

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

URUGUAY

PROGRAM TO STRENGTHEN THE FINANCIAL SERVICES SUPERINTENDENCY (SSF)

(UR-L1052)

LOAN PROPOSAL

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OBLIGATORY	
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2. Monitoring and Evaluation Arrangements	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=2210933
3. Procurement Plan	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=2178088
4. Environmental and Social Strategy	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=2178278
OPTIONAL	
1. Detailed budget	http://idbdocs.iadb.org/wsdocs/getDocument.aspx?DOCNUM=2223733

ABBREVIATIONS

AFAP	Administradora de Fondos de Ahorro Previsional [Pension Savings Fund Manager]
ASBA	Asociación de Supervisores Bancarios de las Américas [Association of Supervisors of Banks of the Americas]
BCU	Central Bank of Uruguay
CFAA	Country Financial Accountability Assessment
DEM	Development Effectiveness Matrix
FSAP	Financial Sector Assessment Program
ICB	International competitive bidding
IFRS	International Financial Reporting Standards
MEF	Ministry of Economy and Finance
MES	Monitoring and evaluation system
NCB	National competitive bidding
OC	Ordinary Capital
PEA	Program Executing Agency
PEU	Program Executing Unit
SIIF	Superintendencia de Instituciones de Intermediación Financiera [Superintendency of Financial Intermediaries]
SSF	Superintendencia de Servicios Financieros [Financial Services Superintendency]
UIAF	Unidad de Información y Análisis Financiero [Financial Analysis and Information Unit]
UNDP	United Nations Development Programme
XBRL	eXtensible Business Reporting Language

PROJECT SUMMARY

EASTERN REPUBLIC OF URUGUAY PROGRAM TO STRENGTHEN THE FINANCIAL SERVICES SUPERINTENDENCY (SSF) (UR-L1052)

Financial Terms and Conditions			
Borrower: Eastern Republic of Uruguay		Amortization period:	20 years
Executing agency: Central Bank of Uruguay (BCU)		Grace period:	4 years
		Disbursement period:	4 years
Source	Amount	Interest rate:	LIBOR
IDB (Ordinary Capital)	US\$4 million	Inspection and supervision fee:	*
Local	N/A	Credit fee:	*
Total	US\$4 million	Currency:	US\$ from the Single Currency Facility Conversion to Uruguayan pesos: Local Currency Facility (GN-2365-6)
Project at a Glance			
Project objective/description:			
The Program seeks to improve the effectiveness and efficiency of the BCU's Financial Services Superintendency (SSF) in its financial regulation and supervision functions, both in prudential and conduct-of-business terms, so that it can achieve its goals of consumer protection and financial system stability and efficiency within an integrated framework.			
The Program comprises four components: (i) institutional strengthening for the integration of financial regulation and supervision (paragraph 1.15); (ii) improvement of the prudential regulation function (paragraph 1.26); (iii) improvement of the prudential supervision function (paragraph 1.33); and (iv) defense of competition and consumer protection (paragraph 1.40). The activities under these components will be implemented by retaining consulting services, organizing workshops, and conducting other training exercises, and by procuring hardware and software to improve the reception, analysis, and dissemination of information.			
Special contractual clauses:			
As conditions precedent to the first disbursement, evidence of the following will be provided: (i) the Program's Operating Regulations have entered into force (paragraph 2.6); and (ii) the Ministry of Economy and Finance (MEF) and the BCU have signed an agreement for the transfer of loan proceeds (paragraph 2.6).			
Exceptions to Bank policies:			
None.			
Project qualifies as:	SEQ []	PTI []	Sector [] Geographic [] Headcount []

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. DESCRIPTION AND RESULTS MONITORING

A. Reference framework, problem to be addressed, and rationale

- 1.1 In 2002, Uruguay underwent a severe economic and financial crisis, triggered by a lengthy period of recession that began in late 1998 and by external circumstances that had a significant impact on the economy. Because of events that arose as a result of the crisis, the Bank supported the implementation of the Sector Program to Strengthen the Banking System, intended to promote reforms in that sector. The Bank also supported the Program to Strengthen the Superintendency of Financial Intermediaries (SIIF), which sought to strengthen the sector's institutional framework, regulatory framework, and supervision functions. The main actions supported by that program are listed below:
- 1.2 **Strengthening the institutional framework.** The changes were geared toward strengthening the institutional framework of the financial system's security network. In addition, to mitigate problems with information asymmetries and to promote market discipline, the information given to the public about financial system indicators was improved, in terms of quality, quantity, frequency, and timeliness, for example, by expanding the information published in the SSF's informational bulletins.
- 1.3 **Strengthening the regulatory framework.** The changes can be grouped into four categories: (i) solvency, (ii) assessment and treatment of risks affecting the entities, (iii) risk management and definition of minimum management standards, and (iv) protection of the users of the financial system.
- 1.4 **Strengthening the supervision function.** The focus of the supervision function was changed from one of supervision based on compliance with regulatory provisions, with an essentially ex post analysis, to a risk-based approach to analysis that is proactive in the treatment given to weaknesses detected within institutions and that places emphasis on assessing their operations.
- 1.5 In Uruguay, financial system regulation and supervision are the exclusive jurisdiction of the Central Bank of Uruguay (BCU), which it had been exercising through the SIIF, the Stock Market and AFAP Control Division, and the Superintendency of Insurance and Reinsurance. The BCU's new Organic Charter (Law 18,401), adopted in November 2008, introduced a radical change in the financial supervision model by creating a new agency, the Financial Services Superintendency (SSF), which has broader powers and is responsible for supervising all financial services.
- 1.6 The Central Bank's previous Organic Charter was amended in order to: (i) improve the BCU's autonomy, (ii) create an agency to protect bank savings deposits, and (iii) improve the effectiveness of the supervision of the different agents that operate in the financial market. As part of the reform process, the new SSF has regulatory and control authority over agents that were not previously subject to Central Bank control.

- 1.7 **Issues.** The integration of financial regulation and supervision is a complex process that must be designed and implemented in such a way as to maximize the potential benefits and minimize the potential risks associated with integration. In particular, the following issues need to be resolved: (i) at the institutional level, how to create an institutional framework that makes it possible for the SSF to fulfill the functions conferred on it by law, without operating costs increasing significantly, while taking advantage of economies of scale and scope stemming from integration; (ii) at the regulatory level, how to regulate the operation of different markets (banks, insurance companies, securities firms, and pension savings funds (AFAPs)) as an integrated agency, in accordance with best international practices, without adversely affecting the behavior of financial services customers, while trying to minimize the possibility that moral hazard will increase and without representing an additional cost for the institutions; (iii) at the supervisory level, how to undertake a comprehensive analysis of risks in order to maximize economies of scope, based on experience in specialized risk analysis by sector; and (iv) at the market operations level, how to perform, under a single agency, the functions of prudential supervision and conduct-of-business of financial services suppliers.
- 1.8 The literature contemplates the approach to these problems and their possible solutions, recognizing the experience of various countries that have undertaken integration processes, such as Australia, the United Kingdom, and Japan.¹
- 1.9 **Rationale for the operation.** The process of merging the different sectors with supervision functions within the BCU will have a major impact on the organization, since it represents the start of an effort to unify processes, management styles, and information systems, redefine objectives, and reallocate resources. All of this must be tackled as part of a systematic and orderly process, making it necessary, in many cases, for the SSF to have external technical and financial support for an orderly transition toward the establishment of a single supervisory agency.
- 1.10 **The Bank's strategy with Uruguay.** In the current country strategy for the 2005-2009 period, technical and financial support is targeted at three main areas,² one of which is to enhance competitiveness and deepen the positioning of Uruguay in the global economy to sustain growth. The strategy therefore emphasizes addressing the financial sector's vulnerabilities and inefficiencies, which limit broad access to financial services and productive development opportunities. Although the country strategy with Uruguay for the 2010-2014 period is still being prepared, the progress made to date indicates that the above-mentioned goal will remain valid.

¹ Demaestri, E.; Guerrero, F.: *The Rationale for Integrating Financial Supervision in Latin America and the Caribbean*. IADB, Technical Papers Series, July, 2003.

Demaestri, E.; Sourrouille, D.: *Integrated Financial Supervision: Experiences in Selected Countries*. IADB, Technical Papers Series, December, 2003.

² Document GN-2398, IDB, Country Strategy with Uruguay (2005-2009). Revised version.

- 1.11 This Program will assist in the pursuit of the strategy, by providing support for the adoption of policies and measures aimed at reducing the vulnerability of the financial system, improving regulation and supervision, implementing the financial security network, and undertaking reforms to enhance the sector's efficiency, along with other goals. The objectives of this Program, through the different components it entails, address these issues to a great extent.

B. Objectives, components, and costs

- 1.12 **Objectives.** The Program seeks to improve the effectiveness and efficiency of the BCU's Financial Services Superintendency in its financial regulation and supervision functions, both in prudential and conduct-of-business terms, so that it can achieve its goals of consumer protection and financial system stability and efficiency within an integrated framework.
- 1.13 The specific goals and corresponding components of the Program involve: (i) institutional strengthening for the integration of financial regulation and supervision, (ii) improvement of the prudential regulation function, (iii) improvement of the prudential supervision function, and (iv) defense of competition and consumer protection in the conduct of business of financial services providers. At the same time, these objectives are reflected in the SSF's strategic plan, the design of which is at the final discussion stage.
- 1.14 By program conclusion the SSF is expected to have increased the effectiveness and efficiency of its financial regulation and supervision functions, within the framework of an integrated institutional approach, together with the channels through which it interacts with the other agents in the financial security network system. In particular, the effectiveness of the current level of compliance with internationally recognized basic principles for banking, securities, and insurance is expected to improve. With regard to efficiency, the quality of financial regulation and supervision in the integrated framework is expected to improve, without a significant increase in the SSF's headcount. The Program's components are described below.
- 1.15 **Component 1: Institutional strengthening for the integration of financial regulation and supervision (US\$1,314,300).** The component activities will help establish an institutional structure that will allow effective and efficient integrated regulation and supervision of financial services markets (intermediation, securities, insurance, pensions) operating in line with the operation of the financial system security network. This goal will be achieved through improvements in: (i) the skills of the SSF's human resources, (ii) process quality (standardization and scope), (iii) information systems, and (iv) the coordination and delineation of responsibilities with the other agents in the financial system security network when problems arise with supervised entities. The following activities will be financed under this component:
- 1.16 **The SSF's strategic plan.** Since integrating financial regulation and supervision is a central concern in the SSF's strategic plan for 2010-2014, funding will be

provided for an evaluation of the fulfillment of that plan's objectives in order to help align it with this Program's objectives.

- 1.17 **Establishment and strengthening of a unit for external auditor supervision.** Since the supervision model uses external auditors to assist the process, mechanisms to assess the quality of those auditors' work must be designed and implemented in order to determine whether the external support they provide is actually adding value to the process. To that end, the Program will support the creation of a specialized unit within the SSF.
- 1.18 **Strengthening of the Financial Analysis and Information Unit (UIAF).** To promote integration of the functions of financial intelligence and supervision of money laundering and terrorism funding risks into the current supervision model, the Program will support the strengthening of the UIAF in terms of technical and technological consulting services and information systems. In addition, the supervision procedures for currency exchange offices will be reviewed and continuous improvements in financial intelligence tasks within the financial system companies supervised by the SSF will be promoted.
- 1.19 **Process quality management.** The SSF's process quality management mechanisms will be defined for both financial regulation and financial supervision, and the first phase will be implemented.
- 1.20 **Linkage of the SSF to the financial security network.** Studies will be funded on mechanisms for enhancing the compatibility between the functions of the SSF and those of the financial security network, including the BCU and the deposit insurance system, and support will be given to the implementation of those mechanisms.
- 1.21 **Diagnostic assessment of functions, tasks, and available human resources and equipment.** A diagnostic assessment will be undertaken and recommendations formulated for future adaptation of the SSF's functions, tasks, and available human resources to the integrated system.
- 1.22 **Training, internships, and exchanges for SSF officers.** Ongoing training for SSF officers will be provided, geared toward the generation of knowledge regarding financial regulation and supervision. In addition, funding will be provided for internships and exchange programs with supervisors from other countries. The integration of supervision, particularly during the first stage of the merger, adds another element that the training plan must take into account.
- 1.23 **Information systems (hardware and software).** Administrative processes will be modernized through the use of information and communications technologies, such as the XBRL system (accounting information technology), for which funding will be provided for external advisors and the procurement of hardware and software.
- 1.24 **Technological equipment.** The SSF's technological equipment will be updated. Funding will be provided for the procurement of new units and equipment for multipurpose rooms.

- 1.25 Once Program implementation has been completed: (i) an institutional structure will be in place to improve the quality of financial regulation and supervision, without the ratio of number of SSF officials to number of supervised institutions exceeding the threshold of 2, referred to in the Results Matrix; (ii) almost 50% of the SSF technical staff will have been trained; and (iii) the technological equipment consistent with the SSF's new functions will be in place.
- 1.26 **Component 2: Improvement of the prudential regulation function (US\$454,500).** In the regulation area, the aim is to have a comprehensive regulatory framework that provides institutions with appropriate incentives and is consistent with international best practices and the specific characteristics of the local markets. The objective of this component is to support the changes necessary in the regulatory framework, to apply it to and make it consistent with the SSF's new authority. The following activities will be financed under this component:
- 1.27 **Integrated regulatory framework.** The regulatory framework and its overall consistency will be analyzed, to identify areas for improvement, implement mechanisms for sharing information, and avoid duplications in requirements.
- 1.28 **Redesign and compilation of rules.** The regulations covering the performance of the different agents subject to supervision will be redesigned and compiled thematically, in order to obtain a more systematized product with a lower implementation cost for financial services providers. In addition, the regulatory framework governing transparency in the information provided to consumers by financial institutions will be reviewed and updated.
- 1.29 **Dissemination of the regulatory framework.** The correct application of the new regulatory framework depends on it being appropriately disseminated among the entities subject to supervision. The regulatory framework dissemination policies, to be set by the SSF, will determine the number of events to be held.
- 1.30 **Reformulation of basic financial statements and reporting requirements in accordance with the IFRS and XBRL.** The information sought from entities will be analyzed and adapted to current regulation needs. This implies redefining basic financial statements and reporting requirements, based on the impact of adopting International Financial Reporting Standards (IFRS) and introducing new accounting information technology (XBRL).
- 1.31 **Adaptation of the regulatory framework and of local accounting rules to international best practices.** Progress will be made towards adoption of international best practices in the areas of: (i) prudential standards geared to maintaining entities' stability and solvency, (ii) accounting standards consistent with international practice, (iii) provisions aimed at fostering appropriate market behaviors, (iv) reporting rules in line with supervision needs, and (v) a system of sanctions that operates as an incentive to avoid undesired behavior. With the merger of the supervising units, these objectives translate into a need to make the standards that apply to the various financial market actors uniform.

- 1.32 Once Program implementation has been completed, a regulatory framework is expected to be in place that is fully adapted to the new integrated regulation approach and seeks to minimize moral hazard and reduce the costs that the reporting requirements impose on financial institutions, which will contribute to improving the financial system's efficiency.
- 1.33 **Component 3: Improvement of the prudential supervision function (US\$1,113,800).** The task of this component is to support the SSF in achieving its objective in the area of prudential supervision, which is to provide effective supervision based on comprehensive risk analysis and evaluation of financial institution performance, so as to anticipate and prevent possible liquidity or insolvency problems within those institutions. The following activities will be financed under this component:
- 1.34 **Integrated supervision.** Support will be provided for the integration process in order to optimize synergies for effective and efficient integrated supervision. Support will be provided for the reform of integrated supervision processes (both on- and off-site) and for the development of strategies that will make it possible to set corporate governance standards and specific supervision procedures for financial conglomerates. Support will also be provided for the design of a risk matrix for conglomerates. The goal is to maximize the benefits accruing from the integration of supervision functions.
- 1.35 **Comprehensive risk analysis.** Supervision tasks will be carried out in accordance with a comprehensive risk-based supervision model consistent with international practices. Progress is expected to be made with the definition of measurement methods and standards, and with the different principles established by Basel II regarding the requirements for risk-sensitive capital (credit risk, market risks, operational risk). Although the risk-based supervision process has already begun in financial intermediation firms, it will also be promoted in pension funds, securities, and insurance companies. In addition, the supervisory approach used for financial conglomerates will need to be improved.
- 1.36 **Insurance risk.** Support will be provided for the development of a supervision model based on the risk profile of insurance and reinsurance companies. Support will also be provided to assess the applicability of the methodologies for setting capital requirements for insurance companies, established in the so-called Solvency II consultation documents.
- 1.37 **Risk of securities intermediaries and AFAPs.** Support will be provided to implement a risk-driven supervisory approach for securities intermediaries and AFAPs. In this regard, the supervision methodology based on the risks of securities intermediaries will be reviewed, the on-site supervision strategy will be formulated as well as the procedures for implementing it, and the distance supervision of those entities will be strengthened.

- 1.38 **Reporting requirements for risk analysis.** Reporting requirements for entities subject to supervision will be reformulated in accordance with the risk profile of each entity, in order to obtain differentiated requirements.
- 1.39 Once Program implementation has been completed, an approach that involves comprehensive risk analysis will have been adopted to make it possible to evaluate all the institutions that are part of a single financial conglomerate.
- 1.40 **Component 4: Defense of competition and consumer protection (US\$550,600).** The objective of this component is to promote competition in the financial market and to improve the consumer protection function, as regards the conduct of business by financial services providers, to heighten confidence in the financial system. This objective will be pursued through the design and implementation of flexible procedures to enable diligent attention to users' complaints and questions and through the promotion of good practices for dealing with customer claims in the supervised entities themselves and also with regard to practices related to competition. The following activities will be financed under this component:
 - 1.41 **Regulatory framework.** The laws enacted for the protection of financial consumers require the drafting of regulations in the areas of insurance, securities, and pensions. The Program will promote the enactment of those regulations.
 - 1.42 **Strengthening of specific areas within the SSF.** The strengthening of those areas within the SSF responsible for the defense of competition and consumer protection will be supported. A consumer service window will be set up, which will have systems and procedures covering all users of financial services.
 - 1.43 **Supervision in the area of consumer protection.** The SSF will design a system to generate supervision actions based on claims lodged with the financial consumer service window by financial system users.
 - 1.44 **Transparent information system.** Market transparency will be promoted through the timely production and publication of information covering both the main operations of system companies and financial information on supervised companies, thus promoting effective market discipline.
 - 1.45 **Awareness raising on financial system users' rights.** A policy to educate users of financial products will be designed and dissemination activities will be organized to publicize: (i) financial users' rights, (ii) claim mechanisms available to financial customers, and (iii) the risks inherent in the various financial products. Dissemination events will be held for teachers and students of educational institutions, media outlets, and financial market participants. The number of activities to be carried out will be determined in the context of the education policy referred to above.
 - 1.46 **Market analysis.** Efforts will be made to increase knowledge about the financial system through the production of reports on the main trends and outlook of relevant micro- and macroeconomic variables, to identify the level of competition in the banking system and in the securities, pension savings, and insurance markets.

- 1.47 Once Program implementation has been completed, a consumer service window will have been set up, operating in a consolidated manner with a transparent information system, which will help minimize moral hazard.
- 1.48 **Cost and financing of the Program.** Table I shows the Program's summarized budget, for a total amount of US\$4 million to be financed with resources from the Bank's Ordinary Capital.

Table I: Budget (US\$)			
Investment Category		Total-IDB	%
1	Component 1: Institutional strengthening for the integration of financial regulation and supervision	1,314,300	33.0
1.1	SSF strategic plan	12,000	0.3
1.2	Establishment and strengthening of a unit for external auditor supervision	153,300	3.8
1.3	Strengthening the Financial Analysis and Information Unit (UIAF)	270,000	6.8
1.4	Process quality management	36,000	0.9
1.5	Linkage of the SSF to the financial security network	37,000	0.9
1.6	Diagnostic assessment of functions, tasks, and available human resources and equipment	20,000	0.5
1.7	Training, internships, and exchanges for SSF officers	186,000	4.7
1.8	Information systems (hardware, software)	500,000	12.5
1.9	Technological equipment	100,000	2.5
2	Component 2: Improvement of the prudential regulation function	454,500	11.0
2.1	Integrated regulatory framework	71,500	1.8
2.2	Redesign and compilation of provisions	130,200	3.3
2.3	Dissemination of the regulatory framework	30,000	0.8
2.4	Reformulation of basic financial statements and information requirements in accordance with IFRS and XBRL	122,000	3.1
2.5	Adaptation of the regulatory framework and local accounting rules to international best practices	100,800	2.5
3	Component 3: Improvement of the prudential supervision function	1,113,800	28.0
3.1	Integrated supervision	453,400	11.3
3.2	Comprehensive risk analysis	245,300	6.1
3.3	Insurance risk	115,700	2.9
3.4	Risk of securities intermediaries and AFAPs	105,000	2.6
3.5	Reporting requirements for risk analysis	194,400	4.9
4	Component 4: Defense of competition and consumer protection	550,600	14.0
4.1	Regulatory framework		
4.2	Strengthening of specific areas within the SSF	126,000	3.2
4.3	Supervision in the area of consumer protection	24,000	0.6
4.4	Transparent information system	192,000	4.8
4.5	Awareness raising on financial system users' rights	57,400	0.4
4.6	Market analysis	151,200	3.8
5	Administration and evaluation	166,800	4.0
5.1	Administration	100,800	2.5
5.2	Evaluation	66,000	1.6
6	Contingencies	400,000	10.0
TOTAL		4,000,000	100.0%

C. Key outcome indicators

- 1.49 The Results Matrix presented in Annex II, which has essentially already been agreed upon with the SSF, includes indicators for the general objective and for each of the components described above. Each component has output indicators,

intermediate outcomes, and final outcomes. The output indicators are mainly stated in terms of the methodologies and regulatory proposals prepared, management systems and procedures designed and installed, and technical staff trained. The outcome indicators reflect the direct effects generated by implementing outputs in terms of the SSF's effective and efficient performance. The Program's general impact will be measured in terms of its objective, through indicators based on the behavior of the financial regulation and supervision system as a whole.

- 1.50 **Key indicators.** In accordance with the established objective and targets, the Program's key indicators underscore the SSF's commitment to deepen its internal restructuring process in order to strengthen and improve its regulation and supervision capacity and its interconnections with the other components of the financial security network system. Thus, the Program's output indicators essentially consist of retaining specific consulting services that will contribute to the process of adapting the SSF to the new integrated supervision system. The final outcomes are intended to indicate whether implementation of the recommendations made by the consultants had a favorable impact: whether there was an increase in the effectiveness and efficiency of financial supervision and regulation in pursuit of the goals of consumer protection and financial system stability and efficiency.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instrument

- 2.1 **Borrower and executing agency.** The borrower in this operation will be the Eastern Republic of Uruguay. The executing agency will be the Central Bank of Uruguay (BCU).
- 2.2 **Loan modality.** The technical-cooperation loan modality will be used.
- 2.3 **Amount and source of funding.** The amount of loan is estimated at the equivalent of US\$4 million, including tax payments. The resources for the funding will come from the Single Currency Facility of the Bank's Ordinary Capital. No local counterpart contribution is provided for.
- 2.4 **Execution period.** The Program has a planned execution period of four years.
- 2.5 **Revolving fund.** A revolving fund will be set up for up to the equivalent of 5% of total loan proceeds, once the established conditions precedent have been met. Program resources will be managed through a specific account used exclusively for Program execution.
- 2.6 **Special contractual clauses.** Prior to the first disbursement, the borrower will present evidence, to the Bank's satisfaction, that: (i) **the Program's Operating Regulations have entered into force**; and (ii) **an agreement has been signed for the transfer of loan proceeds between the MEF and the BCU.**

B. Environmental and social safeguards

- 2.7 In light of the characteristics of the Program, no environmental or social impact requiring consideration is expected to arise. The Program has been classified as a Category “C” operation by the Environmental Safeguards Unit.

C. Fiduciary considerations

- 2.8 The Program Executing Agency (PEA) will be the BCU. It has been determined that the PEA has the capacity to manage the Program effectively, including financial matters and the presentation of the corresponding progress reports.³ The PEA has experience with procurement through its participation in the execution of Loan 1407/OC-UR-2, where it performed in a satisfactory manner. In addition, previous studies⁴ indicate that the country’s fiduciary risk is low, with responsible and transparent—albeit bureaucratic—financial administration in the public sector, and that there are effective accountability mechanisms. In light of this, financial supervision with regard to disbursements will be conducted on an ex post basis. However, during execution the possibility of possible actions to further strengthen management and fiduciary risk capacities will be examined in conjunction with the counterpart.

D. Main risks

- 2.9 No major risks are anticipated in terms of achieving the development objectives of this operation. The SSF is well regarded and has experience with the implementation of reforms. However, the complexity of the integration process and the interaction of the SSF with the operation of the financial security network pose challenges.
- 2.10 First, there are the challenges arising from the very nature of the process of integrating financial regulation and supervision. This process entails challenges related to maximizing the expected benefits of integration, in particular taking advantage of economies of scale and limiting regulatory arbitration, and to minimizing the risks of the institution becoming bureaucratic and being unable to mitigate the problems associated with the potential higher moral hazard that could be associated with financial services consumers’ perception of the integrated superintendency’s performance. The Program’s design and actions are geared towards mitigating those challenges. For example, the actions in Component 1 are aimed at improving: (i) the skills of the SSF’s human resources, (ii) process quality (standardization and scope), and (iii) information systems.
- 2.11 Second, there are the challenges related to the SSF’s performance within the framework of the financial security network, particularly as regards the BCU’s role

³ The Bank, together with the BCU, has been executing the SIIF Institutional Strengthening Plan (1407/OC-UR-2), associated with the Multisector Global Credit Program.

⁴ Country Financial Accountability Assessment (CFAA), performed in conjunction with the World Bank, 2005.

as lender of last resort and its task of protecting account holders through deposit insurance. To mitigate these challenges, the Program's proposed actions include the coordination and delineation of responsibilities between the SSF and the other financial security network agents when problems arise with the supervised entities.

- 2.12 Third, from the standpoint execution, the Program under loan 1407/OC-UR-2 was executed more slowly than anticipated, which could be explained by the fact that the staff attached to the executing unit was not exclusively dedicated to its execution. That, together with possible changes in SSF authorities and staff,⁵ could create a risk for successful Program implementation. To mitigate this risk, Program execution will be the responsibility of the SSF's Administration and Systems Division, which will act as Program Executing Unit.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 The borrower will be the Eastern Republic of Uruguay and the executing agency will be the Central Bank of Uruguay (BCU). The SSF's Administration and Systems Division will be responsible for Program execution and to that end will act as Program Executing Unit (PEU). The PEU will be responsible for general supervision of the Program and will be geared toward timely fulfillment of its objectives and goals. It will also be responsible for management, technical aspects, and coordination as well as for the Program's financial, accounting, and legal affairs, and for monitoring functions.
- 3.2 For Program execution purposes, the Bank's technical counterpart in the country will be the SSF, through the PEU, which has staff with experience in executing reform programs. The PEU will be responsible for coordinating whatever is needed for proper Program execution and for meeting the commitments acquired under the loan contract. If necessary, consulting services will be retained, with Program financing, to support execution.
- 3.3 Execution of the Program components will be carried out by the PEA under the Program's Operating Regulations as agreed upon by the Bank and the SSF. The entry into force of the Operating Regulations is a condition precedent to the first disbursement. The Operating Regulations will be consistent with Bank rules and policies, with banking and financial laws and practices current in the country, and particularly with the loan contract.
- 3.4 **Procurement of goods and services.** Procurement for the Program will be carried out in accordance with the provisions of documents GN-2349-7 and GN-2350-7 of August 2006, and in accordance with the provisions of domestic law, provided that they do not contradict Bank policy.

⁵ On 1 March 2010, a new government will be taking office in the country.

- 3.5 The procurement plan, the draft of which is included among this document's electronic links, will be updated every 12 months for the remaining months of Program execution, and on each occasion will be submitted to the Bank for review and approval. The Bank's review of the Program's procurement procedures will be conducted on an ex ante basis, in accordance with the provisions of the policies for the procurement of works and goods and of the policies for selection and contracting of consultants. However, the Bank may decide, at its discretion and on the basis of the findings of its reviews, that the review of procurement processes involving amounts below the threshold for international competitive bidding (ICB) will be done on an ex post basis, as follows: (i) ex post review of procurement could be implemented if the Bank so decides, at the request of the PEA, once the necessary conditions have been demonstrated to the Bank's satisfaction; (ii) the Bank may revoke full or partial ex post review of procurement at any time; and (iii) financing with the loan proceeds may be rejected, based on the findings of ex post reviews, depending on the circumstances.
- 3.6 ICB will be used for the procurement of goods with an estimated cost of US\$250,000 or more; national competitive bidding (NCB) will be used for those with an estimated cost of US\$50,000 or more but less than US\$250,000; and price comparison will be used for those with a cost of below US\$50,000. Direct contracting will apply for goods of lesser value, patented goods, or to ensure compatibility with existing goods.
- 3.7 The contracting of consulting services by the PEA may be done through the United Nations Development Programme (UNDP), which may be contracted as a specialized agency to manage the Program's consulting contracts. This contracting mechanism is justified by the UNDP's technical and institutional advantages and by its ample experience with contracting consultants in Uruguay. The costs related to UNDP contracting are expected to be covered by resources from the executing agency.

B. Evaluation and monitoring

- 3.8 The Program will have a system for ongoing evaluation and monitoring that will make it possible to record and measure progress with meeting the Results Matrix indicators, evaluate the relevance of the actions provided for in the operation design, and consider possible modifications in order to facilitate the attainment of the objectives sought.
- 3.9 As part of the monitoring and evaluation system, joint monitoring meetings of the PEA, the SSF, and the Bank will be held. In addition, the PEU will prepare semiannual progress reports and deliver them to the Bank before 28 February and 31 August of each year. The benchmark for these reports will be attainment of the targets set out in the Results Matrix. The reports covering the second half of the year will also include the Annual Work Plan (AWP) for the following year, the allocated budget, the activities and targets for the period, and their projections going forward to Program conclusion.

- 3.10 It was agreed that an initial evaluation will be conducted six months after the start of Program execution, and a midterm evaluation after 18 months. Those evaluations will supplement the Program's ongoing monitoring and evaluation activities. The evaluation after six months is particularly important, because it will allow adjustments or additions to be made to the design of those areas of the Program that so require. The evaluation at 18 months will review the results obtained up to that point, which will make it possible to identify any changes that might be needed to achieve the results sought by the Program. In addition, it was agreed that a final evaluation would be conducted, to take place four years after the start of Program execution or after 80% of the funds have been disbursed. These evaluations will be performed with the support of specialized consulting services, the terms of reference for which will be agreed upon by the PEA and the Bank. The cost of these evaluations will be financed by Program resources.
- 3.11 **Audits.** During the Program execution period and within 120 days after the close of each fiscal year, the executing agency will present the Bank with the Program's financial statements, duly audited by the Court of Accounts of the Eastern Republic of Uruguay. The Program's final financial statement will be submitted 120 days after the date of the final disbursement.

Annex I. Summary Development Effectiveness Matrix
(UR-L1052)
PROGRAM TO STRENGTHEN THE FINANCIAL SERVICES SUPERINTENDENCY (SSF)

ANNEX I

The information contained in this document is confidential.

PROGRAM TO STRENGTHEN THE FINANCIAL SERVICES SUPERINTENDENCY (SSF)
UR-L1052
RESULTS MATRIX

Period 2010-2013							
Objective of the Program	Improve the effectiveness and efficiency of the SSF in its financial regulation and supervision functions, both in prudential and in the conduct-of-business terms, so that it can achieve its goals of consumer protection and financial system stability and efficiency within an integrated framework.						
Results Indicators	Baseline			Targets		Means of Verification	
Supervision of banks, insurance companies, securities firms, and pension funds is carried out in accordance with international standards.	Current status of compliance with basic principles in the banking, securities, pensions, and insurance sectors, based on reports of December 2006 (FSAP), September 2007 (Portela-Vanegas), 2007, and to be determined as part of the Program, respectively.			Relative improvement in compliance with the basic principles of supervision of banks, securities firms, and insurance companies in at least 30% of the principles not met or partially not met at the baseline. Maintain compliance with pension fund principles.		Verification through Financial Sector Assessment Program (FSAP) or by independent consultant.	
Ratio of number of SSF officers to number of institutions supervised.	1.8 (at start of integration process, 1 March 2010). ¹			No more than 2.		SSF records.	
¹ This ratio is the result of comparing a total of 168 officials and 95 supervised institutions, including 13 banks, 1 cooperative, 5 financial companies, 4 external financial institutions, 4 prior-savings group managers, 12 credit administrators, 17 insurance companies, 9 mutual associations, 24 securities agents, 2 stock exchanges, and 4 AFAPs.							
Component 1	<u>Objective:</u> Help establish an institutional structure that will allow effective and efficient integrated regulation and supervision of financial service markets (intermediation, securities, insurance, AFAPs) operating without being affected by other Central Bank objectives and in line with the operation of the financial system security network.						
Output Indicators	Baseline	Year 1 (2010)	Year 2 (2011)	Year 3 (2012)	Year 4 (2013)	Target	Means of Verification
Design of strategic plan	Draft strategic plan prepared.	SSF strategic plan includes aspects of integrated supervision of banks, insurance companies, securities firms, and pension funds.		Evaluation of the strategic plan.		Strategic plan evaluated.	Report from the SSF.

Unit for External Auditor Supervision	Unit is included on SSF organizational chart.	Guidelines prepared for creation of the unit.	Unit equipped with procedures, human and material resources, according to guidelines set in previous stage.	50% of external audits of banks, insurance companies, and AFAPs are supervised.		Unit for External Auditor Supervision created and supervising 100% of external audits of banks, insurance companies, and AFAPs.	Report from the SSF on status of external auditors. SSF records.
Financial Analysis and Information Unit (UIAF) strengthened	N/A	Implementation of information technology (IT) system for handling operations related to money laundering and terrorism funding.	Review of supervision procedure for currency exchange offices.	Supervision of currency exchange offices covers 30% of volume of operations. 70% of the suspicious activity reports (SARs), court requests, and requests for information received from other financial intelligence units are analyzed.		UIAF has a new IT system for operations related to money laundering and terrorism funding, and a procedure for supervising currency exchange offices.	SSF records.
Training in specific skills for integrated supervision.	0	15 technical staff trained.	20 technical staff trained.	20 technical staff trained.	20 technical staff trained.	75 technical staff trained.	Acquired skill assessment results.
Instruments for the SSF to operate in line with the operations of the financial security network system.	N/A		Study on mechanisms to increase compatibility between the functions of the SSF and those of the financial security network concluded.	Implementation of mechanisms to increase compatibility between the functions of the SSF and those of the financial security network.	Mechanisms to increase compatibility between the functions of the SSF and those of the financial security network implemented.	Mechanisms to increase compatibility between the functions of the SSF and those of the financial security network implemented.	Consultants' report approved. Program's final evaluation report.
Information systems and technological tools in line with the complexity of functions.	N/A		Workflows developed.		XBRL system designed. Phase 1 of XBRL	SSF has appropriate information systems and	SSF records. Program's midterm and final evaluation reports.

					implementation.	technological tools.	
Diagnostic assessment and evaluation of the integration process.	N/A	Workshop for diagnostic assessment of integration process.	Implementation of the main conclusions from the workshop.		Integration process evaluation workshop. Implementation of the main conclusions from the workshop.	Two workshops on the integration process and implementation of the main conclusions arising from them.	SSF report.
Intermediate outcomes							
SSF operates with clearly delineated roles and functions.	N/A			Role of SSF consistent with the financial security network and with the BCU's other objectives.		SSF operates with clearly delineated roles and functions.	Program's final evaluation report.
Final outcomes							
Execution of the strategic plan.	N/A				Implementation of strategic plan in accordance with objectives by 2013.	Implementation of strategic plan in accordance with objectives by 2013.	Program's final evaluation report.
SSF managing integrated regulation and supervision of the financial services markets under its orbit.	N/A				SSF regulates and supervises all financial services markets under its orbit in an integrated manner.	SSF regulates and supervises all financial services markets under its orbit in an integrated manner.	Report from the SSF. Program's final evaluation report.
SSF operating in line with the financial system security network.	N/A				SSF operating in line with the financial system security network.	SSF operating in line with the financial system security network.	Program's final evaluation report.

Component 2	Objective: the aim is to have a comprehensive regulatory framework that provides institutions with appropriate incentives and is consistent with international best practices and the specific characteristics of the local markets.						
Output Indicators	Baseline	Year 1	Year 2	Year 3	Year 4	Target	Means of Verification
Regulatory framework adapted to the task of comprehensive supervision.	Current provisions for banks, insurance companies, pension funds, and securities firms were issued separately.	Thematic compilation of current provisions for banks, insurance companies, pension funds, and securities firms. Review and update of the regulatory framework related to reporting requirements.	Review and update of the regulatory framework related to information transparency and consumer protection.	Review and update of the regulatory framework related to prudential requirements.	Regulatory framework compilation document approved. Complete regulatory framework reviewed and adapted.	Regulatory framework compilation document approved. Complete regulatory framework reviewed and adapted.	SSF records.
Regulatory framework dissemination policies.	N/A	Definition of regulatory framework dissemination policies.	Events to publicize the new regulations among supervised entities (number of events to be determined in the dissemination policy).	Events to publicize the new regulations among supervised entities (number of events to be determined in the dissemination policy).	Events to publicize the new regulations among supervised entities (number of events to be determined in the dissemination policy).	Events to publicize the new regulations carried out.	SSF records
New basic financial statements and reporting requirements defined and approved in line with IFRS.	N/A		Basic financial statements and guides defined.	Basic financial statements and guides approved and pilot implementation under way. Definition of complementary financial statements.	Basic financial statements and guides in full use. Complementary financial statements and guides approved and pilot implementation under way.	Basic financial statements and guides defined, approved, and in use.	Basic financial statements and guides.

Intermediate outcomes							
Dissemination of the comprehensive regulatory framework.	N/A		Supervised entities participate in the dissemination events organized.	Supervised entities participate in the dissemination events organized.	Supervised entities participate in the dissemination events organized.	Entities supervised by the SSF participate in the events organized to disseminate the new regulations.	SSF records.
Final outcomes							
Adjustments to the prudential and accounting rules are applied by service providers, in line with international practice.	N/A				Entities abide by new rules and reporting requirements.	Entities abide by new rules and reporting requirements.	SSF records.
Component 3							
<u>Objective:</u> to provide effective supervision based on comprehensive risk analysis and evaluation of financial institution performance, so as to anticipate and prevent possible liquidity or insolvency problems within those institutions.							
Output indicators	Baseline	Year 1	Year 2	Year 3	Year 4	Target	Means of Verification
Reform of integrated supervision processes (on- and off-site).	Supervision processes not integrated.		Insurance sector's procedures and methodologies reviewed.	Securities and pension sector's procedures and methodologies reviewed.		Reform of integrated supervision processes (on- and off-site) completed for insurance sector and partially implemented in the other sectors.	Program's midterm evaluation report.
Methods for determining capital requirements (Basel II) for operational, credit, and market risk prepared and implemented.	N/A	Evaluation of capital requirements based on standard method for credit and market risks.	Proposal on capital requirements based on basic indicator method for operational risk and standard method for credit risk. Implementation of standard method for market risk.	Implementation of capital requirements based on basic indicator method for operational risk and standard method for credit risk. Inclusion of the capital self-evaluation process guide for banks.		Standard capital requirement method for market and credit risk and basic indicator method for capital requirements for operational risk implemented.	Document on methodological framework for determining capital. SSF records.

Evaluation of applicability of capital requirement determination methods at insurance companies (Solvency II).	N/A				Diagnostic assessment of Solvency II applicability in capital requirements of insurance companies.	Diagnostic assessment of Solvency II applicability prepared. Proposed plan of action drawn up.	Program's midterm evaluation report.
Adjusted information submission guidelines for insurance companies drafted and implemented.	N/A		Adjusted information submission guidelines for insurance companies drafted.	New documents on information submission guidelines implemented.		New documents on information submission guidelines implemented.	Document on information submission guidelines for insurance companies. SSF records.
Methodologies for conducting consolidated supervision.	N/A	Workshop on financial conglomerates to be held with the Association of Supervisors of Banks of the Americas (ASBA).	Design of risk matrix for conglomerates. Corporate governance management standards for financial conglomerates and supervision procedures for financial conglomerates designed.			Designs of risk matrix for conglomerates, corporate governance management standards for financial conglomerates, and supervision procedures for financial conglomerates concluded.	Program's midterm evaluation report.
Intermediate outcomes							
Comprehensive on- and off-site supervision partially implemented in the sectors covered.	N/A		Insurance company procedures reviewed.	Securities firms and pension fund procedures reviewed. Integrated supervision procedures implemented in 50% of insurance companies.	Integrated supervision procedures implemented in 100% of insurance companies and pension funds and 50% of securities firms.	Procedures for all sectors reviewed and implemented in 100% of banks, insurance companies, and pension funds, and in 50% of securities firms.	Program's midterm evaluation report.

Final outcomes							
Comprehensive supervision implemented in sectors covered.	N/A					Procedures for all sectors covered reviewed and implemented in 100% of insurance companies and pension funds, and in 50% of securities firms.	Program's final evaluation report.
Consolidated supervision over financial conglomerates implemented.	N/A				Consolidated supervision reports from 100% of conglomerates.	All financial conglomerates covered by consolidated supervision.	SSF records.
Component 4	<u>Objective:</u> to promote competition in the financial market and to improve the consumer protection function, as regards the conduct of business by financial services providers, to heighten confidence in the financial system						
Output indicators	Baseline	Year 1	Year 2	Year 3	Year 4	Target	Means of Verification
Regulatory framework of the Consumer Protection Law.	Law enacted.		Consumer defense regulations enacted in insurance, securities, and pensions sectors.			Consumer defense regulations for insurance, securities, and pensions sectors published.	Circular published in digest of SSF rules.
Methodology for supervising enforcement of the competition promotion and defense legislation.	N/A	Method guide document prepared.	Design of system to generate supervision actions following receipt of user complaints.			Method guide document for enforcement of the competition promotion and defense legislation prepared. Design of system to generate supervision actions following receipt of user complaints.	Method guide framework document. SSF records.

Transparent information that promotes market discipline.	N/A		Study analyzing the level of transparency of information published by the SSF.	Proposed amendment of statistical data provided by the SSF, and of information to be provided by financial institutions.		SSF statistical bulletins incorporate proposed amendments.	Integrated financial stability report.
Financial services consumers aware and trained regarding inherent risks of financial products.	N/A		Design of education policies for users of financial products.	Dissemination activities on the inherent risks of financial products and claim mechanisms for financial customers. (Number of activities to be determined in policy design.)	Dissemination activities on the inherent risks of financial products and claim mechanisms for financial customers. (Number of activities to be determined in policy design.)	Dissemination activities on the inherent risks of financial products and claim mechanisms for financial customers. (Number of activities to be determined in policy design.)	Study on the evolution of financial system users' knowledge based on surveys, complaints, and other elements. Program's midterm and final evaluation reports.
Methods for dealing with user complaints (consumer service window).	N/A	Consumer service procedures and systems designed.	Diagnostic assessment of the structure of the consumer service office and its placement on the SSF organizational chart.			Diagnostic assessment of the structure of the consumer service office and its placement on the SSF organizational chart. Consumer service systems and procedures designed.	SSF records.

Intermediate outcomes							
Implementation of consumer protection supervision.	N/A			Implementation of system to generate		Implementation of system to generate	SSF records.

				supervision actions following receipt of user complaints.		supervision actions following receipt of user complaints.	
Infrastructure for user complaint process (consumer service window).	N/A		Consumer service window operating on pilot basis.			Consumer service window operating on pilot basis.	SSF records. Midterm and final evaluation reports.
Final Outcomes							
Effective supervision of consumer protection.	N/A				Implementation of supervision actions generated from user complaints.	Implementation of supervision actions generated from user complaints.	SSF records.
User complaint process (Consumer service window operating on pilot basis.).	N/A				Consumer service window fully operational.	Consumer service window fully operational.	SSF records.

**Summary of Procurement Plan
(UR-L1052)**

1. Ref. No.	2. Description of procurement	3. Estimated cost of procurement in US\$	4. Procurement Method	5. Ex ante or ex post review	6. Source of financing and percentage	7. Estimated dates of procurement
GOODS						
1.1	Comp 1: Technological equipment.	100,000	DC/PC	Ex ante	IDB / 100%	Semester 3, 5
1.2	Comp 1: Information systems (hardware, software).	500,000	ICB and NCB	Ex ante	IDB / 100%	Semester 1, 2, 5
1.3	Comp 4: Transparent information system	56,000	DC	Ex ante	IDB / 100%	Semester 5
INDIVIDUAL CONSULTANTS						
COMPONENT 1						
2.1	Comp 1: SSF Strategic Plan.	12,000	CQ	Ex ante	IDB / 100%	Semester 5
2.2	Comp 1: Establishment and strengthening of a supervisory unit for external auditors.	153,300	CQ	Ex ante	IDB / 100%	Semester 1
2.3	Comp 1: Strengthening the Financial Analysis and Information Unit (UIAF).	270,000	CQ	Ex ante	IDB / 100%	Semester 1, 3
2.4	Comp 1: Process quality management.	36,000	CQ	Ex ante	IDB / 100%	Semester 7
2.5	Comp 1: Linkage of the SSF to the financial security network.	37,000	SSS/CQ	Ex ante	IDB / 100%	Semester 3-4
COMPONENT 2						
3.1	Comp 2: Integrated regulatory framework.	71,500	CQ	Ex ante	IDB / 100%	Semester 1-2
3.2	Comp 2: Redesign and compilation of rules	130,200	CQ	Ex ante	IDB / 100%	Semester 1 and 4
3.3	Comp 2: Reformulation of basic financial statements and reporting requirements in accordance with IFRS and XBRL.	122,000	CQ	Ex ante	IDB / 100%	Semester 3 and 6
3.4	Comp 2: Adaptation of the regulatory framework and local accounting rules to international best practices.	100,800	CQ	Ex ante	IDB / 100%	Semester 1 and 3
COMPONENT 3						
4.1	Comp 3: Integrated supervision.	443,400	CQ	Ex ante	IDB / 100%	Semester 1,3,5
4.2	Comp 3: Comprehensive risk analysis.	245,300	CQ	Ex ante	IDB / 100%	Semester 1-6
4.3	Comp 3: Insurance risk.	115,700	CQ	Ex ante	IDB / 100%	Semester 1-7
4.4	Comp 3: Risk of securities intermediaries and AFAPs.	105,000	CQ	Ex ante	IDB / 100%	Semester 5-6
4.5	Comp 3: Reporting requirements for risk analysis.	194,400	CQ	Ex ante	IDB / 100%	Semester 1
COMPONENT 4						
5.1	Comp 4: Strengthening of specific areas within the SSF.	126,000	CQ	Ex ante	IDB / 100%	Semester 1
5.2	Comp 4: Supervision in area of consumer protection	24,000	CQ	Ex ante	IDB / 100%	Semester 3
5.3	Comp 4: Transparent information system.	70,000	CQ	Ex ante	IDB / 100%	Semester 1 and 3
5.4	Comp 4: Awareness raising on financial system users' rights.	12,400	CQ	Ex ante	IDB / 100%	Semester 3
5.5	Comp 4: Market analysis.	151,200	CQ	Ex ante	IDB / 100%	Semester 1 and 5
ADMINISTRATION AND EVALUATION.						
6.1	Administration	100,800	CQ	Ex ante	IDB / 100%	Semester 1
6.2	Evaluation.	66,000	CQ	Ex ante	IDB / 100%	Semester 1, 4, 8
NONCONSULTING SERVICES						
7.1	Comp 1: Diagnostic assessment of functions, tasks, and available human resources.	20,000	DC	Ex ante	IDB / 100%	Semester 2 and 7
7.2	Comp 1: Training of SSF officers.	186,000	DC	Ex ante	IDB / 100%	Semester 1-8
7.3	Comp 2: Dissemination of the regulatory framework.	30,000	DC	Ex ante	IDB / 100%	Semester 3-8
7.4	Comp 3: Integrated supervision.	10,000	DC	Ex ante	IDB / 100%	Semester 1
7.5	Comp 4: Transparent information system.	56,000	DC	Ex ante	IDB / 100%	Semester 3-8
7.6	Comp 4: Awareness raising of financial system users' rights.	45,000	DC	Ex ante	IDB / 100%	Semester 4-8

Goods

DC Direct Contracting
PC Price Comparison
NCB National Competitive Bidding
ICB International Competitive Bidding

Individual Consultants

CQ Comparison of qualifications
SSS Single-source selection

Consulting firms

QCBS Quantity and
CQS Selection
SSS Single-source selection

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-____/09

Uruguay. Loan ____/OC-UR to the Eastern Republic of Uruguay
Program to Strengthen the Financial Services Superintendency (SSF)

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Eastern Republic of Uruguay, as Borrower, for the purpose of granting it a financing to cooperate in the execution of a program to strengthen the financial services superintendency. Such financing will be for an amount of up to US\$4,000,000 from the Single Currency Facility of the Ordinary Capital resources of the Bank, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.