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Viet Nam Terminal Report

Volume II

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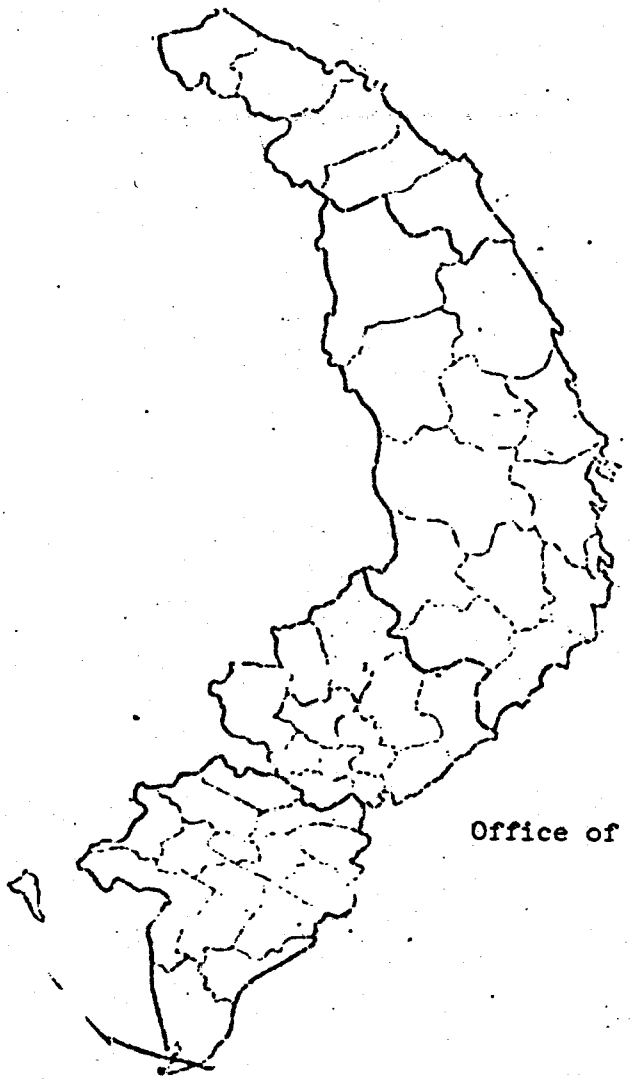
United States Economic Assistance to South Vietnam • 1954-75



Volume II

A Summary

Part II

Prepared by the

Asia Bureau

Office of Residual Indochina Affairs

Viet Nam Desk

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THE SCOPE OF THE TERMINAL REPORT

The Terminal Report, United States Economic Assistance to South Viet Nam, 1954 - 1975, consists of three volumes; the Summary which is contained in Volume I and II and the Bibliography of Official Documents in Volume III. The Summary provides the reader with a description of major economic assistance activities undertaken by the United States Agency for International Development and its predecessors during the extended period of U.S. involvement in South Viet Nam. It also serves as a factual account of the times as they pertained to U.S. programs and provides a setting for those who wish to read more fully by using the Bibliography. The Bibliography is an annotated listing of many of the major documents, files, reports, and other official records accumulated by the Agency over a period of more than 20 years.

This terminal Report was prepared in recognition of the magniture and duration of the Agency's assistance to South Viet Nam. The report's purpose is to preserve primary source material of historical value.

Two other major activities were conducted as adjuncts to the Terminal Report:

1. Project Appraisal Reports of all ongoing A.I.D. projects at the time of the fall of the Government of Viet Nam have been prepared. These formal evaluation documents provide detailed information on the status of ongoing programs at the time of the fall.

2. A comprehensive description of economic policies and settings, the "Economic Context" has been prepared along with more detailed sector descriptions in certain areas, which provide supplemental information to the material in Volumes I and II of this Report.

Neither the Project Appraisal Reports nor the more detailed sector descriptions have been published, but copies are on file with the A.I.D. Reference Center, Agency for International Development, Washington, D.C. 20523. Both categories of unpublished documents are listed in the Bibliography under their respective subject headings.

INTRODUCTION

The United States Government provided economic assistance to the Republic of Viet Nam (South Viet Nam) from its inception under the Geneva Accords of July 20, 1954 until its fall on April 30, 1975. These efforts are summarized in Volumes I and II of this Terminal Report, and Volume III provides the reader with an extensive bibliography for further research.

During much of the Viet Nam experience, U.S. economic aid was unlike any other effort with respect both to magnitude and to types of activities. In terms of objectives, the U.S. thrust in economic assistance may be divided into five periods:

1954-1958 - Separation of South Viet Nam from the Associated States of Indochina and an influx of refugees from the north to the south provided a series of immediate problems for the fledgling Vietnamese government. The following were some of the specific A.I.D. objectives aimed at easing some of those problems:

1. support efforts to reorganize and train a national army adequate to maintain internal security and provide initial resistance to external aggression;

2. help maintain economic stability and assist in rehabilitation and development efforts, including integration into the economy of the two million or more refugees, displaced persons and demobilized soldiers who might otherwise be vulnerable to communist subversion;

3. assist in strengthening and improving the structure and effectiveness of the government, so that it might become more responsive to the needs of the people;

4. help expand and improve public information services in order to increase popular understanding of and support for the government.

1959-1961 - Care of refugees was de-emphasized during this period inasmuch as refugee problems had been largely brought under control by 1958. The year 1958 was a time of transition from an emphasis on the task of helping to establish a new government to economic development. However, development attempts were increasingly thwarted from 1959 on, as the strength of the Viet Cong became evident.

1962-1966 - Economic assistance objectives changed dramatically during this period. Major emphasis was placed on counterinsurgency . Evolving objectives during this period were:

1. maintaining economic stability;

2. assisting Vietnamese Revolutionary Development efforts (pacification) to establish, expand and consolidate government control and services in the villages;

3. relieving the economic and social consequences of military operations;

4. expanding the economy in secure areas and preparing for future social and economic development.

1967-1972 - The transfer of pacification activities from USAID to the American military and the formal start of Vietnamization marked further shifts in U.S. goals during this period. USAID still played a supportive role in pacification, striving to ease the sufferings of war victims, and continuing its efforts to maintain economic stability. USAID stressed the development of Vietnamese institutions and services in the economic, social and technical assistance areas. The latter included both the capacity

for development planning and actual progress in development insofar as wartime conditions permitted.

1973-1975 - Policy shifts during 1973-1975 were dictated by Hanoi's Easter offensive of April 1972, the signing of the Paris Accords in January 1973, and declining real aid levels brought on by the combination of U.S. force withdrawal and worldwide price inflation. USAID priorities during this time were to:

1. meet the humanitarian requirements brought on by the increased hostilities, particularly in the area of refugees, but also children and others uprooted by the war;

2. assist in the transformation of the economy from a condition of external dependence to one of self-sufficiency.

This Summary depicts the setting in South Viet Nam under which these goals were developed, describes the U.S. responses in line with these goals, and attempts to show the rationale behind these responses.

U.S. economic assistance to South Viet Nam is summarized on the following page. Part A of the Table shows aid totals for each of the periods discussed above. Part B presents the same data in terms of annual averages.

A Definitional Note

Omitted from the aid summary are the piaster purchases of the U.S. sector which generated some $2.6 billion of dollar earnings for the GVN during the course of the U.S. involvement. Piaster purchases fell into one of two general categories: (1) official purchases, which derived almost entirely from Military Assistance Support Funding (MASF) and financed the

local currency expenditures of the Military Assistance Command Viet Nam (MACV); (2) personal purchases, which financed the personal piaster expenditures of the U.S. military and civilian personnel (N.B.: official expenditures of the U.S. civil sector were financed almost entirely by counterpart generated by the Commercial Import Program.)

That piaster purchases were not aid funds in origin is therefore clear. What has been less clearly understood is that, for the most part, they were not aid in their effect. This is because the expenditures related to them consumed local resources--i.e., wage payments to local employees, rentals, payments to local contractors, etc.--for the benefit of the U.S. sector. The bulk of the expenditures fell into that category.

Certain piaster purchases were properly considered as aid. The significant programs in this category were DOD-financed highway programs funded under the so-called "AID/DOD Realignment Program," support of the Rural Development (RD) Cadre program and the Local Procurement Program (during 1971-75). They have not been included in the aid category partly because of insufficient data on the amounts involved. Moreover, while these programs were aid in the true sense of the term, at least two of them, the R D Cadre program and the Local Procurement program which involved the purchase of locally produced goods for transfer to the Vietnamese armed forces, were as much military as economic in nature. As an indication of their relative importance, the R D Cadre program involved a maximum of $20 million in any one year; the AID/DOD Realignment program amounted to $17.4 million in 1973, which was either the peak year in terms of expenditures or very close to it; and the Local Procurement program reached a

peak of $28.6 million in 1973. These programs accounted for as much as two-thirds of a greatly reduced piaster purchase total during 1973-74, but no more than 10 percent of the total during years prior to 1972.

Direct Dollar Support for Humanitarian Aid under the so-called "Kennedy Amendment" during fiscal years 1972-75 fell into yet another category. Humanitarian Aid was a line item within the A.I.D. Appropriation for Viet Nam; hence, clearly aid. Yet because the funding mechanism (at the Viet Nam end) was identical to that of Defense Department operations requiring local currency purchases, it was included more often than not in piaster purchase summaries. The aid table below does include this Direct Dollar support on an obligations basis under "Project and Other Aid." Balance of payments tables within the ECONOMIC OVERVIEW Section show this funding on a receipts basis as a separate line item.

One further reservation needs to be made concerning the non-inclusion of piaster purchases within the aid tables. While the bulk of such purchases was not aid, the share of purchases made at an unrealistic exchange rate was, properly considered, aid. That is, to the extent the United States paid more for the piaster than it was worth they were supplying a form of grant aid. The amount of such "hidden aid" cannot be determined any more than the "true" value of the piaster could be determined. It was substantial--probably exceeding $200 million--in certain years, especially during 1968-70 when the piaster was heavily overvalued. After 1971, when the piaster remained at or near a realistic level, the amount of "hidden aid" was insignificant. In any event, the aid table understates

the total amount of U.S. economic assistance to the extent that such "hidden aid" took place.

Piaster purchases, whether aid or not, did convey dollars to the GVN and were a crucial item in Viet Nam's balance of payments. Piaster purchase totals are properly included as a part of U.S. Import Support, a summary of which appears in Table 1 of the ECONOMIC OVERVIEW Section. They also appear in the Balance of Payments summary, Table 9 of the same section.

U.S. Economic Assistance to Viet Nam

(Obligations Basis, Fiscal Years, in $ Millions)

	Period	CIP	Food For Peace	Project and Other AID	Total
A. Totals					
	1954-58	791.2	49.0	163.5	1,003.7
	1959-61	393.2	29.3	118.7	541.2
	1962-66	851.4	336.5	400.2	1,588.1
	1967-72	1,282.6	678.2 a/	1,064.5	3,025.3
	1973-75	704.5 b/	479.8 a/	180.5	1,364.8
	Totals	4,022.9	1,572.8	1,927.4	7,523.1
B. Annual Averages					
	1954-58	158.2	9.8	32.7	200.7
	1959-61	131.1	9.8	39.6	180.4
	1962-66	170.3	67.3	80.1	317.6
	1967-72	213.8	113.0 a/	177.4	504.2
	1973-75	234.8 b/	159.9 a/	60.2	454.9
	Totals	182.9	71.5	87.6	342.0

Notes: (a) Includes Direct Dollar Support for humanitarian aid totaling $2.4 million in 1972 and $86.3 million during 1973-75.

(b) Includes Program Loan of $50 million in 1974.

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AGRICULTURE

Agriculture, Forestry and Fisheries are the most important industries in South Viet Nam. Over the years full or part-time employment in these industries has engaged between 60 and 70 percent of the population and has contributed approximately 30 percent of the gross national product as well as 90 to 95 percent of the total value of exports. The farm and forestry products conform to the climatic conditions which range from temperate in the 5000 to 6000 feet Annam mountain chain and the highlands plateau to subtropical in the Mekong Delta.

Of the 17.4 million hectares total land area, 12 million are in forests and 2.7 million are under cultivation. About 300,000 hectares of the cultivated land are double cropped. Approximately 500,000 hectares which once had been cropped were uncultivated from 1960 to 1975 due to physical insecurity and the ebb and flow of war. It has been estimated that another million hectares, largely in the highlands could be brought under cultivation at relatively low cost under peaceful conditions. It also has been estimated that two million hectares could be double cropped by large investments in water control facilities. However, with relatively small investment in low-lift pump irrigation, some 500,000 hectares of floating rice land could be double cropped.

Because of their importance, agriculture, forestry and fisheries received a great deal of attention from A.I.D. U.S. assistance to South Viet Nam began in 1950, as part of the aid to the Associated States of Indochina, and was provided directly to the Government of South Viet Nam

(GVN) from 1954 until its demise in April 1975. Assistance in both periods consisted of both project and non-project aid. The former provided technical assistance, e.g. U.S. personnel, imported commodities and supplies and trained selected Vietnamese. The projects were jointly developed by the U.S. and the GVN. Non-project aid, through the generation of counterpart funds, provided the funding for U.S. supported local activities, including, for example, subsidies for fertilizers and pesticides which were sold to farmers at below cost to induce their use. Non-project aid also provided the commodities such as steel, cement, fertilizers, pesticides, and other supplies and equipment under the Commercial Import Program (CIP). These items were purchased by private importers but paid for in dollars by A.I.D. The importers paid in piasters which were shared by the governments of the U.S. and Viet Nam.

A small portion of these local currency funds was used for U.S. local expenses in Viet Nam for such items as housing rental for American personnel, motor fuel, in-country transportation and the employment of Vietnamese personnel by A.I.D. and other U.S. Government units such as CORDS, but the bulk of the funds was used to support GVN operations in which A.I.D. shared a direct interest. The GVN portion of these funds was incorporated in a special chapter of the GVN Budget for that GVN fiscal year (April-March) and allocations for various purposes were made after joint agreement between the Director of USAID and the Director General of Budget and Foreign Aid.

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1950 - 1959

The first U. S. development program designed exclusively for South Viet Nam followed the signing of the Geneva Accords in July 1954. There ensued, through 1960, a normal U. S. technical and economic assistance program, in which agriculture was given considerable attention. By 1957 there were 11 agricultural projects, of which eight were in operation during the first year of independence of the new republic. Training of large numbers of Vietnamese technical, professional, and administrative personnel to replace the departed French was given top priority during this period.

The A. I. D. agricultural program was designed to assist the GVN in the following areas: 1) develop basic agricultural institutions, 2) reestablish production which had declined since the beginning of World War II, 3) undertake a program of agrarian reform, and 4) settlement of the 900,000 refugees from North Viet Nam.

By 1960 all of these endeavors had made progress as evidenced by the following indicators:

- Enrollment in the National Agricultural College at Blao had increased from 160 in 1957 to 420 by 1960 when the scholastic program was raised to full college level. A. I. D. supplied the services of 3 professors, under an arrangement with the University of Georgia, on curricula, teaching methods, and administration. Three classrooms and numerous other buildings had been erected. The agricultural schools at Hue and Can Tho also had been given assistance.

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- At the Ministry of Agriculture in Saigon, a soils laboratory had been built and equipped and a general soils map for Viet Nam had been prepared for 10 crop and livestock stations, and a rice station (An FAO Soils Scientist had prepared a soils map for all of South Viet Nam).

- Improved varieties and cultural practices had been developed for various agronomic and horticultural crops. Both yields and acreages of kenaf, jute and ramie had increased. Improved breeds of livestock and poultry had been imported. Mobile teams for livestock vaccination had been organized and trained. Numerous installations such as laboratories, breeding stations, livestock markets and quarantine stations had been established.

- An Agricultural Extension project had benefitted over 200,000 farm families. A National Directorate of Agricultural Extension had been established within the Ministry of Agriculture with a staff of 90, including 73 provincial agents in 21 of the 44 provinces. Over 3,000 unpaid volunteer village extension agents had been given specialized training. Home improvement agents assisted 650 trained volunteer agents in helping over 9,000 cooperatives in 285 communities in 13 provinces. More than 500 rural youth (4H type) clubs had been organized with nearly 30,000 members in 19 provinces and an expanding program was being pursued as more staff and volunteers were trained.

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- An Agricultural Economics and Statistical Reporting Service had been established with primary emphasis in these early years on crop reporting.
- Agrarian reform which had been initiated by Emperor Bao Dai in 1951 was assisted by U. S. advisors during this period. For a summary of U. S. assistance in this area, see the Land Reform section of this report.
- Assistance had been given in settling some 900,000 refugees from North Viet Nam. Under a Land Resources Development project begun in 1957, 125 villages were established providing homes and previously unutilized land for a means of livelihood for 159,000 of the refugees.
- A Water Resources Development project provided help in 23 provinces, benefiting 450,000 people on 250,000 hectares of land.
- A Fisheries Resource Development project resulted in a production increase from 30,000 to 165,000 M. T. and contributed to a decrease of 20 percent in the price of fresh fish in the Saigon and Cholon markets.
- Agricultural credit in terms of short term production loans made by the National Agricultural Credit Organization (NACO), which had been organized in 1957, was extended to between 12 percent and 15 percent of rural households in 1960. During the 1957-60 period 2.3 billion piasters ($6,571,428.00) were loaned. /1

/1 Exchange rate VN$ 35.00: US $ 1.00

- A Cooperative Research and Training Center was established in July 1959 with assistance from the U. S. cooperative movement. During 1960 it graduated 830 students for field work in agricultural and fisheries credit and cooperative organizations, operating in 14 provinces.

The most impressive statistics of all, however, were with respect to paddy (rough rice) production which rose from 2.2 million MT in 1954 to 5.3 million MT by 1960 with yield increases per hectare from 1.9 MT in 1957 to 2.2 MT in 1960. Rice imports, however, rose from 173,000 MT in 1954 to 350,000 MT in 1960.

Summary: U. S. assistance to the agricultural sector in Viet Nam in the 1950s developed basic infrastructure that was further improved by additional programs in later years. This was accomplished with standard development techniques composed of technical advisory support, imported equipment and commodities, and training in Viet Nam and abroad, with much professional training provided in the United States. Advisors ranged in number from 13 in 1954 to some 30 toward the end of the decade. Total obligations of $14,988,000 were made during the period FY 1955 through FY 1960 for projects in agriculture, forestry and fisheries. These projects contributed to the restoration of agricultural output to prewar levels and laid the basis for future growth.

1960 - 1967

The 1960-67 era was characterized by counterinsurgency motivated organizational changes in the agricultural program, the USAID structure and the entire U. S. effort in South Viet Nam.

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Insurgency began disrupting production and interfering with rural development by 1961 - but not enough to stop the gradual improvement in agricultural production. Domestic requirements for long fiber were met in 1961 and there was an exportable surplus of kenaf; crop diversification progressed; more mobile teams for livestock vaccination were trained; rinderpest was virtually eradicated and there was a surplus of meat and meat products. Twenty-five thousand hectares were reclaimed in 1961-62. However, NACO loans to farmers declined and the agricultural schools, including Blao Agricultural College, were closed and the Georgia contract terminated primarily because of deteriorating security conditions.

Over the ensuing years overall program emphasis shifted to counter-insurgency, and the military draft reduced the numbers of available young people employed by the Ministry of Agriculture as well as those available for training. The Cooperative Research and Training Center gradually deteriorated and even the building fell into disrepair. Most of the research stations became insecure and were closed. Extension and home improvement work retrogressed. Irrigation facilities in the northern provinces were destroyed as were salt-water intrusion barriers along the coast with especially detrimental effect in the Delta. Operation and maintenance of irrigation and drainage canals were neglected with resultant siltation and growth of water weeds which virtually clogged some canals.

Still some progress was made, especially between 1961 and 1965. An A.I.D. assisted pig-corn project increased hog production by 65,000 head by 1965. The earlier imports of breeding stock were the major cause of widespread upgrading and the average weight per hog rose from 65 Kgs

to 100 Kgs. In 1964-65 A.I.D. distributed 53,900 pigs and 94,000 tons of imported corn. Technical assistance continued to feature the provision of inservice training to the existing agricultural extension cadre especially in crop and livestock production, fisheries, agricultural credit, land reform, and statistical data collection. Higher level training continued to be provided in the U. S., Taiwan, and the Philippines.

A.I.D. also financed seven contracts for agricultural groups. These seven contract groups were under that number of contracts with the International Volunteer Service (IVS), the Chinese Joint Commission for Rural Reconstruction (JCRR) and the Korean Government. All were phased out over the next several years, beginning with IVS, whose work in agriculture stopped before the contract, which also provided for assistance in other fields, was terminated. The technicians of these groups worked at the village and hamlet levels.

The IVS technicians concentrated their efforts in the Highlands. They used centers to demonstrate the growing of vegetables, rice, swine, and poultry. Highlanders were selected by their villages and sent to the centers for training courses, which were taught by having the trainee actually do the work. The trainee was then given seeds and materials to take back to his village. At the peak of the activity, 33 were engaged in this work. Ten assisted provincial agriculture personnel on rural youth programs, extension activities, and crop and livestock programs.

The Chinese Joint Commission for Rural Reconstruction (JCRR) programs under the contracts emphasized working at the hamlet level mostly in

production of Chinese vegetables, melons, soybeans, and sugar cane. Most of their activities were at stations near Can Tho, Bien Hoa, Phan Rang, Hue and Dalat. The small ice box watermelon was a great success and came to be a traditional part of the Tet feasts in the Delta and the cities. Some of the Chinese varieties of sugar cane were well adapted but were not used by the Vietnamese largely because insecurity and the overwhelming competition of imported raw sugar had caused production, except for small amounts of pan sugar in the villages, to cease.

Three teams of Korean specialists totalling 18 Koreans, worked, respectively, with fisheries development, irrigation projects and crop production programs, including agricultural machinery. These were areas of interest to the GVN but the Koreans worked largely at the artisan-technician level, and exerted little or no influence on overall agricultural policy or programs.

A.I.D. projects were reduced in number during this period and the names changed from time to time but this was more for cosmetic than substantive reasons. The agricultural program by and large covered the same ground as before. However, in FY 1962 there was a rather fundamental redirection toward support of counterinsurgency activities. As part of this overall shift of emphasis, agricultural assistance was reprogrammed under a far ranging Counter-Insurgency Services Project, a rural operations support category of which included agricultural activities. Agricultural personnel were posted in the four military regions throughout South Viet Nam, first as members of the staff of the Office of Rural Affairs (ORA) in the A.I.D. Mission (USOM) and later as members of the staff of the DEPCORDS

(Deputy for CORDS), the MACV organization that managed U. S. activities in the rural pacification and development area from 1967 to 1973. The agricultural advisors in the regions and the provinces were administratively responsible to ORA and later CORDS and were under the technical supervision only of the USAID agricultural headquarters in Saigon.

The limited progress from 1961-1965 was offset by fluctuations in paddy production and rice exports. Production dropped from 4.96 million MT in the 1960-61 marketing year (November-October) to 4.61 million in 1961-62 but after that it stood at about 5.2 MT through 1964-65. Exports which had reached 155,000 MT in 1960-61, 84,000 in 1961-62; 323,000 MT in 1962-63, ended in 1963-64 with 49,000 tons. Production then fell to 4.82 million MT in 1965-66; 4.34 in 1966-67; 4.69 in 1967-68 and 4.37 in 1968-69. Most of the production was in the Delta and Long An province. The remaining areas produced less and less, as 1.5 million rural people migrated to urban areas and population increased at the rate of about three percent per year. In addition, a half million hectares of rice land went out of production, not only in the surplus producing areas, but in the central lowlands and in the northern provinces as well where rice farming practically ceased. The low domestic paddy production was made tolerable by the ready availability of Public Law 480 (PL 480) rice from the U. S.[1/] and the policy which was followed until

1/ PL 480 Title I imports started in 1964-65 with 80,000 tons and rose to 709,000 tons in 1966-67 and 721,000 tons in 1967-68, then ranged between 198,000 tons to 596,000 tons through 1973-74 with more programmed for 1975 with 28,000 tons actually delivered before the end of April. The average was 383,000 tons per year.

1968 of administered low prices for rice in urban areas (sale of rice at less than the US PL 480 cost). Also serving as a disincentive to rice growers was the continuing policy and practice of providing free rice for certain categories of recipients and of subsidized prices for rice for up to 40 percent of the population in the deficit areas.[1/] However, the effect of subsidized rice prices was offset to some extent by subsidized production inputs, especially fertilizers, pesticides and sprayers. The ratio of urea to paddy prices dropped steadily from 1.4 in 1965 to .4 in 1970 then rose slowly through 1972 and much faster through 1974 by which time it was back to the 1965 level of 1.4. It reached 1.6 in August 1974 and undoubtedly would have gone higher had not a subsidy been reinstituted in September of that year. For more details concerning the rice situation see Annex A to the Agriculture Section.

In 1966, the U. S. Government concluded that the agricultural program was not as effective as it should be.

President Johnson turned to the U. S. Department of Agriculture to help A.I.D. develop a new thrust. In February 1966, following the Honolulu Conference, Secretary of Agriculture Freeman led a 10-man team to survey the situation in Viet Nam and to make recommendations. This event launched an era of close collaboration between USDA and A.I.D. A six-man USDA team visited South Viet Nam in March and April 1966

1/ Soft credit and also free livestock vaccines were provided until 1968.

following up on the Secretary's earlier visit and developed specific plans. On September 23 a Participating Agency Service Agreement (PASA), between the two agencies, was signed. Under this agreement USDA provided technical assistance in seven major fields of agriculture and forestry under the policy guidance of the USAID which, in turn, paid all costs and provided supporting personnel and services.

USDA designated a Chief of Party who arrived in January 1967. This officer served as the USAID Deputy Food and Agriculture Officer for the entire range of USAID activities in that year and for a more limited number until his departure in late 1969. Within a few months after the Chief's arrival, USDA had placed 86 USDA and Land Grant University employees in South Viet Nam. In most cases these personnel served as members of teams under a team leader. In some instances, for example in production programs, projects were staffed with both USDA and A.I.D. employees.

Coincident with the arrival of the USDA personnel, the USAID agricultural program was restructured into nine projects: Agrarian Development (Land Reform)

and Agricultural Economics and Statistics;

Crop Production; Animal Production; Irrigation and Water Management; Fisheries; Forestry; Agricultural Extension and Training; Agricultural Credit and Cooperatives; and Technical Support. The latter was a supervisory and support activity essentially including overhead costs not directly chargeable to the other eight projects. It also included the Korean, JCRR, and IVS contracts.

Nineteen sixty-seven was a year of great expansion and activity in the agricultural sector. PASA contract and direct-hire personnel arrived in great numbers. Most of the personnel were assigned either in provincial locations or travelled extensively out of Saigon or CORDS headquarters in the Military Regions. This modus operandi lasted until the 1968 Tet offensive which, together with a major reorganization in A.I.D. in late 1967, marked a major turning point in the USAID agricultural program in South Viet Nam.

The reorganization, which took effect gradually throughout 1968, reflected a change in emphasis to rice and protein (hogs, poultry and fish). The Agriculture and Industry Divisions were combined into an Office for Domestic Production (ADDP) under an Associate Director. Project managers were employed for the principal activities.

1968-1975

The Tet offensive caused the USAID to restrict its field activities, triggering a reduction in U.S. agricultural personnel from a ceiling of 190 (with 210 actually on board), to 104 by June 30, 1968.

Meanwhile, an accelerated rice production program, under a project manager who had arrived January 1, 1968, had been initiated. This activity was made possible by the "Miracle" rice variety, IR 8, which had just been released by the International Rice Research Institute (IRRI) in the Philippines.

The decision to start this program was made in December 1967 by the Minister for Agriculture and USAID, following a successful pilot project at Vo Dat earlier in the year. IR 8 is a short maturity variety which, together with the correct package of practices (fertilizer, water control and systemic insecticides), yields two to two and one-half times as much rice as the local varieties. The farmers at Vo Dat had lost a growing crop because of a flood and there was not sufficient time to grow another crop of the long maturity local varieties. USAID, with its knowledge of IR 8, airlifted seed from the Philippines and, along with the Ministry, provided supplies and irrigation equipment. With this help the farmers grew a crop. This success, and the November - December visit to IRRI by the Minister and USAID agricultural officials, led to the decision to import 2,000 tons of IR 8 and 5 tons of a companion IR 5 seed for a major new thrust in rice production.

The program was a success, with the 44,000 hectare planting goal for 1968 being met as it was in every subsequent year. Production rose steadily to 7.0 million tons by 1974, thanks primarily to the successful introduction of the miracle rices. However, the importance of IR 8 diminished relatively over the years principally for the following two reasons: 1) IR 5 proved to be more versatile - it did well even as a dry land rice in the Highlands; and, 2) other miracle rices, e. g. IR 20 and IR 22 from IRRI and RD I from the Rockefeller assisted program in Thailand were of considerably better quality. IR 20 was introduced in 1969, IR 22 in 1970 and RD I in 1971.

The psychological effects of the Tet offensive on the agricultural sector,as well as the massive reductions in USAID agricultural personnel, gradually wore off and by September 1968 there was a return to more normal operations.

A protein production program was laid out by a team of livestock and poultry consultants in September and got underway in November 1968.

The program, which concentrated on hog, poultry and fisheries production was eminently successful. Between 1964 and 1968 the swine population had remained static. Pork had to be imported for Tet in 1968. In 1969, the four existing swine breeders in the country were joined by 44 others, through the import by USAID and sale of 500 head of registered hogs to farmers who agreed to follow good management practices. Thirty-nine of the 44 survived and stayed in business. The effect of the additional good breeding stock, together with USAID technical assistance in swine husbandry,resulted in steady increases in production with a target of 10 per cent growth being met every year. Another result was greater feed efficiency and more profit to the producers.

Poultry was an even greater success. Under this facet of the protein program, private importers brought in over four million day old chicks between November 1968 and January 1969 for broilers for Tet. In early 1969 there were only 14 small hatcheries in the country, with a total incubator capacity of only 85,000 chicks per month. A year later there were more than 30 hatcheries with a total monthly capacity of over 750,000. By 1972 hatchery capacity was 28 million. During this

same period, feed mill capacity increased from 73,000 MT to 480,000 MT annually. The poultry program as it evolved was under the guidance of an American consultant who made regular month long trips from the U.S. to work largely with and to advise private Vietnamese producers. Central to the program was the importation from the U. S. of parent stock chicks to be grown in Viet Nam to produce eggs from which broilers were produced. By 1973 Viet Nam was ready for the establishment of grandparent stock and the breeding stock was in place. However, a change in administration of the agriculture program in mid-year 1973 cancelled this phase of the program.

Vaccine production by the Ministry of Agriculture's National Institute of Bacteriology (NIB) expanded from 12.7 million doses in 1968 to 25.5 million in 1972. Major renovations of the NIB facilities under the guidance of the USAID team were completed in 1973. Improved production methods and quality control measures were adopted and a vaccine distribution system was established and working through 52 regional and provincial vaccine banks at the time of the fall of the GVN. Steps were pursued vigorously, but to no avail, to transfer production of biological products to the private sector. Five mobile vaccinator training teams were trained. They, in turn, trained over 2400 certified vaccinators. Various training and health books were prepared and utilized.

USAID, the Ministry, the Faculty of Agriculture of the University of Saigon and Florida State University, which was providing assistance to the Faculty, planned and built a Livestock Training Center. USAID

financed the importation of breeding stock for it, but in 1973, after two years of effort, and just as the imported stock was due to arrive, USAID assistance was terminated as part of a change in overall policy and direction.

Availability of livestock and poultry feed was a continuing problem, with corn, soybean meal and alfalfa meal imported from the U. S. A sorghum production program was started in 1968 from scratch and by 1972 production had reached 21,000 MT. The most successful varieties were hybrids and the open pollinated early Hegari variety. A corn production program, concentrating on new high yielding varieties, also added considerably to the feed supply. From a virtual vacuum, by 1973 between 10,000 and 15,000 metric tons of corn were sold by farmers to the livestock feed industry as a direct result of the introduction of new varieties. Work with soybeans was not so successful. USAID conducted research identified some better varieties, but production did not increase significantly. Soybean yields were only one ton per hectare and the competition from US Public Law 480 vegetable oil had put existing oil mills out of business. Peanut production increased slightly but there was no significant increase in oil or meal production.

There were several organizational and program changes in 1971. Land Reform was set-up under a separate Associate Director and Fisheries and Forestry were moved to another Division. The Office of the Associate Director for Domestic Production became the Office of Food and Agriculture. Support on the protein production program continued and while interest continued in rice production, the number of U. S. advisors was reduced

from seven to one as part of the reduction in staff which had been ongoing since early 1968. Forestry, Fisheries and Land Reform were transferred back to The Food and Agriculture Division in 1973.

With the rice and sorghum programs going well, USAID efforts shifted to other crops, both because they were needed for domestic consumption, and because they provided income for farmers who could not produce rice advantageously. However, efforts to increase vegetable, fruit and long fiber production met with little success during the period.

Results of crop research were mixed. A contract with IRRI produced good results on rice. Soybean research was difficult but seemed to hold some promise. Most of the research stations were closed due to insecurity and those that remained open were poorly staffed. A new station which was started, on USAID initiative, at My Tho proved to be insecure and presented many difficulties.

Seed multiplication by the GVN was a continuing failure. Except for sorghum only one of the 12 planned seed processing and storage houses which were to be financed by USAID was even erected and its operation left much to be desired. On the other hand, private sorghum and corn seed production processing and storage were successful.

The various farmers' organizations could not cope with private competition and the GVN, after a spurt of activity, eventually failed in its support of the National Cooperative Training Center.

Use of fertilizers and pesticides, especially the systemics, grew with the rice program and later with respect to sorghum and corn. The USAID worked actively with the private sector in the promotion of these commodities and of farm equipment. Small tractors were increasingly

popular, as was low lift irrigation. However, USAID efforts to assist in major irrigation works failed and finally were abandoned.

In 1973 and 1974 USAID provided intensive assistance on low lift pump irrigation especially in the floating rice areas of the Delta. The ownership and use of tractors, both of the two and larger four wheel variety, increased year by year despite little help from the Ministry of Agriculture. However, USAID extended considerable encouragement especially to the private dealers. American manufacturers were not very interested because of the limited market and left their Vietnamese dealers largely to shift for themselves. Japanese manufacturers, on the other hand, took a great interest in farm mechanization and went so far as to modify machines to suit Vietnamese conditions. Some enterprising Vietnamese set up repair shops but none offered field service. USAID worked throughout the years 1968-75 with local manufactures to build pumps, ditchers, land levelers, threshers and dryers. The Ministry of Agriculture participated in the efforts on grain drying and helped considerably in the establishment of sorghum grain dealers in the Delta by loaning, for the first year's operation, equipment which previously had been supplied by USAID to the Ministry. This equipment enabled the first year's crop to be threshed and cleaned and the machines served as prototypes for dealers to subsequently manufacture their own equipment.

USDA leadership in agricultural economics not only contributed to crop diversification but to a host of studies which surfaced policy issues. Assistance from 1970 through 1972 especially, and to a lesser extent until the spring of 1975, focused on inventory and rational allocation of resources, with special emphasis from 1971 to 1973 on

foreign exchange earnings and savings. Numerous consultants, especially from 1970 through 1973, conducted studies on grains, sugar, edible oil, swine, poultry, "cattle ranching", vegetables, fish and shrimp, logs and lumber, transportation, land resources, pricing policies, tax policy, export and import policies and marketing opportunities and restraints. Unfortunately, these studies had very limited impact on developments in the agricultural sector.

Strenuous efforts were made to upgrade the capabilities of the Ministry of Agriculture in the field of economics and to get it to assume a meaningful role in the formulation of government policies and programs. The Ministry would not participate in the latter, and was handicapped by the scarcity of personnel capable of absorbing economics training.

However, there were some success stories. After the National Food Agency (NFA) was established in 1974, USAID economists provided it with considerable assistance, as they had earlier, in a limited way, to the Ministry of Economy (MOE) which later became the Ministry of Trade and Supply. Work also continued on agricultural statistics with good results, though with decreasing numbers of advisors from the USDA Statistical Service.

There were other disappointments. For example, the top Ministry personnel, none of whom possessed training in economics, never agreed with (or understood) the resource allocations suggested by USAID/USDA. Nor did they utilize the computer or keep current the computerized data which had been collected and stored. Other semi-sophisticated equipment procured by USAID for the Directorate of Agricultural Economics also went unused.

Of greater significance were the successes scored in exports, especially of fish, shrimp and logs. The 1975 goal of US $30 million in seafood exports was nearly met in 1974 when exports exceeded $29 million. This was in comparison with a mere $27,000 dollars in 1970. Development of the forestry and forest products area surged forward also. A new basic forestry law was enacted, policies governing timber sales were beneficially modified, the GVN forestry staff was reorganized and enlarged from 751 personnel in 1972 to 806 by 1974. Teams were put in the forest areas to reduce illegal cutting. Forest inventory teams were organized and an invigorated reforestation program was instituted. A number of new wood using plants were built to make pallets, plywood, and furniture. Lumber production tripled in six years. Exports grew from $240,000 in 1971 to 13 million dollars in 1974.

A major emphasis on the agricultural sector in the later years was the promotion of the export trade and USAID was in the process, at the time of the downfall of the GVN, of training commercial attachés to serve in South Vietnamese Embassies. This development was stimulated by joint AID/USDA/Vietnamese team visits to Japan, Singapore, Europe, and to the U. S. to investigate markets for potentially exportable products from Viet Nam.

Another area of major emphasis was agricultural credit. After a period of politically oriented counterinsurgency inspired soft loans in the early to mid-1960's, which never reached more than 15 percent of the farmers, the GVN began to plan for a financially sound system

of agricultural credit. In 1966 the National Agricultural Credit Organization (NACO) was reorganized, its loan portfolio screened for bad debts, new lending procedures drawn up and increased emphasis placed on upgrading the staff through training. In January 1967, NACO was replaced by the Agricultural Development Bank of Vietnam (ADBV) but was given very little capital except for a large 10-year loan from the GVN, which was matched by a loan of counterpart funds under the American Aid Chapter. The bank was administered by a Director General under the policy guidance of a board of seven members, only one of whom was from the Ministry of Agriculture. That member was the Minister of Agriculture who served as chairman of the board. Other members included the Governor of the National Bank and various GVN ministers, including those from the Ministries of Economy and Finance.

Under prudent management the bank steadily grew in strength and effectiveness. Credit operations were carried out in 48 branches, in each of the 44 provinces and in four autonomous cities. The number of loans made increased each year from 89,405 in 1969 to 478,141 during the first nine months of 1974. Interest rates were 24 percent on short term production loans of from six to twelve months and 14 percent on medium- and long-term loans of from 18 months upwards, usually for not more than five years.

In 1970 the USAID made arrangements with CORDS for villages to have a choice of receiving grants for village improvements such as bridges

or schools, or of putting part or all of the village's allocation into credit through the ADBV. Many chose the credit option since it gave the village continued use of the funds. ADBV monitored the program and had final approval on the loans, but each requested loan was considered and approved or rejected by the Village Credit Committee which was made up of elected officials and private citizens. Originally the individual loan limit was VN$ 50,000 but with inflation the limit was increased to VN$ 80,000 in 1974 and VN$ 120,000 in 1975. The interest rate was 24 percent in 1974. In 1974, a pilot village program was started in 260 villages with the best records. Each received VN$ 3,650,000 in special ADBV funds to be administered in similar fashion to regular village credit program funds.

The Bank had a very effective collection policy and its collection record on all types of loans was satisfactory. Amounts loaned expanded from VN$4.6 billion in 1969 to VN$33 billion in 1973 and had reached VN$48.3 billion after the first nine months of 1974. Expressed in U.S. dollars the average size of the loans was the equivalent of US$147 in 1971; $200 in 1972; $182 in 1973 and $151 in the first nine months of 1974. The loans were production oriented and about 75 percent of them were made without collateral. There was not a wide spread in the size of the loans; for example in 1973 over 90 percent of the loans were for less than VN$100,000 ($150.US) at the existing exchange rate.

The Bank also sponsored Private Rural Development Banks, patterned after those in the Philippines. This was a USAID inspired idea, adopted by the Acting Governor of the National Bank of Vietnam and embraced by

the ADBV Board and Director General, probably with little knowledge of its origin. The first step was a survey by a Philippine consultant financed by the Asian Development Bank. This "Rural Banking Study for Vietnam" indicated that there were substantial private funds available for investment in banking. The vigorous ADBV Director General proceeded to initiate four banks, three in late 1969 and one in early 1970. It was decided to insure a successful start for these four banks before more were opened but spadework was done to elicit interest in other rural areas and to mobilize potential capital.

The ADBV put in as much money, for which it took preferred stock, as was subscribed for common stock by private citizens. The purchase of preferred stock in the rural banks was made possible by a "Private Rural Bank Development Fund" of VN$ 100 million, supplied equally by counterpart and the National Bank of Vietnam. The ADBV, under USAID funding sent the bank officials and staffs for each new bank to the Philippine for short term training.

These first four banks were successful and under the guidance of the succeeding and also very capable Director General, additional banks were opened until there were almost 90 by 1975. The goal was to open an additional 25 annually until there was at least one in each of South Viet Nam's 250 rural districts. Rural banks loaned VN$ 7.4 billion to about 51,000 borrowers in 1973 and in 1974 the lending rate was running at the rate of VN$ 12 billion annually.

The ADBV had a staff of 26 auditors make regular bank examinations and in addition, management audits were made by a Combined Inspectorate

Committee composed of representatives of the ADBV, the Ministry of Finance, the National Bank of Vietnam and the USAID.

Deposits in rural banks showed an annual increase equal to about 35 percent of the stock share capital. Past due loans were not a problem, standing at 5 percent at the end of 1972; 7.1 percent in 1973 and 6.7 percent on August 31, 1974.

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In view of the collapse of the GVN in April 1975, it is difficult to evaluate any U.S. assistance activities in South Viet Nam as having been successful. Yet much good was accomplished in many areas, which doubtless will endure, regardless of the new form of political organization now emerging in the country. In the field of agriculture, although much remains to be done, new crops and improved husbandry were successfully introduced, the knowledge and skills of tens of thousands of farmers and agricultural officials were enlarged and the institutional capabilities to further develop the agricultural sector were set in motion. The extent to which this favorable forward motion continues is, of course, beyond the scope of this paper.

CHILD CARE

Prior to the signing of the Child Care Project and Grant Agreements in FY 1974, there was no discrete child care program, per se, supported by A.I.D. This is not to suggest, however, that A.I.D. had ignored the well being of children prior to that time. During the 1960s, the GVN with A.I.D. assistance, embarked on major programs expanding health care and education on a massive scale. (See sector descriptions on Public Health and Education.) Indeed, since approximately 50% of the population of South Viet Nam during the period of A.I.D.'s economic assistance program was composed of persons under 15 years of age, to the extent U.S. aid reached the people, one can logically assert that children represented a large portion of the direct or indirect beneficiaries. While children tended to be the indirect beneficiaries of the bulk of this program at least as early as 1966, the U.S. Mission had begun to define the special needs of children and to suggest how these needs might best be met.

Starting in 1966, the GVN, again with USAID assistance, began to undertake increasingly more child welfare activities under the aegis of, first, the Social Welfare project, and, subsequently, the War Victims Relief and Rehabilitation project. Largely confined during 1968 to orphanage support, a small day care center effort and a PL 480 Title II children and widows feeding program, the range of these activities was expanded in later years to include, for example:Family Assistance for Widows and Orphans;Adoptions (initially only for racially mixed children); Family Service (to prevent infant abandonment); Aid to Handicapped Children; A Pilot Social Services Referral Center; subsidies for Foster Parents; and a Center for Plastic and Reconstructive Surgery in which children were primary beneficiaries. During this same period the level of effort in orphanage support, day care centers and PL 480 feeding was gradually increased; and the number of Private Voluntary Organizations (PVOs) receiving A.I.D. support for non-PL 480 child care activities increased from one to nine. The PL 480 feeding program registered the greatest increase in numbers of persons benefitted during this period increasing from 462,000 persons in CY 1969 to 1,076,000 in CY 1972 and 1,243,000 in CY 1973.

In the overall area of services for disadvantaged children in Viet Nam the U.S. Government's support to the GVN was substantial. In FY 1973 our assistance to refugee children - $14.5 million; food supplements for all needy children utilizing food under Food for Peace program (PL 480) - $9.7 million; child health services - $4.85 million; and special programs for disadvantaged children - $1.2 million.

In FY 1974 the GVN and USAID initiated a new child care program under the War Victims Relief and Rehabilitation Project, the impetus for which came principally from the U.S. Congress which felt that more attention to the needs of disadvantaged Vietnamese children was necessary. To this end, the Congress earmarked $5 million of FY 1974 funds for child related activities. The principal thrust of this new program was to prevent child neglect, child abandonment or placement of children in orphanages by offering alternatives to economically depressed families, while at the same time improving the

health, nutrition, and general well-being of orphans and upgrading the facilities and management of orphanages. The program also included special support for handicapped children, pediatric care and training, and assistance to voluntary agencies concerned with inter-country adoption. Although the Congress earmarked only $5 million, $7.5 million was provided by A.I.D. under the War Victims Relief and Rehabilitation Project. The following programs were designed to support this general purpose.

Orphanage Support and Improvement

The purpose of this activity was to provide assistance in the form of food and clothing allowances, health care, equipment, improvement of facilities and staff training for some 130 institutions caring for approximately 17,000 children. Orphanages had been receiving food and supplementary cash allowances under a variety of ad hoc and not necessarily related activities e.g. Food for Peace (PL 480, Title II) commodities and a limited number had been receiving funds for facility improvements, but a more coordinated approach was necessary. By April 1975 all but two of the registered orphanages had been visited at least twice, food allowances established and delivered, local hospitals contacted and asked to increase their assistance to orphans, education classes established in some orphanages and sanitation improved.

Handicapped Children

The purpose of this activity was to provide assistance to improve custodial care and therapy in seven centers caring for some 2,000 children. The seven centers had not received U.S. support heretofore. Arrangements were completed in four and child care was being provided in three.

Pediatric Clinics

Two clinics, one in Saigon, the other in Danang, were established to provide diagnostic and therapeutic care to disadvantaged children. Particular emphasis was placed on children selected by agencies processing inter-country adoptions and also on severely ill children from orphanages and other child care institutions. The first clinic, with 70 beds/incubators began operations in Saigon in January 1974. The Danang clinic with 30 beds began operations in May. The International Rescue Committee was the coordinating voluntary agency with the World Relief Commission as the primary subgrantee in Danang.

Day Care Centers

The purpose of this activity was to provide assistance in the form of equipment, additional food and staff training for 275 existing day care centers and to support the development of 140 new centers. These 415 centers were to serve approximately 83,000 children from four to six years of age while their parents worked. Food supplements had been provided for about 23,000 children in the existing day centers, and also some funds had

been provided for improvements, but more food and funds as well as greater focus was required.

Civilian Widows' Assistance

This activity was planned to provide support, vocational training and small scale capital assistance to 6,000 widows, and indirectly through them to an estimated 25,000 children. A pilot project for vocational training was launched in November 1973.

Foster Care

The purpose of this activity was to provide foster home care services for about 4,500 children as an alternative to their abandonment, institutionalization or adoption. Foster families would be provided funds to cover food, clothing and medical expenses for each child.

Home Nursery Care

The purpose of this activity was to provide day nursery services for about 9,000 infants who were too young for day care centers. A side benefit was the estimated 2,000 jobs it would create for widows or other unemployed women.

Nutrition Centers

The purpose of this activity was to expand three existing nutrition centers and create nine additional centers to care for about 7,800 seriously malnourished children. The nutrition centers would provide intensive medical care with special feeding for up to 60 days for severely malnourished or diseased children and return them to their families once their health was restored.

Prevention of Infant Abandonment

This activity provided counseling service to emotionally distraught, expectant mothers who it was considered might abandon their children. Trained counselors working in hospitals or maternity centers would be able to identify these mothers and provide the advice and assistance necessary to prevent them from abandoning their children. A small pilot project had been initiated.

Midwife Pediatric Training

The purpose of this activity was to provide training on basic principles of pediatric medicine and nutrition to midwives so they could assist mothers. The midwife is the health worker most respected by and accessible to lower income Vietnamese.

International Adoption

This activity was designed to assist four agencies, Travelers Aid International Social Service of America, Holt Adoption Program, Catholic Relief Services and Friends for All Children, to expand and improve their intercountry adoption programs and related child welfare activities. Because of the special problems related to children of mixed parentage, a subgrant of $96,000 was given to the Interagency Vietnam Adoption Committee. Additional facts on adoption may be found in Attachments C and D of this document.

Training Child Welfare Workers

This activity was designed primarily to strengthen the role of the Ministry of Social Welfare in developing and implementing family and child welfare services. This would be accomplished by training child welfare workers and upgrading the skills of those already employed. Some initial training had taken place.

Over $5 million of the $7.5 million was administered under a series of agreements designating voluntary agencies as project coordinators of various aspects of the overall program. These include Catholic Relief Services ($2,375,000), CARE ($1,180,000), Holt International Children's Services ($725,000), World Vision Relief Organization ($400,000), International Rescue Committee ($234,187), Friends for All Children ($100,000), Traveler's Aid-International Social Service of America ($224,000), Interagency Vietnamese Adoption Committee ($120,000), and World Relief Commission ($28,468). The Ministry of Social Welfare was provided $1,566,000 for assistance to orphanages, day care centers, institutions for handicapped children and for training programs, and the Ministry of Health received $324,000 to construct a training center for child health workers. (Details are provided in Attachment A, "Child Welfare in Vietnam, 1974".) It should be noted that the effective dates shown on the attached table (Attachment A) reflect the dates on which the Grant or Contract Agreements were signed in the case of the Private Voluntary Organizations. The dates on which the activities were actually initiated either coincided with the signature date or followed thereafter. As can be seen, only a small portion of the program was initiated prior to June 1974. Fiscal reports indicate only about one-half of the funds allotted were expended as of February 10, 1975. In general, few of the above activities had progressed much beyond the planning stage by the time of the GVN collapse in April 1975.

In FY 1975 the Congress still not satisfied with A.I.D.'s progress in this area, earmarked $10 million for child care activities. A program for its use was developed although only $3.2 million was originally requested in the Congressional Presentation (see Attachment B). The program was designed to continue and expand the activities initiated in FY 1974 and to begin assistance for youth institutions and facilities. Also, more emphasis was placed on child health, expanding the national immunization program for children to include vaccinations for measles and providing vitamins and special antibiotics for pediatric/nutrition centers.

As in the case of the FY 1974 grants, it took considerable time to develop grant agreements with the voluntary agencies for the FY 1975 program and none of these programs were under way utilizing FY 1975 funds when the fall of Saigon came except for those grants made to the GVN. Only a brief start was made on the obligation of the $10 million provided for Child Care activities in FY 1975. Had this program been realized a larger share of the total money available would have been granted to the ministries of Social Welfare and Health than had been the case in FY 1974.

Much had been done to speed up the intercountry adoption process although there continued to be problems, such as coping with the different laws and regulations of the fifty states. The GVN authorized seven foreign voluntary agencies to process intercountry adoptions as compared to none four years earlier. Less than 200 intercountry adoptions were completed in 1970 and 1971 combined but 485 were completed in 1972 and 682 in 1973. As of December 31, 1974, 1,062 adoptions had been processed by the seven agencies, four of which were provided grants by A.I.D. In addition, A.I.D. planned to provide $120,000 in FY 1975 for the support of the Interagency Vietnamese Adoption Committee (IVAC), which had been established to stimulate the finding of adoptive homes for the placement of part-black Vietnamese children in compatible ethnic surroundings. (A statistical breakdown on adoptions processed and on the number of orphans in Viet Nam is contained in Attachments C and D, "Adoptions-Viet Nam".)

There were more than 25 American voluntary agencies which carried out programs for children in Viet Nam. One of the recurring problems many of these agencies faced was the transportation of charitably donated commodities to Viet Nam. Seventeen of these agencies registered with the A.I.D. Advisory Committee on Voluntary Foreign Aid and received substantial funding support from A.I.D. for shipments, but many of them relied upon the U.S. military postal service which discontinued service to them in November 1974. A.I.D. was in the process of providing $40,000 to the Department of the Navy's Project Handclasp to assist with stevedoring and handling costs for commodities to be transported on a "space available" basis aboard contracted ships carrying U.S. Department of Defense materials to Viet Nam.

In January 1975 the GVN sponsored an International Children's Conference to bring together in Viet Nam all elements concerned with the health, education, and welfare of Vietnamese children. Over a thousand persons from all parts of Viet Nam attended as well as over 100 international, USAID, and voluntary agency representatives. At least 25 countries were represented. The papers presented at the conference, the resolutions which came out of it and the transcripts of the sessions are valuable resources because they tell perhaps better than anything else the mood and temper of the Vietnamese at the time , in relation to problems in the child care field, including the orphanage question, foster care, day care, juvenile delinquency and adoption. The sessions on adoption were especially lively. In one case a Buddhist nun said she would rather see a child dead than leave Viet Nam. Others, however, thought differently and the conclusion was that while overseas adoption was not a preferred solution, it was

nevertheless an alternative that should be considered if there was no adequate way to care for a child in its own immediate home or extended family in Viet Nam.

It is interesting to note that the voluntary agencies that specialized in adoption found themselves involved increasingly in family assistance and other programs designed to discourage child abandonment and help find alternatives within the country for the child. Many were successful in discouraging mothers from child abandonment. Many lives were saved in the halfway houses. It should be borne in mind that often the sickest and most neglected children were brought to these adoption agencies as a last resort.

Much of the U.S. interest in the welfare of Vietnamese children was based on simple humanitarian concerns for disadvantaged children. But certainly a measure of that interest came from couples seeking to adopt children. The number of such prospective parents far outweighed the number of children available in the U.S., particularly in the infant age group. While the policy of the GVN had always been that the best environment for a parentless child was its own extended family and, certainly in its own country, seven American voluntary agencies with experience in overseas adoption matters were nevertheless licensed by the Vietnamese Ministry of Welfare. For several years prior to the government's fall there had been a flow of children for adoption to the United States and other countries. The total rose steadily until 1974 when it reached 1362 children. Adoption was a complicated process requiring a careful case study and analysis of the child, a medical examination and often medical and nutritional build-up so that the child could qualify for adoption. At the same time there had to be an approved home study in the United States, including an investigation of the family wishing to adopt a child. All of this was very time consuming. In early 1975, and as it became clearer that the GVN might fall, the adoption agencies concerned, the prospective adoptive parents in the United States, the U.S. Congress, the press and others brought pressure to bear to accelerate the movement to the U.S. of children already in the adoption pipeline. The pressures culminated in April 1975 in Operation Babylift, in which some 2,600 children were moved to the United States, 2,000 of whom remained here while the balance proceeded to other countries (mostly to Canada and Western European countries).

CHILD CARE PROGRAM IN VIETNAM, 1974
ALLOCATION OF FUNDS

ATTACHMENT A

PROJECT	AGENCY	FUNDS	DATE EFFECTIVE
Intercountry Adoption and Related Child Care Services	Traveler's Aid-International Social Services of America.	224,000.00	11/01/73
	Holt International Children's Service	225,000.00	04/25/74
	Catholic Relief Services	143,000.00	06/01/74
	Friends for All Children	100,000.00	06/01/74
	Interagency Vietnamese Adoption Committee	24,200.00	03/06/74
	--do--	96,000.00	05/15/74
Orphanage Support and Improvement	Catholic Relief Services	25,000.00	01/31/74
	--do--	1,355,000.00	04/15/74
Supplementary Rice Allowance for Orphanages	Ministry of Social Welfare	134,579.43	02/20/74
Medical Care for Selected Orphanages	Ministry of Social Welfare	53,883.83	06/28/74
Day Care Centers	Cooperative for American Relief Everywhere	1,180,000.00	04/15/74
Pediatric Clinics	International Rescue Committee	234,187.00	12/16/73
	World Relief Commission	28,467.74	06/15/74
Family Assistance and Foster Care	Holt International Children's Service	500,000.00	06/01/74
Home Nurseries	Catholic Relief Services	417,000.00	06/01/74
	World Vision Relief Organization	200,000.00	06/01/74
Nutrition Centers	Catholic Relief Services	410,000.00	06/01/74
	World Vision Relief Organization	200,000.00	06/01/74
Prevention of Infant Abandonment	Catholic Relief Services	25,000.00	06/01/74
Handicapped Children	Ministry of Social Welfare	200,000.00	06/28/74
GVN's General Child Care Program	Ministry of Social Welfare	1,177,580.00	01/01/74
Child Health Services	Ministry of Health	324,000.00	06/26/74
Three Personal Services Contracts	USAID	16,552.00	11/15/73
		32,750.00	03/22/74
		24,000.00	07/01/74
Technical Assistance	USAID Personnel	118,000.00	07/01/74
		7,468,200.00	

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ATTACHMENT B

Summary of FY 75 Child Care Program

A. Project	Ministry of Social Welfare ($000)	Voluntary Agencies ($000)	Total ($000)
Adoption		1,000	1,000
Day Care	450	1,180	1,630
Nutrition		610	610
Nurseries		450	450
Family Assistance	700	700	1,400
Orphanages	450	1,000	1,450
Family Service*	150	100	250
Handicapped Children (MOH)**	450		450
Medical Support/ Orphanages (MOH)**	100		100
Youth	300	300	600
Information and Referral	200		200
Child Health (MOH)**	795		795
Misc. Program Support		321	321
Sub-Totals	3,595	5,661	9,256

B. Other Costs	
USAID Personnel	127
Contract Services	589
Participants	20
Commodities (Milk)	8
Sub-Totals	744
TOTAL (A + B)	$10,000

*Previously "Prevention of Infant Abandonment"
**Ministry of Health

EA/TD/SD
03/06/75

ATTACHMENT C

ADOPTIONS -- VIETNAM

CALENDER YEAR 1971-1974

CY 1970-1971									200*
CY 1972									485*
CY 1973	FFAC	Holt	TAISSA	CRS	WVRO	FCVN	PBF	Independent Channels	Total
Adopted in U.S.	298	30	29	0	18	-	-	UNK	375
Adopted in Other Countries	285	0	14	0	8	-	-	UNK	307
Total Adoptions	583	30	43	0	26	-	-	UNK	682
CY 1974									
Adopted in U.S.	323	182	65	58	7	54	6	150	845
Adopted in Other Countries	337	2	26	2	0	0	0	150	517
Total Adoptions	660	184	91	60	7	54	6	300	1,362

* No breakdown by agency available

FA/TD/SD: 3/6/75

ATTACHMENT D

ADOPTIONS -- VIETNAM

	CY 1970-71	CY 1972	CY 1973*	CY 1974
Total Adoptions	200	485	682	1,362*
Adopted in the U.S.	89	119	375	845**

* Includes 1,062 adoptions completed by seven MSW-Authorized Agencies listed below; and estimated 300 completed through other than-agency channels.

** Includes 150 adoptions completed through other-than-agency channels.

ORPHANS
(estimated)

Total full or half orphans	1,200,000
Children of fallen servicemen receiving benefits from the Ministry of War Veterans	805,000
Vietnamese children in registered orphanages	17,055
Mixed children in registered orphanages*	945
Children in non-registered orphanages or "homeless"	5,000
Other children living with mothers or relatives	372,000

*There are an estimated 10,000-15,000 children with foreign fathers (mixed children); with the exception of 945 in orphanages, (312 of whom are black-Vietnamese) all are living with their mothers or relatives.

U.S. Voluntary Agencies Authorized by the GVN/MSW to Process Intercountry Adoptions

Friends for All Children (FFAC)
Holt International Children's Services (Holt)
Traveler's Aid-International Social Services of America (TAISSA)
Catholic Relief Services (CRS)
World Vision Relief Organization (WVRO)
Friends of Children of Vietnam (FCVN)
Pearl Buck Foundation (PBF)

EA/TD/SD: 3/6/75

CIVIL AVIATION

The civil aviation sector in South Viet Nam consisted of U.S. assistance to the GVN's extending, in varying degrees of magnitude and concern, over an eighteen year period (1956-1974). This assistance was designed to help the GVN to develop a viable civil aviation system including the evolution of its national domestic and international air carrier - Air Viet Nam. Direct support to the U.S. and GVN military air sector was excluded from these efforts as was support for the air movement within Viet Nam which was esentially provided by Air America under contract to the U.S. Mission. However, improvements in the civil aviation sector through the years, as described below, were of invaluable assistance to military air activities as well as to the operations of Air America.

During the eighteen years of U.S. assistance, there were two periods, 1956-62 and 1963-74, during which the military and security conditions changed so drastically that they materially influenced the character and extent of U.S. assistance.

The first period, 1956-62, was not particularly affected by either U.S. or South Vietnamese military activities. It was possible for A.I.D. to concentrate on the development of South Viet Nam's civil aviation without much concern for military considerations. However, during the latter period, 1963-74, A.I.D.'s assistance to civil aviation was heavily influenced by the accelerated military activities and the presence of an enormous amount of U.S. and GVN military aviation. The civilian - military relationship became so significant that during the period 1968-73 funding was extended by the Department of Defense (DOD) to support A.I.D. civil

aviation operations. This period was to see thousands of Vietnamese becoming a part of a civil aviation operation that went completely beyond the magnitude that would have occurred under normal development conditions in a peacetime situation. The extent and cost of this activity became evident in 1973 when DOD phased out its funding, even though there still was a very large movement of GVN and U.S. military air traffic through civil airports, using civil air traffic controls, navigational aids, meteorological and other facilities. The GVN budget could not support the needs, and the Vietnamese civil aviation authorities were forced to reduce their civil aviation activities even though they were still given some assistance during 1974 by USAID.

During the extended period of A.I.D. assistance, the development of civil aviation throughout South Viet Nam was raised to a level far beyond that in neighboring Southeast Asian countries and a legacy of skilled specialists and technicians remains in South Viet Nam.

With the exception of several airport study contracts, a terminal building reconstruction contract, and an airline management training contract with Pan American World Airways, Inc. which were undertaken directly, most of the technical and logistic aid was provided by the U.S. Federal Aviation Administration under a Participating Agency Service Agreement (PASA) with A.I.D. and supported by A.I.D. and DOD funding. A brief description of the PASA program follows.

The Civil Aviation Assistance Group (CAAG)

In early 1956 A.I.D.'s predecessor agency, the International Cooperation Administration (ICA), formally agreed to provide assistance to build a

viable GVN civil aviation system. ICA subsequently engaged the Civil Aviation Administration, now Federal Aviation Administration (FAA), to furnish technical expertise. In July 1956 the FAA formed a group of U.S. technicians, the Civil Aviation Assistance Group (CAAG), and project activities commenced.

From the program's inception in 1956 through June 1964, assistance was principally provided under the Improvement of Aeronautical Ground Facilities Project, the purposes of which were:

1. to assist the GVN to develop an air traffic system which would meet international standards, including aeronautical ground facilities, air traffic control and communications systems;

2. to train GVN personnel in the operation and maintenance of air traffic control and communications systems;

3. to assist the GVN to develop and maintain a national system of airports;

4. to assist the GVN to develop a country-wide meteorological system with international links.

By the end of 1963 the project was believed to have largely accomplished its purposes, i.e. a civil aviation system capable of handling DC-3 type aircraft and low traffic density had been established. The functions of the country's civil aviation system had been divided among three agencies: the Directorate of Civil Aviation (DCA), the Directorate of Airbases (DAB), and the Directorate of Meteorology (DOM) and each entity had developed the administrative expertise to deal with its respective systems. As a consequence, the CAAG project was scheduled to be terminated in June, 1964.

However, during 1964, with the escalation of hostilities, the demands on the civil aviation system increased enormously. Enlarged and more sophisticated facilities were required to accommodate the increased magnitude of air traffic. To meet this need a new activity, the Civil Aviation Project (730-11-370-298), was created on July 1, 1964 which re-established the continuing need for PASA personnel. The statement of purpose of this new project was essentially the same as that of the earlier one, but was formulated in the context of a now proven GVN capability to handle more sophisticated aircraft and inordinately heavier activity. In fact, for a period of nearly a year there were at least two air bases in Viet Nam each handling more air movements than Chicago's O'Hare airport which was and still is the busiest in the world. While this traffic was largely military in nature, these bases were under the general direction and control of the Directorate of Civil Aviation. The PASA team alone during 1969 totaled 55 positions.

The Civil Aviation Project was funded by A.I.D. in FY 1965 and FY 1966. However, commencing in FY 1967, with the accelerated shift from economic to military requirements, funding was provided by DOD. From July 1, 1964 to March 31, 1973, the status of funding was recorded by the A.I.D. Mission as follows:

	Obligations	Expenditures	Unexpended Balance
A.I.D. (FY65-FY66)	$ 2,076,881	$ 2,076,881	$ -0-
DOD (FY 67-FY 73)			
Reimbursable	3,230,257	2,666,603	563,654
U.S. Air Force Cite Fund	10,809,311	8,849,550	1,959,761
Total DOD	14,039,568	11,516,153	2,523,415
Total funding	$16,116,449	$13,593,034	$2,523,415

Commencing in FY 1974, USAID again funded the project in view of the departure of the U.S. military presence following the Paris cease-fire agreement of March 1973. Such funding, however, was restricted to providing the salaries and expenses of the remaining five PASA technicians who were required to ensure the proper phaseout of the project as of June 30, 1974, by which time funding was terminated.

The FAA has prepared chronological reviews of their project activities which are attached to this summary. The reviews give an excellent picture of FAA activities during the life of their assistance. It is interesting to note that there was always a date set for termination of assistance, which had to be repeatedly extended because of the continuing buildup in U.S. presence until the final U.S. withdrawal was set.

Other A.I.D. Support in Civil Aviation

Other major actions taken by A.I.D. in support of civil aviation in South Viet Nam were:

1. 1968 - a study for Improvements to Saigon Airport, Bovay Engineers, Houston, Texas:

As a result of the lack of a master plan and sporadic and uncontrolled construction--military and civilian--caused by the rapid expansion of air movements at Tan Son Nhut, the principal international airport serving Saigon, A.I.D. agreed to underwrite the cost of analyzing existing facilities at the airport and securing recommendations for a more orderly expansion. In August 1967 Bovay Engineers of Houston, Texas, were commissioned to make a study. In February 1969, this study was completed. Unfortunately, considerable prior construction had been carried out

without such a plan, resulting in a very disorderly airport configuration, especially building hangers and revetment near the runway. Airport navigation aids had been interfered with which caused higher landing minimum. The Bovay report proved to be of value in subsequent installations and as a base for further study of airport requirements.

2. 1971 - a survey of Airport Requirements for the Saigon Metropolitan Area, William L. Pereira Associates/Pacific Architects & Engineers, Inc., Los Angeles, California.

As part of A.I.D.'s support to a South East Asian Transportation and Communications (SEATAC) study of regional air transport requirements, a study was undertaken by USAID to determine whether the existing airport facilities at Tan Son Nhut would meet future air transport needs, the impact of other areas airports, e.g. Bien Hoa on Tan Son Nhut, and whether a new facility would be necessary. William L. Pereira Associates, Planners/Architects/Engineers, with Pacific Architects & Engineers, Inc., were commissioned to carry out such a study in May 1971. This study indicated that under peaceful conditions air traffic at Tan Son Nhut would exceed the airport's capacity by approximately 1990 and that a new location for the airport would be needed. A number of sites were proposed, with one of them identified as the most advantageous. The importance of relating the location and construction of the airport to the overall development pattern of the city and other airport traffic was emphasized in this study and much useful air traffic economics was provided.

3. 1972 - rehabilitation of Tan Son Nhut International Passenger Terminal (AJU Construction Co.)

With the continued growth in the number of international arrivals

at Tan Son Nhut Airport, it was imperative that something had to be done about the inadequate and dismal condition of the existing international passenger terminal facilities. Although the Vietnamese would have liked A.I.D. to support a new facility, it was decided that USAID would only finance essential modification improvements to the existing buildings. In August, 1972 a contract was awarded to AJU Construction Co. (Korean) to reconstruct the existing Tan Son Nhut international passenger terminal. Plans had been developed by Adrian Wilson, Architects/Engineers, of Los Angeles. Work on this project proceeded at a very slow pace until the contractor, AJU, went bankrupt in 1974 and was replaced by another Korean firm, Dong Yong Construction Co. The project was within a month of completion when Saigon fell in April 1975.

4. 1969-1972 - Civil Airlines Advisory Assistance, Pan American World Airways, Inc.

Under Contract vn-49, Pan American World Airways, Inc. furnished technical assistance to Air Viet Nam, the national airline for the Government of Viet Nam. The contract objective was the development of Air Viet Nam as an efficient, safe, dependable and financially sound national airline with the capacity to improve, expand and modernize its fleet and service through its own revenues. Assistance was provided in the following areas: Analysis of management and operations (including the areas of finance, planning, marketing, technical center, communications and supply); an Air Viet Nam training program; and an overseas participant training program designed to train essential administrative technical personnel in a variety of fields.

Summary

In addition to the CAAG program, A.I.D.'s support to civil aviation totalled approximately $6 million in covering the costs of the activities described above. There was never more than one full time U.S. direct hire adviser in this sector although technicians from other areas, e.g. engineering, communications, etc. contributed their advice and services from time to time. While overall U.S. support was relatively small when compared to other sectors, U.S. efforts were cohesive and effective. The Vietnamese took well to civil aviation and proved adept in mastering technical and operational phases. Their weakest area consistently remained maintenance.

Despite chaotic wartime conditions which militated against the most rational evolution of civil aviation, the GVN responded flexibly and somehow managed to develop a cohesive, solid institutional base for the continued development of civil aviation as and when peace would permit.

1. FAA Reviews:
   - A. 1953 - 1961
   - B. September 11, 1962
   - C. October 1964
   - D. April 1966
   - E. 1970
   - F. 1972
   - G. Brief Summary - FAA Activities - Vietnam, 1965-1973

FAA REVIEWS

A. 1955-1961

B. September 11, 1962

C. October 1964

D. April 1966

E. 1970

F. 1972

G. Brief Summary - FAA Activities - Vietnam, 1965 - 1973

FAA Review - Vietnam, 1955-1961

CAAG Activities to Date - The initial task of the CAAG was to begin the organization of the Civil Aviation Agency. After the overall organizational plan was formulated, priority was given to the establishment of the segments most essential to the early functioning of an effective air traffic system. The Civil Aviation Agency has been staffed and personnel trained to handle installation and maintenance of air navigation and airports. Intensive training of air traffic controllers and communicators was conducted at Taiwan in 1955 and 1956. This training was shifted to the United States beginning in 1959 and is continuing at the present time. An aeronautical information service which was hurriedly established to meet immediate needs is now in the process of modernization.

Progress in "on-the-job" training has been retarded due to the fact the French left so few trained Vietnamese who possessed the organizational and teaching skills required in this essential work. However, with the active participation of the CAAG advisors, an excellent training center was developed in which training in air traffic control, communications and electronic maintenance is carried on very effectively. The first group of 19 basic air traffic controllers, trained entirely by DCA personnel, will be graduated on February 15, 1962. Two full time English language instructors (American) are also employed in the training center under the sponsorship of USOM.

Airport planning and construction is one of the major fields of activity in terms of total cost of the aviation program. At Tan Son Nhut Airport in Saigon the participation of the CAAG was limited, for the most part, to planning and engineering of a new, east-west, jet runway, taxiway, and apron with high intensity runway and approach lighting systems as well as an instrument landing system. A high intensity runway lighting system was engineered and installed on the existing north-south runway. In addition a new control tower was constructed and supplied with modern communications equipment, a VHF-DF facility, and a rotating beacon.

At Ban Me Thuot, Tourane, Hue, Dalat, Nha Trang, and Rach Gia airports, uniform installations of airport beacons and runway, threshold and taxiway lighting systems were planned, engineered and procured. Also, at Ban Me Thuot airport a runway, taxiway and apron were designed and the complete construction project supervised by the CAAG Airport Engineer.

The air traffic control portion of the aviation project, with the exception of the U.S. participant training program, was completed in December 1961 and the position of the ATC Specialist was phased out. The work of the ATC Advisors consisted of consulting, training, and making recommendations over the entire range of ATC problems: assuring

conformance of ATC procedures with ICAO requirements; planning and establishing civil airways and flight advisory routes within the Saigon Flight Information Region; siting of navigational aids; determining staffing requirements for Control Towers and the Area Control Centers; planning space requirements and physical arrangement of equipment and operating positions in the Towers and the Center; developing and implementing letters of agreement relative to air traffic control and communications procedures to be effected between Saigon Area Control Center, the Telecommunications Station and the major airports in Vietnam and the adjacent Flight Information Regions.

The work of the Telecommunications Advisor will carry on into mid 1963, although a great deal has already been accomplished in this area: Point-to-point telecommunications and air/ground communications requirements have been determined; staffing requirements for the area control center, towers and combined station/towers have been established; landline interphone circuit operational requirements have been determined for the center, the Tan Son Nhut tower, the telecommunications station, the remote transmitter and receiver stations; domestic and international radio telegraph and radio teletype communications services have been planned, engineered, and implemented; and direct voice channels between the Saigon area control center and the principal domestic airports have been implemented.

The telecommunication and navigational aids engineering, construction and installation basic program was, for the most part, completed in December 1961. However, a program to modernize the major communication facilities in the Saigon area has been undertaken to increase the capacity of the system to handle the rapidly increasing volume of air traffic. Already completed in the Saigon area have been: cost estimates and engineering plans, construction of buildings and installation of meteorological equipment, antennas, utility lines, control cables and electronic equipment associated with the air traffic control tower; cost estimates, engineering plans, and construction and installation of electronic equipment in the combined area control center and communication station; cost estimates, engineering plans and construction of remote transmitter and receiver stations; cost estimates and engineering for construction of buildings and installation of VOR and NDB navigational aids; and cost estimates and engineering for ILS which is not yet installed. The Telecommunications Advisors also played a large part in the plan, design, and installation of equipment in the Saigon Training Center as well as in the preparation of curricula, course materials, training aids, and instruction plans.

Development of Vietnam's meteorological system is considerably behind the other projects due to the late assignment (July 1959) of the Meteorology Advisor to the CAAC. Emphasis was placed on participant training of weather forecasters and electronic maintenance technicians in the United States. Radiosonde balloon inflation buildings were erected at Saigon and Da Nang.

A meteorological forecast center was established at Tan Son Nhut Airport in Saigon. Engine generator buildings for the meteorological communication system were constructed at five provincial locations. In addition to this construction, the following meteorological equipment was planned, engineered, procured, and installed: radiosonde station at Saigon; communications equipment at 10 provincial stations; teletype equip at Saigon for local meteorological circuits; and radio teletype receivers for reception of the Tokyo meteorological broadcasts.

In the field of aviation administration the following has been accomplished: An Aviation Code was drafted by Mr. Sherman Morris, FAA attorney, who was detailed to Saigon for three months during 1959; rules and regulations governing personnel licensing were drafted and adopted as law by virtue of authority vested in the Director of Civil Aviation by the President of Vietnam; rules governing medical certification were also drafted and adopted as law; airman certificates including Student through Air Line Transport Pilot, Aircraft Maintenance Engineer, Flight Engineer, Foreign License Validation Certificates, and Medical Certificates were drafted and published; a basic airman records section was established; two Vietnamese Air Force pilots were assigned to the DCA and trained in the U.S. up to the level of Airline Transport Pilot with Viscount type ratings in order to provide a nucleus of trained personnel for the establishment of a "Flight Standards Division" within the DCA. Pilot ground training and flight familiarization conducted in a link trainer was begun for key personnel of the DCA and Air Vietnam. Also 19 basic air traffic controllers, trained almost exclusively by DCA personnel, were graduated from the DCA Training Center in Saigon.

Airports Program.
Work remaining, which is scheduled to be completed by October 1962, is construction of new east-west jet runway, taxiways, and ramp, at Tan Son Nhut Airport, Saigon, which includes installation of a high-intensity runway and approach lighting system, and taxiway lighting; and installation by DAB of airport beacon lights and runway, threshold, taxiway and turn-off lights at seven provincial airports.

As a result of the rapid Defense build-up, several large airport construction and rehabilitation projects have been undertaken by U.S. Military Agencies.

Telecommunications and Air Navigation Aids.
Several projects remain to be completed in these areas. Some of the more important of these are: modernization and rehabilitation of the remote transmitter and receiver stations; modernization of the Tan Son Nhut communications station; construction of building to house combined station/tower at Hue and installation of required electronic equipment; installation, adjustment and commissioning of Instrument Landing System at Tan Son Nhut Airport; implementation of ATS direct speech circuits between Saigon Area Control Center and air traffic control facilities operated by adjacent countries; implementation of high frequency radio-teletype facilities between Saigon and Hong Kong, Manila, Bangkok, Phnom Penh, Singapore.

As in the case of the airport program, considerable augmentation of the existing civil ATS system by U.S. Military Agencies will be implemented in the near future. Extension of CAAG Telecommunications Advisor and Electronic Engineer beyond the phase-out date of December 1963 may be necessary to assure orderly planning, engineering, etc. of these additional facilities and equipment.

Meteorology Program.
Emphasis will continue on participant training, either in the U.S. or Thailand. Expansion of Meteorological Center and Directorate Headquarters at Saigon is planned. A radiosonde station will be installed at Da Nang. Miscellaneous meteorological observation equipment will arrive and be installed at 21 provincial observation stations. Additional communications equipment for collection and distribution of meteorological information will arrive and be installed.

Again, the U.S. military has already begun an equipment augmentation program of considerable magnitude which will have an immediate impact on the civil meteorological program.

FAA - Review - Vietnam, September 11, 1962

Future CAAG Activities

Current plans call for the completion of the aviation program in Vietnam in December 1963. This date may need to be extended if, during this period of emergency, military air traffic control requirements necessitate installation of additional equipment.

Civil Aviation Administration

Much remains to be done in developing civil aviation legislation and policy. Adoption of an Aviation Code by the National Assembly of Vietnam appears remote while the country is under its present state of emergency. The DCA aviation attorney, who has only recently returned from a course of study of aviation law at McGill University, and who is in the process of revising the Aviation Code, has been inducted into the military service.

The two VNAF pilots who were trained in the U.S. to assume safety regulation responsibilities in the DCA are being recalled into the military service.

The Director of Civil Aviation was recently promoted to the post of Secretary General of Public Works and Communications, the responsibilities of which have thus far left little time for pursuit of his secondary role of Director of Civil Aviation.

Personnel Training

Basic pilot training at the ICAO Civil Aviation Training Center in Thailand has been undertaken. These pilots will graduate in approximately two years with Senior Commercial Pilot Certificates plus Instrument Ratings, at which time they will be employed by Air Vietnam.

Plans are also underway for pilot training for key members of the DCA and Air Vietnam, none of whom has any piloting experience. The course will be conducted on Cessna 182 aircraft furnished by Air Vietnam on a nonprofit basis. Sufficient training will be given to qualify each participant for a Private Pilot License.

Participant training in the U.S. has been suspended in most categories due to inability to obtain releases from the Ministry

of Defense. Training of people who are beyond military draft age must also be curtailed due to present and anticipated future loss of skilled technicians to the military.

Preliminary arrangements have been made with the ICAO Regional Office in Bangkok, to provide an Electronics Maintenance Instructor to the DCA for a one-year assignment in 1963. On-the-job and academic training will be given at basic and advanced levels. Short and long term training in other technical specialties is also planned at the ICAO Civil Aviation Training Center - military situation permitting.

FAA Review - Vietnam, October 1964

Background Information

The Civil Aviation Assistance Group was established July 1956 subsequent to a comprehensive requirements survey conducted by an FAA team.

The Group immediately organized a training program to provide replacements for the French air traffic controllers, communicators, and electronic maintenance technicians who were forced to leave the country. The French had been operating the aviation services but had done no training of the Vietnamese to take over these functions.

Another problem requiring immediate action by the CAAG was the installation of a VOR and NDB at Da Nang to aid air traffic in avoiding violation of Red China's airspace. (Red China had served notice that any foreign aircraft straying over their territory would be fired upon. This threat was carried out when a Cathay Pacific airliner deviated from the established route and was shot down over the island of Hainan.)

Civil Aviation Assistance Activities to December 1962

The initial task of the CAAG was the organization of a Vietnamese Civil Aviation Agency. Priority was given to the establishment of those segments most essential to early functioning of an effective aviation system. The Directorate of Civil Aviation (DCA) was staffed and personnel trained to handle installation, maintenance, and operation of air navigation and communications facilities and construction, and maintenance and operations of airports.

Airport planning, engineering, and construction is one of the major fields of activity in terms of total cost of the aviation program. A new jet runway, equipped with high intensity runway and approach lights, was constructed at Saigon. An ILS, VOR, and NDB were installed in addition to an area control center, meteorological forecast center, air traffic control tower, and an aviation training center.

Point-to-point telecommunications and air-ground communications systems were engineered, procured, and installed. This included both domestic and international radiotelegraph, radioteletype, and direct voice channels connecting Saigon to the principal domestic airports and adjacent flight information centers.

At Ban Me Thuot, Tourane, Hue, Dalat, Nha Trang, and Rach Gia airports, uniform installations of airport beacons and runway, threshold and taxiway lighting systems were planned, engineered and procured. At Ban Me Thuot airport a runway, taxiway, and apron were constructed and supervised by the CAAG airport engineer.

Development of Vietnam's meteorological system lagged considerably behind the other projects due to the late assignment (July 1959) of the meteorological advisor to the CAAG. Primary emphasis was placed on participant training of weather forecasters and electronic maintenance technicians in the United States. Radiosonde balloon inflation buildings were erected at Saigon and Danang. A meteorological forecast center was established at Tan Son Nhut Airport in Saigon. Engine generator buildings were constructed at five provincial locations, a radiosonde station at Saigon, communications equipment at Saigon and ten provincial stations, teletype equipment at Saigon for local meteorological circuits, and radioteletype receivers for reception of the Tokyo meteorological broadcasts.

In the field of aviation administration, the following was accomplished:

An Aviation Code was drafted by an FAA attorney; personnel licensing and medical certification standards and regulations were drafted and adopted; a basic Airman Records Section was established; two Vietnamese Air Force pilots were assigned to the DCA and trained in the United States up to the level of airline transport pilot with Viscount type ratings in order to provide a nucleus of trained personnel for the establishment of a Flight Standards Division within the DCA.

CAAG Activities in Direct Support of the Present Counter-Insurgency Effort - 1962 to present

The airways structure implemented by previous CAAG members and attendant airways system equipment (navigation aids and communications networks) were adequate for the level of traffic until late 1962. At this time the U.S. Government started massive support of RVN counter-insurgency efforts. Air traffic had increased by 200 to 300% and was further complicated by tactical and air defense requirements which are not normally compatible with a civil aeronautical system in any environment. Unusual and heavy traffic loads strained all resources and challenged the capabilities of controllers accustomed to a much lower rate of activity.

In support of the civil system, and to supply needs generated by the increase in military traffic, the U.S. military and the U.S. civil government sources supplied and installed, or are in the process of doing so, many new navigation aids: TACANS at Danang and Saigon, many nondirectional radio beacons, ATC voice circuits to adjacent control regions, point-to-point high frequency voice and CW communications within the Saigon Flight Information Region, and military air-ground communications augmentation packages in all towers and the Area Control Center. The military recently instituted a Flight Following Service (FFS) for aircraft not under civil control connecting all important air fields in Vietnam. This service was assumed and operated by the DCA in January 1964. This will be integrated into and will greatly expand the activities and capabilities of the Area Control Center at Saigon.

To cope with the many problems arising from rapid defense build-up, the CAAG assisted the DCA in forming an Air Coordinating Committee. Representatives from the Directorate of Civil Aviation and the Civil Aviation Assistance Group meet with representatives from the Vietnamese Air Force, the Military Assistance Command/ Vietnam, MAAG, and all branches of the U.S. military concerned with aviation and support; a joint Aviation Safety Subcommittee has recently been designated by the group to work out an aviation safety program. Civil air carrier representatives are included in the group.

The augmentation of the original aviation system to increase its capability to handle the large increase in air traffic consists primarily of four items:

1. Rearrangement of existing air traffic control and navigational facilities for more efficient operation;

2. Increase in numbers, type and efficiency of communications facilities, both domestic and international, civil and military;

3. Increased training for electronics technicians to allow greater efficiency in maintenance;

4. Integration of civil and military facilities into a common ATC system.

During 1963 a new tower was completed and commissioned at Danang, greatly increasing the safety of both civil and military operations

from that facility. The Tan Son Nhut Airport construction project which was also completed in 1963 consists of a new jet runway, associated taxiways, parking ramp, runway and taxiway lights, High Intensity Approach Light and Sequenced Flasher system, and major stand-by power installation. This is one of the most modern international airport plant facilities in Southeast Asia. During 1964 the installation of the Instrument Landing System and the associated meteorological equipment (Transmissometer and Ceilometer) will complete the all-weather capability of this airport. The existing Air Traffic Control Tower at this facility was completely rebuilt from an electronics and operational standpoint, increasing the efficiency of the controllers and integrating the electronics equipment being supplied under the Military Assistance Program into a common facility. Additional high-powered single sideband transmitting and receiving equipment was programmed in 1963 and is on order to increase the international ATC communications systems which connect Saigon with Bangkok, Manila, Hong Kong, and Singapore. This will initiate direct controller-to-controller voice circuits with all adjacent area control centers, and will also increase the number and quality of aeronautical telecommunications circuits to adjacent international communications stations. This project should be completed during 1965.

In July 1964, eleven Vietnamese pilots returned to Saigon from the ICAO Civil Aviation Training Center in Thailand. These pilots were given approximately two years training under an AID-sponsored program and received the equivalent of Senior Commercial Pilot Certificates with instrument ratings. Seven more students remain at the Center and their training is expected to be completed in May 1965. Graduates of this school are employed by Air Vietnam and will eventually permit release of military pilots now used by the airline to VNAF.

Future CAAG Activities

Current plans call for the completion of the aviation program in Vietnam in June 1967; however, this date may need to be extended if, during this period of emergency, military requirements necessitate installation of additional equipment or continuation of FAA advisory assistance.

Civil Aviation Administration

Much remains to be done in developing civil aviation legislation and policy. Adoption of an Aviation Code by the National

Assembly of Vietnam appears remote while the country is under its present state of emergency. The DCA aviation attorney, who has only recently returned from a course of study of aviation law at McGill University, and who is in the process of revising the Aviation Code, has been inducted into the military service.

The two VNAF pilots who were trained in the United States to assume safety regulation responsibilities in the DCA have been recalled into active military service.

Air Traffic Control and Telecommunications

Areas of future activity:

1. Installation of a telephone key system in the Saigon Center to standardize and simplify the use of several different types of communications media.

2. Installation of an improved teletype system.

3. Inauguration of a certification program designed to standardize air traffic controller basic and advanced training to insure competence of all controllers whether they be VNAF, DCA, or U.S.

4. Establishment and operation of air defense ADIZ and AMTS.

5. Promulgation of joint-use agreements to permit integration of military and civil equipment into a common aviation system. (Urgently needed is the remoting of military radar to civil ATC facilities at Saigon and Danang.)

6. Continuation of participant training with particular emphasis on instructor training.

7. Augmentation, as required, of navigation and communication equipment in the ATC system. (Extended range VHF project is now 30% complete and should be completed in FY 1965.)

8. Assistance to DCA in investigation to determine underlying cause(s) of ATC problem areas and development of corrective measures through Aviation Safety Committee action and liaison with pilots and operators.

Airport Program

An expansion and rehabilitation project involving some 15 provincial airports was instituted in mid-1964 but was cancelled by the USAID Mission in October of the same year.

BRIEFING PAPER ON AIR TRANSPORTATION IN VIETNAM

A. The Role of Air Transportation in the Economy of Vietnam: Air transportation is distinctly less important in the Vietnamese economy than are the surface modes of transport. Moreover, the country is relatively small in area, being only the approximate size of the State of Washington and, hence, an extensive air transport system is not too economic an undertaking. Nevertheless, in recent years, the importance of air transportation has been growing, especially as a mode of travel for government officials, military personnel, etc., because of the dangers of surface travel. On the other hand, international air transportation is of more significance to the Vietnamese economy, at least in the area of passenger transportation, but the bulk of cargo being carried to and from the country is handled by ships. There are about sixteen airports in Vietnam, the most significant being those at Saigon, Da Nang, Hue, Nhatrang and Dalat. The Vietnamese flag carrier and sole domestic operator is Air Vietnam, which is 75% Government-owned, the remaining 25% being in the hands of various French aviation interests, including Air France. Air Vietnam's fleet consists of one DC-6B; one DC-6; one DC-4; five DC-3s; one Cessna 310G; two Cessna 185, and one Caravelle 210. The company's international network consists of routes from Saigon to points in Southeast Asia, including Hong Kong and Bangkok. Vietnam is served at Saigon's international airport, on a scheduled basis, by some seven international carriers, including the U.S. airline, PAA.

B. The Role of Government in Air Transportation: Despite the unstable political situation in Vietnam, responsibility for civil aviation affairs continues to remain within the Ministry of Public Works and Communications, acting through its component, the Directorate of Civil Aviation. In fact, air transport matters appear, at times, to be entirely undisturbed by the country's political upheavals, an example of this being the continuation of Air Vietnam service to Phnom Penh even after Cambodia and Vietnam terminated diplomatic relations. Governmental policy toward civil aviation is generally protectionist, being very much influenced by the fact that the Vietnamese Government has the controlling interest in Air Vietnam, and it is noteworthy that the Government is currently laying plans for the expansion of the airline's network. Insofar as international aviation organizational affairs are concerned, Vietnam is a member of the International Civil Aviation Organization, having adhered to the Chicago Convention in 1954, but the Government of Vietnam is not

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a signatory of the two agreements associated with that Convention, namely, the International Air Services Transit Agreement and the International Air Transport Agreement. The Vietnamese carrier participates in international airline affairs through its membership in the International Air Transport Association. As far as can be ascertained, the Government of Vietnam has no formal bilateral air transport agreement in effect at this time.

C. United States Air Transport Relations with Vietnam: During the period 1958-1960, the Governments of the United States and Vietnam negotiated intermittently for an air transport agreement, but no agreement was ever concluded. In its absence, PAA serves Saigon by virtue of unilateral authorization issued by the Government of Vietnam. The Vietnamese have, in the past, placed certain restrictions on PAA services to and from Saigon, one such restriction being a prohibition against the carriage of cargo over the Tokyo-Saigon segment on its all-cargo services. Despite the fact that this restriction was recently lifted and PAA was also granted authority for an additional cargo frequency, the Government of Vietnam clearly intends to continue to protect the interests of Air Vietnam, inasmuch as it gave only provisional authority for the additional frequency. The Vietnamese also stipulated that this additional concession was subject to review at such time as Air Vietnam institutes its own service between Saigon and Tokyo.

October 28, 1964

FAA Review - Vietnam, April 1966

Background

The Civil Aviation Assistance Group (CAAG) was established July 1956 following a comprehensive requirements survey conducted by an FAA team. The Group immediately organized a training program to provide replacements for the French air traffic controllers, communicators, and electronic maintenance technicians who were forced to leave the country. Another problem requiring immediate action was the installation of a VOR and NDB at Da Nang to aid air traffic in avoiding violation of Red China's airspace. Priority was given to the organization of a Vietnamese Civil Aviation Agency with emphasis on the establishment of those segments most essential to early functioning of an effective aviation system.

Airport planning, engineering, and construction was one of the major fields of activity in terms of total cost of the aviation program. Six major airports were rehabilitated and modernized. A new jet runway, equipped with high intensity runway and approach lights, was constructed at Saigon. An ILS, VOR, and NDB were installed in addition to an area control center, meteorological forecast center, air traffic control tower, and an aviation training center. Point-to-point telecommunications and air-ground communications systems were engineered, procured, and installed. This included both domestic and international radiotelegraph, radioteletype, and direct voice channels connecting Saigon to the principal domestic airports and adjacent flight information centers.

In the meteorological program, primary emphasis was placed on participant training of weather forecasters and electronic maintenance technicians in the United States. Radiosonde balloon inflation buildings were erected at Saigon and Danang. A meteorological forecast center was established at Tan Son Nhut Airport in Saigon. Engine generator buildings were constructed at five provincial locations, a radiosonde station at Saigon, communications equipment at Saigon and ten provincial stations, teletype equipment at Saigon for local meteorological circuits, and radioteletype receivers for reception of the Tokyo meteorological broadcasts.

In the area of aviation administration, an Aviation Code was drafted; personnel licensing and medical certification standards and regulations were drafted and adopted; a basic Airman Records Section was established; two Vietnamese Air Force pilots were assigned to the Directorate of Civil Aviation (DCA) and trained in the United States up to the level of airline transport pilot with Viscount type ratings to provide a nucleus for a Flight Safety Division.

CAAG Activities in Direct Support of the Present Counter-Insurgency Effort - 1962 to Present

The airways structure implemented was adequate for the level of traffic until late 1962. When the U.S. Government began massive support of Government of Vietnam counter-insurgency efforts, air traffic increased by 200 to 300% and was further complicated by tactical and air defense activities. To support this increase in military traffic, the U.S. military and the U.S. civil government sources supplied and installed, or are in the process of doing so, many new navigation aids: TACANS at Danang and Saigon, many nondirectional radio beacons, air traffic control voice circuits to adjacent control regions, point-to-point high frequency voice and CW communications within the Saigon Flight Information Region, and military air-ground communications augmentation packages in all towers and the Area Control Center. The military recently instituted a Flight Following Service (FFS) for aircraft not under civil control connecting all important air fields in Vietnam. This service was assumed and operated by the DCA in January 1964. This will be integrated into and will greatly expand the activities and capabilities of the Area Control Center at Saigon.

The current traffic count at Tan Son Nhut Airport in Saigon is now running in excess of 42,000 operations per month. By comparison, O'Hare Airport in Chicago, which was recently given the title of the busiest airport in the world, averages about 2,000 operations per month less than Tan Son Nhut. The number of aircraft movements at Tan Son Nhut and Bien Hoa--a large military air base, located 12 miles east--now exceed the combined total of J. F. Kennedy and La Guardia Airports. To cope with this unprecedented amount of air traffic, the FAA--with AID funding--has procured and will shortly install a radar air traffic control system in the Saigon Area Control Center. A team of thirteen FAA radar air traffic controllers and maintenance technicians has been assigned to Saigon to assist the DCA in the operation and maintenance of this system.

To coordinate the many problems arising from rapid defense build-up, the CAAG assisted the DCA in forming an Air Coordinating Committee comprised of representatives from the DCA, CAAG, VNAF, MAC/V, and MAAG. A Joint Aviation Safety Subcommittee has recently been designated by the group to work out an aviation safety program. Civil air carrier representatives are included in the group.

FAA, in Washington, is currently engaged in a project--also under AID sponsorship--to augment Air Vietnam's aircraft fleet. Four DC-4 and two DC-3 aircraft were procured from U.S. military surplus and are now undergoing rehabilitation and modification as necessary to meet Air Vietnam's requirement. It is anticipated that these aircraft will be delivered to Saigon by May 15, 1966.

FAA Headquarters--under a reimbursable agreement with the U.S. Air Force--is supplying five air traffic control towers and associated electronics equipment for use in Vietnam and Thailand. Five FAA technicians are proceeding to Southeast Asia on April 11, 1966, to supervise erection of the control towers and installation of the equipment. It is understood that a requirement for five additional control towers is imminent. The total cost of this project will be approximately $4 million.

Future CAAG Activities

The Civil Aviation Assistance Group is currently scheduled to phase out by June 1967; however, in view of the alarmingly high rate of attrition of the DCA staff through conscription and resignations to seek more lucrative employment, it is anticipated that this date will be extended.

Principal Contacts

Charles A. Mann	Director of U.S. Agency for International Development Mission/Vietnam
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B. H. Tuan	Ministry of Public Works
Truong Van Thuan	Ministry of Transport and Comm
Nguyen Tu Thien	Director of Civil Aviation
Phan Dinh Tang	Director of Air Bases
Dang Phuc Dinh	Director of Meteorology
Lt. Col. Pham Long Suu	President, Air Vietnam Airlines

Note: Mr. Cooper is FAA's Senior Representative in Vietnam. His office is located on the east side of Tan Son Nhut Airport near the civilian air terminal.....

FAA Review - Vietnam, 1970*

NAVAIDS

The ICAO Plan recommends four VOR's, three DME's, and one ILS system. The locations and present status of the navaids program is as follows:

DaNang - VOR/DME. Military VOR/DME (TACAN) are presently in operation at the DaNang Air Base. A civil VOR exists off base, but has been out of service for a number of years. This facility is expected to be returned to service when conditions are favorable. No firm plans exist for the procurement of a civil DME.

Phan-Thiet - VOR. A VOR equipment is available for installation at either location, when conditions permit. A second system is programmed for the alternate location.
Qui-Nhon - VOR/DME. A DME (TACAN) is operational at Qui-Nhon.

Saigon - VOR/DME/ILS. A VOR/DME (TACAN) and an ILS are in operation.

An additional VOR system is on hand and installation is scheduled for 1970 at the following location:

Ban Me Thuot - This location is in addition to those recommended by ICAO.

Long range plans call for the installation of VOR's at the following locations:

Nha Trang	Binh Long
Pleiku	Ba Xuyen
Quang Ngai	

In view of the existing situation in Vietnam, and because of the uncertainty of the disposition of a large number of navigational aids presently used by the military and additionally, because of the impracticality of installing recommended aids that are available, it is recommended that the procurement of additional navaids systems be delayed.

*Taken from SEA Regional Survey, June 1970

TELECOMMUNICATIONS

The Telecommunications Study, conducted under the auspices of AID in 1969, did not include the requirements for Vietnam. The Vietnamese delegation to the Kuala Lumpur meeting in April/May 1967 presented the following projects in the telecoms area:

a. Semi-automatic equipment for the radioteletype circuits to all adjacent communications centres. (Hong Kong, Thailand, Philippines, Cambodia, Laos, Malaysia, Singapore).

b. Radioteletype circuits to all national airports. (Tan Son Nhut, Hue, DaNang, Quinhon, Banmethuot, Dalat, Nhatrang, Cantho, Pleiku, Camau, etc.).

c. HF radiotelephony and long range VHF air/ground communications, for air traffic control, flight information and general purposes.

d. HF or VHF extended range radiotelephony for weather broadcasting to aircraft in flight.

Progress is being made in the implementation of items b, c, and d. However, no progress, beyond the planning stage, has been made on Item a, the requirement for a semi-automatic switching equipment for radioteletype circuits.

The ICAO Middle East/South East Asia Air Navigational Plan states that an automatic relay system should be installed at Saigon as soon as practicable but not later than 6 December 1973. In order to maintain transit time delays within acceptable limits when the adjacent states are equipped with automatic switches (Manila and Hong Kong are now equipped), Saigon will require a semi-automatic switching system. A proper choice of equipment will permit a later expansion to a fully automatic capability when the need arises.

The estimated cost of a semi-automatic switching system with automatic error correction is estimated at about $300,000.00. Supervisory engineering installation services and a one-year field service and training agreement should be considered for inclusion in contract negotiations for the supply of the switch.

Sites Visited

The VOR, ILS existing control tower, new control tower, communications and area control centers, and the RAPCON were visited in Saigon.

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General Summary of Installations Visited

The appearance of the facilities visited could not be classed as representative of what would be expected under normal conditions. The fact that the facilities were operating and providing a service is a credit to all who make it possible. The VOR/DME (TACAN) and ILS are periodically flight inspected. The VOR is protected by a sandbag barrier and has a number of military installations located within the normally restricted area. The site should be improved with the eventual clearing of the area. Building and grounds maintenance can be improved. The electronic maintenance of the facility appeared to be perfectly adequate, and the technical calibre of the maintenance technician in charge is impressive.

The ILS conditions were somewhat similar to those found at the VOR. A row of hangars have been constructed within the critical area of the localizer antennas, and it is suspected that anomalies exist in the radiation pattern. The technician reports that a useable course exists. The electronic maintenance of the ILS appears adequate, whereas the buildings and grounds maintenance are considered substandard.

The new control tower has been well planned, located and constructed. It should meet the airport requirements for many years to come.

The existing control tower, while crowded, appears to be operating well, and under normal conditions, would be considered adequate for expected normal levels of traffic. Under present conditions, however, it is hopelessly inadequate as to space, maintenance of equipment, and appearance. Despite the difficulties, the controller workforce is performing an outstanding service with the assistance of USAF ATC Specialists, in this very busy terminal area.

The control center, located in an inadequate building with many deficiencies, is operating well because of the existence of adequate communications, radar air traffic control, and the assistance provided to the Directorate of Civil Aviation by the many FAA electronic and ATC Specialists.

Maintenance Activities and Support

The continuous functioning of the air traffic control system is made possible only through the joint efforts of the DCA, USAID Civil Aviation Assistance Group (FAA), the U.S. Air Force and other military components. Maintenance of the navigational aids and a great deal of the communications is provided by the DCA. The more

sophisticated electronic equipment is maintained by the Civil Aviation Assistance Group and U.S. Air Force Specialists. An intensive training program is underway to prepare the Vietnamese DCA technicians to assume the major maintenance responsibilities.

The routine supply of spare parts and new procurements have been funded through USAID.

Planning Activities

The navigational aids, communications facilities, and airways system planning to meet the needs of a wartime environment greatly exceed the normal requirements of Vietnam. To support even a small portion of the existing system, without direct outside assistance, will be a major challenge to the Director of Civil Aviation.

The need to develop an effective warehouse and supply support system is a formidable obstacle that has thwarted the success of many civil aviation programs. The ability to retain and upgrade competent personnel is relatively easy now, but when the existing constraints against leaving government service are loosened, and other opportunities exist, many of the best qualified technicians will leave the DCA, unless better incentives are offered.

Vietnam Air Traffic Control System

a. Airway/Route Structure

A single layer airway/route structure exists throughout the Saigon Flight Information Region (FIR). Airway/route widths are in accordance with the criteria set forth in appropriate ICAO documents.

The present airway/route system, with the exception of the Saigon and DaNang VORs, is based on non-directional radio beacons (NDBs). Navaids are operated and maintained by the Department of Civil Aviation (DCA), and military units.

Civil international air traffic activity is centered on airways Green 9, Red 68, on arriving and departing the Tan Son Nhut airport. The aircraft entering and departing the airport do so using a VOR and 5 NDBs.

Within a sixty nautical mile radius of the Tan Son Nhut Airport, there are 15 restricted or danger areas, several of which are in proximity to the airport itself. This arrangement of restrictive airspace limits adn somewhat dampens the capability of air traffic control.

b. Air Traffic Control

The Department of Civil Aviation is responsible for providing air traffic control services and facilities for aircraft operating in the FIR airspace designated by ICAO.

The Saigon Area Control Center (ACC) provides air traffic services for aircraft operating within the airspace overlying South Vietnam and adjacent international waters; the ACC also provides air traffic control services and/or flight advisory service for aircraft operating in certain airspace over the countries of Laos and Cambodia.

At the present time, DCA is operating one (1) ACC at Saigon and five (5) Aerodrome Control Towers, Tan Son Nhut, Ban Me Thuot, Dalat, Qui Nhon, and Hue.

During this survey, only Saigon ACC and Tan Son Nhut Control Tower facilities were visited.

(1) Saigon Area Control Center

The Saigon ACC facility is located in the Tan Son Nhut Airport area.

For approximately 3 years, radar air traffic control service has been provided within a 150 nautical mile radius of the Tan Son Nhut Airport.

The Saigon ACC FIR is subdivided into five basic areas of control (sectors). Sector one, two, and three are manual (non-radar) control positions, and encompass the North, Northeast and a major portion of the international waters of the FIR. Sectors four and five are radar control positions, and encompass a 150 nautical mile radius of the Tan Son Nhut airport. Vietnamese controller personnel operate all manual sectors; FAA controller personnel operate the radar sectors. At this time, however, because twenty Vietnamese controllers are attending the FAA Academy in Oklahoma City, FAA controllers, as required, are also operating manual sectors.

The air traffic activity in the ACC area spans a wide spectrum of aircraft types--from helicopter to supersonic aircraft. The preponderance of air traffic activity is military oriented or generated. In the past year, the overall volume of air traffic has stabilized and in fact, at the time of the survey, appeared to be on a downward trend. It can be expected that as military air traffic activity decreases, civilian air traffic will increase; however, the percentage of increase in civilian activity will not be of a significant magnitude to replace the expected subsequent loss in military activity.

There is very little training in the area of radar control, provided to the Vietnamese controller personnel.

The existing number of qualified controllers, FAA and Vietnamese, available at the ACC for control duty, more than adequately meets the needs of the present air traffic activity.

(2) Tan Son Nhut Aerodrome Tower

The Tan Son Nhut tower facility is presently located in an old structure on the airport; it is expected to be relocated to a new and modern structure late in 1970.

The airport has parallel runways - 7R/25L - 7L/25R. There is an ILS and VASI on Runway 25L.

Approach control service is presently provided from a USAF GCA mobile unit. With the exception of three (3) South Vietnamese controller personnel, approach control service is provided by USAF personnel. Recently a training program had been instituted by the USAF to radar qualify the required number of Vietnamese controllers to operate the approach control service function.

With the exception of approach control service, Vietnamese tower controllers provide all other air traffic control service for the Tan Son Nhut Airport.

The existing number of controllers, Vietnamese, and USAF, available at this facility, more than adequately meet the demands of today's air traffic activity.

c. ATC Training

On 15 April 1970, the Department of Civil Aviation implemented an accelerated basic ATC training program for thirty (30) eligible candidates.

The Saigon Area Control Center has provided a minimum of on-the-job (OJT) radar training to the Vietnamese controller personnel. The existing arrangement of control positions non-radar/radar, and the manner in which individuals are assigned to radar control positions, limits OJT radar training and the opportunity to become familiar with the equipment and the concept of radar traffic control.

The USAF has done an excellent job of training and qualifying Vietnamese tower controllers in airport air traffic control service. The radar approach control OJT training program has shown good results; unfortunately, this program will be somewhat restricted until the return of controllers from the FAA Academy.

d. General Comments

The planned and proposed VORs that will be included in the ATC system will adequately provide the means for establishing airways and routes to meet the demands of anticipated air traffic activity.

The overall air traffic control system is meeting the requirements of today's air traffic activity. It is reasonable to assume that if the quality of today's air traffic control system is retained or improved, the system will meet future requirements.

The quality of air traffic service provided in the Saigon FIR is good. However, discussions with air carrier pilots indicate that the air traffic control service has deteriorated in the past year.

FAA Review - Vietnam, June 30, 1972

INTRODUCTION:

The present aviation system and airway structure in Vietnam is adequate and should prove satisfactory over the next several years. All air traffic control facilities in Vietnam which include Control Towers, Communications Systems, Airports, and one Enroute Air Traffic Control Center operate under extremely adverse conditions. The fact that these facilities are operating and do provide the services for which they are established is a credit to all who make it possible.

Several facilities are located in normally restricted areas. Security is a major problem in many locations. All facilities are flight checked periodically and maintained in an operable status. The electronics maintenance of the facilities are adequate and the technical capabilities of the Vietnamese electronics personnel are satisfactory.

The Navigational aids, communications facilities, and airways system necessary to meet the needs of a wartime environment greatly exceed the peacetime requirements of Vietnam. To support even a small portion of the existing system without direct outside technical and monetary assistance is a major challenge to the Vietnamese Directorate of Civil Aviation (DCA).

Training of personnel to operate and maintain the aviation system is a continuing project. As more facilities are turned over to the GVN by U.S. military units, the workload and expense of operation increases for the various Vietnamese Directorates.

A major problem in the future will be that of retaining competent trained personnel when current constraints for leaving the government are removed and other opportunities arise in a peacetime environment.

A. AIDS TO AIR NAVIGATION

The ICAO Navigation Plan for Vietnam recommends installation of four Visual Omni Ranges (VOR), three Distance Measuring Equipment (DME) units, and one Instrument Landing System (ILS) for the country. The present status of these Navaids are:

1. Da Nang: The old VOR at Da Nang is located in an unsecure area and heavily damaged. There is no plan to rehabilitate this facility as repairs are not practical.

The U.S. Air Force has installed a VOR and a TACAN at Da Nang. These facilities are in good repair and currently located in secure

areas. The TACAN was transferred to the VNAF in mid 1972 and the VOR will be turned over to the DCA in the future.

2. Phan-Thiet: When security conditions permit, a VOR presently stored in-country will be installed at this airport.

3. Qui-Nhon: A VOR has been ordered for this airport and will be installed when conditions permit.

4. Saigon: Saigon has one civil VOR and one ILS system at Tan Son Nhut Airport. The VNAF operates and maintains a TACAN located on Tan Son Nhut.

5. Ban Me Thuot: A VOR system is being installed at Ban Me Thuot and should be commissioned by the end of 1972. This VOR system is in addition to those recommended by ICAO.

The long range plan developed by DCA/CAAG recommends the installation of VOR's at the following locations: Nha Trang, Quang Ngai, Ba Xuyen, Pleiku, Binh Long and Hue. In view of the existing security situation in Vietnam and the unknown number of navigational facilities which will be turned over to the DCA by the U.S. military, it is recommended that procurement of additional Navaid systems be delayed.

B. AIRWAY/ROUTE STRUCTURE

A single-layer airway route structure is used throughout the Saigon Flight Information Region (FIR). Airway route widths are in accordance with the criteria set forth in appropriate ICAO documents.

The present airway route system is based on Non-Directional Radio Beacons (NDB's). Navaids are operated and maintained by either DCA or military units.

All air traffic arrives and departs Tan Son Nhut airport via approved Preferential Routes. Aircraft arriving and departing the airport do so utilizing the Saigon VOR and five NDB's.

Within a sixty nautical mile radius of the Tan Son Nhut Airport there are 15 restricted or danger areas, several of which are in close proximity to the airport. This arrangement of restrictive airspace severaly limits the flexibility of air traffic control.

C. AIR TRAFFIC CONTROL FACILITIES

1. SAIGON AREA CONTROL CENTER

The DCA through the Saigon Area Control Center (ACC) provides or has delegated the authority to provide air traffic control

service to all aircraft operating in the Saigon FIR designated by ICAO. The FIR airspace includes all of South Vietnam, adjacent international waters, and portions of Cambodia and Laos.

The Saigon ACC facility is located in the Tan Son Nhut Airport area. This installation is in an adequate building surrounded with sandbags and concrete revetments. All communications and radar air traffic control services are provided by Vietnamese controllers. The current number of qualified Vietnamese controllers available at the ACC for control duties adequately meets the needs of present air traffic activity.

For approximately four years this facility has provided radar air traffic control service within a 150 mile radius of the Tan Son Nhut Airport. The air traffic activity in the ACC area spans a wide spectrum of aircraft types--from helicopter to supersonic aircraft. The preponderance of air traffic activity is military oriented or generated. In the past year, the overall volume of air traffic has stabilized. At the time of this survey military and civil traffic appeared to be on a downward trend. It can be expected that as military activities decrease, civil air traffic will level off and remain stable at a level lower than the present.

2. TERMINAL CONTROL FACILITIES

At the present time DCA is operating five Aerodrome Control Towers. As the military vacates other towers, DCA will assume operational control of those towers that are programmed for domestic use. The long range plan calls for DCA to operate 21 airports and towers for civil domestic use in the post war era.

(a) Tan Son Nhut Control Tower

The Tan Son Nhut Airport (Saigon International) control tower facility was relocated to a new modern free-standing eight story structure on 20 March 1971. It should meet the airport requirements for many years to come. Operation and maintenance of this facility is provided solely by Vietnamese controllers and technicians.

(b) Other Control Tower Facilities

The other control towers operated by DCA are adequately staffed and maintained. These control towers are Ban Me Thuot, Dalat, Qui Nhon, and Hue. A joint DCA/CAAG project is currently in progress to rehabilitate the Dalat Control Tower facility. Improvements at other facilities have been completed. Operation and maintenance of these facilities is performed solely by DCA controllers and technicians.

(c) Saigon Approach Control

Saigon Approach Control service is provided by the USAF from a modified Ground Control Approach (GCA) (RAPCON) unit for Tan Son Nhut and all other airports within a forty mile radius of Saigon.

A Terminal Radar Approach Control (TRACON) facility, using ASR-7 radar equipment, is being installed at Tan Son Nhut and is programmed for operation during the early part of 1973. The TRACON operations room, located on the ground floor of the control tower structure, will be staffed with Vietnamese personnel from the present control tower complement. A PAR-2 Radar system will also be installed in the TRACON but will be staffed and maintained by Vietnamese Air Force personnel. Previous formal FAA radar training at Oklahoma City, in conjunction with an OJT Radar training program at the USAF RAPCON facility, will qualify the required number of Vietnamese control tower personnel to staff the TRACON.

D. AIRPORT FACILITIES

The Directorate of Air Bases (DAB) and DCA mutually operate all civil aerodromes in Vietnam. At present DCA and DAB are operating five civil aerodromes. As the U.S. military vacates other airports DCA and DAB will assume operational control of those aerodromes programmed for domestic use. Where military requirements still exist, the VNAF will assume responsibility for the operation and maintenance of a limited number of these aerodromes.

1. SAIGON INTERNATIONAL AIRPORT

The Tan Son Nhut Airport has parallel runways 7R/25L and 7L/25R. There is an Instrument Landing System (ILS) and a Visual Approach Slope Indicator (VASI) light system on runway 25L. Precision Approach Radar (PAR) service is available for all runways.

The Tan Son Nhut ILS siting conditions are similar to those at the Saigon VOR. A row of hangers and a water tower constructed within the critical area of the localizer antenna cause anomalies in the radiation pattern. The electronics maintenance of the ILS is adequate; the building and ground maintenance are considered normal under existing circumstances.

2. OTHER CIVIL AIRPORTS

Other civil airports operated and maintained by DCA/DAB include Ban Me Thuot, Dalat, Qui Nhon and Hue. Each of these airports

is served by a control tower and communications system. Runways, taxiways and ramps are hard surfaced and adequate runway and airport lighting systems are in service. A new project is under way at Hue Airport to extend the present runway by 300 meters to accommodate heavier and faster aircraft. An improvement project was recently completed at Dalat which included resurfacing the runway, taxiway, and ramp areas. Building and ground maintenance at all airports are considered normal under existing circumstances.

E. TELECOMMUNICATIONS

The Middle/Southeast Asia Air Navigation meeting conducted in Manila under the auspices of ICAO in 1968 recommended that an automatic communications relay system be installed in Vietnam by December 1973. The estimated cost of an automatic switching system with automatic error correction was estimated to cost $300,000.00 to $500,000.00 U.S. Supervisory engineering installation service, spare parts, and a one-year field service and training agreement should be considered for inclusion in contract negotiations.

In order to maintain transit time delays within acceptable limits, CAAG/DCA have designed and installed a pushbutton, semi-automatic switching system at the Saigon Communications Center. This system has proven itself adequate and should meet traffic demands for the next several years.

Other recommendations for Vietnam presented at ICAO telecommunications meetings included the following:

1. Semi-automatic equipment for radio-teletypewriter circuits to all adjacent communications centers (Hong Kong, Thailand, Philippines, Cambodia, Laos, Malaysia, Singapore).

2. Teletypewriter circuits to all national airports (Tan Son Nhut "Saigon International", Hue, Da Nang, Qui Nhon, Ban Me Thuot, Dalat, Nha Trang, Can Tho, Pleiku, Ca Mau, etc.).

3. HF radio telephone and long-range VHF air/ground communications for air traffic control, flight information, and general purposes.

4. HF or VHF extended-range radio telephone for broadcasting weather to aircraft in flight.

All of the above items have been implemented and progress towards improvement of each is satisfactory.

F. ELECTRONIC MAINTENANCE OF FACILITIES

Electronics maintenance for the continuous functioning of the air traffic control system operated by DCA is performed entirely by Vietnamese technicians. Emergency power plants are also directly supported and maintained completely by Vietnamese electro-mechanical personnel. The Civil Aviation Assistance Group (CAAG) now functions only in an advisory capacity to DAB, DCA and the Directorate of Meteorology (DOM).

G. LOGISTICS SYSTEMS AND SUPPORT

Logistic support in supplying spare parts for existing DCA operated air traffic facilities are funded by the U.S. Department of Defense (DOD). New facilities within the CAAG projects will also be funded by DOD and provided an initial two year spare parts supply. This logistic program will provide budget support to DCA through FY-74 to allow adequate time for the DCA logistical support system to begin functioning.

The need to develop an effective warehouse and overall supply-support system is a formidable obstacle that diminished the success of several civil aviation projects. However, a DCA supply support system has been implemented for airways facilities, and further improvements are being made.

H. TRAINING PROGRAMS AND PROJECTS

The CAAG in Vietnam has been providing training support for DCA, DAB and DOM personnel for several years. Much of the formal training has been conducted at the FAA Academy in Oklahoma City, Oklahoma.

On April 15, 1970, the DCA implemented an accelerated Basic ATC training program for 40 eligible candidates. A total of 36 of these candidates completed the one year training course and were hired by DCA.

CAAG specialists have in the past provided on-the-job (OJT) radar and non-radar training for Vietnamese controller personnel at the Saigon ACC. As a result of the phase down in CAAG and the increasing capabilities of DCA to assume greater responsibility, all training is now being conducted by DCA controller personnel.

A Radar Approach Control OJT training program provided by the USAF at the RAPCON was established in June 1971 for DCA controllers from Tan Son Nhut Control Tower. Because of the excellent training

received by the tower personnel at the RAPCON, it is expected that a sufficient number of controllers will be radar qualified and capable of operating the DCA TRACON without operational staff augmentation from the USAF. Military and CAAG supervisory staff personnel will however be available to assist DCA in an advisory capacity until June 1973.

A new three story DCA Training Center building was completed in November 1971. Training laboratories are expected to be completed by the first quarter of CY-1973. The laboratories include Enroute and Terminal ATC trainer equipment. With the completion of this training facility DCA will have the capability of training personnel for future domestic and international aviation requirements.

I. GENERAL COMMENTS

The present and proposed Navaid and Air Traffic Control System in Vietnam meets the requirements of present and anticipated future air traffic activity.

The DCA administrative staff lack experience in overall planning, developing, implementing and operating programs in the ATC system. DCA administrative personnel must take a more active role in the resolution of problems and in the development and implementation of new operational programs.

The ability to retain and upgrade competent personnel is relatively easy at this time. However, when current constraints for leaving government service are removed and other opportunities arise in a peacetime environment, many of the better qualified technicians will leave DCA unless better incentives are offered. A well developed plan to retain qualified personnel would avoid serious personnel problems which may occur as conditions change.

J. RECOMMENDATIONS

In conclusion, CAAG would recommend the following action be taken as priority items in the future.

1. Develop and implement programs to provide better incentives to personnel in the form of better pay scale, improved retirement program, medical benefits, and awards, etc.

2. Implement formal on-the-job radar training program for DCA Enroute controllers.

3. Implement formal on-the-job training program for electronics technicians.

4. Insure that the new DCA Training Center is properly organized and managed.

5. Implement refresher training courses for all DCA personnel.

6. Insure that personnel trained as instructors maintain high technical proficiency in their selected specialties to provide future training for developing personnel.

7. Develop and implement a middle management program which will provide for DCA staff development training.

8. Establish better liaison between Civil and Military agencies associated with aviation functions.

Brief Summary - FAA Activities - Vietnam, 1965 - 1973

A. PASA FAA Assistance Activities

Initially, there were approximately 3 to 5 FAA experts in various fields of aviation who started the Civil Aviation Assistance Group. As the years passed, FAA personnel increased as activities increased. Personnel requirements reached a maximum during the 1967 to 1970 period along with the military buildup. During that period there were approximately 50 to 55 FAA personnel in South Vietnam performing various aviation duties. The phase down period started in 1970 and by the end of 1973 there were only 5 FAA specialist remaining in Vietnam.

B. Military FAA Assistance Activities

The FAA also provided direct support for U.S. Military aviation programs in Vietnam on four different projects between 1965 and 1973. These projects provided 23 ATC tower systems for the U.S. Army (NAT-376) in Vietnam, 10 ATC tower control consoles (NAT-384), 15 Mobile ATC towers (NAT-387) and 4 fixed control towers (NAT-322) for use by USAF in Vietnam and Thailand. The ATC systems were designed, built, installed and supported by FAA during this period of aviation assistance. Installation, maintenance and operation of the equipment required from four to six FAA engineers or technicians in-country during various phases of program activity.

C. Significant FAA Civil Aviation Project Activities.

In the late 1960's and early 1970 an increased number of international aircraft operations placed an unmanageable workload on the Saigon AFTN Communications Center. The manual AFTN teletype equipment was obsolete and poorly maintained. Program planning by the Vietnamese proposed a new improved completely automatic message switching center. However, it was decided that a fully automated system would far exceed their needs and that the requirement could be adequately fulfilled using a semi-automatic push button system housed in existing buildings. In September of 1971, the semi-automatic AFTN switching system was placed in operation.

A modern training center was constructed and completed in late 1971 for the Directorate of Civil Aviation approximately one mile south of the Tan Son Nhut Airport. The three story building was patterned after an ICAO design and contained training labs for teletype, CW communications, modified ARTCC, and Tower/TRACAB operations. The building also provided office space and conference rooms.

The Civil Aviation Assistance Group planned and supervised the construction and installation of the Tan Son Nhut Air Traffic Control (ATC) Tower/TRACON and associated ASR-7 airport surveillance radar system. The 120 foot ATC tower is the largest in southeast Asia. It featured a custom designed shaft with extended office wings at the base. A type C-1c cab was installed with standard and nonstandard operating positions.

Brief Summary - 1965-1973

In addition to standard positions utilized in tower, an FM crash net was installed, and full monitor and control of the airbase facilities (VOR, ILS, VASI, and runway lights) were installed in the tower. The installed electronic equipment and systems were comparable to the most advanced state-of-the-art design being utilized by the FAA in the United States. The tower was commissioned in 1971 and the TRACAB/ASR-7 was commissioned in 1972.

Smaller projects were implemented throughout the Republic of South Vietnam which collectively upgraded the quality and capability of air traffic control services within the country and for air routes connecting the major air terminals in South Vietnam with other Southeast Asian countries. The more prominent projects which were completed during the period 1966-1972, were:

1. Modernization of the Air Control Center (AAC) which provided modern, expanded interphone and ring-down circuits, more flight data capability, additional frequencies, and greater operational flexibility among control units.

2. Modernization of air traffic control towers at Nha Trang, Dalat, Quin Nhon, Phu-Bai, DaNang, and Pleiku. Consoles were standardized, rewired and refurbished and new UHF/VHF transmitters and receivers were installed at many of the locations.

3. A unique communications network was installed at mountain top facilities near Quin Nhon and DaNang. These "extended-range" VHF networks provided over-water coverage in excess of 500 miles for the Hong Kong - Saigon corridor. This VHF coverage exceeds any known line-of-sight coverage ever designed. Directional antennas of special design were installed on 200 foot towers above the mountain tops.

During the period between 1951 and 1974, the FAA provided aviation related training to approximately 256 (175 of those since 1967) Vietnamese nationals in the United States. This highly technical training contributed significantly to the successful operation of the South Vietnam Air Traffic Control System.

COMMERCIAL IMPORT PROGRAM

The Commercial Import Program

Introduction

The Commercial Import Program (CIP)[1/] established its roots in South Viet Nam during the French Indochina War when a U.S. economic mission, the Special Technical Economic Mission, was established in 1950. The mission instituted a commercial aid program to provide the necessary foreign exchange for the commercial importation of hard currency items into Viet Nam (North and South), when the country was part of the Associated States of Indochina. From FY 1951 through 1954, $63 million was obligated in the commercial aid program. The dollar value of annual commercial imports was considerably lower than the amounts committed in later years. When South Viet Nam was established as a separate entity in July 1954, the United States Operations Mission (USOM) replaced the Indochina STEM and Commercial Import Program began extensive operations, obligating $253 million in South Viet Nam during FY 1955 alone.

The CIP in South Viet Nam was always a multifunctional program and its expressed role changed depending on which aspect of the program was considered most important at the time. In its early years, the program provided many of the consumer goods necessary for the day to day living of the populace, as well as the raw materials and capital goods necessary to maintain and expand industrial production. Later, consumer goods were

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1/ This paper deals with the purposes, magnitude, mechanics and administration of the CIP in South Viet Nam. However, inasmuch as economic policy considerations weighed so heavily on decisions regarding CIP levels and modalities, concerned readers also are encouraged to read the separate section, Economic Overview, in this report, which deals with the underlying issues in depth.

virtually eliminated from the list of commodities eligible for CIP financing. Throughout, the program assisted in the maintenance of relative price stability.

The CIP mechanism is fairly simple and relies on normal commercial trade channels as its base. In the case of South Viet Nam, an importer who desired to import a CIP eligible commodity applied for a CIP import license. A.I.D. dollar funds were then used to pay the supplier while the piasters, which the importer used to pay for the transaction (known as counterpart) were, for the most part, available to augment the budget of the Government of South Viet Nam (GVN). Counterpart applied to the GVN budget was attributed, variously, to military, refugee, counterinsurgency, or civil programs. The counterinflationary impact resulted from the provision of goods in the market place to "soak up" piaster purchasing power.

During the first two years of USOM operations (1955-1956) the CIP was viewed primarily as a mechanism for providing military and refugee budget support. The former French Colonial Army was still large and expensive and there were more than 900,000 refugees who fled the north after partition to be accomodated. In FY 1955 $253 million of the $320 million total obligation of U.S. economic assistance was attributed to military budget support with another $56 million for refugee aid.[1/] During its first year as a separate nation (1955), normal GVN revenues (taxes, customs, duties, etc.) amounted to only $146 million or 27 per cent of the total budget of $537 million.

1/ USOM Action Report, June 30, 1954 through June 30, 1956.

In order to provide the large amounts of budgetary support required, the CIP financed a much higher percentage of consumer goods in the early years than at later stages. While the import of capital goods and raw materials was always given predominant emphasis in the program, there was not sufficient local industry in operation in the early years to limit CIP financing to these categories and still provide the magnitude of assistance required. In 1955 and 1956 the percentage of CIP funds utilized for consumer goods was 47 percent and 51 percent respectively.

After 1956 the composition of the CIP swung gradually away from consumer goods to capital goods and industrial raw materials. By 1960 the consumer goods percentage had been reduced to 31 percent of the program. There were two reasons for this shift. First South Viet Nam was moving forward in reestablishing its own consumer goods industries which decreased the import requirements for these items. Second, the massive foreign exchange earnings "gap" of the GVN began to decrease and consequently permitted the GVN to finance many consumer goods with its own foreign exchange.

The increasingly solid financial footing of the GVN also wrought a gradual change in the perceived role of the CIP. The emphasis on simply keeping the GVN afloat began to diminish and was replaced by a more positive role of assisting South Viet Nam by providing the commodities necessary for economic growth. This remained the essential task of the CIP until 1965. In 1965 the counterinflationary aspect of the CIP again assumed the predominant role. Its importance was underscored by the extreme inflationary pressures caused by the large-scale introduction of American troops that was by then underway. The inflationary problem was aggravated by congestion

at the Port of Saigon during 1965-66 that caused an enormous buildup of commodities on the docks, in warehouses, and on ships and barges waiting to unload. Importer payments for CIP goods lagged far behind CIP authorization and licensing levels, and GVN foreign exchange reserves accumulated to an embarassing extent. In short, imports were prevented from fulfilling their antiinflation function.

The situation culminated in the piaster devaluation of June 18, 1966. Devaluation could not solve the port congestion problem, but it did serve an antiinflation purpose by raising - from 60 to 118 - the number of piasters absorbed by each dollar of imports. Simultaneously with the devaluation, the GVN liberalized existing import restrictions that had, among other things, limited the number of licensed importers. The result was a surge of import licensing. In combination with an end to the port congestion problem by 1967, this produced a sharp increase in piaster import absorption. Price inflation, which amounted to 61 percent in 1966 (and an annual rate of 70 percent during January-June 1966), declined to 32 percent in 1967.

Economic stability remained the primary objective of the CIP during the years to come. At the same time, after 1965, there was a continuous effort to ensure that the commodities eligible for licensing under the CIP would contribute to the functioning of the economy. The determination of the appropriate CIP level was a complicated process, dependent on a measurement of potential inflationary pressures, of the various policy measures that could be taken to counter those pressures, and of the amount of foreign exchange available for imports with GVN-owned foreign exchange. Policy makers were accused from time to time of relying on the availability

of CIP funding to avoid having to undertake politically unpopular measures such as tax increases and devaluations. There was more than a little substance to the charge, at least during the years prior to the economic reforms of 1970-71.

Magnitude of the CIP Effort

There are three methods of measuring CIP activity. One is the amount of dollars obligated by fiscal year (see Attachment A); another is the dollar value of CIP licenses issued (Attachment B); and still another is import arrivals (or payments by the Vietnamese importer, which amounts to very nearly the same thing). The obligation figures provide a fairly good indication of the priority attached to the program (by Congress or A.I.D.) at any one time, while the licensing figures give a better idea of importer requirements and, therefore, the business or speculative state of the economy. The arrival, or payment, figures are of use in timing the financial impact of the program, but as they vary from licensing data only with a time lag they will not be considered here.

During the first two years of the CIP, 1955 and 1956, the program was viewed solely as an antiinflation device; or, viewed from a narrorer perspective, as a means of generating piasters to support the GVN budget. The CIP was initially hampered in fulfilling this function because of numerous GVN-imposed regulations aimed at controlling profiteering but which also had the negative effect of discouraging legitimate import activity. Thus, while $253.7 million was obligated for the CIP in FY 1955, licensing was only $65.0 million. The problem eased in FY 1956 when $216.0 million was licensed as against $174.7 million obligations.

In order to generate piasters immediately in 1955 USOM resorted to cash grants, involving a direct exchange of dollars for counterpart piasters with import licenses to be issued at a later date. However, this practice was discontinued in 1956 once an adequate level of CIP imports to generate required counterpart had been established. The dollar cash grants were supplemented by the use of "Triangular Francs" which were French Francs generated from sales by the U.S. to France of surplus agricultural commodities. The Francs were made available to Viet Nam for purchases from the French Franc area.

By the beginning of FY 1957, when the GVN had regained a certain degree of stability, the CIP had generated a total of 4.3 billion piasters, cash grants had provided 5.2 billion, and the "Triangular Francs" 2.3 billion. These sources accounted for well over half of the total GVN budget for this period and 90 percent of the counterpart deposits.

After the budgetary emergency had passed and the focus shifted to economic development, CIP obligations began to decline. This resulted from the recovery of the Vietnamese economy and the gradual rise in GVN foreign exchange earnings which permitted the GVN to assume a growing portion of the import burden. The decline in CIP funding continued until the introduction of large numbers of U.S. troops in 1965 began to cause severe upward pressure on prices.

From FY 1965 to FY 1966 both CIP obligations and licensing more than doubled. At the same time GVN foreign exchange earnings increased sharply with the onset of large scale purchases of dollars by the Department of

1/ Source: USOM Annual Report from July 1, 1956 to June 30, 1957

Defense to finance its activities in-country, and by rising purchases of piasters by the U.S. forces for their personal use. The dollars so obtained by the GVN were available without restriction as to use. Piaster purchases increased from $15 million in 1964 to $126 million in 1965 and $333 million in 1966. However, because of initial GVN reluctance to make adequate amounts of its new found wealth available for imports, GVN licensing was slow to show a corresponding increase. Thus, GVN licensing increased from $93.2 million in fiscal year 1965 to only $149.3 million in fiscal year 1966.[1/] This left most of the immediate price stabilization burden on the CIP.

In the following year, 1967, after a general liberalization of GVN import policies and the transfer of petroleum, oil and lubricants, and other bulk items to GVN financing, GVN licensing increased to $306.4 million. The GVN share of the total import burden passed the 50 percent mark for the first time, permitting a corresponding decrease in CIP licensing to $154.8 million. In order to decrease the pressure on GVN foreign exchange holdings, POL and other bulk items were transferred back to the CIP.

During the next year, 1968, the economy was severely disrupted by the Tet offensive and the total amount of imports (CIP, FFP[2/] and GVN) dropped from $592 million in FY 1967 to $438 million in 1968. CIP licensing in FY 1968 hit an all time low of $88.9 million.

Recovery from the Tet offensive proved rapid and strong, however, and by the middle of the first quarter of FY 1969 licensing rates had substan-

1/ The reference here is to the U.S. fiscal year, July 1 to June 30. The Vietnamese fiscal year corresponded to the calendar year, June 1-Dec. 31.
2/ Food for Peace (PL 480).

tially recovered. In fact, the demand for CIP-financed imports rapidly outstripped available funds, even though bulk commodities were again shifted to GVN financing, and the fiscal year concluded with a backlog of CIP import license applications. Total CIP licensing for FY 1969 was $204.5 million.

As a result of the continued high rate of DOD piaster purchases, which had reached $347 million by FY 1969, the GVN was able to increase its licensing from $248.5 million in FY 1968 to $463.1 million in FY 1969, largely making up the shortage of CIP funds.

FY's 1969 and 1970 saw a continuation of general economic progress accompanied by rapid upward movement of prices. The inflation gave rise to hoarding and speculative over-ordering on the part of importers. This was countered, partially, by the austerity tax measure of October 1969 and --more effectively-- by a broad package of economic reforms, including devaluation in 1970-71.

CIP licensing dipped slightly in FY 1970 to $195.1 million. The initial economic reforms of September-October 1970 caused a further temporary drop in licensing but the rate quickly recovered and total CIP licensing for FY 1971 rose to $227.5 million.

Due to a reduction in DOD piaster purchases from $347 million in 1969 to $318 million in 1970, and in anticipation of further, more precipitous reductions as the U.S. force withdrawal proceeded, the GVN limited the amount of its foreign exchange available for commodity imports to approximately $20 million a month. As a result, the GVN-financed portion of imports decreased by $85.2 million to a total of $377.8 million in FY 1970. While the peak in piaster purchases was not actually to come until 1971, the

downward trend in GVN licensing begun in 1970 continued until the final collapse in 1975. Piaster purchases dropped sharply during 1972-73, bringing a further reduction in the percentage of all imports financed by the GVN and consequent greater reliance on CIP-financed imports.

CIP funding levels remained relatively high from FY 1971 onward. However, because of the rapid and severe worldwide escalation of commodity prices that occurred during this period, the funding and licensing levels shown do not give an accurate picture of their real value to the economy. From 1971 to 1975 imports actually declined in real terms due to the shrinking purchasing power of CIP (and GVN,FFP) dollars. Fertilizer and POL prices tripled, ocean freight doubled and the prices of many other commodities, both CIP and non-CIP, rose rapidly. Attachment C shows price increases of selected CIP commodities for the period 1972-1974 and Attachment D shows commercial import payments in terms of constant 1972 dollars for the period 1964-1974.[1/]

As attachment D demonstrates, the real value of imports decreased every year from 1969 onward. In fact, the data understate the effect so far as the CIP is concerned. The price deflator used is based on all imports, wherease the CIP included a number of important commodities the prices of which rose much more rapidly than the overall average. This applied to POL and fertilizer which together accounted for 36 percent of CIP imports in 1970-71.

1/ Payments are used in this instance in lieu of licensing figures because of their closer relationship in time to actual delivery of the commodity. (See "CIP procedures")

Administration of CIP

In order to administer the commercial import program in Viet Nam, USOM created a Trade Division in 1955. Until early 1966, the Trade Division which soon became known as the Commercial Import Program, CIP, seldom exceeded five Americans few of whom possessed experience in A.I.D. commodity management policies and procedures. And they were dealing with a new breed of importers which had replaced the traditional French business community. Most of the importers were inexperienced and some were opportunists, to say the least. At the same time, GVN officials were new to the task of trade supervision and faced the problem of controlling the profiteers who sprang up to take advantage of the existing fluid situation.

During this early period there was no prior review of A.I.D.-financed import transactions by the Mission and compliance with A.I.D. Regulation I[1/] was monitored in AID/W on a post-facto basis. Actually, this method of post-monitoring was standard procedure for A.I.D. missions worldwide It had been A.I.D.'s experience that the normal interplay of free market forces provided sufficient safeguards to deter unsavory commercial practices to the extent that preaudit of transactions was neither necessary nor desirable. In South Viet Nam, however, experience in the early years demonstrated that the unique circumstances surrounding the nature and operations of the war-torn economy demanded extraordinary measures to assure compliance with A.I.D. regulations, and to prevent instances of overpricing, under shipping and other collusive activities with suppliers to effect capital

1/ A.I.D. Regulation I is the regulation formulated by A.I.D. and published in the Federal Register which establishes the rules and procedures applicable to commodity transactions financed by A.I.D.

flight. Among the factors which were not conducive to complete reliance on free market forces as a safeguard were:

1. the wartime and economic conditions in the country with the attendant political, military and economic uncertainties; (These uncertainties created pressures which encouraged large scale flight of capital.)

2. the opportunity for diversion of certain commodities to the Viet Cong by profiteers; and

3. the unrealistic exchange rate (at least until November 1971) which encouraged speculation in every quarter of the business community.

The reliance on post facto auditing of CIP transactions led to considerable criticism of the program in 1966 and 1967. In 1966, the Foreign Operations and Government Information Subcommittee on Government Operations, chaired by Congressman John E. Moss, conducted an investigation of U.S. programs in South Viet Nam. This investigation was conducted as a result of a critical General Accounting Office report on practices and policies in the administration of the CIP. Many of the program's problems were surfaced during the investigation. While USAID and A.I.D./W already had made significant improvements both in Saigon and Washington in the administration and surveillance of the CIP, other measures were initiated and proposed steps speeded up following the Subcommittee Report and subsequent hearings.

Among the actions taken was the institution of USAID's prior review of transactions and the addition of a staff of ten commodity analysts to conduct the reviews. Also, a "Positive List" of approximately 1,500 eligible items was developed, published and widely distributed in 1967.

Each commodity was narrowly defined by a seven-digit, U.S. Department of Commerce, "Schedule B" number. In 1968 A.I.D. added an additional three digits to the commodity codes to provide even greater commodity specificity.

Thus, the CIP which was originally a rather loosely structured program began to accumulate a host of rules and procedures imposed both by the GVN and A.I.D. While there were sound and ample reasons for these controls, the sheer weight of required procedures affected the performance of the program, and eventually steps were taken to eliminate some of the more onorous rules.

In 1971 a Special Study Group, chaired by Ambassador Leland Barrows, conducted another review of the CIP in South Viet Nam. The resulting report, referred to as "The Barrows Report," highlighted and was critical of what it called "barnacles" on the CIP. The implication of the term was that, if the unnecessary and excessive controls with which the CIP had become encrusted could be scraped away, the underlying structure would be found to be suitable for the purposes CIP was intended to serve.

In making its recommendations for simplifying CIP rules and procedures, the Barrows Group recognized that the most restrictive practices and policies governing the CIP were introduced by A.I.D. in response to Congressional criticism. It followed, therefore, that it would have been improper to remove the restrictions thus imposed without informing the interested Congressional committees in advance.

However, without a large scale revamping of the program, A.I.D. was able to modify revise and ease some of its CIP procedures based on the

Barrows Report recommendations. Indeed, many of the modifications were already underway before the report was released.

Attachment E describes in detail the functioning of the program in 1970-71, when controls and surveillance were strictly applied. It should be noted that the CIP was not unique to Viet Nam and that there were and are similar programs in other aid-receiving countries. This type of assistance is generally known as "program assistance" and the basic steps outlined in the attachment generally speaking would be applicable to other country programs.

GVN Financing - Dual Financing

Since the inception of the U.S.-financed Commercial Import Program the GVN emphasized to the importing community that CIP funds were to be used whenever possible. The importers, on the other hand, historically preferred GVN over CIP funding as many of the controls on the use of CIP funds were not imposed on GVN-financed imports and even those that were imposed tended not to be strictly enforced. Besides the advantage of fewer controls, use of GVN funds enabled the importers to purchase comparable commodities from sources that were ineligible under AID financing, such as Japan and Hong Kong, at far lower prices and shorter delivery times.

When the U.S. military buildup with its attendant need for local currency got underway, more GVN foreign exchange became available to pay for imports. At that time the GVN relaxed its policy of not making GVN funds available for commodities which were eligible for financing under the CIP. Importers took advantage of this situation with the result that available CIP funds remained unused.

The combined pressure on available GVN funds and nonutilization of CIP funds made it necessary for USAID to impose a "no dual financing" policy. This became even more necessary when it became apparent that GVN licensing officials were granting GVN import licenses to their friends and hindering the import activities of those importers who refused to co-operate with them. As a result of the approval of some licenses with GVN funds, when other importers had to use the CIP for the same material, it developed that the CIP importers became noncompetitive and certain segments of industry, which were forced to buy their raw materials from the U.S., were practically forced out of business.

To ameliorate this inequitable practice, USAID negotiated with the GVN a "no dual financing" agreement which was incorporated into the Program Assistance Grant Agreement (PAGA) in 1971. Its initial wording read as follows: "Except as mutually agreed to in writing, items on the Positive List shall be financed only with A.I.D. funds."

In 1972 the language of this paragraph was strenghtened by the addition of "Failure on the part of the Grantee to comply with this position may, at the discretion of A.I.D., result in a reduction of A.I.D. funds, otherwise available to the Grantee, in an amount equal to the value of any procurement effected with the Grantee's own controlled foreign exchange, which may represent such noncompliance ."

The stronger language was necessary because of the many instances of circumvention of the no dual financing clause which were discovered. This happened primarily in the procurement of equipment for small and medium industry in instances where promoters had ties to suppliers, usually in Far

East countries, and were well enough connected with officials of the Ministry of Economy to have them issue licenses with GVN funds.

At the other end of the spectrum the GVN frequently refused license approval with GVN funds in cases that were clearly justified, such as desired purchases of spare parts for machinery manufactured in countries not eligible as a source for A.I.D.-financed imports.

In order to speed up procurement with GVN funds and to eliminate or diminish the problems created by the no dual financing policy, a committee was established consisting of Ministry of Economy officials and a USAID CIP commodity analyst. This committee had the function of permitting or prohibiting GVN financing of commodities which were eligible for CIP financing. It met regularly every week and remained functional until the end of A.I.D.'s operation in South Viet Nam.

After the economic reform in November 1971, with its liberalization of import procedures, USAID agreed to exempt machinery and spare parts from its no dual financing regulation.This seemingly retrograde step was prompted by Mission economists who had become increasingly impressed with the relatively high cost of CIP imports at a time when import dollars from any source were about to be increasingly hard to come by. It was their feeling that CIP goods were more expensive than GVN goods notwithstanding the dual rate structure adopted in the November 1971 reforms (see below) whereby GVN goods became subject to a higher rate than CIP goods (initially, 400:1 vs. 275:1), and they hoped, by testing importer preference on a limited list of goods to demonstrate their point. If the point could be made conclusively they would then have a powerful argument for phasing out CIP in favor

of direct dollar grants without restriction as to import source. Very little change in the pattern of machinery financing, however, resulted from this change in policy as the GVN, becoming more sensitive to the preservation of its foreign exchange holdings, declined to cooperate in the experiment. While professing to make GVN exchange available for machinery imports, in fact they coerced importers into using CIP.

When, third country program loans became available to the GVN in FY 73, such as the loans from Taiwan and Japan, USAID issued amendments to its PAGAs to permit blanket dual financing with the proceeds of the loans.

The 1971 reform measures brought with them a profound change in the procedures of financing with GVN funds. While a licensing system very similar to that in existence with A.I.D. financing had been used before the reforms, licensing with GVN funds was eliminated after the change. An importer purchased in advance an "open General License" which entitled him to open a letter of credit for any goods not on the banned list at any time up to a year from the date of purchase.

The OGL system worked as intended for a time, but was gradually eroded in a typically Vietnamese way. A "questionnaire" was developed, which an importer could, if he wished, submit prior to purchasing an OGL. The "questionnaire" would list the specifics of an intended import - the product, amount, country of origin, etc.- and subject to official approval of the "questionnaire" the importer could proceed with his transaction secure in the knowledge that he would not later be found-in the spot check process to which the OGL program was subject-to have brought in an illegal item. In fact, the list of banned goods was not long and the chances of importing

a banned item minimal to an aware importer. Nevertheless, use of the "questionnaire" gradually spread until eventually it had become required of all importers. The GVN, without benefit of any official decree, had reinstituted de facto import licensing. Moreover, the "questionnaire" could be, and was, used to compel an importer to license with GVN exchange in categories where dual licensing was permitted.

The GVN-CIP rate Differential

As noted above, the November 15, 1971 devaluation resulted in the establishment of separate exchange rates for GVN and CIP-financed imports. Actually, the principle of a differential rate had been established earlier- in October 1970 - when approximately one third of GVN imports were made subject to a new "parallel rate" of 275:1. The parallel rate was raised to an effective 400:1 with the univeral application of a 125 piaster perequation tax in June 1971, and the number of goods subject to the 400:1 rate was steadily increased. But with the November 1971 devaluation all imports became subject to one of two rates: 400:1 for GVN imports and some P.L. 480 Title I imports; 275:1 for CIP and most P. L. 480/Title I imports.

After November 15, 1971 both import rates, as well as the Financial rate, initially set at 410:1, were adjusted in frequent small steps. The GVN-CIP rate differential remained within a narrow range of 115 to 145 piasters (in percentage terms, 39 to 43.9 percent, calculated on the CIP rate) until March 7, 1973 when, with the GVN rate at 475:1, the CIP rate was raised to 360:1. From that point until January 1974, the differential was gradually narrowed. On January 4, 1974, with the GVN rate at 560 and the CIP rate at 465, the differential in percentage terms had narrowed to

20.4 percent. On January 14, 1974 the separate CIP rate was abolished altogether in favor of a rebate system whereby an importer would license his import at the official rate and receive a rebate upon clearance of the good through Customs. The rebate was initially set at 85 piasters. It was reduced for good to 60 piasters, for an effective GVN-CIP differential of 11.3 percent, on March 3, 1974. By the end of 1974, with the official rate at 685, the differential stood at 9.6 percent.

The principal reason for the narrowing of the differential and its eventual removal in favor of a rebate system was International Monetary Fund disapproval of the existence of a multiple rate system. A contributing factor was the GVN's desire not to appear to favor American suppliers over those from other countries whose aid they were soliciting. Economically the narrowing of the differential could be justified to some extent by the ongoing devaluation of the dollar vis-a-vis other world currencies during most of this period. Nevertheless, CIP goods on the whole became increasingly expensive relative to GVN goods during 1973-74.

Commodity Shifts, Problems

The CIP Positive List underwent constant modification over the years. Until 1965 most of the revisions involved a shifting of consumer goods from CIP to GVN financing as the improving GVN balance of payments enabled them to finance a bigger share of the overall import total. Thereafter significant commodity shifts generally had one of three rationales: U.S. balance of payments considerations; a problem in the financing (by GVN or CIP) of a particular product; or a perceived need - usually of a short-term nature - to relieve pressure on one of the two sources of financing, GVN exchange reserves or CIP funding.

Sugar and Cement

Sugar and cement, two important import items were removed from the CIP Positive List in FY 1969. The principal factor in the shift of sugar was the balance of payments cost, inasmuch as sugar could not be supplied from the U.S. Maximizing the proportion of CIP commodities tied to U.S. source procurement, being a primary Congressional concern, was a principal A.I.D. objective throughout the course of U.S. involvement. A contributing factor was a scandal in the importation of sugar involving GVN officials and a desire not to have CIP associated with the problem.

Cement was removed from the positive list in FY 1969, but shifted back to CIP financing in July 1971 owing to concern at the time over the GVN foreign exchange outlook. By February 1972 the focus of concern had shifted back to A.I.D. availability and cement reverted to GVN financing.

Petroleum Products

POL, as an offshore product, was financed with GVN exchange until 1971 when it was shifted to CIP financing on a cash barter basis. The barter procedure, under which the Middle East supplier country was compensated with U.S. surplus agricultural products, preserved the U.S. balance of payments position with respect to POL. In mid-1974 the barter program was terminated and there was pressure to have POL financing revert to the GVN. The move was succesfully resisted, however, on the ground that by that time the Vietnamese balance of payments outlook was too poor to countenance an additional $150 million of imports (nor was there an equivalent amount of GVN-financed imports that could feasibly be shifted to the Positive List as an offset). To continue financing POL under CIP it was

necessary for USAID to obtain a source waiver that would permit continued direct financing of POL under CIP. The waiver was obtained and CIP financing of POL continued, still on a reimbursement basis but this time without the barter procedure.

Under the POL payment-reimbursement procedure, whether on the barter or direct financing basis, the GVN paid in advance for POL shipments and received subsequent reimbursement from A.I.D. Washington. The time lag between payment and reimbursement was three to four months during 1971-73, but widened steadily in 1974 owing to procedural difficulties within the GVN. For 1974 as a whole, GVN payments for POL exceeded reimbursements from A.I.D. Washington by $32 million. The time lag by the end of 1974 was up to a year. A.I.D. Washington reimbursements stopped altogether in 1975, this time on A.I.D.'s initiative, for reasons relating to funding limitations.

Fertilizer

Fertilizer was financed under CIP throughout. The commodity was subsidized through the application of a preferential exchange rate of 80:1 from 1967 until FY 1970 when the 80:1 rate was dropped for all but shipments direct to Central Viet Nam. By early 1974, the subsidy had been removed altogether. It was reinstated in September 1974, this time on a reimbursement basis rather than a preferential exchange rate.

Fertilizer became a problem commodity when world supplies became tight during 1972-73. Prices of urea roughly tripled during that period. Initially, fertilizer had been eligible for PD-31 financing, 1/ but it was made a U. S. source only commodity in 1972, a move that aggravated the pro-

1/ See p. for explanation of PD-31.

curement problem for Viet Nam. In 1974 the U.S. source restriction was dropped and fertilizer could be procured from any free world country, but by that time there was practically none to be had anywhere. In the same year fertilizer shipments from the U.S. were prohibited during the months of February through May. By 1975 Congressional concern over fertilizer availability within the U.S. led to the inclusion within the Foreign Assistance Act of 1975 of two restrictive amendments. No country would henceforth be entitled to more than one-third of the total amount of fertilizer exported from the U.S. in a given year, and in no event was more than $85 million to go to Viet Nam. While Viet Nam's annual fertilizer requirement was by then in the area of $150 million, concern for the immediate future was alleviated to some extent by a substantial stock position.

Commodity Shortages in General

Apart from fertilizer, many commodities came in short supply during 1972-73. Some of the more noteworthy of these were in the areas of animal feed supplements, iron and steel products, and chemicals. Of the latter, plastics of all kinds and Polyvinylchloride (PVC) were practically unobtainable. Average delivery times (i.e. the time from licensing to goods arrival in Saigon) during this period lengthened from the normal seven months to well over a year in many cases. Product shortages disrupted production in many areas of manufacturing and were a definite factor in the recession of 1973. The lenghtening delivery time and subsequent easing of the situation in 1974 explain the swing in CIP import payments (see Attachment D) from $253 million in 1973 to $419 million in 1974.

Attachment A

U.S. ECONOMIC ASSISTANCE TO SOUTH VIET NAM, 1954-75
GRANT OBLIGATIONS, LOAN AUTHORIZATIONS AND PIASTER PURCHASES, IN MILLIONS OF DOLLARS

YEAR a/	CIP b/	FFP	PROJECT & OTHER AID c/	TOTAL (Excluding Piaster Purchases)	U.S. DOLLAR PIASTER PURCHASES d/	GRAND TOTAL: AID INCLUDING PIASTER PURCHASES
1954	-	0.1	-	0.1	1	1.1
1955	253.7	2.2	66.5	322.4	3	325.4
1956	174.7	14.3	21.0	210.0	3	213.0
1957	210.9	22.8	48.5	282.2	3	285.2
1958	151.9	9.6	27.5	189.0	3	192.0
1959	146.4	6.5	54.5	207.4	4	211.4
1960	135.6	11.3	34.9	181.8	5	186.8
1961	111.2	11.5	29.3	152.0	6	158.0
1962	94.1	31.9	30.0	156.0	7	163.0
1963	95.0	52.6	48.3	195.9	11	206.9
1964	113.0	59.1	52.7	224.8	15	239.8
1965	150.0	49.9	75.0	274.9	126	400.9
1966	399.3	143.0	194.2	736.5	333	1,069.5
1967	160.0	73.7	334.4	568.1	327	895.1
1968	160.1	138.5	238.1	536.7	301	837.7
1969	130.0	99.4	184.1	413.5	347	760.5
1970	238.5	110.8	127.4	476.7	318	794.7
1971	281.0	188.0	106.7	575.7	403	978.7
1972	313.0	67.8	73.8	454.6	213	667.6
1973	226.2	186.8	87.2	500.2	96	596.2
1974	335.1 e/	235.3	48.3	618.7	97	715.7
1975	143.2	57.7	45.0	245.9	-	245.9 f/
	4,022.9	1,572.8	1,927.4	7,523.1	2,622	10,145.1

Notes: (a) Fiscal years for all but piaster purchases which are on a calendar year basis
(b) Data do not include deobligations.
(c) Includes Direct Dollar Support from 1972-75.
(d) Guesstimates for 1954-63; partially estimated for 1964-66. Data are on an expenditure basis.
(e) Includes Program Loan of $50 million.
(f) Not including piaster purchases of unknown amount.

Sources: A.I.D. Statistics and Reports Division, "U.S. Overseas Loans and Grants."
Viet Nam Program Summaries, A.I.D.
Vietnamese balance of payments reports.
MACV Piaster Expenditure Reports (from 1967)

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Attachment B

CIP, PL-480 Title I, and GVN-Financed Import Licensing
Fy 1955 through FY 1975
(C&F Values in Millions of Dollars)

Fiscal Year	Total Licensing Value	CIP Value	CIP % of Total	PL-480 Value	PL-480 % of Total	GVN Value	GVN % of Total
1955	$ NA	$ 65.0	-	NA	-	NA	-
1956	NA	216.0	-	NA	-	NA	-
1957	NA	280.3	-	NA	-	14.7	5.0
1958	NA	143.8	-	NA	-	22.2	13.5
1959	180.8	161.5	89.3	$ 5.9	3.3	13.4	7.4
1960	197.0	155.5	78.9	3.8	1.9	37.7	19.2
1961	227.0	124.4	54.8	10.1	4.5	92.5 1/	40.7
1962	221.3	112.3	50.8	23.5	10.6	85.5 2/	38.6
1963	231.7	127.4	55.0	29.0	12.5	75.3 3/	32.5
1964	246.3	118.2	48.0	34.0	13.8	94.1	38.2
1965	278.7	144.3	51.8	41.2	14.8	93.2	33.4
1966	580.8	344.2	59.3	78.3	15.0	149.3	25.7
1967	592.4	154.8	26.1	131.2	22.1	306.4	51.7
1968	483.2	88.9	18.4	145.8	30.2	248.5	51.4
1969	741.0	204.5	27.6	73.4	9.9	463.1	62.5
1970	689.4	195.1	28.3	116.5	16.9	377.8	54.8
1971	678.3	227.5	33.5	108.2	16.0	342.6	50.5
1972	696.7	320.9	46.1	108.4	15.5	267.4	38.4
1973	735.8	303.1	41.2	160.8	21.8	271.9	37.0
1974	747.9	286.0 4/	38.2	237.6	31.8	224.3	30.0
1975 (7 Mos.)	225.4	132.9 5/	59.0	6.8	3.0	85.7	38.0
TOTALS:							
1959-75	7,753.7	3,221.5	41.5	1,323.5	17.0	3,228.7	41.6
1955-75	NA	3,906.6	-	NA	-	NA	-

1/ Includes 2.1 Third Country Financing
2/ " 8.9 " " "
3/ " 5.3 " " "
4/ Excludes $80.4 million AID-financed POL reimbursements to the GVN
5/ " $41.9 " " " " " " " "

Attachment C

UNIT PRICE COMPARISON
(C&F US$)

Commodity	1972	1973	1974	% Increase 1974/1972	% Increase 1974/1973
Nylon Yarn (70D)	1.02/lb	1.02/lb	1.63/lb	60	60
Acetate (70D)	0.82/lb	0.85/lb	1.10/lb	34	29
Rayon (70D)	0.99/lb	1.09/lb	1.42/lb	43	30
Wire Rods	193/MT	226/MT	469/MT	143	108
Black Plate	270/MT	290/MT	430/MT	59	48
Tin Plate	320/MT	347/MT	400/MT	25	15
Tripolyphosphate	242/MT	489/MT	500/MT(est)	107(est)	2(est)
Caustic Soda	173/MT	200/MT	254/MT	47	27
Aluminum Sulfate	48/MT	72/MT	95/MT	98	32
Polyvinylchloride	.124/lb	.176/lb	.65/lb(est)	424(est)	269(est)
Polyethylene (LD)	.142/lb	.178/lb	.60/lb(est)	323(est)	237(est)
Polypropylene	.153/lb	.184/lb	.60/lb(est)	292(est)	226(est)
Urea	82/MT	150/MT	375/MT	357	150
Fertilizer (Mixed)	123/MT	167/MT	289/MT	135	73
DAP	140/MT	175/MT	375/MT	168	114
Mogas (regular)	4.29/bbl	4.29/bbl	11.51/bbl	168	168
Mogas (premium)	5.36/bbl	5.36/bbl	13.13/bbl	145	145
Diesel	4.30/bbl	4.30/bbl	12.77/bbl	197	197
Kerosene	5.12/bbl	5.12/bbl	13.46/bbl	163	163
Fuel oil	3.06/bbl	3.06/bbl	10.63/bbl	247	247

Source: CIP licensing records.

COMMERCIAL IMPORT PAYMENTS
1963 - 1974 (US$ Million)

	1963	1964	1965	1966	1967	1968
GVN	76	94	85	237	288	309
(AID Freight)	(2)	(3)	(7)	(16)	(26)	(28)
CIP	119	105	155	259	194	101
PL-480	26	34	48	76	153	138
Total	221	233	288	572	635	548
Import Prices (1972: 100)	74.4	75.3	76.8	78.5	80.0	80.0
Imports ($ 1972)	297.0	309.4	375.0	728.7	793.7	679.9

	1969	1970	1971	1972	1973	1974
GVN	424	390	374	276	311	239
(AID Freight)	(21)	(30)	(23)	(27)	(29)	(43)
CIP	177	181	259	284	253	419
PL-480	88	121	81	118	153	203
Other Donor	-	-	-	-	-	26
Total	689	692	714	678	717	887
Import Prices (1972: 100)	83.2	87.6	90.3	100.0	135.0	206.5
Imports ($ 1972)	828.1	790.0	790.7	678.0	531.1	429.5

CIP Licensing, FY 1974 a/
($ Millions)

	Amount	% of Total
Petroleum products b/	80.4	21.3
Fertilizer	79.9	21.2
Yarns & fibres	48.5	12.9
Machinery & parts	47.2	12.5
Chemicals	32.7	8.7
Iron & steel	31.9	8.5
Rubber Manufactures	12.2	3.2
Plastic raw materials	7.0	1.9
Paper & paperboard manufactures	5.6	1.5
Transportation equipment	2.6	0.7
Wood pulp	2.6	0.7
Non-ferrous metals	2.3	0.6
Non-metallic minerals	2.1	0.6
Infant dietary supplement	1.7	0.5
Scientific instruments	1.6	0.4
Misc. metal manufactures	1.5	0.4
Animal feed supplement	1.4	0.4
Crude minerals (other than POL)	1.4	0.4
Natural gas	1.0	0.3
Soaps	1.1	0.3
Pharmaceuticals	0.6	0.2
Dried yeast	0.5	0.1
Freight costs	8.5	2.3
Other	1.2	0.3
Total	376.5	100.0

Notes: (a) Includes licensing under $50 million Program Loan
(b) Reimbursements for POL payments by GVN

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ATTACHMENT F

THE CIP MECHANISM

Authorization

The first step in the CIP process is the authorization of funds. This is accomplished by a Program Assistance Approval Document or PAAD. The PAAD, with its supporting analysis, is presented to the A.I.D. Administrator or Deputy Administrator for review and approval. The first PAAD in FY 1971 was supported by a detailed justification. Subsequent PAADs generally indicated only the additional funds that were required to continue operations.

Obligation

After approval of the PAAD and certification by the A.I.D. controller that funds were available, USAID was authorized to sign the obligating document, the Program Assistance Grant Agreement(PAGA), with the GVN. The PAGA specified the purpose for which the money was being made available, conditions and requirements for its use, and remedies for A.I.D. in the event of noncompliance with the terms of the agreement. The PAGA was signed by the USAID Director and the GVN Minister of Economy. As with the PAAD, the initial agreement in each fiscal year contained the program details. Subsequent funding was accomplished by amendment of the dollar amount contained in the original PAGA.

Implementation

Concurrent with the signing of the PAGA or shortly thereafter, USAID issued to the GVN an Implementation Letter and Commodity Procurement Instructions (CPI). The purpose of the Implementation Letter was to provide the GVN with the necessary details to initiate the program and to explain

sections of the PAGA in greater depth. For example, while the PAGA required the GVN to report on the utilization of CIP funds, the Implementation Letter spelled out exactly what information was required. The Implementation Letter was normally a unilateral document issued by USAID and was subordinate to the PAGA. It could not be used to expand or modify the terms of the PAGA. Implementation Letters were issued periodically throughout the life of an agreement and were numbered sequentially for each agreement.

The Commodity Procurement Instruction or CPI was transmitted as an attachment to the Implementation Letter. The purpose of the CPI was to provide detailed instructions to the GVN on commodity procurement. The CPI noted which commodities could be procured, the permitted geographic source of procurement and any dollar limitations or special provisions applicable to certain commodities or sources. Because of the extent and volume of the material, this instruction was accomplished by reference to a "POSITIVE LIST" which listed eligible items, sources and special provisions.

Disbursement

To obtain disbursement of the CIP funds the GVN submitted a Financing Request (FR) to USAID. The FR was a request that a specified amount of CIP funds be utilized to procure certain specified commodities. The FR was signed by the GVN, countersigned by the USAID, and forwarded to A.I.D./Washington for approval.

After approval, A.I.D. Washington established the required Disbursing Authorization (DA) to permit disbursement of CIP funds. The CIP used a

number of types of DAs. The main ones are discussed briefly below.

Bank Letter of Commitment

This was the standard disbursement method used in South Viet Nam for general, non-bulk commodities. A.I.D. prefers to utilize this method wherever possible because of its close conformance to normal commercial trade channels. The Bank Letter of Commitment is a commitment by A.I.D. to reimburse a designated U.S. bank up to a set dollar limit for payments made to commodity suppliers. The U.S. bank pays against commercial letters of credit opened by importers through local banks in the importing country.

Direct Letter of Commitment

This method was often used to finance fertilizer. It is a commitment by A.I.D. to pay a commercial supplier upon presentation of the required documentation evidencing shipment of the commodity.

Direct Reimbursement Approval

The Direct Reimbursement Approval is a commitment by A.I.D. to reimburse the GVN up to a set dollar amount for the purchase of a specified commodity. This method was used to finance POL and, on occasion, certain other bulk commodities.

Importers

In 1970 there were approximately 2,421 firms registered as importers in South Viet Nam. Importers were required to have a patente (business license) on which they paid a tax each year. Two types of licenses were required. One type covered importers who were primarily commercial traders importing finished goods for immediate resale through wholesale or

retail outlets. About 1,495 individuals or firms were in this category. A second type of license was required by the remaining 926 firms which were classified as manufacturers or end-users. These firms imported capital machinery for their own plants or raw materials which were processed and sold in Viet Nam.

The first step in the import procedure was the preparation, by the importer, of an Office of Small Business (OSB) application for the intended import. The CIP commodity analysts in USAID received and reviewed all OSB applications for compliance with OSB procedures before submitting them to AID/W for publication. A deadline was established (45 days from receipt of the OSB notice in AID/W) before which date the importer could not place an order nor make application for an import license. After the deadline the importer selected the supplier who offered the lowest C & F price, or he could present a valid justification for selecting a higher offer, such as a particular brand preference, previous bad experience with the low offer, or a particular offer's more exact conformity to the specifications which were advertised.

The OSB advertising requirement remained in effect under A.I.D. Regulation I until 1971, at which time a new system was instituted providing American exporters a list of all Vietnamese importers and the commodities which they historically purchased abroad; the exporter could then contact Vietnamese importers of his product directly. After this change in systems, the importer was required only to solicit sufficient offers to comply with good commercial practice, precluding the need to advertise through OSB.

Licenses

The importation of any commodity into South Viet Nam required an approved Import License issued by one of two Directorates in the Ministry of Economy. Licenses for imports financed with the GVN's own foreign exchange were issued by the Directorate of Controlled Economy (DCE). Licenses for imports which were financed with A.I.D. funds under the CIP were issued by the Directorate of Commercial Aid (DCA). By agreement with the GVN, the USAID reviewed all license applications in the latter category after they were approved by the DCA.

The DCA considered import license applications only after the importer had advertised his proposed procurement in the Small Business Circular or, under the later system, had solicited sufficient offers from known suppliers. This licensing stage of a commercial import transaction was the first opportunity which either the GVN or the USAID had for review and appraisal of the entire transaction. It was at this stage in the transaction that USAID and GVN first knew not only the importer, but the supplier, his local sales representative, full particulars of the commodity desired, the source of procurement and the price. After the license had been issued, it was generally implemented promptly by the opening of an irrevocable Letter of Credit in favor of the supplier; once this occurred, A.I.D.'s ability to exercise preventive surveillance over the transaction became infinitely more difficult. Therefore, it was during the license approval process that the USAID carefully reviewed each transaction in all its detail to assure conformance with A.I.D. requirements. Review at this stage, however, did not prevent recourse by A.I.D. to a refund from the GVN in the event of subsequently discovered irregularities.

The licensing procedure was as follows:

1. The importer submitted his license application to his local commercial bank along with supporting documents including copies of all offers received or, if he had received a waiver of the Small Business advertising requirement, a copy of the waiver, and the pro forma invoice of the proposed supplier.

2. The commercial bank, assuming it was willing to issue a Letter of Credit to finance the transaction, transmitted the license application to the National Bank of Vietnam (NBVN).

3. The NBVN maintained records of all import license applications, issued licenses and controlled the allocation of each license against specific blocks of foreign exchange. After recording the application, the NBVN forwarded it to the DCA.

4. Within the DCA, the license application was subject to a series of reviews to assure that the price was reasonable; that the importer, agent and supplier were not ineligible according to GVN lists; that the commodity and source origin were eligible for CIP financing; and that the transaction conformed to any other special requirements imposed by the CIP Agreement, the Commodity Procurement Instruction, or the Letter of Commitment governing the transaction.

5. Following DCA's internal review and approval, the DCA transmitted the license application to USAID for review prior to its issuance by the NBVN.

6. In USAID, each license or amendment was recorded in the automated data system and was compared against USAID listings of ineligible parties (importers, agents and suppliers) and parties subject to special

review. Each license application was then reviewed by a Commodity Analyst. The Commodity Analyst checked the application for:

--eligibility of the commodity and its source/origin

--compliance with OSB procedures or sufficient solicitation after 1971.

--minimum value of transaction ($5,000) after 1967

--compliance with special conditions stated in the governing Commodity Procurement Instruction (CPI)

--submission of at least three offers from suppliers, and consideration by the importer of all supplier offers received

--legitimacy of selected offers as to price, delivery promised, specifications and quality

--adequate justification in case the importer had selected other than the lowest offer

--reasonableness of price

--correspondence of quantities being procured to the quantities advertised or solicited

--assurance that quantity being procured would not create an oversupply or curtail production in domestic industry; in this connection, the commodity being licensed was checked against current reports of commodities pledged in bank warehouses, and importers having commodities so pledged were required to assure that the pledged stocks would be drawn down

--assurance that end-user importers were not importing quantities of materials beyond sound stocking principles

--assurance that freight rates on the license were not excessively low or high

assurance
--that delivery could be accomplished within the deadlines set in the CPI

assurance
--that freight differentials were not utilized to increase FOB prices above their normal levels

assurance
--that if procurement was from non-U.S. sources, the A.I.D. rules governing componentry could be met.

In sum, the USAID review of the license was designed to assure that the transaction was one among eligible parties for the procurement of an eligible commodity at a reasonable price in compliance with A.I.D. regulations and sound commercial practice. Upon completion of the USAID review, the analyst stamped the words "Eligible for AID Financing" and entered his signature on the face of the record copies of the license before it was submitted to NBVN.

Letter of Credit

The importer had 20 days from the date of license issuance to request his local bank to open a Letter of Credit. When a Letter of Credit was opened the importer was required to deposit with his bank piasters amounting to a specified percentage of the value of the import transaction, depending upon the commodity classification. The Letter of Credit was transmitted by the local commercial bank to the Letter of Commitment (L/COM) bank, which reimbursed the supplier or the supplier's bank upon presentation of on-board bills of lading, A.I.D. supplier's certificates, invoices and any other documents stipulated in the letter of credit and A.I.D. regulations, including A.I.D. Form 11 certifying commodity eligibility.

A.I.D. Approval of Commodity Eligibility

Effective May 13, 1968, all transactions proposed for A.I.D. financing were reviewed to determine the eligibility of the commodities for financing. Evidence of A.I.D.'s prior review and approval of commodity eligibility had to be included with a supplier's payment document in order for the supplier to receive payment.

To request A.I.D.'s review, the supplier submitted Form AID-11, Application for Approval of Commodity Eligibility, to A.I.D. before making shipment. The Commodity Eligibility Review Branch in AID/Washington reviewed the information furnished by the supplier and, if the commodity was eligible for financing under the terms of the L/COM and the Positive List and if the supplier had not been suspended or debarred from participating in the A.I.D. program, an authorized A.I.D. official signed the form and returned it to the supplier for use as a part of his payment documentation. If the commodity was not eligible, the form was noted accordingly and returned to the supplier to make such other financing arrangements as he might desire.

Payment to Supplier

Upon receipt of all required documentation, the L/COM bank made payment to the supplier or to the supplier's bank.

When commodities were supplied from a PD-31 country1/ the supplier received payment in local currency from a correspondent bank in his country; the payment documents were then forwarded to the L/COM bank through the

1/ A number of developing countries were authorized as supplier countries under the CIP. PD-31 suppliers were restricted to a list of some 300 designated commodities and PD-31 countries agreed to offset their sales to Viet Nam under CIP with matching purchases in the U.S. The applicable exchange rate was the CIP rate until Dec. 30, 1972 when PD-31 imports were made subject to a perequation tax of 75 piasters. Effective Apr. 27, 1973 the perequation tax was dropped and PD-31 imports were made subject to the GVN rate. PD-31 countries in 1974 were Korea, Taiwan, Philippines, Indonesia, Morocco, Thailand, Singapore, India, Pakistan, and Tunisia.

central bank in the source country, and the L/COM bank made payment by issuance of a U.S. source Letter of Credit to the central bank.

Payment by Importer and Deposit of Local Currency

The L/COM bank notified the National Bank of Vietnam by cable of payments made to suppliers. The time lag between payment to the supplier and notification to the NBVN could be one or two days if the L/COM bank had made the payment directly, or up to one week if a reimbursement to another bank was involved. Upon receipt of the notification of payment, the NBVN debited the piaster account of the local commercial bank through which the license was processed and the Letter of Credit opened, and informed the bank of the action taken.

When the NBVN notified the local commercial bank that its piaster account had been debited, the local bank could either order the importer to deposit the remaining piaster balance, or extend credit for an agreed period of time. When the local bank's account was debited, the NBVN also credited the piasters to a special suspense account where the funds remained until the NBVN was ready to make payment from this account into a special counterpart account.

L/COM banks were reimbursed for payments made to suppliers upon submission of documents to A.I.D.'s New York Certifying Office. The A.I.D. disbursements were reported to USAID in a monthly ADP run, which reached USAID about 60 days after payment by A.I.D. USAID presented a monthly bill to the NBVN for the total A.I.D. dollar disbursements reported during the previous month. The NBVN then made payments from the counterpart suspense account into a special counterpart account. Counterpart funds generated in this manner were used to finance agreed-upon portions of the GVN budget

as well as for selected economic development purposes.

Customs Clearance

When the commodities arrived in Viet Nam (mostly through the port of Saigon) they were unloaded by a private stevedoring company and put into customs warehouses in the port area. Importers generally used agents or brokers to get their goods through the port. When goods arrived, the agent obtained copies of the bill of lading and other documents, initiated the necessary port clearance and customs documentation, and ultimately delivered the goods to the importer. As soon as the importer arranged payment of custom duties, he was free to move his goods directly into the market, or to storage in his own warehouse.

When the importer used bank credit to obtain piasters for payment of custom duties, or lacked sufficient capital to pay the full piaster equivalent of the dollar import transaction, the importer's bank retained title to the goods, and the importer was required to sign a trust receipt with his bank in order to take possession. Interest rates on trust receipts ranged from six percent to ten percent (in 1970).

To encourage rapid clearance and avoid congestion of port facilities, fees were imposed for the time shipments remained in customs in the port warehouses. These fees escalated from six piasters per cubic meter or metric ton for the first day to 64 piasters for the 30th day. Goods left beyond 30 days were subject to confiscation. Importers who did not remove their cargo within 90 days of its arrival were subject to restrictive measures by the GVN. Additionally, such goods were classified as distressed cargo under A.I.D. regulations. The USAID filed formal refund claims against the GVN for distressed cargo not cleared by the importer within 90 days after arrival in the port.

DEVELOPMENT PLANNING

DEVELOPMENT PLANNING

Relative Priority of Planning

The basic objective of both the U.S. and GVN during 1954-1975 was to prevent a take-over of South Viet Nam by the Viet Cong and North Viet Nam. The U.S. economic aid program was regarded as an economic tool to this politico-military objective. Since the communist military threat was present in varying degrees throughout 1954-1975, economic aid was used mainly to provide intermediate and consumer goods to help meet current production/consumption demand, rather than to supply capital goods and developmental expertise on a scale which would have been required to emphasize and promote economic development. Since economic development was given a relatively low priority, particularly by the GVN, so was development planning. The decision for the U.S. to extend aid specifically to development planning originated at the Manila Conference of September 1966 between President Johnson and Marshal Ky (then chairman of the Central Executive Committee of the GVN). The two heads of government reportedly agreed that it was necessary to commence planning for the rehabilitation of the economy when the security of the country was assured. Notwithstanding this agreement, the GVN attitude through most of the 1954-1975 period was that large scale development and comprehensive planning for development should wait for a postwar setting or, at least, for a much improved security situation.

Despite the primacy of politico-military objectives, the GVN prepared two five year reconstruction and building plans between the partition of Viet Nam in 1954 and the beginning of the U.S. forces buildup in

1965. The first plan covered the period 1957-1962 and the second 1962-1966. The specific goals of the first plan were not revealed by the GVN and the plan was described by one economist as, "a generalized statement of aspirations together with a listing of about 20 'areas' which the government desired to develop."a/ It appears that the Diem regime did not make a determined effort to implement the first plan during the relatively peaceful years of 1957-1960 and the rising insurgency beginning in 1960 effectively prevented implementation of the second plan. The forerunner agencies of A.I.D. did not have a separate development planning project during 1954-1966 and apparently did not play a major role in the formulation of either of these plans or seriously attempt to provide the capital and technical expertise which would have been required for substantial implementation of the plans.

Structure of U.S. Aid to Planning

U.S. assistance on a sizeable scale, specifically to development planning, commenced in December 1966 when the Development Planning Project No. 730-11-755-342 was initiated. Aid to planning continued to be provided under this project through FY 1975.b/ During the approximately eight -year life of the project (FY 1967-1975) fund obligations totaled $3,721,000 (see Attachment 1) and expenditures $3,420,000. Of the total expenditures, 86 percent was for contract services and 13 percent for participant training. The remaining one percent was for PASA personnel and

b/ A small amount of aid was extended from the end of FY 1975 through August 31, 1975, the cutoff date for aid to Vietnamese participants studying in the U.S.

a/ Frank C. Child, "Economic Growth, Capital Formation and Public Policy," p. 11, February 1961.

for commodities purchased in the U.S. and Viet Nam. Approximately 75 percent of total project expenditures were concentrated in the period FY 1967-FY 1970, compared with 25 percent in FY 1971-FY 1975. As will be explained below, the activities of the two periods, although included in the same project, were separate in their approaches. As a result, the distribution of expenditures by major categories was quite different between these two subperiods (see Attachment 2).

Assistance in FY 1967-FY 1970

Ninety-nine percent of the total project expenditures of $2,562,000 during this period was associated with the Development and Resources Corporation (DRC) contract. This contract was signed in January 1967 and expired in April 1970. The objective of the contract was to produce a framework of long term policies and programs within which detailed development plans could be designed and the reconstruction of the Vietnamese economy could proceed promptly once the war was over. Of contract outlays totaling $2,544,000 during the period, 57 percent ($1,458,000) was for DRC American personnel and 43 percent was for counterpart Vietnamese personnel who comprised the Postwar Planning Group (PPG). The DRC and PPG together comprised what was known as the Joint Development Group. DRC provided the services of a resident group of long term American specialists (the number varied but did not exceed eight) as well as of short-term specialists in various fields. The resident staff included general economists, an agronomist, an agricultural economist, water resource engineers and a specialist in public administration and finance. Short-term DRC personnel included specialists in industrial development, water resource engineering, electric power development and transportation.

The PPG comprised 25-30 Vietnamese professionals, selected mainly from Vietnamese universities. Including clerical and administrative people, the PPG had a total staff of about 75. Salaries of this Group in piasters were financed under the Development Planning Project. The PPG was a semiautonomous organization and operated outside the GVN structure. The relative independence of the PPG caused some friction with the GVN, which feared planning could result in resource diversion from the military effort and, at any rate, apparently had misgivings about broad planning being done by an organization (PPG/DRC) over which it lacked control. Similarly, GVN operational ministries were generally unwilling to give up any of their prerogatives in the planning area and the PPG was, in some instances, rather condescending in its attitude toward the regular ministries.

The DRC and PPG together produced 60 papers and studies during the period March 1967 to June 1969 (see Attachment 3). The most important study was "The Postwar Development of Vietnam: Policies and Programs" (three volumes). This study consisted of a general description of the Vietnamese economy and analytical reviews of selected areas of the economy. Further, the study proposed a ten-year development strategy, recommended policy changes and presented several specific development programs. In short, the study attempted to provide a general framework of long-term policies and programs within which detailed development plans could be designed when the war ended. The study, which included materials from many of the other 60 papers listed in Attachment 3, was presented to President Thieu in April 1969. The GVN apparently did not make a serious effort to follow up on the recommendations and proposals for further work

made in this study. An interministerial committee was set up to review the study but no official pronouncement on the study, as a whole, was ever made. Professor Vu Quoc Thuc, who headed the Vietnamese Postwar Planning Group, was appointed Minister of State for Postwar Planning in June 1968, but in neither this position nor later ones was he given a significant budget or staff. After presentation of "The Postwar Development of Vietnam: Policies and Programs" to President Thieu, the DRC was not requested by the GVN to do any additional work. As a result, the DRC spent the remainder of the contract period (May 1969 to April 1970) working directly for the USOM. This work included:

1. Investigations of development possibilities in the five northern provinces;

2. a study of anti-inflationary tax policies;

3. a review of existing programs to increase rice production;

4. a study of the relationship between central, provincial and local government budgets;

5. an examination of the prospects for expanding export trade; and

6. a survey of existing marketing systems in I Corps.

DRC activities in Viet Nam came to an end with the departure of the DRC resident representative on April 15, 1970.

Assistance in FY 1971-FY 1975

A.I.D. expenditures under the Development Planning Project during this period were only one-third those of the earlier period and were concentrated primarily in participant training (see Attachment 2). Participant training, principally in the U.S., accounted for 53 percent of total

expenditures, compared with 45 percent for contract services. Approximately $57,000 or 15 percent of the total expenditures for contracts during this period was for a final payment to the Development and Resources Corporation (DRC), and most of the remainder of this contract expenditure went to the Institute of Defense Analyses (IDA). The remaining expenditures under the project were for a small amount of commodities from the U.S. and for local purchases of goods and services in Viet Nam.

Thirty participants received training in the U.S. under the Development Planning Project during this period (see Attachment 4). Twelve received short-term, non-degree training in such areas as individual project analysis and management and National Income Accounting, and 18 received Masters Degree or Ph. D. training in such fields as general economics, econometrics, business administration and public policy and development administration. Of the 30 participants, 12 completed their training and returned to Viet Nam before the communist take-over The other 18 have remained in the U.S.

Expenditures for contract services in FY 1971-FY 1975 totaled $386,000 compared with $2,544,000 in the earlier period. After expiration of the DRC contract in FY 1970, there were no contract expenditures in FY 1971 since USAID did not wish "to get too far ahead of the GVN" on development planning. Contract services were programmed in FY 1972 after the GVN made known in June 1971, by the establishment of a Ministry of Planning supported by an adequate staff and budget, that development planning was to be given a higher priority by the Vietnamese government than in the past. As an interim measure, the then existing contract of the Institute

of Defense Analyses (IDA) was extended and revised so that, beginning in January 1, 1972, IDA provided assistance under the Development Planning Project to the new GVN Ministry of Planning. IDA assisted in preparing parts of the "Four Year National Economic Development Plan (1972-1975)," promulgated in November 1972, although pains were taken to assure that this plan was, "a GVN effort". The "Introduction" to the plan states that it constitutes the first attempt of the GVN, "to formulate an overall development plan". The Plan itself was rated a good job in terms of internal consistency and logic. Unfortunately, however, the planners were overtaken by events in the form of the NVA invasion in 1972. Since the Plan failed to take account of a bad year at the outset its targets were unrealistic. They would become more so as real aid levels declined during 1972-74. (See Attachment 5.)

IDA provided to the Ministry of Planning, beginning in January 1972, the services of economists and statisticians knowledgeable in:

1. capital project analysis and evaluation;

2. national accounts development, especially related statistical estimation and sampling techniques;

3. the relationship between exchange rates and development;

4. wage rate policies and export subsidies in relation to export expansion programs;

5. import tariff structure in relation to GVN revenue requirements, and

6. preparation of overall capital budgets for public sector investment.

A new Project Paper (PROP) for the Development Planning Project was completed in December 1972. This PROP, which proposed a new contract for assistance to the Ministry of Planning, received provisional AID/W approval in early 1973. However, an invitation to bid was not issued since there was an indication from a World Bank team which visited Viet Nam in mid-1973 that the bank might be inclined to provide the necessary planning contract services. Both the GVN and the Mission felt that this would be preferable, if possible. Also changes taking place in the GVN—the downgrading in August 1973 of the Ministry of Planning to a Commission General for Planning and the resignation by request of the Minister and Vice-Minister—suggested the wisdom of proceeding with caution. Later, after (a) it became clear that the World Bank was not prepared to undertake the planning advisory work, (b) the Planning Ministry was reestablished in March 1974 and (c) a new Minister and Vice-Minister had been appointed, the request for proposals was issued. This came out in June 1974. There were some delays in selecting a contractor but the selection (Louis Berger, Inc.) was made in early 1975. The contract was executed April 8, 1975, but no contract group was sent to Viet Nam due to the rapidly deteriorating military situation.

Principal papers and studies related to planning, prepared under the Development Planning Project during FY 1971 - FY 1975, are enumerated in Attachment 5.

The objective of A.I.D. assistance through the Development Planning Project during this period (FY 1971 - FY 1975) was to help the GVN develop an improved planning capability. The evolution of GVN planning machinery

during 1965-1975 is outlined in Attachment 6, and the principal planning documents produced by the GVN and DRC (PPG during 1957-1974) are enumerated in Attachment 7.

In addition to U.S. assistance extended through the Development Planning Project, smaller amounts of aid to planning were also extended through other projects, principally the Statistical Services Project (No. 730-11-780-341) and projects in the agricultural area. USAID and Embassy staff economists also provided very important advice and assistance to the GVN in formulation of development strategy and supporting economic policies.

Practical Developments and Problems

While the Planning Ministry was devoting most of its time to the 1972-75 Four Year Plan and subsequent refinements, a number of more practical developments were taking place. A new, liberal Foreign Investment Law was promulgated, and an Export Development Center and an Investment Service Center established, in 1972. The National Economic Development Fund (NEDF) was started on March 1, 1972 to provide medium and long-term credit to business through development banks and other financial intermediaries. The activities of the Agricultural Development Bank (ADB) and rural banking system expanded and received official encouragement. The Handicraft Development Center was revived. In general, the new institutions were capably staffed and, despite early difficulties, performed usefully.

In May 1973, as a follow-up to this meeting with President Nixon at San Clemente, President Thieu proclaimed an "Economic and Social Reconstruction Program", designed to restore the damage done by the 1972 NVA Offensive, complete the Refugee Resettlement Program, and lead the country

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to self-sufficiency by 1980. A VN$ 150 billion piaster "Reconstruction, Rehabilitation, and Redevelopment Fund" was established as an Extrabudgetary fund to finance activities in the areas named. Foreign donors were invited to finance activities in the areas named.

Curiously, the 1973-80 Program and the 3-R Fund originated not in the Ministry of Planning but at the Ministry of Finance, which received Presidential approval as the coordinating body for all foreign aid.

The Planning Ministry, meanwhile, was being pressed by USAID to move away from its obsession with formal macro-economic planning into identification of actual projects. To that end a "shelf" of projects, intended as a focus for potential foreign lenders, was produced in mid-1973. The list was not well conceived, and despite further efforts, the GVN never was able to produce a truly creditable, carefully costed listing of well defined development projects.

Spending under the 3-R Program lagged far behind the initial VN$ 150 billion figure, totaling VN$ 38 billion in 1973 and about VN$ 50 billion in 1974. Most of it was for refugee relief. Of the remainder, the Agency for the Development of Da Nang Authority (ADDA) took a major share. ADDA was established in 1971 to provide public works employment in the wake of the U.S. withdrawal. Capably managed, it soon attained a rare reputation for honesty, and steadily expanded its scope, both in area and in the nature of its operations. By the end of 1974 ADDA was active in several of the larger cities in Central Viet Nam and a sister agency, ADSA had been formed in Saigon. ADDA's activities had expanded from street cleaning and repair of streets and buildings to large scale irrigation projects. It had, in effect, evolved into the GVN's principal

operating agency in the area of development, employing 25,000 persons in Central Viet Nam and 7,000 in Saigon (ADSA).

Except for ADDA, which was independent of the Ministry of Planning (or the Commissioner General of Planning) THE GVN proved unable to conceive, organize, and carry through on specific development projects. Near the end, their ineffectiveness in this area became moot, at least in many minds, as the deteriorating monetary outlook brought into increasing question the advisability of such projects.

ATTACHMENTS

1. A.I.D. Net Fund Obligations for Development Planning Project, FY's 1967-1975

2. A.I.D. Fund Expenditures by Major Components for Development Planning Project, FY's 1967-1975

3. Published Papers and Studies of Development and Resources Corporation and Postwar Planning Group

4. Participant Training in U. S. Financed under Development Planning Project

5. Other Principal Papers Related to Development Planning

6. Chronology of Evolution of GVN Planning Organizations, 1965-1974

7. Chronology of Principal Planning Documents Produced

Attachment 1

A.I.D. NET FUND OBLIGATIONS FOR DEVELOPMENT PLANNING PROJECT, FY's 1967-1975

FY		Amount ($Millions) a/	Percentage Distribution
1967		1,433	38.5
1968		-64 b/	-1.7
1969		1,000	26.9
1970		194	5.2
	Sub-total	2,563	68.9
1971		125	3.4
1972		326	8.8
1973		466	12.5
1974		130	3.5
1975		111	3.0
	Sub-total	1,158	31.1
	Grand Total	3,721	100.0

a/ Obligations minus deobligations.
b/ There were no obligations of funds during FY 1968.
Source of dollar figures: W253 and U203 Reports.

ATTACHMENT 2

A.I.D. FUND EXPENDITURES BY MAJOR COMPONENTS FOR DEVELOPMENT PLANNING PROJECT, FY's 1967-1975
(Millions of Dollars)

FY	U.S. Personnel Costs					Other Costs			%
	Direct AID	PASA	Contracts	Participants	Commodities	Direct AID	Contracts	Total	Distribution
1967	-	-	51	-	3	-	139	193	5.6
1968	-	13	133	-	1	-	337	484	14.2
1969	-	-10	936	-	-	-	562	1,488	43.5
1970	3	8	338	-	-	-	48	397	11.6
Sub Total	3	11	1,458	-	4	-	1,086	2,562	74.9
% Distribution	0.1	0.4	56.9	-	0.2	-	42.4	100.0	
1971	-3	-	-35	24	-	-	-	-14	-0.4
1972	-	-	42	63	7	3	-	115	3.4
1973	-	-	186	55	2	-	-	243	7.1
1974	-	-	165	111	-	-	-	276	8.1
1975	-	-	28	205	5	-	-	238	7.0
Sub Total	-3	-	386	458	14	3	-	858	25.1
% Distribution	-0.3	-	45.0	53.4	1.6	0.3	-	100.0	
Grand Total	-	11	1,844	458	18	3	1,086	3,420	100.0
% Distribution	-	0.3	53.9	13.4	0.5	0.1	31.8	100.0	100.0

Source of dollar figures: U203 Reports.

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PUBLISHED PAPERS AND STUDIES OF DEVELOPMENT AND RESOURCES CORPORATION AND POSTWAR PLANNING GROUP

No.	Title	Date	Author Member of
1	"A Report on the Marketing of Vegetable Crops"	8/67	PPG*
2	"The Vietnamese Industrial Sector"	8/67	D&R**
3	"A Program for Mekong Delta Development"	10/67	D&R
4	"The Production and Marketing of Rice"	10/67	D&R
5	"Report on the Land Reform Program"	1/68	PPG
8	"Mineral Resources and Geological Activities in South Vietnam"	2/68	D&R
9	"Thua Thien Agricultural and Development Problems" and "The Result of Investigations of 411 Thua Thien Farmer Households"	10/67	PPG

* Postwar Planning Group
** Development and Resources Corporation

No.	Title	Date	Author Member of
10	"Proposal for a Resettlement Program"	10/67	D&R
11	"Report on Investigation of Highway Contractors in the Saigon-Gia-Dinh Area"	7/67	PPG
13	"Report on Water Pump Distribution"	9/67	PPG
17	"Preliminary Report on Forestry in Vietnam"	1/68	D&R
18	"A Macroeconomic Model and Projections, 1968-71"	10/67	D&R
20	"Program for Analysis of Mekong River Hydraulics with Particular Reference to the Delta"	3/68	D&R
21	"Protection of Farm Animals Against Contagious Disease in Vietnam"	4/68	PPG
22	"Swine Raising Development Program in Vietnam"	4/68	PPG
23	"Economic Policies in the Transition to Peace and After"	6/68	D&R
24	"A Description of Ocean Fish Marketing in Saigon"	6/68	PPG & D&R
25	"Broiler Production"	6/68	PPG
26	"Fertilizer Distribution in Vietnam"	No Date	PPG
27	"Vegetable Production Problems in Dalat, Tuyen-Duc Areas of South Vietnam"	9/68	PPG
28	"Tax Policies for the Post-War Development of Vietnam"	8/68	D&R
29	"Towards a Program Budget in Vietnam"	11/68	D&R

No.	Title	Date	Author Member of
30	"Railroads"	1968	PPG
31	"Housing Problems"	1968	PPG
32	"Water Supplies"	1968	PPG
33	"Transportation Costs"	Unknown	PPG
36	"Saigon Port"	1967	PPG
40	"A Program for the Development of the Five Northern Provinces Constituting the I Corps Region of South Vietnam"	12/68	D&R
42	"Present Situation and Possibilities of Postwar Development of Inland-Fisheries in the Mekong Delta"	11/68	PPG
43	"Farm Machinery"	12/68	PPG
44	"Measures to Develop the Cassava Planting in Vietnam"	1969	PPG
45	"Development of Sorghum Planting in Vietnam"	1968	PPG
46	"The Cultivation of Sugar Cane and the Manufacture of Sugar During the Post-War Period in the Republic of Vietnam"	12/68	PPG
47	"Status of Soil Chemistry and Physics in Vietnam and Post-War Requirements"	1968	PPG
48	"Straw-Mushroom Cultivation in Vietnam and Prospects for its Development in the Future"	1968	PPG
49	"Development of Corn Planting in Vietnam"	1968	PPG
50	"Development of Duck Raising in Vietnam"	10/68	PPG

No.	Title	Date	Author Member of
51	"Potential for Peanut Production in Vietnam Post-War Economy"	12/68	PPG
52	"Postwar Planning for Highways"	1968	PPG
53	"Postwar Agricultural Extension Organization and Activities"	5/69	PPG
54	"Prospects for Fruit Crop Production in the Mekong Delta"	4/69	PPG
55	"Hog Production Improvement through Artificial Insemination in Vietnam"	5/69	PPG
56	"Saigon Transportation System"	1967	PPG
57	"A Forestry Program for the Post-War Development of the Five Northern Provinces Constituting the I Corps Region of South Vietnam"	6/69	PPG
58	"The Capability of the I Corps Forest and the Problem of Wood Supply for a Plywood Mill at Danang"	8/69	PPG
59	"Report on Sawmills in Vietnam"	12/68	PPG
60.	"The Postwar Development of Vietnam: Policies and Programs" (three volumes)	3/69	D&R/PPG

PARTICIPANT TRAINING IN U.S. FINANCED UNDER DEVELOPMENT PLANNING PROJECT

1. Short-Term of Special Training[a/]

6	in project analysis and management (returned to Viet Nam);
1	in National Income Accounting (returned to Viet Nam); and
5	in project planning (remain in U.S.).
12	

2. Masters Degree Training

1	in public policy and administration	Returned to Viet Nam
1	in econometrics	
1	in business finance and development	
1	in operational research	
1	in regional development	
5		

8	in general economics	completed or in process,[b/] all remained in the U.S.
2	in business administration	

3. Ph.D. Training

3 in general economics (all remain in U.S.)

a/ Up to 20 weeks, non-degree, mostly academic.
b/ Cut-off date for A.I.D. financing was August 31, 1975.

OTHER PRINCIPAL PAPERS RELATED TO DEVELOPMENT PLANNING a/

Institute for Defense Analyses (IDA)

The Economic Development of South Vietnam - S-399:

Problems and Prospects, Vol. I. Douglas C. Dacy. May 1972, 62 p. Classified.

Policy Issues, Vol. II. No author given. 74 p. Classified.

Related Essays, Vol. III. Edited by Rolf Piekarz and Nancy Watkins. May 1972. 225 p. Unclassified.

Savings Deposits, the Money Supply, and the Price Level in Vietnam. Paper P-998. William F. Beazer. September 1973. 17 p. Unclassified.

National Income Accounts of Vietnam, Paper P-1028. Sumiye Okubo. November 1974. 170 p. Unclassified.

Other than IDA:

Economic Policy Issues in Vietnam. Arthur Smithies. Contract No. AID/SA-C-1054. August 29, 1974. Unclassfied.

Devaluation, Inflation and Balance of Payments. Arthur Smithies. October 1, 1974. Unclassified.

The Vietnamese Economy in October 1974, An Assessment With Policy Recommendations. John E. Koehler and Albert P. Williams, Jr., Rand Corp. under contract with A.I.D. April 1975. Unclassified.

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a/ Excluding those prepared by Development and Resources Corporation and Postwar Planning Group.

Attachment 6

CHRONOLOGY OF EVOLUTION OF GVN PLANNING ORGANIZATIONS, 1965-1974

3/19/65 - A decree signed by the Prime Minister expanded the size and importance of the Office of the Deputy Prime Minister for Planning.

12/15/66 - A Supreme Council on Planning and Development was created with the Prime Minister as Chairman. On the same date, the General Commission for Planning and Development was established and constituted to include the Directorate General of Planning and the National Institute of Statistics.

4/1/68 - A National Planning Council was established under the direct jurisdiction of the President. Also established was a Commissariate General of National Planning to serve the National Planning Council.

10/69 - An Office of the Special Assistant to the President for Planning was established to replace the National Planning Council and the General Commissariate for National Planning. The Office of the Special Assistant to the President for Planning was constituted to include the National Institute of Statistics and the Directorate General of Planning.

6/71 A Ministry of National Planning and Development was established and given a much expanded budget and staff.

8/73 - The Ministry of Planning was downgraded to the Commission General for Planning and the Minister and Vice Minister were requested to resign.

3/74 - The Ministry of Planning was re-established and a Vietnamese (Dr. Nguyen Tien Hung), who had been teaching economics at Howard University in Washington, D. C., was asked by the President to come to Saigon as Minister of Planning.

10/74 Dr. Nguyen Van Hao was named Deputy Prime Minister in Charge of Economic Development. This appointment was made to consolidate decision-making authority on economic matters and achieve better coordination of economic policies. Dr. Hao was concurrently named Minister of Agriculture and Industry.

Attachment 7

CHRONOLOGY OF PRINCIPAL PLANNING DOCUMENTS PRODUCED

1. First Five Year Plan (1957-1962), prepared in 1956 by GVN.

2. Second Five Year Plan (1962-1966), prepared in 1961 by GVN.

3. The Postwar Development of Vietnam: Policies and Programs (three volumes), presented to GVN in April 1969, prepared by Development and Resources Corporation with help of GVN Postwar Planning Group.

4. Program for Economic and Social Development (1970-1971), prepared by GVN.

5. Five Year Rural Economic Development Plan (1971-1975), published in 1970, prepared by the Ministry of Land Reform, Agriculture and Fishery Development.

6. Four Year (1972-1975) Plan of Infrastructure Development, completed in 1971, prepared by Ministry of Public Works.

7. Four Year Community Defense and Local Development Plan (1972-1975), prepared in 1971 by The Central Pacification and Development Coordination Council.

8. Four-Year National Economic Development Plan (1972-1975), completed in August 1972, by the Ministry of National Planning and Development. (This document constitutes the first attempt "to formulate an overall development program" according to the statement in the "Introduction" to the Plan.)

9. Profile of the Vietnamese Economy in the Post-War Period 1973-1980, and related documents projecting economic trends and external aid requirements, prepared in 1973 for President Thieu's visit to the U.S. April 1973.

10. Reconstruction and Development Programs, Selected Small Projects for 1975-1976, published in June 1974, prepared by Commission General of State for Planning.

11. First development budget, an integral part of the GVN budget was approved by the Cabinet in September 1974. It called for budgetary outlays the equivalent of about $225 million, exclusive of Vietnamese bank financing of some $100 million.

EDUCATION

Historical Perspective

Prior to and during the early 1950's, a true public educational system as we know it did not exist in Viet Nam. While publicly-supported elementary schools could be found in provincial capitals, they were open only to selected children - those of civil servants working in the provinces and of the military officer class. Secondary education was offered only through private schools and again only to an elite class of people - those who could afford private schooling. Many secondary school age children were sent to France for that level of instruction and for higher education. Children who completed the secondary program could also attend Hanoi University. No institutions of higher learning existed in the southern part of Viet Nam prior to 1955.

Tecnhical education, both agricultural and vocational, was offered usually in apprenticeship types of situations. Regular technical schools were located in northern Viet Nam and selected children from the south were sent to these schools; however, as in most countries, technical education was accorded a much lower status than academic.

The curricula of existing schools (except the Chinese) which were patterned after that of 18th Century France, emphasized classical academic subjects. A series of examinations were given beginning with one that admitted children to the third grade. Children who could not qualify by this examination were eliminated from further formal education. Examinations for admittance to higher levels were held every year with children being eliminated at the 5th, 9th, and 11th years. Those children who succeeded in qualifying for the 12th year of school were considered well prepared for continuing higher education; however, very few actually completed the 12th year because of the very rigid final examination.

U.S. Role in Expansion and Development of Educational Opportunities for South Viet Nam

After the partition of Viet Nam in 1954, South Viet Nam faced monumental problems in the field of education as it did in most other sectors. To the difficulties generated by the conflict with the French was added the burden of accommodating the children of the nearly one million refugees who had fled North Viet Nam. Educational facilities had to be built and additional teachers trained rapidly. As a result of new government objectives for education and to accommodate the influx of new students from the North, significant modifications of the educational offerings of the French colonial period began.

The government attempted during this period of post-independence to carry out several programs of educational reform, the prime objective of which was to nationalize and Vietnamize the educational system. This meant introducing the Vietnamese language as a medium of instruction, producing textbooks in Vietnamese and helping prepare elementary teachers to teach in Vietnamese. In addition, policies were instituted to widen educational opportunities in the rural areas, increase vocational and technical training and combat illiteracy.

In 1955, Viet Nam's deficiency of trained personnel in all fields of public and private endeavor was so acute that responsible observers predicted that the war-ravaged Republic could neither survive Communist encroachment nor achieve political and economic stability. Realizing that a nation develops and prospers only as the majority of its people become educated, the Government of Viet Nam (GVN) enlisted the full-scale assistance of the

United States Operations Mission (USOM) for a comprehensive program of educational improvement and expansion.

Although American aid had been providing some assistance to smaller, specific educational projects since 1951, it was not until the GVN's 1955 request that a broad program of advisory services and financial assistance was inaugurated. Listed below are some of the educational programs with which USOM (later known as USAID) assisted the GVN.

Elementary Education

The major emphasis in the early years in elementary education was construction of classrooms, of which there was a desperate shortage. In the spring of 1956, over 9 million piasters were made available for the construction or enlargement of elementary schools, the preliminary steps to the development of schools in every village. The most unique phase of this program was "Operation Bootstrap", an agreement whereby the local community would build a school for itself with the understanding that USOM would provide the funds to staff it for one year. At some of these schools, wells were drilled by the USOM Public Works Division and pumps and roofing materials supplied.

In 1962, parents in rural areas requested security, and educational opportunity for their children, above all other government services. The Hamlet School Project was organized by USOM to assist the GVN to fulfill the latter request by enrolling in schools as many children as possible as quickly as possible as part of the pacification program. From 1963 through 1966, project activities focused upon construction of classrooms, accelerated

training of teachers, distribution of vehicles and office equipment to provincial education service offices to improve administration and to expedite classroom construction.

With the adoption of the constitution in 1967 the elementary school became a vital factor in national development. Elementary education was made universal, compulsory and free, and the elementary school was given responsibility for teaching democratic, political and social concepts necessary for functional citizenship and for developing a sound educational base for higher levels of education. In 1968 the Hamlet School Project was renamed the Hamlet Elementary Education project and the objective was broadened to assist the GVN Ministry of Education build a viable institutional and administrative structure which would enable continuous improvement of instruction. During 1968-1969, a comprehensive program was established with the specific goal of improving instruction in provincial teacher-training courses and workshops. By 1970, with USAID assistance, a total of 35,000 classrooms were constructed and 85 percent of elementary school age children were enrolled in schools. With the GVN carrying the majority of the burden in this effort, USAID assistance to elementary education terminated June 30, 1970.

Teacher Training

An inadequate supply of well-trained teachers at all levels - elementary, secondary, and high school - remained the key educational problem of Viet Nam at the close of its first two years of independence. The Higher School of Pedagogy which was moved from Hanoi to Saigon was the only school

supported by U.S. funds that trained teachers for service specifically at the secondary level.

To assist the GVN in solving its teacher shortage in FY 1965, USOM initiated programs to: 1) enlarge and equip the National Normal School and the Higher School of Pedagogy; 2) construct two new normal schools in rural districts of the province; 3) assist the Tan An teacher training center (USESCO); 4) establish a curriculum laboratory; and 5) increase the skill of at least 400 practicing teachers through in-service workshops.

The National Normal School located in Saigon was the principal source of new elementary school teachers. At maximum capacity the school produced 500 teachers per year, making the need for rural normal schools evident. The two new normal schools were to be constructed at Qui Nhon in Central Viet Nam and at Can Tho in South Viet Nam.

In 1957, the government of South VietNam entered into an agreement with USOM to assist in the development of teacher training programs at the secondary level for the practical arts (industrial arts, home economics and business education), for the introduction of science education and guidance programs, and for the strengthening of the teaching process through improved instructional methodology. Along with this program of teacher training, the primary aim was to implement and develop comprehensive secondary education throughout South Viet Nam. The USOM sought the services of an American university to provide the necessary technical assistance, resulting in an exploratory contract with Ohio University in 1960. The general objectives of this contract were to develop a specific program of assistance to be rendered in the establishment and operation of secondary school teacher training programs

at the Faculty of Pedagogy, University of Saigon, and the Secondary School attached thereto.

The preliminary survey was made, and a long term contract for such technical advice and assistance was approved on July 20, 1962. The contract was subsequently expanded to include the comprehensive educational program at the high school level, with implementation in three demonstration schools affiliated with the Faculties of Pedagogy in the Universities of Hue and Can Tho as well as Saigon, and in fifteen pilot schools located in the four Corps areas of the country. Contract extensions covering a ten-year period of service to Viet Nam through USAID terminated on June 30, 1972.

In 1960, a survey team from Southern Illinois University (SIU) also came to South Viet Nam to study conditions and to assess the potential of the elementary education program and elementary teacher education program. Upon completion of this study, recommendations were made which resulted in a contract between SIU and the U.S. Government. Under the terms of the contract SIU provided:

1. Assistance in improvement and development of administrative organization and procedures in Normal Schools and elementary schools.
2. Assistance in improvement and development of curricula, course content, and instructional materials.
3. Assistance in improvement and modernization of teaching methods and procedures.
4. Assistance in improvement and development of in-service training programs.

5. Advice and assistance to USOM in selection of, and development of training programs for, participants directly related to the Normal Schools, Demonstration Schools, and allied institutions.

This contract terminated in 1970.

Technical-Vocational Education

When the Republic of South Viet Nam became independent, large sums of American aid were allocated to vocational and technical education, principally for the schools in and around the Saigon area. In July 1954, the Vocational School for the Blind was moved with its 48 students from Hanoi to Saigon where vocational training for these handicapped persons was continued. The program of handicrafts was enlarged to include artisan and braille studies for which a braille printing machine and braille books were ordered.

In July 1954 the Technical Schools of Hanoi and Hai Phong were transferred to the cities of Hue and Nha Trang below the 17th parallel. Over four million piasters were subsequently spent for repair of equipment in the schools, for replacement of outworn equipment, and for supply of machines and materials used in foundry, metal, bronze, radio, lacquer, silversmithing, woodwork, and furniture and rug making.

In 1957, a project was initiated by the USOM to develop the Vietnamese Institute of Technology at Phu Tho, a suburb of Saigon. This school was unique in Viet Nam in that it not only had a single director but its faculty and facilities were used for multiple purposes. They serviced students enrolled in trades, commercial education, home economics, semi-professional engineering, and teacher training courses. Of great appeal

to the Vietnamese was the fact that the school was neither a French nor an American type institution but one based entirely on the specific educational needs of Viet Nam.

In the underdeveloped and neglected mountainous region of Viet Nam, sparsely populated by various Montagnard tribes, schools were scarce and technical training nonexistent. To ameliorate this problem, a project was introduced by the USOM for manual arts training. Over 187 Montagnard children of this isolated area were taught to make and use simple tools and do foundry and machine shop work in manual arts schools in Banmethuot, Kontum, and Pleiku. In 1956 increased emphasis was put on this project and plans were laid for setting up a rural training center for teachers who were to serve in this region.

Since 1957, the Technical Vocational Education project, had sought to develop in-country training institutions capable of meeting the manpower requirements of an expanding industrial sector and the agricultural sector. By 1962, four polytechnic schools had been planned, built, and put into operation. In 1964, as part of the nation-wide pacification effort, construction was started on a series of 20 rural trade schools, designed to provide additional education opportunity for youth who might otherwise not be able to continue their formal education beyond elementary schools.

The enrollment at Cao Thang and Phu Tho Technical Schools increased from 2,192 in 1968 to 2,315 in 1969, and the Phu Tho School produced 99 new vocational teachers in 1969, compared to 64 in 1968. In the six technical schools outside of Saigon, enrollment increased from 3,700 to 4,543, and graduates increased from 450 to 500 over the same period. An even more

significant figure, however, is the number of short-term trainees: 3,818 were graduated and placed in employment, compared to 2,333 the previous year. 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 verterans, refugees and others were enrolled in short-term skill training courses in 1971.

Five junior technical schools were completed in 1970-71 and became fully operational during the 1971-72 school year. Although construction of the new Nguyen Truong To Polytechnic School began in early 1971 and was completed in July 1972, it did not become operational until December 1973. The name was subsequently changed to the Higher Technical Institute for Teacher Education as a teacher education component was added in recognition of the urgent need for well-trained vocational-technical teachers for the secondary schools of Viet Nam. USAID assistance to vocational-technical education was terminated at the end of FY 1973.

Science Education

With the increasing importance of science and technology in daily life, science education was assuming greater significance than ever before in the total educational experiences of school children in the 1960's. Since more than three-fourths of all Vietnamese school children traditionally terminated their formal education by the time they reached the age of 13, the GVN with USAID support undertook a program of upgrading science experiences at the elementary school level. To accomplish this objective, USAID initiated many activities which led to improvements in science education in Vietnamese schools.

In the elementary education program, science textbooks, radio programs for both teachers and pupils, and mobile elementary science education units reached as many as 200 teachers a day in back country and hamlet schools, bringing science education experiences to their very door. In secondary education, new laboratories and equipment made better science teaching possible.

Library Development

This activity aimed at creating and establishing the basis for an inclusive library system throughout Viet Nam, was established by USAID during 1967 although implementation of the developmental program did not begin until FY 1968. An inventory of resources taken during 1967 revealed that there were only twelve qualified librarians in South Viet Nam, only several book collections of modest size archaically organized, and few physical facilities adequate to modern library functioning.

During the period 1968-1971, 150 teacher-librarians completed an intensive library training program designed to prepare them as part-time librarians in normal schools, faculties of pedagogy, secondary school and the National Library. From this group, 27 were enrolled during 1972-1973 in Viet Nam's first university level library science institutional program. By the end of 1973, a total of 104 library units were established in 20 secondary schools and a total of 105 school librarians had completed in-country training.

General Scholarship Program

A participant training program maintained by USAID to assist Viet Nam in the development of professional and technical talent was largely "project-oriented" but a new concept of general scholarships was developed in 1962, discontinued in 1964, then resumed beginning with the academic year 1967-1968. The objective of this new program was to produce U.S. trained university graduates in a broad spectrum of skills immediately applicable to the needs of Viet Nam in the private sector. Unlike the basic criteria followed in the selection of participants from the ranks of Government employees (who were required to have prior job experience in the field for which they were to be trained abroad) general scholarship participants were drawn on a nation-wide basis from the ranks of high school graduates. Training was directed toward careers not dependent upon government support, with emphasis on technical, commercial and managerial skills. An essential by-product of this program was the creation of a reservoir of individuals more conscious of the dignity of labor and of the merits of private enterprise as well as the ability to adapt modern techniques to the Vietnamese situation. This program was expanded in 1969 to include war orphans and wards of the nation. Approximately 300 Vietnamese were trained under this program before its termination in FY 1974.

Adult Education

One of the most significant phases of the USOM Education program was the establishment of evening classes in adult education and the introduction into Viet Nam of the community pilot school. During the 1951-1956 period more than one million Vietnamese adults attended evening classes through which many became literate. Three community pilot schools (at Hue, Bung, and Nha Trang) were built entirely by American aid at a cost of 1,600,000 piasters each. The majority of the teachers in these schools were trained in the Phillippines.

By 1956 popular education classes for adults and accelerated literacy courses for children expanded more rapidly than any other education program. The courses were held in schools after hours or in available rooms throughout the country.

Adult education grew rapidly in Viet Nam. The Ministry of Education through the Bureau of Adult Education offered adults the opportunity to enroll in literacy classes, special studies and vocational training. The Bureau also took the leadership role in coordinating the adult education efforts of other GVN Ministries such as Chieu Hoi, Revolutionary Development, and Refugees. Official enrollment in these programs exceeded 103,000 students and 2,350 adult education teachers were trained through the efforts of these programs. By 1970, USAID terminated its assistance and funding for these programs were included in the GVN National Budget.

Instructional Materials Project

In the Vietnamese educational system there was a severe shortage of textbooks and an almost complete lack of other instructional materials. Some 14 million volumes were required to provide each child in elementary

school with a basic set of books. With the rapidly increasing number of children attending schools in Viet Nam, a dependable source of well-planned, high quality instructional materials of all kinds was urgently needed to supply the growing demand. The Instructional Materials project was implemented in 1957 for production of textbooks in Vietnamese and amended in 1961 to provide for production of additional teaching and learning materials that would foster effective educational practices. At the heart of this effort was the National Instructional Materials Service, a unit of the Ministry of Education designed for production and demonstration of educational materials, and offering training in their effective utilization.

Prior to the establishment of this project there had been no properly organized effort to produce textbooks of good quality, in terms of content and physical form. Also, printers in Viet Nam were incapable of meeting quantity, quality, and time requirements of the program to provide elementary and secondary textbooks for the schools of the nation. The rapid injection of large quantities of instructional materials into the Vietnamese educational program created an acute need for training in their effective utilization. In response to that need, teachers and school officials received instruction in materials utilization. Many of those who received training, trained teachers in their own schools, making this an on-going program, with workshops being held often throughout the year.

The MOE began to assume full responsibility for production and distribution of all instructional materials in 1970 and contracted with local publishers and printers to print, distribute and sell approved books nationwide. The shift of textbook production from USAID off-shore to domestic industry strengthened the local printing, binding and papermaking industries.

Agricultural Education

Agricultural education and training was an area that was of both immediate and long-range concern to Viet Nam. Because the nation was basically agricultural, emphasis was placed on agro-business and agriculture to assure that rural development remained abreast of other areas and that workers and trained leadership were available to the nation in that critical sector of the economy. For this reason, efforts were made to train rural youth and adults at agricultural schools and Highlander Training Centers in the more secure rural areas.

In 1965, there were three secondary agricultural schools. In 1968, there were 12 selected school locations in various stages of operation and construction and 12 Highlander Training Centers. Three more schools were planned for 1969. In 1965, there were less than 1,000 vocational agricultural student enrollees and less than 100 in special post-graduate courses. In 1968, there were over 2,500 vocational agricultural students and 300 other students in special post-graduate courses. Over 100 of these were vocational agricultural teacher trainees.

A College of Agriculture was established late in 1959, in Lam Dong province. In early 1962, due to security problems, it was moved to temporary quarters in Saigon. Space on the new university campus at Thu Duc was allocated for the College. Thirty-two professors and instructors made up the faculty of the College with an enrollment of 320 students. Since 1955, three agriculture high schools (vocational) had been established. All were upgraded from their former low status with graduates eligible for college entrance.

USAID assistance to projects in the field of agriculture education terminated in 1970.

Teaching of English Program

USAID began assisting the Government of Viet Nam in improving its programs for the teaching of English as a foreign language in FY 1955. The Education Division of the USAID had on its staff for several years one and sometimes two full-time specialists in the field of teacher education and English language. Between September 1958 and June 1963, these services were supplemented by one to four members of the University of Michigan contract team under the Southeast Asia Regional English project (SEAREP).

One of the major activities of the SEAREP team was the development and publication of teaching materials and examinations based on linguistic comparisons of Vietnamese and English and on observed problems of Vietnamese students of English. These materials were used and tested at the Faculties of Pedagogy of the Universities of Saigon and Hue, at other Faculties of both Universities, in normal and secondary schools, at in-service training programs for secondary school teachers of English, at Phu Tho and other technical vocational schools, at the Vietnamese American Association, at the Vietnamese Military Academy at Dalat, and at various other schools.

In addition to USAID advisors, the teaching staff for the English Section included SEAREP staff members, Columbo Plan teachers from England, Australia, and New Zealand, representatives of the British Council and the French Cultural Mission, members of the Summer Institute of Linguistics, and other American teachers from the USAID and the local community.

Following the phase out of the Viet Nam portion of the SEAREP project in June 1963, U.S. technical advisory services in the field of English continued to be provided by the Teacher Education Advisor (English) on the USAID staff and by one specialist serving under the Ohio University contract for the improvement of secondary school teacher training at the Faculties of Pedagogy at Saigon and Hue.

Higher Education

Following the exodus of most of the students and professors to the South in 1955, the National University of Viet Nam was organized in Saigon. Two years later when another "National University" was founded in Hue, the name was changed to the University of Saigon. The University of Dalat was opened in 1958 and Van Hanh University was inaugurated in Saigon in 1964. Growth in university enrollment was rapid especially in the sixties. From 2,910 in 1954-55, enrollments increased to 27,532 for the 1965-66 academic year.

Improvements were made at the National University of Viet Nam which was established in April 1953 by the amalgamation of three institutions (the Cité Universitaire, the University of Hanoi, and the University of Viet Nam). Funds were allocated by the USOM in 1956 for the building of both the Law and Letters faculties, and the cornerstone for the School of Letters was laid in early July at a downtown site in Saigon. USOM also assisted in the construction and rehabilitation of temporary quarters for students of the University.

The faculties of pedagogy at the three public universities in Saigon, Can Tho, and Hue enrolled 1,547 students during the 1967-68 school year. Graduates from Saigon and Can Tho totaled 437. The Tet offensive caused Hue University to close, but it reopened for the 1968-69 school year.

Higher education activities suffered during the first half of 1968. The effects of the offensives were to close the universities, divert some of the teaching personnel into military service and to cause male students to do guard duty.

During the first half of 1968 security was so unstable that several higher education projects had to be delayed. The University of Florida contract team, which was to assist in establishing a faculty of agriculture, was detained in the United States. Negotiations were halted for a university contract in engineering. The accelerated program for training secondary school teachers was stopped in July and not reactivated until September. Nevertheless, some advances were made. Financial assistance from MACV/CORDS made it possible to completely reconstruct the science building at the University of Can Tho and also to assist in repairing the University of Hue.

The Minister of Education and the Rector of Saigon University asked for assistance in revising University statutes to move to a modern, practical university structure and organization. USAID provided two consultants to assist the Saigon University in this priority activity, and substantial gains were made in specifying desirable university structure and in engaging key people in the MOE, the university itself, and in the legislative branch of the government to begin reforms.

In 1970, under a Wisconsin State University contract with USAID, six consultants provided services to Vietnamese higher education institutions in general university administration, basic studies program, student affairs, registrar's office functions and student accounting. The University of Missouri-Rolla, another USAID contract team, concentrated on preparing a plan

for expanding engineering education in Viet Nam while the University of Florida contract team continued their assistance to the National Agricultural Center. The GVN's capability in the field of higher education had been so developed that by the fall of the GVN in April 1975, U.S. assistance in this area was limited to contracts with the University of Florida and Missouri-Rolla which would have terminated on June 30, 1975.

Phasedown of U.S. Assistance

Having achieved a significant breakthrough in enrollment in educational institutions at all levels (see Table I), the MOE and the USAID directed their efforts toward building a stronger educational system. During the 1970's, a transition began from rapid increase of enrollment to improving the quality of performance of teachers and professional leaders; from rapid expansion of facilities to full utilization of those already provided; from emergency policies and temporary solutions to defining and achieving carefully planned goals.

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 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. The USAID

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teacher education activity assisted the MOE in developing a modern, uniform program to provide the number and quality of teachers needed for national development.

A significant achievement in 1971 was the creation of a Commission on Educational Development and Teacher Education. The purpose of this commission was to study problems related to producing the number and kinds of teachers Viet Nam would need to help with national development.

U.S. assistance to the GVN in the educational sector over the entire period, including some $16 million for medical education which is described in the Health sector of this report, was approximately $85 million in direct U.S. funding and approximately VN$5.7 billion piasters in counterpart funds. (See Table II). Table III shows the amount allocated to the major areas assisted by the U.S.

Although this report essentially concerns direct U.S. assistance to the national school system of Viet Nam, human resources development was a part of nearly all of the projects undertaken by USAID. Considerable training was also given through the years to the USAID Vietnamese staff through 15 Staff Development Centers in such subjects as office management, secretarial skills, banking, accounting and computer science.

Although the GVN collapse in 1975 led to the early termination of the USAID education program and a break in U.S. relations with South Viet Nam, a structural base is in place for the continuing development of an education system - buildings, corps of trained teachers, equipment for technical-vocational programs, farm shops, home economics laboratories, libraries, and personnel skilled in a number of technical education fields. While a number

of Vietnamese with professional education have become refugees, many others remained in Viet Nam where hopefully, they will be able to continue to utilize their skills and experience.

Table I

EVOLUTION OF ELEMENTARY, SECONDARY AND HIGHER EDUCATION IN VIET NAM FROM 1954-55 TO 1972-74

	Elementary Education			Secondary Education			Higher Education		
	Public	Private	Total	Public	Private	Total	Public	Private	Total
1954-55	329,598	71,267	400,865	20,999	22,001	43,000	2,900		2,900
1955-56	481,558	120,304	601,862	27,691	25,810	53,501	2,907		2,907
1956-57	547,483	90,621	638,104	34,474	30,693	65,167	3,379		3,379
1957-58	738,299	149,098	887,397	41,272	68,631	109,903	(a)4,445		4,445
1958-59	886,901	184,275	1,071,176	51,744	87,184	138,928	6,872		6,872
1959-60	1,001,757	220,833	1,222,590	62,130	101,806	163,936	9,007	171	9,178 (b)
1960-61	1,034,393	243,409	1,277,802	73,651	130,079	203,730	11,148	281	11,429
1961-62	1,029,490	264,683	1,294,173	85,554	140,926	226,480	14,703	463	15,166
1962-63	1,174,020	276,659	1,450,679	98,749	166,117	264,866	16,835	584	17,419
1963-64	1,292,125	282,554	1,574,679	112,606	183,087	295,693	19,911	444	20,355
1964-65	1,262,651	301,105	1,563,756	123,271	205,958	329,229	22,601	1,515	24,116
1965-66	1,339,779	321,265	1,661,044	132,885	237,783	370,666	24,272	2,532	26,804 (c)
1966-67	1,436,618	349,223	1,785,841	145,875	283,753	429,628	28,520	2,388	30,908 (g)
1967-68	1,627,018	396,875	2,023,893	164,895	334,524	499,419	29,080	3,982	33,062
1968-69	1,682,904	400,736	2,083,640	189,285	367,631	556,916	32,650	5,237	37,887
1969-70	1,944,129	431,835	2,375,964	230,056	406,865	636,921	40,755	5,298	46,053
1970-71	2,201,130	516,906	2,718,036	292,067	418,474	710,541	47,581	8,027	55,608 (d)
1971-72	2,390,057	527,214	2,917,271	309,905	450,048	759,953	59,158	9,491	68,649 (e)
1972-73	2,580,198	720,752	3,300,950	464,108	439,208	903,316	75,380	11,142	86,522 (f)
1973-74	2,560,331	494,773	3,055,104	590,495	486,180	1,076,675	86,164	12,668	98,832

(a) Plus Hue University; (b) Plus Dalat University; (c) Plus Van Hanh University; (d) Plus Minh Duc and Hoa Hao Universities; (e) Plus Cao Dai University; (f) Plus Delta and Coastal Universities (Community Colleges); (g) Plus Cantho University.

TABLE II

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EDUCATIONAL FUNDING
1954-1974

YEAR	GVN BUDGET	US FUNDING	COUNTERPART FUND
1954	VN$ 42,883,300	(	0
1955	102,542,900	(	VN$ 28,555,800
1956	423,335,900	(	145,520,500
1957	533,497,300	(	23,343,700
1958	512,028,200	(	118,793,200
1959	811,434,000	(13,668,000	43,800,700
1960	846,000,000	(	156,355,700
1961	932,437,000	(	180,192,900
1962	1,182,270,000	(	116,010,600
1963	1,342,342,000	(	42,618,700
1964	1,511,885,000	(	0
1965	2,547,644,000	4,323,000	0
1966	2,700,000,000	7,057,000	447,908,100
1967	4,050,000,000	15,011,000	681,251,500
1968	5,991,757,000	9,554,000	781,123,900
1969	6,703,399,000	9,496,000	729,634,600
1970	8,317,783,000	8,091,000	444,000,000
1971	12,937,875,000	7,599,000	480,000,000
1972	19,255,026,000	5,001,000	453,000,000
1973	25,300,000,000	4,081,000	528,000,000
1974	38,732,000,000	1,020,000	834,400,000
	VN$ 136,707,188,500	US$85,594,000	VN$5,743,519,400

* These figures include medical/dental education.

TABLE III

U.S. DOLLAR CONTRIBUTIONS IN MAJOR PROJECT AREAS (1954-1974)

Elementary Education	US$ 9,474,000
Secondary Education	6,020,000
Medical Education	16,184,000
Higher Education *	6,992,000
Teacher Education *	14,357,000
Vocational Education	12,328,000
Nguyen Truong To School	2,432,000
Leadership/Scholarship	8,042,000
Instructional Materials	3,406,000
Planning, Administration and Research	747,000
Adult Education	174,000
Teaching English	155,000
Other Areas, including Technical Support	5,195,000
	US$ 85,506,000

* An undetermined amount of Higher Education assistance have been included in the Teacher Education Project.

HOUSING & URBAN AFFAIRS

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1954-1963 - Diem Regime

The early years of the Republic of Viet Nam were ones of considerable growth, especially in the urban areas. The population rose from 13 million to 16 million during the Diem era at an annual growth rate of more than 2.6 percent, accentuated by the influx of some 900,000 refugees from North Viet Nam who opted to settle in the South under the terms of the Geneva Accords. While the nation's population expanded appreciably, it was in the cities and towns where the growth was intense, reaching or exceeding 5.5 percent. Urban infrastructure in the forms of physical, social and administrative facilities and services quite naturally lagged far behind the urban population increase. There were tremendous shortages in schools, hospitals, housing, water and sewage systems, electricity, roads/streets and related urban facilities. Urban administration was equally unprepared to cope with the provision of services normally associated with urban life and welfare.

During the Diem period, various public planning bodies were established to deal with the problems of national development, some of which dealt, at least marginally, with urban development and housing. These included:

- the Ministry of National Economy and Planning - 1954
- the Ministry of Finance and Economy - 1955
- the Division of Planning in the Office of the President - 1955
- the Ministry of Reconstruction and Urban Planning (including a National Housing Administration) - 1956

While some of these groups were concerned with burgeoning urban and housing

issues, the GVN did little in a material way in terms of committing funds or undertaking programs to ameliorate conditions. And the U.S. limited its support to Public Works projects, various elements of which impacted on urban development, e.g. water, power, roads, etc. There was no direct A.I.D. support to urban programs, per se during this period. Indeed, there was little interest or concern expressed in this area on the part of the U.S.

1964-68 Post-Diem Regime and Increased U.S. Assistance

In October 1964 A.I.D. (USOM) financed the first comprehensive urban study in South Viet Nam. The area selected was the Saigon Metropolitan area and the project was undertaken by a contractor, Doxiadis Associates. The contractor essentially collected demographic and physical data on urban matters which were necessary to establish base lines for urban planning. Over a six month period, Doxiadis made projections for metropolitan growth, comparative studies of housing types and proposed a pilot housing project of 1,000 units with associated community facilities. The pilot scheme, which was not constructed, was to be located in a small area of the Thu Thiem peninsula, adjacent to the Saigon River and at the heart of the Saigon Metropolitan Area. The plan called for extending the pilot project eventually to provide facilities and services for 500,000 people in Thu Thiem. Doxiadis also made recommendations for improving GVN urban planning capabilities in such areas as identifying the need for increasing professional training by eight to ten times to meet the projected need and as a stopgap measure, to hire expatriate planners under contract until adequate numbers of qualified Vietnamese became available. The contracts also identified the need for the GVN to increase

salaries of professionals in this field to prevent qualified people from being lured into the private sector. The GVN did little with respect to carrying out any of the findings and recommendations of the Doxiadis report.

In 1965, Guido Nadzo, a direct-hire A.I.D. official, made a study of urban housing needs in South Viet Nam for A.I.D./Washington and the USOM but there is little evidence that it stimulated much interest or instigated any follow-through action. In 1967, another A.I.D. officer, Bernard Wagnor, made a study tracing the history of housing activities in South Viet Nam in which he presented a forceful picture of the dire situation facing the Vietnamese. Again, there is little indication of interest or follow-through action on the part of either A.I.D. or the GVN in this study.

1968-1974 Period of USAID Interest

Beginning in 1968, USAID began to recognize the growing seriousness of the urban issue and began to undertake various activities in conjunction with the GVN to ameliorate the problem. These activities took the following form:

a. Cam Ranh Housing. By 1968 Cam Ranh had mushroomed from a quiet village of 4,000 to 5,000 souls to a city of some 60,000 in population. This sudden growth was precipitated by the huge U.S. military complex which had been installed in the area over the preceding several years. A large portion of the expanded population was living in squatters' huts and other forms of temporary housing. USAID financed the construction of 700 housing units providing accommodation for approximately 3,000 people in order to alleviate at least partially the housing shortage and

hopefully to stimulate the GVN to undertake similar projects. The pilot scheme included a broad range of community facilities, e.g. central administrative and security offices, central market, schools, health clinic and dispensary, various maintenance and warehouse facilities, a light industrial area and office complex. The total cost was approximately $7 million. The construction was supervised by the OIC/Navy and the contractor was RMK. The project was successfully completed, occupied and serving its intended purpose at the time of the collapse of the GVN.

b. Minh Mang Housing. This project was an effort on USAID's part to assist in the post-Tet 1968 resettlement of displaced people. Two thousand units accommodating some 12,000 people were constructed in the heart of Saigon. The units were of a multi-family, multi-floor walk-up apartment design and were sold to heads of household at minimum prices, theoretically at actual costs but in fact, considerably below, in view of the omission from the costs of various overhead items. The U.S. contribution was approximately $5 million; the GVN also contributed substantially but the actual piaster figure is not available. This was a successful project and appeared to be more popular with its Vietnamese occupants than similar projects managed solely by the GVN, although there were very few significant innovations in standards, design, quality control or construction techniques. However, standards were slightly higher throughout the construction - the units should have a longer life and prove to be somewhat more functional than those in similar projects. There were two problems that redounded against the project in its early years: a) the formulation and application of feasible and equitable policies and procedures with respect to selection of occupants, and

b) the establishment of an effective administrative and maintenance system. Both these problems eventually were satisfactorily resolved and on balance this project also was fulfilling its intended purpose at the time of the GVN collapse.

c. Self-Help Housing. This project was also initiated in the post-Tet 1968 atmosphere with its need to house as many dislocated war victims as possible. In this case, piasters were made available with USAID concurrence, through the American Aid Chapter, direct to various community organizations and groups enabling them to purchase necessary equipment and supplies in order to undertake housing construction under their own auspices. The materials normally consisted of cement, concrete blocks, metal roofing and lumber. Some ten to twelve locations were selected in the Saigon metropolitan area and several principal regional cities, e.g. Da Nang, Can Tho, Nha Trang and Dalat. Traditional style and quality units were constructed with no particular technological advances introduced. This was simply a move to add to the total urban housing supply to meet the Tet-wrought exigency. Approximately $2.5 million was committed by USAID to self-help construction during this period. It was noted at the time that this kind of project, unless managed and supervised by skillful housing authorities tends to have irregular, uneven results in terms of speed, quality and cost of construction. Further, although it was allegedly "self-help", i.e. individuals building their own homes with materials provided by the community organization, it was discovered that in many instances, the owners hired local contractors to construct their houses. While unsupervised self-help housing is one quick way to add dwelling units, experience with this project suggests that it does not represent an effective long-term solution to the urban housing crisis.

d. Study of Industrial Housing Prototype. This study was prompted by DOD in 1970; however, due to shortage of funds, DOD requested USAID to finance it. The purpose of the study was to search for the most suitable form of prefabricated component construction which could be assembled in quantity at various housing project sites. A pilot project, partly funded by DOD, was undertaken by Neal Mitchell Associates in cooperation with the Vietnamese Army. Housing component prototypes were developed which would have been quite applicable to the Vietnamese physical environment had the GVN generated more than a mild interest in this approach to housing construction. In addition to the rather apathetic GVN reaction, a serious technical problem developed which would have had to be solved if this approach to housing had been fully undertaken by the GVN. Most of the builders who experimented with this type of construction assumed that the components could be individually constructed at the building site and proceeded accordingly. While some houses were built in this fashion, the essential purpose of the project was lost. The fact of the matter was that several hundred units would have had to be constructed simultaneously if the full benefits of scales of economy were to be gained from this approach.

e. Examination of Vietnamese Housing Situation. In 1970, USAID again raised the issue as to what its role should be, if any, in the urban housing field in South Viet Nam. This time, the Mission contracted with the Foundation for Cooperative Housing and two of its officials, Dean and Bueneman, made another study more or less along the lines of the earlier studies undertaken in 1965 and 1967 by Nadzo and Wagnor. The findings of the 1970 study expectably were not dissimilar from the earlier

ones, i.e. a critical need for urban housing was affirmed as was the lack of sufficient funds, skills or interest on the part of the GVN to meet the need. The value of the Dean and Bueneman study was also regrettably similar to the earlier efforts, except for its contribution toward creating a recognition that a problem of severe magnitude was in the making and that sooner or later something would have to be done to cope with it.

f. Thu Thiem Development Study. In 1971, USAID launched its largest effort in this field. It hired the firm of Wurster, Bernardi and Emmons to develop a detailed urban plan, in which housing would be a part, in the Thu Thiem area of Saigon originally selected by Doxiadis back in 1964. The study revealed the local areas of maximum immediate need as well as projected growth patterns. Economic, social, political and physical factors were studied. Eight self-contained areas were identified for individual but interrelated development in the Thu Thiem district and local and national GVN authorities showed more interest in this subject than they had ever evidenced in the past. An interministerial team of central government and Saigon municipal authorities was formed to coordinate and supervise the scheme and construction got underway in one of the eight subdivisions. There was considerable land fill involved. Construction moved slowly but steadily over the ensuing several years and was still underway in April 1975.

g. USAID Support. USAID provided two urban planners as direct hire advisers, Frank Pavich and Carl Heffly, between 1968 and 1974, both of whom provided effective advisory assistance skills to their counterparts in the Office of Reconstruction and Urban Development in the Ministry of Public Works.

h. Viet Nam Shelter Sector Analysis. In 1974, the U.S. Ambassador in South Viet Nam stimulated interest in the possible application of the U.S. Housing Investment Guarantee program to South Viet Nam. As a result, an A.I.D./Washington team led by Charles Dean and Alan Jacobs visited Saigon and prepared a detailed housing sector analysis. The upshot of the survey, in addition to further identifying the increasingly critical urban crisis, was its conclusion that security conditions had deteriorated so badly by the time of the study that private investments in anywhere near the required magnitudes would be too precarious.

In addition to these individual USAID activities, by 1970 the USAID related organization, Civil Operations for Rural Development Support (CORDS), had become increasingly concerned with urban problems and had undertaken a variety of studies and activities with its GVN counterpart organizations which led to the preparation of specific plans to deal with the immediate and longer term urban problems in Saigon as well as in other regional cities throughout the country. For more information on these activities, the reader is referred to the Rural Development and the Public Administration sections of this report.

INDUSTRY

1955-1960 Early Efforts at Industrial Development

Like most of Southeast Asia, South Viet Nam was predominately agricultural, with three quarters of the population living on the land. Agricultural and forestry products were virtually the nation's only source of foreign exchange in its early years and the country relied heavily on imports of all types of goods for its existence.

At the beginning of U.S. assistance effort, industry was practically nonexistent in the sense the term applies to industrial economies. Only small-scale manufacturing for local consumption of such items as beverages, textiles, cigarettes and toilet articles was already established and the ownership of these industries was predominately in the hands of foreign nationals. Vietnamese participation in the industrial field was limited to a few small operations and to cottage industry from which an insignificant portion of the population earned its living.

During the years 1955 to 1960, Viet Nam was in a period of transition, which was reflected in the industrial field. While South Viet Nam, with its rich rice-producing Delta, was historically agricultural, North Viet Nam had developed a significant industrial capability for that part of the world. With the partition in 1954, it became necessary for South Viet Nam to draw on its own potential in order to meet at least a portion of its requirements for manufactured goods. Ironically, the North contributed to industrial development in the South. The movement of nearly a million people from the North to the South following the Geneva Accords created a nucleus of people

with industrial skills, a few industrialists with modest experience and know how and in several cases, some capital equipment which moved South with the refugees. These were to become valuable assets in the future.

In the South, businessmen lacked experience in manufacturing and were not prepared to invest in new productive ventures where the risks appeared greater than had been encountered in other branches of economic activity such as agriculture and commercial imports. Clearly the government of South Viet Nam had to take positive steps to encourage industrial investment by both local and foreign businessmen. A new Foreign Investment Law was promulgated in March 1957. The Law outlined the advantages and assurances to be accorded to both locally-owned and foreign investments. The year 1957 also saw the start of a Five Year Development Plan which, while favoring agriculture ahead of industry, nevertheless accorded more attention to industry than heretofore. The emphasis was on import-substitute industries; progress was made in the areas of textiles, cement, and paper and there was at least a start in pharmaceuticals, chemicals, plastics, and metal working.

Creation of the Industrial Development Center (IDC) in 1957, for the purpose of providing technical and financial assistance to industry, was a major step in implementing the government's commitment to development. The IDC was a semi-autonomous government organization to which the United States Operations Mission (USOM), forerunner of USAID, contributed US$6,540,000. Of this amount, $6 million comprised loan funds to aid new enterprises. The remainder was for technical assistance in the form of services of U.S. consulting engineers, establishment of a library, and operational expenses. USOM also contributed technical and financial assistance through a contrac-

tor, Russell Wright Associates, to artisans in 1957. Sometime before July 1958, an agreement was signed which extended the Russell Wright contract and provided for the creation of the Handicraft Development Center.

Also in 1958, services of four U.S. consulting engineering firms were provided for an industrial and economic survey. The U.S. was involved in the development of the Nong-Son coal mine, assistance to which amounted to $1,630,000 in the form of equipment and consulting services. Throughout this period USOM also contributed to the development of the two industry sub-sectors which were believed to hold the best prospects for the country: fisheries and forestry. As early as 1954-56, USOM provided two Japanese fishing trawlers to Viet Nam and equipment for two refrigeration plants. During the same period an advisor was made available for forest fire prevention.

The Commercial Import Program (CIP) which is discussed in a separate section of this report, made a significant contribution to Viet Nam's fledgling industrial development during these formative as well as later years. From 1954 to 1958, approximately $154 million of machinery and equipment (including transportation, construction, electrical, generating, etc.) and almost $316 million of raw materials and supplies were imported under CIP. The program also enabled existing industries to continue operations by financing the importation of essential spare/replacement parts. Capital goods, raw materials and parts were imported directly by industrialists and end-users as well as by approved commercial importers for resale.

By 1960, a number of industrial projects, financed out of prior year CIP funds, were under construction or due for completion. Also in 1960,

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approximately $9.7 million of CIP funds was made available for capital equipment for industrial projects.

The Decade of the 1960's

Although the U.S.-sponsored Industrial Development Center and the CIP provided some badly needed technical and financial inputs into the economy, the year 1960 was not one of startling or even significant progress in the industrial sector. Less than one percent of the total civilian workforce was employed in industry (excluding cottage industry) and both management and equipment were notable for their intrinsic deficiencies. Industrial development simply had not reached the launching pad in South Viet Nam. The USOM made its first significant attempt in 1960 to set the stage for a modest production take-off. Despite the relatively substantial CIP inputs and various technical assistance efforts of the past, it was recognized that increased focus would have to be placed on machinery for production and the related material inputs if real progress were to be made. Industry in Viet Nam consisted largely of small shops that eked out marginal existences for their proprietors through the sale of low quality merchandise on a sellers' market. Since the kind of equipment needed for moderately rationalized production was unavailable in Viet Nam, and because related commodities could only be imported, a decision was reached to provide dollar grants to the Government of Viet Nam (GVN) for these purchases.

The Industrial Development Center was already enabling small and medium entrepreneurs to obtain loans through commercial banks for productive facilities and this program gave indications that Vietnamese industrialists could succeed if given some help.

Supplemented by the availability of the $9.7 million under the CIP for commodities and equipment for the use of more than three hundred small and medium-sized firms, the USOM threw additional weight into the effort by implementing a series of technical assistance activities designed to strengthen basic industries. The rationale for this combination of funding and technical assistance was the fact that small and medium industry, where it did spring up, had nowhere to turn either for long or medium-term credit or for technical and managerial know-how. Large industries could borrow or hire technicians from abroad, but it was not so for small and medium-sized enterprises, no matter how promising their markets.

The IDC meanwhile, was undergoing its share of growing pains. Its inexperienced staff was floundering under a burden of paperwork and technical requirements that seriously interfered with the discharge of its functions. In an attempt to ameliorate this situation, USOM contracted with the firm of Day and Zimmerman to provide technical assistance in the form of a team of consultants. This infusion of management and technical expertise was a critical element in the implementation of a series of loans to 28 private manufacturing firms in the fields of textiles, ceramics, can-making, sugar, pharmaceuticals, tobacco, soap, paint, phosphates, saw blades, pressed wood panels, etc., all of which achieved import savings and provided jobs for hundreds of people.

The IDC's range of responsibilities, however, was far too broad and diverse to permit but a fraction of the accomplishments originally expected of it, given the quality and quantity of its staff. It fell to USOM to assume partial responsibility for working with potential domestic investors, advising interested foreign investors, analyzing proposals and implementing a

broad range of productivity-oriented projects.

On completion of the 1957-62 Development Plan, the government announced that most of the Plan goals had been met and declared the beginning of a new Plan, to cover 1962-67. The goals of the 1957-62 Plan had never been made public, which made the government's statement rather difficult to assess, but observers generally considered the first plan to have been less than a rousing success. The same secrecy as to goals was maintained in the 1962-67 Plan.

The investment climate in 1962 contained serious deficiencies. To the shortage of technical and management skills noted earlier could be added a deteriorating security situation, an ambiguous government attitude toward foreign investment, and the absence of a development banking system. Under the circumstances USOM believed that industrial development should be based upon a clear understanding of the agricultural nature of the economy, and that even the most gradual transition required the utilization of existing industries and careful selection of the types of industry appropriate to the needs and resources of the country. The Industrial Development Division (IDD) of USOM assisted in this transition by increasing the input of highly specialized technical assistance.

The textile industry received large inputs of money and technical assistance from USOM. Before 1960, when the GVN and USOM set a goal of 110,000 spindles and 3500 looms, virtually all textiles were imported into Viet Nam. During 1962 the industry started expanding rapidly toward this goal by adding 170 looms and 2400 spindles to the existing plant. During 1963 and 1964 textiles continued to expand rapidly until self-sufficiency

in the production of cotton fabrics and yarn was almost obtained. Factories were built outside of the Saigon area. In a poor area of Da Nang a 2,000-worker plant was opened capable of producing 25,000 metric tons of yarn per year. Two plants in Saigon installed additional capacity which provided jobs for about 3,800 workers.

Other new factories went into operation to produce paper, pulp, starch, glucose, caustic soda, hydrochloric acid, bicycle tires and tubes, asbestos cement roofing sheets and oil drums. Altogether 5,000 new jobs were created in the 1963-1964 period. Imports of finished manufactured products dropped sharply while imports of components and raw materials for manufacturing rose steadily.

The period 1964-67 was one of rapid growth in Vietnamese industry. Industry was relatively little affected by the expanding war and benefited both from the general movement of the population from rural to urban areas and the abundance of import financing. CIP imports, consisting mostly of raw materials and capital goods for industry, rose from $104 million in 1964 to $259 million in 1956 and $194 million in 1967. Reflecting these factors, the index of manufacturing production rose by 45 percent. Separately, food and beverage production increased by 44 percent, chemicals by 12 percent, plastics by 233 percent, and electrical equipment by 211 percent. Textile production, affected by imported French and Japanese fabrics, rose by only eight percent.

The year 1968 was, of course, a special case in which the GVN called upon USAID (the successor to USOM in 1966) to help develop a program to achieve reconstruction of over 100 manufacturing facilities damaged during the Tet and post-Tet offensives. The GVN requested USAID and the IDC

to work out a joint program for assessing the damage to industrial plants in the Saigon metropolitan area where 90 percent of the damage occurred. This assessment and damage analysis played an essential role in planning effective financial assistance for both short and long-term reconstruction of key plants.

The Industrial Development Center was selected to administer a reconstruction grant of $10 million. The GVN contributed a similar amount and the IDC administered both funds. As a result of these efforts, industry rebounded strongly from the effects of the Tet offensive. By the end of 1968 most of the larger firms were operating at 80 percent or more of pre-Tet employment levels. The index of manufacturing production declined by nine percent in 1968 as a whole, but rose by 25 percent in 1969, more than recovering the ground lost.

Growth of the Private Sector

In spite of the uncertainty and other problems arising from the war, the private sector invested some VN$ 2.9 billion in industrial projects during 1969. Much of this could be traced to the joint USAID/IDC effort which was characterized by daily consulting and individual advice to entrepreneurs by the USAID staff. This level of investment, while encouraging when measured against prior years, fell far short of what was needed and did not come close to what USAID studies indicated was feasible. USAID, therefore, assisted the Ministry of National Economy and the IDC, as well as private groups, in drafting a new investment law and advised the GVN on how to improve the administration of the present law.

In late 1969, at the request of the Ministry of National Economy and

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the IDC, USAID prepared and submitted to the GVN an analysis and tabulation of key industrial investments which fitted the GVN's priorities as presented by President Thieu in an October 1969 speech. The analysis indicated priority projects, rated according to their contribution to national income, to net export earnings and to the production of necessities such as food, clothing and shelter. The list was used by the IDC in evaluating applications from the private sector for consideration under the investment law.

In the fall of 1970 a trade fair was held in Saigon in which 133 private business and government organizations were represented. Some 500 products, most of which were produced or semi-produced in Viet Nam, were exhibited. As evidence of increased confidence by the private sector, over 90 percent of the cost of the fair was borne by private business with only minimal help from the GVN.

Economic Reform and Progress, 1970-71

The sweeping economic reforms of 1970-71 paved the way for a soundly-based industrial expansion. The surge of investor interest in 1971 and the first quarter of 1972 attests to this, even though the early promise was to be aborted by Hanoi's Easter offensive and the subsequent ruinous inflation of 1972-74.

The reforms are covered at length in the Economic Overview section and will not be reviewed in detail here. Suffice to say that the interest rate reform of August 1970 served to discourage inventory speculation, which had become rampant, and the devaluation of November 1971 acted to discourage import speculation while encouraging domestic production, especially production for export. With realistic factor pricing and the

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elimination of licensing controls, the market mechanism was made effective.

Priority Accorded to Export Development

Exports had been relatively neglected throughout the period of U.S. involvement and, in fact, given the highly unrealistic exchange rate that prevailed almost continuously from 1965 on (some would say earlier than that), there was little that could have been done to stimulate export activity. The first meaningful step was taken in October 1970 with adoption of the new "Parallel Rate" at 275:1 and its application to exports. A 75 piaster export subsidy was added on June 1971, making an effective export rate of 350:1, and exports were accorded the new Financial Rate of 410:1 on November 15, 1971. From that point on, the export rate was at least in line with world currency rates. From May 1972 on, exports received a subsidy ranging from 2 to 28 percent over the official rate.

The GVN, meanwhile, was attempting to promote exports through a series of institutional developments. In November 1971, concurrent with the Economic Reform Program of 1971, the President announced that export development would be a goal of the highest priority and announced a series of actions:

1. creation of a National Export Development Council chaired by the Prime Minister;

2. reorganization of the Export Development Center, increasing its budget and providing it with new and capable staff;

3. retention of up to three percent of foreign exchange proceeds abroad to enable exporters to meet overseas costs of market development;

4. reduction of red tape by elimination of most export licensing requirements; establishment of a policy of post-audit for all remaining

controls and easing of restrictions on foreign travel by exporters;

5. strengthening of the Vietnam Institute of Standardization (see below).

Generally speaking, USAID favored export-promotion over import-substitution, fearing the built-in dangers of high production costs resulting from industry protection. The Mission adopted the position that production should be encouraged only if there was an expectation that, within a reasonable period of time, it would be at a cost which would be competitive with those in other countries. Industrial promotion and financial assistance for industry should be selective and discriminating--concentrating upon relatively capital-intensive projects with low input costs and high labor productivity--which could hold their own in world markets.

Exports expanded rapidly in the wake of the 1970-71 reforms, rising from $12.5 million in 1971 to $22.7 million in 1972, $60.4 million in 1973 and $75 million in 1974. Aiding in the export performance of those years was the exceptionally rapid rise in world commodity prices, including the prices of Viet Nam's leading export commodities, frozen shrimp, logs, and rubber. During 1973 a USAID index of Vietnamese export prices rose by 68 percent. Thus, worldwide demand trends as well as GVN economic policies accounted for the sharp rise in export earnings.

The number of active exporting firms increased from fewer than 50 in 1971 to more than 600 in 1975 and 1,500 firms were registered as exporters. These included many small firms important to the export drive. The reluctance of commercial banks to lend to small exporters was a major obstacle to increasing exports. The problem was not scarcity of loanable funds

because the commercial banks had accumulated excess reserves since tight restraints on imports were imposed early in 1975. Rather, their reluctance stemmed from the fact that in most cases small exporters did not normally own real property or have guarantors, which was usually required as the basis for a client relationship. Without risk, commercial banks could invest in tax-free treasury bonds with a tax equivalent return of over 35 percent compared to short-term business loans, which earned about 30 percent, that were taxable and entailed risk.

Development Institutions

While the economic reforms of 1970-71 had produced a dramatic improvement in the investment climate in Viet Nam, development continued to be inhibited by serious flaws in the structure and operation of credit institutions. The commercial banks were not interested in long-term lending and the existing medium and long-term lending institutions were both undercapitalized and inefficient. Potential foreign lenders had no creditable institution to assist them in their investment needs or through which they could channel funds. There was, in short, a clear need for new institutions in the area of development lending.

Industrial Development Bank

The basis for an Industrial Development Bank already existed in the Industrial Development Center. As noted earlier, the IDC had been charged with the administration of a $10 million reconstruction loan in the wake of the Tet offensive of 1968. While the IDC performed satisfactorily in this role, the experience showed that the Center was not equipped to handle a development lending function as well as its primary function of providing technical advice and assistance to industry. Accordingly, the Industrial Development Bank (IDB) was created by Presidential Decree on

May 3, 1971. The personnel and assets of the Center were transferred to IDB and some functions were transferred to other agencies. Nevertheless, IDB continued to carry broad responsibilities in the reconstruction and development of industry including technical feasibility studies, basic economic research, industrial development promotion, and assistance in project implementation, as was the case with the IDC earlier. These functions were soon seen as too broad for IDB to perform satisfactorily. As a result, the Investment Service Center was set up in March 1972 and staffed by IDB personnel to implement provisions of the Investment Act and conduct investment promotion and related activities.

The primary purpose of IDB was to provide long-term industrial loans and equity finance to investment projects for the reconstruction of Viet Nam. More specifically, IDB was expected to support and stimulate the establishment of new private industrial enterprises consistent with USAID emphasis upon development of the private sector. In order to assist the GVN in developing IDB as the prime source of industrial long-term credit, USAID provided technical assistance through consultants and participant training.

National Economic Development Fund

The National Economic Development Fund (NEDF) was established on March 1, 1972 with VN$ 10 billion of capital supplied from U.S. counterpart funds. Its purpose was to provide medium and long-term loans to private enterprise for development purposes. NEDF did not lend directly, but rather through Intermediate Credit Institutions (ICI's); i.e. development banks, designated commercial banks and the Handicraft Development

Center (in practice the bulk of NEDF loans would be to development banks). ICI's could borrow for specific projects or they could establish lines of credit up to VN$ 200 million. Any project over $500,000 required prior NEDF and USAID approval. Apart from serving as an intermediate lender, a primary NEDF function was the establishment of lending criteria and policy guidance for the benefit of ICI's.

At the outset it was hoped that capital contributions would be forthcoming from third country (other than U.S.) sources. In any event, a $5 million Republic of China loan was the only third country contribution to be received. (The Asian Development Bank, the only international agency to make development loans to Viet Nam, preferred to lend directly to the IDB). Initially, NEDF charged ten percent on its loans to ICI's which, in turn, charged 12 to 15 percent to the final borrower. Subsequently, NEDF's lending rate was lowered as a means to improve rates of return to ICI's and to assist them in building their loan capitalization. By the end of 1974 NEDF's lending rate to ICI's was two to four percent.

Investment and Development Bank

The Investment and Development Bank (IDEBANK) was established in October 1961 as Societe Financiere Pour le Developpement de L'Industrie Viet Nam (SOFIDIV) as a private institution to provide medium and long-term loans to Vietnamese private industry. Thinly capitalized and highly conservative in operation, it had not been a significant factor in the Vietnamese banking picture. With the setting up of NEDF and the inclusion of SOFIDIV as one of the first three qualifying line-of-credit banks, SOFIDIV had access to additional funds and began to expand operations very rapidly. The name was changed to Investment and Development Bank in 1973.

A USAID contractor worked with IDEBANK to develop a capitalization program and to determine the steps necessary for IDEBANK to become the major source of long-term finance for the private sector under the assumption that the GVN-owned Industrial Development Bank gradually would focus on financing government-owned enterprises and small industry. The consultant prepared a capitalization plan dated February 15, 1974, "Reconstitution of IDEBANK" which was accepted by the Bank and the GVN. In December 1974, he returned to Saigon to complete and implement the plan. As part of this program, USAID agreed to the conversion of loans made by NEDF to the Bank to a long-term subordinated base (quasi-equity) with the amount converted dependent upon the increased capital funds. The program for IDEBANK also included an expansion of activities to include merchant banking, equity underwriting and increased equity investments and, ultimately, issuance of guarantees, commercial paper activities and leasing.

By September 1974, IDEBANK had taken steps to increase authorized and issued share capital to VN$ 800 million by year-end 1974, and to VN$ 1.0 billion by midyear 1975, provided entirely by existing shareholders. Plans for further increases in capital to VN$ 2.8 billion by year-end 1975 were in progress, along with planning to expand both loaning operations and the scope of financing services during the five-year period through 1979.

Lending Activity

The lending activity of NEDF and the Industrial Development Banks is summarized in the following data:

(VN$ Billions)

Year	NEDF Loans Approved	Industrial Bank Loans Approved	Industrial Bank Loans Outstanding
1972	7.0	8.7	6.5
1973	12.0	17.3	10.3
1974	10.9	40.3	20.0

The breakdown of activity as between the two development banks was as follows:(data for 1974 not available)

(VN$ Billions)

	Loans Approved		Loans Disbursed	
Year	IDB	IDEBANK	IDB	IDEBANK
1972	5.5	3.2	3.0	0.4
1973	10.1	7.5	7.5	1.8

The fact that development bank loan approvals exceeded NEDF loan approvals is explained by the fact that the development banks could draw on sources of capital other than NEDF (it is also true that not all NEDF loans went to the development banks--see below), including (for the IDB) the Asian Development Bank and their own interest repayments. Principal payments on the other hand had to be returned to the counterpart fund.

The tables show two other possibly related points: that NEDF loan approvals declined from 1973 to 1974, and that loan disbursements by the development banks lagged far behind their loan approvals. NEDF loan activity was constrained by the availability of counterpart inasmuch as counterpart accounted for all of their capital availabilities, excepting the aforementioned $5 million (VN$ 3 billion) Chinese loan. The amount of counterpart allocated to NEDF (ultimately VN$ 30 billion) was only a third to a half of potential loan demand. To the extent the GVN could not see

fit to allocate to NEDF a larger share of overall counterpart availabilities, it could have supplied additional funding via the budgetary process. They did not see fit to do so, however, partly for reasons of fiscal conservatism, partly perhaps from balance of payments considerations. By 1973 the availability of foreign exchange was becoming a matter of very serious concern and savings had to be effected even in the development area.

The fact that loan disbursements by the development banks lagged loan approvals is explained mainly by the 12 to 18-month delay between ordering and delivery of imported equipment financed under development loans. Ordinarily a borrower would not draw funds under an approved loan until the goods in question had cleared customs. While this was a normal and understandable development, there was some feeling that the lag in disbursements meant that available funds were not being fully utilized. This, in addition to the considerations cited above, may have been a factor in the reluctance of the GVN to fund NEDF up to the level of loan demand.

Data are not available covering development loans by other ICI's, but it is known that they accounted for 22.1 percent of all NEDF loans during 1972-74, as follows:

NEDF Loans Disbursed to Borrowing Banks, 1972-74

ICI's	VN$ Billions	Percent of Total
IDB	6,122.0	42.2
IDEBANK	5,159.7	35.6
Agricultural Dev. Bank	1,126.5	7.8
VN Commercial Credit Bank	840.3	5.8
Foreign Commercial Banks	384.0	2.7
Other Commercial Banks	330.7	2.3
Handicraft Development Center	304.2	2.1
Rural Banks	220.3	1.5
Total	14,187.7	100.0

Development Bank Issues

The evolution of the development banks during 1972-74 gave rise to a number of controversial issues, not surprising considering the novelty of the enterprise in Viet Nam. Apart from the shortage of counterpart funding mentioned above, two of the principal issues were the level of interest rates and the proper role of NEDF.

There was a widespread feeling that, at 15 percent, the rate charged borrowers by IDB and IDEBANK, was too low. Being far below the prevailing rate of inflation--at least, until the second half of 1974--a 15 percent borrowing rate was likely to encourage speculative and/or unwise projects. To be sure, the development banks were expected to screen out speculative projects, as was NEDF itself, in cases where its review procedures came into play; indeed, they were supposed to go beyond the purely negative role of barring speculative projects and ensure that projects met certain positive criteria, such as earning foreign exchange, providing employment, etc. In fact, speculative and unwise projects did slip through the administrative net, especially in the early stages when the general desire to

get projects underway often took priority over careful project appraisal. Besides helping to weed out uneconomic projects, higher lending rates would have helped the banks to maintain their capital base, which was subject to heavy erosion due to high level inflation. And had it been possible to maintain a rate schedule at or above prevailing savings and treasury Bill rates, the banks could have raised their own capital, thereby effecting a budgetary saving.

Higher interest rates were opposed in the general desire to encourage development lending; it was argued that the rate level needed to preserve the banks' capital base would be so high--up to 60 percent in 1973--as to be out of the question. So it would have been, if this were the sole aim, rigidly applied. However, a compromise did seem to many to be in order. Whatever the "right" level of rates, the size of the loan demand itself seemed to suggest that some rate increase was in order. The issue had not been resolved by the time Saigon fell.

The role of NEDF itself came increasingly into question as the development banks themselves showed an increasing capability in the areas of loan appraisal and administration. To some NEDF seemed an unnecessary intermediary once it had fulfilled its initial primary role of establishing a development banking system and guiding it through its early stages. Others saw a continuing role for NEDF in the provision and application of lending criteria that would conform to the national interest. At the end, the pro-NEDF advocates appeared to have the best of the argument.

Other Institutional Development

Other institutions toward the development of which USAID made a sub-

stantial contribution were the National Institute of Standards and the Management Association of Vietnam.

National Institute of Standards

The National Institute of Standards project was started in 1967 as the Vietnam Institute of Standards when the Mission persuaded the GVN that the industrial sector could never meet the demands of sophisticated international markets without a technology based upon quality standards. Industry, enjoying a sellers' market at the time, saw little to gain from the time and investment necessary to manufacture to limiting specifications, and paid no more than lip service to the project for the first four years. A serious effort at upgrading the VIS began in 1970 with the arrival on the USAID staff of a highly qualified standards man. In December 1972 the VIS was renamed the National Institute of Standards by legislative enactment, with autonomous powers under its own governing board. A contract was signed with Hughes Aircraft Company for the provision of extensive technical assistance. By 1973 the NSI could list a number of major accomplishments, including: construction of a modern testing laboratory with $200,000 in test equipment; six staff members trained in the use of this equipment; enactment of a National Standards Law which, among other things, designated NSI as the sole industrial standards authority; and expanding services to local industry for technical information, standards testing and specifications.

Management Association of Viet Nam

USAID sponsored the establishment of the Management Association of Vietnam (MAVN) in 1969. Its function was to improve management practices and provide management training for supervisory and management personnel

in the private sector. After two years, during which MAVN proved ineffective, USAID entered into a contract with the American Management Association to provide the advice and assistance necessary to create a viable and effective management institution.

By the conclusion of the American Management Association contract in 1973, MAVN had developed strong leadership and had evolved into a financially and politically independent organization, recognized as such by local businessmen and industrialists. It was conducting a series of successful management seminars for businessmen, publishing a trade directory and handouts on a variety of topics, and conducting supervisory training programs.

Summary

In summary, the USAID Industry Sector program consisted of a large-scale infusion of funds (both U.S. dollars and counterpart), technical assistance, and institution-building guidance. These inputs were implemented through a series of projects whose designs reflected the common policy interests of both the GVN and the USG. Their overall effectiveness could be judged less for their cumulative impacts of jobs created, exports increased, credit and production expanded, improved management, etc., than for their success in delineating the direction of a national planning effort and in inculcating a purposeful consciousness in the country's leaders in this sector.

LAND REFORM

LAND REFORM OUTLINE

I	The Situation in 1954
II	Viet Minh Land Reform
III	1956-1965 President Ngo Dinh Diem's Land Reform
IV	Viet Cong Land Reform
V	U. S. Assistance, 1955-1965
VI	U. S. Assistance, 1966-1968
VII	The Land-to-the-Tiller Program
VIII	The Montagnard Program

A.I.D. was involved in land reform in South Viet Nam for fifteen of the twenty years between 1955 and 1975, sometimes deeply as in the 1955-1960 and 1967-1974 periods, other times less so, as the GVN's perception of the need for reform in land tenure waxed and waned.

The case for agrarian reform can best be described in three time frames: during and immediately after the French regime; in the 1954-1960 period; and, from 1966 until the final collapse of the GVN in April, 1975.

I. The Situation in 1954 1/

The Vietnamese struggle for independence stressed the need for a wider and more equitable distribution of land ownership as well as an alleviation of injustices in prevailing land renting practices. For example, in 1945, approximately 2.5 percent of the landowners held about 50 percent of the cultivated land in the Southern Region, encompassing the Mekong Delta and 80 percent of the land in the Delta was cultivated by tenants. Rental rates were at a high 50 percent and interest rates

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1/ Much of the material in this and the succeeding sections consists of adaptations of and verbatim extracts from discussions found in (1) William Bredo, et. al., Land Reform in Vietnam, Summary Volume and Working Papers, Stanford Research Institute, Menlo Park, California, 1968, and (2) MacDonald Salter, Land Reform in South Vietnam, Spring Review Paper, Agency for International Development, Washington, D. C. June 1970.

and charges for loans of equipment and animals were excessive. This situation was aggravated by periodic floods that wiped out even the meager returns anticipated by the tenant. Tenant farmers had no legal protection but were dependent on the good will of the landlord, and not many of the landlords were concerned with the conditions of their tenants.

II. Viet Minh Land Reform

The peculiarities of Asian agricultural economics do not lend themselves to the concept of the urban proletariat versus capitalist class struggle utilized so effectively in the Russian Communist Revolution. The adaptation of the Communist revolutionary concept to the Asian scene by Mao Tse-Tung involved the rural peasant society, since it included the majority of the population. Only with the support of the peasants was revolution feasible, and it followed that the attention of the Communists was drawn to existing inequalities in the rural society as a source of revolutionary appeals. Within the rural society, the inequities of greatest significance and utility were those associated with land. The landless peasants and poor peasants were at one pole of the unequal structure in the distribution of land, and the landlords and the rich peasants were at the other. Thus, in the search for a basis of revolution, the Viet Minh and subsequently the Viet Cong, like the revolutionaries in China, came naturally to land and to the inequalities associated with the traditional pattern of land tenure.

To conceal their leadership role in the Resistance War against the

French, the Communists in Viet Namworked within the Viet Minh, which combined several nationalist as well as Communist groups. In 1945, the role of land reform in Viet Minh strategy against the French was embodied in the slogan "Land to the Tillers." Inherent in the idea of "Land to the Tillers" was the existence of peasant discontent.

In the early stages of the Resistance War, French landholdings in Viet Nam were the initial targets of confiscation and redistribution. The general Viet Minh practice for redistribution of French-owned riceland was merely to inform the peasants that they owned the land they had been working on as tenants and that they no longer had to pay rent to the owner. Since most of the French owners did not live on their land and preferred to leave the management of their holdings in the hands of Vietnamese overseers, the redistribution process was fairly simple. Moreover, the armed strength of the Viet Minh guerrillas in the rural areas of Viet Nam dissuaded most French owners from resisting the redistribution.

The actual redistribution of French-owned riceland in Vietnamese villages did not follow any set pattern. Rather, the amount given each peasant family usually depended on the amount of land available. In some areas in the Delta, the average amount redistributed was from one to three hectares per family. Elsewhere in Viet Nam, the allotment per individual peasant family was as small as half a hectare or less. Although some individual rice plantations were as large as 5,000 hectares, the redistribution of French-owned land did not begin to satisfy the needs of the peasants. Excluding rubber, coffee, and tea plantations, French riceland

holdings in Indochina (which included present-day Viet Nam, Cambodia, and Laos) were only about 300,000 hectares, and 80 percent of this was concentrated in the Mekong Delta.

To provide more land for redistribution to the peasants, the Viet Minh confiscated land belonging to large Vietnamese landlords, whose total holdings in Viet Nam were much more extensive than those of the French. Nationalism became a weapon of the Viet Minh against Vietnamese landlords who were identified with the French as enemies who had to be liquidated.

Viet Minh land reform was far more than the mere redistribution of Vietnamese-owned land. It was also a way to destroy the traditional social organization in the villages, by using the existing class distinctions between villagers -- distinctions that were sharpened by the Viet Minh through the Communist method of the "class struggle." The class struggle initiated by the Viet Minh followed the general pattern standardized earlier in China by Mao Tse-Tung. This entailed the classification of the village population into four main groups, according to the amount of land and property a villager owned: (1) "dia-chu" (landlords), who owned more than 50 hectares of land; (2) "phu-nong" (rich peasants) who owned from 5 to 50 hectares; (3) "trung-nong" (Middle peasants), who owned less than 5 hectares; and (4) "ban co nong" (poor peasants) who were landless or tenant farmers. The landlords were called reactionaries and exploiters of the poor, and the confiscation and redistribution of their land was said to be necessary to bring about social justice for the peasants.

To achieve its goal of gaining peasant support against the landlords, the Viet Minh employed terror against those who did not support them or whose land was to be confiscated and redistributed. The primary purpose of Viet Minh terrorism was to eliminate one social group (the landlords) to gain the support of and eventual control over a large social group (the peasants). The landowning class, if not eliminated entirely, was reduced in socio-economic position through the application of "binh san luong" (leveling of economic status), through which the Viet Minh sought to reduce the economic position of the landlords and thus "equalize" the economic status of the rural population and to meet the Viet Minh's own economic requirements for carrying on the struggle.

When faced with such grave threats, many landowners living in the villages took the only alternative open to them and fled. Their lands and property were immediately confiscated and redistributed. Since the amount of land available for redistribution in each village varied, a standard procedure for redistribution was to determine the number of members in a family and give the individual peasant enough land to provide for his family's subsistence and a small surplus. Supplemental redistribution of usually less than one hectare was often made to those peasants who owned small amounts of land. This measure was intended to bring their total holdings up to the minimum requirements for subsistence. Rarely more than two or three hectares were redistributed to an individual family, and usually the amount of land given was less than one hectare.

If the landowner was not forced by the Viet Minh to give up all or

part of his land for redistribution, he probably was coerced to reduce by as much as 80 percent the rent he received from his tenants. Before the rent reduction, an average land rent was between 25 and 50 percent of the annual harvest, depending on the quality of the land and the crop. By either land redistribution or rent reduction in the areas it controlled, the Viet Minh was able to gain the support of a sufficient number of the peasants for the successful pursuit of revolutionary war against the French.

III. 1956-1965 President Ngo Dinh Diem's Land Reform

When the Ngo Dinh Diem Government assumed power in 1954, the countryside was in a shambles. Much of the agricultural land was overgrown and irrigation facilities had fallen into disuse; canals needed re-dredging; there was a sharp decline in production and the peasants were in general a bewildered lot.

South Vietnam had roughly a total of one million tenants, of which about 600,000 were in the southern and western part of the country, and 400,000 were in Central Viet Nam.1/ The two parts of the country differed sharply from the point of view of the extent of tenancy. In Central Viet Nam, peasant proprietorship accounted for approximately three-fourths of the cultivated land. Land holdings were on a small scale. Of the estimated 650,000 landowners, no more than about 50 owned more than 100

1/ Wolf Ladijinsky, "Agrarian Reform in Free Vietnam," an address delivered on Oct. 24, 1959, by the then Land Reform Technical Consultant of the Presidency, Republic of Viet Nam, reprinted in Wm. Bredo, op. cit., Working Papers, Vol. I-2, Appendix B-2.

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hectares. The great mass of landlords fell into the category of five to ten hectares, closely resembling the petty landlordism once prevalent in Japan, Korea and Taiwan and in a number of South East Asian countries.

Conditions in the Delta were entirely different. Figures available for 1955 indicate a total rice area of 2.3 million hectares. The concentration of land ownership was one of the highest in the Far East or Southeast Asia. Approximately 2.5 percent of the owners, with more than 50 hectares each, possessed roughly one-half of the cultivated land. On the opposite side of the scale, more than 70 percent of the proprietors owned less than five hectares each, possessing an estimated total of 12.5 percent of the cultivated land.

Two principal developments were responsible for this concentration. The French colonial administration had sold huge tracts of virgin land at nominal prices or gave them away to selected French and Vietnamese individuals. The other important reason for the land concentration was the loss of the land by small proprietors due to their inability to meet the burden of indebtedness other than through foreclosure and eviction from the land. With so much land in few hands and the loss of land by the small proprietors, tenancy was inevitable. Two out of three families had no land at all; they worked somebody else's land either as tenants or as agricultural laborers. At least 80 percent was cultivated by peasants who owned virtually no land whatever.

President Diem recognized agrarian reform as one of his most urgent tasks in order to reduce the appeal of Communism to the rural masses. As

a first step, his administration sought to alleviate four principal problems faced by tenants in landlord-tenant relations by:

1. Placing effective limits on rental charges.
2. Providing the tenant with a greater degree of security of tenure.
3. Placing limits on the obligation to pay rent in the event of substantial crop failure.
4. Placing the tenant in a legal position to have right of first refusal should the landlord attempt to sell the land.

These basic principles were embodied in Ordinance 2 of January 8, 1955 and Ordinance 7 of February 5, 1955. The former sought to eliminate the worst features of landlord-tenant relations through rent reduction and provision of security of tenure while the latter was concerned with putting back into cultivation abandoned land believed to have amounted to as much as 800,000 hectares.

The main provisions of Ordinance 2 were that maximum rentals ranged from 15 to 25 percent of the principal crop; a loan of seed or fertilizer was repayable at cost price plus interest rate not exceeding 12 percent per year; all contracts had to be in writing; the life of a lease was a minimum of five years, and the traditional right of a landlord to cancel a lease agreement was circumscribed; village, district and provincial committees were to be created to settle landlord-tenant disputes; finally, penalties were provided in case of failure to comply with the provisions of the Ordinance.

The significant provisions of Ordinance 7 were these: Having

determined the amount of the abandoned or uncultivated acreage, each owner was obliged to declare his intentions with respect to this land. If he refused to cultivate the land himself, he had to lease it to tenants of his own choosing. In that event, a three-year lease was to be executed, under which the tenant paid no rent during the first year, half of the prescribed rent of 15 to 25 percent during the second year and three-fourths of the rent during the third year. The landlord, in turn, was exempted from the land tax, and the same applied to the tenant. On the expiration of the special three-year contract, the normal contract for five years became compulsory. In the case of absentee landlords, the village council had the right to allocate the land to people willing to cultivate the land. The rent, after deduction of taxes, was to be held by the provincial treasury for future payment to the owner. Model contracts were drawn up, printed and distributed by the hundreds of thousands as an aid to implementation.

On October 22, 1956, Ordinance 57 was promulgated and land redistribution became the policy of the GVN. The objectives were stated as equitable distribution among the landless, development of agricultural production and the re-orientation of the big landlords towards investment in industrial activities. Limitations on land ownership were set at no more than 100 hectares, but with an additional 15 hectares permitted worship land; a landlord could cultivate by himself only 30 hectares; the other 70 hectares must be leased or sold. The land affected by the Ordinance was riceland only. The excess holdings were to be purchased by the government and sold in order of priority to tenants and agricultural

workers who had cultivated the land for two years; war-veterans, refugees, and the unemployed. The basic intent was for land to go to the tenants already on the land. Tenants acquiring land under the reform could not lease or mortgage it within ten years of the date of acquisition. The tenant was to pay for the land in six annual installments, and he would receive a certificate of ownership prior to his payment and clear title of ownership after completing his payments. The land price to the tenant was determined by the compensation the Government paid to the owner for the land. Compensation for the land was fixed by regional committees, approved by the National Council of Land Reform, and was favorable to the tenant. It turned out to be three to four times the annual production of the land. Compensation to the landlord took the form of 10 percent of the value of the land in cash and the remainder in non-transferrable government bonds, bearing a 3 percent interest rate and amortized in 12 years. However, the bonds could be used as legal tender for paying off debts contracted with the Agricultural Credit Agency, for land and inheritance taxes or for investment in public enterprises.

The Ordinance provided for the establishment of a National Council on Agrarian Reform, with powers broad enough to deal with all outstanding issues involved in the implementation of the reform. There were also, in addition, provincial and local committees to determine the acreage available for distribution, the fixing of land prices, the issuance of titles to new owners, and related subjects. Agrarian tribunals with authority to prescribe stiff penalties for evading the provisions of the reform law were part of the administrative arrangement.

This program was clearly meant for the southern part of the country where there were large single holdings. It was estimated that approximately 30 percent of the tenants in the southern region would fall within the scope of the program. (In Central Viet Nam, holdings seldom exceeded five to ten hectares. The relatively high retention limit was considered by the government as a first step aimed at the large landlords and not affecting the rural middle class. In a second step of this land redistribution program, the French Government cooperated, and, in the Vietnamese-French Convention of September 10, 1958, undertook to finance the GVN purchase of ricelands owned by French citizens.

The results of President Diem's Land Reform program can be summarized as follows:

Enforcement of Written Contracts. Government statistics at the time tended to be optimistic about what had been accomplished in requiring written contracts, but sample surveys conducted by Stanford Research Institute (SRI) 1/ indicated that the regulations were enforced to a much lesser degree than shown by government statistics. Records compiled by the Directorate of Land Reform, indicates that a total of 660,663 contracts of all types were in effect in September 1968 covering 1,327,869 hectares. Of this number, 563,530 contracts covering 1,293,849 hectares were in the Southwestern part of the country.

1/ See William Bredo, op. cit.

The validity of these statistics is questionable, for several reasons. First, the tabulations from the SRI Hamlet Resident Survey indicated that only 37 percent of all tenants had written contracts, contrasted with 63 percent with verbal contracts. These results agreed closely with the response of landlords in the SRI Absentee Landlord Survey. SRI survey results for the Region estimated the existence of only about 78,000 written contracts covering about 184,000 hectares in contrast to government records indicating 563,530 written contracts covering 1,293,849 hectares. Second, in handling statistics for written contracts, there apparently was no administrative technique in force to eliminate inactive or duplicate contracts no longer in effect. Thus, it can be expected that these contract totals would have an upward bias. These figures were based on historical records so that totals for early recorded years may not reflect the 1968 contract status.

In addition, according to the SRI Village Administrative Chief Survey, two-thirds of all villages in the sample studied either had no lease contract register or had one that was virtually useless. Finally, only about 60,000 contracts were indicated as being officially renewed. Since the law did not make it clear whether "tacit renewal" could take place more than once, there was doubt from a legal point of view whether the administrator or the parties to the original contracts would continue to regard them as binding in any instance where a new contract has not been signed at least within the past ten years. However, the surveys indicated what appeared to be cultural acceptance of verbal agreements for both renewal

and new contract arrangements.

Control of Rent Levels. The attempt to hold rents below a 25 percent maximum ceiling substantially failed. Notwithstanding rental limits established by decree, the forces of supply and demand for land continued to operate. In areas where the proportion of tenancy was high, actual rentals were likely to press against or exceed the legal limit. Results of the Hamlet Resident Survey in the Southern Region indicated that rental rates exceeded authorized limits with an average rate of 34 percent. About 61 percent of the tenants in the Southern Region paid rental amounts in excess of the 25 percent legal limit. In the Central Lowland, the practice of paying excessive rents secretly was noted by the Commissioner General for Land Courts in 1962. 1/

Sharing of Risk of Crop Failure by Landlords. In the regulations, provision has been made for the landlord to bear part of the risk of crop failure with the tenant. However, from survey results, it is apparent that most of the risk of crop failure remained the burden of the tenant without the assistance of the landlord. For example, the Hamlet Resident Survey results show that 25 percent of the tenants who had fixed rental agreements and suffered complete crop failures did not receive any rent reduction at all. Among the tenants who reported partial or total crop failure (amounting to about 79 percent of all tenants), only 63 percent declared they

1/ The Commissioner General's Report is presented in Wm. Bredo, op. cit., Working Papers, Vol. I, Appendix D-20.

received some reduction or complete reduction of rents.

Security of Tenure. There were disputes over attempted legal displacement of tenants. For example, 251 agrarian reform court cases were heard to settle disputes concerning the term of contract. Between the establishment of the courts and 1968, another 1,100 disputes resulted from attempts of the landlord to regain operation of his farm; that is, 1,351 disputes out of a total of 2,100 were concerned with tenure terms. These statistics do not include settlements between parties arranged by Village Agricultural Committees. In total, 17,560 litigations were handled with 15,643 settled successfully. Normally, disputes were first discussed in the Village Agricultural Committee to give both parties a chance to resolve their differences before approaching the Land Court.

Pre-Emption Rights. Pre-emption rights referred to the rights of tenants to be given the first chance to buy the lands that they worked, if the landlord decided to sell. Data from the SRI surveys indicated a reluctance on the part of landlords to sell their land to tenants. They apparently preferred to hold it principally for members of their families. No data were found that might indicate the number of tenants who had exercised pre-emption rights to purchase their farms from the landlord. However, 154 recorded cases, in which the right to purchase farmlands was the reason for the dispute, were heard in the Land Courts.

As of July 1968, only distribution of the Ordinance 57 lands had moved a substantial way toward completion and the distribution of former French land had just begun.

The net effect was that by 1968, only 267,000 hectares or 59 percent of the 452,000 hectares of expropriated land had been redistributed. 1/ Title distribution lagged even further with less than 15 percent of those receiving lands having received permanent titles. Apparently, much of the undistributed expropriated land was in areas under control of the Viet Cong.

The land remaining to be distributed was generally of two kinds; "cultivated" and "uncultivated, uncultivable and unclassified." The uncultivated but cultivable land was largely riceland which was not cultivated because it was uneconomic or because of insecurity, abandonment by farmers and other reasons aside from land quality. The cultivable land might have been abandoned because it was uneconomic to farm in view of the taxes and restrictions imposed by the Viet Cong, and the owners may have elected to become refugees. Some cultivable land may also not have been farmed because of the high investment that may have been required to put it into production. Of the total amount of land expropriated under Ordinance 57 or purchased from French owners, one-third of it (223,436 hectares) was uncultivated, uncultivable, or unclassifed, and therefore, undistributable.

It was not known how much of the uncultivated abandoned land had reverted to a wild state. However, it was estimated that half of the

1/ The 267,000 hectares, however, constituted 81 percent of the cultivated land.

uncultivated French land was arable, while the balance would have required improvements such as major irrigation and drainage projects. Perhaps 10 percent of all ricelands acquired by the GVN was in roads, ditches, and canals.

Land redistribution carried out under Ordinance 57 increased the proportion of land owned by the smaller owners, but only by a small amount. A comparison of tax data results indicated that 10 percent of the large owners held 65 percent of the riceland in 1955 and that land reform reduced this ownership to 55 percent. The Ordinance 57 program did accomplish a basic objective of eliminating large land ownership by individuals in excess of 100 hectares but it did not significantly reduce concentration of land ownership.

A concerted attempt was made to implement the planned land reform program, but the problems encountered were many and complicated. There were not enough technically trained administrators, not enough security in the rural countryside, and not enough funds to carry out the plans.

The mechanics of distributing land appeared satisfactory during the first few years. However, later results indicate that the normal legal procedures were too slow because they required too many steps in a fixed sequence -- i.e., identification of large land holdings; determination of owners' declaration of excess lands; identification of tenants and measurement of units to be purchased; execution of purchase transactions, surveys and land valuation; transfers of lands; and provision of titles. Possibly most of this land could have been distributed

during the early years of President Diem's Government when security was better. Later, the war and the insecurity of many areas created problems in carrying out the program. The Viet Cong, with the aid of the North Vietnamese intrusion, caused confusion and rendered distribution of much of this land extremely difficult and in many cases, perhaps impossible.

Expropriation and distribution of Ordinance 57 lands were effective up to 1962 (54 percent), but only one percent was redistributed from 1963 to 1967, with a somewhat higher figure (four percent) in 1968. Adding to this slowdown was the scattered and uneven effect of distribution from the standpoint of some villages and provinces and hence the uneven impact of distribution on the rural population.

Purchase of land from French owners was slow (taking three years) because of use of existing administrative procedures,missing land registers, lack of up-to-date land registration records, and requirements for legal proof of ownership. By the end of 1961, nearly all the 229,259 hectares (567,000 acres) of French owned land were acquired by the GVN, representing about 10 percent of the riceland area. French citizens were compensated in a lump sum cash payment of the French franc equivalent of US$12 per hectare. 1/ (However, added to this should be an unknown but considerable amount previously paid for war indemnities covering damaged lands.) Land amounting to 10,648 hectares, less than 5 percent of the former French lands, was sold to the GVN under Ordinance 57 for the

1/ See Table I

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Vietnamese piaster equivalent of US$127 per hectare (based on VN$4,450 per hectare at the exchange value of VN$35 per dollar). The purchased French land plus the Ordinance 57 land contained a total of 20 percent of the nation's cultivated ricelands that were transferred from large landholders to the GVN, causing a significant reduction in landlord influence. 1/

A large amount of the former French-owned lands was in big plantations and was developed with irrigation, drainage, and water control facilities. Recommendations for use of these lands were requested by the GVN from Province Chiefs in 1960. Suggestions included establishment of agrovilles, free allocation to families of soldiers, establishment of development centers, state-managed plantations, lease to farmers, and allocation to tenants under Ordinance 57 provisions.

In 1961, the GVN determined that rents would be collected from occupants of former French lands. At the same time, management of the lands, including the collection of rents, was turned over to provincial authorities, providing for 60 percent of the rent collections to be deposited in the national budget, with 40 percent being retained in the province.

In August, 1965, the decision was made to distribute these lands in accordance with Ordinance 57 procedures regarding the sale of expropriated land. As of that time an important consideration regarding the current

1/ See Table I

status of former French lands was that more than one-half of the 229,259 hectares may not have been distributable because of insecurity or uncultivability.

To further expedite distribution, in March 1968 the GVN instructed that all future rental payments on former French land would apply toward the purchase price of the land in cases where the tenant had requested ownership. A total of about 28,000 hectares was distributed as of mid-1968, most of which was distributed in 1967 and 1968.

IV. Viet Cong Land Reform.

There is evidence that a substantial part of South Viet Nam was under the control of the Viet Minh just before the Geneva Accords, but little is known of the amount or location of land that was redistributed by them. Of the absentee landlords interviewed in the SRI Landlord Survey 65 percent indicated that at least some of their land was under Viet Minh control in 1954. 1/ Over 80 percent had had some of their land redistributed by the Viet Minh. By 1956, there had been a slight improvement in the security status of their land, and it has been assumed by some observers that during this period and for the next few years the landlords took advantage of this quietus to evict Viet Minh-appointed occupants. The number of landlords and area affected by such evictions is not known but for Viet Cong land reform to have been as effective as it was,

1/ SRI Absentee Landlord Survey. See Wm. Bredo, op. cit., Working Papers, Vol. IV, Part 2, p. B-31. All of the land of a quarter of those surveyed was under the control of the Viet Minh at this time.

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the number must have been considerable. The return of the landlord was used as a basic propaganda theme by the Viet Cong and as a basis for expropriation and redistribution of the land. Thus, the way was paved for the second cycle of Communist land reform in Viet Nam -- this time under the Viet Cong.

When the Viet Cong insurgents resumed revolutionary war, after the Geneva Agreements in 1954, -- this time against the Republic of Viet Nam -- they initially followed the pattern begun nearly a decade earlier by the Viet Minh. They effectively applied, and improved on, the lessons learned from the Viet Minh in using land reform as a method of gaining peasant support.

The strategic value of land reform in revolutionary war was stated in a Viet Cong document:

> "The essence of the national problem is the farmer's problem. The basic problem of the farmer is land. This is a strategic problem we can never neglect." 1/

The Viet Cong used the same slogan "Land to the Tillers" which had been used by the Chinese Communists and the Viet Minh. The agrarian policy of the Viet Cong, according to an editorial in the North Vietnamese newspaper Nhan-Dan (People), was

> "to eliminate radically all oppression and exploitation in the countryside, liberate the peasant, and fulfill the slogan 'Land for the Tillers'." 2/

1/ The South Vietnamese Communists and Rural Vietnam, JUSPAO Saigon, August 1966, p. 7

2/ Quoted in Douglas Pike, Viet Cong, p. 278

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In employing essentially the same themes as those used by the Viet Minh, in place of French landowners, they merely substituted "Vietnamese traitors" as the "enemies" of the peasants, to be eliminated and their land redistributed.

Preliminary Redistribution. During the early periods of activity (1954-60), the Viet Cong organization was clandestine. At that time, the initial Viet Cong land reform consisted of taking land previously redistributed by the Viet Minh and reacquired by GVN supported landlords and giving it back to the Viet Minh-appointed peasants who had been tilling it before. This form of redistribution required little administrative apparatus and placed no great burden on the Viet Cong organization. This form of land redistribution was aimed at disrupting GVN control and served the Viet Cong well in allowing the insurgents to fulfill their promise of providing land to those who supported them. The areas of earliest Viet Cong land redistribution usually were those most remote from GVN centers of control or were areas where Communist influence had been continual since 1945.

The increase in insurgent activity and the growth of the Viet Cong organization after the formation of the NLF (National Liberation Front) in South Viet Nam in 1960 led to further Viet Cong land redistribution. 1/

1/ To avoid confusion in terminology, Viet Cong (literally Vietnamese Communist) is used to describe the insurgent organization in the Republic of Vietnam. The NLF is only one of the several organizations operating within the Viet Cong.

Under the guise of the NLF, the insurgents expanded the land redistribution to include a wider range of landowners for expropriation. According to a former Viet Cong cadre, a "provisional land reform" was implemented that entailed the confiscation of "land belonging to landlords who didn't cultivate it themselves and the land of people who had already left..." 1/ Many of those who left the villages were landowners whose land had been expropriated first by the Viet Minh and a second time by the Viet Cong. Other landowners did not even return to their land in the villages after 1954, and their holdings were summarily redistributed by the Viet Cong.

An early target for the Viet Cong was the GVN land reform program. The Viet Cong placed great emphasis on dissuading peasants from participating in it. They told the peasants that acceptance of such land from the GVN would validate the claims of landowners whose property had been redistributed by the Viet Minh. Moreover, the Viet Cong made every possible effort to sabotage the GVN program and often resorted to violent tactics to prohibit participation.

Although the revolutionary goals of the Viet Cong guided the direction in which tactics affecting land tenure were employed, political expediency often shaped their selection and timing. When a particular tactic held promise of gaining power among the peasants, it was employed. When there was danger that control would be jeopardized by using it, the tactic was withheld or postponed. A secondary consideration, influential especially under

1/ The RAND Corporation, AG-391:59.

conditions of incomplete control of power, was a desire to increase the production of rice, so necessary to support both peasantry and the guerrilla forces of revolution. This necessity to avoid excessive disturbance of production served as a generally moderating influence on tactics affecting land reform.

Status of Viet Cong LandReform by the mid-1960s.

Despite the continual efforts of the Viet Cong to gain peasant acceptance of land redistribution, there was considerable dissatisfaction among the peasants about the practice. Not only did the peasants complain that the Viet Cong cadres in the villages redistributed the land unevenly, but that they also redistributed the "fertile land to the cadres and the dry land to ordinary villagers." 1/ A more serious charge by the peasants was that the village classification, expropriation, and redistribution of land had caused disruption in the villages. A former cadre said that the Viet Cong "reoognized that the land distribution was a bad policy because it had created turmoil inside each village and had generated discontentment."2/ Another former Viet Cong saw the problem with the redistribution more specifically: "The Front (NLF) took the land from the middle-class farmers . . . and this was a great failure for the Front." 3/

1/ The RAND Corporation, PIE-79:71.
2/ The RAND Corporation, DT-69:6.
3/ The RAND Corporation, AG-599:24.

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In expropriating and redistributing land belonging to "middle peasants," the Viet Cong deviated seriously from the classic Chinese and Viet Minh policies of gaining peasant support for revolutionary war through land reform. Although the middle peasant 1/ is not basically a revolutionary, i.e., he has vested interests in his land and property, he does maintain a closer identification with the majority of landless peasants living in villages than with the large landowners. Mao Tse-Tung took into full account the fact that the middle peasant played an indispensable role in revolutionary war, that they were the most productive, and many of them were initially selected to head the popular associations and local militia in Chinese villages.

Apparently, the problems created by land reform in the villages were greater than the Viet Cong had anticipated. In what would seem an indirect admission of failure of past practices, a document dated 1965 and captured in 1966 spelled out the plan for the coming year in which all previous directives on land reform were suspended. The document directed that "the dissemination and implementation of the directive previously sent . . . will be temporarily suspended concerning land reform." More important, it was specifically directed that "the reliance on poor farmers . . . and the solidarity with middle farmers must be properly maintained since these classes form a solid foundation . . . in the rural areas." 2/

1/ Recall that, as stated previously, the middle peasant owned less than five hectares and in status stood between the rich peasants (five to 50 hectares) and the poor peasants (landless or tenant farmers).

2/ The South Vietnamese Communists and Rural Vietnam, op. cit., p. 11 (emphasis added.)

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In contrast to GVN land reform which was highly centralized, the Viet Cong adapted its land policy to local conditions, leaving it to the Viet Cong local leadership to determine how, where, and when to apply land reform measures to achieve optimal results. Thus, the Viet Cong took advantage of opportunities to apply these measures as they arose and to implement or slow down land reform as Communist control of the population varied and as the intensity of the conflict changed. This characteristic flexibility allowed the Viet Cong to create the essential local political support before having to impose demands on localities for the massive resources required to bring the revolution to a successful conclusion.

The ultimate goal of Viet Cong land policy was to help establish a Communist society based on a dictatorship of the proletariat. The terminal acts of Communist land reform normally are the collectivization of land and the final elimination of private ownership as a social incentive. It is notable that these final acts in the process, while they are features of the North Vietnamese, Chinese, and Soviet land reform programs, had not as yet been introduced by the Viet Cong in South Viet Nam. The reason lies in the violence of the popular reaction to the elimination of traditional concepts of land tenure. As a result, these features could not be introduced at least until the Viet Cong were in full control of the apparatus of government. Until then, the beneficiaries of Viet Cong land reform were to be deluded into thinking that some form of private ownership would be retained in the future Communist society.

V. U. S. Assistance, 1955 - 1965

During the 1955-60 period, land reform was a matter of high priority to the U. S. economic assistance program. Two U. S. advisors 1/ were deeply involved in the development of land reform policies and programs of President Diem's administration and U. S. assistance underwrote a large proportion of the programs' costs.

Project assistance financed most of the costs of the 700-man expansion of the Vietnamese Land Service required to implement the land redistribution and tenancy improvement programs. Approximately 100 seven-man field teams of surveyors were established. Dollar assistance financed their equipment, and counterpart funds paid their salaries through 1960. Nonproject assistance indirectly financed approximately one-half the cash compensation payments for expropriated land. Landowners received 10 percent in cash and 90 percent in 12-year bonds from the GVN. Project assistance also financed most of the equipment and commodities for the Land Development Centers 2/ while counterpart funds covered a large part of the local currency costs as indicated below.

	U.S. Dollar Assistance	Counterpart Support in U.S. Dollars
Redistribution programs	$ 282,000	$ 3,257,428
Tenancy improvement programs	4,582,000	6,794,285
Total	$4,864,000	$10,051,713

1/ The first was Wolf Ladejinski, who later became a direct advisor to President Diem, and then Price Gittinger.

2/ Land Development Centers were for settlement of refugees from North Viet Nam. AID assistance started in 1957.

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In marked contrast to the 1955-60 period, there was little GVN land reform activity and no U. S. assistance from 1961 through 1965. Insurgency was rampant and practically all of the land tenure changes were being made by the Viet Cong, not the GVN.

In the late 1960's, there was much controversy among the Americans as to whether the further redistribution of land to the landless could be an important means of winning the commitment of the rural people to the GVN. Basic to the issue was the peasants' attitude towards land ownership.

One view was that the farmer of Viet Nam, steeped in a long heritage as a tenant, had no understanding of land ownership and what it could mean to him, and that he would therefore be satisfied with tenancy subject to full security of tenure rather than ownership. Another view was that land ownership was indeed a vital issue with great and fundamental meaning to the farmer of Viet Nam. According to this view, the Vietnamese farmer's whole idea of social justice was inextricably intertwined with the basic urge to own land, and permanent occupancy with security of tenure could never be an adequate substitute for land ownership.

The first view was in opposition to historical Communist doctrine and the strategy used by the Viet Cong, which deliberately took land from landlords and distributed it to the landless. It is certain that in the Republic of Viet Nam, the Viet Cong catered to what farmers basically really want - landownership -- and eliminated the landlords' political opposition in order to secure control of the rural areas.

As a political issue, the case for land redistribution hinged on the desire for land ownership. If this desire was strong, an extensive and well implemented land reform program could have far-reaching consequences in securing the support of Vietnamese farmers for the GVN and could affect the outcome of the war.

One of the major goals of the USAID during the 1966-68 period was to resolve this controversy by developing reliable evidence one way or the other and to determine whether a major land redistribution effort could be made feasible in an era of insecurity, using new and imaginative techniques. The evidence was provided by the results of the studies conducted by Stanford Research Institute under a contract with A.I.D.

In addition to the SRI study, a small staff of land tenure specialists in Saigon assisted the GVN in developing policies and getting the program going again. In January 1967, a pilot program was initiated in An Giang Province to apply aerial photography and photogrammetry to replace the ground surveying required for land identification and title work. The work was done for A.I.D. by the Engineer Agency for Resources Inventory (EARI).

Virtually all of the U. S. dollars allocated ($1,196,000) in 1966 and 1967 were for the technical services of three advisors, the EARI project team, and the Stanford Research Institute research team. The VN$30 million counterpart fund was divided into two projects. This program was revised and continued in FY 1968.

During the period, the USAID internal organization fluctuated somewhat and the size of the land reform staff along with it. Early in the

period, the USAID Assistant Director for Agriculture was responsible for land reform, with a Land Reform Advisor and a full time assistant to provide technical assistance. In 1967 the Land Reform Advisor became the Special Assistant for Land Reform to the Mission Director and the staff was increased to four. Also available for assistance in 1967 and 1968 were the EARI Project Team working in An Giang and the Stanford Research Institute Team engaged in the land tenure and land reform fact finding study.

In early 1968, the Special Assistant again became the Land Reform Advisor, reporting to the Associate Director for Domestic Production (ADDP) and the land reform staff, after having dropped from seven to two, was increased to six.

VI. FY 1966-1968 A.I.D. Program

The An Giang Project.

In November 1966, a project agreement 1/ between USAID and the GVN dealing with land reform made available VN$16 million of counterpart funds for work in An Giang province, designed to: assist the GVN to carry out all land tenure and reform; establish in each village a Village Agricultural Affairs Committee; and fund the work of the Engineer Agency for Resources Inventory (EARI) in collecting data, conducting surveys, and developing an integrated plan for agrarian development; and demonstrate the use of aerial photogrammetric techniques to expedite cadastral survey and title issuance procedures.

1/ Project Agreement (Pro-Ag) No. 430-11-120-311.

Work on the An Giang project proceeded slowly. 1/ According to the Director General, the work was 20 percent completed in January 1968, and about VN$10 million had been expended (the money not having been made available until mid-1967). 2/ By the end of 1967, 20,245 hectares (or 50,000 acres) had been surveyed with GVN field teams providing on-the-ground verification of land identification and occupancy, and it was estimated that the project would be completed by the end of 1968. 3/

Another agreement, for VN$14 million was designed to: provide advice, assistance, and material support to the GVN in carrying out, by December 31, 1968, all land tenure and reform actions in specific priority areas; establish the position of Village Land Registrar in 60 villages and establish or revive in these villages a Village Agricultural Affairs Committee; and implement a land tenure research study to ascertain and evaluate farmers' attitudes and reactions toward various land tenure relationships.

It was reported that VN$11 million of the funds allocated to this project had been committed by March 1, 1968. 4/ The money had been spent for salaries for employees 5/ working on short term reform (draftsmen, surveyors, and administrative personnel to process expropriated land),

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1/ From interviews with various GVN and U.S. officials concerned with the project (especially the Directorate General of Land Affairs; the Special Assistant to the Director, USAID, for Land Reform; and the EARI Director of the Land Tenure Project, An Giang).

2/ From an interview with Mr. Nguyen Van Trinh, then Director General, Land Administration.

3/ From an interview with the Director of the Technical Directorate.

4/ From an interview with the Land Reform Advisor.

5/ Some 204 employees were hired for both projects. A breakdown between the two was not readily available.

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equipment, office machines, supplies, and so forth. 1/ Funds were used to supplement the ministerial budget to hire extra personnel in certain provinces. The remaining VN$3 million was earmarked for the Center for Viet Nam Studies, in support of the SRI research project. 2/

Specific accomplishments are difficult to pin down because the additional personnel were not reported by province and even if they were, they could not easily be correlated with the project work done or not done. The Director General stated that the additional employees had been used to accomplish a census of tenant contracts which was one of the key objectives of the 1967 program. The Director of Land Reform Directorate stated that some distribution of land titles had been accomplished under Ordinance 57, former French lands, and public lands. 3/ Also, some progress was made on land identification in the provinces of Central Viet Nam. 4/

A spot check of performance in a few of the provinces specified in the agreement revealed that progress was made in some specific areas (e.g., survey and distribution of former French lands in the SAIT Plantation in Ninh Thuan and the establishment of 19 Village Agricultural Committees in the same province). 5/

However, other objectives specified in the project agreement were not attained, e.g., establishment of "the position of Village Land Registrar

1/ From an interview with the Director, Administrative Services, Directorate General of Land Affairs.
2/ From an interview with the Land Reform Advisor.
3/ From an interview with the Director of Land Reform.
4/ From an interview with Nguyen Xuan Kuong, USAID Land Reform Advisor's staff.
5/ From an interview with the Province Land Affairs Chief.

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in 60 villages." In the latter case, the position of Village Agricultural Commissioner was established in December 1966, which covered the functions originally contemplated. 1/

FY 1968 A.I.D. Program

VN$35,000,000 was allocated for FY 1968. This was to support the accelerated distribution of expropriated and former French lands, training of village personnel and information and education programs for farmers. Pursuant to an agreement reached in June 1968, an augmentation organization to accelerate the distribution of expropriated and former French lands was established. A "Special Land Reform Fund Commmittee" was set up to administer the fund, consisting of the Director General for Land Affairs (DGLA) and the USAID Land Reform Advisor

During the summer of 1968, a pilot program was inaugurated in some of the villages of Chuong-Thien and Kien Tuong Provinces by USAID and DGLA officials. Until this time, no applications for former French land had been filed in the provinces. With the help of an air leaflet drop to farmers in the areas, and by working through the village governments, an excellent response was obtained. In one village, a remarkable 394 applications for former French lands were collected (about half the farmers in the village) and processed in a period of two months (including distribution of titles) by a special team using aerial photographs for identification. President Thieu and the Minister for Land Reform and Agriculture, Trung Thai Ton, participated in the title distribution ceremonies.

The GVN instituted mobile teams to train village and provincial officers to carry out the program. By September 1968 a total of 155 villages

1/ Decree 198, op. cit.

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in 15 Delta provinces having former French lands had held training sessions for village and hamlet officials. By decentralizing the distribution process and using village committees, the GVN hoped to be able to distribute all of the cultivable former French land by 1970. As of September 1968, 168 employees had been hired (21 at the central level and 147 in the provinces and villages) for this effort to speed up the land distribution program.

The Program in 1968-1969.

Since there still remained, in mid-1968, a large number of titles authorized under Ordinance 57 but not yet distributed, the GVN placed first priority on eliminating the inventory of riceland which had made it the largest landlord in the country. Close to 90,000 hectares were distributed during the latter part of 1968 and 1969. 1/

In May 1969, new distribution procedures were initiated, aimed at radical simplification, reducing processing time on title applications, and facilitating a higher volume of processing. The procedures also called for the use of aerial photography for land identification and automatic data processing for the production of titles and related registration documents, both of which were provided with USAID assistance. This was following a land-occupancy freeze which recognized the right of current cultivators to their lands, even if they had obtained occupancy while the land was under Viet Cong control.

1/ See Table III

Encouraged with the feasibility indications of the pilot redistribution projects testing new techniques, land reform advisors armed themselves with the results of the exhaustive SRI research findings. In response to the controversy over the merits of land reform, the SRI had designed a series of questions, administered as part of the Hamlet Resident Survey, to determine the strength of the desire of farmers to own land.

The responses to the survey gave overwhelming empirical evidence of the desire of the landless farmers in the Southern Region to own land. The overwhelming proportion of those who said they wanted to own land and the consistency among them in this desire, regardless of conditions of sale, was extremely high.

"The desire of farmers to own land is closely intertwined with their attachment to the soil where they live. A tenant living in a thatched hut on one-third of a hectare expressed this vividly and simply to an American member of the team. To the initial question: 'Do you want to own the land you till, and to have legal title to it?' the immediate response was, 'Yes.' To the second question, ' Why do you want to own it?' the response was equally unhesitating: 'Because my ancestors lived here and because to own it will secure my future.'With a few words he linked ownership to his past, present, and future.

"This feeling about the land has been called by a Vietnamese colleague of the SRI Research Team an obsession of the farmers of the Delta. From another point of view, land ownership is a sheer economic necessity. When the farm laborer or the tenant becomes too old to work, he has no source of income since he has no land to rent out and most likely he has accumulated no life savings. He becomes economically dependent on someone else,

generally a member of his family. The ownership of land takes care of the past, his ancestors; the present, his livelihood; and the future, his descendants; and provides assurance that his descendants will take care of him and that they will continue to venerate their ancestors...

"The preference for land ownership in one's own village is clear, but the strong urge to stay in the place of one's ancestors is clearly outweighed by the strength of the desire to own land even if it means moving elsewhere...

"...the farmer's desire to own land is overwhelming (even) compared with the availability of technical assistance, which would cost them nothing, and the availability of credit to buy farm implements, which would cost them little. In contrast, to acquire land, farmers would commit themselves to repayment of a large block of future income over an extended time period...

"These findings support the view that a government program which provides the Delta region rice farmer with more technical assistance and more farm production supplies and equipment but fails to provide him with land ownership will fall far short of meeting his aspirations."

1967-1968 - The Voluntary Purchase Plan

While the distribution of GVN and former French owned lands and efforts of rent control was proceeding in accordance with the existing ordinances, the USAID Land Reform Division developed a Voluntary Purchase Plan, which would have required new legislation. Under it the Tiller would have been authorized to purchase the land he farmed regardless of whether the owner wished to sell. The Land Reform Advisor pressed very hard for GVN acceptance

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of this idea, but without success. The Ministry of Land Reform and Agriculture was willing to agree to a completely voluntary plan, under which the sale would be made only if the owner agreed to sell. The USAID Land Reform staff believed this could result in some transfers of ownership in remote, insecure places where the landlord had not been able to collect rent, although there was some doubt as to whether the tenant or squatter would make the purchase since he was not paying rent, and possibly had been given the land by the Viet Cong.

The plan was strengthened by adding a proviso that, by legislation, the GVN would reduce the retention limit, thus forcing owners to part with some of their lands. This was not accepted by the Ministry. 1/ In contrast to this approach, the Minister of Land Reform and Agriculture in March 1968 proposed that USAID assist the Ministry in (1) evaluating land reform policy alternatives and (2) getting existing programs of land distribution completed.

Meanwhile the EARI project had demonstrated the usefulness of existing aerial photographs in land identification and in 1968 the SRI Report became available.

VII. 1969-1975 - The Land To The Tiller Program

The Land To The Tiller (LTTT) Program swept away the preexisting GVN proposed Voluntary Purchase Plan. The new program surfaced in early 1969

1/ Memorandum End-of-Tour Report of June 25, 1971 by John A. Riggs to Richard L. Hough, Acting ADLR

but had its roots in two significant prior events. The first goes back to 1966. In February of that year U.S. Secretary of Agriculture Orville Freeman, at President Johnson's request, visited Viet Nam to review the entire agricultural situation and to make suggestions for U.S. assistance. He was accompanied by 10 specialists, including Dr. Lawrence Hewes. Dr. Hewes wrote a report with the assistance of the USAID Land Reform Advisor, in which he recommended a sweeping land reform program, including giving land free to tenants with no retention limits for landlords whatever.

The second event was President Thieu's Ba Tri declaration. There he noted that farmers were being evicted when the GVN regained territory. He said that the land should belong to the Tiller. This statement incensed the Minister of Land Reform and Agriculture and in subsequent weeks he resisted the idea. Within three months he was replaced by one of President Thieu's advisors whose task it was to obtain the necessary legislation and to conduct a vigorous, fast moving "Land To The Tiller" program.

The LTTT approach to land reform was broached by the new Minister to USAID Associate Director for Domestic Production, who concurred and obtained the support of the Mission Director and of Dr. John Hannah, the A.I.D. Administrator who was in Saigon at the time. Subsequently the plan received the support of Ambassador Bunker. The USAID offered technical and financial assistance and this enhanced the U.S.'s influence with the GVN during the entire period from the drafting of the legislation throughout the drive to meet the program's three annual targets.

In April 1969, the Minister initiated a comprehensive review of the planning that had been done for the new land reform program. The result of this review and subsequent discussions was the Land-to-the-Tiller Bill

approved by the Cabinet and submitted to the Assembly by President Thieu in July. The Executive bill was passed by the Lower House in September 1969 in a greatly weakened form. The Senate Agriculture Committee then undertook a thorough review of the bill and restored almost all of the original provisions. Action on the bill was delayed by intervening events which took the full attention of the National Assembly, but the bill was finally passed by the Senate and approved by the Lower House. President Thieu declared a national holiday and signed the bill in a ceremony in the Delta on March 26, 1970.

The law:

1. Sought to eliminate tenancy by expropriating lands not directly cultivated by the landowner for distribution free of any charge to farmers.
2. Applied to all riceland and garden land, except for ancestral worship land not to exceed five hectares per family.
3. Permitted one owner to hold up to 15 hectares provided he directly farmed the land.
4. Permitted the retention of five hectares of worship land per family.
5. Set a maximum limit of land that one farm family may accrue to three hectares in the South and one hectare in Central Viet Nam.
6. Cancelled all remaining payments due from those farmers who had already purchased expropriated and former French lands.
7. Authorized a Special Committee to establish the rate of compensation for land, which was to be equivalent to two and one-half

times the average annual paddy yield of the land over the preceding five years.

8. Provided for the compensation of former landowners at the rate of 20 percent in cash and 80 percent in monetary bonds carrying 10 percent interest and redeemable over an eight-year period.

9. Denied the right of persons acquiring land under this law to transfer or otherwise encumber this land for fifteen years.

10. Established the following priorities in the distribution of land:

    - tiller;
    - family of war dead;
    - retired or discharged soldiers, civil servants or government cadre;
    - those soldiers, civil servants and cadre who abandoned land because of the war;
    - farm laborers.

Following the passage of LTTT in March 1970, a decision was made to give priority to title distribution and secondary attention to the development of a landlord compensation system. This was the obvious thing to do, given the fact that the political goals of LTTT were aimed at gaining the favor of the mass of tenant farmers.

The implementing decree for the Land-to-the-Tiller law was signed by the Prime Minister on June 5, 1970. The decree expanded upon the law and provided the basic procedural framework for implementation. By declaring

all land covered by the law to have been expropriated on the date of promulgation of the law, the decree terminated all rents on those lands from March 26, 1970 though some farmers continued to pay rent at least on a token basis until title receipt. The decree pertaining to communal land was signed on January 25, 1971 and generally applied the provisions for private land to communal land with the village as compensation recipient.

The total cost of the Land To The Tiller program was estimated to be 52 billion piasters, or $420 million at an exchange rate of 118:1. The USAID committed $40 million, subject to appropriations, as a share of the costs. This was one-half of the amount which would be required to make the initial payments to the landlords. These initial payments were 20 percent of the total compensation. This A.I.D. contribution was for the purpose of encouraging rapid distribution and compensation and to help dampen inflation caused by landowner payments flowing into the economy, as the American imports brought in by the dollars would help to absorb the piasters paid out to the landlords as compensation. Formal Project Agreements between the U.S. and the GVN established the controls governing the distribution of the funds to the GVN over the estimated three year period when the initial cash payments were to be made.

An initial $15 million was made available from the FY 69 appropriation. This evidence of U. S. support was a factor in obtaining passage of the enabling legislation by the GVN Parliament. An additional $10 million was provided by the FY 71 appropriation. These funds were added to those available for the CIP and were obligated under regular CIP procedures.

The piasters were released in tranches of $5 million. The first tranche was released when the first land titles were distributed and the landlords compensated. Each additional increment was released after distribution and compensation for each additional 130,000 hectares.

In FY 73 a request was made to the Congress for the remaining $15 million of the original $40 million commitment, but this was not made available until it was included as part of the Commodity Import Program in the FY 1974 Supplemental Appropriation for Viet Nam. The final $15 million was then attributed to the Land Reform Project, More than one year after the GVN met the project goal of distributing 1,000,000 hectares of land (2,470,000 acres) by March 1973.

In addition to the Non Project funds, USAID provided about $6.7 million of technical assistance through U. S. dollar project funds. The principal use of these funds was to finance U. S. direct-hire and Participating Agency Service Agreement (PASA) personnel. During the peak years of the program (1971-1972), 85 to 95 percent of the total dollar funds were expended for this purpose. Project funds also were used for contract personnel to assist in program implementation, operational research, and aerial photography.

Full time U. S. Land Reform personnel assistance (direct-hire and PASA personnel) peaked at 33. This did not include regional USAID, Agriculture and CORDS personnel who monitored and served as Land Reform Advisors either full time in a few cases, or part time as part of their overall responsibilities. Neither did it include the data processing

people in the USAID Computer Center. Their role closely adhered to the position that LTTT was a Vietnamese program and the Vietnamese had to do the job themselves. Except for the personnel in the USAID Computer Center, operational support and a staff job in LTTT research, the USAID did, however, in close cooperation with its GVN counterparts, develop major policy and procedural recommendations for various tasks.

Approximately 115 land reform participants were trained in the U. S. and third-country locations but mostly in third countries. In-country training was given to thousands of village officials and to many headquarters personnel. The A.I.D. assistance also included the application of new techniques of land identification and title processing.

Implementation of the program was the direct responsibility of the GVN Directorate General of Land Affairs, which had a staff of approximately 1,000 people in the provinces and 400 in Saigon. About three-fourths of these were technicians; the remainder, administrative and clerical personnel. In general, the organization was technically competent and experienced in the traditional methods of land identification and registration, but had to become familiar with aerial photography and other new techniques.

Increasingly, however, the personnel in the DGLA exhibited a capacity to adopt new methods and procedures. The sheer volume of transfers involved brought into being, not only new methods, but also decentralization of responsibility. This represented an outstanding achievement, given the fairly short period of operation. Instead of relying entirely on

provincial land service employees as in previous programs, the GVN recruited and trained one Village Land Registrar in each village who, with the Village Agriculture and Land Reform Commissioner, had responsibility for taking applications, identifying the land, and maintaining the land register. The obligations of each party were detailed in a formal Project Agreement which was amended as necessary throughout the years of the project.

On December 3, 1974 a Report by the A.I.D. Auditor General on the Land Reform Project noted some GVN problems in processing documents and in funding, but commended the GVN for a good job under wartime conditions.

Some of the specific tasks with which the U. S. assisted the Vietnamese Government were developing training and retraining programs for Province personnel and officials in nearly 2,000 villages on the meaning of the legislation and its detailed administration; developing and disseminating publicity about the program to the rural population; developing and improving procedures to handle the huge flow of applications; producing and utilizing aerial photography for land identification; and using automated data processing for issuing new titles, updating land registers, and compensating landlords. The data processing, however, was done at the USAID by its computer and personnel.

Some of the Specific USAID Program Contributions were:

1. Development of a land identification system using existing aerial photography.
2. Development of a system of initial and ongoing training for officials of nearly 2,000 villages involved in the program.

3. Development and operation of a computer system to handle the massive volume of titles that had to be processed and to prepare new land records for province and village administrations.
4. Adaptation of the basic computer system to provide needed management support functions and identify bottlenecks and problem areas in the land distribution program. Examples of these are the monthly "Village Summary" print-out which showed program progress in each village at each major step of the distribution process and the series of "Delinquency Reports", which listed by village, tenant applications for ownership, titles, etc., which had not been processed within a reasonable time. These reports were given to the Inspectorate, PLAS, and District and Village chiefs for specific follow-up and action.
5. Development of an adequate and speedy system of compensating former landlords while maintaining a stringent cross-validation guarding against fraudulent or invalid claims. This was very difficult considering the prior state of land records. By design, broad scale processing of compensation claims was deferred until mid-1971
6. Development of an informal grievance system with the Ministry of Land Reform to open the level of "people participation" in the program to its broadest base.

The new techniques allowed the Ministry to increase its output, measured in acres distributed, an average of several hundred percent over

the level of output in 1968-69, although the Ministry was simultaneously engaged in completing the old land distribution programs, compensating expropriated landlords, initiating a new program for the distribution of concession lands and distributing lands to the Montagnards of Central Viet Nam. The U. S. role, though never defined in terms other than that of advisor, sought to maximize its influence on policy questions and facilitated passage of the bill by the National Assembly and the energizing and monitoring of performance under the Law. 1/

The law set no time limit but the GVN's goal under the LTTT program was to distribute 1,000,000 hectares of land to tillers by March 26, 1973, the third anniversary of the LTTT law. This goal was essentially met. Computer statistics showed that by the end of 1973, applications had been approved for 1,024,005 hectares of land, with titles to 1,198,376 hectares actually having been distributed to new owners under 953,370 titles. Charts V and VI show a complete breakdown of data through February 1975.

Statistics are not available with respect to exact numbers on the third anniversary of the program, March 26, 1973, but titles processed through the computer plus applications on hand exceeded the goal. There still remained fragments of land where the hectarage exceeded the amount to which the tenants could obtain titles; lands in very insecure areas, and some others in the Delta. There also remained the communal and other lands in Central Viet Nam which had been given lower priority in the program,

1/ Richard L. Hough, The Land-to-the-Tiller Program: An Appraisal End-of-Tour Report, USAID/Saigon, March 30, 1972.

because the Delta ricelands were of much greater political importance and also because the villages opposed the loss of revenue they would suffer if the communal land were to be distributed to the tenants. They argued that this revenue was used by them to help the aged and the widows and orphans who did not have families to care for them. In the years from 1970 to 1973 the GVN did not come to grips with this issue since there was more than enough land in the hands of individual landlords to meet the goal.

When the goal was met, the program was essentially over, as is borne out by the statistics for 1974 (Chart V). A.I.D. also considered its role practically ended. In the main, the tours of personnel were ending and no effort was made to replace them. USAID planning for FY 1975 did not encompass a distinct land reform effort. By July 1973 the Office of the Associate Director for Land Reform was in the process of being abolished with plans for one person to transfer to the Office of the Associate Director for Food and Agriculture. Land Reform as an insurgency issue had been defused. The prospects were for a lingering workload in the Ministry clearing up bits and pieces, but it was perceived that outside assistance would not be necessary. The FY 75 Congessional Presentation provided $200,000 for five positions but the USAID, under orders to reduce personnel, missionwide, retained only the one position.

The tasks remaining under the LTTT were: 1/

1/ Willard C. Muller, "The Land-to-the-Tiller Program: An Appraisal," End-of-Tour Report, USAID/Saigon/ADLR, April 1973.

1. Complete distribution of remaining tenanted land estimated at 300,000 hectares.
2. Monitor compensation procedures to minimize corruption.
3. Assist in the completion of work at village level including the upgrading of master overlays where needed.
4. Unify and improve the land registration system.
5. Assist the GVN in making necessary changes in the LTTT laws.

VIII. The Montagnard Land Identification Program.

The second part of the Land Reform program, called the Montagnard Land Identification and Kien Dien Registration program was designed to:

a. identify, record on maps and aerial photos hamlet boundaries, and give titles to villages for their hamlets (buon) lands within the boundaries; and

b. give titles to individual families for lands within hamlet boundaries which each family farmed.

The actions taken regarding the Montagnard land program included:

1. Decree Law 033/67 - August 29, 1967 - The Montagnard Bill of Rights promising land ownership titles to Montagnard lands in a manner compatible with customs.
2. Decree Law 034/67 - August 29, 1967 - Confirmed ownership rights on permanently cultivated land and granted ownership on shifting-cultivated land.
3. Decree Law 076 - July 1969 - Provided for the identification and registration of private land, both permanent and shifting-cultivation types.

4. Circular 1396, September 16, 1969

   - Procedures for identifying and registering private land

5. Circular 22, 1969

   - More details for identification and procedures for using aerial photography.

6. Arrette 788, December 1969

   - Specified amount of shifting cultivation land to which a family could obtain title.

7. Decree Law (138) - Nov. 9, 1970 - Established Main Living Areas (MLA). The Implementing Decree and Circular were issued in May 1971.

8. Work Plan, No. 5727, May 24, 1971

   - Procedures for identifying MLA's and private land

9. Circular 6409, June 5, 1971

   - Explanation of policy and procedures for identifying MLA's

10. Circular 22, February 12, 1972

    - Established the Joint Committees

11. Circular 1575, February 12, 1972

    - Posting of census information, and clarification of problem of implementation of MLA's

12. Circular 5, February 12, 1972

    - Duties of Joint Committees

13. Circular 17, May 4, 1972

    - Procedures for reviewing MLA dossiers

14. Circular 18, May 4, 1972

    - Selection of hamlets for MLA's in 1972

All policies and major implementing procedures for granting both private and MLA land titles were approved by the National Montagnard Council and the Ministry for the Development of Ethnic Minorities. The MLA program was considered a compromise by the Montagnards in which they agreed to forget about some land claimed if the government granted titles for a certain amount of it. Montagnard land had been excluded from the LTTT Program.

The USAID and CORDS gave considerable attention to the Montagnard program. In all probability, there would have been no meaningful program, had it not been for the pressure put on the Ministry and Provincial officials by USAID and on the Military and Provincial officials by CORDS. In both of the U. S. organizations there were small numbers of very dedicated people who cared for the welfare of the Montagnard people. Still, the LTTT was of greater national importance and received most of the attention. Nevertheless the Montagnard program made significant progress toward its goals. As of June 30, 1974 for which the latest data are available, there were 1,661 identified main-living areas (MLA) covering 1.7 million hectares, which exceeded the original goal of 1,400 MLA's. Individual land ownership titles had been issued to 37,680 tillers covering 85,427 hectares. The program, however, to the detriment of the Montagnard, had not been administered in complete accordance with the provisions of applicable decrees; and trespassing by outsiders, which the program was to have eliminated, was a continuing problem.

The Montagnards themselves did not use all of their land in secure areas, inviting "trespass" by Vietnamese or Montagnard squatters; and

Montagnard officials fostered a sizeable amount of "trespassing" themselves by resettling displaced Montagnards on other Montagnards' land.

Table I

ACCUMULATED EXPROPRIATED, DISTRIBUTED, AND UNDISTRIBUTED LAND AREAS IN VIETNAM UNDER ORDINANCE 57

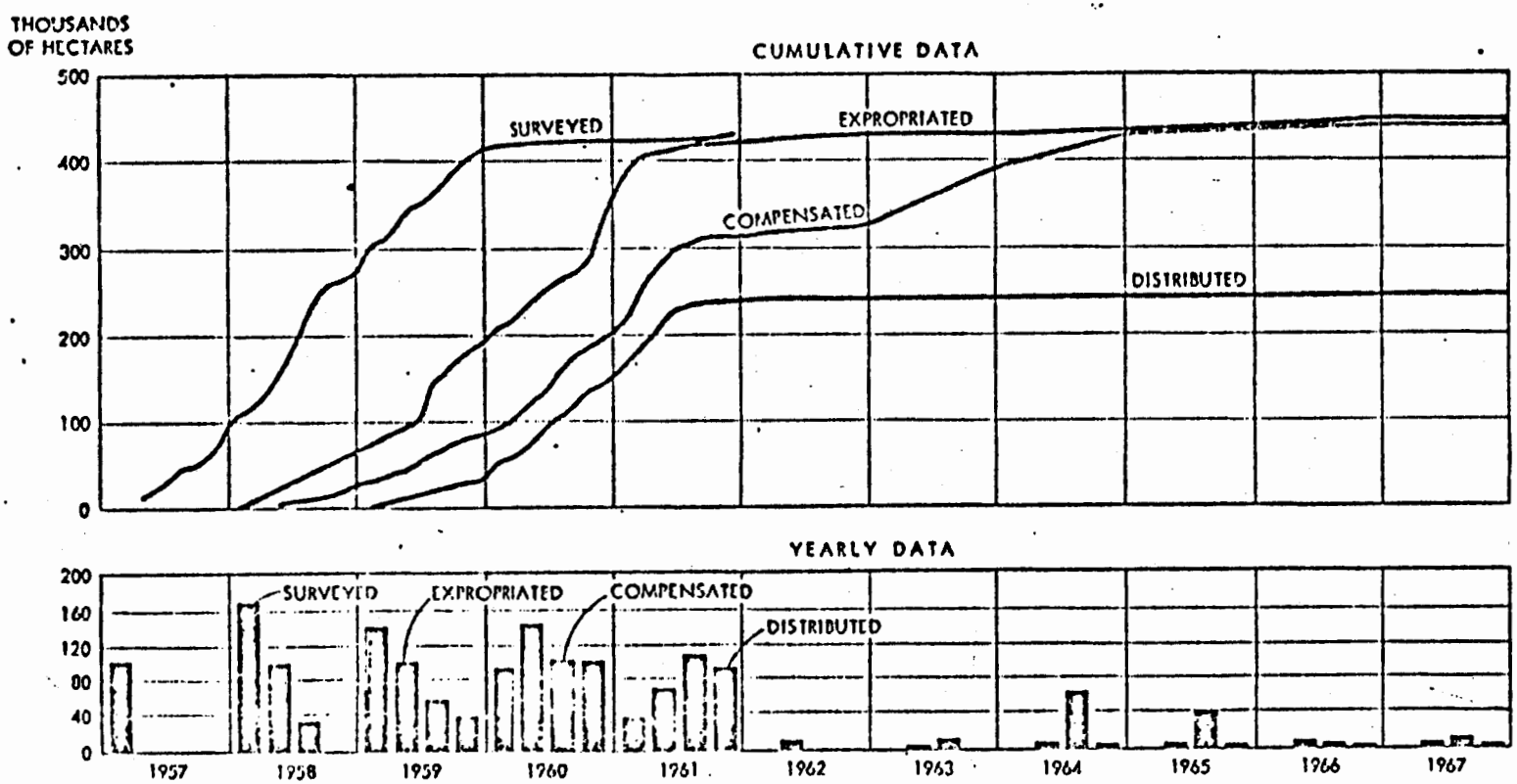
Year	Accumulated Expropriated (ha)	Accumulated Distributed (ha)	Accumulated Undistributed (ha)
1958	101,011	21,635	79,376
1959	152,671	55,603	97,068
1960	411,632	150,503	261,129
1961	422,431	243,615	178,816
1962	428,445	245,877	182,568
1963	430,206	246,166	184,040
1964	435,541	246,940	188,601
1965	440,676	237,774	202,902
1966	447,241	248,902	198,339
1967	451,481	266,863*	184,618
1968	452,001	266,878*	185,123

* Includes approximately 16,000 hectares of expropriated land located in land development and resettlement centers where ownership was granted rather than sale of land under Ordinance 57 procedures.

Source: Directorate of Land Reform, unpublished land statistics concerning land reform in the Republic of Vietnam, December 1967.

Figure 1

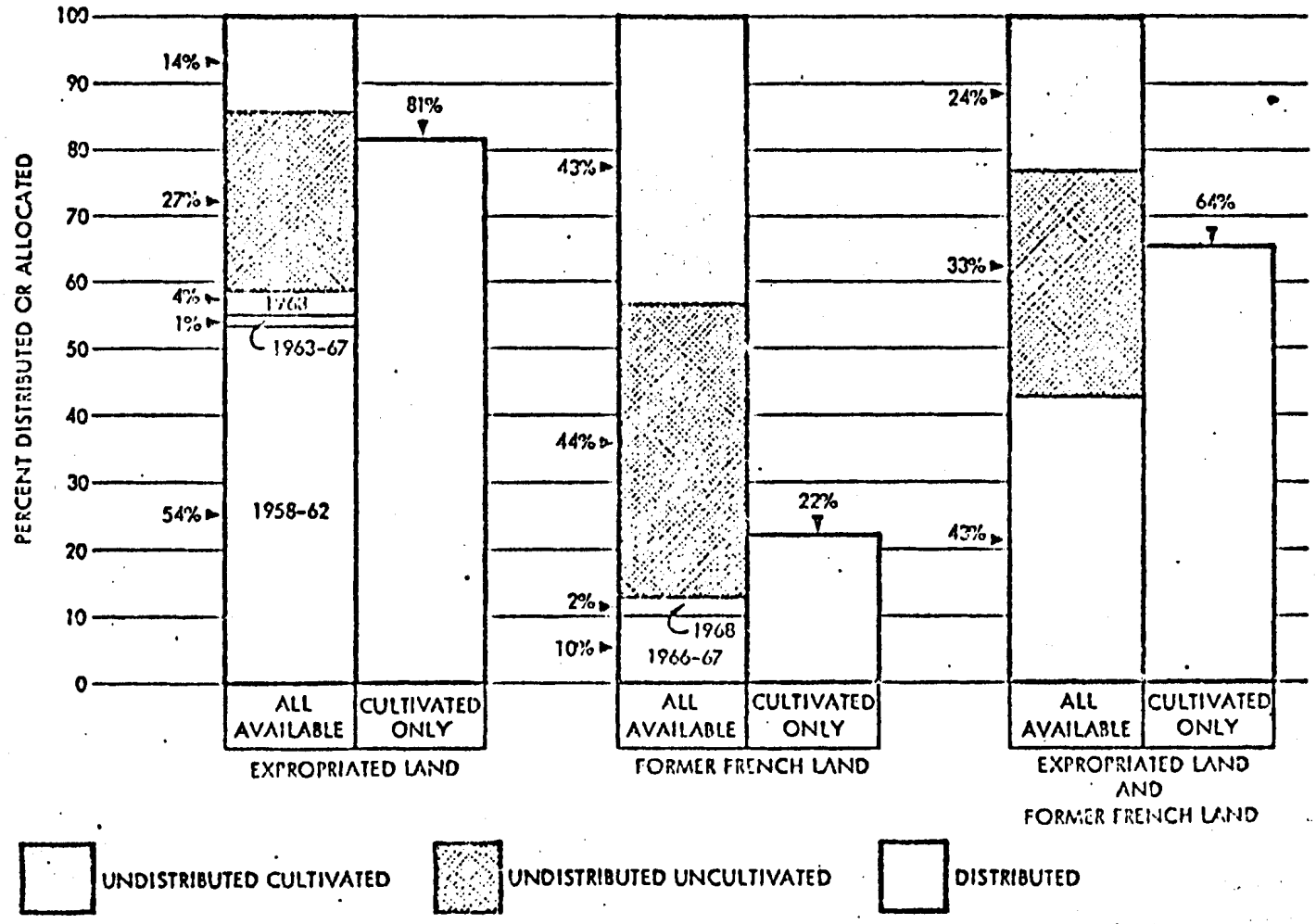
HISTORICAL DATA RELATING TO EXPROPRIATION*
AND DISTRIBUTION OF LAND UNDER ORDINANCE 57, 1956-67
Republic of Vietnam



SOURCE: Directorate General of Land Reform, Ministry of Land Reform and Agriculture.
Prepared by USAID/ADDP, Saigon

Figure 2

PERCENTAGE OF GOVERNMENT OWNED LAND DISTRIBUTED
AS OF JULY 15, 1968



Source: Table 1 and Figure 3

TABLE II

PROJECT ASSISTANCE FOR LAND REFORM
U.S. Dollars
1955-1968

	Dollars (by fiscal year)	Counterpart Funds
Assistance 1955-60		
Administration of agrarian reform project	$ 282,000	$ 3,257,000
Land development project	4,582,000	6,794,285
Subtotal	$4,864,000	$10,051,285
Assistance 1966-68		
Land reform project	2,778,000	550,847
Total	$7,642,000	$10,602,132

Supporting Schedules

Year	Dollar Assistance (by FY)	Counterpart Support (VN$000)
Administration of Agrarian Reform Project (#430-11-120-089)		
1955	$ —	100
1956	70,000	23,632
1957	171,000	13,963
1958	16,000	40,170
1959	21,000	25,830
1960	4,000	(est)10,000
Total	$282,000	VN$113,695
US$ Equivalent		$3,257,428

Remarks: Dollar assistance includes $205,000 of commodities, ie., 17 jeeps, 275 motorbikes, 180 bicycles, surveying and drafting, equipment. Two advisers (Gittinger and Ladejinski) were financed as were travel grants to GVN officials to other Asian nations to observe land reform administration. Counterpart financed salaries and related costs of 700 field surveyors plus certain related GVN staff.

Land Development Project (#430-11-120-144)		
1957	$3,207,000	VN$ NA
1958	934,000	NA
1959	200,000	NA
1960	241,000	NA
Total	$4,582,000	VN$237,800
US$ Equivalent		$6,794,285

Remarks: $4,421,000 of the dollar assistance was for commodities, primarily construction materials, vehicles, and equipment.

Land Reform Project (#730-11-120-311		
1966	14,000	VN$ —
1967	$1,182,000	30,000
1968	(est)1,582,000	35,000
Total	$2,778,000	VN$65,000
US$ Equivalent		$550,847

Remarks: Virtually all the $1,196,000 obligated in FY 66 & 67 were for the technical services of (i) 3 advisers, (ii) EARI cadastral team, (iii) SRI research team. A small amount was used for transport for field staff and specialized equipment.

Source: U.S. Agency for International Development, Washington, D.C.

TABLE III

LAND REFORM

STATUS OF GVN LAND DISTRIBUTION, DECEMBER, 1969
IN ACRES (IN HECTARES)

REDISTRIBUTION PROGRAMS	Total Area	Cultivable Land: Distributed Area	Cultivable Land: Distributed Recipients	Cultivable Land: Undistributed	Abandoned & Uncultivable
Expropriated Lands (Ordinance 57, 1956)	1,118,379 (452,785)	805,902 (326,276)	148,408	238,698 (96,639)	640,743 (259,410)
Former French Lands (obtained from GOF '58)	556,964 (229,540)				
LAND DEVELOPMENT PROGRAMS					
Land Development and Resettlement Centers (Refugees and Settlers)	368,018 (148,995)	71,877 (29,100)	21,337	24,441 (9,895)	271,700 (110,000)
State-owned Lands	819,842 (331,920)	13,728 (5,558)	7,270	210,221 (85,110)	595,893 (241,252)
Totals	2,873,203 (1,163,240)	891,507 (360,934)	177,015	473,360 (191,644)	1,508,336 (610,662)

Legend: Figures shown are in acres (or in hectares) - 1 ha.=2.47 acres

Source: GVN, Dir. Gen. of Land Affair "Monthly Statistical Reports"

Land Distribution TABLE IV
Under the Land to the Tiller Program

	Applications Approved At Village		Titles Issued		Titles Distributed	
	Applications	Hectares	Titles	Hectares	Titles	Hectares
1970	55,974	71,067	39,492	51,691	4,235	6,[illegible]
1971	347,040	427,041	335,758	411,777	273,183	336,[illegible]
1972	388,070	426,839	373,387	405,052	306,242	331,[illegible]
1973	232,921	268,429	204,733	227,900	291,[illegible]	321,[illegible]
SUB TOTAL	1,024,005	1,193,376	953,370	1,096,420	675,554	1,016,[illegible]
1974						
JAN	13,457 (1,037,462)	14,472 (1,207,848)	14,311 (967,681)	16,407 (1,112,827)	7,949 (883,503)	5,603 (1,021,928)
FEB	16,919 (1,054,381)	17,469 (1,225,317)	12,431 (980,112)	14,576 (1,127,403)	6,291 (889,754)	5,161 (1,027,089)
MAR	10,440 (1,064,821)	12,033 (1,237,350)	15,075 (995,187)	17,254 (1,144,657)	9,470 (889,224)	11,578 (1,038,667)
APR	8,802 (1,073,623)	9,329 (1,246,679)	16,359 (1,011,546)	13,813 (1,158,470)	11,402 (910,626)	11,589 (1,050,256)
MAY	2,123 (1,075,746)	2,652 (1,249,331)	1,804 (1,013,350)	2,057 (1,160,527)	1,694 (912,[illegible])	1,927 (1,052,183)
JUNE	2,802 (1,078,548)	3,079 (1,252,410)	4,835 (1,018,185)	5,250 (1,165,779)	10,267 (922,497)	8,380 (1,060,563)
JULY	13,041 (1,091,589)	14,378 (1,266,788)	14,339 (1,032,524)	14,755 (1,180,532)	9,207 (931,704)	11,[illegible] (1,072,119)
AUG	8,199 (1,099,788)	7,035 (1,273,823)	8,546 (1,041,070)	7,211 (1,187,743)	11,756 (943,460)	11,975 (1,084,034)
SEPT	4,130 (1,103,918)	3,976 (1,277,799)	2,957 (1,044,027)	3,612 (1,191,355)	9,389 (952,849)	6,102 (1,090,136)
OCT	7,198 (1,111,116)	6,[illegible]48 (1,284,[illegible])	5,332 (1,049,359)	5,308 (1,196,663)	20,520 (973,369)	23,[illegible] (1,113,933)
DEC	1,540 (1,112,656)	1,791 (1,285,[illegible])	130 (1,049,493)	172 (1,196,835)	6,347 (979,716)	7,223 (1,121,156)
1974 TOTAL	83,651	92,572	96,123	100,415	104,162	104,830
TOTAL	(1,112,656	1,285,[illegible]	1,049,493	1,196,835	979,716	1,121,217

[illegible]ber and November 1974 statistic transmitted as a total for those two months
[illegible]/75/RD 1/30/75

Land Distribution — TABLE V

Under the Land to the Tiller Program

	Applications Approved At Village		Titles Issued		Titles Distributed	
	Applications	Hectares	Titles	Hectares	Titles	Hectares
[illegible]	55,974	71,0[illegible]	39,492	51,691	4,235	6,1[illegible]
[illegible]1	347,040	427,0[illegible]	335,758	411,777	273,183	336,3[illegible]
[illegible]2	388,070	426,839	373,337	405,052	306,2[illegible]	351,8[illegible]
[illegible]3	222,921	[illegible]	204,733	227,[illegible]	291,[illegible]	3[illegible]
[illegible]	88,651	92,572	96,128	100,[illegible]	104,162	10[illegible]
+ Com.	1,112,656	1,285,9[illegible]	1,049,498	1,196,[illegible]	979,716	1,121,2[illegible]
[illegible]	1,742	1,856	1,269	1,306	4,430	6,2[illegible]
[illegible]	(1,114,398)	(1,287,804)	(1,050,767)	(1,19[illegible])	(984,146)	(1,127,[illegible])
[illegible]	8,740	9,320	8,500	8,997	9,532	9,[illegible]
	(1,123,128)	(1,297,132)	(1,059,267)	(1,207,1[illegible])	(993,728)	(1,136,7[illegible])

LOGISTICS

LOGISTICS

This paper highlights the major activities in the logistical and supply management field undertaken by the A.I.D. and the Government of South Viet Nam over the more than twenty years of joint efforts in this area. The Commercial Import Program, another major and related A.I.D. activity during this period, is mentioned only marginally in this description but is treated in detail in a separate section of this report.

Signing of the Geneva Accords in 1954 left the newly formed Government of South Viet Nam without its traditional French administered logistics base. The principal problem at that time was to initiate a central government procurement and warehousing authority to support the civilian ministries of the newly formed government. To this end, the Supply Management Branch of USOM was tasked with assisting the GVN form a procurement agency that would accomplish procurement and warehousing for all ministries except the military.

In 1955 the GVN created the Central Procurement Authority (CPA) as an autonomous agency under the Ministry of Finance. This newly created agency employed a handful of selected Vietnamese procurement technicians and warehousemen to procure, receive, and distribute U.S. "Grant-in-Aid Commodities" and other commodities intended for government use purchased with GVN foreign exchange. The CPA operated a small warehousing complex down-river from the Saigon Port consisting of six medium sized,

bamboo reinforced brick and concrete warehouses constructed during the Japanese occupation of Indochina and two small warehouses immediately adjacent to the Saigon Port.

The sleepy port of Saigon in the period of 1955-1965 consisted of the commercial port proper with quay berths capable of mooring up to ten deep draft ships. Cargo was unloaded onto quays, constructed by the French in the early 1900's, into twenty medium sized transit sheds. An additional ten ships could be moored to buoys in the river for discharge into barges. Smaller docks up-river from the Saigon Port could dock five small coastal ships engaged in local trade and the commercially owned petroleum storage facilities at Nhabe, eight miles down-river from Saigon, could dock three deep draft tankers. These were the only docks in South Viet Nam capable of handling deep draft ships. The ports of Nha Trang, Cam Ranh, Qui Nhon and Da Nang were all open roadsteads or sheltered anchorages with deep draft shipping loading from or discharging to barges. Coasters could dock at Da Nang and Cam Ranh with a limiting draft of twelve feet.

Prior to 1965 the Saigon Port complex handled about 1500 ships per year. The commercial port had no mechanical handling gear other than a few antiquated cranes and several forklifts owned and operated by the U.S. Navy. Virtually all cargo handling was accomplished by means of coolie labor. The only paved area in the Saigon Port was the cargo apron along the quay, the main entrance to the port and six of the transit sheds. The remainder of the open hardstands, transit sheds and roadways were of tamped

laterite which, during the monsoon season, quickly turned into a quagmire. The port had no night lighting; the water, drainage and sewer systems were inoperative and for the most part unrepairable short of major reconstruction. The port operated six low horsepower tugs of pre-World War II vintage, most of which were inoperative for lack of repair parts and poor to non-existent maintenance.

The ports of Viet Nam were, during this period, mainly operated by French trained functionaries and were administratively under the Ministry of Public Works. All port revenues went directly into the GVN Treasury. As late as 1966, the only port management personnel with prior shipboard or port experience were the River Pilots and the Port Captain whose sole function was to assign ships to berths. The Port Director, who was the ex-director of the National Railroad, also served as the Director of Navigation and was charged with maintenance of all Vietnamese navigational aids as well as inland dredging of Vietnamese waters.

Prior to 1964, the GVN National Railroad was the principal means of transport from Saigon to the northern cities of South Viet Nam. The secondary means of transport was by ocean-going junks and a few coasters. The road network was rudimentary, lacked adequate bridges and, for the most part, was badly paved or unpaved. Transport to and within the Delta area was principally by river junk.

In 1962 the United States Operation's Mission in Saigon (USOM) had one middle-grade American supply advisor and one or two assistants.

In the entire Far East Bureau of AID/Washington, there was only one mid-level supply advisor during 1962-63. During this period, procurement under the $150-200 million annual programs was done either through the commercial sector (CIP) or in the case for the "project-program," through the routine, slow and --for A.I.D.-- the fairly unreliable stateside channels of procurement, primarily GSA. In view of the growing counter-insurgency program, it is not surprising that the embryonic and poor logistic system, e.g; delayed and improper procurement, shipment, maintenance, etc.; constituted and almost universal theme of dissatisfaction on the part of operational personnel in the field. Paradoxically, although the Mission complained of many problems, it tended to resist major innovations which might have strengthened the Mission in supply management. Some A.I.D. personnel in both the Mission and Washington tended to be imbued with the notion that A.I.D. only financed procurement and had no responsibility in actual supply management operations except in an advisory capacity. However, in a fast-moving, counter-insurgency situation with weak or non existent host government counterpart personnel, it was soon realized that such a system could not be tolerated, particularly in view of the expansion of the program to several hundreds of millions of dollars annually.

Beginning with temporary duty teams sent to Saigon to assist in improving Mission supply management, the staff was increased progressively over the years. By mid-1963, there were eight; 1964 - 12, by 1965 there were 35. Eventually a high point was reached when there were 90 supporting AID/W personnel specifically

assigned to Viet Nam supply management activities and 220 personnel assigned to the Mission logistics office and commercial import division. Another 160 military personnel were assigned in support roles, mostly in Saigon port management. As the stateside support role became more demanding, GSA organized a special Logistical Supply Control Organization (ALSCO) in San Francisco, funded by USOM, which employed up to 140 people. Also, the support of several defense organizations was enlisted e.g. the U.S. Army took over all medical supply for A.I.D.

The following pages describe in some detail the logistics and supply management situations in various time frames starting with the 1964-67 period.

1964-66

In 1964, it became apparent to USOM management that the role of logistics within the U.S. Mission required upgrading to meet the increasing demand on the GVN in the area of procurement, warehousing and inland distribution of Grant-in-Aid (Project) and PL 480 Title II commodities. In 1964 the first Assistant Director for Logistics was designated with the assigned task of developing a Vietnamese Government supply system with the Central Procurement Authority as its principal counterpart. Prior to 1964, the CPA had expanded its organization and opened warehousing complexes in Da Nang, Nha Trang, Qui Nhon and Can Tho for the distribution of refugee, project, and PL 480 Title II commodities to the provinces. USOM Logistics advisors were assigned to each of the CPA distribution centers to advise and train CPA employees in the administration

of contracts for warehousing and distribution.

The creation of a separate Logistics Division within USOM created several management problems which were similar to those of the Central Procurement Authority. Both agencies were forced into expanding roles as the tempo of the war increased further exacerbating already existing difficulties. One of the mutual problems common to both USOM and the CPA was the lack of logistical jurisdiction over the various technical divisions of USOM and the GVN technical ministries respectively. Heretofore, within USOM the technical divisions largely operated their own programs including whatever supply activities required in their support with little, if any, control or coordination among or between divisions. To an even greater degree this was inherent in GVN/s operations and the parallelism between the USOM and the GVN tended to reinforce each other's habits. New equipment might be ordered by one USOM division or GVN ministry while similar equipment was already on hand and idle in another program. Lack of attention to problems of maintenance and spare parts led to many months, sometimes forever. This was a focal point for subsequent criticism on the part of various U.S. inspection groups such as the Inspector General. Separate divisions or ministries would order different makes and models of the same equipment when greater economy and efficiency would have resulted from standardization so that spare parts and maintenance might be better organized for fewer makes and models. Specifications used in ordering equipment were often inadequate because technicians were

not always conversant with proper procurement procedures. For example, technicians such as educational advisors and doctors were often saddled with the business of ordering and managing equipment with which they were little acquainted, e. g., vehicles, and construction equipment and supplies to support their own activities.

Nevertheless, each of these technical divisions and GVN technical ministries, following a well-established bureaucratic tendency, resisted turning over its supply management functions to a central group. They doubtless were fearful that a new central logistics element would not understand their peculiar requirements nor give them as much priority and personalized attention as they felt they deserved. Because of the strength and influence of the established GVN ministries and USOM technical divisions, the emergence of a strong, well operated, central logistics operation was inhibited at a number of points. It was, of course, true that in the early stages of organization and staffing many instances could be found where the central logistics organization had not provided the type of service desired by one of the operating technical divisions. Nevertheless, even then centralized operations judged in their totality were almost certainly more efficient and economical than the previous fragmented, uncoordinated and nonprofessional supply management approach.

On the U. S. side, some of the USOM technical divisions had sound cases in the early days for continuing their own separate supply management activities during an interim period, the duration of which turned out to be several years. Most notable were the Public Health and the

Public Safety Divisions, the former because of its highly technical and specialized medical requirements and the latter because of its need for such specialized and sensitive items as fire arms, ammunition and sophisticated communications equipment. In addition, the Public Safety Division had built up a rather substantial capability in supply management, and it was pointless to force centralization merely as a matter of principle. The unique requirements of the Public Health Division continued to be met separately by bringing in additional medical supply personnel, mostly on detail from the U. S. military, to assist in the critical medical supply effort. Because there were many state-side problems in obtaining adequate service and procurement of medical supplies through GSA, an arrangement was made in 1966 for the Department of the Army to provide all medical supplies for the USAID program through its own procurement channels. It was agreed that such supplies would be stocked in Okinawa depots and shipped upon USAID order to Viet Nam.

In the ensuring logistics buildup the CPA increasingly became the nucleus around which the supply management program was built. For instance, it was used extensively to assist in meeting problems of transportation and warehousing. However, the very rigid GVN regulations, particularly regarding financial and contractual matters as well as the lack of skilled technicians, precluded CPA from acting as boldly and effectively as needed, and USOM personnel found themselves undertaking on behalf of CPA a number of operational matters, such as contracting

for transportation and warehousing which normally would have been a host government responsibility.

The USOM and the U. S. military involvement in operational matters of GVN civil logistics within the country grew larger as the war progressed. Immediately prior to the U. S. military buildup in late 1965, a PL 480 Title I rice program was negotiated. Because of difficulties the GVN encountered in obtaining U. S. Flag shipping, the Department of Agriculture, Commodity Credit Corporation, assumed responsibility for procurement and shipping of this commodity. The CPA was tasked with the responsibility for the discharge and distribution of Title I rice in addition to its Title II functions.

The traditional method of having each voluntary agency ship and distribute PL 480 Title II foodstuffs in bags or packages marked with its name was abandoned in 1966 in favor of a "Pool Concept," under which Commodity Credit Corporation purchased and shipped PL 480 commodities to Viet Nam. CPA unloaded the goods from the ships and placed them in central warehouses from where they were distributed to province warehouses. Issues to authorized "Food for Peace" programs were made from both central and province warehouses.

By early 1966, USOM logisticians were directly involved with the CPA in warehousing and maintaining control of PL 480 Title I and II foodstuffs. They were also working with CPA in the handling of USAID project commodities, e. g. contracting for inland transportation of commodities, arranging for air shipments within country, accounting for cargo arriving in Viet Nam and processing demurrage and shipping claims for the GVN.

Port Operations

It was not until late 1965 that USOM gave serious consideration to port operations. Prior to that time, USOM had contracted with the States Marine Lines, a U. S. shipping company, to operate a fleet of coastal vessels between Saigon and the northern ports of South Viet Nam. This fleet was operated on a common carrier basis with published freight tariffs at the GVN official freight rates. The purpose of the operation was to combat inflated freight charges then being demanded by French and Vietnamese coaster owners and to ensure distribution of Grant-in-Aid and PL 480 Title II commodities to the northern region.

During the 1964-1965 period the port of Saigon was the principal point at which both military and civilian shipments could be accommodated even though they were destined for coastal provinces far away. When the U. S. military buildup started in 1965, a large part of the port of Saigon was taken over by the U. S. and Vietnamese military. At the same time the civilian tonnages, primarily A.I.D. financed, were also rapidly increasing. As the Saigon port became a serious operational bottleneck for all U. S. activities in Viet Nam, it also affected the interests of commercial shipping companies, from whence it quickly came to the attention of the press and the U. S. Congress. Port congestion became highly visible and titillated the imagination of the large U. S. press corps inhabiting the hotel verandas facing the Saigon port. This issue was rapidly escalated to the proportions of a "scandal" of management and corruption. Staff of the newly created USOM Logistics Division were designated as advisors to the port of Saigon (later

expanded to include all ports in Viet Nam). The first USOM port advisory personnel arrived at Saigon in late 1965 just ahead of the U. S. military buildup and they rapidly assumed vital roles in the operation of the port.

The port of Saigon which normally handled about 1.5 million tons of cargo a year, was forced to discharge 4.0 million tons in 1966, and 4.8 million in 1967. This sudden build-up, which started in late 1965, caused nearly total port congestion. This in turn resulted in an accumulation of demurrage on ships waiting to discharge and increased congestion surcharge rates on ships carrying cargo to Viet Nam. To solve the congestion problem, A.I.D., in conjunction with the U. S. military, took several concerted actions.

Initially, particularly during 1965 and 1966, A.I.D. attempted to solve the Saigon Port management problem largely with the efforts of its own port and transportation staff. Several experts were hired whose efforts materially improved certain aspects of the port. (It is worthy of note that the President of the International Longshoreman Association of the United States visited Viet Nam several times during this period at his own expense, made professional recommendations to A.I.D. and made expert personnel available for A.I.D. hire.) However, the magnitude of the port problem coupled with Vietnamese military interests, soon suggested that Draconian measures had to be taken if the problems were in fact to be solved. To this end, the following steps were taken in mid-1966:

1. In July 1966 an agreement was reached between USAID and the Military Assistance Command/Viet Nam (MACV) in which the U.S. Army became the executive agent for the U.S. Government in dealing with the GVN on the

operation of the Port of Saigon. The 125th Transportation Command was charged with the senior port advisory role and USAID personnel were detailed to the 125th TC to assist in this effort.

2. To improve and speed cargo handling, USAID procured material handling equipment such as fork lifts, cranes, warehouse trailers and dock tractors. The use of pallets for movement and temporary storage of cargo was introduced and USAID provided several thousand wood pallets to inaugurate this cargo handling technique in Viet Nam.

3. Saigon port longshoremen were trained by U.S. military and USAID technicians in the operation and maintenance of material handling equipment as well as in improved cargo handling, accounting and storage techniques.

4. The U.S. military started construction of two new port installations on the Saigon River to increase the number of deep water berths by five.

5. USAID obtained and installed 28 mooring buoys in the Saigon River which added 14 additional sites for the discharge of deep draft ships.

6. USAID leased barges and tugs from the Philippines, contracted for the construction of additional barges in Singapore and purchased barges at Hong Kong to handle the increased cargo flow from the additional ship discharge sites.

7. Approximately thirty new barge discharge sites were identified within the Saigon/Cholon area and put into operation for commercial cargo.

8. USAID and U.S. military technicians were assigned to each of the port transit sheds to insure that Vietnamese commercial stevedores and longshoremen employed the newly taught cargo handling and accounting techniques.

9. A temporary USAID Importer Task Force was organized to contact commercial importers of commodities to determine why goods were not being promptly removed from the port. The Task Force interfaced with commercial stevedores, customs officials and the importers.

10. At the instigation of USAID, the GVN approved an escalating port storage fee on cargos not promptly removed from the port, thus encouraging prompt removal of commodities by the importers.

11. Temporary night lighting was obtained to permit night discharge of ships.

12. At the instigation of USAID, the Minister of Economy instructed Vietnamese banks to liberalize credit to importers to ensure prompt removal of their cargos.

13. USAID financed the construction of coaster and barge docks at DaNang, Nha Trang, Qui Nhon, and Cam Ranh, and provided tugs and barges to these ports to ease the workload on the Saigon Port where cargos for these ports had traditionally been transshipped.

14. A very large percentage of the commercial cargo arriving at the Saigon Port was composed of PL 480 Titles I and II commodities, A.I.D. project cargos such as aluminum roofing, cement, reinforcing steel, and a large amount of miscellaneous commodities to support the rapidly expanding counterinsurgency program. Additionally, large amounts of Voluntary Agency and relief cargos were discharged as were shiploads of A.I.D. financed security stocks for the commercial sector such as newsprint, galvanized steel sheets and reinforcing steel. To handle these large tonnages, which could have further congested the port, USAID assisted the GVN in building a large multi-million dollar warehouse open storage and barge discharge

complex at Thu Duc, on the outskirts of Saigon. By mid-1967 this new facility had the capacity to store over 100,000 tons of commodities under cover and an equal amount in open storage.

15. The U.S. military constructed a huge warehousing area at Bien Hoa and a smaller warehousing area down-river from the Saigon Port. These facilities became partially operational in late 1966 and fully operational in mid-1967.

16. The commercial sector constructed several warehouses in the Saigon/Cholon area to assist in the rapid movement of cargos from the port.

Earlier in 1966 the shortage of available ocean shipping, coupled with the extreme congestion of South Viet Nam ports, led A.I.D. to secure Department of Defense support in ocean shipping and a variety of ancillary services. Initially, A.I.D. arranged for ten general cargo vessels to be taken "out of moth balls" and reactivated from the National Defense Reserve Fleet at a cost of $5.5 million. This fleet was operated by the Military Sea Transportation Service on A.I.D.'s behalf. However, it soon became apparent that it would be preferable for A.I.D. to attain a status similar to that of one of the separate services within the Department of Defense. To this end A.I.D. became a sort of "fifth service" under an August 29, 1966 agreement between A.I.D. and DOD, entitled, "DOD/AID Procedures for Military Transportation of AID Cargos to Vietnam." The $5.5 million was returned to A.I.D. and A.I.D. cargos were injected into the regular DOD transportation system to be lifted on whatever ships were currently sailing.

Ancillary services also were provided. In the U.S., the Military Traffic Management and Terminal Service (MTMTS) took charge of routing A.I.D. project cargo into ports of debarkation and loading them onto ships.

Also it was initially envisaged that PL 480 and commercial import program (CIP) commodities would be routed through the Defense Transportation System (DTS). However, there were legal and procedural complications which delayed the introduction of these high tonnage programs into the DTS. By the time they could be resolved, the shipping and port congestion problems had eased to the point that it became unnecessary to channel PL 480 commodities into the DTS. Within the Commercial Import Program, seven commodities were selected for consolidated ordering by the GVN for GSA procurement and shipment via the Defense Transportation System. But after a trial period, the numerous difficulties of trying to dovetail a basically commercial program into the procedures of two different governments led to an abandonment of the idea of continuing to handle CIP commodities via military shipping. However, the procedures did prove beneficial for other catagories of tonnage. Most project cargo was shipped, including CPA-procured items, by the DTS. Virtues of the system included: control of movement into U.S. and offshore ports, and control over commodities while in transit from the shipper to the consignee; alleviation of Viet Nam port congestion and a better utilization of U.S. shipping; and introduction of the U.S. military's contract container ship service to Viet Nam, which virtually eliminated pilferage and damage of cargos so shipped, and saved the costs of packing required for shipment by conventional shipping.

1967-1968

The combined actions of USAID, the U.S. military, the GVN and the importer/commercial sector were eventually effective and by mid-1967 port congestion was no longer a critical issue. By late 1967, the congestion surcharge imposed by the shipping conference had been reduced from $8.25

to $1.50 per revenue ton. The need for leased coasters to move A.I.D. cargos from Saigon to the northern ports had ended and the USAID contract had been terminated. In October 1967 the USAID contract for leased barges from the Philippines was terminated with the last barges departing from Viet Nam in October. In late 1968 the U.S. military relinquished its role as the Executive Agency for the U.S. Government in dealing with the GVN on the port of Saigon and this role was assumed by USAID. The Port of Saigon remained fluid from mid-1967 until the close-out of the U.S. Mission in 1975. Even the Tet offensive in February 1968 with its disrupting effect on business, curfew limitations and tenuous security caused little hesitation in port activities. The congestion surcharge, which was again, at that time, quickly increased by the shipping conferences for fear of a repeat of the port conditions of 1965-66, was reduced almost as rapidly when it became evident that the port would continue to be capable of discharging ships without delay, even though the city was under attack.

Of even greater importance than the efficacy of USAID's own direct operations was the creation and strengthening of supply management capabilities and organizations within the GVN. In the early years of the A.I.D. program the Central Procurement Authority had become an efficient agency for limited amounts of procurement. However, its writ did not extend far within the GVN. As stated above, individual ministries preferred to handle their own procurement rather than channel it into a central agency. As a result, the CPA tended to handle primarily A.I.D.-financed business in which A.I.D. could dictate the procurement channel. However, the role of the CPA expanded in the ensuing years to meet the increased demands for procurement, warehousing and transportation brought on by the rapidly

increasing tempo of the insurgency. In recognition of its expanded role, the name of the authority was changed to the Central Procurement and Supply Authority (CPSA) to reflect the addition of the supply function.

In late 1966 and early 1967 USAID decided to contract with an American firm for the management and operation of the major CPSA warehouse complexes in Saigon and to place direct-hire A.I.D. technicians in each of the major CPSA warehouses located outside of Saigon as well as in each of the province warehouses throughout the country. By January 1967, USAID had engaged the services of a U.S. contractor, Philco-Ford, to operate the Saigon Repair Parts Depot (RPD) while training CPSA employees in operational techniques. Additionally, the contractor provided personnel for USAID mobile maintenance teams which were stationed in each of the four regions to perform needed maintenance on USAID financed equipment. The contractor provided a group of skilled maintenance people, including 210 Koreans.

The 1966-68 period was most critical to the development of a Vietnamese civil logistics system. Concurrent with its heavy involvement in operational aspects of the CPSA, the Ministry of Rural Development (MORD) and the Saigon Port, USAID conducted on-the-job training of GVN employees to enable them to assume operational tasks. USAID logisticians also were working closely with GVN officials in the building of a civil logistics institutional base. During this period, USAID funded and completed the construction of a modern, large warehousing complex at Thu Duc and smaller complexes at Da Nang, Nha Trang, Qui Nhon and Ba Ngoi. Warehouse construction was planned for Can Tho and Sa Dec;

however, suitable land could not be found and the project was cancelled in favor of rented space. Some 44 province warehouses had either been constructed by USAID or obtained by MORD, each of which was staffed by MORD along with a USAID counterpart technician.

By mid-1967 a cargo accounting system employing automatic data processing machines was in operation. The GVN, with USAID assistance, had developed, placed into effect, and trained over 800 Vietnamese in the application and use of, an integrated supply accounting system, known as the MORD Basic Supply regulation which was printed in both English and Vietnamese. This accounting system provided control over commodities from ship's side to their end-uses, thus providing an essential audit trail. Prior to 1967, USAID had maintained separate stock record accounts from those kept by CPSA for commodities stored and distributed by CPSA. But with the introduction of the new accounting system, the records of the two agencies were combines. By the end of 1968, USAID withdrew from the operational aspect of the system and assumed an advisory role.

As a result of the successful experience gained by CPSA with drayage and line haul contracts and their proposed contracts for stevedoring, USAID, in coordination with the U.S. military, restored to CPSA the responsibility for offloading and delivery of PL 480 Title I rice and Title II commodities in October 1967, and in October 1968 the U.S. military turned over to the GVN full responsibility for discharging and clearing all A.I.D.-financed project cargos from the port area. At the same time, the U.S. military also withdrew from its advisory role at

the Saigon Port, returning this task to USAID Logistics. The construction of U.S. military port facilities within the country was completed in early 1967 and the U.S. military dependence on the Saigon commercial port decreased dramatically.

By the end of 1968, CPSA assumed the functions of contracting for the operation of the Saigon warehouse complexes and the USAID contracts for management and operation of these sites were terminated.

A most significant development in reaching the long range goal of creating a national logistics system occurred in October 1968 when the GVN created the Central Logistics Agency (CLA). Personnel of the former Central Procurement and Supply Authority were assigned as the nucleus of the new agency which was authorized to perform all non-military procurement for the GVN and to operate the total logistics system of GVN agencies dealing with pacification, revolutionary development, refugees, education, Chieu Hoi and the numerous voluntary organizations licensed in South Viet Nam. Although the initial decree creating the CLA was signed in late 1968, it was not until early 1969 that the detailed organizational structure was established and senior staff appointed.

By the end of 1968, the supply requisitioning system was fully functional in all 44 provinces, operated by GVN technicians with the assistance of one U.S. advisor per province. Ten province maintenance shops had been completed and staffed by GVN personnel with the assistance of three to five-men instructor teams of Third Country Nationals provided by the USAID Logistics Division.

There were three other important areas of logistics activities conducted during this period: 1) procurement of USAID-financed project

commodities; 2) acquisition of excess property; and 3) settlement of claims filed by ship owners against the GVN for demurrage incurred in the discharge of ships during the port congestion period.

Project Procurement

The procurement work load for USAID project commodities expanded rapidly to meet the counterinsurgency program. In FY 1965 the total dollar value of project procurement was $53.6 million, rising to $110.5 million in FY 1966, and to $187.5 million in FY 1967. In 1967 USAID adopted the policy of consolidating commodity procurement to realize the dollar savings inherent in bulk buying. Requirements for vehicles material handling equipment (MHE), construction equipment, aluminum roofing, cement, reinforcing steel, pipe and office machines were selected as the commodities most susceptible for consolidation as there were many customers. These commodities were bought in bulk, distributed through the CPSA and MORD distribution systems for storage and utlimate issue to end users. These accounts were established for each project based upon requirements cited in the annual USAID Program Budget Submission and only the commodities listed in the PBS for a given project were issued to that project. Initial procurement of these items was made through GSA to meet urgent requirements but, once the pipeline was established, future procurement was accomplished directly by the CPSA.

During the 1966-68 period, Interservice Support Agreements were entered into between A.I.D. and the Department of Defense which permitted A.I.D. to purchase from the Defense Supply System; these transactions applied principally to repair parts and medical supplies. With

the institution of greater automatic data processing capability within USAID, the use of FEDSTRIP was instituted in 1967 between USAID and GSA which greatly expedited the flow of GSA store stock items.

Excess Property

To meet the expanding needs for equipment and supplies required to accomplish the many projects initiated within Viet Nam by USAID, to reduce the overall cost and to comply with Congressional dictates, considerable use was made of U.S. Government excess property. During the 1966-68 period, USAID acquired some 3,749 pieces of major equipment (vehicles, MHE and construction) which equated to 22.6 percent of the total requirement for that period. To ensure maximum utilization of U.S. Government excess property in lieu of new procurement, all procurement requests were screened against property listings and, when suitable, excess property was substituted for new equipment or material. The use of large quantities of excess vehicles in the various USAID projects within Viet Nam declined after 1968 and did not again reach sizeable proportion until the departure of the U.S. forces in 1972-73.

Demurrage Claims

As a result of cargo shipments made to Viet Nam during the period 1965-67, with the GVN as consignee, a large amount of demurrage accrued against the GVN. By 1968 these claims were in excess of $1.5 million. During the period 1966-67, USAID processed some 145 of these claims and presented them to the GVN Ministry of Economy for payment. USAID proposed, and the Ministry of Economy agreed, to establish a Joint GVN/USAID Shipping Office to review the claims and recommend to the Ministry the payments that should be made. This came about as a result

of increasing pressures brought to bear on A.I.D. by ship owners because of non-payment of the claims by the GVN. This delinquency was principally due to the inexperience of Vietnamese officials with maritime Charter Parties rules and regulations, sheer inertia, and a refusal on the part of bureaucrats within the Ministry to react because they did not wish to accept the responsibility for approving payment of the very large sums involved. The joint office consisted of two Vietnamese and one USAID advisor. At the start, the USAID advisor did the spade work and prepared the claims documentation but the Vietnamese officials participated more as they gained experience. By the end of 1968 some 20 payments had been made by the GVN, and by mid-1970 all demurrage claims had been settled.

1969-1970

The years 1969-1970 were ones of consolidation and improvement in the logistics infrastructure of the GVN with the USAID Logistics staff reverting to a more traditional advisory role. USAID Logistics U.S. direct-hire staff had reached a peak of 205 in January 1968. By the end of 1969 this number had been reduced to 131 and was down to 112 by July 1970.

By the end of 1969 the Central Logistics Agency had shaken down and had assumed full responsibility for the inland movement of project and PL 480 Title II commodities throughout Viet Nam. Security conditions had improved dramatically. This, plus the success of the accelerated highway improvement and construction program, resulted in a 60 percent reduction in the use of U.S. military airlift in support of the civil sector. In 1968 air shipments from Saigon to the regions and provinces

totalled 176,565 metric tons; for 1969 only 75,024 metric tons were airlifted. By the end of 1970 there was no longer a need for U.S. military airlift of USAID project commodities within Viet Nam.

In 1969 CLA assumed full responsibility for the procurement, supply, transportation, storage and distribution requirements for all rural pacification and development activities. Improvements continued in the supply and maintenance systems at the province level which were under the sponsorship of MORD. During the year, 32 additional warehouses were constructed at province and regional level. Fifteen training classes were conducted and 583 Vietnamese trained in the proper method of accounting for supplies and in basic supply procedures. Progress was excellent permitting the project to be terminated ahead of schedule. The 60 supply technicians detailed from the U.S. Department of Defense to train Vietnamese staff were released, the last departing Viet Nam in May 1970. CLA's storage facilities were consolidated at the new Thu Duc complex on the outskirts of Saigon during 1970. There was a continuous upgrading of GVN logistics personnel with classes conducted by CLA in storage and materials handling utilizing a bilingual "storage manual" which had been developed a year earlier by USAID and CLA technicians.

The port situation within Viet Nam continued to improve. All major port construction projects in the northern ports of the country had been completed except for repair to the typhoon damaged dock at Nha Trang which required major reconstruction. The Directorate of Navigation continued in its efforts to develop small ports for ships of up to 3,000 deadweight tons in the Delta towns of Can Tho and Vinh Long. During

July 1969, the Saigon Port handled the highest tonnage of commercial cargo in its history, 259,000 metric tons.

Progress was also made in the area of maintenance. By the end of 1969, 39 Province Maintenance Shops were in operation, a gain of 29 over 1968 and by the end of 1970, 46 Province Maintenance Shops were operational under MORD. The National Repair Parts Depot, under control of the CLA, had about 40,000 line items of parts in stock to support the GVN's vehicular fleet. However, parts deliveries to the Province Maintenance Shops remained slow and unreliable. In spite of intensive training and the assistance of USAID technicians, fill rate of requisitions from off-the-shelf stocks remained low. USAID ceased providing funds for the purchase of repair parts for the CLA Repair Parts Depot in 1969. The GVN converted $VN 40 million to U.S. dollars in 1969 and $VN 100 million in 1970 for this purpose. Also, the GVN increased the annual maintenance allowance for vehicular equipment from $VN 20,000 to $VN 40,000 annually per vehicle. The CLA assumed full financial responsibility for operation of the Repair Parts Depot in 1970.

Procurement of USAID project commodities dropped from a high of $187.5 million in 1967 to $49.1 million in 1969 and $37.9 million in 1970 with CLA performing all procurement except medical and single line item purchases from DOD and GSA sources.

Prior to the creation of the CLA in late 1968, the responsibility for procurement, storage and distribution of domestic as well as PL 480 rice was transferred to the GVN General Supply Administration which had been operating the Civil Service commissaries. It soon became apparent

that the GSA needed assistance in stock distribution as well as care and protection of the rice. It was learned that rice stocks were very low in the two northern regions, whereas there were excessive supplies in Saigon. Also, much of the rice stored in Saigon was old stock which was beginning to yellow with age. Although shipment of excess stocks to central Viet Nam get underway, the fledgling GVN GSA had only moved 52,000 tons by February of 1969. USAID and the Ministry of Economy were becoming increasingly concerned as the rice stocks in the northern areas were reaching the zero mark. However, with USAID assistance, shipping schedules were worked out and rice millers were engaged to remill the rice. By April of 1969, the GVN GSA remilled and shipped 100,000 tons of rice to the deficit areas which greatly improved the situation.

Over the years the GVN had acquired very large amounts of equipment that had either become obsolete, unrepairable or excess to the needs of the owning ministry or agency, and little thought had been given to its disposal. This situation was further aggravated by the large imports of aged U.S. excess equipment in 1966 and 1967. USAID advisors assisted the GVN in updating its antiquated and cumbersome disposal procedures and in late 1967 a new procedure was issued as a GVN Decree and a USAID Mission Order. As a result, in 1968, 14,939 pieces of obsolete equipment were stricken from the books and sold and 313 pieces were transferred to other ministries or agencies. In 1969, 15,047 pieces of equipment were authorized for sale while 1,693 pieces were so transferred and in 1970 over 11,562 pieces of equipment were phased out of the inventory in similar fashion.

By the end of 1970 the demurrage problem had become virtually non-existent. The bulk of the demurrage claims had been settled and most ship owners were paying despatch to the importers as a result of speedy completion of discharge. All ports with the exception of Qui Nhon had excellent records of ship discharge. Saigon was becoming known as the best port in the Far East.

1971-1972

The 1971-1972 period was highlighted by the creation of a single Port Authority over all ports in Viet Nam. In 1971 the ports were granted autonomous status which greatly strengthened their management and operational effectiveness. The Director General of the Port Authority(DGPA), who reported directly to the Prime Minister, presided over a Board of Directors consisting of prominent businessmen and the Mayor of each city in which the ports were located. Each port was granted semi-autonomy to handle its own port revenues derived from the various services rendered and these revenues could be used for its own operational maintenance and construction programs. Improvements were immediate. The Saigon Port financed dredging of all quay and buoy berths to a minimum depth of 27 feet. While USAID contracted with the Officer in Charge, Construction, U.S. Navy (OICC) for upgrading the Saigon Port which consisted of installation of new drainage, water and lighting systems as well as bringing all roads and hardstands up to grade and asphalting them, the Saigon Port used its revenues to extend the rail system on the quay to the maximum feasible length and to overhaul the rail systems throughout the remainder of the port. All transit sheds were refurbished from port funds while lights were installed with USAID funds.

At Da Nang, title to the U.S. military deep water pier facility was transferred to the Director General of Commercial Ports for commercial use. Meanwhile, construction and upgrading of the Delta ports of Can Tho and Vinh Long continued.

Beginning in 1972, USAID acquired some 9,000 items of OICC excess construction and other equipment valued at $60 million as a consequence of the phase-out of the U.S. military program. Some 334 pieces of this equipment, valued at $2.5 million, were substituted for intended new procurement. Heavy construction equipment and facilities valued at $45 million were transferred to the Director General of Highways and the Viet Nam Equipment and Construction Company (VECCO), a government-owned corporation, for use in the public sector. The balance of the excess equipment was acquired by various GVN claimant agencies.

The years 1971-72 saw a further reduction in the USAID logistics effort. U.S. direct-hire strength was reduced from 80 in 1971 to 41 in 1972. During this period, the very large staff of Third Country Nationals, which had exceeded 250 during the peak operational phase of logistics, was drastically reduced as USAID continued its withdrawal from direct operational support of the GVN.

As a result of the apparent improved security situation in the countryside, the CLA closed out the regional logistics centers at Can Tho and Qui Nhon. Support to the provinces previously served from these centers was provided from Saigon, Nha Trang and Da Nang, and CLA Center at Ba Ngoi was transferred to the GVN GSA to augment its rice storage capacity.

When MORD was abolished in January 1972 the responsibility for the

province warehouses and maintenance shops was transferred to the respective Province Chiefs. The operation of the warehouses was not materially affected as the PL 480 Title II program had been considerably reduced, as had the stockage of common use items such as re-bar, aluminum roofing and cement for province construction projects. However, the Province Maintenance Shops and the Central Repair Parts Depot were in bad shape from a management and operational point of view.

In 1971 it became apparent that CLA and, in particular, the Repair Parts Depot was very weak in the area of financial management. CLA had assumed the responsibility for operation of the RPD from the USAID contractor in the first half of 1970 and, in turn, had employed a local Vietnamese contractor to operate the facility. However, in 1971, the CLA created a Directorate of Maintenance and assumed direct operational responsibility for the RPD using its own employees, most of whom had formerly worked for the GVN contractor. To strengthen CLA in the area of financial management, USAID employed the services of a U.S. contractor to develop a modern accounting and financial management program for the CLA. The first contractor was not responsive and the contract was terminated. A second U.S. contractor was then employed who successfully developed the required management tools and systems.

It was determined that the RPD, with over 41,000 line items of repair parts, was overstocked with a large part of the inventory being "dead" stock. A wall-to-wall inventory was conducted by the CLA and USAID in 1971-72. This inventory was compared to requirements submitted from the RPD customers, resulting in a reduction in inventory to some

15,000 line items for stockage. The active line items were departmentalized and a physical inventory of each department was then conducted annually. Usage was compared to stockage and items not requested by customers were placed in dead stock for one year. If a demand did not occur in that year, the dead item was then purged and disposed of. All items of dead stock which were USAID financed were disposed of through the U.S. Military Excess Property Disposal Agency in Viet Nam or were transferred to other A.I.D. programs in the Far East. By concentrating on fewer stocks, the "off-the-shelf" fill rate for requisitions rose from 26 percent to 55 percent and that "order-filling" time decreased from 30 to five days.

One of the major problems facing CLA, both in procurement and in the operations of the Repair Parts Depot was non-payment of bills by its customers and the lack of a realistic surcharge to support CLA which was organized on an "industrial funded" basis. Concerted pressure was brought to bear on the GVN and the Prime Minister issued various directives in an effort to correct the situation.

The Province Maintenance Shops also were not performing satisfactorily. With the pull-out of MORD in early 1972, necessary supervision and skilled manpower were no longer available for effective operation. Various ministries in the provinces were not supporting the maintenance shop program, principally because they favored their own facilities. A survey in 1971 revealed that there were 147 maintenance shops throughout Viet Nam (excluding Saigon), 46 of which were Province Maintenance Shops. By the middle of 1972 the last scheduled shop was finished, completing the rational program. At this point, the 47 Province Maintenance Shops

absorbed the remaining 100 shops. This consolidation was accomplished by the Ministry of Interior, which had been assigned direct responsibility for the operation of the 47 shops. With the assistance of USAID, the Ministry established procedures and inspections by mobile teams composed of both USAID and MOI personnel and by the end of 1972, all 47 province shops were performing far better than the earlier 147 scattered ones throughout the country.

The procurement of USAID project commodities continued to decline in 1971-72, dropping to $28.9 million in 1971 and to $26.9 million in 1972. However, reduction in project procurement was augmented by the acquisition of the substantial amounts of excess U.S. military property described above.

1973-1975

The years 1973-1975 were ones of much change in the logistics story in Viet Nam. CLA continued to perform satisfactorily in all fields of logistics. Procurement of USAID project commodities dropped to below $16 million by 1973 and CLA was beginning to utilize GVN foreign exchange and CIP funds for procurement. Operations of the RPD continued to improve and had reached the point where all of its stock records were stored in IBM business machines with daily stock record runouts. CLA produced a monthly financial statement and billings and payments were on a timely basis. In 1973 CLA closed its regional logistics center at Nha Trang and all provinces were henceforth serviced from either the central office in Saigon or the one remaining regional office in Da Nang. Also, by this time, many of the 44 province warehouses had been closed and the

distribution of commodities previously handled by them had become the direct responsibility to either Saigon or DaNang. In early 1973, the U.S. Department of Agriculture ceased conducting tenders for PL 480 Title I commodities, including rice, and returned this responsibility to the GVN. Such tenders were then conducted by the Ministry of Economy until October of that year at which time the GVN established the Viet Nam Overseas Procurement Office in Washington, D.C. to handle this procurement.

The Province Maintenance Shops were well utilized and reasonably maintained although two were destroyed by enemy action during this period. The annual maintenance allowance per GVN vehicle had been increased to $VN 80,000 and the wages of the MOI employees at the PMSs had been increased to a competitive level with comparable positions in the commercial sector.

All major construction at Saigon and the nothern ports was completed in 1973 and by the end of the year the Saigon Port had started dredging the river approaches to the port to a controlling depth of 32 feet at mean low water. A modern container terminal was constructed by the Saigon port using large (100-125 ton) cranes obtained from excess property. Construction of the Delta port of Can Tho was well underway by the end of 1973. Nine new modern tugs, constructed in Taiwan with A.I.D. funds, arrived in country manned by the Directorate General of the Port Authority and were assigned to various ports within Viet Nam.

Under the provisions of the Cease Fire Agreement of 1973, the police advisory effort was terminated in 1973. As a result, the USAID Logistics Division inherited public safety logistic functions along with a staff of

nine public safety logistics advisors. Later in the year, in accordance with the dictates of the U.S. Congress, USAID ceased all logistics support to the National Police and, wherever possible, cancelled the logistics pipeline portion of National Police commodities. One immediate effect was to hasten the termination of the National Maintenance Systems project, which provided support to both the Province Maintenance Shops and the Repair Parts Depot, since both these facilities were enmeshed with support and maintenance of National Police vehicles. Largely because of the cessation of the public safety program, the Maintenance Advisory Branch of USAID Logistics was abolished in 1973 and all but two of the maintenance technicians were reassigned to other missions or terminated.

In 1973, USAID Logistics became even more heavily involved in the reallocation of excess military equipment that had been obtained from the OICC. A re-evaluation of the needs and capabilities of the Viet Nam Equipment and Construction Company revealed that much equipment had been obtained that could not be effectively utilized; this also applied to the Directorate General of Highways. To ameliorate this situation, an agreement was entered into with the GVN whereby the CLA would receive, catalog and conduct sealed bid sales of surplus equipment. Such sales were limited only to users within Viet Nam and the proceeds of the sales, after deducting expenses, were deposited to the counterpart fund. Equipment not sold was then offered to other A.I.D. missions in the Far East free of cost, except for CLA's services, and then, if not disposed of, CLA was to conduct international sales with the proceeds reverting to the U.S. However, no such sales were held as other U.S. Missions in the Far East took possession of abailable equipment for their programs. Several

domestic sales were held with moderate success.

By mid-1973 USAID Logistics had become heavily involved in the support of Cambodia. The highway and railroad between Phnom Penh and Cambodia's airport of Kompong Som had been interdicted by the Khmer Rouge. As a result, rice was not moving to Phnom Penh and the city's stocks rapidly became exhausted, resulting in street rioting. Negotiations between the GVN and the U.S. Government resulted in a loan of 20,000 metric tons of rice to the Khmer Government and the USAID Logistics Division was tasked with moving the rice to Phnom Penh as rapidly as possible. A combination airlift and sealift from Saigon to Phnom Penh was quickly organized. The Air America contract was expanded to include the movement of some 700 tons of rice while Vietnamese coasters and barges transported the remainder via the Mekong River.

By the end of 1973 USAID Logistics had reduced its U.S. Direct Hire strength to 20. The last of the Third Country Nationals were terminated and the Vietnamese staff that had once totalled 485 people was reduced to 96. These figures were further decreased in 1975 to a USAID logistical staff of 12 U.S. direct hire and 45 Vietnamese personnel.

The CLA continued to perform effectively throughout 1974 despite the mounting pressures of war. Only minimal advisory effort was required, mostly in the areas of procurement, scrap sales and disposal of USAID provided equipment. No commodity support for CLA, ports or other Vietnamese programs sponsored by USAID Logistics was programmed although some residual supplies and funds remained in the pipeline.

The USAID Logistics Division continued to be heavily involved in the logistics support of Cambodia. During 1974 some 300 thousand tons of rice,

wheat, corn, fertilizer and cement were transshipped at Saigon for onward movement to Phnom Penh. The USAID Assistant Director for Logistics had been designated as the Contracting Officer to charter shipping and to contract for stevedoring and related services. During the course of the year more than 200 contracts were executed for these purposes. In late 1974, a small Khmer support office was established by the Cambodian Mission and satellited on the USAID/Viet Nam Logistics Division, relieving the greatly reduced Logistics Division staff of most of the Cambodian bookkeeping functions it had previously been performing. However, the Assistant Director of Logistics continued to function as the Contracting Officer for the Cambodian Mission. By the end of 1974 some 10 tugs, 22 barges, more than 20 coasters and some 50 smaller self-propelled and tug pulled Vietnamese river transport craft were engaged full time, under contract to A.I.D., in the movement of rice and other commodities from Saigon to Phnom Penh with USAID technicians supervising the transshipment and storage of the commodities at Saigon. Further, USAID Logistics planned and issued the necessary contracts for the movement of salt from Kom Pot to Kompong Som by sea and thence by A.I.D. chartered barges to Phnom Penh. USAID also planned, loaded and moved eight large gas turbine generators from Saigon for discharge over the banks of the Mekong River and placed them at the Phnom Penh generator site. Additionally, three petroleum storage barges had been chartered and anchored in the Mekong River at Phnom Penh for storage to replace some of the fuel tanks destroyed by enemy action.

By the end of 1974 the Khmer Rouge had almost sealed off the Mekong River between Viet Nam and Phnom Penh. The last attempt to run a convoy

up the Mekong River in January 1975 was disastrous, resulting in the loss of several coasters and tugs. By February 1975 the security situation had deteriorated so badly that it became apparent the only neans of re-supplying Phnom Penh was by airlift. On February 27, 1975 the airlifting of rice from Saigon to Phnom Penh was started using commercial, stretched DC-8 aircraft chartered by the U.S. Air Force, Military Airlift Command. USAID Logistics was tasked to move bagged rice from the Saigon Port, build up special airlift pallets and load the aircraft. Contracts were let with a Vietnamese drayage firm for the movement from the port to Ton Son Nhut. Another contract was entered into with Flying Tiger Airlines for office space in their facility at the airport hangar space for flight line staging of palletized rice, supervision of palletization and the loading of aircraft, and the use of its material handling equipment and personnel for operations. Air Viet Nam was employed to off-load trucks arriving from the port, palletize the rice and provide the labor for loading of aircraft.

Four USAID Logistics technicians were assigned as contract supervisors to the airlift and one to the Saigon Port to augment the one port technician from the Khmer Support Office. The Military Airlift Command detailed four Air Force officers to Saigon to plan and execute aircraft scheduling and to supervise the various aircraft contracts. They also conducted the necessary liaison with Air Force controllers in Thailand and Phnom Penh to coordinate flight schedules with the airlift of military supplies from Utapao which was being operated concurrently.

On March 2, 1975, an airlift of drummed kerosene was initiated to Phnom Penh in addition to rice. The initial goal of delivery of 85 metric tons of rice daily was increased to 700 tons daily, plus 4,800

gallons of kerosene in 50 gallon drums. The goal was not met in the early days of the operation for several reasons: the Air Viet Nam palletizing and loading crews quickly became exhausted and efforts to increase the number of laborers were hampered by the very stringent security investigations which were required prior to issuance of airport passes; the material handling equipment provided by the U.S. Air Force became imoperative for various reasons and much time was spent on repairs; also, the airfield at Phnom Penh was shut down on many occasions due to intensive rocket fire by the Khmer Rouge. By mid-March most of the operational problems had been overcome. Additional material handling equipment to load aircraft had been obtained from Pan American Airways; the MHE provided by the U.S. Air Force had been repaired and additional equipment such as fork lifts and semi-trucks had been obtained from commercial sources. Air Viet Nam had obtained sufficient labor to work three shifts daily on a 24-hour basis to palletize cargo and to provide double aircraft loading crews, thus eliminating the problem of labor fatigue. Loading of aircraft was accomplished in record time (12 minutes) starting from the moment the aircraft loading door was opened until the last pallet was locked into place. Each aircraft was loaded with 40.82 net metric tons of either rice, kerosene or other commodities. Phnom Penh unloaded several aircraft in the record time of 11 minutes. The airlift resupply of Phnom Penh from Saigon terminated on April 11, 1975 immediately prior to the evacuation of the U.S. Embassy, having delivered 7,976.8 short tons of rice and in excess of 112,000 gallons of kerosene.

THE LAST DAYS

Prior to the collapse of the Khmer Republic, USAID Logistics staff had also become committed to supporting Vietnamese refugees fleeing the communist advance within Viet Nam. The remaining USAID Logistics staff soon again became operational within Viet Nam as the emergency mounted. USAID assisted in providing support for the stream of refugees from the northern areas, augmenting the efforts of the U.S. Military Sealift Command which was totally engaged in evacuation of refugees from DaNang by sea. USAID also assisted in scheduling Air Viet Nam flights involved in air evacuation. By March 28, 1975 Air Viet Nam was forced to cease air operations from DaNang because the Vietnamese Military and Police could no longer control the mobs on the airfield - the last Air Viet Nam DC-6 to depart DaNang in the late afternoon of March 26, 1975 was stormed by Vietnamese military and their families and, only through good fortune, managed to get airborne. On March 27, 1975 a World Airways 727, which was USAID financed but under charter to Air Viet Nam, made an unauthorized landing at DaNang to pick up refugees. This aircraft also was immediately stormed by anxious mobs and, under extremely perilous circumstances, took off from a taxiway loaded to capacity with escaping Vietnamese. Not only was the passengeer space jam-packed, but Vietnamese were also in the wheel wells and the baggage compartments where the doors had been ripped off. The aircraft made a wheels down flight from DaNang to Saigon and, after landing safely, it was discovered that all but some seven to twelve of the passengers were members of Vietnamese armed forces.

By March 28, 1975 the 12 remaining USAID Logistics technicians, augmented by other USAID personnel evacuated from the northern regions,

were totally committed to the Phnom Penh rice airlift and the evacuation, relocation and supply of refugees within Viet Nam. The Australian Government provided six C-130 aircraft and the New Zealand Government provided three Canberra aircraft to assist the GVN in the refugee movement and supply. On March 28, 1975 USAID contracted with Bird Air and Son to provide two DC-6 and one DC-5 aircraft for refugee evacuation and supply. An operations and scheduling center staffed by USAID Logistics, Air Viet Nam, Central Logistics Agency and the Ministry of Social Welfare, was established in the Air Viet Nam Operations Building at Ton Son Nhut to coordinate the scheduling and loading of the aircraft described above. Refugees were airlifted from areas where security permitted to areas which, at the moment appeared to be more secure; equipment and supplies were lifted from Saigon to the temporary refugee camps to support the hundreds of thousands of dislocated people. To coordinate requirements and to distribute the plane loads of relief supplies arriving from around the world a refugee supply distribution center was established within the Ministry of Social Welfare staffed by USAID and CLA Logisticians. Under the overall policies established by the Ministry of Social Welfare, the Center designated commodities for air or surface movement and established priorities. It also received and processed requirements from voluntary agencies and refugee camps. As the flow of refugees by sea increased, tugs and barges were chartered from outside Viet Nam to off-load passengers on A.I.D. chartered Military Sealift Command ships which were arriving at Bung Tau and Phu Quoc island where the main refugee camps were ultimately established. The Saigon Port provided tugs and barges for this movement as well as the transport of portable water from Roc Gia to Phu Quoc Island.

Additionally, USAID purchased and supplied to the Military Sealift Command many tons of food stuffs for the feeding of refugees while on board ship. This food consisted of dehydrated rice in individual plastic bags that became palatable when water was added, nuoc man and dried fish.

In early April, USAID Logistics also coordinated the airfift of some 2700 orphans who departed Viet Nam during "Operation Baby Lift". Coordination was conducted with the 7th Air Force, the Evacuation Control Center of the Defense Attache Office in Saigon and the GVN offices of Immigration and Customs.

The last four A.I.D. Logistics technicians departed Saigon on the night of April 29, 1975. With them departed the Director of the Central Logistics Agency and his residual staff, who had been working with the Logistics technicians in those final hectic days prior to the evacuation of U.S. personnel, and the Director General of the Port Authority. The Director of the Saigon Port and his key people decided to depart by sea, leaving Saigon on April 30, 1975 on Vietnamese coasters.

SUMMARY

The A.I.D. Logistics effort in Viet Nam was unique to A.I.D.'s method of operation, but was essential in the support of the kind of activities in which A.I.D. was engaged in that country. As with most innovations within an established agency, it was not well understood at the time and its propriety was the subject of considerable debate.

In the ten years preceding the pull-out of all U.S. personnel, the role of A.I.D. Logistics in Viet Nam fluctuated from that of a purely advisory effort to an operational one, only to revert to an advisory capacity until the final hectic days when it once again, of necessity,

became operational. Several years before the final collapse of the republic, the GVN Central Logistics Agency had gained sufficient expertise to operate on its own, having become quite proficient in all aspects of logistics except for procurement and management of repair parts. The former area was still hampered by stringent and complicated bureaucratic GVN regulations and the latter by the chronic problem delinquent or non-payment for parts by customers. The Province Maintenance Shops, once thought to be doomed to failure, had developed into a successful operation under the ultimate guidance of the Ministry of Interior. The program of development and improvement of the ports in Viet Nam was an unqualified success and the various ports were on a firm financial management and operational basis at the end. Because of these favorable conditions, USAID had planned to reduce its remaining logistics staff to three positions, mostly in the field of procurement, by June 1975.

PUBLIC ADMINISTRATION & LABOR

PUBLIC ADMINISTRATION

The 1955-1966 Era

Shortly following the 1954 Geneva Agreement, the newly formed GVN recognized the urgency of improving the conduct of civil government if for no other reason than to ensure its survival against communist desires to bring it to its knees. The then President Ngo dinh Diem arranged to negotiate two contracts sponsored by the Foreign Operations Administration (a predecessor of A.I.D.), with Michigan State University launching what turned out to be a twenty year public administration assistance program. One of these contracts dealt solely with police administration and is treated in the Public Safety sector description. The other Michigan State contract, described herein, covered the general public administration area and provided technical assistance at the Saigon and field levels in such subjects as budget and fiscal administration, taxation, personnel, and organization and management.

Michigan State's initial work plans were temporarily sidetracked in June 1955 when the team was asked to assist the GVN to cope with its pressing refugee resettlement and rehabilitation problem but later in the year the contractor was able to formulate the following objectives:

- to assist in bringing the activities of the government more effectively to all of the people
- to assist in improving the field services of the ministries and commissariats of the national government

- to study and plan for integrated and democratic local government

- to review and place in perspective the interrelationships of the several echelons of local government

The Ministry of Interior (MOI), which administered government at local levels, became the focal point of the team's initial studies and in January 1956, the team issued a report which contained some sweeping recommendations, e.g., abolish regional administration, consolidate a number of provinces, transfer central government officials to local offices, create local councils and elect members, etc. However, only a few of these recommendations were adopted at the time and some remained unattended until the promulgation of the "Administrative Revolution" in 1973.

Later in the year, the MSU group, which by this time had become known as the MSUG, issued a report on the Ministries of Agriculture, Land Registration and Agrarian Reform and Education in which many major recommendations were accepted by the GVN. These included establishing a separate land reform operation, consolidating all agriculture credit functions into a single agency, acceptance of standardized plans for school construction and simplified procedures to minimize construction time and the introduction of an adult education program. Next came surveys of the Ministries of National Economy and of Information, the former report expressing the need for an organization to provide overall planning and coordination of economic development which, eventually, was created in May 1961, when a Coordinator of Economic Affairs was appointed. Recommendations for improving the Ministry of Information included detaching youth affairs and sports from

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the ministry; establishing Radio Viet Nam as an autonomous unit, and creating a government printing office, all of which were eventually accepted by the GVN. The MSUG also undertook a study of how the GVN was treating the minority Montagnard population, at the request of President Diem, who had received reports of widespread discontent among the mountain tribes. The report clearly indicated the reason for the discontent and contained recommendations to ameliorate the situation. The GVN accepted many of the recommendations and by 1966 had passed legislation to protect minority rights.

The rather formal survey and report system employed by the MSUG the first two years gave way to a more ad hoc informal advisory system and the team's focus shifted from particular ministry concerns to such general issues as decentralization of authority, and financial and personnel management.

The MSUG also conducted studies and surveys in the Office of the Presidency, especially in relation to overall budgetary and fiscal operations, which led to major administrative reforms in these vital aspects of government. Studies were also made to improve personnel administration, but due to long standing vested interests, reforms in the civil service met with strong resistance; in fact, when the personnel technician completed his two tours of duty (1956-1960), there had been little demonstrable achievement.

An MSUG Tax Specialist, who was assigned in 1959, undertook reports dealing with policy issues in income, land, business, indirect and excise taxes. Recommendations included eliminating exemptions in the production

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tax; an increase in personnel strength of the Tax Directorate General; a revitalized direct tax collection program; use of cadastral surveys; eliminating certain business taxes; increasing the number of controllers; inspecting indirect tax sources; and a substantial increase in excise taxes. Although the GVN did accept some of the less significant proposals, true taxation reform in the real property and income tax laws did not take place until 1972.

The MSUG also undertook an advisory program with the National School of Administration which the French had established in Dalat in 1953. When the French relinquished sovereignty in 1955, South Viet Nam inherited basically a colonial administration that was ill prepared to cope with the problems facing the new government. The challenge to MSUG was to help the GVN convert and develop the embryonic National School of Administration (changed by Presidential decree in 1955 to the National Institute of Administration (NIA)) into an institution designed to meet the nation's public service needs. Significant progress was made: new and enlarged curriculum was adopted; a degree program was set up as was in-service training and research programs; better equipment and facilities were provided; and, by the end of 1956, plans were underway for the construction of a new physical plant. By 1960 the NIA had a faculty of 16, by 1961 the number had increased to 28. The improved curriculum comprised three years of study and covered both theory and practice in public administration, economics, constitutional law, finance, statistics, and accounting and related subjects. Emphasis in the third year was on field training, actual work experience, and follow-up seminars.

In-service training was recommended by the MSUG from the start, but it was not until 1962 that adequate facilities were developed at some twenty locations throughout Viet Nam, and Provincial Training Directors were selected and trained under a "train the trainers" program. By 1962 some 26,000 GVN personnel received some form of formal in-service training. While this number was relatively insignificant in relation to total needs, it marked the beginning and paved the way for subsequent crash in-service training programs.

In late February 1962, the chief of the MSUG received word that President Diem was displeased with some critical press releases attributed to former MSUG consultants. This contributed to a rather abrupt termination of the MSU-GVN contractual relationship in June 1962, ending seven years of technical assistance in the public administration sector.

With the departure of MSUG, the responsibility for continued assistance in the sector fell directly on the United States Operations Mission (USOM). There was no question that continued assistance was necessary in such areas as budget, taxation and local administration, but time was needed to formulate the mode for such a revised program.

President Diem and his politically powerful brother, Ngo dinh Nhu, were assassinated on November 1, 1963 and the regime fell before USOM had completed formulating its proposals for a revised public administration program. The impact of Diem's demise was shattering throughout the entire GVN political and administrative structure, particularly, in view of its unitary, centralist form of control, even District Chiefs were appointed

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by the President. Wholesale political changes ensued--thirty-eight new province chiefs were appointed within one month following the overthrow and the remaining four were relieved within the next month.

Despite this turmoil, USOM finalized its revised public administration program. By the end of 1964 USOM had fourteen public administration technicians working with central government counterparts, including eight in local government, three in training and one each in taxation, finance, statistics and cadre evaluation. During this period USOM encouraged the GVN to establish a separate ministry to deal more directly with the growing communist insurgency, which was primarily rural in nature. On its own part, USOM developed a separate field organization, the Office of Rural Affairs to coordinate field activities. While there was a sound rationale for such an organizational thrust, in the process a dichotomy was created between the established GVN central government line ministries and field operations, as well as between USOM/Saigon authority and its field components, a problem which persisted throughout the remaining years of US/GVN relations. In addition to the public administration technicians working with central government counterparts as described above, advisors were also signed to the GVN regional office of the Prime Minister. The specific counterparts were called the Administrative Assistants to the Government Delegate (Tactical Zone Commander) in each of the four tactical zones (regions). These regional advisors concentrated on local government revitalization which had become virtually moribund following Diem's overthrow. Thus by 1965 the public administration program was already

assisting the GVN in key areas of both the central and local levels of government but was to greatly expand the following year.

In 1966, Participating Agency Service Agreements (PASAs) were signed with the Internal Revenue Service and the Customs Service to provide assistance in these two areas and by the end of the year teams from the two agencies were on duty in Viet Nam. The tax team's objective was to work with the Directorate General of Taxation on its organization and methods and to study the entire subject of local and national taxation. The customs team's mandate was just as encompassing in relation to working with and improving the less than creditable GVN customs organization. In this same year USOM (now USAID) assigned Urban Advisors to assist local officials grapple with the problems in the cities and key urban centers which had become swollen with influxes of rural people dislocated because of rural insecurity. Eight such advisors were assigned, many of whom were former city managers in the U.S., to Hue, Da Nang, Cam Ranh, Vung Tau, Qui Nhon, Nha Trang, My Tho and Can Tho.

To round out the 1966 public administration program, USAID also negotiated a PASA with the Bureau of Census to provide a statistical advisory team. Additional individual advisors also were brought on board to work with the National Institute of Statistics, Ministry of Justice, Directorate General of Civil Service and the Office of the Prime Ministry. By the close of 1966, there was a total of 37 public administration specialists assigned to central and local government agencies and institutions.

The 1967-1975 Era

The year 1967 was a milestone in GVN public administration. Under the Thieu/Ky government which had taken hold in June 1965 after two years of governmental chaos, major achievements were scored which by 1967 included:

- a new republic formed under a new constitution
- presidential elections organized and conducted
- Senate and Lower House elections organized and conducted
- village and hamlet elections organized and conducted
- broad scope training of village/hamlet officials under way

USAID restructured its field operations this year by appointing an official with the rank of Ambassador to administer and coordinate its now far flung corps of civil and military advisors (including those in public administration assignments) and a Deputy in each of the four military regions. The new organization was called Civil Operations for Revolutionary Development Support (CORDS) and is described in detail in the separate sector description, Rural Development and Field Operations. The principal counterpart GVN organization, the multisector Ministry of Revolutionary Development (MORD), accentuated the dichotomy and duplication mentioned above of two separate lines of command from central government right down to the village level. For example, Public Administration advisors pursued the programs of local government that came under the administration of the Ministry of Interior, while the counterinsurgency advisors of CORDS monitored those of MORD. Such an arrangement, while probably unavoidable under the circumstances, tended to vitiate efforts and resources as well as the motivation of the regular GVN central government civil service staff of the establishment. Central and regional officials of MORD and the

regional and local headquarters were essentially military, while the central government ministries remained essentially civilian, further highlighting the differences between the two systems.

Nineteen Hundred Sixty Seven was a fruitful year for USAID public administration. Field advisors accompanied GVN regional delegations to the provinces and districts interpreting and explaining the processes of implementing decrees, arretes, and regulations based on Decree 198 which was a landmark act restructuring village and hamlet government and providing for elections of local officials. At the central level USAID advisors worked with the Central Committee for Administrative Improvement undertaking a series of surveys. As a result of one such effort a decree was promulgated creating a new Directorate General of Civil Service.

The Bureau of Census, Internal Revenue Service and Customs Service PASA teams all reported significant progress during the year as did the training advisors at the National Institute of Administration. The urban advisors assigned to the eight urban areas cited above also reported steady progress. Then came the 1968 Tet.

The 1968 communist offensive was singularly devastating to local government, the very fabric of which was shredded through assassinations, abductions, destruction or capture of records and facilities and the like. The GVN, with U.S. assistance, undertook an accelerated reconstruction and pacification campaign designed to repair the physical and psychological damage of the offensive and to restore the nation to the progressive path it had followed in 1967. Public Administration technicians were caught up in the campaign, particularly the urban advisors. All in all, considering

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the devastation and disruptive effect of the offensive, the post-Tet GVN achievements in the public administration field were quite remarkable. To enumerate a few: In April 1968 the GVN replaced the position of Deputy Province Chief for Security with a civilian sole deputy who would act on all matters in the absence of the Province Chief, thus removing a long time civilian irritant in provincial administration. Local government training increased in quantity and improved in quality--an additional 11,000 officials received in-service courses. At the central government level, despite the offensive, internal revenue collections increased over 1967 despite a decrease in the number of personnel assigned to the Directorate General of Taxation. Salary withholding taxes increased 51 percent over 1966. Corporate income taxes tripled over 1966. Total national internal tax collections reached 19.3 billion piasters, an increase of 12 percent over the 17.2 billion collected in 1967. As a result of more efficient operations, customs revenues increased slightly over 1967 despite a reduction in imports. The Fraud Repression Service made enormous gains in the quality and quantity of goods siezed, the value of which grew to 1.4 billion piasters for an increase of 270 percent over the previous year.

In 1969 the post-Tet accelerated pacification campaign proceeded on schedule: village and hamlet elections were completed throughout the nation and training of local officials at Vung Tau continued apace. In this year the President abolished the regional office of the Prime Minister, the counterpart office for regional public administration advisors, leaving the status and functions of the latter in limbo for

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some time except for their participation in CORDS assignments. Later in the year the Prime Minister created another more subordinate regional office, the "Inter-Provincial Inspectorate", locating it in six rather than the previous four locations, further complicating life for the U.S. advisors.

In the other areas of advisory assistance, i.e., taxation, customs, statistics and civil service training, broad gains were scored across the board and business had returned to pre-Tet levels.

The following year 1970, was even better and could be considered the high water mark for USAID public administration programs. The Office of the Prime Minister, the focal point for administrative reform, requested continuing high level advisory assistance from USAID, as did the Ministries of Agriculture and Education. The National Institute of Administration continued to maintain high standards. Since its inception in 1955, the NIA with U.S. help, had produced more than 1,200 graduates with diplomas and 6,000 special certificate employees satisfying a broad range of administrative upgrading needs.

The Director General of Taxation with help from the PASA teams had the following major accomplishments to show for 1970:

- a nation wide survey to identify tax dodgers
- intensified audits on selected and suspected returns
- utilization of electronic data computer equipment to create a master file of taxpayers and to streamline billing and accounting

Internal tax collections set a new high--37 billion piasters compared to 27.3 billion in 1969. Customs revenues continued upward with collections from all sources approaching 60 billion piasters in 1970

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compared with 31.4 billion the previous year.

At local government levels, public administration advisors continued to assist in the accelerated pacification campaign although the counterpart relationships with the newly established Inter-Provincial Inspectorates were not fruitful in view of the unpopularity of the Inspectorate with the National Assembly, (which even refused to give them a budget), and with Provincial Chiefs. A significant local government development was the successful April 26 city council election. Also in 1970, the GVN created cities out of five former heavily populated urban centers--Qui Nhon, Nha Trang, My Tho, Can Tho and Rach Gia--bringing to ten the total number of autonomous cities in South Viet Nam, excluding the Prefecture of Saigon, which enjoyed a different political status.

If 1970 was the high water mark for the public administration assistance program,1971 heralded the beginning of the end, at least in its field operations. There were two principal reasons for this. First, CORDS had the manpower to cover, if not overwhelm, the GVN at all echelons of local government. Second, the GVN abolished the Inter-Provincial Inspectorate, which had never really become viable. Further, CORDS and USAID were in the process of developing an ambitious project that ultimately, if adopted by the GVN, would establish the majority of provinces, cities and villages on a financially self-sufficient basis, and the services of field public administration personnel were needed in Saigon to assist in its preparation and implementation. Consequently, USAID allowed its city/urban advisors to complete their assignments without renewal and recalled all but one (MR-4) of the regional advisors to

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Saigon for reassignment.

Activities at the central government level progressed satisfactorily in 1971. Advisory work within the Office of Prime Minister and Ministries of Agriculture and Education gained momentum, particularly in the training area, as did assistance to the National Institute of Administration. The IRS Tax Team was thwarted in many of its major goals partly because its counterpart ministry, Finance, lost its previous control over local revenues when this responsibility was transferred to the Ministry of Interior. Nor was the team successful in persuading the Ministry of Finance to prepare new tax laws and to undertake what the team considered to be a necessary reorganization. Nevertheless, some short term improvements in administration were scored and national internal tax collections posted a new high of 49.1 billion piasters. The Customs Team also scored some gains: it persuaded the GVN to install its own radio network between its Saigon Customs headquarters and its field stations throughout the country. There also were significant improvements in the inspection and valuation of goods at ports of entry and collections from all sources approached 70 billion piasters. The Census Team also had a good year in advancing its program to upgrade the quality and productivity of the National Institute of Statistics.

The year 1972 began with much promise. A major aspect of the public administration advisory program by this time was to support economic stabilization through decreasing local subsidies. This required increasing the generation and collection of local revenues and improving GVN control and accountability of expenditures. These efforts were in addition to

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continuing other long established advisory efforts at the central level in taxation, statistics, customs and civil service training. In all these areas the GVN made good progress in 1972 despite the Easter communist offensive which, aggravating as it was, did not set back the GVN anywhere near the degree of its 1968 Tet precedent, although it certainly tempered the rate of administrative progress that had taken place earlier in the year. Perhaps the most significant achievements of the year were the long sought after reorganization of the Directorate General of Taxation and the promulgation of a new income tax law that included such features as self-assessment and tax restructuring based on equity and simplicity.

In 1973, President Thieu finally decided to do something to improve the relationships of Saigon and provincial government and launched "The Administrative Revolution". It was long evident that the existing structure was not capable of responding effectively to the felt needs of the population, especially in rural areas. A major stumbling block was the organization of provincial administration that embraced two major elements: 1) the intrinsic services of the province that were under the immediate and direct control of the Province Chief, and 2) the extrinsic services that responded to their technical ministries in Saigon from whose budgets they were financed.

In essense, the President decided to take government to the people. The GVN launched a new program to:

. transform the civil service into a responsive body capable of serving the public in the fashion of local cadres

. reorganize provincial government in a manner not dissimilar to a

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military structure, making the Province Chief solely responsible for all government services with the exception of power, water, post office and the Agricultural Bank

. empower provincial and lower levels of government to approve activities that heretofore would have required central government sanction

. increase the authority of the provincial, city and village councils

. transfer large numbers of officials previously in Saigon to provinces

. formulate consolidated provincial budgets, including programs previously funded from central government line ministry budgets

Such sweeping proposals naturally met resistance from the central ministries who feared the inevitable loss of power and authority over field programs but USAID advisors strongly supported the decentralization proposals. By the end of 1973 final decisions had not yet been reached and most central government officials adopted a wait-and-see attitude. However, a small step was made in August 1973 when the GVN accepted the recommendations of USAID advisors and promulgated Decree 135 establishing "Development Villages". This was the first decree issued within the framework of the Ministry of Interior's recommendations concerning the Administrative Revolution. This decree would provide for greater autonomy for the estimated 70 villages in Viet Nam that met the criteria. By the end of 1973 some 48 development villages with a population in excess of 2.6 million had been created.

In addition to the Administrative Revolution, public administration advisors continued advising and assisting the Ministry of Interior in the

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local revenue improvement program. The 1973 local revenue goal of 7.5 billion piasters was surpassed with an achievement of 9.8 billion or 131 percent of the goal, a 78 percent increase over the 1973 total. The IRS Team, encouraged by the enactment of the new income tax law, worked with its counterparts in assuring compliance with the new provisions. The collection of national internal taxes reached an astounding 168.4 billion piasters, far exceeding the original estimate of 123 billion. Income taxes exceeded estimates by 82 percent. The Customs Advisory team emphasized in-service training and the fraud repression program continued to improve--the number of seizures reached 2,524 during the year and the value of goods amounted to 3.8 billion piasters. In the statistical field, the census team continued with its commitments to the National Institute of Statistics.

A phase out of the public administration program which had begun in 1972 was accelerated and 1973 ended with only one full-time USAID advisor--in the role of project manager--to supervise remaining PASA and contract advisory projects and to maintain liaison with the Ministry of Interior on matters of overall local government administration.

Limited advisory work on the Administrative Revolution continued throughout 1974. The important decisions with respect to reorganizing province and city governments and consolidating all funds into a single province budget, which were expected on February 15, 1974, were postponed until April 1 and not promulgated into law until later in 1974--to take effect fully on January 1, 1975.

Training of provincial and city tax officials and cadre on all

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aspects of the new real property tax system was emphasized during the year by the IRS Team, particularly the techniques of property tax mapping. IRS also continued its work on national internal taxation concentrating on the implementation of the new tax laws. The Customs Team expanded its advisory efforts in the narcotics control field as well as on fraud repression. By the end of 1974 the new customs radio network was fully operational and the number of aborted seizures was reduced to an absolute minimum. The reduced Census Team continued its efforts with the National Institute of Statistics. However, all remaining public administration efforts were in a phase out status by the end of the year.

This is where matters stood in the public administration sector at the beginning of 1975 or for that matter, until after the February Tet holiday, by which time the GVN had become virtually paralyzed by the final communist offensive.

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L A B O R

U. S. assisted labor programs in Viet Nam were intended to:

- Provide the GVN with a capability to develop and implement an overall comprehensive manpower plan; and

- To assist in the development of free, democratic, responsible, and effective trade unions.

MANPOWER DEVELOPMENT PROJECT

Historically, Viet Nam lacked the infrastructure through which a manpower development and utilization system could be organized and implemented. Such basics as elementary data upon which to base manpower projections were unavailable. Even if it had been possible to project skills requirements, missing was a capability to provide those skills in sufficient numbers since vocational training programs within Vietnam's educational system were traditional in nature -- for the high school and beyond. Illiterate or poorly educated Vietnamese citizens were thus foreclosed from employment requiring skills other than those which could be provided on the job.

Further, there was no capability to identify vacant positions and their skills requirements or, conversely, unemployed workers possessing the required skills. Finally, there were no capabilities to provide for peaceful labor-management relations to reduce frictions and reasonably assure no interruptions in ongoing industrial activities.

In recognition of this, a Manpower Development project was initiated in 1966 with five discrete yet interrelated sub-activities: manpower planning, research and labor statistics, short-term skills

training, occupational classification and employment services, and labor-management relations. Acquiring these capabilities would permit the GVN in a postwar period to cope with the immense difficulties it would face, not the least of which would be potential unemployment problems created by the mustering out of its servicemen.

As with most U.S. assistance projects intended to provide capabilities to the GVN civilian sector, many of the project's long range goals were overtaken by events which required priority attention. For example, one of the early priorities of the skills training activity was to assist the GVN in mobilizing its manpower resources to produce skills needed to fill gaps left by military mobilization and the new skills required in support of military operations. Thus, the skills training activities of the project were from the beginning -- and quite properly -- required to give attention to the GVN's immediate war-related needs. Yet, it and the other project activities were subject to constant disruption due to the mobilization of personnel of the counterpart Ministry of Labor (MOL).

Although the French Government had instituted a Labor Code in Viet Nam in 1937, it was not until 1949 that the Ministry of Labor was established.

The Labor Code protected the wage and salary earners in manufacturing, mining and commerce as well as those in the professions, yet did not cover agricultural workers who comprised the bulk of the work force, domestic workers, small or family-establishment employees or crews of ships and aircraft. It established minimum wages and prohibited the employment of women and of children under 18 in work that was hazardous or "beyond their strength." It provided for Inspectors located throughout the country to ensure compliance.

The activities of the Manpower Development project thus required the MOL to "construct" new and different internal institutions and procedures, many of which lacked adequate foundations upon which to build.

Employment Services

In employment services, for instance, there was no occupational classification system through which skills required for jobs could be identified with any degree of consistency or specificity. Thus the development of a Vietnamese Dictionary of Occupational Titles became a goal of that activity. Similarly, there were no employment offices. It was necessary to develop systems -- and to educate employers and workers alike as to their use -- whereby unemployed workers were directed to vacant positions requiring the skills they possessed.

Employment service activities were assisted by a PASA (Participating Agency Service Agreement) employee of the U.S. Department of Labor. He was successful in establishing an employment services office in Saigon and providing the nucleus for similar offices in the provinces. Also, under his direction a Vietnamese occupational classification system was completed.

Skills Training

As noted previously, the basic philosophy of the skills training activity was to develop a system whereby poorly educated or even uneducated Vietnamese nationals would within 13 weeks be provided with sufficient skills to make them employable. The skills in short supply, so identified in the early years by American contractors who needed Vietnamese workers to fulfill their contractual obligations, consisted of training to provide

carpenters, electricians, plumbers and similar construction workers necessary for the building of military cantonments, including barracks, hospitals, airfields, and similar facilities. Indicative of its reputation as a successful, flexible activity are the following examples:

When the GVN embarked upon its "Open Arms" (Chieu Hoi) program through which it was attempting to induce defection from the Viet Cong, such defectors, known as "Hoi Chanh", were brought into camps and were provided with employment skills through which they then became self-supporting citizens.

In the early 1970s the Vietnamese Army discovered it had many of its manpower "spaces" occupied by soldiers who had been declared ineligible for further active duty for health or other reasons. Frequently unable to return to their homes because of war activities, and lacking marketable skills, they chose to remain in the service, thus making it impossible for the Government to replace them with able-bodied soldiers. The USAID-funded skills training program provided these soldiers with skills through which they could find immediate employment, making them amenable to the receipt of discharges from the military service.

Still another example was that concerning the GVN's Navy Shipyard, which was responsible for maintaining the ships of the GVN Navy. Yet it too suffered from the fact that many of its skilled workers had been drafted into the service. A USAID contract provided assistance to the Shipyard through which concurrent skills training and structured apprenticeship training programs were developed, providing the Vietnamese Government with the skills it required in both the short and long term.

Following the cease-fire in 1973, the Ministry of Labor was given the site of a former U.S. military headquarters near Bien Hoa. It also received equipment from a nearby U.S. military skills training activity. In less than six months' time, the MOL developed and had operational a National Skills Training Center.

USAID-funded contractors, under the direction of the direct-hire project managers, provided the skills training advisory assistance.

Research and Labor Statistics

The research and labor statistics activities were assisted through PASA advisors provided by the U.S. Department of Labor who, by 1970, developed and initiated a recurring Quarterly Survey of Employment, thus providing the GVN with statistics concerning levels of employment which could be viewed with some degree of confidence. A survey of Earnings and a Survey of Occupational Wage Rates were also initiated prior to the departure of the last PASA advisor in early 1973.

Labor-Management Relations

The labor-management relations activity was initially assisted by a U.S. direct-hire employee. Under his guidance, a program for educating MOL inspectors was developed as well as Worker Representatives, i.e. employees of companies who, under the Vietnamese Labor Code, were elected by the workers. They might or might not be union representatives. A series of yearly educational programs for such worker representatives and MOL Inspectors was developed and implemented, beginning in 1969. Further, a short term U.S. Department of Labor PASA advisor also worked with MOL

personnel in developing draft language for a Vietnamese National Labor Relations Act which, at the time the project was prematurely terminated, that is, June 30, 1973, had been submitted to the Vietnamese National Assembly for consideration and action.

Manpower Planning

Services in manpower planning were primarily provided by U.S. Department of Labor PASA employees and a personal services contractor. Their duties, in addition to managing the other components of the Manpower Development project, consisted of providing guidance to various elements of the Vietnamese Government in manpower planning, or more frequently, in providing basic guidance as to the requirements for manpower planning. Among the agencies assisted were not only the Ministry of Labor, but also the Prime Minister's office, the Ministry of Planning, Ministry of Economy, Ministry of Interior, Ministry of Veterans Affairs, Ministry of Defense, and the Directorate of Mobilization. During the final year of the project, the GVN established a National Manpower Committee as an indication of its understanding that manpower planning was indeed necessary if it were to succeed in the post-war period.

Participant Training

Participant training was an integral part of the Manpower Development project. Several hundred Vietnamese were sent to third countries and the U.S. for training in such skills as labor statistics, skills training, employment services, labor-management relations and the like. Senior Vietnamese officials, including the Minister of Labor, the Vice Minister

of Planning, the Director General of Mobilization, as well as senior staff of the Prime Minister's office, also attended the International Manpower Seminar conducted yearly in Washington by the U.S. Department of Labor.

TRADE UNION DEVELOPMENT

The development of non-governmental socio-economic institutions which can offer a meaningful contribution to the development of a viable democratic political order in developing nations is the primary purpose of Title IX of the Foreign Assistance Act. It was also the primary purpose for the Trade Union Development project.

The Labor Movement in Viet Nam

Workers' organizations in Viet Nam date back to the 12th century when craft unions began forming at the village level. Vietnamese nationals would go to China to learn certain skilled crafts and then return to teach that craft to others. Unions were formed as a means of protecting the knowledge of the particular skill from wide dissemination. Later, this evolved into an apprenticeship system through which were developed apprentices, craftsmen, and master craftsmen.

Although French rule in Viet Nam began in 1862, there was almost no trade union activity until the 1920s and 1930s, when a few industrial unions began developing in the North around Hanoi and Hai Phong. The first Labor Code was not adopted until 1937, under the Popular Front French Government of Leon Blum. It provided for an eight-hour day, annual paid vacation, weekly rest periods, workmen's compensation, and

prohibited night labor for women. It did not, however, amend the 1933 law prohibiting trade unions. The French Collaborationist Government, which came with the fall of France early in World War II, brought a series of repressive actions against worker organizations, but this was relaxed somewhat with the Japanese occupation in 1940-45. During this period, Emperor Bao Dai created May 1 as National Labor Day, a paid holiday.

The political flux which existed in Viet Nam immediately following World War II extended into the trade union movement. In 1947, the French Confederation of Christian Labor and the French General Confederation of Labor both established representative offices in Viet Nam. Although Vietnamese nationals were still not permitted to belong to trade unions, the French unions did help in setting up "associations" for the protection of workers' interests.

In 1950, the Federation of Non-Governmental Workers was organized. This group affiliated with the International Federation of Christian Trade Unions and in 1952, the name of the Federation of Non-Governmental Workers was changed to Confederation of Vietnamese Christian Labor. Later, because most of the members were Buddhists rather than Christian, the name was shortened to Vietnamese Confederation of Labor (in French, Confederation Vietnamineene du Travail). It was henceforth known by its initials from the French, CVT. Tran Quoc Buu, who was Secretary General of the first organization of Federation of Non-Governmental Workers, became the President and served as the only President of the CVT until the GVN fell in April 1975.

The CVT

CVT was made up of five federations: The Tenant Farmers' Federation,

Fishermen's Federation, Plantation Workers' Federation, Transport Workers' Federation, and The Textile Workers' Federation. Other union affiliates made up the balance of the CVT membership and included the petroleum workers, hotel and restaurant workers, a barber's union, a union of USAID employees, and scores of other unions all the way down to the 60-member Swallow Nest Gatherers' Union located in Nha Trang. Although CVT leadership generally claimed membership in excess of 500,000 members, it is likely that these figures were inflated by as much as 20 percent. Even then, however, the CVT was not only the dominant labor organization in Vietnam, but -- excepting for the Viet Cong -- it was also the largest if not the only organization in the country whose membership cut across political, religious, regional and ethnic lines. Further, because union officers were democratically elected, there was a constant flow of trained leadership emanating from the grass roots level. As a consequence, the CVT and its leaders continually played an important role in providing for greater stability on the political front.

Nor should the CVT's contributions to the Vietnamese economy be overlooked. Prior to 1967, the year in which the Trade Union Development project began, there existed a thriving fertilizer black market; less than scrupulous merchants, controlling the supply, were charging prices much higher than the tenant farmers could pay. At the same time, the new rice strains (IR-5 and IR-8) which had just been introduced, required regular applications of fertilizer. With advice and encouragement from USAID Labor and Agriculture advisors, the CVT, successfully competing against two GVN-sponsored and - supported farm organizations, sold nearly 60,000 tons of fertilizer, outselling the other two groups by a ratio of five to one.

The CVT's ability to deliver the fertilizer directly to the end-user permitted it to sell at lower rates, effectively breaking the black market. U.S. Labor and Agriculture advisors later successfully counselled the three farm organizations to coordinate their fertilizer distribution activities. They formed the Fertilizer Distribution Center, with the CVT Tenant Farmers' Federation's president elected as its Chairman. By mid-1968, the three groups, working together, had sold nearly twice as much fertilizer as they had in the preceding year. They later expanded their activities to include seeds, insecticides, pesticides, and farm equipment.

The CVT's distribution efforts were also beneficial to that organization. Farmers were not required to join in order to buy fertilizer, but membership in the Tenant Farmer's Federation nonetheless increased by nearly 50,000 in little more than 18 months from the beginning of its involvement with fertilizer.

U. S. Assistance to Trade Unions

The first U.S. efforts to assist the trade union movement in Viet Nam began in the mid-1950s. That effort was short-lived, largely due to official GVN lack of interest in such a program. When the program resumed in 1965, it was initially confined to the provision of technical advice and some participant training; in FY 1966, 29 trade union leaders, most of them from the Provincial level, were sent to the U.S. for leadership training in the development of cooperatives, and an additional ten were sent to the Philippines for special trade union training at the Asian Labor Education Center. The USAID/Labor Division concentrated most of its attention at that time on the Tenant Farmers' Federation and the Fishermen's Federation of the CVT.

Internal GVN political considerations successfully stalled the Trade Union project in its first year of operation. Technical advice was freely provided but funds to conduct necessary training were not made available. Seeking to stimulate increased cooperative activity by Vietnamese trade unions, A.I.D. requested assistance from the American trade union movement, particularly the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). At the specific request of the A.I.D. Administrator, William S. Gaud, AFL-CIO President George Meany brought about the organization of the Asian-American Free Labor Institute (AAFLI). A basic agreement (AID/-csd-1882) was signed in February 1968 and Task Order No. 1 was negotiated and became effective in April of that year.

The basic thrusts of that program, from the beginning through the evacuation of AAFLI personnel immediately preceding the fall of Saigon, were in the development of cooperatives and of the trade union movement. These activities included local training programs, participant training in third countries as well as in the U.S.; and "intern" program whereby graduates of the various training activities were provided up to a year's on-the-job training, their salaries subsidized by AAFLI; and the provision of "seed money" to establish worker cooperatives and credit unions.

Cooperatives

Despite the widely held opinion among otherwise knowledgeable Americans and others that the Vietnamese people generally felt little or no obligation beyond the "extended family", and efforts to form cooperatives would be foredoomed, cooperatives organized by the Tenant Farmers' Federation under the auspices of the First AAFLI Task Order proved to be successful.

A.I.D. generated piasters were provided by AAFLI for the purchase of small, two-wheeled motorized tractors suitable for working wet rice paddies. The CVT union organized farm families in groups of ten who pooled their resources to pay one-third of the cost of a tractor at purchase and, without interest, one-third at the end of each of the two succeeding crop years. The money so generated was placed in a revolving fund from which were purchased additional tractors to be sold. That the pragmatism of Vietnamese farmers overcame any problems of cooperation in usage soon became apparent when farmers began forming their own ten-family units and petitioned the CVT for tractors. More notable is the fact that from the inception of that activity in 1968 through the fall of the GVN, there was not a single failure of a ten-family unit to meet its payments. The need to replenish the revolving fund was exclusively a consequence of inflation, not because of default.

This highly successful experience led to the formation of other cooperative activities, some USAID-funded, others without outside assistance. Among the former were Fishermen's Union Cooperatives which enabled its members to purchase nylon nets and engines for their boats. Farmers' cooperatives made available rice drying machines and irrigation pumps via assistance from a USAID agriculture project. An excellent example of an unassisted cooperative was that formed by the Transport Workers' Federation for its Tri-Lambretta membership. The Tri-Lambretta was essentially a three-wheeled motorcycle with a bus-type body capable of carrying eight or ten passengers and as such was the principal source of public intra-provincial transportation. The Federation persuaded an

importer of the Tri-Lambrettas to sell them to cooperative members at a reduced price and without a down payment. The buyers repaid the loans at the rate of VN$ 200 per day, with the Union guaranteeing the loans and acting as collection agent.

Land Reform

The CVT also played an important role in the development and implementation of the successful GVN Land-to-the-Tiller program. In 1969, when USAID Agriculture advisors were working with the Government of Viet Nam in developing a Land Reform law to be submitted to the National Assembly, there was a marked reluctance on the part of concerned Vietnamese officials to meet with CVT and Tenant Farmer spokesmen. However, USAID Labor and Agriculture advisors met with Union representatives and GVN officials to discuss the proposals. This contributed to trade union support of the law which eventually evolved. Following the law's submission to the National Assembly, where it evoked strong opposition of the landlord-owners of the tenant farms, the Union lobbied hard for its passage. In recognition of the Union's support for the measure, President Thieu hosted a reception at the Presidential Palace for more than 600 Tenant Farmers' Union officials and representatives on the day the law became effective (March 26, 1970).

When delays in implementing the law surfaced as a result of the unavailability of the required application forms, the union reproduced and distributed the forms at its own expense. Union representatives trained through USAID-supported programs, were available to assist farmers in filing their applications for land and to represent them in disputes arising thereunder.

Social Welfare

In addition to USAID funds, AAFLI was the recipient of contributions from the AFL-CIO and its affiliates, the funds largely used for "Special Impact Projects", frequently to assist the CVT on a self-help basis with its social welfare programs, including refugee relief.

As early as 1968, the CVT was operating 21 Social Welfare Centers located throughout the country. These Centers provided such diverse services as primary and adult education, medical care, family planning, training in the maintenance and repair of tractors and other project-provided equipment, the training provided by Ministry of Labor personnel under the Manpower Development project's skills training activity or, less frequently, by the equipment manufacturers. The CVT also sponsored entire hamlets made up of ethnic or religious groups who had been forced to relocate because of the war. AFL-CIO affiliates also assisted in this activity.

Anti-Communism

Clearly recognizing that free trade unions are not permitted under communism, the CVT was openly and staunchly anti-communist. As a consequence, CVT leaders throughout Viet Nam were regular targets of VC assassination squads. Many were killed. CVT President Tran Quoc Buu reportedly was, after the President and Prime Minister of the nation, the civilian most frequently identified for assassination over the VC's clandestine radio. Following a terrorist bombing of his quarters in September 1971, at which time he narrowly escaped death, Buu was constantly escorted in Saigon by bodyguards in a jeep and on motorcycles.

That the VC never forgave or forgot became obvious on May 1, 1975. Almost as a first order of business following its capture of Saigon, the new Communist government declared Buu an enemy of the country who would be shot upon capture, and announced that it was seizing control of the CVT. However, Buu and a number of his CVT colleagues and their families had been evacuated to U.S. Navy ships on April 29.

Nor was the irony of the Communist takeover of the Vietnamese labor movement on May 1 lost. May 1 was Vietnam's Labor Day.

PUBLIC HEALTH

Summary

U. S. health advisors, arriving in Indochina in 1950 with the Special Technical and Economic Mission defined an appalling lack of medical facilities and preventive medicine programs. Life expectancy was less than 35 years. The Mission set into motion a number of programs designed to initiate a larger approach to preventive medicine and to increase both medical facilities and trained medical personnel in Indochina.

The Geneva Accords of 1954 established a separate country in the southern part of Viet Nam. An influx of refugees from the north accompanied the peace agreement and diverted the American effort for the moment from longer term problems to the problem of caring for more than 900,000 refugees. By 1958, USOM, successor to STEM, resumed its concentration on preventive medicine and expansion of medical facilities and staffs.

The scope of the U.S. assistance program in public health became much broader and of an emergency nature as the war intensified in the mid-1960's. The impact of war upon the people of Viet Nam had been profound in terms of creating a sizeable refugee population and magnifying the public health/preventive medicine and curative/surgical needs of the populace. Therefore, provision of assistance in public health and medical care, particularly for the refugees and civilian casualties of the war, became an important part of the war effort of both the governments of Viet Nam and the United States.

In 1963 an estimated 80 percent of the rural population was receiving some type of health service from the government; by 1965 this coverage had regressed to 30 percent. At the same time, civilian casualties with war related injuries and refugees were being generated at increasing rates. Given the inability of the medical system and its facilities to cope with this situation, a rapid expansion of U.S. medical assistance was undertaken, as USOM shifted its programs from those of a longer term advisory nature to high impact programs with greater participation by U.S. advisors. The traditional advisory elements of U.S. assistance remained, but a large new input of operational personnel was added. A step-up in the supply of medicines and equipment was necessary to support the effort, together with repair and expansion of existing medical facilities and the construction of new facilities. Arrangements were made for the U.S. Department of Defense to provide support, including operative medical personnel, to help deal with the war-generated situation. Other nations increased their help in public health as well. Total U.S. and Free World medical personnel assistance peaked in 1968 at over 1,500 people. The USAID dollar budget alone that year was over $27.0 million.

As the GVN became increasingly capable of meeting public health staffing requirements with its own people under the Vietnamization program, USAID began phasing out the considerable numbers of U.S. personnel engaged in operational activities, shifting to an advisory effort at high levels of the Ministry of Health organization. By 1974, the USAID public health program budget was about $7.0 million and

declining. However, during this period USAID and the Ministry of Health began to develop plans for expanded programs, which would involve major U.S. support, in preventive medicine at the community level and in rehabilitative medicine for war victims. Detailed plans of action for these programs were being developed at the point of the communist takeover.

1951-1955: A Period of Transition and Groundwork for Modernization

The public health system under which American advisors found themselves operating in the beginning was patterned after the French colonial system. The French and Vietnamese graduates of the French medical school dominated the medical community. The great majority of the hospitals in use at the inception of American assistance were built in the period 1925 to 1935, were located in the urban areas, and were accessible mainly to the French and well-to-do Vietnamese, leaving 75 percent of the rural population without access to the facilities. It was during the French administration that the system of provincial medical care was established under the administration of the Ministry of Health. District clinics were established and staffed and in many of the provinces, hospitals were built. Most of the rubber and tea plantations owned by the French also furnished medical care of sorts to the plantation workers. This plantation medical care, being the only care available to large numbers of Vietnamese and at an extremely low level, contributed much to the poor image of French medicine in Indochina. During this period of adjustment and transition, civil programs competed with military for both

funds and personnel and came out a poor second best. Village health workers were not paid, district health services were not adequately staffed and the province hospitals, most over thirty years old, continued to deteriorate, being barely adequate as housing much less capable of furnishing an environment for medical care.

The STEM medical advisors undertook to establish preventive medicine programs aimed at some of Indochina's more prevalent and deadly diseases; e.g. malaria, venereal diseases, trachoma, tuberculosis, plague, typhus and intestinal parisities. Programs in environmental sanitation, maternal and child care, rural health, school health were set into motion. There were also programs established to improve medical facilities at the province level as well as larger hospitals. In addition, training programs for nurses, rural health educators, and health administrators, were initiated.

With the division of Viet Nam into North and South in 1954, the United States Operations Mission was established in Saigon to deal exclusively with the problems of South Viet Nam. USOM expanded its medical staff and pursued a policy of building onto the programs established during the earlier years under STEM. Responsibility for assisting the GVN to revitalize and develop its health program and facilities was given to the United States Operations Mission, Public Health Division (USOM/PHD), which became the advisor to the new GVN Ministry of Health (MOH). The MOH directed the operation of all the hospitals in the country with the exception of a few private ones in Saigon and other cities; administered training schools for nurses, midwives, and auxiliary health personnel; controlled the pharmacies of the country,

including the manufacturing of drugs; and conducted an environmental sanitation program. The typical provincial health department operated a 250 bed hospital, supervised five district infirmary-maternity-dispensaries and 70 village health stations.

For the period 1954-1955 the USOM health and sanitation program in South Viet Nam grew to an annual level of nearly $1 million, while the GVN was committing about 56 million piasters per year in counterpart funds, $2 million at the prevailing exchange rate. Much of USOM's effort, including that of public health advisors, was directed at solving problems of the refugees from the north during 1954-55. Such projects were funded by utilizing the existing public health budgets for specific refugee projects. By June of 1955, 17 direct-hire technicians were employed in the public health program. During this period, the USOM program, was relatively ambitious in scope, and could be roughly organized into four major program areas: 1) specific disease control programs; 2) environmental sanitation; 3) health training and education, and 4) construction of facilities and commodity support. Nearly half of the dollar cost of the overall program was for technical advisory services in the first three areas.

Principal among the disease control projects was malaria eradication. During the two years 1954 and 1955 it was estimated that seven and a half million people were afforded protection by this project in which the U.S. provided vehicles, DDT, sprayers and personnel costs. A major training component was also included. Other assistance was provided for control measures against tuberculosis, trachoma and leprosy. In addition, more than three million people were vaccinated during this period with U.S. supplied vaccines, including those for smallpox, typhoid, cholera and plague.

In environmental sanitation the principal USOM emphasis was the development of consistent potable community water supplies. Materials were furnished for six municipal water supply systems, including a water treatment plant for the city of Hue. Fifteen other municipal water systems were surveyed to determine needs for expansion and rehabilitation. Efforts were also aimed at rural water systems with the provision of about 2,000 sanitary wells and an additional 2,500 open type temporary wells for refugee camps.

In health education, the USOM continued efforts begun in 1951 toward development of a national health education program. During this period, 80 health workers were employed by the GVN with funds provided by USOM, seven of whom were placed on detail with the Commissioner of Refugees. Meanwhile, USOM supported the establishment of a National School of Nursing in Saigon with a branch in Hue. Buildings and dormitory facilities were built, equipment and teaching materials donated, and a full-time teaching staff was set up in each unit for counterpart training. A class of 46 students completed studies in both units in 1956.

USOM undertook assistance during this period in the training of laboratory technicians and in the renovation of some 21 laboratories of the Ministry of Health. Related to this activity, a Health Technicians School, a modification of the well-established "native doctor" concept (conceived by the French), was inaugurated with USOM assistance in 1955 with a three year course of study designed to produce rural health technicians who would be on contract to serve the government when their training was completed. Part of this assistance package was the construction of physical facilities for the school which began in 1956.

1956-1964: Rural Outreach and Growing Military Disruption

In 1956 the direction of the USOM public health program and that of the GVN's Ministry of Health took somewhat different tacks. A presidential decree was issued that year which legally established a rural health program and extended health services down to the village level. Where the Ministry of Health with USOM assistance had originally sought to fill the urgent need for rural medical services with the Health Technicians Program established a year earlier, plans now began to take shape to scale down the training and education requirement for rural health workers. Basically, the curriculum of the Health Technicians Program was altered to accomodate the development of a number of categories of health workers at lower level of capability than originally conceived. One of these categories was village health worker which eventually became the basic program to meet the needs of the majority of Vietnamese people. In this program, individuals designated by the village council were trained, generally at the province hospital, for a period of six weeks. This training proved basically adequate to enable the health worker to supervise the use of the village health kits which were given to each new village health station and included basic drugs and first aid materials.

Health training and education became the major emphasis of the public health assistance program during the course of the next few years. In fiscal year 1957, when the USOM health program budget rose to over $2.0 million, over half of the funds were allocated for health education and training. The remaining funds were budgeted for disease control, environmental sanitation and development of facilities, including

construction and remodeling. By June 1957 the number of direct-hire technicians employed in the public health program had risen to 32 and four contract technicians had also begun work.

A related area of program expansion at this time was in higher medical education. In 1957, USOM agreed to assist in the development in Saigon of a medical center consisting of a basic medical science building and a 500 bed teaching hospital and related facilities to serve as the physical plant of the Faculty of Medicine, University of Saigon. By the end of FY 1959 approximately $3.0 million had been obligated for this construction and over $2.0 million more was requested for FY 1960. A small portion of these funds was being spent on training and upgrading of the faculty. At this point, construction activity was absorbing most of the public health program funding which reached approximately $3 million in 1960.

Meanwhile, assistance to rural health service development was achieving some success and it was planned to terminate funding of that activity in FY 1961. In 1960 more than 3,000 village health centers were reported in operation and 35 of 36 selected provinces had one or more pilot districts organized. It was believed that all the groundwork had been laid so that the government could continue to provide and expand basic health services to rural areas without further USOM assistance.

In addition, the malaria eradication program was making progress, as was the nursing education program. In an effort to provide immediate relief to the acute shortage of nursing personnel in Viet Nam, one-year subprofessional education programs, which had been developed in both Hue and Saigon in conjunction with the basic nursing programs, were able to

graduate 174 nursing assistants by April 1959. USOM also continued to provide supplies and equipment as well as construction assistance to the School of Nursing facilities in Saigon, Hue and Can Tho.

The above description roughly outlines the status of USOM public health programs as the pace of the insurgency began to mount in South Viet Nam. Projects which were making reasonable progress as the decade of the 60s began, plunged headlong into failure as military activity spread throughout the countryside. As the civilian population in the rural areas began to be affected by the growing insurgency, province hospitals and rural health facilities were hard pressed to provide adequate medical care for civilian war casualties. Consequently, in the summer of 1962, the USOM established a program that provided surgical suites in 29 province hospitals. This program of U.S. assistance continued to expand and in January, 1963, fifteen U.S. military medical officers and 107 enlisted men were deployed throughout Viet Nam to carry out Medical Civic Action Programs (MEDCAP). In the first seven months of operation, more than 840,000 patients were treated by these teams.

With respect to preventive medicine, U.S. assistance to the Vietnamese rural health services had effectively expanded that system. An estimated 80 percent of the rural population were receiving some type of Vietnamese government sponsored health services by 1963. However, from the fall of the government of Ngo Dinh Diem in 1963 till 1965 the intensified enemy action and disruption of administrative and supervisory channels reduced the Rural Health Services to providing medical care only at the district level and in a few secure villages.

The population effectively covered regressed to about 30 percent of the total in rural areas.

As hostilities in South Viet Nam continued to heighten, it became apparent that the GVN Ministry of Health would require other donor assistance in an across-the-board spectrum of health services necessary to provide minimally adequate medical care for the people of the country. USAID plans were formulated to increase greatly the numbers of U.S. professional health personnel, medical commodities and other resources to assist in this effort.

Throughout 1963 and 1964, the U.S. mission struggled with the program of surgical teams and surgical suites. It became increasingly clear that the demands were too great on GVN personnel, logistics capability and management to support the teams. U.S. assistance programs moved to fill the gap, and the role of the U.S. Military Assistance Program continued to grow. The surgical team at Can Tho was replaced by an Air Force surgical unit and the Navy developed a similar unit at Rach Gia. Both of these military surgical capabilities were added to the USOM Public Health Division effort by the Department of Defense at the request of the State Department. The military teams were technically an improvement over the original teams in that the nursing and anesthesiologist complements were increased, allowing the medical officers more time to concentrate on surgery and technical problems. In addition, they were able to take on a heavier training schedule for the Vietnamese assigned to the province hospitals. And finally, the military or USAID supplemented the teams with an administrative officer to handle nagging personnel and supply problems.

In spite of the constant struggle with security and the growing preoccupation of the GVN and USOM with civilian war casualities, efforts at a regular program of development of medical and public health services in South Viet Nam continued during the war years as conditions allowed. During 1963 and 1964, for example, the malaria program continued a large scale spraying campaign visiting over 1.2 million homes every six months. At this point, the malaria index for certain provinces had dropped from over seven percent to less than one percent through these efforts. Six malaria eradication advisors were stationed in the provinces with four to six more backing them up in Saigon. In addition, USOM played a large role in fighting a cholera epidemic in 1964 by providing technical assistance, over $1.8 million worth of intravenous fluids and vaccines and airlifting supplies to the provinces hit by the epidemic. Meanwhile training of village health workers and nurses continued. By 1963-64 eighty percent of Vietnamese nursing instructors had received training in the United States.

1965-1969: Massive Emergency Build Up and Integration with Military Assistance

During the year 1965 the USOM program of public health assistance underwent rapid and dramatic changes, largely in response to pervasive and intense military activity. U.S. military forces began a build-up that would eventually surpass 500,000 troops. Of political and humanitarian necessity, the highest priority of the public health program became medical care, curative in nature, rather than preventive medicine and health education which had seen reasonable progress in the recent past. In as much as Vietnamese medical personnel were increasingly drafted into military service, the staffing shortage at civilian

installations became acute. The four U.S. surgical teams operating in 1964 in Nha Trang, Da Nang, Can Tho and Rach Gia were simply not of enough assistance for the Ministry of Health to handle the growing problem of civilian war casualties in addition to directing basic health services in the provinces.

During 1965 USOM's personnel levels in public health grew more dramatically than dollar levels (although FY 1966 also saw a sky-rocketing financial commitment). In FY 1965 the program grew from its approximately $3.0 million per year of the early 1960s to almost $6.0 million. At the same time, by the end of that fiscal year, the staff of USOM's Public Health Division had grown to 82 direct hire and 30 PASA employees (on loan from other U.S. agencies), the latter being primarily Public Health Service and Defense Department technicians. The program was reorganized during the year into two basic projects: Medical Education and Health Development. The medical education project continued to train doctors and dentists, construct necessary facilities, and provide equipment for the training program. The health development project essentially incorporated all other activities of the public health program. It included 80 of the 82 direct hire personnel and all of PASA employees. It consisted of the following nine subactivities: 1) Hospital Development, which provided direct augmentation of operating personnel to beef up civilian medical care in the provinces; 2) Rural Health, designed to link up the fragmented government health services system with the growing system of USOM and U.S. military medical services; 3) Malaria Control which because of the disruptions of the war, was forced to abandon the objective of eradication and work simply to contain the disease

sufficiently to avoid a major health problem; 4) Health Education, designed to strengthen health education and awareness among the public with special emphasis on refugee areas; 5) Communicable Disease Control, which was newly designed to improve surveillance and control measures, including immunizations, aimed at a number of major diseases; 6) Urban Sanitation, to expand and systematize refuse collection and disposal in Saigon and surrounding urban areas; 7) Medical Logistics, to establish and maintain a logistics system to support all the activities of the Ministry of Health; 8) Training, to support GVN civilian health programs by training of new Vietnamese subprofessional health personnel; 9) Nursing Education, to continue to provide nursing personnel to government hospitals.

Meanwhile in the growing effort to expand medical capability at the provincial level, the U.S. decided to commit additional military medical resources to the USOM program. In May 1965, the Office of the Secretary of Defense directed the Army, Navy and Air Force to develop a medical program for increasing the medical presence of the GVN by utilizing U.S. military medical teams throughout South Viet Nam. A detailed plan was developed for the purpose of providing expanded health and medical service for the civilian population. Developed jointly by AID and DoD it became the Military Provincial Hospital Augmentation Program (MILPHAP). The teams, composed of three doctors and 10-12 other medical personnel, were based at provincial hospitals and worked for the Chief, Vietnamese health official, the province medicine chef. In mid-1965, there were 11 medical teams working throughout the provinces of Viet Nam.

To further meet the urgent need for doctors, A.I.D. contracted in 1956 with PROJECT HOPE and later with the American Medical Association for a program of Voluntary Physicians for Viet Nam. A.I.D. financed the travel and per diem costs of some 200 volunteer physicians from U.S. private medicine each year under this program until 1973. The usual tour of duty for these physicians was 60 days, and they were assigned to work at civilian hospitals along with the U.S. or third country medical teams.

Thus, as the build-up in health and medical assistance proceeded into 1966, the USOM program became increasingly dependent on Department of Defense personnel. Basically, the health services available to the Vietnamese civilian population through direct U.S. support could be grouped into five distinct categories: the Medical Civic Action Program (MEDCAP); treatment by the Army of the Republic of Viet Nam (ARVN), U.S. and Free World military personnel; MILPHAP, (speciality or medical teams of U.S. and Free World civilian personnel; and Ministry of Health hospital services. It should be noted that U.S. and GVN operations in each of these categories were designed to be mutually supporting.

The Joint USOM-DOD-Free World Assistance (FWA) programs were coordinated roughly along the following lines:

A. <u>Direction and Control</u>

1. Operational control of MEDCAP activities was effected through respective ARVN, MACV and FWA military commands.

2. MILPHAP and U.S. military specialty teams were administratively the responsibility of MACV. Day-to-day operational control of medical activities was vested in USOM as the agency responsible for advising the GVN in civilian health matters.

3. U.S. civilian teams and advisory personnel (A.I.D. and the U.S. Public Health Service) were under control of USOM.

4. Control of the Free World Assistance teams rested with the parent country in cooperation with the GVN and in accord with various inter-country agreements.

5. The GVN civilian health and hospital services were controlled by the Ministry of Health.

B. Logistical Support

Resupply of medical commodities was financed by USOM while direct support of MEDCAP was effected through the ARVN/MACV medical supply system. USOM supported U.S. MILPHAP and Free World medical and specialty teams through the Ministry of Health medical supply system.

C. Salaries and Administrative Support

1. Personnel, initial equipment and transportation costs of MILPHAP teams and other Department of Defense medical personnel were centrally funded by agreement between A.I.D. and the Department of Defense in Washington. Administrative support of U.S. military personnel was the responsibility of MACV.

2. Civilian direct hire and PASA personnel and administrative support were USOM's responsibility.

3. Free World Assistance teams received salaries and some administrative support from their respective home countries with assistance from the Ministry of Health for housing, interpreters and hospital facilities. USOM provided administrative support wherever the Ministry of Health was unable to do so.

In FY 1966, the public health program of USOM (renamed USAID in that year) reached an obligation level of $26.8 million. Most of the total cost was associated directly with provincial health assistance and the necessary equipping and logistics involved in that effort.

In 1967, USAID decided to organize each of the subactivities which had been consolidated under the Health Development Project into separate projects. Nevertheless, 90% of the funding in public health during 1967 and 1968 was devoted to the Provincial Health Assistance Project and Health Logistics Support (Medical Logistics) Projects. The former continued to provide direct medical care to civilians and the latter provided all supplies and equipment maintenance both medical and non-medical to support that medical care effort.

The massive infusion of assistance provided an extensive capability by the end of 1968. By June of that year a total of 44 MILPHAP and FWA teams were operating in all 43 provinces and the Saigon Prefecture as compared to 30 teams in 38 provinces two years previously. These teams also increased their activities in support of district health centers. Regular support at the district level was provided in 31 provinces just before the Tet offensive as compared to 19 provinces six months earlier. Coverage regressed during Tet, but by the end of 1968, 25 provinces were again receiving regular support in some of their secure districts. Free World

teams at that point consisted of: two teams from New Zealand, two teams from the Swiss Red Cross, four teams from the Phillippines, four teams from Australia, and one team each from Spain, Canada, Iran and the Republic of China.

Other actitivies under the Provincial Health Assistance Project included construction of hospitals and surgical suites, renovation of a number of other civilian hospitals and health facilities, and the opening of a plastic surgery center in Saigon by Children's Medical Relief International concurrent with extensive modernization of the Cho Ray Hospital, the hospital for Cholon and the principle teaching hospital for the medical school, Saigon University. Nursing advisory assistance and health worker training also continued under this project. In addition, construction and renovation of rural dispensaries and maternity centers proceeded, although much disrupted, as was the entire construction program, due to security conditions.

During 1967-68 funding for the Health Logistics Project also rose sharply reaching over $12 million in FY 1968. The rapid expansion of U.S. and Free World operational assistance necessitated a corresponding increase in the supply of medicines and equipment to support the effort. The Ministry of Health had established a Directorate of Logistics in 1966 to be responsible for construction and maintenance support of all Ministry of Health medical facilities and programs and organizations of supply operations. USAID had supported the progressive development of these activities from the beginning. The Directorate of Logistics came under increasing pressure as the medical program grew and the increase in medical supplies was accompanied by a large U.S. input of operational and advisory personnel to help the Ministry of Health establish its logistics facilities, develop

a procurement capability, set up supply procedures, and improve its capabilities in vehicle and medical equipment maintenance and repairs.

To improve rapidly the capability for providing adequate medical commodity support to Ministry of Health facilities and the U.S. and Free World teams working in them, a Department of Defense, A.I.D. and General Supply Agency Agreement was negotiated which authorized USAID to procure the required medical material from the U.S. Army Medical Depot, Ryukyu Islands. This arrangement was designed to shorten the procurement and shipping time for medical supplies to meet emergency requirements. It also reduced significantly the size of the medical supply pipeline and allowed some reduction of medical supply and equipment inventories in Viet Nam. Under this arrangement, which was documented in a Department of the Army/USAID Memorandum of Understanding dated May 25, 1967, USAID was billed for 50 percent of the value of the medical material at the Department of Army standard price plus an accessorial charge of 22 percent. Army Operating and Maintenance funds were used for the remaining 50 percent of the standard price. This arrangement was to continue until 1975.

An additional effort at relieving the mounting pressure on medical care resources during 1968 was the introduction of the concept of joint utilization. During the same years that various U.S. and Free World teams were augmenting the Ministry of Health staff, USAID funded a sizeable construction and modernization program at the provincial hospitals. Twenty-nine surgical suites were built, and wards, water, power and sewage disposal were added at eleven major hospitals. In

addition, in 1968-69 eight new hospitals were built in remote areas of Viet Nam. The Vietnamese military hospitals received almost no attention during this same period. Although they were officially designated as hospitals, they were in some cases little more than simple wards. In late 1967, at the request of the Vietnamese surgeon general, MACV considered a proposal for $18 million to construct new military hospitals. The proposal was reduced to $12 million in early 1968.

After the second VC offensive in May 1968, MACV and USAID health advisors initiated the concept of "joint utilization", which in simplest terms was the combined use of medical facilities by military and civilian health staffs. In July 1969, the Military and Civilian Health Coordinating Program (MCHCP) Committee was formed, officially initiating joint utilization. The committee was composed of three members from the MOH and three from the MOD, with the ministers of Health and Defense serving as ex-officio members.

Due to the successful implementation of the joint utilization program, the requirement for MILPHAP Teams was revaluated during September-December 1969 and recommendations were made for a 21 percent reduction.

Beyond personnel requirements, certain very basic decisions which could affect the post-war health delivery system were made by adopting the joint utilization concept. Most important of these were: 1) the decision not to construct a separate system of military hospitals, and 2) the decision not to establish a separate military medical logistical system. The initial impact, particularly of the second system, would throw a major burden on the civilian side from the operational and funding point of view. In addition, the program helped to strengthen the civilian

government, since most of the hospital directors chosen under joint utilization were civilians, seniority being the principal determining qualification. When the system became fully operational, joint utilization was applied to 26 provinces and 187 districts, providing 1,300 new beds and almost 4,000 new military medical and paramedical personnel to care for civilian as well as military patients. The Tet offensive in the spring of 1968 marked a highpoint not only of military disruption in South Viet Nam, but also the crisis in medical care and relief of war victims. A high level of assistance continued in 1969 to accommodate the abnormal clinical workload brought on by war injured civilians. Available statistics showed that during the months of the most intense fighting civilian war casualties ran about 12 percent of all patients admitted monthly to MOH hospitals. This workload taxed already overburdened staff and facilities. Reflecting the ebbing of military action, civilian war casualties during the last quarter of 1969 dropped to a monthly average of 4,000 compared to 6,700 a month during 1968.

In 1969, with the implementation of the joint utilization program, and with reduced level of military activity, personnel and funding levels in public health assistance began to decline. A total of 40 U.S. and Free World medical teams were operating in 43 provinces and the Saigon Prefecture as of June 1969 compared to 43 such teams one year earlier. The U.S. Mission was satisfied that the Vietnamese capability to handle casualty care and to manage the delivery of health services had increased sufficiently to justify this reduction and USAID continued plans to further phase down medical care assistance. These teams or elements of them had also increased their district health coverage from 75 districts to 97 districts during the same one year period with visits to at least a dozen

more two times per week. In addition, advisory assistance continued to be provided under the Volunteer Physicians Program with about 150 U.S. physicians serving two month tours between the summer of 1968 and the summer of 1969. These physicians were able to provide specialized skills, e.g., in orthepedics, ophthalmology and public health and give an experienced viewpoint to MILPHAP teams which were usually composed of young military medical officers.

Thus 1969 was a year in which urgent civilian medical care requirements were brought under satisfactory control and gains made in upgrading the quality of services. The USAID program began to look more toward renewing its emphasis on advisory assistance and upgrading overall public health services and facilities than on provision of operational personnel to fill the staffing gap in the area of medical treatment. More traditional projects began to reemerge. Under the fledgling Public Health Services Project aimed at developing national disease control programs, A.I.D., other donor nations and the Vietnamese government provided vaccines for more than 20,000,000 immunizations during 1969, and the Ministry of Health approached its objective of providing district health centers with refrigeration for vaccine storage. Sixty new pediatric clinics opened in 1969, and three family planning research clinics were added.

The National Institute of Public Health inaugurated its training program in December 1969 with principal advisory and material support from the World Health Organization. Australian and Canadian advisors supported preparation of a site plan and design for a permanent facility.

1970-1975: Consolidation of Gains and a Sharply Reduced Program

The decade of the 1970's began with USAID still funding a public health assistance program of about $20 million a year. Over half of this funding fell under the Health Logistics Support Project (excluding DOD funding), primarily for purchase of medical supplies and equipment and vehicle and warehousing support. This level of funding made public health USAID's largest program during the transition years while overall program emphasis was shifting to longer range development goals.

During the early 1970's, the Vietnamese government's capacity to meet its own health service needs continued to expand. For example, over 200 doctors and 200 nurses and other medical personnel were being graduated annually. There were only 250 doctors in all of Indochina in 1954.) Future plans for the health program anticipated a continuing decline in the level of U.S. assistance. The program that remained was largely a broad program of medical and dental education, performed under contract by the American Medical Association and the American Dental Association and the continued provision of substantial amounts of medical supplies and equipment for all public hospitals and clinics. Plans were underway to phase out these activities by FY 1975 and the phase down of most of the other activities in the program was already making rapid progress.

Progress during the years immediately prior to the fall of the Republic of South Viet Nam was encouraging to most of those associated with health sector development. Civilian war casualty hospital admissions declined by over half from an average of over 6,700 per month in 1968 to 3,350 per month in 1971. By the end of 1972, Vietnamese medical facilities handled 97 percent of all civilian war casualties and U.S. and Free

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World medical teams had been reduced to 22. Voluntary physicians sponsored by the AMA had been reduced from 24 in January 1971 to 15 one year later.

During the peak war years, USAID had undertaken a project aimed at assisting the GVN to develop the capability to rehabilitate seriously handicapped persons, both medically and emotionally. Under a contract with the World Rehabilitation Fund, Inc., the National Rehabilitation Institute was established in 1965. One of the principal targets of this project was to achieve the capacity to provide or repair 11,500 prosthetic/orthotic devices annually. By 1971, a total of over 10,500 of these devices for the physically handicapped had been fitted or repaired at locations in Saigon, Can Tho, Da Nang, Qui Nhon, and Quang Ngai. At the same time substantial progress was being made in the in-country production of prosthetic and orthotic devices. The Institute produced over 7,100 devices in 1971, while repairing over 3,400. Much of the hardware and material needed for the production of these devices was by this time being manufactured in South Viet Nam and self-sufficiency in production was expected before the project terminated.

Finally, the appearance of a Population and Family Planning Project in the early 1970's was further symptomatic of the growing interest in long range development planning. USAID had provided limited advisory and commodity assistance for family planning since 1969 through the Maternal and Child Health System of the Ministry of Health. This assistance had been funded under the Public Health Services Project. The

separate population project was established in 1971 in anticipation of legislative action to remove legal inhibitions to family planning in Viet Nam, which were a legacy of the former French colonial administration. Unfortunately, this new project and the government's family planning program achieved only limited success in large part due to lack of Vietnamese political will to support fundamental change. The expected legislative action never materialized during the life of the project which was still operative at the time of the fall of Viet Nam.

The three years leading up to the collapse of the Thieu government in South Viet Nam saw an extremely reduced level of public health assistance although at this same time planning began on two major new projects which would have reversed the downward trend in public health assistance funding by FY 1976. In FY 1973 the public health funding level was $9.7 million covering essentially those projects described above, and in FY 1974 the level was down to $7.3 million. By FY 1975 the Medical Care Project had terminated as had Malaria Control and the National Rehabilitation Institute Project and Medical and Dental Education was in its next to final year. FY 1975, of which three quarters had passed at the point of program collapse, would have seen an estimated $4.5 million funding level in public health assistance. However, the new projects, Community and Preventive Medicine and Rehabilitation of the Disabled, were looking toward a combined annual funding level of $6 to $7 million beginning in FY 1976. These projects were to progress no further than the planning stage.

As calendar year 1974 commenced, the USAID Public Health Division employed eleven direct hire staff and no personnel on loan from other government agencies. In addition there were about 26 people on contract, primarily under the Medical and Dental Education project. One year later, on the eve of the collapse of the Thieu government and the evacuation of U.S. personnel, there were six people in the Public Health Division with some 17 contract personnel remaining in Medical and Dental Education.

At this point, with Medical and Dental Education and Health Logistics Support scheduled for termination in FY 1976, virtually the only program of significance left in public health assistance involved the two new projects still on the drawing boards. It should be noted here that public health was not the only program sustaining severe cutbacks in funding levels during these years. As reported elsewhere in this history of A.I.D. programs in Viet Nam, Congressional willingness to support levels of assistance comparable to those of the peak war years had all but dried up. The much reduced public health program of the mid-1970s was an important reflection of the austerity actively being imposed on the overall Viet Nam program by the U.S. Congress and the resultant struggle within the U.S. Mission to set priorities under conditions of diminishing resources. Under these circumstances public health was not being accorded the priority of more pressing aspects of humanitarian assistance involving relief and resettlement of refugees and child care.

In another and equally important sense the reduced level of funding in public health assistance reflected the considerable success which the program had achieved in the past toward building self sufficient health institutions in South Viet Nam. The Health Logistics Support Project

which had grown out of the crushing need to swiftly supply medicine and supplies to war time hospitals in the late 1960s, had sought to institutionalize a system to provide for the immediate commodity and maintenance requirements of the health sector -- and do this ultimately without foreign assistance--had largely succeeded in this objective by 1975. In addition, the development of a modern and self regenerating Vietnamese dental education system had been accomplished by this time and the goals of the medical education program were right on schedule. The medical faculty had reached over 75 percent of its projected full time strength of 250 and by the end of the program was meeting and exceeding the project target of graduating annually 200 internationally qualified physicians.

At the end of the program USAID was looking toward a new phase in assistance to the health sector in South Viet Nam. As it was being developed by USAID, WHO and MOH experts, the Community and Preventive Medicine project would have sought to focus on preventive health and sanitation primarily at district and lower levels throughout rural South Viet Nam. With basic health institutions firmly in place, the project was to concentrate on reducing hospital admissions and expanding health services to reach rural and urban underprivileged populations at a preventive rather than curative stage. In concert with this proposed project a new effort at rehabilitation of the disabled was to be developed in recognition of the continuing problem of reabsorbing handicapped war victims into productive society. The project as proposed was aimed at providing quality treatment and rehabilitative services to amputees, the blind, deaf, and paralyzed throughout the country. Whereas previous

assistance (under the National Rehabilitation Institute project) had introduced a physical thereapy and rehabilitation program which included the local manufacture, fitting and repair of prosthetic/orthotic devices for the handicapped, this project was intended to expand the program to provide physical as well as social and vocational rehabilitation to disabled war victims. The project would have meant a vast expansion of various rehabilitation institutions in South Viet Nam.

The Communist takeover of April 1975 caught the USAID public health program in a transitional stage. Although much more remained to be done very much had been accomplished. It is clear that the quality of health services and the institutions created during the long American era in South Viet Nam will in some measure make the quality of life for the average Vietnamese under whatever regime prevails better than it would have been otherwise. The United States left behind a Viet Nam of substantial medical resources both human and otherwise.

PUBLIC SAFETY

Introduction

U.S. assistance to the National Police of South Viet Nam began in 1955 by means of a contract with Michigan State University. Not until 1959 did USOM establish an office of public safety to provide advisory assistance to the National Police. In 1962, as the Viet Cong insurgency was reaching serious proportions, the Michigan State contract ended and the direct hire public safety advisory effort got underway in earnest. During the next few years, public safety advisors were placed at the province level throughout South Viet Nam. When the Military Assistance Command was tasked with supervision of all field advisory efforts in 1967, USAID's Public Safety Division was one of the units moved from USAID to CORDS, the pacification component of the U.S. military command. The U.S. Department of Defense began providing part of the funding in 1967 on a regular basis. By 1968, U.S. dollar support for the National Police effort peaked at more than $30 million for that year, compared with the 1955 budget of $265 thousand. During USAID's public safety effort the National Police grew from a force of 17,000 in 1960 to 120,000 in 1973.

In addition to addressing the numerous problems of police development and specialization over the years, the U.S. Public Safety Division stressed the need to develop a police force which could gradually provide law and order in secure sections of the country, eliminating the need for extensive military forces in these areas. There was the presumption that gradually, as the level of violence diminished, the National Police would be responsible for maintaining public safety in more and more of the rural and urban areas, until the need for a military presence for internal security would have

diminished or disappeared altogether. Much of the work of development in rural areas hinged on the success of this police expansion at the village level.

The Cease Fire of 1973 obligated the United States to withdraw its public safety advisors as well as its military advisors. Programs were abruptly terminated, although some financial support continued for a brief period. The total dollar cost of the public safety program in Viet Nam from FY 1955 through FY 73 was $214 million plus an estimated $14 million additionally from the Department of Defense for ammunition from 1967 forward.

The initial part of this Public Safety section details the evolution of the National Police, showing how it developed with the advice and material assistance of USAID Public Safety, from 1954 through 1973, when the U.S. public safety effort was ended. The subsequent part describes the USAID and DOD inputs which contributed to this development in the fields of general police operations, training, logistics, telecommunications and corrections.

Part I: EVOLUTION OF THE NATIONAL POLICE

The 1954 - 1969 Period

The formation of a separate South Viet Nam in mid-1954 marked the end of French leadership in the civil police structure, such as it was. Under French control, few Vietnamese had the opportunity to gain significant police supervisory positions or management experience. The French departure left the new government a civil police legacy which was badly fragmented, disorganized, locally oriented, poorly deployed and literally without leadership. It presented a security vacuum and an opportunity for subversive elements to

gain dominance or influence in many areas, particularly in the rural villages and hamlets. Had a virtual absence of civil police effectiveness in rural areas not existed, subversive inroads would have been far more difficult, if not impossible, in many parts of the countryside.

To fill the police leadership gap, military appointments to supervisory police positions were made in consonance with the use of military officers in the positions of Province Chief, District Chief and mayor of autonomous cities. The top police leadership position was changed 13 times between 1955 and 1971, and each time it was filled by military officers ranging from Lt. Colonel to Lt. General.

As changes in government caused changes in police leadership, limited institutionalization of the law enforcement structure could be developed, particularly in the period 1954-1962. At the outset, the organized civil police elements were a conglomerate of the investigative Surete, Gendarmerie, Saigon Municipal Police and autonomous police organizations in provinces and districts. The impact of law enforcement was localized and felt principally in urban areas. The rural areas were barren of law enforcement until provincial militia elements were organized into a Civil Guard (Garde Civile Locale) to provide rural police protection in late 1954.

In this early phase, there were limited career opportunities in the civil police field. The police "organization" lacked charisma, and, like the rest of the government, was heavily personalized. Upward mobility was scant and performance did not necessarily lead to success. The political changes in government, social upheavals and generally deteriorating security conditions relegated the civil police to a less than second-class existence.

This environment created an unstructured police presence which was often spiritless and demoralized, despite many loyal officers and policemen. Any view of the police as a public service was disheartening.

Aggravating the fragmented nature of the police was professional isolation from other security agencies, particularly the military, which gained a natural preeminence in meeting national security needs against both internal and external threats. Internal police changes were slow, and the police at all levels failed to gain a degree of stature or prestige remotely matching that of the military establishment.

Eight basic events occurred in the decade of the 60s with signal effect on police development.

1. Transfer of Civil Guard. The transfer of the Civil Guard (approximately 54,000) in 1960 effectively removed police presence from the rural areas and represented a staggering blow to police development by instantly reducing the force to less than 17,000.. Major development momentum was lost and redevelopment constituted a major problem. Particularly heavy was the loss in terms of trained and experienced leadership. Overcoming this setback took several years.

2. Formation of National Police. A Presidential Decree of June 27, 1962, combined the organized GVN civil police elements into the "National Police." The decree was unfortunately not a decree-law such as that which established the Army: it did not equate with legislated action. This distinction illustrated the subordinate status of the police institution. However, the decree did develop a national police character and provided logistical support, budget, training, promotions, discipline, administration and guidance from the

national level to regions, provinces and districts for the first time. Operational control was decentralized and vested in elected or appointed officials, usually military officers, at each level of government. This was probably the most acceptable command/control possible, given existing political/security conditions. It also prevented development of a more powerful unitary police establishment.

3. Combined Telecommunications Directorate. The Combined Telecommunication Directorate (CTD) was established in 1960 as an administrative, operational, technical and logistical organization to operate and maintain a common user radio teletype and telegraph system for the National Police and other GVN civil security agencies. The establishment of CTD prevented the development of separate and parallel communication systems under several GVN civil agencies which would have created competition for manpower, commodities and facilities. By 1970, the CTD system employed 2,700 people with facilities in Saigon and Thu Duc as well as in all provinces and the five CTD regional centers located in Danang, Nha Trang, Bieh Hoa, My Tho and Can Tho.

4. Utilization of Police

Prior to the implementation of the new national police structure, attempts to improve the image were partially negated by continuing utilization of police elements by the Diem government for increasingly repressive and political purposes. This action deeply scarred the domestic and international reputation of Viet Nam's police, a stigma which was never fully removed, despite many valiant police actions in the intervening years, particularly during the Tet 1968 communist offensive and the North Vietnamese invasion of 1972.

5. Increased Manpower

Following the transfer of the Civil Guard, manpower development of the National Police was ragged. The force level remained at approximately 17,000 until 1964 when the first major manpower increase was authorized. The following table outlines the rapid increase from 1964 to 1969 and the consistent manpower shortfall in the intervening years:

YEAR END	AUTHORIZED	ACTUAL
1959	No record	70,000 1/
1960	" "	17,000
1961	" "	17,000
1962	20,800	16,890
1963	20,800	19,711
1964	74,800	33,570
1965	74,800	52,242
1966	74,800	59,999
1967	80,155	70,291
1968	80,155	78,431
1969	92,200	85,218

1/ This figure includes the Civil Guard which was transferred to the Ministry of Defense the following year.

Unfortunately, the increase in manpower quantity was not matched by an equivalent increase in manpower educational quality. The educational levels of police recruits were circumscribed by military priorities and were established by the Ministry of National Defense. In general, the bulk of new police recruits acquired in the late 60s had only five to seven years of formal education.

A still more serious deficiency was the inability of the National Police to gain access to young and qualified candidates for police commissioned officer training, stultifying development of lower level management and supervision. Additionally, the lack of new leadership talent encouraged and deepened the emplacement of those older police officers with a French colonial outlook. Too often these old-timers were of a reactionary bent and, with few exceptions, were particularly resistant to changes in the status quo affecting command/control or organization.

A further complication was the continuing necessity to look to the military forces for leaders. Military personnel were transferred to the National Police in reasonable quantities in the later 60s, but insufficient in quality. Training facilities were overtaxed and available internal management was incapable of adequately supervising the growing force. The grade structure was poor and the promotion system provided little incentive. For this combination of reasons, among others, development of law enforcement professionalism was at a minimum in this period.

6. Tet 1968

During Tet of 1968 and the mini-Tet of May in the same year, the National Police responded with a high level of professional police and security performance. They proved particularly effective in Saigon and other urban areas and publically demonstrated their value as a national internal security force. However, the value of this performance was transitory and did not prove adequate to overcome the generally jaundiced public view of the policy structure.

7. Policy Anti-VCI Role. In 1968 the National Police were given

nominally the task of neutralizing the Viet Cong Infrastructure (VCI), with the support of other GVN forces and services as required, in a national program identified as Phung Hoang (Phoenix). However, military and other GVN entities generally controlled the program at the local level. Additionally, its inclusion into a police structure with obvious limitations in internal management, poor public acceptance and a subordinate status posed many other problems. Phung Hoang diluted many other police operational efforts, particularly at the province and district levels. It also clearly illustrated that GVN actions against the VCI often faced difficulty in achieving the desired degree of local coordination among operational and intelligence elements. The 1962 Police Decree assigned a major VCI intelligence function to the Special Branch of the National Police, an element not advised by Public Safety. However, this branch tended to operate independently from the NP. One beneficial by-product of the Phung Hoang program was that it involved the Special Police with the balance of the National Police in many instances, if not to the degree desired. This interaction became more evident when U.S. support to Phung Hoang was withdrawn in 1971 and the function was assigned to Police Operations Centers.

8. Village Police. A major advance occurred at the close of the decade with expansion of a GVN civil police presence in rural areas. Before, villages had no formal civil police organization, although some villages had a few locally appointed "police" to assist in carrying out instructions of the Village Chiefs. Following the transfer of the Civil Guard in 1960, only 140 Village Police Stations existed for the 2,200 villages of Viet Nam. These stations were scattered on an ad hoc basis throughout the country and were

assigned responsibility for law enforcement in groups of villages. By 1969, 1,640 Village Police Stations were operative in villages with elected councils. Given the limits of available manpower, these stations were manned with only a few policemen, 12 or 18, but provided an essential civil government security presence where it had long been absent. Their existence also established a basis for rapid village police expansion and prepared the rural police organization for its cease-fire and subsequent peace and order role.

In the 1960s there was progress in the face of substantial setbacks by the end of the period; the civil police effort began to achieve direction following a slow start in the previous decade. Progress was evident in terms of organization, training, operations, logistics, deployments and communications despite low manpower priorities, limited management capabilities, a poor image and the vestiges of the French Colonial era. Within these limitations, the National Police organization was a contributor to national internal security and at least partly provided a badly needed public service in enforcing the nation's laws and combatting subversives.

Developments from 1970 - 1973

The 1970-1973 period was one of major development for the police organization. Police patrol systems were inaugurated; the initial phase of individual identification was completed. A new approach was made to police participation in local security and the basic police organization and police titles were restructured. Police manpower reached the desired levels in quantity and Police Operations Centers assumed a more definitive organization and function. Developments in this period were for the most part a

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natural continuation of the operational modes and changes initiated in the previous decade. Public Safety and National Police actions were geared principally toward achieving a greater measure of overall institutional effectiveness. The tarnished image gradually improved in the process.

Leadership. The consistent lack of suitably educated leadership candidates beginning in 1962 continued to hamper the National Police. In 1971, 520 ARVN officers were detached to the National Police to fill at least part of the leadership vacuum. The first substantial group of police commissioned officers (807), graduated from the National Police Academy in 1972. Although sizable graduation of new police commissioned officers was finally achieved, these new officers, and the ARVN inputs, lacked police experience and considerable control still resided with the old line colonial era excess. However, in early 1973, the last of the French-oriented police officers in significant command of staff positions were removed and replaced with colonels.

All these changes indicated progress; however, time was needed to enable the development of internal management skills compatible with police needs. The National Police were still a long way from possessing effective, cohesive leadership, but a start in the right direction had at least been made.

Police Manpower. In 1970 an overall goal of 122,000 police was established. In late 1970, 13,000 ARVN personnel were detached to the National Police; in 1971, 29,000 additional personnel were recruited, most youthful and of limited education. By early 1973 the force level reached 120,668, its highest point. By this time, the police establishment had the quantity

of manpower it needed.

Training. The rapid growth of the force in the early 70s strained the National Police training capability. Physical facilities were suitably expanded but there was a shortage of instructors and the need to include "crash" courses to meet security needs, e.g., police operations center supervisors, district and province police commander courses, etc., did not make for the most efficient use of the limited personnel that did exist. Also, many training programs were interrupted by the 1972 invasion.

Viewed in perspective, training of the overall police structure was uneven at best and limited in many respects due to personnel shortages and higher security priorities. Major training shortfalls were in the areas of management, staff supervision, management information systems, communications management, operations and maintenance. Additional training efforts were also needed to upgrade junior leadership and develop NCO potentials.

A major accomplishment in this period was the development of National Police printing capabilities and off-shore printing of books and manuals in the Vietnamese language.

Police Telecommunications. Police telecommunications were not adequate in 1973 at the lower command levels. Basic systems had been installed. The police FM telecommunications system terminated at the district level. Village police, designed to be small units initially, were to utilize the Village Hamlet Radio System (VHRS) but events proved this concept impracticable. Village police forces were expanded and patrols were needed for hamlet areas. The police communications requirement could not be accommodated in addition to village administrative/security needs through VHRS. So, in most villages,

FM equipment was installed for contact with District Police Commands and village/hamlet patrols.

Point-to-point sirgle side band emergency backup communications for province Police Operations Centers (POCs) installed for contact with regions and national POCs when needed. This equipment, with existing long-haul radio, teletype and dedicated telephone circuits (region-to-national level only) provided a potentially adequate but still developing system.

At the village level, the police FM system interfaced with the VHRS. Communications at this level were central to rural police operations and rural security.

The police and VHRS systems contained almost 60,000 radios in 1973. It must be acknowledged that the FM and AM telecommunications equipment was not the most modern available; however, it was suitable for security needs.

Logistics. The National Police Logistics Bloc was one of the newer major staff elements (1971). The logistics system was slow to develop as a national system, due principally to the lack of internal logistics management skills and poor logistics funding by the GVN. The system depended on ARVN sources for certain munitions and barrier materials. The National Police had no organic aircraft resources and were forced to handle logistics support primarily with trucks and boats.

Organization and Command Control

The National Police organization developed piecemeal in the 1960s and required a major reorganization by 1970 with the influx of many new personnel and increased realization of its participation in internal security/law enforcement roles and missions on a national scale. The need for basic organizational changes was reflected in the 1970 establishment of a Data

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Management Center, establishment of Juvenile Rehabilitation Sections in many urban areas, consolidation of the Danang and Rach Dua Basic Training Centers, in addition to development of the concept of police stations as the basic organizational building block of the police institution. In the same year a major reorganization plan was developed, but was not implemented until 1971.

In March 1971 the National Police institution was designated the "National Police Command." In June a new police organization was promulgated. Some of its major changes provided for personnel and logistics blocs and eliminated a national structure for the field police.

A signal effect of the new organization was designation of police supervisors as "commanders" rather than "chiefs" at regional, province and district levels. This served to change the localized outlook of many police supervisors and greatly expanded their responsibilities for lower police operational echelons. This was needed. Follow-on changes in September converted police titles to military ranks and improved the promotion system. In January of 1973 a badly needed Assistant Commander for Staff Management (chief of staff) was added.

Beginning in 1965, the National Police initiated, with Public Safety, a long struggle to secure its national status with legislative recognition of its existence through a Police Statute in lieu of a decree. A Police Status Decree (#316/A) was signed by President Thieu on June 1, 1972. This, together with Decrees #017 of March 1971, #355 of June 1971, #069 of June 22, 1971 and #120 of March 15, 1972 delineated the bases for National Police functions. On December 26, 1972, Decree-Law #27 was promulgated. This

equated to legislated action and finally provided the police structure with a legal administrative existence.

At that point the civil police institution had the organization and authorities it required to discharge its roles and missions with exception of specific limitations in controlling GVN military personnel involved in normal law enforcement violations. The organization was not necessarily the ultimate for peacetime functions, but was suitable to discharge National Police cease-fire and subsequent responsibilities. Command and control of police efforts were interrupted at each level of political government, i.e., region, province, district and village. Day-to-day control of police efforts rested at those levels. As noted, this precluded development of a more powerful and unitary police structure. In view of the responsibility of military province and district Chiefs for all aspects of security, including civil police, it was basically sound and proved entirely workable following the March 1972 NVA invasion.

Police Operation Centers. The National Police had maintained operations/information capabilities of various types and sizes down to the district level for several years. These became more definitive in form and function as the National Police increased their counter-subversive actions in 1972 and assumed increasing responsibility for local security. POC development at the national, regional and province levels received major acceleration in 1971 in terms of standardization and manning. By June 1972, the GVN counter-subversive effort was assumed by the National Police and counter-subversive sections were established in POCs from national to district level. GVN agencies with a counter-subversive mission were tasked to

support the National Police in this effort. Development of POCs was uneven due to the recent establishment of many of them and the limited experience of involved officers and policemen. However, as constituted, POCs had the capability in 1973 to be of central significance in cease-fire and normal law enforcement operations, if they received suitable co-operation from other GVN elements.

Management Information

The National Police Management Information System, with its several sub-systems, had been partially implemented by early 1973. Some sub-systems were still in development phases. Management information was considered critical for the National Police to improve decision-making capabilities.

Part II: USAID's ROLE IN POLICE DEVELOPMENT

The development of the Vietnamese National Police in strength and capabilities from 1954 through 1973 demanded that USAID's public safety advisors take the long view, in order to improve an organization generally deficient in all respects, and offer the proper assistance to the National Police at the appropriate time. The preceding section describes the order in which various aspects of the organization were developed and expanded. The following six parts of this summary describe how USAID advisors assisted technically and materially in developing the police force.

Police Operations

The element of the USAID Public Safety program concerned with monitoring the broadest spectrum of National Police activities evolved into the Police Operations Division. With the exception of the technical areas of training,

logistics and telecommunications, virtually all other aspects of USAID support to National Police operations fell under the counterpart scrutiny of the Police Operations Division. Although it did not exercise supervisory control of U.S. police advisors in the four military regions and forty-four provinces of the Republic of Viet Nam, the Police Operations Division participated in the training of those advisors and was charged with keeping public safety field personnel informed of continuing advisory developments.

In 1955 A.I.D. funding of the Vietnamese National Police began. The sum of $265,000 was provided for the support of police operations in the Republic. Also, Americans first assumed the status of advisors to the Vietnamese Police when the International Cooperation Administration entered a contract with Michigan State University (MSU) to provide public safety advisory assistance to the fledgling government. As a first step, MSU police experts undertook a survey to determine the training needs of the Municipal Police, the Surete and the Civil Guard.

MSU's involvement coincided with the institution of the Vietnamese National Police Academy. On November 8, 1955, the school began operations, graduating 606 police officers in its first few months of operation. MSU instructors carried out advance training of police cadets and trained a cadre of instructors at both the Saigon Municipal Police Academy and the Civil Guard Training Center. The MSU team considered the establishment of these as well as other training programs to have been among its most significant long range accomplishments.

From 1955 until 1959, when A.I.D. established a direct police advisory element, the MSU police team assumed responsibility for the police advisory

functions in the fields of training, traffic regulation, municipal police development, Surete training, Civil Guard instruction, fingerprint and identification programs, police records, communications and crime laboratory techniques.

The 1950s were a period of consolidation, of learning and defining objectives in the development of a public safety program in the Republic. Funding of the police by USOM peaked for the decade in 1959. By then, the USOM dollar input stood at $2,661,000 for the fiscal year.

USOM police advisors played a significant role in urging the consolidation of the police force into an organization with a national character with standardized procedures and guidance. They were partly responsible for the promulgation by President Diem in 1962 of a decree which combined all GVN civil police elements, totalling 17,000 into the National Police. They also urged that the police force be greatly expanded in order to cope with the wide-ranging problems of law and order in a country beset by both criminal and insurgent violence. At its height, the National Police numbered 120,000.

The expansion of the Public Safety program during the sixties included the positioning of police advisors to the field. Operating in the four Military Regions under the control and supervision of the Deputies for Civil Operations and Rural Development Support,(DEPCORDS) after May 1967 public safety advisors were soon assigned to every province in the Republic. They comprised the public safety element and served as key members on the CORDS regional and provincial advisory teams. The Saigon Mission through its Police Operations division had technical responsibility for the ongoing

training of the regional and provincial police advisors and for keeping them informed of developments on the national level. American foreign assistance funding of the Public Safety program peaked in 1968 at $34,382,000. The Agency for International Development funded $24,874,000 and The Department of Defense funded the rest. Peak funding coincided with the apex of the Viet Cong military effort, the Tet Offensive of 1968. It was then that the National Police proved themselves, particularly in Saigon and other large cities, as a valuable national internal security component. Unfortunately, this improvement in their national image was transitory.

Improvements in the general strength, organization and proficiency of the police and the intensive advisory effort afforded by the assignment of public safety advisors to the provincial level all expedited the expansion of a GVN civil police presence to the villages. By the end of the decade, more than 1,900 police stations had been established in villages with elected governments. Staffed by 12,911 policemen, 12 percent of the effective strength of the National Police at the time, the police joined with the military and government cadre in providing increased security to rural Viet Nam. They also freed military forces to provide protection in less secure areas.

Complementing rural security, as well, were the National Police Field Forces. Established in 1965 to extend police protection to some less secure outlying areas of the Republic, the NPFF mission was basically twofold. Besides supporting and reinforcing uniformed National Police in rural areas, the heavier armed paramilitary Field Police augmented the Special Branch in eliminating the Viet Cong infrastructure in more remote areas. USAID furnished specialists to advise these special units. Tet of '68 established

the worth of the Field Police in all assigned endeavors. By the end of the decade, each district in Viet Nam had been assigned a platoon of field policemen and each province capital maintained a reserve platoon and the Field Police company headquarters.

A national field policeman's training center was established in the Dalat area to formalize their instruction. A 12 week course included 236 hours of field training and 132 hours of range firing. By mid-1966 the Field Police Academy was graduating 200 students per week. American Public Safety Division advisors had replaced third country nationals, Australians, as the training cadre by then.

Another specialized type of police emerged in the mid-sixties. Instituted to enforce Vietnamese law on the waterways, the Marine Police, initially equipped with surplus Navy "M" boats, took shape. By 1970, 28 bases, primarily in the Delta, had been established. They were manned by 2,900 policemen operating 300 boats. Intercepting communist shadow supply operations and effecting commodity control in general were the principal functions of the Marine Police. Public Safety advisors assigned to the Marine Police cited the continuous difficulties encountered in maintaining their sophisticated equipment. The training of skilled maintenance personnel was their greatest challenge. The U.S. and Vietnamese navies were helpful in training those maintenance technicians for Marine Police.

Among other specialized policemen representative of the evolution of the National Police in the period 1960-1971, were those of the Judicial Bloc's Narcotics Bureau. A Public Safety Division Drug Suppression project for the GVN was implemented in 1966. The police advisor assigned at that

time found drug abuse to be of but tertiary concern to regional and provincial level National Police services. The Narcotics Bureau Advisor designed a forty-hour course of instruction in the basic skills of narcotics investigation and then effected the training of 300 Judicial Police investigators. The National Police Narcotics Section participated in the coordination of the course and trained additional cadre thereafter.

Assisted by continual advisory pressure, the Narcotics Section achieved bureau status in 1968. By 1970, a viable if limited drug suppression program was functioning and 480 kilos of opium, 2,850 kilos of marijuana and 5,145 kilos of heroin were consficated during the year.

From 1970 until 1973 the Police Operations Division concentrated on effecting three major administrative changes required by the National Police. First and foremost of these was the elevation of the Directorate General of National Police to the status of a command, the equivalent of a ministry. The release of the police internal administration from the strictures of Civil Service Ordinance No. 9 of 1950 was the second. Finally, the reorganization of the police in such a manner as to increase efficiency at all levels of command, from Saigon to the village level, was indicated.

Command status for the National Police was realized in March of 1971. This set the stage for the drastic renovations which would see the retirement of the last of the "French Colonial" senior policemen, a complete revision of the police ranks and personnel structures, and the assignment of hundreds of young ARVN officers to junior and mid-level National Police Officer ranks. Senior staff positions in the new command were filled, as well, by ARVN officers.

Though less than that provided for the last three years of the 1960s USAID funding support for the first years of the seventies continued at relatively high levels through to 1973, averaging more than $8,00,000 per year. Advisors on all command levels, Saigon, the four military regions and the 44 provinces remained in place until the implementation of the cease-fire accords.

The improvements wrought from administrative renovations of the early seventies did much to change the police self-image and to improve the morale of the police. Their new military rank and promotion systems encouraged initiative. The number of commissioned officers in National Police ranks had risen from 1,317 in 1962 to 7,842 in 1972.

Police patrolling in all areas was continuously urged by advisors and by 1972, village level police stations had become functional realties.

Field Police strength had grown as well and, by 1973, it stood at the 18,000 man level. Their nautical counterparts, the Marine Police, had reached their optimum deployment level.

By 1971 the Narcotics Bureau at the National Police Command had grown to a staff of 53 agents under the command of a police captain. In that year, cooperating with PSD advisors, U.S. Bureau of Narcotics and Dangerous Drugs Agents and narcotics specialists from Thailand, Vietnamese narcotics agents arrested 48 drug traders and consficated 900 pounds of heroin and opium in the course of operations. In 1972, the notorious Wing Pen Pen, then one of the world's most wanted men, was taken by N.P. Narcotics Bureau Agents. With the withdrawal of American troops from Viet Nam in 1973, emphasis reverted to police public information programs.

Data management, which had long been given emphasis by American advisors in other advisory areas, was stressed by Police Operations Division personnel. Police personnel strength in the early seventies was well in excess of 100,000. Field generation of criminal intelligence reports was at an all time high in both worth and volume and automatic data processing aids were needed to handle the flow. Police Operations Division designed, furnished and implemented programs which would automate both the internal administrative and data aspects of police operations in the Republic. Offices concerned with providing inputs preparatory to major decision making by the Police Command were incorporated into four bureaus concerned with systems analysis, data analysis, reports control, and operations. There was an initial lack of familiarly with automatic data processing on the part of most police administrators, but the National Police saw the value of the systems and, by 1973, automatic data processing was significantly enhancing operations.

Training

In 1955 the Michigan State University police advisory team concentrated its efforts on the training of Saigon Municipal Police and of the Civil Guard. In 1959, MSU published a 529 page hard cover volume which gave comprehensive coverage to vital subject matter in lesson plans MSU personnel developed over the years.

In 1959, the newly established Public Safety Division became the principal advisors to the National Police. In the following eight years the national training program underwent an expansion that involved the establishment of separate facilities for the training of advanced students, field

police, marine police, special police and virtually all personnel at the regional and provincial levels. A National Police Academy was constructed for officer students.

In 1968 the National Police Directorate of Training was established. This training group comprised the headquarters component responsible for the programming, budgeting, logistical and operational support of National Police training facilities. Briefly those facilities included:

The National Police Officer Academy facilities, which were completed in all aspects by 1973. It had a maximum capacity of 1,200 students. The first priority of instruction at this center was to train Village Police Station Chiefs for deployment through 1972 and 1973.

The National Police Training Center was at Rach Dua, near Vung Tau. It had a peak level of 6,000 students in training. Basic training courses lasting 16 weeks became the regimen for the school. Weapons training was emphasized.

Regional in-service training centers were built in Danang, Cam Ranh and Bien Hoa. Instruction at those institutions was designed to deal with preparing policemen for the changing requirements of the policeman's role and to render advanced specialty training, in karate, for example.

The Field Police Training Center was near Dalat and the National Police Technical Center at Phu Xuan. These complete the list of major police training establishments.

Construction of the Field Police Academy began in 1965 and was finally completed and operational, as designed, in 1971. Upon its completion, the Field Police Training Center had a student capacity of 2,600. The facility

incorporated 340 acres of land and 118 permanent buildings.

Construction of a permanent maintenance facility and training academy for the Marine Police began in 1969 and was completed and commissioned in September of 1970. Located at Phu Xuan, 11 kilometers south of Saigon, academy advisors stressed refining of operational and maintenance techniques and the installation of professionalism among Marine Policemen.

The number of policemen undergoing all types of training in 1968 was 19,821. It rose to 28,060 in 1969, 36,915 in 1970 and 52,124 in 1971, scaling off to 33,554 in 1972.

Logistics

The reorganization of the National Police in 1962 provided for the establishment of a Logistics Service. Charged with the distribution of supplies and equipment, the implementation of construction and renovation, and the supervision of certain other general headquarters functions, the new service was initially divided into three bureaus, Foreign Aid, General Services and Weapons, Transportation and Supply.

At the urging of public safety advisors, the unification of all police logistics and supply systems was agreed on and their consolidation under a single Supply Bloc was officially effected in April of 1971.

Despite this effective framework, the requisite leadership required to run the new organization was lacking. That difficulty was resolved in part in early 1971 when an experienced Vietnamese Army supply officer was assigned as Chief of the Logistics Bloc. From that time until the phase-out of the PSD effort in 1973, advisory efforts were concentrated in a few critical areas. Those included the establishment of the Procurement

Service, the strengthening of the Supply Service, the completion of warehousing and repair facilities and the augmentation of the Logistical Bloc's capabilities in reproduction, ammunition reloading and certain other administrative and maintenance functions.

Cumbersome administrative procedures and the inadequate delegation of authority, maladies common to many bureaucracies, dogged progress in the areas of advisory emphasis. Nevertheless, progress was substantial. Improved management practices and directives designed to provide efficient and economical use of men, monies and materials were eventually developed and implemented. The assignment of a new warehouse supervisor, trained in the United States, provided better motivation of activities in that area. Finally the acceptance by the police of the concept of decentralization with the attendant buildup of supply depots increased responsiveness to province supply requirements.

Telecommunications

USAID established the Public Safety Telecommunications Project. With an initial overall thrust of urging the police to establish themselves firmly in rural as well as urban areas, police advisors concluded that the ability to communicate swiftly was of great importance.

By 1962 the Village and Hamlet Radio System (VHRS) began operation, basically as an extension of the Combined Telecommunications Directorate of the Government of Viet Nam. From that time, and continuing throughout the subsequent involvement of public safety advisors with the National Police, Public Safety engaged the services of U.S. and TCN (Filipino) contract technicians to augment the direct hire advisory force in the implementation of

several support systems and facilities. The U.S. Army, on occasion, provided personnel to assist the project, primarily in support of VHRS.

From 1956 until 1973, U.S. financial support to Police Telecommunications projects totalled $48 million, of which USAID contributed $35.4 million. That support included salaries and allowances for direct hire employees, contract services, participant training and commodities.

Despite the massive inputs of dollars and advisory effort, police telecommunication were not, by the termination of the Telecommunications Program, entirely adequate on the lower levels. Basic Systems had been installed through the district level. Village Police were expected to utilize the Village Hamlet Radio System. But this proved impractical, so point-to-point single side band emergency backup communications for provincial Police Operations Centers were installed to augment the village system.

A total of 60,000 radios were provided the police and VHRS telecommunications systems. While it was not the most modern system available, it was deemed suitable for security needs. Ultimately, however, the Public Safety Division felt that continuing U.S. support in terms of commodities and technical advice would be required for a minimum of two years after 1973 if proper maintenance and utilization of telecommunications were to be achieved by the Vietnamese National Police.

Corrections

The Directorate General of Corrections was first organized by Decree #4-VN dated January 13, 1960. Reeducation and rehabilitation of offenders with opportunities to return to a normal life were the stated missions of the Directorate General. The development of conditions to accomplish such

was dealt a severe setback during the 1968 Tet offensive in which 18 correction centers were damaged and many prisoners and staff were wounded or killed. Centers were crowded, unsanitary, understaffed and administered by personnel whose morale was at a low ebb.

The advisory effort to the GVN Directorate of Corrections began in 1961 with a single public safety advisor from USAID. Modernization of the corrections system and the promotion of humane care for prisoners was his assigned mission. Advisory activities were expanded in the aftermath of Tet 1968 and programs were launched to either renovate or build new physical plants. Vocational training programs began to improve as did conditions concerning interior and perimeter security.

The importance of the corrections project was twofold. First the humane treatment of prisoners was an objective in its own right. Second was the recognition of the U.S. Government's residual responsibility to work with the GVN to insure that prisoners captured by U.S. Forces and turned over to the GVN for confinement were afforded treatment in accordance with that specified by the Geneva Convention of 1949. American prisoners of war were being held in confinement by communist forces at the time and were also subject to those same Geneva provisions.

Five national correction centers were eventually established in the Republic of Viet Nam. These were located at Con Son, Saigon, Tan Hiep, Thu Duc and at Dalat. The latter institution was designated as a juvenile reformatory. Additionally, 37 provincial correction centers were established throughout the four regions of the nation. The basic document outlining regulations and procedures for their administration and function was approved

in 1972. The product of intensive advisory involvement in seeking remedies for program deficiencies, the correction manual counted inputs from the ministries of Justice, Defense, Finance, Education, Social Welfare and Labor. Its content ranged from matters of housing of prisoners through their reeducation and support after release.

By June of 1971 there were twelve U.S. Advisors assigned to the Corrections Division of Public Safety, six of whom were from the U.S. Bureau of Prisoners. Experts in the areas of public health, agronomy and fishing were included, as well, as full time members of the corrections staff. Those individuals augmented efforts to improve conditions at correction centers in both the day-to-day existence of prisoners and, it was hoped, in facilitating their eventual rehabilitation.

There were charges in the early 1970s that the Vietnamese correction system allowed mistreatment of prisoners and that large numbers of political prisoners were being detained. Both the Vietnamese government and public safety advisors contested these charges. The most notable charge of mistreatment was that "tiger cages", underground and too small to stand in, were being used to punish certain prisoners on Con Son Island. Public Safety advisors and Vietnamese officials visited the island and denied the charges. The Vietnamese government destroyed the cells in question, however, as a result of the notoriety. They retained one cell, as an example of the type of facility in question.

But sentiment was growing in the United States against U.S. support of foreign police forces. All support to the Vietnamese National Police was terminated by 1974 and all activities within the Agency concerning

public safety support, including the International Police Academy in Washington, were closed down in early 1975.

Projects and Funding

Funding for police projects in the period from 1955 through 1960 was from Technical Assistance Funds. When the USOM, Office of Public Safety (OPS) was established in 1959, program management was then transferred from MSU to OPS. Following is a list of projects, active during each of the years of public safety operation, with assigned project numbers ranging from initial American involvement to the phase-out of the Public Safety Program in 1973. Projects which were active for more than one year are repeated in the listings for subsequent years.

Public Safety Sector
Program Documentation

	Project Title	Project Number
FY-55	Unknown (Michigan State University)	Unknown
FY-56	Civil Police Administration Program	030-79-120
FY-57	Civil Police Administration	430-79-120
FY-58	Civil Police Administration Program	430-79-120
FY-59	Strengthening of Civil Guard	30-71-219
	Improvement of Municipal Police and Surete	30-71-120
FY-60	Strengthening Civil Guard	430-71-219
	Improvement of Municipal Police and Surete	430-71-120
FY-61	Strengthening Public Safety Services under the Department of Interior	430-S-71-SA 430-71-237 430-12-710

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FY-62	Strengthening Public Safety under the Department of Interior	430-Y-71-AI 430-S-71-AA 430-71-237
FY-63	Public Safety Services	430-AB-71-AD
	Village-Hamlet Radios	Action plan A-C-6 430-AA-99-A-C-6 430-11-990-259
FY-64	Public Safety Services	430-11-710-270 Action plan B-E-I
	Village-Hamlet Radios	Action plan A-C-6 430-11-990-259
FY-65	Public Safety Services	430-11-710-270
	Public Safety Telecommunications	430-11-220-220
FY-66	Public Safety Services	430-11-710-270
	Public Safety Telecommunications	430-11-220-299
FY-67	Public Safety Services	430-11-710-270
	Prison Rehabilitation	430-11-710-344
	Public Safety Telecommunications	430-11-220-299
FY-68	National Police Support	430-11-710-352
	Public Safety Telecommunications	730-11-720-299 730-11-710-299
	Correction Centers	730-11-710-353
FY-69	National Police Support	430-11-710-352
	Public Safety Telecommunications	730-11-710-299
	Correction Centers	730-11-710-353
FY-70	National Police Support	430-11-710-352
	Public Safety Telecommunications	730-11-710-299
	Correction Centers	730-11-710-353

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FY-71	National Police Support	730-11-710-352
	Public Safety Telecommunications	730-11-710-299
	Correction Centers	730-11-710-353
FY-72	National Police Support	730-11-710-352
	Public Safety Telecommunications	730-11-710-299
	Corrections Centers	730-11-710-353
FY-73	National Police Support	730-11-710-352
	Public Safety Telecommunications	730-11-710-299
	Correction Centers	730-11-710-353

American funding of those National Police activities in which the Public Safety Division had direct counterpart involvement came from two sources. These were the Agency for International Development and the Department of Defense. The Department of the Army's Operation and Maintenance section (OMA) provided funds for the direct acquistion of commodities through U.S. Army logistical channels. Requisitioning authority was also provided for direct acquisition of equipment, vechicles, weapons, and the like from U.S. Army Procurement, Equipment, Missile, Army (PEMA) sources. Ammunition was provided on a free issue basis.

The attachment, following, shows U.S. dollar budgets for the support of public safety programs from 1954 through 1973.

Attachment

PUBLIC SAFETY DOLLAR BUDGETS - VIETNAM - IN $US 000

	FY-55	FY-56	FY-57	FY-58	FY-59	FY-60	FY-61	FY-62	FY-63	FY-64	FY-65	FY-66	FY-67	FY-68	FY-69	FY-70	FY-71	FY-72	FY-73	TOTAL
AID FUNDING																				
National Police	265	1,419	1,966	674	940	987	806	1,477	2,405	2,465	8,945	16,508	12,573	18,009	14,478	9,395	7,320	6,571	5,679	112,882
Telecommunications	-	-	332	1,601	1,721	517	281	1,000	1,111	2,702	2,273	4,175	4,320	6,137	3,462	2,250	1,936	1,550	981	35,349
Corrections	-	-	-	-	-	-	-	-	-	-	-	-	78	728	743	223	136	416	167	2,551
AID Sub-Total	265	1,419	2,298	2,275	2,661	1,504	1,087	2,477	3,516	5,167	11,218	20,683	16,971	24,874	18,683	11,868	9,492	8,537	6,827	151,782
DOD (OMA) FUNDING																				
National Police	-	-	-	-	-	-	-	-	-	-	-	-	2,000*	2,200*	2,141*	4,273	3,203	6,764	8,735	29,316
Telecommunications	-	-	-	-	-	-	-	1,035	-	-	-	-	-	4,708	1,471	1,399	2,300	1,781	3,750	16,394
DOD Sub-Total	-	-	-	-	-	-	-	1,035	-	-	-	-	2,000	6,908	3,612	5,672	5,503	8,545	12,485	45,660
TOTAL AID & DOD(OMA) FUNDING	265	1,419	2,298	2,275	2,661	1,504	1,087	3,512	3,516	5,167	11,218	20,683	18,971	31,782	22,295	17,540	14,855	17,082	19,312	197,442
DOD PROVISIONING AUTHORITY (PMA)																				
National Police	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,300	1,900	1,800	1,764	6,764
Field Police	-	-	-	-	-	-	-	-	-	-	-	-	2,100	2,600	3,900	2,100	-	-	-	10,700
PMA Sub-Total	-	-	-	-	-	-	-	-	-	-	-	-	2,100	2,600	3,900	3,400	1,900	1,800	1,764	17,464
PROGRAM TOTAL	265	1,419	2,298	2,275	2,661	1,504	1,087	3,512	3,516	5,167	11,218	20,683	21,071	34,382	26,195	20,940	16,755	18,882	21,076	214,906
Estimated Ammunition (Non-AID) DOD													(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)	(14,000)

* Field Police Support Only

Prepared: OPS:2/4/74

PUBLIC WORKS

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In Viet Nam, as in other countries, the Public Works Sector develops and generally maintains a nation's infrastructure which is necessary to its agricultural, industrial, commercial and public lifeline. It is the vehicle by which the inputs to agriculture move to the farms and by which the farm products move to the point of consumption. It provides the energy, without which industry and agri-business cannot grow. It provides the communications systems essential to the social and commercial life of the country. It also provides the arteries through which the exports of the country pass as well as the means to process products for exports. In essence, it is the foundation on which the development of the country is built.

This requirement was so large and complex in Viet Nam that U.S. assistance of necessity had to be focused on priority areas where it was anticipated that assistance would not only help in a particular area but would contribute to progress and development in other areas as well. Brief descriptions of A.I.D. supported public works activity in the various priority areas follow.

Transportation

Highways

The transportation area includes highways, railways, waterways and airways. In the early years assistance was provided to the railroads, inland waterways and to specific highway projects. During the last few years of U.S. involvement, A.I.D.'s principal effort was directed toward revitalizing the Highway Department. This effort consisted of two major

mutally supporting elements. The first was directed toward improving the management and operation of the department, and the second consisted of assistance to specific construction and maintenance projects to improve the physical assets of the highway system. Before 1954, approximately 20,000 kilometers of roads existed, of which about 6,000 kilometers were national or inter-provincial and 14,000 kilometers were rural or secondary roads. National Route 1, the main north-south coastal highway, was originally very well constructed, since it was the principal national road linking Viet Nam's two major urban centers, Hanoi in the north and Saigon in the far south. National Route 13 was similarly constructed to link Saigon with Cambodia and Laos. National Route 14, branching off Route 13, was built through the Central Highlands to join Route 1 at DaNang, midway between Saigon and Hanoi. The road system was quite adequate for the limited volume and weight of traffic it had to sustain prior to World War II.

By the time of the cease-fire in 1954, most of the country's highway network had been destroyed, and long segments of the network had become impassable to traffic. The highways that remained were generally inadequate for either military or civilian usage because of underdesign for postwar vehicles and/or poor surfacing. Most bridges had been damaged or destroyed. National Route 1, sustained the most damage. Six hundred and fifty kilometers of Route 1 from Phan Thiet in Binh Thuan province to Hue in Thau Thien was largely impassable. To reopen the road approximately 240 bridges with a total length of 11,295 meters had to be repaired or reconstructed, endless culverts installed, and thousands of cubic meters of fill had to be replaced where erosion had taken its toll.

In 1954, A.I.D. developed the first highway assistance project to the newly created Republic of South Viet Nam. Project objectives were:

1. To provide assistance in the rehabilitation and modernization of the national highway system.
2. To provide the means for more efficient and economical movement of essential civilian and military traffic.
3. To promote the development of an efficient highway department.
4. To assure adequate basic equipment for continuing highway maintenance and construction.
5. To train Vietnamese in all phases of highway administration, construction, engineering and maintenance.

This project was implemented in 1955 when the engineering firm of Capital Engineering Corporation was retained for the engineering design, supervision and training services and the firm of Johnson, Drake and Piper was contracted for the construction of selected highways and bridges. A great deal of the objectives of this project were accomplished by the time of its termination in FY 1962.

In 1961 stepped up communist aggression resulted in a shift of emphasis of the highway program. Whereas emphasis had been placed on main arteries, the GVN now placed primary stress on the rehabilitation or construction of secondary and tertiary roads in rural areas to contain and resist Viet Cong aggression and to provide access to combat and defeat the communist forces. This shift called for the immediate construction or reconstruction of approximately 2,500 kilometers of rural roads (called the President's Road Program) and brought the reconstruction and upgrading program for primary highways to a halt. However, this new project did provide for continuing assistance

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in the repair or replacement of sabotaged bridges on highways critical as main supply routes for movement of military forces and material and other transport vital to planned counterinsurgency actions and economic development.

In 1964, there was again a major change in the priority of the work to be accomplished. It had become apparent that the Rural Road Program, which by this time comprised over 4,000 kilometers (40 separate projects) of highway construction and/or reconstruction, was conceived on a scale too vast to be effectively carried out within the time allowed. To correct this planning misjudgement, a new highway project for FY 1965 was designed which reduced the earlier goal of constructing 2,500 kilometers of rural roads to the completion of six projects started in previous years. This scaled down goal was considerably more within the capabilities of the Ministry of Public Works to support and supervise. The GVN could now concentrate their available resources in the Department of Highways to the improvement and maintenance of the most widely used protions of the existing highway network.

Efforts of the Department of Highways to repair and maintain the highway system were almost completely halted by the Viet Cong in 1965. Then came the massive input of U.S. military forces and equipment which put strain on the highway network far beyond the already strained maintenance and repair capabilities of the Department of Highways. The increased weight and volume of traffic of heavy military (U.S. and ARVN) vehicles on roads which were never designed to carry such traffic simply overburdened civilian public work authorities. In 1966 U.S. Army engineer troops began to assist the Department of Highways to reopen highways and rebuild bridges to support tactical and logistic traffic.

In early 1967, the idea of a formal highway restoration program, initially utilizing military troops and later civilian contractors, was conceived as the result of the formation of the combined Central Highways and Waterways Coordination Committee (CENCOM). CENCOM represented the Vietnamese General Staff, the Agency for International Development, the Directorate of Highways, the U.S. Military Assistance Command, and the Marine Director of Public Works. The chairman was the Chief of Staff of the Vietnamese Joint General Staff. The formation of CENCOM permitted the development of a national restoration program in consonance with military campaign plans. The program envisioned the eventual restoration and upgrading of approximately 4,075 kilometers of highway, considered essential in support of military operations, to stimulate economic development, and to accelerate the pacification program by opening up rural areas.

By FY 1967, MACV was already funding and executing the major portion of the highway program and management responsibility for the entire U. S. highway advisory and assistance operation, including support activities, was transferred from USAID to MACV on February 1, 1968. USAID detailed its limited staff of highway engineers and transferred its remaining project pipeline funds in the pipeline to MACV. The MACV Director of Construction then organized a Lines of Communication Division to advise the Vietnamese Directorate General of Highways and to coordinate the massive contractor and military effort involved in the highway restoration program. A line of communication (LOC) program was developed and responsibilities for completion of construction were portioned out to various elements in Viet Nam.

Sixteen engineer battalions undertook the U.S. Army's portion of the highway restoration program. Although restoration of the roads was their

main task, construction units frequently received orders to support combat units or were given other priority missions. The entire highway restoration program was originally scheduled for completion by 1974 but because of the tactical and economic importance of the program, General Westmoreland, Commander, MACV, directed the Army to have the majority of the roadwork finished by 1971.

A speed up in the new construction phase was effective in completing most of the highway restoration program within the allowed time frame. However, the speed up resulted in construction not being accomplished in accordance with design standards as to structural capacity and geometrics of the roadway. In many cases roads were constructed under adverse weather conditions in order to meet deadlines and resulted in substandard highways.

The second large construction input to the highway restoration program was provided by the CPAF contractor RMK-BRJ, which completed approximately 900 kilometers of roads by their phase out in July 1972. This figure compares to approximately 1850 kilometers completed by the U.S. Army troops during more or less the same time frame.

The third largest construction input was made by the Vietnamese ARVN Engineer battalions. The ARVN engineers were assigned approximately 520 kilometers of highways for restoration.

The fourth largest construction effort was made by the U.S. Navy in Military Region I. The Navy Seabees and the Marine Engineers were responsible for restoration of approximately 390 kilometers of highways.

When the U.S. Army engineering battalions were withdrawn from Viet Nam in 1972, they had completed about 65 of their assigned highway reconstruction. The ARVN engineers were then assigned the responsibility for completion of

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the remaining highway construction and the remaining funds and supplies were transferred to them.

With the end of U.S. military involvement in Viet Nam, it became appropriate for the Department of Highways to resume its job of highway system maintenance and construction. The U.S. military effort in the highway program was so overwhelming during the period 1966 through 1972, that the Vietnamese Highway Department had become almost totally ineffective in its role as the nation's highway maintenance and construction authority.

Discussions began between USAID and MACV in early 1972 for the return of the highway advisory program to USAID management. At that time, following the 1972 NVA/VC offensive, the LOC highway program had some 1981 kilometers of highways and 475 bridges identified as needing repair or reconstruction. The total cost of this remaining program was estimated at $162,418,300. The DOD provided USAID with $52,523,000 toward the completion of their program with the commitment that additional funds were being requested to complete the total program.

The management of the U.S. advisory program was officially returned to USAID on July 1, 1972. Also in July 1972 the responsibility for maintenance and reconstruction of all highways in Viet Nam was returned to the operational control of the Viet Nam Highway Administration (VHA). The VHA was ill prepared to assume this responsibility of maintaining the highway system and at the same time administer a large construction program.

In 1972, USAID developed a new assistance project that would subsume the residual LOC highway construction and at the same time provide institutional assistance to the Directorate General of Highways. This project was designed to assist the Directorate General of Highways (DGOH) to develop an

organization capable of managing the reconstruction and maintenance of the primary and secondary highway systems in Viet Nam. The concept of this project was to focus on institution building of the VHA rather than on direct involvement by the U.S. in construction and repair as had been the case during the preceding six years, however, despite the 1981 kilometers of highways and 475 bridges, which had been identified by the joint VHA/MACV/USAID committee as needing extensive major maintenance and repair due to heavy usage and enemy sabotage. These construction requirements caused a reassessment of the project to include the construction aspect. However, the main emphasis was to remain on institution building and to use the construction effort as an incentive to accomplish the project goal.

Three institutional building contracts were awarded for Senior Level Management Advisory Services; Equipment and Supply Management Advisory Services; and Contract Administration and Technical Advisory Services. With the help of the three advisory contractors and USAID direct hire engineers the VHA resumed the management of the entire highway system and by 1973 was doing a very satisfactory job. USAID assumed the primary responsibility for the design of the construction program and the supervision of construction.

The construction program was partially funded by the Department of Defense and turned over to USAID for management on July 1, 1972 with the anticipation that the remaining highway and bridge funding requirements would be made available by the DOD over the next five years.

USAID financed the three institutional building contracts. USAID

also financed a small amount of commodity procurement, which was insignificant in relation to the amounts called for in the Project, although reduction was partially offset by excess property received from military surplus. However, this reduction in planned commodity procurement did not seriously effect the equipment replacement program, but it did greatly restrict the capability to maintain the equipment properly due to lack of repair parts. It also caused a shortage of construction materials for the VHA in their construction contracts for repair of roads and bridges.

The design of the highways was developed by eight American A & E firms and five Vietnamese A & E companies under direct contract to USAID. The highway construction contracts were performed by Vietnamese contractors and two Korean contractors. The bridge construction projects were all awarded to Vietnamese contractors.

AID/W was advised in 1974 that no further funds would be forthcoming from DOD to complete the construction program. USAID then decided to end its support to the Viet Nam Highway Administration when the advisory contracts were completed and the construction funds presently available were expended, which was expected in 1977.

The extended and continuous highway program, which had spanned 21 years in Viet Nam, came to a sudden end on April 26, 1975, when all contracts were terminated for the convenience of the government as a result of the collapse of the GVN.

With respect to other modes of transportation, U.S. assistance to inland waterways is described later in this paper and civil aviation is treated as a separate sector section to the Viet Nam Terminal Report. There follows a brief description of A.I.D. assistance to the remaining

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transportation sector, railways.

Railways

Viet Nam's railway system was built over a long period of years and when completed in 1936, extended from the province of My Tho, 72 kilometers southwest of Saigon, to Hanoi, a total of 2,185 kilometers. However, the railroad did not operate long as a continuous line, as it was severely damaged by bombing and sabotage during the civil war which began in 1945. Further damage was inflicted by the communists as they evacuated to the north after the Geneva Accords ended the war in July 1954. On that date, only 900 kilometers of usable track remained in South Viet Nam.

Reconstruction work was undertaken by the Viet Nam Railway System (VRS) as soon as territories were secure, but progress was slow due to lack of funds. At the beginning of FY 1957, USOM agreed to assist the GVN rehabilitate the entire railroad system to bring it back to its prewar carrying capacity. A $4.4 million loan was extended the following year for the procurement of rails and bridges.

Rehabilitation work progressed in 1958 to the point where continuous service could be extended from Saigon to Qui Nhon in Binh Dinh province. The following year, 1959, the most notable accomplishment was extending rail service to Dong Ha at the 17th parallel, expanding the length of main line track to 1,109 kilometers. On August 7, 1959, through passenger and freight service was inaugurated after a 12 year interruption. By March 1969, 20 kilometers of the Nong Son Coal Mine branch line had been constructed and opened.

An additional loan, in the amount of $7.8 million, was authorized in 1960 to the VRS permitting the gradual replacement of antiquated steam locomotives and rolling stock and the acquisition of machine tools to establish repair and maintenance facilities. During 1963 alone, 23 diesel locomotives (GE U8-B) were received and placed in service, and two hundred units of rolling stock were procured, the majority of which arrived the following year.

By 1959, the Viet Nam Railway System, linking Saigon with the major population centers in the north, had become the main traffic artery of the nation's economy. Because of its importance, it rapidly became a primary target of the Viet Cong sabotage, forcing the GVN to deploy a sizeable military force to patrol the rail line. Nearly 300 VRS personnel were injured or killed during the 1961-64 period, while 150 locomotives, 150 passenger cars and 400 freight cars were damaged or destroyed by Viet Cong action. These losses were in addition to the more or less steady destruction of track, bridges, and culverts.

Despite this all-out Viet Cong effort, VRS personnel managed to clear the tracks, repair the damage and keep the trains moving. In fact, freight and passenger volume increased almost steadily over the 1959-64 period. However, by 1964, the Viet Cong efforts had once again disrupted the system to the point that from then on the VRS could offer only partial and interrupted service. By 1967, the VRS could operate no more than 35 percent of the system in five separate locations.

During these years, the VRS somehow managed to absorb the new equipment received from the U.S. as well as from other countries, convert from steam to diesel locomotives, upgrade its rolling stock, and to remodel

its ships and continue with training of adequate personnel to reconstruct and operate the entire system on the assumption that security would someday be reestablished. It also continued rehabilitating and reconstructing damaged lines--100 kilometers alone in 1967--but was hard put to keep even with the pace of destruction. In April, five bridges between Hue and Da Nang were sabotaged, knocking out a major economic connection, which required the balance of the year to reconstruct.

From this point until the final collapse of the GVN in April 1975, the VRS continued its downhill battle of trying to repair the rail system as fast as the enemy destroyed it. VRS maintained some freight service with its non-rail assets. A truck fleet undertook service to areas accessible by road. It obtained a number of U.S. hauling contracts. VRS also operated a small coaster fleet helping to connect the major ports with smaller ports. Because of the skill of VRS personnel, the railway maintenance shops near Saigon were in heavy demand as the best machine shops in any GVN organization.

This continuation of service under adverse circumstances was a remarkable achievement of the VRS.

Potable Water

Needs of the Vietnamese people for safe and increased potable water supplies were met with A.I.D. assistance from the late 1950's until 1975. Saigon was provided a basic system adequate to meet the needs of a war-swollen population and of a substantially growing industry. Some provincial cities were materially assisted in providing for emergency and long-term needs. Rural areas were also provided surface systems and wells which improved both the safety and accessibility of potable water in hundreds of villages and hamlets.

Saigon Water

This project had its beginning in 1958 when an engineering firm, Hydrotechnic Corporation, was retained to study the existing Saigon water system. The company was to determine the water supply needs of the Saigon Metropolitan Area, to prepare a general project that would meet these requirements in the most effective manner, to estimate costs, and to recommend rates and regulations that would put such a modernized system on a self-sustaining basis. Hydrotechnic determined that the existing water supply and distribution system was inadequate for the then current needs of Saigon. It recommended that the three existing shallow well collector systems and the 36 deep drilled wells be abandoned and a new supply system constructed, and the existing distribution system of 266 miles of 1" pipe to 24" pipe be expanded. The proposed new water supply system was to have a capacity of 127 million gallons per day (mgd), and consist of a raw water intake and pumping station on the Dong Nai River, across from the City of Bien Hoa; a 72" raw water transmission

main 10.8 km. from the Dong Nai to Thu Duc; a water treatment plant, two 1 million gallon and two 3 million gallon treated water storage reservoirs, and a high service pumping station at Thu Duc; a 78 inch treated water transmission main from Thu Duc 12.4 km. to Saigon; and a terminal structure in Saigon where the treated water pipeline was connected to the Saigon water distribution system. In addition, 25 km. of large diameter pre-stressedconcrete pressure mains (60 inch to 24 inch) were to be installed and the distribution system expanded by 48.5 km. of cast iron pipe (18 inch to 4 inch) along with eight elevated water storage tanks varying in size from 150,000 gallons to 1 million gallons with a total volume of 5 million gallons.

The Saigon Metropolitan Water Office (SMWO) was created by GVN Decree on December 23, 1959 to manage and operate the proposed new Saigon Water System.

All of the parties involved were not satisfied with the results of the Hydrotechnic study, and in 1960 a joint venture of Guy B. Panero Engineers and Hazen & Sawyer was retained to restudy the Saigon water supply problem. This joint venture confirmed the Hydrotechnic findings.

A $17.5 million loan (DLF #62) was negotiated between the GVN/SMWO and a predecessor of A.I.D., the Development Loan Fund, to finance the foreign exchange portion of the new project and was approved on November 2, 1960. The piaster portion of the project was lent by the GVN to the SMWO.

The Hydrotechnic firm was retained by the SMWO to prepare final designs, plans, specifications and cost estimates for the new project.

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This work was completed in 1961 and the project was advertised for construction.

Construction of the new Dong Nai facilities was begun in October 1962. The raw water intake structure, raw water pumping stations, water treatment plant, and high service pumping station were constructed by the Hawaiian Dredging Corp. (U.S.). The pipe for the raw water transmission main and the treated water transmission main was manufactured in South Viet Nam by Interpace (U.S.). The raw water transmission main and the treated water transmission main, including the terminal structure, was built by Eiffel (French). The Hydrotechnic Corp. provided construction supervision services for the SMWO. The pipe for the large diameter pressure mains was also manufactured by Interpace and installed by various Vietnamese contractors. Construction was completed on all but the elevated tanks and the new Dong Nai facilities were put into operation in June 1966, producing an average of 1.25 million gallons per day for the eight days of operation in June.

At the same time the new facilities were put into operation Hydrotechnic was awarded a contract to provide operation and maintenance training to the SMWO employees. During this training period the SMWO employees assumed greater operational responsibility. During the 1968 Tet fighting in the Saigon area, the SMWO night shift was isolated at the treatment plant for several days when the highway to Saigon was blocked by the Viet Cong. This minimum night shift kept the facilities in operation and provided water to Saigon 24 hours per day until they were relieved.

A.I.D. funded a contract between SMWO and Commonwealth Services, Inc. (CSI) under which CSI provided management advisory services to SMWO. CSI began work in September 1967 providing assistance to SMWO in business management, accounting, engineering and operations. CSI completed its work in December, 1969.

In late 1968 the 24 inch pipeline to the Bien Hoa Industrial Area was completed and the SMWO began supplying water to the various industries in the area. A connection was made to the nearby U. S. Army Long Binh base and the SMWO began supplying the base with an average 3.5 mgd of potable water which was continued until the withdrawal of the U. S. forces. After the U. S. departure, the SMWO supplied the ARVN with water for the base.

In order to increase the capacity of the distribution system and provide water service to more customers, USAID provided grant commodites to the SMWO. Commodities such as cast iron pipe, asbestos cement pipe, water meters, service connection materials and tools were furnished.

To help insure proper use of these commodities A.I.D. funded a contract between the joint venture of Adrian Wilson Associates and James D. Montgomery (AWA & JDM) and the SMWO. Under this contract, which was signed on February 5, 1975, AWA and JDM was to train SMWO engineers and technicians in modern methods of water distribution system design and supervision of pipeline installation for a period of two years. This

contract coincided with the SMWO expansion of the distribution system, installation of metered services and removal of public water fountains.

The SMWO began a long range program to replace the old, small diameter cast iron pipes in the distribution system. Frequent breaks in the old pipes caused contamination of the potable water supplied to the new families. The new, larger sized cast iron and asbestos-cement pipe reduced the incidence of contamination and increased the capacity of the system allowing the SMWO to serve additional customers.

To further assist SMWO plan for future expansion to the distribution system, USAID funded a contract between Metcalf and Eddy (M&E) and the SMWO in April 1970. M&E made a hydraulic analysis of the existing distribution system and designed time-phased future expansions to the distribution system to the year 2000.

Ever since the new water treatment plan was put into operation in 1966, SMWO was expanding the distribution system, installing metered service connections, increasing the water sales and became a self-supporting operation. However, during this period the population of the greater Saigon Metropolitan Area was rapidly growing and by 1972 was over 3.5 million, exceeding all previous population forecasts for the SMA. As a result, in 1973 the water treatment facilities were operating near the maximum designed rate which the system had not planned to reach until 1985. In seven years the SMWO had become a self-supporting, Vietnamese run operation -- a true success story.

In order to keep the new water supply and treatment facilities capable of keeping up with the increasing water demand, on June 19, 1972,

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A.I.D. funded contract between AWA and JDM and the SMWO for the design of improvements to the system. AWA & JDM recommended and designed improvements which would increase production by 25 percent. In addition, a time phased schedule for construction of additional treatment facilities at the existing plant site was prepared. Also a feasibility study was prepared for a second treated water transmission main from the treatment plant along a new route to Saigon.

With its own funds the SMWO purchased six new raw water pumps, electric motors and switchgear which would increase the capacity of the raw water transmission main to its maximum. By April, 1974, the six new pumps had been delivered and two were installed and operating. The SMWO had also purchased with its own funds the equipment and commodities required to raise the treatment plant capacity by the proposed 25 percent, and began making these improvements.

In addition to supplying the Saigon Metropolitan Area with potable water, the SMWO was tasked by the GVN to improve the sanitary and storm sewerage systems for the area. To implement this sewerage project USAID agreed to fund a contract in May 1969 with the joint venture of Hennison, Durham & Richardson and Lyon Associates and the SMWO for a feasibility study on the Saigon sewerage system.

To assist the SMWO implement the suggested improvements to the Saigon sewereage system on January 7, 1974, USAID funded a two year personal services contract between a sanitary engineer and the SMWO. The SMWO organized a Sewerage Department and began to design and construct the

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most needed improvements to the Saigon drainage system. By April 1975 two major canal dredging projects had been completed and two major storm drain projects were being designed.

In summary, the Saigon Water Project was one of the most successful USAID/GVN projects. In ten years the SMWO built and was operating a modern water supply and treatment facility providing the Saigon Metropolitan Area with a dependable supply of potable water of excellent quality. The facilities were being operated by SMWO personnel. Income from the sale of water made the SMWO financially self-supporting, and SMWO was repaying its loan payments on schedule.

Transferrable Lessons Learned:

1. In order to have a successful project, all phases of the project must be planned and supported. The construction of a new facility is not enough. The host country must be able to manage and operate the new facility successfully and this requires management, operation, and maintenance training.

2. The correct choice of the local national to manage the project is critical. The right man in the top positon will help insure success; the wrong man will insure failure.

3. A fewer number of highly qualified advisors is preferable to a large number of mediocre advisors. The local nationals quickly learn whether an advisor is competent or not. In order to be effective, an advisor must gain the respect of his counterpart.

4. The advisor should not take over his counterpart's position and become operational. A successful advisor does not prolong his position

unnecessarily.

Provincial City Water

Early in 1958, the USOM and the GVN recognized the political and economic importance of improving the health and welfare conditions of the large and growing population in the urban areas, especially in view of the growing Viet Cong insurgency. One of the most important measures was the provision of adequate, safe, and convenient water supply in these urban areas. The Provincial City Water Supply Program was designed to assist the GVN to fulfill this need.

This program was inaugurated on July 8, 1958, when Hydrotechnic Corporation was retained to study the domestic and industrial water requirements of the major urban areas throughout the country. The initial engineering survey, completed in 1960, recommended water facilities in some 65 urban areas. On the basis of this study, the firm of Brown Engineers was employed on April 3, 1962, to provide the planning and engineering for the first phase of this program. However, because of security problems and poor logistics support, Brown completed final engineering design for only four of the contract cities. These were:

Khanh Hung	1000-gpm capacity
Phan Rang	700-gpm capacity
Tuy Hoa	350-gpm capacity
Kontum	250-gpm capacity

Prior to the completion of the engineering drawings and specifications, USOM and GVN purchased the necessary materials and equipment for the

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construction of these four water systems. However, after arrival of the USOM-funded commodities, military conditions prevented the awarding of construction contracts for three of the cities. The GVN Directorate of Water Supply (DWS) then decided to utilize the equipment for three alternate cities of similar size where better security conditions existed. These changes were:

Phan Rang relocated to Truc Giang

Tuy Hoa relocated to Phuoc Le

Kontum relocated to Quang Tri

A further deterioration in the military situation early in 1964 forced a suspension of the entire USAID-funded program for approximately 18 months.

During this period, the DWS, realizing the importance of the program, struggled along with only piaster funding to support the program. The immensity of this work, the lack of technical skills, plus the inability of the war-pressed GVN to finance this program adequately, proved to be a heavy burden. Despite these complications, during this interim period, five small water facilities were built, with construction work started on eight others. Although this effort was commendable under the restrictions imposed, the resulting engineering and construction work was substandard.

With the resumption of the USOM-supported program in 1965, approximately US$500,000 was provided for commodity imports, with an equal amount allocated for technical assistance. On September 13, 1965, a contract between DWS and The Ralph M. Parsons Company of Los Angeles was signed

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to provide the necessary technical assistance.

This contract originally provided for engineering design, construction supervision, and operation training of 32 proposed water systems in various stages of planning. However, it was subsequently determined that the scope of work was too ambitious for the money available and would attenuate the engineering efforts of the consultant. Also, the water systems under construction, for which USOM funding had provided the commodities, were being poorly built because of the lack of technically qualified personnel. In the interests of the program, GVN and USOM decided that the consultant's efforts should be concentrated on construction supervision and technical assistance for the building of six water systems for which design documents had been previously prepared. In addition, the consultant was to review the designs, making the modifications and revisions necessary for operable facilities. This training program covered the three water systems previously built, plus the six facilities under construction.

Concurrent with these duties, the consultant was to prepare feasibility studies for the cities of Da Nang and Nha Trang to enable GVN to apply for external financial aid. After the approval of these studies, the consultant was to prepare the final designs, construction drawings, specifications contract documents, and cost estimates for the two water supply facilities. On August 25, 1966, Contract Amendment No. 1 was signed, inaugurating all of these changes in the Municipal Water Supply Program.

When the contract expired on December 9, 1967 the Consultant had

completed the following:

1. feasibility studies for water systems in Da Nang, Nha Trang, Vung Tau, Qui Nhon, and Dalat,

2. plans, specifications and cost estimates for water systems in Da Nang and Nha Trang,

3. supervision of the construction of water treatment facilities in Khanh Hung, Quant Tri, Ham Tan, Phuoc Le, Truc Giang and Qui Nhon, and

4. operations and maintenance training in Khanh Hung, Quant Tri, Ham Tan, Phuoc Le, Truc Giang, Qui Nhon, Long Xuyen, Ban Me Thuot and Rach Gia.

Construction of the water systems for Da Nang and Nha Trang was planned to begin in 1968, but the Tet offensive in February 1968 caused its cancellation.

In order to provide more water to Da Nang the DWS began construction of an interim water treatment plant in 1969. The GVN provided the piasters for local costs and USAID, (the successor to USOM), furnished the imported commodities such as pumps, generators and pipe. The plant was completed in early 1970 and increased the water supply by 2.0 mgd.

In February 1973 the U. S. military transferred the new Tango water treatment plant to the Da Nang Metropolitan Water Office (DMWO). This plant was built by the U. S. military in 1969 to supply water to the DaNang Air Base. After the withdrawal of the U. S. military the plant became excess to the needs of the GVN military. The DMWO operated the plant and furnished water to the GVN military at the air base and also to the

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city. This plant had a capacity of 3.0 mgd.

Also in 1969 the DWS designed an interim plant for Nha Trang. The GVN furnished the piasters and USAID furnished the imported commodities such as pumps and pipe. The procurement of large diameter pipe was delayed which, in turn, delayed completion of this project. The project was not completed by April 1975.

USAID continued to support this project with yearly grants of commodities until 1971, which were used by the DWS to make improvements to the municipal water systems in 50 cities.

USAID contracted with the Ralph M. Parsons Co. in 1967 to investigate the ground water and surface water resources on the mainland in the Cam Ranh Bay area, and to recommend a water supply source for Cam Ranh City and for future industrial development on the Cam Ranh peninsula. Parsons recommended the long range development of a damn and reservoir, water treatment plant and transmission pipeline which would provide sufficient water to Cam Ranh City and the peninsula.

To provide a source of funding for the construction of municipal water systems in South Viet Nam, USAID and the GVN began the National Water Loan Fund Project in 1969. The purpose of this project was to establish an independent, self-sustaining revolving fund for the development of municipal water works and waste disposal systems on a financially sound basis. It was recognized that over the longer term, responsibility for improving water services should rest with local authorities, and that the beneficiaries of such service should bear the cost of providing it. The concept was

broadened to provide financing for other urban utility services. To implement the project the GVN contributed VN$118,000,000 and USAID, US$1,000,000. The Fund would lend to municipalities for well engineered, economically feasible water works and sewage disposal systems. Repayments to the Fund would make it self-sustaining.

The GVN organized and staffed the National Water Supply Agency (NWSA) as the agency to implement the National Water Loan Fund (NWLF). The most significant accomplishments of the NWSA and NWLF were approval of the loans for the water treatment facility and distribution system at Tuy Hoa, and distribution system improvements at Sadec and Dalat. In addition, smaller loans for improvements to water treatment facilities and distribution system were made to 30 cities.

To assist in the implementation of the NWLF, USAID funded a contract under the Engineering Technical Support Project for feasibility studies for water system improvements for Hue, Hoi An, Ban Me Thuot, Phy Cuong, Bac Lieu and Vinh Long. On June 26, 1972 a contract was signed with Lyon Associates, Inc., to perform these feasibility studies and after the studies were performed, the contract was modified to include the final designs, plans, specifications and cost estimates for Hue, Ban Me Thuot, Phu Cuong, Bac Lieu and Vinh Long. The work was completed on September 30, 1974. The NWSA was planning to fund the construction of these five projects through the NWLF at the time of the U. S. evacuation from Viet Nam.

The GVN's effort to improve water supply in provincial cities also

benefited from other donor countries. Australia completed the design of water systems for Bien Hoa, Can Tho, Vung Tau and modified the design of the Da Nang system to utilize Australian manufactured equipment. The Bien Hoa and Can Tho systems were completed and in operation for several years and the Da Nang and Vung Tau systems were under construction at the time of the U. S. evacuation. In addition, West Germany, Netherlands, France, Japan, and Korea also provided engineering services, technical assistance or commodity support to the NWSA and NWLF.

Rural Water Project

The Rural Water Project began in 1965 as a joint USOM/GVN effort to provide potable water to rural villages and hamlets with populations of 5,000 or more. The principal purpose of this activity was to assist in achieving the goal of winning the loyalty of the rural population by improving their health and welfare.

The GVN Directorate of Water Supply (DWS) was designated the agency within the Ministry of Public Works responsible for this project. Divisions within the DWS were organized to support various phases such as well drilling, surface water, and logistics.

USOM supported the DWS by providing commodity grants, technical guidance, participant training and on-the-job training. Commodities included well drilling rigs, tools and supplies, steel pipe well casing, well screens, pumps, steel, cast iron, asbestos cement and plastic pipe, valves and fittings, water meters, chemicals, vehicles, supplies, and repair parts, repair shop equipment, tools and supplies, and many other specialized

items. Technical guidance consisted of providing the services of experienced specialized technicians such as engineers, geologists, well drillers, warehousemen, repair shop supervisors and a 20-man U. S. Army Engineer Detachment (ECAD). DWS employees were sent to the U. S. as participants in the fields of engineering and well drilling. On-the-job training was accomplished by integrating the U. S. advisors into the DWS organization where the DWS employees worked closely on a daily basis with their U. S. counterparts on a wide variety of jobs and were able to learn by doing the work.

Water supply in the rural areas came from either surface sources such as ponds, lakes, rivers and canals, shallow hand-dug wells or deep drilled wells. The Vietnamese were skilled in the construction of shallow hand-dug wells, so the USOM effort was concentrated on assisting the DWS in the surface water supply and the drilled deep well water supply.

The DWS surface water supply effort was assisted by the U. S. civilian engineer advisors and the 20-man U. S. Army ECAD. Small surface water treatment plants were designed jointly by the DWS and U. S. engineers. Some facilities were built by the DWS using Vietnamese contractors and others by the ECAD utilizing local labor. Over a period of time standard basic water treatment plants were designed which simplified this effort. The standard plants came in several sizes so as to fit different size communities. The plans needed only to be adapted to the site and called for the use of local materials as much as possible, such as tram piles, brick, tile,etc. This standardization made it possible to simplify the

training of the local plant operators as well as the procurement of imported commodities. These standard plants proved very successful.

The well drilling effort was utilized where surface water supplies did not exist, such as in the salt water intruded areas of the Delta, or locations where good quality ground water was known to exist at reasonable depths. The DWS well drilling effort was assisted by U. S. geologists, U. S. and Third Country National well drillers, warehousemen, and repair shop supervisors. Over a period of years the DWS acquired and operated 16 well drilling rigs of all types. Probably the most unusual rig was a lightweight air mobile rig which could be air lifted to inaccessible sites by helicopter. USAID 1/ procured two deep well rotary drilling rigs which were capable of drilling wells 2,000 feet and 2,500 feet deep in the salt water intruded areas of the Delta. The well drilling effort had many successes; successful wells were drilled in areas where no fresh water producing wells were drilled before; the first flowing artesian well in South Viet Nam was drilled in the Delta; improved well designs for longer lasting wells with greater capacity were developed and constructed, and a cadre of skilled well drillers and pump technicians was trained.

To distribute the potable water produced by the surface water treatment or the deep wells, the DWS designed and built water distribution systems and elevated storage tanks. Usually the first distribution system in a particular area was simple, with an elevated storage tank and a few public fountains from which the population obtained its water. After a few years

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1/ USOM became USAID in 1966.

additional mains, public fountains and some house service connections would be added. Once a basic water system was completed in a rural community the population normally appreciated its worth and wanted it expanded to bring the water closer to their homes.

The greatest problem which arose in the project was to get the local population to properly operate and maintain the system after it was completed and put into operation by the DWS. The rural population reasoned that since the central government built the water system, it belonged to them, and they, the central government, should pay for its operation and maintenance. The DWS solved this problem by requiring the local communities to make a contribution to the construction of the system, usually in land, labor and/or materials. This contribution gave the local people an interest in the water system and helped to change their attitudes. Once the rural population realized that the water system belonged to them, the operation and maintenance of the system improved.

Another problem was DWS's difficulty in adequately staffing the well drilling rigs in the field and the machine shop in Saigon. The GVN military draft, the low DWS pay scale and the hazardous field working conditions made it impossible for the DWS to recruit sufficient personnel. This problem was mitigated by the GVN military detailing back to the DWS higher level managers and technicians after a short period of basic military training, and also by the formation of the National Water Supply Agency which had higher pay scales than the DWS. However, this problem was never completely solved.

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In addition to the construction of new water systems the DWS had a program to rehabilitate older wells, pumps and surface water treatment plants. Wells were cleaned and redeveloped. Pumps were removed, repaired where possible and replaced or new pumps were installed replacing old pumps. Other equipment was also repaired or replaced with new equipment.

In order to keep the DWS well drilling rigs, vehicles, pumps and other equipment in operating condition USAID procured a wide variety of repair shop equipment and assisted the DWS to establish a first class repair facility. This shop had the capability of rebuilding well drilling rigs, straightening and rethreading drill pipe, rebuilding and repairing pumps, repairing well drilling tools, fabricating special well drilling tools and equipment and many other types of repairs. To assist the DWS in the initial operation of this repair shop, 20 Korean mechanics were provided for four years under a mission-wide support contract with Philco-Ford. An on-the-job training program was initiated with the apprentice Vietnamese mechanics being trained by the skilled, experienced Korean mechanics. To keep the shop operating successfully USAID procured repair parts, shop supplies and tools. After several years of assistance the DWS had an operating repair facility that satisfied all of its repair requirements.

In 1972 the scope of the project was expanded to include refugee resettlement camps, hospitals and urban centers experiencing critical water scarcity. Water wells were drilled in many refugee resettlement sites to provide drinking water to thousands of refugees created by the NVA 1972 Spring offensive. Minimal distribution systems with public fountains were also installed. The DWS was also requested to drill new water wells and rehabilitate old wells and pumps at several provincial hospitals. Because

the DWS had the only civilian well drilling capability within the GVN, it was directed to drill new wells or rehabilitate existing wells and pumps in high priority urban centers with an urgent demand for water.

Transferrable Lessons Learned:

1. A constant flow of imported commodities is required to support a project of this type and magnitude. Procedures for procuring imported commodities must be simplified to insure timely delivery of commodities.

2. The local community must make a contribution to its water system in order to create a local interest in the water system. Management, operation and maintenance training must be furnished to the local personnel because they must manage, operate, and maintain the completed water system.

3. The host country should have adequate pay scales in order to attract capable managers and technicians to its staff.

4. The design of rural water systems should be kept simple so that they can be managed, operated and maintained by the local personnel.

Power

The early history of the electric power industry in Viet Nam is closely related with the French Colonial government in French IndoChina. During the 1920's special permits were granted to a number of French companies to generate and distribute electricity.

In 1932, special 35-year concessions were granted to the Companie des Eaux et d'Electricite de L'Indochine (CEE) to operate in the Saigon, Dalat and Can Tho areas; the Societe Centrale D'Eclairage et D'Energie (SCEE) to operate in the Western provinces, and the Union Electrique d'Indochine (UNEDI) to operate in the middle west provinces and districts

of Vung Tau and Phan Thiet. In 1940, Societe Industrielle pour les Eaux et l'Electricite en Asie (SIPEA) was granted a franchise to operate until December 31, 1957 in the coastal provinces of central Viet Nam.

During the Japanese occupation, 1943-45, the French companies were permitted to operate the electric facilities under military control. Following the surrender, the French companies regained control and continued.

Following the creation of the Republic of South Viet Nam by the Geneva Accords in 1954, these companies were able to retain their concessions. In 1958, GVN formed an Office National de Re-Equipment des Installations de Production et de Distribution d'Energie Electrique (ONDEE) to take charge of an develop certain power operations at Ankroet (1958); Qui Nhon and Ban Me Thout (1959); Quang Ngai and Tuy Hoa (1960); Vinh Long (1961); and My Tho (1962). In 1959, the Da Nhim Authority was organized and GVN negotiated the building of the Da Nhim 160 Megawatt Hydroelectric Plant and 230 KV transmittion line at comparatively small cost to the GVN using Japanese war reparation funds. CEE, realizing that GVN would soon be in the power business, was reluctant to advance money for additional generating facilities in Saigon. As a result, only expenditures were made for distribution, and power was purchased from GVN agencies.

The Da Nhim hydroelectric plant (located 155 miles NE of Saigon), was started in 1959 and completed in 1964, was built at a cost of US$37.1 million from the Japanese war reparation funds. The 230 KV line and Saigon Substation were partly financed from the fund and partly by a loan from the EXIM (Japan) Bank at a cost of US$5.4 million and US$5 million, respectively. The first unit (33 MW) at Thu Duc steam station was constructed

with a $11.7 million loan, DLF-163, from AID's predecessor, the Development Loan Fund. It included the 66 KV loop around Saigon and five associated substations. The 66 KV line was placed in service in 1964 and Thu Duc #1 (33 MW) steam thermal plant started operation in March 1966.

Electricity of Vietnam (EOV) was formed in 1964 to combine all existing government power such as ONDEE, the Da Nhim Authority, Thu Duc project, etc., under a single administration. During the period 1964 through 1967, when the three French concessions, CEE, SCEE and UNEDI, started to expire, EOV mainly operated power generating facilities but did serve some outlying suburban areas. CEE continued to operate in the Saigon and Dalat areas, SCEE in the western provinces, and UNEDI in the middle west provinces and the districts of Vung Tau and Phan Thiet until 1968 when they were taken over by the GVN owned Saigon Power Company (SPC) and EOV.

In May 1965, the 230 KV transmission line from Song Pha (Da Nhim hydro) to Saigon was damaged by enemy action in Long Khanh province; after that time, the hydroelectric station was no longer able to supply Saigon and its environs (had only supplied power to Dalat and surrounding districts). In November 1967, the two penstocks to the station were damaged, and the plant ceased providing power. Security problems delayed completing negotiations with Japan for repairs to the Da Nhim penstocks until early 1970 when the Japanese Government agreed to set aside US$ 3 million for the work. This work was completed in 1972 and power service was restored to Dalat and surrounding districts. The 230 KV line repairs, which would permit service to again reach Saigon, were scheduled for completion by the end of 1975. Immediately after the loss of the Da Nhim plant in 1967, USAID began supporting the GVN by the acquisition of 64 2,100 KW packaged General Motors

diesel generators to temporarily augment the inadequate power supply in South Viet Nam; 56 in Saigon, 3 in Vung Tau and 5 in Qui Nhon.

In 1968, the Saigon Power Company (SPC) was organized to take over the CEE operations in the Saigon area. EOV and SPC operated various properties until January 1, 1970 when they were merged into a new government-owned company named the Vietnam Power Company (VPC); authorized by Decree No. 175-SL/CC-GTVT of December 4, 1968.

VPC was an entirely Government-owned corporation, and operated on a commercial basis. While waiting for an integrated power grid system, VPC operations were divided into the Metropolitan Saigon area and the Provincial Centers.

Following the establishment of EOV in 1964, it became apparent that the GVN did not have sufficient experience and training in electric utility management and operating techniques to assume responsibility for administering the CEE facilities. The Minister of Public Works requested USAID assistance, and a U.S. Management Advisory Team was formed by the Detroit Edison Company to develop appropriate procedures for the transition of CEE facilities from private to government control.

This report, completed in August 1967, outlined a 5-year, countrywide program which recommended a series of steps that hopefully would increase the supply of power and eventually result in a single quasi-public electric power utility independent of political control. CEE's assets were to be taken over by the proposed Saigon Power Company at the end of 1967 and ultimately the SPC and EOV would be merged in a single national power company.

To implement the recommendations of this survey, Project Agreement No. 67-356 was signed June 29, 1967 by the GVN and USAID, known as the Metropolitan Saigon Electric Power Generation and Distribution Project, later, the Vietnam Power Company.

The Management Advisory Team's work was instrumental in the issuance of a $32 million Grant Agreement (No. 67-356.1), signed by the GVN and USAID on June 29, 1967. The Grant Agreement provided for a three-part project.. First, a U.S. utility management team advised and assisted the SPC in acquiring management capability. Second, two 66-megawatt steam-electric generating units were installed at Thu Duc, near Saigon. Finally, the 66/15-KV transmission and distribution system in the Saigon/Cholon area was rebuilt and extended.

Two contracts were awarded to carry out the first part of the project. Contract No. AID/VN-14, for $2.3 million, October 11, 1967, Commonwealth Associates, Incorporated, was to act as the American Management Services Team to assist in the transfer of property from CEE to SPC and in the initial independent management of the SPC. Contract AID/VN-18, August 14, 1967, was with the Detroit Edison Company for US$ 725,000 and VN$ 10,000,000, and was financed separately from the Grant. This contract gave the Detroit Edison Company broad responsibility for managing the project. In addition, the Detroit Edison Company was to assist in the selection of a single U.S. contracting firm station. Once the construction contract was awarded, they also were to supervise the contractor's performance and monitor the transmission and distribution system rehabilitation and expansion program. Amendment No. 3 to the contract augmented the funds to US$ 1,025,000 and

VN$ 13,000,000 to cover the added cost of performance of a National Power Survey for the GVN (Survey Report issued February 1972).

The second part of the project was delayed until conditions precedent were met by the GVN. On January 13, 1970, Contract No. AID/VN-22, a lump sum contract for US$ 21,059,225 and VN$ 54,457,000 was signed with MWK International Ltd., Fishback and Moore International Corporation, and Gibbs and Hill, Inc., a joint venture doing business as MWK and Associates (MWK), for the turnkey construction of two 66-MW steam thermal units at Thu Duc along side Unit #1 completed under the earlier DLF Loan 163. Unit #2 was conditionally accepted by AID on June 22, 1972 after a 30 day performance test and Unit #3 was conditionally accepted on August 22, 1972.

To carry out the final part of the Grant Agreement, Contract AID/VN-88 for US$ 1,188,721 and VN$ 400,000,000, August 1, 1970, Sanderson & Porter, Inc., for the procurement of transmission and distribution materials and advisory assistance in the expansion of the transmission and distribution system, which raised the Saigon area system from 183 MW level to 235 MW level. Approximately $7 million worth of U.S. transmission and distribution materials were installed during the period August 1970 to December 1973.

The National Utilities Commission (NUC) was formed in September 1968 to regulate utilities countrywide. Short-term experts were used to train the NUC staff, and participants were sent to the United States for training in 1972. The Chairman of NUC and his Deputy attended the Regulatory Studies Program at Michigan State and visited the Kentucky Utilities Commission in 1974. The NUC continued to hold rate hearings and improve its regulatory procedures on behalf of both the public and private sectors.

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In September 1971, VPC negotiated a US$ 16 million loan from Japan. This loan covered engineering and construction of a first state 33-MW steam generating plant at Can Tho together with a sub-transmission system connecting the province towns of Long Xuyen, Rach Gia, Vinh Long and Sa Dec. This project was scheduled for completion in 1974. Also, in 1971, the VPC converted the coal-burning boilers at the Cho Quan plant (Saigon) to fuel-oil burners, thus upgrading the capacity by approximately 7-MW and eliminating the last coal-burning equipment.

In 1972 and 1973, the VPC put in service two 66-MW thermal units and three heavy-fuel diesel plants (totalling 96-MW) in the Saigon area, and 160 small high speed diesel units were installed in the provinces, thus raising the installed capacity to 813 MW, or 96 percent of the capacity of the whole country - the remaining 4 percent was provided by SIPEA, the French Commissionaire whose franchise was to expire December 1975.

An IBM 360/40 computer was installed in VPC's Saigon office in March 1973 to permit adoption of modern power utility financial management and accounting procedures. USAID sent two computer specialists to the United States for training in the use of the new equipment.

On March 4, 1974, Contract AID 730-3647 for US$ 260,000 and VN$ 20 million was awarded to the firm, Overseas Advisory Services, to provide consultants to the VPC in various management categories over the next 18 months. The purpose was to strengthen the VPC's overall abilities in management, with emphasis on financial and accounting procedures and application of the computer as a management information tool. This included customer service, accounting and auditing, financing and financial affairs, rates and how to maximize use of modern machines such as the new IBM 360/40

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computer. This contract also provided the services of a consultant to the National Utilities Commission (NUC) for one year.

Using the National Power Survey Report of 1972 as a guide, the VPC had embarked on a 15-year construction program to meet the power needs of South Viet Nam. It was estimated that by 1986, power demands would exceed 3,000 Megawatts, with a total plant investment of US$ 1.2 billion (about $400 million of which would be local currency). The 1973 construction program was set at $33.6 million. Financing was accomplished by use of VPC internally generated funds, GVN equity financing, and external loans.

In the seven years since the formation of the VPC, it was confronted with many problems. Some of the most urgent included combining the operations of EOV and SPC, developing a management and technical staff, providing additional generating capacity for all of South Viet Nam, developing expansion plans for taking care of the pent-up demand, arranging for funds to cover the cost of needed equipment and spare parts, and developing a new and modern accounting system.

However, with the help of USAID and outside consultants, the company made progress. It became the largest single industry in the country with total assets of over US$ 159 million, 4,900 employees, an annual payroll of over $3.5 million, and $35.2 million total revenue. In its last four years, the VPC increased its total electric generating capacity from 508 to 813 Megawatts, and the number of customers rose from 199,298 to 389,856. The rate of power growth for Saigon and vicinity reached a record acceleration during this period, with gross generation increasing from 646,000,000 Kwh to 1,165,000,000 Kwh, amounting to a 17 percent annual increase.

The following quotation is taken from the Report of Fact Finding Mission, prepared by the Snowy Mountains Engineering Corporation, Commonwealth of Australia, dated January 1972:

> "In the short-term for which it has been in existence, VPC has had commendable success in establishing a suitable organization, standardizing procedures, rationalizing operations, setting out a detailed programme for future works, and proceeding with the implementation of the works within its capacity."

Major Accomplishments

1. The establishment of a single company with authority to manage its own affairs, enter into contracts, fix and administer power rates (subject to approval of a competent regulatory body), set its own wage and salary rates, and produce and market electric power in the Saigon metropolitan area, was a condition precedent of the Capital Assistance Grant 67-356.1 for US$ 32 million. With the assistance of the Management Services Team under Contract AID/VN-14, on January 1, 1970, the Saigon Power Company (SPC) merged with the Electricity of Vietnam (EOV) and assumed nation-wide responsibility for producing and marketing electric power under the name of the Vietnam Power Company (VPC). The new power company was organized to function as an autonomous agency with a broadly representative Board of Directors, independent of direct government control.

2. In FY 66-67, A.I.D. procured $25 million worth of equipment to augment the Saigon power capacity as emergency interim generation, until the Thu Duc 132 MW steam thermal plant could be completed. This equipment included 64 2,100-KW diesel generators and two gas-turbine generators. Although operating costs for diesel and gas-turbine generators were high, procurement was justified on the basis that time would not permit installation of more

economical steam thermal units. All 64 diesel units (122 MW capacity) were installed and in operation by FY 69; 54 in the Saigon area, five in Qui Nhon, and three in Vung Tau.

3. The VPC secured free world assistance in the form of loans for expansion of generating capacity and transmission systems.

4. The VPC made major strides in developing sound fiscal and managerial policies. In September 1971 the VPC organizational structure was changed to conform to accepted utility practice and GVN had adapted the U.S. Federal Power Commission uniform system of accounts. A National Power Survey had been completed in 1972 and was serving as the master plan for corporate and system planning.

5. Since 1965, VPC more than tripled its production capacity in the Saigon area for a total name plate capacity of 484 Megawatts. Total generating capacity increased almost 300 percent during the period 1965 to 1974.

6. A regulatory control commission to project national and public interests was established in 1968. Under the National Utilities Commission (NUC), substantial improvements were made in the development of rate structures including use of the concept of cost of services.

Major Constraints

1. The VPC operated under unusual difficulties due to the continuing war, the remoteness of many districts and the lack of reliable communications. The trend toward reconversion of the country's economic structure from a wartime and foreign aid dependent economy to a peacetime self-sufficient economy made it increasingly more difficult to obtain large amounts of hard currency needed for offshore procurement of equipment, spare parts, etc.,

and the massive withdrawal of allied forces caused a business slowdown in the private sector. The purchasing power of the population was also sharply reduced during the last several years due to the recession.

2. Depreciation practices and rates had been determined for the existing plant equipment and property, but adequate reserves needed to replace retired plant equipment and facilities were too low, based on current market values, with the result that VPC's customer service rates, set by the National Utilities Commission (NUC) were too low.

3. To some extent the recommendations contained in the 1972 National Power Survey were thwarted by lack of accounting administrators and modern operations accounting procedures.

Other Power Activities

Other electric power assistance was provided through counter-insurgency programs. These generally involved placing small generators in villages and hamlets or medium-sized diesel units in provincial cities. These uneconomic units were used to provide service as it was not possible to connect most areas with the VPC. VPC long range plans for a national grid would have made these services much more economical.

A substantial start on rural electrification was made through the formation of a national cooperative association and three rural electric cooperatives. The three cooperatives operated in the central highlands, near Saigon, and in the Mekong Delta demonstrating that the cooperatives could provide service to these diverse areas. The cooperative project also started a pole treatment plant which met many national requirements for treated poles in power and other utilities.

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Donors

Although the U.S. was the single largest donor, from the commencement of its development program, the GVN received support and assistance from many other nations and international financial institutions. A list of major contributions follows:

Country	Project	Amount US$
Japan	Da Nhim Hydro	$34,400,000
Japan	Can Tho	22,000,000
France	Ba Queo	11,296,000
ADB	Saigon T & D	6,300,000
R.O.C.	My Tho - Co Cong Transmission	600,000
U.K.	Dinh Tuong Distr.	440,000

In addition, the Government of Thailand donated five used 1,000 KW generators to VPC in 1965.

Construction

Prior to 1965

Prior to the U.S. buildup in 1965 the private sector of the Vietnamese construction industry was divided into two groups; one group was the local Vietnamese-owned construction firms, and the other were branches or subsidiaries of French-owned construction companies. The former had the capability to do basic, nonspecialized construction that did not require large quantities of imported material. Quality varied from poor to good but the best was not up to U.S. standards. The areas of greatest weakness were in the electrical and mechanical areas. The French group concentrated on specialized projects which required imported material. The quality of the

work done by these firms was better than that of the Vietnamese companies but still not up to U.S. standards. In any event, the French construction sector began fading out of the picture and by the time of the arrival of the large U.S. buildup were no longer a major force in the industry.

The plans and specifications for projects were poorly prepared, leaving too many decisions to the contractor. This often resulted in uneconomical or unsatisfactory construction for which the owner had no recourse. It is surprising under these conditions that projects were satisfactory upon completion, but Viet Nam and Saigon in particular, had many examples of satisfactory structures built under this system.

In addition, some GVN agencies such as the Viet Nam Railway Service and the Directorate General of Highways, did all or some of their construction projects with force account methods.

No matter if the construction were done by contractors or government agencies labor intensive methods of construction were used. Labor was cheap and plentiful and imported construction equipment was expensive. Quality control was minimal.

In 1962 the U.S. Navy contracted with the joint venture of Raymond International and Morrison-Knutson (RMK) for construction of airfields and port facilities to support the Vietnamese armed forces valued at $16.5 million. In May 1963, the U.S. Army signed a contract with Pacific Architect and Engineers (PA&E) for facilities engineering support for the U.S. military. Both of these contracts were soon expanded in scope and impacted upon the Vietnamese construction industry by training large numbers of skilled workers and by introducing modern construction methods, materials and equipment.

1965 to 1972

Military Construction

Before mid-1965 when the first U.S. engineer units arrived in South Viet Nam the only American construction capability was the U.S. Navy contract with RMK, and the only American facilities engineering support capability was the U.S. Army contract with PA&E. But from this point on, military engineer units from the Army Engineers, Navy Seabees, Marine Corp Engineers, and Air Force Engineers began arriving in South Viet Nam in large numbers to construct support facilities for the U.S. troops.

In August, 1965, the U.S. civilian construction capability was expanded when RMK took Brown & Root and J. A. Jones into a joint venture, and a Vietnamese Contractor combine was formed and known as RMK/BRJ. By the time RMK/BRJ closed down its operation in June 1972, the combine had accomplished the largest portion of military construction in the country. The RMK/BRJ work force reached its peak in mid-1966 when a total of over 50,000 U.S., TCN, and VN construction workers were employed.

During this 1965-66 buildup period the magnitude of the PA&E contract was increased until a maximum of over 21,000 U.S., TCN and VN workers were employed providing repair and utility support at U.S. military facilities.

In addition to these two contracts, a contract was awarded to the DeLong Corp. to fabricate and install patented mobile piers at several key ports. Also, the Vinnell Corp. was awarded a contract to design, construct, operate and maintain electric power systems using modified T-2 tankers as power sources.

The U.S. Air Force awarded a contract to Walter Kidde Constructors to design and construct the Tuy Hoa Air Base on a turn key basis.

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The military construction program set the following priorities in support of the U.S. military effort:

a. Build or improve airfields and related facilities at specific locations.

b. Improve main supply routes

c. Improve the railroads as required

d. Rehabilitate and expand port facilities at specific locations.

e. Improve logistic base and support facilities to include POL storage and dispensing facilities.

At the same time the U.S. civilian construction and support capability was being increased by RMK/BRJ and PA&E, a parallel buildup was occurring in the U.S. civilian engineering capability. The Navy, Army, and Air Force engineers developed an "in house" capability by augmenting their direct hire civilian staffs with contract personnel. Design contracts were awarded to U.S. Architect & Engineer (A&E) firms. At one time as many as 25 U.S. A&E firms had branch offices in South Viet Nam to do the required design and subsequent supervision of construction on military projects.

This huge unprecedented U.S. military construction effort had several beneficial spin-offs for the civilian Vietnamese construction industry. Some of the more important of these were:

a. U.S. A&E firms introduced modern engineering methods. Inexperienced Vietnamese engineers and technicians were trained in the U.S. system and became skilled workers.

b. U.S. construction firms trained large numbers of previously unskilled workers to become skilled field and office workers. Once trained, the Vietnamese became valuable, dependable workers with skills that were

beneficial to the country.

c. U.S. construction firms introduced modern construction equipment and material.

d. U.S. A&E firms introduced the concept of quality control and supervision of construction.

Civilian Construction

The U.S. buildup had a beneficial effect on the civilian Vietnamese construction industry. In the early days of the expanded effort the U.S. did not contract for military construction with Vietnamese contractors. However, the local business community quickly saw how it could benefit from the large influx of U.S. money and began constructing office and housing facilities for leasing to U.S. agencies, housing to lease to U.S. and Third Country National (TCN) civilian workers, and recreational facilities for use of U.S. and TCN civilian workers and armed forces. In addition new commercial and industrial facilities were built to accommodate the expanded Vietnamese business community. New buildings were being built all over South Viet Nam.

The Vietnamese construction industry consisted of approximately ten large, well organized firms, 200 smaller organizations, and hundreds of small one or two man firms. At all levels, the same problems persisted; poor design, inadequate building code, poor construction practices, no quality control. In the crash effort to quickly "cash in" on the U.S. bonanza, many substandard facilities were constructed. However, where the owners desired quality construction and were willing to pay for it, many high quality buildings were built, proving that the local construction industry could do quality work.

The local building material supply business also prospered, and expanded its business. South Viet Nam produced lumber, sand, crushed rock, brick, tile and cement from local materials. Local fabricators produced corrugated asbestos-cement roofing panels, corrugated galvanized steel roofing panels, asbestos-cement pipe, plastic pipe, and various metal products from imported materials. However, specialized items were still imported.

USAID funded a construction program to support many of the civilian agencies of the GVN, e.g. schools, hospitals, warehouses, housing facilities, agricultural facilities, national and marine police facilities. Most of the more complicated projects requiring imported commodities were built by U.S. or TCN contractors because the Vietnamese contractors had a difficult time importing commodities into the country. However, many of the U.S. and TCN contractors subcontracted much of the work to local firms. In order to encourage the participation of Vietnamese contractors and encourage the growth of the local construction industry, USAID had many of its projects designed to maximize the utilization of locally produced material and reduce the imported material and equipment to a minimum. Many high quality facilities were constructed during this period in this fashion.

Contracting with USAID was a new experience for the local contractors, and some difficulties arose in the early contracts. Performance bonds were required. Contractors were required to conform to the plans and specifications with the penalty of having to redo faulty work at their own expense. Construction schedules had to be maintained. Vietnamese contractors quickly discovered that USAID paid its bills promptly, which made all this extra effort worthwhile.

Many obstacles were encountered by the local contractors, but the most serious were dealing with the growing problem of inflation and the difficulty in obtaining imported commodities in a timely fashion.

1972 to 1975

By 1972 the Vietnamese construction industry had prospered for several years and had continued to improve its capability. Vietnamese contractors were capable of constructing most types of buildings except specialized structures such as large power plants or water treatment plants. They also had organized an active Contractors Association which had about 250 members.

At this time the U.S. military construction program was reduced in anticipation of the withdrawal of US military forces. The Vietnamese military forces were occupying former U.S. facilities and the requirement for new construction was drastically reduced. The USAID construction program was also reaching its conclusion as approved projects were nearing completion and no new projects were planned. In addition, the Vietnamese economy was in a slump as the U.S. and TCN military and civilian programs and presence were reduced. Many buildings were vacant after the former tenants departed and no new tenants appeared to lease the facilities. The two bright spots in the otherwise bleak construction industry were:

1. The U.S. government decided to continue the highway reconstruction program and complete as much as possible with remaining DOD funds;
2. A huge postwar reconstruction program financed by the U.S. and other donors was anticipated by the industry.

Realizing that a reliable private construction industry capable of constructing the physical infrastructure required for postwar national

and social development was necessary, the GVN, MACV and USAID concluded that Vietnamese contractors would be fully utilized in postwar reconstruction. To this end, the GVN and USAID agreed to begin a new project called "Vietnamese Construction Industry". It was agreed that the Vietnam Engineering and Construction Company (VECCO), a government-owned corporation formed in 1970, would be utilized to serve as a catalyst in construction industry development by providing construction materials and rental construction equipment to Vietnamese contractors. The plan was for VECCO to assume custody, management and operation of a portion of the excess U.S. military construction assets transferred to the GVN, and for USAID to provide top level management advisory support to VECCO by contract. After operating and managing the equipment for several years, VECCO was to divest itself of its assets to private enterprise over a six-year period beginning in 1975.

This was a unique plan undertaken because of the unusual conditions in South Viet Nam and because of the large amounts of construction plant and equipment that had become available when the U.S. military forces withdrew.

With the withdrawal of U.S. forces in early 1972, VECCO began receiving large numbers of excess construction equipment. By June 30, 1972 when RMK/BRJ ceased operations VECCO had received $13,019,039.89 original acquisition cost (OAC) of rental equipment and $29,090,817.00 OAC of used site equipment at Da Nang, Nha Trang, Saigon Island (Thu Duc), Sumpco, (Bien Hoa), and Can Tho, the latter was worth about 15/ percent OAC. USAID assisted VECCO with its program by providing six equipment advisors on an immediate short-term (6 months) basis by means of modifying an existing contract with Daniel, Mann, Johnson & Mendenhall, Inc. This allowed time for USAID to

negotiate a regular contract this time between VECCO and the Vinnell Corporation, which was signed September 29, 1972 and provided the longer term and full range of management and technical advisory services to VECCO. This contract provided 28 advisors who worked at the four VECCO field sites and remained in effect until the U.S. evacuated Saigon.

USAID, Vinnell and VECCO monitored the use of the rental pool and site equipment. Subsequently, USAID and VECCO began a program to remove unutilized equipment from VECCO's inventory. Excess equipment was transferred to USAID/Philippines and USAID/Cambodia for use in those countries and also to the GVN Central Logistics Agency for sale to the private sector within the country.

By April 1975, VECCO had reduced its inventory by releasing 298 rental pool items valued at $5,215,868.90 OAC and 769 site equipment items valued at $5,654,915.00 OAC.

With the advice and assistance of the Vinnell advisors, VECCO began implementing modern commercial business methods and began supporting the local private sector contractors by providing crushed rock, hot-mix asphaltic concrete and rental construction equipment. The availability of VECCO's commodities and services made it possible for Vietnamese contractors to bid on and be awarded USAID highway reconstruction contracts.

By April, Vinnell had reduced its staff to 18 and VECCO had increased its staff to 1,200. The organization was fulfilling its goal of supporting the Vietnamese construction industry. The measure of this support is shown by the following summary of USAID administered, DOD funded, highway reconstruction contracts as of February 1975:

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Number of Contracts	Amount
15 Vietnamese contractors	$14,152,800
2 TCN contractors	6,152,200
17 Total	$20,305,000

Vietnamese contractors were bidding on and being awarded USAID funded highway reconstruction contracts. Further, the Vietnamese contractors were doing satisfactory work.

VECCO was operating a prestressed concrete pole manufacturing facility producing 150 power poles a month for the Vietnam Power Company.

VECCO, with Vinnell assistance, developed the manufacturing facility for 36 inch diameter prestressed concrete cylinder piles and had produced 200 pile sections. The prestressing beds for assembling the 12 foot long pile sections into 120 foot long piling were completed and the pile handling and driving equipment was rehabilitated and ready for use on future bridge construction contracts.

VECCO was in the initial phase of a contract to repair and maintain 150 GVN-owned bulldozers being used in the GVN Refugees Resettlement Land Development and Hamlet Building Program.

The initial VECCO financial projections were too optimistic and VECCO was initially under-funded by the GVN. Also the private sector markets for VECCO goods and services were slow in developing because of delays in the implementation of the USAID administered, DOD funded Highway Reconstruction Project. In addition, Vietnam experienced a high rate of inflation which often exceeded 25% per year. These three events caused VECCO to borrow money from the Ministry of Public Works and Communications. However, by the end of 1974 VECCO had improved its financial position and repaid the loans

it had received from the Ministry. Early 1975 looked very promising for VECCO.

Summary

By April 1975 significant progress had been made in the joint GVN/USAID effort to upgrade the capability of the Vietnamese construction industry. However, several important problems remained such as continuing high inflation rates, continuing escalation of oil prices, delays in importing commodities, poor supervision of construction services by Vietnamese A&E firms and lack of a bonding business for supplying contractor's performance bonds. However, far outweighing these problems was the following progress made:

a. Vietnamese contractors were successfully bidding on USAID contracts against U.S. and TCN contractors.

b. One highway reconstruction contract already had been satisfactorily completed by a Vietnamese contractor and several more contracts were nearing completion.

c. Vietnamese contractors were completing acceptable quality work and fully complying with the plans and specifications.

d. Vietnamese A&E firms were preparing satisfactory plans and specifications for highway and bridge construction.

By 1975, the South Viet Nam construction industry had the capability to perform a great percentage of construction required for the development of the country. While they would still need foreign expertise in sophisticated undertakings such as hydroelectric projects, power plants, water treatment plants, large bridges, marine structures, etc, there are very few lesser developed countries possessing a construction industry equal to that of South Viet Nam.

Dredging

A.I.D. assistance to dredging began with operational support to the GVN Directorate of Navigation (DON) and evolved into assistance for the formation of a national institutional capacity for dredging services.

With the second largest canal system in the world (after that of the Netherlands), Viet Nam had major dredging needs dating from the French colonial period. Decades of war left the canal system as well as harbors, fishing ports, land-fill and other construction operations dependent on dredging to maintain or expand facilities. U.S. military assistance in the 1960s funded dredging in support of the war effort, but this priority effort also served to divert some resources and personnel from the inadequate DON dredging capability. By the mid-1960s unfulfilled dredging demand had resulted in diminished navagability of the inland waterways, shortages of land-fill, and other construction bottlenecks.

USOM undertook its first direct activity in support of the DON in FY 1962 under a Dredging and Waterways Project No. 430-11-350-297. The project objectives were:

a. Maintenance of the facilities of the dredge fleet;
b. Maintenance of existing waterways and construction of new waterways;
c. Initiation of hydrographic surveys; and
d. Establishment of the Office of Navigation as an autonomous unit of the GVN.

During 1963 and 1964 DOD, with USOM financial and technical assistance, completed over $5,000,000 worth of work for other agencies for which it was compensated and improved its fleet and short facilities by $989,000. In addition, it reclaimed 1,581 acres with 11,794,930 cubic yards of fill, and undertook 17 hydrographic surveys covering 238.5 square miles.

The project helped in meeting the immediate civilian dredging requirements, some with striking success, but failed to develop DON's organizational capabilities. The project was terminated in 1969.

In December 1967, USAID entered into a contract (430-2988) with the Retired Servicemen Engineering Agency (RSEA) of the Republic of China to train Vietnamese dredgemen and dredging supervisors and for dredging service including canal excavation and construction, stockpile of sand and land reclamation. The estimated quantity was 3,500,000 cubic meters. This effort was concluded in 1970 with the dredging service completed; however, the benefits to be derived from the training phase of the project were not fully realized by DON as many of the trained personnel left the Directorate for higher paying jobs in the private sector.

During most of the past twenty years in South Viet Nam military conditions were of such a fluid and expansive nature that private dredging activity was practically prohibitive. During the entire period of the A.I.D. assistance program, conditions were never considered to have been normal for dredging operations, particularly in the Delta area. Enemy control over many rural areas prevented or restricted the dredging of canals and waterways to those areas where reasonable security had been established. And even while working in supposedly secure areas, harrassment was always potential. Periodically dredges and equipment would be damaged or put out of commission with occasional loss of life. Toward the last few months of operations, two dredges in the Delta were lost during enemy action, and dredging operations were slowly grinding to a halt as safe waterways transportation became restricted to only a few major canals.

As mentioned, the assistance to DON had not proved completely successful due to existing management practices. Realizing this, the GVN on September 30, 1970 published a decree establishing the Vietnam Dredging Agency (VDA). The VDA was now a legal entity with financial autonomy and an appointed Director. The VDA commenced operations as a semi-autonomous agency under the administrative control of the Vietnam Railway System Board of Directors on February 1, 1971.

As the VDA began undertaking its responsibilities, it became evident that managerial and technical assistance would be needed. A contract between VDA and the joint venture of DeLeuw Cather Inc. and Asiapac Fargo became effective on December 1, 1972 and was scheduled for completion September 1, 1975.

Significant improvements in the institutional framework of the VDA leading toward eventual self-sufficiency soon became noticeable. Each dredge was placed under the control of a responsible supervisor and manned by a small but relatively competent crew. Dredges were crewed to permit 24-hour operation. The average total monthly production rate rose considerably over the rates recorded when the dredges were operated by the DON. As improvements to the total management and operations of the VDA became standard practices, the DVA's accomplishments gave every indication that the VDA could function on a paying and self-sufficient basis under normal conditions.

The next major change that occurred to the VDA was its establishment as an autonomous agency under the Ministry of Public Works and Communica-

tions by decree on June 15, 1974.

With the VDA's fleet of mostly small and obsolete dredges, maintenance and operating costs were high, with the potential annual production rate less than the annual dredging maintenance requirement alone. Support facilities were also inadequate and occupied areas shared with other agencies. USAID agreed to finance a study to determine what the backlog and priority dredging requirements were in South Viet Nam with the intent of justifying a recommendation for an A.I.D. development loan for the purchase of large, high production dredges and ancillary equipment, offices, overhaul facilities, workshops, storage facilities, etc. The study was undertaken by LeLeuw Cather Inc. & Asiapac Fargo as an amendment to their advisory contract.

As a result of the contractor's preliminary work, the French programmed ten million francs in economic assistance to purchase two 16 inch portable dredges and ancillary equipment with delivery scheduled for early 1976.

At the end of assistance to Viet Nam in April 1975, the VDA appeared to be developing into a sound, viable institution equipped to fulfill its responsibility as the nation's principal dredging agency.

Telecommunications

Background

At the beginning of the United States involvement in the late 1950s, for all practical purposes, South Viet Nam was a country without a national telecommunications structure. There was one automatic dial exchange in Saigon consisting of 2,000 lines of old French Stroger type step switches.

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Outlying cities were equipped with manual switchboards, some with antiquated magneto sets. The urban centers were connected by voice radio or radio telegraph circuits. One open wire transmission path was maintained only to Bien Hoa. Unreliable direct radio telephone circuits connected the Post and Telegraphs (P&T) to Paris, and neighboring countries on schedules.

The various U.S. military and civilian supporting and advisory organizations moved. Most of these organizations found it necessary not only to build their own communications structures, but also to upgrade counterpart systems.

The U.S. Military eventually installed, for its own use, some 50,000 lines of automatic dial telephone exchanges throughout the country connected by heavy tropospheric scather transmission systems and submarine cable. A sixty channel submarine cable was installed between Nha Trang and the Philippines, where U.S. traffic was switched onto transpacific cable. By 1964 the U.S. military telecommunications investment in the Viet Nam area exceeded $220 million.

The A.I.D. telecommunications effort concentrated on three general areas:

1. those tasks grouped about Public Safety that included the development and support of the village-hamlet radio system, the support of the National Police and the Combined Telecommunications Directorate (CTD); project support involved developing and supporting the Tu Duc electronic training programs, maintenance of nationwide repair facilities, and construction and maintenance of police radio telephone exchanges and supporting long line VHF radio telephone and Teletype links. These activities required approximately $40 million of A.I.D. funding plus substantial in-

puts of DOD equipment and services.

2. The support of the Posts and Telecommunications Directorate from 1958 through 1973 took on the form of constructing a southern microwave network, some 23 dial exchanges, 7200 telephone lines and training and institutional development. USOM (later USAID) also supported the P&T in the form of interfacing with international carriers to supply technical and advisory support to upgrade international communications. In addition, a separate study was funded in 1970 to develop an integrated national telecommunications system that provided the basis for a new telecommunications authority that was finally established in 1975. A total of some $14 million was spent in support of these activities. At the completion of USAID support in 1973, the P&T had 22,500 operating automatic switches, computer billing and some 28 full-time international telephone and Teletype circuits in operation.

3. USAID, like many other U.S. organizations, found it necessary to install its own automatic dial exchange with its own lines, along with connecting microwave links, to remote locations in and around the Saigon area. This support operated under USAID/GSO, and is not described further in this section.

By 1964, seven different U.S. and Vietnamese organizations were operating dial exchanges in Saigon and, with similar duplication taking place in other population centers, USOM/Engineering suggested the establishment of a Communications and Electronic Staff Committee under the U.S. Mission Council. This Committee not only served to coordinate U.S. requirements, but promoted the development of a similar counterpart committee to perform

the same functions for the GVN. There was a requirement to clarify the allocations of radio frequencies, develop national telecommunications policy, and integrate planning to eliminate duplications. Made up of military and civilian communications, these two committees functioned for the next ten years and had a strong influence on the nation's communications systems development, both civil and military.

Public Safety Telecommunications Phaseout

A description of the Public Safety Telecommunications support is contained in the Public Safety section of this report. Sufficient to say here that the project was terminated as directed by Congress in June of 1973 and the residue activity transferred to USAID/Engineering. Ten telecommunications advisors were transferred and two contracts were continued: Quinton Budlong No. AID 730-3241 and Far East Technical Services No. AID 730-3492. Because the National Police were the major user of CTD telecommunications facilities, all assistance to the CTD was subsequently terminated in order to insure compliance with the Foreign Assistance Act of 1973. The last direct hire advisors formerly assigned to Public Safety left South Viet Nam on March 31, 1974.

USOM assistance to the GVN Directorate of Post and Telegraphs began in a modest way in 1958, consisting mainly of upgrading radio transmitters and receivers in support of the domestic and overseas high frequency networks and installing 500 lines of automatic switches in the Cholon exchange.

The P&T support program began in earnest in 1962. The basic program involved a series of contracts to provide a matrix for an expanded nationwide, modern system. The Television Associates of Indiana drew up the

original plans under contract, laying out southern and northern microwave systems, providing a plan for the orderly development of dial exchanges throughout the country and expanding the outside telephone plant. The southern portion of the system was installed by early 1964, along with 23 automatic dial telephone exchanges, some 4200 lines of underground cable and ducting in the Saigon area. Training programs were also undertaken to prepare Vietnamese technicians to handle the new system.

During 1964 the U.S. military presence began increasing rapidly in South Viet Nam along with a concurrent buildup of Viet Cong forces outside of the Saigon area. Because of these factors, it was decided that point-to-point radio would continue to be used in the northern portion of the country and the 18-station northern microwave system (called Northern Toll) was not funded for construction.

From 1964 through 1967, the program was reevaluated and adjusted in light of the heavy buildup of both the military communications systems and the Combined Telecommunications Directorate under the Ministry of Interior. The P&T continued to expand international service during this period and arranged with RCA and Cable and Wireless Ltd. to send in technicians for the purpose of supplying international Telex and radio Teletype services. The RCA circuits were routed through the Philippines and the Cable and Wireless circuit through Hong Kong.

The Southern Toll microwave system was doomed from the start after the GVN military forces drafted all 24 students from the ITT conducted microwave technician course the day after their graduation., leaving a staff of only three people trained in microwave system maintenance. Tech-

nicians trained for maintenance of the new automatic dial exchanges fared somethat better as some older technicians were transferred to automatic switch maintenance. However, there were never enough technicians outside of the Saigon area to maintain the plant,except for Da Nang and Nha Trang exchanges.

The remote receiver site constructed at My Tho was never used because P&T could not get technicians to man it or maintain the microwave link to Saigon.

By 1967, it became obvious that much of the $12 million invested in P&T by USAID, since the project began, would be lost if immediate and corrective action were not taken to offset the lack of technicians and the low priority accorded the system. Accordingly, a new program was developed and a contract was let to Page Communications Engineers to install 8,200 new telephones, conduct training, and construct outside overhead telephone distribution. At the same time another contract was awarded to Federal Electric Company (a subsidiary of ITT) to overhaul and upgrade the 23 dial exchanges. Philco Ford was awarded a contract to upgrade the Southern Toll microwave system already in disrepair after only three years. The contract also called for supporting the maintenance of high frequency radio transmitters. Each contractor conducted on-the-job training for P&T counterparts, although the manpower situation remained extremely critical, particularly, because of the heavy draft of younger technicians following the Tet offensive in February 1968.

The Tet offensive, however, did tend to heighten the interest of GVN planners in upgrading the P&T. The automatic exchanges continued to oper-

ate during the crisis, even with no technicians on duty, and the underground outside plant proved its value. In some sections the P&T lines were the only ones in operation. This was particularly true from Saigon to Phu Tho and Cholon where most of the overhead distribution system had been destroyed. The international circuits also became highly important to the GVN cause at the time, placing greater traffic demands on the system than could be met.

During the 1968 Tet, the RCA technicians kept the international radio Teletype circuits in operation. USAID/Engineering personnel supplied food and fuel to the staff at the international transmitter site and U.S. military circuits were allocated for traffic to the U.S. and upcountry points. In March 1968, a new dynamic Director General, Mr. Bui Huu Lan, was appointed, which raised hopes for the emergence of a more efficient P&T organization.

During the 1967-68 period, the work of USAID, in support of P&T, brought a USAID contractor in direct contact with P&T subscribers. Page Communications Engineers geared up to install 8,200 telephones on a prearranged schedule at the rate of 50 installations per day. However, it soon became clear that negotiating for telephone service was a very involved process. Although the installation priorities were established and the customers readily available, there was no way that the contractor could deliver the 50 installation orders a day called for in the work plan. In fact, the best week under the Page contract involved the installation of approximately 50 telephones.

The black marketing of telephone service was a long established P&T

practice. Telephone availability, for example, doubled the rent of an office, and hotels without adequate lines were shunned by commercial travelers. The black-market price of service ranged between $1,000 and $2,000 per year. The Vietnamese Army communicators also gave service to nonmilitary users on an ad hoc basis. All in all, this was a messy, sensitive area, which did not lend itself to quick solution.

USAID pressed constantly for speedup in the installation rate. The Minister of Interior, in a display of cooperation, appointed a board. The USAID Project Director was invited to attend. However, the meetings became acrimonious when it came down to determining which individual would get service. At this point, the P&T Director General decided to effect an increase in the official rate charged for installation to the point where the official rate equalled the black-market rate. While this step would go a long way in removing a major stumbling block, it was introduced in a series of steps and not in time for the Page installers to complete their targets in the contract.

The less-than-satisfactory performance of the P&T in meeting its project agreement conditions under the Page contract generated a shift in subsequent USAID support for the telecommunications sector.

It was decided that future support would consist only of activities in direct U.S. interest. Therefore, the effort shifted to upgrading international radio telephone circuits considered important for U.S. troop morale and to promote a countrywide Call-Home program. In addition, it was determined that the main need of P&T was for skilled technicians and that future contracts for assistance would concentrate on training as opposed

to performing maintenance functions. Also, USAID agreed to assist in developing a plan to integrate all in-country communications nets for future development if the GVN would respond to reasonable conditions precedent for the conduct of such a study.

The Call-Home program was very successful and undertaken at little cost to the U.S. Arrangements were made with connecting international carriers to lease transmitter and receiver equipment to P&T at nominal fees and to place in Saigon technicians whose cost would be borne by P&T out of settlement balances. Accordingly, AT&T brought in modern switchboards and set them up in key USO installations, with the main switching center at the USO in Saigon. A new type of compander (a device which greatly improves the quality of voice transmission) was introduced that increased the efficiency of the high frequency radio links to Hong Kong from 70 to 90 percent. Three Cable and Wireless Ltd. technicians manned the Saigon P&T receiver site. Later RCA technicians were added for servicing circuits to support press services that were routed to the U.S. through Guam for relay by earth satellite.

Although the project was discontinued in 1973 on the basis of the GVN's failure to revitalize its telecommunications organization, the telephone facilities were transferred in 1974 to the Ministry of Public Works, and a more promising, semi-autonomous telephone authority (VTA) was established and organized with its own management and finance. By this time the USAID had terminated its financial and technical assistance in this area.

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Assistance To Other USAID Divisions

As part of the overall U.S. effort to support the civilian sector of the GVN, various USAID divisions programmed funds for construction of new GVN facilities or remodeling of existing ones. Many facilities had fallen into a state of disrepair over the years and were no longer useable, beyond economical repair or inadequate for the proposed uses. Also, many USAID - supported volunteer agencies were funding construction for new facilities or remodeling of existing facilities.

In order to ensure the proper and most economical use of U.S. funds, the Engineering Division was given the responsibility for planning, designing and constructing these projects while the other divisions and volunteer agencies provided the funds and the project manager who was the coordinator with the concerned GVN agencies. Engineering furnished the contract representative who was responsible for the technical aspects of the project. The project manager and the contract representative coordinated the project with the GVN during its planning, designing and construction phases. Most projects were designed by U.S. or Vietnamese Architects and Engineers (A&E) firms, but some were designed "in-house" with direct hire or contract U.S., TCN, or Vietnamese staff. Construction was usually accomplished by USAID contracts with U.S., TCN, or VN contractors, although some undertaken by a GVN agency or VOLAG when it had the capability.

Upon completion of construction the facility would be turned over to the using GVN agency and the engineering division's participation in the project ceased.

The Engineering Division also provided engineering support to CORDS, the organization responsible for coordinating U.S. efforts in rural participation and development. Each of the four regional headquarters (Da Nang, Nha Trang, Bien Hoa and Can Tho) had a Chief Engineer supported by a staff of direct hire and contract U.S. and Vietnamese engineers and technicians. The Regional Engineers provided in-house architect-engineering design services and supervision of construction services for thousands of projects scattered all over the country. Typical projects included village schools, village dispensaries, village markets, irrigation projects, rural roads, regional and district warehouses, refugee camps, etc.

The Regional Engineers were the representative of the Engineering Division outside of Saigon, and served as coordinating links along with their Vietnamese counterparts between the GVN Regional and Provincial Engineers and Saigon headquarters. This coordination often eliminated or reduced delays to projects and played an important part in implementing many GVN/A.I.D. projects.

The Regional Engineering concept was useful in cutting through U.S. and GVN bureaucratic delays in order to implement projects in a timely manner and providing engineering services throughout South Viet Nam.

Following is a list of other divisions and VOLAGS to which the Engineering Division provided assistance:

Public Health

1. Impact hospitals

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a. Gia Nghia - new

b. Bon Son - new

c. Cao Lanh - remodel

d. Hau Bon - new

e. Bao Loc - new

f. Ham Tan - new

g. Song Be - (Cancelled because of security)

h. Vi Tanh - new

i. Chau Phu - remodel

2. Medical Warehouses

a. Phu Tho

b. Vung Tau

c. Nha Trang

d. Vinh Long

e. Tuy Hoa

f. Bien Hoa

g. Phuoc Long

h. Chau Phu

3. Basic Science Complex for Faculty of Medicine, University of Saigon.

4. Rehabilitation of Cho Quan and Cho Ray hospitals in Saigon.

5. Barsky Burn Unit at Cho Ray hospital.

6. Teaching Hospital for Faculty of Medicine, University of Saigon - plans only.

7. Materials Production Center - Saigon.

8. Midwife Training Center - Saigon.

9. Standard Medical Infirmary - Dispensary.

10. Remodel 22 dispensaries around Saigon.

11. Remodel and upgrade Regional Dispensaries.

Education

1. Junior Technical Schools

a. Can Tho

b. Phuoc Le

c. Long Xuyen

d. Vinh Long

e. Bien Hoa

2. Technical Schools

a. Da Nang

b. Thu Duc - Nguyen Truong To

3. Instructional Materials Center - Saigon.

4. Faculty of Pedagogy Demonstration School - Thu Duc.

5. Secondary National Wards School - Can Tho.

6. Second Cycle Girls Secondary School at Ming Mang - Saigon.

7. First Cycle Boys Secondary School at Ming Mang - Saigon.

8. Standard Three Story Secondary School.

9. National Technical Institute - Phu Tho.

Agriculture

1. Farmers Association Warehouse Complex at Thi Nge - Saigon.

2. Farmers Association Warehouse Complex at Le Van Duyet - Saigon.

3. National Livestock Testing and Training Center - Thu Duc.

4. National Crop Testing and Training Center - My Tho.

5. Vung Tau Fishing Port - planning only.

Public Safety

1. National Police Training Center

a. Rach Dua

b. Cam Ranh

c. Can Tho

d. Bien Hoa

2. Marine Police Base in Can Tho.

3. Marine Police Base and Training Center at Phu Xuan.

4. Five Marine Police Bases in the Delta.

Public Administration

1. Cam Ranh Bay Workers Housing Project.

2. Ming Mang Housing - Saigon.

3. Remodel GVN Customhouse at Saigon Port.

4. Remodel GVN Fraud Suppression Building at Saigon Port.

5. Remodel GVN National Bank Computer Center - Saigon.

6. Prime Minister's Computer Center.

7. Custom Warehouse, Tan Son Nhut - Saigon.

Industry

1. Planning for Industrial Parks

   a. Da Nang

   b. Cam Ranh Bay

   c. Long Binh

2. Saigon Export Processing Zone - planning only.

3. National Standards Institute.

Logistics

1. Thu Duc Storage Complex.

2. Office for Logistical Support at Hoang Dieu - Saigon.

3. Improvements at Saigon Port.

4. Improvements at Nha Trang Port.

5. Feasibility Study for Vung Tau Port.

Refugees

1. Standard Refugee Housing Units.
2. Standard Mess Hall for Refugees.
3. Land Development and Hamlet Building
   a. Site selection
   b. Land clearing

Commercial Import Program

1. Technical Review of Specifications.
2. Technical Review of Bids.

Others

1. Domestic Terminal at TSN.
2. Military Terminal at TSN.
3. Information Printing House.
4. RED
   a. INNOTECH - Saigon
5. CARE
   a. Child Day Care Centers
   b. Orphanages
6. Catholic Charities
   a. Child Day Care Centers
   b. Orphanages
   c. Schools

Post Script

From the above description of USAID supported GVN activities in

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highways, railways, waterways, power, potable water, construction and telecommunications, it is evident that in all these technical areas, save the latter, the Vietnamese proved to be competent, conscientious, and quick to learn. Solid institutions were either already developed or well on their way by April 1975. In many cases, these organizations such as the Vietnamese Railways, and the Power Company were functioning on self-sustaining bases, despite the deprivations and dislocations caused by the continuous period of strife.

WAR VICTIMS, RELIEF AND REHABILITATION

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Introduction

The largest component of USAID's humanitarian assistance program to South Viet Nam was refugee relief and rehabilitation. The refugee program during the 1954-1975 period can be described in time frames which correspond to changing conditions in South Viet Nam and the nature and magnitude of the refugee problems which the country faced. U.S. assistance began in 1954, which for our purposes can be considered the beginning of the first phase of the program. The initial stage, which was brought about by the mass migration of some 900,000 refugees from North to South Viet Nam following the 1954 Geneva Accords, lasted until 1957. This was followed by approximately six years of relative calm in which the early refugees were integrated into and became productive members of South Vietnamese society. There was relative peace and prosperity, and some lands were made available by the withdrawal of French plantation owners. Thus the period 1958-1963 did not require a refugee assistance program separate and distinct from the overall economic development assistance program of the United States Operations Mission (USOM). Beginning in 1964, however, intensified fighting and deteriorating security created a mounting problem. At first it was handled as part of the USOM provincial representative's field program, but with the steep rise of American military involvement following the Tonkin resolution in 1965, pressure mounted for a discrete program focussed on assistance to the mounting number of refugees. Congress - in particular the Senate Judiciary Subcommittee on Refugees and Escapees - held hearings which attested to the growing need. It also soon became evident that U.S. military "search and

destroy" operations were resulting in flight to the GVN's side of whole hamlets and even villages. A.I.D.'s response was to set up a new USOM Office of Refugee Coordination (ORC) in October 1965 under an Assistant Director with considerable past experience in the refugee field. A small staff was selected for Saigon to provide liaison with other units of USOM, the American military, the GVN offices concerned with refugees, and the voluntary agencies, and to provide technical guidance to the newly recruited cadre of provincial refugee advisors.

In 1968, the Communist Tet offensive suddenly generated a million new refugees. The period 1968-1971 saw a refugee program almost totally devoted to the relief and reestablishment of the war victims created by the Tet offensive and its aftermath.

The final stage of the program of U.S. assistance can be said to date from the massive North Vietnamese offensive of 1972 through the collapse of the GVN in April 1975. This period was characterized by continual upheaval and disruption caused by North Vietnamese invading forces and displacement and resettlement of war victims, often many times over.

The war in South Viet Nam created suffering and grief in many ways. Nowhere was it more self-evident than in the disrupted lives of millions of Vietnamese who found themselves suddenly and often violently displaced from their homes and possessions. Because the war created several distinct types of dispossessed people, USAID developed a series of programs, in conjunction with the GVN, to deal with the various categories of victims. The overall goals of the GVN relief and rehabilitation effort were to

provide for the welfare of refugees and other victims of the war and to restore them to normal, productive roles in society. Toward these aims, four broad programs evolved over the years:

1. Temporary Relief was designed to provide food, shelter, and other necessities at official GVN temporary camps established wherever necessary throughout the country when refugees were forced from their homes.

2. Return to Village (RTV) provided an opportunity for displaced persons to return to their home areas and receive a number of special government allowances which gave them a much needed first step toward self-sufficiency. Displaced persons in this category received funds to construct new houses, food allowances to help them survive while new crops were being planted, and development benefits (such as the construction of schools, dispensaries, roads, markets or wells) to assist in the formation, rehabilitation, or further growth of viable communities.

3. Resettlement extended an opportunity for those who could not return home to farm land in secure areas elsewhere, establish new homes, and once again become self-sufficient. Allowances were similar but greater than those provided through the RTV program.

4. In-Place War Victims was a program to assist people who suffered house damage or the death or injury of a family member as a result of military action, yet were forced to leave home for only a short time, if at all.

The United States Government assisted the GVN to care for and reestablish refugees from 1954 until the collapse of the government in April 1975. The USAID Office of Refugee Coordination (ORC) with much the

same duties for more than eight years, went through a number of name and organizational changes to emerge as of February 1, 1973, as the USAID Associate Directorate for Relief and Rehabilitation (ADRR).

While there was never a nationwide census of refugees, it was estimated that some eight million Vietnamese were displaced from their homes at one time or another since 1964. Many were displaced more than once. Of these, about five million participated in the emergency relief and/or long-range rehabilitation programs of the GVN.

For several years prior to the fall of Saigon, the Ministry of Social Welfare (MSW) was the major GVN agency in this field. The Directorate General for Land Development and Hamlet Building was chartered in March of 1971 and began to play an increasingly active role in resettlement beginning in 1972. The two were joined in February 1974 under the leadership of Dr. Phan Quang Dan, Deputy Prime Minister, who had previously served as Director General of the Land Development Agency. Under his vigorous leadership about 150 resettlement sites were developed to provide alternative homes for refugees unable to return to their villages.

A brief sketch of each of the three major time frames follows:

<u>1954-1957: Migration and Resettlement Following the Geneva Accords</u>

About 900,000 people were evacuated from North to South Viet Nam, resettled and restored to economic self-sufficiency in three and one-half years' time - from 1954 to 1957. During this time the U.S. Government through the USOM assisted the GVN in three major operating stages: 1) moving a large segment of the population; 2) temporarily sheltering them, and 3) finally permanently resettling them

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and integrating them into their new surroundings. The cost to the U.S. in the initial year alone was $55 million, including $11 million for sealift operations of the U.S. Navy.

The Geneva ceasefire agreement in July 1954 provided for free movement in both directions for 300 days. Many friendly countries and voluntary agencies made significant contributions towards evacuating people from North to South Viet Nam. Some countries, including France, also assisted in transporting southern-based Vietnamese families to the North but the numbers were never high. Initially, the French Government undertook this effort alone but it soon became evident that the number of people moving in both directions surpassed its capabilities. The U.S. and other friendly governments, plus a host of privately-financed voluntary agencies, joined the effort in response to an appeal from President Diem.

The task of the GVN Commissariat General aux Refugees (COMIGAL), assisted and supplemented by USOM and the voluntary agencies, was to feed and house the refugees and then find regions capable of accommodating and supporting them according to their preferences. To accomplish this, prospecting commissions made up of land experts and refugee representatives were sent to the provinces to find resettlement sites with the necessary requirements: arable land for farmers; favorable coastal fishing grounds for fisherman; and sites near towns and cities for artisans to set up their shops. Once these locations were determined, COMIGAL proceeded to design projects according to guidelines established by the prospecting commissions. With COMIGAL's recommendations, the plans were sent to USOM or to the French Technical and Economic Cooperation Bureau for approval and allocation of funds.

Refugees were moved to resettlement centers as soon as project funds were transferred to the COMIGAL account and advance site preparations were completed. Centers varied in size to accommodate population groups ranging from 200 to 600 families. Whenever possible, whole villages, which had migrated intact from North Viet Nam, were resettled at the same site. Then they began clearing land, planting their crops, electing officials, building schools and dispensaries, and ultimately integrating their administration into the structure of local communities. Integration started in April 1956, and was completed by mid-1957 when all refugee villages were absorbed into the local administrative structure. A total of 319 resettlement villages were created in this manner - 288 for farmers, 26 for fishermen, and five for artisans. Geographically, 207 were located in southernmost Viet Nam, 50 on the central coastal plans, and 62 in the central highlands. Only about half of the evacuee farmers, fishermen and artisans went to resettlement villages. The rest - who were mostly merchants, military men and government employees - resettled with their families in places of their own choosing, in cities and in the countryside, with their own resources.

By 1958, the refugees from the north by and large were assimilated into the economic and social fabric of South Viet Nam and the country enjoyed a period of relative peace and stability for several years. Intensified fighting and the deterioration of security beginning in 1964, however, would see many of these people uprooted again.

1964-1967: A New Refugee Problem as the War Intensifies

From 1958 until 1964, assistance to refugees was an integral part of the overall economic development program of South Viet Nam. The U.S. contributed primarily by providing commodity and technical assistance in health, education, agriculture and industry. The displaced population which resulted from the 1954 Geneva peace agreement was by 1964 completely integrated into South Vietnamese society. The growth of a new refugee problem in South Viet Nam corresponded, quite naturally, to the increasing level of military activity during the second half of the 1960s. Ironically, the refugee problem once again became urgent in the fall of 1964, not by an act of war but by the most devastating flood in modern Vietnamese history, which inundated vast areas of the countryside in the northern coastal provinces of South Viet Nam and left about one hundred thousand people homeless. The relatively stable government of President Ngo Dinh Diem ended with his assassination in 1963, followed by a series of governments none of which seemed able to mobilize the nation. The GVN, weakened by coups d'etat and political and military disintegration, was unable to keep the flood-ravaged areas from being occupied by the Viet Cong. Consequently, these flood victims, who could not return to their homes, formed the beginning of a hard-core refugee population which would continue to command the attention of the GVN and USAID until the end.

To help provide some feel for the complexity of the refugee problem from this point on, it is worth noting the differences between the refugee population which grew out of the 1954 Geneva Accords and the refugee population which emerged in the 1960s. The southward trek "Operation Exodus", as it was called, faced in a new direction; its refugees abandoned their

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former lives and settled quickly on new soil. Most entered South Viet Nam as complete families, often as parishes and hamlets with strong religious (usually Catholic) or secular leadership. Occupationally, they were a cross section. Above all, they came to a land where combat had ceased, with fertile areas available for cultivation.

By contrast, the refugees of the 1960s were essentially rural people, largely women, children and old men. Many were forced to flee without warning, and relatively few escaped in hamlet or parish groups. There was much less cohesion and leadership than there was in 1954. Finally, and more significantly, most of the new refugees lived temptingly near their former homes. Some even farmed their fields by day, returning to their secure areas by nightfall. Most, in fact, took refuge in government areas with the initial expectation of returning home as soon as security would permit. These displaced persons, although called "Refugees from Communism" by the GVN, were more apolitical than were refugees during the 1950s. (A more accurate description of the new refugee was "war evacuee" inasmuch as he had fled from a combat zone in search of security and, furthermore, had not crossed any international boundaries.) Thus the uncertain security situation would have made planning more difficult even if Saigon had more area under its control. It became increasingly difficult to find land that yielded the three indispensable conditions, i. e. (1) available, from the standpoint of ownership, (2) sufficiently arable to support life, and (3) secure. The third condition was perhaps the most difficult to meet. Military realities not only greatly limited land settlement but also created a situation in which some people were displaced for a second or third time. Many of the refugees of a decade earlier were uprooted yet again.

The guerrilla war had become so fierce by the end of 1964 that the United States began considering its earlier contingency plans to place combat troops in Viet Nam. By 1965, the build up began and as U.S. troops and planes began engaging the Viet Cong, the number of refugees increased. In many areas, military leaders concluded the tactical situation was such that civilians would have to be cleared in order to get at the Viet Cong. These areas were declared free strike zones. People living in such areas were usually given advance notice, often by dropping leaflets. After a specified date, the area was subject to air strikes and artillery strikes without notice. They had no choice but to leave their homes. Almost all fled to the Government side.

Early in 1965, a USAID special study group was appointed to recommend ways of coping with what threatened to become a runaway problem. As a result, a USAID Office of Refugee Coordination (ORC), created in October 1965, became the focal point for U.S. assistance to refugees. This office was established with a staff of about 40 in Saigon. At that time there were nearly a half million refugees in temporary shelter. During this period the responsibility for refugee assistance was divided in the GVN. The Ministry of Welfare dealt with temporary refugees in camps; the Ministry of Rural Reconstruction (later Revolutionary Development), a unit under General Thang with wide responsibilities but with little or no direct contact with regular institutions, helped refugees who had opted for resettlement. There was no real connection between the two, no consistent policy line, no transition from one stage to the next. Coming into the picture at this juncture, ORC recognized a great need for the creation of one coordinated Ministry which could deal effectively with the refugee problem. There was a requirement for a clear cut budget for

refugees. As matters stood, there was very little money in the government available to help them except for the absolutely bare essentials, and there certainly was no consistent plan for establishment of resettlement sites. After some months of quiet campaigning ORC's recommendation was finally accepted, and a commissariat of refugee affairs was established.

The man selected to head the newly established Special Commissariat for Refugees as its Commissioner was Dr. Nguyen Phuc Que who was appointed in March 1966. Under him, the refugee program for the first time began to take on some meaning. Dr. Que succeeded in putting together a 1966 budget of over 1.3 billion piasters - roughly $12 million - the first consolidated budget for refugee purposes.

He established standards for sanitation and medical attention in refugee camps. With the help of the USAID, he authorized construction of new shelters to replace the poorest housing and of classrooms for refugee children unable to attend regular schools. Mindful that many refugees could not go home in the foreseeable future, he expanded vocational training instruction and the development of handicrafts and cottage industries. In addition, new short-term classes for refugees were set up in such trades as building construction, engine maintenance and repair, basic electricity, tailoring, and typing at six vocational-training schools at which U.S.-financed equipment had been used traditionally only for more formal extended training. Nevertheless, 1966 was a particularly trying time for the Commissariat. Much of its initial effort was spent establishing itself organizationally. Its staff was, to a great extent, recruited on a volunteer basis from other

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GVN agencies and it did not, for the most part, represent an elite corps of Vietnamese administrators.

Other problems developed as the intensified military operations in 1965, 1966 and 1967 confronted undermanned and ill equipped provincial staffs with a flood of newly generated refugees. During this period, hundreds of thousands streamed into the towns and cities, many of which were isolated and difficult to supply. Some of the new refugees were initially viewed with suspicion as they had largely emerged from areas of VC influence. This, plus the press of more urgent tasks, resulted at the beginning in a low priority for assistance to them.

Meanwhile the USAID refugee assistance program continued to grow. The ORC provided technical assistance to Dr. Que's Commissariat and attempted to coordinate the different American groups aiding the refugees. The first requisite was a close working relationship with the military. Army civil affairs companies assigned to tactical units in the field were concerned with refugees fleeing battle areas. Special Forces camps often provided security and an assistance lifeline to refugees in remote locations who could be reached only by helicopter. Seabees taught refugees motor mechanics, electric wiring, and carpentry in Da Nang's technical school. When not actually engaged in combat, Army and Marine units spent many hours in civic action programs - distributing foodstuffs, providing medical services, and constructing schools, dispensaries, wells, playgrounds, and other refugee camp facilities.

During 1967, in the climate of close military and civilian coordination, and as awareness of the size and scope of Viet Nam's refugee problem grew, several organizational changes were made within both the U.S. Mission and the GVN in an attempt to strengthen the refugee program. First, the U.S. refugee operations were moved from USAID to the civilian Office of Civil Operations (OCO) and later to the Military Assistance Command's Civil Operations and Revolutionary Development Support (CORDS). In addition, in November 1967, the Special Commissariat for Refugees was amalgamated with the Ministry of Social Welfare, which remained under the direction of Dr. Que, as the Ministry of Social Welfare and Refugees (MSWR). The latter step was in recognition of the inseparable objectives of the Welfare Ministry and the ongoing refugee relief effort.

At the end of calendar year 1967, USAID reported that more than two million refugees had come into secure areas controlled by the GVN since 1964. Of this number, 450,000 had returned to their homes, about 670,000 had been resettled in new areas, and more than 800,000 remained in refugee camps operated by the GVN with the support of the U.S. mission and voluntary agencies. The A.I.D. funding for refugee relief in Viet Nam ran about $20 million in FY 1967 which included nearly $12 million in PL 480, Title II foodstuffs to support GVN and voluntary agency feeding programs.

1968: The Tet (Lunar New Year) Offensive

During the first half of 1968, the refugee situation changed drastically as a result of two major VC/NVA offensive actions. Both offensives were directed primarily against urban centers thus adding a new dimension to the refugee problem which previously involved mainly residents of rural areas.

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The Tet offensive beginning 31 January and the post-Tet attacks beginning 5 May forced approximately one million persons from their homes. The victims of these attacks, identified as "Tet and post-Tet evacuees" to distinguish them from the earlier, regular registered refugees, were mostly residents of urban areas whose homes were destroyed or damaged or who fled from the fighting in their neighborhoods. The number of Tet evacuees reached a peak of 892,454 and an additional 179,164 evacuees were involved in the post-Tet attacks in May, mostly in the Saigon metropolitan area. The GVN and U. S. Mission gave top priority to the emergency needs of the evacuees and civilian casualties.

The new problems of assisting the Tet and post-Tet evacuees were met more readily than those of the regular registered refugees. More than half of these evacuees who sought temporary shelter were able to return to their homes as soon as the fighting ceased and security was restored to their neighborhoods. In contrast to the regular refugees who were mainly farmers and had lost their livelihood as well as their homes, the Tet and post-Tet evacuees primarily needed rehousing and subsistence allowances for relatively short periods of time until they could return to their employment, or resume their commercial, trade or other activities from which their incomes were derived. As a result of the energetic action by the GVN following the VC offensive, the majority of these evacuees were speedily reestablished into their former lifestyles.

Regular Refugees

Contrary to the projections at the beginning of 1968, the number of regular refugees continued to increase. Implementation of the regular

refugee program was decidedly hindered during the early months of the Tet offensive due to emergency conditions prevailing in most provinces. Contact was intermittent with many temporary refugee centers and support of the regular refugees was difficult because of interdiction of communication and supply lines and transportation. This was particularly the case for those isolated from province and district towns. Moreover, many refugees were forced to flee from temporary shelters due either to military actions or VC terrorism. By the end of June, however, contact had been reestablished and in most provinces regular refugees were receiving their allowances on a pre-Tet schedule; plans were made to speed up resettlement of those not able to return to their original homes and vocational training specialists were added to each corps refugee staff.

The reporting of data on the movement of regular refugees during the early months of 1968 was interrupted by the Tet offensive but end-of-the year statistics indicate that 1,288,000 (of which 794,000 were carried over from 1967) were assisted during the year. Of these, 302,000 returned to village and 148,000 were resettled. Many remained in camps. The peak number of Tet and post-Tet evacuees totalled 1,071,600. Of this number, all but about 490,000 had been reestablished by the end of 1968. The number of regular refugees and evacuees in temporary status, receiving assistance, at the end of the year was 1,329,000.

The major problems impeding progress toward the refugee program objectives and targets were:

1. The shift in focus of the VC/NVA attacks to urban centers beginning with the Tet offensive added a new dimension to the refugee

problem previously concerned mainly with persons from rural areas. As a consequence, the GVN was confronted with the necessity of establishing emergency relief and reconstruction programs for massive numbers of urban evacuees which called for concentration of U.S. and GVN refugee personnel and required greatly increased resources.

2. Plans for accelerating resettlement of regular refugees were hindered due to : accentuated problems of security outside of urban areas; limited availability of land in secure areas; disruption or delays in expanding vocational and handicraft training; the interruption during the early months of 1968 of transportation and communication with temporary refugee centers as well as diversion of efforts of province and district refugee personnel from the regular refugee program to the emergency situation in the capital cities or larger urban centers.

3. The general military mobilization ordered by the GVN had an impact upon the refugee staff, particularly the trained mobile teams and the province and district personnel.

4. The problem of reliable statistical data persisted, although CORDS, in cooperation with the GVN, instituted a census of all regular refugees receiving temporary assistance which provided more accurate statistical reporting.

5. In spite of improvements in logistics and management control, the problems of distribution from the province level to the recipient refugee were not fully resolved.

Events and priorities in the relief and rehabilitation field between 1969 and 1975 were sharply affected by the North Vietnamese offensive which began in late March 1972. In the several years prior to the offensive, major

emphasis was placed on helping refugees reestablish themselves in their home areas or, if that was not possible, assisting them to resettle. In all of 1971, fewer than 136,000 new refugees were generated, and only 20,000 more joined their ranks in the first quarter of 1972.

1972-1975

Then came the offensive, abruptly interrupting and reversing this encouraging return to normal life and productivity. Nearly 1.3 million people from 28 provinces fled their homes in the last nine months of 1972. At the peak, 758,000 evacuees took refuge at official GVN temporary camps, 35 percent of them in the Da Nang area alone. Some 675,000 people were still in camps on December 31, 1972. Through major return to village (RTV) and resettlement programs, the camp population was reduced to 234,000 by the end of 1973 and to 41,800 by July 24, 1974. About 26,000 of the latter group were Cambodians or ethnic Vietnamese from Cambodia.

The GVN's reaction to the massive influx of refugees in 1972 was commendable. Government officials and innumerable Vietnamese private groups and individuals, religious organizations and business groups provided food, clothing and a wide variety of services. Through the GVN, the U.S. Mission provided funds and surplus commodities for refugee relief. The GVN levied a special national tax to aid refugees, and many third countries and voluntary agencies also contributed commodities and funds.

The final major category of relief assistance was that provided to in-place war victims. The GVN, with U.S. support, determined that a new type of aid was necessary following the battles of Tet, 1968. Although more

than a million South Vietnamese civilians were caught up in the nationwide fighting at that time, suffering property damage or the death or injury of a family member, the majority quickly returned home to rebuild. For the most part, their crops were still in the fields and some of their goods could be salvaged. They did not require long-term support, rather just a small amount of food to tide them over and government help in rebuilding their homes. The GVN began providing this type of assistance. Because of the widespread hit-and-run fighting experienced in many areas of Viet Nam at or following the January 1973 ceasefire, the in-place war victims program was very important in 1973. While 264,000 people submitted claims in 1972, the number doubled to nearly half a million in 1973. Compensation was provided to some 600,000 people during the year for claims submitted in 1973 or in previous years.

With the ceasefire, and despite continuing military activity which created large numbers of new war victims, the government turned refugee emphasis once again to RTV and resettlement programs. About 350,000 people, the great majority of them displaced during 1972, returned home in 1973 and received at least a portion of the allowances to which they were entitled. Since the majority of people able to return to their secure home areas did so by 1973, the 1974 RTV program was much smaller.

The year 1973 and the first half of 1974 was primarily a time of rebuilding and return to a normal life for the nation's refugees. Program emphasis during the remainder of 1974 was focused on new resettlement movements and the improvement of sites already established, plus continued assistance to in-place war victims. A number of international voluntary agencies and other nations, in addition to the Vietnamese and Americans,

assisted in reconstruction efforts and pledged continued material and financial support to the overall relief and rehabilitation program.

About 214,000 people were resettled in 1973, and some additional 255,000 joined their ranks during 1974. With almost all of the in-camp Vietnamese refugees resettled or returned home by June 30, 1974, emphasis in the resettlement program underwent a gradual change. The main target groups for resettlement during the remainder of 1974 and in 1975 were unemployed city dwellers and former refugees currently living in unviable areas.

Resettlement was voluntary and leaders of resettlement groups usually took part in the choice or approval of sites. A longer period of time was required for resettlement communities to become viable than for RTV communities. While refugees returning to RTV sites reoccupied land which was once in use, and some roads, wells, etc., still existed, the resettlement sites started from zero.

These long-range programs of return and resettlement - both strongly supported by the U.S. Mission - provided major humanitarian and economic benefits to South Viet Nam as a whole as well as to the individual refugee. The programs offered the country an efficient, effective, and popular method of increasing agricultural production. Abandoned and virgin land was put to use, as was excess manpower which might otherwise have required continued welfare assistance for many years.

A senior joint MSW/USAID Working Committee was engaged full time on the resettlement program which was receiving the highest priority attention in the humanitarian area by early 1975 when the entire military and political structure of the GVN entered its final phase of collapse. To this end, 150 resettlement sites were surveyed in late 1974 and early 1975 and the following conditions were found to exist:

Condition of Existing Resettlement Sites

Region	Population	Viable	Potentially Viable	Non-Viable	Total
1	166,300	7	40	21	68
2	53,400	13	35	1	49
3	95,500	14	16	1	31
4	27,011	0	2	0	2
Totals	342,211	34	93	23	150

Viable Sites - were identified as those already capable of providing adequate economic, social and physical services and infrastructure to support the intended population, i.e., arable land, schools, hospitals, roads, water, etc.

Potentially Viable Sites - were those that could be brought into the viable category through such measures as adding to existing services or infrastructure or reducing population.

Non-Viable Sites - were those that were assessed as holding insufficient potential to warrant further development.

A table showing numbers of newly registered refugees, registrants returned home and registrants resettled from 1964-1975 is attached.

For FY 1975, A.I.D. in its Congressional Presentation, had requested $76.5 million to meet the costs of assisting refugees to return home, resettle on new land and to compensate those persons affected by the war, including death of family members, injury or damage or their homes. In addition, $30 million was requested for resettling on productive land displaced persons who were living in overcrowded urban areas. The GVN had received applications from more than 600,000 families, many of whom had moved from farms to cities on their own, without a period of dependency in refugee camps.

The International Red Cross made substantial inputs. UNICEF's greatly expanded program in South Viet Nam was expected to reach $10.5 million for the three years ending in 1975. The Office of the U.N. High Commissioner for Refugees (UNHCR) was also seeking some four million dollars in funds to help finance a proposed program of refugee resettlement for 60,000 families. This was a special program for UNHCR whose mandate normally extends only to refugees who are border-crossing, not to those who are refugees within their own country.

The final surge of refugees occurred in the early months of 1975, beginning with the fall of Phuoc Long Province in February, the subsequent loss of Ban Me Thuot and the flight of tens of thousands from the Central Highlands provinces toward the sea. In the succeeding days, as

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the enemy closed off Hue and other towns and districts in Region 1, half a million refugees crowded into Da Nang. As it gradually became clear that Da Nang could not hold out, evacuation of refugees got underway by sea and air. It was thought that Nha Trang, Cam Ranh, Ninh Thuan, Binh Thuan and Vung Tau would provide safe havens, but the course of events moved too swiftly, and by early April it was apparent that these areas too would be overrun. Some ships proceeding from Cam Ranh and Vung Tau made for Phu Quoc Island some miles off the coast of the southwestern province of Kien Giang and when Saigon fell there were some 40,000 refugees receiving temporary assistance on that island. After Saigon's capitulation, the Communists moved quickly to secure this last refuge of the evacuees.

Approximately 140,000 Vietnamese were evacuated from the country at the time of the fall of the GVN of which 6,629 fled to third countries. Refugee camps were set up in the United States at Camp Pendleton, California; Fort Chaffee, Arkansas; Camp Eglin, Florida and Indiantown Gap, Pennsylvania to process the refugees. As of December 21, 1975, all of these camps had been closed and the refugees have been settled in towns and cities all over the United States, hopefully once again to start a new and more settled life.

REFUGEE RELIEF, RETURN TO VILLAGE AND RESETTLEMENT PROGRAMS 1/
(1964-1975)

Year:	Newly Registered Refugees	Registrants Returned Home	Registrants Resettled	Refugees in Temporary Status at End of Year
1964-66	1,678,000	325,000 2/	543,000 3/	810,000
1967	436,000	315,000 2/	137,000 3/	794,000
1968	494,000	302,000 2/	148,000 3/	1,329,000
1969	590,000	189,000 4/	432,000 3/	268,000
			388,000 5/	
1970	129,000	388,000 4/	140,000 6/	137,000
	281,000 7/		88,000 8/	
1971	136,000	266,000 4/	127,000 6/	94,000
	268,000 7/			
1972	900,000 8/	210,000 9/	34,000 9/	675,000
1973	88,000	354,800	214,400	233,800
1974	417,300	99,300	255,800	172,620
1975	Unknown	Unknown	Unknown	694,300 10/
Totals	5,417,300	2,449,100	2,507,200	--

1/ A single refugee may be listed in more than 1 column and/or several times within a single column if displaced more than once.
2/ Without aid.
3/ With GVN assistance.
4/ Paid all RTV allowances.
5/ Survey registrants paid 1-month rice allowance.
6/ Paid all resettlement allowances.
7/ With certificate for RTV program.
8/ Large numbers of the estimated 1,320,000,000 people forced to leave their homes at some time during 1972 were not officially registered. However, an estimated 900,000 took refuge at official GVN temporary sites, the normal criteria for registration noted in the top line of each previous year.
9/ Most or all allowances paid.
10/ Registered refugees through April 27, 1975.