

USAID



*DEVELOPMENT COOPERATION
UNITED STATES - URUGUAY
1986 - 1995*

USAID
Embassy of the United States of America
Montevideo, Uruguay
June 1995

*DEVELOPMENT COOPERATION
UNITED STATES - URUGUAY
1986-1995*

USAID
Embassy of the United States of America
Montevideo, Uruguay
June 1995

TABLE OF CONTENTS

BACKGROUND	1
PROGRAM OBJECTIVES AND STRATEGY	1
KEY ACCOMPLISHMENTS	3

THE PROJECT PORTFOLIO

I. ECONOMIC REACTIVATION AND TRANSITIONAL INITIATIVES

A. Dairy Region Development Program . . .	6
B. Rice Development Project	7
C. Regional Agricultural Program	7
D. Pre-Investment Feasibility Program	8
E. National Debureaucratization Program . .	8
F. Streamline Trade and Investment Procedures	9
G. Basic Sciences Program	9
H. Training	9
I. Assistance to and Small Enterprises (EMPRETEC)	9

II. INCREASED PRIVATE SECTOR PARTICIPATION IN THE PROCESS OF ECONOMIC REFORM

A. Advanced Education for Development (UCUDAL)	10
B. International Executive Service Corps . .	10
C. National Quality Program	11
D. <i>Asociación Cristiana de Dirigentes de Empresas</i> (ACDE)	11

E. <i>Federación Uruguaya de Centros Regionales de Experimentación Agropecuaria</i> (FUCREA)	12
F. <i>Cooperativas Agrarias Federadas</i> (CAF)	12
G. <i>Unión Creadores de Empresa del Uruguay</i> (UCRE)	13
H. Technological Laboratory of Uruguay (LATU)	13
I. <i>Centro de Estudios de la Realidad Económica y Social</i> (CERES)	14
J. Chamber of Commerce Uruguay-USA .	14
K. National Chamber of Commerce	15
L. Junior Achievement Program (<i>DESEM del Uruguay</i>)	15
M. RTAC II (<i>Alianza Cultural Uruguay - Estados Unidos de América</i>)	15
N. ORT Uruguay	16
O. Farmer-to-Farmer Program	16

III. IMPROVED EFFICIENCY IN THE ADMINISTRATION OF JUSTICE

A. Judicial Administration Support	17
B. Judicial System Strengthening (Judicial Education)	17

PREFACE

On June 17, 1986, the Governments of Uruguay and the United States signed an agreement for a balance-of-payments program in support of Uruguay's efforts to stabilize its economy and restore civilian rule. Shortly thereafter, the United States Agency for International Development (USAID) reopened an office in the U.S. Embassy in Montevideo to administer the new Cooperation Program which had been launched with this balance-of-payments agreement.

Earlier, in 1978, in view of the relatively advanced status of the Uruguayan economy, USAID had completed an Economic Assistance Program for Uruguay. The new Cooperation Program was intended to differ from the earlier Program in that it was designed to facilitate collaboration between our countries on initiatives taken by Uruguayan leaders for reforms in favor of more open markets and improved democratic governance -- reforms from which both our countries would derive benefits.

During the nine years the Program has been operating, the U.S. Government's intention to support initiatives taken by Uruguayan leaders has remained constant -- from the early provision of funding for the national investment budget and the balance-of-payments with which the Program started, through more recent efforts to cooperate with non-governmental organizations from the education and business sectors which are helping build the basis for a more vibrant and growing economy.

USAID has targeted its support to sectors in which Uruguay and the United States share common interests: most prominently, economic growth and administration of justice. Given the bilateral nature of the Program, special attention has been paid to efforts to link North American and Uruguayan leaders and their institutions whenever possible, in order to promote lasting relationships which benefit both countries. Cooperation by Uruguay with neighboring countries in Latin America has also been facilitated when opportunities to share expertise existed.

The purpose of this *Memoire* is to record some of the accomplishments achieved by the Uruguayan organizations with which USAID has cooperated. We in the United States Government who have had the privilege to be associated over the last several years with the Uruguayan leaders responsible for these accomplishments are proud to have been able to collaborate with them.

Robert J. Asselin, Jr.
USAID Representative

The United States - Uruguayan Development Cooperation Program 1986-1995

This **memoire** summarizes activities carried out under the bilateral Development Cooperation Program sponsored in Uruguay by the United States Agency for International Development (USAID) during the 1986-1995 period. It explains the Program's objectives and basic strategy and highlights the accomplishments of the Uruguayan institutions which received USAID support.

BACKGROUND

Uruguay has been a model of democracy, political stability and balanced socio-economic development in Latin America. However, political instability and social unrest in the early 1970's led to a twelve-year interruption in democratic rule between 1973 and 1985.

In March 1985, Julio María Sanguinetti assumed the Presidency, and constitutional government was re-established. Uruguay's return to democracy prompted the international community to offer its cooperation to the country's leaders. In 1986, the United States Agency for International Development (USAID) initiated a cooperation program in Uruguay, whose purpose was to collaborate with Uruguayan efforts to reactivate the economy and reestablish democracy.

Despite poor economic performance during the 1970's and the first half of the 1980's, in 1985 Uruguay was significantly ahead of other countries in Latin America in terms of its socio-economic development status. Given the country's relatively high level of income and its excellent human resources, the USAID program in Uruguay was not conceived the same as traditional "assistance" programs are for less developed countries, and the funding level was intentionally kept small. From the start, the Program was intended to be a flexible cooperation effort through which the United States joined forces with selected Uruguayan non-governmental organizations (NGOs) and public institutions to support their actions to address constraints affecting Uruguay's future development as a democratic, free-enterprise economy. This approach was intended to enhance Uruguay's prospects of economic recovery and sustained economic growth in the 1990's and beyond.

Over its ten-year life, the USAID Program was tailored in response to the two broad economic development phases through which Uruguay was passing: **economic reactivation and structural reform**. Initially, the Program's emphasis was on supporting Uruguay's efforts to recover from the effects of the economic recession which prevailed in 1985. As the economy began to recover, USAID began to cooperate with Uruguayan efforts to carry out structural reforms. Particularly, the Program supported efforts to address barriers inhibiting private sector-led growth, to enhance Uruguay's competitiveness, and to promote improvements in the administration of justice.

PROGRAM OBJECTIVES AND STRATEGY

During the first phase of the Program -- **economic reactivation (1986-1987)** -- USAID financed a balance-of-payments, cash transfer program for US\$25.5 million and a companion \$955,000 grant to support implementation of policy adjustments necessary for economic stabilization, reactivation, and growth. The cash transfer program helped cushion the effects of initial adjustment measures and generated the dollar equivalent of \$25.5 million in Uruguayan pesos. These funds were used to establish a **Local Currency Program** which financed a number of activities to promote economic growth, including:

- \$14.5 million in GOU counterpart contributions to IDB-sponsored regional development and investment promotion projects, and to the UNDP's technical assistance projects;
- \$3.5 million in regional development projects, directly administered by the GOU;

- \$1.0 million for private sector credit to stimulate production and exports;
- \$1.5 million for assistance to private sector development activities provided by non-governmental institutions; and
- \$5.0 million for technical assistance, training, and research supporting Uruguay's economic reactivation.

Following the balance-of-payments program, during a transition stage (1988-1989) before structural reform measures began to be taken, USAID supported Uruguayan efforts to strengthen technical and managerial resources and begin to address constraints to private sector development and more efficient administration of justice.

During these years, USAID financed a variety of professional and managerial training programs. One of the key programs provided specialized, post-graduate training in the United States for 50 Uruguayan professionals in the areas of economics, business administration, education and private enterprise development. Another activity supported the training of the owners of small enterprises under the EMPRETEC Program developed by the United Nations Center on Transnational Corporations.

Other Uruguayan organizations with which USAID cooperated were: the *Universidad Católica del Uruguay "Dámaso Antonio Larrañaga"* (UCUDAL) in upgrading the capability of its teaching staff; the *Asociación Cristiana de Dirigentes de Empresas* (ACDE) in establishing an institute (ISEDE) to train business managers; and *DESEM del Uruguay* to develop the entrepreneurial capabilities of Uruguayan youth through a Junior Achievement Program.

During the transition stage, USAID also began sponsoring Uruguayan efforts to combat public sector institutional constraints that inhibited economic growth. Support was provided in cooperation with the United Nations Development Program (UNDP) to two Programs: PRONADI (*Programa Nacional de Desburocratización*), an initiative to simplify costly and time-consuming public procurement processes; and PLADES (*Plan*

de Desregulación del Comercio Exterior y las Inversiones), a program to streamline trade regulations and procedures and to modify Uruguay's investment incentives. Lastly, it was during the transition period that USAID and the UNDP began cooperating with the Supreme Court initiatives to reform and modernize the country's justice system.

In 1989, Uruguay began a period of more intensive efforts to make structural reforms (1989-1995). Accordingly, USAID further adjusted its Cooperation Program to respond to the opportunity to support leading Uruguayan organizations to accelerate the pace of reform. The Government of Uruguay (GOU) was receiving ample support from the Inter-American Development Bank (IDB) and the World Bank to modify economic policies and practices. Due mostly to the increased competition and opportunities generated as the MERCOSUR developed, more interest began to be expressed by private sector leaders in responding to the need to adjust to new competitive conditions. Also, in the justice sector, the initial efforts of the Supreme Court and other leaders had created a desire to deepen reform efforts.

During the structural reform stages, USAID directed its resources to Uruguayan private and public institutions engaged in activities that supported two key objectives:

1. To promote increased private sector participation in the process of economic reform; and
2. To improve efficiency in the administration of justice.

Special efforts were made to support the initiatives of Uruguayan reformers by linking them with counterpart organizations and leaders in the United States, by funding pilot projects for which further support from multilateral organizations might be sought, and by taking advantage of opportunities to share experiences with other countries in Latin America.

To promote increased private sector participation in the process of economic reform, USAID cooperated with progressive local non-governmental

organizations and business leaders who believed that a more proactive role by the private sector in the process of economic reform was the key missing element for economic growth in Uruguay. Program activities with private business associations and NGOs involved a series of activities to:

- Increase awareness among private business executives of measures to improve their competitiveness; and
- Inform and increase the awareness of private business executives and legislators about the legal, regulatory and judicial (LRJ) issues affecting economic development and competitiveness.

To improve efficiency in the administration of justice, USAID and the UNDP supported Uruguayan initiatives designed to: modernize court administration; upgrade the capability of judicial system personnel; and promote judicial reforms. USAID also sponsored programs that promoted links with U.S. judicial institutions to facilitate the implementation of justice sector reforms in Uruguay, and encouraged the initiation of justice sector projects by the IDB.

KEY ACCOMPLISHMENTS

- **Objective: Economic Reactivation and Transitional Initiatives**

Balance-of-payments assistance began in 1986. Uruguay faced a severe economic recession, which had reduced per capita income by almost 18 percent from 1981 levels. Efforts to stabilize and begin to reactivate the economy were assisted by the international community. These efforts succeeded in halting the recession and in putting Uruguay on the road to economic recovery. By the end of 1986, Uruguay's per capita Gross Domestic Product (GDP) had grown by over 8 percent, the fiscal deficit had been reduced from ten to about six percent of GDP, and exports had increased by over 25 percent. USAID's balance-of-payments Program was an important part of the multi-donor support effort that helped Uruguay stabilize its economy.

In addition, the local currency generated under the balance-of-payments program was used by the GOU to finance a series of significant activities designed to stimulate growth. These included road improvements and electrification to spur dairy and rice productivity, integrated rural development programs to diversify production in Bella Unión, Rivera and Tacuarembó, soil conservation programs in the southeast, investment feasibility studies, and various management training and regulatory reform efforts.

Some of the significant results achieved under the Local Currency Program included:

- Construction/improvement of 2540 kms. of rural roads;
- Electrification of 1760 dairy farms, construction of 15 substations, and 878 kms. of electricity lines in rice production areas;
- Increases in milk and rice production between 1987 and 1994 of 32% and 85% respectively;
- Completion of 156 pre-investment feasibility studies, leading to 31 investment projects;
- Initiation of major agribusinesses in Bella Unión and significant soil conservation projects in the southeast.

Professional and management training programs sponsored by USAID during this period helped produce the following results:

- Reestablishment of faculties for basic sciences (chemistry, biology and physics), mathematics and computer sciences at the University of the Republic;
- U.S. training for 50 Uruguayan professional economists, educators and business administration specialists;
- Establishment of ACDE's management training institute (ISEDE), the EMPRETEC program for new small business entrepreneurs, and (later), UCUDAL's Masters-of-Business-Administration curriculum.

USAID assistance to PRONADE resulted in procurement reforms which saved the Government of Uruguay an estimated \$25 million in 1991, and reduced the time required for procurement of services.

PLADES streamlined procedures affecting foreign trade and saved export/import firms about \$15 million in 1991. It also modified Uruguay's investment incentive programs and saved the GOU about \$30 million in 1991. PLADES studies were used by the IDB in preparing the investment sector loan program in Uruguay.

- **Objective:** Increased Private Sector Participation in the Economic Reform Process

Some of the key accomplishments attained by the organizations USAID supported were:

- UCUDAL has established a business school which offers an MBA degree and a post-graduate management program. In 1991, seventeen professors from the Catholic University of Uruguay (UCUDAL) received advanced training in the United States. A Consortium of U.S. Universities -- Loyola Marymount University, Santa Clara University, University of San Francisco, and the University of St. Thomas -- which now permanently cooperates with UCUDAL, helped it to bolster its curricula and teaching capacity. In addition, the University has established a Business Services Center to serve the private sector.
- *DESEM del Uruguay*, formed principally by prominent Uruguayan businessmen, established a Junior Achievement Program, which is now functioning in 40 schools and 5 private sector organizations. The program develops the entrepreneurial spirit and capabilities of young people. To date, approximately 3,000 teenagers have participated in the program. They created 96 microenterprises, which provided practical training in real business situations.
- USAID helped establish the International Executive Service Corps (IESC) program in Uruguay. IESC identifies highly qualified experts who provide business management and

technical assistance to the private sector, at a minimal cost. By June 1995, over 120 companies had received assistance.

- To raise private sector consciousness about product and service quality standards, the *Comité Nacional de Calidad* (CNC) established a National Quality Award Program, similar to the U.S. Department of Commerce's Malcolm Baldrige Award. The CNC also conducted a series of courses on topics related to quality standards for over 500 executives. USAID also provided support to help establish professional links between the U.S. National Institute of Standards and Technology and the *Laboratorio Tecnológico del Uruguay* (LATU).

"... the government should sponsor initiatives that promote quality in the provision of goods and services by the private sector through programs like those carried out by the National Committee for Quality."

-- Government Plan to Improve Competitiveness announced by the Ministry of Economy, Búsqueda, February 16-22, 1995.

- UCRE, an association of small business entrepreneurs, received USAID support for a program to improve member firms' competitiveness by improving management capabilities. It is planning a self-sustaining, long-term program to promote competitiveness on its own.
- FUCREA, the *Federación Uruguaya de Centros Regionales de Experimentación Agropecuaria*, which is comprised of approximately 700 of Uruguay's most prominent agribusiness firms, carried out seminars, workshops, and training programs to increase its members' awareness of factors affecting competitiveness and international market trends. Over 1,700 people attended these events, and FUCREA has increased its member service activities significantly.

“... forty-nine percent of participants (in USAID-sponsored activities) say that the information about the factors that affect the competitiveness of their enterprises... helped [them] to implement changes in the competitive strategy of their firms.”

--Impact Evaluation of USAID Uruguay by Equipos Consultores Asociados, January 1995.

- The Uruguayan/American Chamber of Commerce organized seminars by internationally recognized experts on competitiveness and legal, regulatory and judicial issues for its members, key political and labor leaders, and the public. Over 450 business executives participated in these seminars. Key topics discussed included regional integration, patents and copyrights, and case studies on reform experiences in other countries.
- The RTAC-II Textbook program, carried out by the *Alianza Cultural Uruguay-Estados Unidos de América*, was established in Uruguay. The program is now self-sustaining and provides U.S. textbooks to university students at affordable prices. The success of the program resulted in its expansion to include the distribution of textbooks to high school students throughout the country.
- **Objective:** Improved Efficiency in the Administration of Justice

Some of the key accomplishments include:

- **Improved Court Administration**

Uruguayan Supreme Court justices observed the operation of courts in the United States and obtained information that aided them in designing court reforms. Their visits to the U.S. Supreme Court, the Federal Judicial Center, the Multi-Door Program of D.C. Courts in Washington, D.C., as well as to the Supreme Courts of Virginia,

California, Puerto Rico and to the National Center for State Courts (NCSC), increased their familiarity with U.S. practices.

Specialists helped the Supreme Court to design and implement a statistical system, to create and strengthen a judicial planning system, to develop and set-up a system of delegations of administrative authority, and to establish other measures to improve court management and judicial decision-making.

Procedural and administrative reforms have led to a significant reduction in the average time required to obtain first-level decisions in civil cases (from roughly 30 months in 1989 to 9 months in 1993), and in the percentage of Supreme Court sessions devoted to administrative matters (from over 70% in 1992 to approximately 10% at present).

- **Strengthened Judicial System Personnel**

The institutional capacity of the *Centro de Estudios Judiciales del Uruguay* (CEJU) was significantly upgraded. CEJU carries out programs to improve and modernize the judicial system in Uruguay, including professional training which is now a routine part of the judicial career.

To date, CEJU has trained over 180 judges and prosecutors on the use of oral process in civil cases. Uruguay has the distinction of being the first country in Latin America to use oral proceedings in civil courts, placing it at the forefront of judicial reform in the region.

- **Justice Sector Innovations**

USAID supported the establishment of alternative dispute resolution and mediation mechanisms in Uruguay. In addition, USAID assistance led to the strengthening of programs for dealing with juvenile delinquency. Strong links have been established between Uruguayan officials and volunteers from Minnesota, coordinated by Partners of the Americas.

The Supreme Court has begun to provide assistance to other courts in the region. It has provided advisory assistance to the Supreme Courts of

Bolivia and Ecuador and to provincial courts in Argentina.

"...the Supreme Court of Uruguay continues to be one of the most stable and progressive judicial institutions in Latin America... A major factor in the success of the (Uruguayan) reform effort has been the A.I.D.-funded Judicial School."

-- Impact Evaluation by W. Davis, National Center for State Courts Advisor

The Project Portfolio

The Projects USAID sponsored in Uruguay since 1986 are grouped under the three major objectives of the Cooperation Program during the last ten years:

- I. Economic Reactivation and Transitional Initiatives
- II. Increased Private Sector Participation in the Process of Economic Reform
- III. Improved Efficiency in the Administration of Justice

I. ECONOMIC REACTIVATION AND TRANSITIONAL INITIATIVES

Initially, most of the projects which USAID sponsored in Uruguay were financed with local currency generated under the \$25.5 million balance-of-payments program. The most important activities which the Local Currency Program financed, and their main accomplishments, are summarized below.

A. Dairy Region Development Program

Project Funding: \$4.5 million in local currency and an IDB loan of \$4.5 million.

Date Approved: 3/89

Completion Date: 12/94

Implementing Entity: Office of Planning and Budget of the Presidency of the Republic
OPP/DIPRODE

Purpose: To increase the productivity of dairy farms through investments in electrification and local roads.

Description: The Dairy Region Development Program was one of the first activities funded using local currency generated under the \$25.5 million cash transfer.

The Program was designed in accord with the GOU's medium-term economic recovery strategy. The strategy targeted the agricultural sector as the catalyst for economic recovery and to generate foreign exchange. The Program financed infrastructure improvements, such as electrification and local roads, to increase the efficiency of dairy farms. The improved infrastructure helped reduce production and transportation costs and promote the transfer of modern technologies (such as mechanical milking and the use of refrigerated tank trucks), thus improving the productivity and quality of milk. These actions were critical to ensuring the competitiveness of Uruguayan dairy products in export markets.

Accomplishments:

- **Roads.** By the end of the Program, 1,580 km. of rural roads had been reconstructed. This exceeded the original target by approximately 26 percent due to savings in construction costs.
- **Electrification.** The additional power generation facilities allowed the electrification of 1,760 dairy farms, exceeding the planned target of 1,263 by approximately 39 percent.
- **Milk Production and Industrialization.** Milk production in the target areas increased by 32 percent during the period 1987 to 1994. The quantity of the milk supplied to milk processing plants increased in value from US\$505,153 to US\$659,442 during the same period -- an increase of approximately 31 percent.

Also noteworthy, exports of dairy products from Uruguay increased by 31 percent from 1993 to 1994, placing the dairy industry among the most dynamic export sectors in the country.

B. Rice Development Project

Project Funding: \$8.1 million in local currency and an IDB loan of \$14.9 million.

Date Approved: 1/87

Completion Date: 12/94

Implementing Entity: OPP/DIPRODE

Purpose: To improve the productivity of rice producers and their ability to compete in international markets.

Description: The Project's strategy was to promote investments in irrigation systems, electrification, and improved local roads. As in the case of the Dairy Region Development Project, the GOU created this program as a principal component of its recovery plan for the agricultural sector. The Project also provided financial and technical assistance to improve the efficiency of rice growers, increase the use of new technologies, and promote expansion of agro-industrial processing activities.

To complement these activities, the IDB provided credit and assistance in the areas of agricultural research and expansion under two related projects.

Accomplishments:

- **Roads.** By the end of the project, 960 km. of rural roads had been reconstructed in the target areas, thus exceeding the original target by approximately 12 percent.
- **Electrification.** A total of 878 km. of electric lines were installed, thus exceeding the planned target by approximately 77 percent.
- **Rice Production.** The increase in rice production in the target area has been remarkable. The area of cultivation increased from 79,400 hectares in 1987 to 134,300 hectares in 1994, or by 69 percent. Rice production rose from 335,500 MT in 1987 to 620,100 MT in 1994 -- an increase of 85 percent; and the yield (expressed in terms of kilograms per hectare) climbed by 9 percent -- from 4,225 to 4,616 kg. per hectare during the same period.

C. Regional Agricultural Program

Project Funding: \$2.76 million

Date Approved: 7/87

Completion Date: 12/94

Implementing Entity: OPP/DIPRODE, Ministry of Agriculture

Purpose: (a) To diversify and industrialize agricultural production, promote exports of non-traditional products, and raise the income level of the population in selected Northwest areas; (b) to diversify agricultural production and promote agro-industries in the Rivera/Tacuarembó region; and (c) to raise the income level in selected areas of the Southeast region through technical assistance, training, and loans for soil conservation activities.

Accomplishments: In the Southeast region, at least 1,000 small farms received financial assistance for investment. This assistance helped them to carry out activities to control soil erosion and to

invest in farming equipment, electrification, wire netting, and improved species of livestock. An informal government survey indicated that at least one third of the farmers in the Southeast region increased their incomes by diversifying production and increasing productivity.

D. Pre-Investment Feasibility Program

Project Funding: \$500,000
Date Approved: 1/87
Completion Date: 12/89
Implementing Entity: OPP

Purpose: To cover the costs of consultants contracted by the GOU to carry out pre-investment feasibility studies.

Accomplishments: The program awarded 156 loans to finance the costs of feasibility studies. OPP estimates that approximately 31 of these studies led to investments.

E. National Debureaucratization Program (Strengthening of Govt. Procurement System)

Project Funding: \$300,000
Date Approved: 7/91
Completion Date: 12/92
Implementing Entity: *Programa Nacional de Desburocratización (PRONADE)*

Purpose: To create a more efficient public sector procurement system by developing the GOU's capacity to implement the new system approved by Congress in Public Law No. 16170.

Description: The project provided technical assistance to PRONADE, through the UNDP, to:

- Improve the capability of the fifteen most important government procurement offices to implement the new procurement system effectively; and
- To develop a centralized information system in

order to provide government procurement offices with a master record of products, prices, suspended suppliers, etc.; and to develop monitoring procedures to oversee selected large contracts.

Accomplishments: PRONADE made remarkable progress in implementing the new government procurement legislation. The support provided to PRONADE led to procurement reforms which saved the Government an estimated \$25 million in 1991. PRONADE's efforts also reduced the time required for bidding and procurement of services by the Government. In addition, with USAID and UNDP financial and technical support, PRONADE:

- Provided technical and management assistance to most government procurement offices;
- Held numerous seminars and workshops to train purchasing personnel and other government officers on the new procurement law. In 1992 alone, PRONADE trained 6,000 officers;
- Prepared and delivered approximately 5,000 copies of manuals concerning the implementation and enforcement of the new law to government procurement offices;
- Developed a "Request for Bids" document which replaced 58 different documents used previously;
- Developed and implemented an immediate cash payment mechanism in some government offices to accelerate the procurement of goods and services and bring about cost savings;
- Installed an inventory management system to track prices, suppliers, and quality of goods and services, and reduce the cost of high inventory levels;
- Trained 120 auditors working in the public sector to oversee the implementation of the new law and its enforcement;
- Provided on-line assistance to the private sector regarding requirements of the new law.

F. Streamline Trade and Investment Procedures

Project Funding: \$100,000

Date of Authorization: 7/91

Completion Date: 7/92

Implementing Entity: PLADES (*Plan de Desregulación del Comercio Exterior y las Inversiones*)

Purpose: To help the GOU reduce regulations and streamline procedures affecting trade and to streamline investment incentives.

Description: In May 1991, the GOU issued a decree implementing a plan to reduce government regulations and streamline procedures affecting exports and foreign investment. The decree assigned responsibility to the GOU's Office of Planning and Budget (OPP) for developing a plan to reduce bureaucratic processes and regulations impeding import and export activities. The plan also called for assessment of the key public institutions responsible for promoting investment, and ways to streamline GOU investment incentives.

Accomplishments:

- PLADES worked closely with the private sector in carrying out its mandate to simplify trade regulations. PLADES implemented actions to remove key trade barriers -- particularly complicated procedures to obtain permits and excessive paperwork requirements. PLADES estimates that by reducing these barriers, the Uruguayan private sector saved approximately \$15 million in 1991.
- PLADES estimated that, in 1992, the GOU saved about \$30 million by eliminating ineffective investment incentive programs.
- The IDB used PLADES' reports when designing its Investment Sector Loan Program for Uruguay. The IDB continues to support PLADES.

G. Basic Sciences Program (PEDECIBA)

In December 1986, the GOU joined efforts with the

UNDP to help the University of the Republic develop a trained cadre of professionals in basic sciences -- biology, physics, computer sciences, mathematics and chemistry. As part of the Program, the University sought to attract Uruguayan professionals who had emigrated to other countries as researchers and teachers. A number of such professionals returned to Uruguay and helped the University in establishing its basic science program in the above disciplines.

H. Training

USAID financed a variety of professional training programs in areas of critical importance to Uruguay's development. One of the key programs included a \$500,000 grant to provide specialized training in the United States for 50 Uruguayan professionals over a five-year period in the areas of economics, business administration, education and private enterprise development.

To further develop Uruguay's human resource base, in cooperation with the IDB, USAID provided funds to help ACDE establish an institute to train managers (ISEDE). ISEDE is self-sustaining and trains hundreds of individuals annually.

I. Assistance to Small Enterprises (EMPRETEC)

USAID and the GOU allocated approximately \$292,000 from the Local Currency Program to support the EMPRETEC Program developed by the United Nations Center on Transnational Corporations (UNCTC). EMPRETEC identifies potential entrepreneurs, and helps them to develop their entrepreneurial skills and prepare business plans, obtain financing, and establish their enterprises.

II. INCREASED PRIVATE SECTOR PARTICIPATION IN THE PROCESS OF ECONOMIC REFORM

USAID's cooperation program endeavored to increase the private sector's participation in Uruguay's economic reform efforts by responding to private sector interest in measures to increase competitiveness and to better inform executives regarding various legal, regulatory and judicial factors affecting the business environment. This Program had to be ended after only two years due to the termination of USAID's bilateral Program in Uruguay, but it enabled numerous Uruguayan business associations and other organizations to increase their involvement in, and contributions to, the country's economic reform efforts. Key activities are summarized below.

A. Advanced Education for Development (UCUDAL)

Funding: \$684,000

Date Approved: 6/89

Completion Date: 5/95

Implementing Entity: *Universidad Católica del Uruguay "Dámaso Antonio Larrañaga"* (UCUDAL)

Purpose: To support UCUDAL's efforts to develop the technical and managerial skills of the workforce to meet the demands of an export-oriented economy.

When the Project started, UCUDAL was in its initial stages of development as an educational institution. UCUDAL needed trained faculty and links with foreign business schools that could help strengthen its business administration and enterprise development programs.

Description: Funds were used for technical assistance, training, and equipment to establish UCUDAL's Business Administration Program. Later, the Project also provided funds to conduct a feasibility study to determine whether UCUDAL should establish a Business Services Center to assist Uruguayan businesses, within the School of Business Administration.

Accomplishments: UCUDAL signed an agreement with a consortium of U.S. universities for the provision of technical assistance to its Business Administration Program. This linkage made it possible for UCUDAL professors and administrators to receive professional training. By early 1993, 17 UCUDAL professors had received training in the United States. In addition, 21 U.S.

professors had worked in Uruguay, teaching business administration courses and serving as advisors.

UCUDAL established the School of Business in 1992. Its exchange program with the U.S. Consortium -- composed of Loyola Marymount University, Santa Clara University, the University of San Francisco, and the University of St. Thomas -- also led to the establishment of an MBA program and a post-graduate management program, which is now educating hundreds of students annually. In addition, in 1992, a master's program in international management was developed and offered to UCUDAL professors. By the end of the project, 16 professors had received their master's degrees.

The Business Services Center feasibility study was completed, and UCUDAL established the Center.

B. International Executive Service Corps (IESC)

Project Funding: \$770,000

Date Approved: 8/92

Completion Date: 4/95

Implementing Entity: IESC

Purpose: To help Uruguay's private sector firms improve their competitiveness in order to meet the challenges of regional and hemispheric integration.

Description: In 1986, USAID provided a grant to the International Executive Service Corps (IESC) to establish a technical assistance program in

Uruguay. IESC has provided assistance to Uruguayan enterprises so that they can obtain the technology and develop the market ties needed to meet the challenges of Southern Cone regional market integration.

Accomplishments: With USAID and GOU support, IESC Volunteer Executives have assisted 120 companies. These volunteers have shared their experiences in areas such as capital mobilization, marketing, product development, procurement of U.S. equipment, production technologies, and business development strategies.

The technical services which IESC volunteers provided to the newspaper *El País* are a good example of how IESC helped numerous firms. IESC carried out an assessment of the newspaper's organizational structure and its printing system, which led to the identification and selection of appropriate hardware and software to upgrade the newspaper's printing facilities. Following a screening of U.S. suppliers, *El País* invested some \$3.0 million in modern technologies and equipment, thus greatly enhancing the newspaper's operational efficiency.

C. National Quality Program

Project Funding: \$305,000
Date Approved: 12/92
Completion Date: 12/94
Implementing Entity: National Quality Committee (through the UNDP)

Purpose: To support the National Quality Program carried out by the National Committee for Quality (CNC). The GOU created the CNC by decree to design and coordinate the implementation of a national quality improvement program.

Description: The task of the CNC is to acquaint private-sector managers, public-sector policy makers and consumers with the concept of quality and its implications for enabling Uruguay's manufacturing and service sectors to compete more effectively. The CNC seeks to increase consumer awareness of quality standards and encourage

businesses to focus on meeting market demand for high quality goods and services.

The Project provided funds to help the CNC:

- Develop and implement a two-year quality awareness program for productive sectors of the economy;
- Design and formulate a strategy and operational plan to create an Information Center for Quality;
- Establish a National Quality Award Program;
- Implement a consumer awareness program; and
- Enact a government decree to create an "Open Day For Quality in Industry."

Accomplishments:

The CNC:

- Established a National Quality Award Program, similar to the U.S. Department of Commerce's Malcolm Baldrige Award, to raise private sector consciousness about quality standards. In 1993 and 1994, some 100 companies requested information about the award. Awards for exceptional quality in the provision of goods and services have been given to four companies: Fleischmann in 1993; ALCAN (*Aluminios del Uruguay*), IBM del Uruguay, and Automotora Santa Rosa in 1994.
- Conducted courses on quality for over 500 Uruguayan executives.

D. Asociación Cristiana de Dirigentes de Empresas (ACDE)

Project Funding: \$110,000
Date of Authorization: 9/92
Completion Date: 12/93
Implementing Entity: ACDE

Purpose: To carry out studies of, and workshops on, factors affecting competitiveness.

Description: The project provided funds to enable ACDE to conduct two studies and disseminate the findings of the studies to Uruguayan executives.

Accomplishments:

- Using specialized personnel from its business education school -- the *Instituto Superior de Especialización de la Dirección de Empresas* -- and consultants, ACDE completed two studies which analyzed the factors affecting competitiveness in view of the market opportunities opening up as a result of the regional integration (MERCOSUR), and ways for Uruguayan entrepreneurs to expand their markets through cooperation with each other.
- To disseminate the findings of these studies, ACDE organized three workshops attended by over 200 entrepreneurs and members of business associations, and a conference attended by 500 businessmen.

E. Federación Uruguaya de Centros Regionales de Experimentación Agropecuaria (FUCREA)

Project Funding: \$133,000
Date Approved: 6/93
Completion Date: 6/95
Implementing Entity: FUCREA

Purpose: To support FUCREA's efforts to strengthen the entrepreneurial capability of its members and promote the development of the agricultural sector.

Description: FUCREA is a non-profit organization created in April 1975. As a Federation, it is composed of the Regional Agricultural Experimental Centers (CREAs), which have been established throughout Uruguay to help members deal with production and marketing problems in their sectors. FUCREA's members are primarily owners of small and medium-sized farms and agribusinesses.

Accomplishments:

- FUCREA sponsored six technical conferences

with the participation of international experts. The conferences covered topics of particular interest to FUCREA's members, including formulating business strategies, the development of the dairy industry, and product quality. About 980 entrepreneurs attended these conferences.

- Four courses were carried out to enhance the management capabilities of FUCREA members, and regional advisors assisted FUCREA members in dealing with technical problems and developing business strategies. Over 120 members participated in these courses.

"The conferences and workshops were extraordinarily successful. ... in our meetings with CREA members, we have seen a marked change in the way they view the operation of their business. Before their participation in the seminars and conferences, they used to think about production only; now they seem to have a global vision -- they are focussing on broader aspects to develop their enterprises, such as management, marketing and exports."

--Francisco Gamio, General Coordinator,
FUCREA

F. Cooperativas Agrarias Federadas (CAF)

Project Funding: \$160,000
Date Approved: 6/93
Completion Date: 5/95
Implementing Entity: CAF

Purpose: To help CAF assist its members in developing business strategies and improving the competitiveness of their cooperatives. CAF is a non-profit organization created in 1984. As a federation, it is composed of 70 agricultural cooperatives whose 20,000 members are involved both in the production and in the processing of agricultural products.

Description: This program was developed in response to CAF's plans to help its members deal

with the challenges and opportunities resulting from MERCOSUR. CAF financed agri-business studies, technical assistance, training courses, consulting services, and workshops. The project advanced CAF's efforts to help its members develop competitive business strategies consistent with the new market opportunities resulting from MERCOSUR.

Accomplishments:

- CAF used the findings of the studies on competitive strategies to increase the awareness of more than 200 cooperative members of the factors that should be considered in developing market strategies. Some 70 of its most progressive members have applied the methodologies developed.
- With the technical assistance provided by the project, CAF assisted an additional seven cooperatives in developing business opportunities for which they sought financing. Some of these ventures will serve as models for other CAF members as they pursue their business development strategies.
- The studies conducted by project-financed consultants allowed CAF to review its organizational mission and effectiveness and to develop plans to better serve its member cooperatives.
- The results of the studies conducted provided data which CAF used in discussions with GOU agencies to influence policies affecting the competitiveness of agricultural cooperatives.

G. *Unión Creadores de Empresas del Uruguay* (UCRE)

Funding: \$75,000

Date Approved: 5/93

Completion Date: 11/94

Implementing Entity: UCRE

Purpose: To support the efforts of the *Unión Creadores de Empresa del Uruguay* (UCRE) to improve the competitiveness of selected member firms. UCRE is an Uruguayan non-profit organization created in November 1989. UCRE

consists of 150 small and medium-sized firms whose chief executives are graduates of EMPRETEC, a United Nations-sponsored project. These firms are seeking modern technologies to improve their ability to compete in local and external markets.

Description: UCRE conducted studies examining impediments to selected member firms' competitiveness. Based on the findings of the studies, UCRE provided technical assistance to these firms.

Accomplishments:

- Using the services of short-term consultants, UCRE diagnosed the competitive strengths and weaknesses of 37 firms. Company specific recommendations were made to participating firms to improve their competitiveness.
- During a follow-up stage, nine firms requested additional technical assistance to help solve specific problems affecting their competitiveness, paying at least 50 percent of its cost.

H. Technological Laboratory of Uruguay (LATU)

Funding: \$52,000

Date Approved: 9/92

Completion Date: 12/94

Implementing Entity: LATU

Purpose: To improve LATU's ability to provide services to Uruguayan businesses.

Description: The Technological Laboratory of Uruguay (LATU) is an autonomous public corporation which provide technological services to industrial and agribusiness firms on a fee basis. This Project consisted of an exchange program in chemistry, physics and metrology between the U.S. Department of Commerce's National Institute for Standards and Technology (NIST) and LATU.

Accomplishments:

- LATU established professional links with NIST

which have allowed for the exchange of technical information, reference data and materials, calibrations, standards, and publications.

- LATU and NIST have exchanged scientists for short-term projects, and their scientists have collaborated on research activities of mutual interest.

I. *Centro de Estudios de la Realidad Económica y Social* (CERES)

Funding: \$230,000

Date Approved: 9/92

Completion Date: 9/94

Implementing Entity: CERES

Purpose: To support CERES' efforts to carry out a program of studies, publications, and workshops on legal, regulatory and judicial issues to inform private sector and legislative opinion leaders. CERES is one of the most prominent Uruguayan research organizations conducting analytical studies on current social and economic issues.

Description: The Project provided assistance to finance studies and workshops concerning economic policy issues of concern to the private sector.

Accomplishments:

- CERES completed 13 studies on subjects such as: the public budget; bankruptcy; the financial structure of private enterprises in Uruguay; the effect of certain laws on selected business sectors (e.g., fishing); labor and unemployment insurance; the judicial system and economic efficiency; and transportation. The above studies were widely distributed among public officials, legislators, and the private sector.
- CERES conducted seminars and workshops to discuss the findings of the studies. These events enhanced private sector understanding of impediments that need to be addressed to increase the private sector's contribution to economic growth.

"... these studies have been planting seeds among new legislators on the contents of the proposed laws affecting the private sector."

-- Ricardo Peirano, President of CERES,
3/16/95

J. Uruguay - USA Chamber of Commerce

Funding: \$125,000

Date Approved: 9/92

Completion Date: 5/95

Implementing Entity: Uruguay - USA Chamber of Commerce

Purpose: To support the Chamber's Program promoting public awareness of the legal reforms required to improve the business environment.

Description: The Uruguay - USA Chamber of Commerce carried out a public awareness program through seminars, workshops, exposure to reformers from other countries, and the dissemination of reports.

Accomplishments:

- The Chamber held ten conferences and seminars covering a variety of topics. The specific topics covered at these events included: MERCOSUR and regional integration; investment financing; the economic policies of presidential candidates; marketing; patents and copyrights; entrepreneurial development; and case studies on economic reforms in Chile, Ireland, Mexico, Peru, Portugal and Singapore. Over 450 entrepreneurs, public officials and experts participated in these events.

"... these conferences and seminars have been valuable. ...perhaps their greatest value was in opening the eyes of Uruguayan entrepreneurs on how to deal with foreign investors to promote Uruguay's development."

-- Adebardo Yannuzzi, President Chamber of Commerce Uruguay-USA, March 16, 1995.

K. National Chamber of Commerce

Project Funding: \$54,000

Date of Authorization: 7/94

Completion Date: 10/94

Implementing Entity: National Chamber of Commerce of Uruguay in association with the *Consejo Superior Empresarial*.

Purpose: To plan and execute studies on critical economic policy issues and their effects on the country's economic and social development. The studies would then be shared with the principal business associations and leading institutions representing the private sector.

Accomplishments: The studies defined and analyzed the various aspects affecting economic and social development. Topics covered included social security, administration of justice in commercial issues, fiscal policy, trade policy, local currency exchange policy, and education. The studies' findings were shared with Chamber members and political leaders.

L. Junior Achievement Program

Funding: \$390,000

Date Approved: 7/90

Completion Date: 6/95

Implementing Entity: *DESEM del Uruguay*

Purpose: To establish a program to develop the business and entrepreneurial capabilities of Uruguayan youth in an open market system.

Description: On September 7, 1990, USAID provided a grant to a group composed primarily of Uruguayan business executives to establish a business orientation program for Uruguayan youths. A principal objective of the grant was the creation of the Junior Achievement Program in Uruguay. This Program was intended to address certain anti-business biases, encourage young people to pursue

business careers, and increase public awareness of the role of business in the economic well-being of the country.

Accomplishments:

- On October 10, 1991, the Government of Uruguay approved the creation of *DESEM del Uruguay* to carry out the Junior Achievement Program in Uruguay.
- The program is being carried out in local schools, both private and public, and has grown rapidly since its inception. In its first year, 70 students participated in the program and created model small business enterprises at four schools. By 1995, participation had grown to approximately 1,800 students in 45 schools and other organizations. With technical advice and guidance from the volunteer business executives which now number more than 130, students create model enterprises which provide real-life experience in planning and operating of a business.

M. RTAC-II (*Alianza Cultural Uruguay - Estados Unidos de América*)

Funding: \$730,000 (including \$580,000 from the Local Currency Program)

Date Approved: 7/92

Completion Date: 6/95

Implementing Entity: *Alianza Cultural Uruguay - Estados Unidos de América*

Purpose: To establish an RTAC-II University Textbook Program in Uruguay.

Description: Under the Regional Technical Assistance Center II (RTAC-II), a large variety of textbooks and publications are made available to university students at affordable prices. The Program began in Central America and was extended by the *Alianza* to Uruguay in an effort to address the extreme shortage of affordable textbooks. Books and publications are generally authored in the United States and then translated for use by students in participating countries.

The *Alianza* purchases textbooks selected by professors through its Book Distribution Center. The Center sells the books to bookstores, which in

turn sell them to students. The net proceeds from the sale of books are returned to a revolving fund set up by USAID and the GOU in order to buy additional books, thus allowing the RTAC Program to continue on a self-sustaining basis.

Accomplishments: The RTAC-II Program started in Uruguay in July 1992. The first shipment of books consisted of 13,700 textbooks covering 18 academic areas. The RTAC-II Distribution Center had a sales volume of 25,300 textbooks in 1994, and reached its approximate break-even point in just two years. While the Program started operating with six book distributors, presently there are 65 outlets participating in the Program, which sell to students attending universities, public secondary schools, and vocational training institutions.

Through the distribution of high quality, modern textbooks and other publications at affordable prices, the Program benefits students attending Uruguay's three major higher education institutions: the University of the Republic of Uruguay; ORT Uruguay; and the Catholic University (UCUDAL). The RTAC-II Textbook Program in Uruguay is one of the most successful in Latin America.

N. ORT Uruguay

USAID provided \$30,000 to help ORT prepare a study on unfair competitive practices. ORT

completed the study and organized a seminar to disseminate its findings among business executives, legal specialists, and other professionals.

O. Farmer-to-Farmer Program

USAID supported efforts by the U.S. NGO Partners of the Americas to establish a partnership committee linking agribusiness experts from the state of Minnesota with Uruguayan farmers. The Minnesota Partnership works closely with the *Cooperativas Agrarias Federadas* (CAF) as the major participating organization in Uruguay. The partnership carried out exchange projects in the areas of livestock, non-traditional export farming, and vegetable production.

The livestock project provided technical assistance in animal disease control and eradication, dairy production, and livestock production. The alternative non-traditional export farming activities project has provided appropriate technology and information to increase the capacity of producers to select, breed, and market the best animals in the non-traditional sector. The vegetable production project has assisted farmers in developing intensive production and marketing strategies.

III. IMPROVED EFFICIENCY IN THE ADMINISTRATION OF JUSTICE

Uruguay's courts stand out in Latin America for their professionalism, integrity and freedom from politicization. Uruguay's judicial system has been at the forefront in Latin American efforts to reform procedures, train professional personnel and improve efficiency. Six years ago, Uruguay enacted a new General Code of Procedures for Civil Cases, and in 1987 the *Centro de Estudios Judiciales del Uruguay* (CEJU) was established.

With USAID/UNDP support, the Supreme Court and CEJU focussed on:

- Improving planning, personnel and court management systems;
- Strengthening the capability of CEJU to train judicial sector personnel; and

- Promoting selected judicial sector reforms.

USAID provided the majority of funding for two UNDP Projects: Judicial Administration Support; and Judicial System Strengthening. In addition, through observational visits, technical advice and cooperation with Partners of the Americas, the AOJ Program has helped introduce several judicial sector innovations in Uruguay.

A. Judicial Administration Support

Project Funding: \$624,799

Date Approved: 9/91

Completion Date: 6/95

Implementing Entity: Supreme Court of Uruguay (SCU)

Purpose: To provide assistance to the Supreme Court to improve judicial administration.

Description: The Program financed technical assistance, training and commodities, in support of SCU efforts to improve the institutional capability of the court system.

Accomplishments: The Program attained its intended objectives. Prior to the Program, all administrative decisions were made by the Supreme Court justices themselves, seriously detracting from the time available to consider cases. The assistance provided through the Program helped the Court to delegate most administrative matters to a Director of Administration, including personnel, procurement, accounting, building maintenance, and related tasks. According to an evaluation completed in February 1994, the number of administrative matters which the court handled was reduced from 500 in 1991 to 175 by 1993.

The SCU estimates that the percentage of time in Supreme Court sessions devoted to administrative matters dropped from 70-80% in 1992 to 10% by early 1995.

In addition, the Program enabled the SCU to establish:

- A system of planning conferences for justices, judges, and other operators of the judicial

system, similar to those practiced in the United States, as a routine mechanism to exchange ideas and discuss experiences in improving court administration;

- A consolidated system of planning and budgeting;
- A management information system with the necessary equipment for tracking cases and related information. The system includes standardized and simplified forms for gathering information, streamlined procurement procedures, and a general information data base;
- A jurisprudence system for the Supreme Court, consisting of a database showing Supreme Court decisions. This system will provide reference information available to the legal community;
- An Office of Statistics. The Office gathers information used to develop indicators (such as court congestion and case duration) to measure judicial performance, and to facilitate accountability and transparency.

B. Judicial System Strengthening (Judicial Education)

Project Funding: \$740,900

Date Approved: 9/90

Completion Date: 6/95

Implementing Entity: Centro de Estudios Judiciales del Uruguay (CEJU)

Purpose: (a) to establish CEJU programs for training judge candidates, judges, and professional and support personnel required to operate a modern and expanding judicial system; and (b) to begin to address selected legal and judicial impediments to trade and investment.

Description: In November 1989, Uruguay enacted the General Code of Procedures for Civil Cases. The new Code called for oral proceedings in civil courts and established additional courts. This created a need to train existing and new judicial personnel to implement the Code.

CEJU, which was created in 1987, assumed the task of developing and carrying out training programs for judicial personnel.

Accomplishments:

- CEJU has become one of the most recognized judicial training institutions in Latin America.
- CEJU established two programs each for judge candidates, prosecutors (*fiscales*), and public defenders. One consists of 270 hours of participatory learning, with 40% of the time devoted to academic study and 60% devoted to practice trials and other areas of judicial practice. The other consists of a three-month program with nine-hours per week in internship at a functioning trial court.
- CEJU trained more than 100 new judges in the new Civil Code and retrained sitting judges. In addition, CEJU has trained candidates for judicial or prosecutor positions, and existing prosecutors.

"Uruguay is the only country in Latin America that has adopted the oral process in civil courts. CEJU is largely responsible for its success."

-- William Davis, U.S. National Center for State Courts 3/10/1995

- Approximately 95 percent of judges now appointed to the courts have graduated from CEJU.

- The Supreme Court, which controls judicial promotions, now considers participation in CEJU courses as one of the primary criteria for advancement in the judicial system. At present, from a total of 450 judges and prosecuting attorneys in the Uruguayan court system, 321 have participated in CEJU courses. In addition, 328 members of the professional judicial staff (*escribanos* and other lawyers) have participated in CEJU courses and workshops.

"... the creation of the judicial school, which USAID helped fund, has become a crucial vehicle to implement other desired programs, such as the training of administrators and IDB-supported efforts to train judges in commercial law."

--CDIE Evaluation Report 8/17/94

C. Other Reforms

USAID support to the Supreme Court has also helped it begin to implement other procedural innovations. These innovations included introduction of the use of mediation as an alternative dispute resolution mechanism, the redrafting of the criminal procedures code -- including consideration of the use of an accusatorial system -- and new initiatives to improve the juvenile justice system. This last initiative involves cooperation by judicial, law enforcement, executive branch and NGO personnel with volunteers from the state of Minnesota coordinated by Partners of the Americas.

In keeping with the leadership role Uruguay plays in judicial sector reform in Latin America, Supreme Court judges have traveled to Bolivia, Ecuador, Argentina, and Colombia to provide advice to colleagues in these countries.