

Proj. No. 4890695-D
 PD PD-AAO-467-B1

I. PROJECT IDENTIFICATION

1. PROJECT TITLE
 Youth Rehabilitation and Retraining Center
 (Phase II)

APPENDIX ATTACHED
 YES NO 78p.
 2. PROJECT NO. (M.O. 1095.2)
 489-11-690-695
 5. SUBMISSION DATE
 ORIGINAL 6/24/75
 REV. NO. _____ DATE _____
 CONTR./PASA NO. _____

3. RECIPIENT (specify)
 COUNTRY Republic of Korea
 REGIONAL _____ INTERREGIONAL _____
 4. LIFE OF PROJECT
 BEGINS FY 72
 ENDS FY 75

II. FUNDING (\$000) AND MAN MONTHS (MM) REQUIREMENTS

A. FUNDING BY FISCAL YEAR	B. TOTAL \$	C. PERSONNEL		D. PARTICIPANTS		E. COMMODITIES \$	F. OTHER COSTS \$	G. PASA/CONTR.		H. LOCAL EXCHANGE CURRENCY RATE: \$ US _____ (U.S. OWNED)			
		(1) \$	(2) MM	(1) \$	(2) MM			(1) \$	(2) MM	(1) U.S. GRANT LOAN	(2) COOP COUNTRY (A) JOINT (B) BUDGE		
1. PRIOR THRU ACTUAL FY	250					25	225						
2. OPRA FY 75	250						250						
3. BUDGET FY 76													
4. BUDGET +1 FY													
5. BUDGET +2 FY													
6. BUDGET +3 FY													
7. ALL SUBJ. FY													
8. GRAND TOTAL	500					25	475						

9. OTHER DONOR CONTRIBUTIONS

(A) NAME OF DONOR	(B) KIND OF GOODS/SERVICES	(C) AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. DRAFTER EA/EAA/K:RHellert-Beck <i>RH</i>	TITLE Assistant Desk Officer	DATE 6/24/75
2. CLEARANCE OFFICER EA/EAA/TK:RTaylor <i>RT</i>	TITLE Chief, Thai/Korea Desks	DATE 6/24/75

IV. PROJECT AUTHORIZATION

1. CONDITIONS OF APPROVAL

2. CLEARANCES

BUR OFF.	SIGNATURE	DATE	BUR OFF.	SIGNATURE	DATE
EA/TD	HWDodge <i>HWD</i>	6/24/75	EA/EAA	SJLittlefield <i>SJL</i>	6-24
EA/TD	SShepley <i>SS</i>	6/24/75	DAA/EA	GAZimmerly <i>GAZ</i>	6/24/75
PPC	JShannon <i>JSh</i>	6/24/75	EA/DP	WSLefes <i>WSL</i>	6/24/75

3. APPROVAL AAS OR OFFICE DIRECTORS

SIGNATURE
 Arthur Z. Gardiner *AG*
 DATE
 6/26/75
 TITLE
 Assistant Administrator, EA

4. APPROVAL A/AID (See M.O. 1025.1 V/C)

SIGNATURE _____ DATE _____
 ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT

489-695

YOUTH REHABILITATION AND RETRAINING CENTER
PROJECT NO. 489-11-690-695

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PROJECT PAPER

Youth Rehabilitation and Retraining Center, 489-11-690-695

I. Project Summary and Recommendations

A. Face Sheet

Grantee: The Government of the Republic of Korea (ROK) will be the recipient of the \$250,000 Development Grant. The Board of Directors of the Chung Soong Vocational Training Institute (the Institute), appointed by the ROK under the auspices of the Ministry of Home Affairs (MOHA), will implement the project.

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Amount of the Grant:

Two Hundred Fifty Thousand Dollars (\$250,000) in Development Grant (DG) funds.

Duration of the Project:

Fifteen (15) months with disbursements occurring in fiscal years 1975 and 1976.

Total Cost of the Project:

The total cost of the project is estimated at \$390,417 of which the United States Agency for International Development (USAID) is providing \$250,000 in local costs for construction. The remaining \$140,417 will be provided by the ROK for procurement of training aids and equipment.

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The initial obligation will cover the full \$250,000 U. S. contribution. The entire period of disbursements will require fifteen (15) months with the initial disbursement occurring in June/July 1975 and the final disbursement in August 1976. The projected completion of the activity is scheduled for September 1976.

Other Donor Inputs:

While there are no other donor inputs in the Chung Soo Vocational Training Institute, other ROKG donors have assisted in the construction and development of the following vocational training facilities

-- Central Vocational Training Institute (Inchon)

Cooperating Agencies -- I. L. O. /U. N. D. P. Total Cost \$4,196,992 Donor Contribution \$1,777,000

-- Korean-German Busan Vocational Training

Institute (Busan) Cooperating Agency: West Germany

Total Costs: \$5,328,321 Donor Contribution:\$2,677,000

-- Five Vocational Training Institutes in Seoul, Daegu, Chuncheon, Gwangju, Inchon

Cooperating Agency: A. D. B.

Total Costs: \$19,689,223 Donor Contribution:\$3,700,000

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-- 18 Rural Vocational Training Centers in Gyeonggi, Gimp'o, Chungbuk, Chungju, Chungnam, Nonsan, Jeonbuk, Iri, Jeonnam, Gwangju, Gyeongbuk, Chilgog, Gangwon, Chungcheon, Gyeongnam, Jinju, Jeju, Cooperating Agency: I, L, O, / U, N, D, P.

Total Costs: \$1,875,940 Donor Contribution: \$476,500

B. Recommendation

The Youth Rehabilitation and Retraining Center (Chung Soo Vocational Training Institute or the Institute) has, in the past, proven itself to be a viable activity. On the basis of recent field surveys conducted and prior USAID experience with this activity, approval of the Development Grant (DG) -- \$250,000 is requested, subject to the terms and covenants stated in the Statutory Checklist and other authorizing documents,

C. Description of the Project

Under the Youth Rehabilitation and Retraining Center project, the physical facilities of the Chung Soo Vocational Training Institute will be expanded and its curriculum broadened. The existing facilities now accommodate 410 trainees and offer seven courses. However with the expanded facilities and the broadened curriculum, the capacity of the facility will increase to 560 trainees and will offer 10 courses,

The project involves:

1. the construction of an additional 1,104 square meters of workshop/classroom facilities to a total of 3,498 square meter

2. the construction of an additional 661 square meters to the dormitory facility to accommodate eighty (80) additional trainees; and
3. the procurement of equipment, books, and other training aids.

The Institute was established under the supervision of the Ministry of Home Affairs to act as a separate juridical entity with the authority to manage its own operations under the guidance of a Board of Directors appointed by the ROKG. In addition to providing funds for construction, equipment, books, and real property for the establishment and expansion of the Institute; the ROKG has given assurances that adequate local funding will be provided to meet the Institute's operating costs.

At present, the Institute trains 410 indigent male and female students between the ages of fifteen (15) and nineteen (19) years old who have acquired at least a middle school education but are unable to continue their education because of a lack of funds. This activity will make vocational training possible for an additional 150 indigent students who will be able to go on to become productive individuals, and at the same time, assist the ROKG in achieving its developmental objectives in the industrial sector.

D. Summary Findings

Preliminary GNP for 1974 is at 8.2 percent with manufacturing experiencing the highest rate of growth at 16.1 percent at 1970 prices and comprising 28.3 percent of GNP at current prices. The projected rate of GNP for 1975 is at 7.0 percent with the manufacturing sector experiencing

a 13.2 percent rate of growth at 1970 prices and comprising 29.5 percent of GNP at current prices. The gross industrial investment allocation for 1975 is projected at Won 2,384.84 billion for sector development. Mining and manufacturing totalled Won 678.4 billion comprising 28.4 percent of the total investment outlay, an increase of 55 percent over 1974 investment outlay.

According to the Statistical Yearbook on Education 1974 prepared by the Ministry of Education, there were 554,401 middle school graduates in 1974. Of the 1974 middle school graduates, 374,691 (68 percent) entered vocational or general high school immediately upon graduation. Only some 28,388 (5 percent) of the middle school graduates who did not immediately go on to vocational or general high school were able to enter the labor market, leaving some 151,322 (27 percent) of the middle school graduates with no employment prospects and little chance to pursue higher learning.

The thrust of the Chung Soo Vocational Training Institute's curriculum has been in the heavy and chemical industries. The expansion of the Institute's facilities will enable an additional 150 indigent youths to receive training for the heavy and chemical industries in September 1976 and will assist the ROKG in its third-five year development plan efforts to upgrade vocational education and the heavy and chemical industries. As the relative placement of Chung Soo Vocational Training Institute graduates has been 100 percent and the need for these skills is increasing, it is expected that all future graduates of the facility will be readily employed.

As the workshop/classroom building was constructed to accommodate two additional stories and is structurally sound, the addition of 1,104 square meters, whereby the new structure will be constructed on the top of the existing structure, is technically feasible. Moreover, the site on which the addition to the dormitory will be constructed is geologically compatible with its environment and technically feasible.

The proposed project is the most cost-effective way that the school can be expanded within the \$390,417 provided by the total US.G/ROKG investment. Some forty-six percent (46%) of the total project investment can be realized through the newly created salaries of the additional 150 skilled workers within the first eighteen months after graduation.

The Korean people perceive education as a highly desirable means to success. The project will be utilized by the people of the Republic of Korea because 1) it is perceived as being in their best interest to participate in an activity which means the attainment of highly marketable skills and employment; 2) it provides a means for the ROKG to achieve its developmental objectives.

The project will assist the ROKG in supplying its expanding industries with the increased number of skilled manpower demanded, particularly the chemical and heavy industries which is receiving some 47.5 percent of the ROKG's total investment outlay to industry. Moreover, it is benefitting the participants, their families, and the community at large by creating more asset earning units for the economy.

Upon approval of the Development Grant, the ROKG will begin the activity in accordance with Part IV, B -- Implementation Plan; the statutory criteria; and various authorizing and implementing documents.

The project meets all applicable statutory criteria.

E. Project Issues

None

II. Project Background and Detailed Description

A. Background

1. History of the Project

As Korea has undergone major economic and social transformation, the traditional agricultural society has given way to a modern, industrialized and more urbanized society with rapidly changing social patterns. In the past decade, the population in Seoul alone has more than doubled. Migration from rural to urban areas has proceeded more rapidly than the nation's ability to absorb these new arrivals resulting in a vast pool of unskilled, unemployed individuals. As the number increased, individuals were crowded into unhealthy living conditions and breakdowns in family structure began to emerge.

Youths who were unable to continue their education due to a lack of funds and unable to secure employment created social problems within their communities. Many of these unproductive youths then turned to a life of illegal activities, i. e. the black market, prostitution, theft, robbery, street gangs, etc.

When the problem was brought to the attention of the late Mrs Park, Chung Hee, she began to examine ways in which a solution could be found to productively incorporate these youths into ROKG society. From this examination, the idea of a youth rehabilitation and retraining center was developed which would, in part, meet the critical demands of the industrial sector for skilled manpower through the effective selection, training and placement of graduates of the institution, and thus, assist in reducing the evergrowing pool of unskilled and/or unemployed youth who were ill-equipped to compete in the rapidly expanding urban society. In April 1, 1972, the late Mrs. Park presented the idea of establishing a vocational rehabilitation and retraining center for indigent Korean youths who were unable to continue their education due to a lack of funds.

On June 29, 1972, the ROKG and USAID signed a project agreement in which the United States Government (USG) agreed to provide \$250,000 in assistance for books, equipment and construction of the Chung Soo Vocational Training Institute. The plans called for construction of a three story building to feed, house and train up to 300 disadvantaged youths in various skilled vocations. The U. S. contribution represented \$225,000 for construction and \$25,000 for procurement of U. S. equipment from excess stocks.

In its initial stages, the Institute was under the close supervision of the Blue House and the Ministry of Home Affairs. The Institute now

acts as an independent corporate entity with authority to conduct its own affairs through a Board of Directors appointed by the ROKG.

The ultimate objective of the project was to construct an institute in Seoul which would serve as a model institution in providing vocational training for underprivileged youth no longer in school in order to equip them with skills; to promote self-help, self-sufficiency and a cooperative spirit; and finally to supply the ever-increasing demands of the industrial sector with much need skilled workers. To this end, the project set out to achieve the following:

Construction

- (1) To maximize output and minimize required input;
- (2) To provide flexible lecture and workshop facilities to meet the differing needs of various skills being taught; and
- (3) To erect the structure so as to allow for an annual expansion of the facilities;

- Training

- (1) To give the student knowledge to compete for employment as a skilled worker;
- (2) To establish a training course which would give the student a sense of pride in his/her vocations; and
- (3) To provide well-trained skilled workers for the country;

Operations

(1) To provide intensive training required for specific skills;

(2) To establish an economical system for operational

management; and

(3) To develop a means of self-sufficient operation.

The Institute was constructed on a 25,686 square meter site which had been procured from the Ministry of National Defense with a subsidy provided by the City of Seoul at a cost of some \$806,000. The total building area of the Institute is 7,805 square meters -- 2,676 square meters for the main office building, 2,394 square meters for workshops and classrooms, 2,722 square meters for the dormitory, and 13 square meters for miscellaneous facilities. In addition to the actual school facilities, the Institute has also constructed a 2,886 square meter apartment development which houses forty-two of the administrative and teaching staff.

Between November 24, 1972 to October 1, 1973, these events occurred:

November 24, 1972

Building construction began;

February 9, 1973

The school was named the Chung Soo

Vocational Training Institute;

February 12, 1973

Chairman of the Board, Mr. Chung,

Hi Sup, and Director/Principal,

Lee, Ki Il, were named to their offices;

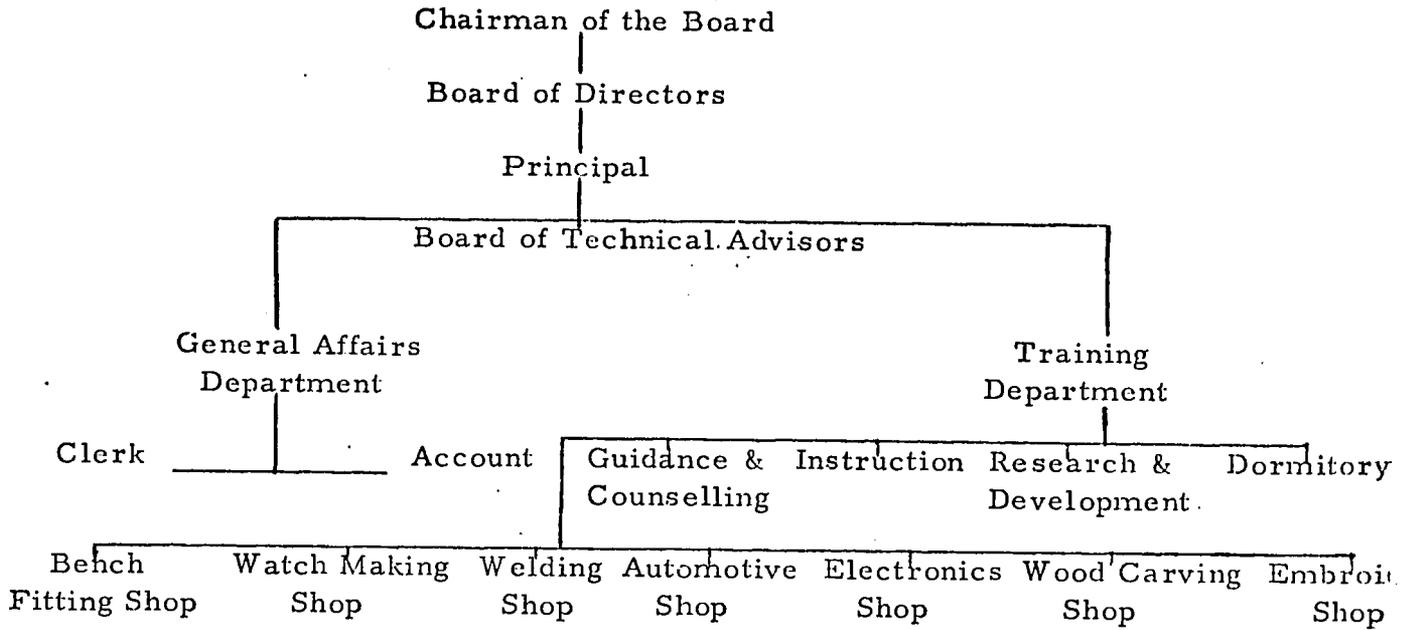
April 2, 1973	The Institute was approved by the Office of Labor Affairs (OLA);
August 15, 1973	The construction of the workshop/ classroom, and office building was completed.
September 1, 1973	The first trainees began training; and
October 17, 1973	The Institute was officially dedicated by the President and the late Mrs. Park, Chung Hee.

2. Organization

The Institute has a Board of Directors consisting of thirteen members including the Chairman. This body is comprised of such distinguished and prominent individuals such as: Chairman of the Board, National Assemblyman Mr. Chung, Hi Sup; two Presidential Secretaries; six Vice-Ministers; the Director General of the Office of Labor Affairs; the First Vice Mayor for the City of Seoul; two Presidents of Korean businessmen's associations and the Principal of the Institute.

In addition to the Board of Directors, the Institute has a staff of fifty-three (53) which consists of: the Principal who is also on the Board of Directors; two managers -- one for the General Affairs Department and the other for the Training Department; three Training Specialists; six Senior Teachers; eighteen Teachers; four Clerks; and nineteen others.

ORGANIZATIONAL FLOW CHART



The present number of students enrolled totals 410 -- 240 day-students and 150 night students. Of the 240 day-students, 220 are housed in the dormitory. The present status of enrollees by departments is as follows:

<u>Department</u>	<u>Total</u>	<u>Day Students</u>		<u>Night Students</u>
		<u>Male</u>	<u>Female</u>	<u>Male</u>
Bench Fitting	45	20	-	25
Lathe Operations	50	25	-	25
Welding	100	50	-	50
Automotive Repair	50	25	-	25
Electronics	50	25	-	25
Wood Carving	55	25	30	-
Embroidery	60	-	60	-
Total	410	170	90	150

B. Detailed Description

1. Sector Goals

Education -- Vocational

To supply the manufacturing sector with skilled manpower to meet the increasing demands of an industrializing society, the Office of Labor Affairs (OLA) was empowered to enact major policy measures to:

(a) expand the public vocational training facilities; (b) expand in-plant training; and (c) expand and strengthen the trades skills tests. The objective is to train and supply 1,084,800 skilled workers (72 percent) needed to meet total projected requirement of 1,498,500 skilled workers during the 1973 - 1981 period. During the 1973 - 1981 period, skills tests will be given to 2,610,400 workers to assure only those persons with the aptitude and qualifications shall be classed as a "skilled worker" to further enhance Korea's industrial and export industry development. Additionally, the one-man-one-skill objective was adopted in the hopes that it would broaden employment opportunity and elevate social status.

a. Expand Public Vocational Training Facilities --

Sixty-two (62) public vocational training institutes are planned to be established to supply the needed skilled workers. Assistance will be supplied by A. D. C. , U. N. D. P. , I. L. O. , I. B. R. D. , U. N. I. C. E. F. , the United States, Japan, West Germany, the United Kingdom, Canada and France. Primary emphasis will be given to major heavy and chemical industry, the export industry, and the "New Community" plants.

b. Expand In-Plant Vocational Training --

All productive enterprises which require certain kinds of specialized techniques are under obligation to have on-the-job training centers in its facilities. Certain incentives will be given to businesses who provide this training and to encourage entrepreneurs, i. e. investment exemption benefits; training expense writeoffs; and duty-free import of vocational equipment and materials.

c. Expand and Strengthen Skills Tests --

Trainees are required to take examinations to gauge the ability of the individual to perform. For those new employees who have completed vocational institutes, the examination will function as a certification of skills. Examinations will also be given to measure one's eligibility for promotion.

Industry

The ROKG has concentrated a great deal of effort into the formulation and achievement of its five-year industrial development plans. To achieve its five-year development planning objectives for industry, six leading subsectors have been selected for massive government assistance, i. e., (a) the metal industry; (b) the machine industry; (c) the petrochemical and other chemical industries; (d) oil refining; (e) the textile industry; and (f) other manufacturing industries (cement, flat glass, ceramics, plywood, pulp and paper, and food)(See Annex B-3, **D**escription of **M**anufacturing **S**ubsector **C**omponents) Total projected investment outlays for this sector

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between 1972 through 1976 is some \$3.1 billion (based on the exchange rate before the December 7, 1974 devaluation of Won 399 per \$1.00). In large measure, planning efforts were channelled toward creating a strategy which will help develop the heavy and chemical industries thus accelerating Korea's industrialization. As the sector moves into full scale production, these heavy and chemical industries/are expected to make up 51 percent of total manufacturing by 1981 as opposed to 35 percent of total manufacturing in 1972.

2. The Project

As the Youth Rehabilitation and Retraining Center -- Chung Soo Vocational Training Institute -- has been successful and the need for skilled workers is increasing, the ROKG has requested the USG provide an additional \$250,000 in Development Grant (DG) funds to assist in the expansion of the Institute's facilities. The expansion of the Institute will contribute 1) to the national youth rehabilitation and retraining program; and 2) the national manpower training policy.

a. The National Rehabilitation and Retraining Program

The program was developed by the late Mrs. Park, Chung Hee as a means for solving two very pressing problems in Korea; 1) assisting youths who were not able to continue their education because of a lack of funds; and 2) supplying Korea's manufacturing sector, particularly the heavy/chemical industries with the needed skilled workers.

b. The National Manpower Training Policy

This Policy, designed under the auspices of Director General of the Office of Labor Affairs, is to promote the status of workers and contribute to the national economic development by training the necessary skilled workers in various industries through the implementation of vocational training and skill tests. As a means to achieving this goal, the policy utilizes;

1) vocational training, using both public and private facilities, in order to develop and improve the skills and the capability necessary for workers to achieve a high standard of performance. Public vocational training is defined as vocational training being implemented by the Government, local government and/or a juridical person established under special law (i. e. Chung Soo Vocational Training Institute), which has been authorized by the Director-General of the Office of Labor Affairs. Private vocational training is defined as in-plant vocational training undertaken by private enterprises and/or the vocational training undertaken by non-profit juridical person, with the exception of those juridical persons established under a special law, and authorized by the Director-General of the Office of Labor Affairs.

2) skills tests to determine the level of skill the worker has attained in accordance with established certifying criteria.

As the above stated objectives are priority areas in the Third-Five Year Development Plan, the ROKG is requesting USG assistance in the

expansion of dormitory and training facilities for the Institute. When the one-story workshop/classroom building was originally designed and constructed, the structure was erected to accommodate three stories because the planners envisioned periodic extensions being made to the building as the training demands upon the Institute grew. In 1973, the rate of competition for admission to the Institute was nine applicants for every one trainee accepted. As the shop/classroom building is one-story but has the structural design to accommodate two additional stories, the activity resulting from the DG will be the construction an additional story above the existing shop/classroom building to create a total shop/classroom area of 3,498 square meters or 1,058 pyung. This means the workshop/classroom area will be extended 1,104 square meters.

The expansion of the Institute's training facilities will increase the total enrollment of students to 560 from the present level of 410, and moreover, will enable the total number of courses offered to be increased to 10 from the present level of 7. The three new courses will be added and the student population will increase by 150^{-- an additional} per course in lathe operations (50 students); a new course in Milling Work (50 students); and a new course in Industrial Electronics (50 students). In other words, the three additional courses will create 75 more students attending the day courses 75 students attending the night courses.

The ROKG will supply the training equipment and books needed for the Industrial Electronics and Lathe Operations courses. The equipment and books for the Milling Work course were purchased with ROKG funds in CY 1974. (see Annex B, Part I -- Itemized Equipment List)

III. Project Analysis

A. Technical Analysis

The architectural design of the Chung Soo Vocational Training Institute is basically good and the buildings structurally sound. Based on general observations performed by the Office of Engineering, USAID/Seoul; the expansion of the dormitory and the extension of the second floor to the workshop/classroom building are feasible.

The cost of construction is reasonable as it compares favorably with cost estimates for other projects of this type. The estimated cost for extending the two structures will run some \$129 per square meter. These estimates also include the cost of constructing utility systems.

Workshop/Classroom

The existing 2,934 square meter one-story workshop/classroom building is a red brick, reinforced concrete structure. As the building was originally well-designed and well-constructed, and has the structural integrity to be vertically extended to a three-story building, the planned vertical extension of an additional story or 1,104 square meters is technically sound.

Dormitory

The existing 2,722 square meter dormitory building which has an accommodation capacity for 220 resident-students is a cement brick, reinforced concrete structure. A general on-site examination of

the existing structure and the geological composition of the soils surrounding the existing structure and the proposed site for the new extension supports the technical soundness of the add-on structure.

B. Financial Analysis and Plan

1. Financial Viability/Rate of Return

As the project is an investment of \$250,000 in development grant (DG) funds and as the school has already shown its ability to successfully manage and disburse a grant of this size, the activity is thought to be a good investment of funds, considering the social and economic returns to the economy of the ROKG, the participation of the trainees in the project, and the spinoffs accruing to the Korean community at large. The ROKG plans to invest a total of \$230,578,600 during the period 1973-1981 to supply industry with the manpower it requires. Of the total requirement, some \$109,610,400 will be allocated to training manpower to supply the heavy and chemical industries.

The average annual per student cost of training a skilled worker is some Won 87,000 (\$218)^{1/}. When this is compared to the average annual wage per skilled worker of \$960 and the increased output the ROKG will experience, it is obvious that the rate of return on the investment is highly favorable.

The total cost of the project will be \$390,417, of which the USG will cover \$250,000 with development grant funds. As a result of this investment, the Institute (a) will be able to accommodate an

1/ Won 399 = U.S. \$1.00

additional 150 trainees who will receive an average total annual income of \$144,000 the first year after graduation; (b) can place increased emphasis on the chemical and heavy industries; and (c) continue to be an obvious asset to the ROKG in attaining its development objectives. On the basis of the above-mentioned returns on the DG funds, the USG investment in this project is justified.

2. Implementing Agency's Budget Analysis

The ROKG is providing a projected total investment of \$230,578,000 in vocational training to supply industry with the required manpower during the period 1973-1981. These funds will be used to (a) build additional vocational training schools; (b) improve the vocational training facilities and equipment; and (c) cover the general operating costs of these facilities. The following table outlines the Institute's financial support:

<u>Revenue</u>	<u>FY 1973</u>	<u>FY-1974</u>	<u>FY-1975</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
USAID Contribution	250,000	106,500	251,800
MOHA Subsidy	300,000	29,213	35,530
Seoul City Subsidy	806,000	3,240	6,877
Office of Labor Affairs Subsidy	-	161,000	146,721
Ministry of Commerce & Industry	72,540	-	67,818
Blue House Grant	-	2,037	2,104
Industrial Associations	-	174,208	24,963
Individual Contributions	-	5,436	3,125
Miscellaneous Income	-	-	2,144
Other Subsidy	-	5,436	-
	<hr/>	<hr/>	<hr/>
Total Revenue	1,428,540	481,634	541,082

<u>Expenditures</u>	<u>FY -1973</u>	<u>FY-1974</u>	<u>FY-1975</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Land and Building	1,031,000	174,040	250,000
Equipment, Books and other			
Training Aids	321,000	172,457	142,217
Operations	<u>76,540</u>	<u>135,137</u>	<u>148,865</u>
Total Expenditures	1,428,540	481,634	541,082

As with the initial project, the ROKG has agreed to provide all additional future year costs for maintenance, salaries, etc., for the Institute.

3. Financial Plan/Budget Tables

Summary Costs

<u>Total Project Costs</u>		<u>\$390,417</u>
<u>Building Construction</u>		250,000
Workshop/classroom	\$145,833	
Extension		
Dormitory Extension	<u>104,167</u>	
<u>Training Equipment</u>		138,542
Industrial Electronics	\$53,958	
Lathe Operations	84,583	
Milling Work <u>1/</u>	<u>(65,957)</u>	
<u>Reference Books</u>		1,875

Financial Plan

<u>Total Contribution (in local currency costs)</u>		<u>\$390,417</u>
<u>USAID Contribution</u>		250,000
Building Construction	<u>\$250,000</u>	
<u>ROKG Contribution</u>		140,417
Training Equipment	\$138,542	
Reference Books	<u>1,875</u>	

1/ Milling work training equipment was purchased with ROKG funds in FY 1974.

C. Social Analysis

1. Socio-Cultural Feasibility

The Korean people are dedicated to the concept that education is the avenue to the better life. Ninety-eight percent of the population have at least a primary school education. The demand for continued education is illustrated by the relative numbers that strive to continue their education. Of the 98% who complete primary school, some 554,401 (74%) were successful in completing middle school. Of the 554,401 middle school graduates, some 374,691 (68%) entered vocational or general high school immediately upon graduation. Some 28,388 (5%) of the middle school graduates were able to enter the labor market, while the remaining 151,322 (27%) of the middle school graduates had no employment prospects or chances of obtaining a higher education.

One of the most important elements in USG assistance to the ROKG has been directed toward improving the Korean educational system. This assistance is essential to enabling Korean institutions provide the increasing numbers of skilled manpower required to sustain the desired level of economic growth. The area that has been of particular concern to the Korean people and the ROKG has been the lack of facilities for juvenile rehabilitation and vocational training. After extensive consideration, the USG and ROKG initiated a joint effort for a Youth Rehabilitation and Retraining Center which would house and train 300-400 boys

and girls per annum. The USG was to assist the ROKG by providing vocational training equipment and local currency costs connected with constructing and equipping the Institute, and the ROKG would provide the land and the bulk of the equipment costs.

The Chung Soo Vocational Training Institute draws from the entire youth population in Korea, but particularly from the Seoul area (see Section II. A. 2--History of the Project). The trainees are selected on the basis of (a) their performance on scholastic ability and aptitude examinations; (b) their educational background--at least a middle school education; (c) their ages -- 15 through 19 years old; and (d) their financial position -- indigent but with strong aspirations and motivation.

Of the present 410 enrollees, 183 of the day students (44% of the total enrollment) are selected from 183 districts throughout the country. The prospective students file application with the district screening committees -- the district governor, the district police station chief, and the district superintendent of schools -- who select three applicants. These applicants then travel to Seoul for final competition based on written examination scores, physical health examinations, and oral interviews, at which time one applicant from each district is selected.

Night school students are selected only on the basis of the final examinations given by the Institute, i. e. written examination scores, physical examinations and oral interviews.

The total number of training hours at the Institute is the same for both the day and night school students. However, the duration of training and number of days per week differ.

	<u>Duration of Training</u>	<u>Days Per Week</u>	<u>Total Training Hours</u>
	<u>Months</u>		
Day School	12	5	1,960
Night School	18	6	1,960

The direct benefits to the trainees are as follows:

1. The remission of all administration fees, tuition, and vocational training fee costs;
2. The dormitory facilities are provided for all day students at no cost, exempt are those female students who attend school from their homes;
3. The provision of training clothes to all students at no cost; and
4. The assurance that all graduates of the Institute will obtain a national technical license and placement with industry.

In FY 1972, USAID provided \$250,000 to assist the ROKG in financing construction and procurement of training equipment and books. During calendar years 1974 and 1975, AID supplied an additional \$108,300 in commodities to the Institute from U.S. military excess property stocks.

The success of the joint ROKG/USAID-financed Institute has been demonstrated by the relative placement record of Institute graduates. One hundred percent of the graduates have obtained national technical licenses and have secured employment. The rate of placement for Institute graduates is the highest of any similar vocational training institute or technical high school in Korea.

The high rate of job placement can be attributed to the fact that:

1. new training opportunities are given to poor but talented students who have high aspirations and motivation and, therefore, work hard to achieve their training goals, and

2. practical training techniques are taught with the assistance of modern training methods and equipment by highly skilled instructors who are required to visit large Korean plants occasionally to reflect on the actual techniques needed in organizing training classes and materials.

2. Spread Effects

To meet industry's growing need for skilled workers in 1975, some 18,500 skilled workers will be graduating from 89 public vocational training institutes -- including two additional national institutes being established in 1974 -- and some 56,400 skilled workers from 223 private vocational training centers. In order to meet the shortage of

skilled manpower in the 1980s, the ROKG, through the OLA, has enacted a special policy measure on vocational training. The Law --policy measure-- requires that the ROKG establish additional vocational training facilities and that, as of January 1, 1975, businesses employing more than 500 persons begin a vocational training program in their own enterprises. These firms will, of course, receive special incentives such as (a) investment exemptions on training equipment; (b) training expense writeoffs; and (c) duty-free import of vocational training equipment and materials. As a result of the above incentives, the ROKG expects to have a number of entrepreneurs enter the market, thus increasing the number of future skilled workers.

By the end of the 1973-1981 period, a total of 3,447 will have been graduated and entered the labor force from the Institute, ceteris paribus. These newly trained skilled workers will assist the ROKG in meeting its five/^{year} planning goals, thus contributing to the ROKG's employment and developmental objectives. Moreover, the Institute would be contributing to its original purposes -- decreasing the number of poor, unemployed and potentially delinquent youth in the rapidly growing urban areas and increasing the available number of skilled workers.

3. Social Consequences and Benefits Incidence

As these new graduates of the Institute and other vocational training institutes enter the labor market, the ROKG will be closer to

meeting its production needs for the 1980s. Moreover, upon completion of the expansion, the Institute would increase its enrollment from the existing 410 youths per academic year to 560 youths per academic year.

The success of the Chung Soo Vocational Training Institute has been demonstrated by the relative rate of placement, the highest of any similar vocational training institute or vocational high school in the country. As the average expected initial monthly wage is \$80, the new skilled worker trained by the Institute will be in a better position to upgrade his/her family's standard of living, thus upgrading their societal status and well-being.

D. Economic Analysis

The ROKG sees the project as being one with a twofold purpose: (1) to supply skilled workers to meet industry's demands; and (2) to increase the number of students and the number of courses at the Chung Soo Vocational Training Institute. Of the 554,401 middle school graduates in 1974, only 5% were able to enter the labor market, leaving some 27% without prospects of higher learning or employment. To utilize this vast pool of untapped labor and to meet the needs of industry, the ROKG, through the OLA, enacted a special policy measure law on vocational training. The following table illustrates the methodology the OLA is taking to meet the demands for skilled workers, and the shortfall by year and for the entire 1973-1981 period,

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<u>Years</u>	<u>Demand</u>	<u>Supply</u>	<u>Existing Facilities</u>	<u>Expansion of Inplant Facilities</u>	<u>Expansion of Public Training</u>	<u>Excess or Shortage</u>
1973	49.1	31.9	31.9	-	-	-17.2
1974	65.8	47.0	31.9	12.5	2.6	-18.8
1975	82.2	74.9	31.9	37.0	6.0	-7.3
1976	107.2	91.6	31.9	49.5	10.2	-15.6
1977	106.2	96.3	31.9	49.5	14.9	-9.9
1978	145.1	170.7	31.9	118.4	20.4	-25.6
1979	224.9	176.2	31.9	118.4	25.9	-48.7
1980	250.0	181.8	31.9	118.5	30.4	-68.2
1981	311.1	187.3	31.9	118.5	36.9	-123.8
TOTAL	1,341.6	1,057.7	287.1	622.3	148.3	-283.9

The excess demand for skilled workers can be mitigated if the expansion of the Chung Soo Vocational Training Institute and other similar vocational facilities occurs, and previously planned new facilities are erected. The total estimated requirement for skilled workers is some 1,341,600 for the period 1973-81. Albeit the expansion of existing facilities and construction of new facilities will not completely fulfill the requirement for the period, these activities will supply a projected total of 1,057,700 skilled workers. The supply of vocational training to be created by the ROKG can be categorized as emanating from: (1) existing facilities -- 287,100; (2) new and expansion of inplant facilities -- 622,300; and (3) new and expansion of public facilities -- 148,300.

Of the total 1,057,700 skilled workers to be supplied to fill the requirement, some 502,800 skilled workers will receive training

to supply the heavy and chemical industries, or some 47.5% of the requirement. This projection serves to illustrate the importance the ROKG places on the heavy and chemical industry taking in its economic development. The following table illustrates by vocation the number of skilled workers the OLA plans to train in the heavy and chemical industries.

Training Plan for Heavy and Chemical Industry
(in 000 persons)

	Year									
	<u>Total</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Mechanics & Metal Treatment	64.5	2.0	2.9	4.6	5.6	5.9	10.4	10.7	11.0	11.
Chemical Products Manufacture & its Related Trades	32.5	1.0	1.3	2.4	3.0	3.2	5.1	5.3	5.5	5.
Blacksmith & Tool Making	135.6	4.2	6.0	9.6	11.8	12.4	21.8	22.5	23.3	24.
Machine Installation, Machine Assembling & Precision Instrument Manufacture	70.1	1.9	2.9	4.7	6.0	6.4	11.0	11.7	12.4	13.
Electric Installation & Other Trades Related to Electricity & Electronics	52.5	1.5	2.3	3.5	4.4	4.8	8.3	8.8	9.2	9.
Plumbing, Welding, Sheetmetal & Metallic Material Installation	79.6	2.5	3.6	5.7	6.9	7.2	12.8	13.1	13.7	14.
Glass & Crucible Making	12.8	0.4	0.5	0.8	1.1	1.2	1.9	2.2	2.3	2
Fixed Engine, Cargo Transferring Equipment, Transport Equipment Operator	55.2	1.7	2.5	3.8	4.8	5.0	8.9	9.2	9.5	9
TOTAL:	502.8	15.2	22.0	35.1	43.6	46.1	80.2	83.5	86.9	90

In line with the increased demand for skilled manpower in the heavy and chemical industries, the ROKG is undertaking steps to strengthen vocational education; and, thereby, assuring its needs for skilled manpower are met. The following policies will be pursued:

1. A cooperative vocational educational system which would involve the schools and industries in establishing compulsory in-service industrial facilities for vocational school students; and

2. The number of training facilities for vocational manpower/^{increased}and emphasis placed on the improvement of basic laboratory equipment and research facilities.

The major thrust of the Chung Soo Vocational Training Institute has been in the heavy and chemical industries which is illustrated by the composition of the existing course work, some 71% devoted to areas of studies categorized as such, or some 72% of the existing student body being trained. Upon completion of the expansion of the school's facilities, the course work devoted to the heavy and chemical industries include some 79% of the ^{student body} or some 80% of the course work.

COMPOSITION OF COURSE WORK AND STUDY BODY
BY AREA OF CONCENTRATION

<u>Courses</u>	<u>Number of Trainees</u>		
	<u>Day</u>	<u>Night</u>	<u>Total</u>
<u>Heavy and Chemical</u>	<u>220</u>	<u>225</u>	<u>445</u>
<u>New Courses</u>	75	75	150
Turning Work	25	25	50
Milling Work	25	25	50
Industrial Electronics	25	25	50
<u>Existing Courses</u>	145	150	295
Bench Fitting	20	25	45
Turning Work	25	25	50
Welding	50	50	100
Automotive Repair	25	25	50
Radio & TV Repair	25	25	50
<u>Other Industries</u>	<u>115</u>	-	<u>115</u>
Wood Arts & Crafts	55	-	55
Embroidery	60	-	60

The Institute ultimately benefits both the indigent youth who would otherwise have proceeded to a life of crime, continued an unproductive existence, or have had to postpone his plans for education; and the ROKG benefits by supplying industry with the labor force it so urgently needs for expansion. The ROKG could not continue its economic development without increased skilled workers in its critical industries -- heavy and chemical. In order for the ROKG to effect a change in the output

of its critical industries, the available pool of unskilled, unemployed middle school graduates have to be utilized to the benefit of both groups -- the trainees and their families, and the ROKG. An increase in the skilled labor force should increase industrial production in Korea, thus helping to upgrade the lives of the masses and the standing of the ROKG in the international community. .

The present project costs of \$390,417, excluding operating costs of the Institute, will serve to ease the strain on the ROKG economy by creating the additional required skilled manpower for increased industrial output and, at the same time, upgrading the lives of the individual participants in the project. The expected initial annual gross income of the additional 150 trainees is projected some \$144,000, or some 37% of the cost for expanding the facilities, ceteris paribus. By training unemployed, unskilled youths and offering them attractive salaries and guaranteed employment, the ROKG is acquiring earning assets that create a multiplier effect as these new employees begin to purchase goods and services. Thus, the ROKG benefits by staffing its critical industries; increasing its money supply; becoming a more productive, self-sufficient nation; and upgrading the lives of its citizens.

IV. IMPLEMENTATION ARRANGEMENTS

A. Analysis of the Recipient's and A. I. D. 's Administrative Arrangements

1. Recipient -- The Government of the Republic of Korea

The Chung Soo Vocational School will be the implementing agency for the \$250,000 DG. The Institute was established under the supervision of the Ministry of Home Affairs, however, it functions as a separate juridical entity with the authority to manage its own operations under the guidance of a Board of Directors appointed by the ROKG.

The officials of the Chung Soo Vocational Training Institute, through its Board of Directors, have demonstrated its ability to administer the previous development grant for \$250,000. The success of the joint ROKG/USG-financed grant to the Institute is a clear demonstration of the Institute's ability to administer a similar type of project.

The Institute's thirteen-member Board of Directors coordinate the selection, award and administration of contracts for the expansion of the Institute. The Board of Directors is composed of distinguished and prominent individuals in the ROKG.

In addition to the Board of Directors, the Institute has a staff of 53 whose sole purpose is to see to the smooth operation of the Institute. And, as the past performance of the Institute demonstrates, the Institute's staff has been very successful in its purpose.

2. A. I. D.

The Agency will monitor the project through periodic site inspections by the Mission engineer to project completion in August 1976. However, as the project is to fund this are expansion of the Institute, no additional disbursements following the initial disbursement of \$250,000 are anticipated.

B. Implementation Plan

The ROKG will be solely responsible for the implementation of the project. As aforementioned, the Agency will monitor the project periodically.

First Stage	Design & Land Clearing	June 15 through August 10, 1975
Second Stage	Structure Construction	August 10 through September 30, 1975
Third State	Outside Finishing	October 1, through October 15, 1975
Fourth Stage	Inside Finishing	October 15, through November 30, 1975
Fifth Stage	Complete List of Equipment to be ordered	December 31, 1975
Sixth Stage	Order Equipment	February 28, 1976
Seventh Stage	Delivery of Equipment Completed	June 30, 1976
Eighth Stage	Additional 150 Students Recruited and Training Started	September 1, 1976.

The procurement for the expansion of the Institute will be conducted by the Institute under the prevailing ROKG/USG construction procurement

procedures with contracts being awarded under competitive bidding.

Construction contracts will be approved by the USAID prior to the award of construction contracts. Procurement of the equipment will also be conducted by the Institute under ROKG accepted commercial procurement procedures.

Project Schedule and Costs

Construction - USG Contribution

	<u>Total Cost</u>	<u>Workshop & Classroom</u>	<u>Dormitory</u>	<u>Period</u>
Design and Groundwork	\$8,916	\$2,375	\$6,541	June 15 - August 10, 1975
Structure Building	96,695	59,195	37,500	August 10 - September 30, 1975
Outside Finishing	28,125	12,500	15,625	October 1 - October 15, 1975
Inside Finishing	116,262	55,083	61,179	October 15 - Nov. 30, 1975
Total	\$250,000	\$129,155	\$120,845	

Training Aids and Equipment - ROKG Contribution

	<u>Estimated Value</u>	<u>Orders Placed</u>	<u>Delivery Tendered</u>
Electronic and Electric Kits	\$53,958	January 76	June 76
Engine Grinders and related equipment	84,583	January 76	June 76
Reference Books	<u>1,875</u>	January 76	June 76
Total:	\$140,417		

C. Evaluation Arrangements for the Project

U. S. A. I. D. and the Ministry of Home Affairs through the Office of Labor Affairs will perform periodic site inspections to monitor the progress of the project. The Chung Soo Vocational Training Institute shall prepare monthly progress reports which will entail physical progress actually made during the reporting period, identify funds expended, make comparisons with the Project Schedule and Costs Table provided in Part IV, B, explain the reasons for deviation from the Schedule, point out any significant problems encountered. Provide information on the corrective measures taken, if any, and prepare a semi-annual report of the general operations and progress of the Institute.

The evaluation is basically designed to provide a means to check verify actual progress made against the Project Schedule and Cost table provided in Part IV, B, Implementation Plan. The Institute will be asked to submit monthly progress reports on the physical progress of the project. The semi-annual report requirement may include general aspects of the training activities, absolute and relative job placement of graduates, and the actual income earned by the graduates.

Industrial Electronics Course

No	I T E M	UNIT	Q'TY	ESTIMATED PRICE (U.S. \$)	AMOUNT (U.S. \$)
1	Electricity-Electronics EIA KIT	Set	15	600	9,000
2	Industrial Electronics Training Unit	"	10	740	7,400
3	Synchro Training Unit	"	3	400	1,200
4	Motor Control Trainer	"	1	2,800	2,800
5	Industrial Control Training Package	"	1	8,000	8,000
6	Fluidic Control Trainers	"	1	1,500	1,500
7	Electro-Mechanical Systems Demonstrator	"	1	1,900	1,900
8	Digital Electronic Solid-State Computer	"	2	800	1,600
9	Computer Lab	"	5	400	2,000
10	A-F Generator	EA	10	100	1,000
11	R-F Generator	"	5	100	500
12	Rower Supply	"	10	270	2,700
13	"	"	10	60	600

No	I · T E M	UNIT	Q'TY	ESTIMATED PRICE (U.S. \$)	AMOUNT (U.S. \$)
14	Multitester	EA	10	140	1,400
15	"	"	10	70	700
16	Digital VOM	"	2	400	800
17	Industrial Analyzer	"	2	250	500
18	Oscilloscope	"	10	600	6,000
19	Electronic Counter	"	1	460	460
20	R-L-C Bridge	"	1	428	428
21	Portable Ammeter (0-30 mA)	"	10	40	400
22	" (0-250 mA)	"	10	70	700
23	RF Signal Generator	"	4	160	640
24	Tool Storage Cabinet	Set	1	1,730	1,730
TOTAL AMOUNT					53,958

Lathe Course

No	I T E M	UNIT	Q'TY	ESTIMATED PRICE	AMOUNT
1	Engine Lathe	Set	12	(1,800,000) \$ 3,772.20	(21,600,000) \$ 44,906.44
2	Engine Lathe	"	2	(2,000,000) \$ 4,158.00	(4,000,000) \$ 8,316.01
3	Universal Tool & Cutter grinder	"	1	(8,000,000) \$ 16,632.02	(8,000,000) \$ 16,632.02
4	Electrical Feernace	"	1	(1,000,000) \$ 2,079.00	(1,000,000) \$ 2,079.00
5	Precision measuring instruments	"	1	(3,000,000) \$ 6,237.01	(3,000,000) \$ 6,237.01
6	Tool storage and work bench	"	1	(1,600,000) \$ 3,326.40	(1,600,000) \$ 3,326.40
7	Tools	"	1	(1,400,000) \$ 2,910.60	(1,400,000) \$ 2,910.60
TOTAL AMOUNT					\$ 84,407.48 (40,600,000)

Milling Course

No	I T E M	UNIT	QTY	ESTIMATED PRICE	AMOUNT
1	Turret Type Vertical Milling Machine	Set	12		
2	Tool Grinder	"	1		
3	Optical comparator	"	1		
4	Precision measuring instrument		1		
5	Milling Vice	"	12		
6	Milling couect chuck	"	12		
7	Boring Head	"	3		
8	Universal indexing head	"	1		
Total Amount					\$65,957.00*

* Cost for training equipment provided from internal ROKG funds in 1974 for Milling work course.

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COURSE OUTLINESBENCH FITTING COURSE

This course is designed to produce competent bench fitting workers through intensive training of metal finishing works,

Bench fitting is the last finishing work steps of forming metal parts for machinery and other equipment. This finished product is produced by using hand tools and measuring equipment. Bench fitting skill can also be applied in tool & die making and jig & fixture making.

Graduates will find their jobs in machine and equipment manufacturing plants and in many other metal working factories.

Major Subjects

- .Basics of Bench Fitting
- .Blueprint Reading
- .Machine shop general
- .Advanced Bench Fitting
- .Lathes and Shapers
- .Jigs and Fixtures

WELDING COURSE

This course is designed to train skilled workers in the fields of Oxygen-Acetylene gas welding, arc and resistance welding.

Welders join metal parts using various welding methods & processes according to layouts, blueprints or written work orders.

The graduates will find their jobs in various metal workshops, construction of bridges, buildings, ships, storage tanks and other structures.

Major Subjects

- .Welding metallurgy
- .Blueprint Reading
- .Basic Oxygen-Acetylene Welding
- .Basic Arc Welding
- .Advanced Gas welding
- .Advanced ARC Welding
- .SPOT, TIG & MIG Welding
- .Automatic Welding

ELECTRONICS COURSE

This course is designed to train skilled electronic workers in the fields of home appliance electronics (such as radio, hi-fi stereo sets and Television) or industrial electronics through intensive training of electronic equipment manufacturing, installation, repair, operation and maintenance techniques.

Graduates will find their jobs in electronic equipment manufacturers, radio & television service shops or various kinds of plants as electronic technicians.

Major Subjects:

- .Basic Electricity
- .Basic Electronics
- .Radios & Amplifiers
- .Applied Electronic Circuits
- .Televisions or Industrial Electronics

WOOD-CARVING COURSE

This course is designed to train skilled wood-carving workers with sense of fine arts. Graduates of this course will be able to produce woodworks of artistic value.

Major Subjects:

- . Materials and use of wood-carving tools
- . Basic Fine Arts
- . Basic Relief and Inlay
- . Applied Linear carving
- . Advanced Relief and Inlay
- .Three-dimensional carving

EMBROIDERY COURSE

(1) Hand Embroidery course

This course is designed to produce skilled embroiderers with high sense of fine arts.

Major Subjects:

- .Basic fine arts
- .Basic western embroidery
- .Basic Oriental embroidery
- .Advanced Oriental Embroidery

(2) Machine Embroidery course

This course is designed to train skilled machine embroidery workers to work in industrial embroidery shops.

Major Subjects:

- .Basic Fine Arts
- .Basic Machine Embroidery
- .Machine Embroidery Applied

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LATHE OPERATIONS

This course is designed to train skilled lathe operators to work in manufacturing plants. Since the trainees receive broad training in general machine shop, graduates of this course will also find their jobs in various machine shops.

Major Subjects

- .Machine Shop General
- .Blueprint Reading
- .Lathe work
- .Grinding & Buffing
- .Watch-case Manufacturing techniques.
- .Milling machines and shapers

AUTOMOTIVE COURSE

This course is designed to train auto mechanics to repair and overhaul automobiles, buses and other vehicles.

Auto mechanics diagnose, adjust, overhaul or repair Auto mobile engines, chassis and electrical systems. Graduates will find their jobs mainly in service shops.

Major Subjects

- .Tools and measuring Instruments
- .General Automotive Systems
- .Engines
- .Chassis
- .Electrical systems
- .Diagnosis & Troubleshooting

MILLING WORK COURSE

To train students in levelling, grooving, curving, facing, gear cutting, can cutting, special screw cutting, etc., by use of milling machines, which are all purpose-use machine tools, so that they can be milling craftsmen to be engaged in the mass production of cutting tools, moulds and machines of high degree predision.

Major Subjects

General metal works	Milling processing
Elementary milling practice	Precision milling practice
Mould making practice	Machine parts
Metal materials and drawing	Culture

INDUSTRIAL ELECTRONICS COURSE

To train electronic craftsmen who will be engaged in the production, intallation, repair and maintenance of vehicle electronic system, computers, and various types of electronic equipment, which are raprally developed in the electronic field, which plays a reading role in industries.

Major Subjects

Elementary Electric	Elementary electronic
Semi-conduits	Pulse and digital circuit
Automatic control	Industrial electronic instrumentation
Electronic appliane work	Culture

Description of Manufacturing Subsector Components

The Metal Industry

With projected increases in construction, and the development and expansion of the machine industry, the demand for metals is expected to far outweigh supply. Thus, the existing facilities will have to be expanded, new facilities built, and skilled workers trained.

Machine Industry

The Machine Industry Promotion Law enacted in 1967 was the revitalizing agent for the problem-ridden machine industry which designated items eligible for development and provided the increased funding requirements. As a result of the enactment of this law, the machine industry is attempting to improve its technical standards and is developing component specialization and alignment/coordination. This subsector is broken into five components: (a) the general machine component which is responsible for high precision machine tools such as bulldozers, wheel loaders, graders, power tillers, pest control devices, water pumps, threshers, etc.; (b) the electrical machinery component which is responsible for providing machinery and other apparatus to meet the demands of domestic industries and power plants; (c) the automotive component which is expanding to meet the growing need for automobiles and domestic production parts;

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(d) the shipbuilding component which is constructing additional shipyards and expanding existing facilities; (e) the electronics component which is responsible for integrated circuits, transistors, industrial equipment, and household appliances.

Petrochemical and Other Chemical Industries

This sub-sector has three components: (a) the petrochemical component which is constructing and developing petrochemical complexes and a self-sufficient utility and maintenance center to supply power, water and steam for the complexes; (b) the fertilizer component which is responsible for achieving self-sufficiency in fertilizer for the ROKG; and (c) the rubber component which is responsible for increasing demand for and supply of rubber products.

Oil Refining

This subsector is responsible for expanding its crude oil refining capacity. The projected refining capacity is 1.7 million barrels by 1981.

Textile Industry

This subsector is of great importance to the economy. As the population and the standard of living increased, production in this subsector has increased also. The average annual rate of growth during the period 1964 - 1970 was 20.7 percent. During the Second Five-Year Development Plan, the ROKG was encouraged by the more

advanced nations to upgrade its technology and facilities for chemical textiles. And thus, this subsector has become the nation's leading export industry.

Other Manufacturing Industries

This subsector includes components such as cement, flat glass, ceramics, pulp and paper, plywood, and food. The cement component has not only met domestic demands but produces enough for export. Existing facilities are being expanded to meet the increased demand for cement, to strengthen the ROKG's competitive position, and to ensure a continuing available supply for domestic markets. The flat glass component has increased its production capacity from 600,000 cases in 1964 to 2,700,000 cases in 1970. The projected demand for 1976 is 71 percent more than demand in 1970. To increase domestic and export requirements, efforts are being made to expand existing facilities and to develop new products. The ceramics component is not hampered by a lack of raw materials, therefore, the ROKG encourages the development of this component. Albeit this component has a relatively high rate of export earnings, the relative level of exports is low due to antiquated technology and lack of facilities. Efforts are now underway to upgrade technology to increase production, to explore new markets, and to construct new facilities. The pulp and paper component is expanding its paper making plants to meet the increased demand for paper. The plywood component is solely dependent on external raw material sources. Therefore, its rate of foreign

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exchange earnings is relatively low as the natural resource becomes increasing difficult to secure and the cost of imports higher. To relieve this situation, efforts are being undertaken to secure overseas timberland to ensure a long range supply of wood and to stabilize import prices. The food component is composed of agricultural and marine products. While food processing enterprises are producing inferior products because of inefficient techniques and substandard facilities, efforts are being made to develop technology, and upgrade and expand facilities in order to fulfill increased domestic food consumption.

PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK

Annex C

Life of Project: ..
From FY 75 to FY 76
Total U. S. Funding \$250,000
Date Prepared: 3/10/75

Project Title & Number: Youth Rehabilitation and Retraining Center

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS
<p>Program or Sector Goal: The broader objective to which this project contributes:</p> <ol style="list-style-type: none"> Expand vocational training facilities Expand and strengthen trade skills tests Achieve Third Five-Year Development Plan objectives for vocational education and industrial development. 	<p>Measures of Goal Achievement:</p> <ol style="list-style-type: none"> A total of 1,035 vocational training facilities exist by the end of CY 1981 A total of 2,610,400 persons examined by the end of 1981 Industry demands some 1,341,600 skilled workers and the vocational training facilities supply some 1,057,700 skilled workers, leaving shortage of some 283,900 skilled workers 	<ol style="list-style-type: none"> Annual statistical report on education by MOE OLA reports 	<p>Assumptions for achieving goal targets:</p> <ol style="list-style-type: none"> There continues to be an excess demand for skilled workers The skill tests is perceived as a good measure of ability The vocational institutes can train enough skilled workers to meet most of industry's demand
<p>Project Purpose:</p> <ol style="list-style-type: none"> Increase the physical facilities at the Chung Soo Vocational Training Institute Increase the total number of students enrolled in the Institute Number of courses offered increases Decrease the number of unskilled, indigent, delinquent youths 	<p>Conditions that will indicate purpose has been achieved: End of project status.</p> <ol style="list-style-type: none"> Physical facilities expanded by a total of 1,705 square meters Number of students increased from 410 to 500 Number of courses offered increased from 7 to 10 An additional 150 unskilled, indigent, delinquent youths trained per training period 	<ol style="list-style-type: none"> Semi-Annual report 	<p>Assumptions for achieving purpose:</p> <ol style="list-style-type: none"> Provided the expansion of the Institute is technically feasible Provided demand for the institute remains constant at the 1973 ratio (9 applicants to every 1 accepted trainee) or demand increases The new courses are appropriate and consistent with industry's demand Through increased facilities and increased courses, an additional unskilled, indigent delinquent youth can be trained.
<p>Outputs:</p> <ol style="list-style-type: none"> Workshop/classroom facilities expanded and new students attending classes Dormitory accommodation capacity increased and new residents living the quarters provided Institute offering there additional courses is September 1976 Institute producing skilled workers to assist in the care of social problems caused a rapidly growing supply of unskilled indigent youths in urban areas Graduates are certified and obtain employment 	<p>Magnitude of Outputs:</p> <ol style="list-style-type: none"> Workshop/classroom training an additional 150 students by September 1976 Dormitory facilities accommodating an additional 80 trainees by September 1976 New courses in lathe operations, milling work and industrial electronics offered. 3,447 new skilled workers trained by the institute during CY 1973-1981. 100% of the institute's graduates obtain employment 	<ol style="list-style-type: none"> Semi-Annual report Monthly Progress report 	<p>Assumptions for achieving outputs:</p> <ol style="list-style-type: none"> Institute's construction can be completed within the time period given and is technically feasible construction of dormitory technically feasible and can be completed within the given time period. Course work is developed, additional instructors hired, and training equipment and other aids in place and available for use accommodation capacity and number of courses offered remains constant Industrial expansion continues as planned, demand for skills taught continue to exceed supply, and past placement record institute graduates remains constant.
<p>Inputs:</p> <ol style="list-style-type: none"> <u>USAID</u> Construction in local costs <u>ROKYG</u> Equipment Reference books 	<p>Implementation Target (Type and Quantity)</p> <p><u>FY 1975</u></p> <ol style="list-style-type: none"> <u>\$250,000</u> <u>\$140,417</u> 138,542 1,875 	<ol style="list-style-type: none"> Monthly Progress report 	<p>Assumptions for providing inputs:</p> <ol style="list-style-type: none"> Funds available Funds made available equipment and books are delivered as per Implementation plan.

CHECKLIST OF STATUTORY CRITERIA
Youth Rehabilitation and Retraining Center
Project No. 489-11-690-695

The following abbreviations are used:

FAA - Foreign Assistance Act of 1961, as amended.

FAA, 1973 - Foreign Assistance Act of 1973.

App. - Foreign Assistance and Related Programs
Appropriation Act, 1974.

MMA - Merchant Marine Act of 1936, as amended.

BASIC AUTHORITY

1. FAA §103; §104; §105;
§106; §107. Is loan being made

- | | |
|--|------------|
| a. for agriculture, rural development or nutrition; | 1. a. No. |
| b. for population planning or health; | 1. b. No. |
| c. for education, public administration, or human resources development; | 1. c. Yea. |
| d. to solve economic and social development problems in fields such as transportation, power, industry, urban development, and export development; | 1. d. Yea. |
| e. in support of the general economy of the recipient country or for development programs conducted by private or international organizations. | 1. e. No. |

COUNTRY PERFORMANCE

Progress Towards Country Goals

2. FAA §201 (b)(5), (7) & (8);
§208.

A. Describe extent to which country is:

(1) Making appropriate efforts to increase food production and improve means for food storage and distribution.

(2) Creating a favorable climate for foreign and domestic private enterprise and investment.

(3) Increasing the public's role in the developmental process.

(4)(a) Allocating available budgetary resources to development.

2. A(2). Korea has taken a number of effective steps to create a favorable investment climate. A liberal foreign investment law was enacted, and intensive study is being undertaken by the ROKG of means of expanding capital markets. An investment center has been established and domestic investment has been assisted by a number of A. I. D. loans such as the loans to the Korea Development Bank.

2. A. (3). Koreans are basically a homogeneous people whose society is relatively free and politically stable. Korea does not possess deep sectional, religious or social cleavages. Korea's rapid economic development benefits increasingly larger segments of the population.

2. A. (4)(a). Korea has wisely allocated its resources in such a way as to maximize its economic development while maintaining sufficient military forces to insure a relative freedom from threatened external aggression.

(b) Diverting such resources for unnecessary military expenditure (see also Item No. 20) and intervention in affairs of other free and independent nations. (See also Item No. 11).

(5) Making economic, social, and political reforms such as tax collection improvements and changes in land tenure arrangements, and making progress toward respect for the rule of law, freedom of expression and of the press, and recognizing the importance of individual freedom, initiative, and private enterprise.

(6) Willing to contribute funds to the project or program.

2. A. (4)(b). Korea is not so diverting such resources and is not intervening in other free and independent nations' affairs.

2. A. (5). Korean land reform programs have eliminated the large landholding class and have created a large number of independent farmers who own their own small farms. The ROKG has assisted in the establishment of a number of farm and fishery cooperatives which have been of significant assistance to the farm and fishery communities.

Korea basically has a private enterprise type economy. AID has assisted the ROKG in its efforts to reform the equity of tax rates and collection procedures. These reforms have greatly increased both the amount of taxes collected and the equity with which the program is administered.

On October 17, 1972, the President of Korea declared martial law, giving as reasons domestic and international political developments. Under the martial law, political liberties were restricted and the Korean press was placed under tight control. A new constitution has since been adopted and martial law lifted on December 13, 1972, but restrictions on political activity and press freedom continue.

2. A. (6). The ROKG will provide some 36% of the total cost of the project.

(7) Otherwise responding to the vital economic, political, and social concerns of its people, and demonstrating a clear determination to take effective self-help measures.

B. Are above factors taken into account in the furnishing of the subject assistance?

Treatment of U. S. Citizens and Firms.

3. FAA §620(c). If assistance is to government, is the government liable as debtor or unconditional guarantor on any debt to a U. S. citizen for goods or services furnished or ordered where (a) such citizen has exhausted available legal remedies and (b) debt is not denied or contested by such government?

4. FAA §620(e)(1). If assistance is to a government, has it (including government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U. S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

2. A. (7). The ROKG has made significant progress in its efforts to provide a better life for the average Korean citizen. The Government has encouraged the rapid expansion of small and medium industry, stimulated the development of farmer credit unions and fishing cooperatives and has helped in many other ways to better the lot of its people. Korea already has a high literacy rate and is concerned about extending better health care to all its people.

2. B. Yes.

3. No such situation is known to exist.

4. No such actions are known to have occurred.

5. FAA §620(o); Fishermen's Protective Act §5. If country has seized, or imposed any penalty or sanction against, any U. S. fishing vessel on account of its fishing activities in international waters,

5. Korea has not so seized or imposed any penalty or sanction.

a. has any deduction required by Fishermen's Protective Act been made?

5. a. Not applicable.

b. has complete denial of assistance been considered by A. I. D. Administrator?

5. b. Not applicable.

Relations with U. S. Government and Other Nations

6. FAA §620(a). Does recipient country furnish assistance to Cuba or fail to take appropriate steps to prevent ships or aircraft under its flag from carrying cargoes to or from Cuba?

6. No.

7. FSS §620(b). If assistance is to a government, has the Secretary of State determined that it is not controlled by the international Communist movement?

7. Yes, the required determination has been made.

8. FAA §620(d). If assistance is for any productive enterprise which will compete in the United States with United States enterprise, is there an agreement by the recipient country to prevent export to the United States of more than 20% of the enterprise's annual production during the life of the project?

8. The project is not intended for such purposes.

9. FAA §620(f). Is recipient country a Communist country?

9. No.

10. FAA §620(i). Is recipient country in any way involved in (a) subversion of, or military aggression against, the United States or any country receiving U. S. assistance, or (b) the planning of such subversion or aggression? 10. No.
11. FAA §620(j). Has the country permitted, or failed to take adequate measures to prevent, the damage or destruction, by mob action, of U. S. property? 11. No such situation is known to have occurred.
12. FAA §620(l). If the country has failed to institute the investment guaranty program for the specific risks of expropriation, 12. Korea has instituted such a program.
13. FAA §620(n). Does recipient country furnish goods to North Viet-Nam or permit ships or aircraft under its flag to carry cargoes to or from North Viet-Nam? 13. No.
14. FAA §620(q). Is the government of the recipient country in default on interest or principal of any A. I. D. loan to the country? 14. No.
15. FAA §620(t). Has the country severed diplomatic relations with the United States? If so, have they been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption? 15. No.
16. FAA §620(u). What is the payment status of the country's U. N. obligations? If the country is in arrears, were such arrearages taken into account by the A. I. D. Administrator in determining the current A. I. D. Operational Year Budget? 16. Korea is not a member of the United Nations.

17. FAA §481. Has the government of recipient country failed to take adequate steps to prevent narcotics drugs and other controlled substances (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country, or transported through such country, from being sold illegally within the jurisdiction of such country to U. S. Government personnel or their dependents, or from entering the U. S. unlawfully?

18. FAA, 1973 §29. If (a) military base is located in recipient country, and was constructed or is being maintained or operated with funds furnished by U. S. , and (b) U. S. personnel carry out military operations from such base, has the President determined that the government of recipient country has authorized regular access to U. S. correspondents to such base?

Military Expenditures

19. FAA §620(s). What percentage of country budget is for military expenditures? How much of foreign exchange resources spent on military equipment? How much spent for the purchase of sophisticated weapons systems? (Consideration of these points is to be coordinated with the Bureau for Program and Policy Coordination, Regional Coordinators and Military Assistance Staff (PPC/RC).)

Conditions or the Loan

General Soundness

17. No.

18. See Presidential Determination No. 74-14, made January 28, 1974.

19. For 1974, 29.5% of the budget is for military expenditures, including an estimated \$15 million of foreign exchange resources for military equipment. No money for sophisticated weapons has been spent since the statutory limitation became effective.

20. FAA §201(d). Information and conclusion on reasonableness and legality (under laws of country and the United States) of lending and relending terms of the loan.
20. Not applicable
21. FAA s201(b)(2); s201(c). Information and conclusion on activity's economic and technical soundness. If project is not made pursuant to a multifateral plan, and the amount of the project exceeds \$100,000, has country submitted to A. I. D. an application for such funds together with assurances to indicate that funds will be used in an economically and technically sound manner?
21. The ROKG has submitted an application for such funds containing the requisite assurances. Re the project's economic and technical soundness, see the PP, Section III, Project Analysis.
22. FAA s201(b)(2). Information and conclusion on capacity of the country to repay the loan including reasonableness of repayment prospects.
22. Not applicable.
23. FAA s201(b)(1). Information and conclusion on availability of financing from other free-world sources, including private sources within the United States.
23. Financing of this project on terms comparable to those proposed for this project is believed not to be available from other free-world sources, including private sources within the U. S.
24. FAA s611(a)(1). Prior to signing of loan will there be (a) engineering, financial, and other plans necessary to carry out the assistance and (b) a reasonably firm estimate of the cost to the United States of the assistance?
24. Yea.
25. FAA s611(a)(2). If further legislative action is required within recipient country, what is basis for reasonable expectation that such action will be completed in time to permit orderly accomplishment of purpose of the project.
25. No further legislative action is required to expand the institution which will be the main output of the proposed project.

26. FAA s611(e). If loan is for Capital Assistance, and all U. S. assistance to project now exceeds \$1 million, has Mission Director certified the country's capability effectively to maintain and utilize the project?

26. Not applicable.

Project's Relationship to Achievement of Country and Regional Goals

27. FAA s207; s113. Extent to which assistance reflects appropriate emphasis one; (a) encouraging development of democratic, economic, political, and social institutions; (b) self-help in meeting the country's food needs; (c) improving availability of trained manpower in the country; (d) programs designed to meet the country's health needs; (e) other important areas of economic, political, and social development, including industry; free labor unions, cooperatives, and Voluntary Agencies; transportation and communication; planning and public administration; urban development, and modernization of existing laws; or (f) integrating women into the recipient country's national economy.

27. (a) Assistance will be utilized in project to expand an existing institution to provide leadership within Korea in the field of vocational training its primary effect will be to strengthen economic institutions; (b) project is not related to self-help in food production; (c) one of the aims of the institution will be to provide appropriate training to those in industry in its fields of interest; (d) project will be only remotely related to improving health services; (e) all of these areas (except industry, which will be directly benefitted) are only tangentially benefitted by the Project, i. e., to whatever extent better trained skilled workers, and awareness of them and their utilization, can improve activities in these areas; and (f) project will have only a marginal effect on integrating women into Korea's national economy.

28. FAA §209. Is project susceptible of executing as part of regional project? If so why is project not so executed?

28. No.

29. FAA #201(b)(4). Information and conclusion on activity's relationship to, and consistency with, other development activities, and its contribution to realizable long-range objectives.

29. The ROKG and USAID believe that the project addresses a crucial need in the country's present stage of development. The project dovetails extremely well with other developmental activities in the country and its goal is the achievement of the ROKG's long-range development objectives, as expressed in the Fourth Five Year Plan. Third and.

30. FAA §201(b)(9). Information and conclusion on whether or not the activity to be financed will contribute to the achievement of self-sustaining growth.

31. FAA §209. Information and conclusion whether assistance will encourage regional development programs.

32. FAA s111. Discuss the extent to which the loan will strengthen the participation of urban and rural poor in their country's development, and will assist in the development of cooperatives which will enable and encourage greater numbers of poor people to help themselves toward a better life.

33. FAA s201(f). If this is a project grant, describe how such project will promote the country's economic development taking into account the country's human and material resources requirements and relationship between ultimate objectives of the project and overall economic development.

34. FAA s281(a). Describe extent to which the loan will contribute to the objective of assuring maximum participation in the task of economic development on the part of the people of the country, through the encouragement of democratic, private and local governmental institutions.

30. The purpose of the project is the expansion of a national vocational training institute, a prerequisite for truly self-sustaining growth.

31. Assistance will have only marginal impact on regional development programs.

32. One of the objectives of the project is to provide increased employment opportunities through the strengthening of Korean industry. While this will mostly benefit the urban poor, to the extent that the country is successful in its plans to disperse new industry in rural areas, the rural poor will be benefitted. The project will not assist in the development of cooperatives.

33. The project will promote economic development by allowing more efficient use of scarce raw materials by improving the quality of the skilled workers available to man the industrial labor force. The ultimate objective's relationship to overall economic growth is discussed in Item 29 above.

34. The project will have virtually no direct effect in encouraging democratic, private and local governmental institutions.

35. FAA s281(b). Describe extent to which program recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

36. FAA §201(b)(3). In what ways does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities?

37. FAA §601(a). Information and conclusions whether loan will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

38. FAA §619. If assistance is for newly independent country, is it furnished through multilateral organizations or plans to the maximum extent appropriate?

Loan's Effect on U. S. and A. I. D. Program.

39. FAA §201(b)(6). Information and conclusion on possible effects of grant on U. S. economy, with special reference to areas of substantial labor surplus, and extent to which U. S. commodities and assistance are furnished in a manner consistent with improving the U. S. balance of payments position.

35. The project will utilize Korean intellectual talent to address one of the crucial problems which must be solved before the country can efficiently and effectively reach its economic development goals. . It will have little or no effect on civic education for effective participation in the political process.

36. See Item 29 above and others.

37. There is no direct relationship between this loan and the objectives stated in Sec. 601(a) of the Foreign Assistance Act, except expanding. The Chung Soo Vocational Training Institute.

38. Korea is not a newly independent nation.

39. This project is grant-funded which, will not enhance the U. S. , economy re: labor, commodities (unless equipmental book; are purchased from U: S. sources), and therefore, will not improve the U. S. balance of payments position.

40. FAA §202(a). Total amount of money under project which is going directly to private enterprise, is going to intermediate credit institutions or other borrowers for use by private enterprise, is being used to finance imports from private sources, or is otherwise being used to finance procurements from private sources.

41. FAA §601(b). Information and conclusion on how the project will encourage U. S. private trade and investment abroad and how it will encourage private U. S. participation in foreign assistance programs (including use of private trade channels and the services of U. S. private enterprise).

42. FAA §601(d). If a capital project, are engineering and professional services of U. S. firms and their affiliates used to the maximum extent consistent with the national interest?

43. FAA §602. Information and conclusion whether U. S. small business will participate equitably in the furnishing of goods and service financed by the loan.

44. FAA §620(h). Will the loan promote or assist the foreign aid projects or activities of the Communist-Bloc countries?

40. All of the project funds will be used to finance the local costs for construction.

41. The project will enable more skilled workers to man industry that may encourage U. S. /Korean ventures or U. S. investment in Korea and so should have an indirect beneficial effect on U. S. -Korean trade.

42. Not applicable.

43. Not applicable.

44. No.

45. FAA §621. If Technical Assistance is financed by the loan, information and conclusion whether such assistance will be furnished to the fullest extent practicable as goods and professional and other services from private enterprise on a contract basis. If the facilities of other Federal agencies will be utilized, information and conclusion on whether they are particularly suitable, are not competitive with private enterprise, and can be made available without undue interference with domestic programs.

45. All such assistance will be furnished from private sources on a contract basis.

Project's Compliance with Specific Requirements

46. FAA §110(a); §208(e). In what manner has or will the recipient country provide assurances that it will provide at least 25% of the costs of the program, project, or activity with respect to which the Loan is to be made?

46. The project agreement will so provide and the planned administrative arrangements will assure it.

47. FAA §112. Will loan be used to finance police training or related program in recipient country?

47. No.

48. FAA §114. Will loan be used to pay for performance of abortions or to motivate or coerce persons to practice abortions?

48. No.

49. FAA §201(b). Is the country among the 20 countries in which development grant funds may be used to make grants in this fiscal year?

49. Yes.

50. FAA §201(d). Is interest rate of loan at least 2% per annum during grace period and at least 3% per annum thereafter?

50. Not applicable.

51. FAA §201(f). If this is a project grant, what provisions have been made for appropriate participation by the recipient country's private enterprise?

52. FAA §604(a). Will all commodity procurement finance under the loan be from the United States except as otherwise determined by the President?

53. FAA §604(b). What provision is made to prevent financing commodity procurement in bulk at prices higher than adjusted U. S. market price?

54. FAA §604(d). If the cooperating country discriminates against U. S. marine insurance companies, will project agreement require that marine insurance be placed in the United States on commodities financed by the project.

55. FAA §640(e). If offshore procurement of agricultural commodity or product is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity?

56. FAA §604 (f). If project finances a commodity import program, will arrangements be made for supplier certification to A. I. D. and A. I. D. approval of commodity as eligible and suitable?

57. FAA §608(a). Information on measures to be taken to utilize U. S. Government excess personal property in lieu of the procurement of new items.

51. Korea's private enterprises will be the primary users and customers of the services provided.

52. Commodity procurement will be limited to Code 941 countries.

53. No part of this grant will be used for bulk commodity procurement.

54. Yes.

55. No part of this loan will be used for such procurement.

56. Not applicable.

57. U.S. Government excess property is not appropriate for use in the activity to be financed hereunder.

58. FAA s611(b); App. s101.

If project finances water or water-related land resource construction project or program, is there a benefit-cost computation made, insofar as practicable, in accordance with the procedures set forth in the Memorandum of the President dated May 15, 1962?

59. FAA s611(c). If contracts for construction are to be financed what provision will be made that they be let on a competitive basis to maximum extent practicable?

60. FAA s612(b); s636(h). Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the United States are utilized to meet the cost of contractual and other services?

61. App. s113. Will any of loan funds be used to acquire currency of recipient country from non-U.S. Treasury sources when excess currency of that country is on deposit in U.S. Treasury?

62. FAA s612(d). Does the United States own excess foreign currency and, if so, what arrangements have been made for its release?

63. FAA s620(g). What provision is there against use of subject assistance to compensate owners for expropriated or nationalized property?

58. Not applicable.

59. All construction contracts are to be approved by USAID prior to their award.

60. Korea is not an excess currency country. Local costs in excess of 36\$ will be contributed by Korea.

61. Korea is not an excess currency country.

62. No.

63. The project agreement stipulates that only eligible commodities and services can be financed under the project.

64. FAA s620(k). If construction of productive enterprise, will aggregate value of assistance to be furnished by the United States exceed \$100 million? 64. Not applicable.
65. FAA s636(i). Will any project funds be used to finance purchase, long-term lease, or exchange of motor vehicle manufactured outside the United States or any guaranty of such transaction? 65. No.
66. App. s103. Will any project funds be used to pay pensions, etc., for military personnel? 66. No.
67. App. s105. If project is for capital project, is there provision for A. I. D. approval of all contractors and contract terms? 67. Yes.
68. App. s107. Will any loan funds be used to pay UN assessments? 68. No.
69. App. s108. Compliance with regulations on employment of U. S. and local personnel. (A. I. D. Regulation 7). 69. Not applicable.
70. App. s110. Will any of project funds be used to carry out provisions of FAA §209(d)? 70. No.
71. App. s114. Describe how the Committee on Appropriations of the Senate and House have been or will be notified concerning the activity, program, project, country, or other operation to be financed by the Loan. 71. The Committee will be given the requisite notice before the loan is authorized.
72. App. s601. Will any loan funds be used for publicity or propaganda authorized by Congress? 72. No.

73. MMA s901. b; FAA s640 C.

73. a. The project agreement will so provide.

(a) Compliance with requirement that at least 50 per centum of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed with funds made available under this project shall be transported on privately owned U. S. -flag commercial vessels to the extent that such vessels are available at fair and reasonable rates.

(b) Will grant be made to project recipient to pay all or any portion of such differential as may exist between U. S. and foreign-flag vessel rates?

73. b. N.

74. Section 30 and 31 of PL 93-189 (FAA of 1973). Will any part of the loan be used to finance directly or indirectly military or paramilitary operations by the U. S. or by foreign forces in or over Laos, Cambodia, North Vietnam, South Vietnam, or Thailand?

74. No.

75. Section 37 of PL 93-189 (FAA of 1973); App. s. ppp. Will any part of this loan be used to aid or assist generally or in the reconstruction of North Vietnam?

75. No.

76. App. s112. Will any of the funds appropriated or local currencies generated as a result of AID assistance be used for support of police or prison construction and administration in South Vietnam or for support of police training of South Vietnamese?

76. No.

77. App. s604. Will any of the funds appropriated for this project be used to furnish petroleum fuels produced in Southeast Asia for use by non-U. S. nationals?

77. No.



ECONOMIC PLANNING BOARD
REPUBLIC OF KOREA
Seoul, Korea

March 15, 1975

Mr. Dennis P. Barrett
Program Officer
USAID/K

Dear Mr. Barrett:

Attached herewith is the Chung-Soo Vocational Training Institute Expansion Plan prepared by the Institute. Our Government hereby proposes that the \$250,000 grant will be extended to the Chung-Soo Vocational Training Institute to finance the expansion of training facilities as outlined in the plan.

As you are aware, the Institute which was established with AID assistance in 1973 has been successfully providing training program to the needy students, as originally planned. To meet the increased demand for training and improve the training program, it is necessary that the training facilities should be expanded. In this connection, we further propose that the funds will be made available to the Institute through the AID Development Grant program in the same manner as the first grant of \$250,000 extended to the Institute.

I would very much appreciate your favorable response to the above proposal.

Sincerely yours,

Woong-Soo Rhee
Director
Economic Cooperation Bureau
Economic Planning Board

* Training Facility Expansion Plan *
*

March 10, 1975.

Chung-Soo Vocational Training Institute
238 Bokwang-dong Yongsan-ku,
Seoul, KOREA

1. General outline of the expansion plan.

The purpose of the expansion is to produce more trained skilled workers needed by the Korean industrial society by providing vocational skill training to the underprivileged youth through the expansion of training facilities and adding three more courses.

The training program expansion of the institute will also contribute to the national youth rehabilitation program and national manpower training policy.

2. Shop extension plan.

The existing one story shop building will be extended by one more story as it was originally designed and constructed to go up to three story building.

Total Shop Area	Shop Area to be extended	Existing Shop Area	Remarks
3,498 m ² (1,058 pyung)	1,104 m ² (334 pyung)	2,394 m ² (724 pyung)	Shop area to be extended includes class-room for lecture.

3. Course plan

The number of trainees will be increased to 560 from the present number of 410 by adding three more courses such as turning work, industrial electronics and milling work.

A. New courses and number of new trainees.

COURSES	Number of Trainees		
	Total	Day	Evening
NEW COURSES TO BE ADDED	150	75	75
Turning Work	50	25	25
Milling Work	50	25	25
Industrial Electronics	50	25	25
EXISTING COURSES	410	260	150
Bench Fitting	45	20	25
Turning Work	50	25	25
Welding	100	50	50
Automotive Repair	50	25	25
Radio & TV Repair	50	25	25
Wood Arts & Crafts	55	55	-
Embroidery	60	60	-
TOTAL	560	335	225

B. Required Equipment: Detailed equipment list will be prepared according to the budget shown in item 5. as necessary.

Dormitory Extension plan

To accommodate the increased day-division trainees of the new courses, we are planning to extend the existing dormitory building by 661 square meters.

	AREA	Accommodation Capacity
Extension Area	661 m ² (200 pyung)	80
Existing Area	2,722 m ² (823 pyung)	220
Total Area	3,383 m ² (1,023 pyung)	300

5. Required Budget (Internal & External Funds)

Korean Currency
Unit: 1000 won

	Total Budget	Building Construction			Training Equipment			Reference Books
		Sub Total	Shop	Dormitory	Sub Total	Industrial Electronics	Turning work	
Total	187,400 (390,417\$)	120,000 (250,000\$)	70,000 (145,833\$)	50,000 (104,167\$)	66,500 (138,542\$)	25,900 (53,958\$)	40,600 (84,583\$)	900 (1,875\$)
Foreign Fund (U.S. Support)	120,000 (250,000\$)	95,000 (197,917\$)	70,000 (145,833\$)	25,000 (52,083\$)	24,100 (50,208\$)	24,100 (50,208\$)	/	900 (1,875\$)
Internal Fund	67,400 (140,417\$)	25,000 (52,083\$)	/	25,000 (52,083\$)	42,400 (88,333\$)	1,800 (3,750\$)	40,600 (84,583\$)	/

Training Equipment for the milling work course were already purchased with internal funds in 1974.

The cost for the equipment purchase was \$ 65,957 dollars
(31,659,674 Won)

Appendix

Statement of the first USAID supported funds
as it was used.

	Total Amount	USAID Fund	Internal Fund
Total	539,759,040 (\$ 1,352,000)	99,104,657 (\$ 250,000)	440,654,383 (\$ 1,102,000)
Building Construct- ion	411,317,972 (\$ 1,031,000)	89,104,657 (\$ 225,000)	322,213,315 (\$ 806,000)
Training Equipment Purchase	128,441,068 (\$ 321,000)	10,000,000 (\$ 25,000)	118,441,068 (\$ 296,000)

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AID/
Annex G
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Project No. 489-11-690-695

DRAFT

PROJECT AUTHORIZATION

Provided from: Education and Human Resources Development
(Korea: Chung Soo Vocational Training Institute)

Pursuant to the authority vested in me as Administrator, Agency for International Development ("A.I.D."), by the Foreign Assistance Act of 1961, as amended, (the "Act") and the Delegations of Authority issued thereunder, I hereby authorize the establishment of a loan pursuant to Part I, Chapter I, Section 103 and Chapter 2, Title I, the Development Grant Fund, to the Government of the Republic of Korea ("Grantee ") of not to exceed Two Hundred Fifty Thousand Dollars (\$250,000) to be made available to assist in financing the local currency costs of certain technical assistance, equipment, materials and supplies, to:(i) expand the Chung Soo Vocational Training Institute to enlarge the size of the physical facilities; and (ii) increase the number of courses offered to unskilled, indigent youth at the Institute. The grant is to be subject to the following terms and conditions:

1. Unless A.I.D. otherwise agrees in writing:
 - (a) Equipment, materials and services financed under this grant shall have their source and origin in Korea and/or in countries under A.I.D. Geographic Code 941 (Selected Free World).
 - (b) The Grantee shall be reimbursed in U.S. dollars for up to sixty-four percent (64) of the local currency costs through the establishment by A.I.D. of a Special Letter(s) of Credit in a U.S. commercial bank(s). Such Special Letter(s) of Credit shall be used only for U.S. goods and services.
2. The grant shall be subject to such other terms and conditions as A.I.D. may deem advisable.

Administrator

Date