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DOMINICAN REPUBLIC

ACTION PLAN

FY 1994 - FY 1995



USAID/DOMINICAN REPUBLIC



March 1993

**USAID/DOMINICAN REPUBLIC
FY 1994-1995 ACTION PLAN**

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SECTION I. STATUS OF STRATEGIC OBJECTIVES

Introduction

The four Strategic Objectives described in the FY 1993-1994 Action Plan remain valid and unchanged. Since the submission of the Action Plan, two technical assistance teams have come to Santo Domingo to assist the Mission in revising and refining the Strategic Objectives and Program Output Indicators, and in developing a Monitoring-Evaluation-Reporting system (MER). These refinements are reflected in Table 1, and described in the paragraphs below.

1. STRATEGIC OBJECTIVE NO. 1 - INCREASED AND DIVERSIFIED EXTERNAL TRADE

1.A. CHANGES IN STRATEGIC OBJECTIVE INDICATORS

The four indicators listed in last year's Action Plan for measuring performance toward achievement of Strategic Objective No. 1 have been revised. The indicator "Net Export from FTZ" has been dropped, and "Net Income from Services" has been replaced with "Percent of Total Exports that are Non-Traditional." This new indicator will provide a more direct measure of the Strategic Objective - - increased and diversified external trade.

Under Program Output 1.1, "Market-oriented economic policy and regulatory reforms adopted and maintained," the number of indicators listed in last year's Action Plan has been **reduced from fifteen to seven.**

Program output No. 2, "Increased Export Productivity" replaces two Program Outputs "Increased Export Production by Dominican Firms" which dealt with free trade zones, and Program Output No. 3, "Wider Access to Market and Investment Information."

The Indicators for Program Output No. 3, "Increased Availability and Reliability of Competitively Priced Energy," have been to revised to provide more appropriate measures of what USAID is seeking to accomplish in the electric power sector.

1.B. PROGRAM PERFORMANCE NARRATIVE

The sustained implementation of sound economic policies and related implementing laws and regulations is a necessary condition to achieving expanded and diversified external trade. Toward that end, USAID's program in the macroeconomic area is **closely coordinated with, and deeply intertwined with those of the IMF, IBRD, and IDB**. In a sense, we have a donor community program. The 1992 ESF program, for example, is conditioned on continued GODR compliance with the IMF standby, and with progress in privatizing parts of the electric power sector as negotiated by the IBRD and the IDB. USAID collaborates closely with these organizations, and with their Dominican counterparts. During the past year, we supplied expert consultants to IBRD/IDB technical teams, conducted extensive policy dialogue, funded NGO efforts to inform the public and provide indigenous expertise to the government, and through a variety of project vehicles, helped foster a sound policy environment. Progress in achieving the strategic objective should be viewed against this broad context.

The donor community has been an important supportive force behind the GODR reforms that dramatically turned around the economy in the past two years. Our collective effort continues to push for broader and deeper reforms. A further illustration -- at the moment of this writing, a USAID funded NGO is providing in-country research and analytic support to an IBRD/IDB effort in preparing a medium term macroeconomic plan for the Central Bank. This effort will be an important background element for several hundred million dollars of IDB and IBRD activities now being developed to support restructuring and development in the financial and electric power sectors.

The comprehensive economic reform program initiated by the GODR in August 1990 continues to produce highly positive results. The turn-around has indeed been remarkable. During 1992, real GDP grew at some 7.8%, a real per-capita GDP increase of some 5.4%. However, present real per-capita GDP is still below 1989 levels, due to the negative 5% and negative 0.6% growth rates of 1990 and 1991 respectively. The inflation rate, however, remained low at 6.4% for the year. There has been a continuation of market determined exchange rate and interest rate systems established under the 1990 reforms. Public sector finances showed a surplus of 2.1% of GDP. Also, there was a greater dynamism in the free trade zones and tourism sectors, which combined with a strong movement of private capital inflows, led to an increase in Central Bank foreign exchange reserves. The GODR has stated its desire to enter into a new Standby Agreement with the IMF when the present one expires in March of this year, and negotiations are underway.

In the area of external debt management, the GODR has **successfully negotiated its bilateral and multilateral foreign debt**. However, negotiations with commercial bank

creditors are presently stalled. It should be noted, however, that the GODR has been accumulating substantial foreign exchange reserves and there is wide-spread speculation that these will be used as part of a settlement with commercial debt holders.

In the area of **tariff reform**, the government continues to refine the administration of tariff reforms which have reduced tariff schedules to seven categories ranging from 5% to 35%, although the effective rate of protection rose. Most quotas have been eliminated and substituted by ad-valorem tariffs although some prohibitions are still in place. Also, some traditional monopolistic **markets have been opened** to competition such as telecommunications and long-distance trucking.

In mid-1992, a **new tax code** reduced the maximum marginal income tax on individuals and businesses from 73% to 30%, substituted selective taxes on consumption for ad-valorem equivalents and raised the value added tax from 6% to 8%. The new tax and tariff reforms allowed the GODR to increase current revenues by 30% over 1991 levels.

The **terms of trade for the country deteriorated** some 10% in 1992 due to a significant decline in prices of traditional exports such as coffee, sugar and ferro-nickel. Merchandise exports fell while imports increased by 26% in 1992. The trade deficit for the year amounted to US\$1,616 million, creating a current account deficit of US\$524 million. The country financed the unprecedented current account deficit with private short-term capital inflows, a measure which cannot be sustained in the long-run. Imports from the United States during 1992 increased by 25% over 1991 levels, according to U.S. Department of Commerce statistics. The increase in imports was due in part to reductions in trade barriers and an overall increase in real income in 1992.

During 1992, the GODR also approved a **new labor code** which offers additional benefits to workers without threatening economic development. Implementation of the new code is in its initial stages and should be accelerating. The 1992 ESF program included conditionality and covenants related to worker rights. USAID's new Trade and Investment project (TIP) will also help address industrial labor relations concerns.

The latest reform under discussion is a complete **revision of the monetary-financial code**. This will define the new institutional parameters within which all financial institutions in the country must operate. In 1993, the GODR will continue its efforts to enact new investment legislation giving equal treatment to domestic and foreign businesses.

Efforts to privatize state-owned enterprises have not yielded expected results, except for the electric energy sector. **USAID will continue to focus on privatization of electric energy**, where extensive negotiations among GODR, IBRD, IDB and USAID

have greatly improved the management of the electric company CDE, thereby improving current energy supplies. The representatives of the GODR, IBRD and IDB produced an Aide-Memoire, which includes a strategy to completely revamp the electric power sector during the next 18 months. Privatization will advance considerably during 1993, with only electric transmission lines (high-voltage-lines on public right-of-way) remaining as a state enterprise. The Aide-Memoire commits the GODR to place generation, distribution and management of the electric power sector entirely in private hands. USAID is collaborating closely with other donors and will provide technical assistance to complete privatization plans. Through ESF conditionality, the Mission linked the use of local currency produced under the 1992 ESF program to offset domestic debt of the power company in order to make it more attractive to future private buyers. The Mission plans to expand assistance to the energy sector through a new Energy Privatization project to start in FY 1993. By focusing on this key aspect of privatization, USAID believes it can have considerable success leveraging a policy outcome which promises an opportunity for up to one billion dollars in new U.S. investment. Other privatization efforts will be supported to a lesser extent through the Economic Policy and Practice project, and a small Privatization project to begin in FY 1995.

To further the positive effects of economic reforms and help the country prepare for the needed structural reforms, the Mission started the Economic Policy and Practice project (EPP) during the Summer of 1992. Through this project, experienced Dominican NGOs are encouraging the GODR to maintain economic reforms, such as the tariff and budget reforms, and to undertake the additional reforms needed for long-term economic growth. Within the first month of project start-up seventeen proposals were submitted by NGOs. The rapid response by Dominican NGOs suggests a high degree of awareness concerning the limiting factors affecting economic development. Proposals so far cover privatization of public enterprises, regional economic integration, action plans for implementing already approved economic reforms, and economic education at various levels.

USAID is currently designing a new Trade and Investment project (TIP). This trade liberalization project will incorporate the latest AID/W guidance on Section 599 of the FAA and related changes in U.S. free trade and labor policy. AIFLD is being brought into the TIP design as an active participant in improving local productivity by improving workers' basic education as well as their ability to bargain collectively. An important objective of the project is to create an effective legal, regulatory and judicial business environment and remove administrative and structural distortions caused by GODR intervention in productive activities.

1.C. MONITORING AND EVALUATION STATUS AND PLANS

The data for monitoring macroeconomic policies and regulatory reform under Program Output No. 1 will be provided by the Central Bank or the Monetary Board, and no special studies will be required to obtain those data.

For Program Output No. 2, the data for indicators pertaining to foreign investment and foreign firms investing in the Dominican Republic will be obtained by special studies within the scope of the Trade and Investment project. For Indicator No. 4, "Output/Unit of Labor," no reliable data exists at present. A special study early in the implementation of the Trade and Investment project will be necessary to address measurement limitations. USAID will also work with the Central Bank and a local foundation to help strengthen data gathering and analysis abilities. If adequate data can be obtained, this indicator could provide an important measure of overall economic efficiency in the country. A small project to help the Central Bank improve its National Income Accounts will be supported by the Mission beginning in FY 1994.

Progress in increasing the availability and reliability of competitively priced energy will be monitored from information provided by the Technical Secretariat of the Presidency and the World Bank.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic				
STRATEGIC OBJECTIVE NO. 1: Increased and diversified external trade				
Indicator No. 1: National exports - total				
Unit: Millions of U.S. dollars		Year	Planned	Actual
Source: Central Bank and I.M.F.	Baseline	1990	-----	735
Comments:		1991	756	658
		1992	778	558
		1993	650	**
		1994	776	**
		1995	824	**
		1996	875	**
		Target	1997	927

Indicator No. 2: Proportion of total exports that are non-traditional					
Unit: Percent		Year	Planned	Actual	
Source: Central Bank	Baseline	1990	-----	18.5	
Comments:		1991	21.3	20.2	
		1992	21.9	20.7	
		1993	21.6	**	
		1994	22.4	**	
		1995	23.3	**	
		1996	24.1	**	
		Target	1997	25.0	**
	Indicator No. 3: Imports from the U.S. - total				
Unit: Millions of U.S. dollars		Year	Planned	Actual	
Source: U.S. Department of Commerce	Baseline	1990	-----	1,658	
Comments:		1991	1,722	1,743	
		1992	1,860	2,177	
		1993	2,286	**	
		1994	2,332	**	
		1995	2,377	**	
		1996	2,423	**	
		Target	1997	2,469	**

STRATEGIC OBJECTIVE NO. 1 Increased and diversified external trade				
PROGRAM OUTPUT NO. 1.1 Market oriented economic policy and regulatory reforms adopted and maintained				
Indicator No. 1: IMF eligibility - compliance with standby agreement				
Unit: Yes/no		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	No
Comments: There are no current plans to extend the Standby Agreement beyond 1993.		1991	No	Yes
		1992	Yes	Yes
	Target	1993	Yes	**

Indicator No. 2: Market interest rate policy maintained				
Unit: Yes/no		Year	Planned	Actual
Source: Monetary Board	Baseline	1990	-----	No
Comments:		1991	No	No
		1992	Yes	Yes
		1993	Yes	**
		1994	Yes	**
		1995	Yes	**
		1996	Yes	**
		Target	1997	Yes
Indicator No. 3: Market exchange rate policy maintained				
Unit: Yes/no		Year	Planned	Actual
Source: Monetary Board	Baseline	1990	-----	No
Comments: The Central Bank publishes weekly the official exchange rate for official transactions. That rate has remained close to the market rate.		1991	No	No
		1992	Yes	Yes
		1993	Yes	**
		1994	Yes	**
		1995	Yes	**
		1996	Yes	**
		Target	1997	Yes

Indicator No. 4: Fiscal discipline				
Unit: GODR Budget (surplus or deficit)/GDP		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	-5.0
Comments: Planned targets of "0.0" for 1993-1997 indicate a balanced budget.		1991	-2.1	0.1
		1992	-0.8	1.5
		1993	0.0	**
		1994	0.0	**
		1995	0.0	**
		1996	0.0	**
	Target	1997	0.0	**
	Indicator No. 5: Tax revenue from tariffs			
Unit: Percent of total tax revenues		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	39.4
Comments: Source of data: IMF Staff Report for the 1992 Article IV Consultation, October 26, 1992. Note: 1991 figures preliminary; 1992 figures projected.		1991	-----	41.5
		1992	-----	45.3
		1993	41.5	**
		1994	37.8	**
		1995	34.0	**
		1996	32.0	**
	Target	1997	30.0	**

Indicator No. 6: Debt restructuring agreement - agreement signed with commercial banks				
Unit: Yes/no		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	No
		1991	No	No
Comments:		1992	No	No
	Target	1993	Yes	**
Indicator No. 7: EAI debt reduction - DA, ESF, and P.L. 480 debt agreements signed				
Unit: Yes/no		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	No
Comments:		1991	No	No
	Target	1992	No	No
	Target	1993	No	**
	Target	1994	Yes	**

STRATEGIC OBJECTIVE NO. 1 Increased and diversified external trade				
PROGRAM OUTPUT NO. 1.2 Increased export productivity				
Indicator No. 1: Total private investment				
Unit: Millions of U.S. Dollars		Year	Planned	Actual
Source: Central Bank	Baseline	1990	-----	690.1
Comments:		1991	-----	771.4
		1992	-----	1,344
		1993	1,500	**
		1994	1,575	**
		1995	1,650	**
		1996	1,725	**
		Target	1997	1,800
Indicator No. 2: Foreign investment				
Unit: Millions of U.S. Dollars		Year	Planned	Actual
Source: Trade & Investment project	Baseline	TBD	-----	
Comments: Trade and Investment project to begin in FY 1993.		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
		Target	1997	TBD

Indicator No. 3: Output/unit of labor				
Unit: DR\$ produced/person hour		Year	Planned	Actual
Source: Trade & Investment project	Baseline	1993	-----	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**
Indicator No. 4: Number of foreign firms investing				
Unit: Number of new firms		Year	Planned	Actual
Source: Trade & Investment project	Baseline	TBD	-----	
		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**

STRATEGIC OBJECTIVE NO. 1 Increased and diversified external trade				
PROGRAM OUTPUT NO. 1.3 Increased availability and reliability of competitively priced energy				
Indicator No. 1: GODR energy strategy completed				
Unit: Yes/no		Year	Planned	Actual
Source: STP	Baseline	1990	-----	No
Comments:		1991	No	No
		1992	No	No
	Target	1993	Yes	Yes
Indicator No. 2: Status of electric power law				
Unit: Yes/no		Year	Planned	Actual
Source: STP	Baseline	1990	-----	No
Comments: Law Enactment Process in the DR: 1. Draft Proposed by President 2. Enacted by Congress 3. Signed and Promulgated by President 4. Implemented		1991	No	No
		1992	No	No
		1993	Yes (1,2,3)	**
		1994	Yes (4)	**
	Target	1995	Yes (4)	**

Indicator No. 3: Private electric power generated to grid				
Unit: Gigawatt hours		Year	Planned	Actual
Sources: IDB, IBRD and CDE		1990	-----	-----
<p>Comments: Actuals for 1991 and 1992 include power sold to CDE by four private plants: Falconbridge, Wartsila Santo Domingo, Wartsila Puerto Plata, and R.G. Engineering.</p> <p>Beginning in 9/93, Smith/GE will install an additional 80 MW capacity, rising to 120 MW by 7/94. Targets for FY 1995 and beyond reflect new private investments as provided for in the new electric power law.</p>	Baseline	1991	0	617
		1992	350	763
		1993	940	**
		1994	1,590	**
		1995	2,000	**
		1996	3,325	**
	Target	1997	3,850	**

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Dominican Republic
BUREAU OBJECTIVE: Broad-based and sustainable economic growth within a democratic environment
BUREAU SUB-OBJECTIVE 1: Increased Employment and Income
STRATEGIC OBJECTIVE NO. 1: Increased and Diversified External Trade

PROGRAM OUTPUT NO. 1.1 Market oriented economic policy and regulatory reforms adopted and maintained	PROGRAM OUTPUT NO. 1.2 Increased export production by Dominican firms	PROGRAM OUTPUT NO. 1.3 Increased availability and reliability of competitively priced energy
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Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0263 Investment and Trade Expansion	0243 Univ. Agribus. Partnership	0270 Energy Privatization
0267 Trade and Investment	0267 Trade and Investment	0264 Economic Education
0264 Economic Education	0268 Development Training II	0262 Economic Policy & Practice
0262 Economic Policy & Practice	0262 Economic Policy & Practice	0000 Program Development & Support
0268 Development Training II		
0271 Privatization		

2. STRATEGIC OBJECTIVE NO. 2 - INCREASED SOCIO-ECONOMIC PARTICIPATION OF THE LOWER INCOME GROUPS**2.A. CHANGES IN STRATEGIC OBJECTIVE INDICATORS**

Strategic Objective No. 2, and the three Program Outputs under the strategic objective have not changed. The Mission has spent considerable time and effort, however, in refining the indicators to be used in measuring progress toward achieving the outputs and objective. As a result, indicators have been revised at both the strategic objective and program output levels.

Considerable discussions were held concerning Indicator 1, "National Priority of Primary Education," as measured by the ratio of GODR expenditures on education to total GODR expenditures. The underlying assumption that a percentage increase in GODR expenditures for primary education would imply an improvement in the quantity or quality of primary education is problematical. An alternate indicator was selected: the "Mean Grade Level Completed by Children of a Specified Age (10 year-olds)." This indicator is a more sensitive and specific measure of USAID's accomplishments at the Strategic Objective level.

The Strategic Objective Indicator 4, "Income Distribution", was replaced with the "Percent of Population below the Poverty Line." The substitution was made due to the unavailability of data for measuring income distribution. The Household Consumption, Income and Expenditure Survey (HCIES) to be completed in June 1993 is the best source of data for estimating income level.

For Program Output 2, "Improved Quality of Primary Education Services," the indicator "Decreased Repeat Rate at the End of 4th and 8th Grades" was replaced by "Percentage of schools in Santo Domingo using EDUCA-developed curricula/materials." The original indicator was dropped because it was seen as a function of the second indicator "Standardized test scores at the end of the 8th Grade."

Indicator 3, "Awareness of AIDS transmission routes" has been renamed "AIDS-related behavior" to clarify the focus of the indicator.

For Program Output 2.3, "Increased Income Generating Opportunities", only one indicator has been retained, "New Employment." Indicator No. 3, "Sales per Worker" was deleted due to its unclear connection with the intended Program Output. Indicator 2, "Wages (payroll)" was also deleted because wage data was not readily available in baseline survey reports.

2.B. PROGRAM PERFORMANCE NARRATIVE

A recent Demographic and Health Survey (DHS) found that **infant mortality in the Dominican Republic has dropped from 75 per thousand in 1986 to a level of 43.** This is a dramatic decrease, and a clear indication that our child survival and family planning activities are having a significant impact.

To measure the improvement in health status, the 1991 DHS established a baseline of 9.5% of all mothers practicing exclusive breast-feeding. Our target for 1996 is 30%. Although we do not have complete data, we do have some indication that we are well on track to achieving this target. Data from one sample area in 1992 showed that in some areas where USAID is active up to 78% of mothers are using exclusive breast feeding. KAP surveys (knowledge, attitude and practice) will be conducted annually to give more precise measures of progress.

The Mission's activities in the area of primary education are progressing very well. EDUCA, the Dominican private sector institution through which the Mission is working, has gained a national reputation and, with the Ministry of Education, has been instrumental in gaining a national consensus as to the importance of primary education through the development of a **ten-year plan for the Dominican education system.** In 1992, EDUCA passed a rigorous pre-award audit and began receiving funds directly from USAID. Prior to that time, our support for primary education was provided through a U.S. PVO, the Academy for Educational Development. The Executive Director of EDUCA was appointed Minister of Education early last year.

Considerable progress is also being made in **improving primary school curricula.** A census of primary schools in the Santo Domingo metropolitan school districts has been completed; more than 200 school directors have received training; math and Spanish textbooks for grades one to four have been revised and new texts developed for grade seven; textbooks for grades five, six and eight are under development; and, achievement texts for grades four and eight have been developed and pretested. The Ministry of Education is planning to use IDB loan funds to **print the textbooks revised or developed with USAID assistance, and distribute them to public schools nationwide.**

In order to increase income generating opportunities for lower-income groups, **USAID is focusing on assistance to micro and small enterprises.** A recent survey conducted by Michigan State University in collaboration with FondoMicro indicates that this sector is playing a vital role in job creation. The survey found that there are 330,000 micro-enterprises in the Dominican Republic, employing about 760,000 people, and that only a small number of these enterprises have access to credit. About 22% of the active economy in the Dominican Republic is engaged in the micro-enterprise sector, with about half of the businesses owned by women.

Working through the NGO FondoMicro, USAID provided more than \$2 million of new credit lines to the sector, resulting in the creation of about 1,500 new jobs. FondoMicro is rapidly expanding its client base of NGO direct lenders. A follow-on survey will be conducted in March 1993 to measure the impact in job creation. The Mission's target is to help create at least 28,000 new jobs annually by 1997.

2.C. MONITORING AND EVALUATION STATUS AND PLANS

For Strategic Objective No. 2, baseline data has been established for indicators No. 1, Grade level attained by 10 year olds, No. 2, Total Fertility Rate, and No. 3, Infant Mortality Rate at the strategic objective level. For Indicator 4, Households below the Poverty Line, the tabulation of the 1992 Household Consumption, Income and Expenditure Survey (HCIES) was not completed in time for this Action Plan, and the data will be submitted in next year's Action Plan. Although annual targets have been indicated, actual results for the first three indicators will be based on the DHS and will not be available until 1996.

At the Program Output level, the baseline has been established for all indicators except for Indicator No. 2 under Program Output No. 2.1 "Rise in Standardized Test Scores at the End of the 8th Grade," which will be established later this year, and Indicator No. 3 under Program Output No. 2.2 "AIDs-related behavior" that will be established in 1994. All four indicators under Program Output 2.2 will report actual results beginning in 1994 based on the first KAP study to be completed in that year. Actuals for all other indicators at the Program Output level will be reported annually beginning this year or next as indicated in Table 1.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic				
STRATEGIC OBJECTIVE NO. 2 Increased socio-economic participation of the lower-income groups				
Indicator No. 1: Grade level attained by 10-year-olds				
Unit: Mean		Year	Planned	Actual
Source: Demographic and Health Survey (DHS)	Baseline	1991	-----	2.10
		1992	2.15	
		1993	2.20	
Comments: The next DHS will be conducted in 1996.		1994	2.25	
		1995	2.32	
		1996	2.40	**
	Target	1997	2.50	

Indicator No. 2: Total Fertility Rate				
Unit: Children per woman		Year	Planned	Actual
Source: DHS	Baseline	1991	-----	3.3
Comments:		1992	-----	
		1993	3.2	
		1994	3.1	
		1995	3.1	
		1996	3.0	**
	Target	1997	2.9	
	Indicator No. 3: Infant mortality rate			
Unit: Deaths per 1,000 live births		Year	Planned	Actual
Source: DHS	Baseline	1991	-----	43
Comments:		1992	-----	
		1993	42.5	
		1994	41.5	
		1995	40.5	
		1996	39.5	**
	Target	1997	38.5	

Indicator No. 4: Households below the poverty line *				
Unit: Percent		Year	Planned	Actual
Source: Household Consumption, Income & Expenditure Survey (FUNDACION)	Baseline	1992	-----	-----
Comments: Data compilation of the HCIAS Survey will not be completed before 6/93. The next HCIAS will be conducted in 1997. * Defined as mean per capita income at which 100% caloric adequacy is attained.		1993	-----	**
		1994	-----	
		1995	-----	
		1996	-----	
	Target	1997	-----	**
STRATEGIC OBJECTIVE NO. 2 Increased socio-economic participation of the lower-income groups				
PROGRAM OUTPUT NO. 2.1 Improved quality of primary educational services				
Indicator No. 1: Schools in the Santo Domingo school districts using EDUCA-developed curricula				
Unit: Percent of primary schools		Year	Planned	Actual
Source: PIPE project data/reports	Baseline	1992	-----	0
Comments:		1993	20	**
		1994	35	**
		1995	50	**
		1996	65	**
	Target	1997	80	**

Indicator No. 2: Standardized test scores at end of 8th grade				
Unit: Average score		Year	Planned	Actual
Source: PIPE project data/reports	Baseline	1993	-----	TBD
Comments: Santo Domingo only		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**
STRATEGIC OBJECTIVE NO. 2 Increased socio-economic participation of the lower-income groups				
PROGRAM OUTPUT NO. 2.2 Improved access to selected primary health services				
Indicator No. 1: Contraceptive prevalence				
Unit: Percent of all women 15-49 using modern contraceptive methods		Year	Planned	Actual
Source: DHS & KAP	Baseline	1991	-----	33.9
Comments: 1991 figure from DHS for all women; comparable figure for women in union 51.7% KAP surveys will be conducted annually, beginning in 1994.		1992	-----	
		1993	36	
		1994	38	**
		1995	40	**
		1996	42	**
	Target	1997	46	**

Indicator No. 2: Exclusive breast-feeding rates (for first 4 months)					
Unit: Pct. following prescribed practices		Year	Planned	Actual	
Source: KAP survey (annual)	Baseline	1991	-----	9.5	
Comments: 1991 figure from DHS. KAP surveys will begin in 1994.		1992			
		1993	15		
		1994	20	**	
		1995	25	**	
		1996	30	**	
		Target	1997	35	**
Indicator No. 3: AIDS-related behavior					
Unit: Pct following safe sex practices		Year	Planned	Actual	
Source: KAP survey (annual)	Baseline	1994	TBD	**	
Comments:		1995	TBD	**	
		1996	TBD	**	
		Target	1997	TBD	**
	Indicator No. 4: Incidence of HIV				
Unit: Percent of population		Year	Planned	Actual	
Source: Sentinel Survey	Baseline	1994	TBD	**	
Comments:		1995	TBD	**	
		1996	TBD	**	
		Target	1997	TBD	**

STRATEGIC OBJECTIVE NO. 2 Increased socio-economic participation of the lower-income groups				
PROGRAM OUTPUT NO. 2.3 Increased income generating opportunities				
Indicator No. 1: New employment in Micro & Small Business Sector				
Unit: Jobs created (FTE)		Year	Planned	Actual
Source: M&S Business Dev. Survey (MSU)	Baseline	1992	-----	1,500
Comments: Targets refer to jobs directly attributable to USAID project assistance.		1993	3,200	**
		1994	7,800	**
		1995	13,500	**
		1996	20,500	**
	Target	1997	28,500	**

TABLE 2: STRATEGIC OBJECTIVE NO. 2 PROGRAM "TREE"

Dominican Republic
BUREAU OBJECTIVE: Broad-based and sustainable economic growth within a democratic environment
BUREAU SUB-OBJECTIVE 1: Increased employment and income
STRATEGIC OBJECTIVE NO. 2: Increased socio-economic participation of the lower-income groups

PROGRAM OUTPUT NO. 2.1 Improved quality of primary educational services	PROGRAM OUTPUT NO. 2.2 Improved access to selected primary health services	PROGRAM OUTPUT NO. 2.3 Increased income-generating opportunities
---	--	--

Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0251 Private Initiatives in Primary Education	0259 Family Planning & Health	0254 Micro & Small Business Development
	0247 PVO Co-Financing	0268 Development Training II
		0247 PVO Co-Financing

3. STRATEGIC OBJECTIVE NO. 3 - INCREASED AVAILABILITY OF WATER NEEDED FOR SUSTAINED ECONOMIC DEVELOPMENT.**3.A. CHANGES IN STRATEGIC OBJECTIVES INDICATORS**

In last year's Action Plan, the Mission narrowed the focus of Strategic Objective No. 3, from natural resources in general, to those key degradation problems affecting the continued availability of an adequate water supply. Key policies affecting poor watershed management detailed in the recently completed Dominican Republic Natural Resource Policy Inventory included inappropriate water pricing policies, weak institutional policies, inadequate water laws and regulations, a lack of a national strategy on natural resource management, inadequate fisheries regulations, and a lack of comprehensive coastal resource legislation. All of these issues are addressed under the Mission's planned program outputs for this Strategic Objective.

The two Strategic Objective Indicators proposed in the FY 93-94 Action Plan have been edited slightly to define more precisely USAID activities aimed at increasing water availability. The Indicators focus on "Base flow of water available...." rather than total "useable" water, and eliminate the word "rural" in reference to irrigation networks. USAID has identified priority urban and irrigation water catchments, based on economic importance. Data for the Program Output Indicators have been obtained for some of the indicators not previously quantified, but target levels for other indicators will coincide with preparation for the new Sustaining Water Resources (SWAR) project.

3.B. PROGRAM PERFORMANCE NARRATIVE

Achievement of strategic objective No. 3, measured by the Program Output indicators, is on schedule. **The number of water users associations has been increased**, as the pilot tested concept in USAID's On Farm Water Management project has been extended throughout the country by the National Water Authority (INDRHI).

The proportion of **environmental NGO/PVO expenditures dedicated to improved water management has increased** among the largest organizations (San Jose de Ocoa Development Foundation, Pronatura, JAD, Progressio) according to records available to the Mission. A new foundation has been established in the second largest city to focus upon the nation's largest watershed, the Rio Yaque del Norte.

Significant conservation measures have been undertaken with the inauguration of

the Jigüey-Aguacate and Nizao dam complexes. The new water law, rewritten with the assistance of the Water User Associations was presented to Congress by the President in March 1993.

Reforestation incentives have been decreed to encourage forest replanting by farmers in the Nizao River watershed, and the Parks in Peril program has obtained GODR approval to establish a fifth major protected area in the eastern coastal region.

3.C. MONITORING AND EVALUATION STATUS AND PLANS

Sources for accurate and timely data to measure the progress towards achieving the strategic objectives have been identified for several indicators. The major water systems have been ranked in terms of their economic importance for both urban and irrigation water. An inventory of natural resource policies has been completed, in addition to an environmental assessment on the use of pesticides. These studies and others, including the 1992 Intensive Survey of Rural and Urban Activities Impacting Water and Coastal Resources have been translated for distribution to approximately 70 environmental NGO/PVOs. A national workshop will be held later this year to define the parameters of the new Sustaining Water Resources project, scheduled to start in FY 1994.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic				
STRATEGIC OBJECTIVE NO. 3: Increased availability of water needed for sustained economic development.				
Indicator No. 1: Base flow of water available for urban water system				
Unit: Million cubic meters		Year	Planned	Actual
Source: INDRHI; SWAR Project	Baseline	1990	-----	-----
<p>Comments:</p> <p>Base flow measures constancy of water available to catchment structures (reservoirs, rivers, aquifers) net of daily/seasonal hydrologic variation, i.e. volume of flow less rainfall.</p> <p>INDRHI (National Water Authority) currently measures volume of flow and rainfall throughout all major watershed systems.</p>		1991	-----	-----
		1992	-----	-----
		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
		1997	TBD	**
	Target	1997	TBD	**

Indicator No. 2: Base flow of water available to irrigation networks				
Unit: Million cubic meters water		Year	Planned	Actual
Source: INDRHI; SWAR Project	Baseline	1990	-----	-----
Comments: Base flow measures constancy of water available to catchment structures (reservoirs, rivers, aquifers) net of daily/seasonal hydrologic variation (i.e. volume of flow less rainfall). INDRHI currently measures volume of flow and rainfall throughout all major watershed systems.		1991	-----	-----
		1992	-----	-----
		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**

STRATEGIC OBJECTIVE NO. 3: Increased availability of water needed for sustained economic development

PROGRAM OUTPUT NO. 3.1: Improve capacity of PVOs/NGOs to promote environmentally sound water management policies and practices.

Indicator No. 1: Proportion of environmental NGO/PVO expenditures dedicated to improved water management.

Unit: Average percent of total budget

Source: SWAR Project

Comments:

The SWAR project contemplates establishing a baseline measure of current environmental NGO/PVO real expenditures dedicated to improved water management, and a monitoring system to measure annual increases

	Year	Planned	Actual
Baseline	1991	-----	-----
	1992	-----	-----
	1993	TBD	**
	1994	TBD	**
	1995	TBD	**
	1996	TBD	**
Target	1997	TBD	**

Indicator No. 2: Water user associations managing water and drainage systems.				
Unit: Number of associations		Year	Planned	Actual
Source: INDRHI; SWAR project	Baseline	1991	-----	12
Comments: Actual for 1993 as of 3/93. Target is estimate based upon total number of water systems and projected expansion rate.		1992	18	17
		1993	26	21
		1994	30	**
		1995	33	**
		1996	36	**
	Target	1997	36	**

STRATEGIC OBJECTIVE NO. 3: Increased availability of water needed for sustained economic development.

PROGRAM OUTPUT NO. 3.2: Improve quantity, quality and distribution of water in selected areas.

Indicator No. 1: Streamflow pattern/volume in A.I.D.-targeted watersheds.

Unit: Percent of targeted area improved		Year	Planned	Actual
---	--	------	---------	--------

Source: INDRHI; SWAR	Baseline	1990	-----	
----------------------	----------	------	-------	--

Comments:

The SWAR project contemplates targeting one or two watersheds for demonstration of water quality/quantity/distribution improving measures.

Baseline measures and monitoring systems are yet to be determined.

		1991	-----	
		1992	-----	
		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
		1997	TBD	**

Indicator No. 2: Solid wastes dumped into the sea and freshwater.				
Unit: Percent decrease		Year	Planned	Actual
Source: City & Municipal Governments	Baseline	1990	-----	-----
Comments: The SWAR project contemplates passage of an environmental and a water law which would contain legislative, regulatory, judicial and policy reforms leading to a reduction in solid waste disposal into national waterways. Data indicating current daily rates of dumping (truck loads) are currently available through city governments.		1991	-----	-----
		1992	-----	-----
		1993	TBD	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**
PROGRAM OUTPUT NO. 3.3: Improve policy and enforcement climate to manage water resources.				
Indicator No. 1: Status of new water law				
Unit: Step in process		Year	Planned	Actual
Source: INDRHI	Baseline	1991	-----	(1)
Comments: Law enactment process in the DR: (1) Preparation of draft (2) Draft proposed by President (3) Enacted by Congress (4) Signed & promulgated by President (5) Implementation		1992	-----	(1)
		1993	(2), (3)	(1)
		1994	(4), (5)	**
		1995	(5)	***
		1996	(5)	***
	Target	1997	(5)	***

Indicator No. 2: Reform and consolidation of reforestation laws and institutions.				
Unit: Step in process		Year	Planned	Actual
Source: Dominican Agribusiness Council	Baseline	1991	-----	-----
Comments: Law Enactment process in the DR: (1) Preparation of draft (2) Draft proposed by President (3) Enacted by Congress (4) Signed & promulgated by President (5) Implementation		1992	-----	-----
		1993	-----	-----
		1994	(1)	**
		1995	(2), (3)	**
		1996	(4), (5)	**
	Target	1997	(5)	**
	Indicator No. 3: Status of new environmental laws.			
Unit: Step in process		Year	Planned	Actual
Source: Dominican Agribusiness Council	Baseline	1991	-----	-----
Comments: Law Enactment process in the DR: (1) Preparation of draft (2) Draft proposed by President (3) Enacted by Congress (4) Signed & promulgated by President (5) Implementation		1992	-----	-----
		1993	-----	-----
		1994	(1)	**
		1995	(2), (3)	**
		1996	(4), (5)	**
	Target	1997	(5)	**

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Dominican Republic
BUREAU OBJECTIVE: Broad-based and sustainable economic growth within a democratic environment
BUREAU SUB-OBJECTIVE 1: Increased employment and income
STRATEGIC OBJECTIVE NO. 3: Increased availability of water needed for sustained economic development

PROGRAM OUTPUT NO. 3.1 Improve capacity of PVOs/NGOs to promote environmentally sound water management policies and practices	PROGRAM OUTPUT NO. 3.2 Improve quantity, quality and distribution of water in selected areas	PROGRAM OUTPUT NO. 3.3 Improve policy and enforcement climate to manage water resources
---	--	---

Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
0266 Sustaining Water Resources	0266 Sustaining Water Resources	0266 Sustaining Water Resources
0247 PVO Co-Financing	0247 PVO Co-Financing	0268 Development Training II
0243 Univ. Agribus. Partnership	0243 Univ. Agribus. Partnership	0247 PVO Co-Financing
0262 Economic Policy & Practice		

4. STRATEGIC OBJECTIVE NO. 4. - PARTICIPATORY DEMOCRATIC REFORM

4.A. CHANGES IN STRATEGIC OBJECTIVE INDICATORS

The number of indicators for "Participatory Democratic Reform" listed in last year's Action Plan has been reduced from six to four, as Indicators No. 1 and No. 2 have been combined into a single Indicator, "Significant issues brought to formal negotiation." Indicator No. 5, "Increase in channels for public opinion affecting reform" was dropped since it is widely recognized that the Dominican Republic already enjoys a free and active press, and multiple radio and television stations.

The three Program Outputs, Democratic Education, Electoral Reform, and Other Policy and Regulatory Reform remain unchanged. The Democratic Education Indicator "Increase in awareness of advantages of a participatory democratic system" has been replaced by more specific indicators which will try to measure the importance and impact of consensus building and the extent of citizen participation in political institutions and processes. A public opinion survey to be undertaken in 1993 will establish baseline data and targets for these indicators.

Under the "Electoral Reform" Program Output, two key new indicators have been selected, relating to the percentage of eligible voters registered, and the percentage of registered voters who vote. The original indicators pertaining to election results being published on time (within 72 hours), and public confidence in the fairness of the electoral process, remain unchanged.

The number of indicators for the "Other Policy and Regulatory Reform" Program Output has been reduced from six to two, the first pertaining to enactment of Civil Service reform legislation and the second to the percent of employees incorporated into career civil service. Meaningful targets cannot be established until the implementing regulations have been approved by the GODR. It is anticipated that the target for Indicator No. 1 will be 1993, and that annual targets for Indicator No. 2 will be established for 1994-1997.

4.B. PROGRAM PERFORMANCE NARRATIVE

The Dominican Republic is going through a critical transition period in its political development. Although the country has enjoyed democratically elected governments since 1966, the democratic process is still shallow. Greater civic participation in all aspects of governance needs to be encouraged.

The achievement of Strategic Objective No. 4: "Participatory Democratic Reform" is being pursued primarily through the Democratic Initiatives project (DI), and through

technical support for the coming elections which is being expanded into a formal project this fiscal year. USAID also seeks to promote participatory democratic reform throughout the Mission's project portfolio. For example, in the PVO Co-financing project special efforts are made to encourage community participation, civic education and democratic values within PVOs.

The ten-year Democratic Initiatives project which got underway in mid-1992 is seeking to strengthen the democratic process by promoting a more dynamic democratic culture through broadened citizen participation in the political process, and enhanced governmental efficiency and impartiality. The project supports initiatives of Dominican NGOs, -- public interest groups, community organizations and other intermediary institutions -- aimed at strengthening the democratic system. It has a flexible design to adapt to changes in Dominican priorities as the national political situation evolves during the 1990s.

The DI project is being administered by a private Dominican university with an outstanding record in building consensus for economic and political reform. A broadly representative group of Dominicans designed the project. This same group evolved into the project's consultative council and retains an operational role in the selection of subgrant activities. Priority areas set by the council for 1992-1993 coincide with USAID's Program Outputs under Strategic Objective No. 4, namely: democratic education at all levels, electoral reform, and implementation of civil service reform. Twenty-two concept papers have been submitted proposing specific activities, and the first round of subgrants is expected in April 1993.

During 1992, electoral reform has been one area in which the democratic process experienced significant progress. New electoral reform laws enacted in the Spring of 1992 have been universally perceived as a major step leading toward a non-controversial general election in May 1994 with good voter turn-out. A new five-member Central Elections Board ("Junta Central Electoral"-JCE), acceptable to all major political parties, was appointed by the Dominican Senate in June 1992. The JCE took control of the national civil registry system, appointed a core staff of technically-qualified professionals, and, (with the support of the major political parties), developed an implementation plan for a new electoral registration system.

Operating through a Dominican university, USAID has also provided needed technical assistance to the Central Elections Board. With the decision to expand activities, USAID has arranged, through the R&D "Governance project" to access assistance from the International Foundation for Electoral Systems (IFES). IFES will be providing short-term advisors starting in March 1993. Until the USAID/DR project is in place, IFES assistance will be funded from the central project.

4.C. Monitoring and Evaluation Status and Plans

The primary source of data for S.O. No. 4 will be public opinion surveys to be undertaken by Dominican survey research firms in conjunction with the Democratic Initiatives project. Three nation-wide "knowledge-attitude-practice" (KAP) surveys on Dominican democracy and its institutions will be carried out every four years: a baseline survey in late 1993; a mid-term survey in 1997; and a final one in 2001. The program will also include several smaller surveys, at the regional and local level, to monitor progress in achieving program outputs and the strategic objective.

TABLE 1: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic				
STRATEGIC OBJECTIVE NO. 4 Participatory democratic reform				
Indicator No. 1: Significant issues brought to formal negotiation				
Unit: Number of issues		Year	Planned	Actual
Source: DI Project/USAID	Baseline	1992	-----	2
Comments: Issues brought to negotiation in 1992: - Electoral Reform - Labor Reform Annual issue focus determined annually by Project Consultative Council		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	**
Indicator No. 2: Significant reforms initiated or implemented				
Unit: Number of reforms		Year	Planned	Actual
Source: DI Project/USAID	Baseline	1992	-----	2
Comments: Reforms initiated in 1992: - Electoral Reform - Labor Reform Outyear targets to be defined in conjunction with determination of annual issue focus under Indicator No. 1 above.		1993	TBD	
		1994	TBD	
		1995	TBD	
		1996	TBD	
	Target	1997	TBD	**

Indicator No. 3: Awareness by citizens of advantages of participatory democratic systems				
Unit: Percent		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: 1) A \$250,000 contract for the surveys is now being competed. Specification of target variables is part of the design process. Results of the first survey should be available in December 1993. Targets for outyears cannot meaningfully be determined without this information. --2) Surveys planned for 1993, 1997 and 2001.	Target	1997	TBD	**
	Target	2001	TBD	**
Indicator No. 4: Perception by general population that the democratic process is benefitting citizens				
Unit: Percent		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: See comments under Indicator No. 3 above.	Target	1997	TBD	**
	Target	2001	TBD	**
STRATEGIC OBJECTIVE NO. 4 Participatory democratic reform				
PROGRAM OUTPUT NO. 4.1 Democratic education				
Indicator No. 1: Public opinion on importance of political consensus				
Unit: Percent		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: See comments under Indicator No. 3 above.	Target	1997	TBD	**
	Target	2001	TBD	**

Indicator No. 2: Public opinion on impact of political consensus (or lack thereof) on public life				
Unit: Percent		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: 1) A \$250,000 contract for the surveys is now being competed. Specification of target variables is part of the design process. Results of the first survey should be available in December 1993. Targets for outyears cannot meaningfully be determined without this information. --2) Surveys planned for 1993, 1997 and 2001.	Target	1997	TBD	**
	Target	2001	TBD	**
Indicator No. 3: Citizen participation in political institutions and processes				
Unit: Percent of adults		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: See comments under Indicator No. 2 above.	Target	1997	TBD	**
	Target	2001	TBD	**
STRATEGIC OBJECTIVE NO. 4 Participatory democratic reform				
PROGRAM OUTPUT NO. 4.2 Electoral reform				
Indicator No. 1: Election results published on time (within 72 hours)				
Unit: Yes/no		Year	Planned	Actual
Source: JCE electoral reports	Baseline	1990	-----	No
Comments:		1994	Yes	**
	Target	1998	Yes	**

Indicator No. 2: Eligible voters registered				
Unit: Percent		Year	Planned	Actual
Source: JCE electoral reports	Baseline	1990	-----	82%
Comments:	Target	1994	85%	**
	Target	1998	90%	**
Indicator No. 3: Registered voters who voted				
Unit: Percent		Year	Planned	Actual
Source: JCE electoral reports	Baseline	1990	-----	60%
Comments:		1994	70%	**
	Target	1998	75%	**
Indicator No. 4: Confidence in fairness of electoral process				
Unit: Percent of adults		Year	Planned	Actual
Source: Opinion survey - DI Project	Baseline	1993	-----	TBD
Comments: 1) A \$250,000 contract for the surveys is now being competed. Specification of target variables is part of the design process. Results of the first survey should be available in December 1993. Targets for outyears cannot meaningfully be determined without this information. --2) Surveys planned for 1993, 1997 and 2001.	Target	1997	TBD	**
	Target	2001	TBD	**

STRATEGIC OBJECTIVE NO. 4 Participatory democratic reform				
PROGRAM OUTPUT NO. 4.3 Other policy and regulatory reform: civil service reform				
Indicator No. 1: Civil service reform legislation				
Unit: Yes/no		Year	Planned	Actual
Source: GODR (ONAP) records	Baseline	1991	-----	Yes
Comments: Benchmarks for reform: 1991 Framework law passed 1993 Internal regulations approved		1992		
	Target	1993	Yes	**
Indicator No. 2: Employees in Ministries of Finance, Education and Health incorporated into career civil service				
Unit: Percent of eligible employees		Year	Planned	Actual
Source: GODR records	Baseline	1991	-----	0
Comments: Targets cannot meaningfully be determined until initial implementing regulations are promulgated.		1992		0
		1993	0	**
		1994	TBD	**
		1995	TBD	**
		1996	TBD	**
	Target	1997	TBD	**

TABLE 2: STRATEGIC OBJECTIVE PROGRAM "TREE"

Dominican Republic		
BUREAU OBJECTIVE: Broad-based and sustainable economic growth within a democratic environment		
BUREAU SUB-OBJECTIVE 2: Stable Participatory Democracy		
STRATEGIC OBJECTIVE NO. 4: Participatory Democratic Reform		

Projects (Number\Title)	Projects (Number\Title)	Projects (Number\Title)
PROGRAM OUTPUT NO. 4.1 Democratic Education	PROGRAM OUTPUT NO. 4.2 Electoral Reform	PROGRAM OUTPUT NO. 4.3 Other Policy and Regulatory Reforms
0265 Democratic Initiatives	0269 Electoral Reform	0265 Democratic Initiatives
0268 Development Training II	0265 Democratic Initiatives	0268 Development Training II
0247 PVO Co- Financing		0273 Civil Service Reform
0251 Private Initiatives in Primary Education		0272 Administration of Justice

SECTION II. PORTFOLIO ANALYSIS

1. OVERVIEW

The consolidation and tighter focus of the USAID portfolio described in the 1993/1994 Action Plan is continuing. As seen in the Project Timeline Table which follows, there were 15 active D.A. projects at the end of FY 1992. We intend to maintain a constant level of 15 active DA projects through the Action Plan period FY 1994-1995.

In FY 1994, two new projects will be started, Sustaining Water Resources (517-0266), and the Development Training II project (517-0268). For FY 1995, two additional projects will be initiated, Administration of Justice (517-0272), and Civil Service Reform (517-0273). By the end of FY 1993, virtually all the projects in the portfolio will be "new generation projects" in support of the Mission Strategic Objectives.

The Local Currency portfolio is being consolidated and reduced for its eventual phase-out. In FY 1992, 47 Local Currency projects were closed out, and at the beginning of FY 1993, the Mission managed a total of 14 LC projects, of which nine were counterpart to active DA projects, and five were LC projects implemented by GODR agencies. By the end of FY 1993, there will only be ten LC projects, of which six are DA counterpart projects, and four are stand-alone projects. By FY 1994, there will be a maximum of eight remaining LC projects, and all local currency will be disbursed by FY 1997.

Table 3: USAID/DOMINICAN REPUBLIC PORTFOLIO – PROJECT TIMELINE

PROJECT NUMBER\TITLE	FY92				FY93				FY94				FY95				FY96				FY97			
	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
517-0159 On-Farm Water Management	██████████				██████████																			
517-0186 Agribusiness Promotion	██████████				██████████																			
517-0190 Export and Investment Promotion	██████████																							
517-0214 Commercial Farming Systems	██████████																							
517-0216 Development Training	██████████				██████████				██████████				██████████											
517-0229 Family Planning	██████████				██████████																			
517-0237 Debt Conversion	██████████				██████████																			
517-0239 Child Survival	██████████				██████████																			
517-0243 University Agribusiness Partnership	██████████				██████████				██████████				██████████											
517-0247 PVO Co-Financing	██████████				██████████				██████████				██████████				██████████							
517-0251 Private Initiatives in Primary Education	██████████				██████████				██████████				██████████				██████████							
517-0252 Industrial Linkages	██████████				██████████																			

Table 3: USAID/DOMINICAN REPUBLIC PORTFOLIO -- PROJECT TIMELINE

	FY92				FY93				FY94				FY95				FY96				FY97			
PROJECT NUMBER\TITLE	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
517-0270 Energy Privatization																								
517-0271 Privatization																								
517-0272 Administration of Justice																								
517-0273 Civil Service Reform																								
517-0274 National Income Accounts																								
TOTAL PROJECTS (number) (at end of FY 4th Quarter)				15				12				15				15				12				9

A. NEW INITIATIVES

2.a. NEW PROJECT DESCRIPTION: SUSTAINING WATER RESOURCES

LAC OBJECTIVE:	Support the achievement of broadly-based, sustainable economic growth
LAC SUB-OBJECTIVE:	Encourage preservation and sustainable use of the natural resource base
MISSION STRATEGIC OBJECTIVE:	Increased Availability of Water Needed for Sustained Economic Development
PROJECT TITLE:	Sustaining Water Resources (SWAR)
PROJECT NUMBER:	517-0266
FISCAL YEARS:	FY 1994 - 2003
LOP FUNDING:	\$18,000,000
TYPE OF FUNDING:	Development Assistance - Grant

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY. The goal of the project is to increase the availability of water needed for sustained economic development. Achievement of this goal will be measured by the increase over a ten-year period of the "base flow" of water available to irrigation and urban water systems, as measured at the catchment points, such as reservoirs, rivers and aquifers.

The purpose of the project is to support Dominican initiatives to develop the knowledge, programs and institutions, public and private, to achieve water self-sufficiency. The project will help to: (1) improve the capacities of PVOs/NGOs to promote environmentally sound water management policies and practices; (2) improve the quantity, quality and distribution of water in selected sites; and (3) improve policy and enforcement climates needed to manage water resources efficiently.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The project complements several USAID projects as well as those of other donors. It will build on successes of the On Farm Water Management and PVO Co-Financing projects which have established community-controlled irrigation boards and promoted PVO participation in natural resource management, respectively.

Other donors are supporting environmental activities (especially reforestation), but none is proposing significant work in sustaining water resources. The project will provide a much-needed common thread to tie together present disparate activities in the environmental arena.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES:

The Sustaining Water Resources (SWAR) Project directly addresses the targets of Sections 118 and 119 of the Foreign Assistance Act by encouraging policy reforms which will improve protection of the country's tropical forests, ecosystems and bio-diversity. The project will emphasize private sector involvement in policy reform and water management.

D. PROJECT DESCRIPTION: The project will focus on policy and institutional problems affecting watersheds and coastal zones. Major project components will include policy analysis and reform, long-term planning, education and public awareness activities, and watershed management in one or two selected watersheds and coastal zones.

Particular efforts will be made to increase public and private sector understanding of how to better coordinate economic development and water management. National, regional and international resources will be drawn upon to solve common problems in rural, urban and coastal zones.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: Because of the composite nature of watersheds, no single public or private agency can effectively manage a watershed. The project will therefore seek to involve many community-based agencies in implementing integrated watershed programs in one or two geographic regions. A coordinating PVO/NGO will be contracted to work with leaders of industry, agriculture and the public sector to promote policy changes governing the quality, production, distribution and pricing of water. This organization will work with a wide variety of groups, including the State Electric Corporation, private hydro-electrical firms, the National Water Authority (INDRHI) and municipal governments. The lead PVO will help coordinate the work of approximately 30 NGOs/PVOs currently active in water conservation.

F. SUSTAINABILITY OF PROPOSED ACTIVITY: The project will use a highly participatory approach to establish water sustainability policies that are appropriate to the ecological, economic and social conditions. Self-financing mechanisms will be developed to support institutions and ensure continuing water supplies. The reforestation law, for example, will be revised to make investments in forestry both effective and financially sustainable.

G. MISSION MANAGEMENT ROLE: The project will be administered in the Trade and Investment Office and will be managed by a USDH Project Officer and an FSN Project Manager. The project will also fund an institutional technical assistance package which will maintain a local project management unit and provide assistance to the implementing PVO.

H. POTENTIAL ISSUES: The success of this Project will depend upon the GODR's implementation of policy recommendations stemming from both donors and the private sector. Such changes include: (1) enabling private organizations to participate in the management and control of national parks, coastal zones, and watersheds; (2) increasing local autonomy and democratic decision-making regarding use of public lands; and (3) promoting economically viable activities which are consistent with the sustained use of watersheds and coastal zones.

2.b. NEW PROJECT DESCRIPTION : DEVELOPMENT TRAINING II

LAC BUREAU OBJECTIVES:

1. Support the achievement of broadly-based sustainable economic growth
2. Support the evolution of stable, participatory democratic societies

LAC BUREAU SUB-OBJECTIVES:

- 1.A. Encourage economic policies that promote investment, productive employment and outward-oriented diversification
- 2.B. Strengthen public participation in democratic process

MISSION STRATEGIC OBJECTIVES:

1. Increased and Diversified External Trade
2. Increased Socio-economic Participation of the Lower Income Groups
3. Increased Availability of Water Needed for Sustained Economic Development
4. Participatory Democratic Reform

PROJECT TITLE: Development Training II
PROJECT NUMBER: 517-0268
FISCAL YEARS: 1994-2002
LOP FUNDING: \$18,000,000
TYPE OF FUNDING: Development Assistance - Grant

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY: The project will support the Mission's strategic objectives through the provision of long-term, short-term, U.S. and in-country training in areas that are key to the attainment of the objectives. The **project goal** is to improve the human resource base required for broad-based and sustainable economic growth within a democratic environment. The goal fully supports LAC Bureau Objectives, and over-arches the four Mission Strategic Objectives. The **project purpose** is to improve the efficiency and productivity of the private and public institutions supportive of USAID's strategy by providing training to their personnel.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The project relates directly to other A.I.D. activities in that it will train the human resources that are identified by other activities or are required for the support of those activities. The project is a follow-on to the Development Training project (517-0216) which ends in FY 1995. It is not related to other donor activities.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES:

The project supports A.I.D. policy objectives in all areas.

D. PROJECT DESCRIPTION: The project will provide Masters level, short-term and in-country training to employees of private and public institutions supportive of USAID's Strategic Objectives. Participant training will be offered primarily in the United States with a limited amount of training in-country and in third countries. The Mission has recently completed an impact evaluation of the project's predecessor, the Development Training project. The evaluation found that training has resulted in important positive impacts on employment opportunities of individual participants, on their employer institutions, and on overall project objectives. The Mission has also recently completed its Country Training Plan (CTP) which identifies constraints to achieving the Mission's Strategic Objectives. The impact evaluation and the CTP will be used extensively in the design of the new project. The project will include elements of CLASP II, including Experience America Programs, as well as training cost analysis and follow-on activities for returning trainees.

E. PLANNED IMPLEMENTATION ARRANGEMENTS The project will be implemented over an eight-year period through one or two local agencies. The local agencies will be responsible for publicity, assessing the demand for training, selecting courses and candidates, and preparing preliminary documentation. The USAID Training Office which will be responsible for the processing, placement and monitoring of participants.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: Training for employed professionals constitutes one of the most sustainable activities in which A.I.D. engages. The Dominican Republic has a participant return rate of over 98 percent. Participants are required to return to their home country to work for a period of two years, but the great majority remain in the country for the rest of their working lives.

G. MISSION MANAGEMENT ROLE: The project will be managed by the General Development Office with one Direct Hire Officer, one PSC, two participant training specialists, one participant training clerk and one part-time secretary.

H. POTENTIAL ISSUES: None

2.c. NEW PROJECT DESCRIPTION - PVO CO-FINANCING AMENDMENT

LAC BUREAU OBJECTIVES:

1. Support the achievement of broadly-based sustainable economic growth.
2. Support the evolution of stable, participatory democratic societies.

LAC BUREAU SUB-OBJECTIVES:

- 1.A. Encourage economic policies that promote investment, productive employment and outward-oriented diversification; and,
- 2.B. Strengthen public participation in democratic process.

MISSION STRATEGIC OBJECTIVES:

2. Increased Socio-economic Participation of the Lower Income Groups.
3. Increased Availability of Water Needed for Sustained Economic Development.
4. Participatory Democratic Reform.

PROJECT TITLE: PVO Co-Financing
PROJECT NUMBER: 517-0247
FISCAL YEARS: Current -- FY1989-1996
Amendment -- FY1989-1999
LOP FUNDING: Current -- \$ 9,500,000
Amendment -- \$17,000,000
TYPE OF FUNDING: Development Assistance (DA) - Grant

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY: The project provides grants to Dominican PVOs to implement activities in areas that are key to the attainment of the Mission's Strategic Objectives. The project goal is to improve the well being of lower income groups. This goal supports two LAC Bureau Objectives, and three Mission Strategic Objectives. The project purpose is to increase the capacity of PVOs and NGOs to deliver selected services and other resources to the poor.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The project complements several USAID and other donor projects being implemented by PVOs and NGOs. All project activities are closely coordinated with other donor activities.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: The project supports A.I.D. policy objectives in strengthening PVOs. Beneficiaries are involved early and directly in subproject design and implementation, thereby strengthening participatory democracy, and increasing participation of the lower income groups.

D. PROJECT DESCRIPTION: The project provides grants to Dominican PVOs and NGOs to implement activities which support the Mission's Strategic Objectives. An important objective of the project is to improve the capability of PVOs and NGOs to design, and implement subprojects. Up to thirty-five grants will be awarded over a ten-year period.

To date, 100 PVO Concept Papers have been submitted, and four PVO grants totalling \$3.25 million have been awarded. By the middle of FY 1994 nearly \$4.25 million in additional subgrants will have been awarded, fully committing the project's resources. This amendment will extend the PACD by three years and provide an additional \$7.5 million to the LOP funding level.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: A Dominican firm, ENTRENA, Inc., provides technical assistance to PVOs/NGOs in the design and implementation of sub-projects. The Banco de Desarrollo Dominicano acts as fiscal agent for all grants by consolidating financial reports and requests for advances. A USPSC Project Manager assists the USDH Project Officer in overseeing project implementation.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: The project provides technical assistance and training to prepare PVOs/NGOs to continue their activities after A.I.D. funding ends. Project beneficiaries are involved early in project design, and sustainability is a key element in PVO subproject selection.

G. MISSION MANAGEMENT ROLE: The General Development Office manages the Project with one USDH Officer, one USPSC project manager and one FNPSC secretary.

H. POTENTIAL ISSUES AND/OR INNOVATIVE PROGRAM APPROACHES. The project has a substantial pipeline due to initial implementation delays in contracting for technical assistance and in preparing PVOs to participate in the subgrant process. Several large subgrants are now being implemented and several more will be awarded over the next 12 months. As a result, the project pipeline will be reduced significantly over the next two years.

2.d. NEW PROJECT DESCRIPTION: ADMINISTRATION OF JUSTICE

LAC BUREAU OBJECTIVES:

- 1) Support the evolution of stable, participatory democratic societies.
- 2) Support the achievement of broadly-based, sustainable economic growth.

LAC BUREAU SUB-OBJECTIVES:

- 1) Strengthen public participation in democratic process.
- 2) Encourage economic policies that promote investment, productive employment and outward-oriented diversification.

MISSION STRATEGIC OBJECTIVES:

- 1) Participatory Democratic Reform.
- 2) Increased and Diversified External Trade.

PROJECT TITLE: Administration of Justice
PROJECT NUMBER: 517-O272
FISCAL YEARS: 1995-2002
LOP FUNDING: \$5,000,000
TYPE OF FUNDING: Development Assistance - Grant

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY: The project contributes directly to the Mission strategic objective of Participatory Democratic Reform by supporting the efforts of Dominican private and public sector citizens to identify problems and plan reforms of the judicial structure in their society. The project also supports increased and diversified external trade through evolution of more productive private businesses better able to resolve disputes through an improved justice system. The purpose of the project is to enhance the independence, professionalism and efficiency of the judiciary and related institutions.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The project relates directly to A.I.D.'s efforts to strengthen democratic institutions in the region and in the Dominican Republic in particular. It complements the Mission's Democratic Initiatives project and builds on institutional strengthening efforts carried out with LANUD under the Regional Administration of Justice project. Other donors are not active in this area.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES: The project supports A.I.D.'s policy objective of enhancing the administration of justice through increasing the independence, professionalism and effectiveness of the judiciary, within the framework of strengthening democratic institutions.

D. PROJECT DESCRIPTION: The project will focus on institutional reforms needed to improve judicial system functions. Areas identified include: 1) Improving the

organization and administration of the court system, 2) reforming the judicial civil service, including the method by which judges are appointed and tenured, and 3) increasing judicial efficiency.

Technical assistance will be provided through long and short-term advisors working with Dominican public and private sector entities such as law school faculties and legal foundations, to analyze deficiencies in the existing legal framework and recommend changes to improve the administration of justice.

Short-term training and seminars aimed at upgrading the quality of legal skills will be provided in the United States, third countries and in-country for judges, prosecutors, public defenders, and other legal personnel. Counterpart contributions will provide half the cost of such training.

A public education and awareness component will provide support for the development of educational materials to inform Dominicans of their rights and responsibilities as individuals under the Dominican Constitution, and to develop support for judicial reform efforts.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: The project will be implemented through an institutional contractor who will be responsible for long-term technical assistance and training for GODR judicial institutions. A U.S. or local PVO will provide short-term technical assistance and make subgrants to a variety of local entities such as law school faculties, legal foundations, the Dominican Association of Human Rights, the Bar Association (ADOMA), and the Lawyer's Professional Association.

F. SUSTAINABILITY OF PROPOSED ACTIVITIES: Training will result in a cadre of legal professionals seeking sustained reforms in the judicial sector. The involvement of concerned non-governmental groups in development and support of reform of judicial institutions and systems will be a key factor in assuring the activities will be sustained in the long-term.

G. MISSION MANAGEMENT ROLE: The project will be managed by the Policy and Democratic Initiatives Office by one USDH Project Officer and a PSC Project Manager.

H. POTENTIAL ISSUES: The project will require a high level of cooperation among GODR and private sector institutions in carrying out reforms in the judicial sector. The GODR will have to have the political will to make the necessary reforms for a truly independent and fair judiciary.

2.e. NEW PROJECT DESCRIPTION: CIVIL SERVICE REFORM

LAC BUREAU OBJECTIVE: Broad-based and sustainable economic growth within a democratic environment

LAC BUREAU SUB-OBJECTIVE: Stable participatory democracy

MISSION STRATEGIC OBJECTIVE: Participatory democratic reform

PROJECT TITLE: Civil Service Reform
PROJECT NUMBER: 517-0273
FISCAL YEARS: FY 1995-2002
LOP FUNDING: \$3,000,000
TYPE OF FUNDING: Development Assistance - Grant

A. CONSISTENCY OF PROJECT WITH MISSION STRATEGY. The project fully supports the Mission Strategic Objective of Participatory Democratic Reform. The project goal is to improve Government competence and responsiveness by reforming the current GODR personnel system and instituting a professional corps of government employees. The purpose of the project is to support Dominican efforts to fully implement the Framework Law passed in 1991, establishing a civil service.

B. RELATIONSHIP TO A.I.D. AND OTHER DONOR ACTIVITIES: The project conforms to the Agency's Democracy Initiative, which commits A.I.D. to support effective, responsive and publicly accountable government institutions. The project complements USAID's Democratic Initiatives project 517-0265, and draws upon the expertise of the School of Public Administration of the Catholic University (PUCMM), beneficiary of the Graduate Management Training project 517-0157. Other donors have recognized the importance of this activity and their support to the GODR may require implementation of the civil service reform law in ministries where they provide financing.

C. RELATIONSHIP OF PROJECT TO OVERALL A.I.D. POLICY OBJECTIVES:
The Civil Service Reform project addresses A.I.D. policy objectives of making government more responsive to the needs of the people. As citizens' views are better represented in government, the needs of the people will be better identified and addressed. The project supports the LAC Bureau's five-year strategy for meeting democracy objectives in the region. It will seek to foster and maintain professionalism, honesty and continuity in public service.

D. PROJECT DESCRIPTION: The project will support the efforts of the National Planning Office (ONAP) to reform the Civil Service System, including personnel policies and directives, staffing patterns for various government agencies, and job descriptions, with the requisite qualifications and salary scales. A personnel system will be developed that will recruit, retain, promote and dismiss public sector employees on the basis of merit and performance. Within this system, a distinction will be made between policy level appointees, and a career service which should be free of patronage. Initially, the project will focus on the key ministries of Finance, Education and Health, as well as the Congress. Certain semi-autonomous agencies may also participate. It is anticipated that more than 80% of eligible employees of these ministries will be incorporated into a reformed civil service system by the end of the project. Ultimately, all government ministries would be staffed by employees fully integrated into the new Civil Service system. U.S. and in-country training will be provided to ONAP and key personnel in other ministries.

E. PLANNED IMPLEMENTATION ARRANGEMENTS: The project will be implemented through an institutional contractor who will provide technical assistance to ONAP and collaborate with the Pontifical University (PUCMM) School of Public Administration in carrying out the technical tasks involved in establishing directives, guidelines and personnel policies.

F. SUSTAINABILITY OF PROPOSED ACTIVITY: The project will support basic structural reforms in the government. Once the benefits of a restructured civil service become apparent, support for continued reforms, both within and outside of government, should help to sustain the new civil service system.

G. MISSION MANAGEMENT ROLE: The project will be administered in the Democratic Initiatives Office by a USDH Project Officer and an FSN project manager.

H. POTENTIAL ISSUES: 1) The success of this project will depend upon the GODR's willingness to fully implement the Framework Law of 1991 establishing the civil service. The political will of the nation will have to overcome the traditional spoils system under which the victorious party fills government ministries with party supporters. 2) A new civil service system, with uniform wage and salary scales, will require the individual ministries to restructure their budgets.

3. CENTRAL AND REGIONAL PROJECTS

1) **Change of category:** Since the last SAR review, and after further analyzing the portfolio, the Mission proposes that the following two central and regional projects originally included in the "B" category list, be included in the category "A" list:

936-5966.05 - Breast-feeding Maternal and Neonatal Health.

The "WELLSTART" project assists implementing agencies in strategy formulation, policy dialogue, monitoring and evaluation of breast feeding promotion. Breast feeding promotion will be an important activity under the new Family Planning and Health project (517-0259), and the Mission intends to make use of the Cooperative Agreement with R&D/Health to build in-country expertise in establishing and sustaining optimal infant feeding practices.

598-0661 - Cooperative Association of States for Scholarships - CASS.

The CASS project, managed by Georgetown University, provides long-term training for socially and economically disadvantaged young people of Central America and the Caribbean. The Mission intends to avail itself of this opportunity to complement the new Development Training II project. The project requires very little Mission management time, but provides scholarships to the lower income groups, a target of Mission Strategic Objective No. 2.

2) **Potential "A" Category projects:** The Mission intends to draw on the following three central projects which were not listed in the SAR:

936-5818 - Learning Technology for Basic Education. The Mission intends to draw upon the "LEARNTECH" project in the implementation of the "Private Initiatives in Primary Education" (PIPE - 517-0251) project. LEARNTECH activities will be implemented through and contribute directly to the achievement of the PIPE project purpose.

598-0797 - Trade and Investment Development. The Mission intends to request assistance under this project for the development of its new Trade and Investment project 517-0267.

Caribbean Disaster Mitigation Project (CDMP). The Mission strongly supports and wishes to participate in the CDMP. The project is consistent with LAC regional objectives and supports the Mission's strategic objectives, particularly those related to improving the investment climate, and increasing the participation of lower income groups, NGOs and other civic organizations.

3) **Special issue:** The FHA/PVC Cooperative Agreement with Floresta, FAO-0158-A-00-2057-00. This Cooperative Agreement was approved and signed in AID/W in September 1992, without Mission review and/or concurrence. Under the grant, FLORESTA USA carries out activities in the Dominican Republic through its affiliate Floresta, Inc. While the project appears to support our strategic objectives and requires minimal Mission staff time, we would like to ensure that, in accordance with A.I.D. policy, no additional centrally funded projects which include activities in the Dominican Republic are approved without prior Mission concurrence.

4. FOOD AID - P.L. 480 Title II

Food Aid activities will continue to play an important role in meeting the Mission's strategic objectives, particularly in increasing the socio-economic participation of lower income groups. The \$4,600,000 Title II Program will continue to be operated by the U.S. PVO CARE through FY 1996. The Mission and CARE have jointly identified alternatives for utilizing the Title II resources made available by the decision taken by USAID and CARE to terminate the school feeding program. Beginning in FY 1994, the program will concentrate on two main areas: maternal-child health including family planning activities, and urban development through a food-for-work project. The Food-for-Work program will assist residents of low-income, urban neighborhoods to identify and carry out water, latrine building, and hygiene education activities.

SECTION III. ENVIRONMENT

A. Major Conservation Challenges Facing the Dominican Republic

Efforts to protect the country's biological diversity are hampered by Government institutional problems, unrestricted development of lands for tourism and agriculture, and an overall lack of consciousness among many Dominicans about the importance of these resources.

The country's coastlines and forested lands face virtually unrestricted development for tourism and agriculture. Coastal developments for tourism and charcoal exploitation are eliminating many mangrove forests which are essential for maintaining the productivity of the country's artisanal fisheries. The construction of tourist facilities on beaches used by marine turtles for laying eggs hinders these species' reproduction. During the last five years there was a 25-fold increase in the number of visitors observing West Indian humpback whales in Samana Bay. Throughout the country, inadequate planning for treating and disposing of waste is eliminating many of the country's reefs.

While tree-cutting bans eliminate opportunities for systematically planting and harvesting trees, the GODR promotes clearing of forest lands for agricultural development. The GODR has also built large hydroelectric and irrigation dams without taking the necessary steps to protect the watersheds above them.

The degradation of natural habitats for agricultural, livestock and charcoal exploitation is a major factor causing elimination of the country's flora and fauna, both outside and within protected areas. As a result, many native plant and animal species are threatened.

B. Progress in Meeting Conservation Challenges

The GODR has created a network of nine national parks, including one marine park, and five scientific reserves to protect representative areas of the country's ecosystems. These areas cover 568,900 hectares or 11.8% of the country's land mass. In addition to these areas, tracts of Government land still covered by forest are nominally under the protection of the Directorate General of Forestry. The GODR, however, does not have the structures required to administer and protect these areas from illegal entry and exploitation. Programs to study these areas are hampered by lack of funds, inadequately trained professional staff, and poor organization. The GODR has no comprehensive plans to manage these areas except to protect their representative ecosystems and flora and fauna. Their plans for two national parks were implemented, in part, by the A.I.D.-funded Parks in Peril Program and private groups, but limited resources, both financial and physical, hamper additional preservationist activities.

Limited efforts are being made to study and conserve native flora and fauna, mostly by non-government organizations. The notable exceptions have been the Secretariat of Agriculture's Wildlife Department enforcement of the CITES covenant to control exports of protected species, and their efforts, through the Park Ranger Corps, to control hunting within national park boundaries. The National Park Directorate, with assistance from the German Society for Technical Cooperation is attempting to identify new areas to protect, but progress is slow due to interagency rivalries. The Botanical Garden is developing a catalog of Dominican flora.

The GODR has attempted, through bans and regulations, to control exploitation of biological resources outside protected areas. For example, they banned sale of hunting weapons to protect wildlife, banned the cutting of trees and the export of native plants to slow forest destruction, and designated specific seasons for the capture of certain fish and marine animals. However, there is inadequate enforcement of these controls. Private seed companies and universities are making some efforts to conserve germ plasm of commercial crop and animal varieties, but, no organization is conserving germ plasm of native flora and fauna. None of the known commercially valuable forest tree species have been scientifically studied or collected.

C. Recommended Follow-Up

Despite this generally pessimistic report about forests and bio-diversity in the country, many of the current or proposed USAID actions will assist Dominicans to reverse the situation.

A.I.D. support, as well as that from other international donors, will go primarily to the approximately 30 Dominican non-governmental organizations, both semi-public and private, which have demonstrated an interest and ability to effectively implement natural resource programs. These include local private voluntary organizations, development associations, private universities, the Botanical Garden, and similar ecological societies.

All major international loans for agricultural, irrigation and hydroelectric development now include conditions and funding to protect the watersheds above the areas they impact and the biological resources they contain (the Pelosi Amendment, which took effect 12/19/91). The USAID will be much more active in reporting on compliance with the Pelosi Amendment and may request the United States to vote no or to abstain from some multilateral development bank projects.

USAID will provide support to NGOs who will be working with public institutions to develop sound environmental policies related to water resources. Additionally, USAID will support the 30 NGOs/PVOs working in the environment area to fill gaps in services which would ordinarily be provided by the GODR. This trend will likely continue for the next decade.

The USAID's ten-year development assistance grant to NGOs and PVOs, the Sustaining Water Resources project (517-0266), will support several Dominican initiatives to sustain the nation's water resources. This new DA project will contribute directly to attainment of the USAID's strategic objective of "increasing availability of water needed for sustained economic development." This strategic objective is being given greater importance, in large part to assist the country to meet the mandates contained in Sections 118 and 119 of the FAA and related U.S. environmental legislation.

USAID completed a comprehensive Biological Assessment Report in 1988, and this was supplemented by a 1992 Intensive Survey of Rural and Urban Activities Impacting Water and Coastal Resources. A Tropical Forestry update is planned for FY 1993. The Mission will continue to draw on information contained in these reports to guide its environmental activities.

SECTION IV - RESOURCE REQUIREMENTS

TABLE 4
USAID/DOMINICAN REPUBLIC
SUMMARY PROGRAM FUNDING TABLE
Dollar Program

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Development Assistance			
Mission Strategic Objective #1			
0000 Program Dev. & Support	500	500	500
0216 Development Training I	0	0	-
0243 Univ. Agribus. Partnership	1,266	1,210	1,384
0262 Economic Policy & Practice	900	1,000	1,172
0264 Economic Education	200	0	-
0267 Trade & Investment	1,848	1,539	1,500
0268 Development Training II	-	700	700
0270 Energy Privatization	4,000	-	-
0271 Privatization	-	-	300
0274 National Income Accounts	-	300	200
Subtotal	8,714	5,249	5,756
Mission Strategic Objective #2			
0000 Program Dev. & Support	350	349	350
0247 PVO Co-Financing	485	450	350
0251 Private Primary Education	1,259	1,337	0
0254 Micro/Small Business Dev.	362	0	0
0259 Family Planning & Health	4,157	3,800	3,592
0268 Development Training II	-	500	500
Subtotal	6,613	6,436	4,792
Mission Strategic Objective #3			
0000 Program Dev. & Support	150	150	250
0247 PVO Co-Financing	700	1,500	977
0266 Sustaining Water Resources	-	1,400	1,200
0268 Development Training II	-	1,200	1,210
Subtotal	850	4,250	3,637
Mission Strategic Objective #4			
0247 PVO Co-Financing	0	150	250
0265 Democratic Initiatives	900	1,000	1,000
0268 Development Training II	-	300	450
0272 Administration of Justice	-	-	800
0273 Civil Service Reform	-	-	700
Subtotal	900	1,450	3,200
Subtotal DA	17,077	17,385	17,385

Funding Category	FY93 Estimated	FY94 Requested	FY95 Requested
Economic Support Fund			
Mission Strategic Objective #4			
0269 Electoral Reform	1,697	0	0
Subtotal ESF	1,697	0	0
P.L. 480			
Mission Strategic Objective #2			
P.L. 480 Title II	2,400*	4,600	4,600
Subtotal	2,400	4,600	4,600
PROGRAM TOTAL	21,174	21,985	21,985

***NOTE:** Does not include \$1.9 million in monetized commodities from shipments originally destined to Haiti under the FY 1992 Title III program.

IV.B. MANAGEMENT ISSUES

1) Operating Expense Budget

Operating Expense levels have not been approved to date for FY 1993. The current request is \$2,940,000 for FY 1993. Proposed ABS levels are \$3,114,700 for FY 1994 and \$3,200,000 for FY 1995. These estimates assume stable work-force levels over the period with moderate increases in costs due to inflation and exchange rate fluctuations. NXP replacements are budgeted at minimal levels to assure continued service delivery. Maintenance and leasing costs are rising faster than inflation but the Mission will be able to offset this rise by eliminating some costly services and reducing local procurement of spare parts and maintenance supplies which can be bought at lower cost from U.S. sources.

While such management improvements can help to control costs, any significant reduction in OE would have to be absorbed through staff reductions. Two thirds of the Mission OE is spent on staff payroll and support, and staffing levels are therefore highly sensitive to changes in the allowance level. For example, a 3% OE reduction would require the termination of either one USDH and two mid-level FSNs or six mid-level FSNs. Following substantial staff reductions over the past two years, it would be extremely difficult to maintain effective management oversight of our program with additional cuts of that magnitude.

2) Staffing

The Mission will complete a phased reorganization with the reduction of USDH from 15 to 14 in June 1993 and the termination of four FNDH positions in September 1993. Total FN positions will then have been reduced from 96 in FY 1992 to 74 in FY 1994. Additionally, the Regional Contracts Officer is posted to Santo Domingo and receives administrative support from the Mission. He has a staff of one FNDH. An IDI will be assigned to the Executive Office for one year beginning in May 1993. Possible assignment of an IDI in the Office of Trade and Investment for the same period is under discussion.

Planned FSN wage increases to achieve comparability were effectively halted in FY 1992 and the first five months of FY 1993 due to budgetary restrictions of other Agencies. A small increase in FSN wage scales was implemented in March 1993. The result of the delayed increases is that FSN wages now lag behind the private sector. The Mission is concerned that recent progress in reducing staff turnover will be lost. Recruitment of both clerical and professional staff has already become very difficult because of the low compensation levels.

3) Mission Support Operations

In response to changing Mission activities, staff reductions and reduced participation in FAAS, the functions of the USAID Executive Office have been in a state of flux for the past several years. Three outside studies over the period have identified service delivery difficulties which could limit the USAID's ability to achieve program objectives. During the next year, the Executive Office will make special efforts to improve control systems and train staff to create a more flexible organization better able to adapt to changing needs of the Mission. As one of the last USAIDs in the LAC Bureau to receive significant support from a JAO, USAID/DR has experienced a very difficult transition from Living Quarters Allowance to Government Leased Quarters (GLQ). The JAO in the Embassy was allowed no additional staff to handle the added management burden of the GLQ program, yet the composition of the staff and the methods of service delivery remain essentially unchanged. In response to the resulting service delivery breakdown, USAID has been obliged to withdraw from warehousing, motor pool and leasing services and is supplementing maintenance services through local direct procurement. Although service delivery under direct EXO control has produced some improvement, the new functions have not been fully integrated into the Executive Office organizational structure.

USAID will continue to work with the JAO to improve service delivery, but the JAO is dependent on State Department budget allowances, and further reductions in State operating funds are likely. USAID must be prepared to replace services when necessary. In order to respond to this challenge, some increase of support staff will be required. Increased costs will be recovered through reductions in the FAAS bill.

4) Management Improvement

In response to staff concern and identification of the filing system as a constraint to performance, a Mission interoffice working group planned and developed an electronic files system using available software on the LAN. Implementation of a pilot program will be completed in May. At that time, implementation of the system Mission-wide would begin. In addition to the unique solution to the filing problem, this process was the first activity carried out using principles of "Total Quality Management." The positive experience of this group which was empowered to solve the filing problem has raised interest in attacking other productivity-limiting problems. Areas targeted for improvement include the clearance procedures and the voucher payment process.

With assistance from the LAC Bureau, the Mission recently designed and installed on the LAN a Dominican Republic Information System (DRIS) patterned after the LACIS. The system allows all Mission staff to access easily a wide variety of project, program, and management information which was stored formerly in numerous disparate files. This system, together with the electronic filing system now being developed, has the potential to significantly improve efficiency in the Mission -- and to move the Mission toward the long-term goal of a totally paperless office.

5) Trust Funds

All residual Mission Operating Expense Trust Funds will be liquidated in FY 1993 and no additional earnings will accrue. Use of these funds will not supplement Operating Expense Funds but will be used in lieu of dollar appropriated funds.

6) Internal Control Assessment

Our annual Mission assessment identified several areas for improvement in managing our programs and operations but nothing that will require outside assistance. The Mission is taking all necessary steps to improve our performance in those areas identified, and thereby meet the continuing goal of management improvement.

SECTION V. MISSION AND AID/W INITIATED ISSUES

1) Issue: Management of Budget Reductions

This Action Plan assumes that the USAID/DR program and operating expense budgets will be straight-lined through FY 1995. Given the current emphasis on deficit reduction and competing priorities in other parts of the world, we believe that this assumption may not be valid -- that LAC and other regions may, in fact, face significant budget reductions over the next several years.

As discussed in the Management Section (IV-13) of this Action Plan, USAID/DR has already down-sized its staff, consolidated offices, and initiated several management improvements to cut costs. With these cutbacks already behind us, it is clear that we could not absorb additional cuts simply by trimming at the margins or by holding staff wages below comparable private sector scales.

We believe that additional budget reductions should be managed through withdrawal from specific program sectors, cutting back related staff, and simply doing fewer things -- not by trying to "do more with less."

2) Issue: FSN Compensation

Compensation issues may affect the Mission's ability to successfully carry out this Action Plan. The Mission Operating Expense Budget reflects its best estimate of compensation requirements for its work force. Project activities are consistent with the support that can be provided within the budget. Two years ago, the Mission reduced FSN staff levels to accommodate expected reductions in OE and to allow us to pay competitive wages to the remaining staff. However, USAID's ability to provide competitive wages may be limited by salary levels set in the local compensation plan. Current State Department policy as defined in STATE 380971 places an annual cap on salary increases based on State budget levels. If State is unable to raise compensation levels to remain competitive in the local job market, A.I.D. will also lose its ability to recruit and retain qualified, competent staff.

The small increase granted in March 1993 reflected market conditions found according to a May 1992 survey. No further increases are anticipated for this fiscal year. The USAID already finds that its competitive position in the local labor market has been eroded. A key financial analyst left the USAID to accept a significantly higher salary in private business and we have found it extremely difficult to fill mid-level secretarial vacancies with minimally qualified candidates.

The Rockefeller Amendment which opens FSNDH positions to local hire U.S. citizens who would be compensated at rates equivalent to USDH employees, could also hamper our ability to support programs. U.S. salaries are two to three times higher than

local compensation for similar work. Thus, budgeting for anticipated vacancies becomes highly speculative. The Amendment currently applies to USAID's 15 FNDH positions only.

If it were extended to all PSC positions, budgeting for labor costs would become nearly impossible.

3) Issue: Termination Plan for HCOLC

The current balance of HCOLC generated from Title I Agreements amounts to \$1.1 million. There is also a LC balance of about \$7.2 million from Section 416, and \$2.2 million from ESF programs. Almost all of these funds have been programmed as counterpart for DA and LC projects and related logistical support. Responsibility for the management and end-use of HCOLC lies with the GODR, but close oversight is expected from USAID in view of its responsibility for managing the corresponding DA projects.

The last DA project with HCOLC counterpart ends in FY 1997, by which time all LC will be fully disbursed and will no longer impose any residual responsibility to the Mission. Since HCOLC has been programmed as counterpart to DA projects (and related logistical support), the Mission considers that effective implementation of our program requires that we proceed with the LC disbursement schedule established in accordance with the implementation of the DA portfolio.

4) Issue: Central and Regional Projects

The Mission continues to be concerned about centrally funded projects that include activities to be undertaken in the Dominican Republic. We want to assure that USAID has an opportunity to review all such projects prior to their approval. USAID needs to know how such centrally funded projects support our strategic objectives and the extent of Mission support that may be required. Also, such activities should conform with Agency and Mission policies, particularly in the areas of financial management, commodity use, evaluation and audit, participant training and salary supplements for public employees. In Section II.3, we provide an example where a central project with activities in the Dominican Republic was approved recently in AID/W without prior Mission review and concurrence.

An additional concern is that there may be other centrally-funded activities underway in the Dominican Republic of which we may not be aware.