

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**PROGRAM TO STRENGTHEN PUBLIC POLICY AND FISCAL MANAGEMENT IN  
RESPONSE TO THE HEALTH AND ECONOMIC CRISIS CAUSED BY COVID-19  
IN URUGUAY**

**(UR-L1170)**

**LOAN PROPOSAL**

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## CONTENTS

### PROJECT SUMMARY

I.	PROJECT DESCRIPTION AND RESULTS MONITORING .....	1
A.	Background, problem to be addressed, and rationale .....	1
B.	Objectives, components, and cost .....	9
C.	Key results indicators .....	14
II.	FINANCING STRUCTURE AND MAIN RISKS .....	15
A.	Financing instruments .....	15
B.	Environmental and social safeguard risks.....	15
C.	Fiduciary risks .....	15
D.	Other key risks and issues.....	15
III.	IMPLEMENTATION AND MANAGEMENT PLAN .....	16
A.	Summary of implementation arrangements .....	16
B.	Summary of arrangements for monitoring results .....	17
IV.	POLICY LETTER .....	17

## APPENDIXES

Proposed resolution

ANNEXES	
Annex I	Development Effectiveness Matrix (DEM) – Summary
Annex II	Policy Matrix
Annex III	Results Matrix

REQUIRED LINKS	
1.	<a href="#">Policy Letter</a>
2.	<a href="#">Means of verification matrix</a>
3.	<a href="#">Monitoring and evaluation plan</a>
4.	<a href="#">References</a>

## ABBREVIATIONS

AGESIC	Agencia de Gobierno Electrónico y Sociedad de la Información y del Conocimiento [Agency for e-Government and the Information and Knowledge Society]
ANTEL	Administración Nacional de Telecomunicaciones [National Telecommunications Administration]
ASSE	Administración de los Servicios de Salud del Estado [Government Health Services Administration]
BCU	Banco Central del Uruguay [Central Bank of Uruguay]
CIU	Cámara de Industrias del Uruguay [Board of Industries of Uruguay]
COVID 19	Coronavirus disease 2019
DEM	Development Effectiveness Matrix
DGI	Dirección General Impositiva [Tax Bureau]
EAP	Economically active population
ECLAC	Economic Commission for Latin America and the Caribbean
EOP	End-of-period
IASS	Impuesto a la asistencia a la seguridad social [social security assistance tax]
IMF	International Monetary Fund
INE	Instituto Nacional de Estadística [National Institute of Statistics]
MEF	Ministry of Economy and Finance
MIDES	Ministry of Social Development
MSMEs	Micro, small, and medium-sized enterprises
MSP	Ministry of Public Health
MTSS	Ministry of Labor and Social Security
NFPS	Nonfinancial public sector
OPP	Oficina de Planeamiento y Presupuesto [Planning and Budget Office]
PBP	Programmatic policy-based loan
RT-PCR	Reverse-transcription polymerase chain reaction
SARS	Severe acute respiratory syndrome
SARS-CoV-2	Severe acute respiratory syndrome coronavirus 2
SIGa	Sistema Nacional de Garantías [National Guarantee System]
SINAE	Sistema Nacional de Emergencias [National Emergency System]
SMEs	Small and medium-sized enterprises
VAT	Value-added tax
WEO	World Economic Outlook
WHO	World Health Organization

**PROJECT SUMMARY**  
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Financial Terms and Conditions				
Borrower			Flexible Financing Facility <sup>(a)</sup>	
Eastern Republic of Uruguay			Amortization period:	20 years
Executing agency			Disbursement period:	12 months
Ministry of Economy and Finance			Grace period:	5.5 years <sup>(b)</sup>
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
IDB (Ordinary Capital):	US\$350 million	100%	Credit fee:	<sup>(c)</sup>
			Inspection and supervision fee:	<sup>(c)</sup>
			Weighted average life (WAL):	12.75 years
Total:	US\$350 million	100%	Currency of approval:	U.S. dollars
Project at a Glance				
<p><b>Project objective/description:</b> The general objective of the program is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; (iii) to support the effective and continuous provision of essential goods and services through public policy and management measures; and (iv) to promote economic and fiscal recovery during the post-pandemic period.</p> <p>The program is structured as a programmatic policy-based loan with a series of two separate but technically linked operations.</p>				
<p><b>Special contractual conditions precedent to the first and only disbursement of the financing:</b> A special contractual condition precedent to the first and only disbursement will be fulfillment of the policy conditions as established in the Policy Matrix (Annex II) and the <a href="#">Policy Letter</a>, and other conditions as established in the Loan Contract (see paragraph 3.4).</p>				
Exceptions to Bank policy.				
Strategic Alignment				
<b>Challenges:</b> <sup>(d)</sup>	SI	<input checked="" type="checkbox"/>	PI	<input type="checkbox"/>
<b>Crosscutting themes:</b> <sup>(e)</sup>	GD	<input type="checkbox"/>	CC	<input type="checkbox"/>
			IC	<input checked="" type="checkbox"/>

<sup>(a)</sup> Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.

<sup>(b)</sup> Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.

<sup>(c)</sup> The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.

<sup>(d)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(e)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. PROJECT DESCRIPTION AND RESULTS MONITORING

### A. Background, problem to be addressed, and rationale

#### 1. Macroeconomic context

- 1.1 The health and economic crisis caused by the coronavirus disease 2019 (COVID-19) pandemic is deeply impacting every country in the world, leading to a widespread decline in economic activity.<sup>12</sup> In Latin America and the Caribbean, this crisis is expected to have enormous macroeconomic and social effects; their magnitude will probably vary depending on each country's characteristics.<sup>3</sup> The International Monetary Fund (IMF) expects South America to see a substantial drop in export revenue.<sup>4</sup> In Uruguay, the IMF projects a 3% decline in GDP for 2020,<sup>5</sup> sharply below the 1.5%<sup>6</sup> growth initially projected prior to the health emergency.
- 1.2 The macroeconomic outlook for Uruguay has dimmed, and its economy is expected to enter a recession. The key transmission channels include lower domestic and external demand (particularly from China, Uruguay's main trading partner), falling commodity prices, less tourism, and the impact of international financial turbulence on the exchange rate and country risk. The Board of Industries of Uruguay (CIU) conducted a survey in late March, which showed that 69% of the businesses polled had seen their sales drop as a result of the COVID-19 crisis, and 68% had cut back or halted production. (In both cases, many were small and medium-sized enterprises (SMEs) or serving the domestic market.) More than 80,000 unemployment claims were also filed in March, compared to around 11,000 in previous months. In addition, the Central Bank of Uruguay (BCU) faces inflationary pressures amid higher global risk aversion and capital flight from emerging economies weighing down the exchange rate. In March 2020, the Uruguayan peso depreciated 9.8% against the U.S. dollar, accelerating price dynamics and leading to 9.2% year-on-year inflation for March (2019 inflation was 8.8%).
- 1.3 The authorities in Uruguay have announced measures to counteract the economic and social impacts of the shock, which will force the new administration to postpone its fiscal consolidation agenda. The 2020 primary fiscal deficit as projected by the IMF for the nonfinancial public sector (NFPS) before COVID-19 was 1.4%. The fiscal balance is expected to worsen in the coming months due to lower revenues and higher expenditures associated with health and economic measures to lessen the impact of COVID-19. Preliminary estimates are that the fiscal impact of the proposed measures will exceed 1% of GDP. This, coupled with the drop in tax revenue, may lead to an NFPS deficit above 5% of GDP. NFPS debt stood at 63% of GDP in 2019 but is expected to rise given the borrowing

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<sup>1</sup> [G. Gopinath \(2020\)](#).

<sup>2</sup> [W. McKibbin and R. Fernando \(2020\)](#).

<sup>3</sup> IDB (2020). Macroeconomic Report.

<sup>4</sup> [A. Werner \(2020\)](#).

<sup>5</sup> IMF (2020). World Economic Outlook (WEO) (2020).

<sup>6</sup> IMF (2020). Article IV. Uruguay.

requirements resulting from the health crisis. Table 1 summarizes the main economic indicators for Uruguay.

**Table 1. Selected economic indicators**

	2015	2016	2017	2018	2019
Real GDP growth (% change)	0.4	1.7	2.6	1.6	0.2
Unemployment (% EAP)	7.5	7.9	7.9	8.4	8.9
Inflation (EOP and as %)	9.4	8.1	6.6	8.0	8.8
Total income (% GDP)	29.0	29.3	29.8	30.0	29.7
Primary expenditure (% GDP)	28.8	29.9	29.9	30.6	31.3
NFPS fiscal balance (% GDP)	-2.2	-3.1	-2.7	-3.3	-4.1
NFPS debt (% GDP)	58.0	63.2	60.6	60.2	63.0

\* Sources: Ministry of Economy and Finance (MEF), Central Bank of Uruguay (BCU), and National Institute of Statistics (INE). Data excludes impacts of the pension reform ("Ley de Cincuentones").

## 2. The COVID-19 pandemic and the health crisis

- 1.4 The severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) that causes COVID-19 was detected in China in late 2019 and spread very quickly to the rest of the world. On 11 March 2020, the World Health Organization (WHO) declared the disease a pandemic. As of late April 2020, there were close to three million confirmed cases and 200,000 COVID-19 deaths<sup>7</sup> around the globe. While the spread of SARS-CoV-2 in Latin America and the Caribbean began later than in Asia and Europe, the number of cases in the region is also rising rapidly. As of 23 April 2020, two months after the first case was confirmed in the region, the number of confirmed infections in Latin America and the Caribbean is nearly 120,000 with a death toll of more than 6,500,<sup>8</sup> numbers that become obsolete quickly. In Uruguay, those numbers were 557 cases and 12 deaths.<sup>9</sup>
- 1.5 COVID-19 is highly contagious,<sup>10</sup> with the average number of cases reported in a country increasing by approximately 33% on a daily basis.<sup>11</sup> This high infection rate causes sudden spikes in cases that can decimate the capacity of healthcare systems because sick patients require specialized medical care. To prevent healthcare systems from collapsing, social distancing and isolation have become essential measures in the public health response, as they slow COVID-19

<sup>7</sup> [WEO](#) (2020).

<sup>8</sup> [WEO](#) (2020).

<sup>9</sup> [National Emergency Network \(SINAE\)](#).

<sup>10</sup> COVID-19 can [spread from person to person through respiratory secretions and direct contact](#).

<sup>11</sup> [Financial Times](#) (2020).

transmission<sup>12</sup> and postpone demand for medical services.<sup>13 14 15 16 17</sup> Implementing these types of measures is especially important in Latin America and the Caribbean, considering that the majority of the region's countries are not prepared to deal with a pandemic.<sup>18</sup>

- 1.6 While social distancing and preventive isolation can slow the transmission of COVID-19, countries have had to implement additional health measures. In Uruguay, this has included cancelling classes, encouraging isolation and telework, and closing borders. For example, early health interventions are necessary to conduct mass testing of individuals, in order to detect the virus and trace possible cases of infection for subsequent isolation. These interventions have proven effective in ending health crises faster.<sup>1920</sup> In addition, healthcare services must be expanded to deliver care to infected individuals with severe symptoms. Both types of interventions require material and financial resources, which must be provided urgently and expeditiously. In many countries, including several in Latin America and the Caribbean, governments are ramping up spending on health. Specifically, since 13 April, Uruguay has announced a package of measures that will result in expenditures of more than 1% of GDP.

### **3. Public policy and fiscal management challenges during health crises**

- 1.7 Public policy and fiscal management play a central role in ensuring the availability and timely execution of resources. Good practices during crises highlight the importance of having institutions, policies, processes, and information systems that are flexible, efficient, reliable, and transparent and that encourage accountability.<sup>21</sup> Nevertheless, in previous health crises, such as the outbreaks of Ebola and severe acute respiratory syndrome (SARS), fiscal management institutions and systems had weaknesses that reduced the public sector's response capacity.<sup>22</sup> The biggest challenges lie mainly in: (i) the lack of additional budgetary and financial resources to respond to the crisis (see paragraph 1.27); (ii) the unavailability of funds for service delivery units and for timely disbursements, with due regard to controls; (iii) the lack of transparency in the use

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<sup>12</sup> Social distancing measures are very important when private decisions do not factor in the cost of not containing the contagion, although by restricting work and consumption, they deepen the economic crisis and increase the relevance of governments' fiscal performance. Eichenbaum et al. (2020) show that the value of lives saved can be greater than the economic cost of an effective and temporary distancing policy. M. S. Eichenbaum, S. Rebelo, and M. Trabandt (2020).

<sup>13</sup> [J. Hellewell, S. Abbott, A. Gimma, N. I. Bosse, C. I. Jarvis, T. W. Russell, et al.](#)

<sup>14</sup> [T. Day, A. Park, N. Madras, A. Gumel, and J. Wu.](#)

<sup>15</sup> [N. Ferguson, D. Cummings, C. Fraser, J. C. Caika, P. C. Cooley, and D. S. Burke.](#)

<sup>16</sup> [A. Dénes and A. Gumel.](#)

<sup>17</sup> Imperial College (2020).

<sup>18</sup> SCL (2020).

<sup>19</sup> [S. Correia, S. Luck, and E. Verner.](#)

<sup>20</sup> [K. Prem, Y. Liu, T. W. Russell, et al.](#)

<sup>21</sup> World Bank Group (2019).

<sup>22</sup> [S. Saxena and M. Stone \(2020\).](#)



of resources deployed as part of crisis response and reporting;<sup>23</sup> (iv) problems with business continuity in the face of large-scale staff shortages; and (v) insufficient coordination of interventions at various levels of government.<sup>24</sup> Tackling these challenges requires changes in budgetary regulations for more efficient allocation and execution of public resources.

- 1.8 A thorough analysis of goods and services critical for dealing with the health crisis<sup>25</sup> is important in order to introduce policies that prevent shortages in that regard. In countries where critical goods are mostly imported, streamlined customs procedures should be introduced that preserve the quality of the imported products.<sup>26</sup> A reduction in tariffs and nontariff barriers may also be appropriate when importing such key goods<sup>27</sup> to decrease the cost of these products, thereby contributing to the management of the crisis.<sup>28 29</sup>
- 1.9 Lastly, given the quarantine restrictions imposed in connection with the health crisis, it is essential to adopt policy changes and introduce new procedures to ensure continuity in public services remotely, at both the national and the subnational level. Among the good practices being adopted around the world are the following.<sup>30</sup> In terms of transparency, a good practice is the creation of websites to centralize information on the health crisis and local pandemic monitoring, as well as the development of digital tools for the State to communicate with citizens. In relation to remote processes, good practices include: (i) the temporary easing of bureaucratic processes, such as automatically extending the validity of personal documents or temporarily authorizing the children of older adults to act on their behalf; and (ii) the enhancement of digital processes through quick and easy tools based on open-source software, together with the use of a digital signature. Lastly, for the strengthening of technological infrastructure for telework,<sup>31</sup> good practices include: (i) fast acquisition of equipment and remote access; (ii) the strengthening of cybersecurity infrastructure; and (iii) online training on good practices for secure telework.

#### **4. The pandemic and its effects on household and business income**

- 1.10 Social distancing measures, necessary during the health crisis to save lives, lead to a decrease in economic, labor, and recreational presence. This, in turn, significantly reduces economic activity, resulting in job losses and lower household

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<sup>23</sup> Including exploiting the fungibility of resources in treasury single accounts. According to Yaker et al. (2012), proper sole account management can help countries gain access to liquidity. I. F. Yaker and S. Pattanayak (2012).

<sup>24</sup> Institute of Medicine (2012).

<sup>25</sup> [Harmonized system classification reference for COVID-19 medical supplies](#), according to the World Customs Organization.

<sup>26</sup> [World Customs Organization guidelines for the clearance of goods in emergency situations](#).

<sup>27</sup> Tariffs on medical equipment, supplies, and disinfectants in the region are well above the world average, ranging from 5% to 15%, while nontariff barriers affect 90% of these items.

<sup>28</sup> IDB/INT (2020).

<sup>29</sup> World Bank Group (2014).

<sup>30</sup> IDB/ICS (2020).

<sup>31</sup> Telework is considered an effective way of minimizing contact between people and reducing the spread of the virus (Ahmed et al. 2018; Fong et al. 2020).

income. Unlike in developed countries, which have consolidated social security systems, such systems in Latin America and the Caribbean are inadequate and deficient partly due to the high levels of informal labor. The informal sector in Latin America and the Caribbean is estimated to account for 53% of the workforce (some 140 million workers). This high degree of labor informality is heavily concentrated among poor and low-income households.<sup>32</sup> In Uruguay, informal labor is estimated to be 24.7% of the labor market, including nearly 61% of workers whose incomes are in the lowest quintile. This percentage is higher for younger populations.<sup>33</sup> Because of shortcomings in social security programs in Latin America and the Caribbean, in order to sustain their incomes in the face of labor shocks, the region's households depend on social protection programs other than the social security programs typically available to formal workers only. In times of widespread crisis, existing social protection programs become overwhelmed, which is why governments tend to introduce new fiscal policies and/or social protection programs to meet the greater household support needs.

- 1.11 A policy that has proven effective in protecting household income during crises is to support the businesses where the individuals from those households work,<sup>34</sup> as a way of preventing widespread job losses and bankruptcies. While the economic crisis caused by COVID-19 is affecting most of the economy, some sectors are harder hit than others, including tourism, recreation, and food services, as a consequence of the powerful impact that social distancing and isolation measures have on them. The sharp fall in sales also creates liquidity problems for businesses, in many cases exacerbated by the destruction of the payment chain. These liquidity problems tend to affect micro, small, and medium-sized enterprises (MSMEs) more acutely, given their more limited access to financing. In Latin America and the Caribbean, this liquidity problem may be more severe than in developed countries considering the high rates of informal business, which makes access to financing difficult. The latest available data indicate that of the 11 million economic units in the region with at least one worker in addition to the employer, the vast majority (over 10 million) are micro and small enterprises (with 50 or fewer employees). These businesses employ 47% of the region's workforce.<sup>35</sup> In Uruguay, MSMEs account for 94% of businesses and around 60% of jobs.<sup>36</sup>

## **5. Public policy and income protection**

- 1.12 Public policy and fiscal management can play a crucial role in economic crises such as the one caused by COVID-19,<sup>37</sup> protecting household income during the social distancing period and supporting the survival of businesses to keep jobs safe. Proper fiscal policy design and implementation for these purposes during the current crisis presents significant challenges. In order to maximize intervention efficiency, the fiscal measures introduced must benefit those individuals and

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<sup>32</sup> J. M. Salazar Xirinachs and J. Chacaltana (2018).

<sup>33</sup> Uruguay. Ongoing Household Survey (2019).

<sup>34</sup> International Labour Organization. A review of global fiscal stimulus.

<sup>35</sup> [International Labour Organization](#). (2015).

<sup>36</sup> National Survey of MSMEs. Ministry of Industry, Energy, and Mining (MIEM) (2017).

<sup>37</sup> K. Storesletten, C. Telmer, and A. Yaron (2001).

sectors that need it most, when they need it most.<sup>38</sup> With respect to the issue of selecting beneficiaries for both tax benefits and subsidies, targeting difficulties arise mainly due to the absence or lack of reliability of integrated systems containing information about individuals, owing to the fact that such systems generally contain partial, often outdated information, particularly in the case of individuals in informal labor situations.<sup>39</sup> This incomplete information leads to both intentional and unintentional targeting errors, reducing efficiency in the use of public resources. To address this challenge, public policy design must focus on transparency in the use of these public resources, in order to increase accountability of executing agencies and reduce room for misuse.<sup>40</sup>

- 1.13 Fiscal policies that support households are also usually difficult to reverse, especially if the benefit duration is prolonged. This is because individuals begin to consider such benefits as acquired rights, which raises the political cost of withdrawing them. One of the main lessons of the fiscal policy response in Latin America and the Caribbean to the 2009 global financial crisis was that various programs introduced during the crisis to mitigate its effects ended up becoming permanent programs that were not reversed once the economic shock had subsided.<sup>41</sup> This ended up eroding fiscal fundamentals in the medium term.<sup>42</sup> Thus, to encourage efficient use of public resources, time-bound provisions<sup>43</sup> must be considered in household and business support policies from the outset so that such policies do not become recurrent costs.

## **6. The economy and public finance during recovery from the pandemic**

- 1.14 While the global growth outlook is still highly uncertain, IMF estimates<sup>44</sup> for 2020 point to a decrease in worldwide growth of around 3 percentage points of GDP, which would be 5.5% for Latin America and the Caribbean, and 3% for Uruguay. The Economic Commission for Latin America and the Caribbean (ECLAC) projects that the region will see an increase in unemployment of 10 percentage points, together with a spike in poverty, with the ranks of the poor swelling by 35 million people, and 22.6 million falling into extreme poverty.<sup>45</sup> Although there are no official estimates, the strong economic impact of the crisis suggests that poverty levels will rise in Uruguay. Prior to the crisis, Uruguay reported one of the region's lowest poverty rates, with 8.8% of the population below the poverty line in 2019 and 0.2% considered indigent.
- 1.15 The economic crisis will take a heavy toll on countries' public finances, at both the national and the subnational level. The economic contraction will drive tax

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<sup>38</sup> V. Gaspar and P. Mauro (2020).

<sup>39</sup> Izquierdo, Pessino, and Vuletin (2018).

<sup>40</sup> S. Cecchini and A. Madariaga (2011).

<sup>41</sup> IMF (2015).

<sup>42</sup> Between 2008 and 2019, public debt jumped from 40% of GDP to close to 60% of GDP for a typical country in the region.

<sup>43</sup> V. Gaspar and P. Mauro (2020).

<sup>44</sup> WEO, 2020. In November 2019, the global growth forecast for 2020 was 3%. [OECD Economic Outlook, Interim Report March 2020](#).

<sup>45</sup> [COVID-19 Will Have Grave Effects on the Global Economy and Will Impact the Countries of Latin America and the Caribbean](#) (ECLAC, 2020).

collection down considerably in the near term, with no immediate recovery.<sup>46</sup> The loss of revenue, combined with higher spending to contend with the health, economic, and social crisis, will put pressure on fiscal and public debt positions. Considering that the region entered the crisis in a weak fiscal position on average,<sup>47</sup> many countries are expected to experience a high degree of fiscal vulnerability in the wake of the pandemic.<sup>48</sup>

- 1.16 Given the severe impact of the COVID-19 health crisis on economic activity and public finances, the post-pandemic period will require support policies to rebuild the economy and restore fiscal performance. To encourage a return to growth with equity, comprehensive plans will have to be developed and implemented as an economic stimulus to support the most vulnerable households and businesses during the return to normal. These plans will have to take into account budgetary constraints so as not to jeopardize fiscal sustainability. In many cases, they will have to include structural reforms that invigorate the economy from the bottom up and improve countries' medium-term fiscal position at both the central and the subnational government level. Lessons learned from the current pandemic will also have to be identified so that countries can design contingency plans for minimizing the associated human and nonhuman cost.
- 1.17 **Bank operational work and technical support in the country.** This operation builds on the support provided by the Bank to the Government of Uruguay for its agenda to improve public expenditure quality under investment loan 3161/OC-UR in 2014, which supporting the modernization of accounting, treasury, and budgetary systems; investment loan 4705/OC-UR in 2018, which seeks to improve budget allocation through the increased generation and use of resource management information at government agencies; and technical cooperation operation ATN/OC-15889-UR, which is financing improvements in financial information controls for State-owned enterprises in Uruguay. In the health sector, the Bank has been supporting the Uruguay Digital Agenda 2020 under conditional credit line for investment projects UR-X1009 with two approved individual operations (loans 3007/OC-UR in 2013 and 4300/OC-UR in 2017). These operations have financed the development and implementation of national electronic health records, an electronic medical records management system for oncology, and an integrated network for diagnostic imaging. This program will coordinate efforts with loan 4943/OC-UR, approved in 2019, to produce timely, reliable, and consistent information that the Government Health Services Administration (ASSE) assistance and execution units can use for decision-making. This program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996), as it forms part of the Bank's support to its borrowing member countries

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<sup>46</sup> During the 2008-2009 crisis, consumption tax fell close to 10% in a typical country of the region, and tax revenue dropped by as much as 3.5 points of GDP in some countries (IDB-Inter-American Centre of Tax Administrations, 2019).

<sup>47</sup> When the region entered the 2008-2009 global financial crisis, the primary balance of a typical country was above 2.5% of GDP and the overall position was balanced. For 2019, the primary deficit was -0.3% and the overall deficit was above 2.5% (World Economic Outlook, 2020).

<sup>48</sup> According to preliminary estimates by Andrian and Valencia (2020), the fiscal deficit could increase in the short term between 4 and 8 percentage points of GDP in response to the downturn in economic growth and the increase in emergency public spending.

in the adoption of fiscal policies to mitigate the effects of the health crisis and alleviate the economic impacts. In addition, the Bank's immediate response to the emergency has included the use of US\$1.05075 billion in PBL resources approved for Uruguay under the deferred drawdown option (3418/OC-UR, 3365/OC-UR, 3627/OC-UR, 4430/OC-UR, and 4857/OC-UR).

- 1.18 The Bank's experience in the region.** The IDB Group has supported the region through various types of crises (macroeconomic crises, health crises, and natural disasters) to mitigate their immediate effects and to design reforms for the recovery period. The Bank's support varies depending on the nature of the crisis to be addressed.<sup>49</sup> The lessons learned from these experiences and applied to the design of this operation include: (i) the need for effective coordination with the donor community; (ii) simplification of operation design and approval processes; and (iii) the coordinated use of different financial instruments to support the country. In the fiscal sphere, the Bank recently supported the Government of Ecuador in re-establishing macroeconomic stability, restoring fiscal sustainability, and safeguarding social spending in support of the vulnerable population through the Emergency Program for Macroeconomic Sustainability and Prosperity (loan 4771/OC-EC). The Bank has also provided support to countries in their reform processes to improve tax policy and administration, public expenditure quality, and the strengthening of fiscal sustainability.<sup>50</sup> In the area of health, the Bank has experience in programs and initiatives aimed at the prevention and better control of various communicable diseases, including malaria, Zika, cholera, Pandemic H1N1/09 Virus (Influenza A), and other infectious diseases in Latin America and the Caribbean. Lastly, the Bank also has experience in restoring basic service infrastructure in areas affected by earthquakes, both during the emergency and in the rebuilding phase.<sup>51</sup>
- 1.19 Coordination with other donors.** During preparation of this operation, the Bank coordinated with the IMF and the World Bank to develop synergies and strengthen complementarity among the interventions of these institutions, thus maximizing their impacts. Moreover, the Bank is working with the Development Bank of Latin America, other bilateral donors, and United Nations agencies on a coordinated emergency response. Policy Matrix measures for the first programmatic loan and triggers for the second programmatic loan were established in coordination with the IMF and the World Bank. The IMF emphasized the importance of calculating the fiscal costs of the emergency program, whereas the World Bank, which is also preparing a public policy loan for Uruguay, emphasized the impact of cash transfer programs as an instrument to lessen the impact of the economic crisis on poverty levels. During program execution, coordination with donors will be through coordination forums created specifically for such purpose and meetings of senior

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<sup>49</sup> The first contingent financing instrument for natural disasters was the Contingent Credit Facility for Natural Disaster Emergencies. Examples include the Dominican Republic (DR-X1003), Honduras (HO-X1016), Ecuador (EC-X1014), and others (document RE-496-1).

<sup>50</sup> The most recent programs include 4552/OC-CO, 4819/OC-CR, and 4667/OC-PR.

<sup>51</sup> In 2016, the Bank supported Ecuador in restoring infrastructure and basic services in earthquake-affected areas through various instruments (EC-X1014; 3751/OC-EC; 3906/OC-EC; and ATN/JF-15752-EC). Other examples include support for Haiti in 2010 and for El Salvador following the 2001 earthquake.

management. The Bank will share its progress on program implementation with the IMF and the rest of the donors.

- 1.20 **Strategic alignment.** The program is consistent with the Update to the Institutional Strategy (document AB-3190-2) and is aligned with the development challenge of social inclusion and equality, through measures to ensure the maintenance of essential health services in order to overcome the health crisis. The program is also aligned with the crosscutting theme corresponding to institutional capacity and rule of law inasmuch as it will strengthen fiscal policy and management to tackle the health, economic, and social crisis, and it will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12).<sup>52</sup> The program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996). It is also aligned with the Sector Strategy on Institutions for Growth and Social Welfare (document GN-2587-2) as concerns strengthening public sector management, and it is consistent with the Fiscal Policy and Management Sector Framework Document (document GN-2831-8), which highlights the importance of institutional strengthening to improve public expenditure quality as well as fiscal equity and social inclusion. It is also consistent with the Decentralization and Subnational Governments Sector Framework Document (document GN-2813) inasmuch as it will support better coordination of intergovernmental arrangements.

**B. Objectives, components, and cost**

- 1.21 **Objective.** The general objective of the program is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; (iii) to support the effective and continuous provision of essential goods and services through public policy and management measures; and (iv) to promote economic and fiscal recovery during the post-pandemic period.
- 1.22 The program is structured as a programmatic policy-based loan with two separate but technically linked operations, whose policy actions aim to help the country adopt measures in the short term to tackle the main challenges faced by countries in their response to the health and economic crisis caused by COVID-19. The first operation in the programmatic series focuses on supporting policy measures to facilitate the availability of resources to address the health crisis, promoting efficiency and transparency in their use. It also favors temporary measures to protect the income of vulnerable households during the crisis, such as special cash transfers, temporary unemployment benefits, and measures aimed at providing liquidity to the businesses impacted by the economic consequences of the pandemic. In addition, it will contribute to economic and fiscal strengthening for the post-pandemic period, supporting ongoing efforts by the Uruguayan government

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<sup>52</sup> See Annex I.

- to monitor measures to address the crisis and guide national government reforms to improve public-sector efficiency.
- 1.23 The second operation in the series will contribute to a robust agenda of fiscal policy and management reforms and improvements, aimed at getting back on a financial sustainability path. Moreover, it supports policy measures to build the country's capacity for preparedness and response to future emergencies. Proposed substantive measures include ending the state of emergency and related special measures; strengthening fiscal institutions with the implementation of a fiscal rule; improving the institutional structure of the national government by creating a public procurement regulatory agency and a public policy monitoring and evaluation agency; improving the tax framework for SMEs; and creating a committee of experts to evaluate a social security system reform. Thus, in keeping with the purpose of policy-based loans, this program aims to support structural reforms and institutional changes to strengthen sector policies and restore soundness to public finances.<sup>53</sup>
- 1.24 The program is organized into the following components:
- 1.25 **Component 1. Macroeconomic stability.** The objective of this component is to ensure that a macroeconomic context consistent with the program objectives as set forth in the Policy Matrix and the sector Policy Letter is maintained.
- 1.26 **Component 2. Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19.** The objective of this component is to promote the availability and timely execution of financial and material resources to respond to the effects of the health crisis. In order to achieve this objective, program measures will support changes to budget regulations with a view to providing necessary resources to the health sector and ensuring that those resources are executed in an efficient, orderly, and transparent manner. The program will also support changes to regulations and strategies to improve coordination and implementation of actions for pandemic preparedness and response.
- 1.27 The program policy measure included in the program that will support changes to regulations in order to provide the necessary resources for responding to the health crisis is the creation and implementation of a "Fondo Solidario COVID-19" [COVID-19 Solidarity Fund] to assist with all government activities to protect the population amid the national health emergency. The fund may include resources such as: (i) contributions and revenue from nonprofit organizations with public interest objectives and government-owned banks; (ii) specific funds from loans provided by international and multilateral lenders; (iii) cash grants; (iv) the revenue collected through the COVID-19 health emergency tax; and (v) the revenue collected from additions to the social security assistance tax (IASS).
- 1.28 In addition, to increase the efficiency of processes for procuring medical supplies and other essential goods related to pandemic response, and thereby support the timely execution of resources, the program includes the following policy measures: (i) inclusion of the diagnostic procedure for the COVID-19 test, reverse-

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<sup>53</sup> Policy-based Loans: Guidelines for Preparation and Implementation (document CS-3633-2), Section II, "Definition and objective of policy-based loans."

transcription polymerase chain reaction (RT-PCR),<sup>54</sup> in the comprehensive healthcare programs and the list of benefits established by the Ministry of Public Health (MSP); (ii) creation of the Coronavirus.uy app to connect people who present potential COVID-19 symptoms with healthcare providers, aimed at decreasing wait times for appointments and care related to the COVID-19 health emergency; and (iii) approval from the Ministry of Economy and Finance (MEF) for the temporary or permanent import or export of specific goods, tax-free and with simplified customs processing, to address the healthcare needs associated with the health emergency declared in response to the COVID-19 outbreak.

- 1.29 The second operation in the programmatic series will continue to promote the efficient, orderly, and transparent allocation and execution of public expenditure, with a view to promoting economic and fiscal recovery. In that manner, it will continue to strengthen the fiscal institutional framework through the implementation of budget and fiscal accountability policies, as well as public expenditure execution policies, primarily as they relate to public procurement. The policy measures will be: (i) identification of accountability processes for COVID-19 Solidarity Fund activities; (ii) actions taken in relation to the RT-PCR diagnostic procedure for COVID-19, as follows: (a) preparation of a cost study for including the COVID-19 RT-PCR diagnostic procedure in the comprehensive healthcare programs and the list of benefits established by the MSP, and (b) permanent inclusion of COVID-19 diagnostic procedures in the comprehensive healthcare programs and the list of benefits established by the MSP and approval of the necessary regulatory instruments to establish the relevant financing; (iii) maintenance and updating of the Coronavirus.uy app for the period of time recommended by the health authorities; and (iv) approval of the creation of a health technologies and medication evaluation and control agency, to contribute to improved healthcare for the population.

- 1.30 **Component 3. Strengthening public policy and fiscal management to respond to the economic crisis.** The objective of this component is to strengthen the countercyclical effect of public policy through the temporary introduction of measures to protect the income of vulnerable households,<sup>55</sup> protect jobs, and increase liquidity for businesses during the health and economic crisis. To achieve this objective, the program includes measures for the design and implementation of policies to support households, workers, and businesses, which incorporate lessons learned on the need to ensure that support measures are targeted and temporary. Accordingly, the policy measures for protecting households' disposable income are as follows: (i) declaration of mortgage loan payment moratoriums as part of household financial assistance measures for April and May 2020; (ii) increased food assistance for low-income households in April and May by means of higher cash transfers to beneficiaries of the low-income household food card (Tarjeta Uruguay Social); (iii) creation of a subsidy for sole proprietors paying simplified monthly taxes to the Ministry of Social Development (MIDES) during

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<sup>54</sup> Reverse-transcription polymerase chain reaction (RT-PCR) is a method for detecting the presence of genetic material specific to pathogens, such as viruses. It is the benchmark for coronavirus detection.

<sup>55</sup> This includes vulnerable families that participate in existing social protection programs; vulnerable families that do not participate in social protection programs; and informally employed or unemployed individuals (without a source of income).



April and May 2020; (iv) creation by the Ministry of Labor and Social Security (MTSS) of a special regime for unemployment benefits to protect workers in sectors impacted by the partial suspension of activities due to the health emergency, who are not included in the general unemployment benefit system; and (v) establishment of a deadline extension for vehicle registration fees by the Congress of Mayors.<sup>56</sup>

- 1.31 The policy measures that aim to provide temporary liquidity protection for businesses affected by the crisis, and thereby protect jobs, are as follows: (i) declaration by the MEF Tax Bureau of a deadline extension for February and March value-added tax (VAT) payments for taxpayers covered pursuant to the 1996 Consolidated Law, Title IV, Article 52, Subparagraph E, with such tax obligations to be payable in six equal consecutive installments commencing in May 2020; (ii) implementation of a 40% exemption on employee and employer contributions for the industry and commerce sector from the sole-proprietor benefit and the sole-proprietor social tax payable to MIDES, applicable to taxes accrued for March and April 2020, and establishment of a provisional payment plan system for the remaining 60%, payable in six equal consecutive installments commencing in June 2020; and (iii) establishment by the National Guarantee System (SIGa) of the “SIGa Emergencia” line of credit, to serve the credit needs of MSMEs arising from the health emergency, in order to provide credit for working capital, investment capital, and restructuring of previous credit obligations.
- 1.32 The second operation in the programmatic series will support policies that help align tax incentives with economic recovery. To achieve this objective, the program will support government initiatives that restructure tax benefits and reprioritize beneficiaries, with a view to promoting greater economic growth with fiscal equity. The household-related measures under the second operation are: (i) implementation of regulatory improvements for communication, water, and sanitation services, to improve efficiency and transparency in service delivery; and (ii) discontinuance of special measures related to food assistance to low-income households, subsidies for sole proprietors paying simplified monthly taxes, and temporary unemployment benefits for the households and workers impacted by the health crisis.
- 1.33 Additionally, the business-related measures under the second operation are: (i) modification of the tax framework applicable to microenterprises and small businesses, to promote liquidity, facilitate investment, and support their development and competitiveness; (ii) discontinuance of special measures related to tax moratoriums and social security contributions adopted to address the health crisis; and (iii) evaluation of the guarantee lines opened to MSMEs due to the health emergency, looking at the need to maintain these lines of credit to support their recovery.
- 1.34 **Component 4. Institution-strengthening for the execution of public spending and delivery of essential services.** The objective of this component in the first operation of the programmatic series is to support the effective and continuous provision of essential goods and services through public policy and management

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<sup>56</sup> The extension applied only to the second bimonthly payment of 2020 (March and April) and has already lapsed.

- measures. To achieve this objective, the first operation in the programmatic series will implement the following policy measures: (i) development of recommendations by the National Emergency System to implement telework for government offices serving the public, as a temporary, exceptional, and preventive measure; (ii) implementation of the “CEIBAL en Casa” at-home education initiative, to mitigate the effects of classes being suspended due to the health crisis; (iii) implementation of measures by the National Telecommunications Administration (ANTEL) to support Internet access for the population amid the COVID-19 health crisis; and (iv) establishment of an alternative mechanism by the MEF Tax Bureau to facilitate the filing of individual income tax returns, enabling nonresidents to file their returns in electronic format.
- 1.35 The second operation in the programmatic series will continue to support institution-strengthening with a view to bolstering public financial management and mechanisms for service continuity. To that end, the program will help strengthen public financial management policies, processes, and systems so that they operate more efficiently both during the crisis and after the situation returns to normal. The policy measures included in the second operation are: (i) approval of the creation of the Public Policy Monitoring and Evaluation Agency; (ii) approval of the creation of the Public Procurement Regulatory Agency; and (iii) approval of reforms to procedures, digital processes, and public procurement methods aimed at improving their transparency and effectiveness.
- 1.36 **Component 5. Economic and fiscal strengthening for the post-pandemic period.** The objective of this component in the first operation of the programmatic series is to promote economic and fiscal recovery in the post-pandemic period. To achieve this objective, the first operation in the programmatic series will implement the following policy measures: (i) entry into operation of an interagency workgroup to address the ongoing assessment of the measures that have been and will be implemented, and to guide actions for economic and fiscal strengthening in the medium term; and (ii) preparation of a technical document estimating the fiscal costs of the reform package to address the COVID-19 health crisis.
- 1.37 The second operation in the programmatic series will support implementation of structural measures for revenue, spending, and macrofiscal management, which will revitalize the economy and help improve the government’s fiscal position in the medium term. The policy measures included in the second operation are: (i) implementation of improvements to the corporate governance framework for State-owned enterprises, including statement of purpose, selection of directors, responsibilities of general managers, and borrowing and financial management capabilities; (ii) approval and implementation of a fiscal rule with safeguard clauses for flexibility; (iii) creation and operation of an expert committee to help prepare calculations for the public sector structural balance; (iv) creation and operation of a fiscal advisory board to provide fiscal policy advice to the MEF; (v) approval of the creation of a stabilization fund to support countercyclical fiscal policies; and (vi) creation of a commission of social security experts for tasks that include analyzing the different social security systems, preparing diagnostic assessments of these systems, and making reform recommendations.

### C. Key results indicators

- 1.38 The expected outcomes of the program are included in the Results Matrix (Annex III). The results indicators are: (i) resources budgeted for the health sector (operating expenses); (ii) consumers using the digital app to track the spread of COVID-19; (iii) average tariffs for healthcare products; (iv) average subsidy received by each food assistance beneficiary household through emergency programs; (v) beneficiaries of mortgage loan payment moratoriums; (vi) taxpayers benefiting from moratoriums and subsidies for social security contributions; (vii) claims for temporary unemployment benefits defined under the special regime; (viii) beneficiaries of the deadline extension moratorium for the payment of vehicle registration fees; (ix) sole proprietors paying simplified monthly taxes benefitting from emergency subsidies; (x) companies relying on VAT payment moratoriums issued to address the COVID-19 health crisis; (xi) guarantees issued by the SIGa; (xii) use of electronic communications tools in government agencies; (xiii) users of the “CEIBAL en Casa” plan platforms; (xiv) households with expanded universal healthcare plan coverage; and (xv) fiscal expenditure on unemployment insurance.
- 1.39 **Economic analysis.** Based on the recommendations by the Office of Evaluation and Oversight (OVE) in its 2011 Evaluability Review of Bank Projects<sup>57</sup> and on the findings of the review of evaluation practices and standards for policy-based loans conducted by the Evaluation Cooperation Group (ECG, which comprises the independent evaluation offices of the multilateral development banks),<sup>58</sup> as provided for in paragraph 1.3 of document GN-2489-5 (Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations), which indicates that an analysis of efficiency in the use of financial resources is unnecessary,<sup>59</sup> it was determined that an economic analysis would not be performed for this type of loan, as reported to the Board of Executive Directors. Accordingly, this loan operation does not include an economic analysis, and no such analysis is considered for purposes of measuring the evaluability score in the program’s Development Effectiveness Matrix.
- 1.40 **Beneficiaries.** The direct beneficiaries of the first operation in the programmatic series are the citizens of Uruguay, particularly those in the most vulnerable sectors, due to the positive social impacts identified for this program: (i) improvements in the delivery of public health services, through the implementation of policy measures to provide more resources to address the health emergency; and (ii) mitigation of health crisis impact on the well-being of citizens, particularly low-income populations, through policy measures that safeguard household income and business liquidity.

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<sup>57</sup> Document RE-397-1: Currently, the economic analysis section is computed as the maximum between the cost-benefit analysis (CBA) and the cost-effectiveness analysis (CEA). Yet neither a CBA nor a CEA is applicable to policy-based loans.

<sup>58</sup> Good Practice Standards for the Evaluation of Public Sector Operations. Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition. February 2012.

<sup>59</sup> According to the ECG, policy-based loans should be evaluated for relevance, effectiveness, and sustainability. Efficiency was not included as a criterion, since the size of a policy-based loan is related to a country’s financing gap, independent of the project’s benefits.

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 **Financing instrument.** This operation has been structured as a programmatic policy-based loan (PBP) and is the first operation of a programmatic series consisting of two contractually independent but technically linked loans, in line with the guidelines for the preparation and implementation of programmatic policy-based loans set forth in document CS-3633-2. The programmatic modality was chosen because: (i) it promotes ongoing policy dialogue between the Bank and the country with the aim of providing continuous support during the pandemic and in the post-pandemic period; (ii) given the uncertainty regarding the length and severity of the crisis caused by the pandemic, this instrument leaves room for adaptation to evolving circumstances and monitoring of the program's scope; and (iii) it facilitates the development, fine-tuning, and implementation of economic and fiscal recovery plans, with a view to resuming growth with equity and fiscal sustainability in the post-pandemic period.
- 2.2 **Dimensioning.** The cost of this operation will be US\$350 million financed from the Bank's Ordinary Capital. This amount will be disbursed in one single tranche. The cost of the operation is justified by the public sector's financial needs and has no direct relationship to the cost of the program's reforms, in accordance with document CS-3633-2 (paragraph 3.27 (b)). The public sector's financial needs for 2020 are estimated at approximately US\$5.3 billion (11.5% of GDP). The operation represents approximately 14% of multilateral financing for Uruguay in 2020.

### B. Environmental and social safeguard risks

- 2.3 Based on guideline B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this program does not require ex ante classification of impacts. The operation supports the development of policies, standards, management tools, and other institutional strengthening actions, so no significant or direct adverse environmental and natural resource impacts are anticipated.

### C. Fiduciary risks

- 2.4 No fiduciary risks associated with the operation have been identified. The operation's proceeds will go directly to the National Treasury in order to meet the Uruguayan government's financing needs. To that end, the executing agency has the necessary financial management tools and supervision systems. The resources will be disbursed once the policy measures set forth in the loan contract are fulfilled.

### D. Other key risks and issues

- 2.5 **Public management and governance risks.** There is a medium public management and governance risk related to delays in implementing the measures included in the second loan of this program, due to the highly intensive response required for this crisis. This risk will be mitigated by: (i) close monitoring by the Government of Uruguay, with the new administration that took office on 1 March making the measures included in the second operation a high priority; and (ii) technical advisory support and grant financing from the Bank.

- 2.6 There is a medium public management and governance risk in Uruguay related to business continuity. Although the program includes measures for addressing this area, there is a risk that the implemented measures may be insufficient, due to a longer duration of the health crisis or a possible new outbreak of the virus. To mitigate this risk, the Bank will channel investment and technical cooperation funds to directly support Uruguay in building capacity for business continuity.
- 2.7 **Development risk.** There is a medium risk that the packages of program-supported measures to respond to the health and economic crisis will only be partially implemented, due to a lack of financial resources. To mitigate this risk, the Bank is coordinating financial support to Uruguay with other multilateral institutions, such as the IMF and the World Bank (see paragraph 1.19).
- 2.8 **Fiscal sustainability risk.** Given the severity of the health and economic crisis, along with other external factors such as the fall in commodity prices, the fiscal and debt position of the countries of the region is expected to worsen significantly, which will generate a medium fiscal sustainability risk in the case of Uruguay. To mitigate this risk, the Bank, along with other international organizations, will provide technical support to Uruguay to prepare and monitor implementation of post-pandemic economic and fiscal recovery plans that will put the public finances back on a sustainable path.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower.** The borrower will be the Eastern Republic of Uruguay, acting through the Ministry of Economy and Finance (MEF). The MEF will be responsible for program execution with support from the Ministry of Public Health (MSP) and the Ministry of Social Development (MIDES).
- 3.2 **Executing agency.** The executing agency will be the MEF, which will have technical responsibility for program execution and agrees to: (i) act, on its own or by means of a designee, as the official liaison with the Bank and submit reports and evidence of fulfillment of the operation's conditions, as well as any other report that the Bank requires, according to the agreed deadlines and terms; (ii) promote actions to achieve the policy objectives defined in the program; and (iii) collect, record, and submit to the Bank all data, indicators, and metrics that help the Government of Uruguay and the Bank monitor, measure, and evaluate the program's results.
- 3.3 **Coordination mechanism.** The MEF will be responsible for the implementation of the program measures, along with, principally, the MIDES, MSP, Ministry of Labor and Social Security (MTSS), National Emergency System (SINAE), and National Guarantee System (SIGa). The MEF maintains a fluid dialogue with these agencies, contributing to coordination of the implementation of measures. In addition, the interagency workgroup (comprising the MEF, the Planning and Budget Office (OPP), and the Central Bank of Uruguay) regularly monitors measures in execution and develops economic recovery proposals.
- 3.4 **Special contractual conditions precedent to the first and only disbursement of the financing: A special contractual condition precedent to the first and**

only disbursement will be fulfillment of the policy conditions as established in the Policy Matrix (Annex II) and the [Policy Letter](#), and other conditions as established in the Loan Contract.

**B. Summary of arrangements for monitoring results**

- 3.5 **Monitoring.** Program monitoring consists of verification of the agreed policy measures ([monitoring and evaluation plan](#)). The executing agency and the Bank will meet regularly to monitor the operation's results and anticipate and resolve technical difficulties related to the operation's execution. The executing agency will submit to the Bank all information required for measuring fulfillment of program targets and will provide timely information on progress toward those targets.
- 3.6 **Evaluation.** The evaluation plan includes: (i) an impact evaluation; and (ii) a "before and after" analysis of the outcome and impact indicators included in the Results Matrix. In addition, for outcome variables that have no impact evaluation but do have the data required by this strategy, interrupted time series models will be used to empirically estimate the impact of the policy measures adopted under the program. The evaluation's main questions will address whether the policies implemented helped achieve the program objectives ([monitoring and evaluation plan](#)). Additionally, a program completion report will be prepared. Both the ex post evaluation and the program completion report will be conducted at the end of execution of the programmatic series.

**IV. POLICY LETTER**

- 4.1 The [Policy Letter](#) reiterates the country government's commitment to the objectives and actions envisaged in the program. Additionally, the Bank and the Government of Uruguay agreed on a Policy Matrix that identifies the policy actions under this operation.

Development Effectiveness Matrix		
Summary		UR-L1170
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries receiving health services (#) -Beneficiaries of targeted anti-poverty programs (#) -Beneficiaries of employment support initiatives (#) -Jobs supported (#) -Micro / small / medium enterprises financed (#) -Agencies with strengthened digital technology and managerial capacity (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)	Reference in paragraphs 1.22 y 1.23	
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		9.4
3.1 Program Diagnosis		3.0
3.2 Proposed Interventions or Solutions		4.0
3.3 Results Matrix Quality		2.4
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		10.0
5.1 Monitoring Mechanisms		2.5
5.2 Evaluation Plan		7.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium
Identified risks have been rated for magnitude and likelihood		Yes
Mitigation measures have been identified for major risks		Yes
Mitigation measures have indicators for tracking their implementation		Yes
Environmental & social risk classification		B.13
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting, External Control, Internal Audit.  Procurement: Information System, Price Comparison, Contracting Individual Consultant.
Non-Fiduciary	Yes	Monitoring and Evaluation National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	Technical cooperation through several sources in areas of public financial management, state owned enterprises, sectoral regulatory issues and fiscal policies.

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

#### Prototype Evaluability Note

The main objective of the operation is to contribute to strengthening the efficiency and effectiveness of public policy and fiscal management to address the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures in Uruguay. The operation is the first in a series of two operations to address the COVID-19 crisis in Uruguay.

To achieve this objective, the loan defines a focus on the following four specific areas in which the project intervenes. The focus of the first area is to promote the availability and timely execution of public resources to address the health crisis caused by COVID-19. The second area is to strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and to increase the liquidity of firms during the crisis. The third area is to support the effective and continuous provision of essential goods and services through policy and public management measures. The last area is to promote economic and fiscal recovery in the post-pandemic period.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solutions are appropriate to respond to the identified problems and their contributing factors. The results matrix (RM) is consistent with the vertical logic of the project, presenting adequate indicators at the level of results and impacts. The outcome indicators are appropriately defined to measure the achievements of the program and the fulfillment of its specific objectives. All impact indicators are aligned to the general objective.

The project does not anticipate an economic analysis based on the exception foreseen for this type of projects in accordance with the recommendations of OVE, paragraph 1.3 of the DEM for projects with and without sovereign guarantee GN-2489-5).

The monitoring and evaluation plan includes three impact evaluations: a) Effective communication for quarantine compliance that combines the use of behavioral economics to encourage social distancing measures; b) The efficiency and transparency of the importation of medical goods in emergency contexts; and c) The effect of teleworking in public sector productivity. Two of the impact evaluations rest on an experimental methodology and the third on a quasi-experimental model of difference in differences. These strategies will allow the generation of robust evidence from three extremely important areas related to the pandemic and the generation of robust attribution methods for the results and impacts of RM. The rest of the result indicators will be measured by the before and after method. Monitoring and evaluation activities will be carried out by the Ministry of Economy and Finance in coordination with the Bank.

## POLICY MATRIX

**Objective:** The general objective of the program is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; (iii) to support the effective and continuous provision of essential goods and services through public policy and management measures; and (iv) to promote economic and fiscal recovery during the post-pandemic period.

Components/ Policy objectives	Programmatic loan I Policy conditions	Fulfillment status of programmatic loan I conditions <sup>1</sup>	Programmatic loan II Triggers
<b>Component 1: Macroeconomic stability</b>			
Maintain a macroeconomic context consistent with the program objectives as set forth in the Policy Matrix and the sector Policy Letter.	1.1 Maintain an economic framework consistent with program objectives and the guidelines set forth in the sector Policy Letter.	Fulfilled	1.1 Maintain an economic framework consistent with program objectives and the guidelines set forth in the sector Policy Letter.
<b>Component 2: Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19</b>			
Promote the timely availability of public resources to respond to the health crisis caused by COVID-19.	2.1 Create and implement the “Fondo Solidario COVID-19” [COVID-19 Solidarity Fund] to assist with government activities to protect the population amid the national health emergency. The fund may include resources such as: (i) contributions and revenue from nonprofit organizations with public interest objectives and government-owned banks; (ii) specific funds from loans provided by international and multilateral lenders; (iii) cash grants; (iv) the revenue collected through the COVID-19 health emergency tax; and (v) the revenue collected from additions to the social security assistance tax (IASS).	Fulfilled (Q2 2020)	2.1 Identify accountability processes for COVID-19 Solidarity Fund activities.
Promote the timely execution of public resources to respond to the health crisis caused by COVID-19.	2.2. Include the diagnostic procedure for the COVID-19 test, reverse-transcription polymerase chain reaction (RT-PCR), in the comprehensive healthcare programs and the list of benefits established by Ministry of Public Health (MSP).	Fulfilled (Q2 2020)	2.2 Take actions in relation to the RT-PCR diagnostic procedure for COVID-19, as follows: (i) Preparation of a cost study for including the COVID-19 RT-PCR diagnostic procedure in the comprehensive healthcare programs and the list of benefits established by the MSP; and (ii) Permanent inclusion of COVID-19 diagnostic procedures in the comprehensive healthcare programs and the list of benefits established by the MSP and approval of the necessary

<sup>1</sup> This information is solely of an indicative nature as of the date this document was prepared. Pursuant to document CS-3633-2, Policy-based Loans: Guidelines for Preparation and Implementation, the Bank will verify fulfillment of any specified disbursement conditions, including maintaining a suitable macroeconomic policy framework, when the borrower submits the applicable disbursement request. This will be reflected in a timely manner in the disbursement eligibility memorandum.



Components/ Policy objectives	Programmatic loan I Policy conditions	Fulfillment status of programmatic loan I conditions <sup>1</sup>	Programmatic loan II Triggers
			regulatory instruments to establish the relevant financing.
	2.3. Create the Coronavirus.uy app to connect people who present potential COVID-19 symptoms with healthcare providers, aimed at decreasing wait times for appointments and care related to the COVID-19 health emergency.	Fulfilled (Q2 2020)	2.3 Maintain and update the Coronavirus.uy app for the period of time recommended by the health authorities.
	2.4. Approve the temporary or permanent import or export of specific goods, tax-free and with simplified customs processing, to address the healthcare needs associated with the health emergency declared in response to the COVID-19 outbreak (responsibility: Ministry of Economy and Finance (MEF)).	Fulfilled (Q1 2020)	2.4 Approve the creation of a health technologies and medication evaluation and control agency, to contribute to improved healthcare for the population.
<b>Component 3: Strengthening public policy and fiscal management to respond to the economic crisis</b>			
Strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households during the health and economic crisis.	3.1 Declare mortgage loan payment moratoriums as part of household financial assistance measures for April and May 2020.	Fulfilled (Q2 2020)	3.1 Implement regulatory improvements for communication, water, and sanitation services, to improve efficiency and transparency in service delivery.
	3.2 Increase food assistance for low-income households in April and May by means of higher cash transfers to beneficiaries of the low-income household food card (Tarjeta Uruguay Social).	Fulfilled (Q2 2020)	3.2 Discontinue special measures related to food assistance to low-income households, subsidies for sole proprietors paying simplified monthly taxes, and temporary unemployment benefits for the households and workers impacted by the health crisis.
	3.3 Create a subsidy for sole proprietors paying simplified monthly taxes to the Ministry of Social Development (MIDES) during April and May 2020.	Fulfilled (Q2 2020)	
	3.4 Create a special regime for unemployment benefits to protect workers in sectors impacted by the partial suspension of activities due to the health emergency, who are not included in the general unemployment benefit system (responsibility: MTSS).	Fulfilled (Q1 2020)	
	3.5 Extend the deadline for vehicle registration fees (Congress of Mayors).	Fulfilled (Q1 2020)	
Strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to increase business liquidity during the health and economic crisis.	3.6 Extend the deadline for February and March value-added tax (VAT) payments for taxpayers covered pursuant to the 1996 Consolidated Law, Title IV, Article 52, Subparagraph E, with such tax obligations to be payable in six equal consecutive installments commencing in May 2020 (responsibility: DGI).	Fulfilled (Q1 2020)	3.3 Modify the tax framework applicable to microenterprises and small businesses, to promote liquidity, facilitate investment, and support their development and competitiveness.
	3.7 Implement a 40% exemption on employee and employer contributions for the industry and commerce sector from the sole-proprietor benefit and the sole-proprietor social tax payable to MIDES, applicable to taxes accrued for March and April 2020, and establish a provisional payment plan system for the remaining 60%, payable in	Fulfilled (Q2 2020)	3.4 Discontinue special measures related to tax moratoriums and social security contributions adopted to address the health crisis.

Components/ Policy objectives	Programmatic loan I Policy conditions	Fulfillment status of programmatic loan I conditions <sup>1</sup>	Programmatic loan II Triggers
	six equal consecutive installments commencing in June 2020.		
	3.8 Establish the "SIGa Emergencia" line of credit, to serve the credit needs of MSMEs arising from the health emergency, in order to provide credit for working capital, investment capital, and restructuring of previous credit obligations (responsibility: SIGa).	Fulfilled (Q2 2020)	3.5 Evaluate the guarantee lines opened to MSMEs due to the health emergency, looking at the need to maintain these lines of credit to support their recovery.
<b>Component 4: Institution-strengthening for the execution of public spending and delivery of essential services</b>			
Support the effective and continuous provision of essential goods and services through public policy and management measures	4.1 Develop recommendations to implement telework for government offices serving the public, as a temporary, exceptional, and preventive measure (responsibility: SINAIE).	Fulfilled (Q1 2020)	4.1 Approve the creation of the Public Policy Monitoring and Evaluation Agency.
	4.2 Implement the "CEIBAL en Casa" at-home education initiative, to mitigate the effects of classes being suspended due to the health crisis.	Fulfilled (Q2 2020)	4.2 Approve the creation of the Public Policy Monitoring and Evaluation Agency.
	4.3 Begin implementation of measures to support Internet access for the population amid the COVID 19 health crisis (responsibility: ANTEL).	Fulfilled (Q1 2020)	
	4.4 Establish an alternative mechanism to facilitate the filing of individual income tax returns, enabling nonresidents to file their returns in electronic format (responsibility: DGI).	Fulfilled (Q2 2020)	4.3 Approve reforms to procedures, digital processes, and public procurement methods aimed at improving their transparency and effectiveness.
<b>Component 5: Economic and fiscal strengthening for the post-pandemic period</b>			
Promote economic and fiscal recovery in the post-pandemic period	5.1 Form an interagency workgroup to address the ongoing assessment of the measures that have been and will be implemented, and to guide actions for economic and fiscal strengthening in the medium term.	Fulfilled (Q2 2020)	5.1 Implement improvements to the corporate governance framework for State-owned enterprises, including statement of purpose, selection of directors, responsibilities of general managers, and borrowing and financial management capabilities.
	5.2 Prepare a technical document estimating the fiscal costs of the reform package to address the COVID-19 health crisis.	Fulfilled (Q2 2020)	5.2 Approve and implement a fiscal rule with safeguard clauses for flexibility. 5.3 Create and implement an expert committee to help prepare calculations for the public sector structural balance. 5.4 Create and implement a fiscal advisory board to provide fiscal policy advice to the MEF. 5.5 Approve the creation of a stabilization fund to support countercyclical fiscal policies. 5.6 Create a commission of social security experts for tasks that include analyzing the different social security systems, preparing diagnostic assessments of these systems, and making reform recommendations.

## RESULTS MATRIX

<b>Program objective:</b>	The general objective of the program is to strengthen the efficiency and effectiveness of public policy and fiscal management in response to the health and economic crisis caused by COVID-19, through the design and implementation of effective and fiscally responsible policy measures. The specific objectives are: (i) to promote the availability and timely execution of public resources to respond to the health crisis caused by COVID-19; (ii) to strengthen the countercyclical effect of fiscal policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis; (iii) to support the effective and continuous provision of essential goods and services through public policy and management measures; and (iv) to promote economic and fiscal recovery during the post-pandemic period.
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## EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Base year	Final target	Final year	Means of verification	Comments
Coverage of COVID-19 tests	Percentage	0.4	2023 (23 April)	1%	2020	SINAE reports	Ratio of number of tests conducted to the country's population
GDP gap	Percentage	-1.4	2019	0	2022	BCU and WEO	The indicator measures the difference between the economy's potential and observed GDP
Government primary balance	Percentage	-1.7	2019	-0.8	2022	BCU and MEF	Primary fiscal balance of the nonfinancial public sector as a percentage of GDP (excluding impacts of the pension reform known as "Ley de Cincuentones")

## EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Base year	Final target (12/3/2020)	Means of verification	Comments
<b>SPECIFIC OBJECTIVE 1:</b> Promote the availability and timely execution of resources to respond to the health crisis caused by COVID-19						
Resources budgeted for the health sector's operating expenses	Percentage of health sector budget	27	2019	28.35	Budget in effect and additional resources allocated to the health sector through the COVID-19 fund	Percentage increase of resources for the health sector's operating expenses, because of allocations from the COVID-19 fund  <b>Baseline formula:</b> [2019 budget for health sector operating expenses / 2019 health sector budget] x 100  <b>Target formula:</b> [2020 budget for health sector operating expenses + COVID-19 fund allocation for health sector operating expenses / 2020 health sector budget] x 100

Indicators	Unit of measure	Baseline	Base year	Final target (12/3/2020)	Means of verification	Comments
Consumers using the digital app to track the spread of COVID-19	Number	25,000	2020 (3 April)	500,000	AGESIC report	Consumers who download the app
Average tariffs for healthcare products	%	19	2019	5%	MEF report	Decrease in average tariffs for healthcare products
<b>SPECIFIC OBJECTIVE 2:</b> Strengthen the countercyclical effect of public policy through the temporary introduction of measures to protect the income of vulnerable households and increase liquidity for businesses during the health and economic crisis						
Average subsidy received by each food assistance beneficiary household through emergency programs	Ur\$/month	2,600	2019	2,816	MEF and MIDES records	Prorated monthly increase in the benefits received by households through the Tarjeta Uruguay Social food card
Beneficiaries of mortgage loan payment moratoriums	Percentage	30	2020 (30 April)	90	Banco Hipotecario de Uruguay report	Ratio of moratorium beneficiaries to total mortgage loan portfolio at Banco Hipotecario de Uruguay
Taxpayers benefiting from moratoriums and subsidies for social security contributions	Percentage	0	2019	56	Banco de Previsión Social and MEF records	Ratio of beneficiary companies to total number of companies
Claims for temporary unemployment benefits defined under the special regime	Percentage	5% (31 March)	2020	37%	Banco de Previsión Social and MEF records	Percentage of monthly temporary unemployment benefit claims to total unemployment claims
Beneficiaries of the deadline extension moratorium for the payment of vehicle registration fees	Percentage	0	2019	10%	Single Collection System for Vehicle Registration (SUCIVE)	Percentage of beneficiary taxpayers divided by total number of taxpayers
Sole proprietors paying simplified monthly taxes benefiting from emergency subsidies	Percentage	0	2019	25%	MEF and Banco de Previsión Social records	Percentage of sole proprietor beneficiaries divided by total number of sole proprietors
Companies claiming VAT-payment moratoriums	Percentage	5% (31 March)	2019	11%	DGI records	Percentage of beneficiary companies divided by total number of companies registered with the DGI
Guarantees issued by the SIGa	Number	1,901	2019	2,500	SIGa records	Total number of guarantees issued by the SIGa
<b>SPECIFIC OBJECTIVE 3:</b> Support the effective and continuous provision of essential goods and services through public policy and management measures						
Use of electronic communications tools in government agencies	Percentage	12	2019	48	MEF technical report	MEF personnel using electronic communications tools for telework
Users of the "CEIBAL en Casa" plan platforms	Percentage or number	18,827 (13 March)	2020	302,930	CEIBAL plan reports	Number of daily platform users before and after the decision to suspend in-person classes due to COVID-19

Indicators	Unit of measure	Baseline	Base year	Final target (12/3/2020)	Means of verification	Comments
Households with expanded universal healthcare plan coverage	Percentage	0	2019	12%	National Telecommunications Administration (ANTEL)	Percentage of households receiving internet access service benefits divided by total number of ANTEL internet service customers
<b>SPECIFIC OBJECTIVE 4:</b> Promote economic and fiscal recovery in the post-pandemic period						
Fiscal expenditure on unemployment insurance	US\$ millions	218	2019	354	MEF	Amount of unemployment insurance outlays for the State

### OUTPUTS

Outputs	Unit of measure	Baseline	Base year	Final target (2020)	Means of verification	Responsibility
<b>Component 2: Strengthening public policy and fiscal management to respond to the health crisis caused by COVID-19</b>						
Creation and implementation of a "Fondo Solidario COVID 19" [COVID 19 Solidarity Fund] to assist with government activities to protect the population amid the national health emergency. The fund may include resources such as: (i) contributions and revenue from nonprofit organizations with public interest objectives and government-owned banks; (ii) specific funds from loans provided by international and multilateral lenders; (iii) cash grants; (iv) the revenue collected through the COVID-19 health emergency tax; and (v) the revenue collected from additions to social security contribution taxes.	Law	0	2019	1	Approved Law 19874 to create COVID-19 fund	MEF and MSP
Inclusion of the diagnostic procedure for the COVID-19 test, reverse-transcription polymerase chain reaction (RT-PCR), in the comprehensive healthcare programs and the list of benefits established by the MSP.	Decree	0	2019	1	Approved Decree 118/020	MSP and MEF
Creation of the Coronavirus.uy app to connect people who present potential COVID-19 symptoms with healthcare providers, aimed at decreasing wait times for appointments and care related to the COVID-19 health emergency.	App	0	2019	1	Downloadable Coronavirus.uy app. Printed reports prepared by the app.	AGESIC
Special public spending audits (medical goods and services) conducted through the COVID-19 fund	Number	0	2019	1 2021	Audit reports	MEF

Outputs	Unit of measure	Baseline	Base year	Final target (2020)	Means of verification	Responsibility
Approval for the temporary or permanent import or export of specific goods, tax-free and with simplified customs processing, to address the healthcare needs associated with the health emergency declared in response to the COVID-19 outbreak.	Resolution	0	2019	1	MEF Resolution (unnumbered) of 24 March 2020, published on 27 March 2020	MEF
<b>Component 3: Strengthening public policy and fiscal management to respond to the economic crisis</b>						
Declaration of mortgage loan payment moratoriums as part of household financial assistance measures for April and May 2020.	Resolution	0	2019	2	Resolutions from Banco Hipotecario de Uruguay and National Housing Agency	Banco Hipotecario de Uruguay and National Housing Agency
Increased food assistance for low-income households in April and May by means of higher cash transfers to beneficiaries of the low-income household food card (Tarjeta Uruguay Social).	Signed resolution	0	2019	1	Resolution DS/14 of 1 April 2020 from the President's Office Resolution 0930/020 of 14 April from the MIDES	MIDES
Creation of a subsidy for sole proprietors paying simplified monthly taxes to the MIDES during April and May 2020.	Enacted law	0	2019	1	Law 19,887, Creation of the Subsidy for Sole Proprietors Paying Simplified Monthly Taxes to the MIDES	MEF and MIDES
Special regime for unemployment benefits to protect workers in sectors impacted by the partial suspension of activities due to the health emergency, who are not included in the general unemployment benefit system.	Copy of resolutions	0	2019	0	Resolutions 143 and 163; and Unnumbered Resolution Creating the Special Regime for Unemployment Benefits and Extending Them to 31 May 2020	MIDES
Deadline extension for payment of vehicle registration fees.	Approved extension	0	2019	1	Circular of the Congress of Mayors	Single Collection System for Vehicle Registration (SUCIVE)
Deadline extension for February and March value-added tax (VAT) payments for taxpayers covered pursuant to the 1996 Consolidated Law, Title IV, Article 52, Subparagraph E, with such tax obligations to be payable in six equal consecutive installments commencing in May 2020.	Published resolution	0	2019	1	DGI Resolution 550/2020	MEF

Outputs	Unit of measure	Baseline	Base year	Final target (2020)	Means of verification	Responsibility
Implementation of a 40% exemption on employee and employer contributions for the industry and commerce sector from the sole-proprietor benefit and the sole-proprietor social tax payable to MIDES, applicable to taxes accrued for March and April 2020, and establishment of a provisional payment plan system for the remaining 60%, payable in six equal consecutive installments commencing in June 2020.	Approved law	0	2019	1	Law 19872	MEF and MTSS
Establishment of the "SIGa Emergencia" line of credit, to serve the credit needs of MSMEs arising from the health emergency, in order to provide credit for working capital, investment capital, and restructuring of previous credit obligations.	Issued circular	0	2019	1	Circular 2020/04	SIGa Emergencia
<b>Component 4: Institution-strengthening for the execution of public spending and delivery of essential services</b>						
Development of recommendations to implement telework for government offices serving the public, as a temporary, exceptional, and preventive measure.	Recommendations issued	0	2019	1	Telework recommendations for public government offices	SINAE
Implementation of the "CEIBAL en Casa" at-home education initiative, to mitigate the effects of classes being suspended due to the health crisis.	Activity packages	0	2019	3	Technical report	CEIBAL and Ministry of Education plan
Implementation of measures to support Internet access for the population amid the COVID 19 health crisis.	Adopted measures	0	2019	1	ANTEL press releases	ANTEL
Alternative mechanism to facilitate the filing of individual income tax returns, enabling nonresidents to file their returns in electronic format.	Published resolution	0	2019	1	DGI Resolution 632/2020	MEF
<b>Component 5: Economic and fiscal strengthening for the post-pandemic period</b>						
Interagency workgroup assesses the measures adopted to address the health crisis caused by COVID-19 and guides decision-making for subsequent economic and fiscal strengthening.	Minutes	0	2019	1	Signed minutes	President's Office and Planning and Budget Office (OPP)
Estimation of the fiscal costs of the reform package to address the COVID 19 health crisis.	Technical report	0	2019	1	Technical report	MEF

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/20

Uruguay. Loan \_\_\_\_/OC-UR to the Eastern Republic of Uruguay. Program for Strengthening Public Policy and Fiscal Management to Address the Health and Economic Crisis Caused by COVID-19 in Uruguay

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Eastern Republic of Uruguay, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program for Strengthening Public Policy and Fiscal Management to Address the Health and Economic Crisis Caused by COVID-19 in Uruguay. Such financing will be in the amount of up to US\$350,000,000 from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on \_\_\_\_ 2020)