

PA-ABE-099

ISA 71832

DOMINICAN REPUBLIC, PTIC II
SOCIAL INSTITUTIONAL FRAMEWORK ANALYSIS
PREPARED BY: Lisa Ann Doig
DATE: March 27, 1990

TABLE OF CONTENTS

	<u>Page</u>
I. EXECUTIVE SUMMARY.....	1
II. INTRODUCTION AND BACKGROUND.....	4
A. Review of Country Setting.....	5
1. Demographics.....	5
2. Colonial and Modern History.....	5
3. Economic Context.....	6
4. Today's Problems.....	7
B. Mission Program Priorities.....	8
C. Socio-Economic Stratification Scheme.....	8
1. The Socio-Economic "Elite".....	10
2. The High Class.....	11
3. The Upper Middle Class.....	11
4. The Traditional Middle Class.....	12
5. The Lower Middle Class.....	13
6. The Upper Low Class.....	13
7. The Low Class/Poverty.....	14
D. Definition of Social Economically Disadvantaged Groups.....	14
E. Background of PTIIC in the D.R.....	15
1. Recruitment and Selection.....	15
2. In-Country English Language Training (ELT).....	16
3. U.S. Training.....	17
4. Follow-on.....	18
5. Comments on Short Term Training.....	18
6. Problems in Implementation.....	19
III. METHODOLOGY.....	20
A. Key Definitions; "Leader" and "Potential Leader".....	20
B. Discussion of Matrix I.....	22

IV. CONCLUSIONS.....	24
A. Identification of Target Groups.....	24
1. Educators.....	26
2. Small Business Association Leaders.....	28
B. Recruitment and Selection.....	29
C. Recommendations for Appropriate Training.....	30
V. RECOMMENDATIONS FOR A CTP.....	32
A. Restatement of Mission Objectives.....	32
B. Summary of Training under LAC II, PTIIC I, and PTIIC II.....	32
C. Groups to be Targeted in FY 1990 and 1991 under CLASP Projects....	33
D. Compliance with CLASP Policy Guidance.....	33
E. Experience America.....	33
F. Follow-on.....	33
G. Steps to Contain Training Costs.....	34
H. Lead Time.....	34
I. Steps to be Taken to Avoid Programming of Training for the Elite.....	35

ANNEXES

Matrix I: Identification of Key Sectors, Institutions, and Professions
in the D. R.

Matrix II: Summary of Training Plan by Profession

Table: Social Economic Stratification Scheme

Reports: Notes on Economic Outlook for the D.R.
Briefing Book; Economic Background Section

- 1 -

SOCIAL INSTITUTIONAL FRAMEWORK ANALYSIS
PTIIC II

I. EXECUTIVE SUMMARY

This Social Institutional Framework (SIF) report develops the argument of who should be trained under the second phase of the Presidential Training Initiative for the Island Caribbean (PTIIC II) scholarship program in the Dominican Republic.

The purpose of the PTIIC program is to equip a broad base of leaders and potential leaders in LAC countries with technical skills or academic education and an appreciation and understanding of the workings of a free enterprise economy in a democratic society. Emphasis is placed on the selection and training of current and potential leaders as candidates for the awards.

The Dominican government system is a representative democracy within a free market economy. The country has held free elections every four years since 1966. The problems it faces today are political and economic in nature. The citizens suffer the inconveniences of inadequate water and electrical supplies, poor sanitary conditions, poor health care, marked deficiencies in the education system, inflation in the prices of basic goods, low wages, high unemployment and underemployment, and a large foreign debt.

USAID development policy in the D.R. promotes private sector led economic growth and social development in a democratic environment. The target beneficiaries are the urban and rural poor. Mission ongoing training programs reflect this overall strategy. In the Human Resources Division, two programs are significant to the design of PTIIC II; PTIIC I which has trained a combination of rural and urban youth leaders, university professors, small business owners and managers, and government accountants; and a Private Initiatives in Primary Education Project currently under design, both projects will be discussed in the development of the SIF report.

The PTIIC program targets training for socially and economically disadvantaged groups, excluding members of elite socio-economic classes. Class groups can be distinguished by examination of several criteria such as income and employment benefits, home ownership, residence address, car ownership, social club membership, and schools attended. The SIF outlines a socio-economic stratification scheme which can be applied for the identification of candidates for the PTIIC program. Persons who fall in the low, upper low and lower middle classes may be considered disadvantaged and can be primarily targeted for PTIIC awards.

The Mission's experience in PTIIC I can be summarized as both exasperating and rewarding. The component demanding the most attention was the rural and urban youth. The persons involved in the project, AID personnel and local contractor personnel, had little experience in working with youth candidates since most of the other Mission training programs are directed towards professionals either with university degrees or significant employment experience. It was difficult to identify leaders or strong academic candidates from this untried and immature group. Many unexpected situations arose with the students during the U.S. phase of training such as academic problems, unauthorized visits home, training program dissatisfaction, marriages, and PTIIC grandchildren. Nonetheless, the majority of the candidates successfully completed their training programs and only time will tell whether or not these students will take on significant leadership roles in their communities or contribute to the country's development.

Other phases of the PTIIC program have run smoothly. Both the small business and university components were effective at identifying and training candidates. The few small business persons who have completed their programs found the experience to be very beneficial and were able to apply innovations to their businesses immediately. A second group has been selected and will depart in May of 1990. The Public University professor component successfully trained 8 candidates. The eleven public accountants trained, on the other hand, have passed into obscurity.

Some overall program implementation problems were the termination of the original contract with U.S.A./C.A. and takeover by a new contractor P.I.E.T., lack of adequate reporting on program funding levels from Washington, and finally 620(q) restrictions.

what in the world are they talking about? I was in

constant trouble with them re funding.

The information obtained for the production of the SIF comes from several interviews and review of written material. Two round table discussions were held on June 22 and 23. The participants were educators, sociologists, a priest and other community leaders from small business foundations, private development organizations, women's organizations and lastly, personnel from PVO's who have been involved in various facets of implementation of AID training projects.

Subsequent interviews were conducted with sociologists, representative of AID technical offices, and returned participants from the PTIIC program. Valuable input was also obtained through interviews with the PTIIC Intensive English Language Training teachers, the local Educational Adviser, the physician who attended the first PTIIC groups, and staff members of FUNDAPEC, the local contractor for PTIIC activities.

The purpose of the interviews and round table discussions were in part to identify leaders in the Dominican context and to suggest possible areas of training. A leader was defined as a person who participates in group activities, takes on responsibility for planning, carrying out objectives and making common decisions, and vocalizes the consensus of a group. Potential leaders are persons with some of the personality attributes of a leader; self

confidence, direction, sensitivity to common issues, and group involvement, but who, because of age or other factors, have not fully exercised a mature leadership role.

For the purposes of the PTIIC program, the Mission has chosen to identify influential groups or professions instead of individual leaders. Within the groups, however, candidates for training must demonstrate individual leadership qualities as acknowledged by job supervisors, co-workers or persons in subordinate positions.

Following from information obtained from the round table discussions and subsequent interviews with sociologists, the first Matrix was developed. Matrix I, to be found in the annex of this report, identifies key sectors, institutions and professions from which leadership is exercised on national, provincial, municipal and community levels.

Taking all factors into consideration; the objectives of PTIIC, the democratic tradition of the GODR, the growth oriented economic climate, USAID Mission strategy, the actual development problems the DR faces today, the results of interviews and the round table discussions, the limited budget for PTIIC II and Mission experiences with PTIIC I, a strong argument develops for training educators on the primary, secondary and university levels and small business association leaders.

The DR presently supports a strong democratic government within a free market economy. There is no imperative need for training politically sensitive leaders for an appreciation and understanding of the working of a democratic process within a free enterprise economy. An educated population, however, is basic to the survival of a democracy. The Dominican education system is strongly deficient. If democracy is to continue in the D.R., considerable attention will need to be given to this sector. Teachers and other educators are leaders with a strong impact in forming the nation's thoughts and labor resources. PTIIC II justifiably targets the education sector. *good!*

PTIIC II in the DR will have limited funds (US\$2,628,000) for which reason the Mission prefers to focus resources in a few training areas which promise the highest returns. A concentrated effort in training educators can have a significant effect on the overall quality of education in the DR.

The Mission's strategy promotes private sector led growth and investment while specifically targeting the urban and rural poor. Training key persons of small business associations under PTIIC II supports this strategy. PTIIC I successfully trained several small business owners and managers and thereby opened channels for the recruitment, selection, and training of small business association leaders under the project's second phase.

The Conclusions section of the SIF and Matrix II specify the steps to be taken to recruit, select, and train participants for PTIIC II. The report ends with suggestions on how a Mission Country Training Plan (CTP) can be related to the SIF analysis.

II. INTRODUCTION AND BACKGROUND

The purpose of this report is to define leadership and identify leaders, potential leaders, and sectors of leadership within the Dominican context in order to give specific recommendations as to how to target, recruit, select and train candidates for the CLASP II (PTIIC II) scholarship program.

To clarify project nomenclature, AID/W refers to this program as the second phase of the Central and Latin American Scholarship program, or CLASP II. The program, initiated in 1985, was subdivided into the Central American Peace Scholarship Program (CASP) and the Latin American and Caribbean Training Project II (LAC II). The latter project was amended to include the Presidential Training Initiatives for the Islands Caribbean (PTIIC) and the Andean Peace Scholarship (APSP) programs. The USAID/DR Mission has managed projects under the names LAC II and most recently, PTIIC. In order to avoid confusion within the Mission, this program will hereafter be referred to as PTIIC II.

The report begins with an historical and demographic description of the Dominican Republic so that the reader may develop an appreciation and awareness of the political and democratic traditions of the Dominican government and insight into some of the problems that the country faces today. Next USAID development policy is summarized, and pertinent ongoing Mission programs are discussed.

A lengthy discussion of phase one of the PTIIC program takes into consideration results of interviews with persons involved in the planning and implementation of the program and input from returned student participants. The discussion produces suggestions as to how some phases of the new program may be approached.

In the economics discussion a scheme is developed for the identification of socio-economic "elite" and "disadvantaged" groups in the D.R. for the purposes of PTIIC II.

The SIF presents its conclusions on who should be trained, how candidates should be recruited and selected, how training programs should be composed and what kinds of Experience America or follow-on activities should be considered. These conclusions are summarized in the second matrix entitled: "Summary of Training Plan by Profession". The report ends with suggestions as to how a CTP may be derived from the analysis.

The report is based on interviews with Dominican informants through two round table discussions and subsequent concourses. Participants in the round table discussions were educators (one of whom has since become Secretary of Education), sociologists and community leaders in religion, women's groups and development organizations. These and subsequent interviews produced definitions for the terms leader and potential leader and the Matrix I which identifies sectors, institutions and professions from which significant leadership has traditionally been exercised.

A. Review of Country Setting

1. Demographics

The Dominican Republic is located in the Caribbean region on one of the three greater Antilles Islands, sharing the island with the Republic of Haiti. Its current population approximates 6.9 million; this population is predominantly rural with the largest urban concentration in Santo Domingo, the capital, where at last estimate the population was 1.5 million. The second largest city on the island is Santiago which is geographically located in the north and center of the island Hispaniola. By contrast, the second largest concentration of Dominicans is to be found in New York city where it is judged that over one million Dominicans reside. Dominicans are also found in other U.S. large urban centers such as Miami, Los Angeles, Chicago and Boston.

There has been an intense, recent wave of migration of Dominicans to the United States as a product of three primary factors: poor local economic conditions; the close geographic proximity of the Dominican Republic to the United States, making even travel by small boat one viable option for translocation; and thirdly, a high degree of cultural exchange with "big brother America", promoted by frequent travel of family members in N.Y. to the D.R., the influence of American cinema and cable television, and the ready availability of many commercial products from the U.S. such as foodstuffs, electrical appliances, and industrial technologies.

2. Colonial and Modern History

The Dominicans first declared independence from Spain in 1821. A few weeks after the establishment of the Dominican Republic, the country was invaded by the Haitians who remained in rule for 22 years. Independence was declared from Haiti on February 27, 1844. On November 6 of the same year, the Dominicans established a Constitution which declared the national government to be civilian, democratic and representative. By 1861, however, the nation had gone bankrupt and Spain reincorporated the country as a Spanish colony. The Spaniards were again ousted in 1865. The most recent interruption of the country's democratic trend has been a dictatorship under the military leader Rafael Leonidas Trujillo Molina, lasting thirty years and ending with his assassination on May 30, 1961. The nationally celebrated Independence date is February 27.

Modern Dominican History begins with a period of political redefinition lasting from 1961 to 1966 after the death of Trujillo. The period saw two provisional governing commissions before the election by popular vote of the Dominican writer who spent most of the time in exile in Cuba for political reasons, Juan Bosch, in December of 1962. Bosch, accused by the military of being of communist alignment, was ousted in a coup d'état organized by acting military leaders and supported by the business, land owning and commercial sectors of the country.

In the wake of the coup, more provisional governing commissions were named, new political leaders surface either in support or opposition of Bosch's return to power and events culminated in a civil war by April of 1965. The conflict brought about the second U.S. military intervention of the century. U.S. interests supported the Commission for National Reconstruction (or anti-Bosch group) who fought for a continuation of democracy, and a second open, public election. The civil strife ended in 1966, free elections were held again and this time won by the current president, Dr. Joaquín Balaguer.

Six free presidential and congressional elections have been held since 1966 with presidential terms lasting for four years each. Elected presidents have been, Dr. Joaquín Balaguer, elected in 1966, 1970, 1974 and 1986, Antonio Guzmán in 1978 and Salvador Jorge Blanco elected in 1982. The next elections are scheduled for 1990.

The fairly open and stable, democratic governing climate has encouraged domestic and international investment in the D.R. and has led to strong commercial and to a lesser extent political ties with the United States. The majority of Dominican citizens accept the U.S. commercial and political presence, opting for the United States as a foremost role model for their governmental, economic and industrial development.

3. Economic Context

In economic terms, the Dominican Republic is a third world country experiencing many of the difficulties inherent to the development process. Following are some representative economic statistics: inflation for 1989, according to USAID sources, approximated 41%, although economic growth was positive; the annual per capita GNP, according to World Bank figures, shows a decline from 1,330 in 1982 to 680 in 1988 and is not expected to increase over the next few years; and the free market exchange rate of the Dominican peso to the U.S. dollar has increased from an average of 3.1 in 1985 to approximately 7.3 in 1989. Please refer to annex 3 for a more complete and current economic outlook for the D.R. The annexed report was prepared by the Economic Unit of USAID/DR's Program Office.

The decline in per capita income combined with rapid exchange rate depreciation has caused a significant decline in the population's external purchasing power (EPP) since the early 1980's. One result of the lowered EPP, according to the USAID economist, is that lower and middle income families, who are hardest hit, now are no longer able to send their children to U.S. universities as had once been a custom.

In general, the economic indicators manifest themselves in rising prices of goods, stagnant wages, high unemployment and sluggish repayment of international debt. There is a limited pie to divide amongst an increasing population. In the end, the poor are poorer, the middle class has had to change its lifestyle, and the elite, approximately 2% of the population, still fare well. Overall conditions are not expected to improve in the foreseeable future.

On the positive side, the four main areas targeted for development by the Government of the Dominican Republic (GODR) are: agriculture, mining, tourism, and free trade zones. Of these, the most encouraging actual growth has been in the free zones and tourism industries. According to the U.S. Embassy Foreign Economic Trends report, there are presently over 220 companies operation in 17 free zones, employing nearly 95,000 persons.

4. Today's Problems

A short visit to Santo Domingo can make even temporary tourists aware of some of the problems faced by the Dominican population. There is a pronounced inadequacy of basic services: electricity, water, housing, health care, transportation, sanitation and education. The population is plagued by daily, frequent, lengthy electrical power interruptions, or as they say, "se fue la luz". The poor sanitary conditions have lead to a profusion of the city rat population and high spread of infections diseases. As a result of incidence of inadequate potable water supply and distribution, families in many marginal neighborhoods have as a daily chore of carting the day's water supply from sources which may be up to one kilometer away. The archbishop of Santo Domingo's report on the country's most pressing social problems of today adds to the list hunger, unemployment and desperation among the poor.

The industrial and commercial sectors are specifically affected by the problems of electrical shortages, overly strict U.S. dollar exchange regulations and import/export regulations imposed by the government.

During the months of May, June and July of 1989, the country faced three significant national labor strikes. Public school teachers left their classrooms in May, striking for higher wages (currently salaries are comparable in scale to city janitors, and average under US \$ 100 per month), equalized pay for morning and afternoon shifts and improved student conditions. The Dominican Medical Association (AMD) has recently concluded a two month strike in which their demands were also for higher wages for physicians on staff at public hospitals. For the duration of the strike only emergency care was available at the public health institutions, provided by stand in military medics. A general strike held on June 19 and 20, paralyzed the nation; no banks, stores or factories opened and almost all citizens stayed home for the two days for fear that social violence might erupt.

The social repercussions of the strikes were noteworthy. Public schools were closed for two months while the issues of the strike went unresolved. Those affected the most were the students whose learning process was interrupted while their teachers abandoned the classrooms. The GODR did come through with a wage increase and equalized pay for morning and afternoon shifts and the teachers returned to the schools in July to finish up the academic year. Nonetheless, all of the demands of the teachers have not been met and they may strike again during the 1989-90 school year.

The number of indirect deaths and complications resulting from the gross lack of medical attention during the ADM strike is unknown but can be assumed to be significant. On the other hand, considering the wage increases that were granted to teachers and physicians, and given the actual prices of basic goods and services, the overall living condition of these public servants will not appreciably improve.

Other elements of the national education system have also received attention recently. Two major newspapers have run weekly series for several months illustrating the problems of basic education in the D. R. The articles have cited statistics and discussed on-going programs, in general, increasing the public awareness of the status of education in the D.R. Specific issues that have been discussed are the low wages of educators, the lack of materials, program deficiencies in a number of fields, deteriorating physical plants, and a lack of schools. The articles lead to one powerful conclusion: more money and more public attention needs to be given to this very basic need if the country is to overcome its development lag.

B. Mission Program Priorities

The development strategy of the Agency for International Development Mission to the Dominican Republic, according to the FY 1990-91 Action Plan, is to assist the Dominican Republic in the development of sustained and equitably distributed private sector led economic growth and social development in a democratic environment. Target beneficiaries are the urban and rural poor. The Mission hopes that promotion of continued private sector concentration will effectuate expansion and diversification of the country's economic base. Specific goals are to:

1. Promote key sectoral policy reforms which encourage private sector growth;
2. Promote expanded and diversified private sector investment and employment; and,
3. Undertake selected social interventions to address the critical needs of the poor.

Emphasis is on growth in export-oriented industrial and agricultural sectors, expecting an impact on increased foreign exchange earnings as well as improved domestic incomes.

Projects in the Human Resources Division, including participant training reflect and support the Mission's strategy and goals. Those projects relevant to the design of the PTIIC II program will be discussed at greater length in the section concerning study objectives and methodology of this report.

C. Socio-Economic Stratification Scheme

One goal of this study is to develop a socio-economic stratification which can be used in the identification of candidates. In the absence of readily available, up-to-date and accurate existing statistical and

descriptive information on the subject, the author has established parameters and functional guidelines for socio-economic scaling, based on her own educational background in anthropology and five years of residency in the Dominican Republic during which she has had access to all levels of society. Valuable input has also come from the USAID economist and other sociologists interviewed during the production of this report.

Income alone does not constitute an accurate indication of social or economic status. Wage earnings often do not reflect the actual accumulated purchasing power or quality of life of a family or an individual. Also, when this information is solicited, inaccurate figures are often given, or significant informal sector employment earnings are altogether excluded. Secondly, in order to avoid high income tax burdens based on a high salary, some companies distribute employee income among salaries, housing, educational, insurance and transportation benefits.

In order, then, to classify the socio-economic standing of an applicant or his or her family, a combination of the following economic factors will be taken into consideration:

1. Income - total family, from formal and non-formal sector employment;
2. Housing - where does the candidate or the family live, do they own the house or apartment, if not, what rent is paid;
3. Vehicle ownership - how many cars or other motor vehicles owned, what are the years and makes;
4. Profession - professionally trained vs. acquired trades or non-skilled labor;
5. Access to Education - where does applicant or members of family go to school, to public or private institutions? inside or outside of the country?
6. Travel - are frequent trips made outside of the country? does the person travel frequently for recreation within the country?; and,
7. Investments - does the family own land, animals? Other valuable goods? Hold investments in U.S. dollars?

Social factors to be considered are: level of education, profession, place of employment, access to or membership in private, social or recreational clubs, restaurants and local tourist resorts, access to press or publicity, and possession of governmental or diplomatic privileges. Family surname, as in many Latin American, or small, close knit societies, also plays a significant role in determining social status.

Traditional socially disadvantaged groups have been rural inhabitants, women, and members of the lower economic classes. These persons have had the most limited access to education, employment, health care, social and sports clubs, in-country travel for recreational purposes, and other such opportunities. Although they retain a somewhat disadvantaged status, women participate significantly in the job market, in government, education, medicine, architecture, engineering, and small businesses. Large scale commercial enterprises tend to employ women in subordinate service positions, reserving high level administrative positions for male employees or family members. Surprisingly though, very frequently in a two income household in the middle to low economic class the wife's contribution in raw income is more than that of her husband.

The socio-economic scaling scheme below takes into account the economic and social criteria listed above in establishing class parameters. A table representing the class groupings can be found annexed to this report.

1. The Socio-economic "Elite"

The "elite" represent approximately two per cent of the total population. They are usually business families who have earned their wealth through agriculture, industry or commerce. They are best typified (and most visibly distinguished) by the kinds of cars they drive; Mercedes Benz or other European makes, top of the line Japanese makes and, customized U.S. manufactured jeeps, with three or more cars per family.

Income levels are highly variable and difficult to pinpoint for this group because of diversified forms in which income is received. As a rough estimate, the head of the household might earn no less than RD\$19,000 or approximately US\$3,000 per month in income alone.

They reside in the exclusive neighborhoods, usually own their own houses, have substantial investments in industry; agroindustry; property; farms, city lots; businesses; and U.S. dollar savings. They travel frequently inside and outside of the country and belong to most exclusive social and recreational clubs.

Their children study at private schools in the D.R. and abroad, attend universities in the U.S. or in Europe, and develop professional careers in business, law, medicine, engineering or entertainment. The family surnames are often well known, family members may appear frequently in newspapers, usually in the economic or social sections instead of front page or editorial sections. From this group come the nation's leaders in industrial progress and development. Professionals in this group are the nation's president, some senators and other government representatives with substantial inherited family wealth, founding families of rum companies, major industrialists, agriculturalists with multiple investments and large employee payrolls, traditional sugar or coffee producing families, major commercial store owners, some lawyers with traditional family wealth, and top level executives of international firms.

2. The High Class

The upper class is made up of high government and church officials, families with a traditional involvement in politics, entertainers, some agriculturalists with non-integrated investments managed by others, lawyers, physicians in private practice, who own their own clinics, some named government association directors, occasionally very successful engineers, foreign business persons, and high level foreign diplomatic officials. This is primarily a social delineation. Income is highly variable. Foreigners' earnings may be in U.S. dollars giving them a tremendous relative economic advantage, whereas some Dominican government officials may have raw earnings comparable to others in the upper middle class, supplemented, however, by additional benefits such as import exonerations for automobiles, paid international travel, investment opportunities resulting from government connections and diplomatic and security guard privileges.

Most of the families or individuals in the upper class have two or more cars, possibly a government or company assigned vehicle with a driver, attractive homes which are usually owned and located in traditionally well to-do neighborhoods, and investments in land or agro-industry. Other preferred investments for this group are U.S. dollars or international company stocks. Persons in this group enjoy a high level of education from private institutions in the D.R. and abroad, travel frequently inside and outside of the country.

Members of this group, especially those in politics, international relations, or in the church, are frequently seen in the front page and front sections of the newspapers and on television, and exercise the greatest political influence on national and provincial levels.

3. The Upper Middle Class

Salaries at this level may begin at RD \$12,000 per month (approximately US\$ 2000), with upper limits that surpass earnings of some persons in the designated high class. These people have one dependable or luxury car and often a second vehicle. Professionals in this group are lawyers, some physicians in group practice, up-and-coming business persons, successful architects and engineers, agronomists with small but lucrative investments managed by extended family members, and some private school and university directors and administrators, and others. Also in this group are highest ranking military generals, many elected government officials such as senators and house representatives, although this depends in part on their family holdings or jobs they have while their parties are not in power, and most beginning and mid-level foreign service diplomats. Most of the Dominican professionals classified here are near the middle or end of their careers.

The children are educated at private schools within the country, will go to local private universities, and occasionally, as family tradition dictates, study abroad. They own homes which were purchased up to ten years ago when the economy was much stronger and prices less inflated and these properties may have since acquired substantial value.

Socially, members of this group have attained a high degree of public respect, and are often found in social and sports clubs and average to fancy restaurants and at important government or cultural affairs. These persons travel abroad frequently, and most often to the United States.

Many members of this group will demonstrate political or business leadership. Investments for this group are usually in small farms, real estate, businesses and U.S. dollars. They have attained an economic stability which will only moderately be affected by the country's economic decline.

4. The Traditional Middle Class

This class is more difficult to define and separate from the groups immediately above and below. The class is an endangered species, being the most adversely affected by the country's economic tightening of the belt. Raw earnings may start at RD\$ 4500 per month for individuals and more than RD\$ 8000 combined, or roughly from US\$ 720 to \$ 1300; however, accumulated investments and other earnings benefits may notably increase this amount.

At one time these were the persons whose children studied at private Dominican schools and universities and usually one or two siblings had an opportunity to do some study abroad. They used to travel modestly at least once a year outside of the country, and in-country travel was within their reach.

They now live in houses that they own if they were bought more than seven or eight years ago. If they are renting, they experience the sharp pressure of rent and other price increases. They usually have one moderately priced car, but a second car for a young family would be a real struggle. They have limited potential for savings as they are forced to spend increasingly more to cover basic needs. Often their diets have been altered by recent price increases on all imported and on several domestically produced items.

Professionals in this group are young and sometimes middle aged architects and engineers, agricultural technicians working in the private sector, dual career university professors and professionals, well established accountants, beginning lawyers, some private school and university administrators, and other public employees in managerial positions. Additionally, self made business persons who own and operate small but growing or medium sized businesses and military captains and colonels who supplement their income with a second professional income. There are some potential leaders to be found in this group among the young lawyers, and businessmen, school directors, and ambitious military officers.

Outings for this group are limited to an occasional family dinner at a fancy restaurant and some in-country travel. Trips abroad are becoming increasingly out of reach. Investments are in small or medium sized family businesses, arable land or real estate.

5. The Lower Middle Class

Earnings for this group begin at RD \$ 1500 per month, with combined earnings reaching up to and over RD \$ 4500, or about US \$ 240 to \$ 720. Several members of the household work and contribute to the many expenditures. Often this income is supplemented by contributions of family members who live in New York or other cities in the U.S. If the family or individual has one car, it is often in frequent need of repairs and there will be no chance of having a second car for a very long time.

This group is extremely hard hit by food, gasoline and rent price increases. Extended families live together to better meet the economic hardships. Socially, these families more often stay at home and receive visitors than go out to restaurants or clubs. They have limited cash savings if any, sometimes own property from an inheritance or from a previous investment, and have limited future savings potential.

These persons travel to New York if they have relatives there, and, in fact, are the largest risk group for permanent, illegal migration to U.S. They usually do not frequent the local tourist resorts. Members of this group struggle to attain a university education, usually through the public, autonomous university, or other institutions through scholarships and education credit loans.

Professionals in this group then, are beginning university graduated professionals in most fields, public accountants, bank, insurance or real estate company employees, established bilingual secretaries at moderate to low paying firms, public school administrators, some private school teachers, established public hospital physicians, some technicians, public sector agricultural employees, division heads, very small business owners and managers, and many agriculturalists and military medium ranking officials with no supplementary income. The group as a whole has limited potential for upward mobility. Leaders may arise from this group in rural areas or within the military depending on personal ambition and extent of social interaction.

6. The Upper Low Class

These are the public school teachers, secretaries in low-paying firms or in government offices, other public servants such as janitors and street sweepers, free zone industrial unskilled laborers, public hospital employees, low ranking military such as privates and sergeants with no second income, and starting technicians. Individual incomes could be from RD\$ 600-1500 per month, with no fixed second income, however with earnings supplemented by "chiripeo" or informal sector jobs.

Persons in this group live in rented houses or apartments in unluxurious neighborhoods own motorcycles or ride public transportation. Their diets have been severely affected by recent price increases, for example, meat is a luxury and maybe eaten only once a week. In-country or international travel is very limited; some may travel to Haiti to buy

merchandise for later resale in the D.R., others may risk illegal migration to the U.S. by small boat or third country land travel. Investments are household appliances; stoves, refrigerators, fans, televisions, radios and stereo equipment.

7. The Low Class/Poverty

If stably employed, individual incomes among this group are from RD \$ 250 to \$ 600, or approximately US \$ 40 to 110 per month. Attempts are made to supplement the income through purchase and sale of lottery tickets and other gambling, demonstrating poor investment judgement instead of actual increased earnings. The people in this class do not have families in New York and may migrate illegally by "yola" or small boats. They will not leave the country and usually travel no more than from their small town of origin to the capital with an occasional trip to the public beaches outside of Santo Domingo.

Persons in this group provide basic services to other members of the population; they are maids, janitors, hospital nurses, public school teachers who do not supplement their income, employed hairdressers, farm laborers, gardeners, street vendors, or persons who are temporarily or permanently unemployed and depend on other family members for support.

Housing is uncertain and persons rent individually or as family units in marginal neighborhoods; they may sometimes "own" the wooden shacks that they live in. Additional property owned consists of farm animals such as chickens, cows or goats, and some second hand household wares. These persons are the hardest hit by even minimal increases in food staple costs and transportation costs. A strong interfamily dependency is what helps persons in this group survive.

D. Definition of Social or Economically Disadvantaged Groups

To meet the criteria of the PTIIC program, which principally targets the socio-economic disadvantaged groups, we can immediately exclude all potential candidates which conform to the description of the "Elite" and High Class socio-economic groups in the Dominican Republic. On the other socially and economically disadvantaged groups can be defined as those persons who fall within the low, upper low and lower middle classes. These are persons who would not be able to afford an educational experience abroad and have limited access to educational, social, and cultural facilities of their own country.

To meet the PTIIC target of selecting 70% of the candidates from socially or economically disadvantaged groups, this percentage of the candidates will be taken from the aforementioned class divisions. The remaining 30% of the awards are to be distributed among candidates from the traditional and upper middle classes. Many community and even some significant provincial and national leaders surface from these latter groups, therefore further supporting their participation in PTIIC.

The focus of this SIF is on the identification of recruitment groups which meet both the leadership and economic criteria of PTIIC. However, within the determined groups, individual income and class placement will be taken into account during candidate selection.

E. Background of PTIIC in the D.R.

The goal of the PTIIC program is to promote broad-based economic and social development in the LAC countries and equip a broad base of leaders and potential leaders with technical and academic training and skills and an appreciation and understanding of the workings of a free enterprise economy in a democratic society.

Target groups for training under PTIIC I were socially and economically disadvantaged "leaders" and women. The four groups sent for U.S. training were: public sector employees; public university professors; rural youth; and small business owners, managers and technical personnel. The chart below summarizes the number of participants trained under each category.

SUMMARY OF PTIIC I SCHOLARSHIP PROGRAM
(Dominican Republic)

<u>Categories</u>	<u>1986-87</u>	<u>1987-88</u>	<u>1988-89</u>	<u>1989-90</u>	<u>TOTAL</u>
Youth (socially and economically disadvantaged). undergraduate, two year technical, long-term (2 yrs.)	35	35	30		100
University professors. Graduate degrees, long term (2 yrs.).	0	8	0	0	8
Technical Managerial and Entrepreneurial persons of small microbusinesses and industries. Short-term only (estimated at two months)	4	4	0	40	48
Public sector accountants, Short-term (2 wks. - 2 mos.)	8	3	0	0	11
Public Officials, long-term	0	0	1	0	1
TOTALS	47	51	30	40	168

1. Recruitment and Selection

Recruitment from the public sector was channeled through the State Secretariats of Labor, Health and Education. Recommendations made by department directors were the principal input for the selection of

candidates. Recruitment through these channels was slow and ineffectual to the point that the number of scholarships assigned to this group was reduced and more candidates were selected from the private enterprise sector.

Recruitment for professors from the National Autonomous University (UASD) was channeled through their Office of International programs. The contact person in the International Office has had significant experience in recruiting candidates for USAID and other international organization training programs and, therefore, was largely effective at identifying appropriate candidates for training. Final selection of candidates was made by a committee composed of USAID officers from the Human Resources Project Development and Agricultural Divisions, the U.S. Embassy Political Officer, a USIS official, and the Director of the Office for International Student Affairs at the UASD. The UASD candidates demonstrated high academic ability and came from departments of developmental need within the university.

The most difficult group to recruit and select from were the socially and economically disadvantaged youth. Scholarships for this group were first announced on a national television program and later on local radio stations. These announcements were succeeded by direct correspondence and visits to high schools in cities and rural areas throughout the country by members of the local implementing agency, FUNDAPEC, and one U.S. contractor representative. Candidates were selected from the applications collected and interviewed by USAID and FUNDAPEC staff and members of other U.S. and international voluntary organizations.

It is difficult to identify leaders from this young and untried age group. Only in the long-term, will the Mission be able to see how many of the candidates develop an actual leadership role. If this group is dealt with in the future, it is suggested that the U.S. contractor not be involved in recruitment or selection activities. A foreign contractor does not usually have the cultural sensitivity required to identify potential leaders, or to appropriately question the candidates at interviews.

2. In-country English Language Training (ELT)

Only the long-term groups were provided with in-country ELT training. The programs lasted four months and included cultural orientation. The AID tailored program in the D.R. is run through the Bi-National center, the Instituto Cultural Dominicano-Americano (ICDA). During the period of ELT, the Educational Counseling Office (ECO), also located at the Bi-National center, provided the students with academic and career counseling, and was instrumental in the organization of pre-departure orientations for groups of departing scholars. *Good*

According to the returned participants and ELT evaluations, the program is complete and effective. Some of the students claimed that the ICDA/ELT courses were much more effective than the topping off training they received in the U.S.

A number of short-term participants recommended that brief survival English courses be given prior to departure so that they would be able to take greater advantage of their training programs. Most of the short-term participants do not speak English and, therefore, while in the U.S. rely on translators or require specially designed programs in Spanish. Furthermore, Experience America activities require significant people-to-people contact where communication is of utmost importance.

3. U.S. Training

Of the two groups of short-term trainees who have completed training in the U.S., the greatest immediate benefits have been derived by the small business owners and operators. The businesspersons utilized the opportunity to develop new relationships with potential overseas buyers or suppliers, in addition to learning from the technical aspects of the training programs.

The public university professors have by and large experienced successful training programs. Participants have studied at the Masters and PhD levels. The professors have returned with enthusiasm and new ideas which they will attempt to install in their departments and impress upon their students.

U.S. training for the youth candidates consisted of two years of technical training at universities or community colleges. Fields of study included computer science, hotel/motel/restaurant management, tourism, business administration, electronics, refrigeration, medical records technology, physical education and various agricultural fields. Students were sent to schools in Michigan, Idaho, Oregon, Virginia, New York, Texas and Oklahoma.

Many problems arose with this group during the U.S. portion of their training. Problems included: participant dissatisfaction with school or career selection; academic failure; failure to learn sufficient English to be admitted to academic programs; unauthorized travel to the Dominican Republic; unpaid telephone bills; pregnancies; marriages; and students abandoning training programs to remain illegally in the U.S.

Returned participants complained about late arriving maintenance allowance checks, ineffectiveness of their health insurance plan, lack of interest or resolution of individual problems by university foreign student advisers and the U.S. Contractor, homesickness, cafeteria food and dorm life.

Due to the untried nature of the candidates, problems were to be expected. The majority of the students had come from small rural towns with little interaction or knowledge of their own country, let alone a foreign country. The students had never been away from home or away from family for prolonged periods of time. Even though they received from months of ELT and orientation in Santo Domingo prior to their departure, the adjustment they needed to make was very large. For future programs it should be noted that youth require high management intensity.

who is contractor? PIET creative center.

4. Follow-on

Follow-on activities have been planned by AID and FUNDAPEC for the returning youth scholars. The follow-on activities include debriefing by USAID PTIIC staff members, cultural debriefing with a psychologist in small group sessions and a one day workshop which provides job search counseling and gives the students a chance to evaluate and discuss the overall program.

The returned youth scholars are eligible to apply for Conditional Loans through FUNDAPEC under an AID local currency funded project for the continuation of studies toward the completion of a bachelor's degree at a local university. If the student graduates with a cumulative GPA of 90 percentage points or above from the Dominican university, the loan becomes a scholarship and does not need to be repaid.

The returned university professors have expressed that they would like to initiate follow-on activities within their university. The Mission encourages and will support the participants' initiative for follow-on activities.

5. Comments on Short-Term Training

One part of the PTIIC program that has proven successful is the short-term training component. Feedback from small business owners and managers has been highly positive in terms of what they feel they have gained from the program.

A group of 40 participants has been selected and will be sent for training and observational tours in May of 1990. As part of the selection process, the Mission visits candidates at their businesses in order to verify that the business does exist, and to determine the training needs of the individuals. Visits to these sites are especially encouraging. Many of the entrepreneurs began with nothing except an idea and through hard work and persistence, and a little bit of luck, have built respectable, small scale, growth oriented enterprises. They are leaders and doers in their business fields and set a fine example for their communities in what can be done even with scarce resources. Many of the selected candidates support on the job and outside training for their employees and actually encourage them to form their own small companies once they have gained sufficient knowledge and experience.

The Mission expects that the additional candidates selected for short-term training will also benefit tremendously from the training programs and business contacts will be made while in the U.S. We expect the benefits of training small business leaders, will be extended to employees and other persons in similar areas of production.

6. Problems in Implementation

Two major problems during PTIIC program implementation were the termination of the contract with the original U.S. implementing agency, USA/Creative Associates and the transfer of participants to a second contractor, PIET, during the first semester of 1989, coupled with the inability to obligate funds due to 620(q) restrictions during the second semester of the same year.

The regional contract with USA/Creative Associates was terminated at the convenience of the US Government because of the inability of the contractor to provide evidence of financial viability to carry out the PTIIC contract. The USAID/DR PTIIC management staff, on the other hand had been displeased with the first contractor's inadequate financial reporting, lack or tardiness on reporting student matters, and poor university placements of some of the participants.

~~Creative Associates~~

Section 620 (q) of the Foreign Assistance Act on 1961, as amended, prohibits the U.S. government from granting any new funding to a country that is more than six months in arrears on its loan payments. The Dominican Republic came under 620(q) restriction in March of 1989 and, except for a brief period in June when restrictions were lifted for a few days, remained in that status through the end of the fiscal year. During the last two weeks of FY89, a waiver of 620 (q) enabled the Mission to obligate funds. This waiver remains in effect.

The PTIIC program had several obligations outstanding during the period (some reflecting the deobligation and reobligation of funds from the terminated USA/Creative Associates contract); full funding for students in training, program extensions, a grant amendment with the local implementing agency, and funding for short-term trainees who are scheduled to begin training in May 1990. During both opportunities in June and late September, all outstanding PTIIC documents were obligated. At one point in time, however, there was concern that 620(q) would not be lifted and the Mission would have to look for other funding alternatives for PTIIC participants, or bring students home.

III. METHODOLOGY

The information obtained for the production of the SIF comes from several interviews and review of written material. Twelve Dominican informants were interviewed through two round table discussions held on June 22 and 23. The participants were educators (one of whom has since become State Secretary of Education), sociologists, a priest and other community leaders from a small business foundation, private development organizations, women's organizations and personnel from PVO's who have been involved in various facets of implementation of AID training projects.

Subsequent interviews were conducted with sociologists, the AID economist, AID personnel from the Private Enterprise and Agricultural divisions, and returned participants from the PTIIC program. Valuable input was also obtained through interviews with the ICDA/ELT teachers, an educational adviser, and physician who attended the first PTIIC groups and staff members of FUNDAPEC, the local contractor for PTIIC.

The information received from the round table discussions and subsequent interviews was used to define the terms "leader", "potential leader", "elite" and socio-economically disadvantaged, and to develop a matrix to identify the institutions, sectors and professions which demonstrate leadership at the national, provincial, municipal and community levels in the Dominican Republic.

Literature reviewed for the production of the SIF includes the Dominican publications; "Diagnosis of Dominican Higher Education", 1986, "Listín Diario" and "Hoy" newspaper articles from series on education, 1989, "Dominican Reality (Compendium of Statistical and Analytical Information on the Country's Social, Political, Economic and Cultural Situation)", 1988, and the U.S. Embassy public periodical on "The Dominican Foreign Economic Trends Report" for April 1989. Other sources reviewed included AID project documentation for ongoing projects such as PTIIC and Development Training and for projects in developmental stages, i.e. Private Initiatives in Primary Education and Private Voluntary Organization Co-Financing, and PTIIC II, i.e. PID and Model PP.

A. Key Definitions; "Leader" and "Potential Leader"

During the two round table discussions, the informants were first asked to define leader and potential leader. A leader in general and ideal terms, can be described within the Dominican context as a person who demonstrates most of the characteristics below.

A leader is a person who:

- 1) has an influence over a number of persons;
- 2) participates actively in organized group activities;
- 3) stands out or calls the attention of the group;
- 4) can make a decision that will affect him/herself and others and back it up or promote it;

- 5) is a good communicator;
- 6) maintains good relationships with others in a group;
- 7) can act as a group arbitrator;
- 8) is willing to work for a cause, doing homework and putting in extra time when necessary;
- 9) can establish personal and common goals and can see them through to completion; and,
- 10) perseveres and sustains long range planning.

Later added to this list was the idea that the leader should be an element of positive change who could offer new solutions to existing problems. It was also acknowledged that personality traits such as intelligence, charisma, dynamism, enthusiasm and self confidence are demonstrated by leaders, although, the concept of leadership should be viewed as a role that an individual plays and not just a personality essence.

A leader should also have a high degree of social or political sensitivity and concern, and they command social respect and recognition of their leadership roles. Leaders develop through a career of consistent contributions to their communities or may arise to answer to temporary, immediate needs. At any rate, a leader is an individual with a proven track record. Once established as a leader, a person tends to reinforce his own role, generally accepting the public attention and responsibility and actively seeking to maintain leadership positions.

Following from the definition of a leader, a potential leader, then, may be a person who demonstrates many of the above leadership traits such as good communications skills, stands out in a group, takes on responsibility in a group, but, because of a young age, or limited of social contact, has not yet defined his or position as a leader. Students, for example, are considered potential leaders. Also a potential business or industrial leader may start off as an technical employee within a company but with talent, foresight and by gaining the recognition and respect of employers, may take on increased roles of leadership responsibility.

One PTIIC I rural youth participant added that an important element of leadership is initiative. Leaders are the first to take a new step and operate effectively under new circumstances, especially when the initiative leads to achievement of a set goal. This particular student who had been very successful in his studies in the U.S., commented that he, not being enrolled in a school at the time, was not identified directly by school directors as a leader, however, when he heard about the awards, he investigated and applied on his own. His high degree of self-determination and maturity helped him face the academic and cultural challenges of study abroad most successfully. Initiative may be a factor which distinguishes the potential, or yet unproven leader.

B. Discussion of Matrix I

The round table discussions and subsequent interviews also contributed to the formation of the first matrix to be found in the annexes of this report. The matrix helps identify the key sectors, institutions and professions in the D.R. across national, provincial, municipal and community levels.

The chart as set up lists in vertical columns key institutions, and positions or professions. The positions and professions column is further divided into rural and urban areas and middle and low income subsets. Following is a discussion of conclusions drawn from the matrix leading to suggestions for targets to train under the PTIIC II program.

High income groups have been altogether excluded from the matrix, as the guidelines of the PTIIC scholarships specify that the awards are not to go to members of the "elite" classes (defined in the socio-economic discussion). Many actual leaders, however, such as the nation's president, state secretaries, senators, and other government appointed officials, large industrialists, agricultural investors, and commercial dealers, top ranking, active military heads, hospital administrators, lawyers, physicians and foreign ambassadors are found in social or economically elite or high class categories. The professionals listed above tend to be the nation's most influential individuals at the national and provincial levels.

As can be expected, the most significant influence is exercised at the national level, especially in the areas of government, politics, business affairs, health, education, communications and international affairs. Although sectors of influence are not specifically noted on the charts, it can be inferred that the important sectors of influence at all levels are the agricultural, health, educational, private and of course, political and governing sectors. The agricultural sector tends to dominate at the provincial level and is also very important at the municipal and community levels. The private sector is especially strong and well developed across all levels.

It should be noted that at the municipal and community levels, especially in rural areas, there is generally less understanding of formal channels of government institutions or hierarchies. People, then, are accepted as leaders for individual qualities or accomplishments, such as wealth, charisma, intelligence, level of education, family surname, etc.

The purpose of the matrix is to aid in identifying leaders to train under the PTIIC program. Although most influential and established leaders are found in the upper middle, high and elite income groups, significant leadership is exercised in many cases in the relative lower income groups.

The "disadvantaged leaders" are industrial and agricultural labor union leaders, small business association leaders, elementary and high school teachers and administrators, normal school teachers, public health officials, youth leaders, agricultural extension agents, small farm agronomists, Catholic priests stationed in rural areas, Protestant pastors, Peace Corps volunteers, community "Padrinos" and "Matronas", neighborhood association leaders, journalists and radio broadcasters on the municipal and community levels, and some political party representatives.

IV. CONCLUSIONS

A. Identification of Target Groups

PTIIC II in the D.R. will train educators and small business association leaders. Due to the limited resources that will be allotted to PTIIC II in the D.R. (US \$ 2,628,000), the Mission prefers to retain a focus on specific areas where it is felt that the cost effectiveness in the long run will be greatest. Deciding who to train under the PTIIC II program is a case of allocating scarce resources to the most productive end. To divide time and money to areas of lesser need and where long run payoffs are less certain, is illogical.

The conclusion is based on an assessment of the current stable and democratic political environment, the private sector growth-oriented economic climate, the actual development related problems being faced by the D.R. today, the criteria and objectives of the PTIIC program, USAID/DR Mission strategy, the results of round table discussions and subsequent interviews, the information as presented in Matrix I, the limited resources of PTIIC II, and Mission experiences with PTIIC I.

The D.R. has maintained a democratic government within a free market economy for over twenty years, therefore, the political aims of the PTIIC/CLASP program are halfway met. Most of the nation's leaders, on all levels, choose and exercise a democratic form of administration. Although they are influential, there is no urgent need to train political party leaders, labor union leaders, neighborhood association heads or others for an appreciation and understanding of democracy. This they already have in part.

The agricultural and health sectors in the D.R. are also highly influential, but USAID/DR health and agricultural divisions and other international organizations direct numerous training and development programs towards these areas which at times include training for key individuals in the sectors. It is recommended that scarce PTIIC resources not be devoted to training in the health and agricultural fields where the program has had no previous experience when many of the needs are presently being met.

Some of the training needs of other groups of "disadvantaged leaders" are being met through alternative development programs in the country. For example, in the field of mass communications, an area exercising a strong leadership role across many levels, the United States Information Service, USIS, currently provides programs for a limited number of candidates.

Other groups suggested in Matrix I deemed inappropriate for training are religious clergy, international development assistance volunteers and employees, and youth leaders. Reasons for excluding priests and peace corps volunteers, are obvious.

Youth leaders, on the other hand, were targeted in the first phase of the PTIIC program. The mission's inexperience in working with youth and the immaturity of the candidates made this a difficult group to deal with. First, it was difficult to identify appropriate candidates from this untried group. Subsequent difficulties arose in training, as discussed in a previous section of this report. The program required intensive management to supervise, orient and address problems of this group. Yet, the effectiveness or ineffectiveness of the training the potential youth leaders will not be apparent for several years. Finally, the Georgetown University's CASS program continues to work with training youth leaders in the D.R. with the benefit of experience gained through many years of work in other countries. The Mission prefers to leave the training of potential youth leaders to the CASS program.

A strong system of education is basic to the growth and development of a democratic nation. The PTIIC program in the D.R. should contribute to forming a solid base for education. Teachers, rather than politicians or labor leaders, hold the most fundamental position in the formation of an educated democratic population.

Education is presently an area of critical need in the D.R. The education crisis is evidenced by the teachers' strike in June and July of 1989 and the newspaper reports on the system's deficiencies. PTIIC II emphasis on training educators directly addresses some of the vital needs of this sector.

The areas of most promising economic growth in the D.R. are free trade zones and tourist industries. These and other developing industries will need trained personnel to occupy the newly created jobs. Efforts spent in education will contribute to the industrial progress by providing the needed human resources. Local initiative, however in the development of small Dominican owned companies, should be encouraged. Training of key persons in small business associations under PTIIC II reinforces the country's development aims and the Mission's development strategy.

The Mission believes that a focused effort in training two groups, educators and small business association leaders, instead of several different groups of leaders and potential leaders, in the long run will give a greater return on the resources invested. By concentrating resources especially in education, in a significant way, it is more likely that AID will achieve long-term effects towards improvement of some aspects of the Dominican system while meeting the objectives of PTIIC.

Through PTIIC I, the Mission has been successful in the recruitment, selection and training of small business owners and managers, and therefore could draw on these successful experiences for identifying and training small business association leaders. For the recruitment and training of educators, efforts could be partially coordinated with the Mission's proposed project in private primary education, PIPE, as previously discussed.

The paragraphs below, then, will expand on who and how to train educators and small business association leaders under PTIIC II.

1. Educators

Educators play a strong leadership role in most societies. In the Dominican Republic, their influence is evident on national, provincial, municipal and community levels. The first matrix identifies several key educational institutions such as; the state secretariat of education, private educational associations such as the Dominican Association of University Rectors, universities, vocational/technical training centers, normal schools, elementary and high schools, and cultural educational centers such as museums or schools of fine arts. Educators, analysts and directors in some of these institutions, however, may belong to high or elite social and economic groups, therefore would not be eligible to participate in the PTIIC program whose focus is on socially and economically disadvantaged groups or individuals. It should also be noted that some of the institutes listed, operate effectively and thus have less need for external input.

Because of the limited budget of the PTIIC II program, it is important to carefully plan the use of resources to achieve a maximum effect. The Mission should take into consideration other major projects in the country working in the fields of education and private enterprise so as to not duplicate efforts. The International Development Bank, for example, will be making a substantial investment for the development of technical education in the D.R. over the next ten years, therefore scarce PTIIC resources would not be as justifiably applied to the training of voc/tech personnel. The Mission should also consider it's own programs which will be working in education and private enterprise and strive to complement and not compete with these programs.

Groups which could be targeted, then, within the area of education are: normal school teachers and administrators, elementary and high school teachers and administrators, and university professors in education. A second matrix (Matrix II), to be found in the annex of this report, describes the nature of influence, income levels, and impact or spread effect of each of the above groups. The same matrix also details selection criteria, skills to acquire in training, nature and duration of training, and special considerations for experience America and follow-on activities.

Teachers in the D.R. are trained at two levels. Most of the nation's primary teachers are trained at normal schools. Students enter these schools during high school at the beginning of the freshman year. The primary education and high school completion program lasts for five years. The students graduate with a title of Primary School Teachers and may teach in any of the nation's public primary schools and in some of the private schools. High school teachers, on the other hand, are required to hold a bachelor's degree usually in the subject area taught. A university graduated high school teacher may teach either on the primary or secondary level.

There are only five normal schools in the D.R., for this reason, the normal schools are extremely important on a national level and have a profound effect on the overall primary education system in the D.R. Normal school teachers often have been trained in a normal school and have several years of primary teaching experience. Most normal school teachers hold bachelor's degrees. Normal School Administrators usually have bachelor's degree in primary education.

Training normal school teachers and administrators would compliment aspects of another Mission project called Private Initiatives in Private Primary Education (PIPE) which is currently under design in the Human Resources Division. The project will have four components: 1) in-country elementary teacher and school principal training; 2) textbook and teaching material development; 3) development of standardized testing for students; and 4) improvement of the management of information systems. The project does not make provision for out-of-country training for normal school staff. Any training of professors or administrators from these institutions under PTIIC would compliment the efforts of the PIPE project and thus create a much stronger impact for the improvement of primary education in the D.R.

After normal school teachers and administrators, training efforts could be concentrated on elementary and high school teachers and administrators. A teacher is an important role model to a student. Teachers are often the most influential persons in shaping the thoughts and actions of students from ages 5 to 18. It is vital for the intellectual well being of a nation that teachers be well trained in the areas that they are to teach and that they be aware of their influential role and utilize it to make education a positive and encouraging experience for the students. School administrators can create an environment appropriate for effective learning within a school by cooperating with teachers and students and can argue for national policy towards more effective programming in the overall education system.

Another group which would be effective to train are university professors in education, especially in the areas of math, science and Teaching English as a Second Language. Sixteen universities in the D.R. have programs in education with subjects math and physics, chemistry, biology and natural sciences, Spanish, Dominican history, and administration and supervision. On the university level, professors in education hold either a bachelor's degree complimented by years of teaching experience, or a master's degree. Most professors with advanced degrees have studied outside of the country as only recently are post graduate degrees offered in the field of education at local universities.

Most educators fall within the traditional middle, to low income ranges and therefore, for the purposes of the PTIIC program, would constitute an economically and sometimes socially disadvantaged group. Teaching is a field with very little professional attraction because of the low wages paid and subsequent low social status attained. Salaries are the lowest in the public primary schools. Some of the private schools and universities pay only a little better than the public institutions and the best wages are found in the international schools.

Public and some private school teachers in the D.R. fall into the lowest income ranges for trained professionals, placing them, in most cases, into the upper lower or lowest classes according to the classification scheme developed earlier. Administrators, depending on where employed, will fare better than the teachers and can usually be classified in the middle or lower middle ranges. Generally speaking, wages at private schools are higher than at public institutions.

Normal School teachers earn more than public and most private school primary education teachers, however, in most cases would still fall in low middle or upper low class ranges. Some normal school administrators fall into traditional middle or low middle income ranges. Finally, although university professors attain a high level of social esteem, income levels are also in the low middle and traditional middle ranges.

For many professionals in education, one income does not meet all of a family's household needs, often then, a teacher will hold a second job which may or may not be related to teaching. This second job restricts the amount of time the teacher can spend on extra-curricular or community activities. Even in a two income household, where one or both family members are teachers, these families are still in lower social and economic classes. In almost no case would an elementary, primary, or normal school teacher be able to finance studies, for any length of time, in the U.S.

It was commented to the author that elementary and high school teachers used to play a more important role in the community with respected participation in community events, but, this has changed because of today's economic pressures on teachers. The lack of teacher participation in community events is a cultural loss. More emphasis now tends to go to political and commercial interests instead of cultural or educational pursuits. Giving teachers an opportunity for study abroad may provide moral encouragement for increased community participation and new ideas as to how to direct the efforts of the community to a common good.

2. Small Business Association Leaders

Influential members of small business associations, according to the definition in this report, are leaders. They often lack any formal technical training for their professions or position as association leaders, but have become successful business persons because of their own skills and wit. Through their success and community contributions, they have gained the respect and audience of their colleagues. Formal training could improve some of their own business practices. By targeting specifically the key persons of individual associations, who own or operate business themselves, the program can obtain the largest spread effect in that the ideas that are gained abroad will be shared quickly with other association and small business community members.

The development of sustained and equitably distributed private sector led economic growth and social development in a democratic environment is the primary focus of the USAID/DR Mission. The target beneficiaries of the Missions programs are the urban and rural poor. Although they own and operate their own small enterprises, small business association leaders are usually persons of limited economic means and thus qualify under the scholarship's economic specifications. As the small companies grow, they contribute in a significant way to the country's overall private sector development.

PTIIC I has been successful to date in the recruitment, selection and training of small business owners and managers. Working with the small business trainees has been one of the most encouraging components of the project. These beginning entrepreneurs are creative and energetic initiators who, because of their openness to new ideas and willingness to take risks, benefit tremendously from the kind of educational exchange program being offered to them.

B. Recruitment and Selection

This section of the SIF makes recommendations as to how each of the above groups; normal school teachers and administrators, elementary and high school teachers and administrators, university professors in education and small business association leaders may be recruited for participation in the PTIIC II program. During this phase, USAID/DR will work with FUNDAPEC, the local contractor employed for local project implementation during PTIIC I and the Training Office of the State Secretariat of Education, Fine Arts and Worship (SEEBAC). The information can be found in more extensive detail in the second matrix to be found in the annex of this report.

There are five normal schools in the D.R. Recruitment should be done through contact with the directors of these institutions and SEEBAC. The purpose and conditions of the awards need to be fully explained. The awards are to be widely advertised within the school and individual initiative in application should be encouraged. It should be made clear that the program seeks out leaders, or persons involved in community and other professional activities in leadership or influential (catalytic) positions. The award will take into consideration recommendations of supervisors, peers and other community members as well as professional qualifications.

Elementary and high school teachers and administrators will constitute two separate recruitment groups. The recruitment of elementary teachers will be coordinated with the Private Initiatives in Private Education Project and the General Directorate of Primary Education of SEEBAC. The project's local implementing organization, EDUCA, together with the Peace Corps will be asked to identify schools in which development efforts will be concentrated. Leading teachers and administrators from these primary schools should be targeted for training under PTIIC as they who will likely have a large spread effect to other teachers and an impact on the overall system of primary education in the D.R.

High school teachers and administrators, on the other hand, could be attracted through a nationally advertised campaign directed through the state Secretariat of Education. In this way the program will gain national exposure and support. The criteria of leadership should be emphasized and consideration is to be given of the reputation of the schools where the candidates are employed.

University teachers are to be recruited through the universities with programs in education. Department heads should be contacted first and informed on the conditions and purpose of the awards. Publicity through the department should be widespread and nondiscriminating. Individual initiative in application should be encouraged and strong regard will be given to personal recommendations by supervisors and fellow professionals. Priority will be given to candidates who are active members of professional teacher associations or who teach at the primary or secondary level in addition to the university.

Key persons in small business associations can be recruited through a number of small business lending organizations who have developed strong and effective relationships with the small business owners. They will be able to identify the true leaders within some of the organizations. The small enterprise division of the USAID/DR Mission has established contact and support relationships with several of these lending organizations and recommends their use in identifying candidates. The various associations may also be contacted directly so that they gain a direct and full understanding of the purpose of the awards and the kinds of candidates sought.

In all cases, recruitment efforts are to be nationwide to assure participation of the rural population in the PTIIC program. A uniform application form is to be developed which will include a personal recommendation form to solicit consistent information on the leadership qualities of the candidates from persons making recommendations. A third form is to be designed to assess the financial status of the applicant. The design will take into consideration elements from the socio-economic classification scheme of the SIF.

C. Recommendations for Appropriate Training

The awards are to be divided between long and short-term training. The Mission tentatively plans for fifty long-term, one year scholarships, and sixty short-term awards for two to six months.

Short-term training is recommended for most candidates in administrative positions such as normal school and elementary and high school administrators, and for the small business association leaders.

Long-term, one year training would be most appropriate for normal, elementary and high school teachers and in some cases administrators from these institutions. This group will also be provided short-term training as appropriate.

Normal school teachers would most benefit from programs which include upper level undergraduate and graduate courses in the field of primary education. Ideally participants could be sent in groups to universities that would design a special program for the specific needs of the primary educators. The programs should include extensive classroom observation or teaching internships.

University professors could benefit from a sabbatical-like one year leave to concentrate on coursework or research pertaining to a specific topic of interest. Suggested areas of focus are curriculum development, resource materials production, testing design, student career and personal counseling, learning resources development, and subject specific teaching techniques.

High school teachers should be trained in the areas of need and limited program availability in the D.R., for example teaching English as a second language, (TESOL) and math and science education. During their one year programs abroad, the participants will concentrate on classroom teaching techniques, resource materials preparation, student motivational techniques, extra-curricular activities coordination, and coursework in the specific subject area. Coursework could be done on the graduate and undergraduate levels.

Elementary teachers, like the high school teachers, would benefit from coursework and practical experiences in classroom teaching and student motivational techniques, low-cost resource materials development, and community activities coordination.

Educational administrators in all cases will be trained in general administrative skills such as personnel management, budgeting, information systems management and physical plant management and specifically in education management, curriculum development, school and community interaction, education philosophy and textbook and resource materials procurement.

All teacher and administrator training programs for normal, elementary and high school groups should give emphasis to community interaction. The trainee groups should participate in workshops on how to promote greater parent and community involvement in education and observe parent teacher association, (P.T.A.) meetings. Subject participants could be given opportunities to become involved together with their U.S. colleagues in activities which promote environmental awareness and cultural activities.

All long-term participants will be provided six months in-country English Language Training (ELT) to include cultural and academic orientation and two months of topping off in the U.S. Short-term groups should participate in two week intensive ELT program to obtain basic survival English skills. Pre-departure orientations tailored to answer the students' specific needs, will be prepared for all groups prior to departure to the U.S.

Some elements of leadership training through the development of skills in public speaking, writing, communications, interpersonal relations, management and supervision of personnel should be included in the training programs and "Experience America" component for all trainees.

V. RECOMMENDATIONS FOR A CTP

This section of the SIF is structured after the CTP prepared for CLASP I reporting for the Mission Action Plan of FY 1990. Utilizing the same outline and title headings, suggestions will be made under each heading as to how to include information for the PTIIC II (CLASP II) project.

A. Restatement of Mission Training Objectives

The Mission training objectives essentially remain the same, however the second paragraph which specifically states the objectives of PTIIC II could be reworded as follows:

The purpose of the Dominican Republic Presidential Training Initiatives, Island Caribbean (PTIIC) project in its second phase is to respond to the increasing Soviet and Cuban influence by: 1) training leaders from influential sectors and institutions in technical and academic skills essential for the social, economic or political development of the D.R.; 2) strengthening understanding of the U.S. political and economic system; and 3) complementing on-going Mission training activities at disadvantaged socio-economic levels and in areas which are not covered by development projects. The PTIIC II program will, therefore, contribute to the realization of the goals of President Reagan's scholarship initiative, as well as to mutual GODR/AID development goals for the Dominican Republic.

B. Summary of Training Programs under LAC II, PTIIC I and PTIIC II

The discussion of the LAC II and PTIIC I programs would not change. The information below would be added to specifically address PTIIC II.

The duration of the PTIIC II project is from FY 90 to FY 95 with the PACD in 98. Groups targeted for training include elementary and high school teachers and administrators, normal school teachers and administrators, and university professors in the field of education. Training for primary, secondary and normal school administrators will be largely short-term and in some cases long-term with emphasis of management techniques, school and community interaction and curriculum development, through seminars, conferences, and workshops. Visits and observational tours to exemplary school are to be an indicate part of the individual programs.

The high school and elementary school teachers will be provided either long-term (1 year) or short-term (2 - 6 months) training. Elements to include in their training programs are classroom management and teaching techniques, subject specific training for high school teachers, and for both levels, materials development, curriculum planning and community interaction.

Normal school teachers will benefit from "long-term (1 year) training in areas such as teaching techniques for primary education, curriculum design and development, resource materials development, testing, community interaction and background coursework in primary education philosophy and psychology.

Don't want to get away from this?
to them
CLASP II
Don't

For the university professors, specific subject research in areas which could help immediately in the development of the education system in the Dominican Republic will be encouraged. Candidates will also do coursework in classroom time management, student motivational techniques, low cost resource materials development and other relevant topics. University students will spend one year on coursework in subject specific teaching techniques, materials preparation, curriculum development, school administration and test preparation. The students will participate in internships where they will observe and experience actual classroom instruction.

Special attention will be given to leadership training of all PTIIC II trainees. Leadership skills to be developed are communications arts such as writing and public speaking, human potential interpersonal relations, and management and supervision of personnel.

C. Groups to be Targeted in FY 1990 and 1991 under CLASP Projects

Recruitment through the normal schools for administrator and teacher candidates will begin during FY 1990. The normal school teachers and administrators will initiate training in FY 91 and elementary and high school teachers and administrators will be recruited and also initiate training, in FY 91.

D. Compliance with CLASP Policy Guidance

The targets remain unchanged for CLASP II: 40% female trainees; 10% placements in HBCU's; at least 30% in long-term training; 70% disadvantaged.

E. Experience America

For PTIIC II, the U.S. contractor will be requested to arrange Experience America opportunities by 1) arranging host family stays; 2) arranging host family visitation for holidays and weekends; 3) planning visits and observational tours to exemplary elementary and high schools and classrooms, P.T.A. meetings and other community and school interactive meetings; 4) arranging visits to school and public libraries and museums frequented by school tour groups; 5) identifying individuals, foundations and/or organizations to host events for PTIIC participants at minimal or no cost; 6) encouraging participation in athletic activities, sports clubs and other specialty groups; 7) encouraging participation in church and community group activities; and 8) using voluntary networks, where applicable, to facilitate educational/cultural trips around the U.S.

F. Follow-on

Follow-on activities will consist of: re-entry workshops to meet the needs of the returning groups; conferences involving other members of the education community so that participants can share newly acquired knowledge and techniques; small group counseling by a psychologist as required; and

membership in alumni association currently under formation, and other professional educational organizations. Some of the follow-on activities may be coordinated with phases of the PIPE project. Assistance is to be given for the procurement of textbooks and other educational resource materials, i.e. classroom maps, globes, charts, etc.

G. Steps to Contain Training Costs

The following steps should be employed to contain training costs:

- 1) organize training programs for groups and negotiate costs for airfare and tuition based on group rate;
- 2) utilize public university system, negotiating in-state tuition rates or tuition waivers for program participants;
- 3) use community colleges which are normally not as expensive as universities;
- 4) negotiate discounts or waivers on tuition and/or room and board with private institutions;
- 5) place students in HBCU's where tuition and/or room and board are negotiable;
- 6) arrange for host families to house PTIIC participants;
- 7) provide international student identification cards for participants and advise of and utilize discounts on travel, museum entrance fees, cultural events, etc.;
- 8) request, where applicable, free museum passes or group rates.

H. Lead-time

To assure adequate placement in programs, the Mission will give at least three months notice to placement contractor for short-term trainees and five months for long-term trainees. Contractor will be requested to inform Mission as arrangements are being made and will accept suggestions from the Mission for placements of long-term short-term trainees. Long-term trainees will receive generalized academic orientation during their ELT training. Mission will request the contractor to inform the Mission of school placements for long-term trainees at least three months in advance so that student may begin specific preparations.

All long-term trainees will be required to take the Test of English as a Foreign Language (TOEFL) exam twice during the time that they are in ELT. Scores will be reported to the contractor and the contractor must request in advance any additional examinations that will be necessary prior to departure to the U.S. The contractor should attempt to negotiate with universities exclusion from other entrance examinations such as GRE or SAT in that students will be non-degree seeking candidates.

I. Steps to be Taken to Avoid Programming of Training for the Elite

The PTIIC II project in the D.R. targets the socially and economically disadvantaged. Educators as a whole define an economically disadvantaged group given their wage conditions and the generally inflation-burden economy of the country. All candidates, additionally, will be required to provide financial information on a standardized form which takes into consideration elements from the SIF, such as place of residence, wage, number and kinds of cars driven, etc., for determining socio-economic status. Candidates who, according to the SIF definition, belong to the elite category, will not be accepted.

Drafted:HRD:LDoig:mr:11/15/89
Revised:01/09/90-02/06/90-03/14-27/90
Doc. No. 5211k

M A T R I X I

SOCIAL INSTITUTIONAL FRAMEWORK

IDENTIFICATION OF KEY SECTORS, INSTITUTIONS, AND PROFESSIONS IN THE D.R.

SPHERE	INSTITUTIONS	URBAN POSITIONS/PROFESSIONS		RURAL POSITIONS/PROFESSIONS	
		Medium Income	Low Income	Medium Income	Low Income
National Note: Leaders at this level mostly come from urban areas and high income groups.	National Government;	Key position			
	Executive, Judicial and Legislative Branches	Government employed	Labor Union Leaders	Political Party	Agricultural
	Government Associations, Foundations (food price	Economists,		Leaders	Labor Union
	stabilization, voting, tax, inst. social	Financial Analysts			Leaders
	security)	Engineers, Lawyers			
	Political Parties	and Architects			
		Some senators and House			
	Central Bank	representatives			
	Military	Some Gov. Assoc. Leaders	Normal School	Directors of State	
	State Agricultural Institutions	Professional	Teachers	Agricultural Asso-	
	Large Agroindustrial Farms	Association Heads		ciations	
	Private Business, Industrial and Commercial				
	Associations	University adminis-			
	Professional Associations (Lawyers, Physicians,	trators (some			
	Engineers, Teachers, Agronomists)	universities)		Agronomy Association	
		Normal School		Leaders	
	Labor Unions	Administrators			
	Public Health Department	Journalists			
		Education Association			
	Catholic Church	Heads (Director ADRU)			
Universities	Newspaper publishers				
Professional Educational Associations	and Editors				
Normal Schools					
Mass Media; T.V. Networks, Radio Stations,	T.V. Producers/Directors				
Newspapers	Public hospital Adminis-				
Foreign Embassies	trators				
International Banks and Foreign Monetary	Public Health Officials				
Institutions					
International Development Organizations					

M A T R I X I

SOCIAL INSTITUTIONAL FRAMEWORK

IDENTIFICATION OF KEY SECTORS, INSTITUTIONS, AND PROFESSIONS IN THE D.R.

SPHERE	INSTITUTIONS	URBAN POSITIONS/PROFESSIONS		RURAL POSITIONS/PROFESSIONS	
		Medium Income	Low Income	Medium Income	Low Income
Provincial	National Government- all divisions branches	Some Senators and Government House	Journalists	Directors Government Agricultural Orga- nizations	Agronomists (Small farms)
	Political Parties Military	Representatives	Radio Broadcasters		Agricultural Association
Note:	Regional Banks	Regionally appointed		Agricultural Associa- tions Heads	Leaders
Agricultural sector dominates at this level.	Agricultural Banks	Military Heads			
	Free Trade Zones Agroindustrial Companies Medium and Large farms	(Generals, Colonels, Captains)		Agronomists (Medium sized farms)	Agricultural Labor Organi- zation Heads
	Private Agricultural Organizations	Regional Bank Presidents			
	Government Agricultural Organizations	Free Trade Zone and		Elementary and High	
	Agricultural Labor Organizations	Large Industry		School Directors	Elementary and High School
	Agricultural Commodity Suppliers	Supervisors			Teachers and Directors
	Private and Public Hospitals and Clinics	Ag. Supply Dealers	Some Elementary and	Rural Sociologists	
	Labor Unions	Catholic Priests	High School Directors		Ag. Development Pro- ject implementators
	Catholic and Protestant Churches				Priests, Pastors
	Universities	Protestant Pastors			
	Normal Schools	Elementary and High	Normal School		Peace Corps and Development
	Elementary and Secondary Schools	School Directors	Teachers	Normal School	Foundation
	Vocational/Technical Schools	University Professors		Teachers	Volunteers
	T.V. Networks	Normal Schools Teachers and Directors			
	Radio Stations				
	Newspapers				
	International Development Organizations	Vocational/Technical			
	Private Dominican Development Foundations- PVO's	School Administrators			
	Women's Foundations	and Teachers			
		Public Hospital			
		physicians			
		Newspaper Publishers/ Editors			
		Radio Program Producers			
		Directors of Women's Foundations			
		Directors, Specialists			
		from Development Orga- Organizations			

M A T R I X I

SOCIAL INSTITUTIONAL FRAMEWORK

IDENTIFICATION OF KEY SECTORS, INSTITUTIONS, AND PROFESSIONS IN THE D.R.

SPHERE	INSTITUTIONS	URBAN POSITIONS/PROFESSIONS		RURAL POSITIONS/PROFESSIONS	
		<u>Medium Income</u>	<u>Low Income</u>	<u>Medium Income</u>	<u>Low Income</u>
Municipal	Municipal Governments	City Mayor	High School Teachers	Agronomists	Small Farm Owners
<u>Note 1:</u>	Military	Political Party Leaders	(some)		Owners
"Municipios" or municipalities in the D.R. refers to urban centers as well as small rural towns and their surrounding areas.	Political Parties	Local Police Chief	Elementary Teachers	Technicians	Priests, Pastors
	Medium and Small Businesses		(some)		Elementary and High School Teachers
	Business and Commercial Associations	City Planners, Architects, Engineers	Normal School Teacher	Elementary and High School Directors	High School Teachers
	Local Agricultural Associations	Lawyers			Some Public Elementary and High School Directors
	Local Government Agricultural Offices, i.e. Bagricola	Medium and Small Business owners and managers	Public Health Employees	Lawyers	High School Directors
	Public and Private Clinics			Neighborhood association Leaders	Public Health Employees
<u>Note 2:</u>	Cultural Educational Centers; Libraries, Museums				
People, because of individual personality or accomplishments instead of hierarchical position, have the greatest influence at this level. In small towns, often the population does not have an understanding or recognition of institutional hierarchies.	Elementary and High Schools	Business Association Leaders		Small and Medium-sized Business Owners and Managers	Small Business Owners and Managers
	Normal Schools				
	Social Clubs	Elementary and High School Directors			
	Sport/Recreational Clubs				
	Neighborhood Associations	Priests, Pastors			
	Catholic and Protestant Churches				
	Labor Unions	Cultural Coordinator, Museum Directors			
	Public or Voluntary Health Organizations, i.e. Red Cross	Sports Club Directors			
	Public Services: City Hall, Firefighters, etc.	Neighborhood association Heads			
		Chief of Fire Department			
		Red Cross or other Health Organization			
		Officials			

MATRIX I

SOCIAL INSTITUTIONAL FRAMEWORK

IDENTIFICATION OF KEY SECTORS, INSTITUTIONS, AND PROFESSIONS IN THE D.R.

SPHERE	INSTITUTIONS	URBAN POSITIONS/PROFESSIONS		RURAL POSITIONS/PROFESSIONS	
		Medium Income	Low Income	Medium Income	Low Income
Community/ Neighborhood	Political Parties	Social Workers	Youth Leaders	Rural Sociologists	Political Party
	Community Development Organizations	Sociologists	Political Party	Agricultural Techni-	Community Re-
	Professional Associations	Lawyers	Representatives	cians	representatives
	Small Business Community Associations	Catholic Priests			Small Business
	Informal Business Sector Associations		Adult Education	Social Club Leaders	Owners and Ad-
	Labor Organizations	Protestant Pastors	Teachers	Lawyers	ministrators
	Agricultural Associations			Elementary and High	
	Agricultural Labor Organizations	Adult Educational and	Nurses or other	School Adminis-	Agricultural
	Public Health Organizations	Cultural Center Admi-	Health workers	trators	Association
	Vocational/Technical Educational Centers	nistrators	Elementary and High		Officers
	Cultural Educational Centers	Social and Sports Club	School Teachers		Labor Organizat-
	Adult Educational Centers	Leaders			ion Leaders
	Neighborhood Associations	Small or Medium-sized			Elementary and
	Social Clubs	Business Owners,			High School
	Sports/Recreational Clubs	Managers			Teachers (some)
	Worker Associations	Elementary and High			Padrino*
	Protestant and Catholic Youth Organizations	School Administrators			Matróna*
	Women's groups				Protestant Pas-
	Elementary and Secondary Schools				tor
	Small Businesses				Catholic Priest
				Youth Leaders	
				Nurse or other	
				Health workers	

*These personages provide a moral example to members of the community.

M A T R I X I I

SOCIAL INSTITUTIONAL FRAMEWORK

SUMMARY OF TRAINING PLAN BY PROFESSION

CATEGORY	NORMAL SCHOOL ADMINISTRATOR	NORMAL SCHOOL TEACHER	UNIVERSITY PROFESSORS IN EDUCATION
Nature of Influence	There are only five normal schools in the D.R. Most of the elementary teachers are trained at these institutions. Administrators and teachers are important in shaping national policy for primary education, primary education curriculum, and normal school course content.	Influence on course content in subject areas taught and over formation of primary education curriculum. Large degree of community interaction.	University policy influence over subject areas taught. Often work as teachers or administrators in primary or secondary schools, are members of teacher associations, or are involved in educational research, thus have substantial influence on community, provincial or national level issues in education.
Income level	Middle	Low Middle	Middle and Lower Middle
Impact or Spread Effect	Direct impact on normal school professors, indirect impact on most of nation's primary education teachers. Large impact on overall quality of education in the D.R.	Direct impact on most of the nation's primary education teachers. To a large extent responsible for motivation in primary school education in the D.R.	Substantial impact over a large number of future teachers.
Special Concerns	Most normal school administrators hold bachelor's degrees in education.	Most but not all hold bachelor's degrees. Some have been trained at normal schools and have many years of teaching experience.	None.
Selection Criteria	One candidate to be chosen from each of five normal schools. Candidates to be potential top administrators, i.e. Assistant Director, with track record of dedication to primary education.	Teachers are to be selected from each of the 5 schools. Candidates should be elements of change and leaders as recognized by administrators and other staff. Should be open to new ideas.	Priority should be given to professors involved in research or other teaching activities. Candidates should have a definite idea of what can specifically be gained by a U.S. exchange experience.

M A T R I X I I

SOCIAL INSTITUTIONAL FRAMEWORK

SUMMARY OF TRAINING PLAN BY PROFESSION

CATEGORY	NORMAL SCHOOL ADMINISTRATOR	NORMAL SCHOOL TEACHER	UNIVERSITY PROFESSORS IN EDUCATION
Skills to acquire	School administrative skills; personnel management, resource procurement, school and community interaction. Primary school curriculum design and development, philosophy, psychology. Leadership skills; public speaking and supervision of personnel.	Teaching techniques in primary education. Curriculum development. Classroom resource material development. Skills for community interaction; organizational, public speaking. Leadership skills; communications arts and management courses.	Teaching techniques, educational administration, curriculum and resource materials development, applied research. Leadership skills and training; communications arts, writing.
Nature and Duration of Training	ST - 2 to 6 months. University coursework, seminars, workshops, observation of exemplary elementary schools.	LT - one year university graduate or undergraduate level coursework in above areas.	LT - equivalent to a sabbatical one year leave. Specially arranged programs to include graduate level coursework and directed research. Recommend workshop or seminar participation.
Special Considerations for Experience America	Attend elementary school P.T.A. meeting and county council or city hall meetings where educational issues are under debate. Observational tour of a textbook publishing company.	Visits to Model Elementary Schools Attend P.T.A. meetings, and other activities of school and community involvement, i.e. school play or bazar. Observational tour of a textbook publishing company.	Visits to model schools and other community educational resource centers i.e. libraries, museums, athletic centers. Observational tour of a textbook publishing company.
Special Considerations for Follow-on	Membership in alumni association and other professional associations, workshop and conference participation, assistance in textbook and resource materials procurement, professional literature. Coordinate activities with PIPE Project.	Membership in alumni association and other professional associations, workshop and conference participation, assistance in textbook and resource materials procurement, professional literature. Coordinate activities with PIPE Project.	Membership in alumni association and other professional associations, workshop and conference participation, assistance in textbook and resource materials procurement, professional literature. Coordinate activities with PIPE Project.

M A T R I X I I

SOCIAL INSTITUTIONAL FRAMEWORK

SUMMARY OF TRAINING PLAN BY PROFESSION

CATEGORY	ELEMENTARY AND HIGH SCHOOL ADMINISTRATORS	ELEMENTARY AND HIGH SCHOOL TEACHERS	SMALL BUSINESS ASSOCIATION LEADERS
Nature of Influence	Traditionally are held in high regard by school families and communities. Determine individual school policy and curriculum. In rural areas are influential persons on provincial and municipal levels. Some public school directors may be influential in national educational policy planning.	Traditionally held in high regard by school families and community. Can be influential on provincial municipal and community level. Influence course content, selection and use of resource materials and overall school curriculum.	Influence development of other small businesses in community. Share information on production, labor training, loan procurement, materials suppliers, etc. Attempt to answer material needs of community.
Income level	Variable - Upper to Lower Middle	Variable - Middle to Upper Low	, Low Middle to Low
Impact or Spread Effect	Direct impact on teachers, indirectly on students. Determine individual school policy and direction. Large community impact.	Substantial and direct influence over a large number of students. Strong community impact.	Impact on other business persons in community, labor, and local markets
Special Concerns	Rural school administrators generally have less of an opportunity for professional development.	Used to be more involved in community activities, now, however in many cases are forced to hold more than one job, thus limiting the time that they have available. Have limited opportunities for professional development	In most cases have no formal education beyond high school.
Selection Criteria	Candidates should be dynamic leaders who are open to new ideas and change. Consideration should be given to overall school quality and reputation.	"Good" teachers as recognized by supervisors, peers and communities, should be selected for training. Candidates should show openness to new ideas and be leaders and elements of change within their schools. Candidates should be active in school or teacher associations.	Association leaders can be identified by members of the business communities and by allied organizations i.e. loan agencies that work closely with these persons.

M A T R I X I I

SOCIAL INSTITUTIONAL FRAMEWORK

SUMMARY OF TRAINING PLAN BY PROFESSION

CATEGORY	ELEMENTARY AND HIGH SCHOOL ADMINISTRATORS	ELEMENTARY AND HIGH SCHOOL TEACHERS	SMALL BUSINESS ASSOCIATION LEADERS
Skills to Acquire	School administration, personnel management, and public relations. Curriculum planning, community activities promotion. Textbook and other resource procurement. Leadership skills and training; public speaking, management and human potential development.	Level or subject specific teaching techniques, student motivational techniques, and production of low cost classroom resource materials. Curriculum planning, developmental psychology, coursework in specific subject areas, grading and testing techniques. Leadership skills; communications arts and personnel management.	Management; production, financial, investment and general. Quality control, marketing, exportation, raw materials procurement and general accounting skills. Leadership skills and training; public speaking and management of personnel.
Nature and Duration of Training	ST - 2 to six months and LT, one year, to include workshops, seminars and conferences in relevant topics.	ST - 2 to 6 months or LT - 1 year to include university coursework, workshops and practical teaching experience. Emphasis to be placed on community interaction.	ST - approximately 2 months to include short courses and observational tours and visits to similar production entities.
Special Considerations for Experience America	Attend P.T.A., county council, or city hall meetings where school and community related interests are discussed. Visit model schools, observational tours to textbook and educational resource material publishing companies.	Attend P.T.A. meetings and other extracurricular school functions, i.e. school plays, sports events, fund raising activities. Home stay with American families, visits to libraries and museums.	Should have opportunity to make contacts with possible import/export exchange partners. Participate in city and county council meetings where small business needs are being discussed.
Special Considerations for Follow-on	Membership in alumni association and other professional associations, workshop and conference participation, assistance in textbook and resource materials procurement, professional literature. Coordinate follow-on activities with BIDE Project	Membership in alumni association and other professional associations, workshop and conference participation, assistance in textbook and resource materials procurement, professional literature. Coordinate follow-on activities with BIDE Project	Information on local channels of assistance to small businesses. Workshops or short courses to be offered locally.

SOCIAL INSTITUTIONAL FRAMEWORK ANALYSIS
SOCIO-ECONOMIC STRATIFICATION SCHEME

	THE ELITE	THE UPPER CLASS	THE UPPER MIDDLE CLASS	THE TRADITIONAL MIDDLE CLASS	THE LOWER MIDDLE CLASS	THE UPPER LOW CLASS	THE LOW CLASS/POVERTY
INCOME	Income is highly variable, earnings not less than RD \$ 19,000 or US \$ 3,000. Receive many benefits apart from salaries.	Income is highly variable. Foreigners may earn in U.S. dollars, GOOR officials may have small earnings but important benefits.	Salaries may begin at RD \$ 12,000 per month (US \$1900) with upper limits that possibly surpass some in upper class.	Earnings may start at RD \$ 4500 per month individually and combined RD \$8000, or from US \$ 720 to 1300.	Monthly salaries begin at RD \$1500 individual to 4500 combined, (US \$240 to 720). Several family members contribute to household income.	Individual incomes from RD \$600 to 1500 or US \$95 to 240. May supplement income by "chiripea" or informal sector jobs.	If stably employed, income ranges from RD \$250 to 600 (US \$40 to 95) per month.
HOUSING	Reside in exclusive neighborhoods, own large custom designed houses with nice landscaping.	Own attractive homes in traditionally well-to-do areas or in new elite neighborhoods. May rent exclusive homes or apartments.	Own moderate to nice homes in established neighborhoods or may own a new apartment residence.	Live in houses which are owned if bought over ten years ago, otherwise live in rented housing.	Housing is rented in less costly zones in city or in marginal neighborhoods. Family has difficulty relocating when forced to move.	Live in rented housing in marginal neighborhoods. Some may have claim to government constructed housing.	Housing is in marginal neighborhoods and extended families live together. Houses are often fragile wooden constructions.
VEHICLE OWNERSHIP	This group is visibly distinguished by the kinds of cars they drive; Mercedes Benz, other fine European makes, top of the line Japanese cars and customized U.S. Jeeps. Usually own three or more vehicles per family.	Own two or more dependable luxury cars, possibly government assigned vehicles with driver. May gain tax exemptions for vehicle importations.	Own one dependable or luxury car, and often a second vehicle.	Own one moderate car and with a struggle, a second vehicle, usually not in good condition.	If the family or individual has a car, it usually in frequent need of repairs and there will be no chance for obtaining a second car in the near future.	Own motorcycles or ride public transportation.	Persons depend entirely on public transportation.
PROFESSION	Develop professional careers in business, law, medicine, engineering or entertainment. Other professionals in this group are the nation's president, senators or other public officials with inherited family wealth, owners of large agroindustries, and other businesses.	High government and church officials, politicians, entertainers, agriculturalists with non integrated investments managed by others, physicians in private practice, lawyers, successful engineers, association directors, foreign business executives, high diplomatic officials.	Professionals are lawyers, physicians (group practice) up-and-coming business persons, successful architects and engineers, agronomists with small but lucrative investments managed by extended family members, some elite private school administrators and directors.	Young professionals; engineers, economists, lawyers, dual career university professors, established accountants, public and some private school administrators, managers in public and private enterprises, small and medium business owners, military officers, colonels, captains with supplementary income sources.	Persons from this group are public accountants, bank insurance, and real estate company employees, teachers, low rank military officers, technicians, public sector agricultural employees, private agriculturalists, public hospital physicians, administrators from some private schools, some small business owners and manageri.chauffeurs.	Most public and some private school teachers, public servants such as janitors and street sweepers, some industrial unskilled labor, hospital employees, i.e. nurses, orderlies, beauticians, military privates and sergeants, secretaries, many public car drivers and private chauffeurs.	Service oriented jobs; household maids, janitors, beauty shop assistants, farm laborers, street vendors including "billetes" or lottery ticket sales persons, unemployed.

	THE ELITE	THE UPPER CLASS	THE UPPER MIDDLE CLASS	THE TRADITIONAL MIDDLE CLASS	THE LOWER MIDDLE CLASS	THE UPPER LOW CLASS	THE LOW CLASS/POVERTY
ACCESS TO EDUCATION	Children study at private schools in the D.R. and abroad, attend U.S. or European universities	Persons in this group enjoy a high level of education from private institutions in the D.R. and abroad.	Children are educated at private schools within the country, will go to private universities and as family tradition dictates, may attend college abroad.	Children used to study in private universities and schools in the D.R., now, however, attend public institutions in most cases. No study abroad.	This group struggles to obtain a university education. Often at the public university or private ones with scholarships or loans. Children go to public or low cost private schools.	Children attend public schools or in some cases private schools where tuition is low. These private schools, however, usually offer a low quality education.	Children attend public schools, however often interrupt or quit school for a job.
TRAVEL (IN-COUNTRY AND OUT-OF-COUNTRY)	Travel frequently in the D.R. and abroad.	Travel frequently within and outside of the country. Some travel is job related.	Travel abroad frequently even today, most often to the U.S., travel some within the D.R. in some cases to a second home on the beach or in the "campo".	Used to travel frequently inside and outside of country. Now limited in country travel and an occasional trip to the U.S.	Limited travel inside of country, have not visited local tourist resorts, may travel to New York to visit relatives.	Limited in-country travel. Many from this group attempt illegal travel to the U.S. by "yola" or in row boats.	In-country travel limited to trips between the capital or city where employed to a home town. No travel outside of the country.
INVESTMENTS	Agricultural land, industries, foreign currency. This group is generally well buffered from the effects of inflation.	Land or agri-industry, U.S. dollars, international company stocks. This group is only moderately hit by inflation.	Small farms, real estate, businesses and U.S. dollar savings. May own second home, but for recreation instead of investment.	Limited potential for capital savings as today's inflation forces this group to spend most of earnings on basic needs. May own a small business, inherited land or some livestock.	Hold limited cash savings, may own property through inheritance. Have limited future savings potential.	Investments are in household goods, stoves, refrigerators, stereo equipment, radios or televisions. Usually no savings.	Own animals i.e. chickens, cows, goats, pigs, and second hand household wares.
SOCIAL FACTORS	Family surname are well known, family members may appear frequently in newspapers usually in the economic or social sections.	Members of this group, esp. those in politics, international relations or in the church, are frequently in the front page of the newspapers or on T.V. news and interview shows.	Many families in this group have attained a high degree of community respect. They are often found in social and sports clubs and at average and fancy restaurants.	Outings for this group are limited to an occasional family dinner out or movie. Head of family may belong to neighborhood organization, children join church youth groups.	Families usually stay at home to receive friends or relatives and rarely go to restaurants. Outings will more often be to	Families socialize at home with friends, relatives and neighbors.	Jobs often limit social activities. Social activity center around families and home town events.
SPECIAL LEADERSHIP ATTRIBUTES	From this group come the nation's leaders in industrial progress and development.	Persons from this group exercise the greatest political influence on national and provincial levels.	Many in this group are political, business or community leaders.	Some potential leaders are found in this group among young lawyers and ambitious engineers, economists and businesspersons.	Leaders may arise from rural areas or militia. Other leaders are normal school teachers, and small business owners and managers.	Leaders are teachers, labor agronomic union heads, officials, rural clergy, small farm and business owners, journalists and radio broadcasters.	Some potential leaders.

Notes on Economic Outlook for the D.R.

1. See Economic Background Section of current USAID Briefing Book, attached.

2. Inflation

Official Central Bank estimates of inflation (basis: CPI, December over December) indicate an annual average of 25.2% during the period 1981-1989 as per the following:

	<u>%</u>
1981	7.5
1982	7.2
1983	7.7
1984	38.0
1985	28.4
1986	6.5
1987	25.0
1988	57.6
1989	<u>41.2</u>
Average	25.2

3. Exchange Rate

During the period 1981-1989, the peso-U.S. dollar exchange rate depreciated 85%, an average annual depreciation of 20.6%/year (based on average exchange rates in December of each year), as follow:

December Exchange Rates and
Annual Depreciation
1981-1989

	<u>Free Market Rates</u>		<u>Official Rates</u>	
	<u>Pesos/Dollar</u>	<u>Appreciation(+) or Depreciation(-)</u>	<u>Pesos/Dollar</u>	<u>Appreciation(+) or Depreciation (-)</u>
1981	1.31	-6.1	1.00	0.0
1982	1.50	-20.7	1.00	0.0
1983	2.55	-41.2	1.00	0.0
1984	3.09	-17.5	1.00	0.0
1985	2.94	+5.1	2.94	-66.0
1986	3.06	-3.9	2.96	-0.7
1987	4.84	-36.8	4.84	-38.8
1988	6.41	-24.5	6.35	-23.8
1989	8.33	-23.0	6.35	0.0
Period Ave.	3.38	-20.6	2.90	-20.6

3. Likely scenario for inflation and exchange rates in 1990 and after.

Although monetary policy implementation was fairly tight from time to time during 1989, the Central Bank, possibly in response to widespread liquidity problems being experienced by the country's financial system, turned accommodating in November and December of 1989. In December, for example, currency in circulation rose at a annualized rate of 2,058%. The impact on the basic money supply (currency plus checking accounts) was an annualized growth of 766% and broad money (which includes savings and time deposits) grew an annualized 195%.

This surge in money supply components at the end of 1989 do not reflect much Central Bank concern about continued high inflation. Accordingly, inflation exceeding 40% and depreciation of the free market exchange rate in the range of 25-30% in 1990 may be likely.

The prospect that inflation during the 1990s will be reduced to levels less than the average 25% experienced during the 1981-1989 period are not good. Continued exchange rate depreciation on the order of 20-21% a year can be expected.

4. Income and Employment

According to a 1984 study, income distribution in the Dominican Republic was not unusually skewed, compared to those of other developing countries. In 1984, the poorest 20% of households earned 5.4% of total income; the best-off 20% earned 49.8% of total income.

Income distribution has likely become somewhat more skewed since 1984. The minimum wage for public sector employees, for example, has declined 25% in real terms since 1984, as the following table indicates.

	Minimum Monthly Wage 1980-1989		(December of each year-1989 prices)	
	Public Sector		Private Sector**	
	Pesos	U.S.Dollars(*)	Pesos	U.S.Dollars(*)
1980	812.41	97.53	812.41	97.53
1981	756.84	90.86	756.84	90.86
1982	706.23	84.78	706.23	84.78
1983	655.99	78.75	655.99	78.75
1984	665.21	79.86	665.21	79.86
1985	740.44	88.89	740.44	88.89
1986	695.03	83.44	695.03	83.44
1987	556.16	66.77	778.46	93.45
1988	564.63	67.78	705.79	84.73
1989(***)	500.00	60.02	650.00	78.03

(*) U.S. Dollar values calculated at free market exchange rate (December average)
(**) Larger companies.
(***) Includes increase in minimum wage implemented in June, 1989, but does not include additional RD\$50.00 agreed to in November, 1989.

41

Government employment accounts for about 10% of total employment. In 1989, fully 75% of the government workforce earned only the minimum wage. This reflects the fact that the public sector is often an employer of last resort, and the very high unemployment that has exceeded 25% of the workforce the past several years.

Estimates of GDP Growth Rates by Source

Year	Central Bank		GODR Planning Office (ONAPLAN)	World Bank		USAID	IMF
	03/89	09/89	1/90	10/89	02/90(*****)	12/89	12/89
1984		0.3				0.3	
1985		-2.6				-2.6	
1986	3.2	3.2	3.2	3.2	3.2	3.2	3.2
1987	8.1	7.2	7.2	8.1	7.2	8.1	7.2
1988	0.5	1.1	1.1	0.5	1.9	0.5	1.1
1989	3.1*	3.9*	3.8	3.5*	5.8	1.0*	2.2*
Average 1984-1989 (**)	2.0	2.1	2.1	2.1	2.6	1.7	1.9
Average Per Capita Growth (***)	-0.3	-0.2	-0.2	-0.2	0.3	-0.6	-0.4
Average Household Income (****)	0.0	0.1	0.1	0.1	0.6	-0.3	-0.1

* Projection;

** Central Bank estimates used for all sources for 1984 and 1985. Average includes 1984 over 1983.

*** 2.3% /year.

**** 2.0% /year.

***** Unofficial; based on an unauthorized draft published in Listin Diario, a local newspaper in March, 1990.

As the foregoing table indicates, consensus estimates of economic growth since 1983 are on the order of an average 2% a year. Growth in household incomes, however, has been approximately zero. On the other hand, there is somewhat less consensus on growth during the three year period 1987-1989. World Bank estimates made in February, 1990, indicate average GDP growth of 4.9% a year (2.6% per capita; 2.9% for households). USAID December, 1989 estimates for the period are much more conservative: GDP growth of 3.1%; per capita income growth of 1.1% and income growth of households, 1.4%.

In any event, the numbers clearly indicate that lower income groups are receiving significantly less of the total income pie, since these groups comprise the bulk of the large pool of unemployed and persons earning only minimum wage.

4/3

5. Economic Growth Prospects

Recent scenarios for economic growth prospects over the medium term are set forth in the following table.

	GDP Growth Rates(%)			
	IMF 12/89	World Bank 10/89	Optimistic USAID 12/89	Pessimistic USAID 02/90
1990	2.2	3.5	2.5	1.0
1991	2.8	4.5	2.9	0.0
1992	3.0	5.0	3.5	1.0
Ave. 1993/94	3.8	5.6	4.5	1.0
Annual Average 1990-1994*	3.1	4.8	3.6	0.4

* Ave. includes 1990 over 1989

The USAID optimistic scenario and the scenarios outlined by the IMF and the World Bank are predicated on continued improvements in economic policy implementation. This would include rapid progress on reducing inflation to single digit levels. Otherwise, the USAID pessimistic scenario of approximately zero or even negative growth is likely.

49

BRIEFING BOOK

Economic Background Section

The Dominican Republic is one of the poorest countries in the Western Hemisphere. In U.S. dollar terms, official World Bank calculations show that per capita Gross National Product (GNP) declined from \$1,330 in 1982 to \$680 in 1988. During this period, average annual economic growth averaged 2.3% a year in peso terms, but population growth averaged 3.0% a year, and the market value of the Dominican peso in terms of U.S. dollars depreciated, on average, 21.0% a year. GNP growth and exchange rate depreciation (parallel market) in 1989 were similar to averages for these indicators during the 1982-1988 period. Population growth, however, is estimated to have fallen to 2.3% a year.

In 1982, the economically active population was 39.4% of the total population. Unemployment was 22.0% of the work force. Over the period 1982-1989, population growth averaged 2.9% a year, and the economically active population increased, on average, 3.6% a year. By 1989, the country's work force was 41.3% of the population, and unemployment had risen to 28.7% of the work force. The employed population rose, on average, 2.3% a year during the period. Non-traditional activities such as tourism and free trade zones have absorbed the bulk of net new jobs in recent years.

Gross domestic capital formation has averaged a strong 22.0% of gross domestic product (GDP) since 1982, rising to 25.0% for the three year period, 1987-1989. Over the seven year period, 1982-1989, capital investment spending increased 5.0% a year in real terms. Three quarters of new investment spending over the past seven years has been in the private sector.

High investment levels resulting in modest economic growth points to serious efficiency problems. These problems include recurrent destabilization of macroeconomic financial structures as indicated by periods of high inflation and exchange rate depreciation; government controls on interest rates and other key prices; paucity of trained management personnel and appropriate technologies in key economic activities; entrenched legal biases favoring inefficient import substitution activities over non-traditional agriculture and export activities; and massive deterioration of basic services such as electricity.

Evaluated at market exchange rates, the Current Account deficit of the Balance of Payments averaged 5.9% of GDP over the period 1982-1989. The best performance was in 1988 and 1989 when the deficits amounted to 4.3% of GDP and 4.7% of GDP, respectively.

Over the three year period 1982-1984, the Current Account deficit of the Balance of Payments averaged 8.5% of GDP, and resulted in massive accumulation of external debt arrears that totalled \$527 million by the end of 1984. In 1985, under the aegis of a stand-by arrangement with the International

Monetary Fund (IMF) and an A.I.D. ESF program, the GODR made cash payments of \$126 million and rescheduled \$303 million of accumulated external debt arrears, reducing the stock of external debt arrears at the end of 1985 to just \$138 million. In 1985, net external loans and grants to the GODR and the Central Bank, including IMF resource flows and rescheduling, amounted to \$619 million.

Net financial flows in 1985, including interest payments, amounted to \$326 million. During the period 1986-1989, net financial flows have averaged negative \$329 million per year, on an obligation basis. Accordingly, despite lower current account deficits in recent years, adequate financing has not been available, resulting in a new build-up of external debt arrears. The stock of external debt arrears by the end of 1989 were on the order of \$800 million. Projected net financial flows for 1990 are on the order of negative \$500 million. The balance of payments financing gap in 1990, including elimination of external debt arrears, is estimated at \$1.2 billion, equivalent to 75% of projected exports of goods and non-factor services, or 16% of projected GNP.

c 51