



FOREIGN ASSISTANCE FOR THE DEVELOPMENT OF LAOS



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A compilation of economic assistance provided to the
Royal Kingdom of Laos by friendly donor countries

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F O R W A R D

For the past several years Laos has benefitted from a wide range of financial, technical, and commodity assistance offered by the many countries friendly toward Laos and interested in maintaining its stability and continued economic and social development. This pamphlet, prepared with the helpful cooperation of the many Embassies and representatives of other donor organizations in Laos, compiles briefly the record of foreign assistance provided Laos, excluding only the bilateral program of the United States which is fully described in a separate publication, "United States Aid to Laos," published in May 1968. However, the record of U.S. participation in the many multilateral and regional programs being implemented in Laos in coordination with the other donor nations is included in the following pages so the full scope of the international cooperation evidenced by these programs can be realized.

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INTRODUCTION

The great bulk of assistance made available by donor nations to Laos is concentrated in such activities as support of the Foreign Exchange Operations Fund (FEOF) to maintain the stability of the currency of Laos; operation of commodity import programs; granting of scholarships to Lao students for study abroad; providing foreign teachers for several Lao schools and institutions of higher learning; and making available technical advisors to assist the RIG.

Most of these activities and forms of assistance are by their nature implemented in the Vientiane area since it is both the economic and administrative center of the country. Concentration in and around Vientiane of necessity occurs because of the substantial logistical and administrative problems encountered when attempting to carry out development activities in the countryside. This concentration in the major population center is in contrast to much of the U.S. bilateral program which has made substantial development efforts in the rural areas of Laos requiring heavy investments of manpower, commodities, and support facilities.

Precise monetary evaluations of the various assistance programs are difficult to make and in any event would not provide an adequate basis of assessing the scope of the many assistance activities. The following resume of the several bilateral, multilateral, and regional aid programs provided Laos outlines the dimensions and magnitude of each program leading hopefully to a better understanding and appreciation of the efforts being made by the many donors to provide development and stabilization assistance to Laos.

REGIONAL PROGRAM

Since 1957 the four riparian nations of the Mekong Basin - - Laos, Thailand, Cambodia, and Vietnam - - have been working closely together under the auspices of the Mekong Committee and in cooperation with ECAFE to coordinate and promote a program of economic development that emphasizes regional cooperation and planning. Multilateral assistance under international sponsorship is sought for projects which promise benefits to more than one nation and induce greater regional ties throughout the Basin.

Several studies and some projects have already been undertaken by the Mekong Committee while plans are being developed for a program which envisages a series of dams, hydroelectric plants, and irrigation schemes along the Mekong and its tributaries which would take perhaps twenty-five years to implement and cost several billions of dollars.

The United States expects to expend \$10 million preparing in cooperation with Laos and Thailand the feasibility study for the key project of

the overall Mekong Basin plan, the Pa Mong Dam. If the decision is made to construct the \$1 billion dam twenty-five kilometers upstream from Vientiane, the benefits that will be derived from it are immense - - from 2.8 to 4 million kilowatts of power plus water available for irrigating perhaps as many as 2 million hectares in Laos and Thailand. The Stage-I feasibility report will be presented by the U.S. Bureau of Reclamation in December, 1969 while the final Phase-II report should be completed by June, 1971 after which time decisions on the future of the project will be considered. In addition to the cost of the feasibility study, the U.S. will devote \$5.9 million to preparation of maps for the Pa Mong Project.

Apart from its activities in assisting the Mekong Committee, ECAFE has been active in promoting numerous regional conferences and seminars with one of its most noteworthy efforts leading to the establishment of the Asian Development Bank (ADB) which institution has already directly benefitted Laos by providing a grant of \$250,000 from its Special Funds for a six-months study during the first half of 1969 of the feasibility of developing extensive agricultural activities on the Vientiane Plain. Laos intends to apply for further ADB assistance to implement some of the developments recommended in the report which should be published in September 1969.

In response to the request of the eight-nation Coordinating Committee for Southeast Asian Transport and Communications, the United States through its Office of Regional Economic Development in Bangkok has agreed to provide \$125,000 to investigate the feasibility of developing in Laos a "Backbone" Telecommunications System which would link all the major cities of the country for the first time by a modern communications system and connect the Lao system to those of Vietnam and Thailand and so to the rest of the world. The study team will make its investigations and submit its report in the second half of 1969.

Another regional activity of direct interest to Laos is the Mekong River Port and Cargo Handling Improvements project which if implemented promises some substantial immediate benefits. The U.S. financed feasibility study which has been endorsed by the Mekong Committee, is presently being closely studied for possible partial implementation in 1970. The Regional Economic Development (RED) office of the U.S. Agency for International Development would provide financing for the project which could be as high as \$3.5 million.

NAM NGUM PROJECT

The Nam Ngum Dam, the first major multilateral, regional project to be implemented under the auspices of the Mekong Committee, is now under construction by the Japanese contractor Hazama-Gumi at a site 85 kilometers

north of Vientiane. The dam, a concrete gravity-type structure, will be capable of producing 30,000 KW of electricity when completed in late 1971. Ultimately in the later stages of the project some 120,000 KW will be produced. A power transmission line has been constructed from Udorn, Thailand to Vientiane and will reach the dam site in January, 1970. Under a unique international agreement Thailand is now delivering 3,000 KW to the Vientiane power system, and on completion of the transmission line will also supply power for the later stages of the dam construction. When power generation commences at Nam Ngum, Laos will repay Thailand with Nam Ngum electricity for the power presently being supplied from Thai sources.

The Nam Ngum Project is being financed by grants from a consortium of nine donor nations that have already donated or pledged to the administrator of the project, the IBRD, some \$30 million of the \$31 million required to construct the first stage of the project. The main works now being erected will cost \$14.5 million with the remaining funds being required for the power house, generators, transmission line, and bridge across the Nam Ngum River near the dam site.

Donors to the Nam Ngum fund are:

United States	\$15,565,000
Japan	4,962,000
Netherlands	3,770,000
Canada	2,000,000
Denmark	780,000
Australia	628,000
France	600,000
New Zealand	433,000
Total	\$28,738,000

In addition Thailand is supplying \$1,240,000 worth of cement to the project to be repaid with power when production commences. Japan has also provided \$315,000 for the preliminary design work. About \$1 million remains to be raised to completely finance the project.

UNITED NATIONS

The United Nations through its family of specialized agencies has been assisting Laos since 1952. The UN staff in Laos at present is composed of about 45 technicians, advisors, and medical personnel administering programs of several UN agencies, the most important of which are the UN Development Program (UNDP), the UN Office of Technical Cooperation (UN/OTC), the World Health Organization (WHO), the International Labor Organization (ILO), and the UN Childrens Fund (UNICEF).

The following table illustrates the financial resources that have been administered by the various agencies of the UN in Laos for the past few years:

(U.S. \$000)

<u>CY</u>	<u>UNDP/TA</u>	<u>UN/OTC</u>	<u>WHO</u>	<u>ILO</u>	<u>UNICEF</u>	<u>Total</u>
1966	500	60	92	--	50	702
1967	500	56	99	--	71	726
1968	500	34	123	20	57	734
1969	485	42	251	20	50	848

In addition to the UNDP/TA program mentioned above there is also the UNDP/SF or Special Fund Program whose monetary resources are incorporated in the regional projects administered by the Economic Commission for Asia and the Far East (ECAFE) and the Mekong Committee. The Special Fund sector, confining itself to the more costly projects of a pre-investment nature, has as its goal preparation for capital investment, and its projects, therefore, consist mainly of natural resource surveys, feasibility studies, and the establishment of advanced technical training and research institutes in collaboration with the requesting government.

Under the Special Fund, the UN provides technicians on an ad hoc basis from its regional staff in Bangkok and finances study teams for work in Laos and the other three riparian countries of the Mekong. Perhaps the most significant study undertaken under SF sponsorship in Laos has been the survey to determine the mineral resources of western Laos. Initial explorations which commenced in 1966 were encouraging and a new allotment has been made available to enable the seven-man team to continue its work.

On the other hand, the Technical Assistance sector of the UNDP and the Regular Programs of the different specialized agencies, although including a number of medium-term projects, generally consist of one or two experts who advise on a particular problem for one or two years and train nationals of the country to carry on their work after they leave. In Laos there are advisors of this type assigned to the Commission of Rural Affairs (community development), the Prime Minister's Office (public administration), Direction of Hydraulics (hydrography), Ministry of Finance (cadastre), Service Geographic (photogrammetry), Ministry of National Economy (small industry), Ministry of Social Welfare (labor legislation), and Direction of Agriculture (plant pathology and extension). Three advisors are assigned to the Ministry of Plan and Cooperation.

In addition to assigning technicians to assist the RIG, the UN also provides funds for seminars and regional conferences, fellowships to Lao

students for study abroad, and a limited amount of commodity support. Because the commodity support is limited the UN technicians sometimes find their programs inhibited and so their effectiveness is not what it should be.

The seventeen members of the staff of the World Health Organization (WHO) are assigned to several different health activities such as teaching at the Mahosot Hospital and at the Medical College, developing maternal and child health services, directing physiotherapy at the Orthopedic Center, and advising on anti-malaria activities. The activities of WHO have been expanding rapidly in the last few years with its budget increasing from \$92,000 in 1966 to \$251,000 in 1969.

The United Nations Children's Fund (UNICEF) has a small program of providing material aid to improve the condition of children and youth through activities in the fields of health, nutrition, education, vocational training and social welfare. UNICEF coordinates its activities closely with those of the other UN agencies.

FOREIGN EXCHANGE OPERATIONS FUND (FEOF)

Founded on the recommendation of the International Monetary Fund at the end of 1963, FEOF has as its goal stabilizing both prices and the free market value of the kip. It does this by selling foreign exchange through banks at a free market rate of about 500 to the dollar to anyone desiring exchange for any purpose. Laos is thus one of the few less-developed countries in the world possessing a completely free foreign exchange market without any restrictions whatsoever. The IMF considers that FEOF has been remarkably successful in achieving its goals. The free market value of the kip has held steadily in value for over five and one-half years in contrast with its rapid deterioration in value prior to the establishment of the Fund; also prices in Laos have come to be remarkably stable for a country at war.

The following table shows the contributions of the various donors for each calendar year since FEOF was initiated: (\$ Millions)

	<u>CY 1964</u>	<u>CY 1965</u>	<u>CY 1966</u>	<u>CY 1967</u>	<u>CY 1968</u>	<u>Pledges CY 1969</u>	<u>Totals</u>
U.S.	4.0	5.2	13.7	13.8	16.1 a/	16.1	68.8
France	1.7	1.3	1.7	1.7	1.7	- -	8.1
Japan	- -	0.5	1.7	1.7	1.7	1.7	7.3
UK	1.7	1.7	1.7	1.7	1.7	1.7	10.2
Australia	0.4	0.4	0.8	0.6	0.8	.7	3.7
RIG	- -	2.8	- -	- -	- -	- -	2.8
Total	7.8	11.9	19.6	19.5	22.0	20.2	100.9

a/ This includes \$0.4 million which the U.S. was able to supply FEOF because Japan gave Laos FAC aid in a corresponding amount which offset purchases that would have been made from USAID project funds. In addition, the U.S. sold \$2.5 million to FEOF to secure kip for the purchase of rice. This program will be expanded in CY 1969.

FEOF foreign exchange requirements remained fairly stable in CY 1966 and CY 1967, but by mid-year CY 1968 it had become clear that the pledged amount of \$19.4 million for CY 1968 would not be sufficient to meet total demand. This was due to the sharp drop in gold flow into Laos beginning in February 1968 when the Tet Offensive in South Vietnam disrupted the market for gold smuggled into Saigon from Laos, and continued during the rise in the world price of gold in the spring and after the two-tier price system for gold was established. This decrease in gold imports from a level of nearly 6 metric tons per month to 1-2 tons per month had a double effect: it reduced both gold import tax revenue and the sale of non-FEOF dollars (part of which comes from the sale of gold abroad; these dollars are sold to the banks for kip to pay the gold import tax). The former increased the RLG's difficulties in limiting its budgetary deficit and the latter increased the demand for FEOF dollars, given the continuing and increased demand for foreign exchange. Supplemental contributions during CY 1968 were provided by Japan, Australia and the United States. The donor nations are currently negotiating with the RLG on the CY 1969 FEOF accords and it is anticipated that CY 1969 requirements will exceed the CY 1968 level by several million dollars.

FRANCE

After the United States, France is the major contributor of foreign aid to Laos providing some \$7 to \$8 million annually, a level which is expected to be maintained in the future.

French aid is administered by three separate agencies: the French Military Mission (MMF), established under the Geneva Agreements to provide training (but no military hardware) to the Lao Armed Forces, currently has a staff of about 120 officers and enlisted men. The size of the MMF is gradually declining and soon will be reduced to 100 men. The Economic and Technical Assistance Mission (MAET) has a total of about 85 engineers, doctors, and other technicians. The Cultural Mission now has a staff of about 312 teachers, a level which represents more than a 20% increase over that of a year ago. The decreasing personnel levels and funds available to the Military Mission are offset by roughly corresponding increases in the budgets of the MAET and Cultural Mission so the overall aid level remains about the same.

French aid in Laos, as in other countries where French assistance is extended, tends to concentrate in the fields of education and culture, although assistance is also given for development of the infrastructure of

the economy. As well as supplying some of the teaching staff, France has recently agreed to equip the physics and anatomy laboratories at the Royal Medical School and to construct in 1970 a 200-seat amphitheater at the Royal Academy for Law and Administration. The \$ 60,000 Royal Agriculture Academy is presently under construction with French assistance at Tha Ngon near Vientiane. At the "Centre Lambert" which receives a great deal of French support, training is given to improve the skills and knowledge of the technicians of Electricite du Laos, the electric power producing and marketing company of Laos. The Vientiane Technical College will receive about \$30,000 worth of new equipment from France in 1970.

The French education effort is concentrated at the secondary and college levels where almost all instruction is in the French language with the classes taught by French teachers or French-speaking Lao. As well as donating several thousand books in 1968 for the secondary schools, France has been providing a credit of \$100,000 annually to facilitate importation of French books. Numerous scholarships are granted each year to Lao students for study in France with the Economic Mission providing 70, and the Cultural Mission 24. In 1970 the Cultural Mission will provide 38 scholarships.

In addition to educators, numerous French experts and advisors are provided to various departments of the RLG such as the Ministry of Finance, Commission for the Plan, and the National Bank of Laos, while several technicians and administrators assist in the operations of the local electric and water companies.

In addition to assistance to technical and educational institutions, several items of radio and navigation equipment have recently been supplied to the flight information center at Wattay Airport to improve civil aviation. A mineral prospecting and study mission has been investigating the possibility of extending tin production and will submit its report this year. Technical studies on the possibility of introducing television to Laos will also be presented in 1969 as will a feasibility study on development of a cotton spinning mill. France's largest single grant for a capital project in recent years was its donation of \$600,000 in 1966 toward the construction of the Nam Ngum Dam.

Also in 1966 a Credit Agreement was successfully negotiated between France and Laos providing for loans and credits totaling 15 million francs (\$3 million) for various projects. Six million francs was loaned for twenty years at a rate of 1% with the funds being applied to construction of the recently completed Selabam Dam and power transmission line near Pakse. The Nam Dong Dam, which will supply power to Luang Prabang and is now under construction, is also partially financed by the loan with the RLG providing the labor and cement costs for both projects. The access road to the Nam Dong site was constructed under the USAID road development program.

The nine million franc commercial credit is repayable over a five-year period at a rate not to exceed 4.7%. Under this loan the underground telephone cable network is presently being rehabilitated and in the near future the 800-line Vientiane telephone system will be extended to 2,000 lines. Other projects may be considered for financing from funds available in this credit.

In addition to their bilateral assistance to Laos, the French have taken part in the currency stabilization program along with the United States, Australia, Japan and the United Kingdom.

GERMANY

Assistance provided by Germany to Laos has been characterized by two principal activities: (1) maintenance of the Lao-German Technical School in Vientiane, and (2) providing substantial loans to Laos for improvements to various public utilities throughout the country.

The Lao-German Technical School was organized in 1964 and now has an enrollment of about 150 students and a teaching staff of seven Germans plus several Lao assistants who have received training in Germany. Thirty-one Lao have already been trained in Germany; five more will receive scholarships this year. Four new buildings are either planned or now under construction at German expense including a dormitory which will house sixty students.

Another technical assistance project of Germany has been its participation with Great Britain and Australia in the modernization of the Lao radio system. Germany contributed in 1967 one 25 KW short-wave transmitter for use in Vientiane, and two 5 KW medium-wave transmitters for Pakse. Three experts were assigned for two years to help establish the radio system.

In December 1965, Germany granted a credit of DM 20 million (DM4=\$1) for up to a twenty-year period at 2% to 3% interest for improvements and expansion of public utilities in Laos. DM 16.5 million of the total has been applied to installation of new diesel generators in Vientiane capable of producing 8,000 KW. DM 3.6 million was provided for development of a new water system for Luang Prabang. In July 1966 an additional DM 6 million was offered to the RIG; it is planned to utilize this loan for the modernization of the Vientiane electricity distribution system.

At the moment the German Government is considering making available an additional DM 4 million as a loan to finance further work on the water systems of Luang Prabang, Savannakhet, and Pakse. Other projects which may attract German financing are a cement factory and possibly a brewery.

JAPAN

Japan's aid to Laos commenced in 1958 when an Economic and Technical Cooperation Agreement was signed by which Japan agreed to undertake two major projects whose total cost was about \$2.8 million. The first project involved construction of a power plant in Vientiane, providing and installing in it three 1,000 KW diesel generators. With the second project Japan constructed a filtering plant and water distribution system in Vientiane. By January 1965 upon transfer of the water system to the RIG, Japan had met all of its obligations under the Agreement.

Japan's aid since 1965 has been even more significant. \$4,962,000 has been pledged for the construction of the Nam Ngum Dam by Japan; the design work of Nippon Koei Ltd. valued at \$315,000 was also donated to that project. The GOJ also has been participating in FEOF since 1965 and has made annual contributions of \$1.7 million for 1966, 1967, and 1968, and has pledged that amount for 1969.

Again using the services of Nippon Koei Ltd., Japan provided \$125,000 for the feasibility study of the Vientiane/Mongkhai Bridge across the Mekong. The study of this project continues and financing has not yet been sought. Through its Overseas Technical Cooperation Agency Japan has prepared plans for an 800-hectare irrigation project, the Tha Ngou Agricultural Development Project which will be located 25 kilometers north of Vientiane on the bank of the Nam Ngum River. The development project will eventually cost \$1,100,000; Japan has already pledged \$100,000 in construction materials while the balance of the funds are being sought from the Asian Development Bank and other sources not yet determined. It is hoped construction will commence in October, 1969.

Also located at Tha Ngou and adjacent to the site of the proposed development project is the Lao-Japanese Demonstration Farm which has since 1966 been staffed by three Japanese experts, eight Japanese youth volunteers and about twenty RIG officials and technicians. The farm, which is financed by the GOJ and some private enterprises in Japan, has been engaged in agricultural training and testing in irrigation, horticulture, livestock production, and other specialities. In addition to the youth volunteers stated at Tha Ngou, Japan has been sending others to almost every department of the RIG: Education, Public Works, Agriculture, Sports, Information, PTT, Livestock Production, Social Welfare, etc. The Japan Overseas Cooperation Volunteer group in Laos now totals over seventy members.

Through the Colombo Plan, Japan recently provided the services of two experts in sericulture to investigate the possibilities of developing silk worm production in Laos. Other assistance to the agricultural sector was provided in 1968 when Japan donated through the Kennedy Round a large amount of agricultural equipment; also under the same program which totaled \$500,000 a great deal of rice for relief purposes was given. A further Kennedy Round contribution to Laos is under consideration for 1969.

Japan has agreed to implement in 1969 if possible the 1,000 meter extension of the runway at Wattay Airport, increasing its length to 3,000 meters so it will be able to accommodate international jet aircraft. This project will cost about \$1 million. Japan has already appropriated some \$620,000 for hard currency costs of the project; the exact source of the \$380,000 in kip required for the project is still being studied.

Also in 1969 Japan will construct a telecommunications link between Vientiane and Nongkhai costing \$100,000 which will provide Laos with a modern and efficient microwave connection with the communications system of Thailand.

UNITED KINGDOM

In its position as Co-Chairman of the fourteen-nation conference on Laos, and due to its strategic interests in Thailand the Malaysian peninsula, the UK has endeavored to maintain an important economic assistance program in Laos. However, because of economic difficulties at home the aid level to Laos, as to other countries, has dropped from a high point of about \$6 million annually to its current level of about \$3 million annually. Most British aid to Laos is now given under the FEOF program to which \$1.7 million has been donated each year since 1964.

As part of the International Aid to Radio project a nationwide radio network has been set up, very largely at British expense, with broadcasting and relay stations at Vientiane, Luang Prabang, and Pakse. The last two stations were handed over to the RIG early in 1969. It is estimated that Britain has contributed about \$1.7 million to this project, and continues to provide substantial technical and programming assistance as well as the services of the principal advisers.

Small British medical teams continue to work in the hospital at Luang Prabang and in the hospital which was built largely from British funds, under U.S. technical supervision at Thakhek. However, recruitment difficulties have made it impossible to maintain both teams at full strength. A dentist has been added to the team currently working at Thakhek.

Some 42 irrigation pumps valued at about \$70,000 are being supplied to Laos in 1969, swelling the number of pumps already supplied by Britain to help primarily in dry-season cultivation of rice. Two rice dryers have recently been handed over to the Agricultural Development Organization (ADO) to ease grain storage problems and to help educate local farmers in improved storage methods. Two tractors, together with a wide range of ancillary equipment have been supplied early in 1969 as part of an experimental project on refugee resettlement, for which Britain also supplies the adviser. As part of a joint project supported by several countries Britain has undertaken to supply to the Lao Government Press one folding machine and

one binding machine which should arrive in 1969, thus helping to save foreign exchange expenditure on overseas purchases of school and college textbooks. In a joint effort with the RIG and USAID, Britain will contribute \$90,000 towards construction of a soils laboratory for the RIG Direction of Agriculture. Arrangements are currently being made in cooperation with the Mekong Committee and the RIG for the photo-geological mapping of most of western Laos.

A small number of Lao students continue to be given training in the UK and in Thailand at British expense, but most British training is given in Laos by Technical Assistance experts employed under the Colombo Plan. In addition to Colombo Plan experts, the UK has a team of some fifteen volunteers (British Peace Corps) in Laos all but two of whom are university graduates; most are engaged in teaching English though some are engaged in technical work generally in support of British technical assistance experts.

A UK commodity import program (UKIP) has in the past provided subsidized imports to Laos. This program has been virtually phased out and replaced by the project aid described above.

AUSTRALIA

All Australian aid to Laos, other than FEOF contributions, is given within the framework of the Colombo Plan. Colombo Plan aid is divided into the Technical Cooperation Scheme and the Economic Development Program.

Total Australian aid to Laos under the Technical Cooperation Scheme was approximately US \$1.5 million as of 31 December 1968. Of this sum \$500,000 was expended on training. There were 50 Lao students undergoing a wide range of training in Australia as of 30 April 1969, and more than 130 Lao students have been trained so far. Scholarships have been awarded for Secondary and Tertiary studies, training in intensive English, aviation, education, customs, agriculture and police. Short-term courses in various technical fields have also been provided. The balance of the above sum was made up of experts (\$200,000) and equipment (\$300,000). Over twenty experts have been provided in various fields and there are at present six Colombo Plan experts resident in Laos: 2 school teachers; 2 livestock and pasture development experts; and 2 reforestation experts. A further 2 reforestation experts are due to arrive during 1969.

Equipment aid has included primary school supplies, drilling equipment, hospital and medical supplies, three radio transmitters and a mobile broadcasting van for Lao National Radio and various forms of emergency aid such as blankets and vaccines. Australian Economic Development Program aid totaled US \$2.1 million through 1968. The three major projects under the Program have been roadmaking and agricultural equipment \$600,000; Australian Import Program (AUSIP) \$900,000; and the Australian contribution to the Nam Ngum Dam \$500,000. An additional pledge of \$128,000 has been made to the Nam Ngum fund.

Australia has contributed through 1968 a total of US \$3 million to FEOF. Each annual contribution has been an outright grant to FEOF with the counterpart kip generated being subsequently applied to reduction of the RLG budgetary deficit.

Total Australian aid to Laos through 1968 was US \$6.6 million of which more than 90% has been given since 1960. The annual level of aid has reached about US \$1.2 million and is expected to continue at that level for the foreseeable future.

CANADA

Canadian assistance to Laos is administered through the Canadian Delegation to the International Commission for Surveillance and Control (ICSC). While bilateral aid as such has not been large (\$1.826 million since the inception of the Colombo Plan), Canada has contributed \$2 million to the Nam Ngum Dam project with an additional \$1.3 million having been expended on the aerial survey undertaken by Canada in connection with the Mekong Development scheme.

The main thrust of Canadian bilateral assistance is technical aid with Canada having earmarked up to 40 scholarship positions for Laos. The bulk of these are in the three priority areas of teacher training, forestry, and in the training of engineers, technicians and administrators required for the operation and maintenance of the Nam Ngum Dam. Canada has successfully capitalized upon its unique position in Laos as a bilingual donor nation able to offer scholarships in either French or English with Laos having opted almost exclusively for the former. This bilingual position has enabled Canada to produce in French 40,000 geography and French grammar textbooks tailor-made for the needs of Laos. In the same vein, 40 tons of printing paper, to be used in the production of school textbooks in either French or Lao, have been given. The combined cost of these capital grant projects totalled \$65,000.

In addition to French-speaking teachers, most of whom are concentrated at the National Education Center at Dong Dok, Canada has sent five forestry experts (a chief forester, a photogrammetrist, a cartographer and two foresters) to guide and direct a forest inventory being undertaken jointly with the RLG, USAID, and the Canadian Government.

At the present time, Canadian bilateral assistance to Laos is considered by the Canadian Government to be at an appropriate level. Rather than expand its bilateral aid or commit itself to multilateral programs such as FEOF, the Canadian Government has preferred to emphasize projects involving regional cooperation and development. To this end it has provided \$25 million interest free to the Asian Development Bank's Special Fund and a further \$100,000 to finance technical assistance projects under the ADB.

INDIA

The main assistance rendered by India has been in the field of medicine. From 1964 until December 1968 the Indian Medical Team consisting of 44 persons including 7 doctors and nursing assistants, were running two hospitals at Paksane and Vientiane. The team has been withdrawn after the completion of its tenure at the end of 1968. On its departure, all the medical equipment in the form of x-ray, dental and surgical equipment plus other medical stores was presented to the RIG at both locations. During the four year stay of this medical team in Laos the entire cost of running the two hospitals as well as the pay and allowances of the doctors and staff were met by the Government of India.

India has offered a total of 26 scholarships to Laos of which 20 have been awarded to students. This year two more scholarship holders are likely to proceed to India, probably in July. Under the Colombo Plan two professors - - one of Sanskrit and Pali, and the other of mathematics - - recently completed their two year assignments in Laos. Two other experts, one in the field of mining and the other in the field of natural sciences, continue. India has also lent the services of a Technical Data Expert, under the Technical and Economic Cooperation Scheme, to assist in the preparation of the joint RIG-USAID-Canadian forestry inventory. The cost of his travel and stay will be met fully by the Government of India.

India has also assisted in the completion of the construction of the School of Medicine in Vientiane, and in addition has supplied the equipment for the physics and biology laboratories, all expected to arrive by mid-1969.

NEW ZEALAND

In addition to its initial and supplementary grants to the Nam Ngum Fund totaling \$433,000, New Zealand has awarded for some years three Colombo Plan scholarships a year to Lao students either to train at the English Language Institution, Wellington or to do undergraduate studies at New Zealand universities. In addition, two experts have served in Laos, one for over three years. These assignments have now ended and it is hoped that some further expert assistance will be provided in the near future.

At the moment New Zealand is investigating the possibility of undertaking the planning and design work required for an irrigation project on the Vientiane Plain.

THAILAND

U.S. offices both in Vientiane and Bangkok have actively encouraged Thai assistance to Laos feeling the Thai, by virtue of their more advanced state of development and their common ethnic bond with the Lao, are in an excellent position to extend valuable assistance. As numerous Lao are now trained in Thai educational institutions at USAID expense, it is hoped that in the near future Thailand will offer to pay a portion of these expenses itself and so materially aid Laos.

Thailand has assisted Laos with the Nam Ngum Dam by making available \$1,250,000 worth of Thai cement for the project, the cost of which will be repaid by Laos with Nam Ngum electrical power as will the power presently being "loaned" by Thailand for use in construction of the dam and to supplement the power requirements of the city of Vientiane. About \$85,000 was made available by Thailand to rehabilitate the access road to the Israeli Experimental Farm which was destroyed in the flood of 1966; there have been other gifts of rice for relief purposes made on several occasions in the past.

OTHER FREE WORLD COUNTRIES

A number of other countries also extend minor assistance to Laos on an ad hoc basis: Israel operates an Experimental and Demonstration Farm near Vientiane and has pledged \$50,000 for an Israeli team to design an irrigation system for the first 5,000 hectares to be irrigated with power from the Nam Ngum Dam. In 1969 three Israeli experts visited Laos for the necessary field work for the study and are now preparing the plan for the 5,000 hectare project. China (Taiwan) donated 100 tons of cement and 10 tons of fertilizer in 1968. The Philippines has made small gifts of seeds and fertilizer through the Mekong Committee. Indonesia provided \$90,000 in supplies and small equipment to Kong Le's Neutralist Army in 1966 and gave short-term training in Indonesia to 68 of his junior officers; training for 30 additional Neutralist officers was offered in 1967. Denmark made a sizeable contribution of \$600,000 to the Nam Ngum Fund in 1966. This was subsequently increased by \$180,000 in 1968.

THE ASIA FOUNDATION

The Asia Foundation is essentially a small-grant organization which seeks to perform a catalytic role by encouraging innovation and cooperation in efforts toward development and social progress. All projects supported are conceived and carried out by Lao or Lao institutions. Foundation assistance, in amounts ranging from \$100 to \$15,000, normally is for a limited period; if it is continued for more than one year, the Foundation's role is expected to be a decreasing one, as local support is attracted or generated for the project.

The Foundation's country program in Laos is focused on the following fields: (1) Legal Development; (2) Rural and Provincial Development; (3) Books, Libraries and Publishing; (4) Education and Human Resource Development; (5) Urban Problems; (6) Mass Communications; (7) Culture. Within these categories the Foundation provides assistance to organizations and individuals for research and study, conferences and seminars, short and long-term education and professional training programs, and international exchanges which are related to specific, ongoing projects.

During fiscal year 1968-69 the Foundation completed its RIG-sponsored Chinese textbook production project which has produced 312,000 primary and 96,000 secondary textbooks for use in the Chinese schools in Laos. Short-term training courses and observation tours were organized for Lao civil servants, magistrates, journalists and composers, students of the Institute of Law and Public Administration, and teachers and students of the Lao Conservatory of Music and Dance. Longer-range degree programs were arranged for three future school inspectors at the Chinese University, HongKong, and a teacher trainer in physical education at the School of Physical Education, Bangkok. The Foundation also supported local training courses for monks in elementary rural development, for students at Dong Dok in physical education and youth activities, for members of the Lao Women's Association in home management, for trainees at the Government Crafts Center in weaving and pottery, for trainees at the Ban Amone Rural Training Center in pottery, charcoal and blacksmithing skills, and for members of the Young Buddhist Association in youth activities. The Foundation has also established a workshop for the preparation and printing of Lao language materials and the development of small community and professional libraries. In collaboration with the Ministry of Education and Ministry of Youth and Sports it has built, staffed, and equipped a youth center in Sayaboury and funded voluntary summer work camp activities for students and teachers.

The Foundation officially has operated in Laos since 1959, but in the years from 1956 to 1959 it carried out projects in Laos under the administration of its officers in Bangkok and Phnom Penh. In the past decade the assistance extended to Laos by the Foundation totals approximately \$1.5 million.

The annual budget of the Foundation varies between \$150,000 and \$200,000 with another \$16,000 being allocated for support costs of the local staff.

COMMUNIST BLOC ASSISTANCE

Significant Communist Bloc aid to the RIG has been virtually nonexistent since the spring of 1963. Before that time the USSR had agreed to construct a 150-200 bed hospital at Chinaimo, a 50 kilowatt radio station in Vientiane, and a hydroelectric station in Xieng Khouang

Province. It is not anticipated that these projects will be implemented. The Soviets did in 1961 provide Laos with nine aircraft and one helicopter; because of the lack of spare parts and maintenance which followed the withdrawal in April, 1963 of the Soviet crews and technicians none of these aircraft are any longer operational.

Several scholarships were given to Lao students during the early 1960s by many of the Eastern European Bloc countries as well as the Soviet Union. The number of such scholarships has decreased considerably but a few are still awarded each year. In 1969 scholarships for sixteen months of study in meteorology were given by the Soviet Union to three employees of the RLG Meteorological Service. Bulgaria offered in 1969 two scholarships for study of international law and international relations; however to date no candidates have been named by the Ministry of Education as winning these scholarships.

Also in 1969 Czechoslovakia made a donation of laboratory supplies to the Ministry of Education for use in secondary schools.