UNITED STATES GENERAL ACCOUNTING OFFICE
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STATEMENT OF
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BEFORE THE
HOUSE COMMITTEE ON GOVERNMENT OPERATIONS
SUBCOMMITTEE ON FOREIGN OPERATIONS AND GOVERNMENT INFORMATION

Mr. Chairman and Members of the Subcommittee:

We are appearing here today in response to your request concerning the pacification and development programs in Vietnam.

Origin of CORDS

The operating arrangement, now known as the Civil Operations and Rural Development Support (CORDS), grew out of an effort in 1967 to improve the U.S. capability for management of its pacification efforts by establishing a single line of management responsibility for U.S. teams and advisors out in the regions, provinces and districts throughout Vietnam.

Previously there had been no effective mechanism for coordination of the U.S. pacification activities in the field among the various military and civilian chains of responsibility. It was stated at the time it was initiated in May 1967 to be an arrangement

> "to provide for the integration of Civil Operations and Revolutionary Development Support activities within MACV -- to provide for single manager direction of all U. S. Civil/Military Revolutionary Development activities in the Republic of Vietnam."

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It was placed under the managerial responsibility of a Deputy, with the rank of Ambassador, responsible directly to the Commander, U.S. Assistance Command, Vietnam (COMUSMACV), for the following stated reasons:

> "There were two basic reasons for giving the responsibility for the performance of United States Mission field programs in support of Revolutionary Development to General Westmoreland. In the first place, it is the United States Military Assistance Command, Viet-Nam, which performs the supporting advisory role to the Republic of Viet-Nam Armed Forces, who are primarily responsible for providing continuous local security, the indispensible first stage of pacification. In the second place, the greater part of the United States advisory and logistic assets involved in support of Revolutionary Development are controlled by and provided through MACV. Therefore, if unified management of United States Mission assets in support of the Vietnamese programs is desirable, COMUSMACV is the logical choice to direct it."

Looking back after four years to the conditions that prevailed in 1967, the sometimes conflicting advice, the uncoordinated actions, and the lack of any unified management mechanism, the CORDS arrangement that was established has in my view, even with all its imperfections, provided a vastly improved management mechanism.

GAO Staff Document Titled "Background Information on United States Participation in Pacification and Development Programs in Vietnam", Dated July 1971

On July 2, 1971, we transmitted to your Subcommittee a GAO staff document, classified "Secret," developed from a survey by our staff in Vietnam concerning United States involvement in Vietnam's pacification and development programs during the period from July 1967 through September 1970.

Our efforts were directed toward the development of a working document which would contain facts obtainable for a rather complete

description of and perspective on the various pacification and development programs, the extent of CORDS participation in the programs, the amounts and sources of financing for such activities, and whatever information was available to our staff in Vietnam concerning progress toward achieving program objectives.

The document is being used to provide background information needed by our staff for developing plans for more detailed reviews of specific CORDS activities in the future. It should not be construed as an audit report of the General Accounting Office but as a useful information document. It has not and will not be subjected to the strict review processes normally applied to our reports, and it has not been submitted to the responsible agencies for official comment. The security classification applied to the document is based primarily on the classification shown in source documents from which the information was obtained in Vietnam.

Normally a document of this type is not released for use outside our office. However, because of the current significance of these activities it occurred to us that it might contain information of present value to personnel in the Departments associated with CORDS activities and to those Committees of the Congress having need for such background information and perspective on the CORDS activities.

When we transmitted copies of the classified document to the Secretaries of State and Defense and the Administrator, AID, on July 1, 1971, we requested that we be advised of any inaccuracies which the staffs of those agencies might observe in it.

Our statements here today are drawn primarily from that document which is classified and accordingly is subject to restrictions on release of classified information.

Pacification Programs

Basically, the pacification programs are programs of the Republic of Vietnam. As previously stated, much of the monetary support for the programs comes from the United States but the programs are Vietnamese programs.

The 1969 Pacification and Development Plan was the first attempt by the Government of Vietnam to pull all elements of pacification together. The Plan was a continuation of the prior pacification campaigns and placed special emphasis on the role of all the people as participants in the military, political, economic, and social efforts. These efforts were aimed at defeating the enemy, restoring public security, and ultimately in establishing stability in the Republic of Vietnam. Under the 1969 Plan, the Government of Vietnam deployed the Regional Forces, Popular Forces, and Rural Development Cadre in as many contested or Viet Cong controlled villages as possible.

The 1970 Plan was directed toward involving people in the Villages and Hamlets in the national struggle. The Plan has eight objectives as follows:

1. Territorial security
2. Protection of the people against terrorism
3. Peoples self defense
4. Local administration of government
5. Greater national unity
6. Brighter life for war victims
7. Peoples information
8. Prosperity for all

These objectives are aimed at achieving a smooth continuation of the 1969 Plan, but with renewed effort to:

--eliminate the remaining Communists political and military strength;

--provide effective security for 100 percent of the people;

--increase the quality in performance of the main tasks;

--build and develop the rural areas, cities and areas bordering them; and

--vigorously develop a local community development spirit.

The 1970 Plan was divided into three phases: Phase I ran from January 1, 1970, to June 30, 1970; Phase II ran from July 1, 1970, to October 31, 1970; and the Supplementary Phase covered the last two months of the year and was extended into the first two months of 1971.

On May 30, 1970, the Government of Vietnam issued a Special 1970 Pacification and Development Plan. The Special Plan set forth two objectives:

(1) complete in four months all the works included in the 1970 Plan, and

(2) develop morale and material factors to assist the village on its way to future economic and financial self-sufficiency.

The Government of Vietnam stated that the Special Plan was issued "* * * to restore the momentum that characterized the implementation of the programs in 1968 and 1969."

The 1971 Plan, titled "Community Defense and Local Development Plan" is a follow-on to the 1970 plans, and will cover the period of March 1, 1971, to February 28, 1972. It has been revised somewhat by consolidating the eight objectives in the 1970 Plan into three broad objectives: Self Defense, Self Government, and Self Development.

CORDS Organization and Personnel

The Commander, U.S. Military Assistance Command, has overall responsibility for U.S. Pacification and Development assistance and administers the programs through his Deputy for CORDS, Chief of Staff, and the Assistant Chief of Staff for CORDS.

At the Saigon level, CORDS has 11 directorates which advise the Government of Vietnam's Ministries and perform the staff and administrative functions. These directorates are under the control of the Assistant Chief of Staff for CORDS and are manned by both military personnel and civilians. CORDS field personnel are under the direct control of the Deputy for CORDS. The organization in the field is similar to CORDS Saigon in that each of the four military regions has staff advisors organized along the same functional lines as the Saigon directorates.

CORDS had about 13,300 personnel at July 1, 1970. The staffs were composed of U.S. military and civilian personnel; local national employees of Vietnam; and third country nationals from such countries as the Philippines, Korea, etc. Over 80 percent of the assigned personnel as of July 1, 1970, were assigned to field activities outside of Saigon.

CORDS Financial Programs

When CORDS was established it was decided that it for the most part would receive services, supplies and needed materiel directly from its supporting organizations. Accordingly, it did not establish any central accounting or budget or funds control mechanisms of its own. It drew directly as needed upon its supporting organizations, principally the military services, and used their employees including military personnel to carry out its activities.

In late 1970, the Saigon Headquarters of the Agency for International Development and the Joint U.S. Public Affairs Office still operated independently of CORDS for programs not related to pacification, but their field staffs fall under CORDS for all assistance programs. Since the bulk of the resources for pacification support were and continue to be provided by the military, the Commander, United States Military Assistance Command, Vietnam, was charged with the leadership of the program under the overall authority of the Ambassador.

The combined financing of the CORDS programs for the three years 1968 through 1970 totaled about $4 billion. The United States budgeted approximately $2.1 billion, and the Government of Vietnam budgeted the equivalent of about $1.6 billion. Also, the equivalent of about $300 million was made available from U.S.-owned or controlled local currency (piasters) accounts. This local currency was generated under other U.S. dollar financed assistance programs.

Approximately $3.2 billion or 80 percent of these funds were budgeted for Territorial Security or related military programs. Other uses for which the funds were budgeted were: Establishment of local government, $328 million or 8 percent; Brighter life for war victims or refugee programs, $141 million or 4 percent; General support, $202 million or 5 percent (General support involves such things as CORDS technical support - personnel support and Air America); Funds in lesser amounts amounting in each case to 1 percent or less of the total were budgeted for People's self defense force; Prosperity for all or civic action; Greater national unity or Chieu Hoi; Protection from terrorism or Phoenix; and People's Information Program.

Under the present CORDS organization the eleven individual directorates, to the extent that they desire it, must obtain their financial information from the agencies (Military services, AID, and CIA) which support their programs. This is a time-consuming task for them and in some cases is avoided. During our survey, we received incorrect and conflicting figures from the CORDS directorates. We also found that some of the responsible officials in the directorates were unaware of the amounts obligated under their programs, and in some instances did not know the amounts in their budgets. In discussing these matters in Saigon our staff suggested to officials there that procedures for central management and control of budgets and obligation data were needed, as well as procedures for obtaining obligation data input on a regular basis from the contributing agencies. At the conclusion of our survey, CORDS informed us that steps were in process to receive and record financial data on a regular basis.

We believe that it is now time for a fuller reassessment of the military and AID financing arrangements, not only in Saigon but also at the Unified Command and Department levels. We believe this is needed to clarify fiscal responsibility, and to overcome the lack of adequate central financial records in CORDS. What may have been most expedient under the earlier circumstances should, in our view, be fully reconsidered now in the light of the changing conditions and the prospective shift toward economic and rehabilitation efforts.

In this regard we would like to express caution about the degree of reliability of any presently available overall documents or reports purporting to contain completely reliable figures on program costs

associated with these operations. We have seen several differing sets of figures as indicated on page 142 of our document. This further supports a conclusion that the system of financial accountability and financial reports on CORDS operations needs to be reassessed and tightened.

Sources of U.S. Contributions

U.S. resources are contributed through the appropriations of the Department of Defense, the Agency for International Development, and the Central Intelligence Agency. CORDS receives resources in the form of funds, personnel and materiel directly from these organizations or from the individual budgets of subordinate U.S. organizations in South Vietnam and the United States.

The U.S. funds used to support the CORDS organization are not appropriated for CORDS as such but instead are appropriated for the function being performed. For example, Department of Defense appropriations which account for some 86 percent of U.S. CORDS funding are from appropriations for operations and maintenance, military personnel and major equipment items.

Program Objectives and Results

The 1970 pacification and development program objectives, and the results thereof, according to CORDS can be summarized as follows:

1. The first objective is to provide effective territorial security for 100 percent of the population. By June 30, 1970, some degree of security had been provided for 91.1 percent of the Vietnamese population. The Government's Regional and Popular Forces assisted by Free World Forces and Vietnamese regular forces, the National Police, and other civilian forces have principal responsibility for territorial security. The Regional and Popular Forces were expanded by over 115,000 during the 18 months ended

June 30, 1970, and have been provided modern weapons and equipment. The National Police are also being prepared to assume a greater role in territorial security, and CORDS has attempted with limited success to increase both the quality and number of police.

2. As a supplement to the territorial security program the Government is attempting to improve the organization, training, and equipment of the Peoples Self Defense Force. The Peoples Self Defense Force is a civilian militia whose mission is to defend the hamlets. The goal of organizing 2.7 million members by June 30, 1970, was exceeded by 800,000.

3. The Government of Vietnam is also decentralizing government administration and permitting village and provincial governments more authority in local matters. As of May 31, 1970, 1,953 of about 2,000 villages had elected officials. CORDS is assisting in developing the capabilities of local officials by providing extensive training programs and deploying Rural Development Cadre to organize and assist village governments.

4. Closely related to the development of local government is the program to involve the people and local governments in economic development projects. During the first seven months of 1970, 8,500 Village Self Development projects were started and during the first nine months of 1970, 511 province level projects were started.

5. Under the Chieu Hoi program the Government attempted to induce 40,000 of the enemy to rally to the Government's cause during 1970. Only 65 percent of the goal for the first half of 1970 was achieved.

6. The Government's Phung Hoang program is directed toward neutralizing members of the Viet Cong Infrastructure, the leadership of the Communist insurgency. As of August 31, 1970, 13,708 members had been neutralized during the year. Attempts to improve neutralization results have included formal training programs, targeting specific individuals in the Infrastructure, preparation of dossiers on known members of the Infrastructure, and emphasis on the timely processing and trial of detainees.

7. The Government has also attempted to establish an effective people's information system to explain the Government's programs and elicit public participation. This goal was being pursued through face-to-face communications, indoctrination courses, television and radio programs, films and distribution of pamphlets and magazines.

8. Finally the Government is attempting to improve the life of war victims by assisting them to resettle in new areas or return to their original villages. The June 30, 1970, goal was to pay full resettlement allowances to 101,825 refugees and to pay full return-to-village allowances to another 273,514 refugees. As of June 20, 1970, only 44,591 war victims had received their full resettlement allowances and only 105,448 had received their full return-to-village allowances. The primary reason for the shortfall was that large numbers of new refugees were generated in 1970 and the Government's resources were diverted from the normal programs to provide emergency relief.

As a result of CORDS assistance, the Government of Vietnam has achieved a degree of success in its pacification and development efforts. However, we observed a number of problems common to many of the Government's programs, which have hindered the full achievement of objectives. We noted that:

--There is a shortage of qualified leaders in the Regional and Popular Forces and the National Police.

--Military priorities have also adversely affected the retention and recruiting of qualified personnel by civil agencies.

--The Regional Forces and the Rural Development Cadre were not deployed in accordance with the instructions contained in the Pacification and Development Plans. The Special Pacification and Development Plan emphasized the deployment of Regional Forces in mobile offense missions. We observed, however, that little success has been realized in redeploying the units.

--Pay and allowances of the Government's military and civilian personnel are considered by CORDS to be low and believe this has contributed to desertions in the military corruption by civilian officials and the inability of civil agencies to recruit and retain qualified personnel.

--The Government, in some instances, has not provided adequate support.

--There has been poor cooperation between Government of Vietnam officials in implementing Government policies. This has been particularly true in the Phoenix program in which the lack of inter-agency cooperation has been one of the more significant factors hindering program effectiveness.

These problems have been recognized by CORDS and in some instances remedial measures have been developed.

Recent articles appearing in the press since July 10, 1971, conveyed an implication that our survey of the Pacification Program had disclosed that $1.7 billion of the funds available for that program were lost. This was a misinterpretation of statements contained in our survey document. On page 137 of that document we said:

> "We were unable to obtain obligations for $1.7 billion of the $2.1 billion budget shown above. The largest part of this, about $1.3 billion, was budgeted to provide military hardware and other commodities to the Regional and Popular Forces under the Military Assistance Service Funded program. Because this program also provides commodities to other Vietnamese military organizations and records segregating deliveries to the Regional and Popular Forces are not maintained, we were unable to obtain obligations."

The point we were developing in our survey was the fact that the overall operational costs for the various programs administered by CORDS are not available at CORDS nor to the best of our knowledge anywhere else. In other words, we are concerned that the absence of adequate fiscal control over the operating programs of CORDS is a serious weakness which could permit the misappropriation of equipment, materials, and supplies without alerting management in a timely manner.

We did not intend for our statements to infer in any way that we believed $1.7 billion of funds were lost. It is our belief, however, that in the absence of adequate financial controls at CORDS it would be

very difficult if not impossible to accurately reconstruct the value of and disposition of equipment, supplies and services that have been furnished by the U.S. for the operating programs of CORDS.

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To summarize--we believe that the main elements and related questions pointed up by our survey are:

1. CORDS, as the organization responsible for administering the U.S. pacification program in Vietnam, has not been given responsibility for financial stewardship and accountability for the costs of the programs it administers.

   We believe that CORDS or any other U.S. organization responsible for managing a foreign assistance program, should not be exempted from the integral and very important part of that responsibility that relates to financial stewardship and accountability.

2. The military financial budgeting and accounting system does not provide information as to the portion of the materiel supplied from the U.S. military pipelines into the CORDS program.

   We believe the system should be modified to provide such information.

3. The present system results in a blurred distinction of accountability between the respective U.S. military services, Free World military forces, the Vietnamese armed forces, and CORDS.

   We believe that consideration should be given to the more fundamental question of whether an operation such as a U.S. foreign assistance program or CORDS should have adequate financial control relatable to that foreign assistance program.

We expect to look further into the system for financing and controlling the CORDS operation and plan to make reports to the Congress on the results of our work.

This concludes our statement, Mr. Chairman. As I indicated earlier, it is based on the initial survey work performed by our staff in Vietnam. Much of the supporting detail is classified, but to the extent that we can we will be glad to answer questions.