

URUGUAY

COUNTRY STRATEGY UPDATE

1. Period of coverage

The last Country Strategy with Uruguay covered the period 2005-2009 (document GN-2398-2) and was updated in 2008 through document GN-2477. The current administration took office on 1 March 2010, and the new Country Strategy is in preparation. The aim is to be able to present the new Country Strategy with Uruguay to the Programming Committee in September 2010 for consideration; therefore, this CS Update covers from January 2010 to that date.

2. Approvals during the effective period of the CS Update and their consistency with the areas of the CS

The 2005-2009 Country Strategy with Uruguay has three areas of strategic focus: (a) improving public management and sustaining fiscal soundness; (b) strengthening competitiveness and further integrating Uruguay into the global economy in order to sustain growth; and (c) poverty reduction and social inclusion. To date, the Bank has approved only one technical cooperation operation under this CS Update. See breakdown in Annex I.7.

3. New sector and rationale

No new sectors are expected to be incorporated under the CS Update.

4. Financial scenario

Subject to the Bank's financial capacity, approvals of SG operations in 2010 are estimated at US\$258 million. For the same period, approvals of NSG operations are estimated to total US\$50 million and nonreimbursable operations at approximately US\$1.6 million.

5. Country systems

Bank operations use country financial management systems (specifically the budget, treasury, and internal and external control functions). The Bank continues to support the General Accounting Office's SISPROBID initiative, aimed at implementing an accounting module until the Integrated Financial Information System (SIIF) is redesigned to contain its own accounting module, thereby facilitating the generation of information on Bank-financed projects. The country is also executing the Program to Strengthen the Control and Budget Management Units, to improve public financial management processes, including specific actions to support the Court of Accounts in terms of its operating capacity, practices, and auditing methods.

Regarding procurement, the Bank has been promoting training of executing units to make the criteria uniform, reduce transaction costs, and expand use of the ex post review methodology. The Bank implemented a Procurement Plan Execution System (SEPA) that is mandatory for new projects. It is also promoting developments in the electronic procurement system. A sphere for dialogue with the recently established National Procurement Agency is also being sought. Moreover, the Bank is continuing the dialogue to plan and conduct an evaluation of the country procurement system, through the OECD/DAC tool.

It is expected that, over the term of the future strategy, it will be possible to implement coordinated actions to improve how country fiduciary systems function⁵ and to increase usage thereof.

⁵ The use of country procurement systems is subject to approval of the corresponding strategy by the Board of Executive Directors of the Bank.

ANNEX I:
OPERATIONS APPROVED DURING THE EFFECTIVE PERIOD OF THE CS UPDATE
(As of 31 March 2010)

7. URUGUAY

Technical Cooperation Operations

Project number	Name of the technical cooperation operation	Date approved	Amount approved (US\$)
Poverty reduction and social inclusion			
UR-T1058	Pilot implementation of a "Model for Community Management of Sports Spaces"	11 Mar 2010	700,000
<u>Total</u>			700,000