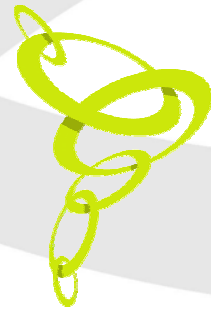


IIRSA

INDICATIVE TERRITORIAL PLANNING METHODOLOGY
REVISION OF THE IIRSA PROJECT PORTFOLIO



GTE ANDEAN HUB

Santa Cruz, 22 August, 2007





Objetives of the IIRSA Project Portfolio

- To allow the countries (which form each Integration and Development Hub in IIRSA – EID) to widen the common understanding on the contribution of the projects of the Initiative to the sustainable development in the territories of the Hubs



Indicative Territorial Planning Methodology (General Vision)



Elements of the Methodology of Indicative Territorial Planning

- Integration and Development Hubs
- Strategic Vision of Long Term – Strategic Aspects applied to the EID
- Business Vision
- Groups of Projects
- Evaluation of Groups of Projects



Elements of the Methodology of Indicative Territorial Planning

Stages:

- ✓ 1. Groups of Projects
- ✓ 2. Establishment of the Factors of Analysis
- ✓ 3. Preparation and consolidation of the information on the Groups of Projects
- ✓ 4. Evaluation of the Groups of Projects
- ✓ 5. Project Portfolio ordered and based on Consensus and ordered



Basic Concepts (1)

The grouping of investment projects is based on the possibility of exploiting the positive externalities of a group of investments, which may result in greater benefits than the sum of each of the effects of the individual projects that form the grouping

- **Group of Projects:** interdependent group of projects, in a specific geo-economic space that has synergy effects on the sustainable development
- **Vertical Synergy:** when the grouping takes place in accordance with *input–output* relations, in a functional systemic chain.

Ex: road-waterway-port



Basic Concepts (2)

- **Horizontal Synergy:** when it refers to the usage of common resources
Ex: river – locks – hydroelectric power station
- **Anchor Project:** project that justifies the formation of a grouping around it and becomes feasible the synergy.
- **Existing Anchor-Project:** a project that may be already implemented.
- **Strategic Function of the Group:** effects and benefits of the implementation of the group of projects for the integration and regional development.



Revision Process of the IIRSA Project Portfolio



Stages of the Revision Process

- **1st Stage: Implementation**

To assess progress regarding the performance of the projects of the corresponding EID and also assess how their implementation produces an impact on the integration process.

- **2nd Stage: Planning**

To deepen the joint evaluation among the countries in each EID regarding the impact of the groups of projects and the individual projects on the sustainable development of the areas of influence of the hub, taking into consideration the progress achieved in the territory since 2004, the current development plans in each country and the common integration and development objective in South America.



Implementation - Activities

- Revision of the projects of the hub that are included in the Implementation Agenda Based on Consensus 2005 - 2010 (AIC, in Spanish) in order to identify progress and drawbacks in relation to the implementation of the projects of the Agenda and also to the Strategic Management System (SIGE, in Spanish), as well as to identify additional actions aimed at boosting the projects.
- Revision of other projects under execution in the IIRSA Portfolio with the purpose of identifying progress of the performance of the works, financing sources and other elements that may have an impact on the implementation of the project portfolio of the Initiative.



Planning – Activities

Revision of the Groups of Projects

- Revision of the Groups of Projects in order to ratify and redefine the groupings of projects in each hub, whether due:
 - to the inclusion of new groups in the EID and/or new projects in the already existing groups
 - to the exclusion or redefinition of groups and/or projects
- Revision of the strategic function of the group – To widen and improve the content of the strategic function of each group in order to reflect better the economic, social and environmental effects of the set of projects.
- Revision of the Anchor Project



Planning – Activities Analysis of the Groups of Projects

- **Analysis of the Groups of Projects** using the two dimensions of analysis of the indicative territorial planning methodology: *sustainable development and feasibility of the Groups of Projects* (see Annex II – Structure of Factors of Analysis).
- **Identification of programs and/or governmental actions complementary** to the infrastructure projects of each group to widen the economic, social, environmental and institutional sustainability in the territory of the Group of Projects.
- **Identification of “projects” of the Integration Sectoral Processes (PSI, in Spanish)** that have a huge impact on the integration in the corresponding EID (border crossings, etc.).



Planning – Activities Analysis of the Groups of Projects (2)

- **To examine the inclusion or exclusion of projects in the AIC** – to be consolidated at the end of the GTEs round (it is at this point when there will be a complete vision of the set of proposals from all hubs); it must be submitted for consideration to the Executive Steering Committee (CDE, in Spanish) of IIRSA.
- **Identification of the Groups of Projects to which new planning methodologies may be applied:** logistics, productive integration and environmental evaluation. The results of the application of new methodologies in the Groups of Projects that are available will be an additional element to support the analysis process



Organization of the Works

The dynamic of the works allows the generation of a special environment for the technical debate, which is vital to create among the experts of the countries a common vision regarding the definition of the integration projects and their effects on the sustainable development of the territory of the EID.

Work group:

The revision process will be developed in multinational work groups and will be organized as follows:

- 1 CCT coordinator to chair the works.
- 1 CCT facilitator to provide content.
- 2 Participants per country for the analysis and decision making process.
- 1 Secretary to write the report simultaneously



Organization of the Work Groups

- The activities will carry out under the supervision of the main round table, made up by the rest of the members from the national delegations, technicians from the CCT and other international organizations: observers, consultants and National Coordinators from other countries who do not belong to the hub being discussed but who may want to participate as observers.
- During the debates, the participants of the work group will always be able to consult the rest of the national delegates or any other observer, and the latter will be able to take part in the debate under the moderation of the coordinator of the work table.



Dynamics of the debate

1st Stage: Implementation

- Each country will present a summary of the status of the projects of the AIC and of other projects of the portfolio that may be included in each Group of Projects of the EID. Also, each country will provide comments on the SIGE. In the case of binational or multinational projects, the countries involved will be invited to provide their contributions individually.



Dynamics of the debate 2nd Stage: Planning(1)

- The first part of the work, in this stage, will be to revise all the groupings as a whole to further analyze all the groupings individually.
- The Structure of Factors Analysis, the forms for the Evaluation of the Groups of Projects and the support forms on Integration Sectoral Processes will be used.



Dynamics of the debate 2nd Stage: Planning(2)

- In this stage, which is devoted to the revision of the portfolio, it will not be necessary to compare groups individually. Nevertheless, the questions of the forms will be very useful to guide debates among the countries.
- Additionally, if new groups of projects were formed, it will be applied the Methodology of Indicative Territorial Planning.



Recommendations

The quality of the results of the process of evaluation of the group of projects depends on three essential conditions:

1. The participation of experts who are deeply concerned with and committed to the projects under the Integration and Development Hub and are knowledgeable about their economic, social and environmental aspects.
2. Participants that have information on technical, economic and political aspects associated with the feasibility of investment projects.
3. Availability of information on the territory of the group of projects and the technical characteristics.



Indicative Territorial Planning Methodology

Factors Analysis Structure



Factors Analysis Structure

Contribution to the sustainable development through physical integration

Feasibility

Economic Dimension

Increase of trade flows

Attraction of private investments in productive units

Increase of competitiveness

Social Dimension

Generation of employment and rent

Improvement of population quality of life

Environmental Dimension

Natural resources conservation

Environmental quality

Elements of feasibility

Institutional and regulatory framework

Current and future demand consistence

Possibilities of mitigation of environmental risks

Execution and operation conditions

Financing

Political convergence



PROJECT GROUPS EVALUATION

HUB:

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

1. Economic dimension

1.1. Increase of trade flows

Questions	Comments
<p>What is the impact of the group of projects over the ability to remove restrictions to the commerce?</p>	<p>To consider the magnitude of the markets and the productive systems linked by the group of projects.</p> <p>To take into account the particularly aspects of the sectoral processes that conform the identified groups.</p> <p>To considerate local, intraregional and extra regional trade flows.</p> <p>To indicate if there are groups of projects in competition or complementary to existent demands in the Hub territory.</p>
<p>What is the impact of the group on the integration of new areas to the regional trade flow?</p>	<p>To consider isolated spaces in the territory of the group of projects.</p>
<p>What is the impact of the group of projects on local development and the reduction of regional disparities based on the increase of trade flows?</p>	





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

1. Economic dimension

1.2. Attraction of private investments in productive units

<u>Questions</u>	Comments
<p>What is the impact of the group of projects over the increase of the capacity to attract private investments in productive units (agribusiness, industry and services) for its area of influence?</p>	
<p>What is the capacity of the group of projects to stimulate the development of local productive systems in its area of influence?</p>	<p>The local productive system could be an enterprise, groups of enterprises, productive chains and clusters.</p>
<p>What is the impact on favorable conditions to the formation of integrated productive chains in two or more countries in the space of the Hub?</p>	<p>The mentioned favorable conditions are related to the increase of the productive chains competitiveness, market access and input access.</p>





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

1. Economic dimension

1.3. Increase of competitiveness

Questions	Comments
<p>What is the impact of the group of projects over the increase of competitiveness of goods and services produced in the existing productive units in its area of influence?</p>	<p>The increase of the competitiveness is a consequence of the reduction of transport, energy or telecommunication costs, time reduction and the improvement of the quality of services.</p> <p>Also consider the effects presented in the territory outside the group of projects, for example electric power systems, gas pipes and telecommunications (fiber optic) or through already implemented or currently operative projects.</p>
<p>Taking into account the dominant production pattern in the area of influence of the group of projects, what is the expected effect on the basic requirements to increment value-added to the local production?</p>	<p>To consider the infrastructure requirements, taking into account the value added of goods and services produced services in the area of influence of the groups of projects.</p>





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

2. Social dimension

2.1. Generation of employment and rent

<u>Questions</u>	Comments
<p>What is the impact of the group of projects on the generation of employment and rent in the area of influence?</p>	<p>To consider the generation of employment and rent, specially in current or future productive units served by new infrastructure, even in micro and small enterprises.</p>





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

2. Social dimension

2.2. Improvement of population quality of life

Questions	Comments
<p>What is the impact of the group of projects and correlated economic activities with respect to social inclusion and human development considering lower income levels?</p>	<p>To compare, among the groups, the geographical distribution of the population and the social indicators in their areas of influence.</p>
<p>What is the impact of the group of projects over the population in its area of influence considering education, health services, access to information and mobility?</p>	<p>To consider also the effect of the group of projects implementation on taxes that derive from the productive activities promoted by new infrastructure that would be applied in social development initiatives.</p>





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

3. Environmental dimension

3.1. Natural resources conservation

<u>Questions</u>	Comments
<p>What is the expected impact of the group of projects over the conservation or the most rational use of natural resources in its area of influence, taking into account the characteristics of the eco-system?</p>	<p>To verify if the projects of the groups are the most appropriate to the eco-system characteristics in their area of influence.</p> <p>The groups of projects that present the grater negative impact have the lesser degree with respect to natural resources conservation.</p>





PROJECT GROUPS EVALUATION

HUB

CONTRIBUTION TO SUSTAINABLE DEVELOPMENT THROUGH PHYSICAL INTEGRATION

3. Environmental dimension

3.2. Environmental quality

Questions	Comments
<p>What is the capacity of the group of projects to improve (or maintain) environmental quality (less pollution) with respect to hydric resources, soil and air?</p>	<p>The groups of projects that present potential risks to environmental quality reduction (pollution and other negative effects) have the lesser degree in this evaluation.</p>





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

1. Elements of feasibility

1.1. Institucional and regulatory framework

<u>Questions</u>	Comments
<p>Taking into account the involved sectors, what is the level of risk that faces the implementation of the group of projects in relation to the current regulatory framework in the country (es) where the projects are located?</p>	<p>It is recommended to analyze each project and estimate the medium condition of the group. Considering the hypothesis of a negative condition of great magnitude provoke by the anchor-project or by one of the main projects of the group, it is necessary to take that as a determinant in the group evaluation.</p>





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

1. Elements of feasibility

1.2. Current and future demand consistence

<u>Questions</u>	Comments
<p>What are the conditions that guarantee the existence of a current or future demand, that justifies the group of projects?</p> <p>Is the level of risk favorable in terms of credibility of future demand projections for the project group?</p>	





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

1. Elements of feasibility

1.3. Possibilities of mitigation of environmental risks

Questions	Comments
<p>What is the possibility to mitigate environmental impacts at a reasonable cost of the predictable impacts of the group of projects?</p>	<p>It is recommended to consider also the indirect impacts with respect to biological diversity, vegetation, hydric resources, pressure on indigenous land or traditional population, protected areas or weak eco-systems.</p>
<p>What is the possibility of approval by environmental authorities in the country (es)?</p>	<p>It is recommended to analyze each project and estimate the medium condition of the group. Considering the hypothesis of a negative condition of great magnitude provoke by the anchor-project or by one of the main projects of the group, it is necessary to take that as a determinant in the group evaluation.</p>





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

1. Elements of feasibility

1.4. Execution and operation conditions

<u>Questions</u>	Comments
<p>Is the level of risk compatible to the technology, equipment, construction processes and general requirements associated to the implementation and operation of the group of projects?</p>	





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

2. Financing

Questions	Comments
<p>Is the group of projects capable to attract private investments, based on the expected profitability?</p>	<p>To analyze each project and estimate the medium condition of the group, in a proportional way to the estimated value of the projects.</p>
<p>Is there investment capacity at the public sector level to support the projects of the group?</p>	<p>To take into account the estimated values of the project to be implemented in the short and medium term and the annual investment capacity of the countries involved in the group.</p>
<p>Is the group of projects capable to attract public-private partnerships?</p>	
<p>Is there a favorable possibility to obtain financing to implement the projects of the group?</p>	<p>To verify the existence of a proper regulatory framework.</p>





PROJECT GROUPS EVALUATION

HUB

FEASIBILITY

3. Political convergence

<u>Questions</u>	Comments
<p>Is there convergence among the countries considering the implementation of the group of projects of transnational characteristics?</p> <p>Is there convergence between the group of projects and public policies and investment national and/or subnational priorities?</p> <p>Is the context favorable to overcome eventual difficulties to implement the groups considering political, social or environmental pressures, even to sustain these priorities during the process of implementation of the projects?</p>	<p>Analyze each project and estimate the medium condition of the group. Considering the hypothesis of a negative condition of great magnitude provoke by the anchor-project or by one of the main projects of the group, it is necessary to take that as a determinant in the group evaluation.</p>

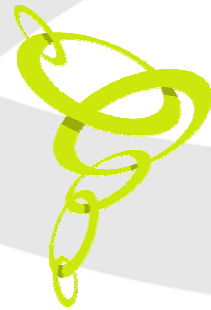


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Próximo

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