



INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA (IIRSA)

5th Meeting of the Executive Steering Committee

December 4th and 5th, 2003
Santiago, Chile

MINUTES OF THE MEETING

1. On the 4th and 5th of December, 2003 the 5th Meeting of the Executive Steering Committee (CDE) was held in the city of Santiago, Chile, to analyze the concrete achievements obtained in the Initiative in regard to the Integration and Development Hubs and the Sectoral Processes of Integration, which stand out in a context characterized by the leadership of the countries in technical and strategic decision making, as part of the process of seeking consensus and participative definition of priorities and actions based on the technical capital accumulated in IIRSA. The list of participants is presented in Annex 1.
2. The meeting was opened by Mr. Ricardo Lagos, President of Chile; Mrs. Alicia Bárcena, Deputy Executive Secretary for the Economic Commission for Latin America and the Caribbean (ECLAC); the President of the Executive Steering Committee of IIRSA, Mr. Javier Etcheberry, Minister of the Public Works, Transportation and Telecommunications of Chile; and Mr. Enrique García, President of the Corporación Andina de Fomento (CAF); Mr. Paulo Paiva, Vicepresident of the Inter-American Development Bank (IDB); and Mr. Alfonso Kreidler Guillaux, President of the Executive Board of the Financial Fund for the Development of the Plata Basin (FONPLATA), representing the Technical Coordination Committee (CCT). Mr. Sergio Galilea Ocón, National Director of Roads of Chile, as Executive Director for the Organization of the Fifth Meeting of the Executive Steering Committee, presided the working sessions, along with Vicepresidents, Mrs. Yamil Musso, Chief Planner of the General Division of International Relations of the Ministry of Infrastructure from the República Bolivariana de Venezuela, and Mr. Elmer Schialer, Counsel Minister/IIRSA Technical Secretariat-Perú from the República de Perú.
3. The technical work session started with the approval of the agenda spelled out in the invitations, which is shown in Annex 2.
4. A round of presentations by the delegations of the countries, began next. These were based on points opportunely indicated by the Presidency of the CDE: (i) aspects of the Strategic Vision; (ii) analysis of the portfolio and groupings of projects; and (iii) Sectoral Processes of Integration. The following aspects and proposals that were part of the presentations should be pointed out:

- 4.1. The contribution given by the Tool for the Formulation of a Strategic Vision for South America 2020 was valued as relevant and supported. This tool has been incorporated as a framework of reference in the area of the Integration and Development Hubs, as well as in the Sectoral Integration Processes, with special emphasis as an instrument that contributes to the territorial and spatial distribution of sectoral investments, taking in account the development of the interior regions in the countries through the internationalization of their connections. In this regard, the need to make space for generating a greater analysis and detailed debate of this Tool on part of the governments stands out, to advance on the consensus of a document that reflects a shared Strategic Vision between the member countries of IIRSA. Also, it was agreed to convoke to this brainstorming exercise representatives of other sectors, such as academia and the business sector, that may provide relevant contributions in this process.
- 4.2. The importance of the application of the methodology of indicative planning in the meetings of the GTEs of the Integration and Development Hubs stood out, under a scheme of participative work of the countries, where the grouping of the project portfolio was executed, in order to classify and identify those groups with the greatest feasibility and contribution to sustainable development with a regional vision as an integrating factor of the national visions. As an example, it was pointed out that as a result of the indicative planning process, the demonstration of Bolivia's will to develop the Oruro-Pisiga project motivated Chile to promote the sequential undertaking of the Huara-Colchane tranche as part of the respective grouping. The need to deepen this process was emphasized with the objective of concentrating the action in the short and medium term for viabilizing the strategic and high impact projects, in a framework of support to sustainable development, in economic, as well as in environmental and social terms. In this regard, the relevance of collecting all specifications that the delegations of the countries have in respect to those projects, was demonstrated. Also, it was specially mentioned the prioritization of those projects for which agreements between countries have been established, as well as the analysis in future meetings of the GTEs in respect to complementary comments or observations of the countries on the current groupings.
- 4.3. Progress in overcoming bureaucratic and institutional barriers that affect South American integration was stated as indispensable through inter-institutional coordination and normative and regulatory convergence, at the same level or as more important than restrictions in infrastructure. Also, aspects concerned to freight and passenger transport, customs sanitary regulations, and migration procedures stood out as areas in which the countries must make greater efforts. It was indicated that simplification of procedures, introduction of new technologies and border controls compatible with integration must be the object of preferential analysis by the corresponding Executive Technical Groups (GTEs).
- 4.4. The National Reports presented by the delegations, the progress made and programmed that strengthen the current steps that IIRSA has designed in the

works at the level of the Integration and Development Hubs stood out, including the execution and evaluation of specific projects from the portfolio of the Initiative. In regard to the Sectoral Integration Processes, the demonstration of political will by the countries to deepen the pertinent normative and regulatory convergence stood out.

- 4.5. It was considered relevant to implement as soon as possible innovative financing mechanisms destined to overcome the restrictions in the capacity of investment expenditures of the countries for the development of infrastructure works and investment capture. In this regard:
 - a) Consensus between countries stood out on the need that the institutions of the CCT, as well as other agencies and development banks, such as the BNDES, actively participate in the implementation of these mechanisms.
 - b) The sponsorship of the President of Chile, Mr. Ricardo Lagos, during the inaugural session, was reaffirmed, in respect to examining the possibility of obtaining a multilateral window and that the integration projects receive a different treatment in regard to financing and, as a consequence, to conceive the projects that are developed in different countries –but that are part of a Hub- as a sole project from the financing point of view, and, as a result, investments undertaken by the countries are evaluated as counterpart funds.
 - c) Proposals presented by the delegations of Peru and Uruguay oriented to the creation of a South American Infrastructure Authority (ASI for its spanish acronym) and/or a South American Infrastructure Fund (FISA for its spanish acronym) were received with interest. Details on the decision adopted by the CDE are described in point 5.6.
 - d) It was deemed useful to carry out events that allow examining extra-regional experiences, specially the structural funds of the European Union.
- 4.6. Special emphasis was made in regard to Public-Private Partnerships as one of the current important mechanisms for the development of infrastructure in the region, calling on the favorable experiences of the countries that have put them into practice. The importance for reinforcing this topic stood out, considering the legal and regulatory requirements, and defining as scope for action the investments in the fields of transport, energy, and telecommunications.
- 4.7. The relevance of taking into account the special character of South American countries without ocean front was mentioned, standing out their strategic role as inter-connection spaces for regional infrastructure. It was considered a priority to make reciprocal efforts to favor actions for free flow of traffic and other forms of agilization of trade, customs and sanitary procedures, that may mean effective facilities for the solution of the problem of excessive transport costs for exporting and importing goods, thereby requesting a differentiated consideration by financial organizations for their respective integration projects, in order to become connection links for the region.
- 4.8. Interest in deepening the handling of the following themes was stated: (i) motivating programs and low cost projects that favor the simplification of exports and the commercial trade between the countries through postal

remittances; (ii) promoting steps that favor equity and integration in the field of social communication, such as for example, the digital literacy program vía TV carried out by the República Federativa de Brazil; and (iii) introducing the relevance of not only the commercial but also the social dimension of telephone interconnections, and the integration of telecommunications in South America.

- 4.9. The need to evaluate technical and financial support mechanisms to facilitate the active participation of Surinam in its interaction and physical integration in the South American context stood out, giving special attention to approaching border facilitation between this country and Guyana.
- 4.10. The need to strengthen the concept of multimodality in the areas of transport was stated, giving special emphasis to the river and railway sub-sectors.
- 4.11. It was affirmed that the integration of the regional infrastructure exceeds the specifically economic topics, considering relevant the particularities of the cultural identities of the different regions that make up the South American continent, based on which a non-exclusive and participative mechanism that involves the different representative sectors of the South American community is needed.
- 4.12. It was considered as necessary the updated and permanent exchange of information on infrastructure in South America, in respect to projects, designs, experiences in public-private partnerships, regulations, and laws.
- 4.13. It was indicated that the Paraguay-Parana Waterway must be made a priority in IIRSA given its strategic importance, by calling the respective GTE as soon as possible.
- 4.14. It was noted that the delegation of the República Oriental del Uruguay emphasized the importance of including the Colonia-Buenos Aires Bridge project within the second project grouping of the Mercosur-Chile Hub (Group 2: Porto Alegre-Colonia).
- 4.15. The proposal of the delegation of the República Bolivariana de Venezuela for the Orinoco-Apure Hub to be included in the IIRSA Hubs, as part of the connection Orinoco-Amazonas-Plata, and the Andean and Amazon Hubs was accepted.
- 4.16. The importance of strengthening articulation mechanisms at the interior of the governments was re-affirmed, in order to ensure a high degree of inter-ministerial coordination and cohesion around the activities of the Initiative.
- 4.17. The need for formal national agreement for definitions on Hubs, projects and denominations that constitute official documents of IIRSA was reiterated.
- 4.18. A draft protocol of intentions on the topic of international roaming was distributed by the delegation of Brazil among the rest of the delegations for future consideration.
- 4.19. The work plan and program of meetings was presented by the delegation of Peru, which will be executed during its presidency of the CDE starting on January 1st, 2004.

5. The participating delegations presented a series of proposals and decision projects that are mentioned below, which after being analyzed by the participating delegations, deserved the following agreements:
 - 5.1. The delegation of Argentina reiterated the proposal presented during the 4th Meeting of the CDE, on including Argentina and Chile in a Southern Andean Hub, taking in account, among other aspects, the process of mining cooperation and integration, the creation of tourist integrated circuits and the joint works undertaken in the bilateral framework. Such proposal received the agreement of the CDE, based on which the Southern Andean Hub will be added to the IIRSA Initiative's Integration and Development Hubs.
 - 5.2. The delegations of Brazil, Chile, and Peru proposed having an event on strategic and participative planning experiences as an IIRSA activity, and under the organization of ECLAC (ILPES). This proposal received the approval of the CDE.
 - 5.3. The delegation of Chile proposed the extension to one calendar year for the term of the Presidency of the Executive Steering Committee (CDE), as well as the undertaking of at least one regular meeting of the CDE during such period. The CDE responded positively to this proposal. Based on that it was re-affirmed that the República de Peru will be on the presidency of IIRSA's Executive Steering Committee between January 1st and December 31st, 2004, while the República de Paraguay will exercise that function during the period between January 1st and December 31st, 2005.
 - 5.4. The delegation of Chile also proposed requesting the CCT, in coordination with the Presidency, the formulation of a mechanism for the development of activities of horizontal cooperation between the member countries of IIRSA, that allows the interchange of experiences, training, analysis, and study of best practices, in topics related to the Initiative. The CDE received the proposal with satisfaction and expressed its agreement with it.
 - 5.5. The delegation of Paraguay proposed the request for the creation of Preinvestment Fund for the analysis of projects in each grouping. The CDE expressed its approval to this proposal, which must be implemented through the pertinent institutional mechanisms.
 - 5.6. The delegation of Peru proposed incorporating into the works of IIRSA on innovative financing mechanisms, a proposal for the creation of a South American Infrastructure Authority (ASI). Recognizing the organization of the different governments of South American states, it was proposed that the Ministers of the CDE invite the authorities effectively responsible, as it is the case for each country (such as viceministers of economy, finance, planning, and other concerned), to meet with the purpose of analyzing the concrete proposal of implementing the ASI. The CDE agreed to approve such proposal based on what the Peruvian presidency of that Committee, that will be exercised starting in January 2004, in coordination with the institutions of the CCT will convoke to such meeting in Lima during the first quarter of that year. In support to the participation of the responsible officers to be designated by the respective governments, the Ministers agreed to request the

- CCT to make available a legal and an administration expert to contribute in the preparatory works for the ASI.
- 5.7. The delegation of Peru proposed the modification of the names of some of the Integration and Development Hubs proposed by the CCT in which Peru participates. These are: (i) Amazon Hub instead of Central Amazon Hub; (ii) Peru-Brazil-Bolivia Hub instead of Southern Amazon Hub of the South; and (iii) Southern Interoceanic Hub instead of Central Interoceanic Hub. After examining this proposal and others that were presented during the meeting, the CDE decided on the names assigned to the 10 Integration and Development Hubs of the Initiative: (i) Andean Hub; (ii) Southern Andean Hub; (iii) Amazon Hub; (iv) Capricorn Hub; (v) Guyanese Shield Hub; (vi) Paraguay-Parana Waterway Hub; (vii) Central Interoceanic Hub; (viii) Mercosur-Chile Hub; (ix) Peru-Brasil-Bolivia; and (x) Southern Hub.
 - 5.8. The delegation of Uruguay proposed in the area of port security: (i) to include this topic in the Maritime Transport Sectoral Process; (ii) to request the CCT to support actions of the countries regarding the development of Maritime International Organization's ISPS Security Codes; and (iii) to request the multilateral credit organizations to support the countries financially in the stage of formulation, study, and procurement. The CDE approved this proposal taking into consideration the relevance that this topic has in regard to the competitiveness conditions of the region.
 - 5.9. The CDE agreed to incorporate as a decision of the Committee the proposal of the President of the República de Chile, Mr. Ricardo Lagos, in respect to examining the possibility of obtaining from the pertinent organizations a multilateral window and that integration projects receive a different treatment in the area of financing, according to what was indicated in point 4.5.b above.
6. On the other side, the CCT presented to the CDE two recommendations related to IIRSA works in the framework of Sectoral Integration Processes. In this regard, the following was concluded:
 - 6.1. The CDE demonstrated its satisfaction with the results reached in the Executive Technical Groups of Border Crossings Facilitation and Information and Communications Technologies (ICTs) and requested to the institutions that are part of the Technical Coordination Committee (CCT) to promote the mobilization of resources for the start up of the corresponding schemes and work plans.
 - 6.2. After taking note of the Work Plan formulated to continue the works in the context of the Sectoral Process on Regulatory Frameworks of Regional Energy Markets, the CDE decided to request the call for a new meeting of the respective GTE in order to allow the delegations to present their eventual observations to the last version of the Work Plan and formulate in such occasion the final text of the Plan for its start up.
 7. Taking into consideration the degree of maturity and exposure of IIRSA, at a national, regional and international level, the CCT made a presentation on a proposal

for an Strategy of Participation, Consultation, and Public Outreach for the Initiative, that would have the objective of widely informing on the activities under execution, opening mechanisms for channelling suggestions and comments of the public and relevant institutional actors on the Initiative, facilitating contacts between governments and the private sector to promote concrete investments in the projects and resolving normative obstacles, and developing strategic associations for the progress of the Initiative (specialized international organizations, national development banks, regional or national think tanks, etc.). The presentation included a more detailed description of one of its basic pillars represented by the IIRSA webpage. On this topic, the CDE expressed its conformity to make progress in the development and implementation of the proposed strategy, as well as in the public dissemination of the new version of the webpage of the Initiative presented to the Committee in this meeting, once all available contents are incorporated.

8. The delegations expressed their appreciation to the Economic Commission for Latin America and the Caribbean (ECLAC) for the hospitality offered to the members of the CDE, to the CCT for the work undertaken in support to the Initiative, as well as to the government of the República de Chile, in particular the Ministry of Public Works, Transport and Telecommunications for the organization and attentions offered, and to congratulate themselves for the development and results of the Meeting, that will contribute to the achievement of concrete results of the IIRSA Initiative.

Santiago, December 5th , 2003