

# Needs-based Climate Finance Project



## Technical Assessment of Climate Finance in Dominican Republic

Annex to the Climate Finance Access and Mobilization Strategy for  
Dominican Republic  
2022–2030



United Nations  
Climate Change

## Contents

Page

<b>Abbreviations and Acronyms</b> .....	<b>5</b>
<b>Executive summary</b> .....	<b>7</b>
<b>I. Introduction</b> .....	<b>8</b>
A. Project scope .....	8
B. Objective .....	8
C. Justification .....	8
D. Methodology and sources of information .....	8
<b>II. National context</b> .....	<b>9</b>
A. Geographic and sociodemographic factors .....	9
B. Climate vulnerability .....	10
C. Demographics and employment.....	10
D. Agriculture, fisheries and forestry .....	11
E. Health.....	12
F. Infrastructure .....	12
G. Tourism .....	13
H. Foreign investment.....	14
I. Hydrocarbons, electricity and mining .....	14
J. Energy subsidies and incentives, taxes and exemptions .....	15
K. Carbon price.....	16
L. Trade .....	16
<b>III. Economic outlook</b> .....	<b>18</b>
A. General.....	18
B. Public debt .....	19
C. Institutional architecture of the financial system .....	19
D. Interest rates and inflation.....	21
E. Ease of Doing Business.....	21
<b>IV. Climate context</b> .....	<b>22</b>
A. Climate profile .....	22
B. Emissions profile .....	22
C. Climate change policy.....	23
D. Environment policy.....	24
E. Coordination and governance .....	24
F. Foreign policy and the climate agenda.....	25
G. Energy efficiency .....	25
H. Renewable energy .....	26

I.	Agriculture .....	26
J.	Disaster risk management .....	27
<b>V.</b>	<b>Climate finance needs and priorities .....</b>	<b>27</b>
A.	Methodological approach to determining needs .....	28
B.	Mitigation needs.....	29
C.	Adaptation needs.....	31
D.	Capacity-building.....	33
<b>VI.</b>	<b>Climate finance flows .....</b>	<b>33</b>
A.	Considerations.....	33
B.	Methodological approach and sources of information.....	34
C.	International climate-related finance.....	35
D.	Climate-related domestic finance.....	43
<b>VII.</b>	<b>Climate funds.....</b>	<b>47</b>
A.	Green Climate Fund.....	47
B.	Global Environment Facility.....	48
C.	Adaptation Fund.....	49
D.	Climate Investment Funds .....	49

List of tables

Table 1	Debt rating by private agencies .....	19
Table 2	List of reports considered .....	28
Table 3	Set of policy objectives by sectors and prioritized technologies for mitigation .....	29
Table 4	Set of strategic areas under the Dominican Republic National Adaptation Plan .....	31
Table 5	Set of policy objectives by sectors and prioritized technologies for adaptation .....	32
Table 6	Prioritized needs and barriers under cross-cutting areas.....	33
Table 7	International public climate finance by provider and climate objective .....	42

List of figures

Figure 1	Map of Dominican Republic .....	10
Figure 2	Motor vehicle taxation revenue, 2014-2018 .....	16
Figure 3	The Dominican Republic’s national emission estimation, 2010–2015.....	23
Figure 4	Mitigation objective of the nationally determined contribution, 2020 .....	28
Figure 5	Public international climate finance received by the Dominican Republic .....	36
Figure 6	Public international climate finance by funding channel .....	37
Figure 7	International public climate finance flow by provider .....	38
Figure 8	International public climate finance by instrument, year by year .....	39
Figure 9	International public climate finance by instrument, from 2010-2018 .....	39
Figure 10	International public climate finance by climate objective .....	40
Figure 11	Target sectors of international climate-related finance .....	41
Figure 12	International public climate finance by climate objective and sectors .....	41

Figure 13 International public climate finance by provider type and climate objective .....	43
Figure 14 Climate-related domestic finance .....	44
Figure 15 Climate-related domestic finance by climate objective .....	44
Figure 16 Areas benefiting from climate-related domestic finance, 2010-2018 .....	45
Figure 17 Climate-related domestic finance allocated to cross-cutting climate objectives by sector .....	46
Figure 18 Climate-related domestic finance allocated to adaptation objectives by sector.....	46
Figure 19 Climate-related domestic finance allocated to mitigation objectives by sector .....	47

## Abbreviations and acronyms

AayP	Savings and Loan Associations
ACE	Action for Climate Empowerment
ADEME	French Environment and Energy Management Agency
ADOEXPO	Dominican Association of Exporters
AF	Adaptation Fund
AFOLU	Agriculture, Forestry, and Other Land Use
AFP	Pension Fund Administrators
AIRAC	Association of Savings and Credit Institutions
AP	Paris Agreement
BAU	business as usual
BC	Central Bank of the Dominican Republic
BIEE	Energy Efficiency Indicator Base
BNE	National Energy Balance
BUR	biennial update report
CAF	Andean Development Corporation
CARICOM	Caribbean Community
CATHALAC	Water Centre for The Humid Tropics of Latin America and the Caribbean
CEI-RD	Export And Investment Centre of The Dominican Republic
CELAC	Community of Latin American and Caribbean States
Ci-ACA	Collaborative Instruments for Ambitious Climate Action Initiative
CNZFE	National Council of Free Export Zones
CO <sub>2</sub>	carbon dioxide
COP	Conference of the Parties
COVID-19	coronavirus disease 2019
CPEIR	climate public expenditure and institutional review
DECCC Plan	Climate Change Compatible Development Plan
DGA	General Directorate of Customs
DGII	Directorate General of Internal Taxes
DOP	Dominican Peso
DR	Dominican Republic
DRM	disaster risk management
ECLAC	Economic Commission for Latin America and the Caribbean
EMI	Inflation Targeting Schemes
ENCFT	Continuous National Labour Force Survey
ETS	Emissio Trading Scheme
FDI	foreign direct investment
FSS	Social Solidarity Fund
GCF	Green Climate Fund
GDP	gross domestic product
GEF	Global Environment Facility
Gg	gigagrams
GHG	greenhouse gas
GIZ	German Cooperation Agency
IDB	Inter-American Development Bank
IDECOOP	Cooperative Credit and Development Institute
IFAD	International Fund for Agricultural Development
IPCC	Intergovernmental Panel on Climate Change
IPECC	International Partnership for Energy Efficiency Cooperation

IRENA	International Renewable Energy Agency
LAC	Latin America and the Caribbean
LPG	liquefied petroleum gas
LUCF	land-use change and forestry activities
MACC	Marginal Abatement Cost Curve
MDB	multilateral development bank
MEPyD	Ministry of Economy, Planning and Development
MRV	monitoring, reporting and verification
MSMEs	micro-, small- and medium-sized enterprises
NAMA	nationally appropriate mitigation action
NAP	national adaptation plan
NBF	Needs-Based Climate Finance
NC	national communication
NDC	nationally determined contribution
NDC 2020	Improving and Updating the Nationally Determined Contribution In 2020
NDS 2030	National Development Strategy
NGO	non-governmental organization
NO <sub>2</sub>	nitrous oxide
OECD	Organization For Economic Co-Operation and Development
OLADE	Latin American Energy Organization
ONE	National Statistics Office
PANACC	National Climate Change Adaptation Plan
PRODominicana	Export and Investment Center for Dominican Republic
R&D	research and development
REDD+	reducing emissions from deforestation and forest degradation
SDG	Sustainable Development Goal
SE4ALL	Sustainable Energy for All Project
SENI	Interconnected National Electricity System
SICA	Central American Integration System
SNIP	National Public Investment System
TNA	technology needs assessment
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNEP FI	United Nations Environmental Finance Initiative
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States dollar
WCO	World Customs Organization
WTO	World Trade Organization

### Executive summary

This report has been developed with the support of the NBF Project of the UNFCCC secretariat. It aims to provide an overview of the climate finance flows, needs, enabling environment and challenges in the Dominican Republic as a technical basis for the development of a Climate Finance Access and Mobilization Strategy for the country.

To meet national commitments to reduce emissions and build resilience, it is necessary to ensure access to climate finance and effective mobilization of financial flows. This report identifies relevant factors in the national context that will affect finance options, availability, capacity and access modalities. For context, this report highlights the country's economic structure, some of its socio-political, environmental, and climatic characteristics and the regulatory, institutional and planning framework that underpins its public policies. Further, the key indicators and parameters presented herein help to provide insight into the capacities and characteristics of domestic and international financing.

Based on the country's identified needs for addressing climate change, in terms of technologies, capacities and funding, as well as the expected outcomes of its strategic policy approach; this report identifies gaps and barriers. It consequently (i) defines the actions needed to remove those barriers and bridge those gaps; and (ii) links available national and international funding sources to identified priorities.

An assessment of domestic and international financial flows shows that around USD 1.85 billions of climate-related finance was invested in the Dominican Republic in 2010–2018, in the areas of energy, agriculture, forestry and other land use, transport, water supply and purification, and risk management. These funds were channeled through different domestic, bilateral, and multilateral agencies using concessional and non-concessional instruments and budgetary allocations. Leading contributors include France, Germany, the IDB, the World Bank, and the CAF. Increasing climate finance flows were channeled through mechanisms operated by multilateral organizations such as the GEF, the GCF and IFAD.

There is a clear need to carry out significant structural transformations and improve the enabling environment to fulfil the ambition presented in the NDC, particularly given the financing challenges posed by the global economic depression following the COVID-19 pandemic. Given the need to reactivate economic activities in key sectors, maintain social support, combined with the existing challenges of addressing poverty, education, and health, it is even more important to coordinate, articulate, synergize, and facilitate access to resources to achieve the commitments made in the Paris Agreement.

## **I. Introduction**

1. This report, has been prepared with the support of the NBF Project to provide an overview of climate finance in the country, establishing a context for the essential elements of the transition to resilient and low-emission development, and identifying the needs that underpin the financing priorities for the implementation of the Dominican Republic's NDC.

### **A. Project scope**

2. The NBF Project assists developing countries in assessing their needs and priorities and translating climate finance needs into action. It supports the development of regional and national climate finance mobilization and access strategies, and the mobilization of funding for priority needs related to the implementation of NDCs, NAPs and other national climate strategies and policies.

3. The Dominican Republic has updated and improved its 2020 NDC and is in the process of updating its Action Plan for the Implementation of the NDC, which aims to prioritize NDC implementation activities for 2020–2025, enabling actions for the achievement of the Paris Agreement and national targets defined in national development strategies and instruments.

4. The development of a climate finance mobilization and access strategy for the Dominican Republic is a country-driven process, and its preparation involves a profound assessment of needs and capacities to allow decision makers to take the relevant actions to improve access to available financial flows internationally and domestically, as well as fostering collaboration and identifying synergies with relevant stakeholders to meet climate objectives effectively and efficiently and move towards a low-emission and resilient society.

### **B. Objective**

5. The overall objective of this technical assessment is to build the technical groundwork for a climate finance mobilization and access strategy, based on identified national capacities, context (regional socioeconomic, environmental, climate change, financial), available climate flows (national, international) and enabling environment. In subsequent steps under the NBF project, a strategy draft and an implementation plan including monitoring systems will be developed.

### **C. Justification**

6. As a party to the UNFCCC, the Dominican Republic signed and ratified the Paris Agreement in which, based on its NDC, it defined a mitigation and adaptation objective to put the country on a path to a low-emission and climate-resilient transition. To date, the Dominican Republic does not have a policy instrument that clearly defines where the resources will come from to meet these commitments, even though meeting its NDC objectives is subject to the availability of resources and the existing market and not market mechanisms.

### **D. Methodology and sources of information**

7. The proposed methodology for the technical assessment is mainly based on a technical analysis of quantitative and qualitative data as part of a desk review and expert consultation (climate and non-climate) through workshops and working groups involving stakeholders. The desk review considered official documents and reports from reputable national and international bodies and databases of regional and national agencies, among other materials.

8. Data sources include the OECD Creditor Reporting System; published data and documents submitted to the UNFCCC secretariat, such as BURs, NAPs, NCs NDCs, TNAs; information from the Central Bank of the Dominican Republic, the National Statistics Office, the National Public Investment System, national sector programming and strategies,



international cooperation in the Dominican Republic and MDBs; and relevant information from the GEF, AF, and GCF country programmes.

9. The proposed methodology (i) considers tracked climate-related finances to evaluate the national, regional, and global financial panorama; (ii) incorporates updated and relevant information; (iii) creates and promotes collaboration among sectoral and thematic working groups for the harmonization of information and data and the alignment of expectations; (iv) presents results for key stakeholder approval and high-level political endorsement.

10. The outcomes of the NBF Project for the Dominican Republic include three documents:

- (a) A technical assessment of climate finance flows and needs;
- (b) A climate finance mobilization and access strategy; and
- (c) A pipeline of priority projects/transactions/investments/financing facilities, etc.

11. There is no single internationally agreed definition of “climate finance”. In determining the amounts reported as climate finance, reporting entities rely on their own operational definitions, and differences may affect estimates of overall financial flows. Efforts are under way to harmonize these definitions. For this report, we have focused on the basic definition suggested in the technical report of the 2014 Biennial Assessment and Overview of Climate Finance Flows: “Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts”. We also take into consideration that the Paris Agreement refers to financing flows that are consistent with a bon development pathway, towards a development that is low in GHGs and resilient to the climate.

## II. National context

### A. Geographic and sociodemographic factors

12. The Dominican Republic occupies 48,442 km<sup>2</sup> (around five eighths) of the island of Hispaniola, which it shares with the Republic of Haiti. It lies to the east of that territory in the Greater Antilles archipelago of the Caribbean region and constitutes the second largest nation in the Caribbean, with a population<sup>1</sup> of approximately 10.5 million, of which 80% resides in urban areas and the rest in rural areas, and a population density of 211 inhabitants per km<sup>2</sup> (see figure 1).

13. It is bordered to the north by the Atlantic Ocean, to the south by the Caribbean Sea, to the east by the Mona Passage and to the west by the Republic of Haiti, with which it shares a land border of 388 km. It has a coastline of 1,288 km. The country is divided into 31 provinces and the National District (the capital and seat of the central Government). Located between the North American and Caribbean tectonic plates, it is at significant seismic risk, and its location makes it prone to hurricane damage.

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<sup>1</sup> More information in Oficina Nacional de Estadística:  
<https://www.one.gob.do/demograficas/proyecciones-de-poblacion>

Figure 1  
Map of Dominican Republic



Source: website of the Embassy of Mexico in the Dominican Republic. Available at <https://embamex.sre.gob.mx/republicadominicana/index.php/aviso/2-uncategorised/132-info-dominicana>.

## B. Climate vulnerability

14. The country's vulnerability is evidenced by meteorological information for 1984–2013, including an analysis of eight global circulation models, which indicates that an increase of 2–3°C in the annual average temperature is to be expected in 2050, as well as a more intensified hydrological cycle. The data also show changes in precipitation, which is tending to decrease in dry areas and increase in humid areas, as well as an increase in the occurrence of extreme events over the past two decades.

15. Lack of territorial planning makes infrastructure on the island particularly vulnerable to sea-level rise. In addition, socioeconomic characteristics are exacerbating climate vulnerabilities, with many sectors being affected by climatic conditions, a reduction in resource allocations and sensitive ecosystem services and an increase in emissions. The services sector is the largest sector of the economy (accounting for 60.2% of GDP in 2018), followed by industry (27.2%) and agriculture (6.3%). Although the Dominican Republic is one of the fastest growing economies in the Latin American region, although more than 20% of its citizens live in poverty and its population is ageing. The country's vulnerability is exacerbated by widespread poverty, inadequate access to drinking water and sanitation services, negative impacts on food production.

## C. Demographics and employment

16. The Dominican Republic has a population<sup>2</sup> of approximately 10.5 million, with a population density of 211 inhabitants per km<sup>2</sup>. General poverty is an issue,<sup>3</sup> with women and

<sup>2</sup> Oficina Nacional de Estadística: <https://one.gob.do/demograficas/proyecciones-de-poblacion>.

<sup>3</sup> Total or general poverty includes households whose per capita income or consumption is lower than

children being the most affected group. Low life expectancy is often associated with poor people. The urban population is estimated to account for 80% of the total population and is expected to grow owing to the abandonment of agricultural and livestock activities, the precariousness of basic services (education, health, and security) and the economic situation in rural areas, worsening economic situation that will increase migration to the urban corridor. Nevertheless, the country continues to achieve sustained economic growth, price stability, a net increase in jobs and an increase in real household income and remains in its post-covid recovery stage.

17. Despite this sustained economic progress,<sup>4</sup> a high level of inequality persists. To date, 40% of the population accounts for less than 10% of the country's wealth. Moreover, high unemployment and high underemployment remain major long-term challenges.<sup>5</sup>

18. According to the 2019 Continuous Labour Force survey conducted by the Central Bank of the Dominican Republic, the national labour market<sup>6</sup> is composed of a working-age population of 7,611,012 equivalent to about 74% of the total population. Of these, around 65% belong to the economically active population. The overall labour participation rate for 2018 was 63.6%. Most of the population employed in the tertiary sector (primarily in commerce), and to a lesser extent in the secondary sector, where informal employment is less common.

19. Positive economic growth has led to an improvement in labour market performance and indicators.<sup>7</sup> These include the general participation rate, the average monthly (nominal) monetary income,<sup>8</sup> the economically active participation rate, the average monthly wage (which stands at USD 413.86),<sup>9</sup> the inactivity rate and the potential (inactive) labour force rate. The underutilization of the labour force<sup>10</sup> has shown a decreasing trend in recent years; however, significant disparities between gender and age groups are still apparent.

20. A nation's prosperity generally correlates with its level of gender parity. However, considerable gender inequality persists within the Dominican Republic. The territory is ranked 87<sup>th</sup> out of 153 countries in the 2018 Gender Gap Index.<sup>11</sup> The sectors with the highest gender parity are health and education, which have above-average world-wide scores. The areas requiring the most attention include political empowerment, management, and leadership positions.

## D. Agriculture, fisheries, and forestry

21. The Dominican Republic explicitly recognizes the food security as constitutional right in its 2010 Political Constitution. It outlines provisions for the right to health and state as a public matter the provision of means to produce food and agricultural raw materials, to increase productivity and ensure food security. A little under half of the area surface of the country<sup>12</sup> is dedicated to agricultural production, for which water use poses a significant

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the cost of a basket of essential goods and services. (Extreme poverty includes households whose per capita income or consumption is lower than the cost of a basket of essential food items.) More info at <https://mepyd.gob.do/wp-content/uploads/drive/UAAES/Informes%20%26%20Boletines/Pobreza%20monetaria/Boletinde%20Estadi%CC%81sticas%20Oficiales%20de%20Pobreza%20Monetaria.pdf>.

<sup>4</sup> More information at [https://repositorio.cepal.org/bitstream/handle/11362/1248/1/S2012960\\_en.pdf](https://repositorio.cepal.org/bitstream/handle/11362/1248/1/S2012960_en.pdf).

<sup>5</sup> More information at <https://cia.gov/library/publications/the-world-factbook/fields/207.html>.

<sup>6</sup> More information at <https://eldinero.com.do/88634/donde-crea-y-pierde-empleos-la-economia-dominicana/>.

<sup>7</sup> See [https://ilo.org/americas/publicaciones/panorama-laboral/WCMS\\_675285/lang--en/index.htm](https://ilo.org/americas/publicaciones/panorama-laboral/WCMS_675285/lang--en/index.htm).

<sup>8</sup> More information at [https://micm.gob.do/images/pdf/publicaciones/libros/boletin/2020/Boletin\\_18\\_-\\_Salarios\\_y\\_Mipymes.pdf](https://micm.gob.do/images/pdf/publicaciones/libros/boletin/2020/Boletin_18_-_Salarios_y_Mipymes.pdf).

<sup>9</sup> According to information from workers registered in the Integrated Labour Registration System of the Dominican Republic.

<sup>10</sup> More information at [https://ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms\\_675285.pdf](https://ilo.org/wcmsp5/groups/public/---americas/---ro-lima/documents/publication/wcms_675285.pdf).

<sup>11</sup> Report compiled by World Economic Forum, More information at [https://www3.weforum.org/docs/WEF\\_GGGR\\_2018.pdf](https://www3.weforum.org/docs/WEF_GGGR_2018.pdf).

<sup>12</sup> More information at <http://www.fao.org/countryprofiles/index/en/?iso3=DOM>.

challenge. Approximately 85% of food needs are met by domestic production, which is heterogeneous. Environmental constraints such as rainfall result in low productivity.

22. Fishing is highly vulnerable to climate variability,<sup>13</sup> as evidenced by an analysis carried out by Dominican Council of Fisheries and Aquaculture in 2017. Growth in wave power represents an exploitable opportunity for fishermen, this is unlike the growth in sea surface temperature which intensifies the vertical movement of pelagic fish and the migration of certain species due to changes in oceanic flows. All this poses additional challenges associated with overfishing.

23. As reported in the 2019 National Forest Inventory, the forested area within the Dominican Republic was 2,103,645 ha. According to a REDD+ Readiness Project report<sup>14</sup> from 2019, this area is severely threatened by commercial cattle ranching, illegal logging of natural forest, commercial agriculture, and migratory/subsistence agriculture. All the activities identified are considered as high priorities cause main drivers of deforestation. Indirect drivers include population growth, poverty, social inequality, and land tenure. However, there is growing national interest in climate change and the role of forests not only as a source of carbon sequestration, but also as protectors of watersheds. Initiatives such as REDD+ and Quisqueya Verde propose improvements in governance, management plans, resource use and best practices in agriculture, fisheries, and forestry in the country.

## E. Health

24. Climate change and air pollution negatively affect health and the environment, as they create conditions which are conducive to cardiovascular, vector and water-borne diseases (dengue, Zika virus, chikungunya virus, cholera, and other diarrhea diseases), hantavirus, rotavirus, chronic kidney disease and psychological trauma. Such health impacts are very likely to occur in the LAC region owing to changes in average and extreme temperature and precipitation. Individual vulnerabilities vary according to age, gender, and socio-economic status, and increase particularly in large cities. Climate change will increase health risks, given the population growth rates in the LAC region and existing vulnerabilities in health, water, sanitation and waste collection systems, nutrition, pollution, and food production in poor regions.

## F. Infrastructure

25. Gross capital formation in the country represents 22.7% of GDP, which have been a major driver of GDP growth is the gross capital formation over the past two decades. According to the 2019 Global Competitiveness Report published by the World Economic Forum,<sup>15</sup> Dominican Republic's extensive infrastructure system is well-suited for supporting global trade, ranked the Dominican Republic as having the first Transportation Infrastructure in the LAC Region, including road, rail, maritime and river transport, has been shown that there is still an unmet demand for infrastructure projects and the potential for financing further projects through infrastructure bonds.

26. According to the 2020–2030 National Infrastructure Plan, Dominican Republic Infrastructure Plan<sup>16</sup> the largest public spending investments from 2014–2019 were concentrated in transport (87%) and sanitation (12%), with less than 1% of investment going to the telecommunications and energy sectors. Despite significant improvements, gaps in access to basic services persist and must be addressed to improve competitiveness and productivity. It is estimated that USD 9.926 billion needs to be invested in basic access infrastructure for 2020–2040, including roads (USD 6.23 billion), sanitation (USD 1.73 billion), broadband Internet (USD 752 million), drinking water (USD 560 million), energy

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<sup>13</sup> More information at <https://climapesca.org/2017/11/informacion-sobre-actividad-pesquera-en-republica-dominicana-y-crecimiento-de-actividad-economica-en-nicaragua/>.

<sup>14</sup> The information is included in the Marco de Gestión Ambiental y Social from year 2019. Available in: <https://documents1.worldbank.org/curated/ar/107361574673253113/pdf/Plan-de-Manejo-Integrado-de-Plagas-y-Enfermedades.pdf>.

<sup>15</sup> More information at [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf).

<sup>16</sup> Available at available in: <https://mepyd.gob.do/wp-content/uploads/drive/DIGEDES/Publicaciones/Plan Nacional de Infraestructura.pdf>.

(USD 558 million) and airports (USD 95 million). The required investment in metro and rail is estimated at USD 4.03 billion for 2030–2046.

27. The Dominican Republic's road network encompasses a total of 19,730 km of roads (of which 7,766 km are paved: translating to barely 0.07 km paved road per 100,000 inhabitants). As a result of the country's high dependence on imported goods and its insularity, several basic inputs and finished products must be transported by air and sea. Road transport is affected by topography and limited urban planning. Large orographic elevations and important ecosystems are often being considered in the design and execution of road transport projects.

28. Mobility in urban areas is particularly difficult owing to the use of inappropriate and inefficient vehicles, poor road design and poorly located intercity bus route station, in addition to this, limited urban planning making mobility within city centers inefficient. The average age of the vehicle fleet is over 23 years. Issues often arise with road tolls and fare collections, the lack of public awareness of road usage, and lack of regulation by the authorities to negate a range of negative outcomes. Such outcomes include environmental pollution, poor road safety, congestion and GHG emissions. Measures to address infrastructure and mobility issues identified in national mobility plans<sup>17</sup> (such as the Sustainable Urban Mobility Plan) include the creation of highways to improve connectivity between regions, the construction of new road infrastructure and commitments to support the introduction and use of electric, hybrid and natural gas vehicles.<sup>18</sup>

## G. Tourism

29. According to the International Tourism Highlights 2019 Edition, prepared by the United Nations World Tourism Organization,<sup>19</sup> the Dominican Republic appeals to tourists as a 'geographically diverse nation with the highest mountain peak in the Caribbean and the lowest elevation with Lake Enriquillo, an average temperature of 26°C and broad biological, historical and cultural diversity'. The country is recognized as one of the most attractive holiday destinations in the Insular Caribbean, famed for its beaches, recreational opportunities, and vast cultural wealth.

30. With the enactment of Law No. 16-95 on foreign investment,<sup>20</sup> tourism has emerged as a key industry in the national economy. With average annual growth of 5.9% over the past three decades, tourism plays an important role in the development of GDP, especially given its multiplier effect on the demand for local goods and services, exports and jobs creation. The number of accommodation units within the country continues to grow, exceeding 86,000 hotel rooms in 2019.

31. The economic importance of the tourism sector<sup>21</sup> as a generator of jobs is undeniable. The findings of the Continuous National Labour Force Survey, conducted quarterly by Central Bank of the Dominican Republic, showed that approximately 7.4% of the employed population for 2019 relied on tourism. In 2020, the restrictions globally put in place to curb the spread of the COVID-19 pandemic adversely affected the Dominican tourism sector. The Responsible Tourism Recovery Plan represents a joint initiative of the Dominican Government and the private sector. It includes measures to promote the country as a safe tourist destination and to encourage the development of internationally certified health and safety protocols. The latter of which will be followed by tourism companies and travellers. If, as analysts believe, the travel industry gradually recovers, the Dominican Republic will doubtlessly continue to lead the Insular Caribbean region as a tourist destination.

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<sup>17</sup> More information at [https://www.intrant.gob.do/movilidad/index.php/pmus/item/download/9\\_c70f1468ee4542398669b04281eeb655](https://www.intrant.gob.do/movilidad/index.php/pmus/item/download/9_c70f1468ee4542398669b04281eeb655).

<sup>18</sup> More information at [https://intrant.gob.do/movilidad/index.php/planes-y-proyectos/movilidad-electrica/item/download/97\\_eb542ebb8626554691db564abbf2fad8](https://intrant.gob.do/movilidad/index.php/planes-y-proyectos/movilidad-electrica/item/download/97_eb542ebb8626554691db564abbf2fad8).

<sup>19</sup> More information at <https://www.e-unwto.org/doi/pdf/10.18111/9789284421152>.

<sup>20</sup> Foreign Investment Law of the Dominican Republic 16-95, from 1995. More information at <https://drlawyer.com/espanol/ley-sobre-inversion-extranjera-ley-no-16-95/>.

<sup>21</sup> More information at [https://www.bancentral.gov.do/a/d/5003#:~:text=Cabe%20destacar%20que%20los%20ingresos,Inver%20C3%B3n%20Extranjera%20Directa%20\(IED\)](https://www.bancentral.gov.do/a/d/5003#:~:text=Cabe%20destacar%20que%20los%20ingresos,Inver%20C3%B3n%20Extranjera%20Directa%20(IED).).



## H. Foreign investment

32. The Dominican Republic is one of the main recipients of FDI in the Caribbean and Central America. According to the World Bank, annual FDI inflows varied between USD 1.6 billion and USD 3.6 billion in 2010–2019, with an increasing trend. The country has the 74th most complex economy according to the 2017 report on the Economic Complexity Index.<sup>22</sup> The Dominican economy is highly dependent on the state of the economy within the United States. USA is not only the destination for more than 40% of Dominican exports,<sup>23</sup> but also a source of remittances equating to approximately one tenth of the Dominican Republic's GDP (i.e., almost half of exports and three quarters of tourism revenues).

33. FDI is regulated by Law No. 16-95, mentioned above. Between 2010 and 2018, the Dominican Republic attracted FDI of USD 22.36 billion, equivalent to an annual average of USD 2.48 billion. With energy, mining, free trade zones and tourism continued to attract the most capital. The main investor countries were the Brazil, Canada, Spain, and United States.

## I. Hydrocarbons, electricity, and mining

34. The Dominican Republic is a net importer of all its energy inputs (except renewables and biomass). It has a refinery<sup>24</sup> for processing a proportion of the oil derivatives used in the country and preparing imported petroleum. Fuel prices in the country are among the highest in the LAC region.

35. According to a report by the International Monetary Fund entitled *Energy Subsidies in Latin America and the Caribbean: Stocktaking and Policy Challenges*<sup>25</sup> from 2015, the Dominican Republic is particularly vulnerable to the interruption of financing under the Petrocaribe programme. Although it has alternative sources of financing, its vulnerability is manifested by its slow progress in reducing structural weaknesses in the energy sector.

36. The power generation sector is regulated by the General Energy Law (Law No. 125-01). It has recently emerged from a prolonged crisis, with the adoption of corrective measures to address a vicious circle of blackouts, high operating costs levied by distribution companies, large losses (technical and non-technical), high tariffs, low collection rates and market-distorting subsidies. The sector is dominated by thermal plants powered by imported fuel (oil, coal and natural gas). According to various official reports, installed capacity stands at around 4,850 MW, of which approximately 75% is thermal and the remainder is renewable (from hydro, wind, solar and biomass). The country is well situated to generate energy from these renewable sources, subject to the removal of developmental barriers, the eradication of deficiencies in energy transmission infrastructure and the rollout of coherent enabling policies.

37. According to the Sustainable Energy for All database<sup>26</sup> of the World Bank, International Energy Agency, and the Energy Sector Management Assistance Programme, close to 100% of the population has access to electricity. Demand for electricity is growing at a rate of approximately 4% per year, and energy consumption is divided into residential (44%), industrial (30%) public (16%) and commercial (10%). The distribution network covers 91% of the population, and the power supply is disconnected for approximately 2–4 hours per day. The electricity tariff has remained unchanged for more than nine years<sup>27</sup> and is staggered by consumption level in accordance with Resolution SIE-017-2020-TF.<sup>28</sup>

<sup>22</sup> More information at <https://oec.world/en/profile/country/dom/>.

<sup>23</sup> More information at [https://oec.world/en/profile/country/dom/#Trade\\_Balance](https://oec.world/en/profile/country/dom/#Trade_Balance).

<sup>24</sup> More information at <https://refidomsa.com/nosotros/instalaciones/unidades-de-proceso>.

<sup>25</sup> More information at <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Energy-Subsidies-in-Latin-America-and-the-Caribbean-Stocktaking-and-Policy-Challenges-42708>.

<sup>26</sup> More information at <https://datos.bancomundial.org/indicador/EG.ELC.ACCS.ZS?locations=DO>.

<sup>27</sup> More information at <https://eldinero.com.do/107498/sie-informa-tarifa-electrica-tiene-nueve-anos-sin-variacion/>.

<sup>28</sup> More information at Fijacion Tarifas A Usuarios Regulados Servidos Por Las Empresas Distribuidoras: (I) Edesur Dominicana, S. A. (Edesur); (Ii) Empresa Distribuidora De Electricidad Del Este, S. A. (Edeeste); Y, (Iii) Edenorte Dominicana, S. A. (Edenorte), Para El Trimestre De Abril - Junio 2020. Available at <https://sie.gob.do/wp-content/uploads/2021/06/SIE-017-2020-TF.pdf>.

According to a report on energy prices in Latin America and the Caribbean<sup>29</sup> from 2020, prepared by the Latin American Energy Organization, the price of electricity for the residential sector in 2019 was USD 131.61/MWh. For the commercial sector, the price of electricity is currently USD 196.01/MWh, and for the industrial sector, it is USD 166.46/MWh.

38. Presidential Decree No. 264-07<sup>30</sup> declares that the use of national gas is in the national interest. This is owing to its potential for fostering social, economic, and environmental development. The state therefore seeks to promote its extensive use as a substitute for liquid fuels.

39. The Dominican Republic has large and diverse mineral deposits. These include the second largest gold deposit in the Americas as well as significant reserves of silver, nickel, bauxite, marble, limestone, and granite.<sup>31</sup> The country also mines amber and larimar (semi-precious stones) used in jewelry. The mining sector is therefore considered important to the national economy.

## J. Energy subsidies and incentives, taxes, and exemptions

40. The Law No. 112-00 on hydrocarbons<sup>32</sup> provides for the imposition of a tax on the consumption of fossil fuels. It also highlights the creation of a special fund to promote alternative, renewable, or clean energy programmes and energy efficiency with 5% of the fuels sales revenues, which has been later cut off in 2012 modification. The Tax Code Law<sup>33</sup> from 2005 (Law No. 557-05) impose a selective tax of 13% ad-valorem on domestic consumption of fossil fuels and petroleum derivatives. The Tax Rectification Law (No. 495-06) passed in 2006 provides for the increase of this tax rate to 16% and the introduction of a further tax of USD 0.06 per gallon on the consumption of premium diesel (lower Sulphur content) and approximately USD 0.10 on regular diesel. Law on strengthening the State's capacity for revenue collection for fiscal sustainability and sustainable development (No. 253-12) passed in 2012 revoke provided for the imposition of an additional selective tax of 16% ad-valorem on domestic consumption of fossil fuels and petroleum derivatives. A proportion of the fuel tax proceeds income are allocated to segments of the population, such as poor households, and public transport.

41. Law No. 495-06 also provides for exemption from the taxation of fossil fuels and petroleum derivatives under Law No. 112-00 for companies that operate fossil fuel power plants with a generation capacity of greater than 15 MW and all companies that supply energy to the interconnected national electricity system. The fuels covered by the tax exemption are natural gas, liquefied petroleum gas, regular diesel, fuel oil and mineral coal.

42. To promote generation from renewable sources, a package of incentives is provided for in Law 57-07<sup>34</sup> on Incentives for Development of Renewable Energy Sources and its Special Regimes (Law No. 57-07) and its regulations, establishing a goal of 25% for the renewable energy share of the electricity grid by 2025. Incentives are provided for biomass, solid waste, and geothermal facilities, and for equipment and machinery in the case of energy production and storage.

43. The fluctuation in the international oil price affects the country's balance of payments. In 2003, the DR Government decided to create a fund the Electricity Tariff Stabilization

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<sup>29</sup> More information at <http://biblioteca.olade.org/opac-tmpl/Documentos/old0445.pdf>.

<sup>30</sup> More information at <http://extwprlegs1.fao.org/docs/pdf/dom104356.pdf>.

<sup>31</sup> More information in: <http://camiperd.org/el-sector-minero/#:~:text=La%20Rep%C3%BAblica%20Dominicana%20posee%20cuantiosos,m%C3%A1rmoles%20de%20granito>.

<sup>32</sup> This law was passed in year 2000. More information at <https://dgii.gov.do/legislacion/leyesTributarias/Documents/Otras%20Leyes%20de%20Inter%C3%A9s/112-00.pdf>.

<sup>33</sup> More information at <https://dgii.gov.do/legislacion/leyesTributarias/Documents/Codigo%20Tributario%20y%20Leyes%20que%20lo%20modifican%20y%20complementan/557-05.pdf>.

<sup>34</sup> More information at <https://www.hacienda.gob.do/wp-content/uploads/2018/11/Ley-57-07-sobre-Energia-Renovable.pdf>.

Fund<sup>35</sup> with a view to subsidizing electricity consumption based on the difference between the applied tariff and the indexed tariff. This subsidization is considerable. In 2017, economic losses due to the non-indexation of the tariff amounted to USD 451 million, in addition to direct social transfers to low-income users who receive direct transfer payments to alleviate the cost of electricity through a solidarity bank card.

44. Total electricity subsidies are estimated at around 1% of GDP, exceeding the average for the LAC region. They are intended to cushion prices and cover losses due to grid inefficiency, low billing and collection rates, and electricity theft.

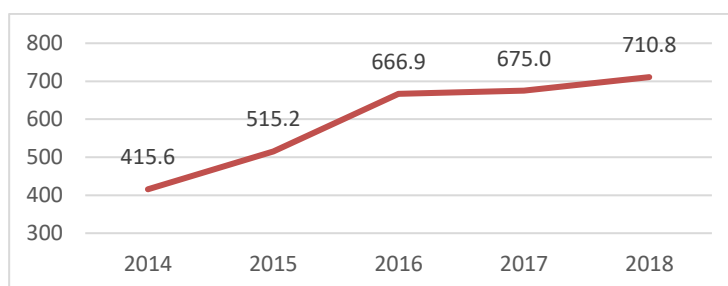
45. High generation costs make it difficult to set tariffs sufficient to recover service costs (generation, transmission, distribution, and commercial management). This affects the entire value chain – with no incentive for more efficient investment, a lack of competitiveness and reliability and limited economic growth – and investment decisions in the wider economy.

## K. Carbon price

46. The Government imposed a tax on CO<sub>2</sub> emissions<sup>36</sup> from vehicles as part of a package of fiscal reforms introduced in 2012. This was marked as a first step towards reducing emissions and meeting the targets outlined under the NDS 2030.

Figure 2  
**Motor vehicle taxation revenue, 2014-2018**  
*(DOP million)*

Implementation base	
<i>Emissions (Manufacturers' specifications) g CO<sub>2</sub>/km</i>	<i>Tax based on vehicle value</i>
< 120	Does not pay
120–220	1%
220–380	2%
>380	3%



Source: Ministry of Finance, Fiscal Statistics, Revenue (budget classifier), annual tax revenue 2014–2018.

47. Since 2018, the Dominican Republic has been supported by the UNFCCC secretariat through the Collaborative Instruments for Ambitious Climate Action initiative<sup>37</sup> that was established at the request of the Parties at COP 22. To date, with the support of the Ci-ACA initiative Dominican Republic has developed a study for the introduction of carbon pricing in the country, also a road map to implement a Domestic ETS, in which a set of key actions must be undertaken to support the achievement of NDC goals in a cost-effective way, and to achieve low-emission and resilient development.

## L. Trade

48. The NDS 2030<sup>38</sup> has aided the diversification of the economy, strengthened resilience to external drivers and improved regulatory efficiency. In the NDS 2030, have four axes in which public policies must frame their actions and ensure that are oriented towards sustainable development. Promoting a relatively high openness to world trade and an improved business climate that have triggered strong economic growth.

<sup>35</sup> More information at

[https://sie.gov.do/index.php?option=com\\_zoo&task=item&item\\_id=4094&Itemid=332](https://sie.gov.do/index.php?option=com_zoo&task=item&item_id=4094&Itemid=332).

<sup>36</sup> The CO<sub>2</sub> tax is applied to new and used motor vehicles imported into the country according to their CO<sub>2</sub> emissions in g/km travelled.

<sup>37</sup> More information at <https://unfccc.int/topics/capacity-building/workstreams/regional-collaboration-centres/support#eq-5>.

<sup>38</sup> More information at <http://mepyd.gob.do/mepyd/wp-content/uploads/archivos/end/marco-legal/ley-estrategia-nacional-de-desarrollo.pdf>.



49. The economy of the Dominican Republic is small and open. Given its structure, variations in the international prices of primary goods (mainly oil and gold) and international interest rates have significant effects on the country's economy, whose performance is linked to that of the global economy and the policies of main partners (United States and Europe) in the areas of foreign trade, tourism, and remittances.<sup>39</sup>

50. In terms of trade agreements,<sup>40</sup> the Dominican Republic derives certain commercial benefits from its membership of the World Trade Organization. It has bilateral investment treaties with Chile, Finland, France, Italy, the Republic of Korea, Morocco, the Netherlands, Panama, Spain, Switzerland and Taiwan. A free trade agreement between the United States, Central American countries and Dominican Republic has been in force since 2007. An economic partnership agreement between the European Union, the Caribbean Forum and Dominican Republic and free trade agreement with the CARICOM have also been established. The country has access to trade goods the United States through the Caribbean Basin Trade Partnership Act, which was an extension of the Caribbean Basin Initiative and the generalized System of Preferences. The Cotonou Agreement between the European Union and the African, Caribbean and Pacific Group of States allows preferential access to Dominican products without quantitative restrictions.

51. An agreement on the exchange of tax information between the United States and the Dominican Republic has been in force since 1989. In 2016, the United States and the Dominican Republic signed an agreement to improve international tax compliance under the United States Foreign Account Tax Compliance Act. The Dominican Republic also has treaties with Canada and Spain to avoid double taxation and prevent tax avoidance.

52. The trade policy of the Dominican Republic is implemented by many agencies<sup>41</sup> and partners. The business environment is shaped by inherent requirements governing the creation of a company, such requirements are set out in the Companies Law from 2008 ((479-08) and amendments thereto (31-11)), the Labour Code (16-92) and the Dominican Tax Code Law<sup>42</sup> from 2005 (Law No. 557-05). The 2019 Index of Economic Freedom<sup>43</sup> gives the Dominican Republic a score of 61.0, making its economy the 89th freest worldwide and 19th freest in the region. Compared with the previous year, its overall score has decreased by 0.6, since the lower scores received for judicial efficiency and investment freedom outweigh improvements in business freedom, labour freedom and monetary freedom.

53. The 2019 World Economic Forum Global Competitiveness Report<sup>44</sup> ranks the Dominican Republic 78th out of 141 countries. It identifies challenges in the skills sector for doing business, especially for MSMEs. The Government is making efforts to improve the investment environment;<sup>45</sup> however, the low quality of education and under-developed labour skills continue to hamper these efforts.

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<sup>39</sup> More information at <http://mepyd.gob.do/marcomacro>.

<sup>40</sup> More information at [http://www.sice.oas.org/ctyindex/DOM/DOMagreements\\_e.asp](http://www.sice.oas.org/ctyindex/DOM/DOMagreements_e.asp).

<sup>41</sup> The Ministry of Foreign Affairs, together with the Presidency of the Republic, the central bank, the Ministry of Industry, Commerce and MSMEs, the Ministry of Agriculture, MEPyD, the Ministry of Finance and Public Credit, the Export and Investment Centre of the Dominican Republic and the National Council of Export Processing Zones.

<sup>42</sup> More information at <https://dgii.gov.do/legislacion/leyesTributarias/Documents/Codigo%20Tributario%20y%20Leyes%20Que%20lo%20modifican%20y%20complementan/557-05.pdf>.

<sup>43</sup> More information at [https://www.heritage.org/index/pdf/2019/book/index\\_2019.pdf](https://www.heritage.org/index/pdf/2019/book/index_2019.pdf).

<sup>44</sup> More information at [http://www3.weforum.org/docs/WEF\\_TheGlobalCompetitivenessReport2019.pdf](http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf).

<sup>45</sup> More information at <https://dgii.gov.do/legislacion/leyesTributarias/Documents/Codigo%20Tributario%20y%20Leyes%20Que%20lo%20modifican%20y%20complementan/557-05.pdf>.

### III. Economic outlook

#### A. General

54. The Dominican Republic is a middle-income country and is recognized as one of the 10 largest economies in Latin America. It has ten years average annual economic growth<sup>46</sup> rate of 6.6% and, for 2019, a GDP of USD 88.94 billion, with an inflation rate<sup>47</sup> of 1.2% and a GDP per capita<sup>48</sup> of USD 8,282. Despite this, more than 20% of Dominicans still live in poverty and the country faces significant human development challenges, with a 2019 Human Development Index score<sup>49</sup> of 0.756.

55. The fiscal policy structure (revenue and expenditure side) currently limits the Government's ability to provide more equitable access to quality public services. The national budget of 2020 was focused on fiscal consolidation and targeting to reduce public sector financing needs. To maintain a healthy rate of inflation, exchange controls are carried out by the central bank based on changing domestic and international economic conditions and in accordance with a strict policy to ensure favorable cost and term conditions for debt.

56. The Dominican Republic, as a party to the International Convention on the Harmonized Commodity Description and Coding System, has incorporated a customs tariff approved by the World Customs Organization. For exports,<sup>50</sup> the appropriate tariff heading, taxes, duties, and other applicable non-tariff regulations are determined on the basis of the product and the market concerned. For imports,<sup>51</sup> taxes and tariffs are determined based on the declarations submitted, with exemptions for activities relevant to climate action, depending on the country of origin. Growth in total exports has been driven by agricultural products (cocoa and fruits), chemicals, steel bars, ferronickel, and gold, among others.

57. Law No. 103-13 on incentives for the importation of non-conventional energy vehicles<sup>52</sup> provides for the establishment of a framework for promoting the use of low-emission vehicles and the reduction by 50% of import taxes, including on newly registered vehicles. Law No. 57-07 constitutes the basic regulatory framework for the development of renewable energies, providing for the rollout of a set of incentives for the use of such energies (tax exemptions, income tax relief and feed-in tariff).

58. The Dominican stock market,<sup>53</sup> regulated by the Securities Law (Law No. 249-17) and its sub regulations, has improved in terms of its public debt market, number of issuers of corporate bonds, and pension funds (the country's main investors) and has recorded cumulative growth of 400% over the past seven years (2012-2019) and 32% year-on-year, making it a standout performer in the region. In 2019, the stock market was capitalized at USD 57.34 billion, representing 60% of GDP, with 248,469 liquid transactions, USD 23.04 billion under custodianship and 94,015 registered accounts. As of 2020, there were 45 investment funds as financial vehicles managing the equivalent of 1.3% of the country's GDP.

59. Few public companies in the Dominican Republic remain as state-owned following a reform process. Some of previously state-owned companies performed poorly and were wound down.

60. There is inconsistent information on domestic climate public expenditure, some reliable but granular information tagged as climate-related, financial data relating to certain

<sup>46</sup> More information at <https://datos.bancomundial.org/indicador/NY.GDP.MKTP.CD?locations=DO>.

<sup>47</sup> More information at <https://datos.bancomundial.org/indicador/NY.GDP.MKTP.CD?locations=DO>.

<sup>48</sup> More information at <https://datos.bancomundial.org/indicador/NY.GDP.PCAP.CD?locations=DO>.

<sup>49</sup> More information at <https://datosmacro.expansion.com/idh>.

<sup>50</sup> More information at <https://asociacionavieros.com/wp-content/uploads/2017/03/guia-adoexpo2018.pdf>.

<sup>51</sup> More information at <https://asociacionavieros.com/wp-content/uploads/2017/03/guia-adoexpo2018.pdf>.

<sup>52</sup> More information at <http://extwprlegs1.fao.org/docs/pdf/dom135353.pdf>.

<sup>53</sup> More information at <https://www.eldinero.com.do/94880/el-mercado-de-capitales-de-Rep%C3%BAblica-dominicana/>.

climate-friendly technologies and organizations carrying out climate activities, and information on international cooperation considered climate-relevant.

## B. Public debt

61. The public deficit of the Dominican Republic reached 1.92% of GDP for 2019, standing at around USD 1.86 billion for 2018–2019. According to preliminary statistics from the central bank, as of December 2018, consolidated public sector external debt<sup>54</sup> stood at USD 21.86 billion, equivalent to 27% of GDP. External debt levels increased mainly owing to the amounts disbursed in 2018 for sovereign bond issues. To meet its commitments, the country has strategically placed bonds, taking advantage of the current conjuncture in the international market and the reduction of the country’s risk rating, which, as of January 2020, was 3.3%.

62. The Dominican Republic’s debt rating according to the main private rating agencies is as follows:

Table 1  
Debt rating by private agencies

Agency	Rating	Definition
Moody’s	Ba3 (long-term rating) Stable outlook as at March 2021	Questionable credit quality. Uncertain future, but with current capacity.
Standard and Poor’s	BB- Stable outlook as at May 2015	
Fitch	BB- Stable outlook as at May 2020	

## C. The institutional architecture of the financial system

63. According to the Financial Stability Report<sup>55</sup> prepared by the central bank, the Dominican Republic’s financial system is stable and solvent, with adequate levels of capitalization and liquidity. It is mainly composed of financial institutions that receive deposits or close substitutes for deposits. There are currently 75 such institutions, consisting of 18 universal banks, 10 savings and loan associations, 18 savings and credit banks, 11 credit corporations, 16 savings and credit cooperatives for members of the Association of Rural Savings and Credit Institutions and two public entities.

64. Non-depository financial institutions<sup>56</sup> account for approximately USD 2.19 billions of total assets. This accounted for 2.7% of GDP and 6.5% of the total gross assets of financial intermediation entities as at June 2018.

65. The total amount of securities outstanding in national currency in the stock market amounts to USD 18.78 billion. The total assets of the five stock exchanges with the highest traded volume stood at USD 29.68 billion, equivalent to 0.75% of GDP, as at June 2018. This total is distributed among different issuers, including the central bank, the Ministry of Finance, multilateral organizations, and private entities.

66. In the Dominican Republic, there are two types of investment funds: open (or mutual) and closed. As of June 2018, there were only 35 investment funds, of which 20 were open (accounting for USD 307 million) and 15 closed (accounting for USD 354 million), mainly consisting of investments by pension fund administrators.

67. The total accumulated assets of investment fund management companies stood at USD 768.8 million as of December 2017, with a real annual growth rate of 30.6%. Currently,

<sup>54</sup> Mas info: <https://cdn.bancentral.gov.do/documents/publicaciones-economicas/informe-de-la-economia-dominicana/documents/infeco2018-12.pdf>.

<sup>55</sup> More information at <https://www.bancentral.gov.do/a/d/4211-informe-de-estabilidad-financiera>.

<sup>56</sup> That is stock exchanges, investment fund management companies, pension fund managers and insurance companies, among others.

the market is composed of 10 investment fund management companies, established under Law No. 249-17, which are authorized by the superintendence of the stock market to create and manage investment funds within a specific strategy.

68. There are five types of pension fund in the country: (i) Individual Capitalization Funds denominated in the national currency; (ii) Individual Capitalization Funds denominated in foreign currencies (for Dominican residents living abroad); (iii) the Complementary Fund for Additional Contributions; (iv) the Individualized Fund and (v) the Social Solidarity Fund. As of June 2018, the total resources invested in such funds were equivalent to 15.5% of GDP and recorded annual growth of 12.9%, with individual capitalization funds accounting for 78.4% of all pension funds, at USD 438.92 billion.

69. Pension fund administrators manage total assets of USD 14.53 billion, equivalent to 0.37% of GDP, with total annual profits of USD 3.72 billion, representing a return on equity of 31%. Currently, seven pension fund administrators are operating in the Dominican Republic: Popular, Reservas, Scotia Crecer, Siembra, Romana, Atlántico and JMMB-BDI.

70. The country's insurance market is currently composed of thirty companies, holding resources in the form of deposits amounting to USD 228.23 million as of March 2018 (of which 71.7% has been collected by Bancos Múltiples). Insurance companies are governed by Law No. 146-02 Insurances and Deposits, passed in 2002. Their operations are concentrated in five entities that account for 71.3% of total net premiums collected, amounting to some USD 227.03 million. The solvency and liquidity ratios of insurers remain above the regulatory limit.

71. Cooperative statistics of the Cooperative Credit and Development Institute indicate that, as of 2018, there were 1,064 active cooperatives and approximately 680 in formation, counting over 2 million members. As of June 2019, the cooperatives' estimated assets stood at USD 4.69 billion and capital equivalent at USD 1,038,119.

72. To avoid distortions in the financial system, a draft law to regulate open credit unions has been proposed (under discussion). In which, several aspects are considered methodologies and procedures for transparency, operational procedures, management, and governances' structure. Some cooperatives (especially those associated with the agricultural sector) have allocated funding windows to the environmental improvement in food production.

73. There is a pressing need for financing for SMEs, which are mostly unaware of financing options, struggle to meet the requirements of banks and investors and lack professional operating and governance mechanisms, all of which generally results in high operating costs and hampers profitability.

74. The Dominican Republic has two main investment promotion agencies: the Export and Investment Center;<sup>57</sup> and the Dominican Association of Exporters.<sup>58</sup> Both agencies deal in matters relating to climate change, determining the carbon footprint of exports, or providing training on the subject to national producers. Certain agencies of Ministries, such as the Tourism Promotion Office, also promote investment and ecotourism.

75. To date, there are no sovereign wealth funds in the Dominican Republic.

76. At the national level, there is no specialized climate change fund; however, there are specialized funding windows on climate-related issues (such as renewable energy) that indirectly contribute to reducing GHGs. Below are some of the most significant climate related initiatives at the national level.

(a) International Finance Corporation and BHD Bank:<sup>59</sup> financing for renewable energy projects;

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<sup>57</sup> More information at <https://prodominicana.gob.do/> Which is mandated to take steps to increase exports and investment.

<sup>58</sup> More information at <https://adoexpo.org/es/> which is a non-profit, public-private partnership focused on exports.

<sup>59</sup> More information at <https://www.cne.gob.do/wp-content/uploads/2015/07/Financiamiento-Proyectos-Renovables-Banco-BHD.pdf>.

- (b) Banreservas and French Development Agency:<sup>60</sup> flexible credit line for USD 25 million;
- (c) United Kingdom: open credit line of USD 750 million;
- (d) Banco Popular Dominicano:<sup>61</sup> loans of approximately USD 155 million committed under UNEP FI; and
- (e) IDB Invest and Banco Popular: Trade Finance Facilitation programme.

## D. Interest rates and inflation

77. The Dominican Peso DOP<sup>62</sup> is one of the most stable currencies in Latin America, offering guarantees against other reference currencies, owing to the close relationship between competitiveness and exchange rate stability. The central bank oversees monetary policy to ensure a favorable macroeconomic environment.

78. Between 2010 and 2020 inflation averaged 3.5%. Before the COVID-19 pandemic, the Dominican Republic had lower inflation than the rest of the region, with a more consistent and stable macroeconomic climate but lower growth. Lending and deposit rates<sup>63</sup> are currently low (3 and 4%, respectively) relative to historical levels<sup>64</sup> of 4–7%. Expansionary monetary policies, implemented by the central bank since the start of the pandemic, have had a positive impact on the Dominican economy, with capital injections that have lowered lending rates. It is crucial that funds to combat the pandemic continue to be channeled effectively to the country's productive sectors, as the current situation is atypical for inflation and interest rates, which encourage financing as well as savings and investment.

79. To date, the Dominican Republic has not entered any intergovernmental agreement to establish a monetary union between two or more sovereign States.

## E. Ease of Doing Business

80. For 2020, Doing Business 2020 Report developed by World Bank Dominican Republic<sup>65</sup> ranked the Dominican Republic 115th out of 190 countries for ease of doing business. The index assesses regulatory procedures, legal framework strengthening and institutional soundness. Doing Business 2020 highlighted that the country has made efforts to support start-ups by reducing minimum capital requirements; facilitating contract enforcement through the establishment of specialized divisions in the commercial courts; and adopting a framework for mediation and conciliation (including in commercial cases). It should be noted that all indicators previously identified exceed the regional average.

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<sup>60</sup> More information at <https://listindiario.com/economia/2019/06/10/569247/abren-linea-de-credito-de-750-millones-a-rd>.

<sup>61</sup> More information at <https://www.unepfi.org/member/banco-popular-dominicano/>.

<sup>62</sup> More information at <https://www.bancentral.gov.do/a/d/2538-mercado-cambiaro>.

<sup>63</sup> More information at [https://www.aba.org.do/index.php/indicadores-economicos/mensual?periodo=2019-04-10+al+2021-04-10&option=com\\_indicadores&id=45&frecuencia=mensual&tipoGrafico=line](https://www.aba.org.do/index.php/indicadores-economicos/mensual?periodo=2019-04-10+al+2021-04-10&option=com_indicadores&id=45&frecuencia=mensual&tipoGrafico=line).

<sup>64</sup> More information at <https://www.bancentral.gov.do/>.

<sup>65</sup> More information at [https://espanol.doingbusiness.org/es/data/exploreconomies/central-america-and-the-dominican-republic/sub/santo-domingo#DB\\_rp](https://espanol.doingbusiness.org/es/data/exploreconomies/central-america-and-the-dominican-republic/sub/santo-domingo#DB_rp) and <https://documents1.worldbank.org/curated/en/688761571934946384/pdf/Doing-Business-2020-Comparing-Business-Regulation-in-190-Economies.pdf>.

## IV. Climate context

### A. Climate profile

81. Climate change is expected<sup>66</sup> to increase the risk and intensity of droughts, rainfall, storms, and hurricanes in the Caribbean. Relatively higher impacts are expected within the Dominican Republic, including flooding in coastal and low-lying areas. According to Global Climate Risk Index, developed by the GermanWatch, Dominican Republic is among the countries most exposed to natural disasters in the world, ranking 12th out of 181 countries. Natural disaster risks include droughts, earthquakes, floods, hurricanes, landslides, extreme temperatures (heat waves), tropical storms and tsunamis. From 1980 to 2008, 40 natural disasters affected around 2.6 million people in the Dominican Republic, almost a quarter of the country's population. Since the 1960s, land degradation, rapid and unplanned urbanization, weak enforcement of building codes and zoning regulations are the main drivers of vulnerability. The country's debt restricts the resources available for disaster recovery and social protection.

82. When extreme weather events occur, they cause economic losses, increase the fiscal burden, affect the balance of trade, reduce income, and necessitate the reallocation of funds to those most in need. Over the past two decades, the Government has incorporated disaster prevention and climate change adaptation measures into territorial and public investment plans for disaster prevention and risk management, mainly around infrastructure (e.g., dams, roads, schools, and hospitals). The Disaster Risk Management Law of 2002 provided for the establishment of the National System for Disaster Prevention, Mitigation and Response. In addition, the NDS 2030 aims to mainstream climate change adaptation into development and incorporate disaster risk management criteria into all public policies, programmes and projects.

### B. Emissions profile

83. The Dominican Republic's total GHG emissions<sup>67</sup> for 2015 stood at 24.6 Mt CO<sub>2</sub> eq, equating to 0.05% of global GHG emissions. Per capita emissions for the same year stood at 3 t CO<sub>2</sub> eq, versus a global average of 4.5 t CO<sub>2</sub> eq. The energy sector was responsible for 61% of gross emissions, followed by agriculture (15.4%), waste (15.34%), industrial processes (7.9%). Land-use change, and forestry activities absorbed 8.7 Mt CO<sub>2</sub> eq, representing a net carbon sink equivalent to 32.2% of total gross emissions.

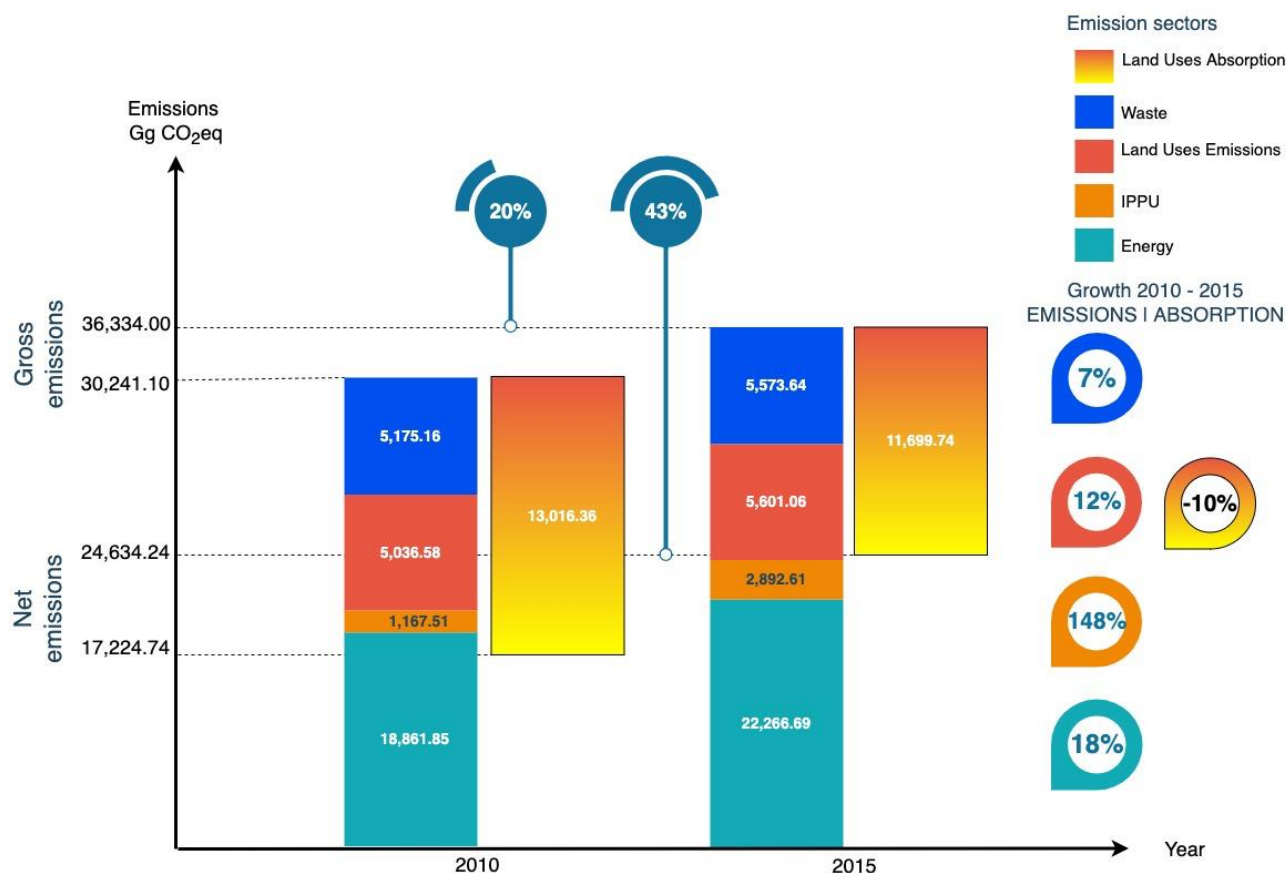
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<sup>66</sup> More information at [https://www.do.undp.org/content/dominican\\_republic/es/home/library/environment\\_energy/3ra-comunicacion-nacional-de-Rep%C3%BAblica-dominicana-sobre-el-cambi.html](https://www.do.undp.org/content/dominican_republic/es/home/library/environment_energy/3ra-comunicacion-nacional-de-Rep%C3%BAblica-dominicana-sobre-el-cambi.html).

<sup>67</sup> More information at [https://unfccc.int/sites/default/files/resource/Dominican\\_Republic- BUR1.pdf](https://unfccc.int/sites/default/files/resource/Dominican_Republic- BUR1.pdf).



Figure 3  
The Dominican Republic's national emission estimation, 2010–2015



Source: Based on information from the 2015 update of the National Greenhouse Gas Inventory (first BUR).

84. The increase in emissions was mainly attributable to (i) the differences in activity data depending on the reference year (change in activity data for 2010 versus 2015) and (ii) improvements in the data capture method (e.g. for fuel combustion categories). Estimates for both years were made on the basis of information provided in the National Energy Balance, which was subject to improvements – such as the more detailed disaggregation of fuel category consumption estimates (e.g. biomass use – fuel in transport) – following a change in the structure of the energy consumption survey.

### C. Climate change policy

85. The Dominican Republic, as a Non-Annex I party to the Convention, submitted its third NC in November 2017. As a party to the Paris Agreement, the Dominican Republic presented an updated NDC in 2020, in which it committed to both mitigate the causes and address the effects of climate change in line with its NDS 2030.

86. Climate change is defined in its Constitution as an essential criterion in the formulation and implementation of territorial planning to ensure the efficient and sustainable use of natural resources that guarantee adaptation to climate change. One of the implementation axes of the national development strategy is to build a society with a culture of sustainable production and consumption that effectively and conscientiously protects, and manages risks related to, the environment and natural resources and promotes adequate adaptation to climate change.

87. Law No. 1-12 formalizing the national development strategy. It provides for the establishment of a series of strategic objectives, in compliance with the Law No. 498 on Planning and Public Investment Law. The latter constitutes a planning instrument that defines the vision of the country up to 2030, with a series of indicators and quantitative goals for verifying the progress achieved.

88. The Climate Compatible Development Plan,<sup>68</sup> launched in 2011, targets the doubling of GDP and the halving of emissions by 2030. It provides a strategic framework for harnessing low-emission economic growth and identifying options for reducing emissions that are the most cost-effective and have the greatest impact on economic and social development indicators. The plan also allows for consolidating such options into concrete action plans within key sectors and defining a comprehensive implementation strategy. The prioritized sectors, covering 70% of emissions for 2030, include electricity, transport, and forestry, as well as specific activities in the cement, waste and tourism sectors that contribute cost-effectively to the achievement of the targets.

## D. Environment policy

89. The SDGs are high on the political agenda. Since their adoption, the Dominican Republic has introduced a series of instruments for the measurement of progress towards these goals. It has stipulated that all public investment linked to the current and planned activities of private organizations and businesses must contribute to SDG fulfilment.

90. Law No. 64-00 on Environment and Natural Resources,<sup>69</sup> passed in 2000 serves as a main legal framework for actions governing the protection of the environment. It provides for the establishment of norms and incentives for the sustainable use of natural resources and environment and sustainable production and consumption. The Law lays the foundations for environmental policy by designating the Ministry of Environment and Natural Resources as a responsible party in multilateral environmental agreements. The law also charges the Ministry with implementing the Forestry Policy for the Protection of Biodiversity, tackling desertification, controlling ozone-depleting substances, and managing solid waste and environmental matters.

91. Within the framework of the forestry policy, the development of the Quisqueya Verde Plan and the REDD+ program will contribute to reducing the Dominican Republic profile emissions, increasing carbon reservoirs, protecting watersheds and the improving the resilience of the land use sectors.

92. The Integral Management of Municipal Solid Waste Policy<sup>70</sup> and the General Law guidelines for the Integral Management and Co-processing of Waste<sup>71</sup> in the Dominican Republic support environmental protection efforts. Such initiatives encourage the implementation of measures aimed at protecting the environment, reduce negative impacts of waste on health and the landscape, and develop waste management alternatives that reduce the impact on the emissions profile and the vulnerability of the population.

## E. Coordination and governance

93. The General Law on Environment and Natural Resources<sup>72</sup> (Law No. 64-00) passed in 2000, establishes the Ministry of Environment and Natural Resources and clarifies its role in the context of multilateral agreements on the environment. Presidential Decree No. 601-08 passed in 2008 creates<sup>73</sup> the National Council of Climate Change and Clean Development Mechanisms and defines the institutional framework for improving efforts and guaranteeing the necessary synergies to address climate change. Both organizations vis-à-vis act as Focal Points for Dominican Republic under the UNFCCC processes.

94. The National Policy on Climate Change is based on Presidential Decree No. 269-15, passed in 2015, which defines priorities and designates MEPyD, the Ministry of Environment

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<sup>68</sup> More information at [http://www.cac.int/sites/default/files/Plan\\_para\\_el\\_desarrollo\\_econ%C3%B3mico\\_compatible\\_con\\_el\\_CC.0.pdf](http://www.cac.int/sites/default/files/Plan_para_el_desarrollo_econ%C3%B3mico_compatible_con_el_CC.0.pdf).

<sup>69</sup> More information at <http://ambiente.gob.do/wp-content/uploads/2016/09/Ley-No-64-00.pdf>.

<sup>70</sup> More information at <https://ambiente.gob.do/wp-content/uploads/2016/12/Politica-Residuos-Solidos-Municipales.pdf>.

<sup>71</sup> More information at <http://www.senado.gov.do/mlx/DOCS/1C/2/11/66CE/7B8E.htm>.

<sup>72</sup> More information at <http://ambiente.gob.do/wp-content/uploads/2016/09/Ley-No-64-00.pdf>.

<sup>73</sup> More information at <https://cambioclimatico.gob.do/transparencia/index.php/base-legal/category/325-leyes>.



and Natural Resources and the National Council for Climate Change and Clean Development Mechanism as responsible for incorporating climate change as a cross-cutting issue in national plans, programmes, projects and public policies.

95. A draft climate change law proposal is currently under discussion. It is intended to provide a long-term adequate response to the challenges that climate change represents for the country, addressing the issues of mitigation, adaptation, enabling instruments and institutional arrangements that serve to improve policies, processes and synergies among stakeholders, practitioners, and policy makers.

96. As a cross-cutting development issue, climate change is coordinated by the President of the Dominican Republic. It is considered a priority topic on the public agenda. Decision-making on climate change policy is guided by the precautionary principle based on existing and reliable data, scientific and empirical evidence, rational analysis, and cost-benefit assessment. All of which seek to identify solutions that ensure the provision of long-term public services and environmental integrity.

## **F. Foreign policy and the climate agenda**

97. Foreign policy is based on the Constitution, legal norms, principles and values, and public international law. It is developed and evaluated by the Executive Branch. It is implemented and monitored by the Ministry of Foreign Affairs. Foreign policy is focused on strengthening exchanges with Latin American countries and trading partners.

98. Over the past 20 years, the Dominican Republic has been building a more active foreign policy vision thereby promoting a competitive and dynamic diplomacy capable of boosting trade, foreign investment, tourism, and environmental protection. In the climate context, this is evidenced by the high-level support and extensive participation of a diverse set of stakeholders from government, private sector, academia, and NGOs in worldwide and regional groups forums.<sup>74</sup> The Dominican Republic, together with international and regional organizations, participates in numerous dialogues to advance its common agenda to ensure the coherence between national and international context to ensure climate resilience and carbon emission reduction.

## **G. Energy efficiency**

99. Since the oil price hike in 2011, efforts have been coordinated at the governmental level to improve energy efficiency. This was achieved with the commitment of energy managers in key organizations, the introduction of energy audits and the implementation of actions for rational use of energy and energy efficiency. Efforts are currently under way to improve the institutional and legislative frameworks for increasing energy efficiency and rational energy use. These include:

(a) The Energy Efficiency Indicators Database, coordinated by ECLAC, in collaboration with the German Corporation for International Cooperation and with the technical support of the French Agency for Ecological Transition, within the framework of the International Partnership for Energy Efficiency Cooperation;

(b) A Program for Sustainability and Efficiency in the electricity sector also included for the replacement of air conditioners and water pumps in government institutions, selected for their energy efficiency and funded by the Japan International Cooperation Agency–IDB partnership;

(c) The Rational Energy Use Campaign, which is initially focused on government institutions;

(d) Household and street light bulb incandescent/compact fluorescent replacement to LED Light Bulb;

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<sup>74</sup> Such as the Alliance of Small Island States, the Group of 77 and China, the Central American Integration System and the Community of Latin American and Caribbean States.

- (e) Dissemination of materials and training activities on energy efficiency and rational use of energy;
- (f) Energy audits programme for Government institutions;
- (g) Creation of energy efficiency standards and labelling norms; and
- (h) NAMAs.

## H. Renewable energy

100. The enactment of Law<sup>75</sup> on Renewable Sources of Energy Incentives and its Special Regimes (57-07) passed in 2007, sets the goal of generating 25% of electricity from renewable energy sources on the electricity grid by 2025. It prescribes a series of incentives for project developers that use biomass, solid waste, and geothermal equipment, as well as machinery for electricity production and energy storage. It establishes the basis for the transformation of a grid highly dependent on hydrocarbons and coal to one where the share of renewables is approximately 15% by 2020.

## I. Agriculture

101. Adopted in 2016, the Food and Nutritional Sovereignty and Security Law (Law No. 589-16<sup>76</sup> provides a regulatory framework for structuring, harmonizing, and coordinating food and nutritional security actions. Such actions contribute to the improved quality of life for the Dominican population. They also facilitate the design and implementation of policies, programmes and projects for food and nutritional sovereignty and security in the country. Lastly, such actions contribute to the strengthening of the governance processes of the State as guarantor and provider of the necessary means to produce food and agricultural raw materials. Approximately 85% of the food needs of the Dominican Republic are met by domestic production. Efforts to meet the remaining 15 of needs are hampered by a lack of adequate policies, pest management, economically attractive agro-ecological zoning, post-harvest and cold chain management, challenges for certification, and the needs to improve technological development, the rising cost of raw material, price fluctuations and deal with climate change effects.

102. To address the threats of climate change for food security, the following strategic actions have been defined:

- (a) National Plan for Adaptation to Climate Change,<sup>77</sup> in which the improvement of water security and food security was incorporated as a strategic axis;
- (b) Climate-adapted sustainable agriculture strategy for the Central American Integration System region (2018–2030);
- (c) Assessment of investment and financial flows for adaptation in the Dominican Republic's water sector;
- (d) Assessment of critical points of vulnerability to climate variability and change in the Dominican Republic and related adaptation measures;
- (e) Development of a project promoting climate-smart livestock farming in the Dominican Republic;
- (f) Establishment of a monitoring and evaluation framework as part of the national transparency system linked to the SDGs and Climate Action Transparency Initiative;
- (g) Research on best practices in sustainable livestock farming by the Dominican Institute of Agricultural and Forestry Research;

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<sup>75</sup> More information at <https://www.hacienda.gob.do/wp-content/uploads/2018/11/Ley-57-07-sobre-Energia-Renovable.pdf>.

<sup>76</sup> More information at <http://extwprlegs1.fao.org/docs/pdf/dom159064.pdf>.

<sup>77</sup> National Adaptation Plan has been updated accounting for the latest climate scenarios developed by the Water Center for the Humid Tropics of Latin America and the Caribbean.

- (h) Development of livestock model pilots for drylands within the Dominican Republic by the Food and Agriculture Organization of the United Nations in 2018;
- (i) Establishment of a climate information network;
- (j) Rollout of a climate index insurance programme;
- (k) NAMAs for cocoa and coffee production; and
- (l) A food security and sanitation programme for the Northwest region.

## J. Disaster risk management

103. Law on Risk Management (No. 147-02) passed in 2002 seeks to strengthen the disaster risk management policy in the Dominican Republic. It outlines provisions for the development of plans and guidelines, the establishment of robust platforms and the incorporation of relevant criteria into national planning for disaster risk reduction. Examples of actions carried out to improve disaster risk management include:

- (a) Formulation of the National Risk Management Plan;
- (b) Establishment and implementation of the National Disaster Prevention, Mitigation and Response Fund;
- (c) Establishment of risk management units in institutions and municipalities;
- (d) Implementation of a mechanism for coordination between the members of the National System for Prevention, Mitigation and Response to Disasters at the sectoral and territorial level;
- (e) Relocation projects for populations in vulnerable situations;
- (f) Establishment of criteria for public investment;
- (g) Integration of disaster risk reduction principles into agricultural policy and municipal development projects.

## V. Climate finance needs and priorities

104. The DECCC Plan<sup>78</sup> aids in the understanding of emissions, thereby facilitating their integration into the country's political agenda. In terms of mitigation, the plan identifies four priority sectors that account for more than 70% of emissions: energy, transport, forestry, and quick wins (certain activities in the waste, cement and tourism sectors).

105. The Dominican Republic has shown leadership in the region through its participation in clean development mechanism and more than a dozen related initiatives.<sup>79</sup> The country has also paved the way by the structuring of NAMAs in areas such as mangrove conservation and restoration, tourism and waste, pig farms, cement and solid waste, energy efficiency in the public sector, coffee and cocoa.

106. Financing needs can be met by international public sources,<sup>80</sup> domestic public sources<sup>81</sup>; and domestic and international private investments. Scaling up private climate finance is frequently by practitioner and key stakeholder emphasized as a priority.

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<sup>78</sup> More information at [https://www.cac.int/sites/default/files/Plan\\_para\\_el\\_desarrollo\\_econ%  
c3%b3mico\\_compatible\\_con\\_e  
l\\_CC\\_0.pdf](https://www.cac.int/sites/default/files/Plan_para_el_desarrollo_econ%c3%b3mico_compatible_con_el_CC_0.pdf).

<sup>79</sup> More information at <https://cdm.unfccc.int/Projects/projsearch.html>.

<sup>80</sup> Including at a bilateral level and through multilateral development funds and climate funds.

<sup>81</sup> Including through green/carbon taxes, domestic funds, green/climate bonds

## A. Methodological approach to determining needs

107. Climate finance needs were identified via a participatory process as part of the 2020 update and improvement of the NDC<sup>82</sup> framework. The methodology used took into consideration previous and ongoing work in the mitigation and adaptation efforts. It also considered national circumstances to ensure the robustness of methodological adjustment and analysis by identifying adaptation and mitigation priorities in the national development strategy and plans.

108. In fulfilling the objectives of the NDC preparation, the process included:

- (a) National and international information, literature review; and
- (b) Dialogue with national stakeholders and relevant experts.

109. The needs described in this section are based on a review of GHG inventories, the DECCC Plan, adaptation plans, the national development strategy, and institutional and sectoral plans, among others. In addition, various consultations were held with relevant key institutions, stakeholders, and experts to assess the financial needs for priority adaptation and mitigation measures.

Table 2

### List of reports considered

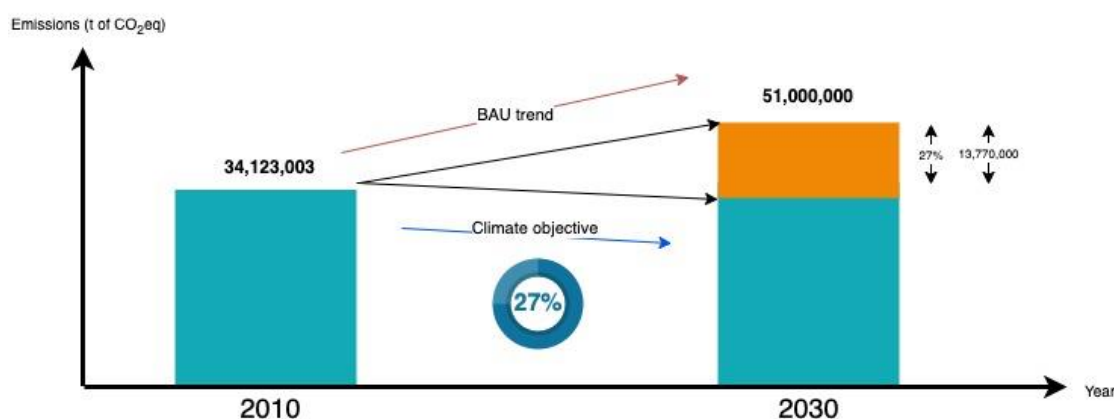
Reports considered	1st NDC	NDC 2020	NAP	1st NC	2nd NC	3rd NC	1st TNA	2nd TNA	1st BUR	GCF country programme
Year	2015	2020	2017	2003	2009	2017	2004	2012	2019	–

110. The updated and improved NDC identifies gender inclusion and equity, the role of young people, the role of cities and municipalities, human rights and just transition. All of these are cross-cutting elements of climate action that are essential for the successful implementation of the 'NDC. It also provides information on the design and implementation of a national action strategy for climate empowerment, including 24 priority actions, and explores the possibility of using market-based instruments to achieve climate mitigation objectives.

111. The Dominican Republic set its climate ambition by committing to a 27% reduction in GHG emissions compared with BAU by 2030. Of the targeted emission reductions, some 74% are conditional on external finance, 18.5% are covered by domestic private finance and 7.5% by the Dominican's public sector.

Figure 4

### Mitigation objective of the nationally determined contribution, 2020



<sup>82</sup> More information at <https://unfccc.int/sites/default/files/NDC/2022-06/Dominican%20Republic%20First%20NDC%20%28Updated%20Submission%29.pdf>.

112. To meet national and international climate targets without adversely affecting the national development trend (expected annual growth of 5%), several structural changes will need to be made to achieve a concave downward emission curve. In an analysis of historical data conducted with ECLAC, the indicators for GDP–emission coupling show growth rates of 4.3% for emissions and 7.3% for GDP. Carbon intensity decreased from 0.022 to 0.011 Gg CO<sub>2</sub> per million DOP between 1990 and 2015; however, it will need to be brought to 0.004 Gg CO<sub>2</sub> per million DOP by 2030.<sup>83</sup>

113. In the study<sup>84</sup> scenarios for sustainable development in the Dominican Republic: A structural econometric model of carbon dioxide emissions, conducted by ECLAC and MEPyD, it was concluded that in the BAU scenario the Dominican Republic will not be able to meet some of the targets set in the NDC or in the SDGs in 2030, despite significant progress. To achieve the goals set, fundamental changes must be done in the current development model to flatten the emission curve, through a mix public policy instrument.

114. The NDC 2020 covers both mitigation and adaptation efforts. In terms of mitigation and adaptation a set of elements have been identified to make real progress towards climate action in a transparent manner. A set of initiative has been prioritized in key sectors aimed to reduce GHG emissions, increase resilience and reducing vulnerabilities to climate change.

## B. Mitigation needs

115. The financing needs for mitigation identified in the analyses conducted for the NDC 2020, based on evaluated and proposed mitigation options, total approximately USD 8.92 billion, including both conditional and unconditional targets.

116. In 2012, as part of a TNA<sup>85</sup> carried out with UNEP, an action plan was developed for key sectors and areas for mitigation. Energy (electricity and transport) was identified as a key sector mainly because of the growing demand for energy, industrialization and urban development, and its weight in the GHG inventory.

117. The scope and coverage of mitigation efforts are determined based on the GHG inventory reporting sectors<sup>86</sup> and greenhouse gases<sup>87</sup> for the national territory, also has been identified some prioritized technologies.

Table 3

**Set of policy objectives by sectors and prioritized technologies for mitigation**

<i>Sector/policy objective</i>		<i>Prioritized technologies</i>
Energy	Diversification of the electricity grid	<ul style="list-style-type: none"> <li>• Switching to less carbon-intensive fuels</li> <li>• Incorporating self-generation into the electricity grid</li> <li>• Increasing the efficiency of existing thermoelectric units</li> <li>• New less carbon-intensive fuel generation units</li> <li>• Increasing the share of renewables, especially biomass, hydropower, solar, and wind</li> </ul>
	Energy efficiency and rational use of energy	<ul style="list-style-type: none"> <li>• Appliance and equipment labelling programmes</li> <li>• Regulation of energy efficiency standards</li> <li>• Equipment and appliance replacement programmes</li> </ul>

<sup>83</sup> ECLAC. 2015. IPAT Model SIME-ECC-ECLAC Emissions Simulator. (Economics of Climate Change Unit, Sustainable Development and Human Settlements Division).

<sup>84</sup> Available in: [https://www.cepal.org/sites/default/files/publication/files/46019/S2000376\\_es.pdf](https://www.cepal.org/sites/default/files/publication/files/46019/S2000376_es.pdf)

<sup>85</sup> More information at <https://tech-action.unepdtu.org/country/dominican-republic/>.

<sup>86</sup> Like energy, industrial processes and product use, agriculture, waste, land-use change and forestry

<sup>87</sup> CO<sub>2</sub>, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and nitrogen trifluoride

		<ul style="list-style-type: none"> <li>• R&amp;D on energy storage</li> <li>• Capacity-building in rational use of energy and energy efficient equipment</li> <li>• Air-conditioning units and power converters for airport boarding bridges</li> </ul>
	Transmission and distribution system	<ul style="list-style-type: none"> <li>• Loss reduction and network rehabilitation programmes</li> </ul>
	Passenger and freight transport	<ul style="list-style-type: none"> <li>• Expansion of metro passenger line coverage programme</li> <li>• Implementation of feeder routes for bus rapid transit</li> <li>• Intercity tramway development (freight and passenger)</li> <li>• Expansion of cableway tracks</li> <li>• Electric mobility for individual and passenger transport and charging stations</li> <li>• Replacing passenger transport units with less carbon-intensive ones</li> <li>• Boosting individual electromobility</li> <li>• Adequacy of infrastructure for cycle mobility.</li> <li>• Adequacy of urban road infrastructure and logistics to reduce traffic</li> <li>• Adapting the vehicle fleet to less carbon-intensive fuels</li> <li>• Vehicle import standards</li> <li>• Scrappage programme</li> </ul>
	Air transport and air traffic	<ul style="list-style-type: none"> <li>• Studies and improvement of air navigation logistics (domestic air transport)</li> </ul>
Industrial processes and product use	Cement manufacture	<ul style="list-style-type: none"> <li>• Substitution of clinker by alternative materials</li> </ul>
	Self-production / process energy	<ul style="list-style-type: none"> <li>• Renewable energy and co-processing</li> </ul>
	Technological R&D for industrial processes and climate-compatible product use	<ul style="list-style-type: none"> <li>• Portfolio of technological options for technological processes and product uses</li> </ul>
Waste	Waste reduction and recovery	<ul style="list-style-type: none"> <li>• Recycling and circular economy programmes</li> </ul>
	Environmental management of disposal sites	<ul style="list-style-type: none"> <li>• Municipal compost bins</li> <li>• Degasification and flaring/landfill gas utilization</li> </ul>
Land use and land use change	Forest cover	<ul style="list-style-type: none"> <li>• Assisted afforestation and natural regeneration</li> </ul>
	Coastal marine coverage	<ul style="list-style-type: none"> <li>• Mangrove conservation and restoration</li> </ul>
	Deforestation and degradation	<ul style="list-style-type: none"> <li>• Forest fire management</li> <li>• Planning, optimization of agricultural soils and pest management</li> <li>• Urban land use and planning</li> </ul>
	Agricultural soil management	<ul style="list-style-type: none"> <li>• Organic soil management</li> <li>• Adoption of agricultural sustainability standards for major commodities</li> </ul>

- |                           |   |
|---------------------------|---|
| Agricultural management   | <ul style="list-style-type: none"> <li>• Coffee and cocoa agroforestry systems</li> <li>• Climate-smart livestock management</li> <li>• Treatment and utilization of livestock</li> </ul> |
| Technological R&D – AFOLU | <ul style="list-style-type: none"> <li>• Portfolio of technology options for AFOLU</li> </ul>   |

118. Connected to the mitigation needs, there are capacity needs in four main areas: creating enabling conditions; promoting a portfolio of investments for implementation; transparency (MRV and monitoring and evaluation); and capacity development and strengthening in different sectors.

### C. Adaptation needs

119. The Dominican Republic has prepared and updated its NAP,<sup>88</sup> which focuses on addressing the effects of climate change. This will be achieved through a coordinated and strategic approach, aligning complementary actions in the areas of adaptation, mitigation, and other aspects of development, and promoting synergies among actors and initiatives. As discussed above, the country’s vulnerability to climate change is evident, and increases in annual average temperature, a more intensified hydrological cycle, variation in precipitation and increased occurrence of extreme events are to be expected.

Table 4

**Set of strategic areas under the Dominican Republic National Adaptation Plan**

<i>Strategic areas in the national adaptation plan</i>	
Strategic area 1:	Improving water security and food security
Strategic area 2:	Promoting climate-proof built environment and infrastructure (climate-resilient cities)
Strategic area 3:	Promoting healthy and resilient communities
Strategic area 4:	Enhancing the resilience of ecosystems, biodiversity and forests
Strategic area 5:	Enabling business competitiveness (productive sectors such as tourism) through environmental sustainability and climate resilience
Strategic area 6:	Conserving and sustainably using coastal marine resources, increasing resilience to climate change and variability

Source: NAP. 2015.

120. The Dominican Republic established adaptation as a national priority, under the 2012 Political Constitution<sup>89</sup> which implies changes in the priorities that have been conducted into the updated version of its NDC also important adjustments have been incorporated into the NAP, priorities have been identify through national consultations and reaching consensus on the strategic areas and cross-cutting aspects.

121. NAP includes measures in key areas for resilient development, measures in the water sector, food security, health, resilient cities (infrastructure, human settlements), coastal marine resources, tourism and ecosystems, biodiversity, and forests. Importance to the enabling environment also has been set, as political and administrative management, mainstreaming and coordination agendas, inter-sectoral and inter-institutional coordination, participation in decision-making, dissemination, research networks and observatories, monitoring and evaluation, and gender.

122. According to the most recent NDC, the Dominican Republic will require around USD 8.72 billion as financial investment for 2021–2030, in water security, food security and

<sup>88</sup> More information at <https://unfccc.int/documents/39777>.

<sup>89</sup> More information at <http://www.consultoria.gov.do/Documents/GetDocument?reference=3f3df819-9415-44db-a5fb-983016818f68>.

resilient cities, also soft measures to strengthen the enabling environment for adaptation in other sectors.

123. In the TNA the action plan for adaptation in the water, tourism and forestry sectors, are defined in in table 5:

Table 5

**Set of policy objectives by sectors and prioritized technologies for adaptation**

<i>Sector/policy objective</i>	<i>Prioritized technologies</i>
Food security	<ul style="list-style-type: none"> <li>• Construction/rehabilitation programmes for dams, irrigation canals, intake works, etc.</li> <li>• Construction/rehabilitation programmes for efficient land irrigation works</li> <li>• Optimization of agricultural planning (sowing calendars, etc.)</li> <li>• Compendium and expansion of good farming practices</li> <li>• Validation and dissemination of agro-ecological varieties</li> <li>• Soil improvement (crop management and practices)</li> <li>• Establishment/improvement of early warning systems (pests, hydro-meteorological events)</li> </ul>
Water security	<ul style="list-style-type: none"> <li>• Programme for the rehabilitation of water supply networks, treatment plants and leakage control</li> <li>• Development and rehabilitation of intake works</li> <li>• Watershed restoration programmes</li> <li>• Rehabilitation and sanitation programme for discharge networks and wastewater treatment plants</li> <li>• Public-private collaboration for resource management</li> </ul>
Health, resilient communities and infrastructure, and risk management	<ul style="list-style-type: none"> <li>• Development of infrastructure for flood control, river banks and coastal marine zones</li> <li>• Linkage of international loss and damage mechanisms</li> <li>• Linkage to climate insurance programmes</li> <li>• Research programme on climate-related vulnerabilities in health</li> <li>• Assessment of building standards and codes through the climate lens</li> <li>• Integrating climate-change risk management into public investment planning</li> <li>• Improving of electricity transmission networks</li> <li>• Rehabilitation of climate-sensitive communication networks, roads and infrastructure</li> <li>• Establishment/improvement of the early warning and disaster risk management system</li> <li>• Circular economy implementation strategy at the level of man-made ecosystems (cities)</li> <li>• R&amp;D for portfolio of climate-compatible technology options on resilient infrastructure topics</li> </ul>
Coastal-marine resilience	<ul style="list-style-type: none"> <li>• Coastal marine zone planning and management</li> <li>• Climate-sensitive coastal marine zone infrastructure criteria</li> <li>• Climate-related research and innovation programme on coastal marine species and ecosystems</li> <li>• Identification of a financing system to reduce the vulnerability and increase the resilience of the coastal marine system to climate change</li> </ul>



Sustainable tourism	<ul style="list-style-type: none"> <li>• Plan for recovery and restoration of coastal marine systems</li> <li>• Climate-focused strategic environmental assessment of the tourism management plan</li> <li>• Evaluation of a circular economy strategy to be implemented at the hospitality facilities.</li> <li>• Diversification of climate-compatible tourism offerings</li> </ul>
Ecosystem and biodiversity	<ul style="list-style-type: none"> <li>• Establishment/rehabilitation of biological corridors</li> <li>• Consideration of ecosystem-based adaptation in adaptation planning</li> </ul>

## D. Capacity-building

124. The main obstacles to climate investment in the region include low technical capacity for the preparation of investment documents and plans, methodological difficulties, and low capacity for partnerships between actors.

125. Capacity-building is considered an urgent need in the short term as it is a major barrier to successfully achieving the emission reduction and adaptation targets set. The NDCs, NCs and TNAs identify the following capacity-building needs and barriers as can be seen in table 6.

Table 6  
Prioritized needs and barriers under cross-cutting areas

Area	Prioritized needs
Transparency	<ul style="list-style-type: none"> <li>• More transparent reporting and monitoring of the implementation of the NDC</li> <li>• GHG inventory processes</li> <li>• Reporting and monitoring of support received and needed</li> <li>• Development of MRV systems at the national level</li> <li>• Establishment of a national emission factor</li> <li>• Monitoring and reporting on national and international private finance flows</li> </ul>
Institutional capacity	<ul style="list-style-type: none"> <li>• Strengthening institutional frameworks and coordination between national institutions</li> <li>• Developing the regulatory framework, including legislation, policies, regulations, as well as baseline and scenario studies</li> <li>• Design and institutionalization of processes and procedures for the standardization of climate action</li> </ul>
Access to finance	<ul style="list-style-type: none"> <li>• Strengthening the capacity of national financial institutions in accreditation processes for funds</li> <li>• Increased understanding of the requirements and procedures for accessing climate funds</li> </ul>
Enabling environment	<ul style="list-style-type: none"> <li>• Opportunity mapping, project design and development</li> <li>• Technical, climatic, economic, and financial evaluation of projects</li> <li>• Development of fundable project proposals under different standards and funding modalities</li> <li>• Technical and organizational capacity-building for the establishment and operation of a domestic carbon market</li> <li>• Incorporation of gender considerations and climate-related best practices</li> <li>• Development of a climate-related communication strategy</li> </ul>

## VI. Climate finance flows

### A. Considerations

126. There is no internationally agreed definition of “climate finance”. In determining the amounts to be reported as climate finance, reporting entities rely on their own operational definitions, and differences can affect estimates of overall finance flows. Efforts to harmonize these definitions are ongoing. The core definition adopted by OECD, MDBs and the

International Development Finance Club is generally in accordance with that suggested in the technical report of the 2014 Biennial Assessment and Overview of Climate Finance Flows<sup>90</sup>. This session aims to gather information on climate finance within the Dominican Republic under this working definition.

127. Article 2, paragraph 1(c) of the Paris Agreement introduces a broader concept that incorporates sources of finance that are “consistent with” rather than “aimed at” the adaptation and mitigation objectives defined in the Agreement and related NDCs. This finance comes from multiple sources and is not always labelled or clearly recognizable as climate finance (SDGs, Sendai Framework for Disaster Risk Reduction 2015–2030, private sector). We will call this “climate-aligned finance”.

128. Climate finance<sup>91</sup> originated under the UNFCCC to support to parties not included in Annex I of the Convention to cover the incremental costs related to compliance, preparing their NCs. Likewise, the Kyoto Protocol provides financial assistance to most vulnerable countries, and the Paris Agreement reaffirms the obligations of provision of financial and technological resources to ensure the progressive mobilization of climate finance through a wide variety of sources, instruments, and channels, considering the needs and priorities of developing countries.

129. In the context of climate finance, projects and initiatives are classified either as mitigation, adaptation or cross-cutting, depending on their impacts on both mitigation and adaptation.

130. Tracking climate finance is difficult for several reasons. For instance, the intrinsic link between climate adaptation and development, the existence of multiple actors and different climate finance definitions and mechanisms, the granularity of the data concerned, the non-standardization of such finance and the use of different instruments for channeling it. This has led some funding agents to define methodologies to identify specific adaptation activities within development operations and to make conservative estimations as climate impact.

131. The GCF, defined in 2010 under the guidance of the UNFCCC, has become a vital instrument for financing and channeling resources on the basis of climate action projects and programmes. A financial mechanism<sup>92</sup> has been established under the Paris Agreement to provide financial resources to developing countries for transparency and greater predictability of financial support.

## **B. Methodological approach and sources of information**

132. Several methodological approaches<sup>93</sup> and exercises have been used at the domestic and regional level for tracking climate finance. Indeed, the lack of an agreed framework for such tracking is a significant challenge. Some of the methodological approaches developed include the OECD Common Principles for Tracking Climate Finance, the CPEIR developed by UNDP, and Climate Budget Tagging.

133. Information on climate finance from international sources to the Dominican Republic was obtained from the OECD Creditor Reporting System for 2010–2018. Further data was drawn from project information systems such as the Clean Development Mechanism, and the International Renewable Energy Agency, among other sources.

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<sup>90</sup> “Climate finance aims at reducing emissions and enhancing sinks of greenhouse gases and aims at reducing vulnerability of, and maintaining and increasing the resilience of, human and ecological systems to negative climate change impacts”.

<sup>91</sup> More information at <https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance>.

<sup>92</sup> The financial mechanism is accountable to the COP for its policies, programme priorities and eligibility criteria for funding.

<sup>93</sup> More information can be found in: Caruso, R. and J. Ellis. 2013. "Comparing Definitions and Methods to Estimate Mobilized Climate Finance", OECD/IEA Climate Change Expert Group Papers, No. 2013/02, OECD Publishing, Paris, <https://doi.org/10.1787/5k44wj0s6fq2-en>.

134. While OECD data can contain a few negligible contributions from individual private donors that report to the OECD, they generally pertain to public international climate finance from developed countries. The data are based on the amounts approved for the reporting year. In addition to finance for projects with climate as their principal objective, the OECD data discussed in the sections below concern funding for development projects with significant climate impacts.

135. Tracking climate finance at the national level is a challenging process, as the data are sparse, fragmented, and granular. An MRV Framework for tracking climate-related flows in the Dominican Republic was introduced in late 2020. Some useful data and information can be found in the national statistical database, NCs, project developers' websites, and public sector investment plans on environment and climate-related activities.

136. The sectoral classification used in the analysis of domestic climate-related finance follows the taxonomy proposed in the CPEIR, which is based on the standardized UNDP/World Bank CPEIR typology and considers national policy objectives. Ratios can be estimated for climate-change-related expenditure by applying a climate relevance weighting, on the basis of the CPEIR climate relevance index, alluded to in the CPEIR methodological guide. The data and information for domestic finance were sourced from a consultation of the National Public Investment System from 2010–2018.

137. Private finance could be tracked only partially using the GCF and National Public Investment System, which provide information on project co-financiers, some of which are private entities.

## **C. International climate-related finance**

138. According to OECD data, the Dominican Republic received around USD 1.49 billion in international climate-related finance from 2010–2018.

139. Fluctuations in international funding flows are strongly linked to the international economic situation, the planning frameworks of bilateral and multilateral agencies and the status of negotiations under the multilateral framework of the UNFCCC.

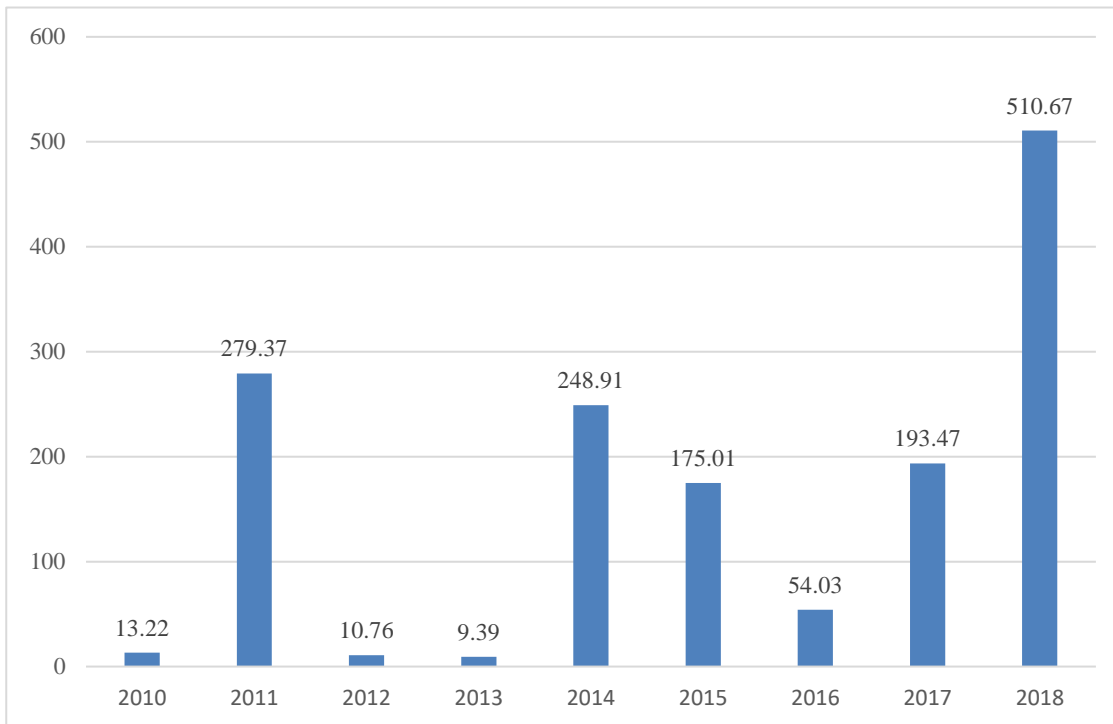
140. In aggregate terms, for 2010–2018, 59% of international climate finance received by the Dominican Republic came from multilateral organizations (MDBs and climate funds). France was the largest bilateral contributor and the IDB - the largest multilateral contributor.

141. The most utilized instruments for channeling financial flows were non-concessional instruments. The most widely addressed climate objective in the energy, AFOLU and transport sectors was mitigation. Adaptation and cross-cutting activities received the most funding in the areas of AFOLU, disaster risk reduction and water and sanitation.

### **1. Behavior**

142. Between 2010 and 2018, the Dominican Republic received an annual average of USD 166 million in climate finance from bilateral sources, MDBs and climate funds reporting to the OECD.

Figure 5  
**Public international climate finance received by the Dominican Republic**  
*(USD million)*



143. According to the OECD, a cumulative total of USD 1.49 billion in international finance was allocated to the Dominican Republic for 2013–2018. The positive trend from 2016 (USD 54 million) to 2018 (USD 510.67 million) can be broadly explained by the progress made in the multilateral negotiation framework that culminated in the Paris Agreement and the prioritizes interventions in the NDC.

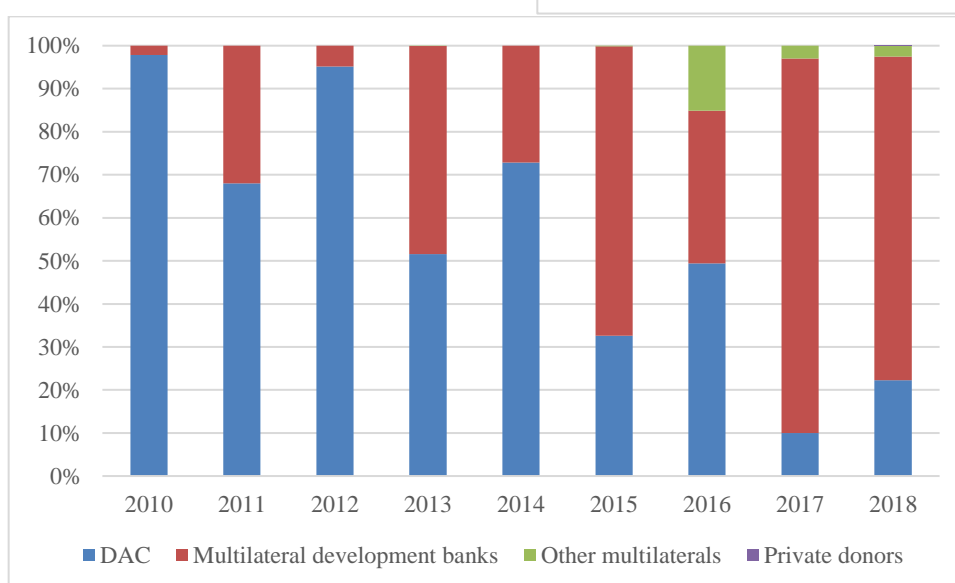
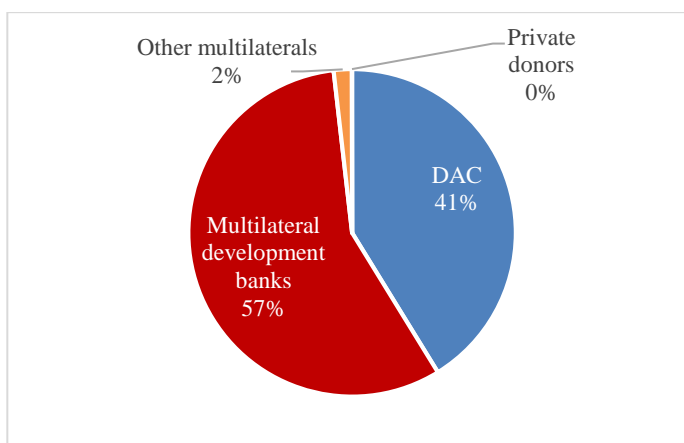
## 2. Funding channels

144. The majority (57%) of international public climate finance came from MDBs, with approximately 41% coming from bilateral sources and the remaining 2% from other multilateral agencies<sup>94</sup>.

<sup>94</sup> Such as the GEF general fund, the GCF and IFAD, among others.

Figure 6  
Public international climate finance by funding channel  
(USD million)

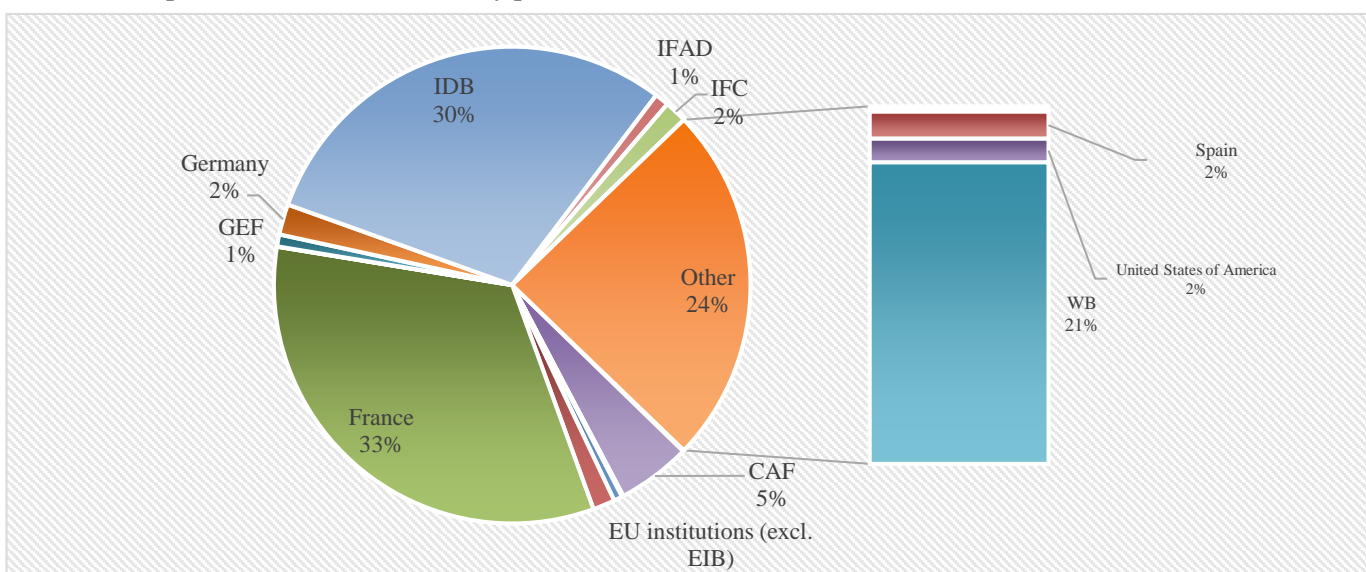
Channel	Amount
Bilateral (DAC)	616.166
MDBs	851.587
Other multilaterals	26.737
Private donors	0.331
<b>Total</b>	<b>1 494 821</b>



Source: OECD Creditor Reporting System Data Base, 2010–2018.

145. Of the MDBs, the IDB provided the largest share of international public climate finance. Over the period 2010-2018, IDB provided approximately USD 446 million; the World Bank, USD 307 million; and the CAF, approximately USD 75 million. The main bilateral providers were France and Germany accounting for approximately USD 495 million and USD 31 million, respectively.

Figure 7

**International public climate finance flow by provider**


Source: OECD Creditor Reporting System Data Base, 2010–2018.

146. The flow of funding among developing countries has been increasing – a trend that can contribute to scaling up regional climate finance in the framework of South-South and triangular cooperation. The United Nations Office for South-South Cooperation and other partners<sup>95</sup> manage various funds and grants to support member States and civil society actors in specific areas. Such actors are proponents of the need for South-South cooperation via high-impact Instruments.

147. According to 2016 data from the National System of International Cooperation under MEPyD, 82% of cooperation was North-South, 17% was South-South and 1% triangular. The development of South-South and triangular cooperation and its inclusion in climate finance represents an opportunity for the Dominican Republic, if ensures owing impact, its alignment with the country’s cultural and economic policies, and its role in enhancing international relations.

148. Even though there are few triangular cooperation initiatives, they have accounted for an increasing volume of investment in recent years. In the report<sup>96</sup> made by the United Nations Southern Climate Partnership Incubator initiative highlights how South-South cooperation provides an opportunity to meeting many needs in a targeted manner, by sharing experiences and resources through partnerships and generating substantial co-benefits for the achievement of the SDGs and addressing climate change and multiple development challenges.

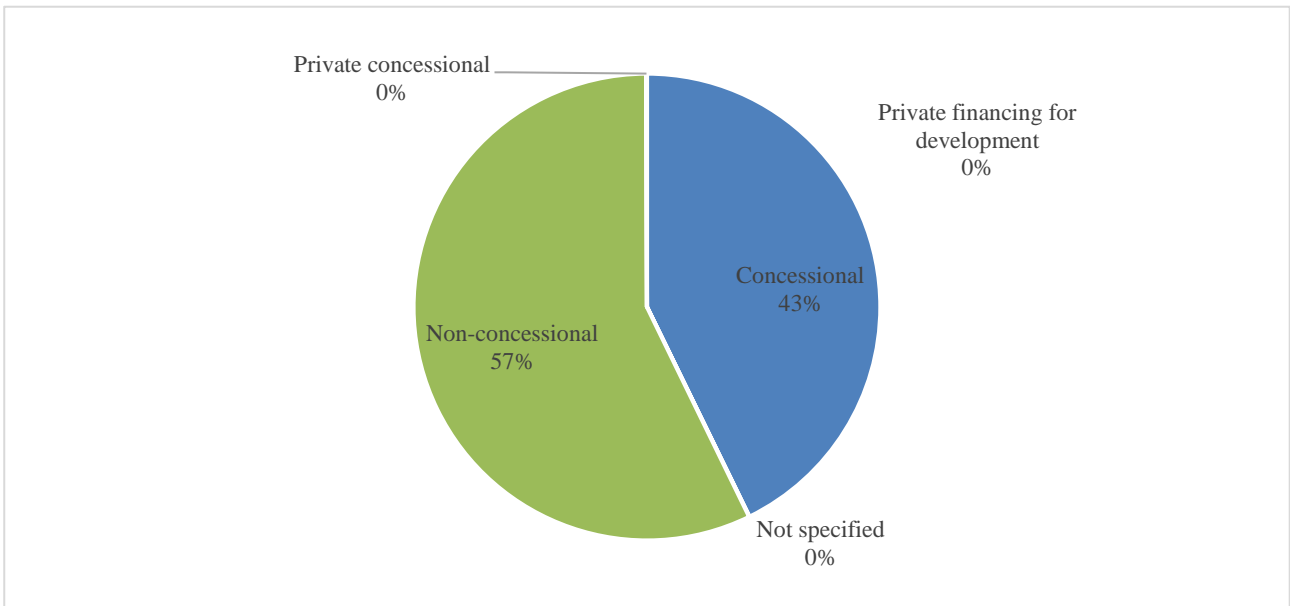
### 3. Financial instruments

149. International public climate finance is provided mainly through non-concessional instruments, which account for USD 855 million (57%) of the total amount received, with concessional instruments accounting for USD 639 million (43%), as shows in figure 8.

<sup>95</sup> United Nations Fund for South-South Cooperation; India, Brazil and South Africa Facility for Poverty and Hunger Alleviation; India–UN Development Partnership Fund, Pérez-Guerrero Trust Fund.

<sup>96</sup> More information at <https://unfccc.int/topics/climate-finance/the-big-picture/introduction-to-climate-finance>.

Figure 8  
**International public climate finance by instrument, year by year**  
*(USD million)*



Source: OECD Creditor Reporting System Data Base, 2010–2018.

Figure 9  
**International public climate finance by instrument, from 2010-2018**  
*(USD million)*



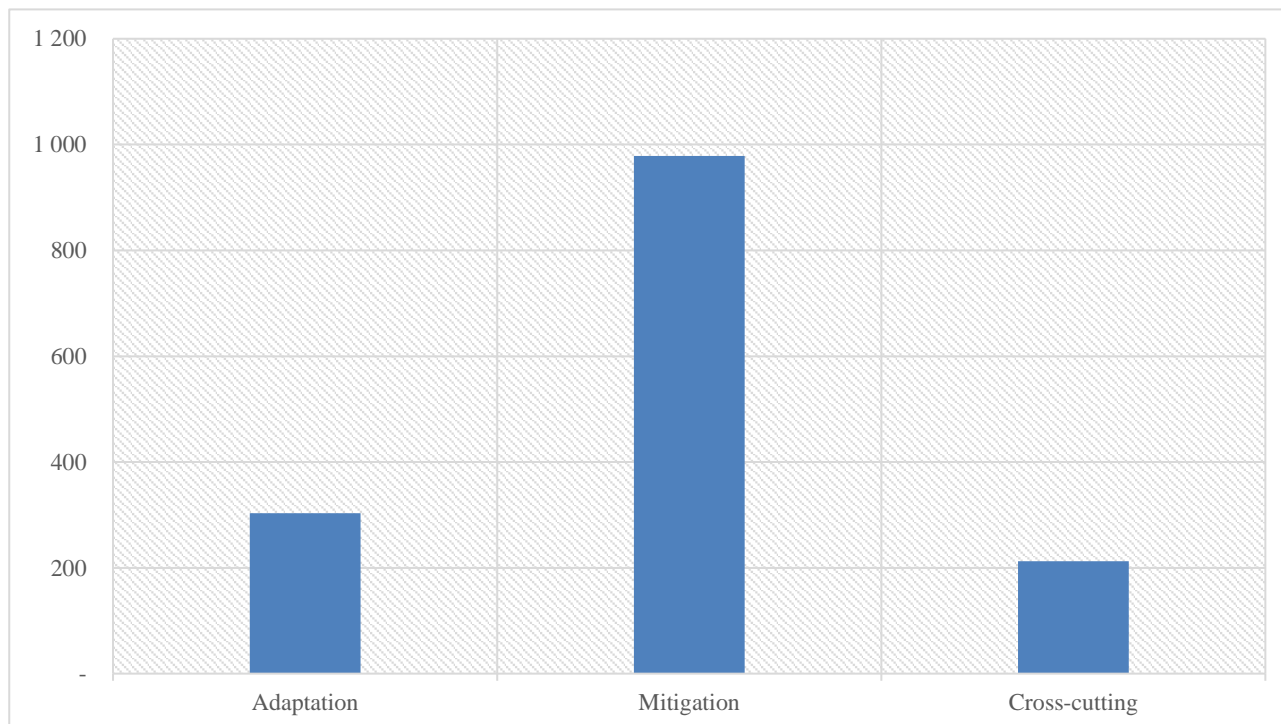
Source: OECD Creditor Reporting System Data Base, 2010–2018.

150. The providers differ greatly in the instruments that they use. MDBs provided 99% of their climate finance through non-concessional instruments, while bilateral providers used concessional instruments for 99% of their operations in the period 2010-2018. Other multilateral providers such as climate funds used concessional instruments for 64% of their financing operations and non-concessional instruments for the other 36%.

4. Sectors and themes

151. The amount of international public climate finance allocated to mitigation projects was roughly four times that allocated to adaptation projects for 2010–2018, as shows in figure 10.

Figure 10  
**International public climate finance by climate objective**  
*(USD million)*

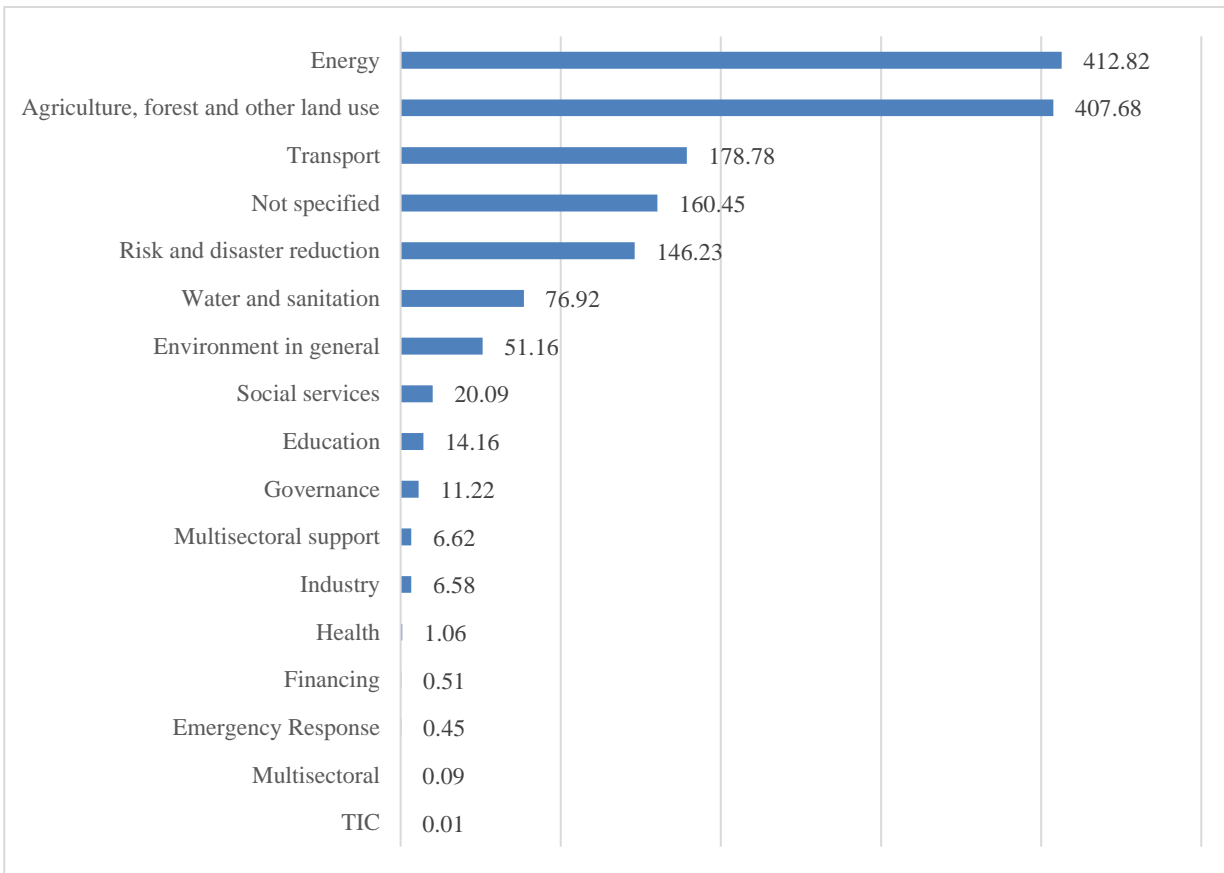


Source: OECD Creditor Reporting System data base, 2010–2018.

152. As shown in the figure 11, the main sectors to benefit from climate finance were energy, AFOLU and transport, together receiving approximately 80% of climate finance in the period under review.

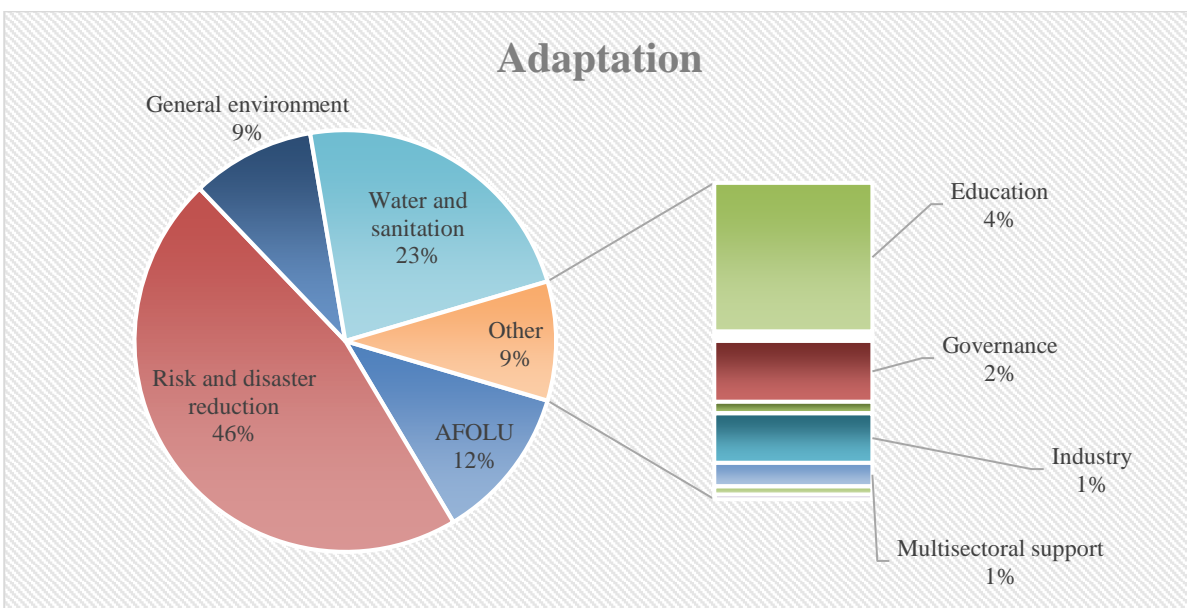


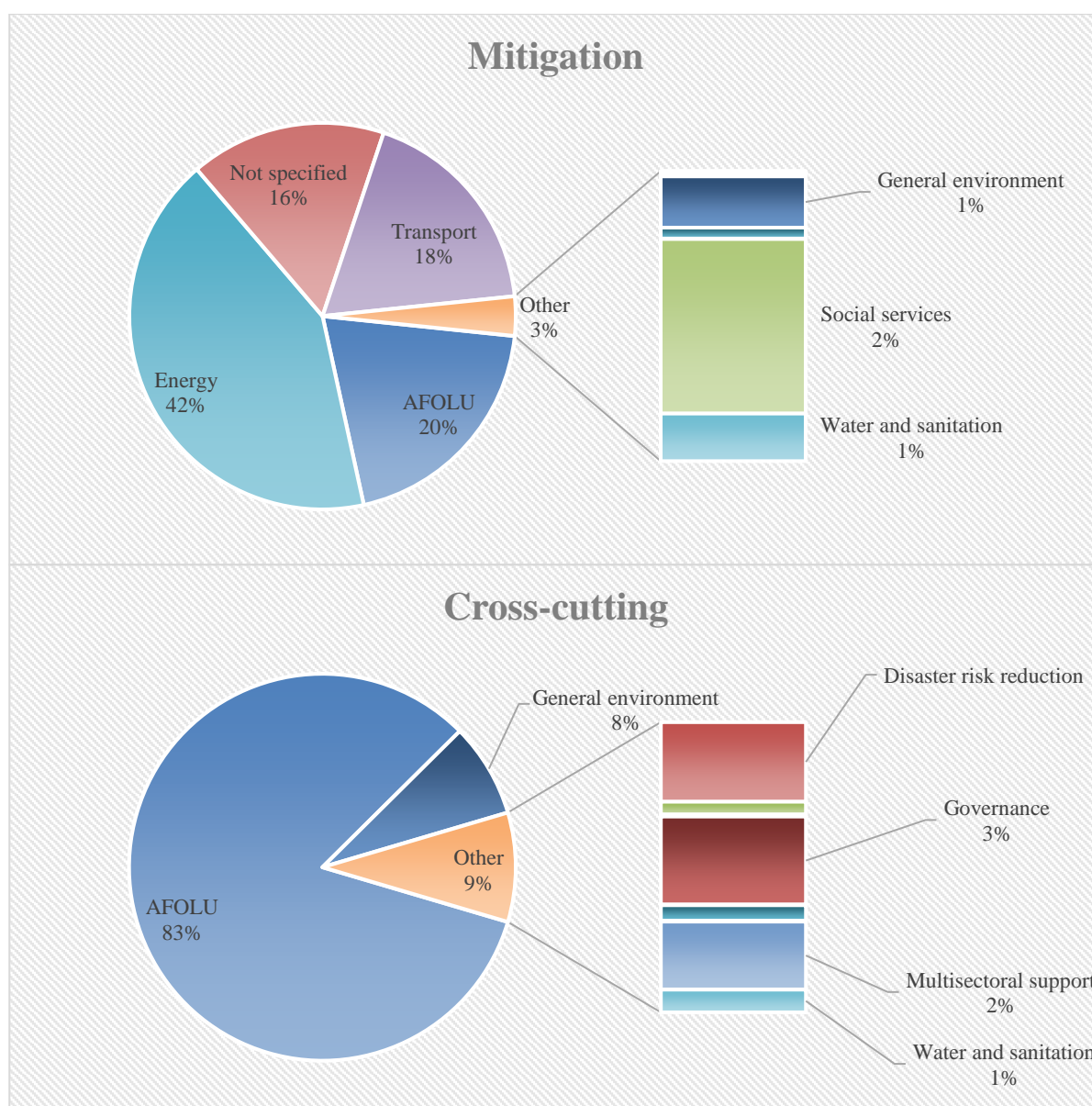
Figure 11  
**Target sectors of international climate-related finance**  
 (USD million)



Source: OECD Creditor Reporting System Data Base, 2010–2018.

Figure 12  
**International public climate finance by climate objective and sectors**





Source: OECD Creditor Reporting System Data Base, 2010–2018.

153. Bilateral providers and MDBs provide funding mainly for mitigation projects. Analysis of adaptation and cross-cutting projects shows that bilateral providers, MDBs and other multilateral actors such as climate funds provide funding mainly for mitigation and cross-cutting projects. As shows in figure 13.

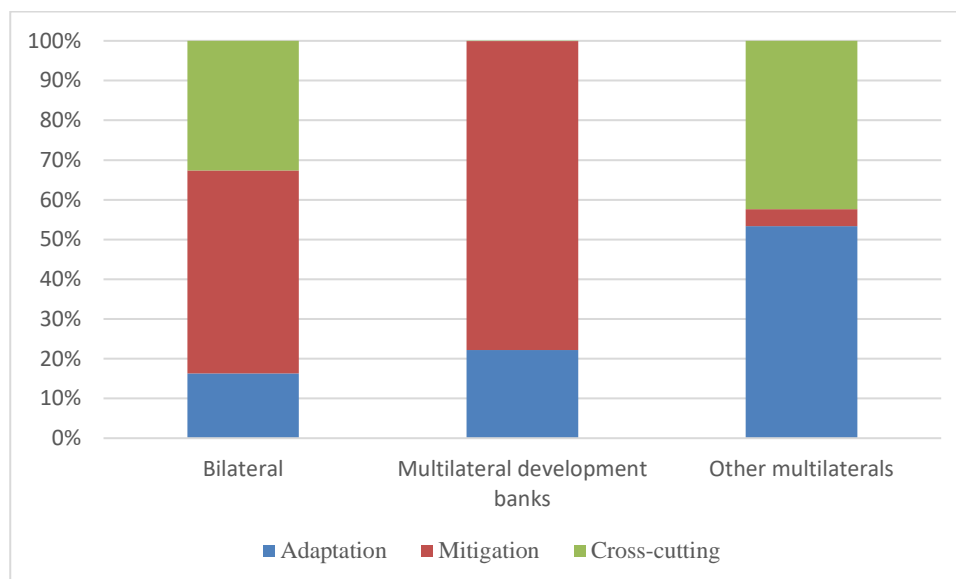
Table 7

**International public climate finance by provider and climate objective**  
(USD million)

	Adaptation	Mitigation	Cross-cutting	Climate finance
Bilateral	100.292	314.781	201.091	616.166
Multilateral development banks	188.612	662.621	0.352	851.587
Other multilaterals	14.264	1.140	11.332	26.737
Private donors	0.331	-	-	0.331
<b>Total</b>	<b>303.500</b>	<b>978.544</b>	<b>212.776</b>	<b>1 494.821</b>

Source: OECD Creditor Reporting System Data Base, 2010–2018.

Figure 13

**International public climate finance by provider type and climate objective**


Source: OECD Creditor Reporting System Data Base, 2010–2018.

#### D. Climate-related domestic finance

154. According to the information provided in the National Public Investment System, approximately USD 350.4 Million was allocated as climate-related funding from 2010–2018.

155. The amount shown correspond to finance at the domestic level and consist of only investment flows.<sup>97</sup> Information on domestic institutional expenditure, public banks investment and expenditures, private sector investments, commercial banks, corporations were not included in this analysis of public flows. Data on a segment of private climate-related finance, specifically that attributed to project co-financing are included, but could not be disaggregated the data structure.

156. Climate-related domestic finance shows an increasing trend, directly related to the priorities definition and the behavior of public expenditure, linked to parameters as exchange rate, sociopolitical conditions, international fuel prices and trade balance.

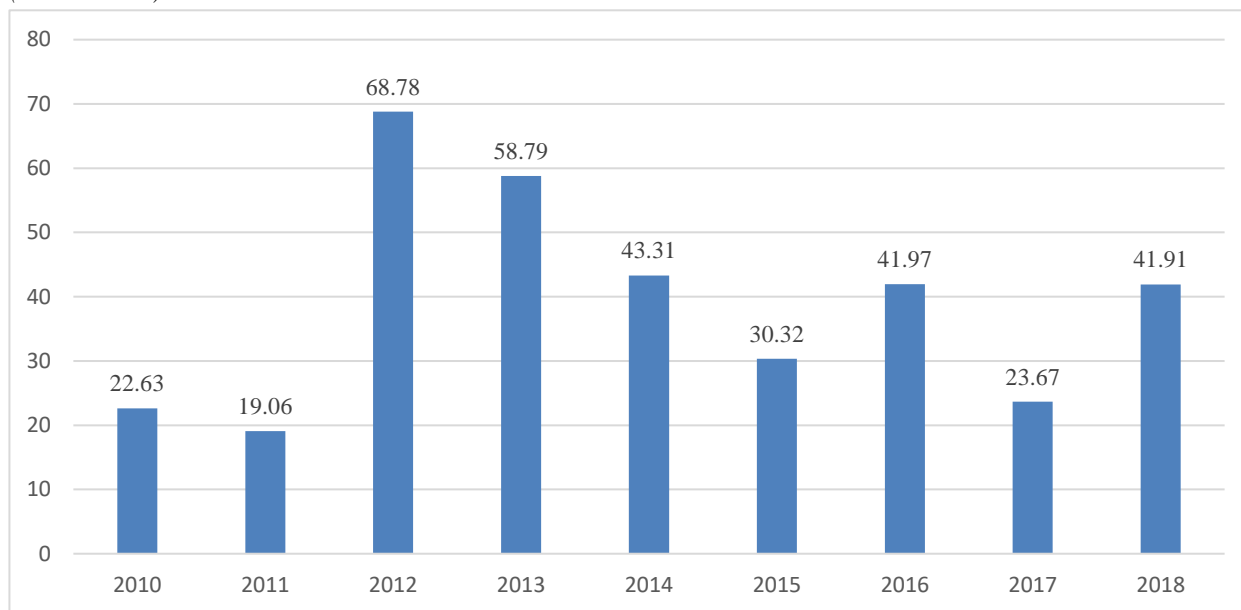
157. Climate-related finance provided domestically in the Dominican Republic averaged USD 40 million yearly between 2010 and 2018. This represents 0.33% of the overall public budget. Most of these resources were allocated to cross-cutting activities and adaptation. Such areas include water quality and supply, transport, energy, waste management and irrigation.

##### 1. Domestic climate financial flows behaviour

158. According to the analysis of the domestic climate-related between 2010–2018, the cumulative amount invested amounts to USD 350.4 million with the following distribution by year.

<sup>97</sup> Investment is understood here as it is defined in Law No. 498-06, which stipulates that public investment shall mean all public spending aimed at expanding, improving or rebuilding the country's capacity to increase the production of goods and the provision of services. It includes all pre-investment and investment activities of public sector institutions and corresponds to the concept of gross fixed capital investment as defined in the United Nations System of National Accounts 2008.

Figure 14  
**Climate-related domestic finance**  
*(USD million)*

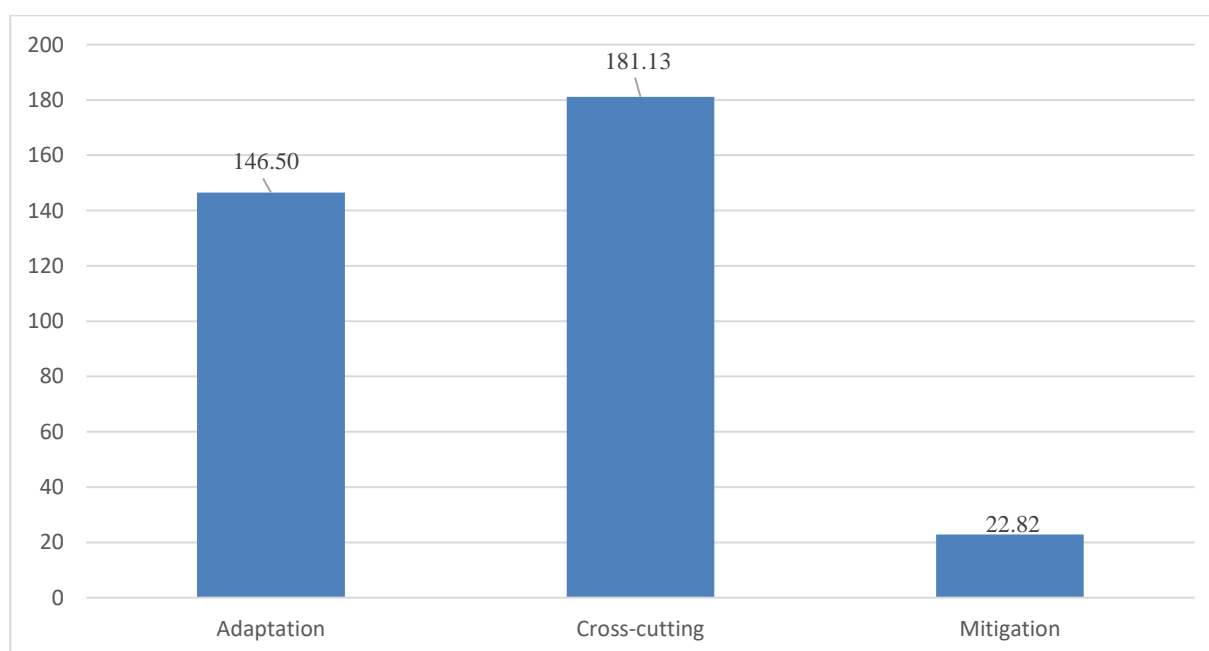


Source: National Public Investment System, 2010–2018.

## 2. Sectors and themes

159. Contrary to international finance, most climate-related domestic finance was invested in cross-cutting projects, followed by adaptation projects, with only a very small share going towards mitigation objectives.

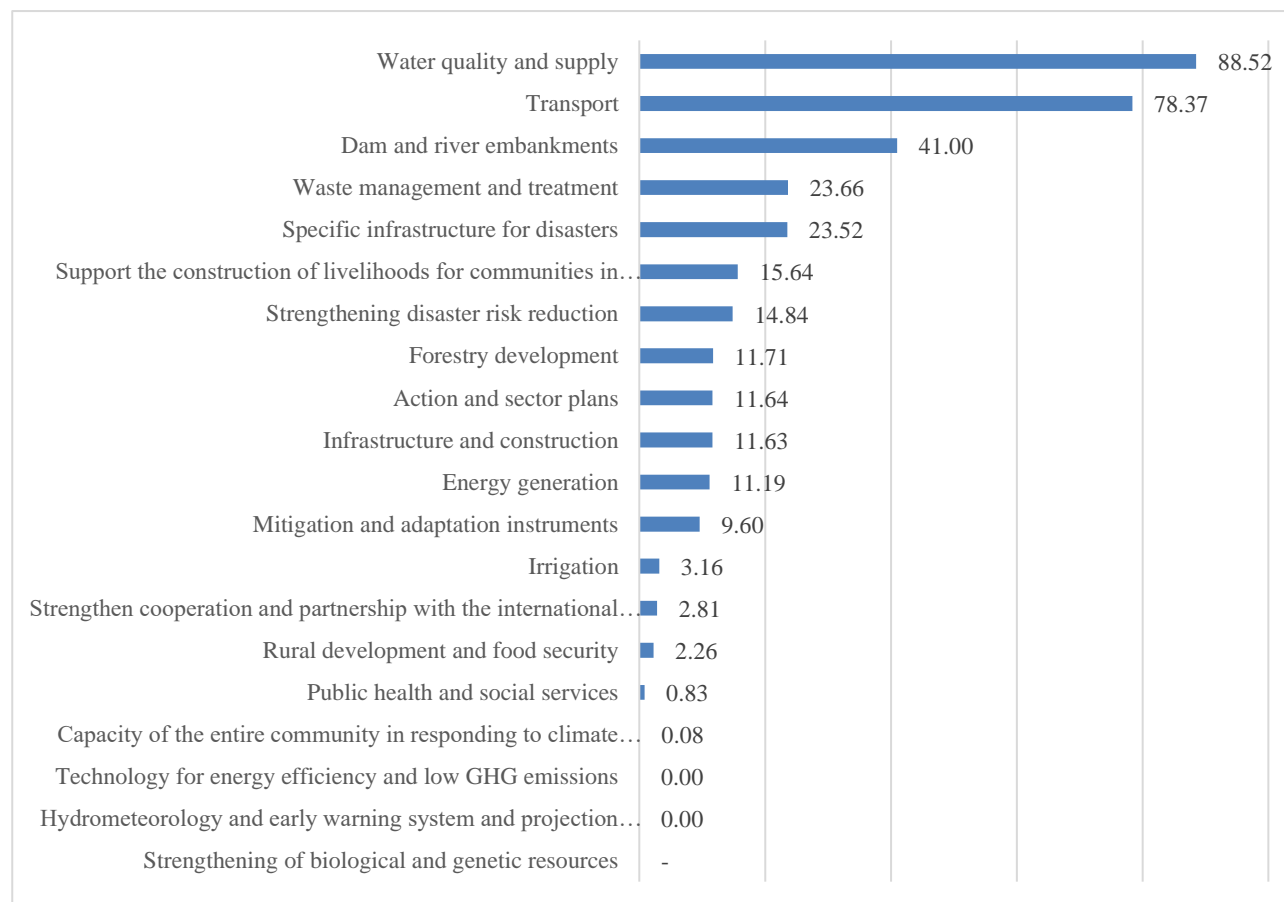
Figure 15  
**Climate-related domestic finance by climate objective**  
*(USD million)*



Source: National Public Investment System, 2010–2018.

160. As shown in the figure 16 below, the main areas to benefit from climate finance are water quality and supply, transport, power generation and forestry development. All together these areas received approximately 80% of domestic climate finance in the 2010-2018 period. At 49%, the largest share went to the water sector, followed by the transport sector at 15%, energy generation (11%) and forestry development (6%).

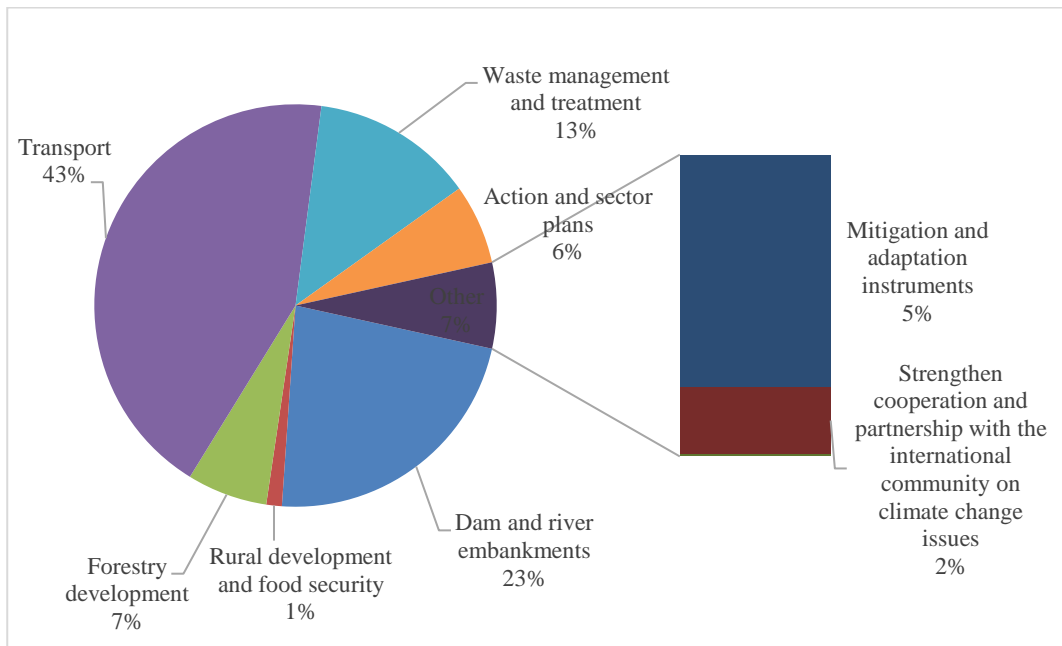
Figure 16  
**Areas benefiting from climate-related domestic finance, 2010-2018**  
*(USD million)*



Source: National Public Investment System, 2010–2018.

Figure 17

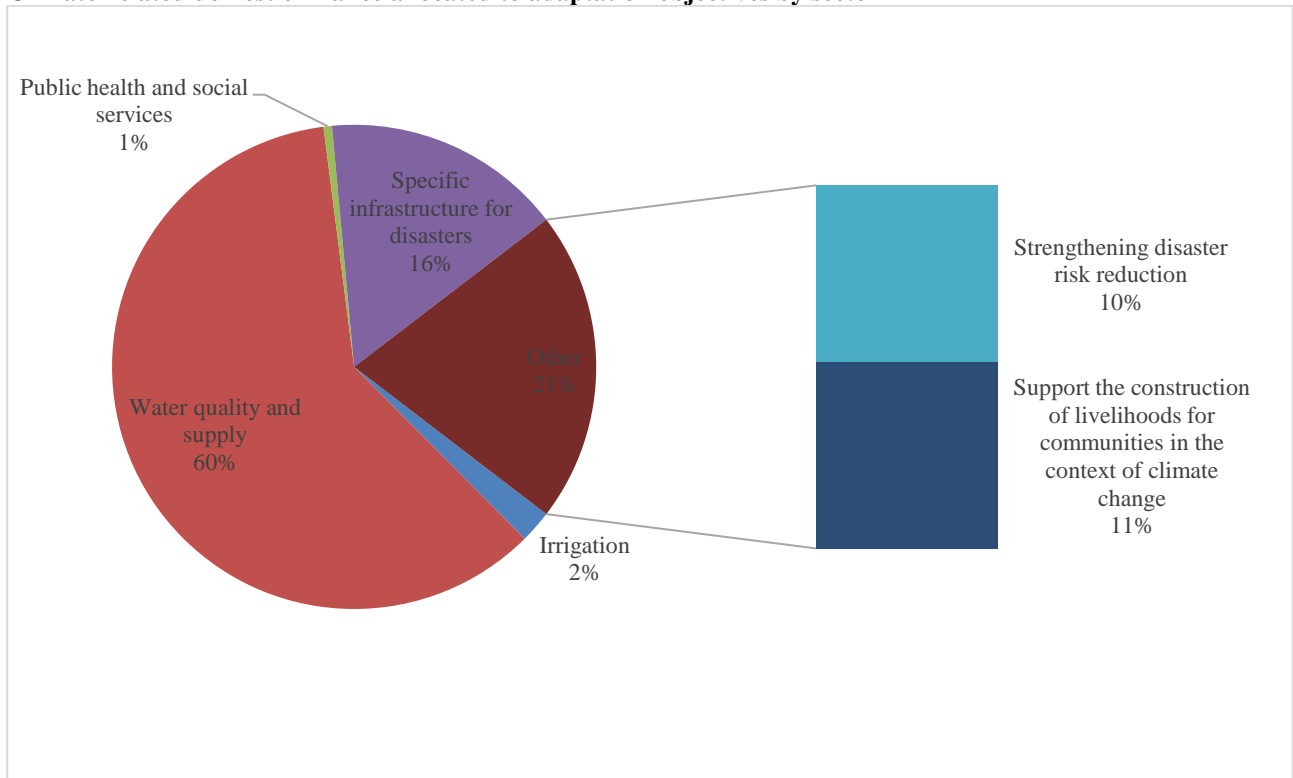
**Climate-related domestic finance allocated to cross-cutting climate objectives by sector**



Source: National Public Investment System, 2010–2018.

Figure 18

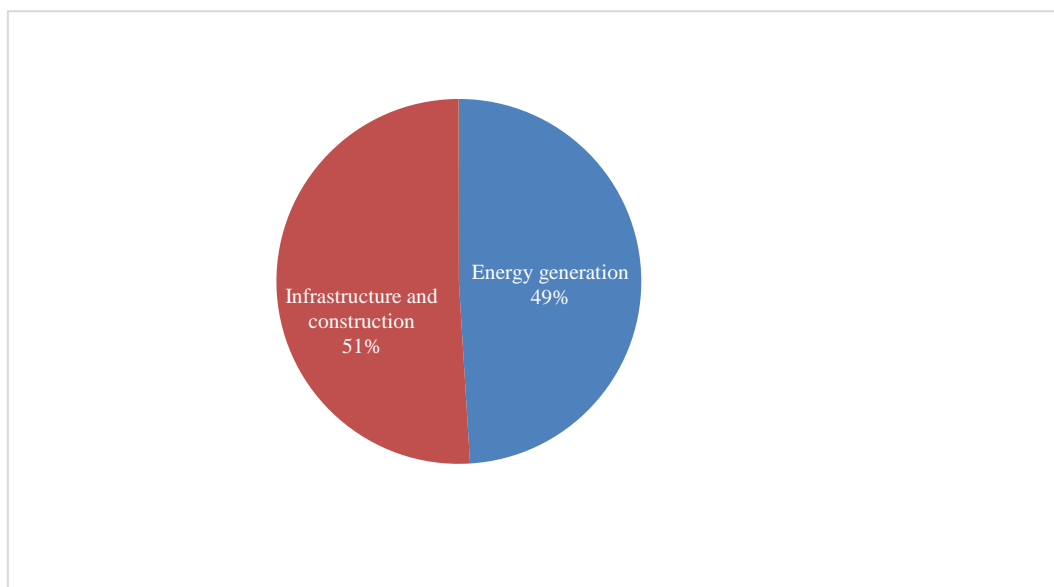
**Climate-related domestic finance allocated to adaptation objectives by sector**



Source: National Public Investment System, 2010–2018.

Figure 19

**Climate-related domestic finance allocated to mitigation objectives by sector**



Source: National Public Investment System, 2010–2018.

**3. Financial instruments**

161. Domestic public climate finance is mainly provided through treasury, loans, and grants. The share of loans and grants was excluded from the analysis to avoid double counting with international finance analysis. Co-financing amounts only has been taken it into consideration the domestic share allocated.

**VII. Climate funds**

162. According to data provided in the databases of the AF, GCF, and GEF, the Dominican Republic has had climate finance approved for various national projects. However, comprehensive data is not available for the amounts disbursed.

163. This section gives a more detailed insight into finance provided by climate funds (whose contributions are also included in the OECD data analysed above). Some of the co-financing allocated to projects supported by climate funds comes from MDBs or bilateral providers and is also reported to OECD. Some may come from additional sources, such as private finance.

164. It should be noted that the contributions from climate funds reported to OECD represent approved amounts, which are disbursed during the respective project implementation periods (although they may not be fully disbursed).

**A. Green Climate Fund**

165. The Dominican Republic is in the process of preparing its GCF country programme, and to date has had funding approved for the projects shown in the table below. Some of these projects are multinational or regional, meaning that the amount provided will be distributed among the listed recipient countries.

Table 8  
**Green Climate Fund approved projects**  
 (USD million)

Type	GCF project ID	Funding	Co-financing
Multi-country	FP152 Global Subnational Climate Fund – Equity	150	600
Multi-country	FP151 Global Subnational Climate Fund – Technical Assistance Facility	18.5	–
Multi-country	FP097 Productive Investment for Climate Change Adaptation Initiative	15.5	12.5
Multi-country	FP038: Global Energy Efficiency and Renewable Energy Fund	265	–
Readiness	Advancing a regional approach to electric mobility in Latin America	2.8	–
Readiness	National designated authority strengthening, country programming and entity support for Dominican Republic through the Centre for Agricultural and Forestry Development	0.3	–
Readiness	Building capacity to advance the National Adaptation Plan process in the Dominican Republic	3	–

Source: Green Climate Fund Project Data Base.

## B. Global Environment Facility

166. The Dominican Republic has accessed GEF funding mainly directly through the GEF Trust Fund. It currently also has several projects under CBIT and other trust funds. In addition, it is involved in regional projects, for which funding is distributed between various recipient countries.

Table 9  
**Global Environment Facility approved projects**  
 (In USD million)

Type	GEF project ID	Funding	Co-financing
Multi-country	3514 4th Operational Phase of the GEF Small Grants Programmed (RAF1)	13.647	-
National	627 Preparation of the initial national communication in response to the provisions of the UNFCCC	0.350	-
Multi-country	10655 GEF Small Grants Programme operational phase 7 – Strategic implementation using System for Transparent Allocation of Resources, mainly in least developed countries and small island developing States (part 3)	43.235	44.964
National	10054 Climate-smart promotion Livestock management in the Dominican Republic	1.540	8.141
National	9869 Strengthening the Dominican Republic's capacity to generate climate information and knowledge under the Paris Agreement	1.100	0.360
Multi-country	9774 GEF Small Grants Programme operational phase 6 – Strategic implementation using System for Transparent Allocation of Resources tranche 1, mainly in least developed countries and small island developing States (part 3)	17.337	17.337
National	9740 First BUR of the Dominican Republic	0.352	0.045
National	4747 Stimulating industrial competitiveness through biomass-based grid-connected power generation	1.300	7.620



<i>Type</i>	<i>GEF project ID</i>	<i>Funding</i>	<i>Co-financing</i>
Multi-country	4678 GEF Global Support Programme operational phase V: Programme implementation using System for Transparent Allocation of Resources tranche 2	72.851	75.766
Multi-country	3871 GEF Small Grants Programme fourth operational phase (RAF2)	45.211	44.500
National	1883 Climate Change Enabling Activity (additional funding for capacity-building in priority areas)	0.100	–

*Source:* Global Environmental Facility Project Data Base.

### **C. Adaptation Fund**

167. To date, two projects from the Dominican Republic have been approved for funding by the AF, as shown in the table below.

Table 10  
**Adaptation Fund approved projects**  
(In USD million)

<i>Type</i>	<i>AF project ID</i>	<i>Funding</i>	<i>Co-financing</i>	<i>Notes</i>
National	Improving climate resilience in the province of San Cristóbal, Dominican Republic Rural Development and Integrated Water Resource Management Programme	9.953		
National	Environment and Social Policy and Gender Technical Assistance Grant	0.022		

*Source:* Adaptation Fund Project Data Base.

### **D. Climate Investment Funds**

168. To date, according to the Country page of the Climate Investment Funds website,<sup>98</sup> the Dominican Republic has no projects under the Climate Investment Funds.

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<sup>98</sup> <https://www.climateinvestmentfunds.org/country>

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