CLR Review
Independent Evaluation Group

Completion and Learning Review Review

The Oriental Republic of Uruguay

FY16-FY20 Country Partnership Framework

September 6, 2022

Ratings

	CLR Rating	CLRR (IEG) Rating
Development Outcome:	Moderately Satisfactory	Moderately Satisfactory
WBG Performance:	Good	Good

I. Executive Summary

i. **This review of the World Bank Group's (WBG) Completion and Learning Review (CLR) covers the period of the Country Partnership Framework (CPF), FY201616-FY20,** and updated in the Performance and Learning Review (PLR) dated February 18, 2018. The CPF period was extended to FY21 under the blanket extension provided by the World Bank's Board of Executive Directors due to the COVID-19 pandemic; however, this extension did not affect the results framework.

ii. **The objectives of the CPF focused on some of Uruguay's major development challenges,** namely building resilience to external shocks (pillar 1); rebalancing the social compact through investment in the needs of children and the elderly (pillar 2); and integrating the Uruguayan economy into global markets through reforms in infrastructure, innovation and education (pillar 3). The program implemented during the CPF period was broadly aligned with the poverty reduction and shared prosperity goals of the World Bank Group. Specifically, WBG interventions under pillar 2, rebalancing the social compact, addressed issues of poverty reduction through its focus on early childhood education. In addition, addressing the need for youth to acquire marketable skills contributed to the shared prosperity agenda, though a lack of a clearly articulated results chain to some extent clouded the relationship between projects, pillars, objectives and corporate goals. However, the lending program approved during the CPF period only partly addressed priorities identified in the SCD and was not sufficient to address

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the main challenges embodied in the pillars and objectives of the CPF. Investment lending was directed at infrastructure, education, natural resources and climate change, while there was no lending to support critical priorities such as improving competitiveness and SOE reform, where ASA was more prominent.

iii. **IEG rates the CPF development outcome as Moderately Satisfactory.** Of the six objectives, two were achieved, three were mostly achieved, and one was partially achieved.

a. **The outcome under Pillar 1, building resilience to shocks was moderately satisfactory.** Within Objective 1, the financial performance of SOEs improved but there was no evidence that productivity improved, nor that the overall efficiency of public investment increased. Under Objective 2, land use management practices demonstrated some improvement and the objective was mostly achieved, although there was no evidence that water management had improved.

b. **The outcome under Pillar 2, rebalancing the social compact, was moderately satisfactory**. The objective of promoting early childhood development was partially achieved, while that of strengthening the quality of, and access to, education to prepare those in the bottom 40 percent to acquire marketable labor skills was achieved.

c. **The outcome under Pillar 3, which aimed to integrate the Uruguay economy into global value chains, was moderately satisfactory.** On the objective to make logistics and transport networks safer and more efficient, output indicators were achieved, and there was evidence that safety improved, although there was only limited evidence that efficiency improved. The objective to improve trade facilitation and product sophistication to increase integration into global value chains, was mostly achieved. While there was some limited improvement in trade facilitation procedures, trade sophistication declined and there was no evidence that integration into global value chains increased. Furthermore, the related issues of Uruguay's low investment ratio, predominance of SOEs, and the business environment were not addressed directly, which could compromise long-term growth of the economy.

iv. **IEG rates the World Bank Group performance as Good.** The overall program design as reflected in the CPF was adequate and aligned with some of Uruguay's development priorities. However, the World Bank overestimated the appetite for reform. Budget cuts arising from Uruguay's sovereign debt strategy, in which borrowing from multilateral development banks (MDBs) continued to decline, resulted in slowing implementation of projects in the last part of the CPF period. The slow pace of reform was accentuated by the policy making framework, which followed a consensus-based approach, which was time consuming. As a result, the outstanding portfolio declined sharply. An additional area overestimated by the World Bank Group was the demand for reimbursable advisory services (RAS), which the CPF anticipated to be substantial. In the event, the Government of Uruguay eschewed asking for RAS, which limited the potential for ASA overall, since Uruguay's high-income status meant that it had limited access to trust fund financing. The declining appetite for reform was outside the control of the WBG. There was good collaboration between the World Bank, IFC and MIGA, whose activities contributed to furthering CPF objectives in some areas. During the CPF period, IFC investments contributed to CPF Objectives 5 and 6 through support for agri-business, transport, and technology export development. MIGA guarantees to cover the mandatory reserve requirements of a commercial bank against political risk helped free up the bank's capital to expand its lending.

v. **Overall, the World Bank Group supported Uruguay's development priorities in a number of areas.** All seven of the WBG interventions during the CPF period that were validated by IEG were rated moderately satisfactory or better, significantly better than average for the LAC region. In the area of building resilience to shocks, the WBG provided assistance with SOE reform through improving performance transparency. It also developed path-breaking hedging products against commodity price volatility. Land and water resource management was enhanced through WBG interventions. Substantial assistance was provided for PPPs as well as in strengthening logistics. However, the CPF did not address directly the reasons for Uruguay's low investment rate nor support reforms in this area.

vi. **In general, IEG endorses the lessons contained in the CLR.** Of note is the lesson regarding the need to synchronize expectations in the CPF with the reality on the ground and the recommendation that CPF design adopt a conservative approach with regard to initial prospects for WBG engagement. IEG agrees with the suggestion that if these expectations prove to be too conservative, the mid-term PLR could consider additional involvement.

II. Strategic Focus

Relevance of the CPF

1. *Country Context.* **With a 2020 per capita income of $15,438, Uruguay is the World Bank Group's (WBG) highest income borrower and is classified as a high-income country.** Uruguay experienced over a decade of rapid growth in the 2004-2014 period averaging 4.5 percent annually in real terms. During this high growth period, the poverty rate declined dramatically from some 35 percent of the total population in 2002 to 12 percent in 2013, the lowest in Latin America. However, from 2015-2019 real growth fell sharply to less than one percent per year, the period covered by the FY16-FY20 Country Partnership Framework (CPF), as external factors turned less favorable for Uruguay's exports and internal imbalances emerged in the form of fiscal deficits, higher debt levels, and increased unemployment. Factors that contributed to the growth slowdown included low commodity prices and a fall in external demand. The economy was also impacted by financial turbulence in Argentina. Nevertheless, Uruguay's balance of payments remained strong, with the current account largely in balance . The poverty rate continued to decline over this period, falling to 8.8 percent in 2019. As a result of the COVID pandemic, real GDP fell by 5.9 percent in 2020 and public finances deteriorating

as a result of a decline in tax revenue and higher spending. By mid-2021 the poverty rate had risen 1.6 percentage points.

2. ***Government Strategy and CPF***. The CPF spanned two administrations, with a new government assuming office in early 2020. The priorities of the Government at the time of CPF preparation focused on improving competitiveness through (i) maintaining macroeconomic balance; (ii) encouraging private investment; (iii) strengthening international integration and expansion of markets; (iv) promoting value chains and incorporating innovation and technology; (v) expanding investment in infrastructure, including that by the private sector; (vi) strengthening and streamlining the national care system; (vii) increasing investment in education to 6 percent of GDP; and (viii) protecting the environment, especially water resources. Following the change in government in 2020, the policy reform agenda was further broadened to include strengthening the economy through financial market development, trade integration building resilience to external shocks, and a focus on climate change.

3. ***Relevance of Design:*** The objectives of the CPF focused on some of Uruguay's major development challenges as laid out in the 2015 Systematic Country Diagnostic (SCD), which identified as the main constraints (which were affirmed in the 2022 Systematic Country Diagnostic Update):

- As a small open economy, Uruguay was vulnerable to external shocks which impacted demand for its exports and put pressure on its exchange rate.
- Uruguay's demographic structure was shifting as the proportion of elderly people increased and its working age population declined.
- This required increased productivity including through improvements in the education system to upgrade labor force skills and expansion of sectors that incorporated cutting-edge technology and upgraded infrastructure.

4. The CPF addressed the challenges in three pillars: (i) building resilience to external shocks, (ii) rebalancing the social compact through investment in the needs of children and the elderly, and (iii) integrating the Uruguayan economy into global markets through reforms in infrastructure, innovation and education. These priorities were recognized as challenges in the 2015 Uruguay SCD.

5. **However, the CPF did not focus on the private sector and the factors underlying the low investment ratio.** The SCD pointed to Uruguay's low investment ratio, describing it as "an Achilles heel of the economy" (SCD page 35). The investment rate had risen sharply just prior to the start of the CPF period, peaking at 21 percent of GDP in 2014. In subsequent years, however, it declined sharply to 15.4 percent of GDP in 2019, of which private sector investment constituted some 12 percent of GDP. This is below that of its regional peers and the average of OECD countries. Net foreign direct investment in particular has been low, barely 1 percent of GDP annually. Investment rates this low are unlikely to be sufficient to support significant long-term growth, although neither the SCD nor the CPF investigate the reason for this in any depth. Financial markets are underdeveloped with a ratio of private sector credit to GDP of only 24

percent in 2019, compared with an average of 150 percent in other high-income countries. However, interviews with businesses did not identify credit as a constraint (SCD, page 50).

6. **The CPF incorporated lessons from the 2010-2015 CPS**, including the need for capacity building, focused technical and implementation support, support from the Bank "in developing global and innovative solutions through exploiting the synergies between the WBG's public and private sector arms". (CPF page 18). At the Performance and Learning Review (PLR) stage, the CPF objectives were found to have remained appropriate, although the results framework was refined. The causal chain between the objectives and the interventions incorporated in the CPF was plausible. The resilience to external shocks pillar focused on increasing the efficiency of public investment and strengthening SOE management, which would lead to improved resilience, by freeing resources that would otherwise have been utilized in poor public investment and inefficient SOES. The second pillar, which focused on addressing the demographic challenge, was directed at rebalancing the social compact towards children and the elderly. It was to be achieved through investing in the needs of children, although it did not include measures to assist in increasing the welfare of the elderly apart from a study that included pension issues. The third pillar sought to improving Uruguay's international competitiveness through reforms in transport costs and infrastructure and through improved trade facilitation.

Results Framework

7. **The quality of the results framework was mixed**. On the basis of IEG's recommendations in the CLRR of the previous CPS, the indicators in the current CPF were based on discussions with the GoU to promote ownership of the indicators. However, the GoU decided during the CPF to stop measuring some of the indicators, such as that which assessed the development levels of children under the age of five. This led to revision of a number of the outcome indicators at the PLR stage, which resulted in a less robust results framework. In several cases, the links between the reforms and other activities supported by the projects and the objectives were weak. Some objectives were not captured by the results framework, or the scope of the indicators did not adequately cover the scope of the objective. Under Objective 1, increasing the efficiency of public investment and strengthening the management of selected SOEs, the indicators focused solely on the performance of state-owned enterprises while ignoring the public investment component of the objective. Under Objective 2, increasing the sustainability and efficient use of resources, and changes to the indicators at the PLR stage led to WBG interventions in the water sector not being measured. Similarly, under Objective 4 (strengthening the quality of and access to education to prepare the bottom 40 percent to acquire marketable labor skills), there was no indicator that measured whether education initiatives aligned skills to market demand. For Objective 6, improving trade facilitation and product sophistication to increase integration into global value chains, there were no indicators to measure outcomes related to product sophistication.

8. **There were additional design problems with some of the indicators**. For example, under Objective 1, increasing the efficiency of public investment and strengthening the

management of selected SOEs, the first indicator was that there would be fiscal savings of one percentage point of GDP by 2019 relative to a 2014 baseline. However, GDP, the denominator of the ratio, is affected by many other factors, which would influence the size of the ratio independently of the success of fiscal savings of SOEs.[1] The second indicator under this objective was that management contracts would be in place. While having management contracts might be a positive feature, there was no indicator that measured whether efficiency in these SOEs improved relative to those where there were no management contracts in place.

9. **The CPF objectives in both the FY16 CPF and the FY18 PLR adequately incorporated potential IFC/MIGA contributions toward Objectives 5 and 6.** IFC's investment in a company that was developing a barge operation in the Paraguay-Parana River system was expected to contribute to Objective #5, to make logistics and transport networks safer and more efficient. In addition, IFC investments in a technology company and an agribusiness cooperative were expected to help advance Objective #6, to improve trade facilitation and product sophistication to increase integration into global value chains. The FY18 PLR also added MIGA's contribution to Objective 1 through its guarantee that supported Banco Santander's lending activities.

Alignment

10. **The CPF objectives were closely aligned with the poverty reduction and shared prosperity corporate goals of the WBG**. However, there was no discussion of the results chain in any part of the CLR that would indicate how interventions incorporated in the CPF would contribute to such outcomes. Pillar 2, rebalancing the social compact, was most closely aligned with poverty reduction, through its objectives of promoting early child development of the bottom 40 percent and strengthening the quality of access to education to prepare the bottom 40 percent to acquire marketable labor skills. Shared prosperity would also be promoted through improving the efficiency of public investment, which would raise equitable growth, integrating the Uruguayan economy into global value chains and improving infrastructure.

11. **Climate change was addressed through a Forest Carbon Partnership Facility as well as a focus on land under sustainable management and in particular the sustainable use of water**. In the transport sector, the barge operation financed by the IFC helped expand low emission transport facilities. The CLR reports that dialogue and ASA on climate change supported Uruguay's adaptation to climate change in water security, agriculture, and transport.

III. CPF Description and Performance Data

Advisory Services and Analytics

12. **Advisory services activities were closely aligned with the priorities of the CPF, which itself sought to specify "**a clear knowledge agenda that would prioritize and sequence interventions with additional emphasis on a tailor-made, strategic, jointly developed and

[1] An alternative indicator, the size of fiscal surpluses or deficits of SOEs would give a better idea of their fiscal performance, although not of their productivity or the extent to which they crowd out the private sector.

cofinanced ASA" (CPF page 17). In all, there were 33 ASA activities, not including the SCD (2015). The CLR states that ASA in Uruguay generated knowledge that has informed good practice in LCR as well as in other regions, although IEG could not validate how this occurred.

13. ASA included:

a. The water for Uruguay analysis (P146365),

b. A green growth analysis (P161012) of the relationship between soil quality and agricultural productivity, that recommended tools to manage externalities that degraded the quality of soil. The findings of the analysis led to improved inter-ministerial coordination.

c. ASA in the area of education (P157152) provided analytical support for the design of the education reform plan, which then resulted in the Strengthening Pedagogy and Governance in Uruguayan Public Schools Project that was approved in early 2022.

d. The Labor Markets, Productivity and Skills ASA (P165394) provided support that enabled the Ministry of Labor and Social Security to establish as system for matching worker skills to those demanded by employers. Additionally, the analysis (Demographic Change and Social Policies (P154966)) of the rapid shifts in Uruguay's demographic profile, which was characterized by low birth rates and a rapidly aging population, informed government policies in the areas of education, productivity enhancement, pension policy and the need for technological change.

e. A regional ASA (Farms to Markets, P145360) benchmarked and provided important information on the competitiveness of soy exports of Argentina, Paraguay and Uruguay. It demonstrated that Uruguay's costs were substantially higher than competitors outside the Mercosur trade bloc.

14. **The CPF anticipated that there would be a significant RAS in the Uruguay program; however, this did not materialize to the extent expected**. However, the GoU did not enter into fee-based arrangements for ASA with the Bank and continued to request non-reimbursable technical assistance. This curtailed to the ASA program as Uruguay had only limited access to trust funds that would pay for ASA because of its high-income country classification. As a result, in some areas, particularly with respect to competitiveness and innovation, the scope and influence of the ASA program was limited.

15. **IFC did not have any new or ongoing Advisory Service** activities in Uruguay during the CPF period.

Lending and Investments

16. **Lending was lower than anticipated**. At the start of the CPF period, total outstanding loan commitments amounted to US$939.1 million, with 14 ongoing projects. Over the FY17-

FY22 period, total new lending amounted to US$659.5 million[2] spread over eight loans. According to the CLR (page 1) this was substantially less than foreseen in the CPF, which had envisaged some US$1.2 billion. The CPF foresaw a demand for US$750 million in contingency financing, although exact mechanisms were not specified. This was expected to support reforms in the areas of macroeconomic reform, public expenditure management, state owned enterprise reform, education, and transport. The demand for this financing did not materialize. Furthermore, the planned lending program was not consistent with that of the Government of Uruguay, which had instituted a policy, in place since 2004, to reduce reliance on multilateral development bank (MDB) financing as a share of its debt portfolio. The CLR points out (page 11) that Uruguay's borrowing from MDBs declined from 36.4 percent of its debt portfolio in 2004 to 11.9 percent in 2021. The type of MDB borrowing also shifted from investment to contingency financing over this period.

17. **The lending program comprised**:

a. Operations ongoing as of the beginning of the CPF period: The lending program in the original CPF period consisted of six loans amounting to US$584 million with the largest being for US$400 million (P172796) in 2020, which was a Development Policy Loan-Deferred Drawdown Option (DPL-DDO). Additionally, two further loans were approved at the end of calendar 2021 for US$75.5 million (footnote 2).

b. Operations approved during the CPF period: The lending program consisted of two COVID-19 response and recovery loans (P172796 and P173876), a loan to improve e-government services (P161989), a loan for the sustainable management of natural resources (P163444), a road project for results additional financing loan (P162110), and an education loan (P159771). The two loans approved in November and December 2021 were for assisting agricultural producers with climate change adaption (P176232) and improving education in Uruguayan public schools (P176105).

18. **The approved lending program only partly addressed development constraints identified in the SCD and priorities embodied in the objectives of the CPF**. While investment projects were directed at infrastructure, education, natural resources and climate change, there were no lending interventions in core areas such as SOE reform, where ASA was more prominent, but even there, the lack of demand for reimbursable technical assistance did not support achieving the development objectives.

19. **Commitments at risk consisted of one project that amounted to 16.7 percent of the World Bank's Uruguay portfolio**. The project at risk (P163444) was additional financing for the Sustainable Management of Natural Resources and Climate Change (P124181).[3] However, in the

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[2] At the end of the original CPF period, outstanding commitments were US$584 million. Two additional loans were approved in November and December 2021 for US$ 35.5 million and US$ 40 million respectively.

[3] P124181 closed with a US$27 million cancellation.

following year the project was no longer rated as being at risk. Overall, commitments at risk were significantly lower than those of comparators in the region, where commitments at risk averaged 24 percent over the CPF period.

20. **All of the seven projects rated by IEG over the FY 16 – FY 21 period were rated moderately satisfactory or better**. Of these, three projects were rated moderately satisfactory, and four projects were rated satisfactory. This is a far higher success rate than the average for the Latin America region where 76 percent of the number of projects and 78 percent of projects weighted by value had a moderately satisfactory or better rating.

21. **Trust fund activity was directed primarily at promoting the clean energy component of the CPF objectives**. . Trust funded activities that were completed over the FY16-FY21 period amounted to US$8.85 million over five projects,[4] although only one was approved during the CPF period (P151978). No information is available on performance of trust-funded activities.

22. **IFC's investment opportunities were undermined by several factors, and its committed portfolio in Uruguay declined over the CPF period.** During the FY16-20 CPF period, IFC made only one new investment, a US$60 million long-term commitment in the food and beverages sector (of which US$18 million was disbursed). Its outstanding portfolio in Uruguay declined from US$91 million at the end of FY16 to US$30 million at the end of FY20. IFC's investment commitments fell short of the US$150-$250 million potential envelope indicated in the FY16 CPF (p. 34). The CLR identifies several factors that undermined investment prospects during the period, including state-owned enterprise dominance in key sectors (such as water, energy, and telecommunications); small project sizes; liquid financial markets; competition from regional development banks; and lack of local currency financing solutions. As of end FY21, IFC's loan portfolio remained healthy and there were no non-performing loans in its portfolio.

23. **Three IFC investments that were active during the CPF period contributed to** CPF objectives five and six in the areas of agri-business, transport, and technology export development.

a. In FY20, IFC approved a 10-year loan to a dairy cooperative that was owned by 1,900 farmers who supplied dairy products to both the domestic and export markets. IFC's financing supported expansion of the cooperative's milk powder production capacity, revamping of its wastewater treatment plants, and replacement of a boiler system.

b. In 2013, IFC had made a US$65 million loan to a Uruguay-based company that was developing a barge operation in the Paraguay-Parana River system. The project comprised acquisition, operation and maintenance of vessels for the transport of iron ore from Corumba in Brazil down the river system for both local markets and export.

[4] P151978; P102341; P129749; P127455; P102341

c. In FY14, IFC made an equity investment in a Uruguayan technology company that planned to expand deployment of a retail point of sale payment system to Brazil, Peru, and Colombia. IEG validated the XPSR for this project in FY19. Despite some initial challenges, business began to pick up and by 2018 the company had significantly expanded its services to retail grocery outlets in Brazil.

24. **During the CPF period, MIGA issued guarantees that supported Banco Santander's lending activities.** In FY16, MIGA issued US$439 million in political risk insurance to Banco Santander in Spain, , to cover its equity investments and shareholder loans to its Uruguayan subsidiary. The guarantees covered the reserves that the bank was required to maintain at the Central Bank of Uruguay against the risk of expropriation for a ten-year period. In October 2019, MIGA issued a further US$100 million in guarantees to cover additional Banco Santander equity investments in its subsidiary in Uruguay. A 2019 IEG Validation Note on the project found that the guarantees had helped the bank reduce the risk-weighting of its assets at the Central Bank, thereby freeing up capital that it used to expand its lending operations, including for MSME lending.

IV. Development Outcome

A. Overall Assessment and Rating

25. **IEG rates the CPF development outcome as Moderately Satisfactory.** Of the six objectives, two were achieved, three were mostly achieved and one was partially achieved. Each of the three pillars was rated moderately satisfactory. Under Pillar 1, building resilience to shocks, the efficiency of SOEs was improved and the sustainability and efficient use of resources was enhanced. Under focus area two, results were mixed, with promoting childhood education targets partially achieved, while targets for helping the 15 – 17 age group of students acquire marketable skills was achieved. The objectives in focus area 3, which aimed to integrate the Uruguayan economy into global value chains, were mostly achieved through strengthening the safety and efficiency of logistic and transport networks. Trade facilitation processes improved, but the product sophistication of exports declined sharply and there was no evidence with respect to integration in global value chains.

Table 1: Summary of Pillars, Objectives and Ratings

Objectives	CLR Rating	CLRR (IEG Rating)
Pillar 1: Building resilience to shocks	**[Not Rated]**	**Moderately Satisfactory**
Objective 1: Increase the efficiency of public investment and strengthen management of selected SOEs	Mostly Achieved	Mostly Achieved
Objective 2: Increase the sustainability and efficient use of resources	Mostly Achieved	Mostly Achieved
Pillar 2: Rebalancing the social compact	**[Not Rated]**	**Moderately Satisfactory**

Objective 3: Promote early childhood development of the bottom 40%	Partially Achieved	Partially Achieved
Objective 4: Strengthen quality of and access to education to prepare the bottom 40 percent to acquire marketable labor skills	Achieved	Achieved
Pillar 3: Integrating into global value chains	**[Not Rated]**	**Moderately Satisfactory**
Objective 5: Make logistics and transport networks safer and more efficient	Achieved	Achieved
Objective 6: Improve trade facilitation and product sophistication to increase integration into global value chains	Achieved	Mostly Achieved

B. Assessment by Pillar/Objective

Pillar I: Building Resilience to Shocks. This pillar supported the government's goals of building fiscal resilience by improving the performance of selected SOEs, increasing the efficiency of public investment, and strengthening the agricultural sectors by addressing management of soil and water resources.

26. **Objective 1: Increase the Efficiency of Public Investment and Strengthen the Management of Selected State-Owned Enterprises.** This objective was supported by a number of projects and ASAs. Public sector resource management was supported by a 2013 Public Sector Management and Social Inclusion Development DPL (P131440) that closed in 2019. It aimed to strengthen public resource management, enhance inclusion of the poor and vulnerable, reduce informality, and promote financial inclusion. SOE investment constituted the bulk of public sector investment, so the efficiency of the public investment objective was supported by strengthening the framework for the operation of SOEs through better financial performance, improved planning and better reporting. This was done through ASA on SOE reform (P161685) and (P167226) that were directed at improving the oversight and corporate governance framework of state-owned enterprises.

27. **An Institutions Building Technical Assistance Loan (P097604) provided assistance with respect to taxation, statistics, e-government, performance-based budgeting, social protection, and strengthening the business environment**. In turn, was followed by the Improving Service Delivery to Citizens and Business through the government Services Project (P161989) that promoted accessible services through second-generation reforms. WBG provided training that helped the authorities to develop an Oil Hedge Transaction, which was a financial instrument that hedged against commodity price volatility. As part of this, the World Bank Treasury provided substantial training to Uruguayan officials on the use of derivatives. The Drought Events Impact Mitigation Investment Project (P149069) was directed at reducing the impact that extended droughts might have on the cost of electricity production through creating a financial buffer for the State Electricity Company.

28. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Indicator 1: SOE's consolidated fiscal savings as percentage of GDP	2.3% of GDP (2014)	3.3% of GDP (2019)	3.2% of GDP (2019)	Mostly Achieved
Indicator 2 Four management contracts between MEF/OPP in place	0 (2014)	4 (2019)	14 (2020)	Achieved
Indicator 3: Two SOEs report to the Office for Planning and Budgeting utilizing newly established model of financial and non-financial key performance indicators (KPIs)	0 2017)	2 (2019)	all SOEs submitted KPIs (2020)	Achieved

29. ***Mostly Achieved.*** Two of the three indicators was achieved, with all 14 SOEs having management contracts and KPIs in place and one was mostly achieved. Two of the three indicators were inputs, with no information available regarding the impact; indicator targets were mostly achieved/achieved. While the financial performance of SOEs improved, there is no information on how this affected their productivity, the relatively poor performance of which has been highlighted by the IMF.[5] Furthermore, there is no evidence of the efficiency of public investment. The CLR points out that, in addition, the operations in the water and electricity sectors increased Uruguay's resilience to droughts, strengthened public resource management, and infrastructure financing increased as a result of investment through PPPs; however, IEG could not verify this.

30. **Objective 2: Increase the Sustainability and Efficient Use of Resources**. Uruguay's natural resources play a significant role in the economy. This gives it a strong interest in ensuring that they are used efficiently and sustainably, not only in maintaining soil and water quality, but also in other areas. For the portion of this objective that focused on agriculture and water quality, WBG provided assistance to the Ministry of Livestock, Agriculture and Fisheries to increase the productivity of agriculture through better soil management and to strengthen the management of water resources. With regard to the efficient use of environmental resources, support in the area of waste management was provided through the State Sanitary Works Company (OSE) technical assistance loan project (P118064), and the Montevideo Landfill Gas Recovery project (P127455. Increasing natural resource efficiency was also supported by the Sustainable Management of Natural Resources and Climate Change project (P124181), the OSE Sustainable and Efficient project (P118064); a Water for Uruguay TA (P146365); a trust-funded TA, Applying Integrated Urban Water Management in Uruguayan Cities (P149806); a Strengthening Uruguay Hydromet Services TA (P157562); and a TA, Green Growth: towards a strategy for Uruguay (P161012). Further interventions under this objective consisted of the Forest Carbon Partnership Facility (P151978) which prepared a tracking system for the efficient use of resources. With regard to water management, the Water for Uruguay ASA (P146365)

[5] IMF 2019 & 2021 Article IV Consultation Staff Reports. Washington, DC. International Monetary Fund.

provided assistance in the areas of dam safety, urban water management, meteorological services, and climate Smart agriculture

31. **The environmental sustainability aspect of this objective was supported by a US$42 million in Additional Financing to the Sustainable Management of Natural Resources and Climate Change project (P124181).** However, when a new government came to office in 2020, US$27 million of financing was cancelled as a result of budget cuts. Additionally, ASA under the Green Growth technical assistance (P161012) provided information on the links between production and soil quality and developed tools to link economic and environmental variables through the national accounts system.

32. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Indicator 4: Number of hectares where sustainable land use management practices are adopted increase	2.074 million hectares (2015)	3.2 million hectares (2019)	2.509 million hectares (2019)	Partially Achieved
Indicator 5: Number of integrated management plans for water resources are formulated for the government's prioritized basins and aquifers	0 (2017)	3 (2020)	3 (2020)	Achieved

33. ***Mostly Achieved.*** Of the two indicators under this objective, one was partially achieved, and one was achieved. However, indicator five referred to the number of integrated management plans for water resources, which is essentially an input because no information is available on the impact of water management on river basins and aquifers. No information is available on outcomes with respect to efficient use of resources.

34. **IEG rates the outcome of World Bank Group support under Pillar I as Moderately Satisfactory** based on the assessment of objectives one and two.

Pillar II: Rebalancing the Social Contract: This pillar had two objectives, that were aimed at providing education opportunities for young children and providing marketable skills for youths about to enter the job market.

35. **Objective 3: Promote early childhood development of the bottom 40 percent**. The commitment of Uruguay to strengthening the social compact and reducing poverty was reflected in objective three. Assistance was provided through the Support to Uruguayan Public Schools Project (P126408), which aimed to and rehabilitate school infrastructure, provide additional equipment and educational materials to schools, and strengthen learning systems. Additional assistance under this objective was provided by the Improving the Quality of Initial

and Primary Education in Uruguay (P157152) and the Uruguay Country Gender Diagnostic ASA (P169427).

36. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Indicator 6: Enrollment in initial education (3-year-olds of total population)	69% (2016)	80%-85% (2019)	75.9% (2019)	Mostly Achieved
Indicator 7: Percentage of children under 5 years old that have an appropriate level of development	72% (2016)	76.3% (2019)	Not Verified	Not Verified

37. ***Partially Achieved***. Indicator six, enrolment in initial education by three-year-olds was mostly achieved. This is relevant to the bottom 40 percent of the income distribution. The basis for indicator seven was changed and is not verifiable.

38. **Objective 4: Strengthen the quality of and access to education to prepare those in the bottom 40 percent to acquire marketable labor skills**. The social compact was also reflected in objective four which involved strengthening the quality and access to education that would enable 15 to 17-year-olds to acquire marketable employment skills. WB support was provided through the Uruguayan Public Schools Project (P126408). The Labor Markets, Productivity and Skills ASA (165394) assisted the Ministry of Labor and Social Security in establishing a foundation for a Labour Market Information System to provide information on the skills demanded by employers. Further ASA assistance was provided in the form of analysis of the implications of changes in the structure of the population through Demographic Change and Social Policies (P154966).

39. The assessment of performance on the indicator is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Indicator 8: Increase the percentage of teenagers between 15 and 17 years who participate in formal education	80% (2014)	87%-92% (2019)	89.2% (2019)	Achieved

40. ***Achieved.*** Results under this objective were measured by the percentage of teenagers between 15 and 17 years old who participate in formal education. While the indicator was within the target range and therefore achieved, it is an incomplete measure of the objective, and no additional evidence on other dimensions of the objective –the bottom 40 percent and acquisition of marketable skills – is available. However, given that the percentage of teenagers who participated was within the target range, IEG rates the objective as achieved.

41. **IEG rates the outcome of World Bank Group support under Pillar II as Moderately Satisfactory** based on objective three being partially achieved and objective four being achieved.

Pillar III: Integrating into global value chains

42. **The SCD analysis on which the CPF was based on identified trade integration as a potential factor in further boosting growth, although it did not focus on constraints to investment that would complement opportunities arising from trade integration and which would feed into faster growth.** This pillar consisted of two objectives, one related to logistics and transport networks and one related to trade facilitation and integration into global value chains. Lack of investment in transport infrastructure had been identified in the SCD as significantly hindering Uruguay's integration into global markets, an issue which spanned both objectives.

43. **Objective 5: Make logistics and transport networks safer and more efficient.** The focus of this objective was to improve export competitiveness by addressing defects in all aspects of Uruguay's infrastructure. These included railways, ports and river transport. Deficiencies in all of these raised the cost of the Uruguay's exports. World Bank support for achieving this objective included ASA to improve the operation of SOEs (P173499), an ongoing Road Rehabilitation and Maintenance Program (P125803). This project was approved in 2013 and was the first Program for Results project implemented in the Latin America and Caribbean region. In 2017 a US$24.7 million additional financing was approved. It incorporated road safety and climate resilience. The World Bank and the IFC collaborated to provide technical assistance that developed the legal framework and contributed to improving capacity to enter into PPP arrangements with private investors. IFC's investment in a barge operation in the Paraguay-Parana River system (IFC project, ID: 31445) supported this objective. The project supported a new private sector logistics developer on river transport infrastructure and helped develop an annual capacity to transport 3.25 million tons on the river system. IFC also invested in a leading dairy producer that helped modernize its logistics and distribution operations; and an investment in an IT company to expand its retail point of sale technology for grocery stores in Brazil.

44. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
Indicator 9: Reduction of at least 5% over 2014 annual average values in operating cost per ton - km for timber	US$58 per ton (2014)	US$49 per ton (2020)	US$37.9 per ton (2020)	Achieved
Indicator 10: Number of contracts signed under PPP format for transport infrastructure related projects	0 (2015)	4 (2020)	6 road and 1 railroad 2020	Achieved
Indicator 11: Number of km. of the National Road Network that benefitted from road safety improvements.	0 km (2016)	263 km (2019)	310 km	Achieved

Additional Evidence:

- By December 2019, 60 percent of national highways were in good condition, compared with only 35 percent in 2012.
- According to OECD road traffic safety data, traffic deaths declined following the improvements in the roads, falling from 16.6 per 100,000 in 2010 to 12 per 100,000 in 2019.

45. ***Achieved.*** All of the three indicators were achieved. The reduction in average values in operating costs per ton/km exceeded the target by over US$11 per ton, while the number of PPP projects were also substantially exceeded and included a railroad PPP. Although two of the indicators were inputs, IEG rates the objective as achieved. Uruguay registered an overall decrease in the number of road deaths in 2010 to 2019. In addition, substantially improved the condition of its national roads substantially improved. In December 2019, 60 percent of national highways were in good condition, up from only 35 percent in 2012.

46. **Objective 6: Improve trade facilitation and product sophistication to increase integration into global value chains**. This objective was introduced at the PLR stage and aimed to promote e-government as well as integrate Uruguay's exports. It added business environment reform based on a Doing Business Diagnostic, which constituted a poor analytical basis for setting reform priorities, although it was used as a basis for discussion with the government regarding the business environment. E-government in trade facilitation was promoted through the e-government project (P161989) and coordinated with the export promotion agency. It streamlined procedures by increasing the percentage of administrative processes for export and import that were integrated into the electronic platform. This objective was supported by an extensive program of ASA.

47. The assessment of performance on the indicator is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating

Indicator 12: Percentage of administrative processes for foreign trade operations integrated into VUCE's single window platform	36% (2016)	75% (2019)	78% (2019)	Mostly Achieved

Additional Evidence:

- The processing time of foreign trade-related administrative requirements by VUCE was reduced from 50.40 hours in 2016 to 28.14 hours in 2021.
- Exporters' perception of VUCE's single-window platform value increased from 89 percent in 2016 to 94 percent in 2021
- The value of non-resourced based and non-primary product exports declined significantly between 2015 and 2019. According to the World Integrated Trade Solution (WITS) database, in 2019 they were 24.5 percent lower (US$1.02 billion) compared with 2015 (US$1.26 billion), representing a substantial decline in product sophistication.
- The share of non-resource based and non-primary product exports also declined over the period, from 18.2 percent in 2015 to 13.7 percent in 2019 (according to WITS).

48. ***Mostly Achieved***. The CPF program achieved the targeted improvement in administrative processes. Use of the single window platform rose sharply from 36 percent in 2016 to 78 percent in 2019. While the indicator was achieved, however, trade sophistication as measured by the World Integrated Trade Solution database fell sharply between 2015 and 2019 with the percentage of non-resource based and non-primary product exports falling sharply between 2015 and 2019. IEG therefore rates this objective as mostly achieved. The CLR does not report progress on integration with global value chains.

49. However, product sophistication declined sharply, since primary and resourced based exports represented a substantially greater amount and share of total exports in 2019 compared with 2015. The CLR does not report on progress toward integration into global value chains.

50. **IEG rates the outcome of World Bank Group support under Pillar III as Moderately Satisfactory** based on the assessment of objectives five and six.

V. WBG Performance

Learning and Adaptation

51. **The lessons from the previous CPS were identified in the CPF strategy; however, they were not fully applied during CPF implementation because the GoU's demand for WBG assistance was lower than anticipated in the CPF**. Many of them revolved around the need for focused technical assistance, the Bank being a valuable knowledge partner, and the possibility of Uruguay tapping into the expertise of the World Bank Group's global practices, that had just been established. In the event, GoU appears to not have valued this knowledge expertise as highly as these lessons suggest, nor did ASA substitute for policy-based lending that the CPF envisaged would occur to support reform.

52. **Government ownership of the program was mixed, and there appears to have been a significant gap between the optimism expressed in the CPF regarding the demand on the part of the Uruguayan government for World Bank Group contingency financing and RAS and the actual demand.** As the CLR points out (page 11), "The CPF overestimated the scope and pace of the reform agendas". While the investment project financing projection in the CPF was accurate, the contingency financing estimate was not realized because of a lack of demand on the part of the GoU. This was not flagged at the PLR stage. Part of the reason for reduced lending was that the original lending projection did not to take fully into account "Uruguay's sovereign debt management strategy [that} seeks to progressively reduce MDB financing" (CLR page 11).

53. **Following the PLR, some results indicators were modified.** One reason was that GoU stopped collecting information on some of the indicators, as well as introducing greater clarity in some of the other indicators. While ASA was planned to support a number of reforms, it did not materialize, nor did it substitute for policy-based lending that did not occur. Under these circumstances, World Bank Group impact was less than had been anticipated.

Risk Identification and Mitigation

54. **The CPF assessed the risks to achieving its objectives as moderate. It identified risks that might impact the achievement of CPF objectives as:**

a. A complex political and sector environment that might affect the achievement of some reforms, particularly in the education sector;

b. The potential for unexpected developments regionally and globally that might impact macroeconomic goals;

c. Limited institutional capacity in some sectors although overall the capacity of government and private sector counterparts was high.

55. **The CPF considered the risk to obtaining support for the reform agenda as very low.** There was some tension in this identification of risks since the CPF noted that the process of achieving consensus for SOE and education reform (which it considered to be vital) would be complex. Support was to be achieved through consensus building that would occur through discussion and advocacy with the President and the administration.

56. **Risks to sector strategies and policies were rated in the CPF as substantial.** The CLR states (page 11) that the World Bank Group mitigated these risks by "adopting an incremental approach". However, the ambition of the World Bank Group reform agenda was not matched by that of the 2015-2020 government's appetite for reform, which posed a significant risk to the achievement of the CPF development agenda. This was evidenced by the lending and ASA program falling significantly short of expectations. Furthermore, the change in priorities of the government coming to office in March 2020, together with the onset of COVID-19 led to further cuts in the lending program.

57. **An unforeseen risk was the lack of demand from the government for RAS, a major priority of the CPF.** Neither the issues associated with RAS, nor the shortfall in the projected lending program were recognized at the PLR stage in 2018, even though the CPF had been operational for 3 years.

WBG Collaboration

58. **Bank-IFC synergies supported PPP development, although limited opportunities for IFC and MIGA limited cooperation.** While the CPF foresaw an active role for IFC in mobilizing private sector investment, the dominance of SOEs in major sectors limited opportunities and the potential for cooperation between the World Bank, the IFC and MIGA. Nevertheless, the WBG provided complementary advice on development of a legal framework for PPPs and on development of specific PPPs. The WB assisted the PPP unit of the MEF to develop an equity fund for infrastructure projects and IFC engaged in upstream dialogue with the Ministry of Transport and Public Works on the preparation of a PPP in the railways sector that was eventually awarded in 2019.

Partnerships and Development Partner Coordination

59. **During the preparation and implementation of the CPF the WBG worked closely with the Inter-American Development Bank (IDB), Latin American Development Bank** (LADB, formerly the CAF). WBG cooperated with these and other development partners and the GoU in formulating an overall development strategy and with respect to infrastructure, agriculture, education, and PPPs. The WBG together with the CAF and the IDB developed an emergency response to the COVID-19 pandemic and provided contingent budget support in the amount of US$1.82 billion which contributed to Uruguay being able to raise substantial amounts in June 2020 through the capital markets in both US dollar and Uruguayan peso denominated bonds.

Safeguards and Fiduciary Issues

60. **Safeguard compliance was fully achieved during the period covered by the CPF.** Environmental and social risks were relatively low during the CPS, and safeguards compliance was easily achieved throughout the portfolio. IEG validated seven closed projects during the CPS in the health, nutrition & population, governance, education, macroeconomics, trade, water, and transport sector. The CLR, and ICRRs report satisfactory compliance with all safeguards requirements, no major implementation issues, and enhanced capacity on the ground by projects closure. No inspection Panel cases were registered during the CPS.

61. **INT did not receive any complaints or have any ongoing cases** during the review period.

Overall Assessment and Rating

62. **IEG rates the World Bank Group performance as Good.** Although the CPF was overly optimistic regarding the lending and the ASA programs, the change in government priorities were outside the control of the WBG. The program was aligned with a number of Uruguay's

development priorities, and the Bank responded adequately when the opportunity arose. Coordination with development partners was good.

Design

63. **Although the program design was aligned with several of Uruguay's development priorities, the country team significantly overestimated the appetite for reform.** The CPF overestimated the willingness of the Government of Uruguay to undertake reforms needed to justify the budget support.

64. **An issue that the design of the program did not address adequately was the low rate and efficiency of investment relative to that which was necessary for long term growth.** Although a performance monitoring system was developed, it did not benchmark productivity performance against comparators in other countries, nor with respect to private sector entities producing similar outputs.

Implementation

65. **Budget cuts arising from Uruguay's sovereign debt strategy resulted in slowing implementation of projects toward the end of the CPF period according to the CLR.** As a result, lending projections were not achieved and the outstanding portfolio declined sharply. Nevertheless, supervision as described in project documents indicate that it was well done and that communication with country counterparts was effective. Where relevant, collaboration with IFC and MIGA was adequate, although as noted above there was limited opportunity. There was good coordination with development partners and no issues with respect to safeguard compliance. Fiduciary performance likewise did not give rise to any issues.

VI. Assessment of CLR

66. **In general, the CLR provided an adequate basis on which to assess the contributions of the WBG during the CPF period.** Where evidence was available the CLR utilized it well utilized. In places, the CLR did not fully explain the substantial difference between planned World Bank interventions as laid out in the CPF and the actual outcomes. In particular, the shortfalls in the RAS program is not discussed in any depth, which leaves unexplained the decision by the Government of Uruguay not to seek World Bank expertise, in spite of it being identified in both the lessons of the previous CPS and in the current CPF as being an area that was highly valued. The tapering of implementation during the latter part of the CPF period could have been more fully expounded. Discussions regarding the adequacy of risks, risk management and mitigation were sufficient. The contributions of IFC and MIGA were adequately discussed.

VII. Lessons

67. **IEG endorses most of the lessons contained in the CLR.** Of note is the need to synchronize expectations contained in the CPF with the reality on the ground and the recommendation that CPF design adopt a conservative approach with regard to prospects for

World Bank group engagement. IEG agrees with the suggestion that if these expectations proved to be too conservative, the PLR could accommodate additional involvement.

68. **Notably missing among the lessons is the need for more focus on private sector development and how these relate to the low investment rate.** In the longer term, more investment will be needed to bolster the growth rate, that will provide resources for to offset the implications of the unfavorable population trends.

Annexes

Annex 1: Achievement of CPF Objectives (Results Framework)

CPF FY16-20 Focus Area 1: Promoting Diversified Growth and Enhanced Productivity	Results Validated by IEG	Interventions Supporting Objectives
Pillar 1: Building resilience to shocks		
Objective 1: Increase the efficiency of public investment and strengthen management of selected SOEs		
Indicator 1:SOEs consolidated fiscal savings of 1 percentage point of GDP by 2019, relative to 2014 (baseline) **Baseline:** 2.3% of GDP (2014)* **Target:** 3.3% of GDP (2019)**	**Mostly Achieved** **2019:** 3.2% of GDP **Source: Article IV 2021 Table #8**	DPL - Public Sector Management and Social Inclusion Development (P131440, FY13); Oil Hedge Transaction (World Bank Treasury); UY Institutions TAL (P097604, FY17); OSE Sustainable and Efficient (P118064, FY13); COVID-19 Response & Economic Recovery (P172796, FY20); Governance of SOEs ASA (P161685, FY18); Corporate Governance and Performance Management of State-Owned Enterprises ASA (P167226, FY19); Public Expenditure Review ASA (P167193, FY20); Strengthen Procurement Country System TA (P155438, FY16); Banco Santander (Uruguay), S.A. MIGA (1321, FY16)
Indicator 2: Four management contracts between MEF/OPP and key SOEs are in place **Baseline** 0 (2014) Status: All SOEs **Target:** 4 (2019)	**Achieved in 2020:** In 2020, performance reforms were established for state owned enterprises (SOEs) under the Annual State Budget, page 152	
Indicator 3: Two SOEs report to the Office for Planning and Budgeting (OPP) utilizing a newly established model of financial and non-financial key performance indicators (KPIs) **Baseline**: 0 (2017) **Target**: 2 (2019)	**Achieved in 2020:** All SOEs submitted KPI's. Source: Annual Report 2020, page 250,paragraph 6.3.	
Objective 2: Increase the sustainability and efficient use of resources		
Indicator 4: Number of hectares where sustainable land use management practices are adopted increases	**Partially Achieved** **2019:** 2,509,874 hectares Source: P124181 - Sequence No : 16 Page #4	Sustainable Management of Natural Resources and Climate Change (P124181, FY12); OSE Sustainable and Efficient (P118064, FY13); Montevideo Landfill Gas Recovery Project (P127455, FY12); COVID-19 Response & Economic Recovery (P172796, FY20);

Baseline: 2.074 million hectares (2015) **Target:** 3.2 million (2019)		
Indicator 5: Number of integrated management plans for water resources are formulated for the government's prioritized basins and aquifers **Baseline:** 0 (2017) **Target:** 3 (2020)	**Achieved in 2020:** The National Water Plan Contains integrated management plans for water resources	Sustainable Management of Natural Resources and Climate Change (P124181, FY12); OSE Sustainable and Efficient (P118064, FY13); Water for Uruguay TA (P146365, FY16); UY TF Applying Integrated Urban Water Management in Uruguayan Cities TA (P149806, FY17); Strengthening Uruguay Hydromet Services (P157562, FY17); Green Growth: towards a strategy for Uruguay (P161012, FY18) *UY Climate Smart Agricultural Water Management (P144985, FY16); Dam Safety Regulatory Framework Development (P148330, FY16)
Pillar 2: Rebalancing the social compact		
Objective 3: Promote early childhood development of the bottom 40 percent (B-40)		
Indicator 6: Enrollment in initial education (3-year-olds of total population) **Baseline**: 69% (2014) **Target:** 80-85% (2019)	**Achieved** **2019:** Between 2016 and 2019, the percentage of attendees at an educational establishment related to the bottom 40% for ages 3 increased. ▪ 2016: 62% for quintile 1, 94.9% for quintile 5) ▪ 2019: 63.9% for quintile 1, 93.9% for quintile 5), Source: Educational Observatory. Data sheet: *Percentage of attendees at an educational establishment according to simple ages and income quintiles of the total country household.*	Support to Uruguayan Public Schools Project (P126408, FY13);Improving the Quality of Initial and Primary Education in Uruguay (P157152, FY16); Uruguay Country Gender Diagnostic (P169427, FY20)

Indicator 7: Percentage of children under 5 years old that have an appropriate level of development **Baseline (2016):** 72% **Target (2019):** 76.3%	**Not Verified** The basis for the indicator was changed, so it is not possible to measure progress.	
Objective 4: Strengthen quality of and access to education to prepare B-40 to acquire marketable labor skills		
Indicator 8: Increase the percentage of teenagers between 15 and 17 years who participate in formal education Baseline: 80% (2014) Target: 87-92% (2019)	**Achieved in 2019** **2019**: 89.2% Source: Percentage of attendees at an educational establishment according to age brackets, total country.	Support to Uruguayan Public Schools Project (P126408,FY13); Improving the Quality of Initial and Primary Education in Uruguay (P157152, FY16); Uruguay Country Gender Diagnostic (P169427, FY20); Labor Markets, Productivity and Skills in Uruguay TA (P165394, FY20)
Objective 5: Make logistics and transport networks safer and more efficient		
Indicator 9: Reduction of at least 5% over 2014 annual average values in operating cost per ton - km for timber from one place (TBD) in Tacuarembó to Punta Pereira, excluding costs in marketing, collection or warehousing* **Baseline:** 58 US$/ton (2014) **Target:** 49 US$/ton (2020)	**Achieved in 2020** **2020:** 37.9 US$/ton Source: Ministry of Transport and Public Services (bulletin, 2020), second to last paragraph.	HDB Barging IFC (31445, FY13); Uruguay logistics, infrastructure and SOEs ASA (P173499, FY21); *Support to the PPP program TA (P157630, FY16); Smarter Urban Mobility for Montevideo ASA (P160749, FY18); Road Rehabilitation and Maintenance Program (P125803, FY13)
Indicator 10: Number of contracts signed under PPP format for transport infrastructure related projects **Baseline**: 0 or 1 (2015)* **Target:** 4 (2020)** **Measured as contracts signed and financing letter provided by the private banks.	**Achieved in 2020** **2020**: 6 road and 1 railway Public Private Participation Project (s) Source: Ministry of Economy and Finance	
Indicator 11: Number of km. of the National Road Network that benefitted from road safety improvements. **Baseline:** 0 (2016)	Achieved The accumulated value is 310 km of the national road network that benefited from road safety improvements by the end of the CPF period.	

Target: 263 (2019)	Source: P125803 - Sequence No : 13. Page # 16 Additional Evidence According to OECD road traffic safety data, traffic deaths declined, indicating an increase in road safety. According to latest available data, the number of people who lost their lives in traffic crashes in Uruguay was as follows: 2019: 422 2018: 528 2017: 470 2016: 446 The number of traffic deaths per 100,000 inhabitants has fallen from 16.6 in 2010 to 12.0 in 2019. Source: https://www.itf-oecd.org/sites/default/files/uruguay-road-safety.pdf Uruguay has substantially improved the condition of its national roads. In December 2019, 60 percent of national highways were in good condition, up from only 35 percent in 2012. https://www.worldbank.org/en/results/2021/03/04/uruguay-road-rehabilitation-and-maintenance-program	
Objective 6: Improve trade facilitation and product sophistication to increase integration into global value chains		
Indicator 12: Percentage of administrative processes for foreign trade operations integrated into VUCE's single window platform (foreign trade related administrative requirements integrated in	**Mostly Achieved** 2019: 78 percent of export processes used the single window. Source: VUCE's report (2019), page 2	Improving Service Delivery to Citizens and Businesses through E Government Project (P161989); Scanntech RI-1 (39921, FY17); Santander - Central Bank Mandatory Reserves Coverage MIGA (13241); Productive Transformation in the Digital

VUCE/total number of foreign trade related administrative requirements). Annual frequency. Source: Lucia System **Baseline**: 36% (2016) **Target:** 75% (2019)	Additional evidence ▪ The processing time of foreign trade-related administrative requirements by VUCE was reduced from 50.40 hours in 2016 to 28.14 hours in 2021. Source: P161989 - Sequence No : 08, page 3 ▪ Exporters' perception of VUCE's single-window platform value increased from 89 percent in 2016 to 94 percent in 2021 Source: P161989 - Sequence No : 08, page 4 Trade sophistication declined. ▪ The value of non-resourced based and non-primary product exports declined significantly between 2015 and 2019. According to the World Integrated Trade Solution (WITS) database, in 2019 they were 24.5 percent lower (US$1.02 billion) compared with 2015 (US$1.26 billion), representing a substantial decline in product sophistication. ▪ The share of non-resource based and non-primary product exports also declined over the period, from 18.2 percent in 2015 to 13.7 percent in 2019 (according to WITS).	Economy: Uruguay and Argentina (P172509, FY21); Doing Business – Improving Investment Climate in Argentina and Uruguay ASA (P171769, FY20); Report on Product Market Regulation TA (P150740, FY15); Competition regulatory framework TA (P150739, FY15); Trade Competitiveness Diagnostic AAA (P155614. FY15); Integration into Global Value Chains AAA (P157902, FY17); Uruguay Policy Dialogue on Competitiveness and Global Value Chains ASA (P166137, FY18); Argentina, Paraguay and Uruguay Farms to Markets Study PA (P145360, FY16)

	Source: World Integrated Trade Solution database	

Annex 2: Comments on Lending Portfolio

IEG's review found the following lending operations that are not included in the CLR:

Project ID	Project name	Approval FY	Closing FY	Approved IBRD Amount
P163444	AF- Sustainable Mgt of Nat. Res. and CC	2018	2022	42
P162110	Uruguay Road PforR AF	2017	2020	70
P123461	UY (AF) Institutions Building TAL	2012	2017	10
P050716	UY Non Comm. Disease Prevention	2008	2016	19

Source: CPS and PLR, WB BI as of 04/15/2022

Annex 3: Comments on ASA Portfolio

IEG's review found the following ASAs that are not included in the CLR:

Proj ID	ASA	Fiscal Year	Product Line	Practice	RAS
P174799	Pension Dialogue in Uruguay	2021	AA	Social Protection & Jobs	N
P175068	Uruguay Public Expenditure Review II	2021	AA	Macroeconomics, Trade and Investment	N
P169306	Uruguay Policy Notes	2020	AA	Macroeconomics, Trade and Investment	N
P147054	Uruguay Pro-growth Public Policies and Competitiveness	2017	PA	Other	N
P147766	Uruguay Demographic Change and Social Policies in Uruguay	2017	PA	Social Protection & Jobs	N
P157188	UY Governance of State-owned Enterprises	2017	TA	Governance	N

Source: Standard Reports as of 4/14/22
** ASA Fiscal Year Completion/Delivery*

Annex 4: Comments on Trust Fund Portfolio

IEG's review found the following trust-funded activities that are not included in the CLR:

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount (US$)
P151978	Uruguay FCPF REDD Readiness Preparation	TF A1064	2016	2021	3,800,000
P102341	UY UTE 10MW Grid Connected Wind Power Farm at Caracoles Hill	TF 13764	2013	2016	542,204
P129749	Strengthening Capacity for Improving Environmental Compliance and Promoting Cleaner Production in the Industrial Sector	TF 12379	2013	2016	321,820
P127455	ORIENTAL REPUBLIC OF URUGUAY: MONTEVIDEO LANDFILL GAS RECOVERY PROJECT	TF 11148	2012	2018	3,567,291
P102341	UY UTE 10MW Grid Connected Wind Power Farm at Caracoles Hill	TF 95828	2010	2016	621,842
	Total				**8,853,157**

Source: Client Connection as of 4/15/22

Annex 5: IEG Project Ratings

IEG Project Ratings for Uruguay FY16-21

Exit FY	Proj ID	Project name	Total Evaluated ($M) *	IEG Outcome	IEG Risk to DO	IEG Overall Bank Perf.
2016	P050716	UY Non Comm. Disease Prevention	19.2	HIGHLY SATISFACTORY	SUBSTANTIAL	MODERATELY SATISFACTORY
2017	P097604	UY Institutions Building TAL	20.5	SATISFACTORY	LOW	SATISFACTORY
2017	P126408	UY Support to Public Schools Proj	40.0	HIGHLY SATISFACTORY	#	MODERATELY SATISFACTORY
2018	P123242	UY 2nd Prog PubSct, Comp&Soc DPL/DDO	0.0	MODERATELY SATISFACTORY	MODERATE	MODERATELY SATISFACTORY
2019	P131440	UY-Public Sct Mgt & SocInclusion DPL/DDO	260.0	SATISFACTORY	#	SATISFACTORY
2020	P118064	UY OSE Sustainable and Efficient	42.0	SATISFACTORY	#	SATISFACTORY
2020	P125803	UY Road Rehabilitation and Maintenance P	133.5	MODERATELY SATISFACTORY	#	SATISFACTORY
		Total	**515.2**			

Note: IEG Risk to DO rating was dropped in July 2017 following the reform of the simplified ICRs but a narrative evaluation for Risk to Development Outcome was kept.
Source: Business Intelligence (BI) as of April 15, 2022

IEG Project Ratings for Uruguay and Comparators, FY16-21

Region	Total Evaluated ($M)	Total Evaluated (No)	Outcome % Sat ($)	Outcome % Sat (No)	RDO % Moderate or Lower Sat ($)	RDO % Moderate or Lower Sat (No)
Uruguay	515.2	7	100.0	100.0	-	33.3
LCR	22,807.3	205	77.6	75.6	43.5	44.3
World	136,347.1	1,345	83.5	78.6	35.5	37.2

Source: Business Intelligence (BI) as of 4/15/22

Annex 6: Portfolio Status for Uruguay and Comparators, FY16-21

Fiscal year	2016	2017	2018	2019	2020	2021	Avg FY16-21
Uruguay							
# Proj	8	6	6	5	5	5	6
# Proj At Risk		1					1
% Proj At Risk	-	16.7	-	-	-	-	2.8
Net Comm Amt	939.1	787.0	581.0	321.0	563.0	536.0	621.2
Comm At Risk		42.0					42.0
% Commit at Risk		5.3					5.3
AFR							
# Proj	191	194	184	182	210	213	196
# Proj At Risk	53	50	59	36	41	47	48

% Proj At Risk	27.7	25.8	32.1	19.8	19.5	22.1	24.5
Net Comm Amt	28,766.1	28,401.7	28,154.2	29,994.9	31,015.9	32,154.5	29,747.9
Comm At Risk	5,419.3	5,078.3	5,543.5	3,729.9	4,574.5	5,849.0	5,032.4
% Commit at Risk	18.8	17.9	19.7	12.4	14.7	18.2	17.0
World							
# Proj	1,398	1,459	1,496	1,570	1,723	1,763	1,568.2
# Proj At Risk	336	344	348	346	311	331	336
% Proj At Risk	24.0	23.6	23.3	22.0	18.0	18.8	21.6
Net Comm Amt	207,350.0	212,502.9	229,955.6	243,812.2	262,930.6	279,167.9	239,286.5
Comm At Risk	42,715.1	50,837.9	48,148.8	51,949.5	47,640.5	42,668.7	47,326.8
% Commit at Risk	20.6	23.9	20.9	21.3	18.1	15.3	20.0

Source: Business Intelligence (BI) as of 3/17/22
Note: Only IBRD and IDA Agreement Type are included
Note: AFR = AFR/AFW/AFE

Annex 7: Comments on IFC Investments in Uruguay

IEG's review found the following investments that are not listed in the CLR:

Investments Committed in FY16-FY21

Project ID	Institution Number	Cmt FY	Project Status	Primary Sector Name	Orig Cmt-IFC Bal	Net Commitment (LN)	Net Commitment (EQ)	Total Net Commitment (LN+EQ)
42477	53989	2020	Active	Food & Beverages	60,000	18,000	-	18,000
39921	773834	2017	Active	Finance & Insurance	777	-	777	777
				Sub-Total	**60,777**	**18,000**	**777**	**18,777**

Investments Committed pre-FY16 but active during FY16-FY21

Project ID	Institution Number	CMT FY	Project Status	Primary Sector Name	Orig Cmt-IFC Bal	Net Commitment (LN)	Net Commitment (EQ)	Total Net Commitment (LN+EQ)
34301	773834	2014	Active	Finance & Insurance	10,000	-	10,000	10,000
31445	735984	2013	Active	Transportation and Warehousing	74,000	65,341	-	65,341
				Sub-Total	**84,000**	**65,341**	**10,000**	**75,341**
				TOTAL	**144,777**	**83,341**	**10,777**	**94,117**

Source: IFC-MIS Extract as of 1-31-22

Annex 8: Comments on IFC Advisory Services in Uruguay
There was no IFC AS during the review period.

Annex 9: Comments on MIGA Guarantees
IEG's review found no differences in MIGA guarantees vs. what is presented in the CLR.

Annex 10: Economic and Social Indicators for Uruguay, FY16-20

Series Name	2016	2017	2018	2019	2020	Uruguay	LCR	World
						Average 2016-2020		
Growth and Inflation								
GDP growth (annual %)	1.7	1.6	0.5	0.4	-5.9	-0.3	-0.5	1.8
GDP per capita growth (annual %)	1.3	1.3	0.1	0.0	-6.2	-0.7	-1.40	0.6
GNI per capita, PPP (current international $)	21,410.0	21,730.0	22,250.0	22,850.0	21,570.0	21,962.0	15,440.1	16,618.5
GNI per capita, Atlas method (current US$)	15,440.0	15,920.0	17,270.0	17,760.0	15,790.0	16,436.0	8,240.4	10,925.2
Inflation, consumer prices (annual %)	9.6	6.2	7.6	7.9	9.8	8.2	2.4	2.1
Composition of GDP (%)								
Agriculture, forestry, and fishing, value added (% of GDP)	6.7	5.3	5.8	6.5	7.5	6.4	6.0	4.1
Industry (including construction), value added (% of GDP)	18.8	17.8	18.2	17.9	18.0	18.1	28.3	26.5
Services, value added (% of GDP)	63.5	65.5	64.4	64.3	63.0	64.1	68.1	64.6
Gross fixed capital formation (% of GDP)	17.0	16.3	15.0	15.4	16.4	16.0	18.4	25.4
Gross domestic savings (% of GDP)	22.8	21.3	19.9	20.5	21.4	21.2	18.5	27.0
External Accounts								
Exports of goods and services (% of GDP)	27.0	26.1	26.4	27.8	25.4	26.5	22.9	27.9
Imports of goods and services (% of GDP)	21.6	20.7	21.4	21.9	21.0	21.3	23.4	27.2
Current account balance (% of GDP)	0.80	0.00	-0.40	1.60	-0.60	0.3		
External debt stocks (% of GNI)	..	..	..	..	..			
Total debt service (% of GNI)	..	..	..	..	..		6.4	
Total reserves in months of imports	10.0	10.4	9.7	9.7	13.3		10.1	11.9
Fiscal Accounts [/1]								
General government revenue (% of GDP)	27.1	27.5	28.8	28.3	28.1	28.0		
General government total expenditure (% of GDP)	29.8	30.1	30.7	31.1	32.8	30.9		
General government net lending/borrowing (% of GDP)	-2.7	-2.5	-1.9	-2.8	-4.7	-2.9		
General government gross debt (% of GDP)	56.8	56.5	58.6	60.5	68.1	60.1		
Health								

Life expectancy at birth, total (years)	77.5	77.6	77.8	77.9	..	77.7	75.3	72.5
Immunization, DPT (% of children ages 12-23 months)	95.0	93.0	91.0	94.0	..	93.3	85.3	85.7
People using at least basic sanitation services (% of population)	..	..	..	..	..		45.3	51.5
People using at least basic drinking water services (% of population)	99.3	99.4	99.5	99.5	99.5	99.4	96.7	89.3
Mortality rate, infant (per 1,000 live births)	7.2	6.8	6.3	5.8	5.3	6.3	14.7	28.9
Education								
School enrollment, preprimary (% gross)	94.2	93.4	95.0	95.9	..	94.6	77.1	59.8
School enrollment, primary (% gross)	109.7	108.5	106.0	104.3	..	107.1	108.8	102.8
School enrollment, secondary (% gross)	116.0	120.2	121.2	123.0	..	120.1	96.7	75.8
School enrollment, tertiary (% gross)	62.5	63.1	97.4	102.6	..		52.8	38.7
Population								
Population, total	3,424,139	3,436,645	3,449,290	3,461,731	3,473,727	3,449,106	624,600,147	7,600,039,871
Population growth (annual %)	0.4	0.4	0.4	0.4	0.3	0.4	1.0	1.1
Urban population (% of total population)	95.1	95.2	95.3	95.4	95.5	95.3	80.6	55.3
Rural population (% of total population)	4.9	4.8	4.7	4.6	4.5	4.7	19.4	44.7
Poverty								
Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population)	0.1	0.1	0.1	0.1	0.2	0.1		9.1
Poverty headcount ratio at national poverty lines (% of population)	..	..	..	..	11.6	11.6		
Gini index (World Bank estimate)	39.7	39.5	39.7	39.7	40.2	39.8		