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Michel-Henry Bouchet

COUNTRY RISK REPORT
DOMINICAN REPUBLIC, MONGOLIA, RWANDA

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EXECUTIVE SUMMARY

This report aims to draw a concise evaluation of the economic performances and institutional dynamics of the Dominican Republic, Mongolia and Rwanda. At first glance, a small Caribbean Island nation, a resource-rich country in Asia and a post-conflict state in Sub-Saharan Africa do not appear to share much in common. Yet, despite their geographic and historical differences, all three countries are transitioning economies that have experienced notable growth while also struggling with structural challenges. This report will have a closer look at these structural challenges by defining the most striking differences between the three countries vis-à-vis internal and external vulnerabilities. While all three countries have made notable developments, when it comes to economic resilience, institutional maturity and long-term development potential, they diverge significantly.

The report begins by introducing the country profiles through a brief historical overview, providing essential context for their respective developments. It then moves into an assessment of each country's economic background, followed by an in-depth analysis of internal and external vulnerabilities, including debt sustainability, the strength of external balances and foreign exchange reserves. After a thorough analysis, the report will conclude that the Dominican Republic presents the most favourable environment for future UNDP engagement as it offers stronger fundamentals and a diversified economy. In comparison, Mongolia's resource-dependent economy suffers from volatility, external debt pressures and limited diversification, while Rwanda, though a post-conflict success story with strong governance, remains constrained by structural poverty, low industrial output, and heavy aid dependency. Despite recent signs of trouble in paradise, which will be examined in more detail throughout this report, the Dominican Republic has shown an impressive capacity to withstand internal and external shocks. Its expanding middle class, improving institutional capacity, and economic stability make it a strong candidate for targeted UNDP support aimed at fostering inclusive and sustainable development.

TABLE OF CONTENTS

I. DOMINICAN REPUBLIC

HISTORICAL CONTEXT

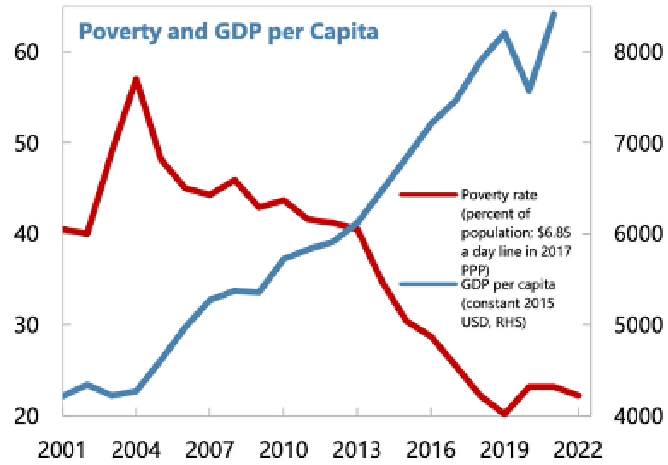
Often referred to as "one of the most dynamic and resilient economies in the Western Hemisphere," the Dominican Republic stands out for its rapid growth and significant social progress over the last two decades. However, this was not always the case, the small island country has endured its fair share of struggles. From the Spanish colonisation that led to the near extinction of its indigenous population, to the 22-year Haitian occupation and the subsequent independence in 1844. Fast forward to the 20th century, and what is considered the most pivotal period of the country's history, the rise of the dictator Rafael Trujillo. Trujillo centralised authority and suppressed political opposition, while also investing in public infrastructure and agriculture. He established the first advanced factories, which fostered industrialisation in the country. Since he controlled all aspects of the country's economy, these investments mostly benefited him. However, in the long run, they ironically laid the foundation for the country's future development (López 2018). After his assassination, the country faced military coups, civil conflict, and political instability. By the 1970s, the country transitioned to a more stable democratic system. In 1978, for the first time, there was a peaceful transfer of power from one freely elected president to another. Although democratic institutions have since strengthened, contemporary challenges such as corruption, polarisation and social inequality persist (Reid 2023).

ECONOMIC BACKGROUND AND MACROECONOMIC PERFORMANCE

Selected Macroeconomic Indicators (*S*ource: IMF 2025)

GDP	**127.83 B**	GDP - *PPP*	**336.08 B**
GDP Per capita	**11.74 K**	GDP Per capita - *PPP*	**30.87 K**
GDP Growth	**4%**		
Inflation	**4.3%**	Population	**10.89 M**

As mentioned above, in the last two decades, the Dominican Republic has undergone rapid growth and significant improvement in living standards. Furthermore, the country has also demonstrated resilience through a strong post-pandemic recovery driven by effective reforms and good economic policies (IMF 2023). Between 1993 and 2021, average annual GDP growth was 5.1 per cent (OECD 2022). Over this same period, the GDP per capita has more than doubled. More importantly, as the graph on the side shows, this growth has translated into real improvements in people's lives. As GDP per capita rose sharply, the poverty rate fell from almost 50% in 2004 to just 18% by 2022 (IMF 2023).



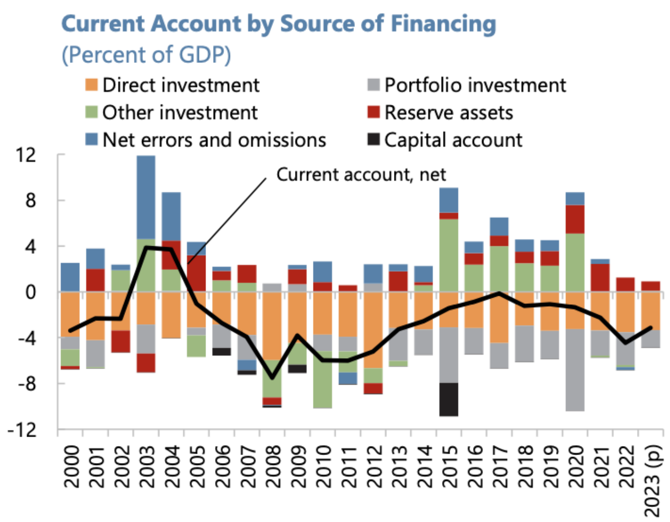
Sources: World Bank Macro Poverty Outlook and World Development Indicators.

The World Bank now classifies the Dominican Republic as an upper-middle-income economy, and two of the main drivers behind this growth are tourism and remittances. In 2024 alone, 11 million tourists visited the Dominican Republic (The Economist 2025). Tourism has created jobs, stimulated economic growth and brought in foreign investment. Similarly, migration has contributed significantly to development through remittances, but it has equally brought challenges like brain drain and social fragmentation. Today, tourism and remittances are valuable export services, accounting for nearly a third of the country's GDP (IMF 2023).

Selected Development Indicators (*Source*: UNDP 2023)

HDI	**0.776**	*Other Indicators:*	
Life Expectancy	**73.72**	Doing Business	**60/100 - 115th**
GII	**0.417**	CPI Corruption	**36/100 - 104th**

The country's economic stability has helped attract a lot of foreign investment and "reduced the country's risk premium below the emerging market average" (IMF 2023). According to the IMF graph on the side, foreign direct investments have fully financed the current account deficit (2023). Credit ratings are generally stable, with Coface giving the country a B rating and Moody's assigning a Ba3 rating, reflecting moderate credit risk. However, several other factors indicate trouble in paradise. The Human Development Index (HDI) places the country in the high human development category; however, the



country is facing challenges in the education and health sectors. Income inequality remains relatively high, with a Gini coefficient of about 0.43. Inflation is moderate but has shown volatility due to global price pressures, currently around 4–5% (World Bank 2025).

Credit Rating from Selected Agencies

S&Ps *(Dec 2024)*	Moody's *(March 2025)*	Fitch IBCA *(Nov 2024)*
BB - *Stable*	**Ba3** - *Positive*	**BB** - *Positive*

INTERNAL VULNERABILITIES

Selected Macroeconomic Indicators as a percentage of GDP (*S*ource: IMF 2023)

Gov Revenue	**15.72**	Public Debt	**60.02**
Gov Expenditure	**18.97**	Interest Paid	**3.13**
Gov Primary Expenditure	**15.84**	Private Debt	**30.59**

The long-used cliché that economic growth leads to fiscal health may be true in theory, however, the Dominican Republic's current fiscal pressures challenge that assumption. Public debt has stayed in recent years at about 59% of the country's GDP, and the government faces financial pressure due to ongoing budget deficits. Tax revenue remains low, only 16.3 per cent of the country's GDP (IMF 2023). In 2024, government revenues increased by 13.1%, mostly due to the so-called AERODOM contract, related to airport management (World Bank 2025). At the same time, government spending rose by 11.4%, especially on interest payments, education, healthcare and defence wages, leaving little room in the budget and making the country's debt situation more vulnerable.

Against this backdrop, the government passed a Fiscal Responsibility Law to limit spending, aiming to reduce the debt-to-GDP ratio to 40% by 2035 (IMF 2023). However, the effectiveness of these reforms remains uncertain. Despite winning re-election in May 2024 with a majority, President Abinader's administration has already faced strong public resistance, forcing the withdrawal of a proposed tax reform (KPMG 2024). This signals potential obstacles to fiscal consolidation and the broader reform agenda.

From the lens of political and institutional risk, internal vulnerabilities also come from governance and structural inefficiencies. The Abinader administration has brought political stability, but institutional fragilities remain. A prime example is the energy sector, where the government was forced to transfer 1.2% of GDP in 2024 to cover electricity distribution losses

(World Bank 2025). Frequent blackouts caused by ongoing inefficiencies constrain economic activity and reveal deeper problems in infrastructure management. These challenges underline the country's vulnerability to internal shocks and the need for institutional reforms to enhance public sector performance and long-term stability. Despite improvements, several loose ends remain, particularly in the energy sector, fiscal governance, and the capacity to implement reform, leaving the country exposed to recurring inefficiencies and risks.

EXTERNAL VULNERABILITIES

Balance of Payments (Source: WB 2024)

Current Account Balance	Net FDI Inflow	Total Reserves	Total Reserves in months of imports
-3.4%	**3.6%**	**13.42 B**	**5**

In 2022, the current account deficit of the Dominican Republic grew due to rising import costs and other external pressures. This gap was fully financed by stable foreign direct investment. By 2024, the current account deficit decreased to 3.4% of GDP, driven by a 5.9% increase in remittances and a 7% rise in exports (World Bank 2025). These inflows helped offset higher import costs and maintained relative external balance. However, net capital inflows declined by 2.5 percentage points, as residents shifted to holding more foreign assets, raising concerns about investor confidence (World Bank 2025).

Despite the stable flow of foreign direct investments, the country saw a significant drop in international reserves (IMF 2023). This decline signals vulnerability to prolonged external shocks, such as tightening global financial conditions, rising U.S. interest rates or supply chain disruptions. Too much reliance on tourism, remittances, and foreign direct investment makes the country's external accounts susceptible to global volatility. While these sectors currently perform well, any reversal could mean trouble in paradise.

Next door, the neighbouring Haiti presents a sobering reality check on the Dominican Republic's growing external risk. Although the two countries share the island of Hispaniola, their development paths have diverged sharply, largely due to stark differences in governance. Haiti's institutional collapse, widespread poverty, and violence have intensified migration pressures into the Dominican Republic. President Luis Abinader has characterised the Haitian crisis as a threat to national stability, saying that the situation has put an immense strain on public services and security. In response, his administration has implemented harsh anti-migrant measures, including mass deportations and the construction of a border wall (The Economist 2025). These measures are not only a humanitarian challenge but also a source of long-term geopolitical and social tension, further complicating the country's external risk profile.

II. MONGOLIA

HISTORICAL CONTEXT

The Soviet Union, which had formed a close alliance with the Mongolian People's Republic since 1924, had a firm hold on Mongolia. Mongolia was essentially a satellite state during this time, enacting collectivisation of agriculture, centralised planning, and socialism in the Soviet model. By embracing Marxist-Leninist ideology and presenting itself as a socialist state dedicated to socialist development, the government aimed to modernise the nation while preserving close ties with its Soviet neighbour. Land reforms and industrialisation initiatives, which were mostly based on Soviet policies, were among the swift but controlled economic and social changes that Mongolia underwent in the 1950s and 1960s. The communist regime made literacy, education, and infrastructure a top priority, which resulted in notable advancements in these fields. Nonetheless, political repression was widespread, characterised by stringent controls over political expression and opposition purges, not dissimilar from the Soviet policies of the time; however, with the liberal reforms undertaken under the Gorbachev government, Mongolia followed quickly and started to liberalise more.

As the country was in the process of shifting from a socialist to a market-oriented economy, the 1990s were a turbulent decade. Unexpected changes in its economic policy brought about hardship, unemployment, and inflation, but they also made room for foreign investment and private enterprise. Aside from focusing on its history and cultural customs free from Soviet influence, Mongolia also sought to forge its national identity and sovereignty during this time. Despite ongoing difficulties, Mongolia has continued to grow politically and economically in the twenty-first century. Due to its abundance of natural resources, including coal and copper, Mongolia's economy has grown quickly and attracted foreign investment, particularly during the 2010s mineral boom. But this expansion has also resulted in problems like economic disparity, environmental deterioration, and reliance on unstable commodity prices. Mongolia's economic policy has also been deeply affected by its geographical position, being sandwiched between two of the biggest and most powerful economies and militaries in the world in Russia and China. While still facing internal challenges, Mongolia's journey from a Soviet satellite to an independent, democratic nation reflects its resilience and desire for a sustainable, prosperous future.

ECONOMIC BACKGROUND AND MACROECONOMIC PERFORMANCE

Selected Macroeconomic Indicators (*S*ource: IMF 2025)

GDP	**25.8 B**	GDP - *PPP*	**73.28 B**
GDP Per capita	**11.74 K**	GDP Per capita - *PPP*	**20.45 K**
GDP Growth	**6%**		
Inflation	**9.5%**	Population	**3.58 M**

Since 2000, Mongolia's GDP growth has averaged around 6%. As this growth is largely driven by the mining sector, the country's growth has reflected fluctuations in global commodity prices. In 2023, the economy expanded by 7.02%, up from 5.03% in 2022, indicating a robust post-pandemic recovery. Mongolia is a country not unfamiliar to inflation, as its inflation levels have been irrational and radically different from year to year. If we look at a list of figures for inflation from 2001 to 2023, we can see a very intriguing trend of the figures being absolutely different from year to year. For example, between 2015 and 2020, inflation generally ranged from around 0.7% to 7%, obviously influenced by different factors such as currency fluctuations, commodity prices, and economic reforms.

Selected Development Indicators (*S*ource: UNDP 2023)

HDI	**0.747**	*Other Indicators:*	
Life Expectancy	**71.73**	Doing Business	**67.8/100 - 81st**
GII	**0.284**	CPI Corruption	**33/100 - 114th**

This economic growth has contributed to improvements in living standards. The World Bank classifies Mongolia as an upper-middle-income country as of 2024, with GDP per capita tripling over the past 30 years. However, poverty remains a concern, particularly in rural areas affected by harsh climatic conditions and limited access to services.

Credit Rating from Selected Agencies

S&Ps *(Oct 2024)*	Moody's *(Nov 2024)*	Fitch IBCA *(Sep 2024)*
B to **B+** / **B** *Positive*	**B2 -** *Stable*	**B** to **B+** - *Stable*

The mining sector, especially copper and coal exports, remains the backbone of Mongolia's economy, accounting for a significant portion of GDP and export earnings. The Oyu Tolgoi mine, one of the world's largest known copper and gold deposits, has been a major contributor to economic growth. In 2024, mining and domestic demand bolstered the economy, with a projected growth of 5.3%. Credit Rating agencies, like S&P, now view Mongolia’s trend growth to be significantly stronger than that of peers of similar income levels, resulting in a positive outlook for its long-term rating.

INTERNAL VULNERABILITIES

Selected Macroeconomic Indicators as a percentage of GDP (*S*ource: IMF 2023)

Gov Revenue	**34.62**	Public Debt	**45.79**
Gov Expenditure	**31.89**	Interest Paid	**1.57**
Gov Primary Expenditure	**30.32**	Private Debt	**38.61**

Mongolia's fiscal health represents a considerable internal vulnerability. Mongolia passed the Fiscal Stability Law (FSL) in 2010 to enhance the conduct of fiscal policy by capping the structural budget deficit and limiting debt accumulation. However, its implementation has been hindered by political instability. With the government focusing on short-term policy, it has failed to implement the necessary measures to ensure fiscal sustainability.

Mongolia’s high fiscal deficits and expansion of the money supply have been key internal factors driving increased inflation. The country has often faced challenges in balancing government spending with revenue collection, leading to persistent fiscal deficits. To finance budget shortfalls, the government often resorts to borrowing or printing money, which increases the overall money supply in the economy. When the government increases spending without adequate revenue, it can lead to inflationary pressures, especially if financed by central bank money printing. This rapid expansion of the money supply decreases the value of the Mongolian tögrög, causing prices for goods and services to rise. Inflation is further fuelled when increased government spending competes with private sector demand, leading to demand-pull inflation.

Institutional capacity remains another critical challenge. Governance indicators highlight weaknesses in public sector efficiency and corruption control. The energy sector exemplifies these issues, with subsidised electricity prices and outdated infrastructure leading to chronic losses. In 2024, the government allocated nearly 2% of GDP to cover energy subsidies and distribution losses.

Lastly, Climate Change poses significant risks to Mongolia's predominantly pastoral economy. The country experiences extreme weather events known as "dzuds," characterised by severe winters and droughts, leading to massive livestock deaths. In the 2023-2024 winter, over 7 million animals perished, severely impacting herders' livelihoods and exacerbating rural poverty.

EXTERNAL VULNERABILITIES

Balance of Payments (Source: WB 2024)

Current Account Balance	Net FDI Inflow	Total Reserves	Total Reserves in months of imports
-9.3%	**10.7%**	**4.89 B**	**4**

In 2021 and 2022, inflation increased notably, reaching approximately 11-12%. These figures came to be during a big crisis for the whole world, as the COVID-19 pandemic was still ravaging through the entire world with millions of corpses every year left behind, while also in 2022 we had the Russian invasion of Ukraine commence and put all of the world's markets at a standstill and a panic like no other, which is why Mongolia had such a high level of inflation for that year. This also leads to another massive problem that Mongolia has, and why their inflation in 2022 went to an incomprehensible level, their over reliance on Russia for exports. The Bear is their second-biggest import partner, with 20% of their imports coming from the Land of the Tsars, and when the invasion started, it also led to an unprecedented amount of inflation in Russia, which had a spillover effect in Mongolia due to the trade between the two countries. According to Reuters, Russia was estimated to have a level of inflation of around 12%, which is very similar to the one found in Mongolia, and unsurprisingly so given the economic ties between the two nations.

Perhaps the root of the country's biggest issues is its heavy reliance on commodities for its economy, particularly mineral exports like coal, copper, and gold, which significantly contributed to its increased inflation. As a resource-dependent economy, Mongolia’s fiscal health is closely tied to global commodity prices. When prices for these minerals rise, the country experiences increased export revenues, boosting government income and economic activity. However, when prices decline, revenue drops sharply, leading to economic instability and inflationary pressures. According to Coface, the Land of the Eternal Blue Sky is perhaps a vassal to Chinese demand for their exports, and this has massively hurt the country’s economic potential and has contributed even more to their lack of diversification and dependence on their resources.

III. RWANDA

HISTORICAL CONTEXT

Rwanda's modern history is defined by a profound transformation that followed the 1994 Genocide against the Tutsi. In the aftermath of this tragedy, the country embarked on an intensive nation-building process focused on reconciliation, political stability, and institutional reconstruction. The government, led by the Rwanda Patriotic Front (RPF), launched Vision 2020, a strategic framework aimed at turning Rwanda into a middle-income, knowledge-based economy by reducing reliance on subsistence agriculture and fostering private sector-led growth (African Development Bank, 2024a).

The COVID-19 pandemic in 2020 marked a temporary setback, reversing gains in poverty reduction and job creation. Nonetheless, Rwanda responded rapidly, implementing a USD 100 million Crisis Response Budget Support Programme and an Economic Recovery Fund targeting MSMEs and vulnerable households (African Development Bank, 2024a). Thanks to these efforts, the country rebounded strongly with real GDP growth of 10.9% in 2021 and 8.2% in both 2022 and 2023 (African Development Bank, 2024b).

In sum, Rwanda's historical trajectory reflects a compelling narrative of resilience and reform-driven growth. Yet, the country's exposure to debt accumulation, external trade shocks, and demographic pressures must be critically assessed when evaluating its contemporary country risk profile.

ECONOMIC BACKGROUND AND MACROECONOMIC PERFORMANCE

Selected Macroeconomic Indicators (*S*ource: IMF 2025)

GDP	**14.77 B**	GDP - *PPP*	**58.12 B**
GDP Per capita	**1.04 K**	GDP Per capita - *PPP*	**4.1 K**
GDP Growth	**7.1%**		
Inflation	**7%**	Population	**14.16 M**

During the 2000s and 2010s, Rwanda experienced one of the most sustained growth trajectories in Sub-Saharan Africa, averaging real GDP growth of around 7% annually, well above the regional average of 4% (African Development Bank, 2024a). Public investments in infrastructure, education, health, and ICT laid the groundwork for human capital development and improved service delivery. Between 2012 and 2022, GDP per capita rose from USD 633 to USD 906, while domestic revenue mobilization increased from 10.7% to 19% of GDP, allowing the country to finance over 65% of its national budget internally (African Development Bank, 2024a).

Simultaneously, Rwanda significantly reduced its aid dependency: budget support from grants fell from 38% to 17% of GDP over the same period. However, this led to increased public borrowing and a notable rise in debt levels, with public debt surging from 21% of GDP in 2012 to 67.5% in 2022 (African Development Bank, 2024a). The country's economic model, while resilient, remains vulnerable to external shocks due to its limited diversification and heavy reliance on a few export commodities such as coffee, tea, minerals, and tourism (World Bank, 2025).

Selected Development Indicators (*S*ource: UNDP 2023)

HDI	**0.548**	*Other Indicators:*	
Life Expectancy	**67.79**	Doing Business	**76.5/100 - 38th**
GII	**0.394**	CPI Corruption	**57/100 - 43rd**

Fiscally, Rwanda is in a better position than in past years, thanks to higher tax collections, steady expenditures and fiscal consolidation efforts; however, public debt is expected to reach 80 per cent of GDP in 2025. This is due to large deficits and exchange rate depreciation. In 2024, inflation declined to 4.8 per cent, thanks to lower food prices and overall reductions in inflationary pressures globally. Overall, according to Coface, Rwanda is one of the most favorable business environments in Africa.

Credit Rating from Selected Agencies

S&Ps *(Jul 2024)*	Moody's *(March 2025)*	Fitch IBCA *(Oct 2024)*
B+/B - *Stable*	**B2 -** *Negative*	**B+ -** *Stable*

INTERNAL VULNERABILITIES

Selected Macroeconomic Indicators as a percentage of GDP (*S*ource: IMF 2023)

Gov Revenue	**22.35**	Public Debt	**64.47**
Gov Expenditure	**27.47**	Interest Paid	**2.19**
Gov Primary Expenditure	**25.28**	Private Debt	**22.73**

Rwanda experiences rising financial challenges because of climate change. The country supports global climate agreements through green agriculture and energy investments, yet faces potential exclusion from new climate finance because it lacks access to international green funds and faces complicated eligibility requirements. Rwanda actively advocates for a new international financial system which should provide fair, accessible and predictable funding opportunities to developing and emerging economies (AfDB, 2024). Rwanda faces potential challenges to its sustainable development paths because climate-related funding has become more competitive and conditional.

Despite notable improvements in governance, as shown by increases in the Mo Ibrahim Index (from 57.1 in 2012 to 59.1 in 2021) and Rwanda’s top ranking in the 2023 Africa Visa Openness Index, structural vulnerabilities remain. These include high youth unemployment (22% among those aged 16–30), climate-related risks to rain-fed agriculture, and limited job creation in rural areas (African Development Bank, 2024a; World Bank, 2025). Additionally, according to Freedom House, which rates freedom in various countries worldwide based on both political rights and civil liberties, Rwanda is “not free” as it was rated a score of 21 out of 100 (Freedom House, 2025).

Rwanda’s long-term ambition is now framed within Vision 2050, which seeks to elevate the country to upper-middle-income status by 2035 and high-income status by 2050 (African Development Bank, 2024a). The plan, based on private sector development, will aim to improving the business climate within the country (Coface). The first implementation phase, the National Strategy for Transformation I (NST-I), has guided public investments and reforms since 2017.

EXTERNAL VULNERABILITIES

Balance of Payments (Source: WB 2024)

Current Account Balance	Net FDI Inflow	Total Reserves	Total Reserves in months of imports
-12.7%	**4.2%**	**2.41 B**	**4**

The current account deficit of Rwanda remains structural at 12.7 per cent of GDP according to the World Bank (2025). The persistent trade deficit exists because Rwanda depends on imports of capital equipment and energy products, and food items to support its developing infrastructure and expanding population. The export sector of Rwanda maintains a limited range of products, which includes tea, coffee, minerals, and tourism services (AfDB, 2024). The 21.7 per cent increase in export earnings during 2024 did not manage to balance out the rising import requirements. The trade deficit persists at high levels, which maintains its negative impact on Rwanda's external financial situation. Rwanda relies heavily on concessional borrowing and foreign direct investment inflows to finance its trade deficit because these financial sources remain exposed to shifts in global investor attitudes and international financial market conditions.

The foreign exchange reserves of Rwanda stayed sufficient throughout 2024 but displayed some signs of deterioration. The decrease in reserves resulted from lower donor grant inflows and higher debt repayment requirements (World Bank, 2025). The Rwandan franc lost substantial value between 2022 and 2024 because its exchange rate dropped from 1,036 RWF per US dollar to 1,263.9 (AfDB, 2024). The depreciation of the currency indicates both structural trade challenges and worldwide financial tightening, which increased the expenses for Rwanda to pay its foreign currency debt. The country has not faced a balance-of-payments crisis, but its reserve position remains vulnerable to external disturbances and any reduction in concessional support or capital inflows.

The small open economy structure of Rwanda, together with its restricted export sector, makes it vulnerable to external economic disturbances. The global commodity price changes have a direct impact on export revenue because Rwanda shows high sensitivity to these price movements. The global food and fuel price increases triggered substantial inflationary pressures, which led to a 14.3 per cent peak in headline inflation during 2023 before the rate declined to 4.2 per cent in early 2024 (AfDB, 2024). Climate-related risks intensify Rwanda's external vulnerability because its agricultural sector, which generates 27 per cent of GDP operates mainly through rain-fed systems and faces high risks from droughts and floods (World Bank, 2025). The combination of bad agricultural seasons creates dual challenges for food security while decreasing export volumes and forcing the country to buy expensive imports. The current global financial tightening poses a threat to Rwanda's ability to obtain affordable external financing because international donors might shift their priorities, and concessional lending may become more limited.

Lastly, Rwanda continues to experience geopolitical risks because of its strained and complicated ties with the Democratic Republic of Congo (DRC), especially concerning the M23 rebel group's recent activities in North Kivu's eastern provinces. The M23 conflict maintains limited direct effects on Rwanda's domestic stability, yet external factors create substantial vulnerabilities through trade interruptions and population movements, and strained diplomatic ties.

IV. CROSS-COUNTRY ANALYSIS

Despite their distinct circumstances, all three countries exhibit surprisingly similar vulnerabilities that transcend their individual circumstances. All three countries grapple with fiscal sustainability challenges, though manifested differently—the Dominican Republic faces political constraints on necessary reforms, Mongolia suffers from revenue volatility tied to commodity cycles, and Rwanda confronts rising debt burdens from ambitious development spending.

External dependencies represent a common thread of vulnerability across all three nations. The Dominican Republic's reliance on tourism receipts and remittance flows, Mongolia's dependence on commodity exports to China, and Rwanda's need for concessional financing and limited export markets all create exposure to global economic shifts beyond their domestic control. This external vulnerability has been evident during recent global disruptions, from the COVID-19 pandemic to supply chain disruptions and commodity price volatility.

Governance quality emerges as perhaps the most significant differentiating factor in determining development outcomes. Rwanda's strong institutional framework has enabled development, while Mongolia's institutional weaknesses have prevented optimal utilisation of its natural resource endowments. The Dominican Republic occupies an intermediate position, possessing sufficient institutional capacity to maintain steady progress while retaining gaps that allow recurring inefficiencies, particularly in sectors like energy.

Climate vulnerability affects all three countries, though through different mechanisms. The Dominican Republic faces hurricane risks and regional climate-induced migration pressures, Mongolia confronts extreme weather events that devastate livestock and agricultural production, and Rwanda deals with agricultural vulnerability to changing precipitation patterns. These climate challenges require both domestic adaptation measures and international co-operation, as individual country responses prove insufficient for addressing transboundary climate impacts.

V. CONCLUSION

When it comes to partnerships for future UNDP engagement, the Dominican Republic presents the most compelling combination of development needs, institutional capacity, and implementation potential. This recommendation stems not from the country's perfection—indeed, all three nations have vulnerabilities and challenges to address—but from its demonstrated resilience, diversified economic base, and institutional ability to absorb and effectively utilise development assistance.

The Dominican Republic's track record of weathering various external shocks while maintaining growth momentum suggests a fundamental economic resilience that augurs well for development program sustainability. Its expanding middle class provides domestic demand that can sustain economic gains, while improving institutional capacity offers reasonable assurance that development investments will translate into measurable outcomes. The challenges facing the country—fiscal pressures, energy sector inefficiencies, and external vulnerabilities—represent solvable problems rather than fundamental structural constraints.

Mongolia's abundant natural resources are an opportunity for growth, but the country's institutional weaknesses and extreme vulnerability to external commodity shocks pose considerable risks for development programming. Success in Mongolia would require extensive capacity building and tolerance for setbacks driven by factors beyond program control, making it a less reliable partner for achieving consistent development outcomes.
Rwanda's governance achievements and transformation narrative are genuinely impressive, yet the current fiscal trajectory raises sustainability concerns that could affect the viability of new development partnerships. The rapid debt accumulation and persistent external imbalances represent constraints on the country's ability to co-finance and sustain initiatives, despite strong implementation capacity.

The Dominican Republic's combination of moderate vulnerabilities with demonstrated adaptive capacity positions it as the optimal partner for inclusive and sustainable development programs. While the country faces real challenges, these represent opportunities for impactful development assistance rather than insurmountable obstacles. The goal of development partnership is not to work with perfect countries—such nations would not require assistance—but to identify contexts where external support can catalyse meaningful, lasting improvements in people's lives while building resilience for future challenges.

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