

TC ABSTRACT

I. Basic Project Data

▪ Country/Region:	URUGUAY/CSC - Southern Cone
▪ TC Name:	Promoting Productive Transformation and Competitiveness of Uruguay's Agri-food Industry based on Science Technology and Innovation
▪ TC Number:	UR-T1182
▪ Team Leader/Members:	Crespi, Gustavo Atilio (IFD/CTI) Team Leader; Rodriguez Cabrera, Luis Gaston (CSC/CUR); D'Angelo, Carolina (CSC/CUR); Lopez de Valles, Maria Fernanda (IFD/CTI); Sun, Juyoon (IFD/CTI); Hintze, Luis Hernando (CSD/RND); Gomez Decker, Federica (INT/TIN)
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	21 Aug 2018
▪ Beneficiary:	National System of Productive Transformation and Competitiveness at the Office of Planning/Budget
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	\$ 1,000,000.00
▪ Local counterpart funding:	\$ 100,000.00 (In Kind)
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals
▪ Prepared by Unit:	Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	Country Office Uruguay
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation

II. Objective and Justification

- 2.1 The general objective of the technical cooperation is to contribute to productive transformation and increase competitiveness of agri-food industry in Uruguay. Specific objectives are: (i) to assess the background conditions of the agri-food innovation system in Uruguay (ii) to establish a world class biotechnological center aimed at improving the coordination of the agri-food innovation system and at providing stronger university-industry linkages and (iii) to enhance market intelligence research capacity based on trade statistics and to develop strategic planning capacity for R&D agenda with the primary focus on agri-food industry.
- 2.2 Since 2003, Uruguay shows a remarkable record of 15 years of uninterrupted economic growth, averaging 4.3% per year (BCU, 2017). This expansion has been partially fueled by the satisfactory performance of agribusiness complexes that explain about 78% of exports of goods (Uruguay XXI, 2016) . Indeed, main export products include meat (15%), soybean (12%), rice (6%), dairy (6%), wool (2%) and pulp (14%), among others. As such, the agri-food industry is a significant contributor to Uruguay's Economy. However, economic growth has slowed down to a mere 1.6% since 2015 (IDB,2016). A great factor underlying this has been the loss in competitiveness in agri-food, mostly due to dramatic changes in the international context, with a sharp decline in the global demand of raw materials together, in some cases, with problems of global oversupply. Additionally, these changes in global demand have concurred with volatility in the

weather conditions due to climate change. In summary, the sustainability of the current Uruguay's growth model is seriously challenged if it remains based only on the competitiveness of raw materials and commodities. Uruguay stands out among Latin American countries as having some of the best Agriculture Science and Technology Indicators and well-established capacity in agricultural research but there is a missing link in the system needed to coordinate research capacities already existent and bridge them with the knowledge demands of the industry for the development of more sophisticated food products. Partially, because of this situation, the agri-food innovation system is not taking full-advantage of the opportunities that modern biotechnology offers for increasing productivity, enhancing value of agri-food products and profitability, and achieving sustainability. The experience of most developed countries suggests that technology centers, if regulated by the right set of incentives, can play a critical role in the innovation system connecting knowledge demand with supply, building capacity through human capital formation and providing sophisticated knowledge services to firms through the operation of advanced equipment.

III. Description of Activities and Outputs

- 3.1 Component 1. Assessing background conditions for establishing a world class BT center in agri-food and capacity building. This component will carry-out a complete strengths, weaknesses, opportunities and threats (SWOT) analysis of the different segments of the Uruguay's agri-food value chains with focus on benchmarking the Uruguayan BT research capacity. It will review the national and sector policies, plans, statistical data, economic and thematic sector work to identify key sector development issues and constraints. Component 2. Developing a BT center master plan and feasibility study. This component will develop a master plan for attracting a world class BT center for the Uruguayan agri-food industry. The BT center will serve as a headquarter of manpower, scientific expertise, research capacity, and infrastructure for knowledge generation, human resources training, and technology transfer to enable innovations in agrifood value-chains. Component 3. Building Trade Intelligence and R&D Planning Capacity to upgrade the agri-food sector. The first activity of this component aims to develop methodologies and an institutional framework to monitor and forecast key trade trends, risks and opportunities for key Uruguayan export products and strategic sectors. A secondary activity of this component will be the strengthening the R&D planning function based on technology trend analysis for strategic sectors. This activity will build capacity for analyzing the information on future and emerging technologies in the key strategic sector of agri-food sector. Then, based on review of the feasibility, marketability, and existing research and market capacity, R&D agenda and program will be developed with the thematic experts and scholars in the area.
- 3.2 **Component I: Assessing background conditions for establishing a world class BT center in agri-food and capacity building.** Carry-out complete strengths, weaknesses, opportunities and threats (SWOT) analysis of the different segments of the Uruguay's agri-food value chains with focus on benchmarking the Uruguayan BT research capacity.
- 3.3 **Component II: Developing a BT center master plan and feasibility study.** Develop a master plan for attracting a world class BT center for the Uruguayan agri-food industry.
- 3.4 **Component III: Building Trade Intelligence and R&D Planning Capacity to upgrade the agri-food sector.** Develop methodologies and an institutional framework to monitor and forecast key trade trends, risks and opportunities for key Uruguayan export products and strategic sectors.

IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Assessing background conditions for establishing a world class BT center in agri-food and capacity building.	\$ 340,000.00	\$ 30,000.00	\$ 370,000.00
Developing a BT center master plan and feasibility study.	\$ 440,000.00	\$ 50,000.00	\$ 490,000.00
Building Trade Intelligence and R&D Planning Capacity to upgrade the agri-food sector.	\$ 220,000.00	\$ 20,000.00	\$ 240,000.00

V. Executing Agency and Execution Structure

- 5.1 The Beneficiary has requested that the Bank execute the TC. This is based on the Bank's capacity to implement technical cooperation projects, its knowledge to identify highly qualified international consultants, and its experience in similar operations among different countries in the region. The Beneficiary of this TC, the SNTCP at the Office of Budget and Planning of the Presidency of the Republic will contribute to the discussion of the terms of reference of the different studies, assist the international consultants during their missions to Montevideo and approve the outcomes of the different studies. Bank's execution is in compliance with the section 4.5 of the TC Policy which requires, in case of Bank-executed TCs, that: (a) the beneficiary country or group of countries concurs and (b) the proposed activities are consistent with the Bank's country and /or regional strategy and program.
- 5.2 The Bank through CTI, RND and INT specialists will supervise the technical and operational activities related to the project. Although the Bank will be the executing unit of this project, the Beneficiary will still have to submit technical reports every six months with information about activities, products and results achieved over the last period. The reports will have to include a schedule for using the resources over the next six months period together with information on lessons learned. The half of year reports will be discussed in monitoring meetings with the beneficiary. Additionally, the technical cooperation will have an external evaluation by an independent consultant, paid by the project, who will certify the fulfillment of the indicators and goals included in the results matrix.

The procurement of individual consulting services will be carried out by the Bank, in accordance with the IDB's Human Resources Department regulations (AM-650). The procurement of firm consulting services will be carried out by the IDB in accordance with the Policies for the Selection and Contracting of Consultants Financed by the Inter American Development Bank (GN-2350-9), while the procurement of non-consulting services will be carried out by IDB in accordance with its Corporate Procurement policies (GN-2303-20).

VI. Project Risks and Issues

- 6.1 Potential risks can be anticipated for coordination due to the nature of the project requiring multi-agency participation in each component. Nevertheless, the SNTPC the Beneficiary of the project, has the mandate and experience in coordinating relevant ministries and agencies. The SNTPC, led by the President of the Republic, has the

highest-level mandate to coordinate all the different stakeholders and to align incentives for the success of this project. A risk with the implementation of this TC is that the Government of Uruguay disagrees with the recommendations emerging from some of the studies and so does not move forward with the implementation of some of the policies. In order to mitigate this risk, the project team will be deeply involved in the dialogue with the Beneficiary in order to accompany the process of discussion and assimilation of the different policy recommendations.

VII. Environmental and Social Classification

7.1 The ESG classification for this operation is "undefined".