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Background Information  
for

RECOMMENDATIONS CONCERNING THE DEPARTMENT  
OF INTERIOR, THE REGIONS AND PROVINCES

Supplement

Field Administration

January 14, 1956

**MICHIGAN STATE UNIVERSITY**  
**Vietnam Advisory Group**

BUDGETARY AND FINANCIAL ADMINISTRATION IN VIETNAM

A Supplement to the Report

RECOMMENDATIONS CONCERNING THE DEPARTMENT OF INTERIOR,  
THE REGIONS AND PROVINCES

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## I. Introduction.

A. Purpose - In coordination with the general study of the Ministry of Interior, regional and provincial administration, this study was made to understand the process of budget preparation and execution by regional and provincial administrations in Viêt-Nam. Two factors influenced this study to the extent that a considerable portion of the time was spent outside the proper jurisdiction of the Ministry of Interior; they were: (1) The past, present and immediate future dependence and inter-relationship of the village, municipal and national budgets to the regional and provincial budgets, and (2) The fact that, under present conditions, the Ministry of Interior has little to do with actual fiscal operations outside its own central ministry in Saigon. To elaborate a bit on this last statement, it may be noted that the Accounting and Budget section of the Ministry of Interior is responsible solely for the internal operation of the Ministry and is in no way concerned with the fiscal operations of local government. The Ministry of Finance presently is the final authority of budget approval, obligation of funds and auditing of accounts for local administration. It is also responsible for tax administration and collection, and is the ministry from which the National Treasury derives its functions and authority. Hence, the scope of this study is broader than originally intended. This necessitated some sacrifice of detail and precision in order to develop as fully as time has permitted the interlocking relationships of all levels of local administration in Viêt-Nam. We feel that this is probably the first study of the complete picture and as such offers a good frame of reference from which to begin further study into the specific and special problem areas. Many conflicting statements were recorded which, for lack of time and means for further interviews, have not been reconciled, but every effort has been made to minimize the use of this type of information.

B. Method - With the full time cooperation of three American employees and the part time assistance of four others, approximately 36 financial employees of national, regional, provincial and municipal administrations were questioned about their knowledge and roles in establishing and executing the aforementioned budgets. Needless to say no lack of interest was shown by the helpful and responsive officials. We want to thank particularly Mr. Nguyễn-Thuân, Director of Obligation Control, Ministry of Finance, for his advice and assistance in the preparation of this study.

C. Definition of Terms - Because most of the material studied by the interviewers was in French, the following English translations are used throughout the text for uniformity:

### 1. Fiscal Manager

Ordonnateur (his signature must appear on every authorization for expenditure of funds).

### 2. Liquidator

Liquidateur (officer certifying that originating office has debited budget correctly).

3. Obligation Control	Dépenses Engagées (audit of proposed obligation of funds and post-audit of delivered item before actual payment is authorized).
4. Treasurer and Treasury Agent	Trésorier.
5. Direct Taxes	Impôts Directs
6. Indirect Taxes	Impôts Indirects
7. Negotiated Income Tax	Taxe sur l'exercice de diverses professions (dite: Forfaitaire)
8. Commercial Licenses	Patentes
9. General Income Tax	Impôt général sur le revenu
10. Turnover Tax	Taxe sur le chiffre d'affaires
11. Money Voucher	Maniāt
12. Certificate for Cash Payment	Bon de caisse
13. Additional Percentages Taxes	Centièmes Additionnels
14. Prestation Tax	Prestations (Taxes payables in kind, dite: vicinale)
15. Advance Account	Caisse d'Avance
16. Call for Bids	Appel d'offres
17. Adjudication	Adjudication

## II. Legal Background.

A. For those unfamiliar with French fiscal procedures the following may be of assistance. The French system is based on four steps or controls in the requesting, authorizing, payment and auditing of a payment. They are as follows:

1. Obligation of funds (Dépenses Engagées) - which includes a pre-audit.
2. Authorization of funds (Ordonnancement) - is made by the Fiscal Manager of the Budget.

3. Liquidation (Liquidation) - preparation of Money Voucher and debiting of bureau account of budget.
4. Payment (Trésorier) - is made by Treasury Agent who is responsible for keeping the official account of budget for the Fiscal Manager. This system is used with only minor variations by nation and local government as well as to a large extent by private firms (including banks).

B. By presidential decree of December 30, 1912 the regulations concerning financial operations in the French colonies were modified and clarified (previous regulations dated from November 20, 1882). These regulations are still in force as of this writing, with such changes as have been decreed since. The regulations concern:

1. General dispositions
2. Services whose expenditures are of average delegation of authority
3. Budgetary operations of the various budgets
4. Preparation and approval process of the various budgets
5. Division of receipts and expenditures
6. Extraordinary expenditures and receipts
7. Funds for public assistance
8. Execution of the budgets
9. Reserve funds
10. Closing of budgetary operations
11. Administrative accounting
12. Annual accounts
13. Management accounts
14. Municipal laws
15. Communal disposition of various financial services
16. Obligation control - functioning of control
17. Treasury service - movement of funds

## 18. Examination, verification and judgement of accounts

## 19. Judiciary control

## 20. Account debts

C. The regulations mentioned number 426 articles of which probably 70% or more have had some revision during the 43 years since promulgation. Most of the changes occurred during 1935-1948, a period when more autonomy was being granted to regional and provincial administration. The reverse has been true since 1948 when the national government believed it necessary for military considerations to keep a tighter rein on expenditure of funds. This latter trend is particularly true of village autonomy which has suffered in the past ten or so years and has lost much of its traditional fiscal powers and authority. However, it is not within the scope of this study to go into the reasons why and at just what date fiscal administration took on its present aspects, but rather to describe the theoretical and factual procedures existing today in Việt-Nam.

D. A revised printing of the above regulations in their present form is underway and the Vietnamese Government printing office should have it completed shortly.

E. There is a commission consisting of members from the Ministry of Finance which has just completed a proposal for a new Ordonnance which would replace the existing fiscal regulations. Time has permitted only a reading of this ordonnance and not a detailed study. The new law does not seem to depart in any manner from the existing fiscal system based on the law of 1912 as amended. There are some new changes in details and it does not have all the information described in this study. Some of the aspects noticed in the new law include:

1. The right to obligate funds for sums under 2,000\$ is not mentioned.
2. With regard to provincial budgets, provision is made that if a provincial council should omit or refuse to vote credits for obligatory expenses, the matter will be referred to the Regional Fiscal Manager who will authorize the funds. The provincial council will also name a commission to verify expenditures and receipts of the provincial administration.
3. If a village budget exceeds 500,000\$ approval must be given by the Regional Fiscal Manager.
4. No mention is made in the new law about the necessity to refer Purchase Requests exceeding 20,000\$ to the Regional Fiscal Manager.

5. Any account which has exceeded 1,000,000\$ in the past three years will be subject to review or post-auditing by the Court of Accounting, Ministry of Finance.

### III. General Purchase Procedures - There are some regulations common to all purchases, whether they be made by national or local administrators.

A. In theory every administrative service having an accounting office has an Advance Account from which payments for purchases not exceeding 60,000\$ are made. This does not imply that the Purchaser can effect the purchase without higher authorization, it only means that final payment can be made this account. In theory such accounts are delegated to the next lower level of administration (i.e. The Fiscal Manager of the National budget authorizes the establishment of an Advance Account for charges against the National Budget to each Minister; similarly, the Fiscal Manager of a regional budget would designate Advance Accounts to Regional Ministerial Directions for expenses against the Regional Budget, and so forth). Payments from Advance Accounts are made in cash by the Purchaser from funds advanced to him by the Fiscal Manager. However, the use of the Advance Account is limited and the documents concerning such purchases must clear the Obligation Control Section and Fiscal Manager (at the administrative level of the proper Budget) before another advance to his Advance Account will be made. Ordinary payments are made by Money Voucher which consists of two parts: (1) Non-negotiable Money Voucher which is kept by the Purchaser and (2) Certificate for Cash Payment which is delivered to the Supplier who may cash it at the Treasury. All documents must be prepared in triplicate, the copies being kept as follows: (1) Treasury, (2) Liquidator and (3) Fiscal Manager.

B. Purchases under 2,000\$ may be made by direct purchase by the Purchaser without higher authorization. The payment is made from the "Advance Account".

C. Purchases between 2,000-5,000\$ can be effected without consulting more than one supplier. Authorization by the Fiscal Manager is required.

D. Purchases between 5,000-60,000\$ require that the purchaser obtain estimates from three Suppliers and that he accept the lowest offer.

E. Purchases exceeding 60,000\$ are effected by auction. There are two types of auctions employed in Viêt-Nam and it is up to the Fiscal Manager to decide which would be more beneficial and whether they should be held at the national, regional or provincial level. Although the regulations state that for purchases exceeding 500,000\$, an Adjudication should be held, in practice the decision is made by the Fiscal Manager as aforementioned.

- 1.- Call for Bids permits the Purchaser to choose between offers giving consideration to such factors as quality and expediency of delivery.

2. Adjudication must go to the lowest bidder without further consideration.

F. There exists a regulation concerning emergency purchases. This states that such purchases may be made without offers from multiple suppliers or an auction if approved by the Fiscal Manager. It appears that this is used primarily for purchases of items which are manufactured by only one firm (example given was specialized hospital equipment or specific make of automobile).

#### IV. Analysis of expenditures by national and local government.

A. The most nearly complete and up-to-date estimate of total public expenditures in Viet-Nam during 1955 was shown to us at the Direction of the Budget, Ministry of Finance. The following estimates do not include the budgets of semi-autonomous government supervised organizations (National Bank, Exchange Office, and Viet-Nam Press) nor is the budget for Refugee Affairs included. No estimate of village expenditures is available at the national level and such information was not systematically gathered from the provincial administrations.

Budget	GVN Millions of Piasters	% of total national, regional and municipal expenditures
- National "A" -Civil (1)	2,606.7	15%
- National "B" -Military	10,580.3	63%
- North Viet-Nam (2)	224.8	1%
- Central Viet-Nam (3)	810.9	5%
- South Viet-Nam (3)	1,005.1	6%
- PMS (3)	102.2	1%
- Hanoi (4)	not available	not available
- Haiphong (4)	25.6	-
- Tourane (4)	40.0	-
- Saigon-Cholon (4)	599.8	4%
- Dalat (4)	13.0	-
- American Aid (5)	844.5	5%
<hr/> Total:	<hr/> 16,852.9	<hr/> 100%

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- (1) This excludes subsidies to regional and municipal budgets as well as the contribution to the National Budget "B" (Military).
- (2) Through the close of operations in May, 1955
- (3) This excludes subsidies to provincial and municipal budgets.
- (4) Municipal budgets include subsidies from national and regional budgets as well as their own subsidies to public groups.
- (5) American Aid is only that portion available to the government for civil use (and excludes assistance to the Refugee Program).

B. The total expenditures by provincial administrations in South Viêt-Nam is currently budgeted at 1,160.5 million piasters (excluding Biên-Hoà's budget which was estimated at 50 million \$). Though no total figures were available on provincial expenditures for Central Viêt-Nam, an estimate of 100 million piasters was given. Most of the provinces in Central Viêt-Nam do not have provincial budgets for this fiscal year. Likewise, no total figures were given for the provinces of the PMS, but estimates run to 8-9 million piasters. Hence, a breakdown of expenditures by the national, regional, provincial and municipal budgets would give:

Budget	\$ Millions of Piasters	% of total expenditures
- National "A"	2,606.7	15%
- National "B"	10,580.3	58%
- Regional	1,319.0	7%
- Provincial	1,919.0	11%
- Municipal	678.4	4%
- American Aid	844.5	5%
<hr/> Total	<hr/> 17,947.9	<hr/> 100%

#### V. National Budget.

##### A. Source of funds.

1. Excluding American Aid there are six principal sources of revenue for the National Budget "A"

		% of total revenue
a. Direct Taxes		
1/ General income tax		
2/ Commercial income tax	Total	11%
b. Indirect Taxes		
1/ Turnover Tax	Total	23%
c. Custom Receipts		25%
d. Excise taxes of Government controlled items:		
1/ Imported		
a- Alcohol		
b- Mineral oil		
c- Tobacco		
d- Sugar		
2/ Manufactured locally		
a-b Matches		
c- Tobacco		
d- Beer		
e- Alcohol	Total	27%

e. Receipts from land registration and transfer, state stamps, etc...	9%
f. Receipts from industrial exploitation (greatest proportion from PTT)	4%
g. Receipts from Administrative Services	1%
Total	100%

2. Direct taxes are collected by the Treasury and its branches from rolls prepared by the provincial offices of direct taxation.

3. Indirect taxes are collected directly by the provincial offices of indirect taxation, to which the additional percentages added by provincial, municipal and village administrations prove to be the principal source of revenue.

4. Custom duties are paid at the custom's house (over 90% presently collected within the Saigon-Cholon port area) to a representative of the Treasury. Excise taxes on state controlled industries (matches, alcohol, cigarettes, etc.) are paid at the place of manufacture.

5. Direct taxation plays a relatively minor role in the resources of the National Budget. Because the turnover tax is largely collected on items figuring in custom and excise receipts, the goods coming through customs and those produced in state controlled industries determine to a major extent the total revenue of the Vietnamese government under the present system.

#### B. Budget preparation

1. In October of each year, after the previous year's revenues have been finalized and an estimate can be made for the current and following year's revenue, the Minister of Finance sends out to all ministries and to the regional and municipal administrations instructions for the preparation of the next fiscal year's budget and a deadline for returning the information to the Ministry of Finance. These instructions outline in broad terms the expected receipts of the government for the next year and flexible estimates of expenditures in each sector.

2. The Ministers then write to their regional offices which in turn relay to the provincial offices the instructions of the Minister of Finance. The regional and municipal administrations are concerned only with furnishing to the Minister of Finance estimates for subsidies in the forthcoming year with the necessary justifications.

3. The provincial and regional administrations do not coordinate requests for funds from the National Budget by either the provincial or regional offices of the ministries; they do receive copies of these requests.

but do not have any authority over such requests. The requests are sent by the provincial offices to the regional offices where the regional needs are coordinated before forwarding the estimates to the central ministry in Saigon to be consolidated and submitted to the Ministry of Finance. These estimates are usually received about the first of the fiscal year in which the estimates have been made.

4. Then the budget division coordinates the estimates and submits a preliminary budget to the President, who in turn submits it to the Council of Ministers for approval. In theory the budget should be approved not later than the first month of the fiscal year.

5. The approved budget is communicated to the ministries and in turn is distributed throughout the country. The detailed budget is sent to the three centers of Obligation Control where it becomes, in theory, the guiding authority on expenditure of funds.

### C. Budget Execution

1. Request, obligation, liquidation, authorization and payment of expenditures from the National Budget "A", as would be the case by a national Ministry, is really a simplification of the procedure described in paragraph 2 of this section. Each step will be defined in the next paragraph and descriptively shown in the Appendix A. The Minister of Finance is the Fiscal Manager; however, he sometimes delegates credits to the regional Fiscal managers who are then called Auxiliary Fiscal Managers (ordonnateur secondaire) (not to be confused with the term Deputy Fiscal Manager (sous-ordonnateur) which is used when the Regional or National Fiscal Manager delegates authority to a Province Chief.) The Minister of Finance also has delegated signing authority to his General Secretary, although he usually reviews the cases which must be signed by the Fiscal Manager of National Budget "A". The Provincial and Regional steps outlined in the next paragraph are not used for the Saigon-Cholon type of expenditure.

2. Request, obligation, liquidation, authorization and payment of expenditures from the National Budget "A" for the provincial ministerial service: In theory the regional fiscal manager has authority as Auxiliary Fiscal Manager and is delegated funds to execute this responsibility. These funds are theoretically delegated on a quarterly basis; however, in actual practice it appears to be the rule that such funds have not been delegated and many of the cases have to be referred to Saigon for decision. The steps enumerated below correspond to the ones indicated in the chart in Appendix A.

a. As explained in Part III, General Purchase Procedures, if the purchase is for less than 2,000\$, the Purchaser has no need for further authority and can effect the purchase from his Advance Account. If the purchase is between 2,000-60,000\$ then the steps concerning the Auction and the Treasury are eliminated. The steps enumerated below assume the purchase is to exceed 60,000\$ and they correspond to the numbers indicated on the chart of Appendix A.

- 1-2/ The Purchaser first submits a Purchase Request with his own cost estimate to the Provincial Administration for their information.
- 3/ After the documents are returned, he sends them to the Regional Ministerial Direction where the Purchase is checked for budgetary enclosure.
- 4/ The documents are sent to the National Ministry where it is again checked for budgetary enclosure.
- 5/ The documents are sent to the Obligation Control Service where the same items are checked.
- 6/ Submitted to the Fiscal Manager for approval.
- 7/ Documents are sent to the National Ministry. There the decision is made as to where the Auction should be held.
- 8/ Documents returned to the Regional Ministerial Direction.
- 9/ Documents are returned to the Provincial Ministerial Service.
- 10-11/ Work or Material is completed and in the latter case the material is registered on the Inventory Roll and the inventory number written on the Receipt of Goods. A money Voucher is prepared by the Accounting Office and all the documents are reviewed by the Liquidator who is responsible for verification that the proper Chapter and Line Item of the Service's budget has been debited.
- 12/ The documents are sent to the Regional Ministerial Direction which review them for conformity with the Auction.
- 13/ The documents are sent to the National Ministry for same review.
- 14/ Documents are sent to the Obligation Control Service for same review.
- 15/ Documents are sent to Fiscal Manager.
- 16/ Fiscal Manager signs authorization to pay for services or material and sends documents to the Treasury.

- 17/ At the Treasury the documents receive final audit, the responsibility resting here to keep the official account for each National Ministry. The Chapter and Line Item is debited and the Money Voucher returned to the Fiscal Manager.
- 18/ The Money Voucher is sent to the National Ministry.
- 19/ Money Voucher sent to Regional Ministerial Direction.
- 20/ Money Voucher sent to Provincial Ministerial Service.
- 21/ The Money Voucher is sent to the Supplier.
- 22/ The Supplier is then able to take the Money Voucher to any Treasury Office for cashing.

3. The time of the operations outlined above can vary from two to over six months. Examples of this are given under the study on Regional Budgets (which are executed in the same manner as National Budget "A", with the additional step of clearance by Regional Administration).

4. As will be noted from the above, no post-audit procedure is currently in operation in Viêt-Nam. The Obligation Control Office is limited to verification of legality, propriety of documentation, availability of funds, chargeability to budget and arithmetic accuracy. The Judicial Department does have the power to perform post auditing. We did not investigate the extent to which such authority is utilized under present conditions.

#### D. Expenditures Analysis.

1. It is not possible to make a direct comparison of expenditures noted in the budget for 1955 with the expenditures in the 1954 and 1953 budgets. The reason is that very important and basic changes in the budget structure have taken place each year. The national budgets up to and including that of 1953 were relatively small as they did not include expenditures for military purposes which were for the most part carried by the French. In 1954, the method for preparing the National Budget was changed, showing the French contribution for military expenditures, and total expenditure figures were included with a breakdown into type of military expenses. The only basic change in the 1955 budget was a split into two budgets : National Budget "A" (civil expenditures and revenues) and National Budget "B" (military expenditures and revenues). The National Budget "A" shows an item of 800,000,000\$ as the contribution to the military budget. The proposed budget for 1956 will be altered again by placing the Civil Guard (Bảo-An Đoàn), heretofore carried by the provincial budgets (admittedly with subsidy by the regional and hence the National budget), henceforth on the roles of the national budget.

2. In theory, the National Budget "A" is responsible for the payment of services and goods of national concern (i.e., universities, national highways and bridges, central ministries, the presidency, the projected National Assembly, security forces, the bulk of the information program, the national radio, etc.). However, due to the ravages of the war and the retreating Viêt-Công army, much construction and reparation, normally the charge of regional or provincial administrations, is presently undertaken by the National Government, with the consequent difficulties of generalization about the area of responsibility of the National Government. Nevertheless, there follow as breakdown by percentage of expenditure of the National Budget "A".

The original budget envisioned payments of 5,122 million piasters (including a contribution of 800 million piasters to the National Defense).

	<u>% of total expenditures</u>
a. General Administration	
1/ The Presidency	
2/ Information	
3/ Psychological Warfare	
4/ National Radio	
5/ Foreign Affairs Department	
6/ Foreign Service	
	Total
	6%
b. Other Administration	
1/ Ministry of Finance	
2/ Economic Service	
3/ Treasury	
4/ Customs	
5/ Supervision of Government controlled Manufacture	
6/ Tax Administration	
7/ Registration of Acts	
8/ Ministry of Agriculture	
9/ Water and Forest conservation	
	Total
	14%
c. Subsidies to regional administration	26%
d. Contribution to National Defense	15%
e. Tax Refunds	8%
f. Education	2%
g. Justice, Interior, Security and evacuated civil servants from the North	12%
h. Public Works (PTT, national highways and bridges, sea navigation, river navigation, hydraulic	

agriculture, civil aviation, infrastructure, meteorological service, lighthouses, etc.)	16%
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i. Social Service	1%
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Total	100%
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3. As expenditures for personnel services have been running at approximately 90% of total expenditures, it is important to have a succinct picture of which personnel are paid from the National Budget "A". As explained to us they are:

- a. All personnel in the central offices of the National administration in Saigon-Cholon.
- b. Top personnel in regional administration.
- c. Top personnel in either regional or provincial offices of ministries.
- d. All personnel in Security, PTT, Treasury, Justice, Land Registration and Agriculture.

#### E. Observations.

1. The process of budget preparation and execution explained above is currently more theoretical than factual. Two facts impair the functioning as outlined above.

- a. Budget approval has been painfully slow, the final product being a detailed analysis of actual rather than expected expenditures. For instance, the National Budget for 1954 was not finally signed by the President until February 4, 1955. Though provisional acceptance was given to the 1955 budget on June 29, 1955, it since has been rescinded, and the budget is not yet officially approved.
- b. Lack of authority to obligate funds, whether it may be in Saigon-Cholon or in the provinces. In theory, credits are made available to the Deputy Fiscal Managers but in reality, the Ministry of Finance authorizes little advance credit. Consequently, every folder on expenditures against the National Budget "A" must be sent to the Obligation Control Office in Saigon-Cholon where the official in charge checks with the Budget Section for provisional obligation approval, even though the budget has not been formally approved. The obvious delays involved in this action are conspicuous to the American, who is unfamiliar with the logic behind the existing Vietnamese financial system with its practically non-existent delegation of authority and lack of workable post-audit system.

2. We have been talking here about general expenditures, not citing the specific cases necessary to give a true picture. Actually, the present financial arrangement is an ad hoc system with different treatment for each case. Specifically, it has been stated by many sources that even after budgets are approved there is practically never a delegation of credit for purchase of material, whereas workable solutions have been reached to maintain a somewhat steady flow of payments for ordinary personnel expenditures. Remembering that 90% of payments are for personnel we should not say too hastily that a drastic situation exists in the financial system, nearly to the point of stopping all movement of funds. Personnel are paid more or less regularly, providing they are permanent, not contract employees. In the field, many told us they had not been paid in weeks and in some cases months, but we are only repeating their statements which we made no attempt to document.

3. Another hidden factor which saves a seemingly unmoveable financial system, is the special funds, of which an example is given in the Observations of the section on Provincial Budgets.

4. Though it was explained to us that expenditures for less than 2,000\$ piasters could be made without prior approval of the Obligation Control Section, in checking through current folders, awaiting authorization, we saw many Money Vouchers and requests for obligation of funds and for personnel services as small as 500\$. The answer given was that they were for expenditures that had not been foreseen in the budget and therefore needed central approval.

## VI. Regional Budget.

### A. Source of funds

1. At the present time, the regional budgets of Viêt-Nam are heavily subsidized by the National Budget. However, the major proportion of the subsidy is re-allocated to provincial government when it is used to maintain the Civil Guard. They are currently being subsidized as follows:

	<u>% of subsidy</u>
a. South Viêt-Nam	21%
b. Central Viêt-Nam (1)	88%
c. PMS	55%

2. The expected revenues from the three regional budgets for 1955 are:

(1) The reason that this subsidy appears to be much larger than the others, is that only a few provinces in Central Viêt-Nam have budgets this year and all their expenditures are met from the regional budget.

## REGIONAL REVENUES for 1955

Source (1)	South Viêt-Nam		Central Viêt-Nam		P.M.S. (2)		
	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total	
<b>I. DIRECT TAXES (3)</b>							
a) Land							
1. Rice lands	105,000	10	7,000	1			
2. Other agricultural lands	18,000	2	3,500	*			
3. Urban Real estate	26,000	3	3,500	*			
b) Commercial Licenses							
1. Commercial Licenses	50,000	5	11,000	1			
2. For Chamber of Commerce	1,373	1	-		74	*	
3. Other	1,000		-				
c) National Defense (has been abolished)	-	1	-	-	-	-	
d) Various							
1. Mechanical vehicles	-		700	*			
2. Animal	-		300	*			
e) Negotiated Income tax (4)	-		-		4,500	3	
f) General Income tax (5)	-		-		25,882	20	
	Total	201,373	20	26,000	3	30,456	23
<b>II. INDIRECT TAXES</b>							
a) Contribution of 1% Turnover Tax	211,000	21	21,000	3	8,000	6	
b) Consumption taxes							
1. Beer, Wine, Alcohol, etc.	2,000	1	1,500	*	N.A.		
2. Ice	13,000	1	500	*	N.A.		
c) Luxury							
1. Precious stones and metals	14,000	1	1,000	*	N.A.		
2. Entertainment	13,000	1	4,000	*	N.A.		
	Total	253,000	25	28,000	3	8,000	6

Source	South Viêt-Nam		Central Viêt-Nam		P.M.S.	
	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total
<b>III. MISCELLANEOUS TAXES</b>						
a) Vehicle circulation	N.A.		1,000	*	-	
b) Parking	300	*	100	*	-	
c) Entertainment (Proceeds to Poor)	13,000	1	2,000	*	-	
d) Rice Milling tax	12,000	1	50	*	-	
e) Poster tax	N.A.		40	*	-	
f) Public Works Upkeep (roads, sewers, etc.)	N.A.		800	*	-	
Total	25,590	3	3,990	*	N.A.	
<b>IV. PRODUCTS OF MINING AND LANDS</b>						
a) Sale of regional lands	-		-		N.A.	
b) Rent from " "	500	*	-		N.A.	
c) Sale of material and animals	300	*	300	*	-	
Total	800	1	300	*	150	*
<b>V. FORESTS</b>						
a) Tax of range	23,100	2	5,000	1	N.A.	
b) License to Exploit	1,000	*	4,500	1	N.A.	
c) Damages	-		200	*	N.A.	
d) Other	-		300	*	N.A.	
Total	24,100	2	10,000	1	4,660	4
<b>VI. REGIONAL CONCESSIONS</b>						
a) Rural rice land	N.A.		1,000	1	-	
b) Fish	N.A.		700	*	-	
c) Markets	N.A.		9,000	1	-	
d) Special	N.A.		500	*	-	
e) Other	N.A.		300	*	-	
Total	7,852	1	11,700	1	N.A.	
<b>VII. INDUSTRIAL EXPLOITATION</b>	...	10,700	1	2,000	*	N.A.

Source	South Viêt-Nam		Central Viêt-Nam		P.M.S.	
	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total	Thousands of Piasters	% of Total
<b>VIII. VARIOUS PRODUCTS</b>						
a) Various Receipts	35,410	4	2,500	*	3,315	3
b) Fines	7,000	1	335	*	N.A.	
c) Revenues	600	*	500	*	N.A.	
d) Unforeseen Revenue	1,800	1			N.A.	
Total	44,810	5	3,335	*	3,972	3
<b>IX. ADMINISTRATIVE SERVICES</b>						
a) School Receipts	1,600	1			N.A.	
b) Hospital "	20,450	2	300	*	N.A.	
c) Agricultural "	60	*			N.A.	
d) Veterinary "	100	*	3,000	*	N.A.	
e) Land Registration	100	*	300	*	N.A.	
f) Land Transfer of Ownership	300	*			N.A.	
g) Sale of material	1,000	1			N.A.	
h) Water and Electricity	700	*			N.A.	
Total	24,310	2	3,600	*	N.A.	
<b>I. REVENUE AFTER CLOSE OF FISCAL YEAR</b>	200,000	20	5,000	1	11,078	8
<b>II. SUBSIDY FROM NATIONAL BUDGET</b>						
a) For Civil Guard Subsidy	212,964	21	N.A.		N.A.	
	8,364	1	N.A.		N.A.	
Total	220,328	21	710,000	88	71,684	55
<b>XIII. RECEIPTS NOT ELSEWHERE MENTIONED</b>	--o--		7,043	1	--o--	
Total	1,013,163	100	810,968	100	130,000	100

Notes:

- \* Less than 1%
- (1) Figures do not always add as minor sources were sometimes left out. Totals do not check with others in this study because consistent dates were not used, hence revised figures are employed for some items.
- (2) The PMS is atypical of the Vietnamese taxation system. The PMS has completely different regulations than those used in the other regions of Viet-Nam. The regulations setting forth the General Taxation Code for the PMS were established by Arrêté №. 827-ND-HTCT of December 18, 1953 and are available from the Government printing office.
- (3) The items included in "direct taxes" used in Viet-Nam follow the French terminology and obviously are not the same as in American practice.
- (4) The Negotiated Income Tax (Fortaiture) is presently used only in the PMS. It includes the tax on commercial and industrial profits, the tax on non-commercial profits, the turnover tax, the general income tax and the commercial license tax. It is a negotiated tax in that the tax inspector comes to a written agreement with the taxpayer for a single tax to cover the aforementioned taxes.
- (5) Under the present tax regulations for the PMS this General Income Tax benefits the Regional Budget of the PMS and not the National Budget "A" as do the income taxes received in the other regions.

## B. Budget preparation

1. Because of the present importance of national subsidies to the regional budgets the latter can be prepared only after the regional administrations have a fairly firm idea of the extent of subsidy for the year.
2. Therefore, the Regional Administrator usually sends out in late October budget instructions to the regional ministerial offices, which in turn request budget estimates from their provincial offices, and to the provincial administrations for their estimates.
3. Submissions of fund requirements by provincial offices of ministries are not coordinated through the provincial administration; it does, however, receive a copy of the fund request submitted to the regional office of the ministry.

4. The requests are then balanced against expected revenue (including the all-important national subsidy) and the budget prepared for the Regional Administrator by his Financial Officer.

5. After approval by the Regional Administrator it is submitted to the Ministry of Finance for approval.

6. After approval by the Ministry of Finance it is submitted to the President for final approval.

7. Because of their dependence upon the national budget, the regional budgets are never finalized during the fiscal year, and, as we shall see later, a similar problem exists regarding the availability and delegation of credits.

### C. Budget Execution

1. Request, obligation, liquidation, authorization and payment of expenditures from the regional budgets, as would be the case within the regional capital (Saigon-Cholon, Hué or Tourane), are like regulation of expenditures against the national budget, in that funds up to 2,000\$ can be obligated, theoretically without prior approval by the Fiscal Manager of the regional budget (Délégué). For purchases between 2,000\$-60,000\$ three estimates must be obtained from local suppliers. Above that sum, either an Adjudication or a call for bids must be held at a national level.

- a. Bureau Chief (either within regional administration or regional ministerial services) fills out a Purchase Request and submits it to his Financial Office (either of the regional ministerial office or the office within the regional administration, as the case may be).
- b. After verification that the purchase request was budgeted, a request for Obligated Funds is filled out, and all the documents are submitted to the regional Obligation Control Center (in the case of a regional administrative service, the documents must go first to the Financial Division of the regional administration).
- c. The Obligation Control checks legality, propriety of documentation, availability of funds, chargeability to budget and arithmetic accuracy, and visas all the documents.
- d. Folder is then sent to the Fiscal Manager who visas the documents and returns the folder to the office which originally requested the purchase.
- e. Office is now authorized to request delivery of item; after receipt entry is made on office Inventory Roll, this number is put on the documents before completion of a Reception

of Goods Notice and a Certificate for Cash Payment by the Accounting Office.

- f. The documents are then resubmitted to the Obligation Control (passing by the regional administration's Financial Section in the case of a regional ministerial service) where the papers are checked to ascertain that the actual purchase was carried out in accordance with the pre-purchase check. If all is in order, papers are visaed and documents sent to the Fiscal Manager.
- g. The Fiscal Manager visaes and submits the documents to the Treasury.
- h. Treasury debits the chapter and line as indicated on the Obligated Funds Request, returns the Certificate for Cash Payment to the Fiscal Manager and keeps the remaining papers.
- i. The Fiscal Manager sends the Certificate for Cash Payment to the Supplier who may then cash it.

2. For expenditures of Regional Budget funds by provincial offices (be it ministerial or provincial administrations), the procedure differs only in that the Province Chief usually has the delegated authority of Deputy Fiscal Manager for the Regional Budget and performs the steps requiring the Fiscal Manager's signature. However, again it was stressed by many province chiefs that in the past they have received rarely advance credits for expenditures against regional budgets; so in reality each case must be treated on an ad hoc basis and each document submitted to the regional administration for adjudication.

3. The time involved in the operation outlined above is illustrated in the following example. No attempt was made to ascertain if the time represented is typical.

- a. This concerned contract letting for the repair of a road, chargeable to the regional budget of South Viet-Nam.
  - 1/ July 20, 1955 no papers remained to show what had taken place up to the time that the Public Works was authorized to hold an Adjudication.
  - 2/ August 24, 1955, the Regional Office of Public Works in South Viet-Nam sent the document to the regional administration.
  - 3/ October 7, 1955, the Regional Fiscal Manager signed and sent it to the Obligation Control Office (located in the central office of the Ministry of Finance and

acting as both the SVN Regional and National Obligation Control Office).

- 4/ October 10, 1955, the Obligation Control Officer signed and returned it to the Regional Fiscal Manager who signed it on October 14, 1955.
- 5/ The case was stopped at this point because the contractor could not accept the awarded job as he had strayed from the straight and narrow into jail for embezzling funds.

b. This case involved the purchase of 9 tables valued at \$,439\$ for the account of the SVN regional office of the Ministry of Education.

- 1/ July 30, 1955, the Director of Education for SVN sent purchase request to Fiscal Manager of SVN for approval.
- 2/ August 13, 1955 the Fiscal Manager approved and forwarded to the Obligation Control Office for SVN.
- 3/ August 23, 1955 the Obligation Control Office gave approval to purchase and returned papers to Fiscal Manager for SVN.
- 4/ August 24, 1955 the Fiscal Manager for SVN signed approval and papers were returned to the Director of Education for SVN, who was now permitted to request delivery of merchandise.
- 5/ September 21, 1955 the Bill of Sale was made.
- 6/ November 15, 1955 the Liquidator of the Regional Direction of Education filled out Money Voucher.
- 7/ November 15, 1955 the Obligation Control Office signed Money Voucher.
- 8/ November 22, 1955 the Fiscal Manager for SVN signed and the papers are now ready for submission to the Treasury where, after audit, the correct chapter and line item will be debited and the Money Voucher returned to the Fiscal Manager for SVN, who will in turn sent it to the Supplier for cashing at the Treasury. The folder will remain at the Treasury.

c. This is the case of the administrative buildings of Education, Land Registry and Health in the Province of

Vinh-Long. The provincial engineer estimated that the work would cost in the neighborhood of 150,000\$. The case was submitted to the Province Chief who gave his permission. The folder then went to the district engineer for approval (the district office, an additional level of administration in Public Works, is responsible to the regional office and for operations in two or three provinces.)

- 1/ October 15, 1954 the district engineer submitted a report to his regional office giving his approval and recommendations.
- 2/ November 3, the regional director of Public Works approved and sent to the Fiscal Manager for SVN.
- 3/ Fiscal Manager submitted to Obligation Control.
- 4/ November 16, 1954 Obligation Control vised and returned to the Fiscal Manager for SVN.
- 5/ November 16, 1954 the Fiscal Manager signed and folder was ready to be returned to the Regional Office of Public Works, then to the District Office and finally to the Provincial Office. Here the engineer would be permitted to ask for bids, both there and in Saigon-Cholon. The case ended there as the work was never continued beyond that point.

#### D. Expeniture Analysis.

1. Like the National Budget "A" nearly 90% of regional expenditures are for personnel services:

- a. All regional administrative personnel (below top level employees).
- b. All regional ministerial personnel (below the top employees).
- c. All top employees in provincial administration.
- d. All top employees in the provincial ministerial offices.
- e. District chiefs (this varies).
- f. Professors and administrative employees in secondary education.
- g. All persons working on inter-provinceal roads.

2. Expenditures for material are quite evenly dispersed throughout the budget.

E. Observations - The material presented above speaks for itself and few additional comments are necessary. But again we should stress the fact that regional budgets are not approved early in the year and consequently credits are not delegated and long delays occur before individual cases are given authority to purchase. It was stated in Hué that the National Government delegates subsidies only in proportion to the amount realized by regional administrations; thus, since receipts are falling below 50% of expected revenues, the subsidy has been cut accordingly, leaving regional budget operations with one-quarter of the original budget. This information was not verified.

## VII. provincial Budgets.

### A. Source of Funds.

1. Unlike the national and regional budgets, the main source of revenue for the provincial budgets does not come from funding taxes for these budgets, but rather from a system of "centièmes additionnels" or additional percentages which are added to regional taxes to provide funds for the provincial budgets. The maximum limit of additional percentage is determined by the regional administration to which a further limitation may be set by the provincial administration with the approval of the provincial council. These additional percentages are not insignificant and often amount to two or three times the original tax imposed by the regional government. Also, the provincial budgets are heavily subsidized by the regional and national governments. There are currently two forms of subsidies received by the provincial administrations:

- a. The subsidy of the regional budget to pay for the Civil Guard (Bao-An Đoàn) which is supported by provincial budgets in most provinces of South and Central Viet-Nam and by national funds in the PMS. This organization will be a national unit supported by the 1956 National Budget and has replaced the older Võ-Binh Tinh which was strictly a provincial guard unit.
- b. The second subsidy is received in the form of a Treasury coverage of the deficit incurred during the year. An estimation of this deficit is made in the preparation of the provincial budget.

2. The following is an actual example of the revenues of the province of Thu-Dầu-Mt. Though this province is not typical of South Viet-Nam, it was chosen because it combines the provincial characteristics of some rice cultivation, rubber plantations and extensive forest exploitation. Total receipts and expenditures for 1955 were estimated at 133,265,510\$. However, this included a subsidy from the Regional Administration (and hence

from the National Budget) of 107,000,000\$ for expenses of the Civil Guard. This item was eliminated from our consideration and it does not figure in item 8 of Regional reimbursements.

	<u>Source of Revenue</u>	<u>% of total revenue</u>
1/	Additional Percentage	
	a. Rice lands	
	b. Other agricultural lands	
	c. Urban real estate	
		Total
2/	Prestations	9%
	a. Animal	
	b. Agricultural products	
	c. Labor	
		Total
3/	Unforeseen receipts	3%
		7%
4/	Receipts received after close of fiscal year	1%
5/	Various collections	1%
6/	Provincial holdings - ferries, etc.	1%
7/	Administrative receipts and licenses, including tax on entry and exit of goods in province (1)	1%
8/	Reimbursement by regional budget for payments made by provincial admin- istration (mainly educational expenses)	30%
9/	Treasury coverage of provincial deficit	40%
		Total (2)
		100%

#### B. Budget Preparation.

1. In theory the provincial budgets are more autonomous than the regional budgets, and some budgets were prepared for 1955 in theoretical

(1) This tax is known under the name of Pacification Tax and has been in force for 3 years. The revenue is strictly provincial. The tax is very unpopular with commerce and transportation. A number of officials hoped it soon could be dropped but said that for "political reasons" it must be retained temporarily.

(2) Due to the rounding of figures, the total is not the sum of the above figures.

balance without subsidy or coverage of deficit by the Treasury. The preparation of the provincial budget is not in theory dependent upon the regional budget and therefore not dependent upon the national budget. However, most of the provincial budgets were prepared in coordination with the regional and national budgets and were completed about the first of January 1955.

2. The system used for the preparation of provincial budgets is similar to the system employed for other budgets. The Province Chief requests his Accounting Department to estimate the expected receipts (based upon past performance) and to estimate provincial administration costs. The Province Chief requests estimates from the provincial heads of ministerial services of their needs in the forth-coming year. After receiving all estimates, the Accounting Section of the provincial Administration prepares a provisional budget which, after discussion by the Province Chief and all ministerial service heads, is presented to the Provincial Council for approval. All interviewed province chiefs adamantly stated that a case has never arisen when the Province Chief and the Provincial Council could not agree upon the provincial budget before sending it to the Regional Administration. The Provincial Council does not have legal veto power on the acceptance of the budget, but it is expected to submit a written approval of the budget when it is submitted by the Province Chief to the Regional Administration for approval.

3. At the Regional Administration the Fiscal Manager (Délégué) approves the budget, keeps copies for his service, and returns the approved copies to the provincial administration for distribution to the ministerial services. The central or national government has nothing whatsoever to do with the approval or authorization of provincial budgets.

#### C. Budget Execution.

1. In theory, as explained above, the provincial budget is more autonomous than the regional budget and therefore the Fiscal Manager (Province Chief) has more authority.

2. There is a regulation requiring the Fiscal Manager to obtain authorization for any obligation of funds exceeding 20,000\$. This authorization is made by the regional administration (Financial Division).

3. If the province has funds available and if the purchase request does not exceed 20,000\$, then the following procedure for expenditure of funds from a provincial budget by a provincial ministerial service is the rule.

- a. The Provincial Service Chief submits a Purchase Request to the provincial administration (Accounting Division). This purchase request includes three estimates by provincial suppliers.

- b. The Accounting Section of the Provincial Administration has the same functions and responsibilities as the national Obligation Control Office as well as being the Liquidator for the provincial budget. Hence, the Obligation Control Section of the Accounting Division checks the papers for accuracy and existence of the required amount in the provincial budget. If all is in order the papers are visad and returned to the Service Chief.
- c. The Service Chief is then permitted to request delivery of the merchandise which is duly recorded on the Inventory Roll and the number written of the Bill of Sale and on the Receipt of Merchandise. All the papers are then returned to the Accounting Division of the Provincial Administration.
- d. The Accounting Division, still acting in its capacity of Control Obligation Office, audits the papers to verify that the actual purchase was made according to the pre-audit and, if all is in order, vises the papers. They are next turned over to the Liquidating Section of the Accounting Office whose responsibility it is to prepare the Certificate for Cash Payment and note correct debiting of the chapter and line item of the provincial budget.
- e. The Fiscal Manager then signs the Certificate for Cash Payment and papers and sends them to the Treasury Agent who has final responsibility for correct debiting of the provincial budget. He retains the papers and returns the signed Certificate for Cash Payment to the Provincial Administration.
- f. The Provincial Accounting Office then pays the supplier.

4. If the purchase request is for an amount greater than 20,000\$ the Regional Fiscal Manager must approve the purchase, and if the amount is greater than 60,000\$ as Call for Bids or an Adjudication must be held.

5. The amount expendable without regional approval -20,000\$- was in most incidences not corroborated by the province chiefs, the majority of whom said they had authority to obligate up to 50,000\$ without regional approval. However, a conference of all the Treasury Agents was recently held in Saigon to inform them not to cash Money Orders exceeding 20,000\$ without regional Fiscal Manager's visa.

#### D. Expenditure Analysis.

1. The expenditures of the provincial budgets are much more diversified than either the national or regional budgets as they are expected

to pick up all the little administrative expenses. Like the national and regional budgets, 90% or more of the expenditures are for personnel services.

2. Expenditures of a typical provincial budget might look as follows:

<u>Expenditure</u>	<u>% of total expenditures</u>
a. Provincial administrative personnel	
1/ All personnel below top grade	
2/ All contractual and daily workers	
3/ Canton chiefs and notables	
4/ Doormen and chauffeurs	
5/ Family benefits	
	Total      26%
b. Expenses after the close of the fiscal year	2%
c. Maintenance of administrative headquarters	4%
d. Medical assistance (nurses, midwives, etc.)	8%
e. Instructors for primary education	18%
f. Family benefits for education personnel	18%
g. Material for medical assistance	6%
h. School equipment, including books, etc.	2%
i. Public Works personnel	2%
j. Public Works material	2%
k. Maintenance of roads, bridges and buildings	12%
	<hr/>
Total	100%

#### E. Observations.

1. Most of the pertinent observations have been made as the various points were discussed; however, we submit one very interesting procedural case as observed in a provincial office. We began our conversation with this official about 8:30 in the morning and ended around 11:00. Not all of the conversation concerned fiscal matters, but nonetheless, considerable time was spent in explanations of the fund expenditure procedures followed in the province. The method outlined above in section C of this part was in essence the same as that described by this official, the lengthy centralized procedure for obligation of sums as small as 2,500\$. During the

interview, we were surprised at first and later shocked at the frequency of interruptions by minor officials--whispered messages into the ear of our official who would then reach across the desk to a large briefcase from which he would count out sums of money (later estimated at 10-20 thousand piasters at a whack) for the employee who would then disappear into the outer offices. This was repeated until we became rather amused, sitting there listening to the elaborate fiscal system being described while witnessing the world's simplest system, for indeed no visible receipt of the disbursements was being made by the official in front of us. Finally, our credulity was surpassed, and we questioned the official as to just how the disbursement of funds we had witnessed that morning corresponded to the system that he had just finished explaining to us. With an astonished look he replied that it came from his "Special Account" and no amount of probing led him to disclose the nature of source of his "Special Account."

VIII. Municipal Budgets - At present only the cities of Saigon-Cholon, Dalat and Tourane are properly called municipalities (although it is true that the first is called a préfecture). They are treated administratively as independent units (but should not be referred to as provinces since they do not satisfy that definition) within the regional administration.

#### A. Source of Funds.

1. Similar to provinces they depend upon three principal sources of Funds:

- a. Subsidies from the Regional Budget.
- b. Subsidies from the National Budget.
- c. Real revenue collected by the municipal tax collector.

2. In Dalat 35% of the revenue comes from the city-owned water and electrical plants.

3. No detailed material was collected on the specific sources of revenue. The three cities cannot be compared as each is strikingly different from the others.

#### B. Budget preparation.

1. The budget preparation is very similar to that of a provincial budget, in that each city has nearly the same ministerial services as a province.

2. After preparation the budget is submitted to the Municipal Council for preparation of written approval before the budget is submitted to the Regional Fiscal Manager. As in the provinces, disagreement has ever been recorded between the municipal administration and the municipal council.

3. After approval by the Regional Fiscal Manager, the budget is returned to the municipality where it becomes the guiding document for expenditures.

4. But like the other local budgets in Viêt-Nam, final authorization comes very late in the fiscal year if not after the year, so the worth of the budget is dubious.

C. Budget Execution.

1. Like the Province Chief, the head of the city (be it the Préfet in Saigon-Cholon or the Mayor in Dalat and Tourane) is the Fiscal Manager of the municipal budget. However, like the province chief, his authority is limited by administrative law. In Saigon-Cholon the Préfet stated that he had complete authority for payments up to 100,000\$ (with the prevailing stipulation that purchases over 80,000\$ be subject to a Call of Bids or an Adjudication). However, in the Obligation Control Office for South Viêt-Nam we saw a number of requests for Fund Obligation by the Préfet for sums less than 1,000\$. When asked about this, the Obligation Control Officer stated that these were for payments which had not been foreseen in the budget and therefore needed regional approval. The payment was for personnel service.

2. In theory the municipal administration controls the Obligation, the Liquidation, and the Fiscal Management of the municipal budget.

D. Expenditure Analyses - No detailed analysis were made of municipal expenditures, but they run 80-90% for personnel as do the other budgets in Viêt-Nam.

E. Observations - Like the fiscal managers of the provincial and regional budgets, the municipal fiscal manager depends so heavily upon the subsidies of the regional and national governments that he is not complete master of his budget. From our limited observations it would appear that he is often required to request a case decision rather than an area decision.

IX. Village Budgets - In this category are included the budgets of the provincial capitals. Though they are often called "municipalities" they are not such as defined in Part VIII. Outside of the provincial capitals, many villages have budgets in south Viêt-Nam (Bến-Tre claimed to have 94 villages each with their own budgets). In Central Viêt-Nam the existence of village budgets is less frequent due to greater village disruption during the recent war. Village budgets are for all practical purposes nonexistent in the PMS because of different cultural and administrative patterns.

A. Source of funds - Like provincial budgets, those of the villages do not depend for the major part of their revenues on specific taxes imposed only for the villages, but rather rely upon the "contingées additionnelles." The limit of the additional percentage is set by the provincial administration

and decided upon within this limit by the village council (or provincial capital council if that is the case). However, unlike the regional and provincial budgets, the village budgets are in balance today. Beside the additional percentages added for village use, the village revenue depends upon "prestations" which are paid in kind by the villagers, either in the form of agricultural products, animals or labor. In addition, they receive revenue from village-owned public transportation, usually a ferry. They receive a good portion of the return from communal land, whether tilled for village use or rented to private farmers. They also receive licence fees from the village market.

B. Budget Preparation - No information was collected from the village officials, but provincial officials explained to us that the budget is prepared by the council as a unit and authorized by the Province Chief.

C. Budget Execution - Information from provincial officials is not clear concerning local authority granted to villages for obligation and payment of funds from the village budget. For more details see Paragraph E of this Section.

D. Budget Analysis - No analysis was made of an actual village budget, but we were told that village budgets pay for:

1. Emoluments to village officials.
2. Salaries of instructors in first cycle of primary education.
3. Fees to nurse's aids.
4. Contribution of Canton Chiefs (this is not definitely confirmed for we were previously told this was the responsibility of the provincial budget).
5. Upkeep of village and village property.

E. Observations - Regarding the extent and importance of village budgets, they seem to vary from nonexistent and insignificant to very important. In the PMS they are nonexistent (except for Prestations), and in some areas, attain great importance. We were told that in the province of Thu-Dâu-Mt there is a village which owns a rubber plantation and has an annual budget of 800,000\$. (another was said to have a budget of 200,000\$). It was stated that when village revenues exceed 10,000\$ they must be deposited with the Province Chief. Another case from the province of Vinh-Long shows a very different arrangement whereby the village can spend only up to 100\$ without provincial approval (however it is suspected that there was a misunderstanding and the provincial official was speaking of expenditures of provincial funds and not village funds). The same provincial official said that amounts between 100-500\$ could be authorized by the District Chief.

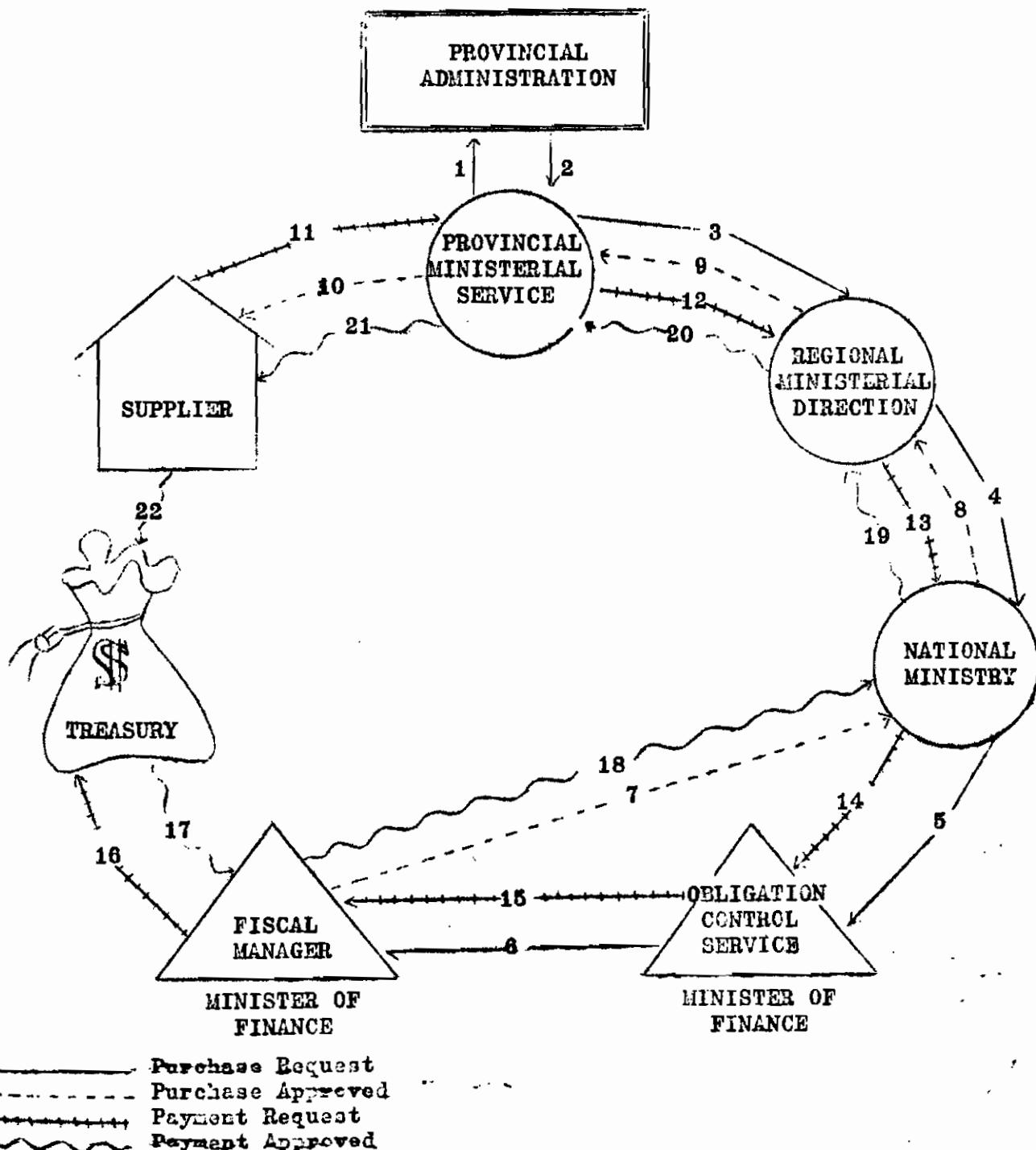
#### X. Concluding Statement

The method used to collect the material for this study was not the usual empirical technic that a public accounts or controller specialist would use if requested to study and prepare recommendations on a governmental

fiscal system. However, as defined in the purpose of this study, our aim has not been to study the financial administration in Viêt-Nam through the Ministry of Finance, but rather as it related to the interlocking functions of national and local government offices responsible to the Ministry of Interior.

## APPENDIX A

Request, Authorization and Payment of Expenditures from National Budget "A"  
by a Provincial Ministerial Service



*John Garsey*

Part II

Background Information

S U P P L E M E N T

to

RECOMMENDATIONS CONCERNING THE DEPARTMENT OF INTERIOR,  
THE REGIONS AND PROVINCES

MICHIGAN STATE UNIVERSITY  
Vietnam Advisory Team  
Saigon, Vietnam

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January 14, 1956

## Part II

### Background Information

#### INTRODUCTION

In conducting the research underlying these proposals and this report, we centered our attention on three substance areas each of which was the subject of a separate report presented by members of the staff. Portions of these are included in the pages that follow in the hope that they will be of assistance in understanding the system of provincial and regional administration now prevailing in Viet Nam. While not all information collected during the 14-week period could be included, these summaries should provide most of the necessary background. A special supplement to this report dealing with fiscal administration and budgetary affairs is being prepared for distribution since it combines information not now found in such detail in English.

Mr. Roland Haney contributed the material on administrative history; Miss Alexandra Rolland, the information on organization; and Mr. Wayne Snyder, the summary on budget and fiscal affairs.

## An Historical Survey from the Standpoint of Administrative Law

### INTRODUCTION

Unification of the national territory was achieved in principle by the establishment in 1949 of the State of Viet Nam consisting of the former Protectorate of Tonkin, Protectorate of Annam, and the colony of Cochinchina. Without formally abandoning the unitary principle the new central government established a regional administration in each of these three areas, which became known as the Region of the North, Center, and South respectively. A national government and three regional administrations were thus superimposed upon a pre-existing pattern of provincial government with subordinate local administrations that varied somewhat from region to region. Granted the choice of a unitary form of government and the existence of intermediate administrative echelons, an observer looks for the methods by which desires and needs of the people are communicated from the base to the apex of the governmental pyramid, and then for the methods of transmitting and executing decisions which are made in response to those needs.

Following the French model, the government of Viet Nam sought to meet this administrative problem by selecting one of the national ministries, the Ministry of Interior, as its chosen instrument in field administration with an area of interest as broad as domestic policy and an impact upon governmental operations from the national capital in Saigon down to the village level. Again in the French tradition, law enforcement agencies were assigned to the Ministry of the Interior. This relationship has been particularly important in Viet Nam as the new state was founded during a long war that began in 1946 and ended only in 1954 with a military agreement that divided the national territory temporarily at the 17th Parallel.

On July 1, 1949 the Chief of State issued two ordinances forming a constitutional basis for the operations of the new government. Ordinance No. 1 provides for the organization and functions of governmental institutions: a Chief of State advised by a Council of Ministers whose President shall direct governmental operations, a National Consultative Assembly, and an eventual National Constitutional Assembly replacing the Consultative Assembly. However the provisions pertaining to a National Consultative Assembly were not implemented. Article 5 of the Ordinance contains a clause which continues the validity of legal texts and regulations not in conflict with the Ordinance. From the standpoint of administrative law this saving clause permitted continuity of operations at all governmental levels pending a piecemeal or general revision of the body of law which each region inherited from the period of French control.

Ordinance No. 2 provides for the organization of public administration at the regional, provincial and village levels in Titles I, II, and III respectively, and abrogates any inconsistent legislation. The Ordinance endowed regional and provincial administrations (also autonomous municipalities) with an "administrative personality" with an effect similar to incorporation in Anglo-American law. The Ordinance also granted to them the right to maintain separate budgets.

Control of each region was entrusted to a Governor appointed by the Chief of State to serve as the representative of the central government. The powers assigned to the Governor were very broad: heading the regional administration, controlling the provincial, municipal, and village administration, executing national law and formulating subordinate legislation, overseeing the operations of technical services representing the national ministries, formulating the regional budget with the assent of the Chief of State, and executing that budget under the control of the Finance Minister. In discharging his responsibility for the maintenance of public order, the Governor was to be accountable to a Minister or Secretary of State for the Interior. In other areas the Governor was free to establish direct contact with the President of the Council (President of the Government) or the Chief of State if he chose to bypass the interested Minister. The Governor would share with the Minister of Interior control of the appointment of Province Chiefs and the Prefects of autonomous municipalities, who report directly to the Governor.

In an effort to establish guide-lines for the operations and interaction of the regional administration and the national administration (particularly its technical services), the Chief of State issued a detailed statement concerning organization and jurisdiction on September 28, 1949 in the Circular Instruction No. 320-Cab. This document ascribed a double objective to Ordinance No. 2: the establishment of unity in Viet Nam and a certain amount of decentralization of authority to the regions in response to existing circumstances. In fact, the degree of decentralization amounted to virtual abdication of authority in domestic affairs to the Governor of the North and the Governor of the Center. The practical autonomy of those regions was largely based upon the facts of geography, difficulties of communication, and the general disorganization of society imposed by a civil war.

Prior to 1952 some of the functions associated with a department of the Interior (but not including control of the law enforcement agencies) devolved upon a Secretary of State attached to the Presidency. In that year a separate Ministry of the Interior was created. The functions and powers of the Minister were announced in rather sweeping language in Decree No. 66-NV, which the Chief of State signed at Dalat on July 8, 1952.

Article 1 outlines eight broad areas in which the Minister of the Interior is authorized to act under the authority of the President of the Government and in liaison with any interested ministries. He is charged, for example, with

assuring the execution of general directives in matters of internal policy and police, particularly those concerning the maintenance of order and security throughout the national territory;

overseeing the application throughout the national territory of all measures whose execution devolves upon the Governors;

controlling the operations of all police agencies and coordinating their activity.

Article 2 of the decree reiterates the role of the Minister of the Interior in the appointment of Province Chiefs and Prefects, as anticipated in Title II of Ordinance No. 2. In Article 3 the decree proceeds to itemize twenty-five functions for which the Minister is to be responsible within the framework of his legal competence as already determined in Articles 1 and 2. This lengthy list includes such diverse topics as

orientation of the political information program, in liaison with the Ministry of Information and Propaganda;

control of immigration and foreigners;

control of provincial, municipal, and village administration;

territorial adjustments;

administration of prisons;

expropriation of property for public use;

preparation of elections;

personnel administration in the public service.

Article 4 of the decree permits the Minister to exercise his powers in the police field personally, or through the police agencies which have been placed under his authority, or through the Governors. In the last instance the Minister would frame his instructions in general terms.

Decree No. 66-NV does not openly purport to abolish or modify Title I of Ordinance No. 2 concerning regional administration. The plain language of the decree implies the clear intention of the central government to curb the power of the Governors, however, by assigning to one ministry, Interior, control of field administration throughout the country. Having won a victory on paper, the then President of the Government, who had already assumed the portfolio of Interior, hesitated to take direct action in implementation of the decree. A frontal assault upon the Governors' entrenched position was postponed until after the Geneva Conference and the resulting armistice.

Equipped with a delegation of full powers civil and military from the Chief of State, the now President of the Government, Ngo-dinh-Diem, took strong measures. On August 4, 1954 he issued Ordinance No. 21 abrogating Title I of Ordinance No. 2 (and any other inconsistent legislation), abolishing the "administrative personality" of the regions, ending their budgetary autonomy, and placing each of them under a three-man administrative committee. On the

same date he issued an arrêté accepting the resignation of the Governor of South Viet Nam and also signed Decree No. 58-NV appointing a Delegate of the Government in place of that Governor. The Delegate was instructed to exercise his powers within the framework of Ordinance No. 21. Earlier, on July 9, 1954, President Diem had issued consecutive decrees (Nos. 45-NV and 46-NV) dismissing the Governor of the Center and appointing in his place a Delegate of the Government. In the aftermath of Ordinance No. 21 the position of the Delegates was regularized by their assuming the presidency of the administrative committee in each region.

Article 2 of Ordinance No. 21 assigns to the Minister of the Interior a role in the appointment of that committee, whose members are to be named on the joint proposal of the President and the Minister. Article 3 provides that the regional administrative committee shall issue subordinate legislation under the control of the Minister and only with his prior approval. In supervising operations of the technical services (for example: Public Works, Education, and Health), the committee is to communicate with the interested national ministries through Interior, according to another section of Article 3.

In Article 5 the Ordinance invests the committee with control of the prefectoral, municipal, provincial, and village administrations; but in the same sentence the Ordinance requires the committee to report to the Minister of the Interior. At the very least Article 5 interposes a procedural block against any attempts of the committee to bypass the Minister in matters of his legal competence.

Ordinance No. 21 announces in unqualified language, per Article 3, that the committee represents the central power in its region; but Article 6 purports to hand over the various regional services and their personnel to the interested national ministries. The threatened collision between Delegate and Ministry X over administrative control of a given technical service is averted by subsequent language of Article 6 providing for an indefinite transitional period, during which the committee will exercise the powers of management, including personnel administration, which formerly belonged to the Governor. Although Article 6 contemplates the incorporation of the regional budget into the national budget, the time limit for effecting this change was extended indefinitely by Ordinance No. 47 of December 31, 1954.

Ordinance No. 21 was clearly intended to strengthen the role of the central power in field administration by ending the budgetary and administrative autonomy of the regions. During an indefinite transitional period, however, the Delegate of the Government continues to exercise the bulk of the powers formerly assigned to the Governor. As the president of the regional administrative committee, the Delegate represents the central government and insures the execution of national law; he is responsible for the maintenance of public order; he is the head of the regional administration and exercises administrative control over most of the technical services representing national ministries; he formulates and executes the regional budget under similar controls; he plays a similar role in the appointment of Province Chiefs and Prefects of autonomous municipalities; he controls the provincial, prefectoral, and village administrations.

From the standpoint of administrative law the principal changes already effected by Ordinance No. 21 lie in the new relationship established between the Ministry of the Interior and the regional administrations. The Minister plays an important role in the appointment of the Delegate. The Delegate issues subordinate legislation in the form of arrêtés only with the prior approval of the Minister. The Delegate communicates with the other national ministries through the Minister of the Interior. The Delegate reports to the Minister.

Viewed in the aggregate these formal changes may play a lesser role, however, in the implementation of Decree No. 66-NV than the continuing process of mutual adjustment that would be expected from members of the same administrative team, all appointed by and responsible to the same chief.

At the date of writing the statutory basis for this relationship between the Ministry of the Interior and the regional administrations is still Ordinance No. 21 of August 4, 1954. The number of regions under the control of the national government, reduced to two following the Geneva Agreements, became three again with the annexation of the Pays Montagnards du Sud (P.M.S.) and the appointment of a Delegate of the Government to the P.M.S. in March 1955. Formerly a French concession, the P.M.S. were transferred to the Royal Domain in 1946 and formally annexed to the national territory by Ordinance No. 21 of March 11, 1955. (A new series of consecutive numbers for official texts is opened each year.)

As already noted, the powers of the Minister of the Interior were defined in Decree No. 66-NV of July 8, 1952. The current organization and the assignment of functions within the Ministry are based upon provisions of Arrêté No. 24-BNV/VP/NV, which the Minister signed on May 20, 1955. Sections concerning the Civil Service (Fonction Publique) and the Civil Guard have been superseded by recent legislation transferring those agencies to the Presidency. See Decree No. 16-TTP of November 14, 1955 and Ordinance No. 5 of November 26, 1955 respectively. With these excisions, Article 1 of Arrêté No. 24-BNV/VP/NV provides that the central administrative services shall consist of five Directorates or Directorate-General, all of which are immediately responsible to the Minister: the Directorates of the Cabinet, of Personnel and Accounting, of General Administration and Legislation; also the Directorate-General of Political Affairs and the Directorate-General of National Police and the National Sûreté. Articles 2, 3, 4, and 5 establish the internal structure and indicate briefly the assignment of functions within the first four Directorates. The Arrêté does not alter the pre-existing structure and assignment of functions within the Directorate-General of National Police and the National Sûreté, based upon the provisions of Arrêté No. 60-Arr-Min-SP-Per, which was issued by the then Minister of Public Security on November 29, 1951. (The letters following the number of an official text indicate the issuing authority.)

While this study was in progress, fundamental changes in the constitutional law of Viet Nam took place. The national referendum of October 23, 1955 concerning the Chief of State led to the proclamation of the Republic of Viet Nam on October 26, 1955 and the union of the executive power and status in the person of the President of the Republic. Decree No. 4-TTP of October 29, 1955

announced the composition of the first government of the republic and indicated a general change in nomenclature from "Minister" to "Secretary of State." The title of Minister of the Interior, for example, has been changed to Secretary of State for Interior.

The legal materials considered in this brief analysis profit from a saving clause in the Provisional Constitutional Act No. 1 of October 26, 1955 continuing temporarily the validity of pre-existing legislation that is not inconsistent with the republican form of government.

#### ADMINISTRATIVE PROCEDURES

Implementation of our proposals will provide an opportunity to draft and adopt a uniform administrative law concerning field operations. A detailed and integrated statement establishing the functions and internal structure of administrative organs operating at national, area, and village levels and their relations with the technical services would then replace the heterogeneous collection of legal texts dating from the period of colonial control and subsumed by Ordinance No. 1 of July 1, 1949. Interviews conducted in Saigon and in the field revealed a widespread desire among Vietnamese officials to sweep away these reminders of the former colonial status. Certainly national legislation and subordinate regional legislation which have been enacted since 1949 should be included in this general process of review and revision.

Although our recommendations are addressed to the Department of Interior, their implications for field administration extend to other interested departments of the national government such as Education, Agriculture, and Public Works. This consolidation and re-statement of legislation pertinent to field administration could also serve as the first step toward codification. Further, the establishment of a concordance to a hypothetical administrative code (with annotations for cross-reference) would facilitate any future study of governmental operations by associating a given function with the appropriate agency. The various codes consolidating public or private law which are currently in use in the United States might furnish helpful examples of this process.

A second and related suggestion concerns the method of assuring that conflicts between proposed legislation and existing law should be recognized and resolved in advance of enactment wherever possible. Legislation implementing the proposals of this report should be submitted to the Council of State, established by Decree No. 38 of December 9, 1954, for their textual analysis and advice in accordance with the terms of that decree. The present inquiry has revealed instances in which legislation has been modified or abrogated sub silentio, perhaps intentionally; and the inevitable result is confusion in administration. Also, the existing practice of inserting a general statement repealing inconsistent legislation without identifying the superseded legal provisions postpones a decision as to the practical effect of a new law. It is to be hoped that the other departments of the central government will also utilize the facilities offered by the Council of State for drafting and revising proposed legislation. This second suggestion is advanced with the aim of

assuring clarity and precision in the preparation of legislation. It is entirely possible, however, that the anticipated national Legislative Assembly may later decide to create a technical and research service, subordinate to the Assembly, for accomplishing the same purpose.

## Organization

### THE REGION

#### Basic Organization

Free Viet Nam is at present divided into three regions designated as South Viet Nam, Central Viet Nam, and P.M.S. (Pays Montagnard du Sud). Each of the regions is governed by a "Délégation du Gouvernement" to the region; according to Ordinance No. 21, this delegation should be composed of a three-man committee, rather than just one man. The Chairman of this committee is called the Délégué and the other two members are designated as Commissioners, one for Political and Administrative affairs and the other for Military affairs. However, the only region which has had this arrangement is South Viet Nam. SVN is governed by a three-man committee while CVN and PMS are administered by one man--the Délégué. In the latter two regions, the real administrative power is centralized in the hands of one individual who has complete authority over civil affairs within the region--within the limit of the existing regulations.

#### The Délégué

The Délégué is appointed by the President upon the advice of the Minister of Interior, to whom he is responsible. The appointment is a political one, although the present Délégués do not have the amount of power once exercised by the former Governors. The duties of the Délégué are defined in Ordinance No. 21; for an enumeration of them, see the report on the legal framework of the government written by Mr. Haney. Perhaps one of the most important functions of the Délégué is the issuing of Arrêtés which will affect the population of the region; according to the Ordinance, these documents should be issued over the signatures of the committee although one member of the committee also has the power to issue one alone. As only SVN has such a committee, Arrêtés in CVN and PMS are issued by one man; in SVN, most of them have been issued by the committee according to interviews with its members.

In one case--Central Viet Nam--there has been a delegation of authority to issue Arrêtés; in this case, the Director of Cabinet has been given the authority to sign "by delegation" the arrêté installing a newly recruited civil servant in the relevant cadre.

#### The Regional "Housekeeping" Services

What one might term "general housekeeping services" are maintained in each of the three regions. These include the services of personnel, finance,

political affairs, administrative affairs, and the personal cabinet of the Délégué, both civil and military. Although their functions are uniform in each region, they vary in the sense that, in SVN, these offices have the directorate rank, in CVN they have the service rank and in PMS they have the bureau rank.

Also in PMS, there is another directorate which is not found in CVN or SVN; this is the Directorate of Economic and Social Affairs. The directorate is broken down into two services. The service of economic affairs is concerned with provisions and transportation, statistics, research and foreign aid, and propaganda and expositions. That of social affairs is concerned with social aid, hygiene and health, refugees, labor, and youth and sports. This latter service is especially interesting as its functions seem to duplicate those of several of the technical services; the difference is that this directorate is responsible both administratively and technically to the regional administration.

The office in charge of personnel has three main responsibilities: recruitment, appointment, and transfer of civil servants within the region involved. As there are two ranks of civil servants--national and regional--the regional office is concerned only with the latter. The method of recruitment is based on the French system; seemingly the latest change was in 1950 when an Arrêté was issued changing the cadre system.

Another of the "housekeeping" services is that of Finance, which has been discussed in another report.

An office of political affairs is another which exists in each region. This office is in charge of keeping in touch with the political situation in the region and submitting reports which go to the Délégué and, in turn, are often sent to Interior. The office also passes on documents and letters to the provinces from the Ministry of Interior concerning political matters.

The office for administrative affairs also has similar functions in each of the three regions. Briefly the office is responsible for the disposal of public lands to responsible persons who are entitled to buy lands belonging to the government. Also the office is charged with preparing administrative documents which will be issued by the regional government over the signature of the Délégué. Lastly, the office may send people out into the field to inspect the other governmental units to see if they are implementing the regulation issued at the regional level. South Viet Nam has an officer who performs this function--the Chargé de Mission. The P.M.S. also has an officer in charge of this function, although his position is being absorbed into the national government in the near future. Central Viet Nam is the exception to this; in none of the interviews was any mention made of this sort of administrative review.

In each of the three regions, these "housekeeping" services are responsible indirectly to the delegation. In each case, they are under either a directorate of bureaus or a directorate of cabinet. South Viet Nam has only the former while Central Viet Nam and P.M.S. have the two directorates with these services divided between them.

### The Regional Technical Services

Each region maintains a series of technical services corresponding to the national ministries. In each case, the services are technically responsible to the national ministry and administratively to the regional administration. Their administrative responsibility differs in detail, however, in that in the three regions the services are under different agencies. In South Viet Nam, they are directly responsible to the directorate of bureaus; in P.M.S., they are responsible to the Délégué himself; in Central Viet Nam, they are split between reporting directly to the Délégué and to the directorate of Cabinet. Those services responsible to the director of cabinet are Information, Civil Guard, and Police and Sûreté; the reason for this according to the Délégué is due to their political nature. Obviously, their functions are parallel in each of the three regions.

As was previously mentioned, the P.M.S. also maintains several technical services within the internal organization of the region. These are naturally both technically and administratively responsible to the regional government.

### Relationships with the Provinces

Provinces are directly responsible to the Délégué. All communications from the provinces to the national ministries and/or to the President must go through the regional administration. Only in emergency cases can the province communicate directly with a ministry. This exception, however, is actually not an exception for the following reasons: the regional office must approve this bypassing and, even if approved, the province must send a copy of the report to the Délégué. The copy sent to the Délégué is the original copy of the correspondence and the carbon goes to the ministry involved. This is also true for the Prefect of Saigon-Cholon.

### Planning

Regarding planning, South Vietnam and P.M.S. both have special offices for planning while Central Viet Nam has a committee composed of the Délégué, the Director of Cabinet, and the Director of Bureaus who do the planning for the region.

### Reporting

Each month, each of the Délégués must submit a report to the President summarizing the activities and conditions in the region for the preceding month. This report is compiled by receiving small reports from each of the offices in the regional administration. In no case, was it specified as to exactly who puts the information together and writes the report.

There are also monthly meetings of the province chiefs in each region, from which some of the material is gathered for the regional report. Also, the provinces submit periodic reports on conditions within the province and progress and plans for projects, etc.

Attached are brief charts of the organization within the three regions.

## THE PROVINCE

### The Chief of Province

The Chief of Province is very definitely in control of the provincial administration. He is nominated by the Délégué and appointed by the Minister of Interior; he must be in the superior cadre of the civil service. He is responsible for the general administration of the province. His specific functions include (1) major responsibility for the provincial budget; (2) approval of technical service projects within the province--without this approval the project cannot be implemented; (3) the Civil Guard in his province is completely at his disposal (with a few exceptions).

To a certain extent the power of the province chief--as well as certain of his activities--vary from province to province depending on his personality and competence. For example, in one of the provinces visited, the CP took an extremely active interest in agrarian reform; in another province, the CP was completely sold on the value of education and was almost willing to spend his own money to get some more schools built.

### The Provincial "Housekeeping" Services

Each province maintains certain "housekeeping" services as do the regions. These are the general administration office, accounting and finance office, personnel office, and military affairs office. Each of these offices is directly responsible to the Chief of Province, although they usually go through the Deputy CP who is responsible for much of the routine administrative work in the province (although in some provinces it is probably the deputy who makes most decisions).

The general administration office is responsible for the smooth running of the provincial government. In most cases, when asked for exact functions, the reply was that the work of the office is "bureaucratic routine."

The personnel office is responsible for keeping records of all employees in the provincial government--those paid by the provincial budget. As most of the civil servants in the province are of regional rank the office does not have the sole power for appointments and promotions. These must come from the regional personnel office although the provincial personnel office does make recommendations which are likely to be honored.

The accounting and financial office is responsible for the putting together of the budget and for keeping the records during the year. This is discussed in detail in Mr. Snyder's report.

The office for military affairs is little more than a liaison between the army and the province chief. This office can keep the province chief informed of conditions within the province and get suggestions from him as to procedures. Many of the province chiefs mentioned that this is an important office in that good coordination and good relationships between the army and the provincial administration are highly desirable.

#### The Provincial Technical Services

The provinces maintain technical services comparable to those at the national and regional levels. These technical services are responsible technically to the regional services and administratively to the province chief. There is no clear definition as to the distinction between technical and administrative responsibility. As previously mentioned, the province chief is owed some technical jurisdiction as he must approve projects affecting the province before it can be put into effect.

#### Local Administration Within the Province

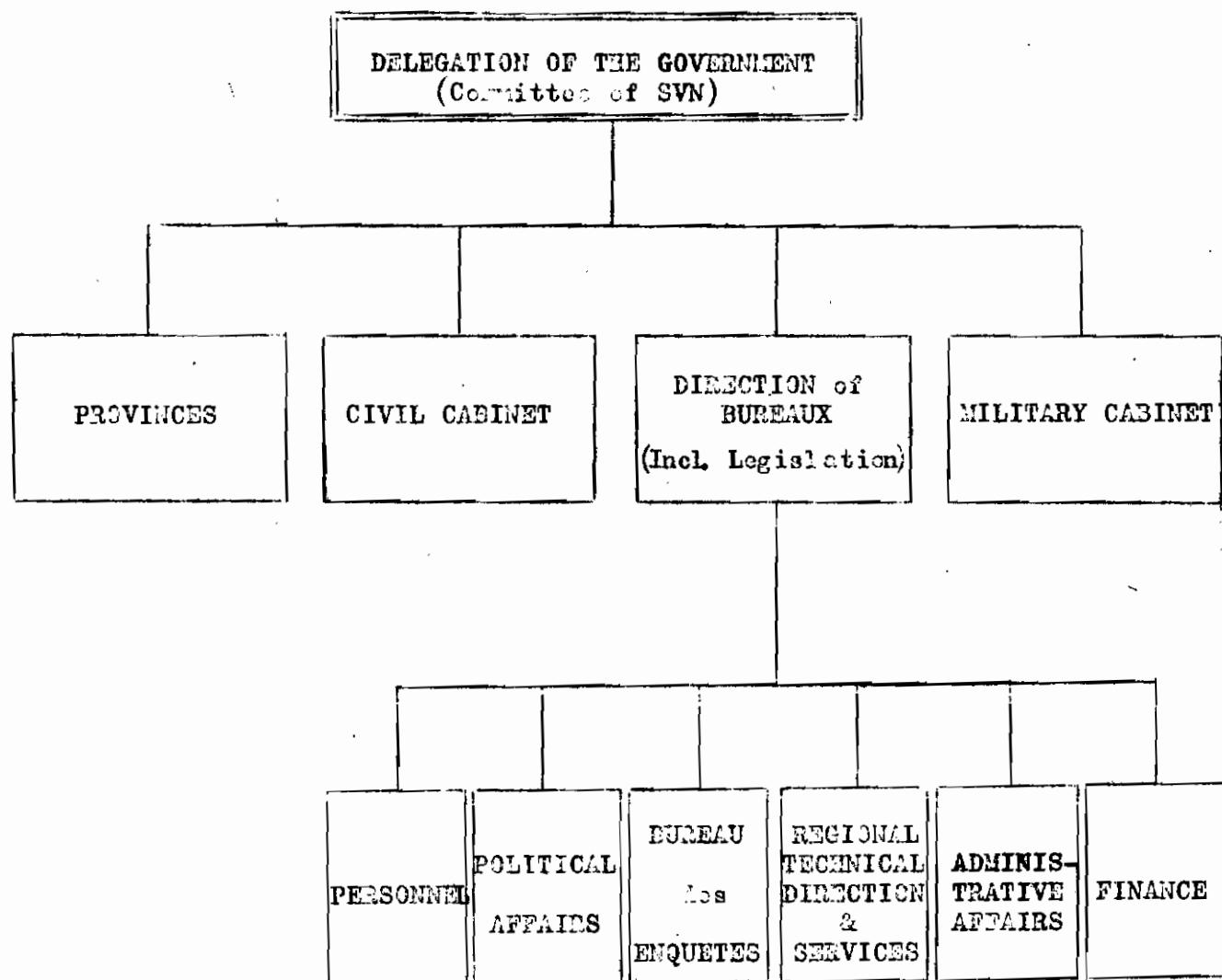
The provinces are divided into three administrative units (four in the P.M.S.). These are districts, cantons, and villages.

The district chief is a career civil servant. He is recommended by the province chief and appointed by the regional Délégué; he may be removed by the consent of both parties concerned. He is directly responsible to the province chief in all matters. He is also the liaison between the provincial government and the canton and village as all correspondence to the province chief must pass through his office.

The canton chief is appointed by the province chief. He is a resident of his canton and is usually the most influential man in the canton as financial independence is one of the requirements for this position. Actually, the cantons are decreasing in importance at the present time, which means that the villages will be directly responsible to the district administration.

The villages are run by an elected village council. Any person in the village over 25 years of age, literate, and not dependent on the government, etc., for financial support is eligible for the village council. This latter qualification was never adequately explained. In many provinces, village administration is now under a leader appointed by the province chief. The village is responsible administratively to the district (or canton) and, although it has its own budget, it must be approved by the province chief.

## ORGANIZATION OF THE REGIONAL DELEGATION OF SOUTH VIET-NAM



DELEGATION OF THE GOVERNMENT  
to CENTRAL VIET-NAM

