

## Dominican Republic

Between 1990 and 2019, the Dominican Republic showed progress in the fight against poverty and inequality. However, its current levels are high when compared to countries of similar development in Latin America and the Caribbean and in the world. As a result, there are still important structural gaps, defined as the different expressions of inequality, which are wide and persistent, in different areas and among different groups of people, and this hinders development.

### Socio-economic context of the Dominican Republic

In 2020 the COVID-19 pandemic and its variants had a strong impact on the tourism sector, on public finances and on the economy in general. Thus, despite significant and sustained progress in reducing inequality and poverty, high inflation, rising interest rates and the slowdown in the pace of growth of the global economy pose a threat to this progress in the short and medium term.

After the lost decade of the 1980s, the following 30 years were characterized by high economic growth, followed by occasional crises.

The average annual growth of GDP during this period, not taking into account the crisis of 2020, was: **5.0%**

and gross domestic product (GDP) per capita: **3.5%**

Inflation between 1992 and 2002 registered an annual average of:

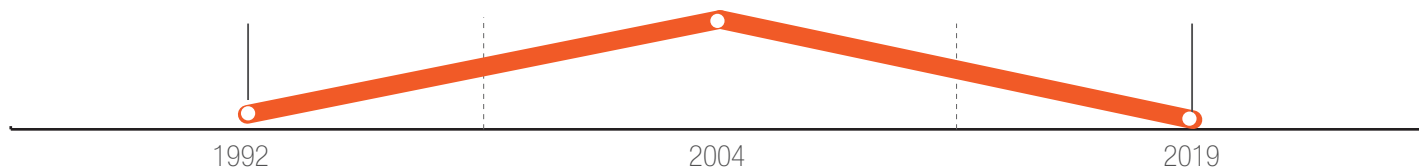
**7.0%**

The 2003 domestic financial crisis caused inflation to rise to:

**51.5%**

Between 2005 and 2019, it fell to:

**4.5%**



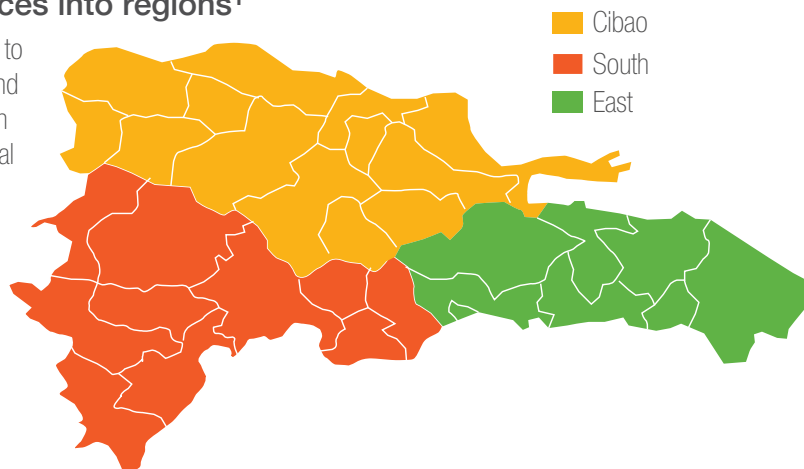
### Gap approach



According to ECLAC, the Dominican Republic has made significant progress in poverty reduction in the last 20 years. The increase in poverty in 2003, as a result of the financial crisis and its effects on the national economy stands out. However, the country has not shown the same level of progress in terms of income distribution as in poverty reduction.

### Grouping of the provinces into regions<sup>1</sup>

The proposed regions correspond to areas with their own geographic and demographic characteristics, which are ideal for an analysis of structural gaps. The territorial analysis will allow identification of structural disparities and socioeconomic lags in certain areas of the national territory.



In 2019, GDP per capita in purchasing power parity (PPP) average of OECD member countries was:

US\$ **44.55**

the GDP per capita of the Dominican Republic:

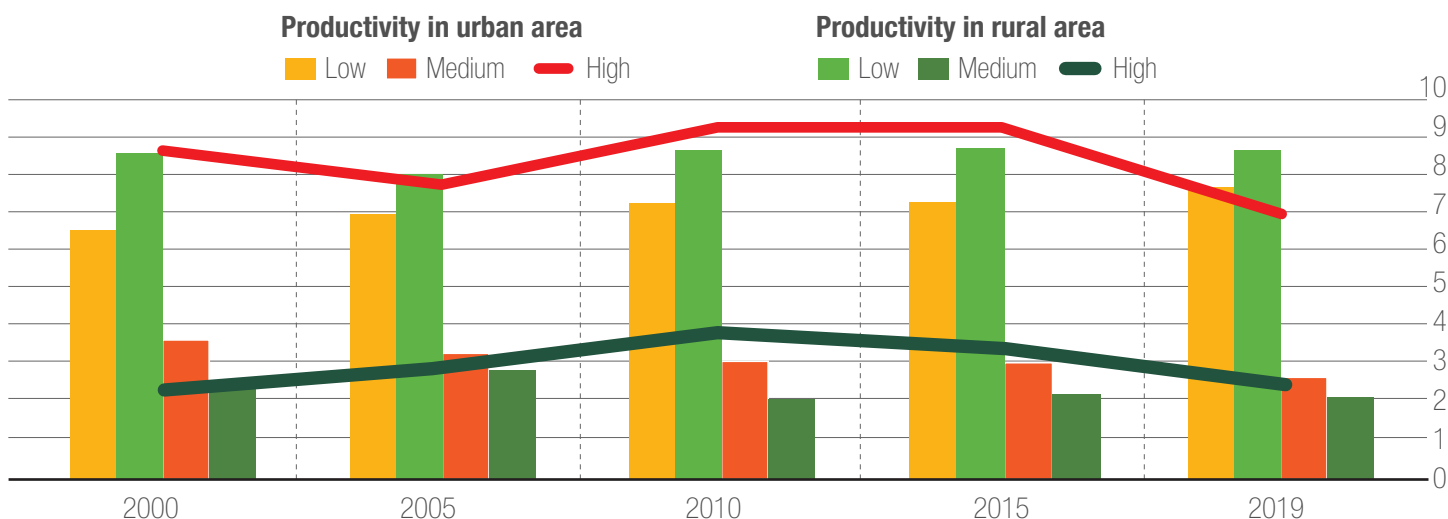
US\$ **18.41**

1: Prepared by the authors based on official information.

Notes: The regionalization proposal corresponds to the three macro regions defined in Presidential Decree 710-2004 in order to facilitate the implementation of public policies.

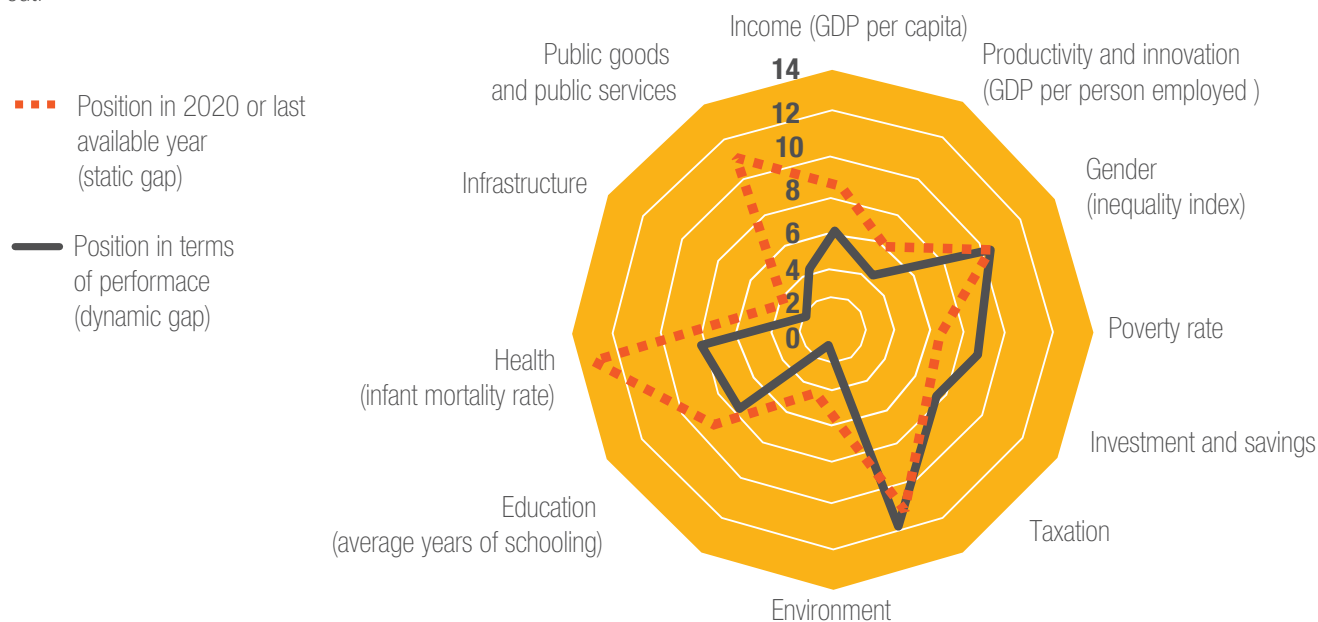
## Structure of the employed population per economic activity sector by geographic area

Income inequalities between urban and rural areas are associated with productivity disparities between these areas. Urban areas concentrate the sectors of activity with the highest productivity, whereas low productivity activities are concentrated in rural areas.



## Static and dynamic horizontal gaps compared with LAC countries

It is evident that, in a Latin American context, although the Dominican Republic is in a lagging position at the regional level for a number of gaps, its relative dynamic performance has been significant for other gaps. Its static performance has been particularly slow for the gaps related to gender, taxation, health, and public goods and services. However, relative performance among the selected countries varies greatly depending on the indicator. The Dominican Republic's positive dynamic performance in productivity and innovation, environment, infrastructure, and public goods and services stands out.



Source: Prepared by the authors.

Note: Given the demographic characteristics of the G20 countries and their comparability with the Dominican Republic, this graph does not include the ethnic gap.