



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

### **Fourth Meeting of the Executive Steering Committee**

July 2, 2003  
Caracas, Venezuela

#### **MINUTES OF THE MEETING**

1. The Fourth Meeting of the Executive Steering Committee (CDE) was held on July 2, 2003 in Caracas, Venezuela, for the purpose of consolidating and moving forward on the process for achievement of concrete advances and presenting ideas that will enrich and facilitate decision-making by the leaders who are parties to the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), and to analyze the advances and progress made. The list of participating delegations and observers is presented in Annex 1.
2. The meeting was opened by the Chairman of the Executive Steering Committee of the IIRSA, Minister for Planning and Development of the Bolivarian Republic of Venezuela, Mr. Jorge Giordani, and Messrs. Enrique García, President of the Andean Development Corporation (CAF), Ciro de Falco, Manager of the Regional Operations Department 3 at the Inter-American Development Bank (IDB), and Walter Villalba, Executive Secretary of the Financial Fund for the Development of the Plata Basin (FONPLATA), on behalf of the Technical Coordination Committee (CCT). The installation of the meeting took place on July 1 at Miraflores Palace, with the presence of the President of the Bolivarian Republic of Venezuela, Mr. Hugo Rafael Chávez Frías, who declared the activities of the CDE inaugurated.
3. The technical work session began with the approval of the agenda delivered together with the call to the meeting, appended hereto as Annex 2.
4. Item three on the agenda began with presentation of the report by the Technical Coordination Committee (CCT), attached as Annex 3. The first item reported concerned the advances made on the Initiative. In this regard, emphasis was placed on a number of works contributing to the shared aspects of the Initiative in the areas of Integration and Development Hubs and the Sectoral Integration Processes, such as activities carried out to incorporate participation by the private sector, the study of alternatives for innovative financing instruments and the start-up of a web page on the Internet to assist in the dissemination and exchange of information on the Initiative.

5. The second item of the CCT Report had to do with the status of the activities and work plans for the Integration and Development Hubs (EID). In this regard, emphasis was placed on the achievement of specific products for each Hub, such as a preliminary business vision to be used as an instrument for organizing the work within the Hub, a significant portfolio of projects for each country; and a list of important contacts and institutions, together with a document summarizing the items requiring special attention. A number of issues involving future management of the EID in connection with the following aspects were also discussed: (i) a new management plan calling for direct involvement of the institutions making up the CCT in managing the EID; (ii) emphasis on the need to strengthen the national coordination within the governments so as to involve all areas related with the Initiative, together with the ministries responsible for the assignment of resources for investment and foreign indebtedness; (iii) importance of the function of the CCT Secretariat as the focal point for official communications between the different actors involved in the Initiative; (iv) proposal for a new nomenclature for the EID so as to facilitate the geographical and space reference of each one of them; and (v) proposal for joint meetings for several Hubs over the next six months. Lastly, a summary of the main preliminary conclusions regarding each Hub was presented, and it was pointed out that complete material regarding each EID is to be found in the CD included with the report.
  
6. The third item covered in the CCT report dealt with the status of the activities and work plans for the Sectoral Integration Processes (PSI). In this regard the report pointed out that there is an in-depth diagnosis of the specific problems of each, as well as the respective proposal of guidelines for an Action Plan with concrete suggestions for actions to be carried out: (i) meeting of the respective GTE with the participation of the appropriate technical representatives of the twelve governments; (ii) workshops on the PSI Action Plans, with the participation of key actors from the private sector, as appropriate in each case; (iii) workshops to focus specifically on the problems of each PSI, at the country, subregional or EID level; (iv) specific support for the solution of concrete problems, such as studies or implementation of pilot investment projects; and (v) implementation of mechanisms for participation and consultation between countries. Lastly the meeting was provided with a summary of the specific progress made in connection with each PSI, and was told that complete studies concerning each Process are to be found in the CD included with the report. On the issue of the Sectoral Process on Normative Frameworks of Regional Energy Markets, a new draft Action Plan was presented for any comments that the countries might have in this regard with a view to making the final adjustments to the Plan to be implemented by the twelve governments, with the support of the CCT and Regional Agencies specializing in the field. In connection with the various aspects covered in the CCT report to the CDE, the delegations stressed the importance of the work done and their contributions to the progress of the work and the IIRSA mission. At the same time, they stated that the final version should include the comments and suggestions made by the member countries, especially those proposals that require involvement by more than one state. On the issue of the PSI, as agreed at the Second

Meeting of National Coordinators of IIRSA (Buenos Aires, June 16<sup>th</sup> and 17<sup>th</sup> 2003), the delegations will forward their comments on the studies of the Sectoral Processes to the Secretariat by this coming July 31<sup>st</sup>.

7. The fourth item covered by the CCT report concerned the future challenges and future guidelines for technical and institutional management of the Initiative. Emphasis was placed on the following items: (i) the need for a new work plan based on two spaces that are expected to be critical within the Initiative in the near future: a global work space at the regional level that focuses on the EIDs and Hub groups, and a work space at the EID level focusing on the countries; (ii) the importance of building up a process for participation and consultation with important actors from the private sector and civil society; (iii) the advisability of launching a process to make known the current environmental and social standards of the financial entities that are part of the CCT within the Initiative projects; (iv) the need to build up a financing plan appropriate for the characteristics of projects considered to be high-impact projects, bearing in mind the scope and possibilities for public funding arrangements and the impact that the innovative mechanisms proposed for solving short-term budgetary restriction will have on the budget in the medium and long term; and (v) consolidation of the institutional capital that the IIRSA has accumulated, expanding the spectrum of actors taking part in the process by involving different actors from the private sector and civil society.
8. In connection with the last item, the CCT report provided a brief description of the work methodology to be followed for the Workshop on the Strategic Vision, to be held on July 3. In this regard it was pointed out that the document handed out to the countries is a tool to help the twelve South American governments in their task of designing the Strategic Vision. At the same time it was pointed out that an effort will be made during the workshop to have the countries define the follow-up process to be applied for continuing the work on designing and validating a Strategic Vision for Integration of South American Physical Infrastructure.
9. In the case of item four on the agenda, concerning coordination of technical support to IIRSA by the Regional Technical Agencies, the CCT stressed that during this new stage of management of the Initiative, especially in connection with the work to be done on the PSI, a great deal of work will be done on programming coordination among the institutions that are members of the Committee and the other regional and international agencies specializing in the various sectoral areas covered by the Initiative. The will is to be able to use the technical support and accumulated experience of these agencies and avoid a duplication of efforts for a better allocation of the resources available. It was pointed out that work had already begun within the framework of the PSI covering aspects of energy integration in the region.
10. As part of item five on the agenda, the CDE Chair began an evaluation round concerning the report presented and the progress made on the IIRSA by the delegations; the main items discussed were:

- a. Technical and political management of the Initiative: In connection with this item, emphasis was placed on the need to strengthen the role of the CDE Chair in the future management of the IIRSA. During this new stage of political change in the region, consistent with the new more in-depth work in the coming period that is just beginning, the Committee Chair will have to play an active and proposing role to focus the technical support of the CCT towards areas of top priority for Governments and foster the achievement of concrete results within the shortest possible time frame. This approach to future work will help consolidate the actions of the Initiative, especially as regards its legitimacy within Governments and coordinating political action and technical management of actions. Any changes to the mechanisms for action under the Initiative must be placed before the CDE for consideration, based on the guidelines set in this regard.
- b. Work within the EIDs: Agreement was reached concerning the need to focus prioritization of projects in order to improve prospects for achieving concrete results in the short term. In this regard it was stressed that there are three basic tools to be taken into account when accomplishing this task. First of all, the need to coordinate the prioritizing of projects around the Strategic Vision and the business visions of the Hubs, once approved by the CDE, strengthening the approach whereby the region is viewed as a geo-economic unit. Secondly, to move forward on achieving compatible regulatory frameworks so as to make projects more attractive for financing, especially when private sector participation is involved. Furthermore, to make a more in-depth analysis of financing instruments adapted to current conditions in the region and the specific characteristics of projects, affording different treatment to those that are based on existing flows and those with potential flows justifying future development. Moreover, on the matter of the members of each Hub, the Argentine delegation proposed that, using the Chilean-Argentine cooperation and mining agreement as a reference, the Andean Hub should include its country and Chile, and thus extend from Venezuela to the southern tips of Argentina and Chile. Furthermore, the Venezuelan delegation asked that consideration be given to including the Orinoco-Apure hub as part of the Guayanese Shield and Andean Hubs. On the matter of the new names proposed for the Hubs, these will be evaluated by the countries and must be defined by the CDE meeting to be held in Chile.
- c. Including new technical and political aspects: emphasis was placed on the advisability of having the remainder of the South American countries that have not yet done so join the Agreement on International Land Transportation. This could be an important gesture from a political standpoint, as a specific achievement of the Initiative. Another item considered important was to include the area of security and infrastructure as part of the sectoral issues covered in the Initiative, given the importance

this issue has taken on in recent times and the possible implications it could have for competitiveness of infrastructure services in the region. The Venezuelan delegation proposed, as an immediate action by IIRSA, that work be done on setting up a South American channel allowing for cultural and information exchange throughout the region.

- d. Financing: the BNDES and CAF initiative of holding a round of investment opportunities in the area of South American infrastructure was welcomed, as this would foster the achievement of concrete results in the short term. Emphasis was also placed on the need for the Governments to continue broaching the subject of investment in infrastructure at the public budget level with the respective agencies, as well as the creation of a fund or financial mechanism that would help overcome existing restrictions on public investment. In connection to this, the Peruvian delegation presented a document on Innovative Financial Mechanisms providing details on initiatives for increasing the availability of resources, attached as Annex 4.
  - e. Proposals for meetings and exchange of information concerning Sectoral Processes and Hubs: the Brazilian delegation, through the Ministry of Communications, proposed that a seminar be held among the South American Governments to consider the treatment of the issues involved in the Sectoral Process on Information Technologies and Communications. The issue of exporting products by mail would be considered by an exchange of experiences. Moreover, the delegation of Brazil also pointed out that in coming weeks the Brazilian Minister of Energy and Mines would be presenting the energy policy to be applied and, following that event, would be inviting the Governments and entities that participate in the IIRSA to a seminar to analyze those aspects. Lastly, the same delegation offered to share the information and studies carried out by the Government on the issue of experiences with public-private participation. The Peruvian delegation invited all the delegations present to take part in the international meeting “The IIRSA Amazon Hub and Regional Integration in South America: Opportunity for Development, Trade and Cooperation,” to be held in Trujillo from July 6<sup>th</sup> to 8<sup>th</sup>.
11. On the matter of item six on the agenda, pertaining to election of authorities, the CDE welcomed the motions presented by Peru and Paraguay to chair the CDE from January to June 2004 and from July to December 2004, respectively. Pursuant to the CDE procedural guidelines, from July 1, 2003 through December 31, 2003 the chair will be the Government of the Republic of Chile and the Vice Chairs will be the Governments of Venezuela and Peru.
12. Under the “other issues” item on the agenda, the CCT presented a prototype of the new design for the IIRSA web page, which was favorably received by the

delegations. Additionally, over the next two weeks the Governments will be sending the Secretariat any comments they may have regarding the contest for selecting the logo for the Initiative. Lastly, the CCT stated its interest in supporting the delegations of Bolivia and Paraguay their presentation regarding the Initiative at the Ministerial Conference on Transit and Mediterranean Countries to be held in Almaty, Kazakhstan on August 28 and 29, 2003.

13. The Delegations thanked the CCT for its work in support to the Initiative, as well as the government of the Bolivarian Republic of Venezuela, most especially the Ministry of Planning and Development, for the organization and hospitality, and expressed their pleasure at the evolution and results of the Meeting, which will contribute to the achievement of concrete results of the IIRSA Initiative.

Caracas, July 2, 2003