

## MICHIGAN STATE UNIVERSITY

VIETNAM ADVISORY GROUP

## OFFICE MEMORANDUM

TO : Dr. Lloyd Musolf, Chief Advisor

DATE : December 4, 1959

FROM : Marvin Murphy, Budget Specialist *M*

SUBJECT : Budget Project - Work Plan

In a recent conversation with you and Dr. Smuckler, you asked me to prepare a memorandum outlining my probable work activities with the General Direction of Budget over the next nine or ten months, the remainder of my tour. Following is such a work plan as I foresee it now.

The reform of the Vietnamese budget system, which was begun early in 1957, has by now reached maturity and become well established within the Vietnamese administration. The General Direction of Budget and Foreign Aid has nearly completed three full years of operation and is now administering a budget system that, in terms of technique, compares favorably on many points with modern standards of performances.

As the organization of the General Direction of Budget has gained experience, both from the practical necessity of carrying out technical reforms and through formal and informal training, a competent staff has developed which is capable of carrying out the usual budget and accounting functions with little or no advice and consultation relative to normal operations. As an example, although I had a large part in the preparation of the 1959 budget document, advising on content, design, forms, etc., the 1960 budget document was prepared with no help at all from me.

As a result, my consulting activity and the nature of my work with the budget staff has changed during the past few months and will continue in this orientation during the remainder of my tour. The type of projects which I am engaged in have changed from the basic and routine to the more technically advanced and complex projects. These projects are of the same type that advanced budget systems in the United States and Europe are concerned with today. In all cases, these projects have been selected and assigned by the General Director of Budget, and in all but one, are being worked on in conjunction with staff members of the budget agency. Because these projects are complex and technically advanced we cannot be sure that all will be successfully completed. However, this is not too important. The fact that the budget staff is attempting to implement these projects, and is concerned with them and studying them, will give them valuable experience and raise the level of their technical skills.

Following is a listing of current projects and possible future projects which have been mentioned by Vu van Thai or his top staff. I will list these in order of current priority. However, I should point out that priority is largely determined by the budget people. If past practice is a guide, it is always

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possible that some project not even listed here, or foreseen at this time, may suddenly become first priority for the budget staff, and they, in turn, will ask my help on it. I am not describing each project because in every case there is a project description on file.

Project 1. New Financial Law and Regulations

This is a basic and continuing project on which I am working alone. When my draft is completed it will be turned over to the General Direction of Budget to serve as a point of departure for them to prepare a new fiscal code for Vietnam. It is difficult to predict the completion date on this project because I use it as a backstop to occupy my time when I am waiting for developments on other projects and have free time.

Project 2. Establish Highway Construction Equipment Pool and Revolving Fund Operation

Currently, this is the most active project. We are now holding a series of meetings on the general structure, organization, functions, procedures, etc. for such an agency. In a few weeks an arrete establishing the operations will probably be presented to the President. If he approves, we will enter the implementation stage which will require a large amount of time and work. Probable completion date is the spring.

Project 3. Establish Cost Accounting for Construction Projects in Public Works Districts

Thus far this project is entirely in the discussion stage. It will logically follow the implementation of Project 2. Probable dates of activity are April - July, 1960.

Project 4. Establish Program Budgeting - Direction General of Public Works

All basic planning, structuring, form design and procedures have been completed on this project. It now awaits approval by Secretary of State for Public Works and implementation in agency. Implementation will be complex and will require some time.

Project 5. Establish Program Budgeting - Direction General of Budget and Foreign Aid

All basic work on my part completed. Project being studied by Budget staff. Awaits implementation.

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Project 6. Improved Classification System and Integration of Autonomous Government Agencies into National Budget System

A large amount of basic work was done on this project, but for the last several months it has been inactive due to higher priorities on the time of the Budget staff. Will probably become active again in mid-1960.

Project 7. Improve Provincial and Local Budget Procedures

No work has been done on this. However, the need for such a project has been mentioned several times by Thai and others on his staff. If work load should permit, this project could well be taken on in latter part of 1960.