

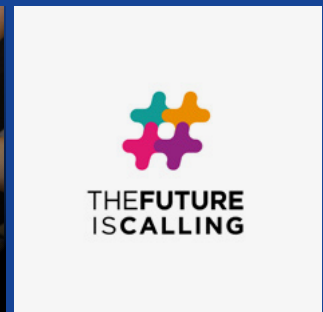


SUSTAINABLE DEVELOPMENT GOALS



SUMMARY

VOLUNTARY NATIONAL REVIEW - URUGUAY 2021





Uruguay
Presidencia



SUSTAINABLE DEVELOPMENT GOALS

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VOLUNTARY NATIONAL REVIEW
URUGUAY 2021



THE FUTURE
IS CALLING

Presidency of the Oriental Republic of Uruguay

Luis Lacalle Pou

President

Budget and Planning Office (OPP)

Isaac Alfie

Director

Benjamín Irrazabal

Subdirector

Horacio Bafico

VNR 2021 Chief Coordinator

National Institute of Statistics (INE)

Diego Aboal

Director

Uruguayan Agency for International Cooperation (AUCI)

Rodrigo Ferrés

Assistant Secretary to the Presidency of the Republic (President)

Mariano Berro

Executive Director

The following teams participated in the preparation of the Voluntary National Review – Uruguay 2021:

Project teams:

State Management and Evaluation Area (AGEV) under the Budget and Planning Office (OPP)
Uruguayan Agency for International Cooperation (AUCI)
National Institute of Statistics (INE)
Department of Communication and Institutional Image of the OPP
Agency of Electronic Government and Information and Knowledge Society (AGESIC)
Ministry of Social Development (MIDES); National Board of Data Analysis and Transfers, Advisory to the Ministry and National Food Institute (INDA)
Ministry of Economy and Finance (MEF): Macroeconomic Advisory and Finance
Ministry of Culture and Education (MEC): Advisory to Minister
Ministry of Foreign Affairs (MRREE): Board of Multilateral Affairs, General Board for Political Affairs, General Board for International Economic Affairs, General Board for Integration Affairs and MERCOSUR, General Board for Consular Affairs and Relations
Ministry of Work and Social Security (MTSS): Unit of Work and Social Security Statistics Unit (UETSS); National Board of Employment (DINAE), National Board of Work (DINATRA), General Inspection of Work and Social Security (IGTSS) and Area of Foreign Affairs (ARI)
Ministry of Environment (MA): Board of Strategic Planning, National Board of Environmental Quality and Assessment (DINACEA), Climate Change National Board
National System of Response to Climate Change and Variability (SNRCC)
Ministry of Industry, Energy, and Mining (MIEM): Environmental Unit
Ministry of National Defense (MDN): Center of High National Studies (CALEN) and Army Material and Armament Service (SMA)
Ministry of Tourism (MINTUR): Statistics, Operational Development and Innovation Area, Planning-Continuous Improvement Area
Ministry of Public Health (MSP); General Board of Health (DIGESA) and its Health Programs
Ministry of Livestock, Agriculture, and Fisheries (MGAP): Office of Agricultural Policies and Programs (OPYPA) and all Executing Units of the entity
Ministry of the Interior (MI): Statistics and Strategic Analysis Division, National Observatory about Violence and Criminality, National Board for Gender Policies, Budget Management and Follow-up Division
Uruguayan Institute of Childhood and Adolescence (INAU): Planning Department
Attorney General of the Nation (FGN): Board of Public Policies
Social Security Bank (BPS): Socioeconomic Studies Sector
Central Bank of Uruguay (BCU)
Judicial Branch: Department of Statistics, Administration Division (DIADM)
National Institute for Adolescent Social Inclusion (INISA)
National Institute of Agricultural Investigation (INIA)
National Board of Public Education (ANEP)
National Council on Migration (JNM)

Persons or entities of the National Statistics System (SEN) and the corresponding ones from the ministries for the SGD involved in the review.

Proofreading: Laura Zavala

Design: Laura Sandoval

Pictures: Presidency of the Oriental Republic of Uruguay, Budget and Planning Office (OPP), Pxhere stock images, Ministry of Housing and Territorial Order (MVOT), Municipality of Montevideo (IM), Javier Calvelo and Nicolás Celaya

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Note: The institution intends to use language that does not discriminate between men and women. However, in order to avoid hindering the reading and in those cases in which it is not possible to incorporate gender-inclusive terms, the classic masculine gender is used, on the understanding that all mentions to such gender represent both men and women.

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SUSTAINABLE DEVELOPMENT GOALS: THE FUTURE IS CALLING

Uruguay is pleased to present this fourth national review on the Sustainable Development Goals (SDG) at a global level, the first of the government which took office last March 1st, 2020. As well as the previous ones, this report is voluntary, reflecting the commitment, not only of a temporary Administration exercising the government of the country, but, as it is already a national tradition, of society as a whole, providing continuity to the assumed undertakings, in this case with regard to the achievement of the SDGs by the year 2030.

Since the last voluntary national review (VNR) submitted by Uruguay in 2019 there was a series of occurrences that had a significant impact on the trajectory of the path towards the fulfillment of the targets for the year 2030 being shown so far, which affected not only our country, but the whole world. Trajectories are never linear, but the events that took place in the past year and a half entailed a setback in the way.

The so-called Decade of Action, which as indicated by its name implied accelerating the pace to attain the goals set for the year 2030, which does not seem far away, was affected by the emergence of COVID-19.

The pandemic produced a world economic crisis, which unfortunately caused the relapse of several advances attained. The health systems were put to the test all over the planet, and, in many cases, these were saturated, specially at the beginning. Social security systems, conceived as shock absorbers to discontinuous “normal” situations, were also challenged as never before in history, as governments had to face the claims upon growing unemployment with a direct impact on poverty. Subsidies for health, unemployment, and emergency aids had to be somehow reformulated. Moreover, education, the great social equalizer, and generator of individual progress, suffered the worst damage that could affect those with the fewest opportunities: remote learning adopted for the purposes of stopping social movement and avoiding further contagion. Inevitably, poverty increased all over the world.

Within this context, the new government that assumed the leadership Uruguay, aware of this reality, still decides to hold unwaveringly to its commitment towards the achievement of the SDG, as it was expressly stated by President Luis Lacalle Pou in his message before the 75th session of the United Nations General Assembly, where he highlighted that, despite current difficulties, the 2030 Agenda must be maintained. The work consists, on the one hand, in accelerating key reforms in education, early childhood care, and eradication of precarious housing and, on the other hand, in reinforcing the policies that accelerate economic growth so as to compensate the diversion and provide the resources to achieve the goals in due time.

The emergency led to the adoption of specific measures to mitigate adverse effects of COVID-19, with special attention to most vulnerable groups from an economic perspective and the protection of those populations in which the disease showed the highest rates of morbidity and mortality, without compromising the programs and actions planed before the pandemic addressed at ending poverty, protecting the environment, and improving the living conditions of the population.

The inclusion of the SDGs in the annual budget report before the National Parliament, the advance towards the emission of “green bonds”, the promotion of gender equality, and other goals were not affected in any way whatsoever by the health emergency, and even the pace of its advance towards the final target was accelerated.

Appealing to freedom as the supreme value, which responsible exercise is essential to the conceive a democratic society, personal progress, and effective solidarity, a team was formed to monitor the situation on a continuous basis, taking restrictive measures when it was considered necessary and opening up when it was

deemed appropriate, with the eyes set on the learnings produced by the world every day and, in particular, waiting for the effects of massive vaccination of the population.

A specially designed national vaccination plan is underway since March 1st, which by the date of submission of this review had reached 60% of the overall population of the country (71% of the population over 11) with at least one dose and 36% of total population (43% of the population over 11) with complete vaccination. Planning allowed Uruguay to become the first country in Latin America to start vaccinating, by the start of June, children between 12 and 17.

The Government was not the sole responsible for the combat (literally, as this is about a real war) against the pandemic, as the whole population got involved; from the responsible freedom of each of the citizens to the commitment of the different social actors and very especially the healthcare professionals and the local scientific community, who put their knowledge at disposal, advising the authorities voluntarily.

The advance in the vaccination will allow reaching a high immunization of the population in the not-so-distant future, possibly in a couple of months. Once attained, and as evidenced in those countries where it effectively happened, society may redirect its energies to achieve the progress it has been struggling for and which was curbed due to the circumstances. Uruguay has been through extreme situations of diverse nature not so long ago and has emerged emboldened from each.

This time will not be the exception, and the actions it is undertaking concerning social security, education, assistance to early childhood, decarbonization of the energy matrix, and incentive to the productive sector will make it possible.

The future is calling.

Isaac Alfie
SDG Coordinator
Director of the Budget and Planning Office
Presidency of the Oriental Republic of Uruguay

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INTRODUCTION

Uruguay submits its fourth Voluntary National Review (VNR), upholding the commitment undertaken with the 2030 Agenda as part of United Nations (UN) member countries.

By means of the mentioned review, the country reports its current situation and main challenges in connection with the SDGs agreed for this year by the United Nations: SDG 1. “No poverty”; 2. “Zero hunger”; 3. “Good health and well-being”; 8. “Decent work and economic growth”; 10. “Reduced inequalities”; 12. “Responsible consumption and production”; 13. “Climate action”; 16. “Peace, justice, and strong institutions” and 17. “Partnerships for the goals”.

The so-called “Decade of Action” finds the world in a sanitary emergency context caused by COVID-19; Uruguay is not external to this situation and, therefore, this dimension unavoidably underlies this review, considering the effects that it has and will have on the development of public policies.

This document is a summary of the information contained in the current Voluntary National Review. As the VNR, the summary starts with the description of the methodology used, highlighting that the direct involvement of national public institutions concerning each area was promoted in the implementation of the 2030 Agenda at a national level.

It continues with a National Processes chapter which develops the following analysis:

- The current connection between the national budget and the SDGs, following the methodology used in the 2019 VNR and considering the program structure of the 2020-2024 national budget.
- A summary of the current status of the SDG target indicators, which is then detailed in the Statistics Appendix, at the end of the report.
- A summary of the information submitted in the section: Evaluation of Uruguay and its connection with the SDGs within the frame of “Six transformations to achieve the SDGs” of the VNR, based on the research performed by the Inter-American Development Bank (IDB) and the Sustainable Development Solutions Network (SDSN).

After that, there is a review of the Strategic Priorities of the country within the framework of the 2030 Agenda:

- **Strategic Priority 1** - An economy that innovates, generates employment, and ensures sustainability in the development: innovation and sustainable production, strategy for the creation of employment, and private sector committed to development.
- **Strategic Priority 2** – an efficient State, present in the territory and that is held accountable to the citizens: a smart, transparent, and accountable State, a State that is present in the territory; decentralization and local development, and a State that guarantees citizen coexistence and eradicates violence.
- **Strategic Priority 3** – public policies guaranteeing education, social protection, and quality healthcare for everyone: the transformation of education, social and territorial cohesion, and protection of health.
- **Strategic Priority 4** – a society that leaves no one behind: empowerment of women and gender equality (political and economic), the population in vulnerable conditions, children, adolescents, and young people.

Next, it presents a summary of the chapter about Comprehensive Reforms for sustainable development in Uruguay that imply an approach of the themes concerning the 2030 Agenda as well as the strategic priorities of the country.

- **Social security:** Social security and social protection system.
- **Challenges of Uruguayan education for the 21st Century:** focus on educational quality and continuity.
- **Financing for Sustainable Development;** the development financing agenda in a pandemic period.

After that, there is an infographic for each of the reviewed SDGs, which summarizes the main achievements and challenges identified in each case. This information is further detailed in the VNR where there is a specific chapter for each SDG, presenting the details and updates of the modifications to each SDG within the statutory and institutional framework since the previous review, the main public policies, the current situation of the targets, and the challenges in connection with each of them. Moreover, each SDG chapter approaches the impact of the current pandemic in the achievement of the proposed targets.

To sum up, there is a section with the main conclusions and challenges the country faces for the achievement of the 2030 Agenda.

METHODOLOGY FOR THE PREPARATION OF THE REVIEW

The preparation of the Voluntary National Review (VNR) results from the inter-institutional coordination process under the Budget and Planning Office (OPP, for its acronym in Spanish), as VNR General Coordinator with the technical support of the State Management and Evaluation Area (AGEV, for its acronym in Spanish), together with the contributions from the National Institute of Statistics (INE, for its acronym in Spanish) and from the Uruguayan Agency for International Cooperation (AUCI, for its acronym in Spanish), which required the involvement of different public entities which areas of work are related to each of the SDGs to be reported. As in the previous reviews, the guidelines provided by the United Nations (UN) about the content and structure suggested for the voluntary review of countries were taken into consideration.

The OPP called specific meetings by SDG, where public institutions involved in the theme participated, as well as representatives of INE and AUCI. These were carried out virtually, given the sanitary emergency affecting the country, as a consequence of COVID-19. These meetings conceptually addressed the principles of the 2030 Agenda in general terms and, as part of it, the corresponding SDG, with its targets and indicators, fostering the exchange about the targets and the policies being carried out in the country, as well as the identification of sources of information for the indicators, thus allowing a review of the progress achieved for each SDG.

With regard to the working dynamics, the OPP started by providing the index for the SDG chapters, with the sections to be included and its approximate extension, similar to previous reviews, but incorporating, in this case, a specific section to report on the influence of the COVID-19 pandemic and its particular consequences on each SDG. Moreover, it submitted a proposal for the classification of the targets into main themes, which was adopted for some SDGs, while in other cases the regulations and the public policies were addressed as a whole, presenting the indicators as per the order established in the targets.

With the purpose of supporting those entities, AGEV appointed a representative for each SDG who served as permanent support, both in the inter-institutional coordination with the organizations that contributed to the preparation of the SDG chapter as well as by providing specifications about the content of the chapter and suggestions to improve the completeness and presentation format of the information.

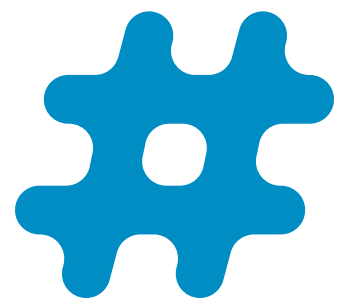
It is worth noting that as Uruguay, in the previous years, has already informed about the 17 SDGs in-depth (in VNR 2017, 2018, and 2019), this time the review is based on an update of the information contained in the previous VNR for each reported Goal, concerning the institutional and statutory framework and about the public policies carried out by the different entities within the frame of each SDG.

Considering the special sanitary emergency context that is affecting the country, the VNR includes, as well as the impacts on each SDG as mentioned above, a specific section that accounts for the consequences of the COVID-19 pandemic and the particular measures adopted to face such situation, in the case of the following SDGs: 1. “No poverty”; 3. “Good health and well-being” and 8. “Decent work and economic growth”.

On the other hand, the chapter of SDG 16 presented in the VNR includes two appendixes that delve into two themes, one referring to the Digital Strategy adopted by the country within the frame of the National Coronavirus Plan and, the second one, to the connection between these SDGs and the Peacekeeping Missions.

Moreover, the VNR addresses comprehensive reforms that are considered necessary for sustainable development in Uruguay, which preparation gathered the perspective of renowned specialists on social security, challenges of Uruguayan education for the 21st Century, and Financing for Sustainable Development. In this VNR synthesis document there is a summary of such information.

Finally, the INE, governing body of the National Statistical System, based on the data provided by involved institutions, prepared the statistical appendix with information for all SDGs, providing a general outlook of the situation of the country regarding global indicators for each goal and each target. The VNR presents a specific appendix that contains the supplementary and complementary indicators the country deems appropriate to present.



NATIONAL PROCESSES

DISTRIBUTION OF THE NATIONAL BUDGET BY SDG

1. INTRODUCTION

Uruguay realized the importance of linking the National Budget to the 2030 Agenda, being one of the most important public financing mechanisms available for its implementation since it made the commitment to present its first Voluntary National Review (VNR) on the Sustainable Development Goals (SDGs) to the High-Level Political Forum in 2017 and continued to advance along these lines in the successive VNRs presented in 2018 and 2019.

The aim continues to be to connect the budget preparation and execution with the SDGs based on the approach of budgeting and management per results which serves as the basis for the preparation of the National Budget since 2010.

Therefore, the aim is to generate input that allows continuing the improvement of the budget preparation, based on knowing how the National Budget is invested for the achievement of the 2030 Agenda.

2. BACKGROUND

2.1. PREPARATION OF BUDGET BY PROGRAMMATIC AREAS

The current National Budget 2020-2024 identifies 22 programmatic areas that represent functions developed by the State and, due to its continuity, transcend government periods. These areas currently constitute the first grouper of the public budget.

Table 1: Programmatic areas

1. Administration of Justice	12. Official records and information
2. Legislative matters	13. Health
3. Science, technology and innovation	14. Public safety
4. Regulation, control and transparency (**)	15. General Public Services
5. Culture and Sports	16. Labor
6. National Defense	17. Housing
7. Productive development	18. Energy
8. Education	19. Social Protection (**)
9. Infrastructure, Transportation and communications	20. Social Security (**)
10. Environment and natural resources	21. Financial Administration (**)
11. Social Security and Protection (Not in force) (*)	22. Transfers to subnational governments (**)

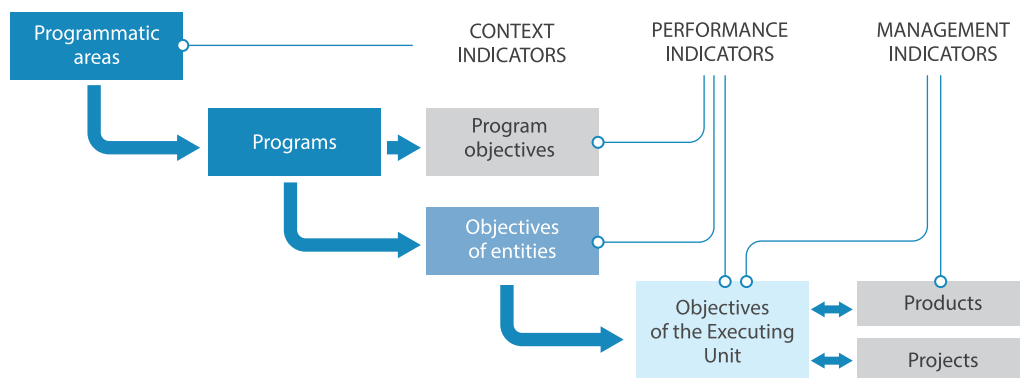
Source: State Management and Evaluation Area (AGEV) of the Budget and Planning Office (OPP), Law 19.924 National Budget 2020-2024.

The programmatic areas contain budget programs, each of which is defined on the basis of the ultimate aim to be achieved by means of the application of the corresponding resources. It is also accepted that the objective

of the program may be shared by several institutions. Achieving them is the responsibility of all contributing entities. Following this logic, the objectives of the program are disaggregated into objectives of the entities and these into objectives of the executing units. This facilitates the sectoral visualization of the problems and opportunities that motivate government action and highlights the need for coordinated efforts through aligned and shared responsibilities.

This budget scheme also includes quantitative indicators that allow the monitoring of the status and achievement of aims in each of these levels of responsibility.

Diagram 1: Budget scheme



Source: AGEV-OPP.

2.2. CONCEPTUAL LINK BETWEEN SDGS AND PROGRAMMATIC AREAS

The analysis of the link between the SDGs and the National Budget began to be carried out as early as the 2016 Accountability and continued to be deepened in the successive Accountability and National Budget laws. This study focused in particular on identifying the SDG goals that fall within the scope of each Programmatic Area.

This work was reflected in a matrix of relationships between Programmatic Areas and SDGs, presented in the Context and Results report presented by the Budget and Planning Office (OPP for its acronym in Spanish) in the budget laws.

Table 1: Relationship Matrix between Programmatic Areas and SDGs

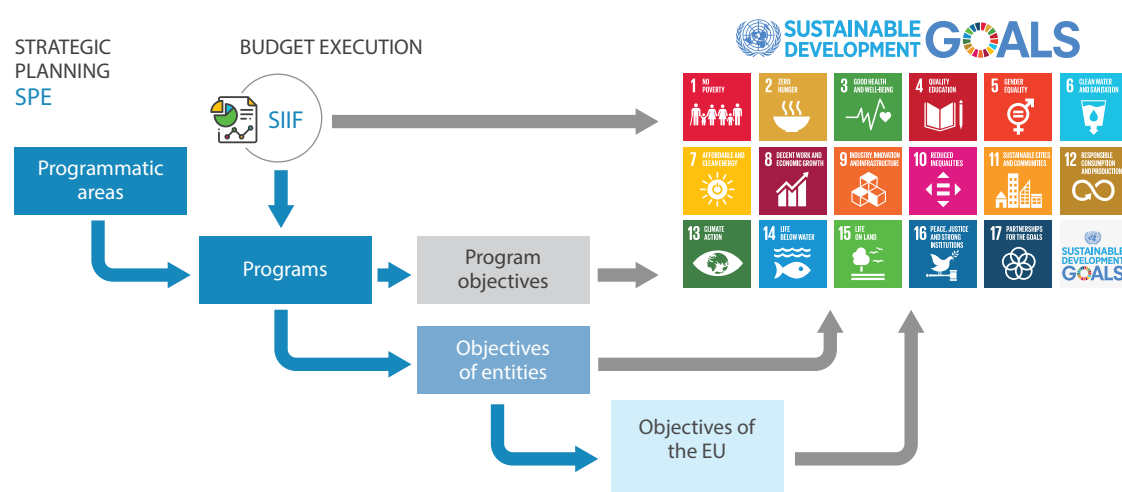
	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	17 PARTNERSHIPS FOR GOAL ACHIEVEMENT	
Administration of justice																	●	
Legislative matters	●				●					●							●	
Science, technology and innovation									●									●
Control and transparency																	●	
Culture and sports				●							●							
National defense																	●	
Productive development		●			●			●	●			●		●	●			●
Education				●														
Infrastructure, transport and communications									●		●							
Environment and natural resources						●	●				●	●	●	●	●			
Official records and information	●							●									●	●
Health			●		●												●	●
Public security					●						●						●	
General public services								●									●	
Labor								●										●
Housing	●					●						●						
Energy							●											
Social Protection	●	●			●			●		●								
Social Security										●								
Financial administration																	●	●
Transfers to subnational governments						●	●		●		●						●	

Source: AGEV-OPP, LAW 19,924 NATIONAL BUDGET 2020-2024.

3. METHODOLOGY: DISTRIBUTION BASED ON LAYERS OF INFORMATION

The State Management and Evaluation Area (AGEV-OPP for their acronyms in Spanish) continues to make progress in providing a comprehensive view of the link between the National Budget and the different SDGs and their respective goals, based on the analysis of the government's strategic planning as reflected in the Strategic Planning and Evaluation System (SPE for its acronym in Spanish) and the budget execution contained in the Integrated System of Financial Information (SIIF for its acronym in Spanish).

Diagram 2: Budget linkage to the SDGs



Source: AGEV-OPP.

Hence, the execution of the National Budget is distributed according to the achievement of the different SDGs based on the analysis of the different layers in which the current budget structure may be disaggregated. As in the analysis carried out in 2019, the procedure followed the steps described below.

- The first layer of analysis, similar to the work conducted in 2018, corresponds to the **Program Objectives** and the relationship found between their scope and the SDGs. In those programs where the relationship is understood to be unique, the total of the execution is allocated as a contribution to the achievement of that single SDG. In those programs where it is understood that there could be a correspondence with more than one SDG, depending on their scope, the analysis of the successive subsequent layers of the budget structure is carried out.
- The second layer analyzed corresponds to the objectives that the different items pursue within the budgetary programs. In this way, the cross-cutting nature of the programs and the possibility that their execution may be distributed in the contribution to the achievement of more than one SDG according to the links found at the level of the **objectives of the executing entities** are considered.
- The third layer corresponds to the analysis of the **objectives of the executing units** when it is understood that the objectives of the entity could be linked to the achievement of more than one SDG. Thus, it is contemplated that, for the same program and executing entity, there may be more than one link with the contribution to the achievement of the SDGs, depending on the objectives pursued by the different executing units.
- Finally, with the integration of the SIIF, a fourth layer was analyzed, when deemed necessary, which contemplates the budget execution carried out at the level of **projects or objects of expenditure** within the same executing unit of an entity for a specific program and the links identified with different SDGs at this level. Projects are the subsequent unit within the programmatic structures into which the execu-

tion of the different programs of the national budget is subdivided. Objects of expenditure are, on the other hand, the last possible unit of disaggregation of the execution of the National Budget.

In this way, it is possible to obtain a quantitative distribution of the National Budget, linking all the information arising from its formulation scheme and expenditure structure with the SDGs.

4. RESULTS OBTAINED

The distribution of the current National Budget¹ per SDG is as follows.

Table 1: National Budget by SDG



Source: AGEV-OPP.

¹ Analysis performed based on the 2020 budget execution, figures extracted from SIIF as of June 15, 2021 and from the government's 2020 Strategic Planning.

As in 2019, according to the budget distribution made, the SDGs related to the Reduction of Inequality, Quality Education, Health and Well-Being, Peace, Justice and Strong Institutions and End of Poverty, are still the top five.

Moreover, these five SDGs have been the most important in terms of the weight they represent in the National Budget from 2017 to date, as shown in the table below.

Table 2: Distribution of the National Budget by SDGs for the years 2017 to 2020 (%)

Sustainable Development Goal	2017	2018	2019	2020
10 – Reduction of inequality	24.6	24.6	24.5	25.4
04 – Quality education	19.5	19.6	19.9	19.6
03 – Health and well-being	16.0	15.7	15.6	15.8
16 – Peace, justice and strong Institutions	13.8	13.9	14.1	13.7
01 – End of poverty	8.3	8.3	8.2	8.4
11 – Sustainable cities and communities	7.0	7.4	7.1	7.2
09 – Industry, innovation and infrastructure	3.4	3.4	3.6	3.2
08 – Decent work and economic growth	3.4	3	3.3	3.1
17 – Partnerships for the goals	2.0	2.0	2.0	1,8
02 – Zero hunger	1,3	1.2	1.2	1.1
07 – Affordable and clean energy	0.2	0.2	0.2	0.2
05 – Gender equality	0.1	0.1	0.1	0.1
15 – Life of terrestrial ecosystems	0.1	0.1	0.1	0.1
12 – Responsible consumption and production	0.1	0.1	0.1	0.1
13 – Climate action	0.0	0.1	0.1	0.1
14 – Life under-water	0.1	0.0	0.0	0.0
06 – Clean water and sanitation	0.0	0.0	0.0	0.0
Overall total	100.0	100.0	100.0	100.0

Source: AGEV-OPP.

The distribution of budget execution obtained by linking the functional view of the National Budget, disaggregated by programmatic area, with the SDGs, is shown below.

Table 3: Distribution of the National Budget by Programmatic Area and SDGs, year 2020

	1st EQUITY	2nd ENVIRONMENT	3rd HEALTH	4th QUALITY EDUCATION	5th GENDER EQUALITY	6th CLEAN WATER AND SANITATION	7th AFFORDABLE AND CLEAN ENERGY	8th ECONOMIC GROWTH	9th INDUSTRIALIZATION, INNOVATION AND INFRASTRUCTURE	10th REDUCED INEQUALITIES	11th SUSTAINABLE CITIES AND COMMUNITIES	12th CONSUMPTION AND PRODUCTION RESPONSIBILITY	13th CLIMATE ACTION	14th LIFE UNDER WATER	15th LIFE ON LAND	16th PEACE, JUSTICE AND STRONG INSTITUTIONS	17th PARTNERSHIPS FOR GOAL	TOTAL	Millions of UYU
ADMINISTRATION OF JUSTICE																		100.00%	9,031.1
FINANCIAL ADMINISTRATION																		100.00%	4,087.5
LEGISLATIVE MATTERS																		100.00%	5,279.5
SCIENCE, TECHNOLOGY AND INNOVATION									100.00%									100.00%	2,246.9
CULTURE AND SPORTS																		100.00%	3,341.6
NATIONAL DEFENSE																		100.00%	14,715.0
PRODUCTIVE DEVELOPMENT		53.97%			0.08%			16.03%		10.56%		3.51%		2.05%			3.38%	100.00%	8,684.3
EDUCATION			2.74%	96.26%	0.02%		100.00%			0.98%								100.00%	106,057.3
ENERGY																		100.00%	1,054.4
INFRASTRUCTURE, TRANSPORT AND COMMUNICATIONS					0.00%				72.23%		27.71%			0.06%				100.00%	17,221.4
ENVIRONMENT AND NATURAL RESOURCES						15.93%					11.60%	15.81%	3.16%	0.93%	52.57%			100.00%	808.6
SOCIAL PROTECTION	43.96%	4.12%	4.27%		1.77%					45.88%			14.27%					100.00%	21,109.5
OFFICIAL RECORDS AND INFORMATION											12.56%						13.80%	100.00%	2,056.5
CONTROL AND TRANSPARENCY						4.17%	4.17%										63.86%	100.00%	1,680.1
HEALTH			99.92%		0.08%													100.00%	78,826.5
PUBLIC SECURITY					0.41%						1.91%						97.67%	100.00%	31,711.0
SOCIAL SECURITY	21.12%									78.88%								100.00%	153,156.5
GENERAL PUBLIC SERVICES								47.31%										100.00%	26,311.6
LABOR									100.00%									100.00%	2,516.7
TRANSFERS TO SUBNATIONAL GOVERNMENTS										1.93%	96.07%							100.00%	20,191.3
HOUSING	19.67%										80.33%							100.00%	10,926.7
Overall total:	8.40%	1.07%	15.85%	19.59%	0.11%	0.04%	0.22%	3.14%	3.16%	25.40%	7.23%	0.08%	0.06%	0.04%	0.10%	13.68%	1.84%	100.00%	521,013.8

Source: AGEV-OPP.

It is also interesting to note the possibility offered by the current methodology to show the distribution by SDGs of the execution of the National Budget from an institutional perspective.

Table 4: Distribution of the National Budget by entity and SDGs, year 2020

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	TOTAL	Millions of UYU
01 - Legislative Branch																100.00%		100.00%	5,279.5
02 - Presidency of the Republic			0.20%	1.08%		1.89%	1.89%		11.62%	0.20%	27.65%					47.83%	7.65%	100.00%	3,711.7
03 - Ministry of National Defense	0.80%		14.30%	1.60%	0.00%			1.85%	0.05%	0.49%	4.43%				0.13%	74.38%	1.96%	100.00%	20,225.4
04 - Ministry of Interior	0.02%		9.44%	1.09%	0.39%					0.51%	1.34%					87.20%		100.00%	33,197.8
05 - Ministry of Economy and Finance	1.70%							2.54%			3.15%					17.75%	74.86%	100.00%	6,733.4
06 - Ministry of Foreign Affairs															0.25%		99.63%	100.00%	3,799.7
07 - Ministry of Livestock Agriculture and Fisheries		78.52%			0.11%			10.54%				3.41%	0.16%	5.14%	2.12%			100.00%	3,471.3
08 - Ministry of Industry, Energy and Mining					0.28%		15.72%	2.33%	81.67%									100.00%	1,029.0
09 - Ministry of Tourism					0.02%			38.93%	3.07%			57.97%						100.00%	5,25.7
10 - Ministry of Transport and Public Works			0.01%	11.77%					79.26%		8.87%			0.09%				100.00%	11,809.9
11 - Ministry of Culture and Education				16.85%					5.54%		56.49%					21.12%		100.00%	3,800.1
12 - Ministry of Public Health					1.49%													100.00%	4,009.2
13 - Ministry of Work and Social Security								99.03%		0.97%								100.00%	1,084.0
14 - Ministry of Housing and Territorial Planning						1.21%					83.27%		0.19%	0.07%	3.65%			100.00%	10,654.1
15 - Ministry of Social Development	85.56%	8.19%			3.51%					1.63%								100.00%	10,623.6
16 - Judicial Power																100.00%		100.00%	7,261.8
17 - Court of Accounts																100.00%		100.00%	689.9
18 - Electoral Court																100.00%		100.00%	1,336.3

	1 No poverty	2 Zero hunger	3 Good health	4 Quality education	5 Gender equality	6 Clean water and sanitation	7 Affordable and clean energy	8 Decent work and economic growth	9 Industry, innovation and infrastructure	10 Reduced inequalities	11 Sustainable cities and communities	12 Responsible consumption and production	13 Climate action	14 Life below water	15 Life on land	16 Peace, justice and strong institutions	17 Partnerships for sustainable development	TOTAL	Millions of UYU
19 - Administrative Court																		100.00%	191.6
21 - Subsidies and Subventions	6.30%	12.34%	4.73%	19.82%		11.96%		28.26%		6.79%	9.07%						0.02%	100.00%	12,800.1
22 - Financial transfers to the social security sector	2.16%									78.84%								100.00%	152,872.5
24 - Diverse credits		0.55%	37.74%	0.77%		18.02%	1.29%	2.84%		0.10%	31.51%						0.09%	100.00%	69,338.0
25 - National Administration of Public Education				99.97%	0.03%													100.00%	75,960.5
26 - University of the Republic			15.40%	79.08%						5.53%								100.00%	18,859.5
27 - Uruguayan Institute of Childhood and Adolescence	0.17%		5.39%	30.65%						63.79%								100.00%	14,737.2
29 - State Health Services Administration			100.00%															100.00%	42,118.4
31 - Technological University of Uruguay				100.00%														100.00%	887.1
32 - Uruguayan institute of Meteorology													100.00%					100.00%	293.4
33 - Office of the Attorney General																		100.00%	1458.2
34 - Transparency and Public Ethics Committee																		100.00%	28.4
35 - National Institute for Adolescent Social Inclusion																		100.00%	2226.1
Overall total:	8.40%	1.07%	15.85%	19.59%	0.11%	0.04%	0.22%	3.14%	3.16%	25.40%	7.23%	0.08%	0.06%	0.04%	0.10%	13.68%	1.84%	100.00%	521,013.8

Source: AGEV-OPP.

5. LIMITATIONS AND CHALLENGES

The methodology used has the following limitations.

- **Amounts not contemplated in the budget.** The National Budget does not cover all public expenditure. In the area of health and social security, only financial assistance to the systems from the central government is computed, but not the total amount of resources dedicated to the payment of pensions and retirement benefits or health system contributions. Resources managed by public companies or departmental governments (except for transfers provided by the central government to these subnational governments) are not included as well.
- **Exhaustive and exclusive categories.** The distribution of the national budget by SDGs has the implicit definition of allocating spending in exhaustive and exclusive categories, implying a univocal relationship between budget amounts and SDGs. For this reason, the SDG spending in this document may not be consistent with spending totals derived from specific SDG analyses that are conducted. This is because, although from partial studies it can be considered that the same expenditure contributes to different SDGs, in a global analysis such as the one presented in this document, this is not feasible (on the contrary, the total expenditure added together would be higher than the total budget).
- **Budget Items not considered.** It was decided to eliminate from the analysis the items corresponding to debt interest, considering that they do not affect a specific SDG, but rather the financing of all budgetary obligations. The same criterion was taken with regard to the extensions of certificates in favor of taxpayers of the General Revenue Office (DGI for its acronym in Spanish), which do not represent tax benefits, but tax refunds.
- **Plan-budget connection.** It is still a challenge within the national budget process itself to improve consistency between planning and budgeting, thus correcting budget allocations in line with current program objectives.

These limitations represent the need for a thorough evaluation of the results obtained, which may, in turn, lead to corrections of the assignments made. On occasions, it is found that, contrary to what should be expected, the possible links between budget programs and the different SDGs increase as the analysis of the layers of information in the budget outline progress.

The distribution of the National Budget by SDGs has been a fundamental pillar in promoting greater involvement and linkage between the SDGs and the national planning and budget formulation processes.

However, the incorporation of resources that are not included in the Budget into the analysis continues to be a challenge, as is the case of the total amounts of the social security system, the national health system, or the execution of resources of public companies.

CURRENT SITUATION OF STATISTICAL INFORMATION

INDICATORS FOR SDG TARGETS: FOLLOW-UP AND ANALYSIS OF DATA AVAILABILITY FOR ITS CREATION

The National Institute of Statistics (INE, for its acronym in Spanish) works on a continuous basis with the different entities that are part of the National Statistics Systems (SEN, for its acronym in Spanish).¹ Within this framework, there is a working group that is exclusively focused on the Sustainable Development Goals (SDG) indicators, which has enabled us to report the progress of the indicators across the different targets.

Below there is a chart with the current status of the 17 SDG, which summarizes the number of indicators per level of data availability in Uruguay.

Table 1. Number of indicators according to data availability in Uruguay, by SDG.

	Total	Level 1	Level 2	Level 3
Total	246	130	69	47
SDG 1	13	5	4	4
SDG 2	14	7	4	3
SDG 3	27	17	5	5
SDG 4	12	6	3	3
SDG 5	14	12	1	1
SDG 6	11	7	4	0
SDG 7	6	5	0	1
SDG 8	16	9	6	1
SDG 9	12	8	4	0
SDG 10	14	6	6	2
SDG 11	14	5	7	2
SDG 12	13	5	3	5
SDG 13	8	5	3	0
SDG 14	10	0	0	10
SDG 15	14	9	4	1
SDG 16	24	9	8	7
SDG 17	24	15	7	2

Chart 1. Percentage of Indicators as per data availability level in Uruguay, by SDG. Year 2021

EVALUATION OF URUGUAY AND ITS LINK TO THE SDGS: THE FRAMEWORK OF THE SIX TRANSFORMATIONS

REPORT OF SUSTAINABLE DEVELOPMENT FOR URUGUAY BASED ON THE RESEARCH CARRIED OUT BY THE IDB AND SUSTAINABLE DEVELOPMENT SOLUTIONS NETWORK (SDSN)¹

The framework of the six Transformations

The work of Sachs *et al.*² proposes six “SDG Transformations”. The core of such approach is the awareness that the 17 SDGs can be achieved through six relevant transformations, focused on: (1) education and skills, (2) health and well-being, (3) clean industry and energy, (4) sustainable use of land, (5) sustainable cities and (6) digital technologies.

All these transformations are guided by two principles. Each transformation must be designed, implemented, and monitored so as to “**leave no one behind**”; a principle that seeks to strengthen justice, equality, and social inclusion. This particularly applies to public services, such as health and education, infrastructure services (transportation, water, sanitation, energy), and the use of natural resources. The second principle implies “**guaranteeing circularity and decoupling**”. Achieving the SDGs requires a change in the consumption and production patterns to decouple human well-being from the use of natural resources and contamination. Each transformation needs to be designed, implemented, and monitored to reduce the human environmental footprint through the promotion of circularity in the use of resources, reusing, recycling, more sustainable materials, and the efficient use of natural resources. Good governance and the lack of conflicts contribute to achieving the six transformations.

Figure 1: Six Transformations to achieve the SDGs



Source: Sachs *et al.*,

¹ “Uruguay Sustainable Development Report”, IDB AND SDSN (2021), Mimeo.

² *Six Transformations to achieve the Sustainable Development Goals*, Jeffrey D. Sachs, Guido Schmidt-Traub, Mariana Mazzucato, Dirk Messner, Nebojsa Nakicenovic and Johan Rockström, 2019.

URUGUAY SDG INDEX

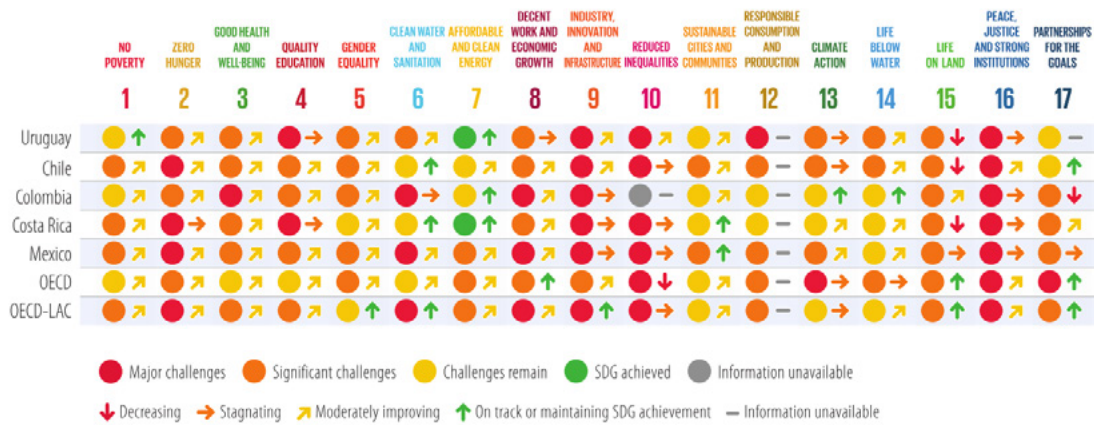
The Inter-American Development Bank and the Sustainable Development Solutions Network (SDSN) calculated the Uruguay 2020 Index within the framework of the six transformations, comparing it with the countries of the OECD, in particular Latin American countries. Although Uruguay is not an OECD member country, some of its indicators are comparable to those of member countries and even higher than Latin American member countries, as in the case of Chile, Colombia, Costa Rica, and Mexico. In fact, Uruguay presents one of the highest human development index indicators in Latin America and the Caribbean. This explains why it makes sense to compare it with other countries facing similar challenges with regard to sustainable development.

Out of 39 countries reported in this special edition, Uruguay is in the 30th position of the ranking. The general SDG Index score for Uruguay is 71.2 slightly below the average of OECD member countries and above the average of OECD Latin American member countries (66.4).

Table 1: SDG Index for Uruguay and OECD countries

Rank	Country	General score	Rank	Country	General score
1	Sweden	82.4	21	Hungary	75.1
2	Denmark	80.9	22	Switzerland	75.0
3	Finland	80.6	23	Canada	74.7
4	Czech Republic	78.4	24	Latvia	73.7
5	Austria	78.1	25	Spain	73.6
6	Slovenia	77.9	26	Italy	73.2
7	France	77.5	27	Korea, Rep.	73.0
8	Germany	77.4	28	Lithuania	71.7
9	Norway	77.3	29	Costa Rica	71.3
10	Poland	77.1	30	Uruguay	71.2
11	Estonia	76.8	31	Chile	71.2
12	Belgium	76.7	32	United States	70.9
13	Japan	76.2	33	Australia	70.3
14	New Zealand	76.2	34	Greece	70.2
15	Ireland	76.0	35	Israel	69.7
16	United Kingdom	75.9	36	Luxembourg	69.6
17	Iceland	75.4	37	Colombia	68.1
18	Portugal	75.4	38	Turkey	65.0
19	Netherlands	75.4	39	Mexico	64.9
20	Slovak Republic	75.3	OECD Member countries		72.8
			OECD-LAC Member countries		66.4

Source: IDB and SDSN (2021), *Estado actual y tendencias para Uruguay, países latinoamericanos en la OCDE y países de la OCDE en promedio*. (Current situations and trends for Uruguay, OECD Latin American member countries and OECD member countries in average).



Source: IDB AND SDSN (2021).

Uruguay obtains its best performance in SDG 7 (Affordable and Clean Energy), where the country is in the worldwide top 5. This Goal refers to the access to energy, clean fuels, and technology for cooking, CO₂ emissions for electricity and heating, and the percentage of renewables in the energy matrix. The Uruguayan energy policy has substantially contributed to such a result. In comparison to the OECD member countries, only Iceland has a higher score than Uruguay.

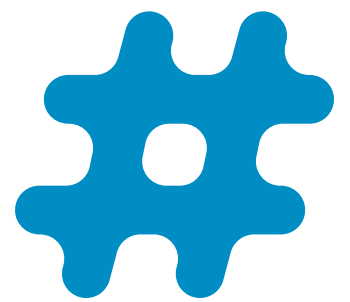
It has also made considerable progress in SDG 1 (End Poverty). Its performance surpasses that of OECD-LAC member countries and is on the way towards achieving such SDG by 2030, although the pandemic has generated some increase in this indicator, with a significant incidence of children and adolescents.³

Furthermore, the country has made significant progress towards the achievement of SDG 11 (Sustainable Cities and Communities). The almost universal scope of basic services, as well as the access to drinking water for the urban population, the quality of the environment in the cities (for example, with low matter particles in the air), help explain these results. However, unequal access to housing, services, and transportation quality, in particular for the population living in informal settlements, are aspects that still need to be improved in order to become more sustainable communities.

The performance of Uruguay in SDG 17 (Partnerships for the Goals) is relatively good. This goal covers the alliances among the different government levels with the private sector, with the civil society, and the promotion of the mobilization of resources to achieve sustainable development. Uruguay has good indicators in comparison to OECD and OECD-LAC member countries, based on their investment in health and education, as well as on its commitment to the international agreements on the exchange of information and transparency.

On the other hand, Uruguay indicators are not that good concerning SDG 4 (Quality Education), SDG 9 (Industry, Innovation, and Infrastructure), SDG 10 (Reduced Inequalities), SDG12 (Responsible Consumption and Production), and SDG 16 (Peace, Justice, and Strong Institutions).

³ Due to the sanitary emergency context, in April 2020 the Continuous Uruguay Household Survey (ECH for its acronym in Spanish) was carried out by means of the panel method and through phone interview (instead of face to face). The survey was shortened to gather the necessary information to estimate the main indicators of the labor market and income of homes and persons. Until the execution of new studies carried out to estimate the bias produced by these methodology, the estimations provided by the 2020 Survey are not strictly comparable to the ones previously estimated (National Institute of Statistics, INE, 2021).



STRATEGIC PRIORITIES

STRATEGIC PRIORITIES OF THE COUNTRY WITHIN THE FRAME OF THE 2030 AGENDA

“In the start of the Decade of Action for the achievement of the Sustainable Development Goals, turning words into actions shall be a necessary condition to put an end to poverty, protect the environment and improve the living conditions of the world population. The United Nations has promoted the 2030 Agenda, and this shall be maintained, despite the significant current hardships, as the core guide to advance towards sustainable development...”

President Lacalle Pou in the 75th session of the UN General Assembly

The 2030 Agenda constitutes a road map for sustainable development, betting on a transformative agenda in social, economic, and environmental terms. The milestone of the year 2020 determines the importance of accelerating the process of this Agenda at a global level. The so-called “Decade of Action” requires deepening sustainable solutions to cope with the main local and international challenges, from poverty and gender equality to climate change, inequality of opportunities, particularly in the post-pandemic context, which consequence is, unfortunately, the setback of certain progress.

Coincidentally, in the year 2020, a new administration assumed command of the country intending to carry out a series of transformations aimed at improving the living conditions of all its inhabitants. The proposed country project is a freer, fairer, and more prosperous Uruguay. This view is mainly reflected in the National Budget, as well as in other legislative measures, such as the Urgent Consideration law (LUC, for its acronym in Spanish), and in other administrative steps performed by each executing unit.

Based on the creation of the Strategic Cooperation Framework with the United Nations (UNDAF) for the period 2021-2025, the Uruguayan government outlined its strategic priorities, which clearly contribute to the achievement of the Sustainable Development Goals (SDG) formulated in the 2030 Agenda.

These action lines are the following **strategic priorities**: a) to advance towards an **economy which innovates, generates employment, and guarantees the development sustainability**; b) to transform state institutions so as to count on an efficient **State, which is present throughout the territory and is accountable to the citizens**; c) to develop **public policies that assure education, social protection and quality healthcare to all the persons**; d) to advance towards a **society that promotes the development and rights of persons and does not leave anyone behind**.

STRATEGIC PRIORITY 1. An Economy which Innovates, Generates Employment and Guarantees the Sustainability of Development: innovation and sustainable production, strategy for the creation of employment and private sector committed to development.

The main aim of the public policies is to achieve a continuous and sustained improvement in the life quality of all inhabitants, which, apart from expanding the production boundary, and therefore, access to a certain level of goods and services, involves the physical safety, access to quality education and the intellectual development of all the children, a comprehensive healthcare system and access to a decent home and cultural goods, among other aspects.

Underlying all this there is a development perspective that guarantees sustainability, that is to say, which cares for natural resources, fights deterioration, protects biodiversity, and is able to face and mitigate the effects of climate change. The bet on scientific and investigative development is key in this aspect.

It is just about placing people in the center of the development process. In that sense, the aim is the evolution and full realization of the capacity of the citizens, without which it is impossible to conceive individual development and even less the collective one. **Citizens exercising their freedom responsibly.**

This new focus is also relevant from a conception that seeks to empower people and provide them with greater freedom. In fact, one of the aims of this administration is to make the inhabitants of the country increasingly free to chase their own vital projects, with the least coercion possible by a State which, in turn, procures to suppress the differences of undetermined basis among individuals.

It is indispensable that society has the necessary resources so as to achieve these goals. The first aim then is to attain a sustained and stable growth of the gross domestic product (GDP) throughout time. The history of Latin American countries and of Uruguay in particular shows that, although our economies have effectively grown throughout time and the inhabitants of the beginning of the 21st Century access to a greater number of goods and services than their ancestors, such growth has not been at the desired rate and the main characteristic of the trajectory has been its high volatility. Reverting that trend is the desired aspirational goal. To achieve this, the economy must grow at the highest possible rate and the economic cycles must be softened to avoid deep depressions which cause great harm, such as poverty and inequality. In order to attain higher growth rates, it is essential to improve the rate of investment in the economy. Volatility is avoided with macroeconomic stability.

When examining the trajectory of the Uruguayan economy after the recession that affected it between the years 1999 and 2002, there was a quick and strong recovery followed by a significant growth up to the year 2014. As from the year 2015, the economy starts showing symptoms of exhaustion, substantially reducing its dynamism, which is evidenced in the drop of the investment, of employment, and its flip side, the increase of unemployment.

The economic activity in our country was already seriously affected in the past years, with more than 50,000 lost jobs in the last five-year period, a fall in investment, and no economic growth up to the virtual halt in 2018-2019. That situation naturally suffered a negative extraordinary shock with the COVID-19 pandemic, which caused a sound impact on the activity since last March.

As a consequence, it is possible to observe a deterioration of the macroeconomic scenario, an increase of the fiscal deficit (and therefore, indebtedness), and inflation that remains beyond the predetermined aims.

Several factors prevent the country from completing a transition towards a development model which presents a growth rate that is more permanent over time, based on sustainable production and consumption methods that protect the environment, ensuring access to well-being in all its dimensions for everyone, as well as the effective exercise of their rights. This situation, naturally, is more complex in those population groups historically relegated in the country.

One of the factors limiting growth is the difficulty faced by the country to process an international insertion that enables it to take full advantage of the possibilities and potentials arising from a closer exchange with the rest of the world.

In order to overturn this situation, it is vital to improve the operation of regional agreements, particularly MERCOSUR, as well as the execution of general or specific agreements with other regions or countries that may enable access without paying duties, a reduction thereof, or other benefits that may be applied in a shorter term.

Last but not least, the inefficiencies of the State itself also play a significant role, as well as internal dispositions of several markets which limit the economic dynamism of the country, increasing the cost of national production.

In that sense, it is worth mentioning the new role public companies will have in national development. Public companies should be at the service of the citizens instead of becoming a burden for them. They must fulfill the legal purpose they were created for, by providing quality services at adequate prices. The reform process has begun.

Another structural cause that explains why Uruguay has not achieved a more advanced development phase yet is the inadequate response provided by the educational system in the education of our youth. It does not prepare them appropriately for the challenges of the current world and, therefore, it does not allow the development of skills and abilities in younger generations. Considering that two every three teenagers in Uruguay do not even complete middle high school (9th grade), barely more than one third get to complete upper high school (12th grade), and half, approximately, of 15-year old teenagers, does not reach the minimum sufficiency levels of international learning tests (PISA 2018), it becomes evident that the country does not have the necessary human skills (human capital) to deploy a development model based on the incorporation of scientific-technological knowledge and innovation as driving force for development.

This hindrance is, almost certainly, the one generating the most competitiveness problems. The sustained improvement of competitiveness does not only facilitate the access of domestic production to diverse international markets but also enables the development of new income-producing activities, which require greater knowledge. What is even more important, there is no genuine growth of income without sustained improvement of productivity.

In that respect, improving competitiveness and increasing the investment rate, and growing at a steadier pace, and generating more employment and better salaries, are two sides of the same coin. Therefore, one of the aims of the national government is to complement the steps that have already been taken to improve competitiveness.

It is necessary then to propose measures that, on the one hand, promote investment and generate genuine jobs in the private sector, and, on the other hand, improve the macro and microeconomic environment to generate a new virtuous circle of economic growth and social development. The most “arduous” but essential measure would be to improve human capital. Changes in the law on access to social interest housing, changes introduced to improve the management of public companies and the determination of rates, changes in education and early childhood, as well as proposed changes to ease the entrance of foreign investments and persons who want to take up residence in the country through different mechanisms, constitute catalyzing measures of the national economy in the short run, but with an impact also in the long run.

The projected scenario by 2030 is that Uruguay manages to shift towards an economy that is based on sustainable production and consumption methods, built on the growing incorporation of knowledge (basic science, technologies, and innovation) in all sectors, able to generate high-quality jobs (formal and with high productivity), as it is the only way of achieving social inclusion, a genuine and sustained reduction of poverty over time in all its forms and the definite overcoming of extreme poverty.

In particular, the government is committed to integrating environmental aims and climate change mitigation and adaptation actions into its economic policy decisions. For that purpose, it is aimed that the economic recovery is consistent with a path towards less greenhouse gas emissions and a climate-resilient

economy. This is key to respond to the **commitment undertaken by President Lacalle Pou during the Climate Ambition Summit in December 2020, according to which Uruguay will reach the neutrality of carbon emissions by 2050**. Several actions support this integration of environmental and climate aims into the economic policy and the management of the public debt and the administration of international reserves.

Therefore, so as to bring relevance to the environmental and climate institutionality, **the government created the Environment Ministry (MA, for its acronym in Spanish)**. In October 2020, The Ministry of Finance and Economy (MEF, for its acronym in Spanish) **joined the Coalition of Finance Ministers for Climate Action** and as part of the commitment, the Helsinki principles **were incorporated into the 2020-2024 Budget Act** passed last year. Moreover, in November 2020, the **Central Bank of Uruguay (BCU, for its acronym in Spanish) joined the Network for Greening the Financial Systems** which gathers more than 40 international central banks, supervision agencies, and financial institutions and seeks to strengthen the role of the financial system to manage risks and move the capital to green and low carbon investments and achieve then the aims of the Paris Agreement.

It is worth noting that, over the last decade, Uruguay has processed its first energetic transition, which modified its energy matrix increasing the weight generation based on renewable sources. It is currently heading towards a second transformation, that aims at decarbonization, as 37% of the matrix still comes from fossil sources.

With this second transition the government strives after two main objectives:

- i) Decarbonizing key economic sectors: Transport and industrial sectors, which together represent 70% of energy consumption, are still consuming fossil fuels and are the main emitters of CO₂.
- ii) Improving the efficiency of the electric system through the incorporation of storage and demand management solutions to take advantage of the surplus. Greater internal use of the electric excess (between 10% and 15% of the generation in normal hydrologic conditions) which currently has an opportunity cost, as it is sold mainly to neighboring countries at relatively low prices, or it is wasted with an annual cost exceeding 0.2% of the GDP, would generate additional economic profit.¹

The strategic lines of this development vision are reflected in the Supplementary Message that accompanied the submission of the National Budget Project for the period 2020-24.

It stipulates a new fiscal institutionality that intends to strengthen the transparency and credibility of the public finances of the country. The main reasons for the implementation of this new institutionality refer to: i) strengthening the fiscal credibility weakened in the recent years; ii) preserving the social expenditure over time without compromising the payment capacity nor economic stability of the country; iii) reducing the procyclicality bias of the fiscal policy in order to save during periods of economic prosperity and increasing then the social expenditure in times of reduced economic activity; iv) achieving better communication with economic agents and overall public opinion regarding the fiscal accounts of the Uruguayan State, thus promoting a solid debate on matters that are essential to national affairs.

The ultimate aim of the fiscal policy must be to tend to the well-being of Uruguayans, promoting the distribution of income of the society as a whole to the most vulnerable population. Such distribution shall be made within a frame of public debt sustainability -without compromising the payment capacity nor the macroeconomic stability of the country – and on a countercyclical basis.

¹ Since the year 2023 the surplus will be increased and generate an additional cost of 0.15% of the GDP for the incorporation of already made investments.

Furthermore, this first priority gathers the effort being made by the country through statutory innovations, creations and/or strengthening of public institutions, implementation of policies and programs, and the action of private agents and civil society to achieve by 2030 some of the Goals and Targets: in particular, the SDGs 12 (Responsible production and consumption), 9 (Resilient industry, innovation, and infrastructure) and 8 (Decent work and economic growth), SDGs 6,7,13,14 and 15 referring to the environmental sustainability agenda, SDG 17 on Partnership for development and the SDG 5 (Gender equality).

STRATEGIC PRIORITY 2. An Efficient State, Present in the Territory and that is Held Accountable to the Citizens: a smart, transparent State that is accountable, a State that is present in the territory: decentralization and local development, and a State that guarantees citizen coexistence and eradicates violence. The response to COVID-19

This strategic priority expresses one of the main objectives of the government administration for this five-year term, which is, in turn, one of the governing principles of the new generation of Cooperation Frameworks driven by the United Nations (UN) Organizations Reform: “accountability” and transparency.

Although Uruguay has had a remarkable position in the region and even worldwide in the international measurements and rankings about transparency in the management of public institutions, the country still faces challenges with regard to the rendering of accounts to the citizens. The public administration still presents deficiencies and weaknesses that prevent the State from implementing the policies and public services in a more efficient and effective way, and that reduces its capacity to promote the participation of the citizens in the territory and render accounts to the citizens. These weaknesses also limit the capacities of the State to ensure security within the territory and citizen coexistence.

The strategic guidelines of the National Budget highlight transparency as one of its governing principles provided that the programs and measures shall be subject to its permanent assessment to improve its effectiveness and efficiency and, if necessary, correct aspects in which flaws are found. In such regard, the new Public Policy Monitoring and Assessment Agency created upon the approval of the LUC will have a key role.

One of the pillars of the action plan deployed since March 1st 2020, is transparent action, with permanent accountability to the Parliament and to the public opinion. The open access to relevant information, timely responses to reports requested by legislators or through the Law on access to the public to information, or the self-imposed obligation regarding the accountability in connection with the COVID-19 Solidarity Fund are clear examples in this regard.

Recovering a safe and peaceful coexistence is one of the main goals of the national government action for this period. The Constitution determines that security is a fundamental right of the citizens. Guaranteeing the safety of persons and families, as well as the protection of the property is then a duty inherent to the State.

So as to fulfill this mission, it proposed to implement measures that put the State in conditions of adequately exercising its crime prevention, deterrence, and repression functions. That requires a set of supplementary actions.

All these actions are part of a vision that transcends the concept of public security, to include the notion of citizen security. A sustained improvement of security levels goes beyond crime deterrence and repression tasks. Prevention is the first barrier against the systematic growth of criminality. A comprehensive prevention policy does not only involve the Ministry of the Interior but the State as a whole because it requires the reconstruction of the social fabric and the involvement of all the citizenship.

The role of the State is not only about preventing, dissuading, and repressing crime, but also about creating the conditions so all members of society can fully develop themselves and build their destiny. The ultimate goal is sustainable human development. As pointed out by different UN entities, this requires governments to expand their scope of action from the sphere of citizen security to the sphere of human security.

Working for human security means creating security against a set of risks that may threaten the full development of persons. The concept of human security includes economic security, food security, sanitary security, environmental security, personal security, community security, and political security. Human security is a concept that serves as the backbone for the whole State action. It is about a vision that is focused on the persons, and not on the distributions of the State, and requires organizing the set of public policies so that these are reinforced to achieve a single aim: guaranteeing everyone the conditions to live with dignity.

THE RESPONSE TO COVID-19

The way in which the Government responded to COVID-19 is in accordance with this transparency framework. Since day one the population was fully informed about the actions being taken. Less than two weeks after assuming office, the Government had to face the challenge of organizing the sanitary response to the pandemic and dealing with its effects on the economy. Since the first **COVID-19 cases** were detected in March 13th, 2020, in the country, the Government has focused all its efforts on protecting lives, restraining the spread of the virus and mitigating its social and economic impact.

The national government had a quick response, in coordination with the different agencies of the State, public and private healthcare providers, and the solidary action of diverse actors in civil society to contribute to the health system. The response to the COVID-19 shock has privileged **individual freedom with social responsibility** and effective coordination among the public sector, private sector, and scientific community.

These are some of the most remarkable actions taken as part of the package of economic measures adopted by the Government to mitigate the economic and social impacts of the pandemics:

- a) the inclusion of all healthcare workers under the occupational disease insurance in case of COVID-19;
- b) flexibilization of conditions of access to unemployment benefits and creation of partial unemployment insurance method;
- c) extension of healthcare coverage to all unemployed people and their dependents for a transitory period;
- d) exemption and payment facilities regarding contributions to the social security system (BPS for its acronym in Spanish) for companies;
- e) implementation of a new modality of sickness insurance for people older than 65;
- f) deferment, as an exceptional measurement, of maturity dates of tax revenue agencies (DGI) and of social security contributions (BPS), as well as the charge reduction or deletion thereof to water and electricity consumption provided by state entities (UTE and OSE), and fixing of special rates to internet use due to home office purposes and free internet in virtual learning connections;
- g) measures to guarantee the liquidity of MSMB (National System of Guarantees, named SIGA Emergency);
- h) granting of soft loans for individual taxpayers and small companies to provide them liquidity for the maintenance of their operations;
- i) reinforcement of money transfers provided by the Ministry of Social Development (MIDES, for its acronym in Spanish) to lower-income homes (Family Allowances, Uruguay Social Card).
- j) reduction or elimination of minimum contributions on income, wealth, or employer contributions to social security

In order to keep an exhaustive and transparent accounting of the expenses arising from the pandemic, the COVID-19 Solidarity Fund was created through Law 19.874 by the unanimous vote of the Parliament. In particular, the Fund reports the expenses related to: health, unemployment, and illness insurance, support to social groups, guarantees to loans for companies, subsidies financed in part with utilities of the Bank of the Oriental Republic of Uruguay (BROU, for its acronym in Spanish) and the National Corporation for the Development (CND, for its acronym in Spanish), levies to public employees, political staff and pensions, contributions of non-governmental public persons, loans of multilateral entities and donations.

The COVID-19 Solidarity Fund moved US\$768 million in the year 2020. Expenditures for an equivalent of USD 1,000 million (1.7% of the GDP) are projected for the ongoing year, a figure which could be increased if the situation requires so. In particular, there is an intensification of already existing support and the emphasis is on the sectors that were most affected by the pandemic, especially the tourism sector, event industry, organizers and providers, the school transportation sector, and canteens of educational centers, culture and recreation, and the sports industry.

VACCINATION PLAN

The cost of the vaccines is included in the expenditures anticipated for this year. A non-mandatory vaccination plan is in operation since March 1st, aimed at reaching the largest number possible within the range authorized by the vaccines being used in a relatively short term. The goal is to inoculate 80% of the population.

Uruguay was the first country in Latin America and the Caribbean to start vaccinating children between 12 and 17. Uruguay has agreements with two providers so far, Sinovac and Pfizer, and to a lesser extent with AstraZeneca through the COVAX mechanism.

3,300,000 Sinovac doses were already acquired to be applied to the population in the range between 18 and 70.

3,000,000 vaccines bought from Pfizer are arriving in stages in weekly shipments. The target audience of this lab is the population over 70, healthcare workers and people under 70 with certain comorbidities, as well as people under 17.

The first shipment from AstraZeneca for 48,000 doses has already arrived, and another one with the same number of vaccines is expected. The target population is people over 60, with an emphasis on the range between 60 and 70.

The original plan consisted of applying the first dose and the second one four weeks later. Based on scientific evidence, the term of the second dose of the Pfizer vaccine was extended to seven weeks and the one of Sinovac remained unchanged.

The vaccination campaign started on March 1st and after two months almost 3,200,000 vaccines had already been administered. Around 2,100,000 persons (60% of the population) already have the first dose and 1,100,000 the second one (31%).

The country made a really strong bet on vaccination and substantially increased its logistics capacity. Before the burst of the pandemic, the total vaccination monthly capacity of the country was 9% of the population, quickly increased to 27% in a few weeks and it could reach 40%, depending on the availability of vaccines.

Based on this and the scheduled arrival it is estimated that by the middle of June all the target population will be vaccinated with at least the first dose, having to wait between four to seven weeks to attain full immunization.

It is a quick plan, which in theory should protect the population, mainly focusing on the reduction of hospitalization and decease cases.

STRATEGIC PRIORITY 3. Public Policies guaranteeing Education, Social Protection and Quality Healthcare for Everyone: education transformation, social and territorial cohesion and looking after the health.

This third strategic priority refers to social policies and programs that constitute the foundations of the welfare system or regime, in particular, education, health, and social security.

Uruguay has a long tradition with respect to social policies, being one of the countries that first started to build the foundations of a Welfare State at the dawn of the 20th Century. In that regard, it is renowned as a leader in social protection in the region, with high levels of public investment in social policies and programs (whether measured or in proportion to the GDP in per capita terms).

The current challenge is preserving and adapting it to the new realities of change and social progress, within a frame of budget restriction which guarantees that these promises could be fulfilled and that everyone has adequate access to the benefits, without leaving anyone behind.

The evolution of poverty throughout the last decades seems to indicate that in Uruguay there is, even in the periods of greater growth and economic dynamism, a poverty threshold (around one-tenth of the population) that the country is not able to reduce, not even during the periods of greater prosperity.

Before the emergence of the COVID-19 pandemic in the year 2020, data suggested a worsening in the poverty levels, in accordance with the standstill being showed by the economic activity in the previous years, with negative impacts on employment. The estimations about the effect of poverty reflected that 8.8% of the population had income under the poverty line in 2019, in comparison to 8.1% in 2018. Such a situation was aggravated in the last year with the pandemic and the resulting recession in the economic activity. According to the data for the year 2020, this rate climbed to 11.6% of the population.

In addition to this population which is part of the core of poverty in the country (which combines poverty for income and poverty for unsatisfied basic needs, deprivation, or violation of rights) there is also a second population stratum with a high risk of falling into poverty situation. This second stratum is characterized by a precarious insertion in the labor market and the accumulation of deficiencies or deprivation, in particular, referring to the human capital of persons: low levels of education and employment training.

The labor informality or precariousness covers one-half of workers approximately. Those were the most affected by the pandemic as they have no coverage against adversity, which forced the government to implement specific aid measures.

One of the most significant factors in poverty reproduction, as well as in the disparity or gaps among population groups, is the limited capacity of education in Uruguay, throughout the last decades, to develop the skills and abilities in younger generations and to generate conditions that favor ascending social mobility; in particular, a relevant concern is the scarce capacity of the educational system to shorten the learning gap among students of the different socioeconomic stratum. Although in the past thirty years the access to education and educational attendance increased significantly in some age categories (in particular, among children between 3 and 5 who attend preschool education and among teenagers between 14 and 17 who attend middle high school), the evolution of learning and graduation rates of mandatory education are far from positive. These low levels of completion of middle high school (which are the flipside of extremely high levels of dropout in middle high school) deserve special attention, as they constitute a barrier to the development of the country. It is worth noting that these low -and inequitable- levels of graduation of middle high school persist (or, at most, have improved slightly) despite the significant increase of the public expenditure in education registered

in the last decade and a half, which reveals that it is necessary to carry out a transformation in the design and implementation of educational policies, as well as in the system management to achieve better results.

With respect to social security, Uruguay presents levels of coverage and sufficiency that stand out in the region regarding disability, old age, and survival. Nevertheless, the sustainability of these systems is threatened by the changes in the population profile of the country (aging, sustained drop of birth rate, the concentration of fertility in lower-income stratum, etc.), in its social structure (in particular, the emergence of new family arrangements, etc.) and in the labor market.

Almost 40% of the expenditures of the contributing regimes must be financed with contributions from the Government (transfer from General Income), whether with resources arising from allocated taxes or with the discretionary support from Treasury. Furthermore, despite the progress Uruguay has achieved in connection with the formalization of workers, there is still progress to be made with regard to the coverage of the most vulnerable sectors and the increase of consistency and continuity of contributions to social security.

Within this context, the financial sustainability of the system presents first-rank challenges. The social security public expenditure reached 11 points of the GDP in 2019, several decades before than expected. The country has a significant level of social security expenditure, similar to one of the developed countries, which implies a challenge in sustainability terms, as there is no such an advanced aging yet in comparison.

This increase in the social security expenditure has been the main explanatory factor for the rise in public expenditure and has significantly contributed to the divergence of the fiscal trajectory. Moreover, the high endogeneity of this expenditure has eroded the possibilities of the country of prioritizing other areas of budget allocation.

The foregoing requires a review of the social security system. For such purposes, the Government constituted a Commission of Social Security Experts (CESS, for its acronym in Spanish) in order to prepare a diagnosis that will serve as a basis to propose recommendations for the elaboration of a bill reforming the current system, that guarantees an adequate level of benefits, ensuring its financial sustainability in the long run (see chapter 4 Comprehensive Reforms. Social Security: Social Security and Social Protection System).

The CESS has already submitted the diagnosis report and is being analyzed to make the recommendations later on.

With regard to housing, the government has made it a priority to be developed in this five-year term. Access to a decent house is a core concern for many inhabitants of the Republic and in order to move towards the solution to this problem, it is necessary to process a series of changes.

The most reliable estimations report a deficit of approximately 70,000 new houses. If the demand to be expected for the next five-year period is added to the accrued deficit, by the year 2025 there would be a deficit of 87,500 houses. This deficit is one of the causes for the increase in the number of precarious settlements or slums, which were estimated at 656 in 2018, with a total population of 200,000 persons distributed in 60,000 homes.

The housing policy, as the core element of the urban-housing system, shall be articulated with the other well-being strategies, within the frame of urban development and social integration, and shall be based on the following strategic guidelines:

- Complying with the constitutional mandate of ensuring access to decent housing to all the inhabitants of the Republic, whether through acquisition, rent, or usufruct.
- Prioritizing the most vulnerable and disadvantaged groups.

- Promoting and stimulating private investment to achieve those purposes.
- Promoting the involvement of the beneficiaries (previous saving, direct participation in the works, mutual aid).
- Applying subsidies explicit to the demand, considering the possibilities and the socio-economic situation, and demanding the payment on non-subsidized costs.
- Incorporating non-governmental organizations with experience in social work and execution of housing plans.
- Favoring the territorial integration so as to avoid fragmentations generating subcultures.

The support to the reform of the educational system and to innovative initiatives (such as the programs fostering the articulation between education and training for employment through “dual education”) will contribute to SDG 4 but also to the targets related to employment as per SDG 8. The support to policies and programs in the health area will obviously contribute to SDG 8 but also to SDG 2 in consideration of the need of promoting healthy life habits and appropriate nutrition. Actions driven to strengthen social protection policies and institutions (in particular, the projected reform of the social security system) will contribute to several Targets of the SDGs 1, 8, and 10. Last, and like in other programmatic or priority areas of the Cooperation Framework, the initiatives to be developed shall contribute to gender equality (SDG 5): for instance, through initiative actions that guarantee universal access to programs, services, and methods of sexual and reproductive health; support to reforms that enable the reduction of gender gaps with regard to labor protection and social security.

STRATEGIC PRIORITY 4. A Society that Leaves No One Behind: empowerment of women and gender equality (political and economic), the population in vulnerable situations, children, teenagers, and young people

One of the missions of the State is to develop social policies that allow providing people with equal opportunities. This is a condition to build a fairer society where the development horizon of each person does not depend on the place where they happened to be born. This last target of the social policies is to facilitate access to opportunities, to give support, and provide the tools that make genuine social development possible for all members of society.

The social policies to be implemented in the five-year period will be guided by the following principles.

Focus on the person. Social development must be focused on conferring dignity to the person through the effective exercise of rights and obligations and the strengthening of capacities. Without personal development strategies, respectful of the diverse styles and preferences, there is no overcoming exclusion nor dependence. This idea must underlie the design of policies, allocation of resources, and management.

Dignity and purpose of life. The social policies shall be organized so as not to generate dependence nor welfareism. Its aim is to overcome the vulnerability situation through the creation of opportunities and incentives that enable the people and families to act autonomously so as to build their own happiness.

Role of the family. The social policies must be articulated considering family environments and must take the necessary precautions to preserve them. This task should be performed from a dialogue and acceptance attitude towards the diversity of families.

Gender policies. We conceive the country as made up of persons who can fully enjoy all their rights, with adequate life quality, social integration, and personal and professional development horizons. This is applicable to all persons, regardless of their gender (and also regardless of their ethnic origin, socioeconomic level,

age, or religion). Building this plural society implies overcoming stereotypes and prejudices that may cause discriminatory effects. That is why it is important to foster bonds of respect and acknowledgment in diverse environments such as household, work, education, health system, and culture.

Territory dimension. In the formulation and implementation of social policies, the territory is not only the physical means but also the scenario and determinant. The acknowledgment of the different socio-cultural and geographic realities of the country, determined by their location and scale, implies variations in the institutional framework with derivations in the magnitude of the State intervention. The approach in a small town will not be the same as in a medium city, metropolitan area, or rural region.

Community networks. Driven policies intend to empower local leaders and community networks as change agents. It is then vital to find the leadership and mobilize the capacities and skills existing in the territory. It also implies taking advantage of the knowledge disseminated in our own communities. Nobody knows better the peculiarities of each situation, its urgencies, and opportunities than the persons and organizations that are active at a local level.

Division of roles, decentralization, and subsidies. The execution of modern social policies must differentiate between the rectorship function and the execution of specific programs. The government is in charge of setting targets, defining strategies, allocating resources according to a condition rationale, and assessing impacts, as a basis of corrective and improvement actions. The execution of specific programs must be made in coordination with department governments, municipalities, and civil society. Our guide is the principle of subsidiarity, which implies that public intervention is increasingly sensible and efficient when performed by the actor who is closest to the interested group. This involves a strong commitment to decentralization, delegation, partnership with public actors (for instance, among municipalities), and cooperation with voluntary organizations.

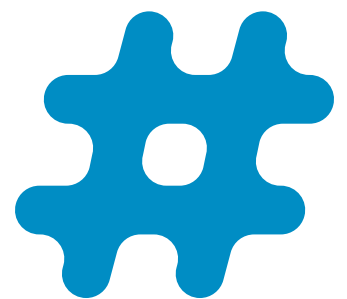
Transparency and assessment. The commitment is to apply a total transparency policy that includes the dissemination of objectives, targets, and indicators, as well as detailed information about the budget and budget execution.

The new concept of poverty. Poverty is expressed in the insufficiency of material resources and deterioration of living conditions, and in many occasions, the underlying problem is the incapacity to generate those resources or well-being autonomously whether through decent examples or sustainable ventures. A policy committed to ending poverty must create opportunities for families and individuals to be able to generate income and establish cooperation bonds with the rest of society.

Diversification. There is no point in suggesting an exclusive option between universalist policies and focused policies. A public strategy of social and human development must include both. Universalist policies must cover education, health, and human security, from a coherent and integrating perspective. Focused policies must deal with specific situations such as marginality, homeless population, generation gaps, discrimination based on race or gender, or lack of protection to the disabled population. This diversity of situations requires different responses, yet adjusted to a common approach.

The programmatic actions to be developed under this fourth priority area will contribute to the country's progress towards the following targets and goals of the 2030 Agenda: to begin with, the SDG 5 (in particular, its targets about gender equality and women's empowerment in all spheres). The initiatives addressed at facilitating the development of children, adolescents, and young people, as well as at eliminating or significantly reducing the imbalance between generations regarding access to well-being (to the detriment of the younger

ones), which has characterized Uruguay for decades, will allow the simultaneous advance towards several targets of SDGs 1,2,3,4 and 8. Last, cooperation to protect the most relegated population groups or those persons at risk of being left behind (disabled people, African-Americans, homeless populations, those deprived of freedom, people living in total institutions, certain groups of new migrants, and the LGBTI persons) will contribute to the cross-wise advance of the country towards several Goals, not only with regard to social policy areas (SDG 1, 2, 3, 4 and 8) or the operation of institutions and provisions pertaining to the Rule of Law (SDG 16) but also to the economic and environmental Goals. The foregoing without prejudice to the cooperation actions developed to protect the most relegated groups which will contribute, in a more direct way, to SDGs 16 and 10 (in particular to Targets 16.3, 16.7 and 16 b68 and Targets 10.2, 10.3, and 10.469).



COMPREHENSIVE REFORMS

COMPREHENSIVE REFORMS FOR A SUSTAINABLE DEVELOPMENT IN URUGUAY

1. SOCIAL SECURITY: SOCIAL SECURITY AND SOCIAL PROTECTION SYSTEM

TOWARDS A SOCIAL SECURITY REFORM

Uruguay has a long tradition concerning social policies, as one of the first countries which started building the foundations of a Welfare State. Social security has been a core instrument for the integration and cohesion of society, as a result of the effort of many generations, which has allowed the country to maintain relatively low poverty rates. The current challenge is preserving it and adapting it to the new realities of social advancement and change, within a budget restriction framework that guarantees adequate access to the benefits for everyone, without leaving anyone behind.

To make matter worse, the crisis arising from COVID-19 requires greater actions by the Government to cater to the needs of the most affected ones, that are the most vulnerable sectors; those who have recently fell into poverty or those who are more prone to be poor due to the lack of social protection.

Uruguay steps in the third decade of the 21st Century with the certainty that it needs to revise several aspects of effective design. Should it fail to act, the current path of the system compromises the possibilities of building a more prosperous and equitable society in the next decades. In order to return to a route of sustained social and economic growth, it is required to overcome several barriers, such as the reduction of the working-age population and the increase of a longer-living elderly population.

The changes undergone by society in the last decade determine population scenarios that are very different from those of the past century. Life expectancy has increased in a sustained way in the last 100 years and that trend is expected to remain in the next decades. As society grows old and the structure by age is substantially modified, the younger groups lose relative weight at the expense of the older ones.

This reality threatens the financial sustainability of the system and this concern led the Government to compose the Commission of Social Security Experts (CESS for its acronym in Spanish) with the purpose of diagnosing the effective system and formulating reform recommendations that consider the need of providing reasonable income security, catering for financial sustainability in the medium and long run.

Law 19.889 created the CESS, which instructed to prepare a diagnosis in a 90-day term from its configuration and to submit the recommendations in a 90-day term as from its presentation. These terms may also be extended by the Executive Branch. The reports will be submitted before the Undersecretary of the Presidency of the Republic and the General Assembly.

The CESS is made up of fifteen members appointed by the Executive Branch with renowned expertise in social security, demographic, economic, legal, or other relevant aspects to execute the commissioned task. One of them will preside it. The composition will reflect the diversity of views regarding social security, both of social organizations as well as of political parties.

CESS started operating on November 6th, 2020, and its members met with the representatives of the different institutions and entities related to social security, as well as national and foreign specialists, who exposed their

points of view and resulted in extremely valuable input for their task.

The first stage has been completed and a detailed diagnosis of the system reality was presented. This served as a basis for the preparation of this chapter. In this stage, proposals are being formulated.

STRENGTHS TO PRESERVE

The diagnosis initially highlights the strengths of the Uruguayan social security system which have been consolidated over time with contributions from governments of diverse political affiliations.

Among the strengths, it is worth mentioning that the system presents relatively high **coverage** rates. The coverage in the old-age stage (population aged 65 and older) is practically universal and in terms of the active population, it is around 80%. Moreover, the rate of informal employment is the lowest in Latin America.

With regard to the appropriateness or **sufficiency** of benefits, the values are aligned to those observed in countries with similar demographic contexts and social protection traditions. The replacement ratio is around 60% of the reference wage, with values exceeding 120% among the lowest income quintiles.

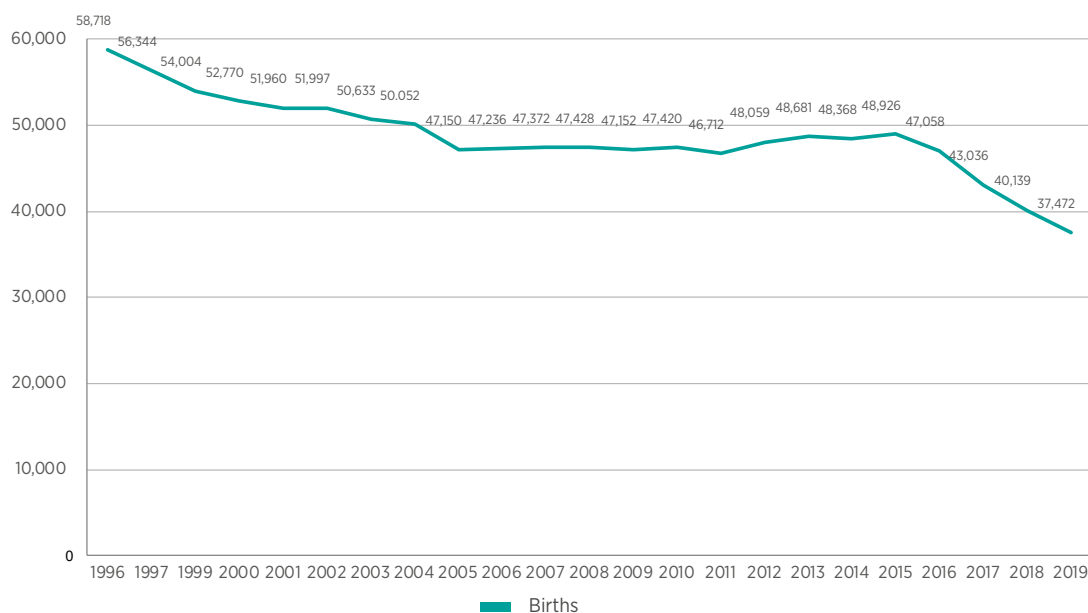
Moreover, the impact of poverty in people over 65 was 1.8% in 2019, ten times less than child poverty.

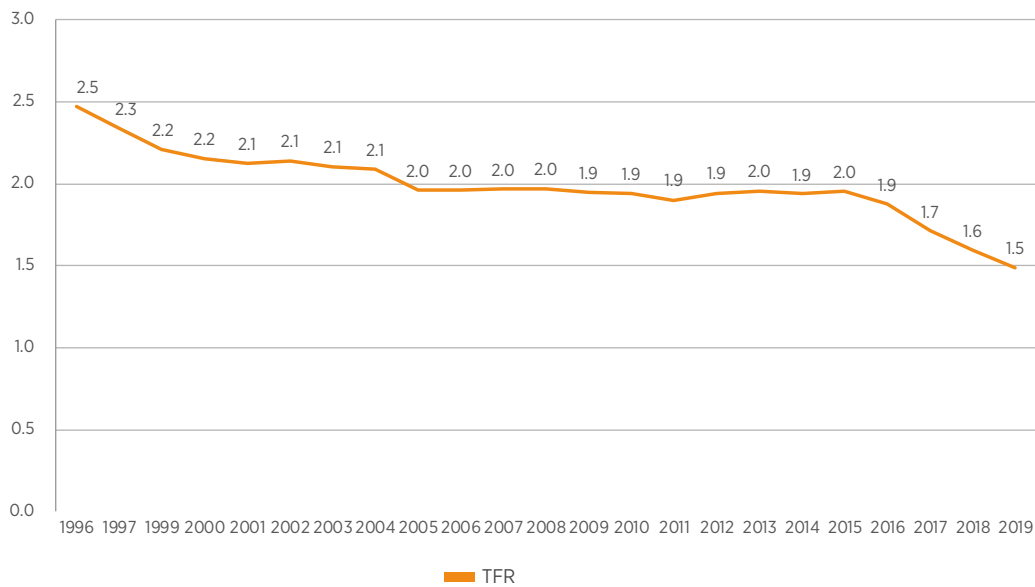
THE CHALLENGES

The challenges faced by the system are related to the demographic dynamics and the changes in the labor market, which puts financial sustainability at risk.

The **demographic dynamics** projected for Uruguay in this century determine a drop in the fertility rate (between 1996 and 2020 the number of births dropped 39%) and the increase of life expectancy in all age brackets. As a result, the population will initially remain stable and will be reduced then.

Chart 1: Births and Total Fertility Rate





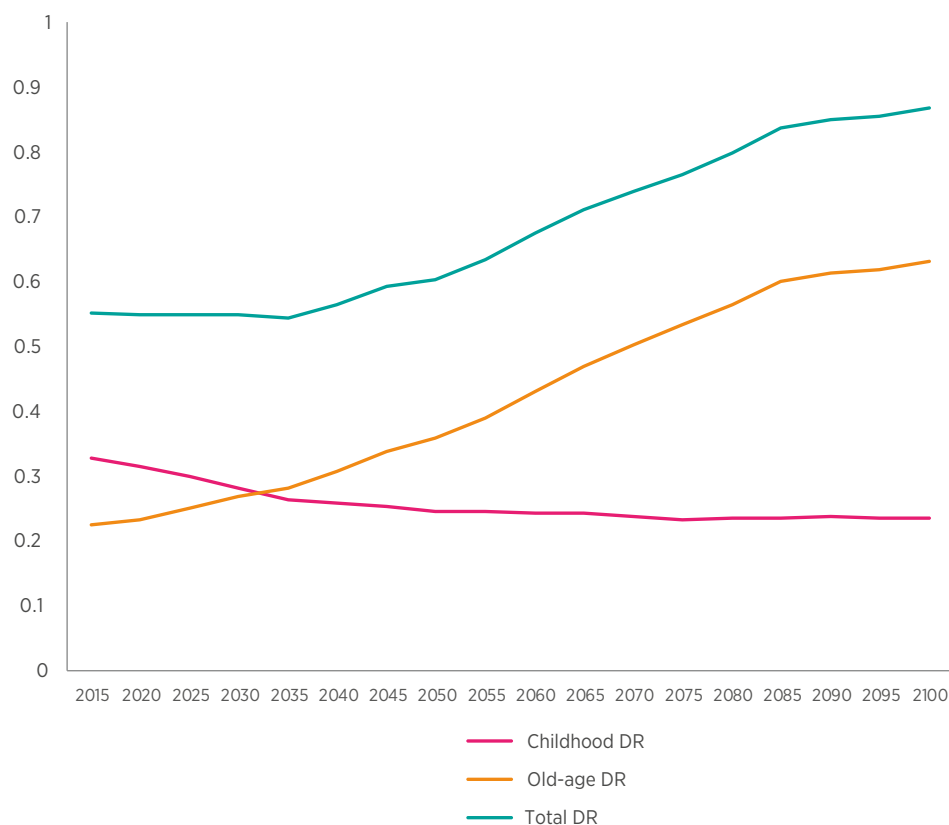
Source: CESS based on vital statistics (ministry of public health).

The only group that will grow, both in absolute and relative terms, is the elderly. It is estimated that by 2070 the number of persons aged 65 and more will represent 30% approximately of the overall population, double than today. The demographic aging phenomenon is not new in Uruguay, what is new is the halt of the group of the working-age population, and the significant growth of the elder population. That is a global phenomenon, new to humankind.

Life expectancy at the age of 60 increases approximately one month and a half every year. This is excellent news, but its impact implies significant challenges as the solutions found in the past century for its financing are no longer appropriate for this new reality.

On the other hand, the population of children and teenagers continues to be reduced, both in number as well as in its participation in the overall population.

In that sense, it is expected that by the year 2040 the dependency ratio of old age will equal and exceed for the first time the ratio of childhood, and it will remain that way from then onwards with a growing gap.

Chart 2: Dependency Ratio

Source: CESS based on the National Institute of Statistics

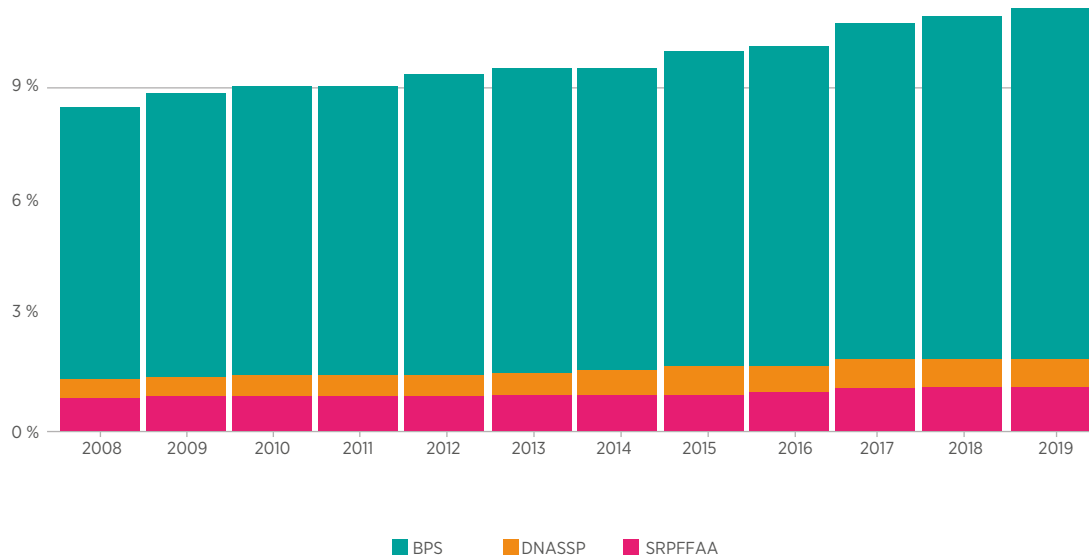
The **minimum age of access** to retirement benefits has not been modified following the gains regarding life expectancy and has remained stable in the last decades. Nowadays it implies a post-retirement survival rate of 22.5 years and it is estimated that towards the year 2070 this number will reach 27.1 years.

Furthermore, the **labor market** is subject to changes whose impacts are still hard to assess. The impact of the pandemics on the labor market is accelerating structure change processes connected to the incorporation of technology with undeniable consequences in social security.

The **public social security expenditure** reached 11.1% of GDP¹ in 2019. Without changes in the parameters, this digit is projected to reach 13.5% in 2070. These values are high when compared to international parameters.

The 1995 reform had managed to stabilize the public social security expenditure of BPS in around 7 points of the GDP, with a stable trajectory, even with a slight decline. The transition towards the new combined model would be completed by the decade of 2040 when the public expenditure level resumed a growing trend due to the demographic dynamics.

The current situation differs from the projected one. The public social security expenditure of BPS is higher than that expected in around three decades and with an ascendant trajectory. The state expenditure on pensions increased 2.5 points of the GDP, reaching 11% approximately.

Chart 3: Public expenditure on pensions (as % of the GDP)

Source: CESS based on Central Bank, BPS, ministry of Economy and Finance.

This increase in the social security expenditure has been the main factor to explain the increase in the public expenditure and has contributed significantly to the divergence of the fiscal trajectory. Moreover, the high endogeneity of this expenditure has eroded the possibilities of the country of prioritizing other areas of budget allocation.

The actuarial projections of the social public expenditure, in the current circumstances, indicate a growing trend. In all financial projection scenarios with the current parameters, it shall be increasingly necessary to transfer fiscal resources to finance the social security system. As a whole, the public social expenditure, currently located at around 11% of the GDP would rise to 13.5% in 2070.

As well as the taxes affected to the BPS, it shall be required to apply additional financial aid from the General Revenues. In the case of BPS, this additional financial aid is estimated to be approximately 2.5 and 3.8 points of the GDP for the years 2050 and 2070, respectively. Taking the military and police retirement and pension services into consideration, the overall additional financial aid would reach 3.6 and 5 points of the GDP in those years.

THE FOUNDATIONS FOR REFORM IN THE SOCIAL SECURITY SYSTEM

The CESS has not completed the second phase of its aim which implies the preparation of recommendations which shall serve as a basis for a bill that reforms the current social security system. However, it is possible to infer the nature thereof from the diagnosis report. It highlights the challenges that are to be faced sooner than later, which are transcribed below as a draft of the aspects to be considered, some of which were already mentioned.

To begin with, Uruguay faces some risks arising from the changes affecting the population, technology, and labor market. Although it is true that nowadays there are several programs aimed at providing reasonable protection to the most vulnerable groups in society, the country lacks a universal and comprehensive social protection program that adapts with flexibility to the increasingly changing conditions of society and the labor market.

Secondly, the country has several social security programs insufficiently integrated and, some of them, poorly regulated and supervised. These institutional weaknesses contribute to generating inequity, rigidity, faults, or slowness in the detection of problems and vulnerabilities of the programs. Uruguay has sufficient political capacity to face a reform that firmly strengthens the institutionality of the social security of the country, in order to reinforce its social protection system.

In third place, the diagnosis and reform proposals of the social security regimes cannot lose sight of the more global outlook of social protection. Social security programs have certainly contributed to have reduced levels of poverty in the elderly population. However, there are certain elements that require attention.

On the one hand, the new demands associated with the growing need for care require attention. The aging processes, the redefining of families, the growing incorporation of women into the labor market, and the reformulation of traditional domestic roles make it recommendable to continue advancing in the care agenda.

At the same time, it is important to consider the incidence of poverty which is currently ten times higher among children than among elders. The new realities challenge the agreement between generations implicit in social security programs. These and other main areas of social policies will require hard political decisions and financial resources. The challenge is making efficient use of those resources, inevitably limited, to articulate balanced proposals that allow the country to keep on progressing in a process of sustainable and integrating development.

Lastly, financial sustainability is a requirement of any respectable reform proposal. The adequate balance of the aims of a social security system is an element of vital importance when assessing the design of the system. A coverage tending to universality, adequate levels of benefits, and system sustainability constitute the aims that are to be dealt with jointly.

It is necessary to correct the trajectory of the expenditures destined for retirements, severance, and pensions, so as to reach levels of spending compatible with the development of other equally relevant public policies and to guarantee the fundamentals of economic and social prosperity. At the same, the financial stability of the entities participating in the system must be assured.

To sum up, the Message and Statement of Reasons that joined the bill of 2020-2024 National Budget states:

The solidarity principle must guide the definition of minimum levels of benefits, appropriate for the vital needs and possibilities of the community. The quality of the social security systems depends upon the degree of achievement of the goals concerning universality, adequation, and long-term viability. A good system must preserve and intend to improve the population coverage, as well as provide financial security. These attributes must necessarily be sustainable in economic terms in the long run.

2. CHALLENGES OF URUGUAYAN EDUCATION FOR THE 21ST CENTURY: FOCUS ON EDUCATIONAL QUALITY AND CONTINUATION.¹

A GLOBAL VIEW

The National Board of Public Education (ANEP) established in its 2020-2024 Plan of Educational Development the urgent need to work on the enhancement of the learning of all students, with a special focus on those presenting greater rates of social and educational vulnerability, with the aim of fighting the striking inequality revealed by the diverse indicators of educational results, both in access, journey, graduation as well as in the quality of the learning outcomes.

In order to address the abovementioned circumstances, this administration intends to promote equity mainly through two types of educational policy interventions: one of universal nature, a comprehensive **curricular change in the whole system**, and another one, with a clear focus, which attempts to reach the students who most need to improve their learning levels, as they currently show results that compromise their smooth journey throughout the system.

As a way of fostering better results and contributing to the aim of the educational system of shaping the new generations, it is proposed to implement a **general curricular transformation for all mandatory education all over the country**, which favors the continuous and uninterrupted progress of the students along their journey.

The **plans of focused intervention** are starting in 2021. These are proposals targeted at a specific population (students in primary and middle school educational centers with greater social and educational vulnerability) and imply the application of a set of strategies destined to improve the learning outcome in some selected knowledge areas (Language, Math, Social and Soft skills, and Scientific Thought in case of Primary; Language, Math, Social and Soft skills, and Digital Citizenship in Middle High School -EMB, for its acronym in Spanish-). Moreover, due to educational reasons, the focus is set on the first years of each cycle, particularly relevant in the acquisition of essential literacy skills, as well as in the adaptation to new academic regimes.

The **management of educational centers** plays a key role in the improvement of educational equity and quality. Therefore, this requires the reinforcement of the capacity of educational communities so that the change processes are led by these, which will result in the improvement of the learning process of all the students. It is expected to act on those variables on which educational centers depend and impact and affect the learning results by means of the implementation of specific strategies of school management together with the involvement and participation of the whole educational community. In that sense, education centers are expected to build up their management in a gradual process towards greater autonomy and leadership, incorporating strategies of school improvement through self-assessment and change processes.

The commitment and leadership of the centers' management teams is essential in the development of change and improvement processes, as these should promote the involvement of educators, families, and students. Therefore, it is necessary **to implement a professional development program to enhance their preparation and facilitation, through devices that reach all the leadership teams of educational centers across the country.**

To make these intentions effective it is essential to generate and develop a **national teaching policy to point out the value of this fundamental actor of the educational process, recapturing the importance of professional**

¹ This chapter was prepared with the contribution of the National Administration of Public Education - Central Management Council (ANEP-CODICEN).

work and effective social recognition, generating a new professional career for teachers and new professional development opportunities. In this regard, **developing actions tending to the university-level acknowledgment of the programs/careers of the Council of Education Training (CFE, for its acronym in Spanish) under the National Board of Public Education (ANEP, for its acronym in Spanish)** takes on special relevance. This target was established within strategic guideline 5 (SG 5) which is being developed since 2020 together with CFE, the Central Management Council (CODICEN, for its acronym in Spanish) under ANEP, and the Ministry of Culture and Education (MEC, for its acronym in Spanish). The SG 5 stipulates the “Design and implementation of a national teaching policy that includes the initial training, development and professional career, as well as the working conditions”.

Additionally, it is required to **approve a new statutory regime for teachers, to develop and transform the teachers’ work supervisory functions, as well as to pass an occupational safety, well-being, and health plan, all elements proposed in SG 5 of the Educational Development Plan 2020-2024.**

The main strategic guidelines to be launched in the educational system in this term at the level of mandatory education are developed as follows: the comprehensive curricular transformation, the transformation in the management of all educational centers, as well as priority areas concerning SG 5.

3. FINANCING FOR SUSTAINABLE DEVELOPMENT²

THE DEVELOPMENT FINANCING AGENDA IN A PERIOD OF PANDEMIC

The world outlook has dramatically changed as a result of COVID-19, which final impacts, both at a national and international level, are still unknown. In the current context, the development financing agenda presents two inter-related challenges for all countries: in the short term, the need to expand the public expenditure to face the sanitary crisis and mitigate socio-economic impacts of COVID-19, especially among the most vulnerable populations; and in the mid and long term, driving the promotion of employment and the economic reactivation, which will require the capital investment and the disbursements destined to the productive transformation and the environmentalization of the economy.

Prior to the pandemic we already knew that the deep transformations that countries had to implement to achieve the SDG would require a qualitative leap in access to financing, technology, and alliances, but the world economic recession provoked by the pandemic makes this task harder. The current crisis, however, is also an opportunity to reconsider our economies and the way in which we cooperate to generate more prosperous, inclusive, and resilient societies.

In the current international context of limited fiscal space, the participation of the private sector in the resolution of economic, social, and environmental problems becomes a condition precedent. Globally, this requires capital markets to be in line with sustainable development, eliminating short-term incentives in the investment chain, and mitigating the risk of having the SDG used only as a front. At a national level, the financial system and the corporate sector need to become partners in a public-private strategy that allows the country accessing to the necessary financing to face first-rank transformations which are afforded by the Government. This also appeals to international cooperation, which in middle-and high-income countries is called on to join the change of paradigm, from funding to financing, according to which non-refundable cooperation must play a more strategic role in the leverage of transforming investments towards the achievement of the 2030 Agenda.

² We thank the collaboration of Mireia Villar, United Nations Resident Coordinator in Uruguay, for the preparation of this chapter.

Making this national strategy for sustainable development financing come true depends, on the one hand, on an economic policy sensible to the environment and social inclusion, with budget and expenditure assessment tools traceable to the progress of the country towards the SDG and, on the other hand, on the existence of a national impact investment ecosystem that gathers the Government, regulators, entities of the financial system, companies, investors, intermediaries, civil society and the academy, as well as multilateral entities and international financial institutions. This ecosystem is important as this constitutes the space for the interaction, role definition, and collaborative work of all the parties.

A PUBLIC-PRIVATE ECOSYSTEM FOR IMPACT INVESTING

Uruguay is currently in the 45th position (out of 193) in the world ranking published in 2020 SDG Index by the Sustainable Development Solutions Network. This is good data that the country could improve by optimizing the advance in the achievement of SDG 13 (Climate action), 15 (Life on land), and 12 (Responsible consumption and production) which performance has been slower and does not depend exclusively on the action of the State. Considering that, so far, the main financing sources for sustainable development in Uruguay come from the public sector, non-refundable international cooperation (including the Green Climate Fund or the Global Environment Fund), and multilateral loans, achieving the necessary transformation to attain sustainable development will require the consistent participation of the financial system, as well as of corporate business models driven by consumers and markets in line with the SDGs.

This cohesion is not only an aspirational matter but something that will end up having an impact on the competitiveness of the national business fabric and its capacity to access international markets and financing. **The incorporation of the SDGs into the national financial system is, therefore, a bet on the competitiveness of Uruguay.** The Government acknowledges that the private sector must play an important role in a sustainable economic recovery that brings social inclusion and for such purposes, it is necessary to consolidate a sustainable financial market, a path Uruguay has started to tread.

According to the Global Impact Investment Network, impact investments are investments made in companies, organizations, and funds with the intention to generate financial return, social and environmental impact. Impact investments may be made both in developed and emerging markets and may aim at a range of returns including market values up to below the market rates, depending on the circumstances. These must be able to prove intentionality and report about the generated impact. Among impact investors, the SDGs are one of the most widely used reference frameworks to define goals and targets, measure and improve the impact of their investments, as well as to direct the capital to priorities in line with sustainable development.

Although Uruguay has favorable market conditions for investments of private and entrepreneurial capital, political and economic stability, the investment made by the Government and the private and multilateral sector in the development of the entrepreneurial sector is not yet reflected in an impact investment market that propels the expected financing volume. To understand why it is that way, in 2020 the UN commissioned a study named Impact Investing in Uruguay, performed by consulting firm Acrux Partners, which defines the Uruguayan market and its actors and based on specific opportunities and challenges, provides a basis on which to drive the necessary changes for impact investments, which at a global level are a market of USD715,000 million with 45% of its assets in emerging economies, to land in Uruguay. The report was presented publicly in an event with the Budget and Planning Office (OPP) and MEF.

Report: Impact Investing in Uruguay

Top sectors for capital buyers and suppliers	Agenda for the consolidation of the impact investment ecosystem
<ul style="list-style-type: none"> ● Sustainable productive reconversión ● Reduction of carbon footprint ● Use of water ● Renewable energy ● Affordable housing ● Employment and conversion of youth employment ● Biotechnology ● Health ● Use of technologies to access services (Fintech, Edtech, Agtech) ● Waste and recycling 	<ul style="list-style-type: none"> ● Improving the viability of the investment opportunities offered by the market with a quality pipeline ● Applying impact frameworks (SDG) and financial risk for the selection of entrepreneurs and undertakings, avoiding the market distortion ● Levelling the ticket size and the type of investment offered with the developmental phase and the investment needs ● Developing adequate vehicles for impact investment and providing advice for its structuring ● Training about the meaning of investing with impact, the opportunities of the sector, and agreeing on measurement metrics

As well as the explicit support of the Government to the private sector as development engine of the country, there are several factors that make this a good moment for the actors of Uruguayan impact investing ecosystem to work together in its consolidation: on the one hand, sustainable and impact finance appear as a growing market both as reaction and response to the immediate impacts of the pandemic and as a need to rebuild economies; on the other hand, Uruguay, a country that -according to the Lexology report-has one of the best performances regarding the incorporation of basic environmental, social and governance (SGE) standards into its companies, and a solid environmental regulation, can now take advantage of the permeability of the local financial system to international investors who require it, to adopt the same standards in the financial sector.

The ecosystem has several and varied actors and these can be organized as suppliers, purchasers, and capital intermediaries, multilateral organizations, the academy, and civil society. There are companies, foundations, private, business, and banking associations, and initiatives that support and promote impact investing. In addition, Uruguay has an Impact Investment Working Group that acts as the National Advisory Committee of the Global Steering Group on Impact Investment (GSG). Many of its members have an incubation and intermediation role that is key to climb in the impact market.³

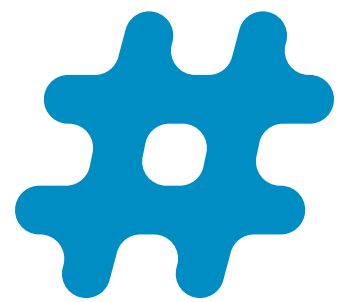
As it was mentioned before, the Government is proceeding towards the incorporation of environmental and climate sustainability goals into its economic policy and **is working with the rest of the actors of the financial system so that impact investing is not just a niche in Uruguay, but a key part in a deeper change**. In particular, the UN and IDB are working together with the Government, the Central Bank of Uruguay (BCU for its acronym in Spanish), and the actors of the Uruguayan financial system for the implementation of **a roadmap for sustainable finances**. With regard to private banking, it is worth mentioning that, with the support of the IDB and Banco Bilbao Vizcaya (BBVA) Uruguay has already made its first issuance of SDG bonds, and the BBVA y Hong Kong and Shanghai Banking Corporation (HSBC) are working on a gender bond for Latin America. These examples pave the way for a broader range of sustainable financial instruments.

³ Intermediary organizations interviewed for the study Impact Investing in Uruguay, 2020: Arechavaleta & Asociados, Incubadora Rabbit, gepian, Banca Ética Uruguay, Thales Lab, Sistema B, Fintech Iberoamérica, Socialab, Incubadora Khem, Impacto, DERES, Sinergia, Fundasol, OMEU, Piso 40, Álamos, Price Waterhouse Coopers, Cámara de Industrias, CUTI, DESEM Junior Achievement (no chamber), WTC, Aguada Park, Guyer y Regules, Endeavor Uruguay, Ingenio, CPA Think Tank and 3 Vectores.

Furthermore, Uruguay has received the support of the Joint SDG Fund of the United Nations through two programs which common aim is to boost the financing ecosystem: one led by the OPP with the support of five agencies (UNDP, UN Women, United Nations Children's Fund -UNICEF-, Pan American Health Organization/World Health Organization -PAHO/WHO- and the International Organization for Migration -IOM.) that seeks to establish the capacities, space of dialogue, framework, metrics and financial vehicles to strengthen the public-private alliance for the financing of the SDGs (Reshaping market conditions and strategy to finance the transition to sustainable development in Uruguay); and another one, led by MIEM with the support of the United Nations Industrial Development Organization (UNIDO), UNDP and UN Women, which is establishing the Renewable Energy Innovation Fund (REIF): Innovative Finance for Clean Tech Solutions in Uruguay, the first financial vehicle that would meet the requirements to be considered investment impact and key component to proceed to the second energy transition in the country.

The Government is currently identifying prototypes of financial instruments for development subjects that are important for the country and has the support of international cooperation, and of the actors of the financial system for such purposes (initiatives on telemedicine, dual education, and housing, among others, are being assessed). The international cooperation put at the disposal of Uruguay varied tools, such as the Investor Map of the UNDP which shall continue the work initiated with the study about Impact Investing in Uruguay mentioned above, with the identification of specific impact investment opportunities, in subject areas that are relevant for the development in Uruguay; the SDG Compass for companies to identify, measure, and manage their contributions to the SDG; instruments provided by SDG Impact for the definition of SDG standards for bonds, companies and funds of private equity; or the instruments that UN Women and the International Labor Organization (ILO) have deployed with the support of the European Union to promote gender equality in the companies through the Women's Empowerment Principles adopted for more than 140 companies in Uruguay, through the Win-Win program.

In order to keep fostering the interest of companies for sustainable development and assisting them in the adoption of business models that are in line with the SDGs, the Government supports the restoration of the UN Global Compact local network in Uruguay. The establishment of this new network in 2021 will enable companies and business organizations to be part of the implementation of the Cooperation Framework of United Nations and Uruguay, drawing attention to the contributions of the private sector in the four areas prioritized by the Government (economy, State, public policies, and society) and reflecting, based on better data and agreed metrics, the contributions of the private sector in the achievement of the SDGs in Uruguay. The Global Compact will contribute to structuring the financing demand as input to the roadmap for sustainable finances and will serve as a working facility with the Government for the development of country vision, sectoral and territorial dialogues, testing of regulations, training, among other aspects, with the business sector interested in sustainability.



SUSTAINABLE DEVELOPMENT **GOALS - INFOGRAPHICS**



1 NO
POVERTY



Sustainable Development Goal 1: End of Poverty

ACHIEVEMENTS



Maintain **public social expenditure** levels.



Strengthening of **money transfers to Uruguay Social Card** (TUS) and **Family Allowance of the Equity Plan** (AFAM-PE).



Health care coverage for the unemployed.

Continue the expansion of the **Child and Family Care Centers (CAIF)**:



2017: **417** centers.
2020: **452** centers.

CHALLENGES



Reduce the effects of the COVID-19 crisis on the most vulnerable sectors of the population.



Priority to early childhood, make progress in the eradication of child poverty.







Sustainable Development Goal 2:

End hunger, achieve food security and improved nutrition and promote sustainable agriculture

ACHIEVEMENTS



Front labeling on food packaging. Food products that contain excessive amounts of sodium, sugars, fats or saturated fats must include octagonal labeling with the word **EXCESS**.



Advances in the regulations for producers to adopt **sustainable and environmentally friendly systems**.



Creation of the **Ministry of Environment**.



High level of compliance with regulations for **productive and sustainable agriculture**: **86% of the rainfed agricultural area** planted with summer crops is under **Soil Use and Management Plans**.



Development of **agricultural insurance to improve the management of risk** by producers.



Progress regarding **biosecurity** policies and improvement of quality and safety of products.

CHALLENGES



Work to **reverse the current dietary patterns** of the general population, particularly children, to **reduce the consumption of ultra-processed products**.



Reverse current trends in stunting and malnutrition indicators (overweight and wasting) in children under 5 years of age.



Increase access to foreign markets, meeting high standards in terms of biosafety and biosecurity.

Strengthen the articulation and coordination among agencies and all actors involved in production.



3 GOOD HEALTH
AND WELL-BEING



Sustainable Development Goal 3:

Ensure healthy lives and promote well-being for all at all ages

Health goals are closely linked to the SDG targets.

- **Build a culture of management, quality, safety and efficiency.**
- Establish **national health priorities** to reduce the avoidable burden of morbimortality and disability throughout the life cycle.
- Promote **healthy lifestyles and environments.**
- Strengthen the **first level of care with strategies aimed at primary health care,** promoting effective accessibility.
- Keep a **comprehensive and updated diagnostic approach** to enable management decision making and health interventions.

MAIN POLICIES

- **Comprehensive approach** to early childhood, childhood and adolescence.
- **Prevention of risk factors** for non-communicable diseases.
- Prevention and **control of the main causes of morbidity and mortality** throughout the life cycle.

ACHIEVEMENTS



- **Low maternal mortality:** 13.3 mothers/100,000 live births.
- **Births assisted by** skilled health professionals: 100%.
- **Under-5 mortality rate:** 6.8/1,000 live births.
- **Neonatal mortality rate:** 4.5/1,000 live births.
- Adolescent **Fertility Rate:** downward trend continues.

Age group	2014	2016	2019
10-14	1.4	1.0	0.7
15-19	58.2	50.3	31.6

- **Effectiveness of tobacco control measures:**

Prevalence of daily smoking by age group



- **13-17:** 2006 - 22.8%; 2019 - 10.3%
- **25-64:** 2009 - 28.9%; 2019 - 21.9%

CHALLENGES



- **Eliminate** congenital **syphilis** and/or perinatally acquired **HIV** by 2030.
- Achieve an **HIV treatment cascade** by meeting the 95-95-95 targets by 2030.

Main causes of mortality



- **Non-communicable diseases:** 54.5% of all deaths.
- **Women: breast cancer** mortality 20.57/100,000.
- **Men: lung cancer mortality -** 41.09/100,000.

Main causes of morbidity



- **Incidence of stroke:** 120 cases / 100,000 hab.
- **Women:** Incidence of breast cancer - 73.07/100,000.
- **Men:** Incidence of prostate cancer - 58.58/100,000.

NCD risk factors



- Prevalence of **overweight and obesity** in children under 5 years of age: 12.3%.
- Prevalence of overweight and obesity in school children: 39.4%.
- **Alcohol consumption** per capita (aged 15 years and older) ascending trend - 11.1 liters of pure alcohol per capita per year.

Suicides



- Suicide mortality rate: ascending trend - 20.5/100,000.
- **1 out of every 5** deaths in the **20 - 25 age group** is due to suicide.



8 DECENT WORK AND
ECONOMIC GROWTH



Sustainable Development Goal 8:

Promote inclusive and sustainable economic growth, employment and decent work for all

ACHIEVEMENTS



Providing more flexible unemployment insurance and sickness insurance, adapting to the needs of workers and the sustainability of companies.



Continued and fluid social dialogue with full validity of the collective negotiation areas and the implementation of the eighth round of Salary Councils with a high level of consensus.



Rapid readjustment of professional training modalities, carried out by INEFOP, adapting the offer to remote formats and the high coverage of participants, allowing access to more than 60,000 workers to courses, 22,000 to job orientation services and 65,000 health workers.

CHALLENGES



Promote active policies together with sectorial policies, aimed at **promoting sustainable employment development**.



Increase productive development, promoting domestic and foreign private investment, improve international insertion through the opening of new markets.



Give sustained impetus to policies framed within the concept of **circular economy, decent work and green jobs**, by supporting specific investment projects with emphasis on environmental sustainability, innovation and capacity building through training, incorporation and application of new technologies, thus facilitating an increase in competitiveness.



Incorporation of workers into the formal market with the **corresponding social protection** provided by the State. This implies implementing a set of wide-range policies, not only referring to labor policies, but also encompassing fiscal and social protection policies.



Equal access to the job market **for men and women**.



10 REDUCED
INEQUALITIES





Sustainable Development Goal 10: Reduce inequalities in and among countries

ACHIEVEMENTS



National Plan for **Racial Equity and Afro-descendants 2019-2022**.

Creation of the **National Board for Gender Policies** within the Ministry of the Interior (MI), 2020.



Creation of the **National Gender Plan in Agricultural Policies**, 2020.

Migration policy



Regularization and documentation: **Special assistance to immigrants in vulnerable situations** within the framework of the health emergency to guarantee their rights and access to basic food and health services and formal employment.

Elaboration of the “Specific Behavior Protocol for Persons Seeking Refuge”.



Within the framework of the **COVID-19 prevention measures, foreign citizens requesting refuge** are allowed to enter the country. This protocol also guarantees that all refugee applicants are **swabbed** for COVID-19, and that the corresponding mandatory quarantine can be carried out in a contingency center.



CHALLENGES



Improve the poverty situation in younger populations.

Children living below the poverty line:



- 0 to 3 years old = **21.4%**
- 4 to 8 years old = **20.8%**
- 9 to 13 years old = **20.7%**
- 14 to 17 years old = **18.4%**



Work to achieve **equitable living conditions and equitable early childhood development**.



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



Sustainable Development Goal 12: Ensure sustainable consumption and production patterns

GENERAL CHALLENGE

- **Integral Environmental Policy regulated by the State, compatible** with the social and economic development of the country.

General regulatory framework and institutional setting

- **General Law for the Protection of the Environment**
- Creation of the Ministry of Environment (law 19.889 July, 2020) and prioritizing of environmental issues in public policies.
- **Technical Advisory Commission for the Environment (COTAMA)**



Cross-cutting policies and plans

ACHIEVEMENTS



National Environmental Plan for Sustainable Development approved.



The Energy Policy 2005-2030 has placed Uruguay at the forefront in the use of renewable energies in the energy matrix.



National Water Plan and Action Plans for the improvement of water quality in priority basins and progress on integrated water resources management.



Strategic Public Procurement Plan 2015-2020 includes sustainable public procurement component.

8 cross-cutting, national and regional action plans aligned with SDG 12.

CHALLENGES

Move towards a second energy transformation that focuses on decarbonization, development of electric mobility and substitution of fossil fuels in freight transportation.

Strengthen actions regarding the integrated management of water resources to guarantee access to drinking water, the conservation of biodiversity and the functioning of ecosystems and sustainable development.



Strengthen national actions to integrate sustainable finances and favor the decoupling of economic growth as well as the use of natural resources.

Effectively decouple economic growth from the increased use of natural resources, promoting environmentally sustainable production in all sectors.



Information and studies

ACHIEVEMENTS



Development of **the environmental-agricultural account of the System of Environmental and Economic Accounting (scae)**



Progress in the construction of the Water and Environmental Protection Expenditure Accounts.

CHALLENGES



Periodic construction of indicators with measurement approaches endorsed by the SDGs and approved by all involved actors.



Institutionalization of **the System of Environmental and Economic Accounting (Scae)**



Implementation of the Livestock Environmental Footprint to strengthen the incorporation of the environmental dimension into livestock production systems in Uruguay.

Available at: <https://www.impo.com.uy/bases/leyes/19889-2020/291>



Solid waste

ACHIEVEMENTS



Approval of the **Comprehensive Management of Solid Waste Bill**.



Approval and enactment of the **Bill of Sustainable Use of Plastic Bags** and other regulatory advances in the field of waste, promoting a circular economy model, deepening waste recovery systems and reducing consumption of single-use plastics.



42% of industrial solid waste (dry tons) destined for reuse, recovery, recycling or energy recovery.

CHALLENGES



Preparation and approval of the **National Waste Management Plan** within the framework of the Law on comprehensive waste management, transitioning towards a more circular Uruguay.



Enactment of the **Law on Comprehensive Waste Management**.



Reduce waste generation, by increasing the levels of recycling and other other forms of recovery in order to reduce final disposal rates.



Disposable containers and tableware goal: 30 % recovery of recyclables by 2023 and 50% by 2025.



Food loss and waste (FLW)

ACHIEVEMENTS

Creation of the National Committee to address the reduction of FLW

Preliminary FLW estimate:



11% of food supply available for human consumption.

1 million tons per year.

600 million dollars.

9.18 kg/person/year in households.

CHALLENGES



Develop an action plan for the **effective reduction of food loss and waste**.



Expand the base of surveyed households to obtain representative estimates for the country and design and implement a loss measurement system at the different stages of the chain.



Develop national capacities for FLW measurement within the framework of regional initiatives coordinated by UN Environment - FAO.

Environmental education and participation

ACHIEVEMENTS



Creation of the Network of Environmental Promoters, with the aim of contributing, through participation, to the fulfillment of environmental protection objectives by deepening dialogue and supporting local and regional socio-environmental experiences.

The aim is to promote projects and initiatives that will help to generate a social change in consumption and production patterns.

Re-edition of the **National Environmental Award "Uruguay Natural"** as an instrument for the promotion and recognition of national environmental actions.



CHALLENGES



Deepen environmental education processes and participation through **the effective inclusion of environmental promoters.**

Sectoral actions

Some of the **sectoral action plans and programs** developed in connection with SDG 12 include:

Tourism strategic planning 2020-2024	National Plan for the Adaptation to Climate Change and Variability for the Agricultural and Livestock sector.	Sustainable Urban Mobility Policy
Sustainable Dairy Plans	National Agroecology Plan	Energy Commune program
Tourism management in the National System of Protected Areas	Land use and management plans	Regional Pest Management program



13 CLIMATE
ACTION



Sustainable Development Goal 13: Adopt urgent measures to fight climate change and its effects

Institutional Organization of Actions for Climate

ACHIEVEMENTS



Creation of the Ministry of Environment as a secretariat of the state for environmental issues presiding over the National Climate Change Response System, which is the main inter-agency coordinating body for climate action.

Creation of the **National Directorate for Climate Change**.

CHALLENGES



Consolidate the development and strengthening of the **scope of institutional coordination**.



Broaden the participation of institutions related to climate action, particularly the **private sector, academia and organized civil society**.

Public Policies to Fight Climate Change

ACHIEVEMENTS

New policies and strategies:



- Advances in the development of a **Long-term Climate Strategy (LTCS)** by 2050.

- Advances in the development of the **Energy Policy 2040**.

- National Policy of **Comprehensive Emergency and Disaster Risk Management 2019-2030** and implementation of the law that creates the National System of Emergencies.



- Advances in the development of the **National Plan for Comprehensive Emergency and Disaster Risk Management 2020-2024**



- Departmental **Comprehensive Risk Management Plans in Montevideo and Canelones**.

- Gender and Climate Change** strategy.

- Include in the National Budget Act 2020-2024 **the consideration of national goals on climate change in economic policy and public finances**.

CHALLENGES



Deepen the participative implementation, monitoring and assessment of the National Policy of Climate Change.

Preparation and presentation in 2022 of the Second NDC.

Increase access to instruments of international climate finance for the implementation of the NDC to the Paris Agreement.



Align public policies with the aspirational goals contained in the LTCS and generate inputs for the definition of goals for successive NDCs in line with this strategy.

Continue the progressive integration of climate change in sectorial public policies.

Align lines of action and take advantage of synergies between national policies on Climate Change and Comprehensive Emergency and Disaster Risk Management.

Complete the elaboration and approve the National Plan for Comprehensive Emergency and Disaster Risk Management and contribute to the elaboration of risk management plans in all departments and incorporate the third level of government.



Incorporate **Climate Change to the macroeconomic and fiscal policy**.

Issue a **Sovereign Bond** linked to environmental indicators.

Implement **carbon pricing** policies.



Mitigation in Emission of Greenhouse Effect Gases

ACHIEVEMENTS

New initiatives that contribute to maintaining the high percentage of electricity generated with renewable energy sources:



Launch of the **Green Hydrogen Pilot Project "H2U"**

Roadmap for the use of **Low Enthalpy Geothermal Energy**.

Advances in the incorporation of electric mobility and towards a more sustainable and efficient urban mobility.

CHALLENGES

By 2025 achieve a **greater reduction in the intensity of greenhouse gas emissions** in relation to the evolution of the economy (compared to 1990).

Deepen the **reduction of the intensity of emissions per unit of product** in the production of bovine meat and develop a NAMA for the national livestock industry.

Increase the **carbon stock of biomass in forestry lands** (native mounts and fields) and avoid emissions of organic carbon dioxide of soil in pastures, peatlands and plantations.

Implement the Agenda for the development of green hydrogen, including the development of technologies to partially replace it in traditional heavy transport.

Reduction of emissions by:



- Deepening of **introduction of sustainable electric mobility**.
- Broadening of **technologies in the systems of treatment of waste**.
- **Decarbonization of energy use** in consumer sectors (e.g. industry).



Increase of Resilience and Adaptation

ACHIEVEMENTS

Approval and beginning of implementation of the National Adaptation Plan to Climate Variability and Change for the Agricultural Sector.

Advanced elaboration process of National Plans of Sectorial Adaptation in:



- Coastal Area
- Cities and Infrastructure

Advances in the elaboration of a **National Plan of Energy Adaptation** and a National Plan of Health Adaptation.

Advances in the development of a mechanism for the **quantification of damages and losses** and monetary quantification of damages and losses from extreme weather events for 2018



Advances in the development of a methodological strategy for the evaluation of the response to adverse events from the perspective of **Comprehensive Risk Management**.

CHALLENGES



Consolidation of a **Comprehensive System of Climate Services** and of a Comprehensive System of Early Alert.



Implementation of three National Plans of Sectorial Adaptation in the agrarian sector, **coastal area and cities and infrastructure**.

Elaboration and implementation of a **National Plan of Energy Adaptation** and in Health.



Implementation and systematization of the **mechanism for the assessment of damages and losses for the preparation of annual reports**.



Strengthening of **capacities in departmental governments and regional integration** for planning.



Education and Awareness

ACHIEVEMENTS



Development of interinstitutional spaces to foster and stimulate **learning and to raise awareness.**



Advances in the implementation of **permanent training processes for professionals in education and environmental sciences** from the perspective of environmental education for climate change and citizen participation.



Diagnosis of **social perception of impacts and response to climate change in Uruguay.**

Beginning of the elaboration process of a **National Action for Climate Empowerment Strategy (ACE).**

CHALLENGES



Agree on **educational policies to go deep in the integration of climate change** throughout the complete educational path and permanent training processes for professionals in education and environmental sciences from the perspective of environmental education and promoting citizen participation.



Elaborate an **engagement strategy for climate action**, defining interest groups based on the survey and information obtained.



Have a **National ACE strategy document and Action Plan**, approved through a participatory process that contributes to the LTCs and to the next NDC.



Transparency

ACHIEVEMENTS



Development and updating of a **transparent and public monitoring system** for NDC objectives and actions.



Transversalization of the gender approach in the monitoring of NDC measures.



Leaders in the early submission of reports to the Convention on Climate Change:

- **5** National Communications.
- **3** Biennial Update Reports.

CHALLENGES



Broadening and **systematization of statistics data and methodologies needed for the monitoring and report of the policy and the NDC.**

Go deep in the **analysis and contents of reports** to the Convention on Climate Change.



16 PEACE, JUSTICE
AND STRONG
INSTITUTIONS



Sustainable Development Goal 16:

Promote peaceful and inclusive societies for sustainable development, facilitate access to justice for all and create effective, responsible and inclusive institutions at all levels.

Violence and security

ACHIEVEMENTS



Revision for two consecutive years of the **homicide rate**, reaching the **lowest rates in the region**, with a rate of 9.5 homicides per 100.000 inhabitants in 2020.



Innovations in the fight against crime: increasing crime prevention and increasing the crime clearance rate.



In 2020, **the destruction of seized, found or surrendered weapons increased by 15%**.

CHALLENGES



Reduce settling scores and organized crime: cause 44% of all homicides.



Reduce trafficking of fire weapons: are used in 64% of homicides.



Eliminate gender violence: main cause of women homicides, accounting for 57% of all cases.

Access to justice and rights

ACHIEVEMENTS



Shocking reversal of the population deprived of their liberty without conviction FROM 53.4% IN 2017 TO 9.1% IN 2020.



Generation of **interoperable computer systems** between the Ministry of the Interior (MI), Judicial Power (PJ) and the Office of the Attorney General (FGN).

CHALLENGES



High imprisonment rate: increase of over 80% of the population deprived of liberty was observed between 2011 and 2020, being currently one of the highest in the region.



Search for **alternative penalties to the deprivation of liberty.**



Need to improve the conditions of deprivation of liberty for adolescents in conflict with criminal law.



Move towards the transition to a **system based on noncustodial measures for adolescents.**



Transparency, governance and access to information

ACHIEVEMENTS



Completion of the implementation of the **4.º National Plan of Open Government**.



Design and implementation of a **multi-channel digital strategy to address the pandemic**, reaching different segments of the population with the necessary information.



Unified access to the details of the **vaccination plan**: web agenda, stages, frequently asked questions and service channels for everyone.

CHALLENGES



Achieve **digital accessibility to the services and information** provided by the State and priority sectors of the private sector.

Promote actions to monitor compliance.



Use **digital technologies** as a tool for **digital inclusion, promoting access to knowledge and services**.



Participation and international insertion

ACHIEVEMENTS



Citizen Participation Program (PROPACI) 2020-25 promoted by the President of the Chamber of Representatives.



The Departmental Government of Montevideo continued to develop the **platform Montevideo Decide**, channeling **citizen participation**.



In 2020, Uruguay rose to **17th place among the countries that contribute the most to UN peacekeeping**. Since the beginning of the 21st century, it has always been on the list of the 24 major providers of peacekeepers to the UN.

CHALLENGES



Implementation of a **new process of the National Gender Plan in Agricultural Policies**.



Implementation of the **5th National Action Plan of Open Government**.



17 PARTNERSHIPS
FOR THE GOALS



Sustainable Development Goal 17: Revitalize the World Alliance for Sustainable Development

Financing

ACHIEVEMENTS



- Creation of the **Coronavirus Fund**.
- Design of the **New Fiscal Institution**.
- Creation of the **Commission of Experts on Social Security**.
- Application of the **Policy to attract investors**.

CHALLENGES



- Advance in the implementation of the **New Fiscal Institution**, that allows the **consolidation of public accounts and greater transparency**.
- Advance in the implementation of **environmental issues in the analysis of economic policy**.
- Continue with policies to **develop and foster investments** for the recovery of employment.

Science, technology and innovation

ACHIEVEMENTS



- New **institutional design for the area of science, technology and innovation**.
- Preparation of the **Uruguay Digital Agenda 2025** through a participatory process, with emphasis on a resilient digital society.

CHALLENGES



- Improve **coordination among the main actors of the system**, enhance international cooperation.



- Develop **conditions to increase the private investment in I+D+i** that will impact overall investment.



International Trade

ACHIEVEMENTS



Diversification of the export basket in goods and services, and in markets.

CHALLENGES



Promote commercial agreements seeking to obtain better fee conditions and promote actions to diminish the non-tariff measures.

Diversification of export markets.



Promoting **Uruguay as the entrance door of the logistics and financial services** to MERCOSUR.



Multi-stakeholder Partnerships and International Cooperation

ACHIEVEMENTS



Broadening of the basis of international cooperation relations with diverse national actors such as local governments, the private sector, academia, civil society, etc.

Direct and exclusive connection of international cooperation projects with the 2030 Agenda for Sustainable Development.



Promote **decentralized cooperation with various countries, particularly with China.**

CHALLENGES

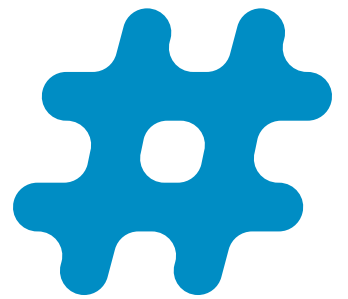


Increase the capacities of national actors in order to be **suppliers and recipients** of international cooperation.

Promote the arrival of **international cooperation projects throughout the national territory**, linking with the second and third levels of government



Develop **good cooperation practices** at a national level for the strategic positioning of the country in the region and at a global level.



CONCLUSIONS AND CHALLENGES

CONCLUSIONS AND CHALLENGES OF THE IMPLEMENTATION OF THE 2030 AGENDA

To uphold the commitment undertaken in the year 2017, Uruguay presents the 2021 VNR before the High-level Political Forum concerning the SDGs.

The first report showed the importance of connecting the national budget process with the 2030 Agenda considering it is one of the most important mechanisms of public funding available for its implementation. A methodology for the distribution of the National Budget by SDG was developed with the aim of providing a comprehensive perspective of the connection between the National Budget -from the Strategic Planning of the Government- and the budget execution of the different SDGs and their corresponding targets. This distribution effort constitutes a new step that opens a considerable work agenda for the future.

The 2030 Agenda constitutes a roadmap for sustainable development, betting on a transforming agenda in social, economic, and environmental terms. The year 2020 represents a milestone in the acceleration of the process in this Agenda at a global level. The “Decade of Action” requires to take sustainable solutions addressed at the main global and local challenges further; from poverty and gender equality to climate change, inequality, and above all, considering the post-pandemic context.

Coincidentally, in 2020 a new government took office with the purpose of implementing a series of transformations that aim at improving the daily living conditions of the inhabitants. The government intends to create a freer, fairer, and more prosperous country. Such vision is reflected in the National Budget, together with other legislative measures, such as the Urgent Consideration Law (LUC for its acronym in Spanish), as well as in other administrative measures carried out by the executing unit.

Unfortunately, the Decade of Action was interrupted by the emergence of COVID-19, which pulled back much of the progress made. However, the new government of Uruguay decided to uphold its commitment towards the achievement of the 2030 Agenda.

As from the creation of the UN Strategic Cooperation Framework (UNSDCF) for the 2021-2025 period, the Uruguayan government formulated its strategic priorities, which clearly contribute to the achievement of the SDGs contained in the 2030 Agenda.

These strategic priorities are a) heading towards an economy that innovates, generates employment, and ensures sustainability in the development; b) transforming State institutions to have an efficient state, present in the territory and that is held accountable to the citizens; c) public policies guaranteeing education, social protection and quality healthcare for everyone; d) advance towards a *society* that promotes the development and the rights of persons and *leaves no one behind*.

It is just about placing people in the center of the development process. In that sense, the aim is the evolution and full realization of the capacity of the citizens, without which it is impossible to conceive individual development and even less the collective one. **Citizens exercising their freedom responsibly.**

The projected scenario by 2030 is that Uruguay manages to shift towards an economy that is based on sustainable production and consumption methods, built on the growing incorporation of knowledge, able to generate high-quality jobs, as it is the only way of achieving social inclusion, a genuine and sustained reduction of poverty over time in all its forms and the definite overcoming of extreme poverty.

In particular, the Government has pledged to integrate targets concerning the environment and mitigation and adaptation to climate change into its economic policy decisions. Therefore, so as to bring relevance to the

environmental and climate institutionalization, the government created the Environment Ministry (MA, for its acronym in Spanish).

Uruguay has a long tradition with respect to social policies, being one of the countries that first started to build the foundations of a Welfare State. The current challenge is preserving and adapting it to the new realities of change and social progress, within a frame of budget restriction which guarantees that these promises could be fulfilled and that everyone has adequate access to the benefits, without leaving anyone behind.

Before the emergence of the COVID-19 pandemic in the year 2020, data suggested a worsening in the poverty levels, a situation that was aggravated in the last year with the pandemic and the resulting recession in the economic activity. According to the data for the year 2020, this rate climbed to 11.6% of the population.

One of the most significant factors in poverty reproduction, as well as in the disparity or gaps among population groups, is the limited capacity of education in Uruguay, throughout the last decades, to develop the skills and abilities in younger generations and to generate conditions that favor ascending social mobility; in particular, a relevant concern is the scarce capacity of the educational system to shorten the learning gap among students of the different socioeconomic stratum.

The National Board of Public Education (ANEP) established in its 2020-2024 Plan of Educational Development the urgent need to work on the enhancement of the learning of all students, with a special focus on those presenting greater rates of social and educational vulnerability, with the aim of fighting the striking inequality revealed by the diverse indicators of educational results, both in access, journey, graduation as well as in the quality of the learning outcomes.

In order to address the abovementioned circumstances, this administration intends to promote equity mainly through two types of educational policy interventions: one of universal nature, a comprehensive curricular change in the whole system, and another one, with a clear focus, which attempts to reach the students who most need to improve their learning levels, as they currently show results that compromise their smooth journey throughout the system.

The management of educational centers plays a key role in the improvement of educational equity and quality. Therefore, this requires the reinforcement of the capacity of educational communities so that the change processes are led by these, which will result in the improvement of the learning process of all the students.

To make these intentions effective it is essential to generate and develop a national teaching policy to point out the value of this fundamental actor of the educational process, recapturing the importance of professional work and effective social recognition, generating a new professional career for teachers and new professional development opportunities.

With respect to social security, Uruguay presents levels of coverage and sufficiency that stand out in the region regarding disability, old age, and survival. Nevertheless, the sustainability of these systems is threatened by the changes in the population profile of the country (aging, sustained drop of birth rate, the concentration of fertility in lower-income stratum, etc.), in its social structure (in particular, the emergence of new family arrangements, etc.) and in the labor market.

Within this context, the financial sustainability of the system presents first-rank challenges and the whole system requires revision. For such purposes, the Government constituted a Commission of Social Security Experts (CESS, for its acronym in Spanish) in order to prepare a diagnosis that will serve as a basis to propose recommendations for the elaboration of a bill reforming the current system, that guarantees an adequate level of benefits, ensuring its financial sustainability in the long run.

The CESS already submitted the diagnosis report and is preparing the recommendations.

In the current international context of limited fiscal space, the participation of the private sector in the resolution of economic, social, and environmental problems becomes a condition precedent. Globally, this requires capital markets to be in line with sustainable development, eliminating short-term incentives in the investment chain, and mitigating the risk of having the SDG used only as a front.

Considering that, so far, the main financing sources for sustainable development in Uruguay come from the public sector, non-refundable international cooperation (including the Green Climate Fund or the Global Environment Fund), and multilateral loans, achieving the necessary transformation to attain sustainable development will require the consistent participation of the financial system, as well as of corporate business models driven by consumers and markets in line with the SDGs.

There are several factors that make this a good moment for the actors of the Uruguayan impact investing ecosystem to work together in its consolidation: on the one hand, sustainable and impact finance appear as a growing market both as a reaction and response to the immediate impacts of the pandemic and as a need to rebuild economies; on the other hand, Uruguay, a country that -according to the Lexology report-has one of the best performances regarding the incorporation of basic environmental, social and governance (SGE) standards into its companies, and a solid environmental regulation, can now take advantage of the permeability of the local financial system to international investors who require it, to adopt the same standards in the financial sector.

The Government is proceeding towards the incorporation of environmental and climate sustainability goals into its economic policy and is working with the rest of the actors of the financial system so that impact investing is not just a niche in Uruguay, but a key part in a deeper change. In particular, the UN and IDB are working together with the Government, the Central Bank of Uruguay (BCU for its acronym in Spanish), and the actors of the Uruguayan financial system for the implementation of a roadmap for sustainable finances.

As this is the fourth VNR submitted by the country, the status, achievement, and challenges of each of the SDGs were already presented in previous reports. Far from having fully achieved the goals established by the 2030 Agenda, the country continued progressing since the last report in the year 2019. However, the emergence of COVID-19 in the year 2020 altered the priorities, which shifted to combat the pandemic.

Since the first COVID-19 cases were detected on March 13th 2020, in the country, the Government has focused all its efforts on protecting lives, restraining the spread of the virus, and mitigating its social and economic impact.

The response to the COVID-19 shock has privileged individual freedom with social responsibility and effective coordination among the public sector, private sector, and scientific community, that contributed with its knowledge, advising the authorities ad honorem.

In that regard, several steps have been taken towards reducing the economic and social impacts. The COVID-19 Solidarity Fund was created for such a purpose and moved US\$768 million in the year 2020 (1.1% of the GDP). Expenditures for an equivalent of USD 1,000 million (1.7% of the GDP) are projected for the ongoing year, a figure which could be increased if the situation requires so

A specially designed national vaccination plan is underway since March 1st, which by the date of submission of this review had reached 60% of the overall population of the country (71% of the population over 11) with at least one dose and 36% of total population (43% of the population over 11) with complete vaccination.

Planning allowed Uruguay to become the first country in Latin America to start vaccinating, by the start of June, children between 12 and 17.

The advance in the vaccination will allow reaching a high immunization of the population in the short term. Once attained, society may redirect its energies to achieve sustainable development, betting on a transforming agenda in social, economic, and environmental terms, as established in the 2030 Agenda. The future is calling.



Uruguay
Presidencia



SUSTAINABLE DEVELOPMENT GOALS

SUMMARY

VOLUNTARY NATIONAL REVIEW
URUGUAY 2021



THE FUTURE
IS CALLING