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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)

Eighth Meeting of the Executive Steering Committee

December 13th and 14th, 2006
Quito, Republic of Ecuador

MINUTES

1. On December 13th and 14th, 2006, the Eighth Meeting of the Executive Steering Committee (CDE, in Spanish) was held in Quito, Republic of Ecuador, to analyze the achievements and advances of IIRSA in 2006 within the framework of the four strategic lines of action for 2006–2010, to define the Initiative's strategic objectives for 2007, and to draw up the Action Plan for 2007. The list of participating delegations and observers is included in Annex 1.
2. The meeting was opened by Mr. Pedro López Torres, Minister of Public Works and Communications of the Republic of Ecuador; Mrs. Even Estefanell, Chair of the Executive Board of the Financial Fund for the Development of the River Plate Basin (FONPLATA), Mr. Antonio Juan Sosa, Corporate Vice President of Infrastructure of the *Corporación Andina de Fomento* (CAF, in Spanish) and Mr. Luis Guillermo Echeverry, Executive Director the Inter-American Development Bank (IDB) for Colombia and Ecuador, in representation of the Technical Coordination Committee (CCT, in Spanish).
3. The technical working session was opened by CDE Chair, Mr. Pedro López Torres, Minister of Public Works and Communications of the Republic of Ecuador, who underscored the achievements of IIRSA in 2006 of his Chair in relation to the implementation of strategic infrastructure projects as well as the progress regarding territorial planning, sectoral integration and outreach processes of the Initiative.
4. First, the meeting's agenda was adopted and is included in Annex 2. According to a proposal from Bolivia, the decisions made at the Second Meeting of Heads of State of the South American Community of Nations were included in the Agenda.

5. Afterwards, Mr. Edwin Mejía Gallegos, Vice-Minister of Public Works and Communications and Ecuador's National Coordinator, presented an overview of the Initiative and of the implementation of the IIRSA projects.

5.1 Main achievements of the 2000-2006 Initiative: The following aspects were highlighted: The setting up of IIRSA as an essential forum for the creation of a joint agenda in topics related to the integration of a physical infrastructure; a portfolio based upon consensus with 348 projects and an investment of US\$38 billion; the setting up of an Implementation Agenda Based Upon Consensus with 31 strategic integration projects and an investment of US\$6,403 million; the use of modern management tools, such as the indicative territorial planning and the Strategic Project Management Information System (SIGE, in Spanish); the development of territorial planning methodologies in relation to Production Chains, Logistics Chains and the Environmental Strategic Evaluation; the start of development of a South American Georeferenced Information System (GEOSUR); the development of diagnosis studies on many topics related to the Integration Sectoral Processes (PSI, in Spanish); and new financial instruments of the institutions of the Technical Coordination Committee in order to support the development of the projects of the Initiative (IDB Integration Fund-FIRII, CAF Infrastructure Fund-PROINFA and Funds from FONPLATA).

5.2 Main challenges and aspects to build up the Initiative: The following aspects were highlighted: (i) Integration Sectoral Processes: except for the Border Crossings and Communications, not much progress has been made in the regulatory and standard-setting aspects to improve integration in the areas of energy and air, sea, and multimode transportation; ii) dissemination and participation of the Initiative: despite the holding of National VESA Workshops, there is still considerable lack of knowledge about IIRSA in the region; iii) Involvement of economic authorities: the Ministers of Economy must be sensitized about IIRSA's importance and learn more about the Initiative

5.3 State of Implementation of the Projects: A detailed account of the progress related to each of the 31 projects in the Implementation Agenda based upon Consensus was carried out. Finally, it was stated that, to November 2006, IIRSA has 55 projects (taking the AIC and the IIRSA Portfolio into consideration), which have had their financing approved for US\$9.52 billion, of which US\$3,275.2 million correspond to financing from the institutions that form the Technical Coordination Committee. There are 23 projects under execution. The general evaluation of the Initiative and the report on the implementation of the projects are included in Annex 3.

Comments made by the delegations are provided below:

5.4 The delegation from Bolivia explained about the alternative layout of the project "El Sillar". It also emphasized the works carried out together with its neighboring countries, Argentina and Paraguay, in relation to border crossings, and recognized

their support. The delegation mentioned the progress regarding the Desaguadero Border Center in collaboration with Perú as well.

- 5.5 The delegation from Ecuador informed that the Amazon central highway is being built, an 800 km-long corridor over rough terrain, which is financed by public funds and loans from the CAF. It also mentioned the progress made in the five road hubs of the Ecuador-Peru Binational Plan, which supplement the IIRSA Amazon and Andean Integration and Development Hubs. One of these road hubs is being financed by the European Union in the amount of €1 million. Likewise progress is being made in the three binational hubs with Colombia.
- 5.6 The delegation from Paraguay removed its request to be included in the IIRSA Portfolio of the projects "Paving of the Road Access System to Ports on the Río Paraná" (Group 4 of the Capricorn Hub), "Paving of the Section: Road 9 - Neuland - Pozo Hondo" (Group 2 of the Capricorn Hub) and the "Building of the Iguazú Hydroelectric Power Station (Group 5 of the MERCOSUR-Chile Hub). As no objections were raised, the mentioned projects were incorporated.
- 5.7 The delegation from Suriname emphasized the importance if the Initiative for its country, in general, and the particular meaning of the two projects in which it participates in the AIC, which allows integration with the rest of the continent. The delegation also stated that the country will coordinate actions with the government of France in order to increase the impact of the foreseen works and that, timely, it will request IIRSA support, too.
- 5.8 The delegation from Chile emphasized that the benefit of the projects goes beyond the countries where the infrastructure works are introduced, spreading their effects to the rest of the geographical areas of the Hubs. Other delegations stressed the importance of "externality" related to the IIRSA projects due to the integration purpose of the Initiative.
- 5.9 The delegation from Peru highlighted the major effort that its country is making for the Initiative, which constitutes a State policy for the country and whose project requires budget allocations on the order of US\$2 billion. It also expressed its concern for the issue of services and its conviction that, apart from the need to promote progress in physical works, it was indispensable to redouble efforts aimed at harmonizing relevant legislation in the member countries, especially and as a priority, international transport regulations, adopting mechanisms that simplify procedures and reduce costs in border crossings. It concluded by highlighting the relevance of tackling this core matter before completing infrastructure projects.
- 5.10 The delegation from Guiana emphasized the critical importance of IIRSA in relation to the physical regional integration as well as the integration associated to the interior of the country, which allows its incorporation to the continent and its integration with South America, too. The integration projects will allow Guiana to have more connection with Brazil and also a new interconnection with Venezuela

and will favor its projection towards the Caribbean. The delegation stressed the importance of reducing asymmetries among the countries involved and aimed at a more balanced development. It also suggests that IIRSA should perform actions related to air traffic and energy.

- 5.11 The delegation from Colombia informed that it proposed Venezuela a methodology to harmonize procedures for the Border Center: Cúcuta – San Antonio. As enough time passed since the formulation of the mentioned methodology and as Venezuela did not answer, the delegation repeated the importance of having a definition from the neighboring country as soon as possible.
 - 5.12 With reference to the project of the AIC: “Exports through postal delivery for PYMES”, which to date has been spearheaded by the Brazilian delegation, the delegations noted the progress achieved for the establishment of cooperation between IIRSA and the Unión Postal de las Américas, España y Portugal (UPAEP). In this regard, they approved that this organization should exercise regional coordination of the implementation of the above-mentioned project in the 12 countries of the IIRSA Initiative. The Chair is instructed to take the steps that are needed to adopt the text of the Framework of Understanding that is attached herewith as Annex 4.
6. The meeting continued and the other topics in the Agenda were taken into consideration through the CCT presentations.
 - 6.1 Strategic Project Management Information System (SIGE, in Spanish): The progress in the consolidation and improvement of the SIGE was recognized. The development of the eleven technical missions to the South American countries, during the first four-month period in 2006, was highlighted as a key activity, as well as the workshop, in August, on Result-Oriented Intensive Management of Strategic Projects (SIGE Workshop). These activities allowed all the parties involved in the AIC to understand better the importance of the system as a tool for the intensive management of projects in relation to the decision-making process. The presentation on the SIGE is included in Annex 5.
 - 6.2. The delegations agreed with the following technical aspects related to the SIGE operation: real-time translation (in the three working languages), possibility of applying the computer system to the management of other national projects, authorization for the National Coordinators to change information on the projects, periodical meetings of the Project Managers and the National Coordinators, visit to the area destined to the projects.
 - 6.3. Planning: As regards planning, actions were carried out in order to deepen the evaluation of the portfolio impact on the sustainable development of its area of influence, promoting its territorial analysis and based on three different dimensions: (i) environment; (ii) production chains; and (iii) logistics chains. In this sense, the importance of the methodologies developed in 2006 was

emphasized in view of their application in 2007. The delegations received a copy of the methodologies of productive chains and logistics. Additionally, there was a presentation on the developments associated to the Georeferenced Information System (GEOSUR) and its possibilities of practical application in IIRSA were stressed.

- 6.4. Integration Sectoral Processes (PSIs, in Spanish): Additionally, actions were carried out in the following PSIs: (i) Studies for the optimization of the functioning of the pilot border crossings: the conclusion of the first stage of the study of the border crossing of Cristo Redentor System and progress to secure the technical assistance that would make it possible to implement the second stage of the study were highlighted; only partial progress was made in the following border crossings: Cúcuta-San Antonio, Fray Bentos-Puerto Unzué, and Ciudad del Este-Foz de Iguazú; and (ii) Financing Instruments: a study was conducted on the “Analysis of decisive factors to establish regional guarantee funds for investment in integration infrastructure,” and progress was made on the work “Methodology for the Transnational Project Evaluation” with the support from ECLAC, which shall be completed in the first semester of 2007 with the application of a pilot case. These studies were presented on the occasion of the workshop on “Economic and Financial Topics Associated to the Implementation of Projects” that was held in November, in Quito. The presentation on Planning and the PSIs is attached in Annex 6, and the presentation on GEOSUR is included as Annex 7.
- 6.5. IIRSA Outreach: The development of new information and outreach instruments was valued in order to outreach, in a modern and dynamic way, the future contents, scopes, achievements and challenges of the IIRSA Initiative, as well as different participation actions aimed at all the sectors of the civil society, related to or interested in IIRSA, regional and extra regionally. Progress related to the four lines of action (re-design of the IIRSA web site, new data base of IIRSA projects, new specific material for outreach and new IIRSA document) in 2006 was highlighted as well as their in-depth consideration for 2007. The presentation on the outreach of the Initiative is attached in Annex 8.
- 6.6. The delegations stressed the importance of the outreach strategy and the need to reach an adequate level of communication to various sectors and spheres of the population. In this context, many observations were made: convenience of the use of material that reflects geographical diversity, presence of national authorities, transmission of the contents of the Initiative avoiding assimilation to the financial aspect and development of a massive-spreading document aimed at disclosure and with a simple language.
7. The delegations emphasized the complexity and volume of the tasks that IIRSA is requiring and the necessary efforts to achieve the results foreseen in the activities plan. In this respect, the functions performed by the National Coordinations are essential, and it is noteworthy that they must have the necessary technical, institutional and budgetary resources; therefore each country member of the Initiative shall adopt the suitable measures to achieve this objective. In this regard, the delegations noted the proposals

stemming from the IX Meeting of National Coordinators held on November 8th and 9th, in Quito, and due to their importance, they agreed to include the Minutes of that meeting as Annex 9 in the present document. The new chair, Uruguay, pledged to promote specific decisions to materialize these proposals.

8. Taking as a base an initial presentation by the Minister of Public Works of Bolivia, the delegations recorded the many considerations from the Second Summit of the South American Community of Nations (Cochabamba, December 8th and 9th, 2006) in relation to the need to continue making progress toward regional integration for the nations.
9. After exchanging opinions, the delegations agreed, from their respective points of view, to understand the importance of physical integration as a tool for the development and integration of the South American nations and the well-being of their people. In this respect, they agreed to pay special attention to the aspects of social placement, productive integration and environmental prevention, in the study as well as in the execution of the IIRSA projects. They also agreed on the importance of having an appropriate local participation as regards the search and decision related to the projects. In this regard, the delegations agree to further extend the actions aimed at promoting greater involvement of the social organizations and population of the territories of each Integration and Development Hub.
10. The delegations emphasized the advisability to adopt supportive criteria for the development of the integration infrastructure to overcome asymmetries and generate greater equity among the countries and their respective regions. They also recognized that greater connectivity among the countries related to the physical infrastructure must have positive impacts on local productive development, and likewise tangible benefits for the population involved in the areas of influence of the Integration and Development Hubs, so as to enable them to gain access to the basic social services, such as health and education centers, overcoming the barriers stemming from geographical isolation.
11. The delegations recorded the contents of the statements on the Physical Integration and the South American Energy Integration from the Second Summit and agreed to adopt a proactive focus on the connection of the work teams in relation to these topics in the South American Community of Nations. They instructed Chair-elect to be in charge of this task. The statements on the Physical Integration and the South American Energy Integration are included as Annex 10.
12. Next, the Chair-elect of the CDE, held by the Minister of Transportation and Public Works of Uruguay, Mr. Victor Rossi, presented the guidelines foreseen for its term. The Minister's speech is included as Annex 11.
13. The delegations approved the Guidelines for the Plan of Action for 2007 together with its tentative activities schedule, which is included in Annex 12.
14. Last, the country that will hold Chair of the IIRSA Executive Steering Committee (CDE) in 2008 was selected. It was resolved that the Republic of Colombia will carry

out that function. Thus, the Republic of Uruguay will hold Chair of the Initiative from January 1st to December 31st, 2007, while the two Vice-Chairs for that same period will be held by the Republic of Ecuador and the Republic of Colombia.

15. The national delegations extended their thanks to the Republic of Ecuador for leading the Initiative during the year it held the Chair and the CCT for its work in 2006.

Quito, December 14th, 2006

ANNEXES

- Annex 1: List of Participants and Observers
- Annex 2: Agenda of the Meeting
- Annex 3: General evaluation of the Initiative and report on the implementation of the projects.
- Annex 4: Proposal of Framework of Understanding between the IIRSA Initiative and UPAEP
- Annex 5: Presentation on SIGE.
- Annex 6: Presentation on Planning and PSIs.
- Annex 7: Presentation on GEOSUR.
- Annex 8: Presentation on Outreach.
- Annex 9: Minutes of the IX Meeting of national Coordinators. Quito, Ecuador, November 8th and 9th, 2006.
- Annex 10: Statement on the Physical Integration and the South American Energy Integration - II Meeting of Heads of State of the South American Community of Nations (Cochabamba, December 8th and 9th, 2006).
- Annex 11: Speech by the Minister of Transportation and Public Works of Uruguay, Mr. Victor Rossi.
- Annex 12: Guidelines for the Plan of Action 2007.