

*Guidelines for
MACV Input
Feb 1964*

REVOLVING RURAL CONSTRUCTION FUND

1. PURPOSE: To provide a revolving cash fund of US supported piasters to be administered by sector and/or subsector advisory personnel to finance, in coordination with local GVN representatives, high impact type rural construction projects and activities of a civic action nature that require rapid accomplishment. These funds will not be used when normal GVN financial support is readily available and are not considered to be a substitute for MILCAP or any other GVN program.

2. GENERAL: Rural Construction projects and related activities are an excellent way of demonstrating to the people the interest of the GVN in their welfare. Depending on the nature and timeliness of these projects, their psychological impact will vary widely. Regular programs -- such as self-help, MILCAP, and new life development -- provide the bulk of the needs of provinces and districts. However, there continue to be difficulties in executing the established programs, resulting in timely support not being available for high impact rural construction activity. Thus, the impact and psychological value of projects is sacrificed because immediate funding is not available. The revolving fund fulfills the need for immediately available funds and gives the District Chief/Subsector Advisor (and Province Chief/Sector Advisor) maximum flexibility in meeting local needs.

3. OPERATING GUIDELINES:

a. Funds will be provided sector advisors based on the following criteria:

- (1) 50,000 VN\$ for each authorized subsector advisory team.
- (2) 100,000 VN\$ for each sector advisory not authorized any, or authorized only one subsector advisory team.

(NOTE: Special Forces Detachments with sector and subsector responsibilities will be included in the above distribution).

b. Average monthly expenditures should not normally exceed the above amounts; however, actual expenditures must be responsive to local conditions and may exceed the monthly average when justified. Funds will be replenished periodically, upon submission of paid vouchers, to insure continued financial support. All funds, with the exception of amounts provided sector advisors, will be maintained at the subsector level.

c. While the purpose of the fund is to add flexibility to the construction effort, it should be used in a manner that will complement existing GVN programs and enhance the prestige of local GVN officials. Although the funds are controlled by the US Advisor, disbursement will be made by the VN counterpart. After joint agreement has been made regarding a particular expenditure the advisor will transfer the funds in privacy to his counterpart.

d. It is recognized that the use of this fund must be based primarily on sound judgement. It is considered inappropriate to define specific projects or areas where the use of this fund will or will not be applicable. However, the following limitations will affect the disbursement of these funds in the specified areas indicated:

(1) Emergency type construction/repair projects. For larger costly projects these funds should generally be used to initiate essential activity while awaiting normal program funds, rather than for financing the entire project.

(2) Specific high impact activities. These funds may not be used to finance a continuing requirement over an extended period.

(3) Hire of laborers for specific projects. These funds may not be used to hire permanent or semi-permanent employees.

(4) Emergency interim assistance to surviving dependents of deceased personnel resulting from military operations, pending the payment of indemnification and death gratuities. Payments should be provided for basic essential requirements only and should be minor in comparison to that received under established programs.

(5) Rewards for intelligence and captured weapons and personnel. These payments will be minor in comparison to those received under established programs. No maximum rates have been prescribed for intelligence and captured personnel. Intelligence information will be verified for authenticity prior to payment of a reward. Rates for weapons are established as follows:

(a)	Gun, Recoiless Rifle	-	1,000 VN\$
(b)	Mortar, Machine Gun	-	1,000 VN\$
(c)	Automatic Rifle	-	500 VN\$
(d)	Bozooka, Signal Set	-	500 VN\$
(e)	Sub Machine Gun, M2 Carbine	-	300 VN\$
(f)	Rifle, Carbine, Pistol	-	200 VN\$

e. It will be the responsibility of the advisor to adequately review and evaluate the importance of each project prior to utilizing these funds for support. Emphasis should be placed on accomplishing projects rapidly. The following conditions should exist before these funds are expended:

- (1) Rapid accomplishment is essential
- (2) Joint agreement has been reached between the advisor and his counterpart.
- (3) Timely financial support is not available through regular GVN channels.
- (4) Use of funds will not be detrimental to existing programs.
- (5) Accomplishment will further the GVN rural construction and military efforts.

f. Payments from these funds will be final and no reimbursement will be required when the normal GVN funds become available.

ADMINISTRATIVE PROCEDURES

REVOLVING RURAL CONSTRUCTION FUND

1. GENERAL: In order to facilitate the financing of high impact rural construction projects and activities of a civic action nature, when normal GVN financial support is not readily available, procedures are contained herein for establishing a special cash fund and for governing the activities of the appointed Imprest Fund Cashier in procurement of supplies and services to support these vital areas.

2. ADMINISTRATIVE FUND CONTROL: Advisor personnel receiving and holding these funds are automatically vested with accountability and responsibility to insure that such funds are utilized in accordance with established MACV Guidelines for the Revolving Rural Construction Fund and the controls and procedures contained herein.

3. APPOINTMENT OF RESPONSIBLE INDIVIDUALS:

a. Each sector advisor will be appointed by COMUSMACV as Imprest Fund Cashier to the Hq MACV AIK Custodian with Ordering Officer authority as defined in the MACV Logistical Guide and will receive cash as prescribed in the Guidelines for use of this fund. Use of these funds will be delegated to each subsector advisor in the sector. Irrespective of such delegation, the sector advisor will be the accountable cashier for all these funds within his sector, and will be the only official point of contact with MACV on matters pertaining to reimbursement, review of expenditures, technical assistance, etc.

b. Any change in Imprest Fund Cashier will be submitted for approval to Hq MACV, ATTN: Office of the Comptroller. Such changes will be reflected in appropriate MACV special orders. Upon appointment of a new cashier, a joint inventory of cash on hand will be conducted and a copy of this inventory, signed by both the old and the new cashier, will be forwarded to the Hq AIK Custodian. The new cashier then assumes pecuniary liability for the fund.

c. When changes in subsector advisors occur the departing advisor will turn in all vouchers and cash to the Imprest Fund Cashier. The new advisor will receipt for funds issued to him.

4. RESPONSIBILITIES:

a. The sector advisor will:

(1) Inform VN counterparts of this program and assure the appropriate use of these funds in the most expeditious manner.

(2) Determine appropriate storage location for funds.

(3) Establish accountability record to account for funds.

(4) Issue funds to subsector advisors utilizing a written interim receipt to support the total accountability of the Imprast Fund Cashier.

b. The subsector advisor will:

(1) Inform VN counterparts of this program and assure the appropriate use of these funds in the most expeditious manner.

(2) Determine appropriate storage location for funds.

(3) Establish informal record to maintain control of funds received.

c. The MACV Comptroller will:

(1) Insure that the AIK Custodian provides funds to sector advisors appointed as Imprast Fund Cashier.

(2) Selectively review reimbursement documents presented by the Imprast Fund Cashier to insure correctness.

(3) Direct the AIK Custodian to maintain formal accounting records, as appropriate, to support this program.

5. ESTABLISHMENT AND USE OF IMPREST FUNDS.

a. Establishment. These funds are considered established upon issuance of appointment orders by COMUSMACV.

b. Use. The use of these funds covers the full scope of high impact rural construction projects and civic action activities which require rapid accomplishment and normal GVN financing is not readily available. It is considered inappropriate to attempt to list all authorized and unauthorized uses. The Judgement of each advisor receiving funds is the basic criteria for use. The Guidelines contain the general intent of COMUSMACV regarding use and should be thoroughly reviewed, understood and applied.

6. PURCHASING PROCEDURES: When it comes to the attention of an advisor in receipt of funds that a project or activity requires the support of these funds, joint agreement on such use will be reached between the advisor and his counterpart. Prior to reaching this agreement, a determination will be made regarding the availability or non-availability of normal GVN financing. In all instances where it is determined that normal financing can be accomplished, this technique will take precedence over use of the Imprast Fund. Should an agreement be reached to utilize the Imprast Fund the following procedures should be followed:

a. The advisor and his counterpart should determine, with appropriate technical assistance, the amount and best source of materials, services, and/or laborers required to accomplish the project or service. When practical, prices should be obtained from several sources and compared by the advisor and his counterpart. If only one source is available, a fair price based on the opinion of the advisor will be obtained before a firm commitment is made.

b. Funds will be transferred to the VN counterpart by the advisor for actual payment to the vendor. A receipt for the funds will be obtained by the VN counterpart and given to the advisor as justification for the disbursement.

7. ACCOUNTING AND REIMBURSEMENT PROCEDURES:

a. Initial Funding.

(1) Upon receipt of order appointing him Imprest Fund Cashier, each sector advisor will report to the Hq MACV AIK Custodian located in Building No. 27, MACV Compound No.2. One copy of orders and adequate security will be required before funds are advanced.

(2) Upon presentation of orders and identification, each sector advisor will be advanced the amount of piasters specified in his orders. Receipt for advances will be made on DD Form 1080. One signed copy of this advance and one copy of orders will be retained by the Hq MACV AIK Custodian and one copy of the advance will be retained by the Imprest Fund Cashier.

b. Accounting for Disbursement of Funds.

(1) The Imprest Fund Cashier will maintain an individual accountability record showing: (a) cumulative balance of funds advanced by the Hq MACV AIK Custodian, (b) funds disbursed, (c) funds advanced to subsector advisors, (d) reimbursement requests made to the Hq MACV AIK Custodian. Suggested record for this purpose, obtainable at the AIK Section, is at Annex A.

(2) Funds disbursed will be accounted for on a sub-voucher. Sub-vouchers will consist of some type of signed receipt from the vendor, or other recipient of funds. When receipt is not available from a local recipient, the sub-voucher in the format at Annex C may be used. Each sub-voucher will be signed by the Imprest Fund Cashier and any other individual disbursing funds when the Imprest Fund Cashier so requires.

c. Reimbursement.

(1) Funds disbursed will be accounted for and reimbursement requested at least quarterly, and more frequently if required. The letter voucher inclosed as Annex B will serve as the formal document to certify the validity of disbursements and request reimbursement. This letter should be presented in person or sent by registered mail to the Hq MACV AIK Custodian for reimbursement.

(2) Upon receipt the Hq MACV AIK Custodian will validate the amount of the voucher and replenish the fund in a like amount.

d. Financial Liability. The Imprest Fund Cashier is responsible for the funds advanced to him and for the vouchers supporting the disbursements from the fund. Any losses of funds or vouchers, or questions of propriety of payment, will be referred to the MACV Comptroller. All advisors receiving funds should take adequate precautions to safeguard funds and vouchers, and insure, to the best of his ability, that the disbursements are in the spirit of the MACV Guidelines.

8. AUDIT AND STAFF ASSISTANCE:

a. The Hq MACV AIK Custodian will review all vouchers and sub-vouchers for propriety and correctness. Questions of propriety of payments will be referred to the Comptroller, MACV for resolution.

b. The Comptroller MACV will audit funds, as appropriate. Discrepancies will be brought to the attention of the Imprest Fund Cashier for necessary correction action. The Comptroller and Rural Reconstruction Plans and Operations Section, J-33, Hq MACV will offer staff assistance on procedures and administration of the funds.

A PROPOSAL FOR A JOINT VIETNAMESE AMERICAN RURAL CONSTRUCTION PROGRAM

Because both Vietnamese and American rural construction efforts have often been unilateral, uncoordinated and duplicating and have suffered from frequent changes in personnel, policy and overadministration, it is proposed that both governments and people, with full respect for Vietnamese sovereignty, now join together in a common effort to form a Joint Vietnamese American Rural Construction Commission to implement a truly revolutionary social, economic and security improvement program for the people of Vietnam.

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The Joint Commission will achieve the following:

1. Responsible Vietnamese and American central-level staff will be housed in one building and programs, resources, energies and strengths pooled for common purposes - to help the people of Vietnam.
2. Personnel will be freed from fear of disruption of work by personnel or political changes.
3. The Commission will have its own common budget and supplies from GVN and US sources with funds administered immediately under its own simple regulations and procedures thru checks issued by its finance office as authorized by the Commission. This will, once-and-for-all, break the local currency logjams that have plagued GVN and US efforts to date.
4. GVN Commission personnel will be paid adequate salaries and per diem directly by the Commission. Per diem rates should be the same for all Commission personnel, US or GVN.
5. GVN Commission personnel should be draft-exempt and GVN and US personnel performance should be reviewed every six months. Poor performance, including unwillingness to serve in rural areas, will be cause for dismissal and return to active draft status.
6. Establishing this Joint Commission affords both the GVN and the US a real opportunity to start their rural revolution anew through a joint effort under inspired leadership wiping out the suspicions, cumbersome procedures and wasteful organizations of the past. The Joint Commission will bring new hope and life to the government and people of Vietnam.

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This Joint Vietnamese-American Rural Construction Commission would be organized as follows:

A. A full-time governing board consisting of seven Commissioners - 4 Vietnamese and 3 Americans - who would be outstanding, vigorous, development specialists appointed by the Premier of Vietnam and the President of the United States for three-year terms unaffected by political changes in either country. One of the Vietnamese and one of the American Commissioners would be senior military men with the responsibility for managing civic action and coordinating rural construction and military activities.

These seven Commissioners will elect each year from among themselves a Vietnamese Chairman who will serve as Chief Commissioner. The Commissioners will meet daily, or as often as necessary, to manage Commission operations and Commission projects and problems will be resolved promptly by simple majority vote. Each Commissioner may also serve concurrently as a Chief of one of the Commission's Operating Divisions or in its Secretariat.

B. The Secretariat will consist of a Secretary General and small staff responsible for coordinating Commission activities, implementing Commission decisions and preparing materials for Commission meetings. It will also have a Field Liaison Branch to provide program coordination, guidance and support for Commission Field Staff.

C. The Operating Divisions will include:

1. Line Divisions

- a. Agricultural Productivity, with sections for:
 - Extension
 - Irrigation
 - Animal Husbandry
 - Fisheries
 - Forestry
 - Rural Industry
 - Rural Organizations
 - Credit
 - Marketing

b. Land Reform

Commission will actually implement reforms

b. - Health

c. - Minority Peoples

d. - Civic Action

e. - Veterans Rehabilitation and Employment

f. - Peoples Welfare

Refugees, Disaster Relief and Indoctrination

A. Rural Security

1. Self-Help and Rural Works
2. Labor and Low-cost Housing
3. Rural Health

II. Service Divisions

1. Information
2. Plans, Programs and Evaluation
3. Finance and Audit
4. General Services
5. Training
6. Logistics
7. Other

These Divisions will be staffed by highly qualified Vietnamese technicians provided by the Vietnamese Ministries and the best qualified American personnel from USOM, JUSPAO, etc. Third-Country technicians may also be seconded as required.

B. Field Staff

The Commission will place approximately ten technicians in each Province to coordinate and assist the province authorities to implement the Rural Construction Program. Field staff will include existing USOM Provincial personnel and the best available Vietnamese technicians. Commission resources will be committed in Province solely by the Organization's Chief Representative in Province and the Province Chief or his designees including District personnel.