

4390074001001

4390074(3) HT

AID 1020-25 (7-68)		SECURITY CLASSIFICATION		001 PROJECT NUMBER	
PROJECT APPRAISAL REPORT (PAR) (U-446) See M.O. 1026.1		UNCLASSIFIED		439-11-290-074	
002 PAR	MO.	DAY	YR.	003 U.S. OBLIGATION SPAN	004 PROJECT TITLE
AS OF:	1	2	4	FY 66	Thru FY 76
008 COOPERATING COUNTRY - REGION - AID/W OFFICE				INDUSTRY DEVELOPMENT	
LAOS					

006 FUNDING TABLE

AID DOLLAR FINANCING-OBLIGATIONS (\$000)	TOTAL	CONTRACT (NON-ADD)	PERSONNEL SERVICES			PARTICIPANTS		COMMODITIES		OTHER COSTS	
			AID	PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT	DIR. PASA	CONTRACT
CUMULATIVE NET THRU ACTUAL YEAR (FY 1968)	306	57	141	4	47	19		50		35	10
PROPOSED OPERATIONAL YEAR (FY 1969)	340	110	113	28	80	19		59		11	30

CCC VALUE OF P.L. 480 COMMODITIES (\$000) → Thru Actual Year : **Not Applicable** Operational Year Program : **Not Applicable**

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	a. IMPLEMENTING AGENCY	TYPE CODE		d. CONTRACT/PASA/VOLAG NO.	e. LEAVE BLANK FOR AID/W USE
			b.	c.		
1. U.S. CONTRACTOR	0. PARTICIPATING AGENCY					
2. LOCAL CONTRACTOR	1. UNIVERSITY					
3. THIRD COUNTRY CONTRACTOR	2. NON-PROFIT INSTITUTION					
4. PARTICIPATING AGENCY	3. ARCHITECTURAL & ENGINEERING					
5. VOLUNTARY AGENCY	4. CONSTRUCTION					
6. OTHER:	5. OTHER COMMERCIAL					
	6. INDIVIDUAL					
	7. OTHER:					

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):

History and Status

About 1965 Mission entered into Contract AID/fe-150 with General Electric Co., Inc., Washington D.C. to make a study of industrial development opportunities in Laos, and to recommend priorities for USAID support of such development.

MISSION DIRECTOR APPROVAL →	SIGNATURE	DATE
	<i>[Signature]</i>	2/6/69

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SECURITY CLASSIFICATION

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PROJECT NUMBER

439-11-290-074

PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

This study was completed on February 17, 1966 under the title "Industry Progress for Laos".

When project started in FY 1966, the development of forest product industries emerged as a suitable starting point for industrial development because it was estimated to require less capital cost than other investment courses and kept to a minimum the investment risk under the tenuous security situation in Laos. Also an immediate increase in exports or reduction in imports was anticipated from production of lumber and wood products that would reduce the deficit in balance of payments. Existing sawmills were receiving inadequate supplies of timber. Therefore, Mission started the development of three modernly equipped private logging companies, respectively in Vientiane, Savannakhet and Pakse. Coincidentally the lack of information on the locations of merchantable timber required the commencement of a Forest Survey which USAID undertakes to support, while arranging to induce Canada and Australia to participate in support of the Forest Survey and of the RLG Directorate administering it.

Study was commenced in FY 1968 of the feasibility of a modern furniture plant at Vientiane and in FY 1969 of feasibility of a Veneer/Plywood plant in the same area. Both received favorable judgments based on limited scale production.

An USAID owned surplus tire recapping plant has been leased to a private Lao operator to provide recapping services to USG and RLG with remaining capacity for commercial sale to the public. This private company may take over the industry when the USAID equipment has been depreciated fully.

Project includes an Industry Loan Fund (ILF) that is administered by the Development Bank of Laos. USAID provides U.S. Trust Fund Kip financing of approved industrial loans. One loan in FY 1968 and two in FY 1969 have been made to private sector logging companies set up with USAID technical guidance in Vientiane, Savannakhet and Pakse respectively.

Kip loan funds are applied 70% to purchase of U.S. sourced commodities under the U.S. Import Program (USIP) (CIP) program which provides a "counter inflationary" factor to the program. 60% of loan funds return to USAID 5 years after loan issuance, with 40% entering ILF reserve or a revolving fund, with 100% principal return to USAID within 25 years.

the

A number of industries recommended for priority development by Continental Allied Study have been noted as authorized in the RLG Five Year Economic Development Plan with donor support being solicited.

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PAR CONTINUATION SHEET

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In the forward period development of the following industries will be supported as and when qualified technical personnel can be assigned to study them: metal working, fabricating, designing; pilot sawmill to process timber salvage from Nam Ngum Dam basin and elsewhere; iron foundry; battery manufacturing; industrial estate; papain manufacturing; textiles for domestic consumption; plastic extrusions; chip board; wood waste processing; sandal, footwear manufacturing.

(1) Overall Performance and effectiveness of project implementation in achieving stated project targets.

The project is barely launched. Only three private logging industry companies have been formed and have received industrial loans. The first principal repayment of the first loan (18 months from issuance) falls due in March 1969. It is too early to judge performance and effectiveness. However, as a direct result of efforts by USAID technical advisory personnel the volume and value of lumber exports to Thailand have increased more than 12-fold over two years.

Lao lumber exports	CY 1966	3,657 CM	\$ 79,236
" "	" CY 1967	26,805 CM	746,027
" "	" CY 1968	34,509 CM	1,014,702

(2) Contribution to achievement of sector and goal plans.

Development of private sector industry is of paramount importance within the industrial sector, as it relieves the government of budgetary strains in attempting to finance industrial starts, and in due course will expand the revenue generating base for the RLG. Not only will the domestic economy benefit, but the Lao balance of payments situation will tend to be improved.

(3) Anticipated results compared to costs, efficiency in resource generation

If by FY 1971 gross USAID inputs are of little over \$3,000,000 in loans and technical assistance these are estimated to launch sufficient industrial capacity by the end of 1971 to produce within four years over \$7,000,000 of products annually. (See '1' above for further comment).

(4) Industrial development and this project's support of it are expected to have continuing relevance, importance and significance in the development of the Lao economy either under a continuation of the present situation or in any situation of peace where the rights of the private sector are not impaired and a

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favorable investment climate exists. The final contribution date for Industry Development is currently projected as FY 1976 as other donor and International Agency support may by then have focused on and agreed to finance the investment gap. However, if neither U.S. or other foreign sources of funds are available for industrial investment in Laos, the rate of industrial growth may be expected to drop appreciably. A similar effect may also be expected if foreign technical advisory assistance is not available for support of Lao industry after 1976.

Forestry development will have continuing relevance, importance and significance unless the forest resources are destroyed before preservation and development programs have had an opportunity to become effective. Security is currently the main limitation on access, control and implementation of forestry programs. In the event of peace, the situation relating to RLG control of forest areas will be of paramount significance. Planning now underway is based on the limited present capability of action, with built-in programs for expansion if the security situation allows free access to and RLG control of broader forest areas. USAID has been enlisting the interest of other donor countries in assisting the development of Forestry in Laos. By this means, it may be possible for USAID to end its support of Forestry in FY 1973.

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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.	3. ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE)				6. PROJECTED TOTAL FOR PROJECT LIFE 1976
		3 ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5. PLANNED BY NEXT JUNE 30 1969	
			a. PLANNED	b. ACTUAL		
	1. Furniture Manufacturing, wood seasoning & preservation.	Study done	Nil	Nil	loan issued	190% prod. capacity
	2. Veneer Plywood Mfg.- (Output in plywood panels 4 mm x 4' x 8')	Study done	Nil	Nil	loan issued	2000 p.a.
	3. Metal working fabrication, designing (output in sales p.a.)	Nil	Nil	Nil	Study	\$150,000
	4. Logging Industrial Development (Project output: cubic meters wood p.a. removed from forests. Number of logging companies formed.)	2000 3	Nil 1	Nil 1	5000 3	100,000 by FY74
	5. Tire Recapping Plant (Output: tires recapped p.a.)	Nil	Nil	Nil	500	9,000 by FY 74
	6. Pilot sawmill for salvage timber and export (output: percent of production 100 % ³ lumber per 8 hrs.)	Nil	Nil	Nil	Nil	100% by FY 73
	7. Smelting, metalworking various metals (Output: Percent of planned production)	Nil	Nil	Nil	Nil	110% by FY 74
	8. Industrial Estates (Output: % of lessee use of available industrial space)	Nil	Nil	Nil	Nil	100% by FY 73
	9. Battery Mfg. (Output: % of planned production 3000 units p.a.)	Nil	Nil	Nil	Nil	105% by FY 72
	10. Improve Admin/Tech Forest capability of RIG Directorate (Accomplishments: Ratio of RIG Counterparts to Donor Country Advisors)	7:8	7:12	7:8	7:12	39:1 by FY 74
	11. Complete Forest Inventory of 4 units and extend to other units (Accomplishments: percent completion 4 units inventory).	25%	15%	5%	50%	160% by FY 74
	12. Minimize illegal timber cutting, maximize revenue to RIG (Accomplishment: % of saw timber cut illegally)	50%	50%	50%	50%	5 % by FY 74
	13. Improve Utilization on timber sales. (Accomplishment: % of cutting areas rated poor/fair/good.)	Poor - 100% Fair - 0 Good - 0	NA NA NA	100% 0 0	No change	10% 50% 40%) by FY 74

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I-B-1 - OUTPUT REPORT AND FORECAST - (See detailed instructions)

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		3 ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5. PLANNED BY NEXT JUNE 30	
			a. PLANNED	b. ACTUAL		
(Continuation Sheet - 009)						
	14. Improve Charcoal Production (Accomplishment by % of charcoal production judged satisfactory).	0	N.A.	0	0	5% by FY 74
	15. Improve Serviceable life of native woods in actual use. (Accomplishment: % of production lumber receiving treatment.)	0	N.A.	0	0	30% by FY 74
	16. Feasibility Studies as precondition of Industry Loan. (Output: Number studies completed).	4	1	1	16	
	17. USAID financing of DBL Industry Loan Fund (Output: Expressed in Kip Millions).	141	91	91	348	3,398
	18. Develop DBL capability make feasibility appraisals (Output: Training for DBL in man/years of PI/Ps).	2	2	0	4	18
	19. Development of Mechanized Farm Loan criteria and procedures (Accomplishment: Appraisal and issuance of first mech. farm loan).	Nil	Nil	Nil	1	Not pertinent (1)
	20. Administration of USIP Program (Output: Dollars thousands value of L/Credit issued by NPL vs U.S. Bank).	27,177	26,859	26,859	28,829	37,229
	21. Administration of USIP Small Farmer Tractor Program (Output: Numbers of Tractor Sales to Small Farmers).	16	20	15	20	
	22. Develop DBL as Intermediary for Industrial Financing (Output: Number of Donor Loan Funds operated through DBL).	2	2	2	2	4
	23. (Action 28). Wood Remanufacturing plant (Output: 100%=\$200,000 gross annual sales).	0	N.A.	0	0	100% by FY 73
	24. (Action 29). Sawmill Modernization Program. (Accomplishment: number mills improved per annum).	0	N.A.	0	0	10 by FY 74

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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.	3. ACTUAL AND PLANNED OUTPUTS (ALL DATA CUMULATIVE)				6. PROJECTED TOTAL FOR PROJECT LIFE
		3 ACTUAL CUM. TO DATE	4. AS OF PRIOR JUNE 30		5. PLANNED BY NEXT JUNE 30	
			g. PLANNED	b. ACTUAL		
	(Continuation Sheet - 009)					
	PIP 25. (Action 30). Papain Processing (Output: Kg processed Papain p.a.)	0	N.A.	0	0	50,000 by FY 73
	PIP 26. (Action 31) Textile Mfg. (Output: To be determined after study)	0	Nil	Nil	Nil	After Study
	PIP 27. (Action 32). Plastic Extrusion plant (Accomplishment: % of planned production - 100% = \$24,000 gross sales per annum)	0	Nil	Nil	Nil	100% by FY 73
	PIP 28. (Action 33). Wood Processing Studies on Chip Board, pressboard, insulation board, (Output: % completion of study).	0	Nil	Nil	Nil	100% by FY 73
	PIP 29. (Action 34). Sandal - Footwear Mfg. (Accomplishment: % of Gross Sales \$24,000)	0	Nil	Nil	Nil	100% by FY 72

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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:



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	c. POTENTIAL IMPACT ON EACH GOAL IF PROJECT ACHIEVES TARGETS	d. ACTUAL IMPACT ON GOAL TO DATE RELATIVE TO PROGRESS EXPECTED AT THIS STAGE
	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)		
	<u>(1) Demonstrable Economic Growth via Industry Development</u>		
	Development of Industries tending to increase exports and reduce imports to reduce Foreign Exchange deficit and relieve strain on stabilization program, FEOF and increase GNP.		
	2	2	
	<u>(2) Sub Section: Forestry Development</u>		
	Development of Industries relying on Lao natural resources so as to reduce imports. Participate in forest survey to support forest product industries.		
	2	2	
	<u>(3) Stabilization Objective (Sector Goal = USIP and Industry Development.) Administration of USIP (Commodity Import)</u>		
	Program contributes to stabilization objective and to Sector Goal for USIP.		
	2	2	
	<u>(4)</u>		

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 1):

- (1). Lumber exports increased from \$79,000 in 1966 to \$1,014,000 in 1968. This increase was partly due to efforts of USAID Project personnel in finding U.S. military markets in Thailand for Lao lumber exports. Industry starts were not yet at a stage to participate in this increment.
- (2) Sub-Sector - Forestry Development
 The Lao Forest Survey and assistance to the Directorate of Water and Forests commenced as actions designed to provide forest resources as industrial raw materials. The support of the efforts will probably be pursued beyond the immediate need of wood products industries, in order to assure sustained yields of forests over the decades and to augment lumber exports.
 products
- (3) USIP programs and the Industry Loan Fund requirement that 70% of loan funds be used for USIP purchases have a counter inflationary effect by withdrawing private sector kip for the purchase of imported productive equipment.

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SECURITY CLASSIFICATION

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?	N
015 Have any problems arisen as the result of advice or action or major contributions to the project by another donor?	Y
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?	
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?	N
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 expected acceleration of the Pa Mong Dam Project will throw in sharp relief the current actions of the Nam Ngum Dam construction. Project's logging operations and USAID's prospective support of the operation to salvage the merchantable timber in the Nam Ngum inundation basin prior to flooding in 1971 are cases in point. As Lao timber salvage operations may continue over a span of years, the requirement for adequate sawmilling facilities may require USAID support.
015. Although Canada is providing 5 technicians to advise and assist the conduct of the Lao Forest Survey, the Canadian Government pays only salaries and travel to and from Post. As the RIG budgetary strain is now too heavy to permit them to provide all remaining support requirements for the Canadian technicians, USAID has agreed, because of the urgent requirement for completion of the Forest Survey, to pay the travel per diem in country of the Canadian advisors while on Forest Survey trips away from Vientiane.
017. A lesson learned is the need to accurately assess the private sector capability to mount a project, and provide the managerial, administrative and operative staff to move the project forward. USAID easily assesses the technical gaps because personnel know them. Private managerial and administrative capabilities are less easy to identify in advance. The first logging company formed under project has a principal officer (and an investor) with no managerial capability and evidently less interest in company welfare than his own profit. This emerging fact may require corrective action unless a qualified Manager is hired as originally planned.
019. The logging and timber salvage operations in the Nam Ngum Dam basin will provide action scenes of logging operations in rugged forest areas that will be both photogenic and active. Also they are a precursor of the Pa Mong Dam timber salvage which should receive considerable publicity five years later.

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.

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
I- 1	Furniture Manufacturing, wood seasoning/preservation		X	
I- 2	Veneer/Plywood Manufacturing		X	
I- 3	Metalworking, fabricating, designing	Planning		
I- 4	Logging industrial development	X		
I- 5	Tire Recapping Plant	X		
I- 6	Sawmill - Pilot (Salvage Export)		Y	
I- 7	Smelting Works (Foundry)		Y	
I- 8	Industrial Estate		Y	
I- 9	Battery Manufacturing	Planning		
I-10	Air Photo Coverage (Aerial Survey) Forest Units		X	
I-11	Feasibility Study, Nam Ngum Timber Salvage		X	
I-12	Forest Inventory, 4 Forest Units	X		
I-13	Design EDP system for compilation of Forest Inventory data		X	
I-14	Develop land use plan - 4 forest units		Y	
I-15	Prepare transportation plan - 4 forest units		Y	
I-16	Prepare Timber Harvest Plan - 4 forest units		Y	
I-17	Prepare Reforestation Plan - 4 forest units		Y	
I-18	Develop Timber Merchantability Standards		Y	
I-19	Develop improved Timber Sales Administration practices		Y	
I-20	Develop improved Timber Scaling -- log accountability system		Y	
I-21	Assure feasibility studies as precondition for Industry Loans		X	
I-22	Finance DBL Industry Loan Fund for Ind. & Mech. Farm Loans		X	
I-23	Develop DBL capability conduct loan feasibility studies		X	
I-24	Develop Mechanized Farm Loan Criteria and Procedures for ILF		X	
I-25	Administer USIP Program		X	
I-26	Administer USIP Small Farmer Tractor Program	X		
I-27	Develop Stature of DBL as Industrial Financing Intermediary	X		
I-28	Wood Remanufacturing Plant		Y	
I-29	Papain processing		X	
I-30	Textile Manufacture		Y	

Y = Planned future action or future plan/study

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
	Continuation Sheet - 022			
I-31	Plastic Extrusion		Y	
I-32	Wood Processing Studies, Press Board, Chip Board etc.		Y	
I-33	Sandal (shoes) Footwear manufacturing		Y	
I-34	Select additional forest units (areas) and extend PIP I items 10 - 15		Y	
I-35	Design Nation Wide Forest Survey (after peace)		Y	
I-36	Study ray agriculture long range effect on resource		Y	
I-37	Survey forest protection needs: disease, insects, fire		Y	
I-38	Study research needs, establish experimental forest		Y	
I-39	Survey Forest recreation opportunities. Establish National Park, Natural area, Wilderness area.		Y	
	Y = Planned future action or future plan/study			
	<u>Comment on 022</u>			
	Delay on development of PIP I - 3, Metal Working, is result of delay in recruitment of Industrial Engineer for Project Staff.			
	Delay in PIP I-4, Logging industrial development, was due to delay in arrival of equipment purchased for loan project of Lao Timber Company, and also due to difficulty in recruiting or training company Manager. Logging Operations Manager and equipment operators.			
	Delay in PIP I-9, Battery Manufacturing, is also due to retarded arrival of Industrial Engineer.			
	Delay in PIP I-12, Forest Inventory, is result of difficult security situation which required change in the inventory plan prepared at USAID request in FY 1967 by Mr. A.A. Hazel on loan from the US Forest Service.			
	Delay in PIP I-26, USIP Small Farmer Tractor Program, was result of extended negotiations on terms of bilateral agreement, delay in getting RLG signed approval, and delay in obtaining final clearance from U.S. Suppliers.			
	Delay in PIP I-27 is not unexpected as it may take several y years for DBL to produce an image that will have the confidence of the international lending community.			

PART II - Continued

023

II-A.2 - OVERALL TIMELINESS

In general, project implementation is (place an "X" in one block):

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.

(a) On schedule	X
(b) Ahead of schedule	
(c) Behind schedule	
(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	
025 Adequacy of technical knowledge		033 Promptness of required reports	
026 Understanding of project purposes		034 Adherence to work schedule	
027 Project planning and management		035 Working relations with Americans	
028 Ability to adapt technical knowledge to local situation		036 Working relations with cooperating country nationals	
029 Effective use of participant training element		037 Adaptation to local working and living environment	
030 Ability to train and utilize local staff		038 Home office backstopping and substantive interest	
031 Adherence to AID administrative and other requirements		039 Timely recruiting of qualified technicians	
		040 Other (describe):	

2. FACTORS-PARTICIPANT TRAINING

041 IF NO PARTICIPANT ELEMENT IN PROJECT. PLACE AN "X" IN THIS BLOCK:		TRAINING UTILIZATION AND FOLLOW UP	
PREDEPARTURE		052 Appropriateness of original selection	
042 English language ability	N	053 Relevance of training for present project purposes	P
043 Availability of host country funding	N	054 Appropriateness of post-training placement	P
044 Host country operational considerations (e.g., selection procedures)	N	055 Utility of training regardless of changes in project	
045 Technical/professional qualifications	N	056 Ability to get meritorious ideas accepted by supervisors	
046 Quality of technical orientation		057 Adequacy of performance	P
047 Quality of general orientation		058 Continuance on project	N. A.
048 Participants' collaboration in planning content of program		059 Availability of necessary facilities and equipment	P
049 Collaboration by participants' supervisors in planning training		060 Mission or contractor follow-up activity	N. A.
050 Participants' availability for training	N	061 Other (describe):	
051 Other (describe):			

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PROJECT NUMBER

UNCLASSIFIED**439-11-290-074****PART II-B - Continued****3. FACTORS-COMMODITIES**

PLACE AN "X" IN APPROPRIATE BLOCK:	062 FFF ?	063 NON-FFF ?	064 NO COMMODITY ELEMENT	072 Control measures against damage and deterioration in shipment.
065 Timeliness of AID/W program approval (i.e., PIO/C, Transfer Authorization).			P	073 Control measures against deterioration in storage.
066 Quality of commodities, adherence to specifications, marking.				074 Readiness and availability of facilities.
067 Timeliness in procurement or reconditioning.				075 Appropriateness of use of commodities.
068 Timeliness of shipment to port of entry.				076 Maintenance and spares support.
069 Adequacy of port and inland storage facilities.				077 Adequacy of property records, accounting and controls.
070 Timeliness of shipment from port to site.			N	078 Other (Describe):
071 Control measures against loss and theft.				

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.)

c. Overall Implementation Performance. **The principal achievement to date has resulted from Project technical advisory services which assisted private sawmill operators to form joint logging companies respectively in Vientiane, Savannakhet and Pakse areas. USAID Industry Loan Fund financial support enabled each company to purchase heavy logging equipment from USA that will in due course greatly increase the rate of timber extraction from forest areas. Another achievement is the increase in lumber exports described on page 1B above.**

Some delay in project advancement resulted from inability to recruit Industrial Engineer until late 1968 and time required for processing PASA Forestry Advisor. Development of private industrial starts including logging industry will be slower than desired for lack of qualified managerial personnel, and difficulty in recruiting and/or training skilled personnel, equipment operators, loggers, etc.

b. **Implementing Agency - N. A.**

c. **Participants**

042 **French is official second language of RLG. English speaking students or graduates are scarce. Consequently training in Thailand is preferred as Thai is similar to Lao and can be learned in one month by Lao Participants.**

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PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

- 043 Host country has no financing for Participants and because of the large budget deficit is unlikely to have financing capability in the terms of this project.
- 044 Host country has great difficulty in recruiting candidates for Participant training in Forestry or Banking. DBL had to release valuable staff to fill training scholarships.
- 050 Candidates for Forestry Training were selected with some difficulty. Better Lao students having mastered French tend to select other programs by preference. Participants for Development Bank could not be recruited from outside and were selected from Bank Staff positions to undergo training.
- 045 Qualifications are lower than citizens of neighboring countries.
- 050 Difficulty in recruiting personnel causes unavailability of candidates for Participant Training.
- d. Commodities
- 070 Commodities were in some instances slow in arriving. The main cause was delay between shipment from Bangkok and delivery to Vientiane. Mission has a forwarding Office in Bangkok that assists in tracing and expediting shipments transiting Thailand. The requirement for two shipping documents: (1) USA to Bangkok and (2) Bangkok to Vientiane evidently cannot be avoided because of the Thai Government monopoly over transport through the Express Transport Organization (ETO).

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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.	
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.	
085	Legislative changes relevant to project purposes.	
086	Existence and adequacy of a project-related LDC organization.	
087	Resolution of procedural and bureaucratic problems.	N
088	Availability of LDC physical resource inputs and/or supporting services and facilities.	
089	Maintenance of facilities and equipment.	
090	Resolution of tribal, class or caste problems.	
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.	N
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.	
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.	
100	Planning and management skills.	N
101	Amount of technician man years available.	
102	Continuity of staff.	
103	Willingness to work in rural areas.	
104	Pay and allowances.	N
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 1):

- 082: **Statistical base is inadequate for industry and forestry development planning.** Project support of the Lao Forest Survey was an effort to provide a statistical base for wood products industry. In industry development each feasibility study has to start by developing statistical and other information required before study can progress. However, the statistical gap is receiving the attention of the Commission for Plan and other elements of USAID in order to develop solutions to the problem.
- 087: **Approvals from RLG have been slow with relation to special proposals such as the USIP Small Farmer Tractor Program.** Also it has been difficult to get the Ministry of Finance to take action against USIP vehicle importers who resold at higher than authorized price levels.
- 092: **The security situation has retarded the ground activities of the Lao Forest Survey.**

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PAR CONTINUATION SHEET

This sheet is to be used for any Narrative Sections for which sufficient space has not been provided on the form. Identify each narrative by its Part and Section Designation.

- 093: It is difficult to get Host Country officials to take actions that require any fund expenditures because of tight budget ceilings imposed by need to reduce large budget deficit.
- 100: Counterpart planning and management skills are deficient and require continuing assistance from Advisors. In loan project activities, Private Sector deficiencies in planning and management skills have led to serious problems in the advancement of one private logging industry activity assisted by project.
- 104: Pay and allowances for Host Country officials are painfully low and do not create incentives to enter Government service. This is related to budget stringencies (093 above).

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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):

At this initial stage, the original project purpose and design seem adequate. At a later date it may be necessary to revise the project design if available resources prove inadequate.

IV-B - PROPOSED ACTION

108 This project should be (Place an "X" in appropriate block(s)):

- | | |
|--|-------------------------------------|
| 1. Continued as presently scheduled in PIP. | <input checked="" type="checkbox"/> |
| 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 (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. ___. Explain in narrative. | |
| 8. Other. Explain in narrative. | |

109 NARRATIVE FOR PART IV-B:

See Item 107.

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