

# TRAINING PROGRAM FOR ENERGY REGULATORS IN MERCOSUR

(TC-99-05-05-6-RG)

## EXECUTIVE SUMMARY

<b>Beneficiaries:</b>	The federal regulatory bodies for the energy sectors of Argentina and Brazil: the National Electricity Regulatory Board (ENRE) and the National Gas Regulatory Board (ENARGAS) in Argentina, and the National Electricity Agency (ANEEL) and the National Petroleum Agency (ANP) in Brazil.	
<b>Executing agencies:</b>	University of Buenos Aires in Argentina, through the Center for Studies in Energy Regulatory Activity, and an institution to be selected in Brazil.	
<b>Specific objectives:</b>	The specific objective is to support the design and implementation of training programs for regulatory agents in the energy sector in Argentina and Brazil. This effort is expected to serve as a catalyst for a network of institutions providing training of this type, and to develop effective cooperation among regulatory bodies and regional academic centers so as to ensure the long-term sustainability of training efforts.	
<b>Financing:</b>	MIF (Facility II)	US\$1,400,000
	Local counterpart:	<u>US\$1,360,000</u>
	Total:	US\$2,760,000
<b>Exceptions to Bank policy:</b>	See Procurement of goods and services below.	
<b>Procurement of goods and services:</b>	For implementation of the project in Argentine, the University of Buenos Aires in Argentina was selected as an executing agency, and will carry out this task through CEARE. For implementation of the project in Brazil, a local university will be selected as the executing agency (paragraph 9.1).	

In implementing the program, both the UBA and the university selected in Brazil will hire the necessary consulting services in accordance with the Bank's standard procedures. Also, these two agencies will receive the support of the Regional External Advisor, who will be selected in accordance with the Bank's standard procedures or who, at the request of the program beneficiaries, may be hired by the Bank (paragraph 9.1).

Procurement of goods and services will be carried out in accordance with the Bank's standard procurement procedures (paragraph 9.3).

**Special  
contractual  
clauses:**

Prior to the first disbursement to the beneficiaries in each country, in addition to the Bank's standard contractual conditions, the following shall be submitted to the Bank: (a) a legal opinion declaring that the conditions contained in the agreements are valid and enforceable; (b) the terms of reference of the project execution unit (PEU) and the regional external advisor (AER), and (c) the project execution plan. Prior to the first disbursement to the beneficiaries in Argentina, the following shall also be submitted: (d) evidence that the funds transfer agreement for the program between the beneficiary agencies and UBA/CEARE is effective, and (e) evidence that the PEU has been set within CEARE and that it has the qualified staff required to perform its functions. Similarly, prior to the first disbursement to the beneficiaries in Brazil, the following shall be submitted to the Bank: (f) evidence that the executing agency has been contracted for the program and that the funds transfer agreement for the program between the beneficiaries and the executing agency is in force, and (g) evidence that the PEU has been set up within the executing agency and that it has the qualified staff needed for its operations (see paragraphs 10.1 and 10.2).

As a condition during program execution, the AER will be hired by the executing agencies in both countries within seven months after the effective date of the agreements (see paragraph 10.3).

## **I. ELIGIBILITY OF THE COUNTRIES AND THE PROJECT**

- 1.1 Argentina and Brazil were declared eligible for financing from the MIF on November 30, 1993 and on February 9, 1995, respectively. The project may be financed by the MIF under the Human Resources Facility (Facility II) insofar as it satisfies the MIF's eligibility criteria and contributes to the training of regulatory agents in the energy market, creating a network of institutions geared to training of this kind and promoting the integration of training institutions and regulatory agencies.

## **II. BACKGROUND**

### **A. Energy sector reform and the new regulatory role of the state**

- 2.1 Over the last decade, some countries of the so-called "expanded MERCOSUR"<sup>1</sup> have undertaken major reforms in the energy sector and have actively pursued institutional and regulatory changes in order to create an atmosphere conducive to private investment. All countries of the subregion are now experimenting with energy sector reforms, to a greater or lesser degree, including the creation of new legal and institutional frameworks and economic and business reorganization. Among the key aspects of these reforms are a redefinition of the role of the State, separating it into policy formulation, regulation and business supervision, the introduction of competition in energy markets, and privatization.
- 2.2 In the process of reforming the public service and infrastructure sectors, the region has encountered difficulties reflecting the lack of a regulatory tradition and experience and a certain institutional weakness in the new regulatory bodies. In light of their mandate and autonomy, these bodies in effect represent a new departure in Latin America. Most countries have accompanied their reform processes with initiatives to develop the necessary regulatory capacity for the new role assumed by the state, but in general such efforts have to date been inadequate.
- 2.3 The goal of reforming public services now reaches beyond the national level and has been adopted (depending on the country) by provinces, states and regions. The involvement of smaller, less developed economies with lower institutional capacity has served to highlight the problems associated with inadequate expertise and understanding of regulatory affairs. Consequently, there is a great need for strengthening regulatory capacities at the current stage of consolidating and deepening the process of decentralization and infrastructure reforms both at the national and the local government levels.

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<sup>1</sup> Besides the full members of MERCOSUR (Argentina, Brazil, Paraguay and Uruguay), this concept includes Bolivia and Chile in their status as associated countries.

## **B. The supply of training for regulatory activities and demand**

- 2.4 The reform of the energy sector in the expanded MERCOSUR countries has brought with it substantial demand for increased regulatory capacity and in general regulatory training in the region. The experience with regulatory issues has become a major input for regulatory entities (national, provincial, and state) as well as for other agents in the energy sector: power generation, transmission, and distribution, gas producers, transporters, and distributors, large consumers, marketers, etc.<sup>2</sup>
- 2.5 In response to the demand for greater regulatory capacity courses for regulators have been organized in the region. However, the level of training offered is basic and, being intended for all public services, the coverage is general and there is no room for deep analysis of the specific nature of the energy sector. There are no long-term courses that satisfy the needs of the different actors in the sector or systematic programs of analysis on the workings of each area of the energy sector. In addition, there is little teaching material on the economics of regulation that reflects the sector's particular requirements in each country, any regulation already introduced, and the legal and constitutional framework underpinning regulation.
- 2.6 In the case of Argentina and Brazil, federal regulatory bodies in the energy sector have signed agreements with academic institutions to conduct training activities. This project is intended to support and strengthen such activities in those countries, by improving the quality of training. The program will thus help to strengthen those efforts and expand their scope. Increasing the technical capacity to develop and enforce regulation is an important factor for ensuring the long-term sustainability of infrastructure management reforms.

## **III. THE PROJECT**

### **A. Objectives**

- 3.1 The general objective of the program is to help consolidate energy sector reform in the countries of the expanded MERCOSUR by enhancing the provision of training for regulators and adapting it to the demands of regulatory bodies, and of the energy market in general.
- 3.2 The specific objective is to support the design and implementation of training programs for regulatory agents in the energy sector in Argentina and Brazil. This

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<sup>2</sup> As an example, Argentina has: (a) for the electricity sector, a national regulatory entity, 13 provincial regulatory entities already set up and 4 in process of being established, 44 power generation companies, 50 distribution companies, 47 transport companies, 2 marketing companies, 408 large users; (b) for the gas sector, a national regulatory entity, 22 producers, 2 transporters, and 9 distributors.

effort is expected to serve as a catalyst for a network of institutions providing training of this type, and to develop effective cooperation among regulatory bodies and regional academic centers so as to ensure the long-term sustainability of training efforts.

**B. Description**

- 3.3 The program seeks to strengthen efforts now under way to meet the perceived needs of the energy regulatory bodies in Argentina and Brazil, and in turn to ensure that those regulatory bodies offer their institutional support and financial commitment for implementing the program. The project is designed to facilitate implementation of a training program for energy sector regulators that will in future be sustainable with the support of the sponsoring regulatory bodies and universities. Essentially the PCRE, as it is implemented in Argentina and Brazil, will be very similar, with specific details being adapted to the particular needs of each country.
- 3.4 The PCRE as proposed is based on six groups of activities: (i) seminar to open the PCRE and instructor training workshops and (ii) selection of content for intermediate and advanced courses, for the program preparation period, which will be offered independently in each country before the training for students begins. The preparation stage will make it possible: (a) to define the list of topics to be covered under the program, and (b) to keep local instructors abreast of the latest theoretical and practical advances in each subject.
- 3.5 These components are intended to alleviate the constraints in terms of supply of local training, the inadequate coordination of training efforts on the part of entities and the academic institutions, and failure to accord priority to the issue of energy sector regulation and the needs of regulatory agencies.
- 3.6 Groups (iii), (iv), and (v) are training activities as such, which have been divided into separate modules with content and level of complexity of their own. The basic module (iii) will be designed to standardize the level of preparation of the students in the economics of regulation, management of technical concepts of the workings of the sector and an understanding of legal and regulatory environment in which the industry operates. The intermediate and advanced modules (iv and v) will be designed as specialized courses on specific aspects of the energy sector and energy regulation. The idea is that the more basic modules with the highest demand will be offered in each country whereas more specialized modules will be offered for both countries together in order to take advantage of economies of scale. The program will encompass two academic cycles during which modules (iii) to (v) will be offered. Lastly, group (vi) will be a closing seminar for the program that will serve as a forum for discussion of the main issues of sector regulation, the results of the training process, and the role of the State in strengthening the sector.
- 3.7 The program components include:

**1. Component 1: Training program for energy sector regulators – PCRE (US\$1,502,000)**

- 3.8 This component will finance aspects of the design and implementation of the PCRE, primarily relating to curriculum development, preparation of instructors, and development of study and course materials. Also included will be a workshop to open the PCRE, and the closing seminar of the program, as well as support for disseminating results and study materials from the PCRE and promoting the exchange of experience and know-how among training and regulatory institutions.

**2. Component 2: Dissemination and evaluation of the PCRE (US\$331,000)**

- 3.9 This component includes the development of a support network for energy regulation. The network will promote integration among academic centers, trainers and energy regulatory bodies, including a specific Web site. It also includes funding for fellowships for professionals from regulatory bodies at the subnational level in beneficiary countries (charged to the local counterpart contribution), and partial funding for professionals from regulatory bodies in other member countries of the expanded MERCOSUR, to allow them to participate in the PCRE.

**3. Component 3: Institutional strengthening (US\$522,000)**

- 3.10 This component will help to strengthen academic institutions devoted to the study of regulatory issues by contracting the program director and the regional external adviser. It also includes the purchase of computers and communication equipment to support development of the PCRE (as an exclusive charge to the local counterpart contribution).
- 3.11 Lastly, the program includes funding of US\$228,000 to cover monitoring and evaluation to defray the cost of operating the project executing units at the host institutions in each beneficiary country and the mid-term and final evaluations of the program. Also included is an allowance in the amount of US\$178,000 (or 6.4% of total program funding) to cover contingencies.

#### **IV. PROJECT EXECUTION**

**A. Beneficiary entities and executing agencies**

- 4.1 The program's beneficiary entities will be the federal regulatory bodies for the energy sector in Argentina and Brazil. These are the National Electricity Regulatory Board (ENRE) and the National Gas Regulatory Board (ENARGAS) in Argentina and the National Electricity Agency (ANEEL) and the National Petroleum Agency (ANP) in Brazil. These agencies are responsible for ensuring the effective enforcement of regulations in the energy sectors of these countries, which are moving towards increasingly open and competitive markets with broad

participation by private operators. The program will be implemented by specialized academic institutions, University of Buenos Aires through the Center for Studies on Energy Regulatory Activity (CEARE) in Argentina, and an institution yet to be selected in Brazil.

**B. Execution mechanism**

- 4.2 The execution mechanism will be similar in both countries, and will have as its focus the project execution units (PEUs) which will be set up within universities (“host institutions”) that have a strong orientation towards economic regulatory issues. In the case of Argentina, the PEU will be hosted in CEARE, created by the Faculties of Law and Economic Sciences of the University of Buenos Aires. CEARE was selected to implement the program because it has the necessary academic and operational background and its mission focuses specifically on the problems covered under the program. CEARE is already working, by agreement with the regulatory bodies, on research and dissemination activities. In the case of Brazil, where energy sector regulatory bodies are of much more recent creation, the university in which the PEU is to be headquartered will be selected as part of the program implementation process. As with Argentina, it will be an institution that is already actively engaged with issues of public service and infrastructure regulation and is familiar with the demand for training services in this area.
- 4.3 The host institutions or executing agencies will be responsible for implementing the PCRE, and at the same time for promoting and organizing a support network for energy regulation consisting of academic centers, regulatory bodies and other institutions with an interest in the issue. This network, based on the Internet, will be maintained with the support of the Argentine and Brazilian regulatory bodies and will constitute an important tool for consolidating the PCRE and disseminating the results of the program.
- 4.4 To provide support to the host institutions and the PEUs, a university of international reputation will be selected and will serve as regional external adviser (AER). The AER will head a coordinating mechanism consisting of the program counterparts in Argentina and Brazil and will assist in: (i) designing and developing the PCRE curriculum; (ii) training instructors; (iii) coordinating and supervising the preparation of teaching materials; (iv) setting up the energy regulation support network; (v) coordinating PCRE activities in the two beneficiary countries; and (vi) general program supervision to ensure a consistently high level of excellence. In addition, the presence of an international institution will help to balance relations among the regulatory bodies and the academic centers by ensuring a long-term vision and greater autonomy for the academic centers in terms of the contents and direction of their research.
- 4.5 While the overall organization of the PCRE will be the responsibility of the host institutions, with support from the AER, the program will help to strengthen other

teaching institutions as well, since the various modules will be conducted by academic centers selected through competition.

- 4.6 The program will have an execution period of three years, divided into two stages of 18 months duration each. A revolving fund in the amount of 5% of MIF contribution will be set up for administration of the resources.

**C. Status of project preparation**

- 4.7 During preparation of the program, a proposal for implementing the PCRE was prepared by the project team together with the sponsoring regulatory bodies in Argentina and Brazil. This proposal will be worked out in further detail by the PEUs with the assistance of the AER, as part of the technical cooperation program. There are also preliminary versions of the project execution plan available, which includes the basic proposal for the PCRE and the terms of reference for the PEU and the AER.

**D. Project beneficiaries**

- 4.8 The direct beneficiaries of the program will be the participating academic institutions, regulatory bodies at the national and subnational level, and the professionals who will be offered training. Indirectly, the list of beneficiaries will extend to the users of regulated energy services and regulated businesses providing those services. In fact, the training to be provided for technical staff of the regulatory entities will have two important effects: (i) it will improve management of the sector by reducing the cost of resolving disputes and enforcing regulations (greater predictability will, for example, reduce financing costs and increase the quality of investments); and (ii) it will promote the study and improvement of the regulatory framework, and will thereby have a direct impact on the efficiency of the sector. Finally, while the initial impact of the program will be felt primarily in Argentina and Brazil, the operation is designed to encourage dissemination of its benefits to the other countries of the MERCOSUR.
- 4.9 The PCRE is targeted at the professional staff of energy regulatory bodies, and more broadly at all personnel involved with regulatory issues in the sector, for example professional staff in other agencies of the public sector and in regulated companies. Special care will be taken to involve regulatory professionals at the subnational level, and those from other countries, in particular from the Southern Cone. The program includes partial funding to allow participation by professionals from subnational entities (as a charge to the regulatory bodies) and from other countries of the expanded MERCOSUR (as a charge to the MIF funding).
- 4.10 Activities for disseminating the program's results will include efforts to sensitize authorities and opinion-makers to the importance of a sound technical and professional focus in the development and enforcement of regulations.

## **V. PROJECT COST AND FINANCING**

- 5.1 The program cost has been estimated at US\$2,760,000, of which the MIF would cover about 50 percent, through a grant from the Human Resources Facility (Facility II), as detailed in the following table.

**TABLE OF PROJECT COSTS  
(US\$)**

<b>Beneficiary/Component/Activity</b>	<b>MIF</b>	<b>Local</b>	<b>Total</b>	<b>%</b>
<b>Argentina</b>				
<b>Component 1: PCRE Implementation</b>	<b>437</b>	<b>266</b>	<b>703</b>	<b>52.3%</b>
Training trainers	64	22	86	
Training courses	373	94	467	
PCRE promotion activities	0	150	150	
<b>Component 2: Dissemination of PCRE</b>	<b>11</b>	<b>136</b>	<b>146</b>	<b>10.9%</b>
Development of the regulators' network	0	78	78	
Fellowships (subnational level)	0	58	58	
Fellowships (other countries MERCOSUR expanded)	11	0	11	
<b>Component 3: Institutional strengthening</b>	<b>191</b>	<b>84</b>	<b>276</b>	<b>20.5%</b>
Project director	92	56	149	
External advisor	99	0	99	
Outfitting	0	28	28	
<b>Program monitoring and evaluation</b>	<b>15</b>	<b>117</b>	<b>132</b>	<b>9.8%</b>
Operation of the project executing unit	0	117	117	
Evaluation	15	0	15	
<b>Contingencies</b>	<b>26</b>	<b>62</b>	<b>88</b>	<b>6.5%</b>
<b>Subtotal Argentina</b>	<b>680</b>	<b>665</b>	<b>1,345</b>	<b>100%</b>
<b>Brazil</b>				
<b>Component 1: PCRE Implementation</b>	<b>498</b>	<b>301</b>	<b>799</b>	<b>56.5%</b>
Training trainers	64	22	86	
Training courses	434	109	543	
PCRE promotion activities	0	170	170	
<b>Component 2: Dissemination of PCRE</b>	<b>11</b>	<b>174</b>	<b>185</b>	<b>13.0%</b>
Development of the regulators' network	0	78	78	
Fellowships (subnational level)	0	96	96	
Fellowships (other countries MERCOSUR expanded)	11	0	11	
<b>Component 3: Institutional strengthening</b>	<b>169</b>	<b>77</b>	<b>246</b>	<b>17.4%</b>
Project director	70	43	113	
External advisor	99	0	99	
Outfitting	0	34	34	
<b>Program monitoring and evaluation</b>	<b>15</b>	<b>81</b>	<b>96</b>	<b>6.85%</b>
Operation of the project executing unit	0	81	81	
Evaluation	15	0	15	
<b>Contingencies</b>	<b>27</b>	<b>63</b>	<b>90</b>	<b>6.4%</b>
<b>Subtotal Brazil</b>	<b>720</b>	<b>696</b>	<b>1,415</b>	<b>100%</b>
<b>TOTAL FOR PROJECT</b>	<b>1,400</b>	<b>1,361</b>	<b>2,760</b>	
% of total	50.7%	49.3%	100%	

- 5.2 The MIF will finance expenses incurred in hiring consultants and experts for: (i) training activities including the costs associated with preparing trainers and developing training materials; (ii) costs related to the initial workshop and the final seminar; (iii) fellowships for officials of regulatory bodies from countries of the region not included in the project, and (iv) contingencies. The local counterpart contribution, which is the responsibility of the regulatory bodies in each country, will cover the same items except item (iii), and in addition: (v) fellowships for officials from provincial and state regulatory bodies in Argentina and Brazil; (vi) installation of computer equipment for program activities; and (vii) costs relating to the organization and development of the regulators network.

## **VI. PROJECT RATIONALE AND RISKS**

- 6.1 Consolidating and deepening reforms now under way in the energy sector in the countries of MERCOSUR will require that the State fulfill its regulatory role as effectively as possible. The program will help in this regard by supporting a greater offer of training in regulatory issues, which is a critical aspect for enhancing technical capacities in this area and creating a critical mass of professional expertise in the development and enforcement of regulation. In turn, the quality and predictability of regulation is a key element for encouraging greater participation by private investors in the energy sector, which is now characterized by natural monopolies that must be regulated. In fact, the sector has historically been dominated by public enterprises, and it is only recently that private operators have entered the field to any great extent.
- 6.2 The benefits of implementing the program simultaneously in Argentina and Brazil are strategic and operational. From a strategic standpoint, the long-term integration of the energy markets of the two countries and the expanded MERCOSUR calls for economic regulation that is technically compatible. This aspect of the program will be facilitated by the impetus that the program gives to new common approaches and practices, and the development of professional and institutional networks that are linked together and exchange information on a permanent basis. From an operational standpoint, economies of scale are generated through implementation of technically complex academic activities at the regional level since the problems facing the regulators and the training requirements are essentially very similar. In addition, the strong institutional base provided by the regulatory entities and academic institutions in the two countries, present a suitable platform for possibly broadening program activities to cover the rest of an expanded MERCOSUR.
- 6.3 The program focuses on areas identified as priorities for Bank activities in the beneficiary countries, in particular: (i) consolidating reforms to ensure more efficient administration in the areas of government and infrastructure management; (ii) supporting the productive sector by creating conditions more conducive to private investment in the direct management of infrastructure; and (iii) supporting

the deepening of MERCOSUR, by promoting the integration of energy markets of member countries through greater coordination of regulatory activities.

- 6.4 The program presents no significant risks, since the sponsoring institutions in both countries are strongly committed to successful implementation of the PCRE and have sufficient resources to provide the counterpart contributions required. The demand for training in regulatory issues has been growing steadily within the region, and both Argentina and Brazil have a sufficient academic base so that there should be no problems in organizing the PCRE on the basis of existing academic resources. Similarly, there are university institutions of international reputation interested in participating in the project as regional external advisor.
- 6.5 At its meeting to discuss the program on January 7, 2000, the CESI recommended that course and teaching materials and PCRE training activities cover the environmental aspects of energy regulation (including issues such as new technologies, climate change, etc.) and the necessary interfaces with environmental authorities, nongovernmental agencies, consumer groups, and other bodies concerned.
- 6.6 During preparation of the operation, special care was taken to ensure coordination with the MIF regional project for development of a university network of applied studies and technical support in privatization, regulation and infrastructure financing (ATN/MH-6631-RG). No difficulties were encountered here, since the personnel in charge of preparing the present operation included the team for the project in question. The two projects are complementary, for a number of reasons: (i) they deal with different issues, with the present operation focusing specifically on regulation in the energy sector; (ii) the first project covers all countries of the region, while this operation is limited to Argentina and Brazil, although it will have an impact on the other countries of MERCOSUR as well; and (iii) the content of the regional project is aimed at providing training primarily for executive personnel, while the present operation seeks to create training opportunities at the technical level for professional staff involved in applying regulations in the energy sector.

## **VII. CRITERIA AND INDICATORS FOR EVALUATING PROJECT OUTCOMES**

- 7.1 The program will help to improve and expand the supply of professional training relating to regulatory issues in the energy sector. As well, it will support creation of a regional network of training institutions and will help to integrate the regulatory bodies into this network.
- 7.2 More specifically, the program is expected to: (i) develop a training system that can satisfy a broad range of needs (from basic training to developing highly sophisticated regulatory methodologies); (ii) prioritize training needs in regulatory bodies; (iii) provide training to a target group that is widely diverse in terms of

education and professional interests; (iv) respond effectively to regional needs; and (v) accommodate the particular characteristics of the regulatory situation in each industry and each country. Annex I presents the logical framework for the project, showing the relationship between objectives, activities and expected outcomes of the program.

- 7.3 To monitor the program, a mid-term evaluation will be performed upon completion of the first stage so that the proper adjustments can be made for stage two. A final evaluation will also be done upon completion of the program when the PCRE second academic cycle is over.

## **VIII. EXCEPTIONS TO BANK POLICIES AND PROCEDURES**

- 8.1 See Procurement of goods and services below.

## **IX. PROCUREMENT OF GOODS AND SERVICES**

- 9.1 For implementation of the project in Argentina, the University of Buenos Aires was selected as an executing agency, and will carry out this task through CEARE. For implementation of the project in Brazil, a local university will be selected as the executing agency, in accordance with the criteria agreed on with the Bank (academic excellence and selection of program director, track record in energy policy and regulation, critical mass of professors, administrative capacity, relationship with international universities, and quality of the proposal to implement the program). In implementing the program, both the University of Buenos Aires and the university selected in Brazil will hire the necessary consulting services in accordance with the Bank's standard procedures. Also, these two agencies will receive the support of the Regional External Advisor, who will be selected in accordance with the Bank's standard procedures or who, at the request of the program beneficiaries, may be hired by the Bank.
- 9.2 If the Bank is not responsible for hiring the regional external advisor, his appointment will be coordinated between the executing agencies from Argentina and Brazil. Accordingly, a coordinating mechanism was agreed on between the two beneficiaries in the framework of the project execution plans.
- 9.3 Procurement of goods and services will be carried out in accordance with the Bank's standard procurement procedures.

## **X. SPECIAL CONTRACTUAL CONDITIONS**

- 10.1 Prior to the first disbursement to the beneficiaries in each country, in addition to the Bank's standard contractual conditions, the following shall be submitted to the

Bank: (a) a legal opinion declaring that the obligations contained in the agreements are valid and enforceable; (b) the terms of reference of the project execution unit (PEU) and the regional external advisor (AER), and (c) the project execution plan. Prior to the first disbursement to the beneficiaries in Argentina, the following shall also be submitted: (d) evidence that the funds transfer agreement for the program between the beneficiary agencies and University of Buenos Aires (UBA) /CEARE is effective, and (e) evidence that the PEU has been set within CEARE and that it has the necessary qualified staff to perform its functions. The project execution plan for Argentina shall include a mechanism for administration of program resources. This mechanism shall provide for use of the resources under a trust fund established by the National Electricity Regulatory Board (ENRE) and the National Gas Regulatory Board (ENARGAS).

- 10.2 Similarly, prior to the first disbursement to the beneficiaries in Brazil, the following shall be submitted to the Bank: (f) evidence that the executing agency has been contracted for the program and that the funds transfer agreement for the program between the beneficiaries and the executing agency is in force, and (g) evidence that the PEU has been set up within the executing agency and that it has the qualified staff needed for its operations.
- 10.3 The hiring of the AER shall be subject to the Bank's standard procedures. However, the beneficiary entities in Argentina and Brazil shall agree on the establishment of an AER selection committee, so that one single institution will be selected, although hired under separate contracts with each country. This understanding will be reflected in the respective agreements to be signed between the Bank and each beneficiary. The contract with the AER must have come into force within seven months after the effective date of the respective agreements.

## MIF TECHNICAL COOPERATION FACILITY

### REGIONAL: TRAINING PROGRAM FOR ENERGY REGULATORS IN MERCOSUR

<b>General objective:</b> To support consolidation of reform in the energy sector in countries of the expanded MERCOSUR by improving the provision of training for regulators and adjusting it to the needs of regulatory bodies and of energy market players in general.		
<b>Specific objectives:</b> To support the design and implementation of training programs for regulatory agents in the energy sector in Argentina and Brazil. This effort is expected to serve as a catalyst for a network of institutions providing training of this type, and to develop effective cooperation among regulatory bodies and regional academic centers so as to ensure the long-term sustainability of training efforts.		
Component	Activities	Indicators
<b>Component 1:</b> Training program for energy sector regulators (PCRE)	1.1 Training for instructors in energy sector regulation 1.2 Training for specialists in energy sector regulation  1.3 PCRE promotion activities	1.1.1 Two workshops in each country held for training teachers, and PCRE module contents selected and put out to tender. 1.2.1 At least 30 teachers trained in both countries, for participation in the PCRE. 1.2.2 Regular scheduling of PCRE basic, intermediate and advanced modules in Argentina and Brazil. 1.2.3 PCRE teaching materials on advanced aspects of energy sector regulation prepared, following competitive academic selection procedures. 1.3 PCRE opening and closing seminars held and other activities to promote the program.
<b>Component 2:</b> Dissemination of the PCRE	2.1 Development of a regional network of energy sector regulators 2.2 Awarding of study grants	2.1.1 An Internet site set up during the first year of the program, allowing the exchange of experiences and dissemination of materials on energy sector regulation in the region. 2.1.2 Regional coordinating mechanism between entities involved in PCRE functioning. 2.2 At least 30 fellowships awarded to professional staff of subnational regulatory bodies in Argentina and Brazil, or from other MERCOSUR countries, during the three years of the program.

<b>Component 3:</b>		
Institutional strengthening	<p>3.1 Program director</p> <p>3.2 Participation by an external regional advisor in project supervision</p> <p>3.3 Strengthening academic institutions with a regulatory issues orientation</p>	<p>3.1 A professional with eminent academic credentials and management capacity is now on board in charge of program execution.</p> <p>3.2 A university of international reputation is supervising and supporting implementation of the PCRE.</p> <p>3.3.1 The project execution units are up and running in the host academic institutions in Argentina and Brazil.</p> <p>3.3.2 The necessary equipment has been procured for implementation and operation of the PCRE.</p> <p>3.3.3 Midterm and final evaluations of the PCRE concluded.</p>

PROPOSED RESOLUTION

REGIONAL. NONREIMBURSABLE TECHNICAL COOPERATION FOR A  
TRAINING PROGRAM FOR MERCOSUR ENERGY SECTOR REGULATORS

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Inter-American Development Bank, or such representative as he shall designate, is authorized, on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary with the Ente Nacional Regulador de la Electricidad (ENRE) and the Ente Nacional Regulador del Gas (ENARGAS), of Argentina, and the Agência Nacional de Energia Elétrica (ANEEL) and the Agência Nacional do Petróleo (ANP), of Brazil, and to adopt such other measures as may be pertinent for the execution of the donors memorandum referred to in Document MIF/AT-\_\_\_\_ with respect to a technical cooperation for a Training Program for Mercosur Energy Sector Regulators.

2. That up to the amount of US\$1,400,000, or its equivalent in other convertible currencies, is authorized for the purpose of this resolution, chargeable to the Human Resources Facility of the Multilateral Investment Fund, and will be allocated as follows: (a) up to the amount of US\$680,000, or its equivalent in other convertible currencies, to the Ente Nacional Regulador de la Electricidad (ENRE) and the Ente Nacional Regulador del Gas (ENARGAS), of Argentina; and (b) up to the amount of US\$720,000, or its equivalent in other convertible currencies, to the Agência Nacional de Energia Elétrica (ANEEL) and the Agência Nacional do Petróleo (ANP), of Brazil.

3. That the above-mentioned sum is to be provided on a nonreimbursable basis.