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NARRATIVE FOR THE PAKSE AREA FY 1972 AND
POST WAR PLANNING PRESENTATION

I. Characteristics of the Area

The Pakse development area in which the RLG and USAID can presently work is comprised of parts of the five provinces of Sedone, Champassak, Wapikhamthong, Sithandone, and Attopeu. There is no part of Saravane Province in which development work is now possible. The formal borders of the area for which the USAID Pakse office is responsible correspond to the borders of RLG Military Region IV, which is bounded on the west by Thailand, the south by Cambodia, the east by Vietnam, and the north by the Lao province of Savannakhet.

The Provincial Governors in MR-IV use the following population figures for planning purposes: Sedone: 112,264; Champassak: 79,000; Wapikhamthong: 62,500, of whom about 56,250 are under RLG control and 6,250 under the PL; Sithandone: 56,334, of whom about 40,000 are under RLG control and 16,000 under the PL; Attopeu: 89,080, of whom 24,000 are under RLG control and 65,000 under the PL; and Saravane: 147,314 of whom 25,000 are now living in RLG territory and 122,000 remain under the PL. These figures thus show a total regional population of 546,492 of whom 336,514 are under RLG control and 209,250 under PL or North Vietnamese control. It is interesting to note that these totals used by the Chao Khouengs in some cases are noticeably lower than figures published by the RLG in Vientiane. The only figure with which we disagree is the 24,000 under RLG control in Attopeu. We think that 7,000 under RLG control is a more realistic figure.

The best estimate that we can make of the ethnic mix in MR-IV is that roughly one-third of the total population (about 180,000) are tribal people, and that about 140,000 of these tribal people are under enemy control, leaving about 40,000 tribal people under RLG control. We know that in Pakse town there are 5,826 Vietnamese and 3,397 Chinese who are not citizens of Laos out of a total town population of 36,404, and we estimate that there are about 2,000 more Vietnamese and Chinese in Paksong, Muong Khong and elsewhere in the region. There are, of course, many more ethnic Vietnamese and Chinese in MR-IV.

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ORA has estimated that since 1962 almost 75,000 people have entered the Pakse area as refugees. Our own calculations, based on the figures supplied by the Provincial Governors, are that about 40-50,000 of the estimated 336,000 under RIG control in MR-IV are people who moved from somewhere else under the pressures of war.

In summary we are talking about a population of 336,514 accessible to development work by the RIG and USAID, of whom 10% are Lao Theung, 10% (Lao and Lao Theung) have been refugees, and around 3% are Chinese and Vietnamese.

The region covered by MR-IV formed a portion of the ancient kingdom of Champassak, and it has certain distinctive cultural and political aspects which reflect its history. The most influential people in the area belong to the na Champassak family, which is a loose grouping under the leadership of Prince Boun Oum. The influence of the family not only derives from its position as the traditional ruling house of south Laos, but also from the family's commercial interests, its practice of selected inter-marriage and close business ties with wealthy Chinese, and blood and marriage relationships with powerful military commanders and other leading families. It has been characteristic of the na Champassaks that instead of standing aloof from the people and the process of change, they have maintained a gregarious and relaxed style, participated widely in elective and appointive government positions, and enthusiastically sponsored profitable modern business enterprises.

Na Champassaks are involved in commercial enterprises that include airlines, trucking, import-export, rental properties, rice mills, timber exploitation, and cement plants. In Government, three of the fifteen deputies from MR-IV in the National Assembly are na Champassaks (almost all the rest were elected with na Champassak support), as are one Chao Khoueng and one Deputy-Chao Khoueng and several important provincial police officials and Chao Muongs. At the national level, Prince Boun Om is Minister of Cults and Sisouk na Champassak is Minister of Finance and delegate of National Defense. Major General Phasouk Somly, Commander of MR-IV is matrilineally related to the na Champassaks and married to the sister of Prince Boun Eua na Champassak.

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There has been some intermarriage and alliance of interests between the na Champassaks and the Abhay family, which dominates Khong Island in Sithandone Province and also participates actively in national government. There has been the same type of relationship with the Insisiengmay family, dominant in Savannakhet, who help represent na Champassak interests at the national level.

In planning development activities, it is essential to bear in mind the commanding position of the na Champassak family and its chief allies, and it is advisable to obtain, directly or indirectly, before initiating major projects, the concurrence of Prince Boun Oum, Major General Phasouk, or, in Champassak, Prince Boun Om. As a general matter, both Prince Boun Oum and General Phasouk have a positive attitude towards development programs for the region and General Phasouk has often acted as sponsor for specific projects, particularly ones with an impact on soldiers or veterans. It is also true that the Army has commercial interests, particularly in the area of transportation of products from the Bolovens Plateau and it monopolizes the slaughter of cattle and swine. These Army interests sometimes inhibit development projects designed to increase the profits to farmers.

The majority of USAID projects in the area do not impinge directly on the commercial or political interests of the elite, and are, therefore, planned and implemented exclusively with the regular governmental structure consisting of Chao Khouengs and their chiefs of services. The Chao Khouengs of Champassak and Wapikhamthong are usually energetic and capable men who play a very active role in initiating and supervising development activities in their areas. The Chao Khoueng of Sithandone, who has limited resources and a very small territory over which the RLG exercises control, is also an able administrator. The Chao Khoueng of Sedone is more passive in his role, but generally well informed and sympathetic to projects which USAID wishes to undertake with the RLG. He has some unusually competent services chiefs on his staff and projects are usually worked out directly with them. The Chao Khouengs of Saravane and Attapeu are a FAR colonel and general, respectively.

Because the RLG controls no territory in Saravane, most USAID contacts with the provincial government of Saravane concern

refugees and their medical problems and are made directly with the appropriate service chiefs. All that remains of Attapeu Province from a development point of view is Moung Sayasila, with its population of 3,886 (of whom 3,725 are Lovan and Nha Heun tribespeople).

General Khong, the Chao Khoueng, is quite occupied with his duties as commander of the Eastern Tactical Group and is rarely involved in development matters. It is important to note, however, that he can exercise very substantial control in the Houei Khong area whenever he chooses and that only General Phasouk or Prince Boun Oum can influence or override his decisions. General Khong is an energetic entrepreneur, whose interests do not often coincide with development goals.

Each Chao Khoueng is authorized two deputies, and some of these deputies, particularly the ones for Sedone, Attapeu, and Saravane, are quite competent and play active roles. Others seem to hold their jobs to look after commercial interests of one or another of the political-commercial leaders of the area.

Throughout the region, various of the RIG provincial and regional service chiefs are involved in the development process. Some of them are competent and energetic; others are sinecure holders and listless in the performance of their duties. Sedone Province has more than the average number of vigorous and professionally trained service chiefs, and much of USAID's development work in the province is done directly with them. All of them suffer to some degree from lack of material support from the RIG which limits their programs and prevents them from making as frequent field trips as they should.

The Chao Muongs of the region, likewise, vary in competence and energy. They are frequently hampered in the execution of their duties by inadequate communications and transportation, limited budgets and decrepit offices.

The phobans and tassengs at the bottom of the governmental ladder are generally untrained and very badly recompensed for their efforts. They frequently do not receive their pay, and their only qualification for the job is their position of seniority or relative affluence in the village. Some are natural leaders and act as agents of change in their villages. Others serve reluctantly and are ineffectual.

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As in the rest of Laos, there is no uniform pattern of attitudes towards development among villagers and their leaders in MR-IV. The ability of the people to identify problems and contribute towards their solution seems to depend, among other things, on the competence of the phoban, the attitudes of village opinion makers, and the experience that the villagers have had previously with self-help projects. Villagers are acutely aware of changes USAID occasionally makes in its requirements for self-help projects and sometimes refuse to embark on them when rules have been changed in a way considered to be unfavorable to the villagers. In general, of course, the exposure to development projects that the inhabitants of MR-IV have had over the years has made them more responsive to change. The farmers of the region have shown themselves to be quite receptive to the idea of economic betterment and have adopted double cropping, new rice varieties, and improved techniques for use of fertilizers and pesticides, and have entered pumping and irrigation projects.

At least some of the farmers, particularly those who have had agricultural training, are putting their increased earnings into agricultural inputs but traditional ideas of using disposable income to improve the Wat or engage in conspicuous consumption still persist widely. Although Lao farmers are generally conservative and traditional in their behavior, they can be convinced by example and training that innovation is worthwhile.

Unfortunately, they can also be convinced that innovation is a mistake, and the drop in paddy prices in MR-IV because of the surplus, and many cases of absconding ADO agents and leaders, has certainly made some villagers highly sceptical of suggested changes in agricultural technique and organization.

The permanence of a community also has an effect on attitudes towards development. Established villages tend to be more positively oriented towards change than refugee settlements where a feeling of impermanence inhibits development of local initiative. Widespread conscription, which has taken as much as 70% of the adult male population out of the villages, has also limited the capacity of communities to undertake development projects.

In general, the characteristics of the elites and of the mass of the population in MR-IV are conducive to development programs, provided that these programs are tailored to the distinctive temperament of the Lao people.

MR-IV is blessed with physical characteristics and resources which are considerably more favorable to development than those found in many other parts of Laos. It has an excellent internal road system and is linked by highway with all the neighboring countries, although present security conditions permit traffic only to Thailand. There is an all-weather international airport in Pakse for propellor-driven aircraft which handled almost 20,000 arriving passengers in 1967. The Mekong River is navigable year round from one end of the region to the other, and there are a number of other rivers which are navigable at least part of the year. In many areas there is an abundance of water for irrigation and to produce electricity. The region enjoys an active, growing, commercial capital (Pakse) which now provides markets for some of the region's produce and could play an even more beneficial marketing role. Pakse also contains enough wealthy Lao, Chinese and Vietnamese to provide (or obtain from outside sources) financial backing for new economic ventures.

The educational system of the area is steadily growing, and Pakse has a lycee, a teachers training school, and Catholic primary and secondary schools. In addition to urban and rural primary schools, the Pakse area also has several private schools run for profit or by the Chinese and Vietnamese communities.

There are five hospitals in the area, ranging in quality from excellent to disgraceful. The best ones are Operation Brotherhood or Dooley Foundation staffed. The maternal-child-care unit planned for the Pakse hospital, and the OB refugee public health team should considerably improve the quality of medical care available in the immediate Pakse area. There are 16 RIG and 18 USAID-staffed dispensaries in the region with 2 more RIG and 7 more USAID (for refugees) planned.

The resources of the region vary considerably. Some areas are arid, and others have poor soil. In general, however, the lowland areas are suitable for rice, fruit and vegetable cultivation and the region has produced a rice surplus of approximately 35,000 metric tons. RIG figures show 32,590 hectares of paddy rice fields and 500 hectares of upland rice fields in Champassak; 20,000 hectares of paddy and 430 hectares of upland rice in Sithandone; 47,000 hectares of paddy and 930 hectares of upland rice in Wapikhamthong; and 37,500 hectares of paddy and 6,380

hectares of upland rice in Sedone. The totals for these four provinces are 137,090 hectares of paddy rice fields and 8,690 hectares of upland rice fields. There is a large fish station in Pakse which has in the past three years produced 2,162.7 kilograms of fish which were sold for K3,204,391, but there is a shortage of private fish ponds.

The region contains substantial timber resources, and it is claimed that the French made extensive mineral surveys that showed important deposits of gold, coal, tin, and copper in eastern areas of the region now under enemy control. A Canadian survey team has reported that there are 123,000 hectares of exploitable forest in the Pakse region, and the Pakse mill capacity in 1968 was reported to be 62,000 cubic meters.

From an agricultural point of view, the Bolovens Plateau offers the greatest potential of any area in the region. The Bolovens covers more than 4,000 square kilometers, and is characterized by richer soils, cooler temperatures, more abundant rainfall, and many more year-round streams than the lowland areas of MR-IV. Under the French administration, the Plateau was a center for livestock production. It still is a center for the production of coffee, strawberries, a limited amount of tea, and other vegetables and fruits. It has been estimated that it would be possible to irrigate almost 10,000 hectares on the Plateau and more than 20,000 hectares below the Plateau from the abundant rivers and streams that have their source on the Plateau.

After describing the rather considerable resources of the area, it is important to be reminded that Laos in general (and this would apply equally to MR-IV) has second highest infant mortality rate in East Asia (160 deaths per 1,000 live births), the second lowest urban population (13%), the second lowest per capita GNP (\$72), and the lowest literacy rate (15%), according to statistics published recently by AID's Office of Population. While the development potential is considerable, the development problems are formidable.

Lack of security is the greatest impediment to development projects in MR-IV. Enemy occupation entirely excludes development work in all of Saravane and most of Attapeu except for Muong Sayasila (Houei Khong area). Pathet Lao and North Vietnamese incursions prevent development activity in most of Sithandone outside of Khong Island, and in the area generally to the east of the Sedone River in Sedone and Wapikhamthong Provinces. Likewise development work is impossible or inhibited

in all of Champassak south of Soukhouma and west of Phou Bassac as far north as Route 10 to Thailand. USAID employees are still able to drive north along Route 13 as far as Khong Sedone and sometimes La Khone Pheng, south as far as the ferry crossing to Champassak, and out Route 23 towards Paksong as far as KM-21. They can also drive to Thailand on Route 10. Otherwise they must fly to Khong Island, Paksong, and Houei Khong, and to villages off Route 13 in Champassak and Wapikhamthong. Lao vehicular traffic continues to Muong Khong and Paksong. A blown bridge prevents any vehicles from going between Paksong and Houei Khong.

Conditions of insecurity make it impossible to station American USAID personnel in any outlying area and all those assigned to MR-IV live in Pakse. The CDA assigned to Houei Khong initially stopped overnighiting there because of medical reasons, but the threat of North Vietnamese attack now makes it impossible for him to stay there after dark except on rare occasions. There are American Dooley Foundation personnel in Champassak, and Filipino OB personnel in Khong Sedone and Paksong. On several occasions it has been necessary for reasons of insecurity to call the OB personnel into Pakse.

II. USAID Regional Goals for Pakse for FY 1972

Assuming that, unhappily, the war will probably continue in Laos during the coming fiscal year, we believe USAID should have four broad goals for the Pakse area.

First, for political and humanitarian reasons we are obliged to render assistance under the refugee relief program, to ensure that the population dislocated by the war have adequate food, potable water, shelter, and medical attention, and that they enjoy the same benefits as the rest of the Lao population with regard to education, acquisition of skills, availability of communication routes, etc.

Second, we should assist the people of Laos, including relocated and resettled refugees, by helping them to develop a positive attitude towards the process of change, identifying problems, using rational methods to solve these problems, and acquiring the competence to solve the problems with a minimum of outside assistance. In some cases existing human institutions can serve as the engines of changes. In other cases it will be

necessary to assist in the development of organizations that can serve as the mechanism through which people effect change.

Third, we should help develop and increase the competence of the Royal Lao Government at the local and regional levels to perform its necessary functions, which include the ability to meet the articulated needs of the people.

Fourth, specifically because of the war and attendant political and security considerations, we must be prepared to undertake some projects of physical construction and provision of services that we would expect in time of peace would be undertaken exclusively by the Government and people of Laos.

As stated in our first and fourth goals, we must help Laos to cope with the problems directly created by the war, but our broader objectives, relevant to a country at war or enjoying peace, are to assist in changing attitudes and developing competence, so that the RLG can effectively govern the country and work with the people to satisfy their manifest needs.

Our broad goals for the Pakse area can be broken down into a number of tasks, which cut across technical division lines.

First, despite the fact that USAID has worked in the Pakse area for more than a decade, we lack a good deal of basic demographic, economic, and attitudinal information that is essential to intelligent development planning. For example, we know very little about marketing of agricultural products, small businesses and industries in Pakse, attitudes of phobans and tassengs towards their jobs and of villagers towards phobans and tassengs, actual competence of many government officials and their agencies, and refugee attitudes regarding resettlement or return to their native areas. At least some of these matters will have to be studied during the coming fiscal year.

Second, we must continue and improve our joint efforts with the RLG to ensure that refugees are provided with immediate necessities, and are brought as soon as possible to a standard of living equal to that of the rest of the population.

Third, we should concentrate on applying the principles of refugee resettlement that we have developed at Houei Nam Phak

village number one to additional resettlement areas at Houei Nam Phak and elsewhere, but at considerably reduced cost.

Fourth, we should undertake some programs which will involve the urban and semi-urban populations in the process of change and give them the sense that they can improve their environment and that their government will respond to their needs.

Fifth, we should continue or develop activities which encourage the creation or strengthening of human institutions. Examples of organizations that contribute to changes in attitudes and improvement of competence are ADO, ADL, water user associations, parent-teacher committees, and village development committees.

Sixth, we should continue to involve villagers in the process of change by assisting in the construction of self-help schools, dams, irrigation systems, wells, bridges, and dispensaries. Our emphasis should be on helping the villagers to create multi-purpose human institutions, capable of identifying and solving a number of problems beyond the specific construction project to which they are contributing their work and/or money. We must ensure that construction projects are planned in a full development context so that, for example, there are sufficient teachers for any new school, sufficient medics for any new dispensary, a waiting market for crops grown on newly irrigated lands, and available skills and material resources to ensure that finished projects can be maintained. There are, for example, far too many disconnected windmills in southern Laos, without building any more structures that the villagers are incapable of maintaining.

Seventh, we should stress training which changes attitudes and develops competence. Three successful ongoing projects are the Rural Development Training Center, the Refugee Women's Weaving Project, and the Skills (Carpentry and Blacksmithing) Project. These should be continued and other possibilities should be considered.

Eighth, we should stress USAID activities that contribute to an increase in competence of RLG officials and develop a self-sufficient ability of the RLG to meet the needs of the citizenry. For example, we should develop with the RLG a course of instruction for phobans and tassengs, strengthen the RLG agriculture

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extension and demonstration program, and emphasize the necessity for Travaux Publique to concentrate on maintenance of equipment and existing roads rather than undertaking new road construction beyond its maintenance capability. Whenever possible, we should encourage the RIG to effect coordination among its own offices, and improve its internal administrative procedures.

We must expand considerably our understanding of the areas of weakness in the RIG and concentrate on training, and on finding solutions to the practical difficulties that prevent RIG officials from doing their jobs, such as inadequate communications and transportation, dispersed and run-down offices, and unrealistic budgets.

Ninth, because of the pressures of the war, we should undertake or continue certain projects that help the RIG gain physical access to remote areas, cope with emergency medical needs, or deal with other urgent problems beyond the capabilities of a small country taxed with the staggering economic and social burden of defending itself against a powerful and relentless invader.

III. Post War Planning

A. Required Inputs

We have been asked to describe the types of inputs which would be required to make the Pakse area (all of MR-IV to its legal boundaries) socially, politically and economically viable.

First, to make this region socially viable, our broad goal should be to encourage the creation of new human institutions to replace the traditional institutions which are breaking down under the impact of modernization or have been hopelessly disrupted by war. Southern Laos has had for hundreds of years an intricate, traditional, quasi-feudal, social system which seems to have met satisfactorily the felt emotional-intellectual-material needs of its members. The system is rooted in the villages, many of which have been destroyed, or dislocated, or subjected to foreign penetration. The capstone of the system has been a small group of leading families, among whom the na Champassaks have been the most influential, receiving loyalty and tribute from the people and extending protection and assistance downwards to the people. These families are becoming fractionated, and their very direct social influence based on land ownership

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social influence based on land ownership and fealty is being replaced by commercial power, which is far less personal and does not satisfy social needs. What the region requires is a growing number of human institutions, such as farmer organizations, labor unions, parent-teacher associations, women's and veteran's groups, 4-H, Boy Scouts, literary clubs, etc. which will provide form and structure to a society in the process of change.

USAID is ill-equipped to meet this need directly, but can serve as intermediary and catalyst to bring into the area private foundations, and international private organizations, which can help encourage the growth of these institutions. There are, for example, several private foundations in the US, which operate in large measure on AID contracts, which have the capability of helping create or strengthen human institutions and USAID/Laos could contract for their services.

Second, to make the Pakse area politically viable, our broad goal should likewise be to encourage the development of institutions--political institutions. A number of social scientists have pointed out the tendency in the developing world towards political decay as economic modernization occurs. Their prescription is assistance from major democratic powers like the US to encourage the development of participatory institutions, such as political parties, political clubs, labor and farmer unions, and schools conducting adult education in political principles. Again, this is an area in which it is very difficult for USAID to play a direct role, but there are some intermediary organizations with which USAID could contract that could provide technical assistance to certain institutions such as labor and farmer unions, and adult education schools.

Third, to make the Pakse area economically viable, there are a number of goals that USAID could adopt and design programs to attain. The most important goal is to increase the revenue base of the RLG so that it can afford to support its own development programs. A second goal should be to increase productivity in agriculture, and stimulate new industries, so as to increase employment and raise disposable income. A third goal should be to build up the economic infrastructure of the country in the fields of communications, transportation, electric power production, etc., but to design such projects so that they could be

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maintained by the RLG. The fourth goal should be to increase competence among the Lao in all possible ways, including higher education, technical training, assistance in administrative techniques, and provision of management consultant services.

Finally, it must be kept in mind that the most pressing and immediate task after the cessation of hostilities would be assisting refugees to return to and become resettled in their home areas. One would hope that the job of physically moving people could be accomplished within the first year after peace came, but it would probably be necessary to channel special assistance to repopulated areas for some time to come.

B. Reprogramming Resources at Current Program Levels

Initially, the amount of money now being spent for refugee relief would probably continue to be required for a "return to villages" program for refugees. Gradually, however, the very important expenditures we are now making for refugees would be cut back substantially, and should be allocated to other projects.

The most important program for the area would then become our efforts to help the RLG increase its revenue base to achieve self-sufficiency. We think, with properly directed assistance, it should be possible for MR-IV not only to produce sufficient revenues to support the RLG budget in the area, but also contribute to the operations of the RLG in deficit areas within Laos. We should concentrate on assistance to industries which not only produce income and other taxes but also produce royalties, such as the timber and extractive industries. At the same time we should offer the RLG administrative and management counseling in tax reform and enforcement and other ways of increasing state revenues. We should cut back sharply on our rural self-help projects, and encourage a strengthened CRA, enjoying a substantially increased budget, to take exclusive responsibility for these activities. By the same token, we should terminate small force account projects, and encourage the assumption by the RLG of these responsibilities as their revenues increase.

Development of the Bolovens Plateau offers unique opportunities to increase substantially the gross regional product and revenues for the RLG. On the Bolovens, particularly after substantial irrigation projects had been implemented, it would be possible to

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raise many agricultural products for export, or as import replacement, including: fruits, vegetables, strawberries, potatoes, (1,000 tons were harvested in 1950), coffee, (2,000 tons annual production was once achieved), cotton, black tobacco, tea, cardamom (200 tons in 1959), peanuts (for oil and oil cake), and livestock. A substantial part of USAID assistance to the Pakse area should be devoted to helping the Lao realize the potential of the Plateau. In connection with the encouragement of markedly increased agricultural production on the Plateau, emphasis should be placed on food processing enterprises and cotton ginning and weaving facilities. Canning factories for fruits and vegetables should be encouraged by offering various inducements of long-term loans, risk insurance, or whatever is appropriate.

There are many lowland areas which would be suitable, with proper irrigation, for the cultivation of cotton, sugar cane and pineapples. Along the Sekong Valley in the Attopeu area it might be possible to cultivate cotton and develop vertically integrated cotton industry. This has been a traditional cloth weaving center.

Full exploitation of the economic potential of the area will obviously require assistance for economic infrastructure projects, such as construction of a land route between Attopeu and potential markets, rehabilitation or construction of routes to Thailand, Cambodia and Vietnam, improved port facilities on the Mekong, etc.

Concurrently with economic assistance projects, USAID should undertake, through intermediary agencies such as foundations ^{and} international private organizations, to assist in the development of human institutions with potential for strengthening the social and political fabric of the country. In our dealings with the RLG in peacetime, we should do our best to strengthen the role of the civil authorities, and suggest ways in which the Army's energies can be devoted to useful projects of physical construction and diverted from possible political preoccupation. The Army has substantial material resources in transport and construction equipment, which could be put to very good use.

Finally, project of education and training should be continued and expanded to develop the competence of the Lao people in general and the RLG officials, in particular.

C. Increased Funds for Programs

With a 50% increase in funding levels, it should be possible to engage concurrently in a massive program of reestablishing refugees in their home villages and to conduct the other development programs listed in paragraph 3 above. At the conclusion of the refugee "return to village" program, there should be funds available to engage in rather substantial irrigation projects on the Bolovens and in the Sekong Valley area, and to press forward energetically with infrastructure projects.

D. Decreased Funds for Programs

With a 50% decrease in funds, it would initially be impossible to do more than conduct the "return to village" program, and carry on some low-cost institutional development programs, and modest programs of agricultural assistance. After taking care of refugees being returned to their home areas, and then sharply cutting the USAID field staff, it should be possible to carry on an effective, but limited, program of encouraging the development of small industries, constructing small-scale irrigation facilities, providing administrative and management counseling to the RLG, maintaining but not substantially improving the road net, and maintaining education and training programs. The main casualties of a 50% budget cut would be any expensive infrastructure projects in the fields of communication routes, irrigation facilities, hydroelectric projects, etc.

E. RLG and Other Government Plans

There is no question that many members of the RLG and the ruling elite of the Pakse area think frequently and longingly about the prospects for the region which would be presented by peace. Most of them talk about the potential of the Bolovens Plateau, and the mineral and touristic resources. It seems clear that they would be very responsive to plans to develop the region's economic base. What is much less clear is whether they would tolerate tax and fiscal reforms, redefinition of the Army's role, and increased budgets from local revenues for the civil service. It is also far from clear how many years it would take agencies like CRA to take over effectively the rural self-help programs in which USAID has been involved.

It is not really appropriate to ask the field to comment on what inputs might be forthcoming from other donors. We rarely see

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representatives of foreign governments or international organizations, and are not kept advised of Vientiane-level negotiations with these entities. Obviously it would be desirable to involve other donors in any large infrastructure projects, and we would be surprised if the French and Japanese did not show a keen interest in mineral exploitation possibilities in Laos. It seems to us that it is the job of the USAID Program Office to match what it knows about other donors against what we have listed as major projects for a southern Laos at peace.

IV. Project Priorities

As requested, we have grouped projects by functional area (agriculture, education, etc.) and within the functional areas, we have listed them by priority. After listing the projects in order of priority, where necessary, we have added a narrative statement.

A. Agriculture

1. Demonstrations of crops other than rice, including particularly vegetables, fruits and cash crops.
2. Completion of the Houei Nam Phak irrigation system for resettled refugees, who will grow rice for subsistence and other crops to enhance their diet and produce cash income.
3. Training of farmer leaders, with emphasis on crops other than rice and on fish culture.
4. Home economics training for refugees.
5. Construction of self-help gravity irrigation system (30 hectares) for Houei Nam Om #1 (Sedone Province), where early rice followed by other crops will be grown.
6. Construction of an irrigation dam for 15 hectares at Ban Veunxai in Champassak Province, for crops other than rice.

Concurrent with above, Agricultural Industries Branch should be investigating the following possibilities, in order of priority:

1. A canning factory for fruits and vegetables.
2. A sugar processing plant.
3. A cotton gin and weaving factory.

Preliminary survey work should be done on these during FY 1972, but it is unlikely that any enterprise would be started during that time period.

The essence of all the agricultural projects is training farmers, whether newly settled as refugees or long established, to acquire the skills necessary to raise crops for which there are ready markets--such as vegetables, fruits, and cash crops. While training them, through demonstration plots and on newly irrigated areas, we must try to stimulate the agricultural industries which can utilize the farmers' produce. Supplementary home economics training is designed, among other things, to teach Lao housewives how to get maximum nutritional value out of farm produce, and should help improve levels of health.

B. Roads

The TP-FHWA plans for all provinces within the Pakse area emphasize, as they should, maintenance of existing routes, and improvement of maintenance facilities. Listed below in order of priority, are the projects of new road construction:

1. Sedone Province: Construction of 14 kilometers of access roads from Ban Nalong to Ban Na-O, Ban Deua Neua and Ban Solo.
2. Champassak Province: Completion of RN-14A (9 kilometers) to RIG - 10, KM 11. Access road, 4 kilometers east from Done Falat towards Mekong.
3. Wapikhamthong Province: Construction of 8 kilometers of access road from KM 82 on Route 13 to Ban Dannalao and Phonsoung. The Chao Khoueng would also like to construct an access road from Nong Hine, WC752200, to ^{the} Mekong, 9 kilometers, but TP has not included it in its FY 1972 presentation. The Chao Khoueng claims that this road would open up a source of reasonably priced fish from the Mekong and vegetables grown along the banks of the Mekong, and we believe that his arguments make sense.
4. Sithandone Province: Construction of 11 kilometers from Muong Khong to Muong Sene via the southern tip of Khong Island. Possibly others, but not sure.

C. Maternal Child Health

Public Health Division has plans to construct a maternal child health clinic as an annex to the Pakse hospital. The work will cover all of FY 1972. The Pakse hospital is completely unsatisfactory and improvement of its capabilities is urgently needed.

D. Public Health

1. Continuation of support of 34 RLG and USAID staffed dispensaries.

2. Continuation of support of OB teams operating in Paksong and Khong Sedone.

3. Continuation of support of the OB refugee public health team which will start operating in the Pakse area in second half of FY 1971.

The emphasis of the public health projects in the Pakse area is to help the RLG cope with the additional health problems caused by the war and also to provide a satisfactory level of medical service to its population during the lengthy period before Laos is able to staff and fund all its own medical facilities.

(Self-help dispensaries are covered under "Development of Rural Economy.)

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E. Education

1. Construction of two or more urban self-help schools in the towns in MR-IV. (In general, construction of self-help schools is included under "Development of the Rural Economy". The self-help principle is now being tested in the urban areas, with both the CEA and the CDA's taking an active interest in the projects.)
2. Conduct of in-service training for qualified and CREC teachers during summer months.
3. Construction of comprehensive (Fa Ngum) high school for Pakse city.
4. Construction of a junior high school for Khong Sedone in Wapikhamthong.
5. Asphaltting of roads and sidewalks at the ENI/Pakse.

There is substantial overcrowding of the urban schools in the Pakse area, and we feel it is very important to include the urban population in the process of development. With construction of new schools, there must be an accompanying upgrading of the qualifications of teachers and, therefore, conduct of in-service training has high priority.

In Pakse town, because of the influx of Attopeu and Saravane refugees, less than 5% of students who graduate from elementary schools are able to continue their education and of the approximately 100 students who enter the Lycee annually, fewer than 10% complete their secondary education. The French have been promising a comprehensive high school since 1968, but have never delivered on their promises. We feel that it is of great importance that the RIG and USAID consider construction of a Fa Ngum secondary school in Pakse in the near future.

In Khong Sedone there is no secondary school whatsoever, and we believe that priority should be given to constructing a junior high school there.

E. Education (Cont'd)

The ENI in Pakse is full to capacity and is an effective educational institution. During the dry season students are enveloped in a cloud of dust, and in wet season wallow in a sea of mud. It seems worthwhile to us to solve these problems by asphaltting the roads and sidewalks at the school.

F. Civil Police

The only police assistance programs which have so far involved the field are construction of provincial police posts. Our priorities for FY 1972 are construction of the following posts:

	<u>PROVINCE</u>	<u>MUONG</u>	<u>VILLAGE</u>	<u>COORDINATES</u>
1.	Sedone	Pakse	Ban Mouong	XB974944
2.	Sedone	Souvannakhili	Ban Khili	WB890000
3.	Champassak	Soukhouma	Ban Soukhouma	WB851855

There are obviously many needs of the police in the provinces which are not met. These cannot be properly diagnosed and resolved without expert attention. We urge that USAID/Vientiane proceed with the plan of stationing a representative of PSD in the field, and give him an adequate budget to assist the police of the area for which he is responsible.

G. Development of Rural Economy

The Pakse USAID office is working in five provinces and, of course, experiences pressures from each of the provincial governments and cannot afford to ignore any province, even though it might feel that one province deserves favored attention. For that reason, priority numbers are assigned to groups of activities rather than individual activities.

1. Training of various sorts including, particularly, phobantasseng training, skills training (agriculture and handicrafts) for refugees and disabled veterans, continuation of Pakse Rural Development Training Center, continuation of the Southern Laos Weavers' Association, continuation of the Southern Region Skills (carpentry and blacksmithing) Training Center, inauguration of student support program for Ban Latassine/and Houei Soi and continuation of the program in Houei Khong (Muoung Sayasila), and encouragement of the CRA-sponsored monk training program which will start in Pakse in FY 1972. The possibility will also be considered of helping sponsoring training seminars for RLG functionaries.
2. Continuation of Houei Nam Phak refugee resettlement project, including construction of the canal system (see Agriculture) and clearing and improvement of land.
3. Continuation of the self-help school construction program, to include roughly 55 classrooms in the five provinces, and a program for self-help construction of school furniture.
4. Construction of eleven new dispensaries throughout the area, and medicine cabinets for ten dispensaries.
5. Continuation of the Ban Nakeo livestock station and testing of the feasibility of encouraging development of a silk industry.
6. Force account construction of a semi-circular road linking Route 10 with Don Nhong and Vang Tao Nok in Northern Champassak. The road would be 28 kilometers long and link 17 villages. It lies in the heart of an area which would make a very desirable relocation site for any additional refugees that we might receive during FY 1972.

G. Development of Rural Economy (Cont'd)

7. Initiation in Champassak Province of an experiment in providing a particularly energetic provincial governor with a "provincial mobility and civic action capability". Our proposal is to make available to Governor Sithat: two jeeps and a truck for a provincial motor pool; POL and parts support; maintenance and repair by TP; increased helicopter support in the form of twice monthly joint USAID-RLG trips to remote muong centers in the province; establishment of an "equipment spread" for civic action, including one farm tractor and attachments, three small pumps, small hand tools, a hand microphone/amplifier and perhaps a mobile generator. At the same time, through small force account projects, we would widen existing roads in selected spots to become STOL strips.

8. Construction of markets in Pakse and Don Talat, on a self-help basis, and a youth center in Houei Khong.

9. Small force account construction of a road in Muong Sayasila to Tasseng Din Deng, and realignment of the landing strip at Houei Khong which poses hazards to the people of the town.

10. In cooperation with the Chief of Police of Sedone, investigate the possibility of starting a Boy Scout and/or youth sports movement, and providing modest USAID equipment support.

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H. Refugee Relief

USAID/Pakse is presently providing assistance to about 5,000 refugees and the number could increase very substantially if the enemy made major incursions into RLG areas. Obviously refugee relief takes first priority among all functional programs, but it is very difficult to estimate what the requirements for FY 1972 will be.

Under Development of the Rural Economy, we include plans for continuing support of the Southern Laos Weavers Project. We suggest that USAID increase its support of this project to the point that it is able to supply the cloth needs of ORA for refugees in MR-IV. It seems a shame to have to procure cloth for refugees in Thailand when it might be possible to spend that money to benefit refugee weavers in south Laos.

Even in time of war, plans should be made for the "return to village" requirements that would face us if peace came to Laos. We believe that USAID/Laos, like USAID/Vietnam, should designate a RTV plans officer in ORA/Vientiane and that ORA local-hire field staffs should be trained in the political, psychological, and material problems that would be faced in a mass refugee move back to home areas.

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I. Well Drilling

We estimate that requirements exist to drill about 75 wells in MR-IV in FY 1972. Twenty would be in Wapikhamthong, 10 in the Paksong-Souvannakhili area of Sedone, and 25 wells elsewhere in Sedone; and 20 in Champassak.

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J. Use of IVS'ers

Our highest priority need is for an IVS'er with training in business administration or micro-economics who would perform marketing studies. Our emphasis has always been on production push rather than market pull, and this is a mistake and leads to surpluses and disappointed farmers.

Our second priority is for one or two IVS'ers at the ENI, teaching community development, English, home economics and public health and designing science laboratory teaching materials.

Our third priority is for an IVS'er to help with the curriculum of the Rural Development Training Center.

Our fourth priority is for an IVS'er to work in home economics extension programs.

Our fifth priority is for an IVS'er to work in agriculture extension.

It seemed to be useful to list these needs for IVS'ers separately, rather than including them under the functional areas. The Office of Programs may want to cross reference the positions, for consideration of the technical divisions.

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