

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

Under the terms of the Economic Cooperation Agreement signed September 11, 1951, and the standard provisions contained therein, it is agreed to carry out a project in accordance with the terms set forth herein.

1. PROJECT No: 730-12-350-406		3. AGREEMENT No: 72-093		5. CONTINGENT <input checked="" type="checkbox"/>		REVISION No.	
4. PROJECT TITLE: Dredging (Sub-Activity)							
8. PROJECT DESCRIPTION AND EXPLANATION: (See Annex A attached)							
6. APPROPRIATION: 72-1121006				7. AGREEMENT: 256-50-730-00-79-21			
8. AID DOLLAR FINANCING (Cost Component)		PREVIOUS TOTAL (a)	INCREASE (b)	DECREASE (c)	TOTAL TO PART (d)		
1. PERSONNEL (P)							
PASA Contract			150,000		150,000		
2. LOCAL AND AID (L)							
Contract							
3. EQUIPMENT							
AID Direct							
PASA/Contract							
4. COMMODITIES							
AID Direct			100,000		100,000		
PASA/Contract							
5. OTHER COSTS							
AID Direct							
PASA/Contract							
6. TOTAL (ALL COSTS)			250,000		250,000		
9. LOCAL CURRENCY FINANCING (\$1.00 = 15,000 VND)							
11. COUNTERPART							
Trust Fund			3,588,000		3,588,000		
AAC							
Special Fund							
Other							
10. GVN (SHOW SOURCE BELOW)			3,506,000		3,506,000		
c. US - OWNED							

* VDA Revenues VND 3,506,000.

See PIO/T No. (21)20791; PIO/Cs (21)20792 & (21)20793

11. DATE OF ORIG. AGREEMENT June 29, 1972		12. DATE OF THIS REVISION June 24 72		13. EST. FINANC. CONTRIBUTION DATE December 31, 1974	
14. GOVERNMENT OF VIETNAM				15. AGENCY FOR INTERNATIONAL DEVELOPMENT	
SIGNATURE: <i>[Signature]</i>		DATE: June 24 72		SIGNATURE: <i>[Signature]</i>	
TITLE: Director General		DATE: 6/29/72		TITLE: Director	
For Budget and Foreign Aid					

PROJECT AGREEMENT BETWEEN AID AND DBAFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 730-12-350-406	PAGE 2 OF 11 PAGES
	2. Agreement No. 72-093	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	3. Project/Activity Title Dredging	

I. BACKGROUND

A. AID support for dredging was initiated in FY 1965 under the Inland Waterways Improvement Project (350-297) to assist the GVN Directorate of Navigation (DON) to carry out its responsibility for administration, development and maintenance of the Vietnamese Ports and Inland Waterways System.

1. The port component in FY 1969 was placed under the Ports Management and Operations Project (340-389). Support of DON's dredging operations, with some assistance given to the DON's navigation aids and mapping function, was then the principal activity of the Inland Waterways Improvement Project.

2. The major USAID input during FY 1969-1970 was a three-year contract with the Retired Servicemens' Engineering Agency (RSEA), Government of the Republic of China, (subsequently reduced to two years) for the training of DON personnel and performance of dredging.

3. The RSEA contract did not achieve the desired results and was consequently cancelled at the end of the second year (June 30, 1970).

B. It was concluded by both GVN and USAID that the force account system of dredge management and operations was fundamentally unsound. Further, it was decided that dredging by contract on a commercial basis was feasible and desirable.

1. September 30, 1970: GVN published Arrête #907-ND/GT-ND establishing the Vietnam Dredging Agency (VDA), with full judicial entity and financial autonomy, and with an appointed Manager assuming responsibilities for operation and management.

2. February 1, 1971: The VDA commenced operations as a semi-autonomous agency under the administrative control of the Vietnam Railway System Board of Directors. It assumed ownership and control of 11 dredges, and all related facilities and equipment, and operational control of all related personnel. (May 22, 1971: one 8 inch dredge was destroyed by enemy action).

3. June 30, 1971: VDA's dredges were sufficiently crewed for 24-hour operation, resulting in a 500 percent increase in production when compared to June 1970.

BEST AVAILABLE COPY

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

**PROJECT AGREEMENT
BETWEEN AID AND
DGBFA**

**AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No.
730-12-350-406

PAGE **3** OF **11** PAGES

2. Agreement No.
72-093

3. Original or
Revision No. _____

3. Project/Activity Title
Dredging

II. THE PROJECT GOAL

A. Goal Statement

To provide and maintain the capital infrastructure necessary for national security and economic and social development.

B. Measurement of Goal Achievement

1. Dredging for irrigation, waterways, landfill, sand production and drainage canals to increase agricultural production and enhance industrial development.

2. Maintenance of waterways as the least costly method of transportation for intra-country commerce and trade.

3. Dredging new channels and maintenance of existing waterways and ports for use by armed forces for logistical support, reconnaissance patrols and troop deployment.

III. THE PROJECT PURPOSE

A. Statement of Purpose

To develop a government dredging organization which operates efficiently and is capable of meeting the dredging requirements of the public and private sector for construction materials, land reclamation, waterway construction, and canal and main channel improvement.

B. Conditions Expected at the End of the Project

1. Efficient and well-managed Vietnam Dredging Agency (VDA):

a. Dredge fleet procedures include systematic preventive maintenance and overhaul capability.

b. Achievement of production capability at least 50% of annual dredging time calculated on 24-hour days, Sundays and holidays excluded.

c. Business-like recruitment and training program, project selection policies and efficient job implementation procedures.

d. All dredging jobs are funded by client at rates which will offset debt servicing, operation costs and amortization of equipment.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND
DOBFA
AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No.
730-12-350-406
2. Agreement No.
72-093
3. Project/Activity Title
Dredging

PAGE 4 OF 11 PAGES
3. Original or
Revision No. _____

e. Acceptable standard of corporate accounting to enable international lending institutions determine the financial condition of the agency.

2. VDA capable of adequately servicing public sector dredging requirements.

a. Estimated public sector production, currently at 5,300,000 cubic meters per annum, increased to 8,000,000 cubic meters by 1975.

b. GVN provides funding for government dredging requirements.

3. VDA capability to partially meet dredging requirements of the private sector to the extent that GVN is unable to fund for the full utilization of VDA's capability in the public sector.

C. Description and Objective

The objective of this project is to develop an efficient and self-supporting dredging industry capable of meeting the dredging requirements of the public and private sectors for construction material and land reclamation; waterway maintenance, construction and improvement. Specific goals are:

1. Establishment of a semi-autonomous GVN dredging agency as a government-owned, commercial enterprise in which revenues offset all expenditures, including debt servicing, and the financial position of which meets international lending requirements.

2. A capability within the semi-autonomous agency to adequately service priority GVN dredging requirements which cannot be undertaken by the private sector. This includes, but is not limited to, maintenance dredging of ports, channels and rivers which is a necessity for military operations and commercial enterprise. This maintenance dredging, totaling 3.5 million cubic meters annually, has been sponsored and performed by the US Navy's Office in Charge Of Construction (OICC) for the past five years. OICC plans to discontinue this dredging as of June 1972, transferring back to the GVN four dredges borrowed from them, in addition to suspending US and contract dredging sponsored by them.

3. The timely establishment of an expanding private sector dredging industry.

4. All dredging projects fully funded by the beneficiary.

For the Cooperating Government or Agency

SIGNATURE: _____ DATE: _____
TITLE: _____

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND

DRIPA

AN AGENCY OF THE GOVERNMENT OF
Vietnam

1. Project/Activity No. <u>730-12-350-406</u>	PAGE <u>5</u> OF <u>11</u> PAGES
2. Agreement No. <u>72-093</u>	3. <input checked="" type="checkbox"/> Original or Revision No. _____
3. Project/Activity Title <u>Dredging</u>	

IV. PROJECT OUTPUTS AND INDICATORS

A. Outputs

1. Description

a. Effective management and accounting systems installed by VDA based on recommendations and guidance by management consulting team.

(1) Installation of corporate accounting system for analysis of agency costs as well as for individual projects.

(2) Installation of spare parts control system at VDA central warehouse facility (75% spare parts required in stock and 50% out-of-stock spare items in pipeline).

(3) Installation of procedures for cost-effective operation of repair shops.

b. Re-conditioning and improvement of fleet (including 4 dredges from OIGC to be returned to VDA after 5 years of use) to an acceptable operating standard.

c. An adequate inventory of replacement parts, ancillary equipment and supplies.

d. Issuance of decree in addition to those passed or pending passage, to enhance operation of dredging agency.

e. All dredges fully operational on 24-hour basis (144 hours weekly) with at least two fully-qualified crews per dredge. Ten dredges manned by 260 trained employees increased to 14 dredges and 364 trained employees.

V. INPUTS

A. The United States Government agrees to provide:

1. The amount of US\$150,000 which will finance advisory and surveillance services of a management consultant, a dredge engineer, and a certified public accountant (CPA).

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND
DGBFA**

AN AGENCY OF THE GOVERNMENT OF
Vietnam

1. Project/Activity No.
730-12-350-406
2. Agreement No.
72-093
3. Project/Activity Title

PAGE 6 OF 11 PAGES
 Original or
Revision No. _____

Dredging

This team will study and advise on implementation of---

a. VDA personnel and wage policies, incentives, overtime, fringe benefits, etc.

b. Cost-efficient dredge operations.

c. Spare parts policy, usage factor, record keeping and appropriate funding factors for spares.

d. Financial management and cost-accounting system.

e. Improvement of VDA shop facilities for efficient and economic dredge repair; also team will study market demand for dredging agency services.

2. Direct-hire technician to advise VDA Director on:

a. Implementation of Management Consultant's recommendations.

b. Coordination of dredging agency, contractor and USAID planning.

3. Commodities:

a. US\$100,000 to finance spare parts for dredges and ancillary equipment and supplies: (US excess property will be made available to this project to the extent required and/or available).

4. Logistic Support Management Consultants:

a. Housing.

b. Transportation.

B. GVN Inputs

be converted to foreign exchange.

ment replacement with its own resources derived from revenues, in equal or greater amounts than those obtained through USAID commodity support.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND

DGBFA

AN AGENCY OF THE GOVERNMENT OF

Vietnam

1. Project/Activity No.
730-12-350-406

PAGE 7 OF 11 PAGES

2. Agreement No.
72-0933. Original or
Revision No. _____

3. Project/Activity Title

Dredging

1. Personnel:

- a. Approximately 364 staff to operate 14 dredges on 24-hour basis.
- b. Continue incentive pay schedule and overtime pay (started March 1971).
- c. Continue in-service training program for dredge operational personnel.

2. Budget:

To supplement revenues received from the dredging operations in its start-up phase the VDA has received VN\$60,000,000 from the GVN National Budget during CY 1971. Supplemental receipts from National Budget in CY 1973 are currently estimated at VN\$150,000,000.

a. Logistic Support for Management Team:

- (1) Office facilities.
(2) Secretarial assistance.
(3) Interpreter services.
(4) Chauffeur.

b. Initiate additional legislation to improve efficiency of dredge operations.

VI. IMPLEMENTATION PLAN AND RESPONSIBILITIES

A. To pursue the objectives of this project, the following goals for implementation under this agreement have been established:

1. GVN agencies will include in their budgets, commencing CY 72, sufficient funds to cover their dredging requirements.
2. GVN will take the necessary legislative action required for the approval of funds for dredging, once budget priorities have been established.
3. All dredging performed by VDA after February 1, 1972 will be on a contract basis and only on fully-funded projects.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____SIGNATURE: _____ DATE: _____
TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND
DGBFA**

**AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No. 730-12-350-406	PAGE 8 OF 11 PAGES
2. Agreement No. 72-093	3. <input checked="" type="checkbox"/> Original or Revision No. _____
3. Project/Activity Title Dredging	

4. VDA will establish an effective management accounting system, and corporate fiscal structure, taking full advantage of any management consultant advisory effort which USAID should furnish.

5. GVN and VDA will assist in the development of private sector dredging on a commercial basis. This will include sale of dredges by VDA to private sector and GVN support, to private sector, through loans, government contracts, and legislation designed to stimulate private investment in construction and dredging equipment.

6. VDA will establish an efficient maintenance system, with a spare parts control system and the GVN will make foreign exchange, loans and/or CIP support available to the VDA for off-shore procurement of spare parts and equipment replacement.

7. To permit upgrading and expansion of the dredge fleet, GVN's annual support for capital improvement of VDA will amount to at least VN\$120 million. Approximately one-half of this must be converted to foreign exchange. VDA will be expected to purchase spare parts and equipment replacement with its own resources from earned revenues in equal or greater amounts than those obtained through USAID commodity support.

8. The Manager of the VDA shall be responsible and accountable for funds, revenues, and resources of VDA, subject to periodic audit by independent outside auditors as designated by appropriate GVN officials.

B. Responsibilities

1. The Community Defense and Local Development Council (CDLDC) agrees to review and approve all dredging priorities to assure conformity with objectives of pacification and development.

2. The Minister of Communications and Post (MCP) agrees to:

a. Coordinate with CPD to establish dredging priorities in support of the Pacification and Development Program.

b. Initiate action as necessary, through incentive pay or other employee benefits, to entice employment, retention and relocation of dredge personnel.

c. Review previous requests to Ministry of National Defense (MOND) for deferment and/or military release of key dredge personnel. Determine status of action on previous arrangements and initiate action as required to obtain implementation.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND
DDBFA**

**AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No.
730-12-350-406

PAGE **2** OF **11** PAGES

2. Agreement No.
72-093

Original or
Revision No. _____

3. Project/Activity Title:
Dredging

3. The VDA agrees to:

- a. Provide contract administration and supervision for GVN projects which fall within the purview of its activities.
- b. Coordinate with appropriate local officials on all phases of project planning and implementation.
- c. Properly receive, distribute, and account for all commodities procured for use by VDA, and provide proper custody, care and maintenance of such items including the adequate maintenance of stock, parts and expendable items required to maintain equipment in operating condition; furnishing M&P and USAID, quarterly, a list of parts which should be ordered under this Project Agreement, indicating those parts which VDA will procure with their own foreign exchange and those desired through grant-in-aid.
- d. Maintain a tentative dredging schedule which shows assignments at least six months in advance for each VDA-controlled dredge, with adjustments being made where necessary due to security conditions, changes in CBLDC-approved priorities and/or funding requirements.
- e. Initiate and maintain an effective management accounting system, providing usable data for optimum planning and policy formation; submitting quarterly financial statements to M&P and USAID.
- f. Cooperate fully with any management consultant effort and/or end-use audit offered or required by USAID.

4. The Government of Vietnam will:

- a. Assist in establishing a system for the deposit of funds in the account of VDA for work done for other GVN agencies.
- b. Instruct and assist other agencies of GVN in budgeting for dredging requirements.

5. USAID agrees to:

- a. Support VDA activities by providing technical advice and commodity support within existing limitations of funds and manpower.
- b. Assist the VDA administratively in receipt and distribution of procured commodities.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

AID 1220-1A (2-70) PRO AG CONTINUATION SHEET ANNEX <u>A</u>	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>10</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 72-093	3. <input checked="" type="checkbox"/> Original or Revision No. _____
		3. Project/Activity Title Dredging	

VII. DESIGNATIONS

A. USAID

The Chief of the Railroad and Maritime Section of the USAID Engineering Division is hereby designated as 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 budgeting, implementing and evaluating.

B. GVN-

The Manager of the Vietnam Dredging Agency within the Ministry of Communications and Post is hereby designated GVN Project Manager. In this capacity he will be responsible for the overall implementation of the project. 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.

VIII. REPORTS

The VDA will furnish M&P and USAID with quarterly financial statements in addition to tentative dredging schedules which indicate projected assignments of each dredge.

The US and GVN Project Managers jointly shall prepare and submit to their respective agencies in Vietnamese and English quarterly progress reports, and other reports as may be requested, in a format mutually acceptable to GVN and USAID. Distribution will include the USAID Program Office, DGBFA and other agencies when appropriate. The 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. Reports are due within 20 days of the end of the reporting period.

IX. SPECIAL PROVISIONS

A. The GVN recognizes that the grant-in-aid of dredge equipment and spare parts covered by this Project Agreement in no way represents a commitment and precedent by the US Government to continue furnishing similar support beyond the dates of termination of this present agreement.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 189C-1A (2-79) PRO AG CONTINUATION SHEET ANNEX <u>A</u>	PROJECT AGREEMENT BETWEEN AID AND DUSA	1. Project/Activity No. 730-12-350-106	PAGE <u>11</u> OF <u>11</u> PAGES
		2. Agreement No. 72-093	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF Vietnam	3. Project/Activity Title Dredging	

It is further understood that the GVN agrees to utilize the USAID-supplied commodities for the purpose acquired, or mutually agreed upon. Materials shall be stored and distributed to work sites, as required, in accordance with good practices of material handling. Equipment will be maintained in good condition, with manufacturer's servicing and operating instructions being adhered to.

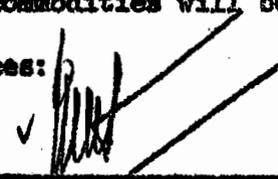
B. Title to commodities supplied by AID under the Project shall pass at the times, places, and under the conditions specified below as applicable:

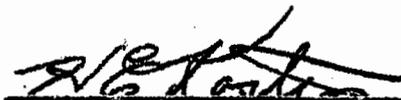
1. Irrespective of Authorized Agent, when project commodities are shipped via commercial carriers or international mail, title is vested in the Government of Vietnam at the time and place of loading/mailling.

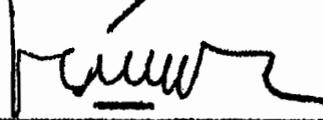
2. Irrespective of Authorized Agent, when project commodities are shipped via the United States Defense Transportation System or APO/FPO mail, title shall be vested in the United States Government until such commodities are unloaded and received by an agency of the Government of Vietnam. At the time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

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

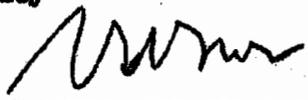
Concurrences:


 Minister of Communication and Post


 Associate Director for Commercial and Capital Assistance


 Manager of Vietnam Dredging Agency


 Assistant Director for Capital Assistance and Engineering


 Community Defense and Local Development Council

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
Project Number : 730-12-350-406
Agreement Number : 72-093

Original Revision _____

Explanation and/or comments

The purpose of this documentation is to launch a new project in the manner and with the scope specified in the Dredging PROP. The attached Master FY 72 ProAg obligates \$250,000 in regular SA funds and VN\$3,588,000 in Trust Funds. Since the only other FY 72 funding programmed for this project is \$10,000 for a US Direct hire employee and since all subobligating documents (PIO/T and PIO/Cs) are attached hereto, no further FY 72 documentation is required.

The attached PIO/T subobligates US\$150,000 to finance the first 12 months of an advisory services contract (3-man team with staggered arrival dates) to assist the Vietnam Dredging Agency (VDA). Also subobligated by this PIO/T is VN\$3,588,000 in Trust Funds required to finance the local costs of providing logistic support to the contract team.

The attached PIO/Cs subobligate US\$100,000 to finance the procurement of spare parts for dredges and ancillary equipment/supplies.

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

ADPROG :

Ch. Billings 6/9 6/9/72 Don W. N. Reed
APO Division Chief Financial Mgmt. Br. ADPROG

ADFM :

M. J. ... A. Watts 6/14 6/14/72 D. ...
FAD B&A ADFM

TECHNICAL OFFICE :

[Signature] Louis B. ... 6/19
Project Manager Division Chief or Assistant Director

OTHER :

ADM/MAS [Signature] ADCS 6/21/72

BEST AVAILABLE COPY

LEG 6/26/72

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.

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

1. PROJECT No: 730-12-350-406	2. AGREEMENT No. 72-093	3. ORIGINAL	REVISION No. 1
4. PROJECT TITLE: (Sub-Activity) Dredging			
5. PROJECT DESCRIPTION AND EXPLANATION (See Annex A attached)			
6. APPROPRIATION: 72-1121006		7. ASSIGNMENT: 256-50-730-00-79-21	

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. PERSONNEL COSTS				
(1) US PASA				
Contract	150,000	100,000		250,000
(2) LOCAL AND TCH PASA				
Contract				
b. PARTICIPANTS				
AID Direct				
PASA/Contract				
c. COMMODITIES				
AID Direct	100,000			100,000
PASA/Contract				
d. OTHER COSTS				
AID Direct				
PASA/Contract				
e. TOTAL (ALL COSTS)	250,000	100,000		350,000
9. LOCAL CURRENCY FINANCING (\$1.00 = PIASTERS)				
a. COUNTERPART				
Trust Fund				
AAC				
Special Fund				
Other				
b. GVN (SHOW SOURCE BELOW)	VN\$3,506,000a/			VN\$3,506,000a/
c. US - OWNED				

10. REFERENCES AND REMARKS:
 a/ **VDA Revenues**

Ref: PIO/T (21)20791

11. DATE OF ORIG. AGREEMENT June 29, 1972	12. DATE OF THIS REVISION June 30, 1972	13. EST FINAL CONTRIBUTION DATE December 31, 1974
---	---	---

14. GOVERNMENT OF VIETNAM	15. AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE: <i>[Signature]</i> DATE: June 30 72	SIGNATURE: <i>[Signature]</i> DATE: 6/30/72
TITLE: Director General for Budget and Foreign Aid	TITLE: Director, USAID/Vietnam

**PROJECT AGREEMENT
BETWEEN AID AND
DGBFA**

1. Project/Activity No.
730-12-350-406

2. Agreement No.
72-093

3. Original or
Revision No. 1

3. Project/Activity Title
Dredging

AN AGENCY OF THE GOVERNMENT OF
Vietnam

PRO AG
CONTINUATION
SHEET

ANNEX

The purpose of this Project Agreement Revision is to obligate an additional \$100,000 for contract services and to set forth several conditions precedent under the special provisions. Items V. A. (Inputs - USG) and IX (Special Provisions) are revised to include the additional funding and provisions set forth hereunder. All other provisions remain unchanged.

V. INPUTS

A. The United States Government agrees to provide:

An additional \$100,000 to finance the 3-man contract team which will provide advisory and surveillance services to the VDA. This \$100,000 in addition to the \$150,000 obligated in ProAg 72-093 brings the total funding for contract services to \$250,000. This amount will permit the initial contract to be financed for a full 24 months.

IX. SPECIAL PROVISIONS

D. Conditions Precedent:

Although the GVN's dredging operations are going through a transitional stage, it is believed that progress to date is firm enough to warrant the initiation of contract services for advisory and surveillance services to VDA. Progress will be closely monitored with further assistance dependent upon prevailing circumstances and the extent to which the VDA establishes the following conditions:

1. Formalization of adequate personnel regulations and pay schedules.
2. Regular provision of dredging funds to government user agencies.
3. The crediting of funds to VDA's account in timely fashion for work performed, clear evidence that all revenues forthcoming are indeed received by VDA, and that the disposition of them is within the purview of the management of VDA.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT AGREEMENT
BETWEEN AID AND
DGBFA

1. Project/Activity No.
790-12-350-406

2. Agreement No.
72-093

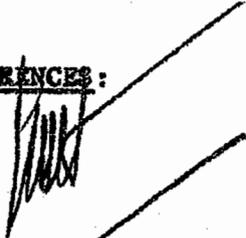
3. Original or
Revision No. 1

PRO AG
CONTINUATION
SHEET
ANNEX

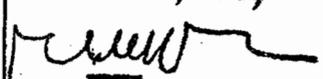
AN AGENCY OF THE GOVERNMENT OF
Vietnam

2. Project/Activity Title
Dredging

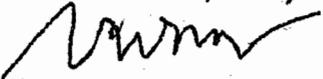
X. CONCURRENCES:


Minister of Communications & Post
(Date) 6/26/72


Associate Director for Commercial &
Capital Assistance (Date) 6-26-72


Manager of Vietnam Dredging
Agency (Date) 6/26/72


Assistant Director for Engineering
Technical Assistance (Date) 6-26-72


Community Defense and Local
Development Council (Date) 6/26/72

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
Project Number : 730-12-350-406
Agreement Number : 72-093

Original _____ Revision 1

Explanation and/or comments

The purpose of this documentation (ProAg Revision and PIO/T Amendment) is to obligate and subobligate an additional \$100,000 for contract services. This \$100,000 in addition to the \$150,000 obligated and subobligated in the original FY 72 ProAg and PIO/T will permit the initial contract for advisory and surveillance services to be financed for a full 24 months. This advance funding was approved by the Director in a reprogramming exercise on June 16, 1972.

The ProAg has also been amended to include several conditions precedent (under the Special Provisions) inadvertently excluded from the original ProAg.

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

ADPROG :

C.H. Billings 2/22/72 RRR 6/22/72 _____ EK 6/30/72
APO Division Chief Financial Mgmt. Br. ADPROG

ADFM :

A. Walls 6/22 L. 6/23/72 D. Lowery
FAD B&A ADFM

TECHNICAL OFFICE :

W.M. _____ Lucien Baylors
Project Manager Division Chief or Assistant Director

OTHER :

BEST AVAILABLE COPY

PRO AG

FOR THE USE OF

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 & 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. **730-12-350-406** 2. AGREEMENT No. **73-058** 3. ORIGINAL **X** REVISION No.

4. PROJECT TITLE:
 (Sub-Activity) **Dredging**

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

6. APPROPRIATION 7. ALLOTMENT

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (a)	INCREASE (b)	DECREASE (c)	TOTAL TO DATE (d)
a. PERSONNEL COSTS				
(1) US PASA				
Contract				
(2) LOCAL AND TCN 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)				
9. LOCAL CURRENCY FINANCING (\$1.00 = 435 PIASTERS)				
a. COUNTERPART				
Trust Fund				
AAC CY72 AAC Reserve		150,000,000		150,000,000
Special Fund				
Other				
b. GVN (SHOW SOURCE BELOW) 1/		153,506,000		153,506,000
c. US - OWNED				

10. REFERENCES AND REMARKS: **This document constitutes the FY 73 Project Agreement for the Dredging Project. This PROAG sets forth the scope of the project and stipulates the responsibilities and contributions of the GVN and USC. This PROAG also commits VN\$150,000,000 CY 72 AAC Reserve Funds in support of the several activities set forth herein.**

1/ GVN National Budget - VN\$150,000,000 and VDA Revenues - VN\$3,506,000.

11. DATE OF ORIG. AGREEMENT: **November 7, 1972** 12. DATE OF THIS REVISION: 13. EST FINAL CONTRIBUTION DATE: **Dec. 31, 1973**

14. GOVERNMENT OF VIETNAM
 SIGNATURE: *[Signature]*
 TITLE: **Director General**
FOR BUDGET & FOREIGN AID

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT
 SIGNATURE: *[Signature]*
 TITLE: **Dir. Director**
11/7/72

BEST AVAILABLE COPY

AID 1980-PA (8-701) PRO AC CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DCBPA	1. Project/Activity No. 730-12-350-406	PAGE 2 OF 12 PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-058	3. <input checked="" type="checkbox"/> Original or Revision No. _____
			3. Project/Activity Title Dredging

BEST AVAILABLE COPY

A. BACKGROUND

1. AID support for dredging was initiated in FY 1965 under the Inland Waterways Improvement Project (350-297) to assist the GVN Directorate of Navigation (DON) to carry out its responsibility for administration, development and maintenance of the Vietnamese ports and inland waterways system.

a. The port component was placed under the Ports Management and Operations Project (340-389) in FY 1969. Support of DON's dredging operations, with some assistance given to the DON's navigation aids and mapping function, was then the principal activity of the Inland Waterways Improvement Project.

b. The major USAID input during FY 1969-1970 was a three-year contract with the Retired Servicemen's Engineering Agency (RSEA), Government of the Republic of China, (subsequently reduced to two years) for the training of DON personnel and performance of dredging.

c. The RSEA contract did not achieve the desired results and was consequently cancelled at the end of the second year (June 30, 1970).

2. It was concluded by both GVN and USAID that the force account system of dredge management and operations was fundamentally unsound. Further, it was decided that dredging by contract on a commercial basis was feasible and desirable.

a. September 30, 1970: GVN published Arrête #907-ND/GT-BD establishing the Vietnam Dredging Agency (VDA), with full judicial entity and financial autonomy, and with an appointed Manager assuming responsibilities for operation and management.

b. February 1, 1971: The VDA commenced operations as a semi-autonomous agency under the administrative control of the Vietnam Railway System Board of Directors. It assumed ownership and control of 11 dredges, and all related facilities and equipment, and operational control of all related personnel. (May 22, 1971: one 8-inch dredge was destroyed by enemy action.)

c. June 30, 1971: VDA's dredges were sufficiently crewed for 24-hour operation, resulting in a 500 percent increase in production when compared to June 1970. By June 30, 1972, VDA's dredge fleet had increased to 15 dredges with the return of four dredges which had been on loan from the GVN to the US Military and one dredge received by VDA from the Republic of China.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

**PROJECT AGREEMENT
BETWEEN AID AND
DCEVA**

**AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No.
790-12-350-406

PAGE **3** OF **11** PAGES

2. Agreement No. **13-058**

3. Original or
Revision No. _____

2. Project/Activity Title
Dredging

B. GOAL STATEMENT

To provide and maintain the capital infrastructure necessary for national security and economic and social development.

C. PROJECT PURPOSE

To develop a government dredging organization which operates efficiently and is capable of meeting the dredging requirements of the public and private sector for construction materials, land reclamation, waterway construction, and canal and main channel improvement.

D. CONDITIONS EXPECTED AT THE END OF THE PROJECT

1. Efficient and well-managed Vietnam Dredging Agency (VDA):

a. Dredge fleet procedures include systematic preventive maintenance and overhaul capability.

b. Achievement of production capability at least 50% of annual dredging time calculated on 24-hour days, Sundays and holidays excluded.

c. Businesslike recruitment and training program, project selection policies and efficient job implementation procedures.

d. All dredging jobs are funded by client at rates which will offset debt servicing, operation costs and amortization of equipment.

e. Acceptable standard of corporate accounting to enable international lending institutions to determine the financial condition of the agency.

2. VDA capable of adequately servicing public sector dredging requirements.

a. Estimated public sector production, currently at 5,300,000 cubic meters per annum, increased to 8,000,000 cubic meters by 1975.

b. GVN provides funding for government dredging requirements.

3. VDA capability to partially meet dredging requirements of the private sector to the extent that GVN is unable to fund the full utilization of VDA's capability in the public sector.

BEST AVAILABLE COPY

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

AID 1980-1A (P-701) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 770-17-940-606	PAGE 4 OF 11 PAGES
		2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No.
		4. Project/Activity title Dredging	

E. OUTPUT TARGETS

1. Output Targets (Life of Project)

a. Effective management and accounting systems installed by VDA based on recommendations and guidance by management consulting team.

(1) Installation of corporate accounting system for analysis of agency costs as well as for individual projects.

(2) Installation of spare parts control system at VDA central warehouse facility (75% spare parts required in stock and 50% out-of-stock spare items in pipeline).

(3) Installation of procedures for cost-effective operation of repair shops.

b. Re-conditioning and improvement of fleet (including 4 dredges from OICC to be returned to VDA after 5 years of use) to an acceptable operating standard.

c. An adequate inventory of replacement parts, ancillary equipment and supplies.

d. Issuance of decrees in addition to those passed or pending passage, to enhance operation of dredging agency.

e. All dredges fully operational on 24-hour basis (144 hours weekly with at least two fully-qualified crews per dredge. Ten dredges manned by 260 trained employees increased to 14 dredges and 364 trained employees.

2. Output Targets (FY 73)

a. Management consulting contract finalized and team on board.

b. Grant-in-Aid transfer of US Military excess equipment and parts completed.

c. Completed construction of two new warehouses and rehabilitation of two existing warehouses at Phu An for the storage of repair parts and supplies for dredge fleet.

BEST AVAILABLE COPY

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 1980-DA 19-701 PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE 5 OF 11 PAGES
		2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF Vietnam	3. Project/Activity Title Drudging	

d. Program implemented for the training of management personnel and the establishment of a financial management and cost accounting system based on the recommendations and guidance of the management consulting team

e. Spare parts control system established by VDA at its central warehouse facilities in accordance with the recommendations furnished by the management consulting team.

f. Procedures established for cost effective operation of the repair shops in accordance with management consultant guidelines.

g. Continued re-conditioning and improvement of the dredge fleet to meet acceptable operating standards.

h. Issuance of decree, in addition to those past or pending passage, to enhance operations of dredging agency.

i. Established training program to assure an adequate corps of dredge operating personnel.

F. INPUTS

1. The Government of Vietnam agrees to provide:

a. Personnel

<u>Category</u>	<u>No.</u>
Administration	7
Professional Staff (Engr., Draftsmen, etc.)	24
Technicians (Mechanics, Welders, etc.)	47
Dredge Operating Personnel	319
Clerical	65
Laborers	28
Total	490

b. Support Services

(1) The GVN Project Manager will use the "Management Consultant Team" to study and advise on the implementation of:

BEST AVAILABLE COPY

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

AID 1586-1A 2-73 PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE 6 OF 11 PAGES
		2. Agreement No. 79-058	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF Vietnam	3. Project/Activity Title Dredging	

(a) VDA personnel and wage policies, incentives, overtime, fringe benefits, etc.

(b) Cost-efficient dredge operations.

(c) Spare parts policy, usage factor, record keeping and appropriate funding factors for spares.

(d) Financial management and cost accounting system.

(e) Improvement of VDA shop facilities for efficient and economic dredge repair; also team will study market demands for dredging agency services.

(2) The Community Defense and Local Development Council (CDLD) shall review and approve all dredging priorities to assure conformity with objectives of pacification and development.

(3) The Minister of Communications and Post (MOSP) agrees to:

(a) Coordinate with CDLD to establish dredging priorities in support of the Pacification and Development Program.

(b) Initiate action as necessary, through incentive pay or other employee benefits, to ensure employment, retention, and relocation of dredge personnel.

(c) Review previous requests to the Ministry of National Defense (MOND) for deferment and/or military release of key dredge personnel. Determine status of action on previous arrangements and initiate action as required to obtain implementation.

(4) The VDA agrees to:

(a) Provide contract administration and supervision for GVN projects which fall within the purview of its activities.

(b) That all dredging performed will be on a contract basis and only on fully-funded projects.

(c) Coordinate with appropriate local officials on all phases of project planning and implementation.

BEST AVAILABLE COPY

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 1550-1A 3-701 PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 730-12-350-406	PAGE 7 OF 11 PAGES
		2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No.
		5. Project/Activity Title Dredging	

(d) Properly receive, distribute, and account for all commodities procured for use by VDA and provide proper custody, care and maintenance of such items, including the adequate maintenance of stock parts and expendable items required to maintain equipment in operating condition; furnishing MC&P and USAID, quarterly, a list of parts which should be ordered under this Project Agreement, indicating those parts which VDA will procure with their own foreign exchange and those desired through grant-in-aid.

(e) Maintain a tentative dredging schedule which shows assignments at least six months in advance for each VDA-controlled dredge, with adjustments being made where necessary due to security conditions, changes in COLD-approved priorities and/or funding requirements.

(f) Initiate and maintain an effective management accounting system, providing usable data for optimum planning and policy formation; submitting quarterly financial statements to MC&P and USAID.

(g) Cooperate fully with any management consultant effort and/or end-use audit offered or required by USAID.

(5) The Director General for Budget and Foreign Aid (DGBFA) will:

(a) Assist in establishing a system for the deposit of funds in the account of VDA for work done for other GVN agencies.

(b) Make available to MC&P, in accordance with their letter #2831/PTT/NSNV of August 14, 1972, VN\$100,000,000 in CY 72 AAC Reserve funds to be used by the Director of Navigation (DON) for contracting purposes with the VDA for the dredging of inland waterways, Saigon - Ca Mau.

(c) They will further make available to VDA from CY 72 AAC Reserve funds, VN\$20,000,000 for the construction of two warehouses and the rehabilitation of two warehouses at Phu An. They will also make available an additional VN\$30,000,000 to assist VDA with the overhaul of dredges and ancillary equipment which must be accomplished to increase their production.

c. Physical Facilities

VDA agrees to make available all facilities including buildings, dredges, ancillary equipment, vehicles, supplies, utilities, POL, and all other needed services presently committed to them in full support of this project.

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

BEST AVAILABLE COPY

AID 1240-5A (2-73) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE 8 OF 11 PAGES
		2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No.
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Project/Activity Title Dredging	

BEST AVAILABLE COPY

d. Others

(1) The GVN agree to:

(a) Make available to the VDA VN\$150,000,000 in CY 73 from the National Budget for improvements, one-half of which will be converted to foreign exchange. VDA will purchase spare parts and equipment replacement in equal or greater amounts to those obtained through USAID commodity support.

(b) Monitor the CY 73 budgets of GVN agencies to assure that these agencies budget sufficient funds to cover their dredging requirements.

(c) Take the necessary legislative action required for the approval of funds for dredging, once budget priorities have been established.

(d) Assist VDA in the development of private sector dredging on a commercial basis. This will include sale of dredges by VDA to the private sector, and GVN support, to private sector, through loans, government contracts, and legislation designed to stimulate private investment in construction and dredging equipment.

2. The United States Government agrees to provide: subject to the availability of funds and personnel, the United States Government through the Agency for International Development will provide the following:

a. Personnel

(1) Advisory and surveillance service of a management consultant, dredge engineer, and a certified public accountant (CPA), which have been funded in prior years.

(2) Direct-hire technician to advise the VDA Director on:

(a) Implementation of Management Consultant's recommendations.

(b) Coordination of dredging agency, contractor and USAID planning.

b. Funds for Training: - None.

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

**PROJECT AGREEMENT
BETWEEN AID AND
DGBFA**

**AN AGENCY OF THE GOVERNMENT OF
Vietnam**

1. Project/Activity No.
730-12-350-406

2. Agreement No. **73-058**

3. Project/Activity Title

Dredging

1. Original or
Revision No.

c. Commodities

The dollar funds required to finance the procurement of spare parts for dredges and ancillary equipment and supplies. Funding for this purpose will be obligated by a revision to this PROAG at such a time as funds are available and a commodity requirement list has been prepared.

d. Other Costs: - None.

G. DESIGNATIONS

1. Government of Vietnam

The Manager of the Vietnam Dredging Agency within the Ministry of Communications and Post is hereby designated GVN Project Manager. In this capacity he will be responsible for the overall implementation of the project. 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.

2. The United States Government

The Chief of the Railroad and Maritime Section of the USAID Engineering Technical Assistance Division is hereby designated as 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 budgeting, implementing and evaluating.

H. REPORTING AND EVALUATION

The US and GVN Project Managers will prepare jointly an annual evaluation of the project based on criteria set forth in this agreement.

I. SPECIAL PROVISIONS

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

BEST AVAILABLE COPY

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

AID 1986-7A (2-79) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGRFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 740-12-350-406	PAGE 0 OF 11 PAGES
		2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No. _____
		3. Project/Activity Title Dredging	

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

3. **Conditions Precedent:**

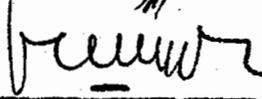
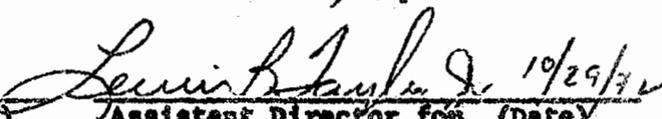
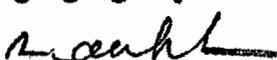
Future support to this project is incumbent on the extent to which the VDA completes the following actions:

- a. Formalization of adequate personnel regulations and pay schedules.
- b. Regular provision of dredging funds to government user agencies
- c. The crediting of funds to VDA's account in timely fashion for work performed, clear evidence that all revenues forthcoming are indeed received by VDA, and that the disposition of them is within the purview of the management of VDA.

J. **STANDARD PROVISIONS**

The Standard Provisions Annex B for US Dollar funding, and Foreign Currency Standards Provision Annex C, for foreign currency uses, are appended hereto as part of this agreement.

K. **CONCURRENCES**

 <hr/> TRAN-VAN-VIEN Minister of Communications (Date) and Post <i>Oct. 27, 1972</i>	 <hr/> Associate Director for (Date) Commercial and Capital Assistance
 <hr/> Manager of Vietnam (Date) Dredging Agency	 <hr/> Assistant Director for (Date) Engineering Technical Assistance
 <hr/> Community Defense and (Date) Local Development Council	

BEST AVAILABLE COPY

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

AID 1250-1A (1970) PRO AG CONTRACT/FIN SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGMFA	1. Project/Activity No. 730-12-350-406	PAGE 11 OF 11 PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 73-058	3. <input checked="" type="checkbox"/> Original or Revision No. _____
		3. Project/Activity Title Dredging	

PIASTER BUDGET

CY 72 AAC Reserve Funds

Article 71-79

A. Waterways:

VN\$100,000,000 to be used by the Director of Navigation (DON) for contracting purposes with VIA for the dredging of Inland Waterways, Saigon - Ca Mau.

B. Construction: Rehabilitation of Warehouses

VN\$20,000,000 for construction of two warehouses and rehabilitation of two warehouses at Phu An.

C. Dredge Overhaul:

VN\$30,000,000 for overhaul of dredges and ancillary equipment to increase VDA production.

BEST AVAILABLE COPY

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
TITLE: _____

SIGNATURE: _____ DATE: _____
TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
Project Number : 730-12-350-104
Agreement Number : 73-058

Original Revision

Explanation and/or comments

The purpose of this FY 73 Project Agreement is to set forth the scope of the Dredging Project and to stipulate the responsibilities and contributions of the GVN and USG. This document also commits VN\$150,000,000 CY 72 AAC Reserve Funds in support of the following activities:

- (1) VN\$100,000,000 - Dredging operations in the primary waterways between Saigon and Ca Mau.
- (2) VN\$ 20,000,000 - Construction of two warehouses and rehabilitation of two warehouses at Phu An.
- (3) VN\$ 30,000,000 - Overhaul of dredges and ancillary equipment required to increase the Vietnam Dredging Agency's production.

The use of CY 72 AAC Reserve Funds for these activities has been approved by the joint USAID/DGBFA Committee.

Funds to finance the commodity requirements set forth in this ProAg will be obligated by a ProAg revision subject to the availability of funds and submission of PIO/Cs.

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

ADPROG :

Ch. Bellinger 10/24/72 A. W. Thun 10/24/72 D. G. ... 10/24/72 E. K. ... 10/24/72
APO / Division Chief / Financial Mgmt. Br. / ADPROG

ADFM :

M. G.
FAD / BSA / ADFM

TECHNICAL OFFICE :

...
Project Manager / Division Chief or Assistant Director

OTHER :

LEG RL 11/3/73

PRO AC
(VIETNAM)
31

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

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. 730-12-350-406 2. AGREEMENT No. 73-058 3. ORIGINAL REVISION No. 2

4. PROJECT TITLE : Dredging
(Sub-Activity)

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

6. APPROPRIATION : 72-1131006 7. ALLOTMENT : 356-50-730-00-79-31

Minister of Communications & Post

Manager of Vietnam Dredging Agency

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. PERSONNEL COSTS				
(1) US PASA				
Contract		50,000		50,000
(2) LOCAL AND TCN PASA				
Contract				
b. PARTICIPANTS				
AID Direct				
PASA/Contract				
c. COMMODITIES				
AID Direct	50,000			50,000
PASA/Contract				
d. OTHER COSTS				
AID Direct				
PASA/Contract				
e. TOTAL (ALL COSTS)	50,000	50,000		100,000
9. LOCAL CURRENCY FINANCING (\$1.00 = PIASTERS)				
a. COUNTERPART				
Trust Fund				
AAC 72 Reserve	150,000,000	2,000,000		150,000,000
Special Fund				
Other				
b. GVN (SHOW SOURCE BELOW) <u>1/</u>	153,506,000			153,506,000
c. XXXXXXXX <u>1/</u> GVN National Budget				

10. REFERENCES AND REMARKS : The purpose of this ProAg Revision is to obligate \$50,000 and VN\$2,000,000 in Trust Funds required to finance an additional position, Senior Advisor (Warehouse Manager), under Contract No. AID 730-3558. This senior advisor is required to assist the VDA Warehouse Manager with organizing modern warehouse procedures and training warehouse personnel. Page 11 of the ProAg covering the Piaster Budget has been amended to show Dir. of Nav. as Accounting Manager of CY 72 AAC reserve funds. Ref.: PIO/T (31)30591

11. DATE OF ORIG. AGREEMENT | 12. DATE OF THIS REVISION | 13. EST FINAL CONTRIBUTION DATE
 November 7, 1972 | May 15, 1973 | December 31, 1974

14. GOVERNMENT OF VIETNAM
 SIGNATURE: [Signature] DATE: May 15 73
 TITLE: Director General for Budget & Foreign Aid

15. AGENCY FOR INTERNATIONAL DEVELOPMENT
 SIGNATURE: [Signature] DATE: 5/15/73
 TITLE: Associate Director for Program

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 730-12-350-406	PAGE <u>2</u> OF <u>2</u> PAGES
		2. Agreement No. 73-058	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

Revised: - PIASTER BUDGET CY 72 AAC Reserve Funds

Item 5 (51-59)*

A. Construction and Rehabilitation of Warehouses

VN\$20,000,000 for construction of two warehouses and rehabilitation of two warehouses at Phu An.

B. Dredge Overhaul

VN\$30,000,000 for overhaul of dredges and ancillary equipment to increase VDA production.

Item 7 (71-79)*

A. Waterways

VN\$100,000,000 to be used by the Director of Navigation (DON) for construction purposes with VDA for the dredging of Inland Waterways, Saigon - Ca Mau.

* In accordance with Decree No. 789B/GTBD/ND/NS; Ministry of Communications and Post, dated 12/14/72, the Director of Navigation is assigned the responsibility of Accounting Manager for the VN\$150,000,000 CY 72 AAC Reserve Funds. (Copy of MOC&P Decree Attached).

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
 Project Number : 730-12-350-406
 Agreement Number : 73-058

Original _____ Revision 2

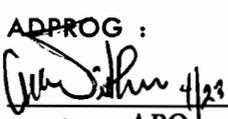
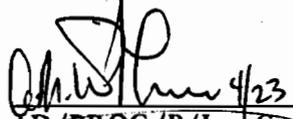
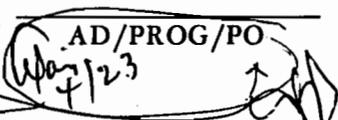
Explanation and/or Comments

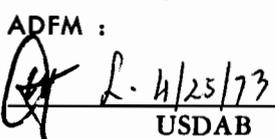
The purpose of this documentation (ProAg Rev. 2 & PIO/T) is to obligate and subobligate \$50,000 and VN\$2,000,000 (Trust Funds) to finance for 18 months an additional position under the De Leuw, Cather International Inc. and ASIAPAC Fargo Inc. Contract (No. 730-3558). The position calls for a Senior Advisor to assist the Vietnam Dredging Agency's (VDA) Warehouse Manager in establishing modern warehouse procedures.

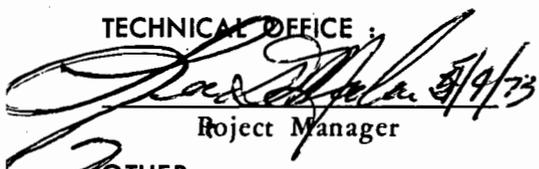
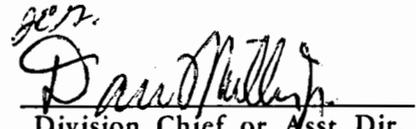
Although this position was not programmed in the PBS, funds to finance this position have been made available through a transfer of \$50,000 from the Highway Advisory Assistance Project (No. 408). This transfer of funds was requested by ADCCA's memo dated March 13, 1973 (attached) and approved by ADPROG's memo of the same date (attached).

This \$50,000 increase is in accordance with the existing Program Implementation Document (PID) as amended by PID Revision 73-15/R1.

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

ADPROG :
 4/23  4/23  7/23 _____
 APO AD/PROG/P (Loc Cur) AD/PROG/PO ADPROG

ADFM :
 4/25/73  mar  4/23
 USDAB LCB ADFM

TECHNICAL OFFICE :
 3/9/73  3/9/73 
 Project Manager Division Chief or Asst. Dir. Associate Director

OTHER :
 _____) _____) _____)

PRO AG
(VIETNAM)

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

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 730-12-350-406 | 2. AGREEMENT No. 74-047 | 3. ORIGINAL X | REVISION No.

4. PROJECT TITLE : Dredging
(Sub-Activity)

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

6. APPROPRIATION : N/A | 7. ALLOTMENT : N/A

Ministry of
Public
Works and
Communica-
tions
April 16, 74
[Signature]

Directorate
of
Navigation

8. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. PERSONNEL COSTS				
(1) US PASA				
Contract				
(2) LOCAL AND TCN 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)				
9. LOCAL CURRENCY FINANCING (\$1.00 = PIASTERS)				
a. COUNTERPART				
Trust Fund				
FAC CY 74		300,000,000		300,000,000
Special Fund				
Other				
b. GVN (SHOW SOURCE BELOW)				
c. US - OWNED				

10. REFERENCES AND REMARKS :
The purpose of this Project Agreement is to commit VN\$300,000,000 CY 74 FAC funds in support of the GVN's Inland Waterways Improvement Program (Construction Activities Only).

11. DATE OF ORIG. AGREEMENT April 19, 1974 | 12. DATE OF THIS REVISION | 13. EST FINAL CONTRIBUTION DATE March 31, 1977

14. GOVERNMENT OF VIETNAM
SIGNATURE *[Signature]* DATE April 19
TITLE : Director General
for Budget and Foreign Aid 74

15. AGENCY FOR INTERNATIONAL DEVELOPMENT
SIGNATURE *[Signature]* DATE 4/19/74
TITLE : Associate Director for Program

AID 1880-1A (8-70) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>2</u> OF <u>2</u> PAGES
		2. Agreement No. 74-047	3. <input checked="" type="checkbox"/> Original or Revision No. _____
	AN AGENCY OF THE GOVERNMENT OF Vietnam	3. Project/Activity Title Dredging	

Foreign Aid Chapter (FAC) funds cited in block 9.a. of this Project Agreement represent a part of the GVN counterpart contribution to this Project. These funds are hereby committed to be expended for the purpose (Construction Activities Only) outlined in the GVN National Budget for CY 1974, Title 30 (Foreign Aid Programs) and, within Title 30, under Title 23, Chapter 746 (Ministry of Public Works and Communications, Directorate of Navigation), Project No. 350-406 (Dredging) is incorporated herein by reference.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
Project Number : 730-12-350-406
Agreement Number : 74-047

Original X Revision _____

Explanation and/or Comments

The purpose of this program documentation is to commit VN\$300,000,000 CY 74 FAC funds in support of the GVN's Inland Waterways Improvement Program (Construction Activities Only) as was approved and set forth in the GVN's National Budget for CY 74.

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

ADPROG :

Ch. Billings 4/8 to 4/9/74 Levan 4/9
APO AD/PROG/P (Loc Cur) AD/PROG/PO ADPROG

ADFM :

USDAB John M. Murphy 4/9 LCB 4/9/74 ADFM

TECHNICAL OFFICE :

[Signature] Project Manager [Signature] Division Chief or Asst. Dir. [Signature] Associate Director

OTHER :

() () ()

PRO AG
(VIETNAM)

41

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

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. 730-12-350-406 | 2. AGREEMENT No. 74-047 | 3. ORIGINAL | REVISION No. 2

4. PROJECT TITLE : Dredging
 (Sub-Activity)

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

6. APPROPRIATION : 72-1141030 | 7. ALLOTMENT : 430-50-730-00-79-41

B. AID DOLLAR FINANCING (Cost Component)	PREVIOUS TOTAL (A)	INCREASE (B)	DECREASE (C)	TOTAL TO DATE (D)
a. PERSONNEL COSTS				
(1) US PASA				
Contract		50,000		50,000
(2) LOCAL AND TCN 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)		50,000		50,000
9. LOCAL CURRENCY FINANCING (\$1.00 = PIASTERS)				
a. COUNTERPART				
Trust Fund				
FAC CY-74	400,000,000	5,412,000		5,412,000
Special Fund				400,000,000
Other				
b. GVN (SHOW SOURCE BELOW)		4,989,000 ^{1/}		4,989,000 ^{1/}
c. US - OWNED				

10. REFERENCES AND REMARKS : This FY 74 Project agreement revision sets forth the scope of the Dredging Project and stipulates the responsibilities and contributions of the GVN and the USG as agreed herein. This ProAg also obligates \$50,000 and VN\$5,412,000 (Trust Funds) required to finance the contract services set forth in item F. 2. a. (1).
 1/ VDA generated revenues.

11. DATE OF ORIG. AGREEMENT
April 19, 1974

12. DATE OF THIS REVISION
June 7, 1974

13. EST FINAL CONTRIBUTION DATE
March 31, 1977

14. GOVERNMENT OF VIETNAM

SIGNATURE *[Signature]* DATE June 7
 TITLE : Director General
 for Budget and Foreign Aid 9th

15. AGENCY FOR INTERNATIONAL DEVELOPMENT

SIGNATURE *[Signature]* DATE 6/7/74
 TITLE : Associate Director for Program

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>2</u> OF <u>11</u> PAGES
		2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
	AN AGENCY OF THE GOVERNMENT OF Vietnam	3. Project/Activity Title Dredging	

A. BACKGROUND

1. AID support for dredging was initiated in FY 1965 under the Inland Waterways Improvement Project (350-297) to assist the GVN Directorate of Navigation (DON) to carry out its responsibility for administration, development and maintenance of the Vietnamese ports and inland waterways system.

a. The port component was placed under the Ports Management and Operations Project (340-389) in FY 1969. Support of DON's dredging operations, with some assistance given to the DON's navigation aids and mapping function, was then the principal activity of the Inland Waterways Improvement Project.

b. The major USAID input during FY 1969-1970 was a three-year contract with the Retired Servicemen's Engineering Agency (RSEA), Government of the Republic of China, (subsequently reduced to two years) for the training of DON personnel and performance of dredging.

c. The RSEA contract did not achieve the desired results and was consequently cancelled at the end of the second year (June 30, 1970).

2. It was concluded by both GVN and USAID that the force account system of dredge management and operations was fundamentally unsound. Further, it was decided that dredging by contract on a commercial basis was feasible and desirable.

a. September 30, 1970: GVN published Arrete #907-ND/GT-BD establishing the Vietnam Dredging Agency (VDA), with full judicial entity and financial autonomy, and with an appointed Manager assuming responsibilities for operation and management.

b. February 1, 1971: The VDA commenced operations as a semi-autonomous agency under the administrative control of the Vietnam Railway System Board of Directors. It assumed ownership and control of 11 dredges, and all related facilities and equipment, and operational control of all related personnel. (May 22, 1971: one 8-inch dredge was destroyed by enemy action.)

c. June 30, 1971: VDA's dredges were sufficiently crewed for 24-hour operation, resulting in a 500 percent increase in production when compared to June 1970. By June 30, 1972, VDA's dredge fleet had increased to 15 dredges with the return of four dredges which had been on loan from the GVN to the US Military and one dredge received by VDA from the Republic of China.

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

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>3</u> OF <u>11</u> PAGES
		2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
	AN AGENCY OF THE GOVERNMENT OF	3. Project/Activity Title Dredging	

d. December 1, 1972: A contract was implemented for a US Management Consulting Team to assist the Vietnam Dredging Agency (VDA). This contract was financed by USAID with the General Manager of the VDA acting as the Contracting Officer.

B. GOAL STATEMENT

To provide and maintain the capital infrastructure necessary for national security and economic and social development.

C. PROJECT PURPOSE

To develop a government dredging organization which operates efficiently and is capable of meeting the dredging requirements of the public and private sector for construction materials, land reclamation, waterway construction, and canal and main channel improvement.

D. CONDITIONS EXPECTED AT THE END OF THE PROJECT

1. Efficient and well-managed Vietnam Dredging Agency (VDA):

a. Dredge fleet procedures include systematic preventive maintenance and overhaul capability.

b. Achievement of production capability at least 50% of annual dredging time calculated on 24-hour days, Sundays and holidays excluded.

c. Businesslike recruitment and training program, project selection policies and efficient job implementation procedures.

d. All dredging jobs are funded by client at rates which will offset debt servicing, operation costs and amortization of equipment.

e. Acceptable standard of corporate accounting to enable international lending institutions to determine the financial condition of the agency.

2. VDA capable of adequately servicing public sector dredging requirements.

a. Estimated public sector production, currently at 5,300,000 cubic meters per annum, increased to 8,000,000 cubic meters by 1975.

b. GVN provides funding for government dredging requirements.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 1830-1A (S-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>4</u> OF <u>11</u> PAGES
		2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
	AN AGENCY OF THE GOVERNMENT OF	3. Project/Activity Title Dredging	

3. VDA capability to partially meet dredging requirements of the private sector to the extent that GVN is unable to fund the full utilization of VDA's capability in the public sector.

E. OUTPUT TARGETS

1. Output Targets (Life of Project)

a. Effective management and accounting systems installed by VDA based on recommendations and guidance by management consulting team.

(1) Installation of corporate accounting system for analysis of agency costs as well as for individual projects.

(2) Installation of spare parts control system at VDA central warehouse facility (75% spare parts required in stock and 50% out-of-stock spare items in pipeline).

(3) Installation of procedures for cost-effective operation of repair shops.

b. Re-conditioning and improvement of fleet (including 4 dredges from OICC to be returned to VDA after 5 years of use) to an acceptable operating standard.

c. An adequate inventory of replacement parts, ancillary equipment and supplies.

d. Issuance of decree in addition to those passed or pending passage, to enhance operation of dredging agency.

e. All dredges fully operational on 24-hour basis (144 hours weekly with at least two fully-qualified crews per dredge. Ten dredges manned by 260 trained employees increased to 15 dredges and 370 trained employees.

2. Output Targets (FY 74)

a. Complete the construction of two new warehouses for the storage of repair parts and supplies for dredge fleet.

b. Continued land fill for the open storage of dredge pipe, pontoons and ancillary equipment.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>5</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

c. Continued development of VDA's facilities at Phu An, including the recently acquired real-estate from the GVN Navy and Army. This will include land fill, adequate security fencing, construction of an access road to QL-1 from VDA's facilities, and the relocation of all residential housing outside the security area.

d. The collection and disposal of all scrap materials and obsolete equipment as well as materials and equipment that cannot be utilized by VDA. The disposal of the foresaid items will be handled in accordance with outstanding GVN instructions.

e. Key technical or management positions on VDA's staff that are now vacant and/or have been temporarily filled by non-qualified incumbents will be reexamined and every effort will be made by VDA's General Manager to Staff these positions with fully qualified personnel.

f. Continued program implementation for the training of management personnel for the full establishment of a financial management and cost accounting system based on the present system which has been introduced by the management consulting team.

g. Continued expansion and training of personnel in the system of spare parts control as initiated by the management consulting team.

h. Continued expansion and training of personnel in the cost effective operation of the repair shops in accordance with management consultant guidelines.

i. Continued re-conditioning and improvement of the dredge fleet to meet acceptable operating standards.

j. Complete appraisal of the dredge fleet with the possible sale of the smaller and older dredges to the private sector. The management consultant's recommendations should be fully considered in this matter.

k. Continued issuance of decrees, in addition to those past or pending passage, to enhance operations of the dredging agency. This shall include an incentive wage standard, thereby allowing VDA to attract qualified technical and mid-management personnel into their agency.

l. Pursue the present training program for dredge operating personnel with a continued effort to improve this training under the guidelines as set-up by the management consultant team.

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

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>6</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

F. INPUTS

1. The Government of Vietnam agrees to provide:

a. Personnel

<u>Category</u>	<u>No.</u>
Administration	7
Professional Staff (Engr., Draftsmen, etc.)	24
Technicians (Mechanics, Welders, etc.)	47
Dredge Operating Personnel	319
Clerical	65
Laborers	<u>28</u>
Total	490

b. Support Services

(1) The GVN Project Manager will use the "Management Consultant Team" to study and advise on the implementation of:

(a) VDA personnel and wage policies, incentives, overtime, fringe benefits, etc.

(b) Cost-efficient dredge operations.

(c) Spare parts policy, usage factor, record keeping and appropriate funding factors for spares.

(d) Financial management and cost accounting system.

(e) Improvement of VDA shop facilities for efficient and economic dredge repair; also team will study market demands for dredging agency services.

(2) The Central Committee for Coordination of Reconstruction and Development shall review and approve all dredging priorities to assure conformity with objectives of reconstruction and development.

(3) The Minister of Public Works & Communications (MPW&C) agrees to:

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

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>7</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

(a) Coordinate with the Central Committee for Coordination of Reconstruction and Development to establish dredging priorities in support of the Reconstruction and Development Program.

(b) Initiate action as necessary through incentive pay or other employee benefits to entice employment, retention, and relocation of dredge personnel.

(c) Review previous requests to the Ministry of National Defense (MOND) for deferment and/or military release of key dredge personnel. Determine status of action on previous arrangements and initiate action as required to obtain implementation.

(4) The VDA agrees to:

(a) Provide contract administration and supervision for GVN projects which fall within the purview of its activities.

(b) That all dredging performed will be on a contract basis and only on fully-funded projects, and at a price per cubic meter that has been mutually agreed to by VDA and its US Management Consultant.

(c) Coordinate with appropriate local officials on all phases of project planning and implementation.

(d) Properly receive, distribute, and account for all commodities procured for use by VDA, and provide proper custody, care and maintenance of such items, including the adequate maintenance of stock parts and expendable items required to maintain equipment in operating condition; furnishing MPW and USAID, quarterly, a list of parts which should be ordered under this Project Agreement, with their own foreign exchange.

(e) Maintain a tentative dredging schedule which shows assignments at least six months in advance for each VDA-controlled dredge, with adjustments being made where necessary due to security conditions, changes in approved priorities and/or funding requirements.

(f) Initiate and maintain an effective management accounting system, providing usable data for optimum planning and policy formation; submitting quarterly financial statements to MPW and USAID.

(g) Cooperate fully with any management consultant effort and/or end-use audit offered or required by USAID.

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

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>8</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

(5) The Director General for Budget and Foreign Aid (DGBFA) will:

(a) Assist in establishing a system for the deposit of funds in the account of VDA for work done for other GVN agencies.

(b) Make available to MPW in accordance with the CY-74 FAC funds review meeting, of August 29, 1973, VN\$280,000,000 in CY-74 FAC funds to be used by the Director of Navigation (DON) for contracting purposes with VDA for dredging of the Inland Waterway project, Saigon - Ca Mau.

(c) Make available VN\$20,000,000 in CY-74 FAC funds in accordance with the meeting of August 29, 1973 to DON for performing the necessary hydrographic survey work associated with the Inland Waterway Project - Saigon - Ca Mau.

(d) Further make available to VDA from the CY-74 FAC funds, VN\$100,000,000 for construction of warehouses and the general development and security of VDA's base facility at Phu An. (During the meeting of August 29, 1973, VN\$200,000,000 was authorized for this purpose. VN\$100,000,000 was released later from CY-73 Reserve FAC funds and covered under FY-73 ProAg #73-058 Revision #4.)

c. Physical Facilities

VDA agrees to make available all facilities including buildings, dredges, ancillary equipment, vehicles, supplies, utilities, POL, and all other needed services presently commotted to them in full support of this project.

d. Others

(1) The GVN agrees to:

(a) Monitor the CY 74 budgets of GVN agencies to assure that these agencies budget sufficient funds to cover their dredging requirements.

(b) Take the necessary legislative action required for the approval of funds for dredging, once budget priorities have been established.

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

AID 1330-1A (S-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE 9 OF 11 PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. 2
		3. Project/Activity Title Dredging	

(c) Assist VDA in the development of private sector dredging on a commercial basis. This will include sale of dredges by VDA to the private sector, and GVN support, to private sector, through loans, government contracts, and legislation designed to stimulate private investment in construction and dredging equipment.

2. The United States Government agrees to provide: subject to the availability of funds and personnel, the United States Government through the Agency for International Development will provide the following:

a. Personnel

(1) Advisory and surveillance service of a management consultant, dredge engineer, a certified public accountant (CPA), and warehouse advisor as covered under Contract No. AID 730-3558, of which the General Manager of VDA is the designated contracting officer. The amount of US\$50,000 as shown on page one of this agreement will complete the financing of this contract. This contract is to be completed by 8/31/75.

(2) Direct-hire technician to advise the VDA Director on:

(a) Implementation of Management Consultant's recommendations.

(b) Coordination of dredging agency, contractor and USAID planning.

b. Funds for Training: - None.

c. Commodities: - None.

d. Other Costs: - None.

G. DESIGNATIONS

1. Government of Vietnam

The Manager of the Vietnam Dredging Agency within the Ministry of Public Works is hereby designated GVN Project Manager. In this capacity he will be responsible for the overall implementation of the project. 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.

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

AID 1330-1A (8-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA	1. Project/Activity No. 730-12-350-406	PAGE <u>10</u> OF <u>11</u> PAGES
	AN AGENCY OF THE GOVERNMENT OF Vietnam	2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

2. The United States Government

The Chief of the Railroad, Maritime and Aviation Branch of the USAID Engineering Technical Assistance Division is hereby designated as 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 budgeting, implementing and evaluating.

H. REPORTING AND EVALUATION

The US and GVN Project Managers will prepare jointly an annual evaluation of the project based on criteria set forth in this agreement.

I. SPECIAL PROVISIONS

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

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

3. Conditions Precedent:

Future support to this project is incumbent on the extent to which the VDA completes the following actions:

- a. Formalization of adequate personnel regulations and pay schedules.
- b. Regular provision of dredging funds to government user agencies.
- c. The crediting of funds to VDA's account in timely fashion for work performed, clear evidence that all revenues forthcoming are indeed received by VDA, and that the disposition of them is within the purview of the management of VDA.

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

AID 1330-1A (3-70) PRO AG CONTINUATION SHEET ANNEX _____	PROJECT AGREEMENT BETWEEN AID AND DGBFA AN AGENCY OF THE GOVERNMENT OF Vietnam	1. Project/Activity No. 730-12-350-406	PAGE <u>11</u> OF <u>11</u> PAGES
		2. Agreement No. 74-047	3. <input type="checkbox"/> Original or Revision No. <u>2</u>
		3. Project/Activity Title Dredging	

J. STANDARD PROVISIONS

The Standard Provisions Annex B for US Dollar funding, and Foreign Currency Standards Provision Annex C, for foreign currency uses, are appended hereto as part of this agreement.

Concurrences

[Signature] June 5, 74 X
 Minister of Public Works (Date)
 and Communications 58
 June 5, 1974

[Signature] 5/31/74
 Associate Director for (Date)
 Commercial and Capital
 Assistance

[Signature] 6/5/74 X
 Manager of Vietnam (Date)
 Dredging Agency

[Signature] 5/31/74
 Assistant Director for (Date)
 Engineering Technical Assistance

For the Cooperating Government or Agency

For the Agency for International Development

SIGNATURE: _____ DATE: _____
 TITLE: _____

SIGNATURE: _____ DATE: _____
 TITLE: _____

PROJECT DOCUMENT CLEARANCE SHEET

Project Title : Dredging
Project Number : 730-12-350-406

Agreement Number : 74-047/R2 & PIO/T

Original _____ Revision _____

Explanation and/or Comments

The purpose of this ProAg Revision is to set forth the scope of the Dredging Project and to stipulate the responsibilities and contributions of the GVN and the USG. This documentation also obligates and subobligates US\$50,000 and VN\$5,412,000 (Trust Funds) required to complete financing of the joint venture DeLeuw, Cather International Inc. and Asiapac-Fargo Inc. Contract (No. AID 730-3558).

The amount and purpose of this obligation is in accordance with the FY 75 PBS.

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

ADPROG :

H. Billings 5/17 APO AD/PROG/P (Loc Cur) *W. H. [unclear]* 5/21/74 AD/PROG/PO ADPROG

ADFM :

L. [unclear] 5/22/74 USDAB *[unclear]* 5-23-74 5/23/74 ICB *[unclear]* 5/23/74 ADFM

TECHNICAL OFFICE :

[unclear] 5/31/74 Project Manager *[unclear]* 5/31/74 Division Chief or Asst. Dir. *[unclear]* 5/31/74 Associate Director

OTHER :

() () ()