

Initial Evaluation of Houei Nam Phak (KM-25) Resettlement  
and Development Experimental Project

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Draft copies of the evaluation were reviewed by the following people. Several of their comments and suggestions have been incorporated.

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Attachments:

1. Map of South Sedone Development Area (5,000 Ha) including Houei Nam Phak Project (900 Ha)
2. Scheduled Work Units, Houei Nam Phak Project.
3. Sketch of Refugee Village #1, Houei Nam Phak Project.
4. Itemized Costs, Houei Nam Phak Project.
5. Total Costs of Houei Nam Phak Project.
6. Time Phasing of Houei Nam Phak Project.
7. Letter, Keo Viphakone Soc State Soc Wel to USAID Director, Charles A. Mann, dated February 3, 1969.
8. Letter, RD/RR and R: HWBrady signed by Mr. Mann to Keo Viphakone, dated February 13, 1969

I Recommendations:

A. Documentation

1. A Project Agreement is needed for the 900 hectare Houei Nam Phak Experimental Project with no commitments to enlarge the project. The ProAg should be revised as needed to indicate major changes.
2. A Project Control document is needed which places within a time frame the resource allocations and the discrete work units needed to complete the project. Benchmarks for reporting, control, and evaluation purposes are needed. Attachments #2, #4 and #6 may be of assistance in devising the project control document. The on-site project manager should be responsible for devising the Project Control document, maintaining it and insuring that it is complete. All APs would have to be closely coordinated with the project manager as the AP resources and work units would be included in the Project Control.

B. Development of Resettlement Area

1. Houei Nam Phak development (900 hectares).
  - a. Recommend continuation of all planned work except irrigation.
  - b. Recommend an immediate soils survey to determine feasibility of irrigation system now planned
  - c. Delay work on canals until soil survey determines feasibility and then either cancel or continue irrigation work based upon test results. Agriculture division recommends a delay of one year in canal

construction.

2. Balance of 4100 hectares in RIG Resettlement Zone. To settle the entire 4100 hectares (see option #3 on page 23 ) with strict limitations as to USAID inputs. This would enable us to determine how many people can support themselves on the land without irrigation which is the costly item.

C. STUDIES

An investigation of resources related to potential cash crops is urgently needed. An analysis of the agriculture markets near the Houei Nam Phak Project should be considered now. Where might Houei Nam Phak fit into the market? Is there need for further production from additional developments? Can 2 or 3 hectares of this particular land support a family above the subsistence level? This study would need information from the soils survey on what can be produced at Houei Nam Phak.

The following studies would be of use at a later date:

1. A study of land values and their relationship to RIG taxation -- also, the effect of prohibiting sale except to the settlers association.
2. A study of Houei Nam Phak cooperatives and when, if at all, private enterprise could step in. Related to this, is the general attitude on cooperation with others once the settlers are self-sufficient. If they won't cooperate here, where they are handpicked, where will they?
3. A study of economic development costs and benefits. The above studies are mentioned at this time as systematic data collection should begin now.

MISCELLANEOUS

Now is the time to take steps to protect the forests near Houei Nam Phak. A protective planting of teak along the borders has been suggested by forestry

officials as settlers and squatters usually do not cut teak since the penalties are too high. Also, EDD furnished sawmills should not be allowed to saw logs above the amount allowed by RIG law for resettlement without conforming to forestry regulations and practices.

COMMENTS ON FUTURE DEVELOPMENTS IN SOUTH SEDONE

Intensive development of the remaining 4,100 hectares of the 5,000 hectares RIG resettlement tract in the same pattern as the Houei Nam Phak project would be too expensive for USAID. It certainly would be much too expensive for the RIG. A possible exception would be small 250 hectare developments that might be undertaken if security problems enabled USAID to employ equipment and personnel that would be otherwise idle. Any capital development with costs over \$100,000 must be preceded by a feasibility study with reasonably firm estimates of costs in accordance with Section 611 of the Foreign Assistance Act. Foundations and other governments could cooperate on assistance in the development, and this source of funding should be explored and encouraged.

The RIG looks to USAID for the development of the remaining 4,100 hectares. USAID should at least have an outline for development of this area regardless of how the development is funded or whether it is settled without formal funding. Then, if social pressures force the RIG to permit rapid settlement of the area, the settlement can be directed in a manner which may allow for future improvements.

## I. PURPOSE OF EVALUATION

This evaluation appraises the work done to date, its costs and relates it to the various planning and funding documents. This study also examines planning and funding and makes suggestions concerning future courses of action. There is too little experience with the project to make firm conclusions concerning success or failure, but enough has been done to indicate some steps required to avoid possible pitfalls. Some judgments are made concerning further development in the area beyond the 900 Ha. experimental project and USAID contributions to any further development.

## II. BACKGROUND

The Houei Nam Phak (KM-25) project is an outgrowth of an October 14, 1968 proposal for a development and resettlement project in South Sedone Province, prepared by Mr. Keo Praseuth, RIG Chief of Agriculture in the Pakse Region, Mr. Frederick C. Hubig, CDAA/Pakse, and Mr. T. F. Ramsey, then the USAID Irrigation Advisor for Pakse. The original South Sedone Development Plan called for development of 27,000 Ha. of land in the RIG National Forest Reserve. Subsequent investigations by the RIG and USAID <sup>1/</sup> determined that 5,000 Ha. of this land adjacent to a good all-weather road (RIG-13) would probably be suitable for agriculture development. The area

<sup>1/</sup> Report on South Sedone Development Project: Land Classification, A. W. Pollard, 12/18/68; Field Trip Report, Phouong Vilay Thong, DD of Water & Forests, and V. L. Clark, IMD, 11/15/68.

was selected when security deterioration forced postponement of a resettlement project at Xe Set on the Bolovens Plateau. A subcommittee developed a draft activity proposal and the 5,000 HA (see map - attachment #1) was taken from the forest reserve by the RIG and declared a resettlement area 2/. USAID agreed to support an experimental project in this resettlement tract. The project area comprises approximately 900 Ha., of which a minimum of 250 Ha. may be irrigated. The plan as approved called for two refugee settlement of 100 families each, and one veterans village of 100 families. The veterans village was already in existence with 60 families settled there.

An irrigation feasibility investigation was undertaken in October 1968, access road construction began in March 1969, and refugee settlers started to move into the area in April 1969. The 70 refugee families now living on site are divided almost evenly between three ethnic groups, Kha or Lao Theng, Souei and ethnic Lao. The balance of 30 families in the first refugee village will be Lao from the Lao Ngam area.

### III. PROJECT EXPERIENCE

A. Irrigation. The irrigation investigations began in October and resulted in the selection of a dam site on the Houei Nam Phak River as well as the broad design of a system capable of irrigating at least 250 Ha. in the dry season if the estimates of normal annual variances in water flow are reasonably accurate. The dam was constructed in time for the wet season.

2/ RIG Ministere de l'Economie Nationale, Arrete No. 64/ECO signed 25/2/69

Flood waters overflowed the dam structure and indicated the need to modify the outlet end to prevent future overflows. The main canal and two main laterals are being designed and aligned. See Attachment #2 for a breakdown of the irrigation activity and its scheduling. Although all control structures may be installed in the main canal, laterals and sublaterals by October 1970, it is unlikely that much more than 25 Ha. of irrigation will be done by the settlers at this time. The settlers do not desire the clearing and leveling of their individual 2 to 3 hectare plots entirely by mechanical means, but wish to clear it by themselves in the traditional Lao manner (but with some assistance from a dozer) which will take considerably more time but will safeguard the top soil. There is no professional knowledge of the quality and depth of the top soil. Mr. Kao and his RIG staff as well as the Pakse USAID AGR and RDD staff agree with the settlers that the traditional Lao way is preferable to the Activity Plan clearing by ADO which would require repayment with interest over a 6 year period. The present schedule for land clearing calls for the following: First year after settler is given land (farm site surveys and assignments begin January 1970 and end June 1971) -- clear one hectare leaving major stumps and grow upland rice with some corn, beans, eggplant and squash for subsistence; second year -- clear second hectare, start removing and burning large stumps, grow same crops as first year and start to make dikes for paddy rice; third year -- clear remaining land and continue with stump removal and land improvement, plant mainly upland crops but begin paddy farming; succeeding years -- continuous land improvement. One important departure from the traditional Lao irrigation procedure that is planned for the project is that some professional assistance (farm irrigation survey team and small bulldozer) will be provided to the settlers to develop a field water distribution system which will enable all farmers to obtain a fair share of water. In a traditional field overflow system,

the farmers nearest the canal get most of the water.

B. Roads. The access road is 50% complete. See Attachment #2 for road scheduling.

C. Settlement. Twelve hundred refugee families were interviewed to find 100 families who desired to settle in the Houei Nam Pak area permanently and would agree to a contract committing themselves to work their land for six years and to work cooperatively on community projects. Seventy of these families moved to a temporary location prior to the rainy season. The balance of 30 families will shortly move directly to the permanent townsite which has been completely surveyed and almost completely cleared (for sketch see Attachment #3). Construction of housing, a three room school and other community buildings has begun. A cooperative village store opened for business on September 10, 1969, in a temporary location. The Association for the Development of Laos has trained the storekeeper (one of the settlers) and has provided the store 500,000 kip of merchandise on consignment. Ten settlers are presently receiving training at the new agriculture training center in Pakse. Each trainee is concentrating on one or two of the following specialties: vegetable growing, rice production, animal husbandry, fruit production, fish culture and mushroom growing. Three settlers have received farm tractor operation training and one of these is presently participating in a heavy equipment mechanics training program at PK-7 sponsored by TP/BFR. British Colombo Plan has provided one Massey Ferguson 165 tractor to the project.

D. Cooperation by Settlers Settlers have cooperated in providing self-help labor for clearing their living areas and building community facilities. They have not provided self-help labor for major irrigation and

road construction but have provided labor for pay. Settlers understand that all sub-lateral work will be aided self-help. The resettlement contract does not require the settlers to provide self-help labor for major irrigation facilities and road construction. The opportunity to earn some income through honest work did much to enhance morale during the difficult wet season. The three ethnic groups living together have held religious ceremonies and sacrifices in common to appease the spirits and to form a spiritual bond or contract with each other. One man who left the settlement was required by the others to pay a 50,000 kip fine to appease the spirits as a penalty for leaving. The settlers' cooperation with each other to date has been good.

E. Security Security has not been a problem, but of course it could become one if the North Vietnamese or PL desire to disrupt the development effort. On the plus side there are FAR troops located between KM-25 and Pakse. The regional army commander, General Phasouk, has taken a strong personal interest in the project. One section of 36 troops provides local security for PWD and IRR personnel and equipment. Weapons have been provided to the settlers and PWD/IRR crews to defend themselves against possible small bands of communists. It is important to the RIG to maintain control of the area as it is located on the route from Pakse to Champassak.

F. RIG Interest General Phasouk, Fourth Military Region FAR Commander, has a special interest in the project as some veterans are settled there and others will probably claim land in other sections of the 5,000 Ha. resettlement tract. He has assigned a FAR sergeant (Seum, whose family members are presently refugees from Thateng) to serve as operations manager on the project. The operations manager, as a representative of the general and also being a very capable man, commands a

great deal of respect from the settlers and civilian officials. He formerly was assigned to the CDAA/Pakse when that officer was in the Houei Kong Cluster. While in Houei Kong, Sergeant Seum developed a fish pond program and later managed the military farm at Thong Wai.

Much of the planning for the project was done by Mr. Keo Praseth, Regional Agriculture Chief, who retains a vital interest in the project. He and his staff are taxed as they are responsible for six southern provinces, but he has promised to provide two irrigation men and an agriculture extension agent. Mr. Keo is involved in continuous project planning and is especially interested in seeing that the settlers will grow crops that are marketable.

The Primary School Inspector has promised to provide teachers as they are needed. All will be qualified teachers except for one CREC teacher who will be replaced by a qualified teacher after one year.

The RDD AP for Houei Nam Phak states that overall supervision of the project will be given by a Regional Planning Group headed by the Chao Khoueng of Sedone Province and by an RLG/USAID sub-committee for South Sedone Development. It was thought that the higher committee would give advice and guidance and concur in actions while the sub-committee would be involved in actual supervision. The Regional Planning Group has not been functioning, but the Chao Khoueng, Sedone has designated the Chao Muong, Pakse to chair a sub-committee of all concerned services of the RLG. He has taken an active role in supervising activities. The sub-committee has had several meetings and includes USAID representatives.

The AP calls for the RLG to provide 900 Ha. of public land (done), personnel to staff the school (assigned), and dispensary (not available so USAID is providing medic), school supplies (USAID and Colombo providing), technical assistance as

needed (2 irrigation and one agriculture extension agent), one assistant project manager on a fulltime basis, (social welfare representatives on site), and two CRA village workers (only one available). FAR has provided Sergeant Seum to act as chief of operations. This is an "expediter" type of job presently coordinating all construction phases of the program. It will evolve into the position of settlement cooperative association manager.

#### IV COSTS

An effort was made to obtain complete costs that can be considered chargeable to the Houei Nam Phak project whether or not they are actually charged as project costs. It was discovered that if the present means of funding continues, about  $\frac{1}{4}$  of the USAID kip costs and  $\frac{1}{2}$  of the USAID dollar costs will not be charged directly to the project. It was also discovered that what was once thought of as less than a \$100,000 RDD project will cost USAID about \$600,000. Most of the USAID costs are not extra costs to USAID as the advisors, equipment and equipment operators used on Houei Nam Phak would have been used elsewhere. Also, rice would have been given to refugees regardless of location. The question of whether the project makes the best use of USAID resources is considered in Section VI.

In examining costs it was found useful to divide them into the following categories:

(1) USAID Project Funding -- consists of costs directly charged to the project such as irrigation costs covered by AGR APs and community development costs covered by RDD APs. This category does not include all direct project costs as explained under the following category.

(2) USAID non-project funding - consists of costs funded by other USAID programs such as USAID advisor time devoted to Houei Nam Phak, USAID local and TCN technicians used on the project, rice given to refugees moved to Houei Nam Phak, POL used (except for that funded by an AP), value of USAID surplus vehicles donated and cost of USAID time and parts to repair them. The time of USAID advisors such as EDU and FHD who will devote a minimal amount of time to the project is not included in these costs. General overhead costs of the USAID Regional Office are not included.

(3) RIG Budget Cost -- consists of the cost to various RIG budgets of the time spent on the project by RIG technicians, material costs such as school texts to be reprinted in later years and maintenance costs such as TP road maintenance in later years.

(4) RIG Donations -- consist of the estimated value of the public domain given to the project. The 900 hectares of land are valued by the RIG at 800 million kip which comes to a little over \$650 per acre. This estimate should be compared with the cost of paddy land that is in production and located a comparable distance from Vientiane. This land costs Kip 60,000 per hectare or about \$50 an acre. To avoid confusing the actual amount of RIG contribution, the Itemized Cost Chart (attachment 4) separates RIG budget funding and RIG donations. The 3,000 large logs (10 per family) which the settlers are allowed to cut from the 900 Ha. project area and also from surrounding land are valued at 1,000 kip each for a total of three million kip value. The land valuation is an official RIG valuation.

(5) Settlers Self-Help -- consists of the value of labor donated by the settlers and, for later years, an estimate of some of the annual salary costs to be borne by settler organizations. The labor is estimated at the rate of

400 kip per day for 12 persons per day per 100 families initially, and for 30 persons per day when all 300 families have arrived on site.

(6) Other Donations -- consist of the value of help received from the British Colombo Plan, International Women's Club of Vientiane and the Association for the Development of Laos.

Building construction costs appear low, but this is the result of some of the costs being listed elsewhere. Supervision costs are under salary costs and the FWD carpenters are charged to be FWD budget. The cost of the lumber is covered by the estimate of value of RIG logs and self-help labor, plus the cost of the sawmill and its operating costs.

Some of the road construction costs to date are high because of idle crew and equipment for sizeable periods of time during the rainy season just completed. Construction crews cannot be laid off during periods of inactivity in Laos unless the great risk of being unable to reconstitute a good crew is accepted.

Itemized costs and total costs are presented in attachments # 4 and # 5.

#### V. PLANNING AND FUNDING DOCUMENTS

There is no shortage of planning and funding documents for the Development and Settlement Project in South Sedone Province (Stage I), 1/ the South Sedone Development Project (Phase I) 2/ the South Sedone Development Program (Pilot Project), 3/ the Houei Nam Phak Resettlement, 4/ the Houei Nam Phak (KM-25) Irrigation Project, 5/ The Houei Nam Phak Settlement Project, 6/ and the KM-24 Project, 7/ -- all of which are names for the Houei Nam Phak (KM-25)

1/ Proposal by Keo/Hubig/Ramsey dated October 14, 1968

2/ Planning Guidance by Brady dated December 5, 1968

3/ Subcommittee Draft Proposal dated January 6, 1969

4/ AP No. 1, RR&R No. 9063

5/ AM 69-2-7, AP 69-2, AGR/IRR; AM 69-2-9, AP 69-2, AGR/IRR; AP 69-9. RFW No.9062-2.

6/ Sedone Prov. AP #13, RSH #9062.

7/ Name used by Mr. Keo and others in Pakse.

Project. Since "pilot project" implies continuation at an increasing scale and since the highway cutoff for the project is now 25 Km. from Pakse, it is recommended that the project be called the Houei Nam Phak (KM-25) Resettlement and Development Experimental Project (Houei Nam Phak for short!)

The October 1968 Keo/Hubig/Ramsey proposal recommended a five year phased development of 5,000 Ha. of irrigated land, 15,000 Ha. of non-irrigated crop land and 7,000 Ha. of orchards and improved forest land. Stage I (or pilot project) of the total plan was a suggested development of 240 Ha. with an 9 Km. access road. The proposal stated that development of the 240 Ha. was tentatively approved.

The December 1968 Brady planning guidance spells out a five-year coordinated phased program which can be accelerated or retarded as conditions permit. It calls for the development of 7,000 Ha. of irrigated land, and 5,000 Ha. of land for orchards and dry land farming. The guidance also calls for a ProAg which would make the Office of the Director in the RIG Ministry of Social Welfare and the former USAID/AD/RD responsible for the entire development. The guidance paper named Mr. Hugh W. Brady as USAID action officer.

The January 1969 Subcommittee Draft Proposal limited the development to 5,000 Ha. (the amount transferred in February 1969 by the RIG from forestry reserve) with development to proceed 250 Ha. at a time. The first phase would be initiated as a pilot project for 60 families on 240 Ha. to determine cost data, establish policy and organization for the total program. This proposal also presents a recommended organization chart for the South Sedone Development Project and personnel descriptions.

In searching OP, C&R, AGR and RDD files, no USAID approval could be found for any of the above three proposals although the January 1969 Draft Proposal did state that authorization was given by USAID on December 10, 1968 to proceed with development of a pilot project for the first 240 Ha. in order to develop cost data for the entire project area, following a meeting in Vientiane with the Program Officer and other division representatives. It further states, that a general briefing for joint RIG services was held on December 11, 1968 resulting in tentative approval pending submission of the formal project plan.

No ProAg or formal project plan has been approved. An October 8, 1969 SSB to the AC/Pakse authorizes 240 Ha. irrigation project if it is found feasible and costs don't exceed limits established in the irrigation AP for individual projects. Other approvals are the AP approvals listed in the footnotes on Page 11. The RDD AP No. 1, RR&R No. 9063, which was approved by the Director in February 1969, gives the most leeway of any of the APs as it calls for development of 900 Ha. and settling of 300 families over a three-year period with funding in subsequent years to be made by numbered amendments to the AP. This AP also includes the following paragraph:

"The organization, objective and management of the Houei Nam Phak Resettlement Project are described in more detail in the 'Plan for South Sedone Development' prepared by the direction of the AC/Pakse. The Houei Nam Phak Project is an integral part of that overall project."

Although this RDD AP is the closest thing to an official plan for Houei Nam Phak it varies somewhat from the actual situation. For example: 300 refugee families are called for in the plan but 100 families (60 already

settled) are veterans families; ADO land clearing for individual families is no longer applicable; some RIG and other agency contributions and personnel called for in the AP are not available; the facilities to be constructed vary somewhat to those listed in the AP. As would be expected, estimates made on distances and costs in the construction APs (IRR & FWD) require refining as construction proceeds. The 8 Km. access road is now a 3 Km. access road with 15 Km. of road parallel to the canals.

The above discussion indicates that there is no official document which presents a clear and completely accurate picture of our development effort at Houei Nam Phak. The average person reading the various South Sedone proposals and the later APs cannot tell what actually comprises the work, its timing and the resources utilized in the Houei Nam Phak project. A series of individual APs not adequately cross-referenced is too confusing. Even if they were adequately cross-referenced it would still be cumbersome to read a half dozen APs (maybe a dozen in another year) to appraise the project -- especially since the APs would not cover all of the USAID contribution.

Obviously the ProAg called for in Mr. Brady's December 1968 Planning Guidance would be of major help if it were conscientiously revised as major changes took place. Also, an overall control document made the responsibility of the operating project manager would be necessary to achieve coordination of the many operational facets of the project. These suggestions are included in Section VIII, Recommendations.

VI. PROJECT IMPACT IN THE PAKSE REGION

USAID

The Houei Nam Phak experimental project is the priority project in the Pakse Region which includes the six southern provinces of Laos. In the opinion of the Area Coordinator and key members of his staff, the project is making better use of the resources utilized at Houei Nam Phak than could any other project in the region. In fact, the proposal for South Sedone development resulted from a thorough region-wide search for projects which could make the best use of resources that were about to be idled by a changing security situation. The Public Works equipment at present could not be effectively utilized building feeder roads because of poor security. The RDD personnel involved at Houei Nam Phak would probably be used more on training programs if the project did not exist. Of course, training is involved in the Houei Nam Phak, too, and a pool of experienced rural workers will result. Another way of viewing the situation is that as long as we have an expensive regional overhead including our own "construction and road building company", we may as well use it on Houei Nam Phak, where for the present it appears to be better utilized than if assigned to other projects.

RLG

The Houei Nam Phak project has not changed any RIG operations as their material contributions to date have been minimal. The enthusiasm and personal assistance of the Regional Agriculture Chief and the Chao Muong have been very helpful and indicate that future assistance in the form of RIG technicians

and teachers will be available when needed by the developing social and economic institutions. Houei Nam Phak will create annual overhead costs for the RIG such as road repair, teacher salaries, public health costs, agriculture technician salaries, school supplies and textbooks. Some of these costs could occur without the existence of Houei Nam Phak, as some of the children might have gone to school elsewhere, but other costs such as road and major irrigation works maintenance are the direct consequence of developing Houei Nam Phak. The RIG, with its limited budget and personnel, can probably discharge its responsibilities to the newly created communities with some exceptions such as medical and school supplies. It is unlikely, though, that the RIG could adequately service further new communities, without substantial additional funding.

The project may be of benefit to the RIG in several ways in addition to the economic development benefit. An obvious social benefit is the resettlement of refugees and landless veterans, even though the numbers involved are so small that they cannot be used alone as a justification for the project. The project may be a showpiece in time, a model of development for Laos. This aspect of the project can be not only a political benefit for the RIG if properly publicized, but also can be used to obtain other contributions as explained below.

#### OTHER AGENCIES

A visible development project helping refugees and disabled veterans become happy, self-supporting citizens is the tangible type of project that field agents of development agencies, charitable organizations and foundations can sell to their home offices. So far, the British Colombo Plan has

furnished a farm tractor with equipment and repair parts. The Association for the Development of Laos has trained a coop store manager and provided Kip 500,000 worth of merchandise on consignment, and the International Womens Club of Vientiane has donated Kip 200,000 which will be used as a settlers loan fund. OXFAM and the Asia Foundation are interested in assisting in the training effort, the Australian Colombo Plan may give village tool kits, and there is a possibility of obtaining a donation of Japanese tractors. Possibly the Government of Japan may become interested in assigning Japanese Overseas Cooperation Volunteers to the project. We could not expect as much in the way of donations without such a tangible project that makes good "copy" for the donors.

#### ECONOMIC

The RIG Regional Agriculture Chief, the USAID AC and his agriculture and rural development staff, do not expect that the settlers will rise above the subsistence level by selling rice. The RIG Agriculture Chief states that it is necessary to determine what the settlers can raise at a profit for known markets and that this will require research by the Agriculture Training Center. He stated that it appears that onions, garlic, citrus fruit and other fruits would find an immediate market in Pakse if they could be grown. A very limited market survey does indicate that these items have been imported from Thailand. Transportation appears to be no problem. It appears likely that quantities of vegetables, fruit and meat from Houei Nam Phak could find markets in the nearby area. This is only supposition and a professional soils survey as well as a market survey is needed. Production from any further developments in the area would pose a much greater marketing problem.

Land values in the project area will increase considerably and this increase will be an economic asset once effective RIG taxation policies are in operation. Eventually, taxes collected in the project area could pay for the RIG overhead costs.

The pool of skilled workers trained in the project, including the settlers themselves, is a valuable economic benefit to the entire Pakse Region.

#### VII. FUTURE OF SOUTH SEDONE DEVELOPMENT

Continuous progress is being made by cooperating USAID Divisions on the Houei Nam Phak project. The RIG is very much interested in the success of the project and has willingly contributed when able to do so. However, there are few RIG resources available for the maintenance of normal government functions in Laos, and assistance to new projects stretches RIG resources even thinner. It is now judged likely that the RIG will be able to meet the annual overhead costs (except public health) resulting from the creation of this new community.

The settlers have cooperated with each other and it is expected that they will continue to do so, since they are handpicked on the basis of the likelihood of their cooperating. It will be interesting to watch the cooperation when community-owned enterprises are operated for profit in order to pay community expenses. Also, if the RIG does issue land titles after 6 years, will the land owners be content with the limitation which prevents them from selling their land except to the association? This will be known only after years of experience.

It will take 3 to 5 years to complete USAID's participation in the 900 Ha. Houei Nam Phak experimental project (See Attachment #6). The basic infrastructure of the social organizations should be complete by the end of FY 72 but the development of the irrigation field system will require at least the more year of professional assistance. The effort made in developing markets and the training given in growing fruit and raising improved livestock should bring increasing benefits to the settlers in the following five-year period.

The many years required to develop Houei Nam Phak by concentrating resources (approximately \$600,000 USAID alone) on 300 picked families and probably less than 300 dry season irrigated hectares should be compared to the time spans and areas mentioned in the South Sedone development plans. The October 1968 proposal called for the development of 5,000 Ha. of irrigated land, 15,000 Ha. of upland cropland, and 7,000 Ha. of improved forest and orchards in a five-year coordinated phased program. The December 1968 planning guidance is more modest as the five-year program may be accelerated or retarded depending upon resource availability and only 12,000 Ha. are involved, or which 7,000 are irrigated. Obviously, with present resources, these plans could not be carried out with the same intensive development planned for Houei Nam Phak, even if limited to the 5,000 Ha. of land recommended for agriculture development and transferred from the Forest Reserve by the RIG. If RIG resources were made available after the ending of the military conflict, it is doubtful that as much money would be spent per family settled as on the Houei Nam Phak.

Regardless of the unit cost of development on the Houei Nam Phak Project, the South Sedone proposals and the APs when read together as a package imply that USAID has committed itself to at least a 5,000 Ha. concentrated development after the "pilot project" and maybe more. In fact, in response to an RIG request 1/ for the USAID position on the Sedone Province Development, a letter from the USAID Director 2/ states that the USAID staff has "recommended a project involving 5,000 Ha. of land south of Pakse which includes a multi-stage irrigation system." The letter commits USAID only to the development, subject to the declassification of the land out of the Forest Reserve, of a resettlement project involving 900 Ha. of land and an irrigation system which will serve at least 250 Ha. of the area. The letter also states that "I would hope that we could continue with the development of this area."

Implications to the contrary, a careful study of OP, C&R, RDD and AGR files indicates only a commitment to develop 900 Ha. at Houei Nam Phak. However, Mr. Keo Praseuth, RIG Pakse Agriculture Chief, in an October 8, 1969 interview, talked glowingly of the development of 27,000 Ha. of land and the resettlement of 10,000 families of refugees, veterans and landless people after the "pilot project" was completed. It is recommended that the Houei Nam Phak be considered as an experimental project which promises to produce some experience which may be useful elsewhere, rather than as a pilot development project which connotes more development at the same or greater intensity of resource application.

1/ Keo Viphakone, SecStateSocWel, February 3, 1969 (Attachment #7)  
2/ RD/RR&R: HWBrady signed by Mr. Mann February 13, 1969 (Attch. #8)

Some courses of action that could be followed in the possible development of the remaining land in the 5,000 Ha. transferred from Forest Reserve are:

1. Develop 250 Ha. at a time as resources permit and handicapped settlers can be found.

2. Develop at the present scale of Houei Nam Phak development which would require 4 more projects. It is unlikely that all of the settlers would be close to the same caliber as those handicapped for course No. 1.

3. Develop the whole 4,100 hectares at once by allowing refugees, veterans and other landless people to settle in areas designated by a master plan, using traditional Lao settlement techniques. Assist the RIG to help bring the settlers above the subsistence level by long-range low-key programs. This is the only course mentioned which would really relieve population pressures and take a maximum number of refugees off the dole at a minimum cost. Many of these settlers would probably return to their original homes as security improves but there would be others to take their place.

4. Do nothing and allow squatters to take over.

The above courses of action are only representative to show what may develop. There are many possible courses of action, some of which, like 1. and 2. above, would be very expensive and time-consuming. They would result in more orderly economic development than courses 3. and 4. but would not relieve social pressures in the Pakse region to any great degree.