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URUGUAY, EASTERN REPUBLIC OF URUGUAY
UNDP COUNTRY PROGRAMME, 1978-1982 - FINAL VERSION

8 SEPT - 5 DEC 1977

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MEMORANDUM

TE 311/1 URUG

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Centre for Development Planning, Projections and Policies

FROM: Carmen F. Korn, Deputy Director
The Americas Branch
Office of Technical Co-operation

SUBJECT: URUGUAY - Country Programme - 1978-1982

.... Please find hereto attached for your information and observations,
if any, copy of the following documents presented by UNU for consideration
by the Governing Council's 1978 January session:

DP/GC/URU/R.2: UNDP Assistance requested by the Government of Uruguay
for the period 1978-1982; and

DP/GC/URU/R.2 Recommendations: Note by the Administrator.

UNITED NATIONS DEVELOPMENT PROGRAMME



Distr.
RESTRICTED

DP/GC/URU/R.2/RECOMMENDATION
13 October 1977

ORIGINAL: ENGLISH

GOVERNING COUNCIL
January 1978 meetings

Country and intercountry programming and projects

COUNTRY PROGRAMME OF THE GOVERNMENT OF URUGUAY

Note by the Administrator

Programme period

1978-1982

IPF for 1977-1981

\$10 million

I. Nature of the programming exercise

1. The country programming exercise was carried out jointly by the Secretariat for Planning and Co-ordination (SEPLACODI) and the UNDP office in Uruguay. The exercise began in late 1976 with an analysis of the first country programme (1973-1977). This was followed up by sectoral studies on agriculture and industry. These studies were undertaken by Government personnel with the participation of field personnel of the Food and Agriculture Organization of the United Nations and the United Nations Industrial Development Organization.

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2. A draft country programme document was prepared by the Government and circulated to UNDP headquarters and all organizations in the United Nations system. Where appropriate, the comments received from these Agencies as well as those from UNDP headquarters were taken into consideration in finalizing the country programme.

II. Relation of the country programme to national development objectives

3. Although the Government has not defined a long-term development plan for Uruguay, the Government has produced several documents during the last three years that outline a development strategy for the present and immediate future. The "Documents on Policy and Strategy Development" which resulted from the San Miguel y Mivarna (1974) and Parque Hotel (1976) socio-economic policy meetings, call for an export-oriented economy, capable of sustaining the high standard of living which has been achieved since the beginning of the century. Government efforts will be directed to developing the productive sectors of the economy, giving special attention to export-oriented activities. In accordance with these national objectives, the Government wishes UNDP to concentrate its co-operation on the productive sectors (agriculture and industry) and related activities (agricultural training and human resources utilization).

III. Content and phasing of the country programme

4. The Government has determined that the country programme will concentrate UNDP assistance in agriculture, industry, trade, human resources, education and public administration. Agriculture and industry together will receive two-thirds of UNDP's available resources for the period.

Agriculture

5. About 32 per cent of the available resources will be spent in this sector. The main emphasis will be on the development of the fishing industry, the potential of which is excellent as a foreign exchange earner and provider of jobs. UNDP will continue assistance, that began during the first cycle, in fisheries policy and management. Similarly, UNDP will continue assisting in veterinary research, the importance of which is paramount to a country whose main exports and diet depend heavily on beef and lamb production. UNDP will also help in building-up the institutions which are responsible for the regulation and management of the sector as well as work in areas such as agricultural credit and marketing.

Industry

6. Roughly 33 per cent of the available resources will be spent in the industrial sector. Assistance in quality control, industrial credit and technical assistance to producers will be pursued where success has already been proved in carrying out integrated export-oriented programmes, such as the Leather and Leather Products Expansion Programme. Also, the number of subsectoral diagnoses will be expanded to provide the Government with the necessary data base for industrial policy formulation.

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Trade

7. Around 5 per cent of the available resources will be devoted to this sector to undertake an "umbrella" project which will consist of two main activities. UNDP will assist the Government both in tackling the general issues such as the regulations governing exports, internal and external credit mechanisms, export procedures and packaging techniques, as well as carrying out worldwide market studies for Uruguayan products which have export potential.

Employment and human resources

8. This field of activity will also receive 5 per cent of UNDP funds. During the last two years, the Government, together with UNDP, has implemented a programme to appraise the country's human resources situation, determine the qualitative and quantitative parameters of future manpower requirements and design suitable policies and strategies. This programme will continue receiving UNDP support until these objectives are met.

Education

9. This sector will receive approximately 7 per cent of available resources. UNDP assistance will be concentrated on the strengthening of the scientific capacity of the University's School of Agriculture and special emphasis will be placed on the training of professors and the improvement of teaching methods and curricula. Assistance to the national vocational training system will be provided through the UNDP Latin American Regional Programme.

Public administration and planning

10. In this sector, UNDP assistance will cover two major areas: a programme to strengthen the organizational and operational capacity of the Civil Service which, in Uruguay, accounts for a large proportion of the labour force; and follow-up on past efforts to further consolidate the existing socio-economic planning infrastructure and strengthen the planning office.

11. The second country programme for Uruguay is essentially a continuation of the successful activities which were being carried out during the last two years of the first cycle and which represent a programme to develop the productive sectors and the main mechanisms that contribute to their management.

12. The financial implications of carrying out this programme are as follows:

Table 1

Sectoral breakdown of programmed resources

<u>Sector</u>	<u>Ongoing projects</u>		<u>New projects</u>		<u>Total</u>	
	Value (\$ 000)	Per cent	Value (\$ 000)	Per cent	Value (\$ 000)	Per cent
Employment	240	12	200	3	440	5
Agriculture	730	37	2 365	31	3 095	32
Industry	470	23	2 665	35	3 135	33
Trade	-	-	490	6	490	5
Education	393	20	287	4	680	7
Administration	160	8	120	2	280	3
Total programmed	1 993	100	6 127	81	8 120	85
Reserve			1 419	19	1 419	15
<u>Total</u>	<u>1 993</u>	<u>100</u>	<u>7 546</u>	<u>100</u>	<u>9 539</u>	<u>100</u>

Table 2

Phasing of the country programme

A. Amounts programmed

<u>Year</u>	<u>(\$ 000)</u>
1978	1 285
1979	1 726
1980	1 599
1981	1 790
1982	1 720
Reserve	1 419
	<u>9 539</u>

B. Resources taken into account for programming

IPF resources available for programming a/	9 539
Government cost sharing contribution	-
Total resources taken into account for programming	<u>9 539</u>

a/ IPF (1977-1981) \$10,000,000 plus IPF (1982) \$2,000,000 equal \$12,000,000, less \$673,000 spent during the 1972-1976 cycle and \$1,788,000 spent during 1977.

IV. Recommendation of the Administrator

13. In the light of the views expressed above, the Administrator recommends that the Governing Council:

(a) Approve the proposed UNDP country programme for Uruguay for the duration of its programme period within the limits of its Indicative Planning Figure for 1977-1981 and projected resources for 1982, taking into account the balance of over-expenditure or under-expenditure of its 1972-1976 Indicative Planning Figure (and expenditures incurred during 1977);

(b) Authorize the Administrator to proceed with appraisal and approval action on requests for assistance falling within the outlines of the country programme while ensuring, in accordance with the decision of the Governing Council at its eighteenth session (E/5543/Rev.1, paragraph 31), that expenditures are kept in reasonable conformity with the relevant Indicative Planning Figures and are contained within the financial resources available at any given time.

P. A Registry
3/11/77



MEMORANDUM

TE 311 / 1 URUG

TO: Mr. Vladimir Baum, Director
Centre for Natural Resources, Energy and Transport

Mr. Tse-cham Chang, Director
Division of Public Administration and Finance

Mr. Simon A. Goldberg, Director
Statistical Office

Mr. George D. Howard, Director
Social Development Division

Mr. E. P. Mwaluko, Director
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Mr. K-H Standke, Director
Office of Science and Technology

Mr. Leon Tabah, Director
Population Division

Mr. S. G. Vassilion, Assistant Director-in-Charge
Centre for Development Planning, Projections and Policies

FROM: Carmen F. Korn, Deputy Director
The Americas Branch
Office of Technical Co-operation

SUBJECT: UNDP assistance to the Government of Uruguay for the
period 1978-1982

..... Please find hereto attached for your information copy of the above
referred document which contains the request in final form proposed by
the Government of Uruguay for UNDP assistance within the next five years.



UNITED NATIONS
DEVELOPMENT
PROGRAMME



Distr.
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DP/GC/URU/R.2
8 September 1977
ENGLISH
ORIGINAL: SPANISH

GOVERNING COUNCIL
January 1978 meetings

Country and intercountry programming and projects

COUNTRY PROGRAMME FOR

URUGUAY

UNDP assistance requested by the Government of Uruguay
for the period 1978-1982

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INDEX

Page

I. INTRODUCTION	3
II. DURATION AND AVAILABLE RESOURCES	3
III. DEVELOPMENT PROSPECTS	4
IV. DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE	9
Sectors:	
1. RESOURCES DEVELOPMENT SECTOR	
- Human resources	9
- Natural resources	10
2. ECONOMIC SECTORS	
- Agriculture	11
- Industry	14
- External trade	17
3. SOCIAL SECTORS	
- Education	18
- Health	18
4. GENERAL ADMINISTRATION	
- Public administration	19
- General and sectoral planning	20
V. RELATIONSHIP BETWEEN THE COUNTRY PROGRAMME AND REGIONAL AND INTERREGIONAL PROGRAMMES AND PROJECTS	20
VI. MAJOR FEATURES OF THE COUNTRY PROGRAMME	22

ANNEXES:

I. Financial summary	
II. Other sources of financing from the United Nations system	
III. Basic data on Uruguay	

I. INTRODUCTION

1. Preparation of the second country programme for Uruguay (1978-1982) began in September 1976 with an exchange of correspondence between the Secretariat for Planning, Co-ordination and Dissemination (SEPLACODI), which is responsible for the planning, co-ordination and supervision of all areas of technical and financial co-operation on the Government's behalf, and the office of the resident representative of the United Nations Development Programme (UNDP).
2. Preliminary work on the second country programming exercise included preparation of a critical analysis of the experience gained during the first country programme. The basic aim of this analysis was to identify both the positive and the negative elements and results of the first programme, showing the reasons in each case, so that they can be taken into account in the second country programme.
3. Subsequently, SEPLACODI worked out the general parameters on the basis of which talks will proceed with the Government agencies involved. In setting the guidelines for the new programme, account was taken of the short-term appraisals and projections made by the Government in the course of top-level meetings held during the execution of the current Development Plan (1973-1977). These appraisals and projections constitute the present development strategy for the country. The most recent of the meetings took place in December 1976 at the Parque Hotel. Account was also taken of the analyses of the industrial and agricultural sectors which United Nations experts had a hand in preparing.
4. Concurrently with the activities described above, SEPLACODI has undertaken a preliminary analysis of the country's technical assistance requirements and has defined the sectors in which it wishes UNDP assistance to be concentrated. To supplement this analysis, it has also identified the needs to be met by other sources of bilateral and multilateral assistance. Thus, in general terms, the present programme results from the allocation of specific areas of activity to the various funding sources in accordance with the Government's guidelines.
5. This document, which is to be submitted for approval at the January 1978 session of UNDP's Governing Council, contains a programme of an indicative nature which concentrates resources in the priority areas designated by the Government to receive economic development assistance during the period.

II. DURATION AND AVAILABLE RESOURCES

6. Like the first, Uruguay's second country programme covers a five-year period (1978-1982) which is out of phase with UNDP's financial cycle by one year.
7. Expenditure during the first financial cycle (1972-1976) reached \$10.6 million. Expenditure for 1977 is expected to reach \$1.8 million, so that the funds available for the second country programme will be approximately \$9.5 million, assuming that

the indicative planning figure (IPF) for Uruguay in the third financial cycle remains at its present level of \$10 million. An exact breakdown of these estimates can be found in annex I ("Financial summary").

8. The Government of Uruguay has made a substantial repayable advance of funds in the amount of \$300,000 in order to cushion the impact of reduced UNDP input in the country in 1977. Likewise, during the execution of the first country programme, the Government twice took advantage of the "shared cost" scheme to help finance the activities of specific projects. It also made funds available for a project to be extended for a further year after UNDP assistance had ceased. Lastly the Government is making use of the system of funds-in-trust with an agency of the United Nations system for activities which provide direct support to those launched by a project.

9. This additional financial contribution to the activities of the programme in hard currency separate from the national-currency input to the projects, needs to be stressed. It is evidence of the Government's sense of priority with regard to the programme, particularly at a critical period for its economic resources. The Government believes that further contributions of this type could be contemplated when the second country programme is launched in order to meet any needs which may arise at that time.

10. This financial effort by the Government indicates its understanding of UNDP's policy of proportionally increasing its allocation of resources to the least developed countries. However, it is to be hoped that, as UNDP resources grow on a global scale, it will be possible to allocate additional resources to the country so as at least to maintain the same level of physical assistance as during the first country programme.

11. As already explained, the programme is based on the guidelines resulting from the Government's regular top-level evaluations of the development process. Should there be changes in those guidelines in the future, it is felt that the present country programme could be adjusted at the time of the periodic reviews for which UNDP makes provision during its cycle.

III. DEVELOPMENT PROSPECTS

Background

12. In the South American context, Uruguay is a small country (176,000 km²) with a population of 2.8 million; its most important resource is land well suited to agriculture. Population growth is low; the population is mainly urban, with a high literacy rate and relatively satisfactory health indicators for the region. (See basic data on Uruguay in annex III.)

13. The pattern of development until the 1930 crisis was fundamentally based on agricultural production and stock-raising, which enabled the achievement of relatively high income levels and provided considerable social benefits for the entire population, both urban and rural.

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14. From 1930 onwards and during the following two decades, the country implemented a policy of import substitution in the industrial sector which gave the urban population a relatively high income level.
15. In the mid-1950s, the first symptoms of stagnation in production and of a failure of the industrial import substitution pattern were observed.
16. In order to maintain the income level of the urban population, resources were diverted from the agricultural sector to industry and services by means of changes in fiscal policy, the exchange rate and prices.
17. Economic policy put the accent on distributing income, promoting a high level of consumption and protecting the industrial sector. Lack of incentives for economic growth, high-yield investment and exports caused progressive stagnation of the economy, reduced revenue, depressed import and export levels, high inflation and a recurrent balance-of-payments crisis.

The present situation

18. At the beginning of the present decade, as a result of certain policies to support agricultural production and because of favourable world market prices, the economy began to recover, bringing a favourable trade balance and increased reserves. However, from 1973 onwards the oil crisis dealt a new blow to the country's economy. Oil import costs rose from \$54.7 million in 1973 to \$183 million in 1975. (Uruguay has to import all its oil.) There were substantial rises in the cost of other imported goods, and the European market was closed to meat imports, which had been the country's most important export item. In the space of one year, this resulted in a marked trade and current account deficit and large-scale depletion of reserves despite the fact that sizable loans had been obtained.
19. Faced with an external crisis which had a double impact on its economy, the country opted for solutions which would go beyond immediate stabilization. From 1974 onwards, a pattern aimed at "outward looking" development was established. It put the accent on a freer exchange rate and external trade prices and on reducing the relative weight of the public sector in the national economy. The objective is for the economy to function in a context of general, impersonal standards where most decisions are left to the play of supply and demand.
20. The basic objective of the current programme is to improve the allocation of resources and the efficiency of productive systems.
21. Despite continued adverse external conditions, the implementation of this economic policy has brought an improvement in the trade balance, in the current account and in reserves. Likewise, in spite of the free play of internal prices, the inflation rate has slowed down in the past three years (1974 - 107 per cent; 1975 - 67 per cent; 1976 - 40 per cent).
22. Faced with the difficulty of finding outlets for meat in the traditional markets and with the reduction in meat prices, the Government has put even

stronger emphasis on its policy of diversifying exports and encouraging the export of highly profitable products by means of substantial tax incentives. The promotion of non-traditional export items has given a significant boost to sectors like manufacturing, where a deficit has been turned into an annual growth rate of about 5 to 7 per cent in the last two years. Generally speaking, the national economy has responded to the Government's announced policy and, despite the existence of unfavourable external factors, has achieved a substantial growth in national product during the past three years something not seen since the mid-1960s.

Prospects of consolidating economic growth

23. If this pattern of export-oriented economic liberalization is to enable the country to maintain its present growth rate, various aspects of its productive systems will have to be adjusted. Given the rigidities which have developed in the economy in recent decades, there will be certain difficulties in bringing about this change.
24. Nevertheless, the country has the human and physical resources to enable it to adapt its structures to this effort of efficient export-oriented production by which it can maintain the recent trend towards economic growth.
25. The country's relative advantages in maximizing this effort are: qualified manpower, an agricultural and stock-raising production potential well suited to the development of export industries, a strategic geographical position between the consumer markets of Brazil and Argentina with adequate surface transport connexions, and a port for exports to more distant markets.
26. The potential agricultural and livestock production can provide a basis not only for substantially increased productivity in traditional export products but also for a significant development of those items so far exported in only very small quantities, such as grain, dairy products, fruit and vegetables, and fish.
27. However, the efforts made to stabilize the economy and introduce policies to encourage sustained growth based on diversification of exports will bear fruit only if Uruguayan products can compete in quality and price in regional and world markets. Improved efficiency of the productive structure of the country will therefore assume prime importance.
28. Moreover, increased efficiency is necessary because the Government is not introducing any changes in its incentive scheme which is part of its policy of liberalization and tax compensation, the aim of which is to ensure, by a gradual process, that producers and manufacturers are able to adapt their productive structures to higher levels of competence.
29. As has already been seen, the productive sectors have responded positively to the Government's economic policy in achieving sustained growth rates. What is now called for is motivation and an ability to adapt rural and industrial enterprises to ensure a continued positive response to the Government's economic policy guidelines, which will be formulated with an eye to coherence and continuity.

30. However, some basic problems remain as a consequence of the period of stagnation and overprotection: lack of competitiveness in the industrial sector, outdated plant, undercapitalization of the agricultural sector because of the diversion of resources from agriculture to the urban sectors, unemployment and underemployment with all their adverse consequences, and the tax deficit, which although it has tended to diminish, still remains.

Capital and technical assistance requirements

31. With sustained export growth, an improvement in international reserves, a healthier economy and sufficient support from international financial agencies, the country will be able to reach satisfactory levels of savings and raise the necessary external capital to invest in modernization of the productive structure.

32. To this end, in addition to the loans that the country is obtaining from bilateral or multilateral, public and private sources of financial assistance, laws have been passed to promote industrial development and foreign investment by granting preferential treatment to new investment, both national and international, in those productive sectors which fall in line with the new economic policy.

33. To achieve its aims, the country will also need, among other things, to modernize its plant, to obtain and adapt new technologies, to improve management techniques, to increase the volume and improve the quality of its products, to develop new products, to become better acquainted with existing markets and put its trade on a firm footing, to open up new markets and to train its labour force.

34. To ensure that these measures are put into effect, the country has launched a project to introduce technology in all these areas and in both the public and private sectors. Parallel to this, it is hoped that foreign private investment, together with loans granted by financial institutions such as the World Bank and the Inter-American Development Bank and by other countries, will bring with it the application and dissemination of new technologies. In this context, the Government is conscious of the role to be played by both bilateral and multilateral technical co-operation programmes. It gives particular weight to the Technical Assistance Programme submitted to UNDP in this document, details of which appear in section IV, because of its relative size and objectivity.

35. The country will continue to take advantage of assistance provided by other agencies in the United Nations system to supplement the priority areas detailed in this document. In association with the United Nations Fund for Population Activities, studies are envisaged which will be based on the data of the recent population and housing census and the vital statistics programme now in progress; there is also a possibility of assistance in the health sector. In co-operation with the United Nations Revolving Fund for Natural Resources Exploration, a study programme on uranium-bearing resources is under consideration. The International Atomic Energy Agency will continue to support the activities of the National Atomic Energy Commission, including its health-related activities. The World Health Organization/Pan American Sanitary Bureau will continue its regular programme to deal with basic problems of health administration. The projects already approved or to be submitted to the FAO Technical Co-operation Programme and

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the Freedom From Hunger Campaign are closely linked to the activities planned under this programme in the sectors of animal health, export of agricultural products, and fishing. The United Nations Environment Programme is involved in a plan to carry out studies to counteract some of the adverse consequences of industrial expansion in certain subsectors. With UNICEF the possibility is being considered of studying the social sector, and a project involving the World Food Programme will be launched in early 1978. In section IV and annex II of this programme, more specific mention is made of these types of assistance under the respective sectors concerned.

36. At the same time, technical aid programmes of other international institutions such as the Organization of American States, the Inter-American Development Bank and the European Economic Community will continue, as will bilateral assistance programmes.

External economic relations

Trade

37. Where exports are concerned, the structure of Uruguay's external trade in the last decade shows a trend towards a reduction in the relative importance of European markets (from 75 per cent to 50 per cent of exports) and of the United States market (from 12 per cent to 6 per cent) in favour of a growth of exports to countries in LAFTA (from 10 per cent to 30 per cent), of which Uruguay is a member, and to other countries (from 6 per cent to 12 per cent). This trade has recently been boosted by the signing and execution of economic agreements with other countries in the region (Argentina, Bolivia, Brazil, Chile, Ecuador and Paraguay) and by the launching of regional co-operation projects (La Plata Basin, URUPABOL).

38. Where imports are concerned, the trend is to maintain the percentage volume of imports from the United States of America and Latin America (roughly 45 per cent of the total), while there has been a recent reduction in the percentage volume from Europe (from 37 per cent to 25 per cent) at the expense of increased imports from other countries (from 18 per cent to 30 per cent).

Credits

39. Three per cent of Uruguay's external debt, which totals approximately \$1.1 billion, is accounted for by credits from suppliers, 22 per cent by foreign private banks, 27 per cent by government dollar bonds, 25 per cent by international banks (World Bank, 12 per cent; IDB 13 per cent) and 23 per cent by government loans. Ten per cent of the latter are loans from the United States of America, 5 per cent from Argentina and 5 per cent from Brazil.

IV. DEVELOPMENT OBJECTIVES AND UNDP ASSISTANCE

1. RESOURCES DEVELOPMENT SECTOR

Human resources

Introduction

40. With the start that has been made in reorienting the industrial sector, the latter is expected to continue to attract a large volume of new investment. Investments in the public sector will continue to be of significance, and, with their own specific features, so will those directed to the agricultural sector.

41. Taking account of the fact that economic stagnation in the past had detrimental effects on the level of employment, it is important to be able to deal with the consequences of such investment on labour demand and to find a suitable positive response to the country's economic and social development needs in order to reduce unemployment and underemployment rates in both urban and rural areas.

42. The Government's employment policy has been defined in the course of the top-level meetings already mentioned, and recent legislation on the subject has provided for such measures as the creation of a National Employment Service and a programme for restructuring the Ministry of Labour and Social Security by strengthening the Human Resources Department. Furthermore, 14 technical working groups have been set up with the participation of delegates from the Ministry, from SEPLACODI and from the government agencies involved to deal with the basic problems of the sector, such as employment information and statistics, reorganization of institutions, migration, and the effect of export promotion on employment. Another topic being studied by the technical groups is the relationship between employment and policies for promotion of and investment in agriculture, fishing, manufacturing industries, building and tourism.

Activities

43. The Ministry of Labour and Social Security receives assistance in this area from UNDP through the ILO in establishing the basis for the development of a national employment policy and for labour planning. This requires, among other things, the institutionalization of a national information system for the sector. In particular, it is desired to determine the extent to which the reorientation of the industrial sector and the agricultural development programmes can help to create new or better employment opportunities. The assistance programme in this sector will in principle be extended to the end of 1980.

44. The programme will receive support from regional United Nations projects in this sector, as is indicated in another part of this programme. Another source of aid in the human resources sector will be bilateral assistance programmes of the Governments of Spain and Ecuador. In the case of Spain, 22 man months are envisaged for the biennium 1978-1979 in various specialized areas, to be supplemented by scholarships for the Uruguayan counterparts of these experts.

45. In addition to support for basic research, occupational analysis and statistics in the sector, priority will be given to investment and employment studies in order to identify factors which directly or indirectly generate employment in such sectors as leather and ready-made clothing, fisheries, textiles and external trade, many of which also fall within the scope of assistance activities under other projects called for by this country programme.

46. The Government will also study possible ways of systematizing vocational training machinery by evaluating existing facilities and planning their use in accordance with the new requirements of the various production sectors. This need to adapt vocational training programmes and strengthen them technically is expected to be met with financial assistance from multilateral sources.

47. It is estimated that approximately 5 per cent of available resources will be allocated to these activities.

Natural resources

48. One sector which is receiving increasing attention from the Government is the exploitation of the natural resources of the subsoil. In this area, although Uruguay has many partial studies of a preliminary nature, it has not been able to obtain sufficient systematic information to provide a solid basis for Government policy.

49. The Government plans to call upon the United Nations Revolving Fund for Natural Resources Exploration for assistance in initiating a uranium exploration programme in certain areas of the country which have already been identified as promising with direct aid from IAEA. The Fund will first send a short-term mission to evaluate the present findings and data. If the results of the mission are considered sufficiently encouraging, major financial assistance will be provided by the Fund for a project to be launched in 1978.

50. During the period of the present programme, an effort will also be made to develop the institutional base of the sector under the Ministry of Industry and Energy in order to provide systematic guidance for its research.

The environment

51. The competent national authorities hope, with technical assistance to be negotiated with the United Nations Environment Programme and through co-ordination efforts at the institutional level, to proceed successfully with future national and multinational activities in the River Plata basin. It is planned to launch specialized programmes relating to the quantification of fertilizer residues, biocides and industrial wastes, the strengthening of vocational and technical capacity and the development of suitable methodologies with a view to recommending measures to ensure proper protection of the environment.

2. ECONOMIC SECTORS

Agriculture

Introduction

52. In order to enable the agricultural sector to contribute to the growth of gross domestic product in a more significant manner than in the immediate past, the Government has initiated a policy of stimulating those activities which have the greatest potential for helping to accelerate economic recovery in the near term and for rationalizing the use of agricultural resources in the longer term.

53. In view of their relative importance, there will be a continued effort to increase the productivity of the meat and wool sectors, which are traditionally the principal export sectors and are likely to show a favourable price trend in the medium term. However, increasing emphasis will be placed on export-oriented agro-industries and on cereals.

54. To this end, policy measures have been adopted to afford the sector such incentives as the maintenance of attractive exchange rates, price liberalization for most agricultural products, price supports and a tax structure which reduces indirect taxes on inputs and exports and increases direct taxes on land productivity with exemption for the small producer.

55. In order to achieve the goal of sectoral growth, however, ways must be found to deal with various limiting factors now operating in such areas as the institutional structure of government services, especially those concerned with technical assistance, administration, the transfer of more advanced technologies to the producer and their effective application, adaptation of the credit system so that it covers all products, variable credit terms depending on the purpose of the loan, systems for the internal and external marketing of agricultural products, and close co-operation between the productive and industrial sectors in the processing of agricultural products.

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56. The country has a satisfactory volume of official credit for the agricultural sector, which has been supplemented by a World Bank programme of agricultural development credit; in February 1976, the Bank approved a fifth loan for this purpose in the amount of \$17.5 million. In the matter of applied agricultural research, Uruguay is benefiting from a \$4,850,000 bilateral credit assistance programme arranged by USAID, and the latter in the same amount for agro-industry which includes \$350,000 in technical assistance has also approved a credit to the sector. In addition, consultations are under way with a multilateral financial agency on a support programme for the Ministry's veterinary services; this would cover structural problems and extension activity and would be closely linked with the activities proposed in this animal production programme.

Activities

Subsector: animal production

57. In view of the importance of meat exports to the country's economy, it is essential to achieve a greater volume of production at the most competitive prices possible and, at the same time, to offer products in the external market which meet international sanitary and hygienic requirements.

58. UNDP has been co-operating with the Uruguayan authorities through FAO in the area of veterinary research and animal health, providing advice in activities relating to such problems as the incidence of parasites, the mineral balance of pastureland, pesticide residues and the production of vaccines. If the results of this work are to be properly disseminated among producers, an efficient, publicly run extension service is needed to provide support to private services.

59. In the animal production subsector, it is proposed during the period of this country programme to gear assistance towards strengthening the research carried on by the Veterinary Research Centre, a unit of the Ministry of Agriculture and Fisheries, and towards promoting its dissemination among the country's producers through three regional centres in a co-ordinated effort with the existing field services.

60. In this connexion, special attention will be given to the restructuring and co-ordination of services and the training of technical personnel, so that the work can be geared to the needs of the producer in conformity with government policy. Particular emphasis will be placed on milk production problems in the areas of livestock feeding, milk hygiene and collection, animal health and the reproduction rate of livestock, with attention directed towards technical assistance to the producer and research.

Subsector: institutional development

61. In view of the paramount importance of agriculture in the country's economic life, it is important that the public infrastructure of agriculture should provide the sector with the guidance it needs in order to ensure that Uruguayan farmers improve their yields. The Ministry of Agriculture and Fisheries has this

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responsibility in Uruguay, and it is considered essential to revitalize and modernize the Ministry's organization so that its structure and functions are better suited to making a constructive contribution to agricultural development.

62. The activities envisaged in this area will be aimed at ensuring more modern institutional structures capable of placing emphasis on extension activities so as to provide comprehensive technical support to the producer.

Subsector: credit and marketing

63. The activities envisaged in these areas will be designed to develop a solid and flexible credit system providing, in the first instance, short-term credit for crops covering the entire production cycle including internal and external marketing, and a system of price supports for the main products. In addition, consideration will be given to the need for longer term credit in implementing a plan for developing the rural holding as an economic production unit. The aim is to achieve higher levels of investment which will enable the producer to become a rural businessman and seek a high yield on the capital represented by his property.

64. Special attention will be given to the internal trading system in terms of both inputs and outputs so as to bring about a relative increase in the percentage of the price which actually remains in the hands of the producer. An effort will be made to organize a controlled marketing service directed by the Ministry of Agriculture and Fisheries.

65. The country possesses a network of relatively well-developed co-operatives which can serve as a vehicle for a co-operative credit programme - a prime necessity in an undercapitalized sector - and as the basis for increasing the producer's share in the profits derived from internal and external trade. A study will be undertaken in this sphere and the resulting recommendations implemented, if possible within the period of the present programme.

66. As regards credit and marketing activities, particular attention will be given to the needs of small producers because of their relative weight within the sector, to means of exerting a positive influence on levels of rural employment and to the social benefits which can be obtained by giving the small producer special aid either directly or through the development of various forms of association.

Subsector: fisheries

67. In recent years, this sector has experienced major development. The country has initiated a programme calling for the purchase of fishing boats and the establishment of processing industries; the goal is a catch of 200,000 tons, which will be intended mainly for the export of processed products. The principal fish resources are hake and anchovies, and the area of operation of Uruguayan fishing vessels has been extended by the River Plata Treaty and the common ocean frontage with Argentina.

68. The technical assistance provided by UNDP through FAO has been directed towards identification and quantification of the country's fish resources, their

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management, utilization and development, and the organization of statistics for the sector. The existing assistance programme lasts until the end of 1978.

69. Under the new programme, activities will be carried out in complementary fields, such as the development of a technical capacity for affording investors assistance in the planning, construction and equipping of new vessels within the context of applicable Uruguayan legislation and development policies; the vessels will be designed in the light of maritime characteristics, management conditions and resource availability.

70. In addition, a training programme will be organized for existing crews and those which will be called for by the expanded fishing fleet, since crews are inadequate in both quality and numbers because of Uruguay's lack of a fishing tradition.

71. Inasmuch as the development of processing industries is geared chiefly to the export trade, an effort will be made to provide them with adequate technical capacity and to ensure proper government supervision of such types as inspection, quality control of production and advice to enterprises.

72. In the area of marketing, up-to-date market information will be assembled in order to adjust to demand, quality requirements, new products and new ways of producing export goods with greater added value.

73. It is estimated that approximately 32 per cent of available resources will be allocated to the agricultural sector.

Industry

Introduction

74. The Government's objective is to obtain an annual increase of roughly 5 per cent in the output of the industrial sector. To this end, an effort will be made to develop a more diversified industry, with special emphasis on export products, with a view to increasing the proportion of manufactured products which add maximum value to raw materials of national origin. The country's special characteristics are such that those sectors possessing relative advantages will have to take the lead in this process, particularly through a greater degree of processing of raw materials derived from the agricultural sector.

75. Another government objective is to achieve through this process a general improvement in the levels of efficiency and productivity of the industrial sector and thus create new employment opportunities.

76. Since the import substitution process which made possible the growth of the sector up to the mid-1950s has been completed, the current strategy necessarily aims at active participation by the sector in an international market which is broader, more dynamic and more competitive than the national market. This strategy will make it possible to overcome the limitations which the size of the internal market imposes on the scale of production.

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77. Because of the country's productive structure, the development of some parts of the industrial and agricultural sectors will have to be co-ordinated so as to achieve something in the nature of reciprocal stimulation.

78. The objective in this sector will be to develop an industrial profile which ensures increasing competitiveness through exploitation of the country's most valuable resources, modernization and adaptation of industrial plant and better business management.

79. The country offers an impressive range of agricultural products for industrial processing, but in relatively limited volume, so that the development of these products will have to be oriented towards better quality and greater profitability. This will call for the intensive utilization of by-products, the integration of allied industries and the development of agro-industrial complexes.

80. In working towards this goal, the Government has enacted industrial promotion and foreign investment legislation, has recently entered into bilateral trade agreements with countries in the area in order to strengthen regional trade instruments like LAFTA, has reduced administrative control over the allocation of resources to the sector, is maintaining a favourable relationship between the Uruguayan peso and other currencies for purposes of commercial transactions in order to stimulate exports, and is promoting the export of manufactured products through a system of incentives based on the proportion of national value added of the product to be exported. Other recent measures relating to tariffs and import controls have sought to reduce the level of protectionism. Consideration is also being given to the possibility of developing certain geographical areas under a special legal régime with a view to producing manufactured goods intended mainly for the external market; this scheme would involve the use of temporarily imported components and of domestic labour and a wide range of domestic products and services, thus bringing benefit to the country's economy.

81. In support of this policy, external bilateral and multilateral credits are currently available for the import of capital goods through programmes oriented either towards export industries in general (World Bank: \$20 million) or more specifically towards agro-industries (USAID: \$4,850,000). These programmes also provide for reimbursable technical assistance which is closely integrated with the assistance offered to the sector by UNDP through UNIDO.

82. In this connexion, attention should be drawn to the development potential for the sector represented by the recent trade agreements with the countries of the area, for which studies will have to be carried out and measures adopted so that their implementation benefits the national economy.

Activities

83. Under this country programme and in this context, the Government is drafting a technical assistance programme for the industrial sector which will include the following interrelated activities and will be carried out mainly by the various departments of the Ministry of Industry and Energy, as determined by the process of restructuring of the Ministry which is to be implemented in the immediate future.

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84. Studies will be carried out in the manufacturing subsectors in order to determine which of them merit promotion because of their relative advantages and market potential. These studies will seek to determine the subsectors which present optimum conditions and to identify investment possibilities in new industries and policy measures which would serve to promote them in an effective, co-ordinated manner. Priority will, in principle, be given to the food-processing subsectors, particularly fruit and vegetable processing, dairy products and the utilization of by-products of the food industry.

85. Studies will also be conducted on the reconversion, adaptation and specialization of established industries, most of which were originally formed within the context of import substitution policies and currently show low levels of productivity. These studies will concentrate initially on the manufacturers of intermediate goods, consumer durables and capital goods with a view to determining the possibilities for specialization of production within the regional market. The aim will be to obtain a frame of reference for implementing selective promotion programmes, providing general guidance to business executives and obtaining data and policy guidelines as a basis for the negotiation of agreements which will permit the mobilization of new investment, particularly within the framework of the co-operation agreements concluded with countries of the area.

86. During the period in question, support will be given to activities aimed at improving industrial productivity and business management. This programme will aim mainly at improving the operational efficiency of existing enterprises, especially traditional industries which in the past have been able to compete in the market but have problems of production and productivity. It will include inter-enterprise analyses by production sector aimed at obtaining a complete comparative profile of production goods, processes used and management techniques so as to determine the degree of competitiveness, productivity and profitability of sectors and enterprises as well as their potential for expansion and flexible adaptation to change. The Government will attempt, in close co-operation with business enterprises, to develop a system of indicators for periodic surveys of individual productivity with a view to comparing the results with those for the sector and with international patterns. This programme will continue to emphasize the training of medium- and high-level personnel in business management methods as part of comprehensive assistance to enterprises.

87. As has already been noted, the emphasis placed on export activities will mean that national products will have to penetrate international markets which are increasingly demanding in terms of price, quality and presentation. The Government has also decided that greater industrial efficiency must not only be an instrument of export policy but must also apply to production for the internal market so that it contributes actively to the improvement of popular living standards.

88. In this context, activities relating to quality control and the introduction of new industrial production technology will be continued and intensified under the country programme. An effort will be made to implement quality control systems at the company level in accordance with the company's specific technical and economic structure and, at the same time, to expand the Government services responsible for standardization, quality certification and assistance designed to

familiarize companies with technological advances; the aim is to cover most of the sectors which are important to the export-promotion drive. It is hoped, through a support project for the technological laboratory of Uruguay (LATU), to promote and strengthen Government activities in this field in conjunction with a project for expanding LATU which is being studied by a potential source of multilateral financing.

89. In order to provide backdrop for exports at a time when there are major limiting factors to be overcome in that field, an effort will be made to ensure an adequate supply of containers, packing materials and other items having to do with the presentation and protection of merchandise; the aim is primarily to satisfy the requirements of external trade, while at the same time obtaining better prices for national products.

90. The Government received assistance from UNDP, with UNIDO as executing agency, in the final years of the first country programme and obtained bilateral aid from the Government of the Federal Republic of Germany for a set of three projects which have given support to a number of the activities described above; this includes the bilateral and multilateral credit mentioned in paragraph 81. Under the second programme, the national authorities will allocate an increasing volume of national and external funds to this sector in order to shape a coherent programme of co-operation in the activities to which reference has been made.

91. It is estimated that approximately 33 per cent of resources will be allocated to the industrial sector.

External trade

92. One of the most successful experiments in the country's recent economic history has been the expansion of the volume of exports of non-traditional products, as shown by the increasing proportion of over-all exports that they represent. Besides providing the necessary foreign exchange earnings and promoting the expansion of external economic relations, this diversification of exports enables the country to offset the effects of fluctuations in the prices of and demand for its traditional products.

93. This effort, which has received UNDP assistance in the past, must be strengthened. The present country programme provides for activities in the area of marketing with a view to lending direction and support to the export activities described in other sections of the programme.

94. Provision is made for continuing studies of markets for specific products; this will be an integral part of the research into industrial subsectors which, because of their export potential, are the subject of special promotional efforts. An effort will also be made to improve internal marketing systems and internal machinery relating to export credit, formalities and controls. Particular attention will be devoted to the feasibility of setting up export consortiums and creating external promotion machinery, including a network of national public and private commercial agents. The development of information services for exporters will continue.

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95. In this field, activities will be co-ordinated particularly closely with those in the agro-industrial subsector, with quality control and certification, with the introduction of new technology and packaging methods, and with the establishment of new industries and the development of new products.

96. It is estimated that approximately 5 per cent of resources will be allocated to the external trade sector.

3. SOCIAL SECTORS

Education

97. Since the end of the last century, primary and secondary education has received primary attention in Uruguay, and, although problems of quality exist in specific areas, content and standards are comparatively acceptable. Government attention will be focused on technical assistance requirements at those levels, principally under programmes made available by OAS through its specialized departments, the cost of which is expected to rise to approximately \$80,000 during the 1978-1979 biennium.

98. In the field of vocational and technical education, Uruguay has many schools attached to the Labour University which have received assistance from the United Nations in the past and are currently receiving multilateral financial support. As was stated in the human resources section of this programme, consideration is being given to the use of multilateral financial assistance in equipping a number of institutions in this system to enable them to adapt more easily to the changing needs of the industrial sector.

99. At the university level, consideration is being given to a programme for the modernization of existing structures and curricula with the assistance of multilateral funds. IDB is financing a survey of existing needs in this field at a cost of \$100,000 with a view to establishing the basis for such assistance.

100. In the education sector, this programme provides for the continuation of assistance which UNDP is providing to the Faculty of Agriculture through FAO and which calls for strengthening the Faculty's basic studies and restructuring the curriculum and certain parts of the administrative machinery. Upon completion of the current project in 1980 and depending on the development of the Faculty up to that time - including its transfer to modern, spacious premises - consideration is being given in principle to the possibility of departmentalizing the different specialized fields and providing support to more clearly defined and specific areas within the scope of the Faculty.

Health

101. The Government believes that technical assistance needs in the health sector can be met from the funds made available to Uruguay through the regular programmes of the World Health Organization/Pan American Sanitary Bureau and the United Nations Fund for Population Activities, and it does not envisage any UNDP-financed activities in this sector.

102. Under a World Food Programme project costing \$935,000, an effort will be made to change the nutritional habits and supplement the diet of a broad sector of the rural pre-school and school-age population in the northern departments of the country.

4. GENERAL ADMINISTRATION

Public administration

103. The public administration sector is very large in relation to the scale of the country's economy and is not oriented towards the degree of professionalization required in a modern public administration conceived and organized to support the national development effort. This situation has been brought about partly by a tradition whereby it fell to the State to provide major services in order to ensure a high standard of well-being for the population, partly by the extent to which the State has assumed responsibility for productive activities, and partly because the sector has acted as a major absorber of labour during periods of economic stagnation.

104. The Government considers it a matter of priority to equip the public administration sector for the development effort and has recently introduced important changes in the organization of public administration, in the definition of functions, and in policy regarding administrative rationalization, training, recruitment of staff and their distribution within the system.

105. Within this context, mention should be made of the administrative rationalization and civil service training programmes carried out by the National Office of the Civil Service (ONSC) and a number of public institutions and enterprises with UNDP assistance or as part of multilateral financial assistance programmes.

106. In this regard, the Government wishes to continue the training of senior civil servants and the study of the major problems of the authorities in this field, at the same time proposing up-to-date technical solutions for the sector.

107. Another field within the public administration sector for which the Government is requesting UNDP assistance is support for efforts to rationalize the management of the various decentralized Government institutions, including State enterprises, so that they can gradually attain levels of efficiency comparable to those of enterprises in the private sector. The purpose of such activities will be to achieve, within the process of economic growth, a relative reduction in costs and transfers of funds from the central Government in order to lessen the inflationary pressure of fiscal deficits and to free resources which could be used in the productive sectors.

108. It is estimated that approximately 3 per cent of resources will be allocated to these activities.

General and sectoral planning

109. In September 1976, the Secretariat for Planning, Co-ordination and Dissemination (SEPLACODI) was set up, under the direct authority of the Office of the President of the Republic, as a central body responsible for planning economic and social development, co-ordinating the implementation of the specific policies of each sector and carrying out the necessary dissemination of information in support of development plans and programmes.

110. This secretariat has played a leading role in the field of government organization and, among other functions, has centralized and co-ordinated all activities relating to technical and financial assistance programmes, as well as scientific and technological activities, under a recently established Division of International Co-operation.

111. As a continuation of activities already initiated under the first country programme, the current programme provides for activities in support of SEPLACODI in the areas of general and sectoral planning, foreign investment and budgeting and, in particular, in consolidating the Division of International Co-operation. The planned activities will in principle be focused on the training of existing or future technical personnel for the secretariat, although they may be extended to include highly specialized consultant services in specific fields. These activities will complement those of the World Bank and Inter-American Development Bank aimed at strengthening the capacity of the secretariat and other government departments with regard to pre-investment studies and projects.

112. Mention should be made in this context of the negotiations currently being conducted with UNICEF concerning institutional reforms and personnel training in the area of social planning. The Government has also submitted to OAS, for its approval, a regional development project which is to cost approximately \$200,000.

113. Also in this area, consideration is being given to activities intended to assist the sectoral planning units of the various ministries, particularly the Ministry of Industry and Energy and the Ministry of Agriculture and Fisheries.

Services

114. It is envisaged that, during this programme period, use will be made of the Technical Co-operation among Developing Countries machinery to support and continue activities in various State services which received UNDP assistance during the period of the first country programme, such as postal services, telecommunications services and meteorological services.

V. RELATIONSHIP BETWEEN THE COUNTRY PROGRAMME AND REGIONAL AND INTERREGIONAL PROGRAMMES AND PROJECTS

115. In the past, Uruguay has participated actively in UNDP regional and interregional programmes and projects. It served as the venue for project RLA/72/073 concerning co-operation with the Latin American Free Trade Association (LAFTA), which was completed in 1975. It is also the venue for project RLA/76/008:

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Inter-American Centre for Research and Documentation on Vocational Training (CINTERFOR), which has provided the region, and Uruguay in particular, with valuable support in the area of research and co-ordination of vocational training activities.

116. As has been stated, the Government intends to improve vocational training activities to enable them to meet the new requirements of the productive sectors resulting from the present shift in economic policy. The national authorities will make use of the valuable experience which CINTERFOR has acquired at the continental level during 13 years of continuous activity in this field.

117. Project RLA/76/009 "Centre for Training in Dairy Production for South Cono" has been submitted for consideration by UNDP, and it is hoped that it can be approved for 1978. The Government attaches particular importance to the approval of this project, which would also receive assistance under the agreement between FAO and the Government of Denmark. In the specific case of Uruguay, the benefits of this project will be reflected in an increase in exports of dairy products, and, for other participating countries, will serve as an important core for training the manpower needed in this field with a view to helping to meet their growing internal demand. From October to December of this year, a Subregional Course in Dairy Production will be conducted under the auspices of FAO and the Governments of Uruguay and Denmark. This course has aroused great interest at the regional level and is important in that it will make it possible to establish the national infrastructure needed for the proper implementation of the proposed regional project RLA/76/009.

118. The areas of activity established for the UNDP regional programme for the five-year period 1977-1981 cover a great part of the country's development planning. It is hoped that, in a number of cases, this will make it possible to obtain broad support and assistance from the regional programme for projects provided for in the country programme.

119. In that connexion, mention should be made of the co-operation received for project URU/74/003 "Manpower employment and planning policy" from projects RLA/75/081 "Regional Employment Programme (PREALC)" and RLA/75/083 "Inter-American Centre for Labour Administration (CIAT)". This assistance, which has consisted basically of technical missions and which, in the past, has enabled us to extend considerably the area of activity of the national project on employment, will continue to be used in the future. The Government emphasizes the importance of these two projects for the region and recommends broad UNDP support for them.

120. In the field of fisheries, projects RLA/76/004 "Information Service for the Marketing of Fisheries Products in Latin America" and RLA/76/010 "Establishment of a Regional Aquiculture Centre in Latin America" are directly linked to the assistance provided for in the country programme through project URU/71/517 "Fishery Research and Development".

121. Activities in the external trade sector will be supplemented by project RLA/73/053 "Export Development Programme", which will deal particularly with the criteria to be applied in selecting export industries and with the programming of industrial exports, as well as the supply and demand aspects of an export

development and promotion programme, and by project INT/71/027 "Training and Advisory Services on the Generalized System of Preferences". Project RLA/73/049 "Assistance to the Pan-American Committee on Technical Standards (COPANT)" will help to strengthen the activities of the Uruguayan Institute for Technical Standards and will facilitate the preparation and publication of the pan-American standards essential in order to increase trade among Latin American countries, particularly with regard to integration and co-operation agreements.

122. In view of the fact that the country's entire oil consumption is imported, special importance is attached to project RLA/74/030 "New Renewable Sources of Energy in Latin America". Uruguay recently initiated studies on solar energy, wind energy and the use of waste materials, which will be supplemented by studies to be carried out under the regional project mentioned above.

123. It is hoped that project RLA/77/004 "Latin American Economic System (SELA)" will provide a useful instrument for promoting intraregional co-operation, with a view to speeding up the economic and social development of its members, through specific programmes and projects which the various countries wish to implement.

124. In the past, assistance has been received from UNDP and UPU in developing postal services in Uruguay. That assistance, which has been highly successful and which terminates in December of this year, will be strengthened in the future through assistance to project RLA/77/009 "High-level Specialized Multinational Courses in Postal Services" and to the project entitled "Improvement, Development and Integration of Postal Services", which is under consideration by UNDP.

125. As far as the training opportunities offered under the regional and interregional programme are concerned, Uruguay attaches importance to the following projects: RLA/71/241 "Pan-American Zoonosis Centre", RLA/71/236 "Meteorology", RLA/74/234 "Latin American Institute for Economic and Social Planning", RLA/75/012 "Development of Marine Radio Communications", INT/68/671 "Study Course on Labour Problems in Economic and Social Development", INT/70/707 "Commercial Policy Course", INT/74/017 "Curriculum Development in the Field of Telecommunications", INT/76/005 "Collective Training Programme (Plastics Technology)".

126. In recent years, Uruguay has increased its use of the services of regional and interregional advisers. The assistance of these technical experts will continue to be used in order to obtain highly specialized advice under projects forming part of the programme or in other areas which the Government regards as priorities. During 1977, assistance has already been received from an interregional expert in computation techniques, and it is hoped to obtain advice from other experts with regard to public enterprises, employment opportunities for the disabled, development of water resources, and pulp and paper.

VI. MAJOR FEATURES OF THE COUNTRY PROGRAMME

127. The intention of the Government in drafting the country programme is to establish a framework defining the areas of activity for the next five years which will be helpful in achieving, within a joint strategy, certain specific development objectives to which the national authorities accord high priority.

128. As has been noted in another section of this document, the Government's long-term strategy is to change the overprotective domestic orientation of the economy and to construct a model whose growth is based on diversification, expansion and qualitative improvement of exports. The national authorities are aware that this model entails competing successfully in regional and world markets. The achievement of these objectives calls for a national effort to enable the productive sectors of the economy to improve significantly their standards of efficiency and gear their production to the needs of external markets. It is also recognized, particularly in a country the size of Uruguay, that this new model calls for a joint effort by the public and private sectors and for successful horizontal and vertical integration of institutions and productive sectors in order to strengthen the impact of the new strategy.

129. The Government requests UNDP support for its efforts through a co-ordinated programme which provides for the technical assistance needed to overcome obstacles and to reinforce the relative advantages gained since 1974, when the country announced and introduced its new economic strategy. Over the last three years of the first country programme, UNDP became associated with this reorientation of the economy, particularly in the industrial sector, in the area of external trade and in the fisheries subsector.

130. This document establishes an organic programme which provides for the bulk of available UNDP funds to be channelled, during the next five years, to the productive sectors of agriculture and industry and to a number of vital support sectors such as employment, public administration and external trade.

131. Obviously, the available funds are insufficient to meet all the technical assistance needs of the country if it is to achieve the aims of its new economic policy. This exercise has served to define those areas of activity within the joint programme policy in which it is felt that UNDP co-operation would be most effective and essential. The interrelationships with the main sources of multilateral financial assistance are also identified, and the fields of activity of other multilateral and bilateral technical assistance agencies and of the United Nations system are indicated.

132. The planning of new projects will be undertaken as part of the process of implementation of the programme itself on the basis of the areas of activity identified here. The efforts of the Government and of UNDP in the sectors referred to above will be carried out through medium-term projects. External inputs will be limited to specialized equipment, a small number of full-time experts and specific training activities. Substantial use will be made of specialized short-term advisers. A limited number of smaller-scale projects are envisaged.

133. Planned projects will be co-ordinated and will be mutually supportive to ensure that they actually retain the characteristics of an organic programme and that they work together in order to achieve the interdependence of action needed for the attainment of the objectives of the new economic model. This has already been carried out satisfactorily with the three industrial sector projects implemented in the first country programme.

134. As can be seen from the demographic and standard-of-living indicators contained in annex III, Uruguay has a well-developed social sector compared to the rest of the region. The social welfare programme initiated at the beginning of the century has resulted in a fairly adequate pattern of income distribution.

135. The serious problems facing the country at the beginning of the decade, with the threefold increase in the price of petroleum and the closing of traditional export markets, forced the Government to concentrate its activities on a programme of economic stabilization and reorientation as already described. It was felt that this was essential in order, among other things, to develop a sounder economic base and preserve the gains made in the social sector. Although the Government has decided to link the country programme closely with this effort which emphasizes the economic sector, the authorities recognize that, at the same time, there are a number of areas in the social sector which should receive external assistance. The principal sources of such assistance will be the funds of United Nations agencies with specific responsibilities in these areas - such as WHO, UNESCO, UNFPA, WFP and UNICEF - together with a number of multilateral technical and financial co-operation agencies.

136. The Government attaches considerable importance to the possibility of a programme of Technical Co-operation among Developing Countries (TCDC). Uruguay is prepared to provide UNDP with human resources to assist this programme and to make use of the services of experts from neighbouring countries through this new machinery. In view of the high cost of providing experts through traditional channels, the use of experts through TCDC is regarded as an important way of reducing the costs of external inputs in implementing the country programme. Furthermore, the Government's declared policy of strengthening its trade links with neighbouring countries through a series of agreements involving, among other things, increased technical co-operation justifies the interest of the authorities in TCDC at the regional level, since it is felt that this can achieve very satisfactory results.

137. From the very nature of the type of programme which the Government has established for the next five years, it is clear that investment will play an important role. However, it is felt that the activities of this programme will not have the same emphasis on pre-investment or feasibility studies as the first programme. It is felt that the country has sufficient access to multilateral and bilateral financing sources to enable it to prepare specific projects of this type.

138. On the basis of the proposed analyses and studies, activities in the industrial sector will help to determine specific policies for the latter's transformation so that it can play a leading role in the new national economic strategy by providing elements essential for the channelling of new investment. The activities envisaged in the area of external trade will also serve as a basis for attracting investment in industry.

139. With regard to the agricultural sector, it is intended that the activities carried out should lead to structural reforms which will result in more effective technical support for the producer. This should create the conditions necessary to encourage producers to invest in their properties once it becomes clear that the increased productivity of the land makes such action profitable.

ANNEX I

FINANCIAL SUMMARY

I. UNDP resources for the 1978-1982 programme

	<u>Period</u>	<u>US dollars</u>
Indicative planning figure (IPF)	1977-1981	10 000 000
Planned allocation	1982	<u>2 000 000</u>
TOTAL RESOURCES	1977-1982	12 000 000
Overspending on IPF	1972-1976	(673 000)
Resources utilized	1977	(1 788 100)
TOTAL RESOURCES FOR PROGRAMMING	1978-1982	9 538 900

II. Utilization of resources

	<u>Period</u>	<u>US dollars</u>
1. Programmed		
(a) Ongoing projects	1978-1982	1 393 000
(b) New projects included in country programme	1978-1982	<u>600 000*</u>
Subtotal (a) + (b)		1 993 000
(c) Allocated to objectives and activities for which projects will be formulated subsequently	1978-1982	6 126 900
2. Reserve	1978-1982	1 419 000
TOTAL PROGRAMMED RESOURCES		9 538 900

*/ Strengthening of LATU
Veterinary Research Centre.

170 000

430 000

600 000

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III. Annual phasing of financial inputs by sector
(in thousands of US dollars)

Sector	1978	1979	1980	1981	1982	Total	%
HUMAN RESOURCES							
Employment	120	120	120	80	-	440	5
ECONOMIC SECTORS							
Agriculture	470	716	609	650	650	3 095	32
Industry	465	570	630	740	730	3 135	33
Trade	-	90	90	150	160	490	5
SOCIAL SECTORS							
Education	230	180	100	90	80	680	7
GENERAL ADMINISTRATION							
Public Administration and Finance	-	50	50	80	100	280	3
RESERVE	175	200	340	424	280	1 419	15
TOTALS	1 460	1 926	1 939	2 214	2 000	9 539	
PERCENTAGES (%)	15	20	21	23	21		100

PROJECTS IN OPERATION IN 1977 AND PROJECTED ALLOCATIONS
FOR THE 1978-1982 COUNTRY PROGRAMME

Source of funds: Indicative planning figure

Region: Latin America

Country: Uruguay

Project No.	Short title	1977	1978-1982
URU/65/502	Faculty of Agronomy	198 276	393 000
URU/71/517	Fishery Development	328 000	300 000
URU/71/519	Development of Meteorological Services	117 361	40 000
URU/71/521	Quality Control for Leather	27 000	-
URU/72/009	Citrus Health	5 000	-
URU/72/011	Agricultural Statistics	13 000	-
URU/72/012	Assistance to the CIV Rubino	130 412	430 000
URU/72/013	Industrial Services	161 460	300 000
URU/72/014	Industrial Technological Development	74 400	-
URU/73/007	Beach Conservation and Improvement	77 052	80 000
URU/74/003	Employment Programme	77 295	240 000
URU/74/021	Yaguarón Basin (Phase II)	380 844	40 000
URU/75/003	Integrated Transport Survey	152 000	-
URU/77/001	Development of the Technological Laboratory of Uruguay	46 000	170 000
TOTAL:		\$US 1 788 100	1 993 000

Country: Uruguay

Country programme: 1978-1982

ANNEX II

OTHER SOURCES OF FINANCING FROM THE UNITED NATIONS SYSTEM

SECTOR: Agriculture

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
URU/6/01/M Establishment of a National Unit for the Detection of Pesticides in Meat	FAO	To export meat in accordance with the hygienic standards established by the international market.	1.3.77/ 30.6.78 (one year)	81 200*
CMCH/AD/11 Development of Apiculture Co-operatives	FAO/ FFHC/AD	To increase the production and the family income of producers through the application of new technology with a view to increasing exports.	1976/1978 (3 years)	86 625*
URU/6/02/M Full Utilization of Anchovies in Uruguay	FAO	To assist in carrying out a feasibility study on the establishment of a fish-meal and fish-oil industry.	July 1977/ December 1978	25 000*
TOTAL:				192 825

* Part of these funds have been used in previous years.

SECTOR: Agriculture

Projects not yet approved

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
Sugar beet	FAO	To devise a methodology for the identification of viable agricultural techniques to reduce the damage caused by the fungus <u>Sclerotium Rolfsii</u> to the sugar beet and other crops. To organize a research programme relating to the production and productivity of sugar beet.	One year	40 000
TOTAL:				40 000

SECTOR: Education

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
6.000 Co-operation with the Faculty of Medicine	WHO/PAHO	To provide technical assistance to the Faculty in order to raise the standards of its teaching staff and improve its library.	Renewable until 1981	16 680 Annual and renewable
6.400 Training of Health Engineers	WHO/PAHO	To co-operate with the Faculty of Engineering in order to initiate instruction in this new discipline.	Idem	3 500 Annual and renewable
FFHC Team for the School of Nutrition and Dietetics	FAO/FFHC/ AD	To provide assistance in the restructuring of the school in order to initiate research on nutrition.	1976/ 1978 (3 years)	63 000*

TOTAL: 83 180

* Part of these funds have been used in previous years.

SECTOR: Health

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
0100 Communicable Disease Control	WHO/PAHO	To provide assistance to the Ministry of Health with a view to achieving effective control of the main communicable diseases.	Renewable until 1980	7 500 Annual and renewable
1.700 Chronic Disease Control	WHO/PAHO	To equip the Institute of Rheumatology with appropriate instrumentation and bibliographical material so as to enable its technicians to apply effective control measures.	Idem	2 500 Annual and renewable
1.300 Maternal and Child Health	WHO/PAHO	To improve maternal and child health services by training hospital personnel.	Idem	5 060 Annual and renewable
1.500 Mental Health	WHO/PAHO	To train the personnel responsible for mental health services.	Idem	6 560 Annual and renewable
2.000 Environmental Sanitation	WHO/PAHO	To co-operate with the Ministry of Health by providing equipment, technical advice and training fellowships.	Idem	7 560 Annual and renewable
2.100 Water Supply and Sewerage	WHO/PAHO	To improve the administrative structure of the Public Sanitary Works Department.	Idem	2 500

SECTOR: Health (continued)

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
3.000 Industrial Hygiene	WHO/PAHO	To provide assistance to the Ministry of Health with a view to gearing environmental health services to existing needs.	Idem	3 300 Annual and renewable
4.100 Nursing Services	WHO/PAHO	To train the corps of nursing staff of the Ministry of Health.	Idem	4 060 Annual and renewable
5.100 Development of Health Services	WHO/PAHO	To co-operate in the development of the infrastructure of the Ministry of Health.	Idem	20 770 Annual and renewable
5.200 Medical Extension	WHO/PAHO	To organize medical care in hospitals.	Renewable until 1980	30 610 Annual and renewable
5.500 Administration of Health Services	WHO/PAHO	To provide assistance for the administrative restructuring of the Ministry of Health.	Idem	42 000 Annual and renewable
6.100 Training of Health Personnel	WHO/PAHO	To raise the technical standards of health personnel by redesigning existing curricula.	Idem	5 000

SECTOR: Health (continued)

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
7.400 Rehabilitation and Adaptation of Installed Capacity	WHO/PAHO	To advise the Ministry in the implementation of the basic investment plan.	Idem	40 575
				<hr/>
				TOTAL: 177 995

SECTOR: Industry

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
RP/75/1 Industrialization of Eucalyptus	UNIDO	To provide training in all matters relating to the industrialization of eucalyptus.	(One month)	1 100
TOTAL:				1 100

SECTOR: Natural Resources and Energy

Projects not yet approved

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
Prospecting and Assessment of Uranium Resources	IAEA	Continuation of assistance provided to the National Uranium Prospecting Programme.	January/February 1978	37 600
Prospecting and Assessment of Uranium Resources	UNRFNRE	Feasibility study on exploitation of existing uranium resources.	12 months (probable start: 1978)	To be determined
TOTAL:				37 600

SECTOR: Population

Projects approved

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
URU/75/P01 Vital Statistics	UNFPA	To obtain information on the country's birth-rate, making possible the preparation, publication and analysis of continuous birth statistics based on data from medical-obstetric birth certificates.	1976/1978	10 020
TOTAL:				10 020

SECTOR: Science and technology

Projects not yet approved

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
Nuclear Medicine	IAEA	Assistance to the Nuclear Medicine Centre in achieving higher technological capability in diagnosis of various diseases with a view to improving treatment and increasing the percentage of recoveries.	April/ May 1978	63 800
Programming and Development of the Centre for Nuclear Research (CIN)	IAEA	Assistance in CIN planning, organization and development.	January 1978/ December 1979	91 200
Study of the Photosynthetic Efficiency of Saccharogenic Cultures as a Source of Energy	IAEA	To obtain information on conditions for saccharogenic cultures for food purposes.	July/ October 1978	16 300
Calibration of Radiotherapy Equipment and Control of Dosimetry in Uruguay	IAEA	To enable all radiotherapy centres to know the exact dose administered to each patient in order to improve treatment.	February/ March 1978	15 310
TOTAL:				186 610

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SECTOR: Social security

Number and title of project	Source of funds	Description of objectives	Duration	Amount in US dollars
363/1-2284 Training in the Nutrition and Supplementary Feeding of Pre-School-Age Children	WFP	Promotion of good eating habits through the provision of balanced diets to 45 000 children.	1978/1979 (2 years)	935 000*
			TOTAL:	935 000

* Part of these funds have been used in previous years.

ANNEX II - SUMMARY

OTHER SOURCES OF FINANCING FROM THE UNITED NATIONS SYSTEM 1/

SECTOR	TOTAL US DOLLARS
Agriculture	232 825
Education	83 180
Natural resources and energy	37 600
Health	177 995
Industry	1 100
Social security	935 000
Science and technology	186 610
Population	10 020
TOTAL: 1 664 330	
SOURCE OF FINANCING	
FAO	295 825
WFP	935 000
WHO	198 175
IAEA	224 210
UNIDO	1 100
UNFPA	10 020
TOTAL: 1 664 330	

1/ Includes financing programmed to date; in general, reflects only sums allocated for the period 1978-1979.

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ANNEX III

BASIC DATA ON URUGUAY

I. GENERAL

Surface area (in km ²)	176 000
Surface suitable for agriculture (%)	87.6

II. DEMOGRAPHIC DATA

Total population (1975)	2 782 000
Density (inhabitants per km ²)	15.8
Territorial distribution (%):	
Urban	83.0
Rural	17.0
Education:	
Literacy (% of the population over 10 years of age) . . .	94.2
Age distribution (%):	
Under 15 years	27.0
Between 15 and 60 years	59.0
Over 60 years	14.0
Population growth (per 1 000 inhabitants):	
Births (per 1 000 inhabitants)	22.6
Deaths (per 1 000 inhabitants)	9.8
Economically active population (% of total)	39.0
Sectoral breakdown of the economically active population (%):	
Agriculture	16.4
Industry and construction	26.2
Trade	12.1
Services and transport	37.2
Other	8.1

III. GROSS DOMESTIC PRODUCT: COMPOSITION (Central Bank of Uruguay)

	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u> <u>1/</u>
GDP (thousands of 1961 pesos)	18 921	19 214	19 906	20 424
Growth of GDP (%)	0.9	1.6	3.6	2.6
Source of GDP by sector (%):				
Agriculture	15.7	15.4	15.1	15.1
Manufacturing	23.3	23.7	24.4	24.8
Construction	3.9	4.1	4.8	4.4
Trade	14.0	14.2	14.3	14.6
Transport and communications	8.3	8.5	8.3	8.4
Electricity, gas and water	2.4	2.3	2.3	2.4
Other services	32.4	31.8	30.8	30.3

IV. EXTERNAL DEBT, BALANCE OF TRADE, BALANCE OF PAYMENTS

Total amount of external debt in September 1976 (millions of \$US)	1 134.4
Trade (millions of \$US):	
Annual average for 1960s	375.8
Average 1970-1973	480.9
1974	869.0
1975	940.4
1976	1 112.0 <u>1/</u>
Balance of trade (millions of \$US):	
Average 1970-1973	+16.1
1974	-104.5
1975	-172.7
1976	-30.2
Balance of payments (millions of \$US):	
1973 Surplus	+6.4
1974 Deficit	-79.8
1975 Deficit	-108.4
1976 Surplus	+111.6

1/ Preliminary data.

V. STANDARD OF LIVING INDICATORS

	<u>1975</u>
<u>Per capita GDP (\$US)</u>	1 100
Expectation of life at birth	68
<u>KWH per capita</u>	800
Infant mortality (per 1 000 live births)	48.2
Telephones per 1 000 inhabitants	89
Radios per 1 000 inhabitants	377
Inhabitants per doctor	1 042
Inhabitants per hospital bed	162
Length of railway lines (km)	2 975

Source: Secretariat for Planning, Co-ordination and Dissemination (SEPLACODI)