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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 SURINAM

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. 730-11-370-394 | 2. AGREEMENT No. 70-126 | 3. GRID ☒ REVISION No. ☐

4. PROJECT TITLE: (Sub-Activity) Airlines Advisory Assistance

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

6. APPROPRIATION: 72-1101006 | 7. ALLOTMENT: 056-50-730-00-69-01

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. Personnel Costs (1) US PASA				
Contract		391,800		391,800
(2) Local and TCN PASA				
Contract				
b. Participants AID Direct				
PASA/Contract				
c. Commodities AID Direct				
PASA/Contract		15,050		15,050
d. Other Costs AID Direct				
PASA/Contract				
e. TOTAL (ALL COSTS)		406,850		406,850
9. LOCAL CURRENCY FINANCING ($1.00 = 118 Florins)				
a. Counterpart Trust Fund		400,000		400,000
AAC				
Special Fund				
Other				
b. GVN (show source below)				
c. US — Owned				

10. REFERENCES AND REMARKS:

Ref: S10/T 0100610

11. DATE OF ORIG AGREEMENT: May 29, 1970 | 12. DATE OF THIS REVISION: | 13. EST FINAL CONTRIBUTION DATE: December 31, 1973

14. GOVERNMENT OF SURINAM
SIGNATURE: [signature] DATE: 5/28/70
TITLE: Director General for Budget and Foreign Aid

15. AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE: [signature] DATE: May 29, 1970
TITLE: Director

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I. BACKGROUND

For the past several years the GVN has placed heavy reliance on air transportation because of disrupted surface travel brought about by the war. Thus, Air Vietnam (AVN) the GVN national interest carrier for both domestic and international flights, has been required to extend its services to the maximum in order to meet war-related and other demands.

At the present time AVN serves 19 cities within South Vietnam and 10 foreign cities. It employs 3000 people, operates 47 aircraft and recently has begun to modernize by acquiring two Boeing 727's.

A USAID funded airline advisory team has made an overall survey and recommended specific changes which the airline should make to improve management, operations and training. Improvements in operating schedules and in-flight services have been made. Passenger handling facilities are being improved; participant and on-the-job training in operations and engineering have been initiated and training equipment has been ordered. Sales facilities also have been improved.

The AVN Technical Center, in spite of extreme difficulties, maintains the AVN-non-leased fleet. The center has completed airframe repair projects on US Air Force aircraft, at substantial saving in repair cost and time lost on aircraft operations.

The initial airline survey conducted in 1968 estimated a three-year program to accomplish the basic objectives of training personnel, updating maintenance facilities, establishing quality controls, and revising out-of-date laws and regulations governing GVN airline management. The time frame is still valid, but the combination of AVN and other problems is accelerating the need for improvement of the AVN:

A. The long lead time for reconstruction of highways, security, and the rapidly increasing demand for travel facilities will require the air transport system to carry a considerable share of the country's internal transportation requirements for some time into the future.

B. As US Air transport activities are phased down the GVN will have to provide more services.

C. The continued utilization of many aircraft already uneconomical to operate has shortened the lead time on obtaining replacements. New or more modern equipment is required to maintain and develop profitable domestic operations.

D. A review of the indicators of progress as established under Project Agreement 1968-D-20004 shows that in some areas progress has been unsatisfactory to date. The following problems are restricting AVN's development:

1. While international operations in 1969 have shown an increase in revenue, domestic operations have shown no improvement;

2. There has been no pronounced improvement in the quality and effectiveness of electronic and mechanical maintenance since 1968;

3. While there has been noticeable improvement in the communication aspects of passenger reservations, the handling of reservations is not up to acceptable standards;

4. There has been no change in the capacity to overhaul reciprocal and jet engines; and

5. Improvement in management practices has been slow.

II. DESCRIPTION AND OBJECTIVES

The objective is to develop a more efficient, safe, economically sound and financially viable national air transport system.

The following goals have been established as a result of an analysis of management and operations:

A. Establish an efficient and functional Operations Department to include the following: passenger check-in, passenger service, baggage and cargo, fleet service (aircraft cleaning, loading, safety facilities planning) and related personnel administrative functions governing all of the above responsibilities.

B. Establish an aggressive well-managed traffic/sales organization.

C. Improve the Technical Center for engineering maintenance to reduce outside maintenance overhead, increase line maintenance capabilities, and ensure a safe, viable operation.

D. Establish an efficient airline communication capability which will improve flight operations and the sales and reservation organization.

E. Improve the present training program which supplies trained personnel for all phases of AVN operations.

III. DESIGNATIONS

A. GVN

The Ministry of Communications and Post (MCP) designates the President and Vice-President of Air Vietnam as the GVN Project Managers. In this capacity they will be primarily responsible for the overall implementation of the program.

B. USAID

The Chief, Aviation and Telecommunications Branch, Engineering Division, 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 Air Vietnam and the Ministry in all phases of the project, including budgeting, implementation and evaluation.

IV. IMPLEMENTATION PLAN AND RESPONSIBILITIES

The project will continue to be carried out by Air Vietnam officials with the cooperation of the (MCP), and with advisory assistance provided under an AID-funded contract. The contractor will furnish management and operations specialists covering all functional areas which are specified in Section II of this agreement.

The technical assistance team and AVN personnel assigned to this task will make recommendations for improving management practices, modernizing operations procedures and engineering competence to Air Vietnam officials. AVN will then evaluate these recommendations and implement those which the AVN feels will prove beneficial.

Training of AVN personnel is one of the most important requirements for the accomplishment of the goals of this project. Participant training has been scheduled to provide a future supervisory and instructor core. The contractor will conduct local classroom instruction along with on-the-job training.

AVN and the contractor will recommend to the GVN changes in legislative and regulatory procedures governing the airline. The GVN agrees to makes its best effort to revise the laws and regulations governing the airline.

The Ministry of Communications and Posts agrees to:

1. Provide adequate facilities in order for the contractor to meet training obligations;

2. Provide and arrange for air transportation on AVN routes for contract personnel and Project Managers when required for Project evaluation;

3. Continue to provide office space and administrative assistance for the advisory team.

4. Provide interpreter services for assistance to US Advisors or contract personnel who may be assigned to work on this project;

5. Fund participant trainees' salaries, if such should be determined to be required.

6. Continue to furnish drivers for project assigned vehicles;

7. The Ministry further agrees that the supervision over the use of the special training equipment, such as B 727 system and cabin trainers and student response monitors, will be the responsibility of the airline advisory team until the completion of the project.

V. FINANCIAL OBLIGATIONS

A. USAID

1. Personnel Services - Contract - To extend the technical assistance contract as described above and outlined in ref. PIO/T.

2. Commodities - Vehicle support and training equipment and films for contractor.

B. GVN

The GVN and USAID agree to utilize the local currency shown on page 1 in support of this program.

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 should 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. The report is due 20 days after the reporting period.

VII. SPECIAL PROVISIONS

This agreement provides for the procurement of 3 vehicles to be used in support of AID-funded contract services. The funding for these vehicles will be included in the relevant PIO/T; but will be reserved for USAID use in procuring the vehicles. The USAID General Services Office (USAID/GSO) will provide vehicle support, as agreed in each PIO/T. The USAID will process through regular channels a procurement document for new vehicles in an amount not to exceed $6,850.

Title to the vehicles will be vested in USAID. Maintenance and operational costs of these vehicles will be provided by USAID.

Before using the GSO vehicles assigned, the contractor will be required to furnish evidence of satisfactory third-party liability and collision insurance coverage. The contractor will be required to abide by instructions from GSO governing protection, maintenance and operation of the vehicles.

Concurrences:

Minister of Communications & Post (date)

ADCCA 5/25/70 (date)

Air Vietnam 5/26/70 (date)

For the Cooperating Government or Agency	For the Agency for International Development
SIGNATURE: _____ DATE: _____	SIGNATURE: _____ DATE: _____
TITLE:	TITLE:

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO
VIET-NAM

PROJECT DOCUMENT
APPROVAL FORM

Division ENGINEERING

Date Typed May 8, 1970

Project No. 730-11-370-394

Title Airlines Advisory Assistance

Original Project Agreement [X] - 70-126

Revision No. [ ]

WHM Polk	5-13-70	W. W. Christian	5/23/70
PROGRAM OFFICE	DATE	PROJECT TECHNICIAN	DATE
RLB	5/12/70		5/25/70
AID/FINANCIAL MGMT	DATE	DIVISION CHIEF	DATE

Note: ProAg and PIO/T developed in cooperation with W. Root, ECON. LR

WORK PLAN
(by goal and target date)

1. Establish an efficient and functional Operations Department, by:

a. Establishing a functional relationship between operations and maintenance in order to efficiently manage personnel and equipment to improve scheduled operations. (December 1970)

b. Analyzing operational costs for ultimate reduction of current high operating expense and establishing cost accounting system. (November 1970)

c. Re-evaluating AVN route structure and schedules and determining requirements commensurate with traffic and route structure. (November 1970)

d. Updating and publishing operating manual. (February 1971)

e. Establishing and implementing operating procedures, in accordance with modern airline standards, to ensure safe and efficient operations. (April 1971)

f. Training at least six supervisory operations personnel locally and in the US. (January 1972)

g. Developing plans for modern administrative, commercial, and operations facilities. (November 1971)

h. Updating flight kitchen and train personnel in order to improve in-flight service and capitalize on catering service for other airlines operating through Saigon. (February 1971)

2. Establish an aggressive well-managed Traffic/Sales Organization, by:

a. Establishing an airline marketing section. (April 1971)

b. Establishing a functional responsibility for sales and reservations within the marketing section. (April 1971)

c. Continuing to modernize sales and reservations offices. (Continuing)

d. Training two personnel as systems analysts for computer services. (April 1971)

e. Training six supervisory sales/reservation personnel locally or in the US. (January 1972)

3. Establish a productive and efficient Technical Center for Engineering Maintenance, by:

a. Establishing a line maintenance and service organization for both international and domestic schedules. (February 1972)

b. Analyzing present and future engine, airframe and electronic maintenance overhaul requirements. (April 1971)

c. Updating the quality control capability of the Technical Center and training four supervisory personnel for this function. (March 1972)

d. Training one computer system analyst for each department. (March 1972)

e. Determining flight and ground equipment requirements and procure necessary equipment. (Continuing)

f. Exploring outside markets for repair services to be rendered by the Technical Center, including military and civil airplanes, engines, and automotive engine overhaul and repair, and electronic equipment. (Continuing)

4. Establish an efficient communication capability, by:

a. Implementing already agreed upon plans for airline communications. (March 1972)

b. Training four supervisory personnel. (March 1972)

5. Improving the present training program, by:

a. Implementing the present training plan developed by the contractor and agreed to by AVN. (April 1971)

b. Selecting participant trainees. (Continuing)

c. Completing an analysis of the manpower needs for the present and future AVN operations. (November 1970).

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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

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. 730-11-370-394	2. AGREEMENT No. 71-059	3. ORIGINAL X	REVISION No.

4. PROJECT TITLE: (Sub-Activity) Airlines Advisory Assistance

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

6. APPROPRIATION: 72-1111006 | 7. ALLOTMENT: 156-50-730-00-69-11

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. PERSONNEL COSTS				
(1) US				
PASA				
Contract		274,000		274,000
(2) LOCAL AND TCM				
PASA				
Contract				
b. PARTICIPANTS				
AID Direct				
PASA/Contract				
c. COMMODITIES				
AID Direct				
PASA/Contract				
d. OTHER COSTS				
AID Direct				
PASA/Contract				
e. TOTAL (ALL COSTS)		274,000		274,000
9. LOCAL CURRENCY FINANCING ($1.00 = PIASTERS)				
a. COUNTERPART				
Trust Fund				
AAC				
Special Fund				
Other				
b. GVN (SHOW SOURCE BELOW)				
c. US — OWNED				

10. REFERENCES AND REMARKS:

This agreement provides for a modification of the technical assistance provided to Air Vietnam and provides additional funding for the final 18 month period.

Ref: PIO/Ts 0100610 & 1110356

11. DATE OF ORIG AGREEMENT	12. DATE OF THIS REVISION	13. EST FINAL CONTRIBUTION DATE
February 26, 1971		January 31, 1973

14. GOVERNMENT OF VIETNAM	15. AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE: [signature] DATE: Feb 26/71	SIGNATURE: [signature] DATE: 2/26/71
TITLE: for Director General for Budget and Foreign Aid	TITLE: Deputy Director

I. BACKGROUND

Since May 1970 the US Mission and the GVN have reviewed the operations and management of Air Vietnam in detail and have agreed to modify the assistance efforts as reflected herein.

II. OBJECTIVES

The objectives stated in Project Agreement 70-126 shall remain in effect. However, the following objectives are added during the period covered by this agreement.

A. Organize an Air Vietnam Planning Committee (AVPC) responsible for developing long and short range corporate plans which concentrate on defining objectives and the effective use of capital, equipment and personnel.

B. Complete the orderly conversion of the present accounting system to a uniform airline system of accounts so that airline management will have a continuous flow of meaningful and timely financial information to facilitate sound management decisions.

C. Establish a training office organization which will be responsible for the airline's manpower development program and initiate an overall personnel training program.

III. IMPLEMENTATION PLAN AND RESPONSIBILITIES

The implementation plan stated in Project Agreement 70-126 shall remain in effect. In addition the following activities are added:

A. Planning

1. Create an overall Air Vietnam Planning Committee (AVPC) by April 1971.

2. The AVPC shall conduct a comprehensive evaluation of the airline's operations and develop a yearly plan (to include 5 to 10 year projections) which will include but not be limited to:

a. Future fleet requirements.

b. Schedule requirements and route planning.

c. Aircraft overhaul requirements.

d. Manpower requirements.

e. Ground equipment requirements.

f. Forecast of profit and loss based upon available equipment and projected market.

B. Finance and Accounting

1. Implement the plan for centralized financial organization fully independent and responsible to management for all financial matters by June 1971.

2. Set up a schedule for conversion to mechanized accounting by June 1971.

3. Complete the conversion of the present accounting system to a uniform airline system of accounts by April 1972.

C. Training

1. Establish a training office by April 1971.

2. The AVN Training Office will develop and implement, with assistance from a US financed contractor, a manpower development training program. This program will include on-the-job training, in-country classroom instruction and participant training in the US. The following areas will be emphasized:

a. Begin basic flight training of ten student pilots by May 1971.

b. Train a minimum of two people for each work shift to operate electronic data processing equipment by December 1971.

c. Train ten personnel for assignment to line stations for maintaining scheduled flights by September 1971.

d. Continue classroom training for operations and Tech Center personnel.

e. Establish classroom training for reservation personnel by February 1971.

IV. DESIGNATIONS

A. The Chief, Airline Advisory Section, Engineering Division is hereby designated US Project Manager. In this capacity he will act as technical advisor and coordinate the USAID assistance provided for the project.

B. The President or Vice President of Air Vietnam will serve as GVN Project Manager. In this capacity he will be primarily responsible for the overall implementation of the program.

V. EXPLANATION OF FINANCING

Funding is provided herein for the continuation of contract services currently provided by Pan American World Airways through contract AID/VN-49.

VI. REPORTS

The US and GVN Project Managers shall prepare jointly 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 USAID Program Office and DGBFA and other GVN agencies when appropriate. These reports should cover progress in the attainment of specific targets and identify any problems or delays encountered which are deterring progress of the project.

Concurrences:

Minister of Communications & Posts

Associate Director for Commercial and Capital Assistance

Air Vietnam

For the Cooperating Government or Agency	For the Agency for International Development
SIGNATURE: DATE:	SIGNATURE: DATE:
TITLE:	TITLE:

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
TO
VIET-NAM

PROJECT DOCUMENT
APPROVAL FORM

Division ENGINEERING

Date Typed January 25, 1971

Project No. 730-11-370-394

Title Airlines Advisory Assistance

Original Project Agreement [x] 71-059

Revision No. [ ]

WHM Pike	1-31-71	W. W. [illegible]	2/4/71
PROGRAM OFFICE	DATE	PROJECT TECHNICIAN	DATE
[illegible]	2-5-71	[illegible]	2/6/71
AD/FINANCIAL MGMT	DATE	DIVISION CHIEF	DATE