

**EVALUATION OF THE COMMISSION OF
THE EUROPEAN UNION'S CO-OPERATION
WITH DOMINICAN REPUBLIC
Country Level Evaluation**

Final Report

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The opinions expressed in this document represent the views of the authors. They are not necessarily shared by the Commission of the European Union or by the authorities of the countries concerned.

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Acronyms

ACP	African-Caribbean-Pacific Region
AECID	Spanish Agency for International Development Cooperation
AIDCO	Former EuropeAid Cooperation Office
AFD	French Development Agency
AL	América Latina
ANMF	National Association of Mayors at the Border
ASOMURE	Municipal Association of the Enriquillo Network
BDS	Business Development Service
bn	Billion
CARICOM	Caribbean Community
CARIFORUM	Caribbean Forum
CAS	Country Assistance Strategy
CDE	Centre for the Development of Enterprises
CRIS	Common Relex Information System
CS / CSO	Civil Society (Organization)
CSP	Country Strategy Paper
DAC	Development Cooperation Directorate
DEV	Directorate General for Development and Cooperation, European Commission
DEVCO	Directorate General Development and Cooperation
DG	Directorate General
DGA	Directorate General of Audit
DGDEV	Directorate General for Development
DGM	Directorate General for Mining
DP	Development Partner
DR / RD	Dominican Republic
EC / CE	European Commission
ECHO	Humanitarian Aid department of the European Commission
EDF	European Development Fund
EEAS	European External Action Service
EIA	Environmental Impact Assessment
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
EMIS	Education Management Information System
EPA	Economic Partnership Agreement
EQ	Evaluation Question
EU / UE	European Union
EUD	European Union Delegation
FDI	Foreign Direct Investment
FTZ	Free Trade Zone
GBS	Global Budget Support
GoDR/GODR	Government of the Dominican Republic
GDP	Gross Domestic Product
GIP	Gross Internal Product
GIZ	German Society for International Cooperation

HIV/AIDS	Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome
HQ	Headquarter
IDA	International Development Association
IDB	Inter-American Development Bank
IFI	International Financial Institution
ILO	International Labor Organization
IMF	International Monetary Fund
IO	International Organization
ISO	International Organization for Standardization
JAR	Joint Annual Review
JC	Judgment Criteria
JEU	Joint Evaluation Unit
LA	Latin America
M&E	Monitoring and Evaluation
MARENA	Ministry of Environment and Natural Resources
MDG	Millennium Development Goal
MFN	Most-Favored-Nation
MinERD	Ministry of Education
MS	Member States
MTEF	Medium Term Expenditure Framework
MTR	Mid-Term Review
NAO	National Audit Office
NDS	National Development Strategy
NGO	Non-Governmental Organization
NGS	National Geological Services
NIP	National Indicative Programme
NSA	Non-State Actors
ODA	Official Development Assistance
OECD	Organization of Economic Cooperation and Development
OPS	Organización Panamericana de la Salud
OREALC	Oficina Regional de la Educación para América Latina y el Caribe
OSC	Organizaciones de la Sociedad Civil
PAF	Performance Assessment Framework
PAHO	Pan-American Health Organization
PAPND	Plan de Apoyo al Plan Nacional de Desarrollo de Nicaragua
PAPSE	Programa de Apoyo a la Política Sectorial Educativa
PARAP	Public Administration Reform Project
PARME	Programa de Apoyo a la Reforma y Modernización del Estado
PASCAL	European Commission Project to establish an expertise network on Learning Regions
PET/TEP	Transborder Environmental Project
PFM	Public Financial Management
PGR	Procuraduría General de la República Dominicana
PIB	Producto Interno Bruto
PRIL	Civil Society Programme
PVDC	Proyecto Pueblo Viejo Dominicana Corporación

RD\$	Dominican Republic Peso
RELEX	Former Commission for External Relations and Decentralized Cooperation
RIP	Regional Indicative Programme
ROM	Results Oriented Monitoring
RSP	Regional Strategy Paper
SB	Sector Budget
SBS	Sector Budget Support
SEAP	Secretaría de Estado de la Administración Pública
SEMARENA	Secretaría de Estado de Medio Ambiente y Recursos Naturales
SGN	National Geological Services
SIFMUN	Sistema Integrado de Finanzas Municipales
SLR	Strategic Recommendation
SME	Small and Medium Enterprise
SoF	Secretary of Finance
SYSMIN	System of Stabilization of Export Earnings from Mining Products
TA	Technical Assistance
TEP/PET	Transborder Environmental Project
ToR	Terms of Reference
TVET	Technical Vocational Education and Training
UN	United Nations
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNICEF	United Nation's International Children's Emergency Fund
UNPD	United Nations Program for Development
US	United States
USAID	United States Agency for International Development
US\$	United States Dollar
UTG	Unidad Técnica de Gestión
WB	The World Bank
WS	Workshop

Executive Summary

INTRODUCTION

This evaluation of Commission of the European Union's (EC) co-operation with the Dominican Republic was carried out in 2010 and 2011. The main objectives of the evaluation were provision of an independent assessment to EC and to the wider public of EC's past and current co-operation relations with the Dominican Republic and to identify key lessons in order to improve the current and future EC strategies and programmes.

The evaluation covers co-operation strategies and implementation including a mix of all activities and modalities during the period 2001-2009, primarily, but not only, the implementation of the European Development Fund (EDF8 & EDF9, and programming of EDF10). During that period EC support co-operation areas included focal sectors (education / health, water & sanitation, governance, macroeconomic support) and non-focal sectors, as well as cross-cutting issues. EDF-based support was provided by the EC for the System of Stabilization of Export Earnings from Mining Products (SYSMIN) via Envelope B and additional funding was provided for emergency actions (through the Humanitarian Aid department of the European Commission - ECHO). A special effort was made to evaluate the contribution of the EC to joint Dominican Republic-Haiti development at both the bi-national and regional levels.

METHODOLOGY

The evaluation has been based on a limited number of evaluation questions (8) covering seven evaluation criteria (relevance, effectiveness, efficiency, impact, sustainability, coherence and 'EC added value') plus cross-cutting issues and 3Cs (coordination, complementarity and coherence). The questions respond to the analysis of the overall EC policy framework and EDF9 and EDF10 Country Strategies for the Dominican Republic.

The evaluation approach used in this mandate follows exactly the one required by the Joint Evaluation Unit of the EC, including a detailed analysis performed during a desk phase that results in preliminary answers to the

evaluation questions and a detailed methodology for a field phase. A report was then prepared and presented to a multi-stakeholder workshop in Santo Domingo. The inputs from that session were incorporated into the final report which then takes on its final form as the "Synthesis Report". Answers to the evaluation questions included consideration of a limited sample of twelve EC project interventions which were examined in detail during the field phase of the evaluation in the Dominican Republic. These projects included major EDF8/ EDF9 disbursements implemented between 2001 and 2009, a sample of eight budget line and other category interventions that were of particular strategic importance for the European Commission, i.e. those with regard to civil society and bi-national issues. These interventions represented some 60% of EDF8 & 9 disbursements during the evaluation period. During the field phase in the Dominican Republic, the evaluation team arranged interviews, focus group discussions and limited site visits to investigate hypotheses formulated during the preceding desk phase. Overall the evaluation team participated in some 75 interviews with over a hundred interviewees in the Dominican Republic and elsewhere with representatives of EC, the Government of the Dominican Republic (GoDR), other donors, beneficiaries and other bodies. Two focus groups were conducted and Two intervention sites of EC supported projects/programmes were visited by the team. In total approximately 400 documents and web sites were consulted during the course of this evaluation.

EC-DOMINICAN REPUBLIC COOPERATION CONTEXT

The Dominican Republic is the Caribbean's second largest nation with 48,442 km² and a population slightly over 10 million. It has the second largest economy in the Caribbean and Central American Region (based on purchasing power parity on Gross Domestic Product (GDP)); once dominated by sugar, the economy is now largely service related with tourism as a key sector. Mining is also critical to the economy as is agriculture. The Dominican Republic's largest trading partners

for agricultural products are the USA, followed by Haiti. International migration affects the country greatly as it harbours a significant number of Haitian (illegal) immigrants (estimates vary from 800 thousand to over a million and a quarter) and an important proportion of educated citizens emigrate, primarily to the USA, where the diaspora numbers over 1.5 million. Transfers to the country by the Dominican diaspora (all countries) accounts for one-tenth of Dominican GDP and, as has been shown recently, is very sensitive to economic downturns. Economic growth has been highly cyclical in the country and has varied widely; the GDP annual growth rates have dropped from 9.3% in 2005 to 3.5% in 2009, but those annual rates are still higher than Latin American averages (4.9% and minus 1.9% in the same period). Unemployment, unearned rent capture, inconsistent power services and poor service delivery in key public sectors such as education are key challenges facing the country, but the most significant issue, from a social and political perspective, is the income equity gap (measured by the United Nations (UN) GINI coefficient) that is one of the highest in the world for a middle income country at .504¹.

The Dominican Republic has struggled to meet key Millennium Development Goals (MDG) targets, and many of them will not, in all likelihood, be reached as planned². The National Development Strategy prepared by the Ministry of Economy, Plan and Development has been elaborated using a highly participative process but was not yet approved as of September 30, 2011, the date of an all-stakeholder analysis of this evaluation in Santo Domingo; as such, it has not been represented in national budgets which have not been increased in key MDG-related sectors over the evaluation period. The education budget, particularly, has not increased as a percentage of GDP in over a decade; it stands at about half of what the law stipulates it must be. The development strategy of the GoDR is built upon economic growth, and studies done by the Office of the

President show that the Country will need substantial support to finance it³.

EC STRATEGY AND INTERVENTION LOGIC

The EC gross disbursements reached a total amount of more than €247m over the period 2001 to 2009, with its peak in 2007⁴. This represents about 22% of total Official Development Assistance (ODA) gross disbursements to the Dominican Republic in that period.

Allocations under EDF9 totalled €176m and initial EDF10 allocations exceeded €194m. Other EC support was provided outside the EDF bilateral co-operation framework. Within the evaluation period, a total of about €247m was disbursed under both EDF and budget line programmes. Out of these, 32% of the total has been dedicated to social development and water and sanitation (the latter being mostly concerned with a project on 'Environmental rehabilitation of marginal barriers in the capital city'), and that an important proportion (11%) has been spent on governance-related interventions.

The internal re-allocation of the National Indicative Programme (NIP) in the Dominican Republic after the Mid-term review of EDF9, was however, very significant, with almost half of Envelope A being re-allocated to an entirely different sector that was not even funded under the original NIP and water and sanitation going from €53m to zero⁵.

About 33% of the revised (i.e. post Mid-term Review) budget was spent on totally new areas that were not identified as the "focal" areas for support during either EDF8 or EDF9: notably "macroeconomic support" and what is termed 'non-focal' which, in reality, is mostly concerned with support to civil society. A full 9% of the total was disbursed under 'Envelope B' with similar proportions for SYSMIN and as emergency assistance for the mitigation of disasters.

In addition to the above, it is noteworthy that three Budget Support initiatives were in place:

¹ 2008 figures, based on household per capita income

² Various international and multilateral organisations such as UNICEF, UNDP, World Bank and others provide these assessments by MDG indicator

³ Comisión Presidencial sobre los Objetivos del Milenio y el Desarrollo Sostenible (CORPIDES) y Sistema de las Naciones Unidas en la República Dominicana (UNCT), "Evaluación de Necesidades para Cumplir con los Objetivos de Desarrollo del Milenio (ODM)", 2010.

⁴ OECD data. Sept 2011 exchange rate used for conversion

⁵ Any disbursement in that period for the water and sanitation sector pertain to funds programmed under EDF8 plus some funds from EDF9 assigned to a previous EDF8 programme

(i) the General Budget Support Programme for Poverty reduction, (ii) the Tropical Storm Noel Rehabilitation Assistance programme⁶ and (iii) the Support Programme to Sector Policy in Education.

The Regional Indicative Programme (RIP) 9 and NIP9 gave top priority to promoting regional integration by putting special attention to the relationship between the Dominican Republic and Haiti. The importance of fostering the relationship of both countries was taken up in EDF10 as non-focal area.

Compared to EDF8 and EDF9, the funding in each of the sectors retained for EDF10 was concentrated in a smaller number of interventions, as had been recommended by an earlier evaluation.

OVERALL ASSESSMENT

Overall, the EC's development cooperation programme in the Dominican Republic has been flexible over time and has contributed to reducing poverty in key sectors, but has not specifically targeted the socio-equity gap that is a major developmental issue in the country. The sustainability of some of those results is weak primarily, but not only, due to the inadequate on-going GoDR financial support that is applied to most sectors in which the EC has operated (especially education, but also natural resources management and the development of the DR-Haiti border zone). Sustainability within the education sector has also been compromised because of the national focus that was placed on the quantity of service delivery without due regard to the quality of those public goods. The decision to use General Budget Support and Sector Budget Support as key implementation mechanisms has lessened the administrative and management burdens of the Government of the Dominican Republic but the conditions that the EC established for disbursement (fixed and variable tranches) have not been specific enough to form the backbone of a mutually accountable relationship based on meeting established performance targets and dialogue. Lessons concerning accountability have been learned by the Delegation and are already being applied. The EU Delegation has effectively used informal policy dialogue

mechanisms to compensate for the lack of formal ones. The extent to which the EC's contribution has influenced decisions concerning the focus of the national budgets to Millennium Development Goals cannot be precisely determined but it would be marginal at best.

The evaluation found that most recommendations made by the last country-level evaluation have been implemented, but important recommendations were not, including those on capacity development and the need for a coherent and comprehensive strategy for support to civil society. The EC also decided to reject the past evaluation's recommendations for the selection of focal sectors, and this evaluation concurs with the EC's decision based on the needs of the people and the EC'S comparative advantages.

Finally, the evaluation found that gender and environmental issues were generally mainstreamed into programming and initiative design, but that the monitoring of these cross-cutting issues needed to be improved.

KEY FINDINGS TO EVALUATION QUESTIONS

1. Response to strategic priorities

The EC has aligned itself to the set of strategies of the GoDR between 2001 and 2009 even though the latter were not clearly prioritized per se. There has been a consistent focus on a few domains such as education, institutional reform and the development of the DR-Haiti border zone since 2001, even though the focus within these sectors and sub-sectors have been changed. The EC has made its cooperation programme evolve over time to respond to the changing needs of the country as stated by the GoDR or the changing bilateral cooperation context. The EC's contributions have largely targeted poverty but cannot be said to specifically target the socio-economic equity gap that is a major issue in the country. Policy dialogue mechanisms have not been effective (see below) but informal dialogue processes have clearly been a critical component of a number of EC activities in the competitiveness, trade, Bi-National Commission, Non-State Actors (NSA) and other dossiers.

2. EC contribution to the Education sector

Education is a key part of the GoDR's National Development Strategy (NDS) and the Dominican Republic has consistently

⁶ From the "B" envelope. It was treated as an emergency initiative to increase the GoDR budget for reconstruction and funds were transferred directly to the GoDR Treasury.

developed and maintained strategic and operational plans for its reform. The EC has supported these important national initiatives primarily with sector budget support funding and technical assistance that have corresponded to the sector plans of the country and to the needs of the population. Improvement of the policy framework and the coverage of service delivery in primary education in the Dominican Republic has taken place during the time that the EC has provided support and the budget support modality was an effective means of supporting the GoDR in that it gave the Dominican Republic the flexibility it needed to allocate resources where it felt they were needed. A number of improvements were also made with EC support in strategic management (such as the creation of a mid-term plan for education) and in policy (such as curriculum and education planning as well as the development of the functional specifications for Education Management Information System (EMIS)). The Dominican Republic is progressing to meeting the MDGs, but a low level of quality of education (due to a number of factors including teacher competency and a lack of national budget support) significantly endangers education-related MDG targets. A great deal remains to be done and external support is critical. The conditions for payment attached to the Sector Budget Support cannot be said to have created the framework for policy dialogue, not being policy related nor stated in terms of deliverables. Importantly, the national budget for education is very low compared to the need (in terms of service delivery); moreover, while it has increased in absolute terms, it has not increased for many years (in terms of a percentage of GDP). It is lagging far behind Latin American and Caribbean ratios and is only about half of what is provided for in the education law.

3. General Budget Support and aid effectiveness

The exact extent to which the EC-provided Budget support has improved (or is likely to improve) the focus given to poverty reduction in the public budgets of the GoDR is not likely ever to be accurately determined, but it would be marginal at best. There are a number of reasons for this including the fact that it would be difficult to speak of increases in the poverty reduction focus of the GoDR when the relative standing for social spending has decreased over the past decade as compared to the Latin

American and Caribbean averages, and when the national budget has not shown increased relative funding levels in key MDG sectors over the period represented by the scope of the evaluation.

The current sector policy monitoring systems used by the EC are not robust enough to form the backbone of the policy dialogue on poverty reduction that is a key component of budget support, nor are they sufficient to provide intelligence on the evolution of the sectors and the evolution of risks generally. The evaluation identified that the performance indicators that are part of the budget support process are not the core of an on-going policy dialogue between the EC and the GoDR, nor are they specifically concerned with increasing the poverty-reduction focus of the national budget per se. The weaknesses inherent in the country-led dialogue mechanisms (including their lack of frequency and poor focus) are key reasons for this performance.

4. Contribution of EC support to empowering civil society

The EC has consistently maintained, in its strategic documents, that it places a great deal of importance on developing civil society in the Dominican Republic, and the evaluation supports this claim. Support took the form of large and small-scale interventions, which included a focus on the increased capacity to organise and document responses that represent civil society positions in policy debates at all levels of government in the Dominican Republic. Evidence of outcomes achieved with EC support were not quantifiable due to inadequate monitoring systems in place to measure results (as opposed to processes) but the evaluation clearly recognised the EC's contribution to the generation of policy opinions for public debate and consultation processes, and a demonstrated capacity on behalf of civil society organizations (CSOs) to engage local-level administration on issues dealing with service delivery and public priorities. The latter has provided the base for regular consultations on a number of issues. Interventions supported by the EC also helped create a new legal framework (non-profit law, municipal law, and others) that contain a new model of decentralization characterized by the participation of civil society and participatory planning that demonstrates a greater appreciation of CSOs in society. Through the

EC support, various CSO networks devoted to the topic of governance are now in operation. Overall, the evaluation found that this support had been given in the absence of a focussed approach (a formal strategy). Following on from the end of the evaluation period, the evaluation found that the management of the mix of initiatives is much more coherent and focussed than was the case during EDF8 or EDF9. Although highly appreciative, CSOs do not, however, identify a particular added-value that would be provided by the EC alone or as an “enabler” of value that could be obtained from EU member states (MS). It may also be highlighted that the dialogue conducted between the European Union Delegation (EUD) and the civil society is perceived as contributing to a better understanding for each other.

5. Contribution of EC support to the Dominican Republic-Haiti bi-national development

EC contribution to the Dominican Republic and Haiti achieving common development opportunities has been comprehensive, consistent over the evaluation period as well as diversified. It has facilitated a bi-national framework, which in turn has led to converging national plans and shared actions. But overall, the strategic goals identified in the Country Strategy Paper were not achieved. Nevertheless, there is still no common official strategy for the development of the Border Zone. Very importantly, the EC has been able to keep both countries engaged in dialogue on broader border development which bodes well for the future of joint initiatives. Missing leadership and direction of both governments to design and implement a bi-national agenda, as well as very limited achievements are likely a sign of limited institutional capacity and political direction more than budget constraints, explaining in part the subdued success of the EC's significant contribution. There is evidence that the EC's interventions helped support the work of MS in Haiti and in the Dominican Republic; coordination of that support and the joint management of the zone by the GoDR and the Government of Haiti is improving but is still weak.

6. Contribution of EC support to the private sector and trade

EC cooperation improved the ability of Dominican Republic private sector firms to be competitive in terms of trade between the

Dominican Republic and the EU Member States in specific well-targeted sectors. It also improved trade competitiveness with non-EU partners. Competitiveness in the country still remains a major challenge and is being tackled by a more comprehensive government-led policy approach (recent achievements include a competitiveness framework) that is supported by the EC through a direct alignment to the plans of the GoDR. On a small scale, EC support has contributed to giving firms the capacity to become, or remain, competitive (an indication of sustainability) in order to export goods to the EU and other markets and to face the threats of imports to the Dominican Republic (DR). Successful and less successful results have provided lessons learnt to the EC concerning support to the private sector and have influenced the scaling up strategies. Although there is an observed improved choice of more relevant internal indicators at outcome level, EC specific contribution and sustainability of it in existing results over the evaluation period are hard to track because of weak Monitoring and Evaluation setups, with very often missing baseline data. Overall, EC support is output based (outsourcing provided) and capacity development remains a challenge in an evolving framework in the competitiveness sector (cluster approach potential impact in restructuring private's sector network). The EC has not only given Dominican Republic firms the opportunity to take advantage of the Economic Partnership Agreement (EPA) in terms of trade exports to the EU market well in advance (increasing exports in goods to the EU date back to 2005), but has effectively used EPA as a leverage instrument to improve the enabling framework.

7. EC contribution to the mining sector

The evaluation concludes that EC support contributed to the development of the mining sector in the Dominican Republic in a number of significant ways, including the development of the regulations and standards that define the legal security and accident prevention requirements in mining. However these standards still do not yet form part of the national legislation even if they are generally in use by industry. The EC's assistance for the preparation of the entry of the Dominican Republic in the EITI (Extractive Industries Transparency Initiative), the support provided to the Directorate General for Mines (DGM) in its capacity development, and the legal

creation of the National Geological Service (NGS) are important national contributions to economic growth. However, because these institutions do not receive sufficient resources from the State to fulfil their tasks, it is questionable whether these results generated by SYSMIN will be sustainable. As fallout, the monitoring of artisanal mining, with its inherent high risks and dangers, was very limited at the same period, contrary to the stated objectives of the SYSMIN programming. SYSMIN has been very active in supporting Dominican Republic actions to secure private investment in the sector and important mines have been introduced based partly on SYSMIN-developed fiscal and technical frameworks. It has also contributed to improving living conditions of miners and their families and, through the creation of several project designs, SYSMIN resources contributed to environmental protection in the mining areas.

8. Appropriateness of modality mix

The last country-level evaluation recommended that the EC focus more and seek greater impact; its response was not significantly reduce scope but to transfer the responsibility for performance to its country partner through a change in modality from projects to budget support (both sector and general), **a strategy requested by the country**. The choices of modalities have enabled the EC to disburse most of its planned funds in support of the strategic objectives set out in the various Country Strategy Papers; however, a causal relationship between the modalities chosen and the effective execution of strategic objectives cannot yet be concluded. It therefore cannot be shown empirically and definitively that the most appropriate modality was chosen for the objective(s). Based on an examination of the process through which the choice of modality and instrument (or combination) is made, this evaluation concludes that the EC effectively examined alternatives and then selected the modality mix that would meet stated objectives while taking the context and capacity constraints of both the EC and the GoDR into account. In implementing its strategies the EC tended not to complement its programming with rigorous risk analyses and management that are necessary components of accountability frameworks in complex environments categorised by poor entry-level data. Analysis showed that the efforts made were neither rigorous nor comprehensive,

forcing the EC to be reductionist in its approaches and reactionary in terms of managing foreseen or unforeseen disruptive events.

MAIN CONCLUSIONS

The main conclusions (abridged versions from the full texts found in the report) are the following. The report contains nine strategic-level and a further nine sector-related conclusions. The latter are not outlined here but may be found in the main text.

C1: The EC supported the development priorities of the GoDR and the needs of the people of the country, but did not specifically address the socio-equity gap that is critical in the country.

C2: The EC's final choice of focal sectors (including education, mining, civil society and competitiveness) was appropriate and proved to be effective, given the needs of the country and the comparative advantages of the EC. The choice of modalities has been done in keeping with the operational needs and capacity of the key stakeholders of the DR.

C3: The EC and the GoDR have not been able to put into place a framework for mutual accountability founded on policy dialogue, results-based performance and the commitment to sustainability that must accompany a transfer of ownership once interventions are over

C4: The EC has been relatively successful in transitioning from a project-based approach to a budget support-based approach in the Dominican Republic. The decision to use Budget support was warranted from policy and bilateral relationship perspectives but the mutual accountability base and the efficiency of that mechanism needs improvement.

C5: In implementing its strategic vision concerning the role that Civil Society (CS) and Non-State Actors should play in Dominican Republic Society, the EC has been successful in helping to generate policy frameworks concerning CS and in supporting CS capacity to participate in specific policy debates (such as education, mining, human rights and local administration). However, the EUD needs to create a long-term strategy for CS development, supported by more flexible instruments to take advantage of evolving opportunities.

C6: The EUD is not sufficiently equipped with resources and management systems (design

and assessment, risk management, monitoring, capacity development expertise, etc.) to effectively support the strategic objectives of the EC in the DR.

C7: Although capacity development is a central tenet of the EC'S cooperation policy generally and in the DR specifically, CD design in the DR does not focus on sustainable and evidence-based competencies.

C8: The EC is not systematically mainstreaming governance improvement and corruption elimination into its interventions, and then following up with adequate monitoring systems.

C9: The EC's programming and its subsequent implementation followed EC guidelines on the cross-cutting issues of environment and gender.

PRINCIPAL RECOMMENDATIONS

Recommendations are directly based on conclusions. Nine recommendations are considered to be of special significance. Three are of a strategic nature and six are more programme related. They are:

Strategic Recommendations

R1: Continue with poverty reduction as the key programme impact objective and focus on the reduction of the socio-economic equity gap in the country, ensuring that the management emphasis is on objectively verifiable results, intermediate results and clear milestones of policy reform.

R2: Ensure that capacity development is at the heart of every EC-supported intervention, and manage the capacity focus in keeping with the EC's Backbone Strategy, while focussing on evidence-based competencies and on-going monitoring and evaluation.

R3: Invest in robust monitoring and evaluation processes and systems in order to be able to 1) define baselines, 2) follow progress on results, 3) enable faster adjustments to be made in order to achieve targets, 4) manage risks and 5) plan strategically based on a business eco-system approach (for a definition of this term, see footnote 80 in the text).

Programme Recommendations

R4: Continue and expand support to the education sector through a comprehensive multi-modality strategy that enables EC/MS value-added to be leveraged to resolve key issues such as quality of education and

management of resources.

R5: Continue to use budget support as the main modality for supporting the GoDR in achieving its MDG targets but significantly tighten up the performance assessment framework so as to provide a basis for mutual accountability. As part of this re-structuring, focus the policy dialogue and the performance framework on results and significantly reinforce policy dialogue mechanisms that are supported by robust information and analysis.

R6: Formalize a CSO Support Strategy based on a focussed approach to the capacity required within civil society to achieve the strategy's objectives, and ensure that all EC modalities and instruments as well as the efforts of MS leverage each other. NSAs must be mainstreamed into the strategy development and implementation.

R7: Continue to increase the competitiveness of the DR both internally and for trade, by selecting a small number (2 or 3) business clusters for a comprehensive support programme for competitiveness capacity (instead of granting generic support to all 36 pre-identified clusters on a demand-driven basis). Develop mechanisms to place the strategy for support and the accountability for results in the hands of the private sector.

R8: Support to the mining sector should be continued so as to consolidate capacity and ensure sustainability.

R9: Turn the ownership of Haiti-DR joint approaches to border development over to the two countries by taking advantage of the momentum in bilateral relations as well as the EC's dialogue to help develop mid-term bi-national priorities with clearly identified national budgets and implementation arrangements. The EC'S response strategy should be transformed into a demand-driven one with support to the working of the bi-national commission.

Map of the Dominican Republic



1 Introduction⁷

1.1 Origin and Objectives of the Evaluation

The evaluation of the European Commission's support to the Dominican Republic (DR) ("Country Level Evaluation") is part of the 2009 evaluation programme approved by External Relations and Development Commissioners. It is being carried out under Consortium Contract EVA 2007/geo-acp.

The main **objectives** of the evaluation are:

- to provide the relevant external co-operation services of the EC and the wider public with an overall independent assessment of the Commission's past and current cooperation relations with Dominican Republic;
- to identify key lessons in order to improve the current and future strategies and programmes of the Commission.

It is therefore important that the evaluation strikes an appropriate balance between a) being comprehensive in order to fulfil the above accountability requirement and b) be specific enough in order to yield useful and relevant lessons that can be used by the EC and its partners to increase the results-orientation of its support.

1.2 Scope of the Evaluation

1.2.1 Temporal and mandate scope

The scope of the evaluation is the Commission's co-operation strategies and their implementation during the period 2001-2009, i.e. the pursuing of the implementation of EDF8, the programming and the implementation of EDF9 and the programming and launching of EDF10.

The Terms of Reference (ToRs) stipulated that the following must be assessed:

- ✓ "the relevance and *coherence*⁸ of the Commission's co-operation **strategies** (all instruments included) for the period;
- ✓ the European Community value added of the Commission's co-operation **strategies**; coherence within the Commission's developments programme, the coordination/complementarity and coherence with the partner country's policies and with other donors' interventions (focus on Member States) for the same period; the consistency between programming and **implementation** for the previous programming cycle ;
- ✓ the **implementation** of the Commission's co-operation, focusing on impact, sustainability, effectiveness and efficiency for the period 2001 - 2007 and on intended effects for the period under the current programming cycle 2008 – 2013;
 - Whether the recommendations of a previous 2000 country level evaluation⁹ have been taken into account. (The consultants) must check if previous recommendations were useful and to what extent they have been taken into account in further programming. If not, why not."¹⁰

⁷ Definition note:

This evaluation report often discusses policy dialogue and political dialogue. Since the EC has not yet placed its definitions of these terms in its Programme and Policy Cycle Management Guide, the definition provided verbally by the JEU has been used in this report. Fundamentally, we have used the term "political" dialogue only in the context of the Cotonou Agreement, where such dialogue deals with democracy, Human Rights and Governance or where dispute mechanisms are to be applied.

⁸ The notion of coherence should be understood here as follows: (i) correspondence between the different objectives of a strategy, implying that there is a hierarchy of objectives (with lower level objectives logically contributing to the higher level ones); (ii) extent to which the resources foreseen are adequate in relation to the objectives set out in the strategy.

⁹ http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2000/951554_docs_en.htm

¹⁰ ToRs, Annex I of this report.

1.2.2 Thematic scope

The TORs further noted that the following co-operation areas were to be included in the evaluation:

1. "Social sectors including Education and Health;
2. Macroeconomic support, budget support;
3. Support to local development initiatives, NSA;
4. Initiatives of bi-national interest in the border area;
5. Governance;
6. Relevant crosscutting issues including gender, capacity building, democracy & human rights, environment etc;
7. Private sector and trade and, in particular, link between trade and development;
8. Regional interventions".¹¹

In response to this scoping requirement, the evaluation design for this mandate has been formulated to take the following into account:

- For the main sectors of the EC strategies (represented in the Evaluation Questions (EQ), the way and extent to which the recommendations of the previous country level evaluation have been taken into account were assessed.
- The investments of the European Investment Bank (EIB) are out of the scope of this evaluation but the coherence of EIB interventions with EC interventions were analysed.
- Crosscutting issues were integrated into the evaluators' analysis.
- The analysis of these sectors and issues cover the whole range of instruments, approaches and financing modalities used by the EC, based on a full inventory of its funding during the period under review.
- The way synergies and gap-filling were found between bilateral and regional EC strategies and programmes were covered.
- A particular attention was the use and contribution of budget support before EDF10. The EC value added to other donors was also examined.

1.3 Methodology of the Evaluation

Following the Terms of Reference, based on the methodology developed by the EC's Joint Evaluation Unit, and in line with the specifications of the Launch Note for this evaluation, this country strategy evaluation followed five phases:

(i) a preparation phase;

(ii) a desk phase, sub-divided into an *inception phase* to further define the scope of the evaluation by generating a set of Evaluation Questions (EQs) and related judgement criteria and indicators (see below); and the *desk phase*, involving compilation of documented evidence for each of the indicators and to formulate preliminary answers or hypotheses for each of the EQs;

(iii) a field phase; to collect additional information and to validate the preliminary hypotheses formulated during the desk phase;

(iv) a synthesis phase, bringing together the results of the field and desk phases; *and finally*

(v) a dissemination phase with final feedback from stakeholders and the Delegation.

This final report marks the conclusion of the synthesis phase. A Seminar in Santo Domingo in September 2011 is designed to present the key findings, conclusions and recommendations to the Government of the Dominican Republic and to Non-State-Actors in that Country.

¹¹ IBID.

Methodological Note – Evaluation of Budget Support (Education sector)

Evaluating support to sector-wide approaches and the use of budget support as a financing modality challenges the conventional notion of contribution or “attribution” because of the sector-wide nature of donor support. This means that the particular approach for evaluation questions dealing with budget support have to differ somewhat from the approaches chosen for the other evaluation questions. The evaluation team have based their approach on the methodology elaborated in the EC Issue Paper “Methodology for Evaluations of Budget Support Operations at Country Level”. Based on the concepts outlined there, the evaluation team developed a Dominican Republic-specific approach in order to analyse the EC contribution in the education sector.

The Evaluation Questions (**EQs**) are based on:

- stated objectives, priorities and principles, keeping in mind the need for a clear and useful overall assessment;
- expectations expressed in the ToR and by Reference Group members and other informants;
- the usefulness of the answers in relation to the purpose of this evaluation;
- the need to pay due attention to difficult criteria such as efficiency or sustainability.

The EQs were proposed by the evaluation team and extensively scrutinised by the Joint Evaluation Unit (JEU) of the EC in Brussels and the Delegation of the European Union in Santo Domingo.

The evaluation is based on the five evaluation criteria defined by the OECD-DAC (relevance, efficiency, effectiveness, impact and sustainability) as well as the two EC-specific criteria of coherence and complementarity. The EC criteria consider: (1) coherence within the development programme of the Commission, (2) coherence and complementarity with the policies of the partner country, and complementarity with the interventions of the other funding agencies, and (3) coherence and complementarity with other Community policies and the value added of the EC's interventions.

The selected EQs, judgement criteria, indicators and findings are presented in the information matrix in the Annex 1 of Volume 2.

Evaluation criteria matrix

The evaluation criteria matrix below indicates that all major issues relevant to the EC cooperation efforts in the Dominican Republic were addressed in this evaluation.

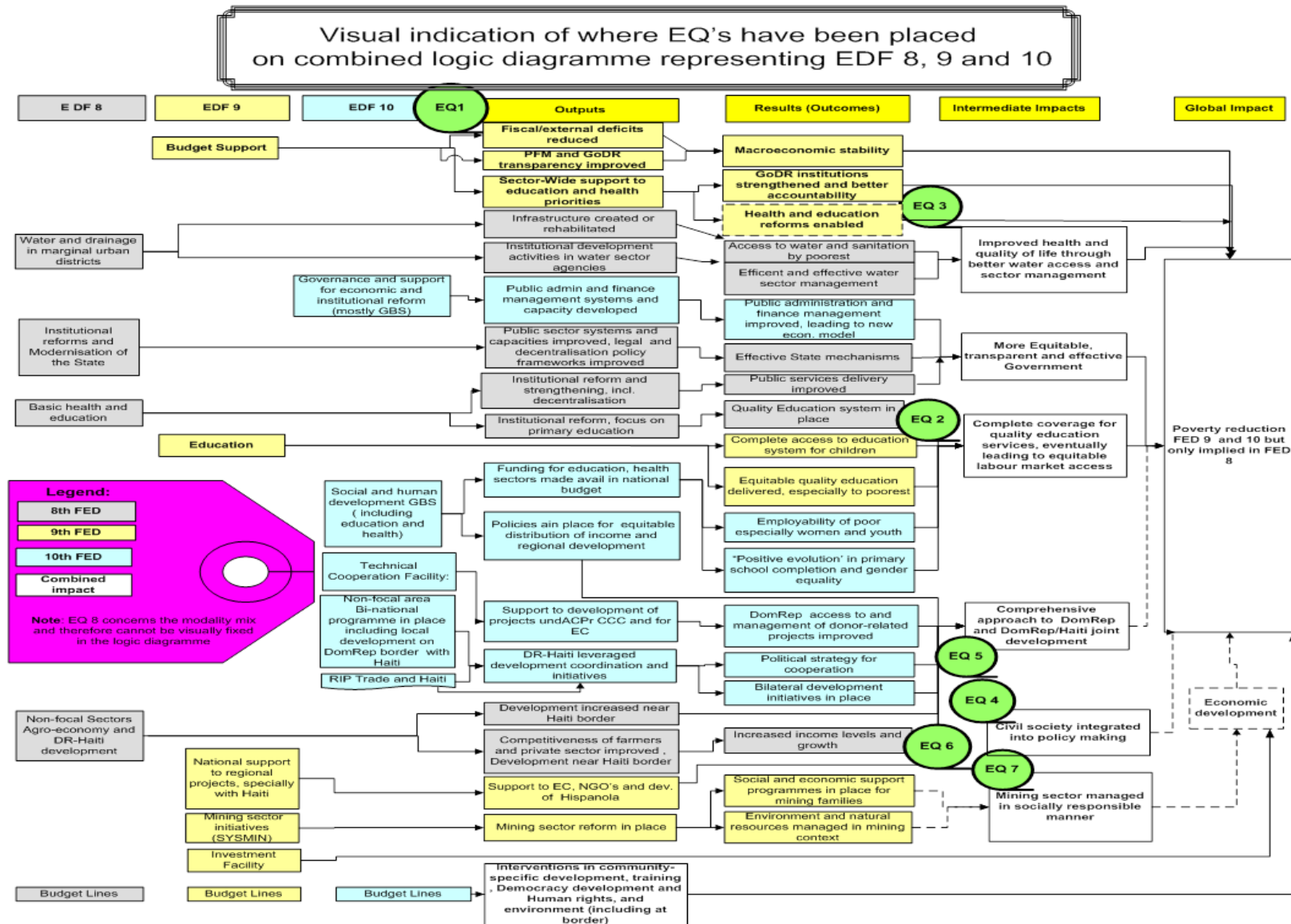
Table 1: Correspondence of evaluation questions and evaluation criteria/EC issues

Domain of the EQ	EQ 1	EQ2	EQ 3	EQ 4	EQ 5	EQ 6	EQ 7	EQ 8
Criteria	Response to strategic priorities	Education sector	GBS and aid effectiveness	Empowering civil society	DR-Haiti interface	Private sector and trade	Mining	Modality mix
Relevance	✓		✓					
Effectiveness		✓	✓		✓		✓	
Efficiency			✓					✓
Impact		✓	✓	✓	✓	✓	✓	
Sustainability		✓	✓	✓	✓	✓	✓	
Coherence	✓	✓		✓	✓	✓	✓	
Value-added		✓		✓	✓	✓		
EC Issues								
3C's	✓			✓	✓	✓		✓
Visibility				✓	✓	✓		
Cross-cutting issues (see below for codes)		1,4		5		1,	1,2,5	
Cross-cutting issues addressed	Reference							
Gender	1							
Environment	2							
Human rights	3							
HIV/Aids	4							
Governance	5							

Source: Evaluation Team

The relationship between the EQs and the reconstructed diagram of effects is shown in the figure on the next page.

Figure 1: Relationship between the EQs and the reconstructed diagram of effects



Data collection process from the desk phase to the final report for the final report

In the preparation of this draft final report, the evaluators have, based on the detailed document research it carried out and the hypothesis that were subsequently generated (these are identified in the desk report):

- collected missing and/or updated data and documentation (evaluation and monitoring reports, programming documents, activity reports) from the European Union (EU) Delegation in Santo Domingo; EU projects managers, Development Partners (DPs), civil society organisations, private sector associations and firms, and ministries and agencies of the Government of the Dominican Republic¹²;
- conducted 63 interviews with EC officials in the Delegation and key stakeholders in Santo Domingo,
- organised two focus groups,
- visited the sites of only one current EC-financed project outside of the capital. It was determined that the small benefits obtained from multiple site visits was not going to add value to the data or the analysis involved in the evaluation. Many site visits were done in the capital city however (mostly to headquarters of ministries and other organisations),
- held four team meetings in Santo Domingo to discuss the overall methodology and findings for this evaluation and to coordinate activities and tasks, in order to avoid duplication and improve efficiency,
- analysed the data gathered and prepared the answers to the evaluation questions (findings), the conclusions and the recommendations presented in this report.

The evaluators selected the programmes and interventions to be included in visits and interviews during the field phase to make sure that they would include all the major primary commitments from EDF8 and EDF9, as well as a sample of key interventions in the EDF10. A significant proportion of the overall disbursements of EC support were included in the field phase. Overall, the programmes and projects examined during the field phase, including field visits, interviews and focus groups, accounted for approximately 60% of total disbursements from all EDFs.

The evaluation team designed the field and desk research so that it would contain a representative sample set. We believe that the data analysed (all forms) and the process followed by the team provided a valid analysis. This contention was tested by the use of a validation exercise in Santo Domingo wherein over fifty representatives of the GoDR, civil society, the private sector and the EC discussed the findings, conclusions and recommendations of this report. The result was an endorsement of the work of the team. During that session we also received statistics that were either more current or more accurate from the participants. These were incorporated into this synthesis version.

The evaluation was designed to ensure a high level of data reliability and validity of conclusions by combining the use of qualitative and quantitative data, and to rely on both primary and secondary data sources. The objective was to use the overlapping strengths and weaknesses of different data collection tools to assemble a data set and an overall body of information that would allow the evaluators to check the correctness of information from one source with reference to data from another. Triangulation was mostly done through documentation and individual interviews; additionally two focus groups (with CSO and representatives of multiple sectors involved in “competitiveness” improvement) were conducted.

¹² A bibliography of sources used in this report is listed in Volume 2 to this report. All available documentation has been uploaded to a website by which the whole evaluation team can exchange large amounts of data.

The evaluators used data collected with these different tools and from these different sources in their analysis, through the following steps:

- The evaluation team compiled the emerging findings and crosscutting lessons in internal work sessions. The results from these work sessions helped in the preparation of the PowerPoint Presentation that was used in the debriefing with the EU Delegation and the briefing given to the Reference Group (see below). Before the debriefing in the Delegation, the team conducted an internal one-day team workshop to bring together the findings from the different evaluation questions in a more comprehensive way than had been possible previously. Findings and preliminary conclusions were shared and refined.
- Before their departure from the Dominican Republic, the team held a four-hour debriefing with the EU Delegation. This debriefing functioned very much as an opportunity to check the validity and credibility of the team's preliminary conclusions, or to build on them where necessary through an interchange with EUD officers and the Ambassador.
- The team also gave a presentation of the findings and conclusions from the country visit to the members of the Reference Group for this evaluation, at EC headquarters in Brussels. As with the debriefing with the EU Delegation, the main aim of this meeting was to increase the credibility and validity of the team's conclusions.

1.4 Limitations

Constraint	Impact
Limited availability of e-copies of documents in Common Relex Information System (CRIS) or on EC web sites.	Many planning documents and correspondence were not available to the team online. Requests for documentation were generally responded to positively but many were not. Many strategic-level targets were either not monitored or not reported on, making the analysis of most EQ difficult at best.
Non-availability of documents on important stakeholder meetings	We were unable to get records of important meetings (such as Mesa sectorial de Educación, Mesa de Donantes, Foro Presidencial por la Excelencia de la Educación Dominicana etc.). We were informed that for many of these meetings the minutes are prepared but not accepted formally and are therefore not made public or considered as being "official".
Poor PFM practices in the DR has made it very difficult to identify where changes in budgetary allocation have occurred, if any	As recently as 2008, an EC report on the quality of the PFM practices and systems in the DR showed that there were great variances between budgeted amounts and expenditures, as well as questionable practices dealing with unapproved re-allocation of budgets. Any attempt to position changes in funding to MDG targets in that environment are rendered non-valid.
The application of the EC Guidelines on Budget support to the education sector has been difficult.	The steps required for the implementation of that methodology require a considerable amount of data that are not available online, have only recently been collected by the EMIS of the GoDR and are not necessarily directly reported upon.
Significant staff turnover in the EU Delegation between 2000 and 2008. Low initial availability of and access to project staff of closed EC projects	The team used short discussions with current staff in the Delegation to identify individuals who had been at the EU Delegation in the early years, i.e. between 2001 and 2005. Most of these individuals are apparently no longer in the DR or were not key staff members who could provide information on evaluation-level assessments. Those longer-term officials that are still with the EU DEL were most helpful during the field mission.

1.5 Purpose and Structure of the Draft Final Report

This report

- Presents an overview of the context of EC assistance to the Dominican Republic
- presents the overall intervention logic of the EC in the Dominican Republic
- presents the findings regarding the judgment criteria (JC) and indicators that measure progress towards the objectives the EC has set for its involvement in that country (see evaluation matrix in annex) *and*
- provides an analysis of the contribution that EC has made to improve the situation in the Dominican Republic by presenting answers to the EQs;
- provides conclusions and recommendations.

This volume (the Main Report) contains the context, analysis, conclusions and recommendations. A second volume contains a series of Annexes including one which outlines the evidence upon which the analysis in the Main Report was based.

The main report contains five chapters in addition to an Executive Summary:

1. An introduction;
2. An analysis of the context within which the EC's support takes place and a brief description of the EC's cooperation with Dominican Republic;
3. Analyses and answers to EQs;
4. Conclusions
5. Recommendations

2 Development Context in the Dominican Republic

The National Development Strategy (NDS) prepared by the Ministry of Economy, Plan and Development will be likely be approved by National Congress in the near future. This NDS follows a long consultation and analytical process assisted by the World Bank and other multilaterals such as the United Nations Development Programme (UNDP) as well as many donors including the EC and the United States Agency for International Development (USAID). It builds on the different sectors' strategic plans in force. In the case of education for example, the NDS performance assessment framework includes three quality and coverage indicators and a budgetary allocation indicator (% of GDP spent in the sector), which should be consistent with the sector's Medium Term Expenditure Framework (MTEF) requirements. The development strategy of the GoDR is built upon economic growth, and studies done by the Office of the President show that the Country will need substantial support to finance it¹³.

2.1 Economic Context¹⁴

For the evaluation period under study, the Dominican Republic was a middle income economy, with a per capita GDP (current \$ method) of US\$4,797.80 (2008)¹⁵. There is some disagreement over the figure, as the GoDR has submitted a table with preliminary figures of GDP per capita that shows US\$4,571.48, and the UN Country Data tables shows a figure of US\$4,573 for 2008. What is important is that the rate of growth of the GDP has varied greatly in the 2004 to 2009 period: from 8.7% in 2004 to 46.7% in 2005, 4.4% in 2006, 12.8% in 2007, 8.9 % in 2008 and .4% in 2009.

For the 2006-09 periods, the country held second place as the largest growing economy within the Central American region, only surpassed by Panama. Given its high dependency on the North American economy, the country's economy was deemed to need to face a decreasing demand for exports, a reduction of foreign investment and lower remittances¹⁶.

Overall, traditional agriculture (the source of revenue for most of the rural population) declined since the early 1980s, hampered by high real interest rates, price controls, underinvestment, the subsidised sale by the Government of imported agricultural and livestock products, and foreign competition. During this period the structure of production shifted away from agriculture, driven by the decline of the sugar industry, and toward manufacturing – especially light manufacturing within free trade zones (FTZs) as well as construction and services (tourism). Together they account for 64% of GDP. Services had long held a majority share in total GDP, but the tourism sector had emerged as a substantial force, directly accounting for 7 % of total economic output in 2004 and almost 10% in 2009. According to the WB¹⁷, the DR's focus on external markets and its economy's success at diversifying production activities to remain competitive in the face of shifting world demand suggests a resilient use of resource endowments and an effective channelling of investment to support new activities.

¹³ Comisión Presidencial sobre los Objetivos del Milenio y el Desarrollo Sostenible (CORPIDES) y Sistema de las Naciones Unidas en la República Dominicana (UNCT), "Evaluación de Necesidades para Cumplir con los Objetivos de Desarrollo del Milenio (ODM)", 2010.

¹⁴ Conclusions in this section are based on "Dominican Republic Country Economic Memorandum: The Foundations of Growth and Competitiveness" Report 35731-DO) World Bank

¹⁵ <http://data.worldbank.org/country/dominican-republic>, and <http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

¹⁶ IBID Action fiche p. 1.

¹⁷ Dominican Republic Country Economic Memorandum: The Foundations of Growth and Competitiveness. Report 35731-DO. World Bank.

With respect to the regional economic context, growth in the Caribbean¹⁸ slowed to 2% in 2009 while the Central American region, excluding Mexico, contracted by 0.5%; trade, tourism, foreign direct investments (FDI), and remittances were affected by recession in their main economic partners, in particular the United States and Spain. Large declines in imports, on weak private consumption and a plunge in investment, helped limit the negative impact of lower exports from the region. High unemployment domestically, together with lower remittances, played a pivotal role in weakening private consumption. Furthermore, the impact of the expansionary fiscal policy implemented by countries in the region was more muted than in other developing countries. On the supply side, stagnant tourist sectors in many countries in the Caribbean weakened the contribution of the service sector to growth. In the Dominican Republic, weak bank lending, relatively low fiscal spending and revenues, high unemployment, and low exports, tourism receipts and remittances all contributed to limiting growth to 3.5% in 2009. At the end of 2010, predictions were that growth in Dominican Republic over the 2010-13 period would benefit from the U.S. rebound, stronger external demand and rising investment, while government consumption would be supported by rising revenues and multilateral support. While the final figures were not available for the end of 2010, it is clear that the US rebound has been weak and this has negatively affected the rate at which the DR economy could rebound.

As policy makers in the region began tightening monetary policy and raising interest rates, some currencies (including that of the DR) saw appreciation pressures, which adversely affected external competitiveness in the post-crisis era.

In the past few years, the Government began to develop and implement short-term measures to deal with the on-going effects of the international financial crisis and for giving impetus to economic growth (a key pillar of the NDS). This includes the following actions:

- **Loosening of monetary policy:** (i) lowering interest rates and (ii) temporarily relaxing banking prudential norms;
- **Increasing competitiveness:** (i) reducing air cargo transportation rates, (ii) reducing or eliminating obstacles for exports and tourism promotion, (iii) creating an escrow for export and investment promotion, (iv) financing the development of the country brand, (v) extending to the end of 2009 agriculture's tax exemptions, and (iv) implementing tax exemptions to boost consumption and assure liquidity of public enterprises;
- **Protecting workers:** designing and implementing programs to protect jobs at risk and protect industries affected by the decrease in exports;
- **Strengthening health networks:** (i) increasing catastrophic illness coverage of the Health Service Plan (ii) increasing coverage up to 100% of diagnostic studies, (iii) ensuring drug supply beyond the provisions of the Health Service Plan, (iv) guaranteeing the coverage of 1,200 additional procedures in the Health Service Plan, (v) increasing cost coverage up to 100% of dental services, including 17 new procedures and, (vi) continuing the 15% coverage of hospitalization.
- **Protecting the poor:** (i) enrolling 80,000 private sector pensioners before the implementation of the Social Security Law, (ii) enrolling 500,000 poor to the Family Health Insurance of the Subsidiary Regime along 2009, (iii) providing the Family Health Insurance to the pensioners of the Contributive Regime, (iv) providing health insurance for one year to unemployed workers with earnings lower than DOM\$10,000 and without coverage, (v) affiliating people with disabilities and HIV to the Subsidiary Regime through the National Health Service (vi) launching a pilot programme of the Contributive Subsidiary Regime, (viii) providing free ambulatory drugs to chronic illness patients through Promese-Cal and the Network of Primary Health of the Ministry of Health (ix) increasing the supply of Promese-Cal drugs in hospitals to reduce costs, and (x)

¹⁸ The remainder of this sub-section (i.e. up to the beginning of section 2.4) draws heavily from the economic analysis of the World Bank found on: <http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTDECPROSPECTS/EXTGBLPROSPECTSAPRIL/0,,contentMDK:22192170~menuPK:665705~pagePK:2470434~piPK:4977459~theSitePK:659149~isCURL:Y,00.html>

continuing the implementation of conditional transfers programme (Solidaridad) and household gas subsidies.

Beyond 2010, growth in the region will likely slow as the impact of the policy stimulus is waning, while the inventory cycle's contribution to growth turns negative and financial conditions remain tight. Furthermore slower (quarterly) growth in the United States in the second half of the year, and lingering high unemployment will undermine growth in Mexico, Central America and the Caribbean, through trade, investment, remittances and tourism linkages.

2.2 Social Contexts

2.2.1 Poverty and Access to Public Services, especially in Education

The Dominican Republic's economic growth spurt in the past decade was similar to its economic bubble in the 1990's in that they both achieved only a limited reduction in poverty rates (see below). The GDP annual growth was impressive for four years but has not been sustained, as seen in the table below:

Table 2: GDP Annual growth Rates¹⁹

GDP	2005	2006	2007	2008	2009
Dominican Republic	9.3	10.7	8.5	5.3	3.5
Latin America average	4.9	5.8	5.8	4.2	-1.9

Source: Evaluation team compilation from WB CAS 2010

Inequality in the DR has been high throughout the past decade and is increasing. The Gini coefficient at the end of the evaluation period was at 0.504 (based on 2008 household per-capita income)²⁰.

While some progress was made in reducing poverty in urban areas, rural poverty showed virtually no decline, reflecting a high level of inequality and the strong rural-urban divide. For 2009, moderate poverty and extreme poverty in urban areas was 29% and 12% compared to 50% and 20% in rural areas (all percentages are estimates²¹). It should be noted that the GoDR has provided the evaluation team with a different set of figures.²² It is worth noting that for the 2006-2008 period, the percentage of people in absolute poverty increased at a faster rate than the percentage of people under the poverty line, so the rate at which the people become very poor is increasing.

The 2009 document published by the GoDR entitled "Propuesta Estrategia Nacional de Desarrollo 2010 - 2030: Indicadores y metas", (Proposed national development strategy 2010 to 2030-Indicators and Targets) has a table that has been partially reproduced below. It is troubling because it officially proposes increases to rural poverty as part of a poverty reduction programme. It is curious in that for a country as developed as the DR, insignificant change is planned in "poverty" over the next decades.

¹⁹ Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures, found in "The reactions of Latin American and Caribbean governments to the international crisis: an overview of policy measures up to 30 January 2009, p. 262, UN-ECLAC publication 2010.

²⁰ In 2007, Latin America had an average Gini coefficient of .52, but there are wide variations.

²¹ Ministerio de Economía, Planificación y Desarrollo y Consejo Nacional para la Reforma del Estado, "Propuesta Estrategia Nacional de Desarrollo 2010 – 2030: Indicadores y metas", 2009.

²² A document received on 12 September 2011 written by the Ministry of Economics, Planning and Development proffers that the moderate poverty and extreme poverty rates are 27.6% and 7% in urban areas, compared to 47.2% and 17.5% for rural areas. Sources were not cited for these figures.

Table 3: GoDR targets for poverty levels

Indicator	Situation in 2008	Targets 2020	Targets 2030
Percentage of the population in a situation of “moderate” poverty	36.5%	34%	32%
Percentage of rural population under the poverty line (moderate)	50.9%	53%	54%

Source: Evaluation Team from UNDP Statistics

According to this official plan, the GoDR would seek to increase the percentage of rural people living in poverty over the next twenty years while barely reducing the national percentage of people living below the poverty line. Another table in the same document shows that the national development plan proposes to reduce the percentage of people living in abject poverty from 19.7% (in 2008) to 16.7% in 2020, representing a very small drop within a critical policy area. The proposed National Development Plan (not approved as of the time of submission of this evaluation) proposes new targets²³ that are much more ambitious. Both of these tables need to be placed in the context of the national budgets that are allocated to the reduction of poverty.

Indicator	Situation in 2008	Targets 2020	Targets 2030
Percentage of the population in a situation of “moderate” poverty	36.5%	22.5%	15.4%
Percentage of rural population under the poverty line (moderate)	50.9%	26.5%	20%

Social expenditure in the DR tends to be cyclical (i.e. varies considerably from year to year without political commitment to base levels)²⁴. In 2007, the Dominican Republic spent about 8.1% of its GDP in areas covered by human development indicators, far below regional figures (the average for the region was approximately 18%)²⁵.

Access to public social services remains a challenge for many Dominicans - especially poor households - and the quality of education and health is well below comparable countries in the region²⁶. The DR has lower levels of primary and secondary school enrolment when compared to the Latin America and Caribbean Region average (this region is defined by UNESCO for its education statistics. The education sector is characterized by high repetition rates, low retention, and completion rates. As a result, the DR lags behind when it comes to average years of education, despite a high number of years spent in schools (refer to the table above). According to the United Nations²⁷, the Dominican Republic occupies the 79th position within the HDI world ranking in 2006-07 and shares the Average Human Development group with countries like Colombia, Venezuela, Belize, Peru, Ecuador and El Salvador.

The World Bank, in its 2009 Country Assistance Strategy (CAS) for the Dominican Republic noted that it believed that improving quality of primary education and access/quality of secondary education would mean needing to spend more money (from the national budget),

²³ This information was provided at the Seminar held on 12 September 2011.

²⁴ The importance of this cyclical phenomenon is explained in ECLAC 2010, p. 64-66. It is not clear how and even if the Dominican Republic has implemented fiscal and other strategies to counterbalance these cycles, even though the UN notes that many ECLAC countries have done so.

²⁵ IBID ECLAC 2010 p.65.

²⁶ Refer to Annex 1 in Volume 2 under EQ 2-Education for a detailed analysis of that sector.

²⁷ United Nations “2006-2007 Human Development World Report.

not just becoming more efficient with existing spending. However, the DR although being an upper middle income country only performs slightly better than the average of lower middle income countries with respect to child and infant mortality rates and water and sanitation (indicating a relative effectiveness in those areas). It should logically perform at a higher level than that.

With respect to health (which is not a sector of interest for the EC in the Dominican Republic but which is a key determinant of “poverty”), the World Bank (WB) Country Assistance Strategy notes that the management of water and sanitation is a very significant problem for the poor. It further notes that recent developments in the health sector may provide good opportunities for increasing public investment - especially for the poor - strengthening accountability mechanisms, and improving the quality of sector expenditures. Suggestions by other donors, including the World Bank and the USA include: improving strategic purchasing for health care services and procurement of pharmaceuticals; strengthening the management capacity of decentralized public sector health care providers networks, and consolidating progress made in the capacity of the Ministry of Health for strategic planning, monitoring and evaluation in order to better exercise its stewardship role over the health sector.

Moreover, while some pro-poor programmes are showing good results, the WB and the UNDP note that support for social safety nets continues to be cyclical, making it difficult to protect the poor during periodic economic downturns.

2.2.2 Gender and Vulnerable Groups

Problems remain in the equitable access of men and women to health, education, and labour market participation. Even though the country has adopted a series of legal and institutional measures aimed at improving the legal status of women in terms of labour law, civil law and land reform, (as well as protection from domestic violence by special provisions in the criminal law), a continued source of funding and political support for active programmes to enforce and promote these regulations are still needed according to the UNDP, UNICEF and the WB. International development agencies note that much remains to be done in terms of enhancement of reproductive and maternal health, especially for young women, as well as more intensive campaigns to prevent and reduce the incidence of HIV, for both sexes. Special programmes have been promoted by UNICEF and many donors in order to increase the attendance at school of boys and girls from poor households so that they escape the vicious circle of early adoption of adult activities, scant accumulation of human capital, and insufficient employment opportunities and poverty.

According to the International Labour Organization (ILO) and the World Bank, the DR has one of the most successful youth employment training programmes in the region, but these institutions maintain that more needs to be done: active labour market responses for vulnerable groups (including youth) who are currently not targeted are needed (current programmes only target youth), as well as the improvement of intermediation services for employment and placement of labour.

Unemployment of those 16 to 24 years old was over 30% at the end of the evaluation period compared to an already-high national unemployment rate of 15%. There is also a gender dimension to labour markets where labour force participation is much lower among women (49.6% vs. 84.3% among men). The unemployment rate among women was 25.4% in 2007 and was 23.2% in 2009 while the corresponding unemployment rates for men were 9.3% and 9.8%²⁸.

Other vulnerable groups, such as those that are handicapped, are not treated specifically in this evaluation because they were not the subject of any direct EC programming, even though some EC-supported non-governmental organizations (NGOs) may have been involved.

²⁸ Information provided by GoDR on September 12, 2011, citing SISDOM as the data source (Central Bank, Encuesta Nacional de Fuerza de Trabajo).

2.2.3 MDGs

The DR has made substantial progress in meeting the MDGs, particularly during the high growth years 2005-2009, but it is unlikely that poverty, as defined by the national poverty line, will also be reduced in half (compare likelihood of reaching MDG targets in various domains in the table below). Estimates of likelihood have been taken from a number of respected international institutions.

It is also unlikely that the country will be able to achieve all MDGs simultaneously because it would require a sweeping increase in health and education expenditures beyond the current trends in these variables (base scenario). An alternative scenario that assumes a rise in total health expenditures from 1% of GDP in 2004 to 5.3% of GDP in 2015 would render results very close to the goals in both education and health, but its impact on poverty and economic growth will depend on how the surge in social expenditures is financed.

2.3 Natural Disasters and Climate Change

The Dominican Republic is considered a hotspot for natural disasters and one of the top high-risk countries in the world, ranking second in terms of vulnerability of its GDP to three or more hazards (96.5% of the country's GDP is located in areas at risk). The DR is also among the top five countries at risk in terms of population exposed to three or more hazards: 71.1% of the population lives in areas of high risk. Its geographic location, in the centre of the Antillean archipelago below the Tropic of Cancer, places it in the pathway of hydro-meteorological phenomena (hurricanes, tropical storms, tropical depressions) that sweep across the Atlantic Ocean and Caribbean Sea. Furthermore, the country is exposed to earthquakes, landslides, flooding (particularly in the low-lying areas of the country), drought, and tidal waves on the coast. While the Dominican Republic is advancing towards a proactive disaster risk management approach, further efforts are needed to improve risk management: coordination and capacity; disaster prevention and mitigation investments; information-sharing among responsible agencies; and harmonization of methodologies and approaches used for local disaster risk assessments and management plans²⁹.

Climate change is thus increasing economic vulnerability, affecting one of the country's main engines for growth, its tourism industry. UNEP's annual and country reports note that the Dominican Republic's relatively weak watershed management³⁰ contributes to this exposure and amplifies the potential damages; the tourism industry has already left a large environmental footprint, mostly on coastal ecosystems and aquifers, through dumping of untreated waste water and solid waste, over exploitation of groundwater, destruction of forest cover, and overfishing of coral and marine species. These unsustainable practices reduce the response capacity of ecosystems to anticipated impacts from climate change.

²⁹ World Bank, *Natural Disaster Hotspots, 2005*, Table 7.3: Countries at Relatively High Economic Risk from Multiple Hazards, p. 89.).

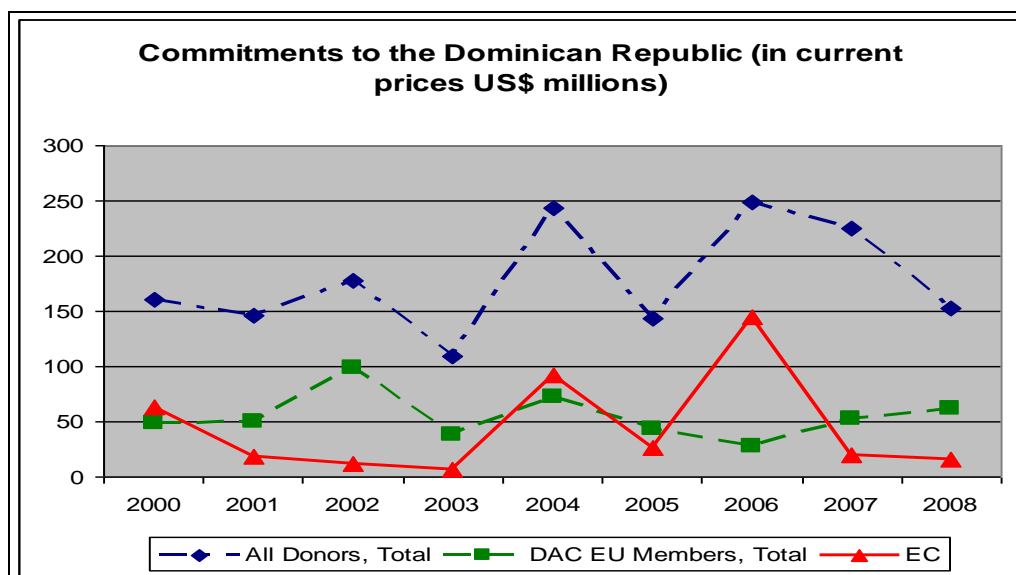
³⁰ A key indicator for mitigating the effects of climate change.

2.4 Analysis of Development Assistance (all Donors)

In 2009, the Dominican Republic was defined to be a Medium Human Development country according to the Human Development Index which increased from 0.624 to 0.633 in the period from 2000 to 2009 and thus belongs to the highest value within countries in this group. This development has been supported (see relative and absolute figures below) by development assistance from the international donor community to reduce poverty and foster social and economic development.

As shown in Figure 2, ODA commitments by international donors declined until 2003 when the country still benefitted from economic stability after years of economic growth. With the banking crisis in 2002-2003, commitments were increased and reached a first peak in 2004 followed by an overall peak during the later period analysed in this evaluation. The commitments of the EC follow closely the development of the overall donor community for the country. In total, the EC committed during the evaluation period more than US\$400m ODA to the Dominican Republic which presents about 25% of total official development assistance commitments to the country (table 4).

Figure 2: ODA commitments to the Dominican Republic, 2000-2008



Source: Based on official OECD/DAC data, extracted 2010. Diagram prepared by Evaluation Team

Table 4: Total ODA commitments to the Dominican Republic, 2000-2008

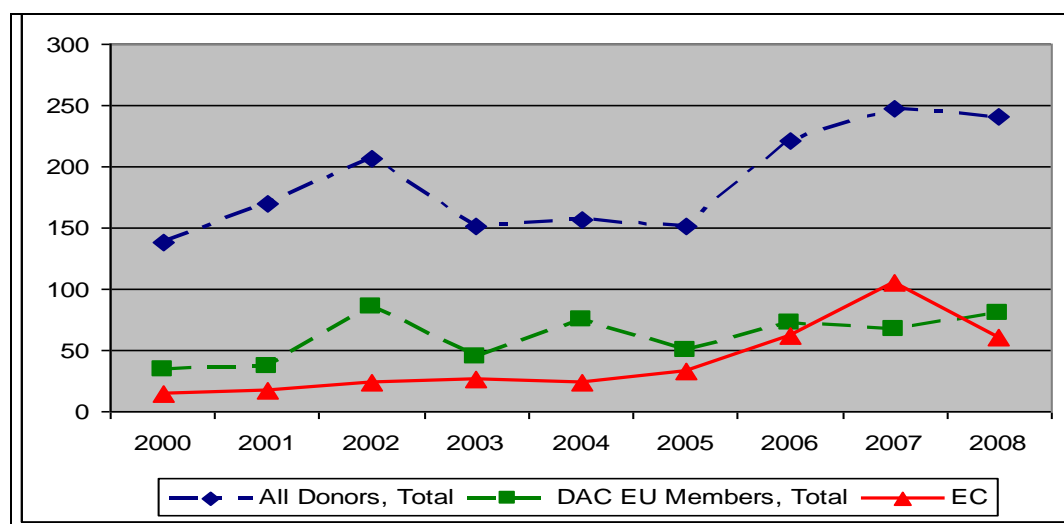
	In US\$ m (current prices)	Percentage of total ODA assistance
Multilateral	536.13	33%
<i>Out of which EC</i>	400.11	25%
DAC EU MS	494.90	31%
Others	574.65	36%
Total ODA assistance	1,605.68	100%

Source: Based on official OECD/DAC data, extracted 2010 (in current US\$m). Table prepared by Evaluation Team

Overall gross disbursements of ODA provided by the international community to the Dominican Republic reached its first peak in 2002 which can mainly be attributed to a rise of disbursements by the UK and Spain of about US\$20m each in that year. Between 2003 and 2005 spending remained at a rather constant level of US\$150m before rising significantly

again in 2006 above US\$250m (figure 3). EC gross disbursements reached a total amount of more than US\$360m over the period 2000 to 2008, with its peak in 2007. This represents about 22% of total ODA gross disbursements to the Dominican Republic in that period. DAC EU Member States provided a further US\$546m or about 32% of total ODA disbursements, which means that the EU as a whole has been strongly involved in the Dominican Republic with more than 50% of ODA commitments and disbursements in the last decade (Table 5) while the EC provides the biggest share as a single donor and is by far the most relevant multilateral donor.

Figure 3: ODA gross disbursements to the Dominican Republic, 2000-2008



Source: Based on official OECD/DAC data, extracted 2010. Diagram prepared by Evaluation Team

Next to the EC, the bilateral donors follow with significant gross disbursements during the period: the USA with about US\$335m, Spain with US\$272m, and Japan with US\$250m and Germany with US\$124m.

Table 5: Total ODA gross disbursements to the Dominican Republic, 2000-2008

	In US\$ m (current prices)	Percentage of total ODA assistance
Multilateral	506.88	30%
<i>Out of which EC</i>	365.50	22%
DAC EU MS	546.34	32%
Others	630.54	38%
Total ODA assistance	1,683.76	100%

Source: Based on official OECD/DAC data, extracted 2010 (in current US\$ m). Table prepared by Evaluation Team

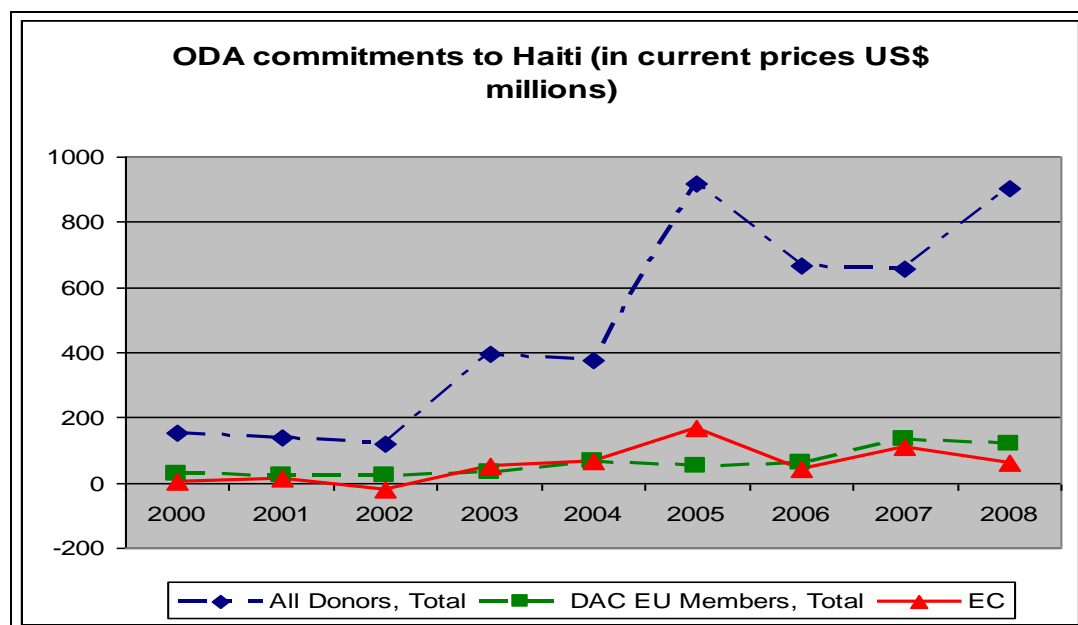
International Finance Cooperations (IFI) in the DR are only participating through loans made on commercial terms. They do not include any subsidised component to the financing agreements. IFI funding is not considered as grants, as they are for the International Development Association (IDA). The massive presence of IFIs credits, particularly during the recent financial and economic crisis, will likely bring with it a distinct advantage over bilateral donors in terms of influence in policy dialogue, especially in the domains of macroeconomic and social concerns.

Because one of the Evaluation Questions concerns the DR-Haiti relationship, it is important to identify donor flows to that country as well. As noted previously, the Dominican Republic is located on the same island as Haiti but each country is characterized by extremely different economic and developmental performances. For this reason, the following paragraphs present also an overview of the ODA situation of Haiti in order to better demonstrate the relationship-building context for both countries on Hispaniola. The level of detail provided

herein is unusual for a Final or Synthesis Report for a Country Level Evaluation, but it is felt that the important issue of “joint development near the common border” requires a more in-depth analysis than would normally be the case.

As shown in the figure below, overall ODA commitments to Haiti have increased from less than US\$200m in 2000 to more than US\$900m in 2005 and again in 2008. A similar development can be observed in the growth of gross disbursements, although growth was more constantly there. ODA commitments and disbursements by the EC and the DAC EU Member States increased even above the total rise (EC with 5% of total gross disbursements in 2000 but about 12% in 2008). This leads to an overall share of EC commitments to Haiti between 2000 and 2008 of about 11% of total ODA (US\$493m), while MS provide a further 13% (US\$535m) over that period (table 10). Shares of ODA gross disbursements to Haiti vary only slightly, with the EC spending about US\$452m (11% of total) and DAC EU MS spending about US\$534m (14% of total).

Figure 4: ODA commitments to Haiti, 2000-2008



Source: Based on official OECD/DAC data, extracted 2010. Diagram prepared by Evaluation Team

Table 6: Total ODA commitments and gross disbursements to Haiti, 2000-2008

	Commitments		Gross disbursements	
	In US\$ m (current prices)	% of total ODA assistance	In US\$ m (current prices)	% of total ODA assistance
Multilateral	1,488.01	34%	1,510.74	38%
<i>Out of which EC</i>	493.89	11%	452.11	11%
DAC EU MS	535.93	13%	534.03	14%
Others	2,301.84	53%	1,921.34	48%
Total ODA assistance	4,325.78	100%	3,966.11	100%

Source: Based on OECD/DAC data, extracted 2010 (in current US\$m). Table prepared by Evaluation Team

Amongst the multilateral donors, EC remained at second position behind the Inter-American Development Bank Special Fund with gross disbursements of US\$496m during the period of 2000 to 2008. Further relevant amounts were received from the International Development Association (IDA) of the World Bank (US\$141m), the Global Fund (US\$129m) and the International Monetary Fund (IMF) (US\$103m).

The biggest share of total ODA is however provided by the bilateral assistance with the USA being the major donor to Haiti with about US\$1224m from 2000 to 2008. They are followed by Canada with US\$542m and France with US\$258m in that period.

In comparison with the Dominican Republic, it is evident that Haiti receives much more ODA than its neighbour, from 2000 to 2008 about 2.4 times as much (Gross disbursements: Dominican Republic US\$1,683.76m, Haiti US\$3,966.11m; compare table 9 and 10 above). Haiti shows a higher donor variety and is dependent on ODA to a much higher degree than the Dominican Republic. While the ODA to Haiti presented about 8% of the GDP (in 2008), the better development status of the Dominican Republic is reflected in a share of only 0,5% of ODA to its GDP (in 2008).

Apart from the different implications these situations generate for the thematic scope of assistance to the countries, it means also different challenges for the management of aid, alignment and harmonisation. Different key areas of activities for the two countries as well as different key players and donors on both sides of the border pose a special challenge for any cross-border interventions. Experience has shown that the situation has become more difficult since the earthquake in Haiti in January 2010.

Historically, the EC's response in this respect has been to support bi-national cooperation both at national (Country Strategy Paper - CSP) levels and regionally (Regional Strategy Paper - RSP). The Regional Indicative Programme (RIP) for EDF8 for the Caribbean agreed between the Member States of the Caribbean Forum (CARIFORUM) and the European Commission and National Indicative Programmes (NIP) focused on the enhancement of regional integration by improving cross border economic ties between the DR and Haiti and reinforced the capacity and cooperation of the two countries in the protection and conservation of bordering area.

The RIP9 and NIP9 gave top priority to promoting regional integration by putting special attention to the relationship between DR and Haiti. The importance of fostering the relationship of both countries was taken up in EDF10 in the non-focal area by "specific attention in order to assist both countries in developing their complex relationship, addressing in the framework of a bi-national policy strategy issues of migration, commerce and economic development, infrastructure links, public health and environment."

2.5 Framework of EC assistance to the Dominican Republic 2001-2009

The main framework that relations with the EC are based upon is the Cotonou Agreement which dates back to 1990 when the country accessed the Lomé IV Contention and thereby joined the African-Caribbean-Pacific (ACP) group.³¹

In terms of the allocation of funds between sectors and between 'non-focal and focal' designations, the following table indicates that at least up to EDF8, there were few re-allocations of importance, with the possible exception of a 22% increase in the funding to social sectors, the majority of the increased funding coming from the water and sanitation sector.

The internal re-allocation of the NIP in the DR after the MTR of EDF9, however, was very significant, with almost half of Envelope A being re-allocated to an entirely different sector that was not even funded under the original NIP. The causes for this re-allocation will be reviewed in detail during this evaluation, including the aspect of predictability and the management of the sector that was ultimately dried out: water and sanitation (i.e. going from €53m to zero³²). An interesting issue to be evaluated is whether the due diligence process that accompanied the transfer was done in accordance with the standards laid down by the EC.

³¹ http://ec.europa.eu/development/geographical/regionscountries/countries/country_profile.cfm?cid=do&type=short&lng=en

³² Any disbursement in that period for the water and sanitation sector pertain to funds programmed under EDF8 plus some funds from EDF9 assigned to a previous EDF8 programme.

Table 7: Allocations according to CSPs and MTRs (millions of €)

	EDF8 ³³		EDF9		EDF10	
	Initial	After review	Initial	After MTR	Initial	After MTR (foreseen) ³⁴
<i>Focal sector: Social (Education + Health)</i>	26.5	32.33	54	54	-	X
<i>Focal sector: Water & Sanitation</i>	26.5	21.2	53	-	-	-
<i>Focal sector: State reform/ Governance</i>	26.5	29.5	-	-	61.7	
<i>Focal sector: Macro-economic Support/ BS</i>	-	-	-	53	91.3	
Non-focal sectors	26.5	27.56	12	12	26	
Envelope B			57	57	15.3	
Total	110	110.59	176	176	194.3	
<i>Out of which SYSMIN</i>	23 ³⁵	23 ³⁶	30	20	-	

For MTR in EDF10: X means a change is foreseen but not yet programmed, - means a change is not foreseen according to oral information from Directorate General (DG) DEV, blank spaces mean that no information is available yet.

Source: Based on CSPs/NIPs, MTRs and Country Level Evaluation 2000. Table prepared by evaluation team

The following table shows the summary of EC commitments and disbursements by sector, **including budget lines**, during the evaluation period where a total of €247,023,983 has been disbursed:

Table 8: Commitments and Disbursements by the EC to the Dominican Republic by focal sectors and other categories (in €) 2001-2009

Sector	Commitments	Disbursements
Social development (Education & Health)	80,940,432	56,379,710
Water & Sanitation	20,991,253	20,991,253
Governance	29,766,010	28,416,727
Macroeconomic Support	53,062,950	42,764,728
Non-focal sectors	43,238,842	37,665,504
Envelope B	36,962,788	23,061,352
ECHO & EIB	33,103,953	25,128,991
Thematic Budget lines (divers)	44,230,696	12,615,718
Total	342,296,924	247,023,983

Source: Based on data from CRIS, total commitment and disbursements from 2001-2009. Table prepared by evaluation team. For detailed figures see project inventory in Annex.

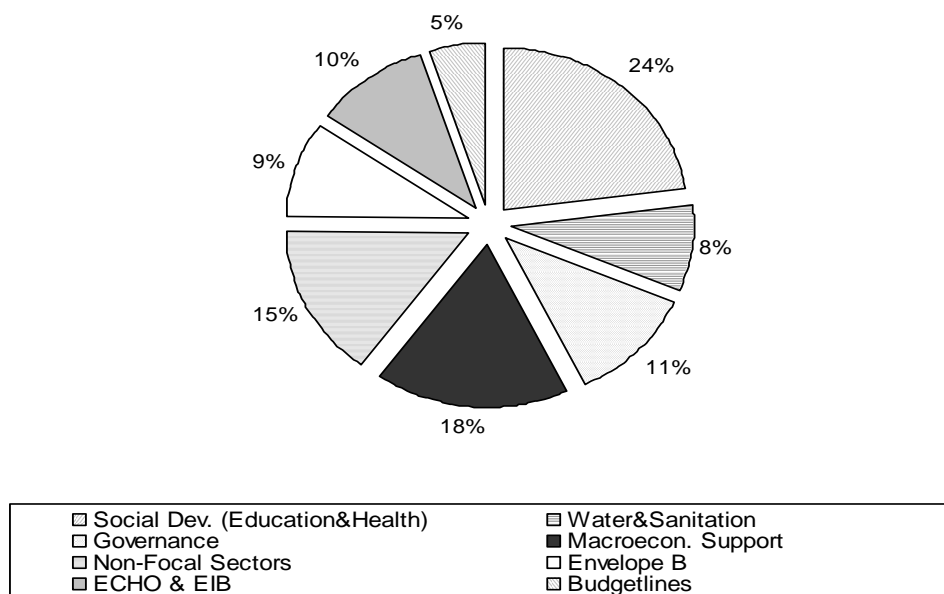
³³ Figures taken from the CLE 2000; no EDF8 strategic planning document was available to the consultants at the time of the desk report.

³⁴ MTR has not been published or completed at the time of the report but the consultants received oral information from the EC HQ to the effect that a SBS for education was planned to be included following the MTR.

³⁵ Allocation from EDF7.

³⁶ Allocation from EDF7.

Figure 5: Disbursements by the EC to the Dominican Republic by focal sectors and other categories



Source: Based on data from CRIS, total disbursements from 2001-2009. Diagram prepared by evaluation team. For detailed figures see project inventory in Volume 2.

The above diagram represents the breakdown of the use made of EC funds during the evaluation period, including budget lines. The diagram shows that 32% of the total has been dedicated to social development and water and sanitation (the latter being mostly concerned with a project on 'Environmental rehabilitation of marginal barriers in the capital city'), and that an important proportion (11%) has been spent on governance-related interventions.

It is also interesting to note that 33% of the total has been spent on what were areas that were not the "focal" areas during both EDF8 and EDF9: notably macroeconomic support and 'non-focal'. That proportion seems to be very high when compared to the strategic objectives for those two EDF³⁷. A full 9% of the total was disbursed under 'Envelope B' with similar proportions for SYSMIN and as emergency assistance for the mitigation of disasters³⁸.

In addition to the above, it is noteworthy that three Budget Support initiatives were in place:

"The Dominican Republic is currently implementing three Budget Support Programmes: (i) the General Budget Support Programme for Poverty reduction, (ii) the Tropical Storm Noel Rehabilitation Assistance programme and (iii) the Support Programme to Sector Policy in Education. Eligibility has been confirmed in the context of analysis of the latest disbursement requests in September 2009. Besides, the Delegation is currently in the process of designing a new General Budget Support Programme to be financed from EDF10 A envelope.³⁹"

The nature of the interventions within each of the areas identified in the diagram above is enlightening. It shows that the vast majority of the funding in each sector was concentrated in a small number of larger but generally wider-scoped interventions. There were a relatively large number of interventions in only two areas, the NGO budget-line and the so-called non-focal sector. Overall, it would appear that the Delegation in Santo Domingo had succeeded in concentrating its efforts into a small number of larger interventions as recommended by the 2000 evaluation while the variety of sectors targeted remained.

The following table illustrates this finding. In it, each sector, envelope or budget line has been analysed in terms of the interventions that the EC has carried out within it. Column 4

³⁷ Taking into account especially the initial NIP of EDF9.

³⁸ Total disbursements under Envelope B amounted to €23.1m out of which around 54% (€12.5m) were spent on SYSMIN.

³⁹ Action Fiche p. 2.

identifies how many interventions are classified as being in that sector. Column 2 then identifies the three or four major projects (i.e. using the level of commitment as a guide). The third column indicates the percentage of total commitments in the sector that are represented by the selection of interventions in column 2.

For example, there have been 9 interventions the education and Health sector in the DR (column 4), 99% of all the commitments (column 3) are accounted for through only three interventions (column 2).

Table 9: Analysis of the composition of major EC interventions in Dominican Republic (EDF8, 9 and 10)

Sector, envelope or budget line	Main Interventions	Proportion of total sector commitments represented by the sub-set of interventions noted on left	Number of interventions in the sector
Education and Health	<ul style="list-style-type: none"> ○ Sector Budget Extension Phase 2 ○ Support to the Education sector ○ Development of technical and professional education 	99%	9
Water and Sanitation	Rehabilitation of marginal barriers	98%	2
State reform	<ul style="list-style-type: none"> ○ Support to state reform and modernization ○ Immediate support to above 	100%	2
Macroeconomic support	<ul style="list-style-type: none"> ○ Capacity in policies on competitiveness ○ Budget support for poverty reduction ○ Institutional support for PFM ○ Support to regional integration 	99%	5
Civil Society	Civil society Programme	99%	2
Budget-line-NGO financing	<ul style="list-style-type: none"> ○ Disability and rehabilitation ○ Construction of infrastructure for irrigation for export ○ Training by means of radio ○ Participation of communal services in sexual and reproductive health 	41%	39, only 9 of which are larger than 1€m
Non-focal	<ul style="list-style-type: none"> ○ Micro projects 2 ○ Support to small enterprises ○ Road infrastructure 	70%	17
Envelope B	<ul style="list-style-type: none"> ○ Reconstruction of Road infrastructure as a result of hurricane ○ SYSMIN 2 ○ Capacity building for disaster preparedness 	99%	7
ECHO/EIB	<ul style="list-style-type: none"> ○ Banco Adami global Loan ○ Cde power emergency measures ○ Financial sector loans 1 and 2 	96%	9
Budget-line financing-HR	<ul style="list-style-type: none"> ○ Fight against racial discrimination and xenophobia ○ Urgent support to reform & democracy ○ Strengthening HR and democracy 	100%	3
Budget-line financing-Environment	Local economic development by reforestation and production of energy at border areas	100%	1

Source: Based on CRIS data. Table prepared by Evaluation Team

3 Evaluation Questions and Preliminary Answers

As noted in the Introduction, the EQs for this evaluation were chosen with the help of the Intervention Logic diagrams of intended effects for each of EDF8 through 10 (refer to Volume 2). This evaluation is based on the five evaluation criteria defined by the OECD-DAC (relevance, efficiency, effectiveness, impact and sustainability) as well as the criteria of coherence and value-added as defined by the EC. Judgement Criteria were specifically drafted to cover sustainability and value-added in appropriate sector-related questions. Finally, the design of the evaluation questions takes into account results and recommendations of the previous Country Level Evaluation (summarized in the annex).

The set of eight EQs was developed in accordance with the Joint Evaluation Unit's (JEU) methodology: by targeting the most strategic management and developmental issues identified during the reconstruction of the intervention logic inherent or explicit in the last three EDFs.

The Evaluation Questions approved for this evaluation are the following:

EQ 1	To what extent have EC support strategies reflected the strategic priorities of the GoDR and needs of the poor?
EQ 2	To what extent has the EC's support through sector budget support in the education sector contributed to improving the sector policy framework and increasing the operational service delivery levels of the primary education sub-sector?
EQ 3	To what extent has the EC-provided Budget Support improved (or is likely to improve) the poverty-reduction focus of the GoDR public budget?
EQ 4	To what extent have EC strategic responses contributed to empowering civil society in relation to active participation in national social and policy debates?
EQ 5	To what extent has the EC contributed to the DR and Haiti achieving common development opportunities?
EQ 6	To what extent has EC cooperation improved the ability of DR private sector firms to be competitive in terms of trade, particularly between the DR and the EU Member States?
EQ 7	To what extent has the EC contributed to ensuring that the mining sector's social and environmental impacts have been mitigated?
EQ 8	To what extent was the EC aid modalities combination appropriate to the national context and the implementation of the EC development strategy?

These eight evaluation questions are analysed in the next eight sub-sections of this report. Each EQ is provided with an answer that is referenced to its Judgment Criteria (JC), along with a graphic representation of the extent to which the Judgment Criteria has been realised. Arrows provide an "indicative" appreciation and not an exact answer. A more detailed analysis then follows where, for each Judgment Criteria and each Indicator, findings are presented to support the assessment of the Judgment Criteria. The reader is referred to Annex 1 of Volume 2 to this report for detailed evidence and observations that support the findings.

3.1 EC's response to strategic priorities in the Dominican Republic

EQ 1: To what extent have EC support strategies reflected the strategic priorities of the GoDR and needs of the poor?

Overall, the EC has aligned itself to the set of strategies of the GoDR between 2001 and 2009 even though the latter were not clearly prioritized per se. **(JC 1.1)**

There has been a consistent focus on a few domains such as education, institutional reform and the development of the DR-Haiti border zone since 2000, even though the focus within these sectors and sub-sectors have been changed. The EC has made its cooperation programme evolve over time to respond to the changing needs of the country as stated by the GoDR or the changing bilateral cooperation context (This evaluation considers that the combination of CS consultations and its CSP analyses is sufficient to ensure that the “needs” of the population are communicated to and made clear to the EC. Overall, the EC's contributions have largely targeted poverty but cannot be said to specifically target the socio-economic equity gap that is a major issue in the country. **(JC 1.2)**

Policy dialogue has evolved over the evaluation period and into the present day: the documentation covering this type of dialogue over the evaluation period is sparse and non-conclusive, and Joint Annual Reviews note that it has not been a determining factor in the DR. Policy dialogue in more recent years has, however, been much more robust and has clearly been a critical component of a number of EC activities in the competitiveness, trade, Bi-National Commission, NSA and other dossiers. **(JC 1.3)**

The priorities addressed in the various Country Strategy Papers (CSPs) and Regional Strategy Papers (RSPs) reflect the overall policy frameworks of the EC; in the same vein, the only DR-specific policy framework is contained in the CSP and, as in the case of the Haiti-DR border zone, the RSP. The EC has not only used EDF funding to meet its strategic goals in the country, but has also applied other funding mechanisms such as ECHO, EIB, water and energy facilities, civil society budget lines and regional funding. Overall these were complementary to the EDF funding and benefitted the poorest. **(JC 1.4, JC 1.5)**

4

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<i>Little</i>	<i>Just Acceptable</i>	<i>A Lot</i>
JC 1.1	EC strategic priorities between 2001 and 2009 reflect GoDR formal priorities in the same period.	→		
JC 1.2	EC strategic priorities reflect pressing developmental needs of the population of the Dominican Republic (as defined by the MDG targets for that country).	→		
JC 1.3	Emerging issues were incorporated quickly & effectively by the EC into its programming & policy dialogue with GoDR.	→		
JC 1.4	EC strategic priorities identified in CSP/RSP reflect EC policy frameworks and regulations applicable to DR.	→		
JC 1.5	The choice of sectors to support (in the CSP-NIP) and any eventual changes to those strategies they include are based on objective (ex-ante) analyses that include risk assessment.	→		

Analysis

On the EC reflecting the strategic priorities of the DR

The majority of disbursements were directed at the MDGs during EDF9, and a good part of EDF10 funding will eventually be directed at the MDGs through Global Budget Support (GBS) or Sector Budget Support (CBS). On a country level, some important national issues were not specifically addressed by the EC, including health and urban poverty, and economic activities related to growth such as tourism and agriculture. Overall, however, the EC has clearly focussed its attention on key sectors and issues that, in its analysis, were urgent for the country's development. These were also selected in order to respond to the plans and strategies of the GoDR, all the while reflecting on the recommendations of the 2003 evaluation dealing with concentrating its activities in a narrower band of sectors and activities. The EUD does not have the internal capability and the management systems to effectively manage the soft side of a broader scope of interventions in any case, especially if the need for policy dialogue, the urgency inherent in natural disasters such as hurricanes and the Haiti earthquake and its follow-up are factored in.

The EC's contributions are largely geared to reducing poverty but are not specifically targeted at reducing the equity gap that is a major problem in the DR, especially in the short to medium term (**I 1.1.1**). EC's education programme is set at the primary school level and it does not address secondary or third level education, which prepare students for entry into the workplace as qualified workers for example. It has also all but eliminated its health-related (water and sanitation) programme that would have helped improve the well-being of the poorest due to the lack of GoDR response (it has, however, used a water facility programme to this end and transferred the funds to the macroeconomic sector where a great need was being felt).

In terms of being consistent, the EC has stayed within a small number of sectors in the evaluation period, especially in relation to education, institutional reform, CSO capacity, joint Haiti-DR border area development and private sector development. But it has not necessarily remained consistently within the sub-sectors (ex. from technical and professional education to primary; from support to small enterprise to support to large industries such as bananas); the result has been a spreading of effort and investment across a wide number of development fields that are not designed to leverage each other. On the other hand, the overall composition of the entire programme at this time (all modalities and instruments) shows cohesiveness and a concentration of effort that leverages many of the components to each other (ex. the linking of civil society budget lines to EDF-based civil society interventions). Over the course of the evaluation period, there is no policy change or directive that could explain why these subsectors have evolved as they did; document research and interviews show that the evolution was likely due to the intent of the EUD to become relevant within a changing environment in the DR (ex. vocational to primary education). (**I 1.1.2**). It is important to note in this context that official national publications of the GoDR have been thorough and comprehensive but consistently ambiguous in establishing clear priorities. For example, even though it recognises that it cannot meet all of its MDGs and cannot invest the capital required to eliminate the socio-economic equity gap, it nevertheless does not prioritize amongst the different development strategies and goals (**I 1.1.3**).

On the EC is addressing the needs of the population of the DR

The previous sub-section established the link between the EC and the GoDR in terms of priorities, this sub-section speaks to the link between the EC and the needs of the population of the DR. Overall, the EC has officially examined the overall developmental situation of the country and its people on at least two occasions during the scope of this evaluation: in preparing the CSP for EDF9 and that for EDF10. In both of these exercises, the EC carried out broad-sweeping analyses of development needs and participated in a consultative process involving civil society and other stakeholders such as NSAs. The contents of those documents clearly refer to the priorities and plans of the Government and not specifically to

the needs of the people, (however, they could have been written that way for editorial simplicity). Both of these CSPs were written in the absence of a National Development Strategy, although a very first draft was available in 2008 when the CSP for EDF10 was signed.

Every focal sector and non-focal sector retained by the EC is part of the various national plans (sector-specific or otherwise) of the country or has been identified as being a priority by key multilaterals and IFI (Education, competitiveness, civil society, mining and the environment, etc.). Further, the EC has participated actively in consultative processes (with Civil Society) leading up to the NDS being approved by the President and placed before Congress, thereby being in a position to be intimately familiar with its axes, pillars, strategies and targets. Because of the consultative process, it can be deduced that the CSP reflected the needs of the population. It needs to be borne in mind that even today many important “social and economic problems” in the country remain poorly documented, such as the corruption costs to the poor and the social costs of access to education, health and other basic social services. Further, civil society organisations that publish data concerning the needs of the people tend to be very concentrated in their physical coverage and scope, so it is difficult to establish what the “exact need” of the population of the country (or part thereof) actually is and what the consequences might be of not resolving these problems.

Comparing the analysis of other donors concerning the needs of the population and the country (including the WB Country Assistance Strategy (CAS) and the Country Plans of the UNDP as well as the Country Strategies of Canada and USAID) with the choice of sectors found in the CSP, it is clear that the EC is active in key strategic sectors of concern to the poor. It could have chosen to be active in other important sectors such as health, and water-sanitation, but there is no intrinsic reason to conclude that these sectors are more critical than the ones identified in the CSP. Moreover, there are other donors that are active already in these fields, as the detailed table in the WB CAS 2010 attest.

The EC does not regularly and independently undertake research to monitor and analyse the “needs” of the population but relies on the analyses of the GoDR and other donors, as well as a combination of its own pre-CSP country analyses and various consultative mechanisms with civil society (such as for the NDS). This evaluation concludes that the combination of these mechanisms is sufficient to ensure that the “needs” of the population are communicated to, and made clear to the EC. Since its CSPs reflect these mechanisms, it can be concluded that the EC’s programmes reflect the needs of the population.⁴⁰

The EC has not included detailed justification for its choices of strategies in its key documents. The CSP for EDF9 was poorly justified (in terms of statistics and targets) but EDF10’s CSP was much better (i.e. clearer linkages made with needs and with policy objectives with statistics and targets). It should be noted that the CSP for EDF10 focussed on alignment with GoDR strategies including the development of export-led growth for competitiveness (along with continuing support to civil society capacity). The reason for such alignment is clear (Paris, Accra, priority use of Budget Support, etc.) but the EC itself (in JARs and during discussions with the EUD) point to a number of serious constraints in strategic planning in the DR context, suggesting that more on-the-ground research and independent validation/determination of needs by the donor community generally and even the EC specifically are in order. Our analysis also shows that the EC does not have information or analyses directly relating to the equity gap as it relates to its programme. Notwithstanding that observation, we found that only a part of the EC’s cooperation efforts in the country could be assumed to DIRECTLY address the equity gap: Education being the obvious example. The GBS, the work with CSO, border zone development, etc. do not necessarily directly address the equity gap although there may be indirect effects. Discussions with the EUD has shown that it has, after all, only one resource that is partially

⁴⁰ There is no intent here of implying that the Government does not represent the aspirations of the people, a position that is emphatically embraced by the evaluation team. The analysis of the “needs of the people” is a standard evaluation area of research for the EC.

dedicated to this specific macro-analytical function at the national level (the economic officer). **(I 1.2.1).**

Interviews with stakeholders on the ground, including the donors and the GoDR, indicates that these institutions perceive that the EC is directly dealing with issues that are of concern to the poor, but in some cases the EC has not communicated its development strategy clearly. For example, the EC's work on competitiveness is well recognised but respondents did not see how those efforts would necessarily and directly benefit the poorest. Discussions with the private sector and NSA have indicated that they easily recognise the existence and overall role of the EC but they don't often associate particular initiatives with the EC, possibly as a result of the instruments selected that place either the GoDR or an association or other as an intermediary, thereby hindering part of the visibility objectives of the EC. **(I 1.2.2)**

The evaluation team could not validly conclude on the relationship between the EC contribution in the country and the geographical distribution of that support towards poorer parts of the country. Detailed discussions with the EUD confirmed that the EC does not maintain databases or monitor the performance of its country-level programme based on geographical distribution of beneficiaries. They also confirmed that a small number of GoDR departments report on ratios that contain "urban-rural" splits, but that these are not correlated to the EC contributions per se and refer to their own mandates for service delivery. The National Audit Office (NAO) confirmed that the GoDR does not have current geo-spatially referenced monitoring results. While some interventions can clearly be identified with a geographical region (ex. Border Zone with Haiti), these are the exception. **(I 1.2.3).**

On the EC being flexible enough to evolve to meet changing priorities

In EDF9 and EDF10 a significant portion of the strategic directions and options are directly geared towards resolving emerging priorities. For example, EDF10 GBS in institutional reform is specifically intended to improve the control framework of the GoDR in banking and macroeconomic management, an evolving priority in the latter part of the decade, especially since the financial crises in the early-mid past decade. Before that, other donors worked on those issues and the need for high-performing Public Financial Management (PFM) was not viewed as critical by the national government and the international donor/financing/banking community sought an "international" approach in which to address the issue with the GoDR.

The EC has adapted its programming to meet emerging needs. For example, the level of corruption in the country has increased dramatically in the decade and the governance GBS is directed at managing this. Another example concerns the exports of agricultural products which had decreased in the decade and, given the imbalance in the trade deficit, new markets needed to be found to support the need for hard currencies. The regional EPA was put into place partly to deal with this overall issue, even if it is not DR-specific.

The EC'S SYSMIN also provides an example of rapid responses to emerging issues over the evaluation period. The growth of the mining sector provided an opportunity for the EC to fill an important void in the policy and regulatory framework that governed the sector. SYSMIN also provided a form of social security net for the increasingly large number of families that became dependent upon the mining sector over the evaluation period. Had the EC not provided that support when it did, it is doubtful that the negative impacts of new mining activities would have been mitigated to the extent they were. (Refer to EQ 7 on SYSMIN). Finally, Haiti (and to a lesser extent the DR) were hit with many natural disasters in the past decade, in addition to its political and economic crises. The EC has adapted its responses to the joint development of the border zone over the period of the evaluation: while increasing its bilateral dialogue on Hispaniola-wide social issues such as migration, it has adapted its strategies for the economic development of the border zone since EDF9, responding to a Hispaniola-wide set of strategies to improve and facilitate DR-Haitian trade and transport. **(I1.3.1)**

Internal EC correspondence points to the conclusion that an unsatisfactory level of compliance concerning policy dialogue commitments on the part of the GoDR through the GBS has been achieved, even though this evaluation also concluded that the terms for the

transfers of the fixed and variable tranches could be more rigorous in terms of policy, performance and service delivery targets. The management of policy dialogue mechanisms were deemed, by the GoDR, to be their responsibility; in practice meetings were either seldom held, held so infrequently that it was very difficult to maintain continuity, or the meetings were used for administrative or similar purposes. Informal meetings between the GoDR public officials and AT or EUD staff were most often the norm. In terms of value-added, the JAR from 2006 to 2009 consistently point to the fact that donor coordination is a difficult problem in the DR. The GoDR insists that it wants to coordinate donor support but has not done so effectively, only a small number of sector committees function at all with the leadership often being provided by interested donors. It is useful to point out that the PFM Annual Monitoring Report for the DR 2010, dated 31 October, 2010, clearly states that “a lack of a government mechanism to coordinate overall financial management issues results in a questionable situation concerning (the effectiveness of) donor coordination”. The EC’s position, stated during the September 12 seminar to a suggestion that a “donor forum” be established for the mining sector, is that it recognises the GoDR’s responsibility on donor coordination.

A key case involving the ability of the EC to meet «emerging issues» was the decision to halt further cooperation in the area of potable water during EDF9. It was recognised during the Mid-Term Review for EDF9 that the GoDR had blocked a law on sector reform in the water sector and had not proceeded with other key laws as promised. These had been identified as conditions for disbursements by the EC. An analysis done by the EC in 2003 concluded that:

- “The reform of the water sector was not a GoDR priority, given its political difficulties with the privatisation of the energy (electricity) sector.
- The impact of the EC in the sector was going to be marginal. The overall financial needs for the sector were enormous as compared to the planned EC NIP for that sector. The IDB was already prepared to finance the sector and to work on reform (but did not do so due to the GoDR resistance)
- Due to the 2003 crisis in the country, the EIB and other donors were exiting or preparing to exit the country.
- It proved to be impossible to obtain data for feasibility studies under the circumstances and intervention design was very short on facts.”

The EC therefore decided to re-allocate the funds earmarked for the water sector to macroeconomic budget support. The strategy was to use the budget support to quicken the pace of the reform under the *new government* that had been established. The political and economic conditions at the time were difficult, in that the 2003 financial crisis had shaken the government and reduced the pace of reform across all sectors. The EC responded quickly to the situation and provided financial support in an area that had begun to be important during EDF8 (macroeconomic reform) but which had taken on much higher importance in the aftermath of the 2003 financial (banking) crisis. Based on the reporting that is provided in the Joint Annual Review (JAR) 2004 concerning the reasoning behind the exiting of the EC support from the water sector (outlined above), and the economic and social analysis the evaluation team has done concerning the 2003-2005 period showing the relative lack of priority for social spending, the evaluation team supports the decision to exit the water sector.

The JAR 2004 provides information concerning the intense level of policy dialogue that was required to bring about the re-allocation. When one takes into account the complexity involved, it can be concluded that the EUD was quite effective in mobilising its policy dialogue. **(I 1.3.1 and 1.3.2)**

Mechanisms that would improve the coordination and complementarity of EU-wide donor actions have not been effective and were still, at the end of the evaluation period, at an “identification” stage. Donor coordination at a wider level is not effective either, caused by a number of factors including issues of coordination that are internal to the GoDR. **(I1.3.3)**

On the EC's strategic priorities in the DR reflecting the EC's policy framework

The EC strategic priorities spelled out in the CSPs/RSPs clearly reflect the policy framework and intent of the EC, both through EDF-related funding and through other funding mechanisms made available through the EC. Overall, the entire set of EC policies has been applied in the DR including those dealing with MDGs and the development of a special trading relationship with the EC designed to directly and indirectly bring about growth and improve competitiveness. No contradictions or aberrations were found; therefore the strategic priorities contained in the CSP are compatible with EC policies/ regulations. **(I1.4.1)**

The evaluation found that there was a direct link between the strategies expressed in the CSP and NIPs and the actual programmed interventions (in both focal and non-focal sectors). Finally, there is a high degree of consistency between the EDF-related cooperation and the support to development provided through other EC funding modalities such as ECHO, Water and energy facilities, RSPs etc. A key example is the support to NSA where budget lines and EDF funding have been complementary during the evaluation period (budget lines and EDF both funding supporting the capacity of the CSOs). In examining specific EDF and budget-line interventions, the evaluation found that cross-cutting issues such as gender and the environment were generally mainstreamed into design and execution monitoring but records show the EC missed a number of important opportunities to push those agendas. For example, gender equality and HIV/AIDS are not treated in policy dialogue or programming within the education sector (refer to JC 6.5 in the Annexes), and the EC did not make gender a monitoring focus with most of its support initiatives to the private sector (refer to JC 6.6). The focus on the environment was much stronger, as shown by the importance placed on environmental mitigation through SYSMIN (JC 7.3 in the Annexes). There was no formal design or plan for the integration of all elements that the EC could bring to governance, including the integration of EDF, budget lines and other instruments, or the integration of governance strategies with democracy or capacity development in the legislature or with civil society. This type of strategy, though not specifically required, would have been useful for leveraging and for seeking complementarity with other donors including MS. **(I 1.4.2)**

On the EC's key strategic documents reflecting risk

The EC's key strategic documents in force during the evaluation period (CSPs, RSPs, etc.) do not contain references to ex ante detailed analyses (including a risk analysis) that would be sufficiently detailed to enable decision-making related to the changes in the strategies or to the likelihood of success of the proposed strategies.

According to the EUD, detailed ex ante risk analyses are not systematically carried out and if they exist they are not easily accessible on the EC's databases, even to EC staff. The risk matrix attached to the CSPs (the Operations Framework and Performance Indicators Annex) do not contain a credible set of assumptions concerning the risks associated with the programmes. Assumptions and risks that are written there are superficial, overly vague and/or relatively evident to the point of being corollaries of the outputs statements; they do not address the likelihood of success or the scenarios that the success might adopt.

The experience of the EC with respect to the re-allocation of funds from the water sector to macroeconomic support was analysed to determine if ex ante risk analysis could have foreseen the reaction (or non-reaction) of the GoDR to its commitments in the sector. The CSP does, in fact, refer to a commitment being made by the GoDR and so the EC was justified in pursuing the strategies it outlined for the sector. A significant part of the reasons why the GoDR reacted as it did was its management of the banking crisis of 2002- 2004, and even the WB and IMF were not prepared for the GoDR's reaction to the crisis. However, the extent to which the banking system was overextended was matter of public knowledge for some time, and the EC could have predicted an upcoming period of financial and macroeconomic crisis at the time of the drafting of the CSP. The importance of the water sector to health and other MDGs, and the commitment given by the GoDR to support that sector, would likely have been determinant factors in the inclusion of the sector in the EC's

strategic plans nevertheless **(I 1.5.1)**. Although it is not an ex ante type of analysis per se, the Risk Analysis the Delegation Document fails to provide explicit information on the programme risks⁴¹. **(I 1.5.2)**

⁴¹ Including comprehensive information on what the risk factors are likely to be; why these are risk factors; the likelihood of occurrence; the likely direct and indirect impacts of the risks; what the EC should put in place as mitigation strategies, and how the strategic intents of the EC will be affected in the event of a risk event.

3.2 The EC's contribution to primary education

EQ 2: To what extent has the EC's support through sector budget support in the education sector contributed to improving the sector policy framework and increasing the operational service delivery levels of the primary education sub-sector?

Education is a key part of the GoDR's NDS and the DR has consistently developed and maintained strategic and operational plans for its reform. The EC has supported these important national initiatives primarily with sector budget support funding and technical assistance that have corresponded to the sector plans of the country and to the needs of the population. **(JC 2.1)** The EC has also made efforts to become engaged in country-led policy dialogue over the course of the evaluation period. The formal dialogue process itself has not been particularly effective due to infrequent meetings and the Ministry of Planning and Development concurs that this situation was largely due to the instability of the Ministry of Education (MinERD) from 2008-2011⁴². The conditions for payment attached to the Sector Budget Support cannot be said to have created the framework for policy dialogue, being not policy related nor stated in terms of clear and manageable deliverables (results). The quality of that dialogue has improved somewhat over the last few years. Importantly, the national budget for education has not increased and is lagging far behind Latin American and Caribbean ratios. It is only about half of what is provided for in the education law. **(JC 2.2)** SBS has had a small effect on the harmonisation of processes for the provision and management of EC inputs of all types (by the EUD as well as by the Ministry). **(JC 2.3)**

Some improvement of the management (such as the creation of the MTEF) and policy frameworks (such as curriculum changes) and the coverage of service delivery in primary education in the DR has taken place during the time that the EC has provided support, but a great deal remains to be done. Because of the nature of budget support, it is not possible to identify the causality links between the contribution of the EC through budget support and improvements in specific aspects of the sector. The EC's support has clearly assisted in these improvements, and the budget support modality was an effective means of supporting the GoDR in that it gave the DR the flexibility it needed to allocate resources where it felt they were needed. There was still much to do at the end of the evaluation period and the education sector still faces difficult policy and other challenges. **(JC 2.4)** The DR is progressing to meeting the MDGs, but a low level of quality of education (due to a number of factors including teacher competency and a lack of national budget support) significantly endangers education-related MDG targets. **(JC 2.5)**

⁴² See page 8 of the Ministry's comments to the evaluation team where it specifies that we are dealing with " la inestabilidad que sufrio el MINERD durante 2008 hasta 2011". The Ministry also points out that the Mesa met on July 12 2011 and proposes that this portends good news for the future.

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<u>Little</u>	<u>Just Acceptable</u>	<u>A Lot</u>
JC 2.1	Specific inputs provided by the SBS, as well as the design mix of these inputs, correspond to the political, economic and institutional context (need) in the sector and sub-sector and to EC policy on the provision of BS.	—————→		
JC 2.2	Sector budget support has contributed to the establishment of a framework of policy dialogue, focused on key government strategies and priorities, as well as to a larger share of the national budget for the education sector.	————→		
JC 2.3	Sector budget support has contributed to the provision of harmonised processes for financial and non-financial inputs, such as technical assistance and capacity building, the latter being strategic and focused on government priorities and provided EC value-added.	————→		
JC 2.4	The EC's SBS has contributed to improvements in the quality of policy processes and policy implementation at different levels, including districts/regions (including institutional capacity, ownership and transparency).	————→		
JC 2.5	The service levels for the delivery of primary education have increased, are likely to be sustainable, and are on target to meet the MDGs.	————→		

Analysis

On the EC's inputs corresponding to the needs of the sector and the EC's policies on Budget Support

Available documentation, corroborated in interviews in the field, suggests that specific inputs provided by the SBS, like the transfer of funds, a sector policy dialogue and TA, have corresponded rather well to the national weaknesses in the primary education sub-sector, to the specific requests for assistance by the Ministry and to EC policy on the provision of BS. While evidence indicates that the GoDR has continued to show ownership and provide the direction for changes in the sector, the choice of EC modalities (and interventions) has taken into consideration the GoDR adoption of a long-term, systemic perspective in primary education as well as its stated ability to develop its own capacity. The adoption of a second SBS phase is a consequence of the perception by all parties of a successful implementation of the first phase, as EC inputs matched the GoDR strategy and the DR performed at acceptable levels (a reflection of the monitoring for fixed and variable tranches). This evaluation therefore concurs with the overall conclusions reached previously by the EC in proposing to continue to provide budget support: the EC's contribution has helped the GoDR to improve the overall management and delivery of educational services, be it that the last is more of a quantitative than a qualitative nature.

A comprehensive TA initiative was put in place to support the SBS; over three years it provided services that ranged from assisting in putting the SBS in place to providing advice for the structuring of the MinERD; the design of education policies and the Ten-Year Plan 2008-2018; community participation strategies; EMIS and M&E, and the provision of specific capacity development and systems design (**I 2.1.1 and 2.1.4**). The Budget Support (BS) to the primary education subsector has therefore been in accordance with EC related policy goals of ensuring aid effectiveness, promoting national ownership, strengthening results orientation, developing capacity and coordinating donor inputs with other resources. The evaluation team confirms that the main conditions for SBS at the time had been fulfilled, and were recognised as such by the EC (**I 2.1.3**). The core elements (sector strategy, sector budget MTEF and – to a lesser degree - a coordination framework) were in place, but

capacity at global level, linked to a pro-active capacity development strategy led by the government, was not matched by sufficient implementation of those plans. Capacity development was a key component of the EC support during the evaluation period but other evaluations and analyses, supported by the evaluation, show that teacher capacity is particularly low, and an effective performance monitoring system (managerial and sector-specific) is still in development and was not operational in the evaluation period even if the EC supported it (**I 2.1.6**). The EC has played a leadership role in donor coordination at sector level and provided a reference for GoDR's decision on aid modalities. It has (only recently) aligned budget support with the policy issues of interest of other donors; as a result, Spain is collaborating with the EC on a new set of performance criteria for meeting fixed and variable tranche requirements for a proposed SBS. Nevertheless, interviews held during the field mission indicate that a key policy dialogue forum, the *Mesa Sectorial de Educación*, is not operational (**I 2.1.7**) (refer to **JC 2.1** in Volume 2)

On the establishment of a framework for policy dialogue through the SBS

The EC has made many efforts to bring about a policy dialogue for the education sector with the GoDR and other donors, but in general, both fora have been weak and ineffective. In the DR context, the consultative strategy (for formal and informal dialogue) would involve family and community participation, along with NGO involvement, and with other donors. At this moment, a coordinated, government-led policy dialogue mechanism is still not in place even though it has been a promise of the DR for years (**I 2.2.1 and 2.2.5**). A comprehensive Performance Assessment Framework has not (yet) been developed for the (primary) education sector. Performance assessment and adequate monitoring (on the basis of an EMIS) to facilitate accountability are included in GoDR strategic plans and in SBS goals, but so far instruments are still in development and the reliability of data and monitoring is generally considered weak. It has been observed that disbursements have not taken place on the moments agreed upon even if full amounts were paid, but this apparently was of no major consequence to the GoDR overall even if it has caused cash flow problems for the Ministry (**I 2.2.3**). National budgets applied to (primary) education, both in nominal terms and in % of total government spending, show a small positive trend (increase) but have been reportedly low for a middle-income country and always lower than established by law (a civil society movement calls for the GoDR to meet its promises of a 4% target established during the years covered by EDF9 but no movement on the GoDR's part to that end has been noted, and the opposite, in fact, is happening). Such an increase would almost double the amount of money spent on education. The EC tried to improve this situation in its SBS approach where "*The ratio of resources invested in education as a percentage of GDP has been identified as one of the disbursement criteria for the forthcoming GBS.*" Nevertheless, increase in this ratio has not been a disbursement criterion in Programa de Apoyo a la Reforma y Modernización del Estado (PAPSE), whereas the evaluation believes it should have been (**I 2.2.4 and I 2.2.6**). (Refer to the analysis concerning **JC 2.2** in Volume 2).

On the harmonisation of processes

As for the contribution of EC SBS to the provision of harmonized processes for financial and non-financial inputs, documents note that the Delegation has been pro-active in searching for harmonization of support and provided value-added, by focusing on government priorities and looking for GoDR leadership during EDF9 and EDF10, but that effective harmonization mechanisms do not yet exist or operate for the sector, except bilaterally with the Spanish Agency for International Development Cooperation (AECID) (refer to **I 2.3.1**). As for alignment of external aid with the government budget cycle, this evaluation supports the Delegation in its conclusion that there has been satisfactory progress towards the establishment of a serious and realistic MTEF for the education sector (refer to **I 2.3.2**). According to MinERD, SBS financial inputs have been delivered on time but there is no evidence of progress towards better overall alignment with the GoDR budget cycle. The same applies to the topics of coordination of TA and the adoption of a donor common approach, which have been only limitedly successful (with AECID) (refer to **I 2.3.4**). The

functioning of the *Mesa Sectorial* has to be taken up again by MinERD (refer to **I 2.3.5**). (Refer to **JC 2.3** in Volume 2)

Overall, the EC by way of SBS support to the primary education sector has contributed to quality improvement in policy processes (and implementation). However, efforts have not always led to the expected results and there is little consensus among stakeholders the level of improvement in GoDR policy processes quality. The evaluation considers that a great deal is still to do and that existing policies, processes and systems are still at a relatively basic level and need to be improved considerably. DR ownership and leadership in the primary education subsector were increasing in the evaluation period (**I 2.4.1**). Transparency of policy processes has grown during SBS and increase in policy consultations with Civil Society is clearly demonstrated (**I 2.4.2** and **I 2.4.3**). With respect to regional and district de-concentration process, there are some initial results in terms of effectiveness of public expenditure, increased ownership and community participation reported by various stakeholders including teachers and NGOs, but EC contribution has been less important in this area. The development of M&E and EMIS instruments has been an area of permanent attention of GoDR and one of the priorities of EC (budget) support to the subsector. All these systems are still under development or only partially in place in the evaluation period, and their utility and use in institutional mechanisms for planning and programming as well as the concomitant preparation of human resources were limited. (Refer to **I 2.4.4** and **I 2.4.5**) GoDR has not been able to comply with the legal framework for financing of the education sector (refer to **I 2.4.4**). (See **JC 2.4** in Volume 2 for details)

On service delivery levels (many related figures and graphs are in Annex 1 of Volume 2)

During the evaluation period considerable progress regarding the service delivery levels of primary education has been made, although the budgetary support required for the sustainability of these levels has not been provided by GoDR. The evaluation team's research found that while the absolute amount of financial resources allocated to education in national budgets had risen during the evaluation period, the relative budget (i.e. as a percentage of GDP) is very low: worldwide the country ranks 141st of 145 countries with respect to public expenditure in education as a percentage of GDP (UNDP 2009); moreover, the DR is lagging far behind in the Latin American and Caribbean regions. During SBS, the EC made efforts to increase public expenditure on education being only limitedly successful. Supply (expressed through a number of factors including the number of teachers, the number of classrooms and of school shifts that are offered each day), as a proxy of access to primary education, has been expanding, but the country still faces challenges in providing access to certain populations.

Overall supply ratios have improved since the start of SBS from the EC, but the degree to which this SBS has contributed to this improvement is difficult to establish, as other donors (IABD, WB for capital infrastructure) were also engaged, and sometimes more focused. As for regional differences, frequent mention is made in education reports and assessments of the lagging behind of rural areas and poorer neighbourhoods in the cities, where it takes children more time to complete primary education, when completing at all (refer to **I 2.5.1** and **I 2.5.2**). The DR is progressing to meeting the MDGs and its own strategic plans (refer to **I 2.5.2**), but low quality of education, as shown, for example, through national and international testing and other analyses of teacher qualifications will cause the real targets (especially the most important: educated Dominicans able to function in society and in the workplace) to become unmet. In fact, the DR does not have a comprehensive teacher qualification system in place and there are no clear related targets in the Ten-year Plan, although recruitment by competitiveness has now become the rule (**I 2.5.4**). As for the role of EC budget support in this process, the increase of service delivery levels, their sustainability and effectiveness have always been core objectives of GoDR educational policies and planning, as well as of EC support to the primary education subsector. While there are quantitative ratios showing service level improvement, the evaluation has found that these were often obtained at the expense of quality. Certainly SBS will have had a contribution in these improvements; however, from the reports, figures and interviews available it is not

possible to assess in which degree SBS of the EC has contributed to the results realized. Overall, the targets set for the MDGs and the Ten-year Plan will not likely be met if budgets for the sector remain at their present levels. The EC has engaged in policy dialogue to garner support for an increase, but the results have been compromised in terms of higher budget levels. (Refer to **JC 2.5** in Volume 2 for details)

3.3 EC's use of GBS to improve poverty-reduction focus of GoDR

EQ 3: To what extent has the EC-provided Budget Support improved (or is likely to improve) the poverty-reduction focus of the GoDR public budget?

The exact extent to which the EC-provided Budget support has improved (or is likely to improve) the focus given to poverty reduction in the public budgets of the GoDR is not likely ever to be accurately determined. There are a number of reasons for this including the nature of the GoDR's published budget information, the materiality of the EC's contribution to the national budget and third, and most importantly from a strategic perspective, it would be difficult to speak of increases in the poverty reduction focus of the GoDR when it has decreased its relative standing for social spending as compared to the Latin American and Caribbean averages over the past decade, and when the national budget has not shown increased relative funding levels in key MDG sectors over the period represented by the scope of the evaluation. **(JC 3.1)**

The current sector policy monitoring systems used by the EC are not robust enough to form the backbone of policy dialogue on poverty reduction, nor are they sufficient to provide intelligence on the evolution of the sectors and the evolution of risks generally. The evaluation identified that the performance indicators that are part of the budget support process are not the core of an on-going policy dialogue between the EC and the GoDR, nor are they concerned with increasing the poverty-reduction focus of the national budget per se⁴³.

In terms of the formal dialogue process that should have been the result of the introduction of GBS, it should be noted that there had not been a formal policy dialogue plan agreed to by the GoDR before the 2008-9 period. The 2009 JAR describes the very recent efforts at dialogue, concluding that meetings are not held as planned and that the topics are not on technical issues (i.e. that would be of importance to development strategies **(JC 3.2)**).

While its informal dialogue processes have had a considerable amount of success (refer to the Bi-national Commission, the Economic Partnership Agreement (EPA) negotiations and civil society legal frameworks), and while interviews have identified that progress on the Haiti and competitiveness dossiers would have stalled without the EUD's informal interventions (mostly undocumented), the dialogue is not supported by adequate monitoring, coordination and intelligence systems, risk analyses or landscape-level strategy assessments and adjustments. **(JC 3.3)**

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<i>Little</i>	<i>Just Acceptable</i>	<i>A Lot</i>
JC 3.1	GBS has contributed to increase the proportion of total national budgets that are being allocated to key MDG sectors.	→		
JC 3.2	The policy domains monitored by the EC are consistent with its strategic response outlined in the CSP and are the core of its policy dialogue on poverty-reduction with GoDR.	→		
JC 3.3	The GBS monitoring and performance frameworks in place enable the EC to respond quickly to evolving national needs and to incidences of poor performance by the GoDR or regional bodies (such as the Caribbean Community - CARICOM) concerning GoDR policy dialogue commitments.	→		

⁴³ JAR 2009: "Current systems for monitoring sector policies (for poverty reduction) are not robust enough and the government does not make use of them in its dialogue with development partners. These systems should be at the heart of results-based management." (page 22 English Version).

Analysis

On the introduction of GBS influencing the percentage of total national budgets spent on poverty reduction

In understanding the role and influence of the EC in policy dialogue, the analysis carried out by the evaluation team was not limited to funds but also included the participation of technical assistance (TA) in sector committees, the contents of ROM reports, the agendas and minutes of formal sector round-tables, formal policy dialogue events and emails and other documents that would indicate where the EC had attempted to influence the GoDR to place more focus on poverty reduction. JARs and other documents were also analysed to see if, in fact, there was joint recognition that the EC had helped to influence the poverty-reduction focus of the national budget. All told, no such evidence was found.

In fact, over the period covered by the evaluation, the proportion of GDP spent on social programs has dropped in comparison to other Latin American and Caribbean countries and it has not yet succeeded in increasing the education budget to the level provided for in the law.

The evaluation team attempted to examine the detailed budgets of key MDG-related departments of the GoDR to see if the actual spending had increased since the introduction of GBS and SBS. It observed that the budgets of the GoDR in the period following the GBS and SBS are not disaggregated enough to see if the planned expenditures have increased. It also observed that actual expenditures are not published per se. Copies of the GoDR budget legislation covering the course of the last decade as well as publications of a DR NGO on the budget analyses of the DR show that there is only a very low level of disaggregation being published. Nevertheless, the evaluation team has created the following table comparing the annual budgets (in absolute values and in percentages) that education, health and Status of Women institutions in the GoDR have received in the 2003-2009 period. These data are taken directly from the national Budgets that are presented to the GoDR Congress.

Table 10: *Percentage of DR National Budgets Allocated to key Poverty-related Sectors (in millions)*

Budgetary Programmes	2003	2004	2005	2006	2007	2008	2009
Education	10,900	11,800	16,600	18,000	23,000	27,000	26,400
As a % of total GC	13%	11%	14%	12%	14%	14%	12%
Public Health	7,100	8,800	17,300	18,000	20,000	27,000	30,800
As a % of total GC	9%	8%	14%	12%	13%	14%	14%
Status of Women	186	195	180	226	207	327	217
As a % of total GC	0.22%	0.18%	0.15%	0.15%	0.13%	0.17%	0.10%
Total Gastos Corrientes GC)	83,000	108,000	122,000	146,000	160,000	192,000	217,000
Notes							
1. Annual budgets are taken from the Annual Budget Laws of the DR. "Ley ...que aprueba el Presupuesto de Ingresos y Ley de Gastos Públicos para el año XYYY"							
2. Ending in 2003, total budgets (gastos corrientes) for each government programme were calculated in two parts: the annual budgets and the external financing. A total is provided							
3. For all the calculations, the "Gastos Coorrientes Totales" were used							
4. For the sake of simplicity, figures have been rounded							

Source: *Individual Parliamentary Budget Laws from 2003 to 2009. For link: <http://www.digepres.gob.do/LinkClick.aspx?fileticket=MUR3tpCZIYY%3d&tabid=78&mid=446>*

Table compiled by authors of this evaluation report

Notwithstanding the data in the table, the evaluation found that the highly aggregated data that was presented in the national budgets may be misleading and was not necessarily

analytically appropriate since it was impossible to identify the poverty-reduction portion of the individual line-item (organisationally-organised) budgets from all else. In fact, the evaluation team was concerned that increases in total budgets could be the result of shifts towards activities and programmes that have nothing to do with poverty reduction per se, such as (the hypothetical examples of) paying higher salaries to teachers and administrators or increasing spending in better-off urban facilities. Field research showed that these shifts did, in fact, happen. However, these data are the most accurate available at this time and form the basis of our findings: a) Education, Health and Status of Women's budgets have not increased as a percentage of total budgets since pre-GBS days; b) In absolute terms, the total amount of money going to these three sectors has increased significantly; c) Education budgets in 2009 are less (in terms of %) than they were in 2003; d) the budget of the Status of Women has been halved since 2003 E) only the health budget has increased over the period in terms of a percentage of the national budget.

In analysing the entire budget documents, it is noted that, the national budgets that are allocated to social programmes (key MDG) are not all allocated to social sector ministries so that merely looking at their budgets could provide an inaccurate answer. Capital costs for infrastructure, for example, are not all allocated to these ministries. Second, the proportion of GBS within the national budget (all donors) is less than 4%, and all of that is not allocated to social programmes, ensuring that changes are not likely to be easily attributable to any factor including budget increases. In fact, sensitive monitoring systems should have been set up to measure not only the marginal increases in social-related budgets due to budget support, but to measure as well the leveraging effects on the national budget that these funds could generate. Third, while the education and health ministries provide updates to many MDG indicators (a reflection of performance), they (or any other relevant ministries) do not indicate the extent to which these "MDG improvements" are the result of increased or re-allocated budgets or, for example, internal efficiencies or changes in data definitions or capture. **(I3.1.1)**

The level of spending in social programmes at the national level within the DR, expressed as a percentage of GDP, is diminishing in comparison to Latin America or the Caribbean (as a percentage of the GDP). The situation for education is a key and more dramatic example: in the latter part of the decade spending as a % of GDP in that sector is lower than it was at some periods in the 1990's, that is, before GBS was introduced. In that context, any significant investment made by the DR in social programmes could, and indeed should be viewed as a normal process of catch-up (compared to regional and Latin American levels), and not as a result of leveraging from the international community through budget support. Analysis of the NDS also shows that the GoDR's choice of targeting scenarios for the NDS (it chose one out of three that were analysed) means that while progress will be made on improving the MDG targets, poverty will only be reduced to 28% of the population. It should be noted that even decades in the future, more than one in four people will be poor. It should be noted that this statistic does not include the very poor or illegal Haitians who are not part of the formal economy and are not captured by national statistics. **(I 3.1.2)**

The evaluation found no evidence to support the contention that the GoDR is putting in place mechanisms to ensure that any increases in public spending in social sectors will remain sustainable. Interviews with a number of stakeholders on this issue converged on the fact that budgets and strategic or operational plans have been volatile and have changed dramatically over the years; sustainability is not guaranteed. **(I3.1.3)**

On the policy domains being monitored by the EC being in line with the Country Strategy Paper (CSP) and the core of its policy dialogue

There were few genuine policy dialogue mechanisms that were formalised between the EC and the GoDR as a result of GBS, and these met infrequently. Formal policy dialogue that occurred over the evaluation period was mostly concerned with technical issues and undertaken almost exclusively with the executive and public service agencies. It was not, for example, with other democratic institutions, civil society or NSAs, a position called for by key

international institutions including the European Parliament's research arm after a detailed evaluation it conducted. Joint documents indicate that current sector policy monitoring systems are not robust enough to form the backbone of policy dialogue in any case, but the evaluation team did not find examples where more robust systems were developed. Interviews with EUD officials noted that these "management" systems are required in order to conduct rigorous and evidence-based dialogue, but the EC has not put them in place in the DR.

A detailed report on GBS was undertaken by the European Parliament in the Dominican Republic. It found that the EC's focus on PFM and PFM reform is clear and often takes centre stage in GBS-related policy dialogue. This is reflected by the fact that indicators of the Performance Assessment Frameworks (PAFs) targeting the improvement of PFM appear to sidestep other accountability and dialogue mechanisms such as those with parliament, the free press or civil society.

This evaluation agrees with the above-noted report in that the EC assessment of national control mechanisms is deficient, thus impacting on accountability and the nature of policy dialogue itself. In fact, The Dominican Republic did not have a rigorous and evidence-based PAF in place during all of the evaluation period, however, a framework for GBS provision called 'Financial Agreement of GBS for poverty reduction' was agreed on in 2005. The first four indicators of the EC "Financial Agreement of GBS in poverty reduction 2005", are intended to measure PFM performance but a direct link between these indicators and the policy dialogue process is not in place. Conditionalities for fixed or variable tranches within the GBS or SBS tended, in the view of the evaluators, to be at an overly macro level and not focussed on identifiable policy changes, or intermediate results per se. In that context they did not form a concrete frame for policy discussions except at a relatively conceptual level, especially in a context where numerous reputable sources had questioned the reliability of some of the data being used for MDG monitoring (see previous sections on context). It was noted however that the EUD and the Spanish Aid Agency are collaborating on a new set of conditions for the next SBS; preliminary analysis indicates that the framework for transfer payments has been made more focussed on concrete results, even if, as seen in EQ 2, the baselines used could have been made more precise. **(I 3.2.1)**

In terms of budget support, a series of relevant indicators with targets have been created as part of the financial agreement and must be reported against by the NAO in order to obtain requested disbursements. These constitute a monitoring framework that refer directly to the focal sectors in the CSP, but the JARs and field research show that these are most often concerned with technical improvements or processes and not policy per se. Moreover, as noted previously, CSP objectives tended to be at high levels of abstraction with few objectively verifiable indicators. **(I 3.2.2)**

With respect to the monitoring of policy domains by the EC, the indicators in this JC as well as under JC 3.3 indicate that the EC relies largely on the monitoring framework provided for the MDGs and on the detailed policy monitoring within PFM and related issues that are carried out by the IMF and the World Bank. Overall, the information provided appears to have been adequate for the policy dialogue on poverty reduction, given the higher-level topics covered during those discussions. No evidence was found that non-GBS related expertise (financed by the EC) participates in the formulation of policy dialogue positions. **(I3.2.3)**

On GBS performance frameworks enabling the EC to respond quickly to changing needs

In terms of concluding on the existence of policy and performance monitoring frameworks that include coordination by all donors, the evaluation has brought forward the finding that donor coordination has been quite weak in the 9 years covered by the evaluation's scope and is only now beginning to get a little more organised. The EC's JARs in 2008 and 2009 confirmed the analyses in the WB's CAS spanning the decade by noting that there was limited progress in the Dominican Republic in the implementation of the Paris Declaration principles – ownership, harmonization, alignment, mutual accountability and managing for

results (both in 2008 and 2009). In that context the ability to maintain a coherent and coordinated policy dialogue was quite limited, especially if it is added that the Dominican government took on the role of coordination and distributed the mandate amongst several public institutions with the result that coordination is now generally unstructured. In that context, it is quite difficult for the donor community and government officials to come to a shared assessment as to “what are” the evolving national needs and then to build revised monitoring frameworks and donor coordinated (complementarity) responses upon that. On the other hand, meetings identified potential powerful synergies between the European Commission and Member States in education, environment and bi-national cooperation (Dominican Republic and Haiti).

The EC has put in place indicators and a monitoring system for its budget support initiatives, and bases its disbursements of variable tranches largely (but not exclusively) on the basis of these indicators. Information concerning the monitoring of the indicators is generally fed to the EC through the NAO, although the evaluation found examples where the EUD had to take the initiative for the preparation of the requests for disbursements, and then work with the NAO's office to finalise and formalise the requests. In some instances the EC has asked for detailed information when the requests did not appear to justify the disbursements, showing that the administrative systems appear to be robust and offer a means to motivate the GoDR to avoid non-performance.

What the JAR and other EC-based documents do not reveal, however, is the extent to which there are other policy and performance monitoring framework(s) used by various donors (such as those that might be used in sector committees), and the extent to which these are coordinated. An EC-produced analysis done at the end of 2011 identified that the NDS proposes a matrix of performance indicators to measure the achievement of objectives which are classified by strategic axes. The report goes on to note that there is no explicit relation between indicators and the specific objectives they are to assess. It also notes that there is no full identification of sources of data for verification (of indicator data) and no reference to data collection and measurement periods. Finally, the report notes that the institutional arrangements and systems required for performance monitoring have not been identified. The evaluation's own field research confirms this analysis but notes that some effort is being made to design monitoring systems. The EUD has indicated that it recognises that it cannot build up a GBS based on monitoring information that may not be available or absolutely valid. **(I 3.3.1)**

The ability of the EC or any independent observer to monitor the results chain associated with any GBS and to identify if there are any forces, such as corruption, that are weakening that chain, depends directly on the quality of the information provided by the systems and processes of the government involved. This, in turn, is directly dependent upon the quality of the Public Finance Management System. In the DR, PFM is undergoing a profound reform but will need a long time to finalize, even though the funding applied to it by the EC and other donors is important. The support of the EC either within its own institutional development intervention or as a part of a larger PFM thrust involving other donors, has been important in making systems more effective and efficient and, at the same time, likely making it harder for corrupt practices to take hold. In a related domain, the EU is sponsoring a project toward augmenting the fiscal policy capacity of information and analysis with the aims of increasing the participation of civil society and higher social expenditure. However, the effectiveness of such programmes is undermined by a lack of inclusivity and a limited ability to reach wider targets. **(I 3.3.2)**

There does not appear to have been a “policy dialogue plan with specific targets” in place for the EC during the evaluation period other than what may have been used by the two sector committees that were reported as working well⁴⁴. A note that the EUD sent to the NAO indicating exactly what was expected from the GoDR in terms of political dialogue (see

⁴⁴ JAR 2009, p. 22.

13.2.2) was taken into account by the evaluation team but the team could not find a formal note concerning expectations on policy dialogue.

One issue that is relevant in the case of the DR is the extent to which the EC can be expected to exert some influence in setting or achieving new policy direction. The European Parliament's report on GBS makes clear that the EC's influence in policy dialogue in the DR is rather limited, and the analysis of the evaluation team concurs with that assessment. That being said, it is also clear that the EC has been very successful in its informal dialogue on particular issues such as the Haiti-DR border zone and private-sector competitiveness **(13.3.3)**.

Finally, the EC's key strategic documents (CSPs, RSPs, etc.) and its risk reports provided annually to headquarter (HQ) by the EUD do not contain a risk analysis that is sufficiently detailed to enable decision-making related to the changes in the strategies or to the likelihood of success of the proposed strategies. Most of the analyses contained therein are not related to the strategies sought but to the EC processes that govern the CSP or relatively simple "go-no-go" decisions and their impact on going ahead **(13.3.4)**

The EC has provided for a number of mechanisms that allow for rapidly evolving changes in national priorities to be met with appropriate EC responses: these include the Mid-Term Review (MTR) process (where changes have been introduced in the past, notably the change from Water and Sanitation to macroeconomic support); budget lines Where HQ has delegated much of the direction and selection of proposals to the EUD as part of the latter's comprehensive strategy), and the use of GBS To provide more flexibility to the GoDR) . **(13.3.5)**

3.4 EC's contribution to an empowered civil society

EQ 4: To what extent have EC strategic responses contributed to empowering civil society in relation to active participation in national social and policy debates?

The EC has consistently maintained, in its strategic documents, that it places a great deal of importance on developing civil society in the DR, and the evaluation supports this claim. Support took the form of large, governance-supporting interventions such as PRIL from 2006 onwards; before that the EC had provided support on a much smaller scale which included a focus on the increased capacity to organise and document responses that represent civil society positions in policy debates at all levels of government in the DR.

Interventions supported by the EC resulted in the creation of a new legal framework (non-profit law, municipal law, and others) that contain a new model of decentralization characterized by the participation of civil society and participatory planning that demonstrates a greater appreciation of the CSO in society. All of these are clearly the subjects of EC policy frameworks concerning governance and the development of civil society. **(JC 4.1)**

Through the EC support, various CSO networks devoted to the topic of governance are now in operation. This support has established a better position from which to participate in political-level discourse. **(JC 4.2)**

Nevertheless, the evaluation found that CSOs claim not to have sufficient capacity or resources to fully contribute to existing forums and spaces for dialogue, and the EC has responded in a significant and effective manner, with a new large intervention (PASCAL) and highly localised use of budget lines.

Overall, the evaluation found that this support had been given in the absence of a focussed approach (strategy) during the evaluation period and that the different individual interventions did not develop leverages between them. Following on from the end of the evaluation period, the evaluation found that although a formal strategy for the support to civil society has not been approved by the EC, the management of the mix of initiatives is much more coherent and focussed than was the case during EDF8 or EDF9⁴⁵. **(JC 4.3)**

Amongst CSOs there is awareness (implying visibility) that the EU is the main provider of funding for civil society development in the DR that the EC's funding for CS has risen continually and that the EU has a wide range of financing instruments available, and thus can respond in a flexible manner to the requests made. CSOs do not, however, identify a particular added-value that would be provided by the EC alone or as an "enabler" of value that could be obtained from EU MS. It may also be highlighted that the dialogue conducted between EUD and the CS is perceived as contributing to a better understanding for each other. **(JC 4.4)**

⁴⁵ Starting with small grants, then with PARME and PRIL, thematic calls and PASCAL, there is a logical sequence of intervention. PASCAL is a lesson learned from PRIL and PARME, the thematic call (NSA-LA) can be considered as a "pre" PASCAL. PARAP is the logical consequence of PARME (State Reform Program) with regard to participation of civil society.

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<i>Little</i>	<i>Just Acceptable</i>	<i>A Lot</i>
JC 4.1	The EC has contributed to enabling Civil Society Organizations (CSOs) to have an impact on decision-making by contributing qualitatively to social and policy debates in issues related to governance	—————→		
JC 4.2	CSO's participation in governance-related activities is done in complementarity with local government and the private sector and is likely to be sustainable over the long-term	—————→		
JC 4.3	The cooperation provided to civil society is consistent with EC policies on governance support.	—————→		
JC 4.4	The CSO community identifies the assistance provided by the EC as representing specific value-added	—————→		

Analysis

On the EC contribution to enabling CSOs to contribute to policy and social debates

There are improved levels of impact achieved through capacity building and participation of the CSOs in debates related to governance; several projects supported by the EC have been the main active platforms for the preparation and proposal of new laws and there was a focus on facilitating relations between the CSO and all levels of government.

During the evaluation period, the EC contributed funds and technical support to strengthen the CSO in order to enable them to improve their impact on decision-making through their discussions with the GoDR related to governance. This has occurred mainly through the program PRIL, through which 34 projects related to the strengthening of civil society were implemented.

The initiatives supported by the EC, in the framework of support for civil society, have focused on the needs and weaknesses that characterize Dominican civil society organizations. Although there is no baseline against which to compare the situation before and after the implementation of the PRIL, various reports and interviews indicate that the PRIL program increased the capacity as well as the frequency and intensity of the CSO-State interface, particularly in its participation in public policy nationally and locally. EC supported initiatives have had a facilitator approach to the dialogue between CSOs and the central public bodies (including providing better policy analysis and proposals as well as establishing for physical contact) and to a lesser extent, of an explorative nature, with the municipalities. PARME and PRIL have been active platforms for the preparation of proposal of new laws. **(I 4.1.1)**

The strengthening of political policy dialog at the local level and the capacity development effects of the interventions have improved the sense of ownership of the GoDR and civil society generally concerning the policy instruments that regulate the participation of civil society: the State has incorporated the legal framework and the CSOs perceive that their suggestions have been incorporated into decision-making. PARME promoted and facilitated the dialogue between local governments and CSOs at the national level, while PRIL promoted the dialogue between authorities (central government) and CSOs mainly on the implementation of the law 122-05 (Law for non-profit organizations). Both initiatives therefore achieved their expected results. During the implementation of the interventions, the experiences generated were demonstrative of participation in local policies, some of which are related to a higher incidence of civil society in municipalities without a history of participatory practices. There are specific impacts such as the introduction of the issue of disability onto the public stage and decision making instances; therefore, as a result of the

EC support, Congress (deputies and senators) now has access to information and competent advisers on these types of subjects (I 4.1.2)

At present, several sector and territorial networks, devoted to the topic of governance and supported by the EC, are in operation. This support has established a better position from which to face the political incidence through the incursion into spaces of State-civil society dialog, the establishment of alliances with key players, and the introduction of new topics (such as education support, corruption abatement and decentralized decision-making) onto the stage of public policies. (I 4.1.3 and 4.1.4)

On the CSO participation in governance activities being in complementarity with local government and the private sector

The EC contribution has helped to develop more recognition and legitimacy of civil society. Interventions of the EC, such as PARME, were critical in the development of new legal frameworks that contain a new model of decentralization characterized by the participation of civil society and the participatory planning that demonstrates a greater appreciation of the CSO in society. The adoption of the Law 122-05 (that regulates CSOs) can be as a formal recognition of the CSOs and provides them with legitimate accreditation as actors in the establishment of changes in political practices (I 4.2.1) There are examples of experiences of dialog between the CSO and local authorities in the planning and implementation of projects at the local level, supported by the EC. In this context, the new Law of Municipalities (176 - 07) that regulates the role of the CSO in local development, and which seeks the active participation of the civil society in all planning and implementation processes at the local level was promoted by PARME.

The evaluation did not find examples of joint or complementary actions between the CSO, local authorities and the private sector. There is, however, documentation and qualitative evidence that shows that local authorities are involving CSOs on the planning and execution of programmes (I 4.2.2). These actions could be considered isolated, because traditionally in the Dominican Republic there is little interaction between these three actors (I 4.2.3). In that light, we found documentation to confirm that GODR's policies on the role of CSOs in governance activities had been adopted. This has materialised through the introduction of a series of reforms and other regulations related to the actions of CSOs and the promulgation of new laws which are promoting the participation of citizens in the creation of efficient and transparent institutions, especially at the municipal level". With the support of PARAP (begun in 2010) the government has come to formally recognize that civil society should influence, monitor, and contribute to the quality of public services (I 4.2.4). Documents point to a significant increase in EC funding for activities related to improving the relationship between the State and Non-State Actors over the evaluation period and since then. Compared to a decade ago, the EC is presently dedicating considerably more funds to this sector and has made it possible to use multi-modality approaches at the strategic level (such as EDF and budget lines). The PASCAL Project for example, with major funding (€15.6m), is scheduled to begin in 2011 and aims to strengthen the NSA and LA, which demonstrates a continuation of strong EC support for this sector. Another strong CSO support is reflected in the CSO component of the new Public Administration Reform Project (PARAP), which began in 2010. Another evidence for major funding has been found in the local thematic proposal calls NSA-LA and Democracy and Human Rights (EIDHR) proposal call (I 4.2.5). Compared to the practice in place during the evaluation period in which budget lines were managed from headquarters with "global" terms of reference applied to requests for proposals, the evaluation found that the EC has decentralized part of the selection process for budget lines to the EUD. This has enabled the EUD to be more active in the sector's development by, inter alia, creating proposal calls that specifically relevant to the DR context.

On the consistency between the EC cooperation with CSO and the EC own policies

The evaluation found that there is consistency at the policy level between the EC's policies on governance support and the cooperation provided to the civil society in the DR. The EC's policies on governance span a broad range of issues, such as: democratization and citizens' involvement in the political process; the rule of law and access to justice; transparent, responsive and accountable State institutions and the active participation of civil society in dialogue with the State. The PRIL and PARME interventions deal directly with most of these, thus ensuring consistency between EC policies and the actual support provided to civil society. This has occurred in tandem with GoDR efforts at the consolidation of democracy (by launching a process of modernization and a State Reform). For example, a revised Constitution (2010), a number of new laws created in the last decade including direct mechanisms for social participation and the approval and enactment of the Municipal Law (176-07).

The cooperation of the EC to promote governance issues has been carried out through different channels over the course of the evaluation period. These issues are addressed either by 1) State Reform Programmes like PARME and the new Public Administration Reform Project (PARAP) with a CSO component which began in 2010, or 2.) Initiatives such as PRIL, local Thematic Programs for NSA and Local Authorities in Development and EIDHR, or PASCAL (**I 4.3.2**). PASCAL was conceived as a result of the experience and main lessons learned from PARME in EDF8 and PRIL in EDF9. A major lesson learnt from the PARME was that citizen participation in the State Reform constitutes a *sine qua non* element in a democratic State, apart from being a sustainability factor in the progress achieved. A lesson from the PRIL supported projects is that there was a cumulated citizenship deficit to change the status quo, hence the need for municipalities to better know their rights and obligations in the new framework set by the existing regulation. PASCAL is in line with all commitments taken in terms of aid effectiveness and is consistent with Art. 1 of the Cotonou Agreement (strengthening of participants' capacities in the development and improvement of the institutional capacity necessary for social cohesion, functioning of a democratic society and emergence of an active and organised civil society) (**I 4.3.2**).

On the perception of value-added of EC assistance to civil society

In documents, there is little information about specific value-added perceived by the CSO through cooperation with the EC. In terms of the "the value-added that the EC brings to the table, as compared to other donors", CSOs could not identify the nature of that value-added. CSOs questioned noted that they are targeting their cooperation requests to the EC because specific thematic programs that are of interest (and are accessible) to them are available there (and not through other donors). When the term value-added is defined as "the added benefits that accrue to a CSO through cooperation with and through the EC, above and beyond their specific grant activities", CSOs were much more forthcoming about the "collective" benefits of the EC's strategic umbrella. During individual and group meetings with representatives of civil society participants manifested that the cooperation within PRIL resulted in various types of added value that strengthened civil society as a whole. Examples provided included: articulation in CSO networks, joint initiatives, exchanges and collaboration between very different kinds of CSOs, and opportunities for joint reflection and preparation of proposals for funding (from the EC or elsewhere). A further added value was perceived in the fact that PRIL supported the CSO "to think as a group", "to see common issues", and "to look inside the CSO". PRIL was also noted as having contributed to increasing the self confidence in many CSOs. CSOs also noted that an important mechanism for dialogue in current years is the regular meetings with the EUD on issues of common interest. These meetings were also held during the evaluation period but were less frequent and perceived as being less focused on policy-related questions. Overall, however, the evaluation did not find "value-added" that could have been obtained from the EC rather than, say, another MS or another bilateral donor.

3.5 EC contribution toward joint development of the DR-Haiti border

EQ 5: To what extent has the EC contributed to the DR and Haiti achieving common development opportunities?

EC contribution to the DR and Haiti achieving common development opportunities has been comprehensive, consistent over the evaluation period as well as diversified. It has facilitated a bi-national framework, which in turn has led to converging national plans and shared actions. But overall, the strategic goals identified in the CSP were not achieved.

There is still no common official strategy for the development of the Border Zone even a decade after a watershed 2000 meeting in which the EC pledged support to the Bi-national Commission for a number of sector developments including in agriculture. For the time being, each Ministry in the Dominican Republic has plans that involve the border zone so the sum of those plans provides a sense of direction, but not leadership. It should be noted that Haiti, has also been singularly unsuccessful in providing plans, strategies and leadership on this issue, making it nearly impossible to develop joint priorities and projects.

EC contribution during the evaluation period was diversified but with coherent linkages that supported each other, demonstrating a convergence towards joint approaches to the developmental needs of both DR and Haiti. **(JC 5.1)**

Very importantly, the EC has been able to keep both countries engaged in dialogue on broader border development which bodes well for the future of joint initiatives. Missing leadership and direction of both governments to design and implement a bi-national agenda, as well as very limited achievements are likely a sign of limited institutional capacity and political direction more than budget constraints, explaining in part the subdued success of the EC's significant contribution. **(JC 5.2)**

There is evidence that the EC's interventions in EDF9 and EDF10 helped support the work of MS in Haiti and in the DR (specifically German and French Development Agencies (GIZ and AFD), but also EUCID). Coordination of that support and the joint management of the zone by the GoDR and the GoH are improving but are still weak. **(JC 5.3)**

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<u>Little</u>	<u>Just Acceptable</u>	<u>A Lot</u>
JC 5.1	Development opportunities identified in regional and national strategies converge increasingly on common development plans benefitting both countries.	→		
JC 5.2	Mutually beneficial development programmes and projects for border areas, with approved budgets, are having a positive impact on the development of that zone.	→		
JC 5.3	Bilateral development efforts of the DR-Haiti border region are coordinated and add value to the efforts of MS.	→		

Analysis

On common development plans benefitting both countries

In a context of historically difficult and even aggressive relations, both countries began to focus on joint planning processes in 1995 and some progress has been made in defining strategic directions for the development of the zone, albeit with the political and funding support of the international community, and especially the EC. A watershed in this evolution is a 2000 high-level meeting where a common plan for development of certain sectors was introduced (especially in agriculture) and in which the EC pledged financial support; the EC's action was essential for the agreements to be put into place, and was strategically important because it helped to establish the EC's leadership in island-wide development and in a broader perspective of "rapprochement" of the two countries, a factor which was critical in the DR's significant and rapid response to the earthquake **(I 5.1.2)**.

While in their national developmental strategies both countries consider that Hispaniola-wide concerns and interests need to be addressed, there is no bi-national joint plan existing so far, in spite of constant and consistent EC support to the bi-national Commission set up to direct joint programmes. The Bi-national Commission has seen many up's and down's negatively affecting its overall functionality. Specifically, references to meetings suggest that the progress of the Commission has been irregular and halting. During the evaluation period it went through many reactivation efforts: in 2005, September 2007, March 2009, June 2009, and lately in July 2010. In July 2010, both Presidents (Préval/Fernandez) re-launched the Bi-national Commission and indicated that it should provide both countries with a coherent and strategic plan as soon as possible and function as a permanent forum to discuss common problems and agree on common solutions⁴⁶. Efforts in this direction have become more pronounced after the earthquake in Haiti in January 2010. Documents and interviews have clearly shown that the EC has been instrumental in keeping the doors open between the countries so that dialogue on joint development could take place. The perception amongst stakeholders interviewed during this evaluation is that the process would not have continued as it has were it not for the policy dialogue largely framed by the EC. **(I 5.1.1)**

The NDS of the DR specifically refers to Haiti and the need to jointly address common issues, but the national budget of the GoDR does not contain allocations specifically for that purpose, although many ministries have border zone actions and programmes (unilateral). Priorities still remain to be better defined on each side as well as budgeted **(I 5.1.3)**.

Convergence is shown in a consistent way by development opportunities identified in regional and national EC strategies with planned interlinked interventions through single financing agreements benefitting both countries, also in helping the binational joint institutional set up. Within this context, the EC has provided a different and specific support towards both countries. When examining the entire gamut of EC support actions during the evaluation period, it can be noted that the EC contribution during the period is a diversified set of interventions with coherent interlinkages and supportive outcomes one to each other (spillovers):

- i) Direct support to the border region integrating both populations;
- ii) Direct contribution to policy dialogue through activation of the binational framework and results oriented activities;
- iii) Direct contribution by approximating DR to Haiti in the Cariforum framework, fostering the interrelationship under the EPA implementation;
- iv) Indirect support to policy dialogue with references to bilateral migration policies;
- v) Indirect support to binational policy implementation with specific support planning and PFM enhanced frameworks. **(I 5.1.1 to 5.1.3)**.

⁴⁶ <http://ww.radioteate.com>

On mutually-beneficial development programmes having a positive impact on the development of that zone

EC-funded development interventions for border areas have positive outcomes so far, mainly in the Haitian side. However they remain limited (**I 5.2.4**) principally due to gaps in the designs (ex. Dajabon market building) and delays of uncoordinated implementation from both sides (ex. customs and other administrative modalities and vehicle bridge infrastructures at Dajabon). The Northern Corridor project rehabilitated the 75 km Cap Haitien-Dajabon stretch of the national highway in Haiti, and impacted by reducing the travel time between Haiti and the Dominican Republic by more than half. It also opened up the industrial centre of Ouanaminthe and the surrounding agricultural area of the North and Northeast provinces of Haiti, greatly benefiting the local and national economies of both countries since transportation was made available for both sellers and buyers of goods of both nations (**I5.2.1 and I5.2.3**). The positive and negative impacts of these initiatives on the population are difficult to estimate because of missing needs assessments and missing baseline data, i.e. weak M&E set-ups and national planning do not set clear priorities meeting the needs for population on the border areas. It is clear from interviews and from descriptions provided by civil society organizations that the local populations have been quick to draw benefits from the investments: the Northern Corridor is heavily used; the community forests are well managed; the Dajabon market site is heavily populated on market days with significant volumes of trading, etc. The GoDR has provided an important part of the overall funding for the marketplace development, and plans are underway to improve its reach (with the EC, and AFD providing support). (**I 5.2.2**)

Another important initiative jointly agreed to and designed by both countries that has used as a model in other parts of Hispaniola is the Transborder Environmental (TEP/PET) project focusing on natural resource development and local institutional strengthening. Under PET I the project aimed to reinforce the capacity and co-operation of the two countries in the protection and conservation of the lakes bordering area and covers: 1) Centre for sustainable development; 2) Master plan for the lakes area; 3) Involvement of the populations in the sustainable development of the area. PET II focused on strengthening local actors' capacities to implement cross-border and national environmental activities. The RIP 8 budget allocation of €54m to these projects demonstrates a high disbursement rate of 99%. Additionally, €50m was allocated: €23m under RIP9 and, after signature of the 2008 Declaration of Santo Domingo, €12m to Haiti and €15m to DR under EDF10.

Participatory needs assessments yielding priority profiles in the northern or southern cross-border intervention areas were not documented although the 2008 Dajabón market survey is acknowledged as a valid proxy. Participation of the local population -the intended beneficiaries- in planning has been reported in various documents as being weak throughout in the Northern Corridor, Dajabon Market and PET/TEP projects. This is attributed to perceived differences in priorities: food security for the southern border population rather than benefits from environmental services such as eco-tourism. Income generation effects of PET2 for the rural poor are seriously questioned by civil society whereas no rigorous economic analysis or assessment is available for the Northern Corridor investment. However, in PET/TEP, strengthening local institutions and municipal networks has resolved local environmental and territorial development issues through facilitating bi-national dialogue. Strengthening environmental units in the municipal administrations is seen as having contributed to impact (**I 5.2.4**).

Dialogue is being promoted by the EUD in a context that has been difficult. Progress is slow but remains in a positive trend. Notwithstanding those shortcomings, interviews shared the view that the most important positive impact, on the ground as well as at the higher levels of decision making, is the improved and coordinated relationship between the two countries ("building blocks" approach) (EC value added). Fear is replaced little by little by support and exchanges, not only trade. Unfortunately, this is only one way and both countries rely on donor support even though Haiti became RD's second largest exports destination.

Specific EC contributions to the development of the zone therefore include a range of direct and indirect results:

- i) Direct support to the border region through interventions that integrate both populations (ex. Dajabon market (not finished and with construction issues) and Friendship Forest);
- ii) Direct contribution to bi-national dialogue through activation of the bi-national framework and focussing on results oriented activities (ex. support to the Bi-national Committee and its initiatives) ;
- iii) Direct contribution to the development of Haiti by linking DR to Haiti in the CARIFORUM framework, fostering bi-national interrelationships under the EPA implementation;
- iv) Indirect support to social issues through policy dialogue (such as bilateral migration policies);
- v) Indirect support to bi-national policy implementation with specific support planning in the environment and PFM-enhanced frameworks on both sides of the border.

On coordination and added-value to the efforts of MS

On the issue of coordination generally, EC-supported development of the DR-Haiti border region is integrated among its different programmes (co-financing RIP-NIP; geographic coverage; areas of intervention) and coordinated with other donors (including UNDP & AFD). It aims at consolidating bi-national joint efforts between the two countries and is almost in nature a cross-cutting issue in EC support to DR. Various MS (Germany and France primarily) are working bilaterally with both countries on a sectoral basis in the border zone **(I5.3.1)** and the EC's efforts have enabled value-added to be seen to be created at an EU level. There is nevertheless no significant leveraging effect on a bi-national basis, the interventions being mostly complementary at best.

Thanks in part to the effect of natural disasters to both countries (recognition of common issues involved with earthquakes and hurricanes, for example) and an effort by the EC to support the various institutions that manage or coordinate the development of the DR-Haiti border zone (better funding to Commission, the use of multilateral institutions for coordination, more frequent policy dialogue and the bringing to bear of regional institutions on the border issues), better coordination (but not yet "sufficient coordination" as will be seen in the next paragraphs) of efforts and of the contributions of all parties has been achieved. Another example of higher-level coordination is the new tri-national initiative "Corredor Biologico" between Cuba, Haiti and DR funded by EC and implemented by UNDP scales up the bi-national dimension of PET/TEP and expands the coverage by PET/TEP of the H/DR southern border area to tri-national levels. This scaling success has been achieved thanks to better coordination than has been the case in the past, and is based largely on the "coordination models" developed by the EC-supported PET/TEP. **(I5.3.1)**

An interesting and important result of the EC'S contribution has been the adoption of its models by other countries, donors and projects. Bi- and multilateral agencies such as the Spanish Agency for International Development Cooperation (AECID) and IFAD as well as second-tier municipal organizations as the National Association of Mayors at the Border (ANMF) (Haiti) and the Municipal Association of the Enriquillo Network (ASOMURE) (DR) have demonstrated interest to scale up PET/TEP approaches in their respective areas of engagement and have relied on increased effectiveness of coordination mechanisms to do that. The bi-national institutional framework and the priorities and strategies for the border zone's development still need to be much better developed in order for donors to effectively coordinate and align their support over a broader developmental base⁴⁷.

⁴⁷ That being said, the EC and AFD now keep each other informed (a low level of coordination added-value⁴⁷) of their respective initiatives in the Dajabon area (contrary to what was in place during the evaluation period), and GIZ and the EC exchange information concerning their activities in the "border zone", since the former is very active in the environmental sector.

3.6 EC's contribution to the improvement of competitiveness of private sector

EQ 6: to what extent has EC cooperation improved the ability of DR private sector firms to be competitive in terms of trade, particularly between the DR and the EU Member States?

EC cooperation improved the ability of DR private sector firms to be competitive in terms of trade between the DR and the EU Member States in specific well-targeted sectors. It also improved trade competitiveness with non-EU partners. Competitiveness in the country still remains a major challenge and is being tackled by a more comprehensive government-led policy approach (recent achievements include a competitiveness framework) that is supported by the EC through a direct alignment to the plans of the GoDR.

Other donors' support in the country towards private sector was extensive and even if some complementary can be found with EC intervention, there was little leverage. No significant scaling up intervention from EU MS is known in a sector context where EC support is by far the most significant one.

Although at a small scale, EC support has contributed to giving firms the capacity to become, or remain competitive (an indication of sustainability) in their ability to export goods to the EU market. Successful and less successful results have provided lessons learnt to the EC concerning support to the private sector and have influenced the scaling up strategies. Moreover, EPA implementation was made possible under EDF9 in a context of reduced RIP amounts as a result of difficulties encountered by the Caricom's Secretariat. As a result, DR was among the first ACP countries to effectively start an EPA implementation without the need to wait for EDF10 implementation⁴⁸.

Important changes in the economic situation in the DR over the decade has brought a stronger focus by the EC on the DR's economic policy-making and its implementation, and EC leverage increased significantly as it evolved from micro level interventions under EDF8 to macro and meso levels interventions in the EDF9 and most particularly EDF10. At the same time, the EPA negotiation process added content to this approach. As a result of such evolving EC agenda in DR, support to trade and competitiveness-related stakeholders have incurred some overlapping activities with the increased risk of duplication⁴⁹.

Although there is an observed improved choice of more relevant internal indicators at outcome level, EC specific contribution and sustainability of it in existing results over the evaluation period are hard to track because of weak M&E setups, with very often missing baseline data⁵⁰. Overall, EC support is output based (outsourcing provided) and capacity development remains a challenge in an evolving framework in the competitiveness sector (cluster approach potential impact in restructuring private's sector network)⁵¹.

The EC has not only given DR firms the opportunity to take advantage of the EPA in terms of trade exports to the EU market well in advance (increasing exports in goods to the EU date back to 2005), but has effectively used EPA as a leverage instrument to improve the enabling framework.

⁴⁸ See JC 6.4.

⁴⁹ See JC 6.2.

⁵⁰ See JC 6.1, JC 6.2 and JC 6.3.

⁵¹ See JC 6.4.

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<i>Little</i>	<i>Just Acceptable</i>	<i>A Lot</i>
JC 6.1	The EC's support has enabled DR firms to eventually take advantage of the EPA	—————→		
JC 6.2	EC support has contributed to giving firms the capacity to become or remain competitive in the light of European and non-European imports to the country or in order to improve its ability to export to the EU or elsewhere	—————→		
JC 6.3	Improvements in trade with the EU and with other trading partners provide better and sustainable opportunities for employment, especially for women.	—————→		
JC 6.4	The EC's support in the enabling environment framework for trade (e.g. taxation, legislations, and product quality requirements) has led to trade and market opportunities in a sustained way.	—————→		

Analysis

On the EC's support enabling DR firms to eventually take advantage of the EPA

EC support has provided an opportunity for DR firms to eventually benefit from the EPA. This holds particularly true for EC intervention related to specific sectors⁵². Exports from the DR to the EU have increased significantly only in few targeted directly supported sectors⁵³. Missing data on services exports (e.g. tourism) makes analysis to remain partial, mostly underestimated in terms of trade⁵⁴. Successful interventions achieved improved standards and networks. Overall, EC interventions have not had an EU-centric focus; they were support to SMEs' generally and at the sector and macro level. This has helped DR firms improve their overall capacities to trade, and especially within the context of the EPA. Notwithstanding those results, it is agreed that weak monitoring and evaluation (M&E) systems make it difficult to find EC-specific contribution⁵⁵. **(JC 6.1)**

On giving firms the capacity to become, or remain competitive in the light imports and exports

In the past decade, a large number of state-sponsored events have been held, often donor supported, to directly or indirectly improve capacities of DR firms. Overall, there is satisfaction from beneficiaries of the activities carried out and outputs achieved but the EC has not monitored which capacities, competencies and abilities have been improved and how. Less evidence and consensus exists in evaluating outcomes and their impact. Very often missing needs assessments and irrelevant internal indicators as well as missing baselines, point out to rather weak M&E structures instead of just missing clear results⁵⁶.

The GoDR has set up a comprehensive consultative framework for economic policymaking including the private sector, helped by EC supported small and medium enterprises (SMEs) improved participation and policy framework. Some missing active support of the private sector to the national competitiveness plan may engender further delays in this critical area. For instance, delay in making national bodies define and agree on specific EC support towards DR firms, particularly in the context of more indirect support to private sector⁵⁷, has met with frustration by firms and associations that regret the nature of the intermediation by

⁵² See indicator 6.1.2 in Volume 2, Annex 2.

⁵³ See indicator 6.1.3 in Volume 2, Annex 2.

⁵⁴ See indicator 6.1.1 in Volume 2, Annex 2.

⁵⁵ See indicator 6.1.2 in Volume 2, Annex 2.

⁵⁶ See indicator 6.2.1 in Volume 2, Annex 2.

⁵⁷ See indicator 6.2.2 in Volume 2, Annex 2.

the GoDR in the dossier. This has not hampered government capacity to continue its reforms to liberalize/regulate the economy in order to be more integrated into the world economy⁵⁸ although interviewees reported that public officials tended to focus on process issues and not on solving “real world” problems.

Through its investment facility, EIB supports the financial sector, including microcredit to SMEs, even though its trade focus has not always complemented existing EC support. This is less evident in the case of the Centre for the Development of Enterprises (CDE) and ProInvest supports towards tourism, agricultural and agroindustry sectors, because of some existing overlapping supports with regional supports (e.g. Caribbean Export Development Agency)⁵⁹. EC contribution, during the period 2000-2010, was responding to different country needs in a diversified, flexible and complementary manner with interlinked effects:

- i) Direct support to DR's firms enabling them to take advantage of EU market available market access, compensating to a certain extent textile export to the US exit. Support with increased relevance in a context of economic downturn;
- ii) Support aimed at improving SMEs' participation and policy framework;
- iii) Scale up and aligned support towards a more comprehensive support to structural change in competitiveness (in a context of loss of markets share in international markets);
- iv) Indirect support to competitiveness and trade policy implementation with specific support towards planning and PFM enhanced frameworks;
- v) Direct contribution to policy dialogue through its SBS to competitiveness and support to EPA implementation;
- vi) EPA and related EDF funds leverage for DR's regional integration within the Caribbean region (e.g. EPA Article 238 grants MFN access to all CARIFORUM partners);
- vii) EPA lock-in effect for DR's domestic economic reforms (e.g. competition framework).

(JC 6.2)

On improvements in trade providing opportunities for employment, especially for women

Improved but still underutilised trade opportunities with EU and other trading partners certainly provide, on paper, better employment conditions in DR⁶⁰ but there are no official statistics to prove that hypothesis, and certainly no analysis have been carried out specifically dealing with women or youth in that context.

As noted previously, Haiti is now the second largest export market destination and the volume of exports is raising, especially in agricultural products, a domain where women are a key part of the labour force. Statistics are not available to show whether migrant women are being increasingly employed in that sub-sector⁶¹. Women have increased their participation in the active population and are especially targeted by donors, NGOs and the GoDR for training opportunities. Unfortunately, they remain with higher rates of unemployment⁶². Some MS were active along the decade in supporting employment related activities for women but interviews indicate that their activities were not done in a coordinated manner with the EC or other MS⁶³. The EC's successful contribution to improving employment for women was clear for some very specific interventions during the evaluation period, such as those in the Banana sector, where progress reports dealt with that issue. However, in the case of more direct support to DR firms or where the GoDR is being supported in its competitiveness programmes, difficulties exist to track results because of weak M&E⁶⁴. **(JC 6.3)**

On the EC's support in the enabling environment framework for trade

⁵⁸ See indicator 6.2.3 in Volume 2, Annex 2.

⁵⁹ See indicator 6.2.4 in Volume 2, Annex 2.

⁶⁰ See indicators 6.1.1 and 6.1.3 in Volume 2, Annex 2.

⁶¹ See indicator 6.3.5 in Volume 2, Annex 2.

⁶² See indicator 6.3.4 in Volume 2, Annex 2.

⁶³ See indicator 6.3.3 in Volume 2, Annex 2.

⁶⁴ See indicators 6.3.1 and 6.3.2 in Volume 2, Annex 2.

EC support to the enabling framework has been successful in well-targeted interventions concerning trade and market opportunities in a diversified manner⁶⁵ in specific sectors, mainly through product quality, SMEs and Competition improved frameworks⁶⁶. Less evident at this stage are the results to be obtained from a more comprehensive support to capacity development in entities related to the National Systemic Competitiveness Plan beginning to take place⁶⁷. Improvements in the overall conditions of trade do not compensate for inherent weaknesses in competitiveness⁶⁸. Fiscal policy and trade conditions and regulation are evolving (improving the overall business climate) and this is perceived as improving innovation and productivity, but there is much room for improvement⁶⁹. External trade policy being one main driver and benchmarking, regional integration benefits are tackled now from the EPA perspective⁷⁰. The ambitious competitiveness agenda still in its planning stage does not have a clear capacity development implementation strategy towards selected clusters and its related entities⁷¹. **(JC 6.4)**

⁶⁵ See indicator 6.4.5 in Volume 2, Annex 2.

⁶⁶ See indicators 6.1.3 and 6.4.1 in Volume 2, Annex 2.

⁶⁷ See indicators 6.4.7 in Volume 2, Annex 2.

⁶⁸ See indicators 6.4.2 in Volume 2, Annex 2.

⁶⁹ See indicators 6.4.3 and 6.4.4 in Volume 2, Annex 2.

⁷⁰ See indicators 6.4.6 in Volume 2, Annex 2.

⁷¹ See indicators 6.4.7 in Volume 2, Annex 2.

3.7 EC's contribution to the improvement of social and environmental responsibility within mining sector

EQ7: To what extent has the EC contributed to ensuring that the mining sector's social and environmental impacts have been mitigated?

The evaluation concludes that EC support contributed to the development of the mining sector in the Dominican Republic in a number of significant ways, including the development of the regulations and standards that define the legal security and accident prevention requirements in mining. However these standards still do not yet form part of the national legislation even if they are generally in use by industry. It is also noteworthy that in spite of support from the EC, a new mining law (proposed) has not been adopted. On the one hand this reformed law would result in a more secure legal basis in the sector and on the other hand its application would also increase the revenues for the state from mining activities. The EC has not been able to convince the GoDR to proceed with this important legislation.

The EC's assistance for the preparation of the entry of the DR in the EITI (Extractive Industries Transparency Initiative). The support provided to the Directorate General for Mines (DGM" in its capacity development, and the legal creation of the National Geological Service (NGS) are important national contributions to economic growth. Both, DGM and NGS are critical to the development of mining in any country, including the DR. However, because these institutions do not receive sufficient resources from the state to fulfil their tasks, it is questionable whether these results generated by SYSMIN will be sustainable. As fallout, the monitoring of artisanal mining, with its inherent high risks and dangers, was very limited at the same period, contrary to the stated objectives of the SYSMIN programming **(JC 7.1)**.

SYSMIN has been very active in supporting DR actions to secure private investment in the sector and important mines have been introduced based partly on SYSMIN-developed fiscal and technical frameworks. SYSMIN has also contributed to improving living conditions of miners and their families in a number of ways. In particular, it supported GoDR strategies and regulatory frameworks designed to stimulate sustainable production in the sector, thus providing stable long-term employment. Statistics show that the economic value of the sector has increased markedly notably through the use of cooperatives, and these economic benefits (notably income) have accrued to members of artisanal miners cooperatives. Through EC support in safety and security dossiers, various regulatory standards have been used that have contributed to a decrease in the number of accidents in these artisanal mines. **(JC 7.2)**

Through the creation and dissemination of several studies and project designs⁷² SYSMIN resources contributed to environmental protection in the mining areas through the elaboration of proposals for remediation measures. These proposed measures and project designs are not implemented by SYSMIN but are designed to be adopted primarily by the mine operators who have used them widely. **(JC 7.3)**

⁷² Mejita, Hatillo, Margajita y Maguaca, Embalse de Hatillo, Presa Pueblo Viejo.

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<i>Little</i>	<i>Just Acceptable</i>	<i>A Lot</i>
JC 7.1	SYSMIN contributed to a sustainable institutional set-up which is conducive to the economic development of the mining sector.	—————→		
JC 7.2	SYSMIN contributed to the improvement of living conditions in mining areas.	—————→		
JC 7.3	SYSMIN contributed to the long-term protection of the environment in mining areas.	—————→		
JC 7.4	Institutional arrangements and budgetary frameworks for the subsector are in place and will likely be in place over the long-term	—————→		

Analysis

On SYSMIN contributing to a sustainable institutional set-up conducive to mining sector development

EC contributed to an improved regulatory and policy set-up (regulatory framework, policies, etc.) which is considered as a pre-condition for the attraction of new investors from the private sector to the Dominican Republic's mining sector. The institutional and legal framework that the EC has supported is clear and of international standards. **(I 7.1.1)**

Through the implementation of SYSMIN, the European Union has contributed to the strengthening of state organisations responsible for and affecting the mining sector. For example the National Geological Service (NGS), now established by law with the support of SYSMIN, has put geo-scientific information into use by both regulatory agencies and the private sector, a key part of the EC strategy. Even though this service has collected the most complete data at the continental level and is essential to the development of the sector, it still does not meet the minimum conditions for its sustainability at this time.

The NGS still does not have adequate infrastructure, personnel and budget to carry out its mandate. The DGM does not have sufficient budget and has not been receiving the necessary funds from the government that it is entitled by the law (5% of income taxes). SYSMIN provided important support (TA) in regard to a future accession of DR to the EITI in order to enhance transparency in mining, but that transparency is compromised if the institutions noted above are not able to operate fully. **(I 7.1.2)**

SYSMIN has developed a standard that regulates safety measures and precautions in mining. The incorporation of this standard into Dominican legislation and the country's accession to Convention 176 of the ILO, will be an important step in the future, because it provides regulatory oversight concerning risks to the well-being and life of the miners in areas such as workplace safety, thus improving the attraction for investors of the mining sector in the Dominican Republic. By June 2011, the new standards and Guidelines have not yet been included into the national legislation and thus are still not in effect. **(I 7.1.3)**

According to the Unidad Técnica de Gestión (UTG) of SYSMIN II and the DGM, it is not possible to be accurate concerning increases in employment figures (Indicator 7.1.4) or the percentage increase in investments in the mining sector **(I 7.1.5)** because there are few or incomplete statistical data on these indicators. At present, relevant information is being processed in the DGM. A problem with the investment statistics is the definition of "investment" with reporting being skewed because of accounting norms that either increase or decrease the stated value of assets to fit the exigencies of the head office country of the investor. Another problem is that investment in exploration is not necessarily accounted for under the same mining opportunity as an investment in extraction.

It is clear, however, that a large number of new jobs in the mining sector have been created in the DR since the EC began to support the sector. Investment expenses have increased enormously in the last 3 years because the preparation of the mine Pueblo Viejo is estimated

to cost approximately €2bn, which constitutes the largest foreign investment in the history of the DR, to which must be added €70m for the Mine Cerro Maimón. Currently, other international mining companies are carrying out new explorations in various regions of the country.

The statistics of the Central Bank show a variation of growth in mining. The decrease in 2008 is due to the fall of the price of nickel. The mine Falconbridge has modernized its metallurgical process and will resume operations in 2011. The overall mining sector has also increased in size over the past decade when consideration is made of the number of extraction and refinement sites. The following table illustrates this trend. As is usual in the sector, the rates of growth fluctuate widely.

Table 11: *Mines and quarries in the DR; Annual rates of growth in numbers of sites (stated as a percentage)*

Years	00/ 99	01/ 00	02/ 01	03/ 02	04/ 03	05/ 04	06/ 05	07/ 06	08/ 07	09/ 08
Rate of growth	28	37	-20,6	168,5	81,4	-10,8	63,5	55,9	-64,7	-59,7

Source: Banco Central, Departamento de Cuentas Nacionales y Estadísticas Económicas

The table also indicates the extent to which mining activities in the country are intimately tied to global financial and banking health. The US downturn has significantly reduced the demand for the types of minerals supplied by the DR and this is reflected in the two compression years of 2008/07 and 2009/08.

The start-up of a major mining and refining operation anywhere brings with it large numbers of direct new jobs and an indirect effect creates thousands more. The Pueblo Viejo mine is no exception and will indirectly create more than 15,000 jobs.

It should be considered that normally in the development phase of a mine a large number of jobs are created, especially in the construction sector. However when the mine (in this case Pueblo Viejo) goes into operation, only about 1,000 workers will be employed there. **(I 7.1.4 and I 7.1.5)**

On SYSMIN contributing to the improvement of living conditions in mining areas

The living conditions of the population in mining areas have been made to improve over the evaluation period partly through the EC contribution. There has been a major increase in mining investments in the last 3 years, partly as a result of the EC contribution in the sector during the period covered by the evaluation; clearer legal and regulatory frameworks have been noted by the industry and the World Bank as having influenced the investment decisions of the Pueblo Viejo mine, worth approximately €2bn This constitutes the largest foreign investment in the history of the Dominican Republic (to this should be added the €70m investment in the Mine Cerro Maimón). While the evaluation team realizes that it is not axiomatic that new jobs equate with improved living conditions, it has nevertheless used job creation as a proxy for that indicator. As a result, it confirms that a significant number of families will improve their living conditions in the sector: for example, the planned creation of between 15,000 and 18,000 direct and indirect new jobs, related to the Mine Pueblo Viejo represents a sharp increase in employment. Pueblo Viejo Dominicana Corporation (PVDC) is in the process of preparation of the mine and SYSMIN has coordinated the realization of the studies programmed, with both the DGM as well as with the mining company, according to the Financing Agreement. It is expected that by the creation of these jobs the household income for the same number of families will rise. Through the creation of new jobs, the economy as a whole in the mining provinces is now more dynamic. Indirectly this will also generate economic benefit throughout various sectors of the economy (secondary manufacturing for the sector, transport, commercial and retail sales, etc.) **(I 7.2.1 and 7.2.2).**

In terms of improving living conditions (through reduced poverty), the mining companies are required to transfer fiscal contributions – 5 % of the tax obligation - to municipalities which must, by law, invest these funds in remediation and local social development activities. It is expected that in 2012 the mining companies would have to pay about US\$800m income taxes and thus about US\$40m would go to the surrounding communities of the mine sites. A future audit should examine the level of compliance of these requirements.

SYSMIN has contributed to improve living conditions through the increase in production levels and therefore through an increase of the economic benefits provided to members of artisanal miners of the supported cooperatives. Documents indicate that their income increases have ranged between a low of 15% to a high of 200%, depending on the cooperative. **(I 7.2.1)**

A standard on mining safety (safety conditions/ means of protection for workers) for the Dominican Republic has been developed through SYSMIN. This standard still has not become law **(I 7.2.3.)**. It was expected that in June 2011, a Resolution of the Labour Ministry would be adopted and then the new standards would be mandatory for all mining companies. The Resolution was not signed as of September 30. Nevertheless, discussions with international mining firms in the DR show that they are bound by safety standards that emanate from their head offices and these either match or exceed those outlined in the Regulations. They also identified that they are aware of the content of the SYSMIN-generated drafts.

In the Pueblo Viejo region affected by the environmental pollution of the mine Rosario Dominicana, working together with the local population, SYSMIN has been able to provide access to potable water to the surrounding communities of the mine. In this way the negative impact could be mitigated for a small community (850 persons) **(I 7.2.4)**.

On SYSMIN contributing to long-term environmental protection in mining areas

The EC has been very active in supporting the preparation of remediation plans that the GoDR was able to put to use in mitigating the effects of environmental problems from previous mining activities. Most of the plans contained recommended measures to avoid future risks; these were provided to the investor for its preparation of the Environmental Impact Assessment (EIA) and other plans. For example, as a result of mining activities by the company Rosario Dominicana from 1975 until 1999, the environment surrounding the mine site was contaminated with heavy metals. Thus the existing mining installations in Pueblo Viejo represented significant environmental liabilities. Not only was there a great source of pollution, the installations also presented a continuous risk of further degradation to the water resources, the ecosystem and the agricultural soils of the area. In addition, there was the potential risk of an extreme seismic or weather contingency that could cause the collapse of one of the dams. A number of high profile activities were supported by the EC under SYSMIN II concerning this site and a good part of the problem was resolved.

According to the results of the following projects: "Diseño de recuperación del vaso de Mejita"; "Evaluación de la Contaminación en Calizas de Hatillo"; "Estudio de las Cuencas Hidrográficas de los ríos Margajita y Maguaca, y Embalse de Hatillo"; and "Proyecto Piloto de Remediación Ambiental en la presa de colas de la Mina de pueblo Viejo",. SYSMIN-funded studies, assessments, designs and pilot activities contributed to the environmental protection in these mining areas by providing the GoDR with technically accurate mitigation and damage abatement plans that it could use in its negotiations with investors and project proponents.

SYSMIN has been an important support for the coordinated implementation (between the DGM and the mining company) of a number of critical studies in the Pueblo Viejo mine. The mining company nevertheless remained the responsible body for implementing the remediation, supervised by the GoDR; the EC's role remained tied to the support provided to the GoDR for the preparation of its (GoDR's) studies and plans.

The documents obtained concerning the overall assessments (mostly monitoring) of SYSMIN initiatives shows a deep concern for environmental and social impact in the country, at least

from some quarters. The monitoring reports note that taking into account a) the lessons learnt with respect to the complexity and the cost of remediation of environmental problems from previous activities, and b) the absolute need to ensure that information is available on an on-going basis to mitigate against future risks, any important resource extraction proposal must be subjected to the highest standards of EIA and environmental (socio-economic) management in order to promote environmental and socio-economic sustainability. (I 7.3.1)

According to DR Law 64-00 all mine projects must have an EIA in order to obtain an extraction or processing license (I 7.3.2). However, an independent monitoring of compliance with environmental legislation is not performed in the DR, leaving the issue of transparency unsettled (I 7.3.3.)

There is no comprehensive data available concerning the extent to which the EC contribution during the evaluation period has facilitated the access to safe potable water in mining areas across the country; however, there are specific examples that show that this has happened for specific mines. For example, SYSMIN support to a region affected by the environmental pollution of the old Rosario Dominican mine resulted in surrounding communities obtaining access to potable water when the mine was re-started under new owners. (I 7.3.4)

On the sustainability of institutional arrangements and budgetary frameworks

An important contribution of the EC under SYSMIN was the support to the DGM for the development of its institutional and budgetary frameworks. These continue to be used and have allowed the evaluation to identify that while published budget lines from GoDR ministries are not refined enough to show information at activity level, there are proxy measures that can identify if a function is being supported through appropriate budgetary allocations. (I 7.4.1) It has been concluded that the newly-created NGS does not have sufficient personnel, infrastructure and budget to perform its tasks as planned. Equally, the DGM does not have enough funds to be able to manage and monitor the sector in a transparent manner, including the support for an independent monitoring body (I 7.4.2). The yearly budget is US\$1,1m and the funds entitled by law (5% of the tax levies of the mine operators) do not reach the DGM. The reformed mining law, which would provide further income for the DGM has not been adopted yet. Also the Ministry of Environment and Natural Resources (MARENA), which is responsible for monitoring the compliance with environmental regulations in the mines, has to deal with insufficient resources (staff and operating expenses) for these tasks. Importantly, the Labor Ministry, that cannot monitor the working conditions (safety) of the sector as intended. This particularly affects the inherently dangerous artisan mining sub-sector, in which work about 4,000 persons. The EC has not been able to engage in policy dialogue that would influence the GoDR to rectify this situation, even if international experience shows clearly the potential for rent seeking and social exploitation that is generated by this type of situation.

Finally, since the EC contribution supported the creation of laws (ex. Law 64-00) and regulations (ex. Resolution 05/2002 and its amendments) concerning the management of mining activities and the environment at large, and since all of these frameworks contain references and obligations concerning public participation, it is concluded that the EC has supported public participation processes in the sector. The participation itself, however, is somewhat limited in large part due to insufficient public resources.

3.8 EC's management of its modality mix

EQ 8: To what extent was the EC aid modality combination appropriate to the national context and the implementation of the EC development strategy?

The last country-level evaluation recommended that the EC focus more and seek greater impact; its response was not significantly reduce scope but to transfer the responsibility for performance to its country partner through a change in modality from projects to budget support (both sector and general), a strategy requested by the country. Over the years the importance of the budget support modality has grown to the point where a combination of GBS and SBS now cover a significant part of the objectives of the EC (as agreed to with the GoDR) in that country. The choices of modalities have enabled the EC to disburse most of its planned funds in support of the strategic objectives set out in the various CSPs; however, a causal relationship between the modalities chosen and the effective execution of strategic objectives cannot yet be concluded because no counterfactual was developed (nor could it be) and there is not enough accumulated evidence to support the overall claim. It therefore cannot be shown empirically and definitively that the most appropriate modality was chosen for the objective(s). Based on an examination of the process through which the choice of modality and instrument (or combination) is made, this evaluation concludes that the EC effectively examined alternatives and then selected the modality mix that would meet stated objectives while taking the context and capacity constraints of both the EC and the GoDR into account.

The evaluation also found that the management of regional and national programmes was not leveraged so as to provide a strong complementarity for “joint” RIP-NIP programming of either regional integration (ex. trade and EPA) or of DR-Haiti common development. Some exceptions exist to this finding, but most of the efforts at leveraging are fairly recent (as in the case of DR-Haiti). **(JC 8.1)**

The evaluation also found that while each mechanism or modality responded well to a stated need, effective use of the links and leverages that might be possible between them was not always sought out, or at least not documented. There are notable exceptions such as EDF-based programme for CSO development and thematic lines dealing in topics executed by NGOs. However, programming and operational documents rarely refer to more than one of modality or instrument at a time and do not develop mixed-mechanism or mixed instrument interventions (when the term is used in the sense of “mini-programme”).

On the other hand, the evaluation found that the appropriate modality or instrument was used to continue to develop the capacity of the GoDR. For example, budget support, with its increased flexibility and considerable transfer of “ownership” and decision-making to the DR, was the most effective means of improving capacity in those sectors/institutions where the GoDR already had a solid base, such as in financial management and education. Budget lines were used in highly social sectors such as the CSOs to support capacity there, often through the twinning with non-DR NGOs. Instruments chosen for competitiveness-building and trade facilitation through EPA-related processes, for example, were also appropriate to the capacity of the private sector firms in their need to export and compete locally against imports; the private sector prefers means that eliminate the GoDR as intermediary. **(JC 8.2)**

In implementing its strategies (refer to EQ 1), the EC tended not to complement its programming with rigorous risk analyses and management that are necessary components of accountability frameworks in complex environments categorised by poor entry-level data. Analysis showed that the efforts made were neither rigorous nor comprehensive, forcing the EC to be reductionist in its approaches and reactionary⁷³ in terms of managing foreseen nor unforeseen disruptive events. **(JC 8.3)**

⁷³ By reactionary mode is meant: “repeatedly called upon to put out fires due to a lack of critical insight into utilization, capacity or application usage and performance issues (or information concerning changes in context or the environment)” refer to <http://bing.search.sympatico.ca/?q=reactionary%20mode%20in%20risk%20management%20&mkt=en-ca&setLang=en-CA>.

The answer to the evaluation question is based on these judgment criteria. An indication of the level of achievement is provided:

		<u>Little</u>	<u>Just Acceptable</u>	<u>A Lot</u>
JC 8.1	The choice of modalities has enabled the strategies of the CSP to have been implemented effectively with an appropriate geographical and sectoral distribution.	→		
JC 8.2	Implementation of chosen EC delivery mechanisms corresponded to the operational needs and capacity of the key stakeholders of the DR.	→		
JC 8.3	Strategic-level management and developmental risks inherent in the use of various modalities are incorporated into programme-level decision-making so as to improve the likelihood of success and sustainability.	→		

Analysis

On the choice of modalities having enabled the strategies of the CSP to implemented effectively

On the whole, the data for this JC have proven to be elusive, and the key to its analysis is the determination of the extent to which strategies have been implemented effectively. Taken as a whole, the EQ and JC of this evaluation report clearly indicate that the EC has been successful in achieving disbursement and strategic (outcome) targets (except where an adjustment had to be made as the Water and Sanitation NIP was replaced with a macroeconomic sector support under EDF9). Various JAR and MTR, as well as results oriented monitoring (ROM) reports, also indicate that the planned use of funds within the CSP's largely corresponded with the progress required to implement strategic plans; few modifications or re-allocations were made except for the one noted. In fact, in EDF8 the social sectors (Education and Health) were originally allocated €26.5m, but finally were allocated €32.33m. Governance went up from €26.5m to €29.5m after reviews. These changes (totalling less than €10m) are relatively marginal compared to the €110m total budget. The EDF9 budget was, as noted, significantly changed as over a third was re-allocated after the MTR.

With respect to the distribution of EC-related benefits to the poorest (and in order to use geographical distribution as a proxy for targeting the equity gap, the evaluation proposed to use spatial analysis. The analysis in EQ1 noted that both the EUD and the NAO confirmed that there was no system in place within the EC or externally (i.e. within the GoDR) that monitored the geographical distribution of EC-related beneficiaries, of income distribution changes over time or of the changes to the types and numbers of recipients of service delivery in the DR (although the EMIS in education and the equivalent data system in the national health service are now beginning to be implemented widely, they were not in place within the evaluation period) (**I 8.1.1 and I 8.1.2**). Documentation showing that the EC had prepared ex ante analytical documents that identified the extent to which the choice of modality options would affect the strategic objectives (i.e. improve or hinder the achievement of the objectives) were not available, but interviews with various officials in the EUD and with the NAO's office indicate that discussions concerning the most appropriate modality are part of the detailed formulation and design of initiatives specifically, and are part of the "negotiations" leading up to an agreement on the CSP and NIP generally (**I 8.1.3 and I 8.1.5**).

On the correspondence between modalities and the capacity of key stakeholders of the DR⁷⁴

The EC's emphasis on the use of budget support has been totally in line with the stated preferences and development needs of the GoDR since it has allowed the country to use its own decision-making processes and administrative systems to manage what is, in effect, a source of incremental funding for the delivery of social goods and services.

During the latter half of the evaluation period, the EC's GBS was focussed on the targeted objectives of the MDG, demonstrably a priority among the needs of the population in terms of poverty. As a result of the BS the country is continuing to implement its deep PFM reform, again a priority for improving the transparency, effectiveness and efficiency of its national budgeting and expenditure management processes as well as improving its governance and accountability relationships. The use of that modality falls directly in line with the request of the country for greater autonomy in the use of cooperation funding, and corresponds to the EC's analysis of the capacity of the GoDR to manage the funds appropriately. One weakness in the use of GBS by the EC is the low level of dialogue that has been implemented overall, even if it has been a determining factor in some areas such as Haiti-DR issues and competitiveness. Another weakness is the reliability of the data that is provided on the achievements of the MDG targets themselves, at least for the majority of the years that are covered by the evaluation. Those weaknesses do not necessarily imply a loss of potential effectiveness, but they do put into question the justification for support in an environment where an open bilateral partnership is difficult to maintain.

The sector-wide approach in the education sector has also responded directly to the operational needs and priorities of the ministry responsible for education and the GoDR as a whole. When examined in the context of the EC's total spending in the country, the use of the SBS modality allowed the EC to both support the overall need for additional funding in the country (without imposing another layer of monitoring, administration and reporting) while at the same time supporting (in terms of funding but also the value-added provided by EC experience and expertise) part of the reforms urgently required in a key sector of importance to both the EC and the DR (education). In overly-simplified form, the former is hands-off in terms of EC oversight while the latter is more hands-on in terms of monitoring and active supervision. The evaluation team concludes that by using this modality, the EC's SBS has thus not only supported, but facilitated the implementation of the country's national plans and programme objectives for education, thus increasing its reach and likely impact.

The project modality has been used as a final resort in the DR, i.e. for interventions where the GoDR was not in a position to efficiently manage initiatives that it nevertheless thought were important enough to implement through EC-driven administrative processes. Overall, the way the project modality is used in the DR represents the EC's policy concerning the use of budget support and projects (refer to Guideline 1, "Guideline on the Programming, Design and Management of General budget Support", Former EuropeAid Cooperation Office (AIDCO), Directorate General for Development and Cooperation European Commission (DEV) and the former Commission for External Relations and Decentralised Cooperation (RELEX)⁷⁵ publication, in which, for example, it is noted that project approaches should be used in cases where budget support is not efficient, such as where scarce resources are not normally held by the partner and need to be used on a one-off basis) **(I 8.2.3)**.

In the first few years covered by this evaluation, there were discrepancies between the EC's commitments and disbursements from both a planned and an actual perspective. Those gaps have narrowed in the past few years, as should be expected in a country that is undergoing significant PFM reform and where budget support is being implemented more and more by an increasing number of donors including the EC. Comparing the planned and actual disbursement patterns under the SBS and the GBS, the evaluation finds that the use of GBS and SBS has provided the GoDR with more predictable financing. Cash flow issues

⁷⁴ The ROM and other documents relating to the specific interventions do not expand on this issue.

⁷⁵ Now DG DEVCO and European External Action Service (EEAS).

have nevertheless arisen that were due to the EC's insistence on a pre-determined level of quality for requests for disbursements from the GoDR, especially but not uniquely in the education SBS. Documents show that the EUD has had to become very pro-active in requesting and then often correcting the requests for disbursements that it had received. In addition, the EC headquarters has been slow in approving a few of the requests and authorising the transfers. (I 8.2.1) In terms of the flexibility required for sustainability and capacity development, these issues were not major concerns of the interviewees who noted that the EC's processes and procedures were cumbersome and complex and that in some cases opportunities were missed because of the EC's rigid budgeting/implementation structure. Overall, this rigidity was perceived as a given within any modality and stakeholders noted that they needed to adapt since the EC was not "about to change". **(I 8.2.2)**

Finally, and as noted in EQ 1, documents point to the finding that both the policy dialogue mechanisms in which the EC has participated can be characterised as being infrequently used, very technical and not especially strategic. The evaluation notes that in the absence of a formalised and country-led dialogue process, the EUD has engaged in an informal and effective informal dialogue process. While successful in its own right, formal dialogue processes need to be fortified especially, but not only, in light of the EC's use of Budget Support and the need to formalise mutual accountability. **(I 8.2.6)**

On risk management practices inherent in the use of modalities

Generally, the EC has not ensured that baselines or robust M&E systems are in place that would enable rapid responses to changing conditions or mitigation strategies to be applied against foreseen or unforeseen risks. A significant part of the problem lies in the nature of the on-site planning and monitoring systems used by the EC, its development partners and other stakeholders in DR; but part of the issue is also the planning process of the EC that often falls short when it comes to establishing baselines and installing robust data gathering and analysis mechanisms that go beyond inputs and some outputs. **(I 8.3.1)**

Risk analyses presented in key documents are neither rigorous nor comprehensive and these types of analyses are not integrated into agreements or implementation plans. The risk management mechanisms in place are not well enough defined to ensure that protocols are agreed to and executed in a timely manner⁷⁶ **(I 8.3.2)**. Discussions with the EUD and the NAO's office have shown that the EC and GoDR do not engage in joint monitoring and evaluation of risks **(I 8.3.4)**.

⁷⁶ The EU Cour des Comptes has confirmed this overall finding in its 2010 Audit Report Number 11 "The Commission's management of General Budget Support in ACP Latin America and Asian countries", especially with respect to fiduciary and development risks. Although that report does not specifically mention the DR in this context, the analysis done through this evaluation (refer to JC 8.3 in Annex 1 of Volume 2) is clearly in keeping with the audit report.

4 Conclusions

The conclusions are divided into two categories: strategic and specific. Strategic-level conclusions relate to an overall statement on EC co-operation with the Dominican Republic and to issues that cut across the EC's strategic response and its implementation, such as the 3Cs and other issues mainstreamed in all EC interventions. They are primarily addressed to EC HQ. Specific or sector conclusions are more on the technical side, providing feedback on sectoral or thematic issues. They are targeted on providing the grounds for programme-related modifications and are more immediately operational. They are primarily addressed to the Delegation.

The numbering of the conclusions (gCx and sCy for general conclusions and specific conclusions) is designed for cross-referencing purposes with recommendations. A cross-linking table is provided at the end of this section to show the relationship between the conclusions and the recommendations.

4.1 Strategic-level Conclusions

<p>gC1. The EC supported the development priorities of the GoDR and the needs of the people of the country, but did not specifically address the socio-equity gap that is critical in the country.</p>	Importance: Very high
	Criteria: Relevance, Impact
	Related findings: from EQ1, EQ2, EQ3, EQ4, EQ6 and EQ7

Cross-linked to recommendations 3 to 9

<p>gC2. The EC's final choice of sectors and sub-sectors over the course of EDF8, EDF9 and EDF10 (including education, mining, civil society and competitiveness) was appropriate and proved to be effective, given the needs of the country and the comparative advantages of the EC. The programming reflected well EC policies. Given the evolving complexity of the country context, much more detailed ex-ante analytical research, will be required for programming, including risk related analysis than has been the case.</p> <p>The choice of modalities has been done in keeping with the operational needs and capacity of the key stakeholders of the DR, was carried out with the cooperation and support of the NAO, and has enabled the EC to implement its strategies.</p> <p>Although evidence shows that the donors are not coordinated in the country, there is nevertheless a division of labour that functions well even if it was not designed purposefully (as defined by the Paris Declaration). The country has not been effective in meeting its Accra commitments with respect to leading coordination.</p>	Importance: Very high
	Criteria: Relevance, Effectiveness, Value-added, Coherence
	EC Issues: 3C's,
	Related findings: from EQ1, EQ2, EQ3, EQ4, EQ6 and EQ7

Cross-linked to recommendations 3 to 9

gC3. The EC and the GoDR have not been able to put into place a framework for mutual accountability founded on policy dialogue, results-based performance and the commitment to sustainability that must accompany a transfer of ownership once interventions are over.

Importance: **Very high**

Criteria: Effectiveness, Sustainability

Related findings: from EQ2, EQ3, EQ6

Cross-linked to recommendations 3 to 9

gC4 The EC has been relatively successful in transitioning from a project-based approach to a budget support-based approach in the Dominican Republic. The decision to use Budget support was warranted from policy and bilateral relationship perspectives but the mutual accountability base and the efficiency of that mechanism needs improvement.

Importance: **High**

Criteria: Effectiveness, Impact, Sustainability

Related findings: from EQ2, EQ3, EQ6

The EC'S mutual accountability framework (in the form of performance frameworks) agreed with the government for the bulk of EC budget support were overly aligned on long-term societal-level targets (MDG, education) to be true incentives for policy reform against financial support. The EC should have known that the data that could be provided by the government monitoring systems were not going to be adequate for assessing the progress towards poverty-related results (in the variable tranches of GBS) nor sufficiently specific or reliable to use in the management of either fixed or variable tranches of the SBS.

Cross-linked to recommendations 3 to 9

gC5 In implementing its strategic vision concerning the role that Civil Society and Non-State Actors should play in Dominican Republic Society, the EC has been successful in helping to generate policy frameworks concerning CS and in supporting CS capacity to participate in specific policy debates (such as education, mining, human rights and local administration). The EUD is now much more focussed in its strategic support to civil society but needs to create a long-term strategy for CS development, supported by more flexible instruments to take advantage of evolving opportunities. This strategy should be tied to the EUD's strategy for democracy and governance development and to a visibility strategy (the EC is not recognised by CSOs for any specific comparative advantage it might bring to the table). Based on research in the field it is clear that a more consolidated EU-wide approach through donor coordination would have been more effective.

Importance: **High**

Evaluation Criteria: Relevance, Value-added, Effectiveness, EC Issues: Visibility, 3Cs

Related findings: from EQ2, EQ4, EQ7, EQ8

Cross-linked to recommendations 3 to 9

gC6 The EUD is not sufficiently equipped with resources and management systems (design and assessment, risk management, monitoring, capacity development expertise, etc.) to effectively support the strategic objectives of the EC in the DR. The expanded roles being proposed for the EUD will only decrease the overall management effectiveness of the cooperation programme there and place greater risk on the achievement of objectives.

Importance: **High**

Criteria: Effectiveness, Efficiency

Related findings: from EQ2, EQ3, EQ5, EQ6, EQ7, EQ8

Cross-linked to recommendations 3 to 9)

gC7 Although capacity development is a central tenet of the EC'S cooperation policy generally and in the DR specifically, CD design in the DR does not focus on sustainable and evidence-based competencies. Capacity development plans are not specific enough in their design or monitored closely enough to ensure that competency-based targets are achieved. A lack of baselines and specific competency targets means that it is not possible to evaluate the achievement of CD by the EC, not even through the use of proxy measures as was tried during the field phase. It is recognised that Administrative reform is a focal sector in EDF10, but this is beyond the temporal scope of this evaluation. .

Importance: **Very High**

Criteria: Effectiveness

Related findings: from EQ2, EQ4, EQ5, EQ6, EQ7

Cross-linked to recommendations 3 to 9

gC8 The EC is not systematically mainstreaming governance improvement and corruption elimination into its interventions, and then following up with adequate monitoring systems.

Importance: **High**

Evaluation Criteria: Sustainability, Coherence, Efficiency

EC Issues: Governance, Visibility

Related findings: from EQ2, EQ4, EQ5, EQ6, EQ7

Cross-linked to all recommendations 1, 2, 3 and 6

gC9 The EC's programming and its subsequent implementation followed EC guidelines on the cross-cutting issues of environment and gender. Although programme-wide results-based strategies and objectives for

Importance: **High**

Evaluation Criteria: Sustainability, Coherence, Efficiency

EC Issues: Governance, Visibility

each of these domains were not established, the EC generally mainstreamed their management into the project and programme cycle.

An area which has not been well implemented is Knowledge Management. It was noted as a recommendation in the previous evaluation report and continues to be a problem, as demonstrated by very weak corporate memory, poor records management, a failure to systematically record and share lessons learned, an inability to find key justifications and analyses that led to decisions, and finally an ineffective approach to field-based monitoring and evaluation.

Related findings: from EQ2, EQ4, EQ5, EQ6, EQ7

Cross-linked to recommendations 3 to 9

4.2 Specific (sector-related) conclusions

Conclusions related to education

sC1 On the effectiveness of the Education SBS

Importance: **HIGH**

Evaluation Criteria: Relevance, Effectiveness, Efficiency, Value-added,

The Sectoral Budget Support to the education sector (PAPSE) has proven to be relevant both to the DR context and to EC policy on BS provision. SBS, with appropriate TA, has contributed to the provision of harmonized processes for financial and non-financial inputs, and to improvements in policy processes and policy implementation.

SBS coincided with increase in GoDR ownership, transparency and accountability, was successful in education policy developing and some donor harmonization, but tangible results in equity, multi-donor policy dialogue, (implementation) capacity development, information management and M&E are still elusive. GoDR has continued to show ownership and provide the direction for changes in the sector, and EC interventions have taken into consideration the GoDR adoption of a long-term, systemic perspective in primary education. Transparency of policy processes has grown somewhat during SBS, even though the Mesa Sectorial is not functioning well.

Sector budget support and other forms of assistance from the EC, including policy dialogue, has not been able to bring about any increase in the national expenditure on education.

sC2 On SBS increasing the operational service delivery levels of the primary education sub-sector

Importance: **HIGH**

Evaluation Criteria: Efficiency, Effectiveness, Sustainability, Impact

Sector budget support to the primary education sub-sector has to some limited extent improved overall system performance, but little progress in service delivery levels has been observed and it is not possible to measure the contribution of EC budget support to this improvement.

The DR is progressing to meeting the MDGs concerning education but the EC has been focussing its monitoring on meta-level quantitative factors (numbers of classrooms and teachers, implementation of systems, and throughput) at the exclusion of quality.

The EC has not been successful in convincing the GoDR that unless a considerable amount

of effort and resources are applied in the education sector, the prospects for growth and a reduction in the equity gap will not likely occur. At the same time, overall sustainability of progress to date is not yet assured.

sC3 On how the performance of the education sector (primary) has been mostly related to improvements in process at the expense of quality in the classroom

Importance: **HIGH**

Evaluation Criteria: Effectiveness, Efficiency, Impact

Increased throughput has not been accompanied by better schooling results and SBS has failed to make quality a key issue in investment and monitoring of the primary education sub-sector.

Low quality of education has endangered the achievement of MDG targets. For example, teacher competency has been very limited and test results have been comparatively quite poor. A quality improvement programme at all levels is urgently required that will be long-term and more costly than the present national allocations can support.

The quality of teachers is at the heart of the overall quality of an educational system and teacher qualification is one of the policies of the Ten-Year Plan and therefore subject to EC budget support. Teacher preparation and performance are reported to have increased and the number of qualified teachers has increased compared to the evaluation period, but there is no guarantee for their capabilities, and there is still a lack of qualified teachers. There is no proper, modern teacher qualification system developed (competence or computer based), and teacher training is outside the direct reach of the Ministry. Other elements like badly equipped schools, overcrowded classrooms, double shifts, in general bad working conditions and low motivation of teachers, also restrain high quality teaching performance. As a result, the scores on the national exams are reportedly low and, more importantly, have not improved over the last 10 years. The DR presents the lowest scores on regional test.

Conclusions related to budget support

sC4 On the use of budget support to generate ownership and efficiencies

Importance: **MEDIUM**

Evaluation Criteria: Effectiveness, Sustainability, Value-added

The amounts of the EC contribution and the nature of the policy dialogue that was held over the evaluation period have not altered the sense of ownership of the country, but the financial management systems of the country have been significantly improved with the support of the EC and other donors. There are no analyses that would support the hypotheses that transaction costs have been reduced although GoDR officials perceive that they have been. The EC has used the budget support agreements to channel significant amounts of funds to the GoDR based on budget support disbursement criteria.

Formal policy dialogue was not effective over the evaluation period but the EUD used informal mechanisms to advance a number of important dossiers such as the Haiti-DR joint approaches to development. In many instances these informal processes were critical to the progress achieved.

Over the evaluation period the conditions for disbursement of fixed and variable tranches were overly based on macro-level indicators and management processes that were often imprecise and prone to interpretation. The EC's targets and indicators were not sufficiently robust or of a nature to provide an "incentive" for additional reform for achieving excellence in public sector administration. The EUD is seeking to transform these into more results-oriented targets with a possibility of integrating intermediate results.

Conclusions related to Civil Society**sC5 Regarding EC strategy of civil society support**Importance: **HIGH****Evaluation Criteria: Relevance, Effectiveness, Efficiency, Value-added**

There are clear ideas in the EUD concerning how to develop the CSOs of the country, but these are not managed through an explicit (written) strategy on how the EC proposes to support civil society to reach defined objectives. During the evaluation period, EC was involved in small, often un-linked and disparate activities with respect to NSA that were financed by different instruments. EC generally supported means to provide empowerment, and not only service delivery. There is no doubt that the experiences from the completed interventions have been used as important contributions to design and plan the current and future interventions of the EC support to CSO (e.g. PASCAL). During the evaluation period, the EUD did not put into place the mechanisms that could have enabled it to manage the EC's contributions and efforts (including policy dialogue) in a way that would have supported the DR CS efforts to become an important change agent for social policy. For example, it did not create a strategic orientation for its efforts with CS, nor did it put into place the management and monitoring systems that would have enabled it to adjust its interventions to the changing contexts and evolving capabilities. We conclude that the EUD is now on the right track: developing and putting in place more robust management systems at all levels (from strategic direction, to intelligence gathering, to competency-based capacity, and finally to monitoring of progress and adjustment of plans) in order to better provide the support that will lead to endogenous and sustainable capacity.

Civil society and non-governmental actors generally cannot identify the specific value-added that could have been made available by the EC (and by extension its links to MS in the EU). Globally, they very much appreciate that the EC provides funding in the areas that match their agendas, and the CSOs appreciate the efforts of the EC to develop their overall capacity, but they generally don't discriminate the value of the EC over other potential funding sources.

Conclusions related to competitiveness**sC6 On the relevance of the EC intervention to support competitiveness enhanced framework in DR**Importance: **HIGH****Evaluation Criteria: Effectiveness, Relevance, Coherence**

Under EDF8, the EC was providing overall successful direct support to DR's firms. At the time of the implementation of those projects, impact was not clearly identified (e.g. supported products increasing export to the EU begun after). At the time, DR saw a set back in several exports in absolute terms asking for substitution strategies. At the end of the decade, it has become well understood that the gap in terms of competitiveness is a major structural challenge (overall loss of market shares calling this time for a major intervention). The EC had enough flexibility and experience in this sector to shift its intervention under EDF9 and 10 on a focal sector basis, to become not only insider in the policy-making but to also provide a particular leverage to the National Competitiveness Systemic Plan in a sort of fast track modality. This in a context of institutional reforms in the country, which often increases delays in policies implementation.

sC7 On EC design and implementation of its supportImportance: **MEDIUM****Evaluation Criteria: Coherence, Sustainability, Effectiveness**

During the period covered, most EC interventions were mostly output oriented. Design was missing of more relevant and consistent indicators at the outcome level. Implementation started with missing baselines and no clear needs assessments were available. This led to weak M&E setups, thus making it very difficult to be precise concerning impact and sustainability, even through the use of proxy measures. For instance, of all the quality standards achieved, there is no record of those still in place. Although M&E is being improved with more relevant and aligned indicators considered, risks of delays and effectiveness exist because of weak (in terms of quantity) or ineffective support from most intermediary entities to formulate and implement such arrangements. Efforts remain to be undertaken in M&E capacity building, most particularly at the meso-level of intervention in supporting DR's firms to become more competitive. It is also at that level that most risks of duplication efforts exist. The cluster approach will potentially enable the generation of new institutional frameworks for coordination. Therefore there is some degree of uncertainty about how this will affect, firstly, capacity development in each entity, and secondly, how this in turn will affect their involvement (administrative versus technical capacities) to implement the competitiveness agenda.

EC contribution during the evaluation period has gone beyond a narrowly-focussed and technically-specific support to DR firms; it has also, in the last years of the evaluation period and beyond, concentrated on the private sector as a whole by helping associations and clusters of firms to take advantage of the EPA, notably in taking advantage of EU market access. EPA has given the opportunity to the EC to be part of an improved extended enabling competitive framework concerning the national quality system, competition and trade defence enhanced mechanisms which have positive impact in both, domestic and external markets. Moreover, EPA has offered DR's firms an improved framework towards regional economic integration with the Caribbean region. The evaluation team could not, given the poor data available on the issue, conclude on the extent to which the EC helped the private sector firms to be competitive internally (i.e. against imports)

Conclusions related to DR-Haiti joint approaches**sC8 On the EC's efforts in consolidating bi-national joint actions**Importance: **HIGH****Evaluation Criteria: Effectiveness, Relevance, Sustainability, Coherence**

EC contribution to the creation of common development opportunities between DR and Haiti has been relevant, significant and continuous. The EC has been apt at adapting to changing contexts keeping track of evolving bilateral agendas keeping the windows of opportunity open for bi-national agreements and approaches to common challenges.

With its various modes of intervention, the EC has added value to MS interventions all along the border. Over the evaluation period, governments have relied on the EC but the EC has not adjusted its strategies and interventions in a way that would recognise and take into account the new global and Caribbean contexts, such as for trade, and thus it should have shifted the lead where it belongs: to both governments. This would have left the EC to act as a facilitator in the coordination of the international support required to deal appropriately with the magnitude of the problems that need addressing. In that context, the EC did not promote the notion of partnerships with MS, NSA and multilateral agencies (on both sides of the border with Haiti where required), stressing their need to be much more effective overall, but specifically in the bi-national context.

The Haitian earthquake to which DR had responded in a supportive way, together with

increased trade relations can be said shows a very much improved overall bilateral relationship over the past decade. Added to the EPA signature by both countries, this favourable context puts the EC in a leadership position regarding the development and implementation of joint approaches to the resolution of common developmental challenges. The “momentum” obtained so far, enabled by the EC’s technical and financial support as well as its continued use of informal dialogue in a historical context that has strongly discouraged any form of genuine bi-national cooperation, must be consolidated and formalised by both countries if it is to be sustainable. There are signs that there may be a wish on the part of both countries to make this happen.

For the time being, there are *ad hoc* “bi-national strategies” that provide direct support to the border region along with other more indirect support (e.g. EPA implementation related interventions). Each government has its own priorities that they insist on and are new at compromise. DR has overwhelming development objectives in a context of lower economic growth, meaning less government spending growth. Both countries claim they need to find ways to greatly facilitate and encourage trade between them. Some development opportunities identified in regional and national strategies converge increasingly on common development plans benefitting both countries. However, there is a need for merging institutions and political will in order to work effectively. In this regard, organizational and institutional frameworks are only just beginning to take effect, and mostly after the period covered by this evaluation.

The EC needs to continue to be a leader in this process

Conclusions related to SYSMIN and mining

sC9 Regarding to a sustainable institutional set-up

Importance: **HIGH**

Evaluation Criteria: Sustainability, Effectiveness

The EC interventions in the mining sector have produced tangible impacts. With the support of EC, a strengthening of key state institutions in the mining sector was achieved, and the GoDR was supported in its decision-making concerning specific mine opportunities. The EC was instrumental in developing the legal and regulatory frameworks that influence mining investments in the DR.

However, the institutions responsible for the mining sector are weak with inadequate budgets and it is not guaranteed that the results achieved will be sustainable.

The EC has helped the GoDR to develop (i.e. write and gain internal consensus within GoDR ministries) the regulations that will directly govern the health and safety of miners (including artisanal miners) and their families. It has also supported efforts of miners to better organise themselves in order to increase their levels of income.

By EC support significant preparatory work for mitigation for environmental impacts is made. The responsibility for implementation of mitigation activities, however, always remains with the mining company, which also decides what kind of measures of mitigation will be taken. In the framework of support of artisanal mining it was achieved a socio-economic improvement in certain areas. However, the institutional weaknesses of DGM/MARENA/SGN/ Ministry of Labour do not allow a follow-up of the results obtained.

5 Recommendations

The evaluation team selected 9 recommendations (SLRs) and defined a set of operational recommendations to contribute to each of them. Table 12 below shows the relationship between the conclusions and the recommendations. It should be noted that there is not necessarily a one-to-one relationship between conclusions and recommendations. In fact, most of the following recommendations are based on multiple conclusions.

The 9 recommendations, clustered as to whether they are strategic (3 recommendations) or programme-related (6 recommendations) are the following:

Strategic Recommendations

- SLR 1** Continue with poverty reduction as the key programme impact objective and focus on the reduction of the socio-economic equity gap in the country, ensuring that the management emphasis is on objectively verifiable results, intermediate results and clear milestones of policy reform.
- SLR 2** Ensure that capacity development is at the heart of every EC-supported intervention, and manage the capacity focus in keeping with the EC's Backbone Strategy, while focussing on evidence-based competencies and on-going monitoring and evaluation.
- SLR 3** Invest in robust monitoring and evaluation processes and systems in order to be able to 1) define baselines, 2) follow progress on results, 3) enable faster adjustments to be made in order to achieve targets, 4) manage risks and 5) plan strategically based on a business eco-system approach.

Programme Recommendations

- SLR 4** Continue and expand support to the education sector through a comprehensive multi-modality strategy that enables EC/MS value-added to be leveraged to resolve key issues such as quality of education and management of resources.
- SLR 5** Continue to use budget support as the main modality for supporting the GoDR in achieving its MDG targets but significantly tighten up the performance assessment framework so as to provide a basis for mutual accountability. As part of this re-structuring, focus the policy dialogue and the performance framework on results and significantly reinforce policy dialogue mechanisms that are supported by robust information and analysis.
- SLR 6** Formalize a CSO Support Strategy based on a focussed approach to the capacity required within civil society to achieve the strategy's objectives, and ensure that all EC modalities and instruments as well as the efforts of MS leverage each other. NSAs must be mainstreamed into the strategy development and implementation.
- SLR 7** Continue to increase the competitiveness of the DR both internally and for trade, by selecting a small number (2 or 3) business clusters for a comprehensive support programme for competitiveness capacity (instead of granting generic support to all 36 pre-identified clusters on a demand-driven basis). Develop mechanisms to place the strategy for support and the accountability for results in the hands of the private sector.
- SLR 8** Support to the mining sector should be continued so as to consolidate capacity and ensure sustainability.

SLR 9 Turn the ownership of Haiti-DR joint approaches to border development over to the two countries by taking advantage of the momentum in bilateral relations as well as the EC's dialogue to help develop mid-term bi-national priorities with clearly identified national budgets and implementation arrangements. The EC'S response strategy should be transformed into a demand-driven one with support to the working of the bi-national commission.

Table 12: Matrix identifying the relationship between the conclusions and recommendations

	RECOMMENDATIONS								
	SLR 1 Programme and sector focus	SLR 2 Capacity Development Focus	SLR 3 Develop robust and adequate management systems	SLR 4 Education sector support	SLR 5 Budget support	SLR 6 CSO strategy	SLR 7 Consolidate support in business clusters	SLR 8 Continue support to mining sector	SLR 9 DR-Haiti joint development
STRATEGIC CONCLUSIONS									
gC1	✓	✓	✓						
gC2	✓			✓		✓	✓	✓	✓
gC3			✓	✓	✓	✓	✓	✓	✓
gC4		✓	✓	✓	✓				
gC5		✓	✓			✓			
gC6		✓	✓		✓				
gC7		✓	✓	✓	✓	✓	✓	✓	✓
gC8	✓	✓	✓			✓			
gC9			✓	✓		✓	✓	✓	✓
SECTOR-LEVEL CONCLUSIONS									
sC1	●	●		●	●				
sC2		●	●	●	●				
sC3	●	●		●				●	
sC4		●	●	●	●		●	●	
sC5	●	●	●			●			
sC6		●	●		●		●		
sC7	●		●				●		
sC8	●	●	●						●
sC9	●	●						●	

STRATEGIC LEVEL RECOMMENDATIONS

RECOMMENDATION 1

<i>Recommendation deals with: Focus of programme and choice of sectors</i>	<i>Priority: HIGH</i>
<i>EC structures to which the recommendation is addressed:</i>	<i>HQ and EUD</i>

Statement of overall recommendation:

Continue with poverty reduction as the key programme impact objective and focus on the reduction of the socio-economic equity gap in the country, ensuring that the management emphasis is on objectively verifiable results, intermediate results and clear milestones of policy reform.

Short-term actions to be taken:

- Undertake research to identify how to best contribute to reduction of socio-economic equity gap (ex. expand primary education support into technical and vocational education and training (TVET) as provided for in EC policy)
- Assist GoDR in creating a forum where interested parties including, government officials, parliamentarians, civil society, private sector interests, donors and international agencies can exchange on how collective action can reduce the gap.
- Assist GoDR to install intelligence gathering systems that can be widely distributed.
- Review all key intervention plans and strategies and ensure that they a) can address the equity gap issue and b) start to collect data to demonstrate results.
- Review all budget support agreements and, where possible (especially in the future) focus the accountability regime (including indicators but also policy dialogue) on objective and evidence-based results.

RECOMMENDATION 2

<i>Recommendation deals with: Capacity Development</i>	<i>Priority: MEDIUM</i>
<i>EC structures to which the recommendation is addressed:</i>	<i>HQ and EUD</i>

Statement of overall recommendation:

Ensure that capacity development is at the heart of every EC-supported intervention, and manage the capacity focus in keeping with the EC's Backbone Strategy, while focussing on evidence-based competencies and on-going monitoring and evaluation

Short-term actions to be taken:

- Review each EC intervention, including budget support and budget lines, to assess the quality of the capacity development strategies and plans they contain. If they are not specific enough to be able to judge the quality and quantity of increased capacity (in quantifiable or evidence-based terms) then re-negotiate the CD strategy and plan and re-allocate the funding.
- Strengthen, for each intervention, the monitoring and on-going evaluation systems and protocols so that the oversight function can continuously adjust to meet the

“newly established” competency targets⁷⁷.

- Invest in studies that clarify how CD actually happens in the DR context. Focus on selected institutions (Finance, Education, etc.) and use the newly-prepared evaluation methodology for CD⁷⁸ prepared for the EC.
- While it is recognised that Administrative Reform is a focal sector in EDF10, the EC should ensure that all CD design corresponds to the EC's Backbone Strategy on CD and that performance and results are characterised by evidence-based competencies, objectively verifiable abilities and a business eco-system approach⁷⁹ to capacity.

RECOMMENDATION 3

Recommendation deals with: M and E capacities, and Risk	Priority: MEDIUM
EC structures to which the recommendation is addressed:	HQ and EUD

Statement of overall recommendation:

Invest in robust monitoring and evaluation processes and systems in order to be able to 1) define baselines, 2) follow progress on results, 3) enable faster adjustments to be made in order to achieve targets, 4) manage risks and 5) plan strategically based on a business eco-system approach.

Short-term actions to be taken:

- Fine tune indicators as to be outcome oriented and precise enough to disaggregate between parts of results chains; Indicators need to feed into each other to be useful for monitoring so it is necessary to monitor a larger number of indicators at the lower levels of a results chain in order to see if the targets associated with the smaller number of indicators at the higher level are going to be reached. Use indicators that refer to the objectives sought; the existing SBS in competitiveness, for example, has indicators that deal with nation-level productivity and not sector-level, where the focus is placed.
- Develop internal EC indicators on process and include those that will be used to monitor interventions individually and as a group; this must include all sources and programmes including RIP, NIP (two countries), budget lines, FLEX, All-ACP, and others.
- Verify that baselines are available for all on-going interventions;
- Ensure that the measures of success used actually deal with the objectives sought; ISO 9000 certification, for example, is not necessarily a measure of improved management but a quality standard.

⁷⁷ Refer to the Backbone Strategy of the EC on CD as well as the papers presented at the July 4-5 EC conference on CE within the Technical cooperation context.

⁷⁸ Refer to Joint Evaluation Unit contract with DRN and the methodology prepared by E. Caputo and R. N. LeBlanc (2011).

⁷⁹ The term “business eco-system” is used to define a means of identifying which parts of a network need to be co-developed so that the capability of the entire network is improved, and not just one part. The following is a quote from a text that has been discussed with the EC in the context of improving the effectiveness of capability development through the use of business approaches. “With the growing complexity of business activities, networks and systems at every level and strategic arena, value creation and performance improvement are more and more viewed as partnership performance. The firm considers the potentialities of shared activities and resources development as well as interdependency links with other organisations (competitors, providers of key resources, or institutions, governments and NGOs) to be the basic field of the firm's strategic dynamics. Strategies and capability development are framed on a business ecosystem basis. Doing so involves recognizing the existence of interdependent capabilities networks to care for and to be developed in a partnership approach and also with shared accountability for performance. Capabilities development has become a cooperative process involving a web of interdependent organisations and institutions.” Text written by LeBlanc, R.N. and Beaulieu, P. “Contribution of Private Sector Body of Knowledge and Practice to the Improvement of Capacity Development Effectiveness in Aid Assistance”, Oct 15, 2011.

- Develop a comprehensive risk management system with the GoDR; invest in its development (data) and monitor it closely;
- Undertake capacity development need assessments concerning M&E among main implementing stakeholders (see also Recommendation 7);
- Keep track of pipeline interventions from NIP-RIP-All ACP and other related interventions, and establish management systems that encompass all modalities and instruments.
- The monitoring and evaluation systems noted in this recommendation refer to internal-to-EC functions. They can incorporate monitoring and evaluation mechanisms that are intervention-based, but they are not joint EC-GoDR systems. The EUD needs to have access to all the tools it needs to manage and render secure (issue of internal accountability) the EC's significant resources invested in DR cooperation. Hire internal resources to manage the data-gathering, initial analysis and follow-up tasks if needed, maintaining accountability in the hands of officers.
- Since the success of EC objectives in DR hinge partly on regional integration programmes, develop the capacity of CARIFORUM and the Caribbean Community (CARICOM) on a priority basis. If those organisations are not capable of implementing their programmes as foreseen, re-allocate the funds immediately to support country initiatives dealing with improved trade or with competitiveness improvement in a small number (2 or 3) of clusters.
- As noted by the Ministry of Planning and Development in its September 12, 2011 comments to the Evaluation team (p.11), it is critical that all monitoring and other systems converge on the desired results. The EC should therefore ensure that its M&E systems as well as all other management systems are coherent and complementary to each other and that the sum of all the systems covers the management needs of the interventions or strategies.

PROGRAMME LEVEL RECOMMENDATIONS

RECOMMENDATION 4

<i>Recommendation deals with: "Focus on education"</i>	<i>Priority: VERY HIGH</i>
<i>EC structures to which the recommendation is addressed:</i>	HQ and EUD

Statement of overall recommendation:

Continue and expand support to education sector through a comprehensive multi-modality strategy that enables EC/MS value-added to be leveraged to resolve key issues such as quality of education and management of resources.

Specific actions to be taken:

- Target support more on the quality of education. Since there is a very poor capability within the country to ensure adequate pedagogical training for teachers, the GoDR cannot be expected to improve teacher qualifications internally or even through the use of existing national institutions. Various other modalities can be brought to bear in the education sector such as including based on a project approach to teacher performance. Other means might include having the EC continue with SBS while another EU Member State provides the teacher training. In this way a double approach could build on existing capacity in the MINERD (through budget support) and develop a critical capacity through a project based approach that leverages a comparative advantage of the EC and the MS (compared to the DR).

- Enhance outputs that directly deal with the learning experience (including pedagogical practices, books, classroom management and others)
- Enhance/put emphasis/priority on indicators of performance of the entire education system (including the number of classrooms and teachers, teacher absenteeism, progress of special-needs students, education budget, teacher qualification system etc.) and do not only monitor only one quality outcomes (national exams) but a number of qualitative indicators.
- Focus more attention on one of the most relevant, reliable and cost effective governance indicators for social service delivery: absenteeism rates of teachers. When teachers can get away with not working when they ought, or when they have the option of choosing their own substitute for the day (generally untrained and unqualified), core accountability chains become severed, and governance quality is compromised where it matters most to poor people. While being present at the school does not in itself guarantee quality outcomes, it is nevertheless an indispensable precondition that is all too often overlooked. There are well-established and cost-effective methodologies for managing this issue, but it requires a number of changes including adequate remuneration, supervision and political will.
- Use a combination of very clear and quite specific short and mid-term results (including intermediate results) as the basis for fixed and variable tranche disbursements as a means of providing motivation and for developing clearer mutual accountability commitments. While the specific objectives of the SBS spelled out in the Financing Agreement included a closer alignment with Law 66/97 that decreed that a 4% target was to be applied to the budget of the education sector, requiring a significant increase from historical levels, it is clear that the GoDR is not prepared to provide that level of funding. Better quality of service delivery will therefore have to be obtained through efficiency. It is therefore recommended that a more rigorous performance monitoring system be applied to any future SBS, along with a more structured policy dialogue process, and that performance be assessed on a much wider range of qualitative and quantitative indicators than has been the case.
- The examples of PAPSE and Programa de Apoyo al Plan Nacional de Desarrollo de Nicaragua (PAPND) show that in the DR, the success of a budget support approach depends very much on strong political will (institutional, environmental and policy contexts) and on the combined weight (amounts provided) and comparative advantages of a mix of donors. Improve the effectiveness of donor coordination mechanisms by investing in management research on budget support and on a multi-party coordination facility that provides a forum for ongoing discussion on the various contexts and environments that inform the success of budget support in the education sector (and not just primary education).
- Use other modalities and instruments to create a comprehensive implementation strategy in the sector. Diversification is necessary for political reasons, as more traditional modalities are less exposed to the political environment. It can also bring out weaknesses in the current strategy by focussing in on critical conditions for success (ex. teachers or texts). This can be viewed as a key factor in the context of continuity of cooperation.

RECOMMENDATION 5

<i>Recommendation deals with: Budget Support</i>	<i>Priority: VERY HIGH</i>
<i>EC structures to which the recommendation is addressed:</i>	HQ and EUD

Statement of overall recommendation:

Continue to use budget support as the main modality for supporting the GoDR in achieving its MDG targets but significantly tighten up the performance assessment framework and disbursement conditions so as to provide a basis for mutual accountability founded on results. As part of this re-structuring, focus the policy dialogue and the performance framework on results and significantly reinforce policy dialogue mechanisms that are supported by robust information and analysis.

Specific actions to be taken:

- Use a combination of short and mid-term results (including intermediate results) as the basis for fixed and variable tranche disbursements as a means of providing motivation and for developing clearer mutual accountability commitments. Monitoring and performance frameworks should include both qualitative and quantitative indicators and balanced control frameworks. While it is understandable that SBS financial agreements should have a relatively small number of indicators for the management of disbursements, the EC must not stop at that but develop a comprehensive framework that will allow it to follow progress.
- Tie policy dialogue into the cycle and the discussions concerning tranche disbursements. Treat dialogue as any other result, with targets, objectives, quality objectives, etc.
- Examine other budget support management frameworks from other countries (ex. Vietnam) to use as models to be adapted. For example, many other countries have accepted a reduced portion of the budget for the fixed tranches and have placed more on the variable tranches.
- Develop and use a policy dialogue strategy. Share it with the NAO, obtain support for it from the GoDR and insist on its implementation over time.
- If the GoDR does not have the capacity to provide high quality requests for disbursement reports for fixed and variable tranches, provide capacity development and develop the information systems that are required. There is no use in specifying disbursement criteria that the GoDR will not be in a position to provide the data.
- Within the BS approach, keep available at sector level an unallocated budget of the order of maybe 2-4% to cover expertise or short-term TA needs for either informing the EC side of the policy dialogue or for answering beneficiary requests for studies or specific international advice. This fund can also be used for multi-donor opportunistic funding where small amounts can have an important political or policy impact. A rapid approval mechanism must be implemented at the same time. It is suggested that the Ambassador be delegated this commitment authority based on the recommendation of the senior officers. If this delegation were to be made, protocols would need to be designed and agreed to as part of the Ambassador's Accountability Framework.

RECOMMENDATION 6

<i>Recommendation deals with:</i> <i>CSO support strategy</i>	<i>Priority: HIGH</i>
<i>EC structures to which the recommendation is addressed:</i>	HQ and EUD

Statement of overall recommendation:

Formalize a CSO Support Strategy based on a focussed approach to the capacity required within civil society to achieve the strategy's objectives, and ensure that all EC modalities and instruments as well as the efforts of MS leverage each other. NSAs must be mainstreamed into the strategy development and implementation.

Specific actions to be taken:

- Design of strategy with clear need assessment with participation of donor community and civil society.
- Base the strategy on evidence-based competencies where possible.
- Publish the CSO Support Strategy widely.
- Invite other donors and international NGOs to become partners in the strategy in order to develop synergies and complementarity.
- Develop information systems that will enable the EUD (and its partners) to monitor and evaluate progress against the plan.
- Ensure that the CSO strategy (and its implementation plan) is provided with milestones, risk mitigation measures, results-based indicators and targets and a reasonable budget.

RECOMMENDATION 7

<i>Recommendation deals with: Institutional frameworks for competitiveness</i>	<i>Priority: HIGH</i>
<i>EC structures to which the recommendation is addressed:</i>	HQ and EUD

Statement of overall recommendation:

Continue to increase the competitiveness of the DR both internally and for trade, by selecting a small number (2 or 3) business clusters for a comprehensive support programme for competitiveness capacity (instead of granting generic support to all 36 pre-identified clusters on a demand-driven basis). Develop mechanisms to place the strategy for support and the accountability for results in the hands of the private sector.

Short-term actions to be taken:

- Clarify selected clusters to be supported in a priority manner and in a more comprehensive way. An analysis will need to be undertaken and decisions made on the nature of the clusters. A Porter-based approach⁸⁰, modified and adapted to be less complex, could be a start. Well-targeted clusters are the key to success.

⁸⁰ M.E. Porter and his team are universally renowned for their work in developing national and regional level development strategies based on business clusters and the comparative advantages that they have within particular contexts. Any of his texts will provide a base. For example "Economic Development Quarterly", vol 14, no.1, pp 15-34, 2000.

Examine the possibility of using existing DR sectors that are backed by very sophisticated foreign institutions with a wealth of knowledge and expertise in innovation and management.

- Ensure enhanced coordination with increased regional support for EPA implementation to specific clusters (e.g. Cacao) on a project approach basis to avoid duplication of efforts and improve complementarity between both strategies.
- Mix aid modalities according to capacity development strategies towards DR's firms (performance versus process). Choose a project approach whenever performance is the main target. Use budget support when planning and implementation capacities at sector levels are considered.
- Set up institutional arrangements for the approach recommended and build consensus around it. The clusters ready to be supported need ownership and this implies clear institutional set up from the point of view of the industry. The GoDR should remain in background as a facilitator.
- The support provided by the EC can include market research and benchmarking as well as the development of business intelligence and collective action through association of like-minded firms;
- Whatever types of support are provided by the EC in the domain of competitiveness, ensure that organisational frameworks and cooperation protocols are established before the implementation begins; this will enhance ownership, establish a sense of proportion in the expectations of all concerned and will reduce posturing;
- Undertake capacity development need assessments on targeted clusters reinforcing the local Business Development Services (BDS) market;
- Provide means for DR firms and associations (and to a much lesser degree the GoDR itself) to learn from the experience gained in the implementation of cluster-based development strategies from other parts of the world;
- Set up baselines in line with expected results;
- Support the GoDR statistics organisation in ensuring that the information is available for on-going monitoring and evaluation;
- Undertake a study that will indicate how to link sector-specific interventions with the national quality system support network in an efficient way and then implement the recommendations;
- Establish protocols with the EIB that will result in value being added to the complementarity and synergy between sector-specific interventions and EIB support.
- Establish effective mechanisms of coordination of all EC forms of support to the private sector (EPA related). There are now many different forms of support and there are real risks of duplication and delays.

RECOMMENDATION 8

Recommendation deals with: Sustainability of institutions/functions in mining sector

Priority: HIGH

EC structures to which the recommendation is addressed:

HQ and EUD

Statement of overall recommendation:

Support to the mining sector should be continued so as to consolidate capacity and ensure sustainability.

Specific actions to be taken:

- For the GoDR, and as a condition for future support in the sector, conduct a comprehensive assessment of the state of the policy and regulatory landscape in the sector. Use a business landscape approach and involve the mining firms as an oversight forum. The assessment should also cover small-scale mining and feeder industries. Technical training needs and the capacity of the GoDR education system to provide them should be a key part of the assessment.
- The assessment should take into account the development of an institutional strategy with clear assignment of roles and responsibilities (ex. DGM, SNG, MARENA, Ministry of Labor, municipalities, etc.). If required, the interface between these institutions should be strengthened based on a competency model.
- Identify the formal and informal systems that could lead to unearned rent seeking by any and all participants in the sector; develop strategies to mitigate the effect, based on models developed for the forest and mining extraction industries in other countries.
- Support the entry of the Dominican Republic in EITI. This aims to strengthen governance by improving transparency and accountability in the extractive sector.
- Through policy dialogue, supported by the private sector, try to convince the GoDR to provide adequate national budgets and other required support to the regulatory and watchdog institutions of the sector. The expected result should be sustainable institutions with appropriate means. The possibility of a SBS should be considered.

RECOMMENDATION 9

Recommendation deals with: Priorities for Haiti-DR joint approaches	Priority: HIGH
EC structures to which the recommendation is addressed:	HQ and EUD

Statement of overall recommendation:

Turn the ownership of Haiti-DR joint approaches to border development over to the two countries by taking advantage of the momentum in bilateral relations as well as the EC's dialogue to help develop mid-term bi-national priorities with clearly identified national budgets and implementation arrangements. The EC'S response strategy should be transformed into a demand-driven one with support to the working of the bi-national commission.

Short-term actions to be taken:

- Continue to contribute to the definition of a clarified bi-national institutional set-up, including joint implementation and donor coordination arrangements.
- Raise the profile of the border development challenge through international conferences, visibility strategies and awareness programs on an international level, and other commonly-used strategies.
- Specifically develop a strategy for DR firms, NGOs and individuals to be much more active in Haiti's development. If needed, provide international donor support mechanisms to enable the required capacity to develop.
- Contribute to the set up of binational priorities in order to better align donor intervention, for example by distinguishing local needs at the border zone from larger binational needs (e.g. EPA implementations; electricity interconnection;
- Develop a more detailed strategy in which the scope of EC interventions is clearly articulated for the next five years in order to avoid misinterpretations and wrong

expectations among different stakeholders, including donor community.

- Complete the EC's infrastructure programme at Dajabon. Correct the problems caused by the (widely perceived) inadequate design of the main market building as soon as possible, using a fast-track approach.
- Develop clear baselines and invest in multi-donor monitoring set ups. If required, invest in information. Develop more relevant indicators (impact and outcome but also intermediate levels) to help joint monitoring to be effective on both sides. Ensure that there is a rapid response to monitoring and the decisions it engenders;
- Support MS efforts to develop cross-border economic and environmental interventions, in order to specifically enable economic linkages to be made or enhanced. If required, use RIP funds and create joint projects. Time is of the essence here and fast-track measures should be used.
- Use lessons learnt and best practices in community-based and private-sector approaches to development to avoid relying only on national entities for implementation. Support the mobilisation and empowerment of small-scale and medium-scale commercial entities in the Dajabon area (and other areas if appropriate) in order to jump-start development and the creation of economic surplus on the sides of the border. To this end, local support will be of great help, not only on the ground but also in mobilising national authorities whenever needed.