About IIRSA (Initiative for Integration of Regional Infrastructure in South America)

Project Summary

Infrastructure development in the name of regional economic integration poses one of the greatest challenges to environmental sustainability and social justice today. The Initiative for Integration of Regional Infrastructure in South America (IIRSA) is a striking example of this new trend. IIRSA proposes a series of large-scale, high-risk and debt-heavy mega-projects that would result in extensive alterations to landscapes and livelihoods in the region. In this development framework, mountains, forests, and wetlands are seen as barriers to economic development and rivers become the means for extracting natural resources. People, industry, and governments, it is assumed, will all benefit.

Coordinated by all 12 South American governments, with the technical and financial support of multilateral and national development banks including the Inter-American Development Bank (IDB), the Andean Development Corporation (CAF) and the Fund to Develop the Plata River Basin (FONPLATA), the IIRSA initiative consists of:

a. 10 axes or "hubs" of economic integration crisscrossing the continent and requiring significant investments in transportation, energy, and telecommunications; and
b. 7 sectoral processes of integration designed to harmonize regulatory frameworks between countries.

IIRSA has already identified over 40 composite mega-projects and hundreds of smaller, infrastructure improvement projects for potential financing, with an aggregate cost of around 37.4 billion US dollars. At such an enormous cost, these projects may contribute to the region's already unsustainable public debt. Given its magnitude, and the scale of its potential impacts, many environmental organizations refer to IIRSA as a 'gigaproject'.

Impacts

The combination of investment in highway construction, widespread dredging, and dams proposed under IIRSA, with significant private sector investments in resource extraction and large-scale agricultural production (e.g. soybeans) will not only have direct effects on biodiversity...
conservation, but also disruptive indirect effects on the small farm and agricultural labor sectors. Historically, this has led to the displacement of rural and indigenous peoples, massive migration, and deforestation. All of these developments potentially undermine the viability of the region's small-farm sector, established parks, indigenous lands, and biodiversity reserves.

Many of the projects proposed under IIRSA are in fact old, unfinished national infrastructure projects that are being integrated into the regional framework in the hopes of breathing new life into them. The environmental, social, cultural, and economic impacts of these projects on such areas as the Andes piedmont, the Amazon Basin, Brazil's Matto Grosso and Pantanal, and the Paraguay and Paraná rivers will be significant, and in many cases, irreversible.

Experience shows that negative impacts from large infrastructure projects occur because of:

- Inadequate environmental, social, and cultural standards (and at times the lack of standards altogether) to address the complex dimensions of infrastructure development;
- Lack of government and/or multilateral development bank (MDB) commitment to fulfill these standards;
- Lack of government and/or MDB capacity to meet standards; and
- Absence of independent accountability processes to provide means for appropriate redress when standards are not met.

Large infrastructure projects financed by IFIs-International Finance Institutions-continue to cause significant harm to indigenous communities (Camisea Natural Gas Project) and the environment (Bolivia-Brazil Pipeline), and can incur crushing national debt (Yacyretá Hydroelectric Reservoir). IIRSA appears poised to repeat the same mistakes made in past projects.

**Shortcomings**

Significant shortcomings in IIRSA include:

- Limited access to information about proposed projects and policy reforms
- Weak environmental and social standards and therefore inadequate impact mitigation programs
- Limited institutional accountability
- Lack of open and transparent participation of civil society in development decisions
• Inadequate monitoring programs, and an absence of demonstrable linkages to poverty reduction.
• The World Bank and the Inter-American Development Bank are also promoting a variety of sector policy reforms and FTAA-driven free trade agreements. These operations, taken together, easily overwhelm other (potentially neutral or positive) reforms and investments in food security, agriculture, forest policy, biodiversity conservation, environmental governance, and land distribution.

"Excess Liquidity" & Sustainable Alternatives

Though IIRSA's framework for "open regionalism" is presented as a means to regional integration and improved global competitiveness, it is not at all clear that these initiatives will enhance the type of intra-regional trade needed to support local development.

Despite this, even the ex-President of the IDB, Mr. Enrique Iglesias, admitted that "excess liquidity" is the force driving these huge infrastructure projects, not, as IIRSA coordinators would like one to believe, the Bolivarian dream of a unified South America. The easy solution for the problem of "too much money with nothing to buy" is to finance large infrastructure projects. Therefore, while the IIRSA discourse is integrationist, its logic is mainly financial.

The sheer magnitude of the IIRSA project poses a serious challenge to conservation and sustainable development. Even the best environmental and social safeguard policy framework can not guarantee the permanent conservation of biological and cultural diversity. Preventing devastating impacts to the South American region will require sustained, informed, and effective citizen involvement in IIRSA, particularly in regards to project and policy assessment, and for setting, monitoring, and enforcing social and environmental safeguards.

• Official website of the IIRSA Initiative: www.iirsa.org