

LABOR MEDIATION TRAINING

(TC-95-09-28-5)

EXECUTIVE SUMMARY

EXECUTING AGENCY: The Secretaría de Estado de Trabajo, Department of Employment and Human Resources, Unit for Work Inspections, in collaboration with the National Employment Commission.

RECIPIENTS: The Secretaría de Estado de Trabajo and public and private sector leaders, managers and workers of industry that will have new labor management models and systems.

OBJECTIVES: The overall objective of this project is to initiate activities that support and improve labor-management relations in the Dominican Republic in accordance with the 1992 labor code.

The specific objectives are (i) to determine the role government, employers, and worker representatives should take in a decentralized labor mediation structure; (ii) to improve the technical, institutional, and professional capabilities of the SET to resolve labor disputes within the private sector; and (iii) to identify ways and means of improving the country's capacity to collect, manage, and present information on labor relations and labor market needs.

DESCRIPTION: This three year project will support the successful implementation of the 1992 labor code by training public and private sector representatives in alternative methods of dispute resolution. The labor-management cooperation activities in the project have been designed to promote changes in attitudes on the part of the political sphere and above all workers and the business community. The project will introduce cooperative models in labor-management relations, develop pilot in-company mechanisms and procedures for resolving employee disputes fairly, promptly, and inexpensively; and assist the SET in its strategic role as the overseer of labor relations policies.

To achieve its objectives the project will be comprised of two major components: the first, Labor-management training and the second, Technical assistance to support the SET's mediation capability. The first component has two principal activities: (i) the development of national meetings, seminars, and enterprise level workshops that will explore the current status of labor-management relations in the Dominican Republic and devise an appropriate strategy to bring these models to the shop floor in at least five companies and (ii) a public education program. The component would be organized at three levels: the national leadership level, intermediate level including training for trainers, and the enterprise level including the establishment of cooperative worker-management teams.

Outputs of this component include: A series of five national conferences dealing with macro-economic analyses of innovations in labor management relations both in the Dominican Republic as well as in other countries; a series of ten training seminars provided for a total of 150 participants nominated by the participants in the coordinating committee; the establishment and training of 30 enterprise-level worker-management teams in businesses that volunteer for participation at that level; and the design and filming of videos and printed materials covering specific areas of labor management relations.

The second component proposes to finance three main tasks: (i) determine the institutional requirements for the SET as part of the initial preparation of a medium-term strategic plan for the next 5 years (one expert, three months); (ii) train public sector labor mediators of the SET and private sector participants, represented by the National Employment Commission, interested and involved in labor-management relations and negotiations (four experts, two weeks each); and (iii) establish the labor market information requirements for the SET to support the development of improved labor statistics and information management (two experts, five months in total).

FINANCING:

| | |
|------------|-------------|
| Modality: | Grant |
| Recipient: | US\$165,000 |
| MIF: | US\$663,000 |
| Total: | US\$828,000 |

**IMPLEMENTATION
SCHEDULE:**

| | |
|----------------------|-----------|
| Execution period: | 36 months |
| Disbursement period: | 39 months |

**ENVIRONMENTAL
CLASSIFICATION:**

The Environmental Management Committee, at its meeting of October 29, 1996, classified this as a Category II operation.

BENEFITS:

This project has a number of benefits, including: (i) it will enhance industrial relations in the Dominican Republic by providing the SET with the tools necessary to introduce innovative labor relations policies; (ii) it will increase the general awareness in the public of the rights and responsibilities of both workers and employers as encapsulated in the new labor code, thereby encouraging more effective collective bargaining; (iii) it will contribute to the creation of leaders, trainers, and in-plant supervisors with increased capacity in labor-management relations who through this project, will have the opportunity to analyze and evaluate innovations in labor management relations as relates to increased product quality, productivity and competitiveness; (iv) through the in-plant training programs, models of innovation in labor-management relations will be set in motion at the enterprise level, where the effects of the pilot project within the context of society and the economy may be closely observed and used to make additional recommendations for future programs; and (v) it will help to guide future dialogue on structuring effective labor-management cooperation schemes and necessary institutional reform.

RISKS:

The main risk of the project relates to its ambitious training schedule and the capacity of the SET to oversee the program. This risk is minimized by the establishment of a Project Coordination Unit that includes project administration expertise. Another risk relates to the ability of the project to ensure the levels of participation required in each of the various training activities, especially from the private sector. This risk is mitigated by the tripartite structure of the project design, embodied in the composition of the National Employment Commission where the private sector accounts for two-thirds of the membership.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

As conditions precedent to first disbursement of the contribution, the executing agency shall present evidence to the Bank's satisfaction that: (i) the executing agency has within its budget counterpart funding for the first year of project implementation (reference paragraph 6.1); (ii) the Director General of the Project Coordination Unit has been appointed and office space, equipment, and personnel necessary

to implement the program are in place (reference paragraph 4.1). Prior to disbursement of funding for the specific activities contained in component 1, the executing agency will submit to the Bank the terms of reference to be used for contracting consultants (reference paragraph 6.1).

Requirements for project assessment (mid-term and others) are set forth in paragraphs 11.1.

I. COUNTRY ELIGIBILITY

- 1.1 On September 12, 1994, the Donors Committee declared the Dominican Republic eligible for all modalities of financing provided for under the Multilateral Investment Fund (MIF).

II. BACKGROUND

A. Context of labor reform

- 2.1 Beginning in 1990, the Dominican Republic initiated a number of structural reforms aimed at improving fiscal, monetary, and exchange rate management; spurring economic growth; and increasing income. Notable progress has been made over the past six years including: liberalization and strengthening of financial structures, simplification and better administration of the tax system and foreign exchange liberalization. Along with the government's actions to put into place a sustainable macroeconomic framework and an efficient incentive structure to enable accelerated growth, is the pressing need for the establishment of a modern labor relations system, responsive to the changing demands of the private sector, as well as protecting the basic rights of workers.
- 2.2 An important element of a modern labor relations system is a transparent and regulated collective bargaining and decentralized mediation process. Such a process encourages the State to be a regulator of the collective bargaining process; one which establishes basic rules of negotiation for labor and management, and promotes labor-management collaboration for firms and workers. In this way, collective bargaining is decentralized to firms and unions and the majority of complaints and disputes are resolved at the shop-floor level. The benefits of such labor-management systems are many, in that research shows that such systems reduce the duration of strikes, resolve production-line problems and accidents, and reduce employee absenteeism.
- 2.3 Regional economic integration and export-oriented development strategies require industrial relations systems that are more flexible, allow for continued and informal relations between workers and managers, and typically include team systems for work organization and enhanced worker and union participation in decision-making and employment security. The Dominican Republic, having promulgated a new labor code in 1992 is now poised to introduce cooperative models of labor relations and collective bargaining techniques.
- 2.4 Until 1992, there existed in the Dominican Republic, an antiquated and restrictive labor code characterized by ineffective dispute

resolution mechanisms and procedures. With the passage of the 1992 labor Code, which received tripartite support from government, employment groups, and unions, a framework was established that defined the rights of workers and employers; the conditions for collective bargaining; or provided system for settling disputes. Similarly, prior to the 1992 code there was no mechanism to channel labor-management conflict into peaceful resolution by providing for the equality of both parties and protecting the legitimate interests of both the employer and the union.

- 2.5 The current work force in the Dominican Republic is estimated at 3.5 million workers; unemployment rates in September 1996 are estimated at 16.6%. While in total there are more than 2,500 unions in the Dominican Republic, there are six national labor confederations. The country's principal confederations are the Confederation of Dominican Workers, the Autonomous Confederation of Classist Unions, and the Unitary workers Confederation, each of which is estimated to have over 100,000 members. Organized labor represents an estimated 12-13 percent of the country's work force.

B. The 1992 Labor Code

- 2.6 The promulgation in May of 1992 of a national labor code marked an important turning point in labor relations in the Dominican Republic. The 1992 code specified procedures and mediation processes for union registration, entering into collective bargaining pacts, and calling strikes. The 1992 code also created for the first time labor courts in the capital and in the second largest city, Santiago. The courts began functioning in January 1993. At the heart of the new law was the recognition of the need to support the implementation of fair labor practices in the Dominican Republic. The goal of the 1992 labor code, was, in essence, to establish procedures for collective bargaining and fair labor practices that in turn will be the foundation for a modern industrial relations system. Pursuing this goal, however, depends on the ability of the government to enforce the code and improve labor-management cooperation.
- 2.7 This 1992 law designated the Secretaría de Estado de Trabajo (SET), the National Secretariat of Labor in the Dominican Republic, as the entity responsible for introducing policies including: compliance and dissemination of the 1992 code, mediation of labor-management disputes, registration and certification of unions and employer associations, the provision of employment services, and formulation of minimum wage policies.
- 2.8 The administration elected in August 1996 under President Fernández has come out aggressively in favor of promoting improved labor relations in the country, not only to ensure peaceful coexistence between labor and employers, but also as a means of improving labor productivity. Actions taken by the new administration in this regard include meetings between the President of the Republic with top labor leaders to exchange opinions and impressions over labor

demands and on how to improve labor relations and work conditions. The culmination of these meetings is decree (No 381-96), that was issued on August 28, 1996, thereby modifying the 1983 National Employment Commission (Decree 1019-83) to allow for wider participation of the private sector (labor and entrepreneurs) in policy discussions regarding employment opportunities and labor productivity. In its capacity as the body responsible for setting labor relations policies, the Commission is an important counterpart for the proposed project. It is tripartite, comprised of equal representation from employer associations, unions, and the government. (See annex I for the composition of the Commission.)

C. Institutional framework

- 2.9 The Secretaría de Estado de Trabajo was established to ensure compliance with laws that regulate working conditions, including occupational health and safety regulations, and thereby to improve quality of life in general of workers. The primary responsibilities of the SET are to investigate reports of abuse in the execution of contracts, charters, and laws regulating the work of labor and management; provide technical advice and counselling to both labor and management on the interpretation of the labor code; ensure that public labor inspections are carried out; verify and or check whether there was proper cause for suspension of a contract; and establish a national intermediation service that would register all unemployed workers, maintain a registry of vacant posts, provide labor market data and information for workers and employers, issue unemployment certificates, and provide general employment information and services to job seekers.
- 2.10 The SET is comprised of 581 employees, 546 of whom work at the central offices in Santo Domingo and 35 of whom work in regional offices. The SET is divided into several units including: General Employment, Work Inspection, Mediation and Arbitrage, and Occupational Health and Safety. The Unit for Work Inspections accounts for 201 employees. The annual budget of the SET over the last five years has increased markedly to accommodate an increase in the number of work inspections (SET inspectors carry out approximately 50,000 inspections annually, a 100% increase, since the passage of the 1992 labor code).
- 2.11 While implementation of the 1992 labor code generated increased activity for the SET, full implementation of the law has yet to be realized. At this time there is an urgent need, not to increase the number of government inspectors, but instead to rationalize their workload to ensure greater efficiency of staff resources. The SET has determined that the best approach is where enterprise level bargaining is complemented by national coordination at both the national leadership level and at the enterprise itself. The role of the National Employment Commission in this regard is paramount as its oversight function ensures impartiality and guarantees the participation of all stakeholders in the collective bargaining process. To encourage union representation and

collective bargaining at the firm level requires clear rules of the game where both parties incur costs if the conflict becomes protracted and where, in general, the costs are a function of market forces rather than an arbitrator's decision.

- 2.12 The National Employment Commission is an advisory body that receives support from the Secretaría de Estado de Trabajo to play an active role in the definition, promotion, and execution of employment policies and programs for the country. This mandate includes the creation of three regional commissions in the North, East, and South of the Republic. To achieve its mandate the Commission is tasked with addressing the following themes: development of human resources, review and modification of the civil service law; and support for innovations in labor relations.

III. THE PROJECT

A. Overview

- 3.1 This three year project will support recent changes in the labor code by training public and private sector representatives in new models of dispute resolution that support the above-noted approach of public-private sector collaboration. The labor-management cooperation activities in the project have been designed to promote changes in attitudes on the part of the political sphere and above all workers and the business community. The project will introduce cooperative models in labor-management relations, develop pilot in-company mechanisms and procedures for resolving employee disputes fairly, promptly, and inexpensively; and assist the SET in its strategic role as the overseer of labor relations policies.

B. Objectives

- 3.2 The overall objective of this project is to initiate activities that support and improve labor-management relations in the Dominican Republic in accordance with the 1992 labor code.
- 3.3 The specific objectives are (i) to determine the role government, employers, and worker representatives should take in a decentralized labor mediation structure; (ii) to improve the technical, institutional, and professional capabilities of the SET to resolve labor disputes within the private sector; and (iii) to identify ways and means of improving the country's capacity to collect, manage, and present information on labor relations and labor market needs.
- 3.4 All activities anticipated under this project will be carried out in close cooperation of the National Employment Commission which is composed of equal representation from government, labor, and management leadership. The role of the private sector in project

execution affirms the strong participatory nature of the training activities by various levels of the social and economic strata, and will encourage industry to adopt the results of this project into a long-range industrial relations private sector policy and program.

C. Components

- 3.5 To achieve its objectives the project will be comprised of two major components: (i) Labor-management training and (ii) technical assistance to support the SET's mediation capability.

1. Labor-management training

- 3.6 The first component has two principal activities: (i) the development of national meetings, seminars, and enterprise level workshops that will explore the current status of labor-management relations in the Dominican Republic and devise an appropriate strategy to bring these models to the shop floor in at least five companies and (ii) a public education program. The component would be organized at three levels: the national leadership level, intermediate level including training for trainers, and the enterprise level including the establishment of cooperative worker-management teams.
- 3.7 At the **national leadership level**, general education workshops would be planned by the project coordination unit to provide the opportunity for 150 of the top level leadership of government, business, and labor to analyze and compare issues regarding worker productivity and industrial competitiveness, and their connection with labor-management relations.
- 3.8 More specifically the workshops would (i) present leaders with a global overview of industrial competition, expanding markets, international trade agreements, and economic competition, and their relative impact on the issues of labor relations; (ii) provide examples of various cases of innovative labor-management relations from several countries; (iii) provide a forecast of industrial and economic health based on concepts related to labor relations; and (iv) analyze the hypothesis that innovations and improvements in labor management relations lead directly to increased product quality, improved productivity, and economic competitiveness, as well as to improved working conditions for workers in the context of the Dominican Republic labor market.
- 3.9 A total of five workshops would be organized for 30 persons each. Participation in the workshops, as in the other educational activities, would be ensured through the National Employment Commission whose membership is representative of the leaders in organized labor, employer associations, and the SET, and who would be responsible for participant selection.

- 3.10 The **intermediate level** would consist of training-of-trainers, whereby a corps of 150 human resource public/private personnel from various private firms, unions, and members of the SET involved in mediation and labor dispute resolution would be trained in both theories and methods of implementing innovative labor-management relations in specific enterprises in the Dominican Republic. The project would organize a series of five intensive one-week "Labor Relations Models" seminars and "Labor Relations Methodologies" seminars.
- 3.11 The Labor Relations Models seminars would present models of industrial relations, including those from various countries and industries, and contrast them with traditional models. Concepts such as win-win bargaining, interest-based bargaining, mixed motive labor relations, cooperative worker-management teams, worker participation in management decision making, and other examples of innovative systems would be discussed. The seminars would also provide participants with specific examples of innovative labor management relations at the shop-floor level, at different types of industries and enterprises. Finally, the seminars would explore the methods negotiation and of implementing cooperative teamwork systems, the requirements necessary to bring them about, and what impediments to change must be overcome in implementing new systems.
- 3.12 The Labor Relations Methodologies seminars would be attended by the same group of participants and would be geared specifically to training in methods of developing worker-management cooperative committees. The seminars would develop and conduct practice sessions to provide participants with opportunities to simulate working with groups, group dynamics, and teaching techniques. The seminars would also conduct role-play activities and simulation of various obstacles and successes in order to provide practical experience in the development of cooperative teams.
- 3.13 The first two levels of training would be provided by consulting firms with specific technical expertise in these areas that would be hired by the project coordination unit through a competitive bidding process. While the project coordination unit of the SET would be responsible for the identification and contracting of the firm, the National Employment Commission would approve selected firms.
- 3.14 The third and most specific level of project activity would be the specialized workshops at the **plant-level** in five businesses or enterprises to create worker-management teams, or cooperative committees, as have been designed and recommended in the previous conferences and seminars. Participants in the worker-management teams would have had to participate in both the theories seminar as well as in the methodologies seminar and must be nominated by the project coordination unit. For the plant-level training, a number of general factors were taken into consideration including: (i) the large concentration of small and medium sized enterprises in

the Dominican Republic (those firms with 10-150 workers); (ii) the limited experience of all firms in labor-management collaboration techniques; and (iii) the continued lack of knowledge and information of workers and employers the 1992 labor code.

- 3.15 Eligibility criteria for the selection of companies would be based on the following: their desire to participate, their prior participation in the training activities discussed above, the absence of serious labor-management conflicts at present, their compliance to enter into a written agreement with the SET committing themselves to deliver two workshops as a follow-up to training received, a minimum number of workers at an enterprise (approximately 100) that is also a representative sample of the labor force (e.g. skills level, gender, age), and the likelihood of positive and supportive encouragement from both workers and management at the enterprise. The SET would be responsible for the selection of participating firms based on the above-noted criteria in consultation with the National Employment Commission.
- 3.16 The worker-management teams would be comprised of six persons per team and would be required to organize a workplan and indicators to monitor success achieved in terms of corporate dispute resolution, collective bargaining practices, and labor-management relations. Each corporate team would, in addition, organize two workshops open to the public to disseminate lessons learned. The purpose of this level of activity is to replicate the experiences of the five pilot shop level teams in a number of other firms over the life of the project and beyond. As such, the most decisive aspect of this project component would be the five or more enterprises that would volunteer to set these models of innovations in motion at the enterprise, where the effects of the pilot project within the context of society and economy may be closely observed and used to make additional recommendations for future programs.
- 3.17 In addition to the three levels of training described above, this component would also include the design and production of videos and printed material covering specific areas of labor management relations. These promotional materials, coupled with the training activities would serve to change expectations while also educating the general public on the rights and responsibilities of both workers and employers as encapsulated in the 1992 labor code. A consulting firm would be selected and contracted based on a competitive bidding process to produce all videos and printed materials.

2. Technical assistance to support the SET's mediation capability

- 3.18 This component proposes to finance three main tasks: The first would be to determine the institutional requirements for the SET as part of the initial preparation of a medium-term strategic plan for the next 5 years (one expert, three months). The scope of work of this activity would include the analysis of specific areas of policy and program activities that should form the focus of the

SET's activities into the next century. Specialized consulting requirements for technical assistance would include management systems, a medium-term strategic workplan, and labor training consulting.

- 3.19 The second activity would be to train public sector labor mediators of the SET and private sector participants, represented by the National Employment Commission, interested and involved in labor-management relations and negotiations (four experts, two weeks each). The mediator training course would be designed for 60 participants, all with legal training, from the SET, unions, and management, as well as invited individuals from academia and the legal profession, in two separate courses with the objective of improving labor mediators' abilities to provide appropriate, concise, and sound decisions in the mediation process, as well as encourage the use of alternative negotiation techniques. Training would emphasize the importance of encouraging dispute resolution by the parties themselves before appealing to public institutions for arbitration.
- 3.20 To complement the mediation training course, one international visit by five mediators would be organized to a country engaged in on-going mediation activities, so that these mediators would be able to observe new methods and aspects of conflict resolution in practice, and to relate these methods and practical aspects of mediation in the Dominican Republic. The five participants of this training tour would form a core group of mediator trainers that will be tasked with providing mediation training to additional groups of participants throughout the life of the project and beyond. For this activity participants must enter into agreements establishing the terms under which they shall provide training.
- 3.21 The third activity would be to establish the labor market information requirements for the SET to support the development of improved labor statistics and information management (two experts, five months in total). Government, organized labor, and employers associations, all confirm that there is extremely limited data in the Dominican Republic on employment, income distribution, productivity and other labor-related statistics. While this component activity will not attempt to address all of the labor market information gaps in the country, it will (i) aim to assess current labor market data and minimum data collection and analysis requirements with the objective of ensuring that basic employment and occupational data is collected; (ii) determine what the specific training, computer, and procurement needs are for the SET and (iii) conduct initial training for SET staff, union officials, and private sector individuals, selected by the National Employment Commission, in the analysis, storage, presentation, and distribution of relevant labor market statistical information. The acquisition of such skills would enable the National Employment Commission, through the SET, to formulate more accurately labor policy and monitor the impact of its work.

IV. ORGANIZATION AND EXECUTION

- 4.1 The length of time for the implementation of the program is three years. The Secretaría de Estado de Trabajo, Department of Employment and Human Resources, Unit for Work Inspections, in collaboration with the National Employment Commission, would be the executing agency. Day-to-day project coordination and supervision would be handled by a Project Coordination Unit, that would be housed at the Secretaría de Estado de Trabajo which has the facilities and budgetary resources necessary to administer the project. The Project Coordination Unit would be composed of a General Coordinator, who would be the Director General of Employment and Human Resources at SET; one administrative expert with knowledge of project finance and administration; one systems analyst; one short-term international labor relations expert that would be contracted to guide project design and implementation over a three month period over the life of the project; and one secretary. The National Employment Commission, however, would approve project staff appointments and international and local experts hired to complete the component activities. (Terms of reference for all project staff may be found in Annex V.)

V. PROJECT COST SOURCE OF FINANCING AND PROJECT BUDGET

- 5.1 Project costs are estimated to be the equivalent of US\$828,000; US\$663,000 of which would be provided in the form of a grant from the MIF and US\$165,000 would be provided through in-kind and cash contributions by the National Employment Commission, through its Secretariat, the Secretaría de Estado de Trabajo.

| LABOR RELATIONS AND TRAINING PROJECT BUDGET OF ACTIVITIES | | | |
|--|---------|---------|---------|
| CATEGORIES OF EXPENDITURE | MIF | LOCAL | TOTAL |
| COMPONENT I: LABOR MANAGEMENT CAMPAIGN | 357,312 | 39,000 | 396,312 |
| 1. Consulting firms | | | |
| a) Fees | 297,760 | 39,000 | 336,760 |
| b) General Expenditures | 59,552 | 0 | 59,552 |
| COMPONENT II: TECHNICAL ASSISTANCE TO SUPPORT THE REFORM | 245,296 | 111,000 | 356,296 |

| | | | |
|--|---------|---------|---------|
| 2. Individual Consultants | 174,184 | 19,200 | 193,384 |
| 3. Participants | 12,900 | 15,000 | 27,900 |
| 6. General Support | 40,000 | 91,800 | 131,800 |
| 8. Consultants for Program Evaluation (intermediate and ex-post) | 18,212 | 0 | 18,212 |
| 98. CONTINGENCIES | 60,392 | | 60,392 |
| GENERAL TOTAL | 663,000 | 165,000 | 828,000 |

VI. DISBURSEMENTS

- 6.1 The following special conditions have been established for the first disbursement of the project: (i) the executing agency will produce evidence that it has within its budget counterpart funding for the first year of project implementation; (ii) the designated Director General of the Project Coordination Unit is appointed and office space, equipment, and personnel necessary to implement the program are in place. Prior to disbursement of funding for the specific activities contained in component 1, the executing agency will submit to the Bank the terms of reference to be used for contracting consultants.
- 6.2 Disbursements of the resources of the grant and procurement of the goods and services would be made in accordance with standard Bank procedures. The revolving account for advanced distribution of project funds shall be the equivalent of up to 20% of the amount of the grant and made upon request of the executing agency. The Bank may authorize changes in the project provided that such changes do not affect the essential objectives of the program.

VII. VIABILITY AND RISKS

A. Benefits

- 7.1 This project has a number of benefits, including: (i) it will enhance industrial relations in the Dominican Republic by providing the SET with the tools necessary to introduce innovative labor relations policies; (ii) it will increase the general awareness in the public of the rights and responsibilities of both workers and employers as encapsulated in the new labor code, thereby encouraging more effective collective bargaining; (iii) it will contribute to the creation of leaders, trainers, and in-plant

supervisors with increased capacity in labor-management relations who through this project, will have the opportunity to analyze and evaluate innovations in labor management relations as relates to increased product quality, productivity and competitiveness; (iv) through the in-plant training programs, models of innovation in labor-management relations will be set in motion at the enterprise level, where the effects of the pilot project within the context of society and the economy may be closely observed and used to make additional recommendations for future programs; and (v) it will help to guide future dialogue on structuring effective labor-management cooperation schemes and necessary institutional reform.

B. Risks

- 7.2 The main risk of the project relates to its ambitious training schedule and the capacity of the SET to oversee the program. This risk is minimized by the establishment of a Project Coordination Unit that includes project administration expertise as well as labor relations expertise; it is also reduced by the role of the SET which has project management expertise. Another risk relates to the ability of the executing agency to ensue the levels of participation required in each of the various training activities, especially from the private sector. This risk is mitigated by the tripartite structure of the project design whereby the private sector, through the National Employment Commission, has an active voice oversight function in the project design and implementation and a vested interest in participating in the training activities.

VIII. COMPLIANCE WITH PROJECT ELIGIBILITY CRITERIA

A. General criteria for project eligibility

- 8.1 The proposed project is consistent with the general purpose of the MIF approved in the Agreement Establishing the MIF, specifically Article I, (b) referring to the implementation of development strategies which promote private sector participation in human resource issues.

B. Facility Criteria for Project Eligibility

- 8.2 The project is consistent with the criteria for grant financing under the Human Resources Facility of the MIF Agreement which establishes, among other criteria, that grants be provided to develop the skills of the work force. The project provides financing for activities that will assist in the promotion of structural adjustment policies and improve the functioning of the labor market in the country.

IX. COMPATIBILITY WITH THE BANK'S COUNTRY PROGRAM

- 9.1 The overall Bank strategy for the Dominican Republic calls for activities and programs conducive to diversification, and the stimulation of the private sector, in tandem with public sector reform and more efficient public sector allocation of resources. In the area of training and education, priority areas include reform of delivery systems and the strengthening of the human resource base to better address emerging labor market needs through a more efficient and effective training systems and greater private sector participation. This project is wholly compatible with this strategy as it seeks to introduce innovative approaches and methodologies to deal with the issue of labor-management relations that would support public sector reform efforts.

X. AVAILABILITY OF MIF RESOURCES

- 10.1 **Funding Modality.** The project is expected to be financed through a grant based on the following points: (a) The Dominican Republic was declared eligible for all modalities of financing under the MIF by the Donors Committee on September 12, 1994; (b) the compliance of the Dominican Republic with the criteria of eligibility for obtaining grant resources at the country level (Article 3, Section 5b of the MIF Agreement) is detailed in section III paragraphs 3.1, 3.2 and 3.3 of the Eligibility Memorandum of the country (MIF/GN-8); and (c) the proposed project will facilitate increased productivity among the work force.

XI. EVALUATION

- 11.1 There will be two external assessments of the project: a mid-term review at the 18 month point to report on progress made and a final evaluation three months after the end of the grant period.

A. Mid-term review

- 11.2 The Bank will engage the services of a consultant, to conduct the mid-term review. This first assessment would focus on the organizational and consensus building aspects of the project and their impact on the overall administrative operations which have been put into place. The evaluation process will be guided by the general and specific goals of the project and the project indicators. The work program for the review will be written from the standpoint of how effectively grant dollars were spent for specific areas of the budget. The purpose of the review would be to allow for corrective actions on areas demonstrating significant deficiencies.

B. Final evaluation

- 11.3 Not later than three months after the activities which constitute the total project have been completed, the final evaluation would be conducted. For this purpose, the Bank would engage the services of a consultant(s) to conduct the "ex-post" evaluation based on the above mentioned specific objectives as the basis of the work program. The consultant(s) shall take into account the impact of the program on individual participants and the interrelationship the project is designed to promote. The indicators outlined in Annex II should be used to guide project evaluators.

PROJECT INDICATORS

| SUMMARY OF OBJECTIVES | EXPECTED PROGRAM RESULTS | METHOD OF VERIFICATION | ASSUMPTION |
|--|--|---|---|
| <p>Specific Objective</p> <p>Define the role government, and worker representatives in a decentralized labor mediation to improve the technical, and professional capabilities of resolve labor disputes within the or; and (iii) to identify ways and improving the country's capacity to age, and present information on ns and labor market needs.</p> | <p>1. 30% of public sector and private sector mediators and negotiators participating in this program will have occasion to use innovative labor dispute resolution techniques during the life of this project.</p> <p>2. The preparation for a 5 year strategic workplan will be conducted for the Labor Secretariat's policies and programs.</p> <p>3. Labor market information management requirements will be assessed and recommendations provided for improved collection techniques, methods of analysis, and publication of information.</p> | <p>Evaluation questionnaire; union, employer, and SET's reports.</p> <p>Adoption of preparatory work and recommendations for strategic workplan by the SET and National Employment Commission.</p> <p>Evaluator's report.</p> | <p>Political will and ability to introduce cooperative of labor relations and bargaining techniques.</p> <p>Willingness of labor and management represent to participate in the design implementation and evaluation a labor relations project</p> <p>Sufficient degree of labor to justify the project will enough to adversely affect implementation.</p> |
| Components & Activities | Expected Results of Activities | Method of Verification | Assumptions |
| MANAGEMENT CAMPAIGN | <p>150 national leaders instructed.</p> <p>150 promoters trained.</p> <p>30 team promoters trained and prepared.</p> <p>15 labor-management cooperative committees established in 5 separate companies (150 participants).</p> | <p>Attendance registration.</p> <p>Executing agency reports.</p> <p>Evaluation consultant report.</p> <p>Company reports.</p> <p>Participant evaluations.</p> | |
| by National Conferences. | <p>150 national leaders from government, labor and management will have participated jointly on issues resulting from these five conferences. Conferees will have: 1) analyzed theories of labor/management relations, 2) ratified a national L/M program, 3) evaluated current L/M efforts, and 4) formulated a plan for continuing innovations in labor-management relations.</p> | <p>Reports by executing agency.</p> <p>Documents.</p> <p>Register of participation.</p> <p>Report by evaluation consultant.</p> | |
| Week Seminars on Innovations in Management Relations (theoretical). | <p>150 worker, employer and government representatives will have participated in 40 hours of instruction, analysis and comparison of various models of innovative labor management relations.</p> | <p>Attendance register.</p> <p>Participant evaluations.</p> <p>Instructor evaluations.</p> | |

| PRIMARY OF OBJECTIVES | EXPECTED PROGRAM RESULTS | METHOD OF VERIFICATION | ASSUMPTIONS |
|--|---|--|-------------|
| Work Seminars on Methods of Innovations in Labor-Relations (practical). | 150 worker, employer and government representatives will have participated in 40 hours of training exercises, methodology, and group techniques in establishing labor-management cooperative committees. | Attendance register. Participant evaluations. Instructor evaluations. | |
| Workshops at enterprise level workshops per month for six different enterprises). | Five promotional teams of six individuals each (selected from theoretical and practical workshops) will conduct these workshops. 1-3 labor management committees will be established at each of five participating businesses or enterprises, consisting of approximately 8-10 persons each. | Attendance register. Team reports. Enterprise reports. Committee evaluations. Report by evaluation consultant. | |
| and Filming | A minimum of five videos of five minutes each will be designed, covering five different areas of labor-management relations. Five videos will be filmed and distributed. | Executing agency report. Visual verification. | |
| ing and reproduction of posters, brochures, and labor | 5,000 copies of informative pamphlets. 5,000 promotional posters. 5,000 informative brochures. 5,000 labor guides. | Executing agency report. Visual verification. | |
| ASSISTANCE | | | |
| Work Mediator Training Courses. | 60 participants from the Labor Secretariat, unions and management, as well as invited individuals from academia and the legal profession, will have participated in intensive mediator training to enhance mediation skills. | Evaluations by course participants. Evaluations by course providers. Report by executing agency. | |
| visits by five mediators who will serve mediators in another region in ongoing mediation | Five mediators will observe new methods and aspects of labor mediation in practice, and relate these methods to the practical aspects of mediation in the Dominican Republic. | Required written report by each mediator. Report by executing agency. | |

| SUMMARY OF OBJECTIVES | EXPECTED PROGRAM RESULTS | METHOD OF VERIFICATION | ASSUMPTIONS |
|--|---|--|-------------|
| Information Management Labor Secretariat Staff | 20 Labor Secretariat staff will participate in training, including a significant percentage from regional offices, and will become more proficient in analyzing, storing, presenting, and distributing relevant labor market statistical information. | Executing agency report. Participant evaluations. | |
| Workplan meetings and discussions with government, labor and unions. | The preparatory work for a 5 year strategic workplan will be developed that will delineate future policies and activities for consideration by the Secretaria de Estado de Trabajo. | Executing agency report. | |

PROPOSED RESOLUTION

DOMINICAN REPUBLIC. NONREIMBURSABLE TECHNICAL COOPERATION FOR
A LABOR MEDIATION TRAINING PROGRAM

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Secretaría de Estado de Trabajo of the Dominican Republic and to take such additional measures as may be pertinent for the execution of the project memorandum referred to in Document MIF/AT-_____, with respect to a technical cooperation program for Labor Mediation Training.

2. That up to the amount of US\$663,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.