SUPPORT FOR HAITI´S TRANSPORT SECTOR V

Technical Annex HA-L1098

Regional Integration

Rehabilitation of the section Camp Coq and Vaudreuil of Route Nationale 1 (RN-1) that connects Haiti’s two primary cities, international seaports, and airports will reduce transport costs by 25% for heavy trucks (type C3) and time by around 30% for international cargo and passengers. In total, the IDB financed sections have cumulatively reduced automobile travel costs by $0.29/veh-km and heavy trucks (type C3) by $2.99/veh-km for a respective reduction of 19% and 31% (see Figure 6). This road rehabilitation will provide a continuation of regional and global integration gains achieved on previous rehabilitation projects also financed by the IDB on the RN-1 undertaken in the last five years. Investment in the RN-1 will greatly support Haiti’s increased participation on the global stage.

The project *Support for Haiti’s Transport Sector V* (HA-L1098) has been evaluated using the Bank’s *Sector Strategy to Support Competitive Global and Regional Integration* (GN-2565-4) framework, to analyze and validate the project’s contribution to the regional cooperation and integration financing goal.

This annex aims to demonstrate in a quantitative and deliberative way that the *Support for Haiti’s Transport Sector V* will contribute to maintain and expand Haiti´s connectivity with the region and the rest of the world as the project will:

* Improve the transport of goods and people between Haiti’s main economic and population centers and international gateways for passengers and freight by rehabilitating the Route Nationale 1 (RN-1) between Camp Coq and Vaudreuil and improving secondary and tertiary roads throughout the country.

This annex is structured into three sections.

1. Project description.
2. Project aspects relevant to the Bank’s goals of Global and Regional Integration.
3. Validation of project through the Bank’s Regional Integration Framework.

## Project description

* 1. The project *Support for Haiti’s Transport Sector V* (HA-L1098) continues the efforts of five predecessor projects (HA-L1046, HA-L1054, HA-L1058, HA-L1079, HA-L1089) by aiming to increase the competitiveness and connectivity in Haiti by reducing transportation costs and providing safer services by improving Route Nationale 1, one of two primary highways between Port-au-Prince and the north of Haiti. This will be achieved through four components:
  + Component 1: Civil Works and Supervision will finance: (i) the rehabilitation, improvement and/or maintenance of the national transportation network; (ii) mitigation of social and environmental impacts; and (iii) supervision of all civil works.
  + Component 2: Strengthening of Road Infrastructure Sector will finance: (i) sector studies, engineering designs, and environmental and social impact studies for future operations; and (iii) a road safety communication campaign for the intervened segments.
  + Component 3: Engineering, Socio-environmental Studies and administration will finance: (i) administration of the works and services by the UCE; and (iii) monitoring, evaluation and financial and environmental audits.

## Project Aspects Relevant to Global and Regional Integration

* 1. This annex will develop the justification of how the project *Support for Haiti’s Transport Sector V* (HA-L1098) will contribute to global and regional integration through the rehabilitation of the national transport network. This rehabilitation will include RN-1 between Camp Coq and Vaudreuil and the rehabilitation and improvement of to-be-identified secondary and tertiary components of the national transport network deemed to be vital for improving Haiti’s competitiveness and connectivity and reducing transport costs.

### Aspects Relevant to Global and Regional Integration in the RN-1 and its importance to global connectivity

* 1. The RN-1 is the primary strategic corridor for international freight[[1]](#footnote-1) as it is the principal and only paved highway that connects Port-au-Prince the country´s capital and main economic center with Cap-Haitian, the second city of the country, and two important agricultural areas with the international ports and airports. In terms of cargo and passengers these facilities are the only access points that Haiti has with the region and globe other than four poorly maintained land border crossings with the Dominican Republic. The scope of this activity, rehabilitation of RN-1 between Camp Coq and Vaudreuil, will reduce the transportation cost and travel time for freight and passengers accessing or returning from these international gateways and thus improve regional integration, much as has occurred with the rehabilitation of the roadway between Port-au-Prince and Camp Coq[[2]](#footnote-2).
  2. Haiti has only two international seaports and two international airports, the only access points that Haiti has with the region and globe other than four poorly maintained land border crossings with the Dominican Republic. The largest seaport and airport is located in Port-au-Prince at the southern extreme of RN-1. A significantly smaller international port and airport is located at Cap-Haitian, the northern extreme of the RN-1. Along the highway there are significant, but smaller economic centers like Gonaives, Saint-Marc, and Limbé and areas of important agricultural production (e.g. north coast and area around Hautes Feuilles),
  3. The Government of Haiti with assistance from the Bank[[3]](#footnote-3) has improved the RN-1 from Port-au-Prince to Camp Coq over the last five years, approximately 101 kms of primary highway. The current project will continue this work and rehabilitate a relatively flat, degraded, and unsafe 29.6 km section of the RN-1 between Camp Coq and Vaudreuil. Improvements to the road will continue the reduction in transport costs and time for imports, exports, and people to and from the international ports and airports that was begun with the previous operations undertaken on RN-1 by the IDB.
  4. Improvements to the road are expected to decrease travel costs and time by 10% and 32% for automobiles and 25% and 30% for semi-trucks respectively (See Figures 3 and 4)[[4]](#footnote-4). The significant reduction of transport costs and travel time expected with this operation will have an immediate positive impact in terms of regional and global integration by facilitating the access of local populations, rural producers and industry to services and products, promoting better productivity and wider integration of the country in regional and global markets.

Figure 3: Cost Savings (US$/veh.km) from Road Improvements

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Scenario** | **Motorcycles** | **Auto** | **SUV** | **Bus** | **Truck - C2** | **Truck - C3** | **Semi-Truck** |
| **Without Project (2016)** | $ 0.05 | $ 0.20 | $ 0.26 | $ 0.52 | $ 0.59 | $ 1.29 | $ 1.45 |
| **With Project (2018)** | $ 0.05 | $ 0.18 | $ 0.23 | $ 0.41 | $ 0.45 | $ 0.98 | $ 1.09 |
| **Savings (US$/veh.km)** | $ 0.00 | $ 0.02 | $ 0.03 | $ 0.11 | $ 0.14 | $ 0.21 | $ 0.36 |
| **Percent Change** | 0% | 10% | 12% | 19% | 24% | 16% | 25% |

Figure 4: Time Savings (minutes) from Road Improvements

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Scenario** | **Motorcycles** | **Auto** | **SUV** | **Bus** | **Truck - C2** | **Truck - C3** | **Semi-Truck** |
| **Without Project (2015)** | 34 | 38 | 39 | 36 | 46 | 54 | 46 |
| **With Project (2017)** | 24 | 26 | 26 | 26 | 32 | 36 | 32 |
| **Savings (minutes)** | 10 | 12 | 13 | 10 | 14 | 18 | 14 |
| **Percent Change** | 29% | 32% | 33% | 28% | 30% | 33% | 30% |

* 1. Goods and people traveling the road to and from international destinations are expected to increase over the coming decade due to increasing tourism and industry in the sector. All vehicles are expected to increase by 71% between 2013 and 2018, while all truck types (i.e., C2, C3, and semi-trucks) increased by 183% (see Figure 5)[[5]](#footnote-5). As traffic increases on the project corridor, international port traffic will likely increase concurrently at a rate up to 6.1% annually through 2025[[6]](#footnote-6) assuring that any increase in traffic will have a global significance, and any increase in port traffic will be experienced on RN-1.

Figure 5: Expected Daily Vehicle Accounts along the Project Corridor

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **2013** | **2016** | **2018** |
| **All Vehicles (daily)** | 4128 | 5977 | 7058 |
| **All Trucks (daily)** | 241 | 385 | 682 |
| **% Increase Vehicles** | - | 45% | 71% |
| **% Increase Trucks** | - | 60% | 183% |

* 1. As this segment is the last along RN-1 to be completed, the IDB has financed RN-1 from Port-au-Prince to Cap Haitian with the exception of the section between Saint Marc and Gonaives and the urban sections in Port-au-Prince and Cap Haitian. In total, automobiles have reduced their costs by $0.29/veh-km over the IDB financed sections and heavy trucks (type C3) have reduce theirs by $2.99/veh-km for a respective reduction of 19% and 31% (Figure 6). In total, an auto traveling between Port-au-Prince and Cap Haitian on RN-1 would see a reduction of $4.16 in the economic cost of their trip, while a heavy truck (type C3) would see a reduction of $48.11 (Figure 7).

Figure 6: Total Cost Savings (US$/veh.km) Achieved on IDB Financed Road Sections on RN-1

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Scenario** | **Motorcycles** | **Auto** | **SUV** | **Bus** | **Truck - C2** | **Truck - C3** | **Semi-Truck** |
| **Without Project (2016)** |  | $0.30 | $0.40 | $0.98 | $0.85 | $1.83 |  |
| **With Project (2018)** |  | $0.25 | $0.31 | $0.72 | $0.60 | $1.24 |  |
| **Savings (US$/veh.km)** |  | $0.06 | $0.09 | $0.25 | $0.25 | $0.59 |  |
| **Percent Change** |  | 19% | 22% | 26% | 29% | 32% |  |

Figure 7: Total Cost Savings (US$) Achieved on a trip from Port-au-Prince to Cap-Haitian due to the IDB Financed Road Sections on RN-1

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Scenario** | **Motorcycles** | **Auto** | **SUV** | **Bus** | **Truck - C2** | **Truck - C3** | **Semi-Truck** |
| **Without Project (2016)** |  | $23.11 | $30.25 | $75.47 | $77.82 | $164.55 |  |
| **With Project (2018)** |  | $18.95 | $23.83 | $56.63 | $57.40 | $116.44 |  |
| **Savings (US$/veh.km)** |  | $4.16 | $6.42 | $18.84 | $20.42 | $48.11 |  |
| **Percent Change** |  | 18% | 21% | 25% | 26% | 29% |  |

## Validation of Project Criteria with the Integration Strategy Framework

* 1. According to the Bank’s *Sector Strategy to Support Competitive Global and Regional Integration* (GN-2565-4), regional integration operations are aligned with one or more of the four general strategic criteria: (i) a cross-country focus; (ii) regional additionality; (iii) national subsidiarity; and (iv) compensation of coordination failures.
  2. This operation is aligned with one of the four criteria: i) cross-country focus. Considering the scope of the project outlined in the first section of this Annex, this project contributes to a cross-country focus, as it is a national project that has a direct effect on improving accessibility standards by improving a primary highway between the north and south of the country that provides access to both of the country’s import/export facilities. The project is critical for Haiti to maintain and grow its economic integration with the rest of the world.
  3. The activities that support global and regional integration can be classified in three main areas: (i) Infrastructure; (ii) Institutional strengthening and capacity development; and (iii) Functional cooperation and regional public goods. In accordance with the described components in the loan proposal, the operation is classified under the area of infrastructure because it is a physical intervention in major highways that improves the connectivity of national infrastructure, in this case the connection of the primary airport with global airports and the principal economic centers and areas of agricultural production with the international seaport and airport infrastructure.
  4. The Project complies, as demonstrated above, with the Bank’s transport subsector “Major Highways” as the project involves the RN-1 between Camp Coq and Vaudreuil as previous Bank loans have done on RN-1 between Port-au-Prince and Camp Coq, the main highway that connects Haiti’s two international seaports and airports with the rest of the country. In accordance with the Guidelines for Classifying Lending Program Priorities (GN-2650, GN-2733) the “Major Highways” subsector implicates conditional eligibility for the completion of the financing goal to back regional cooperation and integration. Being that the RN-1 between Camp Coq and Vaudreuil is a section of a national strategic highway that connects Haiti’s economic and agricultural centers to its international seaports and airports the project qualifies for classification under the global and regional integration framework as have previous projects the IDB has completed on RN-1.

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| --- | --- | --- | --- |
| Sub-sector | Code | Description | Automatic(A)/Conditional(C) |
| Major Highways | TR-VPR | Major roads that are part of transnational corridors or that feed them; or roads giving access to ports, airports and international waterways. This also includes main roads that are not part of transnational corridors. | C |

1. As determined by the 2011 *Port Development Strategy in Haiti* produced by CTS Consulting at the request of the Government of Haiti [↑](#footnote-ref-1)
2. The Bank rehabilitated the RN-1 between Port-au-Prince and Camp Coq, approximately 101 kms, with loans HA-L1046, HA-L1054, HA-L1058, HA-L1079, and HA-L1089. All were classified as projects that supported the banks regional integration strategy/framework. [↑](#footnote-ref-2)
3. See footnote 2. [↑](#footnote-ref-3)
4. Nicolini, 2015, Reconstrucción de la Ruta N° 1 Tramo ‘Camp Coq-Vandreuil’: Análisis de Viabilidad Económica [↑](#footnote-ref-4)
5. See footnote 4 [↑](#footnote-ref-5)
6. IFC, 2011, Study on Potential Port Projects in Haiti in the Post January 12, 2010 Earthquake Context [↑](#footnote-ref-6)