

Poverty & Equity Brief

Latin America & the Caribbean

Dominican Republic

April 2020

Poverty at \$5.50 per person per day (in PPP 2011) fell to 13.8 percent in 2018 from 15.9 percent in 2017. The decline in poverty in 2018 was faster in rural areas, from 18.7 to 14.7 percent, compared to a reduction from 15.2 to 13.6 percent in urban areas. Increasing labor income was the main driver behind poverty reduction in 2018, accounting for 80 percent of the total reduction in poverty. Employment increased across the income distribution, showing a slightly better performance in the highest deciles. Overall, employment grew 4.1 percent between 2017 and 2018. Population in the top 60 percent of the income distribution registered a 4.4 percent growth in employment, while a slower pace was registered on the bottom 40 percent of the distribution at 3.3 percent.

Poverty rates in 2017 and 2018 are calculated using a new permanent household survey and are not comparable to measurements for previous years that used a biannual household survey. Given that shared prosperity estimates are computed for the most recent 5-year period, these are produced for the period 2011-2016, that features the most recent comparable estimates. Incomes of households in the bottom 40 percent of the income distribution grew 0.9 percentage points faster than the average household income in the Dominican Republic during **2011-16**. However, since the average income of people in the bottom 40 percent of the income distribution is lower than the average income of the population overall, people in the bottom 40 percent gained only an extra \$1 a day in 2016 compared to 2011, while the population as a whole gained on average an extra \$2.40 in the same period.

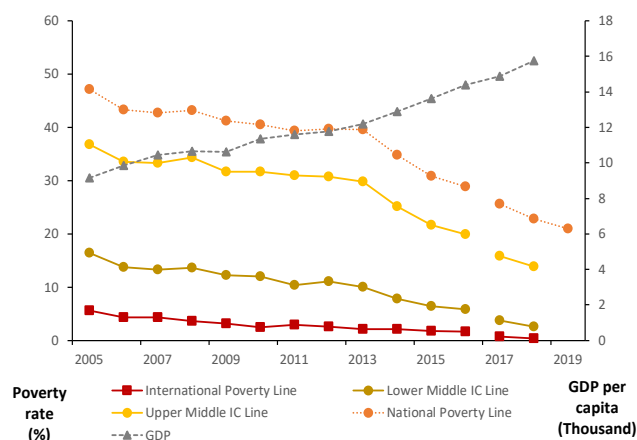
Between 2011 and 2016, GDP growth averaged 5.8 percent a year, the second highest in Latin America. This rapid economic growth, together with the higher growth of the income of the bottom 40 percent compared to the overall population, translated into poverty and inequality declines, with a 2-point decrease in the Gini index (from 47.7 to 45.7).

Near closure of a large part of the tourism industry and other economic activities to stop transmission of the virus will affect a very large share of the labor force, up to 25 percent according to preliminary estimates. This in turn will result in lower household income and higher poverty rates, potentially exceeding 30 percent of the population. The fall in remittances is expected to increase poverty since they account for up to a third of the income of the recipient households in the bottom 40 percent of the income distribution.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	2,175.1	21.0	2019
International Poverty Line 48.4 in Dominican peso (2018) or US\$1.90 (2011 PPP) per day per capita	46.2	0.4	2018
Lower Middle Income Class Poverty Line 81.4 in Dominican peso (2018) or US\$3.20 (2011 PPP) per day per capita	276.1	2.6	2018
Upper Middle Income Class Poverty Line 140 in Dominican peso (2018) or US\$5.50 (2011 PPP) per day per capita	1,471.2	13.8	2018
Multidimensional Poverty Measure		6.0	2018
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		5.19	2011-2016
INEQUALITY			
Gini Index		43.7	2018
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		0.94	2011-2016
GROWTH			
Annualized GDP per capita growth		4.42	2011-2016
Annualized Income Growth per capita from Household Survey		4.25	2011-2016
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		5.56	2011-2016

Sources: WDI for GDP, National Statistical Offices for national poverty rates, POVCALNET as of February 2020, and Global Monitoring Database for the rest.

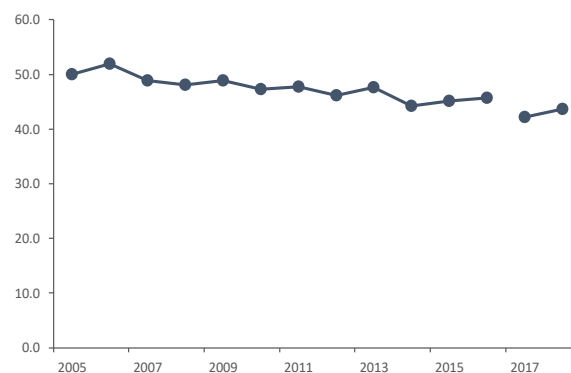
POVERTY HEADCOUNT RATE, 2005-2019



Source: World Bank using ECNFT-Q03/SEDLAC/GMD

INEQUALITY TRENDS, 2005-2018

Gini Index



Source: World Bank using ECNFT-Q03/SEDLAC/GMD

KEY INDICATORS

Distribution among groups: 2018	Upper Middle Income line(%)		Relative group (%)		Multidimensional Poverty Measures (% of people):	2018
	Non-Poor	Poor	Bottom 40	Top 60		
Urban population	86	14	39	61	Monetary poverty (Income)	
Rural population	85	15	43	57	Daily income less than US\$1.90 per person	0.4
Males	87	13	38	62	Education	
Females	85	15	42	58	At least one school-aged child is not enrolled in school	26.7
0 to 14 years old	75	25	57	43	No adult has completed primary education	14.4
15 to 64 years old	89	11	35	65	Access to basic infrastructure	
65 and older	93	7	28	72	No access to limited-standard drinking water	1.1
Without education (16+)	85	15	48	52	No access to limited-standard sanitation	6.7
Primary education (16+)	88	12	38	62	No access to electricity	1.1
Secondary education (16+)	89	11	37	63		
Tertiary/post-secondary education (16+)	96	4	17	83		

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

Source: World Bank using ECNFT-Q03/SEDLAC/GMD

Notes: N/A missing value, N/A* value removed due to less than 30 observations

POVERTY DATA AND METHODOLOGY

Official poverty estimates in the Dominican Republic are produced jointly by the Ministerio de Economía, Planificación y Desarrollo (MEPyD) and the Oficina Nacional de Estadística (ONE) based on data from the Encuesta Nacional de Fuerza de Trabajo (ENFT), collected biannually (April and October) by the Banco Central de la República Dominicana and available upon written request. This survey was replaced in 2017 by the 'Continua (ENCFT)' with year-round data collection. The poverty estimates using the two different surveys are not comparable.

The poverty measurement methodology was discussed and approved by the Poverty Committee in 2012 with participation of high levels of government and the international community. Monetary poverty in the Dominican Republic is based on a per-capita income-based measure using two different poverty lines (moderate and extreme poverty) in local currency units for urban and rural areas. The series for poverty headcount rates and inequality measures from 2000-2004 are not comparable to the period 2005-2015, due to methodological differences.

The international poverty lines (USD 1.9, 3.2, and 5.5 a day, expressed in 2011 PPP) allow comparability across countries but differ from the official poverty lines. Despite differences in poverty levels resulting from the use of official or international poverty lines, the trends in poverty rates are very similar.

HARMONIZATION

The numbers presented in the brief are based on the regional data harmonization effort known as the Socio-economic Database for Latin America and the Caribbean (SEDLAC) - a joint effort of the World Bank and CEDLAS from the National University of La Plata (Argentina). SEDLAC includes 18 countries and more than 300 household surveys since the 80s. Several Caribbean countries have not been included in the SEDLAC project due to lack of data. Since an income-based welfare aggregate is widely used in the region for official poverty estimates, income-based microdata is used for the Global Monitoring Database (GMD) and Global Poverty Monitoring. SEDLAC covers demographics, income, employment, and education. Terms of use of the data adhere to agreements with the original data producers.