

An S&P Global Second Party Opinion (SPO) includes S&P Global Ratings' opinion on whether the documentation of a sustainable finance instrument, framework, or program, or a financing transaction aligns with certain third-party published sustainable finance principles. Certain SPOs may also provide our opinion on how the issuer's most material sustainability factors are addressed by the financing. An SPO provides a point-in-time opinion, reflecting the information provided to us at the time the SPO was created and published, and is not surveilled. We assume no obligation to update or supplement the SPO to reflect any facts or circumstances that may come to our attention in the future. An SPO is not a credit rating, and does not consider credit quality or factor into our credit ratings. See [Analytical Approach: Second Party Opinions](#).

Second Party Opinion

The Dominican Republic's Green, Social, And Sustainable Bond Framework

June 17, 2024

Primary contact

Rafael Janequine
São Paulo
+55-11-99878-7121
Rafael.janequine
@spglobal.com

Location: The Dominican Republic

Sector: Sovereign

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Sustainability Bond Guidelines ICMA, 2021

See [Alignment Assessment](#) for more detail.

Strengths

The Framework's eligible expenditures align well with the Dominican Republic's Nationally Determined Contributions (NDCs). The financing is oriented toward the most material sources of GHG emissions. The 27% reduction target by 2030 entails the acceleration of energy sector's transition, promotion of electric transport, improvements in waste management standards, and enhanced carbon sinks through better agriculture and land use.

The exclusion list prevents financing of fossil-fuel based activities and associated value chain and infrastructure. This mitigates emissions lock-in risks.

The government has pledged to increase to 30% its protected areas by 2030, in line with the 30x30 global conservation commitment. Forest cover in the Dominican Republic has increased from less than 12% of the country in mid-1960s to 46% as of 2015. Several factors have contributed to forest recovery, including the establishment of the National System of Protected Areas, and the implementation of government-sponsored reforestation programs, which this Framework supports.

Weaknesses

No weakness to report.

Areas to watch

Expected economic growth and fossil-fuel reliance may pose risks to the country's decarbonization targets for 2030. The current energy matrix of the country is mainly derived from fossil-fuel sources, which could compromise the environmental benefit of electrifying Dominican Republic's economy.

The Dominican Republic faces high physical climate risk that could materialize in the intensification of hurricanes, storms, floods, and droughts. Between 1960 and 2017, direct and indirect losses caused by natural catastrophes in the country were estimated at \$8.6 billion. This highlights the importance of climate change adaptation projects to remediate future economic and human losses, as well as social projects for disaster recovery.

The broad scope of the Framework and numerous project categories create some uncertainty when it comes to the specific future projects that will be eligible under the Framework. Several project categories, including sustainable waste management and sustainable water and wastewater management, have a more broadly defined criteria and lack a specific energy efficiency threshold to determine eligibility.

Eligible Green Projects Assessment Summary

Eligible projects under the issuer's green finance framework are assessed based on their environmental benefits and risks, using Shades of Green methodology.

Low carbon transport

 Dark green

Design, planning, construction, operation, maintenance, rehabilitation, expansion, and renovation of infrastructure, equipment, and fleet of clean urban public transport with no direct emissions.

Design, planning, construction, operation, maintenance, rehabilitation, expansion, and renovation of infrastructure, dedicated lanes and equipment for active mobility (e.g. walking, cycling, electric bicycles and electric scooters).

Construction, operation, maintenance, expansion, and renovation of low-carbon and zero-emission transportation infrastructure, including electric charging points and grid connection improvements.

Tax incentives for the acquisition of electric vehicles.

(See the Analysis of Eligible Projects section for further details.)

Efficient and resilient water and wastewater management

 Light green

Water storage, including, but not limited to: rainwater harvesting systems, stormwater management systems, water distribution systems, infiltration ponds, aquifer storage, groundwater recharge systems, sewer systems, as well as the operation of pumping stations and monitoring of well systems.

Infrastructure and systems that improve the efficient and sustainable management of water and wastewater.

Installation or improvement of wastewater infrastructure, including transportation, treatment, and disposal systems.

Management and restoration of water resources, including the protection of water catchment areas and the prevention of pollution affecting water supplies.

Conserve, rehabilitate, and modernize hydro-agricultural infrastructure (e.g. irrigation systems)

Renewable energy

 Dark green

Development of renewable energy sources.

Transmission and storage infrastructure exclusively dedicated to supporting electric power generation systems eligible under this Framework.

Energy storage related to the integration of investments in renewable energy or smart grids.

Tax incentives to encourage the use and commercialization of renewable energy sources eligible under this Framework.

(See the Analysis of Eligible Projects section for further details.)

Climate change adaptation

  Dark to Medium green

Measures and actions that reduce climate risk and contribute to compliance with the National Plan for Climate Change Adaptation (PNACC).

Design, construction, operation and maintenance of technological infrastructure for the management, analysis of hydrometeorological information and monitoring systems, such as smart grids, drought early warning systems, flood early warning systems, water quality control processes, and forest fire monitoring systems.

Climate risk research and/or studies in the prioritized sectors, in line with the NDCs.

Nature-based infrastructure that integrates elements such as mangroves, dune vegetation planting, coastal reefs, riparian vegetation, reforestation in reservoir areas, as well as technical advice for preparedness, response, and recovery associated with disasters related to extreme weather events.

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

River flood defense systems, including the construction of reservoirs to control water flows.


Development and distribution of publicly released seeds for crops that are more resilient to the impacts of climate change, using conventional breeding or CRISPR technology. Eligible traits include drought and flood tolerance, as well as pest resistance.

Information technology and information services, e.g., climate information services, monitoring and assessment, imaging systems, soil analysis tools, and climate monitoring services.

Training in resilient and climate-adapted agricultural techniques.

Studies, research, and initiatives that strengthen institutional and policy capacity for resilient and climate-smart farming techniques.

Sustainable waste management

 Medium green

Design, construction, operation, maintenance, expansion, and renovation of facilities for the collection, classification, selection, and disposal of non-hazardous waste, with the aim of preparing it for reuse and/or recycling.

Green waste processing facilities to produce compost for use in the agricultural, municipal, or consumer fields.

Programs to promote the circular economy and reduce pollution by single-use plastics.

Programs and/or projects for the prevention, control, and monitoring of pollution, as well as the comprehensive repair of environmental damage.

Tax incentives to promote the reduction, reuse, recycling, recovery, and use of waste.

Training and awareness programs on the circular economy, as well as responsible production and consumption.

Green buildings

 Light green


Retrofitting of existing buildings that generate a reduction in energy demand of at least 20%.

New buildings that have sustainability certification and have a reduction in energy demand of at least 20% with respect to similar buildings.

Retrofitting of existing buildings to achieve one of the certification standards recognized by this Framework within a three-year period.

Tax incentives to encourage the construction or modernization of buildings that meet the criteria established in this Framework.

Natural resources, land use, and protected marine areas.

 Medium to Light green

The conservation, prevention of degradation, restoration, and sustainable management of, but not limited to, forests, watersheds, mangroves, and coastal marine resources.

Support for sustainable forest development: commercial management of natural forests in a sustainable manner for timber production that are certified.

Management, control, surveillance, and maintenance of national parks, nurseries, botanical gardens, seed banks, scientific reserves, and other protected areas.

Programs and projects that contribute to the implementation of the REDD+ Action Plan, as well as to the reduction of emissions from deforestation or forest degradation.

Studies, research, and initiatives that strengthen institutional and regulatory capacity for the protection and restoration of terrestrial, freshwater, coastal, and marine ecosystems, as well as biodiversity, natural habitats, sustainable agroforestry systems, soils and their respective ecosystem services.

Infrastructure supporting and linked to the forest sector's supply chain and the initial wood processing of projects eligible under this Framework.

Activities for the protection and surveillance of marine protected areas.

Establishment, expansion, and/or operation of agricultural production units, which consider lands used for agroforestry systems with management programs.

(See the Analysis of Eligible Projects section for further details.)

Conservation of terrestrial and aquatic biodiversity

 Dark green

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework


The conservation of living and non-living resources existing in terrestrial and maritime spaces.

Studies, research, and initiatives that strengthen institutional and regulatory capacity for the conservation, protection, and recovery of terrestrial, aquatic, and marine biodiversity and the availability of ecosystem services.

Programs and/or projects to promote the production of standardized, harmonized, and quality-assured marine data, products, and metadata to improve the availability of public and private users that rely on marine data.

Training and initiatives that seek to educate and raise awareness of biodiversity conservation issues.

Energy efficiency

 **Medium green**

Infrastructure, studies, design, equipment, installation, and quantification of emissions reduced using eligible technologies.

Tax incentives for the acquisition of equipment and technologies for energy efficiency projects eligible under this framework.

(See the [Analysis Of Eligible Projects](#) for more detail.)

Issuer Sustainability Context

This section provides an analysis of the issuer's sustainability management and the embeddedness of the financing framework within its overall strategy.

Issuer Description

The Dominican Republic is located between the Caribbean Sea and the North Atlantic Ocean, and covers an area of around two-thirds of the Hispaniola Island. The country has about 11.4 million inhabitants, making it one of the most populated in the region. The Dominican Republic is an upper-middle income country with a GDP per capita of around US\$10,600 in 2022 and a high Human Development Index (HDI) of 0.766 (as of 2021). Poverty has been consistently declining over the past decade, but 20% of the population remains below the poverty line, while the informal labor sector remains high, with about 60% of workers having an informal job. Moreover, there are significant flows of cross-border migrants, especially Haitians, who represent 4.9% of the country's population.

The Dominican Republic's economy is largely based on services (around 54% of its GDP), backed by a strong tourism sector. International tourist arrivals reached a record-high 10 million passengers in 2023, with strong performance in the cruise sector. On the other hand, the country is located in an area of intense cyclonic activity, and it is highly vulnerable to the occurrence of disasters caused by hydrometeorological events. This, along with the increase in temperature and sea levels, represents challenges and threats to key socioeconomic factors such as water, tourism, agriculture, food security, health, biodiversity, forests, coastal marine resources, infrastructure, and energy.

Material Sustainability Factors

Climate Transition Risk

Policymakers have a key role to play in bringing about the drastic cuts in GHG emissions needed to address climate change. While the breadth of existing country signatories to the 2015 Paris Agreement provides a basis for global action, current climate pledges fall significantly short of the reductions needed to reach net zero by 2050. A lack of policies to support climate pledges exacerbates the challenge, making it likely that warming could exceed 1.5 °C compared with pre-industrial levels in the near future, based on past emissions and current trends. Indeed, current commitments are expected to result in a broadly constant level of global emissions of about 60 Gt carbon dioxide-equivalent a year. As a result, warming is likely to exceed 3 °C by the end of the century.

Governments can stimulate climate action from public and private, personal, and industrial actors through regulations, incentives, and various price signals--including broad and material carbon taxes, subsidies, and penalties. Countries also have widely different contributions to past, current, and future global emissions, both on an absolute and per capita basis, with historical economic development closely linked to the use of fossil fuels and resulting emissions. Policymakers' incentives to act on climate vary widely and can change rapidly with the level of public support for action; international agreements; tangible evidence of climate change in the region; short-term economic costs of the transition; social acceptance; competitive pressures; the perceived impact a country or region can have on global emissions; and the perceived imbalance between local and global risks from climate change.

Physical Climate Risk

Physical climate risks can affect many economic activities, absent adaptation. If GHG emissions increase and are unabated, this will drive more frequent and severe climate hazards. Although the physical impact of climate change and extreme weather events will continue to play out globally, the direct impact of climate hazards--including heat waves, flooding, and wildfires--are

typically localized. Meanwhile, the indirect impact of such events may precipitate through different channels (such as the volume and pricing of traded goods and services), extend beyond administrative borders, and cascade through multiple sectors.

Other Environmental Risks

Governments play a key role in protecting biodiversity, and containing land, air, and water pollution. Economic development goals may exert considerable pressure on natural ecosystems, locally and at trading partners. Environmental factors are often intertwined with other factors, such as climate transition and physical climate risks.

Social Risks

Governments play a crucial role in ensuring the development of society and economy. Depending on national and local socioeconomic circumstances, governments may prioritize issues of economic advancement, poverty, hunger, or inequality reduction, access to essential services or infrastructure, access to clean water and sanitation, or other social goals.

Issuer And Context Analysis

The eligible green project categories aim to address the Dominican Republic's material sustainability factors, aligned with its NDCs. Expenditures include projects within categories such as renewable energy, energy efficiency, clean transportation, and green buildings, which the government also includes in its recently approved Green Taxonomy. These aim to address climate transition risk. The Framework includes projects for waste management and sustainable water and wastewater management that also address substantial nonclimate environmental risks. Furthermore, funds toward conservation and restoration of forests, watersheds, mangroves, and coastal marine resources are key to important economic sectors such as water, agriculture, and tourism that are highly dependent on increasingly scarce natural resources. In addition, we consider investments in the adaptation projects as bolstering the country's resilience against physical risk.

The National Development Strategy (NDS) sets the Dominican Republic's sustainable development vision toward 2030. The NDS seeks to comply with the UN's Sustainable Development Goals (SDGs) integrating the implementation of environmental adaptation and mitigation actions, while prioritizing vulnerable population groups. The government has the challenge to meet the country's green investment needs while addressing key social demands amid limited fiscal flexibility. In this context, social categories of the Framework include among other projects to secure sustainable food systems, access to quality education, health care, job creation, and closing inequality gaps.

The projects under the Framework support the country's overall climate and environmental strategy, targeting its climate transition and heavy dependence on hydrocarbons. The Dominican Republic's NDC aims to reduce GHG emission by 27% by 2030, and the government expects to update it next year. According to Dominican Republic's First Biennial Update Report, the energy sector generates 63% of total GHG emissions (with transportation responsible for 34% of fossil-fuel combustion in the country), waste (16%), and agriculture (13%). Despite positioned well below the global average carbon footprint, 3.70 t CO₂eq/capita compared to the global of 6.28 t CO₂eq/capita as of 2019, the Dominican Republic's absolute emissions had increased in the previous years as the main economic sectors have grown. Fossil fuel sources account for 83% of installed capacity, with natural gas representing 40% and coal 31%. Expected economic growth and fossil fuel reliance may pose risks to the country's decarbonization targets toward 2030. That said, to address GHG emissions, the country aims to accelerate the transition to low carbon energy, energy efficiency in industrial processes, electric transport, and enhance carbon sinks through better agriculture and land use practices.

Terrestrial and aquatic biodiversity, alongside water pollution, constitute significant environmental considerations in the Dominican Republic. The country's rich biodiversity--from tropical rainforest to coral reefs--is directly linked to its main economic activity, tourism. The

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

government has pledged to increase its protected areas to 30% by 2030, in line with the 30x30 global conservation commitment adopted in the Kunming-Montreal Global Biodiversity Framework. In this context, the Dominican Republic has developed the National Strategy for Reducing Emissions from Deforestation and Forest Degradation (National REDD+ Strategy), with the objective of reducing GHG emissions and increasing carbon sinks through the conservation and sustainable use of forests. In our view, sustainable management of agricultural practices and tourism development will be key to keep the net increase in forest coverage.

Due to its location, the Dominican Republic faces high physical climate risk that could materialize in the intensification of hurricanes, storms, floods, and droughts. Between 1960 and 2017, direct and indirect losses caused by natural catastrophes in the country were estimated at \$8.6 billion, mainly impacting the agricultural and transportation infrastructure sectors. In 2016, the government has performed a comprehensive vulnerability assessment of its physical risks based on exposure, sensitivity, and its adaptive capacity. This has underpinned various action plans such as the National Climate Change Adaptation Plan (2015-2030) and the National Action Plan to Combat Desertification and the Effects of Droughts (2018-2030). Nevertheless, the Dominican Republic's efforts in the last few years still did not translate into additional investments and cooperation to mobilize private and public capital, which are still relatively low. Since 2023, the government has tagged budget expenditures for climate-related spending. According to data from Dominican Republic's Country Climate and Development Report done by the World Bank, in 2023, expenditures (US\$1.35 billion) on climate change-inducing activities were 1.8x greater than climate-friendly spending (US\$760 million).

Alignment Assessment

This section provides an analysis of the framework's alignment to the Principles.

Alignment With Principles

Aligned = ✓ Conceptually aligned = ○ Not aligned = ✗

- ✓ Social Bond Principles, ICMA, 2023
- ✓ Green Bond Principles, ICMA, 2021 (with June 2022 Appendix 1)
- ✓ Sustainability Bond Guidelines ICMA, 2021

✓ Use of proceeds

All the Framework's environmental project categories are shaded in green and all social project categories are considered aligned. The issuer commits to allocate the net proceeds issued under the Framework exclusively to eligible green and social projects. Please refer to the Analysis of Eligible Projects section for more information on our analysis of the environmental and social benefits of the expected use of proceeds. The Dominican Republic will use an equivalent amount of the net proceeds issued under this Framework to finance eligible projects and/or refinance existing ones with a 24-month look-back period, in line with market practices. The issuer also commits to dedicate at least 50% of the net proceeds to current year or future expenses (two-year look forward period), which we view favorably.

✓ Process for project evaluation and selection

The Framework articulates the process to select and evaluate the eligible projects. Initially, the Ministry of Finance will pre-select eligible projects and will submit it to the Thematic Commission (CBT) for review and verification. The CBT, consisting of representatives from several ministries and national institutes, will review and verify eligible expenses, in accordance with the eligibility and exclusion criteria set by the Framework and considering environmental and social risks. The exclusion list includes a great number of international treaties such as ozone-depleting substances and banned pesticides and doesn't allow financing of fossil fuels (including associated value chain and infrastructure), which strengthens its purpose. The government identifies relevant objectives for all eligible categories and defines target population for social projects.

✓ Management of proceeds

The issuer is committed to tracking net proceeds. However, net proceeds will be credited in the National Treasury's single account. Therefore, unallocated funds could temporarily be held in cash or cash equivalents. On the other hand, the issuer specifies that unallocated proceeds will not be invested in any of the activities in the Framework's exclusion list. The Ministry of Finance will be responsible for associating eligible expenditures with net proceeds of the sustainable bonds and ensure avoidance of double counting when the country holds multiple sustainable tranches. In case the financed project becomes ineligible or cancelled, the proceeds will be replaced with suitable eligible projects.

✓ Reporting

The Dominican Republic commits to publish an allocation and an impact report within one year from the date of the issuance of the bonds and annually until full allocation of the funds. The allocation report will be published in the country's Public Credit website and commits to include the description of the eligible projects and details of the funds associated with each spending category. It will also inform the balance of unallocated proceeds. The impact report will be prepared by the Ministry of Finance, which will include the CBT recommendations. The issuer will disclose key underlying methodologies for the impact indicators. We view positively that the issuer commits, in line with ICMA's Harmonized Framework, to reporting on both expected and actual impacts.

Analysis Of Eligible Projects

This section provides details of our analysis of eligible projects, based on their environmental benefits and risks, using the "[Analytical Approach: Shades Of Green Assessments](#)," as well as our analysis of eligible projects considered to have clear social benefits and to address or mitigate a key social issue.

The issuer expects to allocate a maximum of 50% of the proceeds to refinancing projects from budgetary expenditures of the last two years, while the other 50% of the proceeds will be directed to finance projects, including current and future expenditures over the next two years.

Green project categories

Low-carbon transportation

Assessment

 **Dark green**

Description

Financing and/or refinancing of costs related to:

1. Design, planning, construction, operation, maintenance, rehabilitation, expansion, and renovation of infrastructure, equipment, and fleet of clean urban public transport with no direct emissions, including rapid transit buses, electric transfer and feeder buses, light rail trains, monorails, subways, trolleys, electric buses, and railways.
2. Design, planning, construction, operation, maintenance, rehabilitation, expansion, and renovation of infrastructure, dedicated lanes and equipment for active mobility (e.g. walking, cycling, electric bicycles and electric scooters).
3. Construction, operation, maintenance, expansion, and renovation of low-carbon and zero-emission transportation infrastructure, including electric charging points and grid connection improvements.
4. Tax incentives for the acquisition of electric vehicles.

Analytical considerations

- Electrification and supporting infrastructure have a key role in decarbonizing the transport sector and align with a low carbon and resilient future, which is consistent with our Dark green assessment. The country's transport sector represents around 20% of GHG emissions on metropolitan areas. We view positively the government's focus on electric modes of transportation instead of hybrid ones, which is common in the region, given the lack of infrastructure development and high economic costs of electric vehicles.
- However, there are also potential risks related to indirect GHG emissions from a life cycle perspective (material sourcing and manufacturing, as well as fossil-fuel generated electricity for charging). As of 2023, the Dominican Republic's energy matrix is composed of natural gas (40%), coal (31%), oil derivatives (12%), hydropower (5%), and other renewables such as solar, wind and biomass (12%). The transportation sector is the main consumer of energy in the country (48% of total energy demand).
- Eligible expenditures under this category will be allocated to modernize and expand public transportation. Measures to improve accessibility to transport infrastructure and to facilitate the increased use of public transport are part of the Intergovernmental Panel on Climate Change's (IPCC) decarbonization pathways, which also supports the Dark green assessment. According to data from the Sustainable Urban Mobility Plan, 36% of transport is done through public transportation on the island.
- The Dominican Republic has implemented tax incentives for the acquisition of electric vehicles, which involves reduction in import taxes, acquisitions, and license plates. According to the Dominican Electric Mobility Association, imports of electric vehicles rose 25% from 2022 to 2023. We consider incentives and programs such as the ones integrated within the Framework are in line with the National Strategic Plan for Electric mobility and will propel the country's achievement of its environmental and mobility goals.

Efficient and resilient water and wastewater management

Assessment

■ Light green

Description

Financing and/or refinancing of costs and investments related to the construction, operation, maintenance, expansion, and adaptation for the efficient management of water and wastewater, as well as guaranteeing the supply of water, including:

1. Water storage, including, but not limited to: rainwater harvesting systems, stormwater management systems, infiltration ponds, aquifer storage.
2. Groundwater recharge systems, sewage systems connected to treatment systems, the operation of pumping stations and monitoring of well water systems.
3. Infrastructure and systems that improve the efficient and sustainable management of water and wastewater.
4. Installation or improvement of wastewater infrastructure, including transportation, treatment, and disposal systems.
5. Management and restoration of water resources, including the protection of water catchment areas and the prevention of pollution affecting water supplies.
6. Conserve, rehabilitate and modernize hydro-agricultural infrastructure (e.g. irrigation systems).

Analytical considerations

- Efficient water and wastewater activities, both in terms of energy and water, are generally positive from a climate resilience and pollution prevention perspective. According to a Water and Poverty report by the Unified Beneficiary System, the majority of the Dominican Republic's population has access to water and sewage. Still, the report highlights that 6 out of 10 urban families, and 5 out of 10 rural families have intermittent access, given the deficient service quality. The country is also vulnerable to climate change impacts such as floods and droughts, which may affect the availability and quality of water in the future.
- Eligible expenditure under the Framework includes general financing toward the construction of water supply and wastewater infrastructure. The issuer has not included specific thresholds related to key environmental considerations such as loss-ratio improvements and renewable energy consumption for the different types of projects within this category, limiting comparability of benefits. Therefore, the overall assessment of the category is limited to Light green. In the Dominican Republic, between 45% and 82% of treated water is lost due to technical and commercial failures, considering that only 10% of wastewater is collected by sewage systems and less than 20% receives any type of treatment.
- Projects related to water storage such as rainwater harvesting systems, stormwater management, infiltration ponds, aquifer storage, and groundwater recharge systems, help improve water resilience while reducing scarcity risk in drought-prone areas. These technologies improve water security and benefit communities. Meanwhile, projects that consider storage and distribution can help mitigate floods by managing water excess and prevent erosion during periods of heavy precipitation.
- The issuer has confirmed that no water-related infrastructure expenditure will exclusively support emission-intensive sectors, which strengthens its net environmental benefit. In fact, the projects will be directed only to residential and agricultural services.
- We consider projects related to wastewater infrastructure have the potential to contribute to the country's objectives of reducing GHG emissions and ensuring safe water access and quality for its population. Emissions from wastewater treatment and disposal represents about 30% of total waste-related emissions in the country. Moreover, new and or improved wastewater infrastructure, including treatment and disposal systems, are important to prevent water pollution. We consider these projects highly relevant in the jurisdiction. According to data from water sector office, 95% of wastewater in the Dominican Republic was discharged without undergoing any form of treatment. This results in freshwater pollution, affecting coastal marine littorals and aquifers.
- Conservation and modernization of hydro-agricultural infrastructure mitigate water losses and improve water efficiency. Eligible projects are key to improving water security for agriculture, a water intensive sector. According to data from the government, in 2021 more than 60% of water in the Dominican Republic is used for economic activities, mostly for irrigation for agriculture and livestock. In addition, 60% of water used in agriculture is wasted due to inefficient irrigation systems. While we view positively the improvements done and the favorable environmental impacts, we lack clarity on the agriculture practices considered as eligible projects, which also supports our Light green assessment.

Renewable energy

Assessment

 Dark green

Description

1. Financing and/or refinancing of expenses related to:
 - Development of renewable energy sources, such as:
 - Photovoltaic solar energy
 - Wind energy
 - Hydropower (less than 25 megawatts [MW])
2. The transmission and storage infrastructure dedicated to supporting electric power generation systems exclusively or renewable sourcing systems eligible under this Framework.
3. Energy storage related to the integration of investments in renewable energy or smart grids.
4. Tax incentives to encourage the use and commercialization of renewable energy sources eligible under this Framework.

Analytical considerations

- We believe the eligible expenses in this category contribute to the country's low-carbon transition and are aligned to a LCCR, representing a Dark green shading. The Dominican energy system predominately relies on fossil-fuel powered energy and the sector is responsible for over 60% of the country's GHG emissions. In its National Development Strategy, the sovereign commits to reduce GHG emissions by 27% by 2030, with the energy sector representing 65% of the reduction efforts. The recent increase in generation capacity from solar and wind energy points to some progress.
- The government's execution of wind and solar energy projects, as well as the tax incentives to encourage the private sector's development of such projects are key to achieve the national energy target of 30% of electricity generated from non-conventional renewables by 2030, up from 11.4% in 2023. Eligible wind and solar facilities must not have more than 15% of their energy coming from non-renewable sources, which is in line with Climate Bonds Initiative's screening criteria. Moreover, circular economy considerations for both solar and wind assets are considered such as durability, disassembly, accessibility, and interchangeability of components, rehabilitation, and recycling, is viewed favorably.
- Hydropower can entail significant emissions from construction and water reservoirs, and affect the surrounding environment and biodiversity. The Dominican Republic is managing this by limiting eligible assets to those with less than 25 MW of generation and setting a lifecycle emissions intensity limit of 100 grams of carbon dioxide equivalent per kilowatt hour (kWh). This in line with the EU Taxonomy's technical screening criteria, which we view positively in our assessment.
- The issuer informed that the financed transmission and distribution infrastructure will be solely used to integrate the renewable energy into the national grid. Moreover, energy storage solutions can help mitigate the volatility of renewable energy systems, including solar and wind, against climate risks, such as extreme changes in weather. These investments therefore contribute to a low-carbon and climate-resilient future.
- The energy sector is exposed to physical climate risks. Extreme weather events, such as hurricanes, storms, and heat waves could be severe and can result in severe damage to energy infrastructure. The issuer conducts a climate risk and vulnerability assessment across the different regions where assets financed under the Framework will be located to better understand the potential impacts of climate change on the asset's performance.

Climate change adaptation

Assessment

 Dark to Medium green

Description

Financing and/or refinancing in areas with high or very high vulnerability to climate change of costs and investments related to:

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

- Measures and actions that reduce climate risk and contribute to compliance with the PNACC.
- Design, construction, operation, and maintenance of technological infrastructure for the management, analysis of hydrometeorological information and monitoring systems, such as smart grids, drought early warning systems, flood early warning systems, water quality control processes, and forest fire monitoring systems.
- Climate risk research and/or studies in the prioritized sectors, in line with the NDC.
- Nature-based infrastructure that integrates elements such as mangroves, dune vegetation planting, coastal reefs, riparian vegetation, reforestation in reservoir areas, as well as technical advice for preparedness, response, and recovery associated with disasters related to extreme weather events.
- River flood defense systems, including the construction of reservoirs to control water flows.
- Development and distribution of publicly-released seeds for crops that are more resilient to the impacts of climate change, using conventional breeding or CRISPR technology. Eligible traits include drought and flood tolerance, as well as pest resistance.
- Information technology and information services, e.g., climate information services, monitoring and assessment (M&E) imaging systems, soil analysis tools, and climate monitoring services.
- Training in resilient and climate-adapted agricultural techniques.
- Studies, research, and initiatives that strengthen institutional and policy capacity for resilient and climate-smart farming techniques.

Analytical considerations

- The Dominican Republic is highly exposed to physical climate change risks. Some of the expected changes are, among others, water-related hazards such as floods and droughts. Planning for and mitigating against such risks is key to reducing the financial and environmental impacts of these events. Nevertheless, under this category, the issuer also includes construction projects that have additional environmental risks from a life cycle analysis and value chain perspective, such as flood defenses. We assess the project category as Dark to Medium green, reflecting the need for greater resilience and adaptation measures amid the increasing frequency of physical climate risks.
- Most of the projects under this category are focused on investments linked to technology solutions and research. Similarly, the government aims to allocate the proceeds to nature-based solutions and early warning systems. We consider these investments to be material, as middle-income countries located in warmer climates are more vulnerable and are unprepared due to their access to fewer resources. We opine that readiness to adapt mitigates the long-term impact of temperature increases on GDP per capita, even in warmer climates. We assign these projects a Dark green shade.
- We note the issuer has selected projects related to constructing adaptation measures, such as flood defenses. Under a range of scenarios, approximately between 3.2% and 5.1% of world GDP could be wiped out by climate hazards annually by 2050 (see S&P Global Ratings' report "Lost GDP: Potential Impacts Of Physical Climate Risks"). Nevertheless, adaptation solutions, where construction is required, have embodied emissions that are challenging to manage. We assign these projects Medium green shade. On the other hand, the issuer confirmed that expenditure that prolongs the life of fossil fuel-based infrastructure (such as roads) and operations are not eligible, and that investments in this category would only finance adaptive measures, not infrastructure itself.
- The Framework describes that projects will be located in areas with high or very high vulnerability to climate change. These areas have been identified in an assessment developed by the Dominican Institute for Integral Development (IDDI) and The Nature Conservancy. Additionally, some of the eligible projects will be aligned with the PNACC, which promotes adaptation and mitigation actions, and identifies priority projects and sectors. The PNACC follows the scenarios developed by the IPCC with scenarios until 2080. The need for the adaptation measure is usually identified through municipal risk and vulnerability assessments. The Dominican Republic carries out such assessments in the selection process of the projects. Aligning to regulation, all projects will be subject to Environmental Impact Assessment (EIA).
- The Framework includes an exclusion list, and the issuer confirms that adaptation measures cannot be dedicated to any high-emission emitting assets/sectors. Additionally, the fossil fuel equipment or systems cannot be financed as part of projects qualifying under climate adaptation.

Sustainable waste management

Assessment

 **Medium green**

Description

Financing and/or refinancing of costs related to:

1. Design, construction, operation, maintenance, expansion and renovation of facilities for the collection, classification, selection, and disposal of non-hazardous waste, with the aim of preparing it for reuse and/or recycling.
2. Green waste processing facilities to produce compost for use in agricultural, municipal, or consumer fields.
3. Programs to promote the circular economy and reduce pollution by single-use plastics.
4. Tax incentives to promote the reduction, reuse, recycling, recovery, and use of waste.
5. Training and awareness programs on the circular economy, as well as responsible production and consumption.

Analytical considerations

- Waste recovery projects are key pollution-prevention measures and mitigate harm to human health and local ecosystems. Recycling and reuse programs can reduce energy and natural resources use. They also help lower GHG emissions throughout the value chain, given that recycling avoids carbon emissions that usually result from the use of virgin materials to make new products, and emissions from waste in landfills.
- The Framework is clear on the type of waste that will be considered limiting the exposure to environmental issues stemming from hazardous or other types of waste. However, the Framework does not include quantitative thresholds for the selection of waste management projects, as long as they meet the conditions listed in the Framework. This potentially creates uncertainty around the ambition of waste recycling and reuse projects and the actual environmental benefits, limiting the category to a Medium green shade.
- As of 2015, emissions from waste represented 16% of the country's emissions, increasing 7.7% from 2010, primarily driven by solid waste disposal (68% of the waste-related emissions). The final disposal of waste has traditionally taken place in the open air, without meeting sanitary or environmental standards, which generates high methane emissions, and has historically contributed to 55% of all methane emissions in the Dominican Republic. Therefore, this category helps to mitigate pollution, health issues, and GHG emissions, which are key for the achievement of the country's NDCs by 2030 (waste management represents 15% of the reduction efforts).
- Moreover, some projects under this category focus on value chain by promoting circular economy across various sectors. While many of the recycling practices for single use plastics are implemented at the company level, we view positively the sovereign's promotion of circular economy, which could propel sustainable market practices.
- These physical assets are not required to embed physical climate risk considerations as part of the eligibility criteria.

Green buildings

Assessment

 **Light green**

Description

Financing and/or refinancing of expenses for the construction and equipping of ecological housing and urban development related to:

- Retrofitting of existing buildings that generate a reduction in energy demand of at least 20%, with respect to the performance of the building prior to the investment.
- New buildings that have sustainability certification (described below) and have a reduction in energy demand of at least 20% with respect to similar buildings:
 - *LEED (Leadership in Energy & Environmental Design) - Gold or superior*
 - *EDGE (Excellence in Design for Greater Efficiencies) - Level 2 or superior*
 - *HQE International – Excellent or superior*

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

- *BREEAM – Very good or superior*
- *Living Building Challenge - Imperative, petal, or full living product certification*
- Other equivalent or more ambitious national certifications as appropriate, supported by an independent audit.
- Retrofitting of existing buildings to achieve one of the certification standards recognized by this framework within a three-year time horizon.
- Tax incentives to encourage the construction or modernization of buildings that meet the criteria established in this Framework.

Analytical considerations

- Green buildings support climate change mitigation by reducing GHG emissions through energy efficiency. Depending on the green building certification, they also have other benefits such as reducing water consumption and waste management processes. According to the International Energy Agency's (IEA's) pathway to net zero, energy efficiency and electrification are the two main drivers of decarbonization in buildings. In new construction and renovation projects, improving energy performance and reducing the embodied emissions associated with building materials are key to achieving low-carbon objectives. Physical climate risks are relevant considerations for new and existing buildings.
- The issuer did not specify any threshold or mitigation plan to embodied emissions. New construction projects may be associated with high emissions, which limits our assessment at Light green. On the other hand, we note that the issuer intends to include criteria addressing embodied emissions (using ISO 14067/2018 and ISO 14064-1/ 2018), when data is available, which we view as a positive step because knowledge and methodologies regarding embodied emissions are still evolving. However, it might not be addressed for all projects under this category.
- The eligibility criteria for new buildings considers some global green building certifications and local certifications. The Dominican Republic has established the highest levels of certification levels and commits to select the most ambitious national certification, which will be endorsed by an independent audit. Certification criteria can vary between standards and levels of certification, leading to different projects having varying climate risks and benefits.
- We view favorably that the Dominican Republic establishes an eligibility criterion for existing buildings of at least 20% of energy reduction. We consider this threshold is aligned with regional practices. Furthermore, projects that are limited to retrofitting of existing buildings have embodied emissions as a less material environmental factor and constitutes a Medium green aspect within the Framework. Nevertheless, the issuer does not have visibility on the allocation towards those projects and it may represent only a minor portion of the allocated proceeds, which limits our overall view of the shading category.
- The Framework does not specify considerations in place to mitigate physical climate risks and resilience of this project category. However, the issuer conducts a climate risk and vulnerability assessment across the different regions where assets financed under the framework will be located to better understand the potential impacts of climate change on the asset's performance. When a high risk is identified, the government may require an environmental impact study, which has to comply with certain local requirements defined by the Environmental Management and Adaptation Program.

Natural resources, land use, and protected marine Areas

Assessment

 **Medium to Light green**

Description

Financing and/or refinancing of expenses related to:

1. The conservation, prevention of degradation, restoration, and sustainable management of, but not limited to, forests, watersheds, mangroves, and coastal marine resources.
2. Support for sustainable forest development: commercial management of natural forests in a sustainable manner for timber production that are certified by the *Forest Stewardship Council* (FSC) or the *Program for the Endorsement of Forest Certification* (PEFC), and that have a Sustainable Management Plan.

3. Management, control, surveillance, and maintenance of national parks, nurseries, botanical gardens, seed banks, scientific reserves, and other protected areas.
4. Programs and projects that contribute to the implementation of the REDD+ Action Plan, as well as to the reduction of emissions from deforestation or forest degradation.
5. Studies, research, and initiatives that strengthen institutional and regulatory capacity for the protection and restoration of terrestrial, freshwater, coastal, and marine ecosystem systems, as well as biodiversity, natural habitats, sustainable agroforestry systems, and soils and their respective ecosystem services.
6. Infrastructure supporting and linked to the forest sector supply chain and the initial wood processing of projects eligible under this Framework:
 - Machinery and equipment for managing ecosystems and/or lands
 - Storage
 - Information Systems and Other Technologies
7. Activities for the protection and surveillance of marine protected areas.
8. Establishment, expansion, and/or operation of agricultural production units, which consider lands used for agroforestry systems with Management Programs.

Analytical considerations

- The sustainable management of land, including forested land, is a key piece for managing GHG emissions and adaptation to climate change. Equally, conservation of biodiversity, natural ecosystems, and habitats can have substantial co-benefits for climate-change mitigation and adaptation due to critical ecosystem services, including carbon sequestration, local climate regulation, soil stabilization, and storm surge protection. Similarly, the benefits of growing forests for wood production are twofold: in the growing phase, forests absorb CO₂ and when used for sustainable materials (e.g., as construction materials) the CO₂ is stored and often replaces fossil fuel-intensive processes. Additionally, if environmental safeguards are in place, agriculture-related projects tackle both climate mitigation and adaptation in the global food production systems. These projects aim to improve farming practices, while incorporating environmental considerations.
- For forestry activities, we view positive that the Dominican Republic will follow FSC or PEFC certifications. We consider implementing internationally recognized certifications is an effective way to ensure that a wide range of environmental risks is managed at the project level. The FSC certification focuses on the sustainable forest management, while the PEFC one has a larger emphasis on the supply chain. We note that certification systems vary significantly in stringency, can contain loopholes, and in many cases, cannot adequately address larger systemic issues. We consider those projects as Medium green.
- On the other hand, we note that the issuer has not specified sustainability certifications for agricultural projects. We consider certifications a good practice, as they ensure that a variety of environmental risks is addressed throughout the agricultural process. In addition, lifecycle emissions and other value chain considerations are unclear for these projects. It provides a comprehensive evaluation of the environmental impacts associated with all stages of agricultural production. This reduces harmful environmental impacts and ensure sustainability and resilience in the implemented projects. Therefore, we consider those projects as Light Green.
- The issuer has confirmed that the acquisition of land to be converted into commercial forests is not an eligible use of proceeds under the framework. Projects under this category exclude livestock farming activities. We view this as positive, given the land use change could be a material risk linked to this project category. Nevertheless, the Framework does not specify mitigation actions for additional environmental considerations such as energy efficiency improvements, type of energy used on the equipment that will be used to support eligible projects, and strategy to maintain carbon sinks over time.

Conservation of terrestrial and aquatic biodiversity

Assessment

 **Dark green**

Description

Financing and/or refinancing of costs and investments focused on conserving, preserving, restoring, and protecting terrestrial and aquatic biodiversity (including the protection of coastal, marine, and watershed environments) and their ecosystem systems, including:

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

1. The conservation of living and non-living resources existing in terrestrial and maritime spaces in accordance with each zone's regional management, such as native and exotic forests, national parks, and conservation areas, mangroves and coral reefs.
2. Studies, research and initiatives that strengthen institutional and regulatory capacity for the conservation, protection, and recovery of terrestrial, aquatic and marine biodiversity and the availability of ecosystem services.
3. Programs and/or projects to promote the production of standardized, harmonized and quality-assured marine data, products and metadata to improve the availability of public and private users who rely on marine data.
4. Training and initiatives that seek to educate and raise awareness on biodiversity conservation issues.

Analytical considerations

- Eligible projects for conservation and sustainable management will focus on the protection of natural resources within protected areas. We view positively the government's participation in these projects since they help promote and protect natural areas and avoid any economic activities, that could cause negative impacts, guaranteeing positive environmental impact, which could help reduce GHG emissions, maintain natural resources, and protect biodiversity. Given the lack of projects with commercial purposes and land use, we consider the projects under this category to be Dark green.
- Forest coverage in the Dominican Republic has increased from 28% of the country's land area in 1996 to 38% in 2019. Several factors have contributed to forest recovery, including a comprehensive environmental and forest legal framework, the enforcement of restrictions on timber harvests from natural forests, the establishment of the National System of Protected Areas, and the implementation of government-sponsored reforestation programs.
- Forests play a prime role in reducing GHG emissions and achieving the mitigation targets established in the NDC. They currently represent a sink of 10.85 Mt CO₂e (on gross emissions of 35.49 Mt CO₂e). The country's NDC proposes mitigation measures in the forestry sector such as the conservation and restoration of mangroves. The goal is to increase the reforestation rate from 11,300 to 15,000 hectares/year through the national program and public-private partnerships.
- Moreover, conservation of biodiversity, natural ecosystems, and habitats can have substantial co-benefits for climate change mitigation and adaptation due to critical ecosystem services, including carbon sequestration, local climate regulation, soil stabilization, and storm surge protection.
- Financing activities for research, studies and data driven activities are key to understand the environmental risk, benefits, and the current state of natural resources. These activities can help promote better, more focused action by the government and private sector to promote positive environmental impacts aimed at the preservation and restoration of terrestrial and aquatic biodiversity.

Energy Efficiency

Assessment

 **Medium green**

Description

Financing and/or refinancing of expenses related to improving electrical efficiency, including:







1. Infrastructure, studies, design, equipment, installation, and quantification of emissions reduced using the following technologies:
 - o Electrical appliances and lighting, including the replacement of existing street lighting with new efficient lighting fixtures and systems, for example, replacement with LED technology, which produce savings of more than 20%.
 - o Energy efficiency equipment or systems in public buildings that produce savings of more than 20%. This includes (but is not limited to) modernization, thermal insulation, and/or upgrades of air conditioning systems.
2. Tax incentives for the acquisition of equipment and technologies for energy efficiency projects eligible under this Framework.

Analytical considerations

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

- Energy efficiency offer cost-effective actions to reduce the sovereign's GHG emissions, according to the IEA's last annual report on global developments in energy efficiency. The IEA 2021 report underscores the significance of the Net Zero Emissions by 2050 Scenario, projecting a 35% improvement in the global economy's energy intensity by 2030. This substantial enhancement, equivalent to an annual improvement of 4%, is driven not only by energy efficiency measures but also by complementary actions such as electrification and behavioral change.
- For energy efficiency and systems, we consider the established eligibility criteria of 20% efficiency aligns with regional standards. Additionally, the Framework's exclusion list confirms that these projects will not be applicable for fossil fuel sectors; therefore, the lock-in risk is not material. Moreover, the issuer clarifies that none of the equipment is run on fossil fuels.
- Nevertheless, we note that the sovereign's electricity mix is highly reliant on fossil fuels. While it is positive that the Dominican Republic includes a minimum threshold of reduction compared with pre-project implementation levels, such reductions can arise from the application of market-standard technology or business as usual practices. We assess this project category as Medium green.
- Given the nature of the projects and their small scale, the potential for physical climate risk for this category should be less material.

S&P Global Ratings' Shades of Green

Assessments					
Dark green	Medium green	Light green	Yellow	Orange	Red
Description					
Activities that correspond to the long-term vision of an LCCR future.	Activities that represent significant steps toward an LCCR future but will require further improvements to be long-term LCCR solutions.	Activities representing transition steps in the near-term that avoid emissions lock-in but do not represent long-term LCCR solutions.	Activities that do not have a material impact on the transition to an LCCR future, or, Activities that have some potential inconsistency with the transition to an LCCR future, albeit tempered by existing transition measures.	Activities that are not currently consistent with the transition to an LCCR future. These include activities with moderate potential for emissions lock-in and risk of stranded assets.	Activities that are inconsistent with, and likely to impede, the transition required to achieve the long-term LCCR future. These activities have the highest emissions intensity, with the most potential for emissions lock-in and risk of stranded assets.
Example projects					
 Solar power plants	 Energy efficient buildings	 Hybrid road vehicles	 Health care services	 Conventional steel production	 New oil exploration

Note: For us to consider use of proceeds aligned with ICMA Principles for a green project, we require project categories directly funded by the financing to be assigned one of the three green Shades.

LCCR--Low-carbon climate resilient. An LCCR future is a future aligned with the Paris Agreement; where the global average temperature increase is held below 2 degrees Celsius (2 C), with efforts to limit it to 1.5 C, above pre-industrial levels, while building resilience to the adverse impact of climate change and achieving sustainable outcomes across both climate and non-climate environmental objectives. Long term and near term--For the purpose of this analysis, we consider the long term to be beyond the middle of the 21st century and the near term to be within the next decade. Emissions lock-in--Where an activity delays or prevents the transition to low-carbon alternatives by perpetuating assets or processes (often fossil fuel use and its corresponding greenhouse gas emissions) that are not aligned with, or cannot adapt to, an LCCR future. Stranded assets--Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities (as defined by the University of Oxford).

Social project categories

Security and sustainable food systems

Financing and/or refinancing of expenses related to:

1. Economic support to eligible households for the purchase of food from a basket of prioritized goods in the establishments of the Social Supply Network (known under its Spanish acronym of RAS) and for the acquisition of proteins and other supplements for the nutrition of the vulnerable group served.
2. Support for pre-university students through school food and nutrition services, particularly for the most vulnerable children in the public education system.
3. Programs and/or projects to provide adequate, healthy, and nutritious food to the population in vulnerable conditions.
4. Promote the sustainability of food production systems, with resilient agricultural practices (e.g., Family Farming Program).
5. Subsidies to support the production of staple foods by family farmers.

Analytical considerations

- The Framework clearly defines the target population in accordance with the Unified Beneficiary System (SIUBEN for its Spanish acronym) and its quality-of-life index (ICV), which helps identify and prioritize families and their needs, and plan social policies accordingly. The SIUBEN's classification methodology is based on the assessment of 17 social variables across demographic topics such as access to healthcare, education, housing, labor, among others. It also classifies household in four levels (extreme poverty, moderate poverty, middle socioeconomic stratum, and high socioeconomic stratum). Eligible projects will be destined to households classified in extreme and moderate poverty, children, and young people between the ages of 14 and 24, as well as family farmers and rural population.
- According to the second analysis done by the international protocol of Integral Classification of Food Security by Phases (CIF for its Spanish acronyms), around 1.1 million people in the Dominican Republic are classified as in crisis (phase 3) or emergency (phase 4) of food insecurity, which represents around 10% of the country's population. Eligible projects are in line with the Dominican Republic's objective of guaranteeing universal access to food and food security for its population, following the Law 589, enacted in 2016. The country has established a series of organizations and programs to promote these goals and reduce food insecurity. Eligible programs work together from a value chain perspective from the growth and production of healthy agricultural products to distribution and subsidies for vulnerable families, which we view positively given their link to the country's development goals and best practices.
- Eligible programs such as "Family Agriculture Program" and subsidies for the production of staple food by family farmers contributes to supply quality food to vulnerable population in social programs through locally sourced food and to promote the financial inclusion of families in marginalized rural areas. The program helps family farmers increase their productivity with training, and commercial and infrastructure support that promotes their economic inclusion through fair trade practices. The programs have benefited over a thousand beneficiaries with the construction of 30 shadow houses (greenhouses), and 24 productive centers.
- As part of the product distribution system, the Dominican Republic established the RAS, which consists of stores that are part of the Social Subsidy Payment System (Sistema de Pagos de los Subsidios Sociales) in which social program participants can acquire food and other products with government subsidies. These stores are sourced by participants of other social programs like the "family agriculture program" and promotes norms for store chains. In addition, State's Affordable (Dinners, and its Mobile Food Service Program (PAM for its Spanish acronym), aim to distribute healthy food to vulnerable population. This program is attached to the country's presidential office and part of the Social Protection Program. Issuances from any financing done under the Framework will contribute to the continuity and development of such programs.
- The "Alimentate" and "Programa de Alimentación Escolar" are subsidized food programs for vulnerable populations and young people to obtain healthy food. Providing a healthy meal for children and young people helps increase their health and contributes to better educational results. According to the Food and Agriculture Organization, children who suffer malnutrition experience lower cognitive capacities that may affect their school performance. We believe these programs help mitigate health risks and promote better educational outcomes.

Access to comprehensive and quality healthcare

Financing and/or refinancing of expenses related to:

1. Programs and/or projects of essential public and subsidized health services, related to the development of the health network and/or preventive and curative mechanisms.
2. Provision of medicine, equipment, medical supplies, and laboratory reagents.
3. Construction, restoration, expansion, and renovation of public hospitals, Primary and Ambulatory Care Units (UNAP), First Level Care Centers (CPN), Provincial Health Directorates (DPS), medical institutes, and other health and comprehensive care centers.
4. Public programs for the prevention, care and treatment of addictions and sexually transmitted diseases for population segments suffering from, at higher risk of, HIV/AIDS.
5. Supply or distribution of equipment, medicine, and medical supplies to confront and control health emergencies and pandemics.
6. Prevention and control of endemic diseases (such as dengue).
7. Support for public health professionals through the purchase of materials, mobility, and training.
8. Research and technological development related to public health.
9. Preventive health programs (health promotion programs), health as a lifestyle (scholar health, sports, and community programs), and mental health.
10. Programs focused on mortality and morbidity of non-transmittable diseases.

Analytical considerations

- Eligible projects are in line with the government's strategic priority to provide universal access to health services in line with the Sustainable Development Goals and its National Health Strategy. This has shaped the government's actions and programs, especially to guarantee access to essential health services and quality and affordable medicine in vulnerable communities.
- Eligible projects will help the government increase social programs in line with Decree No. 2265 and the Essential Medicines Program (PROMESE for its Spanish acronym), increasing access to medicine for vulnerable population, and guaranteeing supplies for the public health system through the Logistic Support Center (Centros de Apoyo Logistico). The PROMESE program incorporates public pharmacies that aim to acquire medicine directly from suppliers, making them more affordable. Public pharmacies are already the source for 35% of the country's population that purchase their medicine from "Botica Popular", PROMESE's pharmacy system.
- Governments play a key role in reducing risk by providing research based on local context, which could help promote better prevention and attention programs to mitigate negative impacts. Projects within the category will aid the Dominican Republic's health system prepare and control any potential risk such as dengue. The World Health Organization disclosed in December 2023 that dengue incidences have risen worldwide in the last two decades, with an all-time high of 5 million cases worldwide in 2023, mostly in the Americas. El Niño phenomenon and climate change created better conditions for mosquitos to multiply in tropical and subtropical weather, fueling this epidemic.
- Projects are in line with the National Health Strategic Plan 2030, and some of its main objectives, such as the implementation of the Project for the Comprehensive Strengthening of the First Level of Health Care. This strategy aims to impact 1,348 first level centers (CPN), with the goal of guaranteeing a rate of one UNAPS for every 750 families. In addition, projects will help promote the strategy of strengthening the infrastructure of the second and third levels of care, with the construction, reconstruction, and equipping of hospitals in the country to provide access to quality health care and increase capacity in the provision of services.

Access to and permanence in quality education

Financing and/or refinancing of expenses related to:

1. Construction, expansion, and improvement of children's facilities and public schools for initial, basic, middle, and secondary education; and public universities and higher education student residences.
2. Support for pre-university students through social services and health services, as well as monetary incentives to promote the increase of years of schooling and prevention of school dropouts.

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

3. Attention and accompaniment to the educational reintegration of young people who have dropped out of the system.
4. Access to transport for the pre-university community between homes and schools and other educational centers and technical and vocational training.
5. Monetary incentives for low-income university students.
6. Educational scholarship support program for the most vulnerable students in the public education system.
7. Professional development and training of teachers and public education professionals.
8. Acquisition of equipment for public education purposes.
9. Support for public universities with a student body that is mostly low income.

Analytical considerations

- Projects under this category aim to provide assistance to students in line with the National Development Strategy and its specific objectives related to education system. Especially those that are part of the public sector and those who live in vulnerable communities in accordance with SIUBEN's poverty map. These types of projects are important, given that around 80% of students in the Dominican Republic attend public institutions. Projects related to the acquisition of hardware will help provide better teaching condition to students and better tools for teachers.
- The Dominican Republic's National Development Plan identifies access inequalities in the education system, with rural communities still facing difficulties in this area. Projects destined at the construction, expansion, and improvement of facilities for different educational levels will help the government's efforts to reduce these inequalities and offer equal opportunities across the country. In addition, eligible projects look to improve teachers' skills through training and professional development programs. Providing professional development and training is key to guarantee competitive and quality education, which can help boost employment opportunities and improves communities' quality of life.
- After the COVID pandemic, many countries face challenges in terms of education, dropout levels, and quality of education. The Dominican Republic was among the countries with highest dropouts in all levels of education with 6% dropouts in primary education and above 10% in secondary education. According to the ENHOGAR-2021 survey, done by the Statistics Office of the Dominican Republic, 39.2% of the population from 5 to 29 years used to attend school but no longer does.
- Factors contributing to the school dropout are lack of access to education, disinterest, and lack of economic support. According to the ENHOGAR-2021 survey, 8.1% of students dropped out because they needed to work, and 4.2% because they did not have economic support from home. Eligible projects under the Framework aim to reduce dropout rates and support students who want to pursue higher education through scholarships, accompaniment, transportation, and economic support.

Access to essential services and affordable basic infrastructure

1. Construction, rehabilitation, expansion, and improvement of aqueducts, water supply systems and distribution networks.
2. Financial support for the payment of electricity service.
3. Construction and improvement of roads to provide access to the population in rural areas that lack connectivity or infrastructure of essential basic services.
4. Construction, reconstruction, and rehabilitation of infrastructure for the preparation, response, and recovery of disasters related to extreme weather events.
5. The development of transmission and distribution infrastructure that allows the population located in rural areas to connect to the electricity grid.
6. The deployment of telecommunications equipment, fixed systems or mobile broadband for internet and connectivity to provide access to areas at risk of digital exclusion.
7. The creation of infrastructure and programs to increase financial inclusion, through access to financing and financial services.
8. Programs to strengthen access to financial education and consumer protection.
9. The construction of public bank branches in isolated rural areas.
10. The development and strengthening of digital payment systems.

Analytical considerations

- The Framework clearly defines the target population as people from low-income families in rural areas located on SIUBEN's poverty map, as well as households classified as living in extreme and moderate poverty. We view this positively, and a way to guarantee funds will be destined to people who still lack access to essential services.

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

- In our view, projects related to the construction, rehabilitation, expansion, and improvement of aqueducts, water supply systems, and distribution networks can help improve water availability and mitigate risks for communities during extreme weather events like floods. We believe these projects help mitigate environmental risk such as floods, to which the Dominican Republic is highly exposed.
- Projects related to the development of transmission lines will help stabilize and provide access to electricity in rural and vulnerable communities. Access to energy is key for communities' economic and social development. Electricity has become a fundamental tool for better health, educational improvements, and economic opportunities.
- According to the Dominican Republic's first National Financial Inclusion Survey of 2019, around 51% of the population have access to savings and credit products, which is higher than those of other Latin American countries. However, rural communities still face difficulties. Eligible projects related to financial inclusion programs are in line with the National Strategy for Financial Inclusion (ENIF), in collaboration with public and private financial institutions to provide more services to vulnerable, low-income, and rural communities.
- Financial inclusion programs also incorporate social programs such as "Superate" that aim to provide educational programs for financial inclusion, which we view positively. Accompaniment and educational programs help increase financial inclusion and reduce financial illiteracy, an aspect particularly relevant for rural and low-income populations.

Access to inclusive and socially integrated housing

Financing and/or refinancing of costs and investments related to:

1. Construction, improvement, and rehabilitation of social and low-cost housing to be delivered to families with a quantitative and qualitative housing deficit and in vulnerable social segments, multidimensional poverty and/or more exposed to extreme weather events.
2. The construction and improvement of community infrastructure (squares and community centers) and complementary works for the community development of socio-cultural programs.
3. Monetary subsidies for the purchase of decent and own housing (for an example, the My Housing and Happy Family Housing programs).
4. The construction, improvement, and equipping of buildings and sustainable urban development for families living in extreme poverty (e.g., the Eco-Housing and Eco-Habitats program)

Analytical considerations

- Eligible projects under this category aim to improve housing conditions in the Dominican Republic. According to data from the Habitational Deficit in the Dominican Republic Report, housing deficit impacted 44.1% of households in 2018, with most of these in urban areas (74%). We believe these projects will promote home ownership, quality of life, and reduce risk from extreme weather events.
- Eligible projects under this category incorporate several existing social programs such as My Housing and Happy Family Housing, which provide more transparency into the eligibility considerations and social benefits in line with local regulations and the National Development Strategy.
- The Framework clearly defines the target population in accordance with SIUBEN's definition of extreme and moderate poverty. In addition, considerations such as population segments with higher exposure to extreme climate effects for rehabilitation of low-cost home projects, women-headed households, and families living with up to five of the minimum wage will be considered to apply to the My Housing program.
- We view positively the gender focus of programs that promote home ownership of women-headed households. Women face more barriers to purchase homes, mainly due to unconscious biases and lower incomes. The government's promotion of these programs can help reduce inequalities.
- Eco-housing projects are environmentally friendly housing for families living under extreme poverty. Sustainable housing units will be constructed using recycled materials and equipped with solar panels. We believe these projects promote both social and environmental benefits.

Socio-economic progress and reduction of inequalities

Assistance to extreme socio-economic vulnerable people: Financing and/or refinancing of expenses related to

1. Programs to promote the integral development and improvements in income levels of people who live below the poverty line, by providing economic support and covering the food, health, and shelter needs.
2. Programs and/or projects that provide access to technology to excluded populations.
3. Psycho-educational assistance to extreme socio-economic vulnerable people or groups.

Social Protection for Children and adolescents (NNA): Financing and/or refinancing of expenses related to:

1. Programs and/or projects that promote the protection, ensure the comprehensive care and development of early childhood, pedagogical, psychosocial and nutritional support, prevention of violence, abuse and mistreatment of children and adolescents, including psychological, therapeutic and psychiatric care.
2. Support to guarantee the fundamental rights of children and adolescents.
3. Accompaniment of young people without prenatal care.
4. Accompaniment of children and adolescents who are victims of gender-based or domestic violence.
5. Support for adolescents with a propensity for conflict, as well as those at high risk of recidivism in conflicts, or environments of high social risk.

Elderly care: Financing and/or refinancing of expenses related to guaranteeing fundamental rights of the elderly including:

1. Economic support for the food supply of the elderly living in poverty.
2. Permanent long-term housing, healthcare and nursing that provide comprehensive care to the elderly.
3. Construction and rehabilitation of care centers for the elderly.
4. Programs that promote the provision of health and social safety for the elderly.

People with disabilities: Financing and/or refinancing of expenses destined to guarantee equal rights and the elimination of all ways of discrimination against disabled people, including:

1. Economic support for homes with people with disabilities (for example, resources granted to the National Fund For Children And Adolescents With Disabilities).
2. Programs and/or projects that promote employment for people with disabilities.
3. Development of tools and training for entities, families, and environments that support people with disabilities.
4. Construction of care centers for people with disabilities.
5. Integration actions for people with disability such as the evaluation of accessibility of spaces, services and adequation of those.
6. Programs and investments to increase the formal educational system for people with slight and severe disabilities.

Analytical considerations

- Eligible projects under this category aim to give continuity to government programs and promote economic, educational, and educational assistance.
- The Framework clearly defines the target population for each segment in accordance with SIUBEN classification for extreme and moderate poverty, local regulation definitions for children and adolescents, elderly, and people with disabilities. In addition, projects are in line with local efforts and development programs to reduce inequalities for vulnerable population.
- We believe there are positive impacts from programs to children and adolescents who are victims of violence. Projects involve preventive measures as well as accompaniment measures, which we view positively since it gives further support to underserved communities and its future generations.

Reducing inequalities, empowering and reducing the gender gap

Financing and/or refinancing of expenses related to:

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

1. Programs and/or projects aimed at: reducing gender gaps in the workplace, promoting equal access to opportunities, equal pay and legal protection for women;
2. Strengthen female entrepreneurship, increasing their productivity, eliminating legal, social and economic barriers that prevent their empowerment and improving access to credit for women-owned MSMEs.
3. Recognize, reward, reduce, and redistribute unpaid care tasks.
4. Programs and/or projects aimed at providing accompaniment and training on issues related to women's human rights so that they can identify situations of violence.
5. Economic support, protection, accompaniment to women victims of gender-based violence and sexual exploitation and families who take in orphans or orphans due to femicide.
6. Construction of women's care centers, CEDI-Mujer.
7. Support to guarantee the fundamental rights of girls and adolescents.
8. Programs aimed at preventing and reducing adolescent pregnancies and the spread of sexually transmitted diseases.
9. Programs focused on the formulation and design of strategies and interventions aimed at reducing child marriage and early unions (MIUT).
10. Improvement of services related to the sexual and reproductive health of girls, young women and adults, including family planning, information and education.
11. Strengthening of information systems with a gender perspective as a tool for improving social protection care and services.
12. Exclusive monetary subsidies for women to purchase their own dignified house.

Analytical considerations

- Programs eligible under this category are in line with the governments social programs and objectives to promote respect for women's human rights including, healthcare, economic development, and reduce violence. We believe these projects can help mitigate gender inequalities and promote positive social changes in the Dominican society.
- Issuances from the framework will help the Dominican Republic's government give continuity to social programs such as "Superate Mujer" and "Redes de Fraternidad" that provide different services to promote economic growth and support for vulnerable women. We view positively the incorporation of established programs within the framework since they promote a specific line of action, methodologies and guidelines providing more transparency on eligibility and social impacts.
- According to the World Bank, in 2019 the poverty rate for women was 22%, while for men it was 19%. In addition, the COVID-19 pandemic had a harsher effect on job losses for women, increasing the economic disparities. The same report considers unequal investments in health and education for girls and boys at an early age and unequal access to services and income in adulthood as a source of these inequalities. We believe eligible projects will help promote the inclusion of women and the development of their capabilities.

Job creation, promotion of competitiveness

Financing and/or refinancing of costs and investments related to:

1. Programs that promote financial support and technical assistance and training to MSMEs and small rural producers.
2. Support for employment and entrepreneurship in the vulnerable population. For example, programs to foster first jobs and juvenile jobs, as well as programs for the inclusion of small rural producers which are also part of the public procurement.
3. Programs and/or projects designed to prevent and/or alleviate unemployment and/or strengthen resilience to climate change and natural disasters.
4. Support the promotion of technical vocational training appropriate to the needs of territorial development and local demand of the labor market.
5. The construction, expansion, rehabilitation, and improvement of technical training institutes.
6. Promote the creation of jobs in sustainable community tourism, which fosters local culture and products.
7. Projects to boost self-sufficiency, income generation and business management.
8. Training programs for small and medium-sized farms to increase efficiency and productivity of crops.

Analytical considerations

- Projects under the category are in line with the National Development Strategy and aim to contribute to the United Nations' SDGs and aim to contribute to the economic development of MSMEs and the promotion of employment. MSMEs are defined in accordance with Decree 404 which classifies enterprises based on the number of employees and annual sales. In addition, eligible projects will have a particular focus on rural populations and family farmers.

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

- As in many Latin American countries, MSMEs account for 99% of businesses in the Dominican Republic. These companies generate 38.6% of GDP and employ around 54.4% of the country's workforce. Projects directed to strengthening their financial and administrative capabilities are particularly relevant for business owners and could help reduce bankruptcy risks.
- We view positively the implementation of projects to promote technical vocational support. Positive aspects can include the improvements of local economy and promote community roots.

Mapping To The U.N.'s Sustainable Development Goals

Where the Financing documentation references the Sustainable Development Goals (SDGs), we consider which SDGs it contributes to. We compare the activities funded by the Financing to the International Capital Markets Association (ICMA) SDG mapping and outline the intended linkages within our SPO analysis. Our assessment of SDG mapping does not impact our alignment opinion.

This framework intends to contribute to the following SDGs:

Use of proceeds

SDGs

Low Carbon Transport



***11. Sustainable cities and communities**



13. Climate action

Efficient and Resilient Water and Wastewater Management



***6. Clean water and sanitation**



***11. Sustainable cities and communities**



***12. Responsible consumption and production**

Climate Change Adaptation



11. Sustainable cities and communities



13. Climate action

Sustainable Waste Management



***11. Sustainable cities and communities**

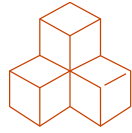


***12. Responsible consumption and production**



13. Climate action

Green Buildings



9. Industry, innovation and infrastructure



***11. Sustainable cities and communities**



13. Climate action

Natural Resources, Land Use, and Protected Marine areas



6. Clean water and sanitation



13. Climate action



***14. Life below water**

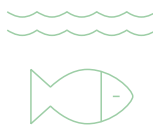


***15. Life on land**

Conservation of Terrestrial and Aquatic Biodiversity



***6. Clean water and sanitation**

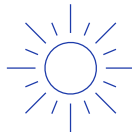


***14. Life below water**

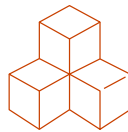


***15. Life on land**

Renewable energy



***7. Affordable and clean energy**



***9. Industry, innovation and infrastructure**

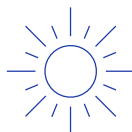


***11. Sustainable cities and communities**



13. Climate action

Energy Efficiency



***7. Affordable and clean energy**



***9. Industry, innovation and infrastructure**



***11. Sustainable cities and communities**



13. Climate action

Security and Sustainable food System



***2. Zero hunger**

Access and Permanence in Quality Education



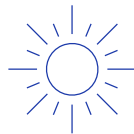
***4. Quality education**

Access to Comprehensive and Quality Healthcare



***3. Good health and well-being**

Access to Essential Services and Affordable Infrastructure



***6. Clean water and sanitation**

***7. Affordable and clean energy**

Access to inclusive and Socially integrated Housing



11. Sustainable cities and communities

Job Creation, Promotion of Competitiveness

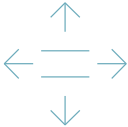


**8. Decent work
and economic
growth**

Socio-economic Progress and
Reduction of Inequalities



1. No poverty



**10. Reduced
inequalities**

Reducing Inequalities, Empowering
Women and Reducing Gender Gap



5. Gender equality

*The eligible project categories link to these SDGs in the ICMA mapping.

Related Research

- [Lost GDP: Potential Impacts Of Physical Climate Risk](#), Nov. 27, 2023

Analytical Contacts

Primary contact

Rafael Janequine

São Paulo
+55-11-99878-7121
Rafael.janequine
@spglobal.com

Secondary contacts

Annia Mayerstein

Mexico City
+52-55-1037-5282
Annia.mayerstein
@spglobal.com

Azul Ornelas

Mexico City
+52-55-1037-5283
Azul.ornelas
@spglobal.com

Déborah Siqueira

São Paulo
+55-11-3818-4141
Deborah.siqueira
@spglobal.com

Carolina Caballero

São Paulo
+54-11-4891-2118
Carolina.caballero
@spglobal.com

Research contributor

Victor Laudisio

São Paulo

Maria Knudsen

Oslo

Second Party Opinion: The Dominican Republic's Green, Social, And Sustainable Bond Framework

Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P) receives compensation for the provision of the Second Party Opinions product (Product). S&P may also receive compensation for rating the transactions covered by the Product or for rating the issuer of the transactions covered by the Product. The purchaser of the Product may be the issuer.

The Product is not a credit rating, and does not consider credit quality or factor into our credit ratings. The Product does not consider, state or imply the likelihood of completion of any projects covered by a given financing, or the completion of a proposed financing. The Product encompasses Use of Proceeds Second Party Opinions and Sustainability-Linked Second Party Opinions. An S&P Global Use of Proceeds Second Party Opinion provides an opinion on an issuer's sustainable finance instrument, program, or framework, and considers the financing in the context of the issuer's most material sustainability factors, the issuer's management of additional sustainability factors relevant to the sustainable financing, and provides an opinion regarding alignment with certain third-party published sustainable finance principles ("Principles"). An S&P Global Ratings Sustainability-Linked Second Party Opinion considers features of a financing transaction and/or financing framework and provides an opinion regarding alignment with relevant Principles. For a list of the Principles addressed by the Product, see the Analytical Approach, available at www.spglobal.com. The Product is a statement of opinion and is neither a verification nor a certification. The Product is a point in time evaluation reflecting the information provided to us at the time that the Product was created and published, and is not surveilled. The Product is not a research report and is not intended as such. S&P's credit ratings, opinions, analyses, rating acknowledgment decisions, any views reflected in the Product and the output of the Product are not investment advice, recommendations regarding credit decisions, recommendations to purchase, hold, or sell any securities or to make any investment decisions, an offer to buy or sell or the solicitation of an offer to buy or sell any security, endorsements of the suitability of any security, endorsements of the accuracy of any data or conclusions provided in the Product, or independent verification of any information relied upon in the credit rating process. The Product and any associated presentations do not take into account any user's financial objectives, financial situation, needs or means, and should not be relied upon by users for making any investment decisions. The output of the Product is not a substitute for a user's independent judgment and expertise. The output of the Product is not professional financial, tax or legal advice, and users should obtain independent, professional advice as it is determined necessary by users.

While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

S&P and any third-party providers, as well as their directors, officers, shareholders, employees, or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness, or availability of the Product. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for reliance of use of information in the Product, or for the security or maintenance of any information transmitted via the Internet, or for the accuracy of the information in the Product. The Product is provided on an "AS IS" basis. S&P PARTIES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, INCLUDED BUT NOT LIMITED TO, THE ACCURACY, RESULTS, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE WITH RESPECT TO THE PRODUCT, OR FOR THE SECURITY OF THE WEBSITE FROM WHICH THE PRODUCT IS ACCESSED. S&P Parties have no responsibility to maintain or update the Product or to supply any corrections, updates, or releases in connection therewith. S&P Parties have no liability for the accuracy, timeliness, reliability, performance, continued availability, completeness or delays, omissions, or interruptions in the delivery of the Product.

To the extent permitted by law, in no event shall the S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence, loss of data, cost of substitute materials, cost of capital, or claims of any third party) in connection with any use of the Product even if advised of the possibility of such damages.

S&P maintains a separation between commercial and analytic activities. S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

For PRC only: Any "Second Party Opinions" or "assessment" assigned by S&P Global Ratings: (a) does not constitute a credit rating, rating, sustainable financing framework verification, assessment, certification or evaluation as required under any relevant PRC laws or regulations, and (b) cannot be included in any offering memorandum, circular, prospectus, registration documents or any other document submitted to PRC authorities or to otherwise satisfy any PRC regulatory purposes; and (c) is not intended for use within the PRC for any purpose which is not permitted under relevant PRC laws or regulations. For the purpose of this section, "PRC" refers to the mainland of the People's Republic of China, excluding Hong Kong, Macau and Taiwan.

For India only: Any "Second Party Opinions" or "assessments" assigned by S&P Global Ratings to issuers or securities listed in the Indian securities market are not intended to be and shall not be relied upon or used by any users located in India.

Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.