

EN



11th EDF

National Indicative Programme

(2014 – 2020)

for co-operation between

the European Union

and

the Dominican Republic

GENERAL CLAUSES

The European Commission and the Government of the Dominican Republic hereby agree as follows:

- (1) The European Commission, represented by Mr. Andris PIEBALGS, Commissioner for Development, and the Government of the Dominican Republic, represented by Mr. Antonio VARGAS HERNANDEZ, National Authorising Officer, hereinafter referred to as the Parties, determined the general orientations for cooperation for the period 2014-2020.

These orientations which are included in the National Indicative Programme, regard the European Union Aid in favour of the Dominican Republic and were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000, revised and signed in Luxemburg on 25 June 2005 and revised and signed in Ouagadougou on 22 June 2010.

The National Indicative Programme, is annexed to the present document.

- (2) As regards the indicative programmable financial resources which the European Union envisages to make available to the Dominican Republic for the period 2014-2020, an amount of EUR 72 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation). A B-allocation referred to in Article 3.2 (b) can be established to cover unforeseen needs. This allocation is at EUR 0 until a need arises. These allocations are not entitlements and may be revised by the Commission, following the mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects. The National Indicative Programme concerns the resources of the A-allocation. It also takes into consideration financing from which the Dominican Republic benefits or could benefit under other European Union resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as humanitarian, emergency and post emergency assistance, where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate exogenous shocks. The B-allocation shall be established according to specific mechanisms and procedures and does therefore not constitute a part of the programming.
- (5) Pending the entry into force of the Internal Agreement between the Representatives of the Governments of the Member States of the European Union, meeting with the Council on the financing of European Union Aid under the multiannual financial framework for the period 2014 to 2020, financing decisions for projects and programmes can be taken by the Commission at the request of the Government of the Dominican Republic within the limits of the A- and B-

allocations referred to in this document under the condition that sufficient financial resources are available in the transitional measures ("Bridging Facility") composed of uncommitted balances from the previous EDFs and from funds decommitted from projects or programmes under those EDFs. The respective projects and programmes shall be implemented according to the rules and procedures of the 10th EDF until the entry into force of the 11th EDF implementing rules and financial regulation.

- (6) The European Investment Bank may contribute to the implementation of the present National Indicative Programme by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 2c and 3 of the 11th EDF multi-annual financial framework for the period 2014-2020.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Indicative Programme as well as the A-and B-allocations can be revised following the mid-term review and the end-of-term review or ad hoc reviews.

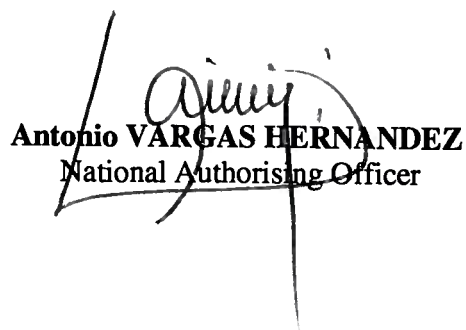
Done at Santo Domingo on 21 July 2014

For the European Commission

For the Government of the Dominican Republic



Andris PIEBALGS
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LIST OF ACRONYMS

ACP – Africa, Caribbean, Pacific

CARIFORUM – Forum of the Caribbean Group of African, Caribbean and Pacific (ACP) States

CGF- Caribbean Growth Forum

CODOCA- Consejo Dominicano para la Calidad (Dominican Council for Quality)

EDF – European Development Fund

EDI- Evaluación del Desempeño Institucional (Assesment of Institutional Performance)

EIB – European Investment Bank

EPA – Economic Partnership Agreement

EU – European Union

FEDA- Fondo para el Desarrollo Agropecuario (Agricultural Development Fund)

FEDOMU - Federación Dominicana de Municipios (Dominican Federation of Municipalities)

GCI-WEF - Global Competitiveness Index of the World Economic Forum

GDP - Gross Domestic Product

IADB - Inter-American Development Bank

IDEC - Iniciativa Dominicana para la Educación de Calidad (Dominican Initiative for a Quality Education)

IFC - International Finance Corporation

ILO – International Labour Organization

INAP - Instituto Nacional de Administración Pública (National Institute for Public Administration)

INDOCAL- Instituto Dominicano para la Calidad (Dominican Institute for Quality)

INFOTEP - Instituto Nacional de Formación Técnico Profesional (National Institute for Vocational Education and Training)

MEPYD - Ministerio de Economía, Planificación y Desarrollo (Ministry of Economy, Planning and Development)

MESCYT - Ministerio de Educación Superior, Ciencia y Tecnología (Ministry of Higher Education, Science and Technology)

MINERD - Ministerio de Educación (Ministry of Education)

MPSP - Multi-annual Public Sector Plan

NDS - National Development Strategy

NGO - Non- Governmental Organization

OECD - Organization for Economic Cooperation and Development

ODAC- Órgano Dominicano para la Acreditación (Dominican Organism for Accreditation)

PEFA - Public Expenditure and Financial Accountability

PEMFAR - Public Expenditure Management and Financial Accountability Review

PFM - Public Financial Management

SASP - Sistema de Administración de Servidores Públicos (Public Servants Management System)

SISMAP - Sistema de Monitoreo de la Administración Pública (Public Administration Monitoring System)

SICA – Sistema de Integración CentroAmericana

SIDOCAL - Sistema Dominicano para la Calidad (Dominican Quality System)

SMEs – Small and Medium Entreprises

TCF - Technical Cooperation Facility

VET - Vocational education and training

WB - World Bank

1 The overall lines for the European Union response

1.1 Strategic objectives of the EU's relationship with the Dominican Republic (DR)

The relationship between the EU and the Dominican Republic is framed by the ACP-EU Partnership Agreement (“Cotonou Agreement”), the EU – CARIFORUM Economic Partnership Agreement and the **Joint Caribbean – EU Partnership Strategy**. The definition of the strategic objectives of that relation for the period 2014-20 builds on more than 20 years of experience of the EU, since the accession of the country to the ACP group, as well as on that of EU Member States represented in the Dominican Republic, ever more coordinated since the Lisbon Treaty. To respond to the common challenges of the XXIst century, the EU’s main strategic objectives in its relationship with the DR, as defined in country in consultation with national authorities and key stakeholders, are the following:

1. To be partners on the world scene, **jointly promoting global public goods**, with special interest in:
 - 1.1. Global peace, notably addressing together challenges related to **security**, organised crime and trafficking. This is very relevant in the DR, since there are raising concerns that these threats weaken the social fabric, undermine the rule of law and institution building, and threaten sustainable economic development.
 - 1.2. Climate change and global **environmental** issues, especially those in which the Caribbean countries are central stakeholders. Climate change can particularly undermine progress towards sustainable socio-economic development in highly vulnerable countries like the DR¹.
2. To promote **deeper regional integration** and stronger regional ties between the Dominican Republic and its neighbours, as a necessary instrument to face more efficiently regional and global challenges, and ultimately to progress towards greater regional stability and shared prosperity. This objective is strategic in the DR, due to its simultaneous membership of the Caribbean through CARIFORUM and of Central America through SICA, as well as to the unique inter-linkages between the development of the Dominican Republic and of Haiti (the development of which is a priority of the Joint Caribbean – EU Partnership Strategy).
3. To facilitate greater Dominican integration in the world economy, notably by further developing **trade and investment flows** with the EU, as a means to enhance sustainable socio-economic development. This strategic objective particularly applies to the Dominican Republic, being the largest economy in the region, as well as a key promoter of the EPA.
4. To collaborate in the **fight against poverty and exclusion** in the Dominican Republic. This objective responds to commitments within international frameworks like the Sustainable

¹ IPCC studies place the DR amongst the 10 most vulnerable countries to climate change, and a WB study places Santo Domingo amongst the 5 most vulnerable cities worldwide.

Development Goals, but the EU pursues it in alignment with the national efforts to make the Dominican development model more inclusive, as enshrined in the National Development Strategy 2030 (NDS).

5. To work together on the **joint commitment to democracy**, the rule of law and human rights². As highlighted in the NDS, a key requirement therefore is enhancing the efficiency and accountability of state institutions, which is also an essential factor to improve the impact of international cooperation.

Development cooperation is one of the EU's instruments to contribute to these objectives, especially those most related to improving governance and inclusive and sustainable growth, as prioritized in the "Agenda for Change".

The EU response and National Indicative Programme may be complemented by operations financed by the EIB from the Cotonou Investment Facility and/or its Own Resources.

1.2 Choice of sectors.

The **National Development Strategy 2030**, adopted by the Dominican Republic as a law in 2012, expresses the vision for the DR to become by 2030 "a prosperous country, where persons live in dignity, cherishing ethical values, in the framework of a participative democracy which guarantees a social and democratic State applying the rule of law, which promotes equity, equal opportunities, and social justice, which manages its resources to develop in a way that is innovative, sustainable and territorially balanced and integrated, and which is competitively inserted into the global economy". The assessment of the NDS, shared by the EU Member States and other key development partners, concludes that it can be used as reference to align and coordinate development cooperation. The NDS is a very thoroughly prepared document, based on sound technical work and broad consultation. It will steer national policies and budget allocations until 2030, and is accompanied by a rolling multi-annual (4 year) public sector plan (MPSP), which spells out targets and actions. The priorities in the NDS correspond largely to the priorities and values of EU development policy. Though a national system to plan public investment already exists, as well as certain monitoring tools, work is still on-going to improve performance monitoring, which remains a weak aspect of public management.

The **political and socio-economic context** in which this programming exercise takes place is that of a consolidating democracy, despite persistent challenges in terms of rule of law, and of a growing, middle income economy, where growth has nevertheless largely failed to benefit the majority and to impact significantly on human development parameters.

The Dominican Republic can be described as a fairly robust and stable democracy since 1978, which for over a decade has had peaceful elections and transitions of power. Despite these undeniable democratic achievements, important **governance challenges** persist, particularly in terms of efficiency,

² In conformity with the *EU Strategic Framework and Action Plan on Human Rights and Democracy (Council conclusions on human rights and democracy 3179th meeting of the Foreign Affairs Council*

accountability and transparency of public administration, while international reports point to persistent weaknesses in terms of corruption. The government faces major challenges to stabilise the macro-fiscal situation, notably by a nationwide fiscal pact and a reform of the energy sector (planned in the NDS). Overall, the country's institutions are still vulnerable and in need of having support. Crime and insecurity are on the rise, often in relation to growing drug trafficking, the country being a transit point on the cocaine routes. The DR shares the island with Haiti, with contrasting situations but complex inter-dependence in many matters.

The economy has experienced remarkable growth over a long period, but without real impact on social development or poverty reduction. Progress has been made towards Millennium Development Goals, extreme poverty has dropped, but the general poverty rate remains close to 40%. More than 65% of employment is provided by the informal economy; indeed the decline of manufacturing has led in parallel to a reduction of wage employment in large enterprises and to the increase of employment in precarious occupations of low productivity in services. Largely based on tourism and tax-free zones with limited upstream and downstream linkages, on low added value agriculture and a few large mining operations, the economic model increasingly feels the strain of competition on internal and external markets and of a constrained natural resource base. The NDS and the government aim at **broader based growth**, by increasing investment in SME development (including access to finance) and in education.

In that context, the **10th EDF cooperation** strategy has focused on poverty reduction, human development and social cohesion (notably education), institution building (notably modernisation of the public administration), and enhancing competitiveness. Strengthening relations with neighbouring Haiti and supporting non-state actors and local authorities have been non-focal sectors of cooperation. In terms of implementation modalities, EU assistance has been increasingly shifting to budget support, flanked by accompanying measures to improve public finance management.

Taking into account i) the strategic objectives of the EU's relationship with the Dominican Republic, ii) the political and socio-economic context, iii) the priorities set in the NDS and expressed by the government and civil society, iv) the lessons from past cooperation with the Dominican Republic and the fields of expertise of the EU Delegation, v) and the fact that increased focalisation of EU cooperation is a pre-requisite to enhance its effectiveness, especially in a context of more limited financial means, the EU will focus its **11th EDF cooperation** on specific areas with strong national commitment, where it can combine with substantial policy dialogue to make a meaningful impact:

- 1) **Support to inclusive productive development and to capacity building for quality employment.**
- 2) **Support to institutional reforms of public administration**

The **rationale to support inclusive productive development and capacity building for quality employment** is based on the emphasis of the NDS on the reorientation of the Dominican economic model towards stronger poverty reduction and social inclusion, and of the government, which has declared employment and social inclusion as its priority, targeting especially the youth. Inclusive and sustainable growth is essential for development. A dynamic business sector is a basic pre-requisite for

productive development and economic growth, decent job creation for all, increase of income and poverty reduction. In addition, a growing private sector will ultimately enable governments to generate the tax revenues contributing to funding of wider development strategies. But an employment-related action must jointly aim at expanding employment opportunities, and improving the productive capacity and employability of workers. This is why the focus of the government and of EU support will be on these two complementary pillars: (i) fostering job creation through productive sector development (notably SMEs with positive discrimination towards "green" businesses, whether in manufacturing, agriculture or services, for the national and international markets) and (ii) improving employability of the labour force through upgrading of skills. To promote the former, the government has adopted a National SME Strategy under the leadership of the Ministry of Industry, Trade and SME, has developed a new Strategic Plan for this Ministry and is in the process of upgrading the Ministry of Agriculture. Its recent adoption of the law establishing the Dominican Quality System should also provide a useful impetus to the goal of reorienting the economic development model. EU support in that sector will fully take into account the promotion of the ILO Core Labour Standards and of socio-economic rights, including of vulnerable groups.

As to the second pillar related to employability, the NDS establishes the specific objective of consolidating the system for work-oriented training and capacity building; the government has launched an initiative to articulate the three institutions with mandates related to work-oriented training (INFOTEP, the Ministry of Education and the Ministry of Higher Education). This focal sector would build on EU experience in past and present EU interventions in the areas of economic development and education, while strongly narrowing down both sectors. It would also complement EU regional cooperation on EPA implementation.

Promoting institutional consolidation and reforms of public administration is based on the rationale that reducing poverty and enhancing sustainable growth in the Dominican Republic requires necessarily increasing the efficiency of the Dominican administration, by addressing a number of structural deficiencies in key areas. These include the professionalization of civil service, streamlining of structures and processes, improving the quality of services, and strengthening transparency and accountability as well as the rule of law, in particular in institutions which are key for the effectiveness of the state and its services to the population (public finance, police, justice). These issues respond to strong demands of the Dominican society and are a declared priority of the government, as indicated in the NDS and in sector strategic plans (Public Administration Strategic Plan, Finance Strategic Plan, and Integral National Security Plan). Reinforcing the capacity of the Dominican administration, in particular in the mentioned areas, provides continuity with present EU interventions (reform of public administration, improving public finance management), in which EU impact and value added is definitely recognised and has positioned the EU as a privileged partner. It would focus on a priority of the government and the EU in the country (citizen security and the fight against criminality and corruption), and would underpin the efficiency of EU cooperation in all sectors, due to the cross-cutting nature of institutional reforms, and would be complementary to future EU regional support to the Caribbean in the field of security.

The donor matrix attached shows that this selection of sectors is **complementary** to the interventions of other main **international partners**, which are not numerous in the DR. As regards donations, the EU is the largest provider of development assistance, while the Inter-American Development Bank and the World Bank are important sources of reimbursable assistance (working among others in the field of business climate, public finance and others). The United States and the United Nations agencies have a strong presence. Several EU Member States have some development cooperation, in addition in some cases to police cooperation³. **Regional cooperation** under the 11th EDF will also be an essential source of complementarity, with its focus on regional integration including EPA implementation, on climate change and natural disasters, and on security. It will also promote bi-national Dominican – Haitian cooperation, building on recognised EU experience in that matter. The results of regional cooperation with CARIFORUM under 10th EDF, especially through the institutional strengthening fostered by the EPA Support and the Crime and Security Programmes, has set useful bases to facilitate cooperation with the concerned institutions in the DR, under the new focal sectors of the NIP. Finally, encouraging an active **civil society**, both through bilateral cooperation and through thematic instruments, will increase the impact potential of EU support in the selected sectors and other important areas (notably democracy and human rights).

The national indicative programme will cover the full period of the 11th EDF, **2014-20, with a review planned in 2017**. This will allow EU cooperation to synchronise and potentially adjust with the political cycle (general elections in 2016) and the NDS review (planned in 2016).

2 Financial overview

Both focal sectors are essential to progress in the implementation of the NDS towards more inclusive development and improved governance, and both have financial requirements which largely exceed EU support and will mainly be covered by the national budget. The EU interventions in each sector are tailored to cover programmes for which external expertise adds specific value and provides valuable impulse to policy reforms (cf. section 3). In a country like the Dominican Republic, a significant Technical Cooperation Facility (TCF) is critical for adding value to EU cooperation. It allows for punctual, complementary activities with the right timing and flexibility to maximise the EU's contribution to a given reform or other strategic process – and hence to provide important leverage to the EU's policy dialogue in pursuing the strategic objectives of its relation with the Dominican Republic. The TCF will also provide for some flexibility to take into account upcoming needs which cannot be foreseen over seven years.

³ In 2013, the national polices (or related organism) of Germany, Spain, France, the Netherlands and the UK collaborate directly with the national drug control agency (DNCD).

	Indicative Amount (€)	% of total
Sector 1. Inclusive productive development and capacity building for quality employment.	32.000.000	44,4%
Sector 2. Institutional reforms of public administration	28.800.000	40 %
Support measures (Technical Cooperation Facility)	11.200.000	15,6%
Total*	72.000.000	100%

* NIP support to civil society will be integrated in each focal sector.

3 EU support per sector

3.1 Inclusive productive development and capacity building for quality employment

(Indicative amount EUR 32 million)

The third axis of the NDS aims at an articulated, innovative and sustainable economy, with a production structure that generates sustained growth, decent employment and that is competitively inserted in the global economy. It intends to redirect the economic structure towards more value added production, based on competitive advantages and higher productivity (and mentions the need for sustainable management of natural resources and compliance with environmental regulations). This is also crucial for the country to be able to reap the potential benefits of the EPA. Therefore, the NDS proposes, among others, to better the regulatory and business environment and to strengthen access to and quality of the work-oriented education system, so as to respond to the development needs of the country.

3.1.1 *Objectives of EU support*

Overall objective: to increase efficiency, investment and productive capacity of SMEs, and to improve employability of the population, by consolidating the work-oriented training system to support the productive sector.

EU support will focus on two complementary dimensions of more inclusive economic development. The first is creation of broader based added value, through stronger, quality-oriented SMEs (acting at macro level (regulatory and institutional framework) and meso level (business development services and value chain articulation)). The second is employability by means of higher, labour oriented skills, including green skills (acting on the public and private institutions involved in the labour-oriented training system). Except for its overarching policy related components, the EU intervention will focus on specific value chains (whether rural or urban), to be identified posteriorly.

Specific objectives:

Specific objective 1 (SO1): to increase the quality of production of micro, small and medium enterprises (SMEs) to promote a better position both in national and international markets.

The input of SMEs to national development is recognised notably in terms of employment potential. However, in an increasingly internationalized business environment, with open markets and higher quality demands from the domestic market, their competitiveness and participation in higher value added sectors is limited by the quality of their processes and products.

To ensure impact, it is essential to differentiate support to diverse SME target groups. The EU response will not focus on the subsistence segment, but will also cover the informal sector, and will aim at raising the quality of SME production in specific value chains in sustainable agriculture and manufacturing, with higher added value and potential on both local and external markets. Gender equality, respect of socio-economic rights and environmental considerations, including climate change adaptation and mitigation⁴ will be factored in, to ensure a shift to more inclusive and sustainable development.

Access to finance is a key bottleneck for SME development, and is a priority notably of the EIB in the DR. EU support, through strengthening the regulatory and institutional framework or other, could be instrumental to leverage further interventions in that field or other SME-related infrastructure, thereby also contributing to the government strategy to broaden access to finance.

Specific objective 2 (SO2): to strengthen the national system of vocational education and training and its relationship with high-value chains.

Low labour productivity in the DR is largely due to low skills, largely a consequence of a deficient education system. In fact, in 2011 21.9% of workers had only between 0 and 4 years of education approved, and 25.7% had between 5 and 8 years. These low educational levels of the labour force also partly explain the low wage level. Unemployment and informal employment affect both rural and urban areas, and in particular youth and women. Vocational education and training (VET) plays an important role in the quality of the workforce, workers' income, social mobility and the competitiveness of enterprises. The NDS aims to consolidate the technical training system for young people, as well as the lifelong learning system oriented to employment, in order to strengthen the productive system, facilitate insertion into the labour market and develop entrepreneurial skills. Accessibility and non-discrimination are taken into consideration.

3.1.2 Main expected results

SO1 – R1) Strengthened business environment, notably in terms of the institutional and regulatory framework of the Dominican Quality System. The Dominican government is concentrating its efforts in

⁴ In conformity with the principles expressed in the Communication (COM(2012)586) "The EU Approach to Resilience" and the Commission Staff Working Document "Action Plan for Resilience in Crisis Prone Countries 2013-20" (SDW(2013)227final).

the implementation of policy measures to improve the business climate and the adequacy of the legislative framework to adapt to a global market in a free trade environment and to reverse the trends shown in competitiveness rankings. However, there are still important challenges to re-position Dominican products in the more demanding markets in terms of quality. Law 166 of 2012, creating the Dominican Quality System (SIDOCAL), is a significant step towards improving the quality of processes and products of firms. The EU will provide support to strengthen the corresponding institutional and regulatory infrastructure, and to develop a culture of quality with the private sector and consumers. In this respect, the EU will also support policy measures to move towards sustainable consumption and production patterns, reduced environmental impacts of economic sectors, as well as to promote the shift to a greener economy. The business environment in terms of quality is also related to certain broader economic governance issues, such as the competition policy, corporate social responsibility, and the reorganisation and professionalization of the institutions related to the sector.

SO1 - R2) Improved production, management, processing and commercialisation processes. Key challenges for Dominican production to adapt to more demanding markets include supplying more diversified and sophisticated products and services, accessing innovation and more efficient and sustainable technologies, managing and certifying the quality of their processes and products (including the environmental impact), green procurement and access to green markets and raising productivity, all hampered by limited capacities of their human capital. The EU intervention will consolidate the availability of and access by SMEs to business development services, especially in priority sectors.

SO1 - R3) Selected value chains are better organised, implement traceability strategies and operate in higher quality markets. A stronger integration of value chains (both horizontal and vertical), as well as coordination at national and local level, are required to meet the challenges of quality management and positioning of SMEs on higher value markets (including fair trade and environmentally certified products). The EU will reinforce the efforts of the Dominican government and private sector in the field of associativity and coordination, to consolidate the more embryonic associations and to increase the competitiveness of the more active ones.

SO2 - R1) Consolidated regulatory framework and articulation of public and private institutions related to the national system for employment-oriented training. Collaboration between the different public institutions which are part of the system is still a work in progress, as is their responsiveness to private sector skill needs. This concerns the technical-professional modality of secondary education, the technical institutions of tertiary education, as well as the employment-oriented training under the mandate of INFOTEP. The EU will build on its experience and lessons learnt from its past interventions in education to reinforce institutional capacities and coordination in this sub-sector, and to support priorities of the work oriented training system, such as, for example, the design and implementation of lifelong learning opportunities for all citizens and the establishment of the National Qualifications Framework that can facilitate the recognition of skills and the understanding of the value of qualifications.

SO2 - R2) Strengthened training offer (in technical and professional areas related to the selected value chains and objectives). The EU intervention will act at three levels: education for insertion into the labour market, on the job training, and promotion of entrepreneurship, to help selected technical training institutions and programmes to provide quality training, by continuously upgrading their curricula, methodologies, trainers, technologies, etc., hence ensuring better adaptation to the current and foreseeable demands of enterprises. The selection of priorities for EU support in this area will take into account the value chains and priorities (including "green skills") identified in SO1. This is essential to increasing worker productivity and enterprise competitiveness, but also to raise the quality of employment.

SO2- R3) Initiatives to integrate VET programmes and private sector needs are developed (pilots). It remains crucial to align the academic offer with private sector demands in order to facilitate an effective insertion into the labour market. Internships are part of the technical-professional modality of secondary education in the DR, but this does not extend to all areas. The EU intervention will support initiatives (that will be) based on cooperation between VET institutions and enterprises, building on successful experiences⁵ and taking into account their potential for expansion and their links to the selected value chains.

3.1.3 Main indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

3.1.4 Donor coordination and policy dialogue

A specific donor coordination group operates in the DR on Competitiveness, Employment and Youth. This includes regular mapping of donor interventions and results in certain specific coordination actions in terms of diagnosis, programme design or implementation, or joint policy dialogue. The EU also participates in the national chapter of the Caribbean Growth Forum (CGF), a joint initiative led by the WB, which aims to facilitate an action-oriented dialogue around key policy reforms needed in three thematic areas: Investment Climate, Skills and Productivity and Logistics and Connectivity. The Dominican Initiative for a Quality Education (IDEC), led by the Ministry of Education with the support of civil society, private sector and the donor community, is an active forum of donor coordination and policy dialogue, in which the EU plays a prominent role.

The Ministry of Economy, Planning and Development, specifically its Vice-ministry of International Cooperation, is responsible for coordinating external cooperation, in alignment with the NDS. Direct dialogue with relevant line ministries is fluid, particularly with the Ministry of Industry, Trade and SMEs, the Ministry of Education and the Ministry of Agriculture.

⁵ For example, lessons from the Programme "Juventud y Empleo" implemented by the Ministry of Labour.

3.1.5 Financial and policy commitments of the government

The government has a declared priority, at the highest level, to reinforce national production and is undertaking promising institutional reforms related to industry, commerce, and SMEs, as well as modifications to the relevant legal frameworks. In 2012, the government adopted the National SME Strategy, which consists of 5 pillars: i) Promotion of Entrepreneurship; ii) Support to Formalisation; iii) Market Access for SMEs; iv) Financial Development; v) Business Development. This policy has a complete implementation plan. In 2013, the government has disbursed around EUR 36 million in loans targeted to SMEs, through its financial windows such as *Banca Solidaria*, *Fondo para el Desarrollo Agropecuario (FEDA)*, -Agricultural Development Fund-, *Banco Agrícola* and *Banco de Reservas*. Productive development policies include punctual environmental sustainability and gender equality considerations. More generally the DR government has a valid "Gender Empowerment Plan".

With regards to education, sector priorities established for the years 2012-2016 indicate a strong political commitment, reflected in the increase in financing to education since 2013, reaching the target of 4% of GDP (around EUR 1,800 million for 2014) . The NDS establishes the specific objective of consolidating the system for labour oriented training and capacity building. The government has launched an initiative to articulate the three institutions with related mandates (INFOTEPA, Ministry of Education, and Ministry of Higher Education) into a national system of work-oriented training in order to improve employability, and a Joint National Plan for articulation of the Education for Employment System is being elaborated. At present, a National Plan for Vocational Training 2008-2018 applies, under the leadership of INFOTEPA (with a budget allocation for 2014 of around EUR 42 million). In 2013, the government launched a consultation process in view of the National Education Pact, committed to in the NDS, which is expected to be a milestone for greater sustainability and ownership of the sector reform at all levels, including education for employment.

3.1.6 Environmental assessment

A strategic environmental assessment is not deemed directly necessary at this stage, but screening procedures following EU Guidelines will be applied to confirm this and identify if other assessments are required. In addition, supporting productive development provides for opportunities to further mainstream environmental sustainability and adaptation to climate change into the economic model, in particular in SME processes and in the priority value chains (technological innovations, environmental management capacities, enforcement of environmental regulations, etc.). This will be further developed when formulating EU interventions.

3.1.7 Overall risk assessment for sector intervention

Political risks: the success of the EU intervention relies on the government's long term commitment to continue with its policy priorities and reforms. The risk is mitigated by the fact that the NIP has been jointly defined with the relevant government institutions, and consulted with the civil society.

Institutional risks: the complex institutional set up of the DR government could entail coordination risks, but these are mitigated explicitly by activities in SO1-R1 and in SO2-R2.

Economic risks: the impact of supporting productive development is subject to the general economic situation (price fluctuations, consumption levels, etc.) and to macroeconomic policies (monetary and fiscal policies, etc.). Energy and transport are two areas which constrain productive development in the DR and require reform. Mitigation comes through the fact that the EU provides technical assistance on certain macroeconomic policies, in particular strengthening fiscal discipline of public budget and transfers to the power sector. Main international partners providing assistance to the sector are the World Bank and the Inter-American Development Bank. The latter has supported the electricity sector reforms since the late 1990s, with the creation of a National Energy Council and demand-side management to increase energy efficiency through various technical assistance projects and loans to the electricity distribution companies. The WB's Power Sector Technical Assistance Project aims to: (i) strengthen the Government's regulatory and consumer protection performance, (ii) improve policy formulation and implementation, (iii) design the transmission grid and the wholesale power market, (iv) increase the quantity and quality of electricity for the poor, and (v) protect the environment. The WB has also financed transmission and service expansion.

Natural risks: a major natural disaster (the country is prone to hurricanes and earthquakes for example) could set back productive development, and change policy priorities and budget allocations. In the short and medium term climate change can undermine progress towards sustainable socio-economic development. In addition to the fact that the EU support disaster risk management at regional level, EU interventions need to allow for some flexibility in implementation in cases of force majeure.

3.2 Institutional reforms of public administration (Indicative amount EUR 28,8 million)

Fully aligned with the National Development Strategy, the two specific objectives of this sector are related to Axis 1, on strengthening governance, democracy and the rule of law, and to Axis 3 on the public finance dimension of the general objective of a more competitive and inclusive economy. All below mentioned objectives and expected results are directly aligned with the NDS and sector policies.

The strengthening of public administration, including the management of public finances, is recognised as an essential challenge for improving the quality of public services and expenditure in all sectors. Thus, support for this process could lead to potential positive repercussions in many fields of national development. The deficiencies in the quality of the performance and accountability of public institutions are also one of the main demands of citizens in terms of governance.

3.2.1 Objectives of EU support

Overall objective: to ensure an efficient, responsible and result-oriented public administration.

Specific objectives:

SO1: To ensure an efficient public administration that acts with honesty, transparency and accountability, that is focused on the achievement of results which benefit society and national and local development, and that contributes to public security and the rule of law.

In order to focus this objective, as in the case of the 10th EDF, the public administration reform process will be further supported, through its main actor, the Ministry of Public Administration, under the Civil Service Law (41-08). This includes professionalisation of the civil service and modernisation and strengthening of public institutions, with the main purpose of improving the quality of services to citizens and the transparency of the processes, both at national and local/municipal level. Within the framework of the implementation of the public administration reform and in order to contribute towards public security and the rule of law, priority will be given to the institutions that are linked to security, led by the Ministry of Interior and Police, and to the General Attorney's Office. Other institutions or sectors with a strong impact on citizen's life (e.g. health or education) could also be prioritised. The role of civil society is key to ensure the success of this specific objective in terms of demanding transparency and accountability and monitoring the different reform processes.

SO2: To achieve a sustainable management of public finances, allocating resources according to national development priorities and contributing to an equal income distribution.

Improving the financial management of the public administration in the Dominican Republic is a necessary complement to the consolidation of its operational capacities. Efficiency and transparency are key parameters, as well as the strengthening of the links between physical and financial planning, both in general and sector institutions, in order to improve quality expenditure and public services.

The focus will be on public finance management by results, following best OECD practices. This will include planning and budgeting coordination, public procurement, efficient planning and implementation, coupled with interventions on improving transparency and oversight of the public finance management cycle.

3.2.2 Main expected results

The expected results for Specific Objective 1 are linked to the professionalisation of the civil service, the strengthening of public institutions and an improvement in the quality of services offered to citizens. It is important to take into account the various levels of public administration, according to their respective mandates. These expected results are part of the Ministry of Public Administration' Strategic Plan (2012-2016) and have been validated by the other relevant ministries. Given the limited reach of the EU's intervention, priority will be given to the sectors and institutions that have the greatest impact on citizens' lives. Although not exclusive, the government has given initial priority to issues linked to security, which is of great concern to citizens. For example, the professionalisation of the police force, improvement of salary scales, training and the strengthening of governing institutions would impact on the quality of the service received and perceived by the population in terms of security. Gender equality is a key parameter to be considered, both in public administration reform and in security related interventions.

These results are also based on the lessons learnt of previous programmes supporting public administration reform in the DR and will allow to give continuity to this process. Notably, under an EU funded programme, two important laws were approved, but need to be further implemented: the

General Law on Salaries and the Organic Law of Public Administration, which establishes the macrostructure of the State. Another relevant lesson learnt is linked to the need to invest in training of public servants, for example through the National Institute of Public Administration (INAP) or other relevant sector institutions (e.g. Escuela Nacional de la Judicatura). The main lesson learnt, that will probably be highlighted in the ongoing evaluation of the actual programme to support public administration reform, is the confirmation that the reform is only a means to improve the quality of the public services offered to citizens. Any further programme has to be based on this premise.

- *SO1 - R1) The rationalisation of the State's organisational structure is implemented both in terms of institutional functions and staff, to eliminate the duplicity and dispersion of functions and organisations.*
- *SO1 - R2) Strengthened the professionalisation of the Civil Service, ensuring equal opportunities for men and women.*
- *SO1 - R3) Public servants are paid, incentivised and assessed according to the Ministry of Public Administration's policies of equal pay, performance and transparency.*
- *SO1 - R4) Public servants are equipped with the skills needed to provide a management system focused on achieving results that benefit society and national development.*
- *SO1 - R5) Greater transparency and accountability of public institutions.*
- *SO1 - R6) Modernisation of public services.*
- *SO1 - R7) Improvement in the quality of public services.*
- *SO1 - R8) Implementation of the Assessment of Institutional Performance ("Evaluación del Desempeño Institucional", EDI) in public institutions.*

With regards to SO2, progress in public financial management has been measurable in the DR. PFM has experienced marked improvement since 2006 with the implementation of the new legal framework, which has had a real modernisation impact, as confirmed by the successive PEFA assessments and PEMFAR. However, the findings of PEFA 2012 and PEMFAR 2013 still point out to several substantial deficiencies to be addressed in the short and long term. On the basis of EU experience in the main PFM areas (budget, treasury, public procurement, external audit, transparency) with the Ministry of Finance and the Court of Auditors, EDF 11 interventions should focus on obtaining the following results.

SO2 - R1) Improvement of the State's budget management and fiscal policies, especially with regards to transparency and accountability. Significant efforts have been undertaken to consolidate the formulation and execution of the annual budget (training, IT and processes). But there is also a recognised necessity, which EU assistance will target, to complement this in the longer term with result-oriented budgeting. Transparency and external audit are other areas needing further support to complete initial efforts to improve citizen information mechanisms and PFM oversight, as recommended by the Court of Auditors.

SO2 - R2) Improvement of the public procurement system in terms of transparency, planning and efficiency of allocated expenditure. Public procurement is also a key PFM function. Progress in transparency and efficiency is underway. The EU will support, further efforts to ensure that institutions

have sufficient capacities to formulate annual and multi-annual budget procurement plans, articulated with institutional strategic plans and multi-annual public sector plans in line with the NDS.

SO2- R3) Strengthened public planning and investment as a prioritisation mechanism for the allocation of public expenditure and management of results, especially of investment projects, according to national development needs. Once the annual budget process has been improved, articulation in annual and multi-annual planning and budgeting must be developed throughout the planning, public investment formulation, monitoring and evaluation processes, to ensure result-based PFM.

Recognising the limitation of EU interventions compared to the extent of the problems, and the potential variations of priorities of successive governments, these expected results must be refined in the formulation process of the interventions, according to government priorities and reform progress. In this sense, and whenever feasible, low-carbon and climate resilient technologies should be encouraged for the planned public investments.

3.2.3 Main indicators

The main indicators for measuring the aforementioned results are contained in the sector intervention framework attached in Annex.

3.2.4 Donor coordination and policy dialogue

In addition to the general donor coordination mechanisms and the role of the Ministry of Economy, Planning and Development, mentioned in section 3.1.4, specific donor coordination groups have been set up on Governance, Finances and Public Administration, as well as on Security, Justice and Gender-Based Violence. Direct policy dialogue between the EU Delegation and the line ministries is very fluid, particularly with the Ministry of Public Administration and the Ministry of Finance, due to the importance of existing cooperation in these fields.

3.2.5 Financial and policy commitments of the government

The political commitments are reflected in the NDS, and both specific objectives are completely aligned with the NDS. Although this does not guarantee that they will be applied by the next government, it does offer a framework for action and dialogue that allowed to reach a consensus on the established objectives and results. The interventions defined in this NIP are more specifically framed by the Public Administration Strategic Plan, the Finance Strategic Plan, and the Integral National Security Plan, adopted by the government. The NDS takes into account the importance of gender equality, although implementation still needs to be more explicitly addressed. In the field of public administration reform, more disaggregated data is needed and real gender mainstreaming should be strengthened.

In relation to the financial commitment of the government, although the NDS does not have a budget yet, there is a clear increasing trend in the sector expenditure perspectives for the period 2013-2016, reflected in the projects defined under each axis of the NDS in the Multiyear Public Sector Plan (MPSP). Under the Institutional Strengthening chapter, there is an increasing expenditure perspectives from 2013 (EUR 3.36 million) to 2016 (EUR 4.63 million) for this sector.

3.2.6 Environmental assessment

A strategic environmental assessment is not deemed necessary for this sector, but environmental considerations will be taken into account, when needed, in the formulation of EU interventions.

3.2.7 General risk assessment for sector intervention

Political risks: this NIP has been drawn up with the current government but will largely be implemented by the next one. This may affect its execution if its priorities change. However, given that the NIP priorities are set in the NDS, which is legally valid until 2030, this should not be a major obstacle.

Institutional risks: with regard to public finance management, this hypothetical change in political will must consider the weak institutionality of the Ministry of Finance and the lack of coordination of the governing bodies of public finances, which could lead to difficulties in its implementation. EU support will adapt by taking into account the political momentum for given reforms, when establishing at a given moment its priorities for support (within the lines of actions defined in the NIP). This can be mitigated by re-focusing the emphasis on one of the other established results. With regard to the reform of the public administration, the Ministry of Public Administration, its governing body, has been a partner of the EU for years and has shown commitment and efficiency. However, this complex process does not only depend on that Ministry. It also requires coordination with the Ministry of Finance and the Ministry of Economy, Planning and Development, amongst others, as well as political support, at high level, clearly reflected in national budget allocations.

Mitigation of these potential risks will take place by strengthening the implementation and monitoring mechanisms of the NDS, since it is the basis of the objectives, results and indicators on the EU intervention. In addition supporting better coordination mechanisms between the different ministries and between the relevant donors in the sector will also reduce these political and institutional risks.

3.3 Implementation modalities

A mix of implementation modalities will be essential to balance the risks associated to a single modality. The DR has been eligible for budget support in the 10th EDF, but general conditions may vary until 2020. Sector reform contracts may in certain cases have the potential to support efficiently strategic policies in the identified focal sectors, especially when the specific objectives relate to core public sector mandates, and when there is strong sector policy dialogue and sufficient institutional capacities. In any case, there should be significant accompanying measures, including technical assistance, in both sectors. Project support will consider the potential for donor harmonisation through delegation agreements, in areas where member states (despite having limited cooperation in the DR) or multilateral organisations have significant expertise. Decentralised management of projects will be considered notably on the basis of institutional capacity of potential government partners. In addition, it will be important to ensure full participation of civil society and the private sector in EU interventions and policy dialogue, including

through grant finance. Finally the DR also benefits from the presence of financial institutions⁶ eligible for EU blending operations through the Caribbean Investment Facility.

4 Measures in favour of civil society

Civil society in the DR is dynamic and diverse. It plays an important role in terms of policy advocacy, social audit of the government, and independent expertise. In a relatively centralised country, increasing social cohesion and democracy requires strengthening the capacity of civil society to participate in policy processes in a constructive way. Dominican civil society and local authorities, directly or through the Dominican Federation of Municipalities (FEDOMU) are crucial partners and have been actively involved in EU cooperation and will continue to be so, through support via thematic programmes, but also within the focal sectors of bilateral cooperation (including through financing of civil society for specific actions). This approach has been very successful in the implementation of 10th EDF, and the same modality should be used. Support to civil society will be inserted in both focal sectors. For example, funds could be designate under focal sector 2 in order to support civil society in the monitoring of the implementation of public administration reform, as it was done in previous programmes.

Under this approach, civil society, local authorities and business associations are key partners of the EU cooperation and specific allocation will be destined to support them, within the two focal sectors.

5 B allocation

A B-allocation may be included in the NIP for unforeseen needs (specifically relevant for fragility situations). This allocation is EUR 0 until a need arises. In case of necessity, a Financing Decision to meet an unforeseen or urgent need can always be taken notwithstanding the status of the indicative B-allocation mentioned in the NIP.

6 Support measures: Technical Cooperation Facility

A Technical Cooperation Facility (TCF), with a specific allocation, will aim to support, where needed, all stages of the project cycle, and to address specific needs to enhance policy dialogue in strategic areas. This punctual mobilization of resources is critical for adding value to EU cooperation with the Dominican Republic, by supporting complementary activities with the right timing to maximise the EU's contribution to a given process. It can also allow leveraging coordination with other donors and with other EU programmes, which is particularly relevant in the DR, due to its simultaneous membership of and potential bridging role between CARIFORUM and SICA (usually covered by different EU cooperation instruments). It will also complement interventions in the focal sectors, for needs at present impossible to foresee over a seven year period. Short term technical assistance, studies or training courses have proven to be a flexible tool, with the potential to lead to rapid results.

⁶ For example EIB, AFD, AECID, KFW and IADB

Annexes

1. Dominican Republic at a glance
2. Donor matrix with indicative amounts per sector
3. Sector intervention framework and performance indicators
4. Indicative timetable for commitment of funds

Annex 1

DOMINICAN REPUBLIC AT A GLANCE

ECONOMIC INDICATORS

	2009	2010	2011	2012	2013	2014	2015
GDP							
Nominal GDP (US\$ m)	46,485.00	50,980.30	55,433.30	58,897.70	58,986.10	61,027.40	64,915.40
Nominal GDP (Ps m)	1,678,760	1,901,900	2,119,300	2,316,780	2,474,510	2,672,447	2,912,735
Real GDP growth (%)	3.5	7.8	4.5	3.9	2.5	4	4.3
Private consumption	5.2	7.7	3.9	1.6	0.2	2.8	4.8
Government consumption	-3.4	3.3	0.4	11.5	-3	4	5
Gross fixed investment	-14.8	17.6	-2.7	4.3	-2	4	8
Exports of goods & services	-7.4	11.6	8.8	5.4	10	6.8	4.7
Imports of goods & services	-9.8	14.4	2.9	1	1	3.9	7.2
Origin of GDP (% real change)							
Agriculture	12.5	5.5	5.5	4.1	2.2	3.5	4.5
Industry	-2.5	7.8	6	1.4	4	4.2	4
Services	4.9	7.3	2.4	3.8	1.6	3.4	4
Population and income							
Population (m)	9.3	9.4	9.6	9.7	9.8	9.9	10.1
GDP per head (US\$ at PPP)	10,233	10,990	11,559	12,054	12,399	12,955	13,585
Recorded unemployment (av; %)	14.9	14.4	14.6	14.3	15	14.5	14.2
Fiscal indicators (% of GDP)							
Central government balance	-3.1	-2.7	-2.6	-6.6	-3	-2.8	-2.4
Debt interest payments	1.8	2	2.1	2.4	2.7	2.5	2.3
Primary balance	-1.3	-0.7	-0.5	-4.1	-0.3	-0.3	-0.1
Public debt	36.8	37.6	39	41.5	47.4	45.8	43.9
Prices and financial indicators							
Exchange rate Ps:US\$ (end-period)	36.38	37.93	38.79	40.36	43.3	44.35	45.46
Exchange rate Ps:€ (end-period)	52.43	50.67	50.2	52.88	55.86	55.88	57.28
Consumer prices (end-period; %)	5.8	6.2	7.8	3.9	4.6	4.2	4.3
Stock of money M1 (% change)	18.2	9.4	4.9	9.8	10	10.5	13.2
Stock of money M2 (% change)	13.9	9.8	10.3	9	10.5	11.6	14
Lending interest rate (av; %)	18.1	12.1	15.6	15.5	13.7	14.2	14.4
Current account (US\$ m)							
Trade balance	-6,813	-8,701	-8,917	-8,679	-6,986	-6,894	-7,354
Goods: exports fob	5,483	6,598	8,492	9,079	9,840	10,363	10,946
Goods: imports fob	-12,296	-15,299	-17,409	-17,758	-16,825	-17,258	-18,300

Services balance	2,987	2,936	3,195	3,503	3,872	4,229	4,557
Income balance	-1,721	-1,788	-2,091	-2,230	-2,641	-2,768	-3,016
Current transfers balance	3,216	3,118	3,432	3,370	3,410	3,506	3,605
Current-account balance	-2,331	-4,435	-4,380	-4,037	-2,344	-1,927	-2,208
External debt (US\$ m)							
Debt stock	11,275	13,357	15,395	16,331	18,016	18,122	18,358
Debt service paid	1,173	1,212	1,308	1,402	1,809	2,186	2,309
Principal repayments	835	834	865	769	1,109	1,469	1,570
Interest	500	530	690	633	700	717	739
International reserves (US\$ m)							
Total international reserves	3,583	3,883	4,117	3,579	4,379	4,679	4,779

Source: IMF, International Financial

Statistics.

SOCIAL INDICATORS	2009	2010	2011	2012	2013	2014	2015
Gini Index		0.49		0.503	0.509	0.515	0.522
<i>Female Householder</i>		0.51		0.505	0.512	0.518	0.525
<i>Male Householder</i>		0.49		0.501	0.507	0.514	0.52
Percentage of population under extreme national poverty line		11.4		10.5	10.1	9.7	9.3
<i>Female</i>		12.1		10.8	10.2	9.7	9.2
<i>Male</i>		10.6		10.2	10	9.8	9.6
Percentage of rural population under extreme national poverty line		16.9		15.1	14.3	13.5	12.8
<i>Female</i>		15.6		16.1	16.5	16.8	17.1
<i>Male</i>		18.3		14.1	12.5	11	9.8
Percentage of population under moderate national poverty line		41.62		40.9	40.62	40.29	39.97
<i>Female</i>		43.11		42.5	42.23	41.94	41.66
<i>Male</i>		40.12		39.4	39.02	38.66	38.31
Percentage of rural population under moderate national poverty line		50.4		49.4	48.39	48.34	47.9
<i>Female</i>		52.6		52.1	51.8	51.6	51.3
<i>Male</i>		48.4		47	46.3	45.6	44.9
Life Expectancy (years)		72.4	73.4	74.4	75.4	76.5	77.5
<i>Female</i>		75.5	76.3	77.1	77.9	78.8	79.6

RISK INDICATORS				
	1995	2000	2005	2007
Prevalent Vulnerability Index*	46.356	47.619	46.286	45.708

Source: Disaster Risk and Disaster Risk Management Indicators, IDB, Published Sept 2010

*The Prevalent Vulnerability Index characterizes the prevailing conditions of vulnerability in the country in terms of exposure in prone areas, socioeconomic fragility and lack of resilience. (range: 0-100; 40-80 high, 20-40 medium <20 low)

The Long-Term Climate Risk Index (CRI): Results (annual averages) in specific indicators in the 10 countries most affected in 1992 to 2011.

CRI 1992-2011 (1991-2010)	Country	CRI score	Death toll	Deaths per 100,000 inhabitants	Total losses in million US\$ PPP	Losses per unit GDP in %	Number of Events (total 1992-2011)
1 (3)	Honduras	10.83	329.25	4.96	679	2.84	60
2 (2)	Myanmar	11	7137.25	13.79	640	1.41	37
3 (4)	Nicaragua	18.5	160	2.82	223	1.89	44
4 (1)	Bangladesh	20.83	824.4	0.58	1721	1.18	247
5 (5)	Haiti	21.17	301.1	3.43	148	1.08	54
6 (6)	Viet Nam	23.67	433.15	0.55	1741	1.06	214
7 (9)	Korea	26	76.55	0.33	3188	7.64	37
8 (8)	Pakistan	30.5	545.9	0.38	2183	0.73	141
9 (55)	Thailand	31.17	160.4	0.26	5413	1.38	182
10 (7)	Dominican Republic	31.33	211.6	2.47	185	0.35	49

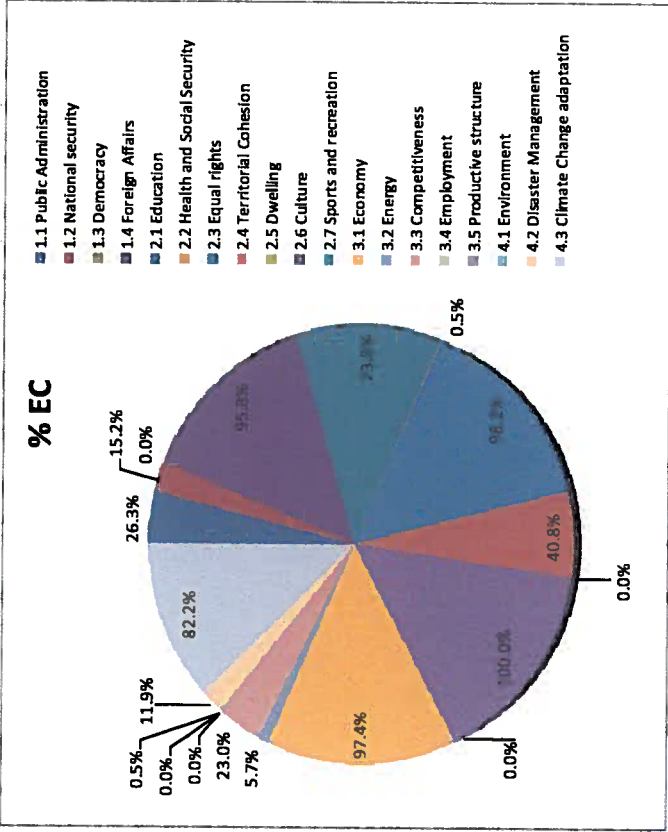
Source: Global Climate Risk Index 2013, GERMANWATCH

Annex 2 Financial Donor Matrix in the Dominican Republic (million US\$)
On going and Planned Funds - October 2013
LOANS and GRANTS commitments

	1.1 Public Administration	1.2 National security	1.3 Democracy	1.4 Foreign Affairs	2.1 Education	2.2 Health and Social Security	2.3 Equal rights	2.4 Territorial Cohesion	2.5 Dwelling	2.6 Culture	2.7 Sports and recreation	3.1 Economy	3.2 Energy	3.3 Competitiveness	3.4 Employment	3.5 Productive structure	4.1 Environment	4.2 Disaster Management	4.3 Climate Change adaptation	Total	% Total
WB	41.50							27.50												69.60	3.48%
IDB	42.56						1.00	31.30					0.75	10.00			750.00	29.00		864.61	43.28%
IADB																					
UN																					
Organisations	17.60	0.90				23.89	0.20	10.73				0.70				1.09		0.84	0.30	56.25	2.82%
Germany																				0.82	0.04%
Spain	3.30	0.94	1.27	0.07			0.59	0.10								20.09		5.23		31.59	1.58%
USA	8.10			0.25	1.00															9.35	0.47%
Canada																					
Japan																				3.90	0.20%
Italy																					
France								230.50					20.00						12.75	263.25	13.18%
Others					20.00							0.18	130.00	194.20	22.75					367.13	18.38%
EC	40.34	0.33		7.37	59.15	0.11	98.29	10.16		0.33		32.89	9.08	60.97			4.10	6.56	1.39	331.07	16.57%
Total	153.4	2.2	1.3	7.7	80.2	24.0	100.1	24.9	289.3	0.3	0.0	33.8	159.8	265.2	22.3	21.2	754.9	55.0	1.7	1,997.57	100%
% EC	26.3%	15.2%	0.0%	95.8%	73.8%	0.5%	98.2%	40.8%	0.0%	100.0%	0.0%	97.4%	5.7%	23.0%	0.0%	0.0%	0.5%	11.9%	82.2%	16.6%	

* Sector categories correspond to the National Development Strategy 2010-30 of the Dominican Republic

Source: EC



Annex 3. Sector intervention framework and performance indicators

Baselines and targets will be included in the action fiches at the latest, reflecting to the best extent possible the country strategies/plans.

<p>Sector 1: Inclusive productive development and capacity building for quality employment.</p> <p>General objective: to increase efficiency, investment and productive capacity of SMEs, and to improve employability of the population, by consolidating the work-oriented training system to support the productive sector.</p> <p><i>Indicator: Global Competitiveness Index (baseline 2010:3.9; target 2020:4.4)</i></p> <p>Specific objective 1 (SO1): to increase the quality of production of micro, small and medium enterprises (SMEs) to promote a better position both in national and international markets.</p> <p><i>Indicators:</i></p> <p><i>SO1-1) Number of SMEs integrated in (selected) international value chains</i></p> <p><i>SO1-2) Number of SMEs implementing quality management systems and certified</i></p>		
<p><u>Expected Results</u></p> <p>SO1-R1) Strengthened business environment, notably in terms of the institutional and regulatory framework of the Dominican Quality System.</p> <p>SO1-R2) Improved production, management, processing and commercialisation processes.</p>	<p><u>Indicators</u></p> <p>SO1-1) Internationally recognised institutions comprising SIDOCAL⁷ (ODAC⁸, INDOCAL⁹ and CODOCA¹⁰)**</p> <p>SO1-2) Number of certified products from SMEs**</p>	<p><u>Source of verification</u></p> <p>Certificates of achievement and international declarations from international QI system organisations</p> <p>Report of INDOCAL on the quality certifications delivered to products and systems.</p>

⁷ Dominican Quality System (Sistema Dominicano de la Calidad--SIDOCAL)

⁸ Dominican Organism for Accreditation (Órgano Dominicano para la Acreditación--ODAC)

⁹ Dominican Institute for Quality (Instituto Dominicano para la Calidad---INDOCAL)

¹⁰ Dominican Council for Quality (Consejo Dominicano para la Calidad---CODOCA)

<p>SO1-R3) Selected value chains are better organised, implement traceability strategies and operate in higher quality markets.</p>	<p>SO1-3) State of cluster development*</p>	<p>Global Competitiveness Index (GCI-WEF)</p>
<p>Specific objective 2 (SO2): to strengthen the national system of vocational education and training and its relationship with high-value chains.</p>		
<p><i>Indicators</i></p>		
<p>SO2-1) Population over 15 years of age participating in vocational training programmes (baseline 2010: 7.6%; target 2020: 13%)</p>		
<p>SO2-2) Population between 15 and 19 years of age not studying and not in employment (baseline 2010: 6%; target 2020: 2.8%)</p>		
<p>SO2-3) Net enrolment rate in technical/vocational secondary level (baseline 2012: 7.3% of population of 16-17 years of age; target 2015: 7.8)</p>		
<p><u>Expected Results</u></p>		
<p>SO2-R1) Consolidated regulatory framework and articulation of public and private institutions related to the national system for employment-oriented training.</p>	<p>SO2-1) National Framework of Professional Qualifications established**</p>	<p><u>Source of verification</u> Reports and resolutions from MINERD Annual reports of MINERD, MESCYT and INFOTEP</p>
<p>SO2 - R2) Strengthened training offer (in technical and professional areas related to the selected value chains and objectives).</p>	<p>SO2-2) Number of programmes for technical-professional careers linked to prioritised value-chains**</p>	<p>Annual report of INFOTEP MINERD, System for the management of schools (SGCE)</p>
<p>SO2-R3) Initiatives to integrate training and enterprises are developed (pilots).</p>	<p>SO2-3) Number of internships in enterprises linked to prioritised value chains**</p>	<p>Statistics of MINERD</p>
<p>Sector 2: Support to institutional reforms of public administration</p>		
<p>General objective: to ensure an efficient, responsible and result-oriented public administration.</p>		
<p>Specific Objective 1 (SO1): To ensure an efficient public administration that acts with honesty, transparency and accountability, that is focused on the achievement of results which benefit society and national and local development, and that contributes to public security and the rule of law.</p>		

Indicators:	Expected Results	Indicators (**)	Source of verification
<ul style="list-style-type: none"> • SO1-1) <i>Corruption Perceptions Index (baseline 2010: 3.0; target 2020: 4.8)</i> • SO1-2) <i>Institutional Strength Index (baseline 2010: 3.2; target 2020: 4.0)</i> • SO1-3) <i>Bureaucratic Development Index (baseline 2006: 0.38; target 2020: 0.7)</i> 			
SO1 - R1) Rationalisation of the State's organisational structure is implemented, both in terms of institutional functions and staff, in order to eliminate the duplicity and dispersion of functions and organisations.	SO1-1 Proposal on Rationalisation of the State's organisational structure implemented according to the Organic Law of Public Administration	Regulation of the Organic Law of Public Administration Implementation report on the rationalisation process	Barometer of public employment professionalisation in Central America and the Dominican Republic
SO1-R2) Strengthened the professionalisation of the Civil Service, ensuring equal opportunities for men and women.	SO1-2 Civil Service Professionalization Index	Percentage of public servants who are paid and incentivised using the remuneration and incentive policies and scales approved by the Ministry of Public Administration	Reports from the Ministry of Public Administration (based on SASP /SISMAP)
SO1-R3) Public servants are paid, incentivised and assessed according to the Ministry of Public Administration's policies of equal pay, performance and transparency.	SO1-3 Percentage of public servants who receive annual training to meet the requirements of the post	Percentage of public servants who receive annual training to meet the requirements of the post	Reports from INAP ¹¹
SO1-R4) Public servants are equipped with the skills needed to provide a management system focused on achieving results that benefit society and national			

¹¹ National Institute for Public Administration (Instituto Nacional de Administración Pública –INAP-)

development.			
SO1-R5) Greater transparency and accountability of public institutions.	SO1-5 Percentage of central and local government institutions with published annual accountability reports	Annual accountability reports	
SO -R6) Modernisation of public services.	SO1-6 Single Window implemented	Report from the Ministry of Public Administration	
SO1-R7) Improvement in the quality of public services.	SO1-7 Length of the procedures or services offered by the public institutions	Satisfaction surveys (by sectors)	
SO1-R8) Implementation of the Assessment of Institutional Performance (" <i>Evaluación del Desempeño Institucional</i> ", EDI) in public institutions.	SO1-8 Percentage of public institutions assessed by EDI	SISMAP	
Specific Objective 2 (SO2): To achieve a sustainable management of public finances, allocating resources according to national development priorities and contributing to an equal income distribution.			
<u>Expected Results</u>	<u>Indicators</u>	<u>Source of verification</u>	
SO2 - R1) Improvement of the State's budget management and fiscal policies, especially with regards to transparency and accountability	SO2-1a) Public access to key fiscal information * SO2-1b) Scope, nature and follow-up of external audit *	International Budget Partnership Open Budget Survey PEFA PI-10: Report from the Secretariat or Report from the Ministry of Finance when a recent PEFA assessment is not available PEFA PI 26: Report from the Secretariat or Report from the Court of Auditors when a recent	

<p>SO2 - R2) Improvement of the public procurement system in terms of transparency, planning and efficiency of allocated expenditure.</p> <p>SO2- R3) Strengthened public planning and investment as a prioritisation mechanism for the allocation of public expenditure and management of results, especially of investment projects, according to national development needs.</p>	<p>SO2-2) Competition, value for money and controls in procurement*</p> <p>SO2-3) Percentage of institutions with strategic plans linked to budget estimates consistent with budget allocations **</p>	<p>PEFA assessment is not available</p> <p>PEFA PI 19: Report from the Secretariat or Report from the Ministry of Finance when a recent PEFA assessment is not available</p> <p>NDS Annual Report (relating to indicators 1, 2, 3)</p> <p>Multi-annual perspective in fiscal planning, expenditure policy and budgeting (PEFA PI-12) Report from the Secretariat or Report from the Ministry of Finance when a recent PEFA assessment is not available</p>
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The results, indicators and means of verification specified in the present annex may need to evolve to take into account changes intervening during the programming period.

Legend:

*Indicators from the Sector Indicator Guidance for Programming 2014-2020. With regards to PFM, PEFA indicators are also considered in the Dominican Republic National Development Strategy (NDS) 2030.

** Indicators based in national statistics and in-country reports and sectoral plans.

Annex 4. Indicative timetable for commitments (million €)

Based on the hypothesis of a total NIP of € 71, 8 million

	2014	2015	2016	2017	2018	2019	2020
	Indicative allocation						
Focal sector: Support to inclusive productive development and to capacity building for quality employment.	32,0						
To increase the quality of production of micro, small and medium enterprises (SMEs) to promote a better position both in national and international markets.		11		5			
To strengthen the national system of employment oriented training and its relationship with high-value chains.			10		6		
Focal sector: Support to institutional reforms of public administration	28,8						
To ensure an efficient public administration that acts with honesty, transparency and accountability, that is focused on the achievement of results which benefit society and national and local development, and that contributes to public security and the rule of law.		10		4			
To achieve a sustainable management of public finances, allocating resources according to national development priorities and contributing to an equal income distribution.			10,8		4		
Support measures	11,2						
Measures to support or accompany the programming, preparation or implementation of actions			6		5,2		
Total commitments	72	21	26,8	9	15,2	0	0