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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)

Seventh Meeting of the Executive Steering Committee

1-2 December 2005
Asunción, Republic of Paraguay

MINUTES

1. On 1-2 December 2005 the Seventh Meeting of the Executive Steering Committee (CDE) was held in Asunción, Republic of Paraguay, to analyze the achievements and advances of IIRSA during the 2005 period; to define the Initiative's strategic objectives for the 2006–2010 period; and to establish the 2006 Action Plan. The list of participant delegations and observers has been included under Annex 1.
2. The meeting was opened by Mr. José Alberto Alderete Rodríguez, Minister of Public Works and Communications of the Republic of Paraguay; Mr. Antonio Juan Sosa, Corporate Vice President of Infrastructure of the *Corporación Andina de Fomento* (CAF); Mr. Mauro Marcondes-Rodrigues, IIRSA Coordinator of the Finances and Administration Vice Presidency of the Inter-American Development Bank; and Mr. Julio Sanabria, President of the Executive Board of the Financial Fund for the Development of the River Plate Basin (FONPLATA), in representation of the Technical Coordination Committee (CCT).
3. The technical working session was opened by CDE President, Mr. José Alberto Alderete Rodríguez, Minister of Public Works and Communications of the Republic of Paraguay, who underscored the achievements of IIRSA during the year of his Presidency with the construction of a Strategic Vision for physical integration in South America, the implementation and promotion of strategic projects, as well as advances achieved in the definition of guidelines for the future work of IIRSA.
4. Firstly the meeting agenda was approved and is included under Annex 2.
5. Next, the CDE Presidency presented the Strategic Objectives for the 2006-2010 period, defining the four areas of action on which IIRSA should focus: (i) Implementation; (ii) Planning – Stage II; (iii) PSI – a new approach; and (iv) the Initiative's dissemination activities.

- 5.1. Implementation: the priority of persevering in relation to the Governments' commitment to carry out each and every project of the Consensus-based Implementation Agenda (AIC) was underscored, through the recently initiated Managerial Information System for AIC Project Strategic Monitoring and the permanent coordination of efforts between countries, strengthening interaction between the different strategic actors for the execution of priority projects for physical integration in South America by 2010.

Likewise, in this context, the need to foster the development of AIC communication projects was underscored (South American Roaming and Postal Remittance Exportation for SMEs), advancing in the consistency of their regulatory frameworks aiming at their short-term implementation.

- 5.2. Planning - Stage II: generate a qualitative leap in the territorial planning process and the IIRSA Project Portfolio, by means of specific actions in the following areas: (i) Strategic environmental evaluation; (ii) Production integration; (iii) Logistics chains; (iv) Training on preparation, formulation and evaluation of projects; (v) Consolidation of the geo-referenced information base; and (vi) continue strengthening the Strategic Vision for Physical Integration in South America.

Depending on the advances projected as of the new planning stage, the need to upgrade the Initiative's Project Portfolio and its strategic scope was also underscored.

Along the same lines, the importance of achieving greater symmetry and parallelism between the advances in pre-feasibility and feasibility studies and the discussions on the regulatory frameworks relating to the services generated by infrastructure projects was mentioned.

- 5.3. Sectoral Processes: promote a change of approach in PSIs so as to identify actions and apply expertise acquired to specific infrastructure integration projects.

In particular, the need was underscored to foster new instruments that expand the execution capacity of physical integration projects, paying special attention to the situation faced by countries with least relative development in accordance with the Declaration on Infrastructure Integration of the First Meeting of Heads of State of the South American Community of Nations (Brasilia, September 2005) on this issue.

- 5.4. Broad Dissemination of the Initiative: foster a second stage in the IIRSA communication and participation strategy, generating instruments which enable dissemination of the advances achieved by the Initiative in relation to Integration and Development Hubs, Sectoral Processes and Strategic Vision as well as mechanisms that enable the involvement of South American society as a whole in the IIRSA physical integration process.

- 5.5. The delegations approved the strategic objectives presented for the 2006–2010 period, emphasizing the action strategy focused on four lines of activity to the extent in which they strengthen the achievements reached during the first years and promote the achievement of concrete results with strong impact on the countries' political agenda.
- 5.6. The delegations emphasized the importance of generating direct participation mechanisms of the production, business and social sectors in the planning process and the identification of integrated and/or complementary production chains between countries, agreeing on the adoption of actions aiming at reaching these objectives as of the 2006 period.
- 5.7. Consistent with said objectives, the Peruvian delegation expressed its interest in the promotion of arenas of “economic complementariness” with the direct participation of public and private actors involved in the geographical area of Hubs, fostering participation and collaboration mechanisms aimed at generating sustainable results in the economic, commercial, social, environmental, technological, cultural and other fields. The Peruvian work plan on this topic is included under Annex 3.
- 5.8. Lastly, delegations observed the importance of strengthening the work carried out by countries to optimize access conditions and effective use of integration routes and remove the main obstacles, considering all transportation modalities and particularly fostering the waterways of Multi-modal Hubs.

In this context, delegations proposed giving new momentum to the issue of developing riverine systems in the IIRSA framework, as a fundamental and priority complement for integration in South America underscoring that, in order to make the development of riverine systems operational, respective regulatory frameworks need to be strengthened so as to foster investments in the Initiative's riverine projects.

6. Next, the CDE incumbent Presidency in charge of the Minister of Public Works of the Republic of Ecuador, Mr. Derlis Palacios Guerrero, underscored the advances observed during the current administration and presented the following guidelines for the work to be undertaken during 2006:
 - 6.1. Foster the implementation of physical integration projects relating to transportation, energy and telecommunications between South American countries, with special emphasis on AIC projects that include South American roaming and postal remittance exportation.
 - 6.2. Increase knowledge on the impact of infrastructure on the sustainable development of the territories of the Integration and Development Hubs, in order to expand the strategic scope of the IIRSA Project Portfolio.
 - 6.3. Give new political significance to Sectoral Integration Processes, with a view to encouraging investment and operation of infrastructure services.

- 6.4. Strengthen advances achieved during the 2005 period in relation to participation and dissemination of the Initiative, promoting actions and mechanisms aiming at stronger involvement of the private sector and civil society in general of the countries.
 - 6.5. The guidelines of the 2006 CDE Presidency have been included under Annex 4.
 - 6.6. The delegations congratulated the representative of the Republic of Ecuador and endorsed the strategic guidelines proposed for the upcoming period, underscoring their direct relationship with the objectives and strategies for action defined for the future activities of the Initiative.
7. Then, a presentation was made on the IIRSA 2006 Action Plan, based on the guidelines defined under points 5 and 6 above:
- 7.1. Implementation: (i) launching, start-up and maintenance of the strategic AIC Project Monitoring System, in order to facilitate the intensive project management that countries have identified as priority; (ii) improvement and updating of the IIRSA Project Portfolio database; (iv) give continuity to the work of the Paraguay-Paraná Waterway Hub and the Southern Andean Hub; (v) incorporation of IIRSA as a topic in the bilateral dialogue of CCT financial institutions and other relevant financial institutions with countries and study the financial requirements of AIC and IIRSA Portfolio projects.
 - 7.2. Planning: (i) development and adjustment of methodologies for the implementation of Planning Stage II and their application in six (6) project groups in the areas of Strategic Environmental Evaluation, Production Chains and Logistics; (ii) hold three GTEs for the pilot application of the methodologies to project groups; (iii) preparation of a study on the evaluation methodology of physical integration projects and hold a GTE meeting to evaluate results; (iv) mobilization of resources to strengthen project formulation, preparation and evaluation; and (v) study of available information on geo-referenced information base and hold GTE meeting for dissemination of results and establishment of an action plan; implementation of procedures to update (incorporation/deletion) of projects/project groups of the IIRSA Portfolio; and (vii) coordination of actions between countries to strengthen VESA so as to define a new prospective scenario for South America 2025.
 - 7.3. Sectoral Processes: (i) in relation to Border Crossings, conclusion of the consultancy studies to optimize the functioning and infrastructure of the four pilot crossings (Cristo Redentor, Foz de Iguazu – Ciudad del Este, Fray Bentos – Puerto Unzue, Cucuta – San Antonio) and hold a GTE meeting for an update on the activities performed by the Working Group of the South Gas Pipeline Network; (iii) regarding Financing Instruments, hold a FTE to evaluate advances made by countries and IIRSA and define future courses of action aimed at performing a Study that covers the financial requirements of countries' infrastructure, and specially include the evaluation of a Solidarity Fund and/or other mechanisms applicable to countries with least relative development and/or constraints due to high indebtedness.

- 7.4. Dissemination: (i) expansion of web page content in accordance with the guidelines agreed with National Coordinations, seek mechanisms for their translation and provide the means for their effective implementation; (ii) support actions aiming at strengthening dissemination activities and participation of the Initiative within each country and promoted by them; (iii) preparation of a new document called “IIRSA Strategic Guidelines” in accordance with the structure proposed by the CCT and validated by countries; and (iv) launching of the IIRSA Network subject to the availability of information on the advances of IIRSA at the national level and its capacity to interact with stakeholders.
- 7.5. The delegations approved the 2006 Action Plan and the tentative calendar of activities included under Annex 5.
8. Next, the CDE Presidency made a presentation on the achievements and advances of the IIRSA Initiative during 2005 in relation to: (i) Strategic Vision for Physical Integration in South America; (ii) IIRSA Project Portfolio; (iii) Sectoral Integration Processes; (iv) Promotion and Dissemination of the Initiative.
- 8.1. Strategic Vision for Physical Integration in South America (VESA): the transcendental contribution made by the VESA national and regional workshops was underscored. They enabled the promotion – general dissemination of activities of the Initiative, the gathering of recommendations regarding IIRSA strategic proposals and the identification of driving ideas to strengthen the South American physical integration process. Annex 6 includes the summary prepared by CCT on this topic of the recommendations received at the VESA National Workshops.
- 8.2. IIRSA Project Portfolio: note was taken of advances in the following aspects:
- a) Updating the information available on 31 AIC projects through different GTE meetings focusing on the identification of critical stages of a strategic nature, courses of action and key dates, the follow-up and monitoring of which ensure their short-term implementation.
 - b) Implementation of the AIC Project Monitoring System aimed at facilitating strategic project management aiming at decision-making and coordination of actions between countries.
 - c) Revision of the Project Portfolio, in three GTE meetings, of the Amazon Hub, the Paraguay-Paraná Waterway Hub and the MERCOSUR-Chile Hub, which enabled updating infrastructure requirements for the short and medium term physical integration of said Hubs, respecting the consensus-based indicative territorial planning methodology. The modifications included in the IIRSA Project Portfolio are described in the document called “Addendum: Indicative Territorial Planning – Advances in the 2005 Period” included under Annex 7.
 - d) Design and basic implementation of an IIRSA Geo-referenced Information System, harmonizing geo-referenced data relating to the Hubs, groups and projects aiming at generating an instrument that strengthens their relationship with dominant production activities, relevant environmental aspects and the territory.

- e) Promotion of the IIRSA Project Portfolio, fostered through missions carried out by the CDE Presidency to different international investments centers; instrumentation of support tools specifically for the development and implementation of integration projects (pre-investment funds –IDB and CAF- and contingent technical cooperation for bi-national project groups–FONPLATA).

8.3. Sectoral Integration Processes: the following advances were underscored:

- a) Border Crossings: preliminary diagnoses and identification of critical aspects so as to manage technical cooperation and/or develop the investment stage of prioritized pilot crossings;
- b) Regional Planning: hold a Workshop on regional planning experiences and development of complementary methodological approaches to strengthen the territorial planning process developed by IIRSA (qualitative leap).
- c) International Roaming: advances were observed in the coordination of joint activities between Brazil, Peru and Ecuador to develop market studies to determine their potential and implementation strategy.
- d) Exportation of postal remittances for SMEs: coordination of actions between countries for implementation by means of bilateral agreements.

8.4. Promotion – Dissemination: the following achievements were underscored:

- a) Development of dissemination activities in countries (VESA Workshops).
- b) New edition of the IIRSA Book – 2004 Project Portfolio.
- c) Preparation and distribution of dissemination material:
 - IIRSA General Information (Massive Dissemination Leaflet).
 - Specific Information relating to Hubs, Sectoral Processes and Strategic Vision (Selective Dissemination Leaflet).
 - Information on each Integration and Development Hub (with project sheets).
- d) Information development on projects of the Consensus-based Implementation Agenda (AIC) – reports.
- e) Project updates on the web page.
- f) Design of Stage II of the IIRSA promotion and dissemination strategy to be implemented in 2006.

8.5. The delegations congratulated the CDE Presidency, Vice Presidencies and the CCT for the advances achieved during the 2005 period and compliance with the Action Plan approved at the VI CDE Meeting.

- 8.6. Delegations underscored the First Meeting of Heads of State of the South American Community of Nations held in Brasilia on 30 September 2005 at which Presidents decided “To foster financing alternatives that take into account the financial situation of South American countries, preserve the regulatory capacity and decision-making autonomy of each and every State, and stimulate actions required for the implementation of priority physical integration projects in South America, as identified by the countries and included in the IIRSA Portfolio”.

Agreement was reached to include the Declaration on Infrastructure Integration of the First Meeting of Heads of State of the South American Community of Nations held 30 September 2005 in Brasilia under Annex 8.

- 8.7. In relation to the strengthening of the Strategic Vision, the Peruvian delegation reported that, in compliance with agreements reached at the VI CDE Meeting, and as part of the IIRSA Participation and Dissemination Strategy in Peru, during 2005 six dissemination seminars/workshops were held at the regional level: Piura (North Amazon Hub), Ayacucho (Amazon central branch line Hub), Tacna (Peru-Brazil-Bolivia Hub and the Central Inter-oceanic Hub), Trujillo (Amazon Hub), Arequipa (Peru-Brazil-Bolivia Hub) and Iquitos (Amazon Hub) aimed at disseminating the IIRSA Initiative in cities in the interior of Peru and to gathering input and comments of officials and key actors. Additionally, the delegation reported on advances in relation to the Integration and Development Hubs in their country, included under Annex 9.

9. Then national delegations were given the floor to make their proposals and/or comments:

- 9.1. The delegation of Argentina proposed the institutionalization of the National Coordinations to their peers so as to strengthen their role coordinating the countries’ participation in the different areas of technical activity of the Initiative. For this purpose, the main responsibilities of the Coordinations were described as well as their makeup – institutional structure, according to itemization included under Annex 10.

The delegations welcomed the proposal for institutionalization, underscoring the institutional role and permanent collaboration of National Coordinations in the implementation of Initiative’s Action Plans, recommending that the CCT Secretariat modify the institutional structure in the dissemination material that has been prepared.

- 9.2. The Paraguayan delegation recommended strengthening communication channels with the other Latin American regional Initiatives, giving special and attention to and interacting with the Puebla-Panama Plan.

The remaining delegations supported the proposal and recommended its implementation in the defined dissemination and participation activities.

- 9.3. Delegations underscored the presence of Ambassador Javier González Terrones, Peruvian Vice Minister and Secretary General of Foreign Affairs, in the activities of the meeting of National Coordinations held on 30 November, at which IIRSA's fundamental role in the context of the South American Community of Nations was emphasized.
10. Next the organizations acting as observers at the meeting :made use of the floor:
- 10.1. The World Bank representative emphasized the advances achieved by the IIRSA Initiative in relation to territorial planning and construction of a Strategic Vision for Physical Integration in South America, identifying common lines of action of this Institution with the action plan undertaken in relation to infrastructure and competitiveness, and underlining the permanent interest in providing technical contributions to reach the strategic objectives defined by countries for the 2006-2010 period.
- 10.2. The ECLAC representative emphasized the constant support and technical cooperation established with the IIRSA Initiative, translated into contributions in terms of impact evaluation of port security measures for the region and into the identification of sustainable development strategies for the Amazon region in coordination with CCT institutions, expressing the decision of the Institution to strengthen technical ties in place.
11. Lastly, the country that will undertake the 2007 Presidency of the IIRSA Executive Steering Committee (CDE) was selected. The delegation of Argentina proposed the Republic of Uruguay for the 2007 CDE Presidency. The CDE unanimously welcomed this proposal. Therefore, the Republic of Ecuador will be take on that role from 1 January to 31 December 2006, while the two Vice Presidencies for that same period will be the responsibility of the Republic of Paraguay and the Republic of Uruguay. The Republic of Uruguay shall be in charge of the CDE Presidency between 1 January and 31 December 2007.
12. The delegations simultaneously congratulated the Republic of Paraguay for the solid way in which it led the Initiative during the year of its presidency, allowing IIRSA to make projections for its second 5-year term based on the qualitative leap concept and expressed gratitude to the CCT for its work supporting the Initiative, as well as to the government of the Republic of Paraguay, in particular the Ministry of Public Works and Communications, the Ministry of Foreign Affairs and the Technical Planning Secretariat for the organization of this event and the attentions received. Delegations praised the results achieved by the Meeting.

Asunción, 2 December 2005

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- Annex 9: Advances Reported by the Peruvian Delegation in relation to Integration and Development Hubs
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