

Living Wage Update Report

Rural Cibao Norte, Dominican Republic

2023

Living Wage Update Report No. 23-04-26



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Abstract:

This report provides updated estimates of family living expenses and living wages for rural Cibao Norte, the northern region of the Dominican Republic. The update for 2023 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in March 2022 (Voorend, Alvarado, Anker & Anker, 2022).

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

JEL classifications: J30, J50, J80.

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1. BACKGROUND

This report provides updated estimates of family living expenses and living wages for rural Cibao Norte, the northern region of the Dominican Republic. Although the focus is on the banana industry, the living wage applies to the entire region regardless of industry. The update takes into account the amount of inflation since the original study in March 2022. This is done by updating the March 2022 net living wage and living expenses to June 2023 by inflation. This provides average living wage and living income expenses estimates for 2023. Without accounting for inflation, the net living wage estimated in 2022 would not be sufficient for workers to have a basic but decent standard of living in 2023 because the purchasing power of the living wage would have decreased. The gross living wage (aka living wage) is updated to 2023 by also taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated June 2023 living wage. This is done using the laws in effect in June 2023.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM MARCH 2022

The original living wage country report estimated the net living wage as DOP 24,030 in March 2022. This was the required take-home pay for workers for decency in March 2022. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as DOP 25,540 in March 2022. The family living expenses for a basic but decent standard of living for a reference family in the original country report was estimated as DOP 40,556 in March 2022. (Voorend, Alvarado, Anker & Anker, 2022).

3. INFLATION RATE USED FOR UPDATE

The Central Bank of the Dominican Republic (*Banco Central Republica Dominicana*) is the government body 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.

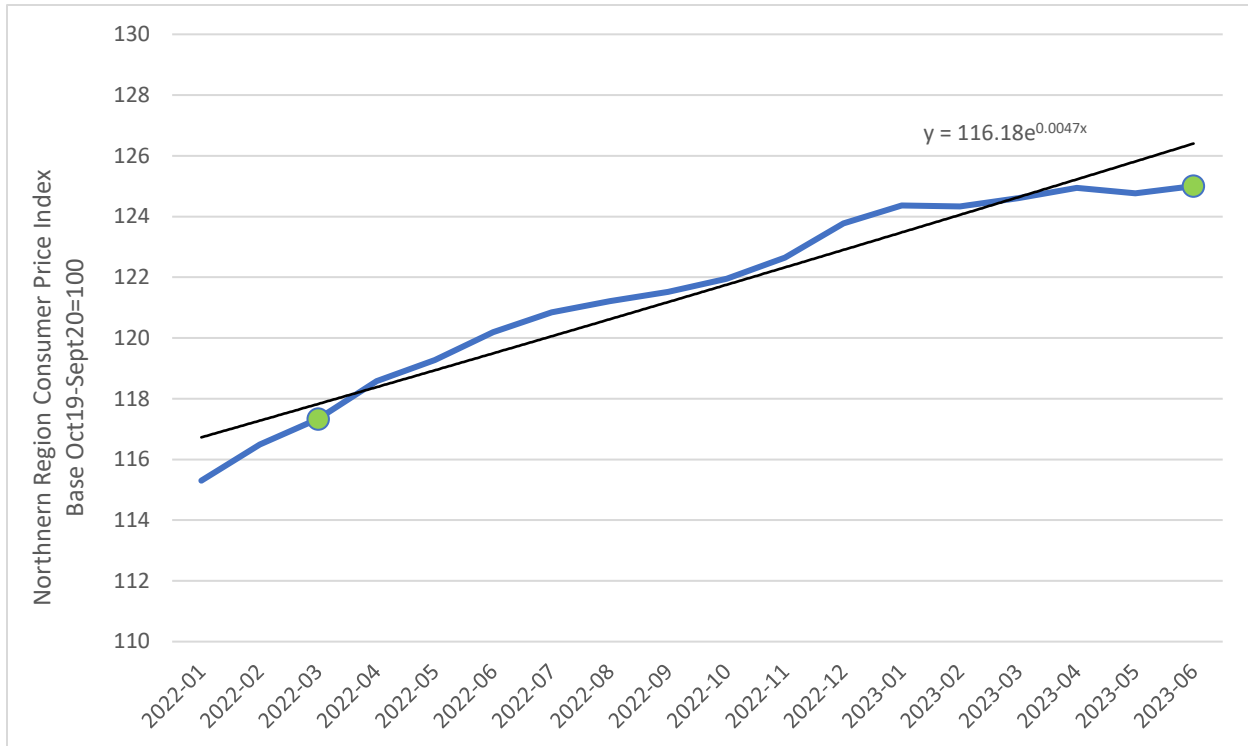
Since the original study was carried out in the northern region of the Dominican Republic, called Cibao Norte (a region officially classified as rural), in this report we use the Consumer Price Index for the northern region with base October 2019-September 2020=100, instead of the National Consumer Price Index, because it is more relevant for rural workers in the Dominican Republic.¹

¹ See <https://www.bancentral.gov.do/a/d/2534-precios>

4. RECENT LEVEL OF INFLATION

Between March 2022 and June 2023, inflation amounted to 6.5% in the northern region of the Dominican Republic (see Figure 1). This is the inflation used in this report.

Figure 1: Consumer Price Index for Cibao Norte, Dominican Republic from January 2022 to June 2023



Notes: Green circles indicate the months of the original study and updates. The black line is the fitted exponential trendline.

Source: Authors' calculations based on CPI data from ONE.

5. MANDATORY DEDUCTIONS

As in the original study, there continues to be a total mandatory payroll deduction of 5.91% for social security (for pensions and family healthcare)². Regarding personal income taxes, the threshold for which income tax should be paid is DOP 34,685 per month for 2023.³ Hence, the living wage is still exempted from income tax in 2023.

² See <https://taxsummaries.pwc.com/dominican-republic/individual/other-taxes>

³ See <https://taxsummaries.pwc.com/dominican-republic/individual/taxes-on-personal-income>

6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR JUNE 2023

The updated net living wage, or take-home pay, for June 2023 is DOP 25,601 per month. The gross living wage (aka living wage), which also takes into account mandatory payroll deductions, is DOP 27,209 per month for June 2023. These are average estimates for the year 2023.

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

Table 1: Family Living Expenses and Living Wages for Cibao Norte, Dominican Republic (in Dominican Pesos and US Dollars per month)

	March 2022 Original Study		2023 Update Report	
	DOP	USD	DOP	USD
Family Living Expenses (1)	40,556	732	43,208	784
Net Living Wage (2)	24,030	434	25,601	464
Income Taxes and Payroll Deductions on Living Wage (3)	1,509	27	1,608	29
Gross Living Wage (4) = (2)+(3)	25,540	461	27,209	494
Exchange Rate to USD	55.39		55.12 ^a	
Source of Exchange Rate	Original Report		Dominican Republic Central Bank	

Note: USD values are indicative only because exchange rates are volatile. ^a Average exchange rate for June 2023.
Source: Authors' calculations.

7. REFERENCES

Voorend, K., Alvarado, D., Anker, R., & Anker, M. (2022) *Living Wage Report Rural Cibao Norte, Dominican Republic, March 2022*. Global Living Wage Coalition. Available online: [LINK](#)