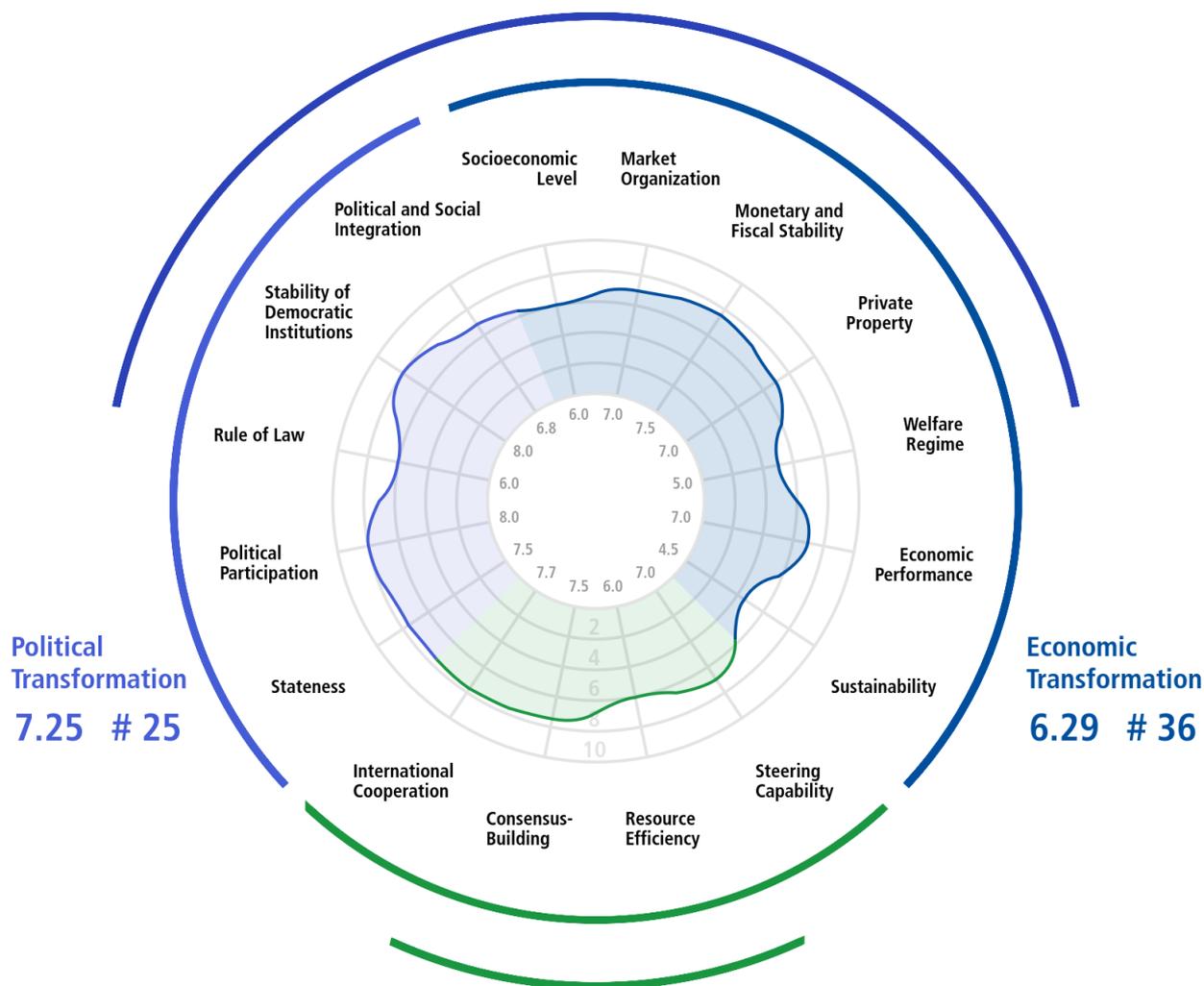


Dominican Republic

Status Index

6.77 # 24

on 1-10 scale out of 137



Political Transformation
7.25 # 25

Economic Transformation
6.29 # 36

Governance Index

6.08 # 23

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. 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>.

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Key Indicators

Population	M	11.2	HDI	0.767	GDP p.c., PPP \$	22834
Pop. growth ¹	% p.a.	1.0	HDI rank of 189	80	Gini Index	38.5
Life expectancy	years	72.6	UN Education Index	0.712	Poverty ³	% 4.3
Urban population	%	83.8	Gender inequality ²	0.429	Aid per capita \$	40.3

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

The period under review has been difficult economically but stable politically as the Dominican Republic recovers from the pandemic. President Luis Abinader's party, the PRM (Partido Revolucionario Moderno), was created only in 2014 but enjoys a safe majority in the Senate and a coalition-based majority in the lower chamber. The son of an important leader of the Dominican Revolutionary Party (PRD), Abinader is an economist and businessman who brings a less partisan manner to the presidency. His selection of similarly minded appointees, often plucked from the private sector, is a positive sign for a continued democratic transformation.

President Abinader inherited one of the Caribbean's fastest-growing economies, but the pandemic paralyzed tourism and manufacturing in free trade zones (FTZs). Poverty rates, which had fallen gradually, spiked and government spending expanded rapidly on health care and income supplements. After shrinking 6% in 2020, the country's GDP leaped up by 12% in 2021 and grew nearly 6% in 2022, which is at the high end for the region. Remittances increased nearly 50% in 2021 compared to pre-pandemic highs, keeping the economy afloat until tourism rebounded and FTZs revived.

Abinader retained key economic advisers and policies, and the World Bank and IMF have praised the PRM's macroeconomic posture. The president followed the blueprint of the National Development Strategy 2030 (END 2030) to facilitate a national electricity reform in 2021. END 2030 solidifies the nation's commitment to democracy and freer markets by mandating reforms in crucial areas to be achieved through consensus-building dialogues. The leaders' embrace of long-term reforms suggests the growing maturity of Dominican democracy, as does Abinader's nonpartisan anti-corruption campaign and appointment of well-regarded judges and prosecutors.

Abinader took office, pledging to improve relations with Haiti and explore ways to legalize migrants whose labor is vital to agriculture and construction. However, the assassination of Haiti's president in July 2021 triggered chaotic conditions and propelled thousands of migrants across the border. In response, Abinader's position hardened, and he approved the construction of a 164-kilometer border wall to stop migrants. While the country faces strong external and some internal pressure to change its policies toward Haiti, Haitian immigrants and their Dominican-born descendants, recent governments have proven less cooperative with the consensus of the international community.

Abinader has also reduced emergency relief while expanding the primary aid program for needy families. In mid-2021, 54% of Dominicans surveyed by LAPOP said that Abinader was doing good or very good work as president, with only 11% saying bad or very bad. Moreover, overall support for democracy among Dominicans rebounded in 2020. Latinobarómetro 2021 recorded an increase from 44% in 2018 to 50% in 2020. Dominicans expressed some of the highest levels of satisfaction with democracy at 39%, compared to a regional average of 25%. Still, commitment to democracy remains fragile, with one-quarter of Dominicans indifferent to whether their government is democratic or not and a regional high of 66% in favor of a non-democratic civilian government that could "resolve problems."

History and Characteristics of Transformation

Modern Dominican history begins with the assassination of General Rafael Leonidas Trujillo in 1961, which marked the end of 31 years of near-total dictatorship. In 1963, the armed forces overthrew a left-leaning elected government, and in 1965, U.S. troops occupied the country to put an end to a civil war. Elections held during the U.S. occupation brought Trujillo protégé Joaquín Balaguer to power. During his "doce años" (1966 – 1978), death squads eliminated hundreds of students, labor leaders and activists, while the military remained firmly supportive of Balaguer, as it had been with Trujillo. The traditional economy, which had been monopolized by Trujillo's family for decades, remained stagnant and uncompetitive. In the coming years, new sectors such as tourism, FTZs and remittances would emerge to replace an export-based economy focused on sugar, tobacco and cacao.

The PRD (Partido Revolucionario Dominicano), formed in exile in the 1930s, took power in 1978 – the first peaceful modern-era transfer of power. The PRD ended decades of repression, tolerated a free press, demilitarized public life, and allowed the growth of civil society, including labor unions, human rights groups and other NGOs. However, the new government dashed the hopes of its followers by accepting an IMF austerity program in 1984, triggering violent protests that left over 50 people dead. Balaguer's return to power in 1986 slowed progress toward democracy but did not undo it. In 1994, the PRD and a second opposition party, the PLD (Partido de la Liberación Dominicana), challenged the legitimacy of Balaguer's re-election, leading to a historic pact that limited him to a two-year term. In the new elections held in 1996, Leonel Fernández of the PLD won the presidency. Since that year, elections have generally been considered free and fair.

Since 1996, governments representing three different political parties have made progress toward political and economic transformation, with enhanced regulation of political campaigns and improvement in human rights, which included attempts to reform the notoriously corrupt and violent national police. There has also been a step toward reducing endemic corruption, nepotism and clientelism. Modernizing the judiciary and other elements of state administration has improved the public perception of government. According to LAPOP 2021, 68% of Dominicans surveyed trust their government somewhat or a lot to do the right thing. However, specialists Rosario Espinal and Emelio Betances recently identified the country as one of the most clientelist on the planet, with electoral mobilization dependent on the promise of state benefits. Despite decades of healthy economic growth and a resilient recovery from the pandemic, poverty rates remain high and inequality is among the worst in LAC.

Legislators in both houses of Congress serve four-year terms, and the next national elections will be held in 2024. By law, one-third of deputies in the lower house must be women. Provincial governors, currently all women, are figureheads appointed by the president rather than elected – a sign of the country’s strong executive system. The long-term reform goals enacted by END 2030 in 2012 point toward a new consensus around economic and political transformation. This consensus seeks to overcome decades of corrupt, clientelist and presidentialist rule. Pressured by civil society and supported by external partners, political elites have slowly moved toward a more modern form of democracy and a sustainable market-based economy. Nevertheless, neo-patrimonial and patronage-based traditions in office-seeking and governance constantly place obstacles before reformers.

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 Dominican state possesses a monopoly on the legitimate use of force over the entire territory. Ethnic minorities, guerrillas or separatist movements do not challenge the state's authority. However, state authority is weakened by several factors: crime, corruption and unregulated migration from Haiti, particularly since the assassination of Haiti's president in July 2021. Violent crime showed a downward trend for more than a decade prior to the pandemic, resulting in a homicide rate of 9 per 100,000 in 2020, which is low for the region. Nonetheless, drug trafficking and other forms of organized crime pose a serious and escalating problem, potentially undermining the state's stability in the medium term. Situated between North and South America, the island serves as a convenient hub for drug transshipment.

The legitimacy of the nation-state is rarely questioned. However, a large and growing minority of Haitian immigrants and Dominicans of Haitian descent face barriers to full economic and political participation. Following the constitutional reform in 2010, a newly established Constitutional Tribunal issued a ruling that children born to Haitian parents residing in the country without authorization, and who were born between 1929 and 2010, would no longer be considered citizens. This decision effectively revoked the principle of jus soli and left thousands of individuals stateless. Human rights groups protested, leading the government of Danilo Medina to launch in 2013 the National Plan for the Regularization of Foreigners, which includes special provisions for the restoration of citizenship to Dominicans of Haitian descent. Over 280,000 individuals applied for citizenship under the plan, but only 3% met the requirements, and most applicants received only temporary non-resident status. In 2022, the Dominican think tank OBMICA characterized government efforts to restore rights as "ineffective."

When Abinader took office in 2020, he vowed to improve relations with Haiti and regularize the status of Haitian immigrants, who play a crucial role in the Dominican economy, particularly in agriculture and construction. However, as more Haitians crossed the border, bilateral relations deteriorated. In February 2022, the Dominican

Question
Score

Monopoly on the
use of force

8



State identity

7



government initiated the construction of a 164-kilometer wall to close approximately half of the land border. Haiti's former prime minister, Claude Joseph, condemned Abinader as a "hypocrite" who had capitulated to "ultranationalists."

Haitian migrants and their descendants also face economic discrimination. In November 2022, the U.S. government imposed a halt on imports from Central Romana, the country's largest exporter of sugar, alleging that the company subjected its workers, many of whom were Haitian migrants, to conditions resembling forced labor. According to a report by the United Nations Development Programme (UNDP) in 2022, 4% of the nation's population is foreign-born, with Haitians constituting more than 86% of the new arrivals.

While some nationalists claim migration from Haiti is dissolving Dominican identity, others believe that the proximity of Haiti strengthens dominicanidad (Dominicanness) and attenuates colorism among Dominicans. When asked by Latinobarómetro to rank forms of inequality in their nation, only 1% of Dominicans identified discrimination against the African-descended – a lower percentage than in Brazil, Colombia or Panama. However, a regional high of 20% noted discrimination against immigrants.

Although the Dominican constitution guarantees religious freedom (2015, Article 45), the state recognizes Roman Catholicism as the official religion and grants it special privileges, including certain economic benefits. Catholic traditions and holidays are deeply ingrained in public life, marriage and education and Catholic Church officials have enjoyed significant political influence for several decades. However, Protestant evangelical churches have grown rapidly in recent decades. According to the U.S. State Department's 2021 International Religious Freedom Report, about 60% of the population identifies as Catholic, while nearly 30% self-identify as evangelical, up from 12% in 2008. The Latinobarómetro 2021 found that 72% of Dominicans have confidence in "the Church," which is well above the regional average.

In December 2022, the Dominican Ministry of Education (Minerd) repealed Departmental Order 33-2019. This order aimed to establish pedagogical tools promoting gender equality norms to eliminate gender inequality, discrimination and violence in the classroom. Despite being promulgated in May 2019, the order faced strong opposition from the Catholic Church and its followers. Minister of Education Ángel Hernández Castillo revealed that the order was never implemented due to religious sector opposition. Similarly, the Catholic Church supported and successfully lobbied for a 2010 constitutional revision that imposed a complete ban on abortion, without exceptions for rape, incest or health risks to the mother. These instances emphasize the influence of religious groups on policymaking. Regarding abortion and other moral issues, Catholic and evangelical hierarchies have typically stood united.

No interference of religious dogmas

8

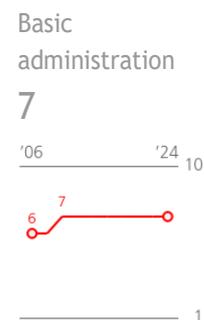


1

The quality of state administration has long been compromised by a high degree of political clientelism, insufficient development of human capital, corruption and lack of continuity between administrations. The principle of a professional and nonpartisan civil service was introduced by law in 1991 and reinforced in 2008 and 2012, but a recent study found the country had the most politicized public sector recruitment of 22 new democracies, with only 1% of government jobs filled by merit exams. Better public administration is a main goal of the National Development Strategy 2030 (Estrategia Nacional de Desarrollo 2030, or END 2030), passed by Congress in 2012 and supported by subsequent administrations. The law highlights “failings in the quality of state actions,” including basic public services such as health care, education, justice and citizen security. The plan’s top priority is the creation of “an efficient, transparent and results-oriented public administration.” While subsequent administrations have accepted the plan, progress has been slow.

Although basic water and sanitation services reach 97% and 87% of Dominicans, respectively, provision is often precarious and quality is low. Recognizing potable water as a priority, in June 2021, the Abinader administration negotiated the National Water Pact (2021 – 2036) under END 2030. On paper, 100% of Dominicans have access to electricity, but deficits in generation and a weak distribution grid result in apagones – or unscheduled power cuts. In February 2021, a national pact under END 2030 launched a reform of the energy sector, including a pivot from carbon generation to renewables.

Essential to improved public services is better tax collection, which the World Bank notes is low by regional standards (13.2% of GDP in 2018). The Abinader administration promised to enact tax reform, but a fiscal revision is unlikely before the May 2024 elections. The government has introduced reforms to professionalize the civil service, as well as reduce corruption, clientelism and inefficiency. It has closed around 77 state offices that duplicated other functions. During the acid test of the pandemic, the Dominican state performed quite well. It doubled the number of households receiving government aid (to 41%) and vaccinated a larger share of the population than most nations in the region (67%). However, according to the Latinobarómetro 2021 report, 40% of Dominicans often or sometimes lacked sufficient food during the pandemic, making it the third-highest rate in the region.

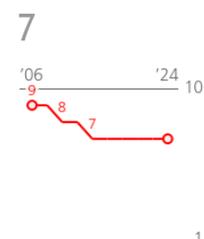


2 | Political Participation

The president, along with legislators in both houses, serves a four-year term, following a concurrent election cycle. By law, one-third of the deputies in the lower house must be female, but out of the 32 senators, only four are women. Compulsory voting was discontinued in 2010, but this change did not have a notable impact on voter turnout for presidential elections. The country has been conducting quadrennial elections since 1966. However, it wasn't until 1996 that national and local elections were widely regarded as free and fair multiparty contests. During the years of single-party dominance by the PLD (2004–2020), the quality of elections declined, reaching a point where local elections in February 2020 had to be postponed. When the Central Electoral Board halted the election due to technical issues after voting had begun, popular organizations, the media and opposition parties united in protest against the delay. Eventually, the elections were held in mid-March 2020. Due to the pandemic, the presidential and congressional elections scheduled for May 2020 were rescheduled for July 2020, allowing for a smooth transition to the PRM/Abinader administration after sixteen years of PLD single-party rule. The campaign and elections were conducted relatively freely and fairly and were not significantly affected by the various states of emergency in place at that time. Voter participation did decrease by 14 points since the 2016 election to 55.3%, presumably due to the health crisis.

While most recent elections have been orderly, experts identify the country as one of the most highly clientelist on the planet. Public employees are expected to vote for incumbents, attend campaign events, organize their community, donate to the ruling party, and channel state goods to party supporters. Recent legal reforms aimed at political parties and elections (Laws 33/18 and 15/19) have not ended the use of state funds for partisan purposes nor leveled the playing field for minor parties. Surveys show Dominicans have a healthy skepticism toward elections. While 57% of Dominicans – third-highest in the region – say they have freedom to participate in politics, 60% responded that the country was governed to benefit powerful groups rather than for the public good, among the region's highest according to Latinobarómetro 2021. It is widely expected that Abinader will run for re-election in 2024. Early polling identifies Leonel Fernandez, elected president three times for the PLD but now leader of Fuerza del Pueblo, as the PRM's main rival. The precandidate of the PLD, Abel Martínez, mayor of the country's second-largest city, Santiago, has made virulent anti-Haitianism the keynote of his campaign, ensuring continued prominence of that issue in 2024.

Free and fair elections



The president and members of Congress have the power to govern. The military has not threatened civilian government since the early 1980s. Big landowners and business elites, especially in key sectors like tourism, mineral extraction and sugar production, are influential and receive special consideration from elected officials. According to the World Bank, the country's regulatory structure protects incumbent firms that enjoy market power. There is also concern that proceeds from organized crime are channeled into political campaigns and corrupting state officials. However, the transition from the PLD, which had controlled the presidency for 16 years, to Abinader's recently formed PRM in 2020 took place smoothly and without negatively impacting executive authority.

Effective power to govern

8



1

The constitution provides for freedom of association and assembly (2015, Articles 47 and 48), and the government generally protects those rights. Anti-government demonstrations are not uncommon and are usually tolerated, although incidents of police and thug violence have been reported. Isolated incidents of deadly violence aimed at political activists do occur, as does harassment of groups supporting unpopular causes such as the rights of Haitians and those of gays and lesbians. That said, Dominicans are among the most disposed in the region to join protests over health care and education and also among the most likely to favor such actions, with 58% approving of marches and protests, compared to a regional average of 52%, according to Latinobarómetro 2021. In March 2021, a coalition of women's rights groups demanding that Congress permit abortion in cases of rape, incest or a threat to the mother's health camped out for 73 days near the National Palace. During the pandemic, the government strictly enforced curfews and restricted free movement and assembly, and many complained that police made arrests in poor neighborhoods while ignoring violations in wealthier zones.

Association / assembly rights

9



1

Freedom of opinion and of the press is constitutionally guaranteed (2015, Article 49). Freedom of information laws are in place (200/04), but they are enforced selectively. Investigative journalism is still rare but is gaining a broader following and having more impact on political life, especially through exposés of corruption. Criminal penalties for defamation and insults were declared unconstitutional in 2016. Media companies are privately owned and pluralistic, though ownership is concentrated. In the last two decades, the emergence of independent newspapers like Diario Libre and the availability of online news sources like Acento have broadened access to critical views. The country has more than 40 television channels, many featuring news analysis, as well as some 300 radio stations and four national and many local newspapers, with the vast majority in private hands. The large number of media outlets presents a relative plurality of opinions, although self-censorship is not uncommon; the press is reluctant to attack the interests of media owners and other economic elites.

Freedom of expression

8



1

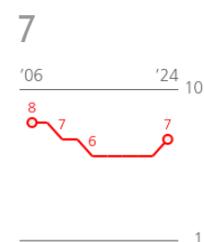
Dominicans demonstrate a nuanced understanding of these rights. According to the *Latinobarómetro 2021*, 58% of Dominicans reported always and everywhere enjoying freedom of expression, surpassing the region’s average of 46%. However, when asked about publicly expressing political opinions, 41% responded negatively, while 54% believed that doing so could have negative consequences. Investigative journalists, with a few exceptions, are rare and face financial difficulties, though there have been minimal known threats against them. World Bank data indicates that approximately 80% of the population has internet access. In 2020, President Abinader publicly advocated for freedom of the press by signing the Chapultepec and Salta declarations on independent journalism. Nevertheless, concerns have arisen regarding the new penal code, which may potentially criminalize certain forms of expression. The country ranks fourth in Latin America on the 2022 Chapultepec index of freedom of expression and the press.

3 | Rule of Law

Successive constitutions have embodied the principle of separation of powers (2015, Article 4), and the Abinader administration publicly supports separation of powers. However, the Dominican state remains highly presidential. The president’s prerogatives include appointing provincial governors, submitting bills to Congress and proposing constitutional amendments. In the four most recent constitutional revisions – in 1994, 2002, 2010 and 2015 – a main issue was presidential term limits. Dominican political scientist Rosario Espinal observes that “neither the economic growth nor political opening of recent decades has succeeded in breaking the tradition of excessive presidentialism.”

While patterns of executive dominance persist, some improvement has been made since the late 1990s. The president no longer has the discretion to dispose of any funds left unspent by ministries. The return of a multiparty power structure with the 2020 election also creates a stronger counterweight to the presidency. President Abinader has pledged and taken genuine steps to ensure that his government respects the autonomy of other branches of government, including the judiciary and legislature, as well as within the executive branch. He has received widespread praise for his prosecutorial appointments, particularly that of Miriam German as Procuradora General, the country’s attorney general. “For the first time in our history,” Abinader declared in 2021, “the public prosecutor’s office is independent of politics.” In its July 2022 Country Report, the IMF highlighted Abinader’s efforts to “strengthen the transparency and integrity of public administration” and “rule of law.”

Separation of powers



The constitution establishes an independent judiciary (2015, Articles 149 and 151), and while neither rule of law nor due process are firmly established, in recent years the judicial system has improved due to improved legal education, including the presence of scholars, lawyers and judges with international education and experience. Reforms such as the Judicial Career Law (327/98) and the Criminal Procedures Code of 2004 encourage a more efficient administration of justice and guarantee the rights of suspects. In addition, the Organic Law of the National Budget (2006) and Public Administration Law (2008) protect judges, regularize budget allocations and increase budgetary autonomy. Despite these reforms, the judiciary still lacks sufficient financial support, career stability and institutional structure. That said, Abinader's appointment of Miriam German as Procuradora General soon after he took office has been widely hailed as a step toward autonomy for a post that is essential to anti-corruption efforts.

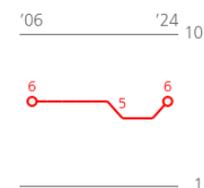
The National Council of the Judiciary – composed of the president, leaders of both chambers of Congress, the Supreme Court president and a representative from an opposition party – appoints justices of the Supreme Court and Constitutional Court, as stipulated by the 1994 constitutional reform. The 2010 constitution established a new Judicial Council and Constitutional Tribunal, which increased the autonomy of the courts and enhanced the review of existing laws. Nevertheless, the reform left space for partisan influence in the selection of judges for the Supreme Court, Supreme Electoral Tribunal and Constitutional Tribunal.

According to the 2022 International Property Rights Index, the country's judicial system receives low rankings (rank 87 out of 129 globally and 10 out of 21 regionally) in crucial areas such as the rule of law, control of corruption, judicial independence and patent, copyright and property protection. In September 2021, President Abinader proposed constitutional reforms aimed at reducing political influence on the National Council of the Judiciary and within the judiciary. However, these proposals have not yet resulted in any tangible changes. Nonetheless, in mid-2022, the IMF commended Abinader's "recent appointees to the Constitutional Court and Superior Electoral Court," highlighting their political independence and high professional merit.

Government corruption and official impunity have long histories. "We come from a culture where street crimes, robbery and the like were prosecuted. But corruption? Almost never," notes a current Dominican judge. The situation has changed recently. The first years of the Medina administration (2012 – 2014) saw prosecutions of officials in the prior government, yet after his re-election in 2016, corruption at the highest levels became flagrant. President Abinader has made the fight against corruption a priority. Exposés have been frequent and visible enough to earn shorthand names: Antipulpo, Coral, 5G, Medusa and Operación 13. Among those facing prosecution are generals, cabinet ministers and the brother of former President Medina. The campaign has not been waged only against rivals from previous

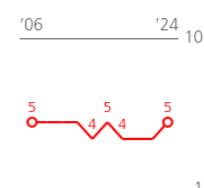
Independent judiciary

6



Prosecution of office abuse

5



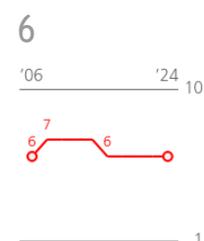
administrations. The Specialized Prosecutor's Office for the Prosecution of Administrative Corruption (PEPCA) has launched proceedings against officials in Abinader's own administration. Several PRM representatives in Congress have been put under investigation, and the president's chief of staff, Lisandro Macarrulla, resigned over alleged corrupt activities. Abinader has also strengthened the General Directorate of Public Procurement (DGCP) and created a public trust for illicitly diverted public moneys (Decree 499-21), while auditors in the Chamber of Accounts have supported PEPCA's investigations.

The 2022 Capacity to Combat Corruption Index improved the country's ranking, continuing a two-year upward trend that coincides with Abinader's presidency. The index praised Abinader for a proposal to increase transparency in public contracts and reduce bureaucracy. Latinobarómetro's 2021 survey shows that public opinion generally agrees that progress has been made, with 41% of those surveyed saying the government had made some or significant progress against corruption in state institutions, above the regional average of 29%. It is too early to claim that the country has moved beyond official impunity, but popular mobilization against corruption, for example, by the Marcha Verde movement in 2017 and 2018, demonstrates that the public is willing and able to pressure for the punishment of corrupt officeholders.

The current constitution protects a wide range of civil rights, including the right to human dignity, privacy and the free development of one's personality. It also guarantees gender equality before the law (2015, Articles 38, 39, 43, 44). Citizens can assert their rights through institutional channels, but access is not equally available to all. Courts have not ruled in favor of LGBTQ+ rights, a women's right to a therapeutic abortion, or full citizenship for children of Haitians born in the country. Following a ruling that left many thousands stateless, the nation effectively withdrew from the Interamerican Court of Human Rights in 2014 after that body ordered the restoration of citizenship to Dominicans of Haitian descent. In November 2022, the U.S. government suspended the importation of sugar from Central Romana, the country's largest sugar exporter, on the grounds that the company subjected workers, many of whom were Haitian migrants, to forced labor. Haitian migrants and Dominican-Haitians are largely unprotected from state abuse, which was most recently demonstrated by the growing number of deportations of Haitians and Dominican-Haitians.

Despite the constitution and existing legislation, women's civil rights remain precarious. According to the U.N. Economic Commission for Latin America and the Caribbean (ECLAC), the country has the second-highest femicide rate in Latin America (2.7 per 100,000), but the issue has only recently gained concern from the government and the press. LAPOP 2021 points out that 53% of those surveyed agree or strongly agree that physical violence between partners is a private matter for the couple to handle on their own, while 58% acknowledge that no government agency has taken measures to decrease violence against women.

Civil rights



Police violence, including homicide, is a long-standing issue, and the national police are among the least trusted institutions in the country, according to Latinobarómetro 2021. Extrajudicial killings by police took over 40 lives in 2021, and in the first two weeks of December 2022, the National Police reportedly killed 15 people. Soon after taking office, President Abinader made police reform a key part of a new national citizen security strategy. In late 2022, he created a Police Reform Commission that is responsible for reforming police education, with a focus on human rights, ethics and evidence-based results. The commission has transformed the Police Academy (IPE), its curriculum, institutional structure and pedagogical models. An ongoing evaluation of police personnel remains a priority. Many prisons are old and overcrowded, and according to the U.S. State Department, approximately 60% of prisoners are held in pretrial detention.

4 | Stability of Democratic Institutions

Democratic institutions at the national and local levels function in principle but are weakened by clientelism, corruption and presidentialism. In February 2020, the Central Electoral Commission halted voting due to a technological glitch. The popular response was instantaneous: 11 days of demonstrations made it clear that Dominicans would not tolerate the suspension of the electoral process. The delayed vote took place without further incident in March 2020, followed by the presidential election in July, after a two-month postponement due to the pandemic. OAS observers of both elections found indications of vote-buying and the illegal use of public funds, but few violators faced prosecution.

Despite some irregularities, overall, the country has held reasonably free and fair elections since 1996, and there has been recent progress toward protecting the viability of smaller parties. In April 2021, the Constitutional Court allowed minor parties to maintain their legal status as long as they secure some congressional or municipal representation, revising a previous rule that dissolved parties unable to attain 1% of the vote. Nevertheless, major parties still receive 80% of public campaign funding by law, while minor parties share the remaining 20%. This policy has been criticized by certain local NGOs.

For the period from 2019 to 2022, the V-Dem Institute ranked the country among the top 10 democratizing nations globally (Democracy Report 2023). At the popular level, however, skepticism abounds. Some 39% of Dominicans surveyed have confidence in elections – less than a majority, but nevertheless, an increase of 10% since 2019. Yet only a quarter of those surveyed say votes are always counted correctly, while 88% say the rich either always or sometimes buy elections. Similarly, 60% agreed that the nation is governed to benefit certain powerful groups rather than for the public good, and many of those surveyed by LAPOP do not believe their ballot is secret; 75% say politicians can always or sometimes find out who they voted for. These opinions may reflect earlier foreign interventions and manipulated elections, but the widespread skepticism cannot be ignored.

Performance of democratic institutions

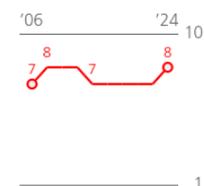
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No significant state, societal or political actors call for the overthrow of democratic institutions, and all relevant actors accept the status quo and minimal rules of the game. The state of emergency declared during the pandemic and the resulting enhancement of government power were not used to undermine democratic institutions, even as local and national elections took place. Although challenges to democratic institutions remain, the orderly transition to Abinader's presidency after 16 years of PLD rule reaffirmed their newfound solidity. That said, the many successful and unsuccessful constitutional reforms to permit or prevent re-election by incumbent presidents since 1994 demonstrate that anti-democratic impulses have taken advantage of technically sound constitutional maneuvers.

Commitment to democratic institutions

8

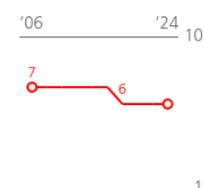


5 | Political and Social Integration

Compared to other nations in the region, the Dominican Republic has long had a small number of viable political parties. From the 1970s to the late 1990s, three highly personalist parties dominated: the PRSC led by Joaquín Balaguer, the PLD under Juan Bosch, and the PRD headed by José Francisco Peña Gómez. Leonel Fernández, a Bosch protégé, led the PLD to victory in 1996, then returned to the presidency from 2004 to 2012. Since Balaguer's death in 2002, the popularity of the PRSC has declined steadily. After winning the presidency in 2000, the PRD faced fierce intraparty rivalries that led to the birth of the PRM in 2014, under Luis Abinader. In 2019, the PLD also fragmented, with Fernández leaving to form a new vehicle for his aspirations, La Fuerza del Pueblo, after failing to win the PLD's nod for president. At the congressional level, the PRM holds power in both houses, with the PLD its only real rival, followed by the PRSC with a few seats, and then a dozen minor parties, including Fuerza del Pueblo and the PRD. The personalities of party leaders, rather than strong ideological differences, continue to define party identities. Recent party fragmentation has not eliminated strong partisan identification among voters. According to Latinobarómetro 2021, 52% of Dominicans feel "closeness" to a particular party, whereas the average in the region is just 29%. Despite changes in the party system, voters retain strong loyalties by regional standards. Nor has long-standing clientelism disappeared from Dominican politics. An opinion piece in the leading newspaper Hoy from May 30, 2022 recently asked how Abinader's PRM can hope to win elections "without minimally satisfying the desire for government jobs of party activists." Primary voting for the next local and national elections will begin on October 1, 2023, and will be followed by party conventions later that month, according to the Central Electoral Board's calendar. As the 2024 elections approach, Abinader will be under greater pressure to please party militants.

Party system

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Civil society, labor and business groups are relatively well-organized. None of these groups seek to undermine democracy, but they vary greatly in their capacity to influence policy. Except for transportation workers and teachers, labor unions are weak. On the other hand, business groups have well-funded advocacy organizations such as ADOZONA for FTZs, ASONAHORES for hotel and tour operators, and ASIEX for foreign investors. In recent decades, key NGOs focused on democracy and human rights have emerged, including Participación Ciudadana, a nonpartisan civic organization created in 1993, and FINJUS (Fundación Institucionalidad y Justicia), a pro-democracy NGO founded in 1988. Representatives of NGOs often take leading roles in public debates about pending legislation, court cases and constitutional reforms, while some have accepted posts in Abinader’s government.

Popular mobilizations have a long history in the country, and recent collective actions have called for protecting the rights of women, Haitian migrants, and gays and lesbians. In the wake of the Odebrecht scandal, Dominicans organized mass protests under the rubric “Marcha Verde” in 2017 and 2018, in what sociologist Emelio Betances calls “a watershed moment in recent Dominican political history.” The struggle of women’s organizations for the tres causales in spring 2021 is an example of a broad mobilization effort that failed to achieve its goals – legalizing abortion in cases of rape, incest, or a threat to the mother’s health. Recent movements have made effective use of social media as an organizing tool. Indeed, according to Latinobarómetro 2021, Dominicans lead the region in agreeing that social media allow greater participation in politics. Groups on the right have galvanized public attention with “Marchas Patrioticas” in opposition to migration from Haiti, while Catholic and Protestant interest groups often work together against progressive reforms. In December 2022, in response to “noise” from the combined religious community, the Ministry of Education canceled plans to introduce a school curriculum that would “deconstruct gender stereotypes that permeate Dominican society.” On the other hand, the recently formed Alianza Cristiana brings together Catholic and evangelical women to support the tres causales and gender rights more broadly.

The country has not been immune to a decline in approval of democracy, and surveys present a contradictory set of findings on the topic. From 2011 through 2018, support for democracy dropped from 65% to 44% but rebounded to 50% in 2020, putting the country near the regional average of 49%. In terms of satisfaction with democracy, the country has the fifth highest rate in the region, with 52% of Dominicans saying they are satisfied with democracy, up from 43% in 2019. The percentage of people who said they had confidence in elections went up 10 percentage points from 2019 (29%) to 2021 (39%) (LAPOP 2021). The end of 16 years of PLD domination in 2020 may have contributed to rising support for democracy.

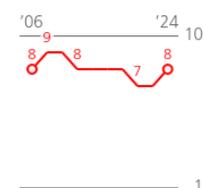
Interest groups

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Approval of democracy

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On the other hand, the Latinobarómetro 2021 survey reported that 40% of Dominicans surveyed agreed that democracy in their country has “big problems.” One-quarter expressed indifference toward whether the government was democratic or not, which was close to the regional average of 27%. Dominicans were the second-likeliest in the region to agree that a president facing “difficulties” should take control of the media, with 48% compared to the regional average of 34%.

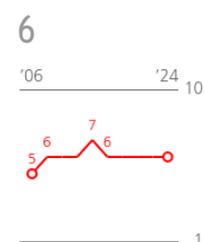
According to the LAPOP 2021 survey, 51% of Dominicans favored a system that guaranteed income and basic services without holding elections. Nevertheless, 69% affirmed that, despite its problems, democracy was the best system of government, which was higher than the regional average of 63%. The Latinobarómetro 2021 survey found that Dominicans also had one of the highest levels of satisfaction with democracy at 39%, compared to the regional average of 25%. Additionally, 56% of Dominicans said that one should always vote in elections, which was the fourth-highest level in the region.

According to Latinobarómetro, Dominicans also express high levels of confidence in their government, with 61% having confidence in the president, nearly double the regional average of 32%. Dominicans have more confidence in the armed forces than most – 50% vs. 44% on average – but less in the police – 32% vs. 36%. They also have above-average confidence in the judicial branch (36% vs. 25%), and at 33%, their confidence in Congress is second-highest regionally, as is confidence in political parties, 24% vs. 13%. In sum, Dominicans have a more positive view of democracy in general and their government in particular than most in the region.

Latin America is the region of the world with the lowest levels of trust in fellow citizens – a deficit of social capital that should make it difficult for people to achieve common goals. When asked if they could trust others in general, 14% of Dominicans said yes – a relatively low figure, but above the regional average of 12%. These results, however, understate the level of community and neighborhood cooperative groups, as well as the activity of young Dominicans organizing through social media. Among Dominicans, especially the poor, in cities and rural areas, there is significant solidarity. Moreover, while crime may contribute to the low level of trust, 89% of those surveyed by Latinobarómetro said their fellow citizens obey the law – the fourth-highest rate in the region.

The low level of interpersonal trust is contradicted by other survey results. Dominicans are the first in the region to agree that social media facilitate participation in politics, reflecting a belief that online platforms promote collective action. They also have high levels of approval for and willingness to take part in protests to achieve the common good, according to Latinobarómetro 2021. When the government ceased voting in local elections in February 2020, the collective response was instantaneous, forcing the government to quickly reschedule the vote. Dominicans have also organized voluntary associations to support protests over corruption (Marcha Verde, 2017-2018), abortion rights (women’s encampment, 2021), and against a

Social capital



constitutional reform to allow Danilo Medina's re-election to a third term (2019). In both rural areas and cities, cooperatives, community organizations and mutual-aid societies have existed for many years. Not surprisingly, when asked if their fellow citizens demand their rights, 62% of Dominicans responded yes (quite a bit or a lot), the third-highest in the region.

II. Economic Transformation

6 | Level of Socioeconomic Development

The 2021-22 HDI places the nation in the high human development category (0.767, up from 0.700 in 2009), at rank 80 out of 191 countries. From 1990 to 2021, the country had one of the highest average annual HDI growth rates (0.92) for countries in the high HDI category, surpassed only by China, Vietnam and Indonesia. That rapid improvement, however, is marred by realities of stark inequality, limited social mobility, and a development gap between rural and urban areas. When adjusted for inequality, the HDI drops to 0.605, an indicator of social exclusion due to poverty, poor education and gender discrimination. Haitian migrants and Dominicans of Haitian background are among the most impacted by social exclusion.

The Dominican Republic's UNDP Gender Inequality index has shown some improvement, declining from 0.478 in 2013 to 0.429 in 2021, at rank 106 out of 170 nations. Women continue to face significant socioeconomic hurdles – the World Bank's 2023 Gender Scorecard notes that only 32% of firms are owned by women, marking a low level of female entrepreneurship. ECLAC's Social Panorama 2022 notes an increase in poverty levels that began before but worsened during the pandemic, with 22.5% of the population living in poverty and 5.2% in extreme poverty, as unemployment, then inflation, reduced incomes. A longer view shows that income inequality, as measured by Gini coefficients, has declined from 52 in 2006 to 39.6 in 2021. The country is one of just a few in the region in which inequality improved during the pandemic. A key factor in ongoing inequality is the large informal sector. In 2022, the central bank found that over 58% of the workforce was employed informally. In its 2021 review of Dominican public expenditures, the World Bank noted that "expanding the formal sector and maximizing its employment potential will be essential to reversing the recent increase in poverty rates."

Question
Score

Socioeconomic
barriers

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Economic indicators		2019	2020	2021	2022
GDP	\$ M	88941.4	78844.7	94243.4	113641.9
GDP growth	%	5.1	-6.7	12.3	4.9
Inflation (CPI)	%	1.8	3.8	8.2	8.8
Unemployment	%	6.2	6.1	7.7	7.1
Foreign direct investment	% of GDP	3.2	3.1	3.6	3.5
Export growth	%	1.5	-30.3	36.2	13.7
Import growth	%	5.8	-14.6	24.7	15.1
Current account balance	\$ M	-1187.9	-1337.3	-2685.3	-6326.8
Public debt	% of GDP	53.6	71.5	63.2	59.5
External debt	\$ M	34164.8	40262.7	43711.6	-
Total debt service	\$ M	3747.2	6374.7	3317.8	-
Net lending/borrowing	% of GDP	-2.0	-8.2	-3.0	-
Tax revenue	% of GDP	13.3	12.4	14.4	-
Government consumption	% of GDP	11.1	12.6	11.5	11.3
Public education spending	% of GDP	4.0	4.5	3.7	3.8
Public health spending	% of GDP	2.6	3.2	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	0.7	0.8	0.7	0.7

Sources (as of December 2023): 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

The legacy of the Trujillo family's business monopolies and the subsequent utilization of state-owned enterprises (SOEs) for patronage granted the Dominican state an exaggerated economic role. President Abinader has established the Commission for the Liquidation of State Organs in order to advance the privatization of SOEs, a process that had already commenced in the 1990s. In the realm of electricity, private companies are responsible for managing generation, while the government oversees transmission and distribution. Price controls are still in effect for electricity, household gas, gasoline, sugar and agricultural products, although

Market organization

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subsidies for electricity have been reduced and fuel subsidies were eliminated in 2018. Throughout the pandemic, the government reintroduced subsidies for essential items such as rice, wheat, chicken and beef in order to counteract lost income.

Domestic and foreign companies face a market system that remains over-regulated, despite laws to promote competition such as Industrial Competitiveness and Innovation (2007), General Law for Defense of Competition, and Small and Medium Enterprises (both 2008). The state offers tax incentives to investors in tourism, renewable energy, film production and border enterprises, as well as manufacturing mainly in FTZs. These tax breaks often benefit incumbent firms and burden newcomers by raising entry costs.

The Foreign Investment Law (16-95) permits unlimited foreign participation in all sectors, and foreigners have rights equal to domestic firms to open and own enterprises engaged in legal, for-profit activity. The government imposes no restrictions with respect to foreign exchange, technology exchange, repatriation of profits or local content. Foreign direct investment stood at 3.5% of GDP in 2021, up from the previous pandemic year. However, foreign investors cite a number of obstacles, including the lack of clear rules, widespread corruption, weak enforcement, weak intellectual property rights, unclear land tenure laws and government expropriations.

According to the most recent data published by the International Labour Organization, the share of the informal sector in the Dominican Republic increased from 54.5% in 2020 to 57.3% in 2021, nearly reaching figures last experienced in 2017 (57.2%).

Corruption and a lack of transparency continue to hinder the country's competitive position, with a World Economic Forum ranking of 78 out of 141 countries (Global Competitiveness Report, 2019). Transparency International's 2021 Global Corruption Perception Index moved the country up two places, but it remains among the lowest in the region at 128 out of 180. In 2017/18, the Medina administration launched reforms to improve the business environment, simplifying business start-up requirements, bankruptcy law and lowering capital requirements. In 2021, the World Bank noted that "eliminating regulatory, tax, and expenditure policies that unduly favor established firms should be regarded as an urgent near-term priority" (Public Expenditure Review).

In 2021, Congress approved a National Competitiveness Strategy and Zero-Bureaucracy Law (167-21) that created ProCompetencia, a commission that reviews transactions for antitrust issues. In June 2021, ProCompetencia fined four pharmaceutical companies \$250,000 for price fixing. Government purchases have often been made through direct, private negotiation with suppliers rather than open bidding. In 2022, President Abinader submitted a bill to Congress to substantially modify the government procurement laws, aiming to make the process more transparent.

Competition policy

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The country took its first steps toward greater openness to global markets with the launch of free trade zones (FTZs) under Joaquín Balaguer in the 1970s, followed by membership in the WTO and CAFTA-DR in 1995 and 2007, respectively. In 2008, the country joined Caricom in an Economic Partnership Agreement with the European Union, which ended duties and quotas for exports into Europe but allows a long grace period for full reciprocity. One measure of trade openness is that exports plus imports totaled over 52% of GDP in 2021. In April 2021, the CEI-RD (Expert and Investment Center of the DR) launched an online registry of FDI to streamline registration with the government. A comprehensive new customs law creates a transparent online process for importers (WTO Trade Policy Review, 2023). The few remaining tariffs under DR-CAFTA, including those on chicken and rice, will phase out by 2025. The average of MFN-applied tariffs totaled 7.6% in 2021.

A significant realignment of foreign trade took place in 2018 when the country established diplomatic relations with China (rather than Taiwan). In just two years, trade between the two nations increased by 41%, reaching approximately \$5 billion. China is now the country's third-most important trading partner, after Haiti and the United States. In April 2021, the Dominican government and Chinese embassy launched the Dominican-Chinese Commerce Committee to promote bilateral trade. The value of exports to China is barely a tenth of imports and consists primarily of ferroalloys and other minerals.

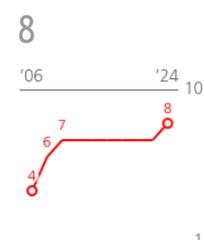
Moreover, since 2016, more than 97% of goods entering the country from CAFTA-DR nations pay no tariffs. The United States' share of the consumer goods market is estimated at 70%. The state offers tax incentives to investors in tourism, renewable energy, film production and border enterprises, as well as manufacturing, primarily in foreign-trade zones (FTZs). In February 2021, the incentives for direct investments along the border were extended for 30 years. Although American tourists make up 40% of visitors, the Dominican Republic is not a party to the Open Skies agreement, which makes air travel more expensive. According to the Ministry of Tourism, the country is expected to sign the Open Skies agreement in 2023. As the United States' industrial strategy shifts away from Asia toward near-shoring alternatives, the country has the potential to attract foreign direct investment (FDI) to FTZs. Like previous administrations, the Abinader government welcomes foreign investment.

The country has one of the Caribbean's most developed banking systems. An IMF review in 2021 found the system resilient and well-monitored, though it recommended better adherence to international standards. In accordance with the Monetary and Financial Law (183-02), the sector adheres to the Basel accords and is regulated by a Monetary Board, the central bank (BCRD), and the Superintendency of Banks. A severe banking crisis in 2003 followed the collapse of Baninter, one of the nation's largest banks, and led to a standby agreement with the IMF and enhanced supervision. In the acid test of the 2008 financial crisis, Dominican banks weathered the storm without major disruptions. The failure of Banco Peravia in late 2014 did not threaten the banking system but was a wakeup call about the impact of illegal business stemming from Venezuela.

Liberalization of foreign trade



Banking system



The country's banking system is stable and rapidly modernizing, with sound leadership at the BCRD. In 2020, the BCRD reported that 46.3% of Dominicans had bank accounts. Bank interest rates are high, and private lending is low by regional standards. As of January 2022, total bank assets were \$47.7 billion. Three large banks hold 69.7% of those assets: Banreservas (32.6%), Banco Popular (21.9%), and BHD (16.4%). The banking system weathered the pandemic thanks to solid policy decisions and quick economic recovery. In 2021, non-performing loans amounted to just 1.2% of lending, and as of September of that year, the capital adequacy ratio of the financial system as a whole was 19.9%, well above the mandated 10% minimum. The banking sector is moving rapidly into fintech services.

The Dominican Stock Market (BVRD), the country's only stock exchange, began operations in 1991 and is regulated by the Securities Market Law (249-17) and supervised by the Superintendency of Securities. There are no publicly traded companies in the country, and the BVRD mostly handles bonds issued by the government.

8 | Monetary and fiscal stability

As noted by the World Bank in 2022, monetary and fiscal stability have played crucial roles in the country's recent decades of economic success (MPO). The BCRD is staffed by competent individuals and operates autonomously in theory. In response to the pandemic-induced downturn, BCRD swiftly took action in March 2020 by reducing interest rates from 4.5% to 3% in order to provide additional liquidity. When inflation became a more significant threat than contraction, BCRD tightened credit throughout the fall of 2021. Inflation increased from 1.8% in 2019 to 3.8% in 2020 and 8.2% in 2021. In July 2022, an IMF team commended the country's recovery strategy, stating that it "continued to display remarkable resilience to global shocks, aided by sound policies, monetary policy support, a nimble COVID vaccination campaign, and a well-executed reopening."

The exchange system allows for the free convertibility of the peso. The banking crisis of 2003 caused the peso to lose half its value against the dollar by 2004, stabilizing at around 30 pesos to the dollar by 2005. Since then, the dollar has consistently but gradually gained strength against the peso, reaching its current exchange rate of approximately 57 pesos to the dollar as of January 2023. The real effective exchange rate has remained relatively stable, as indicated by the real effective exchange rate index of 81.2 in 2021. President Abinader has assembled a professional economic team and prioritized stability by retaining Héctor Valdez Albizu as BCRD president, an individual widely respected in the field. Among other advancements, Valdez Albizu has enhanced BCRD's cybersecurity measures and implemented a recent anti-money-laundering law (155-17).



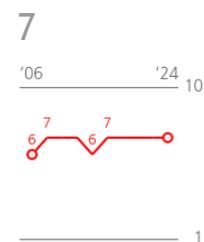
Before the pandemic, the country's fiscal situation showed gradual improvement, with strong GDP growth, inflation near the 4% target, predictable if low tax receipts, and a steady exchange rate. In 2020 and 2021, the government resorted to extraordinary fiscal measures to provide health care and income to millions of Dominicans. To cover financing gaps opened by the pandemic, authorities mobilized loans and credit from the IMF, World Bank, the Inter-American Development Bank, the Latin American Development Bank and the Central American Bank for Economic Integration, as well as donations from the United States and the European Union and private donors for health care needs. As revenue from tourism and manufacturing cratered, remittances from the Dominican diaspora rose sharply; BCRD data showed that remittances for January to June 2022 were \$1.4 billion more than in the first half of 2019. The fiscal deficit widened in 2022 due to government subsidies to counteract food and energy price surges. Interest on debt absorbed one-fifth of tax revenues in 2021, crowding out public investments. In December 2022, the Ministry of Finance estimated the fiscal deficit at 3.6% of GDP.

Looking beyond pandemic-inflated public debt, several other issues cloud the fiscal horizon. The debt-to-GDP ratio has increased gradually each year since 2007; the government now hopes it will stabilize just under 60%. The International Monetary Fund (IMF), World Bank, and Organization for Economic Cooperation and Development (OECD) recommend several fiscal reforms to stabilize financing for the National Development Strategy 2030. These reforms include broadening the tax base, reducing tax exemptions and evasion, eliminating uncertainty about tax policy, and phasing out state subsidies to the electricity and water sectors. The country's tax-to-GDP ratio fell to 12.6% in 2020, the second lowest in the region, and over 60% of revenue comes from regressive taxation of goods and services (OECD, Revenue Statistics, 2022). A general fiscal reform is crucial to channel public spending toward poverty-reducing policies. The needed fiscal reforms will be at risk if a slowdown in the U.S. economy reduces tourist arrivals or if the war in Ukraine further impacts the prices of key goods and services.

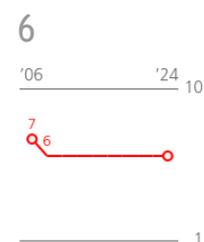
9 | Private Property

Property rights are protected by the constitution (2015, Article 51) and by law (108/05). As in other legal domains, problems persist with implementation due to corruption, inefficiency and political influence. In general, large enterprises with greater legal resources face fewer problems than individuals and small businesses. In 2008, the country adopted a new system based on GPS coordinates and is working to establish clear real property titles, but as of March 2021, an industry source estimated that only 25% of land titles were clear. The U.S. State Department credits the country with having strong intellectual property rights (IPR) laws and meeting its IPR obligations under WTO rules on Trade-Related Aspects of Intellectual Property Rights (TRIPS). That said, the 2022 International Property Rights Index ranks the

Fiscal stability



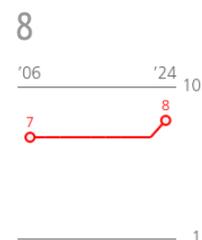
Property rights



country 87 out of 129 nations and 10 out of 21 in the region, giving lower scores for physical property rights than intellectual property rights, but with notably low scores for copyright protection and control of corruption.

Private enterprise is the backbone of the economy, and although a few state-owned enterprises (SOEs) and public-private partnerships (PPPs) still exist, their influence on economic life has greatly diminished. Private enterprise is safeguarded by the constitution (2015, Article 50) and regulated by the General Law for Commercial Entities and Individual Limited Liability Companies (479-08). Both foreign and domestic private entities have the right to establish and own businesses and engage in all legal remunerative activities. The Dominican Institute of Certified Public Accountants (ICPARD) establishes accounting standards that must align with international standards and existing bankruptcy laws (laws 479-08, 311-14 and 141-15). In early 2023, both chambers of Congress approved a new law to regulate public trusts (*fideicomisos públicos*) and submitted it to the president. Defended by Abinader and his supporters as a legal and financial mechanism to promote public-private development projects, opponents, including former president Leonel Fernández, have criticized the law for potentially paving the way for the privatization of public goods. According to the 2021 Global Innovations Index, the nation ranked 93rd out of 131 countries overall, 101st of 131 for regulatory environment, and 74th of 131 for regulatory quality. President Abinader is widely seen as a strong advocate for private sector development. In January 2023, the National Council for Private Enterprise (CONEP) acknowledged Abinader for his commitment to sustainable development and productive cooperation with private enterprises.

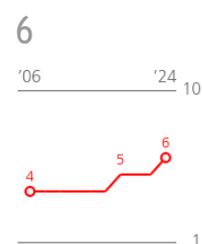
Private enterprise



10 | Welfare Regime

The social security system is still limited. Over time, the conditional cash transfer program, Solidaridad, has expanded to include health care, nutrition and education programs. It now reaches about 800,000 families (1.5 million people). Designed as a poverty reduction program, Solidaridad has also been exploited for clientelistic purposes during campaigns. During the pandemic, the Medina administration used Solidaridad’s roster to provide additional aid to vulnerable households through the *Quedate en Casa* (Stay Home) program. It increased monthly stipends from DOP 1,500 to DOP 5,000 (roughly \$27 to \$90). The Abinader government continued the program through April 2021. The government also expanded the *Comer es Primero* (Food First) program to reach 1.5 million households (up from 800,000). Recognizing the high percentage of informal workers, the *Pa’ti* (For You) program offered DOP 5,000 per month to eligible self-employed workers. As the Abinader administration began to phase out *Comer es Primero* in spring 2021, it launched a new version of Solidaridad, renamed *Supérate* (Excel). This new program doubled the cash benefit, expanded the number of beneficiaries, and added training and education programs. The poverty rate, calculated at \$6.85 PPP 2011 per day, has continued to decline but remains above pre-pandemic levels.

Social safety nets

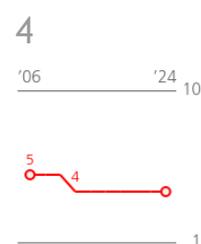


The constitution (2015, Article 61) guarantees the right to health, including “giving medical and hospital assistance for free to those who need it.” Public health spending has grown steadily since 2005, yet before the pandemic, it remained at 2.7% of GDP, among the region’s lowest. The Medina administration created the National Health Service in 2015 (law 123-15), and about 75% of the population today has health coverage, with half of this percentage covered by a subsidized system and the remainder by a private contributory system. Similar to schooling, wealthier Dominicans avoid the public system and rely on private doctors and clinics. The large group of non-citizens, now including denationalized Dominicans of Haitian descent as well as migrants, are eligible only for emergency care. Their children can attend school only through 8th grade but are generally excluded from routine health care and other social safety net programs.

President Hipólito Mejía (2000 – 2004) initiated in 2001 a new pension system, that is, a program of individual accounts based on the Chilean model. The system is mandatory for private sector employees but voluntary for the public sector. There are currently no provisions for the self-employed and those in the informal sector, who make up over half of the workforce. The system is regressive and provides the lowest pension in the region in relation to contributions – 28% compared to a regional average of 63%. In September 2022, domestic workers achieved a significant victory when the Ministry of Labor included them in its coverage, providing them with a minimum wage, a maximum work week and a state retirement program. This victory comes after 30 years of advocacy by labor, women’s and migrant rights organizations and, in theory, encompasses undocumented workers.

The Dominican population is diverse, and the country has long maintained a hierarchical structure. Within the context of differentiation based on race, education, culture and gender, equal opportunity is rare. Visual imagery used in newspapers that depicts meetings between political and economic elites confirm that individuals with light skin and male gender still dominate in what has been referred to as the most racially mixed nation in the world. While equal opportunity for women is guaranteed by the constitution, they face numerous obstacles to self-fulfillment, as do LGBTQ+ individuals, Dominicans with Haitian heritage and people with disabilities. In 2022, the World Bank observed that the country has the highest rate of child marriage in the LAC region, as well as a very high rate of adolescent pregnancy (93 births per thousand for individuals aged 15 to 19, compared to a regional average of 62). Although girls attend school for longer durations than boys, their academic performance lags behind their peers in the region. Poverty rates are higher among women, with a significant 25% of female-headed households living below the poverty line in 2019. Female labor force participation rates are low (64% compared to 74% for men), and women’s earnings are also lower: they receive 85% of men’s wages in the formal sector but only 60% in the larger informal sector (Country Partnership Framework). Additionally, fewer women are enrolled in the pension system, and more than twice as many women as men lack personal income.

Equal opportunity



Recent data from ECLAC (Social Panorama, 2022) highlights the stark reality of inequality in the Dominican Republic. In 2019, the wealthiest 1% of Dominicans accounted for 30.5% of the country's gross national income, while the lower-income half of the population received only 12.6%. This disparity is further exemplified by the unequal access to quality education and health care, as wealthier Dominicans opt for private schools and clinics. Such entrenched inequality poses a significant obstacle to equal opportunity. The current tax system, reliant on the regressive ITBIS consumption tax, does not promote redistribution of wealth. Although the National Development Strategy 2030 aims to implement comprehensive fiscal reforms, the pandemic and inflation have delayed such changes. Should Abinader seek a second term, addressing this challenging yet crucial objective may be a priority.

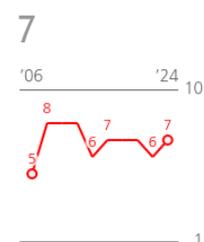
11 | Economic Performance

The economy performed well before the pandemic and has shown notable resilience in its recovery. After shrinking by 6.2% in 2020, GDP experienced a robust rebound of 12.1% in 2021 and grew a healthy 5.2% in 2022. In March 2023, the governor of the central bank (BCRD) reported that in the last quarter of 2022, unemployment fell to 4.8% from 8.5% in 2021. GDP per capita rebounded to \$20,769 in 2021, although the current account deteriorated to -\$2.68 billion the same year, while FDI in 2020 declined to 3.1% of GDP.

Overall, a diversified economy based on tourism, remittances, FDI, mining, FTZs and telecommunications has given the country the second-fastest growth in the region. Merchandise exports grew from \$4.76 billion in 2010 to \$11.28 billion in 2019 (inflation-adjusted). The top five exports were nonmonetary gold, cigars and other tobacco products, circuit breakers, medical equipment and petroleum products. The country's 79 FTZs recently registered their highest level of employment in 15 years and produced roughly 70% of merchandise exports. Food processing (including rum and beer) is the fastest-growing manufacturing sector, contributing 40% of value added and employing 135,000 workers. The country is the world's largest producer of organic cocoa and bananas. However, the nation remains a net food importer, with staples like corn and wheat making up 45% of total agricultural imports.

The Abinader administration is committed to increasing manufacturing output and raising productivity, especially in FTZs. Its administration created a new National Productivity Index to promote efficiency and also launched a Presidential Roundtable on Industrialization. In the U.S. journal *Foreign Policy* in July 2021, the country presented itself as "an ideal near-shoring platform in the Caribbean region." Abinader's pro-business policies have been welcomed by the World Bank, IMF, OECD and U.S. State Department. In 2019, the World Bank noted that "the country was on track to realize its ambition of achieving high-income status by 2030."

Output strength



12 | Sustainability

Until recently, environmental sustainability had been subordinated to economic growth. According to the Environmental Performance Index 2022, the Dominican Republic ranks 89th out of 180 countries, with a score of 42.20 out of 100 points, marking a decrease of 3.10 points in its performance over the last decade. However, in January 2021, MIT’s Green Future Index rated the country 55th out of 76 countries for progress toward a low-carbon future. In the same year, the World Bank reported the country’s total greenhouse gas emissions (41.4 mtCO₂e). Environmental concerns, such as pollution from plastic containers that threaten vital beach tourism, now receive more press coverage. Environmental issues also include deforestation, declining water supply and quality, and infrastructure projects that encroach on protected areas. Mining has an impact on biodiversity and has resulted in protests against Barrick Gold’s operation in Cotuí (which is already operating) and the cancellation of a proposed nickel mine in Loma Miranda, scrapped by the Abinader administration.

While committed to growth, the Abinader government recognizes that importing fossil fuels to generate electricity is unsustainable. As a result, the government has awarded concessions for solar, wind, hydro and biomass generation. In response to the price spike for fuels caused by the war, the Minister of Energy and Mines has promised “even more clean energy projects in order to not be continually dependent on imports.”

BloombergNEF ranks the nation as the 15th most attractive market for Climatescope energy transition investment out of 107 emerging markets. In February 2022, the Dominican Republic launched the “Green Taxonomy” project to promote a sustainable capital market and mitigate climate change. An ongoing headache is the \$2.4 billion Punta Catalina coal-burning plant commissioned by the Medina administration, which is not only a source of air pollution and suffers from regular outages but was built by the now-disgraced Odebrecht Company. The National Pact to Reform the Electrical Sector from January 2021 was an important step that promises to move away from fossil fuels toward renewable generation. The government will offer tax credits to incentivize renewables. According to the 2022 Climate Change Performance Index, the Dominican Republic is one of the most vulnerable countries in the world to climate change. Mangrove, beach and coral reef erosion, as well as plastic pollution, threaten tourism. A recent study noted climate-related losses to main crops such as banana, oriental vegetables, cassava and sweet potato, and climate change is also affecting coffee production. An IMF Working Paper in December 2022 found that “a climatic disaster drops monthly economic activity ... around 0.5 to 1 percentage points on impact, with persistent effects on the level of GDP.” The World Bank’s 2022 to 2026 Country Partnership Framework supports resilience to climate change by enhancing the sustainability of natural resources, including “blue economy” assets, improving water resource management, and strengthening the institutional and financial capacity to manage natural shocks.

Environmental
policy

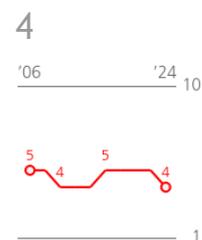
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Decades of underinvestment in public education have resulted in inadequate school buildings, crowded classrooms, poor attendance, under-skilled and overworked teachers, and among the poorest educational outcomes in the region. Following the outline of the National Development Strategy 2030, in 2013 the Medina government opened a dialogue with stakeholders, reaching a pact that dedicated the equivalent of 4% of GDP to public schools and raised teachers' salaries by 30% to 40%. Despite the pact, educational outcomes remain disappointing. From 2016 to 2019, fully 68% of aspiring teachers failed a new qualifying exam (PAA) for entry into the profession. The most recent PISA scores available (OECD, 2018) placed Dominican students near or at the bottom for performance in reading, mathematics and sciences among 77 participating countries. Although the U.N. Education Index does record an improvement in the level of education since 2011 (0.617), this has remained stagnant between 2019 and 2021 at 0.712.

President Abinader declared in December 2021 that “it is no longer simply a question of having more students in the classroom, but rather of the quality of what they learn.” The current government is also interested in tertiary education as a means of growing the intellectual capital needed to create modern services in areas such as ICT, fintech, animation, graphic design and other creative industries. According to the Estrategia Nacional de Exportación de Servicios Modernos, the government clearly understands that a push for modern service exports implies a significant retooling of higher education programs. That said, World Bank data from 2022 indicates that spending on basic and applied research constitutes a negligible share of GDP.

Education policy /
R&D



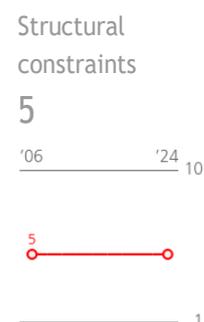
Governance

I. Level of Difficulty

Structural constraints on the Dominican state are not high compared to other countries undergoing transformation. Economic growth is significant, electoral democracy is well-established and the tourism and manufacturing sectors have recovered following the pandemic. The main constraints stem from extra-constitutional legacies of political patronage, clientelism and corruption. While the Abinader administration is recognized for its efforts to combat corruption, even strong political will at the highest level cannot completely dismantle a deeply entrenched system that has persisted for decades. One reason for the nation’s low tax revenues is the provision of tax incentives to influential economic actors. According to a 2014 OECD study, incentives given to free trade zones, border areas, tourism and industry accounted for 10% of tax collection. President Abinader, as noted in a 2021 review by the World Bank, has yet to fulfill what has been described as “long overdue” and a “top reform priority.”

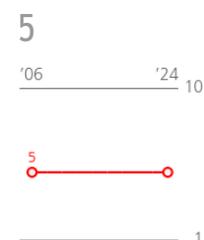
The country’s geographical position also imposes constraints. Located in the hurricane belt, the nation will be increasingly vulnerable to disasters related to climate change. Sharing an island with Haiti, the republic is impacted by political and economic events next door. A growing nationalist reaction against Haitians creates political pressure that Abinader cannot ignore, and that constraint will not disappear until Haiti achieves some level of political and economic stability.

Taking office during the pandemic, Abinader’s first two years in office demanded increased spending as tax receipts fell, but, overall, his response earned high marks. To revive tourism, the administration directed vaccines to those working in tourism and lifted vaccination and testing requirements for visitors well before other Caribbean travel destinations. The gamble worked – tourism improved in 2021 and set a new record in 2022, minimizing the apparent constraint of an economy dependent on tourist revenues.



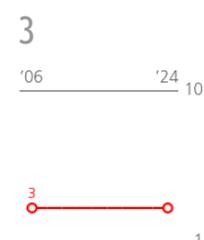
An independent, nonpartisan civil society does not have deep roots in the country, as for many decades the state and political parties controlled or co-opted groups of citizens as well as the press. Greater wealth, improved education and access to the internet have encouraged new forms of organization, especially among the young, while the importance of political parties has declined, creating space for civil society groups. Ad hoc groups have emerged – some fighting corruption and environmental degradation, others favoring better schools, abortion rights, and LGBTQ+ rights – often orchestrating protests through social media platforms. In regions impacted by foreign mining operations (Pueblo Viejo, Loma Miranda), rural residents have organized effectively outside political parties. NGOs that lack a mass following still reach a wide audience through social media and the country’s many radio and television interview shows. When President Medina pushed a constitutional reform to allow for his re-election, civil society, spearheaded by NGOs like Participación Ciudadana, joined with the press, opposition parties and the U.S. government to block his efforts in this regard. In the areas of transparency and anti-corruption, the current administration has won praise from civil society groups. In 2021, President Abinader created the first Multiactor Forum for Open Government, which he described as “a permanent space for dialogue and collaboration between the government and civil society.” That said, national and international NGOs have criticized his government for weak policies to combat human trafficking and for violating the human rights of Haitian migrants, including unaccompanied children and pregnant women, who have been forcibly repatriated.

Civil society traditions



For a society that remains starkly unequal despite 25 years of economic growth, the Dominican Republic is surprisingly free of class-based social conflict. Major political parties do not have clear class identities, and minor “workers’ parties” often have a middle-class constituency. When asked by the Latinobarómetro 2021 how justly wealth is distributed in the country, 29% of Dominicans responded, “very justly” or “justly,” compared to a regional average of only 17%. Overt religious conflict is virtually nonexistent, despite the recent growth of Protestant evangelical churches. Haitian migrants and Dominicans of Haitian descent are a source of controversy that has recently grown more acute. The denationalization of Dominican-born children so far has not led to significant outbreaks of violence, although the Abinader administration has responded to a nationalist backlash by beginning (in February 2022) the construction of a border wall. In February 2023, the governing party withdrew a proposed law on human trafficking, which critics alleged would have prevented the government from repatriating Haitian migrants. With Haitian migration as a flashpoint, there is always the risk of organized violence against newcomers.

Conflict intensity



II. Governance Performance

14 | Steering Capability

The country's leadership has made progress toward prioritizing long-term goals, as shown by multiple presidents adhering to the National Development Strategy 2030 (END 2030). This strategy was initially approved during President Fernández's tenure in 2011/2012 but saw implementation under his political rivals, Danilo Medina (2012 – 2020) and Luis Abinader. Notably, Abinader followed the framework outlined in END 2030, emphasizing “dialogue and consensus with various stakeholders” to achieve a National Pact for Reforming the Electricity Sector in 2021.

END 2030 envisions a democratic state operating under the rule of law, a society enjoying equal rights and opportunities, and an integrated, competitive and sustainable economy. As president, Abinader has appointed respected professionals to key posts for economic policy and the attorney general and has continued Medina's initiative to improve education. Over the past year, he has phased out emergency relief but expanded need-based relief through Solidaridad (now called Supérate), with new incentives for job training and education.

The approval of END 2030 does not, however, eliminate defects that have long plagued governance due to a patronage-based political system, and the Abinader administration includes a mix of reformers and defenders of the status quo. The strongest presence of reformers can be found on the economic team, in the foreign ministry and in both judicial and prosecutorial roles, reflecting Abinader's prioritization of macroeconomic stability, economic growth, and an enhanced rule of law and transparency. In March 2023, Abinader met with World Bank Group President David Malpass to discuss policy priorities, which broadly align with the BTI's emphasis on democracy and a market economy. That being said, it is difficult to determine whether recent progress is temporary or indicative of a more fundamental rationalization of the Dominican state.

For two years, the Abinader administration had little choice but to prioritize managing the pandemic's health and economic crises. The IMF's July 2022 consultation report highlighted the country's “remarkable resilience to global shocks” and praised “sound policies, monetary policy support, a nimble COVID vaccination campaign, and a well-attuned reopening.” The outgoing Medina and incoming Abinader administrations succeeded in implementing strategic priorities to combat and recover from the pandemic.

Question
Score

Prioritization

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Implementation

7

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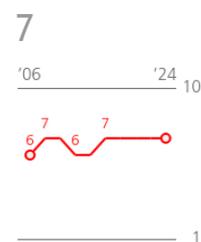
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Longer-term policy implementation has proved to be more difficult. An important milestone was reached in January 2021 when a National Pact to Reform the Electrical Sector was established. This pact holds the promise of reducing distribution losses, promoting financial stability and transitioning away from fossil fuels toward renewable energy generation. However, the government’s plan to incentivize renewables through tax credits will further strain the state’s fiscal capacity. Similarly, Abinader’s commitment to improving relations with Haiti and addressing the issue of denationalization among Dominicans of Haitian extraction faced setbacks when a wave of migrants began crossing the border. This situation led to his decision to support the construction of a border wall and a retreat from pursuing a new human trafficking law. Challenges in policy implementation extend to other areas as well, as Abinader inherited a government bureaucracy that remains rooted in patronage rather than a merit-based civil service. In November 2022, the Ministry of Economy released its 10th annual report on progress toward the policy priorities outlined in END 2030. Among the 96 indicators to be achieved by 2025, only 9.4% had been met, 10.4% showed significant progress, 34.4% made modest progress, while 34.4% had regressed below their 2015 levels. Additionally, 17.7% lacked sufficient data for evaluation.

President Abinader has shown that he has learned from past political experiences, taking decisive action to manage a pandemic that posed both public health and economic threats. Similar to his predecessor Danilo Medina, he also developed a collaborative strategy to tackle a persistent issue – the nation’s struggling electrical grid. Both leaders, Medina and Abinader, pursued a non-demagogic approach, opting to convene various stakeholders to develop comprehensive national reform plans. Despite inheriting END 2030 from the previous administration, neither of them ignored or downplayed it; instead, they earnestly worked toward its implementation through constructive dialogues with key individuals and civil society.

Abinader’s novel policy approaches do not seem to originate from an established framework for policy learning; rather, they appear to be shaped by his personal experiences. As a highly successful businessman with considerable personal wealth, Abinader tends to lean toward the pragmatism typically associated with the private sector. In his appointments, Abinader has steered clear of maximalist partisan strategies, instead opting for colleagues from the business world. However, this approach has raised concerns about potential conflicts of interest. For instance, the current Minister of Agriculture is a wealthy plantation owner known as the “banana king,” and the Minister of the Presidency formerly held the position of president of the association of hotel and tour operators.

Policy learning



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15 | Resource Efficiency

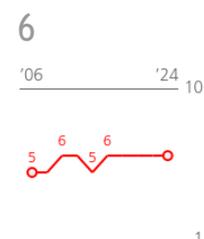
The quality of public spending has long been an issue in the country, with patronage-driven expenditures undermining the efficient use of assets. In Dominican slang, public sector sinecures are called “botellas,” or empty bottles, and one of the main public office buildings in Santo Domingo is called “el Huacal,” a rack to hold empties. A 2020 study of patronage in the country found that, despite laws bolstering the civil service in 1991 and 2008, merit exams accounted for only 1% of public sector appointments from 2004 to 2012. In 2021, the World Bank pointed out “a need to cap the growth of the public sector wage bill to contain the deficit” (Public Expenditure Report). In April 2021, President Abinader issued Decree 149-21 to reform public administration by requiring promotion based on merit, equal access, and equal pay (IMF July 2022 Country Report).

The current administration has achieved some improvement in the use of human, financial and organizational resources by employing professionals in priority areas. Abinader has undertaken initiatives such as the closure of redundant public offices and the introduction of private capital into the energy sector. In late 2021, the government unveiled plans to engage private companies as operators of state-owned electrical companies, establishing new public-private partnerships (PPPs). This strategic move has the potential to attract over \$1 billion in private investments in the electricity sector while also allowing the government to save up to \$1 billion in subsidies.

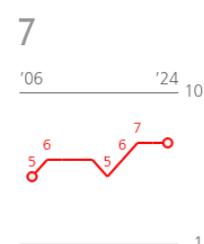
Recent changes have also brought greater transparency to the budgeting process, resulting in minimal deviations between actual expenditures and approved budgets. Nevertheless, there remains an issue with auditing practices, as audits often occur only after instances of corruption are exposed by the press. In a bid to enhance transparency, the Abinader government has appointed a highly respected professional to lead the General Directorate of Public Contracting. Furthermore, the government has taken symbolic steps to reduce wasteful spending by placing restrictions on the expense accounts of public servants and requiring them to personally collect reimbursement checks.

Dominican leaders face difficult trade-offs in pursuit of larger policy goals. The government offers significant tax incentives to free trade zones, border industries, renewable energy generators and others. However, by doing so, it reduces its tax revenue and thus shrinks fiscal space. The Abinader administration feels strong political pressure to restrict migration from Haiti, yet agriculture and construction depend on low-wage migrant workers. At the operational level, the World Bank found in its Public Expenditure Report of 2021 that “institutional fragmentation poses a critical challenge to economic policymaking,” with multiple public agencies having overlapping mandates. The Bank also noted that “inadequate coordination between

Efficient use of assets



Policy coordination



public agencies undermines the effectiveness and efficiency of service delivery.” The proliferation of agencies with overlapping remits is a legacy of clientelism – a problem that the Abinader administration cannot hope to overcome in the short term.

Corruption has long been a characteristic of Dominican state culture, but there has been notable progress made in recent years. Under Abinader’s leadership, investigations into wrongdoing during Danilo Medina’s second term have resulted in the prosecution of high-ranking military officials and even members of the former president’s family. Abinader made significant appointments in the fight against corruption, with the highly respected former judge, Miriam German, serving as the attorney general, and Yeni Berenice, an equally renowned former prosecutor, as the assistant attorney general. Moreover, resources have been expanded to support more complex investigations. The anti-corruption campaign has also exposed corruption within the current administration and the PRM. Allegations involving Lisandro Macarrulla, a close ally and the chief of staff to Abinader, led to Macarrulla’s resignation. Notably, when asked about progress made against government corruption in the past two years, 41% of Dominicans reported some or a lot of progress, ranking it the third-highest response in the region according to the *Latinobarómetro 2021*.

That said, institutional safeguards to prevent corruption remain imperfect. Key auditing institutions, such as the *Cámara de Cuentas and Contraloría General*, as well as the public prosecutor’s office, lack full autonomy from the presidency. The same weakness can be found in agencies responsible for regulating political parties and their finances, including the *Junta Central Electoral and Tribunal Supremo Electoral*, which have often failed to utilize their oversight powers granted by recent laws (33/18 and 15/19) to hold parties accountable for misusing public funds. The Abinader government has introduced reforms in public procurement, providing the public with real-time access to information throughout the bidding process. They have also established a public procurement compliance program in line with IOS standards, a transparency portal, and a fraud unit within the Comptroller General’s office. In December 2022, the reputable NGO *Participación Ciudadana* recognized two current officials, Yeni Berenice Reynoso and Wilson Camacho, for their integrity in the fight against corruption. Furthermore, in September 2021, U.S. Secretary of State Antony Blinken commended Dominican leaders for “setting a standard for many countries” in their anti-corruption efforts.

Anti-corruption
policy



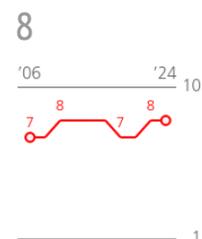
16 | Consensus-Building

All important political actors publicly endorse the objectives of establishing and upholding democracy within the political landscape. There are no apparent threats to electoral democracy in the political arena. However, economic and political incumbents, eager to retain their privileges, resist the tide of development and democratization. These powerful interests do not openly oppose the country’s transformation but instead aim to preserve their access to power behind the scenes. Over time, the Dominican state has taken gradual steps to diminish the traditional privileges of these powerful actors. These measures include enhancing government transparency at both the national and local levels, implementing a merit-based approach to hiring for public positions, and replacing non-competitive, no-bid contracting with a competitive process for government contracts.

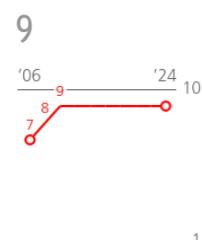
The Dominican public largely favors the pursuit of a more open economic system. When it comes to fundamental economic matters, there is minimal ideological disparity and left-right polarization among political parties. No parties or other organizations are actively seeking to disrupt the market economy. The adoption of the National Development Strategy 2030 during Leonel Fernández’s presidency, followed by its implementation under the leadership of both Danilo Medina and Luis Abinader, underscores a broad cross-party consensus on long-term economic objectives. President Abinader’s choice to retain Héctor Valdez Albizu as the governor of the central bank further solidified this consensus. Valdez Albizu has held this position consistently across three administrations since 2004.

The influence of anti-democratic actors – in this case, powerful economic and political incumbents – has been reduced over time. All major political parties and leaders accept the ground rules of electoral democracy, and actors who could challenge democratic transformation, such as the military, long ago surrendered their veto power. Vested interests may erect obstacles to a much-needed fiscal reform that would broaden the country’s tax base and make it modestly more redistributive. That said, traditionally conservative sectors, including large and small business owners, and the Catholic and Protestant churches, form part of the broad institutional consensus on democracy and a market economy. The fact that slow but steady progress has proceeded under three presidents underlines the inability of anti-democratic forces to thwart the country’s transformation. Over the past year, progress has been made on a major police education reform aimed at ending extrajudicial killings and other human rights violations at the hands of security forces. A potential threat to democratic values may arise from drug and other organized crime syndicates, which rely on corrupt practices and make illegal campaign contributions that, at a minimum, distort the democratic process.

Consensus on goals

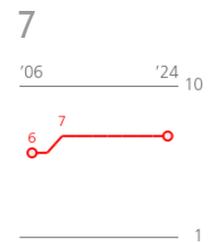


Anti-democratic actors



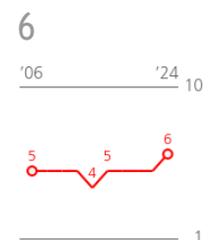
Class-based conflict has not emerged within the party system, labor unions or any other mass movement, despite the country's high levels of poverty and socioeconomic inequality. According to Latinobarómetro 2021, Dominicans, in comparison to the regional average, display a relatively high level of tolerance toward inequality. Although a significant minority of Haitian immigrants and Dominicans of Haitian descent face ongoing discrimination, this issue has not gained prominence as a national political concern. The failure of political parties to adequately represent the interests of marginalized Haitians and Dominican descendants of Haitians has led to the absence of an organized political voice for this significant demographic divide in the country. In fact, anti-migration and anti-Haitian groups often demonstrate more effective mobilization against reforms or any substantial discussion related to the situation of migrants and Dominicans with a Haitian background. Recent mobilization efforts, including those against corruption and environmental degradation, in support of therapeutic abortion, LGBTQ+ rights and the Haitian migrant community, have not resulted in prolonged conflicts or significant societal divisions. Interestingly, the presence of an excluded minority within the nation, coupled with challenges related to the neighboring country, may contribute to masking the gap between affluent and impoverished Dominicans. Protests by the impoverished population, advocating for higher wages and access to potable water and electricity, among other pressing issues, typically lead to localized concessions and resolutions.

Cleavage /
conflict
management



The influence of civil society has grown over the past years. Two years of discussion were devoted to formulating the National Development Strategy 2030 (END 2030), which included “NGOs and other organizations dedicated to academic, religious, cultural, athletic, municipal, business and international cooperation activities.” Dialogue with civil society has played a significant role in the development of both the national education pact (2014) and the national energy pact (2021). These pacts incorporate a form of “social oversight” that involves specific civil society organizations. Since 2012, END 2030 has mandated consultations with civil society groups and other stakeholders to foster consensus around crucial reforms, including education, energy and forthcoming fiscal policy changes. However, in the day-to-day formulation of policies, the executive and legislative leadership typically exhibit less receptivity to input from civil society actors. Their participation often tends to lean more toward co-optation rather than genuine consultation or lobbying. Nevertheless, exceptions exist for NGOs dedicated to promoting good governance, such as Participación Ciudadana and FINJUS, which are actively engaged in scrutinizing nominees for high court and prosecutorial positions. Activists from these NGOs have also joined the Abinader government as consultants and technical assistants.

Public
consultation



Civil society groups frequently shape public opinion by engaging with the print, radio and television media to discuss matters of public interest. Over the past decade, the influence of these groups has been most evident in matters related to democracy, such as constitutional changes and exposés of corruption. In collaboration with the press

and opposition parties, civil society organizations have demonstrated their capacity to exert influence on presidents and members of Congress. Despite the growth and visibility of NGOs in recent years, the Catholic Church and evangelical groups hold the most significant influence in moral issues, such as LGBTQ+ rights and calls for the legalization of therapeutic abortion. Under President Abinader, working groups (*mesas de trabajo*) have been established on a wide range of issues, including transparency, freedom of expression, inflation, the country’s digital agenda, and entrepreneurship, featuring active participation from civil society organizations.

The Trujillo dictatorship (1930–1961) is believed to have been responsible for the deaths of potentially up to 50,000 individuals. Among these victims, around 20,000 Haitians in the border region were massacred in 1937. The rest of the victims were targeted due to their perceived opposition to the regime, even if they were living abroad. In the initial 12 years following Trujillo’s rule, during the term of his successor, Joaquín Balaguer (1966–1978), government-controlled death squads were responsible for the deaths of an estimated 1,200 men, women and children. Some of these victims were forcibly taken from the high schools they attended.

Despite these atrocities, no truth commission or reconciliation process has been initiated in the country. However, in 2011, the Museum of the Resistance, a private initiative, was established to raise awareness of the struggle against the dictatorship of Rafael Trujillo and its aftermath. It is worth noting that this museum, being a private institution, deliberately associates the eras of Trujillo and Balaguer, even though Leonel Fernández had previously reached a “historical pact” with Balaguer, recognizing him as the “father of Dominican democracy.” This accommodation allowed Fernández to assume the presidency in 1996. In 2020, a grandson of Trujillo attempted to position himself as an ultranationalist candidate for president. However, the Central Electoral Board rejected his candidacy because he had not renounced his U.S. citizenship. None of the major political parties in the country advocate for a systematic reckoning with the wrongdoings of the past. Nevertheless, significant scholarly work on the authoritarian history of the Dominican Republic has emerged in recent decades, partly thanks to the efforts of historian Roberto Cassá, who served as the director of the National Archives and played a pivotal role in revitalizing the institution from a state of near-complete abandonment and decay.

Reconciliation

n/a

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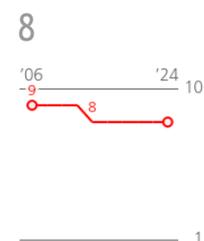
17 | International Cooperation

The Dominican Republic remains in good standing with multilateral agencies and the U.S. government, which is evident in their ongoing support for the country’s long-term strategies for economic and political transformation. Since the first Fernández presidency (1996–2000), all administrations have been committed to advancing the nation’s integration into the global market. The government actively seeks international assistance and advice on critical agenda items, such as education, development and addressing the pandemic. However, it tends to avoid seeking such assistance when it comes to addressing migrant and Haitian-related issues.

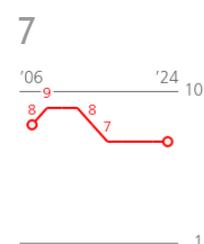
Miguel Ceara Hatton, the influential minister of economy, planning and development, emphasized in 2021 that support from the World Bank reinforces “the government’s efforts to improve the quality of public expenditure and put public finances on a path to greater sustainability.” EU representatives also noted that their programming “is aligned with DR’s National Development Strategy [2030]” and that “a reinforced EU-DR partnership will help to look for common tools and shared universal values contributing to mutually agreed priorities.” Similarly, in 2017, the UNDP recognized in its Country Programme Document, 2018-2022, that the country’s National Development Strategy 2030 aligns with the UNDP Strategic Plan. A UNDP-led rapid integrated assessment revealed a substantial alignment of 72%, with a particularly high level of convergence for goals related to people (87%), prosperity (83%) and peace (78%), albeit to a lesser extent for goals related to the planet (42%). It’s worth noting that the Medina government’s diplomatic recognition of China in 2018 initially raised concerns in Washington. However, this move has since resulted in increased investment and trade opportunities and positioned the country to receive over one million doses of China’s Sinovac vaccine in 2021.

On economic issues, the country has a strong record of credible cooperation with multilateral institutions, including the IMF, the World Bank, the OECD, UNDP and the Inter-American Development Bank (IADB), as well as the U.S. government. These institutions have praised the country’s macroeconomic policies for many years, renewing grants and loans without the public bickering often observed in other contexts. The pandemic triggered a surge in public spending, pushing public debt as a percentage of GDP from 53% in 2019 to 70% in 2020. However, multinational lenders and capital markets did not lose confidence in Abinader’s stewardship (IMF 2022 consultation). “The country is well placed for a return to growth and to move forward with an inclusive growth agenda,” noted Alexandria Valerio, the World Bank representative in the country, in August 2021. Financial sector confidence flows from consistent macroeconomic policies pursued over the past three administrations. In December 2022, Standard & Poor’s raised the country’s credit rating from “BB-” to “BB,” citing good economic management. The smooth transition to the Abinader administration, after 16 years of PLD rule, similarly “gave the private sector the

Effective use of support



Credibility



needed confidence to assume policy continuity with the new ruling political party” (Central American Monetary Council). Growth and stability at a time of regional uncertainty have strengthened the country’s image as a credible partner.

The only areas of friction with international partners have been the country’s treatment of Haitian migrants and a thus far unsuccessful Dominican effort to secure an international response to Haiti’s ongoing difficulties. The denationalization of Dominican-born ethnic Haitians by the Constitutional Tribunal in 2013, along with the country’s withdrawal from the Interamerican Court of Human Rights in 2014, continues to cast a significant and ongoing stain on the nation’s international standing. Nevertheless, it is noteworthy that the Dominican Republic was elected as a rotating member of the U.N. Security Council from 2018 to 2020, underscoring its recognition as a dependable partner in the field of international diplomacy.

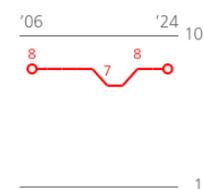
The Dominican Republic’s relationship with its nearest neighbor, Haiti, has been fraught with challenges since Dominicans gained their independence from Haiti, not Spain, in 1844. Initial hopes for an improved relationship with Port-au-Prince under the Abinader administration have been dashed as political stability and economic conditions in Haiti have sharply deteriorated. In December 2022, Abinader, addressing an international audience, expressed concerns that the influx of Haitians “exceeds the possibilities of assimilation” and called on the international community to assist Haiti. To date, there is no coordinated program in place to help restore stability to Haiti, and the issue remains a pressing concern in the Dominican Republic.

On a broader regional scale, the Dominican Republic is a respected member of the Organization of American States (OAS) and the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA). Additionally, it has signed a free trade agreement with the Caribbean Community (Caricom). In September 2021, Luis Abinader reached an accord with the presidents of Panama and Costa Rica, highlighting their shared commitment to political and economic transformation. This alliance, known as the Alliance for Development in Democracy (ADD), operates on the principle that democratic governance fosters favorable conditions for investment and growth, and sustainable, poverty-reducing growth bolsters democracy. The ADD member countries have engaged with members of the United States Congress and the State Department on various issues, including transparency, human rights, transnational crime, and migration, in addition to economic development. Abinader emphasized the importance of finding solutions together during an international meeting in Los Angeles in June 2022. Victor Bisonó, the Dominican Minister of Commerce, noted that underscoring their commitment to democratic institutions and the rule of law would encourage investment from the United States and other regions. In June 2022, Ecuador joined ADD as a member.

Migration is another significant aspect of the Dominican Republic’s regional relations. The country has historically experienced net outmigration, with approximately 14% of its nationals living abroad, primarily in the United States,

Regional
cooperation

8



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Spain and other Western European countries. However, the Dominican Republic also receives immigrants, primarily from Haiti but also from Cuba and Venezuela. Foreign-born individuals make up at least 4% of the country's population.

Both sides of the migration flow contribute to the Dominican Republic's economy: Haitian migrants provide crucial labor in sectors like agriculture, construction and domestic service, while Dominicans in the diaspora send billions of dollars in remittances back home annually.

Strategic Outlook

A small Caribbean nation with a complex history, the Dominican Republic is often hailed as one of the region's notable success stories. Since 2013, the country's leaders have committed to a path of self-sustaining economic growth and stable democracy by embracing the National Development Strategy 2030 (END 2030). This strategic framework sets clear benchmarks and requires coordination across government departments, as well as active consultation with civil society and external partners. The country's macroeconomic situation is currently strong, and in December 2022, Standard & Poor's upgraded its credit rating from "BB-" to "BB," further boosting confidence in the nation's democratic institutions due to its robust anti-corruption policies.

Nevertheless, the Dominican Republic faces several pressing challenges. Soaring food and energy costs, exacerbated by the Ukraine conflict, are making it increasingly difficult for the impoverished population to afford basic necessities. The 2021 National Pact on Electricity aims to reduce revenue-draining subsidies in the sector, with a target of generating 25% of electricity from renewables by 2025. Providing reliable electricity, clean water and efficient transportation systems are critical for economic growth, but none outweighs the urgency of improving public education. However, garnering support for the substantial investment required in education remains a challenge, especially as the country's expanding middle and upper classes do not heavily rely on the public education system.

Basic rights for women, the LGBTQ+ community, and Haitian immigrants and their descendants are still not adequately secured in the country. Despite alarmingly high rates of juvenile pregnancy and maternal mortality, the tres causales (three reasons) for terminating pregnancies have not been approved. Additionally, individuals identifying as LGBTQ+ face a significantly higher risk of violence compared to others. In 2021, 53% of survey respondents agreed or strongly agreed that physical violence between partners is a private matter. The ongoing turmoil in Haiti and the influx of immigrants across the border pose real challenges for President Abinader, further exacerbated by nationalist rhetoric that hinders a unified approach to addressing the crisis.

Although the Dominican Republic is a member of DR-CAFTA and the WTO, it maintains commercial barriers that protect influential domestic firms. To foster healthy competition, ProCompetencia needs to broaden its mandate and enforce preemptive sanctions. While economic growth is contributing to reduced inequality, the substantial informal sector continues to depress incomes and government revenues. To stay on course to achieve its goal of reaching high-income status by 2030, the country needs employment-focused policies that generate revenue through a progressive tax structure, as mandated by END 2030, a reform that has proven challenging to implement thus far.

There is widespread anticipation that Luis Abinader will seek re-election in 2024. Early polling identifies former President Leonel Fernández as the primary rival from the PRM. Abel Martínez, the pre-candidate of the PLD, representing the party's most conservative and xenophobic wing,

has placed virulent anti-Haitian sentiments at the forefront of his campaign, ensuring that this issue will feature prominently in the 2024 election. Abinader's most significant weakness is the perception that business elites have wielded undue influence over his administration, promoting private sector solutions to public problems. Nepotistic and patronage appointments persist, and critics voice concerns about the quality of jobs created in the favored tourism and free trade zone (FTZ) sectors. The country's ongoing transition will only continue to thrive if greater democracy and market openness translate into tangible benefits for the majority of Dominicans.