

Annexe: Action Fiche for the Dominican Republic

1. Identification

Title	FLEX - Rider n° 1 to "Support Programme to Sector Policy in Education" – CRIS FED/2007/18831		
Total cost	EUR 15.330.000 from the 10 th EDF B-Envelope		
Aid method	Sector budget support (direct centralised management);		
DAC-code	11110	Sector	Education

2. Rationale and country context

2.1. Country context and rationale for SPSP

2.1.1. *Economic and social situation and poverty analysis*

The Dominican Republic is a middle income economy, with a per capita GDP of US\$ 4,797.8 (2008) and a population of 9.507.133 in 2008. The GDP growth in 2008 was of 5.3% in contrast with 2007 which rose to 8.5%. Within the Central American region, the country holds second place as the largest growing economy only surpassed by Panama (9.2%). Given its high dependency on the North American economy, the country's economy will have to face a decreasing demand for exports, a reduction of foreign investment and lower remittances. According to the 2006-2007 Human Development World Report, Dominican Republic occupies the 79th position within the HDR world ranking and shares the Average Human Development group with countries like Colombia, Venezuela, Belize, Peru, Ecuador and El Salvador.

2.1.2. *National development policy*

The National Development Strategy prepared by the Ministry of Economy, Plan and Development has been submitted to the President and will be sent to the National Congress for approval seemingly in short time. This NDS This follows a long consultation and analytical process assisted by the World Bank and other multilaterals and builds on the different sectors' strategic plans in force. In the case of Education, 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 MTEF requirements.

2.2. Sector context: policies and challenges

The Education Sector Strategic Plan 2008-12 contains the key elements of a MTEF (consistency with the long-term strategy, strategic actions, indicators, targets and budgetary quantification). This Strategic Plan has been approved by the Ministry of Education and presented to the President and to the rest of the Government and society. However, a formal approval by the President and by the Ministry of Finance has not yet taken place and is essential to guarantee that the sector would have sufficient budgetary allocations in the next two to three years to be able to implement the Strategic Plan.

2.3. Eligibility for budget support

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 the 10th EDF A envelope.

3. Description

3.1. Objectives

As stated in the Financing Agreement, the main objective of the programme is to improve access of all to basic education of recognized and sustainable quality while developing the effectiveness and efficiency of the sector conceived as a multi-institutional system closely related with the national efforts of social and economic development.

The main objective of the Rider is to extend the implementation and execution period of the financing agreement and to increase its financial ceiling in order to include the FLEX allocation.

3.2. Expected results and main activities

The Rider aims at (i) extending the implementation period and execution period to 31/12/2010 and 31/12/2012 respectively and (ii) increasing its financial envelope from EUR 48.200.000 to EUR 63.530.000.

The additional allocation of EUR 15.330.000 will be added to the last tranche foreseen under the financing agreement, thereby increasing its amount from EUR 8.750.000 to EUR 24.080.000. This last tranche will include a fixed tranche of EUR 16.330.000 and a variable tranche of EUR 7.750.000.

4. Implementation issues

4.1. Method of implementation

The present programme has been preceded by a programme "Support to the Education sector – Phase I" of EUR 3.800.000 aiming at providing institutional support to the sector. The current programme constitutes Phase II and is entirely implemented through Budget support.

The Rider does not introduce any modifications to the implementation method, which remains direct centralised management via untargeted sector budget support.

4.2. Procurement and grant award procedures

In absence of a component "Complementary Support", provisions on procurement and grant award procedures are not applicable.

4.3. Budget and calendar

The Indicative calendar of disbursement is replaced by the following (in EUR):

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	TOTAL
Fixed tranches		24.000.000		5.000.000	16.330.000	45.330.000
Variable tranches		6.000000		4.450.000	7.750.000 *	18.200.000
<i>1-Sector Efficiency</i>		<i>500.000</i>		<i>1.000.000</i>		
<i>2-New BE curriculum</i>		<i>1.000.000</i>		<i>2.200.000</i>		
<i>3-Teacher recruitment</i>		<i>1.000.000</i>		<i>750.000</i>		
<i>4-Single shift teacher conditions</i>		<i>500.000</i>				
<i>5-MTEF training of financial staff</i>		<i>1.000.000</i>				
<i>6-Coordination EMIS-national accounts</i>		<i>1.000.000</i>				
<i>7-New SEE structure implementation</i>						
<i>8-MoU SEE Donors Round Table</i>						
<i>9-Budgetary execution efficiency</i>		<i>1.000.000</i>		<i>500.000</i>		
TOTAL	0	30.000.000	0	9.450.000	24.080.000	63.530.000

** *Remaining balances from previous variable tranches that will be released as an additional bonus tranche in the year 2010, upon satisfaction of indicators to be identified jointly by DoGov and EC Delegation via exchange of letters .*

The period of execution of the financing agreement shall commence on the entry into force of the Financing Agreement and end at 31 December 2012. This period of execution shall comprise two phases: an operational implementation phase, which shall commence on the entry into force of the financing agreement and end at 31 December 2010. As from this date shall commence the closure phase, which shall end at the end of the period of execution.

4.4. Criteria for disbursement

The increased tranche of EUR 24.080.000 will include:

- A fixed tranche of EUR 16.330.000 to be disbursed upon satisfaction of general eligibility criteria and following specific condition:

Positive progress in the implementation of the Education Strategic Plan 2008-2012. Progress will be assessed on the basis of a substantiated report to be submitted with the disbursement request by the DoGvmt. The EC will assess in particular efforts made to improve the quality of the education system to address inequalities and to progress towards a more efficient use of resources.

- A variable "Bonus" tranche of EUR 7.750.000 to be disbursed upon fulfilment of conditions to be agreed by exchange of letters between the GoDR and the EC Delegation.