

COORDINATOR: ADOLFO CAZORLA

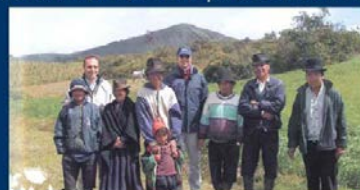
# *Policy Analysis for the Regionalization of Uruguay*

Working with People: Planning  
Experiences in Latin America and  
Europe

José Luis Yagüe. Carlos Lavalle



"Working with people"  
Un método de éxito para el desarrollo



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CASE STUDY

## **Chapter 6. Policy Analysis for the Regionalization of Uruguay.**

In this chapter the second Latin American case study is presented, which analyzes the process developed by the Rural Projects and Planning Department of the Polytechnic University of Madrid in partnerships with various government organizations of the Republic of Uruguay. As in the previous cases, despite the fact that a pure planning model is not presented, the characteristics of the focus on planning as Policy Analysis are emphasized in the most relevant way.

### **6.1. Introduction**

The project "Analysis of Regionalization for Local Development in Uruguay" financed by the Spanish Agency of International Cooperation (AECI) and the Planning and Budget Office (OPP) of the Presidency of the Republic of Uruguay, registered within the politics initiated by the Government of the Republic with the objective of carrying an efficient political development forward. For this, exploring the possibility regionalization was interesting as it is useful to define investment projects to a level better suited to the reality of each territory.

With the objective of studying the possible realization of national regionalism of the Public Administration through the existing regional institutes in the country and by studying the possible creation of new organizations and political Images, or an adaption of the existing organization, the Government of the Republic, applied for the help of investigation teams from the Polytechnic University of Madrid and the University of Córdoba, which initiated work together with the technicians from the Planning and Budget Office (OPP) of the Government of the Republic<sup>1</sup>. The project started in September 2002 and was concluded with the third mission carried out in April 2005.

The politics of the Government of the Republic of Uruguay in the moment of starting the project tried to reduce the disparity between the interior of the country and the most active departments. This politic was maintained after the change of government in 2005<sup>2</sup>, which shows that it is a politic of general interest for the nation. It did not intend to apply a positive discrimination strategy that promotes virtuous circles in the under developed territories, however it intended to equip each one of the regional administrations associated with the public management necessary to boost dynamism of the regions through a administration structure closer to the people and as a consequence, more adjusted to the people's needs.

For the execution of the process a methodology was developed that was described in the present case study. The mentioned methodology considers the ascending processes in a different way, orientated towards the efficacy objective of the

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<sup>1</sup> The team that participated in the different stages was made up of Doctors Adolfo CAZORLA and Ignacio DE LOS RIOS, and the engineer José Luis YAGUE on behalf of the Polytechnic University of Madrid (UPM); Doctors Eduardo RAMOS, Rosa GALLARDO and Maria del Mar DELGADO, and the graduate Mateo AMBROSIO, on behalf of the Cordoba University (UCO); while the national team has been made up of the Doctor Carlos TESSORE (UDM-OPP) and the engineer Marcelo SALVAGNO (DIPRODE – OPP), coordinators on behalf of Uruguay, and the engineer Daniel DE LOS CAMPOS (UDM-OPP).

<sup>2</sup> In the presidential elections on the 31 of October the left coalition Progressive Encounter-Broad Front-New Majority, leaded by Tavaré Vázquez obtained 50.45 % of the votes and from the 1 March 2005 replaced the former president Jorge Batlle.

descendants, directed towards Equity and Sustainability objectives of the development projects, given that suitability of the public services towards the real needs of the population is considered and focused on a priority way for the balance of these two processes.

The consideration of the service objective for the people of the regions as a starting point is crucial for designing the entire process, given that decentralization should not be an end in itself (World Bank, 2000), but on the contrary it is conceived as the means to reach an end, which in this case is the improvement of conditions of the people in the regions. In the first case, decentralization increases efficiency and the answer capacity of the public sector. If it fails, it puts economic stability at risk and interrupts or deteriorates the lending of public services.

In this sense, regionalization must be rigorous in terms of methodology but practice in terms of its application. For this, in the first place it is necessary to set out an adequate characterization of the existing regions; also to point out that the regions can exercise their role in an operative and organized way, converting them to a platform for the impulse of projects that configure a global development strategy (Gittinger, 1987).

These projects must form part of a greater program as in the case of the European Union, where the Region Politics, with the objective of regional integration and the improvement of rural living conditions, establish a series of well defined programs (Cazorla, 1999). The described case in the previous chapter is a good example in terms of the articulation of political measures within a properly structured regional dimension, for which the case is in a previous situation in terms of the structuring of political dimension in which planning takes place. If in the previous case the regional dimension in which the evaluation was made<sup>3</sup> was a previous condition of the development of it, in this case it is about an objective of the process, presented with the assumption of being a desirable situation for political and social development for the Uruguayan society.

From the beginning two main questions were posed to give the answer to define an suitable regionalization methodology. In the first place, how many stages are necessary in the process in order to reach the regionalization objectives? In the second place, what institutional and financial resources currently exist and how are the interconnected? It was considered that the future decentralization strategy and the type of projects would depend on the answer of these questions.

The execution of the described project in the present case is greatly due to a direct consequence of the described situation in the case mentioned in the previous chapter. As we have already seen, the work team of the UPM Rural Projects and Planning Department has accumulated an extensive experience in formulation, execution and evaluation of development projects within the environment of the regional politics of the EU. The execution of these works has been carried out in a period in which the

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<sup>3</sup> Remember that the described evaluation is developed in a parallel manner in 20 regions NUTS-III of the European Union, selected on the basis of its representativeness in the framework of the political measure to evaluate. The division of the EU territory according to the NUTS system (Nomenclature of statistics territorial units) present in the European legislation since 1988 (Rule CEE 2052/88), and assumes the base of regional articulation of the politics of territorial development and European cohesion. The consideration of the NUTS responds to structural characteristics of the regions above the political criteria. For example a NUTS-III region can be a country (Luxemburg) or a smaller division (Lander, Department, Self governed community ...) in other countries.

current European territorial politics have been shaped and the regional dimension of this. The evolution of European regional politics during the last fifteen years, of which it has been a witness to, offers a wide range of experiences and lessons in terms of the different regional political models. In the current case, this experience is combined with the knowledge of the reality of the real situation in Uruguay contributed by the representatives of the Public Uruguayan Administration.

## **6.2. Case study Context**

Uruguay Images amongst the countries in the world with a medium level revenue, but the economic unbalance within the country holds back its development potential. Montevideo has only 0.30% of the national land area, but nearly 41% of the population reside in the city and generates 57.31% of the national GDP, which implies that its revenue per capita is 139% of the national average. On the direct opposite side, excluding Colonia, Maldonado and Canelones, the rest of the departments occupy 91% of the national extension and holds 36% of the population, but their economic activity only represents 27% of the national GDP and its revenue per capita is almost 77% from the national average<sup>4</sup>. From the social point of view the unbalances analyzed through the Unsatisfactory Basic Needs (UBS)<sup>5</sup> show that Montevideo has a population index value with UBS significantly inferior to the interior of the country. In 1996 Montevideo had a UBS of 13.3% of the population compared to 24.1% in the interior of the country in the same year. This type of unbalance between departments is repeated, in different levels, to the internal are of each one of them. This reality demands debating and creation of reforms in the public politics of Uruguay, which allows a more balanced development of territories influencing a greater economic and social cohesion. The necessity of these reforms is backed by Article 50 of the Constitution of the Republic of 1996, according to which *“the State will boost decentralization politics to promote regional development and general wellbeing”*. Also, Article 298 establishes that: *“provide an equal share of the national taxes collected outside of the Department of Montevideo to the development of the inside of the country and to the execution of decentralization politics”*.

Given this circumstance, if the worldwide situation is taken as a reference, it is confirmed that around 95% of democracies already have a chosen government at sub national level to which political, physical, and administrative responsibilities are transferred (Freedom House, 1998). In general it responds to citizen demand of greater autonomy and influence in the decisions of its governments, which ultimately assumes decentralization to a greater or lesser degree of state power.

### **6.2.1. Regionalization and Decentralization**

Decentralization should not assume an end in itself. It is a mean to achieve a result. Thus it is vital to initially define what the ultimate objective that will drive the process is. This way the most important thing will be if the process is successful or a failure. In

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<sup>4</sup> Sources: Population Images 2004 – INE and GDP information (department contribution and revenue per capita) calculated from the average between 2001 and 2003 published in the *“Departmentalization of the Gross Domestic Product–1985- 2003 period”*.(UDM -OPP. AECI. 2005).

<sup>5</sup> In this current work when reference is made to the NBIs, it really refers to a proxy, Housing with Deficiencies, which is an indicator highly related with the NBIs as this indicator was not revealed in the Population and Housing Census of 1996

the first case, decentralization increases efficiency and the answer capability of the public sector. If it fails it puts the economic and political stability in danger and interrupts or deteriorates the lending of public services (World Bank, 2000).

Therefore it must be implemented carefully, with a phased framework, and supporting itself in parallel processes of territory and population characterization, by learning from the institutions, practice of new politics, etc. Previous mistakes point out situations in which the decision makers do not always totally control the rhythm of the process of decentralization. It is also frequent that decentralization models are exported without taking into account the traditional local politics, standard framework, the socio-economic context, etc.

Amongst the decentralization objectives could be the maintenance of political stability faced with local pressure, the delegation of power for better management, answers to ethnical problems, etc. In this case the objective is: providing a new international scheme that favors and guides differential development of the territories and maximizes endogenous resources.

In this context it makes sense that the study of the bases permits the identification and characterization of regional reality that sustain the process of decentralization. These regions will assume a counterbalance to the central government, with which it is vitally important to deal with aspects such as:

- Number of government levels to achieve a balance between representation and cost (World Bank, 2000).
- Marco for the transfer and co participation of responsibilities, resources, and projects according to the objectives (Donahue, 1997).
- Establishment of clear norms that allow the implementation of the process gradually and guide negotiation (de Figueiredo and Weingast, 1998).

There is therefore a huge political position that affects the study of a region with a view to support development projects. The political and government process is the process which the development is rested on. (Lassey, 1977), for this a regional proposal is not envisaged without it being coupled with its usefulness as a platform for the application of politics, which is sustained in adjusted variables of variables de physical, social, environmental, economic studies and responds to the reality of the territories.

In this sense, regionalization must be rigorous in terms of methodology but practice in terms of its application. For this, in the first place it is necessary to set out an adequate characterization of the existing regions; also to point out that the regions can exercise their role in an operative and organized way, converting them to a platform for the impulse of projects that configure a global development strategy (Gittinger, 1987). These projects must form part of a greater program as in the case of the European Union, where the Region Politics, with the objective of regional integration and the improvement of rural living conditions, establish a series of well defined programs (Cazorla, 1999).

### **6.2.2. Uruguay: Opportunities and Challenges**

As the President of the Republic announced in his Presidential speech on the 1st of March 2000, the Government should incorporate *changes for the perfecting the central*

*government institutional relations based on the decentralization principles outlined in the Constitution of the Republic. This deals with reaching an agreement about the level and destination of the financing transfer orders that there will be to support municipal action, like the structure reforms that will allow these to be managed more efficiently.*

The main objective of this project is to propose the Government of the Republic a way to carry these reforms forward towards an efficient development politic. Linked to this is also the objective of acquiring a total transparency and objectivity in the assigning of public funds to the territories and in this sense the purpose of establishing a culture of regional planning and processes of "governmental auditing" looms for the formation of public servants, with the objective of adequately training them in their tasks.

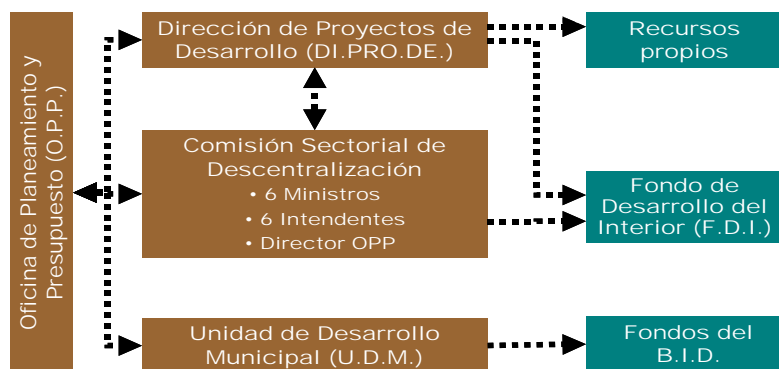
### 6.3. General Characteristics

There is a general opinion of great uniformity in terms of the inside of the country; however after a first revision phase of the other regionalization projects carried out, determining the objectives, criteria employed for regionalization and the organizations that have carried this out, regional differences have been found that affect not only the predominant productive sectors, but also social and environmental groups. This differentiation can be fundamental to promote and consolidate a balanced development politic from the local initiative, incorporating processes of economic and productive diversification.

It is evident that the local politics of the development must take this heterogeneity into account to carry out an efficient use of the development funds to be invested. Besides they can not unify the local and regional identities that contribute to enhancing the life quality of the people.

In the institutional level, it has been found that even when the objectives of the majority of the politicians of executive power of the government of Uruguay do not have a directly territorial character, behind them a series of territorial and organization concepts are found that can configure the initial resource above which the regionalization and decentralization proposals can be sustained. Between these institutional resources such as financial resources coordinated or linked in some way to the Planning and Budget Office can be emphasized and are shown in the following chart.

**Image 6.1: Institutional Resources for the Territorial Development Coordination in Uruguay.**



Source: AECI-OPP Uruguay.

We can find three fundamental elements to guide the process:

- A territorial diversity that can configure regional conglomerates,
- A nucleus of institutions and organizations from which articulate the project,
- And finally certain financial resources to support politicians and development projects in the working area.

In the implementation of the territorial strategy, two complementary planning models exist:

- **Planning from the top:** with models based on an operational planning in which the planners of the Central Government apply technical criteria to the specific problematic areas.
- **Planning from the bottom:** counting on the participation of the economic and social agents and the Local Governments (Departments) can suggest other planning processes in homogenous regions.

On the other hand we find the concept of sustainability in the territory, which is found in the two previous models, and which implies three aspects of the development tied together in an integrated way: and economic knowledge that favors social progress and respects the environment; a social politic that stimulates the economy; and an environmental politic that at the same time is efficient and economic. Also it is divided from the two general objectives that are complementary and inseparable in the development:

- **Equity Objective:** is related with the correction of unbalance in which the equipment of previous resources refers to (infrastructure and fundamental equipment).
- **Efficiency Objective:** makes reference to maintenance and competitive increase of the endogenous capacities.

We would also have to add here sustainability as an objective, which measures the capacity of the effects that last in the medium or long term. The projects are inseparable if they are incapable of generating their own resources or if they are accompanied with negative environmental effects and which suggest blocks or rejection. This requires the necessity of considering the ecology base in planning.

### **6.3.1. Top-Down Planning: Equity Objective**

Planning from the top supposes a rational election in which a defined macro-economic chart is adopted for the future of the regions. This from the top planning has its principles in the making of decisions for a problem, a necessity or an opportunity by the political power before this actually happens. The model responds to a decision process about technical criteria and objectives under political analysis.

The failure of making decisions based exclusively on the "from the top" planning models is due to the lack of knowledge of the resources that the regions have and to the lack of projects derived from that lack of knowledge of the social reality. Numerous authors have made the crisis of the planning model "from the top" in Development Projects clear (Friedmann, 1991; Cazorla, 1995). The biggest critics of the model come from that criteria and objectives of the projects are not carried out by its own actors, beneficiary agents.

However, one of the paradoxes is that the promoting of development from bottom to top sometimes implies efforts from top to bottom (Uphoff, 1995). This can be a first step to define the most needy regions and for the Public Administration to attack the territorial and social equity objectives and the improvement of global competitiveness of the system (Ramos, 1997).

### **6.3.2. Bottom-Up Planning: Efficiency Objective**

An efficient development should be participative (Ackoff, 1984). The detailed at micro-economic level and the participation of the local agents allow the identification of local projects region by region.

These local processes generated a social learning between the different actors, encouraging dialogue and joint analysis of the reality and the values that are inspired by and directed to the actions and the projects. Planning this way is participative and has a double direction (Friedmann, 1993; 2002): from the proposals of the beneficiary agents criteria for political decision making are made and, on the other hand, reflect its own criteria conforming to the program or the objectives they have.

Given that this deals with social agents with different objectives and criteria, the adopted strategies will also be different. It is indispensable to call upon planning and regionalization processes that arise from the base of the territories.

### **6.3.3. Coordination and Cooperation**

The political-administrative instances of Uruguay must take into account the different regional options and the possible super positions from the start with the purpose of defining the suitable priorities and sustainable strategies. This will require the adoption of new cooperation and coordination patterns for the application of investments in the regions, in close cooperation with the competent authorities (horizontal cooperation) and between the politicians on a national, transnational, regional, and local level (vertical cooperation).

Cooperation, as it has been demonstrated in Europe, is the key to an integrated politic of territorial development and assumes and added value with relation to the application of the different sectorial politics in an isolated way. The new regional planning models of the EU try to address the three previous objectives through participative processes that generate a suitable combination of horizontal actions (development of enterprising capacity, diffusion of innovation, human capital, information) with vertical actions (development of sectors and strategic activities) and support to the formation of territorial networks.

## **6.4. Involved Actors**

Just like the previous case, correspondence between the involved agents in the structures for the application of measures and the Policy Analysis model can be established. In this case three types of actors in the model can be perfectly distinguished:



- The **political decision center of measures**, formed by the government of the republic that acts as the promoter of the project and the legislative institutions, which will be in charge of the making of the final decision, like the formulation of the standards necessary for its implementation. They do not participate in the study process and the formulation of the regionalization proposals; however they are the external observers of the process.
- The **expert group** formed by the people who carry out the evaluation of the applied politics. In this case it consists of the investigators from Spanish Universities, the technicians of the public offices and the representatives of the departmental institutions. They are the people responsible for the entire formulation process for the regionalization proposal in each one of its phases.
- The **beneficiaries** or **direct recipients** of the politics: In this case, this deals with the departments like social organization which includes the population. In this case it deals with the departments like social organization that includes the population and the public institutions of greater representative range. They are the receptors of the project as they will be the beneficiary group of the new regional politics which can be made for the proposed regionalization plan.

The two institutions directly involved with constitutional mandate in the development process are the Planning and Budget Office (OPP) and the Decentralization Sectorial Commission (CSD). The OPP is responsible for the planning of regional development and decentralization politics, like the control of the budget. The CSD is the meeting level and political negotiation between the Executive Power and the Departmental Governments, but until this moment has not had the relevance to assign the institutional framework of the State. For this reason, both institutes are called into a key role in improving coordination of the territorial development and equip the decentralization politics, in general, and the strategies of local development, in particular.

In the local setting, the Departmental Governments have not completely assumed the role that corresponds to them in the decentralization process and as a consequence, its fundamental role in the promotion of local development. The lack of Global Programs, that define a development strategy in time, is one of the causes that its actions lack significant impact in the local economies in many cases. As a matter of fact, a frequent behavior in many managements consists of the "capture" of resources of the General Revenues without tying them necessarily to the activities that they promote in the local development and in general terms lacking monitoring and evaluation procedures.

For these reasons, the coordination between Departmental Governments and the Executive Power has been little fruitful until this moment, the same as the cooperation and coordination experiences between the investment initiatives of the Departments and themselves. Faced with this situation, it is considered that the developed cooperation labor for the formulation of the regionalization plan assumes a experience lesson of great value for the Departmental Governments and forms the base so that the new territorial cohesion politics are effective and sustainable.

## **6.5. Developed Processes**

The regionalization work as development instruments simultaneously incorporates the three biggest objectives mentioned in the previous section assumes a slow process

that must be implemented carefully and gradually with a character framework carried out in stages, in a way that the socio-political and economic structures can adapt to a process of “institutional” learning. The patterns presented here are the output of the first participative process carried out.

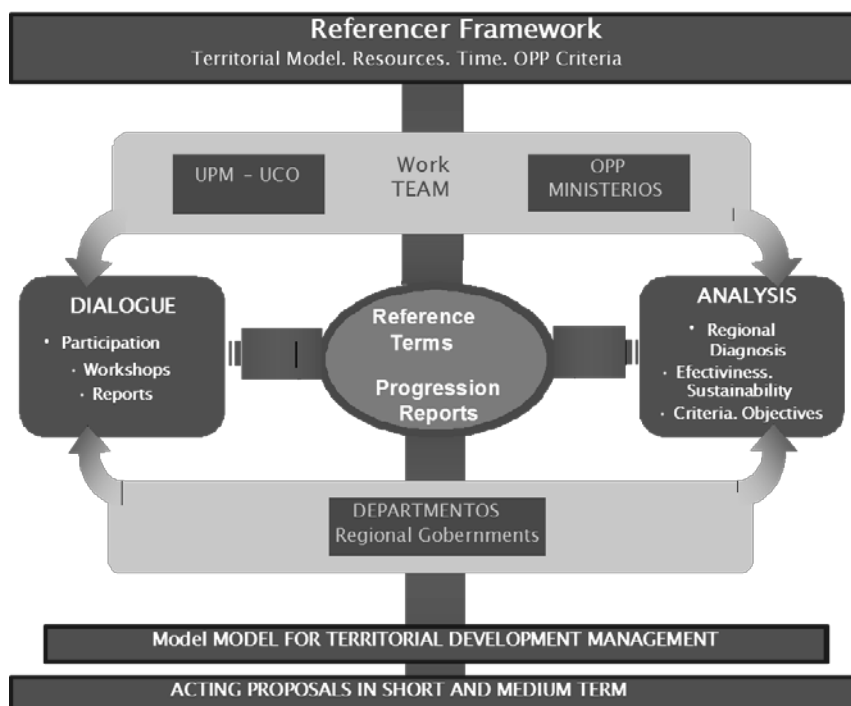
The methodological steps that indicated the work to be carried out in each one of the proposal stages are outlined below:

- Definition of the purpose and the objectives that are intended.
- Selection and definition of criteria for regionalization.
- Determining the territorial analysis unit.
- Application of the criteria to the regions.
- Establishing bases for the definition of regional development strategies.

Using an initial Reference Framework established by the OPP, a Uruguayan and Spanish work team was formed with OPP technicians and Spanish investigators. The Uruguayan team was responsible for the task of contributing its knowledge of socio-economic and administrative problems of the country, to make the results and methodology common of the previous analysis and development management works and facilitate the connection of the project with the institutional and social reality of Uruguay. The main job of the Spanish team consisted of contributing experiences and methods that are being developed in the EU and which could be useful for their adaption to the necessities of Uruguay.

Through this team, the necessary channels for dialogue and cooperation with the different institutions, Ministries and Departmental Governments. Alongside this, an analysis and formulation of criteria and objectives process was opened. The results of this cyclic process were explained in more detail in a document of Reference Terminology and after this in the consecutive Progress Reports (see chart 7.5).

**Image 6.2: Work Methodology.**



Source: Self made.

As a final result, the necessity of outlining the general areas of a **Model for the management of territorial development** was proposed. This model will propose a series of useful instruments to use in the territorial cohesion unbalances that exist in Uruguay and to serve as support the decentralization process of the State.

Finally a series of **action proposals** had to be specified, short and medium term, for the gradual implementation of the model.

In order to start the project, three missions were carried out in Uruguay, each one with complementary objectives, and throughout the course of these the work team consolidated the obtained progress, contrasting them with the different speakers of the Country.

### **6.5.1. First Mission.**

In agreement with what was established in the **Identification File** of the project, the general objective was the promotion of Local Development orientated towards overcoming or correcting the inequalities that, in development terms, exist between Montevideo and the rest of the country.

To contribute to the achievement of this General Objective the *Study of Bases for Regionalization in the Country* was established as a Specific Objective to be carried out through the following Work Phases:

- Define criteria to identify regions.
- Define regions.
- Propose Investment politics.

From these propositions the Objective of the first Mission of the Project consisted of effectuating an assessment of the needs and possibilities of regionalization orientated towards improving efficiency of the transfer of resources to the rest of the country, in the country's decentralization process framework. For this the limitations and most important factors for the viability of the Project were taken into consideration.

Another fundamental progress was proposing **territorial cohesion** as a base objective for a positive discrimination in the most disadvantaged territories. The adoption of this focus allows the progress of distinction between territories with varied situations, and the **cohesion objective** allows, for example, the channeling of investment towards the projects which, in an agreed and transparent way, are more capable of reducing the level of territorial disparity, like other decisions for positive discrimination.

### **6.5.2. Second Mission.**

The disparities between the territories can be determined by different methods. The identification of conglomerates or territorial grouping that shows deficiency or similar delays forms a previous step in the process of Regionalization. Therefore it is simpler to identify and define spacial setting that has equivalent necessities, which can be called Target Regions or priority attention regions. Defined this way, these regions are nothing but a flexible instrument in the hands of the planner and the manager to encourage and induce the emergence of local base development strategies that affect

the different Departments and are formulated in the environment of a priority region (regional strategies).

The **central objective** of the second Mission, started in September 2003, was to progress in the design of a methodology based on accepted and contrasting indicators, that would allow establishing transparent criteria for a possible flexible regionalization of the country and that those were socially and politically accepted.

The focus of the Regions Objective and Territorial Strategies, which was adopted as a result of the second mission, presents the fact of not establishing a new rigid organization in the territory as an advantage, which, in development terms, allows the Departments greater association options in terms of its interests and current availability. Besides, this formula simplifies the administrative and political process for its implementation by being based on the voluntary action principle instead of corresponding to descending decisions of the Executive Power.

The start of the new system is based on determining the gap that exists, in terms of territorial cohesion in each Department in respect to the national average (inter departmental divide), in order to group them together with a similar gap level. The territorial disparities observed at national level can be also replicated within each one of the Departments and as a consequence a second level of disparities can be identified (inter departmental divide). This aspect is especially important in Departments like Montevideo or Maldonado, in which the high level of development relative of the main urban centre can mask the problems of shortage in some of the zones in the territory.

The indicator used to delimit the different attention regions must allow the measurement of the Departmental divides, to be the simplest as possible to facilitate the political consensus and count on possibilities of updating in a reasonable period of time. Between the different indicators that have been used in the country in the previous decades for the distribution of resources to the territories, the Distribution Index<sup>6</sup> is used. This index was incorporated into the Budget law of 2000 and is assumed for the distribution of some resources towards to Departments inside the country. It is composed of two factors; the first takes the people-territory dimension and the second the socio-economic disparity.

With the information available in the moment of carrying out the study, it has been considered that the second factor of the ID (Equity Index<sup>7</sup>) takes the most balanced form for the problem that is about to be resolved, and responds reasonably to the mentioned requirements<sup>8</sup>. The use of the GDP per capita as an indicator for

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$${}^6 ID = \left[ \frac{\% \text{ población} + \% \text{ territorio}}{2} \right] \frac{\left( \frac{PBI / c(\text{Interior})}{PBI / c(\text{departamental})} \right) + \left( \frac{\% NBI(\text{departamental})}{\% NBI(\text{Interior})} \right)}{2}$$

$${}^7 IE = \frac{\left( \frac{PBI / c(\text{Interior})}{PBI / c(\text{departamental})} \right) + \left( \frac{\% NBI(\text{departamental})}{\% NBI(\text{Interior})} \right)}{2}$$

<sup>8</sup> The IE presents some difficulty for frequency that the information about the NBI is updated and the costs involved to get this. The NBIs are obtained through census information, revealed once every 10 years, a period which is too long to carry a process like this forward, which requires continuous evaluations. Various alternatives exist: a) use a Proxy of the NBIs for easier updating, b) modify the

regionalization is that it is currently being employed with success in the EU; its simplicity and easy updating make it the main alternative to consider<sup>9</sup>. Between this mission and the next one, the Uruguayan representatives had a training trip to Spain where they could observe the conceptual apparatus that was being made in the project and applied to the European reality.

### **6.5.3. Third Mission.**

With the third and last mission the work of almost three years was concluded. The situation that has assumed the finalization of the project in a political moment that has enormous relevance for the country, created a unique opportunity for the proposals and alignment of the projects to be carried out. The objective of this mission was to define the action proposals that were considered relevant to guide a process, of strong political character and with deep implications for the country, in a way that political-administrative viability could be guaranteed.

In this sense the gradualness criteria was valued as fundamental, with actions that could be implemented immediately and with a short term scope and on the other hand actions that require a maturing period and a medium to long term scope. Besides, the proposals were adjusted to the necessities of the desired development model, to the institutions and potentially involved resources and to the existing legal instruments.

The third mission assumed the publication of a concrete regionalization proposal formulated on the base of the three regions' objective. The application of the established indicators established during the previous phase was carried out. A objective method of statistical classification was drawn upon (K-means) to identify groups or clusters. This statistical method seeks that the difference between clusters is maximum and the difference of the values within each cluster is minimum<sup>10</sup>. In terms of divide this means that each one of the three regions that have finally been delimited are established by Departments that have less differences between itself, while the differences between the regions are maximum.

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scheme of revealing the INE information by increasing its frequency or c) use some of the social variables that are revealed with a greater frequency and that are relevant to the topic.

On the other hand, the NBIs have the advantage of being released for Census Sections, which would facilitate the application of this indicator for the calculation of the interdepartmental gaps.

<sup>9</sup> With reference to the GDP the Departmental information is available annually and the information at Census Section level can be estimated with the same time span from a methodology that has been developed in the UDM-OPP from the year 2003.

On the other hand, the departmental PBI per capita has a correlation of -0.7013\*\*\* with the NBI and -0,9157\*\*\* with the IE, with which its use as an indicator would greatly cover variability that is identified in the IE, although as you will see later on, the rest is enough to make changes in the resulting groups.

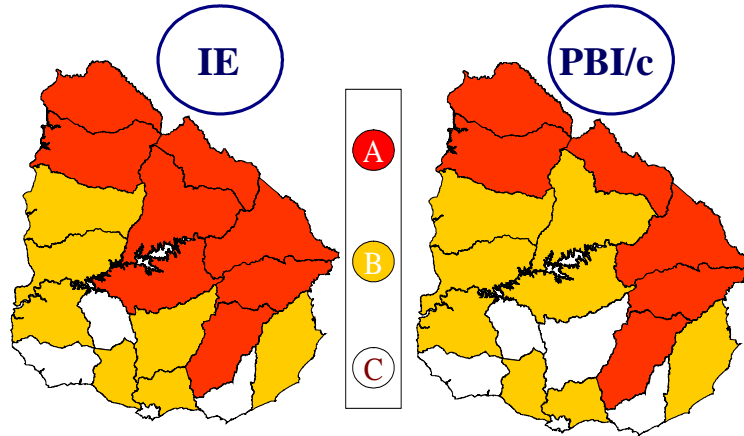
However the GDP also presents some difficulty for its direct use. In this case the indicator is formed in the department where the people work, for which in some Departments (Canelones, San José, etc.) important risks appear given that it work force is relocated to other Departments (mainly Montevideo) in an important percentage. La UDM-OPP has estimated a matrix of correction that has only been applied to the values of GDP used in regionalization.

All of these questions are found in *Departmentalization of the Gross Domestic Product-1985- 2003*. UDM - OPP. AECI. 2005.

<sup>10</sup> The Euclidean distance is taken as reference.

This analysis has been carried out for the two indicators mentioned in the previous section and has been adjusted to obtain 3 Objective Regions such as the first methodological criteria established. The resulting maps are presented below.

**Map 6.3: Different Regional Classification Criteria.**

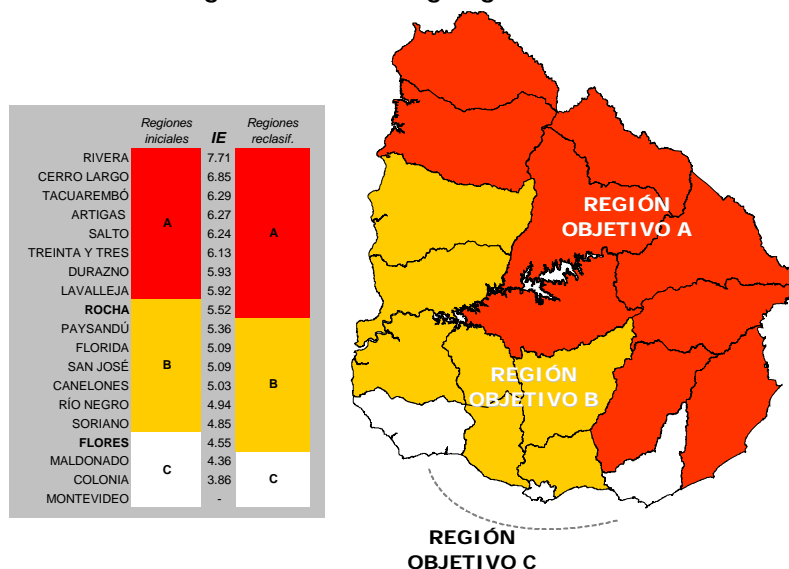


Source: Self made

Despite that the two indicators used are correlated, in the maps we can observe as the introduction of the NBI through the IE as a different grouping. Taking into account that the main objective is balanced development in the country, it has been valued that the most suitable map is the IE application one and therefore has been chosen as a basic proposal for regionalization. From this the operative criteria has been applied in order to achieve continuity of regional areas, for which reclassifying some of the departments has been made.

To obtain these continuous spaces it is necessary to introduce some modifications in the court threshold for each one of the regions. Given that the values in Flores and Rocha are at the border between one region and another, the inclusion of the first in the Objective Region B and the inclusion of the second in the Objective Region A. The final delimitation is presented in the following diagram:

**Diagram 6.4: Resulting Regionalization.**



Source: Self made

Through the study of all the variables and the political negotiation, a series of flexible regions could be defined, which serve to deepen the local development initiative, facilitating the adoption of participative processes from bottom to top. The fundamental characteristics of this stage were:

- Address the efficiency and sustainability objectives in the highest terms indicated.
- It would define the regions by its likeness, social history and economic function.
- Initially, flexible regions are not subjected to any type of legal Image or common administration if they do not serve for a general orientation of the investments and local initiative.
- Different regionalization proposals can be superimposed in function of the focus (productive, environmental, social...), and therefore its limits could not be adjusted to the departmental limits.

This second stage allowed the concept of the region to be deepened overcoming the limits and establishing the foundation of an organization and "regional feeling". The regions were conlmgaged with the intention of allowing the application of development pilot programs in the determined territories.

From this point, the following steps in the process will be, in the long term, dependent on the real consolidation of regional conglomerates and the articulation of annexed politics that favor its dynamism and development, taking base to progress in a transfer politic that contributes to political and administrative decentralization in the country.

## **6.6. Planning Practice**

This is the second application case that is presented as an example of the Planning as Policy Analysis model. A difference from the previous case is that this case does not represent an application within a pre-established politic; however it used a previous step for the formulation of a new and innovative process within the context it is applied in<sup>11</sup>. Like in the previous case, the described process is analyzed according to each one of the four basic criteria of the Planning as Policy Analysis model, which are:

- Planning from the top.
- Focused on decision making.
- Separating expert and decision knowledge.
- The results orientate the decision process.

In this point an important methodological consideration should be made, given that the case can also be taken as an example of the Social Learning model, in effect, the

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<sup>11</sup> It is necessary to remember that the decentralization of the public administration is a current case and in force inside the Latin American context, like the distribution of competence between the administrations is a current discussion in society. Therefore we witness apparently antagonistic processes, but which are conditioned by the regional socio-political situation. On one hand, all the thinking in Latin America favors a greater decentralization of the administrations, but the recent process initiated by the German state must be taken into account, in which a reduction of competence of the Landers has been agreed in determined matters that have been returned to the federal administration. On the other hand, the current revision process of the Statutes of Autonomy that are being given in Spain is a third element to be taken into account. In this context it must be made clear that the current case does not assume a stance in favor of one of these three processes, however only a general application is accepted that a suitable regional administration should provide for the necessities of the people of its regions, but the term and scope of the decentralization is left to the criteria of each society.

formulation process of the regionalization plan that is described, involves learning by the representatives of the Uruguayan Public Administrations. This point of view would be correct if the internal aspect of the project was considered, this is the relationship between the investigators of the Spanish Universities, the technicians, and the public representatives of the Uruguayan administration, but the case must be considered at all times as registered inside a global process that corresponds in a clear way to a Policy Analysis process. On top of the learning that can be produced in the center of the Public Administrations, the fact that in the last term the process of regionalization depends on a combined political decision making in an environment completely different to that of the formulation of the project.

Therefore this general context in which the project is registered in presents a focus on the markedly descending public action, in which the ranking of the Public Administrations, which normally start ascending learning processes, is the fundamental criteria for decision making<sup>12</sup>.

### **6.6.1. Planning from the Top**

In this process a clear top-down approach is appreciated so that the initial decision of the government of the Republic is made to start the process of regionalization. This initial decision commits the actions of the regional administrations of the public organizations dependent from the regional administration committed to labor. In no circumstance the actions of neither the external planners of the process nor the results of the participation of the affected population, are compromised in the decision process, for which a markedly descending process is used. The necessary consideration of the suggested proposal of the planning process is made clear, but its influence stays at a recommendation level to the political decision environment, and the acceptance of the recommendations only take place at this level, with which the influence of the ascending planning process remains subordinate to the political system of descending ranking.

Just like the previous case, the entire planning process is found inside of the descending organization structure. Although in this case an important learning process is also produced, the political context in which it is inscribed has a top-down approach framework, in which the decisions made at national level determine the processes that take place at regional level. It must be taken into account at all times that this is a transfer of administrative competence from a national environment to a regional environment. In this process the majority of the learning is produced in the different regions, that must be equipped with the necessary capacities to immerse this competence and on a lower level in the national administration responsible for its transfer, but it deals with a learning that does not correspond to the political decision process but to the implementation and execution of this.

The future application of the new derived politics for the decisions can be orientated by the results of the project, however the implementation process of this maintains the same top-down approach, with decision adopted within the national legislation, that

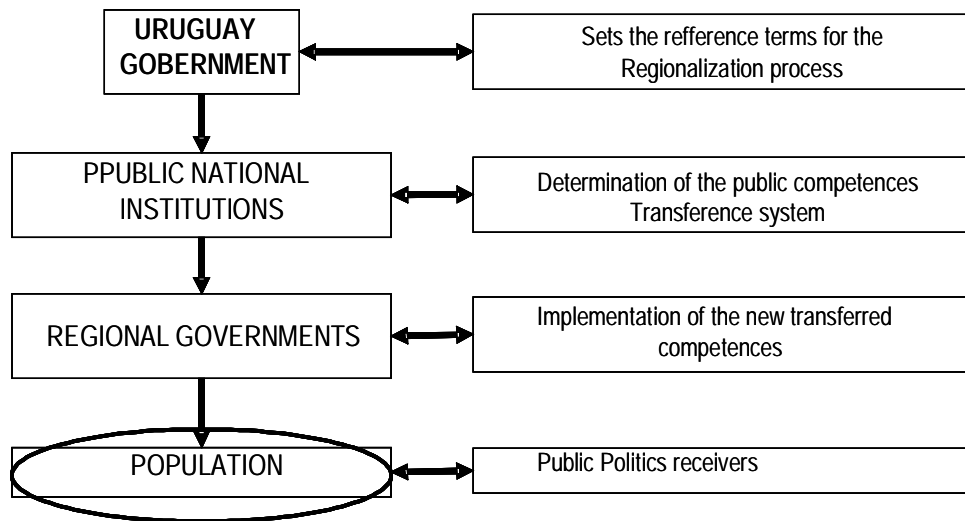
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<sup>12</sup> Despite that in this case an important ascending process of information and learning, their own model of Social Learning, lacks a fundamental element in order to be able to consider this case like that, which is the commitment on behalf of the superior levels of planning which accept the results of the learning process without any conditions. This commitment of the planners is the condition that provides an authentic planning process as Social Learning.



are then developed by the departmental administrations. The implementation of these politics depends mainly on the administrative structures of the different levels.

**Image 6.6: Implementation of the Regionalization Politics in Uruguay**



Source: Self made.

### 6.6.2. Centred on the Decision Making Process

Despite the fact that in both cases the considered project as an example assumes an information source for future political decisions, small differences exist that originate from the level of institutionalization of the Policy Analysis model. The previous case was conceptualized on a previous context of the execution of politics in which the EU demanded an answer for decision making for the modification of the politic. But in this case the support process for the decision was employed for the implementation of a new politic. In both cases the main objective is the same: the assessing of the political institutions, but in this case the political process to be carried out allows greater freedom for the planners in terms of the design and the way the work is carried out. In this case the process reflects on a previous decision by the Uruguayan Government, which is the start of a decentralizing process, but does not count on more conditions outside of the current situation of the regional and national political Administrations.

In this case the situation cannot be enclosed with the precision of the previous evaluation, in which a series of questions were formulated about the concrete aspects for which technical information was demanded. In this case the labor of the planning team in charge of monitoring decision making is much bigger, because the Policy Analysis model is not implemented as much in the Uruguayan Public Administration as it is in the EU<sup>13</sup>.

Because of this, the decision process is in a more initial phase, in which the current project is centered on offering a series of general alignments for the regional decentralization politic, but does not reach a answer level as detailed as the previous one. Both cases deal with a decision process, but in the current process the decisions are found at a more initial stage.

<sup>13</sup> The case of the EU from the 80's is paradigmatic of the level of development that can reach the Planning model as Political Analysis within the public system.

Therefore, in this case the absence of a clear procedure for the application of the decisions made is emphasized, given that we are talking about an innovative process. Whereas in the case of the EU, the decisions are made in the framework of a set politic to all the European society levels that count on definite and precise means of execution that affect all levels of European society, from the producers and their commitment to receive help, to the negotiation between the different members of state, passing through the different organizations and national and regional public agencies. On the contrary, in this case the execution of this has less meaning, the formulation process of the development process being more relevant; this is, the way in which the final decisions of the decentralization politic are monitored.

### **6.6.3. Separation Between Expert Knowledge and Decision Making**

Different to the previous case, this case produces a direct cooperation between organizations of the Uruguayan Public Administration and the hired external planners, but this does not mean that confusion between expert and decisive knowledge exists. The work is made in a direct way with the public organizations with executive knowledge, like the OPP, but they lack political decision capacity, for which the separation of the two processes is defined.

On the other hand, the formulation process of the regionalization plan greatly assumes a participative investigation, or active investigation, in which the situation diagnostic process supposes a learning laboratory for the final formulation of the proposal of the regionalization plan.

The separation of expert opinion and decision opinion does not means that they must be completely isolated processes, however it is necessary that the deciders "speak the expert's language" in order to use their results in a suitable way in the decision making process. Like in the previous case the Evaluation Unit of the EU plays a key role, as it is the organization that acts between the experts and the political center constituted by the European Commission. But in this case a similar organization is not initially arranged, as mutual learning during the formulation process of the regionalization proposal is fundamental.

The separation that is shown in the described case does not refer to isolation but to independence. The objective of this separation is political interference is not produced in the work of the expert group, just like the final decisions are made by the political center promoting the project during the entire process and to guarantee the efficiency of this is necessary for an adequate communication between both these groups.

### **6.6.4. Orientation of Decision Making Process**

The planning model as Policy Analysis centered on the making of decisions putting more emphasis on the associated process of information for this decision. In this case, the formulation teams are limited to carrying out a regionalization proposal, but their decisions are not linked, but are formulated with the intention of showing the relevance of the proposals. The designed methodological process responds to this orientated intention, by centering itself in the justification of analysis and proposals made. As you can see in each one of the project's stages that are presented below, a

logical process is used in which each stage determines the development of the following:

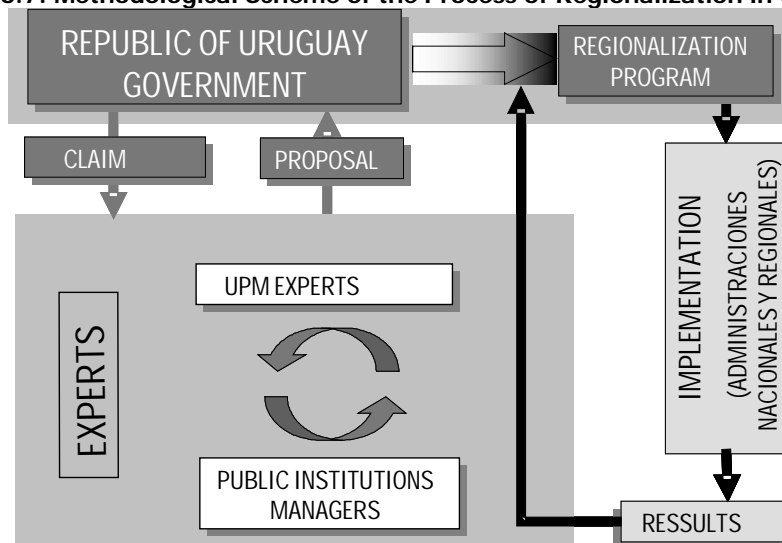
- Definition of the purpose and of the objectives that is intended.
- Selection and definition of criteria for regionalization.
- Determination of the unit of territorial analysis.
- Application of the criteria to the regions.
- Establishing bases for the definition of regional development.

The orientation of the making of decisions is also an internal characteristic of the process that is derived from the logical connection between each one of its stages. The validity of the final result and its orientation of the final decision capacity depends greatly on if the internal logic of the decision process has been respected.

### 6.6.5. Graphic Chart of the Case Model

The likeness between the established model and the application case can be established graphically in the next chart, in which the different elements involved in the analysis process of the politics considered are represented. Different to the previous case, reference terms are not talked about, but in application terms, because the process of regionalization is started from a previous study phase, of which the reference terms of regionalization are defined.

Image 6.7: Methodological Scheme of the Process of Regionalization in Uruguay.

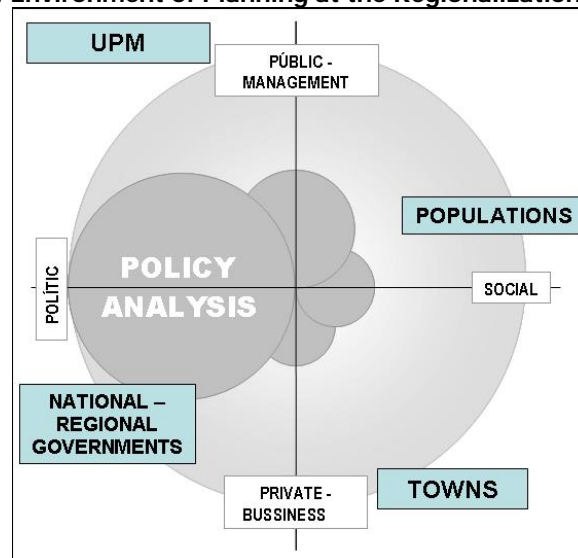


Source: Self made

As it has already been indicated, the planning environment is similar to the previous case and corresponds to a ranked administrative structure, although the integration of information mechanism is ascending, **the process of decision making is from top to bottom**. In this case the integration of the participative processes is not a determining factor of future decisions.

It deals with independent processes in which the only relation corresponds to the minority decisions that the political center forms.

Image 6.7: Environment of Planning at the Regionalization of Uruguay.



Source: Self made.

## 6.7. General Conclusions

Uruguay, despite having a medium revenue level in the sustainable development area, still presents a strong disparity between the environment of the city of Montevideo and the rest of the non coastal regions usually called “the Interior”. This reality demands debating and reforms in the public politics of Uruguay, which permit the mobilization of a territorially more balanced development influences a greater economic and social cohesion.

Despite its evident achievements, the European integration process has originated, at national level, ‘losing’ countries and regions in terms of relative process. In order to reduce negative impact of this integrating process to the inside of the European Union, the members of the States have assumed *territorial cohesion* as a basic principle to keep on advancing in the integration. This principle is the base of all the political and economic efforts orientated to the achievement of minimal social and economic conditions in European territories and it is divided in two fundamental components:

- *Social cohesion*, associated with equity and equality of opportunities for the people.
- *Economic Cohesion* linked to the productive efficiency.

The application practice of the principles has provoked the incorporation in the development of a territorial dimension that, relieving the disparities between the European regions, allows the gap to be reduced between these.

The direct interventions of European regional politics are composed of various elements of which we emphasize three of them:

- The delimitation of *Target Regions*, which permit the visualization of regional disparity and that are the scene for the application of differentiated economic political measures. The identification of these regions is based on objective statistical procedures, adjusted for the operational needs.
- An acting framework, in the form of *Operating Programs*, which establish the ‘rules, delimits the support areas that try to encourage collaboration between

national and local public parties and different private parties that contribute resources and are coordinated through multi annual program contracts.

- Mechanisms for joint financing differentiated by Regions and acting centers, which establish the application percentages of the funds in each territory.

The principles, as much as the mechanisms for territorial development that are used in the European experience, can serve as reference to help resolve the problems derived from the territorial disparity in Uruguay, which have been identified in the previous part.

## **6.8. Experiences Obtained in the Planning Domain**

Next, the main conclusions reached on the execution of this regionalization work:

- The introduction of a new Policy analysis process into the public policy comes from a decision of the central government. This change of the regional policy was maintained by the next government. Thus the change was seen as a positive new planning approach.
- The role of regional authorities during the planning process was a supporting role. They gave information to the central planning office and the planners when required, but they did not take part in the decision process.
- On the other hand the participation of an independent institution from outside the country (UPM) managing and monitoring the regionalization process gave it transparency and credibility.
- The Policy Analysis model is accurate when starting a regional policy because the public Administrations lack of the needed operative structures to star a participatory process.
- A new Policy Analysis process supposes also a high level of learning for the political institutions which adopts it, because they must adapt their decision making procedure to the new recommendation from the external planners.