

4990674-3  
 PD-ADD-452-C1

NONCAPITAL PROJECT PAPER (PROP)

I. PROJECT IDENTIFICATION

1. PROJECT TITLE  Korea Development Institute		APPENDIX ATTACHED <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
3. RECIPIENT (specify) <input checked="" type="checkbox"/> COUNTRY Republic of Korea (ROK) <input type="checkbox"/> REGIONAL <input type="checkbox"/> INTERREGIONAL		2. PROJECT NO. (M.O. 1095.2) 489-15-755-674
4. LIFE OF PROJECT BEGINS FY 1971 ENDS FY 1976		5. SUBMISSION <input type="checkbox"/> ORIGINAL <input checked="" type="checkbox"/> REV. NO. 2 DATE 1/14/76 CONTR./PASA NO.

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) BUDGET		
1. PRIOR THRU ACTUAL FY	1,367	92		345		428	96	406					
2. OPRN FY 76	340							340					
3. BUDGET FY													
4. BUDGET 11 FY													
5. BUDGET 12 FY													
6. BUDGET 13 FY													
7. BUDGET 14 FY													
8. BUDGET 15 FY													
9. BUDGET 16 FY													
TOTAL	1,707	92		345		428	96	746					

1. DONOR	2. KIND OF GOODS SERVICES	3. AMOUNT

III. ORIGINATING OFFICE CLEARANCE

1. OFFICER ASIA/EAA/K:BBundy	TITLE Program Analyst	DATE 1/15/76
2. AVAILABLE OFFICER ASIA/EAA/K:REllert-Beck	TITLE Asst. Desk Officer	DATE 1/16/76

IV. PROJECT AUTHORIZATION

1/ Block II. B. 2 (OPRN FY): Only \$210,000 is being added by this revision of the PROP. \$130,000 has been added to Phase I from FY 1976 funds under a prior PROP revision. This revision covers Phase II only.

BUR OFF.	SIGNATURE	DATE	BUR OFF.	SIGNATURE	DATE
PPC/DPRE	A. Handly	1-22-76	DAA/ASIA	MHBadler	
PPC/RC	E. Griffel		CM/ROD	R. Cohn	3/9/76
PPC/RB	G. Cauvin	1/3/76	A/EAA/TK	R. Taylor	1-16-76
PPC/PDA/DAD	J. Hoath		A/EAA	S.J. Litterfield	
AA/TA	M. Kilgour	3-18-76	ASIA/ID	H. W. Dodge	
TA/PM	C. Fritz	3/17/76	ASIA/DP	W. Lefes	
1. APPROVAL AAS OR OFFICE DIRECTORS SIGNATURE Arthur Z. Gardiner, Jr. DATE 1/21/76			4. APPROVAL A. AID (See M.O. 1025.1/1/C) SIGNATURE DATE		
TITLE AA/ASIA			ADMINISTRATOR, AGENCY FOR INTERNATIONAL DEVELOPMENT		

NON-CAPITAL PROJECT PAPER (PROP)  
KOREA DEVELOPMENT INSTITUTE

COUNTRY : REPUBLIC OF KOREA Project 489-15-755-674

SUBMISSION DATE: Revision No. 2

PROJECT TITLE : Korea Development Institute (KDI)

U.S. Obligation Span: FY 1971 through FY 1976

Physical Implementation Span: FY 1971 through FY 1977

Gross life-of-project financial requirements:

TOTAL CONTRIBUTION (in dollars)	<u>\$9,190,000</u>
USG Contribution	<u>\$1,707,000</u>
ROKG Contribution	<u>\$7,483,000</u>
Cash	5,983,000
Value of Land	1,500,000
Total cost of the KDI/HIID Modernization Study	<u>\$ 660,000</u> <sup>1/</sup>
USG Contribution	460,000
PROP Revision I \$250,000	
PROP Revision II 210,000 <sup>2/</sup>	
ROKG Contribution	200,000

1/ Included in the Total Contribution

2/ Amount covered in this PROP Revision

## KOREA DEVELOPMENT INSTITUTE REVISION II

### I. INTRODUCTION

In 1972 the Korea Development Institute (KDI) was established to conduct research on social and economic development problems, and to assist the Government of Korea in formulating national development policies and strategies. Basically, the purpose of this project remains as stated in the original PROP. When the decision was made to phase out the concessional economic program in Korea, it was determined that a comprehensive study of Korea's post World War II economic development process would provide a valuable resource for the ROK and the rest of the development community. The study may serve as a catalyst by encouraging new directions in development planning for other developing countries. In an historic sense, the study would serve as a comprehensive document of economic successes and failures in Korea. Much of the United States and other donor experiences will prove as invaluable background information for future economic assistance planners. In June 1975, the first revision of the KDI PROP was approved to extend the life of the project and to provide an additional \$250,000 from ASIA Bureau funds for Phase I of the KDI/Harvard Institute for International Development (HIID) Modernization Study.

This second revision provides an additional \$210,000 to fund Phase II of the Korea Development Institute (KDI)/Harvard Institute for International Development (HIID) Modernization Study to \$460,000. Under Phase II, KDI and HIID will complete the monographs and prepare a comprehensive overview. The Strategy and Course of Action sections of the PROP are also revised to reflect the above stated changes.

### II. FINANCIAL PLAN

Throughout the life of the KDI project, the U.S. contribution has amounted to \$1,247,000. The KDI/HIID Modernization Study raises the U.S. contribution to KDI by \$460,000 to \$1,707,000. The ROKG contributions total to some \$7,283,000 for general development and \$200,000 for the Modernization Study.

	(\$000) <u>Contributions</u>	
	<u>United States</u>	<u>ROKG</u>
KDI Institutional and Capital Development	\$ 1,247	\$ 7,283*
KDI/HIID Modernization Study	<u>460</u>	<u>200</u>
TOTAL LIFE OF PROJECT CONTRIBUTIONS	\$ 1,707	\$ 7,483*

\*Includes ROKG assessment of land value \$1,500,000.

A summary of the financing for the KDI/HIID Modernization Study follows:

	<u>United States</u>	<u>ROKG</u>
Phase I	\$250,000	\$100,000
<u>FY 1975</u>	<u>\$120,000</u>	<u>\$100,000</u>
FY 1976	\$130,000	-
Phase II	\$210,000	\$100,000
<u>FY 1976</u>	<u>\$210,000</u>	<u>\$100,000</u>
TOTAL PROJECT CONTRIBUTIONS	<u>\$460,000</u>	<u>\$200,000</u>

Requirements for Phase I of the Study was funded by Revision I of the PROP dated June 17, 1975, which included eight of the twelve monographs. Requirements for Phase II of the Study will be funded under this second revision to the PROP. Phase II of the study will include four additional monographs and a comprehensive overview of the study.

The budget for Phase II of the Modernization Study is as follows:

<u>Dollar Budget for Phase II</u>	<u>TOTAL</u>
<u>Home Office</u>	<u>\$35,535.00</u>
1. Salaries, benefits, etc. for Project Coordinator	
1 (4 m/m)	10,935

Dollar Budget for Phase II (Continued)

2. Travel	5,010	
3. Secretaries 2 (12 m/m)	11,590	
4. Editor 1 (6 m/m)	8,000	
<u>Field Staff</u>		\$ <u>14,400.00</u>
<u>Experts</u> (7 -- 25 m/m)		\$ <u>94,365.00</u>
1. Salaries, benefits, etc.	59,855	
2. Travel (including international travel and maintenance for KDI experts)	34,480	
<u>Research Associates</u> (3 -- 15 m/m)		\$ <u>12,150.00</u>
<u>Other Direct Costs</u>		\$ <u>20,810.00</u>
1. Communications, supplies, copying, etc.	5,000	
2. Publications	3,900	
3. Conference	5,000	
4. IIE Sub-Contract Administrative charges	6,910	
<u>Harvard Overhead @ 18.5%</u>		\$ <u>32,790.00</u>
		\$ 210,020.00
		Rounded Down To <u>210,000.00</u>

A. United States Government Contribution (USG)

The USG will contribute, through A.I.D., the foreign exchange portion of the KDI/HIID modernization study which provides for: (1) salaries and fringe benefits of American consultants and American research associates; (2) their travel to Korea; (3) HIID support and backstopping costs; and (4) HIID administrative and overhead charges.

E. Republic of Korea Contribution (ROKG)

The ROKG will provide the funds to cover (1) all costs for American consultants and American researchers while they are in Korea to include local travel, housing, etc., except salaries and fringe benefits covered in the USG contribution; (2) costs for the KDI staff who will be working with the U.S. consultants; (3) other contract support costs, i.e., clerical, secretarial, translation, etc.

C. Other Donors

No other donors will be providing financial support for this study. However, the study will include comprehensive analyses of other donor contributions to Korea during the post World War II period.

III. Strategy and Course of Action

Twelve monographs will be prepared in a collaborative effort by scholars from KDI and HIID. Both institutions will draw researchers from outside their own institutions to produce monographs that tap a broad range of professional expertise which will ensure an objective, cohesive, systematic and comprehensive analysis of Korea's development since World War II. In addition to the monographs, two distinguished scholars will prepare an overview of the study which presents an integrated perspective of the Korean modernization process.

A. Strategy

The study is to be prepared in two phases:

(1) Under Revision I, the Asia Bureau provided an additional \$250,000 for Phase I for the preparation of eight of the twelve monographs of the study as follows:

	<u>Authors</u>	
	<u>Korean</u>	<u>American</u>
Growth & Macro Changes in the Structure of National Product	Kwang Suk Kim	M. Roemer
Government and Business: Respective Roles and Interaction	Il Sakong Hoon Yu	E. Mason L. Jones

Industrial Case Studies (Fertilizer, iron & steel, textiles & plywood)	Yoon Hyung Kim Heeyhon Song Yung Bong Kim	M. Roemer L. Jones
Development of the Financial System	Yung Chul Park	D. Cole
Development of the Fiscal System	Chong Kee Park Chuk Kyo Kim	R. Bahl V. Brandt
Rural Development	Pal Yong Moon Sung Hwan Ban	D. Perkins
Urban Development	Byung Nak Song	E. Mills
Education & Development	Yung Bong Kim Shin Bok Kim	D. Snodgrass N. McGinn

(2) Phase II which will be funded under this PROP Revision includes four additional monographs and an overview. The four additional monographs complete the twelve monographs planned under this study and are essential to providing a full understanding of Korea's development process. These final monographs:

	Authors	
	<u>Korean</u>	<u>American</u>
The Social, Historical & Political Context of Development	Man Gap Lee	V. Brandt E. Wagner
Foreign Aid, Trade & Industrial Development	Wontack Hong Suk Tai Suh	A. Krueger
Employment & Labor- Management Relations	Sookon Kim	G. Saxonhous
Population, Health & Development	Dai Young Kim Hakchung Choo	J. Jeffers

While the second phase of this project does provide funding for the final four monographs, a major part of the requirement will finance the project overview. The overview will be prepared by two distinguished scholars to present an integrated perspective of the Korean modernization process. The overview will draw on the analysis in the twelve monographs, will dovetail and integrate them, and will conclude therefrom. In particular, the overview will present the results of the monographs in a manner that is designed to illustrate issues of international interest.

Because the Study will have worldwide institutional implications, the **Technical Assistance Bureau (TAB)** and the Program and Policy Coordination Bureau (PPC) will be kept informed of the project's progress and outcome.

B. Course of Action

While the requirements and nature of interaction will vary with each area of study, it is expected that the effort will include:

- (1) The two Senior Editors meeting to design the methodology, develop a detailed outline, and apportion the research tasks;
- (2) Selection of the authors who will be primarily responsible for developing the outline. The authors will have the responsibility for researching, drafting, and collaborating with co-authors to resolve difficulties and thus ensure compatibility in purpose and form;
- (3) Two working meetings will be held to prepare (a) details of the outlines and (b) review the drafts for initial approval;
- (4) A preliminary draft will be prepared and forwarded for comments from editors, other experts and interested third parties;
- (5) Responses regarding the preliminary draft will be agreed upon and prepared and a final draft will be produced;
- (6) Senior editors will review the final draft and prepare the overview.

The tentative schedule for the study is as follows:

	<u>Phase I</u> <u>Technical</u> <u>Papers</u>	<u>Phase II</u> <u>Technical</u> <u>Papers</u>
Collaborators meet and prepare a detailed outline	August 1975	February 1976
First KDI/HIJD conference	October 1975	August 1976*

\* Overlaps with the second conference for the first phase technical papers.

Interim technical reports submitted to editorial committee	March 1976	August 1976
Editorial committee submits consolidated interim report to the parties	April 1976	September 1976
Preliminary drafts of technical papers	August 1976	October 1976
Second KDI/HIID conference	August 1976	January 1977
Review by editorial committee	September 1976	November 1976
Revised final papers	December 1976	February 1977
Consolidation & preparation of summary	--	June 1977
Publication of final report	--	September 1977

1. Personnel

The personnel will consist of two senior editors; three associate editors; an American coordinator in Seoul; and technical experts in each area of study:

a. Senior Editors

The Senior Editors will be responsible for overall guidance and completion of the activity, and will co-author the overview volume of study. They will provide critical reviews of the draft technical papers and will be empowered to exercise final editorial authority on all papers published under the auspices of this study.

b. Associate Editors

As the Senior Editors will be facing many constraints on their time, some of the tasks or coordination, monitoring and editorial operations will be delegated to the three Associate Editors.

c. Seoul Coordination

To assist the visiting U.S. scholars and to coordinate the KDI/HIID interaction, a Seoul Coordinator has been appointed. The Coordinator will also collaborate in the authorship of two technical papers and will be posted in Seoul for the duration of the study.

d. Experts

For each monograph being produced as a result of this study at least one American and one Korean Senior Expert will be appointed to interact on each technical paper.

e. Research Associates

Two U.S. research associates will be assigned to Seoul to assist on several studies that may require extra attention. Several Korean research associates may be employed in the U.S. and in the ROKG to assist consultants in obtaining access to Korean language materials, and compiling and analyzing quantitative data.

2. Conferences

To create an atmosphere conducive to the cross-fertilization of ideas and to facilitate editorial control, two conferences will be held. The first was held at Harvard October 31, 1975, when the details for the outlines were firmed up. The second will be held at KDI in August 1976 to prepare and review the preliminary drafts.

3. Publication

The publication of the monographs and overview will be in both English and Korean languages with the final authority for each version being the responsibility of the appropriate Senior Editor. The study is expected to be published in September 1977 and will be distributed according to the guidelines established by the Utilization Committee (See Section IV below).

IV. UTILIZATION

Identification of Use

Prior to preparation of the overview, the Contractor, HIID, and the concerned A.I.D. offices within the ASIA, Technical Assistance and Program and Policy Coordination Bureaus will meet to identify the target audience and develop an appropriate distribution mechanism for the modernization study. The committee will determine the

recipients of the study in order to ensure proper circulation. Since the objective of the study is to appraise the development process in Korea from post World War II to the present and disseminate the findings that evolve therefrom, the Committee will hold two or three seminars which will promote an effective exchange of ideas. The Office of Program Planning and Utilization will serve as the catalyst in creating the mechanism regarding utilization of the study.

#### Potential for Transferability

The study will examine ROK economic development in the context of overall technical, capital and other assistance programs, then will proceed to demonstrate how combinations of projects in each subject area fit into an overall action plan. The study will focus on significant results that have evolved, as well as their actual and potential impacts. It is anticipated that the study will be of international interest and with its potential transferability of knowledge will serve as a catalyst by encouraging LDCs to emulate the successes which can be feasibly adapted to their particular circumstances. In conclusion, we feel strongly that the study will serve as an invaluable guide in internal and external development decision making.

#### V. Evaluation

In addition to the seminars mentioned in Section IV. Utilization, Identification of Use, the USAID and AID/W will perform annual evaluations of the project.

#### VI. Statement on Environment

There will be no immediate impact on the environment. The study will take a retroactive look at Korea's development policies. Thus, the long-range benefits of the study may have positive effects on future ROKG development policies as these may affect the environment.

#### VII. Role of Women

The role of women has been considered in regards to this study. At least one American woman researcher has already been identified to co-author the monograph on "Trade and Aid". KDI staff members, which include women, will be working closely with American researchers in implementing the study. In the long run, the study's impact on future ROKG policies will have a very positive impact on the greater utilization of women as an economic resource in development.

PROJECT DESIGN SUMMARY  
LOGICAL FRAMEWORK

(Obligation  
Life of Project: FY 1976)  
From FY 1971 to FY 1977  
Total U. S. Funding \$1,705,000  
Date Prepared:

Project Title & Number: Korea Development Institute No. 489-15-755-674

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS									
<p>Program or Sector Goal: The broader objective to which this project contributes: Increased capability of GOK to design, implement, and use findings of research projects which will lead to better decision-making and planning for national development.</p>	<p>Measures of Goal Achievement: KDI, through its published volume, will have successfully demonstrated the use of research findings to enable persons concerned with government policy to understand results of policies. Other institutions such as KEDI, KIST, KAIS which are also engaged in research and its application will have contributed to the studies on which the volume is based. Total research institution involvement.</p>	<p>Recognized U.S.-Korean scholars will have evaluated the quality of research as reported in the monographs.  Recognized scholars, U.S. and Korean, will have provided critiques of manuscript of the Analytical Study prior to publication.</p>	<p>Assumptions for achieving goal targets:  Research findings will be utilized by concerned Ministries, educational institutions, business, and industry in future planning.</p>									
<p>Project Purpose: To assist the GOK in the establishment of the Korean Development Institute to fill the need for research on public policies, particularly to strengthen its research capability in areas of government responsibility which have not been previously studied.</p>	<p>Conditions that will indicate purpose has been achieved: End of project status. The capability of KDI as the major research institution for study of administration of government policies and programs will have been strengthened through development of a model for future studies of like magnitude and importance. Research, technical writing, and editorial skills will have been developed, strengthened, or refined. Values of collaborative research techniques and writing and editorial experiences will have been demonstrated.</p>	<p>Monographs will report on design, methodologies used, findings, and recommendations. These will reflect the kinds of research skills used. Published volume will reflect technical writing and editorial skills and the quality of analysis which the KDI staff is capable of conducting.</p>	<p>Assumptions for achieving purpose:  KDI research teams will have necessary cooperation of Ministries, government and private institutions, particularly those concerned with research in a given sector such as KEDI, KIST, KAIS, industry, and business to collect data for the monographs.</p>									
<p>Outputs: A published volume whose content is a comprehensive analysis of Korea's modernization process, 1945-1975, prepared by a team of distinguished U.S. and Korean scholars and edited by KDI staff under guidance of the U.S. contractor. Strengthened Korean skills in: collection, organization of data; interpretation and use in relation to public policy; preparation of technical papers (monographs); publication of a major research study.</p>	<p>Magnitude of Outputs: A minimum of 15 KDI staff members will have developed leadership skills in designing research projects, directing collection of data, organizing and interpreting these. A minimum of 45 research assistants will have had experience in collecting, organizing, and interpreting data. A minimum of two KDI senior staff will have co-authorship and co-editorship of a manuscript which utilizes and presents an analytical overview of the research data in the monographs.</p>	<p>A published volume which presents an overview and assessment of Korea's economic growth and development from 1945 through the present - 12 monographs completed based on research in at least 12 socio-economic areas.</p>	<p>Assumptions for achieving outputs: KDI will select and assign staff persons and research assistants who are interested and capable of developing further their research and/or editorial skills. KDI staff selected will give full time to the research to enable fulfillment of contract objectives on a timely basis.</p>									
<p>Inputs:</p> <table border="1" data-bbox="207 1074 559 1152"> <thead> <tr> <th></th> <th>U.S. Contract Services</th> <th>ROK Contract Support Services</th> </tr> </thead> <tbody> <tr> <td>FY 1975</td> <td>\$120,000</td> <td>\$100,000</td> </tr> <tr> <td>FY 1976</td> <td>340,000</td> <td>100,000</td> </tr> </tbody> </table> <p>To pay for services of: 3 Harvard senior staff; 12 Harvard consultants; 3 research associates; 1 Seoul coordinator; 2 KDI senior staff; 15 KDI staff members assigned full-time to the research activities and monograph preparation; 5 Korean consultants; - Korean research assistants as needed; - Korean staff support as needed; - Data input by other Ministries, institutions, and groups.</p>		U.S. Contract Services	ROK Contract Support Services	FY 1975	\$120,000	\$100,000	FY 1976	340,000	100,000	<p>Implementation Target (Type and Quantity): Phase I and II completed on schedule as stipulated in contract: Phase I 8 monographs completed Phase II 4 monographs completed (comprehensive overview prepared at the end of Phase II. Korean Modernization Study complete, reproduced and disseminated.</p>	<p>Negotiated contract with scope of work and clearly stipulated course of action to utilize resources on timely basis to meet contract objectives. ProAg; PIO/T; contract. Financial reports by contractor to Mission and AID/W/ Periodic contractor reports to Mission and to technical office.</p>	<p>Assumptions for providing inputs: The contractor will be selected and the contract negotiated on a timely basis for research to begin in calendar year 1975. Funding for FY 1976 will be available to enable completion of studies and publication of findings on schedule.</p>
	U.S. Contract Services	ROK Contract Support Services										
FY 1975	\$120,000	\$100,000										
FY 1976	340,000	100,000										