~~517-0121~~
5260303-(6)
PD-AAB-893-A1

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT PAPER FACESHEET

1. TRANSACTION CODE: A (A = ADD, C = CHANGE, D = DELETE)

PP 32

2. DOCUMENT CODE: 3

3. COUNTRY/ENTITY: DOMINICAN REPUBLIC

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 digits): 517-0121

6. BUREAU/OFFICE: A. SYMBOL: LA; B. CODE: 05

7. PROJECT TITLE (Maximum 40 characters): NATIONAL EMPLOYMENT POLICY

8. ESTIMATED FY OF PROJECT COMPLETION: FY 80

9. ESTIMATED DATE OF OBLIGATION: A. INITIAL FY 78; B. QUARTER 4 (Enter 1, 2, 3, or 4); C. FINAL FY 79

10. ESTIMATED COSTS ($000 OR EQUIVALENT $1 =)

A. FUNDING SOURCE	FIRST FY B. FX	FIRST FY C. L/C	FIRST FY D. TOTAL	LIFE OF PROJECT E. FX	LIFE OF PROJECT F. L/C	LIFE OF PROJECT G. TOTAL
AID APPROPRIATED TOTAL						
(GRANT)	(201,067)	(55,413)	(256,480)	(375,066)	(118,851)	(493,917)
(LOAN)	( )	( )	( )	( )	( )	( )
OTHER U.S. 1.						
OTHER U.S. 2.						
HOST COUNTRY		95,570	95,570		196,940	196,940
OTHER DONOR(S)						
TOTALS	201,067	150,983	352,050	375,066	315,791	690,857

11. PROPOSED BUDGET APPROPRIATED FUNDS ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE C. GRANT	PRIMARY TECH. CODE D. LOAN	E. 1ST FY 78 F. GRANT	E. 1ST FY 78 G. LOAN	H. 2ND FY 79 I. GRANT	H. 2ND FY 79 J. LOAN	K. 3RD FY ___ L. GRANT	K. 3RD FY ___ M. LOAN
(a) SD	799	730		256,480		237,437			
(b)									
(c)									
(d)									
TOTALS				256,480		237,437			

A. APPROPRIATION	N. 4TH FY ___ O. GRANT	N. 4TH FY ___ P. LOAN	Q. 5TH FY ___ R. GRANT	Q. 5TH FY ___ S. LOAN	LIFE OF PROJECT T. GRANT	LIFE OF PROJECT U. LOAN
(a)						
(b)						
(c)						
(d)						
TOTALS						

12. IN DEPTH EVALUATION SCHEDULED: MM 08 YY 79

13. DATA CHANGE INDICATOR. WERE CHANGES MADE IN THE PID FACESHEET DATA, BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA, BLOCK 12? IF YES, ATTACH CHANGED PID FACESHEET. (1 = NO, 2 = YES): 1

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE: R. T. Davis

TITLE: MISSION DIRECTOR

DATE SIGNED: MM 06 DD 01 YY 78

15. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION: MM DD YY

AID 1330-5 (8-76)

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT IDENTIFICATION DOCUMENT FACESHEET

To Be Completed By Originating Office

TRANSACTION CODE: [A] A = Add, C = Change, D = Delete

PID

2. DOCUMENT CODE

1. COUNTRY/ENTITY: Dominican Republic

4. DOCUMENT REVISION NUMBER:

5. PROJECT NUMBER (7 digits): 517-0121

6. BUREAU/OFFICE: A. Symbol: LA; B. Symbol: 05

7. PROJECT TITLE (maximum 40 characters): National Employment Polity

8. PROPOSED NEXT DOCUMENT: A. 2 (2 = PRP, 3 = PP); B. DATE (MM YY): 01 78

9. ESTIMATED FY OF AUTHORIZATION/OBLIGATION: a. INITIAL FY 79; b. FINAL FY 80

10. ESTIMATED COSTS ($000 or equivalent, $1)

FUNDING SOURCE	Life of Project
a. AID Appropriated	$100
b. OTHER U.S. 1	
b. OTHER U.S. 2	
c. Host Country	34
d. Other Donor(s)	
TOTAL	$134

11. PROPOSED BUDGET AID APPROPRIATED FUNDS ($000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE C. Grant	D. Loan	E. FIRST FY F. Grant	G. Loan	LIFE OF PROJECT H. Grant	I. Loan
(1) ST	701E	720		60		40	
(2)							
(3)							
(4)							
			TOTAL	60		40	

12. SECONDARY TECHNICAL CODES (maximum six codes of three positions each): 721 | 710 | 410

13. SPECIAL CONCERNS CODES (maximum six codes of four positions each): BL | TNG | BR | BU

14. SECONDARY PURPOSE CODE:

15. PROJECT GOAL (maximum 240 characters)

Reduce unemployment and underemployment.

16. PROJECT PURPOSE (maximum 480 characters)

Establish the institutional capability to collect and analyze employment data within the National Planning Office.

17. PLANNING RESOURCE REQUIREMENTS (staff/funds)

Limited AID/W TDY assistance.

18. ORIGINATING OFFICE CLEARANCE

Signature:

Title: Acting Director

Date Signed (MM DD YY): 05 25 77

19. Date Document Received in AID/W, or for AID/W Documents, Date of Distribution (MM DD YY):

AID 1330-2 (3-76)

PART I. SUMMARY AND RECOMMENDATIONS

A. Face Sheet Data

B. Recommendations

It is recommended that a grant in the amount of $493,916.65 be authorized for the Government of the Dominican Republic (GODR) to be used by the National Statistics Office (ONE), and the National Planning Office (ONAPLAN) in a coordinated effort designed to ultimately reduce existing high levels of unemployment and underemployment.

C. Description of the Project

The purpose of this project is to establish within the GODR the capacity to collect and analyze data relating to the levels of employment, unemployment and underemployment and to formulate overall public policy and specific strategies designed to reduce the high levels of unemployment and underemployment that have become a characteristic feature of the nation's recent economic history. The objective will be achieved through a joint effort between the USAID and the Technical Secretariat of the Presidency's Offices of Statistics (ONE) and Planning (ONAPLAN). Before the end of the project, ONE will have designed and implemented a continuing nationwide household survey that will permit accurate estimate of the rates of unemployment and underemployment. In addition, ONE will also have redesigned and updated its establishment survey in order to compile and annually publish data in timely fashion on a wide variety of employment-related economic indicators including the size and location of the labor force, the number of hours worked, and rates of turnover and absenteeism. ONAPLAN, on the other hand, will train, equip, and augment its recently created employment unit so that by the end of the project it will have acquired the ongoing capability to analyze and interpret the data collected by ONE and will also have formulated a public policy and made specific recommendations with the objective of maximizing employment.

The USAID will assist both institutions through a combination of technical assistance, short and medium term training, salary supplements, and equipment sufficient to ensure achievement of project objectives. Technical assistance will total 48 MM and cost $287,640.00. It will consist of resident advisors with demonstrated expertise in sampling and surveying and employment and manpower policy with supplementary short term assistance provided by U.S. universities, AID/W, the Bureau of the Census, and the Bureau of Labor Statistics. A total of $84,480.00 will be utilized to finance a total of 48 MM of short and

medium term training for ONE and ONAPLAN professional personnel in the U.S. and third countries. In addition, overtime salary support totaling $54,450.00 will be paid to ONE and ONAPLAN personnel to cover extra working hours dedicated to the project. Equipment provided will include vehicles, desk calculators, and other office supplies and computer software services in direct support of project activities totaling $67,346.65. The combined total of USAID assistance in these areas amounts to $493,916.65.

The GODR contribution will consist of counterpart salaries, office facilities, computer time, and a portion of in-country transportation of ONE and ONAPLAN technicians totaling $196,940.00.

The outputs resulting from the USAID and GODR resources will be sufficient to accomplish the project purpose providing that a number of standard conditions that are beyond the control of the directors and personnel of the institutions directly involved are met. These include continued relative political stability, sufficient economic stability to ensure adequate GODR revenues to fund all project elements and continued GODR commitment to the project's objectives.

E. Project Issues

Participants in the May 1977 ABS review questioned the feasibility of achieving the project purpose with the $100,000 of inputs proposed in the PID. Intensive review of the project, including TDY assistance from AID/W personnel and other experts, has substantiated the validty of the AID/W misgivings. The present paper has, as a consequence, revised project costs to accord with the findings and recommendations of these experts. The $493,916.65 proposed in the present paper is, in the USAID's estimates, the absolute minimum with which the project outputs and purpose can be economically and expediciously accomplished.

PART II. PROJECT BACKGROUND AND DETAILED DESCRIPTION

A. Background

Despite nearly a decade of double digit growth in the output of goods and services, unemployment, underemployment, and the abject poverty with which they are closely correlated remain at alarmingly high levels. Existing data are extremely scarce and of questionable validity, but unemployment and underemployment, measured in units of unemployment, would appear to constitute approximately 40% of the

national labor force (ILO estimate). This phenomenon is clearly contrary to the widely held belief of the 1950's and 60's that rapid growth in the GDP was the most effective, if not the only, means for significantly expanding employment opportunities in the developing world.

The problem of unemployment and underemployment has unquestionably been a determining factor in the extraordinarily large proportion of central government revenues devoted to the construction of labor intensive infrastructure projects by the present administration. However, economic policies consciously designed to promote rapid growth of the GDP in the belief that such growth would maximize, economywide, the labor creating impact of the GODR public investment policy did not have the desired results. Year after year of growth in the real GDP in excess of 10% failed to substantially reduce the proportion of unemployed and underemployed in the labor force.

The persistence of high, though statistically unverified, rates of unemployment and underemployment prompted the GODR to extend an invitation to the ILO to send a mission to the country in 1973. The mission remained for approximately six weeks and conducted a household survey in the capital city of Santo Domingo during its stay. The survey produced data which estimated open unemployment at approximately 20%, with an additional 60% of the city's labor force underemployed. Based upon these figures, a substantial number of recommendations for reducing the magnitude of unemployment and underemployment nationwide were made. Adoption of the recommendations, however, would have resulted in an abrupt and sweeping reorientation of the government's basic economic policy. The prevailing structure of interest rates, tariffs and investment incentives would all have had to have been altered so that capital, the relatively scarce factor of production (which had been heavily subsidized theretofore), would become relatively more expensive in relation to labor, the relatively more abundant factor.

Given the profound implications of the proposed changes, as well as the controversy which they inevitably raised both within the government and without, ONAPLAN requested and received funding from the OAS to undertake an analysis in-depth of the ILO recommendations. The follow-up study was undertaken by the private consulting firm of Clapp and Mayne, Inc., of San Juan, Puerto Rico. The team's report, which was unable to improve the data upon which the ILO study was based, was published early in 1976. Some of the ILO's findings received more emphasis than others, but overall, the new study supported the conclusions of the latter. The new report did make an interesting suggestion which ONAPLAN has been eager to pursue, however. This was

the establishment of a requirement that, along with all new budget requests, each GODR agency submit a "Declaration of Labor Impact". The declaration would specify in what way the agency had considered labor-intensive methods in its budget preparation. It would thus give ONAPLAN increased budget leverage over public investment and priorities.

Concurrently with ONAPLAN's initiative in following up upon the recommendations contained in the ILO report, a sister institution within the Technical Secretariat of the Presidency, ONE, began receiving support from the UNDP aimed at implementing ILO recommendations with respect to the collection of reliable and accurate data relating to unemployment and underemployment. The UNDP assistance was limited, however, to occasional visits by technicians, only one of whom stayed for more than a brief period. These technicians produced plans for an ambitious nationwide household employment survey that proved far beyond ONE's capacity to undertake. Instead of the 10,000 households distributed nationwide called for by the proposed sample, ONE commenced with its own meagre resources to survey some 1,700 households exclusively within the city of Santo Domingo during a six month period which began in August 1977, and concluded in February 1978.

The efforts of ONAPLAN and ONE to focus additional GODR attention upon manpower and employment concerns has received assistance recently from an unexpected source. A series of outside events, including the precipitous collapse in world sugar prices and two extraordinarily severe droughts in 1975 and 1977, have resulted in a significant deterioriation in the balance of payments, the nation's capacity to import, public revenues and ultimately, the rate of growth. There has unquestionably been an accompanying deleterious impact upon the already serious levels of unemployment and underemployment. Given the lack of unemployment data, however, it is impossible to quantify. Public awareness and concern over the magnitude of the problem have heightened considerably in recent months. Unemployment and underemployment have become frequent topics of discussion in the editorials of the nation's leading newspapers and public pronouncements by leading government officials and institutions now concede openly that manpower and employment concerns need to be more effectively integrated into national economic policy.

It is within this context that the present project has developed. The gradually growing awareness by Dominicans that existing economic policies serve as an inadequate mechanism for stimulating employment opportunities has been reinforced by recent economic experience. The Technical Secretary, along with the Directors of ONE and ONAPLAN, is

now fully committed to the development of the data base and analytic capacity with which to examine the problem and present viable and efficient alternatives for public policy.

B. Detailed Description

With the inputs itemized in the logical framework matrix appearing in this section, the cooperating institutions -- the USAID, ONE, and ONAPLAN -- seek to achieve an array of outputs that merit brief elaboration. The inputs provided to ONE will be devoted to collecting employment data on a nationwide basis from two different sources -- the household and the establishment. Each source has its particular advantages. Together, the two types of data should provide the basis for the analysis in-depth of the status of employment, unemployment, and underemployment.

It is beyond the present capacity of the GODR to maintain an employment service reporting the overall number of those seeking but unable to find employment. It is also impossible to report on the overall number of those who are underemployed -- who either cannot work the number of hours they would be willing to work at the wage rates prevailing at an employment for which their skill qualifies them, or who are working full or part time at an occupation which does not adequately utilize their skills, training, and/or experience. Until the GODR can devote adequate resources to the measurement of these variables, a stratified nationwide sample survey of households undertaken at least annually will be the most cost effective means for providing reliable estimates of their magnitude and rates of change.

The design and execution of a survey that will be of sufficient size and coverage to yield reliable estimates, yet be within the financial and human resource capability of ONE after the project is terminated, will unquestionably prove to be an arduous, time consuming task. There has never been a nationwide household employment survey in Dominican history. Virtually the only data relating to unemployment presently available, other than the 1973 ILO survey of Santo Domingo, are from the 1970 census which measured only open unemployment at a specific point in time.

To ensure the sound and expeditious design of the sample household survey within 12 months after the start of the project, ONE will contract with the Bureau of the Census (BUCEN) for technical assistance. The BUCEN will assist ONE in the design of the survey, the design of the questionnaire and the training and supervision of the interviewers. The USAID will provide two four wheel drive vehicles to ONE to assist the interviewers in their survey of rural areas. Additional assistance

AID 1025-3 (7-71)

LOGICAL FRAMEWORK MATRIX – PROP WORKSHEET

Summary	Objectively Verifiable Indicators	Important Assumptions
A.1. Goal o reduce existing high levels of unemployment and underemployment.	A.2. Measurement of Goal Achievement 1% decline in percent of labor force unemployed by 1985. 1% decline in percent of labor force underemployed by 1985.	A.3. *(as related to goal)* - Rate of growth of the economy is sufficient to expand employment opportunities. - Continued research and experimentation on a worldwide level will expand GODR opportunities to apply intermediate technology.
Sub-Goal To integrate manpower and employment policies into the nation's development activities.	GODR adoption of ONAPLAN elaborated national employment plan as official public policy by 1982. Revision by GODR by 1985 of interest rates, tariffs, and investment codes and incentives to more accurately reflect national factor endowments.	- Design and implementation of an effective employment policy will remain a priority for the GODR. - ONAPLAN will gather a large enough constituency for its programs that it will be able to lobby for them effectively.
B.1. Purpose To establish within the GODR's Technical Secretariat of the Presidency's Offices of Statistics and Planning the capability to collect and analyze data and to formulate policies and strategies designed to reduce existing levels of unemployment and underemployment.	B.2. End of Project Status Manpower data including national levels of employment, unemployment, and underemployment collected and published annually. A national strategy for integrating manpower and employment criteria into national development plans and policies. With annual evaluation reports and recommendations.	B.3. *(as related to purpose)* - Political and economic conditions will prevent an abnormal movement of trained personnel out of ONE and ONAPLAN. - GODR will continue to have an interest in employment promotion. - Continued GODR revenue capability to support program objectives.
C.1. Outputs - Review of existing employment literature by ONE and ONAPLAN staffs. - Review of existing Dominican data and studies. - Review of present GODR employment policies. - Design of household and establishment surveys and questionnaires and annual collection of data. - Participant training. - Formulation of employment policy and strategies.	C.2. Output Indicators - 3,200 hours of in-service training (400 hours for 8 individuals. - Annotated bibliography of all existing data and studies. - A published study of present GODR employment policies. - Annual publication of employment data from the two surveys. - 48 man-months of participant training in the U.S. and third countries. - Published National Employment Policy.	C.3. *(as related to outputs)* - Qualified personnel available for training. - No prolonged delays in recruitment or arrival of technical assistance. - Harmonius relations between technicians provided and host country personnel.
D.1. Inputs USAID 1. Technical Assistance 2. Participant Training 3. Salary Support 4. Equipment/Supplies GODR 1. Professional and Secretarial Salaries 2. Office Space 3. Office Equipment 4. In-Country Travel 5. In-Service Training 6. Computer Time and Programming.	D.2. Budget/Schedule ($1 U.S. = $1 peso R.D.) USAID: 1. $287,640.00; 2. 84,480.00; 3. 54,450.00; 4. 67,346.65; $493,916.65 GODR: 1. $107,400; 2. 16,200; 3. 7,200; 4. 18,000; 5. 33,140; 6. 15,000; $196,940 $493,916.65 — 71.5% 196,940.00 — 28.5% $690,856.65 — 100%	D.3. *(as related to inputs)* Both countries adhere to provisions in ProAg.

from the BUCEN will be required to review progress and assist with any redesign and/or modification of the survey found to be necessary.

The other type of employment data to be collected by ONE under the project are data from employers, or establishments. This data will provide much useful information with respect to employment, including the size and geographic distribution of the labor force, number of workers in various occupations and industries, number of hours worked, aggregate wages, and rates of absenteeism and job turnover.

ONE presently publishes an establishment survey, but, from the perspective of the requirements for employment and manpower policy formulation, it possesses serious shortcomings. These include its narrow focus -- the survey is limited to enterprises in the industrial sector -- and its lateness -- data for 1974 were not published until July 1977.

Under the present project, ONE will contract with the Bureau of Labor Statistics (BLS) for assistance in the redesign and expansion of its establishment survey. It will initially be expanded to include, in addition to the industrial sector, mining, commerce, construction and public services; and to add hours, earnings and related employment data. It will also be readministered to produce data in more timely fashion. For the first two years, the survey will be conducted, and the resulting data published, annually.

The inputs provided by and for ONAPLAN are designed to result in the trained manpower and experience necessary to analyze the employment data produced by ONE and to formulate manpower policies for the GODR that will have the greatest employment creating potential. Given the complexity of the employment problem in the Dominican Republic and other developing countries, a comprehensive, over-all development strategy aimed at reconciling economic growth with full employment must be formulated. To devise such a strategy, however, it will be necessary to analyze all aspects of the economy and to make a technical plan for institutional and policy reforms in extremely varied fields. It would be very difficult, if not impossible, to encounter one or two individuals with expertise in any given area, who would possess the intellectual breath to successfully undertake such a task. A multi-disciplinary group of experts, consisting of both Dominicans and foreigners, would be much more likely to succeed in devising a strategy that would influence the GODR to change its development pattern in order to ensure that the poorer half of the labor force benefits from economic growth. For this reason, the 24 man-months of technical assistance provided to ONAPLAN by a highly capable resident advisor will be supplemented by an additional 6 man-months of

short term technical assistance from a number of competent advisors with varying professional backgrounds from U.S. universities and U.S.G. organizations. Similarly, it will be necessary for the various professionals from ONAPLAN's Employment Unit to acquire detailed knowledge of the various areas of economic activity, including foreign trade, fiscal policy and taxation, monetary policy, intermediate technologies, agriculture, education, and so forth, as well as the tools of economic analysis, including quantitative methods and econometrics. The resident advisor will assist the employment unit to acquire additional specialized knowledge by collaborating in the design of a program of short and/or intermediate term participant training for each staff member that will take maximum advantage of their interests, academic background and professional experience. There will be a combined total of 36 man-months of participant training for the individual staff members in their designated areas of specialization.

The resident advisor, together with additional assistance from U.S. universities and the U.S.G., will assist the employment unit in a number of activities aimed at achieving the project purpose. These will be presented in the order in which they will be undertaken.

First, the employment unit will engage in what is essentially a local training program, to review the existing literature on the subject of employment, unemployment, and underemployment. The staff will be briefly introduced to the theoretical issues, but the emphasis here, as in all other phases of the project, will be upon strictly practical matters -- with the actual experience of the international lending institutions and individual countries in the formulation and implementation of manpower policies and strategies. The unit will become throughly familiar with the types of policy and strategy that have been and are being proposed throughout the developing world, with the extent to which they have been successfully implemented, and with the economic, social, and political conditions that have been most conducive to their success or failure. This review will be of 10 weeks duration and will require study after working hours on the part of the unit staff. No member of the staff will be permitted to depart for overseas training during this period.

The employment unit will next undertake an exhaustive review of all existing Dominican data and publications relating in any way to employment, unemployment, and underemployment. This information will then be summarized, cataloged, and analyzed for strengths, deficiencies, consistency relative to other sources and usefulness to the project objectives. Whenever the data will be found to be collected on a regular basis, as is the case with the Secretariat of Labor and the Social Security Administration, for example, recommendations will be

made to those entities for the incorporation of additional manpower and employment criteria into their reporting mechanisms at little or no added cost. Preliminary recommendations will also be made on specific studies which ONAPLAN can undertake which can have a short-term impact on the employment situation. In addition, the employment unit will also collaborate with ONE in determining the amount of technical assistance required from the BUCEN and the BLS and on the design of the household and employment survey questionnaires to ensure that ONAPLAN's concerns are addressed by them insofar as possible.

An integral part of this phase of project development within ONAPLAN will be the articulation of precisely what GODR policy toward employment, unemployment, and underemployment is in both theory and practice. Conflicts between the objectives of growth, full employment, price stability, the balance of payments, and so forth, within the various agencies of the Government will be reviewed in detail. Wherever differences are found to exist between stated public policies and actual practice, the factors accounting for the discrepancies will be identified insofar as possible with the limited data initially available. This phase of the project will require 16 weeks, but the initial conclusions concerning current GODR employment policy will be revised as additional new data become available to the employment unit from ONE's project related data collection activities.

The next phase of project development will begin with the initiation of one or two specific studies and the close study of the manpower/employment recommendations made in the ILO and Clapp and Mayne reports, together with others set forth by local businessmen, academicians, and public officials. The resident advisor will supervise the specific studies and assist the employment unit in determining which of the recommendations in the ILO and C.& M. reports are amenable to short or intermediate term public policy and which are essentially longer run alternatives. From among those falling into the former category, the staff will then commence the difficult task of ascertaining the magnitude of the employment effect of each of the various recommendations. Insofar as the existing data permit, each recommendation will be examined from a number of different perspectives, including cost benefit and cost effectiveness analysis, social soundness analysis, the potential for disruptive effects upon existing institutions, backward and forward linkages and political feasibility. In addition, the various proposals will also be studied <u>en toto</u> to determine how they could best be sequenced in specific employment strategies so as to have the greatest possible impact upon the level of employment. As each member of the employment unit will be learning at least some of the above techniques and methodologies in the process of employing them, it is anticipated that this phase of project development will

require 26 weeks. By the end of this period, the employment unit will have formulated, for strictly internal working purposes, a provisional national employment policy with specific strategies for combining growth in a variety of sectors of the economy with increased employment absorption capability.

The activities of the employment unit during the first year of the project, together with the outputs which will result from them can now be summarized as follows:

Phase	Duration	Activities	Output
I	10 weeks	Review of employment literature.	2,000 hours in service training (400 hours for 5 individuals).
II	16 weeks	a. Review of existing data and studies.	a. Annotated bibliography of all existing Dominican employment data and studies.
		b. Review of present GODR employment policies.	b. Review in M.S. form of present GODR employment policies.
		c. Design of household and establishment survey questionnaires (jointly with ONE).	c. Household survey questionnaire, establishment survey questionnaire.
		d. Participant training.	d. Three man-months.
III	26 weeks	a. Review of employment recommendations.	a. M.S.
		b. Formulation of employment policy and strategies.	b. Draft M.S.
		c. Participant training.	c. Three man-months.

During the second year of the project, the employment unit will continue with the activities undertaken during the first year, with heavy emphasis upon those initiated in Phase III. The depth, detail and sophistication of the analysis will be correspondingly greater, however. Results of the first studies will be evaluated and

disseminated. Data from the initial household and establishment surveys of ONE will become available during this period. This new information will be carefully analyzed and the employment policy, and strategies tentatively arrived at during Phase III will be modified to be consistent with the results. Once analyzed, the employment unit will also review the survey data with ONE personnel and participate in any revision of the survey questionnaires deemed necessary.

The second year will be, by design, less structured than the first. It will include an average of 7 man-months of participant training in the U.S. or third countries per member of the employment unit. Each member, now with specialized expertise in the employment and manpower area, will be working on detailed and specific strategies for employment creation. Each member will also contribute to the elaboration of a comprehensive national employment policy which will be presented in final form before the end of the year. In addition, each will establish and maintain liaison with counterparts in various GODR and private institutions and encourage their cooperation and active participation in the formulation of the various strategies. A number of professional seminars will also be held under the auspices of ONAPLAN to rally support and create the largest possible constituency for the employment unit's activities. Leading employment experts from the U.S. and other Western Hemisphere nations will be invited to attend and participate in the seminars.

Assuming that the project's outputs are forthcoming in reasonably timely fashion, and provided that the normal ceteris paribus assumption are satisfied, the project purpose of establishing within the Technical Office of the Presidency the capability to collect and analyze data and formulate policies and overall strategy relating to the levels of employment, unemployment, and underemployment will be satisfied. With this capacity the GODR will possess a far more accurate and profound understanding than is possible at present of the dimensions of the problem which it confronts. This understanding will lead to the formulation of employment policies that will address the existing problem with a maximum of economic efficiency and effectiveness. In the process, development of a more reliable and sophisticated data base relating to employment, unemployment, and underemployment will also permit a more accurate goal level evaluation of USAID project and program impact upon these important indicators, thereby resulting in a more efficient allocation of USAID resources. It will also permit the USAID to directly address the concerns expressed in Section 102 (d) of the FAA regarding USAID and GODR progress in this area.

If the purpose is achieved, it will make a substantial contribution to the accomplishment of a higher level objective which the USAID has

designated as the project sub-goal. The sub-goal consists of the integration of manpower and employment policies into the nation's developmental activities, both ongoing and planned. If there is to be substantial improvement in this crucial indicator of economic well-being, it is obvious that manpower and employment policies must become more fully and carefully coordinated and integrated with ongoing GODR efforts to maintain the momentum for future expansion in the GNP. An accurate and up-to-date assessment of the dimensions of the unemployment and underemployment problem together with an analysis of its determinents and a strategy for minimizing them, will aid immeasurably in this task.

Integration of manpower and employment strategies into the nation's overall development plans and activities will, in turn, contribute to the fulfillment of the sector goal of reducing the existing high levels of unemployment and underemployment. While existing data do not permit precise correlation of the unemployed and underemployed with the Congressionally Mandated target group or with the USAID's present emphasis on the rural poor, there is virtually no question that integration of a larger proportion of the available number of workers into the national labor force would impact significantly upon these groups.

PART III. PROJECT ANALYSIS

A. Technical Analysis Including Environmental Assessmen

The employment strategy that will be formulated by ONAPLAN's Employment Unit as a part of the present project will unquestionably have profound implications for the technologies employed by enterprises in most major sectors of the economy. The suitability and appropriateness of those implications, and of the technical characteristics of the project per se, are analyzed below.

As noted previously, GODR adoption of a strategy incorporating employment and human resource concerns into the nation's development efforts will invariably require revisions in the structure of tariffs, interest rates and investment incentives in order to reduce the heavy subsidies presently in effect for capital goods. These, in turn, should lead to reductions in the capital intensity of public and private investment.

In view of prevailing high levels of unemployment and underemployment, the appropriateness of such a policy can scarcely be questioned. The ILO, the IBRD, and numerous influencial Dominicans in both the public and private sectors have both endorsed and advocated adoption of such a policy. As a practical matter, however, the difficulties inherent in GODR implementation of an employment strategy should not be minimized. The changes implied by such a policy are so profound that they will undoubtedly be resisted by powerful special interest groups in both the public and private sectors. It would be unrealistic to assume that the GODR can be expected to pursue newly promulgated manpower and employment policies so precipitously and with such single-mindedness of purpose that occasional concessions to special interest groups will not be forthcoming. Then too, the GODR will have to proceed with caution simply because the extent to which labor can be substituted for capital and still produce with efficiency, and under what conditions, has not been established with certainty in many, if not most, areas of economic activity. Only careful examination of LDC experience elsewhere, together with trial and error experimentation with and adaptation to local conditions can establish not only which combinations are workable, but which would be optimum from an employment policy perspective.

In addition to the suitability and appropriateness of the project's technological implications, the technical cost and design also require examination. In formulating the latter, the USAID has utilized recognized experts in the fields of sampling and enumeration and employment policy and has worked closely with the personnel of ONE and ONAPLAN. Of all of the alternatives that were considered, the final design represents the most cost effective means for accomplishing the project's objectives.

The technical characteristics of the project at the input and output levels have already been discussed at length. The U.S. contribution, it will be recalled, consists of four separate elements: technical assistance, participant training, salary support, and equipment and supplies. A detailed breakdown of each of these components by cost follows. The GODR contribution is also broken down by cost category and immediately follows the USAID inputs.

Since the purpose of the project is to institutionalize within the GODR the capacity to collect and analyze employment data and to formulate employment strategies and policies based upon them it will clearly have no adverse impact upon the environment. A Negative Determination is clearly warranted on environmental grounds.

TABLE I

A.1. Preliminary Budget for Technical Assistance USAID Funded

1 Resident Advisor for ONAPLAN for 24 Months GS-14 Level

Salary	$36,000.00 x 2 =	$ 72,000.00
Post Differential	3,600.00 x 2 =	7,200.00
Assignment to Post Costs		
Transportation		3,200.00
Transportation of HHE		12,000.00
Transportation of Auto		1,200.00
Transportation - R&R		1,600.00
FICA	24 Months	4,300.00
Insurance	24 Months	300.00
Quarters Allowance	24 Months	13,000.00
Education Allowance	24 Months	3,200.00
	Total	$118,000.00

TABLE II

A.2. Preliminary Budget for Technical Assistance USAID Funded

1 Resident Advisor for ONE for 12 Months GS-12 Level

Salary	$24,000.00 per year	$24,000.00
Post Differential		2,400.00
Transportation		3,200.00
Transportation of HHE		12,000.00
Transportation of Auto		1,200.00
FICA		1,440.00
Insurance		150.00
Quarters Allowance		6,500.00
Education Allowance		1,600.00
	Total	$52,490.00

Short term technical assistance from BUCEN, BLS, other USG agencies, U.S. universities, and private consultants mean average monthly expenditure, based upon recent Mission experience: $5,500.00

	$ 5,500.00 x 12 =	$66,000.00
	Total	$66,000.00

TABLE III

A.3. Preliminary Budget for Technical Assistance USAID Funded

In-Country Technical Assistance Provided by Dominican Professionals		$25,000.00
	Total	$25,000.00

TABLE IV

A.4. Summary of USAID Funded Technical Assistance

Resident Advisor for ONAPLAN	24 Months	$118,000.00
Resident Advisor for ONE	12 Months	52,490.00
Short-Term Assistance	12 Months	66,000.00
In-Country T.A.	Undetermined	25,000.00
		$261,490.00
10% Contingency Factor		26,150.00
	Overall Total	$287,640.00

TABLE V

B. Preliminary Budget for Participant Training USAID Funded

Short and Intermediate Term 24 Months at $2,100.00 per Month		$50,400.00
Long Term Academic 24 Months at $1,100.00 per Month		26,400.00
	Subtotal	$76,800.00
10% Contingency Factor		7,680.00
	Overall Total	$84,480.00

TABLE VI

C. Preliminary Budget for Salary Supplements
USAID Funded

9 Professionals (4 for ONAPLAN, 5 for ONE) at an Annual Average Salary Supplement of $2,250.00 ($187.50 per Month) for 24 Months		$40,500.00
1 Professional for ONAPLAN Fully Funded for 12 Months, 50% Funded for Following 12 Months at $6,000.00 per Year		9,000.00
	Subtotal	$49,500.00
10% Contingency Factor		4,950.00
	Overall Total	$54,450.00

TABLE VII

D. Preliminary Budget for Equipment and Supplies
USAID Funded

3 Jeep Scouts	$22,473.00
Vehicle Operation and Maintenance	10,000.00
5 IBM Selectric Typewriters	4,310.00
15 Filing Cabinets (Legal Size)	2,110.00
2 Wardrobe Cabinets	300.00
5 Printing Calculators TI-5040	584.75
2 Scientific Calculators	243.90
10 Bookcases	800.00
Paper and Printing Costs	11,250.00
Conference Promotion	5,375.00
In-Country Travel	9,900.00
Total	$67,346.65*

* All items include freight and contingency estimates.

TABLE VIII

E. Preliminary Budget Summary
USAID Funded

Technical Assistance	$287,640.00	
Participant Training	84,480.00	
Salary Support	54,450.00	
Equipment and Supplies	67,346.65	
Total of USAID Support	$493,916.65	71.5%
Total of GODR Support	196,940.00	28.5%
Overall Project Cost	$690,856.65	100.0%

TABLE IX

F. Preliminary Budget, GODR Counterpart

1.	PERSONNEL SERVICES	
	a. Managing Personnel, 85 Hours/Month, 2 National Directors and the Technical Secretary of the Presidency	$ 31,800.00
	b. Basic Personnel, 9 Technicians (5 ONE, 4 ONAPLAN)	54,000.00
	c. Four Secretaries	21,600.00
2.	OTHER SERVICES	
	a. Electricity	$ 3,600.00
	b. Four Telephones at $25.00/Month Each	2,400.00
	c. Maintenance of Vehicles, Gasoline and Lubricants, Etc.	10,000.00
	d. Vehicle Insurance	1,000.00
	e. Per Diem	7,000.00
	f. Office Space	7,200.00
	g. Office Remodeling	3,000.00
3.	PUBLICATIONS	
	a. Ten Pamphlets at $1,500 Each	$ 15,000.00
4.	DESKS WITH CHAIRS, WORKING TABLES, AND CHAIRS	$ 7,200.00
5.	CONFERENCES AND COURSES	$ 10,000.00
6.	COMPUTER TIME AND PROGRAMMING	$ 15,000.00
	Subtotal	$188,800.00
	Inflation and Contingency	8,140.00
	Grand Total	$196,940.00

In summary, then, the project has as its objective adoption of the most suitable technology for the continued development of the Dominican economy with maximum possible employment creating potential In addition, the project has been designed by employment experts in cooperation and colaboration with ONE and ONAPLAN in such a manner as to achieve its objectives with the least possible cost. Sections 611(a) and (b) of the FAA are not applicable.

B. Financial Analysis and Plan

1. Financial Rate of Return/Viability

The financial viability of this project, which will produce no direct revenue for the GODR, is demonstrated by the cost effectiveness analysis presented in D. Economic Analyses.

2. Recurrent Budget Analysis of Implementing Agencies

Total annual expenditures for the two implementing offices ONE and ONAPLAN, since 1973, appear below.

TABLE X

Annual Expenditures, ONE and ONAPLAN, 1973-1978
(RD$)

Year	ONAPLAN	ONE
1973	261,387	522,910
1974	271,247	547,085
1975	268,830	568,143
1976	273,906	606,621
1977	264,675*	588,175*
1978	283,497**	658,360**

* Estimated.
** Budgeted.

Source: ONAPRES (National Budget Office).

Expenditures of the two offices exhibit relative stability for ONAPLAN and moderate growth, 3.91% per year, for ONE. They reflect the recent decline and stabilization of the GDP and GODR public revenues and expenditures after nearly a decade of double digit growth rather than a reduction in GODR priorities. The resources

of both offices to be employed on the present project will be reallocated overwhelmingly --by about 85%-- from lower priority activities rather than from new revenues. The reallocation reflects the new priorities of both offices. Both offices have received reassurances from the Technical Secretary that the modest additional budgetary resources required will receive high priority and favorabl consideration. Since the great majority of the USAID resources will be devoted to technical assistance and participant training, ONE and ONAPLAN should have little difficulty in continuing to collect and analyze employment data after USAID funding ceases.

3. Financial Plan/Budget Tables

The total cost of the two year Grant Project is estimated at $690,856.65, of which the GODR will contribute $196,940.00 and AID will contribute $493,916.65. The AID Grant will finance the entire U.S. dollar costs of the program, estimated at $375,440.65, as well as the U.S. dollar equivalent of $118,476.00 in local currency. The GODR contribution will consist entirely of local currency and will be provided from the annual funds allocated by the Central Government budget. The funds provided under this Grant Project will be disbursed over a 24 month period, with an estimated starting date of July 1, 1978. The following tables contain the project's financial expenditures.

Table XI, Summary Cost Estimate and Financial Plan, provides an overall breakdown of GODR and USAID contributions by project activity, as well as by U.S. dollar and local currency costs. As indicated, USAID will finance approximately 72% of total program costs, including all U.S. dollar costs, while the GODR will finance the remaining 28% from its local currency contribution.

Table XII, Expenditure Schedule, presents an annual time-phased estimate of all expenditures over the life of the grant project by year and by activity. Expenditures are approximately equal for each of the two years. Higher initial expenditures for acquisition of equipment and supplies and technical assistance are counter-balanced by higher subsequent expenditures for vehicle maintenance and repair, participant training, conferences, and printing.

Table XIII, Costing of Project Outputs, demonstrates that inputs are proportionate to expected outputs and that outputs are proportionate to the expected purpose.

TABLE XI

Summary Cost Estimate and Financial Plan
(US$000)

Source	USAID		GODR		TOTAL	
	US$	RD$	US$	RD$	US$	RD$
Personnel Cost	-	49,500.00	-	107,400.00	-	156,900.00
Technical Assistance	236,490.00	25,000.00	-	-	236,490.00	25,000.00
Participant Training	76,800.00	-	-	7,000.00	76,800.00	7,000.00
Vehicles	22,473.00	-	-	-	22,473.00	-
Vehicle Fuel and Maintenance	-	10,000.00	-	10,000.00	-	20,000.00
In-Country Travel	-	9,900.00	-	-	-	9,900.00
Paper and Printing Costs	-	11,250.00	-	15,000.00	-	26,250.00
Conferences	-	5,375.00	-	10,000.00	-	15,375.00
Computer Costs	-	-	-	15,000.00	-	15,000.00
Miscellaneous Costs	8,348.65	-	-	24,400.00	8,348.65	24,400.00
Program Cost Estimate	344,111.65	111,025.00	00.00	188,800.00	344,111.65	299,825.00
Inflation and Contingency	31,330.00	7,450.00	00.00	8,140.00	31,330.00	15,590.00
Grand Totals	375,440.65	118,476.00	00.00	196,940.00	375,440.65	315,415.00

TABLE XII

Expenditure Schedule
(US$000)

Source	FIRST YEAR						SECOND YEAR					
	USAID		GODR		TOTAL		USAID		GODR		TOTAL	
	US$	RD$	US$	RD$	US$	RD$	US$	RD$	US$	RD$	US$	RD$
Personnel Costs	-	26,250.00	-	52,200.00	-	75,450.00	-	23,250.00	-	55,200.00	-	78,450.00
Technical Assistance	131,367.00	12,500.00	-	-	131,367.00	12,500.00	105,122.00	12,500.00	-	-	105,122.50	12,500.00
Participant Training	23,400.00	-	-	2,500.00	23,400.00	2,500.00	53,400.00	-	-	4,500.00	53,400.00	4,500.00
Vehicles	22,473.00	-	-	-	22,473.00	-	-	-	-	-	-	-
Fuel and Maintenance	-	3,500.00	-	3,500.00	-	7,000.00	-	6,500.00	-	6,500.00	-	13,000.00
In-Country Travel	-	4,950.00	-	-	-	4,950.00	-	4,950.00	-	-	-	4,950.00
Paper and Printing Costs	-	3,500.00	-	4,000.00	-	7,500.00	-	7,750.00	-	11,000.00	-	18,750.00
Conferences	-	800.00	-	4,000.00	-	4,800.00	-	4,575.00	-	6,000.00	-	10,575.00
Computer Costs	-	-	-	8,500.00	-	8,500.00	-	-	-	6,500.00	-	6,500.00
Miscellaneous Costs	8,348.65	-	-	16,800.00	8,348.65	16,800.00	-	-	-	7,600.00	-	7,600.00
Program Cost Estimate	185,589.65	51,500.00	0.00	91,500.00	185,589.65	140,000.00	158,522.00	59,525.00	0.00	97,300.00	158,522.00	156,825.00
Inflation and Contingency	15,477.00	3,913.00	0.00	4,070.00	15,477.00	7,983.00	15,477.00	3,913.00	0.00	4,070.00	15,477.00	7,983.00
Grand Totals	201,066.65	55,413.00	0.00	95,570.00	201,066.65	150,983.00	173,999.00	63,438.00	0.00	101,370.00	173,999.00	164,808.00

TABLE XIII

Program Contribution by Input and Element
(US$000)

Source		(ONE) Data Collection	(ONAPLAN) Data Analysis	Total
USAID				
Personnel Costs, Including Salary Support		$ 22,500.00	$ 27,000.00	$ 49,500.00
Technical Assistance		80,000.00	181,490.00	261,490.00
Participant Training		25,200.00	51,600.00	76,800.00
Vehicles		14,982.00	7,491.00	22,473.00
Fuel and Maintenance		6,667.00	3,333.00	10,000.00
In-Country Travel		9,000.00	900.00	9,900.00
Paper and Printing Costs		3,500.00	7,750.00	11,250.00
Conferences		-	5,375.00	5,375.00
Miscellaneous Costs		5,014.80	5,333.85	8,348.65
Inflation and Contingency		14,856.70	23,923.30	38,780.00
	Subtotal	$181,720.50	$312,196.15	$493,916.65
GODR				
Personnel Costs		$ 62,500.00	$ 44,900.00	$107,400.00
Participant Training		1,500.00	5,500.00	7,000.00
Fuel and Maintenance		6,667.00	3,333.00	10,000.00
Paper and Printing Costs		5,000.00	10,000.00	15,000.00
Conferences		-	10,000.00	10,000.00
Computer Costs		14,000.00	1,000.00	15,000.00
Miscellaneous Costs		12,200.00	12,200.00	24,400.00
Inflation and Contingency		5,000.00	3,140.00	8,140.00
	Subtotal	$106,867.00	$ 90,073.00	$196,940.00
	Grand Total	$288,587.50	$402,269.15	$690,856.65

C. Social Soundness

Little is known at present of the social characteristics of the Dominicans that would be relevant for the proposed project. As noted previously, neither the number of unemployed and underemployed, nor the size of the labor force has been positively ascertained. Even less is known about who the unemployed and underemployed are by sex, age, marital status, level of education and so forth or about why they are unemployed. Without such information, any conclusions concerning the project's socio-cultural feasibility, the likelihood of diffusion or its social impact are inevitably subjective and impresssionistic and should be treated with caution and skepticism.

Of all of the observations that could be made about the project's target group -- the unemployed and underemployed -- on the basis of the limited data currently available, undoubtedly the least controversial would be tha related to their poverty. The country's GNP per capita in constant prices is presently slightly over $700. It is estimated to be distributed highly unevenly, with the top 6% of income recipients earning 43% of disposable income and the lowest 50% of income recipients earning 13%. Within this environment , there is an overwhelming probability that any member of the labor force unable to work full time for whatever reason will be condemned to a standard of living that is poor by any definition.

A socio-economic profile of the average poor person is stark indeed. In addition to being unemployed or underemployed, they are in general in poor health and possess low levels of educational attainment and a limited understanding of modern technology and ways of thinking. The ability to assimilate new ideas and approaches is, consequently, also limited. There is less than .18 cents per person per day to spend on food. Fewer than 62% of the minimum daily recommended amount of calories are consumed and only 46% of the amount of protein. In addition, high fertility, high mortality, and considerable geographic mobility due to migration to urban areas also characterize the members of this group.

The principal concern of the proposed project, of course, is whether or not there are characteristics of this group of a sociological nature that would impede or prevent achievement of the project goal of reducing unemployment and underemployment. On the basis of numerous interviews with GODR officials and the nation's leading social scientists, the answer would appear to be negative. On the contrary, the great majority of the unemployed and underemployed appear to be highly market oriented. With the possible exception of cutting sugar cane, workers appear to be willing to go to extraordinary lengths, including moving and relocating their families, to obtain productive employment -- often at very low wage rates. The various firms established in the country's industrial free zones, for

example, have had to turn away large numbers of workers applying for apprenticeships paying 22.5 cents per hour.

It seems very likely that there would be considerable social benefits as a result of an increase in the proportion of men and women who are gainfully employed in the Dominican Republic. Utilizing data from a survey of income in Santo Domingo carried out by the Central Bank of the Dominican Republic, a highly respected epidemiologist has shown that as family income increases, the consumption of rice and beans by the family increases as well. Malnutrition among preschool children is one of the most serious, if not the most serious, public health problem in the country, and an increase in this age group would almost certainly have a favorable impact on their nutritional status.

Analysis of the data from the National Fertility Survey of 1975 has shown that the fertility of women who have worked as skilled laborers or as professionals is appreciably lower than that of women who have never worked or who have worked in agriculture or in unskilled trades. This suggests that increased participation of women in the labor force as skilled laborers or in the professions may well result in declines in fertility, and the data also suggest that these declines would be most marked in women 35 years of age or older. The risk of death from complications of pregnancy or delivery is higher in the latter group of women than in younger women. Hence, participation in the labor force as previously described could result in declines in fertility and improvement in the health of women. It must be noted that these relationships may not be as straightforward as is implied in the foregoing since women who work as skilled workers or as professionals have had more education than those women who have not done so. This difference in educational attainment undoubtedly contributes to their lower fertility as well.

D. Economic Analysis

The project purpose is to institutionalize a capability to collect and analyze data and formulate employment policy and strategy. The only tangible indicators of that institutionalized capability will be employment data and policy recommendations and strategy. However useful such activities are to policy planners and the rest of the economy, they will produce no direct payoff per se. Rather, theirs will be an indirect payoff the magnitude of which is dependent upon the extent to which they succeed in influencing the reallocation of investment and productive resources toward more labor intensive techniques. While the Mission is convinced that the GODR fully intends to implement the recommendations that will be forthcoming from ONAPLAN's Employment Unit, it has only a limited basis for predicting what the initial recommendations will be, and no means for ascertaining the timetable by which the Government will insist upon their implementation.

There is, therefore, no means available for realistically quantifying the project's ultimate impact upon employment, i.e., its economic benefits.

Because benefits cannot be quantified, there is no reason to assume that they do not possess the potential to produce an acceptable economic rate of return. On the contrary, the potential payoff is, quite literally, enormous. This can be illustrated with the following example. If the project's activities resulted in a cumulative increase in employment of a modest one tenth of one percent of the labor force by the year 1985, the incremental wages alone from that one year would easily surpass total project costs.*

Since the precise economic impact of the project cannot be estimated within acceptable limits of probability, however, its economic viability will be demonstrated instead by analyzing its cost effectiveness. The methodology employed will be to start with the project purpose -- the institutionalization of data collection and analytic capability -- and to examine the alternative means available for accomplishing this objective. To be cost effective, it must be demonstrated that no other alternative can accomplish the project purpose at less expense within a similar time frame.

The institutional capability to collect and analyze employment data and formulate employment policy obviously requires first and foremost the existence of a cadre of professionals knowledgeable in these areas. The number of such individuals must be sufficiently large that normal personnel turnover does not seriously impair that capability. The raison d'etre of the project is the present lack of such capability within the country. The personnel of both ONE and ONAPLAN that will be assigned to the project are, without exception, professionally trained. However, they lack specific knowledge of sampling techniques and employment and manpower problems. The principal task of any potential project, therefore, is to impart sufficient knowledge of these subjects to an adequate number of the personnel of the institutions involved.

The approach adopted by the present project is to instill such knowledge through the exposure of the ONE and ONAPLAN staffs to acknowledged experts in the field in the form of technical assistance within country and participant training without. These activities are to be strengthened and reinforced by the "learning by doing" focus of the project in which the

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The most conservative estimate for the labor force for 1985 is 1,764,000. One tenth of one percent of this figure is 1,764 workers. If it is assumed that this number of workers would have been unemployed without the project, and earned nothing more than the present, 1978, per capita income of RD$428 per year in constant 1962 prices, the increase in aggregate money wages as a result of the project for the year would be 758,520 pesos. Total project co , it will be recalled, was estimated at approximately $691,000.

staff members will actually be applying their training to the work that the are engaged in.

Virtually the only alternative to this approach would appear to be sen ing the ONE and ONAPLAN staffs abroad for the appropriate training, i.e., substituting more and longer term participant training for less technical assistance. On the surface, it would seem to be a cost effective alternati Substitution of the expenses for the resident advisor for ONAPLAN for long term training alone would provide more or less 107 additional months of sucl training. Upon closer inspection, however, this approach was found to contain a number of disadvantages which prevented serious considerations of further substitution of participant training for technical assistance.

To begin with, sending the ONE and ONAPLAN staffs overseas for substant ally longer periods of time would seriously delay the collection and analysi of employment data and the formulation of a national employment policy. As designed, the project presently calls for an average of 2 1/2 months of training abroad for each ONE staff member and 9 months for each ONAPLAN staff member. Without the substantial amounts of technical assistance presently programmed, the duration of such training would have to be increas significantly. Depending upon the area of specialization, the additional amount of participant required per staff member was estimated to be between 2 and 4 times as great. The additional time required for training could thus easily delay the data surveys and analysis and the formulation of an employment policy by 18 to 24 months. With the population and the labor force growing at their present rates, such a delay could easily result in the absolute number of the open unemployed of somewhere between 4,500 and 6,000 persons, with an additional 4,800 to 6,400 joining the ranks of the underemployed. The figures are not large in comparison to the total number of those currently estimated to be unemployed or underemployed, but in terms of the potential loss to the economy from their failure to produce, even at very low levels of productivity, not to mention the "drain" upon the economy from the demands which they would place upon its already all too scarce resources, it is very high. An extremely conservative estimate of the costs to the economy from an increase in the unemployment and underemplo ment of this magnitude would be $2,000,000 per year. While it is extremely unlikely that the existence of employment data and a national employment policy 18 to 24 months earlier would result in the productive employment of more than a small fraction of the above, the figures serve to illustrate the dimensions of the problem and the urgency of seeking solutions as quickly as possible. It represents a trade off that amply justifies the proportions of technical assistance and participant training proposed in the present project.

In addition to the above, large increases in participant training would have resulted in a number of other problems. Few, if any, of the ONE and

ONAPLAN personnel are proficient in a foreign language. Consequently, additional time would have been lost in providing them with sufficient competence in foreign languages to have justified their later overseas training. In addition, there are very few educational institutions that offer comprehensive programs in the areas in which the Dominican personnel require training. By exposing them to a variety of experts with differing points of view, differing specialties, from government and international lending agencies as well as academic institutions, as proposed in the present project, it is reasonable to assume that they will acquire a broader perspective of their assigned areas of specialization.

PART IV. IMPLEMENTATION ARRANGEMENTS

A. Analysis of the Recipient's and AID's Administrative Arrangements

1. Recipient. The project will be jointly administered by ONE and ONAPLAN, entities within the Technical Secretariat of the Presidency. Each of these institutions will be discussed in turn.

The Technical Secretariat of the Presidency was established in 1965. In addition to the Technical Secretary and his staff, the Technical Secretariat also consists of ONE and ONAPLAN, the National Budget Office (ONAPRES), and the National Office of Personnel Administration (ONAP). The Technical Secretary has expressed a personal interest in the project. The prestige of his office will be employed to organize the series of national seminars on employment that will be held during the second year of the project, for publications resulting from project activities and also for high level coordination of the project's operations.

ONE was established in 1935. It administers the census, conducts an annual industrial establishment survey, tabulates raw statistical data collected by other GODR agencies -- particularly those relating to imports -- and occasionally designs and administers sample surveys relevant to subjects of topical public concern. As noted previously, it has recently received technical assistance from the UN in the design of a nation-wide employment survey and carried out a survey in the city of Santo Domingo between August 1977 and February 1978. The Office is relatively large by Dominican standards. It has a staff of slightly over 200, the great majority of whom are semi-skilled clerks engaged in the tabulation of raw data. There are a total of 20 mid-level personnel and 3 professionals.

ONAPLAN was created in 1962 for the purpose of designing and developing plans contributing to the economic and social development of the nation. Its staff is responsible for maintaining contact with all principal

GODR offices in order to coordinate the overall developmental efforts of the public sector. In addition, the office also coordinates the activities of the international donor agencies, including AID. ONAPLAN is able to influence the direction of public and private investment through its control of a prefeasibility study fund. The office has a staff of approximately 75, about 30 of whom are professionals. The employment unit numbers 4

Given the crucial importance of the management function within each of the recipient institutions for the successful achievement of the project's objectives, this capability received particularly close attention during intensive review. Overall, the Technical Secretary and his immediate staff were found to possess sufficient managerial capability to ensure smooth high level coordination between ONE and ONAPLAN. Likewise, both ONE and ONAPLAN were found to possess managerial, budgetary and auditing procedures and skills sufficient to ensure effective administration of the project. As noted previously, however, both offices suffer from a lack of adequate numbers of trained, experienced professionals. Those occupying professional positions are mostly recent college graduates with backgrounds in liberal arts, statistics, and economics. Their acquaintence with the kind of activities required by the proposed project, i.e., sampling, surveying (especially in rural areas), data processing, and so forth, together with their knowledge of manpower and employment policy, is, almost without exception, extremely limited. It is precisely their deficiencies in these areas that the proposed project is designed to address.

2. A.I.D.

No unusual role for the USAID and no major staff commitment is planned in the administration of the project. AID funds will be disbursed by reimbursing the GODR for expenditures made on the project's behalf. Advance payments may be allowed in the case of contracts for long term technical assistance.

B. Implementation Plan

Implementation of the various project activities will follow the schedule appearing below. The schedule also designates the responsibilities actions, and relationships between all entities bearing primary responsibility for project implementation. These relationships are further defined in the Planned Performance Tracking Network Chart presented in Annex

Primary responsibility for monitoring the project will rest with the USAID. In addition to daily monitoring requirements, disbursement requests will be reviewed by the USAID's Program and Controller Divisions. The

progress of the project will be monitored by the same divisions. Periodic inspections and reviews will be carried out by USAID personnel, and occasional audits of the project will be made by AID. Quarterly progress reports, as well as other reports as AID deems necessary, will be required of the Borrower.

The supplies and equipment to be financed under the project will be of U.S. origin. The procurement of such goods will be obtained pursuant to Letters of Commitment and will comply with AID's shipping requirements.

The long term technical assistance will be of an institutional nature in which it is envisaged that the Technical Secretariat will be signing contracts directly with a major U.S. university. Short term technical assistance, on the other hand, will be mostly of a personal services nature and will be prepared by the USAID.

C. Evaluation Arrangements for the Project

Progress toward achievement of the project's objectives will be evaluated at least twice. Once within 12-15 months after the arrival of the project advisor for ONAPLAN and an end of project evaluation. It is not anticipated that either evaluation will be able to measure project impact at the goal level.

Responsibility for performing the evaluations will reside jointly with the chief of ONAPLAN's employment unit, the chief of ONE's unit of census and surveys, and the USAID project manager. It is envisaged that the ONAPLAN and ONE staffs will actually conduct the evaluations with the assistance of their respective resident advisors and the USAID project manager. The directors of the two offices will be responsible for implementing whatever recommendations are made as a result of the evaluations.

D. Negotiating Status

Lengthy discussions have been held with representatives of the Technical Secretariat, ONE and ONAPLAN. Technical modifications in the project design have been made to reflect the special concerns and interest of each office. Details have been worked out in order to clarify the level and kind of inputs to be made by both the GODR and USAID. The time schedule has also been approved by both parties.

The GODR is ready to sign the Project Agreement and has indicated its willingness to move ahead immediately with its implementation the project will not depend on any pending GODR legislation, organizational reform or other instigating factors.

TARGET IMPLEMENTATION

Action	Date	Institution Responsible
Project Authorized	06/16/1978	USAID
Project Agreement Signed	07/31/1978	USAID/Technical Secretariat
Conditions Precedent to Initial Disbursement Satisfied	08/18/1978	ONE, ONAPLAN
Initial Disbursement of Funds	09/01/1978	USAID
Contract for Long Term Technical Assistance to ONE and ONAPLAN Signed	09/15/1978	Technical Secretariat
Evaluation of Project Progress During First Twelve Months Completed	10/20/1979	USAID/ONE/ONAPLAN
Terminal Disbursement Date	07/28/1980	USAID
End of Project Evaluation Completed	12/31/1980	USAID/ONE/ONAPLAN