

"El documento original contiene páginas en mal estado"

IV. EXTERNAL CO-OPERATION REQUIREMENTS

The Government has already taken efficient steps to provide for the immediate needs of the population for reconstruction of the damaged infrastructure and for recovery of the economy. Nevertheless, in view of the magnitude of the disaster, those actions require the support of the international community, whose co-operation should respond to certain basic criteria.

Firstly, although the emergency situation will obviously alter the priorities placed on public expenditures for some time, if possible, this additional and unforeseen demand against the public finances should not delay the government's investment priority programmes and projects planned beforehand. In other words, the rehabilitation and reconstruction expenditures should be conceived as additional and not substitutive to those contemplated in the current budget. This would have obvious implications on the magnitude of the financial external co-operation which the Dominican Republic will have to mobilize in the immediate future. Secondly, this co-operation will have to respond, of course, to the priorities set by the government itself, both in its 1960-1982 Public Investments Triennial Plan and in its emergency and reconstruction programmes. Thirdly, the fact that the country would be forced to mobilize a larger volume of foreign financing than that foreseen in its financial programming, implies that measures will have to be adopted to prevent a larger burden on the already high yearly financial commitments which are required to service the foreign public debt. Consequently, new loans must be granted at the maximum possible level of concession, and would justify, in addition, the transfers of funds as official donations. Finally, the possibility of avoiding the significant delay caused by the disaster in the programmes and projects included in the original above mentioned Plan, would depend to a great extent on the celerity of the actions taken to reactivate industry, to rehabilitate the damaged plantations, and to reconstruct housing and other

/installations

installations. In this respect, the international community should instill a great sense of urgency to their activities in the Dominican Republic during the coming months.

In the following paragraphs an outline is presented which describes the main requirements for international co-operation to cope with the emergency, including donations in cash and in kind; financing for reconstruction and for balance of payments support and, to a lesser degree, technical assistance for certain specialized tasks.

Table 20 summarizes and quantifies some of these requirements so that the international community may more easily identify the areas where its support should have priority.

1. Assistance during the emergency stage

Officials of the Civil Defence Office responsible for attending to the population's needs during the emergency period - which may extend to the end of 1979 - have formulated a list of immediate needs and availabilities and thus defined the priorities regarding the nature of the external co-operation they consider to be essential.

These priorities include food for the hurricane victims, especially the basic products making up the Dominican diet (see Table 21); zinc or similar metal sheets for reconstructing roofs of dwellings; seeds to plant the principal affected food crops (rice, red beans, potatoes, cassava and the like); and gasoline and diesel fuels and lubricants required to transport assistance to the more distant areas of the country.

Equipment would also be required for attending to different situations, such as bailing pumps to drain flooded areas thoroughly before new heavy rains arrive; tractors and other machinery to repair secondary roads, canals and irrigation works; electricity-generating plants to run coffee-processing plants that are presently without power and must initiate their operations in mid-October;^{1/} and Bailey-type bridges to facilitate the crossing of rivers on highways of vital importance.

Obviously, cash contributions could also be used so that the Dominican authorities could allocate funds to cover the priority needs of the moment.

^{1/} Unless electric power is available opportunely, part of the coffee harvest may be lost due to shut-downs in the coffee-processing plants.
/Table 20

Table 20

DOMINICAN REPUBLIC: EMERGENCY, RECONSTRUCTION AND REHABILITATION PROJECTS
THAT MAY REQUIRE INTERNATIONAL CO-OPERATION

(Thousands of dollars)

	Financial assistance		Technical assistance	
	Estimated amount	Possible sources	Estimated amount	Possible sources
I. EMERGENCY STAGE				
1. Supply, transportation and distribution of foodstuffs and clothing for the population affected	...	Governments, international organizations, private organizations	...	UNHCR
2. Supply, transportation and distribution of construction tools and materials for housing and school buildings	...	Governments, international organizations, private organizations	...	UNIDO
3. Supply, transportation and delivery of tools, materials and minor equipment for re-establishing electrical and drinking water services	...	Governments, private organizations		
4. Supply, transportation and distribution of materials, vaccines and medicines for the health sector	...	PAHO/WHO, Governments, private organizations	...	PAHO/WHO
5. Cash donations for the purchase of food, medicine or other emergency inputs	...	Governments, private organizations, international organizations		
6. Medical assistance by means of brigades and field hospitals	...	Governments, private organizations		
7. Transportation and rescue services to evacuate victims and distribute assistance		Governments		
8. Acquisition, transportation and distribution of seeds and other agricultural inputs	...	Governments, international organizations		

/(continued)

Table 20 (Continued)

	Financial assistance		Technical assistance	
	Estimated amount	Possible sources	Estimated amount	Possible sources
9. Collaboration in emergency work to re-establish basic services			...	Governments, international organizations
10. Collaboration in assessment of damages and their impact on the economy and social welfare			...	International organizations
II. BALANCE OF PAYMENTS FINANCING				
1. Servicing of financing gap, 1979-1980	350,000	IMF, Central Banks, bilateral loans, multilateral loans		
2. Partial renegotiation of external debt	...	Creditors, bilateral sources	...	IMF
III. RECONSTRUCTION AND REHABILITATION STAGE				
1. <u>Agricultural sector</u>				
i) Financing of production	40,000	ICB, IFAD		
ii) Rehabilitation of plantations and infrastructure in sugar mills	55,000	IBRD, International banks		
iii) Rehabilitation of canals and irrigation and drainage works	15,000	ICB, IERC, IFAD		
iv) Formulation of integral rural development programmes			...	UNDP/FAO
v) Recovery of avicultural activities	20,000	ICB, Governments, private enterprise		
vi) Replacement of agricultural equipment	4,000	RFI		
vii) Ecological recovery	...	Governments		UNEP
viii) Rehabilitation of the agricultural zone of San Cristóbal			...	UNDP
2. <u>Transportation and communications</u>				
i) Reconstruction of roads, secondary roads, bridges and sewerage systems	30,000	Governments, ICB, IBRD		UNDP, UNIDO
ii) Rehabilitation of telecommunication systems	10,000	ICB		ITU,
iii) Replacement of motor vehicles and fishing and air fleet	...			

/(continued)

Table 20 (Continued)

	Financial assistance		Technical assistance	
	Estimated amount	Possible sources	Estimated amount	Possible sources
<u>3. Housing and social infrastructure</u>				
i) Reconstruction and repair of dwellings	19,000	IDB, IBRD, Governments		UNIDO
ii) Construction programme of rural and urban popular housing	50,000	IDB, IBRD, IDA		
iii) Reconstruction and repair of school buildings	...			UNDP/UNICEF
iv) Construction, repair and reconstruction of health centres and hospitals	...	IDB, IBRD		UNEP
v) Programme for equipping small rural communities				UNICEF
<u>4. Water and energy supply</u>				
i) Repair of aqueduct and sewerage systems	3,000	IDB	...	FAO/WHO
ii) Reconstruction and repair of electrical systems	25,000	IBRD, IDB, RFA, EXIMBANK		
iii) Assessment of energy resources and energy balance, increasing of conventional and non-conventional energy resources			...	UNDP/CEPAL, UNCTAD, UNICEF
iv) Support to CDE	40,000	Venezuela		
<u>5. Assessment of water resources</u>				
i) Strengthening of meteorological and hydrological services and networks			...	UNDP, CEPAL
ii) Assessment of available water resources and planning for their multiple and integrated use			...	UNDP/CEPAL
<u>6. Assistance to the government</u>				
i) Formulation of building codes appropriate to the situation			...	Governments, CHPB
ii) Assessment of the impact of the disaster on the ecology and quality of life and formulation of measures to mitigate its effect			...	UNEP

/(continued)

Table 20 (Conclusion)

	Financial assistance		Technical assistance	
	Estimated amount	Possible sources	Estimated amount	Possible sources
iii) Improvement of civil defence organization and procedures			...	UNDRP
iv) Promotion of non-traditional exports and development of free zones			...	UNCTAD/GATT CIPE, "AID"
v) Determination of specific priorities on education				UNESCO, Government of Spain
vi) Revision of damages received by the industry				UNDP, "AID"
7. <u>Financing committed but not yet allocated</u>				
i)	25,000 ^{a/}	IDA ^{b/}		
ii)	17,000	USA		
iii)	9,000	IDA, AID		

^{a/} Out of a total of 50,000.

^{b/} Funds from Venezuela.

Table 21

DOMINICAN REPUBLIC: ESTIMATED FOOD DEFICIT FOR CONSUMPTION DURING
THE PERIOD FROM SEPTEMBER TO DECEMBER 1979

Type of food	Volume (t)	cif value (millions of dollars)
<u>Total</u>	<u>214.5</u>	<u>82.1</u>
Legumes	10.9	6.5
Potatoes	17.7	6.5
Plantains and bananas	56.1	20.7 <u>a/</u>
Chicken	18.3	23.8
Fresh milk	4.9	2.7
Wheat	27.4	4.1
Cooking oil	17.8	11.7
Miscellaneous <u>b/</u>	61.4	6.1

Source: Technical Secretariat of the Presidency, National Planning
Office.

a/ Potato values used.

b/ Includes fruits and agro-industrial products.

2. Co-operation for reconstruction and development

(a) Financing

The Dominican Republic would require external credits and donations under suitable conditions to finance post-disaster reconstruction, to support its balance of payments and to implement the three-year public investment plan for 1980-1982.

Despite the fact that efforts were being made to generate funds internally for reconstruction^{2/} and that some measures have been taken to reorient certain loans already granted or being negotiated, the Government will require substantial external resources under the most concessionary terms possible.

As already indicated, external indebtedness - although high, as its accumulated value amounts to 1,300 million dollars - is still manageable since it represents 10 per cent of the country's exports of goods and services. Nevertheless, as it was already pointed out in the preceeding chapter, in the immediate future this item will present certain problems deriving from the fact that half of the public and private loans have been contracted with international commercial banks with amortization periods of less than eight years. This situation will result in an unusually high annual burden in 1979 and might compromise a significant portion of the foreign exchange required by the country for its economic development.

In view of the above, and although in the past the level of the principal development indicators placed the Dominican Republic out of the favourable concessionary financing clauses granted by the multilateral lending organizations, an exceptional treatment would now be fully justified until the country can overcome the abnormal situation derived from the disaster. On the other hand, although the government has already announced that in spite of the unforeseen events, it will

^{2/} Under the provisions of Law No. 52 of 9 September 1979, 40,600 "Hurricane David Emergency Bonds, series 1985" will be issued in the amount of 50 million dollars.

continue to strictly honor its international financial commitments,^{3/} and that the country will continue to enjoy its credit-worthiness, it might be necessary to partially reschedule the Dominican Republic's public sector debt with the commercial private banks.

In any case, it would be convenient if the Government could obtain greater access to external official financing - bilateral and multilateral - in order to reduce the relative participation of commercial loans in its total debt, since this would alleviate the servicing of such obligations, in view of the longer terms and lower rates of interest that prevail within official sources.

Timely financing under suitable conditions will be required for reconstruction and rehabilitation projects as a means of replacing infrastructure and rehabilitating services and of reinitiating production of export items that have been affected by the disaster. In this connection, offers have been received from several international financial institutions and from various Governments to provide new loans, and reallocate funds from other already-granted loans in order to apply them to what have now become priority activities. It would also be very useful for the Dominican Government if it could receive programme loans rather than loans for specific projects, a measure that would speed up disbursements.

Finally, the country will obviously need balance of payments support during the predictable future. It should have a timely access, under flexible conditions, to International Monetary Fund resources - in addition to the compensatory credit already granted by that institution - and Latin American central banks should consider the possibility of making foreign exchange deposits in the account of the Dominican Republic's Central Bank.

^{3/} With the exception of a Venezuelan loan granted in 1976 that required amortization in September, which the Government requested rolling over until December.

(b) Technical assistance

As occurs with financial co-operation, the natural disaster presents the Dominican Republic with additional needs for international technical co-operation, in addition to those originally foreseen, and which cover other activities which before the disaster were undoubtedly of lesser priority. In this respect, it would be fully justified, for example, if the Governing Council of the United Nations Development Programme assigned extraordinary resources to cover the unforeseen and additional demands for technical co-operation. Following this line of thought, other bilateral and multilateral sources could undertake co-operation programmes and projects connected with the task of reconstruction as well as with those comprised in the 1980-1982 Public Investments Triennial Plan.

A few activities are mentioned below, which, in view of the disaster, might constitute areas appropriate for international assistance. These are additional to those that the international community was supporting before the events of early September.

Firstly, it would be useful to assess the impact of the hurricanes on the ecology and quality of life and the means of mitigating its possible adverse effects, as well as to improve systems, procedures and organization to care for the population when natural disasters occur.

It would also be appropriate to prepare building codes that take into account the frequent occurrence of hurricane winds and torrential rainfall as a means of attenuating the effects of possible similar phenomena in the future.

It would further be particularly important to evaluate the country's conventional and non-conventional energy resources and to formulate a balance sheet of present and foreseeable sources and uses of energy in order to provide for their appropriate development.

It would be no less important to plan integral rural development projects that will assist in resolving the deficiencies of the rural population and take into account the new situation created by the recent disaster.

/In this

In this same vein, new technical co-operation activities connected with the reactivation of the productive sectors will have to emerge, especially in the fields of agriculture and industry. The renewed effort of the Government to generate foreign exchange also suggests the convenience of obtaining external assistance for those activities which the country is carrying out not only in the field of diversification but also to increase its exports.

Lastly, it would be desirable to continue the undergoing evaluation and planning of the development of water resources for multiple uses, especially with regard to irrigation, drinking water and the generation of hydroelectric power, and to improve meteorological and hydrological networks and services.