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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT

Washington 25, D. C.

Mr. Rufus Phillips
Addistant Director for Rural Affairs
USAID/Saigon
Saigon, Vietnam

June 4, 1963

Dear Rufe,

The other morning we had a rush request on a breakdown of funding for the strategic hamlet program. Whereas we have quite a few figures for the entire program, frequently broken down in different ways, we almost always go through a flap when specifics are requested. I think it's principally a case of definition. Perhaps the whole situation will be clarified once the entire '63 program is over and we have one year complete under the new setup. Also the new reporting program may give us at a glance all needed information in all necessary data.

I am enclosing what we did in a hurry with the notes that are, I hope, self-explanatory. What bothers me about this is that especially under the AID portion we see a breakdown in FY 1963 of 24.8 million as explained generally in Note No. 1. Whether or not we are right we don't know and I would appreciate your opinion on that.

As for the FY 1962 figure of \$10 million, I know this is grossly inflated, for on the PA/PR report we received, I remember reading that only the first section of something like three and one third million dollars was designated for military civic action and strategic hamlets. Going down the other categories, there were certain items which would have been included under a resume of strategic hamlets, but certainly the full \$10 million did not apply.

Also, on the MAP funding, I have questions as to the completeness of these figures. The boys in the Department of Defense who gave us these figures said that these were actual MAP availabilities for the strategic hamlet program. However, offhand I can tell that we are lacking. For instance, the medical civic action teams and other civic action teams that are now assigned

to Vietnam involve cost of personnel and any supplies they provide and these are not included in the above. Incidentally, this raises another question, namely, do the military provide any expendable commodities which go directly to the civilian population? One of the reasons we had difficulty in the transfer of \$500,000 to the DOD for the ^{waived} military civic action program was the determination by the lawyers in Defense and AID that Defense is not authorized in any way to expend funds which are for the benefit of other than military forces.

Once again, when the total reporting program will be firmly established and we will have a full year's experience behind us, some of the questions which now arise as problems will be ironed out and, I think, we will be on much easier ground.

Best regards.

Sincerely,



Arnold Nestel
Office of Vietnam Affairs

Enclosure: Funding Support for Strategic
Hamlet Program

Funding Support for Strategic Hamlet Program

	AID	\$ in mil.) 1/	MAP
FY 1962	10.0		.9
FY 1963	24.8		13.1
FY 1964	15.4		4.6

1. Figures cited above are based on assumption that strategic/hamlet costs include items for province and national strategic hamlet programs, civic action, selected items under rural operation support, plus 50% of SA/technical support costs.
2. Civic action which accounts for 1.1 million each in FY 63-64 may be overstated. According to May 13 field message the total civic action, including medical civic action requirements for FY 63 are \$895,000 and for FY 64 \$611,000. 500,000 transferred to DOD for medical supplies
3. Under MAP, no civic action costs are included. It is believed no MAP programming for civic action is undertaken. The military services provide the necessary personnel for the regular and medical civic action programs. No cost breakdown for their services is furnished. (The medical program involves a minimum of 127 US medical types).
4. In addition to the 14.8 million AID program stated for FY 63, a request for 3.345 million of Contingency Funds for counter-insurgency includes approximately one-half of that amount for strategic hamlets. The FY 63 program includes 10 million dollars for the plaster purchase which has been used to fund local currency requirements for the strategic hamlet program. FY 63 also includes \$4 million in fertilizer grants, of which $\frac{1}{2}$ to be eliminated on assumption that farmers will buy fertilizer next year.