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JOINT STATE/AID/DOD MESSAGE

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SUBJECT: USOM Role in ~~Monoculture Program~~ Free World Assistance Authority STATE 10-2-75
By LW, NARS, Date 10-20-75

- REF: A) Deptal 791
- B) DEP 003800
- C) Deptal 2115
- D) TOAID 2672

As result of variety of responses and problems resulting from requests for other nations to provide civilian and military assistance Vietnam we believe it desirable to summarize guidance and assure coordinated effort being taken to consider all aspects. This message supplements general guidance REF A and MAC/V guidance REF B.

I. FUNDING

a) As general principle donor countries will be strongly urged to meet as much of cost of their aid as possible, particularly ~~offshore costs including~~ expenses within donor countries and transport. U.S. will be prepared on case by case basis to consider financing these costs or portion thereof, if necessary to prevent aid offer from being withdrawn. However such payment ~~should~~ not be made to point where project

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loses donor identity and result appears to be no more than U.S. employment of third country nationals or in the case of military personnel mercenaries. All proposed actions on sharing of costs will be referred to Washington for final decision.

b) Donor countries will be strongly urged to agree to reasonable and if possible standardized local currency overseas allowance and other maintenance costs. Agreements should be on basis of equal rates to all IMAF and U.S. personnel in Vietnam. Prefer that donors generate own L/C to meet these expenses but since this unlikely for most countries, these expenses may have to be met from GVN budget. Additions to GVN budget will be supported by AID in same manner as is case for present budget. Mission may wish to establish separate L/C fund within GVN budget to meet these expenses. Donor countries willing to generate own L/C or portion thereof could channel their contributions through this fund. USOM should be prepared to participate in operation this fund to extent necessary to assure payments promptly made. If GVN administered fund proves unworkable, expenditures could be made from augmented trust fund. However, this less desirable since Free World effort would appear more closely tied to US program. In event donor country insist on overseas allowance or similar expenses which excessive in comparison to amounts paid other countries, excess amount, if agreed to by U.S. Gov't, should

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be paid in currency of donor as part of salary payment for remittance to and retention in donor country. If donor insists US pay these costs it would be desirable that payment be made indirectly in a manner that would not signal that AID paying higher overseas allowance to one country in a comparison to others.

c) Donors will be urged to bring with them, or be prepared to purchase with own hard currency, all supplies and equipment necessary to their project not available locally. In event donor not prepared to do so USOM could create a dollar 3rd country fund to do so (see para V below). However, to the extent possible project should be designed to utilize materials available locally, either Vietnamese products or CIP imports. Where US dollar financing is required, US products ~~must~~ should be used in all but exceptional cases and, where time permits should be programmed under the CIP. Where time does not at first permit, commodities could be brought in under C-I through PA/PR.

d) For other than MAP items in case by case agreement, it is not anticipated U.S. will have to replace items brought from Donor countries. In event such occurs, initial efforts will be made to fund replacement through AID programs in donor country, if one exists. If not, costs of replacement items delivered to donor country will be charged to Vietnam program through issuance of PA/PR under C-I.

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e) Same principle applies to local currency costs incurred in donor countries. In this case every effort will be made utilize CIP and PL 480 generations where such programs exist, to meet such costs or to finance other items in donor country and thus free donor country resources to meet these costs. If not possible to devise such arrangements, US as last resort will be prepared to purchase currency of donor country for dollars from Vietnam program funds in order to prevent aid offers which USG considers essential from being withdrawn. Last possibility should not be discussed with other governments without Washington clearance.

f) Donor countries should be encouraged finance and arrange transport personnel and commodities. If absolutely necessary and beyond capability donor country US will do ~~xxx~~ both as required. Standard US regulations regarding US carriers apply. We suggest USOM authorize AID/W issue PA/PR for \$50,000 for codes 9400 & 9500 to finance transportation when necessary. Where possible and appropriate US military transport will be utilized following policy per ref A.

II. DETERMINATION OF PROJECTS

General

a) Physical presence of Donor country civilian and military personnel carrying out identifiable, self-contained projects making direct contribution to pacification program or other priority effort is most desirable. Full integration of Donor team into USOM structure

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with team members scattered over various USOM activities, while potentially productive, generally does not repeat not meet Free World aid objectives. If country insists on lesser priority activity this will be accepted if absolutely necessary to prevent withdrawal of participation. Washington after consultation with the field will exercise the final judgment in the ^{US} rejection of any offers. ~~by the field.~~

b) Countries providing more than token contributions will be very strongly encouraged to send advance party to VN to discuss proposed assistance with GVN, USOM Mission and MACV. AID/W prepared send personnel on TDY to donor country and will authorize USOM do likewise if desirable in selection of type of advance party or participate in discussion with home government after return of such party. Such action could more clearly indicate range of available priority projects to donor country, nature of skills and equipment required and administrative arrangements necessary to accommodate to existing facilities. Where personal contact not possible as complete communication as possible with Mission will precede any decision accept or ~~reject~~ reject aid offers. Final decision will rest with Washington.

c) Where only commodities are offered, depending on the nature of the items, AID or DOD will attempt secure fully descriptive lists of items for transmission to field and ascertain whether type and markings are such as to be applicable to VN situation. In cases where

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US financing transport AID or DOD as appropriate will exercise judgment as to whether cost factors are such as to justify shipment. Shipment of commodities at US expense whose cost or lack of applicability to VN would cause adverse political reaction will be avoided. In such cases donor countries will be solicited for alternative items.

III. ADMINISTRATIVE ARRANGEMENTS

USOM and MAC/V in consultation with GVN are urged to anticipate administrative requirements for housing security, transport, secretarial and interpreter services, purchasing and transport of local foodstuffs and supplies, ~~availability of these services~~ access ~~of~~ to US commissary, PX, APO, Medical, exchange conversion facilities. The legal implications vis-a-vis the GVN of donor country personnel utilizing these facilities should be considered; also question of diplomatic rights and representation of personnel whose countries do not have Embassies in these countries. Any or all of these questions may be raised in Washington as well as Saigon and therefore standard coordinated answers should be available here.

IV. We recommend the establishment of a GVN physical facility for civil FWA similar to that set up for military aid and coordinated with the military facility.

V. USOM should consider establishing a formal project agreement under C-I with GVN to provide funding availabilities along lines suggested paras I b and c above or make alternative suggestions.

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VI. Mission Council comments on above points are requested and Washington should be informed regarding steps taken and administrative arrangements made with the GVN and within the US Missions. Request USOM inform AID/W who has been designated as the Free World Aid Coordinator and what USOM's staff assistance he has available.

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