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INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA.



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

6th Meeting of the Executive Steering Committee

November 23rd and 24th, 2004
Lima, Peru

MINUTES OF THE MEETING

1. On the 23rd and 24th of November, 2004 the 6th Meeting of the Executive Steering Committee (CDE) was held in Lima, Peru, to analyze the concrete achievements obtained by the Initiative, and start a new stage of this work, giving priority to the implementation on the basis of the methodology of Indicative Territorial Planning applied to the Integration and Development Hubs, process which enabled to obtain a Regional Infrastructure Project Portfolio, for the first time in history, based on the work done by the technical teams coming from the twelve participant countries, as a sign of the institutional capital accumulated by IIRSA. The list of participants and observers is presented in Annex 1.
2. The meeting was opened by Mr. Carlos Ferrero Costa, Chairman of the Council of Ministers of the Republic of Peru; Mr. Allan Wagner, Secretary General of the Andean Community of Nations;; Mr. João Sayad, Vice-President of Planning and Administration of the Inter-American Development Bank (IDB); Mr. Antonio Juan Sosa, Corporate Vice-President of Infrastructure of the Corporación Andina de Fomento (CAF); and Mrs. Even Estefanell, Chief Executive Director from Uruguay on behalf of the President of the Executive Board of the Financial Fund for the Development of the River Plate Basin (FONPLATA), on behalf of the Technical Coordination Committee (CCT).
3. The technical work session started with an opening by the President of the CDE, Mr. José Ortiz Rivera, Minister of Transport and Communications of the Republic of Peru, who outlined the achievements obtained by IIRSA during the year in which he was President, and the importance of the stage of implementation in which the Initiative is entering.
4. The technical work session started with the approval of the agenda, which is shown in Annex 2.

5. A round of presentations made by the President of the CDE, started next. They referred to the achievements and advances of the IIRSA Initiative during 2004 regarding the following issues: (i) South American Territorial Indicative Planning; (ii) Participation and Outreach Strategy of IIRSA; (iii) Integration Sectoral Processes; and (iv) IIRSA Evolution – Lessons learned. After each one of the individual presentations, there was a dialogue among the delegations regarding the mentioned issues. The main aspects of the exchange of ideas follows:

5.1 South American Territorial Indicative Planning.

- a. The presentation of this issue was focused on two of IIRSA's central elements: (i) IIRSA Project Portfolio 2004; and (ii) Implementation Agenda based on Consensus 2005-2010. In regard to the Project Portfolio, it was indicated that the organization of the South American territory has been consolidated under the vision of Integration and Development Hubs, studying in depth the link of the projects with its spaces and the better logistical functioning of the investments. Therefore the Indicative Territorial Planning has enabled the identification of groups of projects with the highest expected impact to be had with relation to sustainable development in its regional areas of influence, under a regional and shared vision among the twelve countries that compose the region. Because of this, it was remarked that the Initiative confronts a turning point and, furthermore, gives greater emphasis to integration projects.
- b. Upon this basis, aside from the general actions taken to support the IIRSA Project Portfolio, special attention was lent to the activation of the Implementation Agenda based on Consensus. This Agenda will emphasize the execution of a group of delimited projects considered and perceived by these countries as of high impact with respect to the structure of the South American physical integration, starting from the results accomplished during the IIRSA Project Portfolio organization phase. This will allow showing the coordination capacity of South America in its integration process to the regional and international community, with a favorable impact upon the attraction of investment for the region.
- c. The delegations highlighted the transcendental contribution of the work done, especially the decisive entry of the Initiative into an implementation phase, following the foundational landmarks of the First Summit in Brasilia and the planning process promoted after the Second Summit in Guayaquil. Furthermore, they coincided in the historical value of the advances made and the strategic value that the Implementation Agenda based on Consensus will have for the region when initiated.
- d. As a symbolic gesture with respect to the matters at hand, it was agreed to propose that the Presidents of South America sign a map in which the thirty one physical integration projects included initially in the agenda are shown.

The document that describes the Implementation Agenda based on Consensus, the initial list of projects that conform it and their localization, on an illustrative character is presented as annex 3.

- e. On the other hand, the delegations received with approval the fact that the governments of Ecuador and Peru agreed that the projects of the Waterway Morona-Marañon-Amazonas, to be presented by the government of Ecuador, form part of IIRSA project portfolio, within a new group seven of the Amazon Hub. These projects and studies are: (a) The construction of the Morona Cargo Transfer Port (anchor project); (b) navigation studies of the Morona river; (c) hydroelectric projects of the corridor; (d) development of information and telecommunication technologies (ICTs) in the corridor; (e) road interconnection Guayaquil-El Triunfo-La Troncal-Azogues-Mendez-Pto. Morona; (f) infrastructure functioning diagnosis, and localization of a CEBAF/Border crossing in the Morona River; (g) road Pto. Bolívar-Loja-Zamora-Gualaquiza-Mendez; (h) Guayaquil port's improvement; (i) extension of Port Bolivar; and (j) Cargo Airport in Port Morona. In order to comply with the procedures contemplated in IIRSA, it was agreed to convoke within 90 days, a meeting among the Technical Executive Group of the Amazon Hub to evaluate the projects of Group 7 in conformity with the indicative territorial planning methodology adopted by IIRSA. Once established on the GTE, the Amazon Hub Group 7 Anchor Project will be included in the immediate financing and execution mechanisms of IIRSA. Regarding this matter the delegation of Brazil proposed to meet in Brasilia on February 2005, proposal that was approved by the other members of the Hub (Colombia, Ecuador and Peru).
- f. Likewise, the delegation of Uruguay presented a new project for its inclusion in Group 2 of the MERCOSUR-Chile Hub, which relates to the modernization and deepening of the Montevideo Port. This theme will be analyzed in the next meeting of the Executive Technical Group of the MERCOSUR-Chile Hub.
- g. Also the delegation of Colombia remarked the need to consider and analyze, taking into consideration the appropriate technical, environmental and social aspects, to advance with the interconnection between South America and Panama, which could represent an interaction space between IIRSA and the Puebla-Panama Plan.
- h. The delegation of Bolivia requested to consider the special situation of the countries that have no shoreline, in order to establish efficient actions for collective cooperation, destined to compensate their disadvantage. These actions will be oriented to favor free traffic and faster paperwork that will reflect in effective facilities for the development of their competitiveness in an international market, giving their projects a differentiation by the Multilateral Financing Organisms. This proposal, which had Paraguay's

acquiescence received support recognizing existing asymmetries among the countries.

- i. The delegation of Bolivia proposes to analyze, once approved the studies on the waterway Paraguay-Parana by the Waterway Intergovernmental Committee (CIH), the articulation of the rivers Itenes, Madera, Amazonas and Orinoco with the Waterway Hub, interconnecting through this Hub the South Atlantic with the Caribbean sea, as planned originally, recuperating the Orinoco-Amazon-Plata Hub.

5.2 IIRSA Participation and Outreach Strategy. Based on the mandate that aroused in the 5th meeting of the CDE this presentation pointed out the initiation of the design and implementation of the quoted strategy. The work developed regarding this matter was consolidated in two fields of action. First, it was pointed out the start of the process of construction of a Strategic Vision for the Physical Regional Integration by means of national workshops oriented to collect comments and contributions of authorities and key actors in each country about the principal strategic approaches of the IIRSA Initiative, aiming on advancing with the formulation of a shared Regional Vision among the 12 countries. These workshops, furthermore, will enable to form a South American web of opinion makers and strategic guides for a wider future discussion and outreach on the developments of the Initiative. Second, on the matter of public outreach, it was pointed out the preparation of different types of material of mass and specialized character which will start to be used in 2005, as an aid to the promotion activities on a regional and international levels. Regarding this matter the delegations pointed out the importance of the initiation of the process of outreach of IIRSA. The state of maturity of the Initiative deserves the initiation of the mass outreach process among the South American Community in order to consolidate its political and social sustainability, and to promote among potential worldwide interested parties the most relevant aspects of the Project Portfolio and other strategical elements of IIRSA.

5.3 Integration Sectoral Processes. The presentation was concentrated in a brief revision of the up to date situation and the advances accomplished in terms of Integration Sectoral Processes. The Facilitation of Border Crossings, Information and Communications Technologies and Financing Instruments were highlighted as verified advances of the ISP. In more general terms, it was indicated that a more specific definition of the objectives to meet, the instruments to reach them, and the time horizons corresponding to each case is needed. In order to support this work scheme, it is necessary to develop individual operational plans for each Integration Sectoral Process, and a better interaction between the delegations by means of National Coordinations with the support of a network of Sectoral Focus Points in each country and each ISP, with the incorporation and help of strategic partners (advisory institutions) for the treatment of some ISP, that can facilitate the effectiveness

of the ISP. Likewise, when the identified actions of the ISP have a specific territorial reference, this would be boarded for its execution in the corresponding Integration and Development Hub. Specifically, it was proposed to change the denomination of the Sectoral Process regarding Normative Frameworks of Regional Energy Markets to Energy Integration, topic that was approved by the delegations. Also, the delegations emphasized the importance of the development of the ISP, given that in many cases regulatory and institutional aspects represent pre-conditions to undertake projects of a transnational character. Likewise, agreed on the need to extend the efforts to coordinate the work agendas of the ISP with other sectoral initiatives from regional and international specialized organisms. Also, it was remarked that the consensual decision strategy has proven to have more solid results and that this is IIRSA's strength points. In a more specific way, the delegation of Colombia proposed the need to advance with the marine, river and air integration, on the framework of the ISP and in those Integration and Development Hubs that contain specific cases of projects to be treated in this subject.

- 5.4 IIRSA's Initiative Evolution –Lessons Learned. The presentation highlighted some key elements in the current evolution of the Initiative. It was recognized IIRSA has accumulated relevant achievements that consolidate it as a central instance for the construction and implementation of a common agenda of actions and projects for the physical integration of South America, with the active participation of the twelve South American countries, based on solid technical grounds and consensual decisions. In this context, an important institutional capital was established where it was valued that IIRSA's National Coordinations have acquired great importance in the last few years, highlighting the need for its strengthening as a pivot for IIRSA's articulation and mobilization. One of the strengthening aspects to highlight is the territorial planning capacity in the countries, encouraging a regional vision of the infrastructure interventions. Regarding the ISPs, it was considered necessary a greater effort of the countries to build consensus that allow decision making at the South America level. On the other hand, the new implementation phase requires different national actors involvement, encouraging the participation of different government areas and the societies involved, for which reason the initiation of the outreach strategy is of high relevance.
6. The incoming CDE Presidency, assumed by the Republic of Paraguay, in charge of Mr. Jose Alberto Alderete, Ministry of Public Works, presented the work guidelines that is proposed for the year 2005. The presentation was based upon the strategic issues that the incoming Presidency would focus its attention.
 - 6.1 First, regarding the development of the strategic vision for South American integration physical integration, a follow up of the outreach campaign and national workshops will be developed in order to enrich the process, which in

term will allow to present a consensual document among the countries by the end of the year 2005, to be enriched by the contributions of each of their societies.

- 6.2 Second, with reference to IIRSA Project Portfolio, promotional activities with the main International Investment centers, constitution of pre-investment funds, and a follow up of the Implementation Agenda based on Consensus, will take place to support the implementation.
- 6.3 Third, regarding the sectoral processes, the follow up of the work plan of Financing Instruments for Physical Regional Integration highlights, with special emphasis in the development of public-private associations, and the organization of meetings with the Boards of multilateral financing agencies. Likewise, the delegations pointed out the importance to start as soon as possible the executive studies referred to the pilot border crossings selected in the Second Meeting of the Sectoral Process on Facilitation of Border Crossings, this is, crossings Desaguadero, Cucuta-San Antonio, Foz de Iguazu-Ciudad del Este, Fray Bentos-Puerto Unzue y Cristo Redentor System. In this field, apart from the progress expected in Facilitation of Border Crossings and Energy Integration, the delegation of Brazil indicated the need to emphasize the Operational Systems of Air Transport and Information and Communications Technologies, this last to promote the inclusion and digital democracy. Also, the delegation of Brazil manifested their interest to constitute, in a similar way as planned in the ISP, the conformation of a network of focal points on territorial planning.
- 6.4 Fourth, the emphasis on the enhancement of the National Coordinators networks was highlighted by means of diverse actions to respond to the challenges of the implementation planned for IIRSA 2005.
- 6.5 Fifth, the need to exchange geographical data and spatial data among the south American countries was indicated, as well as the constitution of a South American Geographical Information System (SAGIS), for which individual experiences will be collected (from each country), as well as identifying regional and international institutions that may support in this area among others in this field. On the other hand, the delegation from Peru proposed to incorporate in addition to the exchange of geographical data, the exchange of other spatial data such as airway, radio electric spectrum, meteorological data, among others.
- 6.6 Finally, the delegation of Chile insisted to consider the proposal to include in the guidelines of the Presidency of IIRSA 2005, to develop a course for government functionaries regarding IIRSA initiative, including aspects of territorial planning, sectoral specifications, financing mechanisms, among others.

6.7 The guidelines of the IIRSA Presidency 2005 are presented as annex 4.

7. The delegations agreed to undertake the analysis of an institutional framework for the Initiative. In this sense, they considered that taking into consideration the achievements obtained by the Initiative for the Integration of Regional Infrastructure in South America (IIRSA), reflected on the Implementation Agenda based on Consensus for giving more priority to projects in the Integration and Development Hubs, the participant countries express their interest to deepen into the dialogue and agreements based on geographical contiguity, cultural identity and shared values of the countries of the region. Consequently, they have committed themselves to advance towards planned common goals, in the dynamics of consensual agreements, with the Inter-American Development Bank, Corporación Andina de Fomento (CAF) and the Financial Fund for the Development of the River Plate Basin (FONPLATA), as part of CCT.
8. Following up came the point of the agenda on various issues:
 - 8.1 First, Mr. Carlos Alberto Palacios Palacios, Governor of the Department of Putumayo from the Republic of Colombia, in representation of the Governors of the Departments of Huila, Caqueta, Amazonas and Narino, presented a regional project of satellite communications via cable and road connection which will allow a road link between Caracas and Quito reducing the trip in seven hours, also connecting to the inter-modal corridor Belen del Para-Puerto Asis. The presidency of the CDE manifested to Mr. Governor the interest of the countries members of IIRSA in receiving, through the IIRSA National Coordination office in Colombia, the information referred to the presented project.
 - 8.2 Second, the delegation of Brazil presented two presentations regarding exports through postal services and international South American roaming:
 - ✓ With relation to exports through postal services, it was highlighted that the Ministry of Communications from Brazil has given greater importance to the universalization of communications. In the postal sector, a coordination between various areas of the government, the public operator and private operators has allowed smaller firms to enter the export sector throughout the facilitation of procedures and paperwork for its execution through postal services. This experience of multilateral cooperation, has constituted a high value instrument for the IIRSA Horizontal Cooperation Network, facilitating, initially, the cooperation between Brazil and Peru, and which will result in an agreement for an exchange of knowledge and technology and the implementation of a program of similar characteristics with the successful brazilian program in Peru. It is planned to have this horizontal cooperation between Brazil, the Andean Community and other members of IIRSA.

- ✓ In relation to international roaming in South America, it was proposed to make progress in the implementation of agreements in this field among IIRSA member countries. These agreements represent no investment cost, since technology is provided by the private sector. To move forward in the agreements it is necessary that the countries and the regulatory agencies demonstrate a political will. The international roaming can be used as an integration instrument. In MERCOSUR, contracts have been outlined between the member countries. On this basis, Peru and Brazil are finishing up the first agreement in the IIRSA context with the objective of signing it in the next Presidential Summit in Cusco.

8.3 Third, the observers institutions spoke:

- ✓ The Latin American Integration Association (ALADI) remarked that the institution has conducted a series of studies that highlight, among other aspects, that physical distribution is one of the most important issues in the level of regional GNP. Nonetheless, only some countries have efficiently make progress in the logistic management, based on what the adequate development of the infrastructure and the normative guidelines that regulate their functioning must be enhanced, for example, throughout harmonized legal bodies and compatible procedures. Because of this the representatives of ALADI reaffirmed the vital importance of the Initiative, and their will to support the CDE and the CCT for the sustained progress of IIRSA, specially in the transcendental field of Integration Sectoral Process.
- ✓ The General Secretary of the Andean Community of Nations proposed that measures should be taken in IIRSA to support the integration and border development projects, since these areas represent dynamic points of contact and interaction between societies and economies for the Andean Community countries and from them to the rest of South American space and the world. Taking into account this aspect and others of the progress of IIRSA, the support proposed by CAN should be focused in promoting the participation of the regional frontier economies in the productive, commercial and services circuits, enabling their fast evolution to “active regions”, in tight link with the Integration and Development Hubs, defined in IIRSA, including the sectoral processes. This program will provide a qualitative “leap” for the regional borderline economies, contributing with their modernization, growth and the achievement of international competitiveness standards.
- ✓ The Economic Commission for Latin America and the Caribbean (CEPAL) pointed out the importance of development of infrastructure given its tight relation to economic growth. In this sense, diverse training activities and technical analysis that the institution is executing around the regulatory and management of infrastructure sectors which are object of

discussion aspects were highlighted, especially diverse actions in the area of energy. It was also remarked the cooperation that CEPAL and CCT are developing around subjects such as port security, river integration and the South American Strategic Vision. Finally, the commitment of CEPAL with the regional integration was reaffirmed, and its will to keep supporting IIRSA technically.

9. Following, in accordance with the mandate from the Vice ministries Meeting that took place on October 27, 2004, the CCT presented a Work Plan proposal for the Sectoral Integration Process, referring to Financing Instruments of Regional Physical Integration Projects. Regarding this, the delegations expressed the equilibrium the proposal has among macro and micro issues of the area of financing, in order to ensure an integral approach. In this context, the delegation of Peru pointed out the importance to consider in the Work Plan aspects related to fiscal spaces. Likewise, the delegations highlighted other aspects such as reinforcing different plurilateral financing options for the region, the regulatory guidelines related with this theme, take into consideration the evaluation of the impacts of the infrastructure on sustainable development, and the exchange of legal framework relevant to these field. The work plan proposal is presented on annex 5.
10. Finally, proceeded the election of the country that will preside the CDE in 2006. The delegation of Brazil proposed the Republic of Ecuador. The CDE took the proposal positively. Because of this, the Republic of Paraguay will take this position from January 1 to December 31 2005, while the two vice presidencies will be assumed by the Republic of Peru and the Republic of Ecuador. The Republic of Ecuador will assume the Presidency from January 1 to December 31 2006.
11. The participant delegations presented a series of proposals and decision projects, which, after being analyzed, resulted on the following agreements:
 - 11.1 The Executive Steering Committee adopted the document “IIRSA Project Portfolio” and resolved to elevate it to the consideration of the Presidents at the III Summit of Presidents of South America, for its approval as a testimony of the achievements and progress reached by the Initiative in accordance to the IIRSA Action Plan approved in the Brasilia Summit 2000.
 - 11.2 The Executive Steering Committee approved the document “Implementation Agenda based on Consensus 2005-2010” and resolved to elevate it to the consideration of the Presidents at the III Summit of Presidents of South America, with the recommendation to be approved by the Presidents of the region, to promote its immediate execution.
 - 11.3 The Executive Steering Committee adopted the Work Plan for the Integration Sectoral Process on Financing Instruments of Regional Physical Integration Projects and decided its immediate implementation, expressing the firm commitment of all Initiative’s members to keep effort to seek and

establishment of needed financing mechanisms that will enable the timely execution of IIRSA infrastructure projects in the most efficient way possible.

- 11.4 The Executive Steering Committee decided to initiate a Participation and Outreach Strategy of the IIRSA Initiative, in accordance with the guidelines that were examined for this purpose during this meeting, as an efficient way to promote the Initiative massively throughout all sectors of South American society as well as in other regions of the world, and the construction of a South American Shared Strategic Vision.
 - 11.5 The Executive Steering Committee committed itself to establish as soon as possible sectoral focal points networks as a fundamental instrument to move forward quickly in the works of the Integration Sectoral Processes.
 - 11.6 The Executive Steering Committee agreed to modify the denomination of the Integration Sectoral Process on “Normative Frameworks of Regional Energy Markets” for “Energy Integration”.
 - 11.7 The Executive Steering Committee recommends that the point 7 on the analysis of the institutional framework of the Initiative is to be taken to the consideration of the Presidents at the III Summit of Presidents of South America.
- 12 The delegations appreciated the way in which the Republic of Peru conducted the Presidency, enabling IIRSA to initiate a new stage of a higher qualitative value, which will concentrate on intensive implementation. The delegations expressed their thanks to the General Secretariat of the Andean Community of Nations (CAN) for the hospitality offered to the members of the CDE, to the CCT for the work done in support to the Initiative, as to the Government of Peru, in particular the Ministry of Transport and Communications and External Relations, for the organization and the attention given, and they congratulated themselves for the development and results of the meeting, that may act as an input for political decisions in the fields of infrastructure for integration, that the Presidents may take in the next Summit of Cusco.

Lima, November 2004