January 20, 1984

Final Report of OSU/AID Contract on An Assessment of Rural Savings Mobilization Possibilities in the Dominican Republic

The work under the OSU/AID contract number 517-0000-C-00-2007-00 was recently completed per the terms of the contract. The contract activities included: (1) an assessment of the voluntary financial savings activities in rural areas of the Dominican Republic, (2) conducting a diagnosis of the policies and conditions that affect these activities, (3) carrying out two workshops to inform local policy makers about activities under the contract and to program future actions involving AID, OSU, and Dominican institutions, (4) preparation of a work plan for an AID project to assess the performance of financial markets and to promote savings mobilization in the Dominican Republic, and (5) participation in the negotiation, approval, and initial organization of a grant agreement between AID and the Dominican Government, on rural savings mobilization (AID project No. 517-0179). The services under the contract began October 1, 1982 and terminated on December 31, 1983.

Over the life of the project various OSU faculty provided technical assistance to the AID mission and the governent of the Dominican Republic: Dale Adams, Claudio Gonzalez-Vega, Robert Vogel, Donald Larson, and Douglas Graham. In addition, OSU arranged for several other consultants to contribute to various parts of the project's activities: John Gadway, Eduardo Montiel, Ronulfo Jiménez, Jeff Poyo and Blair Allen. Various reports,

assessments and studies were prepared for the AID Mission by these individuals.

In early October 1982 and in November 1983 workshops were held in the Dominican Republic to discuss with local policy makers work on rural savings mobilization. About 40 participants attended both three-day workshops. These workshops were helpful in allowing AID and OSU to identify those in the country who were interested in participating in a savings mobilization project and related analyses. The workshops were also helpful in allowing those from OSU to share their experience with financial market reforms and related research in other low income countries. The first workshop resulted in a request to AID by the Dominican government of a savings mobilization project. The second workshop resulted in the organization of about eight research projects on financial market issues to be conducted by several Dominican agencies.

Overall, the OSU analysis showed there was substantial opportunity for mobilizing financial savings in rural areas of the D.R. The Agricultural Bank, the Credit Savings Cooperatives and the Central Bank all had strong interest in participating in these efforts. In addition, academics and researchers in four different agencies showed interest in helping to do future work on assessing the performance of financial markets.

As a result of this interest, OSU provided the AID mission with various types of information and studies AID used to develop a pilot project on savings mobilization in the country (Project 517-0179). That project has been approved by the mission,

the local government, and AID Washington. OSU's cooperative agreement with AID Washington has been amended to provide funding for OSU's technical assistance. The Central Bank of the Dominican Republic is taking the lead along with OSU in carrying out the project. Analysis by OSU staff and students, staff of the Central Bank, and applied research by faculty and students at three Dominican institutions will be aimed at doing further assessment of the financial market in the D.R. Results from this assessment will be used to help policy makers in the country adjust policies to make it easier for the country to mount a national savings mobilization program, if the pilot savings program is successful. This pilot effort is also part of the new project.

Overall, we feel OSU has met all of the terms of the contract. We are particularly happy that our work led to a new mission initiative to help the Dominican government mobilize more voluntary financial savings.