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**REVIEW OF RECENT REFORMS ADOPTED BY THE ECONOMIC COMMISSION
FOR LATIN AMERICA AND THE CARIBBEAN**

Note by the secretariat

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1. Introduction

1. During its 52nd plenary meeting, held on 26 July 1996, the Economic and Social Council adopted resolution 1996/41 regarding the implementation of General Assembly resolution 50/227, itself adopted on 24 May 1996. The overall concern of both resolutions is the restructuring and revitalization of the United Nations in the economic, social and related fields.

2. Both bodies called for a "review of the regional commissions, with a view to strengthening and enhancing their effectiveness as action- and policy-oriented bodies...".¹ The Economic and Social Council further requested "the regional commissions to continue undertaking their own reviews, as called for in General Assembly resolution 50/227, and to report to the Council at its substantive session of 1997...".²

3. In compliance with the Council's request, this brief note provides an outline of the major reforms adopted by the Economic Commission for Latin America and the Caribbean (ECLAC) during the past 18 months, as well as an assessment of the progress achieved and further steps that could be taken. It is presented to the ad hoc working group created by the Commission during its twenty-sixth session and to the Committee of the Whole of ECLAC in order to provide the Council with an updated review of the reform efforts initiated by ECLAC.

2. Conceptual framework

4. The conceptual framework for adapting ECLAC to changing circumstances, within the United Nations and in Latin America and the Caribbean, was outlined in a note by the secretariat entitled "Reform of the United Nations and its impact on ECLAC".³ This document, conceived as an "issues paper", was presented to the twenty-sixth session of the Commission in San José, Costa Rica, where an extensive debate on the matter was held. It was recognized that some aspects of the United Nations reform are systemic in nature and, in consequence, require system-wide definitions. These include, in particular, the role that the regional commissions are to play within the broader United Nations.

5. On the other hand, there are also a number of areas in which efforts to achieve greater relevance, effectiveness and efficiency can and should be undertaken within the Commission. The aforementioned document formulates proposals on some of these matters, including a more focused institutional identity and purpose ("mission statement"), more rigorous priority-setting within the work programme,

¹ General Assembly resolution 50/227, para. 74.

² Economic and Social Council resolution 1996/41, para. 9.

³ LC/G.1899(SES.26/4), 22 January 1996.

streamlining the organizational structure, efficiency measures to enhance productivity and, in general, greater responsibility and accountability on the part of staff and management.

6. Therefore, as a result of the debate held by the Governments of member countries on the basis of the above-mentioned note by the secretariat, the Commission adopted resolution 553(XXVI), which is presented as an annex to this note. This resolution is the cornerstone of the Commission's reform efforts and sets forth its third and most far-reaching formal statement to date on the role and functions of ECLAC.⁴ This most recent resolution includes an updated mission statement which defines ECLAC as "... a centre of excellence charged with collaborating with member States in a comprehensive analysis of development processes geared to the design, monitoring and evaluation of public policies and the resulting provision of operational services in the fields of specialized information, advisory services, training and support for regional and international cooperation and coordination."⁵ It will be noted that this statement combines operational with normative activities.

7. Further, in the same resolution the Commission decided "to establish an ad hoc working group open to all ECLAC member countries, to be headed by the Chairman of the twenty-sixth session of the Commission, which group, in consultation with the Executive Secretary, is empowered to define priorities for the work programme and recommend to the Commission strategic directions for its future activities, taking into account the development priorities of Latin America and the Caribbean, as well as budgetary considerations."⁶ Thus, a new mechanism has been created through which the secretariat can interact with the Governments of the ECLAC member countries not only in a priority-setting exercise, but also in discussing "strategic directions" for the institution.

3. Priority-setting

8. The ad hoc working group met for the first time in Santiago, Chile, on 29-31 July 1996; at that meeting all the elements of the ECLAC work programme for the biennium 1998-1999 were assigned a relative priority and were thoroughly analysed.⁷ The working group amply demonstrated its usefulness as a forum in which the secretariat and the Governments of the member countries can undertake an in-depth examination of the programme of work. The fact that the ECLAC programme of work has been debated in much greater detail than ever before evidences a new approach that is in keeping with the main aims of the effort to reform the United Nations.

9. The discussions also highlighted the difficulty of structuring a programme of work which fully reflects the desires and objectives of each of the member countries. A number of dilemmas surfaced, including the following: finding the dividing line between a concentration on high-impact activities and the necessity of forming an institutional view regarding the wide spectrum of major development issues confronting the Latin American and Caribbean countries; maintaining a certain balance between the allocation of resources to each of the subprogrammes and the possibility of concentrating on a smaller

⁴ The previous statements are set forth in resolutions 520(XXIV) and 541(XXV).

⁵ Operative paragraph 2 of resolution 553(XXVI).

⁶ Operative paragraph 7 of resolution 553(XXVI).

⁷ All elements were placed in one of four categories: "A", which, in the collective judgement of the Governments, represented the 10% of activities justifying the highest priority; "C" and "D", which represented the 15% considered of lowest priority; and "B", the remaining 75%.

number of subprogrammes; striking an adequate balance between analytical and operational activities; distributing activities between the Commission's headquarters in Santiago and its subregional headquarters; and linking funding drawn from budgetary resources with funding from extrabudgetary resources.

10. Above all, the first meeting of the ad hoc working group was perceived as the beginning of a **process**, rather than as a self-contained exercise. Accordingly, and as part of that process, the delegations of ECLAC member countries were informed of the proceedings of the ad hoc working group's first meeting in a gathering held at United Nations Headquarters on 25 October 1996;⁸ subsequently, the Economic and Social Council was informed of the proceedings at both meetings.⁹

4. Improved management

11. As part of a new system-wide management scheme being devised by the Department of Administration and Management to decentralize activities and enhance the use of incentives and sanctions in the decision-making process regarding the allocation of human and financial resources, ECLAC has formulated a proposal for a pilot project. The gist of the scheme consists in giving programme supervisors greater authority and flexibility to mobilize the human and financial resources at their disposal so that functions may be carried out in the most effective and efficient manner possible and, in turn, to render a stricter accounting in terms of the content, volume and quality of outputs as well as overall performance.¹⁰

12. This decision to seek new modalities of management is consistent with the Commission's efforts during the past decade to adapt to changing circumstances, both within Latin America and the Caribbean and in the United Nations. Determined efforts have been undertaken in numerous fields, including institutional development (especially in the areas of personnel management and training), strategic planning, internal reorganization, programming, budgeting and priority-setting.¹¹ The ultimate goal, in substantive terms, is to remain relevant to the Latin American and Caribbean development experience and, in procedural matters, to obtain the most value for any given amount of financial resources placed at the organization's disposal.

13. Further, an efficiency programme has been designed, part of which is already being implemented.¹² This initiative seeks to enhance the productivity of staff through improved procedures, a better distribution of staff assignments, streamlining, and technological innovations. Specific projects involve the introduction of modern computing and telecommunications technologies to access and disseminate information, produce documents and service meetings, as well as to improve administrative support services in order to ensure an efficient discharge of the substantive functions of the secretariat.

⁸ ECLAC, Meeting of Representatives of States Members of ECLAC to the United Nations to Hear the Report of the Meeting of the Ad Hoc Working Group (LC/G.1945), Santiago, Chile, November 1996.

⁹ ECLAC, Progress Report of the Ad Hoc Working Group Established Pursuant to Resolution 553(XXVI) (LC/G.1950), Santiago, Chile, 10 December 1996.

¹⁰ ECLAC, Management Pilot Scheme (LC/R.1704), Santiago, Chile, January 1997.

¹¹ ECLAC, Reform of the United Nations and Its Impact on ECLAC (LC/G.1899(SES.26/4)), Santiago, Chile, 26 January 1996.

¹² ECLAC, 1996-1997 Programme Budget Adjustment Plan, Santiago, Chile, July 1996.

As will be discussed below, it also involves outsourcing certain activities heretofore undertaken by in-house staff.

5. Coordination with other organizations

14. ECLAC has a long history of cooperation with other regional and multilateral organizations. Recently, three noteworthy developments have further enhanced this relationship. First, on 20 April 1996, a formal agreement was signed between the Executive Secretary of ECLAC and the President of the Inter-American Development Bank (IDB) which establishes a specific framework for future cooperation between the two institutions.¹³ Second, a similar arrangement, albeit less formal and much less comprehensive, has been undertaken between ECLAC and the International Monetary Fund.¹⁴ Finally, ECLAC is pursuing an ongoing cooperative work programme with the Organization of American States (OAS) and the Inter-American Development Bank for the servicing of several intergovernmental working groups that are exploring paths that could lead to the creation of a hemisphere-wide free trade area.¹⁵

15. Similar efforts have been made to establish a close working relationship with other United Nations organizations, particularly the regional bureau of the United Nations Development Programme (UNDP). In this respect, and in line with the guidelines set down by the Administrator of UNDP, the regional commissions in general and ECLAC in particular are developing certain key ("flagship") activities on a joint basis. In addition, considerable efforts have recently been made to diversify the joint activities undertaken by ECLAC and the UNDP regional bureau regarding projects with a regional dimension. Although these steps do tend to foster synergies, they still appear to be insufficient, since some duplication and overlapping apparently continue to occur in the activities carried out at the regional level by ECLAC and UNDP in Latin America and the Caribbean. Additional efforts will be undertaken in coming months to address this matter.

6. Budgeting exercise

16. A programme budget proposal for the 1998-1999 biennium has been prepared which takes into account the changing realities and challenges that ECLAC will face in the broader context of United Nations reform and the changing environment in Latin America and the Caribbean. The submission made at the end of December 1996 by the secretariat is also consistent with the Commission's new medium-term plan.

17. This submission contains a strategic proposal regarding the use of human resources which departs somewhat from the traditional approach. In effect, in the past most of the Commission's substantive activities were carried out by in-house expertise (i.e., permanent staff). In fact, roughly 80% of the

¹³ Convenio de Cooperación entre la Comisión Económica para América Latina y el Caribe de las Naciones Unidas y el Banco Interamericano de Desarrollo.

¹⁴ Interchange of letters between the Executive Secretary of ECLAC and the Managing Director of the International Monetary Fund, of 1 October and 19 December, respectively.

¹⁵ Plan of Action, Summit of the Americas, Miami, United States, 11 December 1994, paragraph 9, subparagraph 7.

Commission's budget was generally earmarked for staffing costs whereas only about 1% was allocated for temporary assistance and outside consultants.

18. An alternative approach that would enable ECLAC to produce as many or even more outputs for any given level of resources would be to alter the mix of in-house staff and outsourced expertise or services. This approach is especially appealing in view of the dwindling base of financial resources available to the United Nations and has already been implemented in a number of administrative areas, such as janitorial services and building maintenance. In substantive areas, and in its simplest expression, the approach involves moving in the direction of a smaller but upgraded permanent staff. This in-house staff would not only undertake the core activities of the organization but would also be in charge of supervising the work done by outside consultants, which would complement and enhance the work of the core staff. The approach has distinct advantages, as well as some disadvantages.

19. One of the benefits of this approach is that it allows for greater flexibility in adapting the secretariat's expertise to changing circumstances. It also combines the "institutional memory" of permanent staff with the fresh insights brought by short-term consultants. Moreover, if implemented properly, it can lead to increased productivity per person/month devoted to generating the outputs contained in the work programme. One of the disadvantages frequently cited at intergovernmental forums is that altering the mix of in-house staff and outsourced expertise can be perceived as an exchange of permanent posts, which are subject to certain rules (geographical, gender balance, code of conduct), for non-permanent positions that are exempt from such rules.

20. The advantages seem to greatly outweigh the disadvantages, especially in today's environment of financial constraints and given the general trend towards leaner civil services. Nonetheless, a gradual transition towards this approach would seem to be warranted so that a better sense may be gained of the most suitable division between in-house experts and outsourced expertise. ECLAC has a unique opportunity to engage in a managed, limited-scope test in the 1998-1999 biennium thanks, in particular, to its selection as a pilot project, as mentioned in paragraph 11 above.

7. Concluding remarks

21. Adapting to changing needs is not a new concept at ECLAC; on the contrary, the organization has been involved in a continuous reform process for many years.¹⁶ However, the pace of reform has accelerated in recent times under the triple stimulus of a rapidly changing environment both inside and outside the region, the corresponding changes in the priorities of the work programme, and the budgetary constraints affecting the United Nations. The overriding concern of the ECLAC secretariat is to remain relevant to the Governments and its constituency.

22. This involves, among other aspects, optimizing the quality and quantity of outputs for any given amount of resources through more focused priority-setting, improved and streamlined management of human and financial resources, a more judicious mix of permanent staff and outside consultants, closer interaction on a continual basis with the Governments of member countries, and coordination with United Nations bodies and other organizations to avoid duplication and overlapping. As can be seen from the

¹⁶ ECLAC, *Restructuring and Revitalization of the United Nations in the Economic and Social Fields: Role and Functions of ECLAC (LC/G.1716(SES.24/18))*, Santiago, Chile, 19 February 1992.

above, significant progress has been achieved recently in each and every one of these categories as part of the ongoing process of enhancing the Commission's effectiveness as an action- and policy-oriented body, as called for by General Assembly resolution 50/227.

Annex**RESOLUTION 553(XXVI)
REFORM OF THE UNITED NATIONS AND ITS IMPACT ON ECLAC****The Economic Commission for Latin America and the Caribbean,**

Recalling Commission resolutions 520(XXIV) and 541(XXV) on the role and functions of ECLAC and the consequences for it of the restructuring and revitalization of the United Nations in the economic and social fields,

Bearing in mind General Assembly resolution 48/162 and decision 49/411 on the restructuring and revitalization of the United Nations in the economic and social spheres and other questions relating thereto, and resolution 48/218 and decision 49/461 on the review of the efficiency of the administrative and financial functioning of the United Nations,

Bearing in mind also the guidelines emanating from the open-ended high-level working group established by General Assembly resolution 49/252 with a mandate to undertake a thorough review of the revitalization, strengthening and reform of the United Nations system,

Taking note of the content of the Declaration issued by the States Members and observers of the United Nations on the occasion of the fiftieth anniversary of the United Nations and, in particular, of the proposal for ensuring that the United Nations enters the twenty-first century equipped, financed and structured to serve effectively the peoples in whose name it was established,

Reaffirming its conviction that the activities entrusted to the Commission by the Economic and Social Council in its resolution 106 (VI) retain their full validity in the light of the present circumstances and the foreseeable future of the Latin American and Caribbean countries,

Having before it the note by the secretariat entitled "Reform of the United Nations and its impact on ECLAC" (LC/G.1899(SES.26/4)), of 22 January 1996,

Convinced that, as a new century dawns, sustainable development should occupy an important place in the agenda of the United Nations,

Convinced further that it is essential for the United Nations, in carrying out activities in the economic and social fields, to take account of the regional dimension and the decentralization of tasks in accordance with the comparative advantages of Headquarters and the subsidiary organs located in the developing regions,

1. **Affirms** that, in Latin America and the Caribbean, ECLAC is especially well qualified to undertake the tasks entrusted to it by the Economic and Social Council in its resolution 106 (VI), in the framework of a restructured United Nations;

2. Declares, therefore, that ECLAC should function as a centre of excellence charged with collaborating with member States in a comprehensive analysis of development processes geared to the design, monitoring and evaluation of public policies and the resulting provision of operational services in the fields of specialized information, advisory services, training and support for regional and international cooperation and coordination;

3. Declares further that, in order to play a relevant role with greater effectiveness and efficiency, ECLAC will need to adapt to the evolving development priorities of Latin America and the Caribbean, within the framework of the restructuring and revitalization of the United Nations;

4. Recommends that the institutional structure and pattern of conferences of the ECLAC system, including the practice of holding biennial sessions of the main forum, should continue to serve as the foundation in maintaining the simplicity, effectiveness and flexibility of the Commission;

5. Recommends further that ECLAC should pursue its efforts to improve its performance, productivity, impact, efficiency and effectiveness, taking into account, where appropriate, ongoing processes pertaining to the United Nations as a whole;

6. Instructs the Executive Secretary, therefore, to:

- a) Pursue and strengthen the institutional development and management upgrading activities aimed at improving the efficiency and effectiveness of the activities which ECLAC carries out in fulfilment of the mandates conferred on it by member States;
- b) Improve the indicators for evaluating the activities of the Commission in terms of performance, productivity and impact;
- c) Intensify consultation and strengthen cooperation and coordination with other United Nations organs, agencies and programmes, particularly the United Nations Development Programme and the United Nations Population Fund, taking special care to avoid duplication of activities;
- d) Strengthen existing cooperation and coordination with other multilateral organizations, such as the Inter-American Development Bank, the Organization of American States, the Latin American Economic System and other Latin American and Caribbean institutions pursuing similar objectives in the region, again taking care to avoid duplication of activities;

7. Decides to establish an ad hoc working group open to all ECLAC member countries, to be headed by the Chairman of the twenty-sixth session of the Commission, which group, in consultation with the Executive Secretary, is empowered to define priorities for the work programme and recommend to the Commission strategic directions for its future activities, taking into account the development priorities of Latin America and the Caribbean, as well as budgetary considerations. The first meeting of this ad hoc working group will be held within 90 days at ECLAC headquarters in Santiago, Chile, and any subsequent meetings will be held preferably at either of the subregional headquarters of ECLAC or at United Nations Headquarters in New York;

8. Entrusts the ad hoc working group with preparing a progress report to be transmitted through the Executive Secretary to the resumed substantive session of the Economic and Social Council for consideration at the fifty-first regular session of the General Assembly and with transmitting its proposals regarding the priorities for the 1998-1999 work programme through the appropriate channels to the General Assembly at its fifty-second session;

9. Further entrusts the ad hoc working group with submitting a final report on the review of priorities for the programme of work of ECLAC to the next session of the Commission.