

**Project Title:** Cases in Regional Trade: Uruguay and Brazil

**Project ID** (if available):

**Region/Country:** Latin America and the Caribbean, Uruguay and Brazil

**Task Manager:** Lucio Monari

**ESMAP Thematic Area** (M – Main; S – Secondary (if applicable)):

Energy Security	M
Energy Markets	
Energy Poverty	S
Renewable Energy	
Energy Efficiency	

**Brief Description:**

Uruguay is seeking to diversify its energy dependence away from Argentina to ensure security and reliability of supply at minimum costs. Recently, Uruguay and Brazil have signed a Memorandum of Understanding for the implementation of an interconnection project between the two countries. Bilateral working groups have been established to work out the scope of the project and its technical aspects. Although discussion is still ongoing, it appears that Uruguay will be responsible for putting together the project. The Government of Uruguay and the UTE (the vertically integrated power utility) are working with the Bank to define the conditions necessary to move the project forward. The proposed activity would help identify some of the technical aspects and institutional arrangements options for the project. For example, depending on the outcome of the ongoing bilateral discussions, Uruguay will need to select the most appropriate institutional arrangement to carry out the project, particularly in relation to the transmission component in Brazil. The activity will be in the form of non lending technical assistance to assist UTE and the Government of Uruguay on the above tasks. The Government of Brazil will be involved, if necessary, during the subsequent phase of the discussion. While the activity is mainly related to improving diversification, the lowering of cost of supply and improved reliability will certainly have positive impacts on poor consumers connected to the grid in Uruguay.

**Delivery Schedule:**

PCN Review	3/15/07
Completion draft final/formal review meeting	5/15/07
Final delivery to client	6/15/07

**Outputs expected:**

	Yes?	Delivery date (Quarter, FY)
Formal AAA Report		
Informal AAA product (e.g., policy note) – indicate:	yes	FY07
Workshop/Conference		
Training course/materials/knowledge products		
Others (indicate)		