

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

4890709⑤
70-ADD-485
2077
4p

A.I.D. Loan No. 489-V-091
Project No. 489-22-660-709

LOAN AUTHORIZATION

Provided from: Education and Human Resources Development
(Korea: Seoul National University Graduate Program of Natural Sciences)

Pursuant to the authority vested in the Assistant Administrator, Bureau for East Asia, of the 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 105 and Chapter 2, Title I, the Development Loan Fund, to the Government of the Republic of Korea ("Borrower") of not to exceed Five Million Dollars (\$5,000,000) to assist in financing the foreign exchange costs of certain technical assistance, training, research support, instructional material, and equipment to enable the College of Natural Sciences at the Seoul National University (SNU) to create a graduate program in the basic sciences meeting international standards and thereby enhancing the qualifications of its graduate students who will staff Korea's colleges, research institutes and industry. The loan is to be subject to the following terms and conditions:

1. Interest Rate and Terms of Repayment

This loan shall be repaid by the Borrower within forty (40) years after the date of the first disbursement thereunder including a grace period of not to exceed ten (10) years from the date of first disbursement. The interest on the outstanding balance of the loan, including any due and unpaid interest thereon, shall accrue from the date of the first disbursement at the rate of two percent (2%) per annum during the grace period and at the rate of three percent (3%) per annum throughout the remaining life of the loan.

2. Currency of Repayment

Provision shall be made for repayment of the loan and payment of the interest in United States dollars.

3. Other Terms and Conditions

a. Unless A.I.D. otherwise agrees in writing, equipment, materials and services financed under this loan shall have their source and origin in countries included in A.I.D. Geographic Code 941.

b. The loan shall be subject to such other terms and conditions as A.I.D. may deem advisable.

Ernest A. Zimmerman
Assistant Administrator
Bureau for East Asia

May 16, 1975
Date



Department of State

W. J. Shannon

TELEGRAM

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AIDAC

E.O. 11652: N/A

TAGS:

SUBJECT: SNU GRADUATE PROGRAM PP

1. EAPAC MET MAY 2 TO REVIEW SUBJECT PP AND APPROVED IT FOR PRESENTATION TO THE DLSC;
2. EAPAC AGREED TO CERTAIN MODIFICATIONS IN LOG FRAME WITH MINOR CHANGES IN TEXT MADE FOR CONSISTENCY
3. PROVISIONS ALSO INCLUDED IN PP FOR TWO SPECIAL COVENANTS

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Department of State

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TO ASSURE THAT ROKG WILL (A) PARTICIPATE AND SUPPORT PROJECT EVALUATION DURING DISBURSEMENT AND (B) FOLLOW-THROUGH AFTERWARDS IN EVALUATING EXTENT TO WHICH COMPLETED PROJECT CONTRIBUTES TO SECTOR GOAL. WE LEAVE PRECISE LANGUAGE OF THESE COVENANTS IN LOAN AGREEMENT TO YOU.

4. THERE WAS AGREEMENT THAT EVALUATION PLAN SHOULD PROVIDE FOR SPECIAL STUDIES AT 2-1/2 YEARS AND 5 YEARS AFTER INITIAL DISBURSEMENT TO EVALUATE EFFECTS ON PROJECT PURPOSE. IMPLEMENTATION LETTER SHOULD IDENTIFY REQUIREMENTS FOR EVALUATION STUDIES.

5. EAPAC ALSO SUGGESTS THAT IMPLEMENTATION PLAN PROVIDE FOR CURRICULA DEVELOPMENT THAT INCLUDES APPROPRIATE

HUMANITIES AND SOCIAL SCIENCE COURSES TO AVOID STUDENTS' OVER SPECIALIZATION IN SCIENCES OR MATH AND TO HELP RELATE PROGRAM TO DEVELOPMENT

6. WILL ADVISE OUTCOME DLSC MEETING TENTATIVELY SCHEDULED MAY 12. COPIES OF FINALIZED PP WILL BE PIUCHED WHEN AVAILABLE KISSINGER

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12/16/74

John - *Clary* ²⁰⁷⁷
4890709 (6)
PO-440-485

SUBJECT: IRR for Seoul National University (SNU) Faculty Development
Project - Issues for Discussion

A. Justification

The justification for the proposed project is:

- (1) By providing a Korean capability to produce its own high-level scientific and technical manpower, the project will facilitate continued rapid development of the industrial sector and technological improvements in the agricultural sector as Korea's economy becomes increasingly sophisticated.
- (2) The project will complement and enhance the chances for success of other AID-financed projects in elementary/middle school development (KEDI-Loan 489-H-085), post-graduate engineering education (KAIS - Loan 489-H-081), and science and technology (KIST - Loan 489-H-054).
- (3) The project is consistent with AID's phase-out strategy in Korea, which emphasizes support for high-priority Korean initiatives and activities that will foster continuing interaction between Koreans and Americans in scientific and technical fields.

B. Issues

- (1) Does the project comply with Congressional directives and Agency program guidance? Regarding Congressional criteria governing Agency programming, this project probably would not "directly improve the lives of the poorest of the people and their capacity to participate in the development of their country" but

would "share American expertise to meet a critical development problem". Secondly, the project does not appear consistent with program guidance on the Education and Human Resources Sector (AIDTO Circular A-275, April 2, 1974) which "counsels AID to move away from assisting the internal development of higher education institutions in the LDC's and move toward helping these institutions provide effective, problem-oriented service to their societies".

Are the three justifications listed above sufficient for AID approval?

- (2) Are there ways to insure greater impact of this project on the poor majority, e.g., fellowships reserved for outstanding students from small, provincial colleges; technical assistance by SNU's College of Natural Sciences to similar departments in these smaller colleges, etc.?
- (3) Has an analysis of future demand for post-graduate degree-holders in the natural sciences been made? Will the SNU project fully satisfy this demand? If not, what other post-graduate programs are foreseen and what will be SNU's role in assisting the development of these programs?
- (4) Development of a solid post-graduate program will undoubtedly require more than the 3-year disbursement period recommended by PD-57, and probably more than the 5-year disbursement period customary under earlier AID Loans. The PP should provide a full discussion and justification of the longer disbursement period needed, establish precise, attainable goals for the proposed disbursement period, and provide assurances that the desired end-of-project status for institutional development will be achieved with Korean resources after the AID Loan is fully disbursed.

- (5) Is the Borrower willing to take positive action on various institutional factors that are essential to the success of the project, such as:
- a - creation and funding of additional faculty positions at SNU and other centers to be developed;
 - b - salary increases attractive enough to retain the best faculty and commit them to full-time work in the program;
 - c - financial incentives for research;
 - d - provision for graduate assistants.
- (6) What inducement is required to attract Korean expatriates to teaching positions at SNU and other centers? Should a recruitment effort financed in part by Loan funds be included in the Project?
- (7) What impact will this project have on the status of women? What percentage of current enrollment in the natural sciences at SNU, at undergraduate and graduate levels, is comprised by women?

UNITED STATES GOVERNMENT

Memorandum

4890709⑦
10-AAA-485

UNCLASSIFIED

TO : Mr. Frank Collins, Jr.
Director, EA/CCD

DATE: April 18, 1975

FROM : Michael H. B. Adler
Director, USAID/Korea

SUBJECT: A.I.D. Loan No. 489-U-091; SNU Graduate Program
of Natural Sciences -- Transmittal of PP

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1. Attached is the Project Paper (PP) to justify a loan authorization for the subject Project.
2. Also attached is a draft loan agreement. *Not used*
3. We are hopeful that this loan will be authorized before May 31, 1975, and are prepared to offer any assistance to that end.

Attachments:
PP (original only)
Draft Loan Agreement (original only)

Bob ... 5/20

489-709

STATE AID - USIA ROUTING SLIP				CLASSIFICATION UNCLASSIFIED		
				DATE April 22, 1975		
TO:	Name or Title	Organ. Symbol	Room No.	Bldg.	Initials	Date
1.	N. Cohen	EA/CCD				-
2.	A. R. Love	EA/CCD				
3.	E. K. Green	EA/TD	603C	RP		
4.	S. R. Tisa	GC/EA	6312	NS		
5.	M. M. Pohl	EA/CCD				
Approval		For Your Information		Note and Return		
As Requested		Initial for Clearance		Per Conversation		
Comment		Investigate		Prepare Reply		
File		Justify		See Me		
For Correction		Necessary Action		Signature		
REMITTANCE ADDITIONAL LISTING						
	6. J. Shannon	PPC/DPRE	3637	NS		
	7. S. J. Littlefield	EA/FAA	4216	NS		
	8. R. Ellert-Beck	EA/FAA/K	4214	NS		
	9. J. Sloan	SER/ENGR	507	SA 11		
<p>We have scheduled a project committee meeting for the SNU Graduate Program of Natural Sciences PP - Korea - (attached) on Friday, April 25, 1975 at 10:00 a.m. in the sixth-floor conference room of Kosslyn Plaza. The purpose will be to discuss the adequacy of the PP prior to scheduling an EAPAC meeting. Your participation is invited.</p>						
FROM: Name and Org. Symbol				ROOM NO. & BLDG.		
J. A. Tennant EA/CCD				611 RP		
CLASSIFICATION				PHONE		
Unclassified				235-8856		

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12/20/74

M E M O R A N D U M

JJ → Clary
4890709 (8)
PO-AAA-985
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TO : EA/CCD, Mr. Norman Cohen

FROM: EA/CCD, Mr. Robert S. Queener

SUBJ: IRR For Seoul National University Faculty Development Project

Issue: USAID/Korea recently submitted an Intensive Review Request for a Seoul National University (SNU) Faculty Development Project. The proposed project appears to have high potential for facilitating continued high rates of economic growth and for introducing qualitative improvements throughout the entire educational system. However, its responsiveness to the Congressional mandate to focus on the problems of the poor majority is questionable. The issue confronting us is whether or not the Congressional mandate and A.I.D.'s current interpretation of that mandate permit A.I.D. to finance a project with strong individual merits which does not immediately impact on the poor majority.

Background:

A. The project

Based on the analysis of the Ministry of Education and the Ministry of Science and Technology, Korea's Third Five-Year Plan identifies poor-quality science instruction and an inadequate number of highly competent scientists as a key bottleneck in future developmental progress. The purpose of the project is to develop a high-quality post-graduate department of natural sciences (mathematics, physics, chemistry, and biology) at Seoul National University, Korea's most prestigious higher education institution and the hub of a system of

federal universities located around the country. The broad sectoral goal addressed by the project is to improve the teaching and application of natural sciences in Korea as required by an economy undergoing a process of rapid sophistication. The sector sub-goal is to ensure a supply of highly capable scientists for (1) industry and government and private research institutions, and (2) other university departments of natural sciences, both undergraduate and graduate.

B. Interpretation of the Congressional Mandate

1. FAA of 1973

The FAA of 1973 states that "U.S. bilateral development assistance should give the highest priority to undertakings submitted by host governments which directly improve the lives of the poorest majority of the people and their capacity to participate in the development of their countries". It also states that "bilateral development aid should concentrate increasingly on sharing American technical expertise, farm commodities, and industrial goods to meet critical development problems".

H.R. 9360, dated July 20, 1973, provides guidance concerning educational projects. Developing countries should "develop low-cost, innovative systems of education to . . . provide their people with the requisite skills to participate in the process of development." Higher education should be assisted "to the extent that the professional skills imparted contribute most directly to development and the welfare of the poorest majority".

2. Draft Report of the S.O.G. Task Force, Attachment A, "Analysis of the Congressional Mandate"

Direct assistance to the poor and deprived to obtain adequate nutritious food, necessary health services, and a practical education leading to active participation in their country's development" is literally the sine qua non for all new development projects". "Each U.S. supported development project in the country program must be designed to cause, at some level of achievement the poor and/or deprived to obtain one or more of these four basic human requirements:

- a. sufficient and balanced diet
- b. necessary health care
- c. a practical education
- d. productive work"

"Focus on the Poor Majority is absolutely essential for all new bilateral economic development projects."

3. AIDTO Circular 275, dated April 2, 1974, Program Guidance on Implementing AID's Strategy for the Education and Human Resources Sector

"A comprehensive approach to human resource development is required in which sector and project activities are devised to focus on important development problems of relevance to lower income groups". "The Sector Statement counsels AID to move away from assisting the internal development of higher education institutions in the LDC's and move toward helping these institutions ^{provide} effective, problem-oriented service to their societies. Higher education institution building is not an end in itself; rather the proper end of our assistance programs in this area should be the solution of important development problems".

C. Relationship of the SNU Project to the Congressional Mandate, as Interpreted

Without question, the project would provide American expertise to address a critical development problem and therefore be responsive to one criterion provided by the FAA of 1973. Direct improvement of the lives of the poor majority is more difficult to establish. Korea's poor majority would benefit from the project in the following ways:

- (1) Improved science instruction grades 1-12, as improvements in science curricula, teaching methods, and instructional materials initiated at the post-graduate level influence the quality of teacher training programs and subsequent instruction in the school system.
- (2) As a result of improved science instruction, , better preparation of the poor majority to participate in Korea's development, in the sense of being more adaptable to scientific agricultural methods and more readily trainable for technical jobs.
- (3) Increased production, employment opportunities, and incomes resulting from more intelligent application of the sciences to fundamental Korean problems, particularly in the agricultural sector.

While these benefits to the poor majority are genuine, they are undeniably indirect products of the proposed project with a relatively long time-frame for their realization.

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SUBJ: IRR FOR SEOUL NATIONAL UNIVERSITY FACULTY DEVELOPMENT PROJECT

1. PROPOSED PROJECT REVIEWED BY EAST ASIA PROJECT ADVISORY COMMITTEE (EAPAC) ON DECEMBER 18 FOLLOWED BY SUPPLEMENTAL MEETING WITH PPC AND TAB REPS ON DEC. 20. PRINCIPAL CONCERN IS THAT PROJECT DOES NOT APPEAR TO COMPLY WITH CONGRESSIONAL MANDATE TO FOCUS ON PROBLEMS OF POOR MAJORITY. JUDGMENT HERE IS THAT PROJECT CAN BE APPROVED ONLY IF IT DEMONSTRATES HIGH POTENTIAL FOR DIRECTLY BENEFITTING POOR MAJORITY IN THE FORM OF IMPROVED SCIENCE AND MATHEMATICS INSTRUCTION THROUGHOUT SCHOOL SYSTEM AND PARTICULARLY AT LOWER LEVELS WHERE LARGER PERCENTAGE OF POOR MAJORITY ENROLLED. FAVORABLE DECISION ON PROPOSED PROJECT DEPENDS ON EXISTENCE OF LINKAGES THAT ASSURE BENEFICIAL IMPACT OF PROJECT OUTPUTS ON OTHER PROGRAMS THAT REACH POOR MAJORITY WITHIN REASONABLE TIME-FRAME, I.E., TWO TO FOUR YEARS.

2. PRIOR TO DECISION ON PRP, THEREFORE, EAPAC WOULD APPRECIATE RESPONSES TO FOLLOWING QUESTIONS:

A. WHAT PERCENTAGE OF CURRENT SNU ENROLLMENT IS FROM MIDDLE AND LOWER INCOME FAMILIES?

B. WHAT IS THE LIKELIHOOD THAT GRADUATE DEPARTMENTS OF SNU'S COLLEGE OF NATURAL SCIENCES WILL PROVIDE IN-SERVICE TEACHER TRAINING AND PARTICIPATE IN DEVELOPING IMPROVED CURRICULA AND TEACHER TRAINING PROGRAMS FOR MORE EFFECTIVE SCIENCE AND MATHEMATICS INSTRUCTION AT ALL LEVELS OF KOREAN EDUCATIONAL SYSTEM?

C. WHAT ASSURANCE IS THERE THAT (A) A VERY HIGH PERCENTAGE OF PROJECT TRAINED PERSONNEL WILL CONTINUE IN KOREAN HIGHER EDUCATION SYSTEM AND (B) A HIGH PERCENTAGE OF SNU MS, MA, PHD AND DSC GRADUATES, WILL TAKE TEACHING POSITIONS IN TEACHER TRAINING COLLEGES AND UNDERGRADUATE SCIENCE DEPARTMENTS OF SNU AND THE PROVINCIAL UNIVERSITIES? WHAT KIND OF INCENTIVES WILL BE BUILT IN TO ASSURE SELF REGENERATION OF QUALITY SCIENCE INSTRUCTION BY END-OF-PROJECT, I.E., 1983?

D. WOULD THE PROJECT MOTIVATE THE COLLEGE OF NATURAL SCIENCES AND SCIENCE DEPARTMENTS IN THE PROVINCIAL UNIVERSITIES "TO PROVIDE EFFECTIVE, PROBLEM-ORIENTED SERVICE" TO KOREAN SOCIETY, AS EMPHASIZED IN AID-TO CIRCULAR 275, PROGRAM GUIDANCE ON IMPLEMENTING AID'S STRATEGY FOR THE EDUCATION AND HUMAN RESOURCES SECTOR? HAVE THESE DEPARTMENTS DISPLAYED A SERVICE ORIENTATION IN THE PAST?

E. WHAT IMPACT WOULD THE PROPOSED PROJECT HAVE ON SCIENCE/MATH TEACHING AT THE ELEMENTARY, MIDDLE AND SECONDARY SCHOOL LEVELS? GIVE BEST POSSIBLE ESTIMATES OF (1) TRAINED AND (2) RETRAINED TEACHERS AND (3) STUDENTS TO BENEFIT. WHAT MECHANISMS WOULD ASSURE THIS IMPACT AND WHAT PERIOD OF TIME WOULD BE NECESSARY FOR ITS REALIZATION? IS THIS IMPACT FACILITATED BY AID-FUNDED KEDI PROGRAM AND IBRD-FUNDED SECONDARY AND POST-SECONDARY TECHNICAL EDUCATION PROGRAM? IF SO, TO WHAT EXTENT? COULD LOAN BE CONDITIONED UPON SCIENCE CURRICULUM UNIFICATION AND CONTINUED DEVELOPMENT?

F. IS PROPOSED PROJECT A COST-EFFECTIVE APPROACH TO BOTH PROBLEMS IT ADDRESSES, I.E., IMPROVING QUALITY OF SCIENCE INSTRUCTION THROUGHOUT EDUCATIONAL SYSTEM AS WELL AS SUPPLYING SCIENTIFIC MANPOWER NEEDS OF THE KOREAN ECONOMY?

3. PLEASE CABLE RESPONSES AS SOON AS NECESSARY INFORMATION IS AVAILABLE. EAPAC WILL THEN APPRAISE PRP IN LIGHT OF SUPPLEMENTARY MATERIAL SUBMITTED. IF POSSIBLE WOULD APPRECIATE RESPONSE NLT JAN. 10, TO COINCIDE WITH ZACH HAHN'S AID/W TDY.

Clearances:

Authority: _____

EA/CCD:N. Cohen

EA/CCD:M.M. Pehl

EA/TD:H. Hall

EAA/EA/K:R. Ellert-Beck

PPC/DPRE/PR:J. Shannon

PPC/PDA:J.R. Eriksson

TA/EHR:W.R. Charleson