

Report

to the Ambassador

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



1971



EMBASSY
OF THE
UNITED STATES OF AMERICA

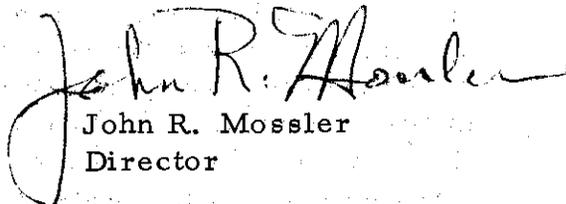
U.S. AID MISSION TO VIETNAM

TO THE AMBASSADOR

I take pleasure in sending to you USAID's report of its assistance to the people of Vietnam during 1971. There was continued emphasis on stabilizing the economy which had been suffering from a war-induced inflation. This effort has been highly successful and, as a result, inflation has been held to less than 15 per cent for the year. While the funds provided by the U. S. Government established the framework for this effort, in the end it was successful because of the imagination and courage of Vietnamese Government leaders in developing bold and forward-looking policies.

At the same time we have carried forward institution-building efforts through our technical assistance program in such areas as agriculture, public health, Land-to-the-Tiller and similar programs. The CORDS operation has been instrumental in the pacification of the countryside and in turning over an increasing portion of the task to the Vietnamese people.

As you know, we are under constant constraint to reduce our expenditures and our staff in Vietnam. We have carried out a series of reviews and actions which will result in increased efficiencies but with no diminution in our over-all effectiveness in assisting the people of Vietnam.


John R. Mossler
Director

Saigon
January 1, 1972

INTRODUCTION

In a number of respects, 1971 was a year of relative stability and progress in the Vietnamese economy after several years of turbulence, during which the stresses of war prevented real development. To place 1971 in perspective, a brief review of the ten-year period preceding may be useful.

Despite the fact that for the last decade Vietnam has been engaged in a war highly destructive of human life and property, the country has not only survived, it has absorbed its losses, and even made substantial progress.

At the end of 1961 the population of Vietnam was approximately 14.4 million. At the end of 1971 it was estimated at 18.3 million, an increase of 27 percent. In 1962, total production of paddy rice in Vietnam was 4.6 million tons, and it was possible that year to export 85,000 tons of milled rice. During the worst of the war years, 1966-68, production dropped sharply and it became necessary to import as much as 750,000 tons a year. A drive to increase output, begun in 1968 with AID support, has been so successful that production in 1971 reached a new record level of 5.7 million tons. Imports in 1971 of about 160,000 tons showed, however, that production had not quite caught up with the growth of population.

The war caused Vietnam to mobilize large armed forces. At the end of 1961, when the Viet Cong rebellion was still in its early stages, these armed forces totalled less than 400,000 men. By late 1971, this figure had risen to nearly 1,100,000. The concomitant increase in budget expenditure was the prime cause of an inflation, which began in 1960-61 and became severe after 1964. Over the ten-year period in question, retail prices in Saigon rose by 650 percent. The period of most intense rise was 1965-66, when prices more than doubled in two years, but increases of great severity were also experienced in 1967-69. In late 1970 inflation was finally brought under control, and during 1971 prices rose by less than 15 percent.

The fundamental task which fell on USAID during the decade of 1962-71 was to offset the budgetary cost of the war, and to control, as well as possible, the inflation. Therefore, some two-thirds of the economic assistance provided by AID (including Food for Peace) took

the form of commercial import financing, that is, supply of goods to the market place. Other objectives were to support, through project assistance, the GVN's pacification programs and to build up the institutions of a new country — it should not be forgotten that South Vietnam's independent existence began only in 1954, and that all of its governmental institutions were still fledgling in the early 1960's. Some of the more recent results of these efforts are described in subsequent sections of this report.

Major emphasis on stabilization rather than development was not based on a judgment that development was somehow less important; the choice has not been one or the other. This emphasis reflected, rather, the experience in developing countries around the world that a reasonable degree of economic stability is a pre-condition of continuous economic growth. Now that there is reason to hope that relative economic stability has been achieved, an increasing emphasis on sound investment for economic growth should be possible.

In summary, at a cost of approximately \$4.3 billion in economic assistance, including \$1 billion in Food for Peace commodities, AID has helped to preserve the economy of Vietnam substantially intact, through ten years of war, limited the inflationary consequences of that war and brought the Vietnam program through the halfway mark in the U.S. military withdrawal, with the countryside still pacified and the structure of government functioning reasonably effectively.

These accomplishments finally made possible during 1971 the beginning by both the GVN and the USAID of a transition. Although the rate of this transition remains uncertain, it is now possible to move from a policy that had to concentrate predominantly on preventing destructive inflation to a policy that can put equal emphasis on maintaining relative stability and on accelerating economic growth.

DIRECTOR'S 1971 REPORT TO THE AMBASSADOR

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The Honorable Ellsworth Bunker, who heads the United States mission to Vietnam.

STABILIZATION AND THE ECONOMY

The economy of South Vietnam was more stable in 1971 than in any of the preceding six years. Prices advanced by less than 15 percent during the year. In a number of other respects the economic situation improved by comparison. Production of rice reached a record level of 5.7 million tons for the 1970-71 crop, and rice imports fell to the lowest level since 1965. Rubber production rose by more than 12 percent. A number of new industries were started, while savings and time deposits in commercial banks more than doubled from VN\$23.1 billion to VN\$ 47.5 billion.

The Economy

These favorable developments resulted partly from improved security conditions, partly from near completion of the GVN's long build-up of military forces. However, an important factor was the success of a series of economic reforms begun in September 1970. In that month, interest rates were drastically raised to provide incentives for saving and restraints on speculation. During the next month exchange rates were altered with the introduction of a 275 piasters per dollar « parallel rate ». In March 1971, and again in July 1971, additional adjustments were made to the structure of interest rates, exchange rates and import regulations, all with the intent of approaching a freer system in which market forces, rather than government controls, would play the main role.

As the year progressed, it was apparent that a number of basic economic problems remained to

be attacked. The level of GVN wages, although raised by 17 percent in October 1970 and by a further four percent in March 1971, was still painfully low, and morale in all the government services was a chronic problem. The exchange rate structure, combined with a maze of tariff and other taxes, was functioning badly. For example, 292 different tax rates were applied to various imported goods, leading to opportunities for misclassification and corruption. More fundamentally, it appeared that while economic conditions had stabilized, no major impetus existed for investment and development. With the U.S. troop withdrawals reducing GVN dollar earnings, and uncertainty about the level of U.S. economic aid in future years, there was clearly an imperative to begin reducing the very large Vietnamese balance of payments gap. During 1971, imports will amount to about \$700 million, while exports will be slightly higher than the 1969 figure of \$12 million.

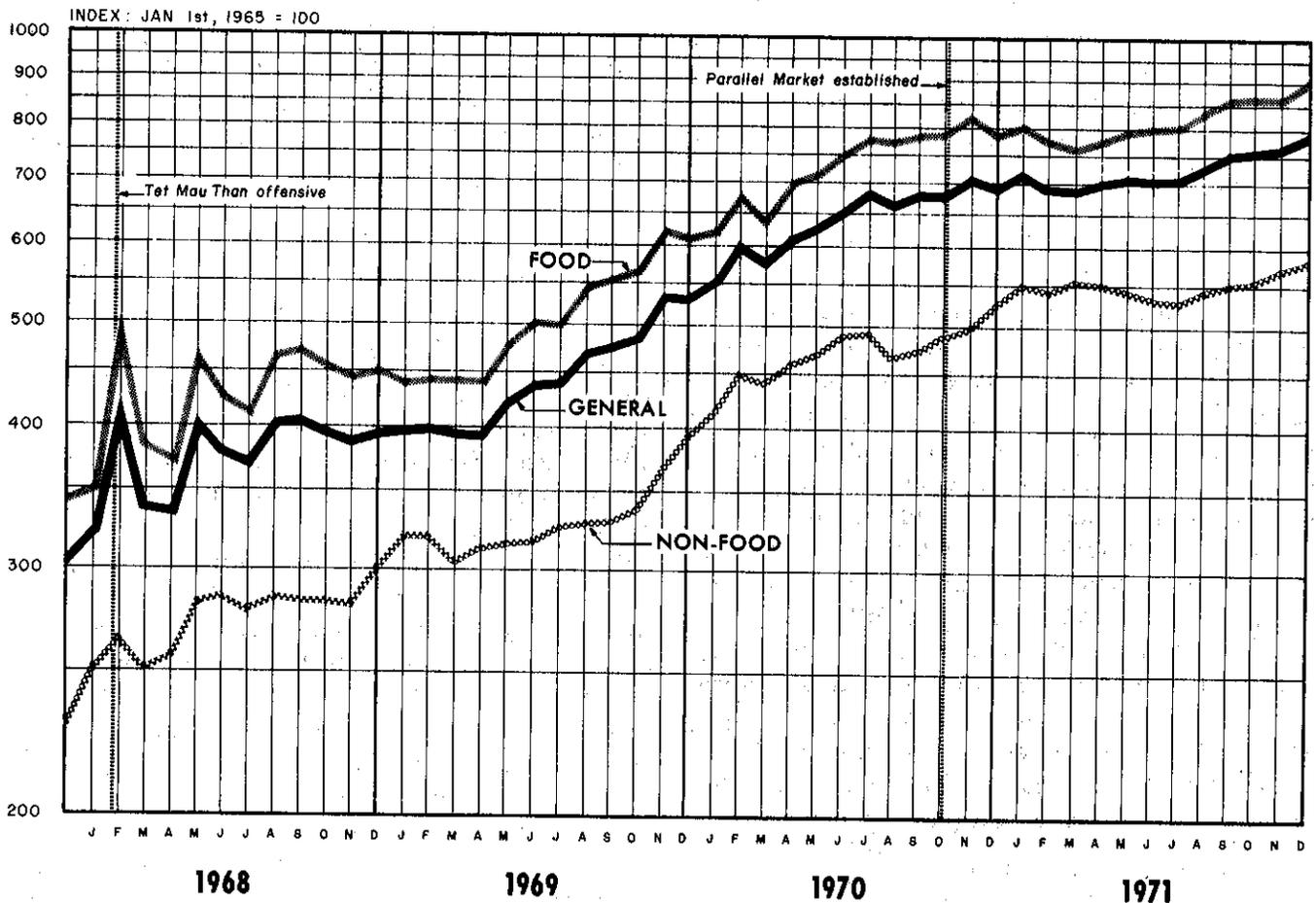
On November 15, 1971, the GVN put into effect additional economic reforms designed to maintain the stabilization already achieved and to put the economy on the road to development. A new exchange system with flexible rates was established. Initially three new rates were set: VN\$275 to US\$ 1 for U.S.-financed imports, VN\$400 to US\$ 1 for GVN-financed imports and VN\$410 to US\$ 1 for invisibles and exports. The entire existing import tax structure was swept away, to be replaced by a single schedule of only four rates. GVN wages were raised, with the emphasis placed on a set of performance incentive allowances for combat troops, tax collectors, and other key personnel. Establishment of a VN\$10 billion Development Fund was announced. This fund, to which foreign contributions were invited, will be used for

medium-term loans to private sector investment projects. The GVN is also seeking from the National Assembly a revision and improvement of tax legislation, with the goal of raising domestic tax receipts to 50 percent of budget expenditures by 1975.

As 1971 comes to a close, it appears that the reforms have gone into effect without serious disruption. The USAID retail price index rose by about six percent from the posting of the reforms until the end of the year. The black market in green dollars virtually disappeared with dollars commanding a premium of less than two percent at year's end. The flow of new time and savings deposits into the banking system, after hesitating for two weeks, resumed strongly at the end of November.

SAIGON RETAIL PRICE INDEX

(SOURCE : USAID)



The new reforms are certain to affect every aspect of economic life in Vietnam, but this will only become apparent over the course of several years. The results should be measured in new investment, new exports, and a lessened dependence on foreign aid.

Commercial Import Program

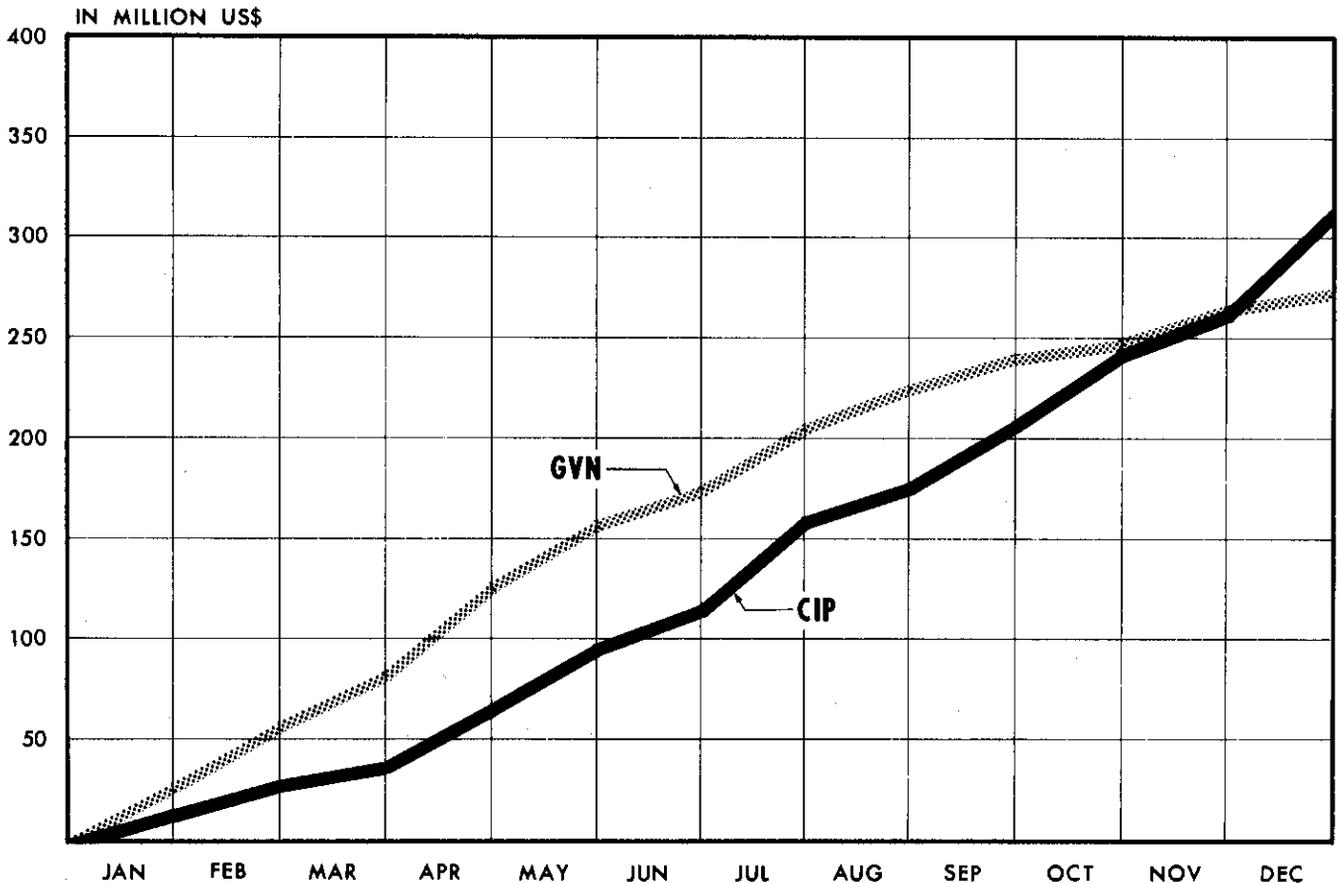
During CY1971 the GVN continued to look toward the Commercial Import Program to provide the necessary foreign exchange for procurement of basic commodities and to help stabilize as well as develop the Vietnamese economy. The increased reliance on CIP resulted from anticipated reductions in GVN foreign exchange reser-

ves as Allied troop withdrawals continue. In CY1971 the approximately US\$300 million foreign exchange provided through the CIP represented more than 40 percent of total imports. The piasters resulting from importers' local currency deposits with the National Bank (which in most cases amount to VN\$118 per U.S. dollar value of commodity imports) supplemented by local currency generated by PL 480 Title I commodity imports are jointly programmed by GVN and USAID for budgetary support.

Imports financed under the CIP remain restricted to essential items, and commencing May 15, 1971 measures were adopted to reduce the number of eligible items from selected less de-

LICENSES ISSUED UNDER THE GOVERNMENT OF VIETNAM'S IMPORT PROGRAM

(NOT INCLUDING FOOD FOR PEACE IMPORTS)



1971

veloped countries from 900 to about 30.

During CY 1971, efforts were made by both the GVN and USAID to simplify the commodity import system; the GVN established open general licensing (at a premium exchange rate) within the GVN import program, while AID acted to reduce the procurement leadtime for many CIP imports by eliminating the Office of Small Business advance notification requirements; formal tenders still must be advertised.

The further refinement of USAID's automatic data processing system (ADP) has provided expanded data and guidance tools for management. ADP is now able to operate from a broader historical base to provide more meaningful reports. For instance, commodity transactions now are being recorded in the ADP systems from initial submission of the license application at the Na-

tional Bank of Vietnam to the delivery of the commodities in Vietnam.

Industry

Improved security and political and economic stability, coupled with currency and other economic reforms have substantially increased investor confidence in the long term prospects for Vietnamese industry. During 1971, 52 separate industrial entities applied for over US\$40 million of foreign exchange to purchase capital equipment and machinery. Estimated total investment for these projects is equivalent to US\$67 million.

American Motors Corporation, together with other private U.S. and Vietnamese financing, reached an investment decision to start a modest truck and utility vehicle assembly plant. Other



Modern equipment such as this Hyster is being employed to handle the tons of cargo provided through the CIP, which accounted for 40 percent of Vietnam's total imports during 1971.



Modern methods help expand products and speed economic growth. Here Vietnamese worker uses hydraulic clipper to remove impurities from the ends of steel ingots.

American vehicle and truck manufacturers are in the process of submitting serious proposals to the GVN to set up similar operations. First National City Bank has paid in equity capital to open a branch banking operation in Saigon and is seeking a location to begin operations in 1972. Other foreign joint ventures are putting together proposals in cement, edible oil, timber products, and pharmaceutical manufacture. All of these projects offer substantial possibilities for foreign exchange savings and/or export earnings.

A prime mover in industrial development in Vietnam has been the Industrial Development Center. Established in 1957, the Center's operations have expanded and improved with USAID assistance. Recognizing the need for industrial credit as a specialized activity, the Center was redesignated the Industrial Development Bank of Vietnam in May, 1971. USAID is furnishing technical assistance to the Bank to further improve its operations so that the institution can attract international loans. Operating as an intermediate credit institution with a piaster fund, during the first ten months of 1971 the Bank approved 24

medium term loans to industry in the amount of VN\$588 million.

SONADEZI, a separate GVN entity, is responsible for the development of industrial parks in Vietnam. This organization increased the number of industrial tenants in the Bien Hoa Industrial Park, which now has some 34 plants in operation, 13 completing plant construction, 19 under construction, and 14 newly joined companies. In Can Tho the industrial site established in 1969 is moving ahead, albeit slowly. Six applicants have confirmed leases in the estate with one tenant, a fuel oil tank distribution center, under construction. SONADEZI recently acquired an excess military site in the Danang area for conversion into an industrial estate. The site contains infrastructure suitable for industrial plant location, and indications are that several plants producing cement blocks, surgical cotton, animal feed, and industrial gases are considering leasing sites.

Considerable improvement of security conditions in the forests during 1971 was a major factor in the timber production of some 700,000 cubic meters, an increase of nearly 75 percent over 1970. Increased cutting is expected to provide VN\$1.2 billion in GVN revenues for the year. Logging now represents 25 percent of existing manufacturing volume and 15 percent of exports. Applications for four plywood plants were submitted during 1971, representing nearly US\$5 million in capital equipment. When in full production, these plants should generate US\$7 million a year in exports. With an export potential for forest products conservatively estimated at US\$100 million a year by the late 1970s, the USAID industrial development program will seek to bring this industry on line at the earliest possible time consistent with improving security and labor conditions.

The fishing industry offers significant opportunities for early and extensive foreign exchange earnings. The 1971 catch is expected to exceed 550,000 tons, compared with 440,000 in 1970 and 340,000 tons in 1969. The inland fishery catch for 1971 is expected to exceed 50,000 tons, an increase of some 6,000 tons over 1970.

Several fishing operations have applied for foreign exchange to purchase modern, long range fishing trawlers to exploit the offshore fishing

grounds of Vietnam. These ventures will provide foreign exchange revenue by tapping the premium quality fish resources for export to Japan, Hong Kong, and other Far East markets. In 1971 export of frozen shrimp increased to a level of 103 tons, still only a fraction of the export potential, but a significant improvement. Increased motorization of Vietnam's existing fishing fleet is providing larger catches for domestic consumers as well as raw material for a number of fish meal plants started in 1971.

Marketing of fresh fish in urban centers is improving although beset by many difficulties typified by old and entrenched marketing and distribution practices. A new and modern fish market with refrigerator facilities was opened in Saigon in mid-year. The Directorate of Fisheries and a newly formed fishermen's cooperative are attempting to introduce higher product quality, lower consumer prices, and increased earnings to fishermen through improved marketing techniques and practices. USAID is focusing on identifying investment opportunities in fish and food processing, upgrading management capability of those GVN institutions responsible for promoting the fishing industry, and providing training for fishermen, distributors, and others involved in improving management and fishing techniques.

Stimulation of exports continued to occupy a high technical assistance priority. In September USAID provided the services of a full time advisor to the Vietnam Export Center to help the institution gear up to meet the demands of a significant export promotion effort. These endeavors will be augmented in 1972 to develop market strategies for Vietnamese product acceptance in specific Far East and other markets.

Exports in 1971 did not increase substantially over 1970 except for rubber, which went from a little over US\$1 million to US\$9 million. Lumber and fish accounted for US\$2 million of a total of US\$12 million exports. The necessity of drastically increasing exports was recognized in President Thieu's November 15th Proclamation, directing all ministries to give priority attention to export planning, development and promotion. Simultaneously a new export rate of VN\$410 to US\$ 1 was announced, and the requirement of export licenses was abolished. While time and infrastruc-

ture are required to acquire rubber plantations, logging roads, and fishing vessels, increasing attention will be given in 1972 to export-oriented, rather than import substitution, projects in the industry field. In December investor interest was evidenced in the export of frozen shrimp and red snapper fillets to Hong Kong, canned sardines to Singapore, plywood to Japan, and Vietnam-assembled motor vehicles, diesel engines, power tillers, transformers, fluorescent tubes, and sewing machines to Cambodia and Laos. Industrial standards are necessary to gain and hold domestic and export markets. The Vietnam Institute of Standards has not yet been accepted into the International Standards Organization but is continuing pressure for membership. A well-conceived bill for a National Standards Law was drawn in 1971 and is now before the Legislature.

Current interest in offshore petroleum exploration in Vietnam represents potential annual foreign exchange earnings fully as high as present



Refugee child enjoys bread made from FFP flour. Under Title II, foods are donated for nutritional use in pre-school and other projects.

industry investment in capital equipment. The Petroleum Exploration Bill, passed late in 1970, has resulted in some 22 expressions of interest from petroleum companies.

Food for Peace

More commonly known as the «PL 480 Program», Food for Peace in Vietnam provides for the importation of sufficient quantities of agricultural commodities to help stabilize prices, promote economic and community development projects and provide food to war victims and needy people through organized social welfare programs. Under Title I, rice, wheat, wheat flour, corn, tobacco, raw cotton, edible oil and milk products are made available for purchase in commercial markets. Title II foods donated for nutritional use in pre-school, school, self-help and other projects include wheat flour, vegetable oil, corn-soya-milk, bulgur, and nonfat dry milk. In 1971, Food for Peace completed the transition of the Title II food assistance program from an emergency feeding activity to a normal program emphasizing nutrition and childfeeding through structured projects.

Title I purchase authorizations for CY 1971 total US\$102 million, consisting of \$14 million for rice, \$18 million for milk, \$19.5 million for wheat, \$27

million for cotton, \$10.5 million for tobacco, \$8 million for edible oil, and \$5 million for corn.

Determination of quantities of available Title I agricultural commodities to be imported is made by USAID, the Ministry of Economy, and the Ministry of Agriculture to meet industrial and market requirements.

Under Title II, 48,240 M/T of food valued at over US\$10 million is programmed for donation to the people of Vietnam. The USG pays the ocean transportation, and the GVN provides the inland transportation. Besides the Ministry of Social Welfare, the other cooperating sponsors in Vietnam are Catholic Relief Service, CARE, World Relief Commission, and World Vision Relief Organization. Food assistance is provided school children, maternal-child health projects, social welfare institutions, refugees, food-for-work projects, and nutrition projects for ethnic minorities. The administration and control of the Title II program have been tightened considerably in the past year to eliminate misuse and waste. The efforts of the Ministry of Social Welfare and the Voluntary Agencies in strengthening the management of the various projects have enhanced the effectiveness of the Title II program in providing food supplements for the eligible recipients.

LAND REFORM

The Land-to-the-Tiller (LTTT) bill was signed 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 the GVN as the protector of rich landlords.

The first LTTT titles were presented to farmers by the President of Vietnam in August 1970. The pace of implementation accelerated rapidly thereafter and, by the end of the 1970 GVN pacification year (March 1, 1971), application for more than 210,000 hectares had been approved. Continued training and retraining of village land registrars and village land reform and agricultural commissioners coupled with the continued use of streamlined decentralized administrative procedures, the use of aerial photography for land identification, and automated data processing of land titles and registers, enabled the LTTT program to maintain the 1970 pace in 1971. By December 31, 1971 applications had been approved at the village level for 498,108 hectares; titles had been issued for 463,468 hectares and distributed for 342,709 hectares. By the end of the 1971 pacification year (March 1972) applications will be approved for more than 60 percent of the program goal, and title distribution should come close to the combined 1970-1971 goal of 600,000 hectares.

During 1971 major emphasis was placed on implementing the compensation program for ex-landlords. Average province values for land were established and yields factored down to village level to provide greater flexibility in valuation within provinces. Compensation began in December 1970 with the distribution of manually calculated and prepared checks and bonds. This manual system was continued until May 1971 by which time only 771 landlords had been compensated for 8,876 hectares. Poorly prepared dossiers reaching Saigon and difficulties in preparing the system for automated compensation slowed the initiation of large scale compensation. Training of province and village officials decreased the rejection of dossiers due to errors from 50 percent to a current rate of about 14 percent. By November 30, 1971, dossiers for 145,740 hectares had been approved for payment and by December 31, checks and bonds had been issued covering 119,928 hectares. A method for more rapid compensation is currently being considered.



President Thieu presents a land title under the Land Reform program, through which one million hectares will be transferred to the actual tiller over a three year period.

To help absorb part of the inflationary impact of payments under LTTT, USAID has committed a total of US\$25 million of import funding to the programmed CIP support levels. The release of the first US\$5 million of these funds coincided with initial GVN payments to landlords. An additional US\$2.5 million was released in December, 1971, and the remainder will be released in increments dependent on distribution and compensation made by the GVN.

The implementing decree authorizing the protection of traditional Montagnard lands through

the identification and titling of hamlet boundaries was signed by the Prime Minister in November 1970, and implementation began in 1971. Many problems have been encountered during the early stages of work, but the GVN is still hopeful of meeting the initial 600 hamlet goal.

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

AGRICULTURE

Agriculture continued to play a major role in Vietnam's economy during 1971. USAID assisted in a variety of ways both to increase overall production and to develop modern methods of agricultural financing and marketing.

Accelerated Rice Production Program

Rice production in the crop year, which ends in May 1972, is estimated at 6,223 million metric tons compared with 5,716 in the 1970-71 crop year. Production was enhanced by the widespread use of the «Miracle Rices» — IR-5, IR-8, IR-20, IR-22 and RD-1 varieties. When the program began in late 1967, it was recognized that the milling quality of IR-8 and IR-5 was relatively poor when compared to many Vietnamese varieties. However, they were the only high-yielding varieties then available. In 1969 IR-20 became available, followed in 1970 with IR-22 and in 1971 with RD-1. These are high-quality varieties which are also insect and disease resistant. It is expected that about 250,000 hectares of IR-20 will be harvested during the 1971-72 crop year.

A major change in the operation of the USAID contribution to the program in 1971 was the formation of a Rice Team made up of seven USAID advisors, all but one of whom are located in the field and work through the GVN Agricultural Rice Services Offices in the provinces. During 1971, the Rice Team placed priority on the further devel-



Increasing use of new rice varieties added greatly to Vietnam's production of its most vital food.



Sorghum promises to help farmers increase utilization of their land.

opment of rice foundation seed production and certification systems.

As more rice is used to feed the growing livestock industry and human requirements expand with population growth, rice production must continue to increase. To meet this challenge, USAID signed a contract with the International Rice Research Institute (IRRI) to place two full-time scientists in Vietnam to work directly with the Ministry of Agriculture in a broad-based rice research program which will include varietal improvement, soil fertility, insecticide, and herbicide studies. The program began December 1, 1971.

Feed Grain Production

A ton of improved seed corn, imported in 1969 and multiplied in 1971, yielded enough seed to plant 10,000 hectares in 1972, most of which will be used for feed grain. Over 2,000 hectares of grain sorghum were produced in 1971, a four-fold increase over 1970, which was the first year of commercial production. Grain sorghum is an opportunity crop, particularly for farmers in the float-

ing rice region of the Delta, where sorghum seed is broadcast in rice stubble after the harvest. Results have been most successful both in yields and profits to the farmer. One hundred hectares was planted by machinery for seed production as a late monsoon crop and shows promise of economical, larger-scale production of sorghum in many areas.

Legumes - Oil Crops

The need for oilseed meal as a protein concentrate in feed mixtures has been created by the commercial swine and poultry industries. Imports increased from 7,000 metric tons in 1968 to 30,000 metric tons in 1971. Projections indicate demand for 55,000 metric tons by 1975. Peanut and soybean production can be expanded to satisfy the oilseed meal requirements. At the same time, these crops should provide edible oil to replace imports. In an effort to produce 120,000 metric tons of peanuts by 1975, lime is to be utilized along with higher yielding varieties, fertilizer, insecticides and herbicides to double yields on existing peanut lands and in expansion to new lands now idle.

Soybeans are grown on about 8,000 hectares of land and are used entirely for human consumption. Production during the dry season in the Delta provides one opportunity for expansion in an area which is usually idle during that period. In 1971, USAID assembled an oilseed advisory team to work with the Ministry of Land Reform, Agriculture, and Fisheries Development (MILRAFD).

The GVN, with advice from USAID, is renovating five experiment stations and is also training additional professional and technical personnel to augment the small staff now available. The war badly damaged research stations and syphoned off a large percentage of trained personnel. Both situations must be corrected in order to find answers to production and marketing problems at less cost than trial and error by farmers.

Livestock Production

A livestock production program, initiated in 1968, continued to grow during 1971 with prices of poultry, eggs and pork products holding the line in the face of overall inflation.

A vigorous, modern, commercial livestock industry now exists in the Saigon area. The number of commercial hatcheries increased from 50 to 65 during the year, with an average of 550,000 day-old chicks hatched each week. Broiler and egg production both rose markedly. The swine industry expanded at both the commercial and farm level, with the big gain in swine production resulting from the saving of more pigs per litter and the increase in quality of feeds.

In 1971 USAID technical assistance in the livestock program shifted from the Saigon area to



Commercial swine production has been rapidly accepted by the Vietnamese.



The Agricultural Development Bank, with 47 branches, injected over nine billion piasters into the rural economy in 1971 helping farmers acquire the animals and equipment needed for profitable utilization of their land.

the rural areas. Seven hundred and forty (740) swine producers and GVN livestock technicians attended seminars on swine production and approximately 450 small poultry producers attended seminars on modern poultry management.

A large part of USAID's efforts over the past year was in the development and establishment of strong Livestock Producers' Associations, action-oriented to serve their members. There are now five large associations in the Saigon area and three newly-formed associations in rural areas.

A major element in the success of the livestock project was the preventive vaccination program. Vaccine production at the GVN National Institute of Bacteriology increased by 38 percent to 25 million doses during 1971. Vaccine distribution and sales increased 40 percent. Thirteen hundred vaccinators were trained and certified in proper vaccine application and utiliza-

tion, bringing the total to almost 2,200 covering all 44 provinces. Advanced training for provincial animal husbandry chiefs was started in the last quarter of 1971 as the first step in the development of four regional field diagnostic centers that will be fully operational by the end of 1972. Vaccine utilization is expected to reach an estimated 35 million doses in 1972. New quality control measures and modern tissue culture production procedures have been developed and should be applicable for commercial production by the middle of 1972.

Agricultural Credit

Credit to farmers, fishermen and small businessmen expanded materially during 1971. In the first nine months the Agricultural Development Bank of Vietnam (ADBV) opened four new branches, bringing the total to 47 and providing at least one banking facility in each of the 44 provinces. It

also established and trained credit committees in almost 2,000 villages and assisted in the establishment of 17 private rural banks, bringing their total number to 21. Capitalization is equally divided between subscriptions by private stockholders and funds provided by the ADBV.

Savings and other deposits in the ADBV increased from VN\$512 million in 1970 to VN\$1.6 billion in 1971. Deposits and savings in the private rural banks exceeded VN\$200 million in 1971.

Farmers' Organizations

More than 200 cooperatives and Farmers' Associations have been established to provide supplies and services, to their members on a sound businesslike basis but their operations in many instances failed to relate to members' needs. Case studies of several organizations revealed serious handicaps in management capabilities, membership awareness and servicing attitudes. During 1970 and 1971 the GVN, with USAID assistance, began organizational changes designed to develop dynamic and business-oriented organizations capable of supporting agricultural development.

Renovation of the Cooperative Research Training Center's (CRTC) physical facilities is under way and should be completed in 1972. The Center will provide modern classrooms and teaching facilities for conducting training courses, conferences and seminars. A program of in-service training for instructional staff will be conducted in 1972.

Agricultural Business/Marketing

As Vietnam approaches self-sufficiency in rice production and increases production of other priority products, a recognition of the need for improving the facilities for moving produce from farm to market has grown apace. The GVN is aware that this type of activity must develop in the private sector. Businessmen and farmers' organizations have been encouraged and assisted with advisory services and credit in the development of agriculturally-related businesses. Two community grain depots are nearing completion and more are planned for 1972. Many firms and farmers' organizations sell supplies such as fertilizers and pesticides to farmers and provide the link between the producer and the feed miller.

Other agriculture-oriented industries are expected to materialize based on developmental work now under way. In 1971, the Directorate of Agricultural Machinery helped develop and test prototype machinery including irrigation pumps, grain dryers, threshers and seed cleaners. The private sector is now producing some of these prototypes and is expected to start commercial scale production in 1972.

A similar developmental effort in 1971 has been directed to the production of agricultural limestone to increase yields of such crops as peanuts, soybeans and feed grains. Local output of agricultural lime is expected to reach 100,000 metric tons in 1973.

Improved agricultural practices and advanced management skill continue to be evident in the day-to-day farming activities of Vietnamese farmers. In 1971 construction was started on a pesticide formulating plant to produce Diazinon. The new plant will join seven other pesticide-formulating plants now operating in Vietnam.

Fertilizer consumption is continuing to increase at an estimated rate of six percent per annum with farm use in CY 1971 approximately 350,000 metric tons. Eighty to eighty-five percent of all «Miracle Rice» hectareage now receives commercial fertilizer. A pilot survey of the existing marketing/retail system for agricultural inputs, focusing primarily on fertilizer, has been undertaken and will continue into 1972.

Training in Development Administration

In recognition of the need for key Ministry personnel to understand the fundamentals of development dynamics and how government agencies might best support the development process, USAID and the Ministry cooperated in establishing a special training program for selected members of the Ministry staff which included off-shore training in the United States and Thailand during 1971. Since returning, the trainees have participated in several special planning seminars conducted at the national level for Ministry personnel. They will provide the nucleus for a new series of in-country training seminars for lower level Ministry personnel scheduled to start in early 1972.

GOVERNMENT AFFAIRS AND ADMINISTRATION

During 1971, in the broad field of public administration, the Government of Vietnam indicated a desire to embark upon a general program of administrative improvement. This was reflected in the keen interest taken by the Office of the President and the Office of the Prime Minister in supporting administrative reform. There is every reason to believe that the environment for such reform will be even more dynamic and positive during coming years.

Central Government Management

During 1971, USAID placed emphasis on general and financial management. Management assistance agreements were put in effect with the Office of the Prime Minister, the Ministry of Agriculture and the Ministry of Education. A course in Management Analysis was instituted under sponsorship of the Office of the Prime Minister to furnish trained management analysts to Ministries engaged in administrative improvement activities. By the end of 1971 approximately 50 analysts had been trained.

Agreements were entered into with the Ministry of Finance and the General Censorate to assist in strengthening the GVN's accounting and auditing systems. Working relationships were developed with the Directorate General of Budget and Foreign Aid (DGBFA) to introduce program budgeting to Vietnam. An accounting training course was instituted to teach basic principles of accounting, auditing, managerial accounting and

budgeting. Twenty-four GVN financial officials completed the first course.

The final report of the Legal and Judicial Administration Project was completed by Louisiana State University early in 1971 and turned over to the Ministry of Justice and the Supreme Court.

Training

Two projects highlighted public service education and training in 1971. A Directorate General of Civil Service (DGCS) course in Training Administration was attended by 100 Training Directors from all provinces, and most ministries participated. This course follows the Training Techniques method, a «how-to» for the trainer, developed last year by the Ministry of Interior. The DGCS Course was written and conducted entirely in Vietnamese by GVN officials with the USAID providing only advisory assistance and limited materials. The GVN now has completed the base

of a national network of training operations, and as a result the Office of the Prime Minister has established a National In-service Training Institute which will offer technical services to all GVN agencies and develop standardized programs and instruction methods for in-service training.

The second effort involved the installation of the Institute of Public Administration Advisory Group at the National Institute of Administration (NIA). This group is assisting in the reassessment of NIA's role as the agency responsible for pre-service education and executive development throughout the GVN civil service. A constantly expressed need in Vietnam is for administrative-managerial resources. Since this project serves to develop the overall administrative capabilities of the GVN, it is basic to all projects which work through GVN ministries and staff agencies. To date, NIA has produced more than 1400 undergraduate and graduate level personnel. NIA alumni now staff positions from district administration through director general level. Several senators and representatives are graduates of the NIA.

Participant Training

During 1971, 1224 Vietnamese were in training under AID-sponsorship in the USA or other free world countries; 463 represent carry-overs of participants sent in a prior year; 761 were new trainees sent during the year. Consistent with the current policy of placing emphasis on practical training to obtain a relatively quick impact on the country's management and production problems, about 50 percent of new trainees went to third countries such as Taiwan, Thailand, Korea, and the Philippines.

Although the number of participants increased, the programming trend continued in 1971 to hold the line on long-term academic new starts in the U.S. Whereas the number of participants sent increased from 589 in 1970 to 761 in 1971, the number of long-term academics sent remained unchanged at about 100.

Most trainees in 1971 were GVN civil servants, primarily administrative, professional and technical personnel engaged in GVN/USAID project activity in the fields of public health, public

safety, agriculture, education, public works (engineering) and public administration. They will serve their own agencies, but their training supports USAID's objective of institution building. Many are training for service at the National Agricultural Center, National Technical Center (Engineering School), National Institute of Administration, Saigon Medical School, and schools of teacher education, while some are preparing for key central government and ministry positions in development planning, financial management, science and research.

Another program, which has had the objective of training young Vietnamese for leadership, is purely academic with emphasis on business, engineering and the sciences. These participants were not selected from the established civil service but came from the private sector.

Taxation and Customs

The continuing program to modernize GVN tax administration and increase tax revenues was strengthened during 1971 through the development of basic GVN policies which took into account the key role of taxation in the total treatment of public finance, both short-term and long-term, and resulted in a GVN-developed four-year plan of administrative, technical and legal improvements in tax administration.

Actual growth of revenues during 1971 exceeded ten billion piasters, paralleling in magnitude the previous year's growth of about 20 percent. At the same time, notable progress was made in specific areas of operational and management concern :

— Increased use of the Ministry of Finance Computer Center for the support of tax administration through perfection and expansion of the taxpayers' master file and the conversion of various routine processes to automated operation.

— Design of expanded statistical reporting systems to provide improved management information and operational control.

— More efficient administration of property taxes and a start toward transferring the responsibility for these taxes to the lower levels of government they are intended to support.

Customs revenues continued upward in 1971. Collections from all sources approached VN\$70 billion in 1971 up from VN\$55.1 billion in 1970. The total amount of fines, penalties, and evaded taxes recovered in 1971 was VN\$527 million as compared with VN\$246 million in 1970.

Statistical Services

During 1971, USAID increased its statistical advisory services and statistical participant training. Six trainees returned to the National Institute of Statistics (NIS) after completing courses in the U.S., and eight more trainees from the NIS and the National Bank were sent for training in such fields as economic statistics, demographic statistics, statistical data processing and national accounts.

Field collection was completed for a survey of commercial and industrial establishments, and results are expected to be tabulated during the first half of 1972. Tabulation of a recent demographic survey in 14 cities was begun and is now well along with preliminary results available on select-



A keypunch operator is trained in the use of Vietnam's modern computer equipment.

ed demographic characteristics, including labor force participation and household composition. Field work also was completed for a rural demographic survey in 16 provinces, marking the first NIS survey work in rural areas in more than ten years.

Data were compiled and published for consumer expenditures in Saigon, Can Tho, Dalat, Nha Trang and Danang. On the basis of these data, consumer price index weights were revised for Saigon, and weights were established for the other four cities. The revised price index for Saigon and the newly established indices for the other cities will be published beginning with data for January 1972.

Local Government Administration

During 1971, major emphasis was placed on giving local governments the capability to levy and collect more revenue. As local governments increase their own income, central government funds can be shifted to more pressing needs. A program also was begun to upgrade local government management capacity as well as to improve the Ministry of Interior's ability to respond to the needs and assist in the progress of local government effectiveness throughout the country.



Min. Nguyen Van Vang of the Office of the Prime Minister watches as USAID Director J.R. Mossler cuts the cake at a ceremony for graduating management analysts at the National Institute of Administration.

Collection of revenues for provinces and cities increased by over VN\$300 million in 1970 and 1971, and village collections recorded increases of comparable magnitude. Some VN\$700 million of central subsidy were withdrawn from villages targeted for self-sufficiency in 1971.

More than 35,000 village and hamlet officials received training in 1971, and over 1,500 provincial employees were sent through various administrative short courses. Work also was begun to identify and eliminate major administrative bottlenecks now curbing the effectiveness of province and district administration.

Logistics

The GVN Central Logistics Agency (CLA) made a concerted effort in 1971 to institute management improvement and to restructure its organization to achieve greater efficiency and provide better service to its customers. At USAID's prompting CLA requested and received approval for the formation of an Inter-Ministerial Committee to develop the future role and scope of responsibility of CLA along the lines of its original charter of 1968, that it should be the common-user logistical agency for the entire GVN.

In consonance with the changing logistics infrastructure in the GVN, USAID assisted in a complete revision of the GVN Basic Supply Regulation. The revised Regulation will be adaptable to all items, whether they be common items managed by CLA or peculiar items owned by other ministries but handled for those ministries by CLA. Publication and distribution of the new Regulation are expected by the end of January 1972.

During the past year the CLA, with the assistance of USAID, completed the development of a Manual of Procurement Procedures patterned after the U.S. Federal Procurement Regulations. This manual has been approved by the Prime Minister and is now being published.

By a GVN decree in April 1971, all major ports were placed under the direction and control of the Director General of Ports. This move resulted in operational improvements and increased development of those ports. The Saigon Port Rehabilitation Project, which included hard asphalt topping of all roads, and new water, electrical, fire alarm,

and drainage systems, was undertaken and completed. All berths of the Commercial Port of Saigon were dredged to a low-low water depth of 27 feet or greater. A study is under way to determine the type of dredging operation needed to build and maintain a 36-foot channel using the Saigon River. Also under study are projects for the installation of automated equipment for the handling of bulk grain cargo and the development of container handling facilities for the Port of Saigon.

A transfer agreement was concluded in June 1971 which permits the GVN to acquire excess property through USAID for GVN non-AID-financed projects. A number of GVN ministries have already applied for excess property under the provisions of this agreement.

The Officer in Charge of Construction (OICC), U.S. Navy, has cooperated with USAID in the excess property program by providing lists of releaseable assets which will become available by June 30, 1972. USAID has applied for approximately 8,000 of the items listed with a value of about US\$50 million. USAID has also entered into an agreement with the OICC to rehabilitate to like-new condition 412 pieces of property with an original acquisition cost of approximately US\$3.5 million. These items are being obtained on a free-issue basis and are in lieu of new procurement of like items. The rehabilitation cost will about equal the ocean transportation cost that would have been involved in new procurement, thus resulting in substantial savings.

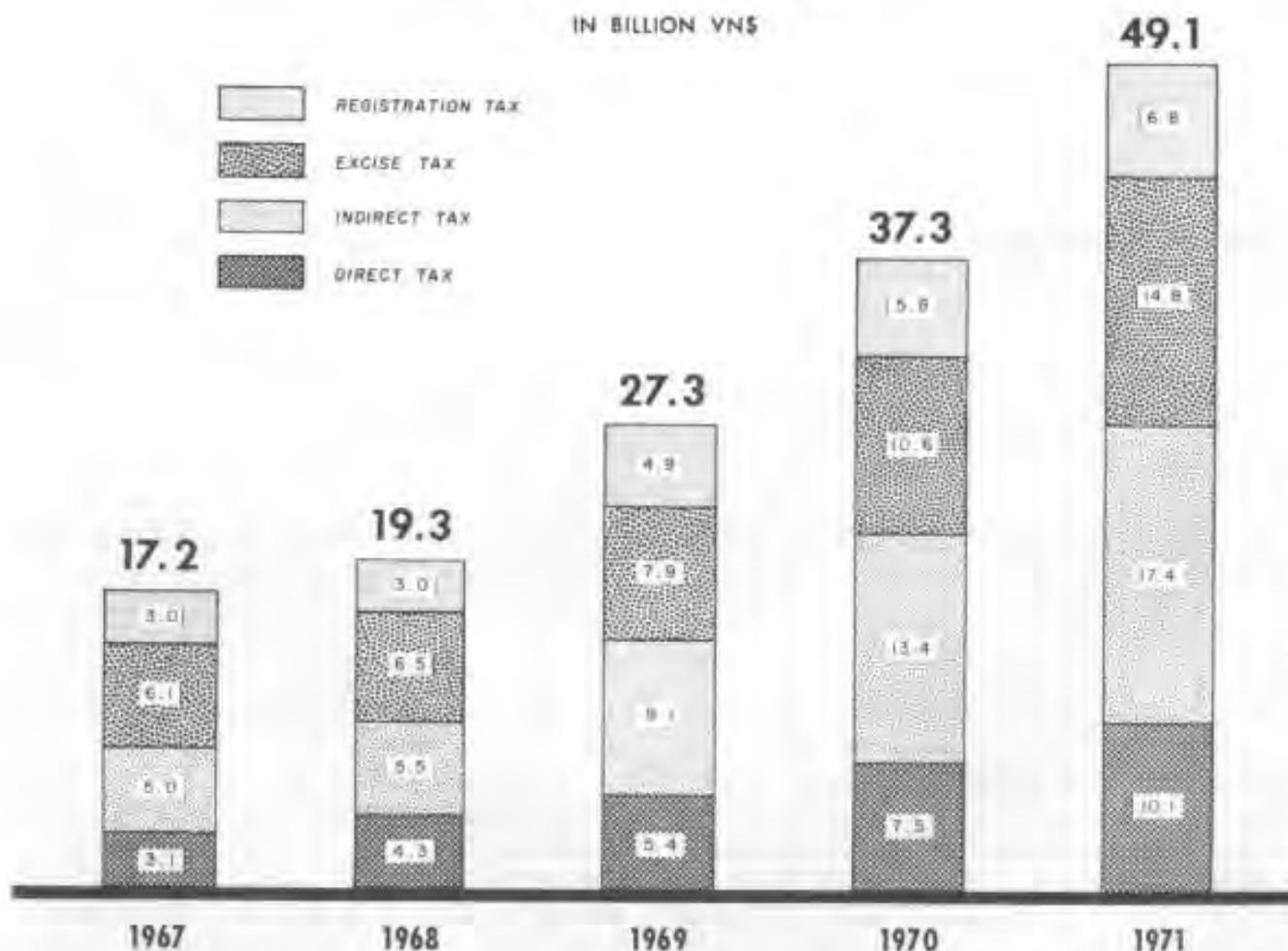
Labor

The GVN recognizes the importance of manpower planning. During the latter part of 1971, the Prime Minister's Office (PMO) assumed an active role in the workings of the Inter-Ministerial Manpower Coordinating Committee (IMMCC) and was instrumental in having key Ministry of Labor (MOL) personnel released from the military to perform their duty « in place ». Additionally, a group of ARVN officers previously trained as occupational analysts were detailed to the IMMCC to help complete a Vietnamese Dictionary of Occupational Classifications. The Prime Minister

TOTAL NATIONAL DOMESTIC TAXES COLLECTED

(BY CLASS OF TAX)

IN BILLION VNS



also charged the MOL with responsibility for all GVN short-term skill training in its civilian ministries, including the establishment of a National Skill Training Center.

The quarterly survey of employment by kind of industry begun by the MOL in the Saigon area in 1970 was expanded to cover the rest of the country, and the collection of data on wage payments was started in 1971. Reports are now published regularly.

The MOL opened new skill training centers in Qui Nhon, Vung Tau, Cholon and Gia Dinh during 1971. Several members of the MOL skill training administrative staff received short-term training in Korea.

The model placement office of MOL's Employment Service continued to provide increased services. Several staff members, one of whom has been designated to manage a new office to be opened in Danang, received short-term training in Korea.

The development of trade unions continued to advance through the joint efforts of the Vietnamese Confederation of Labor (CVT), Asian-American Free Labor Institute (AAFLI) and USAID. Leadership training courses for 1,275 CVT cadre and members were conducted by AAFLI during 1971. In addition, on-the-job training and experience was provided for 119 CVT cadre with financial support provided through AAFLI.

PUBLIC HEALTH

The Ministry of Health (MOH) and USAID in 1971 focused on increasing the GVN's capability to provide health services in the future with a minimum of outside assistance.

Medical Care

Total hospital admissions to MOH hospitals in 1971 exceeded 600,000, up from 570,000 in 1970. This reflects increased security which has enabled more patients to reach medical care as well as greater confidence in the quality of care being provided.

Civilian war-related casualty admissions at these facilities, however, decreased from an average monthly rate of 4,132 in 1970 to 3,400 in 1971. GVN capacity to provide adequate care to these patients continues to improve through the effective operation of the Ministry of Health/Ministry of Defense Joint Utilization Program. Under this program, 650 beds have been added at five facilities, increasing the total number of GVN hospital beds available for civilian patient care to more than 20,000.

Throughout the medical care program, the Vietnamese continue to assume greater levels of responsibility, making possible a further reduction in the U.S. Military Provincial Health Assistance Program (MILPHAP) personnel from 175 to 37.

Total phase-out of MILPHAP assistance is scheduled for June 1972.

At the close of CY 1968 more than 1,200 U.S. and Free World Assistance personnel including 250 U.S. direct-hire or contract personnel and 350 military medical personnel were providing direct and operational medical assistance to the GVN Civilian Health Program. As of the end of 1971, less than 400 personnel remain in-country to provide advisory and/or augmentary medical assistance, including personnel under USAID contracts with the American Medical Association, Children's Medical Relief International, the World Rehabilitation Fund, International Rescue Committee, the Governments of Korea and China. Active also are MILPHAP personnel, USAID direct hire, and Free World Assistance personnel from Australia, New Zealand, Iran, Spain, Germany, Japan and the Philippines.

Major facility improvement was initiated in 1971, both through Free World Assistance and on the part of the GVN. The Government of Japan undertook the renovation of Cho-Ray Hospital,



Saigon's modern College of Medicine now offers postgraduate work in 18 departments. It helps train physicians for all of South Vietnam.

the largest in Vietnam, and the Government of Korea is renovating the Cho-Quan communicable disease hospital. Germany is near completion of a 62-bed facility in Danang to replace the services of the hospital ship, « Helgoland, » which returns to Germany in early 1972. The new Hue Hospital, being constructed by the GVN, is 85 percent completed. Finally, the 400 bed Vi-Dan Hospital, constructed with private and international assistance, has already opened an outpatient clinic and will open the rest of its facilities in 1972.

Manpower Development

Key to the assumption by the GVN of health care responsibility is the effective development and application of manpower resources. The Ministry in 1971 completed its draft four-year health plan and is in the process of refining and implementing its first phase with an extensive six-month manpower and material survey to be completed by March 31, 1972. In the meantime, an extensive analysis of the needs and training capabilities of Ministry of Health institutions by category of personnel has been completed. This study indicates that, with certain exceptions, notably anesthesiology and radiology, adequate numbers of personnel should be trained in the next five to ten years to meet basic Vietnamese health needs. Due to the high

turn-over of low level public health personnel, however, a gap between the supply and demand will continue to exist.

The Saigon University Faculty of Medicine and the Faculty of Dental Medicine continue to receive USAID contract assistance, with emphasis on the upgrading of curriculum, course content and teaching methods. Postgraduate courses have been initiated in 18 of the 20 departments of the Medical School, and in all ten of the dental departments. These courses provide training in-country in the essential specialties with a minimum of overseas training. The opening in 1971 of a third



USAID contract assistance focused on upgrading curriculum and improving teaching methods at the medical school.



With post-graduate courses available in all of the Dental Faculty's ten departments, Vietnamese dentists can now receive maximum training in-country.

nursing technician school, located in Can Tho, and a third national midwifery school in Long Xuyen, will increase Ministry training capabilities in both of these areas over the next three years. The numbers of graduates in 1971 from Ministry of Education and Ministry of Health training facilities are reflected in the table below :

	1970	1971
Physicians	216	226
Dentists	32	45
Pharmacists	420	270
Nurses (3 years)	140	88
Assistant Nurses	458	629
Midwives	88	77
Assistant Midwives	330	396

Public Health Services

The National Institute of Public Health (NIPH) assumed a position of leadership in 1971 in public health manpower development, graduating 79 one-year public health assistants and more than 250 other personnel from short-term or specialized courses.

In 1971 NIPH accepted its first class of three-year Public Health Technician candidates. Upon graduation and after serving brief apprenticeships, these technicians will serve as the primary public health personnel at province level.

A part of the public health effort for 1971 has been the Sanitary Hamlet program. Through community development efforts, supported both by the GVN and available outside assistance, hamlets under this program achieve certain basic conditions of sanitation and public health, such as a potable water supply, suitable sanitary facilities and 100 percent immunization against communicable diseases. During 1971 more than 130 hamlets, or approximately three per province, reached this status.

Rehabilitation

A major phase of USAID's war victim rehabilitation program culminated in 1971 with the graduation of the three plastic surgery trainees from a three-year in-country training program conducted by a USAID contractor, Children's Medical Relief International (CMRI).

Nearly 1,000 patients were treated at the CMRI this year. The unit has also established an in-country blood donor and banking center providing an adequate supply of fresh blood to the unit and successfully stimulating similar projects throughout the country.

In 1971 the Saigon Center, along with the Da-nang, Qui Nhon and Can Tho branches of the National Rehabilitation Institute, assisted by several



The Sanitary Hamlet program is reducing preventable diseases through promoting safe water supplies, waste disposal, and health education in rural areas.

donors including the World Rehabilitation Fund under USAID contract, fitted nearly 9,600 patients with prosthetic devices manufactured by NRI. Physical therapy and vocational training assist the return of the handicapped to economically productive lives as rapidly as possible.

Population Planning

The Family Planning program being carried out within the Maternal and Child Health program gained momentum during 1971, and by early 1972, the GVN target of one family planning clinic per province will be achieved.

For the first time, physician training programs in family planning have been held in-country, and 40 physicians of a projected total 100 to be trained have completed the program. The Faculties of both the Saigon and Hue Medical Schools have included population education in their curricula, and the National Institute of Public Health has incorporated family planning in each public health course. The Community Rural Health Worker and Population Study program, in which more than 100 participants have taken part in Taipei over the last three years, is now being taught at the NIPH. A broadening of the program into fields other than health was stimulated through a Seminar in Population Problems held by the Ministry of Social Welfare, which has also

introduced population dynamics into the curriculum of the School for Social Work.

Both government and popular support for the program was achieved through regional population conferences which have exposed various government and public leaders to the population problem. In turn, these individuals have encouraged GVN expansion of services and child spacing programs. A pilot project in the latter was initiated for the families of about 22,000 employees of the MOH.

All governmental family planning activities are supervised by the Committee for Research in Family Planning which has an Inter-Ministerial Advisory Board. Private efforts are focused through the Family Happiness Protective Association, which receives assistance from the International Planned Parenthood Federation.

Drug Abuse

In 1971, USAID at the request of the MOH, assisted in the creation of a Joint Drug Abuse Committee to attack this growing problem, both from the standpoint of control and rehabilitation. Ministry officials with USAID advisors have attended regional conferences on the problem and visited in-country military drug detoxification and treatment facilities. Initial steps to set up a Ministry program in this field have been taken.

PUBLIC SERVICES

During 1971, in spite of the war drain, Vietnam was able to increase its electric capacity, add miles of pipes for water distribution systems; increase postal and telecommunications earnings; continue reconstruction and restoration of highways, bridges and rural roads; and increase dredging production.

Power

During 1971, the Vietnam Power Company (VPC) made progress toward its goal of providing adequate electric power for the economic development of Vietnam. Approximately 47 megawatts were added to the overall capability in 1971 — an increase of 16 percent. Total installed capacity is now 340 megawatts throughout the country.

Gas turbine generators were added to the Saigon system, increasing the capability of the metropolitan area from 220 to 259 megawatts. In addition, the transmission system is being extended to include the city of My Tho 50 kilometers south of Saigon.

The construction of a 132 megawatt steam generator plant at Thu Duc is now 70 percent completed. Three diesel power plants, with a total capacity of 96 megawatts, are also under construction. All four plants will serve the Saigon metro-

More rural electrification provided more opportunity for economic and social development.





Giant generators such as this one increased the power capability for the metropolitan Saigon area.

politan area in 1972, increasing the capacity of the system to 487 megawatts.

On the basis of a study of the Saigon electric power system conducted in 1971, the VPC has approached the Asian Development Bank for a loan of US\$7.5 million.

A National Power Survey, completed in October 1971, estimates the need for electric power during the next 15 years and outlines the physical plant and financial requirements for each of these years. The survey report also provides a plan for a nation-wide interconnected electric utility system and for a balanced development of hydro-electric power, the principal indigenous energy resource.

In 1972 the overall capacity of the VPC is expected to increase from 340 to 634 megawatts, enough capacity to serve over one million customers.

Water

During 1971, Saigon's inhabitants used an average of 34.4 gallons of potable water per person per day from the U.S.-financed water system.

Well drilling throughout Vietnam increased the supply of potable water for many provincial areas.

The Saigon Metropolitan Water Office (SMWO) during 1971 delivered an average of 96.2 million gallons per day of potable water; added 45.3 miles of pipe to its distribution system and installed an additional 18,305 house connections. Revenues from the sale of water exceeded VN\$2.1 billion during the year, while expenditures (including capital improvements) were VN\$1.8 billion. SMWO is current on its repayment of a US\$17.5 million USAID loan.

SMWO still faces enormous tasks to keep pace with the ever-increasing demand for more and better water service. Within the next ten years, SMWO must double the capacity of its Thu Duc treatment and transmission facilities, strengthen the primary distribution and pumped-storage facilities and expand its secondary distribution system—all estimated to cost US\$77 million. Able to meet the criteria established by international development lending agencies, SMWO will finance most of its future improvements through these lending institutions.

More water means additional waste water. Potable water is only one part of the city of Saigon's environmental needs. A USAID-financed study





Reconstruction of major highways facilitated private and commercial transportation.

of the Saigon metropolitan sewerage system was completed during 1971. This study represents a comprehensive plan for financing and building, in increments, a modern sewerage and storm-drainage system.

Telecommunications

The GVN's Directorate of Posts and Telecommunications (P&T) continued its program of expansion in 1971. P&T total earnings for 1971 from both postal and telecommunications were VN\$2.9 billion, up from VN\$2.4 billion in 1970. Telephone subscribers now number approximately, 23,500, a gain of 3,500 over 1970.

The USAID contract to provide training of technicians in support of Southern Toll and assistance to P&T in contract management terminated in June 1971. As a result of this contract, the Southern Toll System performance has been improved and is functioning at an optimum level. P&T was provided with a cadre of well-trained maintenance employees.

The USAID contract to develop a plan for a long-range telecommunications system for Vietnam terminated in early FY 1972 with the produc-

tion of a «Telecommunications Master Development Plan for Vietnam,» which blueprints the development of a telecommunications system for Vietnam, and a Vietnam Telecommunications Organization (VTO) to manage and operate the system. Legislation for reforms and reorganization of VTO has been submitted and is now pending before the Lower House.

Two international carriers are still providing assistance to P&T on international circuits at no cost to USAID

Highways

Advisory assistance and budget and commodity support continued to be provided to the Directorate General of Highways (DGOH) under the administration of the MACV Directorate of Construction. During 1971, a joint USAID-MACV committee completed plans for the transfer of highway advisory responsibilities back to USAID effective July 1, 1972. Joint planning for the transfer of U.S.-owned excess construction equipment and facilities to the DGOH is also progressing on schedule.

Reconstruction of major segments of the pri-

mary highway system, the principal U.S. effort in the transportation sector, continued. To date, 3,012 kilometers of highway, representing 77 percent of the national highway system, have been reconstructed. About 730 kilometers of highway have been restored and 1,900 meters of highway bridging have been replaced this year. Advisory assistance, budget and commodity support for rural road improvement also have continued through the GVN's Central Pacification and Development Council (CPDC). During 1971, approximately 50 kilometers of new rural roads were constructed, and over 1,180 kilometers of rural roads were maintained or repaired. About 3,980 meters of new bridging were erected, and over 2,500 meters of bridging were maintained or rehabilitated on the rural system.

Civil Aviation

During 1971, about 100,000 instrument-controlled aircraft operations were handled by the Saigon Area Control Center (ACC).

Training of Vietnamese air traffic control specialists in the U.S. continued during 1971 and has made possible a reduction in U.S. Government-financed Federal Aviation Administration (FAA) controllers from 20 to 9. Vietnamese are now handling over 65 percent of the radar operations in the Saigon ACC. During 1971, a total of 49 participants received training in the United States. In-country training was given to 56 students.

The Saigon ACC, which is responsible for the control of all instrument flights within the Republic of Vietnam and all enroute flights over Cambodia and Laos, has been completely modernized.

The Directorate of Civil Aviation (DCA) Teletypewriter/Communications Center was upgraded in 1971 with installation of a semi-automatic message relay system, multipoint teletypewriter cir-

cuit and a new air-ground communications console.

Several new navigational aids were installed and others have been modernized. Runway and ramp repaving or improvements were completed at Dalat (Lien-Khuong), Ca-Mau, and Quan-Long.

The new nine-story Tan Son Nhut control tower was commissioned and placed in operation in March 1971. This facility has modern electronics equipment and is comparable to similar facilities in the U.S. Runway and taxiway shoulders at Tan Son Nhut Airport will be improved during early 1972 to better accommodate the Boeing 747 flights.

Inland Waterways - Dredging

The inland waterways of Vietnam offer an efficient and economical means of high-volume cargo transportation. The continuing demand for dredging of navigable waterways, however, is only a small portion of the total dredging necessary to meet national requirements. Far greater volumes are required for land fill for building sites, urban expansion, housing projects, industrial development, agricultural water control, support of military operations, and for production of sand as a building material.

The Vietnam Dredging Agency (VDA), which was established by the GVN in late 1970 as a commercial autonomous organization, made good progress during 1971 in assuming the responsibility for South Vietnam's dredging needs. The VDA has substantially upgraded the mechanical condition of the existing GVN dredge fleet, improved the repair and maintenance capabilities of their shop facilities, initiated better management procedures, improved working conditions and provided the public and private sector with a much more efficient and reliable dredging service. Dredging production in 1971 increased 370 percent over 1970 (820,000 cubic meters to 3,100,000 cubic meters).

EDUCATION

The Ministry of Education (MOE) is developing a process for modernizing its system of education and a procedure for its self-renewal. By 1980 Vietnam must have the capacity to train its own teachers, administrators, scientists and leaders at all levels if it is to attain the national development needed in government, business, industry and agriculture.

To assist the GVN and MOE in achievement of educational goals USAID has a central focus of (1) the modernization of higher education, the time tested, self-renewal vehicle of all modern societies and (2) the modernization of the MOE, the vehicle for the implementation of innovations essential for an up-to-date educational system, responsive to individual and national needs. Assistance has been provided through the Higher Education Project, including discrete Teacher Education, and Library Development, and Educational Planning activities, and three terminating projects: Secondary Education, Vocational-Technical Education and Materials of Instruction, all of which are concerned mainly with completion of construction activities.

Higher Education

The enrollments in the institutions of higher education continued to rise in 1971. From about 47,000 in 1969-70, the enrollment went up to over 57,000 for 1970-71. With the increased number of students graduating from secondary schools each

year, the universities can anticipate that the number of students who wish to enroll will also increase.

On August 15, 1971, the GVN issued a decree authorizing the formation of community junior colleges. Communities interested in this program will pay half of the costs for establishing these colleges and for maintaining them. Subsequent decrees authorized the colleges to be established in My Tho, Nha Trang, Danang and Tay Ninh, the latter to be a private institution under the auspices of the Cao Dai sect. The colleges will start classes in 1972.

Wisconsin State University (Stevens Point) sent out five short-term consultants in 1971 to advise in university administration. The National Technical Center with the assistance of the University of Missouri contract team formulated a ten-year development plan for engineering education. The team provides advisors in the fields of civil, mechanical, electrical and chemical engineering. The National Agricultural Center also completed a ten-year educational plan receiving



The normal school in Qui Nhon trains some of the many teachers needed for Vietnam's primary education system.

advisory services from the University of Florida contract team.

Teacher Education

The teacher education activity has assisted the MOE in developing a modern, unified program to provide the number and quality of teachers needed for national development. The activity has provided advisory services; dollar funding for 17 U.S. participant training grants in school administration and library science and for limited commodities to prepare elementary teachers for work in community schools; piaster funding for in-country in-service workshops, training courses, conferences, for teachers in both academic and vocational schools, for Vietnamese books for school libraries and special study groups.

A significant achievement was the creation of a *Commission on Educational Development and Teacher Education*. The commission will study problems related to producing the number and kinds of teachers Vietnam needs to help with national development.

Five task forces have been organized in the following areas of teacher education: teacher education curriculum revision; minimum standards for programs and the teacher education institutions; a course-credit accountability system to enable student transfer and to permit accumulation of credits; educational research to guide development in teacher education; and graduate programs of education in-country to insure a supply of well-qualified teachers of teachers, school administrators and curriculum specialists. Forty-six persons have been assigned to the task forces, 29 of whom are returned U.S. participants holding degrees. The task forces are now at work, and recommendations are to be submitted to the MOE early in 1972.

Accelerated pre-service teacher training courses were started in agriculture for 20 new teachers and in technical-vocational education for 59 new teachers. The latter are in addition to some 150 students being prepared through regular programs in the Polytechnical School at Phu Thọ. Forty-four teacher-librarians have also completed an



Students at the Thu Duc Demonstration High School enjoy the use of expanded and renovated facilities.

intensive library training program to prepare as part-time librarians in normal schools, faculties of pedagogy, secondary schools and the National Library.

Continuation of in-service programs for elementary school personnel has been accomplished through 79 workshops and seminars involving 4,920 participants. Five of the workshops were conducted for teachers of Montagnard tribes with 230 persons involved. In-service workshops and seminars have been held for 248 technical-vocational teachers and administrators.

Educational Planning

During 1971 the MOE took several steps toward building a stronger educational system. The Commission on Planning, Administration and Research completed a study of the present methodology and capacity of the MOE to operate the present educational system and to plan and build a more efficient system. As a result of this study the ministry

has established a Management Analysis Unit to make continuing studies of organization and management.

The Directorate of Planning formulated a four-year educational development plan. This plan utilized inputs from the operating directorates of the Ministry and was developed in accord with the guidelines provided by the Prime Minister's Office and the Ministry of National Planning.

Secondary Education

The enrollment in public secondary schools increased from 229,181 in 1969-70 to 292,067 in 1970-71. A large part of this enrollment increase resulted from the acceptance of students into 6th grade classes.

Renovation of the Thu Duc Demonstration High School is 90 percent complete. Added to the existing facility are industrial arts shops, home economics classrooms, a drafting room and a cafeteria; adequate sources of water and power will permit

full use of the science laboratories.

Under USAID contract three secondary schools in the Minh Mang housing project were completed with a total of 80 classrooms.

A broader secondary school curriculum was developed and presented to the MOE. Arrangements were completed for teacher training in the practical arts in the faculties of pedagogy, as well as graduate level training for guidance counselors with courses scheduled to begin in January 1972

Technical Education

Total enrollment of regular full-time vocational technical students increased from 10,500 in 1970-71 to 14,500 in 1971-72. In addition, approximately 6,000 disabled veterans, refugees and others were enrolled in short-term skill training courses in 1971.

Five junior technical schools were completed in 1970-71 and will become fully equipped and operational during 1971-72 school year.

Construction of the new Nguyen Truong To Polytechnic School began in early 1971. The project is on schedule and is due for completion in August 1972. The school will be equipped and operational with the first students enrolled in January 1973.

Instructional Materials

The Instructional Materials Center (IMC) negotiated a series of contracts with commercial printers for production of Montagnard and elementary textbooks totalling more than VN\$5,000,000. The sale of both elementary and secondary textbooks more than doubled over that of 1970.

USAID-funded construction of an enlarged, modern textbook production facility is scheduled to be completed in March 1972 with full production expected by December 1972. The new IMC and private sector book production capability will eliminate GVN dependence upon USAID/Free World donor support.

CIVIL OPERATIONS AND RURAL DEVELOPMENT SUPPORT (CORDS)

Under MACV, a combined military-civilian advisory group assists the GVN in stimulating local self-defense, self-government and self-development. CORDS (Civil Operations and Rural Development Support) carries out its activities in Saigon, the ten autonomous cities, and each of Vietnam's 44 provinces. Civilian advisors are principally AID employees.

Village Self Development

Begun in 1969, the Village Self-Development program (VSD) is designed to provide greater autonomy to village governments and involve the people in a cooperative effort with their government to raise their own political, social and economic standards. Village people are directly involved in selecting and carrying out community development projects desired by the village.

In keeping with their growing administrative competence, villages were authorized under the 1971 VSD program to approve projects up to VN\$200,000. The 1970 limit had been VN\$100,000. American Aid Chapter* (AAC) funds in the amount of VN\$2.5 billion were allocated for this program during 1971. A total of 11,022 projects were approved, 6,571 were completed, and the remainder are in progress.

As part of the VSD program, a Rural Credit

program was initiated in late 1970 and continued during 1971. Villages allocate part of their VSD funds along with village tax funds, or funds from other sources, to establish a village account in the Agricultural Development Bank (ADB). The ADB, using a matching fund formula, adds money to this account. These funds are available to individual borrowers in the village for income-producing projects. The principle of having villages make decisions regarding the allocation of their revenue is consistent with the overall goal of eventually having villages meet their operating and local development costs from self-generated revenues.

Working under the operational control of the village chiefs, Rural Development Cadremen (RDC) financed by the U.S. Department of Defense (DOD), assist in publicizing and explaining the VSD Program, help organize and train the People's Self-Defense Force (PSDF), help the

* AID/and Department of Defense (DOD) counterpart funds incorporated into the GVN budget in support of specifically agreed activities.



At a typical village meeting a villager can discuss plans for his area under the Village Self Development program.

Village Credit Committee in the speedy processing of small production loans, maintain the Village Management Book and generally supplement GVN services at the village level. The RDC maintain close personal contact with the population and serve as a useful bridge for two-way communication between the people and the central government.

Province Development

The National Fund for Local Development (NFLD) and the Province Development Fund (PDF) complement the VSD Program by funding province development projects designed to foster community development.

The primary purpose of the NFLD is to extend GVN influence and to promote economic expansion and social and political stability. Priorities in 1971 were as follows :

To construct or repair key roads and bridges in order to improve area 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 supporting the construction of irrigation works; and

To extend basic public services, particularly in areas undergoing pacification, primarily by means of constructing new schools and providing additional village and district health facilities.

Piaster support is provided to the CPDC for projects under NFLD. In 1971, VN\$3 billion was provided through the AAC, of which VN\$1.1 billion came from DOD in a direct piaster purchase with U.S. currencies.

Development projects approved by the CPDC are the product of joint GVN-US planning efforts, and the project implementation is jointly monitored by GVN and U.S. agencies at all levels.

The Province Development Fund was designed to enhance the prestige and authority of the elected province and municipal councils. The program promotes the involvement of the people and their elected representatives at the province level by enabling councils to sponsor needed development projects. In 1971, the amount allocated to this program was VN\$500 million from the American Aid Chapter.

The performance of the National Fund for Local Development and the Province Development Fund

Self-help projects with a minimum of outside assistance played an important role in the rural development of Vietnam.

has been gratifying in 1971. Funds allocated for NFLD projects produced, for example, 115 secondary school classrooms, 34 maternity-dispensaries, 40 irrigation structures, 77 bridges averaging some 20 meters in length, and over 400 km of new or completely rehabilitated secondary roads. The Province Development Fund, which gained steady momentum throughout the year, produced 357 classrooms, 33 maternity-dispensaries, 35 small irrigation works, and minor repairs to almost 200 km of rural roads.

Ethnic Minorities

The inclusion of the Ethnic Minorities program as a separate section in the 1971 National Plan gave it special emphasis as a GVN project. During 1971, the focus of the program has been on training of Montagnards; reviving and helping to support the Ministry's effort to expand the GVN education and agriculture programs for the minorities; and monitoring the implementation of other programs, including Highland Land Reform, support to refugees, and the Son Thon Cadre. The cadre program was re-oriented early in the year to focus the cadre's efforts on assisting the Montagnard to improve their own living conditions.

In addition to the normal educational program, to help eliminate illiteracy among ethnic minorities, 52 mass education classes were established

in 1971. Beginning in 1972, an intensive four-year anti-illiteracy campaign is to be implemented.

The National Montagnard Training Center, Pleiku, opened in October 1970. From January through October 1971, a total of 3,641 Montagnards were trained. These included Highlander Village and Hamlet officials, Son Thon Cadre, People's Self-Defense leaders, and an initial group of candidates for the National Police.

Public safety

In 1971, the CORDS Public Safety Directorate continued to provide advisory and financial support for the National Police Command, the Combined Telecommunications Directorate and the Directorate of Corrections. The primary mission of these three civil agencies under the 1971 Community Defense and Local Development (CDLD) Plan includes 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 facilities, correction centers and confinement procedures.

The role of the Vietnamese National Police (NP) in maintaining law and order, protecting lives and property, and performing various regulatory police functions assumed even greater im-

portance in 1971. The NP continued to deploy personnel to police stations established in rural and urban areas throughout the country, and more than 50 percent of the provincial police, exclusive of the Field Police and Marine Police, now are assigned to district level and below. More than 30,000 National Police presently are assigned to more than 1,940 village police stations. This effort provided much needed local security and law enforcement support to the village administration and contributed to the attainment of the objectives of the CDLD Plan. In support of this expansion, some excess U.S. military buildings were obtained to construct police stations in rural areas.

During 1971, the police continued to improve their capability in traditional police functions. The operation of police patrols, checkpoints and boat patrols successfully denied many vital resources to subversive elements. The NP, with Public Safety advice, also engaged in a country-wide program to control illicit traffic in narcotics and dangerous drugs. In this, the NP cooperated fully with U.S. agencies. Major advisory attention was given to the development and use of management information systems to improve the NP Command's ability to evaluate current situations and take action on the basis of their assessment. The identification and registration of all persons 15 years of age and older continued. By the end of 1971, 10,500,000 persons will have been registered, completing the initial registration phase. This program will be continued in future years to register persons as they attain the age of 15.

The GVN authorized the NP to recruit up to 34,000 new men early in 1971 from ARVN, RD Cadre and local rural civilian sources. As of the end of November 1971, the force level was 114,193. In November 1971, the Prime Minister directed the NP to attain a force level of 122,000 early in 1972. In the future, the NP plan to recruit more selectively with a view toward employing persons with higher educational levels and greater capabilities as leaders and supervisors.

The Telecommunications Project provided additional radios to the police communications system to support the expanded NP role. The Village Hamlet Radio System also was expanded to provide better communications for civil authorities. These two systems and the Combined Telecom-

munications Directorate long-line system comprise the country-wide network serving civil agencies.

All National Police jails were renovated in 1971. Considerable attention was given to assisting the GVN to improve the conditions at the National and Provincial correction centers to provide a more humane and healthful environment. A USAID medical doctor assisted the GVN authorities in introducing acceptable sanitary and health conditions.

War Victims Assistance

Since 1964, the Ministry of Social Welfare, with the support of USAID/CORDS, has been engaged in a nationwide program of resettlement assistance to over two million civilians who have been displaced from their homes by the war. During 1971 alone, approximately 200,000 refugees were paid a six-month rice allowance, a housing construction allowance of VN\$7,500, and given ten sheets of aluminum roofing (or VN\$8,500) to enable them to build new homes in secure areas.

Under the «Return-to-Village» program, refugees who return home are entitled to the same benefits as those provided to refugees who have resettled elsewhere. Since the inception of this program in November 1968, over 737,000 people have received all allowances. During 1971 almost 500,000 people were paid or were in the process of being paid allowances under the Return-to-Village program. In recent years, the Ministry has been placing increased emphasis on improving facilities at refugee resettlement sites and home hamlets to which refugees have returned under the Return-to-Village program. The Ministry has sponsored the construction of wells, latrines, schools, maternity clinics and dispensaries and financed over 2,000 self-help projects for the benefit of refugees. The Ministry also provides compensation to civilians who have suffered personal injury, the loss of a family member, or property damage as a result of the war. Over 129,000 claims were registered and over 125,000 claims were settled during 1971.

Advisory and training activities in the field of social welfare and rehabilitation during 1971 were channeled primarily into the nation-wide Com-

munity Center and Day Care Center programs, the Regional Social Services Referral Center program, and the National School of Social Work. Financial assistance also was provided for the expansion of the services of the National Rehabilitation Institute.

There were 40 government-sponsored community centers in operation during the year. The U.S. contributed VN\$26.4 million for the construction of new centers and also provided funds for the training of staff personnel. Support for the Community Center program is to continue until the end of 1972, when the financing and operations of the centers will become the responsibility of their respective local communities.

Child welfare programs have been assigned a high priority by both the Vietnamese and U.S. governments, and an increase in assistance for such programs has been planned for 1972. The establishment of a network of family and child welfare services is regarded as the first step in helping the Ministry of Social Welfare make the transition from operations of an emergency nature on behalf of war victims to more normal social welfare activities.

A pilot Regional Social Services Referral Center was constructed by CORDS in Danang during the year. The purpose of this center is to coordinate physical and vocational rehabilitation service for the handicapped military and civilian victims of the war.

During 1971 the National School of Social Work graduated a total of 98 social workers, supervisors and instructors. VN\$4.1 million was provided to help finance the operations of the school, and additional funds were provided for staff training at the University of the Philippines.

Seminars for the training of 1,850 village Social Welfare Commissioners and over 1,000 Social Action Cadre were conducted by CORDS at the National Training Center at Vung Tau during 1971.

While the U.S. does not provide financial aid for Vietnamese war veterans and their dependents, it has offered advice and technical support which have significantly improved the efficiency of the Ministry of War Veterans.

Chieu Hoi

Through 1971, over 185,000 returnees have rallied to the GVN through the Chieu Hoi program. The number of returnees in 1971 was lower than in the two previous years, reaching about 20,000 (as compared to 47,000 in 1969 and 33,000 in 1970). The decline has come about as the GVN continues to consolidate its position in contested areas and reduces the number of potential ralliers.

Municipal Development

In July 1971 the mission of the Saigon Civil Assistance Group (SCAG) was changed to include coordination of U.S. advice and assistance to all urban areas in Vietnam, particularly the autonomous cities; at the same time it was redesignated the Municipal Development Directorate (MDD).

During the past year Saigon has made significant progress in the areas of revenue collection, education, sanitation, and public works. In each of these areas MDD provided technical advice and assistance and some degree of commodity support. Through U.S. assistance, 78 volunteer fire fighting units have been established (28 in 1971), and with portable pumps provided, they can deal effectively with the frequent small fires which threaten the crowded city.

The main emphasis of U.S.-sponsored public health programs in Saigon has been on preventive medicine, which includes an extensive immunization program (over 678,000 shots were given the first half of 1971), an annual physical examination for all city employees, and an expanded home visit program by health nurses. U.S. assistance in the area of refuse collection has improved sanitation in the city and has reduced a serious health hazard.

CORDS provides the principal U.S. civil/military support for the GVN Community Defense and Local Development Campaign. Progress to date toward achieving the stated goals of the 1971 campaign, which focuses on local self-defense, self-government, and self-development objectives, has been very encouraging; in most cases the stated goals will be achieved or exceeded by the end of the Campaign Year (March 1, 1972).

USAID MANAGEMENT AND ADMINISTRATION

The magnitude and complexity of the administrative problems can be illustrated in some of the following figures. USAID has some twenty-five office locations and ten operational facilities; there are over 1,100 housing units and 200 hotel rooms leased and maintained in Saigon and its environs; the installed capacity of electric power generators in the Saigon area now totals 12,500 kw, with an additional 20,000 kw available in the four military regions; USAID is responsible for over 1,300 U.S. civilian employees, an equal number of Vietnamese employees, 175 Third Country Nationals and over 4,500 contractor personnel; USAID administers over 200 contracts with 155 separate contractors.

Constant improvement with concomitant cost reductions was made as USAID decreased the number of personnel in the Mission, terminated

leases, increased utilization of computer facilities and improved training for Vietnamese employees. Direct hire personnel were reduced by more than 25 percent during the past year. Scheduled lease reductions in FY 1972 alone amount to over \$900,000; the disposal by sale of used property increased from an average of \$8,000 per month last year to an average of \$15,000 per month in FY 1971.

Automatic data processing includes nine separate systems. From a total of twenty-five American programmers in 1970, the U.S. staff now consists of only four supervisors with the operational staff entirely Vietnamese.

An intensive effort is being made to train Vietnamese personnel to assume higher levels of responsibility, enabling them to replace Americans as well as Third Country Nationals.

POST HOSTILITIES DEVELOPMENT PLANNING

Development planning in Vietnam took a further step forward with the establishment by President Thieu in June 1971 of the Ministry of National Planning and Development. The new ministry was given the previous functions of the Minister of State for Reconstruction and Development, and other previously dispersed functions, and now includes, among other offices, the Directorate General of Planning. Steps have already been taken in expanding and strengthening the planning staffs. Among the first initiatives of the new ministry was the establishment of regular consultative meetings for coordinating aid from other donors.

Training programs continue to be an important element in improving Vietnam's capability for development planning. The program initiated in 1970 for training planners in the United States, from which several participants have already returned, is continuing. A program for training agricultural planners at the National Institute for Development Administration in Bangkok, Thailand, is being expanded to include planners from other ministries. A ten-week training program in planning by the United Nation's Asian Institute for Economic Development Planning for some 40 government officials was given in Saigon in the early summer.

Among the most important developments has been the preparation of sector plans by individual ministries. Five-year plans have been made by the Ministries of Agriculture and Public Works; both are detailed, comprehensive documents of several volumes. Although each requires further refinement, they constitute impressive initial efforts. Having been prepared only on a sector basis, they will require modification for incorporation in a broader framework. They provide, however, a highly useful start toward the development of a government investment program.

Manpower planning, an integral part of development planning, received added emphasis during the latter part of 1971 when the Prime Minister's Office assumed an increasingly vigorous role within the Interministerial Manpower Coordinating Committee (details appear in the Labor section of this report). Planning relationships within the GVN in the manpower field were strengthened by the attendance of two key officials, the Vice Minister of Planning and the Special Assistant to the Prime Minister, at the Executive Seminar on Employment Growth in Washington. De-

velopment of the data-base elements for manpower planning also showed substantial progress ; the quarterly industrial employment survey was expanded from the environs of Saigon to additional areas throughout Vietnam, continuing improvement was registered in demographic and labor force survey capability, and planning advanced for a population census intended for 1974.

During the year, a number of major planning studies were conducted by USAID contractors ; the General Telephone and Electronic team completed a long-term plan for telecommunications in Vietnam which both points the way toward an integrated system and outlines appropriate investment programs. The Detroit Edison team completed a draft study (the final revision is scheduled for early 1972) on a 15-year electric power program. Other studies include beef cattle development, basic chemicals, and investment prospects in forestry products.

The year 1971 has thus seen considerable progress in developing the economic planning needed for maximum efficiency in the continuing transition to a greater emphasis on economic development. In addition to the results already noted, the new Ministry of Planning, in the short period since its establishment, has prepared a review of the current situation and a formulation of a development strategy. This provides the basis for the development of guidelines, establishment of priorities, and the elaboration of annual and longer-term development plans for the years ahead.

The primary goals of USAID continue to be those of providing useful advice to the GVN and the private sector in making adequate plans for development, and to interest other free world nations in providing needed assistance in the future. The important initiatives taken during 1971 have substantially furthered this objective.

Glossary

AAC	American AID Chapter (U.S./GVN) Counterpart Funds
ACC	Area Control Center, Saigon (GVN)
AAFLI	Asian American Free Labor Institute (U.S.)
ADB	Asian Development Bank
ADBV	Agricultural Development Bank, Vietnam (GVN)
ADP	Automatic Data Processing
AID-W	Agency for International Development, Washington, DC (U.S.)
ARVN	Vietnam Army (GVN)
CDLD	Community Defense and Local Development (GVN)
CIP	Commercial Import Program (U.S./VN)
CLA	Central Logistics Agency (GVN)
CORDS	Civil Operations and Rural Development Support (U.S.)
CMRI	Children's Medical Relief International (Vol Ag)
CPDC	Central Pacification and Development Council (GVN)
CRTC	Cooperative Research Training Center (GVN)
CVT	Vietnamese Confederation of Labor (VN)
CY	Calendar Year (U.S.), Calendar-Fiscal Year (GVN)
DGBFA	Director General of Budget and Foreign Aid (GVN)
DCA	Directorate of Civil Aviation (GVN)
DGCS	Director General of Civil Service (GVN)
DGOH	Directorate General of Highways (GVN)
DOD	Department of Defense (U.S.)
FFP	Food For Peace — PL-480 (U.S.)
FY	Fiscal Year (U.S.)
GVN	Government of Vietnam
IDB	Industrial Development Bank (GVN)
IDC	Industrial Development Center (GVN)
IMC	Instructional Materials Center (GVN)
IMMCC	Inter-Ministerial Manpower Coordinating Committee (GVN)
IR 8-5	High Yield Rice Varieties
IRRI	International Rice Research Institute (Philippines)
LTTT	Land-To-The-Tiller Law (GVN)
MACV	Military Assistance Command, Vietnam (U.S.)
MDD	Municipal Development Directorate (GVN)
Mgd	Military Assistance Command, Vietnam (U.S.)
MACV	Millions of gallons of water per day
MILPHAP	Military Provincial Health Assistance Teams (U.S.)
MILRAFD	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)
NFLD	National Fund for Local Development (U.S./GVN)
NIA	National Institute of Administration (GVN)
NIPH	National Institute of Public Health (GVN)
NIS	National Institute of Statistics (GVN)
NP	Vietnamese National Police (VN)
NRI	National Rehabilitation Institute (GVN)
OPM	Office of the Prime Minister (GVN)
PDF	Province Development Fund (U.S./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 Post and Telecommunications (GVN)
RDC	Rural Development Cadre (GVN)
SMWO	Saigon Metropolitan Water Office (GVN)
SONADEZI	National Company for the Development of Industrial Estates (GVN)
USAID	U.S. Agency for International Development — Vietnam (U.S.)
VDA	Vietnam Dredging Agency (GVN)
VN\$	Vietnamese Piaster
VPC	Vietnam Power Company (GVN)
VSDP	Village Self-Development Program (GVN)
VTO	Vietnam Telecommunications Organization (GVN)

