



SPECIAL REPORT

# Dominican road infrastructure as a factor of the nation's reputation

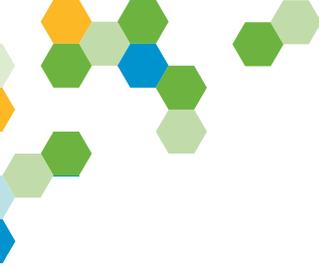
Santo Domingo, October 2015

**d+i** developing  
ideas

LLORENTE & CUENCA

In collaboration with:





1. COUNTRY'S REPUTATION
  2. KILOMETERS OF MODERN  
ROADS FOR GREATER  
COMPETITIVENESS
  3. TOURISM AND ROAD NETWORK
  4. FREE-TRADE AREAS
  5. CHALLENGES BEYOND MORE  
AND BETTER ROADS
  6. CONCLUSIONS
- BIBLIOGRAPHY  
AUTHORS

## INTRODUCTION

Investors see the world as a universe of potential opportunities and, therefore, countries are competing to attract investments that will enable them to create new jobs and, ultimately, achieve a greater economic dynamism and development. However, since resources are limited and given how difficult it is to make a difference in international markets, Country's Reputations become a key factor to have a better chance at attracting these investment opportunities. An important element for the development of this asset is road infrastructure, which enables a better transportation to the tourist zones, free-trade areas and, in general, movement throughout the country; from rural areas to the large centers of consumption.

An overview of the current situation of the Dominican road infrastructure can be found below, as well as the impact that the latter has on critical areas for the domestic economic development such as tourist zones, free-trade areas, ports, etc. It also includes the challenges that need to be faced to continue developing this asset and thus contribute to the enhancement of competitiveness and, consequently, reputation.

**“In a country where  
tourism is one  
of the economic  
driving forces, road  
infrastructure  
becomes the main  
factor to determine  
the Country's  
Reputation”**

## 1. COUNTRY'S REPUTATION

### DOMINICAN ROAD INFRASTRUCTURE AS A FACTOR OF THE COUNTRY'S REPUTATION

In the same way that the reputation of countries has an impact on its enterprises, the various factors that enable the proper functioning of a nation also influence the companies seeking to invest in it. It is a crucial factor to attract potential businesses, talent and, particularly as regards the Dominican Republic, tourists.

The part influences the whole and the whole influences the part. In July 2015, the Reputation Institute carried out 48,000 surveys to find out which country had the best reputation based on three factors: government effectiveness, attractive environment and developed economy. Canada ranked first in this edition, while Switzerland came in second place. The fact that stakeholders have a positive opinion of the country directly translates into an improved reputation which in turn leads to a greater number of tourists, among other advantages.

The reputation of both companies and countries is measured in accordance with the views that stakeholders have; what they say and do over time, taking into account the current ethical values. In the case of the Dominican Republic, in a clearly competitive tourist

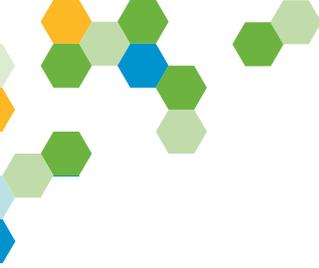
environment such as the Caribbean, what these countries say and do can set the course for an unstoppable investing trend, particularly faced with challenges such as the economic liberalization in Cuba or the expansion of the Panama Canal in Central America.

In a country where tourism, free-trade areas and remittances are the economic driving forces, road infrastructure is inherently critical and becomes the main factor to determine the Country's Reputation.

For investors who invest in the tourism sector and the free-trade zone, road infrastructure plays a key role in their decision-making process. Besides taking into account factors such as the power network, mobile and network connectivity and housing infrastructure, investors will measure the potential investment in terms of transport costs and safety, that is, they will seek an optimal network of road infrastructure.

## 2. KILOMETERS OF MODERN ROADS FOR GREATER COMPETITIVENESS

Following a series of investments, according to the Central Intelligence Agency (CIA), in 2013 the road network of the Dominican Republic had a length of 19,705 kilometers, divided as follows: 27 % in main roads and 44 % in local roads. The remaining 29 % is comprised of temporary roads or trails.



**“The pathways  
have increased the  
possibilities for tourist  
to improve their  
experiences as they  
now can easily go  
outside the hotels”**

The major primary roads in the country mainly connect the capital to some of the most important tourism destinations and production centers. The Duarte Highway, completed in the late 90s, has a length of 150 kilometers and connects the capital and Santiago, in the heart of the Dominican Republic. It also goes through Villa Altagracia, Bonaó, La Vega, Moca, Santiago and Navarrete. Thanks to it, the journey takes about two hours, compared to the four hours that were required prior to its construction.

The longest road project so far is the one developed towards the East. It started with the construction of the Americas Highway up to San Pedro de Macorís, approximately 80 kilometers of road. The successive expansions ultimately led to the inauguration of the Bávaro-Miches road last year and, previously, the Coral Highway and the beltways in San Pedro and La Romana, making up 280 kilometers of eastern roads. Thanks to this, the route between Santo Domingo and Punta Cana now takes 50 % less time –a similar reduction to the one recorded in the journey between Bávaro and Miches–. La Romana is now one hour away from the capital –a little more to Bayahíbe– when, prior to the construction of this infrastructure, it could take between 1 hour and 45 minutes and 2 hours. These pathways have made the main tourist destination of the country more available not only for

those traveling from and to the Dominican capital, but also for other locations, increasing the possibilities for tourists to improve their experiences as they now can easily go outside the hotels where, traditionally, they have had “all-inclusive” options.

The Juan Pablo II road deserves special mention since at the 22nd km of the Americas Highway it provides access to the northeastern part of the country through its 102 km. The final destination is the tourist center of Terrenas and Samaná, just over two hours away from the capital, when it used to take between four and five hours to reach it through the Cibao region.

As for the southwestern route, the 6 de Noviembre Highway has linked Santo Domingo and San Cristóbal through a road of 21 km of length since 2000, which greatly reduced the required time to travel between both locations. The ongoing extensions seek to enhance the routes towards the southwest and involve the construction of beltways in Bani and Azua. Further ring-roads are being constructed in Santo Domingo and Santiago. As regards the capital, the road between the Duarte Highway and Haina is already operative at its eastern end. Efforts are currently being made to complete the section that will connect the aforementioned highway with the Caucedo-Boca Chica port, which shall greatly reduce

**“In the 2015 Competitiveness Index, the Dominican Republic ranked 98th worldwide, compared to the 110th rank of the previous edition”**

the costs and time required to travel between the two major ports in the country and the connection between Cibao and the southwest and the eastern regions, as well as the direct route between both locations – since it will no longer be required to travel through the roads of Santo Domingo –.

Lastly, there is the Northern ring of Santiago, which enhanced the movement between Navarrete and the Duarte Highway, granting access to the routes to Puerto Plata and Línea Noroeste. The southern beltway is still being planned to be finished, which shall further enhance the traffic in the second most populated city in the Dominican Republic.

The context outlined above shows that the Dominican Republic has undergone a transformation in relation to its road network over the last two decades. Since the mid-90s when the highway Duarte between Santo Domingo and Santiago was launched until the inauguration of the Coral highway, linking the capital with the eastern region of the country, there have been several works to improve the road network. These developments have been noted by organizations like the World Economic Forum (WEF) as illustrated in its Global Competitiveness Index. One of the most important elements that the report assesses is national infrastructure and, in the said section, road network is one of the indicators. The length of the network of roads and highways, its state and the travel time and costs have a direct impact on investments and the expectations on their profitability and potential returns.

In the 2015 Competitiveness Index, the Dominican Republic ranked 98th worldwide, compared to the 110th rank of the previous edition. This means that the Caribbean country is still behind El Salvador, Guatemala and Costa Rica, but ahead of Nicaragua and Honduras. As regards roads, the situation is better, as the country ranked 53<sup>rd</sup>, an improvement of nine positions compared to the results recorded in the two last editions of the study

Figure 1. Tourist destinations



Source: Ministry of Tourism of the Dominican Republic

**“These results imply that the Dominican Republic has a better road network than most of its direct competitors”**

– 62<sup>nd</sup> –. This time, the Dominican Republic only trails behind El Salvador and outperforms the remaining countries of the Free-Trade Agreement with the U.S. – CAFTA - DR –.

These results imply that the Dominican Republic has a better road network than most of its direct competitors, which helps the country build a reputation of having, at least a priori, faster, safer and cheaper transport. This information is important for the investor who, for example, is considering whether to invest in the tourist sector or the free-trade area – two of the main driving forces of the national economy –. Why?

As regards the former, investors will understand that tourists will need less time to go from the airport to the hotel and vice versa. Thus, they will be less exposed to the risk of suffering an accident and travel costs may be lower as well. In the case of the free-trade area, cargo will be transported more quickly, more safely and with less energy-related costs. In both situations, the reputation of the Dominican road network – without taking into consideration the driving expertise of the transportation service – is better than that of other similar countries. It will be a positive factor for people who are deciding where to make their investments.

From a global point of view, as far as travel costs are concerned, according to the International Energy Agency, investments in transport infrastructure may entail savings of up to 30 billion dollars just in fuel costs.

According to a study carried out by Limão y Venables, poor-quality infrastructure increases the costs of direct transport and delivery time. This results in a negative impact on national income. Estimates of the aforementioned study suggest that improving the infrastructure in the service sector would have a value of USD 154 billion – 4 % of the world GDP –.

### 3. TOURISM AND ROAD NETWORK

Since the launch of the strategy for tourism development by the Dominican Government – with the support of the World Bank – in 1971, investments have gradually increased in recent decades.

In 1981, partially thanks to the policy of fiscal and financial incentives for hotel investments private investors were able to increase the number of hotel rooms by 6,000 in the Dominican Republic. It was the time of implantation of big chains like Club Med in 1981 or Barceló in 1984. These initiatives

**“Tourism is still  
the sector with the  
greatest foreign direct  
investment in the  
Dominican Republic”**

managed to increase the housing infrastructure by up to 18,000 rooms in just two years. Three decades later, the figure rose to 70,000 rooms<sup>1</sup>.

These investments grew as the Dominican Republic slowly positioned itself as a mainly tourism destination from a reputational point of view. This led to the construction of major hotel complexes, resulting in a direct impact on employment and the development of road infrastructure. However, it also affected the environment and construction in natural areas where tourism flourished.

The arrival of foreign tourism investment in the 80s ultimately marked the outsourcing of the Dominican economy, both as regards output and employment, accompanied by a significant growth in per capita GDP. Among other impacts, this investment has entailed a significant GDP growth, rising from 4.5 % in the eighties to 18.5 % over the first years of the 21st century.<sup>3</sup>

However, tourism in the Dominican Republic, mainly due to the “all-inclusive” vacations, has tended to limit the contact between hotels and the surrounding communities and further local activities. This has led to a series of businesses being carried out by a small number of tour operators, airlines and distribution channels which generate scarce added value for the country as a whole<sup>4</sup>.

However, tourism is still the sector with the greatest foreign direct investment in the Dominican Republic, particularly important between 1993 and 2006. Foreign investors account for 60 % of hotel investments in the country and 80 % of its capacity in number of rooms, reaching USD 2.2 billion FDI stock (UNCTAD).

The Dominican Republic has slowly grown into one of the most important destinations worldwide, particularly for tourists who look for sun and sand vacations. According to

1 History of hotel investment in the Dominican Republic. UNDP 2005.

2 A study carried out by the IDB on the growth diagnostic methodology, Hausmann, Rodrik and Velasco (2005), explained how the DR has effectively undergone a “drastic transformation in the profile of its comparative advantages”, based on the shift of its resources from agricultural exports (tobacco, sugar, coffee, coconut, fruits and vegetables) to more productive sectors such as the Free-Trade Area and Tourism. (Fanelli and Guzman, 2008)

3 Elcano Royal Institute. Study on the Tourism Sector of the Dominican Republic.

4 Ministry of Economy, Planning and Development of the Dominican Republic.

the Ministry of Tourism and the Association of Hotels and Tourism of the Dominican Republic – Asonahores – hotels have exponentially grown in recent years. The number of rooms has risen from 32,846 in 1995, entailing revenues amounting to USD 1.57 billion to 68,840 hotel rooms which have

generated over USD 5.6 billion in 2014. If we make the same comparison over the last three decades, rooms have grown by 865 %.

According to the Central Bank of the Dominican Republic, since the beginning of this century, tourism has grown by 54 % in terms of job creation. A figure well-above those of sectors such as trade or construction, which still rose by 35 % and 45 % respectively. If we broaden the scope to the nineties, tourism has doubled the creation of jobs with about 200,000 direct jobs and 562,000 indirect jobs.

Figure 2. 1980-2014 Indicators of Hotels, Bars and Restaurants

INDICATORS OF HOTELS, BARS AND RESTAURANTS						
PERIOD	HOTEL ROOMS (UNITS)	HOTEL OCCUPANCY (%)	TOURISM REVENUES (USD MILLION)	JOBS CREATED BY TOURISM ACTIVITIES		
				TOTAL	DIRECT	INDIRECT
PEOPLE						
YEARLY						
1980	5,394	58.5	172.6	20,388	6,796	13,592
1981	6,132	59.5	206.3	23,180	7,727	15,453
1982	6,165	55.5	166.1	23,305	7,768	15,537
1983	6,527	60.3	320.5	24,693	8,231	16,462
1984	7,133	57.0	370.6	26,986	8,995	17,991
1985	8,562	61.8	451.0	32,364	10,788	21,576
1986	9,826	63.3	506.3	37,278	12,426	24,852
1987	12,043	74.1	571.2	45,522	15,174	30,348
1988	15,997	70.6	768.3	60,468	20,156	40,321
1989	18,478	70.7	818.4	69,846	23,282	46,564
1990	19,043	68.8	817.6	88,549	28,564	59,985
1991	21,510	64.5	840.4	97,871	27,963	69,908
1992	24,410	69.3	1,007.1	111,066	31,733	79,333
1993	26,801	74.7	1,223.7	112,564	32,161	80,403
1994	29,243	72.1	1,428.8	122,821	35,092	87,729
1995	32,846	76.8	1,570.8	126,458	36,131	90,327
1996	36,273	72.6	1,780.5	126,956	36,273	90,683
1997	40,453	76.2	2,099.4	155,744	44,498	111,246
1998	44,665	69.7	2,153.1	156,328	44,665	111,663
1999	49,623	66.9	2,483.3	159,786	45,653	114,133
2000	51,916	70.2	2,860.2	167,170	47,763	119,407
2001	54,034	66.3	2,798.3	154,106	44,031	110,075
2002	54,730	62.8	2,730.4	157,388	44,968	112,420
2003	56,393	72.7	3,127.8	164,694	47,055	117,639
2004	58,932	74.2	3,151.6	171,478	48,994	122,484
2005	59,889	73.9	3,518.3	172,116	49,176	122,940
2006	63,098	73.0	3,916.8	188,289	53,797	134,492
2007	64,662	72.2	4,064.2	190,259	54,359	135,900
2008	65,835	70.4	4,165.9	195,519	55,863	139,656
2009	67,575	66.0	4,048.8	196,199	56,057	140,142
2010	67,095	66.6	4,209.1	195,371	55,820	139,551
2011	66,348	69.3	4,436.1	201,597	57,599	143,998
2012	66,323	70.3	4,736	201,235	57,496	143,739
2013	68,542	71.7	5,063.5	216,543	61,869	154,674
2014	68,840	74.8	5,637.1	247,025	70,578	176,447

Source: Central Bank of the Dominican Republic

### TOURIST DESTINATIONS IN THE DOMINICAN REPUBLIC

The importance of tourism for the Dominican Republic has already been explained above. This success is partially due to the development of its road infrastructure, specifically in one of the most popular tourist destinations in the world. Punta Cana – Bávaro. However, the country's reputation that the Dominican Republic exports to its stakeholders should not be merely based on the well-functioning of tourism in specific parts of the country. Rather, the real potential lies in highlighting the importance of its road infrastructure as a link with the remaining tourist destinations of the Dominican Republic and its potential capacity to promote a more diversified sector and other productive fields.

In addition to Bávaro – Punta Cana, there are further territories in the Dominican Republic that have a huge tourism potential.

Some of these destinations have yet to achieve the expected emergence and are trailing behind other regions due to the quality of the current road infrastructure or the lack thereof. More specifically, five of the nine main tourism destinations in the country have no road infrastructure and, therefore, lack hotel infrastructure as well. This makes it impossible to develop these locations and transform them into economic driving forces, despite of their enormous potential.

Let us analyze some of the regions below:

- The **Santo Domingo – San Pedro and La Romana region.** (Southeast). A route that connects the capital and the southeast, starting in San Pedro de Macoris to La Romana. This journey includes tens of kilometers of Caribbean coastline *kilómetros de costa caribeña*.
- **San Cristóbal – Peravia – Azúa.** (Southeast). A great tourist attraction for the island, particularly the Pomier caves with its Indian rock art. Developing this location would enhance the national tourism diversification, as it offers something beyond the classical sun and sand option.
- **Barahona – Bahoruco – Independencia – Pedernales.** (Southeast). It has a rather varied climate, exotic springs and a unique fauna. Another example of tourism diversification that requires better infrastructure and investments.
- **Cibao.** (Northeast). Home to the famous Yaque River which runs along the city of Santiago de los Caballeros, the second most important city in the Dominican Republic with a population of 710,000 people.

Figure 3. Tourist destinations.



Source: Ministry of Tourism of the Dominican Republic

“From 47 regions in 2009 it had risen to 60 in 2015”

Another potential source of interior tourism thanks to its agricultural capacity. One of the richest communities in the West Indies.

- **Macao – Bávaro – Punta Cana.** (East). The jewel of the crown of Dominican tourism. The first region of the Dominican Republic into which large European chain hotels penetrated and thus became famous around the world. Its white sand beaches, golf courses and access to natural parks and other areas of ecological interest are some of its main features.
- **Montecristi – Dajabón – Sto. Rodríguez – Valverde.** (Northeast). This tourism location is one of the richest regions in minerals and a potential attraction for the development of ecotourism.

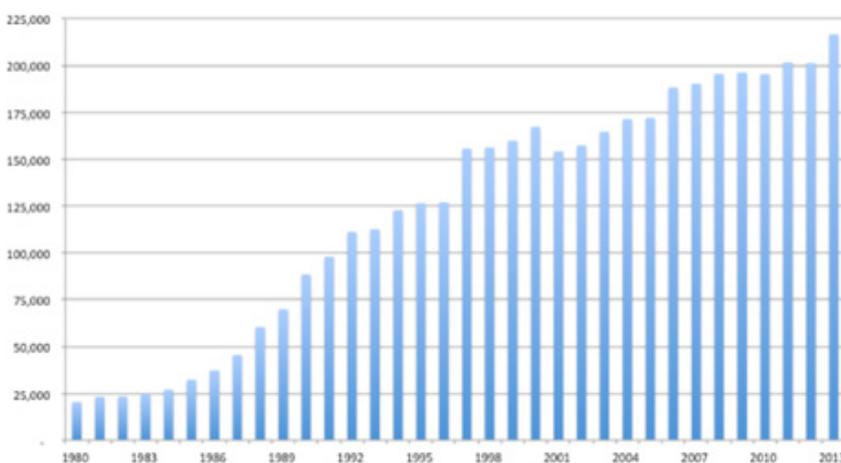
- **Puerto Plata.** (North). One of the most popular Caribbean destinations for its natural attractions.
- **Samaná – Cabrera** (North). Seeks to develop sun and beach tourism, has an optimal road infrastructure and a significant development potential. It is not another “all-inclusive” option, but has small hotels aimed at different target audiences. Since it is not managed by the powerful “all-inclusive” network tour operators, it is the destination for many middle and high-class local tourists.

#### 4. FREE-TRADE AREAS

The Free-Trade Area in the Dominican Republic is booming again. Over the last two decades of the previous century it gained momentum as an economic area and after the strong competition with the Asian continent through most of the 21st Century – particularly with China – it has been rising again since 2009, since the aforementioned competitor mainly stopped being attractive in the labor field.

In its September issue, the Dominican edition of FORBES analyzed the development of the free-trade areas over the last six years. The growth curve can be seen in all operative variables. From 47 regions in 2009 it had risen to 60 in 2015 and the number of companies

Figure 4. Economic Publications



Source: Central Bank of Dominican Republic

**“Cibao, Gran Santo Domingo and San Cristóbal are the main manufacture points of the Dominican Republic”**

had grown as well – from 553 to 629 – by July 2015. This, logically, results in an increase in exports resulting from production – rising from USD 3.8 billion to almost 5.25 billion in the said period–, direct jobs – from 112,000 to almost 157,000 – and foreign exchange revenues – from USD 959 million to over 1.35 billion –. Cumulative investment in 2014 amounted to near USD 3.8 billion, although this growth has not entailed a greater impact on the contribution of the sector to the GDP as it has remained close to 3.2 % during the aforementioned period.

Among the factors that are directly linked to the operation of companies in free-trade areas there is the mobility of goods. In the trade sector, time is money. Thus, being able to quickly transport goods in a safe manner ensures the highest level of competitiveness. And that is where the road network of the country plays a critical role, since raw materials arrive at ports and airports and must be brought to the centers of production to, once the products have been manufactured, be brought back to the terminals from which they will be sent to the consumer markets.

Cibao, Gran Santo Domingo and San Cristóbal are the main manufacture points of the Dominican Republic. Santiago and La Vega –important provinces in the Cibaeña region– have 31.2 % of the special free-trade areas and 33 % of the free-

trade areas in the country. In the case of Gran Santo Domingo and San Cristóbal, they both have 33 % of the free-trade areas and almost 40 % of the special free-trade areas.

In Cibao, the construction of the International Airport in Santiago has reduced the transportation costs for the out that may be transported by plane. The access road had an advantage; the Duarte Highway was already finished, particularly important for the cargo that must be transported in containers by sea. Thanks to it, access to the ports of Haina and Caucedo –in the San Cristóbal and Boca Chico regions respectively– reduced the required time, the costs related to fuel and vehicle wear and, consequently, lowered the costs of transportation.

As regards the operations of companies located in the capital and San Cristóbal regions, the Americas Highway granted better access to the International Airport of the Americas and Caucedo, but the route between the San Cristobal region and the aforementioned terminals implied going through Santo Domingo which, due to the traffic increase of recent years, has become a bad choice. One of the sections of the beltway of Santo Domingo has recently been inaugurated. Once fully completed, the Haina-Caucedo connection will be a cheaper and time-saving alternative, with the consequent positive impact for the transportation

**“A road network throughout the country would directly promote the diversification not only of tourism, but also new economic development sources”**

activities. Companies located in the free - trade area using the aforementioned connection will also benefit from it, since they no longer will need to pass through Santo Domingo.

The clearest example of this improvement is the Santiago beltway. Trucks no longer need to enter the city to get to the Puerto Plata road if they come from the south or the Duarte Highway if they come from the north. However, the corporate request in the aforementioned region to use the Manzanillo Port – northeastern region – or build a proper port in Puerto Plata will require the extension of the beltway and transform it into a highway which connects it to Montecristi or Puerto Plata, which in turn will have a positive impact on other areas of the economy such as tourism and agriculture. Entrepreneurs of this region have also voiced their opinion on the need to transform the southern beltway of Santiago into a tool which fosters economic development and enhances competitiveness.

Thus, improving the road network is an important competitiveness factor since it entails a positive impact on the Free-Trade Area, in addition to the sound consequences it has on the reputation of the country as it becomes an attractive investment destination.

Stating that the network of roads and highways has been modernized and showing with figures the savings it entails – for example, in relation to reducing fuel costs and vehicle wear and reducing the time required for transportation operations – significantly contributes to promoting the image of a Dominican Republic that cares about enhancing its investment environment. And that speaks well of the country.

## **5. CHALLENGES BEYOND MORE AND BETTER ROADS**

In the last three years, the Ministry of Public Works and Communications (MOPC) has invested over DOP 50 billion – approximately EUR 1 billion – to build 6,500 kilometers of roads – major roads and paths –. However, it should be noted how important it would be for the Dominican Republic to build a comprehensive road network throughout the country. This would directly promote the diversification of not only tourism, but also new economic development sources, such as the enhancement of the free-trade areas or the proliferation of other productive sectors, such as the agricultural field. Precisely, some of these potential sources of wealth are located in the central-western region of the country, one of the areas with the most underdeveloped road infrastructure.

**“In order to achieve a sustainable investment in infrastructure it is necessary to organize the current resources”**

The government is aware of this situation. As stated by the Minister of Public Works, Gonzalo Castillo, “whenever a road is built, the country saves time and fuel. Saving fuel implies saving foreign currency and we contribute to the protection of the environment, the transportation costs of the output also drop and the country becomes more competitive”. This data is also interesting for companies seeking to invest in the Dominican Republic, since they know that lower transportation costs promote the economic sustainability and the capacity to travel greater distances in less time.

But beyond more and better roads, the challenges for the country are the maintenance and improvement of the current

network, reducing accidents and encouraging free competition in the field of inland freight transportation. This would support the statements of Minister Castillo when he said that the authorities need to ensure a modern, but also safe road network. Dealing with this kind of factors that make up the reputation of a country is critical to positively influence the assessment of investors.

The Chamber of the Deputies and the Senate of the Dominican Republic passed a measure which modified Law N. 158-01 on the Promotion of Tourism Development at the end of 2013. This new initiative is a commitment between the State and the Sociedad Fiduciaria Reservas for the construction, maintenance and expansion of the Main Road Network of the Dominican Republic. This legislative reform would ensure the maintenance of the road infrastructure by the Dominican State. It also seeks to be a sustainable mechanism to promote the expansion of the Dominican main road network through a transparent, safe and efficient management in order to enhance competitiveness.

Summary Description of the Road Network and its Relative Weight. Investments should help expand and structure the country; improving the quality of the road infrastructure will increase the competitiveness of the tourism and free-trade

**Figure 5. Ministry of Public Works and Communications, Dominican Republic**

SUMMARY DESCRIPTION OF THE ROAD NETWORK AND ITS RELATIVE WEIGHT				
TYPE	KM	% NETWORK	AADT	% NETWORK VEHICLES
Main (Primary)	1,081.1	7.8%	8,031	54.9%
Regional (Secondary)	1,830.9	13.2%	1,903	22.0%
Local (Tertiary)	2,010.0	14.5%	1,479	18.8%
<b>Subtotal roads</b>	<b>4,921.9</b>	<b>35.6%</b>	<b>3,076</b>	<b>95.8%</b>
Asphalt road	872.8	6.3%	237	1.3%
Gravel road	3,221.1	23.3%	123	2.5%
Dirt road	4,818.3	34.8%	32	1.0%
<b>Subtotal paths</b>	<b>8,912.2</b>	<b>64.4%</b>	<b>75</b>	<b>4.2%</b>
<b>Total network</b>	<b>13,834.1</b>	<b>100.0%</b>		<b>100.0%</b>

“The benefits they entail in terms of time and costs savings are influenced by the high rate of accidents”

sectors. In order to achieve a sustainable investment in infrastructure it is necessary to organize the current resources, meet the efficient road preservation plans and implement preventive maintenance strategies for these roads.

Carelessness in the maintenance of the road infrastructure would require further investments which would surpass the pre-established target figure, since the durability of the work can, in many cases, account for 50 % of its regular maintenance.

A multiphase study on the rehabilitation and maintenance of infrastructure financed by the Inter-American Development Bank (IDB) confirms the aforementioned statement. The Dominican road network is clearly deteriorated and, unless authorities act in a timely

manner, this could become a significant problem not only for the Government, but also for the economic sustainability of the country.

In addition to the scarce maintenance, there is no prevention in relation to transporters abusing roads by overloading vehicles –weight and size–. However, this situation has also entailed a reaction by the government, which has allocated large sums to rehabilitate, reconstruct and expand the national road network in recent years.

The issue of safety should also be addressed. According to the 2015 Global status Report on Road safety, the Dominican Republic is the country with the largest number of road deaths in America –29.3 deaths per 100,000 people–. Prior to the publication of this report, the 2013 Global status Report on Road safety stated that the Dominican Republic was the second country with most road deaths out of the 182 countries that make up the United Nations with a rate of 41.7 deaths. Niue Island, in the Pacific Ocean, leads the ranking with 68.3 deaths. Therefore, although the country has slightly improved these results, it still is in a rather worrying position. The sound and most modern roads are being used in a dangerous manner. This means that the benefits they entail in terms of time and costs savings are influenced by the high rate of accidents, which has a negative impact on the reputation of the country.

Figure 6. Ministry of Public Works and Communications, Dominican Republic

SUMMARY DESCRIPTION OF THE ROAD NETWORK AND ITS RELATIVE WEIGHT				
TYPE	KM	GOOD	AVERAGE	POOR
Main (Primary)	1,081.1	66.5%	24.2%	9.3%
Regional (Secondary)	1,830.9	39.7%	25.0%	35.3%
Local (Tertiary)	2,010.0	23.9%	34.2%	41.9%
<b>Subtotal roads</b>	<b>4,921.9</b>	<b>39.1%</b>	<b>28.6%</b>	<b>32.3%</b>
Asphalt road	872.8			
Gravel road	3,221.1			
Dirt road	4,818.3			
<b>Subtotal paths</b>	<b>8,912.2</b>	<b>20.0%</b>	<b>54.0%</b>	<b>26.0%</b>
<b>Total network</b>	<b>13,834.1</b>	<b>26.8%</b>	<b>45.0%</b>	<b>28.2%</b>

**“The Dominican Republic now faces the opportunity to specialize the sector towards luxury tourism, eco-tourism, health tourism or gastronomic tourism”**

Finally, as regards landside transport, the advantages of the modern roads connecting hotels and cities and production centers with import-export terminals –mainly reduced vehicle wear and fuel saving– are also affected by transporters’ tariffs. The national productive sector has long complained about the lack of free competition within this sector, which increases the costs and is detrimental to competitiveness. In February 2015, Deloitte RD highlighted the inefficiency of this sector, based on the World Bank Doing Business report data. The aforementioned study stated that near 30 % of the export-import costs in the Dominican Republic are generated by the inland transport that is required to carry the goods from or bring them to the port.

## 6. CONCLUSIONS

As previously mentioned, infrastructure has been an important element in the growth experienced by the Dominican Republic over the last three decades. Its development has been directly proportional to that experienced in the fields of tourism and free-trade areas, although other sectors have logically benefited from it, albeit to a lesser extent.

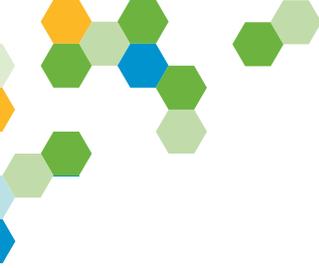
The various Dominican governments have been fully aware of its importance and have achieved, together, in

collaboration with other public, private and multilateral financial actors, such as the IDB, to transform the Dominican road network into one of the best transport infrastructures in Latin America.

Obviously, there is still a long way to go as regards the development of road infrastructure.

Opportunities that, besides connecting the poorest areas with the most developed regions and boosting important productive sectors such as livestock and raw materials, will, above everything, help consolidate tourism as the national economic cornerstone and promote its diversification. The Dominican Republic now faces the opportunity to specialize the sector towards luxury tourism, eco-tourism, health tourism or gastronomic tourism to complement “all-inclusive” vacations, which still remains as the top option.

As long as the Dominican Republic meets the important challenges it needs to face –internal: improving sustainability, extending the road network, enhancing the safety of the roads and reducing transportation costs and external: the economic liberalization in Cuba and the expansion of the Panama Canal– its reputation will significantly improve.



**“A real story on the Dominican infrastructure based on a moving storytelling will exponentially disseminate the great efforts that the Dominican Republic is carrying out in relation to its reputation”**

The reputation of the Dominican Republic as a country is directly linked to the view that people have on its tourism sector and, consequently, to the opinion that stakeholders have about the road network. In other words, infrastructures are a critical factor in the reputation of the Dominican Republic as a country. Depending on the actions carried out to continue promoting its sound state and sustainability, investing stakeholders will consider the Dominican Republic to be a reliable destination in which to invest with full guarantees and confidence in a predictable government that knows which is the priority of the country.

However, “promising” and “doing” a series of actions in a fully transparent manner for the stakeholders of the Dominican Republic is not enough to build a sound reputation for the country. For this effort to strongly penetrate among stakeholders, it is advisable to establish a story that generates

empathy: useful and attractive contents that connect with the target audiences. A real story on the Dominican infrastructure based on a moving storytelling which will exponentially disseminate the great efforts that the Dominican Republic is carrying out in relation to its reputation.

The storytelling is the most effective means of communication to convey values and emotions. The infrastructures of the Dominican Republic have an important meaning; it boosts national pride, and is the backbone that shall define the future of the Dominican peoples. This is not a mere narration of events. Therefore, having a proper storytelling is critical as it is based on data and facts but also tells stories and talks about the people which make the Dominican Republic the country it is today. Now they are also part of the infrastructures’ storytelling; a factor of the reputation of the country.

## BIBLIOGRAPHY

ECLAC (2015). *Economic Survey of Latin America and the Caribbean*.

Consejo Nacional de Competitividad, División de información estratégica. *Índice de inversión extranjera directa*.

Consejo Nacional de Competitividad, División de información estratégica. *Índice de inversión extranjera directa. Consejo Nacional de Zona Franca.* / National Competitiveness Council, Department of strategic information. *FDI Index*.

Consejo Nacional de Competitividad (2014). *Índice Global de Competitividad 2014-15, caso República Dominicana.* / National competitiveness Council (2014). *2014-2015 Global Competitiveness Index, Dominican Republic Case*.

Consejo Nacional de Zona Franca. / National Free-Trade Zone Council.

CEI-RD. Centro de Exportación e Inversión de la República Dominicana. / CEI-RD Export and Investment Center of the Dominican Republic-

Ministerio de Obras Públicas y Comunicaciones. *Sistema de infraestructura vial dominicano.* / Ministry of Public Works and Communications. *Dominican road infrastructure system*.

Ministerio de Economía, Planificación y Desarrollo (MEPyD). *Ley 1-12 que establece la Estrategia Nacional de Desarrollo 2030*.

From: [http://www.mopc.gob.do/media/17295/sistema\\_infraestructura\\_vial\\_dominicano.pdf](http://www.mopc.gob.do/media/17295/sistema_infraestructura_vial_dominicano.pdf)

Ministry of Economy, Planning and Development (MEPyD). *Law 1-12 as provided for by the 2030 National Development Strategy*.

From: <http://economia.gob.do/mepyd/estrategia-nacional-de-desarrollo-2030/>

MEPyD, Ministerio de Hacienda y BCRD. *Marco macroeconómico 2014-2018.* / MEPyD, Ministry of Finance and Central Bank of the Dominican Republic. *2014-2018 Macroeconomic framework*.

Ministerio de Turismo. *Mapa de Polos Turísticos.* / Ministry of Tourism. *Map of Tourism Destinations*.

Villanueva & Polanco. *El DR-CAFTA y la inversión extranjera directa en la República Dominicana.* Grupo de consultoría Pareto. / Villanueva & Polanco. *DR-CAFTA and FDI in the Dominican Republic.* Grupo de consultoría Pareto.

Central Bank of the Dominican Republic.

World Trade Report. *Infrastructure in trade and economic development*.

2005 UNDP. *History of Hotel Investment in the Dominican Republic.*

*Estudio del Banco Interamericano de Desarrollo basado en la metodología de diagnóstico de crecimiento, de Hausmann, Rodrik y Velasco (2005). / IDB Survey on the methodology of growth diagnostics. Hausmann, Rodrik and Velasco (2005)*

Real Instituto Elcano. *Estudio Sector Turismo en República Dominicana. / Real Instituto Elcano. Study on Dominican Republic Tourism Sector.*

MEPyD, Ministerio de Economía, Planificación y Desarrollo de la República Dominicana. / MEPyD Ministry of Economy, Planning and Development of the Dominican Republic.

## Autores



**Fernando Barrero** is Director of Research Centers BARNÁ Business School. Engineer, specialist in Science and Technology, University of Hohenheim, RFA, Master in Business Administration, Universidad de la Sabana, Bogotá. Senior Financial Management Studies, Universidad de Los Andes, Bogotá, Colombia. He has participated in numerous management development programs in USA, Germany, Switzerland and Canada.

[f.barrero@barna.edu.do](mailto:f.barrero@barna.edu.do)



**Iban Campo** is Managing Director in LLORENTE & CUENCA Dominican Republic. Degree Iban has a degree in Information Sciences from the Universidad de Navarra. He has an excellent career in the Dominican Republic, where he has worked for the American Chamber of Commerce as Manager of Corporate Communications. He was also Director of Communications at the Fundación Global Democracia y Desarrollo (Global Democracy and Development Foundation) (FUNGLODE) and correspondent of the daily El País in Spain, Listin Diario Editor and Editor General of El Caribe where he was also Director of Multimedia. Iban combines the best knowledge of the world of the media with the best one in the world of corporate communication.

[icampo@llorentycuenca.com](mailto:icampo@llorentycuenca.com)



**Eduardo Hernández-Aznar** is Director in LLORENTE & CUENCA Dominican Republic. He has a Degree in Information Sciences and a Masters in Communication Management. He has a wide experience in Central America in management tasks and the start-up of new offices, fostering the creation of new business. Eduardo has worked as the Director of 3A Worldwide in Panama and Central America. Previously, he was the Director of OstosSola in that country and the First Presidential Advisor to the Republic of Guatemala, for the president Otto Pérez Molina. He has also worked in the international arena in the field of corporate communication and Public Affairs.

[ehernandez-aznar@llorentycuenca.com](mailto:ehernandez-aznar@llorentycuenca.com)

## CORPORATE MANAGEMENT

José Antonio Llorente  
Founding Partner and Chairman  
jallorente@llorenteycuenca.com

Enrique González  
Partner and CFO  
egonzalez@llorenteycuenca.com

Jorge Cachinero  
Corporate Director of Innovation  
jcachinero@llorenteycuenca.com

## MANAGEMENT - SPAIN AND PORTUGAL

Arturo Pinedo  
Partner and Managing Director  
apinedo@llorenteycuenca.com

Adolfo Corujo  
Partner and Managing Director  
acorujo@llorenteycuenca.com

## MANAGEMENT - LATIN AMERICA

Alejandro Romero  
Partner and CEO Latin America  
aromero@llorenteycuenca.com

Luisa García  
Partner and CEO Andes' Region  
lgarcia@llorenteycuenca.com

José Luis Di Girolamo  
Partner and CFO Latin America  
jldgirolamo@llorenteycuenca.com

## HR MANAGEMENT

Daniel Moreno  
HR Manager for Spain and Portugal  
dmoreno@llorenteycuenca.com

Marjorie Barrientos  
HR Manager for Andes' Region  
mbarrientos@llorenteycuenca.com

Karina Valencia  
HR Manager for North America, Central America and Caribbean  
kvalencia@llorenteycuenca.com

## Cink.

Sergio Cortés  
Partner. Founder and Chairman  
scortes@cink.es

Calle Girona, 52 Bajos  
08009 Barcelona  
Tel. +34 93 348 84 28

## SPAIN AND PORTUGAL

### Barcelona

María Cura  
Partner and Managing Director  
mcura@llorenteycuenca.com

Muntaner, 240-242, 1º-1ª  
08021 Barcelona  
Tel. +34 93 217 22 17

### Madrid

Joan Navarro  
Partner and Vice-president of Public Affairs  
jnavarro@llorenteycuenca.com

Amalio Moratalla  
Partner and Senior Director  
amoratalla@llorenteycuenca.com

Goyo Panadero  
Partner and Senior Director  
gpanadero@llorenteycuenca.com

Lagasca, 88 - planta 3  
28001 Madrid  
Tel. +34 91 563 77 22

### Lisbon

Madalena Martins  
Partner  
mmartins@llorenteycuenca.com

Tiago Vidal  
Managing Director  
tvidal@llorenteycuenca.com

Carlos Ruiz  
Director  
cruiz@llorenteycuenca.com

Avenida da Liberdade nº225, 5º Esq.  
1250-142 Lisbon  
Tel. + 351 21 923 97 00

## UNITED STATES

### Miami

Alejandro Romero  
Partner and CEO Latin America  
aromero@llorenteycuenca.com

600 Brickell Ave.  
Suite 2020  
Miami, FL 33131  
Tel. +1 786 590 1000

## MEXICO, CENTRAL AMERICA AND CARIBBEAN

### Mexico City

Juan Rivera  
Partner and Managing Director  
jrivera@llorenteycuenca.com

Av. Paseo de la Reforma 412, Piso 14,  
Col. Juárez, Del. Cuauhtémoc  
CP 06600, México D.F.  
Tel. +52 55 5257 1084

### Panama City

Javier Rosado  
Partner and Managing Director  
jrosado@llorenteycuenca.com

Av. Samuel Lewis.  
Edificio Omega - piso 6  
Tel. +507 206 5200

### Santo Domingo

Iban Campo  
Managing Director  
icampo@llorenteycuenca.com

Av. Abraham Lincoln 1069  
Torre Ejecutiva Sonora, planta 7  
Tel. +1 809 6161975

## ANDES' REGION

### Bogota

María Esteve  
Managing Director  
mesteve@llorenteycuenca.com

Carrera 14, # 94-44. Torre B – of. 501  
Tel. +57 1 7438000

### Lima

Luisa García  
Partner and CEO Andes' Region  
lgarcia@llorenteycuenca.com

Av. Andrés Reyes 420, piso 7  
San Isidro.  
Tel. +51 1 2229491

### Quito

Alejandra Rivas  
General Manager  
arivas@llorenteycuenca.com

Avda. 12 de Octubre N24-528 y  
Cordero – Edificio World Trade  
Center – Torre B - piso 11  
Tel. +593 2 2565820

### Santiago de Chile

Claudio Ramírez  
Partner and General Manager  
cramirez@llorenteycuenca.com

Magdalena 140, Oficina 1801.  
Las Condes.  
Tel. +56 22 207 32 00

## SOUTH AMERICA

### Buenos Aires

Pablo Abiad  
Partner and Managing Director  
pabiad@llorenteycuenca.com

Enrique Morad  
CEO for Southern Cone  
emorad@llorenteycuenca.com

Daniel Valli  
Senior Director of New Business  
Development for the Southern Cone  
dvalli@llorenteycuenca.com

Av. Corrientes 222, piso 8. C1043AAP  
Tel. +54 11 5556 0700

### Rio de Janeiro

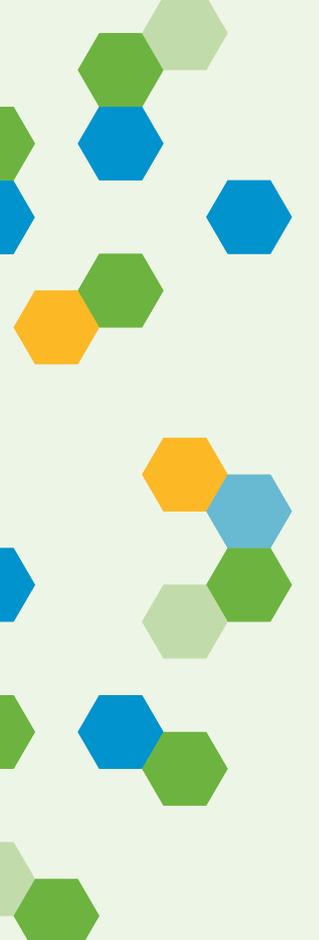
Yeray Carretero  
Director  
ycarretero@llorenteycuenca.com

Rua da Assembleia, 10 - Sala 1801  
RJ - 20011-000  
Tel. +55 21 3797 6400

### Sao Paulo

Juan Carlos Gozzer  
Managing Director  
jcgozzer@llorenteycuenca.com

Rua Oscar Freire, 379, Cj 111,  
Cerqueira César SP - 01426-001  
Tel. +55 11 3060 3390



## **d+i** developing ideas

LLORENTE & CUENCA

**Developing Ideas** by LLORENTE & CUENCA is a hub for ideas, analysis and trends. It is a product of the changing macroeconomic and social environment we live in, in which communication keeps moving forward at a fast pace.

**Developing Ideas** is a combination of global partnerships and knowledge exchange that identifies, defines and communicates new information paradigms from an independent perspective. **Developing Ideas** is a constant flow of ideas, foreseeing new times for information and management.

Because reality is neither black nor white, **Developing Ideas** exists.

[www.developing-ideas.com](http://www.developing-ideas.com)

[www.uno-magazine.com](http://www.uno-magazine.com)



AMO is the leading global network of strategic and financial communications consultancies, with over 940 professional consultants and offices in more than 20 countries.

The network brings together local market leaders with unrivalled knowledge of financial markets and cross-border transactions in the key financial centers of Europe, Asia and the Americas.

Providing sophisticated communications counsel for M&A and capital market transactions, media relations, investor relations and corporate crises, our member firms have established relationships with many S&P 500, FTSE 100, DAX 30, SMI, CAC 40 and IBEX 35 companies.

[www.amo-global.com](http://www.amo-global.com)