



# IIRSA

INITIATIVE FOR THE INTEGRATION OF REGIONAL INFRASTRUCTURE IN SOUTH AMERICA



EXECUTIVE STEERING COMMITTEE

## INITIATIVE FOR THE INTEGRATION OF THE REGIONAL INFRASTRUCTURE IN SOUTH AMERICA (IIRSA, in Spanish)

Ninth Meeting of the Executive Steering Committee

December 4<sup>th</sup> and 5<sup>th</sup>, 2007  
Montevideo, Republic of Uruguay

### ANNEX 19

**Speech of Dr. Carolina Rentería Rodríguez  
Director of the National Department of Planning**

#### **Guidelines for the Work Plan 2008**

Mr. outgoing President of the IIRSA, Minister of Transportation and Public Works of the Republic of Uruguay, Mr. Victor Rossi, Ministers, Representative Delegates of the countries, Representatives of the BID, the CAF and the FONPLATA, Secretariat of the Technical Coordination Committee,

Ladies and Gentlemen,

Good afternoon. For the Government of Colombia, through the National Department of Planning, it is an honor to receive the presidency of the Executive Steering Committee of the IIRSA for 2008. The work carried out in this initiative is very valuable, since it contributes to the development of high-impact projects for the integration of South America.

Colombia is working to implement policies that reflect the values that we consider fundamental: security with a democratic scope, respect for freedoms, the construction of social cohesion, transparency as a factor of confidence, the respect for the State composed of independent institutions of democratic origin, and the respect between institutions. In a few words, security, freedom, economic and social prosperity, and the validity of democratic values.

These values, together with the three objectives proposed by President Alvaro Uribe, namely, to consolidate democratic security, to consolidate investor confidence, and to advance towards social cohesion, have guided the actions and the investment of the Government, allowing the

significant changes we have experienced in recent years, which validate the principle of economic, social, environmental, political, and institutional sustainability of the IIRSA.

Security is important because it generates confidence and investor confidence in particular. At the moment, investment in Colombia is growing at 32% and accounts for over 27% of the Gross Domestic Product (GDP), with a level of direct foreign investment that in 2007 could reach USD 7.500 million.

And investor confidence is important because, in very large measure, it guarantees sustained growth. The Colombian economy is having an outstanding performance: we have an economic growth of 7% with a controlled inflation. Fortunately, most of the countries of South America are experiencing equally favorable economic conditions, which constitute a defining moment to advance in the development of the guiding principles of the IIRSA. The challenge is to consolidate the sustained growth of the South American region through physical integration, competitiveness, as well as social, environmental, and institutional quality. The challenge is, then, to consolidate the IIRSA and its governing principles, to achieve physical integration and a pattern of equitable and sustainable territorial development, at this favorable economic moment that South America is living.

Social prosperity goes hand in hand with economic prosperity. Greater growth generates greater and better quality employment, with greater affiliation to social security. The improvement of working conditions, as well, helps reduce poverty and inequality. Social prosperity and economic prosperity are not antagonistic, but complementary.

In order to maintain a good economic performance, many countries of South America have committed to the internationalization of their economy through agreements such as the CAN and MERCOSUR, as well as bilateral agreements.

These agreements seek to improve the well-being of their inhabitants, as an increase in exports of products and services generates a more stable and safe business environment for investors, and creates more and better employment and a greater economic growth, based on the increase of trade and national and international investment.

To meet the demands arising from these commercial challenges, the countries must prepare their infrastructure of telecommunications, electrical energy, ports, roads, railroads, airports, rivers, border crossings, and centers of logistics operations, and if there is investor confidence, the possibilities our countries have to develop this infrastructure will increase.

For this reason, the Colombian Government has developed strategies to attract private resources from sources other than the traditional ones, since fiscal restrictions, so common in our continent, are not a good excuse to postpone the development of the infrastructure that we need. Currently, the market is undergoing a good moment for investment. There are resources in various Funds, such as the Pension Fund Administrators, which have shown interest in infrastructure projects.

For example:

- The investment portfolio in Colombia amounts to USD 86 billion, of which nearly USD 29 billion are administered by Pension Funds, and by 2010, an amount of almost USD 35 billion is expected.
- There are private initiatives to structure Venture Capital Funds.
- Likewise, two months ago, the Government advanced the capitalization of the Colombian oil company –ECOPETROL- with the issue of shares with a value equivalent to 10.1% of the company's capital stock. This process allowed ECOPETROL to obtain resources for USD 2.8 billion in the local capital market, with which will expand its portfolio of investments. ECOPETROL, in association with companies like Petrobras, Vale do Rio Doce, Talisman, Repsol, and Petroperú, has reached specific agreements for the exploration of areas in Perú and Brasil. It is also evaluating the possibility of extending its activities to other countries of the region. Additionally, it is important to emphasize that as a result of this process, ECOPETROL has 483,000 new Colombian partners, in all 1099 municipalities of the national territory, in addition to 6 million Colombians through the Pension Funds, a true process of inclusion and shareholding democratization.

To develop infrastructure, it is necessary to make significant efforts in terms of financing. The National Plan of Development of Colombia for 2006-2010 estimates a private investment in infrastructure of USD 18 billion, accompanied by a major effort in the public sector of USD 19 billion, for a grand total of USD 37 billion, distributed as follows: USD 14 billion are associated to transportation projects, USD 18 billion to mining and energy projects, and USD 5 billion to telecommunications projects.

Please forgive me for speaking so much of my country, but you will understand that it is because of our experience, that we are aware of the importance of tying private capital to the public capital, in the development of infrastructure projects. One of the proposals of the work plan for 2008 that Colombia brings today follows this direction.

For next year, we propose to conduct a Road Show, where each country presents its project portfolio to international investors, including pension funds, insurance companies, as well as national and international infrastructure funds. For the accomplishment of this event, we hope to count on everyone's participation and collaboration.

The objective of this meeting is to generate a forum for discussion so that, from the national and international experiences of financial and capital market organizations, mechanisms are identified through which conditions can be strengthened to promote public-private relationships for infrastructure development in our countries, for financing, as well as for the execution of projects.

Another proposal that we bring before you today, is to strengthen the role of the IIRSA as a forum for exchange of experiences between countries, inter-governmental cooperation for the

infrastructure development of the region, and generation of spaces for technical support on regional infrastructure issues.

The IIRSA provides us with a unique opportunity, as it has government representatives of the highest level, on issues of infrastructure planning. This is why we will carry out a workshop on successful cases, where the countries will present their experiences, from which meetings will be conducted on topics of interest.

It is very important to provide opportunities for learning and exchange of experiences on infrastructure, to achieve the integration of our countries.

I will be as bold as to give some examples with the imminent risk of neglecting to mention some examples and very valuable initiatives. We believe that by analyzing experiences such as Brasil's and Colombia's in the area of biofuels and urban transport, Chile's in road concessions, Brasil's and Perú's in postal services, Argentina's, Uruguay's, Paraguay's in terms of river navigability, Ecuador's in port issues, Venezuela's in energy, and Bolivia's in gas issues, among many others, all the countries can extract useful lessons.

The work carried out to date is very important; tasks have been advanced that today allow us to observe valuable products that have been obtained within the IIRSA framework.

Among these, we may list:

- The construction of a Strategic Vision for the Regional Physical Integration of South America, in which basic principles are defined to promote economic and sustained growth of the region.
- The elaboration of an Action Plan, which provides a reference framework for the development of strategic actions.
- The formation of the Integration and Development Hubs, as great multinational areas where the generation of investment flows and intra-regional and global trade is more probable, and in which the physical infrastructure requirements to stimulate regional development and improve the quality of life of the population have been identified.
- The evaluation, by means of the effective work of the Technical Executive Groups, of the economic, social, and environmental relevance for the region, of 507 high-priority projects with an investment that amounts to USD 67 billion, which includes 31 high-impact projects for South American physical integration, forming the Implementation Agenda based on Consensus, of which 23 will be finished or will have a significant progress by 2010.

Among these, and once again apologizing in advance for forgetting to mention some equally important initiatives, I want to emphasize the bridge over the Acre river which joins Brasil and Perú, the international road 60 that crosses Chile, the duplication of road 14 that connects Argentina and Brasil, the construction of the bridge between Jaguarão-Rio Branco that joins Brasil and Uruguay, the construction of the bridge on the Takutu river between Guyana and Brasil, the Lima - Tingo Maria - Pucalpa road in Perú, the railway project between the Andes

and Mendoza that would expand transportation between Argentina and Chile, the construction of the binational bridge between Salvador Mazza and Yacuiba, strengthening transportation between Bolivia and Argentina, the port infrastructure of Ecuador on the Pacific coast as an access bridge between Latin America and Asia through the Manta port, the road between Venezuela - Guyana and Suriname with the aim to create a road corridor of integration, the Francisco de Orellana port in Ecuador, and the Tumaco - Pasto - Mocoa road to integrate Colombia with Ecuador, Perú and Brasil.

- Last but not least, the development of integration sectoral processes, to promote harmonization of policies, plans, and regulations related to infrastructure use between the countries. The sectoral processes concerning border crossings, information and communication technologies, air and sea transportation, and energy integration stand out.

As you can see, the IIRSA is a reality for our countries and has an important political foundation, as well as the development of a consolidated strategic framework. With this vision, it is feasible to undertake infrastructure projects that adapt to the investment priorities of the countries.

The experience we have gained in these eight years has allowed us to increase the quality and size of our physical infrastructure, but, without a doubt, this is an exercise in continuous learning that still requires considerable efforts to achieve greater coverage as a tool for the integration of regional infrastructure in South America.

During the day, we have seen the activities that will be developed next year in each one of the IIRSA cornerstones: implementation, planning, integration sectoral processes, and outreach. Over the next year, we commit ourselves to dynamically push these initiatives.

It is also important to coordinate with other integration initiatives that exist in the region. Colombia, as of July 2006, was admitted as full member of the Puebla Panamá Plan (PPP), with which it becomes the articulating hub of Latin American integration, a condition that benefits us all.

On the other hand, within the UNASUR, progress is being made in the definition of the issues that will be incorporated in the agenda of the respective technical committees, with the purpose of articulating spaces with the IIRSA. It is expected to invigorate the activities of the UNASUR with the adoption of regulatory frameworks, operative mechanisms, and harmonization of policies that give viability to the projects of regional integration.

Let me conclude by expressing my gratitude to all individuals and institutions that have made it possible for all of us to be here today, and my wishes that this meeting will be leaving us knowledge and experiences that will lead to better practices and greater rigor in the development of the commitments made for next year, which guide our governments in their decisions of policy.

Also, I would especially like to acknowledge the Minister of Transportation and Public Works of the Republic of Uruguay, Mr. Victor Rossi, for the work carried out in term as president of this Committee in 2007, which meant a major boost to the IIRSA.

I also want to emphasize the important work undertaken by the Executive Steering Committee through the representatives of each country, and the Technical Coordination Committee as facilitator of the process, as well as the support received from the multilateral agencies, the BID, the CAF, and the FONPLATA.

I confirm the willingness of the Government of Colombia through the National Department of Planning to continue exerting the national coordination of the IIRSA and the Presidency in 2008, and our desire to continue supporting regional and global processes of integration and economic development that promote physical integration, equitable and sustainable territorial development, the strengthening of international relationships, the increase of competitiveness, and the generation of greater social cohesion and well-being for our population.

Thank you very much.