

PD-ABL 980

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USAID/DOMINICAN REPUBLIC

SEMI-ANNUAL REPORTS

OCTOBER 31, 1994 - MARCH 31, 1995

USAID/DOMINICAN REPUBLIC

SEMI-ANNUAL REPORT FOR THE PERIOD, SEPTEMBER 30, 1994 - MARCH 31, 1995

MISSION DIRECTOR'S SUMMARY

In an atmosphere of active political positioning for the May 1996 elections, we directed our resources this first half of FY 95 toward accomplishing pivotal results and simultaneously reinventing our operations. In our program we achieved gains in the budget for public education, advances in GODR donor coordination efforts, expanded coverage in democratic initiatives and leveraging of World Bank resources for natural resource conservation. At the same time we made improvements to service delivery, refined our Strategic Objective framework, conducted a team training workshop and began operations as a reengineered Mission organized around Strategic Objective Teams..

Pre-Election Environment: The August 1994 Democracy Pact was the formal compromise which effectively amended the Dominican Constitution to limit the current term of President Joaquin Balaguer to two years, prohibit his candidacy for president in the next elections and established May 15, 1996, for the next presidential elections. Implementation of this Amendment has been debated vociferously from many quarters. Of late there have been numerous pronouncements from all the major political parties, including some of the highest level government leaders that the Pact needs to be respected and that elections need to be held in May 1996. There is a request pending for the Supreme Court to review the constitutionality of the Pact. All this plus election campaign positioning, serves as a major distraction for important development reforms such as the Foreign Investment bill, Monetary Reform legislation and the Energy Sector Reform law which stagnate. In this environment, USAID/DR works primarily with NGOs to stimulate critical change to strengthen the basis for a responsible civil society.

Country Experimental Lab (CEL): Our work as a CEL continues apace. The promise of a more effective and agile way of doing business inspires us to push forward to break new ground for ourselves, while concurrently furthering our program objectives as well. We have refined our S.O. framework, streamlined service delivery, reported on our CEL operation and have just now restructured ourselves into S.O. Teams.

During an intensive strategic framework review, USAID/DR refined our Strategic Objectives, redefining them to come more within our manageable interest and fostering broad participation and ownership of them. The resulting statements of objectives represent a genuine collective effort and enjoy significant support. In addition, the exercise served to reduce the level of ambitiousness of stated objectives

at both the S.O. and Program Outcome levels to correspond more closely to realistic aspirations given the Mission's resources and likely portfolio.

Because roughly 90 percent of the Mission's portfolio is implemented through NGOs, the subgrant award process, averaging some 18 months, was targeted for attention to improve the timeliness of our development impact. The subgrant process under three projects (PVO Co-financing, Democratic Initiatives, and Economic Policy and Practices) were carefully mapped. A survey was conducted of our partners and customers to determine essential, value-added steps. Then a workshop was held to discuss options for streamlining the process and 'Guidelines for the NGO Subgrant Process' were prepared. The three projects mentioned above have nearly completed revisions/amendments which will result in reducing the average time for an NGO subgrant from the concept paper stage to final approval, from 18 months to no more than 6 months (2 months in some cases).

Finally, the most recent phase of our reorientation to manage for results has been a fundamental restructuring of the USAID/DR organization into Strategic Objective Teams. We used a team training workshop as our forum. First, we worked through the logic of teams, relating this to our aim to manage for results. We quickly determined in a highly participatory manner that our organizational structure needed to be reformulated in order to more effectively implement our new business operations. Four S.O. Teams were formed, which include part-time staff office members from the Program Development and Controller Offices. The S.O. Teams are now establishing their working agreements and forming results packages. Physically relocating work areas to bring S.O. Team members in closer proximity to one another will be accomplished in the near future.

Of the many lessons we have learned to date on our reengineering journey, one basic condition is that it requires a significant time investment, one that needs to be made over a period of months. Reengineering is not a turnkey operation of one day to the next, but rather a process of learning that requires time. As far as we have come, there are many adjustments yet to be made and processes to be sorted through before USAID/DR will settle into this new way of doing business and become a learning organization.

Activity Highlights: As is reflected in this narrative, USAID/DR is well into what will be a prolonged transition from managing by projects to managing by Strategic Objectives and Result Packages. After having refined our strategic framework and reoriented our structure for the reengineered operations, this period we were able to review our portfolio more fully within the context of our S.O. framework.

Strategic Objective No. 1, Increased Economic Opportunities and Benefits for the Dominican Majority

The development of FondoMicro as a second-tier lender to NGOs for microenterprise financing is well along in the Micro and Small Business Development Project (517-0254). An assessment was conducted with assistance from the Global Bureau's Center for Economic Growth. It indicated, among other things, that the project's activities had been fairly well maximized and that an expanded focus was warranted for the remainder of the project's life. While second tier lending will continue to grow somewhat and further emphasis made on increased technical assistance to weaker NGO lenders, an expanded scope for small business lending will be explored by FondoMicro.

In addition to improving the quality of primary education through unprecedented teacher and school administrator training, among other endeavors, the successful strengthening of EDUCA under the Private Initiatives in Primary Education Project (517-0251) was evident as EDUCA successfully persuaded the GODR to invest more in the sector by increasing teachers salaries to more acceptable levels.

Two of USAID/DR's "C" performing projects are in S.O. 1. The first is the University Agribusiness Partnership Project (517-0243) which will be terminated almost one year early in September 1995. The Dominican agricultural university has been plagued with a weak financial situation, flagging endowment fund raising success and delays in conducting audits. The other "C" project is the Trade Practices and Productivity Improvement Project (517-0267). While work in labor/management relations is proceeding under a grant to AIFLD, a refocussing of the project to expand its emphasis on productivity is underway with support from the Global Bureau.

Strategic Objective No. 2, Increased Use of Effective Primary Health Care Services by Underserved Populations

Under the Family Planning and Health Project (517-0259) a donor health group has been formed. Still a fledgling effort, one objective is to establish within the Ministry of Health an entity to coordinate donor assistance and maintain a data bank of international assistance, and thus avoid duplication and maximize resources. A situational analysis was also completed which will be used to review quality of care issues among the various NGOs supported by the project to improve their operations in areas such as training and supervision. Geographical mapping of service coverage was completed as well which will be used to enhance the efficiency of family planning coverage.

In AIDS prevention, a local training institution was contracted to hold 10 accredited courses throughout the country on STD management for 220 doctors. Twenty subsequent courses for approximately 500 other medical workers will begin in July. STDs are a major cause of AIDS transmission. USAID/DR also helped sponsor the first Annual Congress of Sex Workers which was held at a major Santo Domingo Hotel. Approximately 350 attended where, among other topics, discussions were held

- on how these women can successfully seek employment alternatives. It was the first time that several organizations which support the advancement of women gave support to such a meeting here in Santo Domingo. Finally, advance negotiations have been conducted with a private sector business which is to market condoms nationally targeting AIDS prevention.

Global Bureau support in the family planning and AIDS prevention activities has been very effective and of high quality. Indeed, approximately \$xxx,000 of assistance over what was originally budgeted for the year will be provided.

Strategic Objective No. 3, Increased Participation in Democratization

Eight new subgrants were awarded under the Democratic Initiatives Project (517-0265). The impact of the current 20 subgrants is...

Strategic Objective No. 4, Increased Availability and Use of Environmentally-Sound Energy Sources

This is a new strategic objective in USAID/DR's S.O. framework. Its activities are under the natural resource/conservation and alternative energy areas of the PVO Co-Financing Project (517-0247) and those of the Electrical Energy Sector Restructuring Project (517-0270).

Six of the current nineteen NGO grants under the PVO Co-Financing Project come under this S.O. One of particular interest is the \$1.0 M grant to PADF/FIRENA. This subproject had been encountering serious sustainability problems. Disbursements were suspended while corrective actions were taken. Now things have turned around substantially, and implementation is back on track. In addition, things have gone so well that the local NGO, ADESJO, will be receiving a \$2.5 M grant from the World Bank to undertake similar commercial forestry/irrigation activities in the Nizao watershed.

The Electrical Energy Sector Restructuring Project (517-0270) has been listed as a "C" project. While there have been important advances made under the project to facilitate the restructuring and privatization of the Dominican Electricity Corporation, the fundamental Energy Law has been delayed in the Dominican Congress. Given the back drop of the political situation, it is unlikely that this law will be enacted soon. On the other hand, USAID/DR has agreed with the World Bank that an environmental framework for this sector could be instrumental in assuring its proper and sustainable development and the Mission is considering what role it could play in helping to establish it. In addition, USAID/DR is intently analyzing redirecting significant project funds to support alternative energy activities, particularly in rural areas that are unlikely to be served by the national electric grid in the foreseeable future.

Pipeline Issues: As requested in the recent Action Plan Review cable guidance, USAID/DR conducted a detailed pipeline review for all its projects. The results of this through review revealed that of the four projects with apparently inordinately large pipelines (PVO Co-Financing - 517-0247; Democratic Initiatives - 517-0265; Trade Practices and Productivity Improvement - 517-0267; and, Electrical Energy Sector Restructuring - 517- 0270), three are a result of the current political situation in the Dominican Republic.

The Electrical Energy Sector Restructuring Project has been unable to progress due to a political stalemate the substance of the Energy Sector Law. As indicated previously, the original leveraging of World Bank resources have been renegotiated and now a refocussing of the project is taking place that may redirect a large portion of its resources to the alternative energy area. Once this refocussing has been put in place there will still be a substantial pipeline to expend, but the redesign will try to ameliorate this problem as much as possible within the context of prudent financial management.

The pipeline for the Democratic Initiatives Project was a direct result of AID/W concerns very late in FY 94 regarding obligating funds into the Economic Policy and Practice Project. USAID/DR was forced to redirect these funds into the Democratic initiatives Project which resulted its still large pipeline. To help alleviate this situation, rational adjustments are being made to the Democratic Initiatives Project to expand the number of subgrants planned over the near term. These subgrants will complement our efforts to strengthen the civil society to encourage strong democratic participation in the May 1996 election.

Finally, the PVO Co-Financing Project pipeline is due primarily to the nature of this local NGO umbrella project. The project has been designed to fund up to 35, mostly 3-year, subgrants of local NGOs. The timing uncertainties of the annual budget cycle and the management burden of incremental funding the subgrants point to the need to fully fund most of these subgrants. This requirement, plus a two-year delay in initial project implementation has resulted in the pipeline. Over the past year the number of subgrants awarded has increased substantially. Furthermore, in about a year, nearly all the project's subgrants will have been awarded. For these reasons, the expenditure rate will be increasing and consequently working away at the pipeline.

B. MISSION ISSUES:

- 1. Obligation by S.O. Agreement:** USAID/DR's program is of medium size, with historically only one or two new projects begun each year. It is a program that is highly oriented toward NGOs and given the political climate, with limited ability to deal directly with the GODR. The recent CEL Delegation of Authority and the draft Directives on Planning, Achieving and Judging require S.O. Agreements to

be signed only with a host government. We firmly believe that there are other viable, indeed innovative ways to work with other than host government S.O. Agreement partners. We believe that these alternative S.O. Agreement arrangements should be fully considered with participation of field Missions.

2. **USAID/DR Management of the World Food Program:** Recently Missions were tasked by AID/W with management of World Food Programs operating in the field. The burden of management oversight and reporting on this non-USAID program is onerous, particularly given that our current human resources are stretched to the limit. We understand the importance of oversight of these kinds of programs and would be able to provide this kind of management should AID/W provide resources to fund it. Without additional resources, our management of the World Food Program activities in the Dominican Republic would require us to reduce our activities in program areas we judge to be critical to the achievement of our Strategic Objectives.
3. **Matching Grant Coordination:** We firmly support the Agency's relatively recent approach to full country budgeting. Although this methodology experienced significant missteps and communication problems between the Global Bureau, LAC and the missions at its outset, the idea is sound. Recently we were notified by AID/W that just as last year a matching grant was approved for an Acción International activity in the Dominican Republic against our advice. We subsequently learned that Acción had partially justified its proposal based upon its close working relationship with a very successful Dominican microenterprise lender. This local lender has informed us that they have had virtually no working relationship with Acción. We believe that in the spirit of full country budgeting and field empowerment through reengineering that AID/W coordination with the field can be significantly improved.

Marilyn A. Zak
Director

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DOMINICAN REPUBLIC
March 31, 1995

1 PROJECT NO. AND NAME	2 DATE OF INITIAL OBLIGATION	3 PROJECT DESIGNATION (A,B,C)	4 STATUS OF CPs (Cite only if there are any yet unmet CP older than 18 months)	5 SIZE OF PIPELINE (Cite if pipeline exceeds 2 years estimated annual obligation.)	6 AGE OF PIPELINE (Cite if any obligation remains more than 50% unexpended 4 years after initial obligation)	7 ACCRUED EXPENDITURES (Cite if accrued expenditures are less than 60% of planned)	8 UNCOMMITTED BALANCE (Cite if balance exceeds 50% of obligation 18 months after the obligation)	9 EOPS A (Cite if Mission believes there is little chance of achieving EOPS before current PACD)	10 EOPS B (Cite if EOPS are being achieved at higher level or faster rate than expected)	11 AUDIT A (Cite if project has not been done in last 18 months)	12 AUDIT B (Cite if there are unresolved IG recommendations older than six months)	13 EVALUATION A (Cite if project has not been evaluated in last three years)	14 EVALUATION B (Cite if activity has PES recommendations opened 6 or more months past PES target date for closure)
SUSTAINED ENVIRONMENTALLY SOUND ECONOMIC GROWTH WITH EQUITY													
0243 Univ. Agric. Partnership	29 Jun 89	C	NA	XX	NA	X	NA	NA	NA	NA	NA	NA	NA
0251 RIPE	29 Aug 90	A	NA	X	NA	NA	NA	NA	NA	NA	NA	NA	NA
0264 Economic Education	30 Jul 91	A	NA	NA	NA	NA	NA	NA	NA	NA	NA	XX	NA
0267 Trade Pract. and Productivity	30 Aug 93	C	NA	NA	NA	X	NA	NA	NA	NA	NA	NA	NA
0270 Electrical Energy Sector Rest	15 Sep 93	C	X	X	NA	X	NA	X	NA	NA	NA	NA	NA

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FINANCIAL SUMMARY OF USAID/DOMINICAN REPUBLIC PORTFOLIO

TABLE I

PROJ. NUM.	PROJ/PROGRAM TITLE	INIT. OBLIG CAT	LAST REV DATE	% LOP ELAP	% OBL EXP	AUTH LOP	October 1994 - March 31, 1995			BEGINN FY PIPELINE	PLANNED SEM EXP.	ACCRUED SEM EXP.	FY ACC AS % OF PLANNED	CUMMULAT. ACC. EXPEND.	ENDING PIPELINE	PLANNED NEXT SEM.	
							CURRENT FY OBLIG	CUMMULAT. OBLIG	MORTGAGE								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
CATEGORY I ACTIVE PROJECTS																	
S.O. 1 INCREASED ACCESS TO ECONOMIC OPPORTUNITIES AND BENEFITS FOR THE MAJORITY OF DOMINICANS																	
0216	Development Training	B	05-Aug-86	24-Aug-95	96%	95%	15,000,000	0	15,000,000	0	768,330	60,500	32,968				
0243	Univ. Agric. Part ***	C	29-Jun-89	30-Jun-96	82%	90%	12,000,000	0	8,480,783	3,519,217	1,098,218	685,355	245,254	54%	14,264,638	735,362	15,000
0251	Priv. Init. in Prim. Educ. ****	A	29-Aug-90	30-Jul-97	66%	56%	5,882,000	737,000	5,881,026	974	2,287,110	472,000	436,965	36%	7,627,819	852,964	279,558
0254	Micro & Small Business Dvlp	B	18-Jul-90	30-Jun-97	68%	87%	7,250,000	0	7,250,000	0	1,751,322	349,355	805,682	93%	3,293,881	2,587,145	494,000
0262	Ec. Policy & Practice	B	22-Jun-92	31-May-97	56%	40%	6,170,000	0	3,097,684	3,072,316	2,103,743	426,500	246,712	231%	6,304,360	945,640	132,800
0264	Economic Education	A	30-Jul-91	30-Jul-95	92%	89%	500,000	0	500,000	0	98,469	60,000	43,034	58%	1,240,653	1,857,031	418,000
0267	Trade Pract. & Prod. Improv	C	30-Aug-93	30-Sep-00	22%	10%	7,000,000	0	1,800,000	5,200,000	1,668,893	400,000	44,321	72%	444,565	55,435	34,410
	SUB-TOTAL				79%	53,802,000	737,000	42,009,493	11,792,507	9,776,085	2,453,710	1,854,936	11%	33,351,344	8,658,149	1,753,766	
S.O. 2 INCREASED USE OF EFFECTIVE KEY PRIMARY HEALTH CARE SERVICES BY UNDESERVED POPULATION																	
0259	Family Planning & Health	B	11-Jun-93	30-Sep-00	24%	32%	26,595,000	2,366,000	11,223,000	15,372,000	7,066,214	2,240,075	1,819,118	81%	3,609,904	7,613,096	2,328,500
0247	PVO Co-Financing ***	B	22-Sep-89	30-Aug-99	56%	41%	15,800,000	900,000	11,600,000	4,200,000	7,096,080	1,535,000	1,138,894	74%	4,742,814	6,857,186	1,875,000
	SUB-TOTAL				37%	42,395,000	3,266,000	22,823,000	19,572,000	14,162,294	3,775,075	2,958,012	78%	8,352,718	14,470,282	4,203,500	
S.O. 3 INCREASED PARTICIPATION IN DEMOCRATIZATION																	
0265	Democratic Initiatives	B	12-Mar-92	11-Mar-02	30%	24%	9,844,000	0	4,554,752	5,289,248	3,760,428	801,200	278,946	35%	1,073,270	3,481,482	751,200
0269	Electoral Reform	B	25-Jun-93	31-Mar-95	100%	48%	1,697,000	0	1,697,000	0	899,313	1,163,340	25,341	2%	823,028	873,972	0
	SUB-TOTAL				30%	11,541,000	0	6,251,752	5,289,248	4,659,741	1,964,540	304,287	15%	1,896,298	4,355,454	751,200	
S.O. 4 INCREASED USE OF ENVIRONMENTALLY-SOUND ENERGY SOURCES																	
0273	Elect. Energy Sector Rest.	C	15-Sep-93	31-Mar-96	61%	11%	4,000,000	0	4,000,000	0	3,562,380	520,000	1,522	0%	439,142	3,560,858	1,380,500
	SUB-TOTAL				11%	4,000,000	0	4,000,000	0	3,562,380	520,000	1,522	0%	439,142	3,560,858	1,380,500	
	TOTAL					111,738,000	4,003,000	75,084,245	36,653,755	32,160,500	8,713,325	5,118,757	59%	44,039,502	31,044,743	8,088,966	
CATEGORY II TERMINATED PROJECTS																	
0190	Export & Inv. Prom.	N/A	28-Aug-85	15-Mar-92	100%	100%	10,600,000	0	8,010,809	0	14,509	*	0	**	7,996,300	14,509	*
0214	Comm. Farm. Systems	N/A	10-Jul-87	31-Jul-92	100%	94%	7,170,000	0	6,337,044	0	361,018	*	0	**	5,976,026	361,018	*
0229	Family Planning Services	N/A	19-Sep-86	30-Sep-93	100%	98%	6,950,000	0	6,767,390	0	148,691	*	0	**	6,618,699	148,691	*
0239	Child Survival	N/A	29-Sep-87	30-Jun-93	100%	100%	5,652,000	0	5,558,722	0	25,285	*	0	**	5,533,437	25,285	*
0252	Industrial Linkages	N/A	25-Sep-89	27-Feb-93	100%	99%	5,000,000	0	2,400,007	0	12,297	*	0	**	2,387,710	12,297	*
0640	PTIC	N/A	28-Apr-87	30-Sep-94	100%	100%	3,373,798	0	2,949,489	0	6,379	*	0	**	2,943,110	6,379	*
	SUB-TOTAL TERMINATED PROJECTS					38,745,798	0	32,023,461	0	568,179	*	0	**	31,455,282	568,179	*	
	TOTAL DEOBLIGATIONS					150,483,798	4,003,000	107,107,706	36,653,755	32,728,679	8,713,325	5,118,757	59%	75,494,784	31,612,922	8,088,966	
SOURCE:	MACS	PSR	MACS PO6B	MACS PO6B	(4/FY)	(16/10)	MACS P. 12B	MACS P12	MACS PO6B	(8-10)	MACS PO6B	MACS P10B	MACS PO6B	(14/13)	MACS PO6B	(10-16)	MACS P10B

* Not Applicable
 ** Percentages can not be estimated, or are negative.
 *** Although projects Nos. 517-0243 and 517-0247 are not listed under S.O. 3, they also support this S.O.
 **** Authorized LOP for Project 517-0251 was adjusted in April to reflect an increase of \$382,000 to \$5,882,000.
 ***** This project was technically terminated during the first semester of FY92.

Project No. 517-0247 also supports SOs 1 and 2

TABLE 2

PIPELINE ANALYSIS
USAID/DOMINICAN REPUBLIC
March 31, 1986
(000)

PROJECT NO (1)	PROJECT TITLE (2)	CUMULATIVE OBLIGATIONS (3)	FY OBLIGATIONS (4)													PIPELINE (5)											
			1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005				
S.O. 1 SUSTAINED ENVIRONMENTALLY-SOUND ECONOMIC GROWTH WITH EQUITY																											
0216	Development Training	15,031	0	4,500	500	2,160	1,705	2,300	3,748	89	0	0	0	0	735	0	0	0	0	0	646	89	0	0	0	0	
0243	Univ. Agric. Para.	8,481	0	0	0	0	3,600	2,125	781	800	1,175	0	0	0	853	0	0	0	0	0	0	0	0	0	0	0	
0251	PIPE	5,144	0	0	0	0	0	1534	330	1040	1259	981	737	2,587	0	0	0	0	0	0	0	0	0	0	0	0	
0254	Micro & Small Bus.	7,250	0	0	0	0	0	3514	2481	894	361	0	0	946	0	0	0	0	0	0	0	0	0	0	0	0	
0262	Economic Pol and Pfm	3,048	0	0	0	0	0	0	0	850	1,500	748	0	1,857	0	0	0	0	0	0	0	0	0	0	0	0	
0264	Economic Education	500	0	0	0	0	0	0	300	0	200	0	0	55	0	0	0	0	0	0	0	0	0	0	1,109	748	
0267	Trade Pract. and Prod.	1,800	0	0	0	0	0	0	0	0	1,800	0	0	1,625	0	0	0	0	0	0	0	0	0	0	0	1,625	
S.O. 2 STABILIZED POPULATION GROWTH AND IMPROVED HEALTH STATUS																											
0247	PVO Co-financing	10,700	0	0	0	0	3,000	1683	1552	2181	1185	1300	900	6,857	0	0	0	0	0	0	1,472	2,100	1,185	1,300	900	0	
0259	Family Plan. & Health	8,857	0	0	0	0	0	0	0	0	4857	4000	2,366	7,613	0	0	0	0	0	0	0	0	0	0	1,347	4,000	
S.O. 3 INCREASED PARTICIPATION IN THE DEMOCRATIC PROCESS																											
0265	Democratic Initiatives	4,555	0	0	0	0	0	0	0	1880	695	3600	0	3,482	0	0	0	0	0	0	0	0	0	0	0	622	
S.O. 4 INCREASED USE OF ENVIRONMENTALLY-SOUND ENERGY SOURCES																											
0270	Elect. Energy Sect.	4,000	0	0	0	0	0	0	0	0	3402	598	0	3,561	0	0	0	0	0	0	0	0	0	0	0	2,963	
TOTAL		69,385	0	4,500	501	2,160	8,303	11,156	9,172	6,723	16,434	10,387	4,000	30,172	0	0	0	0	0	0	2,119	2,774	10,889	10,387	4,000	0	
PERCENTAGES (%)		100%	0%	6%	1%	3%	12%	16%	13%	10%	24%	15%	6%	43%	0%	0%	0%	0%	0%	0%	3%	4%	16%	15%	6%	0%	