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USAID/DOMINICAN REPUBLIC

RESULTS REPORT and RESOURCE REQUEST

FY 1995 - 1998

February 1996

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VISION STATEMENT

"In a collaborative style, USAID stimulates critical change to ensure equitable access by all Dominicans to basic social services and gainful employment within a free and just society."

VALUES

"How we work together to achieve our Vision":

Go for the Whole Bag of Marbles
- -Creativity
- -Initiative
- -Pro Active

Use your Best Judgement
- -Balance
- -Trust
- -Empowerment
- -Integrity
- -Good Order

Manage for Results
- -Steering vs. Rowing
- -Clear Priorities
- -Flexibility
- -Assume Responsibility

Practice Good Communication
- -Candor
- -Openness
- -Constructive Feedback
- -Healthy Disagreement
- -Teamwork

INTRODUCTION

In last year's Action Plan, USAID/DR highlighted the tremendous uncertainty facing the country as it entered a transition period of considerable proportions. Looking back on the tense days of the summer of 1994, steady progress has been made by Dominicans to implement the political compromises reached through the Pact for Democracy. The Dominican political environment has changed considerably in the last year, and the major political figures of the past thirty five years --Balaguer and Bosch-- will not be running for office. From a passive role in 1994, civil society is now actively engaged in the 1996 electoral process. There has been a growing awareness within Dominican society that elections are not just the responsibility of the government and political parties, but they are the obligation of all institutions of society. For the first time, a non-partisan group of national observers will monitor the elections. This does not mean, however, that the path to have a legitimate, new government installed on August 16 through a clean and credible election process will be an easy one. There are still active forces not to have elections, and there are numerous challenges that face the new non-partisan Junta Central Electoral (JCE).

Civil Society Strengthening

USAID/DR, working closely with the Country Team, has supported a broad array of civil society groups banding together to form the Action Group for Democracy (GAD) to bolster the integrity of the election process. The group aims to promote civic education, develop a national policy agenda, and create a network of national election observers. The GAD has developed close collaboration - with the apolitical JCE, whose members were selected by the civil society when the political parties deadlocked on naming five new judges to the JCE. The JCE's efforts to revamp the municipal juntas and clean up the 1994 election list demonstrate its serious commitment to clean elections. If this close collaboration between the JCE and the GAD continues, the prospects for a relatively clean election will be enhanced.

The May Presidential election is a crucial step, but only one of many needed to modernize the Dominican political and economic systems. Whatever government comes to power in August will face innumerable challenges and high public expectations of what has to be done quickly. Public opinion polls confirm the widespread desire for change, especially given the further deterioration of government services under the current Balaguer administration. Little progress has been made to correct the pattern of poverty and social injustice which flow from a long history of flawed governance and

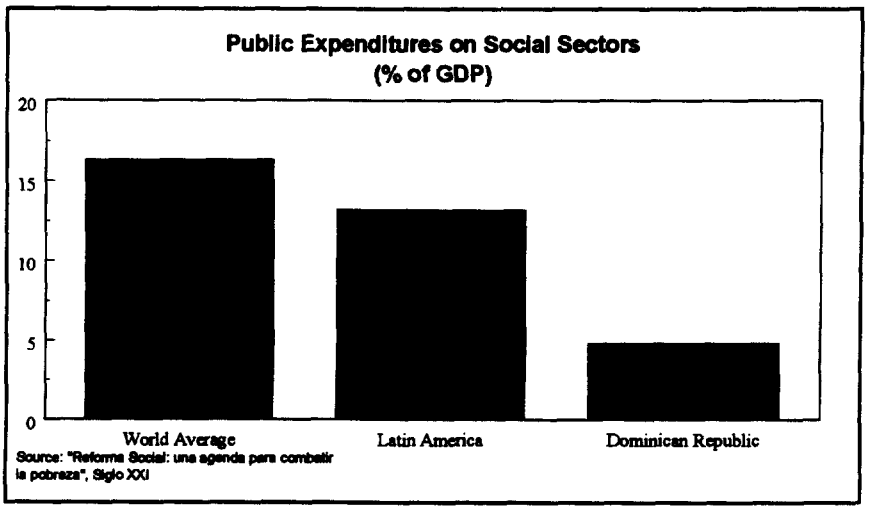
macroeconomic policies. Corruption in all areas of government undercuts the legitimacy of the state. While the presidency has traditionally wielded near dictatorial powers, whoever takes over in August will inherit a Congress which is in gridlock on a variety of urgent reform measures.

Rule of Law

No reform is more urgently needed than that of the judicial system, an indispensable condition for democracy and sustainable development. Judicial reform measures were enacted into the constitution in 1994 as part of the Pact for Democracy, but their implementation has languished because of partisan politics. At its Second Grand National Business Convention, CONEP, the business sector's umbrella organization, cited judicial reform as the foremost structural change facing the nation. USAID's top priority in 1997 will be to support the rule of law reform process, assuming that the new administration and Congress demonstrate the political will required.

Poverty Alleviation

Positive economic growth rates throughout the 1990s, which reached almost 5% in 1995 according to the Central Bank, mask serious structural weaknesses and high levels of poverty. The Dominican economy is split between a dynamic modern sector, comprised of tourism, free trade zones and telecommunications, and a sluggish traditional sector, hobbled by outmoded methods of primary commodity production, protectionist trade policies, rampant corruption, and inefficient state enterprises. Given a political structure and a policy environment not conducive to economic growth, the Dominican Republic's performance is remarkable. Applying the talents and resourcefulness of its people in a more positive environment, the country could achieve exceptional progress.



Per capita Gross National Product (GNP) of approximately $1,420 in 1994 disguises a pronounced inequity in income distribution: the poorest 50% of the population receives less than 20% of total income, while the richest 10% receives about 42%. The Foundation for Economics and Development (FED) estimates that in 1992, 21% of Dominicans lived in poverty, surviving on less than $1.00 per day, while half of those lived in extreme poverty.

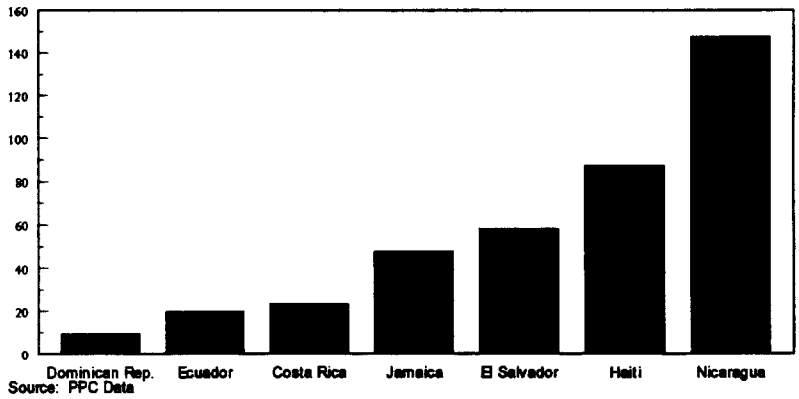
Poverty in the Dominican Republic is caused and exacerbated by poor governance and poorly targeted social spending, flawed economic policies, and social injustice. Dominican public social investment remains much lower than world and Latin American averages. Protectionist policies and state monopolies unfairly raise the price of basic commodities to the poor. It is estimated that the poor spend up to 45% of their income on protected food commodities such as rice whose prices are at least double that of world prices. FED estimates that in 1992 the poorest 10% of Dominicans paid almost $26 million more for basic food commodities because of trade distortions.

The ineffective and corrupt justice system also puts the poor at a major disadvantage. The Dominican Republic has one of the highest "detained without trial" rates (84%) in all of Latin America. Even when the poor organize themselves, such as in labor unions, the system works against them. AIFLD (the American Institute for Free Labor Development) has found a systematic denial of rights by the justice system to formally organized labor unions.

NGO Focus and Participation

The combination of the lowest level of donor resources per capita in the region plus extremely low public sector social investment has left the country ill-equipped to combat poverty. Many donors are following USAID's lead in turning toward NGOs to help fill gaps in public services such as health, family planning, AIDS prevention, microenterprise credit and support, and environmental management. Such an approach has allowed USAID to foster and strengthen community empowerment and capacity to deal with development issues in the absence of a service-oriented government. However, any sustainable poverty alleviation strategy must include the GODR.

Selected Latin America and Caribbean Countries Net Official Development Assistance (ODA) Per Capita (US dollars) (1994)



With prospects improving for a reform-minded government to take office in August, USAID is positioning itself to engage the new administration in a constructive dialogue on public sector budget allocation, the design of effective safety net programs, and the need for urgent policy reform. All three leading presidential candidates are men who the U.S. can work with. All three also emphasize the need for reform, better governance and poverty

reduction. USAID sees this transition period as a tremendous opportunity to draw on its 'vision' statement to "stimulate critical change" and serve as a "catalyst" for long overdue change. As we come to the end of our planning period, USAID will be developing a new strategy for the FY 1998-2002 period which will reflect an assessment of the new government's priorities and areas for joint collaboration. We expect to present this new strategy in the Spring of 1997.

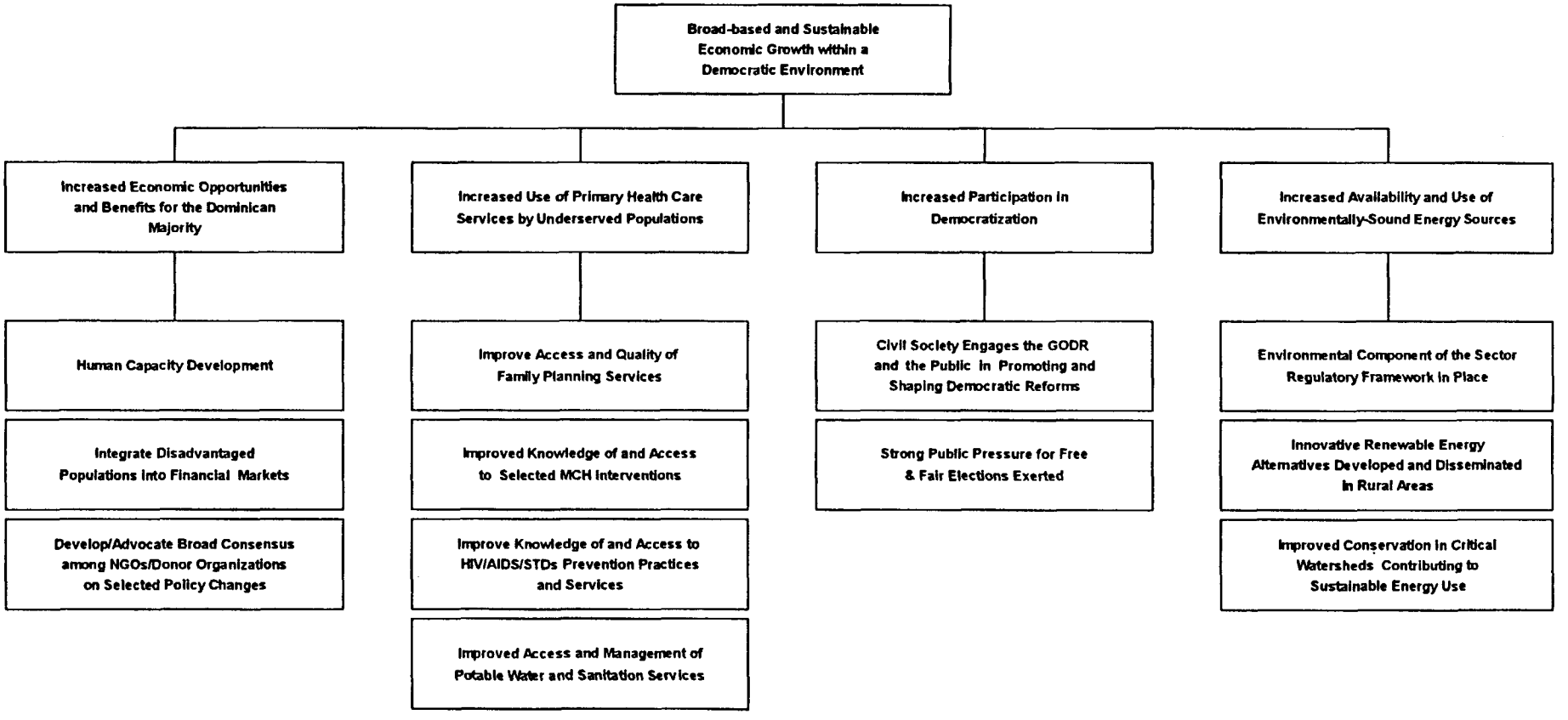
USAID's experience in working with and strengthening the NGO community will prove valuable in fostering efficient linkages between this community and the state institutions, especially in targeting the poor for delivery of social services to maximize the impact of scarce resources. We will help reinforce the message from the Summit of the Americas recent Poverty Conference in Chile that growth alone will not bring about substantial improvement in equity. There have to be targeted efforts in basic education, effective primary health care, small and microenterprise development, and environmentally-sound energy use to ensure growth with equity.

Unfortunately, the opportunity presented by this transition period comes at a time of severe budget reductions and uncertainty. Our ability to respond will be determined to a large degree by how well we perform our "catalytic role". We will need to coordinate ever more closely with other donors and to draw upon our wealth of experience with our NGO partners to influence the direction of the new government. Helping NGOs achieve sustainability and strengthening civil society to deepen the country's democratic processes are key elements of our strategy.

Having been a reengineering lab is a big plus. The emphasis on teamwork and empowerment is paying off. We are more focussed, striving for results which are more within our manageable interest. We are listening more to our customers and changing our priorities based on what they are saying. The need for greater investment in water and sanitation, for example, is one of the messages we have received. We are involving donors in a more coordinated approach through the entire program. The GAD's efforts to promote discussion on a national agenda involves working in 40 municipalities that account for 80% of the population to support broad-based coalitions of the civil society. The social, economic and political agendas these civic coalitions develop will establish a legitimacy which lives on far beyond the electoral period. When asked to develop an exit strategy for USAID in the Dominican Republic, we can only hope that it involves sharing the lessons of our participative program approach with a government intent upon respecting its people's desire for a free and just society.

Despite furloughs, uncertainty and cutbacks, the Mission is motivated and enthusiastic about having the opportunity to work with a new government on an array of issues targeted at reducing poverty and democratic development. We look forward to the challenge.

USAID/Dominican Republic
Strategic Framework



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SECTION I

FACTORS AFFECTING USAID/DR PROGRAM PERFORMANCE

A. OVERVIEW OF PROGRESS

The Mission's reengineering experience has been well-documented in several CEL reports. Employee empowerment (especially of our FSNs) and our decision to form Strategic Objective Teams in lieu of the traditional technical office structure have led to dramatic results. The most remarkable result of all is the high level of productivity and sense of accomplishment within the Mission in spite of: furloughs; frequent reports in the local press of USAID's imminent demise; a continuing, more than six-month delay in receipt of a revised FSN compensation package from Washington; restricted training funds and course offerings to support our reengineering efforts; not to mention the demoralizing impact of budget cuts and staff reductions which we have had to absorb. There is much more that needs to be done to consolidate the gains achieved to date, especially in terms of staff training which is required if our statements about empowerment are to become reality. The incorporation of the New Management Systems and the possibility of moving to Strategic Objective Agreements with a new, reform-minded government will fill two significant gaps in completing our transition to a reengineered mission.

Highlights of the progress achieved over the last year include:

Civil Society Strengthening

-- encouraging Dominican civil society, through our steady and low-profile approach, to mobilize vigorous, broad-based, non-partisan support for free and fair presidential elections, including the local monitoring of elections. Given that the JCE is not willing to accept outside assistance, the civil society is the best means to ensure honest and credible elections in May, 1996 and to engage the new government in adopting priority reforms. While this broad-based approach has inherent risks, we believe it is the only viable approach in the current Dominican political environment.

Small/Microenterprise Program Sustainability

-- advancing our micro/small enterprise lending activities toward sustainability, where one organization is now fully capable of securing commercial credit for onlending and is no longer dependent on soft funds from USAID and other donors. Another is about to sponsor the creation of a specialized small business bank. With G Bureau assistance, this new small business bank is expected to dramatically increase the impact of scarce credit resources through leveraging and savings mobilization. The Mission has coordinated closely with the Inter-American Development Bank (IDB), which is planning to take an equity position in the bank later this year. Our success in sustainable lending as well as in thorough research and documentation on this sector has drawn the IDB to also design an activity for rural credit unions.

Health Sector Policy Dialogue/Donor Coordination

-- playing a key role in supporting the national dialogue on health sector reform,

sponsoring broadly participatory workshops. The government's recently expressed interest in discussing our experience with NGOs as health service providers is a notable achievement, as is our initiation of regular donor/NGO coordination meetings. As a result of the latter, we were able to avoid duplication of efforts in water/sanitation development in the poor, western regions of the country while ensuring that critical needs were met for a broader segment of the population. The IDB is interested in learning from our experience to incorporate NGO involvement and community participation into sub-projects under its social investment fund (Pro-Comunidad).

-- leveraging funds from the World Bank to replicate a watershed management activity pioneered through one of our NGO sub-grants and engaging the Dominican government's commitment and funding to adopt "our" model of community management of water systems.

AIDS Prevention

-- mobilizing substantial free advertising from local media for our AIDS prevention activities, securing the interest of several other donors for in-country activities, and gaining recognition from the Pan-American Health Organization (PAHO) for our ground-breaking, low-technology protocols for Sexually Transmitted Diseases (STD) treatment which will make services much more available to rural clients.

NGO Sustainability

-- securing enthusiastic participation from NGOs in training that will enable them to become more independent and will strengthen the capacity of their Boards of Directors. After participating in a course on this subject, one NGO immediately decided to replicate the training for others.

Renewable Energy/Global Warming

-- making a major effort to promote renewable energy technology. A grant of $500,000 in Environmental Initiative for the Americas (EIA) funds is speeding the adoption of house-scale photovoltaic energy. In three years, we will add 1500 units and spread the adoption of these units nation-wide. Further, the Mission has completed a redesign of its energy project under which the economics and appropriateness of minihydro and small-scale wind systems will now be demonstrated. The country has good electric power potential in wind and excellent potential in microhydro resources, but virtually no experience base with either. These programs can profoundly improve the lifestyle and economic opportunity of the rural poor. Equally important, alternative energy development minimizes the creation of greenhouse gases, and resultant global warming. Such programs are needed throughout the developing world.

B. FACTORS THAT AFFECT PROGRESS/INFLUENCE THE CREATION OF AN ENABLING ENVIRONMENT

1. For the democratic process to continue, the country must have clean, transparent, and credible elections that lead to the installation of a new government on August 16, 1996. There are many constraints to reaching this objective. The 1994 Pact for Democracy resulted in several changes in the election process. To win, a candidate must receive 50% of the vote. It appears now that a second round will be needed. This would be the first time in Dominican history that the voters will have to vote twice. To date, less than half of the population is aware of this requirement. Another factor that complicates the electoral process is the constitutional requirement for "colegios cerrados". While not defined in the constitution, the basic concept is to keep voters in the voting place until voting is completed. The JCE has implemented this concept with the provision that women and men will vote at different times: women in the morning and men in the afternoon. This complicated process is likely to discourage voting, especially by women.

Although the new judges of the JCE are men and women of integrity, none have ever been involved in an election before. Because of criticism of the use of international advisors and charges that they were the ones who committed the fraud in the 1994 election, the new judges have been reluctant to accept outside technical assistance and advice. There is a sense they can do it on their own. The May election has the advantage of only involving the President, and therefore the ballot is simple. However, the correction of the innumerable irregularities in the 1994 election list has not yet been completed. Despite the diligence of the JCE to do so, many problems remain, and charges are likely from the parties that irregularities continue, especially the presence of a large number of Haitians on the list. Thus, the possibility of administrative problems with the election remain high.

Efforts to disrupt the elections can be expected. A critical time will be between May 16 and the likely run-off on June 30. The role of civil society in assuring that credible elections take place is critical. The key question is, when the pressure comes, will the civil society continue to play a constructive role.

2. Strong-man rule and attendant clientelism have constrained the country's political development for decades. The economy, with the exception of major liberalization in the early 1990s, has been managed to serve political interests. One consequence has been the progressive de-institutionalization of government, a fact that looms large with the imminent change of government: there is a weak civil service, inefficient public administration systems, a poorly developed work ethic for a new administration to rely on. Endemic corruption is likely to continue to be a major problem, no matter what the election results. The highly ineffective judicial system does not, among other things, provide the conflict resolution mechanisms that are a pre-requisite for attracting foreign investment and facilitating dynamic economic growth.

3. The economy has become highly dualistic, with the protected agricultural and manufacturing sectors stagnating over time and leaving tourism, free trade zones, and the small telecommunications sector as the principal engines of growth. The energy situation continues to be disastrous, for firms as well as individuals, adversely impacting our global climate change concerns. The country is poorly positioned to withstand the expected shocks to production and labor demand resulting from economic integration: free trade zones are threatened (a number of firms dismissed workers and/or closed their doors in 1995 to seek more attractive locations) and the ability of the tourist industry to absorb labor is quite limited.

4. Poverty is widespread due to policies that limit growth, ignore the social sectors, and promote a highly inequitable distribution of income. The country's estimated average per capita GDP of $1,420 (1994) masks a situation where 60% of the population receives barely 25% of the income and the poorest 20% receives little more than 4%. In 1992, this was estimated to be just under $360 per capita. Under these circumstances, the high level of illegal immigration into the U.S. is not surprising.

5. Safety net programs, such as the IDB's Pro-Comunidad and the European Union's (EU) Lomé IV programs, are targeted more for political purposes than for poverty alleviation. They also are more expensive to build and operate and are less likely to be maintained than are NGO activities which emphasize community participation.

6. Organized labor remains largely ignored. There has been little movement in implementing the labor code (which is a model for the Hemisphere) and improving work conditions. As a result, labor force productivity is low, which in turn limits the Dominican Republic's competitiveness in the global marketplace.

7. Lack of action on the 10-year Education Plan due to congressional gridlock and lack of commitment by the new Education Minister, a major scandal in the educational sector, and poor levels of investment in human capacity together have combined to diminish the prospects for rapidly improving the country's human resources.

8. Against these daunting constraints, the existence of a large, though not well organized, network of NGOs operating in all of our priority areas provides a welcome opportunity to pursue our key strategic results. Our efforts to assist selected NGOs to strengthen their management, administrative, and financial systems and to support their advocacy of key political, social, and economic reforms contribute to the creation of an enabling environment for equitable development of the whole country.

C. MAJOR FACTORS INFLUENCING PROGRAM PERFORMANCE

1. Limited Government Contact

USAID policy to limit activities with the current government, combined with the government's inability to resolve the energy crisis, required USAID/DR to undertake some major rethinking of both the Trade Practices and Productivity Improvement (TPPI) and the Electrical Energy Sector Restructuring (EESR) projects. Fortunately, we have been able to capitalize on our experience working with NGOs and communities to redirect both of these projects to address priority poverty alleviation constraints. We are confident that our new approaches are key to achieving our strategic objectives. With the installation of a freely-elected government later this year, and our preparation of a new 5-year Country Strategy, we expect to be able to develop a closer, mutually beneficial, working relationship.

2. Economic Policy Reform

Although progress has been made in laying the ground work for certain policy reform measures and in involving a broad group of NGOs in public dialogue about economic policy, budget cuts and time limitations do not permit the consolidation of this process. The Economic Policies and Practices (EPP) project cannot be fully funded given Mission resource cutbacks. The impact of this project on policy reform has been adversely affected by limitations on working with the GODR and the overall environment for reform due to two presidential election campaigns, the political crisis resulting from the flawed 1994 elections, and strained relations between the Dominican Republic and the international community. The mid-term project evaluation has provided us with extremely valuable recommendations for managing this activity in the future. In particular, we now expect to take a more pro-active stance in developing a poverty-oriented action agenda for economic reform that could form the basis for policy discussions with the new government.

3. Need for Enabling Legislation

A number of key laws have been stalled in Congress. Among these is a comprehensive energy law which would provide the basis for privatizing the parastatal electric utility, and creating a sector regulatory entity -- the Superintendencia de Electricidad. The World Bank and the IDB will provide technical assistance for much of the institutionalization of this entity. However, the international financial institutions and the GODR look to USAID to work with the environmental regulatory unit within the Superintendencia. Indeed, this has always been a part of our energy project. If the law is not passed in 1996, insufficient time will remain under the project to complete this activity. Accordingly, failing an acceptable law by December 15, funding will be reprogrammed and Results Package No. 1 under S.O. 4 will be voided.

D. LAC COUNTRY CRITERIA

1. U.S. national interest: The United States has multiple interests in the Dominican Republic, including enhanced market access for U.S. exporters (the country is the 7th largest export market in Latin America); combatting illegal immigration, drug trafficking, and money laundering; controlling the spread of AIDS; strengthening democratic institutions and promoting stability in the region; and reducing environmental degradation.

2. Global and other priority interests: HIV/AIDS, Democracy, Global Climate Change.

3. Potential for political/economic instability: The Dominican Republic is a fledgling democracy. Although civil society is gaining an appreciation for democratic values, much still needs to be done to develop responsive, participatory political institutions. The practice of economic management for political purposes needs to be overcome, and fundamental changes in the justice system are needed. Without such changes, the potential for instability is relatively high. The country came close to serious civil unrest following the hotly contested 1994 Presidential election. The high number of requests for immigrant visas to the United States is indicative of the high incidence of poverty, lack of economic opportunity, and social injustice.

4. Commitment to democracy/market principles: There are strong forces within Dominican civil society which favor a strengthening of both the country's democratic orientation and market-oriented economic management. These forces are already positioning themselves to require more responsive governance on the part of their new leadership. USAID/DR looks forward to building a stronger direct partnership with the Dominican government that will be inaugurated in August 1996.

5. NGO role/viability: NGOs are very active in the Dominican Republic and provide a high percentage of total social service delivery in the country. As a group, they are gaining in strength, and are becoming recognized as viable partners by certain GODR agencies as well as by donors. USAID/DR works with at least 100 local NGOs and grass roots organizations as well as with about six U.S. PVOs.

6. Country need for resources: The Dominican Republic receives only about $9 per capita (1994) in net foreign aid. The distribution of income is highly unequal, with 60% of the population receiving barely 25% of GDP. The current government has managed the external debt burden at the cost of accumulating internal arrears. The incoming government is likely to find coffers bare and tempers of its domestic creditors near the breaking point at its inauguration. Thus, resources provided for consolidation of democratic gains and improvements in the standard of living of the poor majority will be essential to maintaining stability in the short to medium term.

SECTION II

PROGRESS TOWARD STRATEGIC OBJECTIVES

A. USAID/DR 1995 PROGRAM ACCOMPLISHMENTS

SO 1: *Increased Economic Opportunities and Benefits for the Dominican Majority*

-> The school desertion rate dropped by about 20 percent in private primary schools participating in the PIPE project between 1993 and 1994, while it remained stagnant in public and other private schools. Teacher/administrator training and the improved curriculum, as well as improved school outreach to the community, are responsible for this result.

-> In the economically depressed Southwest, the Foundation for Rural Youth (FUNDEJUR) has helped 14 youth associations to start up 31 small agrobusinesses over the past two years. Five of these are now in a position to begin repaying their loans, enabling FUNDEJUR to start replicating this development model in other areas. FUNDEJUR is also setting up an endowment fund to guarantee its future sustainability. The Director General of the Inter-American Institute for Agricultural Cooperation (IICA) has praised FUNDEJUR as a model for rural development in Latin America.

-> A new proactive job placement service has dramatically increased EDUDELC's ability to help women receiving training through its program secure employment. By involving potential employers early in the training process, EDUDELC is able to provide better targeted training in basic business administration for women of the Cibao region. As a result, 96 percent of women trained during the last two years have either found productive employment or started their own microbusinesses. This model is now being replicated in other vocational schools throughout the country.

-> ADEMI graduates from USAID program. A special 1995 G/EG evaluation noted that, "the only remaining role for donors in ADEMI's development is to nudge ADEMI out of the nest and leave it alone... Although building equity with donor largess and tax exempt status is not bad for the organization, ADEMI has better things to show the world." Following its "graduation", ADEMI has readily secured commercial financing from the Banco Popular, and continues its highly successful microenterprise lending program.

-> Research by Fondo-Micro on the small and microenterprise sector continues to help validate and focus donor strategies for assistance to this sector. Most recently, the results of a sector survey and an economic analysis of savings provided basic information for the Inter-American Foundation's small capitalization loans to credit NGOs. These (and prior) studies also informed the IDB's proposed support to rural credit unions and the UNDP's small credit program proposal.

SO 2: *Increased Use of Primary Health Care Services by Underserved Populations*

-> Focusing Information, Education, and Communication (IEC) campaigns on adolescents is expected to reap long-term benefits. Substantial efforts have gone into working with parents, schools, churches, and community groups to prepare a non-threatening sex education program. A nationwide campaign on AIDS has elicited almost $1.5 million in support from private sector media.

-> Collaboration with UNFPA made possible the production of two dozen new family planning brochures which will be used nationwide by the government, NGOs, and private physicians. Updated national family planning norms have also been published, for the first time in over a decade.

-> Local institutions participated in the design and implementation of the most intensive STD training program given to clinicians and non-clinicians in the Dominican Republic. The program incorporates a culturally/socially sensitive approach which will foster effective working relationships at all levels involved in treating STDs and dealing with AIDS prevention. Because it promotes a standardized method of STD treatment that does not rely on sophisticated laboratory techniques, it is applicable throughout the country

even where health infrastructure is limited. The Pan-American Health Organization has requested that the training materials be made available for dissemination throughout the Americas.

-> As a result of the remarkable success of USAID's NGO-sponsored community-managed water and sanitation activities in both rural and urban areas, the GODR's water authority, INAPA, has expressed strong interest in following this model. Government collaboration with NGOs in implementing the National Potable Water and Sanitation Plan to ensure adequate operation and maintenance of community waterworks would be a first in the Dominican Republic.

SO 3: *Increased Participation in Democratization*

-> The Democracy Action Group (GAD), a citizen's coalition which began as a non-partisan group of "notables", secured committed membership from groups as varied as business, labor, churches, universities and foundations, professional associations, and grass roots organizations to mobilize in support of free and fair elections. At the end of February 1996, 34 out of the 40 local action committees which will support and monitor the organization of the May elections were already in place and functioning.

-> Participacion Ciudadana goes "public": a small group created to support citizen participation in the 1994 elections is broadening its call to action for 1996. Under its sponsorship, a nationwide network of non-partisan election observers is being organized and trained to monitor the fairness of the pre-election process as well as the voting itself. However, it does face innumerable challenges in undertaking this first-ever activity in the country.

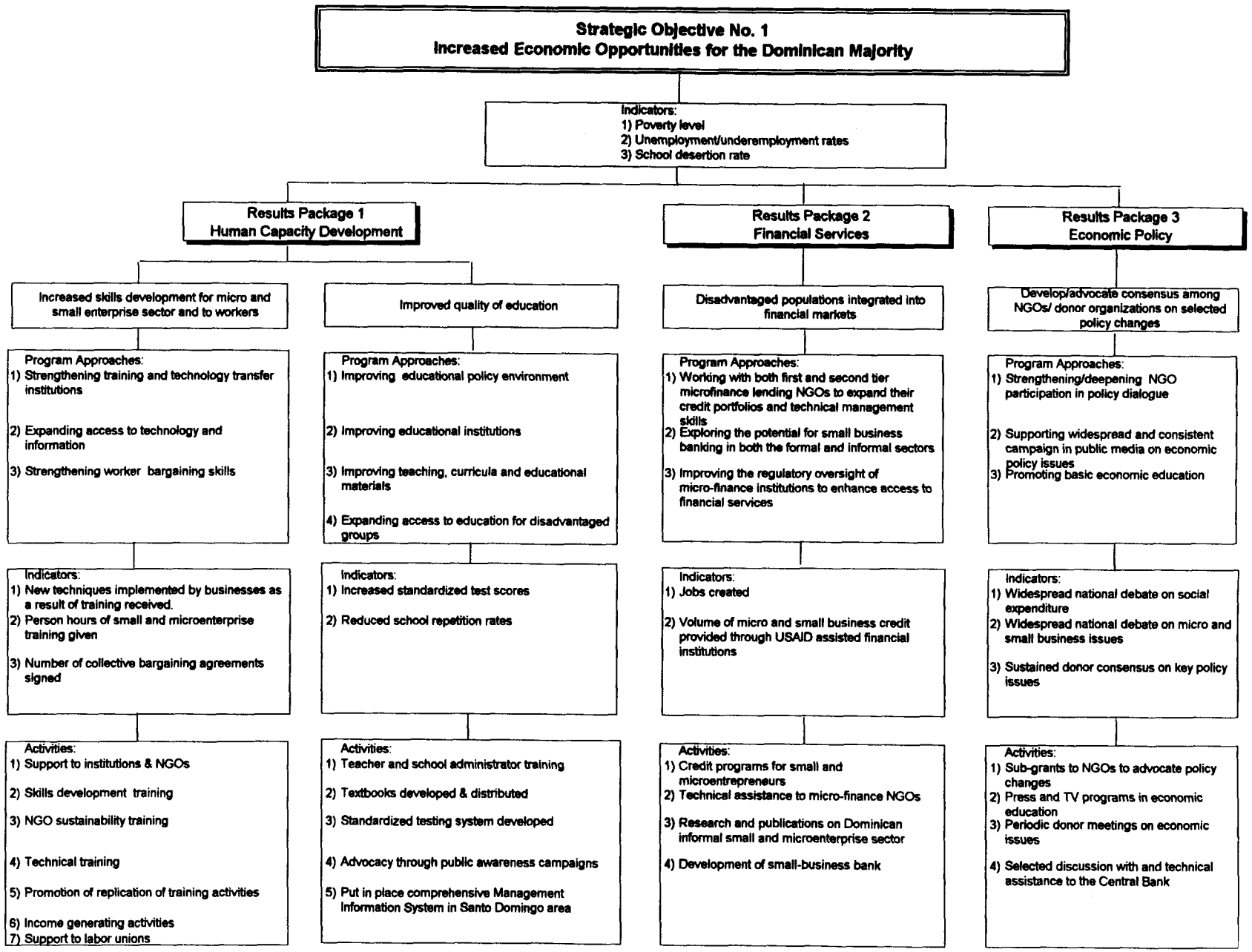
-> USAID-sponsored research on Dominican political culture and the status of Dominican democracy provided enlightening insights, in view of the coming presidential elections. Among some of the findings: less than 1/3 of Dominicans believe democracy functions well; youth have a pronounced orientation toward strong authority figures; over 75% of respondents believe that "a good president should be like a father to whom one should go to solve problems"; 60% agree that "if one wants something out of politics, it is better to work for the party in power". These findings are helping shape democratic education activities.

SO 4: *Innovative Renewable Energy Alternatives Developed and Disseminated in Rural Areas*

-> The successful model of watershed management through community participation implemented by a USAID grant to the NGO ADESJO and the Pan-American Development Foundation, has been selected for replication by the World Bank in a watershed which supplies water to one of the major hydroelectric complexes in the country. ADESJO will also implement the Bank's $2.5 million project.

-> USAID developed environmental guidelines for mini-hydroelectric generation activities, with assistance from USAID/W. This is a key step toward selecting and implementing demonstration projects using this technology.

-> The GODR is recognizing NGOs as important partners in watershed conservation. The Forest Service is validating NGO development activities by providing harvesting permits to farmers participating in USAID-funded activities. Other government entities have committed both funds ($15,000/mo.) and personnel support to NGO conservation activities. The Parks in Peril program has also had a strong impact on GODR acceptance of implementing programs through NGO assistance to the communities affected.


Strategic Objective No. 1
Increased Economic Opportunities for the Dominican Majority
Indicators:
1) Poverty level
2) Unemployment/underemployment rates
3) School desertion rate
Results Package 1
Human Capacity Development
Results Package 2
Financial Services
Results Package 3
Economic Policy
Increased skills development for micro and small enterprise sector and to workers
Improved quality of education
Disadvantaged populations integrated into financial markets
Develop/advocate consensus among NGOs/ donor organizations on selected policy changes
Program Approaches:
1) Strengthening training and technology transfer institutions
2) Expanding access to technology and information
3) Strengthening worker bargaining skills
Program Approaches:
1) Improving educational policy environment
2) Improving educational institutions
3) Improving teaching, curricula and educational materials
4) Expanding access to education for disadvantaged groups
Program Approaches:
1) Working with both first and second tier microfinance lending NGOs to expand their credit portfolios and technical management skills
2) Exploring the potential for small business banking in both the formal and informal sectors
3) Improving the regulatory oversight of micro-finance institutions to enhance access to financial services
Program Approaches:
1) Strengthening/deepening NGO participation in policy dialogue
2) Supporting widespread and consistent campaign in public media on economic policy issues
3) Promoting basic economic education
Indicators:
1) New techniques implemented by businesses as a result of training received.
2) Person hours of small and microenterprise training given
3) Number of collective bargaining agreements signed
Indicators:
1) Increased standardized test scores
2) Reduced school repetition rates
Indicators:
1) Jobs created
2) Volume of micro and small business credit provided through USAID assisted financial institutions
Indicators:
1) Widespread national debate on social expenditure
2) Widespread national debate on micro and small business issues
3) Sustained donor consensus on key policy issues
Activities:
1) Support to institutions & NGOs
2) Skills development training
3) NGO sustainability training
4) Technical training
5) Promotion of replication of training activities
6) Income generating activities
7) Support to labor unions
Activities:
1) Teacher and school administrator training
2) Textbooks developed & distributed
3) Standardized testing system developed
4) Advocacy through public awareness campaigns
5) Put in place comprehensive Management Information System in Santo Domingo area
Activities:
1) Credit programs for small and microentrepreneurs
2) Technical assistance to micro-finance NGOs
3) Research and publications on Dominican informal small and microenterprise sector
4) Development of small-business bank
Activities:
1) Sub-grants to NGOs to advocate policy changes
2) Press and TV programs in economic education
3) Periodic donor meetings on economic issues
4) Selected discussion with and technical assistance to the Central Bank

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B. STRATEGIC OBJECTIVE NO. 1 - INCREASED ECONOMIC OPPORTUNITIES AND BENEFITS FOR THE DOMINICAN MAJORITY

1. The results framework

The initial realignment of this, and all other Strategic Objectives, occurred as part of the Mission's Country Experimental Lab experience - before the Agency's new directives were fully developed. The new framework was presented in the 1995 Action Plan review and approved by the LAC Bureau. Following the creation of Strategic Objective (S.O.) teams, the S.O. 1 team continued to further refine the framework to strengthen its results orientation and to reflect partner and customer input.

S.O. 1 furthers the Agency's 1995/96 goal of Broad-Based Economic Growth, focusing particularly on Agency Objective 1.2, Expanded Access and Opportunity for the Poor, although it also incorporates elements of Agency Objectives 1.1, Market-Oriented Policies and 1.3, Education. Under S.O. 1, results are expected in three key areas: economic policy reform, financial services, and human resource development.

In the Dominican Republic, 60% of the population earns less than 25% of GDP. S.O. 1 activities are designed to augment the human capital of this poor majority and facilitate their integration into a growing, more open and competitive world economy. The underlying development hypothesis is that improving labor productivity through a combination of targeted business and vocational skills development, quality primary education, and access to financial services -- within the context of an enabling policy environment -- is indispensable for sustained, dynamic growth. Secondary hypotheses are: 1) a more productive labor force and a competitive economic policy framework will draw in investment and expand economic opportunities; 2) improved marketable skills combined with the availability of micro-credit will enable small and microenterprises, including women-run businesses, to grow and enhance their profitability.

The Mission views itself as playing a catalytic role in this process, assisting local NGOs and/or academic institutions to develop their own capacity to provide key services as well as to advocate broad and equitable market-oriented reforms.

The Mission is also positioning itself to initiate a policy dialogue on poverty alleviation issues with the new government as soon as it assumes power in August 1996. This government will need assistance in reforming policies that currently restrict economic growth and increase the price of basic food items for the poor, as well as in improving an inefficient, corrupt and wasteful public investment framework.

Success Story: Focused Research and Publications Have a Catalytic Development Impact on Micro and Small Business Sector.

FondoMicro's latest research and publications on small and microenterprises continue to mobilize donor participation and support for this vital sector of the Dominican economy. They are also the most often quoted resource used by development practitioners in the country.

These studies include a sector survey, an analysis of sector changes between 1992 and 1995, an economic analysis of micro/small business savings behavior, and a book on the fundamental rights of Dominican small businesses which familiarizes small business owners with the legal, fiscal, and monetary regulations governing their operations. The findings have helped shape donor strategies -- for instance documenting the relationship between education levels and increased income. They have also provided blueprints for targeted interventions such as the Inter-American Foundation's small capitalization loans to credit retailing NGOs. Finally, and perhaps most important, these studies demonstrate to the Dominicans themselves how important this sector -- which employs 26% of the work force and produces 26% of the GDP -- is to their economy. One recent result has been to motivate the Banking Superintendency to look for strategies to provide appropriate financial regulation and supervision to strengthen the financial institutions which serve this market.

Augmenting the human capital of the poor is not only an important part of alleviating poverty, it is also essential for the country's long-term ability to compete in the world marketplace. Already, cheaper and higher quality imports are exerting pressure on protected agriculture (rice, sugar) and import-substitution industries, both of which employ large numbers of relatively unskilled workers. Free trade zone jobs are being lost as some firms move operations to Mexico. The growth sectors -- tourism, free trade zones, and telecommunications -- cannot possibly create the numbers of jobs required to facilitate short-term relocation of the labor force. The poor will increasingly turn to the highly competitive small and microenterprise (SME) sector for survival, where half of businesses formed survive less than 3 years.

2. Summary/analysis of data

a. Progress toward S.O.

Good, reliable data on national poverty level and unemployment/underemployment are not available for 1995. The general state of the economy could normally be expected to serve as an indirect indicator. According to the Central Bank, the Dominican Republic's economy grew by a respectable 4.8% during 1995, the fifth highest growth rate among Latin American countries for that year. Inflation was also held to 9.2%, down from 14.3% in 1994. However, these figures reflect double digit growth in the tourism and communications sectors which mask dismal performance in other sectors with a heavier participation by the poor. For example there was a serious decline in the

sugar sector, dominated by a corrupt and inefficient parastatal, which unexpectedly and illegally laid off large numbers of unskilled laborers.

The desertion rate of students from primary school, for the 1993-94 school year (latest available), illustrated below, shows a decline of almost 1 1/2 points, or over 20% for the Private Initiatives in Primary Education (PIPE) project schools while the rate for other schools has barely changed. This is significant because PIPE is a catalytic, pilot effort whose results are being disseminated country-wide through seminars and workshops organized by our primary partner, the NGO EDUCA. The World Bank and IDB have collaborated on the design of a new, $80 million education project (their second combined loan) which will pick up and expand where USAID leaves off, incorporating new curricula and testing materials in a much broader range of schools.

b. Results Package 1: Human capacity development

Quality Improvements in Education

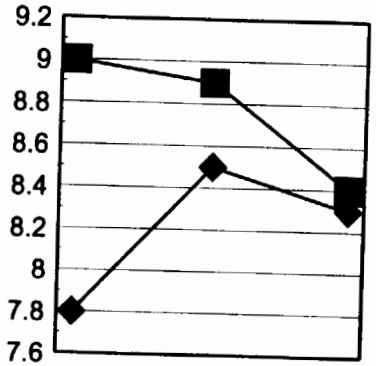
In addition to the S.O. level indicator discussed above, 1993-94 data show an accelerated decline in the repetition rate in PIPE project schools and a two-point increase in the promotion rate. From a lower base, the initially disadvantaged project schools are now doing better than the control group. The 1994-95 results will not be available until March 1996.

A lower-level indicator in the monitoring framework is the average, gender-disaggregated score on standardized 4th grade tests. The 1994-95 results were about 6 points lower for both sexes than in 1993-94. This is attributed largely to loss of school days due to a lengthy teacher strike and mandatory meetings called by the Ministry of Education during the school day to discuss the new curriculum changes. Nevertheless, it is significant that the test results are used as a powerful feedback tool. The results are sent back to the respective schools where they are analyzed as a guide to areas which need development and improvement, so that the overall quality of education can be improved.

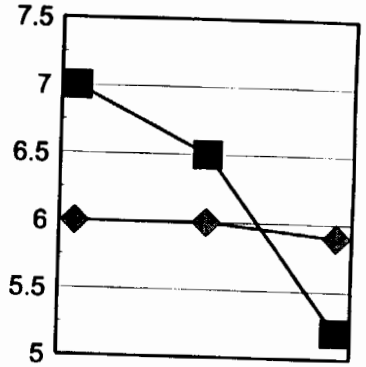
Success Story: The APRENDO Seminar

The NGO EDUCA is successfully broadcasting its message for improved primary education nationwide. Its first International Seminar on Primary Education, APRENDO '95, drew a standing room only crowd of over 1,400 educators and academics from all over the country, for sessions on the exchange of ingenious educational experiences, innovative curriculum concepts, and the role of the private sector in the pursuit of educational quality. This enthusiastic response indicates the strong demand among the teaching community for new ideas and methods that will contribute to the quality of basic education in the Dominican Republic.

Santo Domingo Schools
Repetition Rate

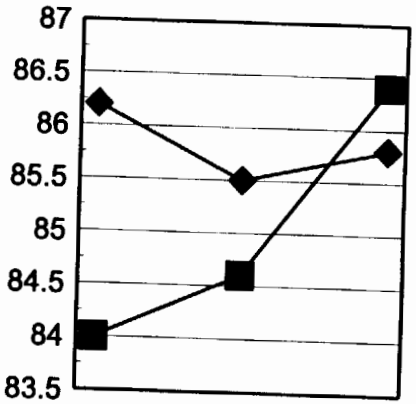


	1991-92	1992-93	1993-94
PIPE SCHOOLS ■	9.0	8.9	8.4
OTHER SCHOOLS ◆	7.8	8.5	8.3



	1991-92	1992-93	1993-94
PIPE SCHOOLS ■	7.0	6.5	5.2
OTHER SCHOOLS ◆	6.0	6.0	5.9

Santo Domingo Schools
Promotion Rate



	1991-92	1992-93	1993-94
PIPE SCHOOLS ■	84.0	84.6	86.4
OTHER SCHOOLS ◆	86.2	85.5	85.8

Source: EDUCA, CENSUS 1995

Business Skills Development
Economically disadvantaged men, women and youth are the target group for a number of NGO-run business and vocational training projects financed under the PVO Co-financing project. These activities provide the skills required to either find or create employment and/or improve productivity for enhanced income. At the same time, focused efforts to strengthen the NGOs are enabling them to make their programs more sustainable so they can continue to have an impact on human capacity development after USAID/DR financing ceases. The employment impact of these activities is reported with that of the Mission's credit activities, in RP2.

Success Story: EDUDELC Improves Placement of Women

A new, proactive placement service that involves potential employers early in the targeted basic business administration training program for women, has resulted in a dramatic turn-around at EDUDELC. Prior to the project, very few EDUDELC trainees were using their new skills. But in the last two years under this $80,000 project they have trained 375 more women of which 96% have either found productive employment or started their own microindustries. Thirty more women plan to start their own businesses. This same model is being replicated in other vocational training schools throughout the country. Using the "active endowment" concept to move toward financial sustainability, EDUDELC plans to install a commercial bakery to improve training services while generating income for the institution.

In its last year, the Development Training (DETRA) project has been refocused to offer business and administrative training targeted to the needs of microentrepreneurs and NGOs. Administered by the nation's leading business association, The National Private Business Council (CONEP, formerly CNHE), training is providing microentrepreneurs with the skills needed to improve their businesses and income; NGO staff are being trained in administrative techniques, strategic planning, total quality management, cost analysis, fund-raising, project design, implementation and evaluation, microenterprise management, accounting for microenterprises, and computer training. Half of trainees to-date have been women. As of August 1995, a total of 22,669 participants had been trained, 47% of them women, compared with the original target of 3,078 professionals over nine years. Project evaluations show that the training has had significant impact in the Dominican professional and economic community. DETRA has trained individuals who are now professionals in government, private enterprise, and higher education.

Center for the Support of Micro and Small Business (CAMPE)
As DETRA activities wind down, the Mission's refocused Productivity and Income Enhancement for the Disadvantaged activity (PIED) (formerly Trade Practices and Productivity Improvement) will concentrate on improving the productivity of small and micro businesses in the Dominican Republic's poor urban sector. A soon-to-be-created Center for the Support of Micro and Small Business will be a focal point for analysis, information, guidance, and education about and for the micro and small enterprise sector

in the Dominican Republic. Program activities will include demand-driven, focused skills development training, as well as guidance on best practices which can be replicated through courses, seminars and written materials, and made available to small and micro entrepreneurs. The Center will work with other NGOs and organizations who provide skills training to this sector and support them in such areas as curriculum development, teacher training, evaluation, and training methodology. The project expects to directly provide approximately 44,000 hours of skills training to micro and small businesses over the next four years.

Training Workers: AIFLD

In order to assist in the protection and enhancement of worker's labor and human rights in the work place, the American Institute for Free Labor Development (AIFLD), through a Cooperative Grant Agreement, is training workers in collective bargaining, conflict negotiation, judicial reform, worker rights and union organizing. The project, just completing its first year, has trained almost 400 workers. This increased awareness of worker's rights has led to the achievement of negotiating two new collective bargaining contracts and re-negotiating 24 existing ones. The legal assistance program, which renders legal aid in the enforcement of the newly enacted Labor Code, has provided assistance to workers in various aspects of conflict solving procedures, helping to achieve 7 favorable decisions out of 16 court cases. This program has also trained workers in the preparation of legal documentation needed to negotiate conflict resolution and collective bargaining agreements. AIFLD works with all six of the Dominican Republic's labor federations, not just with its traditional counterpart, the CNTD. The activities of the training program reinforce the democratic participation activities of S.O. 3. (See Section II.C.2.b.)

c. Results package 2: Integrate disadvantaged populations into financial markets

Results for RP2 are being achieved by: 1) working with both first and second tier microfinance lending NGOs to expand their credit portfolios and technical management skills; 2) exploring the potential for small business banking in both the formal and informal sectors; and 3) improving the regulatory oversight of micro-finance institutions to enhance the security and sustainability of financial services.

Creating Employment

Loan recipients from NGOs and credit unions supported through FondoMicro since 1990 created more than 40,000 new jobs, with over 97,000 jobs strengthened. Significant additional employment (estimated at over 10,000 new jobs) has been generated under PL-480 Local Currency Credit programs which provided over US$45 million in credit to support private sector growth. Finally, five sub-grants targeted at micro-enterprise development under the PVO Co-Financing Project, have reported 233 new jobs created within the last six months and 930 jobs created since the project began three years ago.

In addition to the employment figures quoted above, the FondoMicro project has had a major impact in helping over 22,000 microentrepreneurs establish and expand their businesses, with women comprising almost 50% of the loan recipients.

Expanding Access to Credit

The value of the combined outstanding credit portfolios of NGOs who have received USAID/DR assistance has increased in the last year to over $32,000,000. In addition to USAID funds, NGOs have been building their own equity capital, soliciting other donor grants and loans, and accessing commercial lines of credit. FondoMicro has been instrumental in helping NGOs diversify their sources of funding. The Technical Assistance component of the Small and Microbusiness Development Project (SMBD) was increased substantially to help NGOs implement sound financial management systems. The project mid-term evaluation identified the absorptive capacity of NGOs to manage their credit portfolios as a major constraint to making credit available to this sector. In response to this problem, FondoMicro individually tailored special TA programs to meet specific NGO management needs. The results have been extremely positive: 6 NGOs have qualified to increase their lines of credit with FondoMicro, and an additional four NGOs have qualified for grants from other international donors to capitalize their loan portfolios.

Success Story: Largest Dominican Credit NGO Takes Steps Towards Self-sufficiency

In November 1995, ADEMI fully repaid its loan under the SMBD project and declared its independence. ADEMI, which has received USAID support since 1983, had no problem replacing these funds with a commercial line of credit from the Banco Popular. This action closely followed the recommendations of an evaluation which concluded that, "It is a matter of time and donor discipline before ADEMI crosses the frontier to being commercially profitable while actually paying commercial interest rates for its funds."

Letting go of a successful program that can now stand on its own would not have been easy for the old USAID -- it would have been far easier to keep supplying it with subsidized funds so that we could continue to take active credit for its success. Under the new system of managing projects for results, however, this type of tough decision means allocating scarce resources where they are needed most, not where they are easiest to place.

d. Results package 3: Develop/advocate broad consensus among NGOs/donor organizations on selected policy changes

The economic policy debate has progressed significantly in the last three years. Through the Economic Practice and Policy project (EPP) and the Economic Education project (EE), USAID/DR has helped NGOs carry on informed debate on key policies which could have a demonstrable impact on alleviating poverty in the country. The debate is more advanced in the area of economic and trade liberalization as well as in areas such as establishing a Small Business Bank and the need for energy sector reform. Much

remains to be done with respect to public sector expenditure patterns. Overall, the country has moved forward in discussing the key issues affecting its economic present and future, but the government still lacks the political will necessary to implement policy changes. A case in point is that of the public sector reform. The Public Sector Law was approved by Congress and promulgated by the Executive Branch three years ago; however, the reform has not been implemented at all. A new government coming into power next August could provide a better climate for promoting policy debate and achieving actual policy changes in benefit of the poor.

Lessons learned under the EPP and the EE projects provide valuable insights in determining the nature and form of future Mission involvement in the economic policy arena. On the one hand, the experience of promoting sound economic policies that could have a demonstrable impact on the poor through NGOs, without direct government participation has proven to be a necessary but not a sufficient condition. On the other hand, some of our activities have demonstrated the impact that can be achieved when a highly competent NGO targets a proactive economic education program to the right decision maker audience.

Success Story: Modest Funding Yields Big Policy Dividends

With a relatively small investment in the Economic Education Project--implemented by the Fundación Economía y Desarrollo (FED) -- USAID/DR has seen exceptional returns on an economic policy reform activity. Almost without exception key individuals in the country, be they friend or foe of economic liberalization, go out of their way to acknowledge FED's success in shifting -- and now directing -- the terms of the debate on the future of economic policy in the Dominican Republic. FED has effectively shown the positive impacts of trade liberalization on the poor and has incessantly kept a public media campaign going to get the Dominican Republic to open its borders and remove costly impediments to expanded trade. FED's success has been attributed to the coherence of its arguments and its ability to offer thinking that is rigorous and internally consistent. In addition FED has had a major impact on policy decisions of the current government, for example monetary management and tariff issues. In the final analysis, the Dominican Republic, like any other country in the world, will adopt difficult policy reforms only if it believes in them.

Private economists in Venezuela are trying to establish a think tank that parallels FED activities.

These lessons suggest that the Mission should take a more proactive approach towards policy change, including direct participation by the GODR as well as NGOs. USAID/DR is currently undertaking a comprehensive analysis of the poverty situation in the country and of the major policy constraints that limit the participation of the poor in the economy. As a result of this effort, we will have an analytical base which will lay out the foundation of a poverty alleviation action program to be specified in close consultation with the new government. The Mission firmly believes that with the political will to undertake needed economic reform and a joint-venture of GODR agencies and highly competent NGOs, much can be accomplished in the next five years.

National Debate on Government Social Sector Expenditures
The Mission has been promoting debate through EPP sub-grants in the area of reforming the public sector budget. For example: a sub-grant was given to a strong grass roots NGO to carry out a "Popular and Economic Education" activity. Under this sub-grant over 100 leaders of grass roots organizations were trained, through several workshops, in basic economics and the discussion of the need to establish an alternative public budget policy. Likewise, a public budget decentralization activity was undertaken in 51 municipalities of the country. In spite of these efforts, the debate has not yet resulted in specific proposals. Important issues regarding trade-offs between productive (e.g. infrastructure) and social (e.g. health, education), as well as within sector priorities, are not being widely discussed at this time. The Mission places a higher weight on this area than on trade liberalization, in relation to its future involvement in promoting economic policy debate in the Dominican Republic.

National Debate on Micro and Small Business Issues
Specific policy changes in terms of special regulations for banking institutions that want to serve the small entrepreneur were recently promulgated by the Monetary Board. The new measures are definitely a step in the right direction in creating a better regulatory environment for those financial institutions which serve the SME sector. Both the Bank Superintendent and the Governor of the Central Bank have expressed their support for making the financial system more responsive to the needs of the SME sector. Adoption of these regulations reflects the past year's intense debate on micro and small business in the country. It is now common to see the two main NGOs, ADEMI and FondoMicro, writing on the role of microfinance in poverty alleviation. FondoMicro's bid to take an equity position in a for-profit bank (the Small Business Bank) has injected new life into the debate. USAID has been actively involved through FondoMicro in fostering informed debate through timely assessment of the micro and small enterprise sectors and their linkages to the rest of the economy.

Sustained Donor Consensus on Key Policy Issues
Donor coordination remains crucial to achieving sustainable changes in the Dominican policy framework. Regular sector-specific meetings are held within the donor community with varying degrees of success. Strong donor consensus has been achieved in the area of energy sector reform. Likewise, there is an on-going close coordination with IDB and the World Bank both in education and health. Further, together with UNDP, USAID/DR initiated significant efforts to encourage donor consensus on a microfinance strategy for the Dominican Republic. The effort is still in its early stages but it should become a good example of donor consensus for development. Other fields such as public finance, have not been subject of discussion among donors. USAID/DR intends to continue to work closely with the World Bank and the IDB in developing a comprehensive strategy to address poverty in the country through public finance reform.

Donor coordination has also been effectively used to leverage IFIs funds to implement policy changes. An example is the EPP project sub-grant to the Junta Agroempresarial

Dominicana (JAD) to address the constraints to development of a land market in the country. Through a small investment in this project USAID/DR has attracted the attention of the IDB who now is awaiting the results of JAD's effort and studying the possibility of executing a loan to undertake the follow-up action program.

Policy Dialogue on Poverty

Despite impressive results with NGOs, it has become evident that any significant policy reform that will impact on the poor will have to involve the GODR more directly.

The policy agenda for poverty reduction is clear. Three sets of policy changes are required to make a demonstrable dent in poverty in the Dominican Republic: trade liberalization; reordering public expenditure priorities; and creating an environment which provides social justice for the most vulnerable Dominican groups. The policy agenda is most advanced in the area of trade liberalization, as highlighted previously. One additional success achieved through EPP efforts is that traditional opponents of trade liberalization, such as the Dominican Association of Industrialists (AIRD), are beginning to change their position, as they find that initial changes do not bring about the dire consequences they had feared.

Significant effort is needed to advance the remaining two areas of policy reform. The current GODR public expenditure regime and attempts at safety net programs are woefully inadequate and inappropriate to address poverty concerns. The Mission is positioning itself to be able to offer high quality analysis of public expenditure reform options and effective safety net measures to a new government that may be inclined to adopt poverty alleviating reforms. Likewise, a new project on the area of "rule of law" will be shortly undertaken to reduce the social and economic burden of the current justice system.

The proposed effort will build on existing data to identify who the poor currently are, where they are, and what are their socio-economic characteristics. It will also project how this portrait of poverty likely will change as the trade liberalization process advances. Taking into account the probable winners and losers from reform, the analysis will identify the principal constraints to increasing the incomes of the poor. In addition to examining the consonance of the country's overall policy framework with the objective of poverty alleviation, it will analyze the current allocation of public expenditures and assess its impact on the poor. Among other things, the analysis will examine the tradeoffs between investments in "productive" sectors (e.g., in infrastructure like roads, intended to lower transaction costs and increase economic activities) and "social" sectors (especially education and health -- and the composition of expenditures within each), as well as the place for and the effectiveness of different kinds of safety net programs for the most vulnerable. The work will examine constraints due to current public revenue levels and identify ways to increase revenue levels. Finally, it will attempt to address the serious institutional deficiencies that currently stand in the way of having an impact on poverty.

Once completed, the analysis will form the basis for a policy dialogue on poverty between the Mission, the new GODR, and other donors. Depending upon funding availability and the receptiveness of the new government, the Mission would like to continue to support policy analysis and reform, although at a much lower and more targeted level. The Mission anticipates converting the PIED (former TPPI) project into a Strategic Objective Agreement (SOAg) under which policy reform activities would be funded -- assuming a clear sign of commitment on the part of the new government in the Fall of 1996.

e. Customer focus

Customers served by S.O.1 activities range from primary school children, microentrepreneurs, and formal sector workers, to the general public. With such a wide range of customers, the S.O.1 team has to rely upon its partners to ensure that adequate feedback mechanisms are in place to assess the adequacy of the services provided to the needs of the customers. For example, FONDOMICRO's studies of the microenterprise sector have enabled not only USAID, but other donors, to tailor their programs better to the needs of the sector. Nevertheless, direct contact between S.O.1 team members and customers forms an integral part of the S.O.1 customer service plan. It also has an impact. Under the DETRA project, two S.O.1 members attended the graduation ceremony for a short course given to microentrepreneurs on administrative and marketing skills. After interacting with the trainees and gauging their enthusiasm for this type of course, the S.O. 1 team members returned and convinced the other members of the team to reprogram DETRA funds from expensive off-shore training to provide more of this type of local training. This experience also built up enthusiasm for the type of training to be offered under the PIED CAMPE initiative.

f. Participation of partners and other donors

The S.O. 1 team enjoys close working relationships with all of its partners (EDUCA, FondoMicro, AIFLD, INTEC, and SRI). S.O. 1 team members participate in the development of each partner's yearly work plan and regularly meet to discuss progress. The S.O. 1 team also took the initiative to start a donor forum on microenterprise lending. This donor forum is expected to ensure continued support for S.O. 1 partner organizations after USAID support diminishes. The S.O. 1 team has also been working closely with other donors to leverage follow-on support for USAID pilot activities. For example, S.O. 1 worked very closely with the IDB on leveraging support for the primary education sector, a new Small Business Bank, and a land titling/registry initiative.

g. Gender

An appropriate gender focus is essential for S.O. 1 to achieve progress toward increasing economic opportunities for the Dominican majority. A special effort is required to ensure that women-headed households (where poverty is concentrated) benefit from

increased economic opportunities. Improving the quality of primary education is an important base for improving the situation of women in the society. The primary education sector is also a predominant employer of women. Under the EDUCA project, almost 80% of the teachers and school administrators that have been trained are women. A gender focus is also important in the small and microenterprise (SME) sector given its size and the importance that women play. The SME sector employs 27-29% of the economically active population and 37% of the owners of SMEs are women. Under S.O.1 training efforts for the SME sector, almost 50% of participants receiving vocational and professional training are women. Also, almost 40% of the microenterprise loans have been made to women.

h. Mission policy agenda

The Mission will be expanding the analytical base for a more focused poverty policy agenda with an emphasis on public expenditure prioritization. Further analysis of tax and fiscal reform to counter tariff revenue losses as a result of trade liberalization will be undertaken. The Mission will also continue to push a primary education policy reform agenda.

Trade liberalization continues to be important as a means of stimulating economic growth and modernizing the economy as well as for its immediate positive impact on the poor through lowering of basic food prices. The Mission hopes to take advantage of recent support generated under the EPP Project with the Dominican Association of Industrialists -- traditional opponents of trade liberalization.

Finally, the Mission will open a policy agenda on constraints faced by the SME sector, particularly in the area of legal and regulatory reform and social justice. We believe that growth of the sector can be stimulated by reducing the high transaction costs faced by SMEs.

3. Expectations for next year

S.O. 1 Level - The Mission plans to execute a Strategic Objective Agreement (SOAg) with the new government that comes into power in August 1996. If the new government demonstrates the necessary political will to deal with poverty issues, the Productivity and Income Enhancement Project will be converted into a SOAg. FY97 and 98 funds for S.O. 1 will be obligated through this SOAg mechanism.

Results Package 1 - With current funds, the Mission will support the expansion of EDUCA primary education activities outside of Santo Domingo. The Ministry of Education information system and testing program will become institutionalized. Funds from the multimillion dollar World Bank/IDB primary education program will begin to augment EDUCA activities initiated with USAID support.

The Center for Support to Small and Microenterprises (CAMPE) will be established and begin operations. CAMPE will begin to provide support to other NGOs, such as local NGOs doing skills training with support from the PVO Co-Finance project. (See Section A.2.b.)

Results Package 2 - Efforts will concentrate on establishing the new Small Business Bank. Close collaboration will be required with the IDB and FondoMicro to bring about this initiative. Although this initiative is not the final solution to the needs of the small and microenterprise sector, it is an important step toward satisfying the needs of the SME sector for a wider range of financial services. After almost 15 years of involvement with microenterprise lending, USAID can wind down its assistance satisfied that it is leaving in place several sustainable and effective local NGOs along with large amounts of leveraged support from other donors.

Results Package 3 - A major analysis on poverty alleviation and public sector financing priorities will be conducted. Provided the new GODR demonstrates the political will to understate meaningful reforms, USAID/DR will assist in establishing relationships between NGOs and selected GODR ministries on poverty alleviation issues.

4. Summit of the Americas

S.O. 1 activities directly support the Miami Summit Initiatives in several key areas. The most direct areas are Universal Access to Education (initiative #16), Encouraging Microenterprises and Small Business (initiative #19), and Free Trade in the Americas (initiative #9). S.O. 1 efforts through EDUCA are having a marked impact on improving the quality and access of primary education. Trade liberalization has been a central theme of both the EPP and the EE projects. Results Package 2 is entirely dedicated to providing increased access to financial services for the small and microenterprise sector. The strong emphasis on women throughout the S.O. also supports Summit initiative #18, Strengthening the Role of Women in Society.

Table 2: Strategic Objective Performance

Dominican Republic				
STRATEGIC OBJECTIVE NO. 1: Increased Economic Opportunities and Benefits for the Dominican Majority				
Indicator No. 1: Poverty level				
Unit: Percent of population under poverty line		Year	Planned	Actual
Source: National Household Consumption, Income and Expenditure Survey	Baseline	1992	---	20.63
Comments:	Target	1997	18.0	**
Indicator No. 2: Unemployment/Underemployment Rates				
Unit: Percent of total population		Year	Planned	Actual
Source: Economic Survey/Embassy	Baseline	1995	---	20/30
Comments: First figure unemployment - second figure is underemployed		1996		
		1997		
		1998		
		1999		
	Target	2000	15/25	

Indicator No. 3: School Desertion Rate				
Unit: Percentage		Year	Planned	Actual
Source: PIPE's statistics report	Baseline	1991-92	---	7.0%
Comments: Public and private schools rate for Santo Domingo area only.		1992-93	6%	6.5%
		1993-94	5%	5.2%
		1994-95	3.5%	
		1995-96	2%	
	Target	1996-97	1%	

Dominican Republic

INTERMEDIATE RESULT NO. 1.3 Develop/Advocate Broad Consensus NGOs/Donor Organizations on Selected Policy Changes

Indicator No. 1: Widespread National Debate on Government Social Sector Expenditures				
Unit: Qualitative assessment (cummulative)		Year	Planned	Actual
Source: Media coverage (Newspapers, radio/TV programs)	Baseline	1994	25	--
Comments:		1995	60	221
		1996	100	
		1997	150	
		1998	200	
	Target	1999	250	

Indicator No. 2: Person hours of small and microenterprise training provided				
Unit: person hours of training		Year	Planned	Actual
Source: CAMPE	Baseline	1996	5,000	
Comments:		1997	12,000	
Cumulative		1998	25,000	
		1999	44,000	
	Target	2000	72,000	
Indicator No. 3: Collective Bargaining Agreements				
Unit: No. of agreements signed (cummulative)		Year	Planned	Actual
Source: AIFLD records	Baseline	1994		117
Comments:		1995	123	119
		1996	129	
		1997	135	
		1998		
	Target	1999		

Dominican Republic				
INTERMEDIATE RESULT NO. 1.1.B. Improve Quality of Primary Education				
Indicator No.1: Standardized test scores at the end of 4th grade				
Unit: Average Score		Year	Planned	Actual
Source: PIPE's statistics reports	Baseline	1994	--	F - 48.5 M - 47.5
Comments: Santo Domingo only		1995	F - 49.0 M - 48.5	F- 42.83 M- 42.66
		1996	F - 50.0 M - 49.5	
	Target	1997	F - 55.0 M - 55.0	

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Indicator No. 2: Reduced school repetition rate				
Unit: Percentage		Year	Planned	Actual
Source: PIPE's statistics report	Baseline	1991-92	---	9.0%
Comments Public and private schools rate for Santo Domingo area only.		1992-93	8.5%	8.9%
		1993-94	7.5%	8.4%
		1994-95	6.5%	
		1995-96	6%	
	Target	1996-97	5%	

DOMINICAN REPUBLIC				
INTERMEDIATE RESULT NO. 1.2 - Integrate Disadvantaged Populations into Financial Markets				
Indicator No. 1: Jobs created				
Unit: Jobs created (FTE), (cumulative)		Year	Planned	Actual
Source: NGO lending records	Baseline	1992	F 3,500 M 4,000	F 3,850 M 4,350
Comments: Employment projections have been revised to reflect the Mission strategy effective the end of 1994 to make no additional contributions to any credit funds and to phase out our credit activities in the sector with the June 1997 Cooperative Agreement termination date for the Mission's Small and Microenterprise Deveopment Project.		1993	F 8,250 M 9,000	F 8,100 M 9,150
		1994	F 12,600 M 14,100	F 14,300 M 16,200
		1995	F 18,000 M 22,000	F 18,850 M 23,025
		1996	F 23,000 M 29,000	
	Target	1997	F 28,000 M 36,500	

55

Indicator No. 2: Volume of micro and small business credit provided through USAID assisted financial institutions				
Unit: ($000)		Year	Planned	Actual
Source: NGO lending records	Baseline	1990	F 9,000 M 16,000	F 7,500 M 17,500
Comments: Credit projections have been revised to reflect the Mission strategy effective the end of 1994 to make no additional contributions to any credit funds and to phase out our credit activities in the sector with the June 1997 Cooperative Agreement termination date for the Mission's Small and Microenterprise Deveopment Project. While the NGOs themselves are expected to contribute to the modest growth of their credit portfolios, USAID's PL-480, Section 108 Small Loan Portfolio will actually shrink due to repayment to the U.S. Treasury.		1994	F 9,500 M 20,000	F 9,000 M 21,000
		1995	F 9,000 M 21,000	F 11,323 M 21,028
		1996	F 12,000 M 23,000	
	Target	1997	F 13,000 M 24,000	

Dominican Republic				
INTERMEDIATE RESULT NO. 1.3 Develop/Advocate Broad Consensus NGOs/Donor Organizations on Selected Policy Changes				
Indicator No. 1: Widespread National Debate on Government Social Sector Expenditures				
Unit: Quantitative assessment (cumulative)		Year	Planned	Actual
Source: Media coverage (Newspapers, radio/TV programs)	Baseline	1994	25	--
Comments:		1995	60	221
Mission finds that this indicator does not adequately reflect progress and has developed an alternative tracking framework for the future.		1996	100	
		1997	150	
		1998	200	
	Target	1999	250	
Indicator No. 2: Widespread National Debate on Micro/Small Business Trade Issues				
Unit: Qualitative assessment (cumulative)		Year	Planned	Actual
Source: Media coverage (Newspapers, radio/TV programs)	Baseline	1994	25	--
Comments:		1995	60	227
		1996	100	
		1997	150	
		1998	200	
	Target	1999	250	

ECONOMIC POLICY DEBATE IN THE DOMINICAN REPUBLIC - 1994-1996

POLICY AREA	No Public Debate	Public Debate in progress	Agreement on Framework for Policy/Reform changes achieved	Official Approval of proposed framework for Policy/Reform achieved	Approved Policy/Reform being orderly implemented
1. Widespread National debate on GODR social expenditures issues.					
a. Prioritization of public expenditures.		X,Y			
b. Trade offs: "productive" vs "social" expenditures.	X,Y				
c. Within sector priorities:					
-health		X →	→ Y		
-education		X →	→ Y		
2. Widespread National debate on Micro/ Small business issues.					
a. Prudential norms/Monetary Code.	X →	→	→ Y		
b. Small business bank established		X →	→ Y		
4. Widespread Debate on Competitiveness					
a. Tariff / Tax reform		X →	→	→ Y	
b. Elimination of non-tariff trade barriers.	X →	→ Y			
c. Need for internal/external competition.	X →	→ Y			
d. Legal Regulatory and Judicial reform	X,Y				
e. Energy Sector reform			X,Y		
f. Civil Service reform				X,Y	

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Legend:
X = 1994
Y = 1996

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

Indicators:
1) Women 15-49 using a contraceptive method
2) Infants < 4 mos. exclusively breastfed
3) Infants under age 1 with diarrhea treated with ORT
4) Target pop using a condom during most recent act of intercourse with non-regular partner

Results package 1
Improved Access and Quality of family planning services

Program Approaches:
1) Increase contraceptive options and availability
2) Improve provider technical competence
3) Improve program sub-systems (trg., supervision, logistics, etc.)
4) Policy dialog./coord. with GODR and donors.

Indicators:
1) CYP achieved
2) Availability of FP materials
3) Service delivery points w/temporary methods in stock.

Activities:
1) TA to NGOs in service delivery, institutional strengthening & sustainability
2) Support service delivery at clinic community level
3) Develop new IEC materials for providers and users.

Results package 2
Improved knowledge of and access to selected MCH Interventions

Program Approaches:
1)increase service delivery capacity
2)increase use of ORT
3)refresher training for community promoters

Indicators:
1) Mothers knowledgeable of benefits of exclusive breastfeeding
2) Mothers knowledgeable of how & when to provide ORT.

Activities:
1)Institutional strengthening
2)NGO sustainability activities
3)MCH phaseout strategy

Results package 3
Improved knowledge of and access to AIDS prevention practices

Program Approaches:
1) Increase knowledge of HIV/AIDS and preventitive measures
2) Improve access to condoms
3) Improve access to appropriate STD services
4) Raise awareness on the impact of AIDS among policy makers and country leaders.

Indicators:
1) Knowledge of at least two HIV/AIDS preventive measures
2) Knowledge of where to access STD services
3) Outlets with condoms.

Activities:
1) Dev. IEC strategy for HIV/AIDS
2) Develop and implement IEC strategy for adolescents, including mass media
3) Support widely distribution of a low-price condom
4) Support NGO activities targeting specific audiences
5) Support production and dissemination of data.

Results package 4
Improved access and management of potable water and sanitation systems

Program Approaches:
1) Finance demonstration proejcts in water/sanitation with NGOs;
2) Stimulate community participation in the operation and maintenance of water/sanitation systems;
3) Strengthen linkages between NGOs, GODR and other donors to replicate model.
4) Promote policy reform in water/sanitat.

Indicators:
1) Families served w/ new potable water system
2) Families served with new sanitation systems.

Activities:
1) Infrastructure construction
2) Strengthen community organizations
3) Training in systems operations & maintenance
4) Training in hygiene practices
5) Promote coordination meetings, exchange visits, joint training, etc. between NGOs, GODR, and Donors.

B. STRATEGIC OBJECTIVE NO. 2 - INCREASED USE OF PRIMARY HEALTH CARE SERVICES BY UNDERSERVED POPULATIONS

1. The results framework

As an outcome of internal discussions, meetings with partners and feedback from USAID/W during the course of FY95, the S.O. team reformulated the S.O. results framework. The current results framework highlights the importance of service delivery interventions in the priority areas of family planning, AIDS prevention, provision of water and sanitation, and maternal-child health. The vast majority of these interventions are carried out through local NGOs, consistent with the Mission's overall portfolio implementation strategy. This S. O. is fully consistent with the Agency's 1995/96 Population, Health and Nutrition Strategic Framework. The emphasis on water and sanitation for unserved communities will contribute to the continued success of child survival interventions once USAID/DR phases out direct support to this area of concern. It also reflects a very strongly felt need on the part of the communities who are our customers. A public health policy agenda, which expands USAID's role from promoting legislation and policies in support of service delivery to a broader health sector reform approach, is a priority for the Mission during FY96 and will ultimately be woven into the S.O. 2 results framework.

The principal development hypothesis is that improving knowledge, access and the quality of services will increase their utilization. Furthermore, there are reinforcing cross-linkages between the intermediate results: those between family planning and maternal/child health, water/sanitation and child health, and AIDS prevention and maternal/child health are obvious. In addition, innovative, mutually reinforcing approaches for adolescents are being implemented through both the family planning/reproductive health and AIDS prevention interventions. As a result of the increased utilization of all of these services, USAID/DR is reducing fertility, lowering infant and maternal mortality, and slowing HIV infection rates among high risk groups. The focus on low income groups also contributes to poverty alleviation. The Mission's underlying assumption is that, by effectively providing services through NGOs, we can demonstrate to the government that this is a viable and effective option for improving the availability of health care for underserved populations.

The Mission remains committed to playing a catalytic role in the health sector. Hard choices have been made and will continue to be made concerning where scarce resources are directed to attain national impact. USAID/DR's termination of support for child survival comes at a time when immunization coverage rates are high, infant mortality has steadily declined, and other donors such as the European Union (EU), are providing technical and financial resources to the neediest areas. USAID is actively building partnerships with government institutions and donors to translate the experience gained with the NGOs in recent years into opportunities for collaboration in health and population. USAID-supported NGOs and other partners are engaging potential future

leaders in reaching consensus on the priorities in the sector. Having prepared some of the ground work, USAID will be positioned to collaborate with a new government as opportunities present themselves.

2. Summary/analysis of data

a. Progress toward S.O.

Four primary indicators reflect the variety of activities under this S.O. Current data on most of these are unfortunately not available for this report, since they depend on a comprehensive demographic and health survey (DHS) to be conducted around mid-year. Nevertheless, proxy measures are available for most of these indicators, so that the following successes can be noted:

-- in the health policy area, the General Health Law was widely debated in the Dominican Congress during 1995. The Law, which would update the existing Health Code dating to the Trujillo era and provide a general framework for health reform, was passed by the House of Representatives but is still under debate by the Senate.

-- a CARE survey demonstrated a 16% increase (from 47% to 63%) in contraceptive prevalence among program beneficiaries between 1993 and 1995 in the three border regions. This increase was nearly twice that of the control areas.

-- the performance table shows that in 1995 USAID-supported family planning service providers surpassed the planned level of Couple Years of Protection (CYP) by 7.7%. This is evidence of the reliance on the private sector and NGOs for family planning services. It is estimated that the government's whole family planning program provides about 260,000 CYPs per year for temporary methods which is only slightly more than that of USAID-supported providers.

-- the CARE survey also showed a doubling in breast-feeding and exclusive breast-feeding practices since 1993: from 13.2% to 27.7% (1995) in project areas. The survey also found that 30% of project beneficiaries are exclusively breast-feeding for up to four months, although 100% of mothers know the benefits of breast-feeding.

-- the CARE survey as well as surveys undertaken by CONASUMI, a consortium of NGOs working in child survival and PLAN International, reported increases in their project areas in the use of oral rehydration therapy to treat diarrhea. For example, CONASUMI reported a 53% increase between 1993 and 1995 for children under 5 years, from 49% to 72%.

-- there has been a significant decrease in seroprevalence among high-risk groups reached by Mission activities: from 11% to 5.4% among commercial sex workers (1993 to 1994) and from 15% to 11.6% among men who have sex with men (1991 to 1994).

-- reflecting USAID's catalytic role in water and sanitation, several project-funded NGOs have already signed collaborative working agreements with Santo Domingo water authorities to tie their new, community-managed systems into existing networks.

An additional task is scheduled during FY96 to further strengthen the S.O. 2 portfolio strategy and its ability to achieve results. A team of three international and one local experts will assist the S.O. team in assessing the strengths and weaknesses of the activities being supported by USAID/DR in addition to identifying opportunities for engaging NGOs, the government, and donors. This exercise will also provide recommendations on a health policy agenda for the period of transition to a new government and suggest options for an appropriate program balance between service delivery and health sector reform.

Additional performance information is included in the individual results package reports.

b. Results Package 1: Improved access and quality of family planning services

The total fertility rate (TFR) in the Dominican Republic has already been halved during the past two decades, from 5.6 for the period 1970-75 to an estimated 2.8 during the present period of 1995-2000. Concurrently, the contraceptive prevalence rate has nearly doubled from 32% of married women in 1975 to an estimated 60% at present. However, high fertility rates and low contraceptive use persist in many rural areas of the country as well as among the young adult population.

In addition to continuing to sustain the decline in fertility rates, USAID is focusing on several key issues affecting the reproductive health of Dominicans, including: increasing the choice of contraceptive options, particularly temporary methods, given that female sterilizations account for nearly 75% of current users; increasing contraceptive continuation rates; and integrating STD prevention, including HIV into family planning services. Underlying these problems is the need for greater Dominican government investment in reproductive health and less dependence on external resources, primarily USAID and UNFPA.

USAID/DR resources improve access to and the quality of services among low income segments of the population. While the program is mainly implemented via NGOs, assistance is also provided to the public sector on a limited basis: 1) a post-partum services model is being replicated by Ministry of Health (SESPAS) and Dominican Social Security Institute (IDSS) facilities; and 2) in the border regions, CARE has developed successful partnerships with local public health providers.

Increased CYPs

Tracking the provision of couple years of protection (CYPs) by USAID-funded agencies is one of the key indicators used to monitor access to and use of family planning services.

During the past decade, the absence of a strong public sector program has placed a burden on the NGOs to provide an increasing volume of services, particularly in rural and periurban areas. Over 1 million CYPs have been achieved by USAID-supported agencies during the past five years. The level of service provision has more than doubled since 1993 from a level of 139,000 CYPs to a projected 290,000 CYPs in 1996.

Increased Choices and Use of Temporary Methods

There is also evidence that increased availability of contraceptive options will contribute to altering the method mix. The recent introduction of Depo-Provera, increased availability of Norplant implants, the opening of a male clinic by the NGO PROFAMILIA, and the expansion of post-partum hospital-based services are expected to reduce the prevalence of female sterilization as well as increase male involvement in family planning. For example, data from the largest maternity hospital in the country show a three-fold increase in the proportion of women using a temporary method between 1991 and 1994, coinciding with the USAID funding of a postpartum service delivery model. Plans are underway to replicate this model in other government hospitals. In addition, service statistics from the NGOs show a growing demand for Depo-Provera with use in 1996 expected to double the 1995 figure (3560 CYP vs. 1650 CYP).

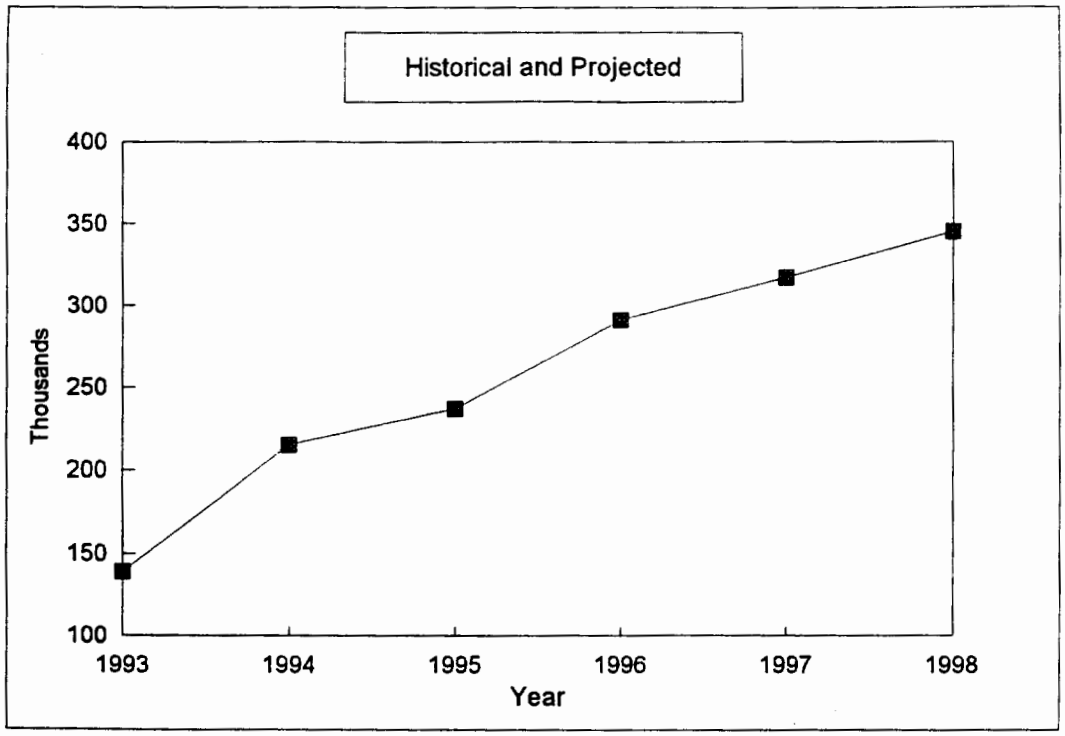
Improved Quality of Care

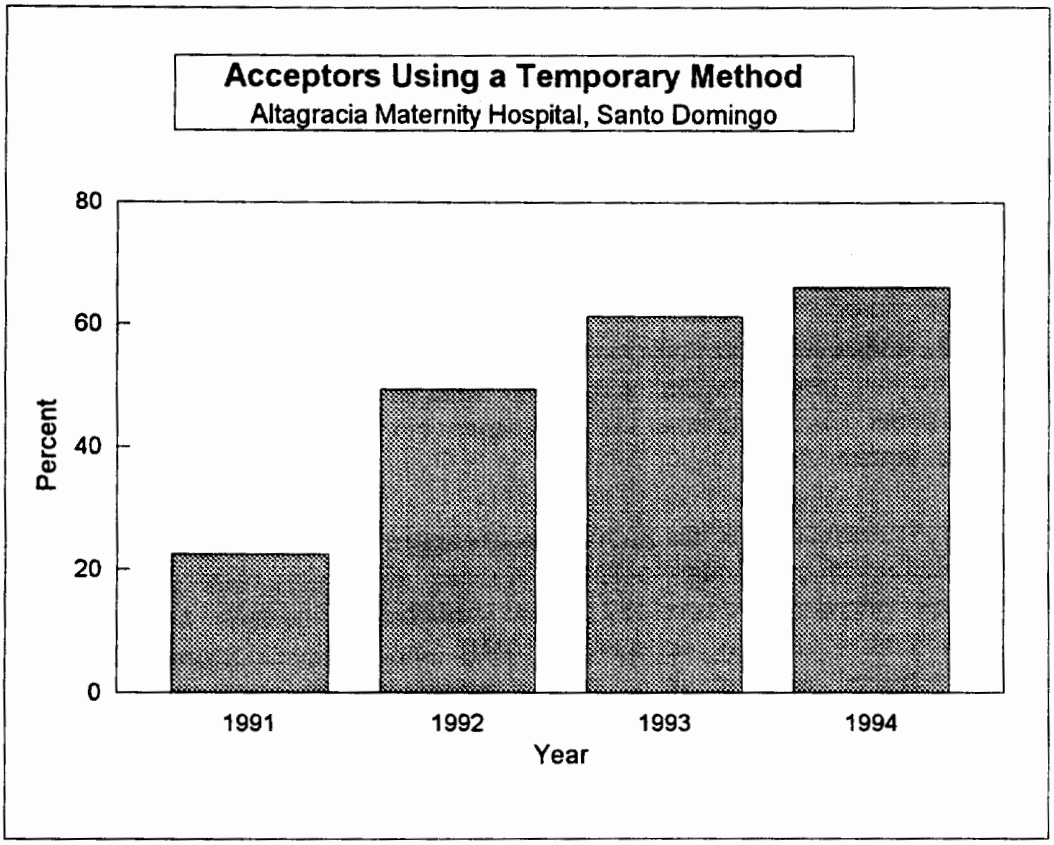
The results of a situation analysis conducted by Development Associates, Inc. in 1994 identified a number of institutional weaknesses among the NGO service providers, including the lack of information, education and communication materials (IEC), supervision and information systems, and logistics management. The improvement of these program components is a priority for USAID/DR, and considerable technical assistance resources were targeted during 1995 to alleviate these problems. In 1995, over 2 million brochures were printed, with training and distribution being completed during 1996. Beginning in 1996, additional data will be collected and reported at the community level to ensure that providers are adequately stocked and resupplied with contraceptives. Improvements in the information and supervision systems are also expected to come on line during 1996.

CARE field staff support 45 rural public health clinics, strengthening their capacity in the areas of contraceptive logistics, training in-service delivery and counseling staff, supervision, and equipment provision. Over the current performance period, this effort produced over 4,000 new family planning acceptors. CARE has also been instrumental in providing referrals for clinical methods in the border regions where access has historically been extremely difficult. Nearly two-thirds of the 2,862 referrals made during 1995 were for clinical methods.

Collaboration

Collaboration between the public and private sectors and among international donors was crucial to the success of two USAID-led efforts during the past year. USAID and


Historical and Projected
400
350
300
250
200
150
100
Thousands
1993
1994
1995
1996
1997
1998
Year


Acceptors Using a Temporary Method
Altagracia Maternity Hospital, Santo Domingo
80
60
40
20
0
Percent
1991
1992
1993
1994
Year

SO2MNSA.wk4

UNFPA co-financing made possible the production of two dozen new family planning brochures, a promoter manual, posters and a reference guide. The package of materials presents updated technical information using language geared towards aiding the comprehension of the client. Cooperation between donors, private physicians, NGOs and the government has resulted in the production of a set of consistent, high-quality instructional material used by all private and public sector agencies nationwide. A highly participatory methodology was utilized in the development and testing of the materials which were officially launched in November at a national seminar. A complementary activity during the past year was the publication of new national family planning norms, which represents the first update in over a decade.

c. Results Package 2: Improved knowledge of and access to selected MCH interventions

During last year's reformulation of the S.O. 2 strategy and results framework, USAID/DR decided to terminate support for child survival at the conclusion of FY96. Recent statistics from the Pan American Health Organization (PAHO) show increases in immunization levels from 48% (1992) to over 80% (1995). Measles is virtually eradicated with no reported cases in 1995 and only 3 cases in 1994. PAHO also reports that the Ministry of Health covered 99% of the recurrent costs for the immunization program, compared to 87.6% in 1990. Infant mortality has been cut almost in half over the past seven years, with the current rate at 43 per thousand. In addition, other donor efforts are active in regions where indicators show the least improvement. The Mission will continue to address maternal health issues under the reproductive health component of the family planning project as well as breastfeeding, not only for the benefits to child health but as a form of natural birth control. To further reinforce, as well as improve child survival achievements, USAID model demonstration projects in community-managed water and sanitation are located in communities where there are ongoing child survival interventions.

CARE and CONASUMI (a local NGO consortium) program activities will face tough sustainability issues as the last year of USAID funding winds to a close. Both institutions have begun their quest for new funding sources by incorporating a sustainability action plan within their closeout strategies. USAID has encouraged both organizations not only to seek out funding from other international donors but also to establish liaisons with additional NGOs, the GODR, and the private sector. CARE has already been able to secure EU and local NGO commitments to assume a portion of its water and sanitation activities, and continues to pursue options for local funding of its MCH component.

Child Survival and Nutrition

Evaluation findings show that CONASUMI has achieved impressive results in their two main interventions, oral rehydration therapy (ORT) and breastfeeding. They report that 93% of the target population knows how to provide ORT. An impressive 99% of target mothers know the benefits of breastfeeding. However, true to past surveys, changing

behavior and cultural practices will take time: only 30% of project beneficiaries are exclusively breastfeeding for up to four months. Nevertheless, the results in the target areas have surpassed the National Plan target for 1999 of 25% and have far exceeded the 10.9% reported in the 1991 DHS.

CARE's achievements have exceeded expectations in a number of interventions. Low birth weight of the target group has been reduced from a baseline of 12.5% to 7.7% and the incidence of malnutrition in children under one year old dropped from 30% to 17%. Nutrition education has been directed at dispelling myths, taboos and ignorance in the rural areas of the Dominican Republic's "poverty corridor" -- the Western provinces. Targeting food rations specifically to infants and children has allowed women to retain greater control over the food provided than they might otherwise have with local foods purchased with cash.

Breastfeeding

Our results indicate that the fundamental principle of early nutritional well-being associated with exclusive breastfeeding is increasingly being practiced by target mothers. Data from the 1993 baseline survey indicated that only 13.2% of infants under six months were exclusively breast-fed. Initial data from a 1995 follow-up KAPB survey suggest that CARE communities have increased exclusive breastfeeding of children under 6 months to almost 28%. Data also point to an increase in the percentage of mothers recognizing the signs of dehydration from 71% to 84%.

Global Bureau interventions have also contributed to the results USAID has achieved in breastfeeding. In just over a year, Wellstart in-country representation participated in the elaboration of a National Breastfeeding Plan, university curriculum reform to incorporate a breastfeeding module within the health care curriculum, and the development of a curriculum for use by local NGOs to train community breastfeeding support group leaders.

Maternal Health

The CONASUMI consortium has entered into its final year of USAID support with the completion of a set of interventions to prevent pregnancies among adolescents. The culmination of this multi-pronged approach was the successful launch of a mass media campaign to raise teen risk awareness through a series of professionally-developed radio and TV spots. Further integration of adolescent participation within individual programs will continue to be an important component of the S.O. 2 portfolio.

Collaboration

Integrating community self-help groups, which include mothers' clubs, breastfeeding support, and peer counseling has been fundamental to the successes achieved. CARE project staff have steadily worked at improving the empowerment of women and mothers in project communities, promoting the progressive and conscious participation of families in health decision-making, particularly in the identification and resolution of problems

affecting the growth and development of children under 3 years old.

NGO Sustainability
The demands placed upon individual organizations of the CONASUMI consortium in achieving consensus as to roles, responsibilities and a long term sustainability plan has proven to be a major challenge. Nonetheless, through member contributions to the overall operating unit, the consortium has achieved a level of counterpart commitment which has unified the members in their quest for new sources of funding. Among the painful lessons learned by the consortium are the need for multiple donors to finance service delivery for which beneficiary contributions do not suffice and the amount of time and personnel required to mount an effective fund-raising campaign.

d. Results Package 3: Improved knowledge of and access to HIV/AIDS/STDs prevention practices and services

The HIV epidemic is well-established in the Dominican Republic. HIV has steadily moved from original core groups with high risk behavior (commercial sex workers -- CSWs, and men who have sex with men -- MWM) into the general population throughout the country. The HIV seroprevalence in the general population was 1 to 1.3% in 1992, with conservative projections estimating a rate of 5% by the year 2000. While this is the most accurate indicator of HIV prevention program impact, it is not broadly used because of the high cost of developing reliable data. However, the sentinel surveillance program in the DR, supported by AIDSCAP, provides accurate seroprevalence rates for some of the projects' target audiences. For example, recent data from Puerto Plata maternity hospital indicates a 3% prevalence in pregnant women, the lowest risk group. This is alarming and indicative of the rapidly increasing infection rate of the general population.

USAID/DR's approach focuses on three main objectives: improved knowledge of HIV/AIDS/STDS preventive measures; improved access to appropriate STD services; and improved access to condoms.

Knowledge of HIV/AIDS and Preventive Measures
Process evaluations indicate successful achievement of programmatic goals. However, hard data to account for program impact will only be available by July 1996 when the three-year strategy evaluation is completed. In spite of the lack of comprehensive data, at present there are some indirect indicators of program impact as described below.

Behavioral Change Communication is a major component of the overall prevention strategy. Specific interventions target women, adolescents, CSWs and their clients, people at the work place (especially industrial zone and hotel workers), MWM, and family planning acceptors. The expected achievement at the end of the SO period will be "reduced high-risk behavior contributing to the spread of HIV/AIDS/STDs".

Recent data collected has evidenced a significant decrease in HIV seroprevalence among some targeted groups. Among CSWs within the areas of the NGO COIN's (Centro de Orientación e Investigación Integral) peer to peer project, HIV seroprevalence has fallen from 11% in 1993 to 5.4% in 1994. This trend is to be confirmed with the 1995 data.

A similar trend has been experienced among MWMs. According to PROCETS, the national STDs and AIDS control program, the rate was approximately 15% in 1991 based on previous seroprevalence studies. By December 1994, a study conducted by AIDSCAP reported HIV seroprevalence for this target audience at 11.6%. We are unable to attribute this decrease solely to the educational interventions developed by Amigos Siempre Amigos (ASA), a USAID-sponsored NGO. However, ASA is the only group working with this target audience in the country.

From a more qualitative perspective, greatly improved knowledge of HIV/AIDS prevention practices has been noticed during focus group discussions held to develop educational materials, and the Youth Mass Media campaign has generated substantial attention.

Success Story: Adolescent AIDS Campaign Takes Off

The recently-launched mass media information campaign aimed at increasing AIDS risk perception among adolescents has achieved tremendous support from private sector media: in only three months, the media provided free air time for almost 65,000 TV and radio spots (valued at US$1.3 million.) There has also been free press space that has yet to be quantified. The campaign was developed in close collaboration with the Ministry of Health and NGOs working with youth. Response from the target group, as well as from parents, has exceeded expectations: as a result, AIDSCAP will install a special telephone "hot line" to provide additional information and referrals.

The Youth Mass Media campaign has also gained support from other organizations such as CARE, PROFAMILIA, the Ministry of Education (SEEBAC), and a Catholic Youth organization for their respective target audiences.

Access to Appropriate STD Services

In collaboration with a local university (INTEC), the Dermatology Institute's STD department designed and implemented a training program based on the algorithmic approach to STDs. This is the most intensive STD training given to clinicians and non-clinicians in the Dominican Republic. The goal is to train a total of 300 clinicians, 500 non-clinicians and 15 bio-analysts. The course incorporates educational techniques that take into account specific cultural/social values for effective AIDS prevention. The health community has responded extremely favorably, and several institutions not originally included in the program have requested to participate. This will contribute to the program's sustainability once the initial project is concluded. With the infrastructure

and curriculum in place, the institution has begun marketing this successful training package. As a result, UNFPA will be funding MOH staff to receive this training.

Success Story: PAHO Adopts STD Training Program

The STD training program provides a straightforward, standardized method for diagnosing and treating STDs as a means of AIDS prevention. Because it does not rely on sophisticated laboratory techniques, it can be implemented throughout the country, even where health infrastructure is limited. It also fosters a collaborative working relationship among those trained, starting at the community level. An STD referral guide will be widely distributed in order to help increase users' timely access to adequate care.

The training materials developed for the Dominican Republic program are the most complete materials available in Spanish on the algorithmic approach to STDs and incorporate a training of trainers approach. Following its presentation at the 10th Latin American STD conference in Chile (November, 1995) the program received widespread support from other Latin American countries. The Pan-American Health Organization intends to disseminate the training materials throughout the Americas.

AIDSCAP has also provided technical assistance to the National Essential Drug Program (PROMESE) to purchase adequate STD drugs which complements the STD training for clinicians. Although the correct drugs are being purchased for public clinics, the public distribution structure to deliver supplies from MOH central level to the public clinics is far from being efficient.

Access to Condoms

A new condom prototype was developed following a condom retail audit which showed that low-cost condoms were not available nationwide and conducting market research to test consumer preference for condom packaging and to identify market opportunities. An innovative partnership between the condom community-based distribution (CBD) program and a private sector distributor will increase nationwide availability of the new low-price condom.

The private sector partner will contribute resources valued at $1,350 million for advertising, promotion, market research and to partially cover managerial staff, transportation and warehousing costs. The profits generated from the transactions between the CBD and the private sector will force future projects to ensure continuous condom availability.

USAID's Role As a Catalyst for AIDS Prevention

During the life of the program, USAID has successfully coordinated with other partners involved in AIDS prevention. We have provided information and support to key actors, from the grassroots to the cabinet members of the country. The constant flow of scientific and programmatic information we provide to the press and other media is reflected in frequent articles on current issues. The growing awareness and response to

the AIDS epidemic in the DR is undoubtedly one of the Mission's major contributions. As a result, an increasing number of local and international donors, including UNFPA, the EU, local media, and the business community, are getting involved in the fight against AIDS. The GODR itself has purchased 4 million condoms which will be distributed free to underserved populations. The U.S. Ambassador to the Dominican Republic is involved in the dissemination of the U.S. International Strategy for HIV/AIDS, issued in July 1995. The strategy will be disseminated among government officials and country leaders in an effort to engage a broader cross section of decision-makers in the fight against the ever-growing epidemic.

Other Success Stories

- **AIDS Epidemiological Projections** have been widely diffused in national and international fora, and have been an excellent tool for educating and creating awareness among policy makers about the seriousness of the AIDS epidemic in the Dominican Republic. Following dissemination of the 1993 report to Cabinet and Congress members, Church and private sector representatives, the AIDS Law was enacted. The report has also served as an advocacy tool to induce other donor collaboration.

- **a Women and AIDS Plan** elaborated during 1995 includes two specific action areas: service delivery and Information, Education and Communication (IEC) which will be incorporated into the National AIDS Control Plan. A national Women and AIDS Conference was held with project financial and technical support in September 1995.

- **Capacity Building/Sustainability:** USAID's AIDS project has contributed to the institutional development and strengthening of the organizations working in AIDS prevention in the country not only by providing training and technical assistance but also by individual institutional strengthening and development of sustainability plans. These plans provide the framework for future assistance requests and serve as the basis for the NGOs to leverage support from other donors.

e. Results Package 4: Improved access and management of potable water and sanitation services

The principal results expected under this results package are to increase the availability of potable water, improve waste management and hygiene practices and stimulate community participation in democratic management of water and sanitation systems. Increased availability of potable water and sanitation in areas where the Mission has financed child survival activities address the causal factors for the most common diseases affecting children. This focus constitutes part of the Mission exit strategy from Child Survival, to help ensure that the country sustains its progress in reducing infant morbidity and mortality.

Customer feedback has repeatedly indicated that access to clean water and sanitation heads the priority list of both rural and urban populations. Along with other relevant

criteria such as poverty alleviation, family health, sustainability, community participation and proven results, replicability, catalytic role, and GODR buy-in, this feedback contributes to the high priority placed by the Mission on water and sanitation activities.

The GODR's provision of water and sanitation services is not adequate: it is estimated that 60% of the rural and 25% of the urban population lack such services. One of the factors exacerbating the problem is the lack of maintenance and repair of systems already installed by the GODR. Thus, the Mission's underlying strategy to resolve these critical water and sanitation deficiencie is to stimulate the GODR, other donors, and communities to adopt and replicate a model of community action with limited external assistance. The model's underlying premise is that communities are empowered to operate and maintain their own water and sanitation systems with their own resources, therefore reducing dependency on the central government. Residents, particularly women, are encouraged to participate in all phases of new water and sanitation systems, including design, construction, operation and maintenance. USAID staff are actively working with the GODR's water and sanitation planning and implementing agencies to integrate this approach into the water/sanitation National Plan. USAID has also established "challenge targets" (or matching grant standards) for future NGO grants, in order to leverage local and other donor resources.

Access to Services

-- 56 community committees are operating systems and collecting dues; 90% of USAID planned targets for new W/S systems have been achieved.

-- Its low maintenance and the elimination of odor and flies have made the USAID-supported ventilated improved pit (VIP) latrine is a hit with beneficiaries. The VIP is so accepted it is being adopted as the standard model in the Dominican Republic by NGOs and the GODR.

Replicating the Community Management Model

-- USAID initiated contacts with GODR water and sanitation agencies (INAPA, responsible for national potable water and sanitation; CAASD, the Santo Domingo water authority; INDRHI, responsible for national water resources) and with the IDB-funded Pro-Comunidad, as well as with other donors and NGOs working in this sector. Impressed by USAID project successes with community management, INAPA has expressed interest in incorporating NGOs in the National Potable Water and Sanitation Plan to work with communities nationwide to ensure adequate operation and maintenance of the systems. INAPA has already started working with one community and is planning to work with others.

-- Several NGOs working in Santo Domingo have developed and signed collaborative working agreements with GODR agencies to assure that community W/S works meet government standards and that they are allowed to tie into city water supply lines. The GODR is also building a waste treatment plant to service IDDI project

communities, and provides technical assistance and materials to help communities operate and maintain their water and sanitation systems.

Empowering Beneficiaries
Because R.P.4 strongly promotes democratic values, sub-projects have been instrumental in promoting empowerment of women and youngsters in urban and rural communities. These two groups have traditionally not been able to exert significant leadership roles, but since the onset of project activities, women and youngsters now deal more proactively with older males in the construction, operation, and maintenance of their water and sanitation systems, as well as in disseminating hygiene practices.

Integration of the barrio community in USAID projects has led to the creation of development committees. These committees promote the participation of poor families in the construction of basic infrastructure, problem solving, formation of maintenance funds from water-user fees and mobilization of community residents for appropriate maintenance. IDDI's model of community development, implementing water and sanitation activities through self-help and democratic participation, tested in several of the poorest barrios of Santo Domingo, has gained recognition from several official Dominican organizations:

-the National District (Santo Domingo) Council and Santo Domingo water authority signed formal agreements to cooperate with IDDI and other NGOs working in poor barrios to participate in policy formulation and reforms.

-The Dominican Municipal League will support IDDI's plan to expand its work with urban youth on a national scale starting in four areas in 1996.

According to IDDI all of the major political parties have expressed the intention to employ the IDDI development model of community empowerment and active participation in development by using water and sanitation projects as a catalyst.

The major focus of current and planned water and sanitation activities is to service areas where previous MCH programs have been active, to help reinforce the gains of these programs. The vehicles used to achieve these results are direct grants (6 ongoing and 3 in process of approval) to NGOs under the PVO Co-Financing Project in 145 low income rural and urban communities, and community-supported CARE sub-projects in 90 low-income neighborhoods of Santo Domingo. As the community-managed model takes hold, USAID's emphasis will shift to strengthening the NGO-GODR relationship for service delivery to other needy areas.

e. Partner/Customer focus

Considerable effort was spent during FY95 to reengineer not only how the S.O. Team conducts business within USAID/DR but, perhaps more important, how these changes

affect relationships with USAID partners and customers. The results of this S.O. exercise were successful due to the active participation of our cooperating sponsors and contractors, with feedback from our customers. The collective technical expertise with the years of field implementation experience allowed the extended S.O. 2 Team to modify its indicators to reflect a measurable set of results at the operational base level.

In so involving the customers in this evolutionary process, the S.O. 2 extended team identified water and sanitation as a continuing priority for improving family health status and quality of life for poor Dominicans. Consequently, an additional $800,000 will be obligated during FY96 to fund NGO-sponsored water and sanitation demonstration projects. The team has gone a step further by developing a questionnaire to solicit feedback directly from USAID beneficiaries during field visits. This type of information as well as data collected by contractors, NGOs and donors will become an integral part of the team's continuous review of customer service.

f. Participation of other donors

The absence of recent regional and national data on key health and population indicators has been one of the limiting factors for evaluating the impact of donor assistance in the Dominican Republic. The dependence of national and international agencies on the demographic and health survey as the single most important source of data has facilitated the willingness of other international agencies to commit financial resources to the upcoming survey. USAID anticipates that co-financing from UNICEF, the World Bank, the Inter-American Development Bank, UNFPA and the European Community will cover nearly half of the local costs. Data collection is scheduled to occur after the presidential elections in May, and preliminary results are expected before the end of 1996.

Donor agencies have developed a data bank of project activities which provides a means of continual update of new project financing to maximize collaboration and avoid duplication of intervention components.

g. Gender

A focus on gender permeates the team's strategy. In each of the interventions under the S.O. there are activities directly benefiting either women or men. For example, in the area of water and sanitation active participation by women is encouraged in the design, construction and operation of systems through their membership and leadership of community water committees. During 1995, a clinic was inaugurated by PROFAMILIA to provide reproductive health services for men. Another NGO, ADOPLAFAM, trains beauty salon operators and barbers to provide information on family planning as well as sell contraceptive methods. Finally, the AIDS prevention strategy has developed specific messages and services for high risk groups including commercial sex workers and men who have sex with men. As a result of KAPB baseline surveys, AIDSCAP has sponsored

gender-specific training and material development throughout all its projects. It has also collaborated with the NGOs CASCO and IDDI in a gender study among adolescents to improve target group educational strategies.

h. Mission policy agenda

-- Support INSALUD in supporting dialogue and consensus-building on the National Health Plan and related legislation.

-- Coordinate poverty alleviation analysis with S.O. 1 Team to identify public investment priorities for dialogue with new government.

-- Coordinate with the technical arm of the National Health Commission (CNS), support INSALUD in broad-based discussions of health sector issues and preparation of a "social agenda".

-- Based on the broad results of government work, and in coordination with IFIs, identify the key policy issues to be addressed in the health sector for poverty alleviation.

-- AIDS/STD prevention: Dissemination of the U.S. Strategy on HIV/AIDS in concert with national public awareness media campaigns will involve a concerted effort on the part of the whole USG official community, including the Ambassador.

-- Actively dialogue with new government on use of NGO service delivery model for channeling increased resources to the sector.

3. Expectations for next year

During FY97, the Mission will remain committed to playing a catalytic role in the health sector. USAID is actively building partnerships with other donors and fostering such liaisons between NGOs and the government. Support for community-managed water and sanitation projects will incorporate "challenge targets to secure increased investments from the NGOs, the government, and the communities themselves. Maternal health issues will continue to be addressed through the reproductive health component of the family planning project. All of USAID's health and population interventions will reflect the cross cutting concerns of health sector reform, donor coordination, and NGO organizational strengthening, service delivery capacity building, and financial sustainability.

Being "out" of Child Survival and dealing with a new government will provide opportunity for more intensive focus on health sector policy issues. The S.O. 2 team is in the process of identifying those issues which we believe are of priority importance to us in addressing poverty alleviation. The S.O. assessment currently in progress (unfortunately delayed due to USG budget issues) will help our planning in this area.

4. Miami Summit follow-up

USAID/DR's integrated Family Health and Population project supports four principal NGO health service providers as well as several government entities. Family planning and preventive health for low income persons is stressed. Community organization is promoted.

USAID/DR works closely with UN and the Pan American Health Organization, and holds regular consultations with these and other donors in the health sector. A computerized data bank of assistance has been developed to avoid duplication of activities and approach the GODR with a common health sector agenda. USAID/DR is also developing proposals for prioritized health sector reforms, starting with sector financing issues.

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Table 2: Strategic Objective Performance

Dominican Republic				
STRATEGIC OBJECTIVE NO. 2 Increased use of effective primary health care services by underserved populations				
Indicator 1: Women 15-49 using a contraceptive method		Year	Planned	Actual
Unit: Percentage	Baseline	1991		36.8%
Source: DHS		1996	42%	
Comments: National data will be available late 1996. CARE reports 16% (47.1 to 63.1%) increase in use among a sample of women in Regions IV, VI, and VII between 1993 and 1995.	Target	2000	46%	
Indicator 2: Infants < 6 mos. exclusively breastfed		Year	Planned	Actual
Unit: Percentage	Baseline	1991		9.4%
Source: DHS		1996		
Comments: CONASUMI Phase III evaluation (11/95) reported 39.1% excl. breastfeeding in Regions 0, IV, VI. PLAN Int'l midterm KAPB survey (7/95) Region 0 reports 28% of children < 4 mo. exclusively breastfeeding.	Target	1999	25%	
Indicator 3: Infants under age 1 with diarrhea treated with ORT		Year	Planned	Actual
Unit: Percentage treated with ORT during the past two weeks	Baseline	1991		31.6%
Source: DHS		1996	40%	
Comments: Evaluations 1993 vs. 1995 CONASUMI evaluation reported increase from 49.7 to 72% for children < 5 yrs. CARE reports increase from 44 to 59% treated 4 times or more among children < 1 yr. PLAN Int'l reports 54% of cases treated with ORT.				

Indicator 4: Target pop. using a condom during most recent act of intercourse with non regular partner.		Year	Planned	Actual
Unit: Percentage MWM = Men having sex with men, CSW = Commercial sex workers SD = Santo Domingo, PP = Puerto Plata Hot. Work. = Hotel worker Adol. = Adolescents	Baseline	1990/ 1993		MWM: 38% CSW:80% SD, 72% PP Adol:29% M 6%F Hot. Work: 18%
Source: KAPB Survey, DHS		1996	MWM: 60% CSW: 86% SD, PP Adol.: 40%M, 15%F Hot. Work: 25%	
Comments: AIDSCAP strategy evaluation scheduled for 1996, project extended until 1997.	Target	1997	MWM: 60% CSW: 86% SD,PP Adols: 40%M, 15%F Hotel Work: 25%	

INTERMEDIATE RESULT NO. 2.1: Improved access and quality of family planning services				
Indicator 1: CYP achieved		Year	Planned	Actual
	Baseline	1993		180,000
Unit: Number		1994	200,000	217,000
Source: NGO reports, hospital statistics		1995	220,000	240,800
Comments: Planned figure for 1996 and beyond revised.		1996	300,000	
	Target	1998	340,000	
Indicator 2: Availability of family planning materials		Year	Planned	Actual
Unit: Percent	Baseline	1994		75% D.P. 33% C.V.
Source: Baseline from Situation Analysis. Monitoring from NGO reports		1995	75% D.P. 40% C.V.	*
Comments: D.P. = Distribution Points, C.V. = Community Volunteers * New brochures were developed during 1995 with distribution occurring in 1996.		1996	80% D.P. 60% C.V.	
	Target	1998	85% D.P. 65% C.V.	
Indicator 3: Service delivery points with temporary methods in stock.		Year	Planned	Actual
Unit: Percentage with condoms, pills, and vaginal tablets available	Baseline	1994		22%
Source: NGO reports (PROFAMILIA, ADOPLAFAM, MUDE)		1995	25%	*
Comments: * Central Warehouse data as of 12/95 used as proxy measure: PROFAMILIA and ADOPLAFAM reported low stock levels (<1 month) for condoms and MUDE reports low stock levels for vag. tabs.		1996	40%	
	Target	1998	60%	

INTERMEDIATE RESULT 2.2 Improved knowledge of and access to selected MCH interventions.				
Indicator 1: Mothers knowledgeable of benefits of exclusive breastfeeding		Year	Planned	Actual
Unit: Percentage	Baseline	1994		75.1%
Source: CONASUMI KAPB Regions O, IV, VI		1995	80%	
Comments: PLAN KAPB Survey reports that 73% of mothers continued providing liquids to infants with diarrhea.	Target	1996	100%	
Indicator 2: Mothers knowledgeable of how and when to provide ORT		Year	Planned	Actual
Unit: Percentage	Baseline	1994		78% CONASUMI 46% CARE
Source: NGO, CARE KAPB Surveys - Regions O, IV, VI, VII		1995	CONASUMI: 85% CARE: 50%	93.2% 52%
Comments: CONASUMI - 96% of mothers with knowledge of how to prepare and 99% of mothers with knowledge of when to provide. CARE - percent demonstrating step by step preparation.	Target	1996	CONASUMI:100% CARE: 55%	

INTERMEDIATE RESULT 2.3 Improved knowledge of and access to AIDS prevention practices and services.				
Indicator 1: Knowledge of at least two HIV/AIDS preventive measures		Year	Planned	Actual
Unit: Percentage of target population Source: KAPB Surveys	Baseline	1990/ 1993		Adoles.: 60% CSW: 80% SD, 74% PP Ind. Zone Work: 57% Hotel Workers: 80% WRA: 60%
Comments: WRA: Women in reproductive age * Knowledge levels of 1996 to be maintained.		1996	Adoles: 70% CSW: 80% Ind. Zone Work: 85% Hotel Worker: 90% WRA: 80%	*
	Target	1998 *	Adoles. 70% CSW 80% Ind. Wor. 85% Hot. Wor. 90% WRA: 80%	
Indicator 2: Knowledge of where to access STD services		Year	Planned	Actual
Unit: Percentage Source: KAPB Surveys	Baseline	1992/ 1993		CSW: 67% SD, 77% PP Adolescents: 48%
Comments: CSW: Commercial sex workers * Knowledge levels of 1996 to be maintained.		1996	80% CSWs 60% Adolesc.	
	Target	1998 *	80% CSW 60% Adolesc.	

Indicator 3: Outlets with condoms.		Year	Planned	Actual
Unit: Percentage	Baseline	1994		Motels: 12% Colmados: 10% Supermrkt: 25%
Source: National Retail Audit (baseline), NGO reports		1995	PROFAMILIA*: 2760 outlets AIDSCAP: 134 outlets	PROFAMILIA*: 2043 outlets AIDSCAP: 336 outlets
Comments: Colmado = neighborhood convenience store * PROFAMILIA: number represents outlets for all methods under social marketing program. For 1996, 2080 outlets planned for condoms only. AIDSCAP plans 14,525 outlets for condoms in 1996. Retails audits are scheduled for 1996 to collect new data.		1996	Motels: 33.7% Colmados: 60% Supermkt: 30%	
	Target	1998	Motels: 40% Colmados: 65% Supermkt: 35%	

INTERMEDIATE RESULT 2.4 Improved access and management of potable water and sanitation systems.

Indicator 1: Families served with new potable water systems in target areas.		Year	Planned		Actual	
			Urban	Rural	Urban	Rural
Unit: Number	Baseline	1994			17%	4%
Source: NGO, CARE reports		1995	86%	14%	79%	14%
Comments: The jump from 94 to 95 corresponds to major water infrastructure completed under CARE and IDDI in Santo Domingo. Two new W/S PVO Co-financing sub-projects will start in FY96 in rural areas. The target population for water and sanitation in 1994 was 9,000 rural and 5,000 urban families. In 1995 it was 12,000 rural and 5,000 urban families, and from 1996 to 1998 it is 22,000 and 7,600 urban families. Each family has an average of 6 people.		1996	89%	22%		
		1997	92%	28%		
	Target	1998	95%	33%		

Indicator 2: Families served with new sanitation systems		Year	Planned		Actual	
			Urban	Rural	Urban	Rural
Unit: Number	Baseline	1994			5%	3%
Source: NGO, CARE reports		1995	44%	19%	40%	18%
		1996	100	20%		
Comments: The jump from 94 to 95 corresponds to major sewerage infrastructure work completed under CARE and IDDI in Santo Domingo. Two new W/S PVO Co-financing sub-projects will start in FY96. For target population see Indicator 1.		1997	100	28%		
	Target	1998	100	32%		

Indicator 3: Management of water and sanitation systems by community committees		Year	Planned	Actual
Unit: Communities managing	Baseline	1994		3
Source: NGO, CARE reports		1995	40	56
		1996	75	
Comments: Two new W/S PVO Co-financing sub-projects will start in FY96 and two will end.		1997	95	
	Target	1998	100	

STRATEGIC OBJECTIVE No. 3
Increased Participation in Democratization

Indicators:
1) Eligible voters who voted
2) Eligible voters intending to vote
3) Citizens involved in lobbying for democratic reforms
4) Citizens actives in NGOs and/or community groups

Result Package 1
Civil society engages GODR and public in promoting and shaping democratic reforms

Program Approaches:
1) Education in democratic values and practices for grass-root and community groups.
2) Support analysis and advocacy of key political reforms by NGOs.
3) Broad-based consensus building within civil society on key political reforms.

Indicators:
1) Draft reform regulations introduced.
2) Public hearings held on draft reform legislation.
3) Active, broad-based, NGOs/community groups network (s) created for ROL, DR and GC&B lobbying purposes.
4) Public engaged by NGOs/community groups network(s) in ROL, DR and GC&B.

Activities:
Subgrants to NGOs, foundations, public interest groups, community groups, labor unions, and other civil society institutions.

Result Package 2
Strong public pressure for free and fair elections exerted

Program Approaches:
Support Dominican civil society participation in the 1996 electoral process.

Indicators:
1) Polls monitored by a national network of trained electoral observers.
2) Active municipal citizens' election coalition committees supporting the electoral process.
3) Broad societal support for the citizens' election coalition.
4) Citizens' election coalition advocates engaging respected, neutral, trained citizens to man the polls.

Activities:
1. Establishment of civil society action committees at the municipal level.
2. Establishment of a trained network of national election observers.
3. Carrying out a citizen's education campaign focused on rights and responsibilities of voters.
4. Development of a national agenda from the perspective of civil society and presentation to the presidential candidates.

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D. STRATEGIC OBJECTIVE NO. 3 - INCREASED PARTICIPATION IN DEMOCRATIZATION

1. The results framework

USAID/DR's Strategic Objective No. 3 (S.O. 3) fosters sustainable development worldwide by directly supporting the Agency's Goal 2, Sustainable Democracies Built. In particular, S.O. 3 upholds the Agency's Objectives 2.2, More Genuine and Competitive Political Processes and 2.3, Increased Development of Politically Active Civil Society. The underlying development hypothesis is that civil society organizations and a public better informed of and skilled in the nature and practice of democratic values will result in increasingly active participation of the society in building true democracy in the Dominican Republic.

The thrust of activities carried out under this S.O. is to enhance broad-based, active participation of Dominican NGOs, public interest groups, foundations, labor unions, universities, community organizations, and the general public in various aspects of democratic political life. The immediate emphasis is to support civil society for a free and fair electoral process in 1996. The Mission intends to build on the momentum gained in this process, following the inauguration of a new government, to continue strengthening civil society's capacity for continued and growing participation with a view toward the legislative and municipal elections scheduled for 1998. The longer term emphasis is to support civil society's efforts to more actively engage the GODR and the public in promoting and shaping various democratic reforms and in practicing democratic values.

2. Summary/analysis of data

a. Progress toward S.O.

Although there is no quantified estimate available for 1995, the most dramatic indicator of progress toward the strategic objective is the response of civil society to the challenge of free and fair elections in May 1996. From a tentative start around November 1994, with the naming of a new Junta Central Electoral (JCE), professional and community groups throughout the country representing a broad spectrum of interests have mobilized on a non-partisan basis in support of fundamental changes in Dominican political life. Qualitative observation leaves no doubt as to the strongly increased level of participation of the citizenry. The creation of democracy committees in municipalities throughout the country to assist in preparing and monitoring the elections and the organization of a network of trained local elections observers all depend on volunteers. Business leaders have committed time and money to speak out in favor of democratic and economic reforms. All this is evidence that public involvement in promoting democracy is growing.

The proportion of eligible voters in the 1996 Presidential elections intending to vote is

slightly lower than in 1994, with a slightly larger decrease for women than for men. This may well be attributable to two factors: the frustration created among the voting population by the questionable 1994 elections; and the method chosen by the electoral authorities for voting in 1996: "closed" polling places where voters first register and then vote after all have been duly registered. New procedures also require that women vote in the morning and men in the afternoon, a factor which may further depress voter turnout.

The strategy of the Country Team has been to encourage a broad-based, non-partisan, civil society coalition to monitor the elections and rally the public to safeguard the integrity of the entire process. Participación Ciudadana (PC) is the local group that will monitor the elections, including a quick count. Given the very visible role of the U.S. in the 1994 election, the Country Team has tried to bring in a wide variety of other groups and countries to support the civil society movement here. The movement has to be, and be perceived as, a Dominican initiative.

USAID/DR and the Country Team's consistent efforts during the last year and a half in strengthening Dominican civil society to play an active role in favor of a free and fair electoral process in 1996 are showing results. Observers of the local political scene are starting to recognize a new and totally different attitude by civil society organizations and groups regarding their participation in electoral processes. With a few exceptions, Dominican civil society, both individually and collectively, remained passive through the 1994 post electoral crisis. This time, however, it is insisting on being involved in the electoral process. USAID/DR has played a catalytic role in this, for example, in securing support for PC and its national electoral observers' network for the 1996 election. The Country Team had been similarly instrumental, earlier, in mobilizing the consensus that brought about the creation and subsequent expansion of GAD in April 1995 as a citizen's coalition advocating free and fair elections in 1996.

b. Results package 1: Civil society engaging the GODR and the public in promoting and shaping democratic reforms.

Civic Education and Democratic Leadership

The programmatic approach for this results package is two-pronged and predicated on outreach to a broad range of social groups. It incorporates a component focused on education and leadership for democracy aimed at youth, first-time voters, women, and rural and urban groups who lack exposure to civic education and fundamental democratic values. About 80% of the sub-grants funded by the Democratic Initiatives (DI) project (517-0265) fall in this category, and almost 70% are implemented outside of Santo Domingo. These sub-grants enable civil society institutions (such as NGO/PVOs, foundations, labor unions, women's organizations, public interest groups, and community organizations) to implement activities aimed at providing education for democracy in various forms. They also support community efforts for participatory governance at the local (municipal and provincial) levels. For example:

-- in the port and factory suburb of Haina, an NGO trained community leaders and municipal council members in democratic leadership and participatory methods to encourage them to mobilize greater involvement by local residents in carrying out the municipal development plan and in resolving local issues. In order to minimize political confrontations during this election year and ensure that development activities could be carried out on a non-partisan basis, local political party leaders decided to sign a "non-aggression pact" that will allow the community to pursue its activities peaceably.

-- the Salcedo Province Development Office offers a model for the nation of a democratic participation process. Organized in 1990, its objective is to coordinate the development priorities and activities of both government and civil society groups. USAID assistance has reinforced the participation of citizens in the decision-making process at the local level. In two of the three municipalities of the province, the Municipal Council has instituted the practice of bi-weekly open hearings to discuss and resolve problems affecting the community.

-- the beneficiaries of 23 out of the 33 sub-grants active during the period (70%) are barrio and/or rural community groups (grupos populares). Moreover, eleven of these sub-grants are being implemented by grupos populares themselves.

-- in five high schools in the eastern city of San Pedro de Macoris, a "parents school" is being conducted to inform parents on the content and implications of the democratic education their children are receiving in the classroom. A local group found such information and communication necessary when it became apparent that the teens could not practice their democratic values without entering into conflict with their parents. This experiment is being replicated in schools in other districts.

Success Story: Labor Unites

In a break from the past, the six labor federations are working together on a joint position paper on economic constraints/priorities for inclusion in the Action Group for Democracy's (GAD) national agenda setting activities. Labor joined with business, the churches, universities and other segments of civil society early last year to form the broad umbrella GAD organization. With only one seat on the board of directors, the six federations struggled mightily to select their combined representative. Now, labor is putting the final touches on a joint position paper which many thought was impossible given the deep divisions between the federations which have long characterized the labor sector. In another surprising collaborative effort, the three principal federations (CNTD, CTU and CASSD) have agreed to submit a combined request to the GAD for an electoral education campaign directed toward labor's rankand file. Another remnant of the cold war seems to be gradually crumbling away, thanks in part to USAID support to civil society strengthening through the GAD and to AIFLD's training program, which emphasizes reaching out to all federations and not just the CNTD which is its traditional counterpart.

Advocacy for Political Reform
The second component is focused on engaging the citizenry in shaping and advocating specific political reform measures. The reform agenda includes continued reforms in the areas of the judiciary, elections, decentralization, and governmental checks and balances. These priorities were jointly developed with our civil society partners. Consequently, USAID/DR's democracy strategy does not address congressional, civil service, or other political reforms at this time. The degree of citizen participation in the democratic reform process in all its forms, including the electoral one in 1996, will be a key determinant of the quality of this process.

Research Highlights Political Culture

Significant research funded under the DI project was published in 1995, receiving very positive commentaries by scholars as well as ample coverage in the local public opinion media: press, TV, and radio. Two of the three works contain the results of the DEMOS-1994 baseline survey on values, opinions, attitudes and practices concerning Dominican democracy and its institutions. The insights revealed on topics such as public perceptions of Dominican democracy, democratic participation, credibility of the political system, expectations regarding political reform, etc., will be extremely valuable in shaping the Mission's future interventions in this area. The third book provides an analytical summary of the main sociopolitical studies as well as electoral and public opinion polls conducted on the Dominican Republic in the last two decades.

Currently, four sub-grants deal with municipal reform issues, two are in the judicial area, and one is at the constitutional reform level. Among some recent achievements:

-- the NGO Fundación Siglo 21 provided technical assistance to a majority of the Dominican political parties, the JCE, and the Liga Municipal Dominicana in reaching consensus on two important political reform measures: a new electoral reform bill (subsequently enacted into law by the Dominican Congress); and a municipal reform agenda. This latter agenda could be the basis for a much needed decentralization process to be carried out by the new administration.

-- the Fundación Institucionalidad y Justicia (FINJUS), a prominent Dominican legal foundation, conducted a seminar in which some of the most distinguished judicial experts in the country reached consensus on a draft "judicial career bill," which was subsequently introduced in the Dominican Senate. This is a component of a much broader incipient effort to modernize the country's judicial system.

Through the DI project, FINJUS, with technical assistance from the United Nations Latin American Institute for the Preservation of Crime and the Treatment of Offenders (ILANUD) and under the auspices of the Dominican Supreme Court is providing "bridge funding" to the public defense project. About 1,500 low income "preventive inmates" (non-arraigned prisoners) currently in Santo Domingo prisons will receive free, high

quality legal services provided by ten well-trained public defenders. The Mission expects to continue this activity, which benefits one of the neediest groups within Dominican society, under the Rule of Law results package planned for FY97.

c. Results package 2: Strong public pressure for free and fair elections exerted

The activity being carried out to obtain this result is the Strengthening Civil Society (SCS) activity. The SCS activity is implemented through two grants: One to Pontificia Universidad Católica Madre y Maestra (PUCMM) on behalf of the newly formed citizen's coalition Grupo de Acción por la Democracia (GAD); the other to Instituto Interamericano de Derechos Humanos/Centro de Asesoría y Promoción Electoral (IDDH/CAPEL). The SCS activity, developed with the full participation of our Dominican civil society partners, has four components:

Civic Support for the Electoral Process
GAD and its member organizations are working with civil society organizations to stimulate vigorous support of and participation in the 1996 electoral process. A nationwide network of broadly representative municipal action committees is being established to support and assist the Junta Central Electoral (JCE) and Municipal Election Boards (JMEs) to organize and carry out a free and fair electoral process -- for example, by proposing qualified individuals to staff the polling sites. By May 1996, 40 municipal action committees, covering the largest voter concentrations, will be fully operational, representing 80% of the population.

Electoral Observers Network
A network of trained national electoral observers is being organized and a quick count of election returns at a representative sample of polling sites will be undertaken. With support from GAD, this component is being carried out by Participación Ciudadana (PC), a non-partisan civic group first organized in late 1993. PC's national electoral observers network will consist of 500 "permanent" observers of the entire electoral process, plus up to 10,000 others who will observe the day of the election itself. The number of polling places for the 1996 election is expected to be around 10,500, up from 9,500 in 1994. The quick count of election returns will be applied to a sample of 510 voting sites. This degree of coverage will enable the observer network to predict the actual national vote count with a margin of error of 1% or less. A qualitative evaluation of the selected polling sites will report on the conduct of election and the transparency and management of the electoral process.

Citizen's Education
GAD and its member organizations are conducting a citizen's education campaign focused on rights and responsibilities of voters. This component includes a mass media approach (through TV and radio spots and press advertisements) as well as a series of conferences and seminars targeted at specific issues and groups, with emphasis on recent electoral experiences of other Latin American countries.

National Policy Agenda
Fostering broad citizen participation at the local and national levels in formulating and advocating a national policy agenda from the perspective of civil society. GAD will then coordinate discussion on this agenda with all presidential candidates for the May 1996 election.

All four components under the SCS activity are receiving TA from the above-mentioned grant to IIDH/CAPEL. Results to-date are highly encouraging:

-- By end-December 1995, PC's network of national electoral observers was already fully organized in 87 municipalities (representing 80% coverage of the country's 109 municipalities). This network is benefitting from the experiences of similar civic groups in Latin America, in particular Transparencia (Perú), SAKA (Paraguay), and Acción Cívica (México).

-- By end-February 1996, 34 GAD municipal action committees were fully organized, comprising members of over 400 NGOs, community groups and other civil society institutions.

-- GAD, originally a "group of notables" (namely, some 22 personalities who witnessed the Pact for Democracy that put an end to the 1994 post-electoral crisis), has become a broad-based coalition of citizens from a wide representation of Dominican civil society. GAD has already integrated into its membership: most business sector organizations; the six major labor union confederations; the Roman Catholic Church; the Fraternity of Evangelical Dominican Churches; various NGOs and PVOs; community groups and rural sector organizations; several major universities and foundations; professional associations; art groups; social clubs; and the Dominican Olympic Committee as well as other sports groups.

-- The JCE has officially welcomed GAD's initiative of supporting the JCE and the JMEs (Municipal Electoral Boards) by attempting to place respected, politically neutral citizens to voluntarily staff the polls. The JCE has expressed interest in receiving assistance from local universities in training these volunteers as well as the rest of the polling site personnel (identified already: 26,000; needed: 60,000).

-- In August 1995, to launch the SCS activity, PC, GAD, and IIDH/CAPEL co-sponsored a successful two-day National Start Up Seminar. Its most outstanding accomplishment was the participation of the President of the JCE and two other of its magistrates. Their presence sent a clear message to the participants as well as to Dominican public opinion regarding the JCE's acceptance of civil society efforts in favor of free and fair elections in May 1996. The JCE President's vibrant address to the Seminar showed that the JCE is counting heavily on civil society's support to succeed in its electoral endeavor.

-- The National Association of Advertising Agencies (Liga Dominicana de Agencias Publicitarias-LIDAP) has contributed over $170,000 for a series of radio and TV spots to be used by GAD in its citizen's education campaign focused on rights and responsibilities of voters.

d. Customer focus

The participatory nature of the Democratic Initiative project's Consultative Council, its quarterly meetings with beneficiaries, and the project's whole orientation are predicated on contacts with customer groups. Revealing information on the level of knowledge and perceptions about democracy of Dominican society is provided by the nationwide 1994 DEMOS survey and the 1994 and 1995 Gallup polls. Findings of the former were published in September 1995 in Dominican Political Culture: Between Authoritarianism and Democracy written by several top notch Dominican social scientists. Among the key findings, which will shape the emphasis of future USAID assistance:

-- only 31.5% of Dominicans believe that democracy functions well, while barely 10% believe that it benefits them a lot;

-- over 75% believe that "a good president should be like a father to whom one should go to solve problems". This belief is particularly pronounced in rural areas, among people with lower levels of education and socio-economic means, older people, and women;

-- confidence in existing institutions is very low: less than 8% have confidence in political parties; only 12.5% have confidence in the Congress and 19.4% in labor unions;

-- 61% agree with the statement that "if one wants something out of politics, it is better to work for the party in power."

-- almost all respondents consider that the majority of political candidates promise much but deliver little; 90% think that a new generation of leaders with modern ideas is needed.

e. Participation with partners and other donors

In implementing the democracy strategy, USAID/DR works in close partnership with the Mission's Dominican civil society counterparts. This close consultative and collaborative relationship with our partners starts at the design stage of each of our activities in the democracy field and is maintained throughout their implementation.

The DI project is administered by the Pontificia Universidad Católica Madre y Maestra (PUCMM) in collaboration with a 21 member Consultative Council (CC) elected on an annual basis. The CC provides advice on policies, goals, standards, and priority areas of

action and holds quarterly meetings which provide a forum for feedback from sub-grantees and ultimate customers. Some of the most active civil society organizations today are managed by people who say they owe their commitment to the lessons learned when they were members of the CC.

USAID/DR includes lobbying with other donors as an important component of its democracy strategy. Other international donor support has been unrelentingly solicited in favor of the democratic initiatives undertaken by Dominican civil society institutions and groups as well as political reforms, mainly in the fields of rule of law and modernization of the state.

At the present time, the IDB, as well as the Canadian and Spanish governments, have shown interest in program areas related to democracy such as the 1996 elections, administration of justice, modernization of the state, and decentralization:

--The IDB has just provided $100,000 to FINJUS in support of its efforts aimed at the reform of the Dominican justice system. The IDB also has donated $220,000 to the San Francisco de Macorís municipal government. This pilot program will be the foundation of a much larger assistance to the Liga Municipal Dominicana in favor of institutional strengthening and reform at the municipal level. The IDB also intends to provide additional support to GAD in order to extend its civil society activities.

--The Canadian government has provided a grant of $100,000 Canadian dollars for various activities implemented by the DI project, GAD, and PC in support of civil society participation in the 1996 electoral process.

--The Spanish government has already programmed, in collaboration with PUCMM and GAD, a series of three workshops on constitutional reform and ethics in government. The first one took place in November 1995; the second will take place in early 1996; and the last, after the May 1996 elections.

f. Gender issues

Activities and indicators under both R.P. 3.1 and 3.2 include substantive attention to gender considerations and to women's participation in political life.

The DEMOS survey, conducted between January and March 1994, revealed that a much lower proportion of women than men (75% versus 87%) were aware of the advantages of participatory democracy. Similarly, a Gallup Omnibus survey, conducted in November 1994, showed that in the May 16, 1994 election the percentages of male versus female eligible voters who actually voted were 88 and 83, respectively. Given lower rates of both knowledge and participation for women compared with men, it is of prime importance for USAID/DR's democracy strategy to actively promote the degree of participation of women's organizations in both the electoral and the political reform

processes, as well as to involve women in both the membership and leadership of mixed civil society institutions and community groups promoting democratic participation and political reform. Accomplishments for the period include:

--Five out of 33 DI project sub-grants active between April and December 1995 have women as their exclusive beneficiaries. (None of the DI project's sub-grants has ever had men as its exclusive beneficiaries.)

--In the newly elected DI Consultative Council (CC) for the 1995-1996 period, nine out of 21 members (43%) are women. (The female membership of CC has increased with each annual election: four women were elected to the first 1992-1993 CC; five to the 1993-1994 CC; eight to the 1994-1995 CC; and nine to the current 1995-1996 one.)

--Emphasis is being placed both by GAD and PC in getting wide participation of women's organizations and groups in their activities in support of free and fair elections in 1996. PC's network of national electoral observers is aiming toward a 50/50 gender composition.

-- AIFLD has shown interest in assisting labor unions to conduct civic educational campaigns directed primarily at women and first-time voters, especially in FTZs.

g. Mission policy agenda

At the present time, USAID/DR is not engaged in any substantial policy dialogue with the GODR in the field of democracy and governance. Given GODR's lack of political will for any sort of reform leading toward modernization of the Dominican State and/or its political system, current Mission strategy is concentrated on supporting civil society efforts toward these same two ends.

If, however, a government open to reform comes to power in August 1996 as a result of free, fair, and credible elections, USAID/DR intends to update and expand its democracy strategy. Without abandoning its present support to Dominican civil society efforts in promoting and shaping various political reforms and in practicing democratic values, the strategy will also include activities directly engaging the public sector. Our democracy and governance policy agenda will, most likely, include the following areas: 1) strengthening the rule of law through judicial reform; 2) fostering decentralization and more participatory governance at the municipal/local level; and 3) introducing strongly needed checks and balances between the three branches of government. This third area, however, will necessitate an in-depth reform of the current constitution, to be enacted through convocation of a constitutional assembly.

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3. Next year's expectations

-- The proportion of eligible voters expected to vote in the forthcoming presidential election is somewhat lower than the rate that actually voted in 1994 (75% vs 86%), due to three factors: the frustration created by the questionable 1994 electoral process; the institution for the first time of a run-off election; and the method chosen by the electoral authorities for voting in 1996 ("closed" polling places where voters-- men and women will vote at different times-- first register and then vote after all have been duly registered). The voting rate is expected to be 65% for the 1998 congressional election.

-- The percent of citizens over 18 years of age involved in lobbying for democratic reforms is expected to reach 15% in 1996 and 18% in 1997, while the percent of those active in NGOs and/or community groups will be 17% and 18% respectively.

-- Congress to resolve the impasse on Magistrate's Council.
-- Congress to pass judicial career law.
-- Electoral Code revised to correct numerous flaws identified but for which there was not sufficient time prior to this shortened electoral period.
-- move ahead with Rule of Law initiative.
-- develop a follow-on Civil Society activity to consolidate the gains made this year and work toward sustainability of community participation mechanisms for the municipal/legislative elections of 1998 and to make sure that the "national agenda from the point of view of civil society," which is being currently designed and presented to the presidential candidates, is actually implemented by the new administration that will be inaugurated in August 1996.

4. Summit of the Americas

USAID's whole portfolio stresses implementation through NGOs and incorporates a very strong element of community participation. It thus contributes across the board to Summit initiative #3, "Invigorating Society/Community Participation". The civil society thrust of the Mission's S.O. 3 is clearly in line with this initiative. The overall emphasis of the S.O. on promoting democracy supports Summit initiative #1, "Strengthening Democracy". This support will be even stronger when the Mission begins working in the Rule of Law area.

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Table 2: Strategic Objective Performance

Dominican Republic				
STRATEGIC OBJECTIVE NO. 3: Increased participation in democratization				
Indicator No. 1: Eligible voters who voted				
Unit: Percent of voters who voted		Year	Planned	Actual
Source: DEMOS Surveys (1994, 1997, 2001), JCE Electoral Reports (1990, 1994, 1996, 1998, 2,000), and Gallup Omnibus Survey (1994)	Baseline	1990	------	66% M=71% W=62%
Comments: Actual data desegregated by gender		1994	70%	86% M=88% W=83%
		1996	75%	**
		1998	65%	**
	Target	2000	80%	**
Indicator No. 2: Eligible voters intending to vote				
Unit: Percent of voters intending to vote		Year	Planned	Actual
Source: DEMOS Surveys (1994, 1997, 2001); Gallup Omnibus Surveys (1994, 1996); and Gallup/Rumbo Survey (Oct. 1995)	Baseline	1994	------	88% M=91% F=85%
Comments: Actual data desegregated by gender. Surveys will explore rationale for voting/no voting.		1995	80%	82% M=86% F=78%
		1996	80%	**
		1998	65%	**
	Target	2000	85%	**

Indicator No. 3: Citizens involved in lobbying for democratic reforms				
Unit: Percent of citizens over 18 years of age		Year	Planned	Actual
Source: Gallup Omnibus Surveys (1996) and DEMOS Surveys (1997, 2001)	Baseline	1994		N/A
		1996	15%	**
Comments: Actual data will be desegregated by gender		1997	18%	**
	Target	2001	25%	**

Indicator No. 4: Citizens active in NGOs and/or community groups				
Unit: Percent of citizens over 18 years of age		Year	Planned	Actual
Source: DEMOS Surveys (1994, 1997, 2001) and Gallup Omnibus Surveys (1996)	Baseline	1994		16% M=21% F=11%
		1996	17%	**
Comments: Actual data desegregated by gender		1997	18%	**
	Target	2001	25%	**

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STRATEGIC OBJECTIVE NO. 3: Increased participation in democratization				
INTERMEDIATE RESULT NO. 3.1 Civil society engages GODR and the public in promoting and shaping democratic reforms				
Indicator No. 1: Draft reform regulations introduced				
Unit: Number of draft reform bills		Year	Planned	Actual
Source: Congressional & Press reports	Baseline	1994	------	0
Comments: Reforms encompass the following 3 areas: 1) Rule of Law (ROL), 2) Decentralization Reform (DR); and 3) Government's Checks and Balances (GC&B). 1995: -Judicial Career Law (ROL) -Electoral Reform Law (GC&B) 1996: -National School of Magistrature Law (ROL) -Administrative & Budgetary Autonomy Law (ROL) -Reform of Civil Procedure Code (ROL) -Reform of Commercial Code (ROL) -Municipal Government Law (DR) -Constitutional Reform (GC&B) -Further Electoral Reform Law (GC&B) 1997: -Administration of Justice Reform Law (ROL) -Social & Economic Council Law (GC&B)		1995	2	2
		1996	7	**
	Target	1997	2	**

Indicator No. 2: Public hearings held on draft reform legislation				
Unit: Number of public hearings held		Year	Planned	Actual
Source: Congressional & press reports	Baseline	1994	------	0
Comments: Reforms encompass the following areas: 1) Rule of Law (ROL), 2) Decentralization Reform (DR), and 3) Government's Checks and Balances (GC&B) 1995: -Judicial Career Law (ROL) -Electoral Reform Law (GC&B) 1996: -National School of Magistrature Law (ROL) -Justice Administrative and Budgetary Autonomy Law (ROL) -Municipal Government Law (DR) -Further Electoral Reform Law (GC&B) 1997: -Administration of Justice Reform Law (ROL) -Reform of Civil Procedure Code (ROL) -Reform of Commercial Code (ROL) -Constitutional Reform (GC&B) -Social and Economic Council Law (GC&B)		1995	2	2
		1996	4	**
	Target	1997	5	**

Indicator No. 3: Active, broad-based, NGOs/community groups network(s) created for ROL, DR and GC&B lobbying purposes				
Unit: See comments		Year	Planned	Actual
Source: USAID monitoring of DI and Civil Society projects & press reports	Baseline	1993	(See narrative)	
Comments: Annual qualitative assessment of whether 1)network(s) has coalesced; 2)is broad-based, including women groups; and 3)has undertaken some joint action in engaging GODR & public in lobbying efforts for ROL, DR, and GC&B		1995		
		1996		
	Target	1997		

Indicator No. 4: Public engaged by NGOs/community groups network(s) in ROL, DR and GC&B lobbying efforts				
Unit: See comments		Year	Planned	Actual
Source: USAID monitoring of DI and Civil Society projects & press reports	Baseline	1993	(See narrative)	
Comments: Annual qualitative assessment of quantity and quality of input from the public in defining problems and developing solutions re ROL, DR and GC&B		1995		
		1996		
	Target	1997		
STRATEGIC OBJECTIVE NO. 3: Increased Participation in Democratization				
INTERMEDIATE RESULT NO. 3.2 Strong public pressure for free and fair elections exerted				
Indicator No.1: Polls monitored by trained citizens placed by a national electoral observers network				
Unit: Percent of polling places monitored		Year	Planned	Actual
Source: National electoral observers network records. JCE data on number of polling places	Baseline	1994	------	0
Comments: The number of polling sites has increased between 94 and 96 from some 10,000 to circa 11,000	Target	1996	33%	**

Indicator No. 2: Active municipal citizens' election coalition committees in support of the electoral process				
Unit: Number of municipal citizens' election coalition committees		Year	Planned	Actual
Source: Citizen's election coalition records	Baseline	1994	------	0
Comments: There are 109 municipalities in the DR		(Dec.) 1995	30	25
	Target	(May) 1996	40	**

Indicator No. 3: Breadth of societal support for the citizens' election coalition				
Unit: Number of different civil society sectors represented		Year	Planned	Actual
Source: Citizens' election coalition records	Baseline	1994	------	0
		(Dec.) 1995	10	12
Comments: Number of different sectorial interests represented: business, labor, churches, NGOs/PVOs, community groups, rural sector organizations, women organizations, professional associations, education sector, arts groups, sport groups, and social clubs	Target	(May) 1996	12	**

Indicator No. 4: Citizens' election coalition advocates engaging respected, neutral, trained citizens to man the polls.				
Unit: See comments		Year	Planned	Actual
Source: Citizens' election coalition records and publications, as well as interviews on mass media (TV, radio, newspapers, and magazines)	Baseline	(Dec.) 1995	(See narrative)	
Comments: Qualitative review of publicity released by citizens' election coalition, as well as of coalition's direct communications with JCE on this subject	Target	(May) 1996		

Strategic Objective No. 4
Increased Use of Environmentally Sound Energy Sources

Indicators:
1) Amount of "clean" Megawatts produced by conventional thermal sources in the country
2) Project funded kilowatts of renewable energy produced outside formal energy sectro (Installed Capacity)
3) Decrease rate of deforestation in target areas

Results Package 1
Environmental Component of the Sector Regulatory Framework in Place

Program Approaches:
1) As a complement to large planned investments by IDB and IBRD, support GODR in developing environmental standards and norms for the electrical energy sector
2) Provide a framework for an improved decision-making process for site selection, maintenance and operation

Indicators:
1) Environmental Standards and Norms for Energy Regulations Defined and Promoted
2) Power Plants Complying with the Environmental Standards and Norms

Activities:
1) Policy Dialogue with GODR electrical sector Technical Group
2) TA support to GODR to draft electrical sector environmental standards and norms
3) TA support to GODR to develop sound criteria for decision-making on site selection, operation guidelines and maintenance requirements

Results Package 2
Innovative Renewable Energy Alternatives Developed and Disseminated in Rural Areas

Program Approaches:
1) Promote and develop financially viable, innovative renewable energy alternatives (solar, wind, water) for areas outside the reach of the conventional energy grid
2) Educate rural community groups, individual households and farmers regarding the economic benefits to them of using renewable alternative energy sources for producing electricity
3) Support rural community organizations in using renewable alternative energy to satisfy energy needs
4) Policy reforms and human and material resources for replicability

Indicators:
1) Rural Households Using Solar Energy Associated with USAID Activities
2) Photovoltaic Panels Installed in the Country
3) Number of Enterprises Established and Strengthened resulting from Increased Energy in Target Areas with USAID Funding
4) Viable Rural Community-based Electrification/Water Supply Systems with Alternative Energy

Activities:
1) Provide grants to NGOs, including U.S. NGOs with Dominican partners, to support their renewable energy alternatives activities
2) Conduct seminars directed at strengthening local NGOs in the areas of administration, technical knowledge, and sustainability
3) Provide technical assistance to NGOs and rural community groups in selected areas to bolster their knowledge and application of administration, technical knowledge and sustainability
4) Approach GODR and other donors directly through NGO partners to influence reforms and leverage additional resources
5) Loans to NGOs and individuals in rural off-grid sites for renewable energy demonstrations of full cost recovery

Results Package 3
Improved Conservation in Critical Watersheds Contributing to Sustainable Energy Use

Program Approaches:
1) Support activities aimed at decreasing the rate of sedimentation in reservoirs feeding hydroelectric plants that contribute about one-third of the country's electrical supply
2) Educate rural community groups and farmers regarding the economic benefits to them of using sound soil practices and discouraging deforestation by outsiders
3) Support rural community organizations' watershed management activities
4) Policy reforms and human and material resources for replicability

Indicators:
1) Area Under Sound Permanent Soil Management Practices in Project Areas
2) Reforestation in Subproject and Activity Areas, and Related Watersheds
3) Number of Farmers Participating in Conservation Activities in Project Areas

Activities:
1) Provide grants to NGOs, including U.S. NGOs with Dominican partners, to support their sustainable watershed management and conservation activities
2) Conduct seminars directed at strengthening local NGOs in the areas of administration, technical knowledge, and sustainability
3) Provide technical assistance to NGOs and rural community groups in selected areas to bolster their knowledge and application of administration, technical knowledge and sustainability
4) Approach GODR and other donors directly through NGO partners to influence reforms and leverage additional resources

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E. STRATEGIC OBJECTIVE NO. 4 - INCREASED AVAILABILITYAND USE OF ENVIRONMENTALLY-SOUND ENERGY SOURCES

1. The results framework

The alignment of USAID/DR's Strategic Objective No. 4 (S.O. 4) with the Agency's 1995-96 Goal 4, Environment Managed for Long-term Sustainability is very clear. In fact S.O. 4, formulated a year ago and approved by LAC in April 1995 during the Action Plan review, matches almost exactly the Agency's Objective 4.4, Increased Provision of Environmentally Sound Energy Services, formally adopted in September 1995. The S.O. is also fully consistent with the Summit of the Americas priorities reflected in the Partnership for Sustainable Energy Use (see Annex 3). The background and discussion of the major constraints addressed by this S.O. were presented in USAID/DR's FY95-96 Action Plan. During the formation and consolidation of Strategic Objective teams in the Mission, the balance of activities under the S.O. was refined slightly, within the context of the approved framework. The principal change has been to abandon the original project intent to support privatization of the parastatal energy producer, CDE, due to continued blockage of the Energy Law in the Dominican Congress. The Mission is confident that the World Bank and IDB will forcefully continue to pursue this major policy reform, leaving USAID/DR to focus on environmental regulation of energy production and on the energy needs of the rural poor, which are not likely to be addressed otherwise for years to come.

The primary focus of S.O. 4 is to promote and develop financially viable, innovative renewable energy alternatives (solar, wind, and water) for areas outside the reach of the conventional energy grid. At the same time, it supports activities aimed at decreasing the rate of sedimentation in reservoirs feeding hydroelectric plants that contribute about one-third of the country's overall energy supply. NGO-led and community-based and managed interventions that respond to local priorities ensure the sustainability of the activities while highlighting USAID's role as a catalyst for other donor support. Finally, by assisting the government to develop and adopt internationally accepted environmental regulatory standards for the energy sector as a whole, the S.O. complements the large planned investments of the World Bank and IDB.

The principal hypothesis underlying the results framework is that the availability of reliable, cost-effective energy will improve the standard of living of the poor. For the rural poor, wind, water, and solar energy are in fact less expensive and far better in terms of quality and safety than the candles, kerosene, and car batteries which currently account for most rural household electric power usage. Such energy can also drive deep well water pumps, illuminate schools, refrigerate medicine, and power small businesses. It has the potential to improve rural productivity and economic opportunity. Combining alternative energy provision with other activities aimed at conserving tree cover and preserving the critical role of watersheds, and with developing environmental standards and norms contributes significantly to environmental quality in the Dominican Republic.

USAID has the opportunity to promote markets for U.S. environmental technology, a world leader in this field, by promoting an industry in renewable energy and establishing environmental norms and standards for energy production. Finally, various models for watershed conservation currently being developed throughout the country are demonstrating the importance of incorporating beneficiary organizations into the design, implementation, maintenance and expansion of watershed conservation practices (reforestation, soil conservation, etc.) This will lead to improved sustainability of environmentally sound resource management systems. USAID/DR's participatory approach seeks to ensure replicability of proven watershed conservation models through other donors and increased GODR involvement in order to reverse deforestation rates and increase the provision of hydroelectricity, which is one of the cheapest and cleanest forms of power generation.

2. Summary/analysis of data

Government-owned and contracted electric power production is woefully inadequate to meet the demands of those with access to the public grid. Not only is installed capacity 25% below demand, 50% of it is often off-line due to equipment failure or water shortages due to droughts and siltation in major hydroelectric facilities. This results in a haphazard, rolling black-out leaving many parts of the capital and the nation without power for eight or more hours per day. Power surges and brown-outs play havoc with the production process and destroy an inestimable number of business machines and household appliances.

Public protests against this untenable situation have grown over the past year. Loud demands for change from the Dominican private sector, spurred by slow but steady trade liberalization will not subside. Several important Dominican industrial and manufacturing organizations recently protested vehemently the lack of action on the Energy Privatization law, which is stalled in Congress. Their uncommonly high investment in diesel-fueled generator operation and repair is essential for them to remain in business, and represents an extraordinary burden to businesses that increasingly face heightened international competition. In the medical field, private surgeons will not operate unless auxiliary generators are their sole power source.

a. Progress toward S.O.

Increasing Clean Energy Production

The first source of cleaner conventional energy will be new plants with more advanced technology that already embodies mitigation of environmental pollution. During 1995, the Smith-Enron company brought such a plant on line at its north coast site. The plant has been consistently supplying 75MW to the public grid and is working toward its expected capacity of 185MW as it initiates its combined cycle operation. Unfortunately, the increase of capacity has experienced major problems.

Renewable Energy
Through the efforts of ENERSOL and a small number of small for-profit Dominican businesses, there is now an installed photovoltaic capacity of approximately 200 KW mostly in rural communities. ENERSOL, a Massachusetts PVO, has been researching and promoting the use of rural household photovoltaic systems in the Dominican Republic for ten years on a commercial basis. Their success resulted in USAID/DR receiving $500,000 in the FY95 Environmental Initiative for the Americas (EIA) competition to further support ENERSOL's work and extend it nationally through a network of microentrepreneurs. In addition, several local NGOs have approached USAID for support of various renewable energy activities including solar, wind, micro-hydro, bio-mass and combinations thereof. Some of these proposals require extensive coordination with local community groups and are well advanced, others are under design.

Preserving Tree Cover
Data on the decreased rate of deforestation in targeted watersheds has not been scientifically verified this past year, but field observation indicates that steady progress is being made. The size of the watersheds and their tenure patterns compel the use of a community-managed strategy (documented in section d.) which rewards appropriate land use practices within a relatively short time frame and fosters replication driven by easily observable and implementable production improvements. These kinds of practices are expected to spread throughout the watersheds due to their practical benefits, and indeed replication of preferred soil/water practices, even by farmers outside the USAID-financed activities, has been evident in target areas. Furthermore, with a grant of $2.7 million from the World Bank and additional funding from the German GTZ, one of the successful models financed under this SO, using water-user associations, is being duplicated and expanded into one of the most important watersheds in the country. The ultimate impact of watershed conservation is to mitigate damage to hydroelectric equipment and to reduce the rapid rate of reservoir siltation due primarily to loss of tree cover and destructive farming practices on steeper slopes.

b. Results package 1: Environmental component of the sector regulatory framework in place

The refocus of the Energy Sector Restructuring Project (EESR), seeks to ensure that environmental concerns are not lost in the restructuring of the power sector. The principal achievement over the past year has been to clearly define USAID/DR's revised role, given the lack of Congressional action on the Energy Law and the respective responsibilities assumed by both the World Bank and the IDB in furthering sector reform.

As soon as the revised project is approved by the government, we will provide baseline information (updates to the EESR project-funded Electric Power Environmental Sector Assessment undertaken by Bechtel); provide technical assistance in support of

NGO/public meetings, at which power sector officials explain how the country will deal with power sector-related environmental problems; and help draft the proposed standards and norms. An RFP for an institutional contractor to help institutionalize (training and TA support) the proposed environmental regulatory unit of the new energy authority will be issued as soon as it is clear that the conditions precedent will be met.

c. Results package 2: Innovative renewable energy alternatives developed and disseminated in rural areas

The results expected under this package are to develop and disseminate innovative renewable energy alternative models on a national basis in rural areas for household electrification, community water systems, and productive activities. Potential customers are the two million plus Dominicans, particularly in rural areas, who are not on the grid for conventional electricity. NGOs and commercial entities in rural communities are actively planning to develop and test individual and community-owned and operated electrification systems. USAID will support efforts to demonstrate the commercial viability of renewable energy sources. There is an opportunity here to play a critical catalytic role, which could radically alter the lifestyle and economics of rural areas throughout the country.

Activities under this result package are too recent to have produced quantifiable results yet. Efforts over the past ten years by ENERSOL and several Dominican NGOs have resulted in the installation of about 4,900 solar panels concentrated mostly in Puerto Plata province which has demonstrated the commercial viability in rural areas of individual household photovoltaic systems.

A network of private microenterprises is being established to introduce this new industry on a national scale and almost double the number of installations of solar panels by 1999 due to USAID-funded activities and other donor funding. One of the positive impacts of providing renewable energy to the rural poor is the increase in business activity. New business starts directly attributed to increased energy availability are expected to more than double by 1999 in the project areas of individual household photovoltaic systems.

Given the tremendous demand for affordable energy, our project redesign efforts have already generated considerable interest. Without any advertising, we have received at least ten reasonably sound proposals for alternative energy activities that fall within project parameters.

We can point to achievements in the following areas:

- Solar energy: The Grant Agreement with ENERSOL for US$500,000 was signed in November, 1995. This is the first activity underway in this new Result Package. Project staff has been hired and selection of suppliers and sites is underway. The FUNDASUR (Dominican NGO) grant for US$310,000 should begin in March. Both

projects will continue expanding the solar industry on a national basis including initiation of solar powered community water systems.

- Hydro power: FUDECO (Dominican NGO) is in the process of designing the first community-based 35KW mini-hydroelectric plant in the Dominican Republic. The grant is expected to be awarded in April, 1996. Over the next twelve months with a small grant of US$10,000, UNPHU university will test a model of hydroelectric production by installing small turbines on PVC tubes to capture the energy of water channeled down hillsides for irrigation purposes.

- The Mission has also developed Environmental Guidelines for minihydro activities, with USAID/W assistance.

Participation

Participation by beneficiaries in the design and implementation of their individual or community activities is critical for establishing ownership and commercial viability of the new electrification systems. The provision of electricity and potable water will benefit both men and women but will especially allow women to develop productive activities in their homes. Furthermore, easier access to water and alternative energy-powered electrification will save a significant amount of time now invested in hauling water and procuring fuel for rudimentary lighting. In addition, lighting will cost less than half the per kw cost, with far less fire and respiratory hazard.

d. Results package 3: Improved conservation in critical watersheds contributing to sustainable energy use

The overall strategy for achieving the desired result of improved conservation for decreased soil erosion is to work through NGOs to demonstrate the economic and environmental viability of improved natural resources management systems in critical watersheds through active community involvement. Efforts are being made to involve more communities, NGOs, donors and the GODR in order to replicate successful models throughout the critical watersheds in the Dominican Republic. For 1995, there were 1,170 farmers, 280 above planned, participating in project area conservation activities which resulted in 841 hectares being reforested. Also, there are now 339 hectares of the target area under sound permanent soil management practices.

Loss of reservoir capacity due to siltation is estimated to be reducing the life of costly hydroelectric investments by 50%. USAID-funded NGOs are implementing a number of conservation activities in various watersheds, including in national parks, throughout the Dominican Republic. Five new activities will decrease the rate of soil erosion/sedimentation in reservoirs that contribute an increasingly important source of clean hydroelectricity for the country. The majority of the activities financed to-date are reducing soil erosion through improved hillside soil conservation practices and reforestation. This Results Package concentrates only on those watersheds with the

potential to produce greater amounts of hydroelectricity.

The Result Package currently works with five US PVO partners (PADF, CMC, TNC, CRS, Hermandad) and six Dominican NGOs (ADESJO, CEBSE, ADEPE, PRONATURA, PROCONUCO, FUDECO). Four more NGOs are preparing their Grant Applications for funding under the PVO Co-Financing Project for this results package including The Nature Conservancy which plans to work in a critical area where several major watersheds meet.

Work with community organizations and farmer associations has resulted in a greater than expected number of farmers participating in conservation activities: 30% ahead of target levels for 1995. Reforestation activities are proceeding as scheduled with 99% of the planned levels for 1995 reached. However, the area under permanent soil conservation practices only reached 75% of the planned target for 1995. The number of hectares under soil conservation practices is expected to increase substantially in 1996 as the new farmers participating (including the 2 new 1995 projects) start incorporating the new practices and four more watershed management activities are initiated in 1996.

Success Story: World Bank Replicates Watershed Model

USAID/DR's role as a catalyst and innovator is well-illustrated by the FIRENA sub-project with PADF/ADESJO due to terminate in May 1996. This first activity financed under the PVO Co-Financing Project has become a successful model for natural resource management on hillsides (the burden and interest is placed on the farmer beneficiary to protect and conserve his watershed), agrarian reform (land owners share land with landless farmers in exchange for water) and community participation (water users associations own and operate the irrigation systems). The World Bank recently approved a follow-on activity, with the same NGO, for about US$2.7 million to replicate this model in the Rio Nizao Watershed. The Rio Nizao watershed supplies water to one of the major hydroelectric complexes in the Dominican Republic and water to Santo Domingo. The Bank has also recognized the utility of the Environmental Guidelines introduced by USAID under the PVO Co-Financing Project by accepting them as counterpart contribution from the Asociación para el Desarrollo de San Jose de Ocoa (ADESJO). The GTZ is also providing TA and financing to replicate the model in the Rio Nizao Watershed.

Special Achievements:

- An incipient GODR/NGO partnership is developing in the area of watershed conservation. In addition to providing financial support (one NGO was successful in leveraging an additional $15,000 per month in GODR funding to support expansion of their agro-forestry model) and personnel support, the GODR Forest Service (FORESTA) is validating NGO development activities by providing harvesting permits to farmers participating in the USAID funded activities. This provides the incentive necessary for farmers to plant more fast growing tree species, given the high cost of

wood. The National Parks Director has also expressed the desire to implement new watershed and park conservation programs with the participation of NGOs and the communities affected, another indication that the GODR is accepting USAID's NGO model of working with community organizations.

- In one of the demonstration projects 90% of the residents in the project area, including women, are now being represented on new community sectoral committees that define policies for management decisions affecting their watershed.

- Under the Center for Marine Conservation/CEBSE Conservation Project for Samaná Bay an increasing number of residents (over 500 in 1995) are participating in annual beach clean-up exercises. Three new community committees were formed to address environmental and other development issues. Environmental education has been introduced in the schools (60 teachers trained). Natural Resource Management plans have been developed for the fishing and tourism industries. Community-developed whale watching regulations aim to appropriately manage excursions in Samaná Bay, judged by the World Wildlife Federation as the second best place in the world to view whales. Most important, CEBSE has received community, GODR, and international recognition as a leader and coordinator for environmental conservation of the Samaná Bay Watershed. CEBSE is leveraging funds from a number of sources including the Global Environmental Facility, Ford Foundation, Tinker Foundation, McArthur Foundation and the Mariah Foundation.

- The Parks in Peril Program implemented by The Nature Conservancy and Dominican NGO partners is successfully protecting two major Dominican Parks using volunteer park guards from surrounding communities and building a collaborative partnership between national, international, public and private organizations. The Jaragua National Park is the largest protected area in the Dominican Republic and the insular Caribbean. The activity has been catalytic to receiving GODR and other donor contributions (Japanese, Helvetas, UNDP).

Participation

Watershed conservation projects traditionally deal with hillside farming practices involving mostly men. However, men and women benefit from increased incomes due to improved farming systems and reliable energy availability from hydroelectricity. Both men and women are encouraged to actively participate through democratically operated community organizations in the design, implementation and sustainability of conservation and reforestation activities.

In the Parks in Peril Project, many people from communities surrounding the Jaragua and Del Este National Parks participate enthusiastically in park conservation activities. Local women and men participate as volunteer park rangers, field assistants and tourist guides. The project also assists NGOs to undertake soil conservation activities in targeted critical demonstration areas. Replication is key to ultimate success. (Target

areas also comprise a unique ecosystem -- one of the last unspoiled high pine forest areas in the Caribbean to be addressed by The Nature Conservancy with Mission and LAC funding.)

Success Story: Watershed Management Protects Songbirds

A side benefit to the watershed conservation activities under S.O. 4 is the protection of habitat for migratory songbirds that overwinter in the Dominican Republic. The U.S. Forest Service has been sponsoring research in the DR to determine the effects of deforestation and shadeless coffee production on migratory bird populations. Seven projects funded under the PVO Co-Financing Project are reforesting hillsides. One of the projects is renovating coffee plantations and planting fruit tree species for shade. This provides an economic incentive for the small farmers we are working with while providing more habitat for songbirds that migrate here every year from the East Coast of the U.S. We will be working with the U.S. Forest Service to continue promoting shaded coffee production in contrast to a trend toward shadeless coffee which is also starting to be seen in the Dominican Republic.

e. Customer focus

With the S.O. Team motivated to apply reengineered systems, customer and partner input has been sought to assure that we are supporting activities that will fulfill customer needs. The ultimate customers for established environmental standards and norms in the electricity sector is the whole of Dominican society. The immediate customers of USAID assistance in this area is provisional Electrical Sector Technical Group and the Dominican Electric Corporation (CDE) and our NGO partners such as ENERSOL, ADESOL, FUNDASUR, etc. The benchmark assessment of the Dominican power sector was developed and carried out with the participation of the IDB, IBRD and Technical Group. The close collaboration resulted in an assessment that closely fits the government's needs and the $200 million IDB/IBRD proposed support. This three-way partnership continues.

Through our NGO activities in watershed management, customer input has been obtained to assure that soil practices and reforesting are being carried out in a way that fits well with local community expectations and individual farming systems. These activities are directed by local water user associations and farmer groups. This approach has yielded tremendous benefits in terms of assuring good implementation progress and strengthened long-term sustainability and expansion of the activities.

In the case of household photovoltaic systems, microentrepreneurs and rural households are customers of our alternative energy activities. The network of microenterprises, which will be expanded nationwide, is controlled and operated by the microenterprise owners themselves. To date these microenterprises have installed about 3,000 PV systems in rural households and have been fulfilling warranty assurances for the last several years. The experience gained by these PV microenterprises in working with customers has helped them respond appropriately to market forces, assuring customer

satisfaction with their products and services. Their experience has been incorporated into the plans for our grant to ENERSOL which will deepen and expand this alternative energy driven market in rural off-grid areas.

f. Participation of other donors

There has been active participation by other donors in both the restructuring of CDE and watershed management. The S.O. Team continues to build on its relationship with the IDB and World Bank, who have been involved in the plans to restructure CDE from the beginning of our efforts, to ensure that the overall energy sector restructuring is done on an environmentally sound basis. The design of standards and norms will continue to be done in close coordination with the Banks and fit within their efforts to institutionalize a new energy regulatory authority. We seek to ensure appropriate sector-wide environmental soundness in IDB and World Bank energy projects. In addition, we are encouraging all partners to support a regulatory framework friendly to alternative energy, including a provision for alternative energy in the Government-Donor energy sector strategy. As renewable energy demonstration projects are being implemented, efforts will be made to encourage other donor, private sector, and GODR participation to replicate the technology through loan and grant funds. In the watershed management area we are promoting links between IDB and World Bank, our NGO partners, and the GODR in order to interest them in replicating our demonstration projects, e.g. the FIRENA Project where the IBRD investing $2.5 million in a similar effort in a nearby watershed. Working with/through UNDP and directly with other donors, the SO team is seeking to: a) work with an informal, technical level donor network to exchange information and ideas on renewable energy and watershed conservation. The network includes IAF, GTZ (German), DED, Oxfam, CID (British), Mission Technica Hispaniola, Helvetas, UNICEF, PAHO, Enfants du Monde, and meets every two months; b) sensitize other donors on environmental concerns related to the power sector; c) get other donors to promote alternative energy solutions to power needs; and, d) maintain close cooperation with IAF on NGO training activities. We are also helping NGO partners to market their development models to other donors, the public and the GODR, including preparing promotional videos in the near future.

g. Gender

In both design and implementation, the S. O. 4 Team conscientiously considers gender ramifications in order to assure more effective results. Using renewable energy in off-grid areas can make potable water more easily accessible, benefiting women particularly on whom supplying water for the household most often falls. Also, illumination from alternative energy during evening hours especially allow women to enhance their marketable skills through radio correspondence courses among others and develop productive activities in their homes during the time of day when women have the most flexibility for using their time. Both men and women benefit from increased incomes due to improved hillside farming systems and the long-term benefit of reliable energy

availability from hydroelectricity. Men and women are encouraged to participate actively through democratically functioning community organizations in the design, implementation and sustainability of conservation and reforestation activities.

h. Mission policy agenda

USAID/DR is pursuing several targeted policy improvements under this S.O. For the formal electrical power sector, an environmental framework and implementing institution are needed to help reduce the negative impact on air and water quality of thermal electric plants. In renewable alternative energy, formal recognition is needed at the national level of its production potential, particularly for off-grid customers. Further linkages with official GODR agencies in the energy sector such as CDE and the Energy Policy Commission will be pursued, to include renewable energy in the National Energy Strategy. In the area of watershed management, the effectiveness of using the NGO model of community-based interventions should be encouraged and assisted by overburdened government service providers.

USAID financed a baseline environmental assessment for the Dominican power sector that provided the initial guidelines for siting, design and management requirements for two proposed new plants to be financed by the World Bank. USAID is intent on assuring that environmental concerns are not lost in the restructuring of the power sector. At a minimum, we plan to provide environmental standards and norms that can be used by the GODR when executing new and amending old agreements with private sector suppliers to the grid. If a satisfactory Energy Law is passed and promulgated, this assistance could in addition be the policy tool to phase-in environmental requirements for the older thermal-electric plants as well.

The watershed management model being employed in USAID-supported interventions links customers' community interests with NGO structure. Successful replication of this model appears to be having an impact on decreasing the rate of watershed deforestation in selected areas. Convincing the government to encourage and assist other communities to begin to use this model could harness sufficient resources to ameliorate the problem found in the most important watersheds that feed major hydroelectric dams and provide water for the country's most populated areas. Some government agencies are beginning to accept and employ this NGO/community-based model to the extent of providing personnel and cash resources in their support. More linkages of this type will be made with USAID-financed activities and the government will be encouraged to replicate them in other areas.

3. Expectations for next year

This politically historic year for the Dominican Republic will bring with it a new administration and expectations for reform. We are hopeful that this will bring the long period of legislative inaction to an end and the passage of a number of laws important to

the economic prosperity of the country. However, given that the current Dominican Congress will continue, we have to be realistic about our expectations. The Energy Law ranks among those of the highest priority. If it is approved, we expect the promulgation of environmental standards and norms that are to be required within it. In preparation for the passage of the Energy Law, contracted TA in coordination with the appropriate government offices will draft environmental guidelines for thermal-electric plants. Once the law is in place, the restructuring of the electric power sector can go forward with World Bank financing available for two new environmentally-suitable power plant. In FY98 these plants could be online and a plan developed to phase-in appropriate environmental adjustments to the older power plants.

Renewable alternative energy activities will begin to reach full implementation stride in 1997. Ten new photovoltaic-powered microentrepreneurs should be operating in ten provinces, 800 rural households should be using solar based energy systems, with approximately 6,500 PV panels installed in the country. Six community-based electrification/water supply systems should be operating renewable alternative energy systems (wind, microhydro, solar) and demonstrating full cost recovery. There should be 40 new enterprises (20 women-owned) established and strengthened in 1996 attributed to increased energy in target areas. In 1996, households using solar energy systems attributed directly to USAID-funded activities should reach 400 and installed panels due to USAID funds and replication should reach 5,700. There should be 4 viable community-based electrification/water supply systems established.

Expected results for improving conservation in critical watersheds include increasing to 900 hectares the target areas under sound permanent soil management practices. Reforestation in activity areas should reach 1,700 hectares and the number of farmers participating in conservation activities in target areas should reach 1,900 in 1996.

4. Summit of the Americas

As amply demonstrated in the performance report, S.O. 4 fully supports the Partnership for Sustainable Energy Use (Initiative #21) by: assisting the government to develop appropriate mechanisms to promote compliance with international standards and norms for environmentally-sound energy production, identifying and testing economically viable alternative energy projects, and promoting electrification of rural communities using renewable energy sources. To a limited extent, activities conducted under RP3 also have an impact on the priorities of the Partnership for Biodiversity (Initiative 22). S.O. 4 is also relevant to Energy Cooperation and the Partnership for Pollution Prevention (respectively, Initiatives 12 and 23, but not USG priority areas). The Mission does not expect to receive additional funding for energy activities beyond FY97.

Table 2: Strategic Objective Performance

Dominican Republic				
STRATEGIC OBJECTIVE NO. 4: Increased Availability and Use of Environmentally-Sound Energy Sources				
Indicator 1: Amount of "clean" Megawatts produced by conventional thermal sources in the country.				
Unit: Megawatts (installed capacity)		Year	Planned	Actual
Source: CDE/Superintendencia, activity reports, evaluations	Baseline	1994	---	0
Comments: Definition used for "clean" is thermal sources following internationally accepted standards. Until new Energy Law is passed and implementing decrees are signed, only tentative benchmarks are possible to set. The 75 MW in 1995 and the planned 185 MW in 1996 represent the new privately owned Smith-Enron plant on the north coast.		1995	75	75
		1996	185	**
		1997		**
		1998		**
	Target	1999		**

Indicator 2: Project funded kilowatts of renewable energy produced outside formal energy sector (Installed capacity)				
Unit: Kilowatts (installed capacity)		Year	Planned	Actual
Source: Activity reports, evaluations	Baseline	1995	---	200
Comments: Baseline data and planned progress targets will be refined under redesigned EESR Project. The 1995 baseline amount represent the total estimated installed capacity for renewable energy in country, mainly solar household units. Plans are for expansion of solar production and demonstration of full cost recovery of replicable wind, micro-hydro and biomass systems.		1996	225	**
		1997	285	**
		1998	360	**
	Target	1999	450	**

Indicator 3: Decrease rate of deforestation in target areas				
Unit: Percentage/year		Year	Planned	Actual
Source: Department of Natural Resources Inventory (DIRENA)	Baseline	1992	**	2.0%
Comments: This indicator applies only to areas targeted for direct interventions -- some 7,000 + hectares. A much wider area will of course be affected indirectly. The 2% base rate figure is extrapolated from the national rate as estimated by a 1994 study prepared for the Mission by Tropical Research and Development, Inc.		1996	1.8%	
		1997	**	
		1998	1.2%	
	Target	1999	0.8%	

Dominican Republic				Financial Source: Electrical Energy Sector Restructuring, PVO co-financing, Global.
INTERMEDIATE RESULT NO. 4.1 Environmental component of the sector regulatory framework in place				
Members: Thomas Miller, Efraín Laureano; Support Members: E&E Team Core Members; Extended Members: Héctor Guiliani, Technical Group; Ziomara Reyes, CDE; Luis H. Rodríguez, IDB; Arturo Lamarche, CDE; Virtual Members: Samuel Schweitzer, G/ENV/EET.				
Indicator 1: Environmental standards and norms for energy regulation defined and promoted				
Unit: Norms		Year	Planned	Actual
Source: Energy Technical Group with USAID Technical Support	Baseline	1995	---	0
Comments: (◘) Internationally accepted norms and standards drafted; (■) Norms and standards in place for new plants with phase-in for old plants.		1996	(◘)	**
	Target	1997	(■)	**

Indicator 2: Power plants complying with the environmental standards and norms				
Unit: Percent of major power plants		Year	Planned	Actual
Source: CDE Superintendencia, environmental audits	Baseline	1996	**	0
Comments: Baseline will be established for 1996 after norms and standards are available. In abeyance, pending passage of required legislation. If no appropriate legislation is in place, the project will not proceed with institutional development support activities. The project will confine itself to baseline information, standards and norms definition, and sensitize NGOs, government officials, and the public to environmental concerns related to power production and distribution.		1997	**	
		1998	**	
	Target	1999	**	

Dominican Republic	Financial Resources: PVO Co-Financing, Electrical Energy Sector Restructuring, Global, PL-480/ Section 108.

INTERMEDIATE RESULT NO. 4.2 Innovative renewable energy alternatives developed and disseminated in rural areas

Members: Thomas Miller, Odalís Pérez, Richard Mangrich; Support Members: E&E Team Core Members;
Extended Members: Bolívar Pou, ENTRENA; Francisco Méndez, Technical Group; Mark Newton, ENERSOL; José Miguel Martínez, PRONATURA; Luis H. Rodríguez, IDB; Virtual Members: Ross Pumfrey, G/ENV/EET; Karen Menczer, LAC/RSD-E.

Indicator 1: Rural households using solar energy associated with USAID activities

Unit: Number of households		Year	Planned	Actual
Source: Activities reports, evaluations	Baseline	1995		0
Comments:		1996	400	**
		1997	800	**
		1998	1,200	**
	Target	1999	1,500	**

Indicator 2: Photovoltaic panels installed in the country				
Unit: Number of Panels		Year	Planned	Actual
Source: Activity reports, evaluations, Customs	Baseline	1994	---	4,500
Comments: This measure will provide an indication of the growing demand for and replicability of solar technology.		1995	5,000	4,900
		1996	5,700	**
		1997	6,500	**
		1998	7,300	**
	Target	1999	8,200	**

Indicator 3: Number of enterprises established and strengthened resulting from increased energy in target areas with USAID funding.				
Unit: Microenterprises		Year	Planned	Actual
Source: Activity reports, evaluations, microenterprise network	Baseline	1995	---	F = 30 M = 130
Comments: This increase in microenterprises is an expected product of increased energy availability attributable to USAID-funded activities although no specific USAID funding is being made directly available for microenterprise development. The estimates for number of new enterprises attributed to increased energy are 40 in 1996, 50 in 1997, 60 in 1998 and 70 in 1999.		1996	F = 50 M = 150	**
		1997	F = 75 M = 175	**
		1998	F = 105 M = 205	**
		1998	F = 140 M = 240	**

Indicator 4: Viable rural community-based electrification/water supply systems with alternative energy				
Unit: Number of communities		Year	Planned	Actual
Source: Activity reports, evaluations	Baseline	1995	-	0
Comments: This includes solar, wind, hydro, biomass, and combinations thereof.		1996	4	
		1997	6	
		1998	9	
	Target	1999	12	

Dominican Republic				Financial Resources: PVO Co-Financing, Parks in Peril.
INTERMEDIATE RESULT NO. 4.3 Improved conservation in critical watersheds contributing to sustainable energy use				
Members: Odalís Pérez, Richard Mangrich; Support Members: E&E Team Core Members Extended Members: Jeffrey Brokaw, LAC/RSD-E; Brian Rudert, EDT; Bolívar Pou, ENTRENA; José Miguel Martínez, PRONATURA; Domingo Marte, TNC; Virtual Members: Carleen Yocum, REA; Bill Sugrue, Global Bureau.				
Indicator 1: Area under sound permanent soil management practices in project areas				
Unit: Hectares		Year	Planned	Actual
Source: Subproject and activity reports, evaluations	Baseline	1994	**	100
Comments: Practices include live and dead barriers,		1995	450	339
terraces, contour planting, etc.		1996	900	**
The 1995 actual level is less than planned due to more start-up attention given to the strengthening of grassroots organizations in two of five soil conservation practices activities. Two more such activities are scheduled to begin in 1996.		1997	1400	**
		1998	2000	**
	Target	1999	2700	**

Indicator 2: Reforestation in subproject and activity areas, and related watersheds				
Unit: Hectares		Year	Planned	Actual
Source: Subproject Reports, evaluations	Baseline	1994	----	200
Comments: This measure provides an indication of actual reforested areas financed with USAID funds and surrounding areas reforested as a result of replication.		1995	850	841
		1996	1700	**
		1997	2300	**
		1998	3000	**
	Target	1999	4000	**

Indicator 3: Number of farmers participating in conservation activities in project areas				
Unit: Farmers		Year	Planned	Actual
Source: Subproject reports, evaluations	Baseline	1994	---	360
Comments: Target per community is from 0 to 50% of the population of farmers participating on any given project of about 3 years. The number of communities participating will increase from 10 in 1994 to about 150 in 1999.		1995	890	1,170
		1996	1900	**
		1997	2800	**
		1998	3200	**
	Target	1999	3600	**

Note: Strategy is to achieve replicability of agroforestry/soil conservation models in critical watersheds through individual farmer initiative in areas surrounding demonstration activities, GODR support, and other donor support.

SECTION III

STATUS OF THE MANAGEMENT CONTRACT

A. STRATEGIC OBJECTIVE CHANGES OR REFINEMENTS

There have been no major changes in the strategic framework since its approval in April 1995. Reengineering and customer focus have strengthened our orientation toward poverty alleviation. Our efforts to improve our capacity to manage for results has led to some refinements in several S.O.s:

-- in S.O. 1, we have regrouped activities that highlight the emphasis on human capital development, combining education, training, and worker skills development into one results package. This change improves our ability to address the needs of our customers -- the poor majority of Dominicans. We have also adjusted the Mission's approach to economic policy issues and advocacy, following the mid-term evaluation of the Economic Policy and Practices project.

-- the results framework for S.O. 2 does not include a separate results package for health sector policy reform. Following advice from CDIE last year, we have continued to advance policy issues on a cross-cutting basis within each of our four results packages. During FY96 we are formulating an integrated agenda for health sector policy reform that we intend to use as a basis for discussions with the new government.

-- in S.O. 4, due to the lack of movement on Congressional approval of the Energy Law, we have readjusted the balance between activities. This permits us to make maximum use of available resources to focus on NGO activities in underserved rural areas. The focus on alternative energy also strongly complements the S.O. 1 approach with respect to enhancing economic opportunities for the poor.

B. MISSION CONCERNS

1. Need for Transparency and Close Coordination on Programming Decisions

During these difficult budget times, it is particularly important that programming decisions be taken in as collaborative a manner as possible. We may not agree on the final decision, but if we have had a fair hearing then we can support it and be better prepared to communicate the results to our staff, partners and customers. Two recent discussions, concerning the future of our P.L. 480, Title II and S.O. 4 alternative energy programs, do not reflect an open, transparent, decision-making process by USAID/W. In the first instance, BHR had decided to eliminate future programming for the Dominican Republic without advising LAC or the Mission and certainly without giving the Mission a chance to make its case. There was no Bureau review to determine budget allocations within the LAC region. Decisions were taken country by country. With respect to S.O. 4, LAC was already targeting it for elimination despite having endorsed the Mission's planned activities as presented in last year's Action Plan because of a commitment to lower the number of S.O.s in the Bureau. Reengineering requires

an open and transparent process. The pressures placed on Washington and the field are unprecedented, and will continue unabated. Special attention is required so that decisions affecting our program are taken in a transparent process.

2. The transition to ICASS

Great uncertainty surrounds the impending transition from FAAS to ICASS scheduled for October 1996. Information flowing from the ICASS pilot missions is skimpy at best. The Country Team has agreed to begin meetings to establish an ICASS board, review administrative service options, and decide how best to prepare for October 1, 1996. Each Agency was tasked with obtaining from its home office the latest guidance available. What has been learned from the El Salvador ICASS pilot experience and what preparatory analysis is recommended to best prepare for operations under ICASS?

3. The future of P.L. 480, Title II

In November 1995, the Mission cabled a request to BHR/FFP and LAC seeking concurrence to proceed with design of a Title II Development Project Proposal (DPP) for the FY97-99 period. The ensuing discussions revealed the fact that BHR had made a unilateral decision six months prior to the cable to delete the DR from future programming considerations because it had determined the DR was no longer sufficiently food insecure. Apart from the lack of transparency discussed in Mission Concern No. 1 above, the criteria that led to BHR's decision came from several sources, that in themselves provide conflicting assessments of worldwide food security status by country. We suggest that perhaps PPC be asked to vet these criteria and a methodology for determining FFP funding allocations in the future.

In addition, USAID/DR intends to reserve the right to resubmit its request in the Fall of 1996, depending upon the outcome of the presidential elections. If indeed the elections are conducted in a fair and transparent manner and the new administration is reform-minded and intent on addressing the long-neglected social needs of the population (as all three leading candidates have stressed in their campaign statements to date), the Mission views continued food aid as an essential resource for supporting this political transition. The fiscal 'cupboard' will be bare for whoever takes office. In comparison to the size of other programs in LAC, the needs of the DR are extremely modest, especially so when considering the ability to deliver measurable impact. To stretch scarce resources in addressing poverty, programs such as CARE's will provide much needed leadership in targeting vulnerable groups and relying on community participation instead of more traditional, paternalistic models favored by the government in the past.

4. Global Requirements for Family Planning Field Support

Restrictions in FY96 appropriations legislation on the obligation of Population funds will adversely affect our ability to meet program performance indicators. While the Mission's

pipeline of Population funds is sufficient to meet its local FY96 requirements, the delay and likely sharp curtailment of FY96 Global Field Support resources will affect contraceptive procurement, an adolescent pregnancy prevention program, health policy, CARE's FP program close-out and environmental health. The FY96 Global Field Support requirement totals $1.36 million, of which $850,000 is for contraceptives, our most critical need. Contraceptive procurement, which is not included in our bilateral project, is dependent on new Global funds in order to meet demand in CY96 and CY97. The current supply, counting a shipment in process, will meet local distribution needs only through May. Given the normal 90-day lead time, new funds are necessary in March in order to ensure delivery by May/June, and thus avoid a gap in the program.

5. Regional Role

USAID/DR urges the Bureau to make a decision as soon as possible on the location of the Caribbean hub/regional support Mission. This decision has implications for OE funding as well as staff levels and composition, and should be made prior to final decisions on those resources. We believe there are strong cost and institutional reasons to place the hub in Santo Domingo.

6. Agency Reengineering of Personnel System

As a CEL, the Mission decided to abandon the traditional technical office structure in favor of Strategic Objective Teams. While the Agency's reengineering guidance and the ADS stress teamwork around strategic objectives, the personnel system has not kept pace with this evolution. Mixed signals are being sent regarding the position classification process, which has not changed, and promotion potential for those who are now "team leaders, coaches, and mentors" instead of "office directors". Individual officers are concerned as to their potential for promotion given that the personnel system has not yet abandoned a classification system based on number of officers supervised, size of portfolio managed, and individual responsibilities. Adequate weight is not yet assigned to the teamwork, staff development, and mentoring skills which a reengineered Agency desperately needs. Other Missions interested in our CEL experience have expressed reluctance to follow our lead precisely because of this ambiguity in how the personnel system is treating teams.

C. CHANGES IN MANAGEMENT APPROACH AS A RESULT OF REENGINEERING

1. Changes

Our CEL experience has been amply documented in our CEL reports and in CDIE publications. Perhaps the two most important aspects deserving special comment are S.O. Pacts with the Front Office and employee empowerment. These two aspects have

drawn the most attention from other missions and individuals who have communicated with us, asking for copies of the Pacts or our Manual Order on Employee Development.

With respect to the S.O. Pacts with the Front Office, this management tool was tremendously useful in formalizing our new organizational structure and resolving a number of issues which were left pending when we decided to abandon the traditional technical office structure. Pacts served to define: the role and expectations of the team leader (coach versus office director); individual team member roles and responsibilities; level of effort that support offices would commit to the teams; delegations of authority; supervisory responsibilities; results packages; customer service plans; procurement and work plans; and resource requirements. Since the Pacts were developed and approved by the Director, we have held monthly progress reviews with each S.O. Team which have proved to be a valuable means of information exchange within the Mission and as a means for making informed management decisions. In our view, the combination of S.O. Pacts and monthly reviews amply substitutes for the old Semi-annual Reviews (SARs).

Empowerment is one of the four core values of reengineering and one which we believe has produced the most dramatic results from our CEL experience. Since our last CEL report, the Mission finalized and approved its Manual Order on Employee Development, which integrates employee performance evaluation, training and awards in order to better address our staff development priorities. We have taken pains to make the process more transparent and fair. All FSN and USPSC performance evaluations more closely approximate the USDH system: (1) with minor changes, the new AEF format has been accomodated for use by FSNs and USPSCS; (2) two annual cycles have been established for submission of evaluations for FSNs and USPSCs; (3) specific objectives are required for all Mission staff; (4) 360 degree review is now a part of everyone's performance evaluation; (5) our Employee Development Committee (composed of USDH, FSN, and USPSC staff) plays a quality control role for all AEFs; (6) training requests are based on annual training plans prepared by each team or office - ad hoc training requests are now the exception rather than the norm; and (7) awards are now made annually, based on the EDC's review of all AEFs, rather than being dependent on the initiative of individual supervisors. Despite the negative impact on morale of the furloughs, budget cuts, staff reductions, and the general uncertainty surrounding the Agency's future, we believe our efforts to address employee development concerns has paid off handsomely in terms of a sense of ownership by the staff, enhanced productivity, and willingness to take responsibility for seeing that our program objectives are achieved.

2. USAID/W Rethinking Required

a. Training

As a CEL we have become aware that, in order to take full advantage of the benefits of reengineering, broad-ranging skills development is needed to fully empower Strategic Objective teams. Unfortunately, these training needs come at a time that OE is

becoming increasingly scarce. USAID/W must factor into its planning the need to upgrade the Agency's human capital in the same way it has invested in upgrading our information systems over the past several years.

Our experience indicates that the Agency needs to design and make available a variety of course offerings that will strengthen S.O. team and capacity to articulate results frameworks, including hypotheses, set up realistic performance measurement systems, and report on impact. Ongoing training in activity management, i.e., how to make the New Directives work "on the ground", beyond the reengineering process, is also needed. The nuts and bolts of the vast area between "planning" and "achieving" continue to be critical to high performance. USAID/DR has been waiting for two years to be able to provide our staff with basic and refresher training such as the project management course or equivalent. Finally, periodic coaching on how to be a learning organization and how to improve team effectiveness would be helpful. We are all (even the trained trainers) learning by doing and need periodic ground truthing to gain confidence. We believe most field Operating Units will face similar needs as reengineering takes hold.

b. Staffing

USAID/W has assumed that reengineering would imply need for less staff. At the field level, staff is working differently, and probably more efficiently, but there are additional demands: for our Mission, the limited number of bilateral agreements means that each obligation is a new grant or contract amendment. When funds are held in abeyance and then need short turn-around obligation, like this year, this requires action on an inflexible time schedule and makes life very difficult. Until we achieve a level of comfort with reengineering, staff reductions cannot continue.

D. REGIONAL ENVIRONMENTAL OFFICER CONCERNS/ISSUES

There are no issues or concerns.

SECTION IV

RESOURCE REQUIREMENTS

Annex 1
ALL RESOURCES TABLE
USAID/DOMINICAN REP.
($000)

Funding Category	FY 1996*	FY 1997		FY 1998	
		Base**	Base - 20%	Base - 10%	Base -30%
Development Assistance/ SEED/FSA/ESF/IDA ***	10,302 0		11,146 0	12,600 0	10,000 0
Economic Growth	2,500		2,700	3,400	2,000
Of which: Field Support ****	0		0	0	0
Population/Health	5,302		4,570	6,000	5,000
Of which: Field Support ****	2,250		1,075	750	750
Democracy	1,200		3,000	3,050	2,850
Of which: Field Support ****	0		0	0	0
Environment	1,300		876	150	150
Of which: Field Support ****	0		0	0	0
Humanitarian Assistance/Transition	0		0	0	0
Of which: Field Support ****	0		0	0	
PL480:	2,718		0	0	0
Title II	2,718		0	0	0
Title III	0		0	0	0
Other (HG, MSED, ECA) ***	0		0	0	0
GRAND TOTAL	13,020		11,146	12,600	10,000

* The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

** Base is defined as operating bureau allocations based on the FY 1997 OMB request level. These allocations shall be ACSI code driven.

*** FYI: SEED= Support for Eastern European Democracy FSA= Freedom Support Act (NIS countries); IDA= International Disaster Assistance.

HG = Housing Guaranty; MSED= Micro and Small Enterprise Development, ECA=Enhanced Credit Authority

****** Refers to all Field Support -- both Global-obligated and Mission-obligated.**

Annex 2
Funding Scenarios by Objective*
USAID/DOMINICAN REPUBLIC
(000)

OBJECTIVE	FY 1996**	FY 1997 Base***	FY 1997 Base - 20%	FY 1998 Base -10%	FY 1998 Base - 30%
Strategic Objective # 1: Increased Economic Opportunities and Benefits for the Dominican Majority.	2,500		2,700	3,400	2,000
Development Assistance/SEED/FSA****	2,500		2,700	3,400	2,000
Economic Support Funds	0		0	0	0
PL480: Title II	0		0	0	0
Title III	0		0	0	0
International Disaster Assistance	0		0	0	0
Other (HG,MSED,ECA)****					
Strategic Objective # 2: Increased use of Primary Health Care Services by Underserved Populations	8,020		4,570	6,000	5,000
Development Assistance/SEED/FSA****	5,302		4,570	6,000	5,000
Economic Support Funds	0		0	0	0
PL480: Title II	2,718		0	0	0
Title III	0		0	0	0
International Disaster Assistance	0		0	0	0
Other (HG,MSED,ECA)****	0		0	0	
Strategic Support Objective # 3: Increased Participation in Democratization	1,200		3,000	3,050	2,850
Development Assistance/SEED/FSA****	1,200		3,000	3,050	2,850
Economic Support Funds	0		0	0	0
PL480: Title II	0		0	0	0
Title III	0		0	0	0
International Disaster Assistance	0		0	0	0
Other (HG,MSED,ECA)****	0		0	0	0
Strategic Support Objective # 4 : Increased Availability and Use of environmentally-sound Energy Sources.	1,300		876	150	150
Development Assistance/SEED/FSA****	1,300		876	150	150
Economic Support Funds	0		0	0	0
PL480: Title II	0		0	0	0
Title III	0		0	0	0
International Disaster Assistance	0		0	0	0
Other (HG,MSED,ECA)****	0		0	0	0
Total	13,020		11,146	12,600	10,000
Development Assistance/SEED/FSA****	10,302		11,146	12,600	10,000
Economic Support Funds	0		0	0	0
PL480: Title II	2,718		0	0	0
Title III	0		0	0	0
International Disaster Assistance	0		0	0	0
Other (HG,MSED,ECA)****	0		0	0	0

* Use all funding spigots, including DA, SEED, FSA, ESF, PL480, IDA, HG, MSED, and ECA.
** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which ap
*** Base is defined as operating bureau allocations based on the FY 1997 OMB request level.
**** Please disaggregate by funding category.

Annex 3
USAID/DOMINICAN REPUBLIC
GLOBAL FIELD SUPPORT

Mission: Strategic Objective	Field Support: Activity Number & Title	Priority *	Duration	Estimated Funding ($000)							
				FY 1996**		FY 1997***				FY 1998***	
						FY 1997 Base		FY 1997 Base - 20%		FY 1997 Base - 30%	
				Obligated by ****:		Obligated by ****:		Obligated by ****:		Obligated by ****:	
				Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit
SO2	936-3057 Contraceptive Procurement	High	Ongoing	800				350		350	
SO2	936-5974 Partnership for Health Reform	High	1996-98	350				250		0	
SO2	936-5972 AIDS /STDs 1)	High	1996-98	700				300		300	
SO2	936-5994 Environmental Health	Medium	1996-98	50				50		50	
SO2	936-3073 Improv. of Health of Young Adults	Medium-high	1996-98	200				75		50	
SO2	936-3038 Family Planning Log. Mgt.(JSI)	Medium	1997-98	50				50		0	
SO2	936-3058 Pop. & Fam Planning Exp.(CARE)	Medium-Low	1996	60				0		0	
SO2	936-6004.51 Peace Corps	Low	1996-98	40				0		0	
GRAND TOTAL.....				2,250	0			1,075	0	750	0

* For Priorities use high, medium-high, medium, medium-low, low

** The FY 1996 level is from operating bureau allocations based on 75 per cent of the FY 1996 CP request level, except for PL480 programs for which appropriations have been enacted.

*** Base is defined as operating bureau allocations from the FY 1997 OMB request level.

**** If the funding source is unknown, show all the funding as Obligated by Global Bureau.

1) The AIDSCAP project is scheduled to terminate in August 1997. Mission will determine financing mechanism to be used thereafter.

A. PROGRAM FUNDING REQUEST BY STRATEGIC OBJECTIVE

At the time of drafting this section (2/15/96), budget parameters are not yet final and no earmarks/directives have been provided.

1. Program priorities

USAID/DR program priorities continue to be those identified in the FY96-97 Budget Submission narrative in June 1995. In order of importance to the Mission, as well as to the development of the Dominican Republic, they are:

- Democratization and Rule of Law
- Access to Economic Opportunities and Benefits
- Primary Health Care, including reproductive health and HIV/AIDS prevention
- Environmentally-sound Energy

These priorities respond to the principal constraints of weak democratic institutions and lack of respect for the rule of law, unfocused economic management, inequitable health care availability, and rapid degradation of environmental resources.

The Mission's indicative funding levels for FY96 correspond to straightlining the FY95 levels. We have been able to carry on our activities without major program cutbacks during this period by drawing down the pipeline. If these levels continue or are allowd to decline further, we will be severely limited in our ability to respond to targets of opportunity which emerge from our dialogue with the new government. We have been hampered in recent years with respect to funding flexibility by operating under grants and cooperative agreements rather than bilateral agreements, but look forward to the possibility of resuming government-to-government funding and developing Strategic Objective Agreements which would permit us to carry out our operations as envisaged by the New Management System.

Impact of Funding Limitations
At a program funding of some $11 million for FY97 (the indicative planning level as of February 15, 1996). We will have to limit activities in our economic growth portfolio. Our work in family planning will also suffer, since we will not be able to recoup the severe blow we expect as a result of funding constraints in FY96. We will have to cut back on service delivery in order to address key health sector policy issues. The scope of our democracy interventions will also be reduced somewhat, although funding for this sector will increase as we bring on two new activities.

2. Democracy

Whatever the final result of the presidential election, we have been instrumental in

bringing about a renewal of civic participation in the Dominican Republic. The response of all segments of civil society to the opportunity to join together to press for peaceful change in leadership of the country is remarkable, as demonstrated in the performance report for S.O. 3. (Section II.C.) In order to provide the required funds, however, we had to go to extreme lengths to scrape together minimal democracy funds in FY95, and secure the re-obligation of ESF monies. For FY97 and FY98, we expect to implement an activity in the priority Rule of Law/Administration of Justice (ROL/AOJ) field, as well as to fund a follow-on Civil Society activity aimed at supporting citizen participation in the critical 1998 legislative and municipal elections and expanding the network of municipal-level civic organizations nationwide. Reforming the justice system in the Dominican Republic will be a long-term proposition, but a start must be made in order to restore public confidence and complement incentives for renewed investment in the economy. Initial results expected in this field include the formation of a broad-based civil society coalition supporting judicial reform, preparation of a plan of action to improve the commercial dispute resolution system, and establishing a nationwide public defense system that would provide better services to the disadvantaged. For the 1998 legislative elections, we expect that municipalnon-partisan citizen action committees will support local authorities in organizing and monitoring the process, as they are doing for the current presidential election, and press the government for action on the social, economic, and political agendas they have identified.

An S.O. allocation of $3.0 million in FY97 and about the same in FY98 is minimal. At the FY97 OMB -20% or either of the FY98 scenarios, we would be forced to severely limit our interventions in ROL, jeopardizing the possibilities for economic growth and poverty alleviation. To achieve our desired results, we would need at least an additional million dollars in each year.

As Agency Strategic Objective No. 2, democratic development is a cornerstone of sustainable development. The Dominican Republic, with its close trading and social links to the United States, can only advance on the basis of strengthened democratic institutions. With a solid ROL program combined with continued reinforcement for civil society, and assuming IFI support for more general institution building within the central and local governments, we believe that the essential goals of the S.O. could be substantially achieved within a ten year period.

The pipeline in this S.O. is a carry-over from a large obligation at the end of FY94. These funds are in a cooperative agreement which provides sub-grants to grass roots organizations and NGOs, primarily for civic education activities. Individual sub-grants are highly successful, and contribute in large part to the Mission's support for women's issues; they tend to be small, however, given the nature of the activities supported. The project has streamlined its sub-grant approval procedures and the pipeline is expected to be drawn down more rapidly in the future. USAID/W's limitation of Strategic Objective agreements to official counterparts has reduced our flexibility in sub-obligating and expending these funds.

3. Economic Growth

In terms of increasing economic opportunities for the disadvantaged, we will be phasing out of small and microenterprise credit in FY97 after 14 years of support for such activities. USAID/DR's legacy will be (a) a Small Business Bank; (b) a highly successful, independent NGO (ADEMI) providing approximately 75% of the credit to the small and microenterprise sector; and (c) a self-sufficient second-tier microenterprise finance institution (FondoMicro), dedicated to strengthening a variety of small NGO programs. We have also been instrumental in obtaining IDB interest in reinvigorated rural credit unions. We will also phase out of primary education, where the World Bank and IDB will continue to support the goals of the 10-year Plan and the teacher training, student testing, and information systems activities initiated under our PIPE project. This phaseout will permit us to focus on worker productivity and empowerment and pro-active policy dialogue aimed at improved economic management for poverty alleviation.. As soon as possible, we intend to convert our bilateral (PIED - Productivity and Income Enhancement for the Disadvantaged) project agreement (formerly TPPI - Trade Practices and Productivity Improvement) into a Strategic Objective Agreement in order to take maximum advantage of our reengineered systems.

Key results for FY97 and FY98 are expected to be the creation of a Small Business Institute to provide targeted business skills training to small and microentrepreneurs and initiation of a vigorous dialogue with the government (and other donors) on poverty alleviation. If the new government demonstrates commitment to poverty alleviation, we plan on building upon the success achieved under the Economic Policy and Practices by supporting selected NGO support to key Government ministries. Optimal funding would be $4.0 million for FY97 and $4.5 for FY98, which would include some Global and/or LAC Bureau assistance for policy/institutional reform and preparation of USAID new strategy. Funding below these levels would require a slowdown of activities, and limit our ability to respond to the needs of the new government. It could seriously damage our efforts to institutionalize worker skills development through the INTEC Small Business Institute, and our ability to have a long-term impact on poverty reduction.

4. Health/Population

Ensuring increased use of effective primary health care services by underserved populations is key to the Mission's poverty alleviation strategy. We will consolidate our portfolio by phasing out of child survival activities by the end of FY96. We will, however, take advantage of the change of government to enter into a pro-active policy dialogue on priority health sector reform issues, including budget allocation, cost recovery, service delivery planning, and improved training and supervision of public health care providers. In addition, in order to maintain the gains achieved in child survival through immunizations, ORT, and breastfeeding, we intend to expand our catalytic role in promoting an NGO/government partnership in support of community managed water and sanitation systems. These projects will incorporate "challenge

targets" to secure increased investments from the NGOs, the government, and the communities themselves. While other donors continue key child survival interventions, a sustainable water/sanitation model will make the crucial difference in maintaining and improving further the Dominican Republic's gains. Maternal health issues and optimal breastfeeding will continue to be addressed through the reproductive health component of the Family Planning project. Finally, the success of our limited AIDS awareness and prevention efforts indicates that we should continue our activities in this area while expanding donor coordination to enable further funding of the national AIDS/HIV Strategy.

During FY97, the Mission will remain committed to playing a catalytic role in the health sector. USAID is actively building partnerships with other donors and fostering coordination between NGOs and the government. All of USAID's health and population interventions will reflect the cross-cutting concerns of health sector reform, donor coordination, and NGO organizational strengthening, service delivery capacity building, and financial sustainability.

We cannot achieve these results in the face of insecure funding. For FY96, we depend critically on Global bureau field support, which we have already reduced from the FY95 level. Our FHP project will have fully drawn down its pipeline by August 1996 and Global activities may need to be put on hold. We must be able to count on the availability of funds early in FY97, in order to implement activities in an orderly fashion, with minimal disruption and loss of morale among our NGO partners. The funding availability at the "OMB - 20%" will limit the impact of USAID strategy to improve service delivery as well as to bolster NGO institutional capacity. Under a reduced funding scenario, resources would continue to support service delivery at the clinic and community level. However, technical assistance provided by the institutional contractor would likely be curtailed, particularly in the areas of institutional strengthening and sustainability. This will be felt by the participating NGOs, given that their counterpart contribution is expected to increase substantially in FY97 as compared to previous years.

5. Environmentally-sound energy

In spite of full consistency with Agency Objectives and Miami Summit initiatives, and in the face of strong demand on the part of Dominicans beyond the reach of the conventional energy grid, USAID/W has decided that this objective should receive no funding beyond FY97. In that year, the last increments of NGO sub-grants as well as funding for the institutional contractor under the PVO Co-Financing project will be obligated. Most activities under that project and the fully-funded Energy project will terminate during FY98.

Results expected for FY97 include adoption by the GODR of internationally accepted environmental standards and norms for conventional energy production. Solar panels will be installed in 400 additional households, most of them in regions new to this

technology. Six or more community-based alternative energy electrification/water supply systems should be operating and demonstrating full cost recovery. Half of the new enterprises expected to be established thanks to alternative energy availability should be women-owned. Almost 2000 farmers should be participating in conservation activities in target zones and the area under sound, permanent soil management practices should more than double to 900 hectares.

6. Pipeline/mortgage concerns

The LAC pipeline review held on February 9, 1996 identified no outstanding pipeline issues.

B. OPERATING EXPENSES AND STAFFING

The Mission took significant steps to reduce staffing levels and OE expenses in FY95 and FY96, and, assuming steady or increasing program levels for FYs 97 and 98, will be unable to absorb any significant further OE and staffing cuts without disrupting the ability to achieve and monitor expected program targets. The R4 guidance suggests that new design and implementation methods stemming from Agency reengineering should result in lower staffing needs, but the Mission has found that the more participatory way of doing business is actually more staff intensive. The Mission expects that staff and OE economies will flow from implementation of the Agency's New Management Systems (NMS) and REGO2, especially with respect to the consolidation of Mission support services into regional hubs. Neither process, however, is far enough along to make any predictions as to the nature or extent of those savings.

USAID continues to absorb local price increases without any compensating gains from exchange rate adjustments. The inflation rate for CY95 was 9%. Our budget projections for FYs 97 and 98 conservatively assume at least 5% inflation per year in each local cost line item (i.e., local salaries, rents, etc.), which comprise most of the OE budget. This persistent inflation, when combined with an assumed 2% OE budget cut year on year for FYs 97 and 98, translates into critical reductions in real terms for those years. The Mission will be able to absorb those reductions in FY97 due to the measures outlined below, but, as shown in the budget tables, will be unable to do so in FY98.
By the end of FY96 the Mission will have made all possible personnel shifts from OE to program funding. Since by FY97 all personnel directly involved in program implementation will be program funded, further program consolidation will not result in any OE savings. We have also carefully examined all OE-funded support positions and find that we have already eliminated all but the absolutely essential.

The Mission's Controllers' Office has taken on regional responsibilities for Guyana and RDO/C as well as having assigned staff members to form an integral part of each of the Mission's four Strategic Objective teams. The office's staff size has not only not expanded to shoulder the increased work load, but has actually contracted with no

TABLE 4
USAID/Dominican Republic
OE Funding Requirements
($000)

OE/TRUST FUNDED LEVELS By Major Function Code:	FY 96	FY 97	FY 98
U100 U.S. Direct Hire	150.4	186.0	224.9
U200 F.N. Direct Hire	274.1	287.8	302.2
U300 Contract Personnel	665.3	698.4	733.3
U400 Housing	438.2	421.7	436.9
U500 Office Operations	581.9 a	440.6 a	454.9 a
U600 NXP Procurement	90.1	121.5	166.8
Total Mission Funded OE/TF Costs	2,200.0 b	2,156.0 c	2,319.0 d
Of which TF Funded	1.100.0	800.0	800.0

a) These figures do not include FAAS costs which will be assumed by the Mission after the transition to ICASS. Mission was informed that FY96 FAAS budget is $263,462.
b) OE level provided by LAC/DPP.
c) Reduced level based on 2% reduction over FY96 data.
d) Reduced level based on 2% reduction over FY97 data is $2,113,000. The total shown for FY98, however, exceeds the approved level and reflects the Mission's requested level as outlined in the OE narrative.

Mission Staffing Requirements															
	FY96					FY97					FY98				
	USDH	USPSC	TCNPSC	FSN	Other	USDH	USPSC	TCNPSC	FSN	Other	USDH	USPSC	TCNPSC	FSN	Other
Total Authorized Positions	11	4	0	61		10	4	0	61		10	4	0	61	
of which Program funded		4		7			4		7			4		7	

perceivable decline in the quality of its performance. The Mission also continues to staff the RCO office providing contracting services for Jamaica and now Guyana.

In a major effort to save OE resources, the Mission this year consolidated all Mission personnel into the main FBO-owned office building and dropped a leased office building annex. This required negotiating the relocation of the U.S. Mission-wide cafeteria from the 4th floor of the USAID main office building that it had occupied for 30 years and then remodeling that floor into office space. The result is a savings of over $90,000 per year in OE expenses.

The Mission is also well along in the complex process of selling trust-funded real estate in Santo Domingo. The property was purchased nine years ago when the Mission had plans to build an office building and warehouse facility. Those plans changed with Mission downsizing, and the proceeds of the property sale could provide local currency to fund a substantial portion of local OE expenses over a three to four year period. This, in turn, will free up OE dollars for use elsewhere in the Bureau. Although this process is on track for completion during FY96, the Mission cautions that the bids received may not approach the true market value of the property given that the bidding process is taking place during a slower real estate market in Santo Domingo and in the midst of a presidential election. The Mission retains the right to cancel the sale of any or all parcels and will keep LAC/CONT advised.

Another major source of uncertainty and Mission concern is the impending move from the old FAAS system to ICASS for the provision and funding of administrative services. The Mission has historically had one of the highest FAAS budgets in the region, and is now facing the prospect of renegotiating this large and complex funding mechanism with the State Department and other agencies at post. State is moving to establish a local ICASS board and conduct regular meetings on administrative services so as to best prepare the U.S. Mission for FY97 despite the lack of specific guidance from Washington. The eventual outcome of this process is unknown, but the latest guidance from M/FA/OMS indicates that ICASS will probably result in significant increases in USAID administrative costs at most posts. The guidance indicates that the FAAS to ICASS transition is scheduled to begin in October 1997. In light of the above, all budget scenarios prepared by the Mission assume that the proposed OE levels for the Mission will be augmented for FY97 and FY98 with the full 1996 FAAS budget level plus any increases that are occasioned by the FAAS to ICASS transition.

In conclusion, the Mission has already taken serious measures to respond to declining OE resources, with the result that we can absorb the FY97 OE cuts of over 5% in real terms. If the expected savings to be achieved through NMS and REGO2 do not in fact materialize, the Mission will be unable to absorb that same level of cuts in FY98. As can be seen in Table 4, estimated savings of approximately $200,000 would be required in order to meet projected funding levels for FY98.

C. TECHNICAL FIELD SUPPORT

1. For S.O. 1, in FY97 the Mission expects to continue drawing on Global core funding in support of the AIFLD component of the PIED (former TPPI) project.

2. The following FY98 support is requested for S.O.2, in order of priority:

a) CENTRAL CONTRACEPTIVE PROCUREMENT
Procurement and shipping of contraceptives to support bilateral project (517-0259) and referrals by CARE field staff.

b) PARTNERSHIPS FOR HEALTH REFORM
Technical assistance to implement the Mission's health sector policy and reform agenda. Strengthen NGO capacity to negotiate with the government and define their niche in the reform debate.

c) AIDS TECHNICAL SUPPORT (AIDSCAP)
Support to the Mission in the design, implementation and monitoring of HIV/AIDS/STD awareness and prevention programs.

d) ENVIRONMENTAL HEALTH
Assist the Mission in promoting its community action model with government water agencies and other donors.

e) IMPROVING THE HEALTH & WELL-BEING OF YOUNG ADULTS
Assist the NGOs in developing and improving reproductive health services directed towards young adults.

f) FAMILY PLANNING LOGISTICS MANAGEMENT (JSI)
Technical assistance to strengthen institutional capacity to estimate contraceptive requirements and improve supply management.

3. For S.O. 3, the Mission has decided to fund electoral observers (other than OAS, funded by LAC Bureau) through bilateral funds in FY96. The Mission would like to discuss with G/DG the best use for FY95 funds totalling $50 thousand that were obligated for G's Civil Society Capacity Building project (936-5468) but not used. The uncertainty of election results makes it difficult to identify specific Field Support needs at this time. For FY97, there may be a possibility of buy-ins from bilateral funds to develop the Rule of Law and Civil Society II activities.

D. MISSION SPECIAL CONCERNS FOR RESOURCE NEEDS

These concerns have been dealt with in Section IV.B. above as well as in Section III.B.

SECTION V

USAID/W SPECIAL ISSUES

A. GENDER

Gender issues are fully incorporated into the workplan of each Strategic Objective and are discussed in the results reports of Section II.

B. NEW PARTNERSHIP INITIATIVE

USAID/DR implements about 90% of its program through NGOs, working directly and indirectly with almost 100 local organizations as well as with 6 U.S. PVOs. Almost 60% of the activities managed by NGO/PVOs deal directly with community grass roots organizations. This is the case for all the Strategic Objectives, and is amply documented in Section II.

The NGO community in the country is large and diverse. Over 200 NGOs work in the health sector alone. Not surprisingly, some are better organized than others, but most are vocal and pro-active. In addition to NGOs narrowly defined, there are a number of active business associations and several key academic/technical institutions are working on USAID-supported development issues: the Catholic University, PUCMM, administersmany of our democracy activities, the Technology Institute, INTEC, will house the Small Business Center, and UNPHU is working on our micro-hydroelectric initiative. Even institutions such as the Technical University of the Cibao (UTECI) implement their own development programs: UTECI's focuses on social issues in it home town of La Vega.

There is also a great deal of dynamism among grassroots and community organizations. In a few areas, incipient partnerships are developing between such organizations and local government (see the Salcedo Province and Haina community examples in Section II. C.), and USAID/DR is supporting such initiatives. The Action Group for Democracy (GAD), also discussed in Section II.C., is finding widespread calls for municipal reform within its newly organizing municipal action group network.

Small and microenterprises account for about 23% of GDP and 27% of employment. This sector has been a key focus of USAID/DR assistance for some 15 years. Because basic credit mechanisms are firmly established and will continue to be expanded by other donors, as explained in Section II. A., the Mission is turning its attention to the training needs of small and microbusinesses. In this area again, NGOs will be the principal providers of technical assistance.

USAID/DR is working to strengthen the capacity of NGOs to be a major force in the development of the Dominican Republic. For example:

-- we have been and will continue to provide training for NGO sustainability in areas such as financial management, strategic planning/ monitoring, resource mobilization, etc.;

-- participatory decision-making and democratic management are emphasized throughout our programs, in areas as varied as health and natural resource management;

-- we are supporting a group of NGOs working to modify the 1920 law on non-government organizations to clarify their legal status; establish a self-regulating mechanism; and reinforce NGO legitimacy in the eyes of the GODR and the donor community;

-- we are actively engaged in promoting NGO-government partnerships for community development in the areas of water and sanitation and natural resource management, and intend to include such partnership in our policy dialogue on health sector reform with the new government.

Thus, with respect to the three emphasis areas of the NPI program:

1. We are engaged in supporting improvements in the regulatory enabling environment conducive to local capacity building and the activities of NGO actors, including microenterprises. In addition to support for reform of legislation on NGOs noted above, we have assisted NGOs in their advocacy and societal consensus building for government attention to the needs of small and microenterprises. The Banking Regulation Board (Superintendencia de Bancos) has become aware of the specific characteristics and needs of SMEs and intends to develop regulatory mechanisms and procedures for small scale lending operations, with IDB technical assistance.

2. We support local level partnerships between NGOs and small business. For example, a U.S. PVO, ENERSOL, is actively working in the area of alternative energy development. Several other U.S. PVOs, Hermandad among them, are involved in helping youth associations create and expand small businesses in rural areas. Linkages between NGOs and local governments are encouraged where they make sense in terms of developing greater community involvement in democratic decision making on local issues.

3. Our PVO Co-Financing project includes a component aimed at organizational strengthening. NGOs have participated enthusiastically in many of the courses offered; the training of trainers approach has been extremely successful, most recently with respect to the role and management of Boards of Directors. NGOs involved in policy reform issues under several of our projects, especially in the area of trade liberalization and privatization, have forcefully advocated their positions in print and electronic media as well as in workshops and other open fora. Resource mobilization is a special Mission concern, as funding becomes scarcer. During the final phase of our Development Training project, NGOs are receiving training in key elements of fund raising. At the same time, we are incorporating "challenge targets"

in several of our new sub-grants to NGOs involved in community water management: they will have to show their capability of securing funds from the government, other donors, and/or the participating communities.

We prefer to work at the level of continuing to support broad-based democratic development through grass roots interventions, complemented as appropriate by synthesis actions such as periodic workshops/conferences to publicize the results of on-the-ground activities. Following the installation of the new government at the end of FY96, we expect to follow on with civil society/community strengthening to prepare the 1998 municipal and legislative elections. These are the final building blocks of a new political regime in the DR.

C. CREDIT PROGRAMS (SPECIAL AGENCY FUNDS)

This is not an issue for USAID/DR.

D. LAC BUREAU ISSUES

1. Programmatic implications of budget levels

See Section IV. A.

2. Summit of the Americas Follow-up

The areas where USAID/DR's program coincides with and supports Summit priorities are discussed in each S.O.'s results report.

E. P.L. 480, TITLE II

The termination of USAID/DR's Title II program is a grave concern and is discussed in Section III. B and 95 State 7756, dated November 15, 1995. Depending on the election results, the Mission may decide to request a resumption of the program.

F. EMERGENCY ASSISTANCE/DISASTER RELIEF

USAID/DR participates in the OAS-managed Caribbean Disaster Mitigation Project.

ANNEXES

ANNEX 1: POVERTY IN THE DOMINICAN REPUBLIC

The Dominican Republic has high poverty levels given its middle income nation status (estimated per capita income of $US 1,420 in 1994) and rather impressive recent economic growth rates. Inadequate social spending, flawed economic policies, and social injustice compounded by poor governance are the factors that exacerbate poverty. Income distribution is a major problem (Figure 1). The poorest 60% of Dominicans earn only 25% of the national income compared to 30% for Jamaica and 18% for Guatemala. Such income skewdness is symptomatic of a "predatory" rather than developmental government.

Poverty drives one of the highest emigration rates in all of Latin America. The U.S. Embassy in Santo Domingo issues the world's third highest number of immigrant visas to the United States. Roughly one out of seven Dominicans is now thought to live, legally or illegally, in the United States. A much higher percentage of Dominican immigrants are on the U.S. welfare rolls compared to other Latin American countries (Figure 2). This fact alone underscores the U.S. interest in Dominican poverty.

A highly centralized, autocratic, and corrupt government unresponsive to the needs of the poor is the problem. Combined with a lack of democratic tradition that disenfranchises the poor from any participation in power, the result is a strong urge on the part of the Dominican poor to emigrate.

Inadequate social spending - Dominican public social investment is much lower than world and even Latin American averages. Ineffective spending also burdens the Dominican poor with the costs of a woefully inadequate supply of electricity and large urban poor "barrios" lacking in basic services.

Flawed economic policies - Undisciplined monetary and fiscal policies resulted in high rates of inflation over the past 25 years. The 1985-1990 period was particularly pernicious - production increased a meager 6 percent while the money supply increased 300 percent. Inflation hits the poor hard through erosion of their purchasing power. Protectionist policies and monopolies raise the price of basic necessities for the poor. These policies cause the poor to pay implicit taxes in the form of artificially high prices for food and imported items such as medicines. It is estimated that the poor spend up to 45 percent of their income on protected food items such as rice whose prices are at least double that of world prices. The Dominican Economic and Development Foundation (FED) estimated that, in 1992, the poorest 10 percent paid almost $26 million more for food because of trade distortions.

Social injustice - An ineffective and corrupt justice system puts the poor at a major disadvantage. The D.R. has one of the highest "detained without trial" rates in all of Latin America (84%). The poor undoubtedly are the ones who most fall into this category. Even when lower income groups are able to organize themselves, such as in

labor unions, the system works against them. AIFLD has found a systematic denial of rights by the Justice system to formally organized labor unions.

Levels of Dominican Poverty - There are differing estimates of Dominican poverty depending upon the methodology. Using the "unsatisfied needs" measurement, which is indicative of deficiencies in the provision of public sector social services, over 50% of Dominicans were found to be poor. According to a study by FED in 1992, 70% of rural Dominicans do not have private sanitary facilities, 80% lack water faucets in their homes, and 400,000 Dominicans suffer from critical malnutrition. Using the poverty line methodology, the same FED study estimated that 21% of Dominicans lived in poverty (income less than US$1 per day), and that half of those lived in extreme poverty.

Required Actions to Alleviate Poverty - Poor governance holds back the Dominican Republic's economic potential and industrious population. Many donors, such as USAID, have turned toward NGOs to help fill gaps in public services. Working with NGOs fosters community empowerment and capacity in the absence of a service-oriented government. However, to make a serious and permanent dent in poverty, the GODR must undertake the following actions:

1. **Improve Social Spending** - The public sector needs to play a greater role in augmenting the human capital of the poor. The quality of basic education available to the poor is low with high desertion and repetition rates symptomatic of poorly trained and supported teachers. Dominican graduates of the system may be qualified as literate, however the skills they offer the private sector are minimal. One of USAID's prominent success stories was to capitalize on the Dominican private sector's concern about the quality of primary education and support a unique public/private partnership to do something about it.

The public sector budget needs a major recomposition to alleviate poverty. Taking into account the probable winners and losers from trade reform, the GODR needs to identify the principal constraints to increasing the incomes of poor people. In order to develop effective safety net programs for the most vulnerable groups, the GODR has to know who and where they are. For instance, there is debate as to whether poverty has been shifting from rural to urban areas. Current poverty alleviation efforts and safety net programs are politicized and of limited impact on the poor. Fiscal reform will also be necessary. Since trade liberalization will reduce GODR fiscal revenues which heavily rely upon import tariffs, other sources of revenue will need to be tapped. At the same time, the GODR will also have to reduce the losses it incurs in maintaining large and corrupt public enterprises.

2. **Undertake economic policy reform** - The policy agenda is most advanced in the area of trade liberalization. With USAID support, FED demonstrated the positive impacts of trade liberalization on the poor and has incessantly kept a public media campaign going to get the D.R. to remove impediments to expanded trade. Trade

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liberalization should have an immediate impact on the welfare of the poor by lowering the cost of their basic consumption items. Trade liberalization is also a crucial element toward achieving modernization of the economy, increased investment, and double digit economic growth. To date, a few reforms have been partially implemented and the rest are still pending congressional approval and/or implementation.

3. **Improve Social Justice** - There is a strong public demand within Dominican society for the establishment of an independent, well-trained, merit-based judiciary. The efforts of civil society to engage the government and the public in promoting and shaping various democratic reforms and in practicing democratic values needs support. In the short-term, efforts need to continue to establish a nationwide public defender system to increase access to the judicial system by the disadvantaged.

Short-term challenges - The Dominican Republic's entrance into the World Trade Organization framework could cause large numbers of unskilled workers to lose their jobs, forcing them below the poverty line. Cheaper and higher quality imports will exert pressure upon import-substitution industries and the agricultural sector, both of which employ large numbers of unskilled workers. Of particular concern is the rice sector which has large numbers of agrarian reform beneficiaries. The untenable financial situation of the State sugar industry could also displace large numbers of unskilled workers as the GODR is forced to either shut down operations or privatize. Finally, there is also concern about the potential shift of free-trade zone jobs to Mexico if NAFTA-parity is not given to the Dominican Republic. While continued or even expanded economic growth should provide the long-term solution for absorbing these large numbers of displaced unskilled workers, their short to medium survival is a concern. Unfortunately, emigration to the U.S. still represents a viable and logical alternative for them.

The Dominican Republic has a large small and microenterprise (SME) sector. SME employment tends to swell during adjustments, as workers laid off in the formal sector seek new jobs, and women and other house-hold members seek outside employment to help offset declines in household income. Unfortunately, the SME sector is highly sensitive to poor governance which can increase its costs and reduce demand for its output. Any poverty alleviation strategy has to take into account the dynamics of labor mobility in the short-term and the shock absorber role of the SME sector.

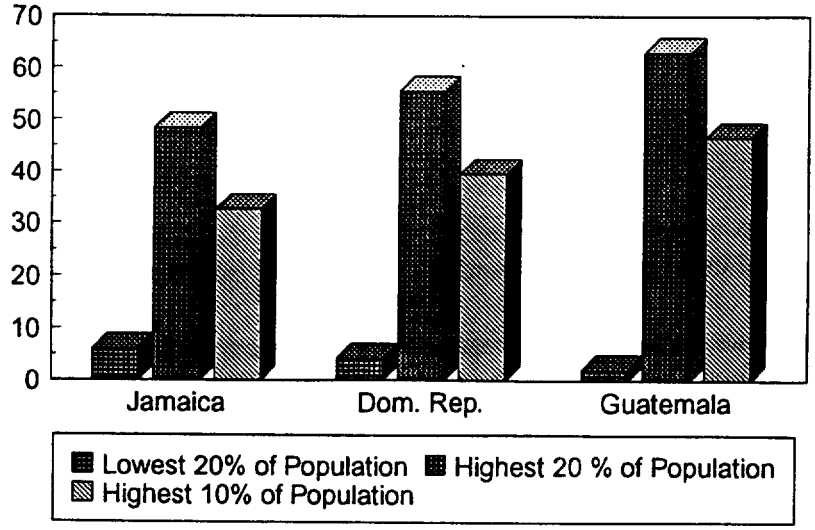
The hope ("La esperanza") - The prospects of new, democratically elected government coming to power in August 1996 that wants to alleviate poverty is the bright light on the horizon. A prominent Dominican poverty expert summed up the current situation as:

> "Los que saben, no pueden; y
> los que pueden, no saben"

Simply stated, the expert meant to say that people who understand poverty and want to

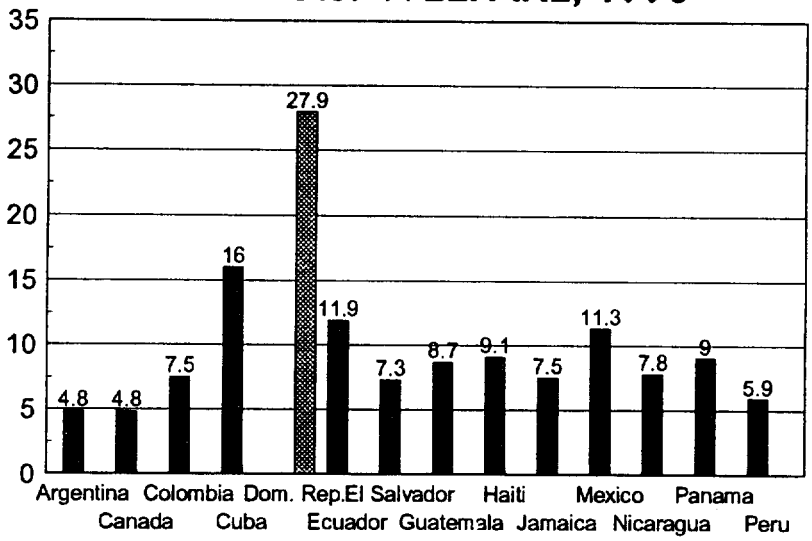
do something about it can't because they aren't in power. Without fundamental changes in the governance, the plight of the poor will only stay the same or worsen. Focusing the debate, adding to the general knowledge on poverty, or promoting consensus on what to do about it is fruitless unless there is political will on the part of the government to alleviate poverty.

FIGURE 1
PERCENTAGE SHARE OF NATIONAL INCOME



Source: World Development Report 1995

FIGURE 2
PERCENTAGE OF DOMINICANS ON U.S. WELFARE, 1990



Source: U.S. Census

ANNEX 2: KEY LESSONS LEARNED IN AIDS PREVENTION

1. **On-going evaluations of the interventions are critical for the success of AIDS prevention programs.** In AIDS prevention it is crucial to assess the external factors that constantly influence the target audience, along with the changes in the evolution of the epidemic. This permits timely adjustments and even reformulation of entire projects. The epidemic does not wait for end of project result evaluation. If changes are needed, flexibility is a must.

The AIDSCAP/DR program has successfully reoriented the MWM and CSW sub-projects based on midterm qualitative and quantitative evaluations.

2. **NGO limitations in some programmatic areas need to be addressed properly**. It is crucial to identify those programmatic areas in which capacity can be built without interfering with the basic program priorities of the NGO. Special attention has to be provided in assessing when it is possible to provide technology transfer and empowerment and when it is not. The decision whether to hire specialists to get the job done or to train someone within the organization must be based on many factors including:

- institutional perception of the need for training,
- individuals' basic capacity to receive further education,
- ability to accommodate time for training among usually overextended personnel,
- existing workload,
- timeliness of the proposed training.

3. **Sustainability, cost-effectiveness, and institutionalization are crucial to program endurance.** The fact that funding is limited and becoming increasingly more scarce has mobilized the NGOs into considering cost effectiveness of interventions, sustainability, and institutionalization issues that were not previously part of their interest. Changing the paternalistic approach to assistance and inducing the NGOs into leveraging community and other donor support has been one of AIDSCAP/DR's main concerns.

4. **Effective ways to approach and channel private sector collaboration must be devised.** Many private sector organizations and individuals are open to collaborate, but do not know exactly how to do it and through what mechanism.

- **Negotiations have to be simple,** with a win-win situation for both parties. DR businessmen are willing to support AIDS prevention, but do not want to be involved with USAID's often convoluted procedures. Simple negotiation mechanisms have to be further developed.

- **Timely decisions** are crucial when working with the private sector. Private sector partners are accustomed to making decisions in a prompt manner.

5. Efforts to reach the target population within its own context have proven highly successful. Our peer to peer interventions and provocative theater (highlighted in the FY95-96 Action Plan), are examples. In making these interventions successful we have learned that:

- **people have other priority concerns besides AIDS.** Major success has been obtained when attention has been given to: survival practices of the target audience; empowerment and self-esteem reappraisal (valuing the quality of life and life itself); knowledge of and attitude toward sexuality, among others.

- **educational interventions must be maintained** if we expect to maintain behavior change.

- **the target population must be involved throughout the process,** i.e. from the basic design of the program through the development of educational materials and on to the evaluation of the intervention.

- **it is crucial to consider gender differences** within each population sub-group when designing the interventions.

ANNEX 3: SUMMIT OF THE AMERICAS PLAN OF ACTION FOR THE ENVIRONMENT

Guaranteeing Sustainable Development and Conserving our Natural Environment for Future Generations

Chapter 21: Partnership for Sustainable Energy Use

Consistent with Agenda 21 and the Framework Convention on Climate Change, sustainable energy development and use promote economic development and address environmental concerns. Governments and the private sector should promote increased access to reliable, clean and least cost energy services through activities and projects that meet economic, social and environmental requirements within the context of national sustainable development goals and national legal frameworks.

Governments will:

- Pursue, in accordance with national legislation, least cost national energy strategies that consider all options, including energy efficiency, non-conventional renewable energy (i.e., solar, wind, geothermal, small hydro, and biomass), and conventional energy resources.

- Emphasize market-oriented pricing, which discourages wasteful energy use.

- Identify for priority financing and development at least one economically viable project in each of the following areas: non-conventional renewable energy, energy efficiency, and clean conventional energy.

- Promote, in cooperation with the private sector and rural and isolated communities, rural electrification programs which take into account, where appropriate, the utilization of renewable energy sources, in accordance with the domestic regulatory framework.

- Seek to ratify and begin implementation of the provisions of the Framework Convention on Climate Change which entered into force on March 21, 1994.

- Encourage the World Bank and IDB to increase promptly and substantially, as a portion of energy lending, financing of projects in energy efficiency and renewable energy and financing to improve the environmental sustainability of conventional energy sources, in accordance with economic rationality.

- Call on the multilateral financial institutions and other public and private financial institutions to finance regional and national programs in support of this action

plan, such as training and exchange programs as well as technology cooperation, in accordance with the needs and conditions of receiving countries.

- Assist with coordination and technical cooperation between countries, using existing regional organizations, including project identification and implementation, training programs, and personnel and information exchanges to increase capacity.

- Promote the identification and implementation of private sector projects that reduce greenhouse gas emissions.

- Convene a Sustainable Energy Symposium in the first half of 1995 to discuss follow-up activities relative to this initiative. In the spirit of cooperation countries will share their experiences and discuss progress on implementing this action plan.

- This initiative is integrally linked with the Energy Cooperation item.

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SUBJECT: FY 96-97 ACTION PLAN FOR THE DOMINICAN REPUBLIC

1. INTRODUCTION. THE PROGRAM REVIEW WEEK FOR USAID/DOMINICAN REPUBLIC (DR) TOOK PLACE MAY 1 THROUGH MAY 3, 1995. A SERIES OF FORMAL SCHEDULED MEETINGS CONSIDERED DEVELOPMENT OBJECTIVES, INDICATORS OF PROGRESS TOWARD MEETING THOSE OBJECTIVES, PROPOSED NEW ACTIVITIES, RESOURCE REQUIREMENTS, NEW INITIATIVES USAID/DR IS TAKING AS A COUNTRY EXPERIMENTAL LAB, AND A BROAD RANGE OF PROGRAM ISSUES. OTHER TOPICS SUCH AS THE NEW ENVIRONMENT S.O. WERE EXAMINED IN INFORMAL MEETINGS AND DISCUSSIONS AMONG MISSION REPRESENTATIVES AND STAFF MEMBERS OF VARIOUS AID/W OFFICES. THE ACTION PLAN (AP) ISSUES MEETING WAS HELD ON MAY 2, FOLLOWED BY THE DEVELOPMENT ASSISTANCE EXECUTIVE COMMITTEE (DAEC) REVIEW ON MAY 3. THIS CABLE OUTLINES MAJOR ELEMENTS OF DISCUSSION AND DECISIONS REACHED AT THOSE MEETINGS.

2. SUMMARY OF PRINCIPAL CONCLUSIONS. THE BUREAU HEREBY APPROVES: (A) THE ACTION PLAN AS PRESENTED; (B) THE STRENGTHENING CIVIL SOCIETY, PVO CO-FINANCING, AND ECONOMIC POLICY AND PRACTICES NADS AND DELEGATION OF

AUTHORITY TO THE MISSION TO DESIGN AND AUTHORIZE THESE ACTIVITIES (PARA 8). IN OTHER ACTIONS, DISCUSSED IN DETAIL BELOW, IT WAS AGREED BY THE BUREAU THAT SUFFICIENT RESOURCES MUST BE AVAILABLE TO ENABLE THE MISSION TO CARRY OUT ITS CRITICALLY IMPORTANT ELECTORAL STRATEGY. TOWARDS

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THIS END, THE LAC BUREAU FULLY SUPPORTS THE MISSION'S USE

OF THE DOLS 800,000 REMAINING IN 517-0269 FOR THIS PURPOSE (PARA 6B).

3. THE DAEC REVIEW OF THE DOMINICAN REPUBLIC ACTION PLAN FOR FY 1996-97 WAS CHAIRED BY AA/LAC MARK SCHNEIDER. AMONG THOSE ATTENDING WERE STATE ARA/CAR, ROBERT MII&SPAUGH, US PEACE CORPS REPRESENTATIVE, ANTOINETTE ALMAGUER, AND REPRESENTATIVES OF M/B, G, BHR, PPC, GC/LAC, LAC/RSD TECHNICAL OFFICES, LAC/CEN, LAC/DPB, AND LAC/SPM. MISSION REPRESENTATIVES WERE USAID MISSION DIRECTOR MARILYN EAK AND THE PROGRAM OFFICER, COLETTE COWEY.

4. IN HER INTRODUCTORY REMARKS, THE DIRECTOR DISCUSSED THE IMPORTANCE OF FREE AND FAIR PRESIDENTIAL ELECTIONS IN MAY 1996, AND WHAT THE MISSION HAS BEEN DOING WITH CIVIC ORGANIZATIONS, THE ELECTORAL COMMISSION AND WITH OTHER DONORS TO KEEP PRESSURE ON THE NATIONAL POLITICAL LEADERS TO ABIDE BY THE "PACT FOR DEMOCRACY" WHICH THE U.S. HAD BEEN INSTRUMENTAL IN SECURING FOLLOWING THE SERIOUSLY FLAWED PRESIDENTIAL ELECTIONS IN MAY 1994. SHE ALSO DESCRIBED THE LACK OF POLITICAL WILL OF THE CURRENT GOVERNMENT TO TAKE STEPS NEEDED TO STABILIZE THE ECONOMY AND REACH AN ACCORD WITH THE IMF, INCLUDING CONTROL OF PUBLIC INVESTMENT EXPENDITURES AND DEVALUATION OF THE CURRENCY. SHE ADDED, HOWEVER, THAT THE NEW HEAD OF THE CENTRAL BANK HAS MANAGED TO ESTABLISH SOME LEVEL OF STABILITY AFTER THE EXCESSES OF LAST YEAR'S POLITICAL

CAMPAIGN. THE DIRECTOR DESCRIBED THE MISSION'S STRATEGY OF IMPLEMENTING ITS PORTFOLIO THROUGH NGOS, AND WORKING WITH THESE ORGANIZATIONS TO FRAME THE POLICY REFORM AGENDA AND TO ELICIT BROAD BASED POPULAR SUPPORT FOR THIS AGENDA. SHE NOTED THAT CIVIL SERVICE REFORM IS A PREREQUISITE FOR ACHIEVING RESULTS IN WORKING WITH THE GODR, AND CITED A GALLUP POLL SHOWING THAT PUBLIC SECTOR CORRUPTION IS PERCEIVED TO BE AT AN ALL-TIME HIGH. THE DIRECTOR ALSO NOTED THAT ELECTRICITY OUTAGES ARE NOW AVERAGING 12 HOURS/DAY, AND THAT THE PRIVATIZATION OF THE ELECTRIC COMPANY (CDE) IS LONG OVERDUE. THE AVERSION OF THE GODR TO ENGAGE IN POLICY DIALOGUE WITH THE MISSION HAS SLOWED THE PACE OF ECONOMIC REFORMS.

IN COMMENTING ON OYB LEVELS, THE DIRECTOR NOTED THAT USAID/DR HAD SUFFERED DISPROPORTIONATE CUTS IN 1994 AND 1995, AND WARNED THAT FURTHER CUTS COULD SERIOUSLY

COMPROMISE THE MISSIONIS ABILITY TO WORK EFFECTIVELY IN EACH OF THE FOUR STRATEGIC OBJECTIVES AS A SUSTAINABLE DEVELOPMENT COUNTRY. IN THIS REGARD SHE NOTED THAT THE MISSION'S SECTORAL APPROACH TO DONOR COORDINATION HAS YIELDED POSITIVE RESULTS TO DATE, ALTHOUGH MORE NEEDS TO BE DONE TO STRENGTHEN THE MECHANISMS FOR DONOR COORDINATION. THE DIRECTOR BRIEFLY DISCUSSED PROGRESS THE MISSION HAS MADE AS A COUNTRY EXPERIMENTAL LAB (CEL), NOTING THAT A VISION STATEMENT AND SET OF VALUES HAVE BEEN THOROUGHLY VETTED, AND SIGNIFICANT PROGRESS HAS BEEN MADE IN ESTABLISHING A COMMON SENSE OF PURPOSE AND DIRECTION AMONG THE ENTIRE STAFF. SHE ADDED, HOWEVER, THAT THESE

RE-ENGINEERING EFFORTS - WHICH INCLUDE MISSION-WIDE TEAM-BUILDING RETREATS AND TRAINING - ARE VERY TIME CONSUMING.

5. THE AA/LAC COMMENDED THE MISSION ON ITS EXCELLENT PRESENTATION, ADDING THAT HE WAS IN BROAD AGREEMENT WITH ALL OF THE POINTS MADE BY THE DIRECTOR, AND WITH THE MISSIONIS PRIORITIES AS SET FORTH IN ITS INTERIM STRATEGY. MENTION WAS ALSO MADE OF THE EXCELLENT JOB OF THE MISSION IN INTEGRATING GENDER CONSIDERATIONS INTO ITS PROGRAM. THE AA/LAC QUESTIONED WHETHER THE MISSION COULD DRAW A

DISTINCTION BETWEEN NATIONAL GOVERNMENT, WHERE THE CURRENT SITUATION PRECLUDES SUPPORT FOR ITS IMPROVEMENT, AND LOCAL GOVERNMENT, AND ENCOURAGED THE MISSION TO FIND WAYS TO STRENGTHEN LOCAL GOVERNMENT AND MUNICIPALITIES. THE AA/LAC RECOGNIZED THAT DECENTRALIZING GOVERNANCE TO INCREASE LOCAL DECISION-MAKING WOULD BE DIFFICULT, AND THAT THE DOMINICAN REPUBLIC HAS STRONGLY CENTRALIZED POLITICAL TRADITIONS AND A LEGAL FRAMEWORK WHICH DISCOURAGES CEDING POWER AND RESOURCES TO LOCAL GOVERNMENT. NEVERTHELESS, HE DIRECTED THE MISSION TO EXPLORE WHAT COULD BE DONE IN THE SHORT-TERM WITH ITS CURRENT PORTFOLIO TO STRENGTHEN LOCAL GOVERNMENT, AND TO TAKE LOCAL GOVERNANCE INTO ACCOUNT IN DESIGNING THE NEW MISSION STRATEGIC PLAN TO BE SUBMITTED IN 1997. THE DIRECTOR NOTED THE MISSION'S SIX SUBGRANTS TO COMMUNITY BASED NGOS UNDER THE DEMOCRATIC INSTITUTIONS PROJECT TO ENCOURAGE DECENTRALIZATION (WHICH TOTAL APPROXIMATELY $170,000), AND ITS SUBGRANT TO "SIGLO 21" ($72,000) TO WORK WITH THE POLITICAL PARTIES AND THE "LIGA MUNICIPAL"

ON A REFORM LAW TO DECENTRALIZE FUNCTIONS TO THE LOCAL GOVERNMENTS. SHE ADDED THAT THE MISSIONIS POST-ELECTION STRATEGIC PLAN WOULD ALSO ADDRESS THIS CONCERN, BUT THAT ADDITIONAL RESOURCES AND STAFF WOULD PROBABLY BE REQUIRED TO SUPPORT THESE EFFORTS.

6. DAEC ISSUES. TWO ISSUES WERE RAISED TO THE DAEC: (A) WHAT MORE CAN BE DONE TO ENHANCE THE EFFECTIVENESS OF THE MISSION'S TRANSITIONAL STRATEGY, AND (B) WHETHER THE BUREAU CAN ASSURE THE MISSION THAT SUFFICIENT RESOURCES WILL BE AVAILABLE TO CARRY OUT ITS CRITICALLY IMPORTANT ELECTION SUPPORT STRATEGY.

A. IN DISCUSSING HOW BEST TO STRENGTHEN THE MISSION'S INTERIM STRATEGY LEADING TO THE MAY 1996 ELECTIONS, THE DIRECTOR NOTED THAT DONORS HAVE LIMITED LEVERAGE WITH THE GODR IN BRINGING ABOUT SIGNIFICANT POLICY REFORM. THE IFIS ARE NOW RECEIVING MORE (IN LOAN PAYMENTS) THAN THEY ARE DISBURSING TO THE GODR. THE MISSION IS CONCERNED THAT DONORS NOT RELAX THEIR CONDITIONALITY FOR NEW SECTORAL LENDING. THE DIRECTOR ADDED THAT STRONG DONOR CONDITIONALITY ON CIVIL SERVICE REFORM WAS PARTICULARLY IMPORTANT. IT WAS AGREED THAT AID/W COULD ASSIST THE MISSION IN THIS REGARD. IN REGARD TO COORDINATING THE USG POSITION, THE DIRECTOR ADDED THAT IT IS DIFFICULT FOR THE USG TO INFLUENCE ACTIONS OF THE GODR BECAUSE OTHER AGENCIES OF THE USG ARE HAMPERED BY, FOR EXAMPLE, CBI LEGISLATION FROM WITHHOLDING RESOURCES OR BENEFITS BASED

ON LACK OF PROGRESS ON DEMOCRATIC REFORMS. NEVERTHELESS, THE AA/LAC AGREED THAT GREATER EFFORTS TO DEVELOP A UNIFIED USG POSITION NEED TO BE TAKEN BY LAC/W IN COORDINATION WITH STATE.

B. THE AA/LAC UNDERSCORED THE IMPORTANCE OF FULLY SUPPORTING THE MISSIONIS EFFORTS TO ENSURE THAT FREE AND FAIR ELECTIONS OCCUR IN MAY 1996. NOTING IN PARTICULAR THAT THIS WOULD LARGELY BE DONE THROUGH THE NEW STRENGTHENING CIVIL SOCIETY PROJECT ACTIVITY (517-0273), THE AA/LAC AGREED THAT FULL FUNDING FOR THIS ACTIVITY WAS A BUREAU PRIORITY. GIVEN THAT US DOLS 800,000 REMAINS AVAILABLE UNDER AN FY93 USAID/DR ELECTORAL SUPPORT PROJECT (517-0269), IT WAS AGREED THAT THE MISSION SHOULD SEEK TO SUPPORT THIS ACTIVITY WITH THE EXISTING FUNDS, IF POSSIBLE.

7. DAEC DISCUSSION. IN ADDITION TO THE TWO DAEC ISSUES DISCUSSED ABOVE, THE AA/LAC ALSO ENGAGED THE DIRECTOR IN A DISCUSSION OF (A) PHASING OUT OF MCH ACTIVITIES AND (B) THE INCREASED AVAILABILITY AND USE OF RENEWABLE ENERGY

NAD.

A. THE AA/LAC INQUIRED INTO THE RELIABILITY OF CHILD SURVIVAL STATISTICS AND THE CONSEQUENCES OF PHASING OUT CHILD SURVIVAL ACTIVITIES (SEE PARA 9 BELOW). THE DIRECTOR RESPONDED THAT THE INFANT MORTALITY DATA WERE REASONABLY ACCURATE, ADDING THAT THE AREAS WHERE HIGH

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INFANT MORTALITY RATES PERSIST ARE ALONG THE HAITIAN BORDER, WHERE OTHER DONORS ARE ENGAGED. THE AA/LAC ASKED

THAT MATERNAL MORTALITY RATES ALSO BE EXAMINED. OTHERWISE, HE HAD NO ISSUE WITH THE MISSION DECISION TO PHASE OUT OF CHILD SURVIVAL ACTIVITIES. GLOBAL AND LAC/RSD PHN OFFICES OFFERED THEIR ASSISTANCE IN THE PHASE-OUT OF MCH ACTIVITIES.

IN SIDE MEETINGS, MISSION STAFF RECONFIRMED THAT MATERNAL MORTALITY RATES REMAIN HIGH AND THAT THE MISSION WILL CONTINUE TO FOCUS ON HIGH RISK GROUP WOMEN. THE MISSION CLARIFIED THAT THE ACTIVITIES BEING PHASED OUT WERE ESSENTIALLY CHILD SURVIVAL ONES.

B. CONCERN WAS RAISED THAT THE MISSION'S STRATEGY TO DEVELOP AND DISSEMINATE INNOVATIVE RENEWABLE ENERGY ALTERNATIVES IN RURAL AREAS (P.O. 4.2) WOULD BE COSTLY AND NON-REPLICABLE COMPARED TO EXPANSION OF THE GRID. IN THE ENSUING DISCUSSION, THE MISSION NOTED THAT FULL COSTS OF THE SOLAR UNITS FOR HOUSEHOLDS AND SMALL BUSINESSES WILL BE RECOVERED AND THAT THESE PROPOSED ALTERNATIVES ARE MORE COST EFFECTIVE THAN EXTENDING THE ELECTRIC GRID TO REMOTE VILLAGES. THE AA/LAC SUGGESTED THAT THE MISSION SHOULD EXAMINE WHAT HAS BEEN LEARNED FROM SIMILAR PROJECTS IN MEXICO AND CALIFORNIA BEFORE GOING AHEAD WITH THE PROJECT STRATEGY.

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8. NEW ACTIVITY DESCRIPTIONS. THE FOLLOWING NEW ACTIVITY DESCRIPTIONS FOR FY95 AND FY96 WERE APPROVED AT THE DAEC.

PROJECT NUMBER	PROJECT NAME	LOP AMOUNT (DOLS 000)	RECOMMENDED ACTION
517-0273	STRENGTHENING CIVIL SOCIETY	2,390	APPROVE/DELEGATE
517-0247	PVO CO-FINANCING (AMEND)	1,250	APPROVE/DELEGATE
517-0262	ECON. POLICY AND PRACTICES (AMEND)	2,000	APPROVE/DELEGATE

A. THE PRINCIPAL POINT DISCUSSED WITH RESPECT TO THE CIVIL SOCIETY NAD REVOLVED AROUND ACCESS TO U.S. DOLS 8001000 FROM THE ELECTORAL SUPPORT PROJECT. (SEE PARA 6B). LAC/W WILL FOLLOW UP WITH M BUREAU TO RESOLVE THIS ISSUE ASAP.

B. OTHER NEW ACTIVITY DESCRIPTIONS (FY97 STARTS). THE TWO FY97 STARTS (STRENGTHENING CIVIL SOCIETY II AND ADMINISTRATION OF JUSTICE) WERE BRIEFLY DISCUSSED. IT WAS AGREED THAT THE MISSION WOULD REVISIT THESE TWO PROPOSED INITIATIVES FOLLOWING THE MAY 1996 ELECTIONS AND IN THE CONTEXT OF DEVELOPING ITS NEW STRATEGIC PLAN.

9. ACTION PLAN ISSUES. THE FOLLOWING ISSUES WERE DISCUSSED AND RESOLVED AT THE MAY 2 ISSUES MEETING AND ENDORSED AT THE DAEC.

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A. PARTICIPATION OF PVOS AND NGOS. THE MISSION NOTED THAT 90 PERCENT OF ITS PORTFOLIO IS IMPLEMENTED THROUGH PVOS AND NGOS, AND THAT THESE ORGANIZATIONS ARE BECOMING WELL INTEGRATED INTO THE MISSION'S STRATEGIC PLANNING PROCESS. IT WAS NOTED, FOR EXAMPLE, THAT THE MISSION HAS ESTABLISHED PARTICIPATIVE MECHANISMS FOR DIRECTLY INVOLVING PVOS AND NGOS IN THE DEVELOPMENT OF THE STRATEGIC PLAN INDICATORS, PARTICULARLY AT THE PROGRAM OUTCOME LEVEL. IN ADDITION, IT WAS NOTED THAT TRG WILL BE TRAINING MISSION STAFF ON TEAMWORK AND ASSISTANCE IN DEVELOPMENT OF A CUSTOMER SERVICE STRATEGY FOR EACH S.O.

B. PHASING OUT OF CHILD SURVIVAL (CS) ACTIVITIES. THE ISSUE OF PHASING OUT OF CS ACTIVITIES WAS RAISED IN THE ISSUES MEETING AND SUBSEQUENTLY DISCUSSED BY MISSION STAFF WITH G AND LAC/RSD STAFF. IN FOLLOW-UP DISCUSSIONS, IT WAS AGREED THAT THE MISSION'S RATIONALE FOR PHASING OUT OF CS PROGRAMS (INCLUDING: AN IMR OF 40 PER THOUSAND - THE

INCLUDING: AN IMR OF 40 PER THOUSAND - THE
LOWEST OF ALL LAC CHILD SURVIVAL EMPHASIS COUNTRIES, HIGH PER CAPITA COSTS ASSOCIATED WITH REACHING A SMALLER TARGET GROUP, THE ACTIVE INVOLVEMENT OF NGOS AND OTHER DONORS, AND THE LACK OF INSTITUTIONAL COMMITMENT ON THE PART OF CONASUMI) WAS SOUND.

NEVERTHELESS, THE MISSION ALSO INFORMED AID/W THAT IT HAD NOT CEASED TO CONSIDER CS ACTIVITIES AS IMPORTANT, BUT THAT CS HAD RANKED BEHIND OTHER PHN FOCUS AREAS (HIV/AIDS

PREVENTION AND FAMILY PLANNING/POP) IN THE RE-ENGINEERING EXERCISE. GIVEN DECLINING BUDGETS, THE MISSION WAS FORCED TO REDUCE THE SCOPE OF ITS PHN STRATEGIC OBJECTIVE TO MAINTAIN THE IMPACT OF ITS PHN ACTIVITIES.

DURING THE ISSUES MEETING IT WAS AGREED THAT THE MISSION WOULD DEVELOP AN INTERNAL "PHASEOUT PLAN" TO BETTER ENSURE THAT THE NGOS WORKING IN THIS AREA BECOME SUSTAINABLE IN THE TIME FRAME PROPOSED.

C. PROGRAM FUNDING LEVELS. CONCERN WAS EXPRESSED THAT USAID/DR COULD NOT CONTINUE TO ABSORB PROGRAM CUTS WITHOUT SERIOUSLY AFFECTING ITS CAPACITY TO RUN A SUSTAINABLE DEVELOPMENT PROGRAM. THE MISSION NOTED THAT OYB REDUCTIONS OF 40 PERCENT IN FY94 AND 26 PERCENT IN FY95 SERIOUSLY UNDERMINE THE MISSION'S CAPACITY TO CARRY OUT ECONOMIC GROWTH ACTIVITIES IN ADDITION TO THE DEMOCRACY AND SUSTAINABLE ENERGY OBJECTIVES. THE MISSION APPROACH HAS BEEN TO ABSORB THESE CUTS ACROSS THE ENTIRE PORTFOLIO

IN ORDER TO PRESERVE THE INTEGRITY OF ITS OVERALL STRATEGIC PLAN FOR THE PRE-ELECTION TRANSITION PERIOD. HOWEVER, $7.5 MILLION IN DA FUNDS IS THE ABSOLUTE MINIMUM NEEDED TO CONTINUE WORKING IN THE FOUR STRATEGIC OBJECTIVES.

APART FROM THE PRIORITY NEED TO FUND THE STRENGTHENING CIVIL SOCIETY PROJECT, CONCERN WAS ALSO EXPRESSED OVER THE

AVAILABILITY OF ENVIRONMENTAL RESOURCES FOR THE FY96-97 PERIOD TO ASSIST THE MISSION TO IMPLEMENT ITS REFOCUSSED APPROACH TO ENVIRONMENTALLY-SOUND ENERGY.

D. PROGRAM FOCUS. A QUESTION WAS RAISED REGARDING WHETHER THE PROGRAM WAS SUFFICIENTLY FOCUSSED, AND WHY A FOURTH S.O. (ENVIRONMENTALLY-SOUND ENERGY SOURCES) WAS BEING ADDED. IN THE DISCUSSION IT WAS NOTED THAT S.O. 4 WAS REALLY NOT NEW, BUT WAS INSTEAD THE RESULT OF UNBUNDLING

LAST YEAR'S ECONOMIC GROWTH S.O. AND THAT, IN FACT, THE NUMBER OF PROGRAM OUTCOMES HAS DECLINED. THE DIRECTOR ALSO EXPLAINED THAT THE SCALING BACK OF EXISTING ACTIVITIES INSTEAD OF REDUCING THE NUMBER OF STRATEGIC OBJECTIVES AT THIS TIME WOULD PERMIT THE MISSION GREATER FLEXIBILITY IN MEETING POST-ELECTION NEEDS IN THE DOMINICAN REPUBLIC.

E. NGO ROLE IN ACCESSING WATER AND SANITATION SERVICES. THE MISSION CLARIFIED THAT THE NEW P.O. 2.4 SIMPLY REFLECTED WHAT WAS BEING DONE BY NGOS TO INCREASE COMMUNITY PARTICIPATION IN PROVISION OF POTABLE WATER AND SANITATION SERVICES. THESE ACTIVITIES ARE ON-GOING, UTILIZE APPROPRIATE TECHNOLOGIES AND HAVE COST-RECOVERY BUILT IN.

F. CORAL REEF PROTECTION AND ENVIRONMENTAL POLLUTION. CONCERN WAS RAISED AS TO WHY THE MISSION APPARENTLY DE-EMPHASIZED SUPPORT FOR THE CORAL REEFS AND MARINE ECO-

SYSTEMS CONSERVATION, AND FOR ADDRESSING ENVIRONMENTAL POLLUTION IN ITS STRATEGY. THE MISSION EXPLAINED THAT RESOURCE LIMITATIONS PRECLUDE WORKING IN EVERY AREA, AND THAT THE PRIORITY ENVIRONMENTAL ACTIVITY IS REFLECTED IN S.O. 4 WHICH DEALS WITH ENVIRONMENTALLY-SOUND ENERGY SOURCES AND WATERSHED MANAGEMENT. IN RESPONSE TO A G BUREAU CONCERN, THE MISSION NOTED THAT THEY WOULD SEEK TO ENSURE THAT ACTIVITIES OF THE CENTER FOR MARINE CONSERVATION ARE PHASED DOWN IN SUCH A WAY SO AS TO NOT JEOPARDIZE THE SUSTAINABILITY OF THIS LOCAL GROUP.

G. BIODIVERSITY MONITORING. IN RESPONSE TO A QUESTION REGARDING MONITORING PROGRESS ON BIODIVERSITY CONSERVATION, THE MISSION NOTED THAT THE "TROPICAL

FORESTRY-BIODIVERSITY UPDATE" IS ESSENTIALLY IDENTICAL TO LAST YEAR BECAUSE NOTHING HAS SIGNIFICANTLY CHANGED SINCE LAST YEAR.

H. PHASING OUT TITLE II: THE ISSUE OF REDIRECTING THE TITLE II PROGRAM WAS DISCUSSED. IT WAS AGREED THAT CARE (IN THE LAST YEARS OF THE CURRENT MYOP) WILL CONCENTRATE RESOURCES ON URBAN WATER AND SANITATION AND PHASE OUT FROM MCH ACTIVITIES IN LINE WITH THE MISSION'S PHASE-OUT FROM THIS AREA.

I. MISSION OE SHORTFALL. THE MISSION PRESENTED A CONVINCING ARGUMENT FOR INCREASING FY96-97 OE TO LEVELS

SHOWN IN THE ACTION PLAN (TABLE 4). IT WAS RECOGNIZED THAT THERE IS A NEED TO COVER THE INCREASING COSTS TO THE MISSION OF GSO TYPE SERVICES NO LONGER BEING ADEQUATELY PROVIDED BY THE EMBASSY THROUGH THE JAO BECAUSE OF THE LATTER'S BUDGET CRISES. ALSO, THE MISSION WILL NEED TO GET THE NXP REPLACEMENT SCHEDULE BACK ON TRACK AS SOON AS POSSIBLE. LAC/W HOPES TO BE ABLE TO PROVIDE ADDITIONAL RESOURCES THIS FISCAL YEAR, IF LAC IS ABLE TO FREE UP FUNDS ELSEWHERE. IF SUCCESSFUL, THIS WILL NOT EXCEED THE

DOLS 50,000 RANGE, AT MOST.

J. FAAS COSTS. THE ISSUE OF HIGH FAAS COSTS WAS DISCUSSED AT A SEPARATE MEETING. IT WAS NOTED THAT FAAS BUDGETS BEGIN AT POST WITH A STATISTICAL GATHERING OF "USAGE" DATA WHICH IS THEN TRANSLATED INTO "FAIR-SHARE" PERCENTAGES ATTRIBUTABLE TO THE USER AGENCY. MOREOVER, THERE IS AT LEAST A YEAR "DRAG" ON THE ACTUAL CHARGE BILLED AT THE WASHINGTON LEVEL VERSUS THE ACTUAL USAGE. THERE IS LITTLE

THAT CAN BE DONE BY LAC/W TO ASSIST MISSION IN NEGOTIATING A BETTER DEAL WITH STATE. USAID/DR IS THE ENTITY THAT MUST SIGN OFF ON THE WORKLOAD STATISTICS AND REQUEST THAT SPECIFIC SERVICES BE PROVIDED OR DROPPED. HOWEVER, THE DISPROPORTIONATE COST OF FAAS CHARGES TO USAID/DR AS COMPARED TO OTHER MISSIONS IN THE BUREAU IS ASTOUNDING. WE WILL, THEREFORE, PASS THIS ISSUE, BY COPY OF THIS CABLE, TO M/B FOR THEIR REVIEW AS THEY BEGIN NEGOTIATIONS WITH STATE ON THE OVERALL AGENCY FAAS BILL.

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M/B/SB DISCUSSED THE OE, FAAS AND STAFFING ISSUES WITH THE DIRECTOR AND WILL BE FOLLOWING UP WITH SEPARATE CORRESPONDENCE TO THE MISSION.

K. STAFFING. IN SEPARATE MEETINGS THE MISSION WAS ADVISED THAT WHILE AN IDI POSITION FOR NEXT YEAR IS CERTAINLY WITHIN THE REALM OF POSSIBILITY, THE QUESTION WILL BE THE ABSORPTION OF THAT POSITION WITHIN THE MISSION STAFFING PLAN WITHOUT A CORRESPONDING INCREASE IN THE USDH CEILING

ONCE THE TRAINING HAS BEEN COMPLETED. IT WAS SUGGESTED THAT USAID/DR PROCEED WITH THE FORMAL REQUEST - ONCE THE ABSORPTION ISSUE HAS BEEN FULLY VETTED - TO THE BUREAU AND HRDM FOR THE CYCLING IN OF AN APPROVED CANDIDATE. IT WAS ALSO SUGGESTED THAT THE MISSION REQUEST FOR AAAS FELLOWS IN FAMILY PLANNING AND ENVIRONMENT BE FORWARDED TO LAC/RSD AND LAC/EMS FOR FOLLOW-UP.

L. PIPELINE. THE SIZE AND AGE OF THE MISSION'S PIPELINE WAS DISCUSSED AND IT WAS AGREED THAT THE MISSION WOULD ADDRESS THIS IN ITS NEXT SAR.
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