

**EXECUTIVE
BOARD
MEETING**

EBS/20/71
Correction 2

April 29, 2020

To: Members of the Executive Board

From: The Secretary

Subject: **Dominican Republic—Request for Purchase Under the Rapid Financing Instrument**

Board Action: The attached corrections to EBS/20/71 (4/22/20) have been provided by the staff:

**Factual Errors Not
Affecting the
Presentation of Staff's
Analysis or Views**

Pages 16 and 23

Questions:

Mr. Santos, WHD (ext. 36629)
Mr. Chow, WHD (ext. 36638)
Ms. Rousset, WHD (ext. 34655)
Ms. Bepalova, WHD (ext. 36435)

Table 1. Dominican Republic: Selected Economic and Social Indicators, 2015–25

Population (millions, 2019)	10.4					GDP per capita 2019 (U.S. dollars)					8,596
Quota	477.40 millions SDRs / 0.1% of total					Poverty (2018, share of population)					22.8
Main export product	tourism, gold, tobacco					Extreme poverty (2018, % of pop.)					2.9
Key export markets	U.S., Canada, Haiti					Adult literacy rate (percent, 2018)					93
	2015	2016	2017	2018	2019	Projection					
						2020	2021	2022	2023	2024	2025
Output						(Annual percentage change, unless otherwise stated)					
Real GDP	6.5	7.0	4.7	7.0	5.1	-1.0	4.0	5.0	5.0	5.0	5.0
Contributions to growth											
Consumption	5.2	4.7	3.5	4.4	3.7	2.2	2.4	4.3	4.3	4.1	4.0
Investment	3.6	3.6	-2.1	4.3	1.3	-1.2	0.0	0.4	0.5	0.5	0.7
Net exports	-2.4	-0.8	2.1	-0.6	-1.2	-5.3	2.0	0.5	0.6	0.5	0.4
Nominal GDP (RD\$ billion)	3,206	3,487	3,803	4,236	4,562	4,679	5,041	5,503	6,008	6,559	7,162
Nominal GDP (US\$ billion)	71.3	75.8	80.1	85.6	89.0	...	...	...	...	...	...
Gross national saving (percent of GDP)	21.6	21.9	22.3	24.4	24.6	19.7	20.3	19.9	19.5	19.1	18.8
Output gap (in percent of potential output)	-0.3	0.7	0.0	2.0	2.8	-1.9	-1.7	-0.7	0.1	0.0	0.0
Unemployment											
Unemployment rate (in percent; period average)	7.3	7.1	5.5	5.7	6.2	9.0	7.0	5.5	5.5	5.5	5.5
Prices											
Consumer price inflation (end of period)	2.3	1.7	4.2	1.2	3.7	3.0	4.0	4.0	4.0	4.0	4.0
Consumer price inflation (period average)	0.8	1.6	3.3	3.6	1.8	3.5	3.6	4.0	4.0	4.0	4.0
Exchange rate											
Exchange rate (RD\$/US\$ - period average) 1/	45.0	46.0	47.5	49.5	51.2	...	...	...	...	...	...
Exchange rate (RD\$/US\$ - eop) 1/	45.5	46.7	48.2	50.2	52.9	...	...	...	...	...	...
Real effective exchange rate (eop, - depreciation) 1/	2.3	-0.8	-2.3	-1.9	-3.3	...	...	...	...	...	...
Government finances						(in percent of GDP)					
Consolidated public sector debt 2/	44.7	46.6	48.9	50.4	53.6	60.9	58.2	57.6	57.2	56.4	55.7
Consolidated public sector overall balance 3/	-1.7	-4.1	-4.1	-3.5	-3.3	-6.0	-4.3	-4.1	-3.9	-3.5	-3.5
Consolidated public sector primary balance	2.1	-0.2	-0.1	0.4	0.8	-1.6	0.2	0.4	0.6	0.9	0.9
Central government balance	0.0	-3.1	-3.1	-2.2	-2.2	-4.4	-2.9	-2.8	-2.7	-2.4	-2.5
Revenues and grants	16.6	13.9	14.0	14.2	14.4	13.6	14.1	14.2	14.2	14.4	14.3
Primary spending, o.w.:	14.4	14.4	14.6	13.7	13.8	15.0	13.9	13.9	13.9	13.9	13.9
Transfers to electricity sector	0.8	0.6	0.5	0.4	0.5	0.3	0.4	0.4	0.4	0.4	0.4
Interest expenditure	2.3	2.5	2.5	2.6	2.7	3.0	3.1	3.0	3.0	2.9	2.9
Rest of NFPS	-0.3	0.3	0.2	-0.2	-0.1	-0.5	-0.4	-0.3	-0.2	-0.1	-0.1
Financial sector						(Annual percentage change; unless otherwise stated)					
Broad money (M3)	12.3	9.8	11.2	7.0	11.7	0.7	8.3	9.6	9.8	9.7	9.7
Credit to the private sector	12.7	12.1	10.1	11.1	11.8	2.5	7.7	9.2	9.2	9.2	9.2
Policy interest rate 1/	5.0	5.5	5.3	5.5	4.5	...	...	...	...	...	...
Average deposit rate (1-year; in percent) 1/	7.7	6.8	5.0	7.4	6.7	...	...	...	...	...	...
Average lending rate (1-year; in percent) 1/	16.7	14.5	11.2	12.1	12.4	...	...	...	...	...	...
Balance of payments						(in percent of GDP)					
Current account	-1.8	-1.1	-0.2	-1.4	-1.4	-5.2	-3.7	-3.4	-3.1	-2.9	-2.9
Goods, net	-10.5	-10.0	-9.5	-10.9	-10.8	-10.5	-10.4	-10.2	-9.9	-10.0	-9.7
Services, net	6.1	6.5	6.9	6.9	6.1	3.8	5.4	5.7	5.8	6.4	6.5
Income, net	2.5	2.4	2.4	2.6	3.3	1.4	1.3	1.1	1.0	0.7	0.4
Capital account	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account	-1.0	-2.1	-1.7	-2.2	-2.8	-5.2	-3.7	-3.4	-3.1	-2.9	-2.9
Foreign direct investment, net	-3.1	-3.2	-4.5	-3.0	-3.4	-2.9	-3.4	-3.4	-3.4	-3.4	-3.4
Portfolio investment, net	-4.9	-2.3	-2.2	-3.1	-2.0	-1.0	-2.0	0.4	-0.7	-0.2	-0.1
Financial derivatives, net	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other investment, net	6.3	2.4	4.0	2.9	1.3	0.0	1.2	-0.9	0.4	0.1	0.0
Reserves, net	0.6	1.0	0.9	1.0	1.3	-1.3	0.5	0.6	0.6	0.6	0.6
NIR (in millions of U.S. dollars)	5,195	6,047	6,780	7,627	8,781	9,016	9,472	10,060	10,671	11,335	12,052
Total external debt (in percent of GDP)	38.1	38.7	41.0	39.4	40.0	44.7	44.5	41.3	40.3	39.2	38.3
of which: Public sector	25.1	25.7	27.7	27.3	28.3	32.7	33.5	31.6	31.3	30.8	30.4

Sources: National authorities; World Bank; and IMF staff calculations.

1/ Latest available.

2/ Improvement in 2015 reflects the grant element of a debt buy back operation with Venezuela's state owned-oil company (PDVSA) of 3.1 percent of GDP.

3/ The consolidated public sector includes the central government, some decentralized entities, the electricity holding company, and the central bank.D

Table 8. Dominican Republic: Indicators of Fund Credit, 2020–25

(In millions of SDRs, unless otherwise specified)

	2020	2021	2022	2023	2024	2025
Existing and Prospective drawings (RFI)	477.4	...	...	...	...	...
(in percent of quota)	100	...	...	...	...	...
(Projected Debt Service to the Fund based on Existing and Prospective Drawings)						
Amortization	0.0	0.0	0.0	119.4	238.7	119.4
GRA charges	4.8	8.3	8.3	7.8	4.3	0.6
GRA service charge	2.4	0.0	0.0	0.0	0.0	0.0
SDR assessments	0.0	0.0	0.0	0.0	0.0	0.0
SDR charges	1.1	1.5	1.5	1.5	1.5	1.5
Total debt service	8.3	9.8	9.8	128.7	244.5	121.5
(in percent of exports of G&S)	0.1	0.1	0.1	0.8	1.4	0.6
(in percent of GDP)	0.0	0.0	0.0	0.2	0.3	0.1
(in percent of GIR)	0.1	0.1	0.1	1.7	3.0	1.4
(Projected Level of Credit Outstanding based on Existing and Prospective Drawings)						
Outstanding stock	477.4	477.4	477.4	358.1	119.4	0.0
(in percent of quota)	100.0	100.0	100.0	75.0	25.0	0.0
(in percent of GDP)	0.8	0.7	0.7	0.5	0.1	0.0
(in percent of GIR)	7.3	6.9	6.5	4.6	1.5	0.0
Memorandum items:						
Exports of goods and services (US\$ mn)	15,601	18,604	20,107	21,985	23,743	25,916
GDP (US\$ mn)	83,254	88,186	98,600	105,506	112,998	121,100
US\$/SDR exchange rate	1.38	1.38	1.38	1.38	1.38	1.38
Gross International Reserves (US\$ mn)	9,017	9,472	10,060	10,672	11,335	12,053
Quota	477.4	477.4	477.4	477.4	477.4	477.4

Source: IMF staff estimates.