



I . I . R . S . A

INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA



TOWARD A CONCEPTUALIZATION OF FORCE IDEAS FOR THE PHYSICAL INTEGRATION OF SOUTH AMERICA

ANNEX 6

Recommendations from the National Workshops on VESA

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TABLE OF CONTENTS

I. THE NATURE OF THE INITIATIVE AND THE PRINCIPLES OF ITS STRATEGIC VISION

1. The development model as a starting point.

- 1.1 IIRSA triggers reflections on development
- 1.2 VESA implementation far exceeds IIRSA's capacity of action
- 1.3 Coordination with other integration schemes or initiatives

2. Open regionalism and national integration

- 2.1 Inwards or outwards?
- 2.2 There is critical mass to go outwards
- 2.3 A long history of regional integration failures. Why would IIRSA work?
- 2.4 Coordination with national visions and/or objectives

3. Open regionalism and foreign policy

- 3.1 Latin America or South America? Building the South American option is not exclusive.
- 3.2 South America in the global scenario: strengthening its negotiating power.
- 3.3 IIRSA is to be viewed in the new context of a South American Community of Nations.

4. Social sustainability

- 4.1 Civil society's participation is condition for the success of physical integration.
- 4.2 Social sustainability is in line with the concept of Integration and development Hub
- 4.3 Elements for a participation and consultation strategy. Different from the outreach strategy.

5. Political sustainability

- 5.1 Physical integration is a political issue: it goes beyond technical aspects.
- 5.2 Regional integration contributes to enhance governance
- 5.3 IIRSA should be State policy

6. Environmental sustainability

- 6.1 Environmental sustainability as VESA's specific principle and as an individual dimension of a transformation process toward VESA
- 6.2 Environmental issues in the Implementation Agenda based on Consensus
- 6.3 Is environmental sustainability feasible?
- 6.4 Social and environmental considerations must be as relevant as production considerations

7. Convergence of legislation

- 7.1 Convergence of legislation or legislative/regulatory sustainability?
- 7.2 Let us speed up. Let us have clear goals. IIRSA must be THE promotor of an integrated vision to facilitate foreign trade.
- 7.3 Come down from a multilateral approach to the level of Hubs or high impact projects.

8. Participation of the private sector

- 8.1 Leadership should be shared by different governmental agencies and the private sector. Specify the roles of each actor.
- 8.2 Involve businesses, not only those related to infrastructure investments. Involve the "user", who will benefit from these projects.
- 8.3 The business sector and universities should participate by conducting economic studies from the very start of projects.
- 8.4 Encourage a network on planning expertise and territorial management. Stimulate the creation of consultancy businesses. Foster a South American academic network.

9. Issues not deeply discussed in VESA

- 9.1 Energy
- 9.2 Business visions and production-related issues
- 9.3 Introduce the "time" variable
- 9.4 Visualize the Hubs interconnection
- 9.5 Population-related issues: territorial occupancy and desirable redistribution patterns

II. SECTORAL PROCESSES AND APPROACHES

10. Logistics

10.1 Infrastructure/logistics relationship

10.2 Logistics: a cost generating or value-added activity

11. Intermodality

11.1 Importance of waterways

11.2 Railways revalued

11.3 Systemic conception

12. Border passes

12.1 Customs are central

12.2 The problem does not lie with investments but with the resistance that must be overcome to ensure a fluid transit at the border

12.3 This should be IIRSA's permanent concern

13. Financing

13.1 Attracting the private sector. Creating private-public partnerships

13.2 Limits to expenses and debt

13.3 Pre-investment weaknesses and projects' critical paths

13.4 Financing maintenance

13.5 Institutional and other actions

13.6 Need to develop mechanisms to guarantee physical integration projects in the region

13.7 Special and caring treatment towards less developed countries having a great potential for physical integration in the region

III. COUNTRIES INVOLVED IN THE PHYSICAL INTEGRATION OF THE REGION

14. Assymetry

- 14.1 Diferencias en el nivel de desarrollo económico entre los países
 - 14.2 Propuesta de trato especial y solidario para determinados países (tratado en financiamiento)
 - 14.3 Grado de articulación con Suramérica
 - 14.4 Diferencias en función del lenguaje
- 15. The strategic roles or functions of countries in the physical integration of the region**
- 15.1 A country for transit or for adding value to production?
 - 15.2 Geographical location and strategic positions
- 16. Domestic agenda: promote competitiveness and a business-friendly environment**
- 16.1 Need for a domestic agenda: sustainability of the infrastructure investment process
 - 16.2 Inclusion of IIRSA in such domestic agendas

IV. INSTITUTIONAL CONSIDERATIONS AND APPRAISAL OF THE INITIATIVE

- 17. IIRSA'S institutional. Its procedures**
- 17.1 With no bureaucracy
 - 17.2 Method of consensus
 - 17.3 Non-mandatory character
 - 17.4 Lack of institutional strength?
- 18. Appraisal of the Initiative**
- 18.1 IIRSA includes all, for the first time
 - 18.2 Change of traditional concepts or paradigms at VESA through territorial planning
 - 18.3 Inductive process to build VESA
 - 18.4 Final remarks

TOPICS DEVELOPED

I. THE NATURE OF THE INITIATIVE AND THE PRINCIPLES OF THE STRATEGIC VISION

1. The development model as a starting point.

1.1 IIRSA triggers reflections on development

This topic was raised in Brazil, Ecuador, Uruguay, Venezuela, Suriname, Peru, Guyana. It was discussed more fully in Brazil:

- The basic questions are the following: Integration and development for whom? Who gets the benefits? The central issue lies in the development model behind it. This must be brought up for discussion
- For:
 - IIRSA's Hubs benefit the foreign sector, because they are export vectors. South America has been historically used as a natural resource platform, a position still maintained in IIRSA and ratified in VESA.
 - With this model, IIRSA will attain the economic integration of the richest areas in South America rather than transforming natural resources into income sources for the poor.
 - There will be spacial fragmentation and income concentration in some sectors favoring the development model underlying physical integration.
- Against:
 - Overcoming natural barriers, as pursued by IIRSA, is *per se* an element of social and economic cohesion. However, IIRSA's proposal must be followed by social, economic and environmental policies.
- Therefore, VESA will require a lengthy discussion about its own development model. This is a first global conclusion.
- Nevertheless, as already stated, particularly in Ecuador, one of IIRSA's most important components is respect for each country. Therefore, the economic model cannot be standardized, since there are differences among the countries involved. Integration will allow us to coordinate efforts towards a single process of regional development.

1.2 VESA implementation far exceeds IIRSA's capacity of action

This issue, which results from the previous one, was raised mainly in Ecuador, Venezuela and Bolivia.

- Some structural issues that need to be solved exceed IIRSA's capacity of action.
- IIRSA's issues should be part of a comprehensive project. Infrastructure integration should be viewed as an instrument to attain a wider South American integration, including the social, cultural and political dimensions.
- This topic also involves the so-called "supportive policies".

1.3 Coordination with other integration schemes or initiatives

It is necessary to coordinate actions, avoid overlappings and produce synergy among the various integration initiatives and schemes.

2. Open regionalism and national integration

2.1 Inwards or outwards?

This is a serious topic: VESA is understood only as a means to increase intra-regional trade. It should be underscored that this involves the manner in which South America as a whole will be connected with the outside world and the role that its physical integration plays in this respect.

2.2 There is critical mass to go outwards

IIRSA provides the critical mass that countries cannot reach on their own. This is owing to the cargo generated by others as well as by the cargo in transit along the trans-South American routes and connections.

2.3 A long history of regional integration failures. Why would IIRSA work?

- This expresses disappointment over past regional integration experiences as well as its relative value vis-à-vis other options of external re-rationing.
 - Is IIRSA on the way to become true or is it just a wishful thinking? We have devised a plan and a strategy, but is it feasible?
 - Experience gathered in the last 36 years should urge us to reinvent IIRSA's conceptual framework so that it can be built upon real foundations and upon the commitment that agreements will be honored.
- In this regard, an invaluable asset in IIRSA is the fact that it has a concrete goal —to develop logistics infrastructure. This is absolutely essential. If Latin America makes a firm decision to pursue the development of its logistics infrastructure, we will make considerable progress. Novelty lies in the approach given to infrastructure (physical integration). This is the striking difference with other schemes or what can make this integration project come true.

2.5 Coordination with national visions and/or objectives

This is a relevant subject addressed in most workshops (Colombia, Ecuador, Guyana, Bolivia, Uruguay, Venezuela, Peru).

- IIRSA is an exercise compelling us to think in continental as well as national terms.
- IIRSA should be analyzed not only from the South American integration perspective but from a national integration stance as well.
- Guyana raised a specific point: IIRSA enables the country to achieve its objective of national independence. Therefore, IIRSA's progress is highly significant for Guyana, because it represents a step further in its way to true independence, walking outside the lines of colonial influence and closer to its neighbors. It means leaving its old heritage behind. Consequently, IIRSA is part of its path to independence.
- Bolivia and Ecuador stated that their national vision is consistent with the South American vision.
- For Uruguay, IIRSA is seen as a contribution for a domestic definition of strategic goals in the field of infrastructure.
- In Peru, IIRSA is expected to foster national integration. While integrating South America, IIRSA is also encouraging each country to develop and recover its living heritage. Hubs will impact even more on domestic markets than on the integration of South America.

3. Open regionalism and foreign policy

A topic discussed in Peru, Bolivia, Brazil, Guyana, Suriname, Venezuela

3.1 Latin America or South America? Building the South American option is not exclusive

- South America's specificity is the role played by physical integration in the integration process. If there is any specific feature to underscore about the integration of South America it is precisely the role that territorial articulation plays in it. Even if the South American customs union may still be utopian, the economic association is completely feasible and to this end infrastructure becomes crucial and can be as relevant for South America as the coal and steel for Europe. Without physical integration, regional integration is nothing but a dream.
- Latin America needs a diversified foreign policy. Therefore, building a South American union is a valid political alternative.

3.2 South America in the global scenario: strengthening its negotiating power

- A new correlation of forces in the world has to be built in order to favor emerging countries and weaken their dependence. It is highly important to create an economic and political bloc to interact with NAFTA, EU, Asian Community and the rest.
- South America's negotiating power has to be strengthened in multilateral fora, with the aim of gaining access to markets and promoting its shared interests.

3.3 IIRSA is to be viewed in the new context of a South American Community of Nations

Even though IIRSA was born before the South American Community of Nations, the latter—once created— will include IIRSA. Thus, this is the context in which IIRSA should be seen. Then, IIRSA's future is closely connected to the South American Community of Nations.

4. Social sustainability

4.1 Civil society's participation is a condition for the success of physical integration.

This issue is as relevant as that of the development model. It was discussed in Venezuela, Paraguay, Peru, Argentina, Ecuador, Colombia, Brazil, Uruguay. There is almost unanimous agreement over the fact that these aspects are poorly developed in VESA.

- Integration should come closer to people; otherwise, the social fabric may pose obstacles to the physical integration process. Attention should be given to how the population involved will be integrated.
- Initiatives like IIRSA cannot be built upon the viewpoints of technical experts sitting in their offices—key actors should be consulted.
- Projects have to be discussed with communities and grassroots organizations, since they will strongly defend the project if they are convinced of its benefits, and they will not be convinced unless they are summoned to participate in the decision-making process.
- These discussion fora and workshops should be organized on an ongoing basis. The next stage is to include the regions.

4.2 Social sustainability is in line with the concept of Integration and Development Hub

- The difference between creating a corridor and creating an Integration and Development Hub is that the latter takes people into account (there will be movement of goods as well as of people)
- Efforts should be made to train traditionally excluded people who will be the recipients of new infrastructure. Otherwise, only traditional beneficiaries will take advantage of new business opportunities.
- It is important to reconcile modernization projects with customs and traditions well rooted in our peoples.

4.3 Elements for a participation and consultation strategy. Different from the outreach strategy.

- Projects should not be made from top to bottom. Development agreements should go upwards —from the community to the state, national and South American levels. Participation and outreach strategies form part of IIRSA's social sustainability.
- The educational system does not include in its studies the reality of the geographical and environmental systems of the region. It would be highly important to improve and integrate the educational system and the scientific/technological sector as a way of building a solid foundation for the project.
- Consultation and participation are key but the method applied is incorrect. Consultations cannot be made *a posteriori* to validate a decision in which society has had no participation.
- It is necessary to implement a mechanism for participation and consultation in the interior of the country. An agenda of local, national and regional fora will be drawn to encourage participation of all actors concerned with the sustainable development process.
- IIRSA needs to be “socialized”. Outreach activities should not be restricted to specialists.

5. Political sustainability

5.1 Physical integration is a political issue: it goes beyond technical aspects.

- In emerging Hubs, infrastructure works tend to be non-profitable. To reverse this cycle, political decision is required. If the political framework is built, agreements with businessmen and understanding will follow.
- IIRSA is a politically validated technical process. Its approach is economic, while its exercise is political.

5.2 Regional integration contributes to enhance governance

An issue particularly brought up in Peru.

- Political sustainability and social sustainability feedback each other. These aspects are poorly developed in VESA.
- Governance should be achieved through a more active participation (empowerment) of society, reaching wider consensus over historical projects such as the South American Community of Nations. Political and technical sectors as well as representatives of the civil society should participate in the political discussion of this project.
- The “micro” level of governance is missing in most integration projects. The gap between institutions and citizens is too wide. It is necessary to re-link civil society to these projects. This is why the feedback of social sustainability becomes so important.

5.3 IIRSA should be State policy

This topic is matter of wide consensus. South American integration cannot and should not be the task of any specific government, but of the State itself.

6. Environmental sustainability

6.1 Environmental sustainability as VESA's specific principle and as an individual dimension of a transformation process towards VESA

In Colombia, very interesting contributions were made in this field.

- Key environment-related national instances should be invited to participate not only at the level of projects, as is done at present, but at the macro level —i.e. in the decision making process concerned with policies, plans and programs that frame those projects.
- All available tools aimed at incorporating environmental considerations at the highest decision levels, such as the Strategic Environmental Evaluation, should be implemented.
- An eco-systemic approach needs to be incorporated to the planning scheme of each Hub. Such approach results from the awareness that ecosystems work as whole entities and need to be managed in their entirety rather than in parts. This involves going beyond jurisdictional limits, since ecosystems usually exceed geographical limits between States and countries.
- In VESA guidelines, environmental sustainability is only marginally addressed. The environmental issue needs then to be regarded as a specific guiding principle.
- In changing towards VESA, the protection of the environment should be an independent dimension rather than addressed under “social equity”.

6.2 Environmental issues in the Implementation Agenda based on Consensus

he 31 AIC projects within IIRSA should be carefully studied from the viewpoint of their environmental and social impacts.

6.3 Is environmental sustainability feasible?

- This is a significant question closely linked to the development model based on natural resource exports.
- International trade demands raw materials from this region. Hence, severe environmental damage may ensue. For example, the deforestation in the Amazon that has taken place in the last 20 years is a clear antithesis of what is meant by environmental sustainability.
- Instead of this model, biodiversity corridors and environmental products and services should be developed to generate economic benefits from protected areas. Another model is feasible —development can be achieved through environmental products and services rather than through traditional industries.

6.4 Social and environmental considerations must be as relevant as production considerations.

VESA was born out of a business vision, i.e. evaluate the production capabilities of the territories, ensuring their satisfaction through infrastructure. Only on a second stage can the social and environmental aspects be incorporated. And they should be equally important.

7. Convergence of legislation

A very important subject that arose in Bolivia, Colombia, Ecuador, Argentina, Suriname, Brazil.

7.1 Convergence of legislation or regulatory/legal sustainability?

Specifically in Colombia, delegates suggested replacing the name “Convergence of legislation” by “Legal sustainability”. Rather than make legislation converge, laws should be more reliable. We should speak in terms of legal sustainability just as we speak of economic, environmental or other sustainability.

7.2 Let us speed up. Let us have clear goals. IIRSA must be THE promotor of an integrated vision to facilitate foreign trade.

Sectoral processes in IIRSA have been either interrupted or paralyzed since all actions have been directed to the projects. These are two parallel courses of action. For infrastructure to be profitable, sectoral processes should be well consolidated. In this regard, we should immediately define clear goals as to when all such sectoral processes will be activated.

7.3 Come down from a multilateral approach to the level of Hubs or high impact projects.

It is necessary to come down from a multilateral approach to consider the regulation of Hubs or high impact projects in the whole region under focus.

8. Participation of the private sector

8.1 Leadership should be shared by different governmental agencies and the private sector. Specify the roles of each actor.

- The private sector is increasingly expected to assume a series of roles previously conceived as State obligations. Consequently, it is necessary to define which roles are to be played by the private and public sectors.
- We should acknowledge the Initiative’s need for a shared leadership between different governmental levels and the private sector. Governments cannot make much progress towards this challenge on their own; on the contrary, they need to work jointly with the private sector.

8.2 Involve businessmen not only those related to infrastructure investments. Involve the “user” who will benefit from these projects.

Businessmen should be encouraged to participate. This action should be directed not only to investors engaged in infrastructure projects, but also to those whose production will become economically viable thanks to infrastructure improvements. Participation and commitment of private “users” —direct beneficiaries of these projects— are key components to ensure IIRSA’s success and sustainability.

8.3 The business sector and universities should participate by conducting economic studies from the very start of projects

The private sector should begin identifying business opportunities created by the Hubs, while universities can contribute with research works, estimating profitability and load demands, so that concrete figures can be brought up for discussion.

8.4 Encourage a network on planning expertise and territorial management. Stimulate the creation of consultancy businesses. Foster a South American academic network.

9. Issues not deeply discussed in VESA

9.1. Energy

This topic is included under this point rather than under sectoral processes, because opinions have also made reference to investments in energy projects, i.e. to the project portfolio and not only to regulations.

- Emphasis should be placed on energy integration (i.e. gas, oil and electricity). In the case of the electricity industry, South American countries should learn from what Central American countries have done.
- Since its creation, IIRSA has basically included three components: first, transportation; second, telecommunications, and third, energy. Nevertheless, energy has not gained as much relative significance as transportation.

9.2 Business visions and production-related issues

This is a matter of consensus: Colombia, Peru, Bolivia, Guyana, Argentina, Ecuador, Venezuela, Suriname, Brazil.

- Analyze to what extent this physical integration process meets production challenges and needs.
- Add productive business project groups to infrastructure project groups.
- There is concern about the little use that is made of roads, where available, due to shortage of production.
- There is a need to incorporate production aspects into this planning effort.

- As far as VESA is concerned, it is necessary to wonder whether we are paying attention to our customers' needs. Who are our customers? Centers of demand. And the question is to what extent freight costs will be reduced once infrastructure works are completed. We are not efficient planners unless we can show where cost savings are.
- The business visions of Hubs must be strengthened. When presenting our Hubs, we do not clearly state our vision regarding what is sold, who sells, what is bought and who buys, what is transported, what the destination is, what the costs are. Answers will surely enable us to give better support to all our development plans.
- Business visions should undergo an update and enhancement process to include all these comments.
- Each Hub's VESA should specify how each VESA strategic principle applies.

9.3 Introduce the "time" variable

- It is important to manage the short-run as well as the long-run dimensions, i.e. to devise a schedule for the long run and to draw short-run objectives.
- Extend the 10-year term established for 2000 at the Brasilia Summit.
- Create an implementation schedule for the Initiative as well as for each project.

9.4 Visualize the Hubs' interconnection

This is a very important issue:

- The strategic vision does not show the interconnection between Hubs. The region is divided into 10 units independently developed that will be later integrated through infrastructure. What is missing is precisely the way in which the surrounding areas are linked to the whole—in a complete integration or single geo-economic space, which is our ultimate goal.
- "Bridges" connecting Hubs should be enlarged so as to better visualize South American interconnections.

9.5 Population-related issues: territorial occupancy and desirable redistribution patterns

- How will the occupancy pattern be redistributed? Territorial occupancy issues are to be further analyzed.
- Which is, for IIRSA, the best population distribution in the territory? What are we going to do with the spatial distribution of the population? That these issues are not included in the document of VESA is, no doubt, a lost opportunity. Little attention has been paid to population-related issues when creating the Hubs.

II. SECTORAL PROCESSES AND APPROACHES

10. Logistics

10.1 Infrastructure/logistics relationship

This issue was particularly discussed in the Colombia workshop:

- Infrastructure cannot be conceived —nor evaluated— in an isolated manner, since it is part of a system articulating with other factors. Its power is not enough to meet the challenges posed by free trade agreements.
- The logistics is also important for competitiveness, since it is like the *software* operating the *hardware*, represented by infrastructure. Logistics can promptly respond to market demands.
- Infrastructure must be approached taking logistics corridors into account.
- Logistics corridors should have the necessary physical infrastructure and competitive services, including information and communication technologies. Unless a logistics corridor is seen as origin-destination, international markets will not be gained, no matter how well constructed highways might be.

11.2 Logistics: a cost-generating or value-added activity

- The concept of logistics needs to evolve from a cost-generating activity to an activity capable of adding value.
- In the public sector, we may draw a line between the first stage, mainly concerned with passive actions (i.e. regulations) and a second stage, during which the State assumes a more active role by granting incentives.
- As to the private sector, we may also draw a line between two stages: the first stage aims at lowering the costs of logistics activities as much as possible; in the second stage, logistics activities start generating competitive advantages (increasing the value of goods through improved services)
- All logistics services should guarantee first-class quality to be in conditions to compete. To this end, an environment of effective dialogue should be created between private and public actors.

11. Intermodality

11.1 Importance of waterways

- Governments' decisions are too slow to accelerate river integration. The issue of waterways has made little progress.
- IIRSA must prioritize waterway and railway transportation.

11.2 Railways revalued

IIRSA must analyze changing global conditions as well as the oil price, road construction and maintenance costs, all of which leads to a revaluation of railways.

11.3 Systemic conception

Articulating transportation modes is essential and functional complementarity needs to be reinforced.

12. Border passes

12.1 Customs are central

Any improvement in routes and operational costs is wasted if delays in border passes take too many hours. Even though customs are the most critical, there are also police, migration, phytosanitary and other controls as well. If this problem is not properly addressed, integration is doomed to failure.

12.2 The problem does not lie with investments but with the resistance that must be overcome to ensure a fluid transit at the border.

- There are many problems involving the private sector.
- Political decisions to solve these issues are very timid.

12.3 This should be IIRSA's permanent concern

Work at border passes adds more value because it does not require high investments but stronger political decisions as well as an understanding that too much money from the private sector is wasted. Therefore, this should be IIRSA's permanent concern.

13. Financing

A key issue raised in Ecuador, Colombia, Paraguay, Argentina, Uruguay, Brazil, Peru, Bolivia, Suriname.

13.1 Attracting the private sector. Creating private-public partnerships

- Private sector investments are possible in areas traditionally reserved for the public sector, but creating private-public partnerships is a true challenge.
- Participation of the private sector in the different spheres of the Initiative is to be strengthened. This can lead to discovering better ways to design projects and contribute to *project financing*.

13.2 Limits to expenses and debt

- Efforts should be directed to relieving some projects from fiscal restrictions. Consortia with other countries should be created in order to hold joint discussions with multilateral agencies to achieve this goal.
- Expenses derived from infrastructure investments should not be considered as ordinary costs increasing fiscal deficit.
- It is important to come back to Monterrey Consensus to achieve a better balance between our demands of public investment and current restrictions. In the framework of this Consensus, a dialogue with financial agencies in the region would be necessary.

13.3 Pre-investment weaknesses and projects' critical paths

- Continuity problems in project cycles: preparation, funding and execution. After a careful preparation, some projects take so long to be funded that they become outdated.
- Countries run short of projects rather than of resources. Many IIRSA projects are nothing but ideas. All necessary studies should be carried out. The key is to define projects as accurately as possible so as to attract more interested parties from the private sector.

13.4 Financing maintenance

Funding is required not only to make investments but also to fund infrastructure maintenance —a key element, indeed.

13.5 Institutional and other aspects

- It is fundamental to work towards the creation of a South American financial agency or a South American development bank.
- Suriname should aim at being admitted to the CAF.

13.6 Need to develop mechanisms to guarantee physical integration projects in the region

Financial resources are available and there is a growing demand to use such resources in already defined projects. But difficulties lie in structuring guarantees. It is important to develop mechanisms to guarantee physical integration projects in the region, particularly in the public sector.

13.7 Special and caring treatment towards less developed countries having a great potential for physical integration in the region

An issue raised in Bolivia.

- It is important for the country to declare before the International Monetary Fund that integration through Bolivia aims at supporting the South American region as a whole. Bolivia is one of the countries more eager to become integrated and support the South American region. Many projects involving Bolivia are anchor projects in that they need to be executed for the whole Hub to become significant.
- For example, Bolivia is urged to make heavy investments in its territory to favor trade flows not necessarily originated in its interior but in its neighbouring countries. Discussion of this topic should be brought to the table and given priority.
- Proposal: that the funding of projects involving Bolivia and other country, or involving two or three other countries be given special treatment by the International Monetary Fund, since they will find more echo and will help develop not only Bolivia but its neighboring countries as well.

III. COUNTRIES INVOLVED IN THE PHYSICAL INTEGRATION OF THE REGION

14. Assymetry

14.1 Differences in terms of economic development among countries

- We should determine in relative rather than in absolute terms which is the effort made by each country to contribute to the South American integration. A strategic guidance should be provided in this regard.
- Another issue is the need to share integration expenses. The European Union has created the so-called cohesion and structural funds as resource transfer and compensation mechanisms.

14.2. A proposal for special and caring treatment for certain countries

(See financing)

14.3 Degree of articulation with South America

A topic brought up in Suriname.

- Are we part of South America? Our region is not. We are included in IIRSA because we share the geography but not the economic activity. Therefore, we need to decide whether we are going to form part of either the production or logistics chain. Suriname does belong in South America, but a better analysis of the region is required.
- Within South America, small actors should be smart players. How do we become more attractive? What can we offer South America? As a member of CARICOM, Suriname's geographical strategic location can be the link between CARICOM and South America, for the benefit of both subregions.

- A small country should also play a part with its human capital. Development of human resources will become as important as the widespread use of the Internet.

14.4 Differences according to language

An issue raised in both Guyana and Suriname.

15. Strategic roles or functions of the countries in the physical integration of the region

15.1 A country for transit or for adding value to production?

An issue brought up in Uruguay, Bolivia, Ecuador, among others.

- The concept of integration should somehow consider where trade flows are generated, what their destinations are and what each country's role is.
- Which is the vocation of each country within the Initiative? If we simplify the analysis, countries are faced with two alternatives:
 - Become integrated to international networks because the country has a substantial economic dimension and there will be an additional increase in transportation cargoes, energy generation and telecommunication traffic
 - Render highly efficient services that may enable the country to become integrated to international networks, thus becoming a compulsory transit point for those generating cargo, thanks to the quality of its logistics services and infrastructure.
- This future vision is very important for a country whose physical asset lies in its strategic location.
- However, no country wants to be simply a place for transit or a bridge in the trade flow involving third parties. The aim is to select the sectors where cargoes will be generated instead of conforming to the idea of being a transit country. This issue was raised in several countries: Bolivia, Uruguay, Ecuador, among others.
- Different opinions:
 - There are no benefits for a country whose territory is used for transit, without having any possibility of adding value.
 - These issues are inclusive, i.e. infrastructure can be used for the transit of goods for the benefit of third parties, but it can also serve as the outward route for domestic products, i.e. the goal of integration is that benefits should reach as many countries as possible.
 - The comment on adding value to transit may create artificial restrictions that may interrupt trade flow. This is certainly a delicate issue. We should think of compensations to this situation that may not affect traffic.

- Paraguay made a point of its central location in South America: being in the heart of South America, Paraguay is at the crossroad between the East and the West. The river and air systems may provide additional nodes. Thus, the whole country becomes a corridor.
- Venezuela is regarded as a pivot for the physical integration of South America from the North. It is the entrance to South America from the North.
- Colombia has emphasized its strategic position in South America. When presenting the strategic vision of the South American physical integration, articulation between the South and Central Americas is not mentioned. Such articulation can be done precisely through Colombia.
- Guyana and Suriname: Foster a more direct relationship between CARICOM, CAN and MERCOSUR.

16. Domestic agenda: promote competitiveness and business-friendly environment

16.1 Need for a domestic agenda: sustainability of the infrastructure investment process

A topic underscored in Peru: if businesses flourish, the State will have better chances to honor commitments assumed for 25 years with private-public partnerships in the field of infrastructure, since its economy, and hence its revenues, will grow. These routes should develop their own growth dynamics. To this end, it is necessary to improve its business environment, which is a task of the “domestic agenda”.

16.2 Inclusion of IIRSA in such domestic agendas

- Several countries are developing domestic agendas for competitiveness, in particular to meet the challenges of FTAs, even though its effectiveness is important in itself.
- Among them, Colombia and Ecuador presented their domestic agendas in their respective national workshops. The issue of IIRSA is provided for in the agendas.

IV. INSTITUTIONAL CONSIDERATIONS AND EVALUATION OF THE INITIATIVE

17. IIRSA’s institutionality – Its procedures

17.1 With no bureaucracy

IIRSA should not be trapped in the bureaucratic maze experienced by other integration processes.

17.2 The method of consensus

It is one of IIRSA's greatest strengths.

17.3 The non-mandatory character

Projects within IIRSA's portfolio and all planned actions are based on the Indicative Territorial Planning method. None of them is mandatory.

17.4 Lack of institutional strength?

- One of IIRSA's strengths is the support lent to it by the Technical Coordination Committee, thus ensuring continuity in time.
- Unlike the permanent role played by the CCT, there are some institutional weaknesses in some countries in relation to IIRSA. We should think of the way to ensure IIRSA's continuity in each country. If there is no organization to support the Initiative, goals may not be attained.

18. Evaluation of the Initiative

18.1 IIRSA includes all, for the first time

An issue raised by Suriname: The French Guiana should participate. This is out of the question.

18.2 Change of traditional concepts or paradigms at VESA through territorial planning

- VESA provides new planning tools. One is territorial planning (promote development in concrete areas). We are not simply talking about infrastructure development but about territorial planning.
- The real challenge is to break the paradigm typical of traditional planning, i.e. the inward vision, in order to shift to a vision shared by all our neighbors, with the certainty that there are shared areas for economic development.

18.3 Inductive process to build VESA

- The South American strategic vision derives from the vision each country holds.
- VESA is a gradual upward construction focusing on all aspects involved in the physical integration of the region. Its main focus is infrastructure.

18.4 Final remarks

- IIRSA is a timely initiative: it comes on the right moment to mobilize the entire integration process, since it addresses an area having the greatest needs.
- Its focus is correct, because there is a true correlation between competitiveness and infrastructure, i.e. there is a direct link between competitiveness at large and the quality of infrastructure.

- There will be no South American integration unless infrastructure is developed. Infrastructure hinders integration and, even worse, it increases inequalities.
- IIRSA has made great efforts to promote a shift in population settlement and production from the South American coastal periphery to the interior, where there are serious problems of territorial occupancy. These efforts have been highly positive.
- Another achievement made by IIRSA has been to differentiate between consolidated and emerging Hubs, because they need different physical integration strategies. If we make decisions based exclusively on traffic, projects will not come true.
- In general, countries perceive a positive evaluation of the main aspects of the Strategic Vision for the South American Physical Integration.
- On the negative side, criticisms are largely directed to the lack of a clear and explicit statement of the development model, to the environmental risks and to the lack of openness that IIRSA has shown so far towards the civil society.
- There are also some fears regarding who will be the winners and losers in this integration process. The challenge is precisely to build a South America where all actors are winners.
