



Uruguay One UN Coherence Fund Final Project Narrative Progress Report

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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):

Resident Agencies: FAO and UNIDO.
Non-Resident Agency: UNEP

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
TOTAL	1,166,086

Programme Duration (in months): 30

Start date¹: 7 Aug 2008.

End date: 28 Feb 2011.

Original end date: 31 Jun 2010.

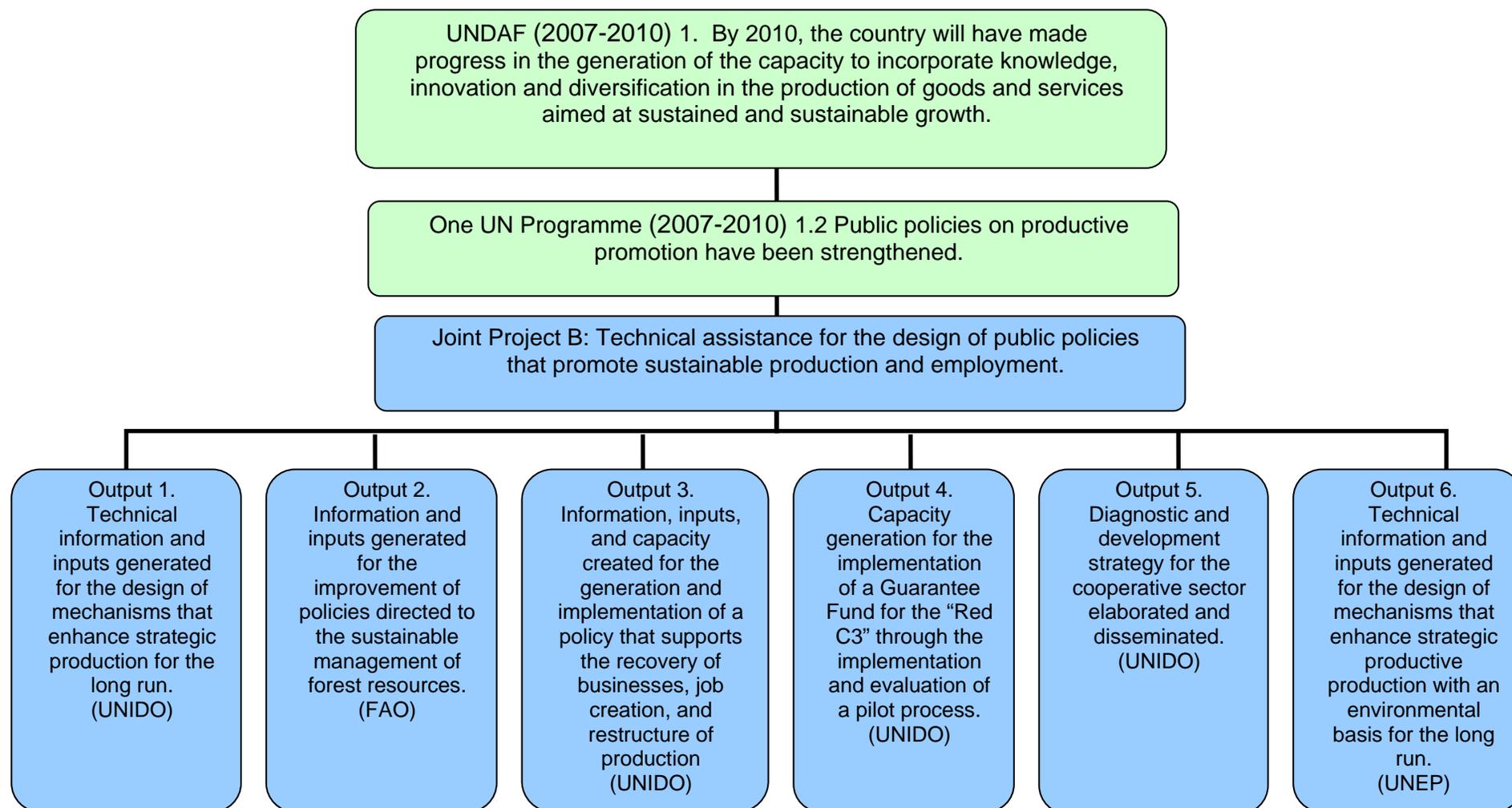
Revised end date: 28 Feb 2011 in accordance with ToRs, grace periods and extensions granted.

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

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 supported the achievement of human development by improving the capacities to develop public policies through: the definition of the technical data that would be germane for the support strategic production strategies on 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-term.</p>
<p>Development Goal:</p>	<p>UNDAF (2007-2010) 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 (2007-2010) 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 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 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)	Approved Transfers to PUNOs (2010)
FAO	352,030	115,357	195,756	40,917
UNEP	42,051	8,025	26,108	144,482
UNIDO	772,005	147,606	479,917	7,918
Total:	US\$ 1,166,086	US\$ 270,988	US\$ 701,781	US\$ 193,317

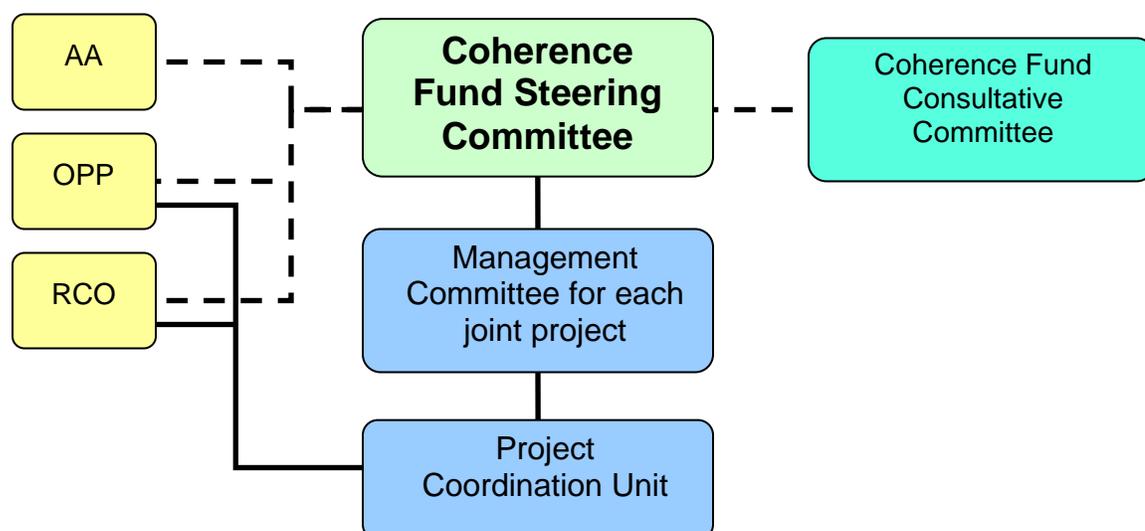
III. IMPLEMENTATION AND MONITORING ARRANGEMENTS

To support the One UN Programme (2007-2010), 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 were: 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:

- All activities dedicated to enhance sustainable production and employment in the country by the project were completed.
- The various activities in its outputs aimed at strengthening state capacities in terms of developing tools and improving information available to enhance decision making (Books on 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).
- The interagency and collaborative effort was presented at a Knowledge Fair in Vienna, Austria where several countries presented their mechanisms of transitioning from efforts of implementation to efforts of policy assistance.

Main difficulties found in the 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 observed were the different times of implementation of the policies when various State institutions were involved, such as output 4 (Red C3). Although it had the political support of its authorities, it had operational implementation difficulties that delayed the effective implementation of the project.

Joint work:

- The Management Committee proved to be a useful tool for enhancing and promoting joint work between UN Agencies as well between local counterparts.
- Agencies and counterparts supported and assisted each other in overcoming challenges presented during the development of activities and achieving the established goals for the project despite the heterogeneous nature of each of the goals established for the project. However, UN Agencies' different procedures and requirements often added complexity and restraints to the implementation of activities.
- Despite having a signed document with Annual Work Plans, it was challenging to fine-tune the activities and implementation strategy.
- The project has effectively concluded and all Agencies submitted successful reports about their progress and financial obligations.

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

Results Obtained

- The main goal of this output was to generate new statistics that support regular monitoring of business and employment dynamics. As an approximation to the objective,

an 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 Social Provision Bank (BPS).

- A business and employment dynamics observatory was established with the assistance of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Ministry of Labour of Argentina. Particularly, the project facilitated an agreement between OPP and BPS on the definition of functions and the physical space allocated to the Observatory.

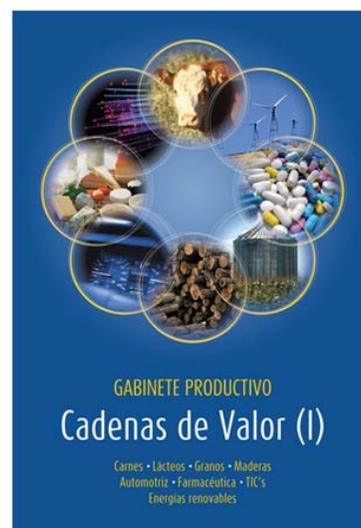


Press conference of the ODEI (Liberty Building, August 20, 2009)

- The project generated analyses and quantified four specific sectors: a) the demand of labour 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), and b) the existing training abilities to meet the demand. These reports serve as input to the work of INEFOP. In this framework the participation of

government officials in specialized Seminars abroad were funded.

- The project provided support to the Productive Cabinet in the analysis of value chains in Uruguay. The cabinet formed by the Ministry of Industry, the Office of Planning and Budget, the Ministry of Labour, the Ministry of Agriculture and Fisheries, in coordination with the Ministry of Economy and Finance. The following value chains were analyzed: automotive, bio & nanotechnology, citrus, information technology and communications, dairy, meat, oilseeds, pharmaceuticals, pork, poultry, renewable energy, textile, tomatoes, tourism, and wood. Recommendations and measures on how to lift the restrictions on growth and to encourage their potential was also produced.
- 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.
- Policy assessments were performed on the Competitiveness Program for Conglomerates and Productive Chains (PACC) from the OPP, on the conglomerate support programme (PACC PYMES) from the Ministry of Industry, Energy and Mining, and on the Investment Law.



- The following production sectors were further analyzed and assessed: automotive, biotechnology, forestry, leather, maritime transportation, pharmaceuticals, renewable energies, textile, and veterinary specialties in Mercosur.
- Analyses on the added value to goods as a price chain for livestock and potatoes were provided to the Competition Protection Commission.
- A digital production map was created.
- Workshops on economic development were held.

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

- With the forest survey, approximately 448,000 hectares in the different sub-basins (South-East, Coastal zone, and North of the country) were canvassed.
- A total of 1,242 plots in different regions were surveyed. The canvassed plots had 45% native forests and 55% planted forests.
- The methodology applied, allowed 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% and probability level of 95%.
- Planted forest plots were circular and varied 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 provided 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 was 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

- 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 Labour, 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 (17) 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.



Glass production 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)

- 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 was 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.
- Initial cooperation contributions were received from: STRO Foundation, UNIDO, Inter-American Development Bank (IDB), and DIPRODE.
- The Board of Directors of the Bank of the Republic of Uruguay approved 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 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.
 - 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, were co-financed by UNIDO, IADB, and DIPRODE.

- Human Resources: technical assistance was provided 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 was 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.

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

Results Obtained

- A 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. The project supported the implementation of the census as well as processing and analyzing 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.

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 had not been 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 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.
- Technical specialists 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 for recovered enterprises were conducted. They were focused 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.
- Support was also provided on the development of a National Plan for Sustainable Production and Consumption.



Paper Machine



Cardboard Machine

V. MONITORING

Expected results	Indicators	Status/measure
Output 1. Technical information and inputs generated for the design of mechanisms that enhance strategic 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	448,000
	• Plots surveyed by the project	1,242 (total) 442 (North) 432 (South-East) 368 (Coastal)
	• Percentage of Planted Forest – North	40%
	• Percentage of Planted Forest – South-East	55%
	• Percentage of Planted Forest – Coastal	45%
	• Percentage of Natural Forest – North	60%
	• Percentage of Natural Forest – South-East	45%
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	17
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
Output 5. Diagnostic and development strategy for the cooperative sector elaborated and disseminated.	• Cooperative Census	Conducted
	• Cooperatives Censused	1,077
	• National Development Plan	Concluded

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. 	Document pending

VI. 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