

# IIRSA



Dr. Pitou van Dijck, Cedla, October 2006

# IIRSA

- **Iniciativa para la Integración de la Infraestructura Regional Suramericana**
- **Initiative for Regional Infrastructure Integration in South America**

31st August-1st September 2000 (Brasilia)

- improving the interconnections among the national road networks in the countries in the region
- improvement of strategic waterways and railways
- border-crossing facilities
- ports and airports
- telecommunications and energy facilities

# IIRSA

Argentina, Bolivia, Brazil, Chile, Colombia,  
Ecuador, Guyana, Paraguay, Peru,  
Suriname, Uruguay and Venezuela

Inter-American Development Bank (IDB),

Andean Development Corporation (CAF)

Financial Fund for the Development of the Rio de la Plata Basin  
(FONPLATA)

European Investment Bank (EIB)

# IIRSA hubs / ejes de desarrollo

- Mercosur-Chile hub
- Andean hub
- Central Interoceanic hub
- Central Amazon hub
- Guyana Shield hub
- Peru-Brazil-Bolivia hub
- Capricorn hub
- Southern hub
- Paraguay-Paraná waterway hub
- Southern Andean hub





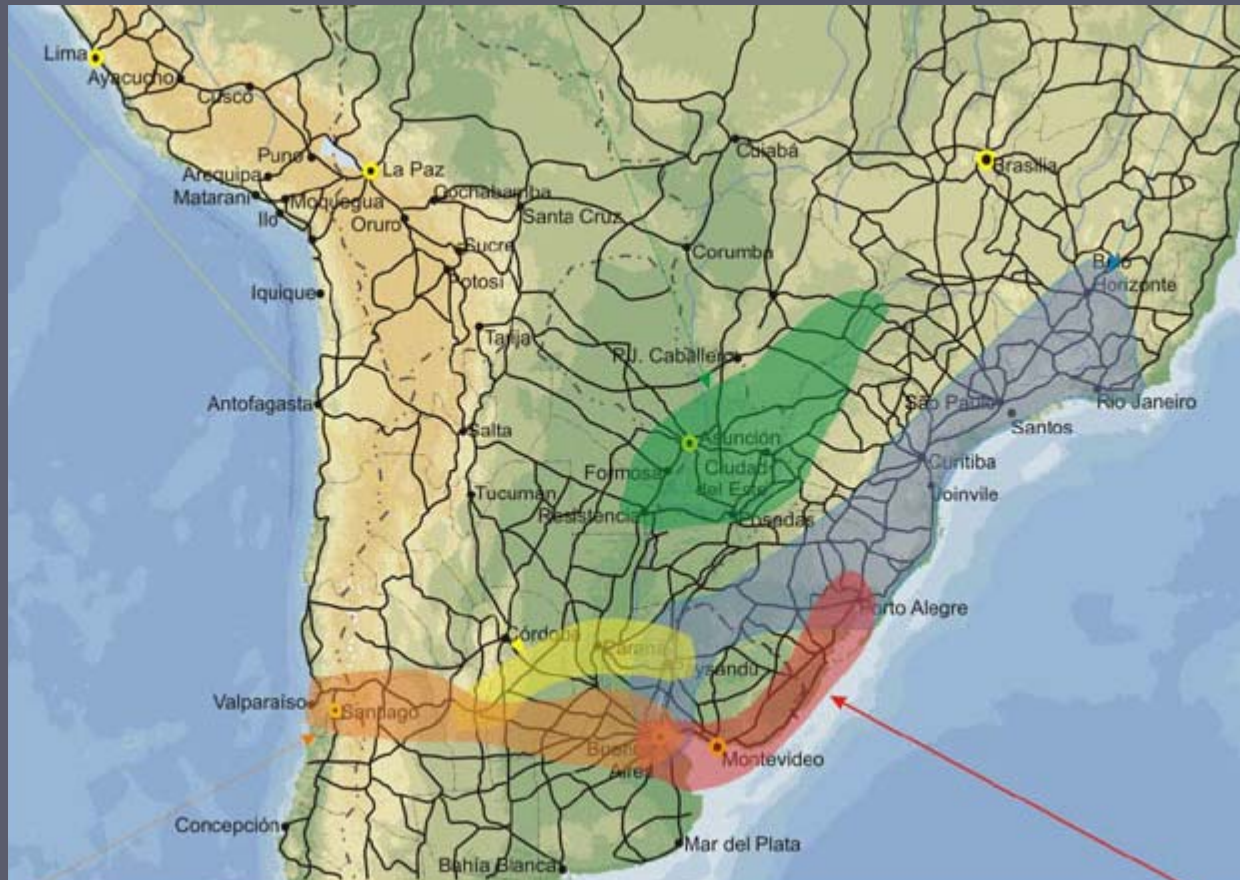
# IIRSA – IMPLEMENTATION AGENDA BY CONSENSUS 2005-2010

# The Mercosur-Chile hub

Mercedes – Santa Fe –  
Salto - Oaysandú

Grupo Energético

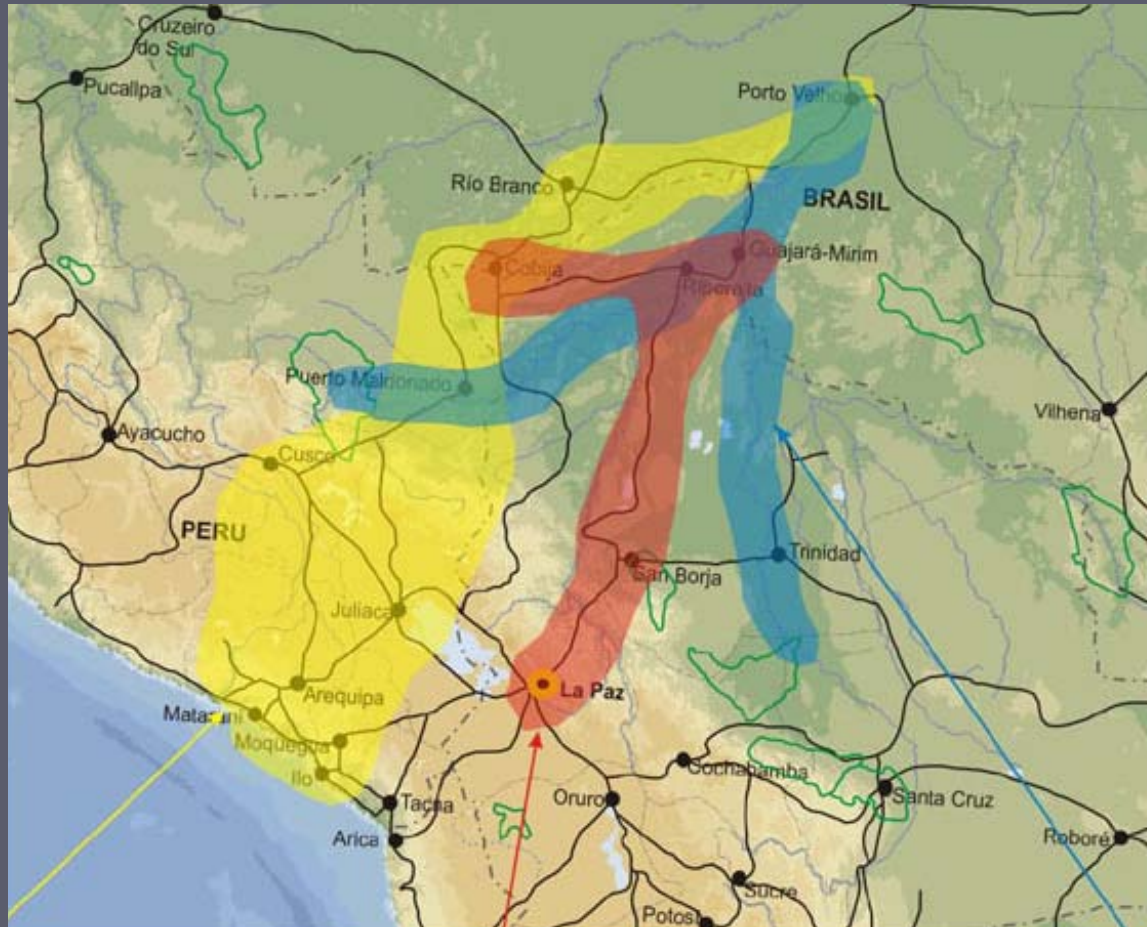
Belo Horizonte – Buenos  
Aires



Buenos Aires - Valparaíso

Porto Alegre – Colonia  
– Buenos Aires

# The Peru-Brazil-Bolivia hub

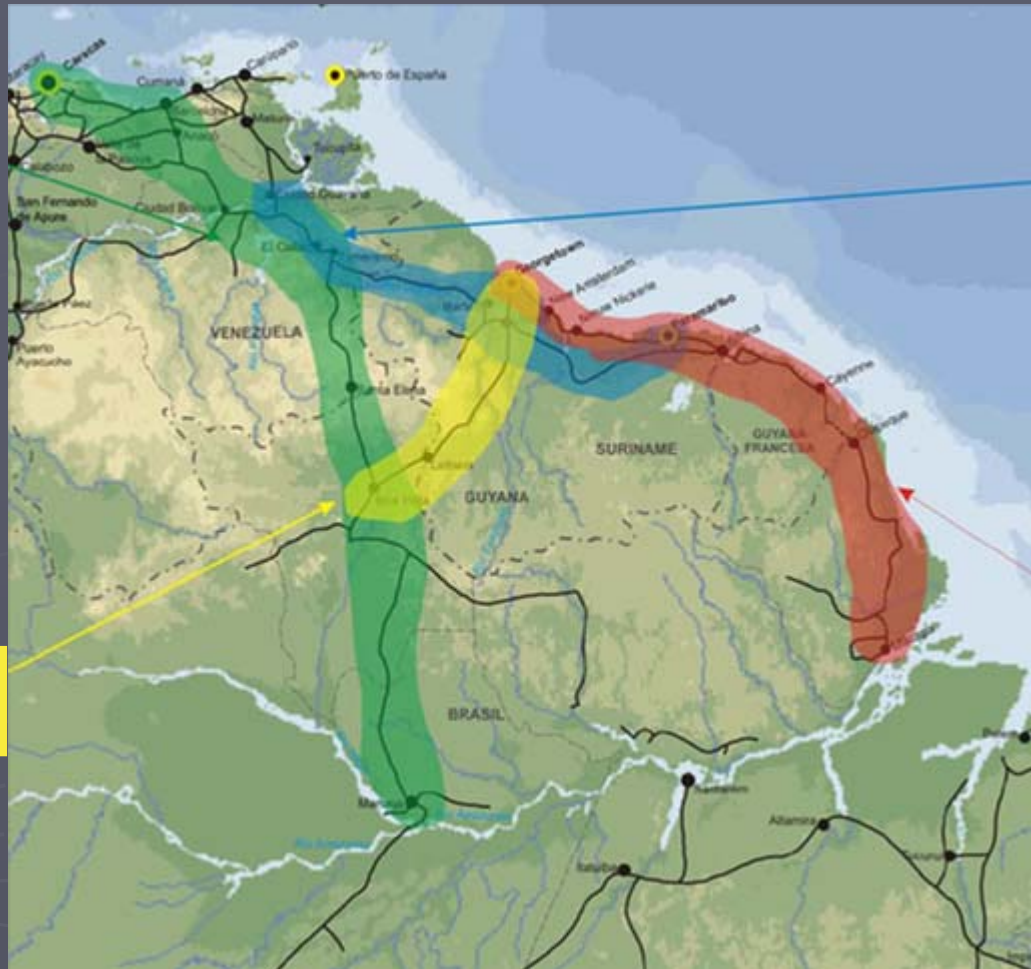


Corredor Porto Velho - Rio Branco  
- Puerto Asis - Puerto Maldonado  
- Cusco / Juliaca - Puertos del  
Pacifico

Corredor Rio Branco -  
Cobija - Riberalta -  
Yucumo - La

PazCorredor fluvial  
Madeira - Madre de Dios -  
Beni

# The Guyanese hub

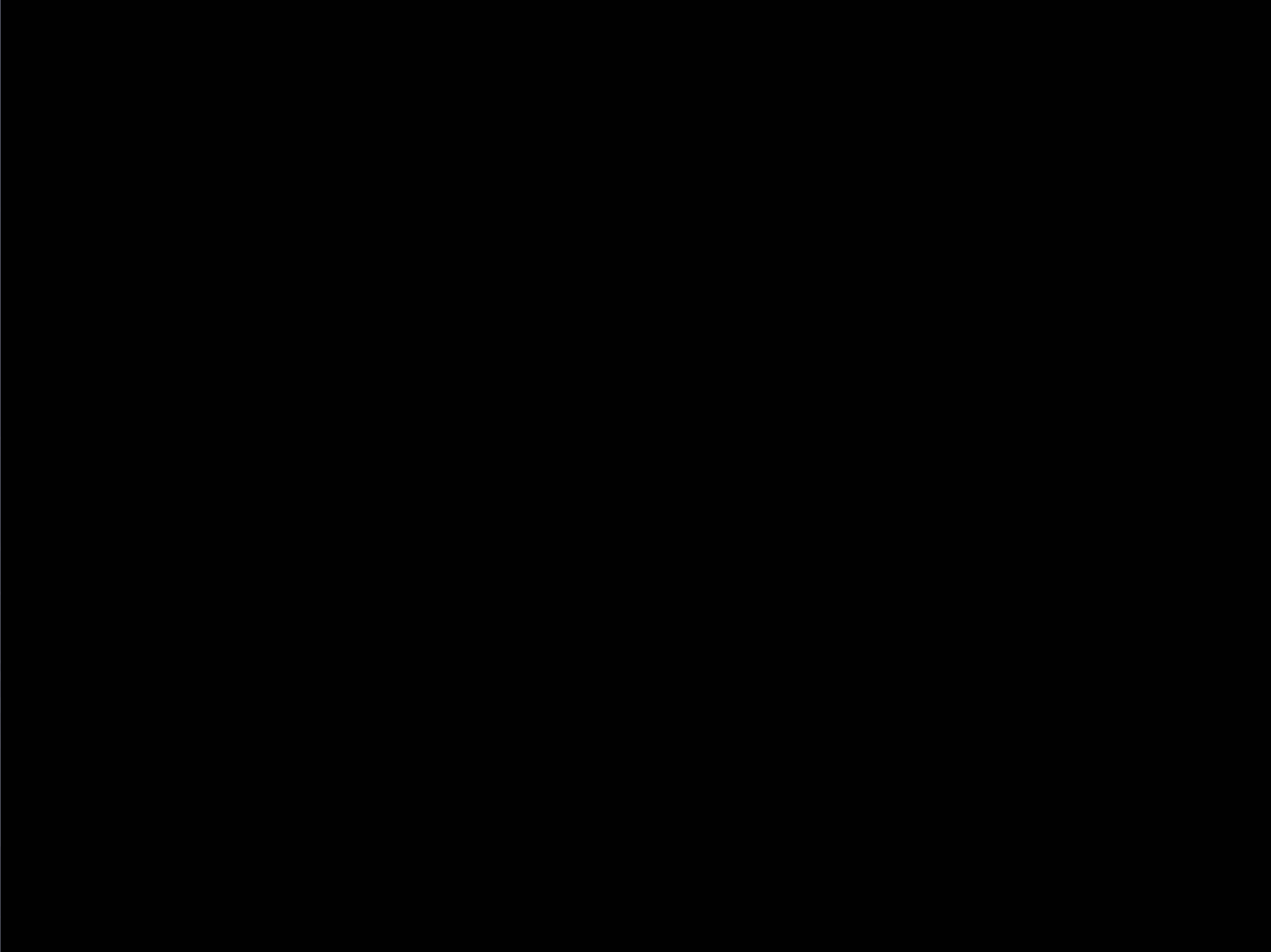


Interconexión Venezuela - Brazil

Interconexión Venezuela (Ciudad Guyana) – Guyana (Georgetown) – Surinam (Paramaribo)

Interconexión Guyana - Brazil

Interconexión Guyana – Surinam – Guyana Francesa - Brasil



# List of projects in the IIRSA Implementation Agenda 2005-10, in millions of US dollar.

<b>26</b>	Carretera Boa Vista-Bonfim-Lethem-Georgetown (1° etapa: estudios)	Escudo Guayanés	<b>3.3</b>	GY-BR
<b>27</b>	Puente sobre el Río Takutu	Escudo Guayanés	<b>10</b>	GY-BR
<b>28</b>	Carretera Venezuela (Ciudad Guayana)-Guyana (Georgetown)-Suriname (Paramaribo) (1° etapa)	Escudo Guayanés	<b>0.8</b>	VE-GY-SU
<b>29</b>	Mejorías en la Vía Nieuw Nickerie-Paramaribo-Albina y Cruce Internacional sobre el Río Marowijne	Escudo Guayanés	<b>105</b>	SU-GY

# Venezuela (Ciudad Guayana)-Guyana (Georgetown)- Suriname(Paramaribo) Road (First Stage)

28

## Type of project

Transport/Road

## Total estimated investment

US\$ 0.8 millions

## Financing sources

Only for stretch 2 (San Martin de Turumbamg - Linden) for the pre-feasibility and environmental impact study (CAF, within the compass of a Loan Arrangement).

## Modality

Public

## Expected completion date

December of 2006

## Integration Hub

Guianese Shield

## Group 3

Venezuela (Ciudad Guyana)-Guyana (Georgetown)-Suriname (Paramaribo)

## Countries

Guyana-Suriname-Venezuela

## Executing entity

CAF, Ministry of Infrastructure of Venezuela, Ministry of Transport of Guyana, Binational Technical Committee Venezuela - Guyana

## Objective

*(continued)*

28

Create an Integration Road Corridor: Venezuela Interconnection (Ciudad Guayana) - Guyana (Georgetown) - Suriname (Paramaribo) to enhance trade

## Proposed solution

- The construction, rehabilitation and/or improvement of several stretches
- Guyana City - Tumeremo - San Martin Turumbamg: Improvement in the existing road.
- San Martin de Turumbamg-Bartica (293 km):
- Bartica-Linden: Improvement in the existing road and building of two new bridges over the Mazaruni and Esequibo rivers and improvement of the existing bridge over the Demerara River.
- Linden-Orealla: new trail and bridge.
- Orealla-Apura: Building of a new bridge over the Corentyne River.
- Apura-Paramaribo: Rehabilitation and improvement of roads (375 km)

*(continued)*

28

## Proposed solution *(continued)*

In the meeting from June 1st to June 4th, 2004 in Bogota, the incorporation of the Linden-Orealla-Apura-Paramaribo stretch to Group 3 was approved, thus integrating Suriname to the Guianese Shield Hub.

# Improvements in Nieuw Nickerie-Paramaribo-Albina Leg and International Bridge over the Marowijne River

29

## Type of project

Transport/Road

## Total estimated investment

US\$ 105 millions

## Financing sources

IDB and private financing

## Modality

Public/Private

## Expected completion date

January of 2012

## Integration Hub

Guianese Shield

## Group 4

Guyana-Suriname-French Guyana-Brazil  
Interconnection

## Countries

Guyana-Suriname

## Executing entity

Government of Suriname

## Objective

- To rehabilitate and reconstruct the existing road
- To improve the Marowijne River crossing

## Proposed solution

- Road: rehabilitate the paved segment (140 km) between Paramaribo and Albina and pave the New Nickerie (South Drain) - Paramaribo segment (260 km).
- Bridge over the Marowijne River: The project involves 2 phases :  
Phase 1 includes performing studies and execution of improvements of the existing facilities.
- Phase 2 will include the feasibility study and the construction of the bridge, based on an agreement with France.

## Current situation - 06/21/06

- Up to date no alterations have been made to the existing condition of the road, except for the road stretch Nieuw Nickerie - South Drain (ferry terminal at bordercrossing Guyana and Suriname). The tender for the improvement of this road stretch will take place on the 21st of august 2006. The Government of Suriname shall apply for IDB financing within the new IIRSA Fund facility for pre-investment studies for the remaining stretches of the road project and the study for the river crossing facilities. The GoS will also request an IDB mission to start conversations for the financing of the road project, while private sector funding is also being considered.
- The Governments of Suriname and France have already entered into negotiations regarding the Marowijne river crossing. As a result, the implementation of the river crossing project has been divided into two phases: phase 1 Improving the existing ferry facilities and phase 2 construction of the bridge. At present, priority is given to the execution of phase 1.

# There are three central questions:

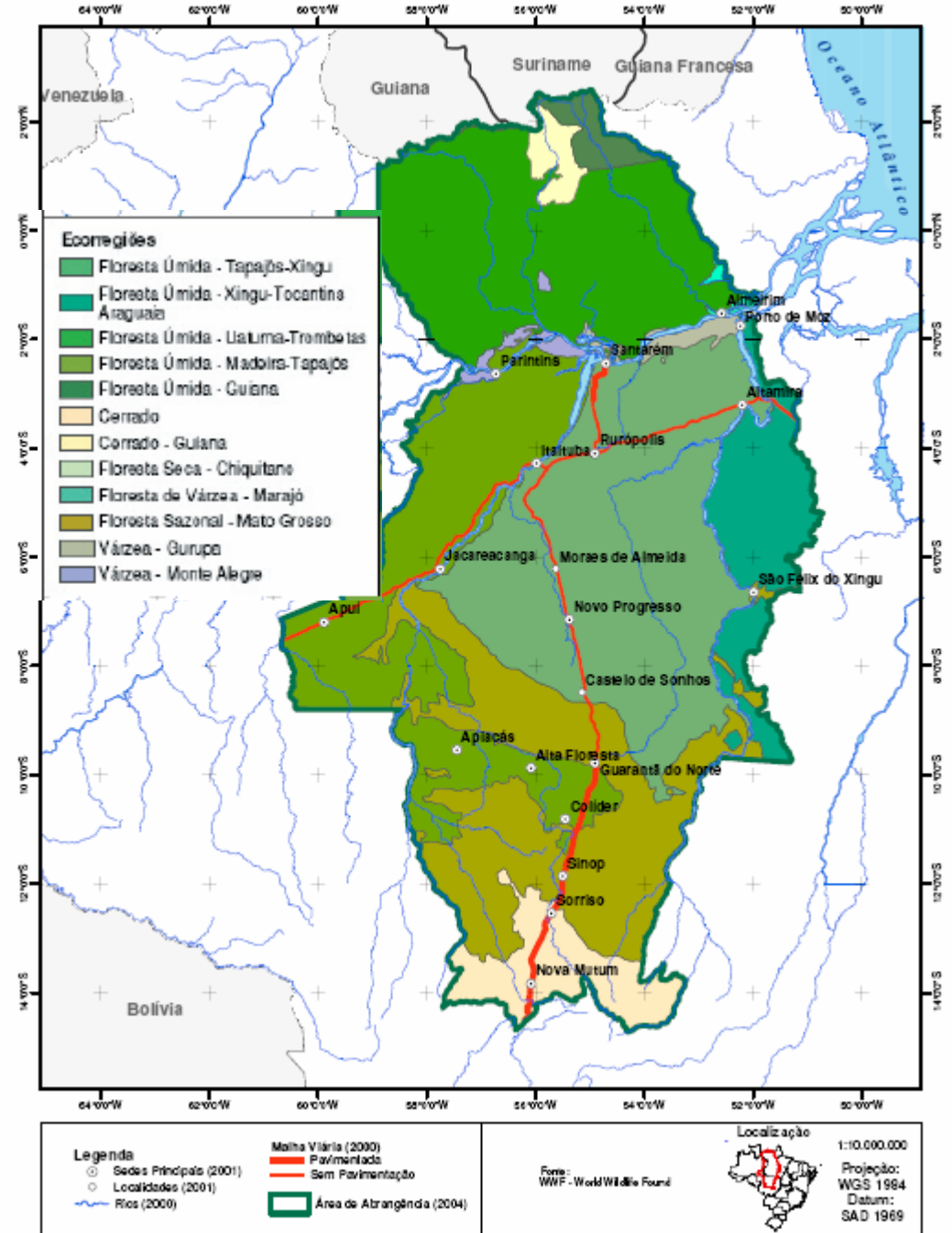
- (1) does the road project increase social welfare?
- (2) does public investment in this road project make economic sense?
- (3) what is the best way to realize the road project?

# Environmental Impact and Welfare Effects

An EIA has three main objectives:

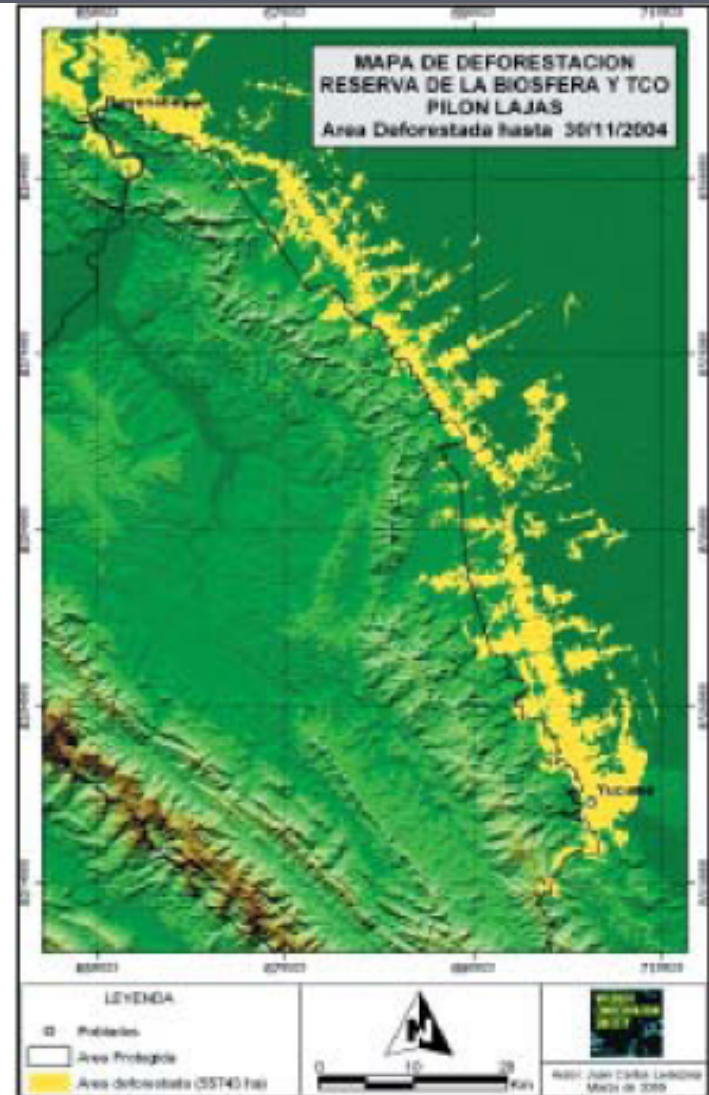
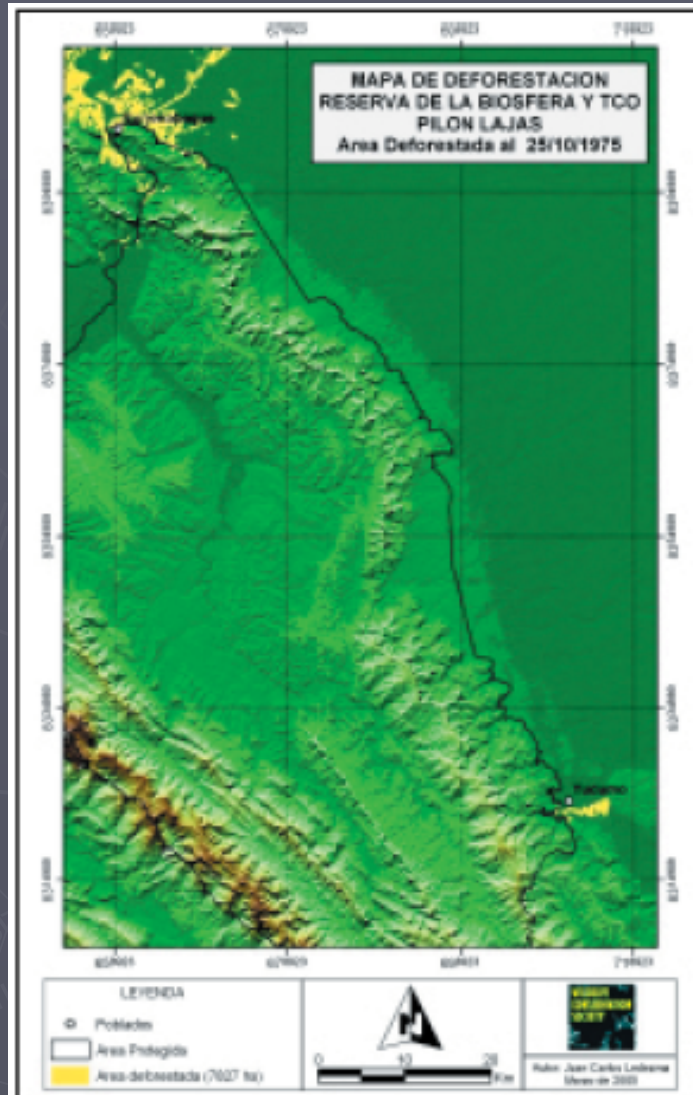
- ▶ First, it intends to present a comprehensible estimation of the possible environmental impact of an infrastructure project.
- ▶ Second, it can be used to apply an advanced methodology to assess and predict the environmental impact, and to provide possibilities to prevent and mitigate these negative environmental effects.
- ▶ Third, it helps to structure systematically public consultation in a way that enables stakeholders to provide direct inputs to the environmental management process.

# Regional impact of BR-163



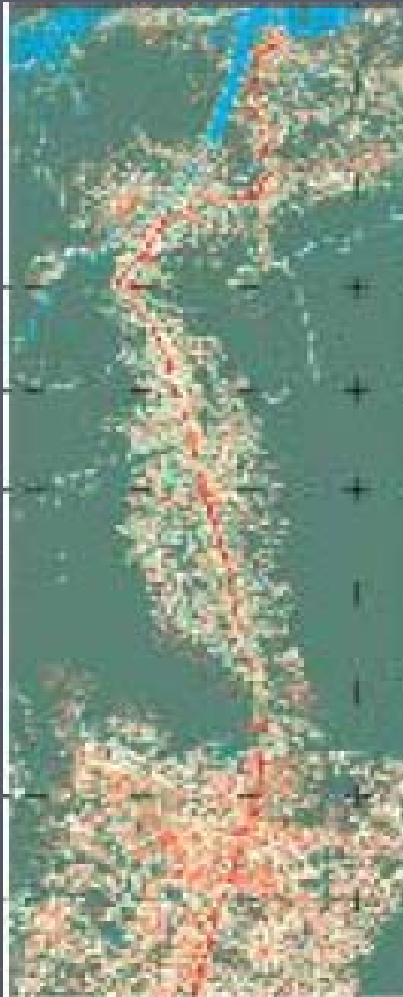
Source: Ministério do Meio Ambiente (2005).

# Deforestation in Rurrenabaque, 1975-2004

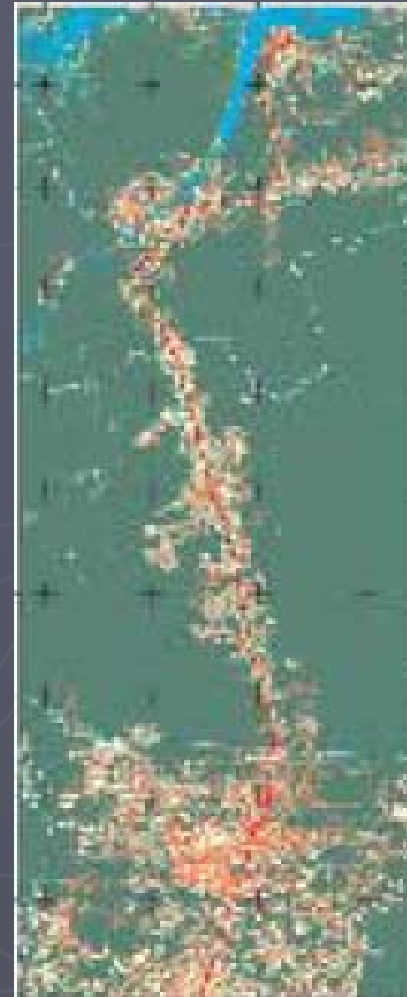


# Deforestation scenarios of the BR-163 to the year 2026

Business as usual scenario



Governance scenario



# SIVAM

## Sistema de Vigilância da Amazônia



## In the Brazilian Amazonia during the period 1991-95:

- ▶ 33 per cent of deforestation was concentrated in an area within 50 kilometres of the eastern road network
- ▶ 24 per cent within 50 kilometres of the central road network
- ▶ 17 per cent within 50 kilometres of the western road network

All together, 74 per cent of deforestation was concentrated within 50 kilometres of the main roads, creating long corridors through the forest. Most new clearing takes place in areas adjacent to areas already cleared, on a moving agricultural frontier, often according to a so-called fish-bone pattern

Pitou van Dijck and  
Simon den Haak

C U A D E R N O S D E L C E D L A

## **Troublesome Construction**

*IIRSA and Public-Private  
Partnerships in Road Infrastructure*

20



# Public-Private Partnerships (PPPs)

- ▶ PPPs can be defined as long-term contractual relations between the public and private sectors, designed for the provision of public services by the private sector, in which both parties have shared (financial) interests

# The use of PPPs has serious consequences for the role of government with regard to public infrastructure services:

- ▶ Government no longer is the supplier but the buyer of these services.
- ▶ Government no longer owns physical infrastructure assets - although assets under concession return to the public sector after the contract period - but becomes a purchaser of privately produced and provided goods.
- ▶ The ultimate responsibility for the deliverance of public infrastructure services to the general public remains with the government.

# The essential role of the government is:

- To define the scope of the project or business,
- To specify priorities, targets and outputs
- To set the performance regime by which incentives are created for the management of the PPP to deliver high-quality and cost-efficient services.

The basic responsibility of the private partner is to deliver the business objectives of the PPP in the most efficient way

## The principal advantage of PPPs is:

- ▶ They enable governments to make use of private sector finance, efficiency and innovation,
- ▶ Reducing the costs of infrastructure services for the public sector
- ▶ At the same time improving quality.
- ▶ For governments with large fiscal problems PPPs can offer interesting opportunities to elevate infrastructure investments and stimulate economic growth.

# The experience with PPP in the sector of road infrastructure in South America is limited

- ▶ The Brazilian government has identified PPPs as a way to increase investments in infrastructure and to improve the quality and efficiency of public spending.
- ▶ This is certainly not a trouble-free mission.
- ▶ Regulatory and legal improvements were introduced by the PPP Law, but financial and environmental risks can still seriously harm the potential benefits of PPPs.
- ▶ Rent seeking and political machinations may undermine the potential benefits of PPPs even further.

- ▶ PPPs are promising instruments to improve the efficiency of public investments in infrastructure projects.
- ▶ They have the potential to attract private capital.
- ▶ With financial risks distributed more adequately,
- ▶ and by using comprehensive environmental assessments and cost-benefit analyses,
- ▶ PPPs can produce substantial rewards for society at large.

[www.cedla.nl](http://www.cedla.nl)

[www.planetrailsfoundation.org](http://www.planetrailsfoundation.org)