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## DEVELOPMENT OVERVIEW

Explanatory Note: There follows a paper prepared in October 1973 as the underlying basis for the U.S. bilateral aid program in the Dominican Republic. The program has since developed along these lines. Thus, we have included this paper in the Briefing Book, believing that it will be useful and relevant to an understanding of the present and future program. There have been certain deletions for classification reasons, but text otherwise has been slightly modified only for editorial reasons. The approach followed in the program is derived from and relates to the new policy guidance in the Foreign Assistance legislation.

### Introduction

In July AID/W called for a reappraisal and updating of Dominican economic trend and U.S. assistance analysis. This request was "designed to allow the new Mission Director ample opportunity to actively supervise and participate in this review and for the final product to fully reflect his views."

Among the choices, programming of assistance to the Dominican Republic which is complementary or supplementary to that available or expected to be available through multilateral channels is to be preferred.

There are a number of preconditions, among them being that (1) support of the Dominican development effort is in the U.S. as well as Dominican interest, (2) a sufficiently suitable developmental environment exists, (3) aid is needed and wanted and, even at the margin of external resource flow and internal resource allocation for investment, can have important developmental consequences.

### The Background

U.S. development policy and posture has had two major phases since the 1965 revolution.

From 1965 to 1969 the U.S. development presence was substantial and affected major parts of the Dominican economy. Bilateral aid commitments totalled \$267 million. From 1969 to 1973 there was a major effort to help the Dominican Government to reduce its need for U.S. bilateral assistance, by urging it to seek external aid and assistance from international and multilateral sources where possible while retrenching U.S. bilateral aid.

The U.S. approach of the two periods can be seen to have been quite different. Yet each in retrospect appears to have been suited to its particular time and circumstance.

There are now indications that the Government may be about to embark on a new development tack where the character of investments may be changing and become more directly-oriented to near term and high pay-out production priorities. Consequently a reappraisal of the development prospects is timely.

On the Dominican side this last period of eight years was one of demonstrable economic progress, with the investments and policies of the earlier part leading to significant economic results in the later part. This progress is particularly noteworthy since the Dominican Republic had experienced 31 years of dictatorship until 1961, and, the 1961 to 1965 period was one characterized by mixed economic indicators and consequences.

Based on the experience of the past eight years, one cannot help but conclude that given adequate leadership, generally favorable conditions and a measure of external help, the Dominicans are capable of achieving, as they have, significant development progress.

#### The Setting

Thus, in examining the present scene and contemplating future prospects, the progress of the past several years following periods of difficulty, are realities to be taken into account. The setting then, is as follows:

- There has been much economic progress and there is a generally favorable economic atmosphere for development and for new foreign investment. GNP growth is high; exports earnings are high, although these are attributable in considerable part to weather and world prices paid for traditional Dominican exports of sugar, coffee and cacao. While prices for these Dominican exports can be expected to continue to be favorable in the near term, the import bill is also increasing at an unprecedented rate, both for investment and for food needs of a growing population. This year's bill for imported food alone, for example, is estimated at \$80 million.
- The Dominican Republic has not been insulated from world-wide inflationary trends, and in the past year, this is becoming increasingly a constraint on development.

- The Government of the Dominican Republic has a development planning organization but has no "approved" development plan. It has a national Development Commission with broad participation. The Commission is used to attempt to achieve a consensus on economic development policies.
- Public sector investment is proportionately high in relation to current expenditure -- one of the highest, if not the highest, among all developing countries, so high in fact that some have suggested that current expenditures need to be increased considerably.
- Much of past development investment has been for construction and much of that has been in projects where pay out is long-delayed. Even so, the pattern of investment is shifting with, for example, construction of schools and clinics more evident in the latter years.
- The Dominican Republic has a small, dynamic and not inefficient private sector, but much of industry is in the government hands.
- The country is primarily agricultural but because of relatively low yields, the food crops it does produce for its own consumption are not sufficient to feed its people. Statistics are not generally reliable but per capita food production in 1972 is believed by some to be slightly less than in 1962.
- All land considered cultivable is cultivated (not necessarily by tilling). The ratio of .18 Ha. per person in 1966 was one of the lowest in the world and the situation has worsened.
- Substantial human and financial resources are allocated for education.
- Two-thirds of the people suffer from some form of malnutrition. What appears to be a healthy six-year old is frequently nine years old.
- Malnutrition is thus a constraint together with size of family in achieving sustainable development progress in the Dominican Republic.
- But, the most urgent and pressing reality is that by the Year 2000, there will be nearly ten million people in the Dominican Republic if birth rates decline

significantly, fourteen million if they do not. This country currently provides only bare subsistence for much of its present population, which even now numbers four and one-half million people.

- More than half of Dominicans now living will see the Year 2000. Thus, the problems of that year are foreseeable problems for one-half the present population.

### Our U.S. Interest

The United States and the Dominican Republic have had extensive and close historical ties in almost every major field of public and private endeavor for the past century. Substantial links, for example, in commerce and trade, and in private investment and immigration, have helped to create a community of interests and concerns. The geographic proximity of the Dominican Republic to the United States has intensified these ties and highlighted the mutuality of interests. Excess production of agricultural crops can be exported to industrialized Puerto Rico. It is clearly in the U.S. interest that the Dominican Republic continues to progress, be less dependent on U.S. resources, and be able to cope with its central economic and social problems such as population growth and employment opportunities. An opposite trend of static economic conditions and deteriorating longer term prospects could affect our national interests adversely.

### The Historical Relationship

While the Dominican Republic rates occasional passing reference in our history books, the United States figures prominently in chapter after chapter of theirs. Outright U.S. annexation of the Dominican Republic barely failed in 1870 when the Senate refused to ratify a treaty of annexation negotiated between the two Executive branches.

For nearly a hundred years the Dominicans had come to anticipate, even expect, the United States to come to their aid if problems were to become overwhelming. The memory of 1965 is also sharp and clear and the \$267 million in U.S. bilateral aid commitment over the following four years was but one more indication to some of their reliance on the United States for their economic well-being.

Thus, the bilateral aid policies of 1969 to 1973 were atypical rather than typical of the historical pattern. The sharp reduction of U.S. bilateral economic aid and the more gradual reductions in P.L. 480, Title I and Title II programs provided encouragement

to the Government to rely more on its own resources. This new bilateral aid policy direction was instituted in a period when the Dominican economy was showing vigor and its own foreign exchange earnings were pretty much keeping pace with the expanding economy and the fairly sizeable and increasing development effort. Consequently we now find ourselves at the end of 1973 with the Dominicans showing more self-confidence, and concurrently, with our being relatively unencumbered by extensive past bilateral aid commitments and obligations.

While the short-term economic prospects are favorable, the intermediate term prospects, e.g. after 1973-1974, are not all that encouraging and the longer term prospects, because of the demands of an expanding population, are likely to be difficult. Unless development policies are instituted which, for example, will keep people and agricultural production in some sort of reasonable balance, the economic viability now being achieved will be transitory.

The reality of the Dominican dilemma is understood and a shift in the pattern of public sector investment toward more immediately beneficial and productive activities is beginning to occur. At this time even modest inputs of bilateral aid can have more than their accustomed welcome and impact if directed toward critical problem areas. The current question, therefore, is: Are there certain reasonable bilateral aid measures which can usefully be taken now to help Dominicans face their critical problems and policy issues better?

#### Criteria for Allocation of U.S. Resources

For many reasons U.S. bilateral aid to the Dominican Republic will likely be relatively small. With respect to external resource flows and internal resource allocations for development, it will likely be marginal. Therefore, to justify aid at the margin it must be in areas, e.g., developmental sectoral planning where relatively small inputs can result in comparatively major benefits.

Future U.S. bilateral aid decisions should be based on increasingly better analytical foundations. In this respect even the reconnaissance assessments undertaken in connection with the preparation of this paper, commend certain areas to our further attention. We have identified some, but not all, of the major policy options open to the Government of the Dominican Republic in the agricultural, health and education fields.

It is clear that there are areas where bilateral economic aid inputs can provide the margin of difference to assure more beneficial significant results.

## The Focus

Basically our focus is on people and reflects closely the new legislative base as it seems to us to be evolving. We have sought to examine some of those policies, policy choices and actions which affect people and their quality of life. In preparing this paper, the most intensive Mission effort has been spent on the agricultural sector since this country is primarily agricultural. Most people derive their livelihood from agriculture. Most traditional and non-traditional exports are agricultural in origin. Most industry is agro-industry. It would therefore be difficult to understand any aspect of Dominican economic life without having some comprehension of Dominican agriculture.

Consistent with our focus on people, much attention in agriculture was focused on food production, examining some, but only some of its employment creation and income redistribution effects. For example, in the Dominican Republic new industrial investments have tended to be capital intensive. Investment in agriculture, however, produces nearly twice the number of jobs.

The consensus of opinion among all observers is that increasing agricultural production is essential to development in this country and better planning is a key to increasing agricultural production. Thus, we have given particular attention to the question of upgrading the technical analytical capacities of the Agriculture Secretariat's planning staff where there already has been a request for assistance. Better analytical preparation by Dominicans is essential -- as they themselves acknowledge -- if agricultural developmental policy decisions, by Dominicans, are to be the most beneficial ones for the country. The same is true in other sectors.

The Dominican public health effort now depends on costly physician rather than more simplified health services. It emphasizes curative rather than preventive medicine. This is a useful area to study.

The public and private capacity for making family planning services available is limited. Practically all of the usual constraints prevail, but the expected support of the United Nations Fund for Population Activities can be important in accelerating progress in this area.

There is a growing body of evidence that suggests that reduction in infant and preschool child mortality (when the latter is high) favors declining fertility. Couples want fewer children when they feel assured that those children they have will reach adulthood. The high death rates among preschool children are largely a reflection of poor nutritional status. The nutritional state of Dominicans is known to be low. Furthermore, such things as the es-

stantial tripling of agricultural production by the Year 2000 will be difficult unless the productivity of people can be better assured.

Thus, nutritional inadequacies would seem to constitute a major constraint on development in the Dominican Republic. This conclusion must be subjected to further examination to see whether generally accepted concepts about nutrition have specific application in this country. The 1969 Nutritional Survey of the Dominican Republic provides a good starting point to consider this question.

As indicated earlier, our analytical focus in these sector assessments which follow has been on important aspects affecting large numbers of Dominicans; more and better food for better health and productivity; consideration of the complex of measures which may help to reduce the present high rate of population increase. In a sense our proposed concentration on agriculture and health constitutes an interrelated, multisectoral approach on basic problems affecting quality of life.

The Title II program has met too many basic food needs of too many people too long. The existing reliance of about 17% of the population and 38% of the enrolled primary school children for supplementary food each day clearly illustrates a situation which is beneficial to neither the COER nor the USG. We have given some consideration to how the burden can be shifted to the Dominicans without loss of the nutritional benefit involved.

#### Additional Pertinent Considerations

The Dominican environment may be somewhat unique given the factors cited earlier.

Some may say that a lack of an "approved" national development plan constitutes an inhibition, but one should not conclude that there is no pattern of development and investment. There is. Many top Dominican officials are giving focus and direction to the pattern of development. While the absence of an "approved" plan may inhibit easy discussion, its absence does not prevent planning or execution or cooperative aid activity.

Vesting much decision-making in a popularly-elected executive is unusual in our experience, but it conforms more closely in some respects to the cultural pattern which had long predominated in the Dominican Republic.

The past presidential decisions to invest and meet operational costs of government, largely by using current savings, made sense. Also, the President, as a historian, is keenly aware that many of his country's past problems occurred because of poor fiscal management and contraction of excessive foreign debt. There are now indications that a stepped-up external developmental borrowing is contemplated and that investment more productive in

shorter term pay out will be favored over some of the past investments. Indeed, access to increased external developmental lending on easy terms will be necessary to fuel the development effort necessary to avoid a deteriorating economic situation over the longer term.

The Year 2000 dramatizes the issues and is compelling. There are persuasive reasons to believe the potential impact of the population pressure is keenly felt and that major policy choices are under serious consideration.

#### Our Development Approach

Our conclusion is not to dwell on the realities of the environment longer than may be necessary to understand them. They can be given undue weight. We must accept the framework of the realities as the environment in which to consider the developmental opportunities. And, they do exist.

We conclude that some bilateral aid in agriculture can be undertaken now and would meet the criteria cited above and be effective and complementary to the work of the IDB and others. We also conclude that while we know too little about health -- family planning and nutrition possibilities in the Dominican situation -- further examination would likely result in the conclusion that a near-term future cooperative effort would be worthwhile. Certainly the population projections convince us that this area cannot be ignored.

Using an interdisciplinary approach we can constructively bring out energies and capacities to bear on the policy choices in these two major areas of agriculture and health; on helping Dominicans improve the analytical bases for decision-making in these areas; on the transfer of technology, particularly on stepped-up development training programs for Dominicans.

## DEVELOPMENT OVERVIEW REEXAMINED

The Mission has followed the strategy laid out in the 1973 Development Overview closely. First priority was accorded agriculture in 1973-74, followed by health in 1974-75. Nutrition constituted the link between the two sectors.

The program in the Dominican Republic is one of the more active of AID's Latin American programs. It has been designed essentially in accordance with the evolving Congressional Mandate. There are no residual activities from the earlier lending period.

The AID program in the Dominican Republic is achieving a notable impact among the poor majority and has frequently been cited by Congress and Agency spokesmen (See Annex 1).

Continuation of the AID program in the Dominican Republic now seems a foregone conclusion although some would advocate intermediate lending terms in view of the improved economic conditions today as compared with some years ago. The Mission opposes intermediate terms on the grounds that such terms presume an ability to become a capital exporting nation, i.e. repayments which exceed capital transfer to the Dominican Republic, by about 1990. This is not a realistic assumption if one also assumes that significant development investments are to be on a sustained basis.

Because of the active program today the guidance for the preparation of the 1973 DAP is somewhat incongruous. Guidance stated that the "central question to be faced by Mission" was to see "whether the U.S. should (a) schedule now the phaseout ... (b) continue a presence program and staff for political or development contingency reasons; or (c) actively program assistance to the DR complementary or supplementary to that available or expected to be available through multilateral channels..." There were some who had concluded that the development potential of the Dominican Republic was limited.

We are now well beyond that stage of doubt and skepticism. Most in the Dominican Republic would also agree the U.S. bilateral AID support is central to the establishment and carrying out of policies and programs of the Dominican Government in the agriculture and health sectors. Many would say that the programs of the international lending agencies in these two areas are supplementary and complementary to AID activities -- rather than the reverse. This occurs principally because of our AID emphasis on policy rather than on projects. For example, in health we sought to have the GODR provide minimal services for the 40% of the population who had been deliberately excluded. In

agriculture we sought to have the GODR include a greater proportion of poor farmers in the institutional credit system, farmers who previously had no credit or were paying extortionately high rates to private lenders. In both instances the policy issues were central to what was happening in the sector.

There are a number of programming principles followed by the Mission over the past three and one-half years, most of which represented a departure from the immediately preceding AID efforts here. These principles were of much help to the Dominicans in establishing agriculture and health programs targetting the poor majority.

1. There is no "AID" program in the Dominican Republic. Over the past three and one-half years, we have been successful in convincing Dominicans (and some in Washington) that the AID role has to be supportive of Dominican policies, programs and efforts. It would be reasonable and fair to say, however, that many Dominican policies and programs in agriculture and health would not exist today had there not been AID participation. Nevertheless, these programs are now properly identified in the Dominican mind as Dominican programs.

2. This AID Mission has followed over the past three and one half years an intensive analytical approach, making extensive use of carefully selected consultants as an alternative to a large mission staff. About 250 short-term consultants and TDYs have been brought to the Dominican Republic, mostly to analyze problems and come forward with recommendations for action. It has usually been possible for these experts to analyze these problems in collaboration with Dominicans. For example, some 56 persons were mobilized to develop the first comprehensive agricultural sector assessment. Twenty-six were Americans. Thirty were Dominicans from 13 different Dominican agencies and universities. Sixty-three persons were mobilized to undertake the health sector assessment, which itself was the most comprehensive analysis of the health sector ever undertaken in this country. Forty-five were Dominicans and eighteen were Americans.

3. Our basic assumption has been that the Dominican Government must make the critical basic decisions if the programs were to be truly Dominican programs. We concluded that a joint analytical process would lead to identification of successive development phases and to development of alternative courses of action with some indication of the trade-offs between one course of action and another. For example, following completion of the sectoral assessments, the GODR had to make a number of significant policy decisions before the loans could be designed in detail. By and large we have not been disappointed, i.e. the Dominican policy choices in most instances are not much different than our own would be.

4. In the agriculture and health sectors there has been a concentration of policies, and resources to resolve, eliminate or alleviate problem situations where these have constituted the principal underlying obstacles to progress. For example, a wholly new system for agricultural inputs had to be designed to make inputs readily available to small farmers at low cost once it was decided to accelerate assistance to small farmers. Substantial additional Dominican human and financial resources have been brought to bear as the Dominican Government has re-ordered its priorities, established or reaffirmed policies and initiated or expanded program efforts.

5. Thus our approach has been mainly policy-oriented as opposed to project-oriented. Our efforts have been directed toward policy change -- where indicated -- plus increased allocation of resources and strengthened sectoral leadership and implementing institutions. There have not been narrowly-defined project objectives, rather project activities have been developed as a consequence of changed policies.

6. We assumed that Dominicans would take a greater interest in joint activities providing they had a greater stake in the outcome. For example, most AID activity prior to July 1973 was for projects and in the larger proportion of instances financing was 100% or nearly 100% U.S. The Dominican proportion under programs supported by the three U.S. loans since 1973 has varied from 1.7 to 1, to 1 to 1, depending on the Mission's assessment of the GODR's ability to pay. The Dominicans have predictably shown a great interest where they have had more to gain or to lose.

7. We concluded that the basic job of the AID Mission was to analyze, to plan, to monitor, to evaluate, to encourage and to participate but to avoid doing and to avoid reestablishing the somewhat tedious, and sometimes counterproductive, pattern of traditional technical assistance. Only about 10% of Mission staff here are engaged in the usual form of technical assistance. Where technical assistance has been required, i.e. consultants (individual or institutional) and training, this has been accomplished increasingly through loan funds rather than grant funds, and mainly through loan-funded Dominican contracts. These individuals and institutions so retained are not part of, nor do they consider themselves a part of, the AID Mission. This approach is considerably different from the approach of other agencies, e.g. UN, IDB or OAS. To the degree used AID practice in the Dominican Republic may be more extensive than in a number of other AID Missions.

8. AID has become identified with forces of change in this country, within the broad institutional framework of the established government, by working with and supporting those advocating change to support the Government's objectives to improve the well-being of

significant numbers of poor Dominicans, particularly in the rural areas. This has occurred both in the agricultural and health sectors.

9. The GODR, with AID encouragement and support, has concluded that the "poor majority" can be reached by carrying programs to target groups rather than depending on the target groups to come to locations where government services are traditionally available. The problem has been to design economical programs which have the possibility of being extended throughout the country. How this is done is elaborated in sections which follow. But, for example, the low-cost rural health scheme is planned to reach the 40% of the population which until last year had no ready access to health services. The per capita cost is estimated to be less than RD\$2.00 per year. And, in agriculture, more than 15% of the target group of borrowers of agricultural credit to be brought into the institutional credit system have now been integrated into the system -- in less than two years. Average loans have been less than \$600. The farm size has been about six acres. Also, some two thousand farmers will have been brought to farm vocational centers for training. They will be aided by extension agents on their return home and will again be brought back for a second round of training. Under Agricultural Sector Loan II the program will be continued for an additional six thousand poor farmers. Under Loan III two of the eight thousand trained will be retrained to form part of a para-agricultural-agent force to carry improved agricultural techniques more intensively into the countryside. Again, costs will be low on a per capita basis and well within the budget of this Government and its limited income.

10. The Mission has encouraged fixing policy and operational responsibility within the Government of the Dominican Republic. In the past there have been too many instances where responsibility for cooperative activity within host governments has been dissipated within the administrative structure with the consequence that AID has become the implementing agent and the so-called "committees of coordination" function mainly in an advisory capacity and do not provide leadership or direction to the host government's efforts. In the Dominican Republic the AID Mission has encouraged the Government to fix responsibility for sector policy development and operational programs. (This is more sharply defined in agricultural than health programs.)

The foregoing can be described as principles affecting the process the Mission has followed. In terms of substantive approach the Mission has been at the same time analytically and pragmatically oriented. The past three and one-half years have been years conducive to change along lines of the Congressional Mandate and in this sense the timing of the AID association has been fortuitous. In other circumstances, achievement would be more difficult. For example, the political elections in 1978 will introduce uncertainties, and, leadership

in the development sense is likely to be less bold. AID would be well-advised to be guided by "consolidation of position" considerations rather than initiating dramatic new activity in agriculture (other than Ag Sector III which in many respects is part of a continuum) and in health.

In education the 1973 DAP suggested deferral of education activities and to take a new look in a "couple of years." We have done so. There is some opportunity in the rural skills area although several international organizations are already active, among them being IBRD, IDB and ICEM. A principal constraint on significant activity in the education area is the relatively weak response capability of AID. Historically Agency programs in education have been much weaker than, for example, in agriculture.

It is readily apparent that the principal focus of AID programs in the Dominican Republic has been rural. With increasing population shifts from rural to urban areas, and the relatively slower growth of labor intensive agroindustrial development, problems in urban areas in future years could become a principal constraint not only for development, but indeed for survival and progress in the Dominican Republic.

All factors considered, our assessment of the Dominican Republic's chances for sustained development are pretty much as set forth in the 1973 Development Overview, itself an integral part of the DAP. The Dominican Republic's chances are considerably better than for most developing countries. Given how far it was behind at the time of the overthrow of Trujillo some fifteen years ago, the Dominican story of accomplishment is extraordinary as are the achievements of the past ten years under President Balaguer. The role of the USG has been significant and has been welcome. The links with the United States have been strengthened, but with the notable change that the former attitude of Dominican dependency on the United States has been replaced by one of growing self-confidence of the Dominican Republic in its capacity as an independent country able to achieve notable progress with dignity.

Extract from: 94th Congress, Committee Print  
"New Directions" in Development Assistance: Implemen-  
tation in Four Latin American Countries

Report of a Staff Survey Mission to Colombia, Bolivia,  
Guatemala, and the Dominican Republic

dated August 31, 1975

### 5. Conclusions

The AID mission in the Dominican Republic, in reinstating a substantial program in that country, took the opportunity of a new start to design new projects, in collaboration with the Dominican Government, basically along the lines of the new directions enacted in 1973.

The program in the Dominican Republic is focused almost entirely on agriculture, nutrition, health, and population. An attempt is being made to work closely with Dominican Government officials in designing and implementing comprehensive strategies and specific programs in these areas.

In agriculture, the main focus has been on poor farmers, though not on the poorest farmers, and significant programs have not yet been proposed to deal with growing rural unemployment and underemployment. In health, programs have been proposed to reach the poorest people, including those in remote areas, but with uncertain prospects.

The major achievement of the program, which has enjoyed close relations with the host government, is its demonstrated capacity to use resources to change a particular system -- e.g., the agricultural credit system -- in a way which makes that system more responsive to the needs of the poor. This kind of programming bears the promise of permanent change which can ultimately benefit substantial numbers of people long after assistance from AID has been ended.

USAID/DR FY 77, 78 and 79 PROPOSED D.L. FUNDING LEVELS

	<u>FY 77 Proposed</u>	<u>FY 78 Proposed</u>	<u>FY 79 Proposed</u>
Agriculture Loan III	-	\$10.0	-
Health Loan II	-	-	\$ 7.5 mil
Urban Loan I	-	-	\$ 2.5 mil
Education Basic Skills	-	-	<del>\$ 2.0 mil</del>
Total	0	\$10.0 mil	\$12.0 mil

FY 78 Program

Ag Sector Loan III: - Will stress marketing and also include land utilization activity, expansion of input distribution program, additional sector planning, production/pricing and research work.

FY 79 Program

Health Sector Loan II: - Will include continued Administrative Reform activity and implementation of nutrition intervention actions initiated under Loan I, e.g., food supplements distribution.

Urban Loan: - A series of studies to identify effective solutions needs to be carried out before starting project formulation.

Basic Skills: - Activities include establishment of rural, nonformal training centers, training a cadre of teaching staff, and development of curriculum and training capacity to train some 15,000 persons.

## DEVELOPMENT PERFORMANCE AND PROSPECTS

### Present Status of the Dominican Economy

The economy of the Dominican Republic has shown impressive growth in recent years. GNP has grown at an average annual rate of 9.8% for the past seven years, per capita GNP about 7%. In part, the improvement has been structural and intended, but a substantial part has been the consequence of a series of fortuitous circumstances.

The principal factors which have led to this remarkable record have been five.

One, President Balaguer introduced a period of political stability following years of retrogression and turmoil. He has guided government investment along lines which would both alleviate urban unemployment and create a basic national infrastructure. He has also limited expansion of current public expenditures to obtain more funds for capital investment.

Central Government income increased from \$161.7 million in 1966 to \$657.4 million in 1975. Central Government investment increased nearly seven-fold between 1966 and 1975; external aid as a percentage of central governmental investment dropped from 55.8% to .3% in 1974 and increased again to an estimated 2% in 1975.

Two, merchandise exports rose from \$136.7 million in 1966 to \$920.5 million in 1975. This \$784 million increase contributed in an important way to growth of income and provided most of the foreign exchange needed to sustain a high level of investment.

Three, preferential access to the U.S. sugar market assured the Dominican Republic of more foreign exchange income than if sugar had been sold in world markets. Between CY-1966 and CY-1972, additional income gained amounted to some \$250 million.

Four, external aid has been fairly continuously substantial since 1965. U.S. bilateral aid commitments totalled \$267 million in the four years 1965 to 1969. It has been decreasing since, but

activities of other international agencies have been on the increase. The IDB has provided \$152.4 million in the past five years; the IBRD \$62.5 million.

Five, Government policies have favored private investment, foreign as well as domestic. Over \$1.8 billion has been invested between 1966 and 1975.

There have been major investments in mining -- over \$200 million in ferro-nickel and about \$43 million in gold and silver. The Falconbridge ferro-nickel facility is a major mining operation and production accounts for about 6.5% of the world supply of nickel. Ferro-nickel exports are expected to total \$105 million in 1976. The Dominican Republic will now rank third among Western Hemisphere gold producing countries -- after Canada and the United States. The 1976 exports are expected to reach \$46 million. The Rosario mine will rank after the Homestake mine in South Dakota as the largest open pit gold mining operation in the world.

The Dominican Republic now has a \$3.0 million industrial research facility to help improve quality of industry products. The substantial new investment in tourism facilities may approach \$100 million within an eighteen month period. To date, return on investment has been small. Sizeable new investments (perhaps aggregating as much as \$200 million) will be required for the construction of new port facilities at Haina and a new four lane highway connecting Santo Domingo with Santiago.

The favorable economic situation has occurred at some cost. Inflation has been fairly severe in recent years because of rapid increases in prices of imported goods and price of petroleum products (petroleum imports increased from \$48 million in 1973 to \$153 million in 1974 and an estimated \$169 million in 1975), but also because of domestic factors, particularly sizeable credit expansion in the private sector. Unlike most developing countries, the public sector expenditures have been a minor factor in inflationary expansion.

The Santo Domingo Cost of Living Index -- the only one in the country -- shows an increase of 15.1% in 1973, 13.2% in 1974, and 14.5% in 1975. The increase for 1976 is estimated to be in the 9-10% range. The reduced inflation in 1974 compared with 1973, despite a 50% growth of bank credit and a 38% increase in the money supply, reflected in part the very significant \$251 million (59%) increase in imports which cushioned the effects of inflationary pressure on domestic prices. Imports in 1975 increased by \$100

million or 15%. A reduction in the rate of increase of import costs and monetary expansion during 1975 contributed to holding down price increases during 1975. The further reduction in 1976 reflects the tighter money and credit measures put into effect mid-1975 to cool the economy resulting in reduced investment. The effects in the economy will not show up for two to three years, but it can be said that the Dominican Republic will have to settle for a slower growth rate for the next several years. There is less ready money, primarily because of reduced sugar prices. Sugar prices averaged \$267 in 1975 but only \$.13 in 1976. All Dominican exports are not expected to exceed \$700 million in 1976 (compared with \$920 million in 1975). Owing to the Government's vigorous campaign to restrain import demand during 1976, imports for that year are expected to be slightly below the 1975 level.

Much of the industrial expansion has tended to be capital intensive. The ILO has calculated that underemployment and unemployment, measured as units of unemployment, amounts to about 40% of the labor force. Because of low interest rates, low customs duties on imported capital goods and tax write-offs, capital costs tend to be relatively low compared with labor costs, which contributed to high levels of unemployment. Furthermore, labor tends to be inefficient.

The marginal savings rate (1971-1973) has been high, about 32%. Wages have consistently lagged behind rises in prices and the people least able to afford it have been bearing much of the cost of development. Level of expectations of most people is low and this economic problem is less of a social and political problem than it would be in some other developing countries.

Family income is highly skewed in favor of urban families relative to rural families. A recent study of income distribution showed that 47% of urban families and only 8% of rural families had income of over RD\$100 a month while 64% of rural families and only 29% of urban families had incomes of under \$50 per month. Family income is also highly skewed on a national basis: 49% of all families, those in the lowest income bracket (less than RD\$50 a month), receive 13% of total income while 6% of all families, those in the top bracket (more than RD\$300 a month), receive 43% of total disposable income.

The Dominican Republic is beginning to develop the characteristics of a dual economy with a rapidly expanding small and relatively affluent middle class, but also a rapidly expanding

poor class because of population increases and rural/urban migration. Consequently, many families are at the lowest levels of poverty.

There is significant upward mobility for some through universities and through vocational and secondary schools, also through the defense forces. There is ample employment opportunity for most technically-qualified persons in expanding governmental and private industry programs. Nevertheless, there is a surplus of certain categories; i.e., lawyers and liberal arts-trained persons. While the unemployed intellectual is not presently a significant problem, there are seeds of serious problems for the future, particularly when the economy, still in its boom and expansionary stage, begins to slow down.

One little noted factor in the economy, but one of considerable importance is the extensive government ownership of land and fixed assets. The Trujillo family over 31 years acquired much of the assets of the country, virtually turning much of the country into a feudal family estate. After the overthrow of Trujillo, these assets were taken over and retained by the Government. This is reflected particularly in the large government sugar estates in addition to extensive national lands. It is also reflected in government ownership of industrial shares.

It is not unusual for the Government to hold 40%, or more, of the equity shares of a "private" enterprise. It was suggested a few years ago that only 28% of industrial assets were privately held, and, of this, less than one-half held by Dominicans. While this would be less true today, the impact of the Trujillo years has had a substantial influence on the characteristics of this economy in which the pattern of ownership is most unlike other developing countries.

The foregoing in recent years has led to some income redistribution in the middle and upper levels through leased lands and similar arrangements. The poor in rural areas have tended to benefit from the sizeable agrarian reform program. There are some 212 agrarian reform projects with, perhaps, over 45,000 families settled. This meets about one-third of the demand -- a not inconsiderable figure -- but also poses an administrative burden of vast proportions. The poor in urban areas have tended to benefit from increased employment opportunities and some improved public services although there would not appear to have been a significant decrease in the percentage of unemployed.

Despite the adverse effects of a delay in sugar exports and serious power shortages during recent months, the economy of the country presently appears to be basically healthy and vigorous, but what is the status and condition of the vast majority; i.e., the poor Dominicans?

The prospects of the poor Dominicans appear to be improving. President Balaguer has in the space of ten years created a basic national infrastructure. In the past two years, there has been substantially more attention to programs which will benefit the poor majority directly. Capital investment in education and health has increased, but the more substantial investments have been in dams and irrigation systems for agriculture which, of course, improve production possibilities in the countryside.

Importantly, credit opportunities for small farmers have been expanded. For example, the President has taken the decision and instituted the measures to change the Agricultural Bank from one serving the sector generally to a bank which will increasingly serve small farmers. Over 80% of the food consumed is grown on farm units of less than 25 acres and much of this is on far smaller units. It has become increasingly obvious that any appreciable improvement in food production is dependent on helping small farmers, including the very small farmers, to increase their output. In the land-short Dominican Republic this necessarily requires more efficient production and thus expansion in farmer education and technical services to farmers as well as credit.

Thus, new policies have been announced and put into effect. The Government's activities in the sector are being pulled together under the guidance of the Secretary of Agriculture. The new policies, strengthened institutions and expanded programs have been supported by increased allocation of Central Government financial resources. Similarly in the private sector, resources have been increased for agriculture investment and production, the reversal of a trend prevailing for several years. Agrarian reform and re-settlement have been stepped up. The very poor are benefitting. The AID Agricultural Sector Assessment and Sector Loans I and II have been factors of some importance in producing this change. But, without doubt, the greatest single factor in underpinning the present progress in the agricultural sector has been the fifteen-fold increase in competent trained agricultural technicians within a nine-year period. This investment in human resource development largely with AID help and a contract with Texas A&M University provides the Dominican Republic with its present capacity to introduce programs to reach the very poor of this country.

But what of the poor Dominican who is intended to both benefit and contribute to this economic progress? The Health Sector Assessment, and studies drawn on by the Group, provide some indication of the magnitude of the problems. Some 75% of the population suffer from malnutrition. Dominican health professionals characterize this as their number one health problem. Implications for physical and mental well-being are too well established to repeat here. Waterborne diseases are endemic. Nearly 50% of the population is under 15 years of age, owing to the rapid population growth. Widespread illness increases further the dependent population. The ILO level of unemployment, cited above, is somewhat theoretical since the effective capacity of the populace to work is considerably reduced by poor health. And, of course, the part of the population most directly and severely affected is the poor majority.

Thus, the objective of the Health Secretariat is to expand health services to the one-third of the population, not presently served, which has the possibility of adding a measurable increase in overall GNP, as well as improving living conditions for vast numbers of poor of this country. The Dominican program proposed to be supported by the AID Health Sector Loan has as its objective providing elementary family planning, nutrition, and preventive health services to 1.8 million Dominicans within a three year period.

Since the correlation between the number of children women bear and family income is almost universally negative, a causal relationship is generally assumed. If true, increasing real income of poor families will tend to reduce fertility. There is sound evidence to show that large family size is causally related to poor health, particularly on the part of young children. Although the evidence is not conclusive, there is considerable data available to support the thesis that further declines in infant and pre-school child mortality favor declines in fertility.

Consequently, one can envision a relationship between family income, health status, and family size in which low family income leads to high fertility which leads to poor health and increased mortality of children with the latter contributing to sustained high fertility. In such a situation, improved health and its attendant reductions in mortality should lead to higher per capita family income. If one is willing to accept the foregoing assumptions as valid, there are persuasive reasons why a comprehensive health sector program should be developed in a country characterized by rapid population growth and poor health.

The Government's current emphasis on agriculture, and prospective emphasis on health, directed toward the poorest people of this country, is encouraging.

#### Prospects for the Dominican Economy

In general, the prospects for the Dominican economy are better than for most developing countries. They would be dramatically enhanced if fertility could be reduced, if agricultural food production and population were kept in some reasonable balance, if the pervasive problems of health, including malnutrition, could be overcome, if education were given increased emphasis. There is more progress being made on the second point than on the others, although prospects in the other respects are more promising today than a few years ago.

Foreign exchange availability in the short and intermediate term is likely to continue to be a major development constraint. Prospects for improvement in the balance of payments in CY-1975 had been considered excellent, with increases in reserves estimated optimistically as high as \$150 million. Net foreign exchange reserves at the end of 1974 were a slender \$1.7 million. However, the country succeeded in accumulating a \$59.1 million surplus in its balance of payments accounts for 1975. This year the country will sustain a substantial deficit to be covered by short and medium term borrowings.

The drought during the first half of 1975 was the most prolonged and worst in over 40 years. Loss of production has been severe in most food crops, since the principal growing season is during the first half of the year. Loss in value of production has been estimated at \$81 million; i.e., about 21% of the value of production for the sector during 1974.

Failure to export sugar in the customary amount during the first part of the present year reduced liquidity in the economy. Serious power shortages that have arisen since the beginning of April have also had adverse effects on industrial production and trade. Sugar exports, at the end of April 1975, for example, amounted to 515,314 short tons for a value of \$289.4 million; sugar exports, at the end of April 1976, on the other hand, amounted to 92,104 short tons for a value of \$26.6 million. The Government's intent in withholding the sale of sugar was in the hope of eventually obtaining a higher export price. Sugar prices continued to drop and have more or less stabilized, below the price of production in many instances.

Prices for crude sugar have dropped by more than three-quarters from the all time high achieved in November 1974. (Prices on June 8 for the future delivery of sugar varied from 12.7¢ per lb. in July to 13.7¢ per lb. in October.) Dominican sugar was exported in 1974 at an average price of 14¢ per lb., and in 1975 at an average price of 26.7¢ per lb. Given the 13¢, average price per lb. received for most of the 1976 crop, export earnings from sugar will be approximately halved and fall by about \$230 million below the 1975 level. Cost of imports have increased substantially and food imports in 1975 are expected to be \$90 million, almost three times the five year average during 1968-1972. The Government prudently imposed a ceiling in 1975 on new foreign exchange commitments. The Central Bank continues to manage with difficulty what is a hand-to-mouth foreign exchange situation. The country, unlike many Latin American countries, has not been able to develop a sizeable foreign exchange reserve cover.

Long-term earnings prospects for traditional agricultural crops -- sugar, coffee, cocoa, and tobacco -- are subject to serious market fluctuations from year to year. Furthermore, there is no assurance that high prices for agricultural products other than sugar will continue, and it is certain that they cannot cover the increasing foreign exchange needs of an expanding economy. It is likely that few significant new sources of export earnings, except expanded tourism, will appear in the near future. There is some talk of exploiting copper deposits, but the extent of reserves has not been proved. Phosphate deposits are also known to be extensive, but there are no immediate plans for developing them. There is also under consideration the authorizing of petroleum exploration.

Thus, tourism appears as the principal short-term possibility for significant additional foreign exchange generation. Foreign exchange receipts from tourism increased from \$32.9 million in 1972 to \$53.5 million in 1974. Further growth can be anticipated as a result of new hotels being constructed and in the longer-term as a result of new tourist development projects being initiated. The total number of tourist hotel rooms presently available country-wide in 1976; i.e., 2,927, is a 32.8% increase over 1974. In addition, there will be added in Santo Domingo in 1976 a further 797 rooms in the large new hotels owned or managed by Sheraton, Loews, and Gulf and Western. Substantial investments are being planned or initiated for projects in different parts of the country. Gulf and Western plans to build a tourist complex east of La Romana.

The final design is under preparation for the Central Bank's tourism project on the north coast. The Central Bank is expected to issue a contract for the engineering design of a new tourist complex at Boca Chica on the south coast near Santo Domingo. There is good reason to believe that tourist receipts will grow and that appreciable growth will occur after the completion of these new projects involving major investments. Nevertheless, as late as 1974 tourist payments still exceeded receipts. Income from tourism is not expected to be of major proportions until after 1977.

Given that nearly all of the 1976 sugar export crop was sold at prices averaging 13¢ per lb., and given the prospect of a further significant increase in the price of petroleum, the country will have substantial difficulties financing a level of imports adequate to meet its increasing requirements and sustain a satisfactory economic rate of growth without sizeable additional external borrowing. Moreover, about 50% of budget revenues depend on foreign trade. Any decline in exports limits possibilities for raising funds for public investments. Public investment from current revenue cannot, therefore, be expected to offset the depressive effect of a decline in commodity export income on economic growth. Anticipating a drop in government income this year, the President established a reserve from the 1975 windfall surplus. At the end of 1975, this amounted to some \$60 million. According to preliminary budget proposals, capital expenditures might increase by only \$16 million in 1976 (from \$196.7 million in 1975 to \$213 million in 1976) compared to an \$81 million increase (from \$116.1 million in 1974 to \$196.7 million in 1975) proposed for 1975. It must be kept in mind, however, that expenditure results usually vary upward significantly from original budget proposals.

President Balaguer in his speech to the nation on February 27 noted the most vocal Dominican experts in diagnosing economic prospects in 1976 were pessimistic. Nevertheless, he hoped for some indications of economic improvement in 1976 giving such reasons inter alia as greater domestic savings, absence of short-term external debt and greater agricultural output as a result of better weather conditions. He indicated the intention of his Government was to employ administrative measures, where necessary, to prohibit luxury imports, to reduce superfluous foreign exchange expenditures on equipment and to restrict unnecessary foreign travel for pleasure. He expressed reluctance to incur new foreign indebtedness except for priority activities, and he believes that the country should try to maintain the current pace of development from internally-generated resources as much as possible.

If the foregoing situation prevails, external concessional aid will be needed for the foreseeable future to maintain the pace of development, particularly if programs to benefit the disadvantaged are to be expanded or initiated.

The GODR hopes to reduce its dependence on traditional export crops for foreign exchange generation by building up tourism and by expanding the mining sector. Possibilities for expanding other non-traditional exports -- except providing the labor component in industrial processes in free zones -- will be very limited indeed for some time to come. Given the vagaries and caprices of tourism, there has to be considerable caution in estimating the extent of the additional future income. There must also be a tempering of any optimism occasioned by the modest improvement in the net foreign exchange position at the end of 1975.

Government revenues have increased appreciably in recent years, rising from \$350.3 million in 1973, to \$473.6 million in 1974 and \$657.4 million in 1975. The increase is partly attributable to the rise in national income, but rather more to greatly increased receipts from taxes on sugar exports and on imports. Tax revenue as a percent of GNP declined slightly since 1971. Of total CY-1975 income, the Government had placed \$60 million in a Central Bank deposit against future need and as a means for sustaining the momentum of development.

The funds are reserved for high priority investment, particularly in agriculture. The rate of monetary and credit expansion was curbed during 1975, and restrictive policies have remained in effect throughout the current year. The overall effect, as one would expect, has been deflationary.

One beneficial result of the present revenue and fiscal policy has been that funds saved will assure international lenders of more adequate counterpart funding for the next year or two.

The GDP growth rate in real terms dropped to an estimated 4.3% in 1975 because of the drought and the reduced availability of electric power. One might reasonably assume that growth over the next two to three years, while respectable (e.g., 4-5% per year), will be less than the average of the past seven years. The economic base, of course, is substantially larger now than seven years ago. But even such a more moderate rate of growth will depend on the continuance of a high rate of investment and rising imports of essential capital goods and raw materials which historically has

depended heavily on external financial assistance. Domestic growth and development in a small country is inextricably linked to a sound balance of payments situation.

Given a fairly limited resource base in the country and a probable population level of ten million or more in the year 2000, the Dominican Republic will require a fairly substantial infusion of external resources on concessional terms in the years ahead. The Government of the Dominican Republic under President Balaguer has in the past borrowed most modestly. Service on foreign debt has been about 3.5% of the export of goods and non factor services and will probably be under six percent for the next several years, giving the Dominican Republic a substantially favorable credit rating. He has also kept investment in areas where the still limited Dominican human resource capacity would not be overburdened. Qualified manpower in most sectors constitutes at present a constraint of some proportions to more rapid expansion.

The Dominican Republic is without an "approved" development plan. There are few macro-economists and there are no domestic professional economic journals. Economists do analyze the economy in newspaper articles, but their ability to do serious in-depth analyses is seriously limited by the fact that much essential quantitative data is not available to them. Nevertheless, what is clear from a perspective of the past eight years is that there has been and is a development plan of major proportions and consequences. The President, and other persons of capacity and foresight, are providing focus, form and substance to development in this country. Its development prospects for the medium term continue to be promising.

November 23, 1976

CAPITAL LOANS OF INTERNATIONAL INSTITUTIONS TO THE PUBLIC SECTOR\*

Borrower	Purpose	Amount (Millions)	Year
<b>1. IDB</b>			
Madre y Maestra Catholic University	Enlargement of University	3.4	1970
INAPA . . . . .	Rural Aqueducts	4.1	1971
Dominican Electricity Corp. (CDE).	Rural Electrification	7.4	1972
Dominican Government (ONAPLAN) . .	Pre-Investment Studies	1.5	1972
Dominican Government (FEDA). . . .	PIDAGRO	24.8	1972
IDECOOP . . . . .	Fishery Cooperative Project	1.6	1973
Dominican Government (INDHRI). . .	Yaque del Norte Irrigation Project	13.8	1973
Dominican Government (CAASD) . . .	Santo Domingo Potable Water System	18.6	1973
Dominican Electricity Corp. (CDE).	Bao Dam Irrigation Project	36.7	1974
Dominican Government (Public Works)	Haina Project	<u>35.5</u>	1975
		152.4	
<b>IBRD</b>			
Secretariat for Education . . . . .	Secondary Education	4.0	1971
FIDE . . . . .	Cattle-Agriculture Develop- ment Project	5.0	1971
Cementos Nacionales, S.A. . . . . (National Cement Co.)	Cement Factory	6.0	1972
Dominican Government (INDHRI). . .	Yaque del Norte Irrigation Project	13.0	1973
Dominican Government Central Bank . . . . .	Tourist Development	21.0	1974
Dominican Government Secretary of Education . . . . .	Educational Loan	8.5	1975
Dominican Government Secretary of Health . . . . .	Health Improvement	<u>5.0</u>	1975
		62.5	

\* Authorized loan.

## U.S. AID PROGRAM - A HISTORICAL PERSPECTIVE

### Pre-Revolution (January 1962 - April 1965)

During the 1950's, the U.S. Government had a small technical assistance program averaging about \$200,000 a year in expenditures which was terminated after Trujillo's assassination in May 1961. Major assistance did not start until 1962 under the Alliance for Progress. Between the restoration of U.S. diplomatic relations -- January 1, 1962, and the revolution of April 24, 1965, a total of \$56.5 million in supporting assistance grants and loans was authorized for budget support and investment programs. Of this amount, \$22.8 million was allocated to offset a special U.S. tax which had been placed on Dominican sugar as part of the OAS sanction imposed in 1961.

Development loans, totaling \$9.6 million, were authorized for savings and loan associations, irrigation, feasibility studies and private investment activity. The technical assistance program was expanded, averaging about \$1.7 million annually, for projects in education, public administration, public safety, and agriculture and rural development. The uncertainties of the period affected almost all development programs and the U.S. AID Mission was removed for a period of about 4 months following the overthrow of the Bosch Government in September 1963.

### Revolution and Provisional Government (April 1965 - July 1966)

In the period of civil disturbance which followed the April 1965 revolution, the U.S. Government carried out an emergency aid program in cooperation with the Organization of American States. After the installation of the Provisional Government on September 3, 1965, the emergency programs were gradually reduced and later eliminated with the inauguration of the Constitutional Government on July 1, 1966. A total of \$94.3 million in supporting assistance grants and loans were authorized in this brief period. Development loans totaling \$14.5 million were authorized in early 1966 to: (1) expand the seed capital of the savings and loan associations through the National Housing Bank and (2) carry out a program of managed credit for medium sized farmers through the Agricultural Bank. The technical assistance program was also expanded significantly -- \$8.4 million in fiscal year 1966 -- to provide personnel for emergency programs and to help plan and initiate a number of reconstruction and development-oriented projects.

### The Constitutional Government (Phase I: July 1966 - April 1969)

The Dominican economy had suffered a 14-percent decline in domestic product in 1965 as a result of the revolution and the balance of payments was again a critical problem when the Constitu-

tional Government was inaugurated in mid-1966. The Government began an austerity program in an attempt to reduce its operating expenses and in the hope that increasing revenues would cover those expenses as well as provide some surplus for public sector investment programs.

The United States committed \$61.1 million in supporting assistance between June 1966 and April 1969 for several stabilization investment and employment programs. The local currency generated from this assistance and from a Public Law 480, Title I agreement (\$14.3 million in April 1968) financed a large proportion of Dominican public sector investment programs, although public investment financed from domestic resources increased from \$5.8 million in 1965 to \$35.6 million in 1968.

In the same period, development loans totaling \$34.4 million were committed for community development, educational credit, feasibility studies, health, cooperatives and private investment. Technical assistance grants totaled \$16.4 million in this period but were gradually reduced to \$4.4 million in fiscal year 1969, or about one-half of the fiscal year 1966 figure. The AID, Participating Agency Service Agreement (PASA) and contract technicians funded by the grants numbered over 100 in 1968 and worked in a wide variety of development fields.

#### Constitutional Government (Phase II: April 1969 - July 1973)

By 1969, U.S. assistance began gradually, but markedly, to decline. Among the reasons for this were: (1) a degree of stabilization had been achieved, (2) it was believed that additional sizeable assistance should depend on and support closely certain macroeconomic changes in Dominican monetary and development policies, and (3) the multilateral agencies were becoming active with both financial and technical assistance, thus pointing to a lessened need for extensive bilateral U.S. development assistance.

Although there was general agreement on the need for priority attention to agriculture, health and education, the requisite policy changes or their implementation which would warrant sizeable additional increments of U.S. resources did not emerge. Balance of payments problems continued. During this period, the United States supplied, through Public Law 480, Title I sales agreements, some \$36.0 million, including the \$10.8 million 1973 agreement.

Selective development loans in educational credit and private investment amounted to \$6.9 million. A second education sector loan of \$10.9 million was authorized but was subsequently deobligated because conditions precedent to the final agreement which had earlier been agreed to were not met.

Selectivity in technical assistance projects also resulted in a reduction of grant funds in each fiscal year to a total of \$8.8 million for the period, with a low of \$1 million occurring fiscal year 1973. Public Law 480, Title II grants, however, continued as a program of substantial size amounting to \$27.5 million during the period. U.S. voluntary agencies used Title II funds for maternal and infant care, food-for-work, and school lunch programs reaching some 860,000 Dominican recipients. The Phase II period also saw a major reduction in U.S. AID local currency activity.

#### Constitutional Government (Phase III: July 1973 - December 1976)

The Government of President Joaquín Balaguer, elected in 1966 and reelected both in 1970 and 1974, has provided political stability. This has been a major underpinning of the economic upswing that began to show itself in 1969. This upswing essentially has been fueled by five factors: Political stability and growing self-confidence; production increases in traditional agricultural export products (principally sugar); substantial private -- foreign and domestic -- investment; sharply rising public sector capital expenditures; and large external resource public sector transfers mainly in the 1965 to 1969 period, predominantly through U.S. bilateral assistance. These five factors combine to explain an average annual real GDP growth of 10.7% during the 1969-75 period. This rate of growth dropped to 4.8% (World Bank estimate) in 1975 and is expected to be at about the same rate in 1976. Growth rate declines are attributable to drastically reduced sugar prices, electrical energy deficits, and rising cost of petroleum imports.

By July 1973, U.S. bilateral aid consisted primarily of a few continuing activities of the prior period. Over the past three years, the U.S. program has been directed to assisting the Government of the Dominican Republic in major analytical efforts in the Agriculture and Health, Nutrition and Family Planning sectors. These take advantage of the promising developmental prospects in the Dominican Republic, and particularly emphasize support to the quality of life goals contained in recent Foreign Assistance legislation.

In agriculture and food, in conjunction with an earlier loan, there has been selective technical assistance to the Secretariat of Agriculture and other agriculture-oriented agencies along with advice on agricultural credit and agricultural statistics (particularly to facilitate crop forecasting). Following the completion of an assessment of the agricultural sector, the Government requested a \$12 million loan to assist it to undertake major policy reforms in the agriculture sector to favor small and medium-sized farmers. A loan proposal was developed, negotiated and signed in October 1974, specifically providing technical and financial assistance in areas of small farmer credit, farm input credit, farm to market feeder

roads, farm management, market studies and training, and agricultural vocational and university level education. The USAID has just signed a second three year agricultural sector loan for \$15 million in September 1976. The total \$30 million package has three main program elements: a) Planning, Coordination and Evaluation, b) Small Farm Production Support, and c) Rural Socio-Economic Development. A third agriculture sector loan is being planned for FY '78.

In health, nutrition, and family planning, the principal activity through the fall of 1974 was the monitoring of a loan, whose principal purpose was to provide additional facilities and trained personnel for maternal and child care programs. A Dominican assessment of the needs of the health sector, a study with AID participation, resulted in the signing in October 1975 of a broad-based FY 1975 AID loan of \$4.8 million directed toward resolving some critical bottlenecks of the health sector. Specifically, this loan is providing assistance in the establishment of a low cost rural health delivery system, the development of nutritious food supplements and improved nutrition practice, and administrative reforms in the Secretariat of Health.

In education and human resource development, the USAID is implementing a technical assistance grant project which supports the further development of a non-formal home study secondary education system that is privately administered by the Dominican Institute of Integral Education (IDEI) and is principally directed at socially and economically disadvantaged adults who have little or no access to formal secondary educational facilities. Additionally, an Operational Program Grant (OPG) with Institutional Development and Economic Affairs Services Inc. (IDEAS), a PVO, supports the development of a non-formal education system aimed at non- and semi-literate individuals. This system utilizes video tape (VTR) technology as a means of information transfer to rural poor audiences.

USAID/DR has one other OPG in implementation by the Community Development Foundation. This program, which is located in the Haitian border province of Dajabon, is developing means of community development organization and training. The total value of the OPG is \$292,000.

The PL 480, Title II program has placed special emphasis on the nutritional needs of the Dominican children, mothers and infants. The program is phasing over to the Dominican Government and is expected to be terminated in its essential features by the end of FY 1979.

The USAID loan portfolio at the end of June 1976 was \$25.1 million in undisbursed funds and \$21.1 million in uncommitted funds.

Summary of U.S. Assistance to the Dominican Republic  
January 1962 - September 1976

(Millions of Dollars)

Period prior to the civil conflict (January 1962-April 1965):

I. Supporting assistance		<u>56.5</u>
	Loans	32.7
	Grants <sup>1</sup>	<u>23.8</u>
II. Development loans (4)		9.6
III. Technical assistance grants		6.8
IV. Public Law 480		<u>36.8</u>
	Title IV--Dollar sales (now Title I)	12.9
	Title III--Grants (now Title II)	<u>23.9</u>
V. Totals:		
	Dollar aid	72.9
	Public Law 480	<u>36.8</u>
	Grand Total	<u>109.7</u>

Civil conflict and provisional government period (April 1965-June 1966):

I. Supporting assistance		<u>94.3</u>
	Loans	10.0
	Grants <sup>2</sup>	<u>84.3</u>
II. Development loans (2)		14.5
III. Technical assistance grants		8.4
IV. Public Law 480		<u>5.4</u>
	Title I	0
	Title II	<u>5.4</u>
V. Totals:		
	Dollar aid	117.2
	Public Law 480	<u>5.4</u>
	Grand total	<u>122.6</u>

<sup>1</sup> \$22.8 million were from a special tax imposed on Dominican sugar during OAS sanctions.

<sup>2</sup> \$57 million were AID funds provided through OAS.



# Dominican Republic

## GENERAL ECONOMIC AND SOCIAL DATA

TABLE VII

	1960	1975	1974	1975
<b>POPULATION</b>				
Total (mid 1976; millions)		4.8	637	894
Annual Growth Rate (percent)		3.1%	-774	-839
Urbanization	1960	1975		
Percent in Urban Areas	30%	44%		
Labor Force in Agriculture (percent)		44%	-137	5
<b>HEALTH</b>				
Life Expectancy (years)		58		
Infant Deaths per 1,000 Live Births		92		78(Nov)
People per Doctor		1,870		
<b>EDUCATION</b>				
Primary and Secondary Students	1960	1972		
a. Number (in thousands)	375	955		
b. As Percent 5-19 Age Group	45%	54%	91	116
Literacy Rate (percent)		68%		
<b>PER CAPITA GROSS NATIONAL PRODUCT</b>				
1974 (dollars) <sup>1</sup>		650		
Average 1965-74 Annual Growth Rate (percent) <sup>2</sup>		5.5%		
<b>AGRICULTURAL PRODUCTION - Average 1971-76 Annual Growth Rate</b>				
Total Production (percent)		2.6%		
Per Capita Production (percent)		-0.2%		
<b>INTERNATIONAL COMMODITY TRADE (\$ millions)</b>				
Exports (f.o.b.)				
Imports (c.i.f.)				
Trade Balance				
Main Exports: Sugar.				
<b>OFFICIAL INTERNATIONAL RESERVES</b>				
(Gross Holdings; End of Period; \$ millions)			1974	1975
			91	116
<b>CENTRAL GOVERNMENT FINANCES (\$ millions)<sup>3</sup></b>				
Total Expenditures			1974	1975
Defense Expenditures				
a. As % of Total Expenditures				
b. As % of GNP				
Domestic Revenues				
FY 1975 U.S. ECONOMIC ASSISTANCE				
a. As % of Country Central Government Expenditures				2%
b. As % of Country Imports of Goods & Services				1%
<b>SERVICE PAYMENTS ON EXTERNAL PUBLIC DEBT as % of Goods and Non-Factor Services (1974)</b>				
				3.6%

NOTE: Where year is not stated, data are latest information available.

<sup>1</sup> Estimate in IBRD 1976 Annual Report. Reflects a new computation based on GNP in average 1973-75 domestic prices converted to U.S. dollars at average 1973-75 exchange rates and adjusted by the ratio of 1974 U.S. prices to average 1973-75 U.S. prices.

<sup>2</sup> Estimate in the IBRD 1976 World Atlas.

<sup>3</sup> Converted to U.S. dollars at 1975 exchange rate. Data are in current prices and reflect the impact of inflation.

Summary of U.S. Assistance to the Dominican Republic  
January 1962 - September 1976 -- Continued

(Millions of Dollars)

Constitutional Government - Phase I (July 1966-June 1969):

I. Supporting assistance - Loans	61.1
II. Development Loans (7)	34.4
III. Technical Assistance Grants	32.5
IV. Public Law 480	<u>32.5</u>

Title I	16.6
Title II	<u>15.9</u>

V. Totals:

Dollar aid	111.9
Public Law 480	<u>32.5</u>

Grand total	<u><u>144.4</u></u>
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Constitutional Government - Phase II (July 1969-June 1973):

I. Supporting assistance	-
II. Development Loans (2)	7.0
III. Technical Assistance Grants	8.9
Total AID Dollar Assistance	15.9
IV. Public Law 480	<u>52.0</u>

Title I	23.2
Title II	<u>28.8</u>

V. Totals:

Dollar aid	15.9
PL 480	<u>52.0</u>

Grand total	<u><u>67.9</u></u>
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Constitutional Government - Phase III (July 1973 through September 1976):

I. Supporting assistance	-
II. Development Loans (3)	31.8
III. Technical Assistance Grants	3.5
Total AID Dollar Assistance	<u>35.3</u>
IV. Public Law 480	<u>15.3</u>

Title I	-
Title II	<u>15.3</u>

V. Totals

Dollar AID	35.3
PL 480	<u>15.3</u>

Grand Total	<u><u>50.6</u></u>
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Summary Totals of U.S. Assistance (January 1962-September 1976):

I.	Supporting assistance	<u>211.9</u>
	Loans	103.8
	Grants	108.1
II.	Development Loans	<u>97.3</u>
III.	Technical assistance grants	<u>42.9</u>
	Total AID Dollar Assistance	352.1
IV.	Public Law 480	<u>142.0</u>
	Title I Sales	52.7
	Title II Grants	89.3
V.	Grand Total	<u><u>494.1</u></u>

## USAID AGRICULTURAL SECTOR PROGRAMS IN THE DOMINICAN REPUBLIC

### I. AGRICULTURAL SECTOR LOANS

#### A. Background

Agricultural Sector Loans I and II (and proposed Sector Loan III) represent the most recent steps in a long series of actions by the USG in support of agricultural development in the Dominican Republic. Some explanation of this association may be useful for those who have not had opportunity to follow the process at first hand. Close cooperation has continued over a ten-year span and Dominican progress in the agricultural sector has been both considerable and accelerating.

In 1966, for example, there were less than 50 trained Dominican agriculturalists with BS degrees, the majority veterinarians, and about 200 had had some secondary vocational or university training. Some ten years later there are nearly 2,000 trained Dominican agriculturalists. In 1966 it was virtually impossible to obtain broad university agricultural training in-country. Governmental agricultural institutions were in their infancy, and some of those that existed were in a chaotic state. Agricultural planning was practically unknown. Agricultural infrastructure was virtually non-existent. The years 1967 and 1968 were years of drought, adding additional problems of serious magnitude.

During these early years the USAID agricultural staff was large (about 50) and U.S. agricultural staff exercised many operational functions in the Dominican agricultural agencies. Projects were many and varied, and it can truthfully be said that they were more U.S. than Dominican projects. Much of the money spent for agricultural activities came from the U.S. bilateral program directly or was derived from U.S.-financed imports, i.e., counterpart generations.

There was an emergency transfusion of U.S. aid resources and technology brought on by the breakdown in governmental services following the civil disorders of 1965 and by the emergence of the Dominican Republic from its feudal condition after the overthrow of Trujillo in 1961.

In retrospect there were several USAID agricultural program actions of considerable consequence:

- The first, and perhaps most significant action, was the training of professional Dominican agriculturalists, mostly in the U.S. and a substantial number of these at Texas A&M University. In addition, efforts were initiated to accelerate the creation or improvement of national agricultural educational institutions both at the university and secondary levels.

- Second, the Dominican Government took steps to establish a structure of agricultural institutions having fixed responsibilities and programs, and having the necessary accompanying field structures to carry activities of their respective agencies into the countryside.
- Third, there were efforts to make the agricultural delivery system in the countryside with its stations, branches, agents, etc., more effective.
- Fourth, emergency crop production programs were initiated to overcome immediate shortages in food production.

By 1972 an agriculture infrastructure was in place, and university-trained persons began to return to the Dominican Republic and to assume positions in the governmental agencies and in agro-industry which was beginning to flourish.

Also, there was a new generation of agricultural development problems, occasioned by a rapid agricultural sector growth, bureaucratic entrenchment, the viewing of agricultural problems from the perspective of institutions represented, and misallocation of scarce resources. There was, too, a somewhat pontifical decision-making process on agricultural programs by well-intended persons operating in a traditionally Dominican way, i.e., from the top down.

Thus by 1972 there was an agricultural institutional capability with limited capacity. There was very limited agricultural planning. There was no analytical process for identifying problems. In the process of decision-making there was no consideration of alternative choices or assessment of costs and benefits to be derived from alternative courses of actions. There was no mechanism for examining these problems short of the National Development Commission, itself a body for general consultation. Furthermore, there was no articulated agricultural policy, per se, and no means for systematically arriving at national policies. Rather the practice was to respond to crises as they arose. Programs were essentially pragmatic, based on trial and error and related rather directly to the newly entrenched institutional structures. Perhaps most significantly, there was little leadership in the agricultural sector. And lacking leadership there was little basis for development of self-confidence by those who were working in the sector.

Several things were to occur in 1973 which had the effect of providing an opportunity for significant change.

Early in 1973 one of the graduates of the educational process of the late 1960s was appointed as Secretary of Agriculture. He was the first well-trained and qualified agriculturalist to be appointed in some time. A natural leader, he had two important abilities: One, he was able to attract, motivate and retain a competent technical

staff -- including persons with a substantial exposure to agricultural education both in the Dominican Republic and abroad -- mostly the U.S. Two, of campesino background, he had a capacity to comprehend, communicate with, and elicit hope and ideas from campesinos, and to assess realistically their capacity to receive and utilize more advanced technology. Thus, he not only had an understanding of the problems; but also an appreciation of the constraints which could impede solutions.

By mid-1973 he was about to embark on the most ambitious national agricultural development program which this country had yet seen. He had several specific goals.

- The first was to develop an analytical basis for decision-making.
- The second was to pull the agricultural sector agencies more closely together and to do so by establishing the preeminence of the Secretary of Agriculture as the leader of the agricultural sector.
- The third was to upgrade the staff of the Secretariat of Agriculture in planning, technology development and application, and, in the delivery system. This last factor was to be both particularly important and unusually difficult, since food production necessarily had to be the focus, and 82% of food consumed is grown on small farms of less than 25 acres. Therefore, his prime target group was the most difficult to reach through the system then existing. Furthermore, the delivery system had to be expanded at very considerable cost and without demonstrable return on investment in the short-run. Thus, the President had to be persuaded to make national funds available when there could be only speculation about possible results. The same held true for agricultural planning.
- The fourth factor was to begin to relate developing university capacity more closely with the planning and direction in the Secretariat of Agriculture.

The President provided much encouragement and substantial backing, including allocation of resources and authorization to seek help from AID.

The President, who had been notably silent about U.S. bilateral aid in recent years, took a most unusual step in October 1973, saying in a TV address that he hoped that AID might assist the Dominican Government in its efforts to improve agricultural production and help to improve the quality of life in rural areas.

## B. The Sectoral Approach

This then was the environment in mid-to-late 1973. Between July 1 and October 31 the Mission developed its overall strategy (DAP), approved by AID/W in early December. The programmatic choice which faced the Mission in 1973 was whether to continue the project approach which had been followed previously or whether to try to match the ambitious broad scope of the Secretary of Agriculture's proposed initiatives with a sectoral approach. The Agency had had more experience with a sectoral approach in more advanced countries and there was some question, initially at least, as to whether a sectoral approach would work in the Dominican Republic.

Once the choice was made, the sectoral approach introduced substantial flexibility in our response capability, whereby the Mission could match and assist the ambitious and varied Dominican agricultural efforts. The decision also provided focus for the Mission's entire range of agricultural activities on both the grant and the loan side. The Dominican USAID no longer had Mission "projects" in the usually-accepted sense since the Mission's goals and purposes were subsumed under Dominican goals and purposes with which, in the collaborative style analytical process that followed, the Mission was closely identified.

The period since mid-1973 has provided time to test the collaborative approach, and based on our experience here, it is infinitely more suitable and satisfactory than some earlier styles and methodologies practiced by AID and predecessor organizations.

In this respect the assumption was made by the Mission in mid-1973 that most governments and leaders will make sensible choices if confronted by real alternatives and reasoned analyses of possible consequences of those alternatives. Therefore, the Mission decided in 1973 to bring full AID resource capability to bear in helping the Dominicans to improve their analytical bases for decision-making -- in response to the desires and requests of Dominicans. It was also established that, although collaborating closely, the decisions based on the analytical process would be Dominican decisions. Thus, we concluded that decisions on selection of policies, programs, and projects would be by Dominicans rather than by the USAID, or AID or the U.S. We did, of course, reserve our right to associate or not to associate, or, to use or not to use U.S. loan funds in support of Dominican decisions on policies and programs. What was called for, in our view, was a maturing relationship -- not in the formerly accepted sense that developing countries have come of age -- but rather in the sense of judicious exercise of restraint of our own considerable power and influence.

C. Agricultural Sector Loans I and II (See Tables I and II for breakdown)

The component parts of Agricultural Sector Loan I were diverse: small farmer credit and credit for an inputs system; assistance to planning, education assistance (both university and vocational); farm management, marketing, and access roads. Agricultural Sector Loan I thus supported the Dominican effort to remove what had been identified in the analytical process as the principal inhibiting obstacles to progress then existing in the sector. The loan had no distinctive unity or unifying purpose of its own, nor could it be understood except in the context of what Dominicans were doing and planning to do. Agricultural Sector Loan II is also complex and has the same pattern of relationships.

The basic approach to the collaborative relationship followed by this Mission means that there is a vertical relationship between loan program components and Dominican Government policies and programs, and that this takes precedence over trying to establish a comprehensive and integrated horizontal relationship between loan elements.

Agricultural Sector Loan I (see Table 1) was designed after identifying policy changes to be carried out, by making certain institutional changes, and by allocating additional budgetary resources. Substantial emphasis was given to changes in credit policy, particularly for small farmers, and to the installation of a pilot input system which would serve their particular needs. Two-thirds of the loan was to be spent for these two purposes. The first year's operation for example, showed that some 9,000 small farmers were integrated into the institutional credit system, representing 8% of the total potential target group. This was nearly one-half of the total expected to be reached during the three-year life span of the loan.

During the process of program evaluation undertaken by the Dominican Government, the Dominicans have become persuaded not only on the need for better analytical data, but also on the need for performance self-evaluation. What was apparent in formulating Loan II was that the Dominicans want to improve their planning and evaluating capacities further, and desire our continued assistance in this regard.

Of considerable importance is the evolving relationship between the Secretariat of Agriculture and the universities, and among the universities themselves. Under Loan I certain assistance was to be provided to strengthen the capabilities of three universities in offering agriculture courses to the undergraduate level and in a limited context to the masters level. This activity is proceeding very satisfactorily, and all Mission assistance has been channeled through the Secretariat of Agriculture with a view to establishing a closer professional relationship between the Secretariat and the universities on agricultural planning problems. Even the Autonomous

University of Santo Domingo (UASD), which has in the past been unusually shy in developing any relationship with the National Government or AID, is actively cooperating in the program.

With the evolution of the agricultural faculties of these three universities and their development as centers of excellence, the tie with the planners of the Secretariat of Agriculture needs to be strengthened further in order to focus the available resources on the principal agricultural problems. Thus, while the university education and research activity could have been broken out as a distinct element under Loan II, it has been combined with planning in the first element of Loan II to help further the cooperative concept which has in the abstract already gained acceptance (Table 2).

The largest element of Loan II is the second component of Small Farm Production Support. This element is largely an out-growth of experience under the farm management, marketing and credit components of Loan I, plus recognition of current sectoral needs for expansion, consolidation and delivery of improved farm production technology and plant materials. Activities are designed to address current production constraints and to bring the administering field structures of the Secretariat of Agriculture and the Agricultural Bank small farmer programs into closer alignment.

The third principal element relates to Rural Socio-Economic Development. In part this is an outgrowth of the labor-intensive access road component of Agricultural Sector Loan I. But, more importantly, it derives from a recognition that off-farm rural employment opportunities have to be increased, and rural development is an integrated process. A delivery system based on rural development agents, working with the intended beneficiaries in a cooperative way, linked with the efforts to improve agricultural productivity of small farmers is not only useful, it is a precondition to achievement of any acceptable general improvement in quality of rural life.

On September 30, 1976, Agricultural Sector Loan II was signed by President Joaquín Balaguer of the Dominican Republic and by representatives of the United States. As of November 1976, pre-implementation activities are underway and the process of satisfying conditions precedent is progressing satisfactorily. It is expected that initial disbursements in some program activities will be made prior to the end of Calendar Year 1976.

#### D. Agriculture Sector Loan III

The PRP for the Agricultural Sector Loan III program was approved on November 1, 1976. A Project Paper for this loan program will be prepared in late 1977 and/or early 1978.

As might be expected, the proposed new loan is in some ways a continuation of what has gone before, but with significant expansion and some reorientation of selected activities initiated under Loans I and II, especially those elements relating to the planning and coordination functions exercised by the SEA both directly and in relation to other agencies operating in the agricultural sector. Institutional development, which is essentially what is required here, is a long term process and AID support will be needed for some time if initial improvements are to become firmly fixed in the Dominican Government's approach to agriculture development.

As a result of the continuing examination of the changing constraints to increasing small farm production and food consumption, and, improving quality of rural life directly and urban life indirectly, certain new areas of governmental emphasis can be anticipated, areas which are well-suited for continued AID support, e.g., the initiation of a major thrust in marketing (comparable to the credit and production input successive features of Loans I and II), assistance of water and land resource management and in the diffusion and utilization of small farms of appropriate technology.

As with Agricultural Sector Loans I and II, Loan III will be implemented primarily through SNA. The program is being developed with five functional components. These components include Agriculture Program Coordination, Production Marketing, Natural Resources Management, Farm Centers, and Technology Diffusion and Utilization (Table 3).

Table 4 illustrates the financial contributions to Dominican agricultural development as part of AID Sector Loans I, II, and III over the period from 1973 through 1980.

## II. GRANT ACTIVITY IN AGRICULTURE

In order to promote activities which complement and/or supplement sector loan programs, USAID is involved in grant assistance to agricultural development in the Dominican Republic. Programs include funding for both short and long term training of Dominicans within the country and overseas, financing of imported technical agricultural expertise for the GOB, and funding of other activities related to agriculture, according to GOB needs.

## III. ACHIEVEMENTS AND ACCOMPLISHMENTS 1973 TO DATE

### A. Small Farmer Credit

Approximately 68% of Loan I program resources were allocated to this component, the basic purpose of which was to deliver more credit to a larger number of small farmers through a series of program activities. This entailed, among other things, obtaining a series of

credit policy changes favoring small farmers. One such measure was a substantial reduction in the Agricultural Bank's lending ceiling from RDS250,000 to RDS50,000 initially and then to RDS40,000 to encourage this institution, the largest formal source of agricultural credit in the country, to better address the needs of small and medium sized farmers. Large farmers and processors who currently have or can obtain access to credit from the private commercial banking community, were to be relegated to these sources.

The following table reflects the number of loans, by size, made by the AgBank from all sources in 1973, 1974, 1975, and projections for 1976. It should be noted that the number of loans under RDS10,000 increased by 8,820 in 1975 and is expected to increase by an additional 10,000 or more in 1976. Also, on the basis of past performance, it is expected that in 1976, the RDS0 - 2,000 category will have a greater increase in number of loans than any other group, since the PIDAGRO funds, supplied pursuant to an IDB Loan, which accounted for a disproportionate amount of growth in the second category, will have been substantially disbursed.

Loan Size	Number of Loans			Estimate
	CY-1973	CY-1974	CY-1975	CY-1976
RDS0 - 2,000	37,179	40,747	44,986	53,948
RDS2,001 - 10,000	2,191	3,690	8,271	9,897
RDS10,001 - 20,000	234	440	432	518
RDS20,001 - 50,000	87	204	227 )	324
RDS50,000 and above	55	86	63 <sup>a/</sup> )	

a/ In the category RDS50,000 and above, no loans were granted to individuals but only to intermediate lenders, such as the Land Reform Institute (IAR), who made subloans to small farmers both on individual as well as group bases.

The performance of the principal implementing agencies (AgBank, SEA Supervised Credit, DDF and SEA Custodial) in utilizing Loan I program funds is shown in the following tables:

AgBank (Plan 22)  
 Program Inception thru October 22, 1976

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Total Allocation Loan Funds		RDS5,000,000.00
Subloan Formalizations	7,979	RD\$4,636,968.93
Subloan Average		RD\$581.00
Average Land Area		8 acres
Land Tenancy	56% owners	44% Leased, IAD, Other

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SEA Supervised Credit (Plan 23)  
 Program Inception thru September 30, 1976

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Total Allocation Loan Funds		RDS3,000,000.00
Subloan Formalizations	8,803	RD\$4,449,090.61
Subloan Average		RD\$505.41
Average Land Area		5 Acres
Land Tenancy	16.9% owners	83.1% Leased, IAD Other

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D.D.F.  
 Program Inception thru October 20, 1976

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Total Allocation Loan Funds		RDS2,000,000.00
Subloan Formalizations	232	RD\$2,326,271.30
Average Group Size	17	
Number of Individuals	4,043	
Average per Individual		RD\$575.38
Average Land Area		3 Acres
Land Tenancy	Not Available	

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SEA Custodial Accounts  
 Program Inception thru September 30, 1976

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Total Allocation Loan Funds		RDS2,000,000.00
Subloan Formalizations	691	RDS747,345.00
Subloan Average		RDS1,009.92
Average Land Area	Not Available	
Land Tenancy	Not Available	

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Consolidated Data (above 4 Programs)  
 Program Inception thru Dates Indicated

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Total Allocation Loan Funds		RDS12,000,000.00
Subloan Formalizations	21,516	RDS12,159,675.90
Subloan Average		RDS565.15

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It should be noted that some of the above five tables include some subloans made with rollover funds and that subloan formalizations would, therefore, exceed the actual number of first time program borrowers by some 2,000 to 2,500.

B. Input Credit

Studies undertaken in conjunction with early Loan I activities indicated that the Input Credit activity, using private suppliers, as initially envisaged, might not achieve program objectives with respect to small farm input needs. SEA's reservations were essentially based on the findings that the existing private input distribution system was not geared to the distribution of small amounts of fertilizers, pesticides, etc., to small farmers. The resulting high per unit distribution costs of providing inputs to small, scattered farm holdings makes it virtually impossible for a private supplier to earn a positive return on such operations. Accordingly, the ultimate price to the small farmer under the private system would be exorbitant if the private distributor were to receive a profit on his operations.

After consideration of the problem, the Borrower proposed, and the USAID agreed, to allow up to RDS2,000,000 of program funds (\$1.0 million US funds and \$1.0 million Dominican Government funds)

to be used to initiate a public distribution system, to be modeled after a successful public farm input distribution system established in Puerto Rico. This modification to the program while entailing a philosophy different from that originally envisaged remains within the scope of the Loan Authorization (for further details see Implementation Letter 1-N, dated November 7, 1975).

As of September 30, 1976, twelve centers and a central warehouse had been opened and nine more centers were scheduled to be inaugurated by the end of CY-1976. Sales through September 30, 1976 represented RD\$707,059.19, comprised of 14,067 individual transactions which averaged RD\$50.26. Of the total sales, 42% (RD\$303,092.99) were by purchase order/letter of credit from either the AgBank or the SEA Supervised Credit Program and the balance 58% (RD\$403,966.20) were cash sales.

The additionality of these sales through input centers has been a primary concern and most difficult to measure. SEA has indicated the majority of their cash sales are to individuals who have no access to institutional sources of credit and are purchasing inputs for the first time. The SEA is now conducting a survey which will better answer the additionality question and focus on the type of person utilizing the input centers. This study will be most useful in determining if additional funding will be made available for CY-1977 to allow a further spread of input centers.

All elements of the pilot program are on schedule and sales transactions and volumes are considerably ahead of initial projections.

### C. Farm Management

This Loan I program activity was designed, like a similar program carried out by the USDA in the U.S., to generate useful farm production data while aiding individual farmers in evaluating their past experiences, identifying and evaluating farming alternatives, and introducing simple farm record systems. In implementing this activity, the SEA has established a Farm Management Office within the Division of Economics. National and regional staffing is complete. Cost of production studies have begun, and test/demonstration are in operation.

Thirty-three area-level farm management personnel have been selected and trained. These technicians are undertaking quarterly interviews with 1,875 farmers throughout the country. These interviews are providing basic farm-level data, such as indices of productivity, efficiencies of resource use, levels of technology, etc., corresponding to agricultural regions and varying farm sizes. This information, in turn, is aiding the program in developing farm plans and alternative farming systems.

In addition, a number of useful publications on crop production have been prepared, based on information generated in the farm management surveys. Additional publications on Dominican crops, production methodologies, costs of production, and other topics are being developed.

#### D. Vocational Education

This activity, initiated under Loan I on a pilot basis with five farmer training centers, is designed to provide small farmers with the technical capacity to utilize modern farming methods and to increase farm productivity and income.

The five farmer training centers are staffed and in operation. Most of the staff training has been completed and the two year operating plan is complete. Ten groups of 30 farmers each are presently in training at various stages in the 15-month training cycle. It is expected that some 2,000 farmers will receive training in 1976 and that output targets will be accomplished on schedule.

The success of this pilot project in reaching and assisting the target group has resulted in an affirmative USAID response to a Dominican request for assistance in expanding the Vocational Education program under the Sector Loan II program.

#### E. Professional Education

Although coordination between SEA and the universities was initially delayed, this program is now progressing satisfactorily. An agreement delineating program objectives, scope and implementation responsibilities of SEA and the three respective universities has been signed by the Secretary of Agriculture and the three university rectors. An inter-university coordinating committee has been formed, composed of a general coordinator from SEA and a representative from each of the three participating universities. A complete implementation plan has been formulated and is being carried out on schedule. Technical assistance for SEA/university coordination is being furnished by two former deans of the University of Puerto Rico, and five additional short-term advisors have reviewed new curricula and laboratory needs.

To meet the nation's growing need for diversification among its agricultural specialists, the curricula for thirteen new study concentrations have been developed, more than doubling the number of present offerings. Of the 38 agricultural staff programmed for MA, PhD, and short course training, 22 are already studying in appropriate foreign institutions, and the remaining 16 will be enrolled in early 1977. Plans have been presented on schedule to SEA for laboratory construction and remodeling. Laboratory and library commodity lists are being prepared for bidding.

A 56 page Participant's Manual in Spanish, developed for this Loan activity to explain the procedures, rights and responsibilities of involved students and institutions, is expected to serve other Dominican Government/USAID training programs as well.

Difficulties in program coordination encountered to date have been due largely to the very distinct differences in the organization, administration, financial support, and size of enrollment in the three universities. Also, the fact that cooperation among the universities and SEA is in its nascent stage means that it will take time to establish close relationships on a permanent basis. Nevertheless, this process is now well underway.

#### F. Market Research

A 30-month contract between the SEA and the Inter-American Institute for Agricultural Sciences (IICA) was signed June 6, 1975, to provide technical assistance in agricultural marketing to SEA and to other agricultural marketing-oriented institutions (CEDOPEX, INESPRE, etc.). IICA's scope of work with the Marketing Division of SEA includes efforts to (1) develop a general frame of reference through an analysis of existing marketing information, (2) strengthen Dominican institutions working in agricultural marketing, (3) design and execute research/analysis as related to agricultural marketing problems, and (4) develop a National Marketing Plan. This effort has moved ahead on schedule with no serious problems. IICA staff have completed 24 in-depth studies covering selected agricultural products and their marketing channels, margins, prices and supply and demand. The first draft of a National Marketing Plan is being completed based on results of the studies and a series of special workshops.

#### G. Feeder Roads

Phase I of the Feeder Road element is nearing completion. The following tables show the status as of November 10, 1976. During this Phase I construction cycle evaluations were made by consultants, USAID, and CODR agencies with respect to labor intensity. As a result of this evaluation a considerable increase in hand labor was effected during the construction cycle and Phase II roads were designed to increase hand labor requirements still further.

USAID/ENG estimates that Phase I roads utilized 50 work-months of hand labor per kilometer constructed and that Phase II roads will utilize 75 work-months of hand labor per kilometer constructed. Additionally, they, in conjunction with SEA, have determined that Phase I road projects have benefited an average of 200 farm families per road. This is difficult to measure in that completed road projects encourage migration of farm families, farm workers and others such as small store owners. Therefore, the number of final beneficiaries could be considerably higher.

Phase II projects have been identified and approved and work was begun during November of 1976.

Phase I  
Status of Feeder Roads

Name	Length Kms.	Status
Juan de Herrera-Jinova	4.9	100% Complete
La Gina-Los Indios	6.6	100% Complete
Jababa-Los Algarrobos	1.5	100% Complete
Los Almácigos-Boca de Vereda	12.2	100% Complete
Comendador-Guayabo-Guanito	10.9	100% Complete
Palo Blanco-Santa Maria	6.8	100% Complete
Los Montones-Rincón de Piedra	7.8	-90% Complete
Zambrana-Tojín	<u>7.4</u>	60% Complete
Total	58.1	

Phase II  
Status of Feeder Roads

Name	Length	Study	Plans	Budget
La Vacana-La Cruz	8 Kms.	Complete	Complete	Complete
Las Ahuyamas-Los Charquitos	5.6 Kms.	"	"	"
El Estrecho-El Fundo	9 Kms.	"	"	"
Boca de Vereda-Los Naranjitos	9.6 Kms.	"	"	"
Manuel Bueno-Los Gungübres	<u>15 Kms.</u>	"	"	In process
Total	47.2 Kms.			

Table 1.

Agricultural Sector Loan I  
Overall Budget

Activity	USAID Loan Funds		GODR	Total
	(Dollars)	(Pesos)	(Pesos)	
	----- (1,000) -----			
Credit <sup>1/</sup>	66.3	8,932.5	13,110.3	22,109.1
Marketing Research				
Farm Management	244.0	129.0	1,705.0	2,078.0
Human Resources				
Development <sup>2/</sup>	1,454.6	173.6	1,084.7	2,712.9
Feeder Roads	-	1,000.0	1,000.0	2,000.0
TOTALS	1,764.9	10,235.1	16,900.0	28,900.0 <sup>3/</sup>

1/ Includes small farm credit and input marketing credit.

2/ Includes vocational education and professional education.

3/ Does not include Guaranteed Loan Fund (GLF) of \$5,000,000 GODR funds.

Table 2.

Agricultural Sector Loan II  
Overall Budget

Activity	USAID Loan Funds		GODR (Pesos)	Total
	(Dollars)	(Pesos)		
	----- (1,000) -----			
Agriculture Sector Planning, Coordination and Evaluation <sup>1/</sup>	947.8	552.2	1,500.0	3,000.0
Small Farm Production Support				
- Production Technology Development and Distribution <sup>2/</sup>	1,226.3	4,133.7	5,350.0	10,720.0
- Vocational Education	29.7	1,020.3	1,050.0	2,100.0
- Farm Services <sup>3/</sup>	502.2	4,887.8	5,390.0	10,780.0
Rural Socio-Economic Development	-	1,700.0	1,700.0	3,400.0
TOTALS	2,706.0	12,294.0	15,000.0	30,000.0

1/ Includes Economic Analysis and Planning, Data Collection and Evaluation, and Professional Education activities.

2/ Includes Production Program Coordination, Land Utilization, Adaptive Agricultural Research, Seed/Plant Materials Multiplication/Distribution, Food Production Packages, and Farm Production Surveys activities.

3/ Includes Production Marketing and Rural Credit activities.

Table 3.

Agricultural Sector Loan III (Proposed)  
Tentative Overall Budget

Activity	USAID Loan Funds		GODR (Pesos)	Total
	(Dollars)	(Pesos)		
	----- (1,000) -----			
Agriculture Program Coordination	1,910	590	3,000	5,500
Production Marketing	1,131	669	1,700	3,500
Natural Resources Management	902	798	800	2,500
Farm Centers	1,414	586	3,000	5,000
Technology Diffusion and Dissemination	720	1,280	1,500	3,500
TOTALS	6,077	3,923	10,000	20,000

Table 4. Annual Contributions to Dominican Agricultural Development through AID Sector Loan Programs I, II, and III, 1975 through 1980

	CY 1975	CY 1976	CY 1977	CY 1978	CY 1979	CY 1980
<u>Sector Loan I<sup>1/</sup></u>						
AID Dollars	3	360	1,402			
AID Pesos	3,523	4,124	2,531			
GOBR Pesos	6,344	8,025	2,531			
<u>Sector Loan II</u>						
AID Dollars			1,475	700	526	
AID Pesos			5,198	4,199	2,902	
GOBR Pesos			5,475	4,537	4,988	
<u>Sector Loan III</u>						
AID Dollars				2,563	2,014	1,500
AID Pesos				1,368	1,440	1,115
GOBR Pesos				3,400	3,000	3,600
Totals	9,870	12,509	19,669	16,767	14,870	6,215
	AID	AID	AID	AID	AID	AID
	GOBR	GOBR	GOBR	GOBR	GOBR	GOBR
Annual Totals by Source	3,526	6,344	10,663	8,830	6,882	2,615
			8,006	7,937	7,988	3,600

<sup>1/</sup> Guaranteed Loan Fund (\$5,600,000) is not included.

## HEALTH SECTOR IN THE DOMINICAN REPUBLIC

### I. INTRODUCTION

In mid-1974 a group of 45 Dominicans from a variety of disciplines undertook an in-depth look at the state of health of the Dominican people. Their findings shocked even those physicians accustomed to the sight of frail children with distended abdomens and discolored hair, the victims of severe malnutrition.

These investigators noted that a Dominican child born alive in 1974 was six times as likely to die before his first birthday as a child born alive in the United States. More tragically still was the finding that a Dominican child who reached his first birthday was seventeen times as likely to die before his fifth birthday as a comparable child in Barbados.

Clearly, there is no biological reason that renders Dominican children to be susceptible to early death. Why do they die in such vast numbers? One of the most important factors contributing to this excessive mortality is malnutrition. The best available evidence suggests that three of every four preschool Dominican children suffer from malnutrition to some degree and that one in four suffers from second or third degree malnutrition. The latter children are severely malnourished. For these youngsters an attack of diarrhea, which is little more than a nuisance for a healthy child, may prove rapidly fatal.

The problem of malnutrition in the Dominican Republic is compounded by excessive fertility. The Dominican researchers noted that Dominican women of the 20-24 year age group bore three times as many children in a given year as their American counterparts. With a constant and already woefully low family income, more mouths to feed means less food per mouth.

The Dominican Government has not been indifferent to the health needs of its people. A fairly extensive network of hospitals and clinics, 45 of which were constructed with AID assistance, has been elaborated. Only those Dominicans who live in the most isolated areas are more than a few hours by car from a health facility.

Nonetheless, this health infrastructure has not proven effective in providing services to most Dominicans, particularly those who live in rural areas, for reasons of cost and time. A woman in Fondo Negro who wishes to have her child vaccinated in nearby Azua must pay the equivalent of US\$3.00 to make the trip and return home. A man who visits the out-patient clinic in Monte Cristi must wait several hours to be seen by an over-worked and impatient physician. While six physicians were on the payroll of the Monte Cristi Hospital in 1974, only two were in fact working there, a reflection of the widespread deficiencies in management practices of the Secretariat of Public Health and Social Assistance.

Faced with this rather dismal perspective, the Dominican investigators opted for the only logical solution to the problem -- health care must be brought to the people, particularly those in greatest need. It is greatly to their credit that these young Dominicans insisted that health care should not just be available in rural villages and urban slums but should be offered in the homes of the inhabitants of these areas.

Additionally, high priority was given to a nationwide program of nutrition education by radio and to technical assistance for improving administrative and management practices in the main provider of health care, the Secretariat of Public Health and Social Assistance (SESPAS).

The Government of the Dominican Republic requested assistance from USAID/Dominican Republic in implementing a program to address specifically each of the problems cited above, and on October 1, 1975 an agreement was signed between the Government of the Dominican Republic and the U.S. Agency for International Development which provided \$4,800,000 from an AID loan and RD\$6,919,000 from the GODR to finance a health sector program for three years. The total amounts allocated for each program element are as follows:

	<u>USAID</u>	<u>GODR</u>
Low cost health delivery system	1,646	4,743
Nutrition	766	673
Institutional development, SESPAS	<u>2,323</u>	<u>1,503</u>
Totals	4,735	6,919

The low cost health delivery system should also have, as described below, a significant effect in alleviating the first three problems discussed earlier.

## II. PROGRAM DESIGN

### A. Basic Health Services System (SBS)

The low cost health delivery system, now known as the Basic Health Services System, is designed to bring minimal health care to the inhabitants of all Dominican villages with fewer than 2,000 people and to selected low income neighborhoods in Santo Domingo and Santiago within three years. The aim of the program is to reach the 40% of the population, currently without access to health services, with elementary health assistance within three years. The goals of the program are to reduce infant and preschool child mortality by 25 percent and 15 percent respectively within a period of three years, and to reduce fertility by 15 percent within five years.

In each village to be served a committee for health promotion is formed, and this committee selects a man or woman to be trained as a health promoter. The health promoter is given two weeks of training and upon return to his or her village, the promoter conducts a population census enumerating the inhabitants by age and sex. Each promoter is assigned about 70 households, and the promoter is expected to visit each household every 15 days. A nurse auxiliary is trained to supervise each group of ten promoters.

The functions of the promoter are as follows:

- 1) to report all births and to report all deaths by age and sex;
- 2) to encourage breast feeding of infants throughout the first year of life and to promote the introduction of solid foods in infants' diets at the age of six months;
- 3) to immunize children against measles, whooping cough, diphtheria, and tetanus and to immunize women of reproductive age against tetanus;
- 4) to provide oral ferrous sulphate to all pregnant women;
- 5) to treat diarrheal disorders in early childhood by oral rehydration;
- 6) to provide symptomatic treatment of upper respiratory infections; and
- 7) to offer contraceptive pills and condoms to those couples who request them.

B. The most important aspect of the nutrition program will be a nationwide program of nutrition education by radio. Initially, radio spots will be used to reinforce the messages given by the health promoters in their respective villages, namely, the importance of breast feeding during the first year of life and of introducing solid foods in the diets of infants at the age of six months. Later, additional messages will be added.

As part of this program, a high protein, high calorie cereal food to be used as a supplement in the diets of children from six to eighteen months of age will be identified, produced locally, and field tested. Research is also contemplated with regard to the prevalence of malnutrition in preschool children and with regard to Dominican food attitudes and beliefs.

C. Institutional Development of the Secretariat of Health and Social Assistance (SESPAS)

The key element in this program will be that of contracting a

management consultant firm to provide technical assistance to SESPAS in the following critical areas:

- 1) human resource development and personnel administration;
- 2) planning, programming, and evaluation;
- 3) information systems, including biostatistics and auditing procedures;
- 4) hospital administration; and
- 5) maintenance, transportation, and supply systems.

### III. IMPLEMENTATION

#### A. General

There are four key positions in the CODR related to the implementation of this program: the Loan Coordinator, the Director of the Basic Health Services System, the Director of the Office of Nutrition Coordination, and the Director of the Technical Office of Administrative Reform. For a variety of reasons, all four of the Dominicans initially appointed to these positions have been replaced. This has resulted in appreciable delay in program implementation in all elements of this loan.

#### B. Basic Health Services System

To date 635 health promoters and 74 nurse auxiliaries have been trained. Ninety-four (94) promoters are working in a low income neighborhood in Santo Domingo, and the rest (541) are working in villages in the southwestern area of the country.

Immunization of children with DPT (diphtheria - pertussis - tetanus vaccine) and of women of reproductive age with tetanus toxoid has been initiated in all areas where the program is currently operative. Discrepancies in reporting have made it impossible to estimate the exact extent of coverage, but the data which is reliable suggests that at least 40 percent of all children in the target group are receiving two doses of DPT, which is considerably below the goal of 80 percent coverage. Measures have been taken to improve coverage.

Family planning has on the other hand been very well accepted in the four provinces where it has been offered. During the first two months after this activity was initiated, 935 initial acceptors were reached. This represents 6 percent of the women of fertile age in all four provinces, although it should be added that 11 percent of all women of fertile age in one province were reached. Acceptance would be

still higher beyond doubt were it not for the fact that so many women in these provinces are currently pregnant.

These rather barren statistics fail to convey the deep sense of satisfaction that has frequently been expressed by the recipients of the program for the services being offered. Aspirin is so gratefully received by febrile patients that one cannot help but wonder if the villagers have ever been able to use it in the past. Unhappily, some rural dwellers have expressed their fears that the program is just too good to last and may be taken from them at any moment.

#### C. Nutrition

Two nutrition seminars, one for national and one for regional opinion leaders, have been held to date. Both received wide coverage in the local press and appear to have increased public awareness of the extent of the problem of malnutrition.

Two nutrition rehabilitation centers have been established for the training of health promoters, one in a provincial capital, San Juan de la Maguana, and one in Santo Domingo.

The Office of Nutrition Coordination is currently in the process of contracting for technical assistance in nutrition education by radio from Manoff International. This important element of the nutrition program has been considerably delayed in its implementation because a few key Dominicans were apparently convinced that technical assistance was not required. This delay well might have been avoided had the Health and Nutrition Division of the USAID made it clear from the initial stages of implementation that such technical assistance was absolutely essential.

#### D. Institutional Development of SESPAS

The Technical Office of Administrative Reform has prequalified four management consultant firms from a group of some twenty firms, which submitted prequalification proposals. Negotiation of a contract has been delayed because the Dominicans feel it is imperative to further refine the terms of reference, a view not shared by the USAID. Measures are currently being taken to resolve this problem. Meanwhile, technical assistance in the area of institutional development is being provided by the Pan American Health Organization (PAHO) with funding from USAID.

A new Office of Planning, Programming, and Evaluation has been created within the Secretariat of Health and this office has provided important and useful leadership for the Secretariat of Health, particularly in its regionalization program.

BRIEFING PAPER  
PL 480 TITLE II PROGRAM - DOMINICAN REPUBLIC

Background Information

The Dominican Republic, although currently experiencing economic advances, still lags behind in resolving several basic social and humanitarian problems. High rate of population increase, inequitable land and income distribution, farm-to-town migration, high rate of unemployment, and malnutrition are among the many problems encountered. A countrywide nutrition survey conducted in 1969 by the Research Corporation of New York and the Columbia University found that a large number of low income people are living at a dangerous nutritional level between bare subsistence and near starvation. The report showed that 67% of the population was suffering from some form of malnutrition. Recent studies show that this percentage could be now as high as 75%.

Role of Food for Peace

The PL 480 Title II program has been helping to alleviate malnutrition by providing a food supplement to the neediest low income groups through maternal/child and school feeding programs. Food is also used as an incentive for able-bodied unemployed or underemployed heads of family to participate in food for work activities.

The program is carried out through three American voluntary agencies: CARE, Church World Service (CWS), and Catholic Relief Services (CRS) which operate through 300R organizations and other local counterparts. The principal objectives of the food program have been established as follows:

1. To alleviate malnutrition among infants, pre-school children and expectant and nursing mothers while developing appropriate food and nutrition habits through educational activities carried out in conjunction with feeding programs.
2. To assist the Dominican Government in its efforts to maintain a nutritionally sound school lunch program for primary school children and to help in establishing a nutrition education program in the school curriculum while encouraging local inputs into the feeding program.
3. To support Dominican efforts in developing rural and community infrastructure while counteracting unemployment by providing food as an incentive to self-help projects utilizing able-bodied unemployed or underemployed voluntary labor (food for work), especially in rural areas.

## Cost of Program and Number of Recipients

The Title II program for FY 1977 will cost the U.S. Government approximately US 7.8 million <sup>1/</sup> and will be implemented nationwide to reach 709,100 recipients or about 16.7% of the total population. This represents a decrease of 17% in recipients below the level of the FY 1976 program approved for 848,200 recipients.

The School Lunch Program reaches 288,100 students attending public primary schools and is a joint effort of CARE and its counterpart, the Secretariat of Education. Each child receives daily in a prepared meal the equivalent of 218.0 calories and 8.2 grams of protein.

The Maternal Child Program carried out by the volagencies and coordinated by the Secretariat of Health, reaches approximately 352,900 recipients (117,900 mothers and 235,000 children) daily, each receiving on a monthly average 8.3 pounds of food. Daily, this provides each recipient with 300 calories and 13.1 grams of protein.

The Food for Work or Economic/Community Development program, principally implemented in rural areas, reaches 64,600 recipients and is implemented by CRS and CWS through their counterpart agencies "Caritas Dominicana" and "Servicio Social de Iglesias Dominicanas" respectively, in direct contact with local community development committees and other volunteer groups. Each worker receives monthly, for himself and his family, an average of 5.7 lbs. per capita of food equivalent to a daily supplement of 392.1 calories and 13.9 grams of protein.

## GODR Participation

The Dominican Government will contribute approximately RD\$2.8 million <sup>2/</sup> annually for administrative and distribution expenses, as well as additional food commodities for the CARE school lunch program. In addition, the GODR carries out a daily fresh milk distribution program costing \$1.5 million a year and benefitting approximately 150,000 needy mothers and pre-school age children.

The GODR also provides warehouse facilities, and participates in the planning and execution of the school lunch and maternal child programs through its Secretariats of Education and Health.

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<sup>1/</sup> Includes cost of ocean freight.

<sup>2/</sup> RD\$1.00 = US\$1.00

Nutrition Education

Emphasis is being given to nutrition education in connection with Title II food programs. The volagencies have hired the services of qualified nutritionists to work in feeding programs. In FY 1974 USAID sponsored a 3-month course in applied nutrition education held in the University of Puerto Rico where 15 Dominicans who are currently working in the feeding programs participated.

Several Peace Corps Volunteers are working with the GCDR and vol-agencies in nutrition education activities.

Program Level for FY 1977

The following table shows the program (not shipment) levels.

PL 480 TITLE II PROGRAM  
DOMINICAN REPUBLIC  
FY 1977

<u>Categories</u>	<u>Recipients</u> (000)	<u>Commodities</u> (000Lbs.)	<u>CCC Cost to</u> <u>Freight</u> (US\$ 000)
Maternal Child Feeding	352.9	29,430	4,535.4
School Feeding	233.1	11,525	2,111.3
Other Child Feeding	3.5	273	78.2
Econ./Comm. Development	64.6	5,176	1,094.8
TOTAL FY 77	709.1	46,404	7,819.7
TOTAL FY 76	848.2	56,262	9,700.5

## Phase-Over

The dependence of the Dominican Republic on Title II commodities has long been a cause for USG policy concern and led to a decision early in 1973 to reduce gradually the provision of commodities and transfer full responsibility to the GDDR in view of its improved economic and financial condition. The USG decision was taken, believing it was neither advantageous nor acceptable to either Government to continue this degree of dependence for a prolonged period.

The Mission was under AID/W instruction in July 1973 to produce a phase out/phase over plan. One was produced and incorporated into the October 1973 DAP after consultation with the local Voluntary Agency representatives who expressed reservations about the policy. The GDDR and the Voluntary Agencies have since both been told that Title II commodities will be phased out by the end of FY 1979. Phase out/phase over plans for program components, by Voluntary Agency, exist. These will be subjected to annual review and renegotiation depending on circumstances then prevailing.

From a nutritional viewpoint, the situation of the poorest majority has not improved in the past several years and may even have deteriorated. Thus, the need for supplementary feeding -- from some source -- continues. Voluntary Agencies believe that important elements of the program may well phase out rather than phase over.

## ROLE OF WOMEN IN THE DEVELOPMENT OF THE DOMINICAN REPUBLIC

The work of most women in the Dominican Republic, as in most parts of the world, is the work of mothers and housewives. This role for women has been fashioned by cultural factors and accepted by people for generations. It is an important role in human development through which women will continue to participate in a major way.

However, recognition of women as participants in the development process of nations, including the Dominican Republic, is limited. It is evident that the work of mothers and housewives is rarely considered pertinent to the social and economic development of the Dominican Republic. Collecting information and statistics on the contributions of the Dominican woman to development, both within and outside of her home, can be a difficult challenge simply because the issue is very new. Clear and specific information is scarce.

And yet, women are working. Outside of their homes, they hold positions which demonstrate their knowledge that they represent over 50% of the Dominican population. They feel they have a right and obligation to be actively and directly involved in the development of their country.

From the information that is available, we can see how, and how many, women are participating in education, public health, labor, management, and politics in the Dominican Republic. The numbers of women are small, but trends indicate they are growing.

### Education

Education is the key starting point for the participation of women in development. Dominican men and women believe today in the importance of education for achieving fundamental changes in society.

Dra. Licelott Marte de Barrios, representative of the Dominican Republic before the Inter-American Women's Commission, has found that of a total population of 1,223,523 children between 5 and 14 years old, of which 926,398 are attending school, 385,040 are female and 541,358 are male. The portion of female students in the rural area is 245,059, and in the urban area 139,981.

<u>Population Children Between 5 and 14 Years Old</u>			
	<u>Total</u>	<u>Female</u>	<u>Male</u>
<u>Total</u>	<u>Attending School</u>	<u>Attending School</u>	<u>Attending School</u>
1,228,528	926,398	385,040	541,358
		<u>Rural</u>	<u>Urban</u>
		245,059	139,981

The number of female students in primary, intermediate, and secondary education is high, but it declines in higher education and vocational levels (see Charts I and II). This can be attributed to different factors. Women, after reaching a certain age, drop out of school to get married. There are economic problems. Lower and middle class families cannot afford to pay for all their children (average Dominican family size is 4 or 5) to attend secondary and higher education. They prefer to provide a career for their sons rather than their daughters. In other cases, women have to drop out of school to support the financing of education of male members of their families. The tradition of Dominican society has not encouraged women to be interested in higher education. The charts below provide a clearer picture of the educational situation for Dominican women.

The number of males enrolled in higher and vocational education is substantially higher than the number of females. The Universidad Autónoma de Santo Domingo was the only higher education center that graduated more female than male students in 1974. Although more women graduated, the degrees they earned were clearly in the so-called "traditional women's careers" such as education, psychology, pharmacy, and medical technology.

CHART I

Educational Level of the Total Female Population - 1970		
Female Educational Level	Total (5 Years and More)	Percent
<u>TOTAL</u>	<u>1,670,675</u>	<u>100.0</u>
Illiterate	524,295	31.4
Pre-School Education	81,275	4.9
Primary Education	726,610	43.5
Intermediate Education	98,025	5.9
Secondary Education	70,665	4.2
Higher Education	13,225	0.8
Not Specified	156,580	9.3

CHART II

Female Enrollment in Primary, Secondary, and Higher Education

	Total	Male	Female	Female as % of Total
<u>Primary Education 1/</u>	<u>726,398</u>	<u>366,180</u>	<u>359,618</u>	<u>49.5</u>
<u>Intermediate Education 2/</u>	<u>47,245</u>	<u>23,025</u>	<u>24,220</u>	<u>51.2</u>
<u>Secondary Education 2/</u>	<u>50,256</u>	<u>24,978</u>	<u>25,278</u>	<u>50.3</u>
<u>Higher Education 2/</u>	<u>35,469</u>	<u>20,244</u>	<u>15,245</u>	<u>42.9</u>
Dominican Technological Institute	286	212	74	
IES	1,115	411	704	
UNPHU	7,400	4,280	3,130	
UASD*	24,528	14,120	10,464	
UCMM	2,074	1,201	874	
Universidad del Este	600			
<u>Vocational Education 2/</u>	<u>6,243</u>	<u>4,678</u>	<u>1,575</u>	<u>41.2</u>
Agricultural Schools (4)	1,095	1,095	0	
Industrial Technical Schools (5)	2,377	2,377	0	
Physical School (1)	50	50	0	
Commercial Technical Schools (3)	874	874	0	
Special School (1)	140	140	0	

\* Not including the "Colegio Universitario."

1/ Source: Compendio Estadístico 1970.

2/ Source: Paper prepared by Dra. Licellot Marte de Barrios, June 1974.

Public Health

Dominican women have always participated in health careers, as shown in the table below. Nevertheless, it is clear that they work chiefly in "traditional women's careers" such as nursing, pharmacy, and medical technology. The percentage of female medical doctors is relatively low -- twenty three percent of the total.

CHART III

Women's Participation in the Professional Sector of Public Health

Professionals	Total	Male	Female	Percent of Total
Doctors	894	685	210	23.0
Pharmacists	70	4	66	94.0
Odontologists	82	61	21	26.0
Nurses	2,731	153	2,578	94.0
Laboratory Technicians	277	54	233	81.0
X-Ray Technicians	44	15	29	66.0

Source: National Statistics Office, Dominican Republic, February 18, 1975

Labor

According to the National Statistics Office (ONE), the Dominican labor force\* is composed of 315,058 women and 896,656 men (see chart below). The statistics for 1973 of the Oficina Internacional de Trabajo (International Labor Organization) show 16.7 percent women and 49.5 percent men make up the active labor force of the total population.

Economic Activity	Labor Force*		
	Total	Female	Male
Total . . . . .	1,211,704	315,048	896,656
Agriculture, Forestry	549,315	91,736	457,579
Manufacturing Industry	100,989	19,452	81,537
Construction	28,508	3,699	24,809
Commerce	77,064	15,736	61,328
Services	153,883	66,696	87,187
Other	301,945	177,729	184,216

\* Labor force is defined as all persons over 14 years who are employed or seeking employment.

Source: República Dominicana en Cifras, National Statistic Office, June 1976.

## Management

Women's participation in management and as members of professional associations is very limited. According to a study prepared in June 1974, by the Asociación de Industrias de la República Dominicana (Dominican Industrial Association), only 13 women were found on the Boards of Directors of its 360 member industries. The same study shows only 11 of 219 company presidents were women. Only 2 women out of 123 were found at the level of president/administrator. There were no women as general managers or executive directors. Only one out of 219 vice-presidents of the member industries was a woman. Two of ninety managerial positions were held by women.

Seven professional Dominican associations surveyed in June 1974, were found to have a membership of 934 women and 2,777 men. The National Lawyers' Association affiliates only women, and had 108 members. The Dominican Pharmacist Association had 290 members, all female. However, the majority of professional associations, such as the Dominican Odontology Association; the Dominican Association of Architects, Engineers, and Land Surveyors (CODIA); and the Dominican Medical Association were found to represent substantially more male than female members. Of CODIA's 1,316 members, only 75 were female.

## Politics

Since the present government took office in 1966, representation of women in Dominican politics has increased. It began when 30% of those persons appointed as governors to the 27 Dominican provinces were women. The governors are the representatives of the Executive Power (i.e., the President) in each province and are designated by political appointment. Also, three sub-secretaries (Foreign Affairs, Social Welfare, and Commerce and Industries) are women. Sub-secretaries are second in charge to the different Secretariats (i.e., Ministries) of State. As a result of the centralization of political power in the Office of the President, however, the Governors and Sub-secretaries of State have relatively little financial or political power.

There is also a group of women who are actively participating in the National Development Commission representing private and governmental sectors. Although their representation is not substantial (of the Commission's 400 members, only 4% are women), it is higher than 10 years ago when women's participation was not even 1%.

During International Women's Year in 1975, the Government of the Dominican Republic made added efforts to include women participants in development. An example of these efforts is the modification of the law to equalize women's rights in marriage, financial obligations, property disposal, business transactions, and international travel. Even before 1975, the government had demonstrated some interest in

examining the role of women. To mend deficiencies of legislation regarding women, the President, in June 1973, appointed a Commission of outstanding jurists to examine and recommend modifications to laws to insure complete civil, political, and judicial equality for Dominican women.

### Conclusion

Trends to increase the participation of the Dominican woman in development are just beginning. Many sociologists and students, along with government structures, such as the Commission of Jurists, are compiling more complete and specific information. Through its survey of manpower, the Educational Credit Foundation has been asked to collect more information about women's roles. The information is there to be collected, for in the areas discussed herein as well as in the home, women of the Dominican Republic are participating in the total development of their country.

U.S. PRIVATE VOLUNTARY ORGANIZATIONS

ACTIVE IN THE DOMINICAN REPUBLIC

\* 1/ CARE - Areas of Activity:

Community Development; Cooperatives, Credit Unions & Loans; Education; Food Production & Agriculture; Medicine & Public Health; Public Feeding Program.

\* 1/ CATHOLIC RELIEF SERVICES - Areas of Activity:

Community Development; Medicine & Public Health; Public Feeding Program.

\* 1/ CHURCH WORLD SERVICE - Areas of Activity:

Education; Food Production & Agriculture; Medicine & Public Health; Population & Family Planning; Public Feeding Program.

\* 2/ COMMUNITY DEVELOPMENT FOUNDATION - Areas of Activity:

Community Development.

\* EPISCOPAL CHURCH OF THE U.S. - Areas of Activity:

Education; Medicine & Public Health.

\* FREE METHODIST CHURCH OF NORTH AMERICA - Areas of Activity:

Education; Medicine & Public Health.

\* 2/ IDEAS (Institutional Development and Economic Affairs Services, Inc.) - Areas of Activity:

Non-Formal Education.

\* THE LEAGUE OF WOMEN VOTERS (Overseas Education Fund) - Areas of Activity:

Community Development; Public Administration.

\* MISSIONARY CHURCH - Areas of Activity:

Medicine & Public Health.

1/ Voluntary Agency receiving PL 480, Title II support. See Section IX.

2/ Voluntary Agency receiving OEG support. See Section VI, pg. 4.

- \* THE PATHFINDER FUND - Areas of Activity:  
Population & Family Planning.
- \* REDEMPTORIST FATHERS - Areas of Activity:  
Community Development; Education; Food Production & Agriculture.
- \* RESEARCH CORPORATION - Areas of Activity:  
Medicine & Public Health.
- \* SAVE THE CHILDREN FEDERATION - Areas of Activity:  
Special Projects.
- \* SOUTHERN BAPTIST CONVENTION - Areas of Activity:  
Education; Medicine & Public Health.
- \* UNEVANGELIZED FIELDS MISSION - Areas of Activity:  
Education.
- \* UNITED PRESBYTERIAN CHURCH IN THE U.S. - Areas of Activity:  
Communications; Education; Medicine & Public Health.

For the

**PRESS**

*Agency for International Development*  
**OFFICE OF PUBLIC AFFAIRS**

FOR IMMEDIATE RELEASE  
WEDNESDAY, JANUARY 5, 1977

AID-77-1  
Contact: Marjorie M. Parker  
(202) 632-3332

**PATRICK F. MORRIS NAMED DIRECTOR  
OF AID MISSION TO DOMINICAN REPUBLIC**

Patrick F. Morris, a veteran foreign assistance officer, was sworn in today as Director of the Agency for International Development Mission to the Dominican Republic. Since 1975 he has been Associate Assistant Administrator of the Office of Development Program in AID's Bureau for Latin America.

Mr. Morris began his government career with the U. S. Department of Agriculture in Mexico in 1949. He joined the Institute of Inter-American Affairs in Lima, Peru, in 1951. He was assigned as Program Officer to the Foreign Operations Administration/International Cooperation Administration, predecessors of AID, in 1953 in Ecuador. From 1955 to 1958 he served with ICA in Washington, then went to Bolivia as Program Officer (1958-60) and as Deputy Mission Director (1960-61) and to Venezuela as AID Representative (1961-66). He served in Washington as Director of AID's Office of Bolivian/Chilean Affairs (1966-68) and in the Bureau for Program and Policy Coordination as Director of the Office of International Assistance Coordination (1970-71). In 1971 he was named Development Advisor to the U. S. Delegation to OECD. From 1973 to 1975 he served as Deputy Director of Panamanian Affairs in AID's Bureau for Latin America.

Mr. Morris received a B. S. degree from Georgetown University in 1948, a B. A. from San Marcos University in Lima, Peru, in 1951, and an M. A. from the School for Advanced International Studies at Johns Hopkins University in 1969. He served overseas with the U. S. Army from 1943 to 1945.

Born May 9, 1925, in Anaconda, Montana, Mr. Morris is married to the former Yolanda Falconi and they have four children.

# # #

USAID/DOMINICAN REPUBLIC  
FUNCTIONAL ORGANIZATION CHART

Ambassador

Office of Director (D)  
Dir - PFMorris  
Asst Dir - LAlevy  
Sec - Struman  
Sec - RFCohen

Economic Section

Political Section

Program & Human Resources (PRG)  
Prg Off - DCohen  
Tngo - GPIueda

Controller (CON)  
Con - RLlop  
BudFiso - JHILL  
IDI - RZelaya

Sectoral Economic Analysts (SEA)  
Act/EconAdv - CWickham  
Sr Econ - MWelhouse

Capital Resources Development (CRD)  
Chf CRDO - DSticklell  
Dep CRDO - Tivers  
ProjDevo - EBaker  
Engineer - MValdez

Food & Agriculture Dev (AER)  
Chf - WJanssen  
Ag Econ - RPollock  
Ag Cred Ad - JJordan (P)  
Ag Cred Ad - JGarrule (P)  
Ag Econ - HJung (P)  
IDI - JWarren

Program Mgmt Services (MPT)  
Mgmt - EHayden  
FFPO - MGoodwin

Health & Nutrition Dev (HAN)  
Chf - DMacCorquodale  
Pub H Adv - Vacant  
Pub H Adv - ORivera (C)  
Nutrit Adv - EMeyer

C - PSC  
P - PASA

Organization Chart  
USAID/Dominican Republic  
November 1, 1976

Approved:



J. B. Robinson, Director

J.A.O.  
Admin Off - JThroser

## DOMINICAN DEVELOPMENT FOUNDATION

The Dominican Development Foundation had its origins in 1962 when a group of 18 socially-minded Dominican business firms formed the Association for Social Welfare, the purpose of which was to raise funds to help ameliorate the appalling poverty and backwardness that was particularly prevalent in the rural areas. The funds dispensed by the Association for Social Welfare were mostly donations. With advice received through the Organization of American States, the Association changed its approach and decided to loan funds to disadvantaged groups to be used for practical, productive purpose, instead of providing charity. The Association subsequently became affiliated with the Pan American Development Foundation which was organized in Washington, D.C. as a non-profit institution, with the purpose of stimulating the participation of the private sector in finding solutions to development problems in Latin America. The Association for Social Welfare changed its name to the Dominican Development Foundation in 1966.

AID granted \$500,000 to the Dominican Development Foundation at that time and in 1968 loaned the Foundation another \$325,000. Both grant and loan required matching contributions by members of the Foundation, who have grown from the original 18 to more than 200 firms and individuals. In addition, regular contributions are also received from the Foundation's members. These funds cover the Foundation's operating costs, which, among other things, include the services of 20 field representatives throughout the Dominican Republic.

Through January 1976, the Foundation has received \$1,326,000 of combined funds from the Dominican Agricultural Sector Program which is assisted by the AID Agricultural Sector Loan 517-T-027. The Foundation has loaned these funds to expand its assistance to about 2,586 more small farmers.

Since its inception the Foundation has loaned for a wide variety of purposes approximately \$7,700,000 to 57,000 heads of families. This means that nearly 397,000, or more than 8% of the population of the Dominican Republic, have benefitted from these operations. All of the Foundations' projects are in rural areas. Losses on loans to date have been less than \$50,000 and have been limited to a few infrastructure-type projects such as schools, health centers or community centers, where after the loans were made the feeling developed among the recipient groups that the facilities should be provided by the Dominican Government rather than by private contributions.

One of the more innovative approaches of the Foundation has been to establish a rural training school, using for this purpose a farm which was formerly the property of General Trujillo. Thus far more than 200 Dominican students have received agricultural vocational training at the school. Other programs of the Foundation include financing agricultural equipment for poor farmers as individuals and distributing in rural areas donations received from abroad in the form of vocational education equipment and hospital equipment and medicines.

The Foundation well justifies its motto: "Infinite is the help that man can provide for his fellow men."

## FINANCIERA DOMINICANA

The Financiera owes its existence to a group of socially minded businessmen in the city of Santiago who came together in 1961, following the death of Trujillo. At that time, the Dominican people began to awaken from the nightmare of more than three decades of an ironclad dictatorship that had left the economy of the country disorganized, its public finances exhausted, public administration in a shambles, and the best part of existing industry and agriculture as the private preserve of the Trujillo family. Trujillo's death permitted the Dominicans to open their windows to the fresh winds of change that were beginning to blow from Punta del Este, that small resort town in Uruguay where the Charter for the Alliance for Progress had recently been signed.

The Santiago businessmen began to wonder why it wouldn't be possible for the Dominican people, too, to share in the promises of a better life which the Alliance was holding out to the poor in Latin America. From the informal association in Santiago there was incorporated the Association for Development, Inc., which began a series of socially-oriented developmental activities that are having a profound effect on life in the Dominican Republic.

The basic purpose of the Association has been to awaken in the Dominican people a feeling that change for the better is possible. This it has been achieving by activities such as promotion of programs of agricultural development, including agricultural education and research; offering scholarships to promising students for study abroad; providing courses of business administration; financing economic development plans; publishing studies on the economic and social development of the Dominican Republic; and, of considerable significance, developing institutions to provide financial services traditionally not available in the country, such as those to facilitate the creation of new farms and industries and housing. Twenty-four similar private development associations are now functioning in other cities throughout the Dominican Republic.

One of the Association's early moves was to interest the Dominican private business community in joining together to form a private development bank that could help promote and provide credit to new or expanded private enterprises. Credit, at reasonable terms, was simply not then available and state domination of local industry persisted, the result of the Government's confiscation of Trujillo's property and interests.

To get started, a Junta Promotora (Promotion Board), a separate group organized by the Association, was formed in 1963. This new body was composed of members representing a wide spectrum of the Dominican private sector. In addition to representatives of the Santiago group, it included various members of the Santo Domingo business community.

As a result of the efforts of this group, the Compañía Financiera Dominicana, S.A., was incorporated in March, 1968 after having received technical assistance from AID. To provide the seed capital necessary to aid in the establishment and the operation of this developmental financing institution, a loan agreement was signed on May 28, 1968 with AID providing \$5.0 million to finance the purchase of U.S. goods and equipment needed by new or expanding Dominican enterprises.

In November, 1972 AID authorized the Financiera a follow-on loan of \$5.1 million that had been foreseen and planned at the time of the first loan. The purpose of the second loan is to allow the Financiera to further strengthen its financial position, and to expand its developmental role.

The purpose of the AID loans, to help establish and to operate a new developmental lending institution, has clearly been achieved. The Financiera's record of growth is impressive. Starting from point zero the Financiera recruited, organized, and trained an operating staff which is acknowledged by qualified observers as highly competent and outstanding in the Dominican Republic. A sound, well diversified portfolio has been developed that, in addition to its financial strength, has been found highly satisfactory by knowledgeable observers in terms of its composition. For example, from the inception of the Financiera, more than half of all its loans have been in amounts of less than \$200,000. These are classified in the AID Loan Agreement as small loans, and cumulatively represent nearly 50% of the funds loaned by the Financiera. In the financial and business community in the Dominican Republic the Financiera has attained a reputation as an efficient organization that operates in a prompt, business-like manner, and one that maintains a confidential client-lender relationship.

As of March 31, 1976 the Financiera has loaned a cumulative amount in excess of \$30 million for about 390 different projects. Its outstanding loan portfolio totaled approximately 16 million. Despite the high risk of its lending operations, delinquent loans amounted to less than 4% of the loans outstanding. Paid-in capital had reached more than \$2,250,000, divided among 199 stockholders, none of whom hold more than 10% of the shares. Undivided profits amounted to approximately \$80,000. The AID loan is being repaid on schedule.

## CATHOLIC UNIVERSITY MADRE Y MAESTRA (UCMM)

UCMM owes its existence to the concern which had developed within the Catholic Church in the Dominican Republic over the poor quality of university education available to the youth of the country. As a part of the general stirring within the country towards economic and social reform following the end of the Trujillo dictatorship, UCMM was established in 1962. It is located on 150 acres near Santiago, the country's second largest city and the center of its richest agricultural area. From its inception UCMM has enjoyed the strong support of the Santiago business community, which has donated a number of buildings on the modern, attractive campus, and has continued to provide financial support for the university.

The land for UCMM was provided by the Catholic Church, which also contributed the equivalent of \$1.8 million toward the cost of buildings. Additional assistance came from the Ford Foundation, the Inter-American Development Bank, UNESCO, and the World Bank. The Dominican Government contributes an amount worth \$1.3 million annually for the operation of UCMM.

AID financed a contract with St. Louis University under which nearly 300 person months of technical services were provided between 1966 and 1970. In this manner there were established a library, a social sciences department, a language laboratory, a campus planning office, and a fund raising mechanism. In addition, the technicians from St. Louis University helped to improve overall university administration, expand the education department and create an improvement program for teaching staff. AID also financed overseas training for 51 participants from UCMM. PL 480 counterpart funds were used to construct a mechanical and electrical engineering laboratory, and helped to complete a classroom building and a large number of other campus improvements as a part of a larger five-year campus development plan. The value of the AID assistance was approximately \$1.7 million.

UCMM currently has a co-educational student body of nearly 3,000. The university is operated on a non-denominational basis open to any student, irrespective of religion, who can qualify for admission. Tuition costs the equivalent of \$300.00 per year, with many students being assisted by the Educational Credit Foundation, which AID helped the Dominican Government to establish in order to provide low cost loans for students at any Dominican university.

UCMM offers instruction in a wide variety of disciplines, such as engineering, education, economics, business administration, law, social work, and nursing. Its college of agriculture is operated in collaboration with the nearby Superior Institute of Agriculture. A school of medicine is in the planning stage. The university employs a teaching staff of 178, of whom 70 percent are on a full-time basis. This is believed to be one of the highest ratios of full-time teaching staff available at the undergraduate level in any Latin American university.

In addition to UCMM there are five other institutions of higher learning in the Dominican Republic, whose total enrollment is approximately 37,000. These five universities together produce about 850 graduates per year. A prime factor in the low number of graduates is the large number of student failures, combined with the reluctance of the universities to expel students with failing academic records. On the other hand, UCMM, with its no-nonsense policy of expelling academic failures, produces some 200 graduates annually, or nearly one fourth of the combined number of graduates of the other five universities, although its student population is less than 10 percent of that of the total of others. The high caliber of UCMM's teaching staff and the absence of campus agitation are other factors contributing to the relatively high number of UCMM graduates.

Because of the high quality of the education they receive, graduates of UCMM find a steady demand for employment. According to UCMM officials, 95% of its graduates find employment soon after graduation, most of them in private industry.

## INSTITUTO SUPERIOR DE AGRICULTURA (ISA)

ISA was conceived by a remarkable group of socially-minded businessmen in the city of Santiago who took to heart the message contained in the Carta of Punta del Este. With the overthrow of the Trujillo regime the "Santiago Group" as they are known locally, organized themselves into the Association for Development, Inc., and have sponsored a great number of other worthwhile projects, in addition to ISA, which are having a profound effect in improving the life of the Dominican people. The "Santiago Group" was instrumental in bringing about the formation of 24 similar private development associations which are now functioning in other cities throughout the Dominican Republic.

In its formative years ISA was actually staffed with U.S. teachers and administrators hired under the AID program. In addition to this help and to the training program, AID provided counterpart funds worth about \$435,000 to help finance the physical plant, including a library, administration building, and a food processing and teaching facility. Through the years AID has provided short-term consultants on such topics as laboratory design and construction and curriculum development, often in cooperation with the Ford Foundation. The land for the 650 acre farm on which ISA is situated, as well as numerous other buildings, was donated by members of the Association for Development, Inc. The Dominican Government provides the equivalent of about \$25,000 monthly towards the cost of operations and other funds for operations and scholarships provided by the Development Association. At present ISA is staffed and financed entirely by Dominicans.

There are currently 115 secondary students at ISA, most of whom live at the school. Tuition and board were free until 1968, at which time a fee of \$20.00 per month was charged to the students. Some of the students finance their fees through the Educational Credit Foundation, an organization which AID helped to establish to provide low cost loans to students. Thus far 409 students have graduated from ISA, or approximately one third of all agricultural high school graduates in the Dominican Republic. In addition to the 150 who have received overseas university training, other ISA graduates are attending recently established agricultural colleges in the Dominican Republic or are serving as middle-level technicians in government agencies or private business or agriculture.

The school's facilities are impressive by any standards. In addition to modern laboratories and classrooms and a research facility, plus an auditorium, library, dormitory and cafeteria, the school

produces such crops as rice, soybeans, sorghum, truck garden vegetables, various kinds of fruit, tobacco, and also raises poultry, swine and cattle. It operates a wide variety of food processing plants related to agro-business, such as animal slaughter, vegetable canning, a dairy, seed selection, and shops for the maintenance and repair of farm machinery. In connection with SEA\* (CENDA) it conducts a research program, including analysis of fertilizers, productivity of improved seed, application of pesticides, and crop rotation. It also operates a small extension service for the training of its students.

In 1968, in collaboration with the Universidad Catolica Madre y Maestra (UCMM), ISA expanded its programs to include a four-year college course, leading to the Dominican equivalent of a Bachelor of Science degree in agriculture. The students take their agricultural subjects at ISA, and attend UCMM for instruction in the social sciences. At present there are 142 ISA students at the university level. In addition to a solid academic training, by the time they graduate they have received experience as farm laborers, and in crop production, dairy and vegetable processing, and, in their senior year, actual experience in running one of ISA's agro-business or in extension or research work. Thus far there have been 94 university level graduates of ISA who have found a ready employment market. University graduates of ISA, including those who received university training abroad, have made possible the staffing with Dominicans of the agricultural college that was recently established at another Dominican university, the University of Pedro Henriquez Ureña (UNPHU).

The establishment of ISA has meant considerably more than just the creation of another school. ISA has made possible the development of a crop of well-trained agricultural engineers and technicians who are helping to fill a void caused by the virtual absence of trained Dominican personnel in agricultural education, research, and extension.

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\* Secretaría de Estado de Agricultura.

DOMINICAN INSTITUTE FOR INTEGRAL EDUCATION (IDEI)

President of IDEI Governing Board - Don José Andrés Aybar Castellanso  
Director of IDEI - Fernando Valdez

IDEI was established in 1971. Its primary objective is to provide an inexpensive secondary education opportunity to economically and socially disadvantaged Dominicans over the age of 15. IDEI was founded by Acción Pro-Educación y Cultura (APEC), a private, non-profit organization dedicated to "offering additional educational opportunity to those who want to help themselves." APEC presently operates five other educational entities in addition to IDEI. These include: a junior college, a sexual education institute, an educational credit foundation, a school of arts, and a school of hotel management. Financial support of all APEC activities is derived from public and private sector contributions.

The IDEI non-formal education program, which begins with grade 6, provides students with home study textbooks. Individual work is supported by weekly classroom review sessions and week-nightly radio broadcasts. Student cost for the IDEI courses is \$3 per month. Of the approximately 4,000 students currently enrolled, 36% are located in Santo Domingo, 20% in largely urban areas in the interior, and 44% are from rural locales. 52% of those enrolled are female.

The IDEI curriculum follows that prescribed by the Secretariat of Education, which has provided accreditation as well as financial and technical support for the home study course.

While the IDEI concept has received a generally widespread acceptance, its implementation faces several obstacles. It is the alleviation of these obstacles that is the principal motivation of a two year, \$200,000 AID grant project. This project focuses technical assistance, training, and a limited amount of commodities on improving four major areas of IDEI operation. These areas are: 1) Instructional Materials. IDEI's texts are the first Dominican authored secondary materials of their kind. For this reason, their utility and relevance to the student appear to be higher than with non-Dominican texts. However, an unevenness in quality and the lack of student self-testing material have indicated a need for possible revisions. Where possible, revised materials will make use of new techniques such as programmed learning. 2) Instruction. Weekly review sessions are generally run by local teachers who have had little or no preparation in providing support to home study education. To date, IDEI's direct contact with these teachers has been almost non-existent and, thus, no guidance has been provided as to how the review sessions should be run. Project assistance will include the development of teacher training materials and a teacher training

program. 3) Organization/Administration. IDEI's overall administration is somewhat disorganized. Staffing requirements are unknown and have gone generally unplanned. Record-keeping is often non-existent, redundant, or inaccurate. Project assistance will help implement administrative reform recommendations. Additionally, technical assistance has aided in establishing a fund raising program by IDEI. The \$3 per student month fee is not sufficient to cover all of IDEI's costs. External contributions will always be necessary to maintain IDEI's low costs to the student.

IDEI, in recognition of its institutional weaknesses, has resolved neither to expand its current level of enrollment or its institutional role until its present problems are resolved. If the current project is successful, IDEI will undergo a planned increase in the number of students it serves and will investigate the possibility of developing home study vocational education programs.