

~~INTERNATIONAL COOPERATION ADMINISTRATION~~
~~DEPARTMENT OF STATE~~

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In connection allotment of \$8.4 million, there is attached hereto a copy of program approval obtained for the financing of the Counter Insurgency Program in that amount in FY 1963.

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OTHER AGENCY

ALL CIN TIF	ALL CIN TIF		
	AGR		PER
	C&R		P.H
	C.M		PM
✓	D	✓	PD
✓	E		PAD
✓	D/D		PSD
	EDS		PW
	EX		TS(n)
	L/E		TSZ
	FIN		TRG
	H.P		TVL
	RED		B.F
	TLA		TEC
	IMP		EMP

SECURITY CLASSIFICATION

AK
CIA
GSA
NSA
NSC
STATE
WH

August 18, 1962

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR FOR OPERATIONS

THROUGH: EXSEC

Hollis B. Chenery, PRCS

FROM: Seymour J. Janow, AA/FE

SUBJECT: Approval of \$8.4 million SA for the FY 1963 Counter Insurgency Program in Vietnam under the Continuing Resolution.

Discussion: Since the preparation of the Congressional Presentation there has been a thorough review of the Vietnam project program. As a result, the program has been recast to provide more effective and accelerated support of counter insurgency activities in Vietnam. The outline of the program is contained in EMBTEL 120 (Tab A) and EMBTEL 125 (Tab E). This program calls for a total commitment of \$87.6 million, aside from the Commercial Import Program. It has been suggested that some of the new requirements are more appropriately for D.O.D. implementation and MAP funding, but there has been insufficient time to review the program in its entirety and to agree on a precise division of responsibility and funding between the two agencies.

The Saigon Task Force has requested immediate approval of the first tranche of \$26.4 million of this accelerated Counter Insurgency program as discussed and agreed upon in Secretary McNamara's July 23, Defense-State-AID conference in Honolulu. Our review indicates that \$8.4 million of this request is for commodities and for ~~activities~~ ^{activities} which were carried out by A.I.D. in FY 1962. The balance of the request is for equipment needed to improve the defensive capabilities of strategic hamlets and for hamlet radios. It is our understanding that the Defense Department will request funds for these activities.

The \$8.4 million would be used to supplement commodities procured under the \$10 million Counter Insurgency PA/PR in FY 1962. These commodities consist chiefly of items needed to improve economic and social conditions in rural areas, (mobile jeep clinics, ~~pesticides~~, pesticides, fertilizer, and similar items) and items needed to accelerate the public safety programs including arms, ammunition, additional radios, and radio ~~install~~ installation crews (see Table at Tab D). It is proposed to procure these commodities under the same conditions applied to the FY 1962 PA/PR, including delegation to USOM of authority to waive specified A.I.D. procedures, such as requirement for competitive bidding in cases of urgency.

With regard to balance of payment considerations, it is not planned to request additional waivers of the limited world wide procurement policy in connection with this program. However, to the extent that the \$3 million waiver granted for the \$10 million PA/PR issued in FY 1962 for Counter Insurgency purposes is not used, it is recommended that the waiver be continued in force. This waiver authorized procurement in the 19 ineligible countries in those cases where goods are not available in an eligible country and in cases where lead time is crucial to the success of the Counter Insurgency program.

(Continued)

Recommendation: 1. That you approve \$8.4 million SA for non-project assistance for Vietnam under the Continuing Resolution.

Approved: /s/ Fowler Hamilton

Date: August 18, 1962

2. That you approve the continuation in force of the \$3 million waiver from the limited world-wide procurement policy previously authorized for the FY 1962 Counter Insurgency PA/PR.

Approved: /s/ Fowler Hamilton

Date: August 18, 1962

VIETNAMCounter Insurgency Program (1st Tranche)Proposed Financing

I. <u>D.O.D.</u>	<u>\$18,100</u>
A. Hamlet Construction and Military Civic Action Strategic Hamlet Construction (Barbed Wire, etc.)	13,000
Military Civic Action	700
B. Direct Civil Counter-Insurgency Hamlet-Village Communication Net	4,400
II. <u>A.I.D.</u>	<u>\$ 8,345</u>
A. Direct Civil Counter-Insurgency	
Hamlet Self-Help	500
Hamlet Communications Media Equipment	400
Mobile Jeep Clinics	70
Family Photo (XIN) (ID Card) Program	300
Hog Production	25
Hamlet School Construction and Textbooks	350
Rodenticides, pesticides, fertilizer	2,000
Village and Civilian internal defense radios and servicing	2,700
B. Counter Insurgency Support	
Rural Program	1,000
Public Safety (Arms, Ammunition)	<u>1,000</u>
<u>Total</u>	<u>520,145</u>