Attached are two copies of the proposed negotiated contract. If you can get your comments to me by Thursday noon, December 30, it would be greatly appreciated. If any of you feel that it would be desirable to have a group conference on Thursday please let me know.
From: Edward W. Weidner, Director, Governmental Research Bureau, Michigan State College

Subject: Public Administration Contract with Vietnam

1. Transmittal herewith is the second draft of the proposed contract in public administration between the Government of Vietnam and Michigan State College, East Lansing, Michigan.

2. This draft has been submitted to the Government of Vietnam, to Ambassador Collins, and to FOA Washington for approval as to its professional and administrative content. FOA Saigon has already given its approval. Matters of a financial or accounting nature are to be worked out between Michigan State's comptroller's office and FOA Washington.

Distribution:

President Hannah--2
Mr. May--3
Dean Wyngarden--1
Dean Combs--1
Mr. Denison--2
Mr. Killingsworth--2
Mr. Brandstatter--2
Dean Muelder--1
Dean Hamilton--1
Dean Cowden--1
Dean Erickson--1
Dean Osgood--1
Dean Harden--1
Governmental Research Bureau--25
FOA Washington--10
Vietnamese Ambassador--2
FOA Saigon--4
Ambassador Collins--2
Vietnamese Government--4
Mr. Fishel--2
Mr. Fox--1
CONTRACT

between

The Government of Vietnam

and

Michigan State College

Contract made this day of 195 , between the Government of Vietnam, having its capital at Saigon (hereinafter referred to as the Government), and Michigan State College, an educational institution chartered by the State of Michigan, with its principal office in the City of East Lansing, State of Michigan, U.S.A. (hereinafter referred to as the Contractor).

The Government and the Contractor mutually agree as follows:

Article I. Scope of Services to be Performed by Contractor

The Government employs the Contractor, and the Contractor accepts employment, to carry out, during the term of this contract, projects and activities as provided in Annex I, attached hereto and hereby made a part of this contract. It is understood that Annex I may be modified or supplemented from time to time by agreement of the Government and the Contractor.

Article II. Personnel to be Furnished by the Contractor

In carrying out projects and activities under this contract, the Contractor shall maintain in residence in Vietnam a professional, technical, and administrative staff, whose numbers, qualifications, and conditions of employment shall be those specified in Annex II, attached hereto and hereby made a part of this contract. The Contractor shall also provide such personnel in the United States as may be necessary to discharge its responsibilities under this contract.
Article III. Conditions Governing Operations by Contractor

A. The Contractor assumes full responsibility for the efficient and diligent performance of all services to be rendered by it under this contract.

B. The Contractor agrees to furnish supervision and direction of its personnel and activities under this contract and to supply services and materials to support operations hereunder as specified in Annex I.

C. The services specified in Annex I shall be performed under the general direction of the Government, pursuant to the work plans agreed to by the Government and the Contractor, and in close liaison with the Director of the United States Operations Mission to Vietnam (hereinafter referred to as USOM).

D. Before commencing any project covered by this contract or any supplement or amendment thereto, the Government and the Contractor shall agree upon a general work plan, budget, and table of organization, indicating the basis upon which the Contractor proposes to carry out such project. Projects shall be carried out in accordance with the agreed work plans, budgets, and tables of organization, but appropriate modifications of the budget estimates may be made by the Contractor in carrying out the work within the total amount specified in the budget. These documents shall be supplemented and revised as necessary whenever the Government provides additional funds to the Contractor, and they may be supplemented and revised by mutual agreement at any other time.

E. The Contractor shall prepare and submit to the Government semi-annual progress reports, the first to be submitted within six months after the arrival of the first member of the staff referred to in Article II. These reports shall cover progress made, plans for the following six-month period, and recommendations concerning current needs of the Government. The Contractor shall submit a final report upon completion of activities under this contract. These reports will be submitted at the same time to USOM and the Contractor's home...
F. In order to assure continuous and co-operative planning and operations hereunder, the Contractor shall encourage and permit authorized representatives of the Government and USOM, at all reasonable times, to visit the Contractor's facilities and to inspect the facilities, activities, and work pertinent to this contract, either in the United States or in Vietnam, and to interview personnel engaged in the performance of this contract to the extent deemed necessary by the Government.

G. The Contractor agrees that it and its personnel, while in Vietnam, will abide by all applicable laws and regulations of Vietnam and the political subdivisions and municipalities thereof.

Article IV. Facilities and Services to be Provided by the Government

A. The Government, in order to assure full local benefits from the work as well as its expeditious conduct, assumes the responsibilities specified in Annex III, attached hereto and hereby made a part of this contract.

B. The Government agrees to make a clear assignment of responsibility to the ministries or other government establishments charged with the general direction of the projects and activities covered by this contract.

C. The Government agrees to provide, without charge to the Contractor, such facilities, services, and assistance in carrying out this work in Vietnam as are set forth in Annex III.

D. The Government agrees to develop, to the extent permitted by its available resources, its own personnel, facilities, programs, and activities to permit the early and effective accomplishment of the objectives of this contract. These shall include, but not be limited to, the specific matters described in Annex III.
Article V. Financial Provisions

A. In consideration of the services to be performed by the Contractor, the Government will reimburse the Contractor for the costs of services performed hereunder; provided that the total cost shall not exceed, without the prior written approval of the Government, the equivalent of U.S. _______ in all currencies, of which not more than _______ shall be U.S. dollars. For purposes of this contract the relative value of other currencies and U.S. dollars shall be determined by applying the official commercial rate of exchange or conversion factor applicable to export transactions from the country concerned, other than the U.S., prevailing on the date of this contract; provided that, in the event of any substantial change of such rate, a new rate shall be agreed upon by the Government and the Contractor. Payments by the Government to the Contractor shall be made at the times and in the manner set forth in Annex IV, attached hereto and hereby made a part of this contract.

B. It is understood by the parties hereto that all the funds to be paid to the Contractor by the Government are to be provided through the Foreign Operations Administration, a part of the Government of the United States of America, (hereinafter referred to as FOA), in accordance with relevant agreements between the Government of the United States and the Government of Vietnam. It is further understood by the parties hereto that the local costs for personal services, equipment, materials, and supplies necessary for the direct support of the projects covered by this contract are also to be provided through project agreements between the Government of Vietnam and USOM.

Article VI. Rights and Obligations of FOA

A. In consideration of the financial participation of FOA anticipated by the parties hereto, the Government and the Contractor agree that FOA shall have such rights in connection with this contract as are set forth in the Letter
of Commitment/Guaranty referred to in Annex IV.

B. FOA shall participate in the disbursement and auditing of funds in all currencies to the extent described in Paragraphs 10 and 13 of Annex IV.

C. It is understood that the Contractor's staff will consult with the USOM director and may disclose to him or his staff any information relating to the work performed under this contract.

D. USOM shall be directly concerned in the periodic reviews of progress under this contract.

Article VII. General Provisions

A. Use of Records. The recommendations furnished pursuant to Article I hereof, and all notes, memoranda, and other technical data, furnished by the Contractor pursuant to or developed in connection with the provisions of this contract, shall become and remain the property of the Government, and the Government shall have the right to request custody of them and to use them for any beneficial purpose without any additional compensation to the Contractor. This provision shall not be interpreted in such a way as to jeopardize the right of members of the Contractor's staff to make and keep their own personal and professional records and notes, such as lecture and research notes, within the limits prescribed by existing security regulations.

B. Title to Property. Title to all equipment, materials, and supplies, the cost of which is reimbursable to the Contractor by the Government, shall be in the name of the Government; and all such equipment, materials, and supplies remaining upon completion or termination of this contract shall be turned over to the Government. The Contractor shall prepare and keep up-to-date an inventory and register of such property.

C. Taxes and Customs Duties. It is understood that all payments made to the Contractor by the Government or by the Contractor to its employees, other
than Vietnamese nationals, under this contract shall be exempted, to the extent permitted by the laws of Vietnam, from any taxation, duty, or levy which may now or hereinafter be imposed by Vietnam or any political subdivision thereof. Members of the Contractor's staff shall also be exempt from all other Vietnamese levies, including customs levies on goods imported by them or their dependents for their own use or consumption, to the same extent as FOA personnel of equivalent rank.

D. Privileges and Immunities of Contractor's Personnel. The Government shall accord to the members of the Contractor's staff in Vietnam the same privileges and immunities as are accorded USOM personnel in Vietnam.

E. Assignment. The Contractor shall not assign, transfer, pledge, or make other disposition of this contract without first obtaining the written consent of the Government.

Article VIII. Duration and Termination

A. Period of Contract

1. Effective Date. This contract shall be effective as of ______________, 19_____, upon execution by the parties hereto and upon establishment of the FOA Letter of Commitment/Guaranty referred to in Article VI-A and Annex IV.

2. Term and Termination. This contract shall remain in force for a period of three years from the effective date hereof, unless previously terminated in accordance with the provisions set forth below.

   a. In the event that FOA financing under the said Letter of Commitment/Guaranty shall be terminated and the Government does not otherwise make available sufficient funds to continue operations under this contract in a form acceptable to the Contractor, the obligations of both parties hereunder shall terminate on the
date of termination of FOA financing.

   b. The Government may terminate this contract on ninety days' written notice to the Contractor.

c. The Contractor shall not be liable for any delay in performing its obligations hereunder, if any such delay arises from causes beyond the control and without the fault or negligence of the Contractor, provided that the Contractor gives prompt notice thereof to the Government. If such causes shall prevent performance hereunder for a continuous three-month period after such notice, Contractor may terminate this contract on ninety days' notice to the Government. Such causes include, but are not limited to, acts of God or of the public enemy, fires, floods, epidemics, strikes, quarantine restrictions, acts of government, and unusually severe weather.

d. If the Government does not furnish the Contractor with either a Certificate of Performance, as specified in the Letter of Commitment/Guaranty, or a statement of the reasons for the failure to furnish such Certificate of Performance, within sixty days after delivery of the Contractor's request for such certificate, the Contractor shall have the right to terminate this contract on thirty days' notice to the Government.

e. If the Government is unable or otherwise fails to fulfill its obligations as set forth in Article IV and V above, the Contractor may terminate this contract upon sixty days' written notice to the Government.

3. Renewal. This contract may be renewed, for an additional period of three years or less, by mutual agreement of the parties hereto; provided
that such agreement be reached not later than thirty days before the expiration date.

B. Obligations upon Termination. In the event of termination in less than three years, the Contractor shall make every effort to maximize the usefulness to the Government of that portion of the work which has been accomplished and to minimize the Government's obligations hereunder; and the Government:

1. Shall furnish for the Contractor's personnel and their dependents transportation and travel allowances for their return to their homes in the U.S., as well as quarters and cost-of-living allowances due them up to date of their departure.

2. Shall reimburse the Contractor for salaries paid to staff members performing work under this contract for the remainder of their agreed period of service with the Contractor to the extent that the Contractor is liable to make such payments under its arrangements with such employees; provided that such payment shall not extend beyond one year from the effective date of termination or beyond the original expiration date of this contract as specified in Article VIII-A, whichever is earlier.

3. Shall reimburse the Contractor for all other expenditures and obligations properly incurred by the Contractor hereunder and unpaid at the effective date of such termination.

Article IX.

This contract is prepared and signed in English and French texts, both of which have equal validity. If any difficulty arises in interpreting the English or French texts, the U.S. Ambassador to Vietnam shall determine the true meaning.
IN WITNESS WHEREOF, the parties hereto have executed this contract on the day and year first above written.

For the Government of Vietnam:  
His Excellency, The Ambassador of Vietnam to the United State of America

(SEAL)

For Michigan State College:  
The President of Michigan State College

(SEAL)
ANNEX I
Activities to be Carried out by the Contractor

In accordance with the provisions of this contract, the Contractor will carry out projects and activities in the field of public administration as follows:

General Plans:

1. Beginning as soon as practicable after the execution of this contract, the Contractor will send a staff of professional, technical and administrative personnel to Vietnam to assist the Government in establishing and operating a National Institute of Administration for the purposes of improving the training and competence of government officials and employees, offering instruction at the university level related to a degree or certificate program in public administration, developing a program of research in government, and improving the organization and functioning of the Presidency, the police, field administration and local government.

2. All personnel sent to Vietnam by the Contractor to perform duties under this contract shall be named as members of the staff of the National Institute of Administration and shall be assigned as individuals to perform full-time or part-time services in connection with the following projects:

   a. National School of Administration (now at Dalat).
   b. In-service training program for government officials and employees.
   c. University level teaching related to a degree or certificate program in public administration.
   e. Improvement of the organization and functioning of the Presidency, the police, field administration and local government.
3. The Contractor's staff shall work in close contact with the Vietnamese personnel directly concerned with the projects covered by this contract, imparting to the latter as much of their knowledge and experience as is practicable, to the end that the Vietnamese personnel shall be prepared to assume full charge of the institutions and projects dealt with in this contract at the time of its termination.

4. Training of Officials - Where it seems necessary and desirable to the furtherance of the services being performed under this contract, the Contractor in consultation with the Government will aid in selecting officials for training and observation in the United States or other countries. Persons so selected may be trained at the Contractor's institution in the United States or at other institutions selected by the Contractor, in consultation with the Government, FOA, and other agencies concerned. Costs of the training and observation provided for in this provision shall not be incurred in amounts in excess of cost ceilings established in accordance with prevailing FOA policies for this type of training and observation. Unless otherwise stipulated, this training and observation shall be for a maximum of twelve months.

5. The Contractor shall render advice to the Government upon the following matters in connection with the projects in which the Contractor's staff in Vietnam is participating:

   a. The ordering and classification of books, manuals, pamphlets, periodicals, instructional aids, and other publications for use in training projects or to become part of any collection of reference material.

   b. The selection of books, manuals, pamphlets, or other publications for translation from one language to another and the translation and reproduction of such materials.
Teaching

6. The Contractor's staff in Vietnam shall prepare and offer suitable courses of study, training, and practice related to a degree or certificate program in public administration including at least the following:

- Comparative political institutions
- Recent political thought
- International politics
- Principles of public administration
- Personnel administration
- Financial administration
- Organization and methods
- Local government
- Governmental planning
- Ethics of the public service
- Public relations
- Police Administration
- Accounting
- Statistical methods and practice
- Tax Administration and Public Finance
- Fundamentals of Economics
- Office management
- Typing
- Shorthand and other secretarial skills

Other elementary supporting courses in other social sciences in the National
Institute of Administration, as may be consistent with the fields of specialization of the members of the Contractor's staff in Vietnam.

7. The Contractor's staff in Vietnam shall provide in-service training in the subject areas listed in paragraph 6 of Annex I as may be consistent with the fields of specialization of the members of the Contractor's staff in Vietnam.

8. In connection with its teaching duties and activities in Vietnam, the Contractor shall consider and develop plans, materials, aids, and devices for the constant improvement of the quality of instruction, including at least the following:

- Audio-Visual aids in instruction
- Exhibits and demonstrations
- Materials for instruction in public administration by the case method
- Long-range plans for the development of university level instruction in political science and public administration
- Assessment of educational needs in fields covered by this Contract
- Expansion of training facilities

Conferences

9. The Contractor shall assist the Government in organizing and conducting frequent conferences and round tables to assemble government officials and employees for the discussion of problems of administration, management, organization, and methods of work in government offices and services.

Research

10. The Contractor shall assist the Government in establishing and operating a comprehensive research and reference program in the problems of government in Vietnam, and in developing a reference library.
Police Administration and Training

11. The Contractor shall assist the Government in developing sound organization and methods in the police services and in improving the training and equipment of the police. The Contractor's staff in Vietnam shall render advice on police work to the branches of the police designated by the Government. The Contractor shall offer courses of training in police organization and methods, and shall assist the Government in the operating of a training center or school for this purpose, according to work plans prepared in advance by the Contractor for approval by the Government.

Presidency of the Government

12. The Contractor shall assist the Government in developing sound organization and methods in the Presidency of the Government, with a view to improving the planning, advisory, administrative, intelligence, public relations, and policy-formulating services designed to assist the President of the Council in discharging his responsibilities. Members of the Contractor's staff assigned specifically to the project for the improvement of the Presidency shall advise the Government on those matters and also upon possible improvements in security practices, communications, records administration, and office equipment.

Local Government

13. The Contractor shall assist the Government in developing sound organization and methods in local government with a view to improving central-local and central-field relations and field administration and local government. Members of the Contractor's staff assigned to the project for the improvement of local government shall make a thorough survey of local government and field administration and central-local and central-field relations and report and interpret their findings to the Government.
Professional Associations and Publications

14. The Contractor will provide assistance in the development of professional associations and technical publications as a means of furthering the exchange of ideas and experiences in specialized fields.
ANNEX II

Provisions Applicable to Contractor's Personnel

Number and Qualifications of Personnel

1. The Contractor shall furnish a regular professional, technical, and administrative staff to carry out the provisions of this contract in Vietnam, including a Chief Advisor who shall be the representative of the Contractor in Vietnam and the supervisor of the other members of the Contractor's staff in Vietnam. Said regular field staff shall not exceed 30 American personnel except by prior written agreement of the parties hereto and FOA.

Home Staff

2. Contractor shall maintain at Michigan State College in Michigan, a coordinator, specifically designated by the Contractor's President, and such secretarial and technical assistance as is necessary to effectively supervise and coordinate the activities under this Contract, including up to three weeks of briefing in East Lansing for Contractor's personnel to be sent to Vietnam.

Short-Term Consultants

3. With the advice and consent of the Government and FOA, Contractor may send to Vietnam such short-term consultants as may be needed effectively to implement the fulfilling of the purpose of this Contract.

Inspecting Officers and Executives

4. Upon obtaining prior written approval of the Government, Contractor may send such of its officers and executives to Vietnam as may be required to review the progress of the work under this Contract, but not to exceed three man round trips per year. No direct salary charges will be paid hereunder in respect to any such officers or executives.

5. The Contractor shall send the Chief Advisor and at least one other member of its staff to Vietnam in order that they may assume their duties not
later than sixty days after the effective date of this contract.

6. The Contractor shall send other professional and technical personnel to Vietnam in accordance with the work plans referred to in Article III-D.

7. The Contractor's professional and technical staff in Vietnam, including the Chief Advisor, shall be chosen so that the group contains representatives, capable of performing the activities specified in Annex I.

**Conditions of Employment**

8. Each staff member sent to Vietnam by the Contractor shall serve for a period of not less than two years, including orientation time in East Lansing, Michigan, and Washington, D.C., travel to and from Vietnam, and leave taken during this period, unless otherwise stipulated in writing by the parties here to. This provision shall not apply to consultants specifically employed for shorter terms.

9. Contractor agrees to submit to the Government and to FOA on forms provided for this purpose biographical information on any of the individuals now or hereafter employed directly on the performance of the Contract; provided, that in respect of personnel to be sent overseas for work on the Contract, Contractor shall obtain prior approval from the Government and FOA. On the written request of FOA or of the Government transmitted to the Contractor through diplomatic channels or through USOM, the Contractor will terminate the employment on the Contract of any individual or individuals serving under the Contract.

10. It is understood and agreed that Contractor may grant to personnel employed under this Contract:

   a. Vacations of reasonable duration.

   b. Reasonable sick leave.

   c. Reasonable delays en route, while in travel status, caused by events beyond the control of the traveler or Contractor (other
than those caused by physical incapacitation; it is understood that for delays caused by physical incapacitation personnel shall be eligible for such sick leave as is provided under b next above.)

d. Home leave - Provided, that personnel must have spent at least two years outside the United States under this Contract and have agreed to return to Vietnam for at least one additional year under this Contract.

e. Without limiting the term "reasonable" any vacations, or sick leaves, or delays comparable to those granted United States Government employees or in accordance with the established practice of the Contractor shall be deemed reasonable.

Additional delays en route shall be granted by Contractor to personnel if requested by the Government for the convenience of the Government.

Reasonable delays en route other than those authorized in 1(c) above, may be granted by Contractor to personnel leaving Vietnam for the United States, provided that salary costs during such leaves are charged to and within the established limits of authorized vacation time, and provided further, that costs of such travel (including authorized transportation and authorized travel allowances) shall not be reimbursed beyond the amount that would have accrued had travel been direct and expeditious by scheduled commercial air carrier.

11. International travel shall normally be by first class commercial scheduled air carrier. However, personnel may travel by other means so long as such personnel arrive at their posts of duty upon the dates agreed upon by the parties hereto, provided that travel costs (including authorized transportation and authorized travel allowances) shall not be reimbursed in amounts in excess of that which would have accrued had travel been by the most expeditious air route.
12. Members of the Contractor's staff in Vietnam shall be entitled to the same rights and privileges as FOA employees in Vietnam of equivalent grades, with respect to:

   a. Travel to port of embarkation.
   b. International travel.
   c. Sponsorship of dependents.
   d. Transportation to and from Vietnam of accompanied air baggage, ocean freight, household goods, and privately owned automobiles.
   e. Storage of household goods in the U. S.
   f. Medical care and dispensary.
   g. Special passports
   h. Commissary.
   i. Housing
   j. Use of diplomatic pouch and/or APO
   k. Local transportation in Vietnam.
   l. Use of FOA travel section
   m. Officer's Club
   n. Dependent's schools.
ANNEX III

Responsibilities of the Government

General Provisions

1. It is understood that the responsibilities of the Government described in this annex and referred to in Article IV of this contract depend upon the facilities and resources available to the Government, including financial and other assistance rendered through project agreements between the Government and USOM. It is further understood that project agreements between the Government and USOM will be prepared before the beginning of operations under this contract, and continued during the term of this contract, for the purpose of assisting the Government in meeting its obligations under this contract.

2. In the work plans, tables of organization, budgets, and other operating agreements reached between the Government and the Contractor, the responsibility of the Government shall be stated in a precise manner and shall not be in excess of the facilities and resources of the Government.

General Plans

3. The Government shall establish by appropriate law or decree, promulgated not later than thirty days after the effective date of this contract, the National Institute of Administration, as a part of the Presidency of the Government. The Government shall also designate the permanent official of the Presidency who shall have staff responsibility for the Institute and shall give to him attributes and responsibilities consistent with this contract and its annexes.

4. The Government will confirm the appointment of the members of the Contractor's staff in Vietnam as members of the staff of the National Institute of Administration.
5. The Government shall provide, or continue to provide, an adequate staff for the National Institute of Administration including the degree or certificate program, the in-service training program, the research program, the police services, or other office or service of the government directly concerned with the projects covered by this contract. The staff to be provided by the Government shall include at least the following:

- Director of the National Institute of Administration
- Professors and instructors for teaching and training
- Research assistants
- Interpreters and translators
- Secretarial and clerical personnel
- Custodial personnel

The Government shall name at least one Vietnamese official of professional or technical qualifications to serve as the counterpart or counterparts of each member of the Contractor's regular professional and technical staff in Vietnam. The provision by the Government of assistants, interpreters, and secretarial personnel shall not be construed as limiting the employment of similar personnel by the Contractor.

6. The Government shall co-operate in the choice of Vietnamese experts, technicians, and students to receive training in the United States under this contract. It is understood that persons chosen for such training will be released from any government position which they hold for the period of training and will be re-employed in the same or a more responsible position upon the completion of training.

Teaching

7. The Government shall provide for the transfer of the National School of Administration from Dalat to Saigon and of its functions to the National
Institute of Administration. The Government shall see that the curricula of the Institute shall include suitable courses of study, training, and practice in public administration and allied subjects as listed in Paragraph 6 of Annex I.

8. The Government shall establish a comprehensive program of training for public officials and employees already in office, providing as far as practicable for the release of officials and employees from their regularly assigned duties without loss of compensation in order to participate in such training courses.

Conferences

9. The Government shall organize and conduct frequent conferences and round-tables to assemble government officials and employees for the discussion of problems of administration, management, organization, and methods of work in government offices and services. The Government shall, insofar as it is practicable, release its officials and employees chosen to participate in such conferences from their regular duties to make attendance possible.

Research

10. The Government shall make available, consistent with existing security regulations, all reports, statistics, and other information necessary for the efficient conduct of research by the staff of the National Institute of Administration in connection with projects covered by this contract; and the government shall instruct the heads of offices and services to release such reports, statistics, and other information upon request.

Police Administration and Training

11. The Government shall institute a program for the improvement of organization and methods in the police services, and shall indicate to the Contractor the branches of the police with respect to which advice is desired. The Government shall make available to the Contractor all records, reports, and other
information necessary to enable the Contractor's staff in Vietnam to assess the needs of the police services for reorganization, equipment, materials, and training. The Government shall instruct the heads of offices and services within the police organization to co-operate fully with the members of the Contractor's staff in Vietnam, to the end that the efficiency of the police may be improved.

**Presidency of the Government**

12. The Government shall institute a program for the improvement of organization and methods in the Presidency of the Government. The Government shall make available to the Contractor all records, reports, and other information necessary to enable the Contractor's staff in Vietnam to discharge its obligations under Paragraph 12 of Annex I of this contract. The Government shall instruct the heads of offices and services within the Presidency to co-operate fully with the members of the Contractor's staff in Vietnam, to the end that the efficiency of the Presidency may be improved.

**Facilities, Equipment, Materials, Supplies, and Services**

13. The Government shall provide, within the limits of its resources, the facilities, equipment, materials, and supplies necessary to the accomplishment of the mission of the Contractor's staff in Vietnam. Such assistance, to be furnished by the Government, shall include, but not be limited to: land, buildings, housing, office and classroom furniture and equipment, books, instructional materials, motor transport, interpreting-translating services, stenographic and clerical services, mimeographing and printing services, and remodeling of premises.

In order to ensure the efficient functioning of the Institute of Public Administration, the Government shall assign, within thirty days after the effective date of this contract, a suitable site or sites in or near Saigon for the
location and establishment of the Institute; and the Government shall, as soon as practicable and within the limits of its resources, assign existing buildings, or proceed to construct temporary or permanent buildings, suitable for use as classrooms, reading rooms, assembly rooms, dormitories, library, refectory, dispensary, or other facility designed to contribute to the purposes of the Institute; or as offices, reception rooms, and living quarters for the members of the staff of the Institute, both American and Vietnamese, insofar as they are entitled under the conditions of their employment to occupy such premises.
The following material was not reviewed in Saigon, since it was felt that Washington FOA and Michigan State could work these provisions out by themselves.

**ANNEX IV**

Reimbursable Costs in the United States

The following shall be deemed to be reimbursable costs in the United States:

A. **Salaries of Contractor's Personnel**

1. Salaries paid by Contractor to staff members performing work under the Contract. Such payments shall include:

   a. Base salaries paid by Contractor to staff members performing work under the Contract not in excess of one or the other of the following rates:

   (1) For personnel on Contractor's regular staff or persons recruited from other academic or public institutions, amounts regularly paid to such personnel adjusted for comparable periods of employment and subject to normal merit and promotion increases, in accordance with the customary salary practice of the Contractor or the last academic employer. For personnel specially employed by the Contractor for work on the Contract from non-academic or non-public institutions, amounts approved in advance by FOA. Exceptions to the foregoing (involving such considerations as additional professional income from consulting services, non-regular teaching, etc.) may be made and base salaries in excess of $15,000 per annum may be paid only with the prior written approval of FOA; or

   (2) Amounts regularly and actually received by individual staff members, not in excess of $8,000 per annum from, and in accordance with, the customary salary practice of the Contractor or of the last academic or public employer of such staff member, plus an amount not in excess of 25 per cent of
such amounts received provided that this paragraph shall not be applicable to personnel serving permanently in the United States under this Contract.

(3) Amounts approved in advance by FOA when not arrived at under (1) and (2) next above.

b. In areas where overseas differentials are paid to FOA employees, overseas differential of the same percentage (of base salary) as is provided such FOA employees, pursuant to the Standardized U. S. Government Civilian Allowance Regulations (Foreign Areas). It is understood that this differential shall be paid only for time spent in countries outside the United States.

2. Salary payments to field staff personnel shall begin upon the date that field staff personnel leave their home or usual place of business for their overseas post or begin their briefing in the United States for overseas work, and shall continue, unless otherwise agreed, until the return (in the most expeditious manner) of such personnel to their home or usual place of business, subject to the provisions of Annex II, paragraphs 9 and 10. It is understood that this period shall cover all time used for authorized vacations (including where applicable, home leave), sick leave, and delays enroute; provided, that salary payments for time spent in travel by any type of carrier or conveyance shall be limited to the amount which would accrue upon use of the most expeditious regularly scheduled commercial air route; provided further, however, that delays occasioned by events beyond the control of Contractor or its personnel shall not be so limited.

3. Salary payments to home staff personnel shall begin on the date of assignment to duties under this Contract and shall terminate in accordance with the Contract. Home staff personnel shall otherwise be entitled to salary payments as provided for field personnel in 2 next above. In the event that home
staff personnel are assigned to work directly on this Contract on a pro rata time basis, the pro rata portions of salaries determined as being chargeable to this Contract shall be based on records kept in accordance with contractor's usual accounting procedures.

4. Salary payments may be made to staff members of base salaries in the event Contractor's services are terminated, pursuant to Article VIII-B or in the event that an employee's services are terminated by the Contractor for reasons other than misconduct, such misconduct to be judged by the Contractor, to the extent Contractor is liable to make such payments under its arrangements with such staff members provided, that such staff members are not otherwise gainfully employed during the compensable period following such termination or if gainfully employed but at a lesser compensation payments will be made to equalize the difference, and provided further, that such payments shall not extend beyond one year from the date of the employee's termination or the original expiration date of this contract, whichever is earlier.

B. Other Costs in the United States

1. Travel Costs in the United States

a. The costs of authorized transportation in the United States of all travelers engaged in travel directly referable to this contract; provided, that such travel as is not a part of international travel (provided for in Annex V-A-1) may be by common rail or bus carrier as well as air carrier.

b. The cost of authorized travel allowances in the United States to all travelers.

c. "Authorized transportation" shall mean with respect to travelers, transportation by the most expeditious first-class commercial scheduled airline (except as set forth in Annex II, paragraphs 9 and 10 and Annex IV, B, I), and
with respect to international carriage of baggage and household effects, shall mean such baggage not in excess of fifty pounds of accompanied excess for each traveler, and not in excess of two hundred pounds of unaccompanied air baggage for travelers other than dependents, and not in excess of three thousand pounds net of household effects (of which not more than five hundred pounds may be foodstuffs) by surface carrier for each member of the field staff assigned to duty for not less than two years; provided that return transportation from Vietnam to the United States shall not be deemed to be authorized transportation for any technician who resigns within six months or any dependent who returns to the United States within six months; and provided further that any travel of dependents within the meaning of the term "authorized transportation" shall be limited to international travel. In addition, the term "authorized transportation" shall include any transportation hereinelsewhere specifically provided for.

d. "Authorized travel allowances" shall mean with reference to international travel and travel in the United States, travel allowances to travelers eleven years of age or over of $10 per day and to travelers under eleven years of age of $5 per day for travel time (which shall be the time required by scheduled commercial air carrier by the most expeditious scheduled route between points of origin and destination of trips) and with reference to travel in Vietnam on business referable to this contract, shall mean travel allowances at such rates as are prescribed by United States Government Travel Regulations, as from time to time amended, for travel in Vietnam.

2. Transportation of Baggage and Household Effects in the United States

The costs of authorized transportation in the United States of baggage and household effects.
3. United States Training Programs

The costs of training programs to be carried out in the United States (including transportation in the United States) for participants of Vietnam under paragraph 4 of Annex I.

4. Insurance

The costs of premiums paid by Contractor for retirement, group insurance, special health and accident insurance for contractor's personnel and dependents, in addition to that carried by the Contractor and other insurance if such premiums for such retirement or insurance are made by Contractor under its normal practice, or with the prior written approval of FOA if Contractor has no such normal practice.

5. Out-of-Pocket Expenses

The costs of actual out-of-pocket expenses in addition to those mentioned above including, but not limited to, communication expenses such as costs of telephone and telegraph, postage, cables, preparation and reproduction of training and reference materials and reports, stationery, books, reference materials procured solely for the performance of work under the Contract, and transportation costs thereon, from Contractor's campus or supplier's shipping point to Vietnam and return; passport and inoculation fees, health examinations for staff members and dependents, and other similar dollar expenses incurred by the Contractor in performing work under the Contract.

6. Purchase of Equipment

The costs of purchasing special equipment necessary to the furtherance and development of the services being performed under this contract and for the purchase of cars, jeeps, household goods and related equipment necessary to the housing and support of the staff. All purchases under this provision shall be
made pursuant to the regular practices and procedures used by the contractor in order to assure best purchasing results. Nothing in this section shall be construed as limiting USOM's responsibility to furnish local transportation and housing in Vietnam.

7. Overhead

The Contractor shall be reimbursed for the reasonable indirect costs incurred in performing this Contract. In the case of projects to be performed away from the Contractor's campus, the allowance shall be made at the "off-campus" rate of per cent of the salaries paid to personnel assigned to work on such projects overseas. In the case of projects to be performed on the Contractor's campus, the allowance shall be at the "on-campus" rate of per cent of the salaries of the personnel assigned to work directly on the project. These allowances for indirect costs shall be used to cover those costs of the Contractor which are normally included in the Contractor's indirect costs in accordance with its customary accounting practice and such costs shall not be billed directly under other provisions of this Contract.
ANNEX IV

Reimbursable Costs Outside the United States

The following costs outside the United States shall be deemed to be reimbursable costs:

A. International Transportation Costs

1. Authorized transportation of all travelers; provided, that the entire trip from point of origin in the United States to Vietnam and return (sometimes referred to herein as international travel) shall for the purposes of this Contract be deemed to be provided for in this subsection.

2. Authorized travel allowances

3. Authorized transportation of baggage and household effects.

4. Transportation of one privately-owned automobile for each member of the professional staff under agreement to serve for two years from the port of embarkation in the United States to destination in Vietnam and return to port of debarkation in the United States.

5. Transportation of participants coming to the United States for training and thereafter returning to Vietnam.

B. Local Travel Costs

Costs of travel in Vietnam in connection with duties directly referable to this Contract. Costs of travel shall include the travel allowance prescribed by Standard U. S. Travel Regulations for Foreign Areas.

C. Allowances

Quarters allowances (for housing to be provided by USOM) and cost-of-living allowances to staff members serving under the Contract. These allowances shall be the same as those provided under the Standardized U. S. Government Civilian Allowances Regulations (Foreign Areas), as from time to time amended.
to U. S. Foreign Operations Officers and employees stationed in Vietnam receiving comparable salaries.

D. Medical Expenses

All medical expenses incurred by Contractor's staff in Vietnam, but this shall not be construed as limiting free access of Contractor's personnel to dispensary in Vietnam.

E. Other expenses

1. Purchase of teaching materials in host country.
2. Translation costs.
3. Direct local expenses, office supplies and materials.
4. Per diem costs in host country of host government officials.
5. Host Government staff salaries and stipends.
ANNEX VI

The Financial Provisions

A. Use of Dollars and Local Currency

The Contractor shall normally use United States dollars provided under this Annex to cover costs reimbursable under Article IV and the local currency provided under this Annex to cover costs reimbursable under Article V; provided that the use of dollars for any cost reimbursable under Article V may be made, if approved in writing by FOA, upon certification by the Contractor to FOA of the fact that local currency funds normally used for the given type of costs have not been made available or cannot be used to secure adequate services or goods, in keeping with the aims and purposes of this Contract.

B. Method of Payment

1. Dollar Payment

   a. Reimbursement to the Contractor

      Reimbursement to the Contractor of the dollar costs incurred in accordance with Article VII hereof shall be paid monthly in U. S. dollars made available by or through the FOA, otherwise in the following manner:

         (1) Documentation for Cost of Services on Contracts with Colleges, Universities and Non-Profit Institutions Financed by the FOA.

            (a) Voucher SF-1034 (Revised) or SF-1146 to be properly executed and submitted in original and three copies:

                (i) With each request for an advance of funds.

                (ii) With a "No-Pay" voucher evidencing disposition of all advances. The "No-Pay" voucher is to be submitted within thirty days after
the first quarter from ( ) through ( ) and each quarter thereafter.
The "No-Pay" voucher accounting for the final quarter under the contract is to be submitted no later than sixty days following the end of the quarter. In the event the funds expended include an individual purchase of equipment or material in excess of $1,000, this voucher must be supported by a copy or photostat of the vendor's invoice appropriately detailed as to the quantity, description and price.

(b) Supplier's Certificate, FOA Form 280, in duplicate:
   (i) To be executed by the Contractor for each "No-Pay" voucher.
   (ii) To be executed by the vendor for each individual equipment or material purchase in excess of $1,000.

(c) Original and one copy of a fiscal report prepared and rendered by the Contractor:
   (i) Stating the estimated requirements for funds requested to be advanced for the quarter, based upon the approved budget established for the contract.
   (ii) Listing the expenditures of funds under previous advance(s), indicating the manner
in which the funds were expended under the approved budget categories.

(iii) Upon completion or termination of the Contract, the Contractor will submit a final fiscal report, detailed by budget categories, of all activities performed under the Contract from inception. (The budget herein referred to is the cost estimate of the Contract approved by FOA at the time of contract negotiation or later modified in accordance with procedures set forth in the contract.)

(d) Certificate of Performance

A satisfactory certificate of performance to be submitted with and covering the same period as each "No-Pay" voucher.

(i) Contracts to which FOA is a party:

For services rendered in the United States; Certificate of Performance (Form FOA-603) to be executed by the Project Manager and approved by his immediate supervisor and, For services rendered in the cooperating country; USOM Certificate of Performance (Form FOA-603-A) to be executed by the Director USOM or his authorized representative, and countersigned by the country desk officer, FOA, Washington.
2. **Local Currency Payment**

   a. Local currency funds shall be paid to the Contractor by the Government of Vietnam through the USOM in a manner similar to the one above used for dollar payments or in a manner adapted to the local situation and agreed to by USOM and Contractor.

   b. The documentation of local currency costs shall be the same as in Annex VI, B, l, a, (2) above unless otherwise directed by USOM in which event documentation shall be on such forms and in such style as USOM shall prescribe.

C. **Refund of Unexpected Funds**

   Within 60 days after the expiration or termination of this Contract, the Contractor shall make a repayment to FOA of all unexpended portions of the dollar funds not otherwise obligated under a legally binding transaction and to the Government of Vietnam through USOM of all unexpended portions of the local currency funds not otherwise obligated under a legally binding transaction advanced to the Contractor hereunder. Such repayment shall include those amounts, the expenditure of which has not been properly documented to FOA on a "no-pay" voucher or to USOM on its equivalent form.

D. **Accounting Records**

   Contractor shall keep full and complete records and books of account in accordance with generally accepted accounting principles covering the financial details applicable to the Contractor and shall require all subcontractors to maintain similar books and records (except under subcontracts for standard commercial supplies and raw materials). FOA and the Comptroller General of the United States or any of his duly authorized representatives, shall -- notwithstanding any certificate of performance issued to the Contractor -- until the expiration of five years after final payment under the Contract, have access
to and the right at all times to examine and audit such records and books of account (and in addition any or all other attachments, correspondence, memoranda, and other records pertaining to the Contract) of the Contractor or any of his subcontractors (except under sub-contracts for standard commercial supplies and raw materials) engaged in the performance of, and involving transactions relating to, the Contract or any sub-contract.
Letter of Commitment/Guaranty

President
Michigan State College
East Lansing, Michigan

Re: Contract dated , between Vietnamese
Government and Michigan State College, East Lansing, Michigan

Dear Sir:

The Director of the Foreign Operations Administration, acting for the
United States of America, hereby undertakes, as herein provided, to make
payments not in excess of __________, on the amounts to which you may become
entitled in accordance with Article V, Annex IV, and Annex V of said con-
tract.

In consideration of the obligation assumed by the Foreign Operations
Administration to make payments to you under this Letter of Commitment/
Guaranty and in accordance with the provisions of Article VI of said con-
tract, it is understood that you will:

1. Obtain the prior written approval of the Director, U.S. Opera-
tions Mission to Vietnam, of:
   a. Any amendments to said contract, including the annexes thereto.
   b. Any other action involving payment to be made to you
      pursuant to said contract which is subject to approval of the
      Government of Vietnam.

2. Confer on the Director, U.S. Operations Mission to Vietnam,
the same rights and authority as provided the Government under
Articles III-C (general supervision), D (work plans), E (reports),
and F (inspection), VII-E (assignment), and VIII-A 3 (renewal) of
said contract; and Paragraph 9 of Annex II (personnel) of said
contract, as fully as if the Director, U.S. Operations Mission to Vietnam, were a party to said contract; provided that you will, at the written request of the Foreign Operations Administration, terminate the employment on the contract of any individual or individuals for security reasons,

3. Require personnel assigned to work under said contract to receive orientation to be furnished by FOA at Washington and by USOM at Saigon.

4. Carry out operations in Vietnam under said contract under the general direction of the Director, United States Operations Mission to Vietnam, on matters relating to the general scope and nature of your activities in each project undertaken under said contract, co-ordination of your operations with other technical assistance activities in Vietnam, relations with the Government of Vietnam, and conduct and discipline of personnel when stationed in Vietnam.

The Foreign Operations Administration reserves the right, under Article VIII-A 2a of said contract, to terminate its obligations to make any or all payments to you hereunder upon ninety days' notice in writing to you at the above address, in which event payment hereunder shall be limited to the matters specified in Article VIII-B 2 and 3 of said contract; provided that the Foreign Operations Administration shall have no obligation to make payments to you hereunder after June 30, 1958, unless such date has previously been extended.

Except insofar as inconsistent herewith, all provisions of said contract and its annexes are incorporated herein by reference.

Payments will be made to you by the Foreign Operations Administration.
upon submission of the documents described in Annex VI or, at your option, by advances to you under the following terms and conditions:

1. Upon your presentation to FOA of an appropriate voucher, Standard Form SE-1146, in original and three copies, FOA will advance you the sum of $75,000. Accounts for such funds shall be separately maintained on your books and you will take such steps as may be necessary to assure that such funds shall not be subject to attachment, lien, seizure, or other legal process by any person, firm, agency, corporation, or government.

2. When the balance of funds previously made available to you hereunder falls to approximately $25,000, additional advances will be made from time to time by FOA in amounts of approximately $25,000 each upon your submission of voucher, Standard Form SE-1146, in original and three copies, supported by estimates of costs and expenses expected to be incurred from such advances.

3. You will use funds so advanced only at the rate required properly to perform your services in connection with said contract and will expend all funds withdrawn only in accordance with the terms and conditions of the contract and this letter. You will be directly responsible to FOA for expenditure of all funds advanced hereunder; will account directly to FOA quarterly; will submit the documentation described in Annex VI and such other documents as may be required by FOA to substantiate costs; and will promptly refund to FOA any amounts not expended or accounted for under the terms of said contract and this letter.

4. On termination of this agreement you will promptly return to FOA that portion of any amounts advanced hereunder which are unexpended
and unobligated on the date of termination of the contract.

This Letter of Commitment/Guaranty shall expire June 30, 1958, unless such expiration date has previously been extended.

Your acceptance of the terms and conditions hereof shall be indicated by causing your duly authorized officer or officers to accept this Letter of Commitment/Guaranty and the enclosed original copy hereof and by then returning such original copy to this office. This Letter of Commitment/Guaranty shall be effective when you have so indicated your acceptance.

Very truly yours,

Director of the Foreign Operations Administration

By ____________________________

(Authorized Representative)

Accepted:

__________________________________
Enclosure 1

Form and Notice of Assignment

NOTE: This Letter of Commitment/Guaranty may be assigned only on the form set forth below and only to a banking institution organized under the laws of the United States or of any State, Territory, or Possession thereof, or the District of Columbia. The filing of notice of assignment will not be deemed effective unless date of such notice is properly noted in the space provided below.

After signifying his acceptance of this Letter of Commitment/Guaranty, the addressee named on this Letter of Commitment/Guaranty hereby assigns for value received the right to receive all monies due or to become due hereunder to ____________________________, a banking institution organized under the laws of ____________________________.

______________________________
(Signature of Assignor)

Notice to the Foreign Operations Administration, Washington, D. C. under the Assignment of Claims Act of 1940, sent on ____________________________.

______________________________
(Signature of person sending notice)