

USAID/Dominican Republic Strategic Plan

FY 2002 through FY 2007

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**USAID/Dominican Republic
Strategic Plan
FY 2002 – FY 2007**

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I. Strategic Overview

President Bush recently explained why the Americas are important to the United States and why this region will feature prominently in our foreign policy agenda.

“We must work to build a Western Hemisphere of freedom and prosperity – a hemisphere of freedom will be a fundamental commitment of my administration. Our future cannot be separated from the future of our neighbors in Canada and Latin America Some look south and see problems; not me. I look south and see opportunities and potential . . . I look forward to discussing how we can build a century of the Americas.”

The Dominican Republic, historic site of the first European foothold in the Americas, is inextricably linked to the United States by proximity, shared history, and the presence of major Dominican population centers along the United States’ northeastern seaboard. In the construct of President Bush’s “Century of the Americas,” United States and Dominican Republic cooperation will be essential on several fronts which include furthering free trade in the Americas; spreading prosperity; regional solidarity in promoting democracy, human rights, and the rule of law; stemming illegal immigration; combating transnational crime, drug trafficking and money laundering; dealing with a multitude of global environmental and health issues; and ensuring regional peace and stability in the Caribbean.

The Dominican Republic is a strategically located partner that links the United States to Caribbean, Central American and South American countries. It is experiencing the predictable growing pains and challenges associated with recent emergence from authoritarian governance. Its economy is one of the fastest growing economies in the region that, nonetheless, is leaving many of its citizens behind. The Dominican Republic also shares a long border with Haiti, which is one of the poorest, least developed and least stable countries in the Americas. This situation makes sustainability of democracy, rule of law and inclusive economic growth and social development in the Dominican Republic far more important to U.S. and hemispheric relations than its modest economy and eight million people might otherwise suggest.

Over the past five years, the Dominican Republic has demonstrated its worthiness and commitment as a development partner. It has made impressive strides in getting its macro-economic house in order, moved to liberalize its economy, has privatized many state enterprises, held three free and fair elections with two smooth transitions of presidential power, and achieved real progress in reforming its Courts. This nation has also achieved five years of consistent strong economic growth built on important economic reforms it has been instituting. Until now, there has been relatively little social unrest and civil society has made significant gains in obtaining a place at the table and in influencing major economic, political and social reforms and decisions. The potential for continued reform in the political and electoral systems to lead to greater representative government at both the national and local levels appears good.

The Dominican Republic's greatest development risks stem from the relatively large segment of the population that has not shared in recent economic prosperity; the fragility of its democratic institutions, including unfinished reform of the justice system; continued abuse of human rights, especially by a corrupt and incompetent police force that also contributes to weak public security; a large social investment gap particularly in education, health, basic services, housing, pensions, and rural productive infrastructure; widespread corruption; and the need to quickly learn to compete in the global economy. Women, who are increasingly assuming the responsibility of heading households, are disproportionately affected by these development risks. A rapidly deteriorating environment, eroding watersheds and natural resources place some of the potentially most dynamic economic sectors (e.g., tourism, light manufacturing and agribusiness) at serious risk and threaten future economic growth. The combination of environmental degradation with the Dominican Republic's location in the Atlantic hurricane corridor and its susceptibility to earthquakes makes it highly vulnerable to natural disasters. Publicly provided productive infrastructure and business assets that have taken years to build, particularly those belonging to small businesses or farmers, can be destroyed within hours or minutes. The country's poor invariably are most severely affected.

One of the greatest risks to political, social and economic stability within the Dominican Republic stems from sharing the island with Haiti. Haiti's deteriorating economic, social and political system has increased migration and placed an additional burden on the Dominican Republic's already inadequate health and education systems. The situation also complicates Dominican efforts to fight drug trafficking, transnational crime, the spread of HIV/AIDS, tuberculosis and other infectious and vector borne diseases. Over the past several years, rapid economic growth in the Dominican Republic has absorbed large numbers of unskilled Haitian workers in the agriculture and construction sectors; some are legal migrants, but many are not. This country serves as an escape valve for the deteriorating Haitian situation, with Haitians filling jobs that have gone unfilled by Dominicans. However, recent data suggest that with the US economic slowdown, with its dampening affect on other economies in Latin America and the Caribbean, the growth rate in the Dominican Republic will decline substantially in 2001 and 2002, perhaps to between two and four percent from its high of over eight percent in 1997 and 7.8 percent in 2000. Free Trade Zones (FTZs) are already eliminating jobs as a result of diminishing demand. With a slackening of growth, one may see increasing tensions over Haitian migration, as unemployed Dominicans turn to jobs previously filled by Haitians. Clearly, the situation in Haiti is a major concern for both official Dominicans and across Dominican society.

The Mejia Administration, inaugurated in August 2000, appears committed to addressing the social investment gap that has accumulated over the years and confronting corruption and environmental concerns while pressing forward with key economic, political, social, and institutional reforms. This Administration has indicated its priorities to be education, health, establishment of a sound pension program, housing and basic services for low income Dominicans, agriculture, food security and rural development, sound natural resource and environmental management, and anti-corruption. The Mejia Administration also continues to cooperate with the U.S. in fighting drug trafficking and transnational

crime of all sorts, stemming illegal migration and alien smuggling, and in moving toward compliance with World Trade Organization (WTO) commitments and addressing other trade related issues like the Free Trade Agreement of the Americas (FTAA), intellectual property rights (IPR) legislation and resolving outstanding expropriation cases. President Mejia has also indicated the Administration's commitment to constructively address the Haiti situation and to work with Haitians to resolve some of the profound problems its neighbor faces. Investments of time and resources during the first year of the Mejia Administration are generally consistent with stated priorities and demonstrate commitment to necessary change.

The Mejia Administration has requested continued USAID assistance in managing the country's internal debt, enhancing national competitiveness, improving the quality of basic education, managing natural resources and the environment, expanding rural electrification and renewable energy, improving healthcare, fighting corruption and decentralizing public-sector decision-making, management and services. Civil society supports these priorities and wants continued U.S. assistance in rule of law, judicial reform, political and electoral reform, expanded assistance to the fight against corruption, and achieving greater citizen participation in public decision-making.

The Dominican Republic is fertile ground for development partnerships. The country has recognized that no single sector -- be it central government, local government, private sector, non-governmental organizations or communities -- can continue to move economic, social and political progress forward alone. Thus, all sectors are actively reaching out to form alliances within the country and internationally. The formation of strategic partnerships as a development trend in the Dominican Republic is well underway. These partnerships need to be fostered and nurtured to flourish.

Clearly, the development opportunities at this point in the Dominican Republic are excellent and U.S. investments in furthering political, economic and social development are likely to bring substantial dividends in furthering freedom and prosperity in the hemisphere.

II. Country Trends and Development Challenges

Economic Growth and Poverty Reduction

The economy in the Dominican Republic grew 7.8 percent in 2000, the fifth year in a row that growth exceeded 7 percent, making it the fastest growing economy in Latin America. However, growth slowed significantly in 2001 in response to the economic slowdown in the US and the world economy. The country's extended period of growth began after a wide-ranging stabilization and structural adjustment program liberalized prices, tightened monetary policy, and reformed the financial system. The economy also started to open up to external competition. Tariff rates were simplified, non-tariff barriers were reduced, and the multiple exchange rate policy was dropped. Tariff rates were further reduced

(to 20 percent) in December 2000 as part of a series of economic reforms introduced by the Mejia Administration that included increased business and value added taxes and liberalized petroleum prices. Tourism, industrial FTZs, construction and telecommunications have been the sectors leading economic growth. By contrast, traditional industry and agricultural production, important sources of employment, have continued to operate within a framework of strong state intervention and protectionism that limits competition. Consequently, these sectors' share of total exports has decreased from 23.3 percent in 1996 to 14.5 percent in 1999. Frequent power cuts and high costs for generation based on imported petroleum threaten to slow economic growth while further reform in the power sector is awaiting political consensus. Future economic growth requires consolidation of earlier reforms and improved policies to encourage foreign investment and broaden the domestic economic base.

The tragic events of September 11, 2001 and the November 12, 2001 crash of an American Airlines plane bound for the Dominican Republic further exacerbated the negative effects of the recent global economic slowdown. These two events were particularly significant for the Dominican Republic because tourism is the country's most important foreign exchange earner and remittances (many from the New York area) are third. While tourism has been substantially affected by both the slowing world economy and by the events of September 11th, remittances fell off immediately, but have returned quickly to pre-September 11th levels. Growth in drawback industries had already been affected by the US economic slowdown at the time of the World Trade Building attacks. Preliminary IMF data suggests that the gross domestic product grew 3.0 percent in 2001, which still makes the Dominican Republic the second fastest growing economy in Latin America.

The perception among Dominican economists is that the GODR will have to carefully conduct its fiscal and monetary policies in 2002 in order to maintain macroeconomic balance in the face of external pressures. The international scene that progressively deteriorated during 2001 is expected to continue being very uncertain for the US economy, Japan and the European Union (EU). The IMF is projecting a small growth for the developed economies that will affect global demand. The Dominican economy is closely tied commercially with the US and to a lesser extent with the EU and Japan. Any renewed growth in these economies should begin to stimulate increased growth in the Dominican economy as well.

The Dominican Republic, a WTO member, recently completed Free Trade Agreements with CARICOM and the Central American Common Market (CACM), and is committed to the goal of a Free Trade of the Americas Agreement by 2005. As one of the few countries in the Western Hemisphere that is not a member of a regional trade group, but with close commercial and cultural ties to both CARICOM and CACM, the Dominican Republic is uniquely positioned to play a key leadership role in the region. President Mejia has expressed willingness to help broker consensus between Central American and Caribbean interests. The Dominican Republic is being seen as playing an increasingly important and pivotal role in the FTAA process. The country is well positioned to build on recent successes.

As a small economy, the Dominican Republic has attempted to open its economy to the global marketplace while maintaining a restrictive monetary policy to control inflation and stabilize the exchange rate. The relative stability of the nominal exchange rate has been achieved at the cost of persistently high and rising domestic interest rates that have increased costs to the productive sectors and put a break on investment.

The gross domestic production (GDP) per capita of \$2,082 makes the Dominican Republic a lower-middle income country, but masks severe income inequality. More than 30 percent of the Dominican population lives below the poverty line, which limits the benefits of growth. Single mothers who are the family's primary income earner head approximately 27 percent of households. There is a general perception among experts that the incidence of poverty is greatest among this population, although there are few hard data to support this. The wealthiest ten percent of the population account for 40 percent of total income while the poorest 20 percent account for less than five percent. Also, there are clear geographic patterns to poverty: poverty incidence in rural areas is three times higher than in urban areas, and it reaches extreme levels in the areas on the border with Haiti and in bateys, the communities associated with the formerly state-owned sugar mills.

Small businesses and micro enterprises (SMEs) generate over one million jobs, about 28 percent of the jobs in the economy, and produce the equivalent of approximately 23 percent of GDP. Approximately 41 percent of all SMEs are women-owned. Over half the value added by SMEs is from commerce, one-third is from manufacturing and only 10 percent is from services. In regard to gender, increased female participation in the labor force of the FTZs and SMEs has reversed a gender imbalance between female-headed households and male-headed households, but poverty among women still tends to be relatively more severe. Roughly 14 percent of the economically active population is unemployed and another 20 percent is underemployed. The lack of formal employment has led to significant participation in the informal sector and emigration to the United States and other countries. Finally, the poor are more vulnerable to economy-wide shocks. A rising fiscal deficit and high interest rates in the Dominican Republic, coupled with weak management of public resources, significantly increase economic and social risk for the poor.

The lack of social services makes the problem of poverty more acute in the Dominican Republic. Public spending on education and health, which potentially has significant benefits for the poor, is among the lowest in Latin America and the Caribbean at less than 3 percent of GDP. Expenditure on social assistance has also been minimal. Instead of recurrent expenditures on social services, the prior Administration stressed high visibility, urban infrastructure and middle-income housing projects primarily in Santo Domingo and Santiago. Thus the benefits of such projects have accrued disproportionately to the middle and upper classes. Also, remittances from abroad, which reached \$1.5 billion in 1999, benefit the poorest less than other social groups. Productive infrastructure in rural areas, such as roads and electric service, are woefully inadequate. Moreover, the protectionist system impacts the poor who pay higher prices for agricultural products

such as rice (with domestic prices about two times world prices), beans, sugar, dairy products and chicken. The poorest 20 percent of the population spend 61 percent of their income on food (notably rice, tubers, squash, plantains, edible oils, beans, sugar and milk), while the richest 20 percent spend only 35 percent of their income on food.

Maintaining economic growth and extending its benefits to the poor will succeed only if the gains in growth and income distribution can be sustained. The Dominican Republic's natural resource base must be protected, especially because it is an island economy. Extensive deforestation, watershed degradation, and water pollution threaten the welfare of the population. Unless the deterioration in the quantity and quality of water is reversed, the cost of productive inputs for the agriculture, industrial and power generation sectors will rise dramatically. Tourism, which accounts for almost 30 percent of export earnings, is dependent on a healthy and diverse environment. Yet adequate policies and institutions are not in place to preserve marine life, wildlife, forests and rivers. Finally, economic growth will not be sustainable nor will poverty be reduced until the country can mitigate the risks that the Dominican poor face in a country prone to natural disasters, such as hurricanes and earthquakes.

A major constraint to sustained growth is the lack of quality education. Dominican education lags behind countries with similar economic conditions, and equity is still a challenge, particularly for children in rural areas. Access to education at all levels is relatively equitable for both males and females. The principal problem is one of retention in school for both genders. Reasons are different for boys and girls, but both groups experience very high drop out rates throughout the eight years of required schooling. These drop out rates are particularly high in rural areas where boys have a higher risk of dropping out of elementary school than girls. Between 1991 and 1996, the percentage of 6-9 year old boys not enrolled in school increased from 53 percent to 59 percent, while the percentage of the same age female cohort stayed at 49 percent during the same period. The trend continues into secondary school where more girls than boys, who have made it that far, drop out. Dropout rates among adolescent women at the later primary and secondary levels are strongly influenced by high pregnancy rates. Twenty-five percent of adolescent girls report that they stopped attending school when they became pregnant, 11 percent dropped out because their families could not afford it, and 9 percent because they did not want to continue. Dropping out of school produces a negative and often permanent effect on the earning potential of these new mothers. In high school, the proportion of girls to boys is approximately 55 percent/45 percent and at the University level the percentage of females attending is 60 percent. Nevertheless, this increased female presence has not yet translated into improved salaries for women.

There is a need to restore civil society's commitment to improving public education, increase public and private expenditure, and strengthen the participation of families and communities in basic education improvement. Access to quality education is vital to reducing income inequalities in the Dominican Republic, as well as increasing entrepreneurship. The deterioration in the quality of education limits employment opportunities and makes the country less competitive in the global market.

In summary, the challenge facing the Dominican Republic is to maintain economic growth and ensure its sustainability, while spreading its benefits, equitably to both genders, in the poorest segment of the population. To meet this challenge, the focus should be on improving the competitiveness of the Dominican economy, protecting the environment, and improving basic education through community participation. The private sector, as the engine of growth, will remain the key to economic growth. Policies must be changed and public institutions, including central and local government, must be strengthened to be more effective in regulating economic and environmental activities and delivering public services effectively. Finally, policies must be developed and implemented at the local level in partnership with civil society to ensure community participation.

Democracy and Governance

Democracy consolidation and rule of law have advanced notably in the Dominican Republic since President Balaguer relinquished power in 1996; yet both remain tenuous and vulnerable to counter-reform efforts instigated by traditional power structures and special interests attempting to recapture the privileges and power that have eroded with the maturing and strengthening of democracy and the rule of law. In 2001, counter-reformists attempted to reverse the hard won democratic advances of the past few years through a constitutional amendment that would roll back independence of the Courts and would extend the period of legislators currently in power. Dynamic democracy and rule of law civil society groups are defending the gains that have been made, but their efforts require outside resources and assistance.

The last three national elections in the Dominican Republic were free, fair, transparent, and participatory. These elections were uncontested because of the decisive presence of organized civil society electoral monitoring led by the USAID funded organization, Participación Ciudadana. Also, while it is true that the Judiciary has become more independent and effective since 1997 with USAID assistance, the impressive advances in justice sector reform have been won by a group of reform minded citizens, inch-by-inch, under blistering barrages and steady attacks mounted by special interests. The progressive Supreme Court that has evolved out of this process has been guarded from disarticulation by powerful enemies only through protection afforded by a dynamic and reform-minded civil society coalition led by the USAID-funded Foundation for Institutionalization and Justice (FINJUS). Indeed, civil society has guarded the flanks and rear of both electoral and justice sector reforms as democracy and rule of law move forward.

Aside from maintaining gains in credible, competitive elections, one of the major challenges for democracy in the Dominican Republic is to elect officials who truly represent the people. Political party leaders and elected officials do not always identify with or are held accountable to the interests of their community and district constituencies. Women do not hold proportional representation in governance position at national or local levels. Though the country elected its first woman vice-president in May 2000, only one of the 30 Senate seats and 24 of the 149 House seats are held by

women. Candidates are frequently placed on party slates by party bosses through authoritarian, exclusionary and non-representative means. While the Dominican President and the legislators are elected directly by the people they are to represent, the selection of candidates within the party is not democratic. In the Dominican Republic, candidates are frequently placed on party slates by party bosses through authoritarian, exclusionary and non-representative procedures. Furthermore, mayors and city councils are voted on as a slate chosen by the party, so the voters' only choice is for the party and not for the individuals who will represent them in local government.

These undemocratic mechanisms leave many citizens, particularly from low-income areas, poorly represented and produce political party sclerosis that allows little space for "new blood" or modern, reform-oriented leadership. A predictable result is that officials elected under these non-competitive mechanisms view their first "constituency" as party bosses and special interests, rather than the districts and communities they were ostensibly elected to serve. The resulting non-responsiveness of elected representatives weakens citizen confidence in their government and darkens the promise of democracy being able to "deliver the goods" in terms of bettering local conditions.

This dynamic also reinforces traditional patron-client and "caudillo" practices, encourages cronyism and corruption, and thus motivates those who would like to slow democracy and rule of law reform and resist more democratic political leadership. In recent years, this has fueled factions in the congress and executive branch who resist an election system based on districts with open slates (scheduled to be implemented in the 2002 congressional elections); reject meaningful civil society oversight of key areas of state performance; want to roll back the clock on judicial independence and justice sector reform, undermine reform of the systems of administrative control and accountability; and sabotage the anti-corruption efforts of the new administration. While the Dominican legislature has many deficiencies that undoubtedly could benefit from assistance, USAID assistance will be limited to support for policy reform until the legislators truly represent and are directly linked to the constituencies they are supposed to serve.

The Dominican Justice System is a four-legged stool made up of police investigators, Public Ministry prosecutors, the Courts, and public defense organizations. Significant progress has been made since 1997 on creating an independent Court, substantially improving the professionalism of judges and Court personnel and in improving Court administration, at least in Santo Domingo, all with USAID assistance. Furthermore, the country has a progressive Attorney General. However, the executive branch Public Ministry prosecutors, newly appointed under the Mejia administration, have not kept pace with or enjoyed the level of independence and professionalism achieved by judges of the Judiciary. In the absence of a Public Ministry Career Law, prosecutors remain subject to political criteria and interference from special interests. The investigative function is largely non-functional as the police (still under military influence at the command level) suffer from widespread corruption, poor training, low wages, a lack of equipment and incompetence. Furthermore, the pre-trial investigation, forensics and evidence handling functions of the Dominican state are grossly inadequate, while

criminal case prosecutor preparation is usually sub-standard based on lack of case documentation. The system functions on a hit or miss basis.

Again, with USAID assistance, the country is making progress on the fourth leg -- the public defender system -- with establishment of a growing cadre of state-funded public defenders chosen on the basis of technical merit rather than political criteria. Five regional Public Defender offices opened over the last two years and up to four more will open this year. As a result of the addition of regional offices, 6,585 Dominicans received assistance from state-funded public defenders over the past year. However, this program too was threatened with the prospect of reversals; it was almost gutted by budget cuts at the beginning of the new administration. Its continuation required the intervention of civil society groups and reform minded individuals, including the Dominican Vice President, who were key in getting the budget situation reversed. President Mejia signed a Presidential Decree on August 31, 2001 forming an Executive Branch, National Public Defense System.

Corruption in the country is widespread and complicated by a number of factors: cronyism; the tradition of exaggerated concentration of power and budgetary discretion in the Presidency; the lack of adequate systems for oversight, management, and control of the budget; and the lack of effective internal or external controls or transparent procurement systems at all levels in public administration. On a positive note, the new Department for Prevention of Corruption under the Attorney General is prosecuting corruption cases involving high-level officials of both the previous and current administration; however, cases involving powerful figures are already generating immense threats to that organization from political quarters. Fortunately, lead civil society groups have placed the issue of corruption on their agendas and are slowly beginning to take up the issue in public fora.

It is evident in 2001 that while enlightened civil society leadership is impressive in its capability and accomplishments, the general population is not fully on-board with democratic change. Polls and surveys indicate that the general population has not yet become fully acculturated to democratic practices or principles. There is little public outrage at even the most egregious manifestations of disrespect for laws and due process, corruption by public officials, or the frequent machinations and intrigues of the counter-reform movements representing special interests. This public complacency is the target of civil society leaders who are teaching a new generation to dream of a day when government officials and powerful interests will no longer place personal interests ahead of the public trust, when citizens will hold public officials accountable.

In conclusion, the Dominican government will be confronted with internal and external attempts to undermine continued democracy and rule of law consolidation. Successfully addressing the challenges to democracy, the serious threats to good governance posed by corruption and an ineffective and highly politicized public sector bureaucracy will require the concerted and collective efforts of genuine Dominican reformers both in government and civil society with the assistance and moral support of international donors. It is not a

time for USAID or its democracy partners to celebrate or rest on the laurels of past success. The Dominican democracy and rule of law remain quite fragile.

Health and Population

The Dominican Republic is in epidemiological transition between a typical developing country profile, in which infectious diseases and inadequate water and sanitation continue to be major causes of morbidity and mortality, and the profile of an industrialized country characterized by chronic diseases, trauma and lifestyle-associated problems. Health problems linked with poverty still prevail. Acute respiratory and diarrheal diseases compounded by nutritional deficiencies are the main causes of infant mortality. Likewise the lack of adequate food intake in pregnant women results in high percentages of low birth weight babies who have less survival probabilities. HIV seroprevalence is stable, but still high, at approximately 2.5 percent of the adult population (age eighteen and above). The Dominican health system is inefficient and inequitable. Only 18 percent of the population is covered with some type of health insurance. Consequently, access to quality health care is limited, particularly for an estimated 30 percent of Dominicans living below the poverty line.

USAID has been the major international donor in reproductive health (RH) and family planning (FP) in the Dominican Republic since the 1970s. During this time, there have been substantial gains in the sector. The country is now considered to be a high contraceptive prevalence country, with 65 percent of married women using a modern contraceptive method (1999 interim-Demographic Health Survey, called the “Mini-DHS”), a five percentage point increase over the rate reported in 1996 and almost ten points above the LAC average. The Total Fertility Rate (TFR) has declined to 2.6 (from 3.2 in 1996), also below the LAC average of 2.9. Access to family planning services is relatively good for most urban Dominican women. There have also been some advances in the quality and availability of reproductive health care; however, the country still has serious problems with maternal mortality, and adolescent pregnancy and its consequences. Although 95 percent of births are attended in hospitals and clinics, the high maternal mortality rate indicates that quality of care is poor. The Population Council will conduct a maternal mortality country assessment within the next six months, which should provide more accurate data regarding the extent and causes of this problem.

Another factor affecting Dominican health is the perception that healthcare is solely a woman’s responsibility in terms of both time and money. Men generally do not take responsibility for reproductive healthcare issues, which is a significant contributor to increasing HIV rates. Sexual abuse of adolescent girls is also widely reported.

Though the Government recently publicized its intention to introduce sex education in schools, adolescent pregnancy is likely to continue to increase as large cohorts of young people enter reproductive age. Data from ENDESA 1991, ENDESA 1996, MINI-DHS 1999, Madres Adolescentes en La Republic Dominicana 1996, and other studies, indicate that almost one in four (22.7 percent) women 15-19 years of age are mothers, with the resulting negative social and economic effects burdening the mother and her child.

Adolescents are at great risk of dying of pregnancy-related causes and account for 46 percent of the maternal deaths in the Dominican Republic.

The HIV seroprevalence rate for the DR is estimated at 2.5 percent. Certain high-risk groups are the focus of current successful HIV prevention programs (e.g., men having sex with men [MSM], commercial sex workers, adolescents, young women, employees of resort hotels, and bateys [former sugarcane plantations]). These groups will continue to be the focus of USAID assistance in HIV/AIDS prevention during the strategy period. A program to address the problem of drug-resistant tuberculosis will focus on the directly observable treatment short-course (DOTS). The Dominican Republic has one of the most virulent drug-resistant strains of TB in Latin America. In collaboration with the Secretariat of Health's office for TB control and prevention and PAHO, USAID will support a dots treatment program that will eventually be implemented nationally.

The DHS 1996 and Mini-DHS 1999 report serious deficiencies in health care services that have an adverse impact on the health of children. Although the infant mortality rate has declined from 47 per 1000 live births (DHS 96) to 37 (Mini-DHS 99), the national fully-vaccinated coverage rate is low at 36 percent; the coverage rate for measles is 82 percent and for polio (three doses) is below 42 percent. Clearly, the DR is vulnerable to outbreaks of serious childhood diseases, and indeed, the recent outbreak of polio is the consequence of a neglected vaccination program. Regarding access to water and sanitation, almost 50% of rural population gets its drinking water from a river, rainwater or other unsafe source, and 20 percent of the same population has no access to a latrine or toilet. Certain poor rural communities especially suffer the effects of inadequate water and sanitation services. Among the bateys, for example, over 38 percent of children under five years of age suffer from malnutrition (height/age), and of these, over 14 percent suffer from severe malnutrition (Bateys del Estado, 1999).

In order to sustain USAID's long-range goal of improvement in the health of Dominicans, structural changes in the national health system must take place. The reform process, embraced by the new government, shows promise that these changes in fact will be made. Earlier this year, Congress passed both the Health Law and the Social Security Law that provide the legal framework for sector reform. President Mejia campaigned on a social platform and has moved to implement greater spending in the social sectors, with special attention to the poor. Because decentralization is a key element of health sector reform, the sustainability of health sector investments (including USAID's) may depend upon the extent to which decentralization is institutionalized.

Dominican – Haitian Border Cooperation

The Dominican Republic and Haiti share a 172-mile long, porous border. While Haiti continues to struggle under various despotic political regimes that have left its people increasingly poor, with depleted natural resources and pessimistic about the future, the Dominican Republic has chosen democracy and has pursued economic and social development. The return of the Aristide government, which lacks a clear mandate to govern and significantly raises the likelihood of continued internal instability in Haiti, has

further raised concerns on the part of both the Dominican Government and the Dominican people. Because these two countries share the same island, their future is inextricably linked despite the divergent development paths.

The border zone, where the smuggling of drugs, people and goods is virtually unfettered, is the focal point for several important development challenges. The Artibonito, which straddles the border, is the island's largest and most vital watershed. Environmental degradation in the upper watershed on either side affects both sides, whether man-made or due to natural disasters. The large numbers of desperately poor Haitians seeking unskilled labor opportunities in the Dominican Republic – the majority of whom have no legal documentation – present political, economic and social challenges for the Dominican Government. Moreover, the opportunity for trans-border transmission of HIV/AIDS and other infectious diseases is significant and growing. The gains that the Dominican Republic has made in fighting disease and confronting other transnational problems could be jeopardized if these development challenges are not addressed.

The Dominican Republic lacks adequate economic and social infrastructure (roads, water, electricity, schools, irrigation) and hence jobs along the border, especially in the central region of the upper Artibonito watershed. Consequently, many Dominicans are migrating to major cities where they and their children have more opportunities – a trend that the Dominican government has publicly stated it hopes to reverse, given the urbanization pressures this creates. In many cases, Haitians have moved in behind, filling the void as subsistence farmers or agriculture laborers. Current estimates for the upper watershed are about 100,000 Dominicans remaining, while the Haitian population in the basin has grown to about 500,000.

The Artibonito watershed includes 9,530 square kilometers of which 2,770 square kilometers are located in the Dominican Republic and the remaining 6,760 square kilometers are in Haiti. The watershed is a major source of water for the Artibonito Valley in Haiti. It is also the primary water source for producing hydroelectric power that supplies electricity for Haitians. However, generation capacity has been substantially reduced due to silting of the Peligre Reservoir. The watershed is also a major source of both drinking and irrigation water for Dominicans residing near the border. The upper basin on the Haitian side is almost devoid of trees, while the Dominican side continues to deteriorate.

Early in 1998, USAID sponsored a series of studies and a Dominican-Haitian workshop to explore interest in both countries joining forces to protect the upper Artibonito watershed. Both Dominican and Haitian participants – including senior government officials and border residents -- expressed substantial interest. These initiatives helped develop a basic strategy and action plan and spurred efforts to explore financial resources to support the strategy. However, Hurricane George (September 1998) put this initiative on hold.

Given the current unstable situation with Haiti, the Mejia administration has made border development a priority and has expressed intense interest in moving forward with

protection of the Upper Artibonito Watershed and other border initiatives now. Although the contested elections in Haiti have complicated a joint effort, the Dominicans have adopted a strategy of moving forward with border development on their side while they reach out to both the Haitian public and private sectors to form partnerships for border initiatives.

Both the Dominican public and private sectors recognize that in the initial stages the Dominican side will have to carry the heavier load and provide leadership in any border initiative. Furthermore, they recognize that significant joint commercial endeavors on the border will need to be serviced through the Dominican side in the near to medium term, as required infrastructure (transportation, water, energy) is more likely to be available on the Dominican side in the short term. Therefore, the Dominican Republic is forming its half of an organizational structure and developing project proposals for its side of the border and has begun to approach donors while they dialogue with Haitian counterparts.

The Mejia Administration recently approached the U.S. Government, as well as other multilateral and bilateral creditors, regarding debt forgiveness to help support Dominican/Haitian border development initiatives. In March 2001, the Mejia Administration formally established a public/private Commission for the Dominican-Haiti Fund for Border Development to collect and administer a fund for development of the frontier. The Commission is also charged with establishing a tripartite organization made up of the Dominican public/private sectors, Haitian public/private sectors, and international donors and multilateral institutions. The overarching purpose of the Commission is to expand, deepen and strengthen commercial and economic ties between the Dominican Republic and Haiti to contribute to employment generation and economic development of both nations in a climate of harmony and absolute respect for the sovereignty of each nation.

Cross-Cutting Themes: Poverty Reduction, Civil Society, Policy Reform, Local Governance and Strategic Partnerships

To achieve development objectives in the Dominican Republic and then sustain those achievements necessitates approaching the challenge from several different perspectives. The new Strategic Plan is built upon five common themes: poverty reduction, civil society, policy reform, local governance and strategic partnerships. The Mission envisions each of these themes as development threads. The fusion of these five threads strengthens the development canvass and is integral to achieving the four new Strategic Objectives that comprise the Strategic Plan.

Poverty in the Dominican Republic can no longer be addressed through the more traditional economic and social interventions. Poverty will only be reduced through an integrated approach that cuts across all objectives. While maintaining a sound macroeconomic framework, increasing educational quality and access, supporting the development of small businesses, providing productive and social infrastructure and protecting health remain critical to poverty reduction in the country, other issues are proving equally important in sustaining the Dominican Republic's rapid growth and in

broadening access to economic opportunities. Sustained overall growth continues to be key to poverty reduction. As small economies – like the Dominican Republic – increasingly open to the global economy, the country and its private sector must continuously increase productivity, learn to compete more effectively in higher value markets and access and use technology effectively. The investment climate and trade policies must continue to improve to support expanded job creation and business development.

As progress is made on these fronts, other factors have increasingly gained importance in the Dominican Republic. Hurricane Georges amply demonstrated that a single natural event can wipe out hard earned assets immediately, that the poor are most vulnerable to these set-backs, and that they are the least likely to have access to the necessary capital assets to rebuild. Furthermore, the Dominican economy is more critically and directly linked to its limited natural resource base for water, power and other natural assets, like beaches and marine resources which attract tourists, than are non-island economies. Dominicans must actively protect their resources to be competitive in the global economy. Poor sanitation and solid waste management, issues directly linked to weak local governments in the Dominican Republic, not only affect health but also have a direct and negative effect on tourism, a major source of employment. Other issues, like weaknesses in the rule of law, the justice system, the lack of public security and corruption are now an equal or greater impediment to investment, economic growth and poverty reduction than are the country's macro-economic policies. Finally, the poor must have equal access to the justice system, public institutions, public services and political participation to fully participate in the country's economic, social and political systems. Thus, poverty reduction will be treated as both a development objective as well as a cross-cutting theme.

Organized civil society focused on broad national interests is maturing in the Dominican Republic, after more than ten years of USAID support. Its engagement will be crucial to the Mission's ability to achieve its Strategic Plan. Organized civil society is led by a handful of dynamic, institutionally solid and independent Dominican NGOs working on democracy and governance, health issues, environmental concerns and community development. Participation cuts across socio-economic as well as gender lines. These lead NGOs set their own agendas, advocate for political and social change at the community and national level, and are increasingly successful in tackling difficult and sensitive issues. Networks of NGOs have coalesced around the lead NGOs in democracy and governance, health, and community development. These groups are increasingly influencing decision-making in their areas of interest. However, in other development areas, there are a plethora of issue-oriented NGOs that are less cohesive or institutionally strong, with consequent lack of impact. Lead organizations need to be supported to coalesce like minded networks of NGOs focused on issues of national interest like environmental protection, disaster prevention, small business development, education, and competitiveness that can bring their combined weight to bear on national decision making. Furthermore, many of the current leaders in democracy, health, environment, and community and social development have not come to grips with the sustainability of

their own organizations, a next step that is critical to civil society's future role in advancing political, social and economic development in the Dominican Republic.

Policy reform is another development thread found throughout the Strategic Plan. Ultimately, these reforms should tangibly and positively touch the lives of Dominicans, be it by providing better health care services, a cleaner and safer environment in which to live and work or by creating economic opportunities. In many instances, necessary reforms have been promulgated into law, but implementing regulations, supporting policies and the organizational capacity for implementation, remain to be developed. In other cases, changes in the legal framework are still required. Policy reform will therefore become a means -- rather than an end -- to achieve the development objectives identified in the Mission's Strategic Plan.

Local governance, though less of an oxymoron now than during the days of strongman Trujillo, is still a largely undeveloped concept in the Dominican Republic. The highly centralized governance system places the decision-making regarding how the government collects and spends its resources within the hands of the few. The Mejia Administration has stated its commitment to policy reforms that "decentralize" or "deconcentrate" decision-making and resource allocations.¹ The Administration has also taken initial steps in that direction through its Reform of the State Commission and by increasing central government allocations to municipalities. However, for decentralization to be effective, there must be a willingness to pass real power and real responsibilities to local governments and the capacity on the part of municipalities to respond.

In the past, there have been few investments in strengthening local governments in the Dominican Republic, although other donors are now shouldering that burden. A new Federation of Mayors was formed in August 2000 that holds real promise as a lobby for strengthening municipal governments. Furthermore, organized civil society groups have begun to take a greater interest in the issue of decentralization. The new Strategic Plan works with local governments in building community and municipal-level capacity in selected communities to respond to environmental, education and health issues and in helping regions of the country formulate and implement strategies for enhancing competitiveness.

The Dominican Republic's close links to the United States and Puerto Rico, its recent strong economic growth, and its active society and private sector are generating strategic partnerships both locally and internationally. President Mejia and many of those around him come from the private business sector and have been active participants of organized civil society. The president is clear that the private sector is the engine of growth and that many of the skills needed to assure continued economic, political, and social development are not in government institutions. The judicial branch and the Elections Board have experienced positive partnerships with civil society in reform efforts and are convinced of the value of cultivating these partnerships. Parts of the executive branch

¹ Decentralization helps bring resource generation, planning, allocation and implementation authority to municipal or local levels -- closer to the people which it empowers. Deconcentration typically replicates the national level's centralized governance structure and procedures at the regional, or sub-regional level.

have had similar experiences and are looking to public/private partnerships and links with NGOs to achieve results. Furthermore, many leaders in government have international contacts and friendships -- particularly in the United States and Puerto Rico -- that they are calling on to help them accomplish their jobs. Similar collaboration, rather than just “coordination”, is beginning to occur between donors. Thus, the potential is great for further developing and focusing public/private partnerships to achieve results.

Although the experience of relying on direct contacts with a strongman president for success in business dies hard, there is movement from that pattern. The idea of strategic alliances between private companies for a common strategic end is taking hold in some sectors and products – in some cases stimulated by USAID’s work on competitiveness. Groups are beginning to come together for the purpose of looking for ways to compete in the global economy rather than for persuading the president to establish more protectionist measures. These groups are beginning to make international contacts, again often with USAID assistance. The newly established Quality Coffee Association, the Cacao Producers Association, and the hotel association of Bayahibe (a large resort community) are good examples. Foreign international companies have introduced social investments as part of their company policy in the country. The Falconbridge Mining Company is the most notable but others like Occidental Hotels, Major League Baseball, and Timberland are also engaged in social investment. Local companies, particularly those dealing with the global economy are beginning to follow suit. Thus, there are plenty of opportunities for USAID to facilitate the formation of partnerships that will bring fresh ideas, new opportunities and increased resources to our objectives. These trends cross all three Strategic Objectives and the Dominican-Haitian Artibonito GDA proposal and the Mission will maximize strategic partnerships to advance the Strategic Plan.

Multilateral and Bilateral Donor Program

Economic Growth and Poverty Reduction

The Inter-American Development Bank (IDB), the largest donor in the Dominican Republic, has projects in financial management, social sector reform, energy sector reform, disaster prevention and secondary education. All of these initiatives complement and reinforce the proposed economic growth Strategic Objective. The World Bank is also involved in energy sector reform, disaster prevention and pre-school education; in addition, it has a small loan for natural resource planning. The German government (GTZ) is providing assistance in forestry management, protected areas and local government strengthening, primarily in the north-central and southwestern part of the country. The European Union is active in business development and small and microenterprise lending. Spain (Spanish Cooperation Agency) and Japan (JICA) have limited programs in environment and education. Japan is providing assistance to address problems associated with the former government bateys.

Democracy and Governance

Multi-lateral donors (led by IDB) and bi-lateral donors (led by USAID) are investing significant resources in the justice sector. Coordination among donors is excellent. A major, five-year IDB program is improving institutional efficiency and transparency of real property adjudication and registration; helping the Comptroller General establish a new legal framework; improving congressional oversight of executive branch financial operations; and modernizing administrative management systems. The World Bank does not have a justice sector program. A five-year, UNDCP training initiative is improving the justice sector's ability to prosecute and preside over narcotics-related cases. And, UNICEF is focusing on the rights of minors as they come into contact with the Dominican juvenile system.

The Spanish Cooperation Agency is providing assistance that complements USAID's efforts to enhance administration of justice by modernizing the justice sector's administration and management systems. The Spanish have also trained judges in Constitutional Law and international conventions and helped develop a regulatory framework to fully implement the Judicial Career Law. The French have a modest program, managed by their Ministry of Justice in Paris, which has included study tours, Sorbonne scholarships and justice sector-related cultural exchanges. Finally, Transparency International has designated the Dominican Republic as one of its four target countries and is expected to utilize regional USAID funding to develop an anti-corruption activity.

Since 1997, the German Technical Cooperation Agency (GTZ) has helped strengthen municipal and local governments in eight northwestern provinces to improve public services. This initiative has enabled civil society (through "provincial development councils") to engage municipal and local government on issues that will help reduce poverty. The Economic Union is also assisting with municipal strengthening with a focus on administrative systems and application of the Civil Service Law within municipalities.

Health and Population

USAID is a lead donor in health sector reform, along with the European Union, the World Bank and the Inter-American Development Bank. The World Bank loan will help develop and implement a national management information system. This will complement USAID's focus on information systems at the local level. The IDB loan package includes assistance to the water and sanitation sector. Japan (JICA) is expected to support health sector reform by developing community health strategies. USAID has been the major HIV/AIDS donor, however a \$20 million, five-year World Bank project is currently being negotiated, which will make the Bank the largest donor addressing HIV/AIDS issues. UNAIDS and the EU also support major HIV/AIDS prevention programs. UNICEF is a key partner in child survival programs and provides support to HIV/AIDS and Mother-to-Child transmission prevention programs under its new country plan. UNFPA and the German Government (GTZ) also work in reproductive health/family planning programs. USAID works closely with the Pan American Health

Organization on vaccination, integrated management of childhood illness (IMCI), tuberculosis, and adolescent reproductive health programs. As of February, 2002, with the exception of occasional workshops sponsored by PAHO, USAID is the only donor investing resources in TB control and prevention in the Dominican Republic.

Dominican – Haitian Border Cooperation

The European Union is the principal donor engaged along the Dominican -- Haitian border, while KFW (Germany) and the United Nations provide modest assistance. Canada is reviewing a border proposal, which, if funded, would represent a reinitiation of foreign assistance to the Dominican Republic after a hiatus. In support of a European Union Assembly resolution to reduce poverty and institute a sustainable development plan for the Dominican Republic – Haiti border area, the EU is establishing an environmental training institute that can address common environmental challenges; developing a sustainable development plan for border communities; and developing a pilot eco-tourism project.

III. Strategic Plan Summary, Mission Performance Plan and USAID Goal and Pillar Linkages, and Strategic Rationale for Strategic Objective Choices

Strategic Plan Summary, Parameters, Timeframe and Strategic Transition

USAID/Dominican Republic proposes a five-year, sustainable development Strategic Plan comprised of three strategic objectives. These strategic objectives are: “Increased Sustainable Economic Opportunities for the Poor”, “More Participatory, Representative and Accountable Democracy Achieved” and “Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic”. A fourth strategic approach, entitled “Dominican -- Haitian Cooperation Achieved on Sustainable Management of the Upper Artibonito River Watershed” is presented in Annex A as a viable Global Development Alliance initiative should those resources become available. In addition, the proposed Strategic Plan addresses five, cross-cutting themes: poverty reduction, civil society, policy reform, local government, and strategic partnerships.

The Mission identified several guiding principles in developing this Strategic Plan. These include addressing the most pressing development challenges; ensuring responsiveness to emerging development priorities of both the Bush and Mejia administrations, as well as those of Dominican civil society. The Strategic Plan takes into consideration other donor programs, past and current USAID/Dominican Republic development achievements, and establishes realistic assumptions regarding the Mission’s USDH staff levels and program and operating expense budgets during the next five years.

The Strategic Plan is expected to begin in October 2001 (FY 2002) and end in September 2007 (FY 2007). Though Strategic Plans become effective immediately upon the LAC Bureau's approval, the Mission envisions FY 2002 as a "transition year" between the current Strategic Plan and the new Strategic Plan. New Strategic Objective Agreements would be developed and negotiated with the Dominican Government during FY 2002. To ensure program continuity and momentum, some activities under existing agreements would continue until committed funds are expended (e.g., December 2002).

Mission Performance Plan and USAID Goal and Pillar Linkages

The U.S. Embassy's Mission Performance Plan (MPP) for the Dominican Republic gives USAID primary responsibility for promoting economic development. Sustainable and equitable economic growth in the Dominican Republic is central to U.S. interests in trade, investment, security and democracy.²

The Sustainable Economic Opportunities Strategic Objective supports MPP national interests that include economic development, U.S. exports, regional security, and democracy. The Strategic Objective also supports three USAID Agency Goals: broad-based economic growth and agricultural development encouraged; human capacity built through education and training; and environment managed for long-term sustainability. It also supports the Agency's Economic Growth, Agriculture and Trade Pillar.

The Democracy and Governance Strategic Objective is vital to the U.S. Embassy's ability to meet its MPP democracy and international crime objectives. It supports MPP "national interests" objectives that include promoting democracy and regional stability; reducing international crime; and encouraging economic development. The Strategic Objective also supports the "democracy and good governance strengthened" USAID Agency Goal as well as the Democracy, Conflict and Humanitarian Assistance Pillar. Initiatives will help strengthen democratic and electoral processes; improve due process and respect for human rights; and reduce corruption.

The Health and Population Strategic Objective supports the MPP's "national interest" of global issues -- which includes HIV/AIDS -- and USAID's Agency Goal, "world's population stabilized and human health protected in a sustainable fashion" as well as the Global Health Pillar. The approaches used will also strengthen democracy and governance through civil society participation.

Strategic Rationale for the Strategic Objective Choices

USAID/Dominican Republic chose the three Strategic Objectives for its six-year Strategic Plan because, collectively, they address this country's most urgent development challenges: the need to maintain sustainable economic growth and include those Dominicans currently being left behind; the challenge of consolidating a still fragile

² US companies exported \$4.5 billion in goods and services to the Dominican Republic in 2000 and the United States is the third largest source of foreign direct investment. Economic growth also helps to reduce illegal immigration to the United States and forms the basis for sustainable social development.

democracy; the urgent need to address key health problems, particularly HIV/AIDS, and attain more equitable access to health services. These three Strategic Objectives were also chosen because they directly address US interests and respond to Dominican priorities. Furthermore, in each case, the Strategic Objective builds on USAID experience, prior investments and recognized leadership in the area and presents real opportunities for achievement of far reaching results. And lastly, these choices all bear the potential to substantially leverage additional resources, both Dominican and international.

With rising expectations for more equitable economic growth and higher incomes against a backdrop of increasing environmental degradation and a growing population, the Dominican Republic faces a daunting challenge to adapt to a global economy and satisfy the demands of its citizens. Hard won gains in addressing poverty, health and social issues are tenuous at best and susceptible to reversals should the economy weaken. Sustainable economic growth creates new economic opportunities for all, especially for the poor, which helps increase incomes and reduce economic and social vulnerabilities.

The Dominican Republic's urban and rural poor are generally the first to be adversely affected by economic downturns and the last to benefit from economic growth. Addressing access to quality health services for groups considered vulnerable, such as the poor and adolescents, will ensure a more productive and healthy population. Also, addressing competitiveness constraints to greater growth -- in sectors that employ the Dominican poor -- can alter this reality. Protecting natural resource assets -- whether for small- or large-scale farming, tourism or energy production -- is key to ensuring those whose livelihoods depend upon the environment continue to benefit from these assets in the future. Finally, the path to achieve permanent economic and social improvements for the poor begins early, with basic education. Through improvements in basic education, the Dominican poor will have greater access to evolving economic opportunities that drive a more competitive economy.

Democracy is about safeguarding rights and liberties in shaping and pursuing one's destiny. Despite significant advances, democracy remains fragile and must be nurtured. Future social and economic progress is inextricably linked to the country's ability to continue to advance democratic principles and improve governance at all levels.

Dominicans are more active and vocal than ever before regarding by whom and how they are governed. This involvement, however, remains within the context of political and electoral systems designed and developed decades ago under authoritarian regimes. These systems favor the powerful few and do not provide accountability in governance. Beginning with elections and ending with accountability for actions taken, democracy's next step in the Dominican Republic is to become more representative and participatory. With better governance and greater protection of human rights, Dominicans will accord more respect to democratic institutions, place greater value on their democratic freedoms, more readily defend encroachment upon their democratic rights, and hold public officials and the institutions they serve more accountable for their actions.

Improving health in the vulnerable and often neglected segments of the population is critical to the Dominican Republic's prospect for long-term economic and social development. A healthy population is more productive; family incomes are available for other necessities as less family resources are spent on increasingly expensive medical treatment and medicines. A healthy child performs better in school. The tourist industry, one of the pillars of the Dominican economy, will not continue to prosper unless communicable diseases are contained. Hundreds of thousands of Dominicans live in the United States and travel frequently between the two countries; the possibility of carrying infectious diseases from the Dominican Republic to the United States (and vice-versa) is lessened if the Dominican population remains healthy.

The most critical issue preventing greater improvement in the health of vulnerable groups, such as the poor and adolescents, is the task of achieving quality and affordable health care services. The prevalence of HIV/AIDS has precipitated public recognition that this disease is both an economic as well as a health issue. Better HIV/AIDS prevention and care for those affected will help improve health conditions at all socio-economic levels. The pressure that population growth exerts on economic and social systems is never more acute than on islands. Reproductive health and family planning services are increasingly important, especially for sexually-active adolescents, to ensure choices for family size and birth spacing. Child morbidity can be reduced significantly by raising vaccination rates and improving basic sanitation practices. Finally, better health care services can only be delivered and sustained if services and resources are managed closer to those whom they serve. Decentralization is needed to achieve that objective.

IV. Strategic Plan Results Frameworks



Agency Goal: Broad-Based Economic Growth and Agricultural Development Encouraged

Increased Sustainable Economic Opportunities for the Poor

SO Indicator: Number of target population with improved services; *Context Indicator:* Index of Economic Freedom

CCT: CCT: CCT:

IR 1.1 Improved Conditions for a More Competitive Dominican Economy

Indicators: # of rural off-grid communities and # of beneficiaries with new or improved electricity through NREP; outcome indicators of trade negotiations (TBD, possibly volume of targeted exports), and competitiveness initiatives

1.1.1 Key Economic and Poverty Reduction Policies Reformed

Indicator: Milestone scale of policy reform process, by policy (e.g., trade and investment; fiscal -debt management; financial sector; small business; energy)

1.1.2 Increased Public/Private Strategic Partnership in Competitiveness Initiatives

Indicators: # of collaborative competitiveness initiatives under way; # clusters formed, by type

1.1.3 Partnerships Established to Implement National Rural Electrification Plan (NREP) in Selected Communities

Indicator: Increased investments in rural electrification

1.1.4 Strengthened Capacity to Meet Trade Obligations

Indicator: TBD (outcome indicator of capacity building)

IR 1.2 Improved Policies for Environmental Protection

Indicator: Milestone scale of policy reform process, by policy

1.2.1 Increased Institutional Capacity for Environmental Protection

Indicators: # of national environmental standards and norms (adopted and implemented); # municipalities with protection units established

1.2.2 Increased Civil Society Involvement in Environmental Protection

Indicator: # civil society groups advocating for environmental protection

IR 1.3 Improved Basic Education Through Community and Private Sector Participation

Indicators: educational achievement in sponsored schools; # targeted schools implementing school improvements and assessment based on Falconbridge scorecard

1.3.1 Improved Policies for Education Quality

Indicator: Milestone scale of policy reform process by policy

1.3.2 Increased Community Participation in Selected Schools

Indicators: # public/private partnerships; # targeted schools with increased parental involvement

1.3.3 Increased Private Sector Investment in Public Schools through School Sponsorship

Indicators: amount invested; # targeted schools adopted;

Key to Cross-Cutting Themes:

Poverty Reduction Civil Society Policy Reform

Local Governance Strategic Partnerships

Increased Sustainable Economic Opportunities for the Poor Strategic Objective

Economic Growth and Poverty Reduction -- Development Hypothesis

Economic growth in the Dominican Republic must be sustained and its benefits spread to the thirty percent of the population who live in poverty. For almost a decade, the Dominican Republic has enjoyed high economic growth, which makes it the envy of its Latin American neighbors. Growth has led to a reduction in poverty; however, poverty is still high, especially compared with other countries with similar rates of growth, such as East Asia. Sustained economic growth is a prerequisite to improve the well being of the poor, but continued growth rates are not guaranteed. Therefore, the Dominican Republic must deepen the reform of economic policies and institutions, the basis for this decade's growth, and apply them to industry and agriculture, sectors of the economy that have not enjoyed growth or competitiveness. It must also make economic growth sustainable, strengthening institutions and giving attention to the vulnerability of the country to natural disasters, economic shocks and degradation of the human capital and natural resource base. Finally, it must target assistance to persistent pockets of poverty in rural areas, the border area with Haiti and in the communities of former sugar workers.

A country's pattern of growth, the change in the distribution of income and opportunities, and the rate of poverty reduction reflect a complex set of interactions among the policy, institutions, history and geography. Understanding the forces underlying the Dominican Republic's growth and the mechanisms through which this growth has reached the poor, is essential for formulating a poverty reduction strategy. The decrease in poverty experienced in the last decade in the Dominican Republic is primarily due to economic growth, which started with a comprehensive stabilization program in 1991. Stability and restored confidence in the economy led to growth in savings and investment, accumulation of capital and increased productivity, which resulted in increased wage rates and decreased unemployment.

The primary sources of growth in the Dominican economy have been tourism, industrial free trade zones, and telecommunications. The stellar growth in these sectors of the Dominican economy, plus the steady stream of remittances from abroad and the accompanying growth in construction, has decreased the pressure for further economic reforms, masked inefficiencies and lingering protectionism in other sectors such as agriculture and industry, and left the country ill prepared to cope with slower growth or external shock. As a result, the Dominican Republic has become less competitive than other countries, and has missed the opportunity to give the poor a bigger slice of a growing pie though increased social spending and development of productive sectors most accessible to the rural poor.

Implicit in the strategy to increase sustainable economic opportunities for the poor is the recognition that economic growth is necessary, but its benefits must reach all levels, especially the lowest income segment. Three intermediate results are necessary to achieve the strategic objective. First, improved conditions for a more competitive Dominican economy will provide the basis for economic growth in a global economy.

Second, improved policies for environmental protection will insure that growth is sustainable. Third, improved basic education through community and private sector participation will provide the means for the poor to participate in the growth.

IR1 Improved Conditions For A More Competitive Dominican Economy. The Mission proposes a four-pronged approach to achieve a more competitive Dominican economy that includes changing policies, fostering strategic partnerships for competitiveness initiatives and for rural electrification, and trade capacity building. The blueprint for this Intermediate Result is the National Competitiveness Strategy, an action-oriented framework that identified a reform agenda for key economic and social policies and launched a national development effort geared to changing the public and private sector mindset on economic, social and business reforms. In addition, the strategy recognizes the importance of resolving the country's energy crisis, especially in the electric power sector, which is vital for the country's competitiveness.

Passing laws and formulating and implementing strategies is only one aspect of successful implementation of improved policies. Consensus building through discussion of reforms and enhanced citizen participation in the decision-making process will be vital to the achievement of a more competitive Dominican economy in a fully democratic atmosphere. The inclusion of civil society organizations will give a voice to all interests, including the poor, increase the transparency of the reforms, and add credibility to the competitiveness movement.

Key Economic Policies Reformed. The investment climate and trade policies must be improved to support expanded job creation and increased opportunities, especially in tourism, agribusiness, light-industry and small business development. Fiscal and financial sector policies constrain business development and investment, decrease competition, and increase the risk to savers and investors. The growth of small business and microenterprise is constrained by lack of credit, high interest rates, the lack of adequate supervision of micro- and small-business financial institutions, inadequate business skills and access to technology, and bureaucratic red-tape. Faulty energy policies are a major drag on competitiveness particularly in rural areas. USAID will work with the Government and civil society to reform policies in these areas. The proposed economic and poverty reduction policy reforms, if implemented, are expected to increase employment opportunities in sectors that employ low-income Dominicans and traditionally employ women. Women entrepreneurs, especially in rural areas, are constrained not only by credit but also by a lack of basic business management skills. Furthermore, women-owned enterprises tend to fail more frequently because their limited capital is often needed to finance emergency family crises, such as medical expenses. USAID will support a dialogue to create a better environment for small business development, which in turn should improve the economic status of poor families and particularly of women entrepreneurs and the women employees of small businesses.

Increased Public/Private Strategic Partnerships in Competitiveness Initiatives Competitiveness strategy development and productivity enhancement assistance will be provided to regional and product or industry "cluster" initiatives that are based on

strategic business planning and involve the following elements: development of strategic business alliances and linkages; partnerships between communities and public and private sectors; environmental sustainability; and enhanced access to information technology. Potential activities include tourism, eco-tourism, specialty coffee, organic cacao, and community/school information technology sharing. Special attention will go to incorporating small businesses and producers into the strategic alliances and production systems for competitive products. Additional policy constraints to competitiveness will be identified through work with the public/private sector competitiveness efforts. USAID assistance will also help the participating competitiveness initiatives mobilize resources to implement their regional or product “cluster” strategic plan through public/private partnerships. The mobilized resources are expected to include private, public, donor and multilateral cooperation resources.

Partnerships Established to Implement National Rural Electrification Plan in Selected Communities. Building on successful experiences in hurricane reconstruction and renewable energy, and drawing on the DCA facility, USAID will partner with the Government, private energy companies, and NGOs to provide rural residents access to electricity. In cooperation with multilateral donors that will provide loans for further infrastructure, privatization and improved management of the overall electric power system, USAID will form DCA-funded partnerships to implement the national rural electrification plan that is now being developed with USAID assistance. The plan builds on previous USAID assistance in the privatization of power generation and distribution, the establishment of US – Dominican energy regulatory partnerships, and the development of alternative renewable sources of energy. Providing access to electricity for some of the 25 percent of the national population not connected to the electrical grid, most of whom live in rural areas, will have an immediate impact on poverty and remove a key constraint to a more competitive Dominican economy.

Strengthened Capacity to Meet Trade Obligations. The Dominican Republic’s capacity will be strengthened to implement trade-related policy reforms such as intellectual property rights (IPR), international arbitration, and resolution of expropriation and related public debt cases, and to carry out its international trade agreement obligations. Technical assistance and training will be provided to improve strategic planning for trade negotiations. These and other activities funded under IR 1 are expected to identify further policy constraints to trade competitiveness that will be addressed through the policy reform component. Assistance will be provided to develop the databases, information systems, and other capacities that will be required under the FTAA and WTO. Civil society awareness, advocacy and participation in the FTAA process will be increased, which will be essential to build support for approval and implementation of the FTAA.

IR2 Improved Policies for Environmental Protection. As progress has been made on achieving economic growth, other factors have increasingly gained importance in the Dominican Republic. Hurricane Georges amply demonstrated that a single natural event can wipe out hard earned assets immediately, that the poor are most vulnerable to these set backs, and that they are the least likely to have access to the necessary assets to

rebuild. Furthermore, the Dominican economy is more critically and directly linked to its limited natural resource base for water, power and other natural assets, like beaches and marine resources attractive to tourists, than are non-island economies. Dominicans must actively protect their resources to be competitive in the global economy.

Environmental protection policies will be improved by strengthening the newly formed Secretariat of Environment and Natural Resources, the Office of the Environmental Prosecutor, and environmental units of selected municipalities, and by increasing civil society participation in environmental protection.

Increased Institutional Capacity for Environmental Protection. Technical assistance to the Secretariat of Environment and Natural Resources to formulate norms and standards that protect and alleviate stress on the environment, with the participation of the private sector, communities and other government agencies, will help develop the institutional capacity to establish and enforce environmental regulations. Also, training of mid and senior level officials on environmental policy formulation, implementation and enforcement and training of prosecutors and judges on enforcement of environmental law is necessary to increase the capacity for environmental protection. Technical assistance to the Government and support to NGOs and related local governments and communities will improve the management of protected areas through public/private partnerships. Finally, capacity for environmental protection will be increased at the municipal level with technical assistance for the establishment of municipal environmental protection units and training for municipal officials and community leaders in select communities. Community environmental protection committees will be monitored to ensure women's participation. Women's participation on such committees can help assure continuity of the committee and serve as a valuable training ground for women to gain leadership experience and improve self-esteem, leading to empowerment.

Increased Civil Society Involvement in Environmental Protection. USAID has established partnerships with NGOs and the Government to improve environmental and protected area management. As a cross-cutting theme, USAID will continue to engage civil society to improve environmental protection. This will be accomplished by working with local governments, communities, and the private sector to develop environmental protection plans in selected communities and by supporting civil society coalitions in public education and advocacy.

IR3 Improved Basic Education Through Community and Private Sector

Participation. Continued growth of the Dominican economy is based on competitiveness, which demands improvement of the quality of the workforce. Moreover, education is a fundamental determinant of poverty, and the illiteracy rate in the Dominican Republic is relatively high for a country with its per capita GDP, which limits economic opportunities. Apart from increasing education spending, the country needs to improve the quality of basic education through community and private sector participation.

The Dominican Republic has been engaged in education reform during the past ten years. While significant progress has been made, particularly in expanding coverage, the Government must now turn its attention to improving the quality of basic education. Although the new administration has pledged greater attention and resources to educational quality, the progress of reforms remains stagnated in the midst of a highly politicized debate, with uncoordinated interventions by civil society. With disbursements from recent IDB/World Bank loans still incomplete, both banks are currently gearing up for another round of loans in Secondary and Preschool Education, respectively.

The USAID strategy is to improve basic education by improving policies for education quality, strengthening the participation of families and communities in the entire educational process, and increasing private investment in improving education. The new education strategy involves the private business sector in educational improvement, enhances the role of NGOs as facilitators for consensus-building around reform, and increases community involvement in the continued application of improved policies and methodologies.

Improved Policies for Education Quality. Education quality will be enhanced with the approval and application of selected laws and implementing regulations. Priority will be given to policies that will have a direct impact on enhanced public-private linkages for improving scholastic quality, such as the “reglamentos” for community participation, for school sponsorship, and for decentralized school management. This activity will be pursued through technical assistance to the Ministry of Education, informed debates on the policies, and through feedback and lessons-learned from the experience of community participation activities in selected communities. Other priority areas for technical assistance to the Ministry of Education are in information technology, the new ten-year plan, and monitoring and evaluation for quality.

Increased Community Participation in Selected Schools. Basic education improvement in the Dominican Republic will also be achieved through increased community participation. In partnership with the GODR, the USDA, and NGO’s, USAID will demonstrate a community-based school feeding strategy and improve the health and living conditions in up to 30 isolated, rural communities in the eastern region of the country. The Global Food for Education Initiative (GFEI) will monetize U.S. food commodities to provide resources to co-finance sustainable, well-targeted, education and community improvement activities to meet well-documented needs among school children and communities. USAID will provide technical assistance to the GODR in the overall administration, management and evaluation of the activities. The partnerships will include NGOs at the community level that will provide a means for citizens to actively participate in the improvement of the school and surrounding community.

Increased Private Sector Investment in Public Schools Through School Sponsorship. Partnerships with U.S. and Dominican foundations and private companies, the Dominican government and NGOs in support of public schools will improve teacher training, standards of quality and school performance and will help depoliticize the debate around education policy. Building on the successful Falconbridge Foundation

model for “adoption of schools” by private companies, USAID will help bring together communities, NGOs and private businesses to support improvement of public schools in communities. The private sector will provide financial and human resources for school infrastructure, management and education quality improvements. The government will supply teachers and school facilities. NGO’s will help bring the private sector, the community and the school together to achieve a higher quality education. USAID’s contribution will be to support the implementing organization in the first three years and to assist corporate partners in identifying strategic social responsibility investments.

Economic Growth and Poverty Reduction -- Five Cross-Cutting Themes

The Economic Growth and Poverty Reduction Strategic Objective addresses and is supported by the Strategy’s five cross-cutting themes: poverty reduction, policy reform, civil society, local government, and strategic partnerships. The Strategic Objective’s major thrust is poverty reduction through economic growth. Economic and social reforms provide the means to improve the lives of all Dominicans, but especially the poor.

Policy change is key to help achieve sustainable economic growth and enhanced opportunities for the poor. The strategy emphasizes reforming trade policy; policies that affect the investment climate; finance and fiscal management policies, especially those related to domestic debt management; small business-related policies; rural energy policy; environmental management policies; and policies that improve basic education quality. Environmental management and basic education offer particular opportunities for civil society involvement. Civil society will also be tasked to play a role in economic policy dialogue and debate.

A working relationship with the municipality is a precondition for success in many economic growth activities, especially in environmental monitoring and risk management, where NGOs often serve as intermediaries and "facilitators" for identification and action on local issues. Local governments will participate in training on environmental management, with participation of civil society organizations.

Strategic partnerships with NGOs and private businesses will enhance the conditions for inclusive economic growth and ensure broad participation. Engaging entrepreneurs in strategic partnerships with one another, international business networks, the public sector, the community and foundations or NGOs for development of regional or product-oriented competitiveness initiatives will help change minds and will surface other national or local policies that constrain business development and job creation. For example, the development of an international market-quality, Dominican coffee will be pursued through partnerships with the U.S. Specialty Coffee Trade Association, U.S. and Dominican Government certification agencies and producer associations. Similar opportunities exist in cacao production, ecologically friendly tourism, and rural electrification. Finally, private businesses (both local and international firms) will sponsor public schools and Ministry of Education computer labs. These labs will allow small and medium entrepreneurs to benefit from state of the art computer facilities in

accessing information technology they could not otherwise afford while assuring the long term sustainability and use of the labs.

*Economic Growth and Poverty Reduction -- Prior Strategic Objective
Activities Continued*

The Mission's Strategic Plan for FY 1997- FY 2002 included a Strategic Objective for economic growth: "Strengthening Institutions Which Contribute to Economic Opportunities for Poor Dominicans." And another one for energy: "Increased National Capacity to Produce Environmentally-Sound Energy." In 1999, the two Strategic Objectives were merged and the new Strategic Objective was named "Policies Adopted that Promote Good Governance", later revised to "Policies Adopted that Promote Good Governance for Sustainable Economic Growth." The new Strategic Objective, entitled "Increased Sustainable Economic Opportunities for the Poor", represents a refinement and consolidation of the previous Strategic Objective. Bringing the benefits of growth to the poor has been made more explicit. The number of intermediate results has been decreased from four to three and the role of civil society and community participation in achieving policy reform and implementation has been developed more clearly. The National Competitiveness Strategy that was developed by the private sector with our support provides a framework for work on key policies that constrain competitiveness and hinder widespread participation in growth. On-going Mission assistance in the energy sector is leading to a national rural electrification plan that may result in a policy agenda that can be addressed under IR1, Improved Conditions for a More Competitive Dominican Economy. It is also expected to provide an opportunity to implement a part of the plan with DCA resources in partnership with the private sector and local banks.

IR2, Improved Policies for Environmental Protection, is significantly different from the previous one. The main difference is that the Mission has narrowed its focus on protection of the environment and proposed policy and institutional strengthening activities with civil society participation to assist the Secretariat of Environment and Natural Resources in strategic planning, development of sub-sector policies, particularly regarding protected areas, and development of environmental regulations and standards.

Mission education activities began recently and IR3 is similar to the current strategy except for a complementary Global Food for Education (PL 480 416) activity, which will provide a new dimension of community participation to the Mission's improving education quality strategy.

Economic Growth and Poverty Reduction -- Development Environment Assumptions

The Strategic Objective, Increased Sustainable Economic Opportunities for the Poor, has been designed with certain assumptions about the external environment. The Mission assumes that the Dominican Republic will continue to enjoy democratic stability; that the U.S. economy will continue to grow and buy Dominican products; that the Haitian situation will not deteriorate to the point of destabilizing social and economic conditions

in the Dominican Republic; and that other donor activities key to achievement of results will continue to move forward without major disruptions.

Economic Growth and Poverty Reduction -- Ultimate Customers

The ultimate customer will be Dominican men, women and children, especially the poor. The cross-cutting policy reform theme (i.e., in the environment, education and economic reform) benefits all Dominicans. Specific customers include small and medium entrepreneurs, and selected local governments and communities.

Achieving economic growth requires eliminating obstacles for both men and women to ensure a path for participation in the economic development process. However, the feminization of poverty is an increasing phenomenon in developing countries that demands attention and emphasis to reach women. The productivity of women is critical to personal, family and national well-being and productivity is linked to access to resources (e.g., land, credit, education, technology, and employment). Therefore, this Strategic Objective will help integrate women in all phases of the development process.



Agency Goal: Democracy and Good Governance Strengthened

More Participatory, Representative and Accountable Democracy Achieved

SO Indicator: Expert assessment of whether Dominican democracy manifests improved participation, representation and accountability in the past year.
Context Indicator: Transparency International (TI) Corruption Indicators for DR, 2002-2005.



IR 3.1 More Representative and Effective Electoral System with Effective Civil Society Participation
Indicator: Expert panel assessment of whether electoral system is more democratic

3.1.1 Electoral System Strengthened
Indicator: TBD (based on activities)

3.1.2 Elections Effectively Monitored by Civil Society
Indicator: TBD (based on activities)

3.1.3 Increased Issues-Oriented and "Cleanness" of Electoral Campaigns
Indicator: TBD (based on activities)

IR 3.2 More Democratic Political System with Effective Civil Society Participation
Indicator: Expert panel assessment of whether political system is more democratic

3.2.1 Increased Civil Society Advocacy for Political Reforms
Indicator: # of advocacy reform initiatives carried out by civil society coalitions for policy reform (in matrix, disaggregated by "initiative" type and reform)

3.2.2 Improved Legal and Regulatory Framework for Political Parties
Indicator: Milestone scale of policy reform process by policy

3.2.3 Increased Civil Society Involvement in Development of More Democratic Political Leadership
Indicators: Assessment of NGOs involvement (to be more precisely defined)

3.2.4 Increased Participation of Women in Politics
Indicators: TBD (based on activities)

IR 3.3 Strengthened Rule of Law and Respect for Human Rights
Indicator: Expert panel assessment of whether rule of law is strengthened

3.3.1 Enhanced Administration of Justice in Court, Public Ministry (prosecutor) and Public Defense Organizations
Indicator: Average # months from incarceration to judgment; others TBD (outcomes of activities)

3.3.2 Increased Access to Justice for the Poor and Disenfranchised
Indicator: # of indigents receiving free, professional, public defense/legal assistance services

3.3.3 Improved Legal Frameworks for Justice Sector Reform
*Indicator: Milestone scale of policy reform process, by policy, including:
??Criminal Procedures Code Reform
??Public Ministry Career Law
??Nat'l Police/Crim. Invest. Reform
??National Pub. Defense Sys. Law
??Public Administration Law Reform (Contencioso Administrativo)*

IR 3.4 Enhanced Public Sector Anti-Corruption Systems
Indicator: Expert panel assessment of whether anti-corruption systems are enhanced

3.4.1 Effective National Government Integrity/Anti-Corruption Plan Implemented
Indicator: Milestone scale (e.g., plan developed in 2001, approved in 2002, implemented with government/civil society joint oversight in 2004)

3.4.2 Anti-Corruption Civil Society Coalition is Active and Lively
Indicators: % of adult citizens who judge the coalition is active and "credible" (from annual poll with representative national sample)

3.4.3 Strengthened Audit and Prosecutorial Capability for Public Sector Corruption/Financial Fraud Cases
Indicator: # of cases sent to trial reported in Attorney General reports

Key to Cross-Cutting Themes:
✂ Poverty Reduction ✂ Civil Society ✂ Policy Reform
✂ Local Governance ✂ Strategic Partnerships

More Participatory, Representative and Accountable Democracy Achieved Strategic Objective

Democracy and Governance -- Development Hypothesis

Only through more concerted and sustained efforts by the citizenry, its public servants and the three branches of government can democracy become more participatory, representative and accountable in the Dominican Republic. USAID's role is multi-dimensional: to support civil society's efforts to improve the electoral process and democratize the political system through which elected officials are selected and govern; to assist governing institutions and civil society efforts ensure that those who govern do so in a transparent, equitable and judicious manner; and to strengthen the judicial system that helps ensure citizen rights and liberties, especially those of the poor, are safeguarded. A better informed and active citizenry will demand more from those elected; those elected by constituents will have incentives to meet those obligations; and the people will have the means to evaluate the performance of those that are elected and the power to vote for change. As these events occur, the Dominican Republic will have a more participatory, representative and accountable democracy.

IR1: More Representative and Effective Electoral System with Effective Civil Society Participation. Through credible (transparent, efficient, democratic) electoral processes, political actors compete within and between political parties for the right to govern. USAID support for a more representative and effective electoral system will assist efforts to implement remaining electoral reforms already enacted and approve other needed reforms. These reforms will create an open-slate elections system based on electoral districts that, ultimately, will more closely link district constituencies and their interests to their elected officials. Meaningful civil society input to the electoral reform implementation process improves prospects for transparency, fairness and consistency in applying the law.

Modern democratic progress in the Dominican Republic is often measured from the fraudulent elections of 1994. Three consecutive free and fair elections have been conducted since that time, winning praise from international observers. Civil society, whose role in monitoring elections was initially resisted, has gained political acceptance as an indispensable entity in ensuring free and fair elections. USAID will continue to support civil society elections monitoring to consolidate gains in public and international confidence in the electoral process. Continued success as a credible, independent election observer will provide the visibility and influence for civil society to become an effective advocate for other democratic reforms.

The country's electoral institutions have made great strides in improving election processes and procedures. USAID will support improved administration of elections in partnership with civil society when appropriate. Expanding voter education is the next step in improving electoral processes. USAID assistance to civil society organizations will enable public information and education programs to enhance voter understanding

and participation in the actual elections monitoring and voting processes. USAID will support civil society initiatives to promote more issue-oriented and ethical campaigns, and broaden civic participation in pre-electoral processes.

IR2: More Democratic Political System with Effective Civil Society Participation

Perhaps the greatest challenge to more democratic elections is the present political party system. The present closed-slate system limits selection of candidates to those placed on lists by senior party officials, often products of consultation with power-brokers. This occurs at all levels of government and entails using undemocratic, exclusionary processes that result in elected officials that do not identify themselves with, and are not linked to local constituents. This system fosters corruption, unaccountability and other disincentives for representative government. USAID will assist civil society advocacy for political party reform including: reform of political party legal and regulatory frameworks; establishment of a more competitive and participatory process for candidate selection involving the community to be represented; greater civil society oversight of compliance with campaign promises; and encouraging a more democratic selection of party leadership.

USAID will also continue to assist civil society groups to achieve greater female participation in Congressional and municipal elections through outreach. For example, potential women candidates might be trained in political leadership and platform development. Such interventions will complement a recent electoral law that stipulates one-third of candidates must be women. The new law will also now enable voters to vote for specific Congressional representatives, rather than a slate of candidates pre-selected by senior party officials. The May 2002 congressional and municipal elections will include this provision. In the past, women candidates were often placed at the bottom of the pre-ordered slate and were eliminated when their party did not receive enough votes. The change in the law and USAID's envisioned support leading up to the May 2002 elections should yield greater participation of women and result in more women candidates winning elections. This participation will help achieve a more democratic political system.

IR3: Strengthened Rule of Law and Respect for Human Rights. By strengthening the independence and effectiveness of the justice system and ensuring access for all Dominicans, especially the poor, the country will have a more efficient, responsive and ethical justice system as well as a system that can triumph over threats to democratic principles. The challenge of the justice system reform is to earn the confidence of citizens by delivering independent, effective and ethical justice, administered by impartial, highly qualified justice professionals.

According to rule of law consultants with experience throughout the region, within the past four years, the Dominican Court system has transformed itself from one of the weakest to one of the best judicial bodies in Latin America. USAID made significant contributions to this dramatic transformation. Yet, more remains to be accomplished to enhance the administration of justice, particularly among executive branch justice system institutions. USAID will continue to strengthen the Attorney General's Office, Public

Ministry, Supreme Court and lower-courts as well as the executive branch's system of public defense lawyers to raise the caliber of officials and speed administrative and legal processes. USAID will also support justice sector efforts to fully implement the Judicial Career Law for judges. This initiative includes training justice officials on a multitude of judicial topics. The Public Ministry State Prosecutor Career statute -- which has not yet become law -- is critical to raising and maintaining the professional caliber of executive branch justice sector officials in the Dominican Republic. These initiatives will produce a more professional and qualified corps of justice sector professionals (judges, prosecutors, public defense lawyers and administrators) that can perform their responsibilities better and faster, using improved administrative and procedural systems that reduce trial delays. Also, USAID's support for professional, merit-based recruitment and promotion is expected to increase the number of women in the justice sector by leveling the playing field. Furthermore, their participation is expected to yield more proactive attention on human rights issues such as domestic violence.

To achieve strengthened rule of law, further legislative reforms are needed in the country's legal framework. Organized civil society will be supported to assess and advocate passage of new laws. Once enacted, civil society will monitor implementation of five priority justice sector reforms: a public ministry career statute, criminal procedures code reform, a public defense system law, police reform, and reform of the criminal investigation system.

Implementation of a national full-time professional defense and legal services system is necessary to ensure equality of the poor within the justice system, as guaranteed by the Dominican Constitution. Support will be provided to extend current public sector pilot programs throughout the country and to effectively link privately supported legal services for the poor into public and private service networks. Additional training and certification of legal defense lawyers will improve the quality of justice available to the poor. Support of civil society advocacy for an adequate legal defense system will help assure that public budgets remain adequate to sustain the system.

IR4: Enhanced Public Sector Anti-Corruption Systems. Corruption in the Dominican Republic is straining popular confidence in democracy and its institutions. The current Government -- which recently reactivated a dormant Anti-Corruption Unit within the executive branch -- has requested USAID's assistance in strengthening those public sector institutions that can help discover, investigate and prosecute corruption cases. USAID assistance will begin with help in developing a National Anti-Corruption Plan with civil society participation in the process. Further USAID support will focus on implementing the plan with civil society and strengthening institutions and systems for investigating and prosecuting corruption, particularly the Anti-Corruption Unit under the Attorney General, prosecutors responsible for pursuing corruption cases and the Special Audit Unit within the Office of the Controller General of the Republic. Cross-cutting synergy will also be developed between the USAID supported Attorney General's environmental enforcement unit and the anti-corruption unit, whenever public official corruption is complicit in abuse of public lands and the environment. USAID will join

forces with other donors to strengthen other key institutions in the fight against corruption, including waste, abuse and fraud.

Civil society's independent role in monitoring execution of a National Anti-Corruption Plan and in advocating for serious anti-corruption reform measures will be critical to long-term success of the anti-corruption initiative. Recognizing that those most adversely affected by corruption are citizens, USAID will support civil society initiatives to form a coalition that focuses on corruption issues. Civil society groups will support public discussion and advocacy for reforms such as laws on anti-money laundering, freedom of public access to government documents, establishment of a superior audit/control organization, creation of an effective national anti-corruption prosecutors office, creation of an Ombudsman and passage of other sunshine laws. USAID will also support civil society initiatives that improve oversight of public-sector performance.

Democracy and Governance -- Five Cross-Cutting Themes

The democracy and governance strategy supports Mission cross-cutting themes of civil society, policy reform, local government, poverty reduction and strategic partnerships. Civil society's role is clear and important: changes to political systems and processes must be developed and embraced by the governed. Development and/or careful implementation of several electoral, judicial and political policy reforms will be key to realizing the necessary changes to achieve better governance. Local government is the most frequent venue through which citizens access the justice system. Without improvements at the municipal and district levels, improvements envisioned in the overall justice system will not occur. Increasing judicial access and ensuring greater consistency in applying judicial principles will help the Dominican poor, who lack the financial means to employ professional counsel. Finally, strategic partnerships between NGOs (including private business and professional associations) will help civil society become a stronger and more effective voice in holding the political and judicial systems accountable for their actions and performance.

Democracy and Governance -- Prior Strategic Objective Activities Continued

The proposed Democracy and Governance Strategic Objective, "More Participatory, Representative and Accountable Democracy Achieved" is not a significant departure from the previous democracy and governance strategy. The new strategy refines and tailors specific components, based upon current successes and new democracy and governance challenges, to further advance democracy, defend gains made and to improve governance in the Dominican Republic. This refinement is needed to achieve deeper consolidation.

The new strategy will continue several activities under the current strategy. These include training cadres of election monitors, multi-disciplinary training for judges, prosecutors and public defenders at all judicial levels, continued modernization of judicial administrative systems and technical assistance to strengthen the administration

and management of democratic institutions. The new strategy will expand activities designed to fight corruption.

Democracy and Governance – Development Environment Assumptions

Five critical assumptions underlie the democracy and governance strategy: the Government will maintain its political will to reform; civil society partners remain committed to issues in support of democracy consolidation; the social-economic and political situation remains stable; other donors meet program related commitments; and state institution partners have adequate budgets to meet daily operations requirements and program counterpart contributions.

Democracy and Governance -- Ultimate Customers

The principal beneficiaries of a strong Dominican democracy and strengthened rule of law are the Dominican people. A strong democracy and effective justice system also serve thousands of national and international commercial enterprises and investors, including US investors and property owners, by promoting good governance and fair and equitable justice, thus contributing to peace, social order and sustained economic development and growth.

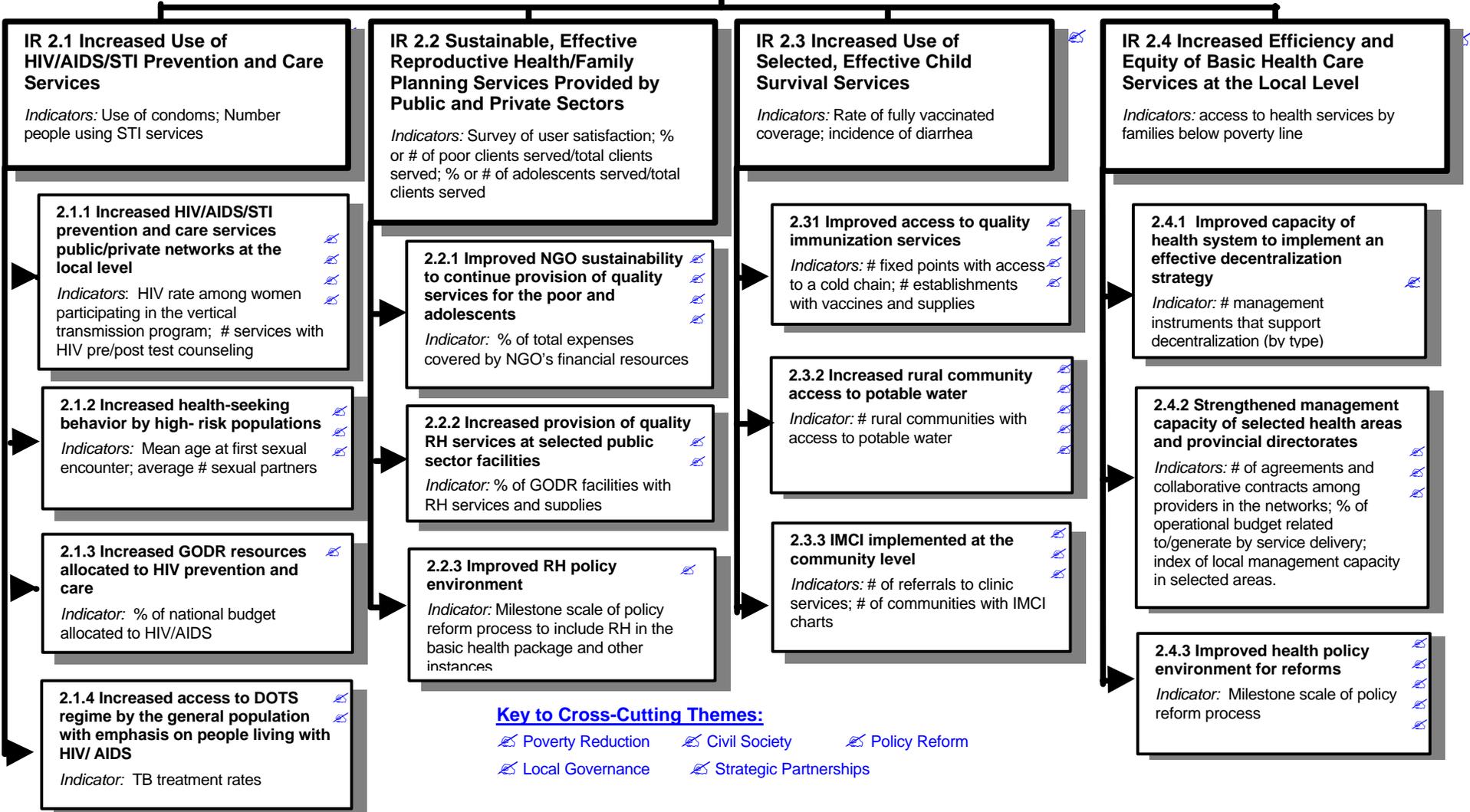
As the Dominican Republic achieves a more participatory, representative and accountable democracy, women will have a more influential role in political-decision making. All activities related to this Strategic Objective encourage women's participation in the development process, especially at the local/municipal level and in rural communities. Special emphasis will be placed on the integration of women in the judicial reform, political systems democratization and consensus-building initiatives.



Agency Objective: World Population Stabilized and Human Health Protected

SO2: Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic

SO Indicators:
 (a) TB cure rates;
 (b) Total fertility rate (CPR and/or CYP as proxy);
 (c) Infant and child mortality rates;
 (d) STIs incidence
 (e) Rate of Mother-to-Child-Transmission of HIV (vertical transmission rates)



Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic

Health and Population -- Development Hypothesis

“Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic” will not be attained by USAID efforts alone. However, USAID will make clear and major contributions in attaining this goal. USAID’s contribution will focus on three major areas of health risks in the Dominican population: HIV/AIDS prevention and care; child survival; and reproductive health/family planning (RH/FP). A fourth area of emphasis, and one which provides the organizational underpinnings for the other three, is health sector reform. The strategy will target vulnerable population groups defined generally as those living under the poverty line, with a focus on children, adolescents and women of reproductive age. HIV/AIDS interventions will be focused on the population groups most vulnerable to the HIV/AIDS epidemic.

The priority technical areas (as identified in the four Intermediate Results) are mutually reinforcing. HIV/AIDS prevention has an impact on infant and maternal health. Reproductive health and family planning services have an impact on child survival, and incorporating HIV/AIDS prevention counseling and voluntary testing into the reproductive health package will result in fewer HIV infections. These three major areas support the reform effort, through demonstration programs that (we postulate) will demonstrate the tangible benefits of decentralized health care services. Health sector reform, on the other hand, provides the structural and management justification for such decentralization to take place. Once the service decentralization demonstration programs involving public/private partnerships are shown to be effective, they can be replicated with Government and other donor resources in other parts of the country.

The combined results of these four areas will help the Mission reach the objective of sustained improvement in the health of vulnerable populations in the Dominican Republic.

IR1: Increased Use of HIV/AIDS Prevention and Care Services. While the HIV seroprevalence rate in the DR has maintained at approximately 2.5 percent of the adult population, the threat of an increase is always present. The rate of HIV infection is about equal in males and females. However, infection rates in young women are rapidly escalating and are of great concern in pregnant women who can pass the virus to their unborn child. HIV/AIDS prevention efforts will focus on the establishment of public and private sector networks. It is important to link the public sector (i.e. the Ministry of Health, with its broadly established network of health centers) with the private sector (with its experience with specific target groups and emphasis on quality of care). The purpose of such a linkage is to achieve complementarities in use of resources and approaches, so that the “quantity” variable, represented by Ministry network, and the “quality” variable of the NGOs converge, thus, increasing availability of quality services. USAID will help empower women, especially young women, with respect to their sexual health. Activities that focus on both men and women promote effective prevention measures such as condom use as well as help develop systems to improve public and

private sector management through partner notification and treatment options. USAID will also continue NGO initiatives that provide support groups. These support groups frequently have a higher level of women participation due to HIV diagnosis associated with pre-natal healthcare visits. Activities will also encourage health-seeking behaviors (i.e. more use of safe sex practices) among target populations: men that have sex with men, commercial sex workers, adolescents, hotel employees, and bateys (communities of sugar plantation workers). Thus, our focus will emphasize the involvement of both public and private sectors and increased personal responsibility for healthy (or at least reducing high-risk) behavior. And we will design programs to reduce the number of new TB infections using the DOTS treatment regime nationwide. TB is a major opportunistic infection of HIV/AIDS and the Dominican Republic has one of the most virulent drug resistant strains. Thus, our focus will emphasize the involvement of both public and private sectors and increased personal responsibility for healthy (or at least reducing high-risk) behaviors.

IR2: Sustainable, Effective, Reproductive Health/Family Planning Services

Provided by the Public and Private Sectors. While the percentage of institutional births in the Dominican Republic is high and the majority of women have at least one prenatal examination, the high incidence of maternal mortality indicates that quality of care is seriously deficient. The Strategic Objective's initiatives in reproductive health/family planning will increase the sustainability of family planning services, that will enable the Mission to phase out of general institutional support to family planning NGOs over the strategy period. It is expected that NGOs will have attained the capability to continue provision of quality services to vulnerable groups with their own or national resources. The RH/FP activities will also have a public/private sector focus, with quality of attention being an important component of the strategy. Our intent is to involve the public sector more in RH/FP services, again taking advantage of the Ministry network of health centers and hospitals. The challenge is to improve the quality of services, at selected facilities among the largest healthcare establishments, so that the extensive Ministry of Health network becomes a quality, reliable reproductive healthcare provider. At the same time, the three major family planning NGOs will continue to receive technical assistance to fine tune and implement financial sustainability plans allowing them to reduce dependence on USAID and develop local public/private partnerships to address the most difficult target populations. An important part of the sustainability strategy will be an endowment fund, which will be made available to those NGOs positioned to take advantage of such a resource. Adolescents and the rural poor are priority target groups for both public and NGO service delivery, given their special needs in terms of access to and use of services. Consistent and in coordination with our work in health sector reform, we will focus on policy advocacy to achieve the institutionalization of RH/FP programs in the Ministry of Health and its inclusion in the basic package of services to be offered under the reform.

IR3: Increased Use of Selected, Effective Child Survival Services. Vaccination coverage is low in the Dominican Republic and there has been an outbreak of polio in the country in the last year, even though the Dominican Republic had been declared polio-free by PAHO. The country has traditionally depended upon vaccination campaigns. Our

child survival strategy will support the strengthening of the routine vaccination program in the Ministry of Health. Continuing our work in promoting the adoption and implementation of locally managed rural water and sanitation systems as standard public policy of the Government water authority, will contribute to the health of children and families through the increased availability of clean drinking water. We will also continue to encourage increased community participation in the Integrated Management of Childhood Illness (IMCI) program that improves the capacity of mothers to responsibly care for their children. These efforts will be linked to the decentralization pilot programs to be carried out under health sector reform activities and to the school focused community activities to be implemented under the Global Food for Education Initiative. These initiatives will be supported by the formation of public/private/community partnerships and will leverage other donor funds for additional water and sanitation infrastructure.

IR4: Increased Efficiency and Equity of Basic Health Care Services at the Local Level. The three technical focus areas will be supported with the foundation of health sector reform. The Mission will continue to support the decentralization of the health system by strengthening provincial and municipal capacity to respond to their own health issues. Demonstration local public/private service provider networks carried out in conjunction with local health authorities will help formulate new ways to improve service quality and equity at reasonable costs. Decentralization and the active participation of civil society and local communities in the management of their own health care services are important goals of this component. When achieved, local communities will be better positioned to support and sustain improved services to support child survival, reproductive health and HIV/AIDS prevention initiatives. Activities under the three previous intermediate results will utilize a service delivery system that is decentralized and managed through local public and private partnerships.

Finally, through policy dialogue in conjunction with other donors, and by supporting public debate on health sector reform issues, the Mission will promote health policy changes that address system inequities and inefficiencies and encourage the formation of public/private health care delivery networks. The health reform process is a crucial aspect of the health sector development hypothesis. The reform process, which began in earnest with the Mejjia Administration (August 2000) and is supported by USAID, the multilateral banks and several other bilateral donors, will lead to important positive changes in the Ministry of Health's and the Social Security System's management practices and service delivery structure. These changes will lead to improved effectiveness of service delivery and efficiency in the use of health sector resources. The larger multi-donor supported reform process will help the Government shift resources to increase public sector funding for primary and preventive health care, particularly for the lowest income groups. USAID's contribution will be to assure civil society participation in the policy debate so that the reform reflects the desires of the citizens and to provide some models for decentralized, public/private service networks providing quality basic primary and preventive health services that can inform the reform process. USAID will support advocacy groups that will work to ensure that the new Social Security laws and implementing regulations on gender equity are adopted, publicized and enforced.

In sum, USAID proposes a strategy which will result in an HIV prevalence rate that is either maintained at its current rate or reduced; in sustainable, effective provision of RH/FP services provided by the public and private sectors to the target populations; in an increased vaccination rate and availability of clean potable water to target communities, all supported by the health sector reform initiative. The result of this six-year effort will be sustained improvement in the health of vulnerable populations in the Dominican Republic, USAID's primary customers and beneficiaries.

Health and Population -- Five Cross-Cutting Themes

The health strategy supports Mission cross-cutting themes of poverty reduction, policy reform, civil society, local government, and strategic partnerships. It will contribute to poverty reduction because a healthy workforce loses less productive time to illness and spends less of its resources on treatment or medicines. Therefore, family incomes rise. Proposed activities, especially under the health sector reform intermediate result, will involve civil society and local governments, including provincial and municipal governments. Policy dialogue and reform is key to all components of the health strategy and is the specific thrust of the Health Sector Reform program. Public/private partnerships are at the heart of the health sector reform efforts as well as each of the three health intervention focus areas: HIV/AIDS, RH/FP, and selected child survival interventions. These partnerships will be linked to international alliances where opportunities exist. For example, the Mission has supported HIV/AIDS awareness education in the hotels of popular tourist destinations of the country. We will dialogue with the managers of local and international hotel chains to establish a partnership among participating NGOs, USAID, and the hotels themselves, to continue these activities under a cost-sharing basis. In addition, USAID will link efforts with other donors and international financial institutions to achieve the Objective.

Health and Population -- Prior Strategic Objective Activities Continued

The technical areas of the new health strategy will be essentially the same as those of the current strategy. The unattenuated health challenges of the current strategy include: improving HIV/AIDS prevention and mitigation, including treatment of TB, a major opportunistic infection of HIV/AIDS; increasing the sustainability of family planning services that will enable the Mission to phase-out of general institutional support to family planning NGOs; ensuring that adolescents and the poor have access to NGO-provided reproductive health programs which will be done in tandem with expanding Ministry of Health (MOH) capacity to provide reproductive health services; improving vaccination rates and locally-managed rural water and sanitation infrastructure programs; and assisting the Government to move its health sector reform agenda from policy to implementation. USAID assistance will be more focused (based upon previous development advances and achievements), and the program's successes will be sustainable beyond USAID's assistance.

Health and Population – Development Environment Assumptions

Important assumptions underlay the USAID strategy in health and population. One key assumption is that the programs of the other donors and international financial institutions, particularly the WB, IDB and the EC will continue without major delays or disruptions. Other assumptions are that reforms made during the Mejia Administration will be sustained through successive Government administrations; and that nature will spare the Dominican Republic of future disasters, such as hurricanes or earthquakes, which would inevitably result in a reallocation of resources and delay the implementation of health sector reforms. Another assumption is that key GODR technical staff, whose professional skills have been developed through training, are not replaced after national elections.

Health and Population -- Ultimate Customers

Generally, the poor and underserved populations of the Dominican Republic constitute USAID's ultimate customers in the health sector. It is the health of these vulnerable populations that we strive to improve in a sustainable way. Specifically, ultimate customers for our HIV/AIDS interventions will be the general population, since the epidemic is now established in the general population, and not only in high-risk groups. Poor rural women, adolescents, and residents of bateys are the ultimate customers of our reproductive health/family planning initiatives. Poor rural children will be our ultimate customers for our vaccination and water programs. The rural poor, bateys and adolescents will also be the ultimate customers of our health sector reform efforts, although we will work through the MOH and the Social Security system to promote the management changes that will lead to improved services for these target groups.

The majority of the activities under this Strategic Objective target women. Women in the Dominican Republic have primary responsibilities for traditional tasks (household maintenance, childcare, nutrition and healthcare), especially in the rural areas. In addition, women constitute an increasing proportion of the HIV-positive population, which positions women as a critical target group within the health and population strategy.

V. Program Management

USAID/Dominican Republic Staffing Pattern

The new Strategic Plan can be effectively managed at the Mission's current staffing level of ten USDHs, 6 US PSCs and 63 FSNs, as presented in the FY 2003 R4. The staffing plan is comprised of a Mission Director, General Development Office/Assistant Mission Director (new position to be filled late in FY 2002), Supervisory Program Officer, New Entry Program/Project Development Officer (expected to arrive mid-FY 2002), Supervisory General Development Officer, Supervisory Health and Population Officer,

two Regional Contracts Officer (including a New Entry Program/Contracts Officer expected to arrive before December 2001), Regional Controller and a Supervisory Executive Officer. The Mission's FY 2002 R4 OE target was \$3.0 million. The majority of USAID/Dominican Republic's USPSC and FSN staff are program-funded (70 percent). The Mission will continue to receive legal services from the Regional Legal Advisor at USAID/Haiti.

USAID/Dominican Republic Regional Services

The Mission will provide regional contracting services for USAID/Haiti, USAID/Jamaica and USAID/Guyana; regional controller services for USAID/Guyana; and regional program/project development services also for USAID/Guyana.

Structure of Assistance Agreements

Strategic Objective Agreements (SOAGs) are the type of Assistance Agreements that best position the Mission to manage for and achieve the desired development results for all four strategic objectives. SOAGs help the Mission to establish the necessary consensus on development objectives and priorities with the Dominican Government while affording the desired degree of flexibility to remain responsive to new or evolving development opportunities while managing for results during the Strategic Plan period. However, the SOAGs will not be structured in such a way as to forego the option of pursuing Mission priorities if consensus cannot be obtained.

The current Strategic Plan has two strategic objective agreements (economic growth and health and population), one project agreement (rule of law) with direct grants for civil society and elections initiatives, and one limited scope grant agreement (reconstruction) which ended on December 31, 2001. The Mission is moving to a new Strategic Plan comprised solely of SOAGs for three reasons. First, the Mission is better able to manage-for-results through SOAGs, especially given the challenges posed by program budget levels that fluctuate annually. Second, the Mission's experience in working with the Government under the two existing SOAGs suggests that the Government is comfortable with this type of implementation approach. Third, the Government has signaled its intention to address difficult and sensitive topics (e.g., corruption, judicial reform and electoral-political reform) that now enable the Mission to include its civil society initiatives on these issues within the SOAG.³

³ Unlike the existing structure with 1992 antecedents – a Project Agreement (Rule of Law) with the Government and several direct grants and sub-grants with NGOs and a university -- today's development environment offers new implementation approaches. For example, the Mejia Administration's publicly stated commitment to fight corruption, coupled with their desire for USAID assistance suggests a unique opportunity for the Mission to establish mutual objectives on this important issue.

Overview of Program and Operating Expense Resources

Program Resources

The Bureau's DAEC review of the Strategic Plan provided the following resources (in millions).

<u>Strategic Objective</u>	<u>Development Assistance</u>	<u>CSH</u>	<u>Economic Support</u>	<u>Total</u>
Economic Growth	5.5	0	0	5,500*
Democracy /Governance	2.0	0	4.0	6,000
Health and Population	<u>0</u>	<u>8.25</u>	<u>0</u>	<u>8,250</u>
Subtotal	7.5	8.25	4.0	19,750
Trade Capacity Building	<u>0</u>	<u>0</u>	<u>0.5*</u>	<u>500*</u>
Total	7.5	8.25	4.5	20,250

* In addition, \$500,000 in Economic Support Funds or Development Assistance Funds for FTAA will be requested in FY 2003 through FY 2007 for Trade Capacity Development.

In order to accomplish the three Strategic Objectives outlined above, the Mission envisions an annual program budget of \$19.75 million⁴ with Economic Support Funds or Development Assistance Funds for trade capacity development as noted for a total of \$20,250 per year for five years through 2007. Of this amount, the Mission anticipates approximately \$4.5 million annually in Economic Support Funds (ESF) for democracy and governance activities, including key anti-corruption initiatives, and trade capacity building. Thus, total Life of Objective Funding would be \$101,251,000 with FY 2002 and FY 2007 serving as transition years from the prior Strategy and to the follow-on Strategy. Thus, one of the five years of funding will be split between these two transition years. The breakdowns by objective are as follows:

Increased Sustainable Economic Opportunities for the Poor	\$30,000,000
More Participatory, Representative and Accountable Democracy Achieved	\$30,000,000
Sustained Improvement in the Health of Vulnerable Populations	\$41,250,000
Total	\$101,251,000

At least \$6.0 million is needed annually to achieve the economic growth Strategic Objective, Increased Sustainable Economic Opportunities for the Poor. This would

⁴ This figure does not include the USDA/Global Food for Education Initiative (a two- or three-year, 416[b] program that has generated approximately \$12 million and \$14 million in host-country owned and managed local currency). Nor does this figure include Global Development Alliance resources that may be identified for the GDA proposal for the Dominican-Haitian Cooperation on Sustainable Development and Management of the Upper Artibonito River Watershed initiative.

include development assistance (DA) funding from the DA/Economic Growth, DA/Agriculture, DA/Environment and DA/Basic Education as well as ESF or DA funds for Trade Capacity Building through the remainder of the Strategy (2003-2007). It is clear that even if the FTAA is implemented by 2005 resources will be needed in 2006 and 2007 to help the country meet its obligations and fully implement the treaty. It will not be enough to simply get the Dominican Republic to the treaty table. Approximately \$175 - \$200 in DCA resources would be needed each year for rural energy. The DA resources will also be used to leverage additional PL480 416 or Food for Progress resources, if they become available.

The economic growth and poverty reduction strategy is designed as an integrated set of activities and intermediate results that complement each other and reinforce one another. Policy reform and macroeconomic programs are vital parts of an economic strategy. Competitiveness and increased productivity must be addressed at the microeconomic level, with the firms and industry groups of the business sector, including small business. Economic growth and poverty reduction cannot be sustained unless the natural resources, which form the basis for growth and life, are protected. The strategy includes targeted interventions at the community level in rural electrification and school sponsorship to demonstrate a direct impact on poverty. The strategic objective will be achieved only if the private sector, government and civil society work together in strategic partnerships to encourage inclusive economic growth that is good not just for the private sector, or even the government, but for communities and all of society. Without this minimum level of resources (\$6 million per year) to bring about the synergies of economic, environmental and education policy reform with public-private partnerships to increase competitiveness and community participation in targeted interventions to reduce poverty, the Mission would have to bring the strategic objective down to a lower level of results.

In order to achieve IR 1 (Improved Conditions for a More Competitive Dominican Economy), the Mission requires \$2.25 million annually (\$1.75 million in DA and \$0.5 million in ESF or DA for Trade Capacity Building), including approximately \$200,000 in Development Credit Authority (DCA) each year. This constitutes a medium budget scenario for this IR as presented in the original proposed Strategy submitted October 2001. In order to maintain at least minimal activities in support of rural electrification under this scenario the Strategy has had to eliminate planned activities in support of development of sound poverty reduction policies. Thus, this component has been deleted from the Strategy. At this level the Strategy also substantially scales back planned activities in energy policy and rural electrification, in support to the small business sector and in support to civil society advocacy for policy reform. These cuts substantially undermine the Strategic Objectives poverty reduction aspects – however, the Mission felt that if we can maintain sufficient activities in rural electrification, small business development and community based education interventions that the Objective will still hold together as stated. Under a low budget scenario, only \$1.3 million would be available for IR 1. In this case, the Mission would split the funds evenly between IR 1.1 (Key Economic Policies Reformed) and IR 1.2 (Increased Public/Private Strategic Partnership in Competitiveness Initiatives), eliminate IR 1.1.3 (Partnerships Established to Implement National Rural Electrification Plan in Selected Communities), eliminate IR

1.1.4 (Strengthened Capacity to Meet Trade Obligations), maintain the elimination of support for poverty reduction policy reform and eliminate all remaining activities with civil society, thus affecting the Mission's ability to address at least two of the cross cutting themes. At the low budget scenario the Objective could not be met and would have to be reformulated.

IR 2, (Improved Policies for Environmental Protection) as now structured can be achieved with the medium budget scenario of \$1.95 million, approved by Washington. At this level, the Mission has eliminated the IR Disaster Vulnerability Reduced in Selected Municipalities/Communities and reduced IR 1.2.1 (Increased Institutional Capacity for Environmental Protection). The low budget scenario reduces the budget to \$1.3 million, the minimum required to improve environmental standards, improve policy formulation skills and increase community participation in management of protected area. At this level little could be done to improve environmental protection in selected municipalities.

IR 3, (Improved Basic Education Through Community and Private Sector Participation) will be funded with \$1.8 million in Basic Education funds. This IR offers extremely high potential to leverage USAID investment through public/private partnerships and this level of funding is considered the minimum amount required to implement the Strategy as currently designed. Given that progress in improving the quality of education is such a high priority for achievement of the Objective the Mission proposes to hold the level of funding constant for this IR through the medium and low budget scenarios.

The Democracy and Governance strategy requires annual funding levels of \$6 million to attain the More Participatory, Representative and Accountable Democracy Achieved Strategic Objective. In addition to \$4 million annually in ESF funding, approximately \$2 million in Development Assistance funds (DA/DG) is required annually for civil society initiatives. While there have been notable gains in democracy, particularly in strengthening the independence of the judiciary and assuring free and fair elections, democracy remains fragile and subject to a never ending series of threats. USAID and our partners have learned that the best way to insure continued democratic progress is through a comprehensive program addressing electoral systems, rule of law, human rights and anti-corruption systems fully integrating civil society with executive, judicial and legislative branches of government.

IR 3.1 (More Representative and Effective Electoral System with Effective Civil Society Participation) requires \$1.5 million in DA/DG funds. Free and fair elections are the cornerstone of civil society participation in democracy and are the means to political reform to make the democratic system more representative and participatory. This level will be maintained even under the low budget scenario.

In order to achieve IR 3.2 (More Democratic Political System with Effective Civil Society Participation) the Mission needs \$0.5 million DA/DG funds. This IR would be completely eliminated under the low budget scenario and these funds would be transferred to IR 3.3.

A minimum of \$3.0 million ESF is needed for IR 3.3 (Strengthened Rule of Law and Respect for Human Rights). A 33 percent reduction in ESF under the low budget scenario would leave only \$2 million in ESF. The Mission would substitute \$0.5 million DA/DG funds, but would still be forced to make severe cuts across all three of the sub intermediate results.

IR 3.4 (Enhanced Public Anti-Corruption Systems) can be achieved with no less than \$1.0 million ESF funds. This is the newest area for the portfolio and the assumptions surrounding it are the most uncertain. Therefore, under the medium and low budget scenarios, this IR would be eliminated.

In order to achieve the Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic Strategic Objective, the Health Team requires an annual OYB of no less than \$8.25 million per year during the strategy period. This will include approximately \$ 2.4 million of Child Survival and Health HIV/AIDS (CSH/AIDS) funds; \$2.1 million in CSH/Population funds; \$ 300,000 for the Integrated Management of Childhood Illness program and vaccinations (CSH/ID); \$ 750,000 for the TB/DOTS Program (CSH/ID); and an additional \$2.7 million for Health Sector Reform, which can come from any of the health directives line items. While the Mission hopes that increased funding in all areas will be forthcoming, the Mission is making the assumption that CSH funds (including CSH-HIV/AIDS funding) will be relatively plentiful during the strategy timeframe, while Population funds may become scarcer. To help ensure that NGOs are able to continue to provide reproductive health services to the poor beyond the strategy period, it is critical that the Mission begin establishing an endowment fund for these organizations. This will require resources above the \$2.1 million in CSH/Population funds that is currently budgeted for population activities annually under the Strategy. The Mission will solicit additional Population funds each year for this purpose in order to tap into any additional Population funds that might be made available to the Agency by Congress.

The Health Strategic Objective's low budget scenario assumes an annual OYB of \$6.6 million. In deciding where to reduce or, in some cases, eliminate Intermediate Results, USAID will not reduce or cut the HIV/AIDS or reproductive health Intermediate Results. The Mission has embarked on a five-year program with family planning NGOs to reduce their dependence on vertical support to their organizational infrastructure, and it would be counter-productive and would not make sense to reverse this program now. For example, major technical assistance has been acquired to work with NGOs on their five-year sustainability plans, which are currently being implemented. Similarly, arrangements have been made among the NGOs to assure a continual supply of contraceptives and an adequate method mix. By the same token, AIDS is such a critical component of US Government policy that it would be unacceptable, technically, politically, and from a humanitarian perspective, to reduce our program. So, a lower budget scenario would force elimination of virtually all on-going Child Survival interventions.

The low budget scenario would also prevent the Health's Strategic Objective from funding the Global Food and Education Initiative in Education (GFEI) PASA with USDA beginning in FY 2002. This program expects to generate up to \$13 million of local currency, to be reinvested in health and education programs at the community level. Health programs would include water and sanitation (utilizing the total community participation model) and child nutrition promotion. The amount currently budgeted for the PASA totals \$250,000 in FY 2002 and again in FY 2003.

Under IR 3 (Increased Use of Selected, Effective Child Survival Services), the Mission would complete its current activities in water and sanitation and Integrated Management of Childhood Illness (IMCI) in FY 2002 and eliminate these programs for FY 2003 and beyond. We would maintain our assistance to the vaccination program of the Ministry of Health (PAI), but our interventions would be limited to technical assistance in developing the infrastructure and planning capabilities of the PAI department. We would not be in a position, for example, to assist with procurement or maintenance of the cold chain. Under this scenario, we would give up our results for improved child health through clean water and the IMCI protocol. As one of the major partners, along with PAHO, to the PAI program, we would settle for lesser results in the area of immuno-preventable diseases. The Dominican Republic's vaccination coverage is already low; we might be able to maintain the current level of coverage, but probably would be unable to generate an increase.

In FY 2001 the Mission received approximately \$300,000 of CSH/OVC (orphans and vulnerable children) funds to conduct a situational analysis and implement two model community based pilot activities. Under low budget scenario, we would not have funds for follow-on interventions to this set of activities. We would lobby other donors to use their funding in areas shown to be appropriate by the analysis and the pilot activities, but the Mission would not be in a position to lead this important area of HIV/AIDS mitigation. The orphans and vulnerable children issue is a major area of concern in Africa; we would give up the possibility of making an impact in the Dominican Republic now, while the epidemic (and therefore the number of affected children) is still "manageable."

Finally, under IR 4 (Increased Efficiency and Equity of Basic Health Care Services at the Local Level), our health sector reform and decentralization Intermediate Result, we would eliminate our support to one of the three components (Improved SESPAS capacity to implement an effective decentralization strategy) and focus our assistance on the decentralized levels (strengthened capacity of selected health areas and provincial directorates to manage local health programs) and the policy arena (improved health policy environment for the reform). The approximate reduction of assistance would be \$500,000. Such a reduction would alter the terms of the technical assistance contract (and the RFP which generated the contract) and would require a revision in the contract.

It should be noted and emphasized that eliminating assistance to the Ministry of Health that is attempting to develop and implement a more decentralized health care delivery system would leave a critical element in the process without technical support. It is

crucial to the reform process that the Ministry becomes capable of implementing and managing a decentralization strategy so that the provinces and local communities can assume new healthcare service and managerial responsibilities. These are long-awaited and groundbreaking processes in the Dominican Republic; without solid technical assistance to both the delegator and the delegatee of authority, the reform process itself may be jeopardized.

Operating Expense Resources

With the addition of a new PDO and RCO NEP in FY 2002, the Mission will have reached its full complement of ten USDHs and be well positioned to effectively implement the new Strategic Plan and provide regional support services to USAID/Haiti, USAID/Jamaica and USAID/Guyana.

The Mission's Operating Expense (OE) request for FY 2002 of \$ 3.1 million will be adequate to cover projected FSN salary increases, minimal required building renovations and equipment purchases. The request for FY 2003 will be approximately \$3.0 million. The decrease is due to non-recurring costs in FY 2002 that are greater than the anticipated increases in FY 2003. The Mission anticipates a gradual increase in OE requirements over the remaining life of the strategy. The increase is due to anticipated increases in FSN salaries and general inflation. Using historical salary increases, and keeping all other costs constant, an annual OE increase of approximately \$100,000 is expected each year beginning in FY 2004. Increases for other local inflation costs that are not offset by increased exchange rates will increase this figure somewhat beyond the \$100,000 per year level. Thus, the Mission estimates that by FY 2007, the annual OE budget will approach \$3.4 million. USAID/Dominican Republic would like to maintain its OE budget at the \$ 3.0 million level suggested by the Bureau but believes this to be an unrealistic goal that could result in untenable program management vulnerabilities.

Strategic Management Approaches for the Strategic Objectives

The Economic Growth Strategic Objective Team will be led by the Supervisory General Development Officer -- who also serves as SO Team Leader for the Democracy and Governance Strategic Objective Team -- and be comprised of one USPSC Economic Policy Advisor and Deputy Team Leader⁵; three FSN professional staff; one FSN representative from the Project Development, Controller and Regional Contract Offices; one program assistant, and two FSN support staff, one of which is the GDO secretary and also has other functions. The Core Team would also work closely with the USAID funded, USDA PASA to implement school and community development projects with local resources generated under the 416[b] program.

The tools needed to achieve the Economic Growth Strategic Objective include contracts, grants, loan guarantees (i.e., Development Credit Authority) and policy dialogue. Anticipated tactics include technical assistance, training, food assistance, donor coordination, and mobilizing other public and private donor resources. To maintain a

⁵ The USPSC position is new and will be program-funded.

manageable number of management units, the Mission will maximize use of G-Bureau indefinite quantity contracts, explore buy-in options to LAC Bureau, GCAP and/or J-CAR programs (e.g., trade issues) and bundle assistance instruments when possible. Civil society initiatives will be supported through locally competed grants or subcontracts. The Mission will also explore partnership opportunities that can link U.S. foundations and universities to Dominican public and private-sector initiatives (e.g., eco-tourism and community-based natural resource management).

The Democracy and Governance Strategic Objective Team will also be led by the Supervisory General Development Officer and comprised of two USPSCs; one FSN professional; one FSN representative from the Project Development, Controller and Regional Contract Offices; and two FSN support staff.

The tools needed to achieve the Democracy and Governance Strategic Objective include institutional contracts, grants and policy dialogue. Tactics will feature technical assistance and training. The Mission will explore G-Bureau and LAC Bureau buy-in mechanisms to minimize management units. The Mission will also explore partnership opportunities that can link U.S. expertise to electoral reform and justice sector challenges.

The Health Team will be led by the Supervisory Health and Population Officer and be comprised of three FSN professionals; one TCN professional; one FSN representative from the Project Development, Controller and Regional Contract Offices; and two support staff. The Health and Population Strategic Objective Team may include a new program-funded, technical position to manage USDA/416 or Food for Progress program initiatives.

The tools needed to achieve the Health and Population Strategic Objective include contracts, grants and policy dialogue. Anticipated tactics include technical assistance, training, commodity procurement, endowments, donor coordination and mobilization of other donor and stakeholder resources. The Mission will continue to utilize a wide-range of G-Bureau contracts, institutional contractors that manage umbrella grants to local NGOs and other management simplifying tools to achieve the intended development results.

The Mission's Gender Committee will ensure cross-cutting considerations of gender issues in all portfolios. The Committee will be led by a Women-In-Development Officer, currently an FSN professional in the Program Development Office, and include one representative from each Strategic Objective Team as well as a USDH (if not already represented). The Committee will collaborate and leverage activities with the Peace Corps and the Embassy Public Affairs Office, especially in democracy-building and media activities.

VI. Strategy Development

Strategic Analysis Underlying Strategic Objective Formulation

The Mission has drawn upon a wealth of analyses, studies, reports, evaluations, reference material and has sponsored or participated in sectoral conferences, round-table discussions as well as consulted with the host country government, the local private-sector and NGO community, and U.S. NGOs. Since the Parameters Setting meeting in May 2000, the Mission, with assistance from LAC Bureau officers and the USGS Regional Environmental Officer in Puerto Rico, completed a gender assessment and biodiversity analysis that have informed the Strategic Plan presentation. The Conflict Vulnerability Assessment was developed after an informative Country Team round-table discussion and extensive conversations and meetings with civil society (that included community leaders, NGOs, media representatives and business leaders). The knowledge gained from these exchanges (which began in October 2000) has helped formulate and articulate the Mission's Strategic Plan, three Strategic Objectives and GDA proposal comprised therein.

Increased Sustainable Economic Opportunities for the Poor

IR1: A More Competitive Dominican Economy

- ☞☞ National Competitiveness Strategy for the Dominican Republic (USAID-funded)
- ☞☞ Trade and Investment Study (USAID-funded)
- ☞☞ Rural Electrification Assessment (USAID-funded)
- ☞☞ Economic Intelligence Reports
- ☞☞ Central Bank Reports
- ☞☞ World Bank Reports
- ☞☞ IDB Reports

IR2: Policies in Place for Environmental Protection and Risk Management

- ☞☞ National Environmental Assessment (USAID-funded)
- ☞☞ Technical Secretary to the Presidency Disaster Strategy Paper
- ☞☞ Secretary of the Environment and Natural Resources Reports
- ☞☞ OFDA/FEMA on Dominican Republic Disaster Management Strategies
- ☞☞ ProNatura Database on Protected Areas
- ☞☞ The Nature Conservancy Quarterly Reports
- ☞☞ GTZ Environmental Reports

IR3: Improved Basic Education Through Community and Private Sector Participation

- ✍✍Education Assessment (USAID-funded)
- ✍✍GODR Ten Year Education Reform Plan Assessment (USAID-funded)
- ✍✍Secretary of Education Reports

A More Participatory, Representative and Accountable Democracy Achieved Strategic Objective

IR1: More Representative and Effective Electoral System with Effective Civil Society Participation

- ✍✍DEMOS Survey 2001

IR2: More Democratic Political System with Effective Civil Society Participation

- ✍✍Development of Civil Society in the Dominican Republic: Ten Years of USAID Assistance (to be completed)

IR3: Strengthened Rule of Law and Respect for Human Rights

- ✍✍IDB and WB Justice Sector Assessments
- ✍✍Florida International University Center for Justice: Assessment of Corruption
- ✍✍The Justice Sector and Judicial Reform in the Dominican Republic
- ✍✍USAID/Dominican Republic Assessment/Report: "Politics, Governance and Justice"
- ✍✍Democracy Consolidation Model – *“Five Interconnecting & Mutually Reinforcing Conditions for Democracy to Consolidate - Model for Consolidated Democracy”*

IR4: Enhanced Public Sector Anti-Corruption Systems

- ✍✍Corruption Mapping: Systemic Analysis (to be completed)
- ✍✍Casals and Associates Assessment on Dominican Controller General operations
- ✍✍UNDCP Assessment on Narco-related Corruption in the Dominican Republic

Sustained Improvement in the Health of Vulnerable Populations in the Dominican Republic Strategic Objective

IR1: Increased Use of HIV/AIDS Prevention and Care Services by Target Groups

- ✍✍AccionSIDA (HIV/AIDS program) Mid-Term Evaluation (USAID-funded)

IR2: Sustainable, Effective Reproductive Health/Family Planning Services Reaching Target Groups

- ✍️ Family Planning and Health “Lessons Learned” Report (USAID-funded)
- ✍️ Various DHS Surveys
- ✍️ Assessment of Contraceptive Method Mix with Adolescent Focus (USAID-funded, underway)
- ✍️ Maternal Mortality Studies (USAID-funded, underway)

IR3: Increased Use of Selected, Effective Child Survival Interventions

- ✍️ Various DHS Surveys

IR4: Increased Efficiency and Equity of Basic Health Care Services at the Local Level

- ✍️ Health Reform Feasibility Study
- ✍️ Health Sector Finance, “Salud y Equidad”
- ✍️ General Health Law (recently passed)
- ✍️ General Social Security Law (recently passed)
- ✍️ Reform and Modernization Process Evaluation (PAHO, 2000)
- ✍️ Health Sector Decentralization Assessment (USAID-funded)

Ultimate Customers and Major Stakeholder Input into the Strategic Plan

Increased Sustainable Economic Opportunities for the Poor Strategic Objective

Ultimate customer and stakeholder consultations began before the strategy exercise was formally initiated. The Strategy Team held numerous meetings with the newly-elected Mejia Administration during the transition period between June and August 2000, where USAID presented its existing programs and received requests for future assistance.

The Ministry of Education has offered valuable input for the education sector strategy through meetings with the Minister and Vice Ministers. The Strategy Team has also engaged the private sector, focus groups and poor rural communities. In environment, the Strategy Team has engaged the Ministry of Environment and Natural Resources in continuous dialogue. The Mission has also consulted with selected Dominican NGOs on key policies and actions needed for effective environmental protection and risk management. Identification of key environmental issues has been facilitated through seminars and workshops with input from the Government, private sector, municipal governments, NGOs and communities. The Team made several field trips to consult with communities. In addition, the Mission has consulted several Government water and energy agencies. In competitiveness, numerous workshops and community forums have given the Team an opportunity to engage with public and private sector, NGOs and community representatives interested in competitiveness initiatives.

More Participatory, Representative and Accountable Democracy Achieved Strategic Objective

In the democracy and governance sector, the Mission has consulted with civil society partners, justice sector officials (including Supreme Court Justices), and multilateral and bilateral donors. Several civil society-sponsored fora, held in various locations throughout the country also provided an excellent opportunity to better understand Dominican issues and concerns related to the state of democracy and governance in the country.

Sustained Improvements of the Health of Vulnerable Populations in the Dominican Republic Strategic Objective

USAID consults its ultimate customers through our partner NGOs. We support a number of local and international NGOs that work in HIV prevention and which target certain high-risk groups. Their feedback is critical to assure our programs remain relevant to the reality of HIV prevention in the DR. The RH/FP NGOs have well-established contacts with ultimate customers, which inform our own planning and program process.

The Health Strategy Team consulted ultimate customers and stakeholders throughout the strategy development process. Regular meetings with the Ministry of Health, the Executive Commission on Health Sector Reform (CERSS), civil society networks active in the health area, and donor agencies provide invaluable insights regarding the issues and challenges that Dominicans commonly face in obtaining quality health care. Workshops with regional health personnel provided the perspectives of local and regional providers. Stakeholders with whom the Strategy Team meets include a donor HIV/AIDS prevention group, convened by the Presidential Commission on HIV/AIDS (COPRESIDA); the General Directorate for Control of HIV/AIDS/STIs (DIGECITTS) and UNAIDS. USAID also has solicited input and feedback from the Interagency Consultative Group, convened by the Ministry of Health's Department of Maternal and Child Health. USAID has discussed aspects of its health and population strategy that focuses on the vaccination, water and sanitation and tuberculosis programs with PAHO.

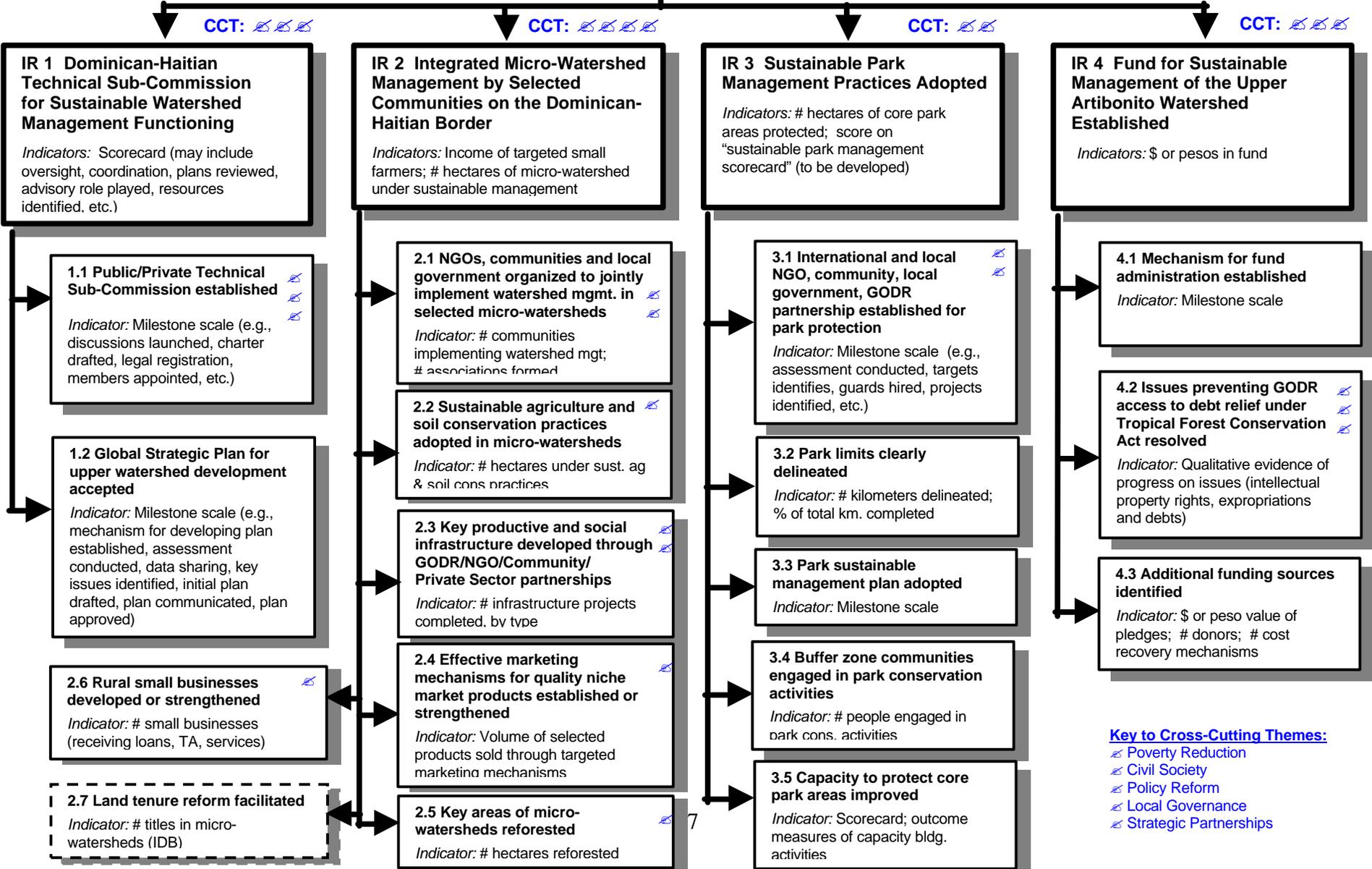
Annex A: Global Development Alliance Proposal -- Dominican-Haitian Cooperation Achieved on Sustainable Management of the Upper Artibonito River Watershed

The Agency will receive the Mission's Dominican-Haitian Artibonito GDA proposal separately but as a companion document (Annex A) to this Strategic Plan.



Dominican-Haitian Cooperation Achieved on Sustainable Management of the Upper Artibonito River Watershed—A GDA Proposal

SO Indicators:
 # of jointly planned activities implemented (and qualitative evidence)
 # watershed hectares under sustainable management (in DR, in Haiti)



Annex B: Violent Conflict Vulnerability Assessment

The Agency has received the Mission's Violent Conflict Vulnerability Assessment separately – classified as Sensitive But Unclassified -- as a companion document (Annex B) to this Strategic Plan.

Annex C: Environmental Analysis – Conserving Biodiversity And Tropical Forests

Environmental History

Geologically, the Dominican Republic lies in a complex region of platforms and banks, swells and rises, oceanic basins and deep trenches, and of emergent and submerged ridges. It is a region fragmented into countless cayos and islands. Because the region is sandwiched between two massive continental plates (North and South America), it shares with its neighboring islands the occurrence of earthquakes and volcanic eruptions (i.e., Montserrat in July, 2001). The tortured landscape of the Caribbean is the product of this geologic instability. For present day Dominicans, the instability of their geologic past has endowed them with a biologically rich and physically diverse landscape, climate, and soils upon which different cultures have developed.

Environmental Context

Environmental issues in the Dominican Republic are wide-ranging. Watershed degradation, soil erosion, solid and liquid waste disposal and management, water and air pollution, deforestation, biodiversity loss, and pesticide contamination are serious concerns. The matter takes on added importance given the close linkage between the country's natural resource base and its economy. The Dominican Republic has had and will continue to have an economy dependent upon its natural resources. Accordingly, the prospects for economic expansion are inextricably linked to the remediation, protection, and prudent use of the country's natural patrimony. Over the last several decades one of the major constraints to prudent management and protection of the natural resource base has been the absence of government attention to the key environmental issues affecting the Dominican Republic, coupled with the proliferation of dysfunctional public organizations with overlapping responsibilities.

Environmental Threats

Threats to biodiversity in the Dominican Republic include the continuing degradation of forest habitats by land-clearing, human-caused forest fires, and mining. As well, negative environmental impacts are caused by the persistent illegal hunting and capture of certain species for the pet trade (mainly birds and reptiles), and the introduction of exotic species which are particularly pernicious in island environments. Deforestation in a small, lesser developed country is generally not a problem in itself. Deforestation is typically the result of other more difficult problems such as poor regional planning, problems in the distribution of wealth, and the associated problems with lack of access to resources (Crowley, 2001). Deforestation is often associated with the cycle of poverty where the

poor are given the blame for changes in the face of the landscape. Although evidence suggests that the expansion of cities (urban in-migration) and changes in the food consumption patterns of Dominicans in Santo Domingo may have a greater impact on the Dominican environment than a single hillside farmer (Crowley, 2001). Local decisions rarely affect entire mountain ranges. Change to the landscape occurs most often in the decisions made by the affluent and by politicians, as well as the decisions of consumers thousands of miles away.

Environmental Loss

From prehistory to the present time, the leading activities supporting environmental deterioration and loss of biodiversity have been overkill, habitat destruction, introduction of animals such as rats and goats, and diseases carried by exotic animals (Wilson, 1992). In prehistory the paramount agents were overkill and exotic animals. In recent centuries, and to an accelerating degree during our generation, habitat destruction is foremost among the lethal forces, followed by the invasion of exotic animals (Wilson, 1992). To cite an example, in the United States, Canada, and Mexico, 1,033 species of fishes are known to have lived entirely in fresh water within recent historical times. Of these, 27 or 3 percent have become extinct within the past hundred years, and another 256 or 26 percent are liable to extinction (Wilson, 1992). They fall into one or the other of the categories utilized by the International Union for Conservation of Nature and Natural Resources (IUCN), which publishes the *Red Data Books*: Extinct, Endangered, Vulnerable, and Rare. The changes that forced these species of fish into decline are:

Table 1: Causes of Changes in Fish Population

Destruction of physical habitat	73%
Displacement by introduced species	68%
Alteration of habitat by chemical pollutants	38%
Hybridization with other species and subspecies	38%
Over-harvesting (overkill)	15%

[Note: these figures add up to more than 100 percent because more than one agent impinges on many of the fish populations – Wilson, 1992.]

When habitat destruction is defined as both the physical reduction in suitable places to live and the elimination of habitats by chemical pollution, then it is found to be an important factor in over 90 percent of the cases (Wilson, 1992). Through a combination of all these factors, the rate of biodiversity extinction has risen steadily during the past forty years throughout the world.

Environmental Knowledge

The scientific knowledge of biodiversity resources in the Dominican Republic is limited. In 1967, a comprehensive resource assessment was produced by the Organization of American States, and in 1978 an assessment was conducted by Michigan State University on the status of Dominican forests. The data sets from those two sources have outlived their relevance if not supported by current research and data. Many local researchers in the Dominican Republic exclude data or citations, which further exacerbates the credibility and relevance issue. The best source of material is the Country Environmental Profile, which was produced by USAID in 1981. USAID completed an updated Dominican Republic Environmental Assessment in September 2001. This assessment, conducted under the Environmental Policy and Institutional Strengthening Indefinite Quantity Contract, was based on available secondary data and provides valuable information on the state of the environment and the most critical issues affecting the environment in the Dominican Republic. The findings of the assessment have been incorporated in this Annex. In addition, the Dominican Government published a national forest inventory in June 2001 through the Secretariat of Environment and Natural Resources. The findings of this inventory have been incorporated in pertinent sections below. These new sources of information provide a clearer picture on the status of biodiversity in the Dominican Republic. Improved knowledge of the conservation status and ecology of many little known species will improve the ability to conserve them. This will require an investment in education and research.

Environmental Policy

As a result of USAID supported policy dialogue and technical assistance to the Dominican Republic over the last decade, the environmental legal framework underwent major change in 2000. The approval by the National Congress of Law 64-2000 (dated August 18, 2000) created a new legal and institutional framework. It created the Secretariat of Environment and Natural Resources, and integrated into the Secretariat other public institutions with environmental functions. This act of incorporation created, for the first time, the vision of integrated environmental management. The key difference between the resource management of the past and the ecosystem management of today is that the former was a more individualized approach, while the latter is a more integrated approach. Within this new legal and institutional framework, more elements will be considered in the decisions made, and the decisions will be considered at a broader range of spatial and temporal scales.

Law 64-2000 also established a series of environmental policy principles for the Dominican Republic, to which the private sector and current and successive governments presumably must adopt. Law 64-2000 not only reorganized the legal policy and public institutional framework, it also established the underlying instruments through which policy may be executed. Law 64-2000 also formed the basis for empowering individual Dominicans, communities, NGOs, the private sector, and others to participate more fully in environmental dialogue and in the planning and execution of environmental initiatives. Several principles incorporated by the law reflect efforts to link environmental policy

with economic development. Protection of biodiversity is one of the major underlying principles incorporated by Law 64-2000.

Relationship's Between Flora, Fauna (terrestrial/aquatic) and Habitat

Every living organism has limits to the environmental conditions it can endure. Temperatures, moisture levels, nutrient supply, soil and water chemistry, living space and other environmental factors must be within appropriate levels for life to persist. After many years of research, it is known (Cunningham and Saigo, 1997) that the interaction of several factors working together, rather than a single limiting factor, determines biogeographical distribution. Some organisms may have a specific critical or limiting factor that, more than any other, determines the abundance and distribution of that species in a given living space. The principle of tolerance limits states that for every environmental factor, an organism has both maximum and minimum levels beyond which it cannot survive. The greatest abundance of any species along an environmental gradient is around the optimum level of the critical factor most important for that species. Near the tolerance limits abundance decreases because fewer individuals are able to survive the stresses imposed by limiting factors (Cunningham and Saigo, 1997).

State of the Dominican Republic's Fauna and Flora

The fauna and flora of Hispaniola varies drastically across the landscape. It is an island where roughly one-third of the biological species can be found nowhere else in the world. All accounts of Hispaniola biodiversity are incomplete (Crowley, 2001). Often, this is due to the lack of communication and cooperation between Dominican and Haitian institutions, and the lack of adequate funding for biologists on both sides of the border. Almost all of the information reported in the Dominican Biodiversity Study published in 1990 was based on old (and sometimes statistically impure) information. For that reason, many of the estimates presented herein should be considered Dominican rather than Hispaniola.

In the decade that has lapsed since its publication (1990), many rare or vulnerable species may have already succumbed to the trend of rampant habitat destruction. Many of those species may now be confined to small enclaves of deep troughs on remote hillsides, saved only by their inaccessibility. On the positive side, there is still a wealth of biodiversity yet to be discovered. Studies of fungi, lichens, and vascular plants, (especially the grasses) is woefully incomplete and in need of identification and documentation (Crowley, personal communication with R.Garcia). Many of the endemic plants and animals are present in limited numbers or in very restricted ranges. Unfortunately, specific ranges for all species are not known with a high degree of certainty because of a lack of available data. All scientists agree that the Dominican endemic flora and fauna are probably either rare or threatened with habitat destruction, pressure from exotic species, or declining gene pools.

Floral and Faunal Diversity and Endemism

The Dominican Republic has an exceptionally high rate of endemism. Island habitat endemism is particularly fragile and subject to extinction. Accordingly, aggressive conservation is required to preserve the country's rich biodiversity. The fact that neighboring Haiti has little native terrestrial habitat left gives added importance to conserving the Dominican Republic's biological uniqueness. Table 2 identifies the variety and rate of endemism of native species. Almost all the reptiles and amphibians are endemic, and more than a third of the Dominican Republic's flora is endemic.

Table 2: Species-Level Biodiversity in the Dominican Republic

	Number of species	Number of endemic species	Percentage of species that are endemic
Flora			
Vascular plants	5,600	1,800	32
Algae	168	unknown	Unknown
Fauna			
Mammals	48	2	10
Birds	296	26	9
Reptiles	146	138	94.5
Amphibians	65	63	97
Fishes	399	–	–
Molluses	311	–	–
Arthropodes/Crustaceous	164	–	–
Cnidarious	111	–	–
Echinodermata	67	–	–
Polipherous	39	–	–
Annelidous	6	–	–

Sources: CIBIMA 1994, SEA/DVS 1990, UNDP 2000, CEPNET IDB, Liogier 1978, CIBIMA 1994.

Species Threatened and at Risk of Extinction

The biodiversity of the Dominican Republic faces numerous threats, especially due to the loss of a major portion of the terrestrial forest habitat. At least 10% of the species in the Dominican Republic and 33% of the vertebrates (mammals, birds, reptiles, amphibians, and fish) are endangered or threatened with extinction (table 3). By any standard, this is an extremely high rate of potential loss of biodiversity.

Table 3: Threatened Species in Dominican Republic

Species group	Total species	Percentage of total species in this class	Number of species threatened or endangered	Percentage of class or group threatened with extinction
Plants	5,600	75.4	442	8
Algae	168	2.3	Unknown	–
Vertebrates	954	12.8	204	33
Invertebrates	698	9.4	117	17
Total	7,420	100	763	10

Source: N. Ramirez 2001.

Marine species, including a diverse array of marine mammals (whales, dolphins), are poorly known and not well represented in this analysis. Although marine species are mobile and not as often endemic it is noteworthy that the near-shore banks of the Dominican Republic are the most important wintering area for humpback whales in the Atlantic Ocean.

Dominican Vertebrate Fauna (terrestrial & aquatic)

The Dominican vertebrate fauna is divided into five groups: freshwater fishes, amphibians, reptiles, birds, and mammals. As with the flora, the vertebrate fauna demonstrate an impressive level of species diversification. Table 4 provides a summary of overall species diversity:

Table 4: Vertebrate species diversity in the DR (SEA, DVS, 1991)

Group	Orders	Families	Genera	Species	Subspecies
Fishes	-	21	41	70	70
Amphibians	1	4	7	60	75
Reptiles	4	15	34	141	327
Birds	20	53	151	254	268
Mammals	6	17	29	33	34
Totals	31	110	262	558	774

The number of subspecies per family provides a clue as to the diversity within a given class of vertebrate. Although birds demonstrate the highest number of species across all vertebrate groups, the amphibians and the reptiles show the highest degree of species diversity.

Endemism among the Vertebrate Groups (terrestrial & aquatic)

The categories for the status of classes of vertebrates are described in table 5: endemic, native, introduced and migratory. In addition, a separate category known as “colonizers” is also used with bird species, but is not considered in this summary.

Table 5: Endemism among vertebrates in the DR

Group (# species)	Endemic (%)	Native (%)	Introduced (%)	Migratory (%)
Fishes (70)	31.2	36	32.8	-
Amphibian(60)	96.7	0	3.3	-
Reptiles (141)	83.0	15.6	1.4	-
Birds (254)	8.7	40.9	3.9	46.4
Mammals (33)	12.0	51.5	36.3	-

Fishes – There is roughly a thirty percent endemism rate for fishes. Endemic fish species are threatened by changes in water quality due to soil erosion/siltation, solid wastes from urban areas, and agricultural runoff. The latter two often result in nitrate saturation and algae blooms, which rob fish of oxygen. Two new fish species were recently discovered, one in freshwater swamps near tourist areas in the eastern DR (around Bavaro) and the second in hot sulfur springs where many Dominican tourists regularly go to bathe.

Amphibians – The only two introduced species to this taxa have had a disproportionately high impact on the Dominican ecosystem. One large bullfrog (*Bufo marinus*) and a toad (*Ranus catsbeiana*) were introduced for pest control in the sugar cane fields and for food consumption in the 1930's and 1950's. As insectivores, their impact on the native invertebrate populations and their displacement of other amphibians in the ecological web is unknown. In terms of distribution of amphibians in the DR, about thirty percent are considered to be widely distributed, while seventy percent are found in very restricted ranges.

Reptiles – Among the twenty species with a low tolerance to disturbance are four species of marine turtles, three species of lizards, two species of snakes, and the crocodile. In terms of abundance, eighty percent are labeled as either very common or common. At least 13 species are rated as rare to very rare and are probably threatened. Predation on reptile eggs by dogs and cats is a significant factor impacting negatively on a species. As well, local poaching of eggs and meat for medicinal and cultural purposes are elements contributing to the demise of the reptile group.

Birds – Many more species of birds may be colonizing the Dominican Republic than is currently thought. Bird data is being generated by the seasonal visitors/birders flocking to the DR. Over the last two years, at least seven first sightings and many more second and third sightings have been reported. Since birds are very mobile, they generally do not have a high endemism rate. Over forty percent of the resident bird species are considered threatened and of that number, over half are endemic species or subspecies. Habitat loss is the single most influential factor that contributes to avian decline.

Mammals – The endemic mammals are the most threatened by habitat destruction and by introduced species predation. Presently, seven species are considered threatened: two solenodon species, two plagiodiontia species, two native bats and the Manatee.

Dominican Invertebrate Fauna (terrestrial & aquatic)

There appears to be no systematic documentation of the invertebrate fauna at any level of classification in the Dominican Republic. Significant work has been done on the Lepidoptera family and there exists general insect collections at several Dominican universities, but there has been no coordinated attempt to analyze the status of DR terrestrial and aquatic invertebrates.

The 1988 Biological Diversity Assessment Report for the Dominican Republic (1988) observed there were numerous problems impeding efforts to conserve the country's biological resources. These problems still exist today, and as they were in 1988, can be divided into three groupings depending on their causes. Some stem from the GODR policies and priorities, its organizational structure and budget priorities. Others result from unrestricted and unplanned development for agriculture and tourism. Finally, certain social and cultural biases exist which hinder efforts to protect and conserve the country's biological resources.

Coastal Marine Biodiversity

During the last decade of the twentieth century, coral began bleaching and dying across regions of the world in association with changes in ocean and climate conditions. As well, coral reefs are being degraded and destroyed worldwide due to a variety of direct human activities. Examples of these activities are: growing coastal populations, shoreline and inland development, pollution from sewage, fertilizers, chemicals, and sediment runoff, over fishing and overuse, destructive fishing practices including poisons and explosives, and ship groundings and anchor damage.

Coral reefs are a valuable asset to not only the healthy functioning of our global ecosystem, but as well make healthy contributions to our global society. Covering less than one percent of the planet's surface, coral reefs and their associated mangrove, seagrass, and other habitats are the world's most biologically diverse marine ecosystems. Coral reefs are valuable assets to local and national economies. They support fisheries and are sources for other foods, materials for new medicines, and income and jobs from tourism and recreation. As well, they provide an extra bonus in the form of protecting coastal communities from pounding storms.

Dominican Republic Coral Reefs

The major physical factors affecting coral reef development include freshwater runoff from the land, routine wave exposure (especially from the north-east and open to the Atlantic), and sea temperatures, which may be modified by cool upwellings from adjacent deep water or by the warm Gulf Stream. The central/eastern part of the DR is mountainous, where large rivers drain extensive watersheds. Unfortunately, reef growth is limited here since the freshwater is mixed with sediments due to erosion. Only 27% of

the 1,400 km shore is fringed by mangroves and only 12% by coral reefs (Wilkinson, 2000). Important reef areas on the north shoreline (Atlantic coast) include the Montecristi barrier reef in the north-west, narrow high-energy reefs in the central region and the Bávaro-El Macao-Punta Cana barrier reef system at the eastern end. Samaná Bay receives many rivers and is the largest estuary of the insular Caribbean. Coral reefs in the greater Samaná area are poorly developed (Wilkinson, 2000). The southern shoreline in the DR (Caribbean coast) has been more extensively studied in the Parque Nacional del Este and the adjacent Isla Saona areas. Conditions in the southwest are not good for coral reef development, except on the shallow sheltered shelf east of Cabo Beata at Parque Nacional Jaragua.

Increasing human population and economic development underlie much of the stress on coastal ecosystems, through sedimentation, sewage and other terrestrial pollution from agriculture, mining, industry, shipping and tourism (Wilkinson, 2000). Coastal habitats have been destroyed for tourism, not only in construction, but misguided reconditioning of beaches causing more sediment damage. As well, over-fishing of coral reef resources is still a problem.

Key Issues in Biodiversity Conservation

- ?? Threats to biodiversity in the Dominican Republic include the continuing degradation of forest habitats by land-clearing, human-caused forest fires, and mining; the illegal hunting and capture of certain species for the pet trade (birds, reptiles); and the introduction of alien species that are particularly pernicious in island environments.
- ?? The scientific knowledge of biodiversity in the Dominican Republic is quite incomplete. Improved knowledge of the conservation status and ecology of many little-known species will improve the ability to conserve them. This requires an investment in education and research.
- ?? Many terrestrial species probably owe their continued existence to the substantial national park and protected area system being developed in the Dominican Republic.

Protected Areas in the Dominican Republic

Over the past two decades, the Dominican Republic has dramatically expanded its protected area network. In 1980 there were only 9 protected areas. By 2000 that number had grown to 70 (table 6). The part of the protected area network that is completely land based accounts for 16% of the country's total area. In addition, there are parts of protected areas (Jaragua, Del Este, Los Haitises and Montecristi) that are marine niches, while there are other parks (Banco de la Plata Marine Sanctuary) that are complete marine environments. The marine parks and the aquatic parts of the predominantly land reserves add over 27,000 km² to the protected area network (table 7). This significant expansion reflects a conscious effort on the part of government, and the growing interest of the public, in protecting the country's natural resources. It also reflects the increasing emphasis on biological and natural science education, and the political influence of the conservation stakeholders.

The protected area system in the Dominican Republic is rapidly improving, but obviously still quite deficient in management infrastructure, staff, and visitor infrastructure. Political will must be generated to adequately fund the government entities responsible for patrolling and managing 16% of the Dominican land surface. A number of NGOs are assisting in the task of managing the national parks in the Dominican Republic, using several co-management models. Much work remains to be done in the area of strengthening relationships with local organizations, including not only NGOs, but also communities and municipalities.

Table 6: The Increase in Protected Areas by Decade

Protected areas	To 1980	1981–90	1991–2000
Scientific reserves	1	6	10
National parks	8	12	22
National monuments			9
Anthropology reserves			2
Fauna refuge			7
Fauna sanctuary		1	
Wildlife refuge		1	
Panoramic view		1	10
Ecological corridors			6
Recreation areas			3
Special ecological reserves			1
Total	9	21	70
Percentage of national land surface included	4.2	11.2	16

Sources: Mores 1980, Valdés and Mateo 1992, Ramirez 2001, IRG 2001.

Table 7: Size and Status of Protected Areas by Category

UICN category	Number of areas	Total area (km ²)	Surface area (km ²)		Management plans	Areas with visitor infrastructure	Areas with management infrastructure	Area with staff
			Terrestrial	Marine				
Scientific Reserves	10	639	546	94	2	2	2	2
National Parks	22	8,485	6,359	2,126	8	6	14	17
National Monuments	11	246	155	98	–	–	3	5
Wildlife Refuges	7	25,577	273	25,303	–	–	2	2
Other	20	546	513	33	–	–	–	0
Total	70	35,494	7,844	27,646	10	8	–	26
Percentage			16%	12%				

Sources: UNDP 2000, Sub-secretariat of Protected Areas and Biodiversity (consultant) Bonnelly de C. 1996, Bibliography for *Management and Development of the Marine Protected Areas in the Dominican Republic*, IRG 2001.

Marine Protected Areas in the Dominican Republic

There are six Marine Protected Areas, which cover the largest reef tracts and the most important nursery areas. Currently, they have no protection and no management, and there is intense fishing within them – they are as follows:

- ?? Parque Nacional Montecristi – the largest, least impacted coastal park, with diverse ecosystems;
- ?? Humpback Whale Sanctuary – including the Silver and Navidad banks;
- ?? Parque Nacional Los Haitises – in Samaná Bay, dominated by mangroves and estuaries;
- ?? Parque Nacional del Este – this is the most studied Marine Protected Area, and is an important nursery for conch and lobster;
- ?? Parque Nacional Submarino La Caleta – oldest Marine Protected Area, and is an important eco-tourism dive site; and
- ?? Parque Nacional Jaragua – also an important lobster nursery.

Recently (Wilkinson, 2000), the coral reefs in most of these areas were assessed by the Centro de Investigaciones de Biología Marina, Universidad Autónoma de Santo Domingo, Fundación MAMMA, Inc. (local NGO) and the National Aquarium. It is the opinion of the Global Coral Reef Monitoring Network (GCRMN) the Dirección Nacional de Parques lacks qualified people to manage the Marine Protected Areas and the Fisheries Department lacks enforcement officers and an effective extension program. As well, there are no appropriate penalties for violation of existing laws and there exists confusion as to which institution should apply them (Wilkinson, 2000). The approval by the National Congress of Law 64-2000 (August, 2000) is coupled with environmental legislation that consists of over 300 environmental decrees, regulations and orders, administered by a large number of organizations. The newly formed Subsecretaría de Gestión Ambiental and the Subsecretaría de Recursos Costero Marinos (both under the Secretaría de Medio Ambiente y Recursos Naturales) are challenged with managing the Marine Protected Areas where there exists considerable overlap of authority among institutions dealing with coastal issues and a lack of any central long-term vision on sustainable coastal area management and biodiversity conservation.

Endangered Species in the Dominican Republic

At present, it is unclear as to whether any of the threatened or endangered species listed in the 1988 Biological Diversity Assessment or the 1993 Tropical Forestry and Biological Diversity Assessment for the Dominican Republic appear to have improved in status. Today, as in the past, conservation efforts are not commonly directed towards single species conservation. As well, both assessments support the fact little is known of the status of endangered plant species in the Dominican Republic (Rieger and Powell, 1993).

Rieger and Powell (1993) make reference to a draft version of a biodiversity strategy developed by the World Wildlife Fund (1992) which listed the following animal species as in particular danger of extinction in the Dominican Republic. The associated numbers indicate the rank order of peril.

Rank order of peril	Scientific name	Common name
1	<i>Crocodylus acutus</i>	American crocodile
1	<i>Alsophis melanichnus</i>	Culebra corredora
1	<i>Solenodon paradoxus</i>	Solenodon
1	<i>Solenodon marcanoi</i>	Solenodon
1	<i>Plagiodontia aedium</i>	Hutia
1	<i>Mycteria americana</i>	Pheasant or coco
2	<i>Trichechus m. manatus</i>	Antillean Manatee
2	<i>Pterodroma hasitata</i>	Diablotin
2	<i>Asio stygius noctipetens</i>	Sabana owl
2	<i>Loxia leucoptera megaplaga</i>	Pico cruzado
2	<i>Alsophis anomalus</i>	Culebra corredora
2	<i>Eretmochelys imbricata</i>	Green turtle
2	<i>Demochelys coriacea</i>	Leatherback turtle
2	<i>Chelonia mydas</i>	Sea turtle
2	<i>Caretta caretta</i>	Caguamo
3	<i>Cyclura ricordi</i>	Richard iguana
3	<i>Trachemys decrata</i>	Jicotea decorada
4	<i>Cyprinodon higuey</i>	Titaco de Higuey
4	<i>Limia sulphurophila</i>	Limia de agua azufrada
5	<i>Cyclura cornuata</i>	Rhinoceros iguana
5	<i>Trachemys stejnegeri vicina</i>	Jicotea comun
5	<i>Phoenicopterus ruber</i>	Flamingo
6	<i>Aratinga chloroptera</i>	Parakeet
7	<i>Amazona ventralis</i>	Cockatoo

Key Issues in Protected Area Management

According to IRG (2001) some of the most prominent issues affecting protected areas in the Dominican Republic are:

- ?? *Budget and Financial Management*—The dramatic expansion in number and size of national protected areas has not been accompanied by a corresponding budget. Of particular concern is the possibility that private property included in new parks might be subject to financial compensation.
- ?? *Physical Demarcation and Patrol*—Many of the protected areas have no physical demarcation of boundaries, signs designating their borders, or staff to patrol and educate local communities about the parks.

- ?? *Development of Tourism Facilities*—Absence of appropriate infrastructure for tourist use hampers the access to many parks. In some cases, private investors are interested in helping develop park infrastructure, especially coastal areas, but this issue is a two-edged sword, and potentially controversial.
- ?? *Invasion of Protected Area Lands by Agricultural and Recreational Users*—Some remote parks suffer from agricultural invasions, a continuing problem in Parque Nacional los Haitises. In Dunas de las Calderas mangrove and dune areas are being eliminated for construction of private recreational residences.
- ?? *Natural Resource Damages*—Deforestation, poaching (for meat or pet trade), off-road vehicles (on dunes/beaches especially), and forest fires are all serious problems in some protected areas.
- ?? Community relations, participation in management, and compensation to local communities who have lost some traditional uses of protected areas are all major issues for the national park service.
- ?? There is a need to carry out economic valuations of protected areas in order to provide environmental and economic bases for investment.

Dominican Republic Government and External Donors – Conserving Biodiversity

There is an effort to cooperate in the future on national priorities as it relates to terrestrial and marine biodiversity protection between the Secretariat of Environment and Natural Resources and external donors (GODR, 2001). The cooperation will focus on the sustainable management of forest and coastal resources, where natural resource management norms developed by the GODR will be followed. Dominican society will receive environmental education that emphasizes biodiversity conservation and preservation. Citizens will be engaged not only in the classroom but as well in the field at locations that are ecologically vulnerable to biodiversity loss. Collaborating organizations specifically addressing biodiversity conservation are: U.S. Agency for International Development (USAID), The Nature Conservancy (TNC), World Bank (WB), United Nations Development Program (UNDP), German Technical Cooperation (DED, GTZ), and the Spanish Agency for International Cooperation (AECI).

USAID/Dominican Republic Contributions to Conserving Biodiversity

To help the Dominican Republic address its most pressing environmental issues, including protection of biodiversity and sound management of the protected area system, the Mission has planned a series of key interventions under the Improved Policies for Environmental Protection Intermediate Results. Activities will improve the institutional capability for environmental protection at the Secretariat of Environment and Natural Resources and selected municipalities and increase civil society involvement in environmental protection. The Mission seeks support to continue expansion of the Parks in Peril program to increase emphasis on conservation science, long-term financing, and the development of local communities oriented to conservation of the country's parks through public/private partnerships.

USAID/Dominican Republic Biodiversity Conservation in Action

USAID believes the future well being of all humanity depends on our stewardship of the Earth. The extinction of each species brings the irreversible loss of unique genetic codes, which are linked to the development of medicines, foods, and economic opportunities. The response of USAID to biodiversity conservation in developing countries is to maintain biologically diverse habitats and environmental services while supporting economic growth. This will be accomplished by applying a threats-based conservation philosophy. It is through the use of this approach USAID/DR will be able directly link interventions and the threats to the conservation of biodiversity. The following three steps outline the approach:

- 1) Direct threats to biodiversity are identified and prioritized in a site-specific context.
- 2) Conservation activities are developed based on this prioritized list of threats.
- 3) Adaptive management techniques are applied to monitor new and existing threats and respond appropriately and effectively.

The primary assumption of threats-based conservation is that it is the most effective way to conserve biodiversity, as well as the most efficient use of time and money in combating the factors causing biodiversity decline. The USAID/DR Mission will address direct threats to biodiversity loss in a site-specific context using the threats-based philosophy. USAID/DR will seek out stakeholders and leverage partnerships to maximize their efforts to address, halt and reverse the threats to biodiversity in the Dominican Republic. The Mission will continue support to the Parks-in-Peril Program and will contribute matching funds to incorporate a new park under Parks-in-Peril 2000 in FY2002.

Tropical Forest Resources of the Dominican Republic

Dominican Flora (terrestrial)

The Dominican flora is very unique and very Antillean. There are 201 plant families described for the island (Liogier, 2000). Among those families, 1,281 genera are divided into 5,600 species. Of these species, over 1,800 are found only on Hispaniola, which implies a rate of endemism of roughly thirty-six percent. To illustrate the high rate of endemism in the Antillean flora, Crowley (2001) developed table 8 from Liogier (2000):

Table 8: Greater Antillean floral endemism

Island	Area (km ²)	Genera	Endemic Genera (%)	Species	Endemic Species	Endemic Species (%)
Cuba	114,914	1,308	62	5,900	2,700	45.7
Hispaniola	77,914	1,281	35	5,600	1,800	32
Jamaica	10,991	1,150	4	3,247	735	22.6
Puerto Rico	8,897	1,256	2	3,034	228	7.5

After the endemic species, the most common link of shared flora is with Cuba, followed by Jamaica and Puerto Rico. There is a small percentage of South and Central American species overlap. As a result of the uniqueness of the upper Antillean fauna, biogeographers believe Cuba and Hispaniola were centers of biodiversity from where species traveled to other parts of the Antilles.

The Dominican Republic has a wide variety of forest cover. Broad-leaf forests, including high-elevation cloud forests, as well as humid forests, and semi-humid forests, are widespread in the steeper and less accessible areas of the northern, central, and eastern parts of the country. Conifer forests, made up almost entirely of the indigenous *Pinus occidentalis*, are found at very high elevations, principally in the Cordillera Central. Dry forests are widespread in the south, southwest, and eastern tips of the country. Many of the best remaining forest stands are in protected areas (Secretariat of Environment and Natural Resources, 2001).

Before 1980, forests that once covered 70% of the country were drastically reduced by logging and agricultural invasion. Between 1980 and 1998, several studies were carried out to measure forest cover. The fact that these studies used different methodologies makes it difficult to compare, in quantitative terms, the status of forested land area. What can be concluded from the CRIES (1980) and DIRENA (1998) studies is that the total area under forest cover increased by about 550 square kilometers in the intervening 18 years (table 9). Furthermore, it appears that coniferous forests have recovered the most; the DIRENA study indicates that land area under broad-leaf dry forests has expanded significantly. But, again, the differences in definitions in forest categories between the

two studies make it impossible to draw a definitive conclusion. However, at least the data indicate that broad-leaf forests have more or less stabilized in the past 20 years compared to the trend in the period before the 1981 Country Environmental Profile. The country's land area with forest vegetation for 1980 and 1998 is presented below.

Table 9: Land Area with Forest Vegetation as Quantified by Various Studies (km²)

Type of land use or cover		CRIES 1980	DIRENA 1998
Broad-leaf forest	Humid	6,518	6,306
	Dried, mixed, and others		3,889
Coniferous		311	3,025
Sugarcane		4,025	3,682
Tree crops (coffee, cacao, etc.)			3,414
Intensive pastures		2,325	2,636
Others: marginal agriculture, pastures, matorral, tree crops, other forests		27,417	17,595
Urban areas		292	394
Arid, eroded, bare land		402	1,306
Total		47,657	48,224

Source: CRIES 1980, DIRENA 1998, and IRG 2001.

A forest inventory conducted by the Secretariat of Environment and Natural Resources in 2001 determined that the total forest cover of the Dominican Republic (coniferous, broad-leaf, and dry forest) is 13,266 km². This is roughly the same area as per the 1998 DIRENA and 2001 IRG reports (table 9) and represents 27.5% of the total country surface. Calculation of deforestation rates in the Dominican Republic has been a matter of open discussion, given the differences in methodologies for estimating forest cover as discussed above. Whereas in 1992 TRD estimated an overall 2% annual deforestation rate through 1990, a recent FAO report (State of the World's Forest, 2001) lists the 1990-2000 deforestation rate as 0% for the Dominican Republic. The Secretariat of Environment and Natural Resources has initiated the preparation of land use/land cover maps to more accurately determine forest cover and deforestation rates as a base for planning targeted interventions to address the most pressing forest issues in the Dominican Republic. This work started with USAID technical assistance under the Hurricane Georges Reconstruction Program in 2001 in collaboration with the United States Geological Survey (USGS). The Secretariat of Environment and Natural Resources is seeking additional funding to complete the map in 2002.

As per IRG, 2001 forest cover has stabilized and is in an incipient recovery status. The reasons for the stabilization and incipient recovery of forests include:

- ?? Economic policies that (1) reduced taxes on the importation of low cost food commodities which, in turn, contributed to a reduction in steep slope subsistence agriculture, and (2) subsidized bottled cooking gas which, in turn, had a direct impact on the dramatic reduction of the charcoal-making industry.
- ?? The growth of the urban-based industrial (e.g., free zone manufacturing) and service (banking and tourism) sectors that helped fuel a migration of rural residents, especially hillside agriculturalists, to the cities.
- ?? Government-sponsored reforestation and natural resource management programs.
- ?? Natural regeneration of former agricultural hillside land.
- ?? Expansion in the number and size of protected areas.

Forest Management Initiatives

In 1988 the National Forestry Technical Commission (CONATEF) emitted Resolution 3-88 that started a Program of Certification of Plantations with Rights to Harvest (IRG, 2001). This program has contributed to a number of private forest plantation efforts by establishing the legal right “to use trees planted on one’s own land.” Between 1988 and 2000, this program issued almost 6,000 certificates resulting in more than 16,000 hectares planted in forest. Furthermore, the program has been gaining momentum steadily. In 1991 only 400 hectares were planted under the program. In 2000 the area planted was more than 2,000 hectares. Several notable forest management activities have been initiated in the past 20 years. Plan Sierra’s La Celestina Project and the Zambrana Agroforestry Project are among the most successful forest management activities in country.

Government Reforestation Efforts

Since 1981, the national government has launched a series of large-scale reforestation campaigns. Most notable among these efforts is the Quisqueya Verde initiative that began in 1997. Quisqueya Verde was an ambitious undertaking that set as a goal the planting of 30 million trees in three years. Despite a heralded launch, the project’s success is debatable. It has suffered from the difficulties similar to those experienced by other reforestation efforts in the Dominican Republic. To illustrate, government land available for reforestation has not been clearly identified, private landowners fear that land reforested will be lost to productive uses, and commercial operators fear that, given current policy, they will be prohibited from harvesting their trees (IRG, 2001). The Secretariat of Environment and Natural Resources is in the process of launching a national reforestation program, which will start in the Artibonito river watershed and will initially be financed with government resources.

Forest Protection Issues

Charcoal-Making

In 1981, when the Country Environmental Profile was published by USAID, charcoal production for urban cooking fuel was a large rural industry that impacted dry woodlands and forests in the Dominican Republic. In 1985 the consumption of wood for charcoal, used for cooking by nearly two-thirds of the entire population, was estimated at 4,172,700 m³ of wood per year (Gomez 2001). Beginning in the mid-1980s a government policy of subsidizing propane gas and cooking stoves, suggested by the National

Commission for Energy Policy (COENER), was set in place. While perhaps a distortion to the economy at large, this policy presumably boosted forest protection efforts. According to the General Directorate of Forestry (DGF), now a dependency of the Secretariat of Environment and Natural Resources, charcoal consumption dropped from 1,596,000 sacks in 1982 to 26,465 sacks in 2000 (Gomez 2001).

The decline in the charcoal-making industry has had a significant impact on the rural economy. Many poor households lost an important source of income. However, while quantifiable data are not available, it is believed that this loss was offset by the movement of farmers to urban jobs, especially in the free zone light-manufacturing sector.

Forest Fires

As a matter of course, significant numbers of forest fires break out in the dry season in Dominican Republic. The Secretariat of Environment and Natural Resources has tabulated information on forest fires and reports that during 1981–2000 there were 1,365 recorded forest fires affecting 72,796 hectares. The years 1990 and 1997 were particularly bad fire years, with 15,269 hectares and 13,075 hectares respectively burned. Commonly, 1,000–5,000 hectares are affected annually. The Secretariat of Environment and Natural Resources has trained fire-fighting brigades and provided some specialized equipment and training.

Importing Forest Products

The Dominican Republic continues to be a net importer of wood products, as well as paper. Data on wood product imports alone indicates that the country spent an average of US\$50 million a year of foreign exchange on sawn wood, both pine and fine hardwoods. And 85%–90% of imported wood volume is made up of American and Chilean pine (Gomez 2001). In 1981, the Country Environmental Profile indicated that the Dominican Republic was importing US\$30 million a year of wood products.

Key Issues in Forestry

- ?? *Absence of an Industrial Forestry Sector*—The forestry sector has stagnated in the Dominican Republic as a result of government policies to restrict wood harvest. No viable commercial timber industry exists. Most legal forest plantations are young and of small size (less than 5 hectares). It is unclear whether standing timber would be available to support a viable industry.
- ?? *Negative Incentives for Private Land Forestry*—Despite the limited success of the Certification of Plantations Program, few private landowners in the Dominican Republic are planting tree crops owing to negative incentives for reforestation.
- ?? *Silvicultural and Forest Management Models*—Little research is being done on forest management, and most attention has been given to exotic species (*Cassia mangium* and *Pinus caribea*) or the indigenous pine. Numerous native broad-leaf hardwoods exist (including local species of mahogany *Sweitenia*), and it is likely that much reforestation could be rapidly accomplished by natural regeneration if the right incentives were there.

?? *Future Uses of Public Lands and Sugar Council Lands*— It is important to look at what role national government land, and land now controlled by the State Sugar Council (CEA), could be available for use in large-scale reforestation, perennial crop production, or other uses. It is imperative that the new uses on any large-scale government tracts be based on sound research, including silvicultural studies and market research.

?? *Forest Cover Stability*—The loss of forest cover appears to be stabilizing; there is some suggestion of forest recovery.

Initiatives to Address Forestry Issues

Under the *Increased Economic Opportunities for the Poor* Strategic Objective, USAID will provide technical assistance to strengthen the Secretariat of Environment and Natural Resources and enhance the Secretariat's capability to address some of these issues. The full range of issues and activities to focus USAID assistance is in the process of definition with the Secretariat of Environment and Natural Resources and other donors. The drafting of a Forestry Law and its implementing regulations, as mandated by Environment Law 64-2000, and targeted TA to improve the existing forestry permitting system are areas of immediate USAID assistance to help address the forestry issues above.

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UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
Santo Domingo, Dominican Republic

UNITED STATES GOVERNMENT
MEMORANDUM

Date: February 26, 2002
To: Adolfo A. Franco, Assistant Administrator for LAC/CAR
From: Elena L. Brineman, DIR, Santo Domingo, D. R.
Subject: Cover Memo for USAID/DR Strategic Plan for 2002-2007

USAID/DR is hereby submitting its Strategic Plan for 2002-2007 for final approval. This Plan was formally reviewed in October 2001. The LAC Bureau did not approve resources at the Mission's proposed level, cutting \$1 million per year in economic growth and environment resources and adding \$1 million per year in resources for education, and \$750,000 in health resources for a TB program. During the review, the Bureau also asked the Mission to continue with trade capacity development, despite the cuts in economic growth resources, promising to obtain at least \$500,000 in ESF resources for FY 2003, 2004, and 2005 in order to carry out these activities. Bureau management also expressed a desire to try and maintain at least some activities in rural electrification, if at all possible. Guidance provided to the Mission was for a Strategy with five years of full funding at \$19,750,000 per year, plus three years of funding at \$500,000 per year for trade policy and trade capacity building. The total Life of Strategy Funding was to be \$100,250,000. Some of these resources were to be obligated toward the new Strategy starting in 2002.

The Mission has done its best to adjust the Strategy to meet Bureau expectations. As a result the proposed Strategy remains for 2002-2007 with the first and last years being transition years. The proposed total Life of Strategy Funding is \$101,251,000 with \$20,250 per year for five years of full funding, broken down as follows:

Increased Sustainable Economic Opportunities for the Poor	\$30,000,000
More Participatory, Representative and Accountable Democracy Achieved	\$30,000,000
Sustained Improvement in the Health of Vulnerable Populations	\$41,250,000
Total	\$101,251,000

The difference between the guidance total and the newly proposed total lies with the Mission's assessment that the country will need assistance with trade issues and trade capacity building as much after the FTAA is approved as before, in order to meet its obligations under the new treaty. The Mission is therefore proposing to continue assistance with trade policy and trade capacity building throughout the five years of full funding of the Strategy period. If the additional ESF resources promised for trade policy and trade capacity building are not made available, they will need to be substituted with DA resources. Without at least \$500,000 per year of either ESF or DA resources the Mission will not be able to assist with trade policy issues and trade capacity building.

In order to accommodate the cuts in economic growth and environment resources, and still maintain at least a minimum of activities in support of public-private partnerships for rural electrification, the Mission had to make hard choices and cut other components of the Strategy. Thus, the newly proposed Strategy drops assistance to development of sound poverty reduction policies – a Mejia administration priority, drops all assistance in disaster prevention, mitigation, and response, drops assistance on broader energy policy issues (a critical problem in the Dominican Republic) and substantially scales back assistance in rural electrification, small business development, and civil society participation in policy reform. These reductions particularly undermine the Strategic Objective's poverty reduction focus. However, the Mission feels that if it is able to maintain funding levels at least at the proposed levels, it will be able to do enough in rural electrification, small business development, and community based education activities to keep the integrity of the Objective intact.

The Mission has adjusted the Strategy to accommodate additional resources in education and has added a tuberculosis component to the health objective as requested.

Since the review of the Strategy, the Dominican Republic has been designated an HIV/AIDS "Intensive Focus" country. The Mission sought guidance on how this should affect the Strategy. We have been unable to get clarification on this point and have decided to go ahead and submit the Strategy with the health objective at \$8.25 million per year, despite the fact that the control levels we were given for FY 2002 and 2003 are considerably above this level. These additional resources can definitely be put to good use. However, at this point the Strategy does not reflect these added resources. If the Agency projects dedication of substantially higher levels of health sector resources to fighting HIV/AIDS and to resolving maternal mortality and other critical health issues in the Dominican Republic over the next five years, the Strategy should reflect that fact. On the other hand, if the Bureau believes these increased levels are likely to be a one-time injection of resources the Strategy should remain as it is. The additional resources will be taken into consideration in adjusted results targets on a yearly basis. Since the Mission intends to obligate FY 2002 resources towards the new Strategy we need an approved Strategy as soon as possible and did not feel we could wait any longer while the question of future resources in the health sector are resolved. Once approved, the Strategy can be amended if need be.

The Bureau also reviewed the proposed Hispaniola Regional Upper Artibonito Watershed Program. Although it was clear that there is considerable interest in this proposed cross border GDA activity in Washington, the Agency did not feel it could make a commitment at the time of the review to provide minimum funds required to move this activity forward. The activity requested \$4 million per year for five years and will need at least \$2 million per year for five years to make any USAID investment worthwhile. This GDA type activity has the potential to leverage \$85 million in other resources, has a significant conflict prevention aspect, an issue that the Agency says is a priority, could help meet the Agency's environmental goals, and has strong agricultural development components, another Agency priority. Hence, the Mission was asked not to spend additional resources to further develop the activity, but to keep it on the burner while the post September 11 funding situation was clarified. The Mission has continued dialogue with counterparts on both sides of the Dominican/Haitian border, with the Haiti Mission and with Washington on this initiative. The other potential partners in this alliance are continuing to move forward with their proposed activities. The DR Mission is in the process of reworking the proposal to take into consideration technical comments made during the review and will resubmit this proposed program before the end of March. If this activity is going to move forward it is imperative that it be placed in the context of a Hispaniolan, regional multi-year strategy rather than being treated on a year by year basis. Otherwise this valuable orphan has no hope of finding a home and receiving sustained assistance over the five years needed to achieve real advances toward the Objective.

I look forward to discussing any of these points with you and Bureau colleagues while I am in Washington for the LAC Mission Director's Conference.