

# Annual Budget Submission

**FY 1984**

## Dominican Republic



June 1982

Agency for International Development  
Washington, D.C. 20523

ANNUAL BUDGET SUBMISSION

FY-1984

USAID/Santo Domingo

Dominican Republic

May 1982

FY-1984 ANNUAL BUDGET SUBMISSION

Table of Contents

	<u>Page No.</u>
1. TABLE I - Long Range Plan . . . . .	1
- Narrative . . . . .	2
2. TABLE IV - Project Budget Data . . . . .	8
- Narrative . . . . .	12
3. NEW PROJECT NARRATIVES	
- Marketing Policy (0156) . . . . .	13
- Sugarcane Diversification (0170) . . . . .	16
- Private Enterprise Sector Development (0171) . . . . .	19
- Rural Education (0172) . . . . .	26
- Agriculture Resources Management (0173) . . . . .	32
- Housing Investment Guaranty (0174) . . . . .	36
4. TABLE V - Proposed Project Ranking . . . . .	39
- Narrative . . . . .	42
5. TABLE VIII - Workforce and Operating Expenses . . . . .	45
- Narrative . . . . .	48
TABLE VIII(a) - Obligations of ADP Systems . . . . .	51
- Narrative . . . . .	52
TABLE VIII(b) - Obligations for WP Systems . . . . .	54
- Narrative . . . . .	54
6. PL-480	
- Title I Narrative . . . . .	55
TABLE XI - PL-480 Title I/III Requirements . . . . .	59
TABLE XII - PL-480 I/III Supply & Distribution . . . . .	60
- Title II Narrative	
TABLE XIII - PL-480 Title II	

TABLE I - LONG RANGE PLAN BY APPROPRIATION ACCOUNT (\$ Thousands)

Country/Office Dominican Republic

DEVELOPMENT ASSISTANCE	FY 1982 EST	FY 1983 EST	FY 1984 REQUEST	PLANNING PERIOD		
				1985	1986	1987
Agriculture, Rural Development & Nutrition						
Grants	1162	3133	2859	3200	3500	3300
Loans	10268	16900	21800	20000	16000	26000
Population						
Grants	111	150	146	300	-	300
Loans	-	-	-	-	-	-
(of which centrally procured commodities)	(-)	(-)	(-)	(-)	(-)	(-)
Health						
Grants	533	650	650	900	700	700
Loans	5000	2000	-	-	8000	-
Education						
Grants	207	810	1126	1500	1500	1200
Loans	-	7000	6000	7000	-	8000
Selected Dev. Activities						
Grants	869	1328	950	1100	1800	1500
Loans	6550	-	5800	1000	15000	10000
SUBTOTAL FUNCTIONAL ACCOUNTS						
Grants	2882	6071	5731	7000	7500	7000
Loans	21818	25900	33600	34000	39000	44000
Other DA Accounts (Specify)						
Grants	-	-	-	-	-	-
Loans	-	-	-	-	-	-
TOTAL DA ACCOUNTS						
Grants	2882	6071	5731	7000	7500	7000
Loans	21818	23900	33600	34000	39000	44000
<u>Economic Support Fund</u>						
Grants	45000*	-	60000	60000	60000	50000
Loans	-	-	-	-	-	-
TOTAL DA AND ESF	69700	31971	99331	101000	106500	101000
PL-480 (non-add)						
Title I	17000	30000	30000	30000	30000	30000
(of which Title III)						
Title II	3522	2800	4000	4000	4000	4000
Housing Guaranties (non-add)	-	-	15000	-	20000	-
TOTAL PERSONNEL						
USDH (workyears)	20.5	20**	20**	23	23	24
FNDH (workyears)	34.5	34**	33**	35	36	37
IDI (workyears)	1	2	3	2	2	2

\* Pending in Congress.

\*\* Please refer to Table VIII with narrative.

TABLE I NARRATIVE

The program presented in this ABS is fully consistent with the most recent Mission CDSS, with the addition of a program designed to implement the objectives of the Caribbean Basin Initiative. The CBI specifically was not discussed indepth in the CDSS although our intention of expanding our already close working relationship with the private sector was an integral part of our presentation. The ABS contains funding proposals for a variety of assistance mechanisms, ranging from DA to ESF, from PL-480 to a Housing Investment Guaranty. We believe that the serious and worsening economic problems confronting this key nation in the next several years will require the full range of development assistance options to effectively address the overriding development constraints affecting the country, as well as to reinforce our support for the recently elected democratic government. Over the next three or four years, we are requesting amounts of funding considerably higher than the levels contained in various guidance messages from AID/W. We believe that the requested amounts are fully required and that, in fact, the needs in the Dominican Republic go substantially beyond the levels proposed by AID/W. Recent data from the Central Bank indicates that the FY-1981 balance of payments deficit is much higher than anticipated -- \$160 million vs. \$1.1 shown in the most recent economic reporting from the U.S. Embassy in Santo Domingo. When this greater deficit is projected

into FY-1982 and beyond, the deficit for FY-1984 is considerably larger than had been expected.

With regard to DA, the ABS proposes slightly higher levels of overall funding in each year compared to the Congressional Presentation level of \$26.0 million in FY-1983, and the AAPL of \$35.0 million in FY-1984. The new CBI/private sector component of our program in FY-1983 and FY-1984, and an increase in the loan element of the Management Training project (0157), account for some of the increase and the need for higher than expected grant levels accounts for the remainder. The proposed grant levels require some additional explanation.

The requirement for increased grant funding stems from the nature of the projects being developed. Two projects in particular, Agriculture Sector Training (0160) and Marketing Policy (0156), are shown in the CP as loan funded. As the design of these two activities has progressed, it has become increasingly clear that the projects are essentially the provision of technical assistance and training -- elements that traditionally are grant funded. One project involves policy development, the other involves the long-term training of approximately 30 Dominican professionals. There is also a question as to whether the GODR would be willing to borrow solely for technical assistance and training of this nature. There is some evidence that they would not. As a result, we have reduced to \$2.0 million the funding for the policy project, have left the training project funding at \$3.0 million, but have shifted each to all-grant funding and have spread the grant needs over four and five years, respectively. Other projects, Health Sector III (0153),

Management Training (0157), and Small Industry (0150), a FY-1982 project, shown as strictly loan activities in the CP, are included in this ABS as grant/loan funded. Here again, project design has determined that a grant element is essential in each activity to fund technical assistance and training. The consequence of these requirements for grant funding has resulted in a higher than expected grant budget, particularly in FY-1983.

In FY-1983, the overall proposed level of over \$30.0 million includes \$25.9 million (\$21.5 million in CP) of loan funds, and \$6.1 million (\$4.5 million in CP) in grant needs. The restructuring of our program to accommodate the Private Enterprise Sector Development project, and to provide additional grant funding, has resulted in postponing the Inland Fisheries loan (0158) and reducing the overall level for proposed OPGs.

In FY-1984, the rationale for a level somewhat higher than the AAPL results, again, from the CBI program (\$10.6 million in loan and \$200,000 in ARDN grant), second or third year grant funding for projects begun in FY-1982 and FY-1983, and the need for grant elements in new FY-1984 projects -- Agriculture Resources Management (0173) and Rural Education (0172). The rationale for including an element of grant funding for these new projects is the same as for the FY-1983 and FY-1984 programs. The Sugarcane Diversification (0170) loan does not require a grant element.

While we realize that these proposed grant levels exceed the levels of recent years in the Dominican Republic, we believe that they are fully

justified and required if we are to implement effectively the program under design.

In addition, 1983 and 1984 represent the first two years of the term of office of the new GODR administration, and our expectation is that the new administration will face serious constraints in the economy, largely dictated by low prices for the major export crop -- sugar. We believe that high grant levels will be required over the next several years, but can begin to be reduced after three or four years.

We recognize that the proposed budget heavily mortgages future years over the near term. We see no alternative for this, short of increasing the grant levels in FY-1983 and FY-1984 even more. We believe that this is unrealistic, however, and have chosen to incrementally fund the grant program.

In addition to the higher DA levels proposed in the budget, we have included expanded levels for both ESF and PL-480 Title I and Title II. ESF is particularly important in helping the GODR revitalize the economy through private sector initiatives. Given the magnitude of the foreseeable problems in the Dominican Republic over the next several years, we are proposing higher levels in the FY-1984/FY-1987 period than indicated in AID/W guidance, as we believe the economy will continue to deteriorate and the balance of payments deficits will continue to grow as suggested earlier. The needs could even outstrip our proposal if an even lower sugar price is assumed. We propose a level of \$60.0 million in FY-1984.

PL-480 Title I is designed to assist the Dominican Republic meet their food import needs. Consumption of basic foods continues to rise

and the levels of imported food commodities is increasing. Given the problems of agriculture production in the country, and the continuing foreign exchange difficulties, we believe that Title I will be required for several years and at higher levels than currently anticipated (see the PL-480 Title I section). We have proposed a \$30.0 million program in FY-1984.

The PL-480 Title II budget also will require higher levels over the next several years. As a result of our preliminary review of the current program, we have determined that a program of about \$4.0 million is required. This level will allow the Mission to carry out a program of carefully targetted food distribution using high protein foods -- non-fat dried milk or fortified foods -- to address the serious malnutrition in selected areas of the country. An evaluation of the current program will be carried out this summer, and we expect to be able to use the results of that intensive review to help us to better integrate the Title II effort with our DA program, and to more effectively address nutrition problems and grassroots development constraints, the latter through a reduced but more effective Food for Work activity.

The FY-1984 program also proposes a Housing Investment Guaranty project similar to the one begun in FY-1981. The proposal is for \$15.0 million.

The workforce figures included on Table I for FY-1983 and FY-1984 are those contained in STATE 137655, of May 20, 1982. Given our rapidly expanding program -- higher DA and Title I, with a large ESF element --

over the next several years, we have shown increased workforce figures for the out-years, FY-1985/FY-1987. We believe this is the minimum staff that will be required to implement the larger, planned program.

Country/Office:  
Dominican Republic

TABLE IV - PROJECT BUDGET DATA

No.	PROJECT Title	Oblig Date		Total Cost Auth	Plan	Oblig Thru FY-81	FY-81 Pipe-Line	FY-1982		ESTIMATED U.S. DOLLAR COST (\$000)		FY-84 AAPL Thru	FY-85 Oblig	FY-86 Oblig	FY-87 Oblig	Item No.
		Init	Fin					Obligations	Expenditures	Obligations	Expenditures					
	<u>AGRICULTURE, RURAL DEV., &amp; NUTRITION</u>															
0000	Program Dev. & Support (PD&S)	G	62	8338	9896	8296	20	150	170	300	300	250 09/84	300	300	300	6153
0117	Rural Dev. Analysis & Planning	G	79	300	300	300	25	-	25	-	-	-	-	-	-	6166
0124	DPF/Small Farmer Crd. Prq.(FVO)(I)(R)	G	79	269	269	269	54	-	54	-	-	-	-	-	-	6173
0125	Rural Development Management	G	81	800	800	250	250	400	300	150	300	-	-	-	-	6174
0126	Natural Resources Management	G	81	500	500	250	250	-	100	200	100	50 07/85	-	-	-	6175
0126	Natural Resources Management	L	81	10500	10500	10500	10500	-	100	2524	-	-	-	-	-	6176
0130	Rural Feeder Roads	L	79	10000	10000	10000	7596	-	5500	1000	-	-	-	-	-	6179
0135	African Swine Fever Eradication	G	79	200	200	200	23	-	23	-	-	-	-	-	-	6183
0135	African Swine Fever Eradication	L	79	6000	6000	6000	565	-	565	-	-	-	-	-	-	6184
0142	Small Farmer Agr. Rehabilitation	L	80	12000	12000	12000	1419	-	1419	-	-	-	-	-	-	6187
0144	Energy Conservation & Resources Dev.	G	82	3114	3114	-	-	356	353	1000	1000	900 04/87	604	254	-	6189
0144	Energy Conservation & Resources Dev.	L	82	5268	5268	-	-	5268	254	894	894	-	-	-	-	6190
0150	Small Industry	G	83	-	258	-	-	-	-	150	70	108 06/89	-	-	-	-
0150	Small Industry	L	82	-	5000	-	-	5000	-	1000	-	-	-	-	-	7146
0155	Small Farmer Swine Prod.(OPG)(I)(R)	G	81	420	420	107	107	180	200	133	200	300 12/87	400	500	500	6197
0156	Marketing Policy	G	83	-	2000	-	-	-	-	300	100	-	-	-	-	5199
0159	On-Farm Water Management	L	83	-	12000	-	-	-	-	12000	1000	-	-	-	-	-
0160	Agriculture Sector Training	G	83	-	3000	-	-	-	-	500	300	550 12/84	750	750	450	-
0162	Inland Fisheries (OPG)(I)(R)	G	82	277	277	-	-	76	50	150	100	51 09/85	-	-	-	-
0166	FUDECO (OPG)(I)(R)	G	83	-	351	-	-	-	-	150	85	100 06/85	101	150	-	-
0169	COOOOOP (OPG)(I)(N)	G	83	-	500	-	-	-	-	-	-	150 06/85	200	150	-	-
0170	Sugar Cane Diversification	L	84	-	5000	-	-	-	-	-	-	5000 09/88	-	-	-	-
0171	Private Enterprise Sector Dev.	G	83	-	300	-	-	-	-	100	50	200 09/87	-	-	-	-
0171	Private Enterprise Sector Dev.	L	83	-	9700	-	-	-	-	4900	500	4800 09/87	-	-	-	-
0173	Agriculture Resources Management	L	84	-	12000	-	-	-	-	-	-	12000 06/88	-	-	-	-
0173	Agriculture Resources Management	G	84	-	1000	-	-	-	-	-	-	200 03/85	300	300	200	-
9999	Proposed OPGs	G	83	-	1300	-	-	-	-	-	-	-	2955	2754	1950	-
	APPROPRIATION TOTAL			57986	111953	48172	20809	11430	9113	20033	9453	24659	2955	2754	1950	-
	GRANT			14218	24485	9672	729	1162	1275	3133	2535	2859	2955	2754	1950	-
	LOAN			43768	87468	38500	20080	10268	7838	16900	6918	21800	-	-	-	-

Country/Office:  
Dominican Republic

TABLE IV - PROJECT BUDGET DATA

No.	PROJECT Title	G/L	Oblig Date	Init	Fin	Total Cost	Oblig Thru FY-81	FY-81 Pipe Line	FY-1982		FY-1983		FY-84 AAPT	Funded Thru	FY-85 Oblig	FY-86 Oblig	FY-87 Oblig	Item No.
									Obligations	Expenditures	Obligations	Expenditures						
<b>POPULATION PLANNING</b>																		
0161	Institute for Population & Dev. Studies (OPG)(I)(R)	G	82	84		407	407	-	111	63	150	150	146	02/85	-	-	-	7104
<b>APPROPRIATION TOTAL</b>																		
						407	407	-	111	63	150	150	146	-	-	-	-	
<b>GRANT</b>																		
						407	407	-	111	63	150	150	146	-	-	-	-	
<b>LOAN</b>																		
						-	-	-	-	-	-	-	-	-	-	-	-	
<b>HEALTH</b>																		
0000	Program Dev. & Support (PD&S)	G	75	C		295	855	225	130	141	100	100	100	09/84	100	100	100	6154
0107	Health Sector Development	G	75	76		675	669	646	-	23	-	-	-	-	-	-	-	6159
0120	Health Sector II	L	79	79		8000	8000	8000	-	3500	-	2831	-	-	-	-	-	6168
0153	Health Sector III	G	82	85*		-	1000	-	-	-	200	100	300	09/85	500	-	-	-
0153	Health Sector III	L	82	83		-	7000	-	5000	-	2000	1000	-	-	-	-	-	6195
9999	Proposed OPGs	G	78	C		-	1903	-	403	100	350	500	250	09/86	250	300	350	6206
<b>APPROPRIATION TOTAL</b>																		
						8970	19427	8871	5533	3764	2650	4531	650	-	850	400	450	
<b>GRANT</b>																		
						970	4427	871	34	264	650	700	650	-	850	400	450	
<b>LOAN</b>																		
						8000	15000	8000	5000	3500	2000	3831	-	-	-	-	-	
<b>EDUCATION &amp; HUMAN RESOURCES</b>																		
0000	Program Dev. & Support (PD&S)	G	75	C		242	1752	225	127	112	200	246	300	09/84	300	300	300	6152
0119	Education Sector Loan	L	79	79		7500	7500	7500	-	4396	-	2274	-	-	-	-	-	6167
0127	Human Resources Development	G	81	81		750	750	750	-	349	-	329	-	-	-	-	-	6177
0127	Human Resources Development	L	81	81		4250	4250	4250	-	-	-	1700	-	-	-	-	-	6178
0146	APEC Vocational Trg. (OPG)(I)(R)	G	80	84		407	407	281	-	125	50	70	76	12/84	-	-	-	6191

Country/Office:  
Dominican Republic

TABLE IV - PROJECT BUDGET DATA

No.	PROJECT Title	G/L	Oblig Date	Init	Fin	Auth	Total Cost Plan	Oblig Thru FY-81	FY-81 Pipe-Line	ESTIMATED U.S. DOLLAR COST (\$000)		FY-84 Funded Thru	FY-85 Oblig	FY-86 Oblig	FY-87 Oblig	Item No.	
										FY-1982 Obligations	FY-1983 Expenditures						
0157	Management Training	L	83	83		-	7000	-	-	7000	700	-	-	-	-	6200	
0157	Management Training	G	83	86*		-	1000	-	-	200	100	09/85	400	200	-	-	
0163	Radio Education (OPG)(I)(R)	G	82	84		-	390	-	-	160	150	12/85	-	-	-	-	
0172	Rural Education	L	84	84		-	6000	-	-	-	6000	12/88	-	-	-	-	
0172	Rural Education	G	84	86		-	1000	-	-	-	200	12/88	400	400	-	-	
9999	Proposed OPGs	G	78	C		-	1300	-	-	200	100	09/86	350	250	300	6204	
	APPROPRIATION TOTAL					13149	31349	13006	11847	207	5012	7810	6124	7126	1450	1150	600
	GRANT					1399	6599	1256	927	207	616	810	1450	1126	1450	1150	600
	LOAN					11750	24750	11750	10920	-	4396	7000	4674	6000	-	-	-
<u>SELECTED DEVELOPMENT ACTIVITIES</u>																	
0000	Program Dev. & Support (PD&S)	G	75	C		478	1794	475	155	69	224	250	250	250	250	250	6155
0050	Special Development Activities (PC)	G	62	C		869	1390	860	5	50	55	80	80	100	100	100	6156
0130	Rural Feeder Roads	G	80	80		5000	5000	5000	2820	-	2820	-	-	-	-	-	6180
0143	Energy Policy Development	G	80	81		770	770	770	634	-	500	134	-	-	-	-	6188
0144	Energy Conserv. & Resources Dev.	G	82	83		1000	1000	-	-	500	370	-	-	-	-	-	7129
0144	Energy Conserv. & Resources Dev.	L	82	82*		6550	6550	-	-	6550	100	-	-	-	-	-	7130
0150	Small Industry	G	83	84		300	300	-	-	100	50	06/89	-	-	-	-	-
0154	Small Business Promotion (OPG)(I)(R)	G	81	83		498	498	100	15	250	179	-	-	-	-	-	6196
0164	Housing Appropriate Tech.(OPG)(U)(R)	G	83	85		-	478	-	-	-	-	-	-	-	-	-	-
0171	Private Enterprise Sector Dev.	L	84	84		-	5800	-	-	-	-	-	-	-	-	-	-
9999	Proposed OPGs	G	83	C		-	1850	-	-	-	-	150	200	500	500	-	-
	APPROPRIATION TOTAL					15165	25430	7205	3629	7419	4248	-	2552	6750	-	-	-
	GRANT					8615	13080	7205	3629	869	4148	1328	1302	950	1028	850	850
	LOAN					6550	12350	-	-	6550	100	-	1250	5800	-	-	-

Country/Office:  
Dominican Republic

TABLE IV - PROJECT BUDGET DATA

No.	PROJECT Title	G/L	Oblig Date Init	Total Cost Auth	Total Cost Plan	Oblig Thru FY-81	FY-81 Pipe-Line	ESTIMATED U.S. DOLLAR COST (\$000)			FY-84 Funded Thru	FY-85 Oblig	FY-86 Oblig	FY-87 Item Oblig No.		
								FY-1982 Obligations	FY-1982 Expenditures	FY-1983 Obligations						
	DEVELOPMENT ASSISTANCE TOTAL			95677	188566	77254	42650	24700	22200	31971	22810	39331	-	6283	5154	3850
	GRANT			25609	48998	19004	5319	2882	6366	6071	6137	5731	-	6283	5154	3850
	LOAN			70068	139568	58250	37331	21818	15834	25900	16673	33600	-	-	-	-
	<u>ECONOMIC SUPPORT FUND</u>															
0171	Private Enterprise Sector Dev. Economic Support Fund (Non-Project)	G	82	-	100000	-	-	45000*	45000	-	-	60000	09/87	-	-	-
		G	85	-	170000	-	-	-	-	-	-	-	-	60000	60000	50000
	APPROPRIATION TOTAL			-	270000	-	-	45000	45000	-	-	60000	-	-	-	-
	GRANT			-	270000	-	-	45000	45000	-	-	60000	-	-	-	-
	LOAN			-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>INTERNATIONAL DISASTER ASSISTANCE</u>															
XXXX	Disaster Assistance	G	80	9508	9508	9508	2291	-	2096	-	195	-	-	-	-	6150
	APPROPRIATION TOTAL			9508	9508	9508	2291	-	2096	-	195	-	-	-	-	-
	GRANT			9508	9508	9508	2291	-	2096	-	195	-	-	-	-	-
	LOAN			-	-	-	-	-	-	-	-	-	-	-	-	-
	PROGRAM TOTAL			105185	468074	86762	44941	69700	69296	31971	23008	99331	-	66283	65154	53850
	GRANT			35117	328506	28512	7610	47882	53462	6071	6332	65731	-	66283	65154	53850
	LOAN			70068	139568	58250	37331	21818	15834	25900	16673	33600	-	-	-	-

\* Pending in Congress.

NOTES FOR TABLE IV

NOTE 1: Amounts shown in the "Total Cost-Planned" column for Program Development and Support, in each functional account, and for the Special Development Activities project are the total of the FY-1981 Pipeline amount plus the obligations shown for Fiscal Years 1982-1987. As they are continuing projects, it is impossible to determine precisely the "Total Cost-Planned" figure.

NOTE 2: The "Total Cost-Planned" amount for the Proposed OPGs activity in each functional account is simply the total of the obligation figures shown in each Fiscal Year. Here again, the continuing nature of this activity makes it impossible to provide an exact planned amount.

NOTE 3: The amounts shown under Disaster Assistance, particularly FY-1981 Pipeline, are quite different than the figures provided us by AID/W. We have shown the amounts which reflect our best understanding of obligations and expenditures under this program.

NEW PROJECT NARRATIVE

TITLE: Marketing Policy

PROJECT NUMBER: 517-0156

PROPOSED FUNDING:

Life of Project: 2,000 (Grant)

FY-1983: 300 (Grant)

FY-1984: 300 (Grant)

TIMEFRAME: FY-1983 - FY-1987

APPROPRIATION ACCOUNT: ARDN

PURPOSE: To improve food policy formulation and implementation.

PROBLEMS TO BE ADDRESSED: Expanded government intervention in the marketing system; inadequate price/cost analysis due to scarcity and inconsistency of base data; lack of coordination efforts among the institutions involved in the marketing system; and unclear agricultural and industrial policies resulting in disincentives, decapitalization, low utilization of resources, fear and loss of enthusiasm and hope in the agricultural sector (both private and public), are at the heart of the marketing problems in the Dominican Republic.

The lack of a clear, sound, consistent, well-understood and favorable national food policy relating to agricultural production and marketing systems, are causing disincentives within the sector, resulting in major impediments and stagnation in parts of the sector. The unclear, often untimely and inconsistent food policy includes a

price fixing policy that protects the consumer at the expense of the producer; increases public sector intervention and a reduced private role within the production and marketing channels; a domestic market vs. export sector bias; and controls vs. free trade.

PROPOSED MEANS TO ADDRESS PROBLEMS: The major improvements required in the system are:

a. Creation of a Food Policy Analysis and Formulation Unit that would centralize all production, market and consumer data collected by the different agricultural sector institutions, analyze the data, and formulate food policy to be recommended to the Executive Power.

b. Conduct training and pilot projects on appropriate technology at small farm and storage level to reduce post harvest losses.

c. Strengthening of the production and price data collection, analysis, and dissemination functions.

d. Strengthening of the production crop forecast and planning function.

e. Strengthening of the consumer information system within the Directorate General for Price Control.

BENEFICIARIES: The target group for this project is the 254,000 small farmers on holdings of five hectares or less. Land in small farms totals 450,000 hectares, which is only 17% of the total farm land, but which is 45% of all Dominican land devoted to food crops. Small farmers account for 30% of all food production, including from 25% to 75% of the volume of each major crop.

HOST COUNTRY ENTITIES INVOLVED: The principal focus of the project will be on the role and policies of the Price Stabilization Institute (INESPRE) and its relationship to other key institutions in the marketing sub-sector, such as the Secretariat of State for Agriculture, the Directorate General for Price Control, and the Dominican Export Promotion Center (CEDOPEX).

NEW PROJECT NARRATIVE

TITLE: Sugarcane Diversification

PROJECT NUMBER: 517-0170

PROPOSED FUNDING:

Life of Project: 5,000 (Loan)

FY-1984: 5,000 (Loan)

TIMEFRAME: FY-1984 - FY-1988

APPROPRIATION ACCOUNT: ARDN

PURPOSE: To initiate production of food products and agricultural commodities on land currently devoted to the production of sugarcane.

PROBLEMS TO BE ADDRESSED: The production of sugarcane and export of raw sugar in the Dominican Republic has stagnated as an economic industry, and has little promise for becoming a growth industry in the future. Severely depressed world sugar prices every four or five years, obsolete plants and equipment, and accumulated debt, are among the factors responsible for the decline. Inadequate management practices have resulted in misuse of marginal sugarcane land, salinization of soils, declining yields and uneconomically large areas devoted to production. Competition from sugar substitutes, which apparently can be produced at lower unit costs, further reduce the prospects for the sugar industry.

A program is now underway to improve the efficiency and productivity of state sugar mills (which now produce about two-thirds of the national sugar crop), and which is expected to result in the removal of

considerable land from sugarcane production in the coming years. This will directly affect the 3,000 small- and medium-sized independent producers (outgrowers) of sugarcane, who now account for almost one half the sugarcane delivered to state mills. The loss of market for these outgrowers represents a serious threat to their livelihood unless technically and economically feasible crops other than sugarcane can be produced on their land.

PROPOSED MEANS TO ADDRESS PROBLEMS: The State Sugar Council (CEA) has undertaken with IBRD the financing of a program for improving the operational efficiency of the major state sugar mills. The effort will involve rehabilitation of mills and transportation systems, and technical studies, including one concerning cane area reduction.

The specific problem to be addressed by this AID project is the identification of specific crops that can be produced in the areas which are inappropriate for sugarcane cultivation, and the design and execution of plans for the production of alternative crops. Financing of production credit and other costs, e.g., equipment and on-farm investment, will be provided to individual producers and/or groups of producers through existing associations. In addition, technical and managerial assistance will be provided to the Federation of Outgrowers' Associations to improve its capability to serve members and producers' needs for credit and technical assistance.

BENEFICIARIES: The direct beneficiaries of a sugar diversification program will be the 3,000 independent outgrowers who cultivate 38,000 hectares or an average of 12.5 hectares per farm.

HOST COUNTRY ENTITIES INVOLVED: The principal institutions involved will be the State Sugar Council, the Secretariat of State for Agriculture, the Agrarian Institute, the Agricultural Bank, and the Federation of Out-growers' Associations.

SPECIAL CONCERNS: Private Sector: FY-1984 (4,000 Loan).

NEW PROJECT NARRATIVETITLE: Private Enterprise Sector DevelopmentPROJECT NUMBER: 517-0171

<u>PROPOSED FUNDING:</u>	<u>CBI (ESF)</u>	<u>Loan (DA)</u>	<u>Grant (DA)</u>	<u>Total</u>
Life of Project:	105,000	15,500	300	120,800
FY-1982:	45,000*	-	-	45,000
FY-1983:	-	4,900 (ARDN)	100 (ARDN)	5,000
FY-1984:	60,000	4,800 (ARDN) 5,800 (SD)	200 (ARDN)	70,800

TIMEFRAME: FY-1982 - FY-1987APPROPRIATION ACCOUNT: ARDN, SD, ESFPURPOSE: The purpose of the project is to accelerate and enlarge the role of the Dominican private sector in the nation's development.PROBLEMS TO BE ADDRESSED: The project will provide the private sector with improved and expanded facilities for obtaining financing, technical assistance, training and information for purposes of expanding exports and increasing agricultural production. This activity will also provide funding for Private Voluntary Organizations (PVOs) to carry out projects for which they are uniquely qualified to implement.PROPOSED MEANS TO ADDRESS PROBLEMS:

a. Increased credit and other direct assistance for the private sector will be provided through four funding "facilities" located within the Central Bank:

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\* Pending in Congress.

## 1. Finance Facility

Underlying structural deficiencies create serious problems in financial markets in the Dominican Republic which are exacerbated by current conditions. Discontinuous financial markets, limited intermediation and low interest rates lead to low savings rates, uneconomic investment patterns, and capital flight. Agriculture and small business, in particular, are starved for credit. There is no equity market. Working capital is difficult to finance.

The Private Enterprise Sector Program Credit Facility will seek to increase the volume and smooth the flow of credit and investment to and within the private sector. Private enterprise needs access to financing of various kinds: shorter and longer term, debt and equity, capital goods, and working capital. The Finance Facility will help marshal the resources to meet those needs.

In the agricultural sector, funds will be made available for investment in non-traditional agricultural export crops, sugar diversification, and other selected domestic consumption crops, working capital for agricultural cooperatives and other high impact uses.

In the industrial sector, credit from the Facility will be available for a wide range of credit requirements, including working capital.

The possibility of use of the Facility to promote equity financing is under consideration. This may involve creation of a private investment company which would take equity positions in Dominican business enterprises or a corporate securities exchange.

The Finance Facility will be established in the Central Bank and provide access to any qualified bank or financiera. It will be funded with pesos generated under the CBI program supplemented by dollar loans. Dollar lending will be limited to particular high impact uses, especially export promotion and financing of imports essential for export operations.

## 2. Technical Assistance Facility

The private sector does not have easy access to technical services to help develop products and markets. The Technical Assistance Facility will service the needs of productive enterprise generally but with special emphasis on promoting the flow of exports from the Dominican Republic, and investment capital into the Dominican Republic, by financing technical assistance for export promotion and for the development of private sector projects to be financed primarily by foreign investment.

Export promotion technical assistance may be handled through "trading companies"; through the open market for technical assistance services; or through a U.S. organization which would both provide and "broker" export promotion technical assistance services.

Foreign investment promotion requires the identification and careful description of proposed projects; financial, technical, and engineering analysis and definition of sources of technical and financial support. The Technical Assistance Facility will help promote private investment project development by financing consulting services for specific projects and by encouraging development of private sector organizations specializing in investment project development.

The Facility will also make technical assistance broadly available for small business through private sector sponsored PVOs.

### 3. Training

There are a wide range of training requirements in the private sector, some of which the Mission has begun to address through loans to promote private vocational education and the development of a business school.

A Training Finance Facility will expand the volume of AID assistance for training and extend opportunities to private sector enterprises to finance technical and business training for their personnel, as well as to individuals in critical skill areas.

### 4. Information and Planning

The need for information and planning is especially acute because GODR planning efforts have not focussed in the past on private sector needs. Significant data gathering and analysis work are required in many areas, including:

- (a) Export infrastructure requirements,
- (b) Sugar diversification,
- (c) Potential of the private sector in mining,
- (d) Tourism,
- (e) Effects of regulation of business, and
- (f) Agricultural price policy.

The Information and Analysis Facility will provide the financing for the development of the necessary information base for continuing operations in the private sector. A joint GODR-USAID-

Private Sector Committee will lay out a program of studies, develop approaches to implementation, approve scopes of work, and review and approve studies performed.

b. An important use of CBI funding will include, in selected cases, investment in GODR productive infrastructure necessary for the successful participation of the private sector, such as specialized export loading facilities, irrigation works, assembly and transportation networks, etc. To a limited degree, this may include GODR counterpart funding to other donor projects determined to be important to private sector development and for which no other source of financing is available.

c. A small but significant portion of the CBI funding will be devoted to financing programs to be implemented by both indigenous and U.S. PVOs. We believe that PVOs bring a unique perspective to development, and can provide a grassroots dimension not always achievable under regular loan/grant programs. There is considerable scope in the Dominican Republic for such activity, and indeed several private U.S. organizations are currently active here in various fields, including agriculture, health, and education. More importantly, there is a wealth of local active, private development institutions each of whom are highly qualified to develop and implement projects which support CBI objectives. At the present time, in fact, the Mission has several excellent OPG proposals which we want to approve but for which we lack funding. The CBI program will allow us to fund these activities. In addition, we plan to greatly expand our PVO program by exploring in depth with the impressively

varied U.S. and local PVO communities possible new OPG activities that will promote CBI goals and will complement and reinforce our DA program.

BENEFICIARIES: The direct beneficiaries of this program are the entrepreneurs and employees in the private sector, and those who will benefit from the expected increased employment opportunities. The linkages of the private sector into the rural areas of the Dominican Republic will bring benefits to rural business and agriculture.

HOST COUNTRY ENTITIES INVOLVED: Central Bank, and various private sector entities, including PVOs.

THREE-YEAR PROGRAM SUMMARY (FY-1982/FY-1984):

	CBI	DL	DG	Total
Credit	50,000,000	11,000,000	-	61,000,000
Technical Assistance	5,000,000	1,500,000	100,000	6,600,000
Training	8,000,000	3,000,000	-	11,000,000
Information/ Planning	5,000,000	-	200,000	5,200,000
Productive Infrastructure	30,000,000	-	-	30,000,000
Private Voluntary Organizations	<u>7,000,000</u>	-	-	<u>7,000,000</u>
TOTAL	105,000,000	15,500,000	300,000	120,800,000

<u>SPECIAL CONCERNS:</u>		<u>DA</u>	<u>ESF</u>
Private Sector:	FY-1982	-	(45,000 Grant)
	FY-1983	( 4,900 Loan)	-
		( 100 Grant)	-
	FY-1984	(10,600 Loan)	-
		( 200 Grant)	(60,000 Grant)
PVO	: FY-1982	-	( 2,000 Grant)
	FY-1984	-	( 5,000 Grant)

NEW PROJECT NARRATIVE

TITLE: Rural Education

PROJECT NUMBER: 517-0172

PROPOSED FUNDING:

Life of Project: 6,000 (Loan); 1,000 (Grant)

FY-1984: 6,000 (Loan); 200 (Grant)

TIMEFRAME: FY-1984 - FY-1988

APPROPRIATION ACCOUNT: EHR

PURPOSE: To continue national rural primary education reform by expanding the experimental effort now underway in three rural provinces and the rural areas of the National District.

PROBLEMS TO BE ADDRESSED: AID efforts in primary education are based upon a national primary education sector assessment which identified the major problems facing primary education, and recommended a series of reform efforts which resulted in an Education Sector Loan project (PIDE-0119), currently in its fifth year of implementation. The reform efforts are for grades 1-6 in specified rural areas leading to improved basic education for all children at these grade levels. Specifically, PIDE includes: (1) development of a statistical information system; (2) carrying out activities in research and planning; (3) upgrading teachers, administrators, and technicians; (4) development of educational materials; (5) construction and equipping of new classrooms; and (6) establishment of a school maintenance system in the target area. The program is executed

in three rural provinces and the rural areas of the National District, which serve as a "laboratory" for development of methodologies and materials for national application. As the implementation phase of the PIDE project progressed, it was implicit that these efforts constituted only the first phase of a long-term effort. Furthermore, the PIDE geographic area became a testing and teaching ground for further reform efforts. The initial PIDE efforts now offer the foundation of improved physical infrastructure, motivated and prepared teachers, and improved curriculum for the next steps necessary to improve primary education nationwide.

The new project will continue the recommendations of the sector assessment, build on the accomplishments of the ongoing efforts, and will expand the areas of effort to address specific educational problems considered to be at the next level of development. At the same time, it will support extension of the lessons already learned to other geographic areas through outreach programs.

It is expected that at the end of these projects, SEEBAC will have an expanded package of tested and proven educational primary reform programs that will be replicated in other areas.

The problems which will be addressed in the target area are as follows:

a. Lack of Properly Trained Primary Teachers

There are three sources of primary school teachers for the project area: (1) normal school graduates (grades 11-12); (2) college graduates; and (3) post college graduates. The normal school is the

only source of primary school teachers who have applied course work. Primary teachers who are university graduates are not required to take applied course work. Also, a great many of the teachers in primary posts were trained for secondary teaching where salaries are higher. The present PIDE project (0119) offers a wide range of short course work in the field to teach and orient teachers in the project schools, but there is no institutional base for continually offering courses. This is especially important since there is a low-level, yet constant, personnel turnover. If the gains made under the PIDE project teacher training component are to be institutionalized, a teaching unit should be created with permanent staff.

b. Lack of Supervision and Support in the Field

The 15 districts in the PIDE area are responsible for technical field supervision of teachers as well as administrative backstopping, distribution and maintenance of teaching equipment. These district offices each contain 5 supervisory SEEBAC employees. District level relationships are an important element in the stabilization of teacher communication and supervision. Of the 15 offices, 5 are still located in the capital for lack of office space in the field. Of those outside the capital, half are located in such poor housing stock that they are constantly being broken into or are not safe. Without a local supervisory and advisory presence, the high level of training encouraged by (a) will be lost. Development of a supervisory training and support effort is necessary.

c. Deteriorated or Non-Existent Educational Facilities

Of the 370 education núcleos in the Dominican Republic, more than 1/3 are in the project area. The current education project (0119) covered about 80% of the existing núcleos, and the population growth in these areas has brought tremendous pressure on existing facilities. The remaining 20 núcleos suffer from poor or non-existent facilities, which were further damaged by the 1979 hurricanes. With proper facilities, the school children will be able to study in an environment that encourages learning. In addition, many of the small isolated communities in the target area do not have sufficient shelter for teachers who, in great number of cases, must commute daily, sometimes long distances. A small component of the project will finance, as part of the school construction, related facilities for teachers. Also, the project will include potable water at each school site, resulting in considerably better sanitary conditions.

d. Need to Reinforce Parent Participation in Education Process

Almost every núcleo or satellite school has a parent group. Participation in school activities varies from group to group. SEEBAC, as well as the teachers in the schools, value and have attempted to support a wide ranging series of parent activities at the local as well as district level. School maintenance, for example, is a responsibility of these groups and, in some instances, school groups have been involved in or have been the trigger mechanism for teacher transfers. One of the constraints in these groups is that planning for maintenance, teacher recognition, or the purchase of textbooks, library books and maps,

cannot be accomplished. What is lacking is a firm financial support mechanism that would allow local planning to be implemented, and which would strengthen local participation in school matters. This will be carried out through the community councils.

PROPOSED MEANS TO ADDRESS PROBLEMS:

a. Instruction Center

- A physical plant will be built,
- A permanent staff trained, and
- Core courses will be developed.

b. District Centers

- 11 district centers will be constructed (2 rooms at selected núcleo sites),
- Motorcycles for supervisors will be purchased, and
- Supervisory manuals will be updated and training programs initiated.

c. Schools

- 80 schoolrooms in 20 communities will be constructed,
- 60 school water systems will be constructed, and
- Small number of minimal teacher shelter facilities will be provided.

d. Community Councils

- School support plans will be generated, and
- Local operating funds will be established.

BENEFICIARIES: 160,000 primary school children, 2,000 primary school teachers, and 370 community councils.

HOST COUNTRY ENTITIES INVOLVED: Secretariat of State for Education,  
Fine Arts, and Worship (SEEBAC).

SPECIAL CONCERNS:

- a. Private Sector: FY-1984 (2,000 Loan for construction  
to be accomplished by private contractors).

NEW PROJECT NARRATIVE

TITLE: Agriculture Resources Management

PROJECT NUMBER: 517-0173

PROPOSED FUNDING:

Life of Project: 12,000 (Loan); 1,000 (Grant)

FY-1984: 12,000 (Loan); 200 (Grant)

TIMEFRAME: FY-1984 - FY-1988

APPROPRIATION ACCOUNT: ARDN

PURPOSE: Increase GODR ability to exploit currently underutilized forest-land and rangeland (land ecologically unsound for cultivation), to improve well-being of low-income mountain ranchers/farmers, reduce pressure for livestock production on cultivatable land, provide ecologically and economically sound hillside land use alternatives, and improve overall national land use.

PROBLEMS TO BE ADDRESSED:

a. Underutilization of Forestland and Forest Resources

The Dominican Republic annually imports about \$100 million of forest-related products. On the basis of reasonably sound forest inventories conducted during the past decade, the GODR estimates that, with proper management and control, the Dominican Republic could replace these imports with local production within a 5-6 year period. In terms of charcoal production alone, the Dominican Republic currently uses about 850,000 hectares to produce its annual (1980) consumption of

wood. With a proper management, this same quantity of wood could be produced on 80,000 hectares of land under a four-year rotation period, freeing up 770,000 for an improved forest-range management program. A change in the GODR's traditional anti-commercial forestry attitude is expected under the new government, which will greatly enhance the viability and highlight the importance of this activity.

b. Lack of Rangeland Inventory and Recognition by Decision-Makers of the Large Production Potential of National Rangelands

About 65% of the Dominican Republic is classified as USDA-Soil Conservation Service Class VI-VII, which is ecologically sound for range and forest production (i.e., not cultivatable), yet this land is producing less than 10% of its range livestock potential and 2% of its forest product potential. Most of the rangeland either is heavily overgrazed or is treated as "wasteland" due to its unprofitability for crop cultivation. Large areas, which by ecological standards should be used for range or forest production, are currently devoted to subsistence farming. There is no documentation of the geographic distribution of the various productivity classes (range sites) of rangeland in the Dominican Republic. Without sound inventory and productivity information decision-makers will continue to undervalue rangeland's potential contribution to the national economy, and will continue to underinvest in its development.

c. Low Productivity of Rangeland

Due largely to (b), above, there is a lack of research on the specific animal production and vegetation management requirements on

rangeland, and lack of adequate extension capabilities in range areas. With the exception of an under-funded small ruminant research station in the south, there is no funding for range management studies, and there are no extension agents with training in range management. Education and training levels of both research and extension personnel must be increased in range management if the range resource is to make its potentially substantial contribution to the national economy.

PROPOSED MEANS TO ADDRESS PROBLEMS:

a. Reforestation

32,000 hectares of the Cordillera Central will be reforested with charcoal and firewood species.

b. Range Inventory

Inventory of national range resources and evaluation of current and potential production levels.

c. Range Research, Extension, and Training

The existing small ruminant research station will be strengthened to provide range livestock producer and extension agent training. A second research station will be established in a representative range area.

BENEFICIARIES: Private landowners and producer associations in areas classified as rangeland or forestland, and GODR land management agencies having jurisdiction over forest and range areas.

HOST COUNTRY ENTITIES INVOLVED: The Directorate of Forestry, Secretariat of State for Agriculture, Plan Sierra, Center for Animal Improvement (CIMPA), and universities collaborating with the above agencies.

SPECIAL CONCERNS:

a. Environment

FY-1984 (12,000 Loan), (200 Grant).

b. Private Sector

FY-1984 (120,000 Loan).

NEW PROJECT NARRATIVE

TITLE: Housing Investment Guaranty

PROJECT NUMBER: 517-0174

PROPOSED FUNDING:

Life of Project: 15,000 (HG)

FY-1984: 15,000 (HG)

TIMEFRAME: FY-1984 - FY-1988

APPROPRIATION ACCOUNT: HG

PURPOSE: To:

- a. Increase the supply of safe and sanitary low-cost shelter;
- b. Provide an example for private sector involvement in the provision and improvement of shelter for low-income workers;
- c. Assist and expand the Savings & Loans Association's inclusion of lower cost shelter financing within their portfolios; and
- d. Stimulate local credit institutions.

PROBLEMS TO BE ADDRESSED:

- a. Poor shelter conditions for low-income workers; and
- b. Inadequate system for financing low-cost housing construction and improvement.

PROPOSED MEANS TO ADDRESS PROBLEMS: The shelter sector objective of the GODR is to improve shelter conditions for low-income households in the Dominican Republic. As a step in this direction, this HIG program supports a tripartite approach to the provision of shelter for low-

income workers through a collaboration of private enterprise, workers, and the government. This HIG is an extension of the FY-1981 housing guarantee program in the Dominican Republic.

The project which will finance 2,500 new units and 1,500 home improvement loans is sponsored by the National Council of Businessmen (CNHE) a private sector entity. The involvement of this organization is new to the low-cost housing sector. Although employers have often provided workers with generous benefit packages in the past, housing finance benefits have been limited to relatively high income employees. This project will enable low-income workers to finance home construction and improvements through combining employer benefits with housing finance loans from local Savings & Loans Associations, through the National Housing Bank (BNV). Houses will cost an average of \$6,000 pesos. Under the program, the worker target group includes families with an income minimum of DR\$125.00 per month and a maximum of DR\$350.00 per month (urban medium income).

The Consejo Nacional de Hombres de Empresa will sponsor the project, and promote it through its member firms. The GODR will make land available for sub-projects. The BNV will be the borrower and the administrator of the loan. The builders will be private firms. Individual Savings & Loans Associations will make the disbursements to builders and will be the financial intermediaries that deal directly with the beneficiary and the sponsoring employers.

The employer will pay as an employee benefit the interest rate differential between what the beneficiary pays and the cost of servicing

the loan. The employer will continue to pay this differential as long as the employee remains in his employ. If the employee leaves, he assumes responsibility for the total remaining payments.

The initial contribution of the employer and the employee will total approximately 25% of the cost of the shelter solution, including closing costs. The employees contribution to the down payment will constitute approximately 5%, and the employers contribution approximately 20%.

The project provides a significant model for providing low-cost housing through a collaborative public/private sector effort, using U.S. private sector financing at market rates of interest, with direct financial contribution by the Dominican private sector, stimulating the construction industry and creating new sources of employment.

BENEFICIARIES: The target group includes workers with a family income of a minimum of DR\$125.00 per month, and a maximum of DR\$350.00 per month.

HOST COUNTRY ENTITIES INVOLVED: The National Housing Bank, the National Council of Businessmen, the Savings & Loans Associations, and individual private sector businesses.

TABLE V . FY 1984 PROPOSED PROGRAM RANKING		Country/Office		Dominican Republic		
RANK	PROGRAM ACTIVITY DESCRIPTION	ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
					INCR	CUM
1.	0171 Private Enterprise Sector Dev.	0	G	ESF	60,000	60,000
2.	0000 PD&S	0	G	ARDN	250	60,250
3.	0000 PD&S	0	G	HE	100	60,350
4.	0000 PD&S	0	G	EH	300	60,650
5.	0000 PD&S	0	G	SD	250	60,900
6.	PL-480 Title II - CARE MCH				(1,200)	60,900
7.	PL-480 Title II - CRS MCH				( 900)	60,900
8.	PL-480 Title II - CWS MCH				( 75)	60,900
9.	PL-480 Title II - CARE OCF				( 200)	60,900
10.	PL-480 Title II - CARE Pre-SF				( 500)	60,900
11.	0126 Natural Resources Management	0	G	ARDN	50	60,950
12.	0144 Energy Conserv. & Resources Dev.	0	G	ARDN	900	61,850
13.	0150 Small Industry	0	G	ARDN	108	61,958
14.	0156 Marketing Policy	0	G	ARDN	300	62,258
15.	0160 Agricultural Training	0	G	ARDN	550	62,808
16.	0162 Inland Fisheries (OPG)	0	G	ARDN	51	62,859
17.	0166 FUDECO (OPG)	0	G	ARDN	100	62,959

RANK		TABLE V - FY 1984 PROPOSED PROGRAM RANKING					Country/Office	
		PROGRAM ACTIVITY		ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
		DESCRIPTION	INCR				CUM	
18.	0171	Private Enterprise Sector Dev.	0	G	ARDN	200	63,159	
19.	0161	Institute for Population & Dev.(OPG)	0	G	PN	146	63,305	
20.	0153	Health Sector III	0	G	HE	300	63,605	
21.	0146	APEC (OPG)	0	G	EH	76	63,681	
22.	0157	Development Training	0	G	EH	200	63,881	
23.	0163	Radio Santa Maria (OPG)	0	G	EH	150	64,031	
24.	0050	SDAF	0	G	SD	100	64,131	
25.	0150	Small Industry	0	G	SD	200	64,331	
26.	0164	Housing Appropriate Technology(OPG)	0	G	SD	200	64,531	
27.		PL-480 Title II - CWS FFW				( 300)	64,531	
28.		PL-480 Title II - CRS FFW				( 825)	64,531	
29.	0171	Private Enterprise Sector Dev.	0	L	SD	4,000	68,531	
30.	0173	Agriculture Resource Management	N	L	ARDN	8,000	76,531	
31.	0173	Agriculture Resource Management	N	G	ARDN	200	76,731	
32.	0170	Sugarcane Diversification	N	L	ARDN	5,000	81,731	
33.	0172	Rural Education	N	L	EH	6,000	87,731	
34.	0172	Rural Education	N	G	EH	200	87,931	

Dominican Republic

RANK	TABLE V . FY 1984 PROPOSED PROGRAM RANKING					Country/Office	
	PROGRAM ACTIVITY		ONGOING/ NEW	LOAN/ GRANT	APPROP. ACCT.	PROGRAM FUNDING (\$000)	
	DESCRIPTION					INCR	CUM
35.	Title I - PL-480 Title I					(30,000)	87,931
36.	0174	Housing Investment Guaranty				(15,000)	87,931
37.	0173	Agriculture Resource Management	N	L	ARDN	2,000	89,931
38.	0171	Private Enterprise Sector Dev.	O	L	ARDN	3,800	93,731
39.	0173	Agriculture Resource Management	N	L	ARDN	2,000	95,731
40.	0171	Private Enterprise Sector Dev.	O	L	SD	1,800	97,531
41.	0171	Private Enterprise Sector Dev.	O	L	ARDN	1,000	98,531
42.	0169	CODOCOOP (OPG)	N	G	ARDN	150	98,681
43.	9999	Proposed OPGs	N	G	HE	250	98,931
44.	9999	Proposed OPGs	N	G	EH	200	99,131
45.	9999	Proposed OPGs	N	G	SD	200	99,331

Dominican Republic

TABLE V NARRATIVE

Table V has been constructed in such a way so as to assure that all ongoing projects receive funding before new activities, with the exception of some second year incremental funding for the Private Enterprise Sector Development project (0171). Of highest priority is the ESF portion of project 0171. It is vital that this large amount of funding, following the FY-1982 ESF program, be provided to be able to fully achieve the goals of the Caribbean Basin Initiative in the Dominican Republic. This is the centerpiece of our efforts to work with the private sector in this country. Immediately following the ESF financing, we have grouped all the PD&S funds to indicate the importance of this type of basic funding for the development and support of our program.

Title II nutrition activities for all the PVOs are ranked very high in our program, given the reality of the malnutrition situation in certain areas of the country, and the need to provide food assistance at the grass-roots level. Following the Title II nutrition projects, we have listed all ongoing grant activities by functional account, without trying to determine priorities within the program. It is our conclusion that all of this ongoing grant funding is required and it accomplishes very little to try to determine the priority of an education project vs. a health activity or an agriculture program over any SDA effort. The total budget required for these ongoing grants is \$4,531 million.

Following the ongoing grant activities, we have included the Food for Work component of our Title II program. While not as high priority as the Title II nutrition program, we do plan to restructure this activity over the next year or so to more fully integrate it into our DA program. The impending Title II evaluation should assist us in this effort.

The FY-1984 loan program consists of two new agriculture projects and one new education program. It also includes second year loan funding for the Private Enterprise Development project (0171), in both the ARDN and SDA functional accounts. We have split-funded the Private Enterprise and the Agriculture Resource Management (0173) projects so as to be able to include the major elements of our entire program within the AAPL of \$35.0 million. The components of our program not included within the AAPL are elements of projects 0171 and 0173, and \$800,000 for PVO activities.

Each of the new loan activities relates directly to the Mission's strategy as outlined in the most recent CDSS. Each emphasizes institutional strengthening and the Rural Education activity (0172), in particular, stresses human resource development. Both of these precepts are major objectives of our strategy. In addition, the Agriculture Resource Management project (0173) complements other Mission efforts designed to address natural resource problems in the Dominican Republic. The Rural Education project will reinforce the Mission's stated objective of increasing the access of the rural population to formal education opportunities, and follows the successful PIDE program (0119). Sugarcane Diversification (0170) is a new area of effort for the Mission, but one that should help

to increase agricultural production and, at the same time, provide concrete evidence of how best to diversify the crop mix on land currently used for sugarcane. This project will be implemented primarily with the private sector.

Two additional programs, PL-480 Title I and a Housing Investment Guaranty, are included in Table V and are ranked after the ongoing grants and the major funding portion of our loan program. While these two programs are vital to the Mission's diverse and interdependent program, we believe that the major elements of our development assistance loan/grant program should be given higher priority.

The last activities shown on Table V are new OPGs. This ranking should not be interpreted as a reflection of the Mission's view of the importance of OPGs, but simply is an indication that we believe that other elements of the DA program should receive higher priority. While we would very much like to fund more OPGs, the grant funding levels included in this ABS, though high, do not allow for an expansion of the OPG effort.

As an alternative to additional DA funding, we have included a PVO component in the Private Enterprise Sector Development project, budgetting \$5.0 million for three-year FY-1982/FY-1984 period.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1982				FY 1983			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1286.5	-	1124.0	21.5	1316.2	-	1117.1	22*
F.N. DIRECT HIRE	692.3	-	-	34.5	727.5	-	-	34
CONTRACT PERSONNEL	-	-	-	XXXXX	139.8	-	-	XXXXX
HOUSING EXPENSES	309.4	-	-	21.5	360.3	-	-	21
OFFICE OPERATIONS	667.6	-	401.8	XXXXX	822.6	-	502.2	XXXXX
TOTAL	2955.8	-	1525.8	XXXXX	3366.4	-	1619.3	XXXXX
RECONCILIATION	1525.8	-	-	XXXXX	1619.3	-	-	XXXXX
MISSION ALLOWANCE	1430.0	-	-	XXXXX	1747.1**	-	-	XXXXX

\* Includes 2 IDIs.

\*\* Total amount of dollar funded local currency costs included --- \$816.4.

Exchange rate: US\$1.00 = RD\$1.00.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

	FY 1984 MINIMUM				FY 1984 CURRENT			
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS
U.S. DIRECT HIRE	1397.4	-	1122.6	23*	1397.4	-	1122.6	23*
F.N. DIRECT HIRE	817.5	-	-	33	817.5	-	-	33
CONTRACT PERSONNEL	166.3	-	-	XXXXX	166.3	-	-	XXXXX
HOUSING EXPENSES	221.4	-	-	22	360.4	-	-	22
OFFICE OPERATIONS	895.3	-	627.8	XXXXX	1006.3	-	627.8	XXXXX
TOTAL	3497.9	-	1750.4	XXXXX	3747.9	-	1750.4	XXXXX
RECONCILIATION	1750.4	-	-	XXXXX	1750.4	-	-	XXXXX
MISSION ALLOWANCE	1747.5	-	-	XXXXX	1997.5	-	-	XXXXX

\* Includes 3 IDIs.

FY 1984 ANNUAL BUDGET SUBMISSION

TABLE VIII

FY 1984 PROPOSED					
	TOTAL	TRUST FUNDS	AID/W FUNDED	UNITS	
U.S. DIRECT HIRE	1534.6	-	1232.8	25*	
F.N. DIRECT HIRE	857.5	-	-	35	
CONTRACT PERSONNEL	166.3	-	-	XXXXX	
HOUSING EXPENSES	380.4	-	-	24	
OFFICE OPERATIONS	1011.3	-	627.8	XXXXX	
TOTAL	3950.1	-	1860.6	XXXXX	
RECONCILIATION	1860.6	XXXXX	XXXXX	XXXXX	
MISSION ALLOWANCE	2089.5	XXXXX	XXXXX	XXXXX	

\* Includes 3 IDIs.

TABLE VIII NARRATIVE

This ABS is submitting workforce levels in conformance to instructions from AID/W, which results in a reduction of our current workforce. However, this Mission's needs cannot be met under the proposed level.

In the last five years, workforce levels have essentially remained unchanged while, at the same time, the program has increased tenfold (see attached table). It is projected that in FY-1983 the program will more than double over FY-1982, and in FY-1984 it will more than treble over FY-1982.

At the same time, the Mission is being asked to reduce its USDH FTE from 22 to 20 and the FNDH level from 35 to 34 for FY-1983, with further reductions in the foreign national level for FY-1984.

The use of expanded management techniques to cope with the increased workload has been helpful. An example is the recent acquisition of a micro-computer which has provided the Mission with additional word processing capability (part of this document has been prepared on the computer), preparation of financial analyses, processing of the foreign national payroll, etc.; but this is no substitute to technicians managing the ever-increasing number of projects and handling the overwhelming mounds of paperwork generated. The Operating Expense budget tables have been prepared based on the FY-1983 proposed workforce planning levels given in State 137655. The exception to this, however, are the tables

for the FY-1984 at the proposed level, which show those resources, both funding and FTE, which would be required if Missions were to receive the total program funding requested. However, the Mission hereby submits a strong representation for the reinstatement of the two USDH and one FNDH position that were cut in FY-1983.

The FY-1984 budget, at the minimum level, completely eliminates procurement in order to accommodate the 90% limitation, inasmuch as personnel costs and allowances are non-deferrable.

Contract personnel are included in the FY-1983 and FY-1984 budgets to assist the Mission in managing and implementing our expanding program.

Housing expense increases reflect rising rental and utility costs.

The increase in FNDH costs, in spite of a decrease in units, is due to planned pay raises of 5% in FY-1983 and 15% in FY-1984 (employees received a 15% raise in FY-1982).

Office operation cost increases are composed of an estimated 25% increase in the FAAS in each fiscal year, plus the procurement of office furniture and ADP, and word processing equipment are explained in the Tables VIII(a) and VIII(b) narratives.

\$148.3

ABS - 50

PROGRAM DOLLARS (\$ Millions)

(DA, ESF, HIG, PL 480 Titles I & II)

\$107.8

\$54.3

\$50.8

\$47.8

\$45.2

\$5.2

FY 78

79

80

81

82

83

84

17

19

21

21

22

20

20

FY 78

79

80

81

82

83

84

US Direct Hire Workforce Levels

Source: USAID/DR CONTROLLER

May 1982

TABLE VIII(a)  
OBLIGATIONS OF ADP SYSTEMS  
(\$000)

	Fiscal Year		
	1982	1983	1984
A. <u>Capital Investments</u>			
1. Purchase of ADP Equipment	1.5	15.0	20.0
2. Purchase of Software	0.5	3.0	2.5
Subtotal	2.0	18.0	22.5
B. <u>Personnel</u>			
1. Compensation, Benefits, Travel	-0-	26.0	26.0
2. Workyears (non-add)	-0-	.5	.5
Subtotal	-0-	26.0	26.0
C. <u>Equipment Rental and Other Operating Costs</u>			
1. ADP Equipment (ADPE) Rentals	-0-	-0-	-0-
2. Supplies and Leased Software	3.0	5.0	5.0
Subtotal	3.0	5.0	5.0
D. <u>Commercial Services</u>			
1. ADP Service Bureau	-0-	-0-	-0-
2. Systems Analysis and Programming	-0-	20.0	10.0
3. ADPE Maintenance (If separate from item C.1)	-0-	1.8	2.0
Subtotal	-0-	21.8	12.0
E. <u>Total Obligations (A-D)</u>	5.0	70.8	65.5
F. <u>Interagency Services</u>			
1. Payments	-0-	-0-	-0-
2. Offsetting Collections	-0-	-0-	-0-
Subtotal	-0-	-0-	-0-
G. <u>Grand Total (E+F)</u>	5.0	70.8	65.5

TABLE VIII(a) NARRATIVE

The converging realities of a vastly increased development program in the Dominican Republic and a diminishing workforce require the early institution of an Automated Data Processing program for the purposes of project and financial management. Currently, the Mission has a TRS-80 Model II, micro-computer which was recently purchased. Early experiences have been gratifying and exceeded the original expectations. In a relatively short time, the Mission has developed a local employee payroll program, which significantly reduces the workload of the payroll clerk as well as provides earnings and leave information to the employees which was not available heretofore. Some management reports such as travel budget, representation allowance, etc., are now being produced by the computer.

Concurrently, a series of training programs for Mission managers has been initiated. This training will in the future assist in the development of programs designed for monitoring the progress of various development projects.

In 1983, we propose to upgrade our Model II to a Model 16, to allow for the addition of 2 work stations at a cost of \$15,000. This will provide additional word processing capability in the Program Office and in two other technical divisions.

Ultimately (1984/1985), the Mission is planning the installation of a terminal in each major organizational unit, which will provide the Program and Project Managers easy access to the ADP for purposes of project monitoring, project design, financial analyses, etc.

TABLE VIII(b)  
OBLIGATIONS FOR WP SYSTEMS  
(\$000)

	<u>Fiscal Year</u>		
	<u>1982</u>	<u>1983</u>	<u>1984</u>
A. Capital Investment in W/P Equipment	None	None	None
B. W/P Equipment Rental and Supplies	"	"	"
C. Other W/P Costs	"	"	"
Total	"	"	"

TABLE VIII(b) NARRATIVE

The Mission currently has a Wang Model 5 Word Processor which has not been entirely satisfactory. The equipment is used primarily by the Capital Development Office for the preparation of loan documents, i.e., PIDs, loan papers, etc. Also, the TRS-80 Model II is being used by the Program Office, Education Division, CRD, and Controller's Office as a word processor. The Mission plans to have a word processor available by FY-1985 to each major organizational unit.

No acquisition of separate word processing equipment is envisaged at this time. The proposed upgrading of our Model II to a Model 16 will give the Mission the additional word processing capability.

PL-480 TITLE I NARRATIVE

PL-480 programs totaling \$27,640,626 were carried out in Fiscal Years 1979, 1980, and 1981, the 1981 level amounting to \$15.0 million. In the 1982, the PL-480 allocation was increased to \$17.0 million. The Dominican PL-480 program has been utilized for specific projects in agriculture, rural development, health, and education. Generally these projects have focused on replicating or extending programs initiated under AID dollar loans. Because of the extreme budgetary difficulties caused by GODR efforts to control the country's economic crisis, a portion of the FY-1981 program was dedicated to meet otherwise unavailable counterpart requirements for AID loans.

PL-480 Title I program is considered to have been effective not only in providing significant balance of payments assistance, but also in meeting the stated objectives of the projects, in having direct impact on the rural poor and in supporting other Mission development projects. For example, with PL-480 funds 40 CENSERI rural marketing centers are being built to serve 10,000 farmers (which expands the Agriculture Sector I and II project activities), and 52 rural clinics are being built to serve 100,000 rural dwellers (which expands and strengthens the Low-Cost Health Delivery System developed under the Health Sector I and II programs). In addition, an estimated 100 kilometers of rural roads have been rehabilitated and constructed, providing access to 40,000 rural inhabitants thus directly complementing the Rural Road Maintenance and Rehabilitation project activities.

In the past, PL-480 resources had been handled as a separate resource to supplement the development budget of the GODR. Individual projects of rural development which were included under a GODR/AID negotiated list of eligible categories were proposed by the government, approved or disapproved on their own merits, analyzed in "mini-project papers", and implemented through separate accounts jointly controlled by the Technical Secretariat of the Presidency and USAID. With the exception of the 1981 economic emergency, it has not been necessary to use PL-480 funds as counterpart for AID loan and grant projects.

In 1981, two major changes developed in the PL-480 environment which resulted in USAID adopting a transition strategy looking toward the 1983 PL-480 agreement. These changes in environment were: (1) AID/W guidance that policy objectives should become predominant negotiating objectives of PL-480 programs; and (2) the severe budgetary problems faced by GODR beginning in 1981.

As a consequence of the stringent GODR budget situation, USAID agreed to program approximately one-third of the FY-1981 PL-480 program generations as counterpart for AID loan operations. The remainder continued to be used in separately developed projects addressing problems of the rural poor. This enabled the Mission simultaneously to help the government achieve its rural development objectives, assist the GODR through a serious budgetary crisis, and assure that counterpart would be available to carry forward AID loan and grant projects on schedule.

In addition, and in response to the new PL-480 policy directions, the Mission initiated an internal review to determine what GODR policy

objectives ought to be sought through PL-480 negotiations in the near future. The Mission identified two areas for discussion with the GODR: agricultural commodity pricing and strengthening of the GODR's administration of development projects in general beginning with PL-480 operations.

USAID/DR is engaged in a policy dialogue with the GODR on price policy. A committee of GODR agencies having responsibility relating to the setting of prices for agricultural commodities is being established. Technical support is being provided for this effort. Development of an analytical capability effectively to inform policy markets on agricultural price issues is a key objective of the Title I program. USAID/DR also proposes to extend the financial management program initiated in 1982 through the vehicle of the PL-480 negotiation.

In the area of development project administration, agreement has been reached on the establishment of a project in the Technical Secretariat of the Presidency to examine and reform financial management practices beginning with PL-480 operations. This initial step will be built upon subsequently to improve financial management practices for all AID-financed operations and later operations of other donors.

The foregoing activities are designed to lay the groundwork on which future PL-480 negotiations can be focussed more meaningfully on a GODR commitment to specific negotiated policy objectives.

The strategy for the design of specific FY-1984 self-help measures will be similar to that followed during the past three years. Most self-help measures will, therefore, be designed to expand the impact and coverage of our major loan and grant funded programs. Particular

attention will be given to directly supporting our currently ongoing agriculture sector projects. Since the field level activities under our existing portfolio of projects emphasize the development and promotion of increased small farmer productivity, we believe that an expansion of these activities through the FY-1984 Title I program to other areas, for example, would be the most effective way to support activities which will help fill the current and continuing food gap and, at the same time, interact and support the AID program.

Accordingly, the FY-1984 PL-480 generations will be used to supplement the AID programs of natural resources conservation, water management, agricultural diversification, rural road access, and rural health improvement. Continuation of African Swine Fever surveillance is also expected. These activities will be fully integrated with ongoing Mission programs in conservation, water management, training, and marketing. The price policy and financial management improvement will be continued if initiatives begun with the current administration are accepted by the new GODR administration which takes office in August 1982.



TABLE XII

Country/Office Dominican Republic

PL 480 TITLE I/III

Supply and Distribution  
(000 Metric Ton)

<u>STOCK SITUATION</u>	<u>FY 1983</u>	<u>Estimated FY 1984</u>
<u>Commodity - Corn</u>		
Beginning Stocks	60	60
Production	50	50
Imports	210	230
Concessional	122	141
Non-Concessional	88	89
Consumption	260	290
Ending Stocks	60	50
<hr/>		
<u>Commodity - Vegetable Oils</u>		
Beginning Stocks	15	15
Production	15	15
Imports	85	85
Concessional	19	17
Non-Concessional	66	68
Consumption	100	105
Ending Stocks	15	10
<hr/>		
<u>Commodity -</u>		
Beginning Stocks		
Production		
Imports		
Concessional		
Non-Concessional		
Consumption		
Ending Stocks		

Comment:

TITLE II PROGRAM NARRATIVEI. INTRODUCTION

The Dominican Republic continues to face serious malnutrition in many of the poorer rural regions of the country. Surveys show that up to 75% of the Dominican population is estimated to be undernourished. Central Bank household survey statistics show that almost 50% of the population consumes an average of 1,424 calories/day and 28.26 grams of protein per day which is very much below the minimum requirement, while another 25% has a daily intake of 2,054 calories/day and 51.7 grams of protein per day which is also below the recommended levels.<sup>1/</sup>

These statistics are even more unsettling, as they include very young children and are expressed in "degrees" of malnutrition. A noted Dominican professor estimates that of all the children under 6, up to 50% suffer from first degree malnutrition, up to 23% suffer from second degree malnutrition, and up to 6% suffer from third degree malnutrition. In general, it takes three months of daily feeding in a nutrition center for a malnourished child to move from one degree to a lesser degree of malnutrition. Even so, some of the effects of third degree malnutrition are irreversible.

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<sup>1/</sup> The minimum recommended level of caloric and protein intake, of course, depends on the individual's age, size, workload, and in the case of women, whether or not they are lactating. According to the National Planning Office (ONAPLAN), the daily recommended levels range up to 3,000 calories and up to 62 grams of protein.

Thus there remains an urgent need for nutritional food in many of the rural areas. The Title II program in the Dominican Republic, although quite small in comparison with the overall dimensions of the problem, attempts to focus its resources on the most needy to reduce, to some degree, their level of malnutrition. To the maximum extent possible, this is coupled with other development aspects of Title II projects to expand the positive long-term impact on the beneficiaries.

The large reductions recommended by Washington, both in terms of beneficiaries and nutritional value for FY-1983 and FY-1984, run counter to the Mission's Title II strategy of targetting nutritional food to the malnourished, and the implications of this are already becoming apparent. We have decided not to question at this time the recommended levels for FY-1983, although we consider them to be too low--given the need for protein-enriched food. However, in order to accommodate these recommended levels for FY-1983, CARE determined that the 10% cut in beneficiaries would mean that 13,000 malnourished children would go untreated; and that the elimination of blended foods would decrease the protein offered by 63%. CRS chose to maintain the protein level for MCH recipients, but this meant a further reduction in beneficiaries -- even below the reduced recommended levels. These reductions are particularly painful in that they will take effect shortly after the newly democratically elected Dominican government takes office (in August). The President-elect has expressed a serious interest in improving nutrition of the lower socio-economic classes. So that we can more adequately

address the malnutrition problem, we have proposed a \$4.0 million program for FY-1984.

The FY-1984 CDSS stated that our current Title II program is under review. In the remaining months of FY-1982, an overall evaluation, as well as an audit of the Title II program, will be conducted. The Mission, which requested both to take place, looks forward to these activities with great enthusiasm. We expect that the recommendations of the evaluation will result in an improved, more streamlined program; and the audit recommendations will result in improved program management.

Although we must wait until the evaluation is completed in order to know the specific recommendations, we will anticipate here some of our general expectations. The Title II projects currently cover the span of the country. Although there are poor in all of these areas, the burden of effective management and surveillance of all these areas, is substantial. A more targetted program in the very poorest areas would be more effective and manageable. Second, we expect that wherever possible, Title II projects will be integrated into other AID activities. Some possibilities are as follows:

<u>Title II Activity</u>	<u>AID Project</u>
Other Child Feeding	Radio Education
Food for Work	Rural Feeder Roads
Maternal Child Health and/or Nutrition Education	Health Sector III
Food for Work and/or Nutrition Education	Freshwater Fisheries OPG
Food for Work	SDAF (Peace Corps)

This, of course, does not exhaust the list of possibilities.

## II. PROGRAM OVERVIEW

The three Title II American Voluntary Agencies (VolAgs) and their Dominican counterparts are as follows: CARE (CARE Dominicana), CRS (CARITAS), and CWS (SSID). CARE and CRS now have two very competent full-time Americans managing the program, while CWS has an American stationed in Haiti, who makes several visits to the Dominican Republic during the year. We are not only pleased by their proven managerial capabilities, but also by the much improved cooperation with AID, and the coordination among the VolAgs themselves. This has become especially evident in the preparation process for the upcoming evaluation. Another interesting linkage with AID, as well as evidence of the degree of interest that the VolAgs have in development, is that in FY-1982 all three have made OPG proposals in areas including fisheries, housing, and nutrition education.

The distribution system for the Title II food is, for the most part, very good and many of the problems we have had in the past have been resolved. There are two ports used in the program, one in Santo Domingo and one in Haina (12 kms. west of Santo Domingo), both of which are adequate for the program purposes. The food, of course, enters duty free. Large Customs losses that CRS suffered in the past are no longer taking place, in part because the port surveyor hired by CRS has been replaced. The warehouses, which are government owned, are used free of charge, and have a capacity far beyond program needs (CARE: 3,000,000 pound storage capacity; CRS: 10,000,000 pound storage

capacity; and CWS: 800,000 pound storage capacity). Improved warehouse management practices, such as fumigation and warehouse repairs, have virtually erased all losses due to rats. Transportation is done through contracts with private sector trucking firms. The major problem here is that the costs of trucking have gone up drastically, while the allowance remains the same. This, again, points to the value of concentrating programs in specific areas, and thereby reducing transportation costs.

Each VolAg has an effective system of surveillance and control, and keeps USAID informed of its activities. The food is monitored from the point it is unloaded from the ship, to end-use surveys. The GODR permits, and in fact encourages surveys, reviews, and investigations of the food, and in fact prohibits by the law the misuse of Title II food. CRS, however, has indicated that it would like to increase its surveillance capacity, and may soon request from AID an outreach grant.

The host country government contributes to the program in several ways. In the cases of all three VolAgs, the food enters the country duty free, is stored in government owned warehouses free of charge, and the GODR makes a monthly monetary contribution to each. In the case of CWS, the GODR covers administration costs, and expenses related to Customs proceedings, warehouse operations, and inland transportation, and shares some of the educational costs of the SSID program. With CARE, the Secretariat of State for Public Health (SESPAS) initiated a food distribution program, in which it provided 25% of the commodities distributed, and SESPAS intends to increase that program substantially.

The FY-1984 CDSS states (page 10) that "continuation of the Title II program at its present level for both humanitarian and developmental reasons is recommended." In order to maintain the same level of beneficiaries as FY-1982, and provide nutritional rations which would include blended foods and/or NFDM, we estimate that the funding required for FY-1984 would approach \$4.0 million.

Since the amount of food relative to the national consumption is small, and since most of the Title II foods either are not produced domestically, or produced in relatively small amounts, this does not represent a significant disincentive effect. In spite of the food imported under both Title I and II, the Dominican Republic still must import large amounts of basic grains (and even powdered milk).

Regarding Mission control and backstopping, the Mission has a full-time employee whose primary responsibility is to monitor the Title II program. He maintains daily contact with the VolAgs, reviews all paperwork, and makes frequent field checks. In addition, the American directors at the VolAgs, as well as the Program Officer, maintain a free flow of communication. The upcoming evaluation and audit should serve to further strengthen these ties.

### III. SPECIFIC PROGRAMS

There are basically four types of Title II programs now operating in the Dominican Republic: Maternal and Child Health (MCH), Food for Work (FFW), Pre-School Feeding (Pre-SF), and Other Child Feeding (OCF).

A. Maternal and Child Health (MCH)

The Maternal and Child Health program is the largest Title II program in terms of beneficiaries (53.8% of Title II beneficiaries), and the only one in which all three VolAgs participate. The main objective of the program is to combat malnutrition (as described in the introduction) of very young children and lactating women, by providing nutritional PL-480 foods during the crucial years. It is realized, of course, that food alone will not solve the problem, and wherever possible, the VolAgs complement MCH with nutrition education, water and sanitation, family planning, artsanry, and other appropriate activities which serve to improve the health status. Each VolAg has its own unique approach to the MCH program.

CWS/SSID has basically two types of centers for its MCH program. The Nutritional Centers (of which there are 9) are basically recovery centers for malnourished children. Here, the children and lactating mothers receive one cooked meal daily, coupled with weekly classes in health education and medical treatment. The Centers for Raw Food Distribution (of which there are 5) are centers in which 30-day supplies of uncooked food for women and children are distributed monthly. In addition, nutrition education and medicine are available. Under this system, it usually takes a child a full year before full recovery is realized. CWS has already achieved a certain degree of integration of Title II MCH project with other activities (nutrition and hygiene education, family planning, and handicrafts), and is continually exploring

other channels of integration (fresh water fisheries, vegetable gardens, agricultural production, and water and sanitation).

CRS now has MCH programs throughout the country, and like CWS distributes the food in cooked form where possible, and in raw form in the more remote areas where serving hot cooked meals on a daily basis is simply not feasible. The CARITAS Nutrition Program, which has been in existence for several years and with a nationwide scope, is being linked to the MCH program. However, the funding for this program is running out, and CRS is proposing an OPG to continue it. Where possible, CRS carries on other activities in communities receiving MCH foods, including sewing and literacy classes, cooperative formation and operation, mothers clubs, and gardening projects.

CARE's MCH program is run primarily by the Secretariat of State for Public Health (SESPAS) through rural health clinics, and to a lesser extent, by the State Sugar Council (CEA) and the Agrarian Reform Institute (IAD), which have health posts on sugar plantations and agrarian reform colonies.

The Mission proposes to restore and slightly increase the FY-1982 levels of beneficiaries in MCH for 1984, as illustrated in the following table:

<u>VolAg</u>	<u>FY-1982</u>	<u>FY-1983</u>	<u>FY-1984</u>
CRS	40,000	32,500	50,000
CWS	2,000	2,000	4,000
CARE	<u>100,000</u>	<u>90,000</u>	<u>100,000</u>
TOTAL	142,000	124,500	154,000

B. Food for Work (FFW)

Both CRS and CWS have Food for Work programs in the Dominican Republic, with a nationwide scope. The food not only augments the nutritional level of the workers and their dependents, but also serves as a catalyst to stimulate development activities. These activities serve to raise the community income level and thereby enhance their capability to purchase more nutritional food in the future. An important by-product of FFW is that the communities discover that many of their problems can be solved at the grassroots level, through community active groups.

CRS has FFW activities in all regions of the country, and the activities include road construction and reconstruction, education, agricultural production, water and sanitation, forestry and conservation, community development, and construction.

CWS concentrates its FFW activities in the Southwest and Northwest regions of the country, with activities in the areas of road construction and reconstruction, agricultural production, and water and sanitation. The agricultural activities are supported by technical assistance (from both public and private sources), seeds for the community vegetable gardens, tool banks, and a revolving loan fund. Continual efforts are made to integrate FFW with ongoing programs of literacy, well drilling, fresh water fisheries, handicrafts, and other agricultural projects.

The Mission proposes to maintain the FY-1983 level of beneficiaries for FY-1984, as follows:

<u>VolAg</u>	<u>FY-1982</u>	<u>FY-1983</u>	<u>FY-1984</u>
CRS	90,000	72,000	72,000
CWS	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
TOTAL	97,000	79,000	79,000

C. Pre-School and Other Child Feeding (OCF)

CARE is the only VolAg in the Dominican Republic involved in Pre-School Feeding and in Other Child Feeding. The Pre-SF program is concentrated in the Southwest region of the country, as part of a four-year regional development program. The food is distributed at pre-school education centers. The food not only serves to improve the physical malnutrition of the students, but with an adequate amount of protein in the ration, the mental capacity to perform well in the school is also increased. Finally, it serves as an incentive to attend school. The OCF functions nationwide in the pediatric and obstetrical wards of public hospitals, as well as orphanages and special schools. The food food is distributed in cooked form.

The Mission proposes to increase both the FY-1983 beneficiary level in OCF and the level for Pre-SF (see below). The latter has been found to be particularly effective in reaching beneficiaries.

<u>Program</u>	<u>FY-1982</u>	<u>FY-1983</u>	<u>FY-1984</u>
Pre-School Feeding	22,000	22,000	55,000
Other Child Feeding	<u>3,000</u>	<u>3,000</u>	<u>7,000</u>
TOTAL	25,000	25,000	62,000

#### D. Emergency and Disaster Relief

The Dominican Republic is a disaster-prone country, with several floods occurring every year, and hurricanes occurring every few years. As a result of these and other disasters, the GODR over the past several years, has become accustomed to requesting Title II foods for disaster relief purposes, so that a small amount of this food must be set aside each year. (Currently, only CRS is providing food for disaster relief purposes.)

At present, the GODR, through its Secretariat of State for Public Works (SEOPC), is in the process of developing a disaster plan, and has already utilized OFDA assistance for participant training in regional seminars. The Mission anticipates that once the plan takes shape, there will be a need for further OFDA assistance to help the GODR strengthen its capability to respond to disasters. Hopefully, this will eventually result in a reduced demand for Title II foods for disaster relief.

#### IV. FUTURE YEAR PLANNING

Much of our future year planning, of course, will depend on the results of the Title II evaluation. We expect to maintain the proposed FY-1984 level for at least two or three years. The program activities will be more targetted to the very poorest regions, and more integrated with other AID-funded activities. At the point where the malnutrition level shows a marked improvement as indicated in future evaluations, the program may be gradually reduced.

TABLE XIII

PL-480 TITLE II

Estimated Budget - FY-1983

I. CARE

A. Maternal and Child Health ..... Total Recipients: 90,000

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Mothers	18,000	Bulgur	194,420	52,299
	18,000	Cornmeal	194,420	49,966
	<u>18,000</u>	Wheat Flour	<u>194,420</u>	<u>57,548</u>
Total	<u>18,000</u>		<u>583,260</u>	<u>159,813</u>
Children	72,000	Bulgur	777,680	209,196
	72,000	Cornmeal	777,680	199,864
	<u>72,000</u>	Wheat Flour	<u>777,680</u>	<u>230,193</u>
Total	<u>72,000</u>		<u>2,333,040</u>	<u>639,253</u>

B. Other Child Health ..... Total Recipients: 3,000

	3,000	Bulgur	43,100	11,594
	3,000	Cornmeal	43,100	11,077
	3,000	Vegetable Oil	14,500	13,006
	<u>3,000</u>	Wheat Flour	<u>43,100</u>	<u>12,758</u>
Total	<u>3,000</u>		<u>143,800</u>	<u>48,435</u>

C. Pre-School Feeding ..... Total Recipients: 22,000

	22,000	Bulgur	220,000	59,180
	22,000	Cornmeal	220,000	56,540
	22,000	Vegetable Oil	44,000	39,468
	<u>22,000</u>	Wheat Flour	<u>220,000</u>	<u>65,120</u>
Total	<u>22,000</u>		<u>704,000</u>	<u>220,308</u>
TOTAL CARE	<u>115,000</u>		<u>3,764,100</u>	<u>1,067,809</u>

NOTE: Estimated dollar values based on CCC prices stated in State 128062, dated May 12, 1982.

Estimated Budget - FY-1983II. CRSA. Maternal and Child Health ..... Total Recipients: 32,500

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Mothers	8,250	Bulgur	67,320	18,109
	8,250	Cornmeal	133,650	34,348
	8,250	Wheat Flour	111,870	33,113
	8,250	Vegetable Oil	44,550	39,961
	<u>8,250</u>	NFD Milk	<u>89,100</u>	<u>9,801</u>
Total	<u>8,250</u>		<u>446,490</u>	<u>135,332</u>
Children	24,250	Bulgur	197,880	53,230
	24,250	Cornmeal	392,850	100,962
	24,250	Wheat Flour	328,830	97,334
	24,250	Vegetable Oil	130,950	117,462
	<u>24,250</u>	NFD Milk	<u>261,900</u>	<u>28,809</u>
Total	<u>24,250</u>		<u>1,321,410</u>	<u>397,797</u>

D. Food for Work ..... Total Recipients: 72,000

Workers	12,000	Bulgur	129,600	34,823
	12,000	Cornmeal	194,400	49,941
	12,000	Wheat Flour	64,800	19,200
	<u>12,000</u>	Vegetable Oil	<u>64,800</u>	<u>58,223</u>
Total	<u>12,000</u>		<u>453,600</u>	<u>162,187</u>
Dependents	60,000	Bulgur	648,000	174,118
	60,000	Cornmeal	972,000	249,707
	60,000	Wheat Flour	324,000	96,001
	<u>60,000</u>	Vegetable Oil	<u>324,000</u>	<u>291,114</u>
Total	<u>60,000</u>		<u>2,268,000</u>	<u>810,940</u>
TOTAL CRS	<u>104,500</u>		<u>4,489,500</u>	<u>1,506,256</u>

Estimated Budget - FY-1983

III. CWS/SSID

A. Maternal and Child Health ..... Total Recipients: 2,000

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>(Thousands)</u>	
			<u>Kilograms</u>	<u>Dollars</u>
Mothers	500	WSB	6,000	2,610
	500	NFD Milk	5,400	594
	500	Bulgur	2,400	646
	500	Flour	2,400	710
	500	Vegetable Oil	2,400	2,153
	<u>500</u>	<u>Cornmeal</u>	<u>8,400</u>	<u>2,159</u>
Total	<u>500</u>		<u>27,000</u>	<u>8,872</u>
Children	1,500	WSB	18,000	7,830
	1,500	NFD Milk	16,200	1,782
	1,500	Bulgur	7,200	1,937
	1,500	Flour	7,200	2,131
	1,500	Vegetable Oil	7,200	6,458
	<u>1,500</u>	<u>Cornmeal</u>	<u>25,200</u>	<u>6,476</u>
Total	<u>1,500</u>		<u>81,000</u>	<u>26,614</u>

D. Food for Work ..... Total Recipients: 7,000

Workers	1,400	WSB	21,800	9,483
	1,400	Bulgur	36,900	9,926
	1,400	Flour	36,900	10,922
	1,400	Vegetable Oil	8,400	7,535
	<u>1,400</u>	<u>Cornmeal</u>	<u>58,800</u>	<u>15,112</u>
Total	<u>1,400</u>		<u>162,800</u>	<u>52,978</u>
Dependents	5,600	WSB	87,400	38,019
	5,600	Bulgur	148,000	39,812
	5,600	Flour	148,000	43,808
	5,600	Vegetable Oil	33,600	30,139
	<u>5,600</u>	<u>Cornmeal</u>	<u>235,200</u>	<u>60,446</u>
Total	<u>5,600</u>		<u>652,200</u>	<u>212,224</u>
TOTAL CWS/SSID	<u>9,000</u>		<u>923,000</u>	<u>300,688</u>

TITLE II

FY-1984 PROPOSED BUDGET

I. CARE

A. Maternal and Child Health ..... Total Recipients: 100,000

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Mothers	25,000	S.F. Bulgur	270,000	77,220
	25,000	S.F. Cornmeal	270,000	75,870
	25,000	NFD Milk	300,000	33,000
	<u>25,000</u>	Wheat Flour AP 12%	<u>270,000</u>	<u>89,100</u>
Total	<u>25,000</u>		<u>1,110,000</u>	<u>275,190</u>
Children	75,000	S.F. Bulgur	810,000	231,660
	75,000	S.F. Cornmeal	810,000	227,610
	75,000	NFD Milk	900,000	99,000
	<u>75,000</u>	Wheat Flour AP 12%	<u>810,000</u>	<u>267,300</u>
Total	<u>75,000</u>		<u>3,330,000</u>	<u>825,570</u>

B. Other Child Health ..... Total Recipients: 7,000

	7,000	S.F. Bulgur	100,800	28,829
	7,000	S.F. Cornmeal	100,800	28,325
	7,000	Vegetable Oil	33,600	27,720
	7,000	NFD Milk	100,800	11,088
	<u>7,000</u>	Wheat Flour AP 12%	<u>100,800</u>	<u>33,264</u>
Total	<u>7,000</u>		<u>436,800</u>	<u>129,226</u>

C. Pre-School Feeding ..... Total Recipients: 55,000

	55,000	S.F. Bulgur	550,000	157,300
	55,000	S.F. Cornmeal	550,000	154,550
	55,000	Vegetable Oil	110,000	90,750
	55,000	NFD Milk	550,000	60,500
	<u>55,000</u>	Wheat Flour AP 12%	<u>550,000</u>	<u>181,500</u>
Total	<u>55,000</u>		<u>2,310,000</u>	<u>644,600</u>
TOTAL CARE	<u>162,000</u>		<u>7,186,800</u>	<u>1,874,586</u>

## TITLE II

FY-1984 PROPOSED BUDGETII. CRSA. Maternal and Child Health ..... Total Recipients: 50,000

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Mothers	12,500	S.F. Bulgur	102,200	29,172
	12,500	S.F. Cornmeal	202,500	56,903
	12,500	NFD Milk	135,000	14,850
	12,500	Vegetable Oil	67,500	55,688
	<u>12,500</u>	Wheat Flour AP 12%	<u>169,500</u>	<u>55,935</u>
Total	<u>12,500</u>		<u>676,500</u>	<u>212,548</u>
Children	37,500	S.F. Bulgur	306,000	87,516
	37,500	S.F. Cornmeal	607,500	170,708
	37,500	NFD Milk	405,000	44,550
	37,500	Vegetable Oil	202,500	167,063
	<u>37,500</u>	Wheat Flour AP 12%	<u>508,500</u>	<u>167,805</u>
Total	<u>37,500</u>		<u>2,029,500</u>	<u>637,642</u>

D. Food for Work ..... Total Recipients: 72,000

Workers	12,000	Bulgur	144,000	37,728
	12,000	Cornmeal	194,400	48,406
	12,000	Wheat Flour	64,800	18,727
	<u>12,000</u>	Vegetable Oil	<u>64,800</u>	<u>53,460</u>
Total	<u>12,000</u>		<u>468,000</u>	<u>158,321</u>
Dependents	60,000	Bulgur	720,000	188,640
	60,000	Wheat Flour	324,000	93,636
	60,000	Cornmeal	972,000	242,028
	<u>60,000</u>	Vegetable Oil	<u>324,000</u>	<u>267,300</u>
Total	<u>60,000</u>		<u>2,340,000</u>	<u>791,604</u>
TOTAL CRS	<u>122,000</u>		<u>5,514,000</u>	<u>1,800,115</u>

TITLE II

FY-1984 PROPOSED BUDGET

III. CWS/SSID

A. Maternal and Child Health ..... Total Recipients: 4,000

	<u>No. of Recipients by Commodity</u>	<u>Name of Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Mothers	1,000	S.F. Bulgur	4,800	1,373
	1,000	S.F. Cornmeal	16,800	4,721
	1,000	NFD Milk	10,800	1,188
	1,000	Vegetable Oil	4,800	3,960
	1,000	WSB	12,000	5,052
	<u>1,000</u>	<u>Wheat Flour AP 12%</u>	<u>4,800</u>	<u>1,584</u>
Total	<u>1,000</u>		<u>54,000</u>	<u>17,878</u>
Children	3,000	S.F. Bulgur	14,400	4,118
	3,000	S.F. Cornmeal	50,400	14,162
	3,000	NFD Milk	32,400	3,564
	3,000	Vegetable Oil	14,400	11,880
	3,000	WSB	36,000	15,156
	<u>3,000</u>	<u>Wheat Flour AP 12%</u>	<u>14,400</u>	<u>4,752</u>
Total	<u>3,000</u>		<u>162,000</u>	<u>53,632</u>

D. Food for Work ..... Total Recipients: 7,000

Workers	1,400	Bulgur	36,960	9,684
	1,400	Cornmeal	58,800	14,641
	1,400	Wheat Flour	36,960	10,681
	1,400	WSB	21,840	9,195
	<u>1,400</u>	<u>Vegetable Oil</u>	<u>8,400</u>	<u>6,930</u>
Total	<u>1,400</u>		<u>162,960</u>	<u>51,131</u>
Dependents	5,600	Bulgur	147,840	38,734
	5,600	Wheat Flour	147,840	42,726
	5,600	Cornmeal	235,200	58,565
	5,600	WSB	87,360	36,778
	<u>5,600</u>	<u>Vegetable Oil</u>	<u>33,600</u>	<u>27,720</u>
Total	<u>5,600</u>		<u>651,840</u>	<u>204,523</u>
TOTAL CWS/SSID	<u>11,000</u>		<u>1,030,800</u>	<u>327,164</u>

F Y - 1 9 8 3      S U M M A R Y

<u>Recipient Category</u>	No. of Recipients		
	<u>by Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Maternal Child Health - Mothers	26,750	1,056,750	304,017
Maternal Child Health - Children	97,750	3,735,450	1,063,664
Pre-School Feeding	22,000	704,000	220,308
Other Child Feeding	3,000	143,800	48,435
Food for Work - Workers	13,400	616,400	215,165
Food for Work - Dependents	65,600	2,920,200	1,023,164
TOTAL	<u>228,500</u>	<u>9,176,600</u>	<u>2,874,753</u>

F Y - 1 9 8 4      S U M M A R Y

<u>Recipient Category</u>	No. of Recipients		
	<u>by Commodity</u>	<u>Kilograms</u>	<u>Dollars</u>
Maternal Child Health - Mothers	38,500	1,840,500	505,616
Maternal Child Health - Children	115,500	5,521,500	1,516,844
Pre-School Feeding	55,000	2,310,000	644,600
Other Child Health	7,000	436,800	129,226
Food for Work - Workers	13,400	630,960	209,452
Food for Work - Dependents	65,600	2,991,840	996,127
TOTAL	<u>295,000</u>	<u>13,731,600</u>	<u>4,001,865</u>