

**FOR
INFORMATION**

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January 3, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Mr. Furusawa's Report to the Executive Board on His Visit to the Dominican Republic—November 14–15, 2019**

Board Action: Executive Directors' **information**

**REPORT TO THE BOARD BY DEPUTY MANAGING DIRECTOR FURUSAWA
ON HIS TRAVEL TO THE DOMINICAN REPUBLIC TO ATTEND THE
XVI REGIONAL CONFERENCE FOR CENTRAL AMERICA, PANAMA, AND THE DOMINICAN REPUBLIC
(November 14-15, 2019)**

- 1. I participated in the 16th Regional Conference for Central America, Panama, and the Dominican Republic (CAPDR) held in Punta Cana, Dominican Republic on November 14-15.** This conference gathered finance ministers, central bank governors, financial superintendents, representatives of other international financial institutions, and Fund staff from WHD, FAD, and COM. The President of the Dominican Republic, Mr. Danilo Medina, and I inaugurated the conference.
- 2. The conference addressed issues on dollarization, tax exemptions, and fintech.** The first session focused on the outlook. Our presentation noticed that there is a synchronized deceleration in the global economy, and the discussion highlighted that the region should leverage on its diversified exports. The second session focused on policy challenges raised by dollarization, and the discussion stressed that while partial and total dollarization may pose different challenges, a general lesson is that it is critical that the policy mix is coherent and does not exacerbate external shocks. The session on tax incentives emphasized that there should be accountability and transparency, as well as effective monitoring and evaluation. The session on Fintech pointed to its potential benefits to enhance remittance transfers, and discussions noticed that the regulatory framework should favor the entry of new actors, facilitate interoperability, and secure risk management. The keynote speech—by former Minister of Finance of Chile Rodrigo Valdez—focused on the challenges to pursue sound macroeconomic policies while fostering inclusive growth.
- 3. I hosted a working-breakfast for the country officials.** We discussed recent social events in Latin America. There was consensus on the need to incorporate social issues by designing policies through a consultative process and enhancing communication. As for policy priorities, issues raised were the need for continued cross-national cooperation on AML/CFT issues; the importance of financial and policy buffers, climate change; and regional integration. The authorities expressed high appreciation for Fund TA, including through CAPTAC.
- 4. The conference received extensive media coverage.** Media questions focused on the global environment and the risks associated with it, the impact of social conflicts in Latin America, the challenges placed by the tax incentives, and the economic prospects for the region.
- 5. I also had bilateral meetings with the authorities of Nicaragua and El Salvador.** The authorities expressed deep appreciation for the work of the Fund. Discussions stressed the importance of balanced fiscal strategies that achieved debt sustainability while supporting social stability, and the need to focus on governance issues.
- 6. Finally, I would like to reiterate my earnest gratitude to the Dominican Republic authorities for the success of the conference and their kind hospitality.**