PD-ACC-643

VIETNAM

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

TO : James L. Roush, PROG DATE: September 20, 1968

FROM : James E. Hill, PROG JHill

SUBJECT: Summary - Director's Review: FY 69/70 CAP - Agriculture

General

Mr. Huffman, ADDP, summarized the agricultural program proposed identifying three priority activities - rice production, protein production and land reform. He mentioned the guidance given by Ambassador Bunker as being ever cognizant of (1) what the GVN can do, and (2) emphasis should be placed on short-term results. Further, he proposed to increase the staff ceiling slightly from 104 to 110 which would permit an increase in the Saigon staff, primarily in the protein projects, and an overall decrease in the field staff. Finally, Mr. Huffman addressed the issue of terminating the Fisheries project and turning it over to the KATM or other third country by stating that although the KATM is financed by USAID it is a separate country effort and therefore not subject to USAID management or pressures. He supports continuation of the project under USAID with direct-hire technicians in an advisory role.

Field representatives responses to proposed personnel cuts were that even more agricultural advisors were needed in the field to bolster the pacification effort.

The Director made the following comments: (1) although personnel ceiling decisions could not be made at that meeting, we must determine how many Vietnamese are working on priority projects before determining U.S. needs. In the meantime he requested a PROG, CORDS, ADDP review to determine personnel allocations. (2) As a matter of policy, we should move toward joint ventures in the fisheries areas. He requested an ADDP, PROG, FWA review of the possibilities for moving in that direction; and (3) we should formally present our goals to the MLRA to include our suggestion to integrate third country activities into the mainstream of GVN effort.

Project Actions Pending

1. Credit - A joint task force must be formed to review ways and means of consolidating the myriad of agricultural funds in the ADB into one agricultural Credit Fund, or capitalizing the bank to enable it to support credit requirements.

2. Land Reform - The Voluntary Sales proposal needs tightening up in terms of inducing owners to sell land and identifying the apparatus for GVN purchase.

BEST AVAILABLE

3. Irrigation - Developmental projects should be deferred for the Lilienthal group; our efforts must include plans for institutional development of a water management system.

Unresolved Issues

Fisheries - ADDP feels that the Fisheries project should be retained under USAID management and that TCNs should be recruited to augment the USAID advisors in FY 69. PROG feels that the USG should terminate this project altogether and negotiate to have it turned over to a third country.

Resolved Issues

1. Personnel allocations have been resolved to the satisfaction of CORDS, ADDP and PROG. Therewill be a U.S. personnel ceiling of 101 personnel augmented by 18 additional Filipino technicians to be recruited as Provincial Agricultural Advisors. These will replace E'd U.S. personnel in most cases.

2. The revised funding level has general PROG-ADDP approval. (Minor negotiation is still pending on some participant training and commodity items).

AGRICULTURE

Director's Review of FY 1969 and 1970 Program

11 September 1968

A. Program summarized by Mr. Huffman (ADDP):

Priorities -
1. IR-8 rice
2. protein (poultry, fish, swine - in that order)
3. land reform

Interested in short-term, impact activities now. Two chief issues between ADDP and PROG are (1) personnel ceiling and (2) whether or not to stay in Fisheries. Former number of 38 technicians in 33 provinces now reduced to 22 technicians in 22 provinces. Savings were applied mainly to protein program.

B. Discussion of TCN personnel and their redirection, where appropriate, toward top priority activities; numbers of AGR personnel in the field; regrouping of Ministry activities in alignment with aforementioned AID priorities; shifting of piasters from AAC to Ministry; need for two technicians to work with the Farmers Associations until feed is actually in the mills; means of improving ADB; land reform and proposed voluntary sales program; requirements for poultry and swine production; relative importance of Fisheries; geographic priority plans; and other subjects.

C. Conclusions - Directives - Suggestions:

1. MacDonald: If Vietnamese extension agents seem especially weak in IR-8 or some of our priority projects, let us know and maybe we can get some stronger ones shifted to the vital spots.

2. AGR: If ADB funds were insured against devaluation of money, there might be investment by insurance companies. This could be a JCRR way.

MacDonald: Believe PROG would be willing to listen.

3. MacDonald: Re land reform - Could there be a graduated tax that would get very stiff once somebody owned too much land? Or perhaps some tax that would intensify over time, say 3-4-5 years?

4. MacDonald: Re turning bulk of Fisheries activities over to Koreans - AGR should review this along with Rouch and Sales. This is a direction (joint ventures) in which we definitely want to move. It doesn't indicate any lack of interest in a good program.

5. MacDonald: PROG is requested to set up a review with DepCORDS and AGR to obtain consensus on personnel allocation, especially in the regions.

6. McManaway: I would like to compare the AGR map of geographic priority plans with our classified map.

NMcManaway

PUBLIC ADMINISTRATION

Director's Review of FY 1969 and 1970 Program

12 September 1968

A. Program summarized by Mr. Johnson (ADLD):

main parts -
central government
local government
resource mobilization (finances)

supporting areas -
statistics
training

B. Discussion of relative need for regional training officers; recent course for local officials in CTZ IV; present lack of incentive for villages to raise funds locally and lack of autonomy generally; need for training in local government; present status of President's Administrative Reform Council; and other subjects.

C. Conclusions - Directives - Suggestions:

1. Roush: We should focus on trying to get the ministries themselves to come up with a statement of priority and objectives.

2. MacDonald: We should catalog the critical institutional reforms of this sort (the disincentive to generate revenue in the field because villages lose government support if they make more than a certain amount). It should be the opposite, that there would be matching funds if they raise some money. We need to instill a sense of very impatient urgency into this, as we did four years ago in establishing MORD. We Americans wrote the processes and rules, took them to the government, and said this is the way we think it should be done.

3. Roush: I suggest a task force on our side to focus on priorities and make sure that we have worked out an action plan with a time frame upon which we and CORDS agree (I would like to suggest that local government be the first priority). Then we could try to sell the plan to DGBFA.

MacDonald: That's a good idea to pull together all our resources and thoughts. Roush and Mossler should discuss this further.

9/11/68
MW

AGRICULTURE

(Gerald Huffman making presentation)

Not too many issues between us:
1. ceiling of personnel
2. whether or not to stay in Fisheries

Interested in short-term activities now, impact. If peace comes, need to start investigations on long range improvement.

Priorities:
1. IR-8 yield
2. protein (poultry, fish, swine - in that order)
3. land reform

104 vs 89 ceiling
total staff on board came down from 212 to 163 to 125 to 120 as of 9/9/68.

Felt they had to strengthen the protein staff to do for protein next year what they did for rice this year.

Rule of thumb: Huffman felt when he came that field staff should be as large as Saigon staff.

1. geographic areas - rice areas, security - IR-8
2. swine areas -(total numbers of livestock, fisheries, etc.) - usually follow rice areas
3. land reform (15 provinces)

38 technicians in 33 provinces before
now 22 people in 22 or 23 provinces
savings applied mainly to protein program

Looking at it from economic approach. If staff must be reduced below 110, projects will be lopped off rather than try to superficially cover everything with an inadequate number of staff.

TCN - Program suggests we get out of fisheries during '69. 9 out of 5 [illegible] are in fisheries; irrigation is also a main thrust.

Contracts are between the ~~Japanese~~ Chinese and Korean Govts and GVN. They are not our staff. Need at least two people to give general supervision.

5 PASA's out of 11 were in antibiotics; 26 rice staff now in Saigon; 6 people working in Land Reform (Wakefield at Vung Tau; 2 FARI PASA)

Maynard: If there must be reductions, we prefer they come in areas other than Agriculture. However, we can live with them. Many of the problems in the field are administrative rather than technical and the PSA and his staff could handle the problems. That does mean that instructions from Saigon must be much more precise and clear. Also the follow-up and instructions must be better.

MacD: We are not addressing personnel cuts now. We are looking at projects that must be carried on in the long run by Vietnamese with a lot of help from us. Must see what personnel are necessary and where they can best be used.

80 Chinese in agri (originally 60 - 20 given back by CORDS) - good in vegetables.
I Corps - active in 4-T

Maynard: Whole theory of the big build-up in the field was to provide prodding at all levels in the field.

Bush: 1. Does it take an Agr man to push the people?
2. Are we accomplishing our job if we have to push them all the time to do what they ~~xxxxxxxxx~~ wouldn't do if we weren't there?

[illegible]: You don't need a technician just to be a pusher, but you do need technical information available.

Region II - Ed Booth
People need encouragement, training, build-up, not technical information.

III - 9 advisors; 11,000 hectares goal; reached 6,500

7-10 locals working on rice and other crops in each province

IV - 60,000 hectares is goal for next year

32-34 cadre and ag chiefs every 2 weeks to be trained in country. No more sending them to Los Banos or Hawaii. Good feedback from them.

MacDonald: Must focus on the VN side before we say how many Americans are needed. Don't want to belittle the importance of 4-T, but we must clearly see what our objectives are. If we need more people for this political thing, OK. If we need them more for producing rice, that is another matter.

Roush:
1. What priorities do the Ministry people see in the field?
2. What indications are there that they might adopt the same priorities we have

Huffman: Minister is consolidating things under one man covering what we call the protein area. Focus is 1. IR-8
2. protein
3. land reform
in the Ministry and is grouping things in the field. He is beginning to focus.

MacD: Does this get reflected in the provinces?

Huffman: Organizationally it is getting down to the field.
Rice, first
Poultry, second
Land reform, more restricted
The message is getting through

Roush: If Chinese extension people come in and are not working on the main thing or are not working well with the Vietnamese, we shouldn't have them. Have them participate in planning and maybe redistribute them.

Triumvirate - some regions (especially in [illegible]) know where their Chinese are. CT2 I - working well.

Toner: Chinese are dealing directly with farmers rather than training Vietnamese. Chinese like to focus narrowly on vegetables or research. Koreans were brought in with the idea they would help Civic Action groups of the ROK forces.

MacD: Are TCN's integrated into the mainstream of effort here?

We don't know the Chinese or Koreans. Work much better with the Filipinos.

DGBFA had not instructed the Ministry at all that there was to be a shift in piasters from AAC to the Ministries.

Roush: I am sure he was informed, maybe not in writing.

MacD: Minister is a member of CROC. It had a presentation made about last year's method.

--- They should be advised at a high level and not at our level. There is a lack of communication.

MacD: In the Ministry the interest in land reform has been stepped up in the last few weeks.

200,000 ha is GVN goal. Agr and Prog think that is much too high.

IR-8 rice will sell itself now if we can get the price. At this point the price is much more important than all the technical advice.

MacD: We probably have greater flexibility of moving people around than they do. But they could be encouraged to deploy more employees into priority areas.

If Vietnamese extension agents seem especially weak in IR-8 or some of our priority projects, let us know and maybe we can get some stronger ones shifted to the vital spots.

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289 - No funds in '70

291 - Reduce 10 funds to 1, or even capitalize the ADB. Several programs have given the bank by GVN also. ADB has been helpful in motorboat programs, etc., also for IR-8. Some old soft political loans. If this money were not identified as govt money, it would be better; if it could be known as commercial money. A viable ~~world~~ banking ~~situation~~ would attract private investment,

Roush: Any possibility that farmers assoc will invest in it?

Answer: No incentive with the controlled interest rates. I am not saying that the farmers shouldn't get a break and get low interest, but you are not going to get anybody to deposit money if he is going to get only 4% interest. It is not the Asian way. Anybody who will loan money at less than 30% is either an idiot or ----

If funds were insured against devaluation of money, there might be investment by insurance companies. This could be a JCRR way.

Believe Prog would be willing to listen.

Saigon ceiling - 3
2 in provinces
53 feed mills, over 1$ million of feed in the pipeline, already hints of scandal.

Need two men to ~~xxxk~~ look after Farmers Assoc until we can get the feed in the mills. Can cut it to one man in FY 70.

ADB should account for two people rather than 1.

Need total of 8 in 69, 7 in 70.

Do a lot of training in the field in the way of ADB. ADB has about 700 people and is losing over 190 in the draft. Our people are setting up a lot of training courses for new personnel to try to maintain the operational capacity of ADB.

Baron: There are two desires of farmers in this country:
1. Own their own land
2. Have credit

You might think in terms of supporting decentralization with perhaps the village in mind to countersign loans and extend credit to the farmers. If only something could be done about the misuse of these funds. Getting ~~some~~ and charging higher rates of interest. It undermines confidence in the govt.

Limit on loans this year because of shortage of funds and shortage of supervisory personnel

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311 LAND REFORM

Pilot project now extended to 5 additional provinces - 9 next week
125 villages; 80% of former French-owned land
6 people now on board, including borrowed ones. Want to regularize it.

Difference of opinion - Prog thinks 3 should do it.

Don't have what it takes to estimate a price tag yet on the voluntary sales program. Provides [illegible] as soon as possible after the purchase takes place. This is an [illegible] over past practices where the govt [illegible] large areas and then held them for a long time before they got distributed.

Consideration is being given to waiving taxes. Also to long term credit to farmers so they could afford to buy the land.

Could there be a graduated tax that would get very stiff once somebody owned too much land? Or perhaps some tax that would intensify over time, say 3-4-5 years?

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[illegible]

314 CROP PRODUCTION

Only difference is in staff requirements. Now Ag is down to the minimum level needed (26) for admin and monitoring. Prog suggested we might want to pick up some Filipinos. They are very good on crops and are trained at Los Banos.

Jonnes: They have have ~~been~~ encouraged it, but the recommendations look as though they are cutting you down.

Huffman: Wanted 6 technicians. Our TCNs were secretaries. Overall increases in Agr are being applied to the protein program.

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315 ANIMAL PRODUCTION

Pigs and chickens

Roush: Can we focus on both equally, or should one have priority?

JHuffman: Vaccine, feed, etc. similar backstopping for both.
Priority 1 - poultry
" 2 - hogs
" 3 - fisheries

Can you push chickens or pigs both? ~~x~~ Three Americans can push both.
Agr doesn't believe in corporation idea - raising all the pigs in Saigon - even if it is economically more efficient.

Roush: There is the problem of economic stabilization. Can keep price of swine down for cities.

Poultry program accelerates faster
swine program is more sophisticated
Backstopping can be developed simultaneously and investment of 3 advisers is very cheap price.

CP

Need more credit ~~xxx~~ out of counterpart if small farmer is to try to grow pigs. 500 million p's for both.
Poultry credit comes in and out very rapidly.

Need 1 man in each of 3 regions for swine and/or poultry.
Can take off 3 in Saigon if we don't have a pork program.

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317 - FISHERIES

8 Koreans focusing on same area that Agr wanted to add more people for. This ties in with FWA idea. Would look good to Congress and our Ambassador if we can cut down projects.

MacD: How important do we regard fisheries here?

50% of total protein of the diet. It is poor man's meat. We have been icing the Koreans' boats; constructing nets; using nylon netting; transportation, iced trucks. Cannot turn it completely over to the Koreans this way.

MacD: As a matter of policy ~~xxxxxxxx~~ we ~~xxxx~~ ought to move toward joint ventures. But I don't know how quickly it can be done.

Review this along with Jim and Pierre. This is a direction in which we definitely want to move. It doesn't indicate any lack of interest in a good program.

316 - IRRIGATION

1. Wait for Hillenthal report.
2. Wait for farmers to form associations. Don't start giving it to them free or you won't ever be able to collect for water later on.

This is an institutional, organizational problem. Until the war is over, this really can't be solved.

McManaway: What coordination has taken place between Saigon and the field? Is there maintenance?

No real irrigation water policy in this program. There is some good irrigation work going on in the field.

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362 - ECONOMICS AND STATISTICS

Agr wants to keep 6
No programmatic issues
- - - - - -

363 TECHNICAL SUPPORT

Province generalists - 38 on board now.

Dep CORDS, AGR, P. OG -- Prog requested to set up a review to obtain consensus on personnel allocation, especially in regions.

McManaway: Wants to reconcile geographic priority plans; will compare Agr map with his classified one. Ag thinks they are similar, except one goes by province boundary and the other does not.

1720

Davis: Ag opinion of Ag Ed - Voc Ag schools at secondary level.

Agr thinks it should be added to regular schools or comprehensive high schools. Prefer one good in-service or pre-service school.

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

TO : James L. Roush, PROG DATE: September 20, 1968

FROM : Stuart Shakman, PROG

SUBJECT: Summary of Director's Review on Chieu Hoi

GENERAL

A. Returnee rates declined toward the end of 1967, and remained low through the May offensives for the following reasons:

1. The offensives

2. Enemy is comprised of a higher portion of NVA

3. Security of Chieu Hoi Centers, 35 have been attacked so far this year.

4. Changes in Ministry leadership, administratively good, but hurt obligations.

B. Outlook for the future is good:

1. Returnee rate for July reached that of July, 1967.

2. New Chieu Hoi Minister is strongest yet, and Ministry is improving.

3. Tet offensive has made the GVN realize the importance of Chieu Hoi.

C. Major factors which will affect the rate:

1. Environmental politics (U.S. elections)

2. Psychological Campaign - integral part of this is grapevine, which reports back to enemy on treatment of returnees. Progress has been made, for example, thievery of allowances, high in 1966, is now rare.

D. Problem Areas:

1. I.D. Cards are sometimes not received until after the returnees

leave the centers; in these cases, temporary I.D. Cards seem to be satisfactory.

2. Employment is not yet a major problem because most want to go home. Chieu Hoi get a 6 month deferrment, and 20% sign up for C.H. programs, e.g., PRU,RFPF.

PROJECT DISCUSSION

A. Overall Budget level has increased due to:

1. We were not staffed up before, and therefore did not need full years' salaries.

2. ECCOI contract has been shifted from Technical Support to Chieu Hoi.

3. Need to erect barriers for security of centers has doubled commodity costs.

B. U.S. Personnel: 14 positions are in Saigon, home of the National Center; much time is spent in the field or traveling. Remainder of personnel: 8-Region I; 12-Reg. II; 17-Reg. III; 20-Reg. IV.

C. Vocational Training:

1. 20% of Chieu Hoi are taking vocational training.

2. EDCON Contract may not be continued due to questionable progress. If not continued, at least a 90 day warning will be given.

3. GVN Vocational Schools and Programs apparently only affect Chieu Hoi in Region I, DaNang. Possibilities will be examined for doing the same in other Regions, and using the Junior Technical Schools for short term training. A total GVN takeover of Chieu Hoi training will be explored.

D. Plans in case of phasedown of hostilities: Chieu Hoi Centers would probably play a major role in case of demobilization, e.g. processing people on their way home. It is not therefore anticipated that funding requirements would decline.

E. Employment: The Vietnamese are in general, hesitant to hire the Chieu Hoi. Those who find employment primarily do so in the C-H Ministry, MORD, and the private sector. Many go into the RFPF. We should continue to push for employment in the private sector.

Chieu Hoi Notes from Director's Review

Williams: Statement about Chieu Hoi - 1968

Contributions and aims for 1969

The returnee rate so far this year -- 9,264, of this 6,385 were military VC which represents a saving of 2,000 lives on our side. 6 times as many NVA; 2½ times number of COs and NCOs. Gave examples of some contributions, such as Kit Carson scout program (had 247 at beginning, now 899, expect 2500 by 69).

Problem: lower returnee rate in 67 which continued for six months and was followed by Tet offensive, May offensive and the present "offensive". High portion of NVA a reason for the lower returnee rate. It could has suffered drastically this year. Another problem is the security of the Chieu Hoi centers, 35 have been attacked so far this year. Also the change in the Ministry has affected us. (Changes have been upward and helped but has hurt obligations. New ministers don't spend the money as fast as it is received.)

Outlook: Extremely good. In terms of the returnee rate: July--reached level of last year (broke even), tendency is going upwards. In terms of our program the problem is confronting the enemy. We feel that if we could sit down, in this room, with armed propaganda team members plus high ranking VC officials, and talk terms, we could defect them in about two hours. If we could just get to them, we could defect a large number of them. The new Minister of Chieu Hoi is the strongest we have yet had, and the Ministry is improving greatly.

MacDonald: Is the GVN backing up this program? Do they support it administratively and through its policies?

Williams: Yes, the Tet offensive was helpful in making them realize the urgency of the problem and that they have to fight for what they want.

MacDonald: You mentioned the two important elements in returnee rates - that of environmental politics (U.S. elections) and the psychological campaign. How about the "grapevine" operation that tells the enemy if they do come back the treatment will be fair? Have we made progress in handling the returnees?

Williams: In 67 there was a major construction program. Except for _____housing and construction is not a major emphasis. In terms of payment allowances--petty thieving--it was high in 66, broke even in 67 and is now very rare. People now are receiving their allowances.

Kaiser
Reg 3: No problems.

Yabut
Reg 4: No problems, things are adequate.

Williams: ID cards still present a problem. The basis is that if the Chieu Hoi service gets the application in quickly and the National Police processes it the job is a rapid one.

MacDonald: How long are men in the centers?

Williams: Two months, in some centers ID cards are received before they leave the center, sometimes 1 to 2 months after. Temporary IDs are being issued and seem to be satisfying the men. DEPCORDS men should be queried especially in Reg 1 and 4. I think on the GVN side the program would be considered the best (especially Reg 1). Our program is small and easy to administer.

Mossler: Are these people able to get employment?

Williams: 3/5 don't want employment. They want to go home. They get 6 month draft deferment. 1/5 sign up in one or another of the

programs, i.e., PRU, RFPF teams, etc. But this is not a major problem for the moment.

The reason the bottom didn't drop out was because of the management.

Colby: This is a steady fight against the people and the program is so important that the staff of Chieu is extremely necessary.

Roush: Is this true of the ARVN forces?

Williams: Yes, a new program is starting on TV, constant education of the people on both sides. The new Minister, even though you can't understand him, is quite forceful in getting across his point.

MacDonald: It seems the refugees really walk the tight rope, with refugees on top of refugees.

Williams: Refugees are definitely better off, benefits are higher.

Project Detail

Williams: We want to fill out authorized positions and add one TCN. We have 14 positions authorized, 12 filled, 1 Australian is due on board.

McDonald: We have to answer to Congress--and they keep asking why are there so many people in Saigon? Why aren't they in the field?

Williams: They are based in Saigon--but they spend most of their time in the field or travelling. Plus in Saigon we have the National Center, etc. (8-Reg.I; 12-Reg. II; 17-Reg.III; 20-Reg, IV)

McDonald: I would like to look at the elements.

Williams: The budget is high because: (1) personnel we picked up were done so on a yearly salary basis, (2) ECOI contract before was under Tech Support, now under Chieu Hoi, (3) barrier (doubling of commodity costs) security of centers.

MacDonald: MACV can't furnish some of it?

Williams: They are funding (DOD) some (not real money) and it helps.

MacDonald: Can we stop giving commodities and give the Ministry plasters.

Yabut: 1/5 of the people are taking vocational training. EDCON has been helpful, but not sure it is really a training program. We need some idea of the needs to be met.

Williams: In 67 we wanted vocational training, got on-the-job training, not really helpful, now it is different. Would like to concentrate EDCON at the regional level not the province level.
This year: 2,600 had training, 1,530 completed training. But, should we decided, or you decide, to drop this, we need 90days to cope with it.

Roush: We are trying to see what is going on.

Williams: We need only 1 TCN at regional level in vocational training.

MacDonald: OK we will watch it and not drop it without warning.

Roush: In terms of Vocational Schools. Staffing of schools-refugees rely heavily on them. How about jr. tech schools for short training? Have we gone so far with national training centers and can get no results?

Williams: I Cord has the only regional training at the GVN school? Seems adequate--GVN can pickup the training at places other than Danang.

MacDonald: Lets examine possibilities for exploring GVN takeover.

Yabut: I feel logistics could be helpful in this area.

MacDonald: Another aspect -- the future phaseout plans, or close out plans XXXXXXXXXXXX What kind of operation in case of peace.

Williams: If a peace were to come demobilization by the Vietnamese -- They may say (1) go home, and do it through the police system or (2) through the Chieu Hoi centers. Either way the program is going

to be fully utilized (could carry 90,000 a year) or it could be phased out totally.

Man next to Williams: I think the gvn would definitely go to Chieu Hoi.

Williams: We could be ~~phased~~ faced with military problems.

MacDonald: Is that going to ~~mean~~ cause a dollar increase?

Williams: In effect it in piasters yes, not dollars?

Yabut: We are budgeting APT advisors. Do you want to talk about that?

Williams: Doesn't affect the exercise. We have bright young Sgts. who are doing an excellent job. The efficiency is improving. It only affects administration but not a program funding operation.

Roush: It was brought up that we could help through contracting. It was decided we couldn't insist on using Hoi Chanh.

MacDonald: Are the Vietnamese beginning to use Hoi Chanh?

Williams: Don't think the ministry has, only Chieu Hoi Ministry and RD and in the private sector.

MacDonald: How many go into government employment?

Williams: RFPF military forces took a lot also the Chieu Hoi Ministry in country positions.

Roush: Contractor should be encouraged to support Hoi Chanh ~~with~~ with refugees and Social Welfare. Statement should be in contract with contractors that no discrimination should be made against Hoi Chanh people.

Williams: We need or will need a better vocational education and have the private sector absorbing these people.

MacDonald: Jim give the contract thing another whirl, try to hit the private sector. We will discuss it later.

J. Roush

For the Record September 14, 1968

J. H. Bierke, PROG

Director's Review FY 69/70 -- Education

MacDonald: -Discussion of constraints, time, dollars, piasters, VN manpower.
-Tighten your belts, we will have to consider our own management limitations, in addition to Vietnam limitations.
-Vietnam performance has improved since January 68.
-USAID must continue to shift more responsibility to the Vietnamese.
-How much advice can the Vietnamese take; how much can they absorb?

Manard: -Education is a political action instrument, that must help win the war. What can a program offer politically as well as operationally.

Winer: -In development FY 69/70 program Education kept constraints mentioned by MacDonald in mind. They feel they did a good job.
-Education feels that last year's goals are still valid.
-A number of the projects are reaching the point where they will be phased out because they have been very successful.
-Program 8.5 million, 28 people, VN$ 250 million, 7 projectswell within the ability of the GVN to absorb.
-Last year Education said they would get 85% Elementary in school -- today 76% -- reach by 1970.
-Last year Second Education goal 24% -- today 19.5% in school.

Roush: -Of the 76% in and 24% out many are in VC territory. % based on estimates of population.
-Quality vs. Quantity. We have achieved Quantity. How much Quality improvement do we want?

MacDonald: -Is the existing momentum great enough for the GVN to reach 85% and 24% goals if we pulled out immediately?

Winer: -Yes they would carry it out by themselves.

MacDonald: -What are we doing in Elem Ed?

Winer: -Construction at half previous level. 1700 Elem classroom in FY 69. FY 68 construction is behind schedule.

MacDonald: -This overlap really makes the FY 69 level about the same.
-Plaster, cement, rebar & roofing.

Roush: -Construction commodities to be shifted to local market.

Manard: -We would like the ministries to take over from NORD -- funds will go to the Village for dispersement.

Winer: -There will be an Education Chief in each province.

McManaway: -Discussion of goals of NORD.

Winer: -Construction is mechanical and not as important as developing teachers and administration of schools. This is the focus of the Ed Program.

Manard: -What is the size of the physical spill-over from CY 68?

Hall: -We will complete approximately 60-70% or approximately 1300 hamlet schools.

Roush: -Hamlet schools should be part of Village development in the future.

MacDonald: -Agrees with the school construction goals.
-What is the advisory effort?

Winer: -Principly directed at training teachers and administrators.
-1/3 of teachers 90 day worders and about 90% women.
-2/3 regular teachers are 6% women.
-3200 teachers in all.
-Discussion of the 12 advisors in the field.
-Contract group concentrates on training of teachers FY 68 -- 1400 career teachers.
-Of the 10,000 Hamlet (90 day worders) teachers hopefully 2000 will be upgraded.
-Large construction program in Normal school area.

MacDonald: -Does the U.S. have to continue assistance to Normal schools?

Winer: -Curriculum has to be revised and upgraded - shift to credit hour system.

MacDonald: -Can't the Vietnemese do this themselves?

Winer: -No!

Winer: -Faculty of Pedagogy trains 300 to 400 Secondary Educ Teachers per year.

Hall: -The Faculty of Pedagogy has a special 9 month course that teachers must complete prior to becoming teachers in Normal schools.

McManaway: -Can we apply a more rapid program to expansion of secondary Education teachers?

MacDonald: -Let's differ this discussion.

Manard: -We are concerned about repair and maintainance of schools.

Winer: -You would be surprised how much self-help maintenance is going on.

MacDonald: -This is gratifying.
-Is there a central point of guidance?

Winer: -Yes, Duc the director of Secondary Education.

R-4: -Discussion of how self-help in R-4 took over and AIK funds were not needed.

Mossler: -What is the situation in relation to goals for teaching?

Winer: -5000 new teachers in elementary, 2000 from 90 day, 1400 to 1500 from Normal school, the balance will be hired by MOI on a salary wage basis off the street.
-When we level off at 85% the balance will shift from quantity to quality.

Roush: -Only 10% of the 32,000 teachers are really qualified.

MacDonald: -Are we trying to do to much quality improvement?
-What is the trade off between upgrading elementary teachers or a speed up of secondary teachers training more than 90 days.

BREAK -- MACDONALD LEFT FOR EMBASSY MOSSLER TOOK OVER.

Winer: -The requirements for secondary education teachers are higher, training in this area does not lend itself to a 90 day wonder program.

McManaway: -Politically we should expand secondary education.

Winer: -We are proposing to accelerate secondary education, but there have been delays.

Mossler: -Do your figures include construction commodities?

Winer: -Excluded.

Mossler: -Does Program agree with Education?

Roush: -PROG does not want SIU continued beyond March 1967 (Pros and Cons of SIU) (discussion of credit hour system in normal schools) I think we should look at other ways to upgrade teachers.

Winer: -We should not use this review session to evaluate the contractors performance "SIU".

Mossler: -Leave SIU open presently -- Let's talk about the program not the contractor.

Roush: -Region 4 does not have 76% of elementary children in schools.
-Can you recruit students for expanded normal schools?

Winer: -No problem.

Houshal: -No problem they will be diverted from colleges.

Hall: -No problem, can fill it up with women and upgrading teachers.

Mossler: -(to Dr. Hall) are you convinced that outside help is necessary upgrade normal schools?

Hall: -Yes!

Secondary Education

Winer: -Discussed statistics, resources and goals. I don't think the GVN can exceed the present goal - 2%.

Mossler: -Is it a matter of resources?

Winer: -No; it's the limitations of the faculty of Pedagogy.

Roush: -If we feel that for Political reasons we want to expand Secondary we should expand Vocational, Agricultural Education.
-We have proposed the phasing out of Vocational Educ. -- this seems ridiculous at this time, but they are not being utilized.
-Can we convert these schools to short term intensive training.

Winer: -The present people in charge of Voc Educ would be difficult to get to change approach to educ.

Douglas: -To do this we must get equipment and electricity installed in 12 schools. In there schools there presently is refugee training and short term training. The construction has not been completed either.

Everyone: -Discussion how many people get into secondary school. Private. Public

Reg. IV: -Discussion of airlifting people around Reg IV for Bach I & II tests.

Singletary: -Statistics on Secondary Education.

Everyone: -Discussion of support for construction of Secondary Classrooms.
-Discussion of procedures required to get construction commodities.

Roush: -Shift construction commodities to piasters.

Mossler: -(to Jim Roush) Look at roofing, rebar and cement again.

Winer: -500 secondary teachers will be turned out from 3 sources -- 4 year college education, accelerated program, 1 year on top of high school.

Davis: -This accelerated program has been delayed a year -- now you are talking about consolidating the 2-6 month period and delaying it 6 months more.

Everyone: -General discussion of implementation problems. Constraints -- primarily space.

Manard: -With all the funds we have we should be able to break through the funding problem - Paying of teachers - It was approved under special fund. (Statement Incorrect - No Funds Approved Yet).

Manard/McManaway: Maybe CORDS can help on the constraints.

Houshall: -I would hestitate to interupt GVN initiative.

McManaway: -Let's open it up again.

Mossler: -(to Winer) look at this again.

Roush: -We need to look into the approval process for cement.

Everyone: -NORD will not release cement.

McManaway: -We will check to see what is holding it up.

Hall: -MOE has solved the cement problem.

Vocational Education

Winer: -Discussion of problems relating to construction of 4 to 5 Voc. Ed. Schools, A separate contract will be released for Bien Hoa.

Douglas: -Gave briefing on facilities in operation and in process.

Mossler: -Any problem with teachers.

Douglas: -Half of the approximately 400 are of draft age. It could be a problem, but he doesn't think so because they are coming out of industry and Army.

Winer: -The schools are under utilized. Where teachers and funds are available there is no problem with students.
-Took a jab at CSD and their inability to route contracts.

Roush: -These five schools should be put on the Director's Flash list.

Reg. IV: -Took a stab at R-4 Voc. Schools.

Winer: -Says that the War is making things difficult and the Reg. IV Voc. School was unwarranted.

Roush: -There should be no more expansion of Voc. Ed. facilities.

Mossler: -Maybe we should drop some of the 4 schools other than Bien Hoa.

Agricultural Education

Winer: -General Discussion of statistics
-This is another type of Secondary Educ. We should not do anything to lower secondary educ. This is the most popular type of secondary education. The rural people like it. If I have to choose between expansion and termination I would choose expansion.

Letts: -Ag people like it.

Mossler: -Would it still go if we terminated.

Letts: -Yes! But not as fast.

Roush: -I understand Japan is interested.

Letts: -At the college level.

Winer: -Specifically rice.

Olsen: -What about the Montagnards?

Letts: -MOI is shifting resources to Montagnards. (Statistics)

Region. I
Corbon: -Does not feel that we should diversify secondary education. Stop Voc. and Ag. Educ.

Reg 2
Olson: -We have to work within GVN framework.

Reg 3 -We need an Ag Ed. program and we need to push it.

Reg 4 Hais: -Concurred with Dr. Corbon.

Mossler: -What is PROG opinion?

Winer: -MOE is sold on this.

Roush: -PROG is in between either to do more or less, we do not have a feeling of how this helps our ag. program.

Letts: -These schools train agro business people, form managers and government extension workers.

Mossler: -Would the government move faster if we applied more resources or have they reached capacity?

Letts: -They could do more with more resources.

Roush: -We are supposed to be focusing our projects, the funds we put in this is marginal.
-We need to focus.

Winer: -It contributes to our objectives.

Roush: -Lets bring it up with Ag. this afternoon.

Johnson: -IR-8 depends on extension workers. What do the Ag. people think of it?

Adult Education

Mossler: -What about Adult Education, I would like some views.

Winer: -Discussion of general background.

McManaway: -This is a program that could be expanded with few resources and have a big payoff. "Why can't we give it a priority? I make this same speech every year and we get nowhere."

Everyone: -General discussion that degenerated into an argument about burying things in CORDS.

Winer: -In favor of Adult education. It is in competition for resources. When we went from 68 - 28 people we had to assign priorities. What is the priority? If we expand it something else must suffer.

Roush: -What is needed to expand adult education in Saigon?

Winer: -Piasters to pay teachers, materials -- the organization exists.
-If you expand it you would not need more advisors just piasters and security.

McManaway: -Why don't we set the project up in CORDS?

Roush: -Why not, you do for everything else.

McManaway: -Should it be a national Program? It would have a lot of Political appeal if it was a national program.

Johnson: -Should be done locally.

Roush: -I agree with Johnson and if it is so important Clay, Why haven't we raised the point since the last session. (Director's Review FY 68)
-Education will do a paper on Adult Education.

Leadership Training

Roush: -Discussion - pros & cons and statistics.

Winer: -The under grad work can be done in Vietnam. We ought to send people out for advanced degrees. We should not concentrate on groups. We should not give people something they would not get if their father's weren't killed.

Roush: -Rebuttal based on political pull.

Day: -History of program no pay off in 61 and 62.

Mossler: -Let's close this up. It's 1:30PM.

DRAFTED:PROG/ID:JHBierke:qtd:9/14/68

OPTIONAL FORM NO. 10

UNITED STATES GOVERNMENT

Memorandum

TO : W. L. Davis, PROG DATE: September 16, 1968

FROM : J. H. Bierke, PROG JHB

SUBJECT: Action Items Resulting from Directors Review of Education

1. The Director will hold further discussions on whether or not to continue the SIU contract for another 2 years.

2. Education should explore methods other than continuation of the SIU contract, to upgrade the Normal Schools.

3. Education should explore methods of converting Voc. Education schools to short term intensive training in the deficient skills of the area.

4. Mr. Roush is to take a new look at the financing of roofing, rebar and cement, to ensure that there will not be a break in the pipeline when converting from dollar to piaster financing.

5. Education is to reopen discussion with the GVN on the accelerated Secondary Teacher Training Program. They should try to move back to the initial 6 mo. of training rather than 1 year.

6. Mr. Roush and Mr. McManaway are to explore the different possibilities for piaster financing of the accelerated Secondary Teacher Training Program. (Piasters have not been approved - Approx VN$20,000,000 per year will be required).

7. Education and Program are to take a new look at the five (5) Voc. Educ. schools for which CSD is presently trying to let construction contracts. Does USAID still wish to go ahead with construction of all five?

8. The status of the five Voc. Educ. schools are to be added to the Director's "Flash List".

9. The desireability of Voc. Ag. schools was to be discussed in the Director's Review of Agriculture.

10. The Leadership Training program was left hanging in the air. No discussion as to how many or who.

cc: PROG:JLRoush
EDUC:HWiner

Mr. John H. Bierke, PROG September 18, 1968

Harold Winer
Assistant Director for Education

Action Items Resulting from Director's Review of Education

Ref. : Your memo of September 16, 1968

Our brief comments follow:

1. SIU Contract - We are proposing that the contract ceiling be reduced from 15 positions to 7 positions (6 advisors 1 secretary) and that the number of contract objectives be reduced from 37 to 2 (see Pages 5-6 of Hamlet and Elementary Education Project 1969-70 PBS). We need 6 advisors to carry on the work on the 4 normal schools during the phase-out period over the next two years. SIU's performance fully meets the requirements of the contract.

2. Upgrading Normal Schools - SIU's performance has been very good. This evaluation is based on qualitative and quantitative improvements in the Normal Schools, that are a matter of record. SIU's knowledge of the local situation, and its presence in Vietnam make it the logical choice to carry out to its conclusion, the remaining work at the Normal Schools.

3. Junior Technical Schools - We believe the Jr. Technical Schools are willing to conduct intensive training programs in the deficient skills of the area. They are, in fact, conducting a number of courses for special groups such as refugees at the present time. Shortage of trained staff and limited budgets are the principal factors preventing full development of the regular curriculum.

4. Roofing, Rebar, Cement - The classroom construction activities in the Elementary and Secondary Education Projects were planned under the assumption that roofing, rebar and cement would be made available by USAID as in the past. We do not fully understand the procedure for converting from dollar to piastre financing of these commodities. Will this require larger piastre budgets, and if so from what source will they be made available?

5. Accelerated Secondary Teacher Training - Discussions with the MOE on this subject were never suspended. The prospects are very favorable that the Saigon Faculty of Pedagogy will initiate the program early in January 1969.

6. Piastre Funding - Accelerated Secondary Teacher Training Program - Approximately VN$30,000,000 per year will be needed for the total (500 teachers) program. It is planned to launch the program at three different locations - Saigon, Dalat, and Can Tho - not necessarily simultaneously.

7. Five Jr. Technical Schools - This activity has been reviewed, discussed, analyzed and re-reviewed to death. It has been unnecessarily delayed by USAID for almost a year. Decisions to move ahead on the activity were made

many months ago. Nothing has happened since then to justify any more changes at this late date. Furthermore, we do not recall any decision or agreement being made at the Director's review which calls for "a new look" at the activity.

8. Status of 5 Jr. Tech. Schools - We think that the unwarranted delays within the USAID Organization in implementing this activity should be brought to the Director's attention.

9. Vocational Agricultural Schools - We would appreciate a report on the discussion, if any.

10. Leadership Training Project - We are in favor of a large participant training project; however, we oppose favored treatment of any special group but believe that scholarship grants should be based on demonstrated ability. We, also, think it is a mistake to limit the scholarships to undergraduates. There is a much greater need for graduate programs. Also, we do not understand why scholarships are limited to university level programs. There is a great need for programs of relatively short duration (1 year) in below-college levels.

NOTE: In addition to above we are putting together a paper on Adult Education as requested by Mr. Mossler.

cc:
PROG:JRoush
PROG:WDavis ✓

ROUSH

EDUCATION

Director's Review of FY 1969 and 1970 Program

11 September 1968

A. Mr. MacDonald introduced review series, elaborating on piasters, manpower, and dollar constraints; emphasizing AID's aim of establishing programs that can be successfully continued by Vietnamese alone; and revealing the following deadlines:

9/23/68 - final program presentation to Ambassador
9/26/68 - summary cable to AID/W
10/25/68 - Gaud program presentation to Bureau of Budget

check this ?

Mr. Maynard spoke of the political aspect of USAID's projects, as exemplified by hamlet schools.

B. Education program summarized by Mr. Winer:

$8.5 million
150 million piasters
28 U.S. direct-hire personnel
9 major activities

Restated constraints, continuing validity of goals stated last year, and the fact that many activities are phasing out.

Now 76% of elementary age children in school; should reach 85% by end of 1970. Now 19.5% of secondary age children in school; should reach 24% by end of 1970.

C. Discussion of relative merits of quality and quantity in Education; CRDC as source of piasters; ability of GVN to meet quantity goals with reduced AID assistance; need for secondary teachers in less time to influence VC target group; problems in vocational education; marginal aspect of agricultural education; criteria for selecting participants for LEADERSHIP TRAINING; importance of adult education; and other subjects.

D. Conclusions - Directives - Suggestions:

1. Roush: Program does not think SIU contract should be extended after April 1969.

Winer: ED thinks contract should be extended at level of six rather than twelve persons.

2. Roush: Suggest that in VOCATIONAL EDUCATION we try to convince GVN, just for the duration, to shelve some of the present classes and focus on shorter-term training geared to industries and needs in the locality where the schools are.

3. Roush: Must look again at the source of funding for cement, rebar, and roofing.

4. Mossler: Go through the question of training secondary teachers and see if it is feasible to overcome some of the constraints mitigating against turning out 500 partially-trained teachers every six months.

5. Roush: Put on Director's flash list the construction of five additional vocational schools, especially if other elements of the Mission are involved. (ED says there is trouble getting from PIO/T to contract stage; has had several meetings with Wild's office.)

6. Roush: Suggest that it might be feasible to cancel the proposed vocational school at Can Tho, or another one.

7. Mossler: Get the cost of training 100 Vietnamese in adult or "Popular Education" (since Mr. Winer says the only constraint is piasters).

8. Mossler: ED should come up with a staff paper on what is being done in Adult Education.

*/ When asked to evaluate vocational agr schools, at the close of the Director's review of AGRICULTURE, regional representatives were unanimous in their opinion that such training should be part of regular or comprehensive high schools. They prefer one good in-service or pre-service school to a multiplicity of small vocational agr schools.

Prog/PF:mw

EDUC
9/11/6
MW

EDUCATION

MacDonald: Sept. 23 - final presentation to Ambassador
26 - cable to AID/W
Oct. 15 - Gaud presents it to BuBudget
Constraints of p's and manpower.

Maynard: Political aspect of our projects, ex: hamlet schools.

Winer:
1. Constraints
2. Goals of last year are still valid
3. On a phased-out course in many activities

$8.5 million; 150 million p's; 28 Direct Hire; 9 major activities

76% of elementary age children in school; should reach 85% by end of 1970.

Secondary school - 24% was goal, will come very close to it, now at about 19.

Roush: Quality vs quantity

MacD: Would GVN have ability to meet quantity goals if we cut down our aid?

Winer: Yes, especially if cease fire is effected within a year.

MacD: In light of that, what do you propose to do in this coming year?

Winer: Classrooms - self-help classrooms
1,700 rooms, roughly half as many as last yr's plan - catching up on lag in '68 caused by Tet.

Roush: Piasters adequate to buy cement from local market.

Maynard: CRDC - Combined Rev Dev Council
trying to get away from MORD funds; CRDC will assign AAC or other p's to it and thus give Min the flexibility of funds MORD used to have.

Winer: Regardless of source of p's, he feels Mof E has the staff to carry out this work. Should not dump it on them overnight, but should phase it carefully.

McManaway: CRDC will be strengthened; provided with a budget of about 1 mil p's to pick '69. Most of the line items from MORD.

NLD now called Provincial Life Programs
'70 budget might be turned over to the ministries.

MacD: Agreement on physical goals.

Roush: Think hamlet schools should disappear as a line item and be absorbed in village development.

MacD: VN decided on this number of classrooms; physical ingredients are available. Adequate money is provided in the budget to finance this construction.

Winer: Advisors need to evaluate, assist in training.
70% of all teachers in the country are women; 7 advisors in this area, 3 in Saigon working with the Ministry and 4 in the regions - plus 3 others (sec and elem). 12 altogether, down from 29 last year.
Contract group: pre-service trg of teachers in normal schools. Want to swing balance to the well trained normal school and get out of the quickie-training.

MacD: We've done a good job in this. Do we need to continue an advisory effort here?

Winer: Curriculum must be recast to provide for summer training of teachers going only in the summer, etc. Additional staff must be trained and is being trained. 53 are in the U.S. now.

Graduates of School of Pedagogy must have another , mos. of special trg. to become faculty members at normal schools.

McMaraway: Double standard. Speed-up course for elementary teachers. Need secondary teachers in less time too as this is VC target group.

Mr. McD: Back to normal schools

Lack of quality has been a problem, but they seem to get enough bodies to fill the spots.
Want to be sure we are 't trying for quality beyond our ability and GVN ability to absorb it.
What's the trade-off? Are the same resources required for speeding up secondary teacher training program?

COFFEE BREAK

(Maynard: Coordinator for CORDS - Mossler Moderating)

Winer: We're planning the maximum considering the conditions. Would be a sad mistake if we rushed pell mell into the secondary training the way we did elementary. We are trying to get out of that quickie business.

McMaraway: Enemy is shifting emphasis to intense local effort. Over the 9-10 months what are we going to do? And even beyond that, even if there cease fire we should do what we can to aid the political objectives of the GVN.

Winer: An accelerated program was in our '68 program and still is. It has been launched yet.

Roush: Re 319 - Prog does not think SIU contract should be extended after April 69.

Winer: Think contract should be extended at level of 6 rather than 12 per

Roush: Will there be enough candidates for the normal school?

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365 SECONDARY

Roush: Vocational Education
Can we convince GVN to change approach to this? Have an intensive course the present facilities geared to the locality where the schools are?

Winer: We have not been very successful in making this of a terminal nature at the various levels, or related more closely to the surrounding requirements

Roush: Could it be done just for the duration, focusing on shorter-term training?

Douglas: 12 partially-completed schools. Must install electrical eqpt and wiring. In those we have short-term and refugee training on a limited

Jr. tech. schools -- Mr. Kuhn would probably be in favor of shelving the present day classes and putting in some of these other courses.

Problems now are:
1. Getting eqpt to field
2. Getting it installed
One shop is available now in each of the schools that can handle 60 per at a time (60 in AM and another 60 in the afternoon).

2.5% increase in population assumed annually.
Goal of 2.7% increase in secondary school enrollment.

For 65 classrooms, piasters to come from MOE; remainder from self-help.

Question re source of cement, rebar, roofing; must look at this facet

Earlier plan was 6 mos. of trg, 1 yr of teaching, summer of trg, another teaching, another summer of trg. 500 each - 6 months.

Space is essential constraint to trg all in one place or limiting trg t 00 people at one time.

Mossler: Go through this again and see if it is feasible to overcome so of the constraints.

McMahaway: secondary -
1. encourage private sector
2. consider this on a geographical basis.

Hazel Olson - CPSA - warehouses refuse to release materials not on MOR/D list. Mr. Quant sent ltr out on this last week.

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322 VOCATIONAL EDUCATION

Reviewed progress of 5 additional schools. 400 voc teachers in VN; 25 in draft age; if not too many drafted, there should be enough teachers staff these schools. Some have been coming back from the Army, some have been hired from industry.

Schools are underutilized now. Still have trouble getting teachers to to some areas.

Trouble within Mission getting from PIO/T to contract stage; have had meetings with Wild's office.

Roush: Should put this construction on Dir's flash list, especially if elements of the Mission are involved.

12 comprehensive high schools around the country. They are not vocation schools. Have a high percentage of academic ~~subjects~~ subjects required. Graduates of these programs can go on to college, etc. Or academic high schools with vocational departments. In favor of expanding the comprehe type.

Locked into present number of 5 schools - would it be feasible to cance the one at Can Tho - or another one?

- - - - - - - - -

AGR EDUC 323

A type of secondary education - should not be cut down. More requests this type of training than any other. Dir unsuccessful in getting AAC construction here. Distinct aid to our agr goal.

How do Montagnard schools fit into this?

Roush: Marginal. We've been instructed to phase down such activities a concentrate. Don't see that this is crucial to the IR-8 program.

Literacy - Adult Education - included in Educ Gen Spt.

McManaway gave strong plug for it - involvement of many people with a sponsored activity - lot of political appeal if it could be announced pushed as a government program.
"Popular Education"
Winer says constraint is plasters. Have bldgs, teachers, org - securit

Get cost of trg. 100 people.

Need no additional US advisors.

Roush: plasters would have to be trade-off with secondary classrooms,

McManaway: Consistent negative attitude. Needs program in the Ministry it status and priority.

Mossler: ED should come up with a staff paper on what is being done in education.

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Winer thinks they should be graduates; thinks we should not favor special groups, but base it on merit, leadership ~~rank~~ ability, potential, etc.

Roush: Don't want it to depend on political pull; having trouble getting PhD's to come back.

Guy: GVN now soaked with French-trained people. Our returnees, as in [illegible], are gathering around them others trained in U.S.

OPTIONAL FORM NO. 10
5010-104
UNITED STATES GOV .NMENT

Memorandum

TO : Mr. James L. Roush, PROG DATE: September 20, 1968

FROM : William L. Davis, PROG

SUBJECT: Director's Review of Education

A. General

1. Mr. MacDonald opened the review by elaborating on constraints, (piasters, dollars, USAID and GVN manpower). He emphasized AID's aim of establishing programs that can be successfully continued by the Vietnamese.

2. Mr. Maynard spoke of the political aspect of USAID's projects as exemplified by hamlet schools.

3. Mr. Winer summarized the Education program.

$8.5 - million for FY 1969
VN$150.0 - million from CY 1969 AAC
28 - U.S. Direct-hire personnel
9 - major projects

The 1970 goals of 85% enrollment of elementary age children and 24% enrollment of secondary age children is still realistic. Presently the enrollment is 76% and 19.5% respectively.

4. Discussions by project covered relative merits of quality and quantity in Education; the ability of the GVN to meet enrollment goals if USAID was to withdraw support; the need to expand secondary education in time to influence this VC target group; the merits of Vocational Agriculture; the criteria for selecting participants for Leadership Training; the importance of adult education and other subjects.

B. Action Items

1. Education should explore methods of converting Voc. Educ. Schools to short-term intensive training in the deficient skills of the area.

2. Program was to take a new look at financing of construction commodities to insure that there will not be a break in the pipeline when converting from dollar to piaster financing of classroom construction.

3. Program was to explore the different possibilities for piaster financing of the accelerated Secondary Teacher Training Program. (Approx. VN$30,000,000 per year will be required.)

4. Education is to continue discussions with the GVN on the Secondary teacher training program and try to move back to an initial 6 months of training rather than 1 year.

5. The status of the construction of five Junior Technical Schools is to be added to the Director's "Flash List".

6. Education is to do a staff paper on the resources that would be required to expand Adult Education.

C. Unresolved Issues

1. Extension of the SIU Contract

- Education wants to extend the contract for two years, but reduce the personnel level from 15 to 7. The personnel would assist the 4 normal schools in the conversion to a credit hour system.

- Program feels that the contractor has been in Vietnam for 8 years and that their performance has been marginal. The conversion of the 4 normal schools to a credit hour system is a desirable goal, but this is not a critical time constraint and other methods should be explored.

2. Construction of five (5) Junior Technical Schools.

- Region IV felt that the construction of the school at Can Tho was a waste of money.

- Program feels that the desirability of all or part of these schools should be the subject of further review. The schools were funded in FY 1967.

- Education feels that these schools have been reviewed, analyzed and reviewed, to death resulting in almost a years delay. They feel that there has been no change in the situation and that construction should be expedited.

3. Should the Vocational Agriculture project be expanded or dropped.

- Education feels that the Vocational Agriculture program is extremely popular with the rural population. In addition these schools represent the only secondary education facilities available to many people in rural areas (they wish to neither expand or contract this program, but to continue at the present level).

- The Region I and IV representatives felt that Vocational Agriculture should be dropped or added as an adjunct to the Comprehensive Secondary Schools.

The Region III representative felt that Voc. Ag. should be accelerated.

- In the Director's Review of Agriculture the regional representatives were unanimous in their opinion that Voc. Ag. training should be part of regular or comprehensive high schools. They prefer one good in-service or pre-service school to a multiplicity of small Vocational Ag. Schools.

4. The Leadership Training Program

- Education favors a large program that is based on demonstrated ability. They feel that the program should not be limited to undergraduates, but that scholarships should also be given for short-term training and graduate training.

- Program feels that the program should be limited to undergraduates.

D. Resolved Issues

- Petrus Ky (now known as Nguyen Truong To) school.

It was agreed that:

1. USAID would go ahead with construction in FY 69.

2. The school would be a comprehensive secondary school rather than a technical school if GVN will buy it.

3. A new project would be set up for this activity.

September 20, 1968

ENGINEERING

ISSUES AND PROBLEMS

TELECOMMUNICATIONS 730-52-521-029

None

NATIONAL WATER LOAN FUND 730-52-521-003

None

HIGHWAYS IMPROVEMENT (DOD) 730-11-310-294

If the AAC piaster funding for Highways Improvement and related projects falls below the one billion level, then rather than a consolidation of ongoing project activities occurring, an actual cut back in the projects will occur. AAC piasters currently approved - 750 million.

INLAND WATERWAYS IMPROVEMENT 730-11-350-297

Three of the ~~non~~ nine GVN dredges are now idle due to lack of crews. Under the RSEA contract, RSEA is to donate one dredge to the GVN every 18 months and the prospect is that the first donated dredge will be tied up alongside the three idle dredges. Steps remain to be taken to assure that the GVN provides crews for all the dredges.

CIVIL AVIATION (DOD) 730-11-370-298

None

NATIONAL CONSTRUCTION & EQUIPMENT TRAINING CENTER 730-11-290-254

Terminated end of FY 68.

SAIGON ELECTRIC POWER 730-12-220-356

Engineering Division has proposed $2,500,000 for commodities in FY 69 ($900,000 for spare parts and $1,600,000 for the modernization of the power station to include its conversion from coal to oil burning to increase its capacity.) The Economic Office is exploring the possibility of financing these and other USAID commodities with GVN foreign exchange.

RURAL ELECTRIC COOPERATIVES 730-12-220-357

None

SAIGON WATER AND SEWERAGE 730-12-521-358

No assistance of any kind will be provided unless GVN complies with FY 68 ProAg, particularly with respect to: a) increase in water rates; b) SMWO exemption from GVN and City taxes; c) reduction in power rate; and d) payment for water distributed free of charge. Econ is exploring the possibility that these commodities can be purchased with GVN foreign exchange.

RURAL WATER DEVELOPMENT 730-12-521-359

None

PROVINCIAL AND RURAL ELECTRIFICATION 730-12-220-379

Engineering Division is requesting $500,000 in FY 69 and $200,000 in FY 70 for commodities. The Program Office believes that urgent commodity requirements should be met from the existing pipeline, and that routine commodity needs should be funded from financing sources developed by the interested utility. The Engineering Division, however, stated that the Director, in a conversation with Minister Sieu on September 9, committed USAID to providing the requested commodities for war damage repair and extending and modifying power lines. This needs to be verified.

ISSUES AND PROBLEMS

ENGINEERING

ENGINEERING TECHNICAL SUPPORT 730-11-995-380

None

PORTS IMPROVEMENT 730-11-340-385

Terminated end of FY 68.

PROVINCIAL CITY WATER SUPPLY 730-12-521-386

None

DA NANG CITY WATER SUPPLY 730-12-521-387

Funds projected for both FY 69 and FY 70 are included as planning figures, subject to AID/W approval.

PROVINCIAL ROADS AND QUARRIES 730-11-310-392

None

AIRLINE ADVISORY ASSISTANCE 730-11-370-394

None

NHA TRANG STREETS 730-11-310-396

None

ROUSH

ENGINEERING

Director's Review of FY 1969 and 1970 Program

12 September 1968

A. As Mr. MacDonald had to leave early, he requested MACV to open the review with its report on HIGHWAYS IMPROVEMENT (294) and RAILWAY REHABILITATION (296).

Charts were displayed giving the breakdown of $211 million obligated as of 30 June 1968 by AID, AID/DOD, DOD, and O&MA. They also showed kilometers of highway planned for each Corps and the number completed to date; plans for Saigon city streets, Nha Trang, Da Nang; support of An Giang Quarry; and incipient programs for pre-stressing of metal, construction of beams, and technical services.

Capt Scheiner

The speaker pointed out that while there has been massive U.S. effort on this program, there has not been a matching response by DGOH. The budget for construction in 1967 was 795 million piasters, in 1968 it was 750 million, and although MACV feels it could well use 1,600 million in 1969, rumor is that the appropriation will again be 750 million piasters. In real terms, this is a reduction of 50% since 1967 because of rising costs of all inputs.

Thus DGOH is weaker today than in 1967 in money, people (4,750 next year versus 5,400 this year), and in administration, contracting capacity, etc.

COL Barron (LOC) presented RAILWAY REHABILITATION in a similar series of charts, giving routes and pointing out progress on each section.

John Vann's view was presented, as a minority opinion, that there is a need for railroads to go inland and not stretch between two major ports. He also believes that, if the railroad is to be continued approximately as planned, it should be realigned to parallel the highway more closely so the same security forces could protect both.

Mr. Roush stated that although AID is not putting up the dollars in this program, attention should be focused on trade-off possibilities between HIGHWAYS IMPROVEMENT and RAILWAY REHABILITATION.

B. Mr. Collins reviewed the ENG personnel situation; three main areas of activity (utilities, transportation, program support); and the desire to consolidate contractual requirements, reduce commodity inputs where possible, and improve service to the regions and other USAID divisions. He conceded that ENG could carry on at the present personnel level if no further inroads were made. Projects were then discussed individually.

C. Conclusions - Directives - Suggestions:

1. Mossler (to MACV rep.): It would be a good idea to get in the OICC bills and others (re HIGHWAYS IMPROVEMENT) to make the pipeline more realistic.

2. Roush: Somebody should decide what PROVINCIAL ROADS are going to be worked on. We have no plan that we can refer to and say we need so much equipment.

3. Mossler (to ENG): Check some of the assumptions on the security side. Get the parties together and see if we are moving too fast or too slow on the railroad.

4. Roush: CORDS and MACV should look at the problem of whether or not the railroad is needed in III Corps.

5. Mossler: We need to flag for the Director's attention the matter of commodities for SAIGON WATER AND SEWERAGE.

6. Collins: There certainly should be a master water plan because of the problem of salt intrusion, the multiplicity of people drilling wells, etc. - otherwise we might do harm (re RURAL WATER DEVELOPMENT).

7. Mossler (to ENG): Please get to PROG a copy of your detailed commodity list for RURAL WATER DEVELOPMENT.

8. Roush: We need to get clear in our own minds what our objective is in RURAL WATER DEVELOPMENT.

9. Mossler: Assuming there is competition for dollars, we might have CORDS look at this (drilling or digging rural wells) in comparison to building more classrooms. It wouldn't take as much cost to maintain a well as to pay the salary of teachers.

10. Mossler (to PROG): Get someone from your office and ENG and CORDS and take another look at whether or not additional rigs could be operated (considering constraints of management, manpower, per diem rate).

11. Roush: In terms of timing, we should try to avoid having any legislative requirements prerequisite to operation of the NATIONAL WATER LOAN FUND.

12. Mossler (to ENG): Be sure on DANANG CITY WATER SUPPLY that you and the Capital Assistance people follow through on information to Grant. The representative from Region I should be brought up to date on discussions that took place when Grant was here.

13. Roush: NHA TRANG WATER needs to be looked at for itself and not just in light of the financial constraints. There is a thought that this could be worked into the Loan Fund. You should go into this in depth with the Region II people to see how close we are to a system and what would be required. We need a paper on this.

- Mossler: If they cut it out because of the amount of money, we should take a look at it above and beyond this $5 million.

14. Roush: What additional expenditures that the Saigon Water Office has had to undertake are directly related to the war itself? We can get together and see what we have found on that. Seems to me that is all we can do in relation to what we told Congress (re SAIGON WATER AND SEWERAGE).

15. Mossler: Let's flag this matter of obtaining foreign exchange for SAIGON ELECTRIC POWER and try to tackle the procedure.

- Roush: Have ECON or someone find out what the procedure is for getting foreign exchange.

16. Roush: Flag for final go-round the matter of commodities for PROVINCIAL AND RURAL ELECTRIFICATION (which Grant considered a strong political tool, and which Minister Sieu mentioned to the Director).

17. Roush: We need to get a hold on the total water problem in the Delta and see where dredging fits in (INLAND WATERWAYS IMPROVEMENT).

19. Collins: The table for CIVIL AIRLINE ADVISORY ASSISTANCE (394) should show one U.S. Direct-Hire Technician in both FY 69 and 70 rather than one PASA. It was agreed to by Grant and virtually everybody in Washington, and we thought it was all agreed out here. PROG wished to discuss with ADPE.

Prog/PF:mw

[illegible]
9/12/68

Highway Program [illegible]

Goals:
1. ~~[illegible]~~ Reconstruct highway network to further military operations and nation building.

2. Increase capability of Director of Highways to maintain this system.

Chart - showing three priorities

$75 million	military construction	
46 "	AID/DOD	
9.8	AID	
90	O&MA	

THESE ADD TO 221 -- I WAS WHERE I COULD NOT SEE THE CHARTS AND MUST HAVE MISUNDERSTOOD A NUMBER.

$211 million obligated by 6/30/68

Plan - $414 by 1970

4300 kms by mid '73

I Corps - 556 km planned (105 completed)

II - 1739 (311 completed)

III - 1260

IV - 743

$8.8 million - 54 Saigon city streets to be reconditioned (11 completed); to be finished by end of CY 69

$3.0 Nha Trang - AID money - not started yet

$1.5 Da Nang O&MA money - not started yet

Also support An Giang Quarry - and have incipient programs for:

pre-stress
construction of beams
technician services

DGOH to assume full responsibility during post-war period. This job of training is proving more difficult.

750 million pasters in
795 Bn '67 for construction

750 million in '68
1,600,000,000 feel they could spend in '69
750 million - rumored to be what they will get

reduction in real exp. of 50% since '67 level because of inflation

DGOH is weaker today in (1) money & (2) people
5,400 personnel this year
4,750 next year - govt freeze - not filling vacancies that arise
also weak in (3) admin, contracting, etc.

Mass of US effort
$2 million
Corps I-II military money
AID - Delta and Saigon City Streets

No matching response by DGOH

(Collins speaks for Engr)

Roush: Must kxxxxxxxk look at the trade-offs of different types of activities. This is one area where we can pick up where they don't. Consider other shortages as well as the lack of the 1.6 billion. Even with that you would have a shortage of personnel and admin ability. There is also some unspent money from last year.

You won't be here but AID or somebody will be. It is probably not possible to build them up that fast and you will have to accept that.

Mossler: Is this a priority enough area that AID and CORDS should ask for an exception here? And if so, are there people to hire back?

Collins: We could say that about power or any of them other projects.

MACV: Wxxxxxxxxxxxxxxxxxxx There would be more depreciation here than in some of the less expensive projects.

Roush: They have problems and must be austere, but they can make exceptions to the rule if the people can be found.

MACV: ARVN is being pushed now on emergency repair - rebuilding bridges. 5th ARVN Group, one of the two construction groups in the country, has just been pulled off highways xxx to do other construction.

Mossler: to MACV Good idea to get in OICC bills and others to make the pipeline more realistic.

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392 - Prov. Roads and Quarries

Roush: Somebody should decide what roads are going to be worked on. We have no plan that we can refer to and say we need so much equipment.

USAID supposed to be funding intra-province
Will probably get some equipment for provincial roads as well as basic roads. Difficult to say this bulldozer will only work on main roads and this only on intra-province roads.

Wild: Provincial roads have been abandoned.

MACV: We look to CORDS for plasters and support.
GVN is doing maintenance and a small amt of construction. They use the resources they have and don't worry about whether it is inter or intra-province.

Collins: Very little being done in new roads or plans for them. Most of the work is repair.

Roush: Concern -- whether or not we have enough p's budgeted for the support of the maintenance program. They have a paper that says a certain thing won't get done if we don't get a billion p's. With 750 you can plan the things that you know you have to do, reserve something for sabotage, and come in later in the year for more.

MACV: Our sabotage is completely used up for '68 already.

Roush: xxxxx Go back to Ministry or DGBFA and say we need money to repair this blown bridge - you will probably get it.

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RAILROADS - 396 - RAILWAY REHABILITATION

Col. Baron (LOC)
VNRS = Vietnam Railroad System
Showed charts giving routes and pointing out progress on each section.
xxxxxx
Roush: AID not putting up the dollars but need to focus on three things:

(1) trade-off between roads and railroad. Have established no economic justification for going into the III Corps. It is taking considerable security. John Vann last year objected to moving in there at all because it took [illegible] security forces for highway and railroad and the highway was already [illegible]. Railroad needs internally probably more important than paralleling the [illegible]. We have put millions of dollars into improvement of ports up there. [illegible]

question in c . mind of the best utilization c resources. Certain sections strictly serve a military need. That is one reason it was turned over to DOD.

III Corps: Vann has not changed his opinion since last year. Even more outspoken now.

Vann says 1500 people full time needed to secure the railroads, not to build them. Need for railroads to go inland now does exist. No need for one between two major ports. If QL1 is going ahead, realign railroad to be near, and so the same security forces can protect both.

Baron: It is one of the goals of the present campaign plan - AB-143.

Collins: I do not agree that from an economic standpoint the railroad is not a ---- . You can't leave out sections of a straight railroad running from north to south. Don't disagree about the release of troops now. Military can carry their goods much cheaper that way (use of railroads) It is continuing to mount in the US. Korea is a good example.

MACV: Not the same as in Korea. There was not the sabotage behind lines.

Collins - not arguing the economics

Mossler: Check some of the assumptions on the security side. Get the parties together and see if we are moving too fast or too slow.

MACV: Ports and roads alone could not logistically support our logistics needs; need that railroad in I Corps.

Roush: Where it is militarily important we can't question that. Economically in III Corps it doesn't appear to be. Think CORDS and MACV should look at it. How do decisions get made? John Vann's view presented as a minority opinion.

(1540)

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(Collins on Personnel)

170 a year ago, 127 now
19 MACV highway
8 well drillers
?
26 CORDS regional office

39 slots left, 80% manned (31 people); 17% taken by holidays, SMA, sick leave, etc. Some days less than nobody.

Utilities: water, power, telecon

Transportation: air, water, rail, road

Program Spt (for others in AID): hospitals, schools, etc.

39 actual actual contracts which Engr supervises; others in OICC; 30 others in the mill now.

Collins: GVN side made considerable progress in engr techniques, admin, etc.

Power, water, telecon now under one Asst Minister - good for spin-off

Want to consolidate contractual requirements.

Wish to reduce commodity inputs wherever possible.
GVN should pick this up as soon as they can.

Want to improve service to the regions and rest of AID staff.

Mossler: Personnel ?

Collins: Can carry on with present personnel if no further inroads are made. Now have a contractor selected -- 38 TCN and 8 US -- engrs that will be dispatched to the regions.

Policy not to use OICC now - they are too expensive - OICC has high overhead, as does RMK, because they must be ready to go into any kind of job at any time.

Starrow: telecom, water, power, remainder of AID, OD (order of presentation)

029 - TELECOMMUNICATIONS

#450 - contract to unify and [illegible] four existing contracts now assisting PT&T.

#100 - emergency commodity supplies. Nothing new.

Deleted - add PT&T in reorganization and implementing earlier recommendations.

Mossler: Has thought been given to military facilities?

Col: Fantastic amount of military gear in Southeast Asia - $2 billion worth. We have a study on that. They know what is available. We don't know what disposition will be made of it.

-- There is danger that the military will foist off on Vietnam some of the gear that is too sophisticated. Want to find an easy way out and just leave their gear here. Would be ridiculous to expect the present govt to pick it up. We must be most selective. We are engaged in a joint study. We have the in-house talent to do that.

Costs $1 million a year to maintain cable ships to keep these underwater circuits open. GVN could not afford things like that.

Page Communications -- 8,000 phones and an outside plant
23 central offices
damage to outside plant takes half of Page capability now

Philco-Ford contract - Southern Toll Microwave

International circuits

$1.8 million reduced to $450,000 in one contract for emergency inside work

PT has new Director - continue to support them for another year and try to get them to restructure.

Mossler: Pipeline?

Engr: Page - April
FEC - May (Federal Electric Co.)
Philco-Ford - July

No pipeline materials in the system now.
900,000 outside plant equipment
$6 million on new equipment } a few earlier?

Roush: Some of this was '66 money. For various reasons some of the contracts didn't go into effect until this spring.

COFFEE BREAK

358 - SAIGON WATER AND SEWERAGE

Commodities already programmed plus these will be adequate for distribution build-up that will be in harmony with the build-up we have provided for the water treatment plant. This is not a complete distribution system 200 KM and 45,000 house connections.

All old connections have now been metered and new ones will be. $500,000 contract for technical advisory service to see that they are [illegible] installed. Has physical capability but not the expertise.

In favor of phasing out personal services contract at Thu Duc, when the Army can take over again.
Have lost 6 people in this. Inappropriate to make any further reductions in US Direct-hire personnel. Need them for backstopping.

Until Natl Water Loan Fund is established and rates are raised, they can't generate the revenues that would permit them to purchase this equipment.

SMWO was told by their own people that they wouldn't get any more commodities, but topside of the government wasn't told.

Roush: We would probably help SMWO by cutting them off. As long as we bail them out .....

Collins: We can't cut off our resources. If we get a commitment in writing from the government ----

Roush: Don't think the situation is comparable to telecom. Here it is additional lines. There it was a matter of keeping the whole thing from going to pot.

Mossler: You both agree that no commodities should go up unless you get the reforms. You are saying that if you get them you still need some commodities?

Roush: The reason SMWO doesn't have the revenue is because the govt made other decisions that kept them from having the loan or the money. I see no reason for us to keep bailing out this govt. The SMWO didn't have funds to pre- pay the loan either, but they did it.

Collins: I agree with you in principle but not on the timing. This wasn't hit as hard as public power when Grant was here.

Mossler: We need to flag this for the Director's attention.

Roush: We told Congress we were phasing out of this and we showed no commodities for '69.

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3.59 - RURAL WATER DEVELOPMENT

GVN has 15 operating rigs and crews; produced 39 wells in '68; target for '69 is 59 wells.

Also provides training for the well-drilling crews.

Goal is to provide support to sustain a level of activity at the present rate or better until the end of FY 70 and then end AID support except for minimal technical support as may be required. Operations and funding will then be taken over by the Natl Waterworks Fund.

Number of wells is based on present capability, which is increasing all the time. Clients in the field would like to see it three or four times as great. Some rigs are under overhaul. 23 in country, 15 operating now.

Mossler: Frank, you once said "How far should we go without a master water plan?" Is that still needed?

Collins: There certainly should be one because of the problem of salt intrusion - multiplicity of people drilling wells - needs to be an overall study in well water - otherwise we will do harm.

Mossler: Well drilling is of high political import in the field.

II - extremely important. Every well is now controlled by the Director --- in Saigon. This program has not been moving. We are trying to get moving. We are going to develop and train people locally. We are re-establishing priorities. We are going to have hand-dug wells, etc. Not going to put in more than they can maintain. If it is only a handpump and an open well, this is what they will get. For the first time we are now working together and we will have a well drilling and water supply program in II Corps. We are very unhappy about losing our city projects, as at Nha Trang. With more people coming in, we are getting salt there. We lost that after spending a lot on a design and system. Because of money construction we lost that and are extremely unhappy.

GVN is making very good progress. We have reduced our well drillers from 40 to 15 because we are getting more efficiency out of our crews and they are picking up the load.

In I and II first priority has been to hospitals and refugees. Because of the cost involved and difficulty in mobilization, etc., our program is geared to provide water where it satisfies the largest number of people. Would like to have more commodities and ~~xxxx~~ staff so we could go into rural areas and really meet these needs.

Marinelli: People will select potable water or wells as their chief need. Some select schools. I hadn't heard of NLD wells in this well drilling thing, but I don't think it should be funded under AIK.

Mossler: Assuming there is competition for dollars, we might have CORDS look at this in comparison to building more classrooms. It wouldn't take as much cost to maintain a well as to pay the salary of teachers.

Roush: Dollars aren't always the only constraint. Can be management, manpower, etc. If we can be sure that additional rigs can be operated I have no objections to getting more rigs. We have had a problem of keeping the present ones operating. We have had trouble getting manpower partly because of the per diem rate. If there is more responsibility in the field, perhaps they would see that someone is there that doesn't worry about per diem.

Mossler: Get someone from your office and Engr and COORDS and take another look at this.

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386 - PROVINCIAL CITY WATER SUPPLY

Cities set in priority order to receive systems supported by $309,000 in commodities.
AID support phased out by end of FY '69 except for minimal technical support.

Grant urged that we hit water and power in provincial capitals and towns. We've hit Saigon and hamlets, but not the towns and cities in between.

Roush: ~~Xxxxxxx~~ Commodities - same as with other project - mainly a matter of pipeline. Technician was not present when we had the meeting on this.

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LOAD FUND GVS NATIONAL WATER LOAN FUND

Man is here for 4 months working only on this. Has been working on it for a month. First draft will be completed next week.

Question: When would money actually be available for loans?

Roush: Depends on procedure set up by GVN and how much work has already been done such as at Nha Trang(?). I would assume there would not be any ~~xxxxxxxxx~~ legislative requirements. I hope not. In terms of timing, we should try to avoid this. Hope procedures would be set up so first loan might be handled by the end of the FY.

Da Nang 387 - DA NANG CITY WATER SUPPLY
'69 interim or incremental water project
$7.4 million was original amount. Some financial and some political constraints.
for '69 proposed $400,000 primarily in commodities.

Mossler: Be sure on this that you and the Cap Asst people follow through on information to Grant. Rep should be brought up to date on discussion that took place when Grant was here.

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from CTZ

NHA TRANG WATER WATER

Postponing to '70 because of financial constraints in '69.

Roush: This needs to be looked at for itself and not just in light of the financial constraints. We have enough flexibility that we can take a look at it over and above the figures we gave you. There is a thought that this could be worked into the loan fund. Should ~~xxxx~~ go into this in a with it people to see how close we are to a system and what would be a

Mossler: If they cut it out because of the amount of money, we should take a look at it above and beyond this $5 million.

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355 SAIGON WATER AND SEWERAGE

Concerned that we are considering dropping commodities. Last year Mr. Robison wanted us to investigate the possibility of instituting some kind of loan. Unfortunate part of it is that the NWF will not be operating in adequate time for us to get the commodities in in time for us to install in this water system. Invested $40 million. $17.5 includes DLF loan they are preparing to pay off this year. Fine plant capable of delivering twice the 65 million gallons now being delivered. The demand is here. Up until recently nobody took into consideration the distribution until the city took this over.

George -- : Not realized until January of this year that better than 50% of the total distribution system is over 50 years old and most of it has to be replaced. 2,000 kms of pipe needed to serve present population of this city. What we want AID to do is get the commodities that we have just received from 67 money and what is coming in 68 and what we feel we need to complete an absolute minimum system with commodities we have programmed for 69. This would give SW a capability of a viable water system. The sooner we get these in the ground, the sooner they can begin earning revenue and taking over completely. We planned no further commodities after 69.

Roush: You have made your case. We have already loaned them money. We have given them considerable grant aid. GVN hasn't done what it was supposed to do and what it is capable of doing. We do make these presentations to Congress. If we get clobbered this we lose much much than what the commodities were worth.

What additional expenditures the Saigon Water Office has had to undertake are directly related to the war itself? We can get together and see what we have found on that. Seems to me that is all we can do in relation to what we told Congress.

Collins: ~~Mr. Mossler~~: I reluctantly agree.

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356 SAIGON ELECTRIC POWER

Have made a cost-benefit study. SPC saved would amount to ~~$1.5~~ $1.5 million annually the first two years, and somewhat smaller amounts thereafter — Cho Quon?

Roush: We told Congress we would need nothing but technicians. Spare parts.

Collins: Lot of the demand that has arisen can be related to influx of refugees and can be war related. Spare parts somehow deleted when original order went in the FY68 CAP.

Mossler: Agree with Roush that with foreign exchange the way it is they could handle spare parts.

Col: It is SOP to provide 20-30% spare parts with any original equipment.

Sparrow: Generator doesn't recognize the source of funds for the spare parts that are needed. $500,000 required for breakdown spare parts.

Generators will all be GOV property. GOV has ordered no spare parts.

Saigon Power Co. will absorb GOV - GOV not much interested in ordering things for time after they are out of the picture.
Described breaking procedure necessary in getting for foreign exchange.
More a matter of procedures than money.

Mossler: Let's put this as an issue and try to tackle the procedure.

Roush: Have Econ or someone find out what the procedure is for getting foreign exchange.

(Wild: We were derelict last year in not going ---)

Jennes has agreed to get Econ going on this.

[illegible]

377- PROVINCIAL AND RURAL ELECTRIFICATION

Generators provided before. Now distribution system and transformers to go with these generators. Also some funds to restore damage sustained during Tet. Phase out end of '70 except for Tech Asst.

This is GOV to a large extent.

Commodity difference again.

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Roush: We've had problems in keeping the thing going when you get too far out in the boonies. RD part of it has been dropped. Commodities would relate to provincial capitals. Some GOV and some private facilities.

This was brought up with Grant and thought it was a strong political tool. Minister Su mentioned it to the Director.

Flag for final go-round.

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357- RURAL ELECTRIC COOPERATIVES

3 private rural coops - to exploit the idea and measure success of it. Operating problems are being rapidly resolved. No issues.
(Thought Frog must have missed seeing it!!!)

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277- INLAND WATERWAYS IMPROVEMENT

ARVN Corps of Engr being encouraged to go into dredging.
Some thinking of setting this up on a operating basis, semi-autonomously, to charge villages for dredging and maybe charge for the resulting fill.

They are doing what they can to solve the manpower problem now.

Roush: Who's working at what level and what can we do to kick it to a higher level?

Roush: There was a 5-year dredging program set up by the French. There is a real need to know what should be done in the Delta and dredging is another element in the same problem of water control. Some say if you open canals you encourage salt water intrusion. We started on this on an emergency basis to open some canals and provide fill. Also to train dredgers. If this is set up as a three-year program, ~~it~~ is what we did, you have a beginning and an end. /which
We need to get a hold on the total water problem in the Delta and see where this fits in.

Sparrow: Four dredges involved; 3-12" and 1-24". One 12" dredge goes to GVN at the end of the first year. Same thing at end of 2nd and 3rd years. Element of FWA involved here by the Chinese.

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385- PORTS IMPROVEMENT

Roush: It was felt that emergency port improvement had to be done. It was felt that any future ports should be considered separately with economic feasibility study and would have a projects for themselves. Ports Improvement was construction and Ports Management was of a continuing nature.

Ports Mgt falls under ADLogistics. Engr concern was that any work done on the ports should be supervised by the engr people regardless of how it is coded or budgeted.

374- CIVIL AVIATION ASSISTANCE

Objective: Upgrading of management, operation, and air capability of Air Vietnam. Contract for this now being negotiated in Washington with Pan American.

Roush: Wants to talk to Jonnes about the advisor.

Engr: Far too much is at stake not to have a direct AID (not PASA) person supervising them. Agreed to by Grant and virtually everybody in Washington. Thought it was all agreed out here.

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Civil Aviation - Railways - Collins: Pole treatment plant - was messy - now pretty well managed - will go to the National Cooperative Assn.

As projects come up that fall outside the purview of DepCORDS - such as Da Nang water.

September 20, 1968

ISSUES AND PROBLEMS

INDUSTRY

INDUSTRIAL DEVELOPMENT 730-11-910-170

1. The Director has appointed a task force to report on the need for, and the feasibility of, providing loans to private industry for new investment in machinery and equipment. No planning level has been established for either FY 69 or FY 70 pending the report of the task force and the Director's approval. $20 million has been suggested for FY 70 if approval is obtained.

2. An A & E study for 20 fishing ports, with some construction in two, was originally suggested under Project 385, Ports Improvement, terminated in FY 68. The funding estimate is $500,000. This proposal should now be reviewed by ADDP for subsequent proposal to the Director.

INDUSTRY - Notes from Director's Review Meetings September 14, 1968

Huffman: Just about everything is covered in the sector summary. Our major emphasis is being placed on (1) agri-related industries, assisting the IDC, improving cannery operations, lumber production, and improve feed mills; (2) war reconstruction loans for war damaged items, 28 applications -- 12 processed; (3) industrial chemicals and small industries, focusing and expanding, and (4) supporting activities, such as war risk insurance, MAP, management training, etc.

The guidelines we are trying to follow are: major thrust towards private sector and disbursement of industries throughout the country instead of in one area. Strengthening the GVN institutional facilities.

It would be helpful to move forestries and fisheries into industry in 70.

Mossler: Grant or loan fund for IDC? Any comments?

Huffman: Under issues and problems it is mentioned. It is a good point.

MacDonald: Is there sufficient piasters? (foreign exchange?)

Huffman: I don't think sufficient money is availble..

MacDonald: What money is there in IDC?

Huffman: Only money they have is in reconstruction.

MacDonald: All capital lending out?

Huffman: Yes

Alexander: GVN has part of foreign exchange put in the industrial sector which needs a lot of items. We aren't doing very much except giving them a reconstruction loan. They continually look to us for something beneficial. We have an opportunity in the industrial area.

MacDonald: I am ignorant of local currency financing and I want to press this. Is there inadequate piasters available? What are the sources and magnitude? What about commercial banks and individual bank accounts? What is the total picture?

Hoey: I would like to ask this of the capital assistance program officer.

Comment: I can only say the funds they have are revolving and they have maintained their funds, except for 2 million and 6 million from ICA. They are loaned up all the time.

MacDonald: Is that dollar availability?

Comment: Both dollar and local currency.

Alexander: IDC funds?

Comment: Yes, they are very tight on funds, there is no money for expansion purposes.

MacDonald: What are the magnitudes and volume?

Mossler: The commercial banks are sitting on funds. They aren't anxious under the present security situation to extend themselves over a long period of time.

Huffman: We don't have enough facts right now on what is available.

Alexander: Comes from private individuals and their families. The largest part of capital is their machinery which comes from Philippines and Korea and possibly here.

Roush: We have had this over a year now and had pressure to do something. In the Vietnamese society we are interested in bringing in imports, but do little to help them. They want to move.

MacDonald: It sounds like it is difficult to answer this question.

Huffman: Perhaps the industry division could give us more facts on this.

Mossler: We are aware that after we granted the 10 million we received another letter asking for an additional 10 million. We held off to see

how IDC digested the first 10 million. This is longer than the short terms, but should think about putting something in for 70.

Roush: Good idea. If show comes we will need funds from somewhere.

MacDonald: I would be prepared to block the figure in. Let's wait.

Jonnes: Should operate on a vacuum.

Mossler: How much can the GVN buy off? I think it is going to be some time. Have you focused on the priorities?

Jonnes: Aren't there other problems like security?

Comment: Don't agree the big problem is in security. It is lack of funds to get a project started. Difficult to get it from IDC.

Alexander: I have great sympathy.

Discussion of hostile elements in regard to technical assistance and kinds of resources.

MacDonald: Why should we push this as hard as we can?

Roush: Don't think we should get the IDC to put branches all over the country but should formulize more, especially getting the teams into the areas, letting them know the institutions available. Show that government is interested. This doesn't require a lot of resources.

Huffman: As farmers become more prosperous, they will provide a great savings.

MacDonald: We need an analysis. A small task force to pull together all our information.

Landeau: Psychological effect of having government people in the countryside is great.

MacDonald: I would like to hear how the 10 million is coming along.

Hoey: 28 applications are in, 12 of them have been approved by IDC. Dollars have been handed out by the IDC in one.

MacDonald: What is the magnitude of this?

Hoey: 12 U.S. dollar grants, 4.7 million, 1 billion in piasters approximately 750,000. We have had some problems with this loan. Biggest problem is in interest rates between public and private firms. 3% government and 4% private. Other areas, i.e., raw materials bank, terms of loans, length of loan, etc.

Jonnes: Is this significant?

Hoey: This is administration problem on the loans.

Jonnes: Does it make any difference between 3 and 4%?

MacDonald: What is the rationale for the discrimination? We do need to make our judgement into the reasons that 3% appropriate for public and 4% for private. We should understand why. What are the factors. What are the problems outside of the 3-4%? Are we holding up the completion of the projects because of this?

Hoey: I may be wrong, I wanted a reading.

Jonnes: There are a number of other issues to be resolved before we can move ahead. All conditions have now been met.

MacDonald: How are disbursements administered?

Mossler: Applications come into the IDC, if approved they are handled just like CIP, reviewed for sense and meeting the criteria.

Hoey: Also look at design of the loan and the intent. We would like to keep the original concept of the loan.

Roush: In effect we have no say about the loan itself.

Jonnes: But in most cases we have a minimum of 250,000 where we step in and approve.

Roush: We do not have that right?

Mossler: Internal procedures have to be agreed to by us. However, we kept out because of the political basis.

MacDonald: When do we expect to see the dollars disbursed?

Hoey: Would hope it would occur immediately.

MacDonald: I mean disbursed by them.

Hoey: That is what I am trying to say, immediately.

MacDonald: What is the status of the remaining 16 applications?

Hoey: IDC has only five people to go to the field. Staff is limited, but they are coming along.

MacDonald: Any comments or questions?

Reg. I: We have nothing in the way of information. There is a certain amount of potential. The potential of agriculture is limited in raising the pay of the people. Do feel it is an important thing to look at. Would appreciate having some study made.

War Risk Insurance

MacDonald: Not much new to report on this do we. It is on the President's Desk.

Jonnes: There have been a series of differences between our experts and theirs. It is lying on the President's desk.

Hoey: There may be problems between two of the Ministers. Basic differences are: (1) rate of performance, and (2) rate of recovery.

Jonnes: Government of Vietnam's version is better no matter what happens. Should just get it now in effect.

Hoey: Should be resolved immediately.

MacDonald: Provision should be more lenient.

Jonnes, Alexander, Hoey: Yes.

Hoey: One thing with various discussions that I agree with. You want to over compensate the rural areas. This is impossible.

MacDonald: Does the President have a statement on his desk saying we do not agree?

Jonnes: He has the Pauling version on his desk.

MacDonald: Oh!

Sharpe: He has a massive amount of papers on his desk.

MacDonald: Who is it that puts papers on his desk?

Sharpe: Members of his staff. Should go to members of the staff and get them back.

MacDonald: Who did you talk to on this?

Sharpe: Talked to Tuan and Tan.

MacDonald: This is a problem. We should do something. Let's have a War Risk Program before the war is over.

Hoey: Cited a letter from an Australian.

MacDonald: We need to remove this cloud of uncertainty.

Jonnes: You can begin this afternoon in your meeting with Hoa.

MacDonald: Good.

Let's look at the sectors. As to direct-hire and TCN D/H, how many do we have now? Positions?

Hoey: Six

MacDonald: We have 1 TCN allotted now?

Hoey: Yes

MacDonald: Increase by two and six, what did those people do?

Huffman: This is because of the Fish and Forestry move over.

MacDonald: Where are the people now?

Huffman: In agriculture, internal shift over soon. two for USAID and two for fisheries, direct-hire.

MacDonald: On contract 4 and 3, do they have four people now?

Huffman: Presently two people.

MacDonald: Enlargement of contract?

Huffman: In man months includes SWAN highlighting in 69 only.

MacDonald: Participants, what is the duration of training, where will it take place, what kinds of people are there and do you have individuals selected?

Huffman: Duration from 4 weeks to 6 months.

MacDonald: IDC people?

Huffman: People from private sector, government and counterpart agencies.

MacDonald: What private sector and why are we sending them?

Hoey: Are not proposing in the future to have this high amount. PVC engineering assisted with plastic company in Saigon. We are sending him to the US to three different plants, 2 weeks in each plant. For 69 we have a total of seven. In order of priority: (1) one IDC management training program under Robinson, (2) one industrial park management trainee from IDC, (3) two trainees from Vietnamese inspection center, (4) one trainee for food production, (5) one agricultural/industrial promotion manager.

Commodities

MacDonald: What kind are you proposing and for whom, IDC?

Huffman: Commodity list centers on standardization. Joint agreement between USAID and Ministry of Economy. Government will put up facilities. We will supply items such as books, map equipment, supplies, etc.

MacDonald: When would construction start?

Huffman: FY 69 -- within the Spring.

MacDonald: When will it be completed?

Huffman: Initial money is necessary for building it and putting in the equipment.

MacDonald: This part of construction equipment.

Huffman: No, just labor equipment.

MacDonald: Look at paper again, don't really need in 69, better in 70.

Mossler: What is status of feasibility studies?

Huffman: Have received people in-country with regard to the fertilizer study. Also study on rice planting. The country needs a rice plant rather than a fertilizer plant. Cement study just completed for USAID. Status of programs for chemicals and program for pulp and paper are open and presently being pursued by USAID.

Mossler: This was 67 money, what is the word from Washington?

Huffman: Looks like we are going to have it.

Roush: Is there a date for the proposals?

Huffman: By April of 69.

MacDonald: That money is getting moldy.

Alexander: A cable should go out to move up date.

MacDonald: We better do something on this.

Hoey: We should drop Cam Ranh Bay.

Roush: We have had a backlog and have put that at a low priority. Water is first.

MacDonald: Let's leave it on the bottom of the list.

Roush: How about subject to the Water. If we don't find water we should cancel.

MacDonald: Ok, any other questions or points from anyone?

Huffman: Should we restrict to agriculture related? We can say the primary thrust is now and particularly on the technical side.

Roush: Suggest task force when getting information on IDC. Look at it with ABB.

MacDonald: But the task force should be for all questions.

Comment: What is the timing?

MacDonald: We should find out what the plan on the study is.

Jonnes: BRD has supported many such projects and has had much more experience than us. Would want to investigate other agencies which could do the job.

MacDonald: Agree can't really talk to anyone until we have the details worked out. We are not sufficient equipped to talk to them right now.

September 20, 1968

ISSUES AND PROBLEMS

LABOR

MANPOWER DEVELOPMENT 730-15-460- 327

None

TRADE UNION DEVELOPMENT 730-15-410-328

None

LABOR TECHNICAL SUPPORT 730-11-999-378

None

LABOR -- Notes from Director's Review Meetings September 14, 1968

Lindahl: CVT now has a major contract with AFL-CIO. $472,000, has a beginning PIO/T to strengthen and build new leadership. But puts cadre in the field on the payroll.

The Ministry of Labor has a rudimentary capability. The whole thrust is they need to become more involved in a civilian fashion. Should build and strengthen the employment services.

Through an interministerial committee, we are trying to get this government more involved with its people.

One of the issues is that we are pursuing too many activities and should promote programs throughout the country.

Roush: Logical place for manpower planning, should be in Planning Commission.

MacDonald: How much manpower statistical work is done by NIS?

Johnson: Not very much. They compile lots of information, and some of it comes from the Ministry of Labor.

Discussion of where the manpower division should be located with in the Ministry of Defense or Ministry of Labor or Ministry of Planning. Mr. Lindahl reiterated the point of getting the placement service within the Ministry of Labor. Felt it was quite important.

MacDonald: What does the placement service do?

Lindahl: Included is the employment of people by U.S. forces.

Comment: 21 working in Saigon. In all provinces they are not separate from other offices.

Discussion of placement service. How and if it was important, and if so where to locate it. Using Hoi Chanh, refugees, veterans. MacDonald stated that they

all have their own capabilities and didn't feel it necessary for Labor to handle them.

Comment: Everybody gets hired except Class II veterans and Hoi Chanh who have it pretty good. These people want jobs better, not less than what they are doing now.

MacDonald: It is obvious that we can't do everything nor can we do it immediately. What do you want for the Ministry of Labor in regard to placement services?

Comment: Need a basis to build on when war is over. We have aneed and Ministry of Labor operations is more suitable now than after the war. Employment services is trying to build functions to use later.

MacDonald: This is sensible and fine, but at the beginning of the discussion I felt we needed an employment service, now I don't think so.

Denman: Have (1) one man, employment services (manpower division), (2) one labor market statistician, (3) two skilled training EDCON workers, (4) 2 skilled training coordinators in industry with MOL.

Program Office would like to have them cut to two men and $ 10 million.

Roush: We don't recommend any reduction at all.

Lindahl: We and Jim are at odds on occupational analysis for 6 months TDY.

Roush: We don't focus on the number of people but whether we should go ahead. We are having activities which cover manpower training, etc. Basic question is how many things our labor people should be in. We have a request in for 68 budget for four personnel to be funded from American Aid Chapter. Shows 44 people financed from American Aid and only three from Ministry of Labor. We question whether we can really get adequate support from the Ministry of Labor. Can they do it and make it work? At this point we have recommended to DGBFA that we not fund

salaries in the American Aid Chapter. GAO is on our backs and we should know that the money is adequately spent before reimbursing the government.

MacDonald: Foreshadowing comes not from what we can do but what the Vietnamese can do for themselves. We have to learn our lesson. Minister of Labor should take it up with the proper people. We are not the proper people, the Vietnamese Government is.

Roush: On the AAC, 140, don't know if they have all been recruited. The Ministry proposes only 23. 299 in general support.

We need to decide if it is important enough and get them to make a major effort to set up an employment service.

MacDonald: Emil, I have to ask you to go back to the Ministry and talk this out with them. Jim, you push DGBFA and together you can get what you want. But the Ministry must back it. If they don't do it, whether it should be done or not, it won't get done.

Roush: This covers the employment service, two others are manpower planning and labor market. The problem is shifting salaries. How much is necessary and desired on the part of the Ministry and our people. In terms of efforts made it is ours. We should push them.

MacDonald: the AAC principle is the same. As for where the manpower should be lodged both in the GVN and US Mission, the GVN has a policy established. What do they imply as far as Ministry of Labor is concerned? Do they have the capability to do it? Will they provide piasters? If so, sure we can help in this area. Let's answer the first question. Til we find out what they are prepared to do we can't answer any other questions. How jobs in skilled training?

Roush: 44

MacDonald: How many people do they have employed? Is 84 (35 per diem slots) how many people in manpower are American?

Lindahl: Just one.

Roush: What are you identifying as manpower?

Lindahl: Sorry, in the total manpower section there are four.

MacDonald: Your ceiling is seven and you are proposing 9?

Lindahl: No, there is one TDY and one short-termer.

Roush: We can try ILO.

Lindahl: I have tried hard to get them to involve anybody but us. The Ministry is not enchanted with ILO. I have not sought to place Americans first.

MacDonald: Let's try.

I would like to hear about the AFL-CIO contract. It is a dmaned important part of the total picutre.

Lindahl: I agree. It is in its infancy, and has the usual logistical problems. They have underway a two month seminar.

Comment: They have 60 participants training for CVT. 30 will be going into the field. The other 30 will take a course in management and accounting and then be sent out into the field to assist the others. Started in late August. Wil be doing this for about 1,000 cadre trade unions.

MacDonald: I would like to close with an encouraging note to you. I realize the special difficulties we have in any underdeveloped country. I think we have special difficulties here. I don't want to leave it to you, you are entitled to support from us and you will get this. In the final analysis we are not going to run faster than their legs will carry them. We must have their willingness and help before we can help them.

September 13, 1968

NOTES TAKEN AT DIRECTORS REVIEW ON LOGISTICS FY 69 PROGRAM

ACTION ITEMS:

1. Director is interested in progress, capacity and future plans in data processing areas. Program to set up briefing by SDC personnel for senior staff.

2. What is the status of the single requisitioning document proposed by the Roush Committee.

3. Logistics to take a look at the problems involved and possible courses of action required to integrate Public Health, Public Safety, and Public Works into a country-wide logistics system. Should present time-phased plan with recommendations.

4. Region III would like to try for VN contract or operator for Province Shops at Tay Ninh. They are having trouble getting GVN trainees. Mr. Wild to have Logistics look into this.

5. Program is to prepare a summary of all GVN foreign exchange required to support projects (repair parts, water works, electric power, etc.).

6. Following the Director's Review Logistics and Engineering personnel met to resolve transfer of Project 385 activities to Project 389. They agreed to delay construction of Vinh Long until FY 1970. Original request of $600,000 for FY 69 for Can Tho remains firm, USAID will attempt to move this activity into a capital assistance project with substantial piaster input by GVN. Engineering and Logistics propose that A & E studies for 20 fishing harbors should not be included in the Logistics budget but in the budget of industry or fisheries.

7. Engineering and Logistics recommend USAID stay out of the navigational aids business. This activity should be Dept of Commerce PASA and a Special Project.

DRAFTED:PROG;CP:JChimento:bp:9/16/68

September 20, 1968

ISSUES AND PROBLEMS

LOGISTICS

MISSION-WIDE COMMODITY SUPPORT 730-11-990-330

AID/W has informed USAID that U.S. Military has budgeted $7 million for MSTS unloading charges in FY 69. Piasters budgeted for MACV unloading charges, VN$200 million will be available for re-allocation. Economic Counselor should explore impact of this reallocation in view of stabilization problems.

LOGISTICS TECHNICAL SUPPORT 730-11-990-378

None

NATIONAL MAINTENANCE SYSTEM 730-11-990-382

1. USAID has budgeted for $2.5 million in repair parts. The GVN will be requested to supply $2.5 million of their foreign exchange to purchase Repair Parts through USAID/GSA channels.

2. Province Shops: Of 46 shops planned, 8 are operational, 20 are under construction, 18 are scheduled for construction during FY 69. Existing provincial maintenance capability and vehicle and equipment density will be examined prior to initiating new construction. MORDS supplies trainees for operational shops, but will further explore possibility of Contractor operation of at least one shop in Region III.

PORT MANAGEMENT AND OPERATIONS 730-11-340-389

1. Port Improvement: Several activities originally under Project 385 have been assumed by this LOG project. It is planned to continue improvement at those ports where we have large investments. FY 69 improvements are estimated at US$ 1,116,000 & VN$389,000. Approved activities will be implemented only after economic feasibility is examined and significant GVN Budget input is assured.

2. Other Costs (Contract): Excludes $50 for installation of Navigational Aids. It is ENG Division responsibility to notify the U.S. Military that USAID will not accept responsibility for this proposal.

PORT MANAGEMENT AND OPERATIONS (DOD-Funded) 730-11-340-389)

We have excluded $50,000 in navigational aid commodities. It is ENG Division responsibility to inform U.S. Military that USAID will not accept responsibility for this proposal.

WAREHOUSING AND DISTRIBUTION 730-11-380-390

None

LOGISTICS - Notes from Director's Review Meetings September 13, 1968

Crownover: We presented a program a year ago, with your blessing, and have accomplished the following: (1) implementation of basic supply system which now is almost one year old, success at this moment; (2) cargo arrival accounting (last report) 150 ships since April show that manifests and receipts represent a loss of $7,000 of commodities; (3) the GVN assumed responsibility for off-loading rice and PL 480 cement. (4) Repair parts depot -- we have increased fill rate from 40% last year to 60%. The goal is 85%.

In the field of procurement, we now have single line procurement and requisition systems in operation.

A system to dispose of unrepairable equipment was mentioned last year. One man, working on this project part-time, disposed of 7,900 pieces of equipment. Large numbers of equipment have been identified. Sea Land Services which ships fragil items has been 0% in breakage. CPSA agreed to an insect and control program.

Recommend that USAID not approve purchase of any more pre-fab warehouses. CPSA warehousing survey has been completed.

MacDonald: Is that the 485 warehouses thing?

Crownover: Yes. Also coastal freight has been eliminated.

Wild: Reduction in the surcharges at the port is important. Chartering of vessels in US is easy. In Saigon surcharge is down to 0, was 8.50 a year ago.

MacDonald: I want to say you have done a tremendous job.

Wild: This is the new element between a supply office we had the crisis over a few years ago. Next year I hope we will be down to a normal level of a supply office.

(Attach.)

MacDonald: Have you given help and guidance to agriculture, public works, etc. -- We can cover that later.

Crownover: What is important is the establishment of a National Logistics Agency. We hope this will be successful so that CPSA will be able to get up some policies for operation. Want to continue to expand spare parts storage until we reach 85% fill.

Discussion of repair parts.

Crownover: Can't go faster. Done on a basis of requisitions received. Only 30,000 line items at the depot. Should be last items to be transferred to GVN control or financed with Foreign Exchange (spare parts) because (1) underdeveloped countries are lacking items that are necessary and, (2) difficulty in managing the spare parts.

MacDonald: Looking ahead when would you see a shift over of financing and administration of spare parts to the GVN?

Crownover: I have given it thought. They have not provided the people. It is an American show. The budget the GVN gives for spare parts is not enough money. We must get them to pay in piasters first. Thieu must raise the amount of money and not give them the money but transfer to CPSA to draw against.

On the 1st of October port clearances and general cargo of vessels will be transferred to GVN. USAID financing of piasters later that will be taken care of by the foreign exchange. Port of Saigon is operating quite well.

Discussion of the 125th TC withdrawal from Saigon port.

Crownover: Integration of supply systems with refugees, social welfare and Chieu Hoi. One warehouse is the supply point. Part of the problem is port construction in the Delta.

Wild: Defense on security and pressure from Komer. Some additional

Improvements were made in previous years, the most recent being minor.

Crownover: Several points cited: ALSCO will be terminated; transportation people necessary -- 20-25; lease for warehousing for fertilizer and CPSA lease on submarginal will be terminated because other being built at Thu Duc; barges off; tugs will be kept until new ones arrive.

McDonald: What about the Mission Wide Warehouse Project?

Crownover: Hope to make one this year (survey). Put on computer for a break down. SEC will take on the job in a few months. CORES is moving fast to acquire a numbers system.

Wild: Anything on MID/ADP presentation? We need some idea of what they are doing especially in the areas of administration.

Rousk: I would like to have a review.

Wild: I want to know what the priorities are.

Crownover: Arrival accounting system is one.

MacDonald: You mentioned Refugees, Social Welfare and Chieu Hoi, what about the rest of the sectors? Do they get touched?

Crownover: No not until the first one is done. I don't think the GVN should have complete control over them ever.

MacDonald: No services provided at the present time?

Crownover: No. They are under request, procurement.

Mossler: How many people are involved in the other areas in maintenance? I think we should look over it at a later date, the personnel, maintenance etc. to see if we can find any place for economy.

Crownover: History of personnel: last year -- 205, increase of 10 was agreed to -- 215. 170 here was reached in June and is being held. Can maintain the daily work load but can't move as fast as we would like. Proposed to drop to 150 if CORDS can let provincial advisors go. FY 70 we can drop to [illegible].

Growth of Logistics in 1966

Crownover: Amount of money spent for commodities has dropped in last two years.

Primarily the thrust this year is for repair parts. 7 million for one additional year. Services - marked drop in requirements as should be because of elimination of many things. Overall program -- high three years ago - 20 million to present 8.9 million.

Roush: MACV discharge costs. Understand DOD is funding in 69, no reimbursement from us. They may feel that amount involved is considerably less and difficulty of keeping costs separately, it wasn't worth the bookkeeping to them. I don't know.

Westwood: DOD has 7 million (discussion followed on whether or not DOD was aware of this particular 7 million and had the right piece of paper in their hand.)

Roush: We have a fair amount of forward funding for emergencies.

Discussion of cement: Regions direct the cement. Aren't getting all they can use but are using what they get -- keeps them busy.

Roush: Logistics Tech Support - feel I should point out that commodities in FY 67 - 160 million, dropped in 68 to 90 million and dropped to 40-45 million this year. Procurement activities should be going down and should mean a reduction in personnel.

MacDonald: Where do you see savings in this?

Crownover: In procurement we have two people who can go. Dollar decrease does not necessarily relate to people needed.

MacDonald: Any comments from village or provincial supply men?

Comments: Need them for at least one more year. Getting into maintenance area is taking a lot of logistics time.

Crownover: Hope to get central motor pool at province level -- consolidating motor pools with the GVN.

MacDonald: I ask because of thinking ahead to the dismantling process if some kind of peace comes. The sooner we can turn things over to the Vietnamese the better off we and they will be.

Roush: Plaster funding comes in here. It would help them a lot.

MacDonald: If they are funding things, turn the plasters over and draw out American advisors, and they will be better off.

Crownover: The ones here on PASA are beginning to leave.

MacDonald: We don't have that many supply types in the career service.

Crownover: I agree but we can't get them to stay when we get them.

MacDonald: They aren't letting us renew the PASA?

Crownover: Cable asked for additional direct hire, putting them in the pipeline. Defense has given us 40.

Wild: This is a good place to put JOT's and great experience for them. Quite willing to train JOT's.

MacDonald: Do you know who the 15 men are?

Crownover: No, Roy Odom in AID/W, has a list of candidates.

MacDonald: Let's raise the JOT point with AID/W.

Roush: The point being made that we wonder why we can't contract rather than direct GVN management to encourage the private sector and all kinds of projects the GVN couldn't provide people to handle. Logistics felt they were too far down the line and no capable people. Grant said to try ESSO for contracting and management. Felt that you could not expect ESSO locally but should be taken at home office. It is still something we feel needs to be reconsidered because of the number of Americans and TCNs involved. Should be consider the contracting from the outside or contract with private sector to manage them?

Crownover: I would like to respond. NORD program that funded the shops had them fabricated and shipped to provinces and took initiative to find the land and arrange for construction. USAID's part in this has been to

provide shop equipment, roofing and cement and advisory services that can be given by 2 Americans and 25 Koreans in the field. Discussed with MORD the possibility of contract. No they don't want contracts, wanted local employees, with Vietnamese, Hoi Chanh. I say, let's give them a chance. They are doing a pretty good job. We are not in a position to press them into a contract until we find they can't do it. They can recruit and maintain some skilled people and trainees to operate the shop until it becomes operational.

Wild: How do the advisors feel?

Comments: (1) Feel Crownover's comments are correct, they are trying. (2) Can't get trainee mechanics. Feels need private contracts. (3) One shop was staffed by third country nationals, reorganizing and training within a month and they can work on their own. Other two shops have people on-board. (4) In our areas it is working and working closely with the Chieu Hoi advisors.

Roush: Who's running the shop? It looked like Americans to me.

Comment: It is quite evident that the one American there has taken over. This is usually the case if Americans are involved.

Crownover: I agree to go to MORD when any shop that doesn't work to ask for a contract.

MacDonald: How about comparative experience?

Roush: As I said at the outset, we don't have any issues but we have things you should know about. I think we are hurting the private sector by carrying out too many of their programs and yet I think in certain areas we are pushing them too much.

MacDonald: Let's go on.

Roush: Just a minute. Look at the 2 million for continuation of spare parts and spare parts depot. Now our CP went in saying no more and

if we ask for funds for two years more we feel we should make a concerted effort to have GVN transfer foreign exchange to us.

On port management we have DOD-funded commodity element of $190,000 this year. Last year we had two port projects. In Washington they felt there was duplication of activities, and we had a problem of coordination. It is clear that if we have one project as well as port improvements, this is strictly construction, and from now on we should review these as capital assistance projects.

?.1 million in other costs relates to continued construction activities. Should get into areas Bill Wilds wants to speak of.

Comments: Discussion on time frame: Can Tho - construction started this month. will be operational by first of year; Vinh Long - won't be in operational condition until June next year.

MacDonald: Engineering and Logistics should get together and plan this out. But we should proceed ahead.

Roush: Do you suggest we leave the funding on it in our program?

MacDonald: Is it possible for us to do this?

Crownover: We can discuss it again before a week goes by.

MacDonald: Take a week then and look at it before we come to a decision.

Roush: OK

MacDonald: Any more points of interest?

Roush: We have many warehouses we don't need.

Wild: Has been discussed and decided.

Roush: OK

SUMMARY
National Information Service
FY 1969-1970 Director's PBS Review

This sector supports pacification and nation building through utilization of communications media. Four activities are USAID financed: Radio Vietnam, National Printing House, National Motion Picture Center, and Vietnamese Information Center. New program emphasis on Radio VN, Printing House and GVN assuming greater burden.

PERSONNEL SERVICES

Direct-hire technicians - No issue. Recommend ceiling of 30. JUSPAO/Commedia came in with 29-FY 69, 25-FY 70.

PASA - None

Contract - Not discussed. No issue.

Participants - No issue. Our man to go to Philippines to study operations of USIA Manila Region Printing Services.

COMMODITIES

No issue. However, discussion turns on number of printing establishments developing in other ministries. Agreed to work towards rationalization of this issue.

OTHER COSTS

No Issue.

USAID to fund $500 thousand in FY 1970 -- provided DOD provides $205 thousand -- to fund maintenance and in-service training contract for Radio Vietnam.

MAJOR ISSUES

None

NATIONAL INFORMATION SERVICES (JUSPAO) - Notes From Director's Review Meetings

September 17, 1968

Mossler: Mr. MacDonald sends his apologizes. Rather than hold up the meeting I suggest we get started, he maybe here later.

Battey: I do have a summary statment I would like to make. Since our review of this project last year, JUSPAO has reorganized the element through which we administer the project. It is now the Program Liaison Office, headed by the Assistant Director of JUSPAO. In the next two years we hope to see a list of the technical programs.

General figures from past three years in reaching the GVN through other agencies: well over $\frac{1}{2}$ of USIA goods into direct support of USAID-funded projects, 3 million in staff materials and funds in all natures. (Showed samples of publications.)

DOD is the other major helper, contributing 3 million to development in Vietnam of TV. In addition they contributed 104 officers and men to the JUSPAO staff. About 1 million was spent helping the GVN assume major efforts.

We request resources to continue. Our total for 69 is 1,876,000 for four projects and is lower than 68 obligations.

We want to insure GVN participation in the radio stations. Estimate increase upward $500,000. DOD may contribute towards this training contract.

Aspects of our thrusts through next two years is to get a system built and operating as soon as possible. Expect GVN take over through foreign exchange in 1971. At that time we will ask them to take over TV spares.

We will provide through the printing house a number of posters and pamphlets, some items for Public Health and some in support of Public Safety programs.

In 1970 third country assistance from Japan can be used to provide more equipment.

Mossler: A couple of questions. Of the four forms of material, I was impressed that you are moving them to GVN, any rough idea how large a percentage is being borne by GVN?

Battey: Of the total piasters or dollars?

Mossler: Both.

Battey: 900,000,000 piasters.

Mossler: Has equipment been working?

Battey: We don't have a breakdown as of yet.

Mossler: Don't think foreign exchange is that important.

Roush: I think the problem is that the Ministry's budget exceeded what DGBFA could handle. New ceiling was established and Ministry's had to rework their budget. Haven't settled revised budget yet.

Mossler: What happens to the balances of our budget if GVN doesn't pick up these funds?

Battey: We believe that they will, so far they have shown a good intent. If they don't we still have a supplemental equipment load in the field. When repair centers begin to function we do have a pipeline in the field ready to go.

Mossler: How about TV? You said you were going to try to get them to pick it up.

Battey: It is in the project agreement. I can only say we will try to get them to pick it up. Agreement is still before the Ministry to be signed. Delay was informing the new Director of what he was signing.

Mossler: With the possible exception of TV most of the programs would

continue as they have, is that correct?

Battey: Yes

Mossler: As to personnel, where do they work, etc.

Battey: Sub-advisors and technical advisors, Ruth can you answer that?

Ruth: 4 plus 1-contract for radio

1 National Motion Picture Center

18 VIS

2 National Printing House

4 General Support

We are carrying 12 CORDS. This is the staff of the Program Liaison Office.

1 CORDS - TV

2 Warehouse

4 JUSPAO field development positions

39 JUSPAO working for CORDS

35 military.

Wild: You are not programming any vehicles?

Battey: We provide all administrative support for people in the field using vehicles, part of JUSPAO budget.

Mossler: This is above your overall budget?

Wild: Where is this?

Battey: This is in the USIA budget. It is from the trust fund with piaster support element that covers administrative expenses.

Mossler: This is all above and beyond the 39 paid for by JUSPAO?

Battey: Yes

Roush: Just a matter of making clear what we will be called upon to fund from the trust fund. If there are any problems as to appropriateness we can resolve before hand. Is there anything new?

Battey: No, nothing new.

Woggan: First items in issue paper where we discuss the possibility of piasters support for the VIS, it might be advantageous to request funds from the Vietnamese Aid Chapter.

Roush: How much from AIK?

Battey: 44 million over the past year.

McManaway: Suggest that might be a mistake. They have closed their books, I suggest we consider something else. USAID is concerned that we don't come back asking for more piasters.

Mossler: Any more on point one? What about the radio operation?

Battey: This is a two year contract. It would have to run two years to complete its purpose. The help from DOD is very important. I think if we can get $500,000 in the USAID appropriation and 200,000 from DOD we will be able to do this job right. There are various aspects that can be changed. It is negotiable, can be done at low cost.

Mossler: Don't believe you have an issue.

Battey: No, we are prepared to live within the 500 estimate.

Mossler: One this we might do, are there any field representatives here?

III: I have no comments on the topics so far discussed, they are national programs, all needed for support at the province level. I do have a few basic comments about the commodity support.

McManaway: IIICorps has consistently provided us with a written comment, which is well done. I would like to read one paragraph (which he did).

Turner: The paper is good, but is not as timely as it could be. It is addressing priorities that have been overtaken by events. The criteria are under review at the national level. We are trying to relate to other areas. There really isn't any issue. We can support the objectives that they have in the paper when realigned within current changes.

McManaway: A couple of questions. We hear of trial propoganda to get to the people just what is going on in their fields? They were running a one-page sheet. What are your thoughts on the cost implications of this? Is it feasible to do?

Battey: Yes, it is feasible. The VIS equipment at village level is part of the whole repair problem. Would include facilities at province, district and down to major villages. This is not too ambitious.

MacDonald: There was one major witness. The fellow at province was not aware of what was available to put into the letters. Seemed to be a lack of guidance.

Turner: Can only suggest that we extend the current project in English and Vietnamese. We are addressing the problem in a current proposal at the hamlet level where the inadequate systems exist. See nothing in the way of a budget problem. We are trying to get them involved.

McManaway: Just one suggestion on that. We are in the self-help project, and we hope it will produce interest. We are particularly encouraged by this because it is in a major budget item. But I also saw Information Centers and Reading Rooms. Just how effective are these and what is it?

III: We have some. VC have knocked out a few reading rooms. A good deal of judgement is involved in setting them up. Not every village or hamlet needs a reading room, just a place for posters, etc. In major hamlets a separate room would be helpful.

McManaway: Just one last question. We talked a good bit about adult education and the impact there for pacification and we are think of building into the self-help program with the people of education. I wonder if there is some way of using your materials in the adult ed. course?

Battey: We have one project written especially for farmers. Has little propaganda. It is attributed to the Government, not JUSPAO. Our Free World Magazine has propoganda and is not strong ~~ha~~ for education.

MacDonald: You could develop materials?

Battey: We could develop them, yes.

Roush: Why can't the GVN publish all of them?

Battey: Takes six months to clear with the GVN, but they are mentioned in lots of the projects, but we don't actually but the label on. In Public Health we do get it through their office much faster. Same with National Police, they clear things fast.

Roush: You have more than 1 million involved here. Is there a particular Ministry that is difficult?

Battey: The Ministry of Agriculture is very difficult. It has been bogged down for the last seven months on one of our projects.

Mossler: We should raise this and flush it out.

Turner: We have gone so far now that the USAID advisors have recommended not publishing this book. It has been overtaken by events.

Battey: The function of the Rev Dev Cadres is referred to in the farmers book. The book is a subtle propaganda machine. We can do a great deal with it. It has a tremendous readership.

Mossler: Could you print more, should you print more?

Battey: We have recently increased this. We cut somewhere else to increase the farmer's book.

MacDonald: We obviously aren't getting the demand if it is on the black market.

Mossler: Let's move on. Is the Ministry ~~of~~ overlapping the work of other Ministries?

Roush: You are nod duplicating, but other people are duplicating what you are doing. There is also a problem of misplacement of resources.

Requests from field come in for materials and regardless of who needs the material it ends up in JUSPAO. I don't know what sort of mechanism we have to see that they are doing the work that should be done.

Comment: One think we don't know is the facilities that are available. CORDS is now analyzing the field requests more closely. They will stop it if it should go to JUSPAO.

Turner: The material can be not only from the field but from CORDS. We must know what is available in other places. We try and screen them and I am sure that they try to get them done in-house, but priorities helps out.

Roush: We should never have let these others build up. If people were in one place we would have a partial ~~xxxx~~ capacity. Are we talking about this being done within JUSPAO operations, not through national printing plant. Where are the publications actually being handled.

Comment: The National Printing House has a rather limited capacity. In lieu of national printing we have stepped in with JUSPAO II, with its resources in Manila. It is a matter of getting the job done.

Roush: Last year we discussed this and felt they weren't able to handle other things. But if something more can be done we are quite prepared to finance an addition to the national printing house. I know we brought in additional equipment. We have also indicated more contracting.

Averill: Without JUSPAO the agricultural publications would not have gotten out. The agriculture manager was extremely slow. The original concept came from JUSPAO.

Mossler: Any other questions on the total presentation?

Roush: We do have someone from PSD.

PSD: Now has the capability for providing for all its own printing material. This has happened within the last two months. We have all our machinery. Am Sure arrangements can now be made to help other Agencies.

Mossler: Will this help toward your budget?

Battey: Yes, if this problem is discontinued we can have them publish things for us.

Mossler: I assume you will get back to Jim Roush if you want to give back funds?

Battey: Yes.