

DOMINICAN REPUBLIC

ACTION PLAN

FY 1995 - FY 1996



USAID/DOMINICAN REPUBLIC



May 1994

**USAID/DOMINICAN REPUBLIC
FY 1995-1996 ACTION PLAN**

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SECTION I

STRATEGY OVERVIEW

STRATEGY OVERVIEW

Background

The Dominican Republic has made commendable progress in the last four years in the economic area. This is undeniable. A vastly improved macroeconomic policy environment has turned around the near disastrous economic situation of the late 1980s. Economic development has been rekindled, at least on a modest scale. Yet, the Dominican Republic remains the second poorest country in the Caribbean and the sixth poorest in the Hemisphere. Per capita GDP is only about \$1,000. Adequate living standards for the lower spectrum of the population are not in sight. According to a conservative IBRD definition of poverty (the cost of meeting adequate caloric needs plus an additional amount of money to cover other basic needs), twenty percent of the population lives below the poverty line -- living on less than \$26 per person per month, and this is a country where food and medicine prices approach U.S. levels. Income inequity in the Dominican Republic is pronounced. The poorest 10% of the population receives only 1.5% of total income, while the richest 10% receives about 42%. Given the country's relatively generous resource base, and industrious, highly-motivated population, this need not be so.

Roots of the Problem

The problem is a familiar, if Dominicanized, vicious cycle of bad governance, flawed policy, poverty, and social injustice. Its roots are deep in the country's socio-political-economic structure. While much remains to be done on the country's economic agenda, we believe it is time to put more emphasis on the neglected social agenda. The two are not unrelated. Unless there is more equity in the distribution of economic gains, resulting social tensions will exert an increasingly powerful drag on the economy. Conversely, with economic stagnation, everyone loses, and the bill for progress cannot be paid. Moreover, flawed macroeconomic policies add disproportionately to the burden of the poor, and exacerbate social problems. Lastly, irrespective of other factors, social justice is a goal in its own right. And social justice will not improve unless the political structure becomes more responsive, less autocratic, and less corrupt.

That the issues of social development prove even more intransigent than those of economic development should not be surprising. An authoritarian attitude dating from well before Trujillo's time remains entrenched in the national psyche. The presidency is the paramount institution, with near dictatorial power. The "altagraciano" model -- that higher authority will arrange everything for the best/worse -- is the standard paradigm, in both public and private organizations.

The institutions of government are overly centralized and have yet to come to grips with the rapid urbanization that favored industrialization and neglected the rural sector, and transformed the country from 70% rural to 70% urban in a generation. To be used effectively, a significant share of decision power and fiscal authority needs to devolve to the municipal level. As it is, about 97% of the national budget is controlled by the central government. Of this, some 55% is essentially extra-budgetary funding whose use is totally discretionary to the presidency. The civil and political institutions generally reflect this autocratic, top-down orientation.

Modernization of the state -- improved civil bureaucracy, an effective legislative body, judicial reform, fiscal reform and decentralization -- is critical to both social and economic development. Closely related to the "good governance" issue is the seriously defective legal structure, an area frequently cited as most in need of major reform. Further, improvement in a major human rights concern -- workers' rights -- will require full implementation of a newly passed labor law.

Inadequate Government Commitment to Social Sectors

To address social and economic inequalities, lower-income groups must have reasonable access to education, health and other social services. However, the level of social spending in the Dominican Republic is, both in absolute terms and as a share of national income, one the lowest in the Hemisphere. The GODR spends the equivalent of only 3% of GNP on health and education. By way of comparison, Mexico and Chile each spend roughly twice that proportion out of far larger per capita GNPs.

Unfortunately, much of the burden of getting the runaway budget deficit under control since 1990 has fallen on the social sectors. Lacking the means or the will to raise revenue from those with wealth, and faced with a hyper-inflationary economic disaster, the Government in 1990 chose to make draconian cuts in real social expenditure. Very low levels of social spending persist today. Further, many would argue that within the budget allocated to the social sectors, too much is spent on buildings and structures and not enough on operations. Siglo XXI, a respected Dominican foundation calculates that the GODR spends the equivalent of only 1.3% of GNP on items directly benefiting the very poor -- e.g., basic education, primary medical attention, and potable water. Lack of resources is only one part of the problem. Tax reform -- to establish an adequate, non-import dependent tax base -- is essential if the government is to have adequate revenues to carry out social programs without adversely effecting economic performance.

The GODR spends roughly 1.25% of GNP on education, this translates to roughly 10% of its budget. This 1990 figure

represents a decline in real per capita public sector spending on education of some 60% from the 1980 level. Unpublished econometric work by the World Bank and others indicates that, apart from free zones and tourism, labor productivity is falling in the Dominican Republic. This reflects the deterioration of the educational system. If not corrected, it will preclude broad-based economic progress. Further, as the Dominican Republic integrates more fully into the world economy, education through its impact on the quality of the labor force will be all the more important in assuring adequate employment opportunities.

The situation is even more serious in the public health area. The GODR spends but 1.7% of GNP (or 14% of its budget) on health. This, despite a mushrooming AIDS epidemic; some 1% of the population is now HIV positive according to a USAID-funded sampling. The social and economic implications are profound. There are an estimated 70,000 illegal abortions per year in the Dominican Republic, testifying to the inadequacy of family planning services. The situation is no better in other public health areas.

Public Perceptions

A recent USAID-commissioned public opinion survey shows that the populace holds the government in low regard. Only 15% of the population has confidence in the judicial system, 13% have confidence in the Congress, 34% have confidence in the presidency, and 18% in the municipal authorities. It would appear that the government has neither technical nor moral credibility. Thus, while social spending needs to rise significantly, it is far from clear how this can be done in an efficient fashion.

Limited economic opportunity, lack of equity, and unresponsive government lead to the "yola syndrome." (Yolas are the small boats used to illegally cross the straits to Puerto Rico.) Surveys reportedly show that some 40% of the populace would emigrate to the United States, if given the opportunity. In fact, despite its small (7 million) population, the Dominican Republic is the U.S.'s third busiest visa post, surpassed only by Mexico and the Philippines which have much larger populations. Roughly one out of seven Dominicans are now thought to live, legally or illegally in the United States.

The USAID Response

Deep-seated reform is needed throughout the social-economic-political structure. Given the nature of the problems and the severe limitations on our resources, USAID can but play a catalytic role, and that only in a limited number of areas.

Interestingly, the USAID program, shaped by the Dominican reality, has evolved in ways presaging the current global USAID emphasis on citizen participation, and collaboration with NGOs. The weakness of the governmental structure and its lack of commitment has resulted in the current NGO/PVO focus of the USAID/DR program. Some 85% of our program is implemented through PVOs. The lack of popular involvement in the governmental process has led us to structure projects where NGOs serve as surrogates for participatory democratic institutions. To do this, we have fostered NGO involvement not only in the governance process, but also in democratic organization and participation within and among the NGOs. Experience has taught that participation is the key. Accordingly, USAID/DR projects undergo a participatory design process making maximum use of local talent and ideas. Democratic Initiatives, PVO Co-financing, Economic Policy and Practices, Development Training, and TPPI were all designed through close collaboration with local broad-based and representative NGOs.

The design of the proposed AOJ project and subsequent projects will follow the same approach. We seek a change in the mind-set of the country. It will be a long, slow process, but modernization of the state requires that a participatory, democratic approach be built into the fabric of the country's civil and governmental institutions.

Reflecting the current problem-set facing Dominican development, USAID/DR has shifted its resource allocation towards proportionally greater support for social sector programs and activities. Health and education programs account for 67% our 1994 OYB. USAID, working with the government, has been instrumental in getting multi-party political consensus on a "Plan Decenal" to rehabilitate the entire education establishment of the country. A similar operational consensus is needed for the public health field.

Donor Coordination and Alleviation of Poverty

We have sought, and achieved, very close collaboration with the IBRD, IDB and other donors. We have mutually reinforcing programs. Indeed, in the electric sector and in economic policy technical assistance, we have closely orchestrated parallel projects through an informal donor consortium of ourselves, the IDB and the IBRD. Similar arrangements are under design in education and are being discussed for health. These close relationships allow us to leverage each other's programs and to exert maximum support for those elements in the government best able to push good policy and sound project administration. Further, we perceive extremely serious environmental problems that will require strong political will on the part of the

Government to address. It will be critical that the donors act collectively to ensure that the GODR does indeed adequately address this area.

With a strong emphasis on participation in the design and implementation of projects through NGOS, increased support of the social sectors, and policies that assure equitable economic growth, we plan to approach the alleviation of poverty with three prongs. We will have projects that are directly focused on the poor, such as our highly successful micro-enterprises project; those that aim at empowering the poor to have more of a role in determining how government and other institutions respond to their social and economic needs, such as our democracy project; and those that aim at providing a more level playing field for all players in the society.

Elections and Political Change

On May 16th, the date the Action Plan is due in USAID/W, there will be elections in the Dominican Republic for president, representatives, and municipal offices. As of this writing, the outcome is too close to call. A new electoral law provided for the legal structure and institutions to have free and fair elections. A USAID/DR project has provided technical assistance to the Junta Central Electoral (JCE) to implement the new law and provide a transparent and fair election. The outcome of the election is dependent upon the political will to have a clean election. Whether that will exists or not will only be known after the election.

Finally, a new government must deal with recent economic dislocations associated with the political campaign. Pre-election spending has strained the Government's fiscal resources. While good data is not yet available, it appears that there has been a sharp rise in government spending for a wide variety of public projects during the first four months of this year. Also, over the same period, the Government has lost foreign exchange reserves in defending the 12.5:1 exchange rate. Equally disturbing, if there is a change in administration, past history in the Dominican Republic suggests that the interim period before a new government takes power (May 16 to August 16) could be one of excesses.

We expect that the basic strategic outlines of our program will remain appropriate, whether or not a new president emerges. But tactics and timing will vary. NGOs will remain our primary assistance delivery vehicles. However, the closeness with which these NGOs work with/through/for the government will be determined by the nature of that government and its commitment to needed reforms. In any case, we have limited funds for new initiatives even if a social reform-minded government takes power.

By way of illustration, the nature and depth of our proposed new project in the AOJ area will need to relate to the degree of commitment on the part of the Government. A new legislature will also be elected in May. The legislative elections take on added importance because judicial reform requires constitutional amendments which are the prerogative of the legislature. If the executive and legislative branch are predisposed to action in this area, as could be the case, then we will not need to focus resources on fostering the development of social consensus for the needed reforms, but can proceed more directly.

Analogous situations exist for all our other portfolio elements. We will in the coming year be alert to areas to address the pervasive nature of corruption within the society and its destructiveness to our ability to achieve our strategic objectives.

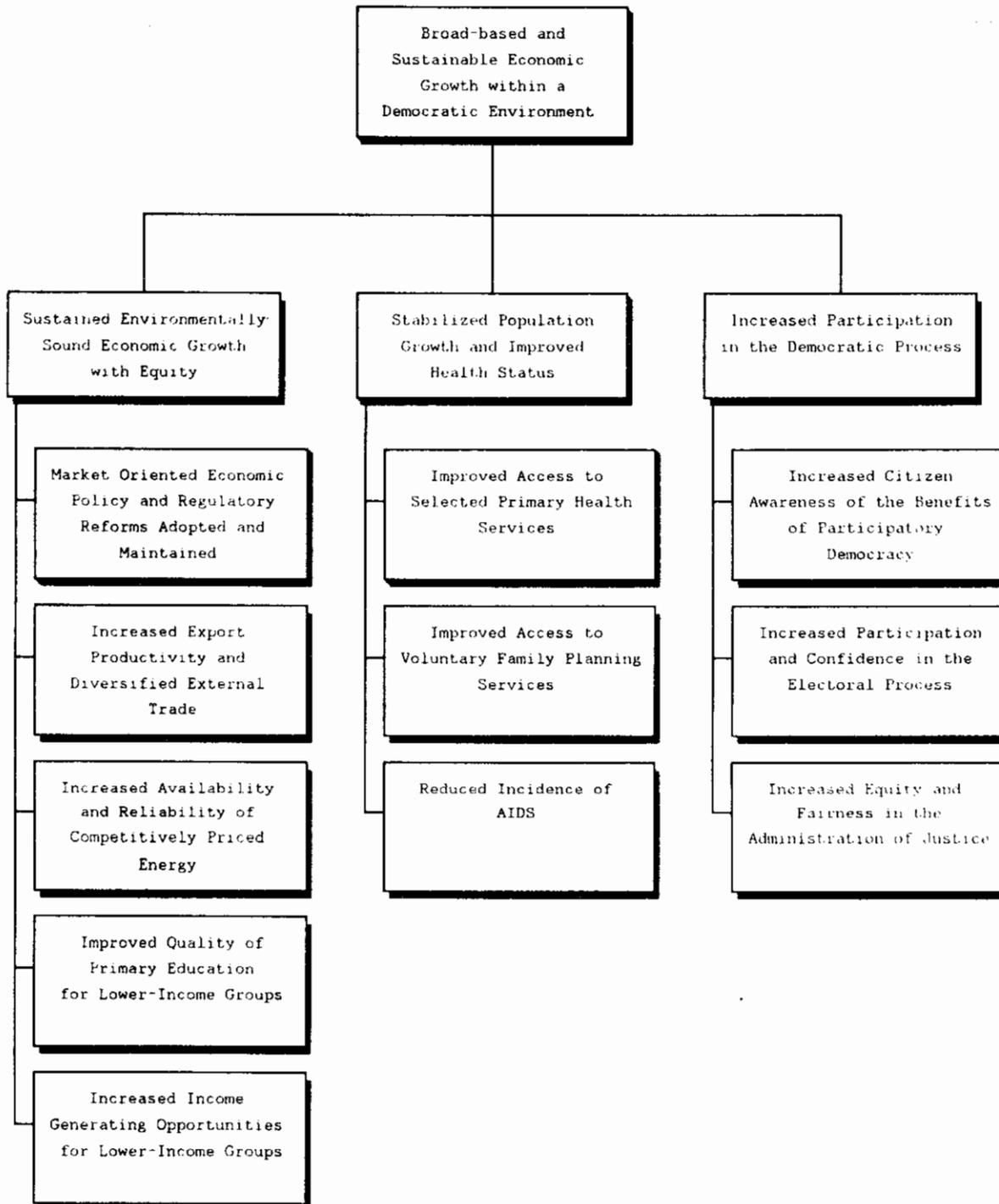
USAID/Dominican Republic Program

The Mission will continue with three Strategic Objectives:

- No. 1: Sustained, Environmentally-Sound Economic Growth with Equity
- No. 2: Stabilized Population Growth and Improved Health Status
- No. 3: Increased Participation in the Democratic Process

Although USAID does not propose a separate strategic objective for environmental concerns, the Mission will continue strong environmental inputs into its sustained economic growth with equity objective. The current project portfolio integrates numerous environmental activities into each project, thus assuring environmental concerns are fully incorporated into all programs. This integration has produced such innovations as environmental guidelines for the PVO Co-Financing sub-projects, a private-sector-led reforestation project at the Junta Agroempresarial Dominicana, wide support (with minimum of USAID funding) for the Parks in Peril project and technical assistance to ensure the environmental soundness of the proposed new electric generation network for the country. Because of relatively small USAID investments, geared toward leveraging funds from others, USAID/DR makes important contributions toward improving the nation's environment. Added together such investments rank USAID's dollar contribution in environmental conservation as third from the top in all of Latin America, demonstrating that a modest investment can pay large dividends.

USAID/Dominican Republic
Mission Program Objective Tree



SECTION II
ACHIEVEMENT OF AGENCY GOALS

**STRATEGIC OBJECTIVE NO.1 - SUSTAINED, ENVIRONMENTALLY-SOUND
ECONOMIC GROWTH WITH EQUITY**

1.B. Program Performance Narrative

The Dominican Republic is the second poorest Caribbean economy and the sixth poorest nation in the Hemisphere. Ironically, the country is also the seventh most important trading nation in the Western Hemisphere, having replaced Taiwan last year to become the fourth most important supplier of finished clothing in the U.S. market. Despite such economic success, the country also boasts the world's third highest number of immigrant visas for the United States. Extremes of wealth, poverty and unusually high desires to emigrate make USAID's objective of achieving economic growth with equity more challenging than in many other Latin American nations. Because a new government will be elected by the time this Action Plan is reviewed, it is difficult to know just how that government will confront its fundamental problem -- assuring not only continued economic growth but marked improvement in the distribution of wealth. No matter which party wins the upcoming elections, the winner will face a serious equity issue.

USAID, recognizing that the GODR has historically moved slowly to deal with the equity issue, has turned increasingly to private voluntary and non-governmental organizations to strengthen democratic and participatory processes that will foster equitable economic growth with minimum government involvement. In contrast to a few years ago, the USAID portfolio now includes only one "economic growth" DA project with the GODR, and that project exists only to gain leverage to create a level playing field for the poor and disadvantaged. This project, Trade Practices and Productivity Improvement, grew out of highly participatory design work with PVCs and NGOs. These local groups are using democratic processes to impel the GODR to liberalize and regularize legal, judicial, labor and regulatory policies necessary for economic growth. As the society modernizes, largely because of its international economic success, increasing numbers of the middle and poorer classes recognize that economic equity is essential for further economic growth. Reforms such as ending corruption, ending bribes to an overgrown government bureaucracy, and making government paperwork transparent and agile, are essential to sustaining equitable economic growth.

Thus USAID/DR, in close collaboration with other donors, is using highly participatory project design and implementation processes relying heavily on socially conscious non-governmental organizations (NGOs), to focus SO1 program resources on poverty reduction and improved equity. The Mission's portfolio in economic growth has a strong equity emphasis including a broad spectrum of small, but carefully targeted initiatives, ranging from macro-economic policy reform to microenterprise lending.

Only 24% of the USAID portfolio is directed towards equitable economic growth, but our in-country presence enables us to have considerable influence (working with other donors) on broad economic policy, as well as impact on the disadvantaged poor such as those targeted under our highly successful microenterprise program.

Economic Reform and Poverty Reduction

Recent Dominican history demonstrates strong linkages between macroeconomic performance and living standards of the poor. This Action Plan tracks (through a significant number of strategic indicators) many more economic growth indicators than equity indicators, largely because growth indicators were most important during the last few years of the IMF stabilization program and the USAID strategy then focused on them. If that economic growth pattern continues to be sustained through next year, USAID will drop most of its current macroeconomic indicators for SO1 and will increase those indicators reporting on equity issues. Last year's indicators have been changed only slightly to permit continuity in tracking data, but success in economic growth dictates that equity indicators be strengthened to more accurately report on USAID's current program impact on poverty and equity. The output indicators will be changed to reflect the lower total funding available to support SO1. Because of that funding reduction, the USAID strategy now targets small, discrete activities geared to improving equity while sustaining economic growth, largely by leveraging funds from other donors.

This new strategy is built upon:

1. Education and citizen participation,
2. Policy dialogue with measurable results,
3. Microenterprise and job creation,
4. Energy reform with impact on the poor & the environment
5. Trade reform and benefits for workers, and,
6. Human resource development.

As national income deteriorated and inflation soared in the 1985-1990 period, the share of income going to the lowest 20% of the population fell sharply. With the resumption of economic growth and monetary stability resulting from the 1990 macroeconomic reform, that share rose markedly. More generally, the incidence of poverty (defined as minimal caloric sufficiency plus other very basic necessities, using strict IBRD methodology) rose from 1986 to 1989 (from 18.3% to 24.5%), but fell from 1989 to 1992 (from 24.5% to 20.6%) as the effects of the IMF economic reform program became apparent. Similarly, income distribution as a whole deteriorated from 1986 to 1989, and then improved through 1992. (See Technical Annex 2 for complete chart).

Poverty Trends

	1986	1989	1992
Population below poverty line ^{1/}	18.3%	24.5%	20.6%
Indigence	10.5%	13.7%	9.0%
Share of lowest quintile of income	3.79%	2.66%	4.43%
Gini coefficient	.47	.55	.49

The Fundación Economía y Desarrollo (FED) notes that the poor in the Dominican Republic benefitted from macroeconomic reform programs more rapidly and broadly than might be expected. Immediate effects such as lower prices on basic items, and a healthier economy with more jobs raised living standards of the poor. USAID-supported NGOs continue to focus attention on the cost to the poor of bad economic policy. Trade policy is a case in point. Rice in the Dominican Republic costs about \$600/MT, almost double the world price. Because rice consumption is seven times greater in the market basket of the poor than the rich, a disproportionate share of the burden of rice protectionism falls on the poor. Sugar also costs twice the world price in the Dominican Republic (a sugar-exporting country). Wheat, beans, and milk are other such examples. At the same time, subsidies on commodities such as propane gas benefit higher income groups which are larger consumers. NGOs working with USAID are also helping to educate the populace on the government budget and the implications of inadequate funding for education, health, and other important social areas.

1. Education and Citizen Participation

Using USAID/DR project funds, NGOs play a key role broadening public understanding of the nature and values of free markets. This is key to generating a national political will to permit the poor to participate in decision making and the national economic success of the last few years. This will empower the poor to question the economic protectionism of vested interests and murky non-transparent GODR policies and bureaucratic procedures usually not implemented in the broad public interest. The country's best

^{1/} Adjusting the income structure of 1986 and 1989 by the "Income Expansion Coefficient (IEC)." Abstracted from: A USAID/DR financed National Household Consumption, Income and Expenditures Survey and analysis recently completed by the Fundación Economía y Desarrollo, Inc. and published under the title "Estabilización, Apertura y Dinámica de la Desigualdad y la Pobreza en la República Dominicana; 1986 to 1989".

economic analytic talent resides in the NGOs. The USAID's Economic Education, and Economic Policy and Practices projects target this area, and seek to strengthen NGOs as a vehicle for educating the public and organizing participation in the policy process. An informed public is critical to the elimination of bad policies which are severely taxing the poor for the benefit of vested interest groups. While the impact of these USAID-funded projects is largely indirect, it is considerable, and key to moving the GODR ahead on reforms promised in taxes, financial laws, judicial processes and labor mediation efforts.

Last year, USAID-funded NGOs sparked intense public debate over the new Dominican tariff code, economic integration objectives, as well as budget reform and public expenditure priorities. Through a series of inexpensive, indirect interventions by private sector organizations USAID is addressing some of the fundamental equity problem areas facing the nation. NGOs supported by USAID are actively promoting equitable and transparent land titling policies (to facilitate small farmer credit); educating the Congress on economic policy issues; collaborating with business and labor groups to press the Government for social security reform; and are working with labor associations, small land-holders, and the sugar parastatal on a project promoting partial privatization. Women and labor union members are strongly represented among small-landholders participating in this activity. Privatization of state-owned enterprises and parastatals such as the sugar industry continues to be encouraged by NGOs with USAID co-financing. FED economists note that elimination of the deficit flow of GODR funds through state enterprises would, by itself, be sufficient to finance one year of recommended health and education reforms which are not now funded, and would benefit directly the Dominican Republic's poorest segments of society.

2. Policy Dialogue with Measurable Results

USAID maintains an active policy dialogue, conscientiously involving other donors, with the Government on a full range of economic policy issues. The dialogue focuses largely on the need to free markets from controls, to eliminate preferential treatment for special interest groups, and to broaden participation and equity. To leverage its influence in the macroeconomic arena, USAID disbursed \$5 million of ESF in FY 1993. These funds cross-conditioned and extended requirements under the IMF standby for market-determined exchange rates and market-determined interest rates. The GODR has made progress in meeting its commitment, and we continue being an active participant in the donor community's policy dialogue with the Government.

Recognizing that good national accounts are important to policy-making and to tracking progress in the social sectors, we are also collaborating closely (but on a small-scale) with the Central Bank and the UN statistical agency to rehabilitate the DR's badly outdated national income accounts. USAID-funded local economists, working with senior IMF and World Bank economists, prepared a medium-term economic plan for the Dominican Republic. Some of its most critical elements are already being implemented, including: improved banking supervision, review of commercial bank portfolios, liquidation of some financial institutions, and work on modernizing tax administration. The medium-term plan provides an excellent framework for the Government to address more comprehensively equity and social reform issues after the May election. The World Bank country economist informed us that his institution wants to follow this same participatory approach for developing similar plans in other Latin American countries.

3. Microenterprise and Job Creation

The micro-enterprise sector accounts for 23% of GDP and provides employment for about one quarter of the economically active population in the Dominican Republic. The micro-enterprise sector is often the recourse of the poor and of women who have limited opportunities and face discrimination in the formal sector. It provides opportunity for the most disadvantaged in a macro-economy still characterized by sizeable unemployment and underemployment. An excellent benchmark study by Michigan State University and the Gemini project determined that the sector provides 761,351 jobs. A follow-up study in 1993 showed that 82,040 new jobs were generated during the past year, a growth rate of 10.78%. Examples of direct poverty alleviation can be found in the Mission's Small Business Development project -- one of the Agency's most successful micro-enterprise projects. The project has provided credit to 11,122 micro-enterprises which directly created or strengthened 16,148 jobs, including 8,835 in the last year alone. Approximately half of all credit recipients are women. Technical assistance is helping NGOs to qualify for credit and is strengthening the management of NGOs so that credit programs can be expanded. The Inter-American Development Bank is planning new economic assistance to the sector, and is using the USAID microenterprise program as a model.

4. Energy Reform: Impact on the Poor and the Environment

The government electric utility company has not been effective in dealing with the chronic electricity shortfall which plagues the Dominican economy. Only 60% of the population has access to electric power, and only the rich can afford generators and alternative energy sources protecting them from frequent "blackouts," "brownouts," and dangerous electrical failures. Roughly 1,100 megawatts of new generating capacity needs to be installed by the end of the decade. Electric power is considered

a key constraint to improving living standards in the Dominican Republic. Costly and unreliable power threaten export competitiveness, inhibit new investment, and restrict tourism and rural development. It is particularly important to small businesses and micro-enterprises (including farms) which cannot afford private generators. Extension of electric service to the roughly 40% of the population without such service will immediately and directly improve living standards in poor rural areas. Also, inefficient generation of power (there is an incredible number of small private diesel and gasoline generators) adds to noise, water, and air pollution, and wastes large amounts of scarce foreign exchange. One World Bank study of national energy costs asserts that because of inefficiencies the nation's total electrical costs are eight times what they should be.

USAID, the IBRD, and the IDB are working together to help Dominicans address this problem. Through the Electric Energy Sector Restructuring project, with close USAID/W collaboration, USAID is providing technical assistance to facilitate and hasten implementation of a \$300 million loan project planned jointly by the IBRD and the IDB. With modest financial inputs, USAID is leveraging much larger contributions by larger donors. The intention is to restructure the entire electric energy sector, with privatization of the distribution of electric power and all new generation capacity. Our goal is full privatization of the electric power sector.

As part of this effort USAID is working to minimize potentially adverse environmental impacts often springing from increasing power generation in an island environment. A major reason for our involvement is to help steer the overall development of the Dominican electric power sector in the direction of environmental soundness. Towards this end, USAID is funding a sector-wide environmental assessment which will form part of the basic IBRD/IDB loan package. In the grant agreement with USAID, the GODR is also committed to accepting international environmental standards applicable to electric installations. USAID will provide technical assistance to develop and institutionalize these standards and regulatory mechanisms.

5. Trade Reform and Benefits for Workers

In FY 1994, USAID initiated a major program to address economic growth with equity in the Dominican Republic. The foundation of economic growth is a favorable policy and institutional environment; this creates and strengthens markets, which, in turn, increases efficiency, encourages broader participation, and reduces poverty. USAID's Trade Practices and Productivity Improvement project is designed to address the priority concerns of both the private and public sectors in the Dominican Republic in the areas of legal, regulatory, judicial, and labor reforms

and to focus on targets of opportunity for improving productivity. The project supports USAID's program goal for the Dominican Republic of equitable and sustainable economic growth within a democratic environment as it seeks to strengthen the business environment, and increase and diversify external trade, leading to increased employment and income opportunities for all Dominicans. Above all, it seeks to create a level playing field for the poor and disadvantaged, using NGO/PVO democratic processes, to cause the GODR to liberalize and regularize legal, judicial, labor and regulatory policies and practices.

An example of trade liberalization/policy reform which improved both economic growth and U.S. exports can be seen in the changes which took place in the Dominican economy after passage of the 1990 tariff law. The average yearly value of U.S. exports to the Dominican Republic in the three years preceding the new tariff law (and macro reform program) was US\$1.5 billion. The corresponding figure for the three years after passage of the law was US\$2.1 billion (The new law reduced tariff categories from a few hundred to eight and the average nominal protection rate from 57% to 28%). During this period, U.S. exports to the Dominican Republic increased by 33%, and economic growth increased from -0.2% (1988-90) to 3.5% (1991-93). This increased economic opportunity created jobs in the private sector and provided some of the disadvantaged with earnings.

USAID will continue to focus on the welfare of workers, assuring that internationally recognized worker's rights are observed. These rights, outlined in the Trade Act of 1974 include: the right of association; the right to organize and bargain collectively; prohibitions on use of forced or compulsory labor; a minimum age for the employment of children and acceptable working conditions with respect to wages, hours and occupational safety and health. The ESF program implemented last year contained special provisions for the treatment of immigrant Haitian rural workers. The productivity component of the Trade Practices and Productivity Improvement project will provide training in labor-management relations in the workplace. Discussions continue on how to better involve the Bureau-funded labor program in support of USAID's broader strategic objectives. The next Action Plan will contain specific indicators for measuring progress in labor-management relations and productivity. It should be noted that with the termination of the Industrial Linkages project in 1993, the Mission is in full compliance with provisions of Section 547 of the FAA.

6. Human Resource Development

By assisting primary education and participant training USAID/DR also provides modest support to Dominican efforts to develop the people or human resources needed to sustain equitable economic growth. EDUCA, the Dominican private sector institution with

which the Mission is working, designed and is implementing activities to improve primary education in marginal low-income barrios. EDUCA is recognized by national educational organizations, by the World Bank and IDB, as a key private institution working to improve schools in poor barrios. Working with the Ministry of Education and hundreds of NGOs/PVOs, EDUCA has played a key role in creating a national consensus, and has written a ten-year-plan for reforming education, especially primary education, for the entire country. EDUCA is also working with the World Bank to improve textbooks and curricula, and teacher training using Bank funds. At the end of 1993, EDUCA signed an agreement with the IDB to send its non-certified teachers to the IDB's teacher training program. Baseline data through standardized testing has been gathered through testing of fourth and eighth grade students and the testing materials developed by EDUCA are now being refined to measure the impact of the improved curriculum on students nationwide .

Through several projects, USAID is providing overseas and in-country training for private and public sector employees in areas supporting our strategic objectives. The training focuses on the social sectors, and seeks to increase the number of professional, technical and managerial personnel needed to meet the needs of a modern economy, and to promote social change. A recent survey of returned participants showed that significant improvements in productivity and diversification have been achieved. In many cases, promotions resulted because of training received. Training also permits USAID to address gender equity issues; for example, of the 17,697 Dominicans trained under USAID projects, 9,858 or 56%, were women.

Table 1: Strategic Objective Program "Tree"

Dominican Republic				
Agency Goal: Encouraging Broad-based Economic Growth				
STRATEGIC OBJECTIVE NO. 1: Sustained, Environmentally Sound Economic Growth with Equity				
PROGRAM OUTCOME NO.1: Market Oriented Economic Policy and Regulatory Reforms Adopted and Maintained	PROGRAM OUTCOME NO.2: Increased and Diversified External Trade	PROGRAM OUTCOME NO.3: Increased Availability of Competitively Priced Energy	PROGRAM OUTCOME NO.4: Improved Quality of Primary Education for Lower Income Groups	PROGRAM OUTCOME NO.5: Increased Income Generating Opportunities for Lower Income Groups
51-0262 Economic Policy and Practice	517-0263 Investment and Trade Expansion	517-0270 Electrical Energy Sector Restructuring	517-0251 Private Initiatives in Primary Education	517-0254 Micro and Small Business
517-0267 Trade Practices and Productivity Improvement (TPPI)	517-0267 Trade Practices and Productivity Improvement (TPPI)	517-0263 Investment and Trade Expansion	936-5818 Learning Technology for Basic Education	517-0247 PVO Co- Financing
517-0264 Economic Education	517-0243 University Agribusiness Partnership	936-5738 Private Sector Energy Development	958-0659 Education and Human Resources Technical Support	517-0216 Development Training I
	3526 Caribbean Disaster Mitigation			517-0268 Development Training II
				598-0661 Cooperative Association of States for Scholarships

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic				
STRATEGIC OBJECTIVE NO. 1: Sustained Environmentally Sound Economic Growth with Equity				
Indicator No. 1: Poverty level				
Unit:	Percent of population under poverty line	Year	Planned	Actual
Source:	National Household Consumption, Income and Expenditure Survey	1992	-----	20.63
Comments:		1996	18.0	**
Indicator No. 2: GINI Coefficient				
Unit:	National Household Consumption, Income and Expenditure Survey	Year	Planned	Actual
Source:	National Household Consumption, Income and Expenditure Survey	1992	-----	.4916
Comments:	The Gini Coefficient is the most commonly used measure of income inequality. It is defined as the area delimited by a Lorenz Curve and a 45° line (i.e. the equal distribution straight line) divided by the total area under the equal distribution straight line. The larger the area between the 45° line and the Lorenz Curve, the larger the Gini Coefficient value and therefore the greater the inequality of income distribution. The Lorenz Curve shows the percentage of total income received by a cumulative percentage of population.	1996	0.45	**

Indicator No. 3: National exports - total					
Unit: Millions of U.S. dollars					
Source: Central Bank and I.M.F.	Baseline	Year	Planned	Actual	
Comments: Prices for traditional exports declined over the past three years, resulting in a decline in total value. This trend is expected to be reversed starting in 1994.		1990	-----	735	
		1991	756	658	
		1992	778	558	
		1993	650	530	
		1994	592	**	
		1995	655	**	
		1996	705	**	
		1997	755	**	
		Target			
Indicator No. 4: Proportion of total exports that are non-traditional					
Unit: Percent					
Source: Central Bank and I.M.F.	Baseline	Year	Planned	Actual	
Comments: Non-traditional exports has been increasing their share out of the total exports due to the drastic reduction of traditional exports. Since traditional exports are expected to increase during the period 1994-97, the share of non-traditional exports is expected to increase modestly.		1990	-----	18.5	
		1991	21.3	20.2	
		1992	21.9	24.1	
		1993	21.6	29.3	
		1994	29.3	**	
		1995	29.3	**	
		1996	29.9	**	
		1997	30.7	**	
		Target			

Indicator No. 5: U.S. Imports from the Dominican Republic - total					
Unit: Millions of U.S. dollars		Year	Planned	Actual	
Source: U.S. Department of Commerce	Baseline	1990	-----	1,658	
Comments: These figures include exports from Free Trade Zones in the DR. Manufacturing exports from the D.R. to the U.S. increased rapidly during the 1990-93 period. NAFTA effects on these exports, however are not yet clear. Hence a slow annual rate of increase is assumed for the 1994-97 period.		1991	1,722	2,017	
		1992	1,860	2,372	
		1993	2,286	2,671	
		1994	2,724	**	
		1995	2,779	**	
		1996	2,834	**	
	Target	1997	2,891	**	

Indicator No. 6: U.S. Exports to the Dominican Republic - total					
Unit: Million of U.S. Dollars		Year	Planned	Actual	
Source: U.S. Department of Commerce	Baseline	1991	-----	1,743	
Comments: Trade liberalization policies implemented during the 1991-93 period have been largely responsible for the significant increase in U.S. exports to the D.R. U.S. exports to the D.R. are expected to increase at a slower rate for the 1994-97 period.		1992	1,952	2,098	
		1993	2,186	2,350	
		1994	2,319	**	
		1995	2,456	**	
		1996	2,530	**	
	Target	1997	2,606	**	

Environmentally Sound Economic Growth with Equity

and economic policy and regulatory reforms adopted and maintained

policy maintained

	Year	Planned	Actual
Baseline	1990	-----	No
	1991	No	No
	1992	Yes	Yes
	1993	Yes	Yes
	1994	Yes	**
	1995	Yes	**
	1996	Yes	**
Target	1997	Yes	**

policy maintained

	Year	Planned	Actual
Baseline	1990	-----	No
	1991	No	No
	1992	Yes	Yes
	1993	Yes	Yes
	1994	Yes	**
	1995	Yes	**
	1996	Yes	**
Target	1997	Yes	**

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Indicator No. 3: Fiscal discipline					
Unit: GODR Budget (surplus or deficit)/GDP					
Source: Central Bank					
Comments: Planned targets of "0.0" for 1993-1997 indicate a balanced budget.					
	Baseline	Year	Planned	Actual	
		1990	-----	-5.0	
		1991	-2.1	0.1	
		1992	-0.8	1.6	
		1993	0.0	-0.1	
		1994	0.0	**	
		1995	0.0	**	
		1996	0.0	**	
	Target	1997	0.0	**	
Indicator No. 4: Tax revenue from tariffs					
Unit: Percent of total tax revenues					
Source: Central Bank					
Comments: Source of data: IMF Staff Reports.					
	Baseline	Year	Planned	Actual	
		1990	-----	39.4	
		1991	-----	41.5	
		1992	-----	45.3	
		1993	41.5	42.2	
		1994	37.8	**	
		1995	34.0	**	
		1996	32.0	**	
	Target	1997	30.0	**	

STRATEGIC OBJECTIVE NO. 1 Sustained Environmentally Sound Economic Growth with Equity							
PROGRAM OUTPUT NO. 1.2 Increased export productivity and diversified external trade							
Indicator No. 1: Total private investment							
Unit: Million of U.S. Dollars	Baseline	Year	Planned	Actual			
Source: Central Bank		1990	-----	690.1			
Comments: In 1993 the DR experienced an annual increase in private investment above the 10% rate for the period 1994-97, total private investment is expected to increase at an annual rate of 5%.		1991	-----	771.4			
		1992	-----	1,344			
		1993	1,500		1,598		
		1994	1,575		**		
		1995	1,650		**		
		1996	1,725		**		
		Target	1,800		**		
Indicator No. 2: Foreign investment							
Unit: Million of U.S. Dollars	Baseline	Year	Planned	Actual			
Source: Trade & Investment project		1993	-----	703			
		1994	770	**			
		1995	847	**			
		1996	931	**			
	Target	1997	1,024	**			

Indicator No. 3: Output/unit of labor					
Unit: DR\$ produced/person hour	Year	Planned	Actual		
Source: Trade & Investment project	1994	-----	**		
	1995	TBD	**		
	1996	TBD	**		
	1997	TBD	**		
	Target				
Indicator No. 4: Number of foreign firms investing					
Unit: Number of new firms	Year	Planned	Actual		
Source: Trade & Investment project	1993	-----	170		
	1994	187	**		
	1995	205	**		
	1996	226	**		
	Target	248	**		

STRATEGIC OBJECTIVE NO. 1 Sustained Environmentally Sound Economic Growth with Equity						
PROGRAM OUTPUT NO. 1.3 Increased availability and reliability of competitively priced energy						
Indicator No. 1: CDE divided into generation, transmission and distribution enterprises.						
Unit:	Year	Planned	Actual	Year	Planned	Actual
1. Subdivision Completed 2. Enterprises operating independently 3. Privatization of distribution enterprises completed	Baseline	1	**	1994		
		2	**	1995		
	Target	2, 3	**	1996		
Source: CDE						
Comments:						
Indicator No. 2: Status of electric power law						
Unit: Yes/no	Year	Planned	Actual	Year	Planned	Actual
Source: STP Comments: Law Enactment Process in the DR: 1. Draft Proposed by President 2. Enacted by Congress 3. Signed and Promulgated by President 4. Implemented	Baseline	-----	No	1990		
		No	No	1991		
		No	No	1992		
		Yes (1,2,3)	Yes (1), No (2,3)	1993		
		Yes (2,3,4)	**	1994		
Target	Yes (4)	**	1995			

Indicator No. 3: Private electric power generated to grid					
Unit: Gigawatt hours					
Sources: IDB, IBRD and CDE	Year	Planned	Actual		
	1990	-----	-----		
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.	1991	0	617		
	1992	350	763		
	1993	940	741		
Beginning in 5/94, Smith-Enron will install an additional 85 MW capacity, rising to 185 MW by 7/95.	1994	1,198	**		
Targets for FY 1995 and beyond reflect new private investments as provided for in the new electric power law.	1995	1,987	**		
	1996	3,325	**		
Target	1997	3,850	**		
STRATEGIC OBJECTIVE NO. 1 Sustained Environmentally Sound Economic Growth with Equity					
PROGRAM OUTCOME NO. 1.4 Improved Quality of Primary Education for Lower Income Groups					
Indicator No. 1: Grade level attained by 10-year-olds					
Unit: Mean					
Source: DHS	Year	Planned	Actual		
	1991	-----	2.10		
Comments: * 1993 actual figure to be determined with 1993 census information available in late 1994.	1993	2.20	*		
	1994	2.25	**		
	1995	2.32	**		
	1996	2.40	**		
	Target	2.50	**		

Indicator No. 2: Standardized test scores at the end of 4th grade					
Unit: Average score		Year	Panned	Actual	
Source: PIPE project data/report	Baseline	1993	-----		
Comments: Santo Domingo only		1994	TBD		
		1995	TBD		
		1996	TBD		
	Target	1997	TBD		
STRATEGIC OBJECTIVE NO. 1 Sustained Environmentally Sound Economic Growth with Equity					
PROGRAM OUTCOME NO. 5 .Increased Income Generating Opportunities for Lower Income Groups					
Indicator No. 1: New employment in Micro & Small Business Sector receiving loans from NGOs					
Unit: Jobs created (FTE), (cumulative)		Year	Planned	Actual	
Source: NGO lending records	Baseline	1992	-----	8,200	
Comments: Targets refer to jobs directly attributable to USAID project assistance.		1993	-----	17,250	
		1994	26,700	**	
		1995	36,800	**	
	Target	1996	47,200	**	
		1997	58,200	**	

STRATEGIC OBJECTIVE NO.2 - STABILIZED POPULATION GROWTH AND IMPROVED HEALTH STATUS

2.B. Program Performance Narrative

The Mission's strategy for the population and health sector focuses on family planning and maternal-child health, with special emphasis on HIV/AIDS prevention. About 60% of the program portfolio is allocated for this strategic objective. Our integrated approach in this sector is based on the premise that rapid population growth and poor health are closely linked with low status and limited rights of women, especially in the lower economic strata. High rates of unintended pregnancy, especially among adolescents, and lack of accessible primary health and family planning services, compound the problems of lower income groups, since scarce resources are devoted to additional children or to curing family members from preventable diseases. Unintended pregnancy, childbearing and childcare also impact negatively on household income. Many households are headed by females, and the unemployment rate for females is about 40%.

The public health sector in the Dominican Republic has deteriorated in recent years due to low government investment, and inequitable distribution of health information and services. The GODR spends only about 14% of its budget for health, compared to other Latin American countries such as Mexico and Chile which spend more than twice that amount. The poor have therefore looked to private sector and non-profit organizations for most of their health services. In this context, USAID has given special emphasis to strengthening local PVOs and NGOs which are committed to providing adequate health services for the poor. The Mission has taken special care to involve a broad cross-section of Dominican society, including women, providers, and local experts in the design and implementation of all health programs.

Through USAID assistance, NGOs are helping to enable couples and individuals to determine freely and responsibly the number and spacing of children, and to improve the reproductive health status of women, and the general health status of infants and children, particularly in low-income groups. NGOs in the Dominican Republic focus largely on providing services in urban barrios and poor rural communities, especially in the extremely disadvantaged areas bordering Haiti. With support from USAID, community and clinic-based services are being expanded to improve access to primary health care education and prevention for all family members. Particular emphasis is placed on immunization, child spacing, breast feeding, diarrheal prevention and control, as well as information on family planning, AIDS and other sexually transmitted diseases.

Significant progress has been made in recent years. Broad-based participation, innovative NGO service delivery methods, and expanded social marketing have made a positive impact on the Dominican Republic's health status. Infant mortality has been cut almost in half over the past seven years, with the current rate at 43 per thousand. A recent demographic and health survey noted significant progress in decreasing fertility and increasing contraceptive prevalence. Contraceptive prevalence rose from 33% to 37% of all women between 1986 and 1991, as the private sector became the major supplier of contraceptive services (64.7%). Over 700,000 couple-years of contraceptive protection has been provided through USAID assisted programs. Much more could be achieved if the Government was committed to providing adequate support in this critical social sector.

USAID has played a key role in coordinating health sector programming of NGOs, other donors, and the public sector. Through negotiations with donors and the Government, agreement has been reached on comparative advantages in technical specialties, implementation capacity, institutional development requirements, and geographic areas of service delivery. This has resulted in more efficient allocation of resources and increased access to services for the poor.

The **AIDS epidemic** poses a significant threat to the country's economic and social welfare. A recent study found that HIV prevalence is about 1% of the general population and is growing rapidly. Although HIV is found throughout the social spectrum in the Dominican Republic, the poor and socially disadvantaged are being infected at disproportionately high rates. Approximately 250,000 Dominicans will be HIV positive by 1995, according to epidemiological projections.

The Dominican Republic is a USAID AIDS priority country. The Mission has budgeted \$1.2 million per year, over the next seven years, to expand activities in AIDS prevention to address AIDS/STD transmission on a national scale. An overarching objective for USAID in this sector is to build national, institutional and technical capacities. This includes sustained support to private sector institutions and investment in human resources needed to address this increasingly serious problem. Technical assistance and other resources are being provided through the AIDS Prevention and Control project (AIDSCAP). With these efforts, the Mission is seeking to improve the availability and use of information; to educate and mobilize the private sector through workplace programs; to strengthen and expand the participation of both public and private sector organizations in HIV/AIDS prevention; and to develop the infrastructure for greatly expanded diagnosis and treatment.

USAID also is playing an important role in fostering public dialogue and marshalling other resources to combat HIV/AIDS.

The Secretary of Health recently hosted a meeting of cabinet-level officials to explain the seriousness of rising HIV incidence. The National Council for AIDS, CONASIDA, created by a presidential decree in 1987, has been reactivated, and better and closer coordination is now taking place among all involved sectors and donor agencies.

Food Aid activities play an important role in achieving the Mission's strategic objective of "Stabilized Population Growth and Improved Health Status." A major school feeding program was terminated in FY 1994 following two years of negotiations with CARE and the Government. Currently, food aid activities are concentrated on providing direct assistance for the poor in two major areas:

- **Maternal-Child Health:** The goal of this component is to improve the health of 20,100 children under age three and to improve access to primary health care services, including family planning services, for 32,000 low-income rural women. Significant progress was made under Phase I through expanded outreach to communities and more involvement of participant mothers. In FY 1993, 93% of children born in the project area were born with adequate birth weight and 97% of these babies have maintained a healthy nutrition status. The family planning component was added after extensive training of CARE's field staff and a referral system was developed and put in place. A mid-term evaluation was carried out and the findings were incorporated into the design of Phase II.

- **Food-for-Work** activities are assisting low-income neighborhoods of Santo Domingo to identify and implement sustainable solutions to sanitation problems. These activities will improve the health status and quality of life for about 112,500 low-income people. A small sanitation and hygiene education activity in poor rural schools is also being supported with Title II resources.

The Mission has requested a review of the USAID/W decision to cut USAID/DR food activities in half. If this decision stands, the entire program will have to be reevaluated.

Table 1: Strategic Objective Program "Tree"

Dominican Republic		Agency Goal: Stabilizing World Population Growth and Protecting Human Health		STRATEGIC OBJECTIVE NO. 2: Stabilized Population Growth and Improved Health Status	
OUTCOME NO. 1: Improved Access to Selected Primary Health Services		OUTCOME NO. 2: Improved Access to Voluntary Family Planning Services		OUTCOME NO. 3: Reduced Incidence of HIV	
517-0259	Family Planning and Health	517-0259	Family Planning and Health	517-0259	Family Planning and Health
517-0247	PVO Co-Financing	PL-480	Title II	517-0216	Development Training I
PL-480	Title II	936-3049	Association for Voluntary Surgical Contraception	517-0268	Development Training II
936-5966.05	Breast-feeding Maternal and Neonatal Health	936-3038	Family Planning Logistics Management	936-5972	AIDS Control and Prevention (AIDSCAP)
936-0500	Child Survival and Health Program Support	936-3051	Contraceptive Social Marketing		
598-0786	LAC Accelerated Immunization Phase II	936-3056	Promoting Financial Investment and Transfer		
		936-3065	Expansion Improvement of Family Planning Services in Latin America and the Caribbean		

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic					
STRATEGIC OBJECTIVE NO. 2: Stabilized Population Growth and Improved Health Status					
Indicator No. 1: Infant Mortality Rate					
Unit: Deaths per 1,000 live births	Year	Planned	Actual		
Source: Demographic and Health Survey	1991	-----	43		
Comments: The next DHS will be conducted in 1996	1994	41.5	-----		
	1995	40.5	-----		
	1996	39.5	**		
	Target	38.5	-----		
Indicator No. 2: Total Fertility Rate					
Unit: Mean	Year	Planned	Actual		
Source: DHS	1991	-----	3.3		
	1994	3.1	-----		
	1995	3.0	-----		
	Target	2.9	**		

STRATEGIC OBJECTIVE NO. 2 Stabilized Population Growth and Improved Health Status					
PROGRAM OUTCOME NO. 2.1 Improved access to selected primary health services					
Indicator No. 1: Access to Oral Rehydration Therapy (ORT)					
Unit: Percent using the therapy		Year	Planned	Actual	
Source: DHS	Baseline	1991	-----	31.6	
		1994	35	**	
		1995	39	**	
		1996	45	**	
	Target	1997	50	**	
Indicator No. 2: Exclusive breast-feeding rates (until 3 months)					
Unit: Percent following prescribed practices		Year	Planned	Actual	
Source: DHS and KAP survey (annual)	Baseline	1991	-----	9.4	
		1994	20	**	
		1995	25	**	
		1996	30	**	
	Target	1997	35	**	

STRATEGIC OBJECTIVE NO. 2 Stabilized Population Growth and Improved Health Services				
PROGRAM OUTPUT NO. 2.2 Improved access to voluntary family planning services				
Indicator No. 1: Contraceptive prevalence				
Unit: Percent of women 15-49 using modern contraceptive methods		Year	Planned	Actual
Source: DHS & KAP	Baseline	1991	-----	33.9
		1994	37	**
		1995	38	**
		1996	39	**
	Target	1997	40	**
STRATEGIC OBJECTIVE NO. 2 Stabilized population growth and improved health status				
PROGRAM OUTCOME NO. 2.3 Reduced incidence of HIV				
Indicator No. 1: Knowledge of AIDS-related behavior				
Unit: Percent of people knowledgeable of safe sex practices		Year	Planned	Actual
Source: KAP survey (biannual)	Baseline	1994	-----	20
Comments: No. of people citing at least two acceptable ways of protection from HIV infection.		1996	40	**
		1998	60	**
	Target	2000	80	**

Indicator No. 2: Incidence of HIV				
Unit: Percent of population	Year	Planned	Actual	
Source: Sentinel Survey	1993	-----	0.9	
Comments: AIDSCAP has estimated that rates of HIV infection would be more than double the "planned" targets if control interventions are not fully implemented.	1994	1.0	**	
	1996	1.8	**	
	1998	2.1	**	
	Target	2.3	**	

SECTION II - 3

**S.O. 3 - INCREASED PARTICIPATION IN THE
DEMOCRATIC PROCESS**

STRATEGIC OBJECTIVE No. 3: INCREASED PARTICIPATION IN THE DEMOCRATIC PROCESS

Background

The Dominican Republic has had a relatively short experience with building democracy, and the country is still plagued by an authoritarian political culture, underdevelopment and poverty. Compounding this, the government has not responded sufficiently to important and diverse social demands. The development and strengthening of a participatory democratic political system is one of the highest priorities for the Dominican Republic. Sustainable economic growth with equity cannot be achieved in the Dominican Republic without significant strengthening and broadening of democracy at all levels of society. Full and equitable sharing of economic benefits is a necessary condition to sustain economic growth.

Since the early 1990s, there has been increasing recognition in the society of the urgent need for political reforms. Renewal of the political leadership, revamping of the political party system, and profound institutional reform are preconditions to the modernization of the State. Today, there is widespread awareness that such reforms must be put into effect before the Dominican Republic can be fully integrated into the rapidly evolving international political-economic order.

Increasing Participation and Equity

Mission efforts in helping to build democracy have focused on increasing citizen awareness and participation at all levels, enhancing governmental efficiency and impartiality, and improving the electoral system. USAID resources are channeled, for the most part, through local NGOs, public interest groups, foundations, community organizations and other Dominican intermediary institutions which are committed to strengthening the democratic system and helping the poor. The Pontificia Universidad Católica Madre y Maestra (PUCMM) -- a private non-profit Dominican institution with an outstanding record in building consensus for economic, social and political reform -- is playing a major role in administering this effort.

With support from PUCMM, a Consultative Council has been formed. Members have been drawn from a broad spectrum of Dominican society, including leaders of all major Dominican democratic political parties, academicians, NGO/PVO leaders, members of community organizations, business leaders, and leaders of several urban barrio groups and organizations. Of 21 current members of the Council, five are women. The Consultative Council reviews and approves proposals submitted by NGOs and PVOs. Since January 1993, 64 concept papers have been submitted to the Consultative Council by various Dominican institutions. Eleven final

proposals have been approved, including five from grassroots organizations which are trying to increase participation and equity for the poor.

Starting in mid-1993, Fundación Siglo XXI, a highly respected Dominican PVO, began organizing bi-monthly sessions attended by high level officials of all Dominican political parties, labor unions and community representatives. The meetings were organized to seek consensus on improving electoral legislation, strengthening separation of powers, modernizing the legislative branch and establishing a truly independent judiciary. Fundación Siglo XXI, in collaboration with party representatives, is currently working on an agenda for constitutional and political reform which will be presented to the national leadership in August 1994 when the new administration and Congress will be inaugurated. In the second phase of this initiative, Fundación Siglo XXI will try to build consensus among political parties, labor unions and community groups to speed up decentralization of power to the municipalities. Among all political reforms, decentralization and empowerment are the reforms most strongly supported by rural and urban community groups which represent the interests of the poor.

With assistance from USAID, Centro de Investigación para la Acción Femenina (CIPAF) -- a Dominican NGO active in women-in-development -- is sponsoring a series of activities to promote an Agenda for Women in political party platforms for the national elections in May 1994. CIPAF has conducted several workshops, seminars and multi-media campaigns to expand women's participation in the elections by increasing the number of female candidates for congressional and local offices, and promoting a larger female voter turnout.

Electoral Reform

Electoral reform is an area in which the Dominican Republic has long lagged behind other Latin American countries. After the difficult 1990 elections, electoral reform laws were enacted in the Spring of 1992 and a five-member party based Junta Central Electoral (JCE) was appointed by the Dominican Senate. The JCE started to develop a new civil and electoral registration system. The updating and verification of the electoral register as well as the provision of new identification cards to about 3.5 million eligible voters was started in February 1993. As mandated in the 1992 electoral legislation, the new card was to be provided free, unlike previous I.D. cards, so that all citizens, including the poorest, could participate fully in the 1994 electoral process.

Recognizing that electoral reform is an extremely difficult area, but critical for the continued political development of the Dominican Republic, USAID provided technical assistance to the JCE through the International Foundation for Electoral Systems

(IFES). The OAS has also provided technical assistance. In early 1993, IFES began assisting the JCE to strengthen its institutional structure, modernize logistics and supplies systems, improve computer programming, train polling site personnel, plan for international observers for the May 16, 1994 election, compute electoral results on a timely basis, and educate voters.

The JCE suffers the inherent weaknesses of an electoral commission made up of political party representatives. Decision making has not been easy and the JCE members by their actions have not instilled in the public confidence in the electoral process for the May election. The basic institutional structure is there to have a free and fair election. However, it is political will that will determine if the elections will accurately reflect the will of the people.

Measuring Results

The primary source of data for Strategic Objective No. 3 is public opinion surveys conducted by Dominican research institutions. The first of three nationwide "knowledge-attitude-practice" (KAP) surveys on Dominican democracy and its political system and institutions will be completed in May 1994. Two other national surveys will be undertaken in 1997 and 2001. Several smaller surveys and qualitative research at regional and local levels will be conducted to measure program impact and the extent to which the poor are participating and benefitting in the political process.

Table 1: Strategic Objective Program "Tree"

Dominican Republic		
Agency Goal: Building Democracy		
STRATEGIC OBJECTIVE NO. 3: Increased Participation in the Democratic Process		
PROGRAM OUTCOME NO. 1: Increased Citizen Awareness of the Benefits of Participatory Democracy	PROGRAM OUTCOME NO. 2: Increased Participation and Confidence in the Electoral Process	PROGRAM OUTCOME NO. 3: Increased Equity and Fairness in the Administration of Justice
517-0265 Democratic Initiatives	517-0265 Democratic Initiatives	517-0272 Administration of Justice
517-0269 Electoral Reform	517-0269 Electoral Reform	598-0642 Regional Administration of Justice
517-0216 Development Training I		
517-0247 PVO Co-Financing		
517-0251 Private Initiatives in Primary Education		
517-0268 Development Training II		

TABLE 2: STRATEGIC OBJECTIVE PERFORMANCE

Dominican Republic					
STRATEGIC OBJECTIVE NO. 3 Increased participation in the democratic process					
Indicator No. 1: Citizen participation in political institutions and/or processes					
Unit: Percentage of adults participating	Baseline	Year	Planned	Actual	
Source: Opinion Surveys - DI Project		1994	-----	25	
Comments: 1) Baseline figures based on preliminary results of 1994 survey. Further surveys planned for 1997 and 2001 2) Planned 1997 and 2001 figures assume that new government resulting from 1994 election will support political reform process.		1997	35	**	
		2000	45	**	
Indicator No. 2: Significant issues brought to formal negotiation					
Unit: Number of issues brought to formal negotiation	Baseline	Year	Planned	Actual	
Source: DI Project/USAID		1992	-----	2	
Comments: Issues brought to negotiation: a) In 1992: - Electoral Reform - Labor Reform b) In 1993: - Regulations to implement Labor Code - Political and Constitutional Reforms (agreed upon by political parties under leadership of Fundación Siglo XXI) - Social Reforms (agreed upon by political parties under leadership of PUCM, UNDP and IDB)		1993	3	3	
		1994	2	**	
		1995	3	**	
		1996	3	**	
		Target	1997	4	**

Indicator No. 3: Negotiated agreements implemented					
Unit: Number of negotiated agreements implemented	Year	Planned	Actual		
Source: DI Project/USAID	1992	-----	2		
Comments: Negotiated agreements implemented: a) In 1992: - Electoral Reform (Laws 8/92 and 12/92) - Labor Reform (Labor Code) b) In 1993: - Regulations to implement Labor Code	1993	2	1		
	1994	2	**		
	1995	3	**		
	1996	3	**		
	Target	4	**		
STRATEGIC OBJECTIVE NO. 3 Increased Participation in the Democratic Process					
PROGRAM OUTCOME NO. 3.1 Increased citizen awareness of the benefits of participatory democracy					
Indicator No. 1: Awareness by citizens of the advantages of a participatory democracy					
Unit: Percent of adults aware of advantages of participatory democracy	Year	Planned	Actual		
Source: Opinion surveys - DI Project	1994	-----	79		
Comments: See comments under Indicator No. 1 for S.O. 3, above.	1997	85	**		
	Target	90	**		

Indicator No. 2: Perception by general population that the Dominican democratic system is benefitting its citizens				
Unit: Percentage benefitting from democratic system		Year	Planned	Actual
Source: Opinion surveys - DI Project	Baseline	1994	-----	44
Comments: See comments under Indicator No. 1 for S.O. 3, above.		1997	55	**
	Target	2001	70	**
Indicator No. 3: Public opinion on importance of political consensus				
Unit: Percentage in favor of political consensus		Year	Planned	Actual
Source: Opinion surveys - DI Project	Baseline	1994	-----	67
Comments: See comments under Indicator No. 1 for S.O. 3, above.		1997	75	**
	Target	2001	85	**
STRATEGIC OBJECTIVE NO. 3 Increased Participation in the Democratic Process				
PROGRAM OUTCOME NO. 3.2 Increased participation and confidence in the electoral process				
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: Percentage of eligible voters registered	Year	Planned	Actual		
Source: JCE electoral reports	1990	-----	82%		
Comments:	1994	85%	**		
	1998	90%	**		
Indicator No. 3: Registered voters who voted					
Unit: Percentage of voters who voted	Year	Planned	Actual		
Source: JCE electoral reports	1990	-----	60%		
Comments:	1994	70%	**		
	1998	75%	**		
Indicator No. 4: Confidence in fairness of electoral process					
Unit: Percent of adults confident in fairness of electoral process	Year	Planned	Actual		
Source: Opinion surveys - DI Project	1994	-----	56		
Comments: See comments under Indicator No. 1 for S.O. 3, above.	1997	65	**		
	2001	80	**		

STRATEGIC OBJECTIVE NO. 3 Increased Participation in the Democratic Process					
PROGRAM OUTCOME NO. 3.3 Increased equity and fairness in the administration of justice					
Indicator No. 1: Public Confidence in the Judicial System					
Unit: Percent of adults expressing confidence		Year	Planned	Actual	
Source: Opinion surveys - DI Project	Baseline	1994	-----	20	
Comments: See comments under Indicator No. 1 for S.O. 3, above.	Target	1997	35	**	
		2001	60	**	
Indicator No. 2: Administration of Justice reforms introduced					
Unit: Number of reforms		Year	Planned	Actual	
Source: AOJ project/USAID	Baseline	1994	-----	0	
Comments: AOJ Project will start in FY95 Reforms introduced:		1995	2	**	
a) In 1995: - National Council of Judicature - Administrative and budgetary autonomy		1996	2	**	
b) In 1996: - Judicial Career - Reform of the Administration of Justice Law		1997	3	**	
c) In 1997: - National School of Magistrature - Reform of the Code of Civil Procedure and the Commercial Code - Nationwide Public Defense System	Target				

Indicator No. 3: AOJ reforms approved and implemented				
Unit: Number of reforms	Year	Planned	Actual	
Source: AOJ Project/USAID	1994	-----	0	
Comments: AOJ Project will start in FY95 Reforms approved and implemented: a) In 1995: - National Council of Judicature b) In 1996: - Administrative and budgetary autonomy Judicial Carrier. c) In 1997: - Reform of the Administration of Justice Law - National School of Magistrature - Reform of the Code of Civil Procedure and the Commercial Code - Nation-wide Public Defense System	1995	1	**	
	1996	2	**	
	Target	4	**	

SECTION II - 4
PROTECTING THE ENVIRONMENT

4.A. PROTECTING THE ENVIRONMENT: OVERVIEW OF ASSISTANCE

To further focus its Strategic Objectives and reduce management requirements, USAID has dropped SO-3, "Increased Available Water for Sustained Economic Development" and incorporated natural resources as a crosscutting component of SO-1, Sustained Environmentally-sound Economic Growth with Equity, and SO-2, Stabilized Population Growth and Improved Health Status. This change conforms to USAID/W Action Plan guidance given last cycle as well as guidance in the Economic Growth Implementation Guidelines section identified as "Sustainable Management of Environmental Resources." In this context, economic growth must be environmentally sustainable -- based on efficient and responsible use of indigenous resources -- so that the cost and benefits associated with using natural resources and the environment are evaluated as accurately as possible and taken into account in all economic growth with equity programs.

USAID's 1993 Biological Diversity Assessment of the Dominican Republic concluded that the environment is severely threatened by unsustainable agriculture, the expansion of tourism, unrestricted urban growth, deforestation and the degradation of watersheds, lack of interagency coordination, and government inefficiencies. While USAID has not, and cannot address all these constraints, it intends to exercise a leadership role in formulating environmental policy through NGOs and PVOs, a critical area not usually addressed by larger donor programs. Throughout its portfolio, USAID will continue to support several programs with important environmental components, including forestry, water, waste management, and soil conservation under the PVO Co-financing project, environmental training under the DETRA II project, environmental protection under Trade Practices and Productivity Improvement, Electrical Energy Sector Restructuring, and several smaller activities. USAID will also maintain environmental policy leadership in monitoring capital intensive environmental projects of other donors as required under the Pelosi Amendment. Our "on the ground presence" gives us a comparative advantage in national policy formulation and monitoring of MDB projects.

Large capital investments for conservation or protection of natural resources in the Dominican Republic come from other donors. Spain is the largest foreign donor in natural resources -- providing \$43 million, mostly to Los Haitises National Park. EEC contributions totalling \$44 million could surpass those of Spain. The IDB is providing \$13 million of assistance to Plan Sierra for reforestation and a small amount to Floresta, an NGO. The World Bank promises to put up to \$30 million into irrigation projects, like those started by USAID. Japan, Taiwan, Mexico, and the United Nations each have natural resource portfolios of less than one million dollars. The actual or planned natural resource projects funded by other donors is about \$134 million.

Over the same period (FY 1991-1993), USAID contributed approximately \$9 million, or 6% of the total expended on natural resources in the country. While USAID's contribution is small, it is highly focused on participatory public dialogue directed through NGOs and PVOs to influence policy reforms in the sector. Most recently USAID effectively used ESF funds to add critical environmental policy reform provisions to a national law privatizing electrical energy generation. With a relatively small investment, USAID will be able to minimize the adverse environmental impact of as much as \$1 billion dollars in private sector investments in electrical generation expected during the next decade.

A major expansion of electric power is being planned for the immediate future. This would include a \$250 million IDB/IBRD loan for two new privately owned power plants. In addition, major private sector investment in new plants is foreseen. Although this generating capacity is sorely needed, USAID is concerned about the potential environmental consequences. To help direct power development along environmentally sound paths, USAID is undertaking a sector-wide environmental assessment of the electric power sector. This work is being done by Bectel through a buy-in to the centrally funded ETIP project. USAID is also planning to provide assistance to the Government in setting standards for new development, and in setting up the regulatory body for the power sector. Under its grant agreement with USAID, the Government is committed to developing and applying energy sector norms and standards consistent with international environmental standards.

4.B. TROPICAL FORESTRY/BIODIVERSITY UPDATE

In June 1993, USAID/Dominican Republic completed an Update on Tropical Forestry and Biological Diversity Assessment in compliance with Sections 118 and 119 of the FAA. This comprehensive report was prepared by a team of American Association for the Advancement of Science (AAAS) Fellows. A copy of this report has been transmitted to USAID/W.

A. Major Conservation Challenges Facing the Dominican Republic

A variety of institutional and policy constraints continue to frustrate effective tropical forestry and biodiversity conservation efforts in the Dominican Republic. The sector has been noted for its institutional redundancies, inefficiencies, lack of coordination and frequent and volatile policy changes. Unfortunately, as policies vacillate, tropical forests continue to be exploited by unsustainable agriculture, tourism expansion, and urban growth. Biodiversity continues to be degraded irreversibly.

A recent USAID commissioned Intensive Survey of Rural and Urban Activities Impacting Water and Coastal Resources concluded that the country's forests and coastlines face intense pressure from agricultural development and tourism. It is estimated that tropical forests are being lost from the Dominican Republic at a rate of 20,000 hectares per year, and the area degraded by firewood and charcoal extraction is estimated at 60,000 hectares per year. While strict tree-cutting bans exist, the GODR promotes clearing of forest lands for agricultural development. The degradation of forest impacts terrestrial bio-diversity, and also results in the degradation of watersheds. Coastal resources are threatened by unrestricted developments for tourism and charcoal exploitation resulting in the elimination of many mangrove forests which are essential for maintaining the productivity of the country's artisanal fisheries. Throughout the country, inadequate planning for treating and disposing of urban waste is threatening water resources and coastal biodiversity.

B. Progress in Meeting Conservation Challenges

The GODR has created a network of 13 national parks and eight scientific reserves. Additionally, tracts of government land still covered by forests are nominally under the protection of the Directorate General of Forestry. In recent years, a number of laws and presidential decrees have been enacted to protect these and other areas including cash incentives for trees planted and maintained in designated watershed areas (Decree 260-92), hunting prohibitions in protected areas (Decree 55-92), and the creation of institutions responsible for setting and enforcing pollution standards (Decree 266-90). The GODR recently signed

the Montreal Protocol on ozone protection and chloro-fluorocarbons and is working on a methodology for inventorying the country's sources of greenhouse gasses.

Despite these efforts, the GODR does not have the institutional structures required to fully administer and protect the environment from exploitation and abuse. Park guards exist, but are underpaid and inadequately trained, and are often influenced by persons desiring to exploit park resources. Conservation and protection programs are hampered by lack of funds, inadequately trained staff, and poor organization. While some attempts are being made to increase Dominican agency coordination, the GODR still has no comprehensive plan to manage the environment.

In part, this lack of focus and effective commitment to the environment by the GODR influenced USAID's strategy to focus its limited resources in support of a growing environmental NGO community. In recent years USAID support, as well as that of other international donors, helped foster dramatic increases in the formation of non-governmental organizations active in environmental matters. These activities conform closely with both sections 118 and 119 of the FAA which state, "Whenever feasible, the President shall accomplish the objectives of this section through projects managed by private and voluntary organizations or international, regional, or national nongovernmental organizations which are active in the region or country where the project is located." USAID's PVO Co-Financing Project, 517-0247, includes sub-projects implemented by NGO/PVOs with components in reforestation, agro-forestry, parks management, ecotourism development, waste management, watershed management, and coastal zone management.

In addition, USAID supports two national parks through the centrally funded Parks in Peril program of the Bureau for Latin America and the Caribbean and the Nature Conservancy.

C. Recommended Follow-up

Despite limited funds and management resources which have necessitated the elimination of the USAID's environmental strategic objective dealing exclusively with water, many current and proposed USAID actions will continue to directly support environment and conservation activities.

USAID support, as well as that from other international donors, will go primarily to Dominican non-governmental organizations, both semi-public and private, which demonstrate an interest and ability to effectively implement natural resource programs. These include local private voluntary organizations, development associations, private universities, and similar ecological societies.

In compliance with the Pelosi Amendment, USAID will continue to take an active role to insure that all major international loans for agricultural, irrigation and hydroelectric development include conditions and funding to protect the watersheds above the areas they impact and the biological resources they contain. USAID achieved some success in this area with a recent International Fund for Agricultural Development (IFAD) project.

USAID will continue to support NGOs working with public institutions to develop sound environmental policies related to water resources. Additionally, USAID will support NGO/PVOs working in the environment area to fill gaps in services which are not provided by the GODR.

USAID will also continue to promote centrally funded projects, such as the Parks in Peril Program, as well as encourage close interagency and donor coordination on biodiversity and the environment.

SECTION III

PORTFOLIO ANALYSIS

NEW ACTIVITY DESCRIPTION: ADMINISTRATION OF JUSTICE

1. BASIC DATA

- (a) PROJECT TITLE: Administration of Justice
- (b) PROJECT NUMBER: 517-O272
- (c) FISCAL YEARS: 1995-2002
- (d) LOP FUNDING: \$5,000,000
- (e) TYPE OF FUNDING: Development Assistance - Grant

2. STRATEGIC FIT WITH THE AGENCY/BUREAU GOAL:

In the Dominican Republic, as in many other LDCs, an inefficient, corrupt, and callous judicial system stands in the way of both economic and social progress. Where justice is perverse, there is no confidence in contracts nor the commercial code in general. Trade, investment, and production all suffer accordingly, small and microenterprise disproportionately.

Most disadvantaged are the poor. They cannot pay the bribes necessary to make the system work on their behalf. Illustrative of the disregard for basic rights, some 80% of those in jail have never been charged with a crime and never will be. Many simply lack the resources to petition for trial or release.

The legal system in the Dominican Republic, as in nearly all of Latin America, is based on code-law, rather than on common law as in the United States. The Judiciary, as established by the Constitution, should be an independent branch of the government. However, the Executive controls its budget. Further, the Senate, in recent history dominated by the Executive, appoints all judges. Compromised judicial independence impedes impartiality and reduces checks on corruption.

We believe that a critical mass of citizens intent on judicial reform has now emerged. This project would support structured NGO activities directed at achieving fundamental reforms. USAID's goal of Building Democracy would be furthered by seeking to increase the independence, professionalism and effectiveness of the judiciary, within the framework of strengthening democratic institutions. These efforts could build a base for reform and bring about greater transparency and accountability in the Government. The project would also seek explicitly to end misuse of the judicial system to exploit the poor and the uneducated.

3. CONSISTENCY WITH MISSION STRATEGY:

(a) Activity Goal: To promote increased participation in the democratic process. The project would support the Agency's goal of Building Democracy within a stable civil and commercial growth environment. Strengthening the Dominican Republic's rule of law,

as opposed to the existing rule of influence. A stronger, more efficient, and equitable judicial system will permeate the social fabric, fostering democratic processes and the institutions which support them (free speech, free press, etc.), and reducing exploitation.

(b) Activity Purpose: To enhance the independence, professionalism and efficiency of the judiciary and related institutions. Indicators to measure performance include: greater public confidence in the judicial system, increased transparent/independent decisions made by judicial institutions, and the number of justice reforms introduced, approved and implemented. Such reforms, would show the extent to which the judiciary is becoming more impartial and effective, and is enabling increased participation in the democratic process.

(c) Activity Description: The project would focus on institutional reforms needed to improve judicial 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, training and subgrants would be provided to GODR judicial institutions as well as private entities such as law school faculties, legal foundations, the Dominican Association of Human Rights, the Colegio Dominicano de Abogados, and the Asociación Nacional de Abogadas. Technical assistance would 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 would be provided in the United States, third countries and in-country for judges, prosecutors, public defenders, and other legal personnel. A public education and awareness component would provide support for the development of educational materials to inform Dominicans of their rights and responsibilities under the Dominican Constitution, and to develop support for judicial reform.

(d) Anticipated impact: The project supports the efforts of Dominican private and public sector citizens to identify problems and plan reforms of the judicial structure in their society. The project will seek to achieve fair and speedy justice for all Dominican citizens, including the most disadvantaged elements of society. It will also support increased and diversified external trade through evolution of more productive private businesses better able to resolve disputes through an improved judicial system.

(e) Dialogue agenda: In the initial stages of the project, through a Consultative Group of Dominicans representing a wide range of economic levels and through other channels, close communication would be maintained with the Dominican Government. Eventually, direct technical assistance would be available to the Government as it begins to implement the needed policy and administrative reforms. The specific dialogue agenda would be adjusted depending on the outcome of the national elections and the resulting opportunities for reform.

(f) Donor coordination: The project builds on institutional strengthening efforts carried out in the Dominican Republic with the United Nations Institute for the Prevention of Crime and the Treatment of Offenders (ILANUD) under the Regional Administration of Justice Project. Discussions would be held with the World Bank and Inter-American Development Bank to gain their support for reforms in this area through conditionality in their agreements with the GODR. All project activities would be closely coordinated with other donors who become active in this area.

4. POLICY AND DESIGN ISSUES:

(a) Sustainability: The involvement of concerned non-governmental groups in development and support of reform of judicial institutions and systems would be a key factor in assuring the activities are sustained in the long-term. Training would result in a cadre of legal professionals seeking sustained reforms in the judicial sector.

(b) Potential issues and innovative program approaches:
A constitutional amendment may be needed for certain reforms to be fully implemented. The project would work primarily with private organizations to foster demand for justice sector improvements. With the success of these efforts, activities would be initiated on the "supply side", i.e. the Government, by providing support to implement reforms to meet the demand.

USAID/DR has been a strong proponent of participatory program approaches. This project would continue to improve upon this methodology which depends on broad Dominican involvement in design and implementation.

(c) Linkages to Global Bureau resources and LAC regional programs: The project would draw on support from the Global Bureau's Democracy Center and the LAC Regional Administration of Justice project for technical backstopping, training and assistance with evaluations.

(d) Management and support requirements: The project would be managed by the Policy and Democratic Initiatives Office by a USDH

Project Officer, a USPSC Project Manager, and an FSN Project Assistant.

(e) Timetable and resource requirements for developing the assistance proposal: USAID/DR would use approximately \$50,000 of FY 94 PD&S funds to support the development of a Project Paper, with much of the design work being completed by September 1994. The design would be finalized in early FY 95, and funds obligated soon thereafter.

(f) Recommendations on the delegation of authority: Bureau approval of this NAD is requested to authorize further planning and design of the project and delegation of authority to the Director USAID/DR to approve the Project Paper.

SECTION III-2

**STATUS OF PORTFOLIO -
PROJECT TIMELINE**

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 Partners.																												

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
517-0247 PVO Co-Financing																								
517-0251 Private Initiatives in Primary Education																								
517-0252 Industrial Linkages																								
517-0254 Micro and Small Business Development																								
517-0256 AIDS Prevention																								
517-0259 Family Planning and Health																								
517-0262 Economic Policy and Practice																								
517-0263 Investment and Trade																								
517-0264 Economic Education																								

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
517-0265 Democratic Initiatives																								
517-0267 Trade Practices and Productivity																								
517-0268 Development Training II																								
517-0269 Electoral Reform																								
517-0270 Electric Energy Sector Restructuring																								
517-0272 Administration of Justice																								
TOTAL PROJECTS (number) (at end of FY 4th Quarter)				15				12				13				10				10				7

SECTION III-3

CENTRAL AND REGIONAL PROJECTS

Central and Regional Projects

Category "B" Projects: Support Strategic Objectives and are beyond USAID/DR capacity to manage

Project Titles and Numbers:

- Operations Research and Technical Assistance, 936-3030
- Expansion and Improvement of Family Planning Services in Latin America and the Caribbean, 936-3043
- Vitamin "A" Field Support Program, 936-5116
- Systems Approach to Regional Income and Sustainable Resources, 936-5452
- Forestry Support Program No. BST-5519.
- Mothercare, 936-5939
- Child Survival Action Program, 936-5951.13
- Caribbean and Latin American Scholarship Program, 597-0044
- ICITAP, 598-0644. Please note that ICITAP is managed by State/DOJ.
- Advance Training in Economics, 598-0774
- AID/Cooperative Agreement-Pan American Development Foundation, OTR-0158-0087-00
- Volunteers in Overseas Cooperative Assistance, Farmer to Farmer Program, PDC-000-CGS-6204
- University Development Linkages
- Parks in Peril Project No. 598-0782

Category "C" Projects: Do not support Strategic Objectives

- HBCU Research Grant (Texas A&M-Prairie View) Sustainable Agricultural Technologies (Title XII), No. 936-5053
- REACH, No. 936-5968
- PRITECH, No. 936-5969
- Latin America and Caribbean Agricultural and Rural Development Technical Services Project No. 598-0654
- RTAC II, No. 598-0791
- USAID/FVA Cooperative Agreement with ACD (APTLINK), No. OTR-0192-A-00-9052
- National Forest (USDA-FARSSA BST), No. R-AG-2188
- Title XII Bean/Cowpea Collaborative Research Support Program (CRSP) No. DAN-1310-G-SS-6008-00

SECTION IV-1

**DOLLAR PROGRAM RESOURCES
PROGRAM SUMMARY TABLE**

TABLE 4
USAID/DOMINICAN REPUBLIC
SUMMARY PROGRAM FUNDING TABLE
US\$000

FUNDING CATEGORY	FY 94 ESTIMATED	FY 95 REQUESTED	FY 96 REQUESTED	
			100% FY 95	75% FY 95
DEVELOPMENT ASSISTANCE				
Mission Strategic Objective #1				
0000 Program Development & Support	402	433	420	175
0247 PVO Co-Financing	200	300	300	200
0262 Economic Policy & Practice	800	900	950	800
0267 Trade Practices & Productivity	500	600	900	600
0268 Development Training II	540	950	950	775
0270 Electrical Energy Sector Restructuring	598	0	0	0
0251 Private Primary Education	600	737	0	0
Subtotal SO.#1	3,640	3,920	3,520	2,550
Mission Strategic Objective #2				
0000 Program Development & Support	50	100	100	75
0247 PVO Co-Financing	700	1,000	1,300	1,000
0259 Family Planning & Health	4,000	4,000	4,200	3,200
0268 Development Training II	590	950	950	650
Subtotal SO. #2	5,340	6,050	6,550	4,925
Mission Strategic Objective #3				
0000 Program Development & Support	0	100	100	100
0247 PVO Co-Financing	300	300	350	250
0265 Democratic Initiatives	900	900	900	750
0268 Development Training II	540	430	380	200
0272 Administration of Justice	0	800	700	600
Subtotal SO.#3	1,740	2,530	2,430	1,900
Subtotal DA	10,720	12,500	12,500	9,375
ECONOMIC SUPPORT FUND	0	0	0	0
Subtotal ESF	0	0	0	0
P.L. 480 Title II	4,384	4,384	4,384	4,384
Subtotal PL480 TITLE II	4,384	4,384	4,384	4,384
PROGRAM TOTAL	15,104	16,884	16,884	13,759

SECTION IV -2

**PROGRAM MANAGEMENT REQUIREMENTS
WORKFORCE AND OE**

PROGRAM MANAGEMENT REQUIREMENTS

1. Operating Expense Budget

The annual operating expense budget for FY 1994 is \$2.45 million. This figure does not include expenditures for NXP. For FY 1995 and FY 1996, OE requirements are projected at a straight-lined level of \$2.4 million.

The Mission will have to be creative and resourceful to live within this allocation. The OE budget for FY 1995 must support a major effort to improve internal Mission management on a wide array of issues, including commodity procurement and oversight and P.L. 480 local currency. We will need to provide sufficient resources to train the staff, develop clear and effective procedures to assure all requirements are met and new procedures are followed. The FSN staff needs a wide array of training as they have assumed greater responsibilities as the USDH staff level has been reduced and the Mission implements its major new projects begun in the last year. To this end, a review of funding allocations will assure that activities properly funded by project funds are so funded. Some savings will be realized in FY 1994, and larger annual savings will be realized in subsequent years. Improved operating efficiency will produce significant cost reduction during the first two years of the planning period. Installation of energy efficient air conditioning equipment to replace wasteful wall units in the Main Office Building and an active household energy conservation program will reduce high electricity bills. Increased reliance on e-mail using a planned link to USAID/W through a no cost State direct link will allow for reduced telephone bills for voice, fax, and e-mail communications.

2. JAO Support

During the past two years, the Mission has assumed a greater burden in funding support costs from the OE budget to improve service delivered instead of relying on JAO services. The Embassy too is faced with the challenge of providing good service but with reduced resources. Innovative ways to provide for high quality support services in an effective and efficient manner will be explored with the new Ambassador and administrative staff at the Embassy. Improved methods for procurement of repair materials were worked out through cooperative meetings between USAID and Embassy staff this year, resulting in more efficient service delivery at lowered cost in terms of staff time and transportation. We will build on this successful experience.

3. Staffing

While adjustments for changing requirements will be made, no significant changes in staffing levels are expected. As mentioned above, if we are able to move FSN project managers from OE to program funds, then these funds will be used for training and other staff development activities. We are currently looking at a redesign of a project to reduce the management burden of individually hired PSCs. Special attention will be paid by Mission management to find ways to assure proper oversight of our program within OE and FTE constraints.

In FY 1994, the Mission will reduce the number of USDH positions by three. These include the positions of Deputy Controller, the Economist position in the Policy and Democratic Initiatives Office, and a Program Officer position in the Program Development Office. Additionally, a USPSC position (Administrative Assistant) in the Executive Office was eliminated this fiscal year to reduce costs. The FTE level for FY 1995 exceeds the bureau target of 11 because an IDI will graduate to full status. Also, one project-funded USPSC position in the Trade Practices and Productivity Improvement project (TPPI) has been designated for staffing by a US Direct Hire. Estimated arrival date for that individual is 9/94. The staffing chart (Table 5) therefore reflects the additional FTE to include this position. A Regional Contracting Officer is included in the USDH levels for each FY. The Mission believes it is critically important to provide training for the new corps of interns, however, some leeway must be given so that the cost to the Mission for having an IDI is less. The Mission will, over the year, review staffing to determine how to meet the FTE target in FY 1996.

TABLE 5
USAID/DR
OE Funding Requirements
(\$000)

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 94	FY 95	FY 96
U100 U.S. Direct Hire	201,815	147,981	153,069
U200 F.N. Direct Hire	296,582	262,386	267,386
U300 Contract Personnel	760,482	673,000	679,000
U400 Housing	563,164	463,545	468,545
U500 Office Operations	560,957	574,000	578,000
U600 NXP Procurement	0	249,088	254,000
Sub-Total-Core Costs	2,383,000	2,370,000	2,400,000
Downsizing Cost: U100	67,000	0	0
U200	0	6,000	0
U300		24,000	0
Sub-Total Downsizing Costs			
Total OE/TF Costs	2,450,000	2,400,000	2,400,000

Mission Staffing Requirements									
	FY 94			FY 95			FY 96		
	USDH	USPSC	FSN Other*	USDH	USPSC	FSN Other*	USDH	USPSC	FSN Other*
Total FTEs or Workyear	12.4	3.25	68	12.7	5	68	12	5	68
of which Program funded	0	2.5	0	1	5	8	1	5	8

* Other = PASAS and TCNs

SECTION V
MISSION AND AID/W INITIATED ISSUES

MISSION ISSUE: FY 1995 P.L. 480 TITLE II LEVEL

Background:

FY 1994 is the first year of a new MYOP developed with CARE in which Title II resources are directed towards family planning, child survival, and democratic initiatives. (See page 30). The CARE MYOP was fully endorsed by the Mission and approved by FFP.

Recently, USAID/DR was informed that the FY 1995 Title II tonnage level for the Dominican Republic could be cut by 50% from the level planned in the MYOP. Such a large cut would have a disastrous effect on the USAID/DR Title II program, forcing the Mission to terminate important elements of the new CARE program. USAID/DR in April 1994 provided detailed background on this issue, and requested reconsideration of the FY 1995 Title II level (Santo Domingo 3117).

Issue:

Will sufficient Title II resources be provided for the Dominican Republic in FY 1995 to carry out CARE's approved MYOP?

SECTION VI

TECHNICAL ANNEXES

CHANGES IN STRATEGIC OBJECTIVES AND PROGRAM OUTCOMES

<u>LAST YEAR'S ACTION PLAN</u>	<u>CURRENT ACTION PLAN</u>
<ol style="list-style-type: none"> 1. <u>Increased and Diversified External Trade</u> <ul style="list-style-type: none"> ▶ Economic Policy and Regulatory Reforms ▶ Increased Export Production ▶ Increased Availability and Reliability of Energy 2. <u>Increased Participation of Lower-Income Groups</u> <ul style="list-style-type: none"> ▶ Improved Quality of Primary Educational Services ▶ Improved Access to Selected Health Services ▶ Increased Income for Lower-Income Groups 	<ol style="list-style-type: none"> 1. <u>Sustained Economic Growth with Equity</u> <ul style="list-style-type: none"> ▶ Economic Policy and Regulatory Reforms ▶ Increased Export Productivity and Trade ▶ Increased Availability and Reliability of Energy ▶ Improved Quality of Primary Education ▶ Increased Income for Lower-Income Groups 2. <u>Stabilized Population Growth and Improved Health Status</u> <ul style="list-style-type: none"> ▶ Improved Access to Selected Health Services ▶ Improved Access to Family Planning Services ▶ Reduced Incidence of AIDS
<ol style="list-style-type: none"> 3. <u>Increased Availability of Water</u> <ul style="list-style-type: none"> ▶ Improved Capacity of PVOs/NGOs ▶ Improved Quantity and Quality of Water ▶ Improved Policy and Enforcement Climate 	<ol style="list-style-type: none"> 3. <u>Increased Participation in Democratic Process</u> <ul style="list-style-type: none"> ▶ Increased Awareness of Benefits of Democracy ▶ Increased Participation in Electoral Process ▶ Increased Equity/Fairness in Administration of Justice
<ol style="list-style-type: none"> 4. <u>Participatory Democratic Reform</u> <ul style="list-style-type: none"> ▶ Democratic Education ▶ Electoral Reform ▶ Other Policy and Regulatory Reforms ▶ Enhanced Participation of NGOs and other Groups 	

PEOPLETABLE.S0

CHANGES IN INDICATORS

CURRENT ACTION PLAN	LAST YEAR'S ACTION PLAN	COMMENTS
S.O.1 ECONOMIC GROWTH WITH EQUITY		
S.O.1 Economic Growth with Equity <ul style="list-style-type: none"> - National Exports - Proportion of Non-traditional exports - Poverty level - GINI Coefficient --- 	<ul style="list-style-type: none"> - National Exports - Proportion of Non-traditional exports - Households below the poverty level --- - Imports from the United States 	<ul style="list-style-type: none"> Unchanged Unchanged Modified this year. New this year. Deleted this year.
P.O.1.1 Economic Policy and Regulatory Reforms <ul style="list-style-type: none"> - Market Interest Rate Policy - Market Exchange Rate Policy - Fiscal Discipline - Tax Revenue from Tariffs --- --- --- 	<ul style="list-style-type: none"> - Market Interest Rate Policy - Market Exchange Rate Policy - Fiscal Discipline - Tax Revenue from Tariffs - Debt Restructuring Agreement - EAI Debt Reduction - IMF Eligibility 	<ul style="list-style-type: none"> Unchanged Unchanged Unchanged Unchanged Deleted this year. Deleted this year. Deleted this year.
P.O.1.2 Increased Export Productivity and Trade <ul style="list-style-type: none"> - Total Private Investment - Foreign Investment - Output/Unit of Labor - Number of Foreign Firms Investing 	<ul style="list-style-type: none"> - Total Private Investment - Foreign Investment - Output/Unit of Labor - Number of Foreign Firms Investing 	<ul style="list-style-type: none"> Unchanged Unchanged Unchanged Unchanged
P.O.1.3 Increased Availability and Reliability of Energy <ul style="list-style-type: none"> - Private Electric Power Generated to Grid - Status of Electric Power Law - CDE Divided Into Generation, Transmission and Distribution Enterprises --- 	<ul style="list-style-type: none"> - Private Electric Power Generated to Grid - Status of Electric Power Law --- - GODR Energy Strategy Completed 	<ul style="list-style-type: none"> Unchanged Unchanged New this year. Deleted this year.
P.O.1.4 Improved Quality of Primary Education <ul style="list-style-type: none"> - Grade Level Attained by 10-year-olds - Standardized Test Scores at the End of 4th Grade --- 	<ul style="list-style-type: none"> - Grade Level Attained by 10-year-olds - Standardized test scores at end of 8th grade - Schools using EDUCA developed curricula 	<ul style="list-style-type: none"> Unchanged Modified this year. Deleted this year.
P.O.1.5 Increased Income for Lower-Income Groups <ul style="list-style-type: none"> - New Employment in Micro Business Sector 	<ul style="list-style-type: none"> - New Employment in Micro & Small Business Sector 	<ul style="list-style-type: none"> Modified this year.

CURRENT ACTION PLAN	LAST YEAR'S ACTION PLAN	COMMENTS
S.O.2 IMPROVED ACCESS TO SELECTED HEALTH SERVICES		
S.O.2 Stabilized Population growth and Improved Health Status - Infant Mortality Rate - Total Fertility Rate	- Infant Mortality Rate - Total Fertility Rate	Unchanged Unchanged
P.O.2.1 Improved Access to Selected Health Services - Exclusive Breast-Feeding Rates - Access to Oral Rehydration Therapy (ORT)	- Exclusive Breast-Feeding Rates ---	Unchanged New this year.
P.O.2.2 Improved Access to Family Planning Services - Contraceptive Prevalence	- Contraceptive Prevalence	Unchanged
P.O.2.3 Reduced Incidence of AIDS - Knowledge of AIDS Related Behavior - Incidence of HIV	- Knowledge of AIDS Related Behavior - Incidence of HIV	Unchanged Unchanged
S.O.3 INCREASED PARTICIPATION IN DEMOCRATIC PROCESS		
S.O.3 Increased Participation in the Democratic Process - Significant Issues Brought to Formal Negotiation - Citizen Participation in Political Process - Negotiated Agreements Implemented	- Significant Issues Brought to Formal Negotiation - Citizen Participation in Political Process - Significant Reforms Negotiated or Implemented	Unchanged Unchanged New this year. Deleted
P.O.3.1 Increased Awareness of Benefits of Democracy - Public Opinion on Importance of Political Consensus - Awareness of Advantages of Participatory Democracy - Perception that Democratic System is Benefiting Citizens	- Public Opinion on Importance of Political Consensus - Awareness of Advantages of Participatory Democracy - Perception that Democratic System is Benefiting Citizens	Unchanged Unchanged Unchanged
P.O.3.2 Increased Participation in Electoral Process - Election Results Published on Time - Eligible Voters Registered - Registered Voters who Voted - Confidence in Fairness of Electoral Process	- Election Results Published on Time - Eligible Voters Registered - Registered Voters who Voted - Confidence in Fairness of Electoral Process	Unchanged Unchanged Unchanged Unchanged
P.O.3.3 Increased Equity/Fairness in Administration of Justice - Public Confidence in the Judicial System - Administration of Justice Reforms Introduced - AOJ Reforms Approved and Implemented	--- --- --- - Civil Service Reform Legislation - Employees incorporated into Career Civil Service	New New New Deleted this year. Deleted this year.

República Dominicana			
Distribución del Ingreso 1986,1989 y 1992			
Decil*	% DEL INGRESO TOTAL		
	1986	1989	1992
1	1.09	0.8	1.56
2	2.70	1.9	2.87
3	3.59	2.5	3.48
4	4.86	3.6	4.54
5	6.21	4.5	5.55
6	7.64	5.9	6.92
7	9.53	8.9	8.47
8	11.77	11.2	10.11
9	16.62	16.4	14.55
10	35.99	44.3	41.95
Coefficiente de Gini	0.4679	0.5544	0.4916

* Decil de población o miembro de hogar

Fuente: Encuesta de Ingreso-Consumo, Universidad de Tufts, 1986
 Encuesta de Gasto Social, PNUD, 1989
 Encuesta de Ingresos y Gastos, FEyD, 1992

América Latina
Relación entre el Ingreso Absorbido por el 20% más Rico
y el 20% más Pobre

	(1) 20% más rico	(2) 20% más pobre	(1)/(2)
Brasil (89)	67.5	2.1	32.1
Guatemala	63.0	2.1	30.0
Panamá (89)	59.8	2.0	29.9
Chile (89)	62.9	3.7	17.0
México (84)	55.9	4.1	13.6
Colombia (88)	53.0	4.0	13.3
Rep. Dom. (89)*	55.6	4.2	13.2
Perú (85)/(86)	51.4	4.9	10.5
Venezuela (89)	49.5	4.8	10.3
Costa Rica (88)	48.5	4.8	10.1
Jamaica (90)	48.4	6.0	8.1

* Este valor estimado por el Banco Mundial es muy diferente al de 22.82 que para ese año estimado el PNUD a través de la Encuesta de Ingresos y Gastos

Fuente: World Development Report, 1993, World Bank.

Costa Rica: The Effects of Structural Adjustment Measures on the Poor, 1982-1990, AID.