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**FACTS ON
FOREIGN
AID TO
LAOS**

2ND EDITION

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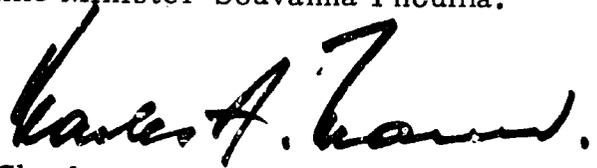
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Introduction

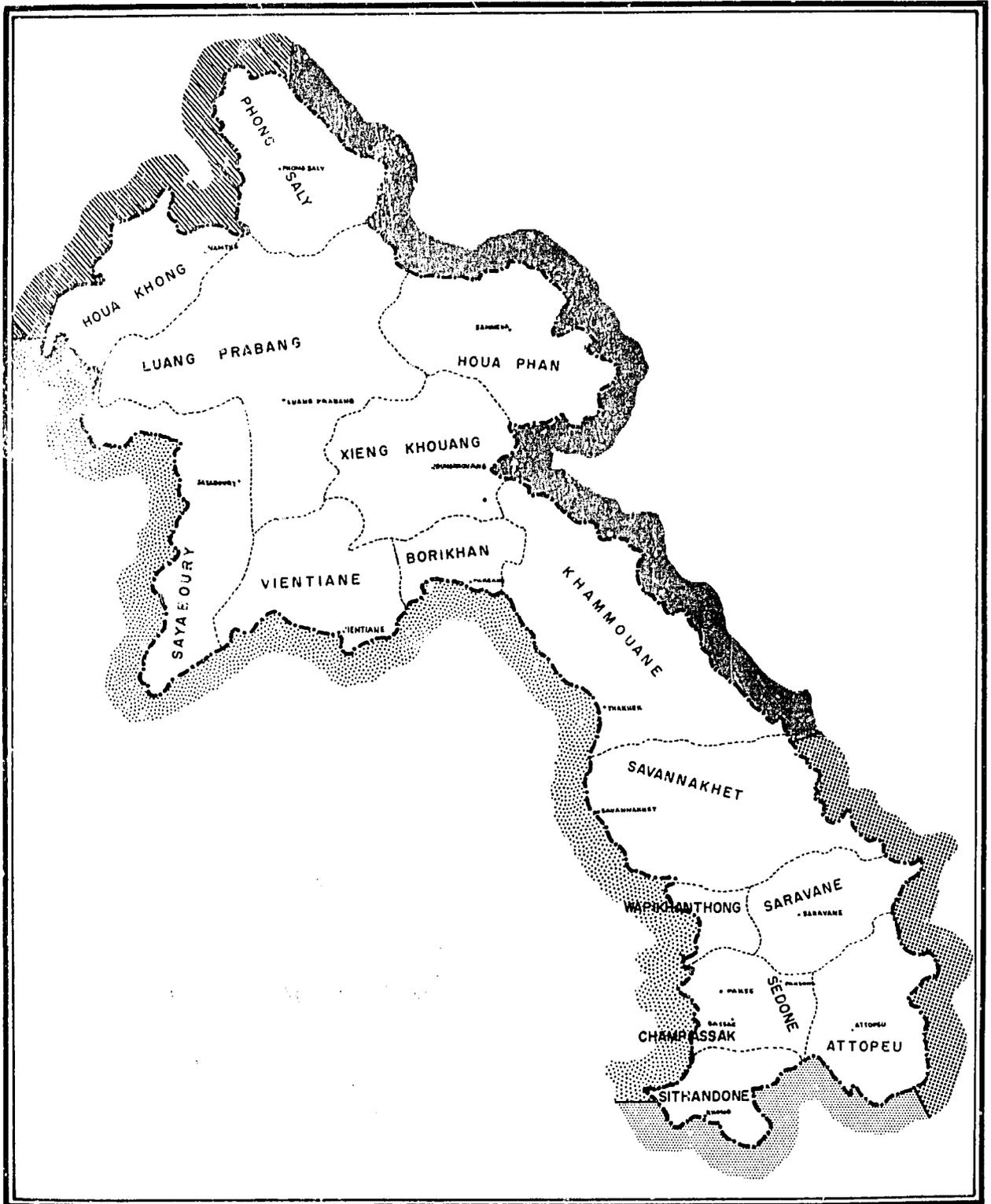
Our reasons for publishing this Second Edition of Facts on Foreign Aid to Laos are very simple: The publication has proved of use as reference material to a great variety of people--not only to government officials and members of international organizations, but also to businessmen, the press, reference 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



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--Attapeu 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 cease-fire-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^{7/} 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

Phagna Pheng PHONGSAVAN,
Special Plenipotentiary

Representative of the
Vientiane Government

Representative of the Party
of the Patriotic Forces

Phagna Phoumi VONGVICHIT,
Special Plenipotentiary

Representative of the
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'armement et
matériel militaires endom-
mages 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 repre-
sentatives 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 re-
présentants 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 coun-
tries 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.

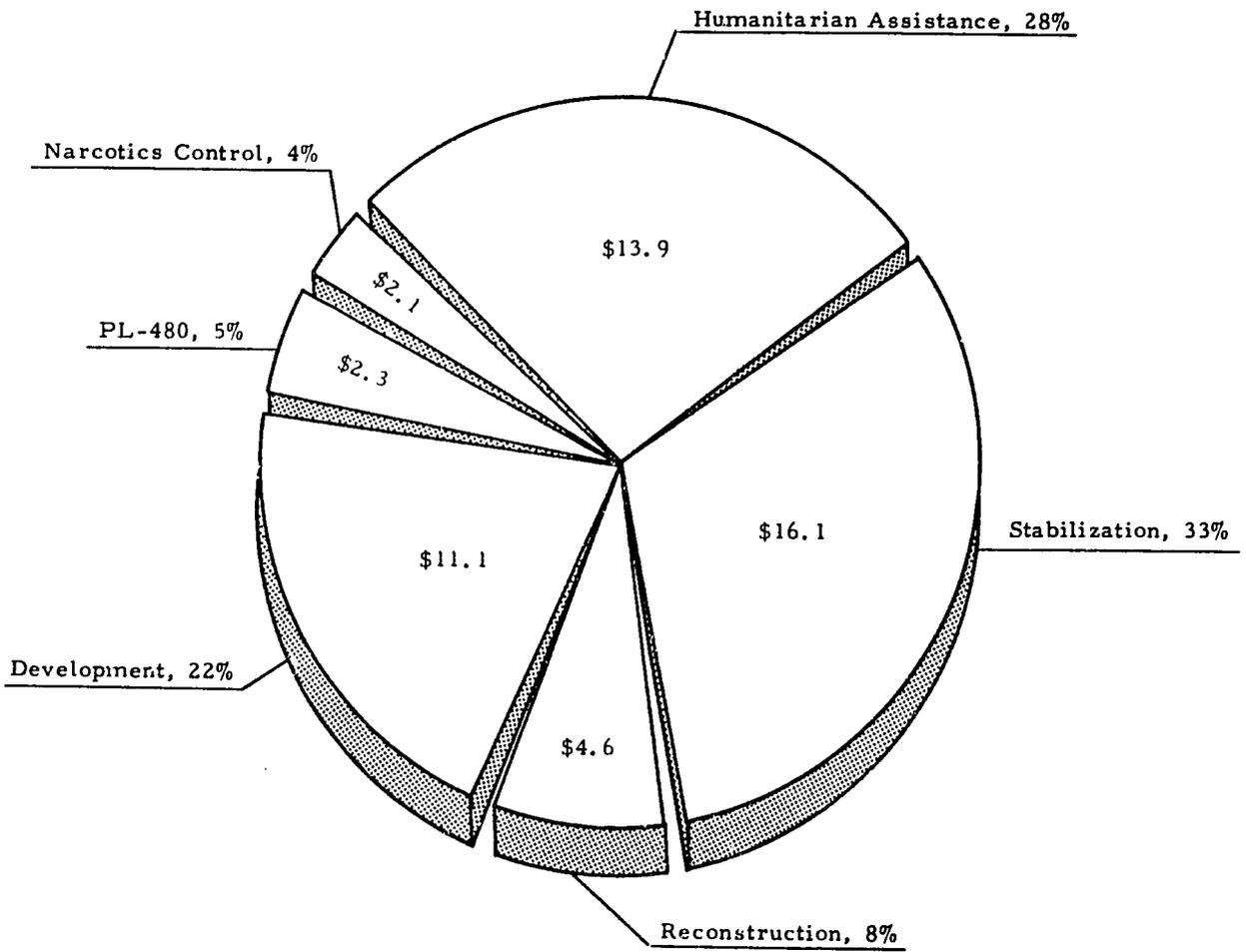
U.S. ECONOMIC ASSISTANCE TO LAOS

FY 1955 - FY 1973

(\$ Thousand)

| <u>Project Assistance</u> | <u>Cumulative FY 1970</u> | <u>FY 1971</u> | <u>FY 1972</u> | <u>FY 1973</u> |
|---|-------------------------------|----------------|----------------|----------------|
| 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 | 17,659 | 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 | <u>22,225</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal | 295,360 | 31,293 | 30,727 | 31,727 |
| <u>Nonproject Assistance</u> | | | | |
| 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 | <u>214,069</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Subtotal | 387,151 | 17,600 | 18,200 | 16,100 |
| PL-480 | <u>11,524</u> | <u>2,293</u> | <u>1,367</u> | <u>2,282</u> |
| Grand Total | 694,035 | 51,186 | 50,294 | 50,109 |

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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 sea-ports, 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) | <u>121.6</u> |
| 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 non-essential 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 | | Budget | | Budget | | Budget | | Budget | | Budget |
| | Approved | Actual | 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 of 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 | <u>FY 1971</u> | <u>FY 1972</u> | <u>FY 1973</u> ^{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 | <u>51</u> | <u>78</u> | <u>77</u> |
| Total | \$15,850 | \$12,039 | \$14,068 |
| PL-480 COMMODITIES | <u>1,300</u> | <u>1,367</u> | <u>6,600</u> |
| Total | \$17,150 | \$13,406 | \$20,668 |
| OTHER AGENCIES | <u>9,192</u> | <u>7,318</u> | <u>6,797</u> |
| 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.

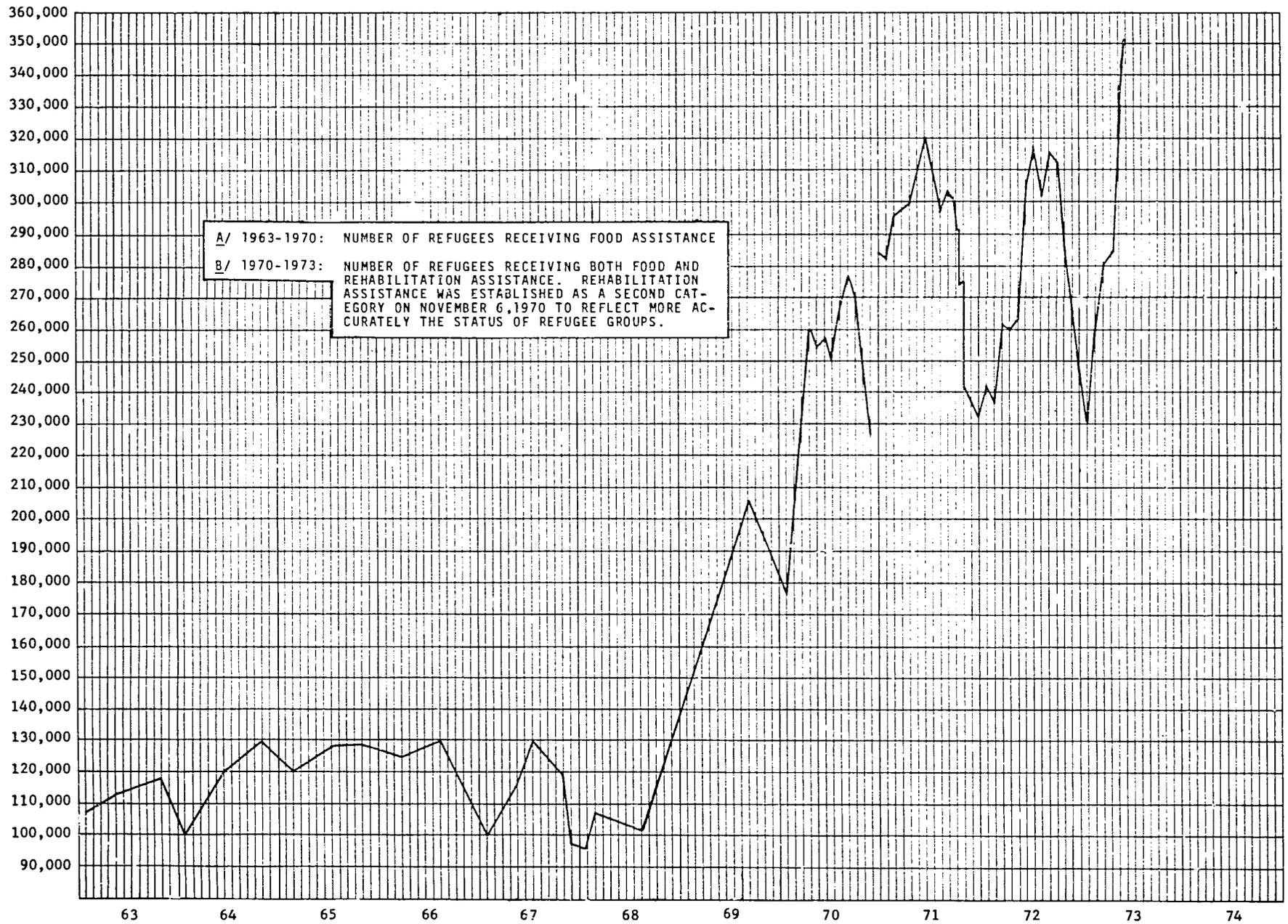


Fig. 1 -- Number of Refugees Receiving Food Assistance, 1963 - 1973.

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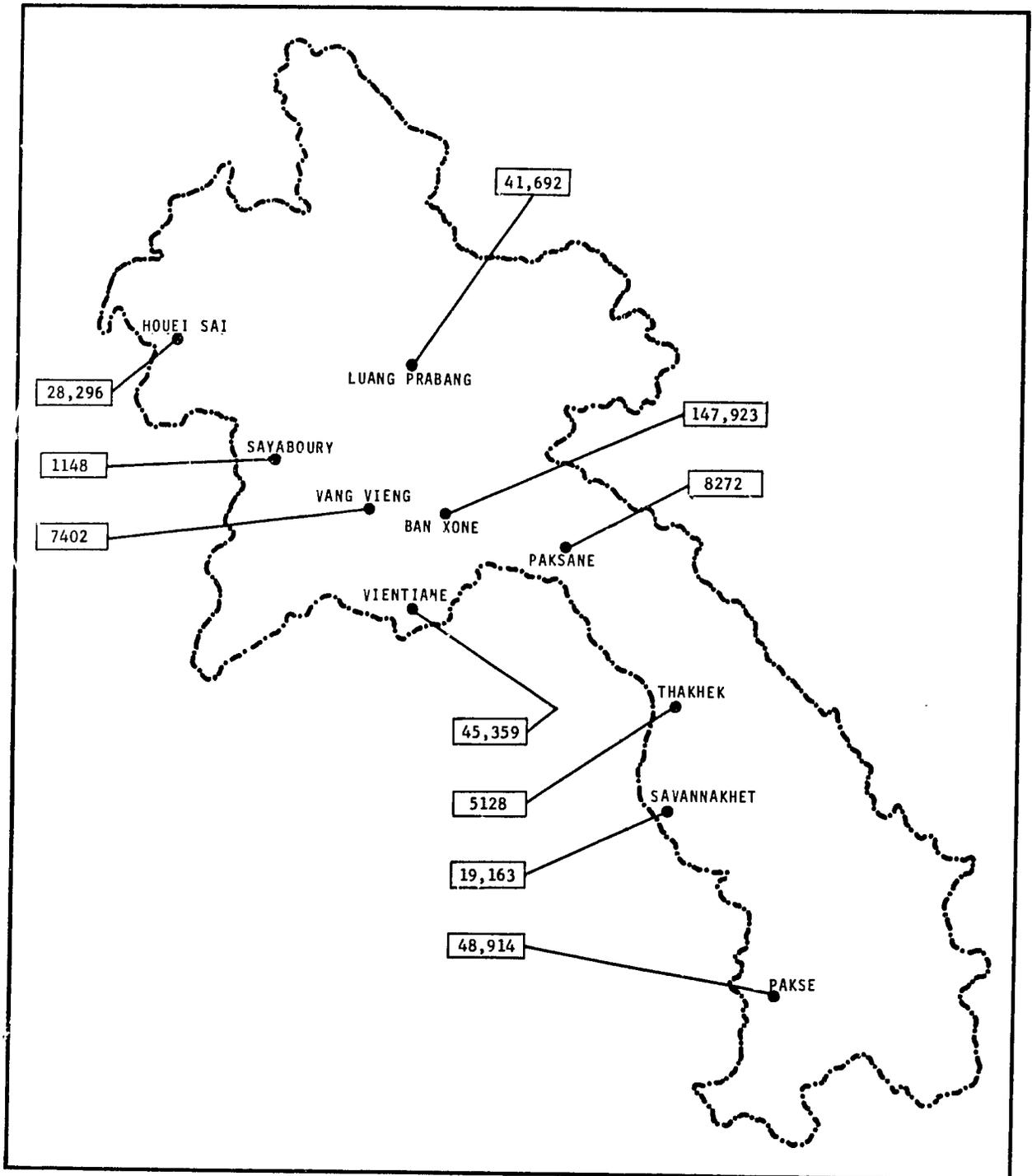


Fig. 2 -- Number and Location of Refugees Requiring Food Assistance, June 29, 1973.

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 per cent of the calories in refugee rations; concentrated food preparations such as WSB and CSM now replace 30 per cent 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

| <u>Commodity</u> | <u>Quantity MT</u> | <u>Value US \$</u> |
|------------------|-----------------------------|------------------------|
| 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 |
| | <u>24,856</u> ^{a/} | <u>\$3,608,301</u> |

^{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

| <u>Commodity</u> | Quantity | | Value |
|------------------|---------------|--------------|----------------|
| | <u>Meters</u> | <u>Bales</u> | <u>US \$</u> |
| Cotton, raw | | 17 | 1,600 |
| Broadcloth | 410,000 | | |
| Muslin | 67,920 | | |
| Denim | 190,000 | | |
| Drill | <u>50,000</u> | <u> </u> | <u>428,400</u> |
| | 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 narcotics 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

| <u>Year</u> | <u>Opium (kg)</u> | <u>Heroin (kg)</u> | <u>Morphine Base (kg)</u> | <u>Acetic Anhydride (liter)</u> |
|-------------|-----------------------|------------------------|-------------------------------|-------------------------------------|
| 1971 | 154.5 | 8.6 | - | 3,000 |
| 1972 | 458.8 | 21.4 | - | 280 |
| 1973 | | | | |
| January | | | | |
| February | 230.5 | 2.0 | 23.0 | - |
| | <u>843.8</u> | <u>32.0</u> | <u>23.0</u> | <u>3,280</u> |

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

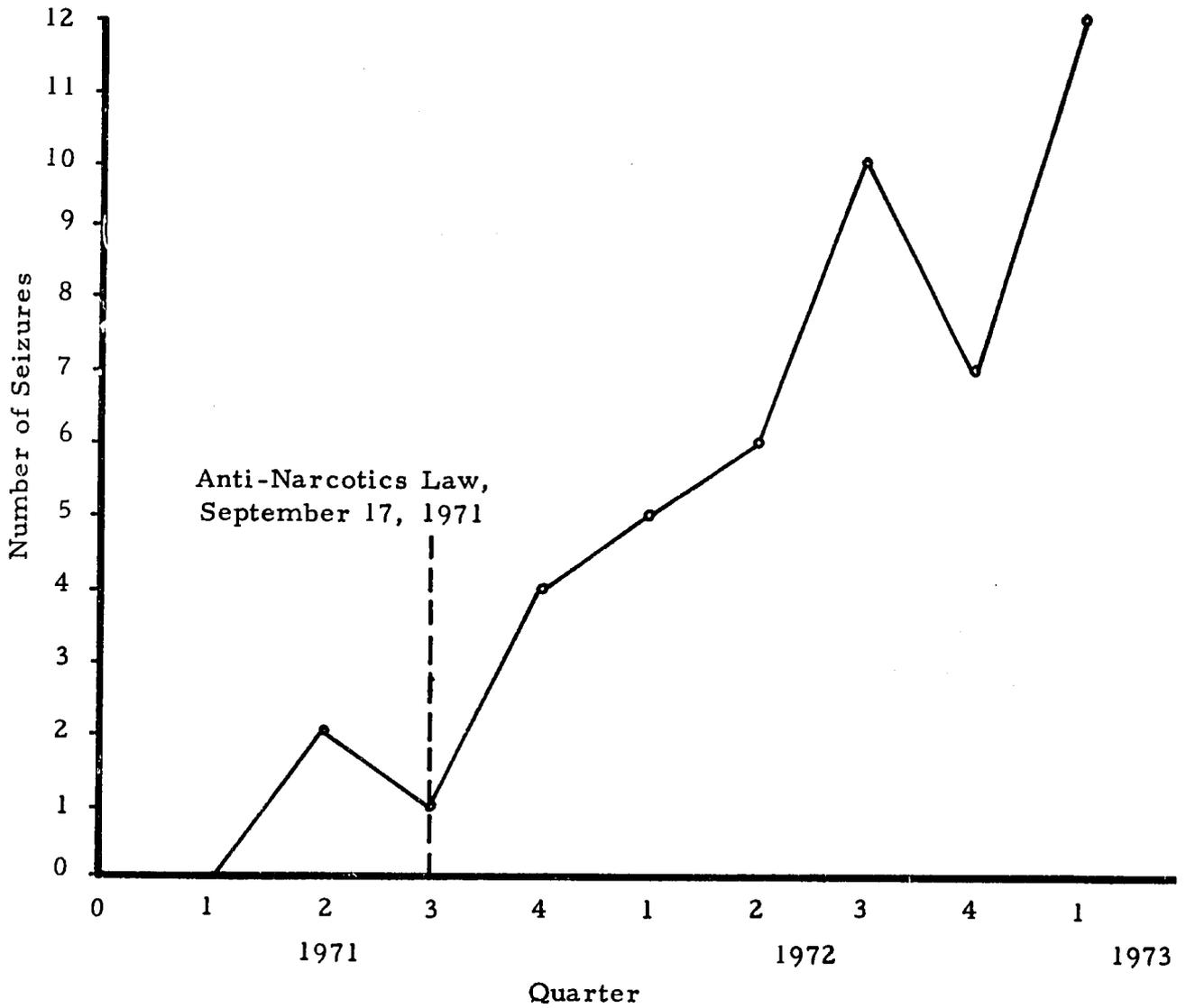


Fig. 1 -- Number of narcotics seizures (above 1 kg) by quarter, April 11, 1971 - February 21, 1973.

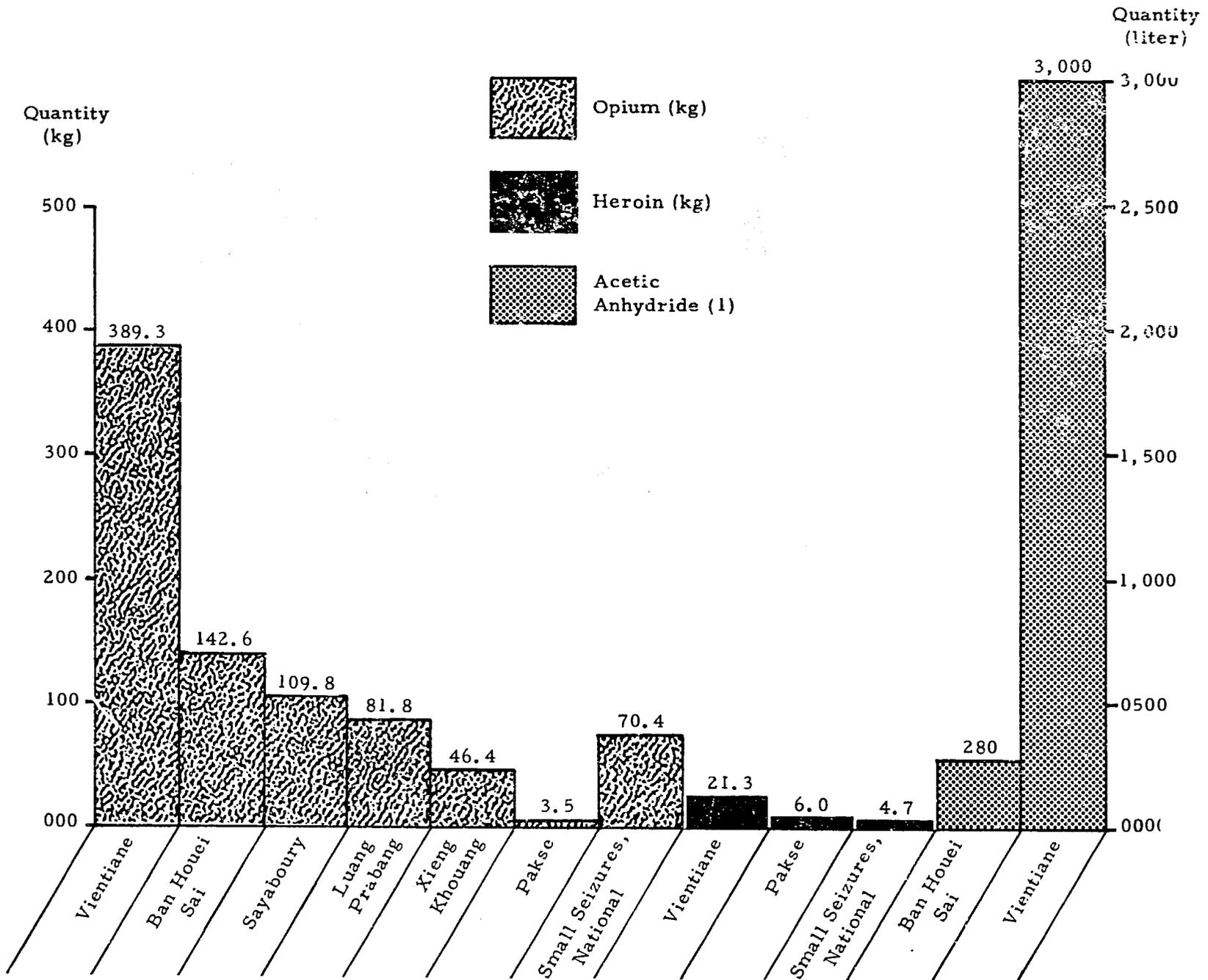


Fig. 2 -- Opium, heroin, and acetic anhydride seizures, April 11, 1971 - February 28, 1973.

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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

| <u>Year</u> | <u>Dispensaries</u> | <u>Hospitals</u> | <u>Population Served</u> | <u>Inpatients Per Year</u> | <u>Outpatients Per Year</u> |
|-----------------|---------------------|------------------|--------------------------|----------------------------|-----------------------------|
| 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.

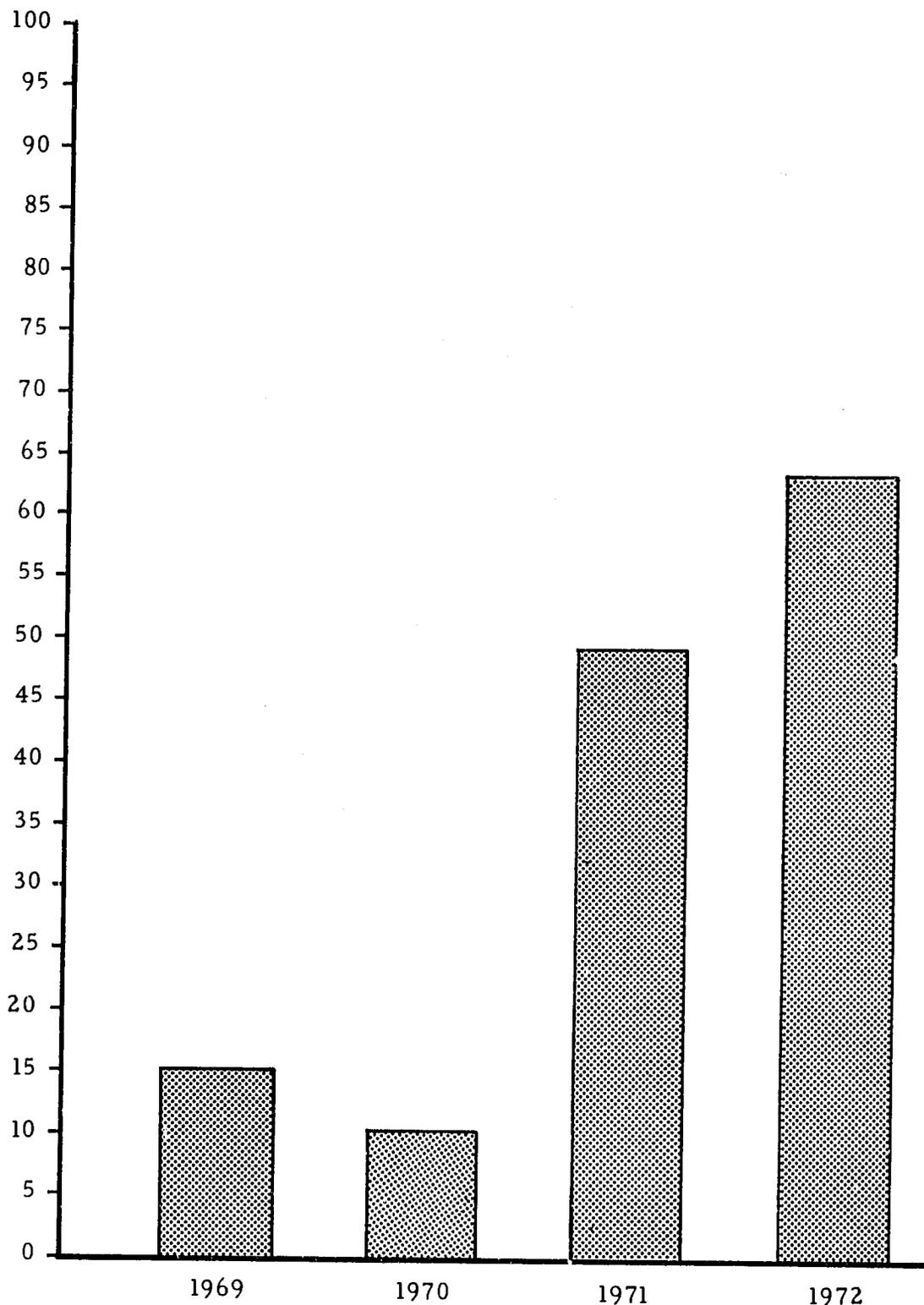
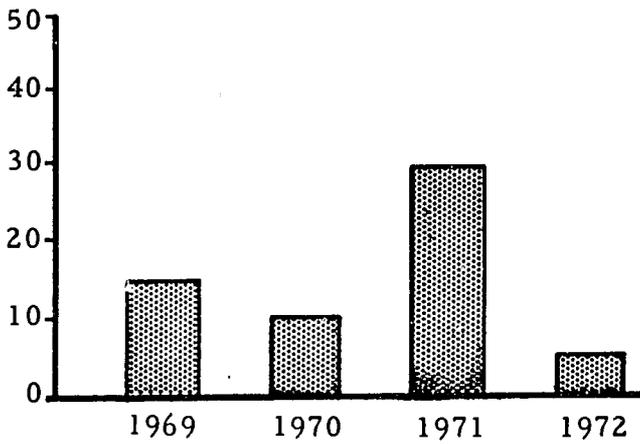
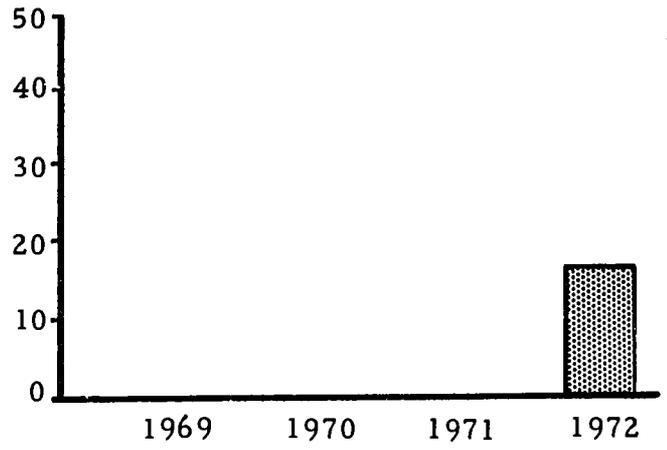


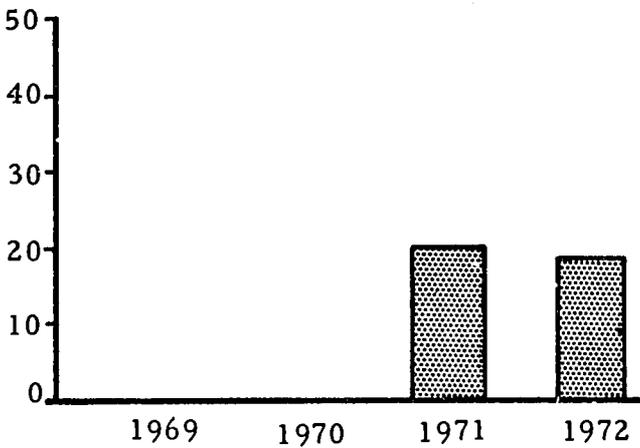
Fig. 1--Number of Lao medical personnel trained in family planning within Laos, 1969-1972. Training is sponsored by the Lao Family Welfare Association.



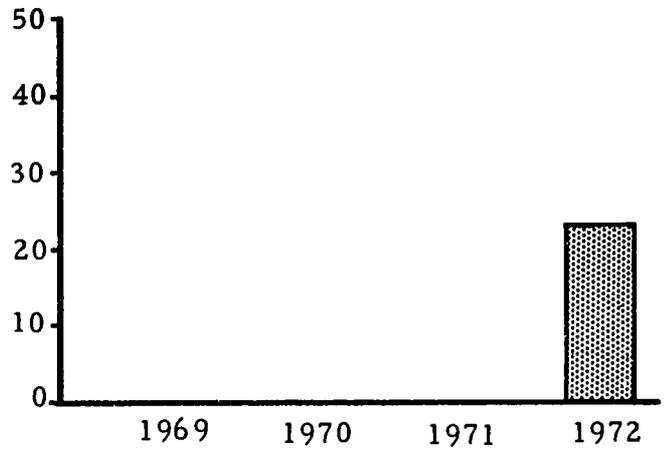
Rural Midwives



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

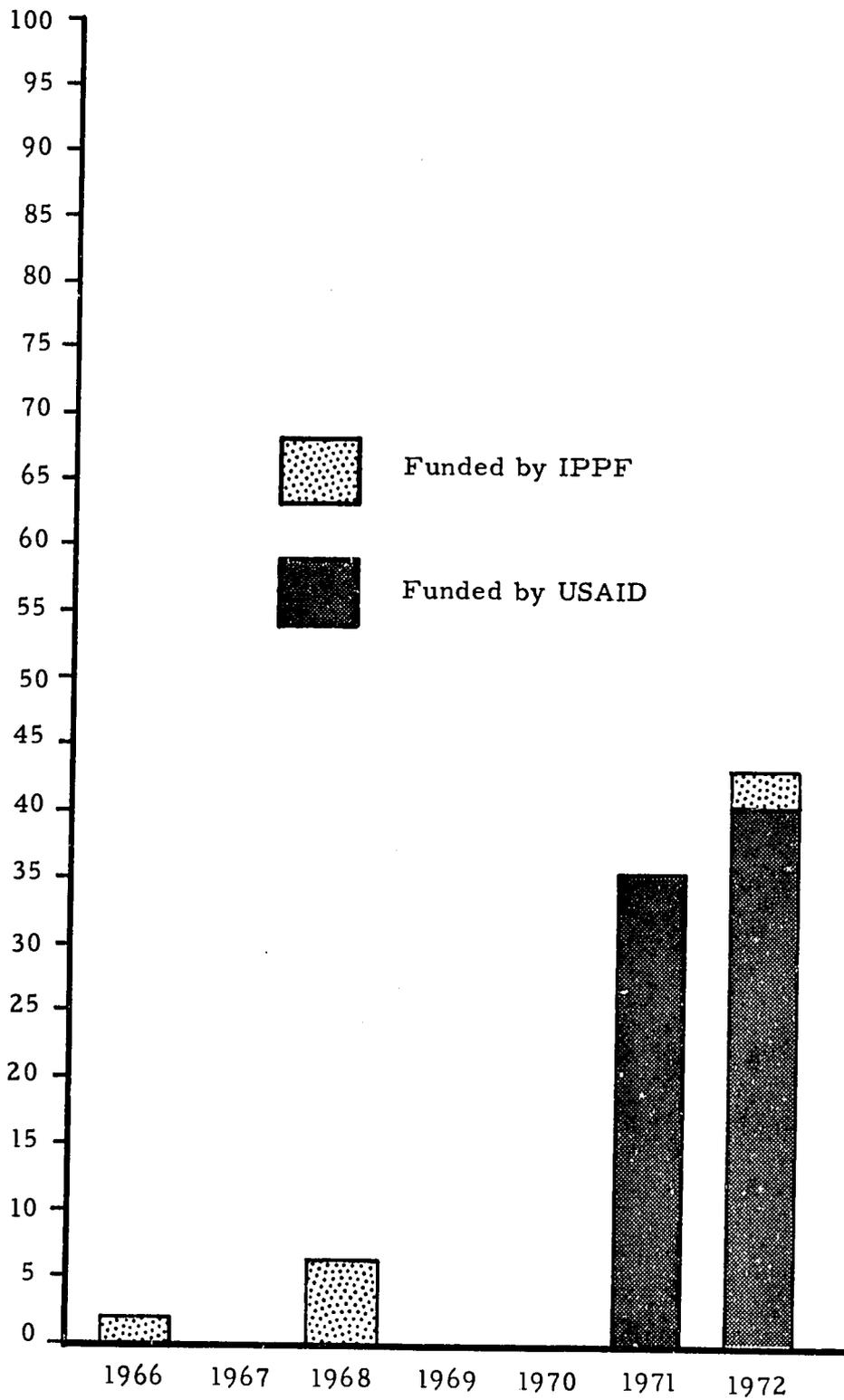


Fig. 3--Family Planning Training

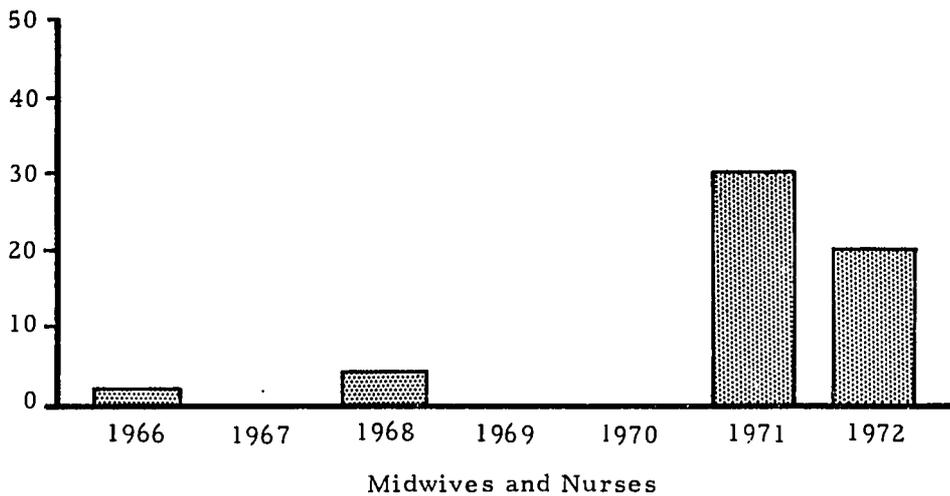
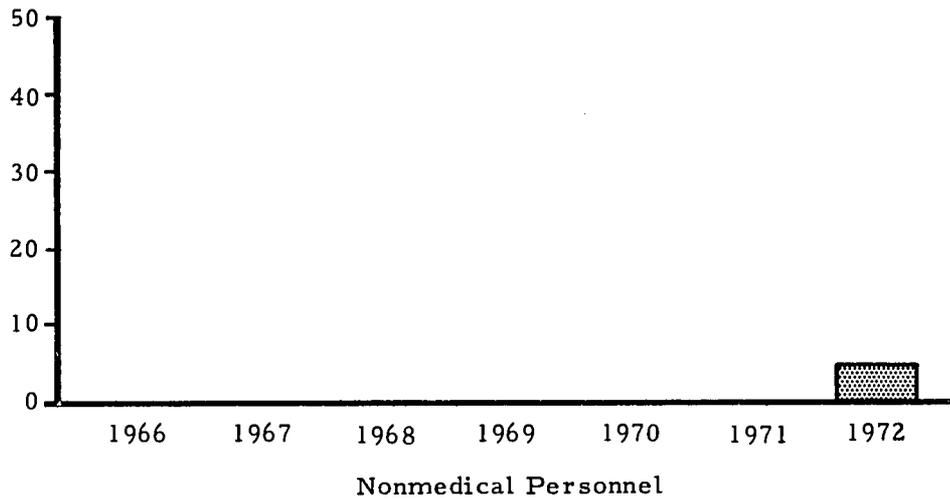
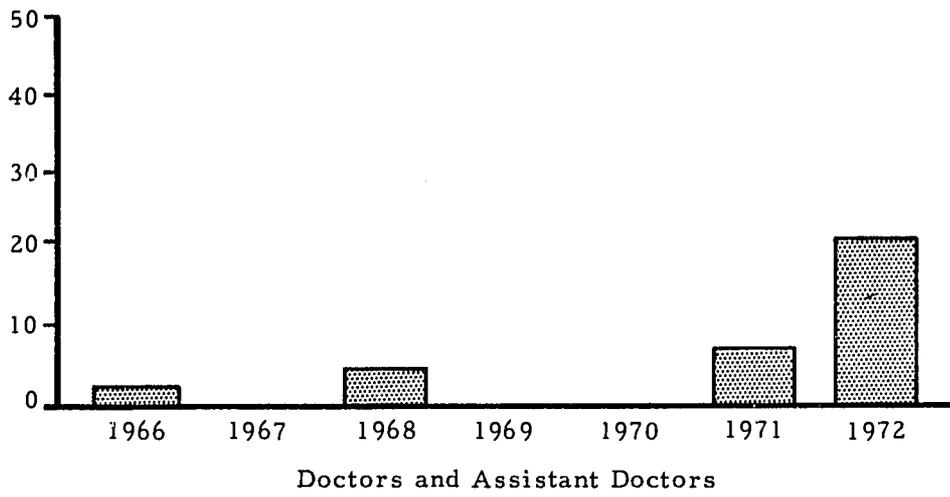


Fig. 4 -- Family Planning Training Abroad by Personnel Classification, 1966 - 1972

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Table 1
FAMILY PLANNING FACILITIES
 1969 - 1972

| <u>Year</u> | <u>Clinics</u> | | <u>Mobile Clinic Teams</u> | | <u>New Acceptors</u> | | | | | |
|-------------|----------------------------|------------|----------------------------|------------|----------------------|------------|---------------|------------------|---------------|--------------|
| | <u>Sponsor</u> | <u>No.</u> | <u>Sponsor</u> | <u>No.</u> | <u>Pills</u> | <u>IUD</u> | <u>Condom</u> | <u>Injection</u> | <u>Others</u> | <u>Total</u> |
| 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

| <u>Location</u> | <u>Starting Date</u> | <u>Completion Date</u> | <u>Cost</u> |
|--|----------------------|------------------------|-------------|
| 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, there are 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 footpath 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

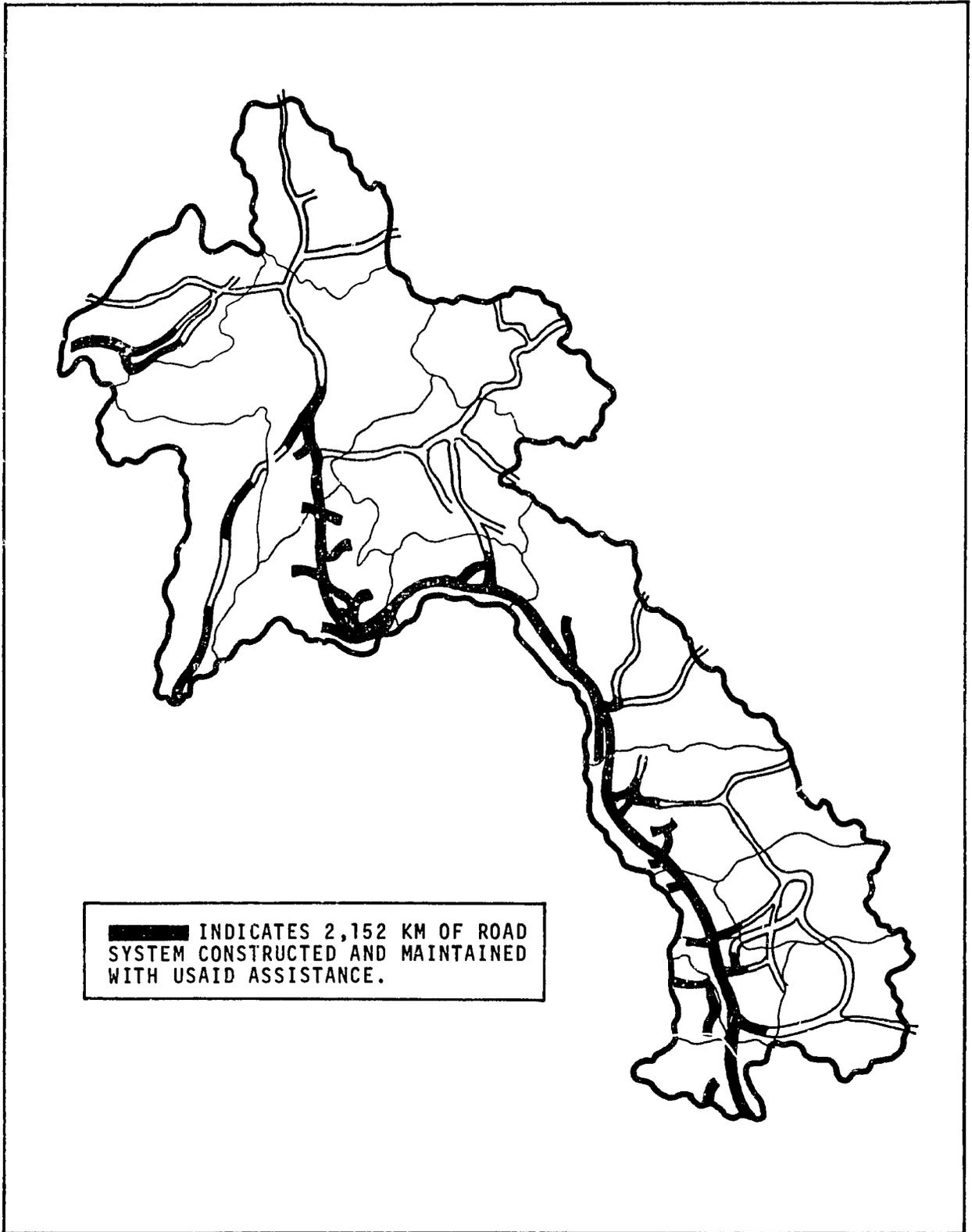


Fig. 1 -- The National Road System of Laos

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.

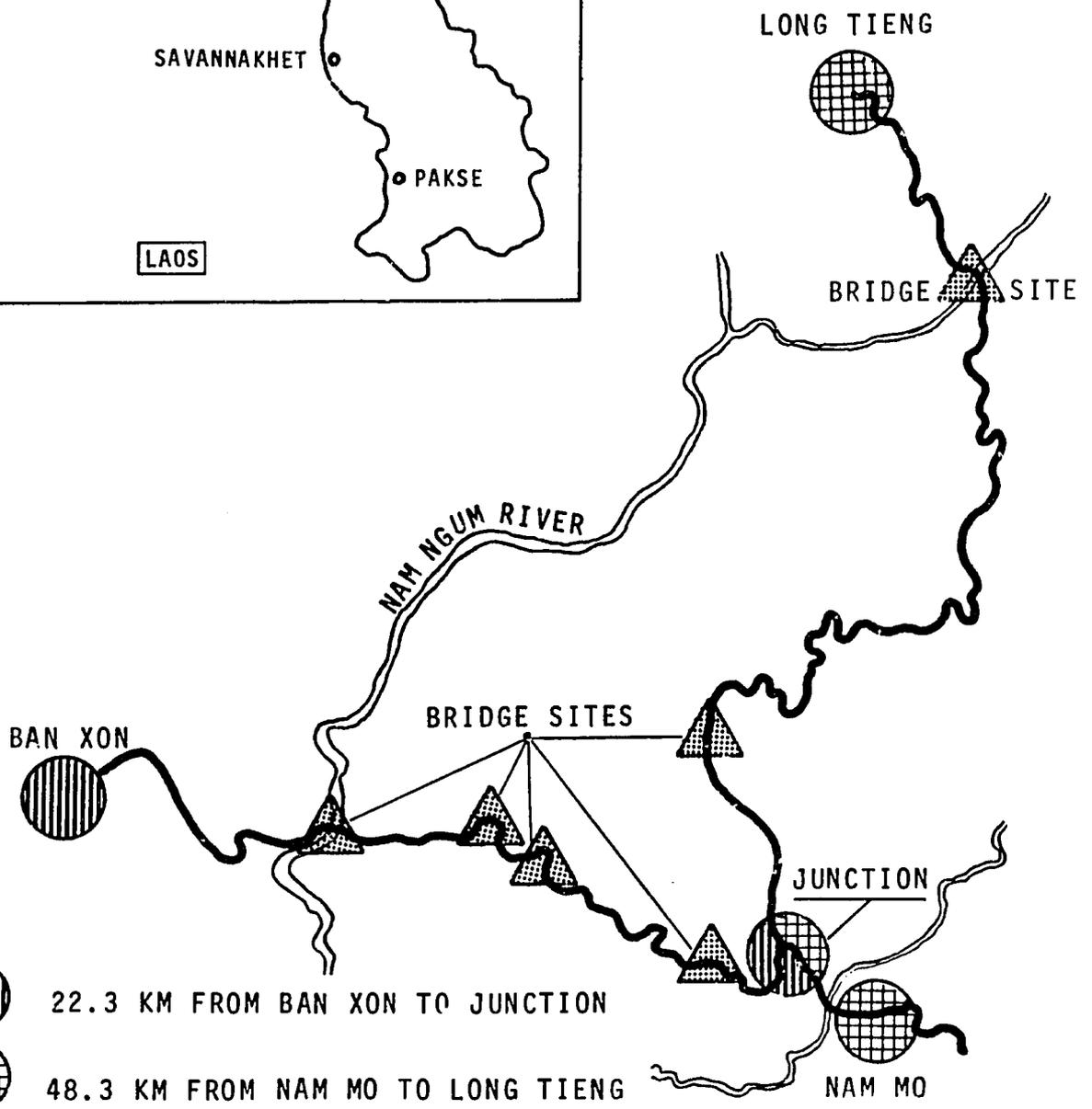
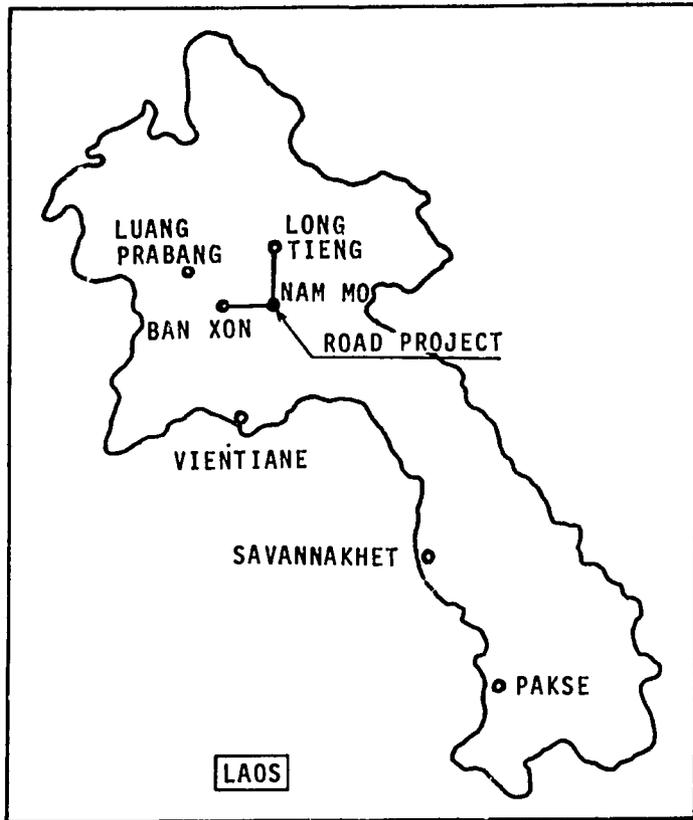


Fig. 1 - Ban Xon-Long Tieng Road

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.

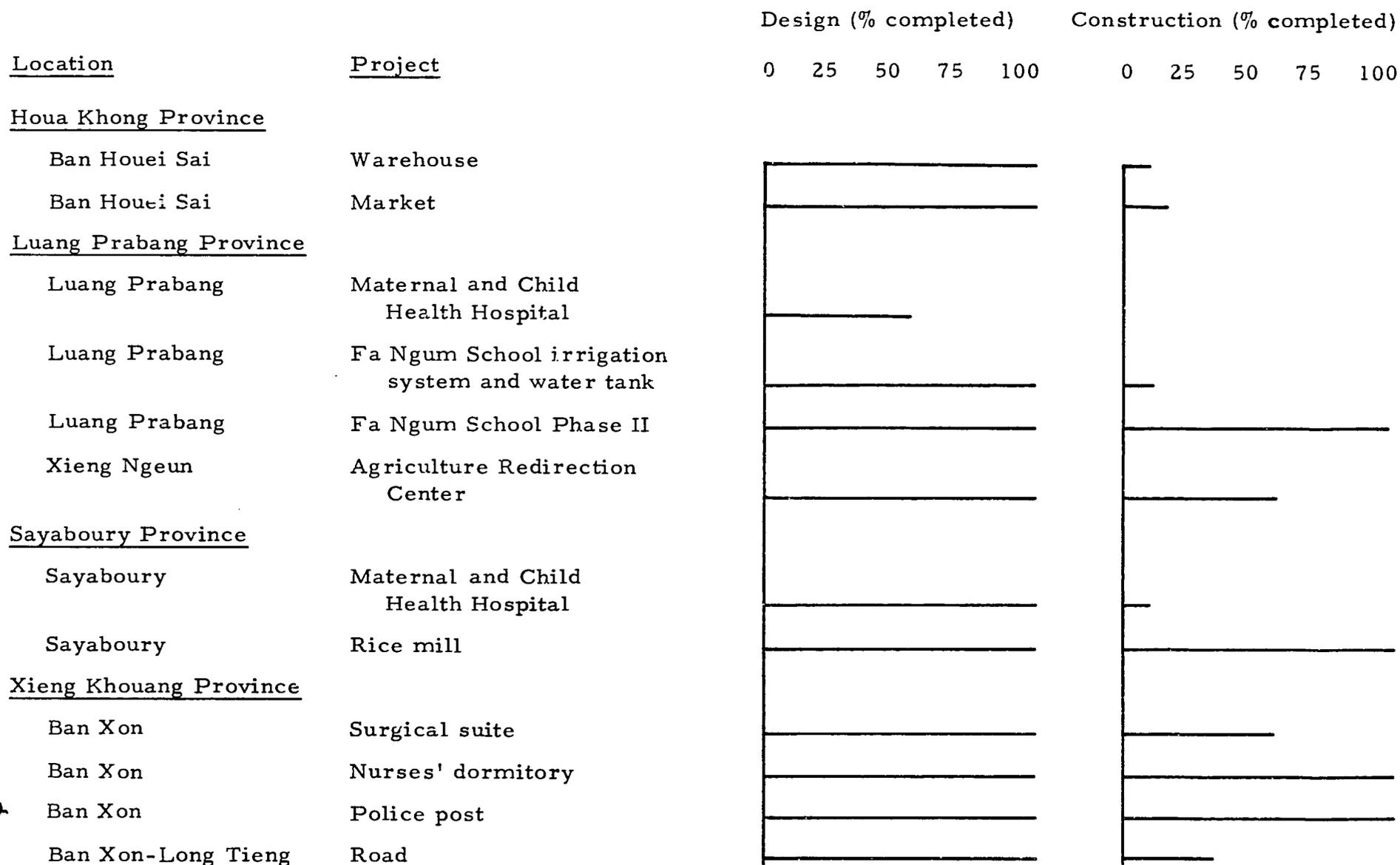
The table illustrates the range of construction projects carried out under Rural Public Works. The 30 projects listed were either in process or completed as of May 31, 1973. They range in complexity and cost from the Maternal and Child Health Center, Mahosot Hospital, Vientiane, \$749,000, to a police 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



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| | | | |
|-----------------------------|---|--|--|
| 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 | | |
| <u>Savannakhet Province</u> | | | |
| Kengkok | Hospital ward | | |
| Thasano | Refugee Reception Center | | |
| Thasano | Road construction | | |
| Savannakhet | Maternal and Child Health Hospital | | |
| <u>Sedone Province</u> | | | |
| Phou Ba Chiang | Refugee access road | | |
| Pakse | Fa Ngum School | | |
| Pakse | Maternal and Child Health Hospital | | |

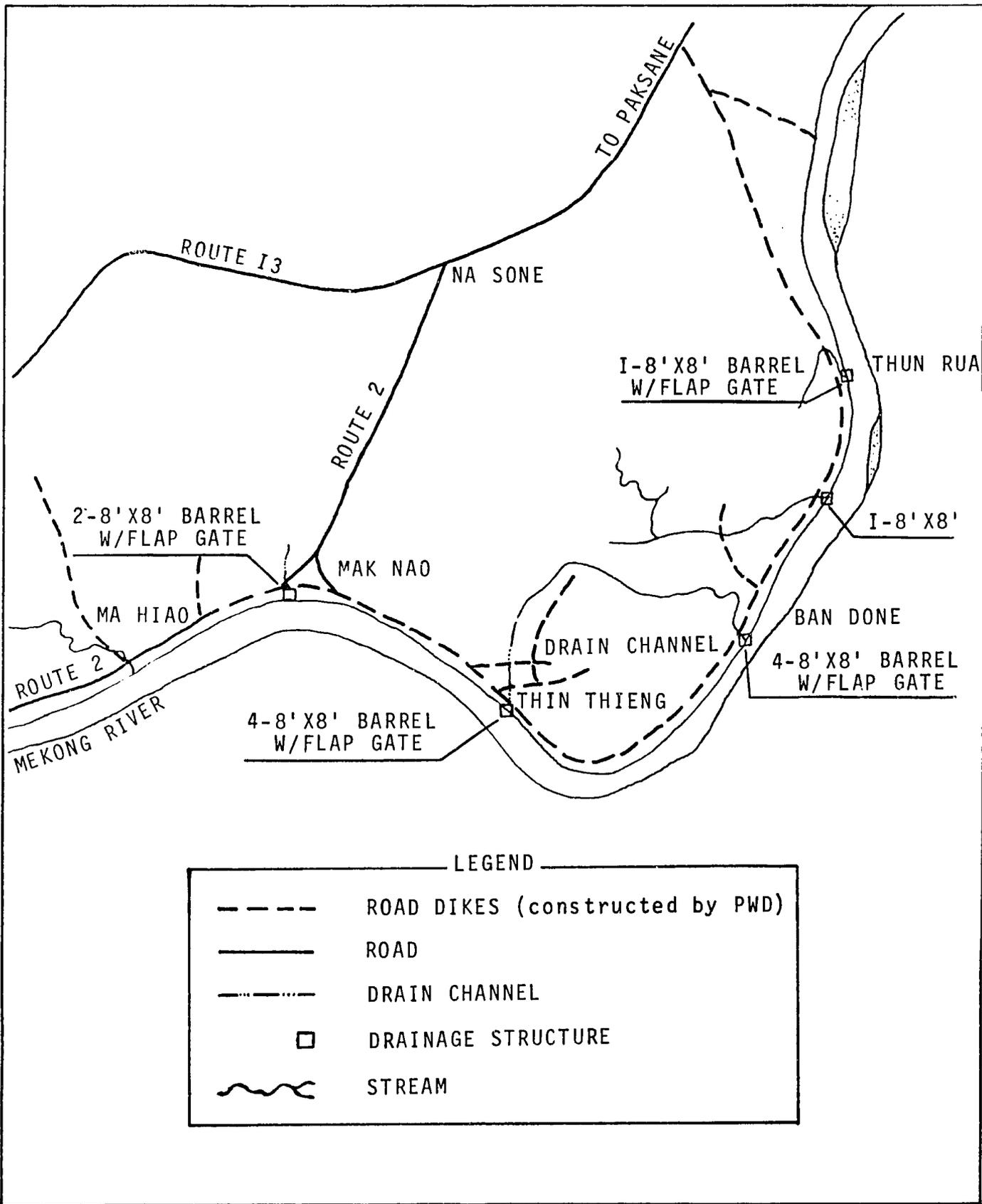


Fig. 2 - Flood control system, Dong Kalume plain.

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 commercial enterprises; the enterprise is required to pay the full price for drilling and installation.

WELL DRILLING OPERATIONS, 1970 - 1971

| | Number of Wells Drilled | | |
|-------------------------------|-------------------------|-------------|-------------|
| | <u>1970</u> | <u>1971</u> | <u>1972</u> |
| Refugee | 17 | 15 | 76 |
| Village | 50 | 91 | 34 |
| Schools | 10 | 12 | 10 |
| Hospitals | 4 | 4 | 2 |
| Other ^{a/} | <u>26</u> | <u>11</u> | <u>20</u> |
| | 107 | 133 | 142 |
| Abandoned holes ^{b/} | <u>34</u> | <u>26</u> | <u>22</u> |
| 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

| <u>Projects</u> | <u>Number</u> |
|---------------------------------|---------------|
| 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

| <u>Project</u> | <u>Number Constructed</u> |
|------------------|-------------------------------|
| 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.

KIP MILLIONS

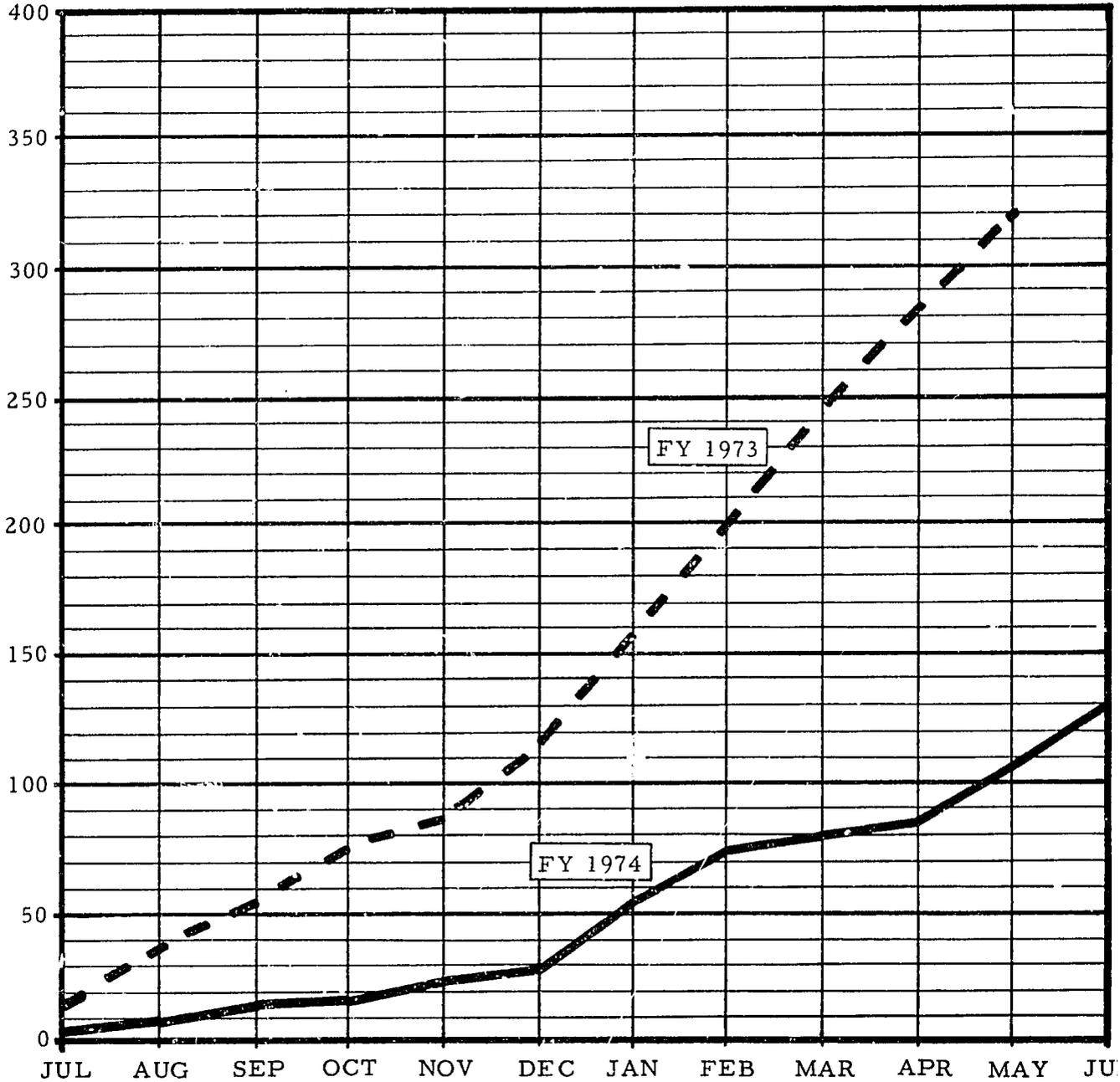


Fig. 1 -- ADO gross sales, FY 1972 - FY 1973.

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.

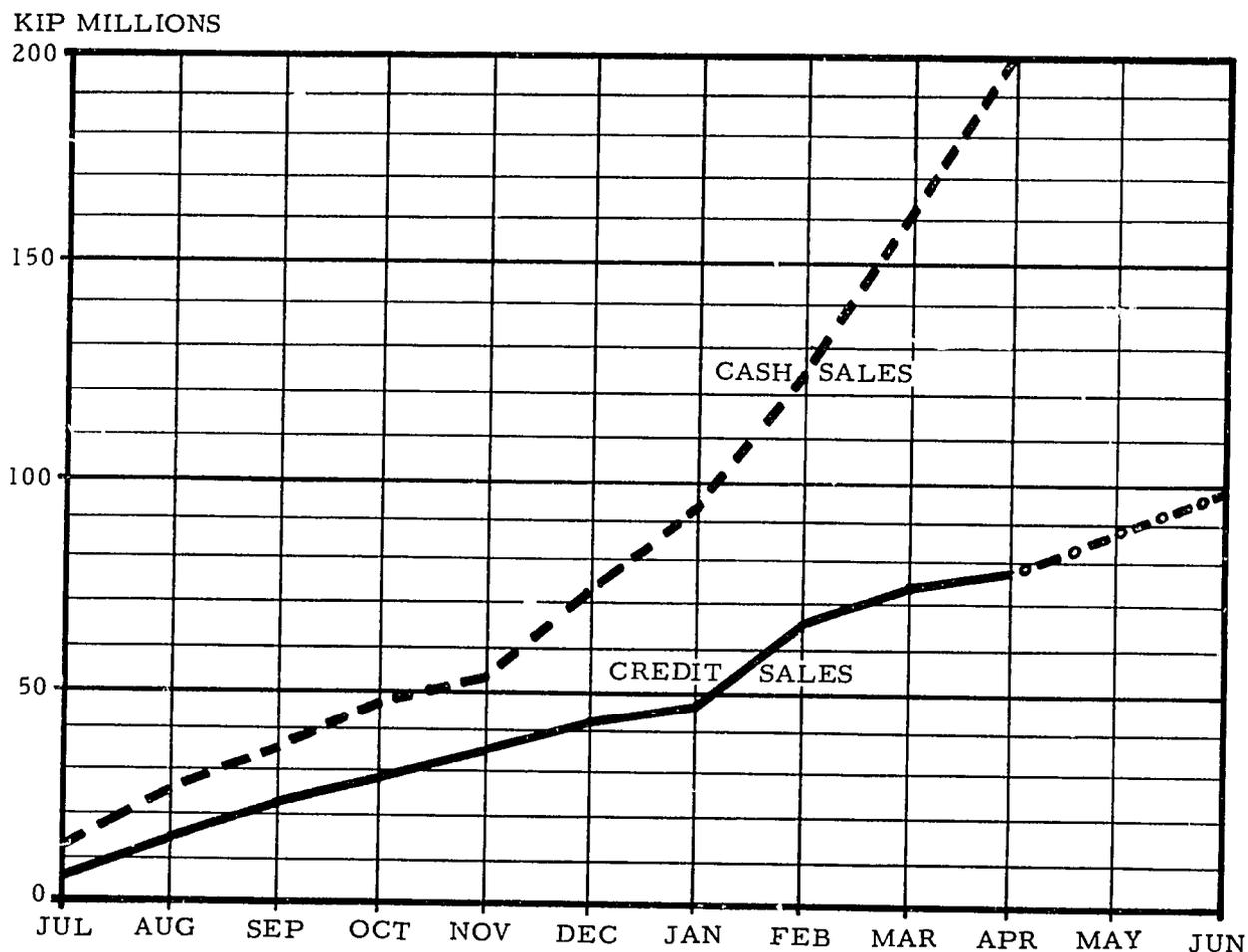


Fig. 2 -- ADO cash and credit sales, FY 1973.

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.

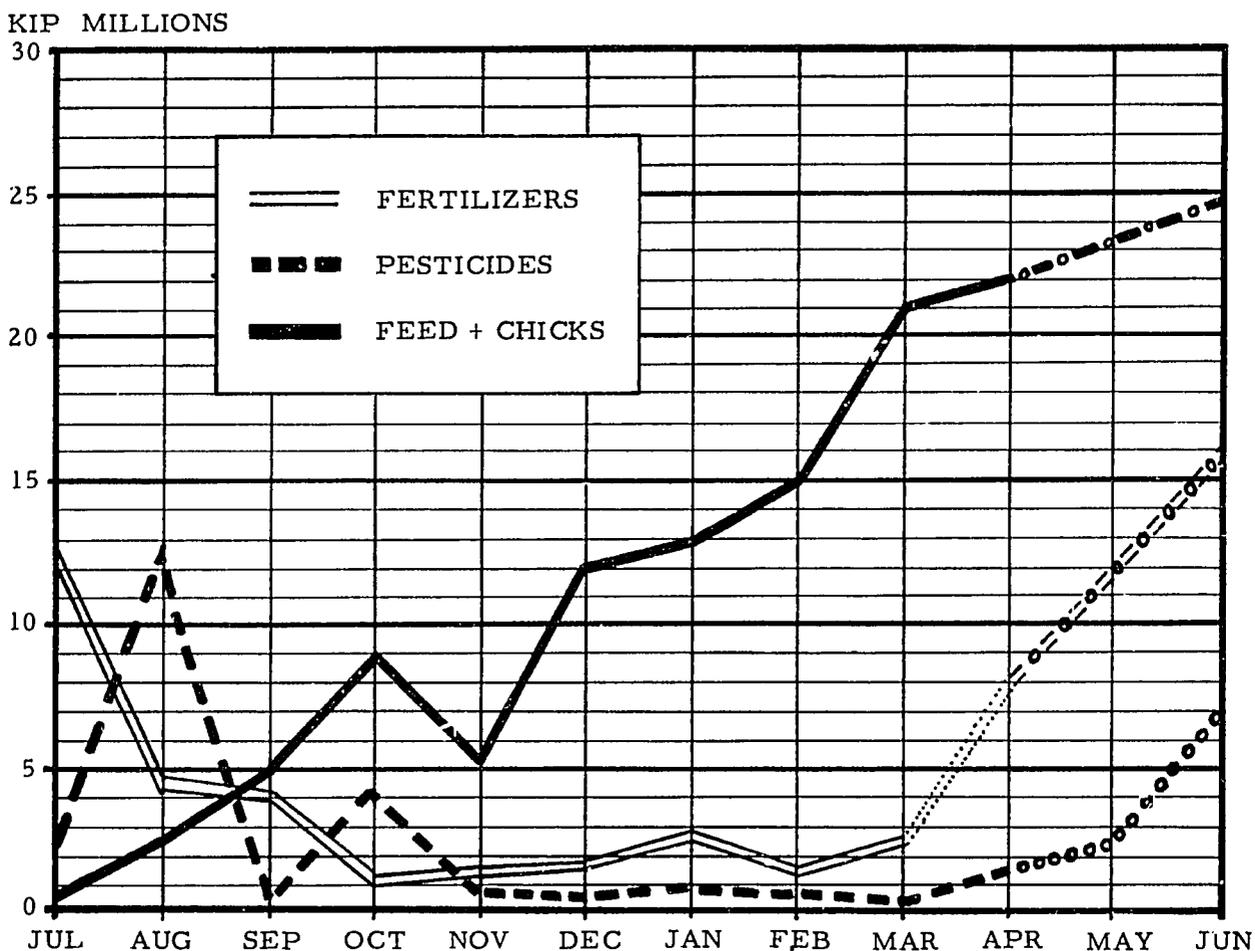


Fig. 3 -- Gross sales of selected commodities, July 1972 - May 1973

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 ADO. 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 |
| | <hr/> 167 | <hr/> 18,001 | <hr/> 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.

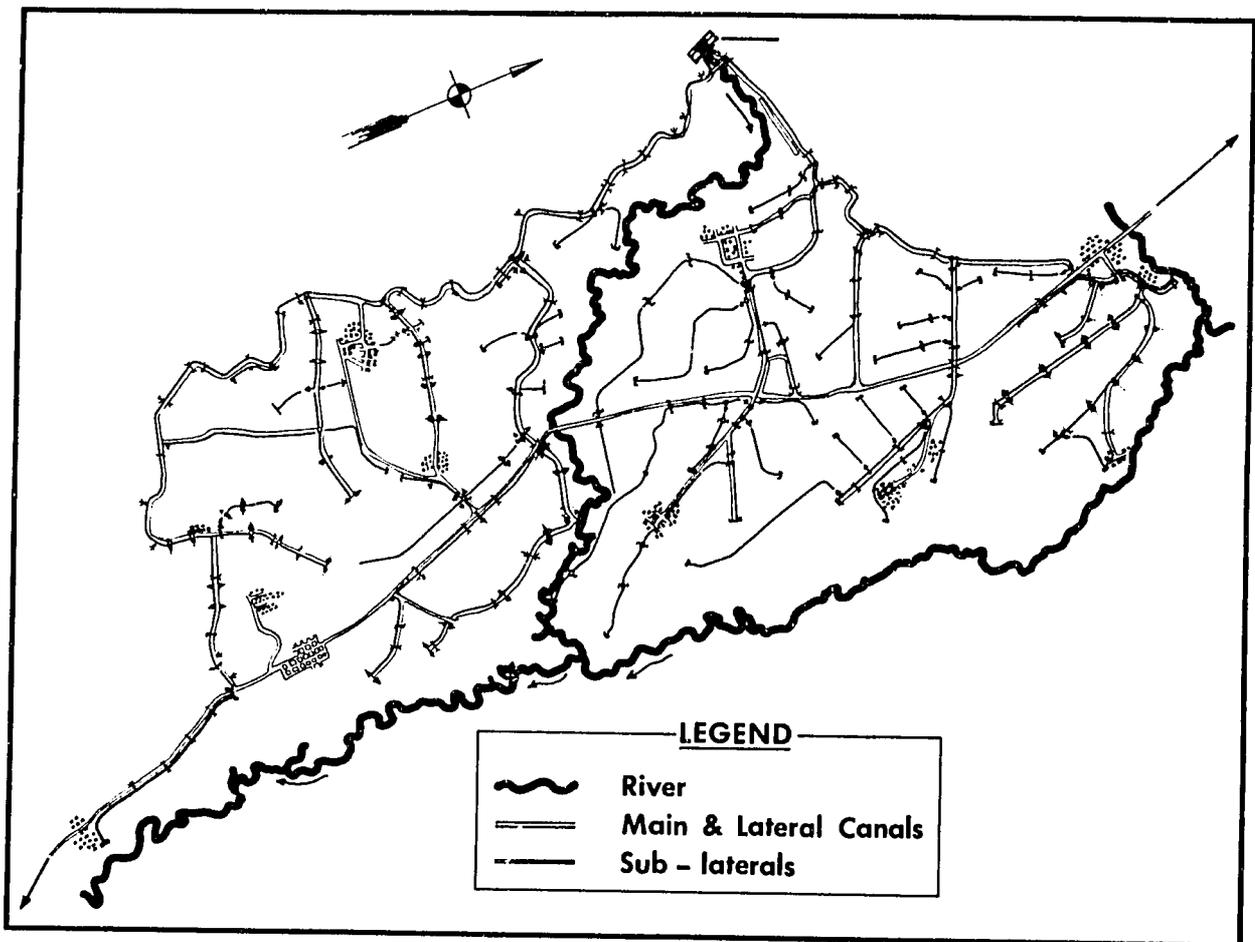


Fig. 2 -- Nam Tan Irrigation Project.

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 refugees 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

| <u>Fiscal Year</u> | <u>Hectares</u> |
|--------------------|-----------------------|
| 1969 | 5,230 |
| 1970 | 7,180 |
| 1971 | 104,225 |
| 1972 | 246,966 |
| 1973 | 125,000 ^{a/} |
| | <hr/> 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

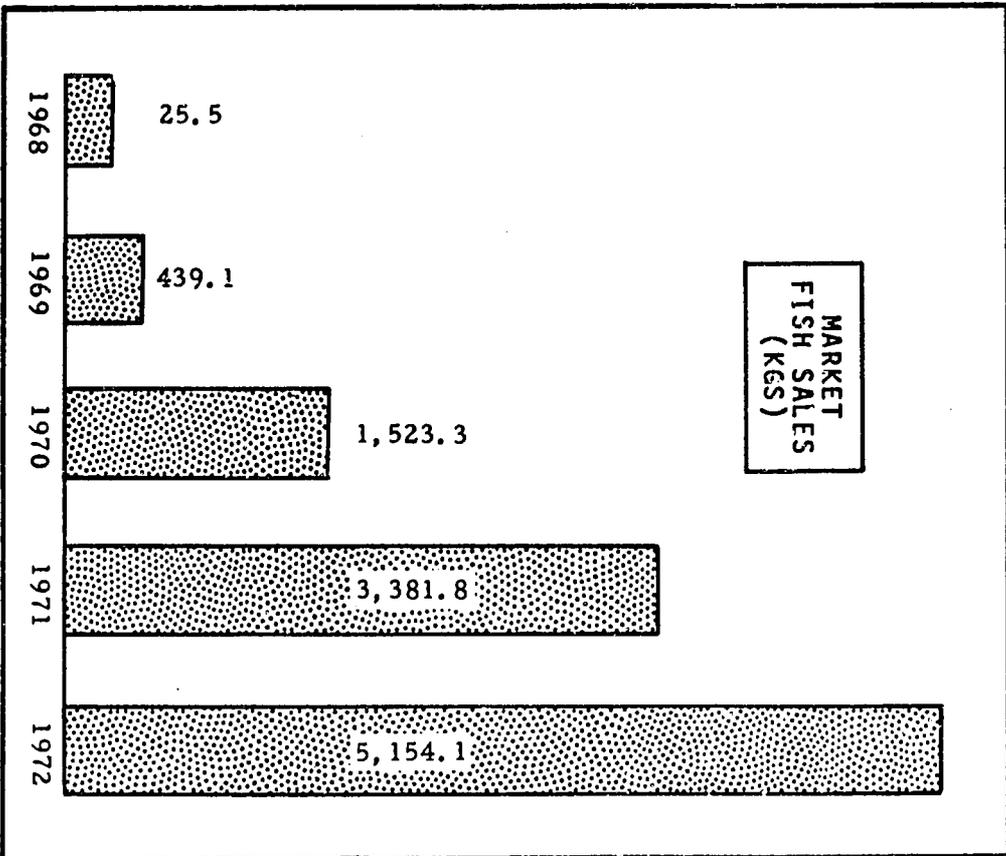
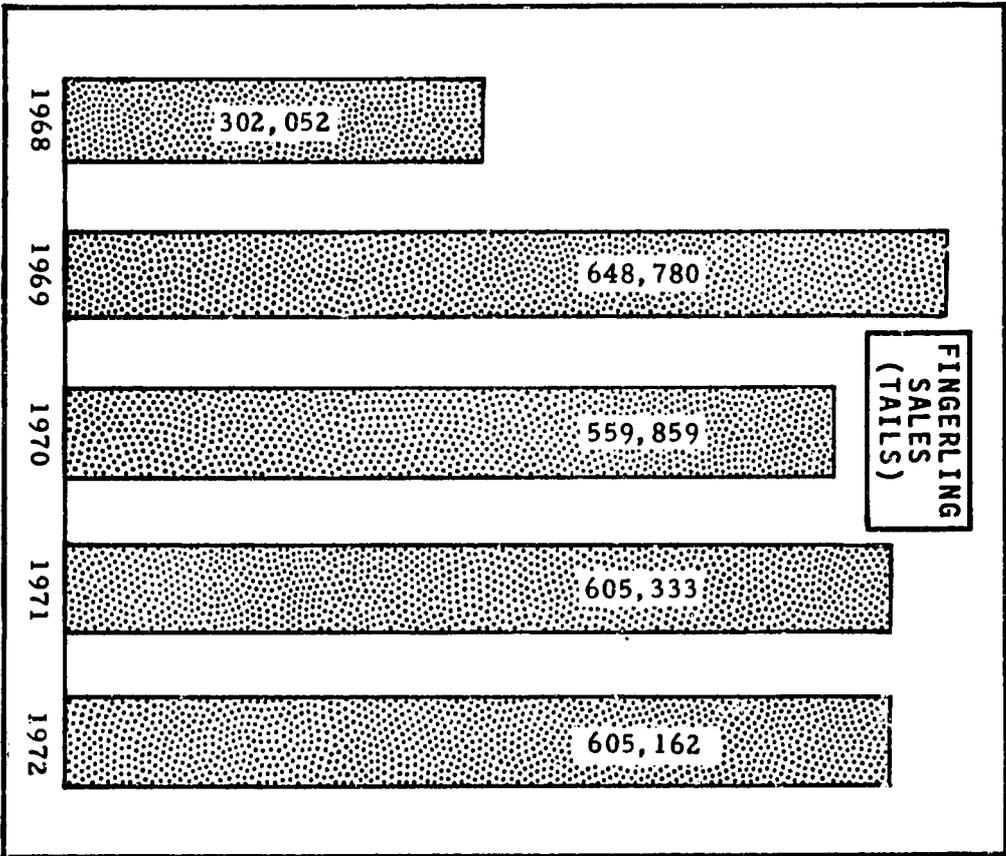


Fig. 1 -- Yearly Sales of Fingerlings and Market Fish

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.

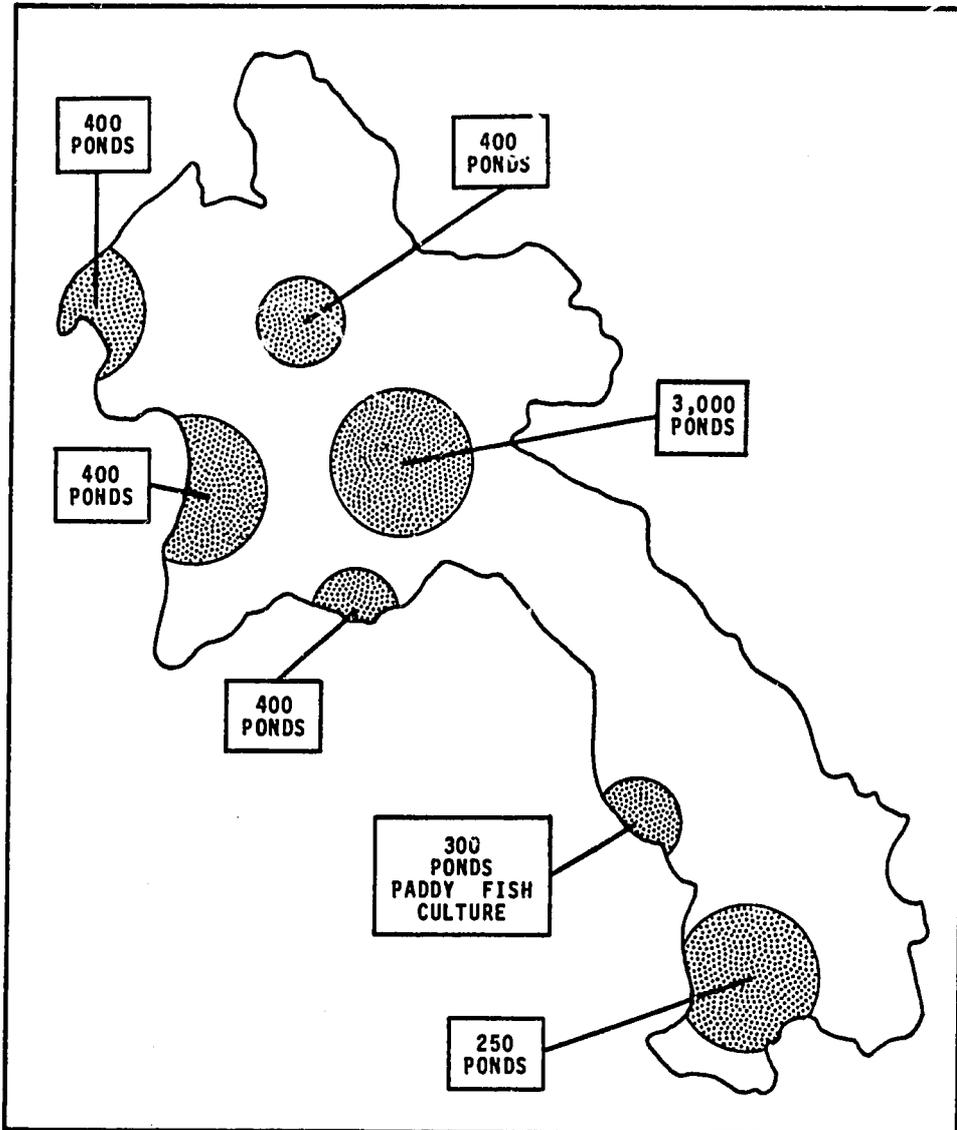


Fig. 2 -- Number and Location of Fish Ponds

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

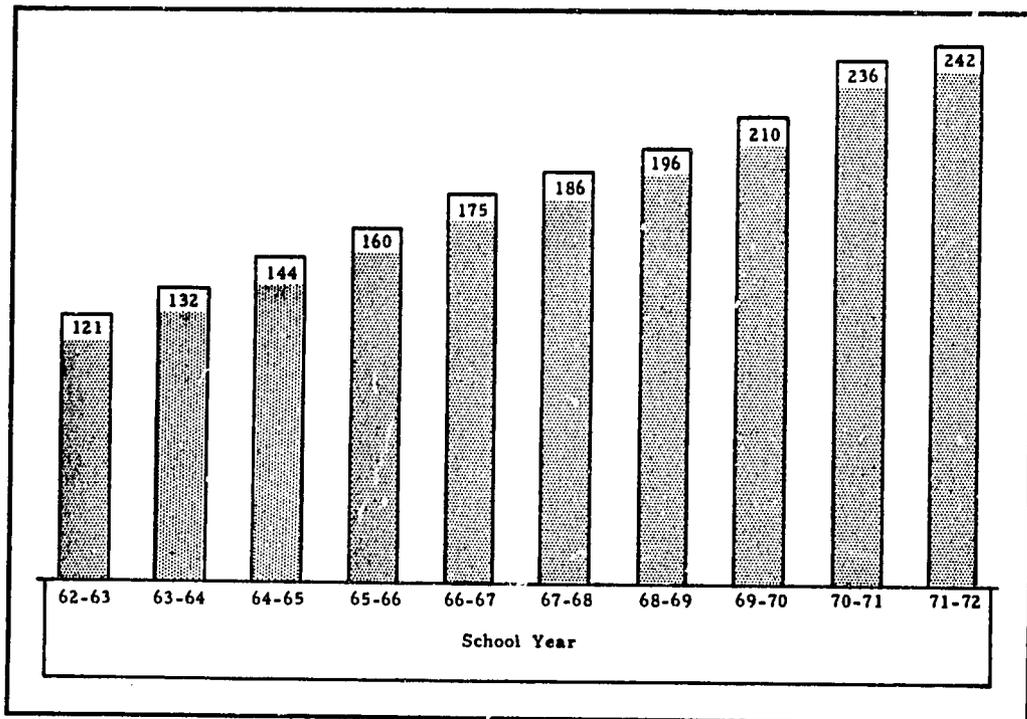


Fig. 1 -- Elementary School Enrollment, 1962 - 1972 (In Thousands).

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 technical 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:

| <u>Location</u> | <u>Year School Established</u> | <u>Grades Offered January 1973^{a/}</u> | <u>Enrollment</u> |
|-----------------|------------------------------------|---|-------------------|
| 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 multiple 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.

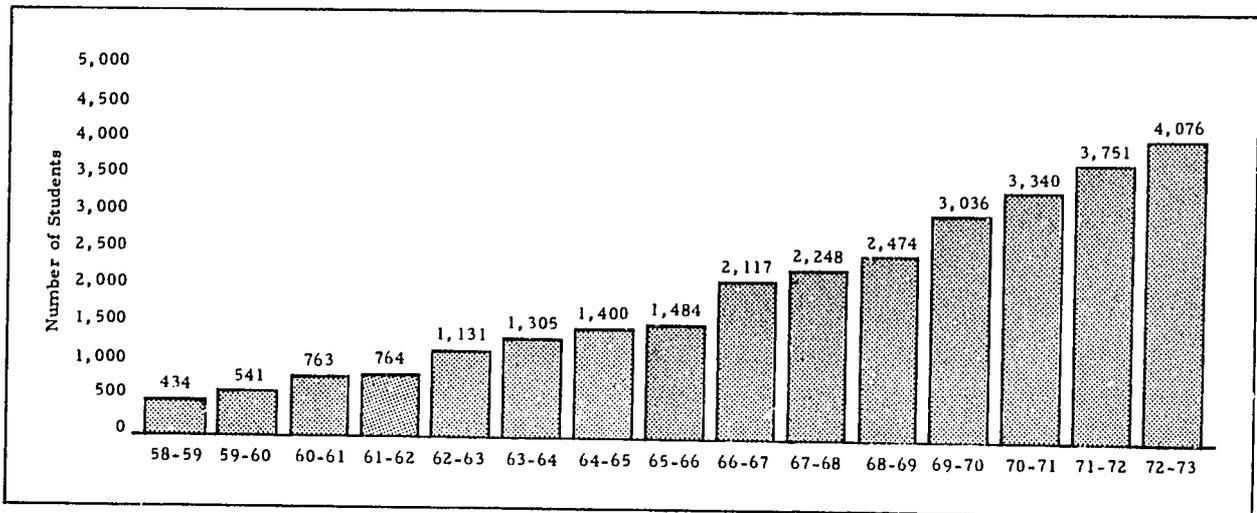


Fig. 1 -- Enrollment in Teacher Training Institutions, 1958 - 1973.

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:

| <u>Location</u> | <u>Year School Established</u> | <u>Program</u> | |
|--------------------------|------------------------------------|----------------|---------------|
| | | <u>2-year</u> | <u>4-year</u> |
| Vientiane. | 1959 | | X |
| Luang Prabang | 1962 | X | X |
| Savarnakhet | 1968 | X | X |
| Pakse | 1962 | X | X |
| Ban Keun | 1968 | X | |
| Vang Vieng ^{a/} | 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

| <u>Buildings</u> | <u>Number</u> |
|----------------------|---------------|
| 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.

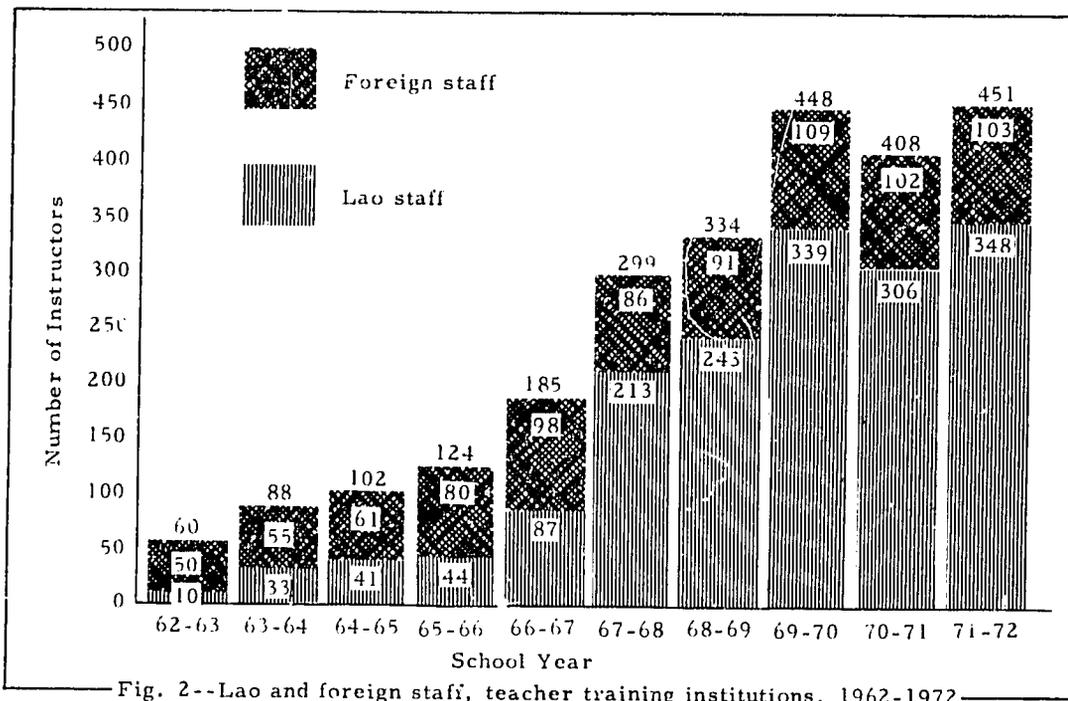


Fig. 2--Lao and foreign staff, teacher training institutions, 1962-1972

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.

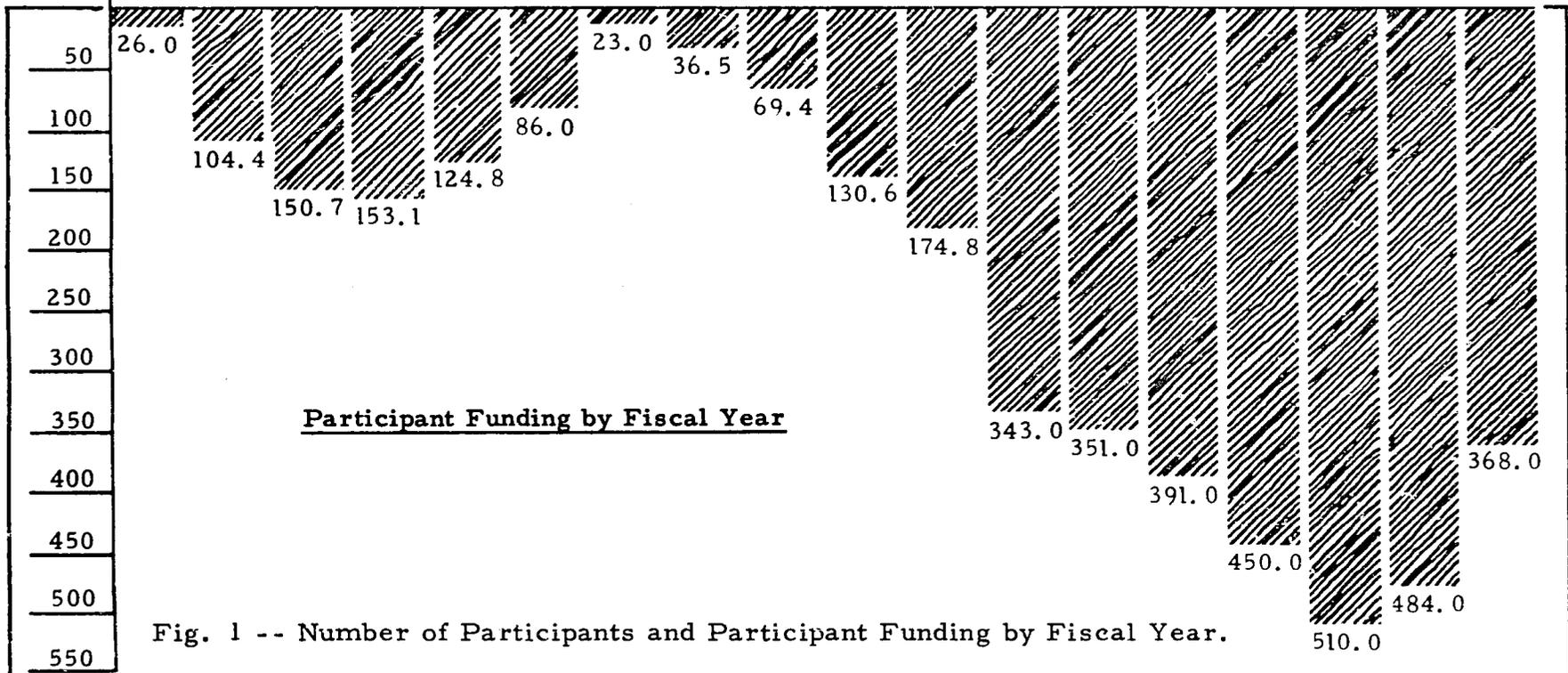
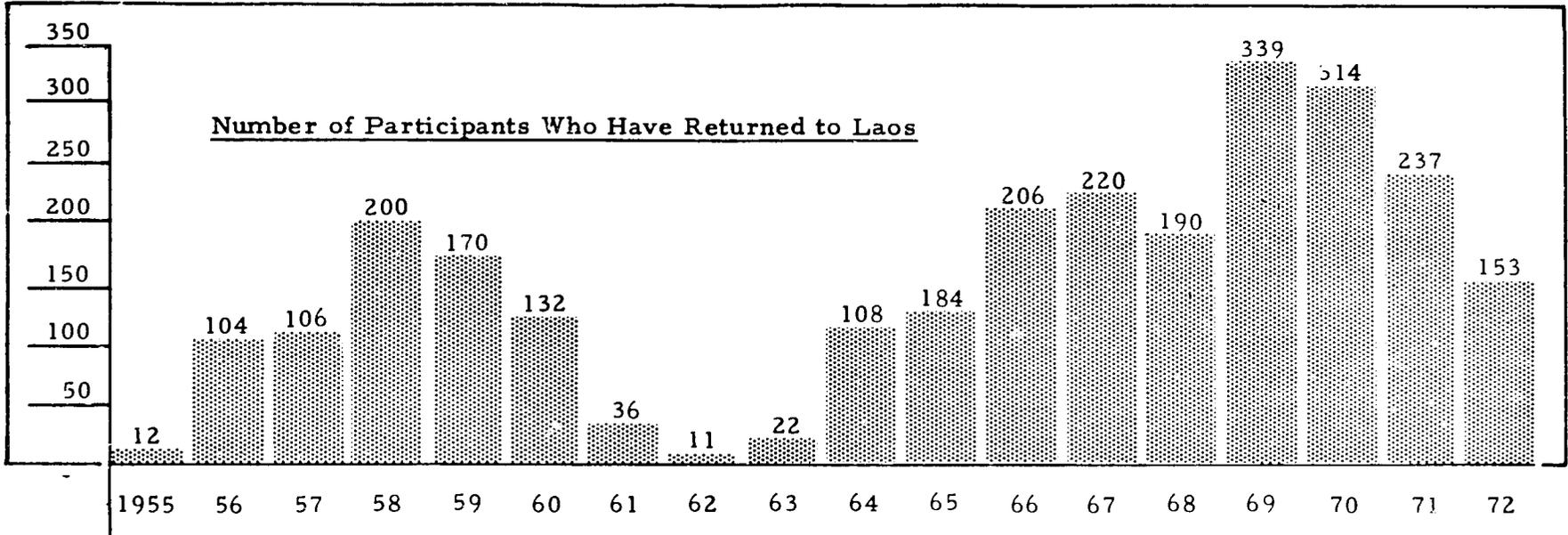


Fig. 1 -- Number of Participants and Participant Funding by Fiscal Year.

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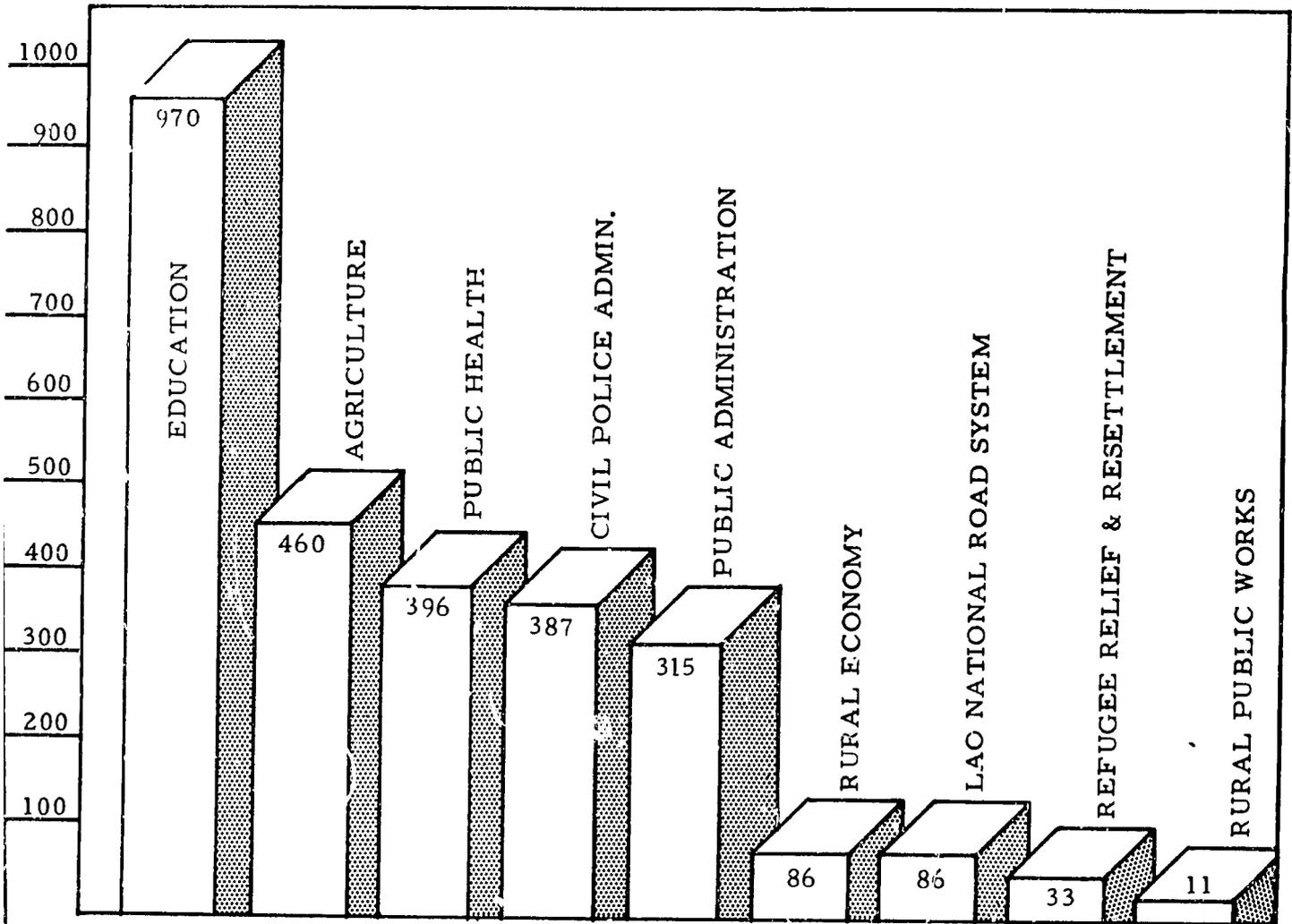


Fig. 2 -- Number of Participants by Field of Training.

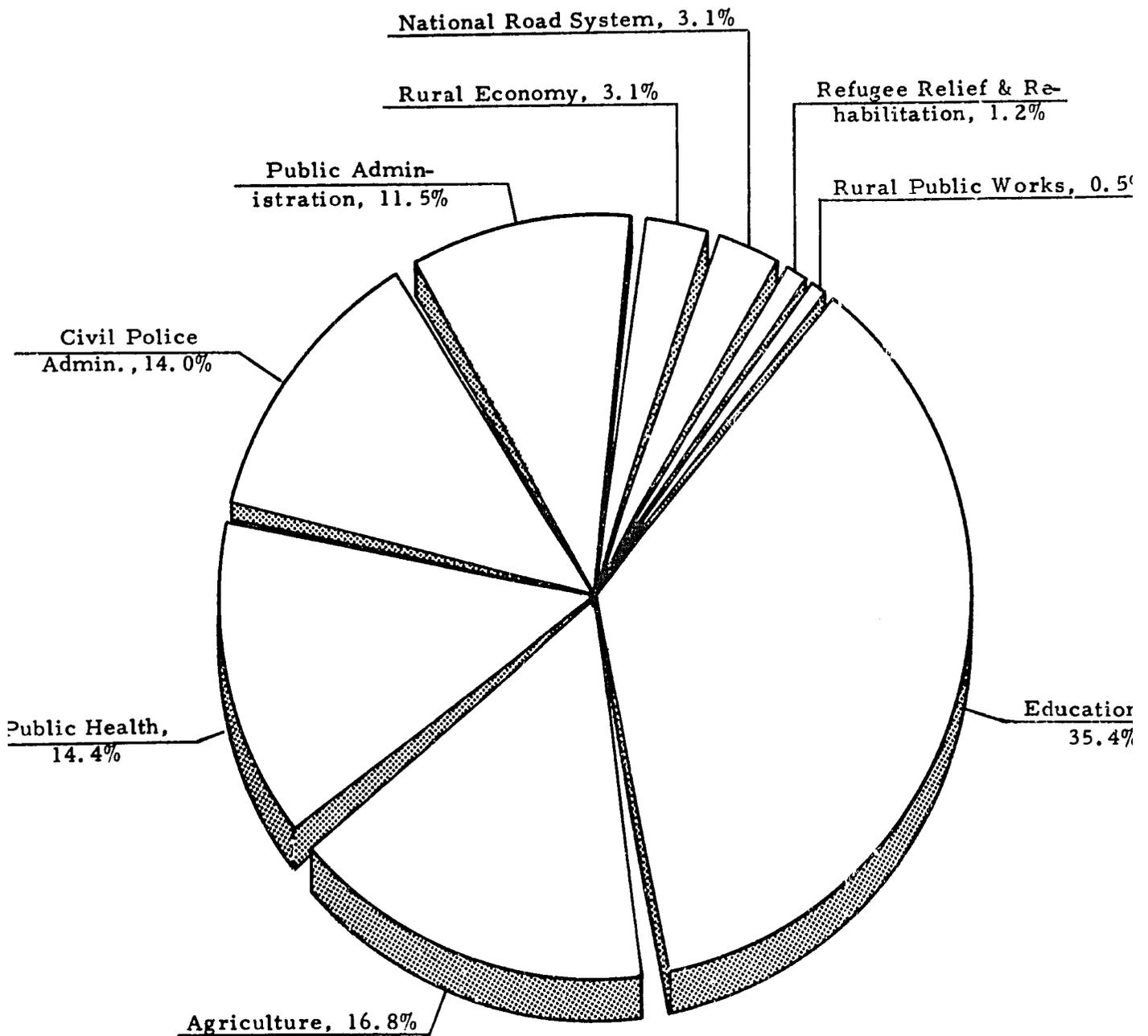


Fig. 3 -- Percentages of Total Number of Participants by Sponsoring Project.

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

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: Fortypercent 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.

95

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 | | |
|------------------|-----------------|------------|--------------|-----------------|------------|--------------|
| | <u>Officers</u> | <u>Men</u> | <u>Total</u> | <u>Officers</u> | <u>Men</u> | <u>Total</u> |
| 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 | 4,268 | 5,331 |

Table 2

LAO NATIONAL POLICE INSTALLATIONS

| | 1965 | | 1972 | |
|---------------------------------------|--|------------------|--|------------------|
| | <u>Vientiane Metropolitan Area</u> | <u>Provinces</u> | <u>Vientiane Metropolitan Area</u> | <u>Provinces</u> |
| General Headquarters | 1 | - | 1 | - |
| Province or City Headquarters | - | 13 | 1 | 16 |
| Precinct and District Headquarters | 4 | 89 | 4 | 118 |
| Posts | <u>38</u> | <u>136</u> | <u>30</u> | <u>136</u> |
| Total | 43 | 238 | 36 | 260 |

Table 3

LAO NATIONAL POLICE COMMUNICATION FACILITIES

| | <u>1965</u> | <u>1972</u> |
|---------------------|------------------|-------------------|
| Repair Facilities | 2 | 4 |
| VHF Short-Range Net | 52 ^{a/} | 294 ^{b/} |
| SSB Long-Range Net | <u>18</u> | <u>79</u> |
| 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 | |
| Vehicles, 2-wheel | 70 | sets | 373 |
| 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

| <u>Dollar</u> ^{a/} | <u>Kip</u> ^{b/} | <u>Total</u> ^{c/} | <u>d/</u> |
|-----------------------------|--------------------------|----------------------------------|-----------|
| \$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 bring refugee groups to an economic and social level equal to that of the nonrefugees in the area.

| <u>Food Assistance</u> | <u>Amount</u> |
|---------------------------------|-------------------------|
| 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 |

| <u>Medical Assistance</u> | <u>Average Annual Patient Treatments</u> |
|----------------------------------|--|
| Dispensaries - 150 ^{a/} | |
| Hospitals - 2 ^{a/} | 1,400,000 |

^{a/} Average number in operation, 1962 - 1972.

| <u>Agricultural Assistance</u> | <u>Unit (ha)</u> |
|--|------------------|
| 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 facilities 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.

| <u>Education Assistance to Refugees</u> | <u>Number</u> |
|---|---------------|
| 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

| <u>Dollar</u> | <u>Kip</u> | <u>Total</u> |
|---------------|------------|----------------------------------|
| \$3,147,000 | | \$3,147,000 or Kip 1,903,935,000 |

| <u>Addict Rehabilitation Centers</u> | <u>Number</u> ^{a/} |
|--|-----------------------------|
| Wat Than Ka Bok, Thailand | 1,823 |
| National Detoxification Center, Vientiane | <u>487</u> |
| 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 | <u>464.5</u> | <u>2.0</u> | <u>23.0</u> | <u>-</u> |
| | 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.

| <u>Facilities Constructed</u> | <u>Location</u> |
|--|-----------------|
| 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 | <u>139,821</u> |
| Total | 1,457,080 |

Training Incountry

| | |
|------------------|-------|
| Medics | 1,181 |
| Practical Nurses | 204 |

Third-country

| | |
|---------------|----------|
| United States | <u>5</u> |
| Total | 1,774 |

MATERNAL AND CHILD HEALTH

FY 1969 - FY 1973

| <u>Dollar</u> | <u>Kip</u> ^{a/} | <u>Total</u> |
|---------------|--------------------------|--|
| \$3,937,000 | K 21,000,000 | \$3,944,000 or K 2,386,120,000 ^{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 |
| | <u>239</u> |

U.S. and Third-country Training

| | |
|---|------------|
| Doctors (M. D. or Assistant Doctor) | 32 |
| Nurses | 51 |
| Midwives | 36 |
| Statisticians | 2 |
| Information, Education, Communication Specialist | 1 |
| | <u>122</u> |

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

| | | |
|---------------|--------------------------|--|
| <u>Dollar</u> | <u>Kip ^{a/}</u> | <u>Total</u> |
| \$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 asphaltting 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.

166

RURAL PUBLIC WORKS^{a/}

FY 1962 - FY 1973

| Dollar | Kip ^{b/} | Total |
|--------------|-------------------|--|
| \$29,851,000 | K 2,933,000,000 | \$39,001,000 or K 23,595,605,000 ^{c/} |

^{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

| <u>Dollar</u> | <u>Kip^{a/}</u> | <u>Total</u> |
|---------------|-------------------------|--|
| \$15,434,000 | K 1,180,000,000 | \$21,341,000 or K 12,911,305,000 ^{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 | 2,500 |
| 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 |
| <u>Training</u> | Number of 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 |

AGRICULTURE DEVELOPMENT

FY 1962 - FY 1973

| Dollar | Kip ^{a/} | Total |
|--------------|-------------------|--|
| \$17,745,000 | K 1,380,000,000 | \$22,461,000 or K 13,588,905,000 ^{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.

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 |

| | <u>Number of Trainees</u> |
|---|--------------------------------|
| Food preparation | 85 |
| Village training program, home economics | 3,568 |
| | <u>Number of Attendees</u> |
| 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 |
|--------------|-------------------|--|
| \$15,291,000 | K 1,356,000,000 | \$21,142,000 or K 12,790,910,000 ^{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, 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 | <u>1,120,000</u> |
| 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/}

| <u>Dollar</u> | <u>Kip^{b/}</u> | <u>Total</u> |
|---------------|-------------------------|--|
| \$3,008,000 | K 44,000,000 | \$3,150,000 or K 1,905,750,000 ^{c/} |

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

| <u>Dollar</u> | <u>Kip^{a/}</u> | <u>Total</u> |
|---------------|-------------------------|---|
| \$1,625,000 | K111,000,000 | \$1,832,000 or K1,108,360,000 ^{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 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 | <u>350</u> |
| | 5,160 |
| Administrative | |
| Clerical | 460 |
| Lao typing | 30 |
| Shorthand | 20 |
| Supervisory management | <u>200</u> |
| | 710 |
| Technical | |
| Mechanics | 360 |
| Generator operations | 120 |
| Electrical fields | 140 |
| Accounting | 160 |
| Plumbing | 10 |
| Mathematics | 240 |
| Radio operations | 80 |
| Drivers | <u>1,350</u> |
| | 2,460 |
| Academic and On-the-Job Training | |
| Participant Pre-University | 150 |
| Technical School Graduates | 70 |
| Summer student work experience for secondary school students | <u>1,450</u> |
| | 1,670 |
| Total | 10,000 |

^{a/} The Center was established in 1966.

CIVIL POLICE ADMINISTRATION

FY 1955 - FY 1973

| | | |
|---------------|-------------------------|--|
| <u>Dollar</u> | <u>Kip^{a/}</u> | <u>Total</u> |
| \$6,480,000 | K 656,000,000 | \$7,564,000 or K 4,576,220,000 ^{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

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

| <u>Training</u> | Number of Trainees |
|-----------------------------|-----------------------|
| Incountry | |
| Lao National Police Academy | 2,271 |
| USAID | <u>567</u> |
| | 2,838 |
| Third country | 159 |
| United States | <u>67</u> |
| | 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 | <u>4,657,000</u> |
| 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

| <u>Projects</u> | <u>Estimated Completion Date</u> |
|---|--|
| 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 |
| <u>Studies</u> | <u>Status</u> |
| 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)

| <u>Source</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>Total</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|--------------|
| 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 | | <u>\$ 315,000</u> |
| 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 shistosomiasis. 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, pa-dek, 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)

| | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| UNDP | | | | | | | | | |
| Technical Assistance ^{a/} | 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 (physiotherapy 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 to FEOF. Wattay Phase II construction was completed in April 1972. High-speed turn-offs, 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 \$275,000 or 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 Israeli 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 Etrangères.

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 accommodate 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)

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> |
|---------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | <u>7.8</u> | <u>11.9</u> | <u>19.6</u> | <u>19.5</u> | <u>22.0</u> | <u>22.4</u> | <u>22.2</u> | <u>26.6</u> | <u>24.9</u> |

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)

| <u>Calendar Year</u> | <u>Recorded Exports</u> | <u>Recorded Imports</u> | <u>Exports as % of Imports</u> |
|--------------------------|-----------------------------|-----------------------------|------------------------------------|
| 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)

| <u>Fiscal Year</u> | <u>Receipts</u> | <u>Actual Expenditures</u> | <u>Actual Deficit</u> ^{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)

| | <u>1964</u> | <u>1965</u> | <u>1966</u> | <u>1967</u> | <u>1968</u> | <u>1969</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | <u>3.3</u> | <u>2.9</u> | <u>4.0</u> | <u>14.6</u> | <u>18.3</u> | <u>22.5</u> | <u>20.5</u> | <u>18.3</u> | <u>15.0</u> |
| Total legal market supply ^{a/} | <u>11.1</u> | <u>13.8</u> | <u>24.6</u> | <u>34.4</u> | <u>41.6</u> | <u>47.9</u> | <u>44.7</u> | <u>47.0</u> | <u>40.3</u> |

SOURCE: FEOF Manager.

^{a/} Totals may not add as amounts are rounded.

\$ MILLION

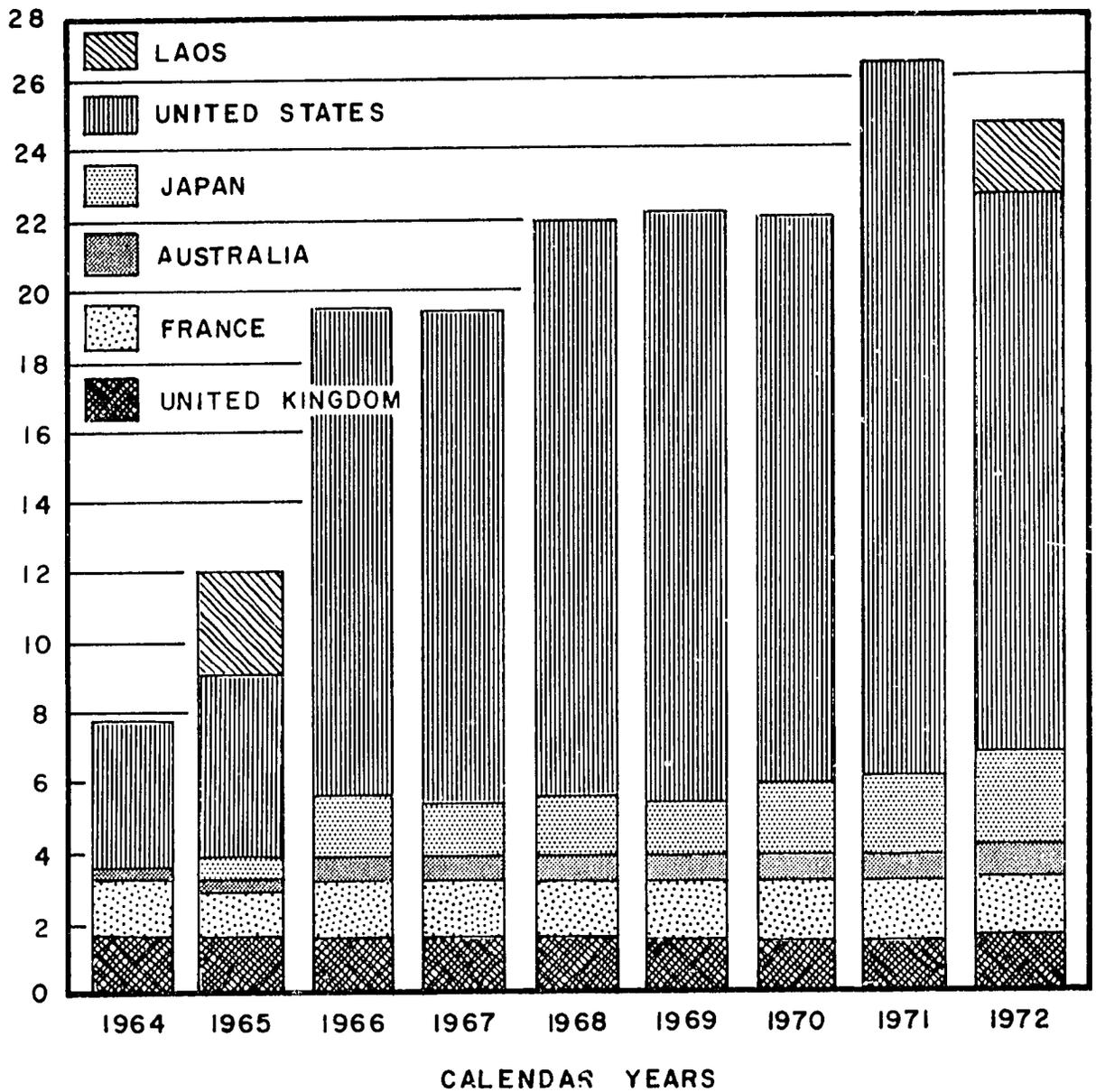


FIG. 1 CONTRIBUTIONS TO FEO F

By Source, 1964 - 1972

KIP BILLION

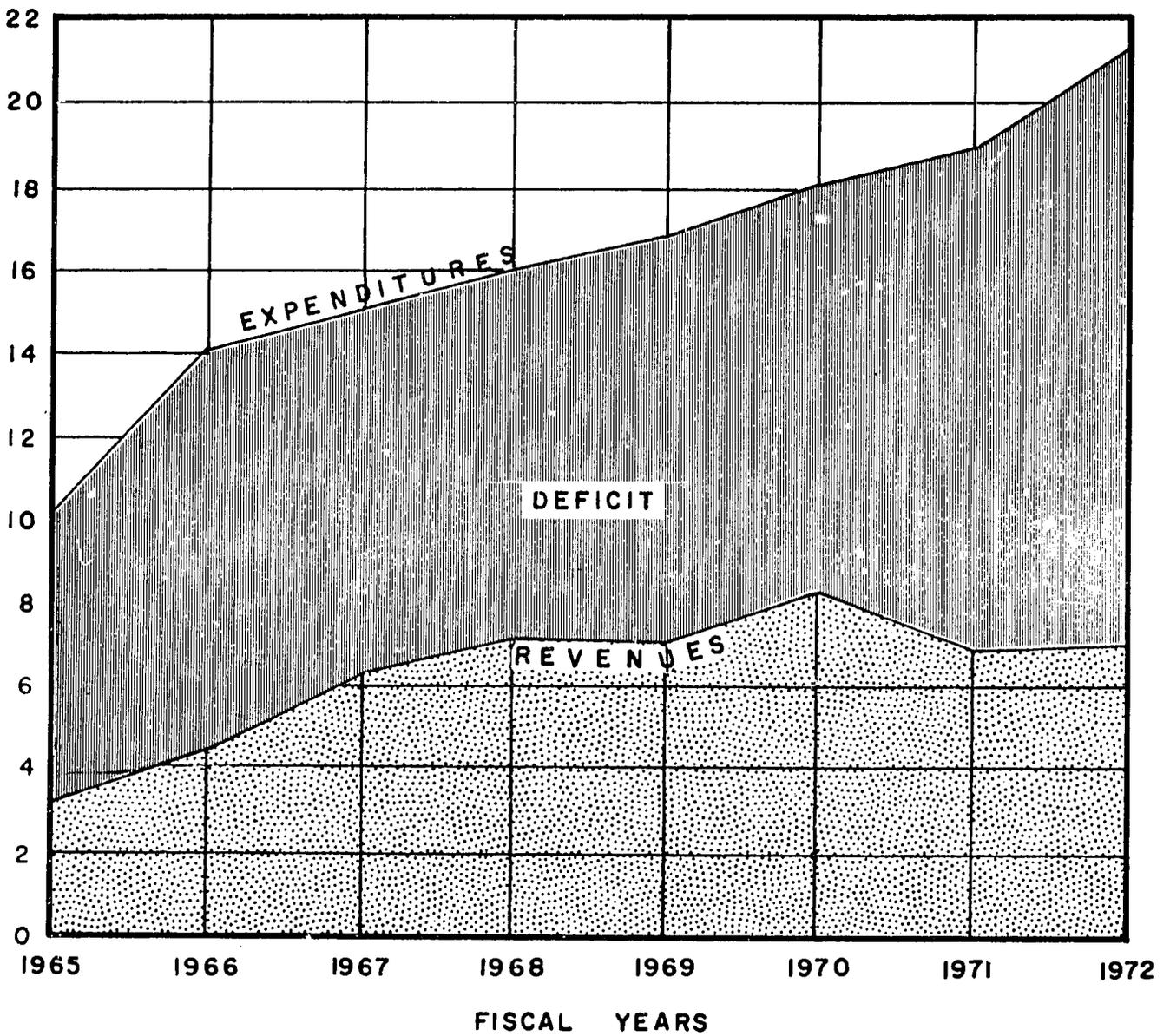


FIG. 2 R L G Revenues , Expenditures ,
and Deficit FY 1965 - FY 1972

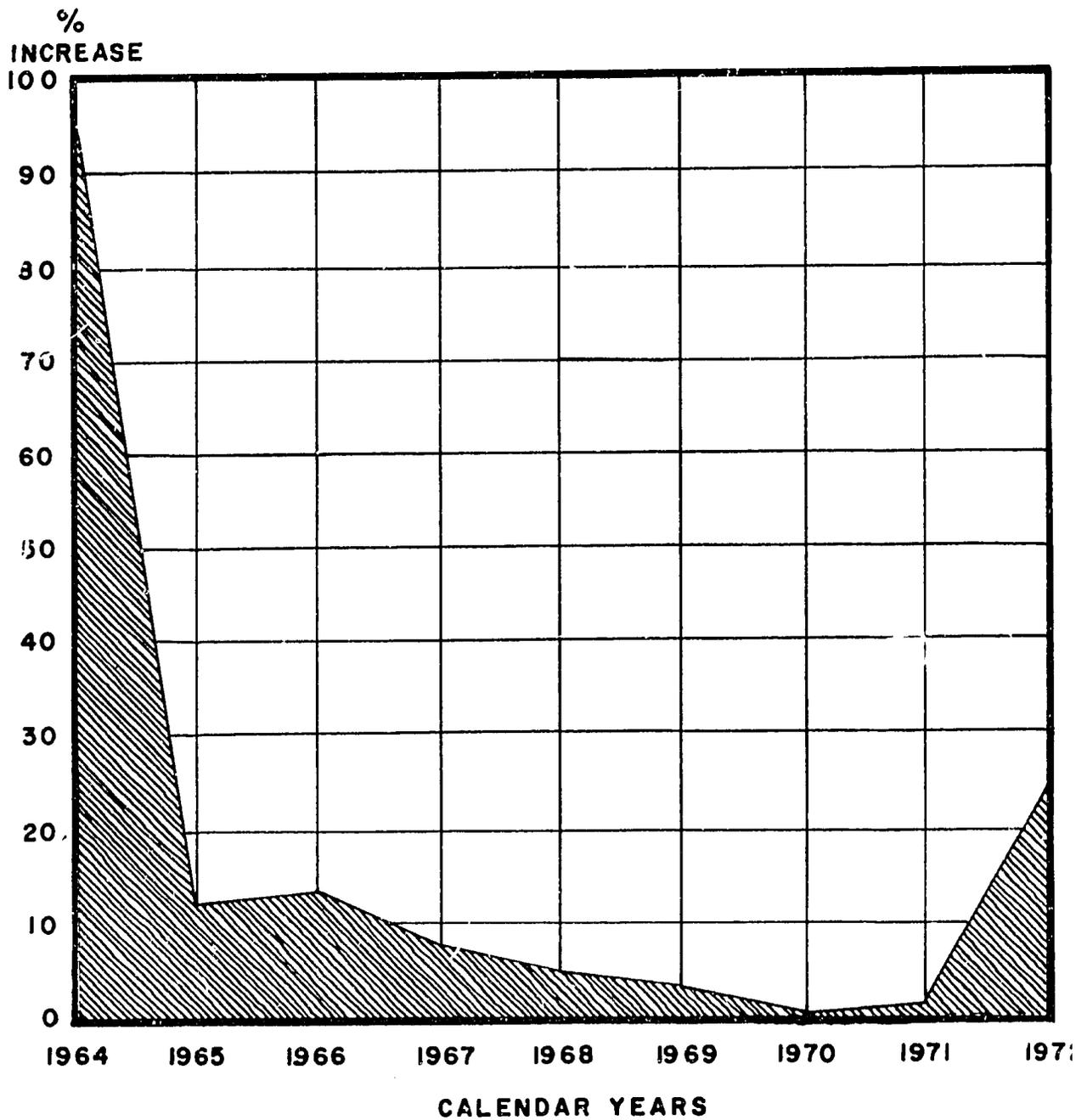


FIG. 3 Percent Annual Increase of Lao Household Consumer Price Index 1964 - 1972

\$ MILLION

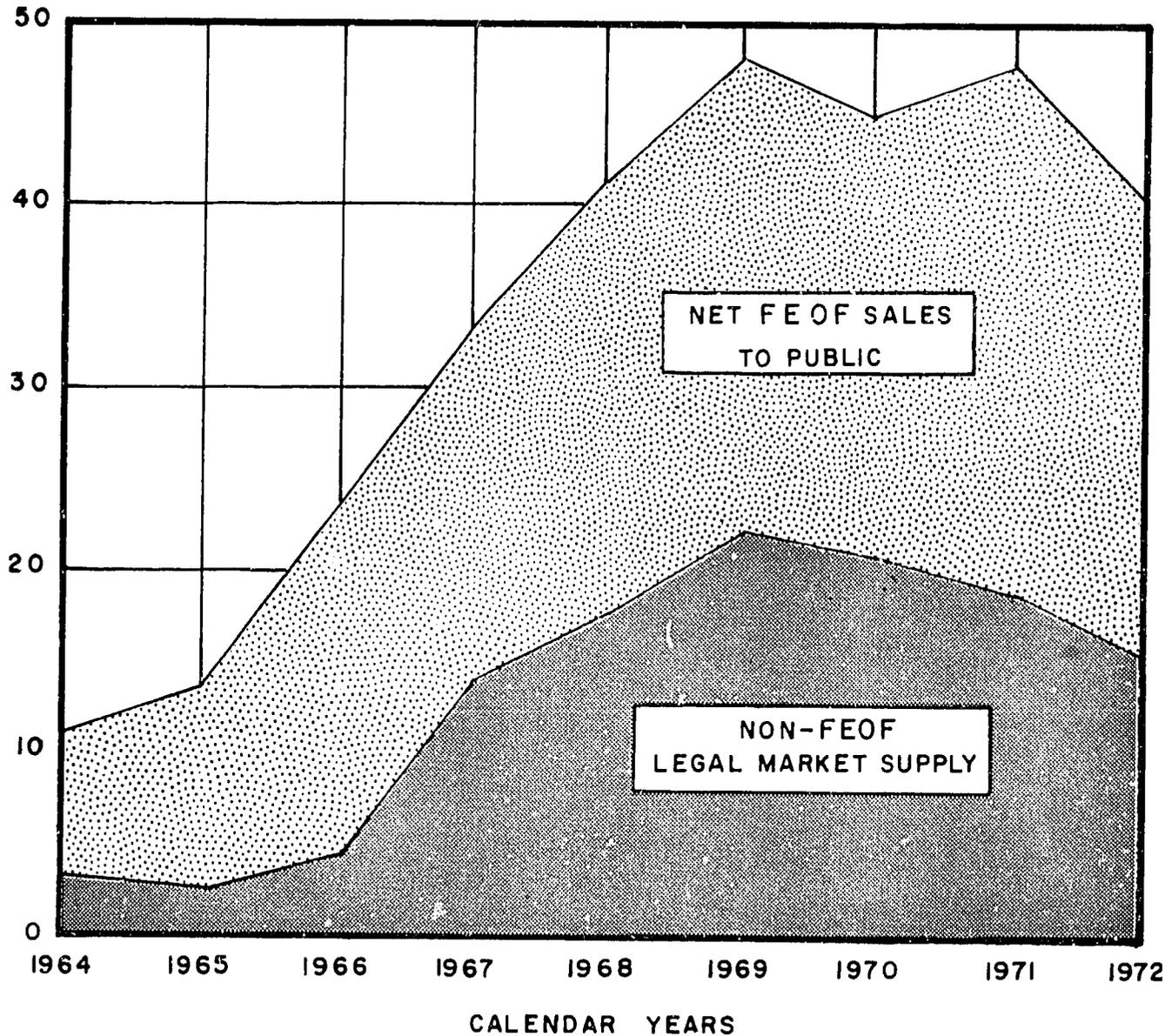


FIG. 4 FEOF SALES AND LEGAL MARKET
SUPPLY OF FOREIGN EXCHANGE
1964 - 1972