



Uruguay One UN Coherence Fund Annual Project Narrative Progress Report

Reporting Period: 1 January – 31 December 2009

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Country and Thematic Area

Uruguay, Sustainable production and development

Programme No: B

MDTF Office Atlas No: 66242

Programme Title: Technical assistance for the design of public policies that promote sustainable production and employment.

Participating Organization(s):

FAO, UNEP and UNIDO

Implementing Partners:

Office of Planning and Budget (OPP)
Ministry of Labour and Social Security (MTSS)
Ministry of Livestock, Agriculture and Fisheries (MGAP)
Ministry of Housing, Land Use Planning and Environment (MVOTMA)

Programme Budget (from the Fund):

FAO	352,030
UNEP	42,051
UNIDO	772,005

Programme Duration (in months): 24

Start date¹: 7 Aug 2008

End date: 17 Aug 2010 (expected)

Original end date

Revised end date, if applicable

Operational Closure Date², if applicable:

Budget Revisions/Extensions:

List budget revisions and extensions, with approval dates, if applicable

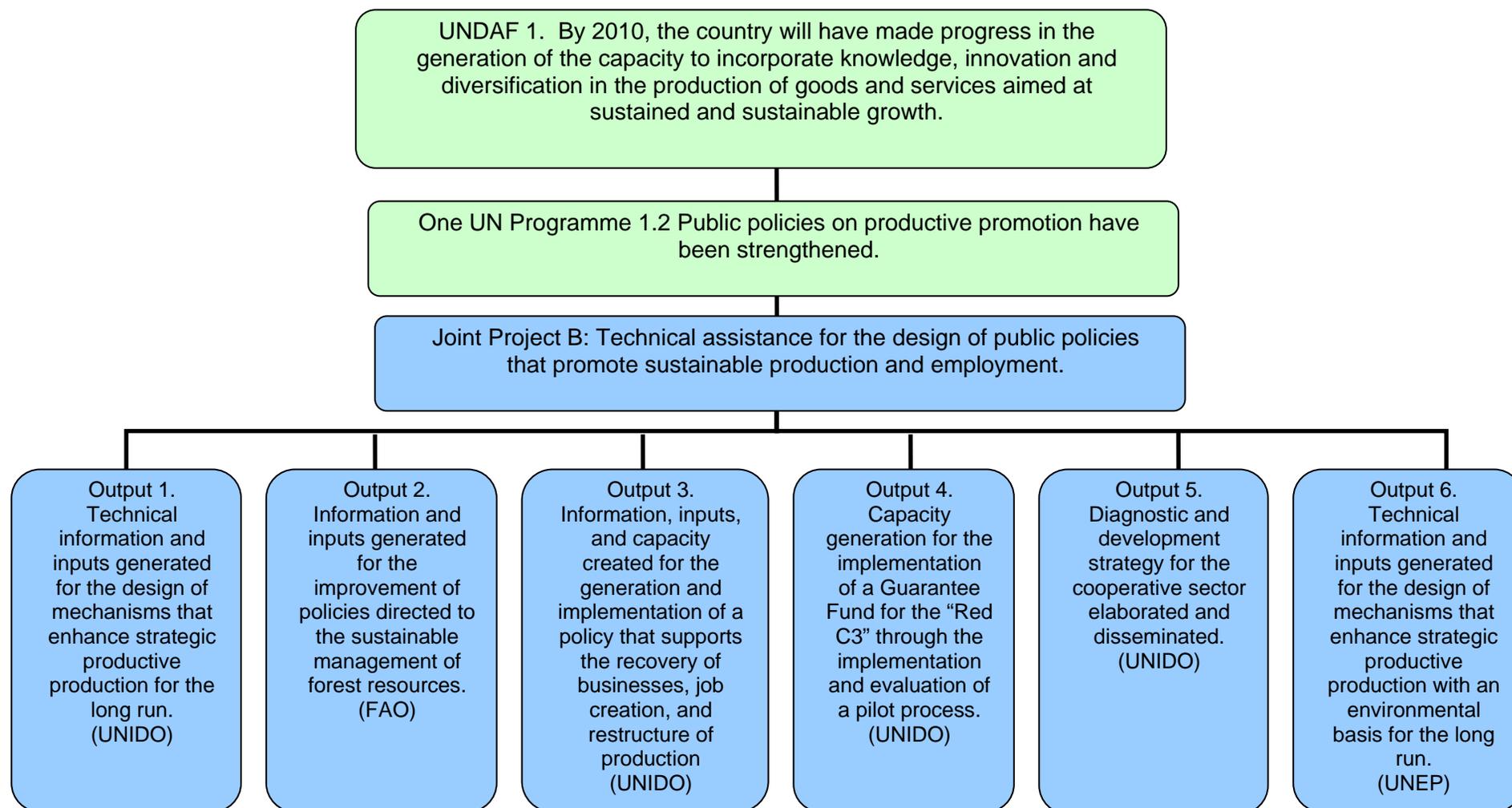
¹ The start date is the date of the first transfer of funds from the MDTF Office as Administrative Agent.

² All activities for which a Participating Organization is responsible under an approved MDTF programme have been completed. Agencies to advise the MDTF Office.

I. PURPOSE

<p>Programme Description:</p>	<p>This project was developed as one of the objectives of the One UN Programme 2007-2010 “Building Capacities for Development” in Uruguay.</p> <p>This project will support the achievement of human development by improving the capacities to develop public policies through: the design of technical data that support strategic production strategies for the long-run, the generation of forest resources data, the enhancement and strengthening of business recovery policies, support the development of a strategy for cooperative production, and the design of technical environmental data that support production strategies for the long-run.</p>
<p>Development Goal:</p>	<p>UNDAF 1. By 2010, the country will have made progress in the generation of the capacity to incorporate knowledge, innovation and diversification in the production of goods and services aimed at sustained and sustainable growth.</p>
<p>Outcome:</p>	<p>One UN Programme 1.2 “Public policies on productive promotion have been strengthened.”</p>
<p>Outputs and Key Activities:</p>	<ol style="list-style-type: none"> 1. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production for the long run. 2. Information and inputs generated for the improvement of policies directed to the sustainable management of forest resources. 3. Information, inputs, and capacity created for the generation and implementation of a policy that supports the recovery of businesses, job creation, and restructure of production. 4. Capacity generation for the implementation of a Guarantee Fund for the “Red C3” through the implementation and evaluation of a pilot process. 5. Diagnostic and development strategy for the cooperative sector elaborated and disseminated. 6. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production with an environmental basis for the long run.

Outputs for the Joint Project B and their relation to the One UN Programme and the UNDAF



II. RESOURCES

Participating UN Organization(s)	Approved Joint Programme Budget	Approved Transfers to PUNOs (2008)	Approved Transfers to PUNOs (2009)
FAO	352,030	115,357	195,756
UNEP	42,051	8,025	26,108
UNIDO	772,005	147,606	479,917
Total:	US\$ 1,166,086	US\$ 270,988	US\$ 701,781

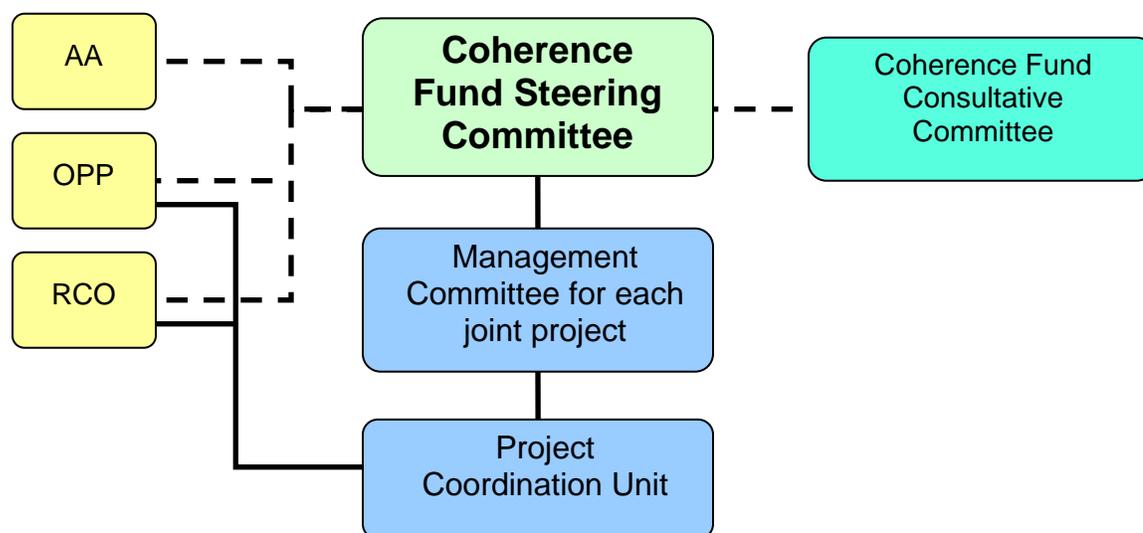
III. IMPLEMENTATION AND MONITORING ARRANGEMENTS

To support the One UN Programme, the Government and the UNS in Uruguay agreed to establish the Uruguay One UN Coherence Fund; a common, un-earmarked, development fund, under the leadership of the Resident Coordinator. The Uruguay One UN Coherence Fund supports the coordinated resource mobilization, allocation and disbursement of donor-contributed resources for the unfunded elements of the One UN Programme.

The Uruguay One UN Coherence Fund has several governance mechanisms to ensure proper management of funds, supervision of project execution, and monitoring of results. The mechanisms are: The Coherence Fund Steering Committee, The Coherence Fund Consultative Committee, The Management Committees, and the Administrative Agent (AA).

The members of the Management Committee are: Office of Planning and Budget (OPP), Ministry of Labour and Social Security (MTSS), Ministry of Livestock, Agriculture and Fisheries (MGAP), Ministry of Housing, Land Use Planning and Environment (MVOTMA), the Resident Coordinator's Office (RCO), the executing agencies (FAO, UNEP, UNIDO) and the associated UN Agencies (ECLAC, ILO, UNDP).

Governance mechanisms for the Uruguay One UN Coherence Fund.



IV. RESULTS

Main achievements in the year:

- In general, all activities established by the Project for 2009 were completed; these activities were dedicated to enhance sustainable production and employment in the country.
- The various activities in its outputs are aimed at strengthening state capacities in terms of developing tools and to improve information available for decision making with respect to Production (Book Value chains and the completion of census both in Recovered Enterprises or Cooperatives) and Employment (Employment Observatory and Consulting Center for the National Institute of Employment and Professional Training, INEFOP) progressively incorporating environmental sustainability in the formulation of Public Policy (Recovered Enterprises).

Main difficulties found in the year of implementation:

- The achievement of outcomes 1 and 6, which link the aspects of production with environmental sustainability, needed substantial coordination, and some activities were not performed with the depth needed to achieve the desired implementation of cross-cutting issues within the Project.
- Other difficulties found lay in the different times of implementation of the policies when various State institutions are involved, such as output 4 (Red C3). Although it has the political support of its authorities, it is having difficulties of operational implementation that provoke delays in the effective implementation of the Pilot.

Output 1. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production for the long run. (UNIDO)

Results Obtained

- The main goal of this output is to generate new statistics that allow a regular monitoring of the business and employment dynamics through time. As an approximation to the objective a initial pilot phase covering the period 2005-2008 was conducted. For this purpose a business monitoring panel was constructed based on the indicators of business demography from the administrative records of the BPS.
- The preparation of an Observatory for business and employment dynamics was achieved with the assistance of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Ministry of Labor of Argentina. Definition of functioning, physical space and equipment of the Observatory on the basis of an agreement between the OPP and the BPS.
- A workshop analyzing methodological issues of the Observatory was held, followed by a press conference, for the launch of the Observatory in November 2009.

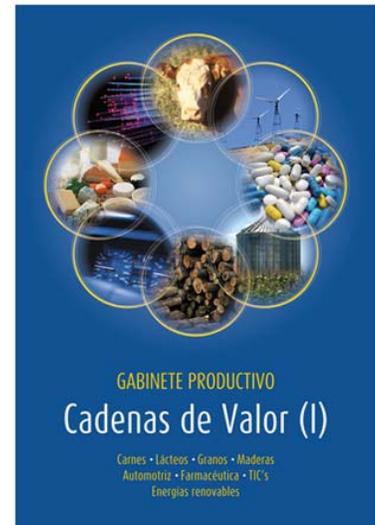


Press conference of the ODEI (Liberty Building, August 20, 2009)

- In the framework of this component four consulting firms were hired to analyze and quantify for four specific sectors: a) the demand of qualifications for the following years, according to the estimation of the levels of business activity and identifying sectors from which workers may have compatible skills. The sectors were as follows: (Automotive Industry, Information Technology and Communications (TICs), Pharmaceutical Industry, Industry of woodworking), b) the existing training abilities to meet the demand for skills characterized in

the previous section. These reports serve as input to the work of INEFOP. In this framework the participation of government officials in specialized Seminars abroad have been funded.

- A Book of Value Chains in Uruguay was printed. The Productive Cabinet was involved in its elaboration; this group is formed by the Ministry of Industry, the Office of Planning and Budget, the Ministry of Labor, the Ministry of Agriculture and Fisheries, in coordination with the Ministry of Economy and Finance. From these ministries, technical representatives were appointed who worked on the development of the following value chains: Oilseeds, Information Technology and Communications, Wood, Meat, Dairy Products, Renewable Energy, Pharmaceuticals and Automotive Industry. At this point a book including a second set of supply chains will be printed: Poultry, Swine, Citrus, Textiles as well as Bio & nanotechnology. A third book with recommendations and measures to lift the restrictions on growth and encourage their potential will be printed.
- The project also supported the Human Genomics Seminar, as part of the "200 years of Darwin's birth" with infrastructure, trips and hiring an international consultant that discussed about the opportunities for Latin America that link the technological development with natural resources.
- Other lines of work performed under this output was to support the Defense Commission of Competitiveness of the Ministry of Economy and Finances to develop studies on the price chain of slaughter cattle and the potato productive value chain.
- The Competitiveness Program for Conglomerates and Productive Chains (PACC) from the OPP, the conglomerate support programme (PACC PYMES) from the Ministry of Industry, Energy and Mining, and the Investment Law and work from the Productive Cabinet were evaluated as public policies to promote development.



Main Impacts

Improved information available for decision making on public policies for promoting production and its link with Employment.

Output 2. Information and inputs generated for the improvement of policies directed to the sustainable management of forest resources. (FAO)

- With the forest survey in 2009, approximately 160,534 hectares in the different sub-basins (South-East, Coastal zone, and North of the country) were surveyed. This output projects that for January 2010 240,800 hectares of the forest will be achieved.
- The main achievements to date, a total of 975 plots in different regions, 414 in the North, 283 in the South-East and 278 in the coastal zone of the country. In the different regions plots have been relieved with planted and native forest that presented the following percentage distribution by region. In the North and coastal zone, 79% of planted forest and 21% of natural forest was found, while in the Southern region the ratio is matched to find 49% planted forest against 51% of natural forest.
- The methodology that is being applied will allow for this information to be updated in the future by utilizing the same sample points (plots) at different times. In the permanent plots a re-measurement can be done in 5 years time in the planted forest; while in the natural forest, measurement can be done in 10 years. The survey had a sampling error of less than 10% probability level of 95%.
- Planted forest plots are circular and vary from 6 to 18 meters in radius, while the native forest plots are rectangular, 20 meters long and 10 meters wide. The gathered information relates to general information about the plot, distances, coordinates of the point sample, characteristics of planted forest, teamwork, water, wildlife, relief, soil, vegetation, non-timber plant products, flora, environmental problems, maintenance and structure of forests, fire, health, invasive species and measurement of the plots.
- This information will provide useful details of planted forests, aspects related to the quantitative characteristics of the masses (distribution of the number of feet, base areas, stock, growth, technological qualities, production, etc.), the conservation of the masses, as well as its ecological and environmental functions. Information will be collected for the elaboration of MFC of indicators (Sustainable Management of Temperate and Boreal Forests – [Montreal Process]).
- The fieldwork was performed by three teams; one for the North Central Region, one for the Coastal zone and one for the South-East. Each team consisted of four people in total, a Team Leader, an expert on flora and soil, and two assistants.



The fieldwork team forest Resources

- The project will survey approximately 1,463 plots in total; a 20% reduction than originally projected. This is due to reasons of uncertainties occurring in the field work (time of transfer, access problems and identification of plots, broken vehicles and weather problems).
- Finally, a number of recommendations were developed for improving the process: to give greater publicity to the local component, provide more information to the owners of the fields where the plots are randomly selected, improve data entry programme and consider changes of performance in future measurements, as it shows differences in accessibility as in the prior information of the owners of the land for planting forest respect to the native forest.

Output 3. Information, inputs, and capacity created for the generation and implementation of a policy that supports the recovery of businesses, job creation, and restructure of production. (UNIDO)

- The Recovered Enterprises Unit, operating within the Ministry of Labor, was created to facilitate the assistance to businesses whose workers had taken over its production, management, and in some cases ownership.
- Diagnosis-census of 26 companies and projects was conducted in coordination with the Ministry of Housing, Territorial Planning and Environment (MVOTMA) to include the environmental component of the survey.
- Consultancies (15) were held in various areas to support enterprises: quality, legal, marketing and sales, business plans, human resources and management.
- Legal solutions to the obstacles that several companies faced are being explored as well as improving their organization, supporting them in improving the forms of governance and improving their market position. Also some enterprises were able to consolidate and to undertake an analysis of economic and environmental viability among others.



Worker of Envidrio



Workers of CODEMUR Rosario

Output 4. Capacity generation for the implementation of a Guarantee Fund for the “Red C3” through the implementation and evaluation of a pilot process. (UNIDO)

This document summarizes progress during 2009 for implementation of the Uruguay C3 Transaction Network.

Project objective

- Transaction Network for Commerce Credit Circuit (C3) Uruguay is a tool to promote access to credit for Small and Medium Enterprises as a strategy to achieve local economic development, increase liquidity for working / labor capital, promote new sources of employment, develop greater entrepreneurship, and promote competitiveness of enterprises.

Agreements

- The project is run by the Productive Development Directorate (DIPRODE) under the Microfinance Programme for Production Development.
- A framework cooperation agreement between DIPRODE and Social Trade Organization (STRO) Foundation was established for the provision of technical advice and services.
- There have been initial cooperation funds with contributions from: STRO Foundation, UNIDO, Inter-American Development Bank (IDB), and DIPRODE.
- The Board of the Bank of the Republic of Uruguay approved on September 2009 their participation in the following roles: manager network settings, and endorsements / guarantees issuer.
- Institutional support of the Uruguayan Chamber of Credit Unions Capitalization (CUCACC) was obtained. This institution will actively participate in the Network, giving credit to the users to operate within the system.
- Institutional support of Public Enterprises and Organizations of the State (National Telecommunications Administration [ANTEL]; National Fuel, Alcohol, and Cement Administration [ANCAP]; State Waterworks [OSE], National Electric Factories and Transmission Administration [UTE], BPS, Tax General Directorate [DGI], National Port Administration [ANP], National Mail Administration [ANC]) to serve as recipients of payments within the system. The agreements are in process of finalization.
- Finally, with the intention of activating the C3 Transaction Network Uruguay in the short term, the Ministry of Economy and Finance made the institutional decision to conduct a financing pilot project for MSMEs supplying the State suppliers.

Documents generated

- The C3 team has prepared the following documents as a basis for project implementation:
 - Action Plan.
 - Operating Rules of Transaction Network C3.
 - Design of the legal entity that will operate the Network.
 - Business Plan.
 - Commercial Plan.
 - Accounting System Design of Network Management.
 - Manuals of internal and external procedures.
 - System Operating instructions for participants of the Network.
 - Proof of transactions.
 - Contracts for membership of the participants.
 - Framework Agreement with Support Institutions.
 - Specific agreement with Support Institutions.
 - Framework Convention Microfinance institutions issuing guarantees.
 - Specific agreement with microfinance institutions issuing guarantees.
 - Framework Agreement with collection and payment networks.

- Specific agreement with collection and payment networks.
- Communication tools (Institutional catalog, CD, Cover Letter, interactive demo, presentations and Flash, Web Page (www.c3uruguay.com.uy), Design of release events, Folders, Brochures, Banners).

The investments referred below, have been co-financed by UNIDO, IDB, and DIPRODE.

- Human Resources: a team has been hired to lead and conduct the operational area of the Red C3 Uruguay; a Transaction Administration Coordinator, a Help Desk, a clerk, a Risk Area Coordinator, a Risk Senior Analyst, and a General Coordinator of the project.
- VeriSign Certification: The system used by the Network Transaction C3 Uruguay will be certified by VeriSign, used by major banking institutions worldwide. This certificate gives security to the system users who are accessing the correct site, thus preventing theft of passwords.
- System quality Testing: testing of quality system is being conducted in order to offer 100% software tested by experts.
- On Friday 20 November 2009, in DIPRODE, the executive unit of the Micro Finance Program for Production Development, the Production Cabinet, the Bank of the Republic and Uruguay STRO Foundation conducted the "Presentation of the C3 Transaction Network in Uruguay".
- Event speakers included:
 - Minister of Economy and Finance, Mr. Alvaro Garcia.
 - Minister of Labor and Social Security, Mr. Julio Baráibar.
 - Senator of the Republic, Mr. Eduardo Bonomi.
 - Director of DIPROD, Ms. Martha Jauge.
 - Director of Republic Bank, Mr. Angel Penaloza.
 - Microfinance Programme Coordinator, Mr. Enrique Baráibar.
 - Director of the Office of Planning and Budget, Mr. Martin Dibarbouré.



- To access the press releases concerning the event, photos and audio from the speakers, you can access the site www.c3uruguay.com.uy.

Output 5. Diagnostic and development strategy for the cooperative sector elaborated and disseminated. (UNIDO)

Results Obtained

- Cooperative Census was conducted in the framework of an agreement signed between the OPP, the Honorary Commission of the Cooperativism (CHC), the Uruguayan Confederation of Production Cooperatives (CUDECOOP) and The National Institute of Statistics (INE).
- INE, with assistance of this Project, provided technical direction of the II National Census of Cooperatives and Rural Development Societies, conducted from October 2008 through November 2009. Eleven pollsters, two critics and two fieldwork supervisors were provided by the project as well as the needed information technology resources to process, store and analyze data.
- The census began with a universe of 1,577 cooperatives which reported having economic or social activity until November 2007; of these, 1,077 were censused completely. The remaining did not respond, were not located, or were reported as not having economic or social activity at the time of the census. The distribution of cooperatives by Department, is as follows:

Distribution of units with complete response according to type and Department. December 2009

DEPARTMENT	MODALITY								Total
	Agricultural	Savings and Credit	Consumers	Social Coop.	Medical	Odontology	Production	Housing	
ARTIGAS	4	1	1	4	2	2	1	2	17
CANELONES	17	0	1	5	11	4	12	42	92
CERRO LARGO	5	3	0	0	2	1	3	5	19
COLONIA	15	3	0	0	3	4	5	18	48
DURAZNO	1	0	2	0	1	2	4	12	22
FLORES	2	1	0	0	1	1	2	5	12
FLORIDA	3	2	1	2	1	1	5	9	24
LAVALLEJA	3	2	0	1	1	1	8	8	24
MALDONADO	6	6	1	6	1	1	0	14	35
MONTEVIDEO	14	42	16	17	3	2	138	341	573
PAYSANDU	8	0	1	8	0	2	4	16	39
RIO NEGRO	5	1	1	1	2	2	3	11	26
RIVERA	1	0	0	0	2	2	0	2	7
ROCHA	4	0	0	2	1	2	2	2	13
SALTO	9	0	1	3	0	1	9	17	40
SAN JOSE	6	0	0	1	2	3	3	9	24
SORIANO	6	2	0	0	2	2	4	9	25
TACUAREMBÓ	6	0	0	1	1	1	5	13	27
TREINTA Y TRES	2	1	0	0	1	1	2	3	10
Total	117	64	25	51	37	35	210	538	1,077

This information shows the economic contribution of the cooperative sector to the country, information that was not updated since 1991. From these data the sector can complement the Cooperative Development Plan and establish future strategic guidelines.

Output 6. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production with an environmental basis for the long run. (UNEP)

- Reports of the economic sectors prioritized by the Production Council were completed while incorporating an environmental dimension in their development.
- This output was effectively articulated with Output 3, of recovered enterprises where the environmental variable was included in the Census that was conducted.
- Technical specialists from project provided recommendations on the treatment of industrial effluents for the recuperated enterprises. In this case it was done for the company Cardboard and Paper of Pando and for the former tannery URUVEN.
- With this output, courses on business support were planned to the recovered enterprises on sustainable production with the aim of providing theoretical and practical knowledge to promote their eco-efficient management.
- In the programming for the work of the World Bank for the next five years, a line of financing and restructuring of production of environmental basis for these businesses was included.



Paper Machine



Cardboard Machine

V. FUTURE WORK PLAN

Output 1. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production for the long run. (UNIDO)

- Continuing with the elaboration of the Observatory for business and enterprises dynamics.
- Generate the results and publications.
- For February 2010, the book from a second set of supply chains will be printed: Poultry, Swine, Citrus, Textiles & Bio-and nanotechnology. Adding to this product is the publication of a book including the measures to be implemented by the first value chains analyzed, allowing the restrictions for growth to be address and to encourage their potential.
- Continuing supporting the work of the productive cabinet in times of change from one administration to another.

Output 2. Information and inputs generated for the improvement of policies directed to the sustainable management of forest resources. (FAO)

- Complete the survey and closing with the output final report.

Output 3. Information, inputs, and capacity created for the generation and implementation of a policy that supports the recovery of businesses, job creation, and restructure of production. (UNIDO)

- Conclude the consultancies to improve the performance of the recovered companies.

Output 4. Capacity generation for the implementation of a Guarantee Fund for the “Red C3” through the implementation and evaluation of a pilot process. (UNIDO)

- Conclude training of personnel to operate the Network Transaction C3 Uruguay.

Output 5. Diagnostic and development strategy for the cooperative sector elaborated and disseminated. (UNIDO)

- Drafting of final report of census results and their dissemination in a seminar or presentation.

Output 6. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production with an environmental basis for the long run. (UNEP)

- Continuation of training courses to members of the recovered enterprises.
- Development of a guide of the efficient use of water for the dairy sector and good practices with the feedlot sector.

VI. MONITORING

Expected results	Indicators	Status/measure
Output 1. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production for the long run.	• Study on value Chains in Uruguay	Completed
	• Observatory on Entrepreneurship.	Operational
	• Sectors for which roundtables were held.	1. Automotive 2. Information Technology and Communications 3. Pharmaceutical 4. Woodworking
Output 2. Information and inputs generated for the improvement of policies directed to the sustainable management of forest resources.	• Hectares surveyed by the project	160,534
	• Plots surveyed by the project	975 (total) 414 (North) 283 (South-East) 278 (Coastal)
	• Percentage of Planted Forest – North	79 %
	• Percentage of Planted Forest – South-East	49 %
	• Percentage of Planted Forest – Coastal	79 %
	• Percentage of Natural Forest – North	21 %
	• Percentage of Natural Forest – South-East	51 %
Output 3. Information, inputs, and capacity created for the generation and implementation of a policy that supports the recovery of businesses, job creation, and restructure of production.	• Census of Recovered Enterprises	Completed
	• Number of Recovered Enterprises censused	26
	• Number of Consultancies – workshops delivered	15
Output 4. Capacity generation for the implementation of a Guarantee Fund for the “Red C3” through the implementation and evaluation of a pilot process.	• Existence of Red C3	Operational
	• Amount of Guarantees approved	Not Available
	• Number of Guarantees approved	Not Available
Output 5. Diagnostic and development strategy for the cooperative sector elaborated and disseminated.	• Cooperative Census	Conducted
	• Cooperatives Censused	1.077
	• National Development Plan	

Expected results	Indicators	Status/measure
Output 6. Technical information and inputs generated for the design of mechanisms that enhance strategic productive production with an environmental basis for the long run.	<ul style="list-style-type: none"> Incorporation of environmental sustainability in the Recovered Enterprises census. 	Achieved
	<ul style="list-style-type: none"> Production Council reports incorporate environmental sustainability. 	Achieved
	<ul style="list-style-type: none"> Guide on the efficient use of water for the dairy sector. 	Not available

VII. ABBREVIATIONS AND ACRONYMS

ANTEL	National Telecommunications Administration
ANCAP	National Fuel, Alcohol, and Cement Administration
ANC	National Port Administration
ANP	National Port Administration
BPS	Social Provision Bank
CFCC	Coherence Fund Consultative Committee
CFSC	Coherence Fund Steering Committee
CND	National Development Corporation
CUCACC	Uruguayan Chamber of Credit Unions Capitalization
CUDECOOP	Uruguayan Confederation of Cooperative Entities
DaO	Delivering as One
DGI	Tax General Directorate
DIPRODE	Productive Development Directorate
FAO	United Nations Organization for Food and Agriculture
INE	National Institute of Statistics
INEFOP	National Institute of Employment and Professional Training
MDTF	Multi-Donor Trust Fund
MGAP	Ministry of Livestock, Agriculture and Fisheries
MIEM	Ministry of Industry, Energy, and Mining
MSMEs	Micro, Small, and Medium Enterprises
MTD	Ministry of Tourism and Sports
MTSS	Ministry of Labour and Social Security
MVOTMA	Ministry of Housing, Territorial Planning and Environment
OPP	Office of Planning and Budget
OSE	State Waterworks
PACC	Support Programme to Conglomerates and Productive Chains
PUNO	Participating United Nations Organization
RCO	Resident Coordinator's Office
STRO	Social Trade Organization
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
UNRC	United Nations Resident Coordinator
UNS	United Nations System
UTE	National Electric Factories and Transmission Administration