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PPP Fading, Some Projects Advance

by LADB Staff

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The languishing Plan Puebla-Panama (PPP) [see NotiCen, 2003-05-29] received another shot in the arm with an agreement to give it a "human face." PPP officials signed an accord at the XII Reunion Ordinaria de la Junta Interamericana de Agricultura that formally incorporated agricultural issues into PPP. This was done through the creation of a technical commission that will put together an action plan to get international financial support for the ailing rural sector.

"The objectives are to reduce the high levels of rural poverty and food insecurity," said Guatemala's Minister of Agriculture and president pro tem of the Consejo Regional de Cooperacion Agricola (CORECA) Carlos Sett. The initiative covers an area of 1 million sq km in the seven nations of Central America and the nine southern states of Mexico.

This latest iteration of PPP responds not only to issues of poverty, but also to the plan's failure to make much headway since its inception. PPP has been the object of distrust, derision, and apathy from a growing array of social organizations. The regional governments, driven by the Inter-American Development Bank (IDB), are giving it another try. Despite the conventions and meetings and memoranda of understanding, there are obstacles.

Mexico, nominal originator of PPP, has lowered its expectations. Analysts have noted that the present difficulties of Mexico's government, its fiscal restraints, and the voracity with which opposing organizations have attacked the plan make it likely that, unless a subsequent government takes the project on, there will be no new near-term gains. The IDB, faced with diminished enthusiasm for the project, has recently been reframing it as a human-development and trade-integration program, rather than the massive and intrusive regionwide eruption of infrastructure that has drawn so much criticism from so many directions.

As part of the reframing, the Grupo Asesor para la Participacion Indigena y Etnica (GAPIE) was created, but the IDB has had little luck in getting indigenous groups to sign on, for a variety of reasons. Some shy from affiliating with any government initiative. Others want direct access to government officials and the decision-making apparatus rather than the lesser status of a group of advisors. Still others continue to oppose PPP in any guise, no matter the rhetorical revision. Sustainability rises in importance. New emphasis is also now being given to sustainability.

Speaking at a meeting of nongovernmental organizations (NGOs) in Washington, the IDB's PPP coordinator Marcelo Antinori called sustainable development a key element of the plan. Since signing a memo of understanding committing to sustainability, the governments have signed accords about health, environment, and, just lately, rural development. The rural-development and agricultural accord was signed in Panama on Nov. 13, and is now a component of the Iniciativa para el Desarrollo Sostenible of the PPP. But nowhere in its six pages does the memo deal with the threats to sustainable agriculture lying latent in the CAFTA agreement. The memo lays out

objectives that include poverty reduction and rural development, as well as improvements in food security, but, if CAFTA enables the US to continue to export subsidized agricultural products that force local farmers out of production, the memo offers no defense.

Also missing from the PPP facelift are strategies to deal with the coffee crisis that has thrown more than a half million coffee workers out of business, the relentless problem of access to land and credit, or the creation of market access for those who can continue to produce. Nor are there guarantees, or even a mention of sources, of financing for programs of the initiative. Another sticking point, and reason for the reluctance of the popular sector to lend its "human face" to the plan, is that, according to Antinori, the governments oppose the inclusion of migratory issues.

Social organizations also criticize the nearly covert nature of the PPP, its lack of publicity, and the resulting ignorance of the populations of the involved countries about what PPP means for them. Inforpress Centroamericana reported that, at an October meeting of some NGOs with Antinori, one participant commented, "It is very disappointing that, with an operating budget of between US\$4 billion and US\$5 billion, only US\$1 million is allocated for information, consultation, and facilitation of participation of a civil society of some 62 million affected people." The IDB, clearly the prime mover in the PPP, represented to the NGOs that the plan is, in reality, a contract between the eight participating states. But from the point of view of the organizations, the matter is transparent; it was the IDB, not the governments, that pressed for the inclusion of the indigenous groups.

Another minefield for the IDB is the Plan de la Organizacion Mundo Maya, a regional tourism promotional deal that also requires elaborate infrastructure for its success (see NotiCen, 2003-03-06). Environmental organizations oppose Mundo Maya and link the two initiatives. The IDB has contracted consultants to improve the PPP image, but even that has produced criticism because it used funds earmarked for information, consultation, and participation activities.

Critics said the money should have gone to improve communication and contact with civil-society organizations. Governments tout PPP's progress. The governments, meanwhile, continue to promote PPP as an up-and-running project-in-progress.

In Costa Rica, Alvaro Trejos, the country's PPP commissioner, said that the project was making giant leaps forward thanks to the enthusiasm of banks and donors. In boosting the project to the press, Trejos mentioned the human-development and sustainability accords, and added that progress had been made in the areas of natural-disaster prevention and mitigation, interconnection of the electrical grid covering the PPP area, transport and infrastructure, tourism, and trade. Trejos said that, in transportation and infrastructure, 90% of the financing is in place, and many projects have already begun.

The most advanced of these is the Pacific corridor, a single highway from Panama to Southern Mexico. The story Trejos was telling is almost the polar opposite of the view of PPP as an idea vehemently opposed by the populations who live in its path and who fear being bulldozed by tourism and the imposition of infrastructure that carves up their lands but provides them no benefit. He said that, in addition to the IDB, funds have also rolled in from the Banco Centroamericano de Integracion Economica (BCIE) and the Corporacion Andina de Fomento (CAF).

Ignoring the issues currently smoldering in trade negotiations, Trejos said, "The PPP will also be a platform for the free-trade agreement with the United States, because the integration of the isthmus is an indispensable element for the success of the accord." Progress on the electrical-grid aspects of the plan continues.

"Guatemala is constructing an interconnection line with Mexico and, added to what Panama is doing with Colombia, we're talking about an [electrical] pan-Americanism," said the director of the state-owned Empresa de Transmision Electrica de Panama, Jose Ignacio Quiros. The executive said that the Sistema de Interconexion Electrica de los Paises de America Central (Siepac), PPP's power sector (see NotiCen, 1997-01- 16), had begun to evaluate the viability of expanding capacity to integrate the grid from Colombia to Mexico.

Siepac representatives met in Panama late in November to review progress in the march to interconnect the area by 2007, at a projected cost of US\$327 million. Quiros said they were looking into increasing capacity to 300 megawatts to facilitate power transfer in case they hook up with Colombia. "The market could also decide that it needs more capacity because in Central America there's a need for plenty of cheap energy, and Colombia has it, through its interconnections with other Andean countries," he said. The Panamanian energy chief said hooking up with Colombia could save as much as 30% over present energy costs in Panama.

The Siepac director of the Unidad Ejecutora, Teofilo de la Torre, outlined a plan for an almost endless chain of electricity coursing through the hemisphere. "It is an idea of interest for all," he said. "What it would do for Central America is to open the horizon to the north and the south, permitting generators and consumers of these neighboring countries to buy and sell energy according to the regulations of each market." He said Colombia is interested in joining Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, and the Spanish group Endesa as an eighth partner in the Central American market with an investment of US\$40 million. Preliminary feasibility studies have already begun.

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