Living Wage Update Report:
Rural Dominican Republic, 2022

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Cost of decent standard of living for a family
RD$ 30,905
(USD 546)

Living wage per month
RD$ 19,768
(USD 350)

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Living Wage Update Report: Rural Dominican Republic, 2022

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Abstract:

This report provides updated estimates of family living expenses and living wages for rural areas of the Dominican Republic. The update for 2022 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in October 2013 (Anker & Anker, 2013).

Keywords: Living costs, living wages, Anker Methodology, Dominican Republic.

JEL classifications: J30, J50, J80.

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Anker Living Wage and Living Income Research Institute – Founded by Richard Anker and Martha Anker, the Global Living Wage Coalition, and Clif Bar & Company. Social Accountability International (SAI) is the institutional host.
1. **BACKGROUND**

This report provides updated estimates of family living expenses and living wages for rural areas of the Dominican Republic. The update takes into account the amount of inflation since the original study in October 2013. This is done by updating the October 2013 net living wage and living income expenses to December 2021 by inflation; and then adding expected inflation for 2022, according to the International Monetary Fund (IMF). This provides average living wages and family living expense estimates for 2022. Without accounting for inflation, the net living wage estimated in 2013 would not be sufficient for workers to have a basic but decent standard of living in 2022, because the purchasing power of the living wage would have decreased. The gross living wage (aka living wage) is updated to 2022 by also taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated 2022 living wage. This is done using the laws in effect by the beginning of 2022.

2. **LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM OCTOBER 2013**

The original living wage country report estimated the net living wage as RD$ 14,121 in October 2013. This was the required take-home pay for workers for decency in October 2013. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as RD$ 14,956 in October 2013. The family living expenses for a basic but decent standard of living for a reference family in the original country report was estimated as RD$23,382 in October 2013. (Anker & Anker, 2013).

3. **INFLATION RATE USED FOR UPDATE**

The Central Bank of the Dominican Republic (Banco Central Republica Dominicana) is responsible for reporting price indices in the Dominican Republic. The Central Bank receives their data from the National Statistical Office (ONE - Oficina Nacional de Estadística). ONE computes and reports national inflation rates as well as rates disaggregated by region and quintile. We used “inflación subyacente,” since it is the most accurate estimate of inflation as it eliminates the effects of transitory shocks on prices.

4. **RECENT LEVEL OF INFLATION**

Between October 2013 and December 2021, the inflation rate for Dominican Republic was 28.88%. The yearly inflation rate between October 2020 and October 2021 was 6.31%. The IMF projects that the inflation rate in Dominican Republic for 2022 will be 4.5%\(^1\), and this projection was added to the Consumer Price Index numbers shown in Figure 1, while taking into consideration the substantial inflation experienced in January and February.

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\(^1\) See [https://www.imf.org/external/datamapper/PCPIPCH@WEO/NIC](https://www.imf.org/external/datamapper/PCPIPCH@WEO/NIC). Information accessed 24 March 2022.
5. **MANDATORY DEDUCTIONS**

There continues to be a mandatory payroll deduction of 5.91% for social security (for pension and family healthcare), just as in 2013. There are no additional income taxes or deductions applicable. Deductions from pay were RD$ 835 in October 2013 and RD$ 1,103 for 2022².

6. **UPDATED LIVING WAGES AND FAMILY EXPENSES FOR 2022**

The updated net living wage, or take-home pay, for 2022 is RD$ 18,664 per month. The gross living wage, which also takes into account mandatory payroll deductions, is RD$ 19,768 per month for 2022. These are average estimates for the year 2022.

Table 1 provides details of the original and the updated living wages and family living expenses.

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² In the banana sector, part of the gross wage is paid in kind (breakfast, lunch and transport), which means that the effective payroll deduction, as in the original study, is 5.58% of the gross living wage rather than 5.91% because in-kind benefits are not taxed.
Table 1: Living wages and living expenses for Dominican Republic Rural Banana-Growing Regions for original study year and latest updates (in Dominican Pesos and US Dollars)

<table>
<thead>
<tr>
<th></th>
<th>Original Study October 2013</th>
<th>Update June 2021</th>
<th>Update Average 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange rate to USD</td>
<td>43.48</td>
<td>57.04</td>
<td>56.56*</td>
</tr>
<tr>
<td>Currency</td>
<td>RD$</td>
<td>USD</td>
<td>RD$</td>
</tr>
<tr>
<td>Living Expenses for Reference Family per Month</td>
<td>23,382</td>
<td>538</td>
<td>29,115</td>
</tr>
<tr>
<td>Net Living Wage per Month</td>
<td>14,121</td>
<td>325</td>
<td>17,583</td>
</tr>
<tr>
<td>Income Taxes and Payroll Deductions per Month on Living Wage</td>
<td>835</td>
<td>19</td>
<td>1,039</td>
</tr>
<tr>
<td>Gross Living Wage per Month</td>
<td>14,956</td>
<td>344</td>
<td>18,622</td>
</tr>
</tbody>
</table>

Note: * The average exchange rate for 2022 (56.56) was forecast to be the same as the average for the year to date (1/Jan/2022 – 25/March/2022), since there is no clear trend neither up nor down.
Source: Authors’ calculations.

7. REFERENCES