

PROGRAM OF SUPPORT FOR THE CENTER FOR CONCILIATION AND ARBITRATION

(TC-95-05-21-7)

EXECUTIVE SUMMARY

PROJECT TITLE: Program of support for the Center for Conciliation and Arbitration

MIF FACILITY: Technical Cooperation (Facility I)

EXECUTING AGENCY: Center for Conciliation and Arbitration of Bolsa de Comercio de Montevideo, S.A.

PROJECT AMOUNT:

| | |
|--------------------|---------------------|
| MIF | US\$ 835,000 |
| Local contribution | US\$ <u>845,000</u> |
| Total | US\$1,680,000 |

BENEFICIARIES: Uruguayan businesses will benefit directly from the program, as will international firms that do business or invest in the region. At the local level, small and medium-sized businesses and professionals working in the areas of law, commerce, and investment will also benefit.

OBJECTIVES: The general objective of the program is to improve the climate for business relations and investment in Uruguay and the region through the use of alternative means of dispute resolution. The specific objective of the program is to consolidate the entry into operation of the Center for Conciliation and Arbitration of Bolsa de Comercio de Montevideo, S.A.

DESCRIPTION: The program has four components: (a) a conceptual development component, which seeks to analyze various aspects of alternative dispute resolution and examine the problems that might be encountered in its application under the legal systems prevailing in the region; (b) an organization and operation component, the objective of which is to strengthen the Center's operating capacity and logistical support in order to ensure that it is capable of providing the needed services and serving as a vehicle for promoting widespread use of alternative methods of dispute resolution in the area; (c) a training component, which will seek to support the selection of professional arbitrators and mediators and enable them to efficiently provide a highly specialized service; and (d) a promotion and dissemination component, which will seek to generate demand for the Center's services, as well as to disseminate information about

Executive Summary

Page 2 of 2

alternative dispute resolution among business leaders, academics, and public authorities concerned with the matter.

**SPECIAL
CONTRACTUAL
CONDITIONS:**

The technical cooperation agreement would stipulate that the secretary-general and the administrator for the Center must be appointed as a condition precedent to the first disbursement.

**TIMETABLE FOR
EXECUTION AND
DISBURSEMENT:**

24 months for program execution and 30 months for disbursement of the program's resources.

**ENVIRONMENTAL
CLASSIFICATION:**

The Environment Committee, at its meeting of August 8, 1995, classified this as a Category II operation.

I. COUNTRY ELIGIBILITY

- 1.1 On October 6, 1993, the Donors Committee declared Uruguay eligible for all financing modalities under the Multilateral Investment Fund (MIF).

II. BACKGROUND

- 2.1 For the past several years the Government of Uruguay has been advocating policies for the promotion of private investment, and it is currently engaged in a process of liberalization and structural change in the commercial sphere aimed at significantly increasing commercial and financial flows into and out of the country.
- 2.2 These reforms have been supported technically and financially by the Bank through loans and technical cooperation programs [Finance Sector Adjustment Program (626/OC-UR), Multisector Credit Program (705/OC-UR); Investment Sector Program (703/OC-UR), and Program to Strengthen the Investment Development Commission (ATN/SF-3698-UR)]. These operations have sought to increase the solvency and credibility of the Uruguayan financial system, which has enabled operators to access long-term funds and has helped to improve the climate for private investment.
- 2.3 These Bank-supported reforms are part of the general developments under way in the region since the signing of the Treaty of Asunción (MERCOSUR), which has prompted significant growth in commercial and financial flows between the signatory countries. The new tariff structure approved by the countries among themselves and with the rest of the world has further intensified the process of trade expansion among the MERCOSUR member countries and with countries outside the region. These increased trade flows, together with the adoption of new trade-related instruments and modalities (documentary credit, swaps, caps, etc.), have led to an increase in the number of commercial disputes.
- 2.4 The legal system at the regional level is unable to meet this increased demand, owing to various institutional deficiencies, including overburdening of the courts, the slow pace of legal proceedings, judges' limited knowledge of business practices and financial options, etc. This has led to an erosion of legal protection in the region.
- 2.5 Despite the growing number of increasingly complex commercial disputes and the difficulties the justice system faces in meeting this demand, no private, extrajudicial mechanisms for dispute resolution have been established. At the national level, the Uruguayan Arbitration Board - composed of distinguished jurists - exists but has been virtually deactivated. Its current authorities

have decided that the Board should be subsumed under the Center for Conciliation and Arbitration of Bolsa de Comercio de Montevideo, S.A. At the regional level, there is no supranational public entity for the resolution of disputes.

2.6 The MERCOSUR Chambers of Commerce, at their second meeting, held in March 1995, declared their support for alternative systems of dispute resolution and formulated nine proposals for the implementation of such systems in the MERCOSUR countries. Among those proposals were the following:

- a. promote knowledge and dissemination of information about alternative dispute resolution systems and advise members of their undeniable comparative advantages;
- b. encourage the inclusion, in international contracts in general but especially in contracts governing reciprocal trade between businesses in the states parties to the Treaty of Asunción, of clauses providing that any disputes that may arise between the parties will be resolved through mediation and arbitration;
- c. propose to the proper authorities that the laws relative to alternative methods for dispute resolution in the states parties to the Treaty of Asunción be simplified and standardized, so as to establish a uniform legal system and at the same time foster the use of these methods;
- d. propose measures for standardizing methodologies in the area of alternative dispute resolution at the regional level;
- e. charge the National Chamber of Commerce of Uruguay with the task of carrying out the necessary formalities to make this agreement operational.

III. THE PROGRAM

A. Conceptualization

- 3.1 The term "alternative dispute resolution" (ADR) refers to a variety of mechanisms intended to bring about the resolution of disputes between persons or organizations. These mechanisms or proceedings may be adversarial, in which the parties confront each other and a neutral third party makes a decision, which generally means that one party wins while the other loses. In nonadversarial proceedings, on the other hand, the parties work together to seek a solution that serves the interests of both.
- 3.2 A number of countries have adopted alternative dispute resolution for various reasons, including confidentiality, the opportunity for

informality, flexibility, the opportunity to select a neutral third party with specialized knowledge of the issue in question, rapidity, and comparative lower cost. All these advantages are valid in the commercial environment, but perhaps the most important advantage of alternative dispute resolution is that it offers the opportunity to find solutions that go beyond the resolution of a dispute and foster the maintenance of good relations between the parties.

B. Objectives

- 3.3 The general objective of the program is to improve the climate for business relations and investment in Uruguay and the region through the use of alternative means of dispute resolution. Alternative means will be used with a view to improving not just the quantitative aspects of dispute resolution (duration of the process, lower relative costs), but also the qualitative aspects, such as confidentiality, flexibility when necessary, and tailoring of the process to specific cases, seeking to use the method that is best suited to the needs of the parties. The program will also seek to expand, directly and effectively, the use of alternative methods of dispute resolution with the aim of generating a constant level of demand for these services.
- 3.4 The specific objective of the program is to consolidate the entry into operation of the Center for Conciliation and Arbitration of Bolsa de Comercio de Montevideo, S.A. The Center will promote and offer alternative commercial dispute resolution services to members of the business community in Uruguay and throughout the MERCOSUR region. For that purpose, the Center's organizational capacity and technical competence will be enhanced in order to enable it to provide high-quality services. The target for the program is to make the Center economically and financially self-sufficient within a period of two years.

C. Program components

- 3.5 The program has the following four components:
1. Conceptual development component (US\$155,950)
- 3.6 This component seeks to analyze various aspects of alternative dispute resolution in order to provide the necessary information for strategic decision-making under component 2 (organization and operation) and for successful implementation of components 3 and 4 (training and dissemination, respectively).
- 3.7 When disputes are resolved internally within a country, the national legal system or judicial homologation ensures that the settlement is binding and enforceable, but this cannot be guaranteed in the case of international agreements or settlements. In addition, although a legal system may not prevent the use of

ADR, it may be possible to introduce additional provisions that promote more widespread use. Accordingly, the first activity to be carried out under the program will be to review and analyze the national, regional, and international legal framework for the application of ADR so as to identify any impediments or obstacles standing in the way of correct implementation of this approach in the region and make recommendations on how to overcome them. Other research activities to be carried out include: analyzing the various ADR methods available and making recommendations on which to apply; analyzing codes of ethics for arbitrators and mediators in order to draft, discuss, and disseminate the code to be adopted by the Center; and analyzing and making recommendations with regard to the creation/updating of the panel of arbitrators and mediators.

- 3.8 The reports produced under this component will be used to strengthen and enhance the professionalism of the Center and to provide the information needed for strategic decision-making and to fulfill the responsibilities assigned by the chambers of commerce of the MERCOSUR countries with regard to the unification and simplification of the laws relative to methods of alternative dispute resolution among the states parties to the Treaty of Asunción. The trainers and consultants for the other components will also benefit from the documents produced under this component.
- 3.9 In order to effectively carry out this component, it will be necessary to hire individual consultants who are experts in law and consultants with specialized knowledge of national, regional, and international legal systems, arbitration, mediation, and commercial and financial instruments.

2. Organization and operation component (US\$161,350)

- 3.10 The aim of this component is to strengthen the Center's operating capacity and logistical support in order to ensure that it is capable of providing the needed services and able to serve as a vehicle for promoting widespread use of alternative methods of dispute resolution in the area. This component will address the three levels of organization: strategic, tactical, and operational.
- 3.11 At the level of strategic decision-making, the organization and operation component will include the design of the Center's policies, which will involve making decisions with regard to the ethical principles and operational procedures of the Center and defining the profile of the arbitrators and mediators to be selected.
- 3.12 At the tactical level, the secretary-general - in coordination with the senior management of Bolsa de Comercio de Montevideo, S.A. - will select consultants and personnel for the project and for the Center and it will create, supervise, and update the panel of arbitrators and mediators. In addition, existing manuals on ADR will be analyzed with an eye to adopting and enhancing manuals for

the Center, including both general manuals and specialized manuals for particular sectors. Administrative, accounting, and financial procedures for the Center will be designed under this component and the corresponding manuals will be drafted, Center personnel will be trained in their use, and an information system will be designed and implemented.

3.13 With regard to strengthening the Center's operating capacity, this component will include the design of procedures for processing the cases submitted to the Center and for the monitoring and control thereof, as well as the preparation and execution of the necessary training courses.

3.14 In order to effectively carry out this component, which will serve in turn to support all the other components of the program, it will be necessary to hire the following personnel: a project coordinator; an administrative coordinator, who will design the Center's administrative, accounting, and financial procedures; a systems expert; and the specialized legal consultants mentioned under the first component.

3. Training component (US\$227,500)

3.15 The objective of the training component will be to support the selection of arbitrators, mediators, and other professionals and enable them to efficiently provide a highly specialized service.

a. Training areas

3.16 In order to achieve the objective of giving the arbitrators, mediators and other professionals the capacity to effectively carry out their functions, training will be provided in three major areas with a view to:

- (i) transmitting to the participants the knowledge or information they need to carry out their functions: the most commonly used methods of ADR, the basic concepts, the advantages of ADR, experiences in the use of ADR, stages of mediation, etc.;
- (ii) enabling the participants to develop the skills and techniques they need to handle specific facets of dispute resolution: conducting sessions, active listening, recognizing the interests underlying the various positions, etc.;
- (iii) enabling the participants to develop or reinforce the attitudes they need to effectively resolve disputes. The attitudinal aspect will be of fundamental importance in training for mediation, which requires a different attitude from that which prevails in adversarial approaches to dispute resolution. In

addition, it will be crucial for all arbitrators, mediators, and other professionals associated with the Center to adhere strictly to ethical principles in the resolution of disputes.

b. Training topics

3.17 The courses to be given may be divided into five types or subject areas, according to the objective sought, which is reflected in the audience at whom the courses are directed and in their content.

- (i) **Training in arbitration and in the code of ethics for arbitrators:** aimed at candidates for the position of clerk of the court of arbitration, legal professionals and other professionals concerned with commercial arbitration. The principal subjects dealt with will be the arbitration procedures of the Center and the ethical precepts to be observed during the arbitration process. It is expected that at least three courses of this type will be given and at least 60 professionals will be trained.
- (ii) **Training in mediation:** aimed at various types of participants, including professionals concerned with the subject, candidates aspiring to positions as mediators for the Center, and currently serving mediators. Training in mediation is planned at three levels: basic training, specific technical training, and continuing education. It is expected that at least five basic training courses and four specific technical training and continuing education courses will be given.
- (iii) **Training in alternative means of dispute resolution tailored to specific sectors:** aimed at arbitrators, clerks of the court of arbitration, mediators, and other professionals concerned with dispute resolution or with the specific subject of the course. The results expected from this subcomponent are the development of at least four modules and the organization of at least four courses, with training provided to 200 professionals in the various subject areas to be covered.
- (iv) **Training of trainers:** a course on current training methodologies for adults, aimed at candidates aspiring to become trainers for the Center. The objective of training in this area is to put in place the capacity for ongoing training. It is expected that a module will be developed, one course will be given, and 20 trainers will be trained.

- 3.18 In order to effectively implement the training component it will be necessary to contract for the following services and personnel: an international institution specializing in dissemination of methodologies and techniques for mediation and arbitration, a consultant/trainer in arbitration, a consultant/trainer in commercial and financial instruments, and experts on disputes that may arise in specific sectors (for example, construction, insurance, shipping, etc.).

4. Promotion and dissemination component (US\$170,440)

- 3.19 The promotion and dissemination component is aimed at generating, in the short and medium terms, a level of effective demand that will enable better use of alternative methods of resolving commercial disputes. Another objective of this component will be to disseminate information about alternative dispute resolution among business leaders, academics, and public authorities concerned with the matter.

- 3.20 The following information dissemination activities are planned:

- a. Dissemination of basic information, for which purpose the following activities will be carried out: (i) model conferences or workshops, adaptable to different target audiences, will be designed; (ii) at least 10 conferences or workshops will be held; (iii) information will be developed for dissemination; (iv) a publicity campaign will be carried out in the mass media; and (v) at least 10 articles will be written and published in the press.
- b. Dissemination of specialized material for the local business sector, for which purpose the following activities will be carried out: (i) a standard conference or workshop will be designed; (ii) at least 10 conferences or workshops for members of the business community will be held; and (iii) at least three seminars will be given in the interior of the country.

- 3.21 The following personnel are expected to participate in the development of the promotion and dissemination component:

- a. businesspeople and institutions with which they are affiliated, both in Uruguay and throughout the region;
- b. professionals from the field of law and from other fields concerned with issues that might be resolved through alternative dispute resolution (business managers, insurers, architects, etc.); and
- c. authorities concerned with the subject and university professors and students.

D. Program participants and benefits

- 3.22 Providing support for the Center for Conciliation and Arbitration will benefit the administration of justice in the country in the following ways:
- a. it will reduce the number of commercial disputes that must be handled by the Uruguayan judiciary;
 - b. it will shorten the time it takes for cases to be resolved;
 - c. it will improve the efficiency and quality of judgments; and
 - d. it will reduce the transaction cost of dispute resolution. In addition, execution of the program will make it possible to consolidate the system of alternative commercial dispute resolution because it will improve the Center's capacity to provide services and will generate a level of effective demand that is consonant with the country's commercial capacity.
- 3.23 This program will be advantageous for both the private and public sectors. The training and dissemination components will benefit commercial activity in the country and Uruguayan society in general. The direct participants in and beneficiaries of the program will be:
- a. At the local level:
 - (i) businesspeople, who will have access to new mechanisms for the resolution of disputes; and
 - (ii) small and medium-sized companies, which will benefit either directly, through utilization of the Center's services, or indirectly, through decongestion of the court system.
 - b. At the regional level:
 - (i) businesspeople and investors from the MERCOSUR countries, as well as other, international concerns that do business or invest in the region, will have access to a specialized means of dispute resolution.

E. Program cost and financing

- 3.24 The estimated total cost of the program is US\$1,680,000, of which it is requested that US\$835,000 be financed on a nonreimbursable basis out of MIF resources. Bolsa de Comercio de Montevideo, S.A., will contribute US\$845,000 in counterpart funds to cover the cost of facilities and administrative and support personnel for the Center's operations.

- 3.25 The table below presents a summary of the estimated budget. The itemized budget may be found in Annex II.

ESTIMATED BUDGET BY COMPONENT (in United States dollars)

| Component | MIF | Bolsa de Comercio de Montevideo, S.A. | Total |
|--------------------------------|----------------|---------------------------------------|------------------|
| 1. Conceptual development | 155,950 | 65,000 | 220,950 |
| 2. Organization and operation | 161,350 | 736,800 | 898,150 |
| 3. Training | 227,500 | 20,000 | 247,500 |
| 4. Promotion and dissemination | 170,440 | 23,200 | 193,640 |
| Evaluation | 40,000 | --- | 40,000 |
| Subtotal | 755,240 | 845,000 | 1,680,240 |
| Contingencies | 79,760 | --- | 79,760 |
| TOTAL | 835,000 | 845,000 | 1,680,000 |
| Percentage | 49.7% | 50.3% | 100% |

- 3.26 The program execution period will be 24 months and the disbursement period will be 30 months, both starting from the date on which the agreement enters into force.
- 3.27 The resources for this operation will be disbursed in accordance with the Bank's procedures and the MIF eligibility criteria. The disbursements will be administered by Bolsa de Comercio de Montevideo, S.A. For that purpose, upon submission of a written request, a revolving fund equal to 10% of the grant will be established.
- 3.28 The Bank's procedures for the procurement of goods and consulting services will be followed during execution of the program.

F. Executing agency

- 3.29 Bolsa de Comercio de Montevideo, S.A., through its Center for Conciliation and Arbitration, will be the executing agency for the program. Bolsa de Comercio de Montevideo, S.A., is an institution of long standing in Uruguay (it was founded in 1867), whose charter establishes that its principle objective is to protect the country's commercial interests and those of its private sector and to serve as a focal point for dealing with all types of legitimate business concerns. It is the umbrella organization for all the commercial entities in Uruguay, comprising 1,200 individual members and 55 commercial or trade associations, which have more than 4,000 members. For historical reasons, Bolsa de Comercio de Montevideo, S.A., retains its legal status as a corporation, although, as its

articles of incorporation indicate, it is a nonprofit organization (first article of the charter).

- 3.30 Bolsa de Comercio de Montevideo, S.A., has accumulated considerable institutional capacity as a result of its past experience in the business sector. It enjoys international recognition, thanks to its affiliation with the International Chamber of Commerce and the Ibero-American Association of Chambers of Commerce. In the area of mediation and arbitration, as well, it possesses ample capacity, given that it serves as the National Committee for the International Court of Arbitration and the National Section of the Inter-American Commercial Arbitration Commission.
- 3.31 The administrative entity of Bolsa de Comercio de Montevideo, S.A., is the Chamber of Commerce, whose members are elected by the members of the exchange and whose powers and duties are set forth in Article 16 of the aforementioned charter. Briefly stated, the Chamber is responsible, *inter alia*, for hearing and rendering judgment on cases submitted for arbitration. The Center for Conciliation and Arbitration will be entirely consistent with the functions that the Chamber has under its charter and would help it to better fulfill its objectives.
- 3.32 The Center for Conciliation and Arbitration was created on June 5, 1995. Its executive body is the board, which is composed of the president of Bolsa de Comercio de Montevideo, S.A., who serves as chairman; four members appointed by the National Chamber of Commerce of the exchange; one member appointed by the Uruguayan Association of Notaries Public; and one member appointed by the Uruguayan Bar Association. The primary functions of the board are to appoint the panels of arbitrators and mediators, to disseminate information about and promote alternative methods of dispute resolution, to administer the cases submitted to the Center, and to represent the Center in its dealings with other organizations and at the international level.
- 3.33 The charter provides for the appointment of a secretary-general by the board in consultation with the National Chamber of Commerce. The secretary-general is responsible for executing the decisions taken by the board and for overseeing the Center's operations.
- 3.34 With regard to the program of support for the Center for Conciliation and Arbitration, the secretary-general will serve as project coordinator and will therefore be responsible for supervising all components, coordinating the various activities, collaborating with the board in the selection of staff and advisors, supervising all personnel, preparing technical reports for the Bank, and collaborating in other activities related to the execution or monitoring of the program. The secretary-general will be assisted by an administrative coordinator, who will oversee all accounting, administrative, and financial functions related to the

program. Basic administrative and general support services for the project will be provided by the National Chamber of Commerce.

- 3.35 The secretary-general will be supervised by the board, which, in addition to the aforementioned functions, will select the advisors and staff for the project, will oversee the ethical and operational aspects of the Center, will participate in the dissemination activities, and will guide and supervise the execution of the project.

G. Financial reports

- 3.36 Within 90 days following the end of each year during the project execution period, and within 90 days of the date of the last disbursement, the executing agency will be required to submit to the Bank a financial report on the use of the Bank's contribution and the local counterpart funds. These financial reports must be audited by a firm of independent auditors approved by the Bank.

IV. FEASIBILITY AND RISKS

A. Feasibility

- 4.1 As was noted above, the process of trade liberalization vis-à-vis the region and the rest of the world, the implementation of structural adjustment programs aimed at improving the climate for the development of private activity, and the appearance in the business world of new commercial and financial instruments have created a growing potential market in the region for alternative, highly-specialized mechanisms of dispute resolution.
- 4.2 Commercial exchanges between Uruguay and the countries of the region have surged since the implementation of a new tariff structure between the MERCOSUR countries and between those countries and the rest of the world. This increase in international commercial transactions, coupled with growing demand for rapid and effective judicial services, is at the root of the economic and financial motivations for creating the Center. Considering the fees charged in countries of the region for the provision of similar services, and taking account of the Center's operating expenses, it is estimated that the Center will be able to achieve complete economic self-sufficiency by the end of its second year of operation.

B. Risks

- 4.3 In the face of these positive aspects, the assumptions that are being made in Uruguay are that, although the General Code of Procedure permits ADR methods, some modifications could be made

that would improve the quality and increase the use of the services offered.

- 4.4 Alternative dispute resolution methods imply a departure from past practice. The Chamber of Commerce has received a very enthusiastic reception in its contacts with members of the business community, but that does not necessarily mean that when the time comes those same individuals, or their attorneys or advisors, will understand or adapt to the required change. This fear of change will be a risk at the regional level as well, although in this sphere its impact will probably be less because other factors - such as lack of knowledge about the internal mechanisms of justice in the other country, higher costs, greater uncertainty - will point up the necessity of change.

V. COMPLIANCE WITH PROGRAM ELIGIBILITY CRITERIA

A. General program eligibility criteria

- 5.1 The provision of MIF financing for the execution of the program of support for alternative means of commercial dispute resolution in Uruguay is entirely consistent with the general objective of the MIF, which is to increase the prominence and participation of the private sector with a view to accelerating socioeconomic growth and development, and reduce the transaction costs of settling commercial disputes.

B. Project eligibility criteria under the Facility

- 5.2 The proposed program also meets the project eligibility criteria for Facility, in accordance with Article III, Section 2, of the Agreement Establishing the Multilateral Investment Fund, which specifically mentions, under point (b), that MIF resources will be extended to finance the implementation of plans aimed at improving the legal environment for investment.

VI. CONSISTENCY WITH THE BANK'S COUNTRY STRATEGY

- 6.1 The proposed project is consistent with the Bank's strategy for Uruguay in terms of support for the development of the private sector in the process of trade liberalization and regional integration. The activities to be carried out under this operation will complement the Finance Sector Adjustment Program (626/OC-UR), the Multisector Credit Program (705/OC-UR), and the Investment Sector Program (703/OC-UR).

VII. AVAILABILITY OF MIF RESOURCES

- 7.1 Type of financing. The use of grant funds for partial financing of the project is based on the following considerations: (i) the Donors Committee, on October 6, 1993, declared Uruguay eligible for all MIF financing modalities; (ii) Section III of the country eligibility memorandum details the reasons why Uruguay meets the eligibility criteria for obtaining a national-scale grant; (iii) the proposed project will have a significant catalytic impact on investment flows, as required under Article 3, Section 5(a) of the Agreement Establishing the MIF, in terms of its objective of creating favorable conditions for private-sector expansion. The validity of these criteria was confirmed by the Donors Committee at its meeting on March 30, 1994 (MIF/GN-23).
- 7.2 Financing of this project with grant funds is important inasmuch as the Center will only achieve financial self-sustainability after an initial phase of promotion when the first dispute resolutions enable the Center to generate its own income. As part of the same program, the Technical Cooperation Facility is financing similar projects in Peru and Colombia.

VIII. EVALUATION AND MONITORING

- 8.1 In order to ensure adequate monitoring and evaluation of the program, the following activities are planned:
- A. Semiannual reports
- 8.2 Within 30 days of the end of each semester, the executing agency will submit a summary account of the activities carried out during the previous six months. The reports will include information on the activities executed and the extent to which the objectives of the operation have been achieved, and, in particular, the status of the training activities. They will also include information on any difficulties encountered and any proposed adjustments or reorientation of activities. In addition, the reports will contain an outline of the work to be accomplished during the following six months.
- B. Final evaluation
- 8.3 Given the nature of the program and the need to ensure continuity of the activities, the project team and the executing agency consider it necessary to carry out a final evaluation of the program and its results. Accordingly, once the program has been executed, the Chamber and the Bank will conduct an independent evaluation of the activities carried out under the proposed

program. For this purpose, the Chamber and the Bank will contract for the services of external consultants. The responsible units within the Bank will participate both in developing the methodology for the independent evaluation and in preparing the terms of reference and hiring the consultants.

MF. FACILITY I. URUGUAY: CENTER FOR CONCILIATION AND ARBITRATION

| General objective of the project: To improve the climate for commercial relations and investment in Uruguay and in the region through the use of alternative means of dispute resolution. | | |
|--|--|--|
| Specific objective of the project: To consolidate the entry into operation of the Center for Conciliation and Arbitration of Bolsa de Comercio de Montevideo, S.A., in order to have a competent entity in the sphere of arbitration and conciliation that is capable of handling cases in a rapid, economical, and highly reliable manner; and to ensure that the Center is economically self-sufficient by the end of the life of the project. | | |
| | | |
| Components | Program activities | Expected results |
| Conceptual development | Compilation of statistics on the various types of disputes in the country, as well as analysis and review of the national, regional, and international legal framework | Studies prepared in six months |
| | Preparation of studies aimed at adapting alternative methods of dispute resolution to the prevailing legal framework | Studies prepared in six months |
| Organization and operation | Identification of physical needs, selection of personnel, and establishment of administrative procedures for the Center | Administrative procedures established and personnel selected in three months |
| | Appropriate equipping of the Center to carry out its functions | Equipment needs defined |
| Training | Training in conciliation and arbitration techniques and in commercial and financial instruments | Training of commercial mediators and multipliers |
| Promotion and dissemination | (i) Organization of seminars and meetings with associations of business leaders and with senior managerial personnel from individual companies to disseminate information on the Center and the nature of dispute resolution proceedings; and (ii) strategic information dissemination campaign | Ongoing program for national training; generation of an adequate level of demand |

ESTIMATED BUDGET BY COMPONENT
(in United States dollars)

| | | MIF | Local cont. | TOTAL |
|-------|---|----------------|----------------|------------------|
| | Component 1: Conceptual development | 155,950 | 65,000 | 220,950 |
| 1.1 | Professional service firms: alternative methods of dispute resolution (5 trips/50 person-days) | 65,500 | | 65,500 |
| 1.1 | Professional service firms: alternative methods of commercial dispute resolution (5 trips/40 person-days) | 44,000 | | 44,000 |
| 2.2 | Individual consultant: International law (1 trip/ 15 person-days) | 10,050 | | 10,050 |
| 2.2 | Individual consultant: Law (local) (6 months/\$2,500) | | 15,000 | 15,000 |
| 2.2 | Legal consultants: (24 months/\$600/6 consultants) | 36,400 | 50,000 | 86,400 |
| | Component 2: Organization and operation | 161,350 | 736,800 | 898,150 |
| 2.1 | Remuneration: Manager, Chamber of Commerce (10%/\$6,220/24 months) | | 14,910 | 14,910 |
| 2.2 | Individual consultant: secretary-general (24 months/\$4,360) | | 104,640 | 104,640 |
| 2.2 | Individual consultant: administrative coordinator (20 months x \$3,000) | 60,000 | | 60,000 |
| 2.2 | Individual consultant: systems expert (10 months/\$2,000) | 20,000 | | 20,000 |
| 3. | Study grant recipients and participants | | 22,000 | 22,000 |
| 6. | General support | 81,350 | 575,990 | 657,340 |
| 6. | Contract administration | | 19,260 | 19,260 |
| | Component 3: Training | 227,500 | 20,000 | 247,500 |
| 1.1 | Professional service firms: consultant/trainer in mediation (11 trips/220 person-days) | 150,000 | | 150,000 |
| 2.2 | Individual consultant: arbitration (6 months/\$2,500) | 15,000 | | 15,000 |
| 2.2 | Inst. consultant: consultant/trainer in commercial and financial instruments (6 months/\$2,500) | 15,000 | | 15,000 |
| 2.2 | Individual consultants: sector experts (3 consultants/1 month/\$2,500) | 7,500 | | 7,500 |
| 2.2 | Consultants/trainers for Center (2 consultants/12 months/\$1,000) | 24,000 | | 24,000 |
| 3.5 | Training materials | 16,000 | 20,000 | 36,000 |
| | Component 4: Promotion and dissemination | 170,440 | 23,200 | 193,640 |
| 1.1 | Professional service firms (8 months/\$3,000) | 24,000 | | 24,000 |
| 1.1 | Professional service firms: international consultants for conf. (2 consultants/4 days) | 14,100 | | 14,100 |
| 2.2 | Individual consultants: arbitrators/mediators (2 consultants/14 cases/\$600) | 16,800 | | 16,800 |
| 2.2 | Exp. individual consultants: notaries, experts | 3,600 | | 3,600 |
| 2.2 | Individual consultants/trainers for Center (2/6 months/\$1,000) | 12,000 | | 12,000 |
| 2.5.1 | International travel | 32,640 | | 32,640 |
| 2.5.2 | Local travel | | 7,200 | 7,200 |
| 5.1 | Duty travel | 14,500 | | 14,500 |
| 6. | General support | 7,800 | 16,000 | 23,800 |
| 7. | Publication and promotional material | 45,000 | | 45,000 |
| 8. | Evaluations | 40,000 | | 40,000 |
| 98 | Contingencies | 79,760 | | 79,760 |
| | TOTALS | 835,000 | 845,000 | 1,680,000 |

PROPOSED RESOLUTION

URUGUAY. NONREIMBURSABLE TECHNICAL COOPERATION FOR
THE PROGRAM FOR THE SUPPORT OF THE CONCILIATION AND ARBITRATION CENTER

The Donors Committee of the Multilateral Investment Fund

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Multilateral Investment Fund, to enter into such agreements as may be necessary and to adopt such other measures as may be pertinent for the execution of the Proposal Memorandum referred to in Document MIF/AT-_____ with respect to a technical cooperation with the Bolsa de Comercio S.A. of Montevideo, Uruguay, for the Program for the Support of the Conciliation and Arbitration Center.

2. That up to the sum of US\$835,000 is authorized for the purposes of this resolution, chargeable to the Technical Cooperation Facility of the Multilateral Investment Fund.

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