

## Regulation Capabilities

At IP3, we set ourselves apart from the competition by integrating capacity building and training with specialized consulting services to create successful and sustainable PPP, regulation, and utility reform projects. We believe that success should be measured not only by the advice provided but also by the capacity developed and left behind with our clients, and the impact that our work has on the community at large.

### Regulation Practice

IP3's Regulation Practice supports clients in developing the legal and regulatory framework for regulating public services, including developing competition and sector regulation policy, institutionalizing regulatory processes and procedures, designing subsidy schemes and methodologies for tariff setting and adjustment, advising on the use of benchmarking and comparative regulatory tools, and creating and operationalizing regulatory agencies.

Many countries are successfully engaged in the reform and restructuring of their infrastructure industries. Demand has never been higher for reliable electricity, clean gas, clear channel communications, safe drinking water, and safe and efficient transportation services for moving goods and people all over the world. Demand is growing in emerging economies and even in economies that have not yet begun to transform themselves.

Reform generally involves changes – such as the restructuring of monopoly companies, vertical and/or horizontal unbundling of enterprises, and adjustments to the policy and legal environment - to enable competition. These changes often require the introduction of cost-based rates, private participation in the market and the establishment of an independent regulatory authority to realize their full potential. Good regulation is especially important during the transition from state-owned companies providing monopoly services to an open market where consumers make choices based on market prices for commodities.

IP3's Regulation Practice is at the forefront in helping national and local governments design and operate functioning regulatory systems to oversee sectoral reform in the water, energy, telecommunications, transport, health, and education sectors. Our strategic consulting services are based on the belief that good regulation promotes service upon demand for everyone, uniform policies to all users, acceptable service quality, fair rates to customers, and a fair return to stockholders.

IP3's objective is to work closely with our clients to develop regulatory regimes that are efficient and transparent, and that assure fair treatment of both customers and investors alike. Our core competencies include:

- Policy, legislative, and legal requirements for effective regulation
- Designing regulatory institutions and their financial instruments
- Creating regulatory rules, processes, and procedures
- Public awareness and customer relations programs
- Tariff structuring and subsidy analysis design/options
- Rate case application preparations and strategic reviews
- Competition policy and regulatory reform in key sectors

IP3 has been actively involved in creating the legal and institutional framework for the effective regulation of public services in a variety of countries and across a range of sectors. The following sections describe our recent technical assistance and training projects.

## Technical Assistance

IP3 experts have advised Governments and donor agencies around the world on a range of issues relating to the regulation of public services, from the design of regulatory agencies, to development of tariff regimes, and arrangements for monitoring the performance of private operators. Our work spans a range of sectors, including infrastructure (water, energy, solid waste, roads, rail, and telecommunications), healthcare, education, agriculture, banking, and pensions.

### Uganda

#### **Comprehensive Training Needs Assessment for Energy, Telecom, Rail, and Water Regulatory Institutions 2004**

For the World Bank, IP3 conducted an institutional assessment of the ministries, utilities, and regulatory authorities in the telecom, energy, water, and rail sectors to assess their immediate and long-term institutional capacity building needs. Our training design forms the basis of a short and long-term training plan for these institutions.

### The Gambia

#### **Design and Implementation of the Public Utilities Regulatory Authority 2003 - 2004**

For the Public-Private Infrastructure Advisory Facility (PPIAF), IP3 designed and oversaw the establishment of The Gambia's first independent regulatory institution to regulate public enterprises slated for divestiture. The overarching goal of the project was to design a regulatory institution that would provide sound economic oversight to the water, telecommunications, and energy sectors and would create the legal and regulatory enabling environment for private sector participation in these sectors. IP3 proposed amendments to existing legislation, recommended the form, structure, and governance of the PURA, drafted position descriptions for agency staff, and developed an operating budget for PURA's first year of operation. IP3 also designed a tariff-setting methodology, and developed sets of key performance indicators (KPIs) to be used by the PURA in measuring the performance of regulated enterprises.

### Egypt

#### **Telecommunications Regulation Advisory Services 2002 - 2004**

IP3 provided training and technical assistance services under a USAID-funded project to the National Telecommunications Regulatory Authority (NTRA) and the Ministry of Communication and Information Technology (MCIT) of the Government of Egypt. Our experts were tasked with developing guidelines and operating procedures for the National Telecommunications Regulatory Agency, and drafting a strategic plan for the creation of a competitive Egypt IT Association. Specific NTRA guidelines were developed for consumer dispute resolution, consumer protection, broadband services, interconnection and pricing.

### Mozambique

#### **Institutional Capacity Building of the Water Regulatory Authority 2002 - 2003**

For the World Bank and the Water Regulatory Agency (CRA) in Mozambique, IP3 developed guidelines, policies and operating procedures for the regulatory authority's internal operations. IP3 also assisted CRA in its negotiations to renew a lease contract for water services in Maputo with the private water operator, Aguas de Mozambique.

**Egypt****Creation of a Water Regulatory Authority****1998 - 2002**

In support of the USAID-funded Legal, Institutional, and Regulatory Reform project for Egypt's water sector, IP3 drafted legal instruments, recommended the form and structure of a regulatory body, provided initial support to the creation and operationalization of the Egyptian Water and Wastewater Regulatory Authority (EWRA), and developed guidelines for the regulator's involvement in the Government of Egypt's privatization program, managed by the Central Department for Private Sector Participation. As a result of our work, the EWRA was officially constituted by Presidential Decree in 2004 and is in the process of taking on responsibility for the regulation of more than 20 service providers.

**Albania****Institutional Development of the Infrastructure Monitoring Unit****2001**

This project was designed to assist the Government of Albania in the design, staffing, management and operations of an Infrastructure Monitoring Unit (IMU) to regulate development of Albania's water and transport sectors. Under contract to USAID, IP3 advised Albania's Office of the Prime Minister, the Ministry of Economic Cooperation and Trade, the Ministry of Transport (MOECT), and the Ministry of Public Works on the establishment of an effective system to monitor ongoing water and transport projects while simultaneously building the capacity of a core group of Albanian advisors to manage all aspects of the infrastructure project life cycle. Our specific tasks included recommending the institutional framework, staffing plans, and operational guidelines for the IMU, including communication channels and reporting responsibilities between the Office of the Prime Minister, MOECT and the line ministries.

**South Africa****Design of Legal And Regulatory Framework for Private Sector Participation in the Provision of Municipal Services****1998 - 2001**

IP3 advised the South African Department of Provincial and Local Government on the preparation of a national regulatory and policy framework for private sector participation in municipal service delivery. For this assignment, IP3: 1) Assessed critical policy, project design and implementation issues that affect local governments' ability to introduce private sector participation in the provision of municipal services; 2) Organized and implemented a public awareness program and various stakeholder conferences to test policy recommendations and gather input from the local government, private sector, and NGO communities on the draft regulatory framework and project development guidelines for MSP; and 3) Drafted national guidelines for municipal service partnerships that encompass project identification and selection, stakeholder management and consultation, procurement and contracting, and post-award monitoring and contract compliance.

**Egypt****Capital Markets Development Project****1998 - 2001**

IP3 was part of a team that undertook a major USAID-sponsored program to assist the reform of Egypt's capital markets institutions, IP3 provided technical assistance with policy, legal and regulatory reform, institutional development, and training to institutions including the Capital Markets Authority, the Egyptian Stock Exchange, and the Central Bank of Egypt.

## Indonesia

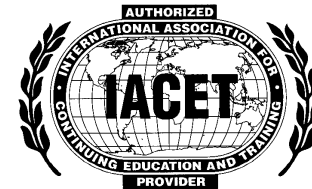
### **Institutional Development of Public-Private Partnership Center and Development of Regulatory Framework for Utilities**

**1997-2000**

For USAID/Indonesia, IP3 advised the Indonesian National Planning Agency (BAPPENAS) on the establishment of a national public-private partnership (P3) center to encourage private sector participation in utilities. IP3's tasks included drafting enabling legislation, developing operating rules, and supporting the generation of a stream of candidate projects for tendering to private investors. As part of this assignment, IP3 also designed a framework for regulatory oversight of utility service providers, and advised on tariff setting and mechanisms for dispute resolution and risk allocation.

## Training

IP3 is world renowned for its training programs in the field of regulation. Since our founding ten years ago, we have trained more than 10,000 individuals from over 175 countries. But our focus is not just on numbers – to us, it is the results that count. IP3's attention to quality and rigorous training methodology have enabled us to be one of the only international training providers in the field of regulation to meet the high standards required for accreditation by the International Association of Continuing Education and Training (IACET). This accreditation authorizes us to provide students who successfully complete our training programs with Continuing Education Units (CEUs).



In addition to the IACET accreditation, participants to any IP3 training course are also eligible to become Certified Regulation Specialists™. This accreditation program is jointly administered by IP3 and the Water, Engineering and Development Center of Loughborough University in the United Kingdom. The goal of the certification program is to create a world class standard in regulation training and research and to provide participants who complete the requirements of the program with a comprehensive body of knowledge on regulation. Further information on this certification program can be found at [www.ip3.org](http://www.ip3.org) or at [www.globalcertifications.org](http://www.globalcertifications.org).

The following is a selection of IP3's training programs in the field of regulation.

## Jordan

### **Telecommunications Regulatory Training**

**2004 - 2005**

For the Telecommunications Regulatory Commission (TRC) in Jordan, under funding by the AMIR project of USAID, IP3 is conducting a series of five-day training courses for key staff of the TRC. The courses range from basic to advanced in their content and structure and cover such topics as competition and regulation for telecommunications and information services; core functions of a Telecommunications Regulatory Authority; techniques of economic regulation; enforcement; management of regulatory authorities; human resources issues; financial planning; and communications strategies.

## Iraq

### **Regulation Training for the Ministry of Municipalities and Public Works**

**2004**

IP3 conducted a series of training courses in regulatory planning in the water and municipal service delivery sectors for key staff of the Iraqi Ministry of Municipalities and Public Works (MMPW). The courses focused on such issues as the design of the policy, legislative and

regulatory framework for service delivery; the management of regulatory authorities; and stakeholder and media communications and public hearing procedures.

## **Barbados**

### **Training on Price Cap Regulation for the Fair Trading Commission**

**2004**

When Barbados' Fair Trading Commission (FTC), an independent regulatory body for the telecommunications sector, announced that it would be moving its regulated utilities from a Rate of Return (ROR) method of economic regulation to a Price Cap (PC) system, the FTC set an October 2004 deadline for the country's dominant telephone carrier, Cable and Wireless (Barbados) Limited, to comply with the PC method. In preparation for this change, IP3 was engaged by Cable & Wireless to assist in its transition from ROR to PC regulation and to prepare to present its rate case to the FTC. IP3 first implemented an in-house training program on Price Cap regulation, and then conducted an on-the job consultation to assist C&W to formulate a strategy for response to the FTC's forthcoming consultative document that sets the regulator's position on the Price Cap, including setting the X factor.

## **Egypt**

### **Telecommunications Regulation Techniques**

**2003**

For USAID and Egypt's National Telecommunications Regulatory Authority (NTRA), IP3 designed and delivered a training program on telecommunications regulation. The program covered the institutional design of regulatory authorities, human resources issues, enforcement, alternative dispute resolution, stakeholder consultation, regulatory ethics, transparency, strategies to maintain financial independence and global case studies in telecommunications regulation.

## **Asian Development Bank**

### **Training on Regulation of Utilities for Staff of the Asian Development Bank**

**2003**

As part of a year long training project for the ADB, IP3 designed and delivered a program on the regulation of utility services for the staff of the Bank's public sector lending division. The purpose of the training program was to build the staff's capacity to effectively incorporate public-private partnerships into ADB public sector lending programs in accordance with the ADB's recently issued Private Sector Strategy. To ensure that PPP projects promoted by the ADB would be successful and sustainable, IP3 was engaged to train the staff on the development of an appropriate enabling environment (including the regulatory framework) for PPPs.

## **Egypt**

### **Solid Waste Privatization and Contract Compliance Training**

**2002**

For USAID, IP3 designed and implemented a comprehensive training program to prepare officials at the Governorate level in Egypt for the privatization of solid waste services in major metropolitan areas. A key focus of the training program was on preparing the more than 300 participants to assume responsibility for regulating the incoming private operators.

## **Egypt**

### **Regulatory and Privatization Issues in Telecommunications**

**2002**

The United States Agency for International Development (USAID), through the Development II Training Project (DT2), contracted IP3 to conduct a training program on *Regulatory and Privatization Issues in Telecommunications* for the Ministry of Communication and Information Technology (MCIT) and the Telecommunications Regulatory Authority (TRA) of the Government of Egypt. Our program covered regulatory framework design and implementation; tariff rate

design and analysis for different ICT sectors; and strategies to achieve independence of the regulatory body.

### **Barbados**

#### **Training on the Regulation of Utilities**

**2002**

IP3 conducted a training program on “Regulating Utilities” for the Fair Trading Commission (FTC), Barbados’ independent regulatory authority for the utilities sectors. Through a variety of presentations, case studies, and group exercises, participants examined methods, models and instruments of regulation and their institutional management and enforcement that promote competition and encourage higher levels of service and consumer protection.

### **Jamaica**

#### **Regulating Providers of Water and Sanitation Services**

**2002**

For the Office of Utilities Regulation in Jamaica, IP3 designed and implemented a training program on effective methods of introducing private sector participation, designing institutional frameworks, and tariff setting for the water sector. This program was designed specifically for OUR staff and other stakeholders (approximately 25 participants) to increase their understanding of the rationale and goals of utility regulation and to develop their capacity to successfully design and implement appropriate regulations for water utilities in Jamaica. Furthermore, participating representatives of the National Water Commission and other stakeholders from the Jamaican water sector were exposed to the goals and paradigm for the newly reformed water sector in Jamaica, thereby eliminating uncertainties and allowing them and their investors to feel confident about the current and future business climate in Jamaica.

### **South Africa**

#### **Training on the Regulation of Water and Sanitation Services**

**2001**

In early 2001, the Government of South Africa was exploring options for reforming the water and sanitation sector, which at the time was regulated by the Department of Water Affairs and Forestry (DWAF) and the Department of Provincial and Local Government (DPLG). As part of its program of reform, the Government was considering establishing a regulatory agency and decentralizing some regulatory responsibilities to the local level. IP3 was engaged by USAID to develop and implement a capacity building program for more than 40 representatives of DWAF and DPLG on the existing legal and regulatory framework in South Africa’s water sector, and the options for regulatory reform.

### **Jordan**

#### **Regulatory Techniques for the Telecommunications, Energy, Water & Transportation Sectors**

**2000**

For the Executive Privatization Unit, Office of the Prime Ministry of the Government of Jordan, IP3 designed and conducted a one-week training program for 40 senior officials from the ministries of telecommunications, energy, and transportation. The workshop featured sessions on strategic frameworks for regulatory reform, principles of cost recovery, managing cross-sector regulatory bodies, tariff setting, and managing utility operational costs. IP3 was responsible for all technical and logistical aspects of the program.

**For More Information**

For more information on IP3's capabilities in the field of regulation, for to find out how to access our services, please contact:

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