

## **The EU allocates € 61 million to support growth and poverty reduction in the Dominican Republic**

***Today, the European Commission approved a General Budget Support programme for a total amount of € 61 million in favour of the Dominican Republic***

The programme aims at supporting government's growth and poverty reduction objectives, by contributing to the National Development Strategy (NDS) in the areas of pro-poor, sustainable economic growth, human development focusing on education and health and good governance.

The programme is expected to produce the following results:

- Social indicators are improved and the progress in MDG accelerated by providing an increased focus through variable tranches based on NDS performance indicators in these sectors.
- Public financial management (PFM) improved by providing for an effective policy dialogue on PFM and through conditions and indicators related to PFM reform.
- Ownership and harmonization are promoted and transaction costs decreased by the own nature of the budget support instrument.
- National capacities are strengthened by using government systems. Complementary actions are also foreseen for capacity development.

The Dominican Republic is a lower middle income country, which has achieved sustained economic growth for the last decades and is a very dynamic economy, thanks to the services sector. However, during the second half of 2008, the international crisis has led to a deterioration of the macroeconomic situation. In this context, EU aid is all the more crucial to enable the government to maintain public priority spending.

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