
CASE STUDY 13 – DOMINICAN REPUBLIC

The Competitiveness National Council

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Background

In 1998 the Competitiveness National Plan (Plan Nacional de Competitividad – PNC) was drawn up, followed in 2000 by the Competitiveness National Strategy (Estrategia Competitiva Nacional – ECN). These efforts led to the launching of the Competitiveness National Program (PNC) in March 2002. The Competitiveness National Council (CNC) was designated as the oversight agency for this joint public-private venture.

The CNC's main objective is to formulate and implement competitive strategies in key production sectors of the Dominican economy. One of its priorities is to identify and develop competitive advantages in the production sectors that contribute the most to the economy; action committees have been established for each of these sectors, which are tourism, agribusiness, local manufacturing and export processing, and small and medium-sized enterprises.

Generally speaking, the CNC's lines of action focus on improving the business climate, developing export and trade activities, developing clusters and production chains, and enhancing competitiveness.

The CNC as an institutional model for public-private continuous dialogue

The Competitiveness National Council (CNC) was established in 2002 by presidential decree to define competitive strategies and priorities together with a strategic competitive vision for developing the country's economic potential. The decision was taken in response to the need for a consensus regarding new policies on competitiveness.

The CNC is a private-public partnership institution that works as a mechanism for pooling the efforts of the government and the private sector to formulate and implement specific action-oriented measures.

Also, as the governing body of the PNC, the CNC is in charge of proposing projects to improve the business climate, approving competitiveness arrangements, reviewing sector competitiveness strategies, and overseeing the board of directors. Its specific duties include:

- (i) Requesting the strategic analyses and diagnostic studies required to identify constraints on the competitiveness of firms in the target sectors;
- (ii) Defining competitiveness policies, strategies and priorities;
- (iii) Consulting with the relevant stakeholders in the country about what action is needed and about their plans and strategies;

(iv) Designing and submitting proposals for competitiveness policy tools and reforms to business regulations to senior management for consideration and processing;

(v) Submitting the shortlist of candidates for the post of chairman of the board of directors to the senior management; and

(vi) Monitoring implementation of proposed program actions.

To support the sector efforts of the CNC, action sector committees have been set up. These committees are formed by representatives of the relevant sectors and areas addressed by the program. Their aim is to create a forum for cluster leaders, trade union representatives, members of government agencies, and other interested parties. These committees are coordinated by a sector adviser selected by the CNC in consultation with the relevant stakeholders.

The CNC is organized by components. Each one represents a key sector of the Dominican economy. The components are: a) Agricultural Business; b) Public Politics; c) Industrial Manufacture; d) SME's; e) Tourism; and f) Business Climate Initiative. Each component has one advisor or coordinator who works directly with their action sector committee. These committees are formed by stakeholders from the private and public sectors. Private sector incorporation is determined by public recognition and preeminence within the relevant sector, and request to participate. There are also working groups and round tables in which other stakeholders participate and channel their suggestions to sectoral committees.

The coordinators of each component are hired by the CNC on professional merits. Currently all coordinators have been approved by the Inter-American Bank and work within the framework of a Competitiveness Project funded by the IDB.

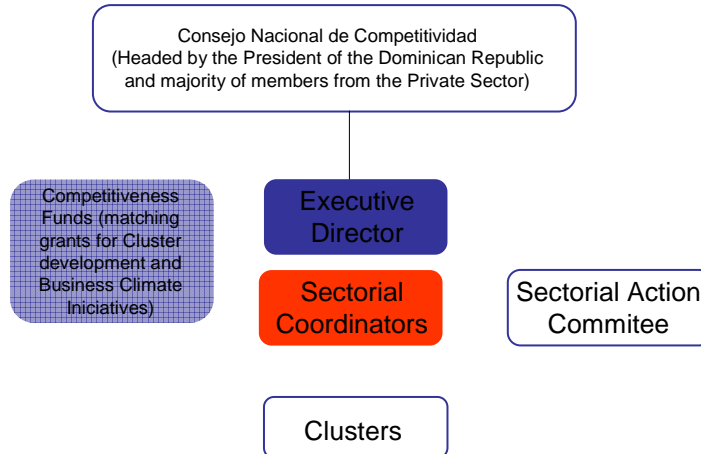
Coordinators are in charge of designing their respective sectoral committee strategies and projects that will increase the competitiveness and productivity of their sector.

In addition to the importance of coordinating the public and private sectors' efforts, the CNC has the challenge of promoting associativity within the private sector. One of the main constraints in many aspects of the country's export production, marketing, and distribution systems is the small size of its production units, which limits their purchasing power, affords fewer opportunities to position themselves in the global economy, and makes them less likely to undertake collective action.

A key factor in the creation of competitive advantages for Dominican firms is the adoption of modern forms of organization that would allow them to increase the efficiency of their production processes, improve the quality of their products and services, and achieve international coverage in marketing and in the identification of new markets, brands and products.

By promoting the development of clusters, the CNC is using public-private dialogue to lead to concrete actions, in addition to the traditional approach of discussing ambitious and complex reforms and policies.

CNC Structure



Lessons learned

Lessons learned regarding the institutional structure of a national program for increasing competitiveness include the following:

- (i) The program should be based on an agreement between the public and private sectors under which the private sector will be the main driving force of the initiative and the public sector will act as a strategic partner;
- (ii) It is important to agree upon a shared approach in order to consolidate the support required from public and private stakeholders;
- (iii) A participatory strategic planning process (“from the bottom up”) is required;
- (iv) It’s important to have the services of an agency with sufficient stature and leadership capacity to guide the process and to match up goals and achievements;
- (v) Policy-making should be kept separate from service delivery;
- (vi) Legitimacy and representativeness of the participants is essential to facilitate the formulation of viable public policies; and
- (vii) It is important to engage the media and make relevant information readily available.

Author:

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As the executive director of the Competitiveness National Council, Andres van der Horts is largely responsible for the implementation of the Competitiveness National Plan also for supervising the project managers in charge of the research and analytical studies that support the development initiative in the manufacturing sector.

The CNC creates competitiveness and functional strategies for different sectors of the Dominican economy, supporting the government in the projects and initiatives necessary to enhance productivity and quality, and creating the environment for private and public sector interaction.

Van der Horst has a Degree in Business Administration from the Pontificia Universidad Catolica Madre y Maestra, a Masters Degrees in Science of Strategic Management and a Business Administration Major in Finance from the University of Miami, and a Masters in Marketing and International Commerce from the University of Barcelona.

He also is the author of the following publications:

- The pace for the new revolution in the Cigars Market, 3rd Conference of Retail Tobacco Distributors Agents, Chicago, II - June 1997
- The Cigars Boomers, Journal of Marketing Association of South Florida, 40,3 (1998), pp 293-297
- An Integral Strategic and Operation System for Tourist Convenience Retail Shop, with M. Oliff and J. David, Proceedings 4th International Conference Marketing Association of South Florida of 1998
- Strategies for State-Owned Enterprises in the Dominican Republic, with Sixto Marquez, Proceedings of the 14th National Symposium on Hispanic Business and Economy, Mexico, September 1998.
- The Dominican Businesses facing the new ways of Competitiveness, Listín Diario Journal, Dominican Republic, 1999
- Privatization Dominican Republic vs Venezuela, with Sixto Marquez, Proceedings of the 8th Business and Economy Conference, Birmingham, AL, October 2001
- A Tactical Strategic Planning System, with Sixto Marquez, Proceedings Decisions Science Institute of School of Business, University of Miami, Miami, FL, February 2002
- Columnist for the journals Listin Diario, El Caribe and HOY.