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DE PLANIFICACION
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Santiago, Chile, 8 and 9 January 1970

PROPOSALS SUBMITTED BY THE DIRECTOR-GENERAL TO THE GOVERNING
COUNCIL RESPECTING THE FUTURE ACTIVITIES AND
FINANCING OF THE INSTITUTE

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INTRODUCTION

The time has now come for the Institute to begin preparing for the third phase of its activities. To that end, the course they have followed thus far must be reviewed and thought must be given to the lines on which they should be conducted in the future. It is also essential to consider the best ways of placing the financing of the Institute on a permanent footing. A clear idea must therefore be formed of the directions its action is to take in the next few years and of the role it will be called upon to play in Latin America.

Accordingly, it was decided to hold a special meeting of the Governing Council for the purpose of exchanging views, on an entirely informal basis, with regard to the Institute's current problems, its future, and the basic guidelines for its programme of work.

This meeting ^{1/} was exceptionally useful. It provided an opportunity not only for frank and open discussion of Latin American problems, but also for clarifying many ideas with respect to the Institute's activities and for assembling some highly constructive suggestions and views as to its programme of work and ways of giving it the financial stability it must have in the future.

Because of its informal character this meeting was not called upon to adopt resolutions or formulate recommendations. The members of the Council suggested, however, that the Director-General, in co-operation with the President of the Governing Council and the Executive Secretary of ECLA, should take up and analyse the ideas put forward, with a view to presenting, at the next regular meeting of the Council (Santiago, Chile, 8 and 9 January 1969),

1/ It was held in the ECLA Office at Mexico City on 12 and 13 September 1969, and was attended by the following persons:

a) Members of the Governing Council

Enrique Iglesias (Chairman)

Carlos Manuel Castillo, Secretary-General of the Permanent
Secretariat of the General Treaty on
Central American Economic Integration
(SIECA)

Plácido García Reynoso, Under-Secretary for Industry and Trade,
Mexico

(cont.)

/proposals concerning

proposals concerning the Institute's future activities and the solution of its financing problems.

The following pages are designed to serve this latter purpose. Suggestions are advanced with regard to the Institute's principal activities and new guidelines for its work, always bearing in mind the role incumbent upon it as a United Nations agency vis-à-vis Latin America's economic and social development problems. It is hoped that this review will provide the bases for realistic consideration of the best ways of settling the question of the future financing of the Institute.

1. Training

At the beginning of the nineteen-fifties, ECLA, taking advantage of its stock of experience and its knowledge of Latin America's problems, initiated training courses on economic development under the direction of Jorge Ahumada. The Institute assumed responsibility for these courses early in the present decade, and has expanded them in both number and scope. The training activities carried on in Santiago, comprising the Basic Courses and the various special courses, together with the intensive courses that have been held in the great majority of the Latin American countries, may be described as the most serious effort hitherto made in the region to impart knowledge in the sphere of development planning and to encourage and promote studies on the subject.

In round figures, more than 5,000 professionals have already attended the various Institute courses. The Basic Course, the special courses on educational, health, housing and human resources planning and on annual operational plans, the special course held for trade union leaders, and the intensive courses given in different countries, which have dealt with

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Sergio Molina, Vice-President, Development Corporation (CORFO), Chile
Luis Enrique Oberto, Director, Planning Office, Venezuela
Cecilio Morales, Representative of the Inter-American Development
Bank (IDB)

Carlos Quintana, Representative of ECLA
Walter Sedwitz, Representative of the Organization of American
States (OAS)

(cont.)

/general planning

general planning and development problems and techniques and with specific aspects of industrial and agricultural planning over-all programming, trade policy and economic integration, project analysis, performance budgeting, etc., have all contributed, in varying degrees, to the technical training of the thousands of Latin American professionals concerned. Scattered throughout the region, many of them hold key posts with their governments or in public administration, universities and the private sector, and their influence has had a multiplier effect on the Institute's work, making it of noteworthy importance for the whole of Latin America. Evidence of this is also to be found in the Latin American universities, many of which have introduced curricula and texts inspired or prepared by the Institute. The same is true of various training activities in the Latin American countries which were initiated with the Institute's collaboration and now continue under the direct responsibility of national institutions.

The contribution which the Institute has made in this field fulfils one of the central purposes for which it was established. Its activities have met a crying need. Today, the situation with regard to technical training in the specialties concerned has changed completely in most of the Latin American countries. There are still serious deficiencies, but it is satisfactory to note that many countries are making a sustained and well-directed effort to fill the gaps. The Institute courses may therefore be considered to have largely attained their objective in respect of this first essential stage of basic training in planning and development. Without shelving that function altogether, the Institute should indubitably now embark upon a new phase of training activities. The decision to make a pause in its teaching work in 1970 will afford it an opportunity of

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b) Institute staff members

Raúl Prebisch, Director-General

Cristóbal Lara, Deputy Director-General

Francisco Giner de los Ríos, Secretary of the Institute

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/taking the

taking the first steps in that direction. In mapping out its new course of action it will have to make the fullest possible use of the experience acquired both inside and outside the region, and a prerequisite for this is to systematize the existing knowledge of Latin America's situation and problems, as well as to probe them more deeply.

This cannot be a self-contained undertaking however. The Institute must also have ample contact with other circles, so that the analysis of problems and experiences can be enriched and made more realistic by taking account of other perspectives and different points of view. It would seem that a good way to put this idea into practice will be to organize a programmed series of seminars at which such problems and experiences can be considered in objective and open discussion. The aim will be to secure the participation of economists, sociologists and other specialists from inside and outside Latin America, and of government officials concerned with economic policy and planning activities in the various countries, so as to include among the topics of discussion not only the march of ideas at the academic and theoretical level, but also the views based on practical action to deal with Latin America's main development problems.

These activities will begin in 1970 with a number of seminars which will include, for example, a meeting of directors of planning offices and heads of development institutions to review current planning problems in their

1/ (concl.)

c) Other participants

Ildegar Pérez Segnini, Executive Director, IDB
Manuel Balboa, Deputy Executive Secretary, ECLA
Joseph Moscarella, Director, ECLA Office, Mexico
Porfirio Morera Batres, Deputy Director, ECLA Office, Mexico
René Montserrat, Deputy Director, Department of Economic Affairs, OAS
Aldo Solari, Social Affairs Division, ECLA
Israel Wonsewer, Professor, Faculty of Economic Sciences, Uruguay

The following members of the Governing Council regretted that they were unable to attend: Mr. Helio Beltrao, Minister for Planning, Brazil; Mr. Alfonso Rochac, Minister of Economic Affairs, El Salvador; and Mr. Manuel San Miguel, Under-Secretary for Economic Affairs, Argentina.

/broadest context

broadest context, and more specifically those which relate to plan implementation. It is hoped that this seminar will initiate a system of periodic meetings which will make it possible to institutionalize, in some degree, close linkage between the various national planning offices, and between them and the Institute.

The reorientation of the Basic Course has been under consideration within the Institute for some time. ^{1/} It should be recalled that when this course was first started, little was known about the problems of under-development. Today, in contrast, the stock of knowledge is much greater --although still inadequate--and other training centres and institutions are operating in Latin America side by side with the Institute. It is felt, therefore, that the time has come to raise the level of the Basic Course, and to focus its attention on the study of the main development problems in the Latin American countries and the best policies for dealing with them. A major part of the activities of such a Basic Course would consist in individual research on subjects chosen by the participants, and internal discussion with economists and sociologists in ECLA, ILPES and other Latin American institutions. Rather than transposing and transmitting ready-made know-how and techniques which have already been sufficiently widely disseminated, the aim would now be to discuss ideas and to adopt an imaginative and far-reaching approach to the continued study of Latin American development problems and of practical ways of influencing the existing state of affairs.

For this purpose, it may be desirable to limit the number of participants to lengthen the training period where appropriate, and to share with the trainees the research work on economic and social development carried out by the Institute, and the dialogue on Latin American problems which the above-mentioned seminars will promote. Unique importance would seem to attach to the selection of participants. The course should attract professionals who already have a sound and comprehensive training, and possess a good academic background or well-attested practical ability and experience. This tightening-up of the requirements will necessarily

^{1/} See "Bases de la reorientación del Programa de Capacitación" (INST/L.14), presented at the twelfth meeting of the Governing Council, held in Mexico on 9 and 10 December 1968.

entail changes in present conditions with respect to the amount of the fellowship grants and the periods that should be covered.

Another idea which is under consideration--and which was also discussed at the informal meeting of the Governing Council in Mexico--is that the Basic Course should be converted into a higher-level training course which could confer a diploma after two years of intensive study and the preparation of a thesis such as that required to obtain a doctorate. If this is considered to be a wise course, the necessary steps could be taken to establish the academic equivalence of these studies and to share with the universities concerned the responsibility of conferring doctorates in economic development or in planning.

All this forms part of the process of evolution and change which the Basic Course has been undergoing ever since ECLA held the first of its kind. The idea of associating the subjects taught in the Course with the current thinking that has had the strongest impact on the economic situation of the region has had much to do with these changes. One of the permanent features of this programme however, is the fact that Latin America's problems and their interpretation constitute the focal point of the whole substantive content of the Course, and the object to which the knowledge and experience it draws on are applied. In the coming phases of more fundamental change, care must be taken not to lose sight of the valuable lesson thus to be learnt from the past.

The Course on Health Planning has been so successful that the Institute has been encouraged to continue the co-operation thus established with the Pan American Sanitary Bureau and the World Health Organization (as it would have liked to do with UNESCO following the joint course on educational planning that was organized for several years). It would seem that in addition the special courses need to be diversified so as to include a number of Latin American problems about which comparatively little is known and the ideas that exist have not been duly systematized. Some specific areas, such as transport and communications, energy and natural resources, regional development, the problems of the relatively less developed countries, and others of particular significance, must be dealt with, in order to give a fuller and deeper insight into the whole development process in Latin America.

/Through its

Through its intensive courses, the Institute has done a great deal of work embracing most of the Latin American countries. Since 1962, fifty-four courses have been held in sixteen countries. In some, such as Brazil, the Central American countries, and Mexico, they have been repeated annually, and by this time several classes have graduated. These courses have served to introduce and spread a better-integrated fund of information on development and planning, and at the same time have dealt with specific subjects in each country, such as agriculture, industry, economic integration, project evaluation, etc.

There is a bigger demand for intensive courses than the Institute is able to supply. By October 1969, it had received fifteen requests to hold such courses in 1970. The best way of reconciling this demand with a realistic view of the Institute's resources and of the need to concentrate their application would be to encourage national institutions to assume responsibility for organizing and running such courses, as indeed is already happening in some cases. The Institute could provide guidance and advisory assistance for such national activities. In addition, the national courses might be combined with seminars at which the principal development concepts and problems could be brought to notice and discussed. The Institute's association with the universities in the various countries would be a specially significant feature in this connexion. In any event, if such a policy is to be put into practice it would seem advisable to promote the establishment of Institute sub-centres in some countries or groups of countries, similar to the centre which the Government of Brazil has asked the United Nations to set up to meet its immense needs. Brazil's request, submitted when it signed the Plan of Operations, not only represents solid support for the Institute, but also opens up the way to satisfying the demand for courses in Brazil.

2. Advisory services and projects

The Institute's advisory work has fulfilled a number of aims. Assistance has been provided in the formulation of plans and programmes in most countries of the region, and in some cases in the designing of long-term development strategies as a framework for clarifying the basic purposes of plans. The Institute has also contributed to plan implementation by strengthening national planning machinery, studying sectoral and regional questions in progressively greater depth, and improving the operational efficiency of such basic tools as techniques for short-term planning, programme and performance budgeting, public investment planning, etc.

These intensive activities have helped to metamorphose the whole planning picture in Latin America. Most countries now have planning agencies, many of them staffed by teams of technically qualified national personnel. The day of the mission long-drawn-out now seems to be past, and, as the Institute has been endeavouring to do in recent years, procedures must be sought that are more in line with the countries' present needs, although without ruling out, where justified by the circumstances, activities that may be exceptional in terms both of the resources absorbed and of the time consumed.

Advisory services must be adapted to the characteristics and circumstances of the country requesting them, and their intensity and duration must depend upon the nature of the problems concerned. On the one hand, thought should be given to the possibilities of sending missions to countries for relatively short periods; the teams would comprise both generalists and specialists in different sectors of economic activity, and would assist governments, through dialogue, in the exchange of ideas on basic topics relating to development strategy. In such cases, comparison of the experts' experience with that of national officials might help to clarify and solve national problems. In certain circumstances, governments—as has been shown by the results of recent missions of this type—want this kind of objective discussion

/as a

as a means to forming their opinions and implementing their own policy decisions. Because of the needs involved, it is advisable for such missions to be carried out by experienced Institute and ECLA staff.

On the other hand, as has been indicated, advisory missions of longer duration could be sent to tackle basic technical problems similar to those dealt with formerly by advisory groups, although it is clear that, given the progress made in most countries, the time spent on such work will not need to be as long as before. In view of the scope of their activities, and the scantiness of the Institute's resources, it would seem advisable for such missions to be carried out in conjunction with ECLA and the regional technical assistance experts of the United Nations and other agencies. Enlisting the co-operation of outside experts—apart from enriching the Institute's experience with other points of view—would make it possible to channel technical assistance resources that are at present scattered throughout Latin America into activities that are more concentrated and probably of greater benefit to governments.

Furthermore, the Institute is tending to devote increasing attention to the provision of advisory services relating to integration, not only by reason of its knowledge of the development problems of individual countries and the region as a whole, but also as a result of the basic research it has been undertaking on such matters as policies for development with integration, the trade gap, the prospects afforded by integration for the speeding-up of industrial development, criteria for the analysis of multi-national projects, etc. When the Institute's future activities in this field are under consideration, it must be borne in mind that in Latin America sub-regional agreements are being concluded within the over-all integration system of the Latin American Free-Trade Association (LAFTA). The example of the pioneer Central American integration movement has recently been followed by the Andean Group, the Caribbean countries and—with a slightly different purpose—the River Plate Basin Group.

The Institute followed with great interest the events leading up to the signing of the Andean Subregional Agreement and, at the request of the Joint Committee of the Declaration of Bogota, prepared in co-operation with ECLA a document on ways and means of linking national development plans with a view to subregional integration, which was submitted to the Committee at the meeting it held in Cartagena (Colombia) in August 1968. Recently the Institute participated in the meeting of heads of planning agencies of the Andean Group (Lima, October 1969), and was requested to draft, in conjunction with ECLA, a preliminary document on criteria and methods for joint programming and other questions relating to the co-ordination of the Andean countries' plans, and to provide technical advisory services for meetings of heads of planning agencies. The Institute is prepared to co-operate actively in any aspect of the planning and integration of the Andean Group where its assistance may be required.

It should also be mentioned that the Institute has made arrangements to co-operate with ECLA in work connected with integration in the Caribbean area.

Similarly worthy of note is the provision of advisory assistance in development planning for regions within countries, which answers a real and growing need. In addition to the longer-term work underway in the state of Minas Gerais (Brazil), the Institute is co-operating with ECLA—in response to a request from the Bolivian Government—in studying the development potential of the Santa Cruz area, in connexion with the Puerto Busch project.

As noted at the informal meeting in Mexico City, the Institute should play a more active part in the country analyses undertaken by the Inter-American Committee on the Alliance for Progress (CIAP). With this end in view, the President of CIAP has invited the Institute's participation, and the Director-General will be attending the meetings of the Committee, where he will also represent ECLA, at the request of the Executive Secretary. This will involve not only participation in the Committee's plenary meetings, but also, where possible, co-operation in the preparatory technical studies upon request. Another interesting

/suggestion also

suggestion also made at the informal meeting was that relations with the Inter-American Development Bank should be strengthened by providing it with advisory assistance in the organization of missions concerned with economic development questions.

The Institute's advisory function has enabled it to keep in close touch with developments in respect of planning and economic policy in Latin America, and to co-operate with national efforts in these fields. The indications given in the foregoing paragraphs provide a suitable basis for re-examining the ways in which the Institute should provide advisory services, as part of its essential task of contributing to the development of planning and ensuring the maintenance of unbroken contact with real conditions in the countries of the region. Moreover, its advisory activities will have to be closely linked to the seminars and exchange of ideas that were described in general outline at the beginning of this report.

There is no need to stress the major significance of projects within the Institute's work, since one of the most serious obstacles to planning is precisely the lack of projects to give concrete form to the priorities laid down in the plans.

The activities of the Institute in this field, although they have received encouragement and support, chiefly from the Inter-American Development Bank (IDB), have been much restricted by the lack of resources. Nevertheless, it has provided technical assistance to a number of countries--Bolivia, Brazil, the Dominican Republic, Ecuador, Paraguay and Venezuela--and to the Central American area, and it has co-operated in the formulation of some important national and regional projects. With regard to agricultural projects, enough experience has been acquired in the course of field work for a practical guide to the formulation of projects for the integrated development of agricultural areas to be published in the near future. Moreover, some work has been done on the analysis and evaluation of integration projects.

The Institute's activities in this field will be focused mainly on two undertakings, one of which has already been started, while the other has recently been proposed and holds out very promising prospects.

/The first

The first of these tasks is the preparation of a guide and a manual on projects. Work on these--which has already begun--is receiving substantial support from IDB. Given the amount of resources allocated to this project and the co-operation it is hoped to obtain from other national and international agencies, the guide and the manual may be expected to serve as very useful practical tools in the formulation, evaluation and execution of projects in Latin America.

The second task, which the Institute intends to embark upon forthwith, stems from a suggestion made at the informal meeting of the Governing Council in Mexico City regarding the possibility of the Institute's entering the field of pre-investment. Experience has shown the need to find some way of linking the formulation of development plans and policies with the execution of specific projects. Pre-investment programmes might meet this need, and the Institute will have to make efforts to extend its activities to this field, as another form of response to the countries' interest in making their plans more operational.

The Institute has welcomed this suggestion, which was made by representatives of the Inter-American Development Bank, with great interest, and since the Mexico City meeting it has exchanged ideas with the Bank and with some governments in the region as a first step towards undertaking work in this field.

3. Research

The current situation in Latin America with regard to research on development problems and policy is very different from that prevailing a few years ago. Not only has the basic economic and social context changed, but there has also been a very sharp increase in awareness of the causes and implications of the region's failure to speed up its rate of growth. In addition, the number of international and national agencies carrying out studies of Latin American conditions has risen significantly. Today, a number of countries have national research centres with the basic capacity to undertake work of this kind. The establishment of the Latin American Council for Social Sciences (CLACSO), as a co-ordinating agency for all such centres, is an example of the possibilities for co-operation among them and paves the way for these important nuclei to concentrate their pooled efforts on the key problems of Latin America's development at its present stage.

The Institute has had opportunities of observing that the region is now better equipped to undertake studies which would have been quite beyond its capacity ten years ago. The progress made in research, conducted jointly with national centres, on integration-oriented development policies is a striking example of how much has been achieved.

The increase in knowledge of the complexities of the Latin American scene, and the explicit consideration of new problems, mean that any research carried out on the region as a whole must be based on a solid ground work of national data, which invest approaches and conclusions with additional depth and detail.

Moreover, several international and inter-American agencies--in particular IDB, OAS and CIAP--each from its own vantage-point, are making important contributions to the analysis of economic and social policies. The growing interest in the region's problems, and recognition of the fact that these problems have their own peculiar features, and therefore cannot be solved by the mechanical application of theories worked out at

/the 'centre',

the 'centre', have had a salutary effect on the way in which the causes and implications of under-development are interpreted, and this has brought with it an enhanced awareness of the real situation in Latin America.

It is important to recall that the research undertaken by ECLA over the past twenty years constitutes a very sound basis for the Institute's research work. All that need be added is that the Institute itself, although it has been in existence for only a few years and the resources it can earmark for research are meagre, has already made significant, albeit partial, contributions to the understanding of such important questions as industrial development and employment problems, the trade gap, and integration, as well as to the designing of suitable instruments for the implementation of development policies, in such fields as planning techniques, project formulation and evaluation, and programme and performance budgeting.

In brief, it may be said that the frame of reference for the Institute's future research will be constituted by four main components. First, given the greater complexity of existing conditions and the increased awareness of the basic problems of development, research topics must be selected with care and analysed in depth, to which end attention must be concentrated on key questions. Secondly, the Institute's research work is closely linked to the entire system of ideas developed both by ECLA and by other agencies, which has to be constantly overhauled and brought up to date, to show the critical areas on which emphasis should be placed and research focused. Pursuant to this approach, the Institute must make more and more use of the increasing research capacity that has been growing up in Latin America, and promote joint activities in fields which are considered of basic importance for an understanding of the economic and social phenomena of the region and for policy proposals. Fourthly, the Institute should maintain very close contacts with other international agencies (IDB, CIAP, OAS, FAO, UNESCO, etc.) and with academic centres abroad that are carrying out studies on Latin America.

/These indications

These indications should serve as a guide for the Institute's research activities, which in the last analysis, however, will be based on an interpretation of the economic and social development of Latin America as seen in a present-day perspective, which will make its essential aspects more clearly discernible. With this end in mind, the Institute will focus its efforts in 1970 on attempting to systematize the ideas that have emerged over the past twenty years in a series of interpretations of the economic and social development of Latin America although so far no effort has been made to marshal them methodically. This will have to be done in a spirit of objective criticism, discarding anything that experience has shown to be valueless, and identifying existing lacunae positive contributions. The undertaking is expected to culminate in the production of a book, in which both Institute and ECLA economists will collaborate.

The work done in this connexion will have to be consistent with present-day Latin American needs and realities, and the approach adopted must be strictly scientific and objective, in line with the traditions of freedom of thought that have always characterized the Institute's activities.

4. Publications

The publication of textbooks and manuals is of major importance both for training programmes and in order to satisfy the increasingly urgent need to make the Institute's work more widely known.

Our first printed publications appeared barely three years ago, and several texts have already been brought out in book form and in the various series of Cuadernos. The staff is working hard on about fifteen more titles that are to be published in the near future.

Emphasis must be placed on the publication of textbooks and manuals. Technical handbooks must be prepared in the main branches of sectoral planning, as has already been done in respect of industrial planning and performance budgeting; work is under way on annual operational plans, public sector, planning, monetary and financial programming, and project design and analysis. For training purposes, however, the manuals must also cover other fields, since they will be of the greatest use as instruments of diffusion in the universities and other teaching centres in the Latin American countries.

New approaches and interpretations relating to various aspects of development and planning can be published in the series of preliminary research findings (anticipos de investigación) which the Institute is already bringing out in its Cuadernos. But it is also planning to publish a periodical which will be livelier and is sure to be more widely read, thus stimulating public discussion, from which new ideas will doubtless emerge. This periodical will also comment on the activities of the planning offices in order to serve as a means of communication between them, and will report on the results of controversies and discussions on economic and social topics relating to Latin America, while at the same time supplying information on the Institute's main efforts in the fields of research, advisory assistance and teaching.

All these publications, including the periodical, will serve as a link between the Institute and the universities and research centres within and without the region, and will make the Institute familiar to the public at large. The need to bring out its publications in other languages, particularly Portuguese and English, has been much felt, and this aim must be achieved as quickly as possible.

/5. The future

5. The future of the Institute and its financing problems

At the informal meeting held in Mexico City, the subjects of discussion included not only the lines on which the Institute might in future conduct its main activities, but also its financial problems. It should be recalled that from the standpoint of financing the Institute's existence has been divided into two phases. During the first of these, which was of five years' duration, the basic financing consisted in an allocation from the United Nations Special Fund and a contribution made by the Inter-American Development Bank (IDB) on behalf of the governments. In the course of this initial phase, additional financing was obtained from the Special Fund, with "counterpart" contributions from the Latin American governments, for the establishment of the Advisory Services Division. In the second phase, which began on 1 July 1967 and is scheduled to last four years, the Institute is again being financed as a Special Fund project, with a substantial contribution from the Inter-American Development Bank, and "counterpart" contributions pledged directly this time by the governments of the region.

The vital importance of these financial contributions must be clearly emphasized, and the fullest and most appreciative recognition must be accorded to the generous support given by the Special Fund and the Inter-American Development Bank, as well as to the substantial backing received from the governments of the region. Nevertheless, as was pointed out at the Mexico meeting, formulas must be devised which will enable the Institute to continue its activities on permanent bases, and no longer on the shaky financial footing signified by dependence on periodic negotiations for funds, since financial instability involves, inter alia, waste of effort and lack of the right atmosphere for work.

The Institute has already demonstrated the importance of its activities in Latin America. And these activities must be founded on a bedrock of intellectual independence; for only thus will it be able to play a really significant part in the elucidation and solution of
/Latin America's

Latin America's serious development problems. If it is to enjoy this intellectual independence, which is essential to its work, the Institute must be guaranteed permanent financing and spared financial vicissitudes, at least in so far as its basic cadres are concerned. This is why it was so strongly urged at the Mexico meeting that the sources of financing should be international organizations such as the United Nations or the Inter-American Development Bank, and that the risks implicit in dependence on sporadic contributions should be averted.

In this connexion, it is worth recalling a passage in the Mason-Iglesias report prepared during the negotiations relating to the second phase of the Institute:

"During Phase II it is expected that Latin American governments will make a substantial direct contribution. We don't believe, however, that the whole or even a major part of the Institute's expenditure can be financed from this source. To attempt to secure agreement from twenty governments to a programme of long-term financing is, we think, to attempt the impossible and an insistence that this be done is equivalent to an insistence that the Institute be dissolved. We would hope that individual governments would continue their direct contributions and even increase them, but we do not expect that a majority of the financing will come from this source".

Since the date of initiation of the Second Development Decade promoted by the United Nations is close at hand, an endeavour must be made to ensure that the Institute's next phase--scheduled to begin on 1 July 1971--is established for a much longer period than the first two. As a United Nations Agency already doing effective work in the field of planning, the Institute will undoubtedly be instrumental in furthering the aims of the Second Development Decade in Latin America, since planning is bound to play a vital role in government efforts to attain appropriate development targets.

/The foregoing

The foregoing remarks pave the way for a preliminary analysis of a future financing system which will be conducive to greater continuity in the Institute's basic work and will safeguard its intellectual independence. Pursuant to the suggestions put forward at the informal Mexico meeting, various financing procedures have been under study.

Before setting forth possible alternatives for financing the Institute as from mid-1971, the bases on which its future activities should be organized must be defined. To that end, it is needful to bear in mind the objectives and lines of action formulated in the present report with a view to improving and expanding the Institute's capacity to provide services for the countries of the region, both through the study of crucial development problems and proposals for policies to overcome them, and through direct action. It has been suggested that these ends might be served by basing the structure of the Institute on a permanent nucleus comprising the senior executive staff, the personnel engaged in training and research, and those responsible for directing advisory services and work on projects.

A further requisite will be a supporting team whose continuity is ensured for several years, and with whose help the Institute can undertake and even expand the direct service activities which it has been developing to an increasing extent, particularly in order to meet the requests of governments and international agencies for advice on planning and projects, in line with the guiding principles laid down in section 2 of the present report.

Preliminary estimates have been made of the financial resources that would be required, firstly for the basic nucleus, and secondly for the supporting team dealing with advisory services and projects. These estimates, which are set out in detail in tables 1 and 2, amount to annual sums of approximately 1 157 million dollars for the nucleus and 517 000 dollars for the supporting team.

The best means of obtaining the Institute's essential objectives might lie in the suggestion that the nucleus and the supporting team should be incorporated in the United Nations Secretariat. This would not appear to be a viable solution over the short term, in view of the
/financial limitations

financial limitations which are hampering the United Nation's activities in general. Accordingly, it is felt that an alternative proposal in respect of sources of financing, should be put forward, to provide a basis on which the Council can discuss and map out the action that should be taken to establish the Institute's key activities on sounder and more permanent bases. The alternative possibility in question would be to seek financing for the basic nucleus from the United Nations Development Programme, the Institute being regarded as a continuing project sui generis, with phases of longer duration than the first two. It is considered that a suitable duration would be the period covered by the Second Development Decade. If this second alternative were adopted, financing for the supporting team would be obtained from other sources. One suggestion is that the United Nations Office of Technical Co-operation (OTC) might supply the Institute with financing for the personnel engaged in providing advisory assistance in planning, and that the Inter-American Development Bank might finance the staff concerned with pre-investment activities and projects. This financing would have to cover a minimum period of five years, so that the supporting teams could duly fulfil their role as such.

With respect to the financing of the Institute as a United Nations Development Programme (Special Fund) project, it must be pointed out that it is customary in the case of such projects for governments to make cash contributions. The Institute's experience in Phase II has been enlightening in regard to the difficulties of securing payment of such contributions under this system. The problem should be given special consideration, for while this is a troublesome way of obtaining funds, on the other hand expenditure far heavier than the cash contributions payable is incurred by the countries in the shape of financing for activities which the Institute undertakes at the request of governments in the fields of training, advisory assistance and research. For example, when the Institute holds a training course, the sponsoring governments or national institutions defray the local costs, continue to pay the salaries of participating government officials /and sometimes

and sometimes in addition finance fellowships for the duration of the course. In the case of advisory services provided for individual countries, the same observation holds good if the cost borne by governments for the assignment of counterpart technicians to collaborate with the Institute's team of experts in the field, and the local cost of transport, secretarial assistance, etc., are duly assessed. It often happens, too, that the work is continued at the Institute headquarters, in which case the countries finance the travel and subsistence expenses of their teams of experts. The same applies to research projects where the participation of groups of experts from the countries and institutions with which the Institute is collaborating keeps specialists engaged in joint activities for long periods.

The real impact is difficult to measure, since it does not lend itself to precise assessment in quantitative terms, but approximate figures can be established which give some idea of the scale of the support given by the countries of the region to the Institute's work. If a more flexible criterion were applied, these figures could be taken to represent the value of the counterpart contribution that the governments should make to this UNDP project, which, by its very nature as an economic and social instrument in Latin America within the framework of the United Nations, and in view of the broad objectives it pursues in respect of improving development conditions in the various countries, does in fact seem to constitute a project sui generis.

For illustrative purposes, table 3 presents a statement of the accounts that have been kept of the countries' contributions to the different activities.

Apart from the work done by the basic nucleus and the supporting team, it is conceivable that, as has happened hitherto, other activities may be undertaken for which ad hoc financing will be required. These will include, for example, advisory services and projects for which payment is made, either by the governments themselves or under special agreements with national and international financing institutions.

/On the

On the other hand, for certain special training and research activities, the Institute might obtain funds from foundations, universities and other sources, as in the case of the generous donation made by the Government of the Kingdom of the Netherlands. The possibility should be studied in detail and depth, and from the Governing Council's discussion of its modifications or even different alternatives will no doubt emerge, which will enable the Office of the Director-General to lay down clear-cut guidelines for the intensive consultations which will have to take place during the first half of the coming year, to ensure the Institute the basic financing it needs if it is to fulfil the objectives underlying its establishment.

o. Relations with other agencies

One of the Institute's most striking features has been the close co-operation it has maintained with numerous international organizations, national development institutions, universities and research centres. Their material support has enabled it to undertake much more far-reaching activities in the past than would have been possible with its own limited resources. Even more noteworthy, however, is the fact that its linkage with such agencies has kept all its activities, without exception, in direct and lively contact with a wide range of experience in respect of economic and social policies and with the thinking generated in those fields. Yet its firm intention to establish a freer exchange of views with centres and leading figures inside and outside Latin America has not been completely fulfilled.

Even at the risk of omitting to mention other examples of valuable co-operation, emphasis must be placed on the resolute support given by the Inter-American Development Bank, not only because of its substantial contribution to the over-all financing of the Institute, but also because of the backing it has provided for several of the Institute's activities and the positive attitude which its directors have always adopted towards joint projects. The Institute believes that it has been equally responsive, co-operating with the Bank whenever its collaboration has been requested, as shown by the participation of the Director-General and other staff members of the Institute—and of ECLA—in the study on economic development policy and the mobilization of financial resources. The pre-investment field, which is at present being explored, offers another promising area for a task of the greatest importance in relation to the aims of both institutions.

In addition, as mentioned above, the necessary conditions have been created for a closer association with the Organization of American States (OAS) and, in particular, with the Inter-American Committee on the Alliance for Progress (CIAP) in the study of development trends and plan implementation in the Latin American countries, which will no doubt bring mutual benefit to the organizations concerned.

/The Institute

The Institute will maintain and even strengthen the firm relations with the agencies of the United Nations family which have been established in recent years. Thus, joint work is being carried out with the Pan American Health Office, through the Pan American Health Programme established within the framework of the Institute, in the training of health planners and in research aimed at closer integration between economic development planning and the needs and targets of health plans. With the International Labour Organisation it is working in the fields of employment and human resources planning. Without the continuing generous support of the United Nations Children's Fund (UNICEF), the Institute would have been unable to do much in connexion with social development, particularly as regards the burning problems of Latin American youth. Successful results have been obtained from the agreement with the Latin American Demographic Centre (CELADE) respecting the incorporation of population problems in the research which is being conducted in conjunction with national centres co-ordinated by the Latin American Council for Social Sciences (CLACSO), on the aforementioned important subject of integration-oriented development policies. Constructive relations have also been maintained with the Food and Agriculture Organization of the United Nations (FAO), the United Nations Industrial Development Organization (UNIDO), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Research Institute for Social Development (UNRISD), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and other United Nations agencies. The International Monetary Fund (IMF) has co-operated continuously in the Institute's teaching activities.

The Institute's concern with economic integration problems in Latin America is also evident in its close relations with the Latin American Free Trade Association (LAFTA). In Central America it has collaborated with SIECA in devising bases for a development strategy for the area as a whole, in the study of the area's trade gap, and in promoting multinational projects; it has embarked upon a highly promising collaboration with the Andean Group, mainly in connexion with the co-ordination of member countries' plans and with the industrial aspects of integration in this subregion; and support has also been given to ECLA in its integration activities in

/the Caribbean

the Caribbean countries. In the work undertaken by the Institute in the field of integration, close contact has always been maintained with the activities of the Institute for Latin American Integration (INTAL).

Support has also been received from the Agency for International Development of the United States Government and the Government of the Federal Republic of Germany in financing fellowships for the Institute courses; from the Organization for Economic Co-operation and Development (OECD) in carrying out a survey on the industrial entrepreneur in Mexico; from the Université de Paris in research on labour sectors; and from the French Government, which contributed valuable experience in short-term planning. Thanks to the co-operation of the Chilean Development Corporation (CORFO), agreements have been concluded on collaboration in budgeting and social questions, and discussions are in process concerning new lines of activity in connexion with projects.

The Government of the Kingdom of the Netherlands has also provided substantial contributions which in the last few years have enabled the Institute to expand its research potential on a considerable scale, and in the course of this year it made another generous donation for use as from 1970, which prompts the Director-General to express special gratitude for so exceptional a distinction and proof of confidence in the Institute.

Lastly, the United Nations Development Programme (UNDP) and the United Nations Secretariat—through the Office of Technical Co-operation (OTC)—have not only made a decisive contribution on the material plane, but have given the encouragement and stimulus required for a resolute approach to continuing and increasingly constructive action on the Institute's part in the future.

The hospitality and facilities extended by the Government of Chile have unquestionably been an important factor in the development of the Institute's work.

As noted throughout the analysis of the Institute's activities and the proposals for their future orientation, the tightening-up of co-ordination and collaboration with ECLA has been a permanent and highly favourable feature. The proposed guidelines for the Institute's future action should take into account this essential aspect of the relationship between the

/two agencies,

two agencies, so that they can both provide Latin America with interpretations of its development problems, propose specific economic and social policies for overcoming them, and carry out direct activities in support of the governments' efforts in that direction.

The Director-General would like to reaffirm his gratitude for the support received from national and international institutions in the form of resources and suggestions for improving the Institute's work. He also states his firm determination to strengthen still further the links with those agencies, and extend them to others. The attainment of this goal should help the Institute to concentrate its efforts in the spheres of greatest importance for development and planning, and enable it to absorb experience and ideas--wherever they may be applied or generated--which will be of use in tackling more successfully than in the past the problems that beset the development of Latin America.

Table 1

ESTIMATED ANNUAL COSTS OF THE INSTITUTE
FROM 1 JUNE 1971

| | <u>Staff</u> (Number) | <u>Annual Cost</u> (dollars) |
|---|--------------------------|---------------------------------|
| 1. <u>Basic Unit</u> | | <u>1 157 000</u> |
| 1.1 <u>Professionals</u> | <u>37</u> | <u>736 000</u> |
| Director-General's Office | 6 | 166 000 |
| Training Programme | 8 | 137 000 |
| Research Division | 12 | 209 000 |
| Advisory Services Division | 6 | 127 000 |
| Projects Division | 3 | 64 000 |
| Publications Division | 2 | 33 000 |
| 1.2 <u>Consultants</u> | | <u>60 000</u> |
| 1.3 <u>Secretariat</u> | <u>14</u> | <u>73 000</u> |
| 1.4 <u>Administrative Services</u> ^{a/} | <u>11</u> | <u>48 000</u> |
| 1.5 <u>Official travel</u> | - | <u>60 000</u> |
| 1.6 <u>Equipment and supplies</u> | - | <u>50 000</u> |
| 1.7 <u>Other administrative expenditure</u> ^{b/} | - | <u>80 000</u> |
| 1.8 <u>Publications fund</u> | - | <u>50 000</u> |

^{a/} This estimate has been made on the assumption that a large part of the administrative expenditure of the Institute (personnel, finance, general services, etc.) would be absorbed by ECLA.

^{b/} Maintenance of building, light, heating, etc.

Table 2

| | <u>Staff</u> (Number) | <u>Annual Cost</u> (Dollars) |
|-----------------------------------|--------------------------|---------------------------------|
| 2. <u>Supporting team</u> | | <u>517 000</u> |
| 2.1 <u>Professionals</u> | <u>18</u> | <u>351 000</u> |
| Advisory Services Division | 9 | 161 000 |
| Projects Division | 5 | 86 000 |
| Sectoral experts | 5 | 104 000 |
| 2.2 <u>Consultants</u> | | <u>60 000</u> |
| 2.3 <u>Secretariat</u> | <u>7</u> | <u>36 000</u> |
| 2.4 <u>Official travel</u> | | <u>40 000</u> |
| 2.5 <u>Equipment and supplies</u> | | <u>30 000</u> |

Summary of tables 1 and 2

| | |
|--------------------|----------------|
| 1. Basic unit | 1 157 000 |
| 2. Supporting team | <u>517 000</u> |
| | 1 674 000 |

Table 3

ESTIMATED INDIRECT CONTRIBUTIONS BY GOVERNMENTS IN 1969

(As of 31 December 1969)

| | <u>Training</u> | <u>Research</u> | <u>Advisory services</u> | <u>Projects</u> | <u>Total</u> |
|------------------------|-----------------|-----------------|------------------------------|-----------------|---------------|
| | (Dollars) | | | | |
| Argentina | 3 700 | 4 000 | - | - | 7 700 |
| Bolivia | 51 173 | - | - | - | 51 173 |
| Brazil | 137 363 | - | 57 400 ^{a/} | - | 194 763 |
| Chile | 28 380 | 4 200 | 32 500 | - | 65 080 |
| Colombia | 2 400 | - | - | - | 2 400 |
| Costa Rica | 3 300 | - | - | - | 3 300 |
| Cuba | 5 380 | - | - | - | 5 380 |
| Ecuador | 2 650 | - | 12 700 | - | 15 350 |
| El Salvador | 9 600 | - | - | - | 9 600 |
| France | 2 000 | - | - | - | 2 000 |
| Guatemala | 4 100 | - | - | - | 4 100 |
| Honduras | 5 570 | - | 900 | 400 | 6 870 |
| Mexico | 35 750 | 5 000 | - | - | 40 450 |
| Panama | 36 600 | - | - | - | 36 600 |
| Paraguay | 3 900 | - | - | - | 3 900 |
| Peru | 29 717 | 6 300 | 1 900 | 300 | 38 217 |
| Trinidad and Tobago | 1 600 | - | - | - | 1 600 |
| United Kingdom | 2 000 | - | - | - | 2 000 |
| Uruguay | 3 900 | - | - | - | 3 900 |
| Venezuela | <u>19 500</u> | <u>11 100</u> | <u>-</u> | <u>1 000</u> | <u>31 600</u> |
| | 388 283 | 30 600 | 105 400 | 1 700 | 525 983 |

^{a/} The figures for advisory services to Minas Gerais (Brazil) in October-November 1969 are estimates.

ECONOMIC COMMISSION FOR LATIN AMERICA

Committee of the Whole
Fifth Extraordinary Session

New York, 4-6 May 1970

LATIN AMERICAN INSTITUTE FOR ECONOMIC AND SOCIAL PLANNING:
PROPOSALS SUBMITTED TO THE GOVERNING COUNCIL BY THE
DIRECTOR-GENERAL ON THE FUTURE ACTIVITIES
AND FINANCING OF THE INSTITUTE, AND
RESOLUTION ADOPTED BY THE
GOVERNING COUNCIL

Note by the secretariat

For the information of the delegations to the Fifth Extraordinary Session of the Committee of the Whole of the Economic Commission for Latin America and in relation to item 4 (b) of the provisional agenda, the secretariat is circulating herewith the "Proposals submitted to the Governing Council by the Director-General on the future activities and financing of the Institute" (INST/L.18), and a document (INST/L.20) containing the resolution adopted by the Governing Council at its thirteenth session (Santiago, Chile, 9 January 1970) after consideration of those proposals.

