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## **1. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION**

### **1.1. Political situation**

Democracy and the rule of law have been consolidated since the mid-1990s in a political system with an acceptable level of legitimacy. In the last few years, presidential and Parliamentary elections have been free and fair, although there were two isolated incidents of political violence (shoots were reported in two locations Piedra Blanca y Bonao with several wounded people).

From July onwards, 2007 was very much a pre-election year. Ongoing negative aspects of electoral processes involve recurrent accusations of misuse of public funds to finance political campaigns, particularly on the part of opposition parties and a number of non-state actors.

The capacity of the Central Electoral Board efficiently to supervise the electoral campaign and the elections has considerably improved, but the media frequently raise the issue of whether it has the judicial framework to control the use of public funds, regulate the financing of political parties, meet actual campaign deadlines and keep the situation in check. Electoral tribunal judges were elected by political consensus of the majority of political forces.

Civil society traditionally has an involvement in monitoring the electoral process, but there has been an increase in its participation in producing reports evaluating certain aspects of the process and campaigning in the media on topics such as transparency in the use of resources and the absence of programmed, vote-winning proposals. Civil society has also had a high profile in the national consultation launched in 2007 aimed at fairly substantial reform of the Constitution. The constitutional reform, which included civil society proposals for strengthening the independent role of the Treasury Inspector's office, the Court of Auditors and judicial bodies, was extended to the end of 2007 and its approval is pending in 2008.

Despite major democratic progress, the effects of a long tradition of authoritarian power in running the public sector are still felt and further reform is still needed to push forward changes in the political education of ordinary Dominican citizens. Legislation relating to political parties to promote a clearer, more transparent political interplay (in terms of party and campaign financing, principally) is still to be approved.

It is not yet possible to speak of a Dominican civil service based on merit: public institutions continue to experience large staff movements after each change of government, which leads to an inefficient civil service that has difficulty in meeting the challenges of a modern economy and State. During 2007, there were very few new public servants brought into the system as career administrators. Legislation on the civil service was approved in Parliament in late 2007 and enacted by the President in early 2008, removing a number of technical obstacles in the former civil-service law (No 14/91) and extending application to all central and decentralised state institutions.

Despite progress in the area of public procurement, such as the strengthening of the Directorate-General for Procurement and Contracting, there is still limited use of the system of calls for tender (established in 2006 with the approval of a new law on public procurement, contracting and state concessions). The corresponding implementing regulations and a wide-ranging training and awareness-raising process were devised in 2007 to implement the new legislation.

Public-procurement and public-institution-contracting processes experienced an increase in 2007 also.

Since the 1990s, the Dominican government, civil society organisations and international bodies have voiced the need to appoint an Ombudsman as a guarantor of citizens' rights. The European Commission firmly supports the process for electing an Ombudsman via the PARME programme, in the form of publicity campaigns and consultancy services for organising the selection process. However, an Ombudsman has not yet been appointed, which points to a lack of will on the part of political forces represented in Parliament.

Central government and town council activities and presentation of accounts still lack transparency in spite of the recent approval of a law on access to information. Poor technical skills in the public sector, obsolete or inadequate procedures, weak coordination processes, weak institutions with unclear or overlapping mandates all lead to a general lack of clarity and quality in regulatory frameworks, inefficiency in the implementation of the law and inadequate scrutiny by the legislature.

In recent years, local government capacity has been consolidated with the continuing process of decentralisation and a significant increase in municipal budgets. The new law on municipal government (176/07) is definitely a step forward in the process of decentralisation in that it accords greater levels of competence to town councils, increases involvement on the part of ordinary citizens and requires the preparation of local development plans. Likewise, the Dominican Parliament has approved the participatory budget law, thereby substantially enhancing the municipal-management regulatory framework.

In the Dominican political institutional system, the Republic's Parliament plays an independent role. However, the fact that the governing party has a large majority and there is a lack of time, capacity and will to examine proposed bills and the allocation of funds to legislators sufficiently rigorously and objectively, together with the existence of a network of NGOs enjoying patronage, all continue to foment the public perception that no high degree of trust should be placed in said institution.

Despite the progress that has been achieved, there is still room for improvement of the judicial system's capacity successfully to prosecute instances of corruption involving serving or former government servants. The Public Prosecutor's office also could do better in defending the public interest. There is a need for substantial improvement in the external-control role of the Court of Auditors since, despite many reports of misuse of public funds, no investigations to date have succeeded in throwing light on this area.

The independence of the justice system has been consolidated and there has been progress in implementing a new model of prison, the new Code of Criminal Procedure and a new Code for the Protection of Children and Adolescents, building the capacity of the government to provide help for victims, and there have been substantive improvements in the technical capacities of judges and public servants within the judicial system.

Officially, corruption is a crime, but despite scandals about corruption there have been practically no convictions, meaning that there is widespread impunity. President Fernández hopes to make the country a model for the prevention of corruption and has set up a National Ethics and Anti-Corruption Committee to propose and monitor strategic measures in areas such as justice, the civil service, financial management and transparency.

With the involvement of civil society and public institutions, that Committee has formulated the 2005-2008 Strategic Plan on Ethics, Prevention and Punishment of Corruption. Reports submitted so far highlight the advances made in the more regulatory aspects and in raising awareness of the need to improve practice within the civil service.

The National Ethics Committee has a governing board whose active participants include a representative from the Catholic church and from two networks of organisations recognised in Dominican society (*Coalición por la Transparencia* and *Foro Ciudadano*). As yet, however, the Committee's activity does not appear to have had a significant impact. In the index of corruption drawn up in 2006 by Transparencia Internacional, the Dominican Republic was 99th out of the 163 countries listed, and given a score indicating considerable levels of corruption. Furthermore, the results show a high correlation between corruption and poverty.

Some members of the security forces have committed a number of abuses of human rights. Violence and the lack of security are perceived by Dominican society as one of the principal national problems. In 2007, special programmes such as the "Safe Neighbourhood" programme were implemented to combat this complex phenomenon, which is on the rise.

The Dominican Republic is signatory to international treaties that protect human rights, with the exception of the Convention against torture and other cruel, inhuman or degrading treatment or punishment, which has been signed but not ratified. However, issues such as unlawful killings by the security forces, poor prison conditions, long periods of detention without trial, and delays in trials still persist. In 2007, human rights cases involving the treatment of migrant Haitian workers and their descendants living in the country were made public.

There are frequent and widespread accusations of organised human trafficking across the border with Haiti with the complicity of public officials and the military on both sides, and of systematic abuse of the labour rights of Haitians in the sugar and other sectors. The creation of a new force specialising in border control ('CESFRONT') does not appear to have improved the situation perceptibly. These issues feature each year in the US State Department's report on human rights, which the Dominican Foreign Ministry has formally requested be subject to a review since there were few inspections, interviews of public officials and consultations of public institutions.

At regional level, the Dominican Republic has continued to reiterate the need for an improvement in its relations with neighbouring Haiti, but words have not been translated into deeds. The Bilateral Joint Committee is still not operational, despite many positive statements from both countries and sectoral cooperation demonstrated by the Agriculture Ministers of the two countries in cases of avian influenza.

As regards relations with CARICOM, senior officials from the Dominican Secretariat of State are participating more actively at regional level, which helps strengthen ties with the British Caribbean by encouraging moves towards functional cooperation, which is one of the Dominican Republic's chief interests. Enthusiastic and effective participation, via the regional negotiating machinery, in discussions with the EU concerning the EPA is the clearest example of this trend.

Elsewhere, the secretariats of CARICOM and CARIFORUM merged during 2007. CARIFORUM's technical services have been incorporated into CARICOM's structure, with EU funding and technical support. A CARIFORUM Unit has been established, presided over by an Assistant Secretary General, a post reserved for a Dominican national.

Moves to integrate the Dominican Republic into a number of regional bodies, such as CDERA, were initiated during 2007 through the Office of the National Authorising Officer, with a view to working to prevent and manage disasters. Such functional cooperation measures have led to closer links between CDERA, the National Emergencies Committee and the National Meteorology Office. It is hoped that these measures will result in the Dominican Republic and Haiti being granted membership of this institution in the near future. Functional cooperation of this type should extend to regional bodies involved in implementing the EPA.

Civil society at the level of NGOs and grassroots communities is active; it has a historical tradition of mobilising communities and collective organisations and plays a fairly major role in the country's public and political life. There are several very powerful organisations, which are independent and have real power to influence public policies. However, there are just a few such organisations – the rest are small and with very limited financial and human resources.

Law 22/05 places an obligation on NGOs that receive public subsidies to register with the State Secretariat of Economic Affairs and Planning & Development. Moreover, NGOs are required to place their constitution on a formal footing via an incorporation system offered by the Dominican Republic's Attorney General's office, but there are shortcomings in the monitoring system and presentation of accounts of NGOs. Trades unions are poorly organised, despite the fact that they participate in bodies such as the councils of INFOTEP, the social security body, the social think tank and the Minimum Wage Committee. Trades unions, however, are poorly equipped and lack negotiating capacity, whereas professional organisations (College of Physicians, Dominican Teachers' Association) defend their positions strongly and make their voices heard by the authorities.

The Catholic Church plays an important role in mobilising the masses and shaping public opinion through constant declarations and appearances by senior figures in the country's media on a whole range of political, social and economic issues.

## **1.2. Economic situation**

The Dominican Republic has the largest economy in the Central America/Caribbean region, with a GDP of USD 41,245.8 million in 2007. Its *per capita* GDP places it in the middle-income category, a little lower than the CARICOM countries and above the countries of Central America, although during 2007 *per capita* GDP stood at USD 4,406.4 (an improvement of USD 503.3 as compared with 2006).

After the severe economic crisis of 2003/2004, macroeconomic stability was restored and the country returned to the stable growth that it had known throughout most of the 1990s, thanks to strict adherence to the IMF Stand-By-Arrangement, which ended on 31 January 2008 with the IMF's approval of the eighth and last revision of the Stand-By-Arrangement. An essential element of this refound stability is a set of macroeconomic and structural policies designed to ensure price stability and to revive sustainable growth.

On balance, economic behaviour during 2007 can be described as favourable, especially if the negative effects of various meteorological phenomena (Tropical Storms Noel and Olga), high petroleum prices and the economic situation in the US are taken into consideration. Indeed, if economic performance is measured on the basis of real GDP productive sectors continued to record vigorous growth (8.5%), whereas only 6% has been anticipated, thereby consolidating the process of recovery experienced since early 2005.

Over the last three years, the economy has posted average growth of 9.5%, making it one of the most dynamic in the western hemisphere. Nevertheless, there is a wide consensus concerning the fact that the model and structure of growth in the Dominican Republic, combined with deficient social policy, means that the high growth figures the country has known during recent years are not being translated into an equivalent reduction in poverty levels. Convincing evidence of this has been provided by the UNDP in its annual report on human development (2006).

Economic growth over the last few years has been reflected in a reduction in the level of unemployment, which fell from 18.4% in October 2004 to 15.6% in October 2007, an impressive 2.9 percentage point reduction in the rate and similar to 2002 levels. Over the same period (2004-2007) some 400 000 new jobs were created as a result.

Between April and October 2007, the reduction in the unemployment rate stood at only 0.1%, which suggests that the initial recovery effect in the wake of the slump experienced during the 2003 crisis is coming to an end. It is worth noting that 55.4% of the economically active population work in the informal sector, which serves to play down the value of those statistics. The process of commercial opening experienced in the country is bringing with it a new model for the textiles and ready-made-clothing industry, where the comparative advantages of the free-zone system have been diminishing, leading to massive lay-offs in that sector.

The lack of consistency between the very positive macroeconomic picture suggested by Central Bank figures and the popular perception, expressed in a number of surveys, that the economy and general well-being are under threat, can perhaps be explained by these observations on the political economy of Dominican growth and the uncertainty contributed by the size of the informal economy to any reading based on figures drawn from the formal economy.

As far as tax collection in the country is concerned, 62% of revenue collected comes from taxes on goods and services, of which 28% is generated by the ITBIS (Tax on Transfers of Industrialised Assets and Services). This is a regressive tax and therefore, in general, income from taxes in the Dominican Republic is not distributed throughout society since the principal revenue source does not differentiate between the purchasing power of the various sectors of Dominican society paying said taxes. The second most important tax in terms of a revenue source is income tax (20%). In third and fourth place are the tax on foreign trade (14%) and the tax on wealth (4%).

Despite the impact of high international petroleum and raw-material prices and also the effect of Tropical Storms Noel and Olga on the stock-rearing sector, the inflation rate at the end of 2007 stood at 8.88%. Nevertheless, underlying inflation, which excludes the effects of those goods for which prices are highly volatile owing to exogenous factors and that therefore better reflect the effectiveness of monetary policy, was 4.06%, which demonstrates that internal price increases was not in line with monetary reasoning.

As regards external transactions, the Dominican balance of payments ended 2007 with a surplus of USD 657.0 million, which is largely reflected in the increase in the Central Bank's international reserves. These achieved unprecedented levels, and the economy therefore has a contingency fund with which to confront any external imbalances that might arise in 2008.

Traditionally (up to 2004), the Dominican Republic has maintained a surplus in its trade relations with the US, and the latter's investment during the first year of the DR-CAFTA cannot but be a cause for certain, especially since it also suggests that growth is at least partially based on an import boom financed by incoming capital flows. The Central Bank's currency base increased by

13.7%, consistent with the monetary programme and the arrangement with the IMF and still slightly below nominal GDP growth, which was 14.7%. The aforesaid demonstrates the effectiveness of monetary policy in achieving its principal objective, i.e. control of inflation. Also during 2007, there was a reduction in the quasifiscal deficit, which stood at 1.8% of GDP, below the 2.3% goal of the 2007 monetary programme and the arrangement with the IMF and less than the quasi fiscal deficit for 2006 (2.2% of GDP).

Domestic industries and foreign investments in the economy outside the industrial free zones suffer as a result of a number of shortcomings in the business environment. The Dominican Republic is ranked 98 out of 178 (2007 figures) in the World Bank's "ease of doing business" index (Costa Rica is 22nd and Jamaica 45th). There are specific shortcomings in areas such as facilities to start up businesses, investment protection, contract performance and winding up businesses. Surveys show that investors cite government regulations and taxes as the greatest obstacles.

The government is working on the regulatory framework for implementing the National Systemic Competitiveness Plan. The following laws and decrees have been promulgated by the executive power in this connection:

- Law 42/08 on the defence of competition.
- General Regulation 01/08, on the application of exemptions to the stock-rearing sector.
- Decree 190/07, on the National Innovation and Technological Development system.
- Decree 191/07, on the Unified Integral System for business start-up.
- Decree 192/07, creating the regulatory improvement programme.
- Law 51/07, on property registration.
- Law 53/07 on advanced-technology crimes and offences.
- Law 56/07, prioritising the textile sector.
- Law 173/07, on taxation efficiency.
- Law 172/07, reducing the rate of income tax.
- Law 392/07, on industrial innovation and competitiveness.

Weaknesses in institutional capacity, which creates problems for the private sector and hampers the efficient use of public resources, have been identified as some of the main obstacles to Dominican development. Public-finance management suffers from human-resources deficiencies, and although the legal framework required for improving financial management has been updated there is a need for building institutional capacity and stepping up institutional coordination.

However, persistent power problems, due to the State having entered into costly contracts with international companies and the inability of those involved in the sector to establish the system's financial viability, do not show any signs of improvement and therefore place a heavy burden on State Finances. This results in high costs for consumers and a very severe impact on the country's competitive position.

Since 1996 the Dominican Government is in the process of reforming and modernising its public finance system. This process has been supported by the Inter-American Bank of Development since 1998 and the European Commission since 2006, when a 10 M € financing agreement was signed for the institutional support of the public finance reform.

2006 and 2007 have been very productive in the process of public finance reform in Dominican Republic, with the preparation and adoption of a package of 6(+2) laws, which has led to a



complete overhaul of PFM institutions, to the introduction of new budgeting and procurement processes, and to the complete redefinition of subsystems like Treasury, Public Debt and Internal Control (General Budget, Contraloría, Treasury, Public Credit and Procurement).

The list of laws and of their implementation decrees adopted through out 2006 and 2007 is impressive. These reforms have constituted the first period of the PFM reform process:

Law	Implementing regulations
Treasury 567/05	Decree 441-06
Public Debt 06/06	Decree 630-06
Internal Control 10/07	Decree 491-07
Procurement (Purchases and concessions) 495/06	Decree 490-07
Budget Law 423/06	Decree 492-07
Planning and Public Investment 498/06	Decree 493-07
Creation of Secretary of "Hacienda" 494/06	Decree 489-07
Creation of Secretary of Planning & development 496-06	Executive On 1/11/06
Appointments decree 13-07	

These legislative changes have not always been adopted easily, notably Budget Law and Internal Control, since a lot of resistance had always been felt in the services experiencing these reforms, Budget office and Internal Control office. This went so far that the former even refused to obey to a Presidential Decree (1524/04) that was limiting its competencies in advancing funds to line Ministries. Nowadays they seem more prepared to assume their new role, Budget office as part of the new Secretaria de Hacienda and Contraloria assuming modern concepts of modern internal, focusing on systems, ex post and risk-based controls and abolishing ex-ante controls.

The implementation of Law 200/04 regulating Public Access to Information (200/04) is very much on the agenda. Civil society and press are constantly challenging public offices to respond to their requests under the Law and report on refusals. Many institutions have by now opened Information Offices, inter alia with EU, WB and US support.

Around half the electricity invoiced is not paid for and the distributors have made little progress in improving the situation. The sector's debts, including the government's debt, exceed USD 500 million, the generating companies are undercapitalised and, in some cases, are unable to buy the necessary fuel. Nevertheless, the government is implementing the "Integral Power Sector Recovery Plan", the objective of which is to have this situation resolved by 2012. This comes in addition to the new regulation on alternative and/or renewable energy sources.

The country has adopted a trade liberalisation strategy with most of its trading partners, participates in multilateral forums and has bilateral free-trade agreements with many of its neighbours and leading trading partners. However, Dominican companies tend to export little. Domestic markets place obstacles in the way of exports: lack of information, complex bureaucracy and taxes on exports. Trade in the Dominican Republic has expanded more slowly than world trade generally. The United States is the dominant trading partner, with 80% of exports and 50% of imports. Trade with the EU has increased in volume but fallen as a percentage of the total (currently around 10%). Trade with the CARICOM countries is limited (0.9% of exports, 2% of imports), but as a proportion it is rising.

The government plans to diversify markets and products hand in hand with its liberalisation policy for several trading partners: the United States, Central America, the Caribbean and the European Union (Economic Association Agreements). To take advantage of opportunities for

access to these new markets, there will have to be a long-term competitiveness strategy so that companies can produce goods and services for export. The Dominican government has therefore defined and approved the already mentioned National Competitiveness Plan, which covers strategies for diversifying Dominican exports to include new goods and destinations.

The above is clearly seen in the resolute support by Dominican diplomats for establishing the EPA – their attitude is more progressive than that of their CARIFORUM partners and they are prepared to make bigger concessions as this agreement promises better conditions than the DR-CAFTA. This is part and parcel of the diversification of Dominican foreign trade and the so-called "economic and commercial sovereignty". It is hoped that the EPA will be signed during the first half of 2008.

### **1.3. Social situation and poverty**

Despite some years of high levels of economic growth, the country has a very marked accumulated social deficit. In 2005, the Dominican Republic stood 79th in the Human Development Index, 10 points below its *per capita* GDP ranking<sup>1</sup>. Economic inequalities are severe, with more than 40% of the population living in poverty or extreme poverty. Many of the country's social indicators are far below those of countries with similar economic levels, particularly in the areas of health, education and social security. There are also considerable problems with social cohesion, unemployment, gender and disability.

Income inequality has remained slightly above the average for Latin America and the Caribbean (LAC) over the last seven years (Gini coefficient of 0.52). The region itself is the most unequal in the world. According to the World Bank and the Inter-American Development Bank, the limited poverty reduction at the end of the 1990s, the subsequent sharp fall in income and the persistent inequality can be attributed to the unequal growth in labour income, the reduction in average incomes and the loss of purchasing power after the crisis of 2003, the low productivity and precariousness of many jobs, the shortcomings of the education system and poverty policies, and those of poverty-reduction programmes.

It is estimated that with economic growth above 5% per annum (between 2008 and 2015) and drastic social investment, the country will be able to comply fully with the targets of only two of the Millennium Development Goals: 3. Promote gender equality and empower women; and 4. Reduce child mortality. There is also a possibility that the targets of Goal 6 – Combat HIV/AIDS, malaria and other diseases – will be achieved<sup>2</sup>. The problems most commonly identified in achieving the Goals include a lack of qualified staff, the poor quality of public expenditure, an absence of priorities, the unequal distribution of resources and non-existent coherent State policies.

In education, there are persisting problems of quality of education, efficiency of the education system, school infrastructure and teacher quality, which are reflected in the high course repeat rate: on average, a Dominican child who finishes secondary education has been in school 3.5 years longer than the number of course years. This problem is more pronounced among boys, children in rural areas and the poorest sections of the community. According to UNESCO, the Dominican Republic is one of the Latin American and Caribbean countries that will not meet the

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<sup>1</sup> Human Development Report (2007/2008), UNDP.

<sup>2</sup> Investing in Sustainable Development in the Dominican Republic. Millennium Development Goal needs assessment report, Presidential Commission on the Millennium Development Goals and Sustainable Development (COPDES)

Millennium Goals in the field of education owing to its poor quality of education and low adult literacy rates.

As to health, problems related to preventable diseases that affect the most vulnerable sections of society persist. This is due to the poor living conditions in marginal urban and rural areas, where there is little education about health and the environment and very limited access to good-quality basic services, a lack of water, accumulating waste, floods, etc. The poor quality of public health services particularly affects the poor, who are the principal users of public health centres since private medical services are very expensive. There is a national plan to fight AIDS/HIV under a Presidential Commission against HIV/AIDS (COPRESIDA), but national resources are limited, with the majority of funds coming from donors and lenders. Furthermore, there is significant discrimination against HIV-positive women. In terms of social security and the provision of health services, 2007 was a landmark year, with the implementation of family health insurance. Nevertheless, the system is encountering a number of problems and delays in application. The number of scheme members is still low.

In common with other countries in the Caribbean, women account for more than 50% of university students and young professionals. However, their participation in the workforce remains lower than that of men, with an unemployment rate of 26% for women and 9% for men<sup>3</sup>, and women's wages are on average 30% lower than those of men. There is still a lack of representation in government, the legislative chambers and senior positions in the administration. The "glass ceiling" phenomenon definitely seems to exist.

The International Organisation for Migration (IOM) has identified major problems of trafficking in women for the sex industry, often linked with the drugs trade both in the region and in Europe. According to the Committee on the Elimination of Discrimination against Women (CEDAW), the Dominican Republic needs to develop and implement a general poverty-eradication policy that incorporates gender and gives special attention to households supported by women (33%). Improvement initiatives should target eliminating the sexual exploitation of women, stepping up sex and reproductive education, protecting women with HIV and guaranteeing equal opportunities for men and women on the labour market.

Many children (up to 25% in some areas) are not registered, and this has become a difficult and sensitive issue over the last few years because of increasing migration. The children of Haitian immigrants and children without documents suffer from high levels of exclusion by social services and from poor access to their rights. The code for the protection of the fundamental rights of children and adolescents (Law 136/03) aligns Dominican legislation with the UN Convention on Children's Rights, but this has not been translated into the strengthening of administrative, legal and other structures.

The poor quality of public social services is closely linked to the low level of expenditure, the absence of a comprehensive social policy and shortcomings in the management of public spending. Expenditure in the social sector (especially in education – 2.1% of GDP – and health – 1.4% of GDP in 2007) is still well below the Latin American and Caribbean average, and is inefficiently used. On the other hand, the government is prioritising social-assistance programmes for the purchase of food, medicines and school equipment, but these do not solve the country's structural social problems. At the same time, the social programme must facilitate beneficiaries' access to identity documents, the lack of identity documents being a daily problem for the poor.

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<sup>3</sup> CEPAL

## **2. OVERVIEW OF PAST AND ONGOING COOPERATION**

The 2002-2007 Cooperation Strategy Paper was drawn up jointly by the European Commission and the Dominican government, with the active participation of civil society and non-state actors. It was signed in June 2002.

This 9th EDF Strategy Paper lays down the priorities for cooperation and the choice of sectors in which Community support will be concentrated. These two focal sectors are education and water. The National Indicative Programme (NIP) for 2002-2007 was approved with an allocation of € 119 million in A envelope and € 57 million in B envelope (which included an allocation of € 30 million for the SYSMIN programme).

During the **mid-term review** of that strategy, support for the water sector was abandoned because of the slow progress in reforming the legal framework and management of the sector, considered to be prerequisites for the effectiveness and efficiency of Community aid. At the request of the Dominican government, the same amount (€ 53 million) has been allocated to support macroeconomic forms negotiated and agreed with the International Monetary Fund. This programme includes institutional support for public finances (€ 10 million), budgetary support (€ 38 million) and support for regional integration (€ 5 million). A further € 1.8 million were forthcoming from transfers from earlier EDFs. This change means that A's envelope allocation stood at € 120.8 million and that of B envelope was unaltered.

During 2006, the **Country Strategy final review**, which resulted in amendment of the National Indicative Programme (Addendum No 2), approved by the European Commission on 13 June 2007, commenced. The outcome of this review was that it was decided to reduce the funds available under A envelope by € 5 million and those available under B envelope by € 10.5 million. Following this decision, the Dominican Republic's NIP stands at € 122.5 million in A envelope and € 46.5 million in B envelope.

Generally speaking, 2007 was a year of great activity in the cooperation programme. Indeed, the number of payments implemented in 2007 rose to 227, representing a total amount of € 72.5 million. This amounts to a substantial increase as compared with 2006, when the payment total was € 29.2 million.

A total of 102 commitments totalling € 78.2 million were recorded, with 26 secondary-level decommitments amounting to € 14.5 million and the closure of six primary commitments for € 4.5 million.

As regards the outstanding balances of old projects (old RAL), during 2007 these were reduced by € 9.7 million.

### **2.1. Focal Sector: Education (€ 53.7 million under the 9th EDF and € 13.3 million under the 8th EDF)**

#### **(a) Results**

Implementation of the Support Project for Education, Phase I (technical assistance) resulted in the rolling-out of a unit to support educational reform and support for the education-policy planning process.

Under budgetary support (Support Project for Education, Phase II), 2007 saw the release of € 30 million, of which € 10 million correspond to the first disbursement requested in late 2006 and € 20 million to the second disbursement under the programme. The sum of € 4 million was withheld for failure to comply with indicators for the variable portion.

As regards intervention under the 8th EDF, Support programme for vocational technical education (Pro-ETP), some of the equipment was installed at the centres included in the second phase, adaptation works were carried out and work on curriculum development activities and guidelines for the preparation of the ETP Strategic Plan continued.

### **(b) Progress in implementation**

#### Support Project for Education

Phase I. The project to give technical assistance to the Secretariat for Education (9 ACP DO 10, € 3.8 million) began to be implemented with the arrival of three long-term experts: coordination, teaching and budgeting. Other, short-term consultants joined the team in the course of 2007 to cover areas such as the Ten-Year Plan, reorganisation of the State Secretariat for Education, curriculum updating and operational planning. The Secretariat is also implementing the first Annual Work Plan, which basically includes activities such as training and qualifications, furnishings, vehicles and computer equipment.

Phase II. In general, 2007 saw significant progress. Indicators that were only partially complied with or not complied with at all are connected with the Education Board (donor coordination) and certain delays in processes for implementing the EMIS statistical system and the medium-term budget.

The main activities of the Pro-ETP programme were the starting-up and delivery of works and equipment to centres included in the second phase, which involves eleven centres. Delays in preparing calls for tender relating to equipment supply and adaptation works carried out by local contractors required extension of the programme by one year by means of an addendum. Currently, works are continuing apace and equipment is on its way, although it may be necessary to implement a number of addenda to contracts for technical reasons and in order to complete some sites.

Institutional development: there were short-term consultancies for support of DGTP education policies and monitoring the centre-equipment process. Support for the Interinstitutional Committee to develop the Strategic Plan for Vocational Technical Education continued, and actions connected with curriculum review and specialities, relations with other vocational technical education institutions (INFOTEP for non-regulated teaching and Higher Education Ministry), and adoption of the "skills-based teaching" system were finalised.

<b>Figures in € million</b>	<b>Primary commitment</b>	<b>Secondary commitment as at end of 2007</b>	<b>Payments as at end of 2007</b>
<b>ProETP (8 ACP DO 19 &amp;</b>	14.9	13.9 (93%)	10.1 (68%)

<b>9 ACP DO 16)</b>			
<b>Education (9 ACP DO 10)</b>	3.8	2.6 (66%)	1.1 (29%)
<b>Budget support to Education sector (9 ACP DO 18)</b>	48.2	48.2 (100%)	30.0 (62%)

### **2.1.2. Focal Sector: Macroeconomic support (€ 53 million under the 9th EDF)**

Within the context of the 2004 mid-term review, € 53 million were allocated to support macroeconomic reforms agreed with the IMF. This programme includes budgetary support, institutional support for public finances and support for regional integration.

#### **(a) Results**

According to the IMF, the macroeconomic outlook is good. Growth is solid, inflation is under control and the rate of exchange of the Dominican peso is stable. Fiscal measures include a reform to increase revenue and efforts to recapitalise the Central Bank. The public debt is sustainable. The arrangement with the IMF will end on 31 January 2008, after a final ten-month extension.

Public-finance reforms are continuing with the preparation of implementing laws for the treasury, public debt, budget, public procurement, etc. Development of the SIGEF financial management system has continued, including procurement modules and projects with external financing. Despite dialogue in the area of public finances, with the creation of a public finance coordination board in early 2007, and the production of a PEFA report in May 2007, that dialogue requires strengthening. In fact, the PEFA conclusions have not yet been discussed with the Dominican government, which is not totally in agreement with those conclusions. The absence of an action plan to reform public finances is hampering monitoring of the reforms that are being introduced in this field.

#### **(b) Progress in implementation**

The first two fixed disbursements and part of the first variable disbursement have been made within the context of the budgetary support programme to reduce poverty, under the 9th EDF, which began in late 2006 and runs until the end of 2009. The first fixed disbursement (€ 10 million) was made on 30 January 2007, with the second, fixed disbursement (€ 7 million) being made on 6 November 2007. At the same time, part of the first variable disbursement (€ 3.15 million) was paid. To date, not all the indicators allowing for all the variable portion to be disbursed have been complied with, but the financing agreement enables the Dominican

government to carry out a further review of these indicators that have not been complied with and to apply for the remainder of the variable portion. In late December 2007, the Dominican government was expected to review the three as yet outstanding indicators linked to the second variable disbursement, which would complete the latter and add a further € 3.15 million.

The justifications for the disbursements made during 2007 were based principally on regular positive IMF reviews of the Stand-By Agreement and on the progress made in terms of management of public finances. Nevertheless, it ought to be pointed out that the majority of IMF reviews have been approved thanks to exemptions from requirements owing to delays in the implementation of structural reforms.

The result-based view initiated with the current budgetary support programme will have to be strengthened to allow appropriate monitoring of result indicators in areas that are crucial for achieving the Millennium Development Goals (MDGs). The institutional support programme for management of public finances allows for support with implementing the National Statistical Office's strategic plan. This would help to identify suitable poverty-reduction indicators.

Strengthening of these macroeconomic, public-finance and poverty-reduction-policy monitoring processes is necessary and involves the coordination of donors involved in this type of support. The creation of a joint budgetary support group amongst donors would speed up the joint review processes that would be beneficial to implementation of budgetary support.

Implementation of the **Institutional Support Programme for Public Finances (PAIGEP)** started in November 2006 with the appointment of the project's national coordinator and the integration of long-term international technical assistance into four of the beneficiary institutions: the general directorates for the budget, accounts, public procurement and Court of Auditors, plus technical assistance for EDF management and procedures.

The initial General Programme Budget ended in October 2007 and currently the second version is being prepared. Although implementation stands at a low level, measures are being adopted to facilitate implementation not only of the General Programme Budget but also of the programmes for institutions. It is hoped that the incorporation of six technicians into the Programme will make implementation of the Institutional Support Programme for Public Finances easier. Furthermore, it is expected that early 2008 will see similar arrangements signed with other institutions, such as the National Statistical Office, the recently created State Secretariat for Public Administration (the former Staff Administration Office), and the launch of a call for tenders to involve civil society in the Programme by means of account presentation.

As regards the **Support Programme for Regional Integration (ISPRI)**, 2007 saw the start of implementation of this programme and invitations for applications for the post of national coordinator, international technical assistance staff and locally engaged staff. This programme involves the State Secretariat for Foreign Relations, specifically the Trade Negotiations Committee, and will strengthen the Dominican Government's negotiating capacity through technical assistance, training and equipment, and the installation of an implementation unit within said Committee. Moreover, implementation of the EPA will be stepped up with the installation of

an implementation unit within the General Directorate for Foreign Trade of the State Secretariat for Industry and Trade. The latter component will provide support for government institutions involved in implementing the EPA. The initial programme was signed on 21 December 2007 and activities began immediately with appraisals of institutions and a review of the logical framework by means of short-term international technical assistance missions.

The general timetable for implementation of the project has also been prepared:

Figures in € million	Primary commitment	Secondary commitment as at 31/12/07	Payments as at end of 2007
<b>Budgetary support (9 ACP DO 17)</b>	38	37.6 (99%)	20.15 (53%)
<b>Institutional support for public finances (9 ACP DO 11)</b>	10	5.6 (56%)	2.5 (56%)
<b>Institutional support for regional integration (9 ACP DO 14)</b>	5	1.15 (23%)	0.01 (0%)

### **2.1.3. Focal Sector from 9<sup>th</sup> EDF: Social – Support for civil society – PRIL (€ 7 million under the 9th EDF)**

#### **(a) Results**

The First Annual Work Plan (August 2006 to October 2007) was implemented and the Second Annual Work Plan (October 2007 to October 2008) was prepared and has begun to be implemented. The main results have been the organisation of the subsidy fund for institutional development of civil society (FONDESIN) and the creation of the necessary coordination structure within the project's management unit. The first call for tenders in connection with the fund was launched in March 2007, with 27 bids being awarded and with implementation due to begin in 2008.

#### **(b) Progress in implementation**

Implementation of the work plans focused on completing installation of the technical management unit, recruiting initial technical and administrative staff, renting and equipping branch offices, issuing the contracts for the first FONDESIN design consultancies to consultants for OSC appraisals, raising awareness of the programme through meetings with the OSCs and publicising launching of the fund through the media. Training, documentation, awareness-raising and acceptance of the proposals were organised and secretarial support provided for the



evaluation committee. Functioning of the PRIL management committee was defined and initiated and a group of civil-society experts incorporated as programme reference point.

FONDESIN is divided into five budget lines to support OSC institutional development projects individually, "networks" and platforms, dialogue-focused institutional development projects and collaboration with local and central government, etc.

The call for tenders was launched in March 2007, bids opened on 27 April and the successful proposal arrived at the Delegation on 23 August. The selection committee received 64 proposals, 22 of which were rejected on the grounds of administrative defects, which left 42 for the second phase of examination. After that, the subsidies were awarded to 27 successful bidders. The total amount of the contracts awarded in this first call for tenders is € 3 million, and the individual amount of the contracts varies between € 65 000 and € 225 000. The majority of the contracts have been signed and the greater part of the advance funds paid out.

Figures in € million	Primary commitment	Secondary commitment as at end of 2007	Payments as at end of 2007
<b>PRIL (9 ACP DO 09)</b>	7.0	5.5 (79%)	1.6 (23%)

Paragraph 2.5.4 contains information on various initiatives and programmes implemented by non-state actors financed via budget lines.

#### **2.1.4 Focal Sector: Reform of the State (€ 1.25 million under the 9th EDF and € 29.5 million under the 8th EDF)**

##### **(a) Results**

The objective of the Support Programme for Reform and Modernisation of the State (PARME) is to design and implement sectoral and institutional reforms to strengthen democracy and respect for citizens' rights and to improve the management of the civil service.

In 2007, two of the three programme components were completed: the justice component in June 2007 and the civil service component in December 2007. The decentralisation component will be implemented up to the ultimate completion date for the programme (30 June 2008).

##### **(b) Progress in implementation**

Generally, the reform of the justice system has chalked up significant successes in all areas. From a regulatory point of view, the first step towards a law on administrative disputes was the approval by Parliament of the transitional law on judicial review of the administrative activities of the State. However, the most important step, the submission of the draft law by the executive power, has not yet been taken. To defend the rights and freedoms of citizens, the regional justice and citizenship councils have been supported and strengthened as a way in which to increase popular participation in justice reforms and improve access to justice. The National Office for

Care of Victims has already been strengthened. The new prison system compatible with human rights, which was developed with the project's support, has been introduced in a further six centres, bringing the number of reformed centres to ten. Despite the support given via the PARME programme for appointing an Ombudsman, this has not yet happened. The construction of the children's centre in Santiago has been completed and management handbooks for children's centres have been drawn up, the centre's director has been appointed and, when the year ended, there was a tentative list of the children to be transferred to it. The centre will begin operation in 2008.

Regulation of the public administration: in December 2007 Parliament approved the law on the civil service, which sets up the State Secretariat for the Civil Service and constitutes an attempt to correct the shortcomings and deficiencies in Law 14/91 on the civil service and the administration. The preliminary draft of the basic law on the public administration civil service has been prepared, but will have to be reviewed in light of the constitutional reforms submitted to the executive and yet to be approved. Support for the National Office for the Civil Service bore significant fruit in 2007, with the completion of the question/answer databank for the examinations to enter the civil service and initiation of consultations regarding installation of the software, and with comprehensive training in CAF methodology and awarding of the National Quality Prize for 2007. The support given to INCAT (now the CAPGEFI – Centre for Policy and Fiscal Management Training) concluded with the physical installations of the centre completely refurbished. Support for new institutions, such as the Secretariat for Foreign Relations (SEREX), General Archives of the Nation (AGN) and Institute of Innovation in Biotechnology and Industry (IIBI) were concluded with the reengineering and automation of processes in those institutions.

The flanking fund to help implement decentralisation continues to be fully operational. Of the 110 proposals from local councils, 60 were ultimately selected – 55 to be financed with EDF funds and five with government funds. Institutional capacity-building projects (5) received a significant boost in 2007, all but one of them having been concluded (support for environmental assessment, the municipal environment-management system, the municipal environmental-management units and the MANCOMUDES local planning project). Works projects are being implemented, although with a few delays. The passage of Tropical Storms Noel and Olga directly affected two of the projects (the cocoa projects at San Cristóbal and Polo in Barahona) – and the other projects more indirectly. Five projects were completed in 2007. All the works projects have institutional and social components as well.

During 2007, the decentralisation component continued with support for town councils in connection with specific issues, such as the installation and maintenance of SIFMUN (municipal finances system), with the preparation of municipal development plans. Still in the field of decentralisation, 2007 was marked by regulatory success in the form of approval of Law 176/07 on the national district and municipalities. This law marks a new step in the process of decentralisation in the Dominican Republic.

Figures in € million	Primary commitment	Secondary commitment as at end of 2007	Payment as at end of 2007
<b>PARME (8 ACP DO 14 &amp; 8 ACP TPS 57 &amp; 9 ACP DO 19)</b>	30.75	29.2 (95%)	22.9 (74.5%)

## **2.2. Projects and programmes outside focal sectors ( 8<sup>th</sup> and 9<sup>th</sup> EDF)**

**Support Programme for the Office of the National Authorising Officer (€ 0.8 million):** This programme was completed in August 2007 after three years of implementation. Its most marked successes were: the commissioning of the ONFED internal network, Internet and intranet; the strengthening of technical departments via training connected with cooperation; training for companies involved in bidding procedures; training of ONFED staff on various courses, seminars and graduate programmes; design of an Approval-Circuit and Project-Management-Procedures Manual; the creation of the documentation centre and archives and physical refurbishment, allowing work to be carried out under improved conditions.

**Technical Cooperation Facility (€ 2.9 million):** During 2007, this facility contributed to better implementation of cooperation programmes under the 9th EDF and the identification of programmes under the 10th EDF. Specifically, during 2007 technical assistance was financed to support tender processes and evaluation of infrastructure projects (reconstruction of schools in the east and construction of the market in Dajabón, this latter project financed under the Regional Indicative Programme and Haitian NIP). The facility was also used to finance the first performance report on public-finance management in the country (PEFA – Public Expenditure and Finance Accountability). As far as the identification of new programmes is concerned, finance was provided for the task of identifying a competitive sectoral support programme. Lastly, certain high-profile activities were made possible by virtue of this instrument: specifically, an exhibition to commemorate the 50th anniversary of the Treaty of Rome, which consisted of information boards on the EU Treaty and EU capital cities. This facility was managed under specific agreements and direct administrative management via a programme budget. The most recent programme budget, which ends in May 2008, was signed in May 2007, and it is expected that this programme budget will be extended until 31 October 2008.

**Support Project for Small Businesses – PROEMPRESA (€ 9.8 million):** The resources of the Bond System for Development of Business Services were used up in 2007, with the Central Agency having placed 34 208 bonds, of which 17 556 related to technical assistance and 16 652 to training. The total value of the bonds placed was DOP 87 780 294.00. The system is considered sustainable thanks to the role and active interest of INFOTEP. Specific agreements have been signed with employers' associations to implement the components to promote business associations and a propitious business environment.

In the course of 2007, it was possible to implement the specific agreement with the National Competitiveness Board, which has fully adopted PROEMPRESA methodology and demonstrated

growing interest in Collective Efficiency Groups. Within the context of this efficiency group, there have been two major training courses: that for collective efficiency group leaders, which involve 44 professionals from different areas; and that for training leaders of "clusters", involving 36 professionals. Furthermore, work was performed on production-chain strategies with the Dominican Export and Investment Centre, and nine one-off projects were financed with different clusters.

A further significant result has been research in the sectors of handicrafts, export promotion, the impact of opening up trade in the paper industry, and printing. This will allow better planning and promotion of policies and also knowledge of the logic involved in doing business in these economic sub-sectors.

Other PROEMPRESA successes include the launch of the Small-Business Consultation Boards, which has been highly successful and garnered the support of various small-business sectors. The process will culminate in March 2008 with the delivery of the National Small-Business Strategic Plan.

### **Reconstruction of Schools in the Eastern Region of the Dominican Republic – Phase 2 (€ 1.96 million):**

In June 2007, € 0.9 million were allocated to construction works for 19 out of the 26 schools envisaged under the four works-contract packages. Signature of the works contract for the first package is still pending. Addenda were presented for the respective contracts for packages 2, 3 and 4 to expand the budget owing to complementary and additional works and to extend the implementation periods owing to delays in the works caused by the passage of Tropical Storms Noel and Olga.

A rider is to be proposed in connection with the financing agreement, in order to extend the operational period by some six months, thereby ensuring that the works are completed within the period laid down.

### **Microprojects Programme II (€ 7 million):**

PMR-II has endeavoured to support the Dominican government in increasing access to basic socio-economic services for the most underprivileged/poor communities in the border region. The programme has committed € 6.9 million of the programme's total of € 7 million owing to the conclusion of 24 microprojects, six aqueducts, seven schools and seven productive infrastructures, plus the reconstruction of six bridges and culverts that could not be completed by the end of 2006 and envisaged in the 2006-2007 budget programme. Financing is also being provided for rural clinics, community centres, sports fields, risk-preventive works and ecological projects.

Some 13 projects have been approved for implementation and are on the drawing board, and an extension of one additional month has been requested for the most recent budget programme (2007-2008), which was signed in October, in order to complete the scheduled works. Payment of the first prefinancing instalment of this budget programme was made on 12 December.

Figures in € million	Primary commitment	Secondary commitment as at end of 2007	Payments as at end of 2007
<b>Support for NAO (9 ACP DO 01)</b>	0.8	0.78 (97.5%)	0.46 (57.5%)
<b>Technical Cooperation Facility (9 ACP DO 08)</b>	2.9	2.37 (81.7%)	1.37 (47.2%)
<b>PROEMPRESA (8 ACP DO 22)</b>	9.8	8.08 (82.5%)	4.45 (45.5%)
<b>Schools in the east (9 ACP DO 013)</b>	1.96	0.86 (43.88%)	0.23 (11.73%)
<b>PMR II (8 ACP DO 27)</b>	7	6.96 (99.43%)	5.05 (72.14%)

#### **2.4. Use of the B envelope**

In September 2004, Hurricane Jeanne hit the country, causing serious damage and injury to people, economic activities, the natural environment and infrastructures. In terms of land communication infrastructures, the passage of Hurricane Jeanne brought about the collapse of bridges, and landslides led to the complete isolation of some parts of the country, while in others communications were badly affected. In view of the emergency situation and at the request of the Dominican government, the EC decided to allocate aid of € 10 million for the reconstruction of road infrastructure and the drawing-up of a programme of disaster preparedness and prevention (€ 6.5 million).

#### **Reconstruction of roads and bridges (€ 10 million, 9 ACP DO 20)**

After the attack of Hurricane Jeanne in September 2004, some roads and bridges of the northernmost cities in the country were mainly hit, affecting the most deprived communities in that zone. The final report from the government with the total impact of this phenomenon could not be accurately estimated; therefore a FWC was launched to identify the actual damages of the road infrastructure of that zone. The mission started in February 2005 and the first draft was received in April the same year. The final report was finally sent to this delegation on June 2005.

At this point, the possibility to use the funds of the B envelope was been considered. In December 2006, a new FP was sent to the NAO'S office for revision and further comments and in March 2007, this FP was sent to Brussels for approval. In September 2007, the Financial Agreement was signed and returned to our office. In November 2007, the call for tenders (7 lots) was launched. Most of the contracts are now awarded and in preparation for signature. The services contract for the control and supervision of the works was signed in the past July 2008. We expect the expert head of this mission the 18 of august.

#### **Disaster preparedness programme (€ 6.5 million) implemented by UNDP**

This programme was linked to DG ECHO's emergency response to Hurricane Jeanne in 2004 and its preparation was closely based on Disaster Preparedness work done by ECHO in the 5<sup>th</sup>

DIPECHO Action Plan in the Caribbean ( 2005-07) This programme continues to focus on risk prevention and monitoring of resources available to assist when natural disasters strike and is forging ahead with activities that include the identification, compilation and updating of existing data, the consultation of sources involved in the main areas of interest such as, for example, health, infrastructures and education, in order to draw up the preparedness plan for handling any natural disasters that might affect the Dominican Republic. The programme is set to run for three (3) years, since an addendum to the financing agreement was approved, which amended the programme's implementation period. This programme is an excellent example of "LRRD" in this field and was planned in coordination with ECHO's DIPECHO partners, especially UNDP and Red Cross.

Figures in € million	Primary commitment	Secondary commitment as at end of 2007	Payments as at end of 2007
<b>Disaster preparedness (9 ACP DO 15)</b>	6.5	6.21 (95.5%)	3.09 (47.5%)
<b>Road infrastructure rehabilitation (9 ACP DO 20)</b>	10	0	0

## **2.5. Other instruments**

### **2.5.1. SYSMIN**

The SYSMIN II programme (9 ACP DO 006) is a support programme for the Dominican Republic's important mining sector (bauxite, gold, silver, nickel, etc.). The programme has received € 30 million under the 9th EDF, lasts for five years and focuses on activities in three areas: (i) institutional capacity building and provision of geoscientific data; (ii) environmental remediation measures for the Pueblo Viejo mine; and (iii) support for non-industrial mining.

The decision was taken in 2006 to reformulate SYSMIN II, approval being given to a budgetary reallocation of the financial component in the wake of an internal revamp to strengthen the "support for non-industrial mining" and "geothematic cartography" projects and decommitting € 10 million linked basically to environmental remediation for the Rosario mine, exploitation of which did not actually take place in 2006 because the new concessionaires had not come to a decision regarding the scope and details of that project. The total amount authorised and available for the programme therefore increased to € 20 million.

Figures in € million	Primary commitment	Secondary commitment as at end of 2007	Payment as at end of 2007
<b>SYSMIN II (9 ACP DO 06)</b>	19.98	16.02 (80.18%)	4.85 (24.27%)

### **2.5.2. Regional cooperation**

The European Commission's support for regional cooperation under the 9th EDF aimed at stepping up regional integration and helping ACP countries move towards a bigger, unified Caribbean market with the gradual removal of barriers to trade, cross-border payments and investments, freedom of movement for persons, goods and services, the completion of the

legislative, regulatory and macroeconomic framework and the strengthening of institutions to bind these elements together. The second focal sector of the programme is improvement of disaster preparedness and prevention, with the aim of managing and reducing the region's vulnerability to natural disasters.

Under the 9th EDF, the allocation for regional projects in the Caribbean is € 101.8 million. In 2007, what is called the "Caribbean Integration Support Programme" continued to be implemented, being designed to bring about more efficient implementation of CRIP resources. The principal areas of CISP intervention include: support for the CSME; support for the EPA negotiations, which were satisfactorily concluded in December 2007; support for the Caribbean Institute of Information and Translation; support for the production of statistics in the Caribbean; and support for the information society. The CISP has allocated funds to strengthen the Dominican Republic's relations with CARICOM and Haiti. One of the main problems for regional cooperation in the Dominican Republic has traditionally been the technical difficulties because of language, between the NAO and the regional authority, the General Secretary of CARIFORUM. Work began in the course of 2007 on linking up/implementing integration of the CARIFORUM Secretariat, with the appointment of a high-level Dominican official as Assistant General Secretary of CARIFORUM and another (female) official within the CARICOM structure.

Five studies were conducted during 2007 in connection with implementation of the EPA. Said studies, which are the result of RPTF work, are being converted into financing proposals for approval by the EDF, with subsequent implementation.

A key regional cooperation issue for the Dominican Republic is its role in relations with Haiti. Under the CISP, resources have been allocated to strengthen relations between the two nations and to resolve commercial, phytosanitary, environmental and other problems. At present, efforts focus on the resumption of work by the Bilateral Joint Committee.

### **Economic development project in the northern corridor of the Island of Hispaniola**

May 2007 saw the initial implementation of works scheduled for the construction of the Dajabón customs and market. The project, which, according to original estimates, was to cost € 3.8 million, will have to be increased by 20% if it is to be possible to complete certain activities that, by mutual agreement between the parties, have been reformulated and redistributed. Of the € 3.8 million committed, € 0.5 million have already been placed and paid out. There have been a number of delays in implementing the works owing to unanticipated situations at the worksite. Furthermore, there have been a variety of coordination problems amongst stakeholders involved in the projects, and these have hindered work progress.

### **Cross-border environmental project – PMT (€ 2.5 million under the 9th Regional EDF)**

The first programme budget/start-up plan was signed in December 2007. The project is being implemented via two management units, one on either side of the border, and each led by a national director together with a local technical team. At present, the programme is slow to get going, principally owing to a lack of knowledge of EDF procedures on the part of those

responsible for the management unit. Although signature took place in December 2007, the financial component was signed in October 2006, for a term of three years. A period of some months has therefore been lost in terms of procurement and implementation and the number and duration of the scheduled activities will have to be reduced. It is of paramount importance that those activities should be consistent on both sides of the border and the two national teams should therefore coordinate fully, given the fact that "bilateral national exchange" is the very essence of the programme. Periodic international technical assistance is envisaged and is at the tendering stage in Haiti.

### **2.5.3. Intra-ACP cooperation**

#### **1 Water Facility – 1st call**

The project entitled "Community Management for the Sustainable Supply of Water and Sanitation in 63 Poor Communities of the Dominican Republic" (ASSAS) awarded to World Vision and valued at € 4.9 million is already one year into its term and of the objectives originally envisaged only 7% could not be completed, for unforeseen reasons. The programme is going fairly well.

2nd call – In December 2007, the Delegation closed the contracting process for the two proposals that had been provisionally selected for funding: "Water culture against poverty", proposed by the National Institute for Water Resources (at a total cost of € 2.5 million, with an EC contribution of € 1.9 million); and "Improving water and environmental sanitation conditions in the marginal neighbourhood of Juana Saltitopa, Los Alcarrizos municipality, Santo Domingo", proposed by the Dominican Institute for Integrated Development and totalling € 0.7 million, with an EC contribution of € 0.5 million. To date, a total of € 2.4 million has been committed.

#### **2 Energy Facility – 1st call**

December saw the signing of four funding contracts resulting from the evaluation carried out as part of this first call (a committed total to date of € 7.3 million).

The successful bidder companies for these contracts are: IDDI (Dominican Institute for Integrated Development) for a sum of € 0.8 million; EDEESTE (Eastern Electricity Distribution Companies), for an amount of € 1.4 million; UNDP (United Nations Development Programme), for an amount of € 2.5 million; and DEAH Techno Consortium, for an amount of € 2.6 million.

**Enterprise Development Centre:** CDE activities during 2007 were pulled back owing to internal problems at the centre. The appointment of a new regional director in late 2007 suggests that this agency's work will recommence in early 2008. CDE is also the PROINVEST programme implementing agency.



#### **2.5.4. Budget lines**

In 2007, the devolution of management of budget lines for actions cofinanced with NGOs in the Dominican Republic continued.

With this, the overall portfolio of budget lines managed in the Dominican Republic by this Delegation covers the following: cofinancing of NGOs; democracy/human rights; health; and tropical forests.

The actions carried out in the Dominican Republic under these budget lines cover many areas of intervention: rural and socio-economic development, civil society capacity building, natural resources, sexual and reproductive health, gender and education. In geographical terms, there is also a fair degree of distribution of projects in a variety of areas of the country: Cibao, Monseñor Novel, marginal neighbourhoods of Santo Domingo and Santiago, Hato Mayor, Independencia, Santiago Rodríguez, Montecristi and San Cristóbal.

Overall, the implementation of the budget-line projects is still progressing well.

#### **2.5.5. ECHO**

Under the 5th DIPECHO programme, 2007 saw the completion of two projects implemented through the Spanish Red Cross and Intermón-Oxfam. The Intermón-Oxfam project, implemented with the local partner IDDI, made it possible to reduce the vulnerability of five neighbourhoods in Santo Domingo. The Commission contribution to this project was € 400 000. The Spanish Red Cross project, implemented with the local partner the Dominican Red Cross, was implemented in over 100 vulnerable communities in Bajo Yuna (in the provinces of Duarte, Sánchez Ramírez; Monseñor Novel), especially by means of the formation of community emergency and mitigation works committees.

Under the 6th DIPECHO programme, work commenced on three community disaster preparedness projects in the most vulnerable areas of the country in late 2007, with a total contribution of € 903 804.

In the wake of Tropical Storms Noel (which led to the deaths of approximately 85 people in the Dominican Republic) and Olga, ECHO approved and mobilised emergency aid to the country amounting to € 2.9 million, targeting clean-up and epidemic-prevention work in particular.

#### **2.5.6. European Investment Bank (EIB)**

During 2007, the European Investment Bank continued its support to the financial sector and more specifically to local microfinance institutions. The two loans in local currency signed in December 2006 with Banco ADEMI and Banco ADOPEM to support micro, small and medium sized enterprises were disbursed in 2007. A further capital investment in Banco ADEMI's capital was signed to maintain the EIB's participation in the institution after a capital increase. A special effort was also put to reactivate two lines of credit previously opened with three local banks to support larger local companies.

A mission took place in March 2007 with an in-house expert in renewable energy to explore opportunities in this sector which is considered to be key for the country's development. Work on identified projects has been postponed due to the delays in the approval of both the local Law for Renewable energies and its implementing Ruling. The projects are expected to move ahead in 2008 once the local regulatory framework has been established.

The EIB has also supported the tourism sector through a hotel project in Macao ( Westin Rokoki). An EIB subordinated loan was disbursed in 2007 to support the hotel construction

A representative from the Office of the Authorising Officer took part in May 2007, in the inauguration of the EIB regional office in the Caribbean, on the island of Martinique.

The Delegation confirmed good working contacts with the EIB.

### **3. DEVELOPMENT CONSISTENCY POLICY**

Two of the EU's twelve policy areas are highly relevant to the Dominican Republic, namely those of trade and agriculture. It can therefore be stated that the approach adopted in both areas is consistent with development policy in the country and fall within the context of actions supported by the EC not only at NIP level but also in terms of Dominican Republic involvement in the RIP. At an NIP level, therefore, actions aimed at promoting trade between the Dominican Republic and its counterparts in CARIFORUM are being implemented via the ISPRI programme (9 ACP DO 014). Although, at first glance, this programme might appear to be simply an institutional capacity-building programme for governmental organisations responsible for promoting trade, it does contain elements that will facilitate implementation of the recently approved EPA and of the CARICON-DR FTA. Actions forming part of this programme are intended to strengthen the capacities of the Secretariats for Agriculture, Industry & Trade and Public Health in order to ensure that agricultural produce complies with top-level health and phytosanitary standards and with toxicity requirements for products of vegetable and animal origin. They are also aimed at harmonising Dominican customs regulations with those of its CARICOM partners. All this is to ensure that Dominican agricultural produce and other goods have an assured market not only within the region but also in Europe, thereby guaranteeing sources of employment and fiscal revenue. Further support will come from implementation of the EPA, which will continue under the 10th EDF since € 37 million have been allocated to support competitiveness in the CSP/NIP.

### **4. EU STRATEGY IN THE CARIBBEAN**

Regional strategy for the Caribbean takes into consideration recent political events that point to stability in the region, including the process of restoring democracy and stability to Haiti. Also borne in mind is the current economic situation and current trends in that situation. More specifically, the aim is to assist the ACP countries in the Caribbean in their efforts at economic diversification to help them become less dependent on just a few export products. This help is provided through support for regional integration and cooperation designed to develop competitiveness and through promotion of the region's gradual incorporation into the global

economy. Further objectives of the EU in the Caribbean involve tackling the issues of physical and social vulnerability that can have a negative effect on economic and social development.

Strategy focuses on supporting economic integration & cooperation and capacity-building with a view to implementing the EPA, not only through trade between Europe and the Caribbean, but also through the development of an intra-regional trade dynamic. To that end, funds have been earmarked for the regional indicative programme that amount to € 33 million + 30% of the € 132 million of the RIP (€ 39.6 million). The total figure is € 72.6 million for supporting implementation of the EPA.

Given cultural and language reasons, it is desirable to improve relations between Dominican Republic and Latino America. Dominican Republic has interest in benefit from financing on Latinoamerican programmes ( such as euro social). This possibility ought to be explored in the future.

## **5. DONOR COORDINATION AND HARMONISATION**

Donor coordination during 2007 was based mainly on regular meetings between the donor community as a whole and between the European Commission and the Member States (MSs) convened by the EC Delegation and the MS occupying the local EU presidency or acting in that role.

MS representations generally meet at ambassador level (including the EC Head of Delegation) to coordinate their political agenda, including cooperation and visibility. The EC Delegation also invites the MSs to participate in regular exchanges of points of view on cooperation strategies and implementation, and on specific programmes on an ad-hoc basis. In the course of 2007, there were a number of meetings to present and to discuss the new 2008-2013 Country Strategy Paper. Furthermore, there were also several specific meetings on the governance incentive portion. The meetings also made it possible to keep the MSs regularly informed of progress in negotiations on the EPA for the Caribbean region. Ad-hoc meetings have also been held on the Code of Conduct, including two meetings on its presentation and the discussion of enhanced sector-based coordination mechanisms. All the MSs were in favour of setting up this Code, although it was concluded that in view of the small number of MSs represented in the country (ES, DE, FR, IT, NL) and the *de facto* distribution of tasks amongst them, application of the Code would not involve major changes. Nevertheless, it was stressed that stronger coordination mechanisms were needed for the environment sector given that only three MSs are involved in it (DE, ES, FR).

Regarding coordination between donors overall, a general donor coordination meeting is organised monthly at the premises of World Bank to discuss matters of general interest such as the continuation of the arrangement with the IMF, the crisis in the energy sector and issues arising from the general programming of the poverty-reduction strategy. This group is complemented by a number of groups in the sector, and one of the donors is chosen as lead donor. The current sectors are education, health, justice, transparency & anti-corruption, decentralisation, gender, rural development & food security, management of natural resources & disaster prevention, public finances and competitiveness. Spain is acting as leader of the decentralisation and gender groups, Germany is the lead for natural resources, while the EU is coordinating public finance aspects and competitiveness.

Coordination discussions are limited largely to an exchange of information and do not constitute genuine coordination forums where donors adopt common positions or guidelines. This limitation on donor coordination is caused by a lack of government ability effectively to coordinate donors and an absence of clear-cut sectoral policies. The fact that there is no national development plan has been signalled on numerous occasions as the main obstacle to achieving improved donor coordination and harmonisation with the government. The State Secretariat for International Cooperation (SECI) is in the process of drawing up such a plan, which is expected to be published in 2008. The principal donors (World Bank, Inter-American Development Bank, UNDP and EC) support the Spanish cooperation proposal and are pushing for 2008 to see the completion of a joint study to identify specific measures aimed at improving implementation of the Paris Declaration via more effective inter-donor coordination.

## **6. LOCAL DIALOGUE WITH LOCAL AUTHORITIES, NON-STATE ACTORS AND PARLIAMENT**

Relations between the European Commission Delegation and the Office of the National Authorising Officer are very fluid. The change in focus of EC cooperation and its move to general and sectoral budget support increase the need for fluid political dialogue. However, specific dialogue is required, also, in essential areas such as poverty alleviation, macroeconomic policy, economic governance and management of public finances. The entry into force of an EPA with the region is a further reason to develop a culture of detailed dialogue with the government.

The political dialogue with the Dominican authorities continues to be weak and ought to be better structured and planned. During 2007, the EC initiated a strategy of strengthening this dialogue, and at a meeting of MS heads of mission the EC presented its views on the need to strengthen this dialogue, which all ambassadors received very favourably. A first joint meeting (of the Troika) has been held with the Secretary for the Economy, Planning & Development, Mr Temístocles Montás. At that meeting, the Secretary of State described himself as being in favour of more and improved dialogue. The specific terms of such dialogue and the topics to be discussed will be defined at subsequent meetings.

It should be noted that political dialogue is problematic owing to the division of responsibilities in terms of coordinating international cooperation between the various government agencies (ONFED, SEPYD), which places restrictions on flows of information and consistency of external global cooperation. However, the law creating the Secretariat for Planning and Development is preparing to combine with the Office of the National Authorising Officer. This move, expected in the second half of 2008, will facilitate political dialogue.

On a more general level, it ought to be pointed out that institutional dialogue among government representatives and all the donors is not very developed and most donors consult one another without a government presence. The government has not acted with sufficient consistency to create sectoral or general forums for discussions on policy with one or more donors. Only competitiveness and public finance can be considered to be issues genuinely discussed in the course of sectoral dialogue with the government, however the frequency of such discussions falls short of the ideal. More efforts are needed to make the government aware that political dialogue, especially with the EU, is currently not effective enough and that it deserves more attention and prominence.

Dialogue with civil society does indeed exist, although it is usually restricted to programming exercises. This situation has notably improved with the launch of the PRIL programme in support of Dominican civil society, opening up more direct and more frequent discussion forums. Likewise, discussion and cooperation forums are also being opened up in connection with the public finance programme concerning issues of public finance and monitoring of the budget (presentation of accounts).

Relations with Parliament are practically non-existent at present. Nevertheless, given Parliament's importance in the overall context of budget support and strengthening of the political dialogue, specific support for that institution in 2008 is envisaged in the form of the public-finance management project. Support will focus on increasing Parliament's capacity to present the national budget accounts. In addition, the Parliament will be consulted for the first time regarding the present Joint Annual Report.

## **8. CONCLUSIONS**

The year 2007 has been noticeable for its **economic prosperity**. A careful economic policy under the agreement with the IMF (executed since 2005 and finalized in January 2008) has managed to maintain the macroeconomic stability and a pattern of relatively high and stable growth with one digit figures of inflation.

Nevertheless, in spite of these levels of growth, the country has not been able to translate this prosperity in an improvement of the quality of life of its needy and vulnerable population. **The social policies applied have been insufficient** and deficiently executed, in general terms. The expenses in the Social Sector (especially in education is 2.1% of the GDP, when the law establishes a 4% and 1.4% of the GDP in health during 2007) are sustained extremely below the averages of Latin America and the Caribbean and noted for their inefficiency. On the contrary, the government prioritizes the programs of social assistance that allow the purchase of food, medicines or school supplies and that do not resolve the structural social problems of the country. The programs of general budget support and sectorial of education include as performance measurement indicators the improvement of the levels of budgetary endowment and budgetary execution. These programs should be an impulse for the development in social terms. For its importance in terms of poverty reduction in the country, the issue of social investment should be without doubt part of the issues to recall in the framework of a political dialogue that for next year should be more deep and structured. The strengthening of the political dialogue will translate in a greater impact of the budgetary support programs and in general of all the European Commission cooperation.

The **institutional weakness** constitutes another important deficiency in country. During 2007 certain advances have been accomplished (initiation of the social security system, approval of the Public Procurement Law and the commencement of their implementation), nevertheless essential reforms like the appointment of the Ombudsman, the reform of the political parties, the implementation of a system of civil career or the full implementation of a transparent and public system of public purchase are still pending.

Regarding the European Cooperation, the year 2007 has been a year with a good execution rhythm of the programs (level of payments was more than double than in 2006). New programs have not been initiated as the cooperation has concentrated on the execution of programs in

progress. The programs of budget support (general and education) have had a relatively high level of compliance of the indicators (85% both for general and education budget support).

During the last months of the year an identification of the programs of the 10<sup>th</sup> EDF has initiated, specifically of the program of competitiveness and the new technical cooperation facility.

The cooperation with non-state actors has been reactivated this year thanks to the program of support to local initiatives which seeks to strengthen the capacities of the civil society.

**Annexes to the 2007 Joint Annual Report**  
**Dominican Republic**

**1) General annexes**

"Country at a glance"

- A. Macroeconomic indicators
- B. Millennium Developments Goal Indicators

**2) Retrospective annexes: financial situation**

- A. Financial situation under the 9th and previous EDFs (at closure of the 2007 financial year)- in a separate excel file
- B. Focal sectors for 9th EDF commitments-in a separate excel file
- C. EIB
- D. Budget lines

**3) Forward-looking annexes**

- A. Indicative table of disbursements for the 9th EDF and previous EDFs (disbursements as of 2008)-in a separate excel file

**4) Annexes relating to effectiveness of aid**

- A. Questionnaire on effectiveness of EAMR aid
- B. Donor matrix: current and future financial support by intervention sector-in a separate excel file

## 1. General Annexes - Country at a glance

### A. Macro-economic indicators

		2003	2004	2005	2006	2007	2008
<b>Basic data</b>							
1	Population (in 1000) (1)	8,700	8,900	9,000	9,195*	9,361*	
	- annual change in % (2)		2.22%	1.11%	2.17%*	1.81%*	
2a	Real GDP (in millions US\$) (1)	20,277.5	21,817.4	33,808.0	35,890.8*	41,245.9*	
2b	Real GDP per capita (USD) (1)	2,326.3	2,458	3,742.8	3,903.2*	4,406.4*	
2c	- annual change in %(1)	-20.3%	5.7%	52.2%	4.3%*	12.9%*	
3	Real GDP (annual change in %) (1)	-18.8%	7.6%	55.0%	6.2%*	14.9%*	
4	Gross fixed capital formation (in % of GDP) (2)	14.78%	14.75%	16.37%	18.27%		
<b>International transactions</b>							
5	Exports of goods and services (in % of GDP) (1)	27%	27.2%	18.1%	18%*	17.54%*	
	- of which the most important: free trade areas (in % of GDP)	21.73%	21.47%	14.05%	13.04%	11.06%	
6	Trade balance (in % of GDP) (1)	-10.63%	-8.95%	-11.02%	-15.5%*	-15.94%*	
7	Current account balance (millions USD) (1)	1,036.2	1,041.15	-473.0	-1,261.8*	-2,230.8*	
8	Net inflows of foreign direct investment (millions US\$) (1)	613.0	909.1	1,022.7*	1,459.3*	1,698.0*	
9	External debt in million US\$ (1)	5,971.43	6,332.02				
	External debt (in % GDP) (1)	29.45%	29.02%				
10	Service of external debt (in % of exports of goods and non-factor services)						
11	Foreign exchange reserves (1)		602.2	1,519.7	1,787.8	2,394.9	2,328.4**
<b>Government</b>							



12	Revenues (in millions US\$) (1)	2,759.34	3,083.46	5,315.33*	5,790.68*	7,308.54*	
	Revenues (in % of GDP) (1)	13.6%	14.13%	15.72%*	16.13%*	17.72%*	
	- of which: grants (in % of GDP)	0.16%	0.22%	0.26%*	0.28%*	0.43%*	
13	Expenditure (in % of GDP) (1)	12%	14.68%	15.85%*	16.06%*	17.15%*	
	- of which: capital expenditure (in % of GDP)	2.76%	2.97%	3.86%*	3.26%*	4.22%*	
14a	Deficit (in % of GDP) including grants (1)	1.12%	-0.54%	-0.14%*	0.06%*	0.57%*	
14b	Deficit (in % of GDP) excluding grants (1)	0.96%	-0.76%	-0.39%*	-0.22%*	0.14%*	
15	Debt (in % of GDP) (2)					20.6%	
	- of which: external (in % of total public debt)	29.2%			20.2%	18.3%	
<b>Other</b>							
16	Consumer price inflation (annual average change in %)(1)	42.7%	28.7%	7.4%	5.0%	8.8%	5.8%**
17	Interest rate (for money, annual rate in %)	26.4%	23.1%	11.9%	8.3%	7.4%	
18	Exchange rate (annual average of national currency per 1 €)(1)	31.6	48.8	35.69	40.55	44.16	48.52
19	Unemployment (in % of labour force, ILO definition) (1)	16.7%	18.4%	17.9%	16.2%	15.6%	
20	Employment in agriculture & GANADERIA (in % of total employment) (2)	13.74%	14.83%	14.58%	14.94%	14.51%	

**Anexo 1 B – MDG indicators**

Typ	Indicator	1990	2000	2004	2005
Impact	1. Proportion of population living on less than USD 1 per day <sup>4</sup>	4		2.8	3
	2. Prevalence of underweight children (under-five years of age)		5	5.3	
	3. Under-five mortality rate	65	40		31
Outputs	4. Net enrolment ratio in primary education		86	93	89.5
	5. Primary Completion Rate		77.9	82.9	91.8
	6. Ratio of girls to boys in: - primary education- secondary education- tertiary education		108	114	111
	7. Proportion of births attended by skilled medical personnel		97.6	98.7	
	8. Proportion of one-year-old children immunised against measles	96	88	79	99
	9. HIV prevalence among 15- to 24-year-old pregnant women				
	10. Proportion of population with sustainable access to an improved water source	84		95	

REPUBLIQUE DOMINICAINE

SFC/DZ

**Anexo 2. A. Situacion Financiera 9º y anteriores FED (situacion a 31 Diciembre 2007)**

Exécution des 7ème,8ème et 9ème FED de 1992 à 2007

**ENGAGEMENTS GLOBAUX**

Année	LOME 7è & 8è FED	Cotonou 9è FED / A	Cotonou 9è FED / B	Bonifications d'intérêts	Aides d'urgence	Capitaux à risques	Produits miniers	FAS	Coopération régionale	TOTAL / année
1992	33.456.000							13.500.000		46.956.000
1993	16.376.000					3.000.000	23.010.000	9.500.000		51.886.000
1994	2.940.000									2.940.000
1995	4.307.373					23.000.000	-1.058	-6.695		27.299.620
1996	20.320.554			1.130.000						21.450.554
1997	1.951.005							-214.357	1.965.000	3.701.647
1998	15.699.897			30.754		7.000.000				22.730.651
1999	41.833.882			200.000	177.000	8.979.635		4.565.000		55.755.517
2000	46.594.437			1.260.000		-767.765	483.000		213.000	47.782.672
2001	2.470.956			1.120.955		15.000.000			-29	18.591.881
2002	7.243.341			4.149.996	-2.515					11.390.822
2003		1.174.306		3.440.000						4.614.306
2004	-75.951	2.900.000	30.000.000	-1.124.518						31.699.531
2005	-6.715.308	20.732.343					-138.578			13.878.457
2006	-3.944.547	97.610.000	6.500.000	-207.615			-3.399.428		-98.815	96.459.595
2007	-2.832.093	-412.990	-21.614						9.373.045	6.106.348
<b>TOTAL / instrument</b>	<b>179.625.546</b>	<b>122.003.659</b>	<b>36.478.386</b>	<b>9.999.572</b>	<b>174.485</b>	<b>56.211.870</b>	<b>19.953.936</b>	<b>22.778.948</b>	<b>16.017.200</b>	<b>463.243.602</b>

**ENGAGEMENTS INDIVIDUELS**

Année	LOME 7è & 8è FED	Cotonou 9è FED / A	Cotonou 9è FED / B	Bonifications d'intérêts	Aides d'urgence	Capitaux à risques	Produits miniers	FAS	Coopération régionale	TOTAL / année
1992	8.951.015							13.475.000		22.426.015
1993	1.192.050					3.000.000	10.000	9.425.000		13.627.050
1994	13.999.994						101.000	24.000		14.124.994
1995	1.922.879					23.000.000	1.498.942	-6.695		26.415.126
1996	12.312.582			1.130.000			1.012.000	-135.901		14.318.681
1997	17.871.592						9.292.699	-2.456		27.161.835
1998	12.194.139			30.754		6.000.000	174.856		289.800	18.689.549
1999	6.411.320			200.000	177.000	979.635	179.113		967.735	8.914.802
2000	10.765.303					8.232.235	-228.106		521.956	19.291.388
2001	8.737.726			2.380.955		15.000.000	923.953		451.941	27.494.574
2002	20.374.404			4.149.996	-2.515		6.853.149		-17.306	31.357.729
2003	23.458.831	196.800		3.440.000			1.598.562		-3.647	28.690.545
2004	18.429.931	501.598		-1.124.518			-965.906			16.841.106
2005	12.947.958	1.705.653	1.360.000				-439.652		-908	15.573.051
2006	6.075.999	47.581.048	12.808.383	-207.615			-56.674		2.720.935	68.922.077
2007	3.019.513	57.116.898	8.065.297						1.318.268	69.519.976
<b>TOTAL / instrument</b>	<b>178.665.236</b>	<b>107.101.997</b>	<b>22.233.680</b>	<b>9.999.572</b>	<b>174.485</b>	<b>56.211.870</b>	<b>19.953.936</b>	<b>22.778.948</b>	<b>6.248.773</b>	<b>423.368.498</b>

**PAIEMENTS**

Année	LOME 7è & 8è FED	Cotonou 9è FED / A	Cotonou 9è FED / B	Bonifications d'intérêts	Aides d'urgence	Capitaux à risques	Produits miniers	FAS	Coopération régionale	TOTAL / année
1992	8.371.608							1.510.331		9.881.939
1993	1.153.645					845.000		11.987.929		13.986.573
1994	2.157.688					2.155.000	8.942	9.259.144		13.580.774
1995	5.927.565					2.470.000	380.602	11.748		8.789.916
1996	6.521.015					3.788.000	703.955	9.796		11.022.766
1997	12.313.334			239.612		3.541.081	2.975.170			19.069.197
1998	14.335.864			921.142		10.325.444	3.557.221		51.291	29.190.963
1999	14.667.428					8.448.230	2.712.754		543.360	26.371.773
2000	10.636.058			145.495	169.266	639.115	1.263.046		451.517	13.304.497
2001	3.534.380			463.121	5.209	9.512.198	245.812		795.441	14.556.161
2002	11.935.153			462.335		14.149.932	1.893.938		337.917	28.779.274
2003	10.534.785	22.372		178.100			2.924.016			13.659.274
2004	12.188.602	254.900		-152.618			2.342.045			14.632.928
2005	22.669.756	584.633	428.581			337.870	946.434		-31.568	24.935.706
2006	20.122.939	3.406.426	3.592.006	-207.615					428.443	27.342.199
2007	9.860.451	54.846.074	3.918.025	-24.962					1.905.103	70.504.690
<b>TOTAL / instrument</b>	<b>166.930.271</b>	<b>59.114.404</b>	<b>7.938.612</b>	<b>2.024.610</b>	<b>174.475</b>	<b>56.211.870</b>	<b>19.953.936</b>	<b>22.778.948</b>	<b>4.481.504</b>	<b>339.608.630</b>

**Anexo 2 B). Desglose por sectores de los compromisos del 9 FED**

EDF 9 sectoral breakdown

country:Republica Dominicana

STRATEGY FOR AFRICA	EUROPEAN CONSENSUS	SUB SECTOR AND PART SBS	in euro x 1000 total cumulative commitments 31.12.07
Human rights and governance	governance,human rights and support to economic and institutional reforms	governance (1)	1,25
		economic and institutional reforms	10
		Non State Actors	7
Peace and security	conflict prevention and fragile states	conflict prevention and fragile states	
Economic growth, regional integration and trade	trade and regional integration	European Partnership Agreements	
		regional economic integration	5
		private sector development	
	infrastructure,communication and transport	infrastructure,communication and transport	11,96
	water and energy	water	
		energy	
unspecified			
investing in people	social cohesion and employment	social cohesion and employment	
	environment and sustainable management of natural resources	environment and sustainable management of natural resources	16,5
	rural development, territorial planning, agriculture and food security	rural development and territorial planning	
		agriculture	
		food security	
	human development	health	
		primary education	52
education unspecified (2)		1,7	
other	TCF	TCF	2,9
	support to NAO	support to NAO	0,8
	unspecified	unspecified	
Budget Support	GBS	General Budget Support	38
TOTAL	TOTAL	TOTAL	147,11
Level of sector concentration	percentage of 9th EDF commitments covered by largest sectors of concentration plus GBS	largest sector + GBS	91,7
		Two largest sectors + GBS	108,2
		Three largest sectors + GBS	126,45
		Four largest sectors + GBS	138,41
		Five largest sectors + GBS	143,41
		nr of sectors + GBS to reach 85% of NIP	6
		sectors (NSA and GBS excluded)	7

Notas:

(1) el programa PARME de Reforma y Modernización del Estado se financio con 29.5M E del 8° FED y 1.25 ME del 9° FED  
(2) El programa PRO-ETP de apoyo a la educacion tecnico profesional se financio con 14 ME del 8° FED y 1.7 ME del 9° FED

Sobre A	122,45
Sobre B	46,5
NIP	168,95
85% NIP	143,61

## 2. C. European Investment Bank

				Amount signed (m)		
				OR	RC	
ADEMI	GL	Disbursed	Lome - 4		3,000,000.00	16/12/1992
Baninter	GL		LOME IV		8,000,000.00	16-12-1996
CDE POWER	Investm. Loan	Disbursed	Lome - 4		15,000,000.00	14/12/1994
ADEMI II	GL	Disbursed	Lome - 4		8,000,000.00	30/3/1995
BANCO ADEMI GL III	GL	Disbursed	Lome - 4 - Bis		6,000,000.00	15/9/1998
BANCO ADEMI GL III	GL	Disbursed	Lome - 4 - Bis	3,000,000.00		4/11/1998
	GL	Disbursed	Lome - 4 - Bis		1,000,000.00	4/11/1998
CDE POWER EMERGENCY MEASURES	Investm. Loan	Disbursed	Lome - 4 - Bis		9,000,000.00	26/5/2000
COMMERCIAL BANKS FINANCIAL FACILITY	GL	Disbursed	Lome - 4 - Bis	10,000,000.00		9/1/2001
ADEMI GL IV	GL	Disbursed	Lome - 4 - Bis		15,000,000.00	7/9/2001
FINANCIAL SECTOR GL II	GL	Signed	Lome - 4 - Bis	40,000,000.00		23/12/2002
FINANCIAL SECTOR GL II	GL	Signed	Lome - 4 - Bis	40,000,000.00		31/3/2003
WESTIN ROCO KI BEACH AND GOLF RESORT	Investm. Loan	Signed	Accord De Cotonou		20,000,000.00	29/12/2004
ADEMI V	Investm. Loan	Disbursed	Accord De Cotonou		230,000.00	1/2/2006
ADEMI V	GL	Signed	Accord De Cotonou		3,000,000.00	19/12/2006
SMALL ENTERPRISES GLOBAL LOAN	GL	Signed	Accord De Cotonou		4,000,000.00	19/12/2006
Banco ADEMI	Servicios		Accord de Cotonou		520,000.00	10-10-2007

## 2.D. Líneas Presupuestarias

### **Tabla resumen de proyectos en ejecución**

**Título:** "Desarrollo económico local a través de la reforestación y la producción de energía y de aceite combustible en la zona fronteriza de la República Dominicana".

**ONG beneficiaria:** Instituto Dominicano de Desarrollo integral

**Contribución CE:** 461,058.30 €

**Inicio actividades:** 15/11/2006 (30 meses)

**Área de acción temática/geográfica:** Medioambiente. RD

**Título:** "Promoción de la Salud Juvenil en República Dominicana"

**ONG beneficiaria:** Asociación dominicana por el bienestar de la familia Inc. (PROFAMILIA)

**Contribución CE:** 1,020,221.00 €

**Inicio actividades:** 22/12/2005 (36 meses)

**Área de acción temática/geográfica:** Formación del personal para población y salud reproductiva. RD

**Título:** "Lucha contra la discriminación racial y la xenofobia en la República Dominicana"

**ONG beneficiaria:** Fundación Entre culturas, Fe y Alegría

**Contribución CE:** 652,000 €

**Inicio actividades:** 22/5/2003

**Área de acción temática/geográfica:** Derechos Humanos. RD

**Título:** Block Grant 2004. Atabey: "Plan maestro para el manejo integral de la cuenca alta del Río Yuna"

**ONG beneficiaria:** UCODEP

**Contribución CE:** 711,164.33 €

**Inicio actividades:** 01/04/2006 (36 meses)

**Área de acción temática/geográfica:** Desarrollo agrícola alternativo. RD

**Título:** "Fortalecimiento de la sociedad civil en apoyo a las instituciones públicas para acceso a la información pública y rendición de cuentas"

**ONG beneficiaria:** Intermon-OXFAM

**Contribución CE:** 305,437.29 €

**Inicio actividades:** 29/12/2005 (36 meses)

**Área de acción temática/geográfica:** Fortalecimiento Sociedad Civil. RD

**Título:** "Tejiendo la solidaridad. Fortalecimiento de programas educativos y comunitarios"

**ONG beneficiaria:** Educación sin fronteras

**Contribución CE:** 599,068.07€

**Inicio actividades:** 01/11/2004 (36 meses)

**Área de acción temática/geográfica:** Ayuda pluri-sectorial para servicios sociales de base. Educación. RD

**Título:** "Fortalecimiento de organizaciones de la sociedad civil mediante acciones de mejora de recursos"

**ONG beneficiaria:** DEUTSCHE WELTHUNGERHILFE EV

**Contribución CE:** 750,000 €

**Inicio actividades:** 6/1/2003 (48 meses)

**Área de acción temática/geográfica:** Fortalecimiento Sociedad Civil.RD

## ANEXO 3.A

## TABLA INDICATIVA DE COMPROMISOS Y DESEMBOLSOS PARA EL FED

## DOMINICAN REPUBLIC

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	41.000.000	0	41.000.000	0	20.500.000	20.500.000
New Individual Commitments	17.915.862	11.699.301	5.536.529	680.032	14.467.566	4.715.500	500.521	3.736.876	478.102	2.368.960	16.836.525
Payments	17.891.834	11.683.611	5.529.103	679.120	14.448.163	36.392.820	3.862.874	28.840.096	3.689.850	18.282.922	32.731.085
Decommitments	1.981.512					1.735.991					3.717.502
Decommitments to recommit	973.505					820.267					1.793.772
Reduction of Old RAL	8.255.158	5.607.554	2.610.484	37.120	6.912.796	3.758.779	1.725.456	1.940.523	92.800	2.695.718	9.608.513

  

	FORECASTS 2009										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	39.700.000	0	39.700.000	0	19.850.000	0	0	0	0	0	19.850.000
New Individual Commitments	37.666.667	3.118.361	28.642.781	5.905.525	17.439.751	28.674.267	11.961.795	12.070.558	4.641.914	17.997.074	35.436.825
Payments	15.976.455	1.322.664	12.148.941	2.504.850	7.397.135	28.554.960	11.912.024	12.020.335	4.622.600	17.922.192	25.319.327

R A L	SITUATION on 01/01/2008		SITUATION on 31/12/2008		Amount	Nbr
	ALL PROJECTS	PROJETS decided before YEAR 2003	ALL PROJECTS	PROJETS decided before YEAR 2003		
Σ Ongoing GLOBAL COMMITMENTS	226.796.189	69.653.126	246.566.405	69.493.342	0	0
R A C	30.106.677	960.310	34.834.140	473.847		1
R A P	73.562.535	11.755.316	52.886.485	2.633.266		2
R A L	103.669.212	12.715.626	87.720.625	3.107.112		1
% RAL / Σ GLOBAL COMMIT.	46%	18%	36%	4%		2
Nbr of years to absorbe RAL	3		3			

  

Ceiling increase riders	0	0
Extension Date		1
Réaménagement budgétaire		2
Modification DTA		1
Total number of projects		2

ANEXO 3.A

TABLA INDICATIVA DE COMPROMISOS Y DESEMBOLSOS PARA EL FED

Reg-DOMINICAN REPUBLIC

	FORECASTS 2008										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	0	0	0	0	0	0
New Individual Commitments	1.873.045	624.633	529.578	718.834	889.422	0	0	0	0	0	889.422
Payments	1.644.179	548.309	464.869	631.000	780.744	302.065	87.727	214.337	0	194.896	975.640
Decommitments	4.802					345.979					350.781
Decommitments to recommit	103.431					0					103.431
Reduction of Old RAL	1.017.981	553.111	464.869	0	785.546	648.043	433.706	214.337	0	540.875	1.326.421

	FORECASTS 2009										
	1st SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	2nd SEMESTER	LOW	MEDIUM	HIGH	TARGET 100%L+50%M	TARGET ANNEE
New Global Commitments	0	0	0	0	0	0	0	0	0	0	0
New Individual Commitments	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Payments	621.023	0	0	621.023	0	0	0	0	0	0	0

R A L	SITUATION on 01/01/2008		SITUATION on 31/12/2008	
	ALL PROJECTS	PROJETS decided before YEAR 2003	ALL PROJECTS	PROJETS decided before YEAR 2003
Σ Ongoing GLOBAL COMMITMENTS	13.873.045	4.500.000	13.873.045	4.500.000
R A C	9.768.427	395.382	8.982.436	498.813
R A P	1.769.454	1.769.454	1.229.025	339.603
R A L	11.537.882	2.164.837	10.211.461	838.416
% RAL / Σ GLOBAL COMMIT.	83%	48%	74%	19%
Nbr of years to absorbe RAL	12		10	

	Amount	Nbr
Ceiling increase riders	0	0
Extension Date		0
Réaménagement budgétaire		0
Modification DTA		0
Total number of projects		0



#### **4) Anexos sobre efectividad de la ayuda**

##### **A. Cuestionario sobre la efectividad de la ayuda (sacado del External Assistance Management Report)**

###### **Questions on the EU Aid Effectiveness targets.**

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current baseline we have from the July 2007 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Delegations had difficulty completing the questionnaire for the July 2007 EAMR. Following discussions with them the guidance to measure each target has been made more specific, following the revised OECD guidance for the 2008 survey. We hope you find the new elements more helpful. If you would still like further clarifications please contact your desk officer in AIDCO.

Some Delegations will also be completing the OECD survey during Jan-March 08. Your responses below should make it much easier to answer the OECD survey.

**Regional offices will have to complete Annex C separately for each country in their region.**

Please note that within the strategy that EuropeAid in relation to EU Target 4 – reduce the number of uncoordinated missions by 50 % - a number of new points have been prepared:

- Delegations are invited to:

- list dates for HQ missions already planned for the immediate 6 months period and mention if they are not coordinated;
- indicate to HQ what priority missions the Delegations estimate better serves coordination arrangements at local level for the following 6 months period.

The periods for missions, to be used in the January and July EAMR are as follows:

- In the 2008 January EAMR; Delegations list missions agreed for the period March to August 2008 and indicate their priorities for HQ in the period September 2008 to February 2009;
- In the 2008 July EAMR: Delegations list missions agreed for September 2008 to February 2009 and then indicate their priorities for HQ missions in the period March to August 2009.

**(a) 1. EU Target No 1**

- (b) Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements

**(c) 2. Introduction**

- (d) The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)

**(e) 3. Questions and definitions**

(f) Question	(g) Definition – OECD Ref	(h) Response
		(i) EUR
(j) How much ODA did you disburse at country level for the government sector in FY 2007 (EUR)?	(l) Qd2	(m) 72,459,136
(k)		
(n) How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	(o) Qd5	(p) 50,150,000
(q) How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	(r) Qd6	(s) 50,150,000
(t) How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	(v) Qd7	(w) 50,150,000

- (u)
- (x) How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)? (z) Qd9 (aa) 50,150,000
- (y)

**(bb) 4. Definition of Indicator**

- (cc)  $[(Qd5 + Qd6 + Qd7 + Qd9) \div 4] \div [Qd2]$  (please calculate and enter as response %) (dd) 69.2 %

**(ee) 5. Additional information**

- (ff) Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)
- (gg)
- (hh) EC cooperation in Dominican Republic is progressively moving to general and sector budget support linked to performance indicators. In 2007 first funds under this instrument were disbursed. EC budget support promotes the use of country systems and procedures. Only very few donors are providing budget support to date (IDB, WB, Spanish cooperation and EC) but further progress in PFM reform, if properly documented could convert other donors to this instrument.\*
- (ii)
- (jj)
- (kk)
- (ll)

**Definitions from "Definitions and Guidance" OECD/DAC**

[www.oecd.org/dataoecd/13/29/36306366.doc](http://www.oecd.org/dataoecd/13/29/36306366.doc)

ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32 (see appendix), including official transactions that:</p> <ul style="list-style-type: none"> <li>▪ Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and</li> <li>▪ are concessional in character and convey a grant element of at least 25%.</li> </ul>
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Disbursements	A disbursement is the placement of resources at the disposal of a recipient country or agency (see OECD-DAC Statistical Directives para. 15-18). Resources provided in kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.
Government sector	Administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government.
Disbursements for the government sector	This category includes the disbursement of ODA in the context of an agreement with the government sector (see definition above), including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).
Use of national budget execution procedures (Q <sup>d5</sup> )	Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures as they were established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures namely procedures for authorisation, approval and payment.
Use of national financial reporting procedures (Q <sup>d6</sup> )	Legislative frameworks normally provide for specific types of financial reports to be produced as well as for the periodicity of such reporting. The use of national financial reporting means that donors do not make additional requirements on governments for financial reporting. In particular they do <u>NOT</u> require: <ul style="list-style-type: none"> <li>▪ The production of additional financial reports.</li> <li>▪ Periodicities for reporting that are different from government's normal reporting cycle.</li> <li>▪ Formats for reporting that do not use government's existing chart of accounts.</li> </ul>
Use of national auditing procedures (Q <sup>d7</sup> )	Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.
Use of national procurement procedures	Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).

<b>1. EU target 2</b>		
Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements <sup>5</sup>		
<b>2. Introduction</b>		
<p>EU target 2 aims to measure progress in aligning and coordinating support for capacity development. It's closely linked with indicator 4 of the Paris Declaration. Therefore, the term "capacity building" used in the EU target is interpreted as "technical cooperation". This use of the DAC definitions allows consistency with the DAC monitoring of the Paris Declaration.</p> <p>The term "coordinated" also refers to the DAC definition which covers the following principles: ownership of TC by partner countries, alignment of TC with countries/local strategies and objectives and, where more than one donor is involved, harmonisation of TC among donors.</p> <p>To avoid confusion, we strongly advise that you use the definitions given in the OECD guidance, by clicking on the link <a href="http://www.oecd.org/dataoecd/13/29/36306366.doc">http://www.oecd.org/dataoecd/13/29/36306366.doc</a>. DAC criteria on this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
<b>3. Questions and definitions</b>		
1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q<sup>d3</sup></i>	Euro 3,571,476
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q<sup>d4</sup></i>	Euro 3,571,476
<b>4. Definition of Indicator</b>		
3	<i>Q<sup>d4</sup> / Q<sup>d3</sup> (please calculate this and enter in the next column as %)</i>	100%

<sup>5</sup> Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q<sup>d4</sup>.

## 5 Additional Information

4	<p><b>Qualitative information<sup>6</sup> :</b></p> <p>Are there any significant initiatives to promote coordinated technical cooperation in your country?</p> <p>If so, please provide a short description. And indicate whether they are linked to the Code of Conduct / Division of Labour process or any other "EU initiatives"</p> <p>Currently Education, Public Finance and Regional Integration support projects promote coordinated technical cooperation with coordinated management with national authorities. All sectoral budget support initiatives under 10th EDF consider capacity development through co-ordinated programmes to support national reform processes.</p> <p>The EC Delegation is trying to promote the use of basket-fund mechanisms managed on the basis of national procedures in sectors such as competitiveness, PFM and statistics but this instrument is still very new in DR.</p> <p>Please note any other comments you have on these issues</p> <p>The absences of an official national development strategy as well as of clear sector policies are impediments to a stronger operational coordination.</p>
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<sup>6</sup> These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

<b>1. EU target 3</b>		
Avoid establishment of new project implementation units (PIUs).		
<b>2. Introduction</b>		
<p>EU target 3 aims to assess progress towards strengthening local capacity by tracking the number of PIUs put in place to manage projects and programmes. It is linked to indicator 6 of the Paris Declaration. This target is interpreted as "avoiding the establishment of new parallel PIUs"</p> <p>To avoid confusion, we strongly advise that you use the definition of parallel PIUs given in OECD guidance, by clicking on the link <a href="http://www.oecd.org/dataoecd/13/29/36306366.doc">http://www.oecd.org/dataoecd/13/29/36306366.doc</a>. DAC criteria for this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
<b>3. Questions and Definitions</b>		
1	How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q<sup>d</sup>10</i>	7
2	Out of these, how many <u>new</u> parallel project implementation units were established during 2007?	0
<b>4. Additional Information</b>		
3	<p><b>Qualitative information<sup>7</sup>:</b></p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country? All new projects (10<sup>th</sup> EDF) will be formulated without parallel PIUs.</p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements? If so, please provide a short description. If not, highlight key constraints.</p> <p>CSP is based on the partner countries national development strategies and will underpin them and will contribute to increased ownership of co-operation programmes by the partner country. Drawing lessons from the past country programmes, recent co-operation programmes are also designed to strengthen local Dominican institutions, initially by implementing projects through local units inside public authorities, based on local staff and mainly short term international advisors instead of setting up consultancy-driven management units and lately by using mainly</p>	

<sup>7</sup> These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

budget support operated according to national procedures and through national systems (alignment). The latter approach is also deemed to facilitate a more regular, constructive and open policy dialogue and strengthen accountability.  
Furthermore, as already mentioned use of basket-fund mechanisms would be a progress .

Please note any other comments you have on these issues



**(mm) 1. EU Target No 4**

(nn) Reduce the number of uncoordinated missions by 50%.

**(oo) 2. Introduction**

(pp) The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.

(qq)

(rr) The Paris Declaration **objectives** underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field<sup>8</sup> it is important that donors: Conduct **fewer missions**, coordinate timing of missions with partner authorities and, where necessary, with other donors, *conduct more joint missions, avoid conducting missions during "mission free periods"*<sup>9</sup>.

(ss)

(tt) Coordinated mission **is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another**. In practice, the following 3 questions help to clarify what is meant by a mission:

1. Does the mission involve international travel to a beneficiary country? i.e. **this concerns only missions from HQ, not missions undertaken within the country by the Delegation**.

2. Does the mission involve a request to meet with government officials, including local government?

3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor?

(uu) The Definitions and Guidance of the OECD ([www.oecd.org/dataoecd/13/29/36306366.doc](http://www.oecd.org/dataoecd/13/29/36306366.doc)) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.

**(vv) 3. Questions and definitions**

(ww) OECD

(yy) How many

(zz) 11

(xx) ref: Q<sup>d</sup>15

**HQ missions** to the field were undertaken in FY 2007?<sup>10</sup>

**(aaa)**

(bbb) How many of these

(ccc) 1

<sup>8</sup> 'Field' refers to the country in general including missions to the capital only.

<sup>9</sup> The target set for 2010 for indicator 10 a) is to have 40% of donor missions to the field as joint.

<sup>10</sup> This question applies to the missions from the HQ

**Q<sup>d</sup>16**

were  
coordinated  
?

(ddd) Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:

(ggg) Missions by:	(hhh) Coordinated	(iii) Uncoordinated
(jjj) Members of Commission	(kkk) 1	(lll)
(mmm) AIDCO	(nnn)	(ooo) 5
(ppp) DEV	(qqq)	(rrr) 2
(sss) RELEX	(ttt)	(uuu)
(vvv) TRADE	(www)	(xxx) 3
(yyy) ECHO	(zzz)	(aaaa)
(bbbb) FISH	(cccc)	(dddd)
(eeee) OTHER DGs	(ffff)	(gggg)
(hhhh) Consultants contracted by the Commission	(iiii)	(jjjj)
<b>Total</b>	1	10

**4. Definition of Indicator**

Q <sup>d</sup> 16 / Q <sup>d</sup> 15	2006	2007
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;	--	0.1

**5. Additional Information**

Delegations are invited to list the dates for main HQ missions already planned for the March 2008 to August 2008, indicating whether they are, or not, to be coordinated with other donors;

HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
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DEV	April	Cooperation strategy assessment and support	No
AIDCO	April	Support on project and programmes	No
SANCO-FVO	June	Food Inspection	No

Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2008 to February 2009, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.

HQ DG	Date planned	Purpose/Sector	Donor(s) involved
AIDCO		Programming Budget Support	No
AIDCO		Programming Decentralisation Sector Support	No
AIDCO		Programming Competitiveness Sector Support	No
AIDCO		Education	No

Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.

Most of the missions foreseen are related to programming and support to EC specificities on project and programme, not related with other donor's interests. This is not from EC end an intentional approach but it is due to the fact that coordination in-country is not sufficiently mature to allow for the organisation of joint reviews and-or joint missions.

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: No
- EU target of halving the number of un-coordinated missions: No

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

The EC Delegation has suggested to launch a multi-donor mission IDB-UNDP-WB-EC to identify practical ways to improve coordination, alignment and harmonization.

A strengthened coordination between EC and IDB would be very helpful. Why not for EC HQ considering yearly EC-IDB summit like the Limelette Summit organized with the WB?

IDB is the major development partner in DR and most of the latin-america countries .

#### **Other aid effectiveness related information**

On 4 July 2007 our Counsellors Louis Michel and Benita Ferrero-Waldner wrote to all Heads of Delegations requesting implementation of the Code of Conduct for Division of Labour. Several Delegations have responded and have attached their progress reports on aid effectiveness. We need information on the specific points below:

1. Paragraph 5 of the Council conclusion on Division of Labour notes:

"Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission **will promote wide discussions with partner countries and other donors on complementarity and division of labour**, based on the EU code of Conduct which will be complemented by first experiences in the field. **The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008.** The Council invites the **incoming Presidencies to actively support such a process**, in close cooperation with the Member States and the Commission." (Highlights by AIDCO 01)

**1.1** Have the discussions with partner countries and other donors been held?

(a) **If yes**, when and what was the result? Please describe in brief how these talks are progressing.

La Délégation de la Commission européenne en République dominicaine a transmis à l'Ordonnateur National du FED début septembre la note du Commissaire LM en vue de l'informer de l'adoption du Code de Conduite de l' inciter à assumer le leadership politique de cette importante initiative.

Deux réunions spécifiques ont été consacrées à la discussion de la mise en œuvre du Code de Conduite en RD avec les Etats membres. Cette initiative a reçu un accueil favorable de leur part et il a été possible de s'entendre sur un mécanisme de coordination renforcé dans les secteurs de l'environnement ou trois EM sont présents.

La mise en oeuvre du Code de Conduite en République dominicaine n' entrainera peut-être pas de changements aussi radicaux dans la répartition des taches des bailleurs que dans d' autres pays ACP faisant l' objet d' une aide externe beaucoup plus substantielle. En effet la présence des Etats membres et des autres bailleurs est relativement réduite et une répartition des taches existe de ce fait déjà en pratique. Les véritables progrès consisteront plutôt dans un recours accru a l' appui budgétaire et / ou des mécanismes de fonds communs.

(b) **If no**, are there plans to hold them? If yes, please describe briefly what the plans are.

**1.2** What input on division of labour is planned by the partner country towards HLF III? If none, then leave blank.

**2** In paragraph 14 the Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including: '**a self-assessment in its potential areas of comparative advantage** as referred to in the joint Development Policy Statement'. (highlights by AIDCO 01)

**2.1** What action has been taken towards this self assessment of comparative advantage?

(a) If yes, please describe the process in brief and the results.

In line with the strategic policy objectives of the European Union (European Consensus) and its international commitments and in response to the pressing need identified in the country analysis, the main objectives of the EU co-operation programme for the Dominican Republic in the period 2008-2013 are twofold; identifying a new economic development model that takes due account of the needs for greater social and regional cohesion, and strengthen the political and economic governance of the country. EU co-operation will hence be concentrate on two focal sectors: to promote Social and Human Development on the one hand and consolidate Governance and support to economic and institutional reforms, on the other.

(b) If no, do you have any plans for initiating such a process? What are the plans?

**3** In country that have already initiated some form of division of labour:

**3.1** Please describe the process. (e.g., when did it start; partner country leadership; donors involved; results on the ground, etc).

EU partners have started to co-ordinate more closely with a view to develop common understanding and joint actions in the sectors that are covered by more than one MS or the EC. This concerns the following sectors: State reform and decentralisation (EC/DE/ES), Justice (EC/ES/FR), Disaster prevention (EC/ES/DE), Education (EC/ES), Competitiveness (EC/ES) and Environment (DE/ES/FR) .

**3.2** As a result of this process, did the Delegation:

- Reduce or expand the sectors in which it remains active?

Remain the same

- Exit from any sectors? Specify

- Enter any new sectors? Specify

- Become lead donor in any sectors? Specify

Lead donor on Competitiveness

- Enter into delegated cooperation partnerships? Please specify.

## Anexo 4.B. Matriz de Donantes

GRANTS commitments 2007 (€ M)

	<i>Agriculture and food aid</i>	<i>Budget support</i>	<i>Education</i>	<i>Energy</i>	<i>Environment</i>	<i>Governance</i>	<i>Health</i>	<i>Humanitarian Assistance</i>	<i>Privet sector development</i>	<i>Transport and Ports</i>	<i>Telecommunications</i>	<i>Water and Urban infrastructure</i>	<i>Others</i>	<i>Total</i>	<i>% Total</i>
<b>IADB</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,7	0,0	0,7	0,7
<b>UN Organisations</b>	0,2	0,0	0,0	0,0	0,0	0,0	10,5	0,0	0,0	0,0	0,0	0,0	0,3	11,1	9,8
<b>France</b>	0,1		0,2		0,1	0,0		0,0				0,1	0,1	0,6	0,5
<b>Germany</b>	0,0	0,0	17,6	0,0	4,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,4	22,7	20,0
<b>Spain</b>	0,5	0,0	0,0	0,0	0,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,2	1,3	1,1
<b>USA</b>	0,0	0,0	0,0	0,0	0,0	0,0	3,9	0,0	0,0	0,0	0,0	0,0	0,0	3,9	3,4
<b>Others</b>	1,4	0,0	0,0	1,2	0,0	0,2	1,8	0,0	0,0	0,0	0,0	16,1	0,2	20,9	18,4
<b>EC</b>	0,0	11,7	0,0	18,9	0,0	4,3	0,0	12,7	3,6	0,0	0,0	0,0	1,2	52,4	46,1
<b>Total</b>	<b>2,2</b>	<b>11,7</b>	<b>17,8</b>	<b>20,1</b>	<b>5,3</b>	<b>4,6</b>	<b>16,3</b>	<b>12,7</b>	<b>3,6</b>	<b>0,0</b>	<b>0,0</b>	<b>17,0</b>	<b>2,3</b>	<b>113,6</b>	<b>100,0</b>
<b>% EC</b>	0,0	100,0	0,0	94,2	0,0	94,5	0,0	99,8	100,0	0,0	0,0	0,0	49,0	46,1	

Source: EC

LOANS commitments 2007 (€ M)

	<i>Agriculture and food aid</i>	<i>Budget support</i>	<i>Education</i>	<i>Energy</i>	<i>Environment</i>	<i>Governance</i>	<i>Health</i>	<i>Humanitarian Assistance</i>	<i>Privet sector development</i>	<i>Transport and Ports</i>	<i>Telecommunications</i>	<i>Water and Urban infrastructure</i>	<i>Others</i>	<i>Total</i>	<i>% Total</i>
<b>WB</b>	0,0	41,7	4,9	3,3	0,0	0,0	20,5	0,0	0,0	0,0	0,0	0,0	0,0	70,3	9,4
<b>IADB</b>	12,0	41,7	22,4	0,0	0,0	8,8	0,8	0,0	1,7	2,5	0,0	6,4	0,6	97,0	13,0
<b>UN Organisations</b>	2,4	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	2,4	0,3
<b>Colombia</b>	0,0	0,0	0,0	0,0	0,0	0,0	3,4	0,0	0,0	0,0	0,0	0,0	0,0	3,4	0,5
<b>Francia</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Brasil</b>	0,0	0,0	0,0	24,7	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	24,7	3,3
<b>Venezuela</b>	0,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	3,9	4,3	0,6
<b>Others (including private sector)</b>	5,5	0,0	4,3	301,1	0,0	0,0	1,7	0,0	0,0	166,7	0,0	66,4	5,4	545,6	73,0
<b>EIB</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
<b>Total</b>	<b>20,3</b>	<b>83,3</b>	<b>31,6</b>	<b>329,1</b>	<b>0,0</b>	<b>8,8</b>	<b>26,4</b>	<b>0,0</b>	<b>1,7</b>	<b>169,2</b>	<b>0,0</b>	<b>72,8</b>	<b>10,0</b>	<b>747,8</b>	<b>100,0</b>
<b>% EIB</b>	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	

Source: EC