

PRO AG  
VIETNAM

01

**PROJECT AGREEMENT**  
**BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),**  
**AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND**  
**THE DIRECTORATE GENERAL FOR BUDGET AND FOREIGN AID (DGBFA)**  
**AN AGENCY OF THE GOVERNMENT OF VIETNAM.**

Page 1

Under the terms of the Economic Cooperation Agreement signed September 7, 1951, and the standard provisions annexes attached, it is agreed to carry out a project in accordance with the terms set forth herein.

1. PROJECT No. 730-11-330-296      2. AGREEMENT No. 70-054      3. ORIG  REVISION No.

4. PROJECT TITLE: Railway Rehabilitation (DOD)  
(Sub-Activity)

5. PROJECT DESCRIPTION AND EXPLANATION (See Annex A attached)

6. APPROPRIATION: 72-1101006      7. ALLOTMENT: 056-50-730-00-71-01

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. Personal Costs				
(1) US				
PASA				
Contract				
(2) Local and TCI				
PASA				
Contract				
b. Participants				
AID Direct				
PASA/Contract				
c. Commodities				
AID Direct	286,000	1,079,000		1,365,000
PASA/Contract				
d. Other Costs				
AID Direct				
PASA/Contract				
<b>e. TOTAL (ALL COSTS)</b>	<b>286,000</b>	<b>1,079,000</b>		<b>1,365,000</b>
<b>9. LOCAL CURRENCY FINANCING</b>				
(M.80 - Pasture)				
a. Counterpart				
Trust Fund				
AAC				
Special Fund				
Other				
b. GVN (show source below)		150,000,000*/		150,000,000*/
c. US - Owned				

10. REFERENCES AND REMARKS:

PIO/C 0100403 , \$ 164,500  
 PIO/C 0100404 , 280,000  
 PIO/C 0100405 , 301,500  
 PIO/C 0100406 , 49,000

\*/ VNRS Resources

11. DATE OF ORIG AGREEMENT: September 5, 1966      12. DATE OF THIS REVISION: March 28, 1970      13. EST FINAL CONTRIBUTION DATE: March 31, 1972

14. GOVERNMENT OF VIETNAM      15. AGENCY FOR INTERNATIONAL DEVELOPMENT

SIGNATURE: [Signature]      DATE: March 25/70      SIGNATURE: [Signature]      DATE: 3/3

TITLE: Director General      TITLE: Director

for Budget and Foreign Aid

AND 1688-10  
10-60  
FORM 10  
10-60  
24087

**PROJECT AGREEMENT**

**BETWEEN AND AMONG**

**DSMFA**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

1. Project/Activity No.

730-11-130-296

2. Agreement No.

70-054

3. Project/Activity Title

Railway Rehabilitation

PAGE 2 OF 8 PAGES

Original or

Revised No. 3

AGENCY A

**I. BACKGROUND**

A. The Vietnam Railway System (VNRS), was constructed between 1902-1936 by the French-Indochina Government and operated as an agency of that government until 1948. Subsequent to that time the following changes have taken place:

1. During 1948 the name of the railway system was changed to Regies des Chemins de Fer, gaining juridical entity and financial autonomy, with the Director assuming responsibilities for operation and management, and reporting to a Board of Directors comprised of various elected ministers. This organizational structure exists today. Four years later ownership was transferred to the Government of Vietnam.

2. Between 1954 and 1959 the VNRS reconstructed their railway system from Saigon to Dong Ha (17th parallel) with their own financial and engineering resources, which is a testimonial to their capable leadership and engineering resources.

3. From 1960 to 1964 the VNRS continued to operate their railway system transporting approximately 1/2 million tons of cargo and 4 million passengers annually. During this period the VNRS continued to upgrade their entire system by modernizing their shop facilities, mechanizing track maintenance, changing motive power from steam to diesel-electric and replacing their rolling stock with modern equipment. The US Government assisted with commodity grants amounting to \$12 million and a Development Loan of \$7.8 million. The Australians through the Colombo Plan furnished ten modern passenger cars.

4. In November 1964, typhoons Joan and Iris, the worst in 65 years, did considerable damage to the railway system and with the unabated Viet Cong sabotage, the railway was severed in many locations with operations restricted to five separated segments. Again a reconstruction project was foreseen as great as that of 1954-1959.

B. In 1966 the US Government pledged further support in commodities, provided the GVN took the initiative to secure and reopen their rail system. This action was sanctioned by the US Military who acquired and brought into country 200 rail cars and 10 switching locomotives to supplement the VNRS fleet for the handling of military cargo.

This second major reconstruction effort began in December of 1966 and has progressed in those areas where security has been reestablished. The railway has contributed significantly to the war effort, the pacification program and the economic growth of South Vietnam. For instance all rock

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

**PROJECT AGREEMENT**

DEVELOPMENT AND ASSISTANCE

DGRFA

1. Paper/Activity No.

730-11-330-296

PAGE 3 OF 8 PAGES

2. Agreement No.

70-054

3. Original or

Revision No. 3

3. Paper/Activity Title

Railway Rehabilitation

AN AGENT OF THE GOVERNMENT OF  
Vietnam

PDAG  
CONTINUATION  
SHEET

ANNEX A

aggregate used in the construction of the Tuy Hoa and Phu Cat Airports as well as QL #1 and other highways are transported by rail, in addition to the movement of other construction materials.

C. Today the railroad is operated in three separated segments with approximately 55% of the 1106 km of main line track operational.

a. The longest segment of nearly 400 km from Phu Cat to Song Long Song handles/number of rock trains daily for highway construction work. Military cargo from Qui Nhon and Cam Ranh Bay move by rail to Phu Cat, Tuy Hoa, Ninh Hoa, Nha Trang and Phan Rang. The VNRS also transports approximately 11,000 passengers weekly over this section.

Another segment (103km) from Hue to Da Nang which was reopened in January 1969, has been averaging approximately 1,000 tons of cargo and 1,000 passengers per week.

The remaining section (80km) from Saigon to Xuan Loc (and serving the Thu Duc industrial area and the Long Binh military complex) plays an important role in clearing the Saigon Commercial Port of military and civilian cargo currently exceeding 200,000 net ton-kilometers per week. Another advantage of this operation is that it eliminates from 400 to 900 trucks a week from using the congested streets of Saigon for movement of military, USAID, and commercial cargo. Three round trip passenger trains also operate daily over this segment transporting an average of 25,000 commuters per week.

D. The US Military at present is constructing or planning the construction of a number of spur tracks and yard complexes which will enable the VNRS to ship cargo direct from various port facilities to military complexes by rail. This includes an ammunition spur track at Phu Cat, a branch line to New Port, the Long Binh yard complex, Qui Nhon Port and the Phan Rang Airport spurs. The economics of moving cargo by rail, plus the advantage of releasing trucks for work in the provinces, has made rail traffic attractive to the ARVN and US military.

E. During CY 1969 the VNRS completed the construction of a number of spur tracks and yard complexes to better serve the military as well as other rail customers. These included spurs to RMK Island at Thu Duc, the CLA open storage area at Thu Duc, the M & M piers at the Saigon Commercial Port, the Camp Haskins Army Base and the Phu Bai Airport; additionally a rail complex at Da Nang now permits movement of cargo directly from barges to rail cars.

**II. DESCRIPTION AND OBJECTIVES**

The Railway Rehabilitation Plan is a continuation of the Railroad

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE:

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TITLE:

TITLE:

**PROJECT AGREEMENT**

BETWEEN AND AMONG

**DOBFA**

AN AGENCY OF THE GOVERNMENT OF  
**Vietnam**

1. Project/Activity No.  
**730-11-330-296**

2. Department No.  
**70-054**

3. Project/Activity Title

**Railway Rehabilitation**

Sabotage Replacement program initiated in 1966. The broad course of action for 1967, 1968, 1969 and 1970 programs is covered in MACV Directive 522, dated September 13, 1966, and the Combined Campaign Plans AB-143, AB-144 and AB-145. The planning and implementation of this project is coordinated by the following committees; (a) the Joint Committee for Railroad Restoration Planning, (b) the Railroad Standing Committee, and, (c) the Joint MACV/USAID Railroad Coordinating Committee.

1. The order of priority for the rehabilitation efforts has been established as follows:

Main Line & Branch Line Restoration

<u>No.</u>	<u>Month and CY for Completion</u>	<u>Number Km.</u>
1. Hue (km. 688) to Dong Ha (km. 620)	February 70	68
2. Song Long Song (km. 1465) to Xuan Loc (km. 1649)	June 70	184
3. Phu Cat (km. 1070) to Quang Ngai (km. 927)	June 71	143
4. Quang Ngai (km. 927) to Da Nang (km. 791)	June 72	136
5. An Hoa Branch Line (20 km)	December 72	20
6. (The Dalat Branch Line from Song Pha to Dalat is temporarily closed due to in-security and minor damage. This is to be reopened June 1970 with priority #2).		80
<b>Total:</b>		<b>631</b>

2. The long range goal is to attain a 2,000,000 ton haul capacity of the present system to relieve the current highway and port congestion, and to carry a minimum of 4,000,000 passengers annually to relieve the current burden on highway and air travel.

**III. DESIGNATIONS**

**A. USAID**

The USAID Railroad Advisor is hereby designated US Project

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

**PROJECT AGREEMENT**

BETWEEN USAID AND

**DKBFA**

AN AGENCY OF THE GOVERNMENT OF  
**Vietnam**

1. Project/Activity No.

**730-11-330-296**

2. Agreement No.

**70-054**

3.  Original or

Revised No. 3

3. Project/Activity Title

**Railway Rehabilitation**

**PR346**  
**CONTINUATION**  
**SHEET**  
**ARTICLE A**

Manager. In this capacity he will act as technical advisor, coordinate the USAID assistance provided for the project, and work closely with the GVN Project Manager in all phases of the project, including budgeting, implementing, and evaluating.

**B. GVN**

The Director of the Vietnam Railway System is hereby designated GVN Project Manager. In this capacity he will be primarily responsible for the overall implementation of the program. It is understood and agreed that he will work closely with the US Project Manager and will seek and utilize the latter's technical knowledge, advice, and counsel to the maximum degree practicable to attain project objectives.

**IV. IMPLEMENTATION PLAN AND RESPONSIBILITIES**

A. The VNRS's responsibilities in the Railway Rehabilitation Project shall cover many fields of endeavor. They shall continue to provide the actual construction effort, including work trains, supervision, office and field engineering, construction labor, construction contractors if required, and a portion of the commodity support from their own financial resources. This commodity support shall consist of petroleum products, wood crossties and cribbing materials, earth fill materials, prefabricated and concrete bridge parts, concrete and clay bricks, in addition to repair parts for foreign manufactured equipment and machinery.

It shall further be the VNRS's responsibility to initiate reconstruction of any given railroad section immediately after security is re-established on it, in accordance with the priorities agreed upon by USAID/VNRS/ARVN/MACV, utilizing construction equipment and materials in such manner as to expedite the reopening of those segments for cargo and passenger transport.

B. USAID's responsibilities in this Railway Rehabilitation Project, shall be basically twofold:

1. USAID shall provide the necessary commodity support up to the amount shown on the face sheet of this agreement from US resources. This commodity support will consist of track and bridge construction materials, motive power and rolling stock repair parts, including the replacement of equipment damaged beyond economical repair, and the necessary construction equipment to perform the overall reconstruction effort in an expedient and economical manner.

**subject to availability of funds**

2. USAID shall furnish one direct hire US Railroad Advisor for

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

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TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

**PROJECT AGREEMENT**

REVENUE AND AID

DDSCA

1. Project/Activity No.

730-11-330-296

2. Agreement No.

70-034

3. Original or

Revision No. 3

4. Project/Activity Title

Railway Rehabilitation

AN AGREEMENT OF THE GOVERNMENT OF  
Vietnam

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this project to provide technical advice and to assist the Director of the VNRS and his staff in this reconstruction program (the Railroad Advisor shall also function as the USAID Project Manager for this DOD-funded railroad activity) and be responsible for the overall coordination and liaison between the various US Government Agencies concerned and the VNRS.

C. It is realized by USAID, MACV and the GVN that prudent planning is the first step to be taken in the overall reconstruction of the railway system. To insure full cooperation and coordination between the various departments and agencies concerned, the planning and recommendation of the following three will govern the progress of this project:

a. The Joint Committee for Railroad Restoration Planning, chaired by the GVN JGS; represented are members from USAID, MACV, ARVN and VNRS. The overall restoration goals are formulated by this committee for inclusion in the Combined Campaign Plan Program. This committee meets quarterly or when circumstances, require a major change in the overall program.

b. The Joint MACV - USAID Railroad Coordinating Committee, chaired by MACV-J5 Transportation. Represented are members from USAID, MACV, USARV, USAECAV & the 7AF (MACV has representation from 10 departments). This committee meets monthly to coordinate all US joint efforts.

c. The Railroad Rehabilitation Standing Committee, chaired by the Director of the VNRS. This committee convenes upon request from the Director of the VNRS and includes voting members from ARVN-JGS, USAID, and MACV. This is a working committee which endeavors to solve the day to day problems of reconstruction and to attain full utilization of that portion of the railroad which is operational.

**V. FINANCIAL OBLIGATION**

**A. USAID**

The dollar funds obligated in Block 8 on face sheet of this Agreement will provide funding for the procurement of project commodities, such as (a) rail and track materials; (b) structural steel, rivets and bolts for bridge repair; (c) diesel electric locomotives and rolling stock repair parts; (d) construction equipment, pneumatic tired trucks, end-loaders and portable electric welders; and (e) repair parts for track maintenance and construction equipment. Details will be included in implementing PIO/C's, including estimated delivery dates and costs.

Waiver: Under the authority granted to the Director, USAID, in M.O. 712.4, para III, A., 3.a., it is considered in the interest of the US

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

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TITLE: \_\_\_\_\_

**PROJECT AGREEMENT  
BETWEEN AID AND  
DGBFA**

1. Project/Activity No.  
**730-11-330-296**

2. Agreement No.  
**70-054**

3.  Original or  
Revision No. 3

**PROAG  
CONTINUATION  
SHEET**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

3. Project/Activity Title  
**Railway Rehabilitation**

**ANNEX A**

government to obligate \$284,000 of the funds provided herein without the concurrent issuance of the subobligating FIO/Cs. Delay in their issuance is required for refinement of requirements and specifications. This waiver is granted for a maximum period of six months and the FIO/Cs must be submitted for signature within six months from the effective date of this Revision shown in Block 12 on the Face Sheet.

**B. GVN**

The GVN agrees to make available from its own resources VN\$150,000,000 for this project during CY 1970. These piasters will be used for the rehabilitation program, and will be made available on a timely basis in accordance with the progress of the project and priorities agreed upon by USAID/VNRS/ARVN/MACV.

**VI. REPORTING AND EVALUATION**

The US and GVN Project Managers shall jointly prepare and submit to their respective agencies quarterly progress reports and other reports as may be requested, in a format mutually acceptable to the GVN and USAID. Distribution will include DGBFA and other GVN agencies when appropriate. These reports shall cover progress in the attainment of specific targets established in this Project Agreement and Work Plan, and identify any problems or delays encountered which are deterring progress of the project. Reports shall be submitted within 15 days of the end of the reporting period.

**VII. SPECIAL PROVISIONS**

A. The GVN agrees to utilize the USAID supplied commodities (material and equipment) for the purposes acquired, or mutually agreed upon. Materials shall be stored in accordance with good practices of material handling and distributed to work sites as required. Equipment will be maintained in good condition, with the manufacturer's servicing and operating instructions being adhered to.

B. Title to commodities supplied by AID under the Project shall pass at the times, places, and under the conditions specified below as applicable:

1. Irrespective of Authorized Agent, when project commodities are shipped via commercial carriers or international mail, title is vested in the Government of Vietnam at the time and place of loading/mailling.

2. Irrespective of Authorized Agent, when project commodities are shipped via the United States Defense Transportation System or APO/FPO mail,

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
TITLE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
TITLE: \_\_\_\_\_

PROAG  
CONTINUATION  
SHEET  
  
ANNEX A

**PROJECT AGREEMENT  
BETWEEN AID AND  
DGBFA**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

1. Project/Activity No.  
**730-11-330-296**

2. Agreement No.  
**70-054**

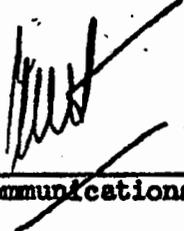
3.  Original or  
Revision No. 3

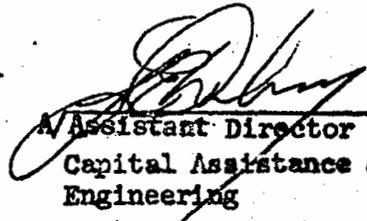
3. Project/Activity Title  
**Railway Rehabilitation**

title shall vest in the United States Government until such commodities are unloaded and received by an agency of the Government of Vietnam. At the time when such commodities are unloaded and received, title shall pass to the Government of Vietnam.

C. Upon receipt of USAID commodities, the VNRS receiving committee will immediately inventory these commodities and forward necessary receiving reports to the US Railroad Advisor. Shortage of or damage to such commodities will be documented and forwarded with receiving reports.

Concurrences:

  
March 13, 1970 -  
Minister of Communications & Ports (date)

  
3/14/70  
Assistant Director for Capital Assistance & Engineering (date)

  
March 13, 1970 -  
Director of VN Railway System (date)

For the Cooperating Government or Agency  
  
SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
TITLE: \_\_\_\_\_

For the Agency for International Development  
  
SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_  
TITLE: \_\_\_\_\_

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
TO  
VIET-NAM

PROJECT DOCUMENT  
APPROVAL FORM

Division ENGINEERING

Date Typed March 7, 1970

Project No. 730-11-330-296

Title Railway Rehabilitation (DOD)

Original Project Agreement

Revision No. 3  - 70-054

*HA* Polk  
PROGRAM OFFICE

3-19-70  
DATE

*Lee J. ...*  
PROJECT TECHNICIAN

3/13/70  
DATE

*RC* ...  
FINANCIAL MGMT  
*see memo*

3/25/70  
DATE

*...*  
DIVISION CHIEF

3/14/70  
DATE

PRO AG  
(VIETNAM)

11

**PROJECT AGREEMENT**  
**BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID),**  
**AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND**  
**THE DIRECTORATE GENERAL FOR BUDGET AND FOREIGN AID**  
**AN AGENCY OF THE GOVERNMENT OF VIETNAM**

Page 1

Under the terms of the Economic Cooperation Agreement signed September 7, 1951, and the standard provisions annexes attached, it is agreed to carry out a project in accordance with the terms set forth herein.

1. PROJECT No. 730-11-330-296		2. AGREEMENT No. 71-069		3. ORIGINAL X	REVISION No.
4. PROJECT TITLE, (Sub-Activity) <b>Railway Rehabilitation (DOD)</b>					
5. PROJECT DESCRIPTION AND EXPLANATION (See Annex A attached)					
6. APPROPRIATION: 72-1111006			7. ALLOTMENT: 156-50-730-00-71-11 (DOD)		
8. AID DOLLAR FINANCING (Cost Component)		PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
9. PERSONNEL COSTS					
(1) US PASA					
Contract					
(2) LOCAL AND TCN PASA					
Contract					
10. PARTICIPANTS					
AID Direct					
PASA/Contract					
11. COMMODITIES					
AID Direct			368,000		368,000
PASA/Contract					
12. OTHER COSTS					
AID Direct					
PASA/Contract					
13. TOTAL (ALL COSTS)			368,000		368,000
14. LOCAL CURRENCY FINANCING (\$1.00 = 118 PIASTERS)					
15. COUNTERPART					
Trust Fund					
AAC					
Special Fund					
Other					
16. GVN (SHOW SOURCE BELOW)			100,000,000 *		100,000,000 *
17. US - OWNED					
18. REFERENCES AND REMARKS: 8 PIO/Cs from 1110826 to 1110833  * GVN/VNRS Resources.					
19. DATE OF ORIG AGREEMENT June 28, 1971		20. DATE OF THIS REVISION June 28, 1971		21. EST FINAL CONTRIBUTION DATE December 31, 1974	
22. GOVERNMENT OF VIETNAM			23. AGENCY FOR INTERNATIONAL DEVELOPMENT		
SIGNATURE: <i>[Signature]</i> DATE: June 28 71			SIGNATURE: <i>[Signature]</i> DATE: Dec 71		
TITLE: Director General for Budget and Foreign Aid			TITLE: Director		

**PROJECT AGREEMENT  
BETWEEN AID AND**

1. Project/Activity No.

730-11-330-296

2. Agreement No.

71-069

3.  Original or

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**DGBFA**

3. Project/Activity Title

**Railway Rehabilitation  
(DOD)**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

**PROAC  
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SHEET**

**ANNEX A**

**I. BACKGROUND**

A. The railway system in what is now North and South Vietnam was constructed by the French-Indochina Government between 1902 and 1936. Immediately after the Geneva Agreement in 1954 the Republic of South Vietnam mobilized its financial, technical and labor resources under the newly formed semi-autonomous railway agency, Vietnam Railway System (VNRS), and began the reconstruction of its railway system between Saigon and Dong Ha (17th parallel). By August 1959 the reconstruction of the main line and branch lines were completed, except for the Loc Ninh Branch.

1. From 1960 to 1964 the VNRS operated scheduled freight and passenger trains over the entire system, transporting approximately 1/2 million tons of cargo and 4 million passengers annually. During this period the VNRS continued to upgrade their entire system by modernizing their shop facilities, mechanizing track maintenance, changing motive power from steam to diesel-electric and replacing their rolling stock with modern equipment. The US Government assisted with commodity grants amounting to \$12 million and Development Loan of \$7.8 million. The Australian Government through the Colombo Plan furnished 10 modern passenger cars valued at US\$900,000.

2. In November 1964, typhoons Joan and Iris, the worst in 65 years, did considerable damage to the railway system, and with the unabated Viet-Cong sabotage the railway was severed in many locations with operations restricted to five separate segments.

B. In 1966 the US Government pledged further support in commodities, provided the GVN took the initiative to secure and reopen their rail system. This action was sanctioned by the US Military who acquired and brought into country 200 rail cars and 10 switching locomotives to supplement the VNRS fleet for the handling of military cargo.

1. This second reconstruction effort began in December of 1966 and has progressed in those areas where security has been re-established. During this second reconstruction period, the US Government has assisted with US\$14 million in commodity grants. The VNRS has reopened 300 kilometers of main line railroad in areas where security has been restored. The GVN has subsidized the VNRS for this reconstruction in the amount of VN\$211 million. (This does not include subsidy for operations or sabotage).

2. The railway has contributed significantly to the war effort, the pacification program and the economic growth of South Vietnam. For

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

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PROJECT AGREEMENT  
BETWEEN AID AND

1. Project/Activity No.

730-11-330-296

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2. Agreement No.

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2.  Original or  
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SHEETAN AGENCY OF THE GOVERNMENT OF  
Vietnam

3. Project/Activity Title

Railway Rehabilitation  
(DOD)ANNEX A

instance, the majority of all the rock aggregate used in the construction of the Tuy Hoa and Phu Cat Airports as well as QL #1 and other highways are transported by rail, in addition to the movement of other construction materials.

C. Today the railroad is operated in three separated segments with approximately 55% of the 1109 km of main line track operational.

The longest segment, approximately 400 km, from Song Long Song to Phu Cat handles a number of rock trains daily for highway construction work. Military cargo from Qui Nhon and Cam Ranh Bay move by rail to Phu Cat, Tuy Hoa, Ninh Hoa, Nha Trang and Phan Rang. The VRS also transports approximately 11,000 passengers weekly over this section.

Another segment (103 km) from Hue to Da Nang which was reopened in January 1969, has been averaging approximately 2,000 tons of cargo and 1,500 passengers per week.

The remaining section (80 km) from Saigon to Xuan Loc (and serving the Thu Duc industrial area and the Long Binh military complex) plays an important role in clearing the Saigon Commercial Port of military and civilian cargo. Another advantage of this operation is that it eliminates a large number of trucks daily from the congested streets of Saigon and the Bien Hoa Highway. Three round trip passenger trains also operate daily over this segment transporting an average of 40,000 commuters per week.

D. The economics of moving cargo by rail, plus the advantage of releasing trucks for work in the provinces, has made rail traffic attractive to the ARVN and US Military. During CY70 the VRS will complete the construction of an 8 kilometer branch line and yard complex to the military installation at New Port, as well as a 20 kilometer rail complex within the Long Binh Military area. This will allow the direct rail movement of cargo from ships at New Port to Long Binh, and further north as restoration progresses. A 1½ kilometer spur track was also completed on the Qui Nhon Causeway to transport cargo direct from barges, by rail, north and south from that city.

**II. DESCRIPTION AND OBJECTIVES**

The Railway Rehabilitation Plan is a continuation of the Railroad Sabotage Replacement program initiated in 1966. The broad course of action for 1967 thru 1970 and 1971 programs is covered in MACV Directive 522, dated September 13, 1966, and the Combined Campaign Plans AB-143 thru AB-146. The

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: \_\_\_\_\_ DATE: \_\_\_\_\_

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**PROJECT AGREEMENT  
BETWEEN AID AND**

1. Project/Activity No.  
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**PROAG  
CONTINUATION  
SHEET**

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2. Agreement No.  
71-069

3.  Original or  
Revision No. \_\_\_\_\_

**ANNEX A**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

1. Project/Activity Title  
**Railway Rehabilitation  
(DOD)**

planning and implementation of this project is coordinated by the following committees; (a) the Joint Committee for Railroad Restoration Planning, (b) the Railroad Standing Committee, and, (c) the Joint MACV/USAID Railroad Coordinating Committee.

1. The order of priority for the rehabilitation efforts has been established as follows:

**Main Line & Branch Line Restoration**

<u>No.</u>		<u>Month and CY for Completion</u>	<u>Number Km</u>
1.	Hue (km. 688) to Dong Ha (km. 620)	December 1971	68
2.	Song Long Song (km. 1465) to Xuan Loc (km. 1649)	December 1971	184
3.	Phu Cat (km. 1070) to Quang Ngai (km. 927)	December 1972	143
4.	Quang Ngai (km. 927) to Da Nang (km. 791)	December 1973	136
5.	An Hoa Branch Line (20 km)	December 1973	20
<b>Total</b>			<b>551</b>

2. The long range goal is to attain a 2,000,000 ton haul capacity of the present system to relieve the current highway and port congestion, and to carry a minimum of 4,000,000 passengers annually to relieve the current burden on highway and air travel.

**III. IMPLEMENTATION PLAN AND RESPONSIBILITIES**

A. The VMRS's responsibilities in the Railway Rehabilitation Project shall cover many fields of endeavor. They shall continue to provide the actual construction effort, including work trains, supervision, office and field engineering, construction labor, construction contractors if required, and a portion of the commodity support from their own financial resources. This commodity support shall consist of petroleum products, wood crossties and cribbing materials, earth fill materials, prefabricated and concrete bridge parts, concrete and clay bricks, in addition to repair parts for

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**CONTINUATION**  
**SHEET**

**ANNEX A**

**PROJECT AGREEMENT**

**BETWEEN AID AND**

**DGBFA**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

1. Project/Activity No.

730-11-330-296

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2. Agreement No.

71-069

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**Railway Rehabilitation  
(DOD)**

foreign manufactured equipment and machinery.

It shall further be the VNRS's responsibility to initiate reconstruction of any given railroad section immediately after security is re-established on it, in accordance with the priorities agreed upon by USAID/VNRS/ARVN/MACV, utilizing construction equipment and materials in such manner as to expedite the reopening of those segments for cargo and passenger transport.

**B. USAID's responsibilities in this Railway Rehabilitation Project, shall be basically twofold:**

1. USAID shall provide the necessary commodity support up to the amount shown on the face sheet of this agreement from US resources. This commodity support will consist of motive power and rolling stock repair parts, signal equipment, ballast and the necessary construction equipment to perform the overall reconstruction effort in an expedient and economical manner. As required, in-country US Army excess railway equipment will be made available. 2. USAID shall furnish, subject to availability of funds, one direct hire US Railroad Advisor for this project to provide technical advice and to assist the Director of the VNRS and his staff in this reconstruction program (the Railroad Advisor shall also function as the USAID Project Manager for this DOD-funded railroad activity) and be responsible for the overall coordination and liaison between the various US Government Agencies concerned and the VNRS.

**C. It is realized by USAID, MACV and the GVN that prudent planning is the first step to be taken in the overall reconstruction of the railway system. To insure full cooperation and coordination between the various departments and agencies concerned, the planning and recommendations of the following three committees will govern the progress of this project:**

**a. The Joint Committee for Railroad Restoration Planning,** chaired by the GVN JCS; represented are members from USAID, MACV, ARVN and VNRS. The overall restoration goals are formulated by this committee for inclusion in the Combined Campaign Plan Program. This committee meets quarterly or when circumstances require a major change in the overall program.

**b. The Joint MACV - USAID Railroad Coordinating Committee,** chaired by MACV-J4 Transportation. Represented are members from USAID, CORDS, MACV, USARV, USAECAV and the 7AF (MACV has representation from 10 departments). This committee meets monthly to coordinate all US joint effort

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**PROJECT AGREEMENT  
BETWEEN AID AND  
DGBFA**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

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3. Project/Activity Title Railway Rehabilitation (DOD)	

c. The Railroad Rehabilitation Standing Committee, chaired by the Director of the VNRS. This committee convenes upon request of the Director of the VNRS and includes voting members from ARVN-JGS, USAID, and MACV. This is a working committee which endeavors to solve the day to day problems of reconstruction and to attain full utilization of that portion of the railroad which is operational.

**IV. DESIGNATIONS**

**A. USAID**

The USAID Railroad Advisor is hereby designated US Project Manager. In this capacity he will act as technical advisor, coordinate the USAID assistance provided for the project, and work closely with the GVN Project Manager in all phases of the project, including planning, budgeting, implementing, and evaluating.

**B. GVN**

The Director of the Vietnam Railway System is hereby designated GVN Project Manager. In this capacity he will be primarily responsible for the overall implementation of the program. It is understood and agreed that he will work closely with the US Project Manager and will seek and utilize the latter's technical knowledge, advice, and counsel to the maximum degree practicable to attain project objectives.

**V. EXPLANATION OF FINANCING**

**A. USAID**

The dollar funds obligated in Block 8 on face sheet of this Agreement will provide funding for the procurement of project commodities, such as (a) rock aggregate (ballast); (b) signal equipment; (c) diesel electric locomotive and rolling stock repair parts; (d) construction equipment; and (e) repair parts for track maintenance and construction equipment. Details will be included in implementing PIO/C's including estimated delivery dates and costs.

**B. GVN**

The GVN/VNRS agrees to make available from its own resources VN\$100,000,000 for this project during CY71. These piasters will be used for the rehabilitation program and will be made available on a timely basis in

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For the Agency for International Development

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**PROJECT AGREEMENT  
BETWEEN AID AND**

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**DGBFA**

3. Project/Activity Title

**Railway Rehabilitation  
(DOD)**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

**PROAG  
CONTINUATION  
SHEET**

**ANNEX A**

accordance with the progress of the project and priorities agreed upon by USAID/VNRS/ARVN/MACV.

**VI. REPORTS**

The US and GVN Project Managers shall jointly prepare and submit to their respective agencies quarterly progress reports and other reports as may be requested, in a format mutually acceptable to the GVN and USAID. Distribution will include the Program Office, DGBFA and other GVN agencies when appropriate. These reports shall cover progress in the attainment of specific targets and identify any problems or delays encountered which are deterring progress of the project. Reports shall be submitted within 15 days of the end of the reporting period.

**VII. SPECIAL PROVISIONS**

**VNRS**

A. The GVN/agrees to utilize the USAID supplied commodities (materials and equipment) for the purposes acquired, or mutually agreed upon. Materials shall be stored in accordance with good practices of material handling and distributed to work sites as required. Equipment will be maintained in good condition, with the manufacturer's servicing and operating instructions being adhered to.

B. Title to commodities supplied by AID under the Project shall pass at the times, places, and under the conditions specified below as applicable:

1. Irrespective of Authorized Agent, when project commodities are shipped via commercial carriers or international mail, title is vested in the Government of Vietnam at the time and place of loading/mailing.

2. Irrespective of Authorized Agent, when project commodities are shipped via the United States Defense Transportation System or APO/FPO mail, title shall vest in the United States Government until such commodities are unloaded and received by an agency of the Government of Vietnam. At the time when such commodities are unloaded and received, title shall pass to the Government of Vietnam.

For the Cooperating Government or Agency

For the Agency for International Development

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**PROAG  
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3. Project/Activity Title

**Railway Rehabilitation  
(DOD)**

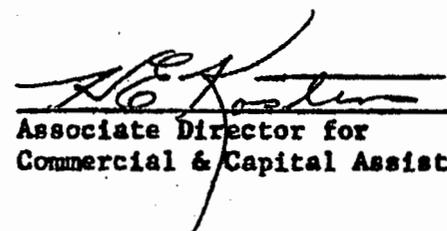
**ANNEX A**

**AN AGENCY OF THE GOVERNMENT OF  
Vietnam**

C. Upon receipt of USAID commodities, the VNRS receiving committee will immediately inventory these commodities and forward necessary receiving reports to the US Railroad Advisor. Shortage of or damage to such commodities will be documented and forwarded with receiving reports.

Concurrences:

  
\_\_\_\_\_  
Minister of Communications  
& Post

  
\_\_\_\_\_  
Associate Director for  
Commercial & Capital Assistance

  
\_\_\_\_\_  
For Director of VN Railway  
System

  
\_\_\_\_\_  
Assistant Director for  
Capital Assistance &  
Engineering

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# PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Railway Rehabilitation

Project Number : 730-11-332-296 (DOD)

Agreement Number : 71-069

Original  Revision \_\_\_\_\_

Explanation and/or comments

If you concur in the attached document, please sign and date below :

ADPROG :

[Signature]  
AFO

5/25/71  
[Signature]  
Division Chief

6/1/71  
[Signature]  
Financial Mgmt. Sr.

[Signature]  
ADPROG

ADFM :

[Signature] R 5-29-71  
FAD

[Signature] 6/1/71  
SEA

[Signature]  
ADFM

TECHNICAL OFFICE :

[Signature] 6/2/71  
Project Manager

[Signature] 6/2/71  
Division Chief or Assistant Director

OTHER :