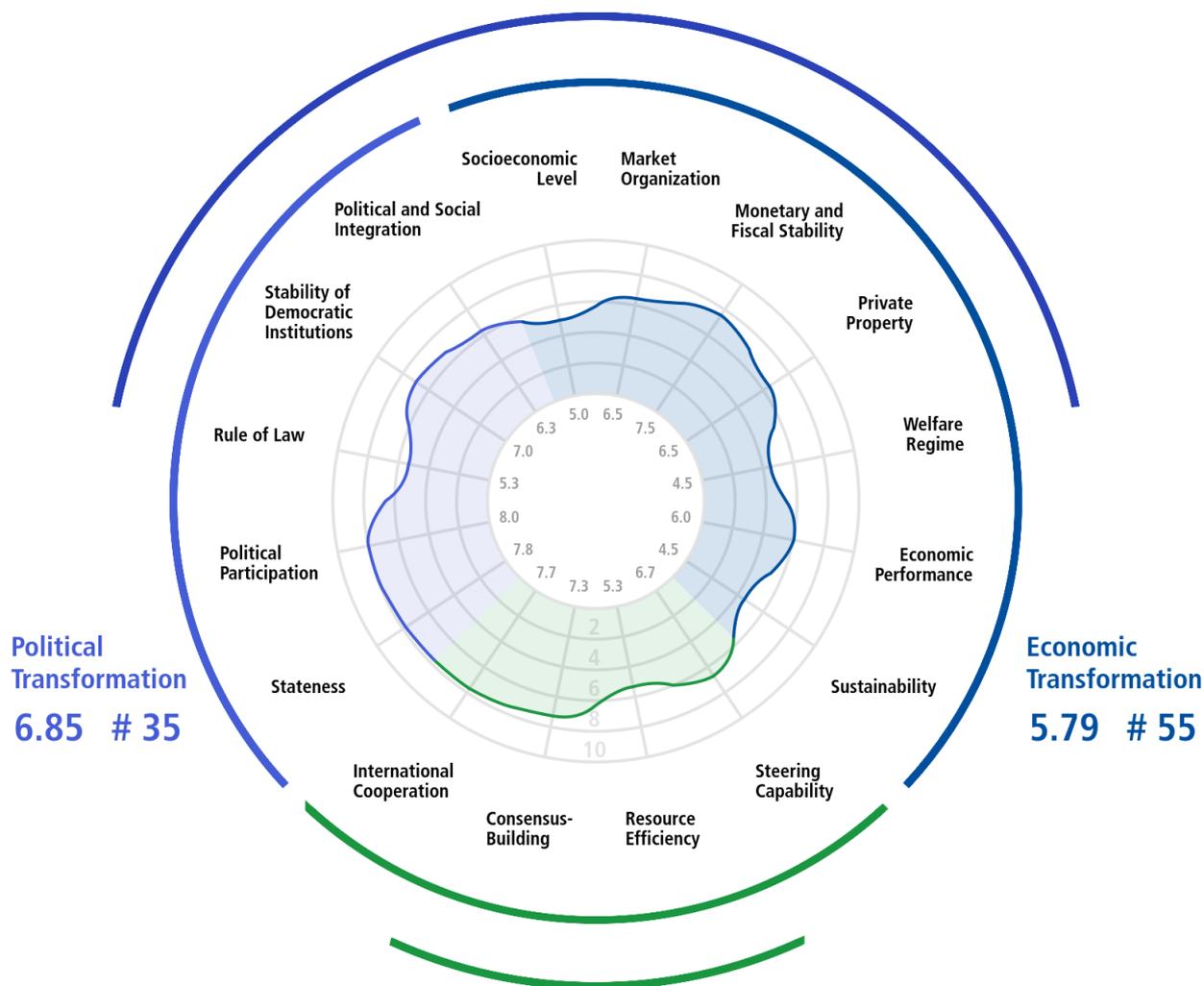


Dominican Republic

Status Index

6.32 # 40

on 1-10 scale out of 137



Political Transformation
6.85 # 35

Economic Transformation
5.79 # 55

Governance Index

5.84 # 29

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2022**. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

Please cite as follows: Bertelsmann Stiftung, BTI 2022 Country Report – Dominican Republic. Gütersloh: Bertelsmann Stiftung, 2022.

This work is licensed under a [Creative Commons Attribution 4.0 International License](https://creativecommons.org/licenses/by/4.0/).

Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Strasse 256
33111 Gütersloh
Germany

Sabine Donner

Phone +49 5241 81 81501
sabine.donner@bertelsmann-stiftung.de

Hauke Hartmann

Phone +49 5241 81 81389
hauke.hartmann@bertelsmann-stiftung.de

Claudia Härterich

Phone +49 5241 81 81263
claudia.haerterich@bertelsmann-stiftung.de

Sabine Steinkamp

Phone +49 5241 81 81507
sabine.steinkamp@bertelsmann-stiftung.de

Key Indicators

Population	M	10.8	HDI	0.756	GDP p.c., PPP \$	17937
Pop. growth ¹	% p.a.	1.0	HDI rank of 189	88	Gini Index	41.9
Life expectancy	years	74.1	UN Education Index	0.666	Poverty ³	% 2.7
Urban population	%	82.5	Gender inequality ²	0.455	Aid per capita \$	12.5

Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.20 a day at 2011 international prices.

Executive Summary

The period under review has been very trying for Dominican democracy, but it ends with a stronger democracy than before. The concerns and warning signs were many. Ex-President Medina's drive to reform the constitution to win another re-election threatened the political institutions and social peace. The split-up of the ruling Partido de la Liberación Dominicana (PLD) into two parties in 2019 threatened governance. And the suspension and postponement of the local election raised fears of fraud and concerns about election fairness. Still, local and regional elections were held in a free and fair manner in the midst of a pandemic, and the postponed presidential elections not only generated alternation in power after 16 years of PLD rule, but also resulted in one of the more orderly and peaceful transitions in the country's democratic history.

President Abinader of the PRM (Partido Revolucionario Moderno), who took office on August 16, 2020, also won a safe majority in the Senate and a near majority in the Chamber. Combined with Abinader's conciliatory manners, this is a positive sign for governance, relations between parties, between the government and civil society, and for the continued democratic transformation in the country. Abinader's choice of personnel, especially in the justice sector, have instilled hope in many that the necessary transformation of the state to combat inefficiencies and corruption might be the next steps in the democratic transformation of the country.

Economically, the Medina administration was very successful, building on the relatively healthy macroeconomic growth experienced in previous periods, but the pandemic has created a lot of uncertainty and affected many people and economic sectors, in particular the important tourism sector. President Abinader's economic team signals continuity and his continued priority for an economic transformation based on macroeconomic stability and growth. The new administration also supports and builds on the slow, and at times ineffective, priority of poverty reduction, job creation, and social reform. Especially noteworthy is the new administration's willingness to look into and improve relations with Haiti, and the dire social and legal situation of Haitian migrants and Dominican-Haitians. Abinader is therefore committed to the ongoing economic transformation, but this agenda will be delayed due to the economic costs of the pandemic.

The pandemic was a severe disruptive shock. The country is the most tourism-dependent in the region, and the potential economic as well as health consequences could be devastating. Yet, considering the constraints, the Medina and Abinader administrations have dealt relatively effectively with the COVID-19 pandemic. Both administrations have used health experts effectively to guide a science-based approach and used international loans to expand the existing social programs to alleviate the uneven social costs that have fallen on the poor. While the economy has retracted considerably, the country has fared better than feared.

History and Characteristics of Transformation

The assassination of General Rafael Leonidas Trujillo in 1961 ended 30 years of dictatorship; the 1963 military coup against the democratically elected Juan Bosch was followed in 1965 by a brief period of civil war and military intervention by the United States. In 1966, while the country was still under military occupation, civilian rule was restored with the election of Joaquin Balaguer, but democratic development remained stagnant for decades as neo-patrimonial structures dominated both the state and the economy. The conservative Balaguer succeeded in maintaining power from 1966 to 1996 (save for a period from 1978 to 1986), in part by exploiting largely fraudulent election processes with close and questionable results. Personality-based internal conflicts as well as ideological and political differences led to frequent splintering of opposition parties.

Having lost the middle classes and the popular sector, Balaguer's departure from power in 1978 initiated a short-lived surge of democratization. However, the transformation process stagnated once again after Balaguer returned to power in 1986. In 1994, formidable local pressure exerted by the Partido Revolucionario Dominicano (PRD) and civil society supported by U.S./Organization of American States (OAS) helped make extensive institutional reforms possible and facilitated the end of the Balaguer regime two years later. Since then, there has been significant progress in transformation, not only in establishing the country's first credible regulation of political competition, but also in improving the human rights situation, favoring the development of a civil society and significantly reducing neo-patrimonial power over business. Modernizing the judiciary and state administration also helped to enhance electoral and government credibility among the population. Notwithstanding this progress, the lack of appropriate legislation and ability of the frequently politicized Junta Central Electoral to control government spending in the promotion of official candidates remain a concern.

From 1982 to 1986, President Salvador Jorge Blanco (PRD) took the first important steps toward free trade by liberalizing the exchange regime. The implementation of free trade policies unleashed a cycle of protests that began with an uprising that lasted three days in April 1984. The cycle extended until the early 1990s but had limited gains. By the 1990s, the country relied much less on sugar exports for its foreign exchange compared to exports from free trade zones, tourism and remittances from overseas migrants. In the aftermath of the 2003 banking crisis, free trade zones have declined as many companies left the country for China and other destinations, but together

with mining (in particular for gold), free trade zones (FTZs) still constitute an important part of the export sector. In the early 1990s, President Balaguer implemented a limited number of free trade measures, and most of the economic transformation involving policies of privatization and free trade gained traction under President Leonel Fernández in the late 1990s. These important steps toward free trade through regional integration were continued under subsequent governments.

The dynamic character of democratic transformation in the Dominican Republic is attributed primarily to a willingness and ability to cooperate and compromise on the part of political elites, and on the application of pressure from both civil society and international bodies. The government itself cannot really be credited for exercising any profound influence on successful transformation, even though both President Fernández of the PLD during both stints in government (1996 – 2000 and 2004 – 2012), and the government of President Hipólito Mejía, PRD (2000 – 2004), both supported several democratic and state reforms.

Nevertheless, the neo-patrimonial system and the patronage-based operating mechanisms of parties not only limit the executive's ability to act, but in turn force each new government to slow the pace of transformation. Structurally ingrained, these obstacles have weakened the outcomes of policies pursued by the Medina administration (2012 – 2020) to create progressive transformation in education and health and to reduce poverty.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state holds a monopoly on the use of force over the entire territory. The state's authority is not threatened or challenged by local clan monopolies, guerrilla or secessionist movements. The homicide rate has been on an unbroken downward trend since 2011: It is stipulated at 9 per 100,000 in 2020, quite a low rate in the region and especially in the Caribbean, where rates often exceed 20. However, problems connected to drug-trafficking and organized crime have been a growing concern for some time. Due to its geostrategically favorable location – especially its proximity to the cocaine hub of Venezuela and the sales market United States – the country is a regional hub for cocaine transshipment. Local groups often have international connections to Mexico and Colombia, and use their connections with the local police and the military to facilitate drug-trafficking. Analysis by InSight Crime indicates that these groups have become increasingly sophisticated and independent, as well as engaged in money-laundering, as demonstrated by the dismantling of one of the largest drug-trafficking rings in 2020.

The legitimacy of the nation-state is rarely questioned. However, there is a large and growing minority of Haitian immigrants and of Dominican-Haitians whose political and socioeconomic participation is hampered by both formal and informal barriers. In 2010, their citizenship rights were restricted by the constitution. For example, children born to Haitian parents residing illegally in the Dominican Republic were constitutionally denied registration as citizens. Furthermore, the relevant authorities, such as the Central Electoral Board, regularly denied a renewal of birth certificates to Dominican-Haitians, which register them as Dominicans, or present obstacles to regulating Haitians' migratory status. The Abinader administration (2020 – 2024) has signaled a radical change to these policies and made agreements with Haiti with the aim of helping Haitian migrants and Dominican Haitians obtain legal documents, residency or citizenship. Yet the persistence of right wing neonationalists complicates matters and makes it harder for the Abinader administration to act swiftly.

Question
Score

Monopoly on the
use of force

8



1

State identity

7



1

Roman Catholics make up between 50% and 64% of the population. Recent studies show a significant decline of self-identified Catholics. Protestantism and evangelism, however, are increasing rapidly, with recent surveys indicating as many as 26% self-identifying as Protestants or evangelicals. The separation of church and state is generally effective, and religious dogmas play a minor role in political life. The legal code and framework are based on secular norms and positive law, but religious dogma clearly interferes with politics on moral issues. The Catholic Church is still one of the most powerful and respected institutions in the country, and surveys reveal the Church to be the most trusted Dominican institution. Nonetheless, it is worth noting that recent scandals about child molestation by priests has somewhat diminished the prestige of the Church in the eyes of the population. The local Catholic Church influences politics and lobbied effectively to introduce a total ban on abortion in the 2010 constitution, and, together with the ever-stronger evangelical churches, it exercises influence in Congress as demonstrated by that body's continuous effort to uphold the total ban in the penal code. The debate on allowing abortion in case of rape, incest or a serious threat to a woman's life has been ongoing since 2014, with a liberal reform facing strong resistance in Congress despite receiving support from a large majority of the population, and the current Abinader administration.

Despite a weaker presence in both rural and border regions, the state is largely present throughout the country thanks to administrative institutions, officeholders and the basic administration of justice. The principle of a civil service career path was introduced by law in 1991 and reinforced by law in 2008 and 2012, but the laws are not always observed. The quality of state administration is still compromised by a high degree of political clientelism, insufficient human capital and corruption, which clearly hampers effective tax collection despite a series of laws passed over the last 10 to 12 years to broaden the tax base and improve tax collection. The Abinader administration has introduced a series of reforms to streamline and professionalize the administration, as well as to reduce corruption, clientelism and bloated and inefficient parts of the administration. It has closed down 77 state institutions that were inoperative or duplicating state functions. While the quality of basic services such as water and sanitation is much worse in rural areas and among poor barrios in the cities, the large majority of the population (85% and 84%, respectively) have access to these services. Communication and transport suffer from the same rural-urban inequalities as cellular, and Internet coverage is much better developed along the main transport routes and major cities than in rural areas. The larger cities, especially Santo Domingo, face huge transportation challenges connected to traffic jams and a transportation grid that has not kept up with urban growth.

The coronavirus pandemic severely affected sanitation services in 2020 as hand sanitizers and soap were out of stock. The issue of Covid-19 testing was poorly managed to the point that there is not yet an accurate count of how many people have been infected. Nonetheless, the Abinader administration has tried to get vaccines despite the limited access to the vaccine created by the European Union and the United States.

No interference of religious dogmas

9



1

Basic administration

7



1

2 | Political Participation

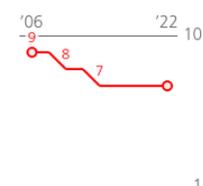
The country has held elections for the last 50 years, but only since 1996 have national and local elections generally been free and fair multiparty contests. The quality of elections, however, has seen a downward trend under the many years of dominant PLD rule (2004 – 2020). This downward trend culminated in the scandalous postponement of local and regional election on February 5, 2020. Widespread technical errors of voting machines forced the Central Electoral Board to suspend and postpone local and regional election only a few hours after voting started on Election Day. The opposition and the Media called fraud and blamed the PLD administration. Although fraud and malfeasance cannot be ruled out, the main errors were more likely connected to poor procurement of voting equipment and mismanagement of the Central Electoral Board. The local and regional elections were held in a free and fair manner on March 15, 2020, and participation was affected by the pandemic. Presidential and congressional elections originally scheduled for May 17, 2020, were moved to July 5, 2020, after some debate on whether the constitution would allow further postponements. July 5 was the latest possible date for the election in order to allow a transfer of power within the constitutionally set timeline. The campaign and elections were held in a relatively free and fair manner and were not unduly affected by the various states of emergency in effect between mid-March and June 30. Participation was down 14 points to 55.3%, most likely due to the pandemic. The peaceful transition of power to the PRM/Abinader administration after 20 years of PLD rule must be considered a positive sign for electoral democracy.

The high costs of organizing an election and campaigning are a continuing concern since they effectively block minor parties from participating on a fair basis. Recent legal reforms of political parties and elections (Laws 33/18 and 15/19) have not had the desired effect of reducing the time and costs of campaigning, increasing transparency of political parties' use of state and private funds, or securing a more equal ground for political competition. A particular concern is the use of state resources in campaigns both in direct clientelistic practices and vote-buying, and in access to the media.

Polling has been relatively accessible all across the country, but the pandemic threatened the voting in the exterior, which was maintained only after strong public pressure in 2020.

Free and fair elections

7



1

Democratically elected political representatives, essentially the president and the National Congress, have the power to govern, and there are no individual groups outside holding de facto veto power over politics in the state. The military has not been a threat to democratic politics since the early 1980s. Big landowners and business elites, particularly in key industries such as natural resource extraction, tourism and sugar processing, are clearly influential as they are in many Latin American countries, and often receive preferential treatment by elected politicians and the state, but they hold no veto over democratic decisions. There is also reason to be concerned of a potentially increasing impact of crime groups and illicit money from the drug trade, over politicians and some state authorities.

Although the Catholic Church or Evangelical churches have no veto power, they still exert influential power on moral issues such as abortion, where the current and previous administrations have a somewhat more liberal agenda.

The constitution provides for freedom of association and assembly, and the government generally protects these rights. Anti-government protests are generally tolerated. There are few severe restrictions, and protests and demonstrations are generally not met with state repression, but incidents of police and thug violence during demonstrations are a concern. Isolated incidents of deadly violence related to political activities also occur, as does abuse against civic groups, in particular those working for the rights of Haitians and Dominican-Haitians and against organizations and individuals working for equal rights of gays and lesbians.

Since mid-March 2020, however, the previous and current administrations have enforced an almost continuous a state of emergency (confirmed by Congress), which in January 2021 is still in force until March 2021. Together with a nighttime curfew still in force, these coronavirus measures have had a large impact on civil life and the right to assembly. Although clearly invasive, the measures have been confirmed by Congress at the lawfully set intervals, and have by and large met the requirements of legality, necessity and proportionality. Enforcement has been quite strict, but not always non-discriminatory, resulting in thousands of arrests for curfew violations. In particular during the first months the police confronted violations of the coronavirus restrictions with abuse and over-reactions. There was widespread police bribery during the curfews: Wealthy citizens could get away with violations, but the poor generally went to jail.

Effective power to govern

8



1

Association / assembly rights

9



1

Freedom of opinion and the press are constitutionally guaranteed and generally respected. Freedom of information legislation is in place (Law 200/04) but is only selectively effective. Investigative journalism is still rare but gaining broader attention and impact on political life, in particular through exposés of high-end corruption. Formal restrictions on freedom of opinion in the 1962 Law 6132, such as penalization of defamation and insults with prison sentences and cascade liability for the publication of insults, were declared unconstitutional by the Constitutional Tribunal in 2016. Media companies are mostly privately owned and pluralistic, though ownership is highly concentrated. There are more than 40 broadcast television stations, some 300 radio stations, four national and a large number of local newspapers, the vast majority of them operated by private owners. The structure of the mass media provides for a relative plurality of opinions; however, self-censorship among journalists is not uncommon. The written press is also reluctant to interfere with the economic interests of its owners or economic elites.

With some notable exceptions, critical and investigative journalists are rare and struggle to make a living. Access to the Internet is not restricted but still somewhat underdeveloped in certain rural areas. Roughly 80% of the population has Internet access and the percentage is rapidly increasing. During this period there have been few if any known threats or violence against journalists in the country, a clear improvement over the previous periods. President Abinader has also publicly defended independent journalism and freedom of the press and signed the Chapultepec and Salta declarations on independent journalism. Although a loose commitment, the current administration's statements offer a positive shift from previous periods. Despite frequent and long-standing states of emergency, the pandemic has not been used as a justification to restrict freedom of the press, but the state of emergency (Decree 137/20) did suspend administrative procedures including requests for information.

3 | Rule of Law

The independence and separation of powers is established by the constitution, but in fact, the executive branch has always maintained considerable predominance, mainly because of patrimonial control over state resources and executive concentration of authority. With the change of government in 2020, the predominance of the presidency is bound to be reduced somewhat after the PLD's 16-year rule. Although traditional government patterns of presidential dominance persist, significant improvements have been made since the end of the 1990s, and a more balanced Congress after the 2020 election should secure a vital role for Congress in holding the administration to account. The judicial sector has over time become more professional and more independent from political institutions, but the independence is still relatively fragile. The last two processes, in fall 2018 and early 2021, of partial renewals of the Constitutional Court have been relatively transparent and according

Freedom of expression

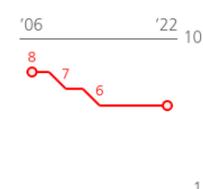
8



1

Separation of powers

6



1

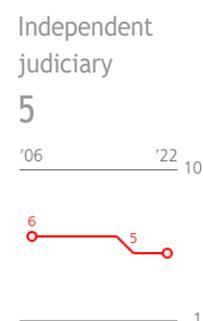
to experts and most aisles of politics, judges of high professional merit were elected. Routinizing such processes is an important step in safeguarding and strengthening judicial independence.

The series of states of emergency declared by presidential decree since March 2020 have been deemed legal and followed the existing procedural requirements such as congressional confirmation. Court challenges to states of emergency (e.g., against Decree 67/20 of prolonging the state of emergency) have not been upheld by the Constitutional Tribunal. Although the COVID-19 measures have presented challenges to courts, Congress and the system of separation of power, there is at present a very low risk of these affecting the functioning of checks and balances and democracy. The most important evidence of this is that the state of emergency and other COVID-19 measures did not prevent or were not used in attempts to prevent presidential and congressional elections that went ahead in July 2020.

Although the constitution provides for an independent judiciary, it has been politicized for a long time and is rife with corruption, which increased considerably during the last years of the Medina administration. Traditions of the rule of law are not highly developed, whether in terms of the rule of law proper or of due process. Over time there have been slow improvements due to improved education and the presence of more legal scholars, lawyers and judges with international education and experience. With the nomination of previous Supreme Court Judge Miriam Germán as the new General Prosecutor, President Abinader has signaled he wants an independent and professional judiciary.

The judiciary continues to suffer from weak institutional organization, professionalism, career stability and efficiency. Despite improvements, the judicial sector still lacks financial resources. Reforms, however, such as the Judicial Career Law (327/98) and the Criminal Procedures Code of 2004, provided for greater efficiency and guaranteed additional protections to suspects; the Organic Law of the National Budget of 2006 and the Public Administration Law of 2008 have partly improved professionalization and the protection of judges, regularized budget allocations and increased budget autonomy.

The 2010 constitution, and supporting laws, provided for a higher degree of a differentiated organization, and created a judicial council to safeguard career stability, professionalism and merit-based recruitment. The Judicial Council and the Constitutional Tribunal have been working since early 2012. Under the new constitution, the courts have increased their autonomy. This applies in particular to the Constitutional Tribunal in its tasks to interpret and review existing laws, and at least in certain cases, pursue its own reasoning. However, the new constitution also opened for increased partisan influence in the selection of Supreme Court, Supreme Electoral Tribunal, and the new Constitutional Tribunal judges, the consequences of which were tangible since 2012 with the election of the first round of judges. In 2018 and 2021 partial renewals of justices for the Constitutional Court have been managed

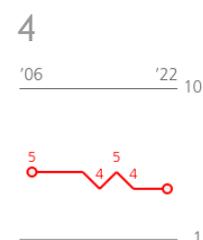


in a transparent manner that have strengthened the Court. The results for the Supreme Court, however, are mixed as the periodic evaluation of justices has been politicized. After the 2020 election a serious conflict arose between the PLD and Leonel Fernández's splinter party Fuerza del Pueblo over a seat in the Council, which demonstrates the continued willingness of political actors to bend rules in order to control the high courts.

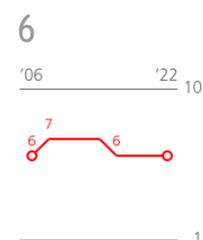
As under the first two years of the Medina administration (2012 – 2014), the Abinader administration (2020 – 2024) has started a series of serious investigations of high-end corruption under previous administrations. In an operation called Anti-pulpo (anti-octopus), 10 highly placed members of the previous administration in December 2020, including several close family members of ex-President Medina, were arrested in connection with corruption charges. It is too early to say whether this is part of a concerted long-term effort to fight corruption or mainly driven by political motivations, but the nomination of two highly respected lawyers and public servants, Miriam Germán as prosecutor General and Yeni Berenice as assistant prosecutor in charge of fighting corruption, is clearly a step in the right direction. Abinader has made the fight against corruption a key agenda of his administration. After an initial positive period under the Medina administration, there is no doubt that corruption increased in his second period, and corruption exposés increased and involved many close collaborators of the ex-president. The Dominican Republic was also one of the more prominent countries involved in the Odebrecht scandal, and investigations into these matters have received newfound interest after the change of administrations. Although there are cases of political leaders being prosecuted during this period, it is more normal that politically connected leaders exposed for corruption are not prosecuted, or if they go to trial, the cases never reach a verdict. Often court cases are dismissed by judges in the lower courts in ways that raise questions about the independence of the judiciary. Revelations of corruption still receive very high and negative attention in the press, causing popular protests (such as the Marcha Verde), which in turn create pressure to hold officeholders to account to some degree.

On paper, civil rights are guaranteed and were strengthened by the 2010 constitution. However, the Dominican Republic's de facto withdrawal from the Inter-American Court of Human Rights in the fall of 2014 continues to pose a serious threat to the legal protection of civil rights. Citizens can claim their rights through institutional channels, but access is not equal for all groups, and civil rights are still violated in some cases and not implemented in certain parts of the country. The Constitutional Court liberalized the right of citizens to sue directly for unconstitutionality to address inequality in access to the courts, but the ruling has not had a major impact to date. Until individuals systematically protest, authorities pay no attention to disempowered citizens. Discrimination against Haitians and Haitian Dominicans is particularly severe and is sometimes institutionalized, if not legalized, when it is politically convenient for the incumbent government to do so.

Prosecution of office abuse



Civil rights



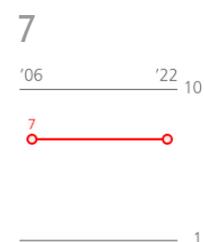
Despite legislation and government action plans, women’s civil rights remain seriously lacking. The femicide rate, the third highest in Latin America (2019), is a continuing problem that has only recently begun to receive attention from politicians and the press. The Abinader government, like its predecessor, supports the legalization of therapeutic abortion (in cases of rape, incest, and when the mother’s life is threatened), but has not yet advanced the issue; it will face the same gridlock that has prevented the liberalization of abortion law for many years. The civil rights of gays and lesbians are also a serious concern, and these groups often face police harassment and discrimination in society at large. Most cases of violence against LGBTQ+ people go unaddressed by the authorities.

Police violence remains a serious problem, and the National Police is one of the least trusted state institutions in the country. The police carried out harsh and discriminatory actions that resulted in many thousands of arrests for curfew violations imposed in connection with the COVID-19 pandemic. There are few avenues for citizens to challenge these civil rights violations. Police reform passed in July 2016 established important principles for the role of police in protecting civil rights but has not had the desired impact. While the emergency measures related to COVID-19 have significantly restricted rights such as freedom of movement and assembly, the restrictions have not been used as an excuse to violate fundamental civil rights. The COVID-19 pandemic has also created a huge bottleneck and delays in the courts, as all court proceedings have had to be conducted digitally, which has had a negative effect on access to justice.

4 | Stability of Democratic Institutions

Democratic institutions at the central and local level perform their functions in principle but are plagued by corruption. During the period of review, serious questions arose regarding the political system’s willingness and ability to organize free and fair elections. Until mid-2019, President Medina sought to reform the constitution to allow for his re-election, and some of his supporters also sought to overturn the constitutional ban on his re-election through the courts. Although both attempts failed and were likely part of a strategy to avoid a lame duck status for Medina, the actions produced serious counterproductive friction and increased unnecessarily the political temperature. The suspension and postponement of the February 2020 local and regional elections raised concerns about electoral fraud and the political system’s capability to perform key functions such as the holding of regular elections. Despite such concerns, local and regional elections as well as congressional and presidential elections were eventually organized in an orderly, free, and fair manner in the midst of a pandemic and there was an orderly and peaceful transition of power to the Abinader administration in August 2020 after 16 years of dominant PLD rule.

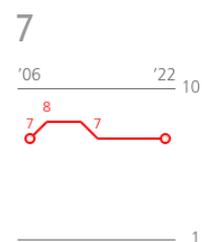
Performance of democratic institutions



The unification of parliamentary and presidential elections together in 2016 offers the Abinader administration a relatively long-term perspective in its formulation of policies, even though short-term consideration of controlling the pandemic trumps most other policies at present. Yet, the Medina administration’s focus on the presidential elections and use of public resources to promote the PLD candidate to the presidency had a negative influence on the administration’s handling of the pandemic in its early stages. Abinader put in place real protocols to deal with the pandemic, and he has had relative success in combating it. Nonetheless, democratic institutions have not been able to perform adequately through the implementation of strict, but effective measures. Local governance is affected by corruption and, in some municipalities, deep connection with criminal elements. Despite increasing funds for distribution at the municipal level, local political institutions and actors are clearly subordinated to the national level.

No major state, societal or political actors are committed to the overthrow of democratic institutions or hold veto power, and all relevant actors generally accept democratic institutions and the minimal rules of the game. The state of emergency in place throughout most of 2020 (since March) was not used to undermine democratic institutions. In fact, despite huge challenges and serious questions surrounding the postponement of the local and regional elections in February 2020, these and the national elections were organized, and the results respected by all parties. Even though challenges to the organization of free and fair elections remain, the orderly transition also ended the PLD’s 16 years in power and provided alternation in power that is necessary for the functioning of democratic institutions.

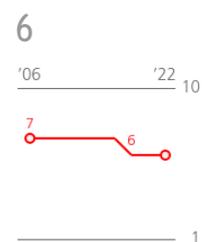
Commitment to democratic institutions



5 | Political and Social Integration

The Dominican party system was for many years relatively stable, but over the last ten years fragmentation increased and there was a significant drop in the public’s trust in political parties. Traditional parties have experienced various splits, diminishing their ability to play a constructive role. Of the longtime dominant three parties, the Dominican Revolutionary Party (PRD), the Dominican Liberation Party (PLD) and the Social Christian Reformist Party (PRSC), only the first two have been successful. Between 2006 and 2020, the PLD has been dominant, winning four consecutive presidential elections, but losing to the PRM in 2020, which itself is a 2014 splinter from the traditional PRD party. The fight over the presidential candidacy in the PLD in 2019 led to a further splintering when ex-president Leonel Fernández left his party and formed the Fuerza del Pueblo after losing the presidential candidacy to ex-president Medina’s protégé Gonzalo Castillo. The split weakened the PLD, effectively destroying the party’s ambition to win the presidential elections of 2020. PLD is now established as the second biggest party after the PRM, while the new Fuerza del Pueblo has replaced the PRD and the PRSC as the third party.

Party system

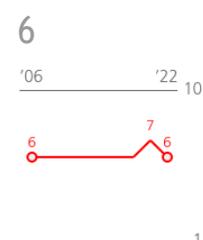


The parties, including the new ones, are anchored in society primarily through patronage networks in a political system considered to be one of the most clientelistic in Latin America. The deteriorating party system offers few venues for interest representation. Ideological polarization is very low, among the lowest in Latin America, and the bitter conflicts and high temperature within and between parties are anchored in patronage and fight for positions, not ideology. The lack of renewal of the top echelons of the main political parties negatively affects the parties' ability to become venues for effective representation and reduces the societal trust in parties.

Civil society, labor and business organizations are relatively well organized. There are no organized groups that aim to undermine democracy or civil society. However, organized xenophobic attempts to vilify the migrant and Dominican-Haitian minorities and Haiti as a nation do occur from time to time and often succeed in setting the national agenda on this issue. Except for transportation organizations in the cities, labor organizations are weak, and cooperation between labor and business organizations is not strong. In general, civil society groups have not been able to gain access to established channels of mediation and have often lacked real autonomy from political parties or the state. In terms of mediation between society and the political system, the Catholic Church was the undisputed mediator for many years, but it no longer plays that role. Catholic and evangelical churches are well organized and in various alliances try, often successfully, to prevent progressive developments and effective protection of the rights of LGBTQ+ persons and women on the abortion issue.

The extent of participation in civil society groups is relatively low but has increased steadily over the past decade. Participation has often been organized in response to corruption scandals, such as the Odebrecht scandal, which hit the country hard, or as in February 2020 in defense of democracy after suspended municipal and regional elections. Through huge protests, the Marcha Verde movement against impunity and corruption has managed to draw attention to the issue of corruption at the highest levels. Issues such as the environment (especially mining and issues related to the cleanliness of the sea and beaches), migrant rights, and women's rights also manage to mobilize social groups, at least on an ad hoc level. Although such groups are not very effective in lobbying or getting their interests incorporated into policy formulation, they are sometimes successful in stopping unpopular policies and government decisions.

Interest groups



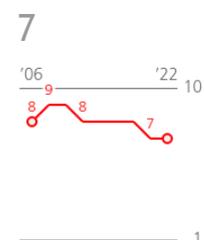
According to the latest Latinobarómetro and LAPOP surveys, support for democracy has been steadily declining for many years. While Latinobarómetro registers a decline from 63% (2015) to 44% (2018), LAPOP records a significant drop from 82% (2006) to 59% (2019). According to LAPOP, tolerance for non-democratic acts such as coups or self-coups is relatively low in the regional context (between 24% and 33%), and the demonstrations following the suspended local and regional elections in February 2020 show that the public reacts sharply when important democratic norms are violated. When asked if the country is a democracy, 65% of the population agrees, and through the 2020 elections a large portion of the population has shown that it values the political system. Satisfaction with democracy dropped significantly under the last Medina government and remains at 40 to 43% according to the latest available polls. Recent local polls indicate that President Abinader is popular and responding very positively to the COVID-19 crisis, both through government action and responsiveness to the population.

Although the country follows the regional trend of declining support for democracy, the downward trend is not among the strongest in the region. Although Congress and political parties are considered indispensable to democracy by a large majority of citizens, trust in these institutions is low and declining slightly. This is particularly evident in trust in political parties (28 %) and elections (37 %) (LAPOP). As for other institutions, the military enjoys a relatively high level of trust (54%), but the police only 39%. Low trust in the government or state institutions is not necessarily negative, however, as it is an indicator of citizens' willingness to put pressure on the government to fulfill its obligations. From a regional perspective, data from Latinobarómetro and LAPOP show that Dominicans' trust in democratic institutions is about average.

Survey data (Latinobarómetro) show that in 2018, 14% of the population trusted the majority of their fellow citizens, which is exactly the regional average in Latin America. Trust as measured by Latinobarómetro has declined considerably over the last years, which probably is connected to increased feelings of insecurity due to issues of crime and increasing and more visible drug trafficking. A clear sign of this is that victimization has gone up from 16.6% in 2010 to 25.5% in 2019 (LAPOP data), affecting solidarity and social life negatively. In fact, 32% of the population sees crime as the country's most important problem, and it is by far considered the country's most serious problem according to the population. At the same time violent deaths in society have decreased significantly since 2011.

Although most attention has focused on organizing by voluntary associations in the cities, such as the Marcha Verde movement against corruption and impunity, groups in rural areas have also organized against several mining projects, and voluntary organizations focusing on the environment have won a more prominent position in this last period. Furthermore, during this period people organized effectively in

Approval of democracy



Social capital



defense of democratic values through protests against ex-president Medina’s re-election attempt, and the suspended local and regional elections.

At the neighborhood level in rural and urban areas one finds positive examples of cooperation for self-help and mutual support both before and during the pandemic, but these are sporadic and often ad hoc so that the contribution to the construction of social capital at the societal level is minimal.

II. Economic Transformation

6 | Level of Socioeconomic Development

The 2019 HDI places the Dominican Republic in the high human development category (0.756, up from 0.700 in 2009), ranking 88 out of 189 countries (2009: 100). However, the country’s level of development does not allow adequate freedom of choice for all residents, social mobility is low, and there is a large development gap between urban and rural areas. Despite continuously high economic growth over the past 15 years, social exclusion due to poverty, education and gender discrimination is quantitatively and qualitatively pronounced and structurally ingrained. The inequality-adjusted HDI is 0.595, indicating a significant HDI drop due to inequality.

The Haitian and Dominican-Haitian minority is particularly hard hit by social exclusion. Border areas are the most impoverished, and studies show that salaries are depressed in sectors with high employment for this minority. The gender inequality index has decreased only marginally in recent years (from 0.478 in 2013 to 0.455 in 2019), and the country is still the fourth worst in the region concerning gender equality. Poverty is pronounced and structurally ingrained. ECLAC’s Social Panorama 2020 (2018 data) states that 21.0% of the population lives in poverty and 4.3% in extreme poverty, which represents a noticeable reduction in poverty (based on income). Income inequality has remained relatively unchanged over the past 10 years, with a Gini coefficient of 41.9 (2019), although it is less pronounced by regional standards.

The COVID-19 pandemic has hit the economy hard, with an economic contraction of 6.7% in 2020 according to the central bank. ECLAC reports a significant five-point increase in poverty and a three-point increase in extreme poverty in 2020 (excluding any social policies to mitigate the effects of the pandemic). The major tourism and service sectors have been hit particularly hard, as has – as UNDP predicts – the informal sector and thus the population with less access to the social safety net.

Question
Score

Socioeconomic
barriers

5

'06 _____ '22 10

5

_____ 1

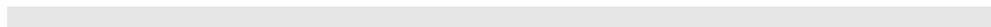
Economic indicators

2017

2018

2019

2020

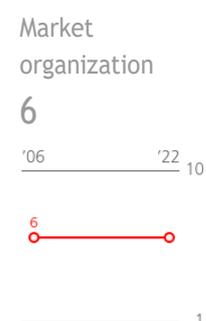


GDP	\$ M	79998.0	85555.4	88941.3	78844.7
GDP growth	%	4.7	7.0	5.1	-6.7
Inflation (CPI)	%	3.3	3.6	1.8	3.8
Unemployment	%	5.8	5.9	6.4	8.9
Foreign direct investment	% of GDP	4.5	3.2	3.2	-
Export growth	%	4.9	6.1	1.5	-30.3
Import growth	%	-3.0	8.5	5.8	-14.6
Current account balance	\$ M	-133.1	-1321.5	-1187.9	-1541.0
Public debt	% of GDP	48.8	50.4	53.5	71.5
External debt	\$ M	31155.8	33564.1	38396.3	44467.7
Total debt service	\$ M	3030.6	3048.3	3844.6	6669.7
Net lending/borrowing	% of GDP	-2.7	-2.2	-2.0	-
Tax revenue	% of GDP	13.0	13.0	13.3	-
Government consumption	% of GDP	10.9	10.9	11.1	12.6
Public education spending	% of GDP	3.9	3.9	4.0	-
Public health spending	% of GDP	2.7	2.5	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.7	0.7	0.7	0.8

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

Competition remains over-regulated to a certain extent, and in practice the rules do not apply uniformly to all market participants. However, previous governments passed a number of laws to promote and regulate free market competition, such as the General Law for the Defense of Competition in 2008, the Industrial Competitiveness and Innovation Law in 2007, and the Small and Medium Enterprises Law in 2008. President Medina pursued and improved these policies through decrees and adjustments to the above laws to reduce bureaucracy. However, corruption is still considered the biggest obstacle to market-based competition. The 2019 Global Competitiveness Report ranks the country 110th (out of 140) concerning incidence of corruption and even lower in judicial independence (123rd); overall, the country ranks 78th.



In 2017/18, the government launched important reforms to the business environment, primarily simplifying business start-up registration, the insolvency law, and reducing minimum capital requirements. Efforts launched by the Abinader government to support businesses during the pandemic should further reduce capital requirements. However, according to Doing Business 2020, the cost of starting a business is still medium to high, ranking 115 out of 190 economies, with seven procedures, 16.5 days, and a cost equal to 13.7% of GNI per capita. In addition, lawsuits take more than four years to process on average. The informal sector of the economy is estimated to account for 55 to 59% of the labor force and has remained stable or increased slightly over the past 5-10 years (depending on the source).

There are still price controls on some products (including electricity, household gas, gasoline, sugar, and agricultural products), but the administration has significantly reduced subsidies in the electricity sector and eventually (in 2018) removed fuel subsidies for the transportation sector. Indirect subsidies to producers of necessary products have rebounded during the pandemic. Discrimination based on ownership is relatively low; international investments in critical sectors, such as the power and mining sectors, have at times come under government and public criticism, but are not at risk.

The Dominican Republic has a solid competition policy framework. Anti-monopoly provisions and equal opportunities for domestic and foreign investors are regulated by the General Act for the Reform of Public Enterprises of June 24, 1997, and the General Law in Defense of Competition (Law 42/08). An independent competition authority (ProCompetencia) was institutionalized in 2011. In practice, however, monopolies and oligopolies encounter resistance only in some cases.

Foreign investors still face somewhat more difficulty than Dominican enterprises in some sectors, while receiving benefits and advantages in sectors that are a priority for the administration, such as mining. Foreign direct investment remains high but has been reduced from 4.7% in 2017 to 3.2% in 2019. State subsidies are still important, even though they have been reduced over the last few years. The pandemic, however, has increased state subsidies and in particular tax relief in certain areas such as food production. Collusion is less of a problem than corruption when it comes to bidding for public contracts.

Competition policy

6

'06 '22 10



1

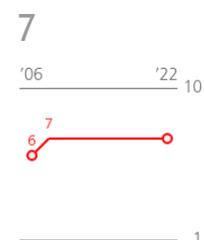
Important steps toward free trade were taken during the first term of Leonel Fernández (1996 – 2000), and this policy has been strengthened since then. Since 2002, free trade agreements with Costa Rica and El Salvador and a trade treaty with Panama have been put into effect. In 2007, the Dominican Republic and the Caribbean Community and Common Market (Caricom) states signed a comprehensive Economic Partnership Agreement (EPA) with the European Union. The U.S.-Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) has been in effect since 2007. As of 2015, almost all imports from the CAFTA area are exempt from any import duties. President Abinader continues the efforts of his predecessors to promote international trade. A major policy shift took place in 2018 when the country established diplomatic relations with China (instead of Taiwan). Between 2018 and 2020, trade between the two countries increased by 41% (compared to 2016 – 2018), reaching about \$5 billion.

Customs procedures were streamlined, tariffs were reduced in some areas, and some import and export taxes were abolished before the review period. Import tariffs vary (0-30%) but average 4.2% (WB data, 2018), based on ad valorem price, and follow the Harmonized Tariff System. The simple average of the MFN applied tariff was 7.6% in 2019. Protection has been increased for some products, particularly in agriculture, which is subject to subsidy measures and higher tariffs. Free trade zones (FTZs) still receive export subsidies, although they should have ended in 2015 under the terms of the Subsidies and Countervailing Measures (SCM). Exporters outside FTZs receive fiscal concessions and are supported by government export promotion programs. Despite large trade deficits with the United States due to conditions in CAFTA-DR, inefficiencies in the Dominican Republic, and a tax system that favors imports rather than exports, the current government remains positive about trade liberalization. The Dominican Republic is a founding member of the WTO.

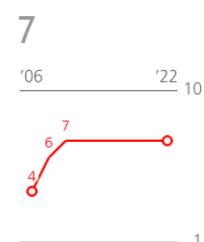
After the 2003 banking crisis and the 2004 standby agreement with the IMF, banking supervision was improved and a law on banking risks adopted, so that the fundamentals of the Dominican banking system have been strengthened significantly and have remained relatively strong since then. Although clearly affected by the 2008 financial crisis, the banking sector and the country's economy coped well and without major disruptions. The bankruptcy of the minor international bank Banco Peravia in late 2014 put the improved oversight capacity of the Dominican authorities into question but did not affect the general banking system or the economy. It was an example, however, of how the Dominican Republic has been, and to an increasing degree is, affected by illegal business stemming from Venezuela.

The Dominican Republic accepts and adheres to the Basel accords, the principles of Basel I are implemented under Law 183/02 and the supervision of the bank superintendent and are partially adhered to in practice. Data from the World Bank confirm that the reforms in the banking system have had the desired effect, as non-performing loans are at 1.6% in 2018. The bank capital-to-assets ratio has remained

Liberalization of foreign trade



Banking system



stable since 2007 at around 9 to 10% and has improved slightly the last two years. The pandemic, however, is putting the banking system under some strain, as non-performing loans have been over 2% every month of 2020 since March. At the same time, the banking sector has responded to the pandemic by pushing technological investments, which should pay off in the longer run. The central bank has coordinated efforts well with the private banking sector to offer credit and support for the sector.

Though less developed, the foundations for a capital market are in place. The investment climate has been good and improving since the country came out of the banking crisis around 2004, helped by both stable economic growth and political stability.

8 | Monetary and fiscal stability

Price and currency stability are acknowledged goals of economic policy. The central bank is equipped with a professional and competent staff and is autonomous in principle. Its policies are influenced by government decisions, although its autonomy seems to be respected by the current and previous administrations. President Abinader has assembled a serious and professional economic team and sent a clear signal of prioritizing economic stability when keeping the central bank president of his predecessors, Héctor Valdez Albizu. The IMF's 2019 Country Report indicates that policy credibility is comparable to the main inflation-targeting countries in Latin America with a long track record, which has led to an anchoring of inflation expectations and is associated with a similar degree of central bank transparency as in successful inflation targeters such as Chile or Peru.

Occasionally, the central bank is subject to political pressure, especially during election campaigns. Thus, while inflation policies and goals remain stable (at 4.0%, plus/minus one point), political considerations may still trump macroeconomic goals when stakes are high (such as during elections). In 2019, inflation (CPI) reached 1.8%, half of 2018. 2020, however, saw a relatively large uptick of inflation, reaching 5.5% at the end of the year. Efforts connected to the pandemic, such as reduced interest rates, large social relief packages and loan packages to local businesses, in addition to 2020 being an election year, pushed inflation to a record level in 2020.

The exchange rate has remained stable against major currencies since the banking crisis of 2003 to 2004, as the real effective exchange rate index indicates (89.0 in 2019); the central bank has intervened in the foreign exchange markets to avoid disorderly market conditions and continues to hold a relatively strong international reserve position despite the ongoing pandemic.

Monetary stability



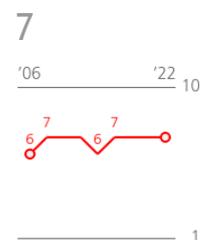
Recent governments have generally been successful in preserving macroeconomic stability, which is a priority for the Abinader administration as well. Most macroeconomic indicators demonstrate stability since 2012, and reserves have increased steadily each year since (last data 2019). The current account deficit has been rising since 2017 but is still much lower than 10 years ago. With a focus beyond short-term policies, the previous and the current government have adopted a series of rules to create institutional safeguards, in particular in the banking sector. With these measures in place, the risk of dramatic populist policy changes under the current government can still be assessed as relatively low. The fiscal deficit reached 2.0% of GDP in 2019, but jumped to 7.7% in 2020, which was lower than expected in the early days of the pandemic.

Despite stability and growth, concerns include the level of public debt, the low quality of public spending and investment, and the use of new debt to maintain an inefficient and bloated state rather than for investments that reduce economic vulnerability. The IMF reports that the government spent \$1.6 billion (2.0% of GDP) in 2020 in response to the pandemic, about half of which went to the health sector. Government consumption has remained stable over this period (at 11.2% of GDP in 2019), but its inefficiency is a concern. The debt-to-GDP ratio has gradually increased every year since 2007, reaching 53.8% in 2019 (IMF) and 56.6% at the end of 2020 (central bank). The country is not included in the World Bank and IMF DSSI. In April 2020, the Medina government was granted emergency financial assistance of about \$650 million under the IMF's Rapid Financing Instrument. The central bank authorities remain relatively optimistic about medium-term fiscal consolidation if vaccinations go as planned in 2020, and building on fiscal stability over many years and relatively sound institutional policies, this assessment seems reasonable.

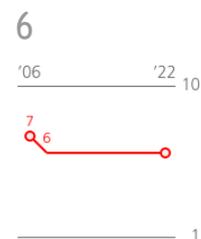
9 | Private Property

Property rights and the regulation of the acquisition of property are defined by law (108/05, in effect since 2007), and protected in the constitution (Article 51). Considerable problems with the implementation of laws persist due to corruption, inefficient administration of justice and political intervention. There are also significant variations in the implementation of laws regulating property rights within the country, in particular between rural and urban areas, but also along socioeconomic divides between rich and poor. Also, regulations on the use of property are treated unequally along the same dimensions and lack effectiveness both in cities (regulations regarding construction) and in rural areas. Large enterprises, national as well as foreign in some cases, face fewer problems than local small businesses.

Fiscal stability

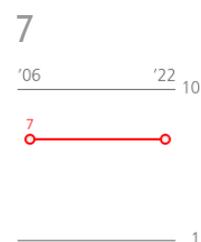


Property rights



Private enterprise is the backbone of the economy; state and semi-state enterprises also exist, although the state’s role as producer has declined considerably since the 1990s. Private enterprise is protected under the constitution and is regulated under the General Law for Commercial Entities and Individual Limited Liability Companies from 2008. In a Latin American context, it is relatively easy to start a business, which on average takes 16.5 days and seven procedures according to the World Bank Doing Business Report. The privatization of state enterprises has only occasionally been transparent or proceeded consistently with market principles, but this has not been an issue during this period of review. The government has not been taking equity stakes in private firms or nationalized firms or industries during the pandemic, but rather focused on providing additional liquidity to firms during the crisis.

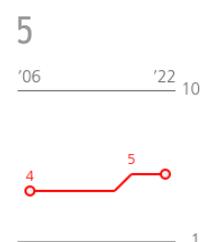
Private enterprise



10 | Welfare Regime

The social security system is still quite limited. Over time, the conditional cash transfer program Solidaridad has been expanded to include health, nutrition and education programs and officially reaches about 800,000 families (1.5 million people). Intended as a general poverty reduction program, it has also been used for clientelistic purposes during elections. The Solidaridad roster was used for additional assistance during the pandemic and was linked to the FASE 1 (Quédate en casa – stay at home) program, which increased monthly payments from DOP 1,500 to DOP 5,000. In addition, the government increased funding and coverage of the “Comer es primero” program to reach 1.5 million households (up from 800,000). The “Pa’ti” program was created to support informal workers with DOP 5,000 per month. Overall, the Medina and Abinader governments have introduced a number of programs to alleviate the hardships of vulnerable groups.

Social safety nets



The 2010 constitution grants the population the constitutional right to health, including the right to medical care, free access to hospital services, and medicines. To date, these new rights have had little measurable impact on the population, but administrations have made COVID-19 tests free for some groups and introduced subsidies to keep medical care at reasonable prices. Public health spending has grown slowly but steadily since 2005, but its share of GDP is still low at 2.8% in 2017 (the latest available figure). Although the Mejía government (2000 – 2004) began implementing a social health system, some of the administrative reforms were not implemented until 2015 with the creation of the Servicio Nacional de Salud. About 75% of the population is covered by a social health plan, half of it through the subsidized system for the poor and the other through the contributory/private system. The middle and upper classes rely on private health insurance and private doctors to meet their needs. While insurance coverage for the poor has increased, the quality of government-provided health services is poor, and the family remains an important safety net. The large group of non-citizens (Haitian migrants and many Dominican-

Haitians) has access only to emergency health care and their children can attend public school through 8th grade but are generally excluded from public health care and other social safety net programs.

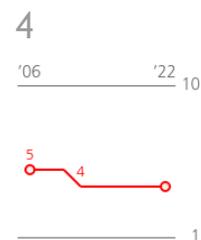
The Mejía administration also reformed the pension system in 2001 from a pay-as-you-go social insurance program to a mandatory individual accounts program based on the Chilean model, which aims to cover all private sector workers and employers yet is voluntary for public sector workers. Many aspects of the reform are not yet implemented; for example, the self-employed, who constitute over 50% of the workforce, are still not included in the program. The pension program covers 66% of the economically active population, but there is a large gap between the number of people covered and contributors (80% have registered at least one payment, but only 37% contribute fully). The pension system, however, does not really provide a social safety net for the unemployed, the self-employed, or workers in the informal sector; it is regressive, and the value of the pension compared to contributions is the lowest in Latin America (at 22.8% compared to a 63% regional average).

The population of the Dominican Republic is distinctly heterogeneous and in general, equal opportunity is rare. There are great discrepancies in social development between urban and rural areas. State institutions try to compensate for gross social differences, but these measures are not very effective in creating equal opportunity. Equal opportunity for women is protected in the constitution, but in practice it is not the norm for women, LGBTQ+ persons, Haitian migrants or Dominican-Haitians. Yet there is an increasing awareness of gender-based lack of equal opportunity as demonstrated by protests against the male dominance of the Abinader administration.

In fact, the 2010 constitution bars children of Haitian immigrants from obtaining citizenship, which in turn excludes them from health services or education. To make matters worse, these new constitutional clauses were given retroactive effect. A naturalization law (169/14) secured residency status for various groups of migrants and Dominican-Haitians (who constitutionally should be entitled to regular citizenship), but its implementation has been slow and is being obstructed by the Central Electoral Board. The Abinader administration has sought to set a new tone and new policies on this issue but is receiving pushback from conservative sectors. In fact, frequent politicization of the issue has hampered positive policy initiatives for many years.

Women in most occupations outside the public sector receive considerably lower salaries than men; fewer women are included in the pension system; and more than twice as many women as men have no personal income (20% vs. 7%); while less than half of the women are active participants in the labor market, about 70% of men take part. The quality of public education system is very poor, undermining effective equality of opportunity for the poor. A reversed gender gap is however apparent in terms of tertiary education, with a female to male enrollment ratio of 1.4. The literacy rate is the same for males and females (93.8%). There is an ingrained lack of equal opportunity for marginalized groups based on ethnicity and gender.

Equal opportunity



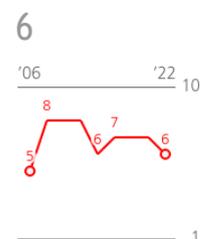
11 | Economic Performance

In regional comparison, the Dominican Republic has performed rather well in terms of stable and strong per capita growth since 2013 (4.0% in 2019, 5% average since 2013) and low inflation (1.8% in 2019, 3.6% in 2018). The pandemic year of 2020, however produced negative growth of 6.7% and inflation of 5.6%. The fiscal deficit has been reduced as the result of fiscal reforms in 2012 and remained more or less stable since (2.2% of GDP in 2018). The situation, however, is still vulnerable due to very inefficient and poor tax collection (tax revenues at 13.0% of GDP in 2018, much lower than regional average, a figure that is likely significantly reduced in 2020 due to pandemic-related tax reliefs), poor quality of public spending and investments, and high level of informality in the economy.

The Dominican economy is clearly vulnerable to external, in particular U.S. developments and shocks (e.g., the pandemic), and to patronage and corrupt domestic politics. It weathered the uncertainties of the unstable Trump administration well, especially the threats from the United States when the Medina administration opened to China. The country is still very exposed to any negative changes in the terms of trade with the United States, which receives 54% of the values of Dominican exports, but the change to a more predictable Biden administration should serve the country well.

Unemployment is still high from a regional perspective at 6.2% 2019. The deficit of the current account balance slightly widened from \$1.16 billion in 2018 to \$1.2 billion in 2019 but narrowed to \$0.75 billion in 2020. FDI is reduced to 3.2% of GDP in 2019, down from a record 4.7% in 2017. Considering the low capacity to generate income through taxes, the level of debt and increasing toll on budgets by loan and interest payments is still a growing concern. Public debt has increased during the decade, reaching 53.8% of GDP in 2019, up from 39.1% in 2011. The debt has been controllable given the rates of growth until the pandemic, but the economy was in a vulnerable position for external shocks when the pandemic hit. There are projections for growth during 2021, which is a necessary condition for continued macroeconomic stability.

Output strength



12 | Sustainability

Environmentally compatible growth is paid lip service at the institutional level, while environmental concerns are clearly subordinated to economic growth both at the macro- and micro-level. Tax and energy policies do not take environmental goals into account, and the government is not implementing any effective incentives for environmentally sound consumption or investment. Nevertheless, environmental concerns are receiving more attention in the media, in particular plastic pollution that threaten the Caribbean Sea and the important tourism sector, often reaching the agenda of both the administration and Congress. Further, the current Abinader administration is promoting a new plan for expansion of the energy production which will introduce more clean energy (wind, thermal, and hydraulic) into the country's mix, and private wind energy initiatives are starting up. At the same time, environmental concerns remain subordinate to growth concerns with the current administration, at least judging by its promised efforts at expanding the mining sector and updating the law of mining of 1971 to foment more production, but also provide strict environmental regulations of the sector.

The main agencies responsible for environmental protection are the Ministry of Environment and National Resources (which includes a sub-secretary of protected areas and biodiversity, among others) and the Ministry of Agriculture. The 2010 constitution includes a number of collective rights and civil duties regarding the protection of the environment. Although not always able or willing, the state is now constitutionally obliged to take environmental concerns into account when considering developmental projects and promote the development of clean energy. While the letter of the constitution has not been complied with entirely, the constitutional protection of the environment has supported groups in mobilizing for the environment. The Dominican Republic ranks 74 out of 180 countries in the 2020 Environmental Performance Index.

Environmental problems in the Dominican Republic include deforestation, water supply and quality, soil erosion and coral reef degradation, caused by eroding soils flowing into the sea, and more recently ocean pollution (from plastics). The continued development of infrastructure projects, such as the building of highways, threatens the borders of naturally protected areas despite some government concern for forest protection. Although felling has been prohibited since 1967 and the government tends to follow the issue relatively closely, many farmers continue to clear land for cultivation, even in natural reserves and protected areas.

Mining projects and their negative effects on biodiversity (the country ranks 151 of 180 countries on Biodiversity on the EPI index), water quality and the environment more generally continue to be a major concern in affected areas (ranked 111 of 180 on this category in EPI index), even though the issues receive less attention in this

Environmental
policy

4

'06 '22 10



1

period than previously since there have been no new, large projects. Two big mining projects, Barrick Gold's gold mines in Cotuí (already operating) and the proposed nickel mines in Loma Miranda, raise considerable environmental concerns for the fragile eco-system in the country. The Loma Miranda mines project is one example of social movements expressing environmental concerns that have stopped an economically important mining project, but the administration's interest in fomenting mining will put this project on the agenda again.

Education was President Medina's most important policy area, and the sector is consolidating after undergoing considerable change. Although not as important for President Abinader, it is likely that the current administration will sustain the efforts and increased budgetary allocations from previous periods. The current period has seen negligible results in terms of quality improvement, while enrollment has increased somewhat. The country ranks 61 out of 133 in the UN Education Index, number 15 in the region, but has a steady improvement on this index the last 10 years.

There are facilities for education, vocational training, and research and development in important sectors, but the quality of such facilities remains highly variable and many are substantially deficient. The literacy rate has slowly increased to 93.8%, and 98.8% in the age group of 15 to 24 (ECLAC data). School enrollment (gross and net) is increasing, reaching 96% for primary education, 73% (net) for secondary education and 60% for tertiary education. Yet the Dominican Republic clearly suffers from brain drain, as many talented people find better opportunities abroad.

Government spending has traditionally been low, among the lowest in the region. Under the Medina administration, the education ministry initiated many positive changes, and budgets were increased significantly. Budgets now take up 4% of the GDP as stipulated in the 1997 education law. Spending per student is increasing steadily with a growing GDP and the country has entered the PISA-test system. Nevertheless, the quality of education is still deficient, which the 2018 PISA results (latest available) and other regional comparisons of education quality clearly demonstrate. In fact, the PISA 2018 results show no sign of improvements of results since the last PISA tests in 2016. This points to the challenges in the system and the long-term commitment required to improve results. A particular challenge in this regard has been teacher training, but it should be recognized that the Ministry of Education has tried to face the issue and do what is feasible under the present circumstances.

Even though the Ministry of Higher Education, Science and Technology was created in 2002, spending in R&D has been extremely low and negligent (0.3% of GDP for 2018).

It is worth noting that the Abinader administration recognized the need to continue online learning during the pandemic, but it is still a huge challenge because many do not have access to the Internet and, those who have it, experience serious connectivity issues.

Education policy /
R&D

5

'06 '22 10



1

Governance

I. Level of Difficulty

Although still substantial, structural constraints on government in the Dominican Republic cannot be considered high when compared to many other transformation countries. However, structural distortions of a political and socioeconomic nature, in particular the legacies of the patronage and patrimonial systems, continue to exert a negative influence even amid a relatively stable electoral democracy.

Although Dominican society is not particularly ethnically fragmented, a new and strong Protestant Evangelical identity has emerged and challenged the Catholic domination, but more often than not the two religious groups ally and constrain the government's slightly progressive agenda on moral issues. In addition, the Haitian minority, which includes seasonal workers in agriculture and construction, long-standing legal and illegal immigrants, as well as Dominican citizens of Haitian background, remains poorly integrated. Continued migration flows both in and out of the country, in addition to the poor socioeconomic outlook of neighboring Haiti, which also constitutes the Dominican Republic's second export market, pose considerable structural constraint. The out-migration produces brain drain and reduces somewhat the educated labor force, straining governance capacity. The troubles of Venezuela also put pressure on the country as migration has increased; but more importantly, the Dominican Republic has been used as a hub for drug-trafficking and money-laundering stemming from Venezuela.

The country is situated in the hurricane belt, and experiences storms and hurricanes each fall. Only rarely however do these storms have grave consequences for infrastructure and the economy, but flooding has increasingly become a more difficult problem, exacerbated by climate change. Population growth in both Haiti and the Dominican Republic is an additional challenge when it comes to maintaining a sustainable environment on the island.

Even though poverty has been reduced somewhat under the current positive economic growth, poverty and in particular inequality remain important structural constraints. Given how these factors also affect results in education, these constraints are ingrained and have long-term negative effects.

The pandemic was a severe, disruptive shock. The country is the most tourism-dependent in the region, and the potential economic as well as health consequences could be devastating. As of February 19, 2021, the Ministry of Health recognized 3,028 deaths (about 29 per 100,000), and the current pandemic lethality rate was

Structural
constraints

5

'06 _____ '22 10

5 ————— 1

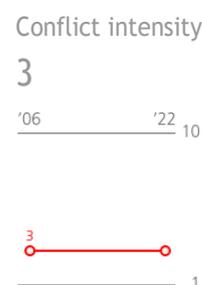
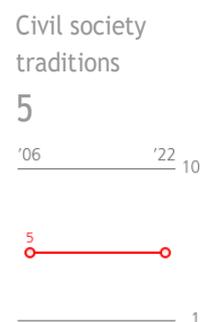
1

reduced to 1.29%. People with pre-existing health conditions suffered the most. The economy has contracted significantly, although less than feared, and long-term growth and soundness of the economy may allow for a relatively quick recovery if vaccination plans are implemented effectively. The shock was severe, hitting vulnerable groups harder than affluent segments of society.

Despite improvements in civil society structures since the 1994 pact for democracy, civil society traditions are still relatively weak following decades of neo-patrimonial presidential rule and are still affected by select and strategic cooptation by the government. Intermediary entities therefore find it difficult to maintain effectiveness and autonomy from parties and the government given the latter’s access to state resources and patronage networks. The importance of political parties, however, as a system for interest representation has been decreasing for quite some time and has created a potentially larger role for civil society to create an autonomous space. Ad hoc groups dominated by the middle class and students in urban areas have over the last 10 years been able to generate an autonomous political space and become important agenda setters in the political debate (in particular with regard to corruption, education and the environment). In more rural areas civil actions against mining have also been effective and increased (in some parts of the country) the activity and effectiveness of civic association.

Civil society, the independent press, and political pressure from the United States were also important pressing ex-President Medina to desist from undertaking a self-serving constitutional reform for his own re-election, demonstrating the increasing veto-capability of civil society. The administrations of today are no longer immune from this pressure, and occasionally such actions block unpopular initiatives. Civil society, however, is much weaker when it comes to positive agenda setting and influencing Congress or the presidency. Relatively low and declining levels of social trust (14% of the population says it can trust the majority of their fellow citizens according to Latinobarómetro) is a negative structural constraint on the creation of a stronger and more durable civil society.

Dominican society is divided according to conditions of economic and social inequality. Religious or ethnic cleavages, apart from those affecting Haitian immigrants, do not play an important political role in society. Ethnic and religious cleavages have not led to serious social conflict, although sporadic incidents of protests and violence between the Haitian minority and Dominicans occur, in particular in border areas. Under the new constitution, decisions of the Central Electoral Board and the Constitutional Tribunal have created a more difficult legal situation for the Haitian and Dominican-Haitian minority. The new Abinader administration has started a dialogue initiative to improve relations with neighboring Haiti and committed to improving the situation of the migrant community, which on the one hand could reduce tensions, but on the other hand could risk backlash from organized xenophobic political actors aiming to exploit such moves politically.



However, social cleavages are a constant, albeit latent issue in the country's political scene, as none of the liberal democratic governments elected since 1978 have made it a priority to address issues of poverty and inequality. Politics in the country is not very ideological. Positions and access to patronage resources are more important than social cleavages and ideologies.

II. Governance Performance

14 | Steering Capability

The political leadership does pursue long-term aims (for instance as expressed through the 2011 organic law of national development strategy for 2030, and the new 2021 – 2035 energy strategy launched by President Abinader), but often delays them in favor of short-term political benefits, particularly connected to presidential elections. Given the stakes involved in the presidency and the patronage-based political system, this is a vicious circle from which it is hard to escape. Yet over the last 10 years there are modest improvements in the midst of setbacks. On the one hand ex-president Medina, over two years, prioritized short-term interests in attempting almost any venue to allow for his re-election causing a split in his own party and does harming his position to pursue long-term strategies. On the other hand, when elections were lost, Medina worked closely with the incoming Abinader team to allow for a smooth transition, after 16 years of PLD rule, and secure continuity in key policy areas and battling the pandemic.

President Abinader has filled the key posts (economic team and prosecutor team) with respected politicians and professionals signaling that strategic priorities will trump more clientelistic, short-term purposes even though less important ministries are likely to continue with traditional patronage-based politics. Long-term strategies have been sustained in the efforts to strengthen education and the continued expansion of the CCT program Solidaridad (both linked to the National Development Strategy 2030), which, although at times used for clientelistic purposes and not impressively effective, are yielding moderate results in both poverty reduction and school enrollment; they worked relatively well as mechanism of social support during the pandemic. Pandemic relief has built on rather than competed with long-term social policies. Current levels of social transfers, however, are not economically sustainable, and continued prioritization of such strategies depends on a quick economic recovery.

The Abinader administration, as the predecessor, includes a mix of reform-seekers and defenders of status quo. Professional reform-seekers are found in the strong economic team, the foreign ministry, and in the justice sector, signaling the

Question
Score

Prioritization

7

'06 '22 10



1

importance of a steady economic development and rule of law for setting and sustaining long-term strategic priorities. While the overall priorities of this and the previous administration correspond quite well with the BTI's framework for democracy and market economy, the relative position and strength of reform-seekers vs. status quo defenders is hard to assess at this moment.

The handling of the coronavirus pandemic at least indirectly affects long-term strategies by affecting the economy. However, the creation of emergency teams to advise the president in response strategies and public information campaigns has been effective and reduced the negative repercussions on other government strategies.

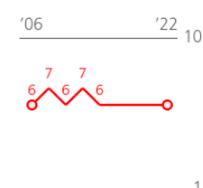
Although committed to democracy and a market economy, over many years administrations have enjoyed only limited success in implementing announced reforms. The successful implementation of reforms depends very much on the competence of the administration and state agencies, and the government's ability to avoid prioritizing short-term political strategy over long-term policies. The Abinader administration is no exception to these dilemmas, but is aware of them, and its early efforts into administrative reforms signal a willingness to reduce the structural impediments to policy implementation.

The Medina government presented a rather mixed picture of implementation success. On the one hand, education reforms were clearly not as successful as desired, but at least the continued commitment to education in itself indicates that the disposition to implement longer-term policies has improved. Another positive example of implementation under the Medina administration is the continued expansion of the CCT program Solidaridad, which has now been operating for 10 years. Although, again, overall results have been relatively weak, it has proven its usefulness in implementing social transfers during the pandemic. The Medina administration has also sought and been able to implement health care prioritization in relation to the 911 national emergency system; under President Abinader, similar efforts have been made to prioritize health assistance in relation to the pandemic.

On the other hand, while positive and continued under the Abinader government, these are still rather isolated examples overshadowed by the lack of effective policy implementation in other areas. These include the failed police reform of 2016, which exacerbated stateness and is now back on Abinader's agenda; Medina's failed attempt to reform the country's archaic abortion law (i.e., the criminal code with a total ban on abortion in effect since 1884); and the meager success in combating corruption, which is considered one of the more serious obstacles to implementing transformative reforms. Moreover, research shows that efforts to reform the patronage-based bureaucracy into a more professional bureaucracy have so far met with moderate success; Abinader's early closure of unproductive bureaucratic institutions is a positive signal for accelerating these ongoing processes.

Implementation

6



1

Ex-President Medina and President Abinader have clearly learned from past experiences, and both have exercised a more moderate role for the presidency than their predecessors. Both administrations have demonstrated an ability to adapt to challenging environments in a non-confrontational manner. Confronting the pandemic, the administrations have relied on an expert task force to increase the capacity of the health care system and to communicate effectively with the public through a new online platform. Despite transgression and unnecessary arrests for violations of curfews, most actions and measures have been taken in accordance with the normative framework of democracy and the market. In fact, the health task force has promoted public-private partnerships as a key solution to increasing the capacity of the health system. Structural constraints clearly influence the effectiveness of the corona-measures, but the governments have clearly been flexible and learned from expert advice, in addition to demonstrating the ability to adapt policies to ever-changing circumstances. Despite the lack of an institutionalized framework for policy learning and innovation, the well-organized transition between the Medina and Abinader administration facilitated knowledge exchange in key areas such as the macroeconomy and the pandemic.

The administration has demonstrated that it has the flexibility required for policy learning, and often also the knowledge, but sometimes other considerations such as electoral, or those related to patronage, take the upper hand. The latter was evidenced by Medina's efforts to reform the constitution to allow for his second re-election, yet it should be mentioned that Medina stopped short of transgressing democratic norms (like so many presidents have in the region).

The new constitution also includes several articles designed to address previous organizational mistakes and aims to prevent shortsighted or politicized fundamental institutional decisions. In particular when it comes to the election of judges to the high courts and the central electoral board, the governments of Medina and Abinader as well as other political actors have demonstrated political learning by avoiding maximalist strategies and compromising around well-respected candidates for these positions.

15 | Resource Efficiency

Previous administrations have been able to use only part of its resources efficiently, though wasteful excesses have not severely damaged political and economic stability (with some exceptions). Yet ex-President Medina's administration and the current Abinader administration are compartmentalizing expertise and professional bureaucrats and politicians in key, prioritized areas. Both have emphasized macroeconomic stability, and Abinader is securing continuity in this priority after his election in July 2020. For Medina priority was given to the education sector, while Abinader is clearly prioritizing the justice sector and the general prosecutor's team,

Policy learning

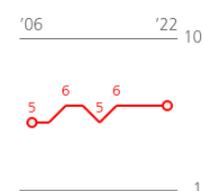
7



1

Efficient use of assets

6



1

among other things to combat corruption. This strategy is followed up by removing bloated and ineffective parts of the bureaucracy, which, if sustained, reduces unnecessary personnel expenses and strengthens the reform-seekers vis-à-vis status quo defenders in the state. Although both Medina and Abinader professionalized parts of their staff, such changes are concentrated in key prioritized areas and the inefficient use of administrative personnel remains a severe problem and form part of the political culture. Several areas of the Abinader government are left to continue with old practices.

Recent budget and administrative reforms aim to streamline the organization of the state and its use of budget resources, with moderate success in key areas. Administration reforms have been making progress over a period of years and are sustained or likely even strengthened by the current administration. Patronage appointments are still the norm, and fair and competitive recruitment for state positions is weak. It is difficult to assess the extent to which the pandemic, which was ongoing when Abinader took power in August 2020, has affected recruitment and patronage appointment. Budget improvements are notable, at least when considered over a longer time-period, but prone to weak oversight and excessive spending in connection to elections. The new electoral and party laws did not have an immediate effect on electoral spending and the Central Electoral Board, set to control spending, still does not have the required capacity to perform its role as an oversight agency.

The budget process is more transparent and predictable, and there is a low deviation of actual budget expenditures from planned expenditures. The pandemic has forced a reallocation of resources to the health sector, social aid, and also affected tax collection as tax reliefs has been a preferred strategy to help local businesses. Although international loans will cover parts of these costs, these are not sufficient to avoid reducing expenses in other important areas. While the fiscal deficit was successively reduced (to -2.3% of GDP in 2019), it rose to 7.7% in 2020. Public debt rose from 37.6% of GDP in 2018 to 40.4% in 2019 and 54.8% in 2020. Auditing remains a serious issue, and often only occurs after the press has exposed corruption in a government agency. This area is prioritized by Abinader, but it is too early to assess whether he has the ability and willingness to perform required reforms. Fiscal reforms have only slightly improved the administration's ability to generate revenues, which remains weak.

For the 2020 elections Abinader of the PRM built a relatively coherent coalition, in which his own party was the only dominant force. Taken together with a Senate majority and (with allied parties) a majority in the Chamber, the institutional context is beneficial the promotion of coherent policies. Yet, coalitions in the Dominican Republic are maintained through access to patronage rather than through accorded policies and come with a cost. Policy coordination was a problematic issue toward the end of the Medina administration. Not only was he a lame duck, but his party split over the presidential candidacy and ex-president Fernández left with many of his

Policy
coordination

7

'06 '22 10



1

acolytes. Under the Abinader administration the pandemic has taken up all time, but policies here have been well coordinated through task forces, and although clearly being a huge additional challenge, coordination has been relatively successful. Coordination also across the administration was positive as the outgoing Medina administration and the incoming Abinader administration worked together to secure policy continuity and coherence in the midst of the pandemic.

Both ex-president Medina and President Abinader are pragmatic politicians whose authority rests less on charisma than on results and leadership. Thus, politics rest more on issues and policies than on patronage, making it easier to coordinate policies across different interests in the administration. Coordination rests with Abinader's team of the Minister of the presidency (Lisandro Macarrulla), administrative minister of the presidency (José Ignacio Paliza), and his economic team, more than through the entire cabinet. The external challenge of the pandemic has dampened any serious conflict around competing policy goals or long-term and short-term goals so far, but these are likely to appear if the economy does not improve after the pandemic and when elections and competition for positions come closer.

Corruption is a fundamental characteristic of the administrative and state culture. Despite other positive improvements in the last period, this has not fundamentally changed. The institutional arrangements to effectively implement anti-corruption policies are weak since key auditing institutions (Cámara de Cuentas and Contraloría General) and the prosecutor's office lack autonomy from the presidency and political actors in general. The same weakness can be found in the institutions regulating and overseeing party financing and political parties in general (Junta Central Electoral and Tribunal Supremo Electoral), which have failed to effectively use the oversight tools in the recent party and electoral laws (Laws 33/18 and 15/19) to audit and hold political parties accountable for their spending of public finances.

Abinader (as his predecessor) has made the fight against corruption, bloated inefficient bureaucracy and government excess spending a cornerstone to his presidency. It is too early to assess whether these priorities will be followed through or only used to go after political enemies, but the selection of Miriam Germán Brito and Yeni Berenice as General and Assistant General prosecutors should at the very least secure necessary internal reforms into the ministry of justice after their predecessor Jean Alain Rodríguez had used the ministry to hire personal acolytes. Early signals indicate that the general prosecutor office is looking seriously into cases of corruption under the Medina administration. A more independent justice sector and prosecutor office were key campaign promises that President Abinader consistently has backed since taking power. It is safe to say that anti-corruption is back on the agenda, and the reform efforts here will be closely watched by a civil society that has less and less tolerance for corruption.

The procurement system and oversight over contracts for public works have improved, but is still rife with irregularities and corruption, which is evidenced by

Anti-corruption
policy

3

'06 '22 10



1

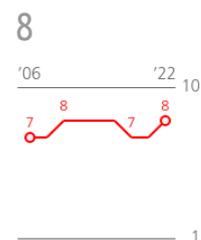
the investigation into the Medina administration and the many arrests in the Octopus (pulpo) scandal. The Odebrecht scandal also hit the country hard, putting on display the pervasiveness of corruption in relation to public contracts and investigations into these scandals have been revived with the new administration.

16 | Consensus-Building

There is consensus among all important actors on the goal of maintaining and stabilizing democracy, even if occasionally their handling of institutions is not careful. This consensus passed a test when local elections of February 2020 had to be suspended and delayed. The suspension caused an uproar among all political actors and mobilized civil society, and, at the same time, it became a huge embarrassment for the government (and resulted in a significant loss of popularity). The 1994 Pact for Democracy represented an agreement between political parties and a number of relevant social groups (including the Catholic Church) that was unique in the country's history. Since then, the actors in question have essentially backed the transformational goals of an electoral democracy. In the midst of the pandemic, and following the disastrously organized local elections, key political actors demonstrated strong allegiance to the democratic process of congressional and presidential elections, and all major candidates accepted the results. The smooth transition of power was also a clear signal of the strength of democracy after PLD's 16-year rule had generated doubts about that party's belief in democracy and about alternation in power. Nevertheless, the strength of informal institutions and practices such as clientelism and patronage also indicate a lack of commitment to democracy under the rule of law.

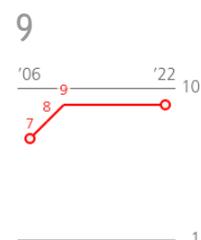
Since the mid-1990s, there has been a clear consensus among all political parties in support of a market economy. This consensus was demonstrated by Abinader's choice to keep the president of the central bank of his predecessor (Héctor Valdez Albizu). There was a general consensus of major market reforms in the mid to late 1990s and early 2000s that still exists today. In fact, as evidenced among political elites, the Dominican Republic is the country with the least ideological distance between political parties on the left to right scale in Latin America. There are no parties or major social actors that aim to disrupt the market economy model in the country.

Consensus on goals



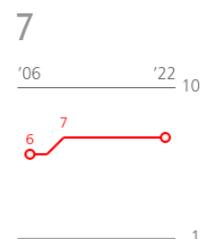
Anti-democratic veto actors are mostly under control, or at least their ability to cause obstruction seems to be negligible. All major parties stay within the game of institutional democratic politics, and the former opposition (PRD and PRM) managed to do so even after experiencing 16 years out of power. Of the actors who might question the country’s democratic transformation, such as the military, no group can claim enough obstructive capability to count as a veto power. Their resistance instead consists of stalling reforms or working to prevent their implementation. The latter is exemplified by the effective veto power held by the Catholic and Protestant Church against reforming the complete ban on abortion, which has endured across the Medina and Abinader administrations. The business sector and the Catholic Church form part of the country’s broad institutional consensus on democracy and market economy. Increased drug flows through the country and the presence of drug-related groups and their connections to politics may result in a challenge to democracy, or at least a distortion as drug money finds its way into party coffers.

Anti-democratic actors



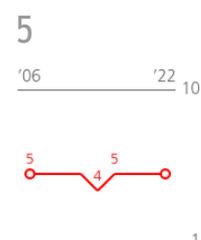
Because of the country’s high level of socioeconomic inequality, the potential for conflict has been high for decades, but has not materialized within a party system based on cleavage representation. Research points to the issue of Haiti, anti-Haitianism and migration as factors used to conceal other conflicts based on deep socioeconomic inequalities. There are only negligible ideological differences between the major parties, exemplified by the varying political coalitions that appear between former party competitors. Disagreements are more often based on positions than policies, which is demonstrated each time an election period looms. The large minority of Haitian immigrants and of Dominicans of Haitian descent is discriminated against daily but has not managed to mobilize or organize sufficiently in order to turn the issue into a cleavage that is manifested by political parties. On the other hand, anti-migration and anti-Haitian groups often effectively mobilize to thwart any reforms that could aid the situation of migrants and Dominican-Haitians. Civil society is becoming more visible as an autonomous actor in the country, but any conflicts remain at a low level, as recent administrations also have been seen to give in and grant civil society certain victories.

Cleavage / conflict management



The political leadership formulates its policy autonomously and frequently ignores civil society actors. With some exceptions, the degree of involvement of civil society actors in the formulation of policies holds more the character of co-optation rather than real interest representation. The exceptions have been involvement of professional interested associations and civil society actors in the scrutiny over candidates for high courts (before the official selection of judges). In sum, the influence of civil society on policy formulation is low.

Civil society participation



Influence is more visible in reaction to policies, defense of democratic rights, and exposés of corruption scandals, a trend that has been strengthened during the last five years. Civil society and parts of the press demonstrate time and again that with good organization supported by strong popular majorities and media coverage it is possible

on an ad hoc basis to influence the administration and Congress. The more successful pressure groups in civil society when it comes to formulation of policies, however, still are the Catholic and evangelical churches in questions of morality (gay marriage, abortion, etc.).

On average, political leadership in Congress and the presidency appear as relatively closed institutions insulated from civil society. Since 2010, civil society has gradually strengthened its position as a partial agenda setter when effectively monitoring and protesting controversial decisions made by various administrations, but it is only to a limited degree active in policy implementation and performance monitoring. An important exception is the case of election monitoring, above all by the NGO Participación Ciudadana (PC), partially corruption monitoring by Adocco (Alianza dominicana contra la corrupción), and also monitoring regarding the treatment of Dominican-Haitians and Haitian migrants (OBMICA). The latter has had little success in influencing decision-making, but more so in monitoring and documenting the situation. Civil society has not been actively tapped or invited to take part in decision-making or implementation of the COVID-19 response, which has been driven more by a technocratic expert team and implemented by the government or state-private partnerships.

Concerning acts of injustice during the Trujillo regime (1930 – 1961) and Balaguer’s civil-authoritarian regime (1966 – 1978), there has never been a process of reconciliation such as those in Argentina or Chile.

Nevertheless, acknowledgment of government-perpetrated acts of injustice under the Balaguer regime may be difficult to achieve. As president, Leonel Fernández promoted the idea of exalting Balaguer as the “father of Dominican democracy” and the PRD leadership followed suit, demonstrating lack of interest in confronting past violations. None of the leading parties in the country have shown interest in promoting the investigation of past wrongdoings or opening a process of reconciliation. With the time that has passed, the conditions to put political pressure on the authorities to demand investigations and reconciliation processes are not present. There have been no comprehensive attempts to put forward a policy of reconciliation for ills committed during the Trujillo dictatorship, which ended in 1961.

It should be mentioned, however, that the lack of reconciliation measures to address the activities of previous regimes is not perceived as a gross error. Though victims are remembered every year (especially young revolutionaries killed in the 1970s), there is no social demand for justice, truth commissions, etc., and the issue is not politicized. So far, there are some minor attempts to address the past and its atrocities through documentation and education such as the Museum of Resistance and the efforts of historian Roberto Cassá, leader of the National Archives over many years, to document the violent past under Trujillo and Balaguer.

Reconciliation

n/a

'06 '22 10

4

n/a 1

17 | International Cooperation

The political leadership is officially committed to sustainable political and economic development expressed through its own development agenda in the National Strategy of Development 2030, which sets a clear roadmap and goals. The long-term plans, however, are implemented in an inconsistent manner, with some notable exceptions (education, Plan Solidaridad, energy, state reform). The government seeks international assistance and advice on important agenda items such as efforts in education, development, and the pandemic, but shuns it when it comes to dealing with migrants and Dominican-Haitians.

Undoubtedly, one of the strengths of the transformation process to date has been the willingness of state and non-state actors to cooperate internationally and transnationally. All administrations since the first Fernández administration (1996 – 2000) have been highly committed to advancing the Dominican Republic's integration into the world market; the opening to China is one of the latest examples of this strategy. In addition, presidents have made use of their partners' skills (e.g., election observers' advice on institutional reforms) and material resources (e.g., technical and financial cooperation) to facilitate transformation even though successful implementation of needed reforms often has been lacking (as demonstrated with the failed local and regional elections in 2020).

Internationally, political leaders are committed to the goals of pursuing continued economic and political development and working with bilateral or multilateral international donors to make use of international assistance. Still, this does not always facilitate significant policy learning or policy improvement. The administration has sought advice and economic support from trusted international lenders (IMF, WB, IADB) to combat the COVID-19 pandemic, and demonstrated an ability to use these funds and implement policies based on best practices and political learning.

Macroeconomic stabilization achieved in the 1990s and revived after the 2003/04 economic crisis remains an important reason why external actors have applauded their Dominican partners' willingness to cooperate internationally. The country's credibility has not been a question when it comes to the pandemic response. The current growth and stability at a time of regional uncertainty, strengthens the image of credibility of the government.

The failure to protect human rights of the migrant minority, a key element to any democracy, has been a long-term concern in relations with the international community. The blatant attack on the human rights of Haitians and Dominican-Haitians by the Constitutional Tribunal and the Dominican exit of the Inter-American Court of Human Rights seriously damaged the state's credibility in the international community when it comes to democracy and human rights. President Abinader's new signals in this policy area may restore the country's credibility somewhat, but the

Effective use of support

8



1

Credibility

7



1

administration will face hard resistance at home, which may thwart effective policy change. The country's election into the UN Security Council 2018 – 2020 first of all demonstrated that it was considered a reliable partner. It's stint in the Security Council was relatively unremarkable as the country took few controversial stances but led debates on climate issues and also held the presidency during the first part of 2020. If anything, the period at the UN Security Council should increase the country's reputation as a reliable partner.

When it comes to investments and the economy, the country is regarded as a relatively safe business environment and attractive for foreign investments, but the pandemic may raise questions regarding investing in the large tourist sector.

The Dominican Republic belongs to the United Nations and many of its specialized and related agencies, including the World Bank, the ILO, the International Atomic Energy Agency and the International Civil Aviation Organization. Furthermore, the U.S. has signed a free trade agreement with the Dominican Republic (CAFTA-DR), and the DR opened diplomatic ties with Mainland China. The country has signed various other bilateral trade agreements throughout the last decade. Abinader will continue these policies, and has chosen the well-respected lawyer and diplomat, Roberto Alvarez Gil, to head the foreign ministry. In particular his credibility in human rights issues and on Dominican-Haitian relations should count positively toward the country's credibility in these questions.

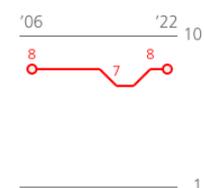
Under several administrations, political leadership has worked actively and successfully to establish and broaden as many cooperative relations as possible. The final success of this strategy was the country's entrance to the U.N. Security Council. This strategy has also led to the signing of free trade agreements with the Caribbean Community (Caricom), Central America, Costa Rica, El Salvador and the United States, and a commercial treaty with Panama. In October 2008, the Dominican Republic and Caricom signed a full Economic Partnership Agreement (EPA) with the European Union, which is subject to reviews every five years and stipulates the CARIFORUM countries to integrate more closely with each other.

The relationship with its neighbor Haiti is complicated, but aside from deep disagreements related to the issue of citizenship for Dominican-Haitians and Haitian migrants, the relationship between the two administrations has been generally cordial. President Abinader's initiation of bi-national talks, and bi-national investment projects, are positive steps to improving neighborly relations.

The Dominican Republic has been criticized by the OAS and the Inter-American Commission and Court of Human Rights, among others, for its treatment of Haitian immigrants and Dominican-Haitians, in particular for not granting, and even retracting, citizenship for children of Haitian immigrants born in the country. This led to the country's withdrawal from the Inter-American Court of Human Rights. The above-mentioned efforts of the current administration, and the nomination of Foreign Minister Roberto Alvarez Gil, are important first steps to amend international cooperation regarding this human rights issue.

Regional cooperation

8



The country is politically and economically highly dependent on the United States, where there is also a large Dominican diaspora, and political leaders of all parties and across many administrations aim to and have managed to maintain good relations with its northern neighbor. The Dominican Republic cooperates closely with the United States in several areas, among them trade, migration, and drug enforcement.

Strategic Outlook

This review period saw the first alternation in power between parties in 16 years when President Abinader (PRM) won the delayed presidential elections in July 2020. Despite challenges from the COVID-19 pandemic, the uncertainties created by ex-President Medina's efforts to seek constitutional reform for another re-election and the lack of a level playing field after 16 years of PLD rule, the democratic institutions passed an important test, and all the key political actors respected the results in support of democracy. Until the pandemic hit in March 2020, the long-term economic growth continued, and ex-President Medina maintained focus on his long-term strategies (education, poverty reduction), but with increasing challenges as his term was coming to an end and his powers and popularity had waned. President Abinader is a moderate politician who – with a majority in the Senate and with his allies forming a majority in the Chamber – will likely have political support for his agenda as well as continue his predecessor's efforts in education and poverty reduction, and will also prioritize, as did his predecessors, macroeconomic stability, and growth. With no elections until 2024, Abinader will have a window of opportunity to prioritize his long- and medium-term strategic priorities over short-term political gains.

While some elements of Abinader's agenda may in fact be facilitated by attention to the pandemic, others require quick economic recovery. Abinader will, on the one hand, face resistance to his proposed state and administrative reforms, the reforming the justice sector and the anti-corruption drive that his prosecutors have started. The pandemic, although a huge challenge, may help reduce that resistance by credibly tying Abinader's hands in the matter, in particular when it comes to state reforms to professionalize the bureaucracy. Regarding the anti-corruption drive, Abinader and his administration must resist the temptation to only go after political enemies and allow his prosecutors autonomy while respecting due process for all parties. Regarding all these initiatives, a major challenge will be to keep his party and coalition together and convince his own supporters of the need to reduce the use of the state as a tool for patronage.

On the other hand, Abinader and the PRM intend to deepen the social reforms and reduce poverty. Whereas this agenda can build on the work done by his predecessors with the Solidaridad program, the economic costs of the pandemic create a huge challenge for the social agenda. In particular, after keeping the pandemic under relative control the first year, Abinader needs to implement vaccination plans effectively and convince people at home and abroad that the authorities are fighting the pandemic diligently in order to recover the economy, in particular the important tourism sector; by mid-June 2021, about 20% of the population had been fully vaccinated, in the region only behind Chile (50%) and Uruguay (36%). The other challenge will be to maintain an open and honest dialogue with civil society in order to generate legitimacy and support for the hard choices to come due to the economic downturn caused by the pandemic.