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FROM THE DIRECTOR
OF THE UNITED STATES AGENCY
FOR INTERNATIONAL DEVELOPMENT
VIETNAM



1970

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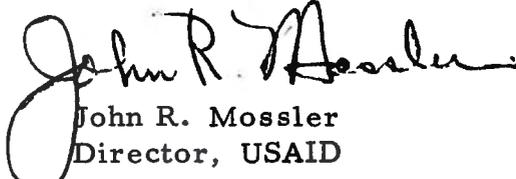
U.S. AID MISSION TO VIETNAM

TO THE AMBASSADOR

This is USAID's report of its assistance to the Republic of Vietnam during 1970. The primary focus of our efforts has been to advise the Government in the design and implementation of an effective program aimed at stabilizing a war-inflated economy, a program financed in large part with funds provided by the U.S. Government. Continued financial support by the United States along with timely changes in fiscal policies will be necessary during the coming year to sustain this effort and to provide a base for continued vital economic development and growth.

Our efforts in the areas of technical and project aid, notably our assistance to the GVN Land-to-the-Tiller program, are detailed in this report also. The task of nation-building has moved forward steadily, and as pacification of the countryside improves and the need for war-related programs decreases, we are intensifying our already considerable efforts at turning this task over to the Vietnamese people. A steady reduction in our staff over the past year is accompanying these efforts.

This report is also a record of the steady and solid progress made by the Government of Vietnam in fostering economic stabilization and development. The extent to which the GVN has succeeded in coping with the many and serious economic and fiscal problems it faces is indeed encouraging.


John R. Mossler
Director, USAID

Saigon, Vietnam
January 1, 1971

INTRODUCTION

Economic assistance in 1970 continued to be a mainstay of United States foreign policy in Vietnam; it is designed to achieve ultimately the development of a stable and viable government capable of surviving in this increasingly complex and competitive world.

In implementing the United States economic assistance program in Vietnam, the U.S. Agency for International Development — USAID — plays a vital role through its material and advisory assistance to the ministries and agencies of the Government of Vietnam. With improved security, and as the emphasis on pacification and other war-related programs lessens, social and economic development programs are receiving increased attention. Both the GVN and USAID are directing their efforts toward helping the nation make the transition from a wartime to a peace-time economy. A more stable economic base is being provided through a series of economic and fiscal reform measures; concern for the condition of the rural citizenry is being expressed through the implementation of the GVN's far-reaching Land-To-The-Tiller program; rice and protein production are steadily increasing and obstacles to distribution are being overcome; programs and projects in education, health services, public services and public administration are making steady progress. The tasks at hand are far from complete: Stabilization continues to be the priority goal of our joint efforts; we must find ways of increasing productive investment by Vietnamese as well as by the public and private sectors of other free world countries; a broader tax base must be established; we must encourage other countries to contribute to or increase their share of the assistance burden; and, we will continue to assist the GVN in its efforts to improve its administrative practices and promote efficiency in government operations.

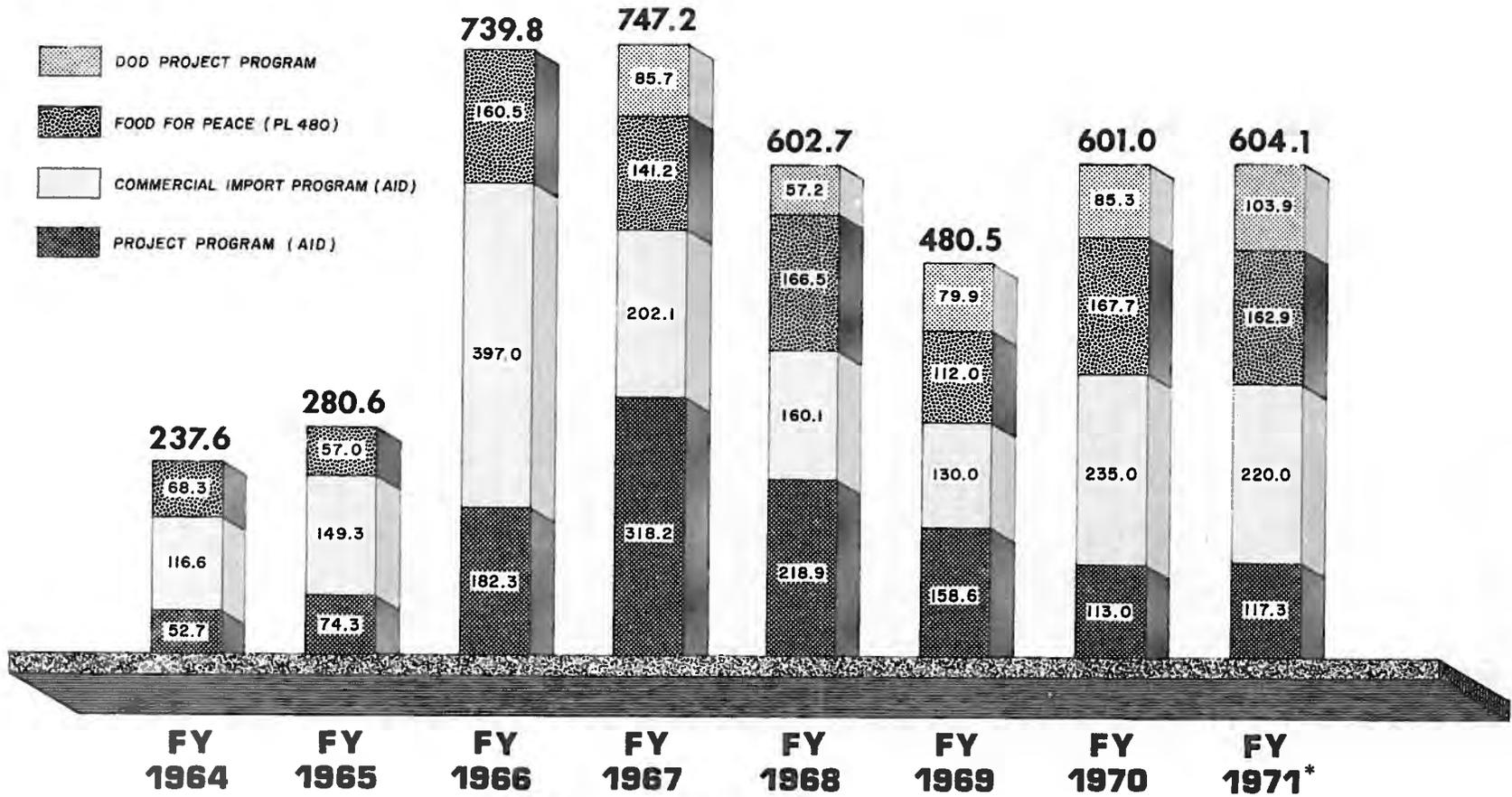
As we enter the decade of the seventies we are confident that the Government of Vietnam, with our continued support and assistance, can accomplish the job — «To Build A Nation.»

DIRECTOR'S 1970 REPORT TO THE AMBASSADOR

Chapter I	STABILIZATION and DEVELOPMENT The Economy Commercial Import Program Industry	5
Chapter II	LAND REFORM and AGRICULTURE Land Reform Accelerated Rice Production Program Feed Grain Production Crop Diversification Livestock Production Agricultural Credit Agricultural Support	12
Chapter III	GOVERNMENT AFFAIRS and ADMINISTRATION Administration Education and Training Participant Training Taxation and Customs Statistical Services Logistics Labor	18
Chapter IV	PUBLIC HEALTH Medical Care Health-Manpower Development Public Health Services Rehabilitation Population Planning	23
Chapter V	PUBLIC SERVICES Power Water Telecommunications Highways Railroads Civil Aviation Inland Waterways Regional Engineering Minh Mang Housing Project	26
Chapter VI	EDUCATION General Secondary Education Higher Education Secondary Vocational / Technical Education Instructional Materials	31
Chapter VII	CIVIL OPERATIONS and RURAL DEVELOPMENT (CORDS) Local Government Administration Village Self-Development Province-Municipal Development Public Safety Refugees and War Victims Social Development Chieu Hoi Saigon Civil Assistance	33
Chapter VIII	POST HOSTILITIES DEVELOPMENT PLANNING	38

DIRECT GROSS ECONOMIC ASSISTANCE PROGRAM - VIETNAM

(IN MILLION US\$)



* FY 1971 : Congressional presentation figures, may change during legislative process .

CHAPTER ONE

STABILIZATION AND DEVELOPMENT

1970 was a year of general economic progress with output in most sectors of the economy reaching substantially higher levels compared to 1969. There were several factors helping to push the industrial and commercial sectors forward: the low level of fighting during most of the year; the extension of the Pacification Program; the gradual improvement of communications facilities; the modest but important increase of private sector investment in new plants; and, improvements and extensions of existing institutions and facilities.

The Economy

The first half of 1970 saw the rate of inflation climb to the highest level in 3 years. Growth of money supply was kept in check with an increase of only about 12 percent during the year, but prices moved up much more rapidly. The index of retail prices in Saigon rose by about 30 percent during the first 10 months as the economy appeared to be reacting to inflationary psychology. Hoarding and speculation were more in evidence during the first nine months of 1970 than in any of the preceding war years. This stemmed in part from the public's increased awareness of the declining value of the piaster. Even the least well-informed segment of the population became conscious of inflationary trends and sought to replace piasters with any wealth likely to hold its value such as gold, jewelry, green dollars, a motorcycle, or a piece of real estate. The austerity tax measures of October 1969, which constituted a partial devaluation of the piaster, were not considered by the more informed Vietnamese as a final action in dealing with inflation on the part of the Government of Vietnam. The process of Vietnamization, the withdrawal of American troops and the continued unrealistic exchange rate of 118

piasters per dollar all contributed to a sense of apprehension.

Another economic problem evident in 1970 was the continuing decline of real income for GVN employees, civil and military. The pay increase of July 1969 was devoured by the rising cost of living even before the end of that year, and during 1970 the need for another increase became progressively more apparent.

In several steps during September-October 1970 the GVN undertook a broad package of measures designed to put its economic affairs in order. The first step, taken during September, was an increase in the interest rate structure of the banking system, designed to encourage savings and restrain speculation. This was accompanied by a phased liberalization of almost all commodity groups licensed for importing by the Vietnamese government. Advance deposits were used to restrain speculative over-ordering, and about VN\$10 billion of such deposits were collected during September and October.

In October, the GVN announced further measures, keyed to the establishment of a limited parallel exchange market, in which certain transactions would take place at 275 piasters to the dollar. Conversion of dollars to piasters by U.S. troops and civilian em-

ployees, tourists, and other private individuals, service transactions, financial transfers, exports and about US\$150 million in luxury imports were shifted immediately to this market. Some increases were also made in perequation taxes on imports, and the price of imported rice was raised in Central Vietnam in order to bring it into line with the rest of the country. At the same time, the GVN raised the wages of its civil servants and soldiers by an average of 17 percent. This very modest wage increase, only a first step in restoring a desirable level for these groups, was scaled to match the increase in revenues available to meet it.

The combined impact of the several economic reform measures undertaken by the GVN in late 1970 with USAID advice and assistance has resulted in a marked improvement in the overall economic situation. Success of the reform measures in tightening liquidity, raising the costs of speculation, dampening black market demand and slashing importer's wind-falls through open licensing has been dramatic. These changes, coupled with the monetary benefits

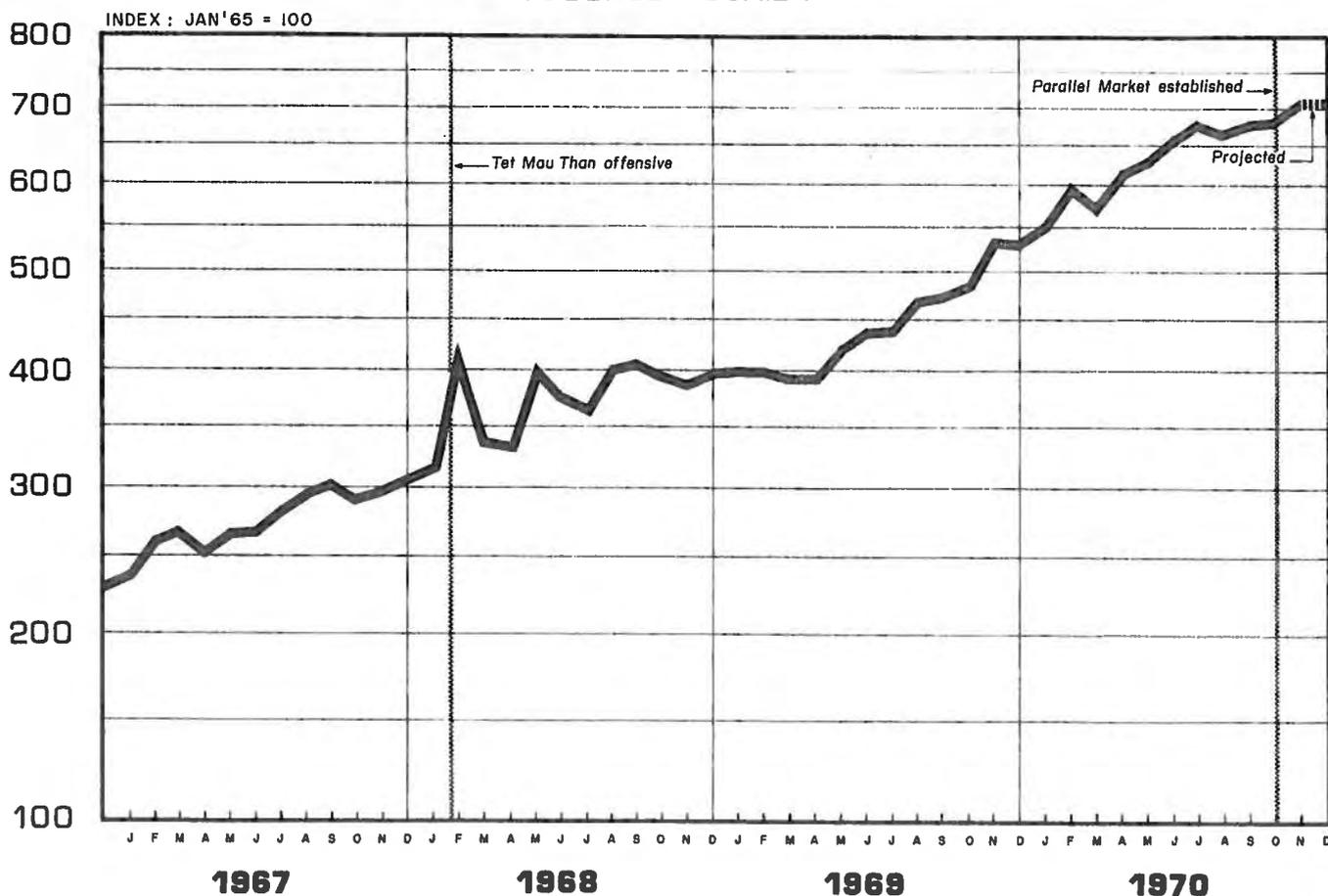
resulting from partial devaluation and interest rate reform have enabled the Vietnamese economy to absorb government wage increases without significant market price increases.

Although the situation at the end of 1970 was much improved, 1971 will not be an easy year in terms of stabilization. The GVN military budget will continue to rise, as force levels increase to replace U.S. troops; the wage level of government services must be increased again; and land reform and veterans programs will require new expenditures. In order to cope with these costs, GVN revenues will have to be raised again, and all elements of the actions taken in late 1970 will probably have to be reviewed and changed.

The year 1971 will be one of opportunities as well as problems and an effort to redirect the economy away from war-time distortions and toward peacetime development, barely begun in 1970, will take concrete form. Exports will be encouraged and the first steps will be taken to close the balance of payments gap. Foreign private investment will be sought, savings will be encouraged, and investment of pri-

SAIGON RETAIL PRICE INDEX

(SOURCE : USAID)



vate capital in new industry will be fostered.

In connection with the package of reforms just described, the U.S. Government undertook to increase its level of overall support. Specifically the U.S. agreed to support a total import financing program of US\$750 million during FY 1971 with a portion coming from U.S. sources and a portion from the GVN. This is a significant increase over the total of approximately US\$680 million provided from the same sources in FY 1970.

Commercial Import Program

As in preceding years, the commercial import program (CIP) continued to be a major weapon in the GVN-USAID battle against the wartime inflation faced by the Vietnamese economy. Making certain that adequate supplies of basic commodities are maintained in the market remains the CIP's primary objective. The CIP helps achieve this goal by providing foreign exchange to fill the gap between the level of imports required and the level of imports which

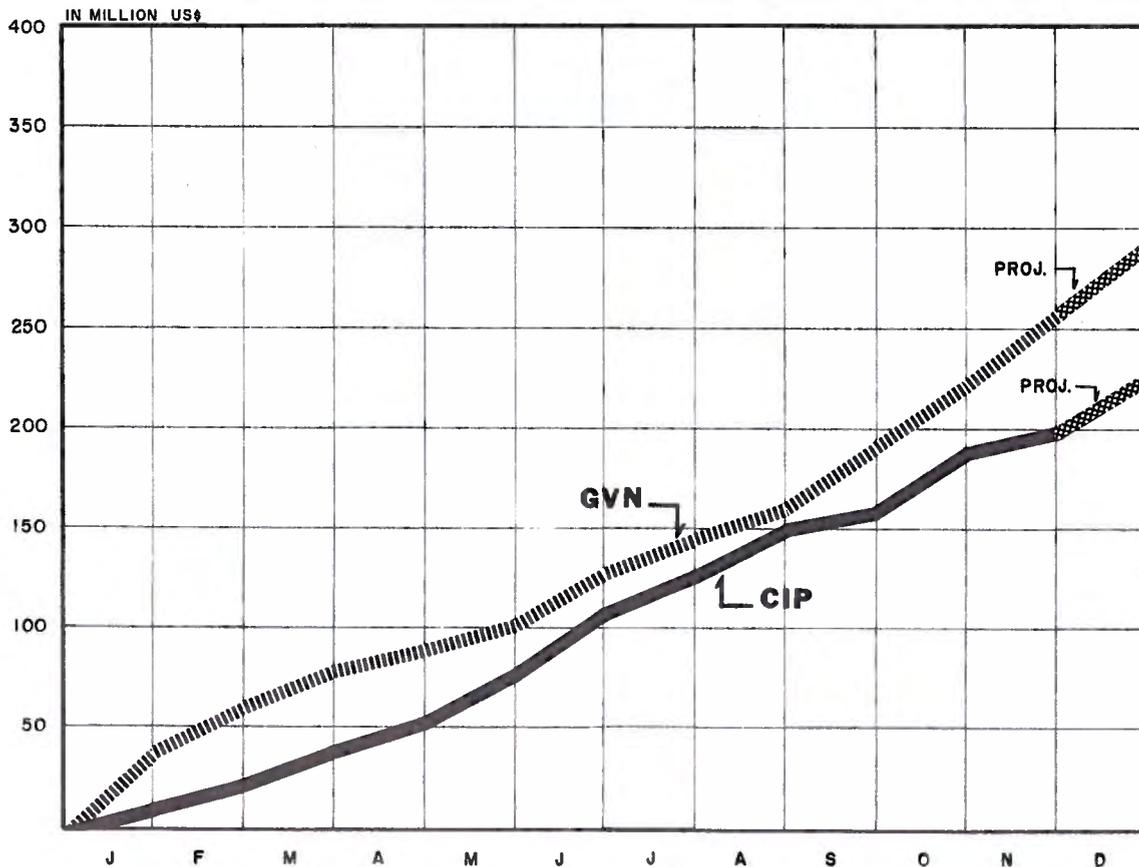
the GVN can afford to fund with its own foreign exchange.

Total CIP import licensing for FY 1970 amounted to US\$195.1 million which was slightly below the FY 1969 level. During the first quarter of FY 1971 licensing averaged about US\$17 million per month. The reforms instituted in October brought a temporary adjustment and licensing dropped to US\$11.4 million. In November it rose to US\$25.2 million and it reached nearly US\$20 million in December.

Due to the reduction of Allied military forces, and in anticipation of further reductions, in January, 1970 the GVN limited the amount of its foreign exchange available for the importation of commodities to approximately US\$20 million per month. As a result, the GVN-financed portion of imports into Vietnam decreased by US\$85.2 million, to a total of US\$377.8 million, or 55 percent of all commercial goods imported in FY 1970. Imports financed under the CIP remain restricted to essential items required for a developing country such as fertilizer, chemicals, plastics, textile yarns, fishing nets, iron, steel, mechanical and elec-

LICENSES ISSUED UNDER THE GOVERNMENT OF VIETNAM'S IMPORT PROGRAM

(Not Including Food For Peace Imports)



1970

trical industrial equipment, and rubber products. In addition, animal feed supplements were added to the program in June 1970 to complement PL 480 Title I corn imports.

The percentage of CIP-financed imports coming from the United States during FY 1970 rose from FY 1969's level of 63 percent to 81.3 percent due essentially to the return to GVN financing of non-U.S. source procured items such as petroleum fuels and sugar. Normally, when products are not available from the U.S., CIP goods may be procured from selected less-developed countries which have agreed to accept payment for such commodities by means of letters of credit ties to U.S. banking institutions. This procedure not only lessens the potential for U.S. balance of payments deficits, but assures the importer the opportunity of selecting the most competitive prices. In FY 1970, Taiwan provided about 11.2 percent of CIP imports and Korea 5.8

percent. The remaining 2.3 percent came from several other authorized sources.

The administration of the CIP has grown more complex as more importers and suppliers have participated in the program. To meet the challenge of planning and administering such a large program, USAID relies increasingly on automatic data processing. The validity and usefulness of the data base have improved so that it is now possible to follow every import transaction from the time the license is received in CIP until it is issued by the National Bank of Vietnam. USAID also has an arrival accounting ADP system which follows the license from the shipment stage to the final commodity arrival and receipt stage. At the same time, the data accumulated in the ADP system provide a more reliable base from which to evaluate past performance and project future requirements. The CIP is, and will continue to be, the principal tool of United States foreign policy in promoting economic stabilization.

IMPORT LICENSING BY SOURCE OF FINANCING

	FY 1966		FY 1967		FY 1968		FY 1969		FY 1970	
	U.S.\$		U.S.\$		U.S.\$		U.S.\$		U.S.\$	
	Million	%								
CIP	\$344	60%	\$155	25%	\$ 89	18%	\$205	28%	\$195	28%
FFP (Title I)	81	14%	153	26%	146	30%	73	10%	116	17%
TOTAL U.S.	\$425	74%	\$308	51%	\$235	48%	\$278	38%	\$311	45%
GVN	149	26%	306	49%	248	52%	463	62%	378	55%
GRAND TOTAL	\$574	100%	\$614	100%	\$483	100%	\$741	100%	\$689	100%



From freighters docked at the Port of Saigon thousands of barges take on CIP shipments for distribution throughout Vietnam.

Food-For-Peace

Authorized under Public Law 480, as amended, the Food-for-Peace (FFP) program in Vietnam provides for the importation of sufficient quantities of agricultural commodities to aid in stabilizing the price of agricultural products, promote economic and community development projects and provide food to war victims and needy people through organized social welfare programs. Under Title I and accounting for 14.6 percent of the total commercial imports, rice, wheat, wheat flour, corn, tobacco, raw cotton, tallow and milk products are made available in commercial markets for purchase with piasters or to be used in manufacturing.

Title II foods donated for nutritional use in pre-school, school, self-help and other programs include rolled oats, rolled wheat, cornmeal, wheat flour, vegetable oil, CSM (high protein blended food) and nonfat dry milk.

1970 was a transition year for both Title I and II as the Food-for-Peace program in Vietnam moved from one designed to cope with needs created by a full-scale war to those of a more normal situation. Imports of PL-480 commodities under Title I contributed significantly to the expansion of local production, particularly in the textile industry. In addition, increased availability of better foods and more proteins aided the economy and added to the well-being of the people.

Title I purchase authorizations totaling US\$130.7 million were issued during FY 1970, compared to US\$73.6 million in FY 1969. Rice imports accounted for more than US\$78.7 million with wheat US\$4.5 million, wheat flour US\$11.8 million and raw cotton US\$12.9 million. Feed corn imports of only US\$962,000 in FY 1968 and 1969 jumped to US\$7.9 million in FY 1970. Eighty percent of the piasters generated by these sales of Title I commodities are programmed jointly by USAID and the GVN and made available to support the GVN budget. The remainder



Title II food, such as wheat made into bread, is distributed to Scholols to increase the nutritional intake of students.

were used by the United States Government for general expenditures in Vietnam.

The Title II program for FY 1970 provided for the purchase in the United States and the shipment to Vietnam of 162,538 metric tons of Title II food commodities valued at US\$37.0 million. The new program proposal for FY 1971 requests 93,406 metric tons of Title II food valued at US\$28 million representing a reduction in the number of recipients, the authorized categories, and the actual tonnage. The problem of diversion of Title II commodities remains a serious one. USAID is making a determined effort to improve its controls in this area while the GVN Ministry of Social Welfare (MSW) is expanding its efforts in administering and supervising the program.

Industry

The rate of industrial investment achieved in 1970 was slightly above the 1969 level. Approximately 39 industrial enterprises experienced capital growth totaling VN\$2.9 billion or about US\$24.4 million of investment. Approximately 50 percent of this was for capital equipment with the balance going for plant construction, site improvements, and beginning inventories of supplies and materials. Those industries receiving investment attention, through new operations or expanding existing activities were detergents, bricks, food processing, paper, ceramics, steel rolling, steel sheet, galvanizing, flour milling, pharmaceuticals, fish processing, and ice production.

Since the establishment of the parallel market exchange rate it appears that the rubber industry, moribund since 1968, should again become a primary source of foreign exchange earnings for the GVN. From US\$14.6 million in 1964, earnings decreased to US\$6.6 million in 1968. With a more favorable export rate and with improved security, several plantations are planning increased production in 1971.

One of the most promising industrial activities offering possibilities for early and extensive foreign exchange earning is the fishing industry. The total 1970 catch in Vietnamese waters exceeded 500,000 metric tons. This represented a 10 percent increase in the catch over 1969. Security conditions improved during 1970 and as a result, viable investment opportunities in the fishing business became apparent. Consequently, this activity attracted a high degree of foreign and domestic investor interest, especially in deep sea, off-shore and shrimp fishing operations. In addition, at year's end, the Asian Development Bank and the GVN were in the final stages of negotiating a US\$2.5 million loan to Vietnam's Agricultural Development Bank to finance fishing fleet modernization and for the improvement of fish processing, handling and marketing facilities.

The forestry industry offers possibilities for extensive investment through the harvesting and processing of Vietnam's timber resources for export. Security conditions, however, continued to inhibit the full development of this natural resource during 1970. The production of sawmill timber rose markedly over 1969. Receipts from timber sales in Vietnam reached VN\$1.0 billion for the year, representing a sales increase of nearly VN\$320 million over 1969. The number of sawmills operating in Vietnam at the end of 1970 exceeded 500, an average of eight new mills having been built each month as more timber lands were opened for logging. USAID concentrated on identifying new investment opportunities to utilize the increased supply of raw lumber, and assisted the GVN in establishing rules, standards, and procedures to maximize returns to both private enterprise and the Government and to protect the country's timber resources.

Other activity took place which indicated a constantly improving investment climate. In the fall of 1970, a trade fair was held in Saigon with 133 private businesses and government organizations represented. Some 500 products, most of which were produced or semi-produced in Vietnam, were exhibited. As evidence of increased confidence by the private sector, over 90 percent of the cost of the fair was borne by private business with only minimal help coming from the GVN.

The Industrial Development Center (IDC), the GVN investment promotion agency, improved its management operations during 1970. The center

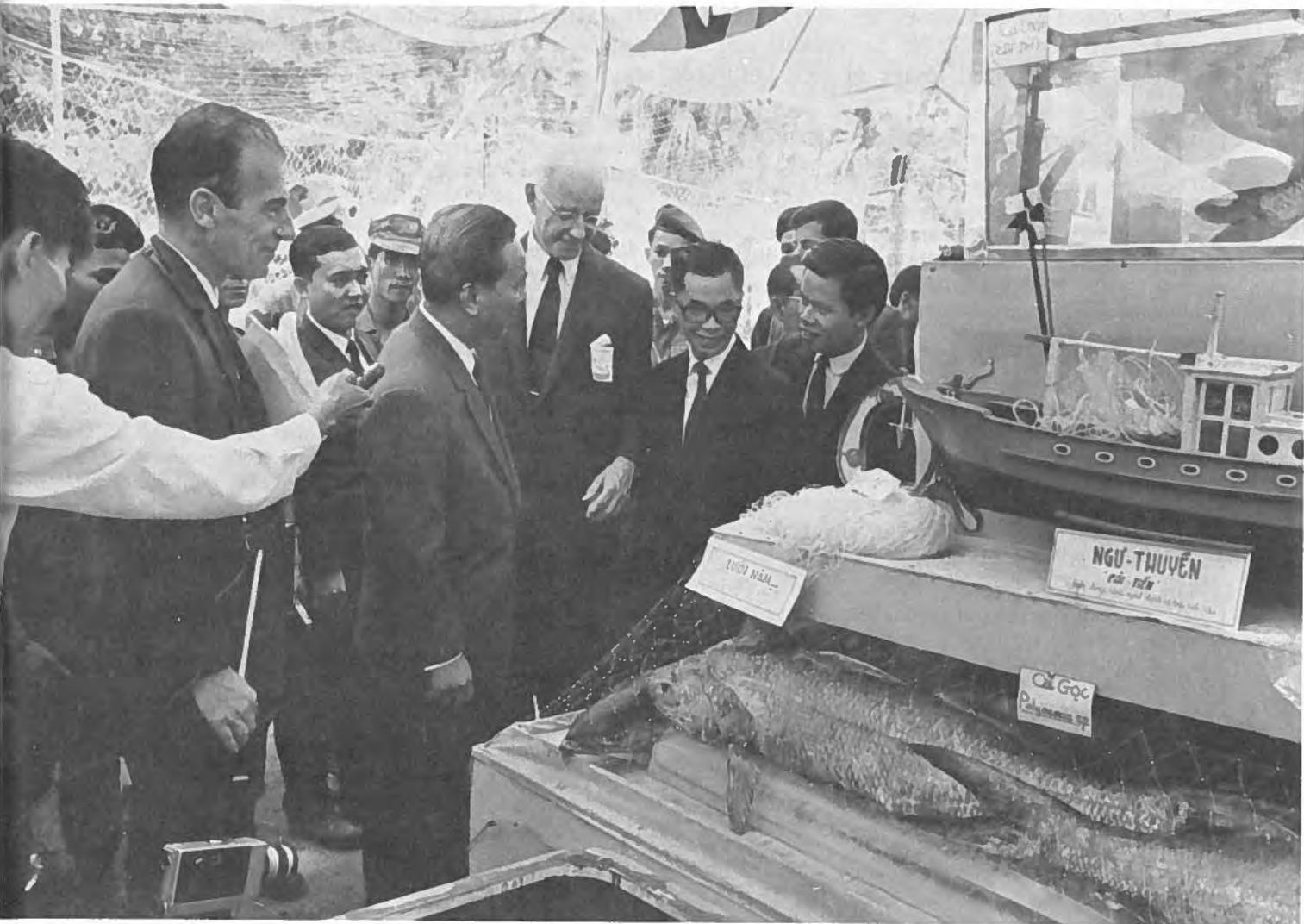
opened a full time office in Danang to assist industrial development. Work proceeded under IDC supervision on the 151-hectare industrial park in Can Tho. Processing of the first four occupancy applications was begun. The older IDC-sponsored industrial park in Bien Hoa had some 30 industrial tenants in occupancy with approximately 24 plants under construction or in site preparation stage. Over two-thirds of the available site area in the park was committed as of the end of 1970.

The stimulation of exports continued to occupy a high priority in the technical assistance effort. USAID continued to encourage industries and identify products with export potential, and supported the GVN Export Promotion Center symposium conducted in large part by the United Nations International Trade Center. Of prime consideration at this meeting was the need for more realistic exchange rates for the encouragement of exports. The currency reform program of the fall of 1970 should aid the export situation, especially in the rubber, lumber and fishing industries.



Deputy Administrator Maurice J. Williams and USAID Director John R. Mossler get a first hand look at USAID agricultural and development projects in the Mekong delta during the former's 1970 visit to Vietnam.

Vietnamese President Nguyen Van Thieu and American Ambassador Ellsworth Bunker review innovations in the local fishing industry during the Saigon Trade Fair of 1970.



LAND REFORM AND AGRICULTURE

President Nguyen Van Thieu signed the Land-to-the-Tiller bill on March 26, 1970. During the course of the three year program over 1,000,000 hectares (1-hectare equals 2.5 acres) of privately owned riceland are scheduled to be transferred to the actual tillers, with the previous owners being compensated by the GVN. Successful implementation of the program should effectively refute the Viet Cong-inspired image of rich landlords serving as agents for the central government.

Land Reform

The first Land-to-the-Tiller (LTTT) titles were presented to farmers by President Thieu in August, 1970. The pace of implementation accelerated rapidly thereafter, as village land registrars and village land reform and agricultural commissioners completed training in LTTT distribution procedures at the National Training Center in Vung Tau and returned to their villages. Streamlined administrative procedures, including the use of aerial photography for land identification and automated data processing of land titles and registers, were designed to simplify and speed implementation. Delay in passage of the bill prevented attainment of the 1970 goal of distributing 200,000 hectares, but the GVN expects to reach this goal early in 1971 and should be able to reach the 1971 goal of 400,000 hectares.

The filing of declarations by landlords as required by the law was carried out principally during the July-October period. By year's end the GVN received 261,600 declarations for approximately 602,000 hectares of land exempted from the Land-to-the-Tiller law (principally self-cultivated land within a 15 hectare limit plus religious and privately-owned worship land.) Declarations of land ownership for expropriation

and compensation total 48,225 involving about 753,000 hectares. This was a time-consuming effort and a significant factor in the slow start of the distribution process.

Planning for compensation is proceeding and the first payments to landlords were made in December, 1970. The major problem was to develop a payment formula which would hold the inflationary impact of payments at an acceptable level, yet provide the landowner with fair value for the land.

To help absorb part of the inflationary impact of payments, USAID has committed an additional US\$10 million of import funding to the programmed CIP support levels. The first release from these funds will coincide with the GVN payments to landlords. USAID is seeking an additional US\$30 million of imports to help offset inflationary effects of payments to landlords, half in FY 1971 and half in FY 1972.

The program to issue individual titles for Montagnard-owned land moved ahead in 1970, but the major new project to protect hereditary land rights through identification of Montagnard hamlet boundaries was delayed by the amount of time required to prepare the implementing decree. The Prime Minister signed the decree on November 9, 1970 and an initial goal of 400 hamlets to be identified has been established

for 1971. This program will guarantee Montagnard rights to their traditional lands and will permit later distribution of individual titles in those hamlets wishing to do so.

Distribution of former French and expropriated land was the major operational program in 1970. The goal was to complete distribution of riceland formerly owned by French citizens, and riceland expropriated by the GVN in the late 1950's. Distribution of these lands slowed from the late 1969 pace, with applications approved for slightly less than half of the 75,000 hectare goal by mid-October. Planning and introduction of the Land-to-the-Tiller program occupied a major amount of GVN administrative and staff attention, leaving less time and manpower available for operational activities. The approximate 40,000 hectares of former French and expropriated land remaining to be distributed will be incorporated into the Land-to-the-Tiller program.

The potential impact of the Land-to-the-Tiller and Montagnard programs cannot be underestimated. The combined programs will benefit more than 6,000,000 Vietnamese citizens by guaranteeing and protecting their individual land rights.

Accelerated Rice Production Program

The accelerated rice production program was initiated in 1967 with the objective of returning Vietnam to her former state of self-sufficiency in rice production. At that time, a target of self-sufficiency during 1971 was set. Because much of the rice land had been put out of production due to the war, because of the population shift from the rural to urban areas resulting in fewer farmers producing rice, and because there were more mouths to feed, it would not have been possible to achieve self-sufficiency using the traditional local varieties, which yielded about 2 MT per hectare (2.5 acres).

To attain the goal, Vietnamese farmers were introduced to new high-yielding rice varieties, IR-8 and IR-5. These new varieties, developed by the International Rice Research Institute (IRRI) in the Philippines, had to prove themselves under Vietnamese growing conditions. The first goal for hectareage of the new varieties was set at 44,000 hectares for the 1968-69 growing season. The goal was reached with an average yield per hectare of more than 5 MT. The goal for the 1969-70 crop year, ending May 31, 1970, was 200,000 hectares. Official tabulations place the land area devoted to the new varieties at 202,000 hectares and unofficial estimates placed the total plantings of the new varieties as high as 270,000 hectares.

The Agricultural Economics and Statistics Service of the Ministry of Land Reform, Agriculture and Fishery Development estimates that about, 5,115,000 metric tons of paddy (unmilled) rice were produced during the 1969-70 crop year, up 749,000 metric tons



History was made in Vietnam in 1970 when President Nguyen Van Thieu presided over ceremonies in the Delta marking the implementation of the newly signed Land-to-the-Tiller Law.

over 1968-69. With yield estimates for the high-yielding varieties ranging from 4.5 to 5.0 metric tons per hectare, production from these varieties amounted to well over 1 million metric tons.

Plantings toward the 1970-71 goal of 500,000 began on irrigated land in February, 1970. Planting activity was at its peak during May and June. As of October 15, 304,000 hectares had been planted. This crop is currently being harvested. The second crop is expected to bring the total plantings to the 500,000 hectare goal. The GVN official estimate, which was released November 1, placed the crop at 5,651,000 metric tons of paddy for the crop year. This should yield about 3.7 million tons of milled rice as compared to 3.3 million from the 1969 70 crop. This difference can be largely attributed to the change from planting traditional varieties to the high yielding varieties.

Considering the increase in population, the goal for the 1971-72 crop year will need to be about 650,000 hectares of the high-yielding varieties in order to reach self-sufficiency. As population increases, so will the need for commensurate increases in the hectares devoted to these varieties. Emphasis also will be placed on greater utilization of new varieties such as TN-20 and TN-22 which have greater consumer acceptance, higher milling qualities, and greater resistance to insects and diseases. TN-20 and TN-22 have been introduced and distributed in Vietnam and are in great demand by farmers. They should be planted in a significant portion of the available hectareage during the 1971-72 crop year. Research is being conducted on other varieties to test their adaptability to Vietnamese conditions. Arrangements

are being made for the International Rice Research Institute to provide assistance to the GVN in this research.

Training in improved rice growing techniques has been an integral part of the accelerated rice production program. The National Rice Production Training Center (NRPTC) at Hiep Hoa (Bien Hoa Province) was established to meet this need. During the past year, the Center has shifted from short term — one or two weeks — to intensive long-term (four to six months) rice production courses. During 1970, 447 cadre and technicians have been trained at the NRPTC.

Training is carried on outside the NRPTC by the GVN Extension Service through its programs of farmer training and demonstration. During 1970, 250,000 farmers received training on improved rice production techniques in 6,250 hamlet-level training sessions. The Agriculture Information Service continued its efforts in producing practical technician and farmer information and motivational posters and leaflets to support the rice production program.

The accelerated rice production program has proven the capability of the Ministry of Land Reform, Agriculture and Fishery Development to conduct a national program against great odds. It has promoted a cooperative effort throughout the Ministry from the national to the village level.

Feed Grains Production

A feed grains production program was begun in late 1969 and became firmly established in 1970. This program has been developed jointly by GVN and USAID staffs. Two crops, corn and sorghum, are presently included in the program. The aim is to increase production of these crops to the extent needed to support the livestock and poultry industries.

Development has been slower than with the accelerated rice production program but significant progress was made during 1970. A management system to coordinate all phases of the program was developed; program managers selected; a nation wide reporting system put into operation; and, regular coordinating meetings between national and provincial personnel initiated. A National Technical Committee for the feed grains has been formed and has developed recommendations for sorghum production based on existing knowledge for all areas of Vietnam. A cultural calendar showing best dates of planting for all provinces has been prepared and priority feed grain producing areas identified.

Since sorghum is a new crop in Vietnam there is no established market for domestically produced feed

Farmers also boosted rice production in Vietnam by installing portable mechanical threshing equipment next to their rice paddies.



grains. Feed grains demonstrations have been organized and efforts are being made to familiarize feed millers with the crop and, through the private sector, to develop facilities for collecting and marketing the crop.

Seed processing and distribution will be the responsibility of the private sector. This is a deviation from traditional procedures, such as used in the rice production programs, under which the government made improved seed available to the farmers. The private sector has now developed to the point where it can meet the need. Recent technological advances have made it possible to store seed and still maintain germination capabilities even under the humid tropical conditions of Vietnam. One local seed company, with technical assistance from USAID, is now packaging dried, treated sorghum seed in vapor-proof packages. This seed will maintain viability for 12 to 18 months. A goal of establishing an industry capable of producing 287,500 MT of formulated feed per year by the end of 1972 has been set. The first step toward attaining this goal was providing the needed capital and technical assistance. There are now 30 mills with a capacity of 183,000 MT per year. Mills are planned or under construction which will add an additional annual capacity of 150,000 MT.

A small Central Farmers' Association feed mill started production for the five northern provinces at mid-year. To stimulate investment and involvement in the feed mill industry, a program has been initiated to assist the Tenant Farmers' Union to procure the

equipment for and to establish three feed mills in central Vietnam. These mills will give the areas the needed market for locally produced feeds and provide the feed supply needed for that part of the country.

Crop Diversification

Since 1967, most of the GVN and USAID effort in crop development has been dominated by rice. Now, through the introduction of the high-yielding varieties and the promotion of modern technology and improved cultural practices, the goal of self-sufficiency is in sight. Vietnam can expect to export small quantities of specialty rice, but it is not expected that there will be foreign markets for rice surplus to domestic needs. Thus, the ability of the Vietnamese farmer to economically produce other crops is of major importance. If the economic growth in the countryside is to be sustained, farmers will have to have alternative uses for land and labor to avoid the production of unmarketable rice surpluses. Crop diversification, viewed in this light, becomes a necessity.

Production of feed grains is the first major attempt at diversification. Vegetable production is increasing. In addition, other crops such as fruits and sugar cane, are good possibilities for widening the base of Vietnam's agricultural economy.

Interest in crop diversification increased throughout Vietnam in 1970 as evidenced by the increased production of vegetables.



Livestock Production

The main sources of animal protein are fish, pork and poultry products.

In the mid-1960's, the swine population of Vietnam decreased by approximately 20 percent. During the same period, poultry numbers remained about the same. There was, as could be expected, a sharp and constant increase in the price to the consumer of these livestock products. This increase had to be stopped and, at the same time, the consumer demand for animal protein had to be met. Thus, the GVN, with USAID assistance, launched an accelerated animal protein program. This program, beginning in November, 1968, had as its aim an animal increase of 15 percent in poultry and 10 percent in swine through 1971. These goals were surpassed in 1969 and again in 1970.

During 1969, poultry prices held steady and pork prices declined. This was due in part to the increased availability of these products during a period of continuing inflation. Inflation in 1970 resulted in increased prices; however, poultry prices were still well below the all-food index.

The program is designed to upgrade and expand the ability of the private sector to meet the need for animal protein. By the end of 1973, there will be established, within the private sector of the Vietnamese economy, modern swine and poultry industries and the related supporting industries. At this point, the GVN will be free, with the exception of the usual government responsibilities — extension, statistical work, economic analysis, market news service, forecasting and regulatory services, such as feed analysis, vaccine testing, and quarantine facilities — to divert its efforts and resources to new endeavors. At that same time, the USAID efforts will be limited to highly technical areas such as vaccine production, vaccine quality control and diagnostic services, and to the field of training. The training is centered around the development of a National Livestock Training Center as an education facility capable of meeting the training requirements of the growing livestock industry.

To develop a modern poultry industry, the first step was to increase the number of commercial hatcheries. The ultimate goal is to have a hatchery capacity to produce 300,000 day-old chicks per week by the end of 1971. The number of hatcheries increased from 34 to 50 during 1970. Weekly production capabilities at the end of the year were estimated to be 250,000 day-old chicks per week.

Another aim is to increase the number of broiler producers in order to have an additional 150,000 broilers per week by the end of 1971. During 1970, approximately 12.5 million were raised in Vietnam. About 7.5 million of these had been produced in-country.

The third part of the poultry program is to establish new egg producing capacity of 5 million eggs per week by the end of 1971. Laying flocks for commercial egg production increased by over 600,000 hens during 1970. Most of these were produced in-country. The present egg capability is estimated at 2.5 million eggs per week representing an increase of 1.8 million per week during 1970.

Demonstration and training has played a major role in reaching the poultry production goals. Seminars, short courses, and individual consultations have increased the management capabilities of poultry producers.

The second major effort of the protein production program is to develop a modern swine industry. A goal to increase the number of sows by 20,000 per year was established for 1969, 1970, and 1971. This goal was met in 1969 and again in 1970. There has been some increase in the number of large producers, but most of the swine increase is on small farms — those with fewer than 300 head of swine. Another goal was to establish 40 purebred swine demonstration farms throughout Vietnam to introduce new blood and to be used for training Vietnamese farmers in modern swine management. This goal has been reached. Five hundred selected, registered animals were imported and sold on a cost basis through the Central Farmers Association demonstration centers. The imported swine went to 50 cooperating farmers throughout Vietnam and are now producing litters. Many of these producers have followed improved management practices and their establishments have served as demonstrations for others. These new purebred herds will have a great influence on the future quality of the Vietnamese swine population.

Animal health is one of the major factors in animal production, and the National Institute of Bacteriology and Animal Pathology now has the capacity to produce vaccine in excess of demands. Work continues on quality control and produce improvement. More than 15,000,000 doses of vaccine were distributed during 1970, as vaccine distribution and sales sharply increased.

Quality control testing procedures have been developed to support production of some vaccine by the private sector. Eventually, 60-70 percent of the total vaccine production should be in private hands.

To provide for increased and proper vaccine utilization, a training program for vaccinators was initiated on a pilot basis in May, 1970 and soon enlarged. With the introduction of four mobile vaccination training teams, one for each region. As of the end of the year, 750 vaccinators had been trained and certified.

Highly trained Vietnamese experts made significant progress in the field of animal vaccine production and quality control.

Agricultural Credit

During 1970, the value of credit available to the rural sector increased and exceeded projections. Loans to operators of small farm and fishing units had increased sharply in 1969 and the same trend continued in 1970. Lending by the Agricultural Development Bank (ADB) increased from 61,945 loans during the first nine months of 1969 to 99,508 for the same period in 1970. The amount loaned slightly exceeded VN\$ 5.5 billion as compared with not quite VN\$3.4 billion for the same period last year. Of the 1970 borrowers, 30,020 obtained ADB loans for the first time.

Despite a good repayment rate, the bank has now loaned all available monies. It has drawing rights on an additional VN\$200 million from the National Treasury. The ADB has proposed to the Economic and Finance Committee of the GVN an additional credit program of VN\$3.7 billion for 1971.

The Bank not only makes production loans to farmers and fishermen, but is the only source of credit for the three farmers' organizations which between them have been importing about 30 percent of the fertilizers, most of the pesticides, and a substantial share of the imported farm equipment.

In line with commercial banks, ABD has raised its interest rate on deposits from 4 percent to 10 percent for demand deposits and to a range of 12 percent to 20 percent on time deposits which should attract some additional deposits.

During 1970, the rural banking system was established. These private rural banks are licensed under a special order of the National Bank of Vietnam. Four banks have been chartered and have started to make loans. The Agricultural Development Bank plans

to assist private citizens in establishing 20 or more additional rural banks in 1971. The Asian Development Bank is providing assistance in this effort.

A plan is being developed to form loan committees in 600 or more villages before the end of 1971. These committees will accept and review applications for production loans by the ADB for amounts under VN\$50,000. The committee will also have collection responsibilities. Village governments are being encouraged to deposit unallocated tax funds to their account in the Agricultural Development Bank whereupon the Bank will match these funds, thus increasing available loan funds to village residents.

Agricultural Support

Farmer acceptance of and the demand for commercial fertilizer is increasing. The private sector and farmers' organizations now have the total responsibility for fertilizer import and distribution. In mid-1970, the Ministry of Economy issued directives requiring grouping of fertilizer importers into a consortium for the remainder of the year in order to facilitate procurement and to strengthen distribution systems. Throughout the year, reports from the provinces indicated fertilizer stocks were in ample supply and sold at competitive and reasonable prices. In some instances, fertilizer was sold at prices reflecting a lower margin to the dealers than the maximum allowed by the Ministry of Economy.

Transition from GVN to private traders and farmers' organizations for all pesticide import and distribution has been completed. The result has been a change from chronic complaints from the field that pesticides were unavailable to isolated reports of shortages.



CHAPTER THREE

GOVERNMENT AFFAIRS AND ADMINISTRATION

The Office of the Prime Minister, the focal point for administrative improvement in the Government of Vietnam, entered into a master agreement with USAID that will provide continuing consultation and assistance in strengthening the administrative capabilities of the GVN. Contracts to strengthen the internal management of the Ministries of Agriculture and Education have also been signed.

The USAID Public Administration Division worked with President Thieu's Special Assistant for National Planning to strengthen and institutionalize the development planning functions.

A program to acquaint senior staff members of the Directorate General of Budget and Foreign Aid with fiscal management techniques was completed in 1970.

The Supreme Court and the executive branch jointly decreed the conversion of 23 Courts of Peace to formal Courts of First Instance which will elevate and expedite the administration of justice throughout the nation. Four of the five new codes have been completed and three have been submitted to the Lower House. The Civil Code has been presented to the Assembly and the remaining Commercial Code is in the final draft stage.

Education and Training

The National Institute of Administration (NIA) was the focal point of USAID emphasis on pre-service and in-service training during 1970. As the key institution in the preparation and development of civil service administrators, NIA has been assigned an ever-growing role in pacification, stabilization and administrative development. With eighteen years of

stable growth, the NIA has produced more than 1,200 graduates and 6,000 special certificate employees for the GVN. With undergraduate and graduate programs, field studies and practical experience and in-service training activities, NIA satisfies a broad range of administrative needs.

In addition, USAID actively assisted the training office of the Directorate General of Civil Service (DGCS) and the Training Service of the Ministry of Interior in their in-service training planning. The government-wide Basic Administrative Management Course has been taken by over 7,000 GVN supervisors by the end of 1970.

Through the Office of Prime Minister the GVN began in 1970 a program that will train 120 Training Directors representing all provinces, ministries, and autonomous agencies.

Participant Training

The participant training program has been developing professional and technical talent since 1951, during which time about 4,000 Vietnamese have received training. During 1970, at least 50 of these held key positions in the GVN — two as Ministers, three as Vice-Ministers, several as Assistants to the President or to Ministers, or as Directors General. Most of

the other Vietnamese who received training are making valuable contributions as teachers, engineers, public servants, government administrators, police officials, technicians, and in the medical profession.

In 1970, 589 Vietnamese were sent for training in the U.S. or free world countries. Of these, 85 are receiving one year or more of academic training; the rest were on observation and study tours of a few weeks' or months' duration. In addition to these new trainees, approximately 488 were in U.S. and other countries on study programs extended from prior years. Following the pattern established since inception of the program, the majority of this year's trainees were government employees who already had experience in the fields in which they would receive further training — principally public health, agriculture, education, public safety and government administration.

Training in the field of public health reflected a concentrated effort to qualify health personnel to replace American and other free world personnel now carrying out many health functions. Included among the 22 public health participants sent to the U.S. during 1970 were trainees in medical laboratory techniques, medical and dental education, hospital administration and public health education. Several groups of Vietnamese went to Taiwan or Thailand for short courses in environmental sanitation, community health practices and nursing education; 29 attended population control courses in Taiwan. These health workers are now applying successful practices used in neighboring countries to upgrade Vietnam's public health services.

Agricultural development in Vietnam is being fostered by an exchange of information from countries through observation programs, and by long-term agricultural training in the U.S. In 1970, 43 key personnel from Vietnam's Agricultural Development Bank studied the rural banking system of the Philippines; 14 instructors from the National Agriculture Center are training in the U.S. toward degrees in such fields as forestry, fruit crops and swine production; nine other Vietnamese are studying in Thailand toward degrees in veterinary medicine.

During the year 30 educators were sent to the U.S. for advanced academic training; and 68 others returned, having earned degrees in disciplines such as science education, language arts, social studies, electrical engineering, and mathematics. These educators will serve as instructors in Vietnam's schools and universities, or will work as planners and administrators in their country's rapidly expanding educational system. When the GVN Council on Culture and Education was formed in September of 1970, 24 of its 60 members had received training in the U.S. under the AID program.

The general scholarship program to train Vietnamese



Many instructors, trained in the United States, are increasing the efficiency of the Vietnamese government through in-service training programs at the National Institute of Administration.

for return to the private sector was continued in 1970 and 30 Wards of the Nation and war orphans departed for university courses in the U.S. In each case one or both parents had lost their lives or become disabled in the war. This is the fourth group sent under the general scholarship program, which now has 238 participants in the U.S.

The general scholarship program was designed for two purposes: to foster a move by the Vietnamese away from their traditional preference for careers in the civil service and academic professions; and to begin in a small way to anticipate post-war needs for technically trained personnel in the private sector. These students, who will return to Vietnam in four years with professional training in engineering, industry and commerce, will be free to accept employment either in private enterprise or with the government.

Taxation and Customs

1970 witnessed an improvement in the GVN capability to provide tax administration and increase tax revenues, basically through an employee development program that affected every organizational unit and some 1,900 employees in the Directorate General of Taxation.

Among some of the more significant measures taken in 1970 to improve tax compliance were :

- A nationwide survey to identify persons liable for tax who failed to file returns.
- The appointment of special tax commissions to increase the level of tax bills (assessments) being issued to business taxpayers and to eliminate the backlog of unprocessed returns.
- More intensive audits on selected tax returns which show signs of evasion. (Additional revenues from this activity totaled about VN\$ 1.4 billion during 1970).
- A plan to reorganize the Directorate General of Taxation along functional lines to make it more efficient and responsive to the need for stronger enforcement measures. It is scheduled to be put into effect in 1971.
- Utilization of electronic data computer equipment to create a master-file of taxpayers and to modernize billing and accounting methods.

Domestic national tax collections for 1970 approximated VN\$37 billion, an increase of 38 percent

over 1969.

Customs revenues continued upward in 1970. Customs collections from all sources which reached VN\$ 33.8 billion in 1969 approached VN\$60 billion in 1970. During 1969, customs revenues amounted to 44 percent of the piaster value of imported goods, while in 1970 they increased to 137 percent of the piaster value.

There were some 9,000 CIP shipments monitored during 1970, an increase of approximately 48 percent over 1969.

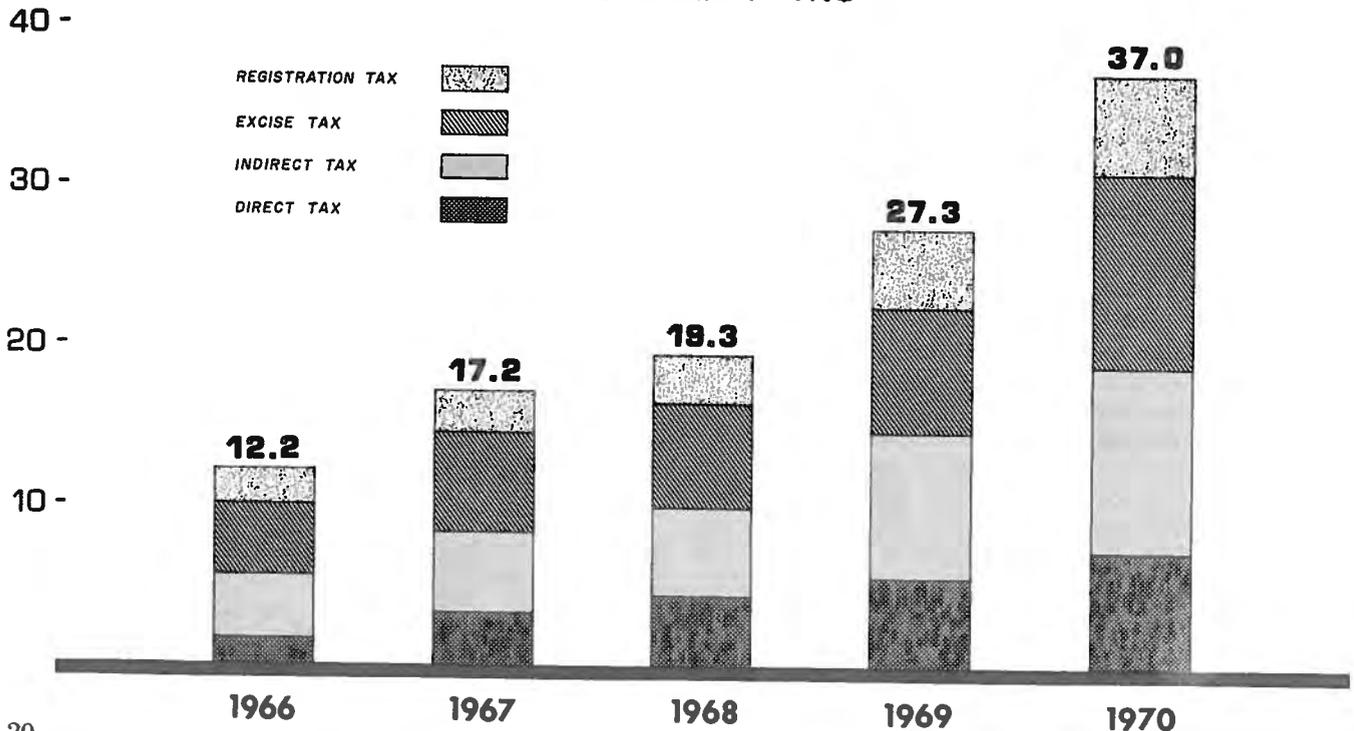
GVN Customs began a computerized import license control and revenue projection program in 1970 which will be functional and institutionalized during 1971.

Large currency seizures were made by the GVN during 1970 at various locations throughout Vietnam. Although the total number of seizures was down from 1969, the value of seizures was higher. At the same time, the total amount of fines, penalties, and evaded taxes recovered in 1970 was VN\$246 million (an increase of 48 percent).

Total taxation and customs revenues from all sources in 1970 were VN\$92.4 billion an increase of 56 percent over 1969.

REPUBLIC OF VIETNAM
TOTAL NATIONAL DOMESTIC TAXES COLLECTED
(BY CLASS OF TAX)

IN BILLION VN\$



Statistical Services and Data Processing

The Statistical Training Institute at the National Institute of Statistics (NIS), graduated 60 students at the primary and intermediate levels. Five trainees were sent to the U.S. Bureau of the Census for academic and work shop studies in data processing, demography, economics, population, and sampling-survey methods. Two new NIS field offices at Hue and Rach Gia were established.

Progress was made in the use of data processing equipment throughout the GVN in 1970. The Ministry of Finance created a center which combined all data processing facilities for the Directorates of Customs, Treasury, and Taxation. Fifteen programmers were trained for this center and new systems for reporting on taxation and collections were installed. The Office of the Prime Minister created a central computer agency which controls the ordering and use of ADP equipment within the GVN. Additionally, the Prime Minister's Office created, by decree, a central computer facility at the Prime Ministry to service other agencies. The Ministry of Labor trained 65 programmers and planned more courses for programmers and systems analysts.



Vietnam is one of few developing nations making broad use of modern technology through computers and data processing.

Logistics

While the GVN Central Logistics Agency (CLA) continued to face the usual management and financial problems of any newly reorganized and expanded government institution, 1970 was a year of growth and improvement in GVN logistics operations. The improvements were especially noticeable in the consolidation of the facilities and operational segments of the CLA and in the completion of the province maintenance shops and turn-over of their operation to the GVN.

CLA's storage facilities were consolidated at the Thu Duc warehouse complex on the outskirts of Saigon. This consolidation permitted the closing of two other storage complexes with an annual rental savings of VN\$17 million plus other significant savings in personnel and equipment.

The writing and publication of the CLA Planning and Management Guide, a compendium of objectives and tasks for sound management in CLA, was completed in 1970.

The in-country movement of commodities by the CLA continued to improve. Most GVN civil agencies are now using the transportation services offered by CLA, and increased security has permitted consignments to move by truck to most provinces. The system reduces air movement of cargo, resulting in large savings for the GVN.

The National Maintenance System, consisting of a central repair parts depot and 47 province maintenance shops, continued to expand its facilities and

improve its operations, but it needs significant improvement in the future. The repair parts depot, under control of CLA, now stocks approximately 40,000 line-items in support of the GVN's mechanical fleet. 46 province shops have been completed, equipped, and made operational under the direction of the Ministry of Rural Development (MORD).

Improvements continued to be made in the Delta, where wharf construction at the port of Vinh Long was completed in June, 1970; and in the port of Saigon, where reconstruction work is continuing toward completion in 1971. A program review conducted by USAID in coordination with the CLA, the Directorate of Navigation, and the Director General of Ports Authority resulted in joint recommendations for cancellation of a number of construction projects now no longer necessary, with a consequent savings of VN\$154.5 million.

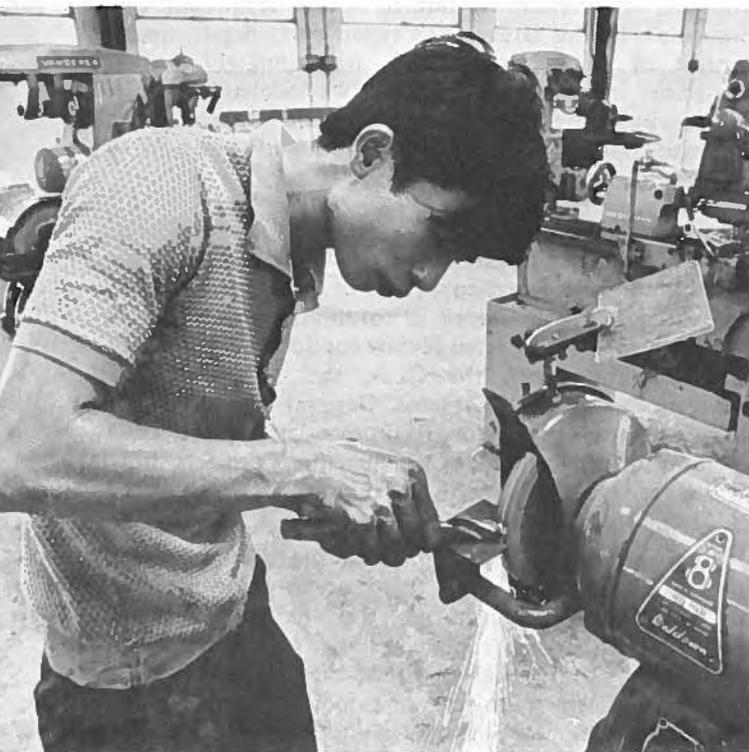
Improvement has been made in the discharge rate of USAID interest cargo from ocean-going vessels. In the first nine months of 1970 the GVN earned over US\$224,000 in rapid clearance (despatch) fees while paying only slightly more than US\$23,000 in demurrage costs. Project commodities arriving in Vietnam during 1970 averaged approximately 8,000 tons per months.

The GVN property disposal program began its expected downward trend in 1970 after its progressive acceleration during the period 1967-1969 and its peak in the latter year. This fall-off is a good indication that the most obsolete vehicles and pieces of equipment have now been removed from the GVN equipment inventory. In the first nine months of 1970, 11,562 pieces of equipment were phased out of the inventory.

There was continued upgrading of GVN personnel in the logistics field through training courses in storage and materials — handling operations conducted during the last half of 1970. Additional courses using a bilingual manual developed in 1969 will be presented during 1971. This bilingual storage manual is now used as a reference in all CLA and supply accounts.

Labor

The Ministry of Labor (MOL) made progress in 1970 in producing a job dictionary which is not only essential to the identification of necessary skills in the job placement activities of the GVN public employment service but is also critical to training and advancement programs in the private and public segments of the economy and to the identification of the skills of persons entering or leaving military life. An Inter-Ministerial Manpower Coordinating Committee made significant progress in developing a volume of standard definitions during 1970.



During 1970 the MOL concentrated its public employment service activities in a model placement office. This office is regarded as an operating placement office, but it is also used as a training station for personnel and as a laboratory in which new methods and procedures are devised and implemented. As the placement office system is expanded to provincial cities, it will be used as the source of experienced personnel capable of training others.

The results of a survey of professional and technical workers in Saigon was completed and published in 1970. Also completed was the first half of a quarterly survey of employment by type of industry. This survey will be part of a permanent statistical program designed to eventually show monthly fluctuations in employment and wages by kind of industry and by province.

The manpower development project, through its support contract, was responsible for training 143 instructors and over 2,450 workers, veterans, and Hoi Chanh in some 25 different skills. In addition, extensive direct assistance was provided to the MOL in establishing and upgrading its administrative and technical staff. Over 50,000 copies of instructional and curriculum materials were developed and provided during this period.

The Vietnamese Confederation of Labor (CVT) concentrated its efforts in 1970 on the expansion of its organizational activities, particularly in support of the agrarian trade unions such as the Tenant Farmer's Federation (TFF). With the continued assistance of USAID and the Asian-American Free Labor Institute (AAFLI), the CVT trained 1,545 more trade union cadres and members in the techniques of organizational leadership during 1970, bringing the total trained under the AAFLI program, first established in 1968, to 2,441.

The CVT also expanded its own operations through various channels. Along with the TFF it publicised the Land-to-the-Tiller program and began a program of assisting the farmers in the preparation of land title applications.

The CVT expanded its agricultural support operations in 1970. Using its already successful fertilizer program as a starting point, it established relations with an American insect sprayer manufacturer to assure a reliable and adequate source of sprayers and later joined with the National Federation of Agricultural Cooperatives and other Vietnamese investors to establish the Farmassin Company which will manufacture light farm machinery.

Concerned with the need for skilled labor throughout Vietnam, the government continued to support manpower development activity and skills training during 1970.

CHAPTER FOUR

PUBLIC HEALTH



Joint utilization of facilities with Vietnamese civilian and military doctors working side by side had greatly improved the GVN's ability to care for the medical needs of its people.

University faculty of medicine has now achieved its numerical goal of graduating 200 physicians per year. Graduates of the faculty of dentistry are also increasing. Both schools have initiated in-country post-graduate training programs in order to upgrade the teaching staff and reduce the time and funds required for overseas studies. In this way it has been possible to augment the teaching capability of both faculties qualitatively as well as quantitatively.

In June 1970 a contract was awarded for an architectural and engineering survey for the proposed university teaching hospital. The A & E study is underway. The GVN is exploring possible free world assistance financing of a 500-bed hospital which will provide the clinical teaching center to complement the basic sciences facility completed with U.S. assistance in 1966.

With the achievement of the objectives of the nursing education and training project, originally undertaken in 1956, USAID terminated its assistance to the project in June 1970. The foundations for the continued advancement and development of nursing in Vietnam have been firmly established. Eleven schools of nursing have been opened, nine of them with USAID assistance, and in 1970 they graduated a total of 598 nurse technicians and assistant nurses. The schools have a potential for graduating more than 600 nurses annually hereafter.

The increase in health manpower and thus the augmented capability of the GVN is reflected in the numbers of graduates of the various Ministry of Education and Ministry of Health schools during 1969 and 1970:

	1969	1970
Physicians	198	216
Dentists	21	32
Pharmacists	300	542
Nurses (3 Years)	140	140
Nurse Assistants (1 Year)	480	458
Midwives (3 Years)	90	90
Midwife Assistants (1 Year)	350	330

Public Health Services

Strengthening the public health area has been the new National Institute of Public Health which receives its primary support from the World Health Organization (WHO) and USAID as well as assistance from The Netherlands and New Zealand. The NIPH, which will eventually be responsible for all public health training, in 1970 graduated 120 district health workers, 20 hospital medical record clerks, and most significantly, 36 public health assistants who will eventually be the primary agents of GVN district level health activities. As such, they will serve to draw into an effective force the various elements of public health, i.e., sanitation, communicable disease control, maternal child health, etc.

In 1970, the malaria control program continued as a holding action designed to keep the rate of the disease at as low a level as possible. Indicative of the growing effectiveness of the Vietnamese national malaria program (NMP) was the immediate response made by NMP to the sudden influx of more than 190,000 refugees from Cambodia. As a result of improved communication between the field teams and NMP headquarters, all new refugee housing was quickly treated with insecticide, and mass blood surveys were initiated to find and treat potential foci, thus averting potential major epidemics. Although plague continues to spread into new areas, the national plague control program, launched in June 1968 by the MOH with USAID technical guidance, supplies and equipment, continues to reduce its incidence in endemic areas.

Rehabilitation

While progress occurred in 1970 in Vietnam's capability to meet its physical rehabilitation problems it will be a minimum of 5 years before the National Rehabilitation Institute (NRI) and the National Center for Plastic and Reconstructive Surgery can meet total demands for their services. The National Rehabilitation Institute under the Ministry of Veterans Affairs has been supported by a USAID contract since 1966. The Saigon center and branches at Da Nang, Qui Nhon and Can Tho fitted more than 8,000 patients in 1970 with prosthetic devices manufactured by NRI. Physical therapy and vocational training conducted

at the units focus on returning the handicapped to economically productive life as rapidly as possible. The plastic surgery center, also supported by a USAID contract, has progressed both in terms of numbers of patients treated and in the development of specialized surgical expertise for the Vietnamese staff. Six surgeons and 14 nurses are in training programs at the unit, and 90 percent of the surgery is now performed by Vietnamese. The unit is being increasingly integrated into the MOH-Cho Ray Hospital for supporting services, and a schedule for phase-over of complete responsibility for the unit to the Ministry of Health by June 1972 is being implemented.

Population Planning

As a part of its efforts to improve maternal and child health, the Ministry of Health in 1967 established a committee of research in family planning within its maternal and health division. Through a knowledge, attitudes and practices survey conducted with the cooperation of more than 10,000 women, the committee has sought to determine the desired size for a Vietnamese family and the acceptability of and methods preferred for family planning. Today family planning services are being provided in fifteen pilot centers to women who are legally married or have a «cohabitation» certificate, have their husband's consent and four living children, or, in lieu of these, to women who have a medical referral. Fifteen additional clinics will be put into operation early in 1971 and, by 1972, the committee plans to have established a

Dental training was upgraded quantitatively and qualitatively during 1970, as was other training in the area of health care.



minimum of one family planning clinic per province and autonomous city for a total of 53 clinics.

Training of medical and paramedical personnel for these clinics has been provided by USAID and various international population funds in Singapore, Taiwan and the U.S. Midwives have been trained in-country under a program supervised by the International Planned Parenthood Federation. The Faculty of Medicine and the national midwifery schools at Hue and Saigon are including family planning in their curricula. Rural health workers are being trained for an environmental sanitation program for village and hamlets incorporating family planning motivations a part of a «better life» concept. Statistical and demographic studies of Vietnam are underway to provide better baseline population data, and statistical personnel are being trained both in Taiwan and the U.S. USAID and other agencies have also supported Vietnamese participation in international seminars on human reproduction and family planning.

To familiarize Vietnamese officials with the economic and social benefits of large-scale family planning projects, observation tours of such programs in Asian countries have been sponsored by various international population funds. Recognizing the more generalized relationship of population planning to national development, the research committee in September 1970 invited representatives of the Ministries of Education, Economy and Social Welfare to serve on the committee as advisors, thus forming the possible basis of a future national population policy board.

District level health facilities continued expanding during 1970 reaching citizens in the smallest villages and hamlets in Vietnam,



CHAPTER FIVE

PUBLIC SERVICES

In 1970 Vietnamese public utility services and transportation moved significantly closer to a peacetime basis. Improvements occurred in planning and management as well as in physical infrastructure. An increasing portion of public services were put on a financially self-sustaining basis. For the year ahead, the emphasis will be on preparing to meet future needs on a conventional rather than a wartime basis in order for Vietnam to qualify for normal development financing from Free World sources.

Power

Economic development of Vietnam is largely dependent on adequate electric power.

The Vietnam Power Company was established by Government decree on January 1, 1970. It represents a merger of Electricity of Vietnam (the GVN franchised agency for power development throughout Vietnam) and the Saigon Power Company which was established in 1968 to assume responsibility for power in the Saigon area.

The Vietnam Power Company (VPC) presently has an installed capability in the Saigon metropolitan area of approximately 220 megawatts. VPC is taking steps to meet a continuing demand for approximately 320 megawatts through the construction of permanent and interim power facilities.

The installation of two 66 megawatt steam turbine electric generators is approximately 10 percent complete. These units are expected to be in operation by mid-1972. To meet partially the high demand for additional power between now and 1972, 56 interim diesel units have been installed, increasing VPC's installed capacity by 117 megawatts. Seventy Vietnamese have been trained in the operation and maintenance of these units — eight received three months of factory training in the United States. Purchase and instal-

lation of these facilities as well as the training program were financed by USAID grants. To meet the remaining demand, VPC has placed firm orders for an additional 148 megawatts of interim diesel and gas turbine generators (using GVN foreign exchange), all of which will be in operation by the end of 1971. Approximately one third of this generation is planned for regional system expansion.

Included in the nationwide power plan are three pilot rural electric cooperatives, the design and construction of which was accomplished with USAID assistance. Construction of the basic system was completed in 1970. Of the 25,000 targeted meter connections planned, 21,600 have been installed. The three cooperatives are presently serving approximately 130,000 people who now have power for the first time.

The VPC has established a training program for operation and maintenance of provincial and district power stations. Under this program 150 Vietnamese will begin receiving instructions in 1971 on operation, maintenance and line construction of low voltage systems.

Water

In 1970 most of the 2.7 million inhabitants in the Saigon metropolitan area had access to potable water

from the U.S. financed water system. A small percentage of the low income families still obtain free water from public fountains. However, this practice is gradually diminishing as the distribution system is extended into the low income residential areas.

The Saigon Metropolitan Water Office (SMWO) has continued installation of the distribution system in 1970 at an accelerated rate by installing 48.6 miles of pipe and is realizing enough revenue through sale of water to offset operating and capital improvement costs. SMWO has increased its revenues and become a viable self-supporting agency. Revenues from the sale of water topped VN\$1.4 billion during 1970, while expenditures were VN\$1.1 billion. SMWO is not only current in its re-payment of a USAID loan, but has prepaid VN\$117.0 million ahead of schedule.

Presently SMWO's Thu Duc treatment facilities have been experiencing demands in excess of the treatment plant's capacity. With the assistance of USAID engineers SMWO has made preliminary plans for modifying the existing facilities to increase its capacity to approximately 150 mgd. It will purchase the necessary equipment and carry out the construction from its own resources.

During 1970 the Directorate of Water Supply (DWS), which is responsible for providing water to people outside of Saigon, built two new water treatment plants, rehabilitated nine existing plants to increase their capacity by 400 percent, and drilled 63 wells. Approximately 150,000 persons are served by the facilities completed in 1970. USAID is assisting the development of DWS by providing advisory services, equipment and training for personnel. In addition, a U.S. drilling contractor completed six water systems in Long An Province, including six deep wells and 18 km of pipeline. This project will supply water to approximately 50,000 people.

To meet the funding requirements for water and sewerage facilities in larger communities, the National Water Loan Fund was established with an initial VN\$118 million to match a US contribution of US\$1 million. The National Water Supply Agency (NWSA), an autonomous agency of the Vietnamese government, established the financial and administrative structure for carrying out the purpose of NWLF and developed adequate procedures for communities to apply for loans. Two applications are being processed and studies have been initiated for other communities.

Telecommunications

The GVN's Directorate of Posts and Telecommunications (P&T) continued its program of expansion during 1970, earning income from both postal and telecommunications activities at an estimated annual



The daily living standard of thousands of Vietnamese was radically changed as the rural electrical service expanded.

rate of VN\$2.4 billions, up from VN\$1.4 billions in 1969. Telephone subscribers now number approximately 20,000, a gain of 2,000. Use of the southern toll microwave system by the U.S. and GVN military continues with 97.1 percent system reliability.

Increased earnings have allowed USAID direct maintenance support to be phased out except for limited training of technicians in support of southern toll and assistance to P&T in contract management. P&T is using two local and one international contractor for maintenance and to install 22,000 new telephone lines, and to expand telephone switching by 16,000 lines. Also, two associated international carriers are periodically supplying up to 10 technicians to maintain highly sophisticated equipment. All USAID direct maintenance support will phase out by end FY 1971. A USAID contractor is now engaged in developing plans for the Single Integrated Telecommunications System (SITS) for Vietnam. The contractor is also assisting in the establishment of a new GVN telecommunications regulatory body.

Highways

The importance of an adequate system of highways has been fully recognized by the GVN. Roads promote national unity, permit the proper distribution of expanded governmental services, and stimulate private sector agricultural and other economic activity.

Under the GVN Directorate General of Highways (DGOH), the primary highway reconstruction program has continued. To date, some, 2,282 kilometers of highway, comprising approximately 56 percent

of the present primary system have been reconstructed or upgraded, with some 690 kilometers having been completed in 1970. Included in this year's effort has been the construction of bridges totalling in excess of 4,000 meters.

Secondary roads, interprovincial and farm-to-market type roads, have also been constructed. During 1970, 101 kilometers of new road construction was completed and approximately 1,120 kilometers of existing roads were maintained, repaired and or reconstructed to higher standards. New bridge construction on these roads totalled 3,200 meters and approximately 850 meters of bridging was maintained and/or rehabilitated.

Railroads

The Vietnam Railway System (VNRS) continued a record of selective progress during 1970. Although security did not permit the completion of the reconstruction from Hue to Dong Ha, the bridge reconstruction on that segment did progress well, with a total of six bridges being secured and restored to service. The seventh and last bridge on this segment of main line is presently under repair. Reconstruction started during March on the branch line from Phan Rang to Dalat and was completed during May. With the completion of this branch line, 57 percent of the railroads' 1,240 kilometers of main line and branch lines were operational.

There was an increased demand for VNRS services and facilities during 1970. Cargo transported by rail increased 35 percent over 1969 (530,000 metric tons to 720,000 metric tons). The net ton-kilometer evaluation, which represents transportation progress more accurately, increased 100 percent over that of 1969

Railroad activities have been extended to satisfy an ever increasing demand for both passenger and freight services.

(24 million net ton-kilometers to 48 million net ton-kilometers).

The number of passengers transported by rail increased by 40 percent from the previous year (1.75 million to 2.4 million).

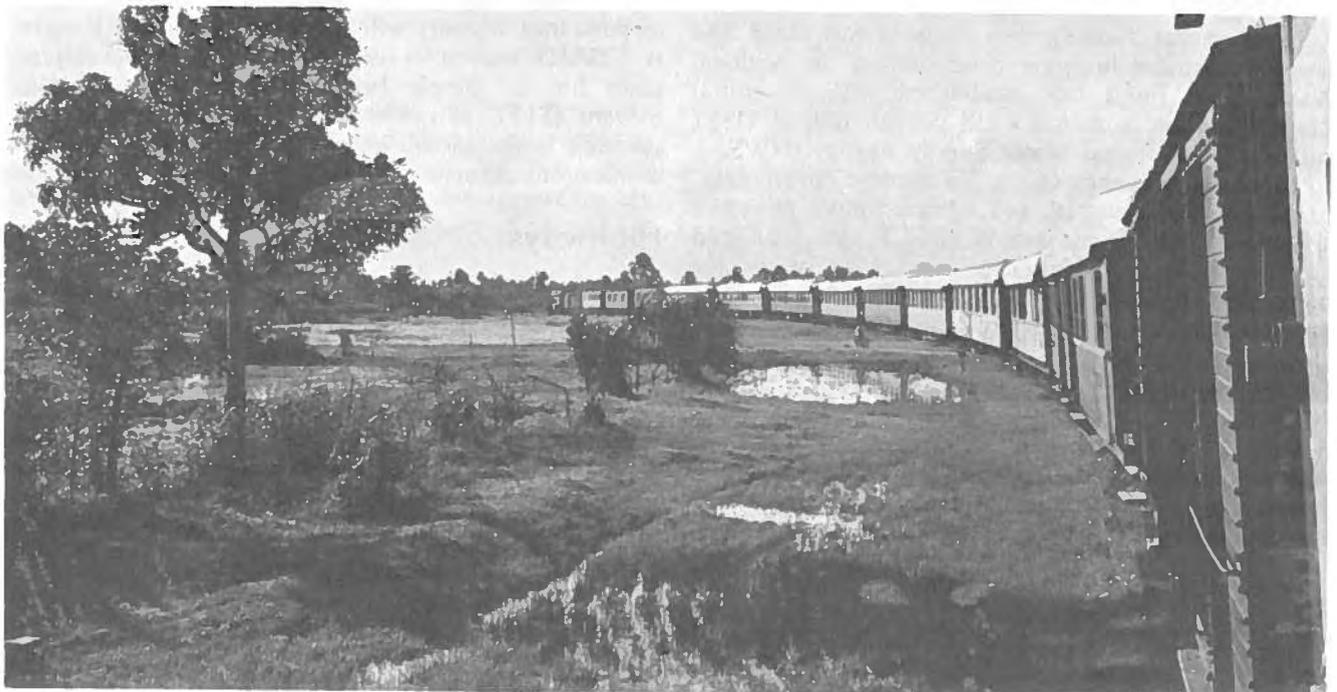
The VNRS continued to diversify railway operations through new enterprises making better use of its manpower, equipment and facilities. Twenty diesel trucks were purchased for its truck fleet to extend its pick-up and delivery service from railroads and ports. Two 50 ton truck cranes were purchased to handle the increased demands for heavy movement of equipment and machinery.

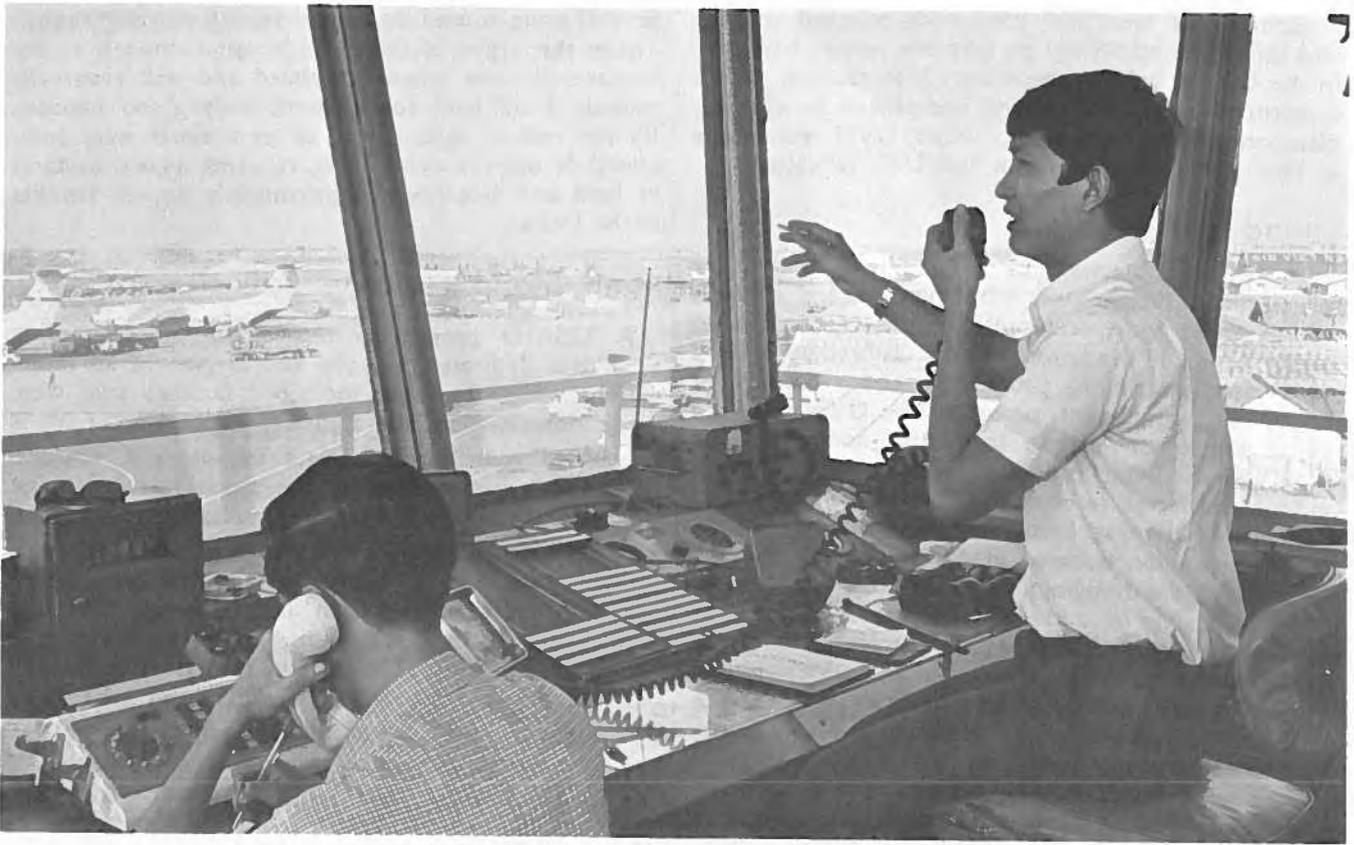
Civil Aviation

Total air operations remained high for 1970 — 132,000 instrument controlled aircraft handled by the Saigon Area Control Center and from 500,000 to 700,000 aircraft operations at each of the three major airports — Tan Son Nhut, Bien Hoa and Danang. A more realistic GVN military training program resulted in the easing of the manpower situation and enabled the civil aviation assistance effort to concentrate on the training of GVN personnel to operate and maintain the civil airway system to a far greater extent than had previously been possible.

The training of GVN air traffic controllers continued permitting the release of three FAA air traffic operational specialists in 1970. It is expected that the services of the remaining twenty FAA air traffic operational specialists will be terminated by the end of 1972.

As a result of advanced training, eighteen GVN control tower personnel were qualified to handle tower control operations at the Qui Nhon and Hue tower facilities with a minimum of U.S. assistance.





Training of Vietnamese air traffic controllers is virtually complete with U.S. assistance on the verge of termination.

Air Vietnam extended its domestic operations throughout the country during 1970 and now serves most of the country's cities.



Eight GVN electronic mechanics received training and thirty-one additional participants received training in the U.S. in various specialties: Meteorology, airport construction, air traffic control and others. In addition, plans were completed for 41 other GVN technicians to take advanced training in the U.S. in 1971.

Inland Waterways

The inland waterways of South Vietnam continue to offer an efficient and economical means of high volume cargo transportation. The continued demand during 1970 for dredging projects, as well as a need for greater utilization, production and efficiency of the dredging equipment, prompted the GVN to create a semi-autonomous agency to manage and coordinate all GVN dredging programs and operations. This agency is expected to be managed on a self-sustaining, industrial accounting basis. A GVN funding subsidy of VN\$60 million is being made available for the re-activation of the dredging fleet under this newly established agency. In addition, a dredging committee has been formed, chaired by a representative of the Prime Minister's Office, to receive and review formal applications and to establish priorities of dredging work on Vietnam's 5,000 kilometer network of navigable water lanes. All current and future dredging projects are to be funded by private sources or beneficiary government agencies. To date, the committee has received formal applications for potential pay-as-you-go dredging work totalling 100,000,000 cubic meters, and priorities have been established and officially published covering 47,000,000 cubic meters.

Regional Engineering

USAID engineering offices in the four regions of Vietnam and in Saigon provide technical assistance to the ministries of the Government of Vietnam and to the provinces. The engineer advisory staffs in the regions also provide direct engineering assistance to the pacification and development program. In 1970 the regional offices had under review for design and construction fifty-five projects with a combined equivalent dollar value of approximately US\$5 million. These projects included water systems, electrical systems, irrigation works, hospital renovations, major schools, bridges, port and city drainage systems. Several cities, with technical assistance from the USAID engineers, are expanding their electric power systems and water distribution systems to serve the people with more dependable utilities.

Interest in irrigation increased during the year. The engineers in Can Tho designed various irrigation projects in 12 provinces in the Delta. Construction of these projects was performed by the local people on a self-help basis or by local contractors. As a result,

several areas unused for several years were redeveloped; one of the largest of these will be approximately 10,000 hectares in area when completed and will eventually provide farm land for approximately 4,000 families. By the end of 1970 a total of 37 projects were completed or nearing completion, covering 45,000 hectares of land and benefiting approximately 27,000 families in the Delta.

Minh Mang Housing Project

A USAID project to reconstruct 2,000 housing units was dedicated in 1970 and is part of an international effort to assist the 3,000 families who were made homeless by the fighting during Tet 1968.

USAID contributed US\$4.2 million and VN\$210 million for construction of the 2,000 housing units. The Government of Vietnam contributed the land and provided roadways and utility services.

The units are of heavy, fire-resistant, reinforced concrete construction. Each unit provides a living area with cross ventilation, plus kitchen and bath compartments. They are in four-story apartment buildings of the general type found in the area.

Occupancy of the new housing units is controlled by a selection committee including representatives of the Tet victims. The first 300 families occupied their units in October, 1970, and occupancy of all 2,000 units is expected by January, 1971.

Families made homeless by the war began moving into the Minh Mang Housing project in 1970.



CHAPTER SIX

EDUCATION

Having achieved a significant breakthrough in mass education, the Ministry of Education and USAID are now directing their efforts toward building a stronger educational system. During 1970, a transition began from rapid increase of enrollment to improving the quality of performance of teachers and professional leaders; from rapid expansion of facilities to full utilization of those already provided; from emergency policies and temporary solutions to defining and achieving carefully planned goals.

General

Since 1964, the education program has involved the Ministry of Education and USAID in the construction of more than 18,000 new elementary, secondary and university classrooms; the training of more than 20,000 new teachers; the writing, publishing, and distributing of more than 20 million textbooks and other materials of instruction; assisting in the development of five normal schools capable of graduating 1,600 new elementary teachers annually; and assisting in the development of three faculties of pedagogy capable of graduating 1,000 secondary school teachers annually. With 85 percent of elementary school age children now enrolled, projects in the fields of hamlet-elementary education, as well as those in agricultural education, adult education, teaching of English, and youth affairs have been completed and were terminated at the end of 1970 with the Ministry of Education carrying on these programs.

Increasing emphasis will be devoted to the development of the capability of the Ministry of Education to plan, implement, and carry out education programs; to develop fully adequate teacher education, agricultural education, engineering and technical education

programs and to develop greatly needed reforms in organization and administration for their operation.

Secondary Education

The broad objectives of secondary education are: (1) to increase the opportunities for Vietnamese children to attend secondary school, (2) to improve the quality of secondary education, and (3) to develop comprehensive secondary education in Vietnam.

Three hundred thirty-five teachers completed their first year of training in an accelerated two year program and are now teaching in schools. Their training will be completed on an in-service basis. An accelerated program, designed to train teachers in guidance, industrial arts, business and home economics, was also adopted by the Ministry of Education.

A five-year phase-in plan to implement a new curriculum in twelve pilot comprehensive schools was produced and course work has begun. The Ministry of Education has made extensive revision of the 1960 regular academic curriculum to better meet the needs of Vietnamese children in the 70's.



Now that most elementary school age children are attending classes in Vietnam, emphasis is being placed on secondary schools, expanding curriculum and facilities.

Higher Education

Enrollments in the three public and two private universities in Vietnam rose from 41,269 in 1968-69 to 46,507 in 1969-70.

Two new private universities, Hoa Hao University (Buddhist) in Long Xuyen, and Minh Duc (Catholic) in Saigon, were opened in November, 1970.

Under a Wisconsin State University contract with USAID, six consultants have provided services to Vietnamese higher education institutions during the past year in general university administration, basic studies program, student affairs, registrar's office functions and student accounting.

The University of Missouri-Rolla contract team at the National Technical Center, another USAID contract, assisted in graduating 83 engineers in 1970. The team concentrated on preparation of a plan for expanding engineering education in Vietnam. Curriculum modernization and expansion was continued and laboratories were enlarged. Enrollment was increased 20 percent with the start of the fall semester.

The University of Florida contract team is active at the National Agricultural Center. From an enrollment of 400 students in the four year program, the Center graduated 85 in 1970. In preparation for the movement of the National Agricultural Center to its new location, the GVN National Assembly approved VN\$70 million for housing units and the Ministry of Education has opened bids for construction of a new six-unit farm building complex. This represents about 10% of the total cost of the new Center.

Secondary Vocational / Technical Education

The total enrollment of regular full-time vocational-technical students was 8,525 in 1970. In addition to the regular full-time students, short term intensive

skills training courses were offered and 1,500 refugee students were trained and completed courses during 1970.

One junior technical school was completed during 1970 and construction was commenced on four. All five of these schools enrolled students in the Fall of 1970 and will be fully equipped and operational during the school year 1970-71.

The plans for the Nguyen Truong To polytechnical school were completed, bids were opened, a contract is being negotiated, and the construction of this new facility is scheduled for completion in 1972.

Instructional Materials

The Ministry of Education began to assume full responsibility for production and distribution of all instructional materials in 1970 and is now contracting with local publishers and printers to print, distribute and sell approved books nationwide. A small royalty from each book sale goes into a revolving fund that will be used to subsidize production and distribution of loan books for grades one and two. Twenty of an eventual 50 distributors are already buying elementary books for sale and income for 1970 exceeded VN\$5 million.

USAID has completed designs for the final construction phase at the Instructional Materials Center and is negotiating construction contracts to provide IMC with a small, modern book printing plant and professional recording facility. When completed in mid-1972 these facilities will provide MOE with annual capacity of 300 fifteen-minute classroom radio programs and 2.5 million textbooks.

Shifting textbook production from USAID-off-shore to domestic industry is strengthening the local printing, binding and papermaking industries and is expected to ultimately free the MOE of need for large foreign subsidy for textbook production.

GVN and USAID are developing facilities that will allow all instructional materials to be produced in Vietnam.



CHAPTER SEVEN

CIVIL OPERATIONS AND RURAL DEVELOPMENT (CORDS)

1970, the villages involved in projects were required to match the entire government input with either cash, labor or locally contributed material. In cases where a matching contribution would work a hardship on the people, because of poverty or lack of security, the Provincial Pacification and Development Council readjusted the amount of contribution.

Execution of the program improved during 1970. Village officials and citizens had a better understanding of the program and what it could do for them. District and province officials who had opposed the plan in 1969 as an invasion of their authority, became active supporters of the program in 1970. While far from working perfectly, this program can be said to have had a strong influence on the success of the National Pacification and Development Plan. It has also introduced meaningful political development in rural Vietnam and can be expected to continue this momentum with gradually decreasing support from United States resources.

Province/Municipal Development

In addition to the VSDP component of rural development, another major activity implemented during 1970 was the province municipal development program. This program was initiated in early 1969 when authority over funds for pacification support was shifted from the Ministry of Revolutionary Development (MORD) to the newly created Central Pacification and Development Council (CPDC) and its subordinate bodies in the provinces and autonomous cities.

The Pacification and Development Councils are charged with responsibility for the coordinated planning and effective implementation of province development projects which contribute directly to the objectives of the Pacification Campaign.

During 1969, the P&D Councils devoted a major portion of their funds to the construction of provincial roads and bridges in areas which had been accorded high priority in the Pacification Campaign. Other projects which are now funded from the province P&D fund include education, health and agriculture. In previous years these had been funded by MORD.

The first priority of the province self-development program is to assist in the attainment of pacification objectives by implementing projects which will extend the influence of the GVN and promote economic expansion and socio-political stability.

The general priorities of the province development and province self-development programs are :

To construct or repair key roads and bridges in order to improve regional security, facilitate the extension of GVN provincial and local administration and expand commerce between the rural and urban areas.

To promote increased agricultural production by means of irrigation works construction and training programs in such fields as agriculture, animal husbandry and pisciculture, and the development of new markets.

To extend basic public services, particularly in areas undergoing pacification, primarily by means of constructing new schools, training additional elementary school teachers for secured hamlets, and providing additional village and district health facilities.

Plaster support from the American Aid Chapter of the GVN national budget is provided to the CPDC for province development projects. Development projects approved by the CPDC are the product of joint GVN-US planning efforts and their implementation is jointly monitored by GVN and US agencies at all levels.

By mid-1970 all of the 400 provincial development projects approved for 1969 had been completed and the VN\$947 million allocated for the program had been expended. In 1970 a VN\$2.5 billion budget has been allocated.

As of October 1970, 75 percent of all 1970 projects have been completed. Because provinces and autonomous cities were able to begin construction of their projects in advance of the dry season in 1970, it is anticipated that most, if not all, projects will be completed by the end of the calendar year.

The third major component of the rural development effort is the province-municipal council development program designed to enhance the prestige and authority of the province and municipal councils elected in June 1970, and to promote active involvement of the people in the affairs of the nation through their elected representative at province level.

In pursuit of the objectives, the GVN on July 3, 1970 allocated VN\$1 billion to councils in all provinces and municipalities to implement small scale development projects proposed by council constituencies.

Public Safety

The CORDS Public Safety Directorate continued to provide advisory and financial support for three of the major offices within the Ministry of Interior : the Directorate General of National Police, the Combined Telecommunications Directorate and the Directorate of Corrections. The primary missions of these three civil security agencies under the 1970 Pacification Plan include the maintenance of law and order and performance of internal security functions, the provision of effective and rapid communications for the police and other civil authorities, and the upgrading of criminal justice by the improvement of detention and correction centers and confinement procedures.

The role of the Vietnamese national police in maintaining law and order, protecting lives and property, and performing various regulatory police functions continued to assume greater importance in 1970 as they were deployed further and further into rural areas.

The NP expanded its operational area by assigning additional persons to districts and villages. Currently over 50 percent of the provincial police, exclusive of the national police field force and marine police, are assigned to district level and below. More than 10,000 national police are presently assigned to more than 1,700 villages. This has provided much-needed police support to the village administration.

During 1970 the police continued to improve their capability in traditional police functions. Their timely and positive action effectively contained civil disturbances involving war veterans, students and religious groups, thereby preventing the spread of violence. The operation of police checkpoints and boat patrols was also successful in denying vital resources to the VCI.

The police accelerated their program to register all persons 15 years and older. During 1970, 3,812,000 persons were registered, bringing the total registered to 6,863,000 since the program commenced in 1968. It is expected that this program will be concluded by the close of 1971.

The police continue to have difficulties recruiting personnel because of the higher priority assigned to military recruitment from the limited manpower pool. Although the 1970 force goal could not be met, GVN is presently making a determined effort to provide a suitable source of manpower for the national police.

The telecommunications project provided additional radios for essential communications for the expanded NP role. The village-hamlet radio system was also expanded to provide better communications for civil authorities. The combination of these two radio systems comprises the only countrywide network serving civil agencies and was the major means of obtaining official returns in the 1970 national elections.

The major effort was made to establish suitable NP screening and detention facilities to process VCI and other arrestees. The completion of 21 additional detention facilities in 1970 contributed greatly to relieving the major problem of overcrowded conditions in national prisons and permitted the segregation of sentenced and unsentenced prisoners.

An important 1970 development was the institution of an arrest accountability system. Under this system all arrestees are to be «tracked» from the time of their arrest — through processing, transfer, prosecution and sentencing or release.

The 1970 CORDS public safety program provided advisory and financial support to the NP totaling US\$17.0 million (AID and DOD funds). In addition,

the 1970 PS program included US\$3.7 million (AID and DOD funds) to assist the Combined Telecommunications Directorate and more than US\$200,000 to assist the GVN Directorate of Corrections in improving the prison system.

Refugee and War Victims

In 1970, as in 1969, one of the most encouraging trends in Vietnam has been return of large numbers of refugees to their original home areas. In the year's time since the return-to-village program was initiated in November 1969, a total of 735,606 refugees have been returned to their villages.

During 1970 the peak number of refugees was 345,224. However, the Ministry of Social Welfare will start 1971 with a refugee caseload of approximately 250,000. This latter figure reflects the advancing degree of pacification in Vietnam, as increased security allowed people displaced by the war to return home.

Beginning in March 1970 and through August 1970 when the movement had all but stopped, the Ministry of Social Welfare assisted approximately 200,000 Vietnamese repatriates who fled Cambodia to take refuge in Vietnam. Emergency plans were developed for the reception, temporary assistance and resettlement of the repatriates. This was accomplished by the Ministry in addition to carrying on the regular refugee program.

Although Vietnamese repatriates from Cambodia temporarily swelled the refugee caseload in 1970, the GVN, through the Ministry of Social Welfare, dealt efficiently with the problem.



During the last days of October and in early November, 1970 heavy rains claimed civilian lives and caused extensive damage throughout the northern half of South Vietnam. 219 people were killed, 11 injured, and some 195,266 others had received assistance and returned home. 5,712 houses were destroyed and 12,792 more were reported damaged. The province of Quang Ngai and the northeast portion of Quang Nam Province were especially affected forcing regular refugee programs to a standstill during the emergency period. Agencies of the GVN responded quickly and efficiently to the requirements of the people. U.S. assistance was minimal.

In addition to refugees, the Ministry of Social Welfare is concerned with war victims — those people who have suffered injury, loss of a family member or loss of housing from military actions. During 1970, 160,249 such war victims were assisted.

Social Development

Basic responsibility for development of a physical and vocational rehabilitation system for the nation's 156,000 citizens physically disabled by the war, 258,000 war orphans and 131,000 war widows, has been given to the Ministry of Social Welfare. Assistance is being given to the Ministry of Social Welfare (MSW) by CORDS to strengthen and expand physical rehabilitation services at the National Rehabilitation Institute and its branches; to adapt vocational training schools so they can absorb increased numbers of war victims; and, to assure the coordination of these and other services, including medical care and job placement, through establishing regional rehabilitation centers. Physical facilities for the first of these regional centers have been selected in Da Nang, and are expected to begin operations in 1971.

Standard operating procedures for the organization and operation of community centers were signed by the Prime Minister on July 3, 1970, and fifty-five community center coordinators have been trained and assigned. Approximately forty centers were in operation at the end of 1970.

The first phase of permanent construction on the new MSW National School of Social Work was completed in December 1970. Two courses for instructors and supervisors and a third course for social auxiliaries are now in operation. Participant trainees were sent to Korea for training in child welfare, to Singapore to observe community centers, and to the Philippines to study the problems of juvenile delinquency.

During 1970 the number of orphanages registered by MSW increased to 116 with a population of 20,000 children, of whom approximately 40 percent have lost both parents. There are now 104 registered day-care centers providing for approximately 11,000 children. Funds were transferred by MSW to the Ministry

of Public Works on September 22, 1970, for construction of additional day-care centers in four provinces.

The Ministry of War Veterans (MWV) has the responsibility for administering claims, pensions and other benefits to veterans, their widows, orphans and other legal dependents.

CASELOAD, MWV (1970)

Veterans	216,000
Disabled Veterans	51,000
War Widows	66,500
Dependent Parents	25,000
°War Orphans	266,000

°Includes 153,000 Wards of the Nation.

The Ministry (though the National Rehabilitation Institutes located at Danang, Qui Nhon, Can Tho and Saigon) provides prosthetic and rehabilitative care for civilian war victims, polio victims, disabled veterans and dependents.

Many resources have been tapped to provide temporary manpower and supplies to enable the MWV to phase into a program, many times larger than its efforts during past years, and in 1970 a backlog of nearly 70,000 claims were cleared.

The Directorate of Housing has begun construction of 12,000 housing units for disabled veterans scheduled for completion by the end of 1971. VN\$4.4 billion has been provided to the Directorate from the Ministry of War Veteran's budget for 1971. Thirty provinces and autonomous cities submitted contractor bids covering the proposed construction of 5,065 units. The province chiefs through the provincial councils decide who will receive houses and must submit bid proposals for construction to the Directorate of Housing. Current proposals total more than VN\$2.26 billion.

Chieu Hoi

The Chieu Hoi program was established in 1963 to encourage the Viet Cong to desert the insurgency and rally to the GVN. A major objective of the program is the reorientation of the political thinking of the ralliers and their reintegration into the social, political and economic life of the nation. Through 1970, over 165,000 returnees have rallied to the GVN, reaching a high point in 1969 of over 47,000. 1970 has produced approximately 32,000. This is less than 1969, but still higher than any other year. The decline has come about as the GVN continues to consolidate its position in contested areas and reduces the number of potential ralliers. The program is of key importance to both military and pacification objectives. It reduces the VC fighting force and produces quantities of tactical and strategic intelligence which is very costly to the enemy whose activities often require that his logistical support be placed ahead of his forces. In addition,

it denies the VC and NVA the support of the population while increasing the popular support and the manpower pool for the GVN. Over 5,000 former VC have joined the armed propaganda teams which assist in psychological operations mounted against their former comrades. Another activity in which these individuals are usefully employed is Force 66 or the Kit Carson Scouts program, in which 2,000 Hoi Chanh now serve by locating enemy bases and arms caches.

U.S. participation in the Chieu Hoi program is advisory in nature and is being reduced in size. The CORDS Chieu Hoi Directorate cut its advisory staff by 25 percent in 1970, and training courses for Vietnamese Chieu Hoi cadre have been undertaken at Vung Tau and at the National Chieu Hoi Center in Saigon to prepare them to replace CORDS advisors.

Saigon Civil Assistance Group

The Prefecture (City) of Saigon with over two million inhabitants not only represents more than 10 percent of the total population of Vietnam, but is also a politically and economically important segment of the nation. Advice and assistance to the city government is provided by the Saigon Civil Assistance Group, a part of the CORDS organization.

In 1970 a new administrative structure was adopted, a new Tax and Revenue Service was established, and research completed on a number of revenue sources.

Assisted by construction commodity and technical engineering support from SCAG, the Prefecture completed or has under construction 116 classrooms. Thirty seven others are under contract, and 42 ready to take bids. When these 195 classrooms are completed, they will represent an increase of 18 percent over the 1,078 classrooms now in being.

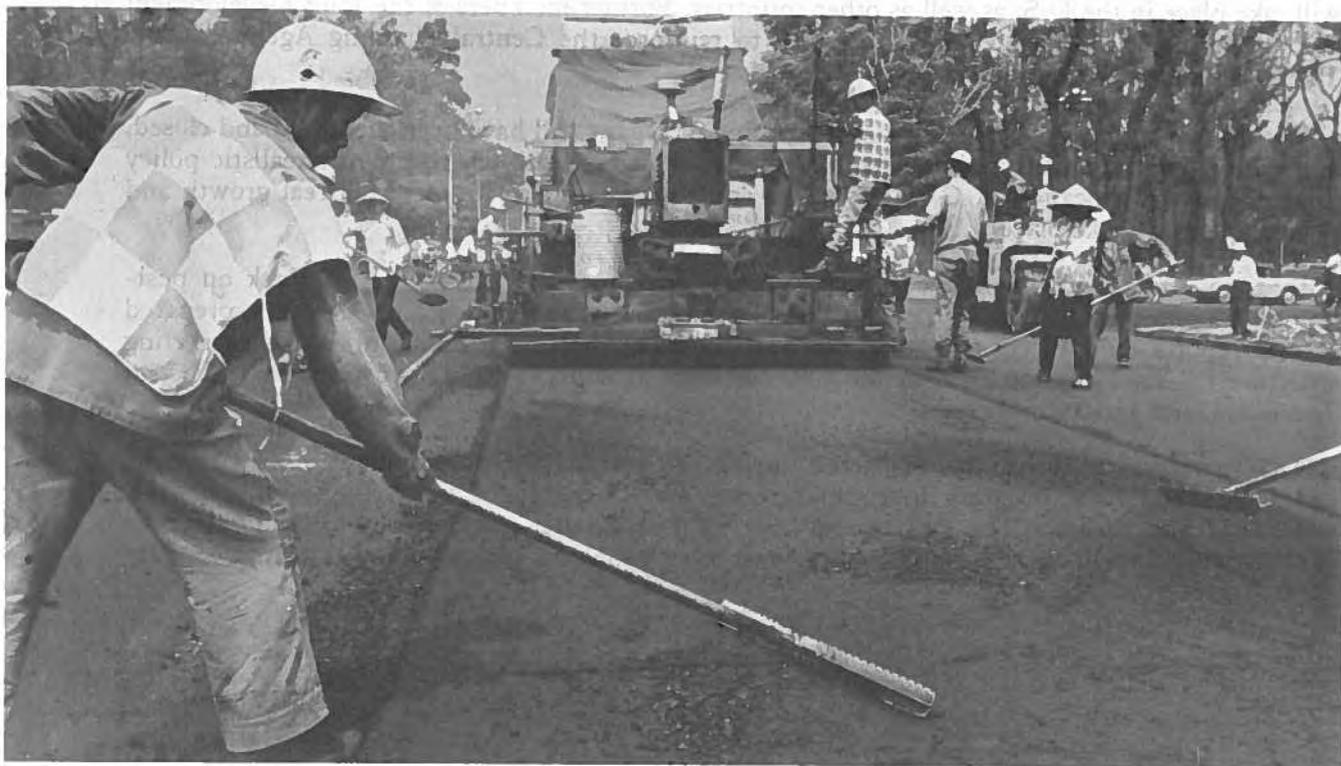
During 1970, 14.4 km of asphaltic concrete overlays were completed. Also, a water distribution system was placed in operation. During the year, three of four park projects were constructed. Assistance was provided to the Prefecture in establishing design standards for city roads and a new equipment maintenance facility for Saigon Public Works was started. A fire prevention bureau has been established, and fifty neighborhood volunteer fire-fighting units were organized and equipped with portable flotation pumps.

The GVN increased its Sanitation Service budget from VN\$217 million for 1969 to VN\$418 million for 1970 with an attendant increase in services ; however, the service still lags behind the requirements of the population. Also, the Quarantine Service was reorganized and upgraded at Tan Son Nhut and the Saigon Port.

The Prefecture in the area of community development conducted four literacy classes, ten post-literacy classes, and 75 vocational courses through its adult education program ; and the completion of 192 Khom road and alley paving projects, two Community Centers, and 2,731 self-help housing units.

The security of Saigon was strengthened by the increased number of PSDF. Since the PSDF has built-in leadership and is readily identified as a part of the community, its role has been expanded to serve as a catalyst for community development, i.e., participation in self-help projects and public service activities. As an extension to the functions of the Vietnamese Information Service, it also serves as an excellent vehicle for keeping people informed.

In Saigon, and throughout Vietnam road repair and construction greatly facilitated the movement of people and products.



CHAPTER EIGHT

POST HOSTILITIES DEVELOPMENT PLANNING

During 1970 President Thieu's Special Assistant for National Planning took steps to strengthen and institutionalize development planning in the GVN. With USAID assistance, a training program was designed which will produce a central core of professionally trained economic planners, a stronger sectoral planning capability in key ministries and a statistical element designed to provide quality data necessary to support a meaningful planning process. Training will take place in the U.S. as well as other countries. Former members of the Joint Development Group Vietnamese staff are being recruited to reinforce the Central Planning Agency during the initial stages of training.

Within two years significant economic planning data gaps will have been identified and closed, and within four years there should be a central and sector capability to provide realistic policy guidance in the allocation of GVN resources and to create a climate in which real growth and development can take place.

In 1970, the Development Resources Corporation completed three years of work on post-war development planning. During the closing months of the contract period, they prepared several reports on subjects of special interest, including industrial possibilities and marketing structure for food commodities in the five northern provinces, export prospects in India and Indonesia, and agricultural credit.

Transportation planning was furthered during the year by the development of an economic model and computer program to compare costs and traffic for national highways, railways, waterways, and aviation. The Vietnamese hope to apply similar methodology to such objectives as conserving foreign exchange and dealing with other problems such as urban transit, secondary roads, and regional shipping.

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Glossary

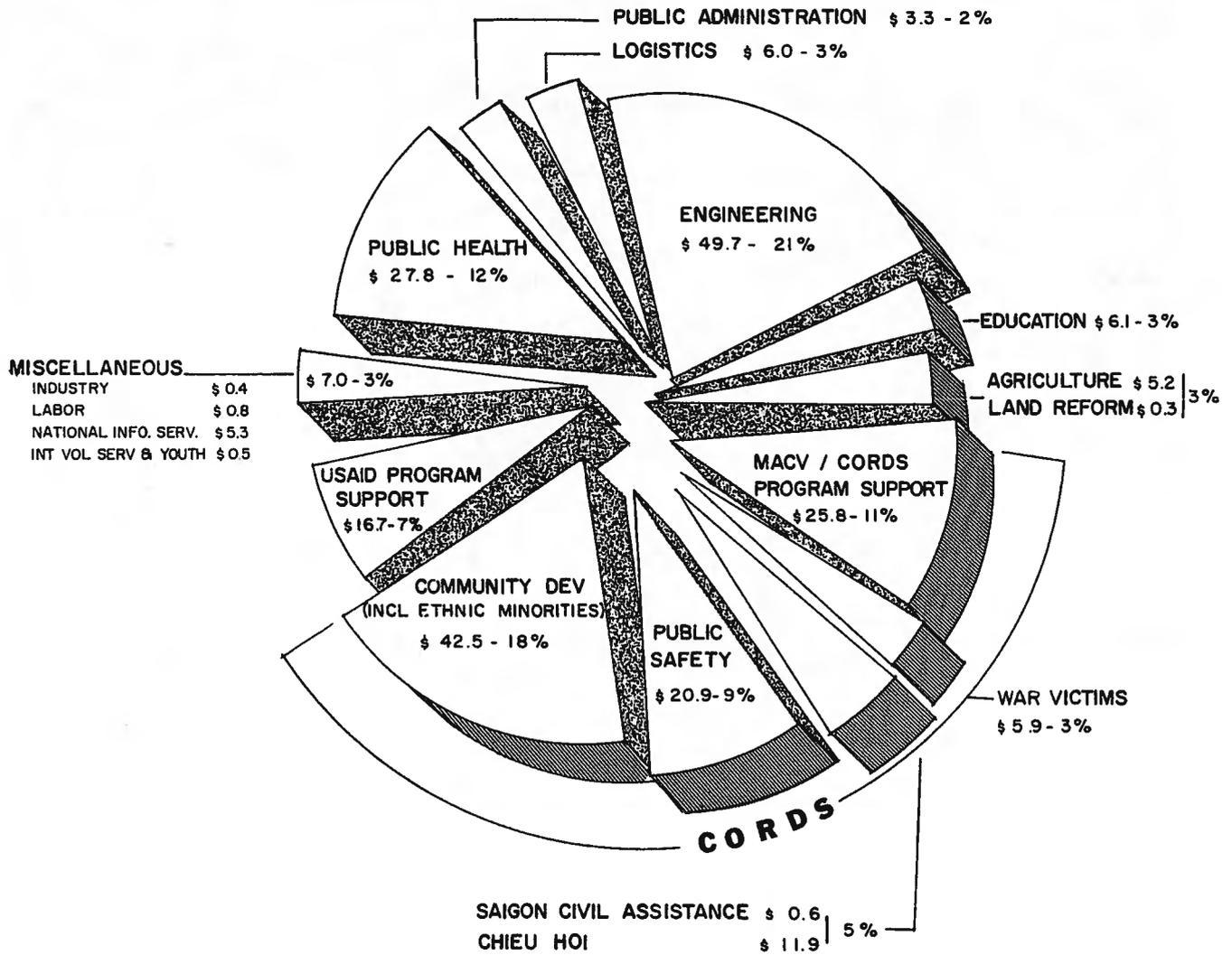
AAFLI	Asian-American Free Labor Institute (U.S.)
ADB	Asian Development Bank — Agricultural Development Bank (GVN)
ADP	Automatic Data Processing
AID-W	Agency for International Development, Washington, DC (U.S.)
A and E	Architectural and Engineering Study
AESS	The Agricultural Economics and Statistics Service (GVN)
BAM	Basic Administrative Management Course (GVN)
CIP	Commercial Import Program (U.S.)
CLA	Central Logistics Agency (GVN)
CORDS	Civil Operations and Rural Development Support (U.S.)
CPDC	Central Pacification and Development Council (GVN)
CVT	Vietnamese Confederation of Labor (VN)
CY	Calendar Year (U.S.), Calendar-Fiscal Year (GVN)
DGCS	Director General of Civil Service (GVN)
DGOH	Director General of Highways (GVN)
DOD	Department of Defense (U.S.)
DWS	Directorate of Water Supply (GVN)
FAA	Federal Aviation Administration (U.S.)
FFP	Food For Peace — PL-480 (U.S.)
FY	Fiscal Year (U.S.)
GVN	Government of Vietnam
IDC	Industrial Development Center (GVN)
IMMCC	Inter-Ministerial Manpower Coordinating Committee (GVN)
IR 8-5	High Yield Rice Varieties
IRRI	International Rice Research Institute (Philippines)
Khom	A subdivision of the City of Saigon
LTTT	Land-To-The-Tiller Law (GVN)
Mgd	Millions of gallons of water per day
MILPHAP	Military Provincial Health Assistance Teams (U.S.)
MLRAFD	Ministry of Land Reform, Agriculture and Fisheries Development (GVN)
MOE	Ministry of Education (GVN)
MOH	Ministry of Health (GVN)
MOL	Ministry of Labor (GVN)
MORD	Ministry of Rural Development (GVN)
MSW	Ministry of Social Welfare (GVN)
MT	Metric Tons
MWV	Ministry of War Veterans (GVN)
NIA	National Institute of Administration (GVN)
NIPH	National Institute of Public Health (GVN)
NIS	National Institute of Statistics (GVN)
NMP	National Malaria Program (GVN)
NP	Vietnamese National Police (VN)
NRI	National Rehabilitation Institute (GVN)
NRPTC	National Rice Production Training Center (GVN)
NWLF	National Water Loan Fund (GVN)
NWSA	National Water Supply Agency (GVN)
OPM	Office of the Prime Minister (GVN)
PL-480	Public Law 480, U.S. Congress — Food For Peace (U.S.)
PSDF	People's Self-Defense Force (GVN)
P and T	Directorate of Posts and Telecommunications (GVN)
SCAG	Saigon Civil Assistance Group (U.S.)
SITS	Single Integrated Telecommunications System (GVN)
SMWO	Saigon Metropolitan Water Office (GVN)
TFF	Tenant Farmer's Federation (VN)
TN 20-22	High Yield Rice Varieties
USAID	U.S. Agency for International Development — Vietnam (U.S.)
VCi	Viet Cong Infra-structure
VN\$	Vietnamese Piaster — Legal exchange : 118 to 1 Accommodation : 275 to 1
VPC	Vietnam Power Company (GVN)
VNRS	Vietnamese National Railway System (GVN)
VSDP	Village Self-Development Program (GVN)
WHO	World Health Organization (UN)

PROJECT CATEGORY	AMOUNT ALLOCATED	% of TOTAL ALLOCATION
ROADS AND BRIDGES	VN\$ 1,603,200,000	72.7
IRRIGATION	334,200,000	15.1
EDUCATION	135,200,000	6.1
PUBLIC HEALTH	133,500,000	5.1
AGRICULTURE	6,400,000	.2
FISHERIES	17,100,000	.7
ANIMAL HUSBANDRY	2,400,000	.1

PROJECT PROGRAM DOLLARS

FY 1970

(IN MILLIONS)

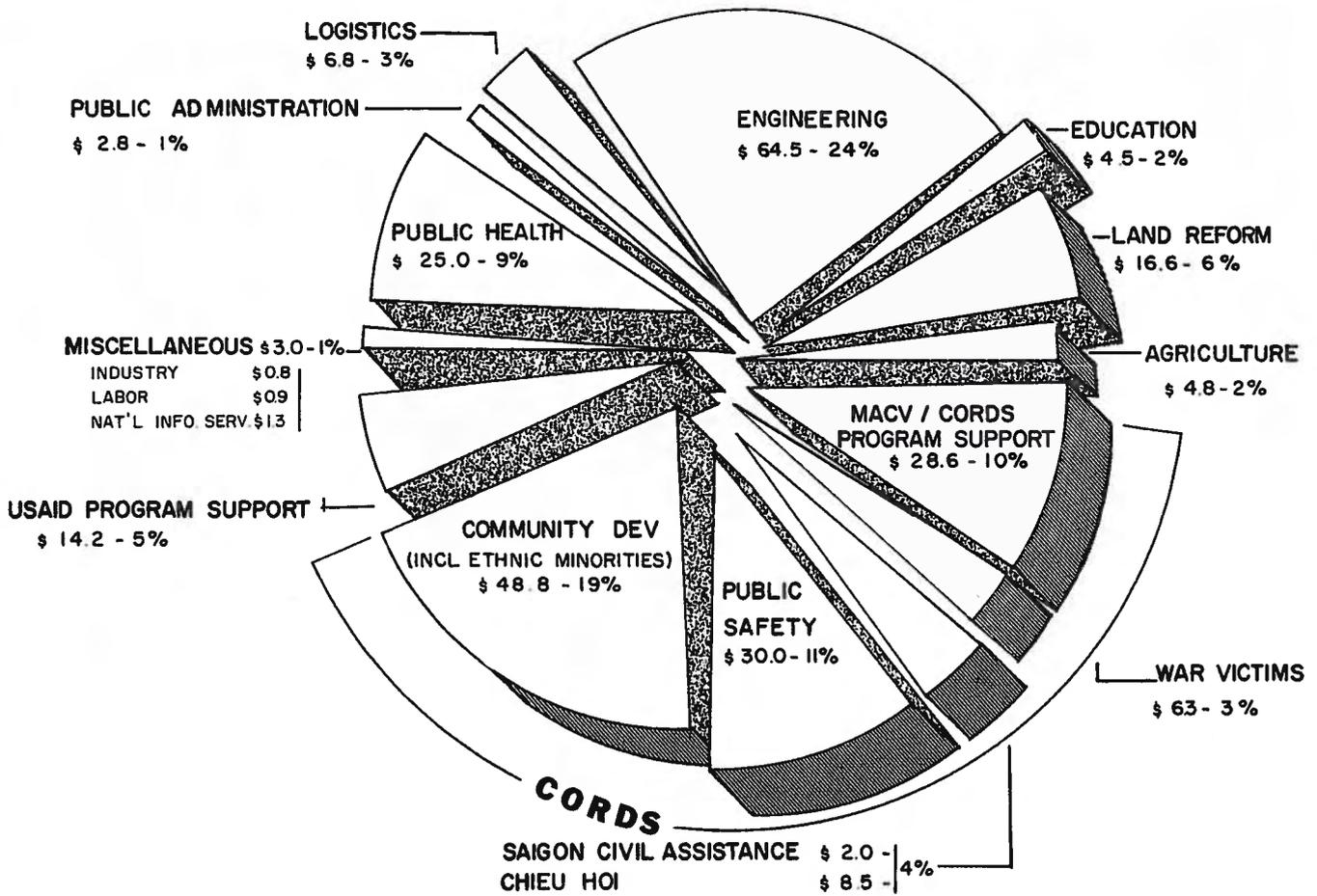


TOTAL : \$ 229.7

PROJECT PROGRAM DOLLARS

FY 1971

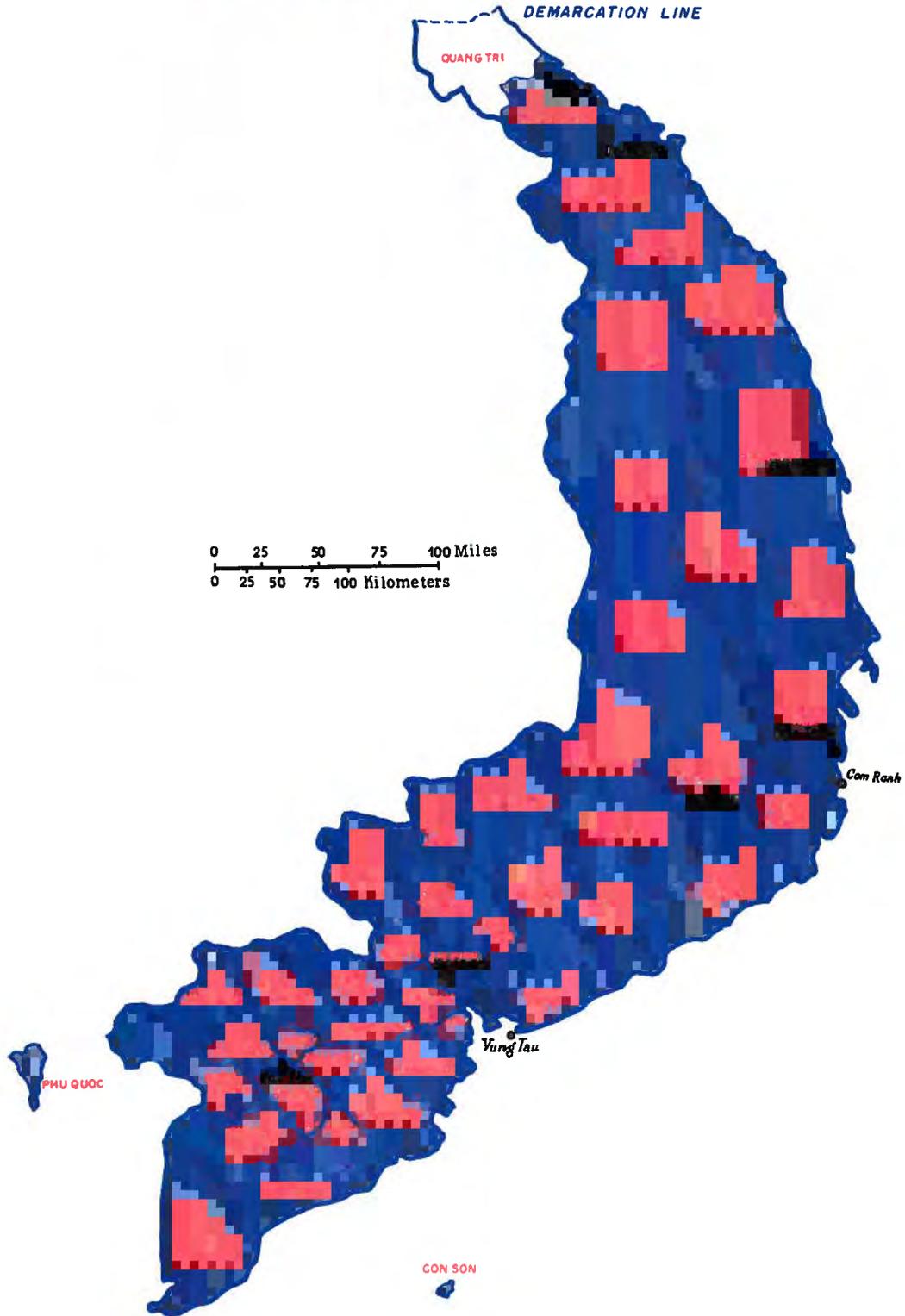
(IN MILLIONS)



TOTAL : \$ 266.4

FY 1971: Congressional presentation figures, may change during legislative process.

SOUTH VIETNAM



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