



COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS

Country situation and role of agriculture

The Dominican Republic is a medium-income country. It is one of the fastest growing economies in Latin America and the Caribbean, with GDP growth averaging 4.8 percent annually between 2007 and 2014.

The country has reached the Millennium Development Goal 1 (MDG1) hunger target as well as the more stringent goal set by the World Food Summit, reducing the prevalence of undernourishment from 34.3 percent in 1990-92 to 12.3 percent in 2014-16. In the same period, the number of undernourished people fell from 2.5 million to 1.3 million.

Despite this exceptional performance, poverty remains higher today than in 2000.¹

The Dominican Republic is a major exporter of sugar, coffee, cocoa and tobacco, although non-traditional exports such as bananas and other fresh fruits and vegetables have increased in recent years.² Support from the government, its partners and the private sector helped boost agriculture, which displayed annual average growth in 2005-06 over 7 percent, compared with an average of less than 3 percent the previous four years.

Selected indicators		2007	2009	2011	2014
SOCIO-ECONOMIC	GDP (current billion US\$) *	44	48	58	64
	GDP per capita (current US\$) *	4 637	4 933	5 820	6 163
	Agricultural value added (% of GDP) *	7.1	6.6	6.2	6.2
	Agricultural value added (annual % growth) *	(average 2007-2014)	4.13		
		(2014)	4.4		
	Total population (thousand)	9 504	9 767	10 027	10 405
	Rural population (% of total)	30.3	27.7	25.3	22.2
	Employment in agriculture (% of total employment)	15	15	15	15
Human Development Index **	(2013)	0.715 (rank 101)			
AGRICULTURAL PRODUCTION & TRADE	Per capita cultivated land (ha)	0.12	NA	0.11 (2012)	0.11 (2013)
	Area equipped for irrigation (ha)	307 000 (2013)			
	Value of total agriculture (current million US\$)	3 273	2 934	3 080	3 570 (2013)
	Value of cereals production (current million US\$)	1 077	444	416	353 (2013)
	Yield for cereals (hg/ha)	43 681	39 543	46 056	40 072
	Cereal import dependency ratio (%)	74.20 (2007-2009)		73.90 (2009-2011)	
	Top 3 commodities	Production quantity	Sugar cane; Bananas; Rice, paddy (2012)		
		Production value	Meat indigenous, chicken; Meat indigenous, cattle; Bananas (2012)		
		Import quantity	Maize; Wheat; Cake of Soybeans (2011)		
		Import value	Maize; Wheat; Soybean oil (2011)		
Export quantity		Bananas; Sugar Raw Centrifugal; Molasses (2011)			
Top 3 trade partners	Export value	Cigars Cheroots; Bananas; Sugar Raw Centrifugal (2011)			
	Import value	United States; European Union; China (2014)			
	Export value	United States; Haiti; Canada (2014)			
FOOD SECURITY & NUTRITION	Top 3 commodities available for consumption	Rice (milled equivalent); Sugar (raw equivalent); Soybean oil (2011)			
	Dietary energy supply (kcal/capita/day)	2 403	2 392	2 562	2 614 (2013)
	General (g) and Food (f) CPI (2000=100)	262.1 (g), 258.8 (f)	295.3 (g), 307.3 (f)	340.6 (g), 339.7 (f)	381.3 (g), 387.8 (f)
	People undernourished (million)	2.0 (2008-2010)	1.4 (2011-2013)	1.3 est. (2013-2015)	
	Proportion of undernourished (%)	(2008-2010)	NA		
		(2011-2013)	NA		
	Prevalence of underweight children under 5 years of age (%)	3.4	NA	NA	4.0 (2013)
	Prevalence of stunting among children under 5 years of age (%)	10.1	NA	NA	7.1 (2013)
	Prevalence of wasting among children under 5 years of age (%)	2.3	NA	NA	2.4 (2013)
	Global Hunger Index ^	(2015)	10.8 (moderate)		
Access to improved water sources (% of population) *	86	86	86	85	

Source: FAOSTAT; *Source: WB; **Source: UNDP; ^ Source: IFPRI; ^^Source: WTO. (accessed on 3 March 2016)

1 www.worldbank.org/en/country/dominicanrepublic/overview

2 World Trade Organization, Trade Policy Review: Dominican Republic, 2015. Available at: www.wto.org/english/tratop_e/tptr_e/s319_e.pdf

Although the service sector has overtaken agriculture as the leading employer of Dominicans due to growth in tourism, agriculture is in second place (behind mining) in terms of export earnings due to the importance of sugar trade. The share of economically active population in agriculture declined from 25 percent in 1990 to less than 9 percent in 2015.

Progress in food security and poverty reduction appears to be linked to overall growth and the importance of revenues from tourism, which has expanded over the last 25 years. On the other hand, agriculture value added as a share of gross domestic product

(GDP) declined to about 6 percent in 2013, from 12 percent in the early 90s.

The Dominican agricultural sector has comparative advantages given by its natural resources and geographic location. However, national agricultural productivity is persistently low, and the country still suffers from low technical and business knowledge as well as poor connection to markets. Despite being an important food producer in the Caribbean, the Dominican Republic is a net importer of food.

1. Government objectives in agriculture, food and nutrition security

The Government, with the support of civil society and international organizations, developed the **National Development Strategy 2010-2030** (Law No. 1/2012). It is the first document of its kind in the country and defines the guiding principles of medium- and long-term public policies. It aims to create an efficient and transparent state that ensures the safety of its citizens while promoting the development of a sustainable, inclusive and competitive economy, which is respectful of natural resources. With regards to the agricultural sector, the strategy seeks to increase productivity, competitiveness and environmental and financial sustainability of agricultural production chains to contribute to food security, expand the export potential and create jobs for the rural population.

To complement this strategy, the Ministry of Agriculture formulated the **Strategic Agricultural Development Plan 2010-2020**. It sets the basis for policies aimed at the achievement of food security and strengthening family farming through the sector's modernization.³ It has four strategic axes: consolidation of the reform process and modernization of the agricultural sector; guarantee the economy's productivity and competitiveness and promote agricultural exports; strengthen domestic production and consumption and domestic marketing mechanisms; develop rural infrastructure and services through a territorial approach. Agro-ecological sustainability and social equity in rural areas are recognized as crosscutting areas in the Plan.

Central America and the Caribbean is a region that is at risk of being exposed to the adverse effects of extreme climatic events, and as such, the "Global Climate Change Alliance" was launched at the regional level in 2005 with the participation of Dominican Republic, among others.⁴ The country has hence adopted the **National Strategy for Climate Change Adaptation in Agriculture 2014-2020** whose main objective is to identify policies and strategies related to climate change in order to increase agricultural resilience, such as promoting related research and financial risk hedging mechanisms (see emerging issues section).⁵

The country does not rely on a national food security strategy yet. However, in September 2014, the Chamber of Deputies approved the **Food Sovereignty and Nutrition Security for the Right to Food Law**, which, as of February 2016, is still pending approval in the Senate.⁶ This law adds to the joint efforts made at regional level to strengthen family farming to advance the fight against hunger through an interdisciplinary approach.

In 2013, the **National Strategic Plan for Nutrition 2013-2016** was launched by the Ministry of Public Health, as a crucial document to guide public policies on health and nutrition of the population, with an emphasis on the most vulnerable sectors. The Plan aims to ensure better performance, develop skills and foster nutritional information events for results-based decision-making.

3 Ministerio de Agricultura, *Plan Estratégico Sectorial De Desarrollo Agropecuario 2010-2010*, available at: www.agricultura.gob.do/media/SyncCMSMedia/5368/Plan-Estrat%C3%A9gico-Sectorial-2010-2020.pdf

4 The Global Climate Change Alliance (GCCA) is funded by the European Commission. It funds projects that aim to increase capacities of Least Developed Countries (LDCs) and Small Island Developing States (SIDS) to adapt to the effects of climate change. More info available at: www.gcca.eu/intra-acp/gcca-cariforum-support-programme

5 Ministerio de Agricultura, *Estrategia Nacional de Adaptación al Cambio Climático en el sector Agropecuario 2014-2020*, available at: www.agricultura.gob.do/media/107758/NASAP%20%20Rev%201%20ESP%2027-11-14.pdf

6 In the country, a law needs to be passed in two readings in each chamber (Deputies and Senators). This Law counted in February 2016 two approvals in the Chamber of Deputies and one in the Senate.

2. Main policy decisions from 2007 to 2015

2.1 Producer-oriented policy decisions

Productivity support

The Ministry of Agriculture supports the sector through several measures in the country: the State supports agricultural production of small and medium scale by distributing seed, providing mechanized soil preparation services and maintaining irrigation systems.⁷ Direct payments and marketing programmes are also being increased, particularly through the promotion of the “*Plazas/Ferias agropecuarias*” (farmers’ markets) which sell staple food at accessible prices countrywide since 2007. The objective of this measure is to promote direct marketing of farmers to consumers to reduce consumer prices and increase farmers’ profits by minimizing the influence of intermediaries in the marketing of agricultural products, thereby increasing overall profitability of the sector.

Fostering of the national pledging programme

Rice is one of the most important agricultural products of the country both in terms of domestic consumption and in economic terms, as it represents about 40 percent of agricultural GDP.⁸ To stabilize rice prices and supply, the government launched in 2005 (although informally practicing it since 2000) the “*Programa Nacional de Pignoraciones*” (National programme of pledges) as a financial services programme benefiting rice producers and processors.⁹ The programme supports rice - and in smaller part

beans, garlic and milk - producers’ income through financing their production storage in periods of low prices or oversupply in State-owned facilities, and liberating stocks in order to ensure a reasonable price level to producers and also consumers. Additionally, rice stocked can be pledged as collateral for loans from commercial or public lending institutions. According to the Ministry of Agriculture, the programme benefits 32 000 producers and 150 processors annually. Official statistics indicate that there has been an average increase of 45 percent in annual rice production since its inception. This jump has been coupled with a 42 percent decrease in rice imports and relative stability of local rice prices. For the biennium 2014-2015, the Reserve Bank of the Dominican Republic, one of the most important financial contributors to the programme, allocated a total of US\$ 116.3 million.

Increased credit to agriculture

Banco Agricola (or BAGRICOLA) and the Special Fund for Agricultural Development (FEDA) are the public institutions dedicated to providing direct credit to the agricultural producers in the country. They were created in 1945 (Law no. 908) and 1972 (Law no. 367), respectively, to secure financing of productive activities for small and medium producers in the agricultural sector. Disbursements of financial resources from these institutions show an increasing trend since 2002, and to a greater extent since 2008. However, challenges persist, such as limited capacity to



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Bananas are the main commodity exported per quantity by the Dominican Republic. Their exports have increased in recent years and this can be partly attributed to the policy promoted by the government to encourage the production of strategic crops for expanding exports and meeting domestic demand. Several institutions have been established in recent years for financing, insuring and promoting exports.

7 www.agricultura.gob.do/servicios/servicios-de-distribucion-material-de-siembra

8 According to official sources: www.agricultura.gob.do/media/SyncCMSMedia/3430/Programa-Nacional-Pignoracion-Arroz-2005.pdf. Other sources indicate lower levels of rice production incidence in GDP (6 percent): http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dominican%20Republic%20Governmental%20Support%20for%20the%20Rice%20Sector%20_Santo%20Domingo_Dominican%20Republic_4-2-2015.pdf

9 Resolution of the Ministry of Agriculture No. 31-05 dated 2 June 2005.

meet the credit demands; large discrepancies in lending rates between public and private banking; small producers' lack of guarantee (due to common lack of land titles); considerable levels of unpaid debts; poor technical and managerial capacity of small producers.¹⁰ The government intends to restructure and foster credit programmes of public agricultural banks to extend the coverage of financing to small and medium producers. Along these lines, credit to the sector increased at an annual average rate of 14.1 percent between 2008 and 2013, amounting to about US\$ 687 million in 2013. In 2011, interest rate on credits for milk producers was reduced in order to promote this production field.

2.2 Consumer-oriented policy decisions

During the reference period, the country has expanded its social safety net system, improving targeting and condition transfers to enhance education and health. Coverage has also expanded significantly in terms of key services, such as the National Health Service and essential medicines. Food security and nutrition became a declared priority and the government has moved towards its institutionalization.

Expanded network of social safety net programmes

The country has an extended Social Protection Network, which consists of three main pillars: conditional cash transfer programmes, social and human development programmes and social inclusion programmes. The conditional cash transfer programme "*Solidaridad*" was established in 2005 and is one of the most important components of the government social policy, providing cash transfers to families in need upon completion of regular medical checks and school attendance of their children. In 2009 its coverage was increased to 70 000 new beneficiaries nationwide, and in 2012 it was reformed and renamed "*Progresando con Solidaridad*". The revised programme includes greater social and educational assistance and new components, such as further subsidies for families with children under 10 years and pregnant women, under the name "*Comer es Primero*" and subsidies to older people "*Apoyo al Adulto Mayor*", among others. In 2015, the programme assisted approximately 800 000 families across the country.¹¹ In addition, throughout the reference period free food was distributed to vulnerable families through the Welfare Plan of the Presidency ("*Plan de Asistencia Social de la Presidencia*"), and State canteens ("*Comedores económicos del Estado*") offered low price meals to the most vulnerable people.

Institutionalization of food security and nutrition (FSN)

Recognising the double burden of malnutrition that the country experiences (i.e. the overlapping of different and opposed types of malnutrition, such as undernutrition on the one hand and overweight and obesity on the other)¹², the government has proceeded with the institutionalisation of FSN in the country. In 2008, the "*Sistema Nacional de Seguridad Alimentaria y Nutricional de la República Dominicana*" was established, composed of the National Council for Food Security¹³, chaired directly by the President, and of the Technical Secretariat for Food Security. From this basis, the Inter-institutional Committee of Food Security and Nutrition was created, which fosters dialogue in the elaboration of food policy by incorporating a wide range of institutional actors, from ministries to international organisations and other stakeholders. Furthermore, the country recognizes in its new Constitution of 2010 the right to food, noting that the State must ensure health of all people, access to drinking water and "improvement to food" (Art. 61); which is complemented by Article 54 on food security, which positions the state as the provider of the means necessary for the production of food and agricultural raw materials to increase productivity and ensure food security.

2.3 Trade- and market-oriented policy decisions

The country has an open economy, with large trade flows to the United States, the European Union, Canada and Haiti, its main trading partners. In recent decades, the country has also transformed its economic base and has diversified its exports. Improvements to the business climate have facilitated regional and international trade and boosted export growth.¹⁴

Strong regional trade agreements

The country participates in five trade agreements, most of them within the region. In March 2007, the country joined the Free Trade Agreement (FTA) between the United States, Central America and the Dominican Republic (CAFTA-DR), which aims to boost investment and exports with the US, its largest trading partner, and Central American countries. This agreement does not replace the two FTAs in place between the Dominican Republic and the Caribbean Community (CARICOM) and with Central America, both signed in 1998 and entered into force in 2002. In October 2008, the Economic Partnership Agreement (EPA) was established between the European Union and the countries of the Caribbean

10 Ministerio de Agricultura, *Plan Estratégico Sectorial De Desarrollo Agropecuario 2010-2010*, *ibidem*.

11 Data from the programme's website (accessed on 15 December 2015): <http://progresandoconsolidaridad.gob.do>

12 In the Dominican Republic, approximately 55 percent of adults are overweight or obese, while 6.9 percent of children under age five are stunting and 33 percent of children under age five are anaemic. Source: GAIN Study, *Dominican Republic – The changing face of malnutrition*, 2014. Available at: http://powerof5.nutrilite.com/uploads/1/Gain_PDF_DRStudy_FINAL.pdf

13 Decree 926-2008 of 27 March 2008 (INFOAGRO, 2008).

14 World Bank, *Dominican Republic Overview*, available at: www.worldbank.org/en/country/dominicanrepublic/overview

15 www.aduanas.gob.do/descargas/files/leyes/reglamentos/Reglamento_Regulacion_Importaciones.pdf

16 <http://cei-rd.gob.do/>

17 www.bnv.com.do/node/100

Forum (CARIFORUM), replacing the tariff preferences unilaterally adopted by the EU to the Caribbean countries with new reciprocity on tariff preferences. The EPA established a gradual liberalization for CARICOM countries of their goods and services over a 25-year period, with some exception mainly in the agriculture sector. For the Dominican Republic, excluded products are meat, fish, and certain dairy products. Finally, the country also has a partial-scope agreement with Panama, signed in 1985 and entered into force in 2003, with tariff preferences to selected goods.

Few agricultural trade restrictions in place

In general, the Dominican economy has been open during the review period, however the government adopted few restrictive measures in relation to specific agricultural exports or imports. Since 1999, the import of eight items is restricted: rice, beans, garlic, powder milk, sugar, onions, maize and unprocessed chicken. Import of these products is subject to tariff rate quotas, and requires previous permits from the Government to enter the

country. Furthermore, sugar can only be imported if there is a shortfall in domestic production.¹⁵

Export support policy

During the reference period, the government promoted an agricultural policy that aimed to encourage the production of strategic crops for expanding exports and meeting domestic demand. Several institutions are in place for financing, insuring and promoting exports, such as the Dominican Republic Export and Investment Centre (CEI-RD),¹⁶ which was created in 2003, or the Presidential Panel on Export Promotion (MPFE), which was created in 2009 to replace the Presidential Council on Export Promotion and became operational beginning in July 2015. Additionally, in July 2015, the government transformed the National Bank for Housing and Production Development (BNV) into the Export Development Bank (BANDEX) to dedicate more funds to the promotion of national exports.¹⁷

3. Emerging issues and challenges

Towards commercial agricultural insurance to bound climate change effects

Having recognised the increased challenges posed by climate change to agricultural production and food security in the country, the government in 2009 launched the agricultural insurance partly subsidized by the government and created the Directorate General of Agricultural Risk (DIGERA), under the Ministry of Agriculture.¹⁸ DIGERA is responsible for regulating and promoting the agricultural subsidy granted by the government to small and medium scale producers countrywide to ensure their crops are included in the annual subsidy resolution issued by the Ministry of Agriculture. DIGERA, which became operational in June 2013 through the company *Aseguradora Agropecuaria Dominicana* (AGRODOSA)¹⁹, subsidizes between 25 and 50 percent of the cost of the insurance against a wide range of adverse climatic events, including droughts, hurricanes, and floods among others. Resolution No. 32 of 2014 extended agricultural insurance subsidies and established them for the main crops, including rice, banana, beans, coffee, cacao, major fruits and vegetables and tubers.²⁰ The national budget dedicated to this programme has increased over the years as well as coverage among small and medium size farmers.²¹ At the institutional level, new entities

have been established during the reference period, such as the Department of Risk Management and Climate Change (attached to the Vice-Ministry of Agricultural Sector Planning), through Resolution No. 34-2011, which integrate the already existing institutions under the National System for Prevention, Mitigation and Disaster Response introduced in 2002 (Law No. 147-02).

Land management issues

Since its creation in 1961, the Dominican Agrarian Institute has been the state agency responsible for implementing and monitoring policies of agrarian reform. In addition to the acquisition of land for the settlements of farmers and grant land titles, its mandate is to contribute to the strengthening and training of farmers' organizations. Existing policies are aimed at boosting the agricultural reform through increased uptake of new lands; reactivation of agricultural settlements; and consolidation of plots of those who have demonstrated efficiency and manageability.²² The "Land Preparation Programme" distributed during the period equipment and machinery to rural farmers, and in 2012 (Decree 624-12) the government created the Permanent Commission on State Land Titling with the purpose to accelerate land titling to rural farmers. Nevertheless, land reform beneficiaries still face serious limitations in improving their production performance.

18 Law No. 157-09.

19 AGRODOSA is an insurance company of mixed public and private capital, founded in 2002, operating under commercial principles. It is the only agricultural insurance company in the country, as it substituted the state-run insurer ADACA which was established in 1984. More info available at: www.agricultura.gob.do/sobre-nosotros/dependencias/agrodosa

20 www.agricultura.gob.do/sobre-nosotros/dependencias/digera

21 IFC, *Feasibility Study on Agricultural Insurance in the Dominican Republic*, 2013. Available at: www.ifc.org/wps/wcm/connect/6a50b50041d40329836e8700caa2aa08/Feasibility+Study_Dominican+republic_Spanish.pdf?MOD=AJPERES

22 www.iad.gob.do/SobreNosotros/MisiónyVisión/tabid/58/Default.aspx

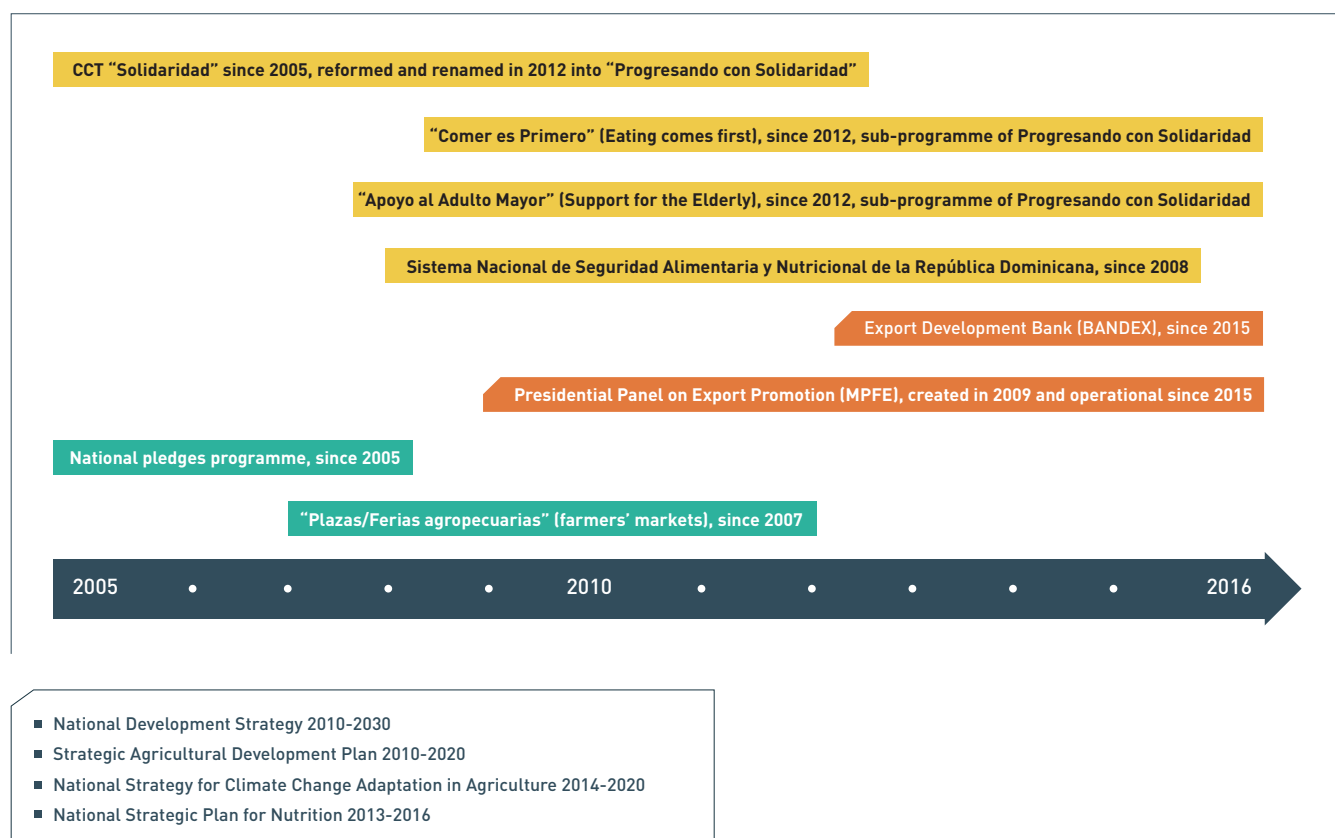
Slowness in the land titling process (which makes it difficult to access credit), dispersion of interagency coordination efforts, and marginalization in decision-making are some of the constraints. Also, low business judgment creates inefficiencies in the allocation of productive resources at the expense of productivity, leading to poor technological progress among land reform beneficiaries. Similarly, the lack of an updated and well documented inventory of the allocated land hinders the recognition of the areas incorporated into the agrarian reform.

Sustainability of electricity subsidies remains a challenge

Electricity is subsidized for almost all Dominicans since 2003, when electricity distribution companies that were privatized in the 1990s were re-nationalized. Since 2011, under the framework of the CCT programme “Solidaridad”, the State also grants a bonus for liquid petroleum gas (LPG) purchases, used for cooking,

heating and vehicles (*BonoGas*). However, the electricity sector is facing persisting challenges in the country, such as system losses, theft, and poor coverage rates. In addition, government subsidies have high fiscal costs, averaging 2 percent of GDP for the period 2011-13, and generating negative environmental returns despite governmental commitment to promote sustainable development.²³ Part of the costs have been financed through Petrocaribe funds (an oil alliance of selected Caribbean and Central America countries with Venezuela to purchase oil in preferential conditions and to finance development projects), allowing countries such as the Dominican Republic to continue financing external deficits and high energy subsidies. However, in addition to draining resources away from agricultural or targeted social protection programmes, reports indicate the risk of shocks in case of sudden stop of inflows from Petrocaribe.²⁴

MAIN RECENT STRATEGIES AND POLICIES RELATED TO AGRICULTURE AND FOOD SECURITY AND NUTRITION (FSN)



23 According to an IMF Report of 2015, Dominican Republic is among the countries in the region having larger-than average energy subsidies (together with Argentina, Grenada, Guyana, Haiti, and Venezuela). Source: IMF Working Paper, *Energy Subsidies in Latin America and the Caribbean: Stocktaking and Policy Challenges*, 2015, available at: www.imf.org/external/pubs/ft/wp/2015/wp1530.pdf

24 Idem.