

# INTERNATIONAL FINANCIAL REPORTING AND AUDITING STANDARDS<sup>1</sup>

(TC-03-04-01-3)

## EXECUTIVE SUMMARY

**Executing agency:** Colegio de Contadores, Economistas y Administradores del Uruguay [Uruguayan Institute of Chartered Accountants, Economists and Financial Administrators]

**Beneficiaries:** The beneficiaries are institutional and individual investors, companies and business organizations, regulatory agencies, Uruguayan professionals (individuals and firms), members of the Uruguayan Institute of Chartered Accountants, Economists and Financial Administrators, and society in general, through greater market transparency.

**Financing:**

MIF (Facility I) (60%):	US\$420,000
Local counterpart (40%):	US\$280,000
Total:	US\$700,000

**Objectives and description:** The general objective of the project is to contribute to the supply of reliable, transparent and objective financial information on the financial performance of Uruguayan businesses, that is comparable nationally and internationally.

The specific objective is to achieve the timely and continuous adoption of international financial reporting standards (IFRS) and international accounting standards (IAS) by developing processes for their proper application.

**Component I.** Study and convergence with IFRS and IAS. This component seeks to support Uruguay's convergence with internationally accepted standards. It will develop a baseline and an action plan for the adoption and updating of IFRS and IAS.

**Component II.** Dissemination and training. This component will support dissemination of the standards and training in accounting and auditing standards and the technical basis for their application. Means and mechanisms for their continuous dissemination will be designed and a training system will be implemented.

<sup>1</sup> Although the title "International Accounts Standards" has been changed to "International Financial Reporting Standards," the two terms will be used interchangeably in the present text because "International Accounting Standards" is the term most commonly used in Latin America.

**Component III.** Optimization of the quality of professional practices. This component will assist the Institute in the review and introduction of changes in professional practices in Uruguay. It will develop mechanisms for technical and ethical oversight and a continuing system of voluntary education for the profession in the Institute.

**Component IV.** Legal framework. This component will develop a system that will make Uruguayan standards converge permanently with IFRS and IAS. To that end, a legal framework will be developed in agreement with interest groups for the timely and regular adoption of international standards.

**Execution timetable:** The program will be executed in 36 months and the disbursement period will be 42 months.

**Special contractual clauses:** As a condition precedent to the first disbursement, the executing agency will present evidence to the Bank's satisfaction that the project coordinator has been selected.

The baseline for the project will be defined during the first six months of implementation. Consequently, the logical framework will need to be revised within 60 days after the baseline information is obtained, so that continuation of the project can be authorized.

**Environmental and social review:** When it reviewed the project, the Committee on Environment and Social Impact (CESI) at its meeting TRG 29-03 of 1 August 2003 had no comments to add to the environmental and social strategy that the project team prepared and included in the project design.

**Exceptions to Bank policy:** None.