

**AIRGRAM**

**DEPARTMENT OF STATE**

4890673 (2)  
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PD-AAD-450-61

**UNCLASSIFIED**  
CLASSIFICATION

For each address check one ACTION | INFO

DATE REC'D.

Reference Center  
Seoul

DATE SENT

10/1/70

TO - AID/W TOAID A- 716

TO USA 3 11 2

AID  
CENTER

FROM - SEOUL

SUBJECT - Advanced Management Training

REFERENCE -

attached is a non-capital project paper (PROP) covering project 489-15-280-673 Advanced Management Training.

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DRAFTED BY DMChandler: LSmith:cah	OFFICE AD/P	PHONE NO. 4131	DATE 9/14/70	APPROVED BY: D:HEHouston
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AID AND OTHER CLEARANCES				
AD/P-P:AJCoppola	AD/ID:HJKeigel	AD/C:WAChevoor	AD/E:TFOlsted	
AD/P-TR:HTSearl	AD/ID:JG...	AD/P:ACRevelle		
AD:JKThomas	AD/ID:...	AD:MCWedeman		

Non-Capital Project Paper (PROP)

Industry and Mining

Country: Republic of Korea

Project No.: 489-15-280-673

Submission Date:

Original X Revision No. \_\_\_\_\_

Project Title: Advanced Management Training

U.S. Obligation Span: FY 1971 through FY 1975

Physical Implementation Span: FY 1971 through FY 1976

Gross life-of-project financial requirements:

U.S. Dollars: \$689,000

Cooperating country  
cash contribution: 198,000 (\$ equivalent)

#### A. Summary Description

The Republic of Korea (ROK) is undergoing a steady change from a rural, traditional society to an industrialized, largely urbanized nation. In this situation the ROK has a continuing and increasing need for well-qualified engineers, scientists, managers, and other technicians to fill the new positions of leadership in business, industry, and government. At present, however, Korea does not have sufficient numbers of indigenous specialists in these areas, and is not yet capable of training additional people of the quality and in the quantities that are required. In addition, AID's technical assistance projects which could possibly provide such specialized training, are either terminating in the near future or are in other, more narrowly focused areas. Therefore, it is proposed that the U.S. provide under this new project, advanced management training in selected technical and other fields related to the ROK's continued development.

Under this proposed project AID will finance advanced training and observation trips in the U.S. for numerous Korean engineers, scientists, industrial and commercial managers and public officials. They will receive up-to-date training in and be given observation tours of modern industrial and administrative practices. It is also planned that this project will serve as a model for similar training programs to be organized and administered in the future by the Republic of Korea Government (ROKG) and private organizations, especially after AID's training programs in Korea have terminated.

The participants under this project will be trained in fields not directly related to other A.I.D. technical assistance projects. They will be selected, for the most part, from the private sector, with the objective of assisting Korea meet its needs for highly trained technical and administrative personnel required to organize and manage the labor, capital and other resources necessary for Korea to reach its full potential.

During the five-year life of this project, it is planned to finance the training of approximately 90 Koreans for periods generally of 6 to 12 months each. Virtually one-half of these would be funded in the second year of the project. The only cost other than for training will be for the USAID training officer.

Attached is a summary of the financial requirements needed to carry out this project.

PROP date:

Project No.: 489-15-280-673

Advanced Management TrainingDollar Funding (\$000)

<u>Year</u>	<u>Direct Hire</u>	<u>PASA</u>	<u>Contract Services</u>	<u>Participants</u>	<u>Commodities</u>	<u>Other Costs</u>	<u>Total</u>
Prior thru FY 1970	-	-	-	-	-	-	-
FY 1971	32	-	-	100	-	-	132
FY 1972	32	-	-	225	-	-	257
FY 1973	35	-	-	65	-	-	100
FY 1974	35	-	-	70	-	-	105
FY 1975	<u>30</u>	<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>95</u>
Total:	164	-	-	525	-	-	689

Local Currency Funding [REDACTED] (\$ equivalent)

<u>Year</u>	
Prior thru 1970	-
1971	18,000
1972	20,000
1973	22,000
1974	22,000
1975	<u>16,000</u>
Total:	98,000 (\$ equivalent)

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## B. Setting of Environment

Since the end of the Korean War, the Republic of Korea has waged a massive effort to rebuild and develop the Korean nation and economy. Utilizing substantial U.S. military and economic assistance, the ROK undertook to develop the important industrial sector, to increase exports, to construct roads and improve other means of transportation, to rebuild the educational system and to increase agricultural production. Because of Korea's own determination and initiative, and with the help of the U.S. and other donors, the ROK has achieved significant successes in almost all areas and produced a rapidly expanding economy.

To secure genuine and lasting growth, a nation must enable its people to improve their capabilities in order to consolidate new gains and make new breakthroughs. During the course of the past decade and a half many Korean people, including about 3,500 participants trained in the U.S. or third countries by AID, have developed their native abilities and specialties in such fields as industry, agriculture, public administration, transportation and power. With the help of U.S. economic and military advisors, Korea has also acquired improved technical skills in construction, manufacturing, economic planning, logistics, trade, farming, banking, education, and government.

While the above progress has been noteworthy, there is still much more that is required. That element of Korean society which is skilled constitutes only a thin upper layer of business, industry, and government leaders. As Korea begins to more fully modernize, it will require vast numbers of highly trained people in more sophisticated areas of activity. The gradual but steady change from a traditional, rural society to a modern, urbanized nation dictates that there be a continuing supply in Korea of well-qualified engineers, technicians, and managers to organize and manage the labor, capital and other resources necessary for Korea to reach its full potential. Korea has not yet reached the level where it can adequately train its own people in these specialized areas and the present foreign aid efforts, many of which are soon terminating, can only meet part of that requirement. Therefore, additional training assistance in highly specialized areas is needed.

In recognition of the above training requirements, the ROKG has recently requested additional assistance from the U.S. The USAID has responded by agreeing to request approval for a project to provide advanced management and technological training to selected participants over the course of the next five years.

### C. Strategy

It is part of U.S. strategy to assist the ROK in attaining self-sufficiency and continuing economic development. As indicated earlier, the existence of an adequate number of highly qualified people is a prerequisite for achieving that development. This training project is intended to help Korea reach that goal.

In order for the ROK to further its own development, it needs specialized training assistance in certain key areas. Korea's prospects for additional growth depend very much upon the nation's success in fostering further industrial and commercial development and in improving Korea's export-import ratio. In this regard, the ROK must improve its industrial efficiency and engineering expertise in order to increase production and to make goods of more competitive quality. Consequently, this project is designed to finance advanced training and observation tours in the U.S. for present and future leaders of commerce and industry to help the ROK to produce more goods, improve production methods, and compete more effectively in international trade.

At the same time, as society and the economy develop and modernize, they also become more complex and more difficult to manage. Higher levels of development often involve new problems for which unique solutions are required. There are continuing requirements of a specialized nature for which highly trained people are needed now in Korea. These training needs do not fall within the objectives of existing or planned technical assistance projects. Therefore, this proposed project is intended to help satisfy selected, high-priority training needs which cut across ~~numerous~~ fields and which are not directly related to other AID technical assistance projects.

Participants selected will be trained in areas relevant to Korea's development requirements, especially in industry, science and engineering. Emphasis will be given to choosing participants from private business in order to bolster that increasingly important sector of Korean business and society. After completing training in the U.S., the participants are scheduled to return to their former or to more responsible positions and directly apply or adapt the various techniques learned in the U.S. The returned participants are also expected to impart their new knowledge and experience to other Koreans and thereby disseminate the training acquired from abroad.

Part of the strategy involved in this project is to help the ROK develop its own ability for planning and implementing future technical training programs for Koreans. The ROK now has only limited experience in planning and carrying out training programs. The project is intended to also serve as a teaching model through which the ROK will gain increasingly greater experience and expertise in planning, financing, and administering similar training programs in the future.

This project will be carefully coordinated with the training provided under current and future AID projects and with assistance by other donors, international organizations, and private associations.

#### D. Planned Targets, Results and Output

This project is designed to achieve the following targets:

- a) set up a U.S. - financed training program to acquaint Korean technicians and high-level managers with advanced techniques in production, planning, and administration (by end of FY 1971);
- b) select and process for training in the U.S. probably 17 participants, mostly from the private sector (by end of FY 1971);
- c) select and process for training in the U.S. probably 41 participants, mostly from the private sector (by end of FY 72) and process approximately 10 to 12 participants for each of the remaining three years of the project (by the end of FY's 73, 74, and 75 respectively).
- d) establish the nucleus for ROKG and other independently financed training programs through which the Government and the private sector can continue similar training activities in the future, especially as the AID projects begin to terminate (by end of FY 1973)

#### E. Course of Action

The USAID proposes to achieve the aforementioned targets and objectives through the provision of participant training funded from FY 1971 through FY 1975. The project manager will participate in the selection of participants and work with public and private organizations desirous of establishing their own procedures for training abroad.

The participants selected under this project will be largely from the private sector and will be chosen based on their qualifications and apparent ability to implement the knowledge and techniques to be learned in the U.S. The candidates will be chosen through careful screening by appropriate USAID and ROKG officials.

Some of the types of training proposed under this project may include the following: steel production management, chemical fertilizer production, nuclear power plant operation, metallurgical engineering, urban planning, waterworks and sewage disposal, budgeting and auditing, nutrition, pollution control, manufacturing technique for various products, and organization and management. Other priority Korean training needs will be considered on a case-by-case basis depending upon the potential contribution of the program to the success of Korea's development plans.

USAID plans to work closely under this project with the ROKG Ministry of Science and Technology, which is responsible for coordinating all foreign training, and with the Korean-American Technical Cooperation association, which now receives Trust Fund and other local currency support and handles all of the orientation and follow-up activities for AID-financed participant training. One of the purposes served by this close working relationship is to help the ROK develop greater expertise in developing and administering its continuing training requirements in the future. USAID will assist the ROK organizations to take a larger role in determining priority training needs and in handling the necessary arrangements in selecting qualified participants, choosing suitable courses or schools, contacting U.S. institutions and business firms, monitoring training programs, and providing worthwhile programs of follow-up education. By the time this project ends it is expected that the ROK will have developed sufficient expertise to handle similar self financed training programs on its own.

Further details on project targets and courses of action will be set forth in annual Project Implementation Plans or revisions to the PROP.

Proj. No 4890673  
*PN*

**PROJECT AUTHORIZATION**

1. PROJECT NUMBER <b>489-15-280-673</b>	3. COUNTRY <b>Republic of Korea</b>	4. AUTHORIZATION NUMBER <b>0080</b>
2. PROJECT TITLE <b>Advanced Management Training</b>		5. AUTHORIZATION DATE <b>1/22/71</b>
7. LIFE OF PROJECT		6. PROP DATED <b>10/1/70</b>

a. Number of Years of Funding: 5  
 Starting FY 1971; Terminal FY 1975

b. Estimated Duration of Physical Work  
 After Last Year of Funding (in Months): 12

FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY Exchange Rate: \$1 = ₩310			
	GRANT	LOAN		U.S. OWNED		HOST COUNTRY	
				GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY 70	-						-
Operational FY 71	132						18
Budget FY 72	257						20
B + 1 FY 73	100						22
B + 2 FY 74	105						22
B + 3 FY 75	95						16
All Subsequent FY's							
<b>TOTAL</b>	<b>689</b>						<b>98</b>

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

10. CONDITIONS OF APPROVAL OF PROJECT

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
<i>[Signature]</i> SIGNATURE	EA/NEAP, Leo F. Shook <i>[Signature]</i>	1/20/71
	EA/NEAP, Chester S. Bell <i>[Signature]</i>	1/20/71
	OIT/PD, N. N. Najjum <i>[Signature]</i>	11/16/70
	EA/DP, Charles H. Breecher <i>[Signature]</i>	11/17/70
AA/EA		
TITLE		DATE



Department of State

TELEGRAM

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FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC 4376

UNCLAS SEOUL 6723

AIDAC

SUBJ: PROP FOR ADVANCED MANAGEMENT

REF: STATE 207100 M.O. 1381.4

FIELDS OF TRAINING SELECTED BY MOST BUREAU OF POLICY AND DEVELOPMENT  
BASED ON TWO STUDIES: (1) LONG TERM PLAN FOR SCIENCE AND TECHNOLOGY  
AND (2) LONG TERM PLAN FOR MANPOWER FORECAST. MOST CLAIMS  
THAT STUDIES WERE CAREFULLY RESEARCHED AND COORDINATED WITH  
EPB. ALSO APPROVED BY PRESIDENT PARK. THIS PROJECT IN ACCORD  
WITH POLICIES STATED REFERENCED M.O. USAID TRAINING OFFICER  
AND PROJECT MANAGER IN DISCUSSIONS WITH MOST HAVE OBTAINED MOST  
AGREEMENT THAT ALL RETURNEES MUST TRAIN OTHERS FROM DIFFERENT  
COMPANIES IN SAME INDUSTRY. AS IN ALL FREE ENTERPRISE COUNTRIES,  
IMPROVEMENTS IN ONE FIRM'S OPERATIONS IMMEDIATELY LEADS TO COM-  
PETITORS' FOLLOWING SUIT. KATCA WILL HAVE MAJOR ROLE IN SETTING  
UP INDUSTRY WIDE SEMINARS AND TRAINING PROGRAMS. REQUEST PROP  
APPROVAL ASAP.

LATHRAM

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