

## ABSTRACT

Uruguay recorded a strong macroeconomic performance in the past years. In 2011, Uruguay saw the ninth consecutive year of economic expansion since its 2002 crisis. This marked one of the longest growth periods in the country's history. Social indicators continue to improve and the unemployment rate is historically low. Fiscal policies have contributed to the strong macroeconomic performance and improvements in social indicators. Continued prudent fiscal policies coupled with the debt restructuring and significantly improved debt management following the 2002 crisis contributed to the macroeconomic stability of the country. Uruguay has therefore successfully addressed a number of challenges faced in the past. There are however a number of policy-driven and exogenous factors that will affect fiscal space over the longer term. In addition to the effect of climate variability on fiscal costs of energy policies, significant changes in the social protection and health sectors are a critical factor to consider in fiscal planning. The combination of an ageing population with recent increases in pension eligibility presents an increasing fiscal challenge. However, Uruguay has been trying to address this emerging problem, while also protecting those who are vulnerable. The most recent social protection reform in 2008-2009 facilitated access to pension benefits for old-age low-income households. In addition in 2007 the parliament approved a comprehensive health reform program to create a more harmonized health care system and to improve equity in access to health services

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Fuente: BID