

Editorial

The Dominican Republic has achieved remarkable socioeconomic progress over the last two decades. Following a deep socioeconomic crisis in 2003-04, it became one of the fastest-growing economies in Latin America and the Caribbean (LAC), reaching upper middle-income status in 2011. Economic expansion largely stemmed from macroeconomic stability and a deeper integration in the global economy, with significant foreign direct investment flows, the development of free trade zones, and the growth of tourism and mining. Economic success drove social improvements. A Dominican youngster today is more likely than two decades ago to live a long life, access the education system or find a formal job.

Challenges remain, however: poverty still affects one in four Dominicans, inequalities remain large and institutional weaknesses persist. Citizens are aware of those and, while their perceptions have improved, around 60% believe the country is governed for and by the powerful. The impacts of COVID-19 have aggravated many of these development challenges.

There is a silver lining: the need to recover from the pandemic creates momentum for a new agenda of ambitious structural reforms. This is an opportunity to improve the well-being of all Dominicans in the longer run, while responding to the challenges and opportunities brought about by rapid economic, geopolitical and technological changes.

To that end, this *Multi-dimensional Review of the Dominican Republic: Towards Greater Well-being for All*, identifies three critical areas for policy action. First, creating *better jobs* requires a broad strategy for job formalisation, including stronger and better-targeted social protection systems; support for SMEs' transition to formality; better skills; and active production transformation policies.

Second, the country needs to mobilise *more public and private financial resources* in support of reforms. Tax revenues remain low, and there is space to make the tax mix more progressive while increasing collection, including by new forms of taxation in the green and digital economies. Fighting tax evasion and rethinking poorly targeted exemptions are also priorities, as well as more effective public expenditure. In parallel, deepening the financial system can help channel savings towards productive activities, and improve financial inclusion.

Third, new policies must ensure that *digital transformation* closes existing gaps, while not creating new ones. Households and schools need better access to quality connections and devices, and better training in digital skills. The digitalisation of the economy and labour markets must increase productivity and create better jobs. The approval of the Digital Agenda 2030 by the government in 2022 is a step in that direction, and provides a coherent and strategic mid-term horizon to guide policy action.

Reforms inevitably come with trade-offs, and at a cost. I hope – and trust – that this multi-dimensional review, with its detailed diagnostics and policy options, will help all Dominican stakeholders achieve a broad consensus on the way forward.

Ragnheiður Elín Árnadóttir
Director
OECD Development Centre



From:

Multi-dimensional Review of the Dominican Republic

Towards Greater Well-being for All

Access the complete publication at:

<https://doi.org/10.1787/560c12bf-en>

Please cite this chapter as:

OECD (2022), "Editorial", in *Multi-dimensional Review of the Dominican Republic: Towards Greater Well-being for All*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/5fb39d6d-en>

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.