

CHAPTER 1

INTRODUCTION

1.1 Background

The Lao People's Democratic Republic (Lao PDR) is the least developed country in Southeast Asia. The country covers an area of approximately 236,800 square kilometers. It is bordered by Burma and China to the northwest, Vietnam to the east, Cambodia to the south, and Thailand to the west. According to the Laos Statistics Bureau (2012), the population of Laos was estimated to be about 6.2 million in 2010. The country is divided administratively into a capital city (Vientiane), sixteen provinces, and 140 districts (Laos Statistics Bureau 2012). The sixteen provinces are Phongsaly, Luangnamtha, Oudomxay, Bokeo, Luangprabang, HuaPhanh, Xayabury, and Xiengkhuang in the north, Vientiane, Borikhamxay, Khammuane and Savannakhet in the central area, and Salavan, Champasak, Sekong, and Attapeu in the south.

Laos was a monarchy until 2nd December 1975, when the Communist Pathet Lao won a victory over the Royal Lao Government and then ruled the country. With a per capita Gross Domestic Product (GDP) of US\$1,281 in 2011 (Laos Statistics Bureau, 2012), the country is listed as one of the world's 48 least developed countries by the Office of the High Representative for the Least Developing Countries, Land-locked Developing Countries and Small Island Developing States (UN-OHRLLS). The Laos government has as an aim to move out of this category by 2020 (Rigg 2005:20; Lintner 2008: 171). One of the keys ways in which the government wishes to resolve Laos' underdeveloped status is through the introduction of market reforms (Rigg 2005). After the 1975 change in administration, the country's economy embraced the communist system, under which industrial enterprises and services came under state ownership. The country's first five-year National Socio-Economic Development Plan was implemented between 1981 and 1985, its objective being to spur economic growth and address poverty. However, influenced by the policy

changes occurring in the Soviet Union and in Vietnam, Laos implemented a new economic policy in 1986, one which has since opened the country to regional and global trade relations. This new economic policy, better known as the New Economic Mechanism (NEM), or as *Chintanakan Mai* in Lao, aimed to achieve economic liberalization, with a shift towards the market determination of prices and resources allocation; the decentralization of control over industries and progressive privatization and deregulation - to promote trade and investment (Sounadeth 2010). Rigg (2005) describes the NEM as a compromise: a move towards the market determination of prices and resources allocation, a shift from central planning to guidance planning, the elimination of subsidies and the introduction of monetary controls, an alignment of the domestic currency with the market rate, a decentralization of control to industries and lower levels of government, the encouragement of the private sector and the encouragement of foreign investment. NEM policies, Rigg (2009: 705) argues, "can be neatly mapped onto the generic Washington consensus". Therefore, he contends that this economic policy had an ideological development that was Western, both in its geography (it comes *from* the West) and in its intellectual provenance (it is *of* the West) (Rigg 2009- emphasis in original).

Even though Laos has since maintained its one-party state rule, the "Marxist-Leninist" ideology, that which previously guided economic policies, is now dead in Laos, according to Lintner (2008: 172). Currently, the country is implementing its Seventh National Socio-Economic Development Plan (2011-2015). The new economic milieu has also defined development strategies, expanding the communication and transportation networks from Vientiane to other strategic districts along the borders, which are now considered as the gateway to neighboring countries, not as keeping others out. As part of its national development (Lao PDR 2001 cited in Rigg 2005), physical infrastructure projects such as road building have been promoted, with the purpose being to transport goods to the seaports of other countries, as well as for general commuting purposes.

Regional economic integration: Laos at a crossroads

In Laos, economic as well as other influences are coming from all directions. Indeed, a German aid worker Hans Luther once described Laos as not a land-locked,

but a “land-linked” country (Lintner 2008: 173, 182). These influences are enhanced partly by the current regional economic integration taking place, and especially the economic cooperation initiatives of the Greater Mekong Sub-region program (the GMS) of which the Asian Development Bank is the key supporter. In 1992, Laos, together with five other countries in the region – Burma, China’s Yunnan Province (China's Guangxi Province joined the GMS later), Thailand and Vietnam – signed an agreement which later became known as the framework of Greater Mekong Sub-region Cooperation. As endorsed at the first GMS Summit in 2002, the GMS’s Strategic Framework focuses on five strategic development thrusts: 1) strengthen infrastructure linkages through a multi-sartorial approach, 2) to facilitate cross-border trade and investment, 3) to enhance private sector participation in development and improve its competitiveness, 4) to develop human resources and skill competencies, and 5) to protect the environment and promote sustainable use of the sub-region’s shared natural resources. This regional cooperation emphasizes the development of transportation infrastructures as well as cooperation in the socio-economic development of nine key areas: 1) transportation, 2) telecommunications, 3) energy, 4) trade, 5) investment, 6) agriculture, 7) the environment, 8) tourism, and 9) human resources development. The GMS program is based on continuing consultation and dialogue among GMS countries at the summit (triennial meetings), ministerial (annual meetings) and operational levels.

There are eleven flagship initiatives of GMS. These being : 1) the East-West Economic Corridor, 2) the North-South Economic Corridor, 3) the Southern Economic Corridor, 4) the environment. 5) tourism, 6) convenience in transborder trade and investment, 7) competitiveness of the private sectors, 8) human resources development, 9) telecommunications and information systems development, 10) flood prevention and water resource management, and 11) power-grids. Among the GMS’s eleven flagship initiatives, transportation linkages or economic corridors - including north-south, east-west and southern economic corridor, are considered among the highest priority programs. Laos is located in a strategic position within these transportation linkages, especially with regard to roads. Road improvements and urban development have; therefore, become more important in many of Lao’s town centers. Accordingly, the government has defined development strategies which aim

to expand communications and transportation networks from Vientiane to other strategic districts near the borders, which are considered the gateways to neighboring countries. As part of its national development (Lao PDR 2001 cited in Rigg 2005), physical infrastructure developments such as road building have been promoted, the purpose being to transport goods to the seaports in other countries, as well as for general commuting.

According to the government development strategy for 2020, urban economic development is to be emphasized and accelerated. The strengthening of urban economy has been equipped with urban plans to manage the environment and an investment plan for building water supplies. As engines of economic growth, the government aims to develop the urban centers and make further improvements to urban living conditions through such strategies as the management of environmental infrastructure and services, the establishment of municipal government administrations, an improved institutional framework for urban planning development control, the provision of sustainable urban services through greater mobilization of local resources, human resources development, and greater involvement of the private sector in the provision of urban services (Sounadeth 2010). Within the government strategy, the highest priority is given to the most rapidly growing urban centers, but attention will eventually turn to the smaller urban areas.

Existing studies (Lintner 2008; UN-Habitat 2007) have already pointed out that Laos is experiencing urbanization at a rate of 4percent to 5percent per annum, which has caused problems in Vientiane and other smaller provincial centers (Lintner 2008: 176). According to UN-Habitat (cited in Lintner 2008: 176): "The high percentage increase in secondary towns is [an] creating additional burden on the local authorities for providing basic infrastructure. Nearly two-thirds of a total of 145 district towns do not have access to safe water. Water supply and sanitation coverage in secondary and district towns remain a major concern for the Government." Apart from raising the problems of providing water and other services for the increasing urban population, Lintner (2008) also points out the lack of employment opportunities, the rising cases of prostitution and the problem of unemployed young people and their use of drugs and alcohol.

The first urban development project was implemented in Vientiane, which covers an area of 20,950 hectares, and has 189 villages (Sounadeth 2010). The government also implemented a second urban development project in Pakse District, Champasak Province in southern Laos in 1999/2000. Pakse is the country's third biggest town after Vientiane and Savannaket. Since the time of French rule, this city, which is located on the mouth of the Sedone River, which then flows to the Mekong River, has been a strategic location for riverbank vegetation and fish. Pakse already had a provincial administration, hospital, market and a movie theater by 1907/1908. It has been Laos' southern capital for a long time; the center of economic activity, communications and the transportation of goods to and from Thailand - before being distributed to other districts and provinces in the southern part of the country. It has also long been the center of agriculture, with products from the Bolaven Plateau sent to Thailand and other districts and provinces within the country. The government has; therefore, recently focused on Pakse as the principal target of development projects for the four southern provinces, and particularly for its economic relationship with Thailand.

1.2 Statement of the Research Problem and Justification

Since 1975, Pakse's role as the center of investment, communications and transportation, travel and education, has expanded. In particular, the Bolaven Plateau has been promoted for its commercial agriculture, growing rubber and coffee for export. Pakse also provides a domestic link with several provinces in southern Laos, as well as international links with neighboring Thailand, Cambodia and Vietnam. In addition, Pakse is the center of travel and services for both domestic and international travelers. There are several guest houses and hotels in the town serving visitors to the four southern provinces. Pakse has three main markets, making it a trade center: Daohuang market, the shopping center market and the evening market. Daohuang market is located just 100 meters from the Mekong River, and is the main center of trade in Pakse. Built in 1999, the market comprises shops selling a variety of goods, from food, flowers and agricultural equipment, to clothes, jewelry, telephones, medicines, motorcycle and souvenirs. There are also restaurants and a bus station. The shopping center market was built in 1998. It is opposite the provincial hospital and is

close to the Mekong and the Sedone rivers, selling clothes, electronic appliances and souvenirs. It also exhibits the Laos' version of the Thai 'one-Tambon-one-product' (OTOP) initiative annually, or during the boat racing or Lao New Year festivals. The evening market is the oldest of the three, built in 1970. It opens for trade in the early afternoon and is open until 8 p.m. It usually sells rice, fish, meat, vegetables and fruit, flowers and wild animals. There are also agricultural equipment shops, and restaurants. Of equal importance, Pakse is also the educational center of southern Laos, as it is home to Champasak University and several state and private colleges. All these factors have contributed to the rapid economic expansion of Pakse, making it the country's third largest city.

However, as a result of the rapid expansion of the city without urban planning in place, many problems have occurred. The worst among these are the overcrowded, narrow roads and congestion, as well as the water pollution, which has affected people's health. As the number of cars and motorbikes has risen quickly, with inadequate infrastructure development accompanying it (in terms of road expansions), travelling and commuting in the city has become much more difficult, and especially early on in the city's development during the period 1987 to 1998, before the government implemented the new Pakse urban planning and land using project in 1999/2000. According to the UN-Habitat study in Laos, published 2007 (cited in Lintner 2008): "The high percentage increase in secondary towns is creating additional burden on the local authorities for providing basic infrastructure. Nearly two-thirds of a total of 145 district towns do not have access to safe water. Water supply and sanitation coverage in secondary and district towns remain a major concern for the Government."

In the case of Pakse, the urban development plan was tasked with the objective of developing infrastructure and services (electricity, water, roads, health, telecommunications, education and transportation) in order to improve the urban environment as well as provide urban services in accordance with the Pakse Urban Development and Administration Authority (1999). The urban development project; however, resulted in the relocation of markets, bus stations and sawmills to outside of town, the establishment of government offices, the widening of roads and the building of a new road along the Mekong River, to act as a wall protecting the river's bank.

This road along the Mekong is now a key tourist site, according to information provided by Pakse Urban Development and Administration Authority.

As a result of this urban development project, villagers who used to live near the river and some in Pakse community were resettled to an area designated by the government. According to the provincial authorities, about 356 households were affected. In particular, three villages, namely Phonkoun, Pakse and Pakhuelue were most directly impacted. Altogether, there used to be 186 households in these three villages, located as they were along the flood-prone banks of the Mekong. However, only 141 households from these three villages moved to live in the new area provided by the government. This new area is called Ban Pattana, and is located eight kilometers south of Pakse. Before the resettlement of the villagers in 2002, the area which is now Pattana used to be an area set aside for migrants from Saravane, Attapeu and Sekong provinces in the 1960s to 1970s. After the country turned communist in 1975, some residents went back to their hometowns, while others remained in the area, taking up farming. For the Pakse urban development project, the provincial government allocated this area to be the new settlement for the villagers affected by the project, estimated to cover 356 households from several villages.

During the resettlement process, the provincial government authorities were meant to pay attention to the concerns of those being moved. Among the assistance provided to the affected villagers was compensation. Furthermore, a committee was established, which comprised of government officials and village heads, and in order to create a better level of understanding and cooperation with the affected villagers, the committee discussed the resettlement with them. In addition to this, a survey was conducted in 1999 and completed at the end of December 2000. This survey selected those households to be moved to the new village (Pattana) provided by the local government. Affected villagers who agreed to move to the new settlement were to receive compensation, as well as land (of about 800 square meters) per household. In addition, they were also to receive transportation compensation. The land provided was divided into three different areas, and villagers drew lots to choose where they were to live within this area. To assist villagers during the transition period, the provincial government exempted them from electricity and water charges. However, as there had been a delay in the compensation payment process, the resettlement took

place at a later date than was planned, and different households moved to live in the new settlement at different times (Pakse Urban Development and Administration Authority 2000).

Presently, Pattana village has 389 households and a population of 1,478. Residents are comprised of: 1) villagers from the three affected villages, 2) villagers from other villages (who had bought land in Pattana village), 3) local government officials, and 4) some small-scale business operators who later moved to the village due to its proximity with Champasak University, which is only 600 meters away. The area around the university has become a key economic zone, with increasing trade, real estate development and the opening of businesses catering to university students; for instance, internet services and photocopy shops. Therefore, Pattana village is now comprised of different groups of villagers who have moved into the village for different reasons and over different time periods.

For those resettled from the three different villages, they had to adapt their livelihoods in terms of social, economic and cultural aspects, and this change in environment had an impact on their social interactions, as well as their religious and cultural practices.

During my visit to Pattana village in the summer of 2012, I interviewed the villagers and had learned of their livelihood transition experiences. They told me they had to change what they did to earn a living, as well as their food choices. For instance, Mrs. Vongphue, (58 years-old) - a member of the village authority, said she had to adapt her livelihood system in Pattana. Unlike in the old village (Pakse), where most food was grown (vegetables) or caught (fish from the Mekong River), now she has to depend on whatever is available in the market. She told me, "Before the building of Champasak University, there were forest areas where we used to collect different kinds of mushroom as well as bamboo shoots. However, after the building of the university, the forests were cleared and collecting forest products was no longer possible".

Other villagers found that making a livelihood through selling became difficult. Mrs. Kham (34 years-old) told me: "When I lived in the old village (Pakse), I used to sell noodles at the market. However, Pattana village is far from the market and when I moved here it felt unsafe leaving the house to sell noodles at the market.".

She therefore decided to sell noodles from her house. Although she made very little profit in the first few years, nowadays she has more customers, most of who are students from the nearby Champasak University.

In another case, a villager tried different jobs - driving, breeding pigs and raising livestock - to secure his livelihood, saying: "I found that the large area of land available in Pattana was suitable for raising animals, and I now have 49 cows on which my family economy is based" (Mr. Phamphon Phetsalat, 53 years-old - Pattana village deputy head).

Studies on resettlement in Laos and elsewhere in Southeast Asia have documented both the positive and negative impacts on those being resettled from their former homes. In his study about the Vietnamese government's residential cluster in An Giang Province, Hua (2010) found that the project affected different groups of villagers in different ways, with some people being able to retain their previous livelihood activities, but with others having to change or diversify their livelihoods. The negative impacts on this project were found to be associated with livelihoods and social relations (Hua 2010).

As mentioned earlier, during my visit to Pattana village, I also found that the villagers had been affected in different ways due to the resettlement. Because of the diversity of its residents, I became interested in exploring the ways in which different individuals and households in Pattana village had responded to the changes they experienced in the new settlement after they arrived. In addition, I was also interested in examining livelihood adaptation and some social relations aspects among the villagers, as well as on how their religious and cultural practices were affected (if any) by the changes. My main research problem was to explore livelihood adaptation due to urban development-induced resettlement. In other case studies of resettlement (for example, Khamla 2010; Sounadeth 2010), some villagers were able to take advantage of the emerging economic opportunities and diversify their livelihood portfolios and accumulate wealth, while other villagers became increasingly marginalized and economically vulnerable. I wanted to explore whether a similar situation could be observed in the case of those resettled to Pattana village, and if so, the reasons for it.

In this study, I will argue that the diversification of villagers' livelihood strategies is a crucial factor in their livelihood adaptation when relocated to the new

settlement. Furthermore, I will also argue that the economic adaptation carried out by those resettled have not only occurred due to the changing economy of the town or the urban development policy and programs of the government - a number of other things have led to economic changes and adaptation, such as the economic crisis in the region, and the shift towards the market-economy mechanisms introduced by the government, which can no longer control the price of goods imported.

I will further argue that since Lao is listed as one country among the world's least developed countries, this has resulted in the government's dependence on the economic growth and modernization approach to national development. Urban development program, among other development activities, thus, serves as a key strategy for the government in its attempts to find the resolution to the national problem of "underdevelopment" that is usually identified by the level of economic growth. However, as socialist Laos is still a one-party state rule country, the economic growth and modernization approaches to development will have to be supported by the state's provisions of necessary infrastructures and social welfare services for the people affected from the state's development programs. Meanwhile, the affected villagers who perceive urban development as will necessarily lead to improvement in the local and national economy, agree to participate in the government's development trajectory even though knowing that they will encounter with changes and challenges in their livelihoods as a result of urban development-induced resettlement.

1.3 Research Questions

1. How did the Pakse Urban Development and Administration Authority implement the urban development project, the resettlement policy and the associated activities?
2. What were the livelihood adaptation strategies used by the villagers having moved to Pattana village?

1.4 Research Objectives

1. To understand the urban development context in Pakse District, Champasak Province.

2. To understand the urban development organization's resettlement policies and activities, and
3. To understand the livelihood adaptation strategies used by those resettled to Pattana village.

1.5 Conceptual Framework

The resettlement of the villagers to Pattana was the result of a provincial government policy related to urban development, and within a wider context of national development and regional economic integration. My research examined the impacts of these changes on villagers' sustainable livelihoods. By locating my study within the context of national and provincial urban development, I aimed to explore and analyze the interaction between development, resettlement and livelihoods adaptation through three key concepts: development, resettlement and livelihoods adaptation (in terms of social, economic and cultural adaptation).

In particular, I intend to apply the livelihoods framework to analyze the concrete practices of households and the social and economic strategies they resorted to in the research area; their coping strategies, the resources they utilized, and the kinds of capital mobilized in the process. As an analytical tool, the livelihood framework has been elaborated to understand the survival strategies of the poor by examining access to tangible and intangible human, social, physical, financial and natural capital assets. According to Appendini (2001: 24), the central objective of the livelihoods approach is 'to search for more effective methods to support people and communities in ways that are more meaningful to their daily lives and needs, as opposed to ready-made, interventionist instruments'.

I will argue that the diversification of livelihood strategies, as well as the acquisition of social, economic and cultural capital, was a crucial factor in the livelihood adaptation of the villagers when arriving in their new environment.

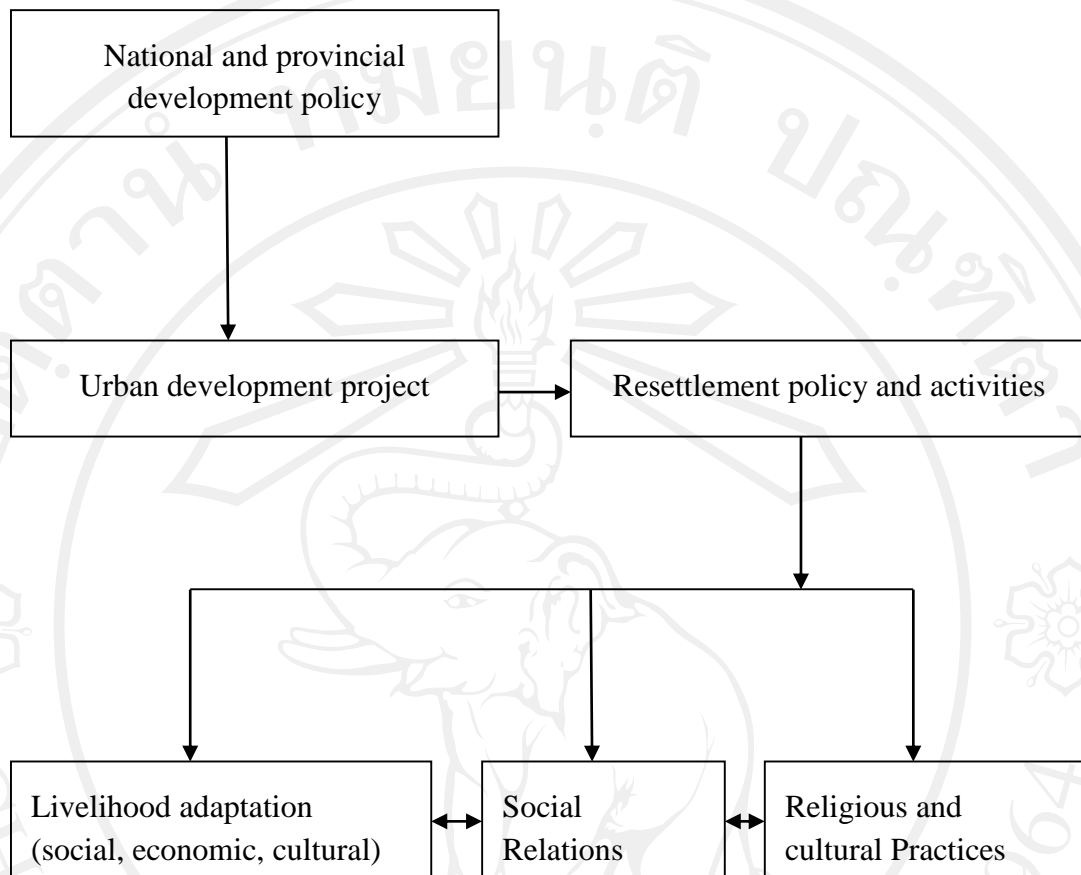
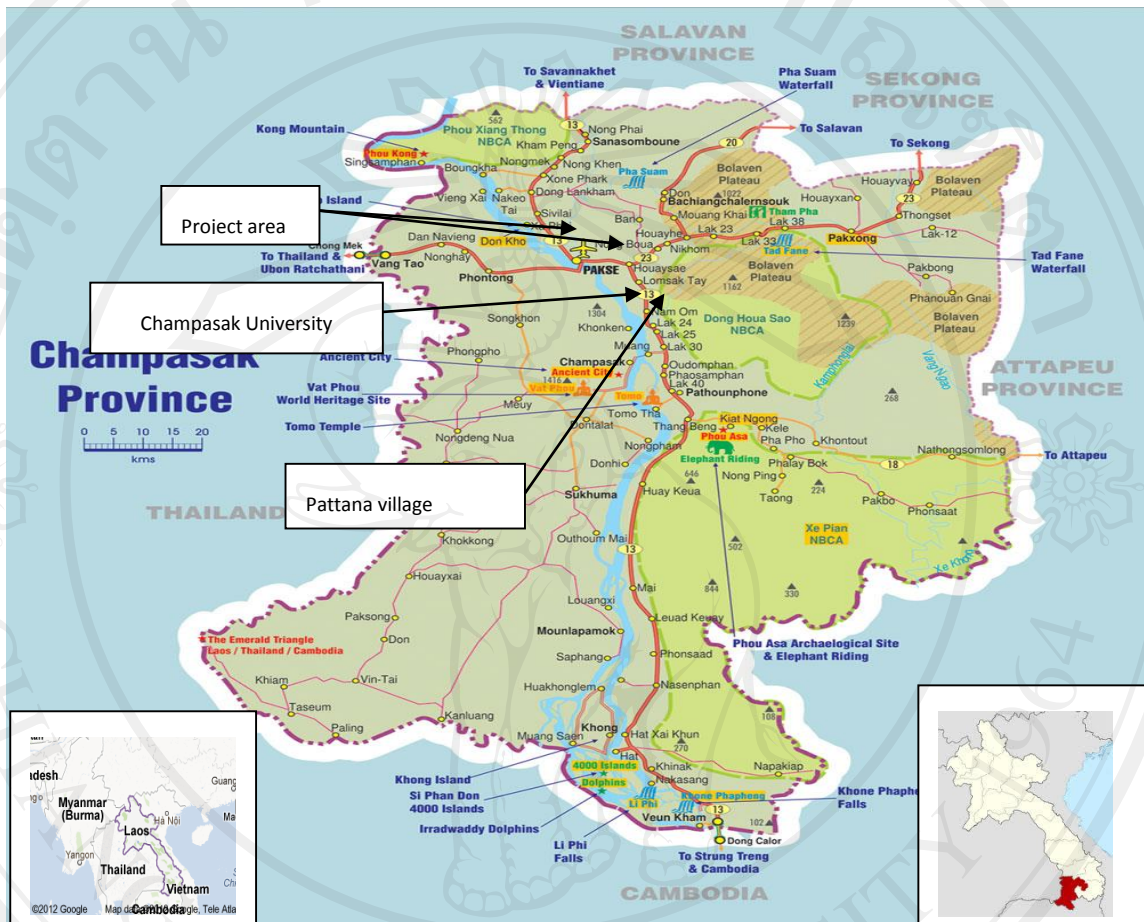


Figure 1 Conceptual Framework

1.6 Research Site

I chose Pattana village (Figure 2 below) to be my study site, which is located about eight kilometers south of Pakse District, Champasak Province in Lao PDR, for the following reasons. First and foremost, the government relocated people to this village as the result of an urban development project, plus Pattana contains people of diverse backgrounds: relocated people, those recently settled and local government officials – and this enabled me to collect information which would provide the basis for a comparative analysis. Third, I know this area due to its close proximity to my own degree institution, Champasak University. My familiarity with this community and its dwellers meant my study participants were quite willing to cooperate in the data gathering process, plus it helped me secure permission from the local authorities in order to carry out my field work. Before beginning the fieldwork, I gained a permission letter from my Champasak University, then presented this letter to the

village authorities; to inform them about the purpose of my study and to seek their approval for gathering information in the village.



Source: maps.google.com and en.wiKipedia.org

Figure 2 Research Site in Pakse District, Champasak Province, Lao PDR; plus maps of Laos and Champasak Province (inset)

1.7 Research Methodology

Data collection

I employed both qualitative and quantitative methods when collecting my information. Data was gathered through both documentary and field research processes. The documentary research involved the study of existing and related literatures in various forms: books, reports, dissertations, government records, directives, laws and regulations; policy papers, research studies by international aid

agencies, and by non-governmental organizations. These sources provided rich and useful information background for my own study, as they examine and analyze various aspects of development, resettlement and livelihoods' strategies and adaptation, in terms of empirical data as well as theoretical discussions.

Apart from documentary research, I enriched my study through fieldwork, for which I devised various data gathering methods, including a household survey, participant observation as well as non-participatory observation, focus group discussions and key informant interviews (i.e. with the village authorities, teachers, elders, leaders of associations and welfare groups, the women's union, and youth leaders. It is important to note that except for the government officials, all the names of the villagers in this thesis were pseudonym. The data collected was interpreted and critically analyzed in line with the conceptual framework, and in order to answer the research questions. My interpretation and explanation of the information obtained was guided by the concepts and theories I had chosen, to make sense of the phenomena being studied at the research setting.

Participant observation

I observed the social phenomena in Pattana village using both participant observation and non-participant observation. In order to explore the real life situation in the village, and to know how villagers adapted to the migration, I used these research methods to observe the villagers' basic socio-economic needs, their livelihood strategies, their communications and household relationships, as well as their social relations within the community and with outsiders. Furthermore, to gain the information needed to analyze their living conditions, I participated in several activities, including community parties, cultural ceremonies and traditions, and also household routines.

Key informant interviews

I employed unstructured interviews when collecting information from the key informants in Pattana. I categorized my key informants, who are residents of the village, into two: 1) village residents, and 2) local government officials. The category of village residents could be divided into long-term residents and newcomers. In addition, among these villagers (long-term residents and newcomers), were also business operators. Therefore, these three categories of village residents were used as

the target groups for my study. When it came to the key informants on issues of village history, community livelihoods, social relations and cultural practices, I interviewed the village residents (the village authorities, elders, leaders of associations and welfare groups, and the women's union), local government officials (teachers, doctors, land officials) and business operators (owners of tourism company, owners of selling clothes). Due to the fact that these people have now been living in the village for over a decade, I assumed they would possess knowledge about the village's history, as well as their livelihood strategies.

However, when it came to information regarding the government policies on urban development and the resettlement of the community, I spoke to members of the Pakse Urban Development and Administration Authority (UDAA) and other operational officials at the village-level, as key informants.

Before each interview, I explained the research objectives and the expected benefits of the study for the community in general. I then asked for their informed consent for the interview.

Household survey

I combined my qualitative research methods and participant observations with the quantitative instrument of a household survey. In order to get the demographic information of each household in Pattana, I employed a household survey - to provide useful data and information about the research families, their level of education, villagers' sources of income and their religion. The households in the village were categorized into three groups: 1) villager households (both long-term and newcomers), 2) business people/households, and 3) government officials' households. I then selected twelve households from the first group, eleven from the second group and seven from the third group in order to compare the living conditions of the different groups of households in the new environment.

Similar to the key informant interviews, before distributing the household survey documentation, I explained the research objectives and the expected benefits for the community in general, as well as for future policy planning.

Apart from the household survey, I also explored other household activities in the village, such as their social relations (i.e. religious relations, social welfare relations) and cultural practices i.e. wedding parties, festivals, etc. In addition to the

household survey, I also conducted an additional household survey of the monthly incomes of each household, enabling me to observe the changes (if any) in the households' incomes, and to further analyze the relationships between the changes in income and the security of the households' livelihoods.

1.8 Data Analysis

Data collected through the above mentioned methods was interpreted and critically analyzed in line with the theoretical framework, and in order to answer the research questions. My interpretations and explanations of the information obtained were guided by the concepts and theories I had chosen, to make sense of the phenomena being studied at the research setting.

1.9 Definition of Terms

Urban development: The development of urban centers and improvements made to urban living conditions through the management of environmental infrastructure and services, as well as the provision of urban services.

Resettlement: The moving of people from their former settlement to the new setting by the authorities.

Livelihoods: The means of making a living, including livelihood capabilities, tangible assets such as stores and resources, and intangible assets such as claims and access.

Livelihood adaptation: The changes in living strategies used to sustain one's way of life and well-being.

Social relations: Social activities or social relationships among villagers in the same communities.

Religious and cultural practices: Practices among villagers in the community related to religion and culture; those carried out for a long period of time.

1.10 Organization of the thesis

After this introduction chapter, the next chapter discusses the review of literature and conceptual framework. Chapter 3 explains the context of urban development in Pakse, to be followed by the next chapter, Chapter 4 which explains

the implementation of the urban development project as well as the resettlement policy and the compensation for those affected. In Chapter 5, I explain the livelihood adaptation of villagers relocated to Pattana village which was allocated by the government for those affected by the urban development project. I then analyze and discuss the results of the study in Chapter 6. The final chapter, Chapter 7 concludes the study and gives recommendation.