



## **SPECIAL COMMISSION ON FUTURES**

*(Session held on November 23, 2021).*

**MR. PRESIDENT.** -If there is a quorum, the session is open.

*(It is 2:09 p.m.)*

- In accordance with the second point on the agenda, we give the Welcome to Mrs. Celia Ortega and Mrs. Valeria Bolla, Resident Representative and External Affairs Officer of the World Bank, respectively, who will present the systematic country diagnosis prepared by that organization.

We would also like to thank Ms. Lourdes Rodríguez Chamussy, Senior Economist in Poverty and Equity at the World Bank, Mr. Fernando Giuliano, also a Senior Economist in Macroeconomics and Fiscal Management, and Mr. Marcos Larizza, Senior Specialist in Public Policy, Governance and the Public Sector, for participating in this virtual meeting.

We salute the legislators who are members of this commission and also the Mrs. Lydia Garrido, who accompanies us in this process.

We have had the opportunity to read a report called "Just in Time" "Time", which ended in 2020 and which we are going to distribute to the members of this commission because it is really very interesting, extremely useful for all of us and we will probably have an opportunity to reflect on its content later.

Mrs. Ortega has the floor.

**MRS. ORTEGA.** -Good afternoon.

Thank you very much for welcoming us back to this very room where we met on 27 September when the Special Commission on Futures was launched, an initiative that excited us and continues to do so today because we believe that we really need to think "just in time" – as the President of the Commission mentioned – about demographic and technological challenges, human capital and the work that lies ahead. We are therefore very committed to this agenda on which we have been working.

We have done numerous studies and, personally, I find it relevant. share them. One of them is the publication that was already mentioned here, called "Just in time", which we sent to the offices a few weeks ago. Once you have had a chance to take a look at it, we offer to bring its authors to share, discuss and criticize, as a way of providing input to this advisory committee. In that case we are talking about a topic much more limited to what is the agenda of the committee; today we are going to look at a broader framework and have something like the vision of Google Earth –as I always say– when we do the *zoom out* And we leave our neighborhood, our city, Uruguay, and suddenly the whole world is visible. It is a perspective that I think is tremendously necessary to then follow the steps of the country's economic transformation agenda.

My colleagues Fernando Giuliano, Lourdes Rodríguez and Marco Larizza form a team that has been working for a year on updating what we call the systemic diagnosis of the country, which we do every five years in all countries of the world and which basically follows the vectors of growth and development. We often wonder if this vehicle that has brought us here is going to be the one that will take us further. What are the most critical elements of the economy? Which are the most important and which are the most urgent?

On this occasion they updated the 2015 document because they realized I realize that not much has changed, that is, there are no major changes since those years, but it is true that things are becoming more pressing, more urgent and that more action is really needed on the part of decision-makers.

This is a document that we have not yet published, which we will send to the bank's board of directors and which will then be made public; in fact, tomorrow we will share it with the Ministry of Finance.

We are at a point in time when we have narrowed down the issues that we consider most fundamental so that Uruguay continues to have the per capita income it deserves, so that it remains anchored and we do not go backwards, but, above all, to return to growth and in this we will again see that the human factor plays a fundamental role.

I will not keep you any longer and will give the floor to Fernando Giuliano, who will begin the presentation.

**MR. GIULIANO.** -Thank you so much.

It is an honor and a pleasure to be here and to be able to share our work with you.

On my screen you can see the presentation.

*(Slides are displayed).*

– As Celia Ortega said, this work is led by Marco Larizza, Lourdes Rodríguez and myself, over the last year. It is the update of a more comprehensive diagnostic work that was carried out in 2015 because, precisely, we saw that in reality the main problems or obstacles in the inclusive growth process that were identified that year are still present today and continue to be considered as main problems.

The context has changed significantly; in 2015 the economy was still growing strongly, but even then certain aspects were identified that are still relevant today. This work informs the framework of the World Bank's partnership with the country, which will be carried out next calendar year.

We want to share with you the narrative, that is, how we see this process of inclusive growth that has been taking place in Uruguay since the last major economic crisis, what changes occurred in that process and what were the main factors that influenced it, in order to then go on to identify the most important aspects that we believe are influencing the slowdown in growth that has been observed in recent years.

We see the process of inclusive growth that took place between 2003 and 2019 in general – but between 2003 and 2015 in a stronger and more conclusive way – as the result of the conjunction of various aspects, some related to Uruguay's historical strengths and others to elements with a certain degree of novelty. Within the former, the main factor of historical strength that we believe had to do with the good economic performance between 2003 and 2009 was this solid Uruguayan social contract, this value for democracy, civil dialogue and relatively low polarization. This has always characterized Uruguay, but clearly, on its own, it was not enough, in past times, to drive a significant inclusive growth process. In addition to this element, in the years following the crisis, some other more or less novel ones were added that helped these successful results. Firstly, there was good macroeconomic management; fiscal policy, more prudent monetary policy, the flexible exchange rate, all these kinds of factors helped the economic results we saw in that period.

Another important element is the lower regional exposure, mainly with neighbouring countries, Argentina and Brazil; given their macroeconomic fluctuations, separating itself from them in financial and commercial terms ended up being beneficial for Uruguay.

Finally, we highlight a set of effective social policies. This also has a mix of novelty and historical Uruguayan strength; part of the solid social contract has to do with a strong social support network, at least in regional terms. During the process that took place between 2003 and 2015, there were policies that reinforced these social policies and we believe that, as a whole, once they were combined with very favorable external conditions – which positively affected not only Uruguay but the entire region – they resulted in this inclusive growth, with the

best results in the country's history, we could say, if we look at both the growth and inclusion side. The country achieved high-income status and investment grade rating.

Now, this virtuous process that combined these factors began to lose momentum starting in 2015. If one looks at economic growth, one sees that high growth rates lasted until 2014 or 2015, but from then on there was a very pronounced slowdown, going from an average of 5% to less than 1%. The review of the national accounts showed an even worse picture. This was before the Covid crisis in 2020. This means that the model was already showing some flaws, I repeat, even before the advent of the pandemic. This is also reflected in issues related to poverty and inclusion.

I now give the floor to my colleague Lourdes Rodríguez.

**MRS. RODRIGUEZ.** -Indeed, associated with this process of growth stagnation, poverty reduction was also affected, above all, because the main driver behind a fairly successful reduction in poverty since 2006, which was labor income, was practically absent after 2015. What remained as a determining factor, which still served to reduce poverty, was the part of transfers from social programs, something that clearly helps to support the most vulnerable, but is not the factor that will drive important segments of the population towards the middle class. So, the process, which had been quite successful, of incorporating population into the middle class has been stagnant since 2015; even before the pandemic, there was already an incipient reversal of the trend in terms of poverty. There are also clearly structural restrictions that have prevented convergence between groups; Therefore, although significant progress has been made in reducing poverty for all groups, there is always a gap between the different age groups - children and adolescents still represent the largest incidence group of poverty - with the Afro-descendant population and by geographic area, because there continues to be a phenomenon of greater poverty in Montevideo and the north of the country.

This slowdown, this stagnation of the poverty reduction process occurs in a context of several challenges for Uruguay: certainly, a limited fiscal space; a condition of the demographic transition in which there is little room left for the demographic bonus because soon the proportion of the population that is economically active will be reversed –which gives an urgent character to the better use of human resources for productivity and to grow the economy–, and a context of overlapping dimensions of exclusion in some groups of the population. We speak, for example, of poverty being concentrated in the north and in some of the municipalities of Montevideo, where we often see an overlapping of dimensions of deficiencies: deficiencies in housing and in terms of access to certain services, lack of income and possibilities to improve the human capital of this population.

These dynamics also perpetuate intergenerational imbalances and gender gaps, which are still significant for Uruguay, at least in terms of labour participation. Despite being the country with the best indicator in the region in terms of inequality, when analysed by income deciles, Uruguay is still not positioned equally well in terms of parity between men and women in labour participation: only half of women are participating in the labour market. Finally, climate change, which is not new, is another of the challenges faced and which accentuates some of the priorities for Uruguay.

In this context, the pandemic has made some of these challenges more important or more prominent. For example, we must pay more attention to the debt; the need to develop educational capacities and, with them, make use of technological change, the reduction of segregation, of the barriers to women's participation in the labour market and, obviously, the attention to inequalities in access to the infrastructure of basic services is more urgent than ever. The pandemic brings additional problems - which perhaps we have not yet measured well - in terms of regression in the dimensions of education and health, above all, and some reversal of achievements that Uruguay had had in gender gaps, in women's economic participation.

Of course, the pandemic also brings opportunities. For example, there is accelerated modernization in areas such as telemedicine, statistics, the digital economy, and clearly, it is an important and key moment to take advantage of them. In this context, the critical areas identified in the analysis we have done to revitalize development are four, and for each one we do another more in-depth analysis on the institutional restrictions. The four critical areas have to do with creating the conditions for a more competitive and global economy; transforming the education system, as there is clearly a consensus in Uruguay, in order to improve learning outcomes and their relevance, especially for the labor market; improving the quality of infrastructure in basic services and the corresponding access of the population, and promoting green growth by strengthening markets, so that quality jobs are created and there is resilience to climate change.

As I was saying, we have a cross-cutting vision of these challenges, let's say, with the element of inclusion, so that the entire population is considered in order to improve them, and behind them we carry out an in-depth analysis of the underlying restrictions in institutional terms. In this regard, if the President considers it appropriate, my colleague, Marco Larizza, will be able to explain what our conceptual framework is and what we find in this institutional analysis.

Thank you so much.

**MR. LARIZZA.** -Before we get into what we did on the functional side, it might be good to emphasize why we are doing it.

As Ms. Rodriguez said, one of the added values of this diagnosis is to go a little beyond sectoral issues and identify how the institutional architecture could be a contribution or an impediment to development. This perspective is justified by the literature that exists at a global level and also by the historical experience of other countries, which show that once a medium-high level of development is reached, to a certain extent the institutions adapt or change in relation to a changing economic context or economic power. That is one of the factors that explains the success of these economies; they are the ones that grow the most, those that can sustain that growth and they are the countries that were successful in changing the rules or adapting the institutional architecture to the new economic context. This is a bit of the motivation.

Ultimately, what we did was start with a mapping; in fact, we developed a new conceptual framework that looks at different institutional dimensions that are important for each country and we mapped them with international indicators that exist in the market to see how Uruguay stood in relation to each of those dimensions. You could say that we measured the quality of institutional capital in relation to two dimensions to see where Uruguay stood in terms of performance in terms of the global frontier and also – perhaps more importantly in this context – how Uruguay performed in relation to the comparison groups. Here we compared Uruguay not only with the largest economies in Latin America – that is, with the region – but also with economies that are at the same income level and with aspirational comparators, that is, with the OECD economies.

This empirical analysis shows that there are elements of strength and elements of institutional capital. It is not new nor does it surprise anyone that Uruguay has very strong capital in terms of relations with political or social institutions, and this is related not only to the quality of democracy, but also to a very inclusive decision-making process, a strong social contract – as mentioned above – and labour relations that provide rights and protections to workers. These are aspects that are very advanced in relation to the comparators.

However, there are still other areas – as shown in this comparative work in the area marked in red – where performance is very weak compared to the comparators.

So there is a hard core of functions that are important at the system level. A state where performance is weak, such as public sector management, that is, in matters of human resource management, the practice of high precision or the ability to coordinate between the different levels of government, as well as issues related to the governance of public companies and all institutions that have to do with trade and business. I mean that the institutional architecture is not useful or is not functional when it comes to addressing results in matters of development or sectoral strategies.

Why is this happening? Precisely, in the final part of the document we observe how these elements affect the results in development issues and what is the relationship between the institutional architecture and the development gaps and challenges that we are identifying. And we are going to do that in each area.

**MR. GIULIANO.** -As Marco Larizza mentions, given these institutional restrictions at a general level, the next step is to try to see in each of the identified areas how they affect or what are, at a lower level of granularity, the restrictions that specifically affect each of the critical areas that we presented before.

The first of these is to create the conditions for a more sustainable economy. globally integrated competitiveness. Since we made the diagnosis in 2015, Uruguay's integration into international trade has been affected and its aggregate productivity has slowed down and even turned negative. The idea that Uruguay has become an expensive and uncompetitive country with the rest of the world is more evident than ever, and this can be seen in the results. Trade in relation to GDP fell below 50%, having reached a peak of 65%. Other aspects such as the small and superficial financial sector, we believe, continue to have a relevant importance in terms of Uruguay's competitiveness results. We also highlight the tensions between the importance of competitiveness to gain productivity and the preference for a strong State with a regulated labor market, and of course also everything that has to do with the inclusion of women in the labor market. A lot is being left on the table due to the fact that a large part of women are not integrated into the labor markets.

What types of issues do we identify as institutional factors that How do these impact the results related to competitiveness and global integration? There are some examples. In the other areas we have a bit more detail, but, for example, we see the limited access to external markets that derives from the self-imposed restrictions by Mercosur. One issue that we also identified and talked about in some detail is the weaknesses in the competition framework. There is fragmentation of the different authorities in charge of competition-related issues, in terms of the empowerment of the competition commission and the powers to enforce the law, among others. At the same time, we identify the pressure that the pension system exerts on fiscal accounts as an issue related to the overall competitiveness of the economy. A larger fiscal deficit diverts resources from the private sector, increases macroeconomic risks, increases the rate that companies that have access to the financial market can access, etc. These are simply some of the elements or institutional factors that we identify as related to this critical area I. My colleague, the economist Rodriguez, is going to talk about what is related to critical area II.

**MRS. RODRIGUEZ.** -This is what we had discussed regarding the consensus on the need to transform the education system and improve learning outcomes and, furthermore, their relevance to work.

One fact that is quite striking: the expectation for a Uruguayan child born today is that by the time he or she turns eighteen he or she will only reach 60% of his or her productive potential. This clearly requires a transformation in terms of how human capital is developed and the incentives that young people today have to stay in school. 43% believe that education does not prepare them for jobs in the future, and this compares with 36% in the region. 15% of young men are not in school; this corresponds to double the average of OECD countries and triple the rate of structural peers. In addition, as we had commented, there are overlapping institutional dimensions so that there is a high gradient by income group. You can see this in the graph. Uruguay has the lowest levels in terms of the secondary education completion rate for young people who have turned twenty-two. This is true compared to the six large economies of Latin America with their peers identified as structural and with the OECD, but, in addition, the gradient in terms of the lowest income quintile and the highest is very alarming in terms of heterogeneity.

Behind this we can diagnose some examples of institutional factors linked to a governance structure that is fragmented –this is something particular– in the educational system in Uruguay and that has an impact on monitoring and on how the indicators of quality of education are arrived at. There is a certain rigidity in the practices of management of human resources of teachers and their interaction as administrators also in the educational system and, in addition, an image to increase transparency in the use and distribution of public resources in schools. These are some examples of the underlying institutional factors in this area.

Mr. Larizza will refer to Critical Area III, if the President allows it.

**MR. LARIZZA.** -In relation to infrastructure in basic services, we mainly look at three sectors: electricity, water and sanitation, and transport.

We look at the data with a comparative approach – how the country is performing, the challenges – and then we look at the underlying functional elements. Looking at what happens, for example, in the water sector, we see that access is fairly universal and Uruguay is positioned very well in that regard, but the coverage of sanitation services is quite low. There is a gap, as shown in the graph: the proportion of the population that has access to clean water and these services is much lower in relation to the comparative data for regional, structural and OECD countries.

In the case of electricity, it is different because there is still no problem of access. I am referring to the issue of efficiency, such as the interruption of electrical services or quality and prices in terms of tariffs, especially at the residential level. There are higher prices in other countries. In the matter of transport, the problem is the impediment due to economic activity, as shown by the different surveys.



So, there are multiple factors. The chapter contains a very detailed analysis. Here we only highlight the issue of governance of public companies such as OSE and UTE. It is important to look at what the transversal factors that contribute to these results may be. Public companies in Uruguay have a key role, but it is not yet clear how their performance is evaluated and monitored. This is a challenge, because sometimes the strategic objectives at a general level are well clarified, but there are no defined performance objectives. Sometimes the objectives are not even very clear when separating, for example, commercial objectives from social objectives. So, this lack of clarity prevents different actors from monitoring their performance effectively.

The other challenge we highlight is the lack of independence. Perhaps Ursea's task of determining rates can be strengthened and performance can be improved based on these indicators we highlight.

The last point we are going to consider is related to growth. It is a very rich chapter where sectoral and transversal elements are identified that Uruguay has to address. Our country is very well positioned in this area. Many important advances have been made in the economy. The global context is still changing due to climate events that are more recurrent and the country has to manage them. There are also challenges in issues such as managing the intensification of agricultural activity – which is a key sector for the economy – and the conservation or protection of natural capital. It is about avoiding the intensification of agricultural production because it can impact, for example, water quality or generate negative effects in sectors such as tourism. So, how comparative capital is developed and how natural capital is protected is an important challenge.

There are functional issues that must be addressed to ensure the achievement of those goals. Objectives. The budget system must be better managed in relation to climate change issues. Traceability is important to ensure monitoring of international commitments. It is essential that investments for the climate agenda be identified in the budget mechanism. Other countries are already doing this and Uruguay is a little behind in this regard.

Another element is the issue of coordination and not only at the central level, between different government agencies –and this, with the creation of the Ministry of Tourism, could be a very important step forward–, because there are different areas in which vertical coordination is needed. That is, strengthening is needed between the different levels of government with the municipalities and departments to address these challenges. That is another area where we have identified elements of weakness.

**MR. GIULIANO.** -This concludes our presentation. We have raised a few questions to start the discussion. This report, which is almost finished, will be short, but it will refer to many of the analytical works we have been doing, so if you have a particular interest in any of the topics you can look in the additional reports for more details on each of the areas.

Thank you very much for listening to us and we are at your service regarding your comments or suggestions.

**MR. PRESIDENT.** -Thank you very much.

Naturally, for us it is a very important input. You can't think in anticipation methodologies for challenges to be addressed if we do not start from reality. The World Bank's perspective, especially bearing in mind that they have been doing this for a long time – you stated that this is an update of the report – will undoubtedly be very useful.

I don't know if the members of the committee would like to ask questions or make comments.

**MR. CARBALLO.** -We thank the World Bank delegation.

We share the statements made by the President a few moments ago, stating that these are very important inputs for the task and work that we have to carry out in this commission.

I agree with the level of growth that the country had from 2003, 2004 and 2005 until 2015. I feel that, indeed, there was very significant growth in that period.

I think it would be good to be able to go deeper into some of the topics. One of them it has to do with the demographic situation of the country. In the introduction it was said that one of the topics was linked to the demographic and technological situation, but I think that demographics should be central. In addition, we must take into account how migrant populations play a role in this treatment, since today we are having, fortunately, a significant influx of people from outside the country who, to a large extent – and to put it bluntly – are saving our money. In this case we should think about what the incentives should be, given the low birth rate we have in the country. I think that this is a really important issue.

The agenda of this commission includes everything related to the environment and, since we talked about transport, everything related to the use of electricity. One must necessarily think in the direction of individual transport and everything related to electric transport. That is part of certain policies that should be considered, especially in relation to taxes. Something that is not minor, also linked to the environment, is livestock and electricity, which was one of the issues raised. I think we should also look at that issue.

And one last thing is linked to that growth and its impact on certain populations. I would ask you if you could elaborate on that. The Afro-descendant or Afro-Uruguayan population was mentioned. Perhaps for our task and work it would be good to have a little more information on that subject.

Thank you so much.

**MRS. SANGUINETTI.** -I greet the delegation and thank them for the presentation, which was very interesting. I think that many areas were opened up that we could talk about for hours, but I would simply like to focus on a topic that was mentioned in passing; I am referring to the consensus to transform the educational system. I think that here we are losing the future of Uruguay in relation to one of the topics that, for the moment on a personal level, I consider most pressing. I think that we all have different statistics regarding expenditures and so on. This is the first time that I have heard that a Uruguayan child born today reaches 60% of his productive potential at eighteen years of age. I think that it is a rather graphic way of putting it on the table.

In short, I think that from this commission, in this which was taken as a fact the consensus, it seems to me that the entire political system that is represented here has an important duty in relation to the discussion that will take place in the following years. It seems to me that there is a space to work on from this specific commission.

Thank you so much.

**MR. VALDOMIR.** -I would like to thank the delegation. The report was very comprehensive. We hope to have a final version of it so that we can read it in more depth.

I would like to ask two specific questions on two aspects to find out how you view them, although they are mentioned there as indicators and possible critical areas to be further analyzed.

My first question is related to the issue of limited fiscal space. This is something that both the current and previous governments have faced as the main constraint for the implementation of public policies. In what sense is there room to expand the discussion in this sector in relation to the tax issue? Often, when we talk about the quality of public services in our country, it is said that they are of an extended nature, especially what has to do with universal access to drinking water, but with taxes that are still very low in relation to the size of the population and the need we have to universalize other basic public services, particularly what has to do with sanitation and access to sustainable or equitable transportation for the entire population. As long as there is no discussion regarding the increase in the tax base, it is difficult to think about having other sources of financing for the expansion of public services. How does the tax discussion fit into this institutional analysis that you are carrying out?

And the second question is about something that is linked to the above. You have expressed a strong concern for promoting the re-entry of women into the labour market and this goes hand in hand with public policies aimed at the care system. As we all know, the application of care systems are policies

that require a high level of resources. That is also part of a debate that is related to the fiscal space that each Government has to implement this type of policy. But without going into the part specifically related to the financing of care systems, I would like to know if you have seen questions, for example, about the very concept of the gender pay gap. I give this example because today we are on the verge of bills related to the stimulation of motherhood or the entry of women into the labor market, but we have limitations in the labor market that mean that women, due to their own vital dynamics, have to face tolls and obstacles to achieve salary parity with respect to male workers, and that is, in a certain sense, what may be limiting the demographic increase that was also pointed out.

My specific question is whether you have seen – among the actors you have consulted – any questioning of the concept of the “gender pay gap”, because in the political system in some cases we have been surprised by the fact that there are people who discuss this, when throughout the world it has a fairly common dimension and is widely used to graph the differences between men and women with regard to performance in the workplace.

Thank you very much again.

**MR. PRESIDENT.** -Naturally, any responses and comments deemed appropriate may be made during the remaining fifteen minutes, although we may later continue to delve deeper into these questions or observations by email or other means.

A specific question I am going to ask is regarding what they raised at the I started talking about –I thought I understood– the end of a situation of demographic bonus. I want to know what they are referring to.

Secondly, since they observed the need for adaptation of labor institutions, I would like to know if you have any clarification to make on this matter.

**MR. GIULIANO.** -Thank you very much for the questions and comments made. I think that many of them are directed at my colleague Lourdes Rodríguez. Perhaps the consensus on education reform is a key point. It seems that everyone recognizes that education in Uruguay today is a problem and that it needs to be reformed; we also said that in 2015 and five years later we are in the same situation, since there have been no relevant changes. So, it seems that something needs to be done because it is an important issue, but the urgency is not there. Therefore, recognizing something as important does not mean prioritizing it as urgent. In the matter of education we believe that the two things coincide: it is important and it is urgent – that is what we put forward in the report – but, perhaps, in Uruguay these two things are not yet aligned or the political economy of the reform still has a long way to go.

My colleague Lourdes Rodríguez will be able to address some points on Afro inclusion, demographic bonus and gender gaps, among others.

**MRS. RODRIGUEZ.** -Thank you very much for your comments and questions; I will try to cover all the issues you have raised.

Regarding the demographic situation, both the low birth rate and the aging of the population, when we say that there is a certain urgency to take advantage of human resources and we comment that Uruguay is in the last stage of the demographic bonus, we refer to the division of the total population that is of working age – that which is considered economically active – with respect to how many are economically inactive and, therefore, can be considered as a dependent population. So, the demographic bonus, while the economically active population is greater than the dependent population, leaves us...

*(Zoom connection is interrupted).*

– ... let's say, some possibility of saving, given that as the population goes As the population ages and births are few, more people will become dependent on each person who actively participates in the labour market. This is where some of the policies and challenges we identify are urgent; certainly, the use of the talent of the economically active population and women, who represent the largest proportion of the population outside the labour market today.

What policies could change this situation? They have a lot to do with policies to reconcile work and activities outside the home, with the family, that is, with activities within the home. And this has three categories: the first is the child care system that was already mentioned. While it is true that resources are required to have a system for providing care for children before school age, we must also look at the economic part, what we call the “care economy.” We must see how many jobs are generated in this provision of care and in what types of modalities this can occur, because public provision and financing are not always behind these systems. Globally, we have different modalities where a combination of public subsidy and private provision can be made, which creates this care economy, as well as evolving towards job creation and less public resources invested.

The second category is tax incentives or stimuli, for example, for large families. In several developed countries this has worked well in terms of influencing both birth rates and women's participation in the labour market. In other words, there is greater parity between men and women.

In the third category are maternity and paternity leave, and parental care leave; all of these are important. Uruguay is one of the countries that is at the forefront in terms of what exists and can be accessed, such as, for example,

half-time leave, which perhaps does not have the use it could have since only 4% of men in Uruguay use this benefit.

All these policies are also combined with social norms. Clearly, there are different ways to address these challenges and the significant intergenerational imbalances in Uruguay.

Finally, we would like to mention something regarding the Afro-Uruguayan population. There is a report from our colleagues on the social inclusion team in which we look in depth at the current conditions of the Afro-Uruguayan population and the gaps that still exist. We are happy to send you this report, which really contains very interesting data.

Thank you so much.

**MR. GIULIANO.** -The subject of taxes was mentioned and I would like to briefly address it.

We do not specifically talk about taxes or expenses as a Everything. In the report we specifically mention the issue of pensions as one of the priority issues related to demographics. We do not talk about the entire tax system, both expenditure and income, we do not focus on that, and it is clear that we do have other analyses of public expenditure in which we try to look at those issues.

In general, Uruguay does not have a very low average income for its level of development; however, let us consider that, as the country advances in its development process, the ratio of expenditure to GDP increases. When one looks at the different countries – this is an empirical fact – one observes that if this increase in expenditure on GDP is not accompanied by an increase in income on GDP, fiscal problems are clearly generated that impede this growth process. So, naturally, in this development process, these two variables, expenditure and income, should go hand in hand. As a specific response to the question, we say that we do not have data on tax revenue in this report. I ask Marcos Larizza if he has anything regarding this. *trade off* between labor institutions and competitiveness.

**MR. LARIZZA.**-There are no other comments.

**MR. GIULIANO.** -On that point, in that institutional diagnosis, labor institutions emerge as a strong point in Uruguay. That is a positive aspect, but when one looks at it from the competitiveness side, this is sometimes highlighted. *trade off*, as we economists say, between the objective of having a strong labor institutionality but, at the same time, the flexibility to adjust to diverse sectoral and company realities. This is also related to new technological developments and new demands for social protection that are more in line with the 21st century and not so much with the labor protection scheme of the 20th century, to which Uruguay seems to be more closely tied. This strength of Uruguay's labor institutionality comes a lot from what

It was a work pattern that has been challenged in recent decades by issues related to demographic and technological issues, and we do not have an answer. So, the challenge here is to try to update this labor institutionality to take into account or include these aspects that boost competitiveness without affecting what we believe is part of the core of this strong and solid social consensus that Uruguay has and that we see as a strength.

**MR. PRESIDENT.** -We are very grateful for the presentation, the summary and the report, and we will naturally be looking forward to the presentation of the final report.

*(Zoom connection is suspended).*

- I suggested that we take a few minutes to talk with the President of the World Bank, Celia Ortega, because I would like to share some of the proposals or offers that have been made to us for the future work of this commission. First, I would like to thank Mrs. Ortega for her willingness to work with us, for the presentation of the project and the report "Just in Time," which I highly recommend because it deals with more forward-looking issues and challenges that arise.

I would also like to refer to some other instruments that we will need and perhaps we will be able to count on the collaboration of the World Bank, for example, the possibility of having a platform that allows us to exchange ideas with citizens on the issues that we are going to address. You will remember that this is one of the challenges, beyond working with experts, because we also have to provide space for exchange and collective intelligence, with the contribution of civil society. Mrs. Celia Ortega has mentioned to us the possibility that the bank could offer us a tool of this type and perhaps some others, above all to accompany us in this process.

I want to thank you and share these words.

I don't know if you have any questions or comments on this. Perhaps Ms. Celia Ortega can elaborate a little more.

**MRS. ORTEGA.** -Thank you again for having us and giving us the opportunity to do this basic test.

It is true that we have been thinking about this concept - which we have happily put down in black and white - and I have something to share about the idea that I was putting forward regarding how we or you in this room are going to think about the work of the future. I think that it does not take a lot of mathematics to realise that the average age is quite high and we are talking about the work of the future. This seems to me to be a great challenge without listening to those who come behind, those who are entering the world of work, studying and why not, even middle-aged people who have twenty or twenty-five years ahead of them from now until they retire and know that they are going to have to work hard.

that we must transform. That is when I suggested to the president of this commission, legislator Goñi, how to open that window to listen, to see what the world is like outside, not only in Montevideo but a little further away, and to tell us how they see the future.

The other day I was talking to a Uruguayan colleague and he told me that they had done a survey in La Teja with ten-year-old children to see what they wanted to be when they grew up, and the four preferred jobs were police, military, soccer player and *youtuber*. The first ones almost expected it because it is a public job, sure –I admit it–, football player is obvious, but the *youtuber* They didn't expect it; five years ago nobody knew what that was. So, let's think that this platform can be yours – I don't know if you want to use it – so that it can be a two-way dialogue, or at least open that window and listen to how students, workers, in different areas, see the work of the future and so that this initiative really has perhaps that breadth that you want to give it.

That is why we humbly offered this technical assistance to be able to complement what our colleagues at UNESCO and UNDP are already providing, in order to open that window to the world that we hope will be two-way: both ways.

**MR. PRESIDENT.**-What do you think?

**MR. OLMOS.** -Good afternoon.

I think that's fine, but my fear is that this window will be so open that it will be unmanageable, as happens with the legislative initiatives that the then legislator Lema promoted from the presidency of the House of Representatives, which come from the most diverse topics, from the most diverse degrees of seriousness or depth and which are then somewhat difficult to process. Perhaps we should think a little in terms of limiting it mathematically or saying, for example, this year we are going to work on this topic, or something similar, because the future is so variable that it may not be very useful.

**MR. PRESIDENT.** -We are going to make an agenda and we will define a topic for each year – as the law requires – and in this way there would be a limitation. The representative of the World Bank informed us about the possibility that, in some way, this exchange could be oriented, that is, with a certain public and form, because the institution has already designed and offered these tools to other governments. Therefore, regarding these limits or this orientation there is already experience about how to do it. Naturally, with this we will go by the trial and error method. This dimension also implies experimentation and innovation. This tool, which Parliament certainly used for a certain objective, also had its learning – as I think we have all observed – but, in this matter, perhaps it would be the most economical way – in the deepest sense of the term – to be able to make this exchange. Perhaps other ways would be even more unmanageable.



In short, if you like, we could move forward and when we have something more defined we analyze it.

**MRS. ORTEGA.** -We could send a note with the concept of the activities that could be covered, in order to share it and discuss it as a form of feedback.

**MR. PRESIDENT.** -OK.

We take a short break while we wait for the next delegation.

*(The shorthand version is temporarily suspended.)*

- The commission decided that it will not meet on November 30, but that it will organize and participate in the event to be held next Monday, December 6, when an agreement will be signed between the General Assembly and the UNDP, specifically to promote, authorize and enable the latter's support to the commission, which will translate into a secretariat and technical advice.

Accordingly, it is agreed to define a representative group of the parties - the governing coalition and the opposition - to move forward with the UNDP.

It is now time to move on to the third point on the agenda and, as indicated therein, to receive the delegation of the Republic of Finland, in response to the request to be received by this advisory committee to learn about our work and exchange ideas on issues of common interest between Uruguay and Finland.

*(The delegation of the Republic of Finland enters the room.)*

-We welcome the Ambassador of the Republic of Finland in Argentina, Kirsi Vanamo-Santacruz, Honorary Consul Andrew Cooper Gibson, and Councillors Emilia Ahvenjärvi and Tarja Laaksonen, whom we would especially like to thank for this visit.

As we have communicated through the Consulate in Uruguay and our ambassador in Finland, this Special Commission on Futures, which was launched very recently, has had as an inspiring model the Commission for the Future of the Parliament of Finland, which has not only inspired us, but we also hope to be able to learn a lot from that process. We congratulate them because this process that they have carried out in Finland has marked a path for other parliaments, which today, in this 21st century, is necessary to follow. No one escapes the common characteristic - because it is global - of accelerated changes, which can no longer be addressed from behind, but must be anticipated in order to prepare and fundamentally to take today the measures that allow us to take better advantage of what is coming, and that is what it is about.

This is why we are particularly interested in your cooperation. We received a letter from the Chairman of the Committee for the

The Future of Finland, which we read at the opening event. Naturally, we are very grateful for your visit because, I repeat, it is our wish, our interest, to be able to learn a lot from the Commission for the Future of the Finnish Parliament, but which is a system that has integrated the various actors in Finland.

**MRS. VANAMO-SANTACRUZ.** -Thank you very much. It is a great pleasure for me, for my team at the Embassy of Finland in Buenos Aires and also for our honorary consulate here in Montevideo to be able to visit you.

We have not been able to visit each other for a long time due to the pandemic and restrictions, but luckily it is now possible. It is also a great honour for me to visit the Uruguayan Parliament and have this meeting with the Special Commission on Futures.

Uruguay is a very important partner for Finland. We share the same values and have a mutual connection in the sense that we are small countries with much larger neighbours.

We appreciate the strong cooperation our countries have in the multilateral arena. At a time when multilateralism and the importance of the rules-based world order are increasingly being questioned, partners like Uruguay are very valuable to Finland.

Our countries also share a unique economic and trade relationship. The investments made in Uruguay by Finnish companies related to pulp and paper manufacturing are exceptional from a Finnish point of view. In this regard, we would like to thank the Parliament and the Government of Uruguay for the excellent cooperation with our companies.

We also hope to deepen our cooperation in areas such as digitalisation, cybersecurity, artificial intelligence, bioeconomy and circular economy, as well as in education, science and sustainable solutions for wood construction. I am pleased that in these sectors we already have a lot of cooperation and many concrete projects between Uruguay and Finland.

I am glad that you have been inspired by the Finnish Parliament's Commission for the Future and I would be very interested in learning about the functioning and plans of this commission.

Once again I want to say: thank you very much!

**MR. PRESIDENT.** -Thank you very much, Madam Ambassador.

We are just beginning the journey. We approved the creation of this parliamentary commission, which has its innovative characteristics, both in its methodology and in its composition, since it is bicameral. Here there are senators and

We are a group of deputies from all parties and we have decided to open this space with a broader time horizon, focused on the challenges of the changes that have accelerated in the 21st century, some of which – perhaps the most important – were already listed by the ambassador. Naturally, we must take into account the challenges of the digital transformation that has changed everything, not only in the economic aspect, but also in the educational, cultural and social aspects. Relations and coexistence today are impacted, in positive and negative ways, by the digital world; undoubtedly this also creates the challenge for us of knowing how far to set limits in relation to what Parliament has dedicated itself to regulating since its inception and what we have done about what happens in the physical world. Currently there is this discussion, this debate: how far it is appropriate to set these limits and also these guidelines in this digital world that, naturally, is still very new, but which at the same time requires us to anticipate what is coming. The speed of these changes, especially by the new generations, requires us to visualize, not with a methodology of fortune-tellers, but with a methodology of foresight and anticipation, like those that are being developed today in the world and that these futures commissions in some way adopt and practice, where there is collective validity. In Parliament and in the country we have all the experts that we have called or the main experts in the different areas – above all scientific and technological – who have already expressed their willingness to participate. It has really been a very important boost to have that willingness. In the first activities we have counted on them, with the most prestigious experts and the technological entrepreneurs who in Uruguay today have managed to stand out in the world. We also already have the main unicorns of Uruguayan entrepreneurs, who are willing and have in fact made time to work with this commission. So in this first event we have all of them and it is also clear that we have to do this collaboration on a global basis. There are many challenges that we have to address together; the easiest to understand is the climate because the world is one. Perhaps some might think about going to another planet, but most of us prefer to stay here because we think it is much more beautiful than any other we could ever know.

This care, naturally, has to be harmonious and compatible. with economic and productive development. I believe that the way in which we can direct this scientific and technological development will have good or bad consequences based on the care of our planet. I believe that is the main challenge.

Naturally, Madam Ambassador, there are other people in this parliamentary committee. technological challenges that have to do with the sustainability of the democratic system as we know it. We cannot ignore that this strong emergence of technological platforms also threatens to some extent, at least, the form of democratic coexistence that we have been developing in recent decades. Who designs the agenda and who has the possibility of censoring are issues that are too important for the democratic system to be ignored. And we have created this area that all political parties integrate equally to address these issues. There, yes, not only with a broader temporal extension but also with greater magnanimity and grandeur if we want to successfully address issues that are medium and long term – most of whose effects we may not see,

Although there are younger legislators, one hopes that future generations will somehow be able to count on tools and certain orientations that allow us to continue having a world with all the scientific and technological development, but humane. This does not happen spontaneously, because we know very well – history has shown us – that spontaneity has two faces; and the citizens choose us to seek and give guarantees that this human development can continue to materialize. I believe that the vast majority of the world's citizens are demanding that Parliaments address this challenge, in the sense of consolidating democracy and this sustainable human development. And I repeat: the force and intensity of these changes is such that one cannot naively leave to spontaneity the effects that we know have repercussions on the whole society, but above all on the most vulnerable. We all know that these changes, with greater or lesser difficulty, can be taken advantage of by those who have more resources, not by those who have less, and if the States, for example, do not address an education for these new times, the phenomena of marginalization and exclusion may return to results that we have not seen for a long time and that humanity has done everything to overcome. We are clear that if one does not make these changes, the results will not be as we all want. So that is the great challenge!

We have studied and analysed the topics that the Commission for the Future of the Parliament of Finland has been addressing year after year, and these are the topics that we also want to address. Here it is clear that the great advance of all these phenomena is through collaboration, and the world of the Internet, the digital world, facilitates this collaboration, which, naturally, parliaments must also take advantage of. The European Union has its spaces for collaboration and so does Latin America, although to a lesser extent. It seems to me that in these matters regionalisation does not make much sense to do as a separate space, because the challenges are increasingly global. This is our interest and, as the ambassador will know, we already have a videoconference scheduled for the month of March. In January and February we have a recess and in March we begin a new legislative period. We thought it was the best time because, in addition, we are defining the secretariat and the technical advisory services, we are forming a group of permanent experts in the different scientific and technological areas, of course including all the research institutes and universities in our country. Perhaps this coordinated work between the parliamentary futures commissions can contribute to a deepening of these other instances of relationship that you mentioned at the beginning, which we know and, of course, we encourage, at the university level and in economic activities. In this sense, the latest Finnish investments, especially that of UPM, are of a very important magnitude for our country and there is also an enormous amount of possibilities generated, from the foundations that have been created around this investment to the productive development based on traditional raw materials but also with a strong technological addition, such as, for example, what you mentioned about the use of wood. As you pointed out, our country is small, with a small population and we do not have to duplicate efforts. When we visited the Consulate I expressed that our disposition and will was to promote spaces that are synergistic and not blocks that do not communicate with each other. If it helps, naturally we can continue them.

In certain cases, some relationships may move at a different pace and, of course, this will be welcomed. This is our disposition.

**MR. MELAZZI.** -We greet the ambassador and the delegation.

We simply want to make a comment. As is known, Finland stands out worldwide in its educational system. It is a country in which the quality of education speaks for itself, and what better way to take advantage of the ambassador's presence than to have a representative in the educational area of Finland enlighten us on the success they have had in the last thirty years, as well as what has been the social and political commitment they have assumed to have a single line of governance and, ultimately, to have public policies that can be continued, and regardless of the political parties that govern us, we can have that type of continuity. There is a deep-rooted cultural issue that is different, and I think that could be one of the reasons. One is not a technician in this matter, Mr. President, but it would be interesting if one day we could have representatives from the educational area of Finland - perhaps via Zoom - who could tell us a little about their experiences and that could be used as an input to work for the good of the children, which is where our lives depend. Given the similarities we have with the Republic of Finland, I think it would not be so far-fetched to listen to these technicians so they can enlighten us and so we can continue working for the future and the development that we all want for our society.

**MR. PRESIDENT.** -We have been aware of the presence of experts in Finnish education in recent weeks, but – as legislator Melazzi suggests – we need to have a more political vision in the parliamentary sphere, in addition to the expert one, because in some way Finland – according to what we have been able to find out – has also achieved a consensus at the parliamentary level, even for the modifications of curricula that are so difficult in Uruguay. That is the vision that the legislator proposed because this is the area where we can open our minds, because it has been difficult for us to introduce these reform processes that, of course, at least in the technical aspects are unquestionable. Digital education in all its dimensions is absolutely essential in this world; we still have a long way to go and naturally there is our desire to learn about Finland's experience.

**MRS. VANAMO-SANTACRUZ.** -Thank you so much.

Fortunately, I was accompanied by my economic and scientific advisor, Ms. Emilia Ahvenjärvi, and if the President allows me, I will give her the floor.

**MRS. AHVENJÄRVI.** -I think the ambassador meant counselor for Science and Education.

I work at this diplomatic mission in Buenos Aires, but I am a representative of the Finnish Ministry of Education and Culture in Latin America, so my area of work is broader. I have made several presentations to many governments and

Ministries of Education. If you want to organize this type of presentation, we can do it perfectly and even, if you wish, invite officials or directors of our Ministry of Education, of our National Education Agency; it will depend on the scope of the event you want to organize.

Our presence in recent weeks here in Montevideo with other experts in Education has been noted through the press. I believe that there are projects underway by the Ministry of Education and Culture and ANEP that are on the right track, according to the information I have, since they are aimed precisely at renewing teacher training. It is a very important key to the quality of education and to reform the national curricular framework for different educational levels, from early childhood education to secondary school.

One of the points I see is that in Uruguay it is often difficult to give the I am moving towards change and – I would say – in the future, curriculum work is about moving towards a cyclical process, and it is not a decision of a Government, but rather a constant process in which it is evaluated whether the curriculum being implemented responds to the requirements of that moment and of what will come. Obviously, there must always be a parliamentary decision to make the change, but it is necessary that it responds to a process that is constantly underway.

Finland's current national curriculum framework, which came into force in 2016, It is constantly being evaluated. It is not a manual for eternity, because we will probably have to define a new curriculum at some point in time that will take us a little further ahead in terms of the skills, abilities and knowledge that will be required in a few years or decades.

As regards the renewal of teacher training, I imagine that it will have to be done step by step. It is a long process, but in Finland we believe that we must have a basis in scientific research, because if teachers do not have that training and that level, they cannot be sufficiently respected and independent professionals to carry out work of great importance and recognized by society.

**MR. PRESIDENT.** -Thank you very much, counselor, the presentation was very clear.

These are issues that undoubtedly have a different degree of urgency; before everything was slower, we had more time, but now these changes naturally need to be resolved and implemented in much shorter times and we hope that the new generations can really take advantage of their potential.

In a way, this is our interest: to be able to bring them to this space so that they can transmit their experience to the rest of our parliamentary colleagues. At the time, we raised with Tarja Laaksonen, and we reiterated it, our interest in repeating the visit that she came from Finland. I think they came more than once, but I remember one occasion when an important delegation from the Finnish Parliament appeared, especially

The Commission for the Future is made up of members of the Commission for the Future. So, it would be a good thing to be able to coordinate a visit, without naturally interfering with that very important event that you are planning for October. We would like to have them again, in a period of two or three days, to have that exchange. We are even thinking that, if that visit is made, we could invite representatives from other parliaments in our region. In fact, many futures commissions are being formed in many Latin American countries and we are talking to carry out this learning process together. In that sense, we would like – I speak on behalf of ourselves and also on behalf of the Parliaments of Latin America – to have a meeting here also with some members of the Commission for the Future of Finland, obviously respecting that process that you are planning for October. Perhaps we could do it after that event. We have that difference in seasons, which also allows us to be able to coordinate there, but officially and formally we wanted, on our part, to make that invitation to visit Uruguay, in a meeting also with other parliamentary commissions of Latin America, with which we have already been talking.

**MRS. VANAMO-SANTACRUZ.** -I think that is a very good and interesting idea. Would that be next year? As far as I understand, there is an event in Finland and you said that you have received an invitation from the Commission for the Future of Finland.

**MR. PRESIDENT.** -We have been informed that we are invited to that event in October.

**MRS. VANAMO-SANTACRUZ.** -Exactly. So it's next year. Of course, I find this idea of organizing something regional very interesting, and I will pass this message on to the Finnish Parliament, as an idea and a pre-invitation. Will you have the possibility to go to Finland or have you not yet made the decision? Maybe it depends on the situation.

**MR. PRESIDENT.** -We have decided to participate, as we are particularly interested. Naturally, we received this announcement from the Embassy regarding the possibility of participating and, in principle, if this pandemic allows us, we would do so with a delegation from this Special Commission on Futures.

**MRS. VANAMO-SANTACRUZ.** -Glad to hear it.

**MR. PRESIDENT.** -If no one else wishes to make any further comments, observations or proposals, we will accompany the members of the delegation on a visit to the Uruguayan Parliament.

**MRS. VANAMO-SANTACRUZ.** -There are many more interesting things to talk about, for example artificial intelligence, and Mrs Ahvenjärvi knows a lot about that too, but perhaps it would be a topic for another event in relation to futures commissions. There is knowledge in that area in Finland as well, so we are at your disposal.

Thank you very much for this meeting.

**MR. PRESIDENT.** -Thank you very much.

The meeting is adjourned.

*(It is 16:19).*

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Montevideo, Uruguay. Legislative Branch.