

Poverty & Equity Brief

Latin America & the Caribbean

Dominican Republic

April 2023

The economic crisis triggered by the COVID-19 pandemic interrupted the steady reduction in poverty experienced by the Dominican Republic since 2004. Poverty (defined as living with less than \$6.85/day) increased from 20 percent in 2019 to 23.2 percent (equivalent to 350,000 people) in 2021. Moreover, women and the urban population were disproportionately affected by the economic downturn, as were the workers in the tourism sector, mostly located in the Eastern region of the country. The crisis also prompted food insecurity in one in every three households by the end of 2021. This rate is almost 10 percentage points higher than the levels of food insecurity observed before the pandemic.

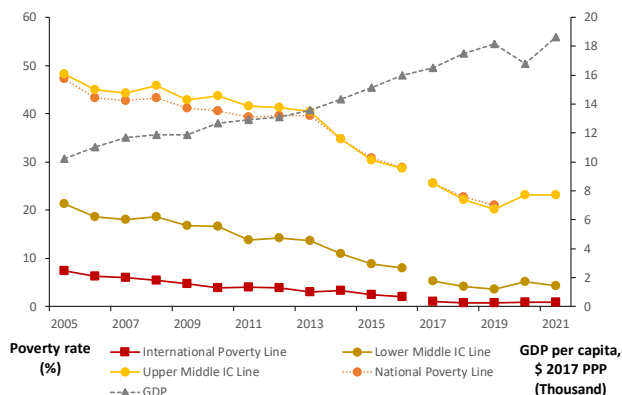
The economy grew 4.9 percent during 2022, driven largely by tourism, remittances, and near-shoring opportunities. The coverage of the government's main cash transfer program (Alimentate) was kept at around 1.35 million households, following a significant expansion due to the pandemic. Emergency handouts were given to the most affected families by Hurricane Fiona. However, inflation reached 7.8 percent y-o-y in 2022 reducing disposable incomes, especially for the most vulnerable: the cost of the typical consumption basket increased 23.5 percent in 2022, compared to pre-pandemic levels. Furthermore, employment has also recovered but remains below pre-pandemic levels. In the first three quarters of 2022, the employment rate (59.9 percent) remained 1.4 percentage points below pre-pandemic levels and informality (58.1 percent) 2.6 percentage points above. As a result, the poverty rate is expected to continue to decline in 2022 relative to 2020 but remain above pre-crisis levels at 22 percent.

Pre-existing gaps on labor participation and employment rates between women and men widened during the pandemic and little progress has occurred since then. For instance, half of the working-age women were economically inactive in the first three quarters of 2022, compared to 23 percent of men. By 2021, 23 percent of women between 18-24 years were not engaged in education, employment, or training (NEETs) compared to 12 percent of men in the same age group. Relative to the first three quarters of 2019, women NEETs increased by 4 percent points in 2021, but men NEETs did so by 2 percent points. Unlike gender inequalities that have exacerbated since the pandemic, income inequality as measured by the Gini coefficient is expected to drop from 0.419 in 2019 to 0.385 in 2021. This drop is partly driven by higher amounts of transfers targeted to the most vulnerable and wider coverage of these transfers among the poor and vulnerable during this period.

POVERTY	Number of Poor (thousand)	Rate (%)	Period
National Poverty Line	2,175.1	21.0	2019
International Poverty Line 62.1 in Dominican peso (2021) or US\$2.15 (2017 PPP) per day per capita	94.9	0.9	2021
Lower Middle Income Class Poverty Line 105.4 in Dominican peso (2021) or US\$3.65 (2017 PPP) per day per capita	483.0	4.3	2021
Upper Middle Income Class Poverty Line 197.9 in Dominican peso (2021) or US\$6.85 (2017 PPP) per day per capita	2,582.0	23.2	2021
Multidimensional Poverty Measure		1.8	2021
SHARED PROSPERITY			
Annualized Income Growth per capita of the bottom 40 percent		0.94	2017-2021
INEQUALITY			
Gini Index		38.5	2021
Shared Prosperity Premium = Growth of the bottom 40 - Average Growth		2.23	2017-2021
GROWTH			
Annualized GDP per capita growth		3.04	2017-2021
Annualized Income Growth per capita from Household Survey		-1.28	2017-2021
MEDIAN INCOME			
Growth of the annual median income/consumption per capita		0.09	2017-2021

Sources: WDI for GDP, National Statistical Offices for national poverty rates, PIP as of April 2023, and Global Monitoring Database for the rest.

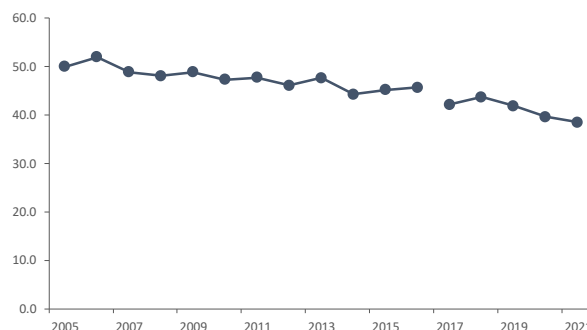
POVERTY HEADCOUNT RATE, 2005-2021



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

INEQUALITY TRENDS, 2005-2021

Gini Index



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

KEY INDICATORS

Distribution among groups: 2021	Upper Middle Income line(%)		Relative group (%)	
	Non-Poor	Poor	Bottom 40	Top 60
Urban population	77	23	40	60
Rural population	77	23	40	60
Males	79	21	37	63
Females	75	25	43	57
0 to 14 years old	62	38	59	41
15 to 64 years old	81	19	35	65
65 and older	89	11	24	76
Without education (16+)	77	23	43	57
Primary education (16+)	81	19	35	65
Secondary education (16+)	79	21	39	61
Tertiary/post-secondary education (16+)	91	9	18	82

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

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

Multidimensional Poverty Measures: 2021

Multidimensional Poverty Measures: 2021	(% of population)
Monetary poverty (Income)	
Daily income less than US\$2.15 per person	0.9
Education	
At least one school-aged child is not enrolled in school	5.4
No adult has completed primary education	12.2
Access to basic infrastructure	
No access to limited-standard drinking water	4.7
No access to limited-standard sanitation	5.5
No access to electricity	0.5

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

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). The ENFT is 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 new permanent household survey called Encuesta Continua Nacional de Fuerza de Trabajo (ECNFT) with year-round data collection. Thus, since 2017 poverty measurements are calculated using the ECNFT and are not fully comparable to those from the ENFT that started in 2000 due to methodological differences.

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. Current discussions are taking place within the Poverty Committee to update the poverty lines. Due to the COVID-19 crisis and subsequent mobility restrictions, the ECNFT was conducted by phone from Q2 2020 until Q1 2021. Preliminary assessments on data quality show that comparability of the main indicators was not severely affected.

Note on new global poverty lines: Poverty data are now expressed in 2017 Purchasing Power Parity (PPP) prices, versus 2011 PPP in previous editions. As price levels across the world evolve, global poverty lines have to be periodically updated to reflect the increase of the value of the lines in nominal terms. The new global poverty lines of \$2.15, \$3.65, and \$6.85 reflect the typical national poverty lines of low-income, lower-middle-income, and upper-middle-income countries in 2017 prices. In addition to reflecting updates in nominal terms, upper-middle-income countries raised the standards by which they determine people to be poor from 2011 to 2017. Hence, the increase in the upper line is larger, and the population that does not meet the new standard is higher in most countries than it was with 2011 PPPs. See pip.worldbank.org.

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.