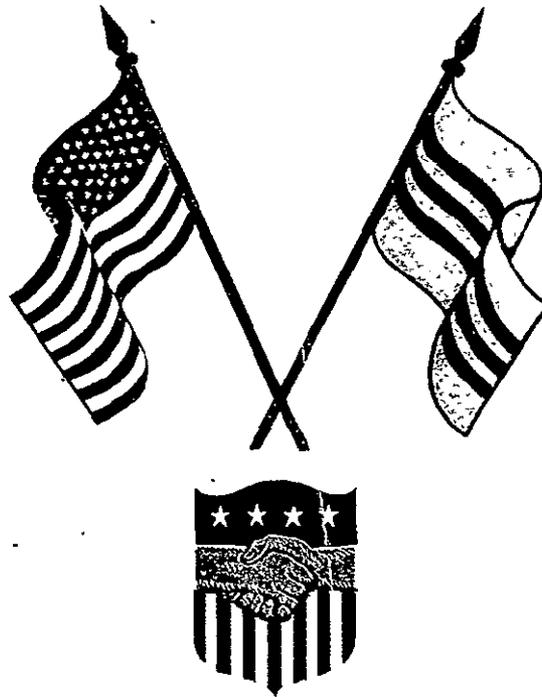


# *Report*

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## **to the Ambassador**

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



**1969**



EMBASSY  
OF THE  
UNITED STATES OF AMERICA

U.S. AID MISSION TO VIETNAM

TO THE AMBASSADOR

In this report of USAID's assistance to the Republic of Vietnam in 1969, I have gone somewhat beyond the scope of my report in each of the last two years. Because much interest was shown in the USAID Annual Report for 1968 by many private groups, the press and other representatives of the public at large, I have outlined this report in such a way as to provide a broad audience with the perspective of general trends and directions, as well as the specifics of the program in 1969.

Each month of the year saw more of the countryside come under the security and protection of the government. As fighting lessened more of the government's efforts and resources were devoted to the building of the nation. The USAID's assistance in 1969 again focused on three principal objectives -- First to enable the economy to function despite the burden of the war by providing commercial imports and foods on a large scale. Second we assisted Vietnamese efforts to achieve economic growth, again in the midst of war -- as well as to improve and extend the government's services to its citizens. Last, we devoted an increasing effort to provide assistance in planning for the era of peace that lies ahead.

Although this is a report on USAID, it is also a record of the achievements of the Government of Vietnam and the Vietnamese people.

A handwritten signature in cursive script that reads "MacDonald".

Saigon, South Vietnam  
January 1, 1970

D. G. MacDonald  
Director, USAID

## INTRODUCTION

1969 has seen the government and the people of the Republic of Vietnam exhibit an ever increasing capability to build their nation on firm foundations. Steady progress was made during 1969 in stabilizing the economy, increasing agricultural production, improving government administration and providing public services. As more and more of the countryside became secure, over 80% of the people were served by their elected government.

The United States Agency for International Development—USAID—has the mission of implementing the United States Economic Assistance Program in Vietnam. In so doing USAID has been providing economic aid and advice to the republic over a period of 18 years, and by the end of 1969 had spent or committed something less than \$4 billion dollars. U.S. economic aid to Vietnam, including Food for Peace (PL 480), reached a high of \$646 million in FY 1967. It dropped to \$548 million in FY 1968 and to \$408 million in FY 1969. Although small compared to U.S. military expenditures, American economic aid has changed and is changing for the better the everyday living of the people of Vietnam.

As the funds to be expended decreased, so did the size of USAID. From a peak of 1,471 Americans providing advice and assistance to the government of Vietnam in 1966, fewer than 1,000 will be on the rolls by March of 1970, reflecting the ever increasing capability of the Republic of Vietnam to manage its own affairs. It should be noted that USAID reductions in 1969, both in money and in personnel, are a direct result not only of improvements in the GVN but also a result of increasing ability of the GVN to sustain itself.

Postwar planning is receiving the attention of experts from both the GVN and USAID and when peace comes the nation will be prepared.

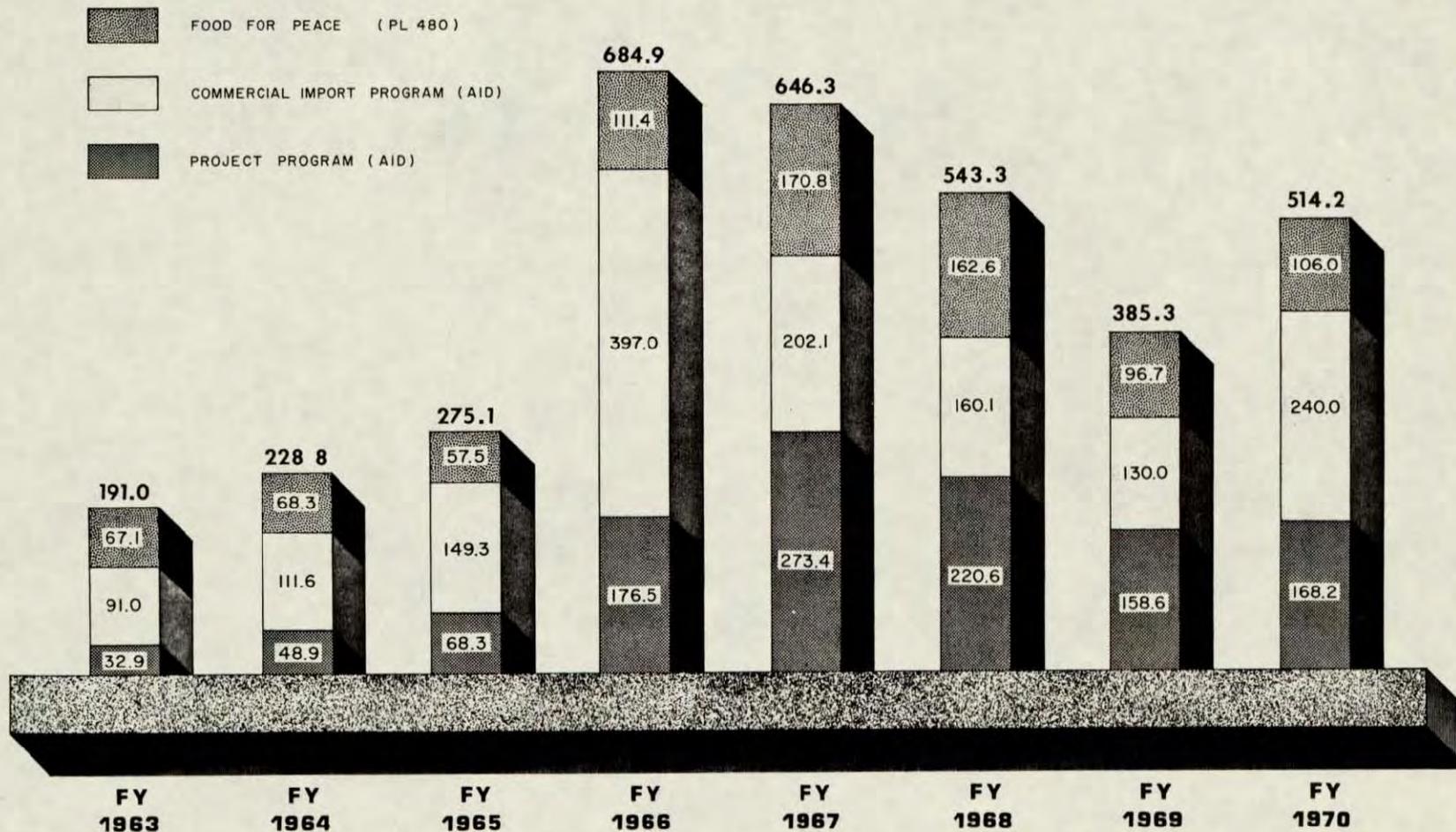
As the Government of Vietnam and USAID look toward the future, there remains much to be done and much will be done. Improvements in public health services, education, agricultural production and public administration continue to be primary goals—“To Build A Nation” . . .

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# TOTAL ECONOMIC ASSISTANCE PROGRAM - VIETNAM

( IN MILLION US\$ )



FY 1970 : Congressional presentation figures ; subject to change during legislative process

## STABILIZATION

A strong, viable economy is the very foundation upon which a developing nation must base its future in all other endeavors, i.e. socially, politically, militarily, etc. For this reason, USAID applies much effort to solving economic problems in order to help build a strong and independent Vietnam.

### The Economy

The year 1969 saw the economy start with relative price stability and change to one characterized by gradually increasing inflationary pressures. The year finished with decisive counter-measures by the Government of Vietnam slowing down this inflationary trend. While USAID continued to provide policy advice and U.S. economic aid remained instrumental in helping to stabilize the economy, the noteworthy and encouraging development was the shift in emphasis from reliance on aid as the ultimate support for price stability to self-help tax measures planned and implemented by the GVN itself.

The relative price stability that had prevailed in the second half of 1968 continued into 1969 as consumer prices rose at an annual rate of only 8% through April. This relatively low rate was largely attributable to the high level of imports which had been ordered during the resurgence of business confidence after the enemy's Tet and spring offensives in 1968. It was also a reflection of the marked improvement in security in the countryside where lines of communication were opened and commerce was restored and extended. By late spring, however, inflationary pressures began to build up once again.

Imports subsided to more normal levels at the same time that government expenditures turned sharply upward as a result of full mobilization.

Between April and September of 1969 consumer prices rose by approximately 19%, equivalent to an annual rate of over 40%, and there were clear indications of a further worsening of the situation. (In fact, however, as of December 1969, the annual rate was 32%.) The GVN assumed the cost and responsibility of taking over direct control of many projects and programs throughout the country, while also fully mobilizing, and in doing so increased demands on the budget. For one thing, an earlier announced salary increase for civil servants and the military had to be met. (This pay increase finally was disbursed in October, retroactive to July 1.) For another, the GVN was now facing the prospect of declining foreign exchange earnings and lower levels of imports and import taxes as a result of U.S. troop withdrawals. The situation was critical because in the absence of drastic new policy measures, the immediate prospect was for a 1970 inflationary "gap" (i.e. money supply increase) of VN\$80 billion to VN\$90 billion.\* That would have equaled a 55% to 60% increase in

\* Conversion rate is 118 piasters to US\$1.00

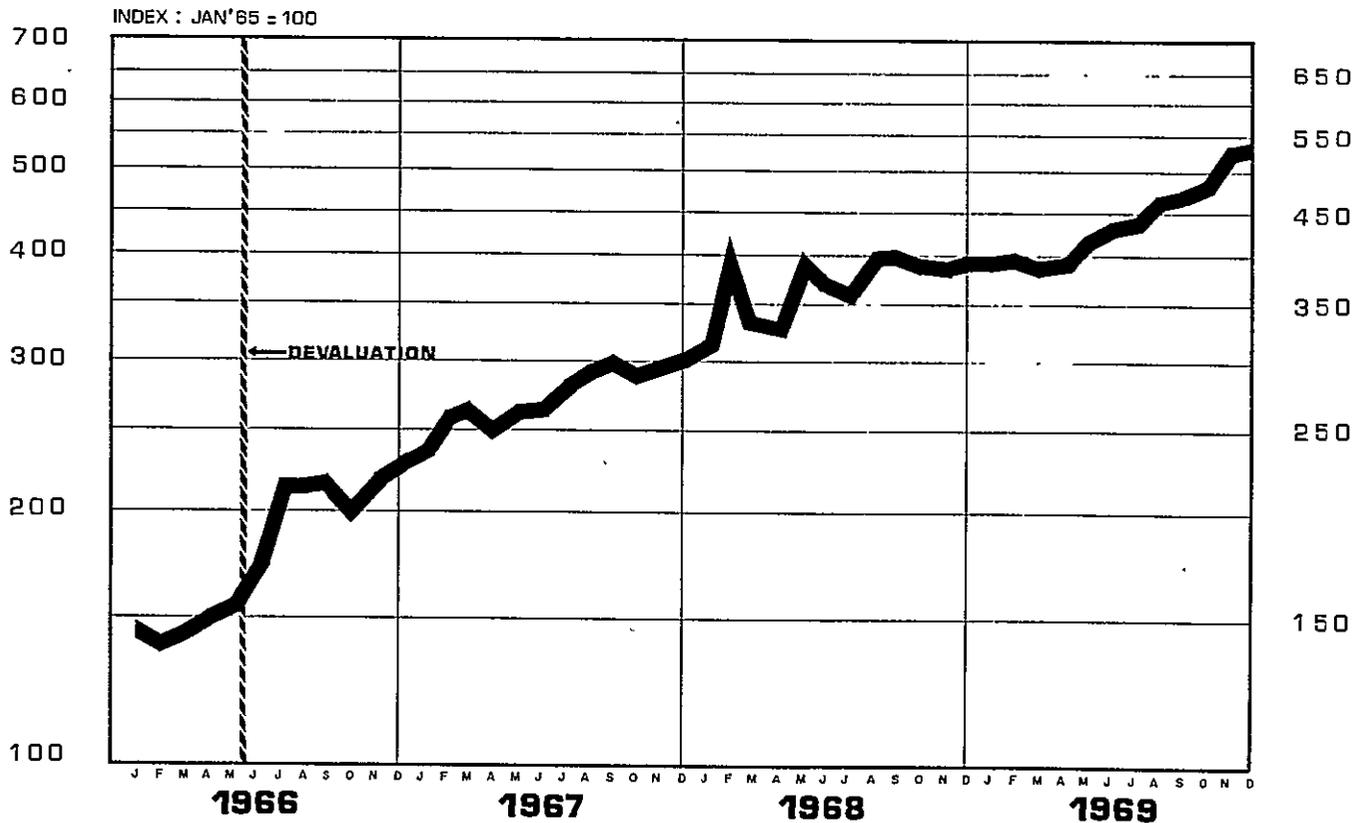
money supply and caused tremendous inflation.

In meeting this situation, the GVN might well have taken the "easy" way by requesting more U.S. aid. Instead, in a dramatic action signalling a move away from dependence on U.S. assistance, the government on October 23, 1969 decreed a sweeping program of increases in austerity taxes designed to raise some VN\$45 billion. The austerity tax being in form and purpose identical to a customs tariff, the effect was to increase drastically the import cost of selected goods. Tax increases ranging from 20 to 520 piasters per dollar of goods were assessed on about two-thirds of Vietnam's imports, resulting in increases in their effective import costs ranging from 5% to 50%. One-third of all imports, consisting mainly of essential foodstuffs and inputs to the agricultural sector, were exempted from any tax increases and relatively low increases were assessed on basic consumer goods bearing importantly on a working family's standard of living. The highest rates of increases were assessed on luxury consumer goods.

Despite an attempt to design a program that would avoid influencing ordinary living costs, some degree of indirect impact, much of it purely psychological in nature, was inevitable. The doubling of retail gasoline prices (austerity taxes on petroleum products were raised substantially) in itself led to immediate price increases—not all, by any means, economically justifiable—on many items affected by the cost of transportation. Within two weeks of the issuance of the decree the Saigon Retail Price Index prepared by USAID was up 13% from the pre-decree level, but by the end of the year prices had receded somewhat from their peak levels, and had stabilized at about 10% higher than the pre-tariff increase level.

As of mid-December the price level had risen 30% over the beginning of the year. With a clear prospect for some decline in rice prices in the last weeks, there seemed good reason to hope that consumer prices in general would hold steady, or increase only slightly, for the rest of the year. At 30% to 35%, the

### SAIGON RETAIL PRICE INDEX (SOURCE : USAID)



increase for the full year would compare favorably with the 1968 price increase of only 30%. The 1969 price level increase can be considered acceptable, especially in view of the increased burdens assumed by the GVN in fighting the war and at the same time building their own economy.

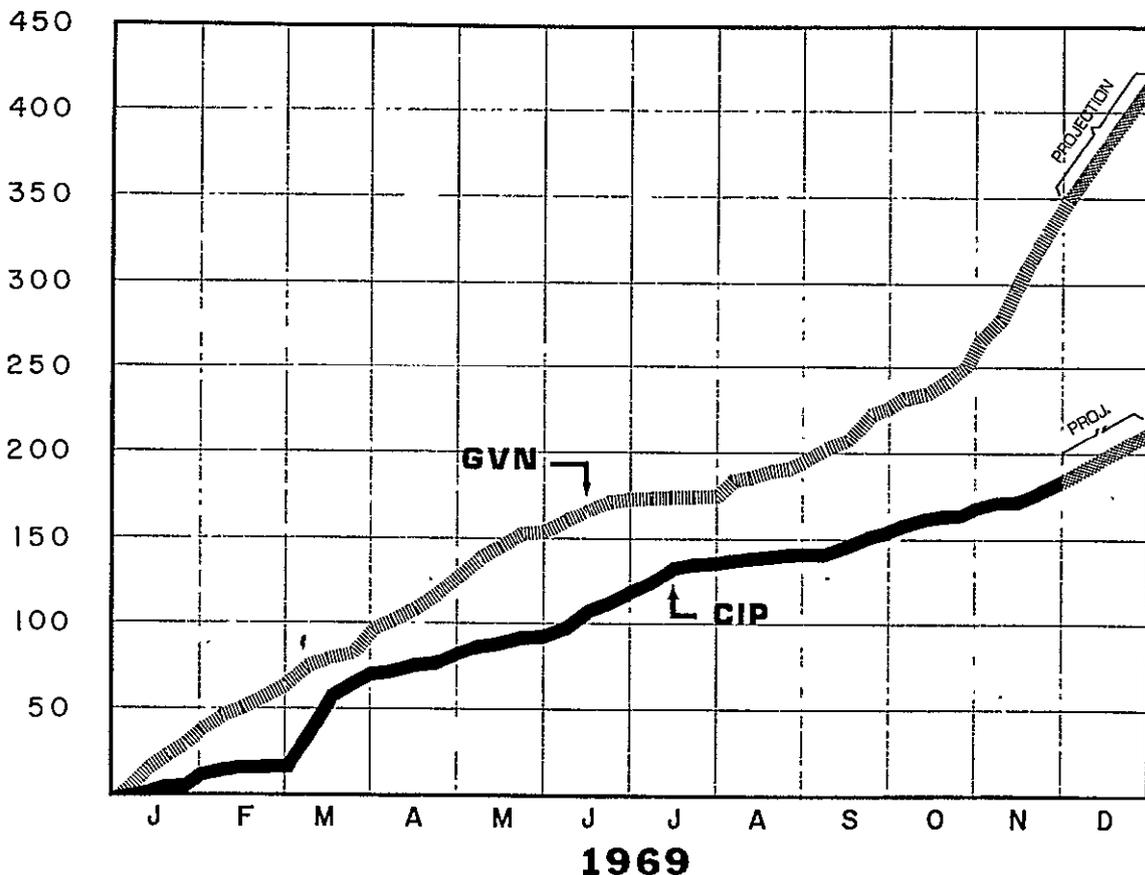
Calendar year 1969 rice imports of 390,000 metric tons were approximately half the 1968 level and combined with carry-over stocks which were drawn down by roughly two thirds, fed the deficit provinces for half the year. Ninety thousand MT of imports were financed with the GVN's own foreign exchange. Self-sufficiency in rice production should be a reality by the end of 1970 due to a bumper 69/70 crop created by good weather, expanded security and, especially, higher yields from improved varieties of rice. GVN price support measures were unnecessary in 1969 as domestic supply and demand conditions had the effect of approximately doubling the price paid to the farmer. Drought had reduced 68/69 production in a generally inflationary economy and

this drove unprocessed rice prices up beginning in March 1969, with processed rice following in April. A temporary interruption in U.S. rice import arrivals in August and the psychological repercussions of the austerity tax measures in October and November fueled the price rise until arrival of rice from the new harvest brought price relief toward the end of the year.

### Commercial Imports

The Commercial Import Program (CIP) continued in 1969 as a major weapon in the Government of Vietnam-USAID battle against the wartime inflation facing the Vietnamese economy. Assuring that adequate supplies of basic commodities are maintained in the market continues as the CIP's primary objective. The CIP works toward this objective by providing the amount of foreign exchange required to fill the gap between the level of imports demanded and that level of imports which the GVN can afford to fund with its own foreign exchange.

LICENSES ISSUED UNDER THE GOVERNMENT OF VIETNAM'S  
**IMPORT PROGRAM**  
 ( NOT INCLUDING FOOD FOR PEACE IMPORTS )



The mechanics of the CIP are simple: AID/Washington, through U.S. banking channels, pays dollars to American or occasionally foreign exporters for goods shipped to Vietnamese importers. Vietnamese importers pay for the commodities with piasters, which are deposited into the National Bank as Counterpart Funds and which support development projects and programs the GVN and the United States have approved. A portion of the Counterpart Funds covers USAID administrative expenses. Actual procurement under the CIP follows regular international commercial practice.

The cautious attitude which prevailed in the business community following the TET and spring offensives of 1968 had almost completely disappeared midway through the first quarter of Fiscal Year 1969. The demand for CIP-financed imports rapidly outstripped the available funds, and the fiscal year con-

cluded with a backlog of import license applications without adequate funds available for their processing. Total CIP import licensing for FY 1969 amounted to \$204.4 million.

FY 1969 was the fourth successive year in which the GVN-financed portion of the total imports to Vietnam increased. Because of foreign exchange earnings derived largely from the spending of allied military forces, the GVN was able to pay for 62% of the total of all goods imported in 1969. These increased earnings allowed USAID to shift the financing of such bulk commodities as cement, sugar, petroleum, oil and lubricants back to the GVN, freeing the remaining funds to pay for other basic commodities. The type of imports financed under the CIP remains restricted to essentials required for a developing country: chemicals and plastics; textiles and fishing nets; iron and steel; mechanical

### Import Licensing by Source of Financing

	FY 1967		FY 1968		FY 1969	
	U.S. \$		U.S. \$		U.S. \$	
	U.S. \$ Million	%	U.S. \$ Million	%	U.S. \$ Million	%
<b>CIP</b> .....	\$ 155	26%	\$ 89	18%	\$ 209	28%
<b>FFP (Title I)*</b> .....	131	22%	146	30%	73	10%
<b>Total U.S.</b> .....	\$ 286	48%	\$ 235	48%	\$ 282	38%
<b>GVN</b> .....	306	52%	248	52%	463	62%
<b>Grand Total</b> .....	\$ 592	100%	\$ 483	100%	\$ 745	100%

\*Formerly Food for Freedom

and electrical industrial equipment, and rubber tires and products.

The majority of all CIP-financed imports arrived from the United States—almost 63% in FY 1969. When products are not available from the U.S., or the price from other sources is more competitive, CIP goods may be procured from selected countries which have agreed to accept payment for such commodities by means of letters of credit tied to U.S. banking institutions. This procedure not only lessens the potential for U.S. balance of payments deficits, but assures the importer the opportunity of selecting the most competitive prices. In FY 1969, the Republic of China provided about 18.5% of the CIP imports, and Singapore and Korea provided about 13% between them.

Administration of the CIP has grown more complex as more Vietnamese importers and foreign suppliers participate in the program. To meet the challenge of planning and administering such a large program, USAID relies more and more on Automatic Data Processing. It is now possible to have complete "pipeline" data and to follow every individual import transaction from the license application stage through the opening of the letter of credit to the final commodity arrival and receipt stage. At the same time, the data accumulated in the ADP system provide a more reliable base from which to evaluate past performance and project future requirements.

## Food for Peace

Authorized under Public Law 480, as amended, the Food for Peace program in Vietnam is planned to import sufficient quantities of agricultural commodities to offset reduced local production resulting from wartime conditions, aid in stabilizing the price of agricultural products for the consumer, and provide food for donation to needy people through organized social welfare programs. Under Title I these agricultural commodities are available in commercial markets for purchase with piasters or are used in manufacturing processes; rice, wheat flour, corn, tobacco, raw cotton and milk products. Title II foods donated to refugees and others in need are: bulgur wheat, rolled oats, rolled wheat, cornmeal, wheat flour, vegetable oil, CSM (high protein blended food), nonfat dry milk and corn for animal feed.

Title I purchase authorizations totaling \$109 million were issued during calendar year 1969, compared to \$102 million in 1968. A portion of the

piasters generated by the sale of Title I commodities is made available to the Government of Vietnam to support the military effort within the Republic. The remainder of the generated funds are used by the United States Government for general expenditures in Vietnam.

Corn imports have contributed substantially to the improvement and expansion of livestock and feed production. The use of wheat flour has increased steadily during the past four years. In 1966 the average monthly consumption of flour was 6,000 MT while in 1969 it was about 10,000 MT. Wheat under Title I was imported for the first time in December 1969 to meet the requirements of the newly established Saigon Flour Mill (SAKYBOMI). In July 1970 a second flour mill is planned to begin production. Cotton and tobacco continue to provide the essential raw materials for the textile and cigarette manufacturers in Vietnam.

On behalf of the American people, Title II programmed approximately 159,000 MT of food in 1969 for 3.5 million recipients throughout the Republic of Vietnam. These commodities were used to feed refugees, the poor and the needy and to alleviate hunger and malnutrition, especially among children. Community development through self-help and food-for-work projects were also furthered with the use of P.L. 480, Title II foods.

About 50% of the Title II commodities were distributed through the GVN pacification program and the balance through UNICEF and the American voluntary agencies; Catholic Relief Services, Vietnam Christian Service and World Relief Commission. During the latter part of 1969, three more voluntary agencies—International Rescue Committee, World Vision International and CARE—prepared for active participation in the 1970 program.

Title II foods are generally made available through the pacification program to war victims, self-help and food for work projects and community development, while the voluntary agencies dispense similar foods through school lunch programs, welfare and medical institutions, and as aid to indigent families and individual health cases.

## Industry

In spite of the uncertainty and other problems arising from the war, the private sector invested in industrial projects at a heartening rate during 1969. A simple listing of the new plants completed and starting operations during the year, as well as the

corresponding investment, indicates the size and variety of these investments: (US\$1 = VN\$118)

Marine shipbuilding	VN\$428 million
Plastic products	137 "
Detergents	30 "
Dry cell batteries	70 "
Electric wire & cable	100 "
Cement blocks	60 "
Brick & tile	8 "
Flour mill (2)	770 "
Steel rolling mill	190 "
Tillers & engines	526 "
Diesel engines	200 "
Animal feeds	411 "

In addition to the new plants listed above, several existing plants were expanded, and 10 new plants were under construction. Total investment in these activities was approximately VN\$4.5 billion.

During the year, USAID advised the Ministry of National Economy and the Industrial Development Center staff, as well as private groups, in drafting a new investment law and advised the IDC and MNE on how to improve the administration of the present law. The new law is in the hands of the MNE and will be presented to the National Assembly early in 1970. If passed, it should help attract investment funds needed to finance manufacturing facilities to produce food, shelter and clothing products which USAID/GVN preliminary studies have shown to be feasible.

The 1968 War Reconstruction Fund consists of grants of VN\$1 billion from the GVN and U.S.\$10 million from AID. Its original purpose was to help reconstruct facilities damaged during the 1968 Tet offensive. During 1969 the fund was recast to permit

financing the expansion as well as the reconstruction of these facilities. The basic strength of the private industrial sector was indicated by the fact that the plants involved, although already strained by financing needed reconstruction projects, were willing and able to acquire additional debt during these uncertain times. By year's end the dollar and piaster funds were committed, with an excess of applications of approximately US\$6 million.

US economic aid continued to fund a management training program for the Industrial Development Center to increase the country's supply of competent managers, and provided a consultant to improve the credit operations of this institution which is so important in generating and financing private industrial projects. USAID advised many private sawmill operators and created a model sawmill in Dalat for educational purposes. Partly as a result of these activities, production increased to the highest level since 1965, reaching a volume of 286,000 cubic meters and generating tax revenues for the government of VN\$310 million. Lumber prices, which had reached record levels throughout Vietnam, dropped more than 20% in many areas due to the increased logging operations.

At the request of the Ministry of National Economy and the Industrial Development Center, USAID prepared and submitted to the GVN a tabulation of key industrial investments which fitted the GVN priorities presented by President Nguyen Van Thieu in a speech made during October 1969. The analysis indicated priority projects, rated according to their contribution to the 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 benefits under the Investment Law.

## AGRICULTURE

The process of development requires more than financial assistance alone. A large number of expert technicians must be created and added to the raw resources possessed by a developing nation. A broad base of expert technical knowledge will give that nation a competitive advantage over others involved in the same enterprise. In Vietnam, where more than 80% of the people are dependent directly or indirectly on agricultural development, significant strides have been made towards building a strong agrarian nation.

### Miracle Rice

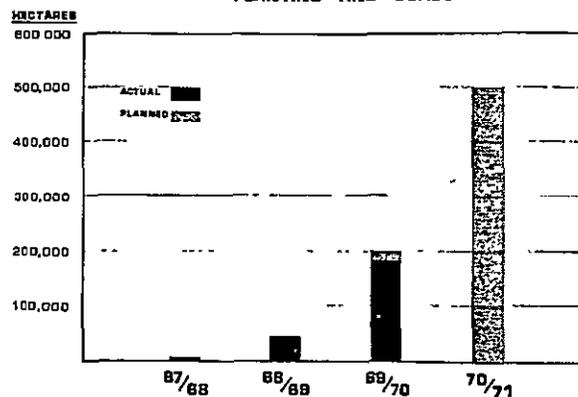
During the 1968-69 growing season some 35,000 Vietnamese farmers were introduced to the new high-yielding rice varieties, IR-8 and IR-5. The goal to plant 44,000 hectares with the improved varieties was reached. The average yield per hectare (about 2.5 acres) was more than five metric tons compared to the national average yield of 2 MT per hectare for local varieties. The net production increase for the year was 132,000 MT of unmilled rice (paddy).

The 1969-70 crop year planting goal for the improved varieties is 200,000 hectares which will result in a net production increase of some 600,000 MT of paddy rice.

The accelerated rice production program was developed cooperatively by the Ministry of Land Reform, Agriculture and Fishery Development and USAID, with assistance by MACV/CORDS at the field level. The stated goal of the program is to return Vietnam to a position of self-sufficiency in rice production by the end of 1970, principally through the introduction and widespread growing of the improved rice varieties. A goal of 500,000 hectares has been set for crop year 1970-71.

An extensive training and information program has been established and continued in support of the rice planting objectives. Portable farmer education units on rice production techniques are widely used. The National Rice Production Training Center at Hiep Hoa Island, Bien Hoa Province, continues to provide two-week intensive rice production training sessions for rice technicians and extension workers from all provinces. The program expanded in 1969 to include long term training to develop Vietnamese technicians capable of conducting adaptive research

IR 8/5  
PLANTING AND GOALS



studies and more effective training programs in the provinces. Printed matter was provided in large amounts to support the hamlet-level education programs.

Adaptive research is being conducted on various agronomic and economic factors of rice production. Over 100 high-yielding varieties are being screened for possible supplemental use along with IR-8 and IR-5. Insect and weed control, fertilizer rates and timing, and field cultural practices are being studied to provide information required for the most economic levels of production.



During his 1969 trip to Vietnam, AID Administrator, John A. Hannah received enthusiastic reports from Province Chiefs and farmers on miracle rice.

Improved on-the-farm grain handling has been emphasized from the start of the program. Several demonstration grain drying units have been constructed at the GVN Agricultural Machinery Directorate and are now being used for training purposes. Local manufacturers are being encouraged to construct similar dryers for sale in major rice-producing areas.

Strong leadership has been provided for the accelerated rice production program by the responsible Ministry of Land Reform, Agriculture and Fishery Development officials. In spite of serious manpower shortages and the loss of key technicians to the military because of the war, an outstanding job is being



Vietnam's President Nguyen Van Thieu samples IR-8 rice, some of which he hopes the Government of Vietnam will be able to export in the near future.

done at both the Saigon and province levels in seeing that the GVN rice production goals are met.

### Grain Marketing and Production

The present system of handling and marketing grain in Vietnam will not be adequate to deal with the increased production of grain in the country resulting from the introduction of the new high-yielding varieties. In order to establish a modern grain marketing system as the country returns to a position of self-sufficiency in rice production and as it makes a start on livestock feed grains production, a closer look is being given to the whole marketing and grain handling system. The GVN and USAID have developed a contract with a private U.S. consultant firm for a survey of grain storage and marketing needs in Vietnam. The final report will serve as a blueprint for the private business sector to improve and modernize the commercial handling, storage and marketing of rice and other grains.

Because of increased emphasis on the development of the livestock industry in Vietnam the Ministry of Land Reform, Agriculture and Fishery Development has initiated a feed grain production program with special emphasis on grain sorghum. From a modest start in 1969, during which 500-800 hectares were planted, goals for 1970 and 1971 have been established at 5,600 and 25,000 hectares, respectively.

Experience gained with rice is serving well in the development of the sorghum program. Ministry officials are attacking the problem with confidence and

are providing effective leadership in program development. Goals which have been assigned are ambitious, but with the improved managerial ability evident in the Ministry and the excellent profit potential for farmers and businesses involved in feed production, the outlook is good.

In contrast to the accelerated rice production program initiated in January of 1968, USAID participation in the feed grain production program is relatively limited. Encouragement is being given to the private sector to participate actively in the production of sorghum for both seed and feed purposes, and to supply the fertilizers and pesticides necessary to support the program. Already several feed mill operators and livestock producers are developing plans to contract with interested farmers to produce sorghum for processing into swine and poultry feed.

Of the 80,000 MT of feed grains which were processed into animal feed by the end of 1969 in Vietnam, practically all were imported corn. By the end of 1972, it is estimated that demand will have increased to the extent that 150,000 to 200,000 MT of corn and sorghum will be required. Thus, sorghum production represents a crop with a great potential for contributing to the welfare of the expanding agricultural economy of Vietnam by reducing dependence upon imported feedstuffs.

Sorghum is a relatively new crop for Vietnam, and since most farmers and technicians lack experience with it, the successful introduction of the crop presents problems not encountered in the accelerated rice production program. USAID is assisting the GVN in the development of vigorous training and extension programs and in on-going adaptive research.

### Protein Foods

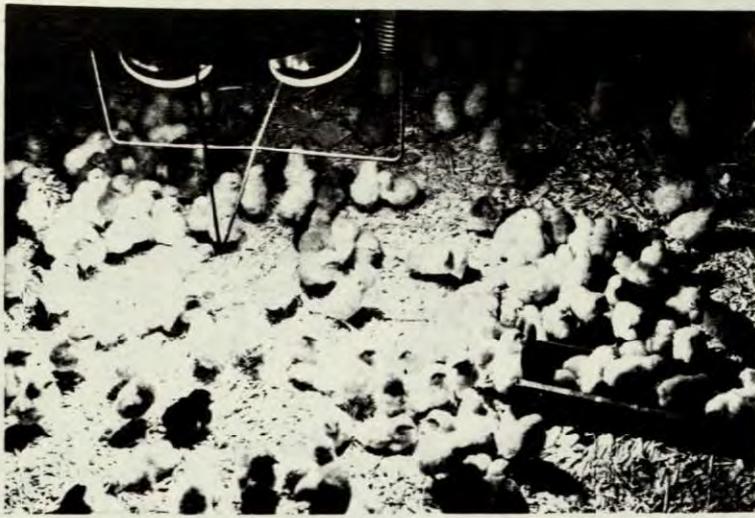
Between 1964 and 1968 the swine population of the country declined by 20% and the poultry population remained static. During the same period, consumer prices for livestock products climbed steadily. To reverse these trends and to meet the growing Vietnamese taste and demand for protein the GVN, with USAID assistance, inaugurated an accelerated animal protein production program in November 1968. The aim is to establish a modern livestock industry in the private sector of the economy capable of supplying sufficient animal protein at reasonable prices to meet the demand. The GVN-USAID program calls for an annual increase of 15% in poultry and 10% in swine through 1971. These goals were met in 1969.

Swine numbers are now on the upswing as a result of feed availability, increased use of vaccines, importation of breeder stock and other management improvements. Swine prices declined in October 1969 as larger supplies of pork became available.

Purebred breeders are the foundation of a strong, viable swine industry. At present there are only four large producers of purebred stock in Vietnam. Previously the last major importation of purebred western-type swine for general distribution arrived in 1959. However, under the 1969 Swine Import Program, 500 select registered pigs were imported from the United States. In an effort to teach better swine management practices and provide new genetic material throughout Vietnam, demonstrations on purebred swine raising were established in 30 provinces. This project enables farmers with initiative and ability, but insufficient capital, to enter the purebred swine business. The pigs were sold on a cost basis through the Central Farmers Association and their member Farmer Associations. Farmers cooperating in this project as demonstrators have agreed to follow improved management practices and allow visitors access to their premises to observe good swine husbandry practices in use. The multiplier effect of this project will become evident as purebred offspring of the imported animals become available to swine producers throughout the provinces.

USAID Director D.G. MacDonald takes a close look at imported American pure bred swine being distributed to farmers in Vietnam.





Soon after arriving by jet aircraft, these 1-day old chicks were distributed to farmers throughout Vietnam and later helped satisfy the demand for high protein food.

One of the first steps in the accelerated protein production program was the importation by private importers of over 4 million day-old chicks in November and December 1968 and January 1969. This was to meet the demands of the Tet holidays and to demonstrate that there was a large market for poultry meat, thus encouraging the establishment of more domestic hatcheries. One year ago there were only 14 small hatcheries with a total incubator producing capability of 85,000 chicks per month. Presently, over 30 hatcheries are now in operation with a total monthly capacity in excess of 750,000 chicks. Seminars and training schools on chick sexing, pullorum testing, the development and benefits of a strong poultry association and hatchery management were conducted as part of the GVN-USAID education program. At the present rate of development, the hatchery industry will meet total demand for chicks by 1971, thus saving the government at least \$1.2 million in foreign exchange annually.

During the year, USAID technicians advised the GVN on the organization and activities of the Directorate of Fisheries, the implementation of the Investment Law as it affects fisheries, the port infrastructure required to handle the fish catch more efficiently, the training of fishermen, the mechanization of boats, and ways to increase private sector investment in boats and other equipment. Approximately 7,000 boats were motorized during the year and the total fish catch exceeded that of the previous year.

In cooperation with the Industrial Development Center (IDC) and the Directorate of Fisheries, USAID technicians prepared a two year plan to accelerate the development of the industry and began

its implementation. At year's end, 6 projects to mechanize typical kinds of fishing boats had been prepared and disseminated to stimulate private sector investment in the industry.

Substantial progress was made in implementing the projects mentioned below, most of which received technical and financial assistance from USAID.

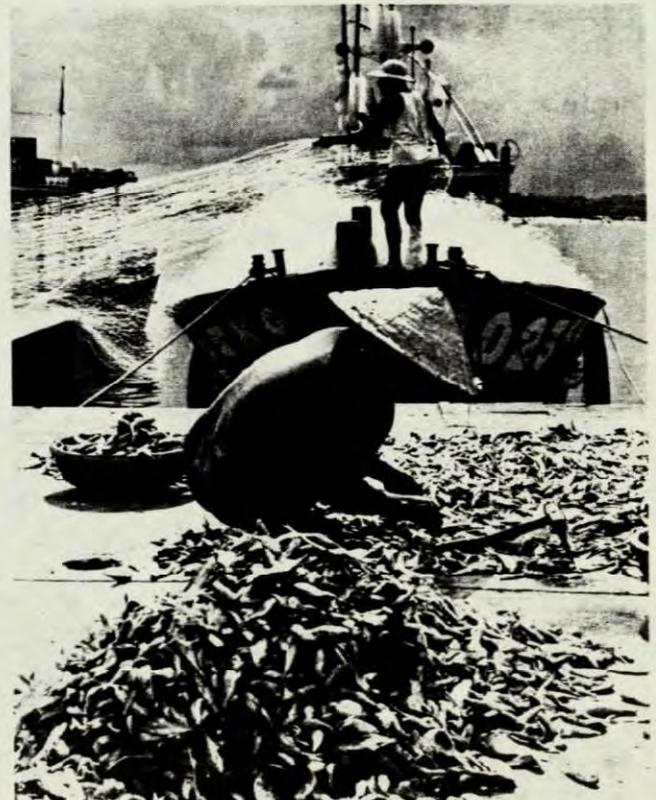
At Phu Quoc Island, a private fishing company was formed and two 120-ton Japanese trawlers were purchased. In all, 6 large fishing boats were ordered in 1969 and will arrive during 1970.

A large American firm received technical advice from USAID covering its \$3 million project to build ferro-cement boats in Vietnam.

A new joint shrimping firm purchased six 60-ton refrigerated boats plus a refrigerated mother ship capable of transferring the catch to the Saigon market. It is expected that frozen shrimp will be exported to Southeast Asian countries in the near future.

The physical infrastructure of the fishing industry was improved significantly during the year. A USAID-financed VN\$12 million fish market at Vung Tau was completed. Construction of the Saigon Fish Market was finished and during the year it received substantial technical assistance.

New docks, nylon nets, and boat motors provided through USAID have made a major contribution to increasing the national fish catch and the availability of high protein food.



Feed processing facilities are becoming an increasingly important factor in the accelerated protein production program. Swine and poultry producers are learning that balanced rations are necessary for top production and private businessmen have found the feed industry a good investment. In 1968, four mills were producing 3,500 MT of formulated feeds per month. Sixteen commercial mills are now in operation with a capacity of over 12,000 MT per month, but they are producing at a 7,000 MT level due to feed grain shortages, which the livestock feed grains programs discussed in the previous section are intended to relieve. In addition to these commercial mills there are numerous small mills on private farms and two medium-sized 40 MT mills in Vietnam. At least 10 small mills are now under construction and will be in operation during 1970.

Livestock losses caused by disease have long been significantly high and still are too high but rapid progress is being made to overcome this. A year ago there was a serious shortage of vaccines produced by the National Institute of Bacteriology. In 1969, however, vaccine production surpassed demand and a 10-million-dose reserve has been established.

### Agriculture Support

Production inputs, particularly those required for IR-8 rice, were available in 1969 in substantially larger quantities and at more numerous and convenient retail outlets than in any recent year.

Fertilizer sales and sales of BHC insecticide, a new product introduced in 1968 for improved control of rice insects, have doubled in 1969. Farmers' chronic complaints of shortages have been largely silenced by the substantial improvement in the availability of supplies and competitive prices.

These changes have resulted in large part from the aggressive efforts of private traders who have replaced government agencies as importers and distributors of these commodities, the last of which—pesticides—was turned over to the private sector by the Ministry of Land Reform, Agriculture and Fishery Development in 1969.

USAID has encouraged and assisted the GVN in effecting these changes and has financed the increase in imports resulting from the new policies to assure that supply meets demand. The GVN in turn has maintained economic policies which enable the commercial trade to realize reasonable but attractive profits as an incentive to stimulate distribution of these commodities extensively throughout the rural areas.

Second-generation production support inputs such as tillage, irrigation, harvesting, threshing and drying equipment are available, though not in quantities and in locations adequate to meet demands. A great advance was made during the third quarter of the year, however, when farm equipment importers established large farm machinery repair service and sales promotion centers in Can Tho and Da Nang. All machinery dealers must import not less than 10% of their allotment of foreign exchange in spare parts and participate in educational and sales service programs as a qualification for future import approvals.

The increased domestic market for agricultural inputs has had a positive effect on industrial development. Granulated insecticide materials for use on rice were first introduced in 1968 as part of the new technology associated with the IR-8 program. None of the seven insecticide formulators then operating in the country produced granular preparations. In 1969, two new companies were licensed to produce granules and the plants are scheduled to be constructed and in operation in 1970.

### Farm Organizations

The three national farm organizations, the Central Farmers Association, the National Federation of Agricultural Cooperatives and the Tenant Farmers Union, continued to be important segments of the agri-business community. Combined, they import and distribute one-third of all the fertilizer and approximately 30% of the feed corn. This share of the total sales in Vietnam was maintained in 1969 through a doubling of sales over the previous year. These organizations additionally handle rototillers, sprayers, marine engines, irrigation pumps, livestock feeds, baby chicks and other products involved in the new high-yielding agricultural technology.

The commercial operations of the farm organizations in 1969 were in sharp contrast to their operations in 1968 when they were deeply concerned with the need to develop sufficient marketing experience to even survive in the GVN-USAID created free trade market. These organizations had previously operated in either officially protected markets or under favored price privileges and under such conditions inevitably had developed some lethargy. Their more aggressive efforts in 1969 resulted in an increase in net profits of three to five times above earnings in any previous years. The accomplishments of the farm organizations have been achieved exclusively by the Vietnamese.

## Agricultural Credit

The agricultural credit program was characterized in 1969 by increased reliance on the resources of both the Vietnamese Government and the booming agricultural economy. The Government of Vietnam from its budget authorized a large increase in capital to the Agricultural Development Bank (ADB) of VN\$3.5 billion during 1969 in contrast to total authorizations of VN\$382 million for the three years 1966 through 1968. The USAID capital contributions from counterpart funds authorized during the same three-year period were V \$1.35 billion.

The growth of the Vietnamese agricultural credit system in 1969 was best demonstrated by the initiation of a privately owned rural banking system. In November 1969, three such banks were inaugurated with a total locally subscribed capital of VN\$40.5 million. This capital was matched by preferred stock

purchased by the Rural Bank System Development Fund, a fund established by the GVN and USAID and managed by the ADB to foster the development of these locally owned credit institutions. It has a total authorized capital of VN\$300 million contributed to on an equal basis from the national budget and counterpart funds. The ADB goal is a rural bank in every district within the next five years.

The national farm organizations are considering the establishment of one or more central banks with the goal of establishing branch banks in the major commercial centers of the provinces in later years.

The ADB, however, remains the principal source of credit for agriculture and fishery development. Loans are available from ADB for financing complete marketing operations.

ADB's progress from 1968 to 1969 is shown by the following table:

	<u>1968</u>	<u>1969</u>
<b>Production loans to farmers and fishermen (from GVN and Counterpart Funds )</b>	<b>VN\$ 455.7 mil.</b>	<b>VN\$ 1,224.3 mil.</b>
<b>Fertilizer Loans (Commercial)</b>	<b>1,641.4</b>	<b>1,450.7</b>
<b>Other Loans</b>	<b>1,386.6</b>	<b>798.2</b>
<b>Total Loans</b>	<b>VN\$ 3,483.7 mil.</b>	<b>VN\$ 3,473.2 mil.</b>

The loan record reveals a three-fold increase in use of funds for loans to farmers and fishermen and a decrease in the other loan categories which primarily are to larger farm operators and businessmen who can post collateral security. Contributing to this shift of increased unsecured loans issued to smaller farm operators on the basis of personal character qualification has been the increased confidence that repayment is reasonably assured when the loans are used for production inputs in the high-yield enterprises such as IR-8 and the protein programs.

## Land Reform

The land reform program is now an integral part of the GVN's pacification effort. During 1969 more farming land, purchased from French landowners or expropriated, was distributed than had been distributed during the preceding seven years. By the end of 1970, all remaining land in these categories should be in the hands of the farmers who till it.

A new approach to the Montagnard land tenure problem has been developed with USAID assistance. The magnitude of the job makes impossible rapid issuance of individual titles to all the land traditionally claimed by the Montagnards. However, they will be issued communal titles to all the land in a hamlet based on aerial photography. At the same time plots will be distributed to individuals in selected provinces in coordination with the hamlet identification program. A GVN decree describing

the procedures to be followed was issued in 1969 and the method was successfully tested in a pilot village in Tuyen Duc Province.

In 1969 President Nguyen Van Thieu sent to the GVN National Assembly a proposal which, if adopted and signed into law, would transfer, at government expense, all privately owned land from the landlord to the actual cultivator. This Land-to-the-Tiller Bill would do much to refute Viet Cong charges that the GVN is dominated by landlords and it would also return an estimated one million hectares of land to the farmers who cultivate them.

To offset the inflationary effects of such a bill, if passed, USAID has agreed to provide the GVN with \$10 million of imports against the initial piaster payments the government would make to the landlords. In the FY 1970 AID request to the U.S. Congress for economic assistance to Vietnam is an additional \$30 million for import support. This would be used when justified by the amount of subsequent piaster payments made to landlords under the terms of the bill.

In anticipation of the bill's passage USAID is assisting the Ministry of Land Reform, Agriculture and Fishery Development in the preparation of implementing regulations so that the program will not be further delayed.

Successful implementation of all the foregoing land reform programs would turn the desire for land ownership into broad-based rural support for the present Government of the Republic of Vietnam.

## CHAPTER THREE

# PUBLIC AFFAIRS

A developing nation must give special attention to the development of its administrative capabilities if it is to govern justly and well. It must have laws and the machinery to enforce and interpret them. For these and other reasons USAID is advising and aiding the Government of Vietnam throughout the broad spectrum of public affairs.

### Taxation and Customs

Total internal tax collections for CY 1969 are expected to be about VN\$26.4 billion, which will represent a 37% increase over the VN\$19.3 billion collected in CY 1968. There has been an increase in commercial activities that has had some impact on tax collections. However, increased emphasis on improved administration by the Directorate General of Taxation, assisted by a USAID Tax Team, has contributed significantly to the increase in revenue. Joint GVN/USAID administrative improvement efforts have centered on building a functional-type organization, introducing modern management techniques and mechanizing accounting operations. Emphasis has been placed on introducing proven methods of minimizing tax evasion and reducing non-compliance with the tax laws. These efforts have been well received by GVN officials and have contributed to better revenue accounting, more realistic tax auditing, improved collection procedures, new property appraisal techniques, and public information activities.

Customs collections for the first nine months of CY 1969 were VN\$24.4 billion as compared with VN\$17.4 billion for the entire calendar year of 1968. Total collections for CY 1969 are expected to exceed VN\$30 billion. This extraordinary increase is partial-

ly attributable to an increase in the volume of imports and increases in duty rates, but credit must also be given to improvements in administration, as well as in inspection and fraud repression.

The Customs and Tax Directorates continue to place emphasis on training. Both directorates now have strong training branches that are functioning with a minimum of assistance. Over 1,400 Tax Directorate employees (70% of the entire staff) were enrolled in one or more training courses during 1969. Some 450 Customs Officials (about 58% of its Saigon-based staff) have participated in one or more of the six training courses that have been offered by that Directorate's Training Branch.

### Government Administration

The General Censorate was formally organized during 1969 as the fourth branch of government. With USAID assistance and advice, it is expected to become an important element in improving fiscal administration, including post-audit and investigative functions. Activities of this organization should bring about improvements in the quality of government administration and enhance the integrity of government operations.

The Directorate General for Civil Service (DGCS) made a start in improving its internal operation in

1969. About 6,000 employees were transferred to the career service, and positive steps were taken to organize an active central GVN training office in the Directorate. DGCS, with USAID assistance, is revising civil service regulations to provide a more efficient and more equitable basis for the administration of the civil service.

The GVN Supreme Court, established in October 1968, completed the establishment of its administrative machinery in 1969 and commenced to function as the highest court of the land. It rendered judgment in six constitutional cases arising from major disputes between the Legislative and Executive Branches. Eight of the nine justices have received leadership grants to observe U.S. judicial systems.

The Asia Foundation, through USAID grant assistance, has assisted in the development of the Law Center, law libraries, legal education and bar asso-

ciations. A Law Center building has been designed and will soon be under construction. The center will ultimately be self-supporting and will be involved in legal research and training.

Sixty new judges have been appointed to staff new courts in carrying out the constitutional mandate that there be a prosecutor for each court.

## Education and Training

In 1969 USAID completed its program of assistance in curriculum development at the National Defense College. The NDC curriculum now provides a broad-gauged educational experience for potential national leaders, both military and civilian, who attend the mid-career, 11 month course offered each year.

At the same time, USAID assistance to the National Institute of Administration (NIA) was increased in 1969 and will be increased further in 1970.

USAID assistance in in-service training for management improvement is currently centered in the NIA, the Training Office of the Directorate General of Civil Service and the Training Directorate of the Ministry of Interior. Because of increased training activities by these organizations there is increasing interest in management training throughout the GVN. One training course that USAID helped develop in 1967 and 1968, known as Basic Administration Management Training (BAM), was completely taken over by the Vietnamese in 1969 and is being utilized by many GVN agencies. To date more than 5,000 GVN central government and provincial officials have received this training and 7,000 will have received it by early 1970. GVN officials, on their own initiative, have adapted this training for higher level officials and currently are experimentally offering an abbreviated, up-graded version to some of their policy-level officials. USAID training advisors have also assisted with the development of training courses for village government officials and special cadres who are concerned with land reform, finance administration and other local government functions.

## Local Government Administration

Village and hamlet elections which began in April 1967 (the first in a decade) were continued through 1968 and into 1969. By February 1969, 1,102 villages and 4,692 hamlets had elected officials. With the increased impetus on local government in the pacifica-



Vietnam's Supreme Court Justices work to insure a constitutional government.



Vietnamese villagers take one of the first steps toward self-determination by participating in local elections.

tion program, elections were held in 908 villages and 5,404 hamlets during 1969. Today almost all functioning villages and hamlets have elected officials.

A new leadership motivation training course was set up at the GVN National Training Center (Vung Tau) in March 1969, and during the balance of the year was attended by some 16,000 village/hamlet chiefs. Meanwhile, training courses prepared by the Ministry of Interior were conducted in the provincial training centers for village commissioners and other village/hamlet officials with particular emphasis on finance, budgeting, taxation and security. Some 37,000 officials attended these courses during 1969.

Other actions taken by the GVN in 1969 to improve local government were as follows:

- providing increases in the salaries of local government officials and determining the amounts of central government subsidies that would be provided to villages to enable them to pay these salaries;
- effecting the deployment of 50 per cent of the uniformed police to district levels or below, including 10,000 to village and sub district stations, to assist village chiefs in maintaining law and order;
- placing Popular Forces, National Police, Revolutionary Development Cadre and Vietnamese Information Service Cadre under the operational control of village chiefs;
- allocating responsibility, authority and funds for village self-development projects to the village council;
- giving provinces the authority to approve all village budgets.

In other areas of activity, USAID advisors have (1) submitted to the Ministry of Interior a draft of a suggested charter for the Nha Trang urban area and initiated a joint study with the Ministry of Interior to develop new forms of government for other urban centers; (2) provided suggested improvements in Lower House Bill 84, which deals with increased powers for provincial councils and is currently being considered by the National Assembly; (3) assisted the Directorate General of Reconstruction and Urban Planning in the development of land use/street plans for urban centers (8 during 1969 compared to 11 from 1959-1968) and initiated a land use survey of Saigon; (4) prepared a program for strengthening local revenue sources; and (5) provided management consultation to city officials who have been made responsible for operations of the Cam Ranh City 1,500-unit housing project.

### Statistical Services

A Statistical Training Institute was established at the National Institute of Statistics (NIS) and 80 students were graduated at the primary and intermediate levels. New NIS Field Offices were established at Nha Trang, Ban Me Thuot and My Tho. Consumer Income and Expenditure Surveys (covering one year of sampling) were completed in Saigon, Can Tho, Dalat, Nha Trang and Da Nang. Demographic surveys were initiated in seven cities.

Three new computer installations were installed —at the National Bank of Vietnam, the Directorate of Treasury and the Directorate of Electricity, all funded by the GVN. Training courses were given for 35 computer programmers and 10 punch card equipment operators. The punch card installations at the Directorate of Taxation, Directorate of Customs, Ministry of Health and the National Institute of Statistics were upgraded and improved through USAID technical advisory assistance.

### Logistics

1969 was a year of rapid improvement in GVN logistics operations. The Central Logistics Agency (CLA) developed into an active organization. Although the initial decree which created CLA was signed in October 1968, it was not until early 1969 that the detailed organizational structure was established and a senior staff appointed. When CLA is fully developed and operational, the principal logistics functions of all civilian agencies will be consolidated under a single management organization

similar to that of the General Services Administration in the United States.

In 1969 the CLA assumed responsibility for the procurement, transportation, storage and distribution of all common items of supply needed to support the Revolutionary Development Program. Also in 1969 it assumed responsibility for the in-country transportation of commodities for the Ministries of Revolutionary Development, Social Welfare, Chieu Hoi, Education, Public Works, Public Health and Interior. Formerly this responsibility was vested in a joint GVN/USAID Transportation Committee. The improved capability of CLA in the transportation field has resulted in a 60% reduction in the use of U.S. aircraft to move nonmilitary GVN cargoes.

During 1969, operation of ports continued to improve. In the month of July, the commercial port of Saigon handled over 259,000 tons of commercial cargo, which was the highest in its history.

Cargo accountability maintained for all cargoes flowing through the port was improved. Joint USAID/GVN cargo arrival accounting procedures have been implemented with outstanding results. During the first 9 months of 1969, 654 ships were reconciled (cargoes arriving at the port vs cargoes delivered to the first destination consignees). These reconciliations involved 392,511 tons of USAID-sponsored cargoes with a loss or damage of less than 0.7%, a record unequalled by most major ports of the world.

Also during the first year of operation (October 1968 to October 1969), the GVN did not have a single claim levied against it for the loss of general

cargoes during its movement from ships' side to the first destination consignee.

The Directorate of Navigation continued in its efforts to develop ports in the Delta for small ocean-going vessels of about 3,000 tons. Two ports are under construction, one at Can Tho and one at Vinh Long. The pier at Can Tho was dedicated on October 31, 1968 and work continued in 1969 on the ancillary facilities, i.e., warehouses, storage yards, etc. When completed, these ports will facilitate the movement of rice and other foodstuffs.

Improvements continued in the supply and maintenance system at the province level which is under the sponsorship of the Minister of Revolutionary Development. During 1969, 32 additional warehouses were constructed at province and district level, 15 training classes were held and 583 Vietnamese were trained in the proper method of accounting for supplies and in basic supply procedures. Progress has been such that "Project 60" has been terminated. Under this project, 60 supply technicians were obtained from the U.S. Department of Defense to train the Vietnamese in supply operations. The last of these technicians will leave Vietnam in May of 1970.

The Province Maintenance Shop Program also gained momentum in the past year. To provide a suitable maintenance facility in each province where the vehicles and equipment of all GVN ministries can be serviced and repaired on a reimbursable basis, 39 shops (10 in 1968) are now in operation and manned by GVN personnel under the supervision of the Ministry of Revolutionary Development.

New docks, warehouse space, equipment, and modern management techniques have made the Saigon Port one of the most efficient in the world.



## PUBLIC HEALTH

There are more than 17 million people living in the Republic of Vietnam today. In terms of social and economic development, they represent the human resources for nation building. To meet the challenge and develop the skills so necessary in this technological world of today requires both a sound mind and a healthy body. Added to this is the primary necessity of providing adequate medical care for a nation at war. These are reasons why the Government of Vietnam, with assistance from USAID, is devoting much of its attention to the field of public health.

### Health Care Programs

During 1969 USAID assisted the GVN Ministry of Health in a three-fold effort to improve its health care program. This involved support for a program of direct medical care aimed at easing the extraordinary burdens imposed by the war; i.e., the care of casualties and refugees; the improvement of GVN capability to provide health services; the control of epidemic diseases; and finally, the development of a solid base to insure a healthy population. In support of the above activities, USAID continues to assist the Faculties of Medicine and Dentistry at the University of Saigon in improving and expanding medical and dental education.

In 1969 an ambitious plan to coordinate civilian and military health services was put into effect, which is resulting in more efficient use of national health resources and manpower of the Ministry of Health and the Ministry of Defense. Joint utilization of government health facilities and exchange of health personnel are being carried out on a phased basis, beginning first at civilian province hospitals

and military sector hospitals. Later it will include MOH district health facilities and military sub-sector dispensaries. Implementation of this program has begun in 13 provinces where adequate facilities are presently available and no new construction is required. The second phase of the program is dependent on the progress of construction. Later phases will involve procurement, storage, and issue of medical supplies and equipment, facility construction and manpower development. The most immediate benefit will be the assignment of more than 1,500 military personnel to the civilian provincial hospital system and an additional 2,200 military personnel to district level facilities.

During 1969 approximately 30 pharmacists were reassigned from military duty to the Ministry of Health's Medical Logistics Center. Additional logistics personnel will be reassigned under the joint utilization program. In addition, USAID also assisted the Director of Logistics, MOH, in establishing a school for the training of medical equipment repair technicians.

Increasing numbers of graduates were evident in

a number of the health manpower development programs:

	<u>1968</u>	<u>1969</u>
Physicians	187	198
Dentists	23	21
Pharmacists	255	300
Nurses (three-year)	108	140
Nurses (one-year assistants)	535	480
Midwives (three-year)	212	90
Midwives (assistants)	306	350

Under the Medical and Dental Education Program, USAID placed emphasis on the development of in-country training programs, including post-graduate courses at the Faculties of Medicine and Dentistry at the University of Saigon. These programs provided a Vietnamese capability for the development of professors and instructors necessary for the various basic science and clinical departments throughout the Medical Sciences Center.

In late 1969 plans were completed for the awarding of a contract for an architectural and engineering survey contract for the proposed University

Teaching Hospital. This hospital will provide a clinical teaching center to complement the modern basic sciences facility.

### Infectious Diseases

So a viable health care system for the civilian population can be developed in an orderly and effective manner, USAID is assisting the MOH in the creation of a long-range health plan. The GVN recognizes the importance of an effective public health/preventive medicine program to the national health system. It is estimated that in excess of 50% of the patients seeking treatment in Vietnamese health facilities are suffering from preventable diseases that are economically devastating and personally debilitating. The infectious diseases discussed below pose particularly significant threats to the health of the Vietnamese population.

Shifting refugee and enemy military populations have recently introduced a new malignant malaria into many areas of the country where formerly malaria had been eradicated. During the late 1950's, a major campaign was begun to eradicate malaria from South Vietnam. With USAID support, the pro-

Students at USAID assisted medical schools will soon be part of the expanding GVN Public Health Program.



ject made progress until hostilities escalated in 1965, denying access to the breeding grounds of the disease, particularly in the high-land areas. The subsequent malaria control program was reasonably successful, despite security limitations, until mid-1968. At this time, severe outbreaks of malaria occurred. Insecurity, lack of trained personnel, unstable populations and resistance to standard prophylactic treatment continue to operate against expanding effective treatment.

With the dislocation of populations and movement of unprotected grain, plague has spread into many new areas over the past seven years. A National Plague Control Program, launched in June 1968 by the MOH with USAID support and supplies, equipment and training of personnel, has reduced the incidence significantly in 1969. Further improvement is anticipated throughout the remainder of this year and during 1970. Vietnam, however, continues to have more plague than the rest of the world combined.

Although no major epidemics of cholera have occurred since the dry season of early 1964, several hundred cases have been reported in 1969 from most areas of the country and cholera continues to

Millions of various inoculations against disease were given in Vietnam during 1969.



pose a threat to Vietnam.

An active program of immunizations against smallpox, cholera and plague is now being carried out on a large scale. In 1968, such immunizations totalled about 16 million. In 1969 over 20 million doses of vaccine were administered.

USAID reached agreement with the American Medical Association to provide key personnel to advise and assist the MOH in the further development of preventive medicine programs.

## Construction

Despite the health and rehabilitation problems in Vietnam, there is evidence of progress. In October 1969 a new center for plastic and reconstructive surgery, operated by the Children's Medical Relief International under contract to USAID, was opened at the Cho Ray Hospital in Saigon. A new 120-bed convalescent unit, operated by the International Rescue Committee, another USAID contractor, supports the surgical unit. These facilities will be able to handle more than 1,000 patients a year.

Construction of a new 100-bed rehabilitation center in Can Tho was also completed. There, and at three other rehabilitation centers in Vietnam, approximately 100 artificial limbs and braces are being produced per month.

Finally, there is the problem of clinical workload attributable to war-related injury of civilians. Although the number of civilian war casualties rarely exceeds 11% of all patients admitted monthly to MOH hospitals, this abnormal, war-generated workload severely taxes the limited Vietnamese facilities. It is difficult to estimate accurately the total number of civilian war casualties. In general, civilian war casualty admissions have reflected major military offensives. The percentage of CWCs in total hospital admissions for July 1969 (9.6%) was the lowest since 1967. CWC admissions to U.S. military hospitals in that month dropped to the lowest point since December 1967.

U.S. and Free World health assistance personnel are playing a large role in the treatment of Vietnamese civilians. These inputs, plus those of the Ministry of Defense and Ministry of Health, go a long way toward improving the Ministry of Health's capability to provide for the populace of the Republic of Vietnam. In addition, since August 1965, more than 700 American physicians have served 60-day tours in Vietnam as unpaid volunteers.

## PUBLIC SERVICES

In 1969 considerable progress was made in putting together the underpinnings of a solid public services infrastructure upon which Vietnam's war effort as well as its prospect for post-war development are equally dependent. This year has given solid evidence of the GVN's increasing ability to support and maintain a number of vital projects in the public services sector of its economy.

### Power

The need for electrical power in South Vietnam's development is reflected in the power demand growth rate for 1969: 30% as against 18% for 1968. This increase is more than double the current growth rate of the United States. To meet this accelerating need for electric power and to plan for future industrial growth, the GVN, with USAID assistance, has established a national independent power company. The company is a merger by governmental decree of Electricity of Vietnam (EOV), the GVN-franchised agency for power development throughout the country, and the Saigon Power Company (SPC) which was established in January 1968 to take over responsibility for power in the Saigon area from a firm whose concession had expired.

The creation of this new single national Vietnamese power company preceded a USAID \$32 million grant and was conditional upon establishment of a Power Regulatory Commission. The money also provided for procurement of 2 large steam turbine electric units. Pending installation of these units, a total of 64 diesel generators (each with 2100 kw capacity) will be installed at 12 metropolitan Saigon



Thousands of miles of wire were strung in Vietnam during 1969 to bring electric power to the people.

power sites and 2 provincial cities—61 were installed this year and 3 American USAID contract technicians have trained 50 Vietnamese in their operation and maintenance.

During 1969 approximately 52 mega-watts of generation capability was installed. Since January 1969 maximum load demand has increased 30%: from 138 mega-watts to 180 mega-watts. At the same time firm generation capacity increased approximately 35%: from 154 mega-watts to 206 mega-watts.

The GVN's nationwide power plan includes three pilot rural electric cooperatives. These rural co-op projects are being constructed in three different areas, with USAID help. The design engineering for all projects has been completed, and construction of all three is well under way. Of the total 43,000 co-op customers planned for by June 1970, about 17,500 are already receiving service.

Other evidence of the GVN's progress toward meeting self-sufficiency in its technical support for electrical power requirements was the inception of a training program in the operation and maintenance of provincial and rural electrical power units. Under this program 150 Vietnamese will receive technical instruction in the maintenance and repair of electrical power systems.

## Water

In 1969 nearly all the people in the Saigon area have potable water available. Low income families obtain free water from public fountains located in the city's most crowded areas. Before these fountains were installed their principal source had been water of questionable purity sold at relatively high prices by porters. These families now consume about one-quarter of the daily output.

Four years ago only about 10% of the population in the Saigon area could afford the luxury of a private house service connection. As many as 12 houses often shared one water meter, with the meter owner often charging excessive rates to his neighbors. Now, nearly 100% of the private house owners can afford individual service and they are demanding it. Requests for individual house connections are being received at a rate four times greater than last year. The number of service connections increased from 55,000 in January 1969 to 63,400 by the end of 1969. Through improved management, average connection costs were cut in half. Two 23-million gallon ground reservoirs for the Thu Duc treatment facilities and 8 elevated water storage tanks were



Public fountains provide free water to Saigon citizens who can not afford a metered house connection.

completed during the year. Water delivery was increased and service is available on a 24-hour basis.

The GVN's Saigon Metropolitan Water Office (SMWO) has accelerated installation of distribution facilities in 1969 which will, in 1971, provide potable water to all of the Saigon area and at the same time generate sufficient revenue to offset the cost of operation and future capital improvements. To help SMWO meet these objectives, USAID is sponsoring an 18-month engineering training program and a separate 18-month hydraulic study.

Based upon the performance of SMWO over the past two years, it is projected that by the end of 1971 it will be a viable, revenue producing utility. At this time SMWO should be in a favorable position to borrow any funds required for capital improvements. The SMWO will have trained personnel capable of performing all functions within its organization, consisting of over 400 miles of distri-

bution piping, 90,000 metered connections, a water production of 90 million gallons daily, and an annual income of VN\$900,000,000.

More water means additional sewage. A two-year study, financed by USAID, of the Saigon metropolitan sewerage system started in mid 1969 with a view toward producing an adequate sewerage and storm drainage system. Meanwhile, the GVN formed an emergency committee to implement interim measures for which the Cabinet earmarked VN\$100 million. USAID contributed 50% of the funds needed for the interim measures.

During 1969, 29 kilometers of distribution system were installed in 12 rural and three municipal communities. Four new water treatment plants were completed and 51 wells drilled. These new facilities now produce approximately 1,068 cubic meters (approximately 282,000 gallons) per hour of potable water for some 600,000 people.



Miles of new distribution facilities installed in 1969 are bringing potable water to Saigon residents.

Six additional distribution systems, six water treatment facilities and 16 wells are presently under construction. USAID is guiding the development of the Directorate of Water Supply (DWS) through advisory services, providing equipment, expanded drilling activities and training of personnel.

Engineering work was completed by USAID and DWS on water treatment plants for village-hamlet locations. These treatment facilities, utilizing indigenous labor and materials, can be constructed as a self-help type project by the local community. So far two of these highly successful projects have been completed with more planned for 1970. The DWS has also scheduled 15 water supply projects to provide potable water to an additional 1.2 million people in 1970.

The concept that the responsibility for providing water supplies should be that of local authorities and that the beneficiaries of such service should pay the cost of providing them was the basis for the establishment of the National Water Loan Fund (NWLFF). This independent, self-sustaining revolving fund to finance community water systems was initially started in 1969 with a working capital of \$1 million and VN\$118 million.

### Telecommunications

The GVN's Directorate of Post and Telecommunications (P&T) extended its services substantially in 1969. Most usable telephone lines are now connected and giving acceptable service to approximately 18,000 subscribers. This represents a 100% increase in 2 years. The U.S. and GVN military are now making use of the Southern Toll microwave system recently improved by USAID. International operations are expanding rapidly and accounting for over half of P&T's 1969 net income, estimated to exceed VN\$1.4 billion. For example, some 11,000 American servicemen's call to the U.S. were handled monthly and are expected to increase to over 18,000 monthly in 1970.

A current expansion of P&T facilities continues through use of a VN\$1 billion GVN loan that is financing an additional 16,000 automatic switches and more outside plant facilities which will extend service to 40,000 subscribers by the end of 1972. In addition, a satellite ground station is planned with expected completion in 1970.

The USAID operational support program for telecommunications is phasing out and P&T is now using its own resources to hire independent contractors, to lease technical equipment and to secure

additional services from associated international carriers.

### Transportation

Roads are becoming increasingly important to the economic growth and development of the country. Restoring, upgrading and expanding the highway network will be a prime economic goal in postwar planning. The need for good roads to support military operations is obvious. Pacification efforts, however, are also dependent on free and easy access to remote areas by road.

The highway restoration program, by agreement with USAID, is under the direction of MACV's Director of Construction whose staff maintains close liaison with the GVN's Directorate General of Highways staff.

To date some 1,460 kilometers of highway have been constructed or repaired under the restoration program, with approximately 700 kilometers having been completed in 1969.

Bridges totalling in excess of 1,200 meters in length have been completed in 1969 by U.S. contractor forces while 33 permanent bridges (as distinguished from tactical bridges) of an aggregate length of 2,750 meters were constructed by RVNAF.

Additionally, during 1969 the GVN has either contracted for or completed the construction of 908 meters of bridges at an estimated cost of VN\$108 million.

The Vietnam Railroad System (VNRS) had a remarkable record of cargo and passenger growth in 1969. Although security did not permit reconstruction to start between Xuan Loc and Phan Rang, the railroad was reopened in February between Da Nang and Hue. Reconstruction started in June on that segment of the main line between Hue and Dong Ha, and completion is scheduled for February 1970. With the completion of this vital rail link, 55% of the railways' 1,240 kilometers of main line and branch lines will be operational.

Demand for VNRS services and facilities went up sharply in 1969. Cargo transported by rail increased 30% since 1968 (400,000 MT to 530,000 MT). The net ton-kilometer evaluation, which represents transportation progress more accurately, increased 60% from 1968 (15 million net ton-kilometers to 24 million net ton-kilometers).

A record was established for the year in passenger transport service. The number of passengers transported by rail increased 240% from 1968 (.5 million to 1.75 million passengers). Gross revenues during

Repair and construction of the Vietnamese railroad system is helping to provide a better way of life for many people throughout the country.



the year also reflected a 140% increase, while operational and reconstruction costs were up only 37%.

The VNRS diversified its railway operations through new enterprises making good use of its manpower, equipment and facilities. These new ventures included pickup and delivery service to and from rail-heads, first destination delivery of cargo from the Saigon Ports, either by rail or truck, and the contract movement of heavy industrial machinery and equipment. This diversification has proved to be very successful, not only in better use of the railways potential, but also in providing a service that is basic to a developing economy.

During the past year, significant progress was made in the GVN's capability to establish, maintain and operate the nation's airway facilities and systems which serve both civil and military air operators. While total air operations remained at approximately 1968 levels, a start was made in reducing the level of U.S. Government assistance to the Directorates of Civil Aviation, Air Bases and Meteorology Operations.

The GVN draft policy initiated in 1968 which provided for critical civil aviation personnel to be returned to their aviation positions following approximately three months of military training has worked well.

Easing of the manpower situation enabled the U.S. assistance effort to concentrate more extensively on the training of GVN personnel. Over 11,000 hours of classroom instruction and 9,000 hours of on-the-job training for 120 personnel in 18 technical specialties were completed. In addition, plans were completed for 83 Vietnamese to take specially awarded training in the U.S.

An American advisory team began its studies on improving the operation and maintenance of Air Vietnam's domestic and international service. Several recommendations have already been adopted resulting in better aircraft utilization, improved schedules, and increased revenues. In 1969 Air Vietnam carried more passengers than the combined total over the previous 10 years.

South Vietnam has over 5,000 kilometers of navigable waters. Water transportation offers an efficient and economical method for moving commodities but it calls for continuous dredging to keep the water-lanes and ports open. The discharge material usually becomes a valuable asset for land fill or for construction material.

Dredging, which is carried out by the Directorate of Navigation (DON), continues to be hampered by

enemy action and general lack of security in isolated areas.

Operations continued under a USAID-financed contract with the Retired Servicemen's Engineering Agency (RSEA) of the Republic of China. The contract was extended to June 30, 1970.

A RSEA dredge was sunk by enemy action in April 1969. Upon recovery and rehabilitation it was delivered to DON as a donation from RSEA.

In spite of problems, the RSEA dredges met the first-year-contract pumping and training quotas. The resulting cost per cubic meter of dredging is about half that of other similar operations in Vietnam. Except for unavoidable lost time due to spare parts shortages, favorable production and training rates were maintained throughout the rest of 1969. Procurement of dredging parts and supplies valued at U.S.\$750,000 began and will provide vital support to the dredging program.

## Provincial Public Services

USAID Engineering offices in the 4 regions of Vietnam and in Saigon provide technical assistance to the Ministries of the Government of Vietnam and to the provinces. The engineer advisory staff in the regions also provide direct engineering assistance to the pacification and development program. In 1969 the Regional Offices had under review for design and construction 260 different projects with a combined equivalent dollar value of U.S.\$20 million.

These projects included water systems, electrical systems, irrigation works, hospital renovations, major schools, warehouses and small bridges.

Several villages, with technical assistance from USAID, are now operating electrical power systems that were originally financed and are now maintained through the use of local village funds.

USAID regional engineers have also designed high-voltage electrical distribution systems for various provincial towns. These systems are being built by Electricity of Vietnam (EOV). At Ca Mau EOVI hired a line crew which was trained on construction of facilities for the An Giang Electric Cooperative. Interest in self-help irrigation projects has been high this year. During 1969 regional engineers in Can Tho surveyed and designed new irrigation works in three provinces. Construction work was performed manually by farmers whose land is benefitted. Requests for this type of technical assistance are increasing from local villagers and provincial officials.

## MANPOWER

Ever since the inception of the USAID program in Vietnam a great deal of attention has been given to the building of a strong labor force. The existence or creation of a sophisticated and skilled labor force is absolutely necessary for a developing nation to make it competitive in the world community. Furthermore, a skilled labor force is one of the factors measured to determine the relative strength of any nation. A broadly based pool of skilled individuals must be considered and weighed as a national resource—just as are land mass, population, mineral deposits, arable land, and social, political, economic and military strength.

### Mobilization

The continuing buildup of the armed forces of the Republic of Vietnam during 1969 created severe manpower shortages in the Vietnamese economy, which are only partially filled by the additional use of women, plus the very old and young of both sexes. The GVN and USAID began work on a plan for the postwar reemployment of the hundreds of thousands of workers whose existing war-affiliated jobs will disappear with the coming of peace. A preliminary exercise, announced in November 1969, was that of finding and training Vietnamese replacements for approximately 20,000 Third Country Nationals now employed in Vietnam.

The GVN has attested to the value of the Participant Training Program by releasing from their official duties over 400 participants during CY 1969, as against 315 in 1968. Future emphasis in this program will be on applied technology in commercial, industrial or engineering employment, as opposed to traditional government employment.

1969 was a very active year for USAID assistance to formal education in Vietnam. The job of making permanent repair and replacement of the educational facilities hard hit by the Viet Cong's 1968 Tet and spring offensives continue in 1969. Progress was steady in terms of the number of pupils in school (over 80% of the children of South Vietnam of elementary school age are now in school). An additional 150,000 persons joined Student-Parent Associations during 1969. In-service education for elementary school personnel reached a total of 11,640 persons at the end of 1969. Enrollments in secondary schools, higher education, and technical (including agricultural) training courses climbed during 1969 to totals of 542,800, 41,000 and over 10,000, respectively. The GVN affirmed its continuing faith in popular education by increasing its 1969 budget for elementary education by 42%, granting draft deferments for teachers, assisting with school organization to minimize the formerly high failure rates, and electing to take over funding of the 103,000 student adult education effort.

USAID's assistance to the Ministry of Labor (MOL) was instrumental in the establishment in 1969 of the GVN's Inter-Ministerial Manpower Coordinating Committee. The Vietnamese Confederation of Labor (CVT) carried out, with USAID and contractor assistance, a vigorous program of trade-union leadership training and establishing producer coops and credit unions. CVT has trained about 2,000 instructors in fields such as refrigeration, auto mechanics, electrical wiring, etc.

## Participant Training

The participant training program, which is developing professional and technical talent for both the public and private sectors, continues to make a long-range but direct contribution. Four hundred Vietnamese were sent for training in the United States and/or free-world countries during 1969. Of these, 166 will receive one year or more of academic training; the balance were on observation and study tours of a few weeks' duration. In addition to these new trainees, approximately 280 Vietnamese were in U.S. schools on study programs extended from prior years. As these students return, they bring to Vietnam skills and experience that become immediate and valuable inputs into the country's precious supply of manpower resources.

The majority of this year's trainees were project-oriented, following the pattern since the inception of the program in 1951. That is, they were government employees who already had experience in the fields in which they would receive further training. One-quarter of them were in the public health field, reflecting a concentrated effort to qualify health personnel to replace the Americans who are now carrying out many health functions. Seventy-four public health participants were sent to the United States for training of varied duration. Twenty-seven of these are still there pursuing programs in public health or medical and dental education.

Among those sent were 11 professors of dentistry from the University of Saigon. After returning from an observation tour that included the Schools of Dentistry at St. Louis University and the University of Minnesota, these department heads are now assisting in a major move to modernize the Dental School at the University of Saigon.

Another important health group consisted of 37 participants who attended a series of five-week community health and population control programs in Taiwan. They have now returned to positions in the

Ministry of Health connected with family planning clinics and rural health improvement. Thirty-six nurses, midwives and sanitarians studied in Taiwan or Korea and are now contributing their skills to upgrading Vietnam's public health services.

Among the advanced degree candidates to depart for the U.S. during the year were six from the National Institute of Administration (NIA). All are expected to return from the U.S. within three years with Ph.D. or M.S. degrees in development economics or development administration.

The program to train Vietnamese for return to the private sector was continued in March 1969 when 55 war orphans and wards of the nation departed for university courses in the United States. The group included high school graduates selected from throughout Vietnam. In each case one or both parents had lost their lives or become disabled in the war.

This General Scholarship Program is designed for two purposes: to foster a move by the Vietnamese away from their traditional preference for careers in the civil service and learned professions; and to begin in a small way to anticipate post-war needs for technically trained personnel in the private sector. These students will return to Vietnam in four years with professional training in engineering, industry and commerce. They will be free to accept employment either in private enterprise or with the government. Should military mobilization still be in effect, the GVN plans to grant draft deferment to those in jobs vital to the national interest. In addition to a university education in practical subjects, these Vietnamese will have gained knowledge of American business methods and will have been exposed to U.S. attitudes toward the importance of private enterprise. This is the third group sent under the General Scholarship Program which now has 227 participants in the U.S.

A unique program was implemented this summer to help these young people gear their studies toward the future, when they would be adapting their knowledge to the Vietnamese situation. Fifty-two students were returned to Vietnam for 10 weeks for "re-orientation" to their country. A major gain from this work experience was an awareness of the importance of business and management training in conjunction with technical skills.

USAID/GVN officials are now in the process of selecting another group of Wards of the Nation who will be sent to the United States in March 1970. The successful summer employment program will also be continued.

## Education

Outstanding characteristics of the Education Program in 1969 were: (1) gains in enrollment to the extent that goals for expansion of the educational system have almost been met; (2) completion of training for large numbers of teachers; and (3) construction of hundreds of classrooms.

The thrust to improve the quality of education, begun in 1968, was continued with greater energy in 1969, especially by the GVN. It has stimulated greatly increased efficiency on the part of the Ministry of Education in carrying out a program of development, in administering the existing program, and in overall management.

From 1963 through 1969 a major objective of the Hamlet-Elementary Education Project has been to assist with pacification by providing the service which rural parents wanted most urgently—an opportunity for their children to attend school. Through the Ministry of Revolutionary Development, 18,178 low-cost classrooms have been built, 20,273 emergency teachers were trained, and 1.25 million rural children were enrolled in elementary schools. In support of their requests for schools, parents are forming greater numbers of Student-Parent Associations through which they help with construction and repair of schools and, in some areas, contribute to teachers' salaries. Membership in these associations in 1969 was 449,613, an increase of 148,782 over 1968.

One of the major goals for elementary education has been to enroll 85% of the elementary school-age population in schools by 1970. At the end of the school year 1968-1969, the Ministry of Education reported that 2,340,392 children were enrolled in public and private schools—over 80% of the estimated school-age population<sup>1</sup>.

On October 6, 1969, in a talk to the nation, President Nguyen Van Thieu stated that the GVN anticipates that, universal education will be attained during the next 2 years and that all elementary schools will be using a better system of instruction be more suited to the needs of the local communities.

In-service education activities had noticeably positive effects upon the attitudes and efforts of elementary school personnel in 1969. A total of 11,640 persons have been involved in some training in 1969. The Vietnamese are now carrying the great majority

<sup>1</sup> If GVN population figures are used, the percentage of the estimated school-age population in schools is 88%. If UNESCO figures are used, the percentage is 82%.



Universal elementary education for all of Vietnam's youth is becoming a reality.

of the burden in this effort, with limited USAID advisory assistance.

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

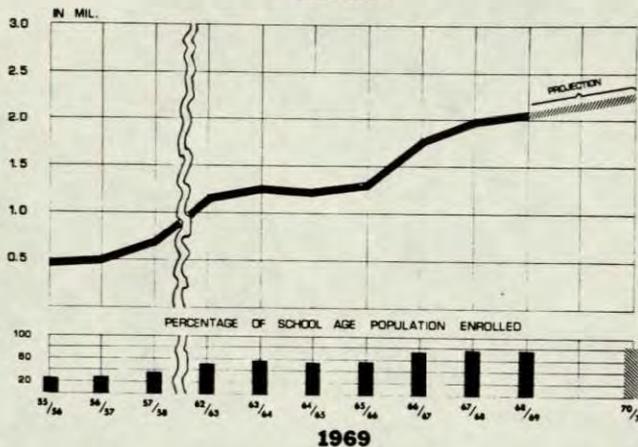
More than 860 new secondary classrooms were completed in 1969, which, when used in double sessions, provide facilities for 80,000 students.

The Faculties of Pedagogy in Saigon, Can Tho, Hue and Dalat are providing technical leadership in upgrading the skills of secondary school teachers. Eleven workshops programmed for 1969 were completed and 500 instructors improved their teaching methods and procedures. Another 500 teachers will receive similar training in the first half of 1970.

Comprehensive secondary schools are already being phased into the Vietnamese educational system and curriculum is being expanded. New programs include science, practical arts, industrial arts and home economics projects. These additions to existing curricula expand and integrate educational subject matter to provide for a more comprehensive education.

Recovery and growth marked higher education activities during 1969. Enrollments in the three pub-

## ELEMENTARY EDUCATION STUDENTS



lic universities rose to over 41,000 students, with the University of Saigon enrolling 30,000 of these. This is an increase of more than 5,000 students over 1968. Full and part-time teaching staffs of the three universities totaled 550, an increase of about 100.

Repairs and reconstruction following the 1968 Tet and spring offensives were completed at the University of Hue. A new Rector was appointed and many constructive policies were initiated. Academic decisions are now subject to a Hue University Council representing all faculties. Faculty seminars were started in order to improve the science and mathematics curricula. Plans were laid to make the course of study more practical and relevant to the social and economic needs of the nation.

The new science building, constructed with American funds at the University of Can Tho, was completed. A new 17-classroom building designed to accommodate the training of 180 accelerated secondary school teachers opened at the beginning of the 1969-70 academic year. The first year of the new Faculty of Agriculture was completed in July, 1969 and a second class of 50 students was admitted to start the 1969-70 year. Clear title was obtained to the 87 hectare tract on which the future campus will be built, and planning for university development has been started.

Construction to accommodate the accelerated teacher-training program was completed at the University of Saigon's Faculty of Pedagogy, and plans were finished for the completion of 17 classrooms along with a cafeteria, language laboratory and industrial arts building at the Thu Duc site.

The University of Dalat established the first graduate program in Political Science and Business Ad-

ministration, a two-year program designed by competent economists and political scientists and taught in Saigon. USAID assisted by providing for reconstruction of classrooms and offices.

A grant of \$150,000 was given by USAID to the Asia Foundation in order to strengthen the universities of Dalat and Van Hanh, providing a faculty development program, assistance to the Central Library, a publications program, and support of Business Research and Training Institute for the University of Dalat. At Van Hanh the library was supported and assistance was given to the establishment of a new Faculty of Science and Mathematics.

The Rectors of the five universities were asked to sit on a Council of Higher Education along with the Minister for Education and the Vice Minister for Education. This group started by delineating problems relating to higher education and then assigning these to individuals to study. Important in the national higher education picture is the group's expressed desire to have U.S. assistance in restructuring the university system and in university development.

A joint GVN/USAID textbook program had been started in 1958. During three years (1966-1968) under the Instructional Materials Project, book production began to catch up with demand at the elementary level. But in 1969, although over 2,000,000 books were printed, elementary enrollment and textbook demand began to rise faster than production.

Title development at the secondary and college level showed a marked acceleration, with the publication of a dozen new titles at these levels. Also, translation of elementary texts into Montagnard languages moved ahead rapidly. Nearly half of 146 titles to be translated were translated by the end of 1969.

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. This effort is valuable in helping to alleviate the critical shortage of semi-skilled workers in the country, and is one of the immediate benefits of the training program.

Because Vietnam is basically agricultural, em-



Vietnam's pool of skilled workers has been significantly expanded through many different training programs.

phasis is being placed on agro-business and agricultural education to assure that viable farm units, productive workers and trained leadership are available. Training is being provided for rural youth and adults at agricultural schools and Ethnic Minority Agricultural Training Centers (EMATC's) in the more secure rural areas.

In 1965 there were three secondary agricultural schools. Now there are 15 selected school locations in various stages of operation and construction and 12 Highlander Training Centers.

In 1965 there were fewer than 1,000 vocation agricultural student enrollees and fewer than 100 in special post-graduate courses. In the 1968-69 school year there were over 3,200 vocational agricultural students and 350 other students in special post-graduate courses. Over 150 of these were vocational agricultural teacher-trainees. Another 150 are being trained in school year 1969-70. Some 476 adults and out-of-school youths are receiving short-course training at agricultural schools and EMATC's.

Twenty-six of the larger elementary schools are adding sixth and seventh grades in order to offer

pre-vocational agriculture and rural homemaking courses. Twenty-six hundred students will be enrolled in these courses during the school year 1969-70.

Adult education has grown rapidly. The Ministry of Education through the Bureau of Adult Education is offering adults the opportunity to enroll in literacy classes, special studies and vocational training. The bureau has also taken a leadership role in coordinating the adult education efforts of other GVN Ministries such as Chieu Hoi, Revolutionary Development, and Refugees.

Official enrollment in all of these programs exceeds 103,000 students, and 2,350 adult education teachers have trained through the efforts of the adult education program. The project has shown such promise and results that the Ministry of Education decided to take over complete funding in 1970 by including the program in the national budget.

The major objective of the English teaching program is to prepare professional instructors for higher and secondary levels of teaching. A second objective is to provide assistance through services and instructional materials to public school programs and to study groups under teachers volunteering from the ranks of civilians within American agencies and military services.

In FY 1969, 53 pre-service candidates were graduated from three-year, two-year and one-year university programs. In-service, short-term courses were provided for 135 professional and volunteer teachers. Advisory services were extended to more than 250 additional volunteer teachers.

Professional and pre-professional students studying English for the purpose of communication numbered 26,462. Those below collegiate level totaled 423,887 while out-of-school youths and adults numbered 450,000.

## Labor

The GVN established in 1969 a National Manpower Committee and set up the organizational structure and staff support necessary to make the Committee operational. This "Inter-Ministerial Manpower Coordinating Committee," chaired by the Minister of Labor, is composed of high-level representatives from the Ministries of Defense, Public Works, Economy, Veterans, and Ministry of Land Reform, Agriculture and Fisheries Development, two employer representatives and two workers representatives. The Secretary General and supporting

staff are provided by the Ministry of Labor (MOL). Other Ministries and public and private agencies are represented at meetings as deemed necessary. To date, the attention of the committee has been largely directed toward organization problems and obtaining needed manpower information.

The MOL was reorganized so that four operating units with closely related manpower responsibilities (Planning, Research and Statistics, Employment Service and Skill Training) are now under the direction of a single official with the rank of Assistant Inspector General.

The skill training activity of the Manpower Development Project focused its efforts in 1969 on the training of instructors for the Ministry of Labor Skill Training Centers. In the process of training instructors, USAID, through a contractor, American-Asian International, assisted the MOL in training unskilled workers including Hoi Chanh and refugees, in such technical skills as refrigeration repair, auto mechanics, electrical wiring, generator operation, heavy equipment operation, plumbing, electronics, typing and many others. In 1969 over 970 students graduated from AAI-assisted courses, with about 600 still enrolled in classes. An additional 400 students were given training at the GVN Saigon Naval Shipyard under a craft maintenance program being conducted by AAI for the GVN Navy. The total number of students trained with AAI assistance in 1969 came to nearly 2,000 with an additional 3,000 completing courses now operated solely by the MOL.

The Vietnamese Confederation of Labor (CVT), assisted by USAID, and the Asian-American Free Labor Institute (AAFLI), an affiliate of the AFL-CIO, underwent a vigorous program of infrastructural development and consolidation in 1969. AAFLI, under its contract with AID, provided leadership training for 852 cadres and members, including 742 in elementary leadership techniques, 31 intermediate leaders, 34 in co-op management and 25

in co-op organizing. Totals trained by AAFLI since its establishment in mid-1968 are: Elementary Leadership, 822; Intermediate Leadership, 31; Advanced Leadership, 29; Press and Information, 41; Co-op Organizing, 80, and Co-op Administration, 65. AAFLI also cooperated with Retail Clerks International Association (RCIA) and the Brotherhood of Railway and Airline Clerks (BRAC) in conducting special training programs.

In addition, AAFLI provided funding for 30 small diesel-powered tractors to be used in establishing 10-family producer cooperatives. It also provided funds for the support of 31 CVT cadre as on-the-job trainees. During the first five months of the latter program, the AAFLI-sponsored interns trained in co-op organizing and/or management organized 32 new CVT co-ops or credit unions throughout the Republic. The Directorate of Cooperatives is currently processing their applications for licenses. The 11 credit unions received an initial capital subscription of nearly VN\$6 million.

The CVT fertilizer program continued to function most effectively through improved marketing procedures and more efficient operation. CVT was able to realize a substantial profit from fertilizer sales while keeping the price far below the established retail level. The profits from this activity were channeled into the CVT budget to provide additional financial support for trade union cadre and organizers. A more significant benefit from this program, however, was the strengthening of CVT Tenant Farmers' Federation membership, which increased to approximately 170,000. Nearly 100,000 of them were listed as regular dues-paying members. At year's end, USAID advisors were assisting the CVT in developing a program for manufacturing and marketing poultry feed in Regions I and II. CVT began by shipping feed from Saigon to Regions I and II in late 1969 and it is expected that three CVT feed mills will be constructed and in production by mid-1970.

## CORDS-PACIFICATION SUPPORT

The provision of adequate security remains the principal objective of the Government of Vietnam with the assistance of the United States and other Free World nations. Following security, and in many cases being an integral part thereof, is pacification. Under the United States Military Assistance Command (MACV), a combined military-civilian advisory group assists the GVN in the process of pacification. Known as Civil Operations and Revolutionary Development Support (CORDS) this group, staffed by U.S. military and USAID civilians, carries out its activities in Saigon and in each of Vietnam's 44 provinces.



### Refugees

The performance of the GVN Ministry of Social Welfare was a significant contributing factor in refugee operations during 1969. Throughout the year staff improvement, greater experience gained since the enemy attacks of Tet and the spring of 1968, and the refinement and promulgation of policy and guidance all combined to make possible the achievements of 1969.

Refugee resettlement activity gathered and maintained a steady momentum in 1969. The caseload was reduced from a peak of 1.5 million refugees at the end of February to slightly over 300,000 individuals by the end of the year.

The extension and consolidation of territorial security that began in 1968 and continued through 1969, strongly influenced the Refugee Program. The Return-To-Village Program, a previously much less

U.S. Ambassador Ellsworth Bunker takes a first-hand look at a Vietnamese refugee center.

dramatic performer than its sister Refugee Resettlement Program, was able to return over 400,000 persons to their original homes.

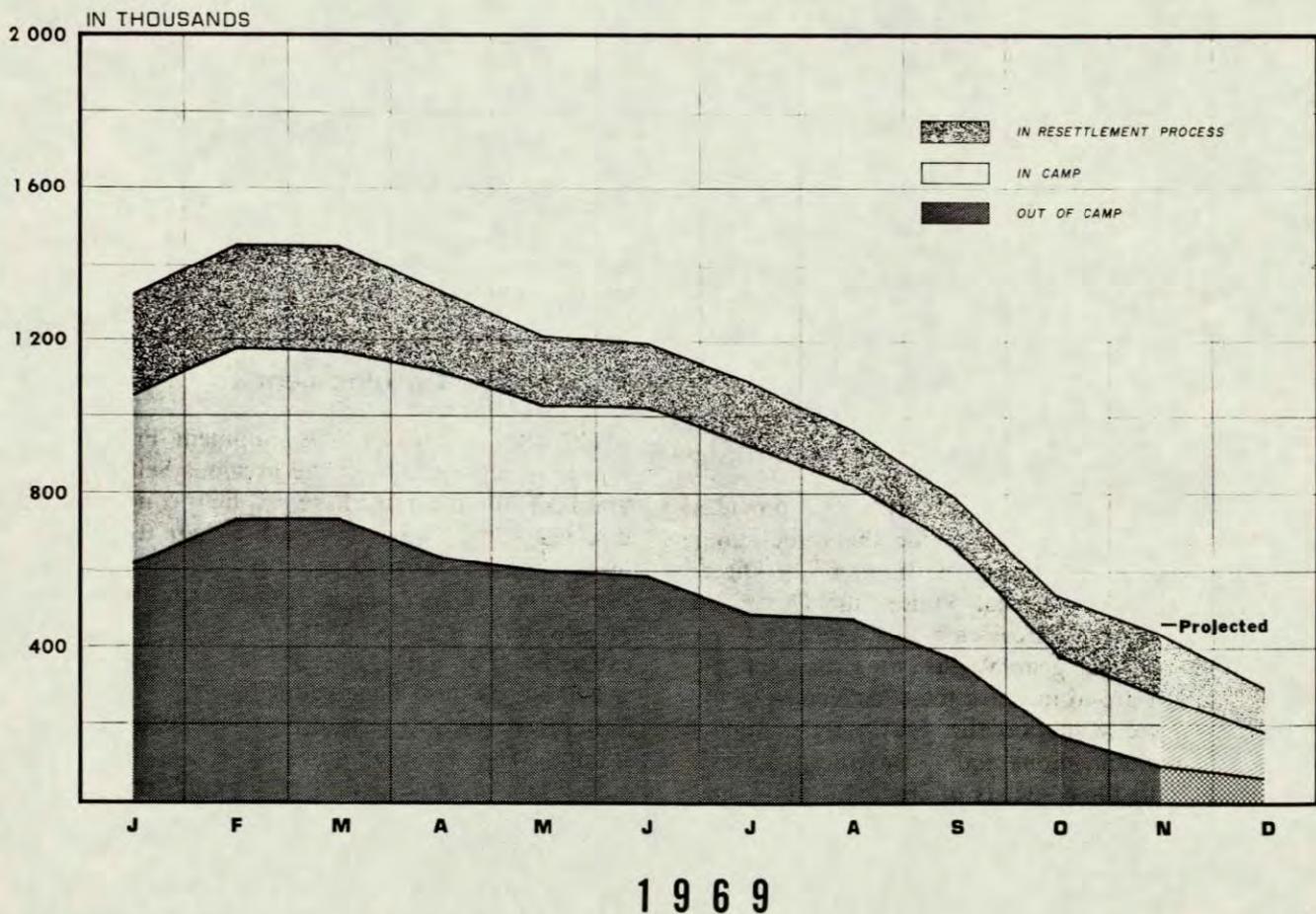
The shift in emphasis on programs represented a very real 1969 change in policy for refugee activities. The Ministry of Social Welfare started in June 1969, working through the Central Pacification and Development Council to forge a new level of interministerial cooperation in the development of newly occupied hamlets. In both resettlement and return-to-village, the Ministry emphasized the need for early elections and legalization of refugee communities as part of the village body politic.

Despite the encouraging progress evidenced in 1969, much remains to be done. New refugees are generated by almost every combat action and assistance to the GVN in the fields of refugee and social welfare activities will be required well into the post-war period.



One way USAID helped refugees was by providing construction materials as they returned to the villages to build a new life.

## REFUGEES



## Chieu Hoi

The Chieu Hoi Program was established in 1963 to encourage the enemy to desert the insurgency and rally to the GVN. A major objective of the program is the reorientation of the political thinking of the ralliers and their reintegration into the social, political and economic life of the nation. There has been marked and increasing success in the effort; from 1963 to November 1, 1969, over 132,500 returnees have been registered, including over 27,000 in 1967, 18,000 in 1968 and in 1969 over 45,000.

The Chieu Hoi Program is of key importance to both military and pacification objectives. It reduces the VC fighting force and produces quantities of tactical and strategic intelligence which is very costly to an enemy whose activities often require that his logistical support be placed ahead of his forces. In addition, it denies the VC and NVA the support of the population while increasing the popular support and the manpower pool for the GVN. Nearly 5,000 former VC have joined the Armed Propaganda Teams which assist in psychological operations mounted against their former comrades. Another activity in which these individuals are also usefully employed is the Kit Carson Scouts Program, where ralliers serve the U.S. and other Free World forces by locating enemy bases and arms caches.

U.S. participation in the Chieu Hoi Program is advisory in nature and is now being reduced in size. The CORDS Chieu Hoi Directorate is cutting its advisory staff by 10% in 1969 and USAID commodity assistance was reduced by one-third from \$660,000 in FY 1969 to \$440,000 in FY 1970. Training courses have been established for Vietnamese Chieu Hoi Cadre at Vung Tau to prepare them to replace CORDS advisors.

## Public Safety

The CORDS Public Safety Directorate provides advisory and financial support for the three major offices within the Ministry of the Interior: the Directorate General of National Police, the Combined Telecommunications Directorate and the Directorate of Corrections. In general the objectives of the CORDS effort are to increase the effectiveness of the National Police, to support the security requirements of police communications and to provide other civil authorities with rapid means of communication, and finally to increase the country's security and to promote social justice by improving and expanding correctional centers.

President Nguyen Van Thieu stated in 1969 that he foresaw the National Police as the prime peacetime instrument in defense against the VC, in the maintenance of law and order, and in expanding the presence of the GVN throughout Vietnam. The general objectives listed above have been implemented consistent with the President's priority assignment.

1969 reflected a rapidly growing sense of responsibility at all levels of the National Police to the community and to the pacification goal of assigning 50% of all available National Police in the provinces, exclusive of the National Police Field Force and Marine Police, to district level and below, thus giving the village chiefs much needed police support. To date 44% have been so deployed. The NPFF, formerly stationed in the provinces in company strength, are being divided into platoons and reassigned to most districts.

Another very serious problem being attacked directly by the National Police is the sale of narcotics. After high-level discussions, a narcotics squad was formed in each of the provinces to uncover the growers, sellers and users of the biggest narcotic cash crop—marihuana. Thirty-four provinces have organized narcotics units and have destroyed a large number of marihuana fields.

The National Police are also investing more time and effort in civilian service—traffic enforcement, crime, etc. Both investments are currently paying large dividends. The National Police logistics system was completely taken over by the Vietnamese this year and is now working efficiently. Overall, the National Police made progress in all phases of its programs and is assuming larger areas of responsibility.

## Village Self-Development

The 1969 Village Self-Development Program was a radical departure from the previous Self-Help programs. While it retained the self-help concept, it was directed at the village level rather than at the hamlet level, and was designed to reflect the true needs and aspirations of the people rather than the ideas of provincial and district planners. For the first time, exclusive approval of one project is placed solely in the hands of the village council.

Because the program departed significantly from normal Vietnamese administrative procedures, there was a considerable period of training and trial and error at all levels of government. However, at year's end over 20,000 projects were approved and either completed or in progress.

The major benefits of the new program have been greater participation and control by the GVN, increased village autonomy, less centralization, increased attention to popular aspirations and greater response by the central government to those aspirations.

### **Saigon Civil Assistance Group**

The city of Saigon with over two million inhabitants represents more than 10% of the total population of Vietnam but also a politically and economically important segment of the nation. In order to help the metropolitan administration, the Saigon Civil Assistance Group of CORDS was established. Its advisory program covers the whole range of CORDS activities.

During 1969, the ARVN Capital Military District assumed the responsibility for the security of the bridges and the perimeter of the city. The security of Saigon is also being strengthened by the increased numbers of Popular Self-Defense Forces; there are

now some 266,000 members. An intensified recruitment campaign started during the last half of the year should raise the total to 281,000 by early 1970.

In general, the self-help programs are all under the direction and control of the Vietnamese government, with the work being performed by city employees and Vietnamese volunteer labor. Funding of the projects, which included such things as street paving, sewer drains, public health, office buildings, bridges, etc., required VN\$47,100,123 with some 39% of the total contributed by the people desiring the improvements.

In the area of public administration, increasing responsibility is being assumed by the Vietnamese officials in the streamlining of the city's organizational structure, the revision of fiscal procedure, the expansion of in-service training, and the mechanizing of fiscal data processing. Definite progress is being made in the development of a new concept of responsible municipal government among the Vietnamese officials.

## CHAPTER EIGHT

# POSTWAR PLANNING

Most active in the area of post-war planning thus far has been the US/Vietnamese Joint Development Group, which in May, 1969, presented its 600-page report, *The Post-War Development of the Republic of Vietnam: Policies and Programs*, to Presidents Nixon and Thieu. This planning strategy document calls for a 2 to 3 year reconstruction period followed by a 7 to 8 year development period, at the end of which time, Vietnam should have achieved a balanced foreign trade and be free of the need for concessionary foreign aid. The report emphasizes the favorable factors in Vietnam's economic situation, such as large new war-connected investments in infrastructure facilities and the acquisition of new skills by the labor force, which partly compensate for the damage done by war. It sets a growth target of a 50% increase in the GNP for a 10-year period (4% per annum in the recovery period and 5% per annum in the development period) and examines the specific resource applications and institutional changes needed to achieve this goal. The total cost of reconstruction and development assistance is put at about \$5 billion, half of which would be in foreign exchange.

To carry on the work of development planning, President Nguyen Van Thieu has appointed a Special Assistant for National Planning to his personal staff.

Following the recommendations put forth in the Development Group report, a series of project studies were begun in 1969 which include: (1) a comprehensive study of the resources, problems and development prospects of the country's five northern provinces; (2) an agricultural land capability study, covering all of Vietnam and with special attention to the five northern provinces and the Delta; (3) a study of the country's export potential, covering both production capabilities and market potentials; (4) a study on the nature and extent of possible future unemployment; (5) an examination of the Vietnamese tax system, aimed at specific recommendations for increased flexibility and greater responsiveness to price and income changes; and (6) follow-up studies on the already extensive report analysis of Mekong Delta development prospects.

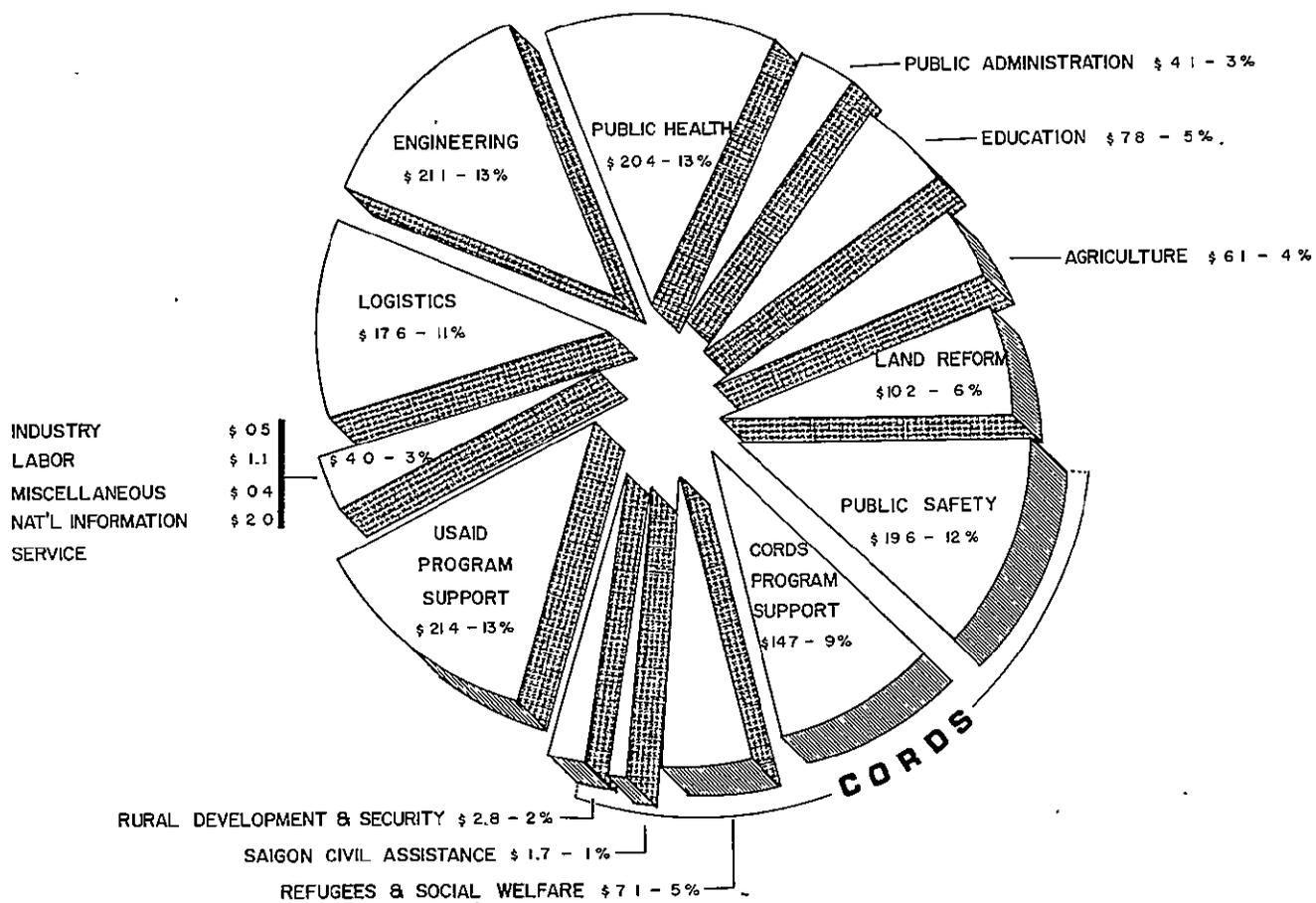
Several other significant projects are under way under USAID or joint U.S./Vietnamese direction. A combined United States/Vietnamese Communications and Electronics Staff Committee is actively pursuing the objective of a single integrated telecommunications system. The various civil and military Vietnamese agencies with operational communications responsibilities have established a permanent secretariat to prepare for Vietnamese administration of such a system. Finally, a team of Vietnamese transportation economists has been established to work with American experts in order to determine the most economic manner in which to develop highways, railroads, water transport, and air transport and to set priorities among these modes.

The current level of private industrial investment is inadequate and a much higher level will be required during the next 5 to 10 years to reconstruct the industrial sector, help solve the country's balance of payments problem and produce levels of postwar activity which help a rapidly growing labor force. In 1969, a primary goal of USAID activities was to help the GVN and the private sector in planning for postwar industrial development.

# PROJECT PROGRAM DOLLARS

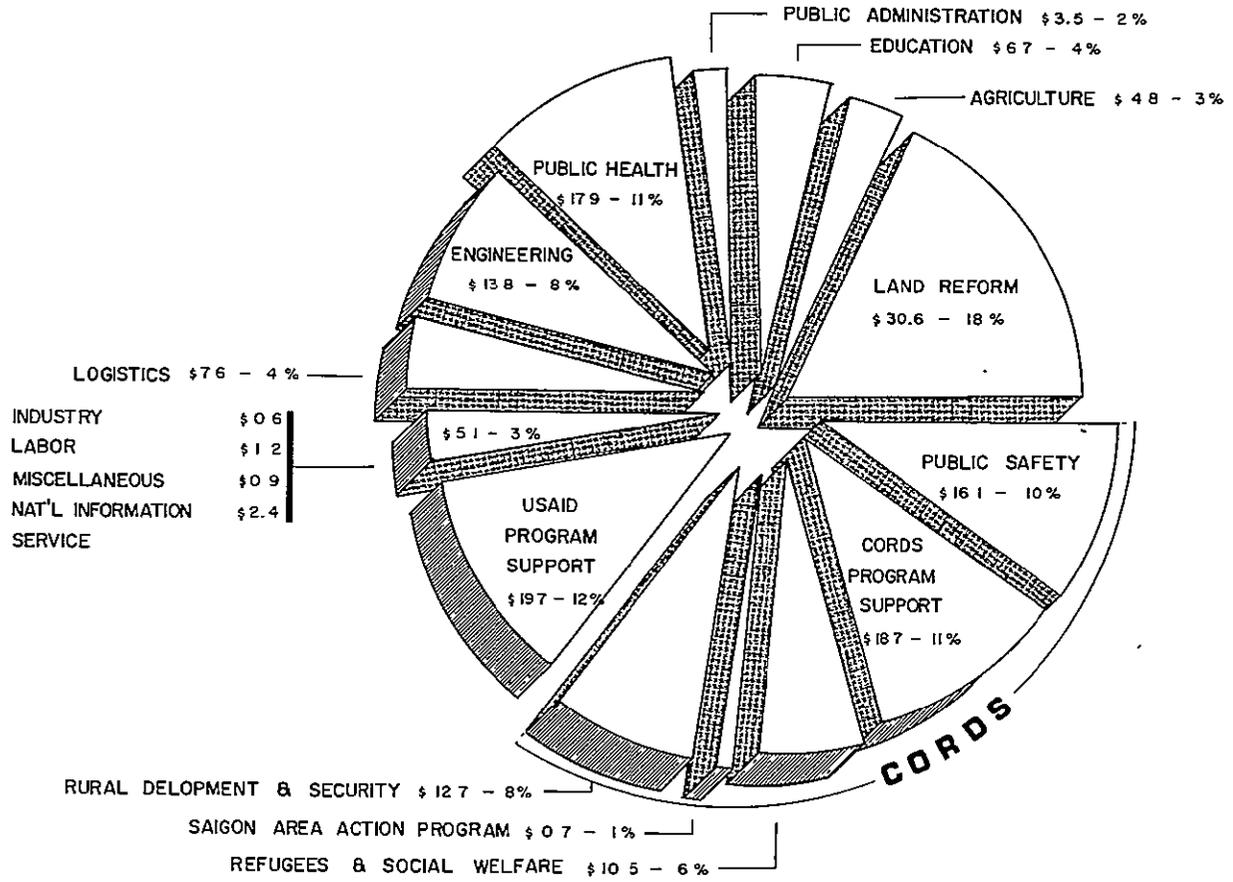
## FY 1969

### ( IN MILLIONS )



**TOTAL : \$158.6**

**PROJECT PROGRAM DOLLARS**  
**FY 1970**  
**( IN MILLIONS )**



**TOTAL : \$168.2**

*FY 1970: Congressional presentation figures; subject to change during legislative process.*