



INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA (IIRSA)

Third Meeting of the Executive Steering Committee (CDE)

May 26-27, 2002
Brasília, Brazil

MINUTES OF THE MEETING

1. On May 26 and 27, the Third Meeting of the Executive Steering Committee was held in Brasília, Brazil, with the purpose of strengthening and intensifying the process of building, developing and modernizing infrastructure for the integration of the region, as well as to assess advances in the Initiative for the Integration of Regional Infrastructure in South America (IIRSA). The list of participating delegations and of observers is attached (Appendix 1).
2. The meeting was called to order by the Chairman of the IIRSA Executive Steering Committee, the Minister of Planning, Budget and Management of the Federative Republic of Brazil, Mr. Guilherme Gomes Dias, and by Mr. Enrique García, President of the Corporación Andina de Fomento (CAF), Mr. Enrique Iglesias, President of the Inter-American Development Bank (IBD) and Mr. Roberto Mori, President of the Executive Board of the Fund for the Development of the River Plate Basin (FONPLATA), representing the Technical Coordination Committee (CCT). The ceremony was held in the presence of the President of the Federative Republic of Brazil, Mr. Fernando Henrique Cardoso, who inaugurated the activities of the CDE.
3. The technical working session followed the agenda presented with the letter of invitation, presented in Appendix 2.
4. The first agenda point, on the construction of a strategic South American vision, was analyzed based on the document distributed with the invitation, and received the generalized support of the CDE. Some of the delegations raised the following points: (i) the need to include the IIRSA's strategic view within governments' planning mechanisms, including the legislative sectors, following internal consultations to achieve consensus and gather suggestions. In this sense, the CCT was asked to conclude the consolidated papers on a strategic vision for South America to be presented at the Fourth Meeting of the CDE, so this information can be used as an input for national planning processes; (ii) the need to eliminate trade asymmetries created by the new wave of protectionism in some developed countries, such as agricultural subsidies, customs barriers for certain products and non-tariff barriers; (iii) coordination between the public and private sectors, which

implicitly involves the equity aspect in the release of public investments for actions with major social impacts; (iv) the need to work for a convergence of standards, including in the short term the analysis of special legislation for the development of IIRSA projects; (v) projects must be seen in a regional rather than exclusively national context, with the necessary implications not only for their respective conceptualizations but also in the application of criteria for their funding; (vi) the countries' shared responsibilities; (vii) greater involvement of the academic sector; (viii) sustainability, particularly in terms of institutional strengthening for national planning agencies in the development of master plans, and governance to promote the continuity in the Initiative; (ix) the contribution of other technical agencies in the region such as ECLAC, ALADI and OLADE; (x) the strategic vision must promote an environment of freedom, peace and democracy to assure its sustainability; and (xi) seek to disseminate the Initiative to the citizenry and to promote their participation. The CDE adopted the guiding principles and the process elements for the development of a strategic vision for South America as expressed in the document included here in Appendix 3.

5. The second point on the agenda, regarding private-sector participation in the IIRSA initiative, was analyzed in the context of the document distributed with the invitation, which was accepted by the CDE. Some of the delegations emphasized the following aspects: (i) the challenge focused on regulatory policies and appropriate normative frameworks; (ii) the need for transparency in information and in rules and procedures for bidding processes and concessions involving the private sector; (iii) the need to interlink the guiding principles with the public-private vision in the context of the strategic vision; (iv) support for capacity building in the economic, social and environmental assessment of projects; (v) harmonization of regulatory frameworks, concession systems and more reliable and transparent legal and judicial regimes, through the creation of a working group for this purpose; (vi) the need for participation by and contributions from the private sector in the GTEs; and (vii) timely and up-to-date dissemination of information of information on investment opportunities in IIRSA investment projects in the South American context. The CDE accepted the guiding principles as presented and adopted the document attached here as Appendix 4.

6. The third agenda point, on innovative funding mechanisms for regional infrastructure projects, was discussed in the context of the document distributed with the invitation, whose content was shared by the CDE. Some delegations stressed the following aspects: (i) the need to set pre-conditions to encourage private-sector participation; (ii) the differentiation of IIRSA projects to be carried out by the private sector; (iii) the review of successful experiences in public-private projects to stimulate a deeper regional discussion; (iv) analysis of the treatment of investments in infrastructure in the European Union; (v) support for the enhancement of regulatory regimes and clear rules on dispute resolution and arbitration; and (vi) the need to assess the feasibility of new financial mechanisms that allow for greater capacity to carry out more public investment in infrastructure,

to which end the CCT will carry out studies and report to the next meeting of the CDE. The CDE adopted the document attached here as Appendix 5.

7. The fourth agenda point was the election of authorities, and the CDE was pleased to accept the proposals presented by delegates the Venezuela and Chile host the next CDE meetings, to be held in Caracas in December 2002 and in Santiago in June 2003. In accordance with the CDE operational guidelines, the Presidency will be exercised by the Government of the República Bolivariana de Venezuela, and the Vice-Presidencies by the Governments of Brazil and Chile, from July 1 to December 31, 2002. During the first semester of 2003, the Government of Chile will exercise the Presidency, and the Vice-Presidencies will be exercised by the Government of Venezuela and the Government designated to host the CDE's Sixth Meeting.
8. As part of the meeting, a "Memorandum of Understanding on the Development of Transportation Connection Infrastructure" was signed between the Republic of Bolivia and the Republic of Chile, to create a permanent joint technical group between the two countries. The CDE's member countries, as they expressed their pleasure and congratulations on the event, decided to take explicit note in these Minutes of this transcendental step towards regional integration, facilitated by the work and the progress of the IIRSA and therefore part of the Initiative's very essence.
9. The President of the CDE announced that on this day the President of Brazil, Mr. Fernando Henrique Cardoso, awarded the President of the CAF, Mr. Enrique Garcia, with the High Order of the Southern Cross for his important contribution to South American integration.
10. The representative of the Technical Coordination Committee (CCT) presented a report on the results obtained to date by the Initiative, particularly those achieved during the first semester of 2002, with emphasis on the following cases: (i) the building of institutional capacity in South America to coordinate development of the Initiative; (ii) the preparation of proposals for studies and projects that are eligible for the list of First Generation Projects in the Andean, Inter-Oceanic (Brazil-Paraguay-Chile-Peru) and MERCOSUR-Chile Hubs; (iii) the launching of GTEs for the Venezuela-Brazil-Guyana-Surinam, the Peru-Brazil-Bolivia, the Amazon Multimodal and the Porto Alegre-Asunción-Jujuy-Antofagasta Hubs; (iv) the launching of Sectoral Processes (Air Transportation Operational Systems, Multimodal Transportation Operational Systems, Maritime Transportation Operational Systems, Border Passage Facilitation, Harmonization of Regulatory Policies on Interconnections, on Spectrum, on Technical Standards, and on Universalization of the Internet, Funding Instruments for Regional Physical Integration Projects); (v) funding of new studies and projects by CCT member institutions; (vi) progress in the sectoral process of the Harmonization of Regulatory Regimes for Regional Energy Markets including technical missions and conclusion of preparation of a document on basic principles for the development of Regional

Energy Markets, to be the subject of the next GTE meeting to be held in July 2002; (vii) systematization of information on studies and projects presented by countries through a CD-Rom and IIRSA's internet site; and (viii) activities to disseminate and promote intergovernmental meetings with the private sector, academic institutions and the media, with a priority for the CCT's collaboration with the organizers of the Second Meeting of South American Presidents in preparation for discussions on the IIRSA Initiative. The CCT report, containing a CD-Rom with all of the project files presented by countries, is attached here as Appendix 6.

11. During the session to discuss the CCT report, Delegations expressed their satisfaction with the progress observed by the Initiative in recent months, and recommended that efforts be focused on making it more dynamic in the near future, considering prevailing conditions in the region, to stimulate more active participation of the private sector. In this respect, the countries committed themselves to presenting to the CCT Secretariat within two weeks their comments on the content of the report, particularly on the list of projects incorporated into the CCT report.
12. As part of the delegations' discussions on the CCT report, proposals were approved to adapt the content of that report as follows: (i) to change the name of the Neuquén-Concepción Hub to Talcahuano-Concepción-Neuquén-Bahía Blanca Hub; (ii) to expand and incorporate Bolivia into the Peru-Brazil Hub, now to be called the Peru-Brazil-Bolivia Hub; (iii) to merge the Atlantic and the Pacific Maritime Hubs into a new sectoral process called Maritime Transportation Operational Systems; and (iv) as agreed at the Second CDE Meeting, the Bolivia-Paraguay-Brazil Hub will be merged and handled jointly with the Inter-Oceanic Hub (Brazil-Bolivia-Paraguay-Chile-Peru). As a result, the Action Plan contains nine Integration and Development Hubs and seven Sectoral Integration Processes.
13. It is recalled that the Minutes of the Second Meeting of the Executive Steering Committee of the Initiative for the Integration of Regional Infrastructure in South America, held in Buenos Aires on December 9-10, 2001, contain the following statement included in paragraph 7: "As to the implementation of new GTEs for the year 2002, approval was given for the implementation of the Brazil-Guyana-Surinam-Venezuela Hub for the semester of said year..." The Third Meeting of the Executive Committee was informed of the commitment made by the Foreign Ministers of Guyana and Venezuela, in February 2002, which establishes that "Both countries shall establish, as early as possible, a Technical Committee to determine the establishment of a direct link between Guyana and Venezuela, through the construction of a road between the two countries" and that "This proposed road would complement and be in addition to the road between Guyana and Brazil already agreed to in the framework of IIRSA that was adopted during the Summit of the Presidents of South America, held in Brasília in September 2000." The Third Meeting welcomed the information provided by Guyana and Venezuela and noted with satisfaction that such a project is in compliance with IIRSA's strategy. It is

agreed that IIRSA will be kept informed of the deliberations of the Technical Committee referred to above.

14. The Meeting agreed that the CCT will prepare a special report on the IIRSA Initiative and send to CDE members for their prior approval, in order to be presented at the Second Summit of South American Presidents to be held in Guayaquil, Ecuador, on July 26-27, 2002, and which will call on the Presidents to reiterate the strategic importance of the IIRSA Initiative and their support for its follow up and monitoring. This report will stress the special nature of infrastructure investments in terms of their impacts on development and in the creation of national assets. Based on this argument, expenditures related to their construction, operation, and maintenance should be accounted within this context.
15. The Delegations expressed their thanks to the Government of Brazil, and particularly to the Ministry of Planning, Budget and Management, for the organization and attention offered and expressed their satisfaction with the development and results of the Meeting, which will contribute to intensifying the IIRSA Initiative.

Brasilia, May 27, 2002