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INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA

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## INITIATIVE FOR THE REGIONAL INTEGRATION OF SOUTH AMERICA EXECUTIVE TECHNICAL GROUPS – GUIANESE SHIELD HUB MINUTES OF THE MEETING

May 6<sup>th</sup>, 2008  
Paramaribo, Suriname

The meeting of the Executive Technical Group of the Guianese Shield Hub was held on May 6<sup>th</sup> 2008 with the following objectives:

- a) **Review the Project Groups and their respective Strategic Functions.** To this end, the following steps were taken: (i) analyze the possibility of including new transport, energy and communication infrastructure groups or projects or excluding existing groups or projects; (ii) considering PSI and logistic, socio-environmental and production integration issues; and (iii) identifying governmental programs or actions to complement projects in each group in order to enhance the economic and socio-environmental sustainability in the territory of the project group.
- b) **Review the Hub's projects included in the Implementation Agenda Based on Consensus.** Identify all progress attained and obstacles encountered in the implementation of both AIC and SIGE projects.
- c) **Review other projects in progress within IIRSA's Portfolio.** Identify the progress made in the execution, financing and other stages that may have an impact on the implementation of the project portfolio.
- d) **Identify selected Project Groups to apply the new planning methodologies.**

Delegations from Brazil, Guyana, Suriname and Venezuela participated in the meeting.

### **1. IMPLEMENTATION STAGE**

At the beginning of the meeting, there were several presentations during which the work methodology was described and the Hub's Business Vision was updated. With regard to the Hub's Business Vision, delegates agreed on the fact that, prior to the meeting of IIRSA's

National Coordinators (to be held in June 2008, in Buenos Aires), further information deemed necessary by the countries will be distributed so that the Business Vision document can be executed.

After such presentations, delegates focused on the *Implementation Stage*. Advances attained in the implementation of major projects were reviewed:

The main advances in the transport-related projects were the following:

- The engineering study for the railway connecting the Guayana City with the deep water port is in its last stage. This also holds for the deep water port, whose location has already been decided. Pre-investment studies prior to this stage were financed by CAF.
- The second Bridge over the Orinoco river has been built with an investment amounting to US\$ 1,270 million.
- The Brazilian road leg of the Boa Vista-Bonfim road (BR-401/RR) is already completed and in optimum physical conditions. In addition, the construction of the Bridge over the Takutu river, whose implementation was scheduled for July 2008, is finished, the only pending works being surface drainage, signalling and protection services. The actions required for the implementation of the vertical signs in English are being adopted. The works are being supervised so that the bridge can be opened for international traffic on the date of its opening. The Guianese leg of the road is being financed by the IDB. The pre-feasibility study for this leg is scheduled to be completed in May and the feasibility study, in November 2008.
- Likewise, the construction of the Bridge over the Arraia river on BR-401 road has already concluded.
- As to the Venezuela (Guayana City) - Guyana (Georgetown) - Suriname (Apura-Zanderij-Paramaribo) route, CAF is reported to have invested US\$ 800,000 in a trust deposited with BDC. It is planned to use those funds to finance both the feasibility study and the environmental impact assessment, according to the delegation of Venezuela, from the Guyana-Venezuela border to Bartica. On the side of Suriname, the IDB has conducted a strategic study, the conclusion of which was that the feasibility of the project will depend on the degree of industrial development in the western area of Suriname.
- With regard to the roads of the northern arch of the Hub, located in the coast between Guyana, Suriname and the French Guyana, specifically between Georgetown and Albina, different degree of progress has been attained. Between New Nickerie and South Drains, works amounting to 15 million euros have already commenced. In this area, works involving 32 million euros will start in June. Feasibility studies on the Meerzog and Albina leg will be made, with the support of the IDB.

The main progress attained in the energy sector has been the following:

- The question of how to supply energy to Manaus was decided. A gaspipe originating in the Urucu gas reserves will be used to this effect. This has a significant impact, since energy projects in the Hub intended to alternatively supply the Manaus market can thus be redefined.

## 2. **PLANNING STAGE**

### **Projects within the Implementation Agenda Based on Consensus (AIC)**

The studies for the Guayana City-Georgetown-Paramaribo are part of IIRSA's Implementation Agenda Based on Consensus. Progress has been made in the financing of feasibility and environmental impact studies. In this regard, Guyana and Venezuela will hold a meeting to discuss pending issues, after which the terms of reference and mechanisms for the appointment of consultants can be defined. The investment amount for this road is estimated at US\$ 110,8 for the Guayana City – Georgetown leg.

#### 2.2 **Group 1**

Concerning the composition of this project group, the Brazilian delegation proposed eliminating the project known as Branco and Negro river waterways. This proposal is due to the high costs to be incurred to implement the actions oriented to ensure full commercial navigation during the whole year all along their length. Besides, these actions to ensure commercial navigation have not been originally foreseen (the construction of a channel or a dam with floodgates. It is important to note that the region where the Bern-Querier falls (Branco river) are located is regarded as an environmental sanctuary. Furthermore, there is a problem related with the interconnection of the Negro and Orinoco rivers. This interconnection depends on the Natural Cassiquiare Channel (border with Venezuela), a water divider whose topography prevents navigation. On hearing this proposal, the Venezuelan delegation suggested that only the section involving the Branco river should be eliminated from the project group, since this section might be useful for Venezuela to connect its southern region with Manaus. Finally, delegates decided that the project group should comprise the following: the Negro river waterway up to the Venezuelan border.

Another change proposed was to eliminate the project known as “System to support navigation along the Orinoco river”. The Venezuelan delegation stated that such system was an operation rather than an investment scheme.

Table N°1 below shows the final composition of Project Group N°1.

**Table N° 1**

<b>Project</b>	<b>Total investment required (US\$million)</b>
Caracas-Manaus (existing road requiring rehabilitation)	168
Negro river waterway up to the border with Venezuela	N.A
Deep water port in the northeast of the Caribbean coast of Venezuela or reconditioning of existing Guanta Port	1,203
Railway connecting the deep water or Guanta port with Guayana City	573.3
Second Bimodal Bridge over the Orinoco river	1,270
Extension of Guri-Boa Vista transmission line	N.A
Optic-fiber lines or other suitable technology to connect Caracas with the north of Brazil	N.A

Changes in the composition of Project Group N° 1 created the need to redefine its strategic function as follows:

- Develop economic sectors with potential for growth, such as the heavy industry, durable goods, mining and jewelry, agri-business and tourism (ecological and Caribbean-style), taking as a starting point the paved road connecting Caracas and Manaus and the Guri-Boa Vista transmission line.
- Connect Manaus with the south of Venezuela.

### **2.3 Group 2**

The following changes were proposed: i) eliminate the industrial investment project in Boa Vista: cellulose plant (underway); soybean and instant coffee processing plant and meat-packing plant (subject to the identification of private investment interests) and ii) eliminate the Tortuba 1000-MW hydropower plant and the transmission line to Manaus. The reason to eliminate the former lies with the fact that the project is not consistent with the indicative planning methodology used by IIRSA and that it may be approached with the logistic and production chain methodology. As to the Tortuba hydropower plant, its elimination was associated to the decision made by Brazil to supply energy to the city of Manaus through the Urucu gaspipe.

It should be noted that the elimination of the Tortuba hydropower plant and its respective transmission line may involve the elimination of the optic-fiber project to connect Boa Vista and Manaus through international submarine cables. After relevant consultations with governmental authorities from Guyana through the National Coordinator in the country, the CCT Secretariat was informed that the proposal to eliminate the three projects above

mentioned was accepted. After the decision was confirmed by the National Coordinator in Guyana, such projects were eliminated from Table N° 2.

Table N° 2 shows updated information on Project Group N° 2. No modifications were introduced to the strategic function of Group N° 2. The logistic and production chain methodology would be applied to Group N° 2 instead.

**Table N° 2**

<b>Project</b>	<b>Total investment required (US\$ million)</b>
Boa Vista-Bonfim-Lethem-Linden-Georgetown road	250
Bridge over the Arraya River	1.6
Bridge over the Takutu River	10
Deep water Port in Guyana	N.A
Amalia hydropower Plant	300
Improvement of access to Georgetown	N.A

### **2.4 Group 3**

The following decisions were made in relation to the composition of this Project Group: i) the bridges or improvements to the main river crossings in the Venezuela (Guayana City) – Guyana (Georgetown) – Suriname (Paramaribo) project were included; ii) the Corentine river crossing was kept as an independent project; iii) the modernization of the Apura Port was included as a new project; iv) the Corentine river navigability project was included and v) the Suriname leg of the road connection was defined as the Apura-Zanderij leg.

The final composition of Group N° 3 can be found in Table N° 3.

**Table N° 3**

<b>Project</b>	<b>Total investment required (US\$ million)</b>
Route interconnecting Venezuela (Guayana city) – Guyana (Georgetown) – Suriname (Apura-Zanderij-Paramaribo)	110.80
Corentine river international crossing	N.A
Modernization of Apura port	N.A
Navigability of the Corentine river	N.A

A debate was held around whether or not to improve the definition of the strategic function of Group N° 3, which was finally redefined as follows:

- To implement a development and integration link in the extreme north connecting Venezuela, Guyana and Suriname.

#### **2.5 Group 4**

The following agreements were reached in relation to the composition of this Project Group: i) modify the denomination of the fourth project in the list and redefine it as Apura-Nieuw Nickerie route; ii) include the Bridge over the Oyapock river project that connects Brazil with the French Guyana; iii) incorporate the Ferreira Gomes – Oiapoque route, which connects Macapa with the French Guyana border (this will become the anchor project within the group). This road (BR-156/AP), scheduled to be concluded by 2010, will have a total length of 427 km (of which 174.3 km are already paved) and the executing body is the Amapá local government.

The final composition of Group N° 4 can be found in Table N° 4.

**Table N° 4**

<b>Project</b>	<b>Total investment required (US\$ million)</b>
Improvement of Georgetown Albina route (anchor)	108.50
Macapa-Oyapock highway: the Ferreira Gomes – Oyapock leg (anchor)	185.5 <sup>1</sup>
Improvement of the Marowijne river international crossing	50
500 M-W hydropower plant	500
Apura-Nieuw Nickerie highway	105
Suriname-French Guyana electricity connection line	50
Paramaribo-Nieuw Nickerie (South Drain) – Guyana (Corriverton) high voltage transmission line	N.A
300-MW hydroelectric scheme (Tapanahoni Diversion)	N.A
International Bridge over the Oyapock river	18.00

The strategic function of Project Group N° 4 was redefined as follows:

- To consolidate an international physical connection to promote the sustainable development and integration of Guyana, Suriname and the Brazilian states of Amapa and Para.

### **3 Sectoral Processes and Other Topics**

As for the air transportation sectoral process, the delegates discussed if a study should be conducted on how to improve direct connections between the countries participating in the hub, but this option was later on discarded since factors discouraging direct flights were considered to be only market-driven.

Participants decided to choose Group N° 4 as a candidate for the Environmental Strategy Evaluation and decided that the final selection would be made during the meeting of National Coordinators to be held in June in Buenos Aires.

Delegates decided to apply the logistic and production chain methodology to Group N° 2.

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<sup>1</sup> This information was given in Reales and changed into American Dollars at an exchange rate of US\$1 – R\$1.608. This exchange rate is the one in effect on June 17th, 2008.