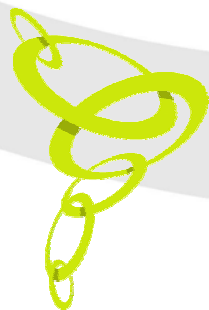


VII Meeting of IIRSA National Coordinators

Progress Report on
IIRSA Action Plan 2005



Asunción, November 9th 2005





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IIRSA Action Plan 2005

1. Progress regarding the Strategic Vision for South American Physical Integration
2. Progress regarding the IIRSA Project Portfolio
3. Results derived from the Sectoral Integration Processes
4. Other progresses

Balance of Results



Action Plan 2005

Strategic Guidelines

At the VI Meeting of the CDE held in Lima, **three strategic guidelines** for IIRSA actions in 2005 were set forth:

- Produce a multiplying effect with the implementation of the first IIRSA projects.
- Promote the Initiative's institutional sustainability in order that institutions participating in IIRSA in each country should increase their reliability.
- Instill greater political and technical motivation among key actors so that social and institutional capital should strengthen even further.



Action Plan 2005

Action Areas

The following action areas were defined:

- Project Portfolio
- Sectoral Processes
- Strategic Vision
- National Coordination
- Geographic Information System





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1. Progress regarding VESA

Workshops

During 2005, important technical and financial resources were allocated to organize National Workshops on the South American Strategic Vision:

| Workshops held | Scheduled Workshops |
|--|---|
| <ul style="list-style-type: none"> ● Venezuela (May 16-17) ● Paraguay (May 24-25) ● Peru (June 16-17) ● Colombia (July 6-7) ● Suriname (September 7-9) ● Ecuador (September 19 -20) ● Bolivia (September 22-23) ● Uruguay (October 11-12) ● Guyana (November 3-4) | <ul style="list-style-type: none"> ● Argentina (November 14-15) ● Brazil (November 22-23) ● South American Regional Workshop (November 30) |



1. Progress regarding VESA

Achivements (1)

- IIRSA's objectives, fields of action and activities were promoted and disseminated, and its achievements, recognized.
- IIRSA's Guiding Principles were deemed highly important from the strategic viewpoint.
- Recognition was given to the role of the South American integration as a vehicle for our countries' sustainable development and their strategic insertion in global trade.
- The Integration and Development Hubs, as devised and identified by the Initiative, were validated.
- The transportation, energy and telecommunication infrastructure requirements, as identified by IIRSA for the short and medium terms and included in the project portfolio after the territorial planning process, were ratified.



1. Progress regarding VESA

Achievements (2)

- Actions in physical integration projects (AIC) prioritized by the countries were validated.
- Agreements on the strategic importance of sectoral processes were reached and gradual progress was made toward harmonizing regulations and legislation related to energy, transportation and telecommunications, as a precondition for developing integration infrastructure and a greater involvement of the private sector in its financial support.
- The need to strengthen capacities for formulating, evaluating and executing integration infrastructure projects was recognized.
- Contributions and recommendations on the countries' participation in the Initiative were received and consultation mechanisms were created.



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2. Progress regarding IIRSA Project Portfolio

During 2005, member countries and the CCT have focused their actions in:

- a) Conducting a follow-up of AIC projects – baseline construction.
- b) Designing and implementing an Information System to monitor AIC projects.
- c) Complementation of the Territorial Planning Process – updating the project portfolio.
- d) Progress in the development of a Geographic Information System.
- e) Promotion of the IIRSA Project Portfolio



2. Progress regarding IIRSA Project Portfolio

a) Follow-up of AIC Projects

Tasks accomplished

- Information on 31 AIC projects was updated, in relation to objectives, technical solutions, project lifecycle stage, i.e. financing, present status and future execution modality.
- Mission-critical tasks to be faced by each project in its implementation process until 2010 were identified. Relevant decisions, key persons and preliminary deadlines were defined in order to help adopt corrective actions.
- The first AIC report was submitted to the Presidents and Ministers of the 12 countries in August 2005





2. Progress regarding IIRSA Project Portfolio

b) Implementation of the Monitoring system

Goal: Help implement priority projects for the South American physical integration and their strategic management, through an online Information System capable of identifying their progress status as well as the problems to be overcome in order to fulfill critical tasks, so that relevant national authorities should make decisions to solve such problems.

Stages

- Prototype complemented
- Functionalities specified
- Specification validated and approved by countries (VI CN + technical visits to Argentina, Brazil, Colombia and Peru)
- Information system developed
- System implemented and information entered
- Management and INTAL teams trained



2. Progress regarding IIRSA Project Portfolio

b) Implementation of the Monitoring system

Tasks accomplished:

- Develop an online Information System, linked to a simple, easy-access database, having a data update module and mailing system to notify deadlines and status of critical tasks.
- A fundamental tool to support the implementation of priority projects, as agreed by consensus by the 12 countries. An instrument to promote permanent dialogue on physical integration projects among National Coordinations.
- Results constantly shown online. High visibility and impact.



2. Progress regarding IIRSA Project Portfolio

c) Update of the Project Portfolio

In 2005, three meetings of the Executive Technical Groups were held:

GTE Amazon Hub (Brasilia, April 7 – 8)

This Hub has incorporated a new project group (Group 7: Morona Waterway), made up of 23 projects with a total investment amount of US\$ 5.518 billion (Anchor project: cargo transshipment port on the Morona river). The qualitative classification granted to the Hub project group will be subject to revision on the basis of the Indicative Territorial Planning Methodology developed.

GTE Paraguay-Parana Waterway Hub (Asunción, August 1)

During the first GTE meeting of the Hub, the Business Vision submitted for consideration was validated. In addition, a first infrastructure project portfolio was presented on a preliminary basis. The need to enlarge the Hub's area of influence was one of the agreements reached. This enlargement will comprise the subbasins of the Uruguay, Tieté – Paraná and Río de la Plata rivers.





2. Progress regarding IIRSA Project Portfolio

c) Update of the Project Portfolio

GTE MERCOSUR – Chile Hub

Agreements reached by the countries:

- To modify Group 2 anchor project (Road corridor Rio Branco – Montevideo – Colonia – Nueva Palmira).
- To incorporate to Project Group 3 “The Modernization of Montevideo Port” and “Connection Alternatives between Argentina and Uruguay”.
- To modify the designation of the “Pehuenche Integrated Center” Project (Group 3).
- To incorporate –on a preliminary basis- the project known as “Construction of Iguazú Hydroelectric Power Plant”, subject to the technical background to be submitted to the other countries for its approval.





2. Progress regarding IIRSA Project Portfolio

d) Development of a Geographic Strategic System

In compliance with the Action Plan devised, the CCT has given further steps in the design and implementation of a SIG IIRSA, structured on the basis of the Integration and Development Hubs already defined and of the results obtained from the indicative territorial planning process conducted by the countries. A preliminary system is expected to be ready for 2006.



2. Progress regarding IIRSA Project Portfolio

e) Promotion of IIRSA Project Portfolio

The CDE Presidency has developed different specific events of promotion of the Portfolio, identifying the general progress of IIRSA and the business opportunities in the fields of transport, energy and telecommunication, that the region presents.

These experiences show the strong interest that this planning process generates among institutional and private investors in the European Union and Pacific-Asia countries.



2. Progress regarding IIRSA Project Portfolio

e) Promotion and support of IIRSA Project Portfolio

At the same time, the CCT institutions have progressed during 2005 in the implementation of specific supporting tools to the development and implementation of integration projects:

- Preinversion funds (IDB and CAF)
- Contingence technical cooperations for binational groups of projects (FONPLATA)



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3. Progress regarding PSI

During 2005, only partial progress has been made in relation to Sectoral Processes. Major accomplishments focused on:

- Border Crossings: progress has been made in 3 out of 4 pilot projects prioritized by the countries (Cristo Redentor; Foz de Iguazú – Ciudad del Este; Cúcuta – San Antonio). Preliminary diagnoses were made and critical tasks were identified to produce the technical documents required for technical cooperation management and/or investment development stages.
- Regional Planning: a workshop on regional planning experiences was organized and complementary methodological approaches were developed in order to reinforce the territorial planning process developed by IIRSA (qualitative leap).
- Information Technologies: as to international roaming, coordinated joint actions among Brazil, Peru and Ecuador were initiated in order to conduct market surveys aimed at assessing its potentiality and implementation strategy. The same holds for an ITC action plan targeted at the Amazon Hub countries.



3. Progress regarding PSI

- Innovative Financial Instruments: in July 2005 the CCT and the countries agreed to refrain from giving further steps into the already defined Action Plan, due to the poor results obtained from the technical visits (after the National Workshops on VESA) to officials in the Finance and Budget areas in the countries and to the inviability to transform financial obstacles into concrete projects.

An event to be underscored: the visit of the Presidency's authorities to the Multilateral Lending Agencies' Boards (June 2005) with the purpose of identifying:

- *flexible financial mechanisms to help develop integration projects*
- *actions associated with public spending accounting that should give wider fiscal manoeuvre to execute transportation, energy and telecommunication infrastructure investments.*



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4. Other Progresses

Outreach Actions

In 2005, the outreach campaign of the Initiative included the following activities:

- Development of outreach events in the different countries (Workshops on VESA).
- The IIRSA Yearbook was re-published – Project Portfolio 2004
- Preparation and distribution of dissemination material:
 - General information about IIRSA (General brochure).
 - Specific information about Hubs, Sectoral Processes, Strategic Vision (Selective brochure).
 - Information about each Integration and Development Hub (with project details).



4. Other Progresses

Outreach Actions

- Development of information about the Implementation Agenda based on Consensus (AIC) – Reports.
- Project updates in the Website.
- Design of the second phase of IIRSA Outreach strategy to be implemented in 2006.



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Evaluation of Results

IIRSA has implemented and complied with the Action Plan 2005. At the same time, IIRSA has also made advances:

- In the development of actions for building a Strategic Vision for the South American Physical Integration through national workshops that will enable us to disseminate the Initiative's scope and receive feedback on the strategic guidelines for VESA.
- In the update and validation of the indicative territorial planning and in the identification of short and medium-term infrastructure requirements.
- In the follow-up of AIC projects and in the design and implementation of an operational strategy associated with the Information System, that will facilitate strategic management and the coordination of actions among the countries.



Evaluation of Results

- In the implementation of a work plan for the Border Pass Sectoral Process and in the definition of actions to further activities for the remaining PSI for the 2006 –2010 period
- In the implementation of a Outreach Strategy agreed upon among the countries, thus producing specific information material on Hubs, Processes and the Strategic Vision with a view to communicating IIRSA's objectives and purposes on physical integration and sustainable development to all interested parties .
- In the design of a Geographic Information System for the Initiative, linking geo-referenced data on Hubs, clusters and projects aiming at strengthening their linkage with major production activities and their territory.



Evaluation of Results

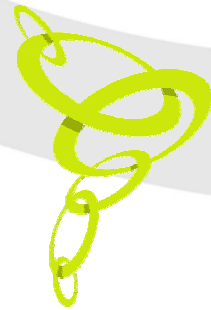
However for the second half of its mandate (2006-2010) IIRSA should reformulate its management mechanism revising the applied operational strategies and promoting selective actions in the fields of EID, PSI and VESA.

- Giving priority to the achievement of results in the period of the mandate, increasing the political base of the Initiative.
- Giving a new focus to the PSI, to generate an active participation of the countries in the resolution of sectoral-regulatory problems of the region, and
- Strengthening the interinstitutional mechanisms that support it (CN – CCT)



Annex 1

Action Plan 2005





Annex 1

Action Plan 2005 - Strategic Vision

To promote the integration of regional infrastructure based on the consensus on a “**South American Strategic Vision**”

- To monitor the outreach campaigns and the accomplishment of workshops in each country, looking for elements that serve to enrich the process and to propose to the countries concrete measures to such effect.
- To present at the end of 2005 a document based on consensus among the countries and enriched with the contribution of each society.





Annex 1

Action Plan 2005 – Project Portfolio - EID

To support the promotion and implementation of the “IIRSA Project Portfolio”

- To promote IIRSA Project Portfolio at an international level
- To monitor the “**Immediate Implementation Agenda**”.
 - To support the development of an intensive monitoring system of the projects of the Agenda.
- To consolidate the IIRSA Project Portfolio
- To support the constitution of pre investment funds by Integration and Development Hubs.





Annex 1

Action Plan 2005 – Sectoral Processes

To promote a greater dynamic to the development of the “Sectoral Processes”

- To deepen the dialogue between the countries and the CCT to develop and implement in the short term **Innovative Financial Mechanisms** according to the investment demands and the regional economic situation, with special emphasis on the development of public-private partnerships:
 - To monitor the Work Plan proposed by the CCT and approved by the VI Meeting of the CDE.
 - To accomplish meetings with the Boards of Directors of the multilateral institutions of the CCT (IDB, CAF and FONPLATA) and other key institutions such as the World Bank and the International Monetary Fund
- To accomplish a review during the first quarter of 2005 with the vice-presidencies and the CCT of the Work Plans of the following Sectoral Processes.
- To suggest specific intervention measures based on the results of the revision.





Annex 1

Action Plan 2005 – National Coordination

To strengthen the network of “**National Coordination**”

- To promote in each country the use of high telecommunication technology in order to have a more efficient and close communication.
- To increase the communication among the members of the CDE for the treatment of strategic issues. To accomplish at least one meeting between the President, the Vice-Presidents and the CCT in the first semester of 2005 to evaluate the performance of the Initiative, and to make necessary decisions, in consultation with the remaining countries.
- To increase the coordination with the CCT for the definition and monitoring of the operational tasks, using as an articulating element the information of the IIRSA web page.
- To promote the constant articulation of the National Coordinators of the 12 countries to accomplish the current action plan.





Annex 1

Action Plan 2005 – Geographic Information System

To motivate more fluency in the exchange of geographical information among South American countries and the constitution of a South American Geographical Information System (SAGIS)

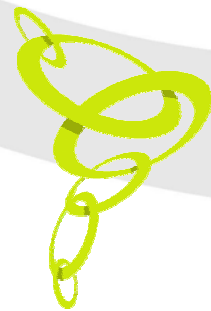
- To collect experiences in the use of geographical information in each country.
- To identify regional and international institutions that can support this matter.
- To accomplish a regional forum on the use of geographical information.
- To adopt actions to develop sa SIG under IIRSA contents.





Annex 2

Implementation Agenda based on Consensus





Annex 2

Current Project Status

- 9 projects under execution.
- 5 projects under bidding or concession process (public, private and mixed financing).
- 17 projects in the preparation stage – at different pre-investment degrees (financing is yet to be defined in 10 of 17 projects).





Annex 2

| N° | PROJECTS | HUB | IN MILLIONS OF US\$ | COUNTRIES |
|-----------------|---|----------------|---------------------|----------------------|
| 1 | Duplication of Route 14 | MERCOSUR-Chile | 370.00 | AR (BR) ¹ |
| 2 | Adaptation of Rio Branco-Montevideo-Colonia Corridor | MERCOSUR-Chile | 163.00 | UY (AR-BR) |
| 3 | Building of Jaguarão-Rio Branco International Bridge | MERCOSUR-Chile | 12.00 | BR-UY |
| 4 | Duplication of Palhoça-Osorio Stretch (Rodovia Mercosur) | MERCOSUR-Chile | 800.00 | BR (AR-UY) |
| 5 | Los Andes-Mendoza Railway Project | MERCOSUR-Chile | 251.00 | AR-CH |
| 6 | International Road 60 CH (Valparaíso-Los Andes Stretch) | MERCOSUR-Chile | 286.00 | CH (AR) |
| 7 | Argentine Northeast Gas Pipeline | MERCOSUR-Chile | 1 billion | AR (BO) |
| 8 | Building of Salvador Mazza-Yacuiba Binational Bridge | Capricorn | 10.00 | AR-BO |
| 9 | Presidente Franco-Porto Meira New Bridge and Border Center | Capricorn | 55.00 | PY-BR |
| 10 | Building of Pailón-San José-Puerto Suárez Highway | Interoceanic | 435.00 | BO (BR-CH-PE) |
| 11 | São Paulo Railway Ring (North and South) | Interoceanic | 300.00 | BR |
| 12 | Infante Rivarola-Cañada Oruro Border Crossing | Interoceanic | 1.2 | BO-PY |
| 13 | Building of Cañada Oruro-Villamontes-Tarija-Estación Abaroa Highway (first stage) | Interoceanic | 60.00 | BO (PY) |
| 14 | Toledo-Pisiga Highway | Interoceanic | 76.00 | BO (CH) |
| 15 | Rehabilitation of Iquique-Colchane Highway | Interoceanic | 19.00 | CH (BO) |
| 16 | Rehabilitation of El Sillar Stretch | Interoceanic | 30.00 | BO (BR-CH-PE) |
| Subtotal | | | 3,868.20 | |



In preparation



Bidding/concessin



Under execution





Annex 2

| N° | PROJECTS | HUB | MILLIONS OF US\$ | COUNTRIES |
|-----------------|--|---------------------|------------------|-------------|
| 17 | Desaguadero Border Center | Andean | 7.5 | BO-PE |
| 18 | Cúcuta-San Antonio del Táchira Border Crossing | Andean | 2.00 | CO-VE |
| 19 | Recovering of Meta River navigability | Andean | 108.00 | CO-VE |
| 20 | Pasto-Mocoa Highway | Amazon | 183.00 | CO |
| 21 | Paita-Tarapoto-Yurimaguas Highway; Ports and Logistic Centers | Amazon | 285.00 | PE (BR) |
| 22 | Lima-Tingo María-Pucallpa Highway, Ports and Logistic Centers | Amazon | 514.00 | PE (BR) |
| 23 | Francisco de Orellana Port | Amazon | 40.00 | EC |
| 24 | Paving of Iñapari-Puerto Maldonado-Inambari, Inambari-Juliaca/Inambari-Cusco | Peru-Brazil-Bolivia | 694.00 | PE (BR) |
| 25 | Bridge over the Acre River | Peru-Brazil-Bolivia | 10.00 | BR-PE |
| 26 | Boa Vista-Bonfim-Lethem-Georgetown Highway (first stage: studies) | Guianese Shield | 3.30 | GY-BR |
| 27 | Bridge over the Takutu River | Guianese Shield | 10.00 | GY-BR |
| 28 | Venezuela (Ciudad Guayana)-Guyana (Georgetown)-Surinam (Paramaribo) Highway (first stage) | Guianese Shield | 0.80 | VE-GY-SU |
| 29 | Improvements in Nieuw Nickerie-Paramaribo-Albina stretch and International Bridge over the Marowijne River | Guianese Shield | 105.00 | SU-GY |
| 30 | Exports through Postal Services for SMEs | ICTs | 1.00 | All of them |
| 31 | Implementation of a Roaming Agreement in South America | ICTs | 1.00 | All of them |
| Subtotal | | | 1,964.60 | |
| TOTAL | | | 5,832.80 | |



In preparation



Bidding/concessin



Under execution



Annex 3

Project Portfolio Updates





Achived Progress – EID and AIC

Update of the Project Portfolio

| Eje de Integración y Desarrollo | Nº de Grupos | Cantidad de Proyectos | Inversión Estimada (millones de US\$) |
|---------------------------------|--------------|-----------------------|---------------------------------------|
| Andino | 11 | 74 | 4.975,24 |
| De Capricornio | 4 | 34 | 2.030,78 |
| Del Amazonas | 7 | 67 | 7.529,45 |
| Del Escudo Guayanés | 4 | 32 | 365,87 |
| Del Sur | 2 | 21 | 1.071,75 |
| Interoceánico Central | 5 | 44 | 3.305,95 |
| MERCOSUR-Chile | 5 | 70 | 12.196,53 |
| Perú-Brasil-Bolivia | 3 | 18 | 11.587,60 |
| TOTAL | 41 | 360 | 43.063,17 |





Achived Progress – EID and AIC

Update of the Project Portfolio

| Ejes | Transporte | | Energía | |
|---------------------------|-----------------|------------------|-----------------|------------------|
| | Proyectos Cant. | Inversión | Proyectos Cant. | Inversión |
| Eje Andino | 59 | 2.619,94 | 13 | 2.355,30 |
| Eje de Capricornio | 33 | 1.793,78 | 1 | 237,00 |
| Eje del Amazonas | 52 | 3.071,20 | 14 | 4.323,43 |
| Eje del Escudo Guayanés | 23 | 362,84 | 7 | 3,03 |
| Eje del Sur | 19 | 811,75 | 2 | 260,00 |
| Eje Interoceánico Central | 41 | 3.140,45 | 1 | 161,00 |
| Eje MERCOSUR-Chile | 60 | 5.613,39 | 10 | 6.583,14 |
| Eje Perú-Brasil-Bolivia | 14 | 1.187,60 | 4 | 10.400,00 |
| TOTAL | 301 | 18.600,95 | 52 | 24.322,90 |





Achived Progress – EID and AIC

Update of the Project Portfolio

| Ejes | Telecomunicaciones | | Total | |
|---------------------------|--------------------|--------------|-----------------|------------------|
| | Proyectos Cant. | Inversión | Proyectos Cant. | Inversión % |
| Eje Andino | 2 | 0,00 | 74 | 4.975,24 |
| Eje de Capricornio | 0 | 0,00 | 34 | 2.030,78 |
| Eje del Amazonas | 1 | 77,53 | 67 | 7.472,16 |
| Eje del Escudo Guayanés | 2 | 0,00 | 32 | 365,87 |
| Eje del Sur | 0 | 0,00 | 21 | 1.071,75 |
| Eje Interoceánico Central | 2 | 4,50 | 44 | 3.305,95 |
| Eje MERCOSUR-Chile | 0 | 0,00 | 70 | 12.196,53 |
| Eje Perú-Brasil-Bolivia | 0 | 0,00 | 18 | 11.587,60 |
| TOTAL | 7 | 82,03 | 360 | 43.005,88 |

