draft purposes, were either killed for meat or killed in the heavy fighting. At the time of the cease-fire, it was noted that due to the lack of draft animals, much of the heavy farm work could not be accomplished. Two hundred fifty buffalo and 250 cattle were brought from the Vientiane Plain area to the MR II area. The cattle were ultimately distributed to disabled veterans and demobilized troops in areas where cattle were scarce. In addition, three Brahma bulls were purchased from Thailand to be used in an improvement breeding program. This program had just begun in the spring of 1975.

With the various animal production projects in the area, feed became a problem. Over 90% of the feed had to be imported. To reduce these costs by expanding local feed production the Cooperative purchased twenty tons of corn seed for distribution to farmers in the area in early 1975. The farmers did not have to pay for the seed or promise to sell back the crop to the XKDC. It was felt that this amount of seed would provide a plentiful supply of corn for local use and that the excess would be sold to the XKDC at a fair market price. By May of 1975, all the seed had been distributed and planted.

Advisory assistance was also provided in developing payment schemes for a new public utility and water system in the Long Tieng Valley during the spring of 1975.

As is evident from the foregoing, the principal A.I.D. input into the area both in the pre-and post-cease-fire periods was in the support of refugees. At the time of the cease-fire in February 1973 over 147,000 persons were on the refugee food support rolls. Support was given on a monthly basis at that time and usually contained all or part of the following: rice, noodles, salt, cornmeal, canned meat, bulgur wheat, corn-soya-milk, soya oil, and wheat-soya blend. With the exception of rice and canned meat, these foodstuffs were supplied through the PL 480, Title II Program. In most cases the PL 480 Title II foods were staggered over the months with only one item being issued per month. Rice purchased by A.I.D. was issued at a rate of 8 kilograms per month per person. In all cases each person received 15 kilograms per person per month. The most popular items with the refugees were rice, vegetable oil, salt and cornmeal. Whenever possible, relief commodities were delivered by road. All other deliveries of the relief commodities were by small aircraft, either to dirt air strips or by drops at drop zones. In areas of large concentrations of refugees, C-46 aircraft were used to drop the monthly supplies.

Another important aspect of the refugee program was the resettlement or the return to village program. This program was responsible for supplying the basic commodities to the refugees so that they could work and become self-sufficient in as short a time as possible. These commodities included clothing, bedding materials, cooking and eating utensils, hand tools which included axes, hoes, machetes, shovels and other tools, vegetable seeds and, of prime importance, rice seeds.

Families located in areas with high population density could be moved to sparsely populated areas. Once situated, the refugees would clear large tracts of land and cultivate rice. This program was a success. By harvest time in October 1974 every family that had planted rice harvested a sufficient amount for its needs for the ensuing year. Surveys were undertaken to establish the size of harvest. Three independent surveys were conducted which showed that the MR II area had rice surplus of approximately 15,000 tons. Even though small deficit areas existed, sufficient amounts could be purchased in nearby markets.

As a result, the PGNU and the Mission decided to eliminate rice support to refugees after November 1974. From that point on the responsibility for feeding refugees became that of the PGNU provincial social welfare office. Only those who could demonstrate a real need to the PGNU social welfare officials would be entitled to receive rations. This system worked very well and the only

problems encountered were with the war widows. Even they in most cases had been remarried and no longer required government support. When U.S. assistance was terminated in May-June of 1975, there were no refugees or widows on the refugee food support rolls.

A.I.D.'s post-cease-fire education program in MR II was also very successful. Education for the people of MR II was very difficult during the war years. With the constantly required moves of the refugees, elementary schools were established on a temporary basis. All of the secondary and the teacher training schools were moved to Vientiane. After the cease-fire, a more permanent education system was required. The first step was to reestablish in MR II the Sam Thong College (secondary school) which had been moved to Vientiane when Sam Thong fell. Permission was granted to use a former military training center at Moung Cha. With some financial assistance from A.I.D. this facility was repaired and put into use as a school.

Trained teachers were another problem. Since most of the students in the area were of an ethnic minority, a teacher training school for these people needed to be reestablished. An area with some buildings for classrooms was found near Nam Moh (LS 207). The facility was renovated, instructors assigned and by the first of the school year 1974 over 200 students were enrolled.

Elementary schools were more difficult. All the elementary schools up to the time of the cease-fire were temporary, i.e. constructed from bambo and plastic sheeting, with the exception of Long Tieng and a few villages in and around Ban Xon. After the cease-fire, it became important to construct more permanent buildings. With the help of the A.I.D. engineers, plans were drawn, commodity lists prepared, and carpenters hired. Activity plans were prepared to help fund the construction on a villager self-help basis. The A.I.D. Mission in all cases provided a sawmill to saw the logs felled by the villagers, cement, hardware, tin roofing and carpenter foreman. By November 1974 over 80 permanent classrooms had been constructed since the cease-fire.

By January 1975 it was decided that the local self-help input was not sufficient and that the construction of permanent schools was too slow and expensive. A new construction plan was drawn which was called a "kit" school. This new concept was both faster and less expensive, and it gave the villagers a basic structure to which they could add improvements as time went by. The kit included

tin roofing as well as footings, columns, and roof trusses, prefabricated at Ban Xon. The villagers were responsible for the siding, doors, windows, and flooring. Twenth-four classrooms were programed for the dry season of early 1975. At the time of the Pathet Lao take-over in May, all the footings and columns had been prefabed, the trusses were 50% complete and a total of six classrooms had been delivered to a new site at Moung Ohm (LS 22).

Text books and school supplies were also provided under the refugee programs and were distributed by the Primary School Inspector.

As stated before, properly trained teachers were very difficult to find. For this reason semi-trained teachers, who were called CREC teachers, were hired. These teachers were usually people with only three years of formal training in the elementary school. Because they had so little education, they were permitted to teach in grades 1 through 3 only. They could, however, qualify as regular teachers with Ministry of Education status through special A.I.D.-assisted summer training courses. During the war and immediately after the cease-fire MR II had over 190 of these CREC teachers. Because the Lao government had no means of paying them, the U.S. Government provided their salaries. Finally after lengthy negotiations the Lao Government in April 1975 accepted responsibility for their salaries and a total of 137 CREC teachers were placed on the PGNU rolls at that time.

The A.I.D. Health program in MR II was the largest of any Region in Laos. The center of the program was the 200 bed hospital at Ban Xon. This hospital was originally located in Sam Thong but military action in the area forced its evacuation. The hospital was jointly administered and staffed by Lao civilian and military as well as A.I.D. personnel. It was a complete health center with inpatient and outpatient services. A new surgical wing was added in 1973. Services offered were x-ray, laboratory, maternal/child health, dental and sick call.

The hospital functioned in conjunction with over 60 field dispensaries in the area. These dispensaries were staffed by A.I.D.-trained and paid medics and nurses. A dispensary was located in all population centers and in large remote villages. Medicine was provided through the A.I.D. program. Because the villages were located in such remote areas, helicopters were often required for their resupply. In cases of serious illness the patient was usually sent to the Bon Xon hospital.

Some of the more prevalent cases handled at the hospital were malaria, dysentery, tuberculosis, and wounds from exploding ordinance left over from the war.

The hospital at Ban Xon was a temporary wooden structure with the exception of the surgical wing. Prior to termination of the A.I.D. program, plans were made and approved to remodel the stone hospital complex at Long Tieng, previously a military hospital, and move the Ban Xon hospital there.

In addition to the activities of the Cooperative described previously, there were other agriculture programs receiving A.I.D. assistance in the post-cease-fire period. The basic agricultural goal was to develop surplus instead of subsistence farmers. Fish culture was an important activity. A.I.D. assisted with the construction of a fish hatchery station in Nam Moh (LS 207). From this station fish fingerlings were distributed to farmers in the area who had dug fish ponds on their land. Two types of fish were spawned: Chinese carp and the tilapia. By May of 1975, there were over 3,000 local fish ponds ranging in size from 10 square meters to over a hectare in size.

Extensive work was also done in irrigation. Eight surveys were conducted to determine feasibility of various projects. In January 1975 construction had begun on an irrigation scheme at Moung Cha which when completed would irrigate over 80 hectares of wet and dry season rice. In May of 1975 the work was 95% completed.

Due to the massive destruction of the forests by slash and burn farming methods, reforestation became a necessity. In conjunction with a PGNU/Australian forestry project, A.I.D. helped to build and equip a nursery station at Nam Moh. The Australians brought in eucalyptus seeds and by the end of 1974 over 300,000 trees had been planted in the MR II area. By May 1975, another 500,000 trees were ready for transplanting.

Work was also being done in the area on development of cash crops. Training programs set up by the Government and the A.I.D. Mission were teaching local farmers new methods of growing rice, coffee, fruit, vegetables and potatoes. Due to the high altitude and good soil all these crops were doing well and the farmers had no problem in finding markets for their produce in Long Tieng, Ban Xon or Vientiane. An experimental farm was established at Nam Ngua where work was being done on essential oils, stick-lac, and pigeon peas. Work had progressed enough to determine that the pigeon peas could be grown easily in the area and used as human or cattle feed.

The last aspect of the A.I.D. program in MR II was the community development program. All requests for development activities from the villages came to the Governor and then were discussed with A.I.D. to determine whether commodity or advisory assistance could be provided. In all cases, the activities required village participation. Projects completed in the post-cease-fire period included: schools, wells, village water systems, dispensaries, small water catchment dams, village maternal/child health centers, small bridges across streams, trail development and markets. In May of 1975, the following projects were programmed or started: 24 kit school rooms at three locations, two rural markets, one suspension bridge at Phu He (LS 255) one MCH Center for Long Tieng, a 150 bed hospital at Long Tieng, a PSI office warehouse at Long Tieng, and a Detoxification Center at Ban Xon.

MILITARY REGION III

The Savannakhet Region, consisting of Khammouane and Savannakhet Provinces (Champhone Province was added in 1974), corresponded to the territorial boundaries of the Military Region III. The first A.I.D. office was opened in Savannakhet City in 1960 and consisted of only three American personnel plus a locally recruited staff. By 1966 the A.I.D. staff had grown to 17 U.S. direct hire and contract employees plus 18 International Voluntary Service Volunteers. During the period from 1966 to 1974, the monthly roster contained as many as 62 Americans. Backing these personnel were as many as 50 Third Country Nationals (TCNs), most of them Filipinos, attached to the Requirements Office to manage military equipment distribution and to the OB Hospital Staff in Kengkok. The Region also had as many as 200 local employees, depending upon the number and size of earth moving projects being accomplished.

Although the Regional Headquarters was in Savannakhet City, rural development advisors were stationed in Thakhek, the capital of Khammouane Province, and in the four development clusters of Kengkok, Dong Hene, Lahanam and Nong Bok. IVS personnel were assigned to five locations, designated as Forward Areas. The intent of program activities in those days was toward development of the cluster areas and implementation of high impact projects in forward areas. Scatterization of projects throughout the Region was avoided. Counterinsurgency was a part of the U.S. political goal and many of the projects implemented were intended to either develop or strengthen villager loyalties to the Royal Lao Government.

The Regional Headquarters, headed by the Area Coordinator, had a Field Support Officer and expertise in agriculture, irrigation, education, refugee relief, public health, public works, well drilling, road and bridge construction, heavy equipment maintenance, and public safety.

The Area Coordinator, functional counterpart of the Provincial Governor, was the nominal head of all American activities in the Region; however, in fact he had no responsibility for planning or supervising activities of other U.S. Government organizations outside of A.I.D.

In 1966, projects were being implemented by Americans who were in direct contact with villagers requesting the assistance and immediate efforts were made to stimulate more involvement on the part of both District and Province level officials.

In the early years of A.I.D. operations in Laos, the Lao officials frequently did not want to get fully involved in such activities. Therefore implementation of projects was accomplished by A.I.D. employees (American, TCN and Lao) working directly with villagers or other beneficiary groups. A counterpart relationship was usually just a friendly relationship while the Governor's and District Chief's main involvement in projects was simply his signature on the draft activity plan. In late 1968, this changed radically in Savannakhet Province following the arrival of a new Governor. By 1970, local officials, the Provincial Council and the Governor were all deeply involved in both program proposals and the project approval and implementation process. Although no regular meetings were scheduled, most American employees saw their counterparts on a daily basis, a practice which continued following the ceasefire agreement.

By 1970, it also became apparent that restricting projects to clusters and forward areas was becoming increasingly embarrassing to Lao officials and more emphasis was given to implementing projects according to merit rather than by location. As a result, U.S. rural development and IVS personnel were withdrawn to Savannakhet and Thakhek, where they continued to handle development activities, but with broader geographic scope. Deteriorating security conditions also contributed to the determination to bring Americans back to the Provincial capitals.

By the time of the cease-fire, the Region had only two rural development personnel and had already lost its agriculture, irrigation, public health, education, well drilling and public safety advisors. By July 1974, the A.I.D. American staff consisted of the Area Coordinator and field support officer, with two community development officers, an economic advisor, one FHWA roads and bridges engineer, and a heavy equipment specialist. Three IVS volunteers remained in the Region and all were involved in English language programs at secondary schools. Only three 3rd country nationals remained on the roster, in addition to the OB Team in Kengkok.

During the period between July 1, 1974 and March 1, 1975, plans had been made and approved to combine the Savannakhet and Pakse Region, with headquarters in Savannakhet, and a total of only five American personnel were scheduled for retention in the area. All TCNs were to be terminated by the end of June 1975 and local personnel ceilings for the combined Region were set at 128. Termination of the entire A.I.D. Mission in June of 1975 superseded those arrangements.

RURAL DEVELOPMENT

The Rural Development program was perhaps the single most important contribution of A.I.D. in the development of local leadership and in assisting to improve the living standards of the rural populace.

Provincial governors had little budget control and even fewer funds for the responsibilities they carried. As a result, they normally embraced A.I.D. as a means of accomplishing projects requested of them. During the middle 1960's, these governors were no more than rubber stamps because most projects were developed by American personnel working directly with villagers. As stated earlier, this direction was reversed by 1970 and annual programs were being submitted by subordinate officials to the governor for his and the Provincial Council's approval before support from A.I.D. was requested. Provincial leaders were finally moving about the countryside where villagers had hardly ever before seen such officials. The Lao, rather than A.I.D. personnel, were beginning to receive credit for projects being implemented and in general most villages with project assistance seemed to be favorably disposed toward the RLG.

During much of this period war activities made working in the countryside fairly dangerous for A.I.D. employees. Pathet Lao forces roamed the countryside and it was almost impossible to determine where they would appear. As a result, rural development workers had to be constantly alert to information from villagers on the location and activities of PL units.

One of the problems encountered, however, in the rural or community development effort, was the lack of counterparts within the Ministry of Interior which was the chain of command for both governors and district chiefs. The Commission of Rural Affairs (CRA) was established for this purpose but its personnel did not assume field responsibilities until about 1969. Even then, they proved to be young, inexperienced people, who had difficulties in working with officials or in convincing them of villagers' needs. A.I.D. development personnel worked with these CRA agents to increase their knowledge and capabilities and by 1971 a portion of the dug well program could be transferred to them.

In 1972, they were able to program a few school and dispensary construction projects. However, they worked directly with villagers in this effort, without coordinating with the responsible Ministry representatives to assure that teachers, medics, medicines, etc.,

were available at the appropriate time. During FYs1973 and 1974 there was much improvement in their program activities. Unfortunately, they frequently lacked the equipment with which to carry out their programs and turned to the A.I.D. office for assistance, mostly for truck transportation.

In FY 1975 the CRA received a promise of project support from the UNICEF; however, it was very slow in arriving and A.I.D. was again requested to provide transportation assistance. With the advent of peace and reduction in A.I.D.'s operational role, the Region recommended lateral transfer of all dug well equipment, sawmills, and sufficient truck transportation to enable the CRA to operate with some degree of independence and efficiency.

In Savannakhet Region, rural development personnel made possible broad flexibility in operation. They readily involved themselves in all programed activities, although often without the necessary expertise. They became programers, implementers and administrators and, in some cases, jacks of all trades. As technical expertise was withdrawn from the Region to Vientiane, responsibility to cover the field usually went to an area development advisor and by the time the program was terminated, all field activities were backstopped by the Coordinator and two development advisors.

Many of the local employees engaged in rural development work were promoted to positions within the Regional Area Coordinator's staff and, here again, afforded a great degree of flexibility in program coverage.

Economy

The adverse effects of the war on the economy consisted mainly of the dislocation of the rural population, abandonment of farm lands, loss or neglect of physical assets and the great dependence of much of the economy, particularly the urban centers and refugees, on external aid. During that period, military activities and the requirements of economic stabilization had diverted attention from development objectives. Following the peace agreement and installation of a coalition government, there was not sufficient Lao agreement on development priorities to enable A.I.D. to reverse its old priorities completely in favor of significant development activities.

Despite the war, however, some important projects were carried out in Region III. Most of those were related to agricultural production and are discussed below. Others were the result of Thai and Chinese investments in small industrial enterprises such as plywood manufacturing, furniture and wood products, and rice mills.

Even before the war, the Savannakhet Region was predominantly a rural, segmented, subsistence economy. The war not only aggravated the problems of internal transport but also greatly dislocated agricultural production. As a result, the feeding of the urban centers and other consuming areas became a major problem. Food supply deficits had to be met by imports, especially from neighboring Thailand. Population in the cities expanded greatly during the war as a result of the influx of increased military personnel, government civilian employees and refugees. The incomes of the first two groups indirectly stimulated the service, industrial and commercial sectors. The availability of cheap food products from Thailand, however, had an adverse effect on incentives to become more agriculturally sufficient.

Agriculture

1. General

During the period of FYs1966 and 1967, an effort was made to bring 2,000 hectares of dry season rice under cultivation. This involved heavily subsidized irrigation projects throughout the country. Thirteen of these projects were implemented in the Savannakhet Region and 10 of them did very well during the two years. As a result, most of the cooperatives that had been formed to make the projects possible paid off a substantial part of the loan that had been granted them through the Agriculture Development Organization (ADO). The formation of cooperatives was unique in itself because villagers tended to be individualists as far as farming was concerned and were very cautious with respect to money matters.

ADO had been created for the purposes of aiding the farmers in increasing agricultural production and of assisting in forming coops, buying pumps and in furnishing POL, machine parts and even mechanics. It also bought the paddy rice at a subsidized price. ADO built six warehouses within the Region to store rice purchased and used A.I.D. trucks to do the hauling of both commodities and the rice. At that time, the IR 8 miracle rice developed in the Philippines was introduced to help increase production.

In the spring of 1968 several factors contributed to lack of success in these projects, including significant POL price increases, surplus rice available from Thailand and apparent lack of Lao enthusiasm for the taste of IR 8 rice.

During the fall of the same year both the ADO subsidy on rice and the marketing assistance to farmers were removed. As a result, dry season rice growing utilizing pump irrigation ceased to be a profitable endeavor and dry season planting ceased that year under all but two of the pump irrigation projects.

In 1973 and 1974, there was some revived interest in pump irrigation projects among the farmers and the Mission proposed to channel new assistance through the Ministry of Economy and Plan. At the same time some cooperatives and individual farmers managed to undertake pump projects without outside help.

2. Extension Service

Most extension projects were national in nature and administered from Vientiane. Most trial and demonstration projects were unsuccessful because of poor soil conditions or the lack of knowledge and expertise on the part of the Lao Extension Service Agent. Though successes were achieved in green beans, melons and corn in some parts of the Region, in general, the demonstrations turned out to be examples of what could not be grown by the Lao farmers in that area. Often, when successes were achieved, the input costs were too great for individual farmers to sustain and still realize a profit from his venture.

In 1971, extension personnel started collecting soil samples of all prospective trial or demonstration sites. Throughout the Region, there were large expanses of land with low productivity soil and covered with scrubby scattered tree growth. Soils were largely very deep, fine sandy loams with some heavier soil found in paddy rice areas. Examination of samples usually showed high acid conditions, low nutritional values and poor water retention qualities. It became habitual to turn down 75 to 80 percent of the projects recommended. A search was also instigated for various agricultural products that could grow in poor soil. By 1975 Lao and U.S. advisors had persuaded most refugee resettlement residents and many other farmers to plant cassava, kenaf, chicken peas, sugar cane or pineapples on these poor, high acid soils.

Some definite successes were achieved in the Kengkok area where watermelon production was introduced on the river banks. The villagers did so well that their success inspired others to try the same.

Commercial truck gardens in Savannakhet City also did well and some large producers were competing favorably with Thai imports.

3. Fruit Production

The orchard industry was developed fairly well in the Savannekhet area and, between 1965 and 1975 numerous large farms developed. The farms were equipped with modern machinery and most of them were owned by high ranking public officials or army officers. The farms featured excellent fish ponds and some very fine orchards, mainly of bananas, mangoes, jackfruit, tamarind, litchi, limes, jujube, longan and pineapple. Bananas were being extensively cultivated and occupied the major portion of the cultivated land; mangoes were a close second, followed by jackfruit, limes and tamarind. Some starapples were also grown in the Kengkok area where production was good and prices excellent in the market.

Even though the large landed estates had been developing fruit as one of their chief products, cultural practices were found to be inferior. Insects and fungus disease took a serious toll of fruits and this trouble could have been avoided by application of a few timely sprays. Tree spacing was also found to be poorly and inefficiently accomplished. However, there was a great need for orchard development in Laos to reduce its dependency on Thailand for citrus and other fruit, to save foreign exchange, and to improve nutrition for the average Laotian.

4. Fishponds

In 1966, there was no program for fish production in the Region and an investigation of the potential was initiated. Because it was difficult to interest farmers in undertaking such a project, an effort was made to assist a willing military officer in establishing some fish ponds in the Kengkok area. The initial investment for the project was $100 to purchase carp fingerlings from the Pakse nursery. Assistance and advice was provided by Japanese fishery consultants, under a Mission contract. The interest was so great that 20 military personnel were sent to Pakse for training and during the first two years of this development, 16 ponds were established by a military commander in that area. Eight others were established by him in cooperation with villagers in the Phoumachedy area while five private farmers who had noted the success built small ponds of their own. The total commodity contribution by A.I.D. was less then $500. By 1975, an estimate by the Fisheries Branch of Provincial Forestry Service indicated that there were more than 120 ponds in the Region, only about half of which had received A.I.D. advisory assistance and three fourths of which had received no A.I.D. commodity assistance. Although the majority of these ponds contained carp and tilapia, cat fish were being introduced in greater numbers. Japanese Peace Corps Voulunteers, working with the Provincial Agriculture Service also became involved in some of the smaller projects and assisted more than 12 farmers in developing fish ponds.

5. Home Economics

Home economics activities were popular during the period from 1965 to 1972, promoted partly by the several female IVS personnel who were in the countryside. During that period many Laotian women were trained to be Agents and assigned to the various Provincial Agricultural staffs. However the program lost momentum when IVSers were pulled from the field in 1969. Probable reasons were the poor economic conditions, lack of adequate water and fuel supplies and the fact that the average Lao woman was kept constantly busy with a new child. Cultural practices also affected achievement of any real objectives and though Home Economic Agents have achieved some successes in refugee programs, they have had little or no impact on the vast majority of either rural or urban Lao.

6. Child Nutrition

Although there was a valid need for child nutrition centers in most parts of Laos, the program that was implemented had little success except in some refugee areas. Five centers were established in the Region with A.I.D. assistance. However, with the exception of one at the Seno Relocation Project, the centers were located in more sophisticated and better economic areas such as Kengkok, Phoumachedy, Thakhek and Ban Phonsim. The centers never really caught the imagination of the populace and both their support and child attendance were poor. As of 1975, only the center in Seno remained in operation. Overall, these centers failed to achieve desired objectives of introducing nutrients into child diets or to furnish the information for intended studies of the effect of such nutrients on the child's health, behavior, habits and intelligence development.

7. Poultry Development

During the early program years following 1965 only a few projects introducing ducks and chicks were implemented. There seemed to be no scarcity of fowl in the countryside and the major problems appeared to be upgrading the existing fowl and creating larger poultry farms for supplying the city markets. In 1967, one project was undertaken in Savannakhet City in which the cooperator bought 1,000 layers and all of his own feed. Mission input was purely technical. The project included vaccines from the Veterinary Services. This project was very successful; perhaps the presence of the large foreign community contributed to its rapid success and was the basis for the establishment of a larger poultry farm. In this case, the cooperator received his incentive and technical advice from ADO personnel, paid cash for the construction of a facility to house 10,000 layers and purchased all of his feed through ADO sources.

Eggs were sold on the Savannakhet market and shipped to Vientiane daily by air. It was an excellent samll enterprise but unlikely to last after LPF factions gained political supremacy. Another successful poultry activity was the broiler-feed program in which ADO provided both the chicks and the feed on a credit basis to cooperators. Five such cooperators were found in the Savannakhet area and all did exceptionally well until the increase in feed prices forced three of them out of the market.

Again, this program was targeted to urban areas and found its market among both the western community and restaurants.

8. Animal Husbandry

There were many projects introduced to improve local swine and both the Berkshire and Duroc pigs were imported to do this job. Because these boars were so much larger than the average local variety, only scattered success was achieved in the Region. There were some farmers, however, who did very well with the Duroc/local mix and some bought pairs of both Berkshire and Duroc to raise. By 1974, there was at least one large pig farm in each of the three provinces, each raising from 65 to 100 pigs for sale to the market and also as breeders. Many of these pigs were sold to Thai buyers who later sold them in the Vientiane market as Thai imports.

Very little effort was made in cattle production because it was acknowledged to be a long-term development effort unsuitable to wartime conditons in Laos. Some technical advice was made available to larger beef growers and the Australian Government had also become involved in forage grasses as well as technical assistance. These efforts assisted slightly in the development of four herds of 100 cattle or over. Because such a large part of the Region lay unproductive due to poor soil conditions, the potential for developing this into rangeland was examined and it was found that, along with native grass development, other grasses could be introduced and flourish on this kind of soil. Bringing in good bulls for breeding or introducing artificial insemination, along with technical advice on culling stock, would then have served as the basis for developing large herds that could furnish meat for the Vientiane market which imported almost all of its needs from Thailand.

Education

During the period from 1966 to 1975, perhaps the most popular rural development projects were schools. Few, if any, of the villages had sufficient classroom space for the education of the children; many had no school at all and more had old and dilapidated buildings that were considered safety hazards. As a result, the Region's classroom construction assistance averaged about 110 per year. Many of these were replacement buildings. However, attendance figures from the Ministry indicated that 44,000 more children attended grammar school in 1974 than did in 1967.

Secondary education was also enhanced by the A.I.D.-assisted Teachers' Training College and a Comprehensive High School (Fa Ngum) in Savannakhet City. A.I.D. funding was also used to expand and improve the existing Technical College facility in Savannakhet City so that it could offer commercial, auto mechanics, masonry and woodwork training. As a result of improved educational opportunities, however, many graduates from the secondary schools became disillusioned with the lack of job opportunities or the small salaries connected with those offered. Because of the high construction standards required by A.I.D. for the projects it funded, the Mission was continually asked to meet maintenance requirements of the projects upon completion.

Public Health

Although the Operation Brotherhood Hospital (OB) in Kengkok was the only one completely supported in the Region, A.I.D. had assisted in the repair of government hospitals in both Savannakhet and Thakhek sites. In addition, limited assistance was given to the Asian Christian Service Hospital in Ban Paksong-Nongkeung to include land levelling, driveway installation, deep well drilling and provision of roofing sheets for a later building addition.

Although conditions were well below U.S. standards, the OB Hospital enjoyed an excellent reputation and attracted patients from all parts of the province. In general, it was preferred over the French-assisted hospital at Seno or the Provincial Hospital at Savannakhet.

The A.I.D. also supported 28 dispensaries in the Region including eight in refugee areas, all of which were constructed on a self-help basis. These dispensaries were popular among the population. They were guaranteed a minimum supply of essential medicines on a regular basis and the staff were encouraged to undertake public health education programs. As was generally true of the A.I.D.-assisted health sector, the dispensaries elevated the population's

expectations beyond the economic capability of the Lao Government to support without external assistance.

Public Works

Public Works projects during the period from 1966 to 1969 were restricted to irrigation, school, dispensary and market construction, and well drilling. In 1969, because of the influx of refugees from the Muong Phine area, the Region obtained its first heavy equipment to assist in the development of the Seno Relocation Project. The equipment was left in the Region until 1975 when the bulk of it was turned over to the Lao Travaux Publique (TP). However, no new earth moving projects were approved for the Region after FY 1974.

From 1969 to 1975, construction included four roads (82 kilometers), five wooden bridges, and 18 improved borrow pits, the Seno Relocation Project and Thasano Resettlement Project village streets (39 kilometers), four fish ponds, and six water storage dams. One hundred sixty-five hectares of forest land were also cleared for agriculture.

The drilled well program accounted for approximately 40 wells per year and was the major reason why refugee resettlement projects could be established in three locations. Rock strata and low water level tables in many areas of the Region, made it impossible to dig wells in many villages and these had to rely on streams or rivers that normally dried up during the months of April and May. The drilled well program was able to bring water to these areas and better yet, potable water. In the early period of the program, villagers apparently felt no real need for the wells because they rarely reported malfunctions in the pumps which often remained inoperable for many months before detection. However by FY 1975 a steady stream of pump repair requests was being sent through responsible officials to the well drilling crew.

In FY 1973, the responsibility for the well rigs was turned over to the Lao; however, POL and maintenance parts were still furnished by A.I.D. The efficiency of the operation did not suffer appreciably from the transfer of these responsibilities. All assistance to the program was to be cut off at the end of FY 1975.

Federal Highways

Under a PASA arrangement with the Federal Highway Administration the Mission provided personnel to counterpart road and bridge officials within the Ministry of Public Works and Transportation and to assist in the administrative, logistics, and maintenance support required in such programs.

Yearly program activities, approved by the Governor, the Provincial Council, the A.I.D. Area Coordinator and the FHWA Advisor to the Region, were submitted by the Lao Public Works Sub-division Chief. Often these submissions were wishful thinking and they were screened in Vientiane to fall within monies allocated for the program. Once this was accomplished, activities followed normal channels for approved support through the Ministry. As a result, the U.S. Advisors had very little leverage over the Lao Sub-division Chiefs, who seemed inclined to implement as desired.

Refugees and Refugee Resettlement

Prior to 1968, there were few refugees being permanently supported by A.I.D. within the Region and most of these were in Khammouane Province. In the fall of 1968, 3,400 people were assisted out of the Muong Phine area and the first resettlement project was initiated. With the assistance of Lao military personnel, Provincial Social Welfare and A.I.D. representatives were able to obtain the use of part of the Seno Military Camp to house the refugees until acceptable land could be found for resettlement. An area that had been reserved for military veterans was investigated, proposed and finally accepted for the above purpose, and became known as the Seno Relocation project. Ministry of Social Welfare personnel made village designs and Mission technicians investigated the farming potential. Though the soil was declared minimal, the Area Coordinator, with advice from the refugee farmers, pressed for acceptance. Refugees were trucked on a daily basis from the Seno Camp to clear land and construct housing. A meadows sawmill was moved into the area to provide minimal lumber for house frames. Two school buildings of 14 rooms, and two dispensaries were constructed using self-help labor. Two deep wells were drilled in each village area and one at each of the school sites. The A.I.D. Public Works Division constructed village roads and three dam sites for water storage facilities. In addition, two hectares of land were given to each family and agreement was reached to have half of it cleared by A.I.D. and machine plowed by the Ministry of Social Welfare.

In designing the villages, each family was given a 40 x 40 meter plot. This deviated from normal Lao village construction but was done in order to accommodate the women, who did most of the gardening and animal raising, and were usually confined to the area of the house because such a large proportion of their time was spent in bearing or raising children. The home gardening venture proved very practical and successful.

During the initial planting season, rice seed, fertilizer and insecticide were distributed and a better than average first crop was produced in both upland and lowland rice. This success led to the self-help construction of an administrative building to house the Tchepone delegate and his administrative staff, the introduction of carp and tilapia fish stock in the reservoirs, and to the eventual self-help construction of four Wats, one for each two villages in the project.

Original successes also succeeded in attracting voluntary agency support from the Asian Christian Service and World Vision Inc., to work with refugees in nutrition, public health and weaving. A weaving project building was constructed in 1970 and its products were sent to Vientiane for export to Europe. Charcoal kilns were also introduced and because of the great amount of clearing that had to be done, they served as the basic means of support for many of the families.

A.I.D. continued to issue food supplements through FY 1972, but all support was cut off following the 1973 rice harvest. The 1974 harvest was very good and, by that time, many of the refugees had improved their original houses. When surveys were taken following the signing of the peace agreement, most of these refugees stated that they would not go back to Muong Phine. They reaffirmed that decision in 1975 after being visited by the Joint Mobile Team of the PGNU.

During the latter part of 1970, severe fighting broke out in the Muong Phalane/Dong Hene area and resulted in the movement of some 6,000 refugees toward Savannakhet. In this case, there was no place to house the people temporarily. However a suitable area 14 kilometers north of Savannakhet, along the Mekong River, was secured by Social Welfare for possible resettlement. The A.I.D. Public Works Division hastily constructed six barracks type buildings to house the new arrivals. Meanwhile, plans for sixteen villages and an access road from Savannakhet City were submitted and approved. Villages were designed similar to those in the Seno Project and refugee families were provided bamboo and thatch for their homes.

Village roads were constructed, as were six temporary dispensaries. A.I.D., however, provided no land clearing or plowing assistance to this project, a lesson learned from the Seno experience where villagers awaited A.I.D. clearing assistance before even undertaking any activity at all. Deep wells were installed in each village area. Yields were measured against population so that there were at least two and as many as four wells at each village site. Four temporary schools, consisting of 26 classrooms, were also constructed.

During the rice growing season of 1971, all refugees planted the upland rice seed that was given to them around their houses and in whatever land they could clear. This process was repeated in 1972 on a much larger scale. By 1974, many of the residents had converted their farms to paddy fields. During this same period, cassava, kenaf, chicken peas and sugar cane were introduced. All seemed to do well in supplementing refugee needs and income. A.I.D. Public Works completed one water storage reservoir and three borrow pits along the new road that also became reservoirs.

By 1973, three permanent dispensaries were constructed to replace the temporary buildings; the Overseas Mission Fellowship had already built one and the Asian Christian Service medi-mobile unit was visiting the area twice a week. One 11-classroom cement block school building was begun in the center of the project but not yet completed in May 1975.

In 1971, because of heavy fighting in Khammouane Province, approximately 4,000 people came to Savannakhet. These people were initially housed in the same temporary barracks established for the original Seno project and plans were made to extend the Thasano project northeast to Route 9A. This would require construction of nine additional kilometers of road. When more refugees arrived from the Dong Hene/Phakhanhia area, the entire project was approved. In this case, only three temporary villages were planned in the hope that the people would return to Khammouane Province and the Dong Hene area when the fighting stopped. Unfortunately, this did not occur until 1974, when many did return to Dong Hene and enough to Khammouane to allow for planned redistribution of land and conversion of the temporary villages into permanent sites. Although plans and surveys were completed, the plan was not implemented as of May 1975.

During the construction of the new road, one large water storage reservoir was made and nine borrow pits were also turned into water storage tanks.

In order to assist the villagers in improving their homes within the original project, one sawmill was utilized to cut lumber for flooring and siding. The project was begun in FY 1972 and continued through FY 1974. In 1974, following the peace agreement, however, activity was purposefully slowed down pending evaluation of the project and determination whether the refugees would return to their native villages if given the opportunity. In FY 1975, though the project completion date was extended, the sawmill was removed from the Thasano project to work on the Dong Hene Reconstruction project. It was returned to Thasano in May to complete cutting lumber for the last two villages included in the Activity Proposal, but A.I.D. activities were terminated before the mill could be placed into operation.

In 1972, the Asian Christian Service started a cassava production program and also assisted selected refugee families in raising pigs. ADO poultry projects were introduced in three villages and doing well. Three farmers were given training in rabbit raising and though the project did not get the expected results, the farmers had managed to raise some for sale as well as increase the basic stock. In 1974, the Tschen Poultry Farm started to work directly with some refugee farmers in an attempt to produce feed locally. Results were fairly good; however, imports from Thailand were still required. The Thasano Resettlement Project, one of the most successful in Laos, had succeeded in resettling and achieving self-sufficiency for more than 8,000 refugees. The location of the project close to Savannakhet City gave a boost to the local economy and the road, originally constructed as an access road, became the major highway from Savannakhet to Thakhek because it by-passed Seno and was 17 kilometers shorter.

Several other refugee projects were undertaken but most were intended to be temporary. One such project was established in Khammouane Province on acceptable land for upland rice production. Seven villages totalling approximately 2,000 people were resettled in the project and they were given only minimal bamboo, thatch and hardware assistance in building their houses. All villages were placed on major road nets and therefore only three kilometers of access roads were put into the project. Each village was given two deep wells; three temporary dispensaries and six temporary schools were built. Food distribution continued for two years, after which the refugees were judged self-sufficient and only some PL 480 supplements were provided. Most of the inhabitants had grown only minimal rice crops; however, the bulk of the men had obtained work in the lumber industry and were earning enough money to support their families.

Because lumber was available, many of the residents of this project had improved their homes with wooden siding and, in two villages, they had built permanent wooden school buildings to replace the temporary structures. A.I.D. furnished the cement and hardware for both of these buildings.

Following the peace accords, it was anticipated that most of these refugees would return to their villages in the LPF zone; however, by May 1975 less than a quarter of them had returned.

There were other small refugee projects, including one in Kengkok, where a military camp was used to house approximately 400 refugees who came from Wapikhamthong Province. These were supported with food stuffs for one year before most of them either returned to their native villages or were absorbed by the local population.

When the peace accords were signed, only one small group of refugees was in temporary status. These people, approximately 300, had come from the Ban Xieng Kha area because of the fighting there. Later, because their villages had been occupied by the PL, they refused to return. About 260 of these refugees were still in the temporary refugee camp on Route 13, just south of the Sebangfai River, and were receiving 12 kilograms of mixed rice and PL 480 foods per person each month.

There were many other small groups that were supported with clothing and foodstuffs during the war years but most of these efforts lasted only from five days to one month. In most cases, the refugees were housed in local school buildings and Wats, or built crude huts for their temporary shelter. One such group of approximately 260 came from the Ban Done Wai area of southern Savannhakhet in March 1975. Most had not returned by May of 1975. They were not being fed by A.I.D., however, because some were able to return to their villages for rice stores and the Lao Social Welfare was taking care of others' needs with rice supplies by other donors.

In addition to the refugee relief and resettlement programs there was a modest reconstruction program. The only major effort in the Region was the reconstruction of government buildings in Ban Dong Hene. All such buildings had been destroyed by war and the self-help projects approved in FY 1973 for school buildings, a dispensary, market, district chief's office and police post were finally begun in FY 1975. Poor security caused the delay. At the time the A.I.D. Mission was terminated, three classrooms and the market had not yet been completed.

In summary, assistance provided to refugees was more than adequate by local standards. In Laos where living standards are generally poor, the Mission assisted in the establishment of refugee villages that turned out to be above the standard of other villages in the same area; fed the inhabitants better; provided better school facilities, medical facilities, fresh water wells and also farming assistance.1/ While the effect was a happy one for the refugees, the local villagers who could look into this showcase sometimes questioned the interest of their government in their own welfare.

PL 480

Regional use of PL 480 products was confined mainly to refugee feeding. Products used were bulgar wheat, cornmeal, soya-milk and vegetable oil, with bulgar making up the major portion of such distribution. All PL 480 products were used originally to supplement rice issues and, in many cases, they were used as animal fodder. By 1971, much of this was corrected by a food preparation course taught by local home economics personnel at each refugee location. The recipients were shown how to cook the issued foods and to incorporate them into the daily diet. There was a gradual reduction in rice issues and eventually PL 480 foods became a part of, rather than a supplement to, the rice distribution to refugees. By this time, PL 480 flour was available and being made into noodles. These noodles were already known to the Lao diet and therefore readily acceptable as a substitute for rice.

1/ This situation in several locations of Laos was explored in "A Comparative Study of Refugee and Nonrefugee Villages" Parts 1 and 2, R. M. Wulff, USAID Mission to Laos (Aug. 72 and Feb. 74, respectively). ARC #LA 301.35 W 961 and W 961a.

MILITARY REGION IV

Southern Laos, the area referred to as Lao Army Military Region IV, consisted of three provinces -- Champassak, Saravane and Attopeu. In 1956, the Mission assigned one American and one local employee to Pakse. Several years later the boundaries of Champassak and Saravane were readjusted to create the new Provinces of Sedone (Pakse), Wapikhamthong (Khong Sedone) and Sithandone (Khong Island). By 1968 there were approximately 18 officers of USAID assigned to MR IV. By 1972 the number of A.I.D. personnel had dropped to 12. At the time the post was evacuated on May 17, 1975, the number of official Americans had dropped to six -- the Area Coordinator (AC), the Field Support Officer (FSO), two Area Development Advisors (ADA), one Federal Highways Administration (FHWA) heavy equipment advisor and one University of Hawaii contract Secondary Education Advisor (SEA). Political events forestalled the planned merger of the Savannakhet and Pakse offices that was to result in further cuts to one or two ADAs for the South.

At the height of its involvement, the U.S. Government operated a school, a garbage disposal system, a telephone system, a private electricity plant and a water system, plus several warehouses, a motor pool and fleet to support the program effort and personnel.

By 1972 the Pathet Lao (PL) and North Vietnamese Army (NVA) forces had occupied all of Attopeu with the exception of a small enclave (Khong Mii), Saravane, and parts of Wapikhamthong and Sedone Provinces. The provincial capital of Khong Sedone was captured by the NVA and later retaken by the Forces Armees Royales(FAR). A Royal Lao Government (RLG) campaign in late 1972 temporarily resulted in the recapture of the provincial capital of Saravane and the district town of Paksong on the Bolovens Plateau. This campaign did succeed in pushing back the NVA/PL lines from their position 16 kilometers from Pakse.

Population of the six southern provinces was estimated in 1973 at more than 600,000. Local Lao officials estimated that two thirds of these people were under the control of the RLG, while the other side had effective control of three quarters of the territory. Large parts of Sithandone and Champassak Provinces were under the control of whichever side was on the ground at the moment. Both sides had sympathizers from the other behind their lines, while a great majority of the population remained politically uninvolved.

Commerce between the two zones went on before and after the cease-fire of February 1973.

The cease-fire was generally effective in MR IV. Only hours after it went into effect, the NVA did push Thai irregular troops out of Paksong. This was countered by the last big bomber raid of the war. Otherwise there were only small unit actions and some attacks by fire on FAR outposts. The Thai irregulars were sent out of the country on schedule. The merger of Special Guerrilla Units (SGU) with FAR was begun, albeit slowly.

With the wind down of the military struggle, the war of the market place commenced. The loss of this uneven struggle by the former RLG faction within the coalition probably did more than anything else to bring about its downfall. In the month of April, 1975, for example, prices of selected staples in Pakse went up more than 30 percent. Rice that went for Kip 5,500 in April 1973 was selling for 19-20,000 per sack, when it was available. The former RLG faction, which was called the Vientiane side of the Provisional Government of National Union (PGNU), had neither the strength nor the will to control inflation. Hardest hit were the soldiers and low and middle level civil servants, teachers, police, utility laborers and the like. The desire for some kind of change welded these groups together.

Southern Laos was the ancestral home and power base of the Na Champassak family, headed by Prince Boun Oum Na Champassak, Inspector General of the Kingdom and, according to protocol, third in line for the throne after the King and Crown Prince. A loose confederation of relatives by blood or marriage controlled, to one extent or another, most of the commerce of the area, along with the Rajphaks, the Abhays from Khong Island and the Insixiengmais of Savannakhet. At one time this commerce included, but was not limited to, control of truck traffic from the Thai border to Pakse, control of the largest Mekong River ferries, large interests in the lumber business, control of the meat business and charcoal production through the local Veterans Association, and operation of gambling casinos in Pakse, Savannakhet and on the Thai border. Boun Oum also believed that his droit de seigneur included first claim on all lands in his father's old kingdom. While there may be argument about how deeply the Prince was directly involved in some of the corruption that occurred, there can be no argument that the name of Champassak had come to mean all that was wrong with Lao society, even among students from relatively well off families.

Although causes of inflation in the south also included outside influences, such as the worldwide petroleum crisis, the control of transport of rice and timber exports for personal profit were visible to all. Even though the problems of the rice market were compounded by PL restrictions on transport of paddy, the Vientiane side was never able to shift the blame for inflation to the PL.

In February 1974, Pakse secondary school students from the Lycee, the Ecole Normale, the Fa Ngum and the Colleges of Pakse, Attopeu and Saravane began a demonstration by occupying the Sedone River bridge that connects the town of Pakse. Targets of the demonstration were the manipulation of gasoline and food prices, illegal export of timber and the operation of gambling casinos. Although no other groups joined the demonstrators, overt sympathy was offered by a large part of the general population. When local officials claimed inability to meet the demands of the demonstrators, PGNU representatives from Vientiane, headed by Defense Minister Sisouk Na Champassak, a nephew of the Prince, met with student leaders and in general agreed to all their points. Hoarded gasoline was confiscated and put on the market, rice prices were set, the casinos were closed. However, the reforms were only temporary.

Another demonstration took place in October 1974. Although economic issues were still the main point, there was the addition of national political issues, questions that were beyond the power of local authorities to handle, even if the desire had existed. This lost the students some of their general public support and, in fact, split the students into three groups, small left and right wings and a large, disturbed center.

By now it was open talk that the leaders of the left were receiving assistance from the PL and the Lao Student Federation in Vientiane. Vientiane side politicans attempted to counter by organizing a counter demonstration headed by the students from the establishment families. This maneuver was not only dismally unsuccessful, but it served to infuriate the left and to alienate the center. The radicals ended up stronger than before.

The final demonstration in Pakse began the morning of May 5, when several thousand students, workers, cyclo drivers and unemployed marched in an orderly fashion and surrounded and then occupied the Sedone provincial offices and residence. From then until the end of the week the governor, his deputies and the governors-in-exile of Attopeu and Saravane were virtually prisoners of the group. The radio station was occupied the same day.

On May 6, a delegation of ministers and their deputies (half Vientiane side and half PL) arrived from the capital to meet with the demonstrators. After a half-day of argument on where the discussions would take place, the government representatives gave in to the demonstrators' demands and agreed the meetings would be at the provincial offices. All of the visitors made introductory speeches to the crowd, and Defense Minister Sisouk, who had been applauded at the first demonstration, was heartily booed. He departed for Thailand the next day.

The crowd occupying the government offices was never smaller than several hundred. Public "confession sessions" were staged with rice millers explaining how they bribed province officials to do business and retailers explaining how much in "taxes" they had to pay to corrupt officials. Cyclo drivers handled messenger and "town crier" duties. The only area where restraint and discipline were not evident was the radio station. As the week went on the tone of the broadcasts became increasingly anti-American and anti-A.I.D. Because of these broadcasts the decision was made to remove the A.I.D. dependents from Pakse on May 9.

The next day these attacks became more virulent and were also the subject of speeches by demonstrators. For this reason it was decided to evacuate most other A.I.D. and all Filipino Operation Brotherhood personnel.

The demonstration ended on Sunday, May 11, with the departure from Pakse by special plane of the governors of Sedone and Saravane Provinces, the Sedone Police Chief, the Deputy MR IV Commander, the Sedone Subdivision Commander and several other officials. The governors of Sithandone and Champassak reportedly had abandoned their posts before being ousted by the protest group. Prince Boun Oum, who had been out of the city when the demonstration began, was said to be in Thailand. Overall power in the region was invested in the MR IV Military Commander. A committee of protestors and civil servants began to set up a method of running the local government, A.I.D. local employees and operations were not hindered, and permits to ship commodities for projects were issued by the general's office, with the approval of the provincial committee. However, on Saturday, May 17, because of events in other parts of the kingdom, the departure of all official American personnel in Pakse was ordered by Washington. No A.I.D. personnel were able to return to Pakse before the termination of the A.I.D. Mission to Laos on June 26, 1975.

Cluster and Forward Area Projects

Two of the original "cluster" projects in Laos (see Development of Rural Economy project) were located in MR IV, Houei Khong in Attopeu Province and Lakhongpheng in Wapikhamthong. In 1967, the latter was expanded into a multisector project called the Sedone Valley Development Program. A third "cluster" in the Done Talat area of Champassak Province was started in 1968. The Lao Ngam Forward Area Program, in Saravane Province, was begun in August 1967. By 1972, Lao Ngam and Houei Khong were under NVA control.

Wapikhamthong was liberated from the NVA later that year. Done Talat, the birthplace of Boun Oum's mother, contained a new urban Groupe Scolaire, a showplace wat and a guest house complex for friends of the family. It was the most important market center in the southern part of the province. And it was the borderline between RLG and PL control.

Obviously none of these projects was able to provide the security that was envisaged in their planning. However, that planning had not taken into account the size and power of the NVA effort. They were not meant to and could not resist main force attacks.

The following remarks are based on evaluations of the results of these activities at the time. A Rand Corporation evaluation, written in 1965, praised the cluster and forward area concepts. It concluded that the focus of USAID's rural program should be its import on leadership in rural Laos, rather than on carrying out projects. As noted above, while lip service was paid this precept, much more attention was paid to the number of projects and the commodity inputs into them. There is little evidence to show of notable improvements in the overall or specific quality of local leadership. It could be argued that American support outside the framework of the RLG, and American assumption of responsibility, due to the exigencies of the war, actually weakened the structure. Weakness of leadership, especially at the district (muong) and sub-district (tasseng) level, apparently was the main obstacle the projects faced. It seems in some cases that because of time constraints this was met by USAID officers or IVS volunteers taking over the planning and accounting functions of the local officials. Higher level inefficiency and corruption became important as the security situation worsened.

Having said that, there were also some positive results attributable to these projects. The firm economic come-back from the NVA invasion, in Wapikhamthong Province, resulted in the profitable functioning of the rice, lumber and cattle businesses within approximately one year. This could hardly have been accomplished without the inputs of the Sedone Valley Development Program.

Doubters about the effectiveness of Houei Khong did not include the NVA or PL. According to interviews with people traveling between zones, the NVA/PL population control was most restrictive among the tribal people in the Houei Khong area. The NVA believed that the development work accomplished there had resulted in positive support for the Vientiane side and the U.S.

Refugees

Refugee relief and resettlement was the largest program in MR IV during the 1971-75 period.

No figures were available to either Lao or Americans about the total number of refugees in the Region because no records were kept of people who did not receive or qualify for humanitarian assistance, such as civil servants and military personnel and their families. People who chose to live in the Pakse urban area were not assisted. Refugee population figures reflected only people receiving direct food support from A.I.D. via the RLG Social Welfare (SW) Service. Once a refugee reached self-sufficiency status, even temporarily, he was dropped from the reporting rolls.

In early 1973 the relief rolls in MR IV reached their highest level, 52,000. These included some 10,000 Saravane people driven from their villages by the last days of fighting, Wapikhamthong people who had returned to their home areas after the PL/NVA were driven from that area, people who were in resettlement areas but had been unable to become completely self-sufficient, and refugees who had been driven from resettlement areas one or two times by PL/NVA advances. All these people with their different requirements needed different programs at the same time. For example, refugees from Saravane were coming into Khong Sedone at the same time that natives of the area were returning to their original homes. A staging area at Selabam was being filled by the Saravane people as the Wapi people departed for home.

Generally this situation was handled successfully. Despite difficulties posed by Mission orders that all rice for MR IV had to be purchased within the region, and despite the unrealistic RLG price controls that had to be obeyed, there were no serious hunger problems and no demonstrations by the refugees. PL 480, while never popular, received its maximum use during this period.

Following the 1974 harvest, there were no refugees receiving food support in MR IV. Steps were being taken to give limited support to an estimated 6,000 persons from July to November 1975.

Return-to-village efforts in Wapikhamthong were limited to distribution of hand tools and plastic roofing for temporary housing construction and rice seed and tractor loans to put fields back in production. No massive re-building program was undertaken in Khong Sedone. As the countryside stabilized, merchants and civil servants gradually returned to the town, sawmills got back in operation and an internally generated reconstruction came about. Reconstruction of the Khong Sedone schools damaged by the fighting was completed. Construction of a new college, a project halted by the fighting in 1972, was being revived when the final termination of the Mission occurred.

Phou Ba Chiang

This was the largest and most successful refugee project in MR IV. Located approximately 12 kms. east of Pakse, it was begun in the latter part of 1971 as old refugees and new ones were driven from the Bolovens Plateau by NVA advances. Even Phou Ba Chiang was partially evacuated and work on the project temporarily halted when the NVA pushed to within 16 kms. east of Pakse. Two A.I.D. hourly hire employees were wounded when several truck loads of workers were ambushed on their way to the project.

As of April 1975 there were approximately 11,900 persons living in the project, all of whom had at least temporary housing and some land cleared for planting. Temporary schools and dispensaries were being replaced by permanent structures, work was progressing on a community center, and a district office had been completed. An Activity Proposal (AP) for farmers' training and delivery of seeds and animals for both fruit and vegetable and small animal production was being processed in Vientiane. This Combined Regional Agricultural Program had been developed in conjunction with PGNU Agriculture and Veterinary Services and had already received unofficial approval from the PGNU officials. A home economics nutritional program was being planned for possible implementation by IVS volunteers and Catholic Relief Services. Phou Ba Chiang had many advantages. According to the A.I.D. soil experts it had some of the best agricultural land in Laos. The 22 kms. of A.I.D.-constructed all-weather roads tied in with existing roads to connect with other villages and with Pakse, providing easy access to markets. Many small streams drained the area, and at least four provided a year-round irrigation source. Estimates were that at least 50 percent of the refugees in the project would remain, especially those from the poorer parts of the plateau, based on the resources the people were devoting to

fields and homes. Although it will never be known what the outcome would have been, fewer people than had been anticipated responded to the Coalition Government's offers of return-to-village assistance. This was due partially to the closeness of the planting season when the survey was made, and partially to the unsatisfactory responses by the PL representatives to questions about freedom of movement by the refugees. Much remained to be done at Phou Ba Chiang, however. Because of the haste with which the project was implemented and the pressures of the changing security situation, a good land use survey was never made. A cadastral survey, dividing the area into four hectare plots was completed late in 1974. Readjustment of the survey markers according to existing land use by the refugees and by occupants of original villages was underway in April 1974. The primary purpose of the survey was to protect the refugees from potential land grabs by military or civil officials, although it is not certain that such a survey and granting of cultivation permits would have prevented this. As mentioned above, plans were being formulated to increase irrigation and agricultural diversification and production in the area when all A.I.D. activities were terminated.

Houei Nam Phak

Houei Nam Phak, located approximately 25 kms. south of Pakse, had the advantage of time for planning. Land use and cadastral surveys were conducted. Inhabitants of the project were chosen from volunteers comprising a mixture of Lao and tribal people and a cooperative organization was set up at the outset. However, it was not, in the opinion of many observers, as successful as Phou Ba Chiang. Sawed lumber was provided for construction of standard houses; land was cleared for the farmers; a diversion dam was built.

Despite these expenditures of approximately $1,500 per family, the project never showed signs of taking root. Toward the last, many of the more than 200 families in the project started to move away, some of them trying to dismantle or sell their houses in violation of the cooperative agreements. Very little extra land was cleared by the refugees themselves. Inaction on construction of the irrigation canal system was given as an excuse, but there was no evidence from any source that the expensive canal system would result in improved local production. The prior surveys did not prevent squabbles over land ownership claims in and around the project. The Lao and Lao Thung communities never

merged into one. By comparison, Phou Ba Chiang, where less was done for the refugees, appeared to be the more viable community.

Most of the inhabitants of Phou Ba Chiang arrived in village groups, accompanied by village leaders. The social structure was therefore largely intact. But many observers believed that the heavier commitment required of the people was a major factor in the success of the project.

General Activities

At the end of April 1975, Pakse was working on 26 active projects. These included two in refugee relief, six in reconstruction and 18 in development. One of the development projects, assistance in providing thatch roofing for refugee homes, would have been completed in May. All but one of the reconstruction projects were located in Wapikhamthong Province. These were mainly to build new, permanent schools to replace those destroyed or damaged in the 1972 fighting. Development projects included rural self-help schools, markets and bridges in Sedone, Champassak and Sithandone. One wooden school had been approved for construction in the Khong Mii enclave in Attopeu Province. Other than some collection of lumber by villagers, no work had begun on this.

Special attention was given to self-help projects on borderlines between Vientiane-and PL-controlled zones. There was not enough time to evaluate whether this policy was worthwhile. In parts of Champassak Province there was no interference by the PL after they had approved work in the area. In some parts of Sedone the PL later refused to permit work to continue, apparently due to fear that FAR was moving into the contested areas at the same time. In hindsight, it is doubtful that there would have been any significant impression on the attitudes of either the villagers or the PL resulting from these projects.

The Phone Sikhay Skills Training Center was inactive from late 1974 onward, due to PGNU difficulties in releasing funds to the Commission of Rural Affairs (CRA) who were implementing the activity. After many delays, the release of funds was approved for May. The Center had been started by A.I.D. and turned over to the Lao Government in 1974. As a final step, A.I.D. had financed the installation of electricity to service the facility. The A.I.D. contribution to the six-month training cycles had become limited to payment of four instructors and cost of the carpentry and blacksmithing tools that were provided to trainees after graduation. The CRA paid for per diem and food and training materials from government funds and revenue from sale of products manufactured by the trainees.

Efforts to evaluate training were inconclusive. One study found that 75 percent of the former trainees were using skills in their home villages. The remainder had either been caught up by the Lao Army or had gone back into farming. Only one case was found where the ex-trainee had sold his school-provided tools. However, due to security and social conditions, it was not possible to contact more than 50 percent of the graduates. Also, no cases were found where graduates had been able to use their skills to establish any kind of small business to produce significant quantities of items for market sale. The latter had been one of the hopes of the original plan for the Center.

At the request of the MR IV Commander, the May class would have included some demobilized soldiers as well as some active duty soldiers who would assist demobilization/resettlement activities.

While the provision of tools to successful graduates obviously helped them to make use of their new skills, many found it difficult to get funds for the raw materials to get started. Also, as was pointed up in this and other programs, the necessary simple management skills simply were not there. This lack of management skill was especially evident in the history of the Southern Weavers Association, a program that the Mission abandoned in early 1972, after two years of support. The project had good instruction, earnest students and a good product. However, there was no one to manage funds, supply and merchandising. Many observers thought that another year or two of A.I.D. support and direction would have made the Association self-supporting. Both the UN and some voluntary agencies were showing interest in reviving some sort of weaving cooperative in 1975.

The Phone Sikhay facility also saw use as a center for village leadership and development training. This was a good program of short courses and the level of instruction by local standards was good. The information from participants on village attitudes and problems was a useful side result provided to the A.I.D. employees. But, again, it would be difficult, if not impossible, to demonstrate that the training made specific contributions toward Mission goals. A plan to tie self-help projects into the program as a follow-up activity was studied, but was not implemented. Use of the Center for other PGNU meetings was growing, and it was hoped that the facility would evolve into a general training center for the South.

Force Account Projects

Two major force account projects were completed in Pakse in the 1972-75 period. Both of them were satisfactorily completed and in use in May 1975. The Pakse Maternal and Child Care Hospital was completed in the spring of 1974 at a cost of some $400,000. Plans to build a generator shed and install backup electricity for the surgery and delivery rooms were awaiting approval when the Mission closed, while construction of a fence to limit pedestrian travel through the hospital area was about to begin. Except for some modifications of the ventilation system (the building was designed for air conditioning which was later deleted from the plans) and repainting, there was no other work to be done.

An Operation Brotherhood (OB) surgical team was assigned to the hospital to work with and under the Lao hospital administrator. The problems at the hospital were those found for years in other hospitals and other projects in other parts of Laos. OB was supporting (through the Mission) a staff of some 50 Lao nurses and maintenance personnel. There were no signs of Government ability or willingness to assume these costs or responsibilities, according to OB personnel. Administration of the hospital took second place to the private practice of the Lao Medecin Chef.

Visitors called the Pakse school the most impressive of the Fa Ngums (comprehensive Lao language high schools) in Laos because of its location on the Mekong, facing some low mountains across the river. Operationally, it had a U.S.-educated director and deputy director, as well as a full time University of Hawaii vocational education advisor. It was the only Fa Ngum in the country that had a surplus of teachers.

Student demonstrations and unrest throughout the secondary school system during the term make it impossible to evaluate progress of the institution's operation. Several of the instructors were active organizers opposing the Vientiane side faction, with at least the passive approval of the director. Activist students in the school used school supplies and equipment to turn out pro-strike propaganda. However, the depth of the Fa Ngum student involvement was less than that of most lycee and teacher training school students.

Another force account project which had been completed in the early 1960's was the Ecole Normale (ENI). As late as 1972 additional funds were requested for correction of errors in toilet construction and drainage in the original work. Construction of a fence around the school and dormitory buildings was being finished in May 1975.

ENI's biggest functional problem was psychological. From a prestige standpoint it ranked at the bottom of the list, far below the Lycee, the colleges and the Fa Ngum. Students unable to pass entrance exams into any of these entered the ENI. This low morale resulted in a 1972 student riot that damaged all the buildings and frequent demonstrations against alleged misuse of education and food support funds by the staff.

The Pakse Fisheries station was a well-designed installation financed by A.I.D. with Japanese and IVS contract personnel providing direction. The station provided technical assistance and stock for several village fisheries, including one in the Phou Ba Chiang refugee area, and sold fish for consumption to the local market. Its activities were reduced following looting of its stock by FAR soldiers and a deterioration in management efficiency after the non-Lao technicians were withdrawn.

With the occupation of Khong Sedone by the NVA in 1972, the Operation Brotherhood Hospital was abandoned, and the OB personnel fled to Pakse where they set up a surgical wing at the provincial hospital. (This group, or its replacements, later moved into the new MCH Hospital.) Damage, at that time, to the Khong Sedone Hospital was limited to that caused by several mortar rounds and the requisitioning of some drugs and surgical tools by the occupiers. Systematic looting of the hospital, including destruction of generators and other equipment to get the copper wiring, followed by aimless vandalism, such as smashing toilet fixtures and surgery lights, only commenced with the reoccupation of the town by FAR. USAID employees, Lao and American, were prevented from working in the area for "security" reasons, although by that time the fighting was several kilometers away. It was possible to trace the progress of the looting through visitors to the area and reports of private trucks hired by FAR officers to haul the material away. Later it was possible to save some 30 hospital beds and some other equipment.

Repair work on the hospital was limited to patchwork of roofs and walls to minimize weather damage to the still sound structures. Irregular supply of Lao Public Health medicine was augmented from Mission supplies, and the provincial health staff cleaned up the debris and opened a dispensary-level operation handling about 50 patients per day. Some POL support was provided by A.I.D., including ambulance service to carry serious patients to Pakse. Americans attempted to have the RLG make use of the buildings for education purposes (a new college was needed) or

as government offices. Reconstruction assistance for either purpose was offered. Inter-ministerial lack of communication and cooperation prevented any Lao from backing the suggestion. The Mission considered refusing to support any construction plans until the Lao produced a feasible plan, other than having USAID rebuild the hospital, for use of the existing four structures. However, it was decided that the presence of a reconstruction program, with its psychological spin-offs, was more important to the goal of return to normalcy.

Agriculture

Two extensive irrigation projects were attempted in the Pakse area in support of the national rice program. One entailed construction of a dam and main canal east of Pakse. This did provide a year-round supply of water, but the secondary canal system was never developed. The project mainly benefited some large land owners along the main canal. (Some of them became land owners after the canal was completed.) The second was northeast of Pakse and entailed creation of a cooperative to maintain gasoline pumps for irrigation. The problems of management and cooperation became too great, however, once direct U.S. supervision was removed. Neither made more than one season's contribution to the goal of double cropping. More modest attempts to have second rice crops also were unsuccessful, because entrepreneurs were unwilling or unable to make the necessary investments in fertilizers and insecticides.

In the late 1950s an agricultural experiment station was established at Km. 42 on the Pakse-Paksong road. Its purpose was to introduce arabica coffee as a replacement for the existing robusta stock. This initially met with apathy from the plateau growers, since the latter is a hardier growth that is more resistant to disease and requires less care. Experiments with different strains of fruit trees also were conducted at the station. Although reports are scarce, it appears that again the value of the station decreased in direct relation to the decrease in U.S. technical and financial support. It would be difficult to equate the profitable coffee trade in the south with A.I.D. assistance.

USAID Administration

A reassessment and phase-down of the A.I.D. Mission in Laos was started in 1974. As mentioned above, this was to result in Pakse

becoming a sub-post of Savannakhet in 1975, staffed by one or two ADAs and an undetermined number of local employees. The Pakse station had already begun to reorganize its staff and functions to make any transition easy and efficient.

While the Area Coordinator (AC) had the overall responsibility for all activities in his area, direct control of some employees and some program activities remained under different Mission divisions. The trend, from late 1974 on, was to put everything directly under the AC. This was found, in Pakse, to be much more efficient. Ways were found to cut out duplicating activities, such as separate payrolling. It became easier to identify and reduce overlapping reporting. At the same time, it became easier to give more authority and responsibility to local employees, looking toward the day when there would be fewer Americans.

By the spring of 1975 every American in Pakse had a local employee counterpart who could act for him in his absence. During the period when the AC was the only official American in Pakse, the Lao Area Field Assistants (AFAs) proved to be able to carry on both normal and emergency operations. Between the May 17 departure of all Americans to the cut-off in communications with Pakse on May 23, normal USAID activities were conducted, projects visited, and commodities delivered. Giving more responsibility to senior local employees earlier might have resulted in greater efficiency and substantial savings. It also would have contributed to the greater development of local employees who, under other circumstances, should have been absorbed into the Lao Government in administrative positions.

A.I.D. technicians were able to work successfully with the local government process in Sedone and Champassak Provinces, to a lesser extent in Wapikhamthong and less successfully in Sithandone. The last case was due to the fact that Sithandone could only be reached by air, and it was not blessed by a Chao Khouang (Governor) and a deputy interested in working with their constituents. Work with the provinces-in-exile was mainly limited to refugee and relocation affairs. All ADAs had geographic as well as other assignments. Each one worked with the provincial governors and the deputy governors for development, as well as the Commission for Rural Affairs (CRA), the district chiefs (Chao Muongs) and others. A.I.D. personnel, first Americans and gradually Lao employees, regularly attended provincial council meetings. Requests for assistance, no matter whether the source were a national assemblyman or a village chief, had to be submitted first to the provincial development council. The purpose of this was to improve the quality of Lao administrative processes and to assure the self-help nature of projects, with contributions from the RLG and the people as well as A.I.D.

While this effort showed considerable progress, it is doubtful that it had much lasting effect. A.I.D. further became tarred with the image of the corrupt officials with whom it was necessary to work. Although constant monitoring did keep pilferage of A.I.D.-supplied commodities to a minimum, the Americans were on the side of the establishment because they had to work with it. When the protest movement started, good officials were attacked as well as the bad.

Other Donors

Third country contributions in the region were limited to specific projects, usually of an infrastructure development nature. The biggest of these was the electrification of Pakse. This entailed construction of the Selabam Dam on the Sedone River north of Pakse by the French, construction by the French of the generating plant at the dam site, and installation of the distribution system by the Germans. Although the plant narrowly escaped serious damage in the flood of August 1974, the system was working well and supplying adequate power to the Pakse area. French technicians continued to provide periodic assistance to the maintenance of the system.

French, Lao and some U.S. assistance went into the construction of the Pakse city water system. This work included a Mekong pumping station and chemical treatment plant, plus a central delivery system to all parts of the municipality. The plant was working well, but the distribution system was only serving a limited number of people by May of 1975.

The local radio station was built with Colombo Plan funds, and technical assistance was provided by a series of British Voluntary Service Organization volunteers. A small forestry experimental station in the area was supported by the Australian Government.

MILITARY REGION V

Setting

The A.I.D. AC/VTE Office covered the area of Vientiane City and the provinces of Vientiane, Vang Vieng and Borikhane. It covered essentially the same area as the Lao Government (Vientiane Side) Military Region V except for the hilltribe refugee population of Muong Phoune in Vang Vieng Province which was under MR II. The MR V population was estimated at 400,000 in 1975, although there had been no real census taken and the population fluctuated constantly with refugee movements.

Objectives

The primary U.S. objectives through the war years were to stabilize the Lao economy, provide an adequate level of humanitarian assistance for displaced persons, support the non-communist Government of Laos in its efforts to provide public services, stimulate development, and indirectly to support the war effort.

With the 1973 cease-fire, the objectives remained essentially the same except that emphasis shifted toward final resettlement of refugees and longer term social and economic development. U.S. efforts were also directed towards strengthening the cease-fire and where possible supporting the fragile coalition government. By late 1973, A.I.D. activities in MR V were being targeted specifically to the development of the capability of government officials and village leaders, and of their administrative structure including budgeting and support systems. The Mission was purposefully moving away from the direct operational role it had played to an advisory one. Even though A.I.D. continued several existing activities and subprojects, the new purpose and goal radically changed the operational style of the Area Coordinator and his staff.

Military Region V

Military Region V was unique in that it contained the administrative and military capital of the Royal Lao Government, in which approximately one fifth of the population was located. Vientiane City was also the major import area ($7-10 million annually in food products) despite the fact that the Vientiane Plain and nearby valleys had the most immediate potential for increased productivity. This potential became the basis for MR V development planning discussed later.

Region V had its share of routine projects or programs typical of the entire country. Because it included the administrative capital, MR V was an intense political arena and received a high proportion of foreign visitors -- especially during early resettlement of

refugees in the Vientiane Plain. Thus because of the location and visibility of MR V, coupled with its economic position and political sensitivities, new initiatives there were encouraged by the Mission especially after the cease-fire.

Post Cease-fire Period

By mid-1973, security incidents were few and of little consequence. The stage was set to revise Mission priorities and programs but this proved to be a difficult and slow process. Rice support is a good example.

The influx of new refugees had almost stopped and the bulk of dislocated people (70,000) had already been in place for two years or more. They had raised an adequate rice crop or worked for daily wages so could no longer qualify for A.I.D. food relief. The main exception was 10,000 hill tribes people who had moved from Regions I and II to better rice lands in Region V. They were provided moderate food assistance for one additional year. Although the political pressure mounted to restore 60,000 Lao resettled refugees back to temporary rice rolls three or four months prior to the 1974 rice harvest, the A.I.D. Mission did not do so. In fact, all rice support stopped in October 1974 except for a leper village. Refugees who were on poor land or who had not thus far produced sufficient rice were stimulated to seek permanent rice land. At the same time, Catholic Relief responded to A.I.D.'s recommendation that they provide PL 480 food assistance to the truly needy categories (among former refugees) which included widows and farmers who had lost crops due to floods or insect damage and the like. They provided several hundred tons of excess PL 480 foods which filled villagers' supplementary requirements as well as the Government's political need, and effectively dropped USAID from the non-essential support role. Similar actions were taking place in other regions and by January 1975, the U.S. Mission had established a country-wide no-rice policy except for emergency situations.

New Directions in MR V

In late 1973, the Mission determined that a major shift in staffing, A.I.D. organization, support procedures, and operational style should be initiated in MR V. As a result of detailed analysis and approved action recommendations, the following changes were instituted:

1. U.S. personnel were reduced from eight to one by December 1974. The intention was to abolish the Area Coordinator function and retain only an Area Development Advisor under the Office of Refugees

and Rural Affairs. All technical positions were to be covered on a need basis from the Vientiane technical division itself. All TCN positions were eliminated (5) and Lao employees were drastically reduced form 85 to 20 by mid-1974.

2. All U.S. -owned and/or-operated warehouses, motorpools and offices, including furniture, office equipment, and some vehicles were formally transferred by grant-in-aid to the Lao Government. Only two small A.I.D. field offices with communications equipment were maintained for the Region in Lao Government facilities in Vang Vieng and Borikhane Provinces. This low key phase-down initiated in early 1974 was particularly timely inasmuch as it occurred well in advance of demonstrations against A.I.D. by dissidents in other areas. Despite the reorganization in MR V the actual aid level was maintained while housekeeping tasks were reduced 90%.

3. Beginning FY 1975, development activities formerly administered by the Area Coordinator Office were shifted to the Lao Government to the degree possible. Conceptually, all efforts became Lao Government activities assisted by A.I.D. and the Activity Proposals (APs) were explicit in describing this relationship. For example, where an AP had previously been used to document one "USAID" school at a specific location, the new style AP provided inputs to the Provincial Government for its multiple school self-help program. For rural schools, U.S. inputs were reduced from $1,500 to $125 per classroom and more classrooms were built under the school kit concept described elsewhere in this report. Where the stated objective in the FY 1973-74 AP had been to physically "build a school," the FY 1975 AP primary objective was "to strengthen the capability of the provincial government to carry out a successful school construction program", regardless of the donor. Corollary objectives were to meet the education needs of the population, strengthen the government in the eyes of the people and also to train government workers and villagers in low-cost school construction and maintenance. Governors and their service chiefs replaced A.I.D. staff as project managers and physical construction of the school became the objective of the local government rather than the A.I.D. Mission. In a second example, all provincial warehouses were transferred from A.I.D. control to that of the respective governors and indirectly the provincial social welfare service chiefs. The Social Welfare Ministry commodity request forms were translated into Lao for the first time. The response by the Lao Government officers was very positive and their initiative increased significantly under these administrative

changes. These kinds of modifications set the stage for further longer term development planning exercises which were well underway by May 1975.

Major USAID Activities in MR V

The major A.I.D. efforts in MR V, based on funds and management time expended, were divided into: Refugee Relief, Refugee Resettlement, Agricultural Development, Education, Public Works, Public Health, and Development Planning.

Several discrete country-level A.I.D. projects covered by ProAgs were implemented in MR V but since, from the field perspective, actual implementation was carried out under sub-projects and activities, the above functional breakdown is more applicable.

Refugee Relief - The number of refugees on partial or full relief support fluctuated over time depending on the state of the war. For historical purposes, A.I.D. began providing limited relief assistance in the mid-1960s, but the significant assistance began in 1970 with the arrival of the Plain of Jars refugees usually recorded at 27,000 although evidence suggests many were not from the Plain. By 1973, the number on part or full time food and commodity support in the three MR V provinces was approximately 60,000. This was reduced to 15,000 after the 1973 October harvest. By October 1974, all relief operations including grant rice to refugees in MR V were phased out. By refugee standards anywhere in the world, refugee groups were well provided with food and clothing. They had been outfitted with basic household commodities and often some construction materials, and they were provided with basic health services, primary schooling and a potable water source. If a group had clearly met the Lao and U.S. Government criteria as true displaced persons, support was generally adequate for the period up to the first full rice harvest. Problems occurred when the rationale for continued assistance was political and the appropriate status could not be clearly defined. If there were questions, relief was generous for both political and health reasons. In many instances, those groups who were provided with the most assistance, were those who exhibited the least initiative in becoming self-sufficient. There were some notable exceptions, however, usually among groups who were strongly opposed to ever returning to Communist-controlled areas.

Refugee Resettlement

By definition, resettlement in MR V often began with or even preceded arrival of refugees and provision of relief assistance. In Vientiane Province, because of its high visibility, considerable effort was made

by the Lao Government and A.I.D. to establish reserve land tracts for refugees, set up village sites, and register family rice land.

The A.I.D. Public Works efforts were significant in physically developing access roads to these sites, clearing village areas and in some cases clearing crop land. Heavy clearing and cultivation were jointly carried out by the Mission and the Social Welfare Ministry equipment pool. Where required and feasible, wells were drilled or dug by hand and cased. Various forms of agricultural assistance were provided, especially rice and vegetable seed and tools. For example, in 1974, 9,000 families received garden vegetable seed. Schools also received seed, tools and fertilizer for student gardens. In 1974, the Lao Government agricultural and social welfare offices fully participated in the effort for the first time.

After two or three years, most of the resettlement proved to be unsuitable for sustained production. Several key sites near Vientiane were only marginal at best for rice or upland crops. Although there were other factors involved, refugees from these areas were the first of the 20,000 to return to the Plain of Jars in March and April of 1975 by U.N.-assisted airlift. The remaining 20,000 refugees consolidated the river levee resettlement areas or moved to new sites of their choice.

A total of 25,000 refugees returned to the PL zone from MR V under various efforts just prior to the 1975 rice season, primarily to the Plain of Jars and Northern Borikhane Province. Most of the refugees originally from Xieng Khouang had no choice but to resettle in safe areas of MR V during the war, but never intended to stay. Most Hua Phan refugees, on the contrary, were determined to stay, sought out new land, and maintained a cohesive administrative structure. Although there was some good will shown by the local population when refugees first came into various MR V sites, by 1975 some frictions had developed with local villagers and leaders, many of whom were relieved when the refugees left. Generally, refugees were not accepted into the social milieu but were always considered outsiders. The few permanently resettled refugee villages included (1) groups with high level support (a patron), (2) groups that consolidated into larger groups, usually on resettled land of their choice, and (3) groups that retained a social/administrative structure intact from their original area.

Agriculture

Development efforts in agriculture in MR V were largely unsuccessful. Grant inputs for refugees, while excessively expensive, gave acceptable results under the circumstances, unlike most institutional efforts and the longer term development projects such as investment in irrigation systems, inputs for second cropping of rice, efforts to upgrade the extension system, and attempts to increase swine production. There were some limited successes, e.g., micro-chicken project, accelerating silk production, and the introduction of soybeans and some new varieties of rice and vegetable crops. However, the lack of adequate incentives for the individual farmer and serious marketing problems precluded any sustained progress in Agriculture.

In one exception, a well designed road/dike system ($600,000) followed up by a subsidized plowing program to reclaim top quality rice land in the Dong Kalum area of Vientiane Province repaid its investment cost in flood protection within three years.

The potential did exist for agricultural projects. However, a professional assessment of the agricultural sector within the Vientiane Plain was essential before addressing marketing bottlenecks and other constraints on development. The Lao Government was not yet prepared to do this, however. The Mission in the meantime was conducting some discrete studies, such as a soil classification survey, but a clear Lao Government policy on agricultural production and development had yet to be formulated. By 1975, international agencies were suggesting the sectoral study approach and had programed resources to assist the Directorate of the Plan, again focusing on the Vientiane Plain. A clearly defined agricultural policy and farmer support program (including an understanding of the dependency on Thailand for inputs and market pricing) was required before any real progress could be made in the agricultural sector. The Lao Government made the mistake of viewing the larger capital investments by the French and Japanese in irrigation dams and resettlement clearing schemes as agricultural development. However, they achieved no more than limited success and contributed very little to real expansion of production.

Education

The education component of refugee resettlement was one of the most effective programs in MR V. Construction of permanent schools (although excessively expensive), textbooks, school supplies, teacher training, and teacher support were most adequate.

The demand for additional classrooms increased commensurate with the rapid buildup in population of Vientiane City, province capitals and some district towns. Because of the acute need and partly because of high political visibility, a heavy schedule of permanent school construction and supporting activities were undertaken, i.e., urban groupes scolaires (full primary schools), rural self-help schools, secondary schools, development and expansion of teacher colleges, and the Fa Ngum comprehensive high schools. The cumulative progress was impressive. It was, however, not uncommon to be constructing 100 to 150 classrooms of all types in MR V each year, yet facing a continuing requirement for new and replacement classrooms. One joint study indicated that 100 classrooms would be required per year in Vientiane Province alone. A new approach to construction needs was essential.

Since the cost of standard classrooms by 1974 was prohibitive ($1,500-2,000), a new, low-cost design was developed in MR V, jointly with the Vientiane Province staff, called a "Rigid Frame School Kit". If A.I.D. inputs were only 10% of the standard design 50 classrooms or better could be constructed instead of five. The model was tested and evaluated in a refugee village and a native village near Vientiane. The Lao Government agreed to proceed with this method and by May 1975, the materials for 50 classrooms were ready to be shipped to school sites. The kit consisted of pre-poured concrete columns, essential hardware and lumber provided by the Mission, with roofing material provided by the Lao Government. The essential feature was a stable frame on which temporary (grass and bamboo) or permanent (wood and concrete) construction could be added -- over time. If it were initially constructed in a refugee village that later relocated, the school could be dismantled and moved. The project also represented the new operational style with the governor assigned to be the program administrator. The Social Welfare and Rural Affairs Services assigned competent construction engineers or technicians to the program as the managers, again a first. Most important, A.I.D. was in a supporting, advisory role. From all indications, the program package could also be supplied by other donors. UNICEF representatives had expressed some interest in undertaking such a program in FY 1976.

Engineering and Public Works - (Roads) - Although the cost would be prohibitive in a true economic development situation, USAID inputs into the national road program (FHWA/PASA force account construction unit; and commodity, financial, and advisory assistance to the Ministry of Public Works), was essential in keeping roads open and

constructing certain special purpose roads (e.g., Route 13-Ban Done Valley Road).

The USAID Public Works Division constructed over 200 kilometers of roads in MR V, again at a very high unit cost. Based on security, humanitarian, and political judgments at that time, this construction appears to have been justified. After the formation of the coalition government, the war-oriented rationale for force account work no longer existed, and the Mission rapidly phased out such construction. This proved sound even though it was difficult for client users and beneficiaries to accept. The strongest criticism against secondary road construction per se was that an adequate system of maintenance was not built in for or by the host government and thus the potential benefits were critically reduced.

Public Works - (Other Activities) - Well drilling support in MR V was essential in providing water sources for some refugee sites and for some key American and Lao Government offices and institutions. In MR V, A.I.D. support requirements had been met by 1973 so in retrospect the program could have been transferred to the Lao Government at that time rather than 1975. A heavy A.I.D. input had also been made into irrigation systems in the late 1960s, but due partly to low rice prices and to the cultural difficulties of introducing new technology, double cropping failed and irrigation inputs gave poor returns both economically and psychologically. There were some positive exceptions where a system provided guaranteed single crop water but most gravity systems and pump systems stopped functioning with lack of maintenance. The technical and commodity inputs to schools, health facilities, and other construction were generally acceptable under the prevailing conditions, including high U.S. visibility. In many cases, the cost and quality were too high and the sophisticated construction could not be reasonably maintained.

Public Health

Health assistance activities were significant in MR V. They included the national hospital and medical school inputs in Vientiane City, two hospitals assisted by Operation Brotherhood (OB) and an OB mobile team for Vientiane Plain refugees. A flexible rural health program with A.I.D.-supervised medics or support to Lao Government medics was essential in the war years, especially for refugees. The structure proved difficult to integrate into the government system. However, by May 1975, only five medics were being supported

and they were to be phased out by June 1976. Maternal, child health and family planning assistance programs were in their early stages in MR V and malaria suppression activities were underway. Progress was being made in reducing the dependency on the U.S. for health finances, commodities, and personnel (especially OB) but another two years were planned for phase-out or phase-over to other donors, principally international organizations. Other donor assistance from some source is still required in order to maintain a reasonable level of health services.

Development Planning

From necessity, most of the emergency and development resources within Laos were provided and controlled by the U.S. Mission over the war years. As the emphasis shifted toward normalization of government services and a normal development process with multilateral and other bilateral donors, it became important to work within the framework of a national plan and to plan from the bottom up. Area coordinator offices and A.I.D. in general made the decisions, often indirectly, concerning the allocation of development resources among programs and within programs, often down to specific project sites. For A.I.D. to move into a true advisory role and at the same time to develop the capability of host country officials, a systematic planning process integrating the existing Lao Government administration and technical structure was required.

A governor's office was the logical institution to carry out this function and by mid-1974, discussions were underway in MR V provinces to strengthen the development planning process from villages up. The focus was on Vientiane Province because of the agricultural production and marketing potential.

Initial planning exercises covered rural roads, small irrigation systems and primary school construction. The results of the study of primary schools and the resulting school kit program was discussed above. A more comprehensive planning effort would have followed an agricultural sector analysis. By May 1975, the Ministry of Plan still had not agreed to develop the scope of even a more limited rice and secondary crop assessment in the Vientiane Plain.

The Government, however, was interested in component parts of a comprehensive province development plan. A special province planning group and district planning groups were organized to develop a list of roads to be upgraded or newly constructed over the next ten years based on (1) population density and (2) agricultural

land potential. The district lists were integrated into a province listing, by numerical priority, after which they were to receive a preliminary engineering review and rough cost estimates. The process in Vientiane Province had been informally discussed with the Directorate of Plan and was in the provincial priority working stage. With the possibility of external support for construction, the Province was seriously involved in revising the rural road planning study.

By 1974, there was revived interest in double cropping on the part of farmers' groups who were asking for assistance in rehabilitating or enlarging systems constructed earlier. The Asian Development Bank planned a separate irrigation team visit to Laos in 1975 and the Japanese and Canadian Missions had already expressed their interest in small irrigation systems. The problem was identifying feasible projects and a government structure with which to work.

To address this problem, a planning group similar to the one on roads was organized - with the technical backing of the A.I.D. Agriculture Division and the Lao Directorate of Agricultural Engineering. The purpose was to survey all existing small irrigation systems plus potential sites and to establish a priority listing for any interested donor with supporting feasibility data. This activity was limited (in phase I) to the Vientiane Plain. A special Activity Proposal (AP) was jointly developed specifying the responsibilities of each agency. Work was underway by May 1975. The Asia Foundation had also provided funds directly to the governor's office ($500) to support per diem and administrative costs of the study. These funds were also made available for the road study. Although technical assistance and field transportation provided through the Activity Plan probably suffered with the withdrawal of the A.I.D. Mission, the concept of using the governor's office as the clearing house for development planning was at least initially successful in motivating local Lao Government officials to involve themselves in the development process. They had also begun to build practical implementation plans and develop a commitment. Structured properly, with low key advisory inputs and carefully placed financial resources directly through the local government, development planning and identification of feasible projects, especially for other donors, was the most promising USAID input in MR V following the cease-fire.

IV. STABILIZATION PROGRAM: FOREIGN EXCHANGE OPERATION FUND

FEOF AS A CHANNEL FOR U.S. SUPPORTING ASSISTANCE

Introductory Statement

The purpose of this history of the Foreign Exchange Operations Fund (FEOF) for Laos, which is part of the overall termination report on U.S. economic assistance to Laos, is firstly to record the background and evolution of FEOF, so that if called on to do so the Agency will have a basis on which to account for its conduct of a program involving direct U.S. contributions of nearly $160 million and a major investment of energy and talent as well. Beyond that, its purpose is to point to such lessons as may be afforded by the experience of FEOF, which had bold and innovative elements, and which may have applications elsewhere. Before proceeding, however, certain observations should be made.

To begin with, as indicated by its title, this history is written primarily from the U.S. standpoint, as is appropriate for a termination report on a U.S. activity. This focus has the effect, however, of obscuring the role played by the other FEOF donors and by the International Monetary Fund. In fact the other donors not only contributed a significant resource and policy input, they also provided a multilateral framework, without which FEOF probably could not have functioned. Further, the IMF originated a major part of the FEOF concept, and it facilitated the participation of the other donors and provided a continuing analytical framework as well.

So far as recording the significant aspects of the FEOF history is concerned, a serious data problem exists. According to informed sources, USAID/Laos maintained complete files of FEOF documents going back to its inception, retaining them in Vientiane rather than sending them to storage to assure their accessibility. In the course of the occupation of the USAID compound and the siege of the main USAID building by pro-Pathet Lao demonstrators in May 1975, these records, along with other classified documents, were destroyed. Considerable documentation is available in AID/W, in the files of the Laos Desk and in the general files which USAID/Laos did retire and which can be retrieved from storage. On account of the volume and diversity of these files, however, a large expenditure of time is required to utilize them. Even after this has been made, substantial gaps in the data remain. These pertain not only to the FEOF predecessors, the cash grant and the commodity import programs, but also to such basic matters as the genesis of the FEOF concept and its acceptance by the non-U.S. participants. Although the circumstances in which the prime FEOF records were lost may be unlikely to recur, the situation still suggests the desirability of writing interim histories of programs such as FEOF at regular intervals,

say every three to five years. Such a procedure might in any case assist in clarifying their status and prospects.

Despite deficiencies in the data, the main outlines of the FEOF experience, and also the lessons to be drawn from it, seem reasonably clear. These lessons are important, for despite the presence of some highly unusual factors in Laos, the economic forces that operate elsewhere, especially in the less developed countries, operated there also; and in Laos their operation is in some ways unusually apparent. It is the general principles rather than the precise structure of FEOF which may be susceptible to application elsewhere, however. The particular constellation of circumstances in which the FEOF mechanism functioned, and which made possible its success, is probably unique. Further, if it now appears that more favorable economic results might have been obtained by FEOF policies somewhat different from the ones actually followed, this does not mean that those responsible for these policies were in error. It was necessary for them to take political as well as economic considerations into account, and political considerations frequently were overriding. In addition, they lacked certain knowledge that we now possess; and the state of the art of economic stabilization may be said to have advanced in some respects since FEOF was established. For example, a managed exchange rate float, which has become commonplace in recent years, was rare in the mid-1960's.

In assembling the data for this history, recourse has been had to a wide range of airgrams, reports, memoranda, and other documents in the available files. Only two categories of these appear to form a consistent series relevant to the subject, however. These are the Annual Reports of the FEOF Manager, especially for the earlier years of FEOF, and the Action Memoranda for the Assistant Administrator or the Administrator concerned with the funding of FEOF and with authorization to sign the annual FEOF Agreements.

In view of the shortcomings of the documentation, interviews were conducted with as many persons as possible who had been associated with FEOF. Fortunately a number of these were accessible, and they provided particularly valuable insights and perspectives. A list of these persons, and the positions they occupied, follows. In addition, the section of the history dealing with developments from 1971 to 1975 was contributed by Walter F. Stettner, Chief of the Economic Affairs Division and Senior Economic Advisor in USAID/Laos for the period in question. Dr. Stettner provided valuable comments on other sections as well.

Charles A. Mann, Director, USAID/Laos, 1962 to 1965 and 1969 to 1975

James B. Chandler, Education Advisor, USAID/Laos, 1960 to 1963; Assistant Director and Deputy Director, USAID/Laos, 1965 to 1974

Gordon B. Ramsey, Program Officer and Assistant Director, USAID/Laos, 1969 to 1973; Deputy Director and Acting Director, USAID/Laos, 1972 to 1975

Peter M. Cody, Deputy Director, USAID/Laos, 1965 to 1967

Leroy S. Wehrle, Overseas Intern, USAID/Laos, 1959 to 1961; Deputy Director, USAID/Laos, 1962 to 1964

Norman L. Sweet, Program Officer, USAID/Laos, 1963 to 1967; Director, Office of Laos-Thailand Affairs, 1973 to 1974

John E. Diller, Program Economist, USAID/Laos, 1969 to 1974

Herbert B. Woolley, Senior Economic Adviser, USAID/Laos, 1968 to 1971

John S. Benz, Program Officer, USAID/Laos, 1959 to 1962

John Gunther Dean, Political Officer, American Embassy, Vientiane, 1956 to 1958

C. Hoyt Price, member, 1958 State Department economic mission to Laos

Aldo Guetta, member, IMF technical mission which visited Laos in June-July 1963

Sven Cronquist, IMF Resident Representative, Vientiane, 1965

Jean-Francois Garnier, UN Advisor in Ministry of Finance, Vientiane, 1963 and 1964

Paul Chabrier, Chief, Southeast Asia Division, Asia Department, IMF, currently

Howard Handy, Laos Desk Officer, Asia Department, IMF, currently.

Although the above persons deserve credit for merits of this FEOF history, they should in no way be held responsible for its shortcomings and errors.

SUMMARY AND CONCLUSIONS

The present report is a history and appraisal of FEOF, which is an acronym for Foreign Exchange Operations Fund, a multilateral economic stabilization fund in Laos in which the U.S. played a leading part. It covers the 12-year span from the beginning of FEOF's operations on January 1, 1964 to its formal termination on January 1, 1976 and, in addition, takes account of the preceding period, including aspects of U.S. assistance to Laos since that country became a separate economic entity in 1955. Certain principal conclusions are suggested by this survey. Firstly, the economic imbalance that FEOF was designed primarily to deal with, which had various aspects but which may most usefully be discussed in terms of negative domestic savings, is by no means confined to Laos, although it may have taken an especially acute form there. Secondly, FEOF may be regarded as one of the modalities under which the U.S. has extended supporting assistance to offset such imbalances, its distinguishing feature being the extent of its reliance on market forces. Thus despite the special circumstances of Laos it may afford lessons with implications for supporting assistance programs elsewhere. Thirdly, FEOF was relatively successful in maintaining economic stability, an achievement which suggests the desirability of relying on market forces rather than administrative controls. Fourthly, if there was any way of making FEOF more successful than it actually was, this probably lay in an even greater degree of innovation and economic liberalism, especially with regard to exchange rate variation. Thus not only the degree of reliance on market forces but exchange rate policy may deserve consideration in connection with other supporting assistance programs. In addition to the foregoing, this history as a whole gives the impression that although a multilateral framework such as FEOF's introduces some complications, in certain circumstances it can have distinct advantages especially in conjunction with an international institution like the IMF. Before elaborating on the above conclusions, however, it would be useful to summarize the background and history of FEOF.

Pre-FEOF Background

Laos came under French control only towards the end of the 19th century, considerably later than the other states of Indochina. For this reason, and perhaps even more because of its remote, landlocked

location and lack of obvious natural resources, the French made little investment there. Some roads were built - which deteriorated heavily in the hostilities following World War II - but virtually no modern education or public health infrastructure was established. Modern industry was nonexistent, and most agriculture, which was hampered anyway by soil and water problems, continued to employ traditional techniques and inputs. On top of this, entrepreneurial and administrative skills were not developed, at least among the Lao themselves. Thus the end of the French era saw Laos still with one of the least developed economies in the world.

In this connection, mention should also be made of the economic relations of Laos with Thailand, across the Mekong River. In the period of French control, despite strong cultural affinities a considerable degree of separation was maintained between the two countries. Laos shared its currency and financial institutions with Vietnam and Cambodia, and such imports as there were generally came up the Mekong from Saigon. After the departure of the French, and also the extension of the Bangkok-Udorn railway to Nong Khai, on the River opposite Vientiane, the much larger volume of imports, supported mainly by foreign assistance, came almost entirely through or from Thailand. Thai economic influence in Laos was enhanced by the superior resources and organization of Thai producers as compared with their Lao counterparts and by the fact that the urban centers of Laos were river towns, with much easier access to Thailand than to other parts of Laos.

The withdrawal of the French in the mid-1950's, coupled with the serious external and internal instabilities that existed at the time, obliged Laos to establish and maintain armed forces which, though not large by ordinary standards, were far beyond the capacity of its primitive economy to support. In addition, the Lao Government (RLG) felt obliged to make at least some efforts towards modernization of the country. This situation resulted in massive budgetary deficits coupled with soaring inflation and a yawning foreign trade and payments gap - or at least would have so resulted in the absence of foreign assistance. The only country both willing and able to supply such assistance at the time was the U.S., which was concerned with the wider stability of Indochina as well as with developments in Laos.

U.S. assistance to Laos dates back to the early 1950's, when Laos was still part of the French-controlled Indochinese Federation. However, the amount of U.S. assistance attributable to Laos can be determined only from 1955 on, the year in which Laos became a separate monetary and fiscal entity. This assistance, which was

devoted primarily to the stabilization of the hard-pressed Lao economy, began under a program known as cash grants. At first these apparently consisted of funds turned over to the RLG for the financing of imports necessary to their economy. Serious problems of administration under the auspices of the RLG and also of absorptive capacity developed, however, and in addition, imports traditionally were too low to generate the local currency required for budget and project support, at least at the prevailing exchange rate. As a result, prices began to rise rapidly. Accordingly in 1958, on the recommendation of the IMF as supported by the U.S., the currency was devalued substantially and a regime of free convertibility was instituted.

When cash grants under the new system were turned over to the RLG, the National Bank in return issued the local currency equivalent, which was then applied to the RLG budgetary deficit. Usually about half of expenditures were covered in this way. The size of the cash grants, which was determined on a somewhat ad hoc basis, tended to approximate that of the military budget, although in fact they also supported civilian expenditures. In this form they were more successful than previously in containing prices. Nevertheless certain problems remained, in particular the apparent limitation of convertibility by the RLG and the resulting accumulation of its foreign exchange holdings. These problems, and even more certain political considerations arising at the time, led the U.S. to take the politically as well as economically drastic step of suspending cash grants in January 1962. When the RLG in turn suspended convertibility, a sharp upswing in prices and in the free market exchange rate resulted. U.S. assistance was resumed the following October after a resolution of the political problems, but this time in the form of a commodity import program, known as USIP for U.S. import program. The USIP was designed to leave administration of assistance in Lao hands but to assure appropriate use of resources by providing for reimbursement of import expenditures only after certification that they were in accordance with U.S. regulations.

Despite efforts at simplification, procedures under the renewed import program turned out to be cumbersome for all but the largest importers. Even more serious was the prolonged tying up of the importers' capital occasioned by long shipping times from the U.S. and most other authorized sources. The result was lagging utilization of available funds and, in turn, a failure to arrest the rapid increases in prices and the free market exchange rate that had been set off by the suspension of cash grants in early 1962. In fact by October 1963, the free market exchange rate was in excess of 600 kip per dollar, more than seven times the official rate of

80 per dollar. In addition, there emerged a traffic in the re-export to Thailand of goods imported under USIP. This traffic had not been significant under the cash grant program with its accompanying regime of relatively free convertibility at the official rate. However, the divergence between the official rate, applying to imports under USIP, and the free market rate made such re-exports highly profitable.

Enter FEOF

It was in this situation of severe economic crisis, threatening even collapse, that FEOF emerged. The origins of the FEOF concept are not entirely clear, but it would appear that the economic principles on which it was based were those put forward by an IMF team which visited Laos in July 1963, as shaped and refined in discussions with members of the U.S. Mission. The administrative arrangements were evidently mainly the contribution of the U.S. Mission and reflected the lessons of previous difficulties with stabilization assistance. After some hesitation in Washington, the U.S. accepted FEOF in principle, and the agreement of the other original donors - the U.K., France, and Australia - as well as of the Lao Government itself was obtained in the ensuing months. The negotiations through which this was accomplished must have been strenuous, in view of the limited time involved, but few records of them are now available. The FEOF agreements covering the calendar year 1964 were signed by the four donors and the RLG on December 24, 1963; and operations began the following January 1.

The manner of FEOF's functioning was the following. The donors deposited their annual contributions into an account maintained in a New York bank and operated by a non-Lao manager provided by the donors. The donors themselves exercised policy control through regular meetings of the Donor Advisory Board, of which they were the members. The foreign exchange available through FEOF was sold to holders of kip through the commercial banks without restriction, so that the only constraints on its use for imports or other transactions were market forces. The exchange rate at which sales were made, approximately 500 kip per dollar, was determined essentially by the equilibrium of foreign exchange demand and supply, including FEOF supply, in the year 1964. Thereafter until 1971, demand and supply were kept in balance through varying the availabilities of foreign exchange rather than through exchange rate adjustment. The kip proceeds of FEOF sales were largely, though not entirely, retired from circulation or sterilized, thereby offsetting a major part of consistently large monetary expansion, which was attributable primarily to the budgetary deficit.

These two factors - the budgetary deficit on the expansionary side and FEOF kip absorption, net of donor desterilizations in whatever form, on the contractionary side - were of course not the only elements in the monetary equation, which is set forth, so far as data are available, in Table 7. Movements in bank credit to the private sector, in time and savings deposits, and in foreign exchange reserves also played a part, especially in the shorter run; and kip absorption through USIP and the Invisibles Program and kip expenditures in support of USAID projects were additions to contractionary and expansionary factors, respectively. In the longer run, however, the above elements tended to be relatively stable, as in the case of the first three, or else to offset each other, as in the case of the last two. Thus from a historical standpoint interest centers on FEOF absorption and the budgetary deficit. In the text of this study the discussion is conducted mainly in terms of these factors, with others being noted where they are significant.

With regard to the foreign exchange system following the inception of FEOF, it should be noted that the USIP, the coverage of which was quite broad in view of its expected role as the primary stabilization assistance channel, and also the relatively small U.K. and Australian commercial import programs were not terminated immediately but were phased out only gradually. Further, from 1962 to 1969 the U.S. made considerable foreign exchange available under the Invisibles Program, which financed RLG expenditures for its missions abroad and for such other purposes as health and educational travel. Thus in effect there was a two-tier exchange system: an official rate of 240, up 300 percent from the previous rate of 80, available for approved imports and other transactions, and a free-market rate approximately twice the official rate. FEOF was the main supplier of the free market, although in later years non-FEOF foreign exchange, consisting largely of "sales from the public", became nearly as important. The purpose of this two-tier structure was to make essentials available at a preferential rate, thereby limiting the devaluation-induced increase in the cost of living, while at the same time providing for capital transfers and luxury imports at a penalty rate, thereby draining off excess liquidity in the economy. In practice the convenience and simplicity of FEOF led to its use for many essentials even before the phase-down of USIP. This circumstance suggests that the effect of USIP and the other commercial import programs on the cost of living was less than the difference between the official and the free-market exchange rates would indicate.

FEOF Evolution, 1964-1970

Apart from some uncertainties in the initial months, FEOF passed the test of its first year with flying colors. Foreign exchange sales remained approximately within availabilities at the exchange rate established in the first few months and, more importantly, prices according to the official index rose only 51 percent, entirely in the first half of the year, despite the depth of the devaluation. This compared with a price increase of 147 percent the previous year. In 1965, its second year, FEOF was reinforced by the adhesion of Japan. In addition, its scope was extended by the restriction of USIP in September of that year to the financing of only four categories of imports, albeit important ones: rice, POL, machinery, and utility vehicles. This was the first step of a process, continuing by stages until 1972, by which all commodities were removed from the USIP list. As this took place, the commodities and also the funds provided for them were shifted to FEOF financing. This development accounted for part of the increase in the annual U.S. FEOF contribution in the mid-1960's. It also broadened the application of the FEOF exchange rate, so that essential imports as well as luxuries and capital flight were covered directly by it. Another effect was to give variation in the exchange rate wider political as well as economic consequences than it would otherwise have had.

A further consequence of the shift from USIP to FEOF financing was the reduction of kip counterpart generation below the level required to support USAID activities. Thus in most years after 1965 a portion of the U.S. contribution to FEOF was devoted to kip purchase. Sales from the public, which were dollar purchases of kip in support of non-USAID U.S. activities through the banking system outside of FEOF, became increasingly large after 1965 and, as previously mentioned, contributed correspondingly to overall foreign exchange supply. Since these generated an approximately equivalent foreign exchange demand, they may be regarded as of lesser significance from a stabilization standpoint, at least prior to the institution of a dual FEOF exchange rate in 1972. They did, however, broaden and thus steady the foreign exchange market and, on occasion, they tided it over temporary exhaustions of FEOF supply.

The year 1965 was remarkable also for a development which foreshadowed later difficulties for FEOF. This was the doubling of the basic wage rate in response to pressures arising from previous price increases and the sharp rise in the budgetary deficit - 73 percent

from FY 1965 to FY 1966 - to which this contributed (see Table 5). The effect of increased expenditures on the deficit was masked in part by a rapid rise in customs receipts from the gold trade, which involved the importation of gold into Laos for smuggling into neighboring countries, especially South Vietnam. In fact after its initial rise the deficit actually declined slightly. But the gold trade collapsed in 1968 as a result of the Tet Offensive in South Vietnam and efforts to make up the revenues thus lost from other sources were only partly successful.

That FEOF was able to meet foreign exchange demand in 1968, 1969, and 1970 was due to a larger gross input into FEOF by the U.S. on the one hand (see Table 2) and also, apparently, to the willingness of kip holders to increase their holdings. Despite larger FEOF sales (Table 3), money supply rose substantially in those years (Table 5). The increased willingness to hold kip may be attributed, apart from confidence that FEOF had instilled, to the behavior of prices at the time. For in 1968 and 1969 Lao prices declined relative to those in most other countries and in 1970 they declined absolutely as well as relatively. This price behavior was evidently due not to developments in Laos, where money supply expanded faster than real economic growth, if any, could explain, but to lower prices for Thai commodities, particularly rice, by which prices in the Lao market were largely determined.

During these years the U.S. authorities were heavily preoccupied with efforts to increase RLG budgetary receipts, which seemed to center on higher customs rates for gold and gasoline; to assure the continuation of other donors' contributions if not the enlistment of additional donors; and to obtain necessary increases in the U.S. contribution. Consideration was also given to wider economic issues such as the level of the exchange rate, but at times it may have been overshadowed by the above concerns.

Final Phase of FEOF, 1971-1975

In 1971, however, holders of kip ceased to be willing to go on increasing their balances. Once the tipping point was reached, a band-wagon effect was produced as the extra foreign exchange demand cast doubt onthe adequacy of FEOF resources. In an effort to redress the situation, the U.S. offered to contribute an additional $4 million to FEOF for the calendar year, conditional upon acceptance of a devaluation by the RLG. The RLG permitted a devaluation to 600 per dollar in November 1971, and the additional U.S. contribution was duly deposited.

Even with these measures, however, the containment of foreign exchange demand appeared uncertain. Accordingly, in May 1972 a two-tier exchange structure was instituted, consisting of the official rate, which by now had been unified with the basic 600 to 1 FEOF rate, plus an 840 rate comprised of the official rate plus a 240 kip per dollar "financial transfer tax" (FTT). This new two-tier system was in many ways similar to the structure existing in the early stages of FEOF. Imports of essential commodities and also certain financial transfers were provided for at the 600 rate, which required prior approval of a Foreign Exchange Authorization Commission (FEAC) instituted at the time, so as to minimize the impact of the new arrangement on the cost of living, much as such imports and transfers had been provided for at the 240 rate under the USIP and other commercial import programs and under the invisibles program. And much as FEOF itself had originally been intended to do, the 840 FTT rate served as a penalty outlet for less essential financial transfers, for capital flight, and for the financing of luxury imports. Likewise, as commodities were transferred successively from USIP and other commercial import programs to FEOF financing, so also the list of imports and other transfers eligible for the 600 rate was successively reduced until by July 1973 some 85 percent of transactions were at the FTT rate. This produced a progressive upward movement inthe average effective exchange rate, much as the phasing down of USIP had done. Finally, as FEOF in its original form achieved a large measure of success, so the new two-tiered system also met with considerable success initially. It was less effective in restraining the increase in prices, which rose 28 percent in 1972 and 42 percent in 1973, a development in which external factors played an important role. But FEOF resources were nevertheless sufficient to meet foreign exchange demand in 1972 and 1973 despite the fact that donor contributions, instead of increasing as from 1964 to 1971, fell below their 1971 level in real terms.

Along with similarities there were of course differences. Since imports financed by FEOF sales at the 600 rate were not restricted as to origin, they presumably constituted a greater drain on the U.S. balance of payments than USIP did. On ther other hand, shipping times and administrative procedures were less of an obstacle, so that it was possible to operate with a spread of only 40 percent between the lower and upper rates, instead of 108 percent as before.

This circumstance increased kip absorption and also reduced the danger of re-exports to Thailand. Further, the dual FEOF exchange rate meant that USAID kip purchases from FEOF and also kip purchases

through the banking system outside FEOF could have some stabilization impact, inasmuch as dollars bought at the 600 rate from these sources were sold at an average rate substantially higher than that.

The success of the new two-tiered system was, however, shorter lived than that of the original FEOF. In addition to the failure of the donors to maintain the real value of their contributions, favorable circumstances such as the rise in gold customs receipts from 1965 to 1967 and the externally induced price stability from 1968 to 1970 were lacking. The basic cause of renewed difficulties was again the budgetary deficit. Despite the exercise of considerable budgetary discipline in the latter half of 1972 and especially in 1973, the deficit began to swell in early 1974, mostly for reasons connected, directly or indirectly, with the formation of the coalition government (PGNU) in April of that year. The expansionary effects of the budgetary deficit were strongly reinforced by a massive if temporary increase in bank credit to the private sector which occurred at the same time.

The result of these developments was mounting foreign exchange demand in the second quarter of 1974, culminating on July 18 in a run on FEOF which forced the closing of the banks. When the banks reopened three weeks later, the 600 and 840 exchange rates remained in force but applications for foreign exchange at the latter as well as the former rate were made subject to FEAC approval. The institution of full exchange controls which this constituted made possible the containment of foreign exchange demand within the limits of availabilities. It meant, however, that FEOF was no longer based on free foreign exchange sales. The results for the economy were similar to those experienced when cash grants were replaced by USIP in 1962 and in 1963. A free market rate separate from the official rates arose and rapidly diverged from the latter; prices were set by the free market rate rather than the official rates and increased accordingly; re-exports burgeoned; and export proceeds coming into official channels dried up. (Exports of timber were banned anyway in late 1974 as the PGNU sought to bring them under more effective control.) Some adjustment was made in the system in March 1975 when the two official exchange rates were devalued to 750 and 1200, respectively, and the list of eligible imports was expanded. The system of full controls, however, remained in place.

Frictions between the U.S. and the PGNU following the assumption of pre-eminence by the Pathet Lao in the wake of the fall of Cambodia and South Vietnam led not only to the suspension of U.S. assistance and the withdrawal of the USAID by June 30, 1975 but

also to a limitation of the U.S. contribution to FEOF for 1975 to $5 million, the amount supplied through April 1 as interim financing. Nevertheless the U.S. signed the FEOF agreements for 1975 on July 15, along with the other donors, thereby maintaining formal participation. The U.S. signature was to confirm the limitation of the U.S. contribution to $5 million and also to facilitate the participation of the other donors. The other donors continued their contributions at the level of the previous year with the exception of Japan, which reduced its contribution by 50 percent. Thus there was a substantial reduction in the resources available to FEOF for the remainder of the year; but since sales were also greatly reduced, the year ended with a substantial balance in the FEOF account, which was turned over to the PGNU on the formal dissolution of FEOF on January 1, 1976.

Discussion of Conclusions

The main points emerging from the history of FEOF, which were mentioned at the beginning of this section, may now be discussed briefly. An economic imbalance such as existed in Laos and with which FEOF was designed primarily to deal is by no means unique but has existed - or exists - in several other countries. It is conceptually distinct from the problem of economic development, although it tends to be associated with a lack thereof, in that it calls more for a return to or maintenance of a status quo than for progress beyond that point. Development may also be a goal for the country, but for the most part additional efforts would be required to achieve it. For the imbalance in question here is the result of exceptional rather than normal circumstances. Examples that come to mind, in addition to the superimposition of a military effort on a primitive economy as in Laos, are insurgency, as was the case in South Vietnam; the necessity of maintaining defense forces against an external threat, as in South Korea; partition and the disruptions that it entailed, as in Pakistan; and recent independence leading to the departure of administrators without suitable replacements, as in Zaire. These circumstances usually do not occur singly, of course, but instead in varying combinations, as was in fact the case in Laos.

This imbalance typically manifests itself in a budgetary deficit, as the government faces the necessity for increased expenditures and also, frequently, a shrunken revenue base. This deficit is not offset by savings in the private sector, where production will at best do little more than equal consumption. Thus there will be an overall excess of consumption over production, or a condition of negative domestic savings. This imbalance manifests itself also in a trade and payments gap, in which imports outweigh exports - in Laos this has been by a factor of ten or more. It is not unnatural to look on this foreign gap as primary, since part of it may be occasioned by necessary imports which the country cannot produce for itself and since, in addition, stabilization assistance serves to finance imports. But on the whole it is more satisfactory to take the domestic savings gap as primary. An increase in exports will not by itself reduce the foreign gap, since the proceeds of these exports may serve as the basis for increased import demand. On the other hand, an increase in production or a reduction in consumption will reduce not only the domestic savings gap but also the foreign gap. For, other things being equal, it will make more goods available for export or reduce import demand.

Just as the condition that FEOF was primarily designed to deal with is not confined to Laos, so the U.S. has extended assistance to several other countries also in connection with it. Such assistance consists in essence of the transfer of foreign savings, the surplus of another country's production over consumption, which have the effect of offsetting negative domestic savings. It may also be termed supporting assistance, whether or not it falls within the formal A.I.D. category known by that name. Supporting assistance has most often taken the form of commercial import programs, under which the U.S. has provided foreign exchange to finance specified imports, generally of commodities considered to be essential and generally limited to the U.S. and certain other sources. These restrictions accord with the U.S. objectives of benefiting the poorer majority rather than the privileged few and of minimizing the balance of payments drain of assistance. At the same time they require a considerable degree of administrative regulation. Thus they may conflict with another U.S. objective, namely encouragement of reliance on market forces operating in a free economy, which in general make for greater efficiency in the use of both aid and domestic resources.

Under certain conditions, in particular administrative competence on the part of the government and also frontiers that can be controlled, commercial import programs can be reasonably effective in promoting welfare and balance of payments objectives, albeit probably with at least some loss of economic efficiency. In Laos, however, administrative competence and also control of the long frontier with Thailand were inadequate to permit a commercial import program to accomplish even welfare and balance of payments objectives very well. The massive difficulties encountered when such a program was attempted are evidence of this. It was therefore appropriate to seek to devise an alternative form of supporting assistance which would give priority to maximizing the efficiency of aid, particularly from a stabilization standpoint. This was the situation out of which FEOF, with its primary reliance on market forces, developed. But even though FEOF had its origins in circumstances that were somewhat unusual, it, or at any rate some of its features, may be worth considering for application elsewhere, in countries like Laos and also in more sophisticated areas, where there is a requirement for supporting assistance. For market forces could have an application to stabilization objectives in other situations too.

The above possibility gives special interest to the results obtained through FEOF. In terms of maintaining price and general economic stability while avoiding administrative problems and limiting increases in overall cost, FEOF was a clearcut success. It was

successful first by comparison with available alternatives, in particular the commercial import programs previously tried out in Laos. As for the cash grant program relying similarly on market forces, which also preceded FEOF, the multilateralism of FEOF not only shifted some of the aid burden from the U.S., it resolved the problem of administrative and policy control in a way probably not possible in a bilateral context. It was successful also by the standard of what could reasonably have been expected of it at its inception. No specific objectives were in fact set other than the maintenance of substantial economic stability. But seven years of substantial price stability followed by four more years in which the economy was kept at least from falling apart is an impressive achievement, even if the cost, especially in dollar terms, was somewhat higher in the later years than in the beginning. This success would appear to have more than offset such financing of capital flight and luxury imports and drain on the U.S. balance of payments as FEOF gave rise to; although these are the aspects that the critics of FEOF seemed to focus on. To be sure, a considerable measure of the success of FEOF during the initial seven years was attributable to the fortuitous rise in gold customs receipts from 1964 to 1967 and to the externally-induced decline in relative prices from 1968 to 1970. Even without these developments, however, FEOF in all probability would have ranked as a success by the above criteria.

Although these were not its primary concerns, a glance at the effects of FEOF on production and development and also on income distribution may also be in order. In promoting a reasonable degree of stability in the economy and in providing foreign exchange for the importation of equipment and raw materials, FEOF undoubtedly made a contribution to development. Even so, development is unlikely to proceed very far unless demand is sufficient to make production profitable. The inflow of imports financed by FEOF in the course of stabilizing the economy could scarcely have avoided a dampening effect on demand for some Lao products. Rice and other agricultural production are perhaps the chief cases in point. Therefore FEOF probably had negative as well as positive effects on development. As for income distribution, FEOF evidently benefited the urban populations in Laos, especially in Vientiane, who were the main consumers of imported goods brought in with the foreign exchange it provided and whose incomes derived mainly from government expenditures rather than production. On the other hand it may have been of some disadvantage to the rural population, whose consumption of imported goods was less and whose income was dependent on their own production.

The question arises of whether FEOF, though a success, could have been made even more successful and, if so, how. It seems unlikely that this could have been done through a greater degree of administrative restriction and control, although this is what those who criticized FEOF for financing capital movements and nonessential imports logically would seem to have desired. The gains in terms of welfare and balance of payments objectives that these would have produced, if any, would have been more than offset by losses in other areas. If FEOF could have been made more successful, it is likely to have been through a greater degree of innovation and economic liberalism, not through a lesser.

One aspect of FEOF in which there might have been scope for this is the FEOF exchange rate. To be sure, the 500 kip per dollar rate which prevailed from 1964 to 1971 was determined by the equilibrium of supply and demand at the beginning, and until 1972 there were no restrictions on sales, which were kept within availabilities mainly by increasing supply. Nevertheless this was not the active exchange rate policy, or managed float, evidently envisaged by the IMF at the outset and recommended by the IMF, with the support of the donors, in 1974. The appropriate criterion for the amount of movement of the rate, as provided for in the IMF recommendation and also as reflected in this study, would have been the amount of the budgetary deficit.

The 1974 recommendation failed of acceptance by the Lao Government, whose prerogative the setting of the FEOF rate was by that time regarded to be. There is reason to believe, however that a managed float would not have been objected to particularly by the RLG during the first year or two of FEOF's existence. For one thing neither the Prime Minister nor the Finance Minister protested when the FEOF rate turned out substantially higher than they announced it would be. For another, the rate did fluctuate over a wide range before finally settling down. Therefore it is interesting, although inevitably speculative, to inquire what might have happened had the donors decided to press for a managed float at that time.

Upward movement of the FEOF rate in itself might not have had a very strong political impact so long as FEOF was being used primarily for capital transfers and luxury imports. It would, however, have widened the spread between the official and the FEOF rates and thus have led to an intensification of the problem of re-exports, which evidently was reduced if not eliminated by the inception of FEOF and the measures which accompanied it. This in turn would have necessitated a shift of commodities from USIP to FEOF financing, such as in fact took place. (Another possibility would have been

to raise the official rate, but this seems less likely.) At this point political as well as economic repercussions might have been expected, inasmuch as the higher FEOF rate would then have applied directly to some essentials. These repercussions could have resulted in political difficulties or even collapse. To be sure, the presumably more drastic step of suspending assistance completely in 1962 did not produce a collapse, but the risk was still there. Alternatively, if the political structure had come reasonably intact through these difficulties, the RLG would have had a direct and powerful incentive, through the link between the rate and the deficit, to improve its budgetary performance and thereby minimize further upward movement in the rate. If this incentive had proved effective, where other measures that were tried never fully succeeded, it could have enhanced and prolonged the stabilization impact of FEOF.

The effects of a managed float of the FEOF exchange rate on development and income distribution, although not of primary concern, might also have been favorable on the whole. It would have made imported capital equipment and raw materials more expensive, insofar as the float resulted in a higher effective exchange rate, but output based on Lao factors of production, most notably the land and labor employed in agriculture, would have become relatively cheaper. As for income distribution, it might have disadvantaged urban consumers of imports, who tended to be relatively well off, but it would probably have benefited Lao producers, mainly in the rural areas.

If a managed float of the sort described could have led to worthwhile results, it may be asked why such a float was not adopted. The reason was not failure on the part of the U.S. officials concerned to consider the question of exchange rate movement. On the contrary, this was considered carefully and repeatedly, both in the field and in Washington, and in fact was accepted with regard to the average effective rate resulting from the distribution of import financing between USIF and FEOF, change in which appeared less sensitive. The main reason for rejection of variation in the FEOF rate, prior to 1971, was the political risks cited above. Although political risks had been run in 1962, by the mid-1960's the situation had changed, not only in Laos but elsewhere in the area, especially in South Vietnam, and it was felt that too much was at stake to take them then. A secondary reason was the fear that exchange rate change would upset confidence in commercial circles and lead to a run on FEOF which would exhaust available resources. It would appear, though, that the sort of exchange rate variation considered at the time was a one-shot devaluation rather than a managed float. Had present knowledge of the results of managed

floats, in such places as Korea, South Vietnam, and Indonesia as well as in more advanced countries, been available then, this fear might not have loomed so large. A final reason, presumably, is that although the FEOF donors on the whole worked well as a group, there was necessarily uncertainty as to what the attitude of the other donors towards such a measure would be.

The decision of the officials concerned with regard to the FEOF exchange rate was therefore reasonable and appropriate under the circumstances. The experience of FEOF nevertheless suggests that in the administration of supporting assistance not only is reliance on market forces desirable but exchange rate policy deserves close attention.

FEOF PREDECESSORS

Cash Grants, 1955 to 1962

The initial and most important form of pre-FEOF financial assistance was the so-called cash grant program. This goes back to 1955, the year in which U.S. assistance to Laos as such began. Prior to that time some U.S. assistance was received by Laos as one of the Associated States of Indochina, but since Laos lacked a separate fiscal system, separate monetary institutions, and even a separate currency, it is not possible to distinguish the Lao share prior to that year. Cash grants were large in the beginning, averaging $29 million for the fiscal years 1955 through 1958 (see Table 1). The method of their operation is, however, not entirely clear. This is especially so for the above years. According to summary descriptions written in 1962 and 1963, cash grants were administered initially through procurement authorizations. But in this same period, 1955 through 1958, a U.S. commercial import program is also shown by the records to have been in operation, averaging about $6 million a year (again see Table 1). How this was distinguished from procurement authorizations under the cash grants has not been established.

In any event, procurement authorizations evidently functioned poorly in the Lao environment, which was characterized by rudimentary administrative capabilities and long, virtually impossible to control land frontiers, especially with Thailand. The situation led to large accumulations of RLG foreign exchange reserves (averaging $35 million from 1955 through 1958) and to large-scale administrative problems and corruption. In addition, prices rose significantly during this time. Finally, according to a U.S. official who visited Laos in 1958, the traditional level of imports was not sufficient to generate the local currency required for U.S. programs, at least at the current exchange rate of 35 kip per dollar inherited from the French. For all these reasons the attempt to achieve U.S. assistance objectives, which included support of local activities as well as stabilization, through procurement authorizations was abandoned.

A new approach was instituted by the monetary reform agreement of October 10, 1958, which was arrived at after long negotiations between the U.S. and the RLG and which was largely

based on recommendations of an IMF mission earlier in the year. By the terms of this agreement the official exchange rate for the kip was devalued from 35 to 80 per dollar. Another feature of the new system was that the cash grant funds were deposited into an account of the National Bank of Laos in the Chase Manhattan Bank in New York. The National Bank thereupon issued the kip equivalent of these funds, which was used for budgetary support. The amount of this support which was provided on an almost month-to-month basis, was generally keyed to the size of military expenditures and so came to be regarded as applying to the military budget. Of course it could have been regarded as applying also to civilian expenditures.

Along with these changes a regime of free convertibility was instituted by the October 1958 monetary reform, with the dollars made availabe to the RLG being turned over to the commercial banks for sale to the public, much as was the case later with FEOF. There is some question about how free this convertibility was in practice, however. Foreign exchange reserves were lower than in the previous years, averaging about $24 million in the years 1959 to 1962. Nevertheless, they remained considerable. Further, money supply more than doubled in this interval, and prices continued their upward trend, albeit at a relatively slow rate. Finally, there are indications of a free market exchange rate significantly in excess of the official one. The RLG apparently suspended convertibility on at least two occasions and it may be inferred that restrictions of other sorts were at least in some cases attached to dollar sales.

The cash grant program was suspended in January 1962, never to be resumed. The reasons for the suspension were partly economic. In the first place it was desired to oblige the RLG to draw down its excessive accumulation of foreign exchange reserves. Further, criticism about the financing of capital flight, luxury imports, and imports of non-U.S. origin through cash grants had arisen. But there were also political reasons, involving the reluctance of the rightist General Phoumi Nosavan, then the dominant figure in the RLG, to accept a tripartite, substantially neutral government for Laos. The political reasons are considered by some to have predominated. The suspension of the cash grants did

in fact produce a rapid draw-down in the foreign exchange holdings of the RLG, which fell from $20.7 million in January 1962 to only $0.5 million in August 1963. In part at least, these reserves were used for interventions by the National Bank in the free foreign exchange market. (According to reports circulating at the time, Phoumi Nosavan himself made off with a portion of them.) Despite these interventions, the free exchange rate reached 150 kip per dollar by January 1963. More spectacular was the movement in the price level, which doubled between 1962 and 1963. Accordingly, it was considered urgent to resume non-project economic assistance, though preferably in a form not involving the drawbacks of the cash grant program.

U.S. Import Program

The next approach to the problem of maintaining financial stability in Laos was worked out in August 1962 by the newly arrived USAID Director, Charles A. Mann, and by a visiting White House staff member, who subsequently became Deputy Director, Leroy S. Wehrle. This involved reversion to commodity imports as opposed to cash grants. The scope of the U.S. import program (USIP) evidently was broad with respect both to eligible commodities and to sources from which they could be imported, so as to enhance its stabilization impact. (The list of eligible commodities appears not to be available, however.) In addition, it was set up in such a way as, hopefully, to avoid some of the pitfalls encountered previously. In particular, it provided for reimbursement of the RLG, which still kept the allocation of foreign exchange for imports in its hands, only after it had submitted documentation showing that the imports it had authorized complied with A.I.D. regulations.

The program still encountered a host of problems, however. Considerable delays were involved in the delivery of goods from the United States and most other authorized sources, up to eighteen months from the time of ordering, according to one source. This was an important consideration in a country where interest rates on the curb market, as distinct from the commercial banks, were more than 30 percent a year. Goods from Hongkong, Singapore or Japan could, however, arrive in a few weeks, and those from Thailand needed only to cross the Mekong, often without paying customs. In addition to the slow utilization of USIP to which this situation gave rise, there was the further problem of re-exports. Goods coming in under the USIP were often sent across the river into Thailand almost immediately on arrival in Laos to take advantage of higher prices there. Finally, there was over-invoicing of imports, a device which made the difference between the declared and the actual value of goods available to be left abroad. On top of this there was considerable administrative confusion and corruption on the part of the RLG. Although the USAID made strenuous efforts to deal with these administrative problems, especially with respect to customs collections, they only partly succeeded.

The USIP was announced as a replacement for cash grants on November 16, 1972, and $14.5 million was provided for the 1963 fiscal year under the program. In the first six months of

operation "very little" of this was utilized, however. As a result of the slow arrival of goods, and also of the limited capacity of the RLG to intervene in the free foreign exchange market, prices rose rapidly and the free exchange rate, which had reached 150 to 1 already in January 1963, rose further to 370 to 1 on June 30 of that year. The inadequacy of the USIP by itself to meet the demands of the situation thus became evident.

THE FOREIGN EXCHANGE OPERATIONS FUND

Establishment of FEOF

The seriousness of the economic situation that had developed following the suspension of the cash grant program, and which the USIP turned out to be insufficient to rectify, is understood by the fact that by mid-1963 the National Bank had run out of reserves with which to intervene in the free exchange market. As a result the depreciation of the kip on the free market accelerated, and it reached a peak of over 600 to 1 in October. By that time, however, the elements of FEOF were beginning to take shape. The steps by which the concept was developed and the operating machinery put in place appear to have been the following.

In March 1963 an IMF mission visited Laos for one of their regular consultations with a member country. This mission produced a general survey of the Lao economy without, so far as is known, making specific recommendations. Nevertheless, their visit to Laos may be regarded as laying the groundwork for further developments. Then in early June, 1963 a committee of economic experts was convened on the initiative of the RLG, in particular of the Prime Minister, Souvanna Phouma. This committee included, in addition to Ministry of Finance and National Bank representatives, two UN advisers, the USAID Deputy Director (Wehrle) and the Chief of the USAID Office of Economic Affairs. The latter two served in their personal rather than their official capacities. This committee was of necessity circumspect in the formulation of its conclusions, but they nevertheless foreshadowed basic elements of FEOF. They may be summarized as follows:

(a) Budgetary balance, at least after allowing for absorption of kip through foreign assistance.

(b) Stabilization of essential commodity prices.

(c) Provision not only for essential financial transfers but also for some reduction of residual demand for foreign exchange (as for capital transfers) so that this will not weigh unduly on the monetary system.

(d) Exchange rate adjustment.

The committee felt the above objectives would best be served by a return to free convertibility.

The conclusions of the committee of experts evidently received further refinement in discussions with the Lao authorities. According to an A.I.D. FE/CP paper dated August 19, 1963, the Prime Minister and the then Finance Minister, General Phoumi Nosavan, agreed to the following recommendations:

(a) Hold budget expenditures at the present level.

(b) Devalue the kip from 80 to 180 to the $1.

(c) Sell foreign exchange provided by donor countries on the open market at the highest attainable rate (underscoring added).

The crucial element in the setting up of FEOF, so far as can be determined, was the two-man IMF technical mission, consisting fo Edgar Jones and Aldo Guetta, which arrived in late June and left on July 9. The report which Guetta and Jones wrote on the basis of their visit is not now available, and the exact part that they played is difficult to determine. Important elements of the FEOF mechanism were in any case contributed by the USAID itself. Nevertheless, the role of the IMF mission and especially that of Guetta, appears to have been a key one. This may be judged from the fact that up to that point the USAID's discussion and reporting, as reflected in internal memoranda and in airgrams, were in terms of a limited access rate above the USIP rate, for capital transfers and nonessential imports. When FEOF emerged, however, it provided for sales on the open market, without any limitation of access. Thus the economic principles by which FEOF operated may be regarded as having been contributed primarily by the IMF. The USAID's contribution evidently lay more in the area of administrative arrangements. Features of these arrangements which were distinctive from those for the previous cash grant program were:

(a) The holding of FEOF funds in a bank account which was not only outside Laos (in the case of FEOF primarily the Irving Trust in New York) but also not subject to RLG control.

(b) The day-to-day operation of FEOF by a non-Lao manager and the retention of policy control by the donors, acting through the Donor Advisory Board.

(c) Direct dealing with the commercial banks by the FEOF manager, without passing through RLG intermediaries.
A third element of FEOF, its multilateral character, not only distinguished it from the previous cash grant program but made

it notable in its own right. This may be regarded as a contribution of both the IMF and USAID. Certainly both played an important part in bringing the multilateral aspect of FEOF into being.

Despite the collaboration of the IMF with the USAID in the design of FEOF, philosophical differences between the two evidently existed. According to statements by Guetta in September 1975, the IMF envisaged FEOF as providing foreign exchange not just for capital flight and luxury imports but for a broad range of commodities, essentials as well as nonessentials. Further, the IMF considered that the rate of exchange for FEOF sales should float, that this float should be a managed one, and that its management should not just be passive, smoothing out temporary fluctuations in demand, but active, anticipating and offsetting long-term trends in the economy and in resulting foreign exchange supply and demand. The USAID's concept of FEOF, as analyzed by Guetta and confirmed by statements of key USAID personnel both then and recently, was that the role of FEOF was to supply foreign exchange at a penalty rate basically for captial transfers and luxury imports, while USIP and the non-U.S. commodity import programs served to assure supplies of essentials at a substantially lower rate.

In practice FEOF turned out to embody elements of both the IMF and the USAID conceptions. FEOF-supplied foreign exchange was in fact used for a fairly wide range of imports, especially after September 1965, when the categories of commodities eligible for USIP financing were progressively restricted. Even before that time the simplicity of FEOF financing had caused some importers to utilize it, despite the fact that they had to acquire the foreign exchange at a higher rate even for commodities that were eligible under USIP. On the other hand the IMF view about floating the exchange rate did not prevail. After fluctuating somewhat in the initial months, the FEOF rate settled within a narrow margin around 500 to 1 and remained unchanged until November 1971, more than seven years later. This combination of features from the two conceptions was a portentous one, as we shall see from subsequent developments.

Despite the collaboration of the IMF and USAID in developing the FEOF design, the initial Washington reaction was unfavorable.

In fact, the Action Memorandum of July 26, 1963 from Rutherford M. Poats, AA/FE, to the Administrator, which lists concurrences as the same date by C.A. Mann, USAID/Laos; L.E.Gordon, AA/PC; and R. Smith, FE/DP, forcefully rejects the proposal of the "IMF study team" to create a "multinational stabilization fund to control the black-market and thereby stabilize the Lao economy." The reasons given for this rejection are the following:

(a) The inflationary situation must be dealt with immediately, an impossibility under a multinational fund since it would require months to find a fund executor and obtain donations.

(b) Based on past experience it is extremely unlikely that we could obtain significant participation from other countries.

(c) In the present fluid and uncertain situation existing in Laos we do not wish to have our freedom of action limited by a multinational mechanism which might well be unresponsive to our policy objectives.

Despite the categorical nature of these objections, on August 19, 1963, a cable was sent to Vientiane in which it was anticipated that A.I.D. would make up to $4 million available for a "foreign exchange operations fund" and in which it was stipulated that "we should attempt to obtain the participation of the governments of France, the United Kingdom, and Australia in the fund." What sort of discussions transpired between July 26 and August 19 to bring about this change in policy is not now known.

In order to obtain agreement with the other donors and also with the Lao in the relatively short time between August and December 24, 1963 when the FEOF accords for the calendar year 1964 were signed, intensive negotiations must have taken place. Relatively little evidence of these remains, however. According to the Action Memorandum from Seymour J. Janow, AA/FE, dated November 23, 1963 informal discussions were held by our Embassy in Vientiane with the representatives of the U.S., France, and Australia. As of that date, the U.S. and France had agreed to contribute $1.7 million each and Australia $0.4 million. Accession of Japan to the agreement was not to come until the following year. Evidently the IMF played a significant role in the discussions. Mr. Guetta stated that he traveled to the capitals of

several countries to discuss their participation, and of course the association of the IMF with the project enhanced its acceptability.

The only sticky issue in the negotiations with the other donors, apparently, concerned the utilization of the kip counterpart of their contributions. The U.S. wanted to require the unanimous agreement of the donors before it was used, thereby effectively sterilizing it. France, however, held out for the right to decide unilaterally on its use, a position to which it adhered throughout the existence of FEOF. As for the Lao, some tough bargaining was required to get them to accept the principle of control and management of the fund outside the RLG, according to a September 1975 statement by then USAID Director, Charles A. Mann. Nevertheless they eventually acceded to the proposed arrangements.

The first FEOF agreements were signed on December 24, 1963 as previously mentioned. As in all subsequent years they consisted of three parts: an open letter setting forth certain undertakings of the Lao Government, a confidential minute, or letter, containing additional specifications relating to these undertakings, and a memorandum of understanding. The open and confidential letters were exchanged bilaterally between the Lao Government and each of the donors, whereas the memorandum of understanding was a joint declaration on the part of the donors. By and large the FEOF accords for 1964 followed the lines set forth in the previous discussion, although of course they go into considerable detail. Nevertheless, certain key specifications are worth citing here.

(a) The RLG undertook to limit its budgetary deficit to 4.9 billion kip for the 1963-64 fiscal year and to 5.8 billion kip for the 1964-65 fiscal year. In addition, effective budget procedures and controls were to be established, and tax performance was to be improved.

(b) Specific credit ceilings were not set, but the RLG was to exercise appropriate control over both public and private credit, the latter in consultation with the donors.

(c) Of particular importance, the official exchange rate, applicable to USIP and also government transactions, was raised from 80 to 240 per $1. This compares with a rate of 180 discussed the previous July. How the 240 rate was arrived at is not known

precisely, but presumably it was intended to reflect what had transpired in the exchange market in the meantime.

(d) The contributions of the original four donors were listed as anticipated: Australia - $0.4 million; France - $1.7 million; U.K. - $1.7 million, and the U.S. - $4.0 million. No exchange rate was specified for sales of these funds, which were to be on the open market. Instead, the only provision was that they should be at rates (implying variability rather than a fixed rate) that would bring the current free market exchange rate down somewhat so that they would reduce the incentive to re-exports but would still not be so low as to compete with the 240 rate applied to the relatively restrictive commercial import programs.

(e) Administration of the fund was put largely in the hands of the donors. A stabilization consultative committee on which Lao representatives were included was set up and served, at least in later years, as a forum for the discussion of RLG stabilization performance. But operation of the fund was reserved to an advisory board restricted to representatives of the donors. The donors were likewise to propose and to be responsible for a professionally competent FEOF manager, subject to RLG approval.

The First Year of Operation

As FEOF embarked on its first year of existence, two basic questions presented themselves, the answers to which there was almost no way of knowing in advance. One of these was the rate or rates of exchange at which funds would be sold. As has been indicated, the FEOF agreements gave only vague guidelines as to the rate and its degree of flexibility. The other concerned the adequacy of FEOF resources. For if the funds available to FEOF should be exhausted before the year-end, serious questions would be raised about the viability of the economy, more serious perhaps then if FEOF had never been established. Additional questions related to the extent to which the RLG would live up to its commitments and the general effect of FEOF on money supply and prices. By the year-end these uncertaintities had been resolved, by and large favorably, and FEOF was established as a promising approach to the problem of stabilizing the Lao economy.

The uncertainty surrounding FEOF was perhaps greatest in its first days of operation, but it continued on into the second quarter of the year. An early FEOF manager, Yves Gouzerh, has left a vivid account of this time, which is worth summarizing. Prior to the end of 1963 the Prime Minister and the Finance Minister had announced a FEOF exchange rate of 400 per $1. On the first day that FEOF was open for business, January 2, 1964, few buyers of foreign exchange were willing to test the market, and FEOF did not intervene. By the third day of operation the rate had risen to 475 despite a modest amount of FEOF dollar sales, and by the sixth day the rate had gone all the way to 540. The management of FEOF was reluctant to commit resources at a pace faster than could be sustained to the end of the year. Nevertheless if the exchange rate was not to go unduly high, some risks had to be taken. Accordingly, FEOF intervened actively in the market, and by the end of January the rate had settled within a narrow band around 500. FEOF demand nevertheless continued heavy during the first two and one-half months of the year. Evidently this reflected an overhang of foreign exchange demand arising from an expectation that had prevailed since the previous September of lower rates following the inception of FEOF. The uses of this foreign exchange included the importation of goods not eligible under USIP and other commercial import programs then in force, imports that were eligible under these programs but which could be obtained more conveniently from sources other than they allowed, capital flight, and the importation of perishable foodstuffs from Thailand, which did not allow for compliance with USIP regulations. FEOF, together with the devaluation of the official rate to 240 and the imposition of a perequation tax on goods ordered prior to this devaluation, appears to have largely shut off re-exports to Thailand.

In April, 1964 a coup carried out in the city of Vientiane obliged FEOF to suspend operations for three weeks. Paradoxically this shut-down afforded a respite for FEOF, as the level of demand did not rise commensurately when operations were resumed in May. In June a developing shortage of liquidity on the part of importers, occasioned by restrictions on bank credit and also the effects of the perequation tax applied to imports paid for the pre-devaluation exchange rates, contributed to a dampening of demand. Thus FEOF ended the first half of the year with virtually half its resources still intact. Sales for the entire year totalled $7.9 million, compared with the $7.8 million provided by the donors. The extra amount was made available, with a considerable margin, through the sale of $2.8 million to FEOF by the RLG, which obtained this sum through the liquidation of the previous USIP working fund. At the same time money supply rose only 4 percent during 1964, compared with 50 percent the previous year.

Prices rose 51 percent according to the official index, largely on account of the deep devaluation of the kip. This rise compares with nearly 150 percent in the previous year, however, and nearly all of it took place in the first six months.

A major factor in the favorable outcome was the budgetary discipline maintained by the RLG, which kept the deficit within the limit prescribed in the FEOF accords. Some expansion of credit to the private sector occurred, but the results of this were not serious.

Events of 1965 to 1967

The success registered by FEOF in its first year was maintained in 1965. At the end of 1964 the four FEOF donors did not let their participation lapse but instead continued it into 1965, thereby establishing that FEOF was more than a one-time operation. Early in 1965 Japan acceded to the FEOF agreements, a development which broadened the donor group's membership as well as providing additional financial support. The signature of the FEOF agreements was in fact held up until April of that year in order to permit Japan to be included. Financing in the meantime was made possible by the sale to FEOF of $2.8 million deriving from the liquidation of the USIP working fund by the RLG, as mentioned previously.

A significant role in the Japanese accession was played by the IMF. Prior to 1965 Aldo Guetta, a member of the team from whom the original proposal for FEOF had come, made a trip to Tokyo in this connection. Then in late 1964 and early 1965 extensive discussions were carried on with Japanese representatives in Vientiane by the then IMF resident representative in Laos, Sven Cronquist. The point at issue in these discussions was whether the Japanese would retain control of the kip generated by the sale of their contribution or whether it would be sterilized, either by being held in the FEOF account at the National Bank or by being used to repay National Bank advances to the RLG. This issue had arisen in the original FEOF negotiations, in which the U.S., the U.K., and Australia had undertaken to sterilize the kip proceeds of their contributions but the French had stoutly maintained their ownership of these kip and their right to use them for local expenditures after a lapse of no more than a year from their generation. The resolution of this issue in the case of Japan came through formal recognition of the Japanese right to utilize these kip along with an understanding that such utilization would in fact be minimal. The Japanese respected this understanding, by and large, for the remainder of their participation in FEOF.

The Japanese pledge for 1965 was $500,000. The net increase in the original pledges of the donors for that year was only $100,000, despite the maintenance of their contributions by the other donors, as the French reduced theirs from $1.7 million to $1.3 million.

Two further developments of considerable significance for the future of FEOF also took place in 1965. The first was the

shifting of a substantial number of commodities from USIP to FEOF financing. At the outset a wide range of imports had been eligible for financing under USIP, not only of U.S. origin but also, in many cases through waivers, of non-U.S. origin. (The original list of eligible commodities appears not now to be available.) As of September 1, 1965, however, eligibility for USIP financing was restricted to four categories: rice, POL, machinery, and utility vehicles. To compensate for the additional FEOF demand resulting from this shift, the U.S. turned over to FEOF $1.2 million which had been allocated to USIP. This development was to some extent a recognition of the effectiveness which FEOF had demonstrated, both in administrative simplicity and in kip absorption. Nevertheless, it had an implication which may not have been fully apparent at the time. The goods removed from eligibility for USIP financing included some fairly essential ones, bearing on the cost of living of a relatively broad segment of the population. The fact that these were now to be imported with FEOF funds, or at any rate at an exchange rate determined by FEOF, meant that the FEOF exchange rate played a larger role than before in the general cost of living. This being so, the pressures against changing the FEOF exchange rate, both political and economic, were presumably greater than if FEOF had served mainly to finance capital transfers and less essential imports. This consideration was probably an element in the maintenance of the FEOF rate at 500 to 1 for a relatively long period, until 1971.

The other particularly significant development in 1965 was the trend in the budgetary deficit. One of the reasons for the initial success of FEOF in leveling off price increases while remaining within foreign exchange availabilities was that the deep devaluation at the beginning of 1964 resulting from the new official exchange rate and the FEOF rate was not followed by substantial wage increases, at least in the government sector. This situation involved a sharp reduction in the purchasing power of government employees by comparison with 1962, however, and by mid-1965 the government felt unable to withstand the resulting pressures. The basic wage scale was thereupon doubled, and expenditures rose almost proportionately without, however, a corresponding increase in receipts. As a result the deficit, which had risen by 30 percent and 25 percent, respectively, in the fiscal years 1964 and 1965, increased 73 percent in the fiscal year 1966. The effects of this money on supply were damped down, after an initial spurt, by a doubling

of FEOF kip absorption the following year; and prices remained resaonably steady. Nevertheless, a precedent was set for subsequent wage increases which, together with the constantly increasing number of government employees, especially on the civilian side, led to mounting budgetary expenditures. Since these were not fully or consistently offset by increasing revenues, the deficits mounted too. This laid the basis for the troublesome monetary overhand (increase in real money supply without a corresponding increase in economic activity) of 1969 to 1971.

Despite efforts to conclude the negotiations for the CY 1966 FEOF agreements prior to the end of 1965, signature did not take place until January 29, 1966. Foreign exchange requirements in the interim were met by drawing on the year-end balance of about $1 million and, when that ran out, by borrowing $0.5 million from the RLG. As indicated by the sum of these two amounts, the relatively high level of FEOF demand that prevailed during 1966 was already apparent at the beginning of the year. In contrast to the $13.6 million orginally pledged by the donors, net sales in CY 1966 reached $20.6 million. A major element in this increase was of course the sharp jump in the budgetary deficit resulting from major wage increases in 1965 and the monetary expansion stemming from this (see Table 5). Other factors apparently were an expectation by the business community of a short-fall in FEOF avialabilities for the year, lagging utilization of USIP even after allowing for the shift of commodities to FEOF, and unusual import requirements arising from the Mekong River flood of September of that year.

The gap between the originally pledged $13.6 million and eventual net sales of $20.6 million was covered by, in addition to the draw-down of the FEOF account balance and supplementary contributions of other donors, a U.S. supplementary contribution of $4.9 million. Of this amount $4.2 million was not a pure stabilization contribution but instead was in effect a kip purchase arrangement at 240 kip per dollar (see Table 2). The U.S. purchased the kip at the 240 rate from the RLG, which in turn sold it to FEOF at the 500 per dollar rate, using 240 of these to reimburse itself and sterilizing the remaining 260 through applying them to repayment of central bank advances. Although this was in a sense contrary to the U.S. no-desterilization undertaking, the other donors accepted it on the grounds that it applied only to the supplementary and not to the basic U.S. contribution.

This arrangement was occasioned not only by FEOF's need for extra foreign exchange but also by requirements for kip in support of USAID projects and other needs. These had been met previously with counterpart generated by USIP and the invisibles program (see below). But with the shift of commodities from USIP to FEOF, and also lagging utilization of USIP, this counterpart no longer sufficed. Thus, although the full $4.2 million was regarded as part of the U.S. contribution for the year, in effect only 52 percent of its served stabilization purposes. This kip purchase arrangement continued to be applied to a substantial part of the U.S. contribution until 1972. It had the effect of making both stabilization requirements and the U.S. contribution thereto appear larger than they actually were.

Total net FEOF sales declined slightly in 1967, to $19.8 million. Since donor contributions for the year rose to $19.5 million, a gap of only $0.3 million remained, which was covered with relative ease by an advance of U.S. funds intended for kip purchases in 1968. The improvement in performance was attributable at least in part to a reduction in the budgetary deficit. This was occasioned by the fact that although expenditures continued to rise somewhat in fiscal year 1967, receipts rose considerably more. This rise consisted mainly of an increase in gold customs receipts, however, a fact which was to lead to later complications as discussed below.

Although neither contributed particularly to stabilization, two other elements of the monetary situation should be mentioned at this point. One was the invisibles program, which began in FY 1963, along with USIP (see Table1). The object of this was to provide foreign exchange to the RLG for expenses of missions and embassies abroad, for subscriptions to international organizations, for medical and educational travel, and for certain other purposes. The kip counterpart of this foreign exchange was made available for the support of U.S. projects, but since the foreign exchange itself was used abroad rather than for imports, it increased the supply of goods and services in Laos only indirectly. The program reached a peak in FY 1965 but was phased out by FY 1970. The other monetary element of note was the "sales from the public." These were sales of dollars to the banking system to generate kip primarily in support of U.S. non-economic assistance activities. This non-FEOF supply of foreign exchange jumped from $4.0 million in 1966 to $14.6 million

in 1967, reaching a peak of $22.5 million in 1969 (see Table 7). Since these sales tended to generate an equivalent foreign exchange demand, the net stabilization effect was presumably not significant prior to the institution of a dual FEOF exchange rate in 1972. Nevertheless they served to broaden the exchange market and, on occasion, to tide it over when FEOF availabilities temporarily ran out.

Developments in 1968, 1969, and 1970

The year 1968, which saw the first serious difficulties for FEOF, began auspiciously. During the first quarter of the year FEOF sales amounted to only $4.2 million, implying an annual total of about $17 million, or a reduction of more than $2 million from the level of the previous year. Actual sales in 1965 reached $23.4 million, however. This upsetting of expectations resulted largely from a swelling of the budgetary deficit, and consequently of foreign exchange demand, as expenditures continued to rise as in previous years while receipts abruptly declined. This decline in receipts in turn was the result of the sharp falling off in the gold trade which occurred at this time.

The connection between budgetary receipts and the gold trade was through the customs collected on gold imported legally into Laos but largely smuggled into South Vietnam. In the 1964-1965 fiscal year gold customs receipts had been insignificant. But the next year they amounted to 28 percent of total receipts, apparently became of increasing trade volume, and in 1966-1967 they rose further to 43 percent. By virtue of the major role in the budget which they had assumed the deficit had been kept in hand, even declining somewhat from 1965-1966 to 1966-67. But this dependence on gold customs turned into a liability when in early 1968 the smuggling of gold from Laos into South Vietnam was largely cut off by the consequences of the Tet Offensive. In 1967-1968, the year in which the effects of this cut-off began to be felt, gold customs still constituted 33 percent of total receipts. In 1968-1969 they were only 16 percent, however. Although the gold trade underwent some subsequent revival, the downward trend in the receipts deriving from it continued, and by 1971-1972 they were only 3 percent of total receipts.

Efforts were made to offset the loss of gold revenues by increasing other revenues, both in 1968 and in subsequent years, but they were only partly successful. Consequently foreign exchange demand rose, and the prospective short-fall in FEOF supply had to be made up by additional funds supplied by the donors. Of these, the USAID rice purchase scheme undertaken that year provided $1.7 million, and the U.S. made a supplementary contribution of $1.9 million as well. Other donors provided $0.6 million, and a final $1.2 million accrued to FEOF from the shifting of petroleum products from USIP financing

to FEOF. In addition to the rice kip purchases and the transfer of funds from USIP to FEOF, the U.S. increased its contribution to $16.1 million in 1968, compared with $13.8 million the previous year. This figure, with the exception of 1971 when the U.S. made a special emergency contribution of $4 million in connection with the devaluation of the kip, was maintained as the nominal annual contribution through 1974 (see Table 4).

In 1969 net FEOF sales totaled $25.4 million, approximately $2 million more than in 1968 despite efforts to reduce them. The U.S. supplemented its basic $16.1 million contribution by a shift to FEOF of $0.5 million in project funds. This was made possible by Japanese assistance, which supplied commodities in this amount which would otherwise have had to be purchased with USAID project funds. Other donors' contributions were not increased, however, so that the total of donor contributions in that year was only $22.4 million. The difference between this and net sales was made up through rice kip purchases of $2.1 million plus the $1.2 million transferred from USIP to FEOF in 1968 but not drawn on in that year.

The year 1969 was notable in that the date of the signature of the FEOF accords, August 9, was the latest in any year of its operation, including 1975. The delay was occasioned by an extensive revision of the FEOF agreement texts that was carried out at that time. Matters dealt with included the setting of quarterly as well as annual limits on central bank advances to the RLG, the ineligibility of entities in which the RLG had an interest to repay foreign loans through FEOF, the right of the U.K. and Australia to desterilize up to 10 percent of their contributions, and the completion of the U.S. contribution for CY 1969 out of FY 1970 funds. The process of obtaining agreement to these revisions among all five donors was necessarily slow. Despite this, there was no spurt in demand for foreign exchange in the interim. Interim funding sufficient to meet demand was supplied by the U.S. rice kip purchase, by interim contributions from all the donors except Japan, and by drawing on the beginning-of-the-year balance. In addition, as mentioned previously the 1969 non-FEOF foreign exchange supply to the free market amounted

to $22.5 million, or approximately the total of the donors' regular contributions. This circumstance no doubt assisted in keeping demand within availabilities, which was barely managed.

In 1970, FEOF net sales fell slightly, to $24.1 million. Since the level of the donors' contributions was substantially maintained, this permitted an improvement in the year-end balance in the FEOF account. This development was not occasioned, however, by a reduction in the budgetary deficit or in the money supply, both of which continued to increase at a rapid rate. Evidently it was due rather to an increased willingness to hold kip balances, which is to say a decline in the velocity of circulation. This seems in turn to have been occasioned by the fact that under FEOF prices had been stable in relation to those in other countries, particularly since 1967, and in 1970 fell absolutely as well as relatively. An element in this fall was evidently the decline in the Lao price of rice, which was determined mainly by Thailand as the supplier at the margin. Thus the improvement in FEOF sales was essentially an externally induced phenomenon. The continued injection of liquidity into the economy by the Lao budgetary deficit, and the consequent build-up of monetary overhang, still constituted the potential for a surge in foreign exchange demand, which could be set off by lesser developments.

In this connection it might be mentioned that by 1970 the intensive efforts which the U.S. had been making for several years to recruit additional FEOF donors had still not borne fruit. These efforts had been directed particularly at West Germany, New Zealand, and Canada. Of the existing donors only Japan showed willingness to increase its contribution materially. Thus any additional burden that might accrue to FEOF was left to fall primarily on the U.S.

Before leaving this period, the failure of the RLG to bring the budgetary deficit under control, which played so large a role in the history of FEOF, deserves some discussion. Although the revenue base of the RLG was severely limited by the condition of the economy, and the demands on its resources were heavy, lack of willingness to take available measures to increase revenues and curb expenditures also played a part. This unwillingness persisted despite the provision by USAID of extensive

advisory and training assistance to the Finance Ministry, which materially improved its technical capabilities in public finance, and despite what the files show to have been continual representations by the USAID Director and others to the RLG on this score. The chief public finance advisor, Charles Wilding-White, made the following observations about the RLG budgetary process in his project termination report:

"From 1965 until 1968 a considered and successful effort was made by the Finance Ministry to remain within the fiscal performance goals in the FEOF agreements. In FY 1969 the fiscal goals were not achieved and the budget deficit exceeded the agreed limit, principally because of the drastic fall in gold trade revenues following the Tet Offensive in Vietnam and new competition from Singapore gold merchants, which required Laos eventually to progressively reduce its gold duty from a high of 8 percent to 3-1/2 percent. Firm efforts were made to replace this loss by increasing the conventional indirect taxes (customs duties excluded) and within two years, with the assistance of a short-term advisor, these were almost doubled. Customs receipts also rose substantially. Despite these efforts, expenditures rose more rapidly and henceforth budget deficit ceilings were usually exceeded in every fiscal year.

"Several factors account for this trend:

1. Civil expenditures for education, health and other programs rose rapidly as donor projects in these areas matured, and the Lao Government assumed operating costs for new schools, hired new teachers, nurses, etc.

2. For political and traditional reasons, the government hired each year virtually all the Lao graduates of secondary schools and universities (the latter mostly abroad). Annual additions to the government civil payroll soon reached 1,500 per year (on a total payroll excluding police which rose steadily from 15,000 to 20,000).

3. Expenditures for new construction, coronation expenditures (mainly construction) for a perpetually deferred coronation of the King, purchases of government passenger vehicles and a host of other similar expenditures progressively increased, and one must suspect that vested interests profited from these expenditures.

4. Pensions and disabled veterans' bonuses rose rapidly and became a significant load.

"As expenditures rose, efforts to increase revenues correspondingly became progressively weaker, particularly after the initiative and incentive created by the 1970 tax reforms had run its course, a matter of some 18 to 24 months. Customs and indirect taxes, both of which were closely linked to imports, remained a major source of revenues. Cigarettes manufactured in Laos, largely from imported tobaccos, always benefited from concessional raw material duties. By a variety of means many liquors and other luxury products were also imported at low duty rates and smuggled abroad at substantial profits. To benefit local vested interests, the revised indirect tax laws of 1970 were somewhat distorted in the orders and regulations developed for their application.

"Direct taxes increased substantially over the years, especially after 1970, but never accounted for over 10 percent of total revenues. Their chief sources were trade licenses, mainly on importers, and profits taxes, chiefly on foreign companies operating in Laos. The salary withholding tax law was principally applied to Lao government employees from whose salaries it was withheld at the source from 1965 on. In the private sector little was collected and wealthy Lao paid almost no taxes.

"Real estate taxes, by law all collected by the central government and a major potential source of revenue, were very difficult to collect because landowners were chiefly Lao. The cadastral program contributed little to increasing this revenue because no laws were enacted to require the cooperation of landowners, chiefly Lao citizens, in establishing property boundaries or the issuing of ownership titles. In FY 1973 only about 3 million kip was collected in all of Laos by the Treasury. On the advice of the Public Administration Advisor, collection was transferred to the Land and Real Property Directorate which also assessed the taxes, and collection jumped in FY 1974 to about 40 million kip, mostly from foreign tenants of shop houses owned by the wealthy Lao. This is a ludicrously small amount from a tax with a potential of perhaps two or more billion kip.

"As a result of the above unimpressive revenue collection effort, total budget revenues collected, including those from gold, never exceeded 50 percent of expenditures and, while revenues did increase progressively, the rise in expenditures was so much faster that towards the end of the subproject budget revenues

represented only about one-third of the total expenditures. In 1972 a foreign exchange transfer tax (FTT) was established on most nonofficial purchases of foreign exchange, which produced 240 kip per dollar. Substantial amounts were collected, reaching around 9 billion kip in FY 1974. This could not be properly construed as a budget revenue. It was, in effect, additional kip counterpart obtained from a two-tier exchange rate (600 kip and 840 kip per U.S. dollar).

"Increasingly the Lao committed themselves in the annual FEOF agreements to budget performance which could be achieved only by very severe budgetary discipline. Budgetary performance over the following years, however, showed a growing inability to enforce stern budgetary discipline.

"In the Ministry of Finance the Budget Director frequently complained that his authority was usurped by Cabinet approvals of supplementary expenditures requested by influential ministers, with no consideration given to the budgetary impact. The Revenue Director found himself unable to prevent the granting of tax concessions by socially prominent tax inspectors on his own staff. In numerous instances the Customs Director was instructed to accept customs declarations showing only nominal values as the basis of duty calculation for luxury cars imported by influential families. Increasingly, ministry officials gave only lip service to advisory assistance and displayed a gradually diminishing interest in cooperation to achieve established objectives. Treasury cash advances against future budgetary obligations increased, as did delays in regularizing them. Introduction in the revenue directorate of tax identification procedures proceeded slowly and sometimes reluctantly.

"These are examples of the growing malaise which increasingly hindered achieving the real objectives of the subproject. Fiscal reporting was able to proceed and indeed to expand in breadth and depth but encountered some difficulties in obtaining precise information. This again reflected high-level sensitivities to assumption of responsibilities."

As a final note on budgetary performance, when an IMF mission visited Laos in October 1975, they were impressed with the competence of the Lao officials with whom they discussed the

budgetary situation. These had previously been inconspicuous third and fourth echelon staff members on the Vientiane Side. Although this cannot be verified it is not unlikely that they received training under USAID auspices.

FROM A FREE TO A CONTROLLED FEOF (1971 to 1975)

The period of substantial price and economic stability which had prevailed, by and large, in the late 1960s, in part because of steady or falling prices for rice, came under considerable stress in the second half of 1971. Inflationary pressures deriving from the budgetary situation discussed above grew as the world monetary system was being subjected to severe strain. The sharp expansion of money supply resulting from increasing budgetary deficits was reflected in rising demand for foreign exchange which threatened to exhaust FEOF resources before the end of the calendar year. (Nevertheless the cost-of- living index remained substantially stable and in October, 1971, it was only 1.7 percent above the level of a year earlier.)

The November 1971 Reforms

In mid-October the shortfall in FEOF resources for the year was estimated at $4.5 million. Since little, if any, further contribution appeared to be forthcoming from the other donors, steps were taken to make available an additional US contribution of $4.0 million. By early November when an IMF mission arrived in Laos for a regular end-of-the-year assessment, the situation required immediate remedial action. The mission recommended devaluation of the kip, a step in which the donor countries concurred. The U.S. thereupon pledged an increase of $4.0 million in its FEOF contribution for 1971 to help Laos weather the immediate foreign exchange crisis.

The kip was devalued on November 8, 1971 by 20 percent from 505 per dollar to 600, and the commercial banks, which had remained closed for a week, reopened. Customs duties were increased by 50 percent on a large number of non-essential imports, the offices of the unofficial money changers were ordered closed, and foreign exchange accounts of Lao nationals with the commercial banks were abolished.

The immediate effect of the devaluation was favorable, and official foreign exchange demand declined from $3.1 million in October to $2.5 million in November. The improvement, however, did not last. Prices increased by 6 percent in November, and during the 6-month period ending in April 1972 rose by 18 percent, in effect matching the extent of the devaluation. The prices of rice, beef and vegetables rose much more rapidly.

The Reforms of April/May 1972.

During the first quarter of 1972 a substantial increase in the budget deficit and a marked deterioration of the security

situation, coupled with adverse rumors about the course of negotiations for the renewal of the FEOF Agreements for 1972, led to a renewed upsurge in foreign exchange demand and heightened pressure on FEOF. FEOF operations had to be suspended for ten days on March 24, and when foreign exchange sales were resumed on April 4 further changes in the system had been introduced.

A Foreign Exchange Authorizing Commission (FEAC) was established, chaired by a representative of the Ministry of Finance. Other members were representatives of the National Bank, the Customs and Internal Revenue Directorates, and the Department of Commerce. The task of the Commission was to approve foreign exchange applications by checking on the reputability of the applicant and the validity of the request. Importers had to register and pay a fee depending upon the scope of their operations. Only certain financial transactions were authorized, and foreign exchange allowances for travel were limited, e.g. $200 per person for travel to Thailand. The official rate of exchange, which had remained at 240 kip per dollar since 1964, was unified with the FEOF rate of 600. Earlier, in January 1972, gasoline imports, which had been brought in at the official rate of 240 kip were transferred to the 600 rate.

Within a month after the April exchange reforms were introduced it became evident that they did not go far enough to contain foreign exchange demand within available resources. To remedy this situation the RLG in May introduced a financial transfer tax (FTT) of 240 kip per dollar on most financial transactions. Applications for such transfers were made directly to the commercial banks, which could approve them and collect the tax without referring them to FEAC. These receipts, which were transferred into a special account at the National Bank, were considered as additional revenue by the RLG, although they might more appropriately have been regarded as counterpart. Import applications continued to be subject to prior FEAC approval and remained eligible for foreign exchange at the kip 600 rate.

Reflecting their concern about the rapidly rising budget deficit and the consequent increase in demand for foreign exchange, the donors insisted on the inclusion of quarterly ceilings on net inflationary borrowing and on foreign exchange drawings from FEOF in the 1972 Agreements. In case either ceiling was exceeded the RLG was expected to take immediate remedial measures, including an adjustment in the exchange rate. The purpose of these provisions was to prevent the need for a further contribution from the U.S. to safeguard the viability of the system. In addition the RLG agreed to contribute $2 million to FEOF in 1972. The FEOF Agreements for 1972, which were signed on June 13, provided also for the desterilization by the U.S. of up to 30% of its contributions (at the 600 rate).

In September 1972, in order to dampen import demand and facilitate the collection of import duties an advance deposit requirement was instituted. Imports from Thailand, Hongkong, Singapore and Taiwan became subject to a 40 percent desposit upon approval of the application by FEAC, and imports from other countries to a 30 percent deposit requirement. These deposits were refundable upon proof that the commodities had arrived and customs duties and other charges paid.

These measures succeeded in keeping foreign exchange demand within availabilities, and by the end of CY 1972 FEOF drawings had remained within the ceilings set in the Agreements. The RLG price index for Vientiane rose 28% in 1972, however, compared with 3% in 1971.

The Stabilization Performance in 1973.

Continued budgetary pressures and increases in the prices of many Lao imports, while foreign exchange supply remained relatively stable, made necessary a further increase in the price of foreign exchange. Beginning in 1973 FEAC established lists of commodities eligible to obtain foreign exchange at the 600 rate according to essentiality. Those commodities not on the list had to be paid for at the 840 rate (600+240). The list of eligible commodities at the 600 rate was further substantially reduced effective April 1, and sales of foreign exchange for imported commodities at the 600 rate were limited to $400,000 to $450,000 a month. By July 1973 approximately 82 percent of all legal imports had been shifted to the 840 rate. This amounted to an effective devaluation of the kip of 18 percent since January. The increase in money supply for the year was moderate (9%), thanks largely to increased kip absorption resulting from this shift to the 840 rate.

The FEOF Agreements for 1973 which were signed in two stages - France, the U.K. and the U.S. on March 20 and Australia and Japan on June 1, 1973 - again incorporated quarterly ceilings on net inflationary borrowing and on FEOF drawings of foreign exchange. In addition, credit to the private sector was at least in principle limited to 1.4 billion kip, the amount outstanding in February 1973. Another provision included in the Agreements was designed to limit access to FEOF foreign exchange by the RLG and to discourage the incurring of external indebtedness on onerous terms. Only the servicing of loans which

met the criteria established by the Development Assistance Committee of the OECD, i.e. very soft terms, was allowed through FEOF. Such servicing amounted to between $600,000 and $800,000 a year.

The U.S. FEOF contribution remained unchanged in 1973 at $16.1 million a year. Total legal market foreign exchange sales nevertheless amounted to $45.8 million, $5.5 million above the sales of the previous year. The increased availabilities were provided in part by larger contributions to FEOF by some of the donor countries (Australia, France, and Japan), and the Lao contribution also increased from $2.0 to $2.3 million. In addition, heavier sales of foreign exchange to the commercial banks, primarily for U.S. support operations, further increased availabilities by $2.7 million over those of the previous year.

In the second half of 1973 world inflation conditions worsened and prices of imports from Laos' major suppliers (Thailand HongKong, Japan) rose, and the demand for foreign exchange increased correspondingly. Contributions from the major donor countries, on the other hand, were denominated in U.S. dollars and increased only slightly. In addition the devaluation of the dollar in 1973 reduced the purchasing power of the foreign exchange availabilities of Laos. The situation was further and significantly aggravated by the fourfold increase in POL prices in November 1973 and January 1974 as well as a sharp increase in world market prices of rice.

Developments in the First Half of 1974

In the face of rising import prices contributions to FEOF remained substantially unchanged. In part to compensate for this, the U.S. announced in the course of the negotiations for the renewal of the FEOF Agreements for 1974 that it was prepared to forego the local currency equivalent of 30 percent of its FEOF contribution reserved for project-related expenditures and that henceforth one hundred percent of the local currency corresponding to the U.S. contributions would be sterilized. No other significant modifications were proposed by any of the donors in the 1974 Agreements. The Lao contribution was raised from $2.3 million to $3.0 million, and it was further increased duirng the course of the year to $6.0 million, largely on the basis of the very good export performance of lumber during the first half of CY 1974.

The Provisional Government of National Union (PGNU), a coalition of the Lao Patriotic Front and the Vientiane Side, was sworn in on April 5, 1974. The PGNU approved the FEOF Agreements for 1974 as drafted, and the Agreements were signed on April 30. Soon thereafter the provision in the Agreements requiring the PGNU to take remedial measures in case the ceilings on FEOF drawings were exceeded were put to the test by pressures that were severe and in the end insupportable under the existing system.

These pressures stemmed only in part from the increase in the foreign exchange cost of imports. More important as factors were probably the deterioration in budgetary performance, the expansion of credit to the private sector, and the lack of further movement in the average effective exchange rate, all of which bore on developments in the first half of 1974.

As for budgetary performance, the deficit, before exchange taxes (FTT), rose from 8.7 billion kip in July-December 1973 to 13.0 billion kip in January-June 1974. (After exchange taxes the figures were 4.5 and 8.0 billion kip, respectively.) This shift resulted partly from the diversion of the attention of the fiscal authorities from budgetary performance by the problems and consequences of the formation of the PGNU and partly from extra expenditures occasioned by the PGNU itself, which involved the installation of new ministers and additional personnel. Meanwhile, credit to the private sector rose by 1.5 billion kip from January to June, despite a provision in the FEOF Agreements designed to prevent expansion. The basis of the rise was largely the desterilization of French FEOF kip counterpart, which was held in a commercial bank account at the beginning of the year. French desterilization had occasioned expansions of private credit in previous years, despite the FEOF Agreements, but not of this magnitude. Finally, the proportion of foreign exchange sales at the 840 rate, and hence the average effective exchange rate, did not increase after July 1973 despite an increase in retail prices of approximately 50% in the period from July 1973 to June 1974..

In the light of these developments, subsequent events are perhaps understandable. FEOF foreign exchange sales, which had increased during the first quarter of 1974 to $3.4 million a month, accelerated further during the second quarter and averaged $4.2 million a month.

On June 17 the quarterly ceiling on foreign exchange sales was breached, and on June 30 the excess foreign exchange sales amounted to $1 million. However, in view of the impending arrival of an IMF mission in connection with the regular annual Article XIV consultations the donors agreed that the PGNU could postpone taking remedial action until the mission had had an opportunity to assess the situation and submit its recommendations to the government.

In the meantime, however, pressure on FEOF worsened, sales of foreign exchange in the first 18 days of July amounted to $4.5 million, and on July 19 the PGNU government closed the banks while it was studying measures for dealing with the crisis.

Imposition of Full Exchange Controls

The IMF mission arrived in early July and, after assessing the economic situation and outlook, made a number of recommendations in the field of fiscal, monetary and foreign exchange policy. With respect to the latter it recommended the unification of the exchange rate at a substantially depreciated level and the adoption of an active exchange rate policy. Specifically, the mission suggested that there should be adjustments in the rate at monthly or other regular intervals on the basis not only of foreign exchange supplies but also of foreign exchange demand, as determined chiefly by the size of the budgetary deficit. One of the important considerations for suggesting a devaluation and the unification of rates was the mission's view that it would provide the necessary incentives to achieve greater self-sufficiency through increased agricultural output and exports.

After considering the mission's recommendations, which were strongly supported by the donor countries, the PGNU informed the IMF that it was prepared to implement the fiscal and monetary recommendations but could not go along with the proposed exchange rate policy. It pointed out that a devaluation at this time would have serious political repercussions which were unacceptable. The Pathet Lao members of the government, in particular, feared that they would bear the brunt of public criticism if a devaluation took place so soon after they joined the coalition.

Instead, when the commercial banks reopened on August 4, full exchange controls had been put into effect. The official exchange rate was kept at 600 kip per dollar -- but only five essential commodities were eligible to obtain foreign exchange

at that rate: milk, sugar, insecticides, agricultural tools and fertilizers. Other imports were included in a list of essential imports in order of priority and were eligible for foreign exchange at the 840 rate after approval of import applications by FEAC. Commodities not included in that list could be imported but had to obtain foreign exchange on the free market. Following the introduction of these exchange controls the free market exchange rate rose gradually from around 840 kip to 1260 kip at the end of December.

This exchange control system was effective in keeping foreign exchange demand within availabilities for the balance of the year. Actually, beginning in August, FEAC approvals and FEOF sales declined substantially, averaging $2.2 million a month for the remainder of the year. This amount was below the informal monthly ceiling which the Commission had set for itself. Net FEOF sales increased from $28.2 million to $31.1 million, in large part because of the higher Lao contribution ($6 million). Non-FEOF foreign exchange supply, on the other hand, amounted to $7.6 million in 1974 as against $17.6 million the year before, as kip purchases for US support activities declined following the signing of the cease-fire and implementing protocol in 1973.

The increase in the free market exchange rate exerted an upward pressure on the price level, particularly of foodstuffs imported from Thailand which were largely ineligible to obtain foreign exchange at the 840 rate. By the end of December, the consumer price index had increased by about 47 percent over the previous year. Additional effects of the divergence between the free and official rates were the stimulation of re-exports to Thailand to take advantage of price differentials and the drying up of export preceeds coming into official channels as surrenders to the National Bank at the official rate became increasingly unprofitable.

The Devaluation of March 1975

The IMF Mission which arrived in December 1974 for its regular end-of-the-year visit suggested a number of modifications in the PGNU's financial policy, particularly on exchange rates, as a step in the direction of greater realism. Specifically, the mission suggested that the two legal rates be unified at 840 kip which would be the official rate for certain transactions. Commercial imports would, in addition, be subject to a financial transfer tax of 460 kip, bringing the effective import rate to 1200 kip.

The mission further suggested that the import regime be liberalized by making most imports eligible to obtain the 1200 rate and maintaining only a small negative list. In order to prevent an upsurge in demand for nonessential imports the mission also recommended that custom duties be significantly increased.

Early in January the PGNU government addressed a letter to all the FEOF donors in which it asked for their continuing support of FEOF in 1975 and, if possible, an increase in their contributions. The Prime Minister and the Foreign Minister in conversations with the various donor-country representatives made it clear that for approximately two years stabilization assistance through FEOF would still be required while the country was binding the wounds of war. A further reason for asking the FEOF donors for continued contributions was that the Lao aid-seeking missions which visited a number of European and Asian countries, beginning in September 1974, had only limited success in obtaining pledges of assistance. By the spring of 1975 the only actual arrivals were some low-grade rice and cement from North Vietnam. None of the countries approached indicated a willingness to participate in FEOF.

In the early months of 1975 the increase in the free-market exchange rate and in the cost-of-living index continued. In response to the PGNU's request the donors indicated that before considering the renewal of the FEOF Agreements for 1975 they wanted to have a clearer understanding of the government's stabilization policy.

The donors' approach helped to focus the PGNU's attention on its stabilization policy, including, in particular, the question of exchange rate adjustments. After intensive debates within the Cabinet, the official rate of the kip was devalued by 25 percent from 600 to 750 kip. The financial transfer tax was increased from 240 to 350 kip and applied to all commercial imports with the exception of the five commodities previously eligible to be imported at the 600 rate. The list of eligible import commodities was expanded and the importation of commodities not included in the list was forbidden. The customs valuation base was increased from 840 to 1200 kip, which amounted to a substantial increase in customs duties. Further, FEAC thereafter authorized only 30 percent of the required foreign exchange when an import application was approved with the balance to be made available when the commodities arrived in Laos.

Under the new system exporters were allowed to convert their proceeds at the 1200 rate. Individuals (tourists, members of diplomatic missions, etc.) also could purchase kip at authorized banks and exchange facilities at the 1200 rate. Official conversions by embassies and international organizations, however, had to be made, as before, at the National Bank and at the official 750 rate. The kip equivalent of the donors' FEOF contributions was also computed at this rate. Imports and financial transactions ineligible to obtain foreign exchange at the 1200 rate were forbidden and no longer allowed to be financed at the free market rate. Exchange transactions by authorized money changers were also prohibited. Thus the free-market rate became an illegal rate and, in effect, a black-market rate. Also at the end of March the PGNU increased the price of POL imports in order to align them with those of Thailand.

The FEOF Agreements for 1975

The donors recognized that the financial measures taken by the PGNU were a significant step in the right direction, and in April they all informed the Minister of Finance that they were prepared to continue their support of FEOF with contributions approximately those of the previous year, and were ready to start active negotiations looking towards the early conclusion and signing of the FEOF Agreements for 1975. The fall of Cambodia and Vietnam, however, and the events which were thereby triggered in Laos led inevitably to a slowdown in the negotiations as the U.S. reconsidered its participation in FEOF, particularly the amount it was prepared to contribute for 1975. When the Agreements were signed on July 15 the U.S. contribution was limited to $5.0 million, the amount which had already been advanced since the beginning of the year, and Japan reduced its contribution to $1.8 million or 50 percent of the prior year's amount. Australia, France, and the United Kingdom kept their original pledge and agreed to contribute 50 percent immediately. The balance was to be deposited after a review later on of the economic outlook with IMF participation.

During the first five months of 1975 FEOF foreign exchange sales averaged $2.0 million a month, half of it for the payment of POL imports. The funds were derived from the U.S. and Lao contributions, $5.0 million and $3.0 million respectively, and from a substantial

FEOF carry-over ($2.5 million) into 1975. U.S. purchases of kip from FEOF during this period amounted to an additional $1.2 million. The contributions made by the other donors immediately following the signing of the agreements amounted to approximately $4 million.

The review of the economy envisaged in the FEOF Agreements did not eventuate -- the visit of an IMF mission to Laos in October was in another connection -- and as of November 22, 1975 the U.K., France, and Australia still had not contributed the second half of their subscriptions for the year. Nevertheless FEOF sales remained generally low following the signature of the Agreements, averaging $148,000 a week, or roughly $600,000 a month, between the end of June and November 22. In view of the introduction of general controls and other developments in the Lao economy in the months following the events of May 1975, a continuation of this low rate of sales seems likely. This would leave a considerable balance in the FEOF account on January 1, 1976 when, according to the consensus of the donors reached in October, FEOF will come to a formal end. The donors anticipated that this balance would be turned over to the Lao Government.

Table 1

U.S. NONPROJECT ASSISTANCE TO LAOS
FY 1955-1975 ($000,000)

	Cash Grant	FEOF FY	FEOF (CY)	USIP	Invisibles	TOTAL
1955	35.2	--	--	3.0	--	38.2
1956	26.7	--	--	11.5	--	38.2
1957	32.7	--	--	6.9	--	39.6
1958	21.9	--	--	3.2	--	25.1
1959	17.0	--	--	2.9	--	19.9
1960	28.7	--	--	1.3	--	30.0
1961	26.3	--	--	--	--	26.3
1962	21.1	--	--	--	--	21.1
1963	2.0	--	--	14.5	2.0	18.5
1964	--	4.0	(4.0)	11.0	1.8	16.8
1965	--	4.0	(5.2)	7.4	3.7	15.1
1966	--	10.0	(13.7)	5.0	2.5	17.5
1967	--	13.8	(13.8)	1.9	1.5	17.2
1968	--	18.6	(16.1)	4.5	1.0	24.1
1969	--	19.2	(16.6)	2.5	0.8	22.5
1970	--	16.6	(16.1)	1.5	--	18.1
1971	--	16.1	(20.1)	1.5	--	17.6
1972	--	17.8	(16.1)	0.4	--	18.2
1973	--	16.1	(16.1)	--	--	16.1
1974	--	15.4	(16.1)	--	--	15.4
1975	--	8.1	(5.0)	--	--	8.1

SOURCE: A.I.D. records.

Note: Figures for USIP, and consequently total, assistance should be used with caution. They represent funds made available, and on account of difficultues of absorption utilization was much lower in the earlier years though higher in the later years. For example, of the $14.5 million provided for FY 1963, "very little" was utilized in that year. And openings of letters of credit under USIP reportedly totaled $7.8 million in CY 1964 but $8.4 million in CY 1965. Unfortunately, figures for utilization appear to be now unavailable, except as reflected in Table 7, line 4b.

Table 2

FEOF DOLLAR ACCOUNT (000), CY 1964-75

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
1. Receipts	8,890	11,184	20,232	22,566	24,810	26,138	27,965	29,253	29,326	29,786	34,603	
a. Contribution of donors	7,800	7,900	14,800	12,200	17,996	22,214	22,217	22,554	25,289	25,981	31,035	
U.S.A., original	4,000	4,000	8,800	6,900	11,700	16,100	16,100	16,100	16,100	16,100	16,100	5,000
Direct	4,000	4,000	8,800	6,900	11,700	10,114	16,094	8,100	16,100	16,100	16,100	5,000
Kip purchase	-	-	-	-	-	5,896	6	8,000	-	-	-	
U.K.	1,700	1,700	1,700	1,700	1,696	1,694	1,702	1,728	1,784	1,782	1,701	1,491
France	1,700	1,300	1,700	1,700	1,700	2,000	1,700	1,700	1,700	1,889	2,711	
Japan	-	500	1,700	1,700	2,100	1,700	2,000	2,300	2,600	3,000	3,600	1,800
Australia	400	400	800	600	800	720	715	725	745	920	923	
Laos	944	1,806	-	-	-				2,360	2,300	6,000	
b. U.S.A., supplementary	-	1,200	4,700	8,400	3,086	500	-	4,000	-	-	2,500	-
Direct	-	1,200	-	-	3,086	500	-	2,000	-	-	-	-
Kip purchase	-	-	4,700	8,400	-	-	-	2,000	-	-	-	-
c. Sale by USAID (rice kip, etc)	-	-	-	-	1,720	2,065	2,831	1,861	745	801	2,500	
d. Purchases on free market	140	210	1:0	1,545	1,985	1,335	2,910	830	3,254	2,917	965	
2. Expenditures	7,932	11,122	21,094	21,478	25,348	26,729	27,054	29,590	28,655	31,158	32,116	
a. Sales on free market	7,926	11,112	20,596	21,358	25,324	26,060	26.682	29,396	28,637	31,113	32,065	-
b. Sales to oil companies	-	-	-	-	-	645	366	189	-	-	-	
3. Year-end balance	959	1,019	650	650	1,200	609	1,519	1,182	1,854	485	2,977	
Change in balance	-	+ 60	-369	-	+ 550	-591	+ 910	+ 337	+ 672	-1,369	+2,492	

Source: Annual reports of FEOF Manager

Notes: Discrepancies between the US figures and the FEOF Manager's figures for the US contributions in 1966, 1967, and 1968 are attributable to a different allocation among the three years. Purchases on the free market (1.d) represent the difference between gross and net FEOF sales. Sales to oil companies (2.b) involve a transitional arrangement giving the oil companies direct access to FEOF in connection with the phasing down of USIP. Minor receipts and expenditures are not shown; hence components do not add up exactly to totals.

Table 3

FEOF KIP ACCOUNT (000,000), CY 1964-75

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
1. Receipts	3,922	5,540	10,338	10,787	12,801	13,498	13,662	15,441	17,326	18,832	19,409	
a. Proceeds of dollar sales on free market	3,919	5,535	10,327	10,777	12,789	13,160	13,474	15,344	17,325	18,824	19,399	
b. Proceeds of dollar sales to oil companies	-	-	-	-	-	326	185	95	-	-	-	
2. Expenditures	546	4,678	6,385	12,308	6,999	15,508	13,625	13,627	8,834	8,104	7,373	
a. Payment to Lao Treasury - U.S., U.K. and Aust. kip	-	3,010	3,132	6,333	3,949	8,999	6,481	5,804	1,212	1,392	3,630	
b. Payment to Lao Treasury - Oil Company kip	-	-	-	-	-	326	185	95	-	-	-	
c. Purchase dollars from RLG	473	931	2,372	4,240	-	2,972	2.942	5,250	823	-	-	
d. Utilization by France	-	630	830	880	970	898	859	944	1,887	1,143	1,640	
e. Utilization by Japan	-	-	40	65	202	588	253	141	484	339	-	
f. Purchase dollars from USAID	-	-	-	-	867	1,043	1,430	967	2,450	3,456	1,512	
g. Purchase dollars in free market	70	104	5	780	1,002	674	1,470	419	1,967	1,765	584	
3. Balance at year end	3,375	4,237	8,191	6,673	12,475	10,465	10,502	12,316	20,808	31,536	43,572	
Change in balance	+3,375	+862	+3,954	-1,518	+5,802	-2,010	- 37	+1,814	+8,492	+10,728	+12,036	
4. Kip absorption (Receipts less sum of 0.48x2c, 2d, 2e, 2f and 2g)	3,376	3,870	8,324	7,027	9,760	8,868	8,238	10,450	10,142	12,121	15,663	

Source: Annual Reports of FEOF Manager for year in question.

Note: Payments into Lao Treasury (2a and 2b) represent sterilizations of kip through debt retirement, so far as is known. Utilization and dollar purchases from USAID and the free market (2d through 2g) represent returns of kip to circulation. Dollar purchases from the RLG (2c) represent, except in 1964 and 1965, the portion of the U.S. FEOF contribution that was used for kip purchase. Since for each dollar, 240 kip were turned over to USAID and 260 kip were sterilized, a factor of 0.48 is applied to this item in calculating kip absorption (4) except in those years, when the full amount is to be subtracted from receipts (1).

NET STABILIZATION INPUTS TO LAOS BY U.S. AND OTHER FOREIGN DONORS, 1964-1975
IN DOLLARS (MILLIONS) WITH KIP EQUIVALENTS (BILLIONS) IN PARENTHESES

Table 4

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
1. U.S. contribution	4.0	5.2	11.7	11.3	14.8	13.2	16.1	15.3	13.0	16.1	17.5	
	(2.0)	(2.6)	(5.9)	(5.7)	(7.4)	(6.6)	(8.1)	(7.7)	(8.4)	(12.3)	(14.0)	
a. Nominal FEOF	4.0	5.2	13.7	13.8	16.1	16.6	16.1	20.1	16.1	16.1	16.1	5.0
b. Actual FEOF	4.0	5.2	11.7	11.3	14.8	13.2	16.1	15.3	11.9	12.2	15.0	5.0
	(2.0)	(2.6)	(5.9)	(5.7)	(7.4)	(6.6)	(8.8)	(7.7)	(7.7)	(9.3)	(12.0)	
c. Other	--	--	--	--	--	--	--	--	1.1	3.9	2.5	
	--	--	--	--	--	--	--	--	(0.7)	(3.0)	(2.0)	
2. Other donor contribution	6.9	5.7	7.3	6.8	5.4	4.3	4.4	4.5	3.0	5.3	5.6	
	(2.6)	(2.0)	(2.8)	(2.6)	(2.4)	(2.2)	(2.2)	(2.3)	(2.0)	(4.0)	(4.5)	
a. Nominal FEOF	3.8	3.9	5.9	5.7	6.3	6.1	6.1	6.4	6.8	7.6	8.9	
b. Actual FEOF	3.8	2.6	4.2	3.8	4.4	4.3	4.4	4.5	3.0	5.3	5.6	
	(1.9)	(1.3)	(2.1)	(1.9)	(2.2)	(2.2)	(2.2)	(2.3)	(2.0)	(4.0)	(4.5)	
c. CIP/UK and Australia	3.1	3.1	3.1	3.0	1.0	--	--	--	--	--	--	
	(0.7)	(0.7)	(0.7)	(0.7)	(0.2)	--	--	--	--	--	--	
3. Totals:												
a. Nominal FEOF (1a + 2b)	7.8	9.1	19.6	19.5	22.4	22.7	22.2	26.5	22.9	23.7	25.0	
b. Actual FEOF (1b + 2b)	7.8	7.8	15.9	15.1	19.2	17.5	20.5	19.8	14.9	17.5	20.6	
	(3.9)	(3.9)	(8.0)	(7.6)	(9.6)	(8.8)	(10.3)	(9.9)	(9.6)	(13.3)	(16.5)	
c. Grand total	10.9	10.9	19.0	18.1	20.2	17.5	20.5	19.8	16.0	21.4	23.1	
	(4.6)	(4.6)	(8.7)	(8.3)	(9.8)	(8.8)	(10.3)	(9.9)	(10.4)	(16.3)	(18.5)	

Sources: FEOF managers' reports, FEOF sales reports.

Note: Exchange rate used for CIP is 240. Exchange rates used for converting "U.S. Other" are 651 for 1972, 763 for 1973, and 802 for 1974. These are computed average effective rates. "Other"consists of stabilization component of U.S. kip purchases and sales from public, deriving from differential between official rate, at which purchased, and average effective rate, at which sold. USIP is not included on grounds that kip counterpart was not sterilized but used for project support, albeit with some time lag. Actual FEOF input (3b) tallies closely with FEOF kip absorption (Table 3, item 4) over the years 1964 to 1972. The discrepancy in the years 1973 and 1974 is evidently accounted for by the build-up of the dollar balance in the FEOF account, which at the end of 1974 was $3.0 million (see Table 2).

Table 5

Budget Performance, Money Supply, Prices
1955-1975
(budget figures are actuals for July-June fiscal year, bip billions)

		1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975
Budget receipts								0.5	0.6	0.8	1.6	3.4	4.7	6.4	7.3	7.1	8.2	6.8	8.6	9.0	13.3	
Gold customs:	amount											-	1.3	2.7	2.4	1.2	1.8	0.8	0.2	0.2	1.4	
	percent											-	28	43	33	16	22	12	2	3	11	
Budget expenditures								3.4	3.7	4.3	6.1	8.9	14.4	15.3	16.0	16.9	18.2	19.0	21.3	26.5	36.8	
Military:	amount							2.0	2.3	2.4	3.5	6.4	8.4	8.3	8.3	8.3	8.5	8.9	9.5	10.3	13.3	
	percent							59	62	56	57	72	58	54	52	49	47	47	44	39	37	
Budget deficit								2.9	3.1	3.4	4.5	5.6	9.7	8.9	8.7	9.8	10.0	12.2	14.6	17.9	22.7	
Money supply							1.9	2.7	4.9	7.5	7.8	10.3	10.7	11.3	12.4	13.8	16.2	18.8	24.4	28.7	36.7	
Increase:	amount							0.8	2.2	2.6	0.8	1.9	1.7	0.5	1.2	1.5	1.6	3.6	5.7	2.3	10.0	
	percent							+44	+82	+52	+12	+26	+16	+5	+10	+12	+12	+24	+30	+9	+38	
Price change	percent	+1	+14	+23	+8	+6	+2	+1	+29	+147	+51	+8	+9	+9	+6	+3	-3	+3	+28	+42	+47	
Thailand wholesale grain price change	percent															-8	-9	-9	+19	+45	+28	

Sources: IMF Reports, USAID/Laos annual program submissions, Bank of Thailand Monthly Bulletin.

Note: Figures other than for budget are on calendar year basis.

Best Available Document

Table 6

BUDGETARY DEFICITS, FEOF KIP ABSORPTION
TOTAL STABILIZATION INPUT, MONEY SUPPLY
AND PRICE CHANGES, LAOS, 1964-1975
(KIP BILLIONS)

	Budgetary deficit (as in Table 7)	FEOF kip absorption (from Table 3)	FEOF plus non-FEOF donor stabilization input, kip equivalent (from Tables 3 and 4)	Money supply growth (%)	Price change percent
1964	6.8	3.4	4.1	0.8 (12)	+51
1965	8.3	3.9	4.6	1.9 (26)	+8
1966	9.6	8.3	9.0	1.7 (16)	+9
1967	8.8	7.0	7.7	0.5 (5)	+9
1968	10.3	9.8	10.0	1.2 (10)	+4
1969	9.7	8.9	8.9	1.5 (12)	+3
1970	9.8	8.2	8.2	1.6 (12)	-2
1971	14.1	10.5	10.5	3.6 (24)	+3
1972	16.6	10.1	10.8	5.7 (30)	+28
1973	18.2	12.1	15.1	2.3 (9)	+42
1974	26.0	15.7	17.7	10.0 (38)	+47
1975					

SOURCES: As stated; IMF reports from Lao authorities.

Note: The total growth in money supply shown from 1964 through 1974 (30.8 billion kip) accords closely with the excess of the cumulative budgetary deficit (138.2 billion kip) over cumulative donor stabilization inputs (106.6 billion kip), which is 31.6 billion kip.

MONETARY ACCOUNTS FOR LAOS, CY 1964-75
(KIP BILLIONS)

Table 7

	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1[illegible]
Factors pertaining to Laos	6.8	8.8	9.4	8.7	10.7	10.7	9.8	14.7	18.0	19.5	31.6	
. Net inflationary borrowing (ex-FTT)	6.8	8.3	9.6	8.8	10.3	9.7	9.8	14.1	16.6	18.2	26.0	
. Claims on private sector	n.a.	0.5	-0.2	0.1	0.6	0.8	-0.1	0.7	1.2	0.8	-0.1	
. Foreign position of banks	n.a.	n.a.	n.a.	-0.2	-0.3	0.3	0.3	0.1	0.4	0.8	6.2	
. Private time /savings deposits	n.a.	n.a.	n.a.	--	--	-0.1	-0.2	-0.1	-0.2	-0.3	-0.5	
2. Donor expenditures of kip	1.9	4.6	3.1	3.6	3.0	4.3	4.5	4.3	4.8	4.4	4.1	
a. France	--	0.6	0.8	0.9	1.1	0.9	0.7	0.9	0.9	1.0	0.1	
b. Japan	--	--	--	0.1	--	0.6	0.2	0.1	0.5	0.3	1.7	
c. USA (FECF, USIP & Invisibles)	1.9	4.0	2.2	2.7	2.0	2.8	3.6	3.3	3.4	3.1	2.6	
3. Total expansionary factors	8.8	13.4	12.5	12.3	13[illegible]	15.1	14.3	19.0	22.8	23.9	35.7	
Contractionary factors	6.5	9.0	12.3	11.7	13.0	13.6	12.5	15.5	16.9	22.0	24.0	
a. CIPs (US, UK, Aust.) & Invisibles	2.7	3.6	2.0	1.7	1.2	0.8	0.3	0.5	0.2	--	--	
b. Net FECF sales	3.9	5.4	10.3	10.0	11.8	12.8	12.2	15.0	16.7	22.0	24.0	
Difference (3-4)	2.3	4.4	0.3	0.6	0.7	1.5	1.8	3.5	5.9	1.9	11.7	
Errors and omissions	-1.5	-2.5	1.4	-0.1	0.5	--	-0.2	0.1	-0.2	+0.4	-1.7	
Money supply increase	0.8	1.9	1.7	0.5	1.2	1.5	1.6	3.6	5.7	2.3	10.0	

SOURCES: USAID/Laos annual program submissions, Economic Indicators (airgrams).

V. MISCELLANEOUS: TERMINATED PROJECTS; AIR SUPPORT; NAM NGUM DAM; OTHER REGIONAL PROJECTS

MILITARY TECHNICAL SUPPORT AND REQUIREMENTS OFFICE

Between 1962 and 1969 A.I.D. bore the full cost of foodstuffs for regular military and paramilitary forces and for paramilitary dependents in Laos, and half the airlift cost of these foodstuffs. Beginning in FY 1969 the Department of Defense assumed the funding of food and delivery costs for the above forces and dependents in the northern Military Regions (I and II) which involved air delivery. Beginning in FY 1971 DOD assumed funding of the remainder of the above types of costs previously borne by A.I.D. In addition, DOD assumed funding of the personnel costs of the USAID Requirements Office which was responsible for assisting the Lao Armed Forces to receive, warehouse, allocate and distribute all Military Assistance Service Funded (MASF) equipment and supplies for Laos.

Pursuant to the terms of the Laos peace agreements, the Requirements Office was abolished following the establishment of the PGNU and the reduced volume of military assistance in FY 1975 was provided through the Defense Attaché Office under a Military Assistance Program.

CIVIL POLICE ADMINISTRATION
(Terminated 1974)

Developing the capability of the Lao National Police to maintain order and internal security was the primary purpose of the Civil Police Administration Project. Technical assistance, equipment, and training were provided to the police force with special attention given to improving administration and management, the National Police Training Center, police communications and mobility, and enforcement methods and techniques. As a result of U.S. congressional action, the project was terminated in 1974.

A Termination Phase-Out Study (May 1974) was prepared by the Office of Public Safety and is on file.

INDUSTRY DEVELOPMENT
(Terminated 1972)

Promoting the growth of small- and medium-sized industry sectors of the Lao economy, particularly those industries which would reduce dependence on imports or increase foreign exchange earnings through exports, was the purpose of the Industry Development Project in Laos. The project, which commenced in 1967 and was cancelled in FY 1973, 1/ provided: (1) technical assistance in industrial technology; (2) financing for feasibility studies of selected industries; (3) advisory assistance in industrial and agricultural loans and commercial banking; and (4) assistance to the Lao Development Bank in evaluating and granting local currency loans from the Industrial Loan Fund.

By 1970, a ten-fold increase in Lao foreign exchange earnings from timber exports to nearly $1 million a year was achieved. With the assistance of Australian and Canadian technicians, an inventory of accessible forest areas was completed as a basis for a comprehensive forestry development. Other accomplishments of the Industry Project included the establishment of a tire recapping plant in Vientiane.

1/ Upon termination of this project, residual agro-industry and credit and banking functions were absorbed within the Agriculture and Public Administration Projects.

AIR TECHNICAL SUPPORT

The purpose of this project was to provide for the movement of personnel and commodities for all of the project activities in Laos, especially for refugee assistance. The need for air transport resulted from difficult terrain, the absence of railroads, and a limited network of roads that were often impassable during the rainy season and frequently insecure. Construction of a road into Military Region II and changes in the food assistance program resulted in a dramatic decrease in the funding required for this project by the end of 1975.

Funding of the A.I.D. contracts required for this project were shared by other U.S. agencies utilizing the air and support services available. As required, A.I.D. utilized services available under contracts or through other U.S. agencies on a reimbursable basis.

NAM NGUM DAM

Phase I of the Nam Ngum Hydropower Project which was completed in 1971 was administered by the World Bank. The U.S. contributed one-half of the construction costs on an untied grant basis. The other half of the project costs came from eight other nations. The Dam, completed in December 1971 at a cost of $28,815,000 is located 40 miles north of Vientiane and generates 30 megawatts of power. The Thai and Lao Governments have an agreement by which Thailand buys from Laos all the excess energy produced by the Dam.

At the request of the Lao Government, the Asian Development Bank agreed in June 1973 to assist in mobilizing funds for the second phase of construction of Nam Ngum hydropower facilities and to act as coordinator of project execution. Phase II 1/ of the Dam was proposed to expand the capacity to 110 megawatts with the installation of two additional 40 megawatt turbine generators and the construction of spillway gates and related transmission line and substation improvements. The additional energy should ensure available energy for Laos for many years to come and benefit the Lao economy by providing badly needed foreign exchange through continued sales of inexpensive energy for northeast Thailand. The U.S. contribution to Phase II was proposed on a loan basis, in the amount of $5,000,000. After the termination of the A.I.D. program in June, 1975, the loan offer was withdrawn by the U.S. Government. Other donors continued their commitment to support Phase II under the administration of the Asian Development Bank.

1/ Additional information available in:

"Project Review Report on Nam Ngum Hydropower Project - Phase II in Laos," Asian Development Bank, Manila, Philippines, Sept. 1973 (64 pp).

"Capital Assistance Paper, Laos - Nam Ngum II Loan, A.I.D., Washington, D. C., May 21, 1974.

"Nam Ngum Project, Proposed Additional Generating Units," Acres International Limited, Niagara Falls, Canada, Jan. 1970.

See also Bibliography Section E.

OTHER REGIONAL FUNDED PROJECTS AFFECTING LAOS

The United States through its Office of Regional Economic Development (RED) agreed to provide $100,000 to investigate the feasibility of developing in Laos a "backbone" telecommunications system. This system was designed to link all the major cities of Laos for the first time with a modern communications system and connect the Lao system to other Southeast Asian countries. As a result of this study; RED agreed to provide $630,000 for necessary equipment and installation. All but the final $190,000 of equipment was installed.

Another regional activity of direct interest to Laos was the Mekong Ports Improvement Project. The project consisted of improving Mekong River ferry crossings and river port facilities in Laos and Thailand. The U.S. through RED provided $241,000 to finance the project, $161,000 of which was for seven facilities in Laos.

The reservoir created by the Nam Ngum dam (discussed above) has proved to be Laos' richest fishery resource. The U.S. through RED granted a total of $57,000 to provide the resources necessary to ensure the rational exploitation of the fishery potential. Under this grant, carp fingerlings to stock the reservoir, equipment to establish government fishery agents at the reservoir, and construction of carp breeding facilities were provided. The U.S. also provided financing for a study of Mekong water-borne diseases, in particular shistosomiasis. The study was carried out by the Smithsonian Institution, and most of the field research for the first phase was performed at Khong Island, Laos and Ubol, Thailand. The second phase for a pilot control project is being done by the Lowell Technical Institute and TROMPMED, with completion scheduled by June 30, 1976.

The U.S. granted $67,000 in 1972 through RED for the Mekong River Keng Kabao Channel Improvement Project. Blasting of rock shoals from this channel will allow year-around safe navigation on the Mekong River between Vientiane and Savannakhet. This project was 90% complete in mid-1975 with all U.S. imports delivered. The Mekong Committee is expecting to complete the rock-blasting in 1976.

Other projects funded by RED which affected Laos include: the Regional Air Pooling Project which concerned maintenance services of the region's airlines; an Indochina Transportation Survey; the

Regional Scholarships Program; the Nam Ngum Post-Impoundment Study [1]; a Hydrologic Spare Parts Project ($44,000 for Laos); Mekong Navigation Aids ($60,000 for Laos); the Potash Exploration Activity on the Vientiane Plain ($45,000); and the Mekong/Vientiane Dike Study ($150,000) by the Asian Institute of Technology and the U.S. Army Corps of Engineers.

---

[1] "Post Impoundment Assessment of the Ecological Effects of the Nam Ngum Dam and Reservoir, Laos." Report submitted to the Committee for Coordination of Investigations of the Lower Mekong Basin by the Office of International and Environmental Programs, Smithsonian Institution, Washington, D.C., 1 April 1975, 129 pp.

VI. FUNDING SUMMARY CHARTS

U.S. ECONOMIC ASSISTANCE PROGRAM TO LAOS

($000)

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	Project Total
...nal Year ...ls	46	580	202	125	237	160	165	—	—	552	891	1,632	3,735	2,621	2,680	1,970	1,977	1,797	1,444	1,187	1,238	23,299
...f Lao ...s	38	2,869	2,326	805	1,840	8,894	1,083	1,249	1,474	1,735	4,777	3,666	5,578	4,884	3,915	2,127	2,537	2,902	3,206	2,325	3,340	61,570
Public Health Development	4	320	324	511	382	468	206	152	460	1,704	2,789	2,790	1,698	2,667	3,444 1/	3,643	3,743	1,872	2,345	799	3,038	33,359
Education Development	27	118	172	298	243	302	338	741	997	889	824	1,256	1,506	1,940	1,736	1,690	1,557	1,281	1,699	943	1,157	19,714
Public ...inistration ...lopment	353	154	204	43	36	89	87	—	—	137	92	98	254	202	275	523	893	960	1,231	820	914	7,365
Development of Rural Economy	—	204	272	294	288	1,218	1,032	2,834	4,061	1,576	2,527	5,465	5,855	7,136	4,362	4,105	4,288	3,715	4,145	3,666	2,499	59,542
Refugee Relief & Resettlement	412	—	—	—	—	—	—	—	(2,200) 2/	1,979	4,534	4,112	4,554	3,566	2,117	5,329	3,405	3,342	5,252	4,113	1,668	44,383
Maternal & Child Health	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(990) 3/	1,112 4/	925 4/	500 4/	780 4/	400 4/ 200 5/	349 4/	4,266
Civil Police Administration	247	758	303	156	134	141	145	—	—	—	895	557	654	501	466	547	481	356	396	383	—	7,120
...toms Advisors	—	—	—	—	—	—	—	—	—	100	100	100	—	—	—	—	—	—	—	—	—	300
...ll Industry ...elopment	—	67	438	887	96	87	70	211	32	51	—	—	71	231	340	372	244	129	—	—	—	3,326
Technical	—	—	—	—	—	—	(335) 6/	(1,220) 6/	7,741	9,177	8,676	8,810	6,395	6,400	3,060	5,823	6,282	6,973	3,501	3,351	2,023	78,212
[illegible]	—	—	—	—	—	—	—	—	1,350	2,816	3,304	3,459	3,799	3,413	2,242	2,021	—	—	—	—	—	22,404
[illegible]	284	1,052	1,173	1,442	2,843	1,839	2,505	1,740	1,830	3,008	4,205	6,216	5,389	5,239	4,915	4,578	5,003	5,800	5,681	—	—	64,742
...trol	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1,100	2,047	(1,614) 7/	(924) 7/	3,147
Project Total	1,411	6,122	5,414	4,561	6,099	13,198	5,631	6,927	17,945	23,724	33,614	38,161	39,488	38,800	29,552	33,840	31,335	30,727	31,727	18,187	16,286	432,749

...ncludes obligations of $990,000 for Maternal and Child Health.
...bligated under Development of Rural Economy.
...bligated under Development of Public Health.
...amily Planning — Title X.
...evelopment Assistance.
...ligated under Development of Rural Economy.
...epartment of State) International Narcotics Control Funds administered by A.I.D.

	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975		Project Total
Year																							
In																							
										—	—	—	—	—	—	—	—	—	—	—	—		211,600
	35,200	26,700	32,700	21,900	17,000	28,700	26,300	21,100	2,000	4,000	4,000	10,000	13,800	18,600	19,186	16,600	16,100	17,750	16,100	15,400	8,050		259,586
	—	—	—	—	—	—	—	—	—	11,000	7,400	5,000	1,900	4,475	2,500	1,500	1,500	450	—	—	—		79,025
Import	3,000	11,500	6,900	3,200	2,900	1,300	—	—	14,500														
ram																							
ibles	—	—	—	—	—	—	—	—	2,000	1,800	3,700	2,500	1,545	1,025	783	—	—	—	—	—	—		13,353
roject	38,200	38,200	39,600	25,100	19,900	30,000	26,300	21,100	18,500	16,800	15,100	17,500	17,245	24,100	22,469	18,100	17,600	18,200	16,100	15,400	8,050		463,564
tal	39,611	44,322	45,014	29,661	25,999	43,198	31,931	28,027	36,445	40,524	48,714	55,661	56,733	62,900	52,021	51,940	48,935	48,927	47,827	33,587	24,316		896,313
																				5,127	7,240	(Mission)	12,367
ting	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,055	3,040	(AID/W)	6,095
se																					1,700	(Mission Closeout)	1,700
Country Total	39,611	44,322	45,014	29,661	25,999	43,198	31,931	28,027	36,445	40,524	48,714	55,661	56,733	62,900	52,028	51,940	48,935	48,927	47,827	41,769	36,316		916,475

CE: FY 1955-1969 - USAID/Laos (adjusted for deobs)
FY 1970-1975 - Laos Desk (obligations)

Laos termin

VII. BIBLIOGRAPHY

A SELECTIVE BIBLIOGRAPHY ON LAOS

HEADINGS

A. GENERAL BACKGROUND

B. AGRICULTURE, FISHERIES, FORESTRY, COOPERATIVES, IRRIGATION LIVESTOCK, NUTRITION

C. ECONOMIC DATA AND STUDIES

D. EDUCATION

E. ROADS, DAMS, AIRPORTS, MEKONG PROJECT, and OTHER CONSTRUCTION

F. RURAL COMMUNITY DEVELOPMENT

G. POLITICAL and SOCIAL

H. PROGRAM MANAGEMENT, COMMUNICATIONS, EVALUATION, PUBLIC ADMINISTRATION

I. HEARINGS and CONGRESSIONAL REPORTS

J. NARCOTICS

K. MEDICINE and HEALTH

L. LEGAL, LAWS, GOVERNMENT ORGANIZATION

M. VOLUNTARY AGENCIES

N. PUBLIC SAFETY

O. REFUGEES

Most of the entries in this bibliography may be found in the Agency Reference Center or in other AID/Washington program files. Where applicable, the ARC card file number follows each entry. Some entries may be found under more than one sectional heading.

A. GENERAL BACKGROUND

1. American Cooperation with Laos; A Vital Link in the Chain of Mutual Security, Dale C. Lavergne, USOM/L, July 1959, 73p. LA309.2235594 L399

2. Anthropological Program in Laos, End of Tour, Kenneth W. Orr, USAID/L, 20 research papers, LA301.09594 L298

3. Anthropological Studies in Laos, Collection of Papers, Kenneth W. Orr, USAID/L, 1966-67, LA301.29594 075

4. Aspects of Village Life and Culture Change in Laos, N.Y., Council on Econ. and Cult. Affairs, 1958,143p.

5. Battle for Vientiane and USOM Activities, John Cool, 4p. LS301.3409594 C771

6. Bibliography of Books, Articles and Reports on Laos, Galen S. Berry, USAID/L, July 1969, 29p. LS010.594 B415

7. Bibliography of Laos and Ethnically Related Areas, John McKinstry, U. of Calif., LA, 91p., LA010.594 M158 (no date)

8. Civil Assistance Program, Laos, USArmyPAC, Hq, White Star Training Team, Nov. 1961

9. Comments on report "U.S. Aid Operations in Laos", ICA, 1960, 45p., LA309.2235594 I61

10. Communist Strategy in Laos, J.B. Halpern and H.B.Fredman, Rand Corp., 1960, 162p.

11. Conflict in Laos, Arthur J. Dommen, Praeger 1964, 338p.

12. Cooperation for Peace and Prosperity, Laos - American Aid Program in Laos, USOM/L, May 1957 55p., LA309.2235594 U58a

13. The Challenge to Freedom in Asia, Roger Hilsman, Dept. State Bull., (July 8, 1963) 1254, 43-50

14. Declaration on the Neutrality of Laos and Protocol, Signed in Geneva, Dept. State Bull., 47, (Aug. 13, 1962) 1207, 259-63

15. Developing Country Coverage of Earth Resources Technology Satellites, ERTS - I AID/TA, July 1973,26p., LA333.7 A265

16. Development and Planning for Second Year Program, AmEmb Airgram-421, May 6, 1960

17. Directory of Bans, USAID/L, Oct. 1970

18. Economic Development Plan for Laos 1963-64, Presidential Decree, 650 PC, July 1963

19. Economic Prospects for Laos and the Demand for Foreign Exchange in CY 69, Herbert B. Woolley, USAID/L, Oct. 1968, 32p.,tables, LS332.49594 W913

20. Economy of Laos, Claude Vercoultre, Dec. 1960, 42p., LS330.9594 V482

21. Ethnic Groups in the Valley of the Nam Song and Nam Lik, Their Geographical Distribution and Some Aspects of Social Change, Keiji Iwata, U. of Calif., LA, 1959, 29p., LA301.451 I96

22. Facts behind the Pathet Lao Affair, Sisouk Na Champassak, Lao Emb, Wash., D.C., 1959, 18p.

23. Facts on Foreign Aid to Laos, USAID/L, 1971, 202p., illus, LA309.2235594 U58b

24. Facts on Foreign Aid to Laos, 2nd Edition, USAID/L, 1973, 179p.

25. Foreign Assistance for the Development of Laos, USAID/L, Nov. 1968, 14p, LA338.9595 U58

26. Foreign Assistance for the Development of Laos, Provided to Laos by Donor Countries, USAID/L, July 1969, 16p, LS338.91594 U58a

27. Geographic, Demographic, and Ethnic Background of Laos; Joel Halpern, U. of Calif., 1960, 19p, LA301.2 H195

28. Government, Politics and Social Structure of Laos: Study of Tradition and Innovation, Joel Halpern, U. of Calif., 199p, LA320.9594 H195

29. Implementation of Five-Year Plan as of Oct. 30, 1959, AmEmb Airgram of Dec. 14, 1959.

30. Information and Attitudes in Laos, Raymond Fink, Wash., D.C., Bur. of Soc. Sce. Res ., 1959, 122p.

31. Inter-cultural Communications Guide, Laos, USArmy Dec. 1970.

32. International Boundary Study, Cambodia - Laos Boundary, Dept. State, June 1964, 5p, map, CB327 S797

33. International Political Developments in Laos, Arthur J. Dommen, SEADAG, May 1971, 20p, LA320.9594 D672

34. Introducing Laos: Toward an Understanding of the Lowland Farmers in Laos, Kenneth W. Orr, USAID/L, June 1967, 206p, illus, LA301.444 075

35. International Conference on the Settlement of the Laotian Question and the Geneva Agreements, of 1962, J.J.Czyzak and C.F. Salans, Amer. Journ. of Intern. Law, 57:300-17, Apr. 1963

36. The International Relations of Laos, Bernard B. Fall, Repr. Pacific Affairs, 30. Mar. 1957, 1.22-4

37. Kingdom of Laos, Background Notes, Dept. State, GPO, Mar. 1969, 8p., LS959.404 S797

38. The Lao Elite: a Study of Tradition and Innovation, J.M.Halpern, Rand Corp, Nov. 1960, 89p, RM-2636-RC, LA301.2 H195a

39. Laotian Statement, Far East Econ. Rev.,Apr. 5, 1962, P.H.M. Jonas, 17-21

40. Laos and America; a Retrospective View, J.B.Halpern, So. Atl. Q. 63:175-87, spring 1964

41. Laos: Background of a Conflict, Public Affairs Press, 1962

42. Laos, a Phase in Cyclic Regional Revolution, Anne M. Jones and George K. Tanham, Orbis, 5.(Spring 1961) . 64-73

43. Laotian Diary; "Tribute to a Team", ICA/OCB, Dean J. Bowman, Sept. 1960, 14p, LS309.235594 B787

44. Laos, Area Handbook on,Human Relations Area Files, 1958

45. Laos and SEATO, Spectator 210:452 Apr. 12, 1963

46. Laos, Its People, Its Society, Its Culture, Frank M. Lebar, and A. Suddard, eds., HRAF, N.Y., Taplinger, 1960 294p

47. Lao Buddhism, a Vehicle for Technical Change, Arthur H. Nishoff, Human RRO. 1963, XR4218, 15p

48. Laos in Strategic Perspective, H.B.Fredman, Rand Corp, P-2330, June 7, 1961, 17p

49. The Meo of Xieng Khouang, George L. Barney, U. of Calif. 1957, 50p, LA301.451 B261

50. Minority Groups of Northern Laos, especially the Yao, Keiji Iwata, U. of Calif., 1960, 30p, LA301.45 I96

51. My Stay in a Lao Wat, Lawrence J. Olsen, Dec. 1967, 15p, LS301.29594 052

52. Natural Economy of Laos, Joel Halpern, U. of Calif. 112p, LA630.9594 H195

53. Never Negotiate Freedom, the Case of Vietnam and Laos, Asian Survey, I. Jan. 1962 II. 3-11

54. On Understanding Laotian Society, Fred Branfman, USAID/L, LS301.29594 B281

55. Patterns of Consumption in the Lao Household: Preliminary Presentation of Data, Kenneth W. Orr, USAID/L, May 1967, 110p illus., LA339.4 075

56. Population Statistics and Associated Data, Joel Halpern, U. of Calif., Mar. 1961, 59p, LA301.32 H195

57. Plan for the Economic and Social Development for the Kingdom of Laos, USOM Airgram, TO ICA A-203, Oct. 7,1957

58. Four Questions on American Economic Aid in Laos, Charles A. Mann, USAID/L, Nov. 1969, 49p, LA338.91594 M281

59. Rediscoveries of the Mekong, The; Part III, Empathetic Colonizers, William A. Hanna, 1970, American Univ. Field Staff, Inc., N.Y., Southeast Asia Series, Vol. 18, No. 9, 5p.

60. Recent Accomplishments of AID Programs in Laos, USAID/L, 1965, 5p, LA353.1 U58a

61. A Report on Laos - A Survey to Determine the Scope and Direction of Future American Voluntary Agency Assistance to the People of Laos, CRS team, Nov. 1974

62. Report on a Visit to Vietnam, Thailand, and Laos, Theodore L. Reller, U. of Calif., Berkeley, Dec. 1964 - Jan. 1965, 22p, FEA309.22307 R383

63. Report on Social-cultural Conditons in the Lao Study Area : Pa Mong Proj., Lower Mekong Basin, Margaret M. Kardell, May 1968, 51p, illus., LA309.1594 K18

64. The Role of the Chinese in Lao Society, Joel M. Halpern, Rand Corp., 1961, 38p, LA309.1594 H195

65. Rural and Urban Economics, Joel Halpern , U. of Calif., 128p, LA330.9594 H195

66. Second Report of the Drafting Committee on the Protocol to the Declaration on the Neutrality of Laos, Inter. Conf. on the Settlement of the Laotian Question, Doc. LAOS/DOC/34 Dec. 13, 1961, Annex, 6p.

67. Second Report (as above Document), Dec. 14, 1961, Annex I "Draft Declar. on the Neutrality of Laos", 2p.

68. Statement of Neutrality by the Royal Lao Government, Lao Govt. Doc., (Doc. SOV B-4 Dept. State) July 23, 1962, 12p .

69. Survey of Vientiane Plain, Emphasizing Socio-economic, Politico-administrative, and Educational Impact of the Pa Mong Project, Joel Halpern, SEADAG, May 1970,1 v., LA309.2235594 H195a

70. The Thai Peoples, Erik Seidenfaden, Bangkok, the Siam Society, 1958, 177p.

71. Twentieth Century Chinese Works on Southeast Asia, A Bibliography, Austin C.W.Shu and William W.L. Wan, East-West Center, Hawaii, 1968, 201p, FEA016.959 S562

72. U.S.Army Handbook for Laos, Mar. 1964

73. United States Aid to Laos, 1966 and 1968 editions, USAID/L, 33p and 25p.

74. The USAID Program in Laos, USAID/L, Feb. 1967,1 v. illus., LA353.1 U58

75. United States Aid to Laos, Joseph A.Mendenhall, Talk to Rotary Club of Laos. 1959, 13p, LA309.2235594 M534

76. Vietnam, Laos, and Cambodia Panel Seminar, SEADAG, 1971, 21p VS324.2 S727

77. Vietnam, Laos and Khmer Panel Seminar, SEADAG, Jan. 1970, 30p, FEA309.2 S727c

78. Village Life in Vientiane Province, Howard K. Kaufman, USAID/L, 17p, Oct. 1956, LA301.35 K21a

79. Village Life in Vientiane Province, Howard K. Kaufman, U. of Calif., LA, 1957, 82p, LA301.35 K21

80. The Village of Ban Pha Khao, Vientiane Province; Preliminary Report, Tsuneo Ayabe, U. of Calif.,LA, 1959, 55p, LA301.35 A973

81. Why Laos is Critically Important, Dean Rusk, Dept. State, Bull., 51, July 6, 1964, 1307. 3-5

B. AGRICULTURE, FISHERIES, FORESTRY, CO-OPS, IRRIGATION, LIVESTOCK, NUTRITION

1. Agrarian Modernization and Village Leadership, Irrigation Leaders in Laos, Walter E. Coward

2. Agriculture Credit, IBRD, Aug. 1974

3. Agricultural Development Organization and Some Observations on Its Needs in Rice Marketing, Organization, Policies and Operations, J.D.Drilon Jr., USAID/L, Feb. 1966, LS380. 141318 D779a

4. Agricultural Development Organization, End of Tour, USAID/L, Thomas M. Ketelle, LA332.71 L298

5. The Agricultural Development Organization and the Rice Problem in Laos, USAID/L, Feb. 1966, LS380.141318 D779

6. Agriculture Development Projects in Laos, End-of-Tour, USAID/L, David R. Brooks, Dreyfus W. Froe, James E. Hawes, Ralph O. Lewis, Roger W. Leinbach, Calvin L. Martin, Andrew H. Schmidt, L.S. White, and Stephen S. White. LA630. 9594 L298.

7. Agriculture Extension Projects in Laos, End-of-Tour Reports, USAID/L, Leo Barnell, John J. Flanagan, Dale E. Thorngren, LA630.715 L298

8. Agricultural Mechinization in Laos, USAID/L, Robert E. Laubis, 1967, 40p, LA631.372 L366

9. Agriculture in Laos, Enclosure to AID A-864, USAID/L, 45p, LS630.594 U58

10. "Agricultural Prices in Economic Devleopment - Their Roles, Function, and Operation", John W. Mellor, Cornell Univ., June 1970.

11. Agriculture Programs in Laos, Joseph A. Mendenhall, TOAID A-864, Feb. 15, 1966, LA630.9594 M537

12. Agricultural Development Programs for Laos, James H. Brooks, USAID/L, LS630.9594 J27

13. Agricultural Revolution in Southeast Asia, report of a SEADAG Rural Development Seminar Meeting, June 19, 1969, Vol. I and II

14. American Aid to Laos, a Vital Link in the Chain of Mutual Security, USOM/L, July 1959, LS309.2235594 A512c

15. An ADB Appraisal of the Tha Ngon Agriculture Development Project in Laos, Feb. 1970

16. Conditions Requisite for Success in the Rural Development Programs, USAID/L. Oct. 10, 1974

17. Conservation and Development of Forest Resources Projects in Laos, End-of-Tour Report, Wayne G. Banks, LA634.9 L298

18. Crop Production Projects in Laos, End-of-Tour Reports, Arthur W. Bechtel, James E. Hawes, William F. Litwiller, John W. MacQueen, and John M. White LA631.5 L298

19. East Asia; Economic Growth Trends, USAID/L, Oct. 1974

20. Economic Development and American Aid, Joel M. Halpern, 8-1958, LA338.9 H195

21. Economic Study of Agrarian Problems in Indochina, Randall Stelly, May 1956, PhD Dissertation, Louisiana State U. VS630.9597 S824

22. Economists of USAID/L, End-of-Tour Report, Sidney V. Lehky, LA330.9594 L298

23. Engineering Handbook, David R. Brooks and I.M.Simon Gog, LA624.09594 B873a, LS624.09594 B873, LS631.7 B873a, LS627.594 B873

24. Engineering Handbook, Owen K. Brown, USAID/L, LA631.7 B873

25. Evaluation: Joint RLG/USAID Accelerated Rice Production Program 1967-69, USAID/L, 206p. LA633.18 U58

26. Evaluation of the Agricultural Extension in Laos, USAID/L, FY 57-74, Apr. 1974

27. Evaluation of Training at Ban Amone, 1969, USAID/L, 12p

28. Evaluation of the Houei Nam Pak, an Experimental Refugee Resettlement Project, USAID/L, Anthony H. Wirtz LS301.32594 W799

29. Evaluation Study of the Nam Tan Project, USAID/L, 1974

30. Evaluation of Agricultural Development Organization of Laos, Ted L. Jones, Ohio State U., Jan. 1969,LS630.9544 J79

31. Evaluation Study of the Moung Phieng Cluster Area, Paul Maynard and Polachart Kraiboon, USAID/L, 1969

32. Facts on Foreign Aid to Laos, USAID/L, July 1973 2nd ed.

33. Factors Affecting Investment Decisions in the Aquacultural Projects in the Developing World, with particular reference to Southeast Asia, Peter T. Wadsworth, Center for Develop. Marine Resources. U. of R.I.

34. Feasibility Report on Vientiane Pump Irrigation Project for AID, by Bur. Rec., Mar. 1970

35. Final Report on SEADAG Research Project(Agr. Dev. in Western Laos), E.Walter Coward, Penn State U. LA630.9594 C874

36. Fishes of the Mekong Basin, Taki Yasuhiko, July 1974, 232p., illus., LA639.209594

37. Forest Survey Plan for Laos, USAID/L, A.A.Hasel, Mar. 1967, 50p., LA333.75 H347

38. Forestry Sector Evaluation for Laos, USAID/L, Nov. 1970, 299p, illus, LA634.92 U58

39. Food Production for Vientiane, Donald R. Mitchell, USAID/L, Dec. 1971

40. Introducing the Lao; Toward an Understanding of the Lowland Farmers in Laos, Kenneth C. Orr, June 1967, 206p., illus, USAID/L

41. Laos, Country Development Brief, Food and Agr. Sector (including fish and forestry), Feb. 1974

42. Laos: Economy of Laos, Ministry of Economy Dec. 1960, LA330. L298

43. Laos Teacher Training School Organizes a Farm, Charles J. Dove, USAID/L, LA631 D743

44. The Lao Farmer and the Proposed Artificial Fertilizer Program in Laos, Kenneth C. Orr, USAID/L, Dec. 1966, 29p., LA631.8 075

45. Laotian Agr. Statistics, Joel Halpern, U. of Calif., Apr. 1961, LA630.18 H196

46. Livestock and Poultry Projects in Laos, End-of-Tour Reports, Harry L. Moore, Clyde M. Richardson, and Yoshio Yamashiro, USAID/L, LA636 L298

47. Marketing Study, Robert Wulff, USAID/L, 5 vols. 1974

48. Materials re the Slaughterhouse in Vientiane, Laos, USAID/L, 1971

49. Multilateral Assistance for Agriculture Development, USDA & AID, July 1970

50. The Nam Tan Project, Waterway to Progress, USAID/L, LA628 N174

51. National Agriculture Development Project. End-of-Tour Report, Edward B. Hogan, USAID/L, LA630.9594 L298a, CLASSIFIED

52. Natural Economy of Laos, Joel Halpern, U. of Calif., LA630.9594

53. Poultry Production in Laos, End-of-Tour Report, H.L.Moore, June 14, 1960, LS636.5 M822

54. Production Credit in Laos, the Lao Savings and Loan Co-op; Progress Reports, USAID/L, LA334.2 L298

55. Program Summary - Laos, USAID/L, 1967 11p. LA353.1 U58b

56. Practice: the Pioneer Project in the Tha Ngon Area - Vientiane Plain, Laos, Nikorn Phankongsy, 1974, USAID/L, LA301.35 P535

57. Recent Accomplishments of AID Programs in Laos, USAID/L, 1965, 5p., LA353.1 U58a

58. A Report on the Agricultural Situation in the Bolovens, Jack Wheat, 1959, LS635 W556

59. Report on Laos; Survey to Determine the Scope and Direction of Future American Voluntary Agency Assistance to the People of Laos, James MacCracken, Catholic Relief Services USCC, LA309.2235594 M132

60. Report on Poor Milling Recovery of Rice, James E. Hawes, USAID/L, July 1968, LA633.18 H391a

61. Report on a Visit to Vietnam, Thailand, and Laos, Theodore L. Reller, U. of Calif., Berkeley, Dec. 1964 - Jan. 1965, FEA309.22307 R383

62 Research and Technical Assistance Programs in Agriculture, Summary of ongoing, AID/W, FY 1971-72

63. Review of Program for Water Resources Development, John B. Delaney, USAID/L, Nov. 1965, 17p, LA333.913 D337

64. Rice Production Handbook, Don Davis USAID/L, Apr. 1967, illus, LA633.1 D261

65. Rice Production in Laos, Bounmy Thepsimoung, USAID/L, Aug. 1968 6p., LA633.18 B765

66. Rice Production Training Programs: Salakham Rice Research Center, Vientiane, Laos, Roberto A. Montserrat, USAID/L, Aug. 1969, 1 vol., LA 633.1807 M754

67. Rice Quality Reports, James E. Hawes, USAID/L, 1968, 1 vol. LA633.18 H391

68. Rice Mill Survey, Robert E. Laubis, USAID/L, Dec. 1967, 58p LA633.18 L366

69. Rural Programs in Laos, a mid-1969 Reassessment, Hans Heymann and John C. Donnell, Rand Corp., Feb. 1970, 41p., LA301.35 H618 CLASSIFIED

70. Rural Self-help and Social Welfare Programs in Laos, End-of-Tour, William M. Taylor, USAID/L, LA361.2 L298, CLASSIFIED

71. Report on Rice Project, Marcus Borson, USAID/L, LS633.18 B729

72. The Role of Local Institutions and Joint Organizations in less developed Countries as Program Intermediaries for Foreign Assistance, USAID/L, Jerome French, May 18, 1971

73. Security and Assistance to Laos, Charles A. Cooper, Rand Corp., Sept. 1965, 225p., LA309.2235594 C776

74. Social Aspects of Fishing in the Mekong Basin of Thailand and Laos, report of a six-month survey, Thomas M. Fraser Jr., U. of Mass.

75. Statis. Framework for Integrated Development of the Vientiane Plain, Pablo Sampson, LA630.202 S193

76. Summary of Ongoing Research and Technical Assistance Programs in Agriculture FY 1971-72, USAID/L

77. Village Life in Vientiane Province, Howard K. Kaufman, USAID/L, Oct. 1956, 17p, LA301.35 K21a

C. ECONOMIC DATA AND STUDIES

1. Agricultural Prices in Economic Development - Their Roles, Functions and Operation, John W. Mellor, Cornell Univ., June 1970

2. The Agricultural Situation in the Far East and Oceania Review of 1974 and Outlook for 1975, USDA/ERS, May 1975

3. American Aid to Laos, USAID/L FY 1955-62, 1 vol., LS309.235594 A512a

4. American Aid to Laos, USAID/L, Charles A. Mann, 1963, 28p, LA309.2235594 M281

5. American Aid to Laos, USAID/L, 1964, 28 p., illus., LA309.2235594 A512

6. Appraisal of Vientiane Power Distribution in Laos, ADB, 1 Vol., June 1969, LA621.319 A832

7. Aspects of the Economy of Wapikhamthong, a Province in Southern Laos, Stafford R. Smith, USAID/L, Oct., 1966 21p., LA330.9595 S657

8. Capital Savings and Credit among Lao and Serb Peasants: a Contrast in Cultural Values, Joel Halpern, U. of Calif., Mar. 1961, 12p., LA332 H195

9. Comparative Study of Refugee and Non-refugee Villages, Part I, Survey of Long established Villages on the Vientiane Plain, Robert M. Wulff, Aug. 1972, 1 vol. illus., LA301.35 W961

10. Development of the Port of Sattahip and Da Nang and of Route No. 9, Arthur G. Auble, Mar. 1973, 1 vol., FEA380.09594 C762

11. East Asia: Economic Growth Trends, AID/W, Oct. 1974

12. Economic and Related Statistics Dealing with Laos, Joel Halpern, U. of Calif., 38 tables, LA311.39594 H195 (No date)

13. Economic Situation Report, J.E. Diller and H.B. Woolley, USAID/L, Dec. 1969, 1 vol., LA330.9594 D578

14. Economic Tables, USDA/ERS, Aug. 1974

15. Economic Study of Agrarian Problems in Indochina, Randell Stelly, Dissertation PhD, Louisiana State U., May 1956, 452p., VS630.9597 S824

16. Economy of Laos, Claude Vercoultre, Dec. 1960, USAID/L, 42p., LS330.9594 V482

17. Economy of Laos, Ministry of Economy, Laos, 42p., Dec. 1960, LA330 L298

18. Elementary School Statistics, Kingdom of Laos, Lao Ministry of Edu., LA372.9595 L298

19. Economic Prospects for Laos and the Demand for Foreign Exchange in CY 69, Herbert B. Woolley, USAID/L, Oct. 1968, 32p., tables, LS332.49594 W913

20. End of Tour Reports of Program Economists of USAID/Laos, Sidney V. Lehky, USAID/L, LA330.9594 L298

21. Examination of Economic and Technical Assistance Program for Laos, ICA, for FY 55-57, Report to Congress, Comptroller General, Oct. 1958, 84p., LS 309.2235594 C738

22. Factbook: Laos, USAID/L, LA959.404 U58

23. Facts of Foreign Aid to Laos, USAID/L, 1971, 202p., illus., LA309.2235594 U58a

24. Facts on Foreign Aid to Laos, USAID/L, 2nd ed., 1973, 179 p.

25. Financial Institutions of the Royal Kingdom of Laos, Robert F. Emery, July 1969, 48p. LS332.09594 E53

26. Follow-up Review of the Paper listed under No. 21, July 1959, LS309.2235594 C738

27. Foreign Assistance for the Development of Laos, USAID/L, Nov. 1968, 14p., LA338.9594 U58

28. Foreign Assistance for the Development of Laos: Compilation of Economic Assistance Provided to Laos by Donor Countries, USAID/L, July 1969, 16p., LA338.9594 U58a

29. Foreign Exchange Operations Fund for Laos, USAID/L, Feb. 1973,19p., LA332.45 U58

30. The Foreign Exchange Operations Fund for Laos, an interesting Experiment in Monetary Stabilization, Joel Clark, USOM/L, 1965 15p., LA332.45 J64

31. Improvements in Central Banking Operations Project in Laos, End-of-Tour, William S. Rizk, USAID/L, LA332.11 L298

32. Improvements of Fiscal Management and Budget Resources Project in Laos, End-of-Tour Report, USAID/L, Alex A. Rozental, LA354.594724 L 298

33. In-transit Rates to Laos, Merrill J. Roberts, 61p., LA354.594724 R646

34. Industrial Progress for Laos, Continental-Allied Co., Inc. May 1966, 298p., LA338.09594 C762a

35. Laotian Agriculture Statistics, Joel Halpern, U. of Calif., Apr. 1961 16p., LA630.18 H196

36. Laotian Educational Statistics, Joel Halpern, U. of Calif., 1960, 15p., LA370.09594 H195

37. Little World of Laos, Oden Meeker, 1959, 256p., LS959.404 M494

38. Multilateral Assistance for Agriculture Development, USAID/ USDA, July 1971

39. Report on Economic Condition in Laos, TUOMIOJA, UNO, Dec. 1959

40. Rural and Urban Economics, Joel Halpern, U. of Calif., 128p., LA330.9594 H195

41. Kingdom of Laos: Background notes, GPO, Mar. 1969, 8p., LS959.404 S797

42. Small Industries Development Follow-up Mission; Final Report, Continental-Allied Co. Inc., May 1966, 31p., LS338.09594 C762

43. Statistical Report-Laos, USAID/L, 1 vol. illus., 42p., LS332.09594 U58

44. Statistical Framework for the Integrated Agricultural Development of the Vientiane Plain, Pablo Sampson, ADB, 1 vol, June 1969, LA630.202 S193

45. Taxation in Laos: Policies for a new Country with an undeveloped Economy, Neil H. Jacoby, June 1961, National Tax Jour., 18p., LS354.594724 J17

46. United States Aid to Laos, Talk to Vientiane Rotary Club by Joseph A. Mendenhall, July 11, 1966, 13p., LS309.2235594 M534

47. United States Exports to Thailand, Vietnam, Laos, Cambodia: Annual Statistics, AID, 382.6 A265a

D. EDUCATION

1. Community Education Projects in Laos, End-of-Tour Reports, Leontine Engler, Ralph E. Jones, Harry L. Little, Earl F. Vandrell, Dewey K. Brumbaugh, LA372.9594 L298a

2. Compulsory Education in Cambodia, Laos, and Vietnam, Charles Bilodeau and Somlith Pathammavong, 1955, UNESCO, 175p., CB379.2 B599

3. Developmental Book Activities and Needs in Laos, Stanley A. Barnett, Emerson L. Brown, and David Kaser, Sept. 1967, Wolf Management Services, 95p., LS381.456554 W854g

4. Education in Laos, End-of-Tour, James H. Faulhaber, Aug. 1965, USAID/L 10p., LA370.09594 F262

5. Education in Laos, Report of UNESCO Mission 1957, 96p., LA370.09594 U58

6. Educational Development Program in Laos, End-of-tour Report, J. Russel Andrus, Nov. 1967, 10p., Toaid A-608. LS370,09594 A576

7. Educational Materials Development and Teacher Training Programs in Laos, End of Tour Report, Francis H. Vittetow, USAID/L, LA370.71 L298a

8. Effects of Literacy Skills obtained through Non-formal Modes in Rural Laos, Bernard Wilder, USAID/L, Feb. 1971, SEADAG, 25p., LA379.24 W673b

9. Elementary School Statistics; Kingdom of Laos, USAID/L, LA372.9594 L298

10. End of Tour Report on English Teaching, Ted Robinson, USAID/L, LA428.24 L298

11. Evaluation of Training at Ban Amone, 12p., 1969, LA301.3409594 U58

12. Factbook on Laos, USAID/L, LA959.404 U58

13. First Three Years: Report of Development of Ecole Normale d' Instituteurs, July 1965, 7p., LS370.71 M174

14. In-service Training for local AID Employees in Laos, End-of-Tour Report, Alfred S. Sigmund, Mar. 1966, 7p.

15. Laos Teacher Training School Organizes a Farm, USAID/L , 9p., illus., LA631 D743

16. Literacy in Laos, TOAID A-215, Mar. 14, 1969, W.G.Hart, 3p., LS379.24 H326

17. Literacy Levels of various Sectors of the Population of Laos, Bernard Wilder, USAID/L, Nov. 1968, 156p., LA379.24 W673

18. Literacy Survey in Laos, IVS, Bernard Wilder, Nov. 1968, 1 vol., LA379.24 W673a

19. Literacy Skills of the Underschooled Literate Laos, Bernard Wilder, Mich. State Univ., Feb. 1971, 26p., LA370.194 W673

20. Manpower Development Projects in Laos, James B. Chandler, LA331.09594 L298 CLASSIFIED

21. One Year and One Million Books Later, Francis H. Vittetow, Apr. 1966, 29p., LA318.456554 V851

22. Orientation and Language Training Program, End-of-Tour Report, Chip Smith, 1968, 18p., LS309.2235594 S644

23. Participant Assessment of USAID/Laos, American Univ. Development Education and Training Research Inst., Feb. 1971, 16p., AID/csd-2865

24. Pilot Study to Determine Literacy Level of Laos, Ralph H. Hall, May 1968, 17p., LA379.24 H178

25. Program of Studies - Fa Ngum Comprehensive High Schools, Fa Ngum Curriculum Center, Vientiane, 1974

26. Projection of Elementary Enrollment and Teacher Availability in Laos 1966-68, Oct. 1966, 1 vol., illus.

27. Recommendations on Assistance that may be Provided by the Univ. of Hawaii for the further Improvement of Lao Education, Teruo Ihara, Robert M. Martin, Takeshi Moriwaki and Martin M. Rosenburg, U. of Ha., 1965, 79p.,Cont. AID/FE-185

28. Recent Accomplishemnts of the AID Program in Laos, 1965, 5p., LA353.1 U58a

29. Reports of Curriculum Higher Education Consultants at Ecole Superieure de Pedagogie, Laos: bi-monthly reports, Lawrence J. Levy, American Assoc. of Colleges for Teacher Edu., LA378.594 L668

30. A report on Laos: A Survey to Determine the Scope and Direction of future American Voluntary Agency Assistance to the People of Laos, CRS survey team, Nov. 1974

31. A report on the Observation Tour to Thailand for 60 Lao Elementary Educators, Norman W. Green, Apr. 1 to 11, 1967, 5p., LA372.9594 G797

32. Teacher Education in Laos. End-of-Tour Report, Charles J. Dove, USAID/L. Nov. 1965, 22p., LA370.71 D743 CLASSIFIED

33. Teaching, End-of-Tour Report, Stan Durben, June 1968, USAID/L, LS371.3 D794

34. Teacher-training Institution, End-of-Tour Report, Laurel Durben, June 1968, USAID/L, 12p., LS370.71 D794

35. Teacher-training Project in Laos, End-of-Tour Report, A. R. Caskill, James B. Chandler, Norman W. Green, and Ralph H. Hall, LA370.71 L298

36. Teaching and Learning in Laos, James B. Chandler, USAID/L, June 1973, 1 vol., illus.

37. Teacher Training in Laos, the Fountain Head of Economic Reform. Francis Vittetow, May 1966, USAID/L, 39p., LS370.71 V851

38. Technical Reference Library, Complete Subject List of Books, July 1968, 61p., LS071.1 U58

39. Technical Advice and Assistance to the Ministry of Education in establishing a Comprehensive Lao Secondary School: semi-annual report 1967, U. of Ha., cont. AID/ea-1, LA373.594 H389

40. Third-year English, End-of-Tour Report, Edith Miller, USAID/L, 1966-68, 8p., LS428.24 M674

41. Village School Research, Roderick MacRae, June 1965, USAID/L, 10p., LS370.19346 M174

42. USAID and Education in Laos, A Position Paper of the Education Division, Feb. 1968, 3p., LA370.09594 U58a

E. ROADS, DAMS, AIRPORTS, MEKONG PROJECT AND OTHER CONSTRUCTION

1. Aids to Air Navigation in Southeast Asia: Indonesia, Malaysia, Philippines, Laos, Thailand, Singapore, Vietnam. Dept. Trans., Office of International Programs, 1971,237p., FEA629.13251 T772

2. Bibliography of Miscellaneous Research Materials, pertaining to Laos, Thailand, Cambodia, and Vietnam and the Mekong River, Joel Halpern and James A. Hafner, 140p., SEADAG, FEA016.959 H195

3. Construction Reports: monthly reports, USAID/L, LS624 U58

4. Development of Lao National Road System, monthly reports, Dept. of Interior, BPR, LS625.1 P967

5. Development of the lower Mekong Basin, Dept. of Army Engineers, Agency for Resource Inventories, Mar. 1970, 37p., FEA333.91095 A741

6. Earth Blocks for Laos, IVS, Gustaf Carlson, June 1964, 37p. illus., LS691.4 I61

7. Economic and Social Aspects of lower Mekong Development; a Team Report, Gilbert F. White et al., Jan. 1962, 101p., Committee for Coordination of Investigations of the lower Mekong Basin, FEA333.91095 W584

8. Economic and Technical Feasibility Study of proposed Mekong River Port, Cargo-handling, and Boat Building Facilities Project in Thailand-Laos, Phase I, River Transportation Survey, Transportation Consultants Inc., 1968, 86p., illus., TH386.3 T772a

9. End of Tour Reports of Chiefs of Transportation and Communications Division, USAID/L, William A. Wimbish, LA380.509594 L298

10. Engineering Reconnaissance Report on Highways, Airfields, River Crossings, Water Transportation, and External Routes of Supply for the Royal Kingdom of Laos, Transportation Consultants Inc., June 1957, 99p., illus., LA380.509594 T772a

11. Environmental Analysis of Construction of the Nam Ngum, Laos, Hydro-electric project, Acres International Ltd. 59p., Jan. 1974, LA627.1 A187

12. Facts on Foreign Aid to Laos, USAID/L, 1971, 202p., illus., LA309.2235594 U58b

13. Feasibility Study of the Nam Ngum Hydro-electric Power Project in Laos, Edison Elec. Inst., 1966, 26p., illus., LS621.312134 E23

14. Highway System for the Kingdom of Laos, Progress Report, Bader and Assoc.,LA625.7 B134

15. Interim Report on the Highway Situation in the Vientiane-Luang Prabang-Xieng Khouang Area of Laos, Transportation Consultants Inc., Jan. 1957, 8p., LA380.509594 T772

16. Lower Mekong Basin; Reconnaissance Report, Dept. Interior,Bur. Rec., March 1956, 1 vol., illus., FEA333.91095 I61

17. Mekong Basin Development Planning: the Islands of Pa Mong, Engineering Agency for Resources Development, Charles M. Schwartz, Oct. 1971, 2 vols., TH333.9109593 S399

18. Nam Ca Dinh - Nam Hin BounHighway Project RIG-13-D-1 monthly report, USAID/L/BPR, LA625.7 B592b

19. Nam Ca Dinh - Nam Hin Boun Road Construction: monthly reports, Dept. of Int/BPR, Lao Division, LS625.7 P976a

20. Pa Mong Project, Lower Mekong River Basin, Phase I Report, Dept. Int.,Mar. 1966 5 vol., TH333.9109593 D419d

21. Pa Mong Project, Lower Mekong River Basin, Stage I, Interim Report, Dept. Int,Bur Rec., 1969, 1 vol,, illus., TI333.9109593 D419a

22. Pa Mong Project, Lower Mekong River Basin,Preliminary Basic Data Examination and Suggested Feasibility Study Program, Dept. Int,,Bur Rec., Jan. 1962, 31p., TI333.9109593 D419a

23. Pa Mong Project Investigations; Phases I and II, monthly reports, Dept. Int.,Bur Rec., TI333.9109593 D419

24. Proposal to the International Cooperation Administration covering Reconnaissance of Laotian Highways and Airfields, Transportation Consultants Inc., March 1956, 4p., LS380.59594 T772

25. Practice: The pioneer project in the Tha Ngon area, Vientiane Province, Laos, Nikorn Phankongsy, 1974 10p., Discussion Paper for SEADAG, LA301.35 P535

26. Recent Accomplishments of AID Programs in Laos, USAID/L, 1965, 5p., LA353.1 U58a

27. Report on Potential Growth of Aquatic Plants of Lower Mekong River Basin, Mark L. Nelson et al., Dept. Army Corps of Engineers, Feb. 1970, 1 vol., illus., LA581.92 N428

28. Report on Proposed River Port, Cargo-Handling, and Boat Building Facilities Project in Thailand - Laos. McCreary-Koretsky Engineers, 1966 74p., illus., TI386.3 M132

29. Report of Session, Committee of Investigations of Lower Mekong River Basin, FEA333.91095 C734

30. Report on Socio-cultural Conditions in the Laos Study Area: Pa Mong Project, Lower Mekong Basin, Margaret M. Kardell, May 1968, 51p., illus., LA309.1594 K18

31. Report of the Board of Geological Consultants on Pa Mong Reservior, Pa Mong Project, Lower Mekong Basin, Thailand-Laos, William I. Gardner et al., Mar. 1968, 22p., TH333.91095 G228

32. Royal Kingdom of Laos Air System Plan, USOM/L, Mar. 1961, 1 vol., LA629.13 U58

33. Rural Electrification Study, Vientiane Province, Phase I, James R. Miller, July 1965, National Electric Cooperative Assoc.,1 vol., illus., LS621.31 M648

34. Selected Bibliography of Lower Mekong Basin, U.N., editors: Mary Anglemyer, Janet G. Gee, and Michael J. Koll, July 1969, 2 vol., FEA010.5 E57

35. Survey of Electric Power Development for the Kingdom of Laos, Scharff, Schoblinger, Leerburger and Day & Zimmermann, June 1958, 1 vol., LS621.31 S311

36. To Tame a River, GPO, 1968, USAID, 28p., TH333.91095 A265

37. Vientiane Airport Project, Laos, End-of-Tour Report, Omega Cummins, LA621.31 L298

38. Vientiane Power Plant Project, Clyde M. Ardin, LA621.31 L298

39. Vientiane-Luang Prabang Road, monthly report, USAID/BPR/L, LA625.7 B592a

40. Water Seal Privies for Laos, IVS, Howard Lewin, Mar. 1967, 17p., LS628.742 L672

F. RURAL COMMUNITY DEVELOPMENT

1. Agriculture Development in Western Laos, E.Walter Coward, SEADAG, 1 vol., LA630.9594 C874

2. Aided Self-help in Communities; Objectives, Processes, and Inputs, Harold E. Voelkner, 1965, 25p., graphs, LA301.3409594 V842

3. American Aid to Laos, A Vital Link in the Chain of Mutual Security, July 1959, LS309.2235594 A512c

4. American Aid in Saravane Province, Laos, Galen Beery, June 1968, 24p., LA309.2235594 B415

5. The Ban Keun Area, Henry Holmes, USAID/L, Dec. 1964

6. Battle for Vientiane and USOM/L Activities, John Cool, 4p., LS301.3409594 C774

7. A Behavior Research Project for the Preliminary Presentations of Interviews and Questionnaire Data from Lao Villages, Kenneth C. Orr, 1966, 1 vol, illus., LA309.1594 075

8. Business Operations in Villages of the Vientiane Plain, Fletcher Poling, USAID/L, Aug. 1971, 14p., LA651.4 P768

9. Capital Savings among Lao and Serb Peasants; A Contrast in Cultural Values, Joel Halpern, U. of Calif. Mar. 1961, 12p., LA332 H19c

10. Comments on the Evaluation Study of the Moung Phieng Cluster Area, USAID/L, Feb. 1970, LA301.35 U58a

11. Community Development Program in Laos. End-of-Tour Report, Thomas L. Xerri and Mason Moton, IVS/USAID, LA301.3409595 L298

12. Comparative Study of Refugee and Non-refugee Villages, Part I, Survey of Long Established Villages of the Vientiane Plain, Robert M. Wulff, Aug. 1972, 1 vol., illus., LA301.35 W961

13. Cluster Program, J. Wiarda, USAID/L, Oct. 1968

14. Conflict in Laos: the Village Point of View, Thomas H. Stanton, June 1967, LA301.35 S792

15. Construction Projects, monthly reports. LS624. U58

16. Economic Development and American Aid, Joel Halpern, Aug. 1958, 30p., LA338.9 H195

17. Evaluation of Houei Nam Phak, An Experimental Resettlement Project, Anthony Wirtz, Nov. 1969, USAID/L, 23p., LS301.32594 W799

18. Evaluation Study of the Moung Phieng Cluster area, Paul Maynard and Polichart Kraiboon, USAID/L, Sept. 1969, 206p., LA301.35 U58

19. Evaluation of Training at Ban Amone, USAID/L, 1969, 12p., LA301.3409594 U58

20. Forward Area Group Program in Laos, Charles A. Cooper, et. al., USAID/L, Sept. 1968, LA301.35 L298a, CLASSIFIED

21. Lao Buddhism, a Vehicle for Technical Change, Arthur H. Niehoff, USAID/L, Nov. 1963, 15p.

22. The Nam Tan Project, Waterway to Progress, 8p., LA628 N174

23. Program for Improving Developmental Administration effected by Ministry of Interior Personnel; Some Related Considerations, George A. Ridenour, May 1970, USAID/L, 94p., LA354.5943 R544

24. Program Summary Laos, USAID/L, 1967, 11p., LA353.1 U58b

25. Report on Laos, A Survey to Determine the Scope and Direction of Future American Voluntary Agency Assistance to the People of Laos, James MacCracken, Nov. 1974, 163p., LA309.2235594 M132

26. Report on a Visit to Vietnam and Laos, Theodore L. Reller, Univ. of Calif. (Berkeley) Dec. 1964 to Jan. 1965, 22p., FEA309.22307 R383

27. The Role of Local Institutions and Joint Organizations in Less Developed Countries as Program Intermediaries for Foreign Assistance, Jerome French, AID/W, May 18, 1971

28. Rural Self-help and Social Welfare Programs in Laos, End-of-Tour Report, William M. Taylor, LA361.2 L298 CLASSIFIED

29. Rural and Urban Economics, Joel Halpern, U. of Calif., 128p., LA330.9594 H185

30. Recent Accomplishments of AID Programs in Laos, USAID/L, 1965, 5p., LA353.1 U58a

31. Rural Programs in Laos, a mid-1969 Assessment, Hans Heymann and John C. Donnell, Feb. 1970, Cont. AID/csd 1899-2, LA301.35 H618 CLASSIFIED

32. Vietnam, Laos and Khmer seminar panel, Jan. 14-16, 1974, 30p., FEA309.2 S727c

33. Village of Ban Pha Khao, Vientiane Province, Tsuneo Ayabe, U. of Calif., 55p., LA301.35 A973

34. Village of the Deep Pond, Fred Branfman, USAID/L, May 1970, 188p., LA309.2235594 B821

35. Village Life in Vientiane Province, Howard K. Kaufman, 1957, 82p., LA301.35 K21

36. Village Life in Vientiane Province, Howard K. Kaufman, Oct. 1956, 17p., LA301.35 K21a

37. Womens Survey, Moung Phieng Cluster, Elizabeth Candea, May to Aug. 1966, Int'l. Voluntary Services, USAID/Laos

G. POLITICAL AND SOCIAL

1. American Cooperation with Laos, a Vital Link in the Chain of Mutual Security, Dale C. Lawrence, USOM/L, July 1959, 73p., LA309.2235594 L399

2. America and Laos: Two Views of Political Strategy and Technical Assistance, Joel Halpern, U. of Calif., Dec. 1959, 63p., LA309.1594 H195

3. American Policy in Laos, Joel Halpern, U. of Calif., Mar. 1961, 6p., LA309.2235594 H195

4. Comments on a Report "U.S. Aid Operations in Laos," ICA, 1960, 45p., LA309.2235594 I61

5. Conflict in Laos: the Village Point of View, Thomas H. Stanton, SEADAG, June 1967, 17p., LA301.35 S792

6. Government, Politics and Social Structure of Laos: Study of Tradition and Innovation, Joel Halpern, U. of Calif., 199p., LA320.9594 H195 (No date)

7. Government Statistics, Joel Halpern, U. of Calif., 1961, 9p., tables, LA354.594 C153

8. Government Politics and Social Structure of Laos: Study of Tradition and Innovation, Joel Halpern, 1964, 184p., LS354.594 H195

9. Hendry Study, FAR/FAN, Pay Study, Feb. 1970

10. Internal Political Developments in Laos, Arthur J. Dommen, SEADAG, May 1971, 20p., LA320.9594 D672

11. Life under the P.L. in the Xieng Khouang Village Area, Edwin T. McKeithen, USAID/L, July 1969, 31p., LA301.35 M154

12. The Origins and Operation of the ICC in Laos and Vietnam, for ARPA, Memo RM-2967-ARPA, Apr. 1962, CLASSIFIED

13. Organizing and Managing Unconventional War in Laos, 1962 to 1970, Douglas Blaufarb, Jan. 1972

14. The Role of the Chinese in Lao Society, Joel Halpern, Rand Corp., 1961, 38p., LS309.1594 H195

15. Role of North Vietnamese Cadres in the Pathet Lao Administration, of Xieng Khouang Province, Edwin T. McKeithen, USAID/L, Apr. 1970, 13p., LA352.0009594 M154

16. Security and Assistance in Laos, Charles A. Cooper, Rand Corp., Sept. 1965, 225p., LA309.2235594 C776 CLASSIFIED

17. Security and Assistance in Thailand and Laos, for AID and Sec. of Defense/ISA R-455-AID/ISA, Feb. 1966

18. A Survey of Rural Security Systems in Laos, Paul Maynard, Battelle Memorial Inst., Apr. 1966, CLASSIFIED

19. Survey of the Vientiane Plain: Emphasizing Socio-economic, Politico-administrative and Educational Impact of the Pa Mong Project, Joel Halpern, SEADAG, Mar. 1970, 140p., LA309.2235594 H195a

20. U.S. Army Handbook for Laos, Mar. 1964

21. Vietnam, Laos, and Cambodia Panel Seminar, SEADAG, Dec. 1971, 21p., VS324.2 S727

22. Village of the Deep Pond, Fred Branfman, SEADAG, May 1970, 188p., LA309.2235594 B821

H. PROGRAM MANAGEMENT, COMMUNICATIONS, EVALUATIONS, PUBLIC ADMINISTRATION

1. American Aid to Laos, a Vital Link in the Chain of Mutual Security, USOM/L, July 1959, LS309.2235594 A512c

2. American Aid to Laos, Charles A. Mann, USAID/L, 1963, 28p., LA309.2235594 M281

3. American Aid to Laos, USAID/L, FY 55 to 62, 1 vol., LS309.2235594 A512a

4. Comments on the Evaluation Study of the Moung Phieng Cluster Area, prepared by Paul Maynard and Polichart Kraiboon, Feb. 1970, LA301.35 U58a

5. Comments on report of House Committee on Government Operations, "United States AID Operations in Laos", ICA, 1960, 45p., LA309.2235594 I61

6. Communications Media Program in Laos, End-of-Tour Report, Victor V. Myers, Ward B. Meldoy and Julius L. Piland, LA384 L298

7. Control Section Operations Manuel, Program Management Information System, USAID/L, July 1971, 90p., LA353.1 U58c

8. Cooperation for Peace and Prosperity, Laos and America: American Aid Program in Laos, USOM/L, May 1957, 55p., LA309.2235594 U58a

9. Developmental Book Activities and Needs in Laos, Stanley A. Barnett, E. Emerson, L. Brown and David Kaser, Wolf Management Services, Sept. 1967, 95p., LS381.456554 W854g

10. Evaluation of Agricultural Development Organization of Laos, Ted L. Jones, Ohio State U., Jan. 1969, 101p., LS630.9544 J79

11. Evaluation of Agriculture Extension in Laos, FY 1957 to 1974, USAID/L, Apr. 1974

12. Evaluation of Houei Nam Phak, Experimental Resettlement Project, Anthony Wirtz, USAID/L, Nov. 1969, 23p., LS301.32594 W799

13. Evaluation of Moung Phieng Cluster Area, Paul Maynard and Polichart Kraiboon, Sept. 1969, USAID/L

14. Evaluation of the Nam Tan Irrigation Project, USAID/L, May 1974

15. End-of-Tour Report, Chiefs of Transportation and Communication Div., William A. Wimbish, USAID/L, LA380.509594 L293

16. Follow-up Review of Economic and Technical Assistance Program for Laos. ICA, July 1959, Comptroller General to Congress, LS309.2235594 C738

17. Examination of Economic and Technical Assistance Program for Laos, ICA for FY 55 to 57, Report to Congress, Oct. 1958, 84p., LS309.2235594 C738

18. Forestry Sector Evaluation for Laos, USAID/L, Nov. 1970, 299p., LA634.92 U58

19. Program for Improving Developmental Administration Effected by Ministry of Interior Field Personnel; Some Program Recommendations and Related Considerations, George A. Ridenour, USAID/L, May 1970, 94p., LA354.5943 R544

20. Project Activity Report: Public Administration Communications and Records for the period May 5, 1973 to Oct. 30, 1974, Mary J. Miller, USAID/L, 21p., Feb. 1975, LA651.5 M649

21. Public Administration Devleopment in Laos, First Six Months' Report, Berger International,Inc., Feb. 1974, 5p., LA354.594 B496

22. Public Administration Program in Laos, End-of-Tour Report, Ray E. Davis, USAID/L, LA350.0007 L298

23. Security and Assistance in Laos, Charles A. Cooper, Rand Corp., Sept. 1967, 225p., LA309.2235594 C776

24. Summary Evaluation of Louis Berger Development Planning Contract in Laos, Berger International, Inc., 5p., July 1975, LA309.2 B496

25. Technical Assistance to the Royal Government of Laos in the Establishment and Administration of the Functions of Procurement and Foreign Trade, Progress Report, Howell and Co., LA354.594 H859

26. User's Manual, Program Management Information System, USAID/L, June 1970, 144p., LA353.1 U58a

I. HEARINGS AND CONGRESSIONAL REPORTS

1. Aid Activities in Laos: Hearing before the Subcommittee on U.S. Security and Commitments Abroad of the Committee of Foreign Relations, U.S. Senate, April 13, 1972

2. Laos; April 1972, Report for Use of Subcommittee on Security and Commitments Abroad of the Foreign Relations Committee, Senate, Aug. 3, 1971

3. Mutual Security Program in Laos, Hearing in U.S. Congress, 85th, 2nd Session, House, Wash., USGPO, 1958 78p.

4. Needs for United States Economic and Technical Aid in Cambodia, Laos, and Vietnam, U.S. Economic Survey Mission to Southeast Asia, May 1950, 43p., FEA 309.22355 U58

5. Problems of War Victims in Indochina, Part II, Cambodia and Laos, Hearing before Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, May 9, 1972

6. Refugee and Civilian War Casualty Problems in Indochina, Staff Report for Use of Committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, Sept. 28, 1970

7. Refugee and Civilian War Casualty Problems in Laos and Cambodia, Hearing before the Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, May 7, 1970

8. Relief and Rehabilitation of War Victims in Indochina, Part II, Orphans and Child Welfare, Hearing before the Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, May 11, 1973

9. Relief and Rehabilitation of War Victims in Indochina, Part IV, South Vietnam and Regional Problems, Hearing before Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, Aug. 1, 1973

10. Relief and Rehabilitation of War Victims in Indochina: One Year after the Cease-fire, Study Mission for use of the Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, Jan. 27, 1974

11. Report to the House of Reps. by the Select Committee on United States Involvement in Southeast Asia, G.V. Montgomery, July 1970, 70p., VS959.7 M787a

12. Situation in Indochina, Hearing before Committee of Foreign Affairs, House of Reps. Cease-fire Agreement and Report on the International Conference at Paris, Feb. 8 and Mar. 6,1973

13. Thailand, Laos, Cambodia, Vietnam: Apr. 1973, Report for use of Sub-committee on Security and Commitments Abroad, June 11, 1973

14. Thailand, Laos and Cambodia, Report of Sub-committee on U.S. Security and Commitments Abroad, May 8, 1972

15. U.S. Aid Operations in Laos, Seventh Report, GPO, House of Reps., June 1959, 86th Congress, 1st Session, House, No. 546, 51p.

16. United States Aid to Indochina, Report of a Staff Survey Team to South Vietnam, Laos, and Cambodia, July 1974

17. U.S. Economic Assistance for Laos - Stabilization Program, Third Report by Committee on Govt. Operations, Dec. 8, 1971

18. U.S. Financial and Non-military Assistance to Laos; Statement of Robert H. Nooter before the Sub-committee on U.S. Security Agreements and Commitments Abroad of the Senate Foreign Relations Committee, Oct. 20, 1969, 16p., LA309.2235594 N819

19. United States Security Agreements and Commitments Abroad - Kingdom of Laos, Part II, Oct. 20,21,22,and 28,1969

20. War Related Civilian Problems in Indochina, Part II: Laos and Cambodia, Hearing before Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, Apr. 21 and 22, 1971

21. War Victims in Indochina, Report for Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate, May 3, 1972

22. World Refugee and Humanitarian Problems, Hearing before Sub-committee to Investigate Problems connected with Refugees and Escapees of the Committee on the Judiciary, Senate,July 22, 1971

J. NARCOTICS

1. Evaluation of Narcotic Treatment Program in Laos, J. Westermeyer, USAID/L

2. Folk Treatment for Opium Addiction in Laos, J. Westermeyer, USAID/L

3. The Narcotic Situation in Southeast Asia, Lester L. Wolff, Report of a Special Study Mission, Comittee on Foreign Affairs, House, July 26, 1973

4. The Narcotic Situation in Southeast Asia, Lester L. Wolff, Report of a Special Study Mission, Aug. 6 to 28, 1973 and Mar. 26, 1974

5. Program Alternatives for Treatment and Rehabilitation of Narcotic Addicts in Laos, J. Westermeyer, USAID/L, Nov. 1971

6. Program Consultation - The National Detoxification Center, Vientiane, Laos, J. Westermeyer

7. A Program for Opiate Addicts in Laos, the First Six Months' Experience, J. Westermeyer, USAID/L, Presented at the International Council on Alchohol and Addiction, Bangkok, Thailand, Feb. 1975

8. Pro-heroin Effects of the anti-opium Laws, J. Westermeyer

9. Opium Dens: A Social Resource for Addicts in Laos, J. Westermeyer

10. Opium Smoking in Laos - A Survey of 40 Addicts, J. Westermeyer

11. The Use of Alcohol and Opium among Two Ethnic Groups in Laos, Joseph John Westermeyer, Thesis for Minn. State U., 1968, 114p., LA362.196863 W527

12. U.S. Heroin Problem and Southeast Asia, The: Report of a Staff Survey Team, committee on Foreign Affairs, House, Jan. 11, 1973

K. MEDICINE AND HEALTH

1. Health Data Publication No. 9, Kingdom of Laos, Walter Reed Army Inst. of Research, Dept. of Health, 1960, 23p., LS614.09595 L298

2. Public Health Nursing Programs, Laos description, Susan Robbins Goffard, 1968, 4p., LS610.73 G612

3. Laotian Health Problems, Joel Halpern, U. of Calif., 1960, 38p., LA614.09594 H195

4. Laotian Health Statistics, Joel Halpern, U. of Calif., 1960, 7p., LA614.09594 H195a

5. Malaria Eradication Program in Laos, End-of-Tour Report, Maynard S. Johnson, USAID/L, LA614.532 L298

6. National Maternal and Child Health Center, Vientiane, Laos, USAID/L, Sept. 1973, LA614.5992 U58

7. Public Health Program, End-of-Tour Reports, USAID/L, LA614.09595 L298

8. Recent Accomplishments of AID Program in Laos, USAID/L, 1965, 5p.

9. A Report on Laos - A Survey to Determine the Scope and Direction of Future American Voluntary Agency Assistance to the People of Laos, CRS, Nov. 1974, LA309.2235594 M132

L. LEGAL, LAWS, GOVERNMENT ORGANIZATION

1. Business Operations in Villages of the Vientiane Plain, Fletcher Poling, USAID/L, Aug. 1971, 14p., LA651.594724 P768

2. Land and Mining Laws of Laos, USAID/L, Jan. 1974

3. Expansion of Customs Services in Laos, End-of-Tour Report, Leo Barnett, USAID/L, LA354.5947246 L298

4. Improvement of Central Banking Operations Project, End-of-Tour Report, William S. Rizk, USAID/L, LA332.11 L298

5. Improvements of Fiscal Management and Budget Resources Project in Laos, Alex A. Rozental, USAID/L, LA354.594724 L298

6. Labor Law and Practices in the Kingdom of Laos, Morris Pollak, Dept. of Labor, Bur. Labor Stat. 1965, 59p., LS331.19594 P771

7. Taxation in Laos, Policies for a New Country with an Undeveloped Economy, Neil H. Jacoby, National Tax Jour., vol. 1, No. 2, June 1961, 18p., LS354.594724 J17

M. VOLUNTARY AGENCIES

1. Community Development Programs in Laos, End-of-Tour Report, Thomas L. Xerri and Mason Moton, USAID/L. LA301.3409594 L298

2. Development Assistance Programs in U.S. Non-profit Organizations in Laos, Technical Assistance Clearing House, Jan. 1970, 10p.

3. Report on Laos - A Survey to Determine the Scope and Direction of Future American Voluntary Agency Assistance to the People of Laos, Catholic Relief Services - U.S.C.C., Nov. 1974, LA309.2235594 M132

N. PUBLIC SAFETY

1. Report on the Internal Security Services of Laos - National Police and Royal Gendarmerie, Byron Engle and Louis E. Page, Foreign Operations Division, USAID/L, May 1955 68p., LA363.2 E58

2. Public Safety Survey: Laos National Police, Frank E. Walton et al., May 1965, 261p., USAID/L, LA363.2 W238

3. Termination Phase-out Study, USAID/L, May 1974

O. REFUGEES

1. Comparative Study of Refugee and Non-refugee Villages, Parts I and II, Robert M. Wulff, Aug. 1972 2 vols., LA301.35 W961 and W961a

2. Evaluation of Houei Nam Phak, an Experimental Resettlement Project, Anthony Wirtz, USAID/L, Nov. 1969, 23p., LA301.32594 W799

3. Rural Self-help and Social Welfare Programs in Laos, End-of-Tour Report, William M. Taylor, LA361.2 L298 CLASSIFIED