



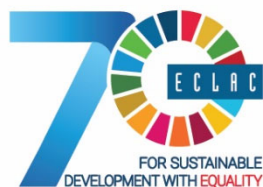
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**REPORT ON THE STATUS OF THE REGULAR SYSTEM OF GOVERNMENT FINANCING
FOR THE LATIN AMERICAN AND CARIBBEAN INSTITUTE
FOR ECONOMIC AND SOCIAL PLANNING (ILPES)**



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This note has been prepared to be presented to the Regional Council for Planning (RCP) of the Latin American and Caribbean Institute for Economic and Social Planning (ILPES), at their seventeenth meeting, to be held in Montevideo on 29 and 30 August 2019. The aim is to provide background information and other useful inputs for the discussion on the financial resources available to ILPES for carrying out its work in the region. This note is based largely on documents prepared previously by ILPES, especially the note on the system of contributions presented to the Regional Council for Planning at its fifteenth meeting.¹

A. BACKGROUND: ESTABLISHMENT OF ILPES AND THE EARLY YEARS

ILPES was established by the governments of Latin American countries in 1962, under the auspices of what was then the Economic Commission for Latin America (ECLA). At this time, it was financed by the United Nations Special Fund (the precursor of United Nations Development Programme (UNDP)), the InterAmerican Development Bank and the Government of Chile. At the ninth session of ECLA, held in 1961, governments expressed confidence “that the institute established under the auspices of ECLA with the support of the United Nations Special Fund will in time become an agency directed and maintained by the Latin American Governments” (ECLA resolution 199(IX)).² Since its inception, the Institute has received voluntary contributions from member States and ad hoc third-party financing for specific activities.

At the end of the 1960s, the idea that the Institute was to be a permanent body, with an adequate financial resource base, was reaffirmed. Consequently, in 1969 at the thirteenth session of ECLA, resolution 286(XIII) was adopted, urging that “the Secretary-General of the United Nations and the United Nations Development Programme should provide the necessary support in order to convert the Latin American Institute for Economic and Social Planning into a permanent body and to ensure its financing over the long term, and also requesting the Governments to continue to support it”.³

In 1974, ILPES was established as a permanent institution of ECLAC, with a technical committee acting as senior guiding body for the Institute, reporting to the Commission. The Technical Committee held its first meeting in 1975 and was made up of the representatives of the planning ministries of the countries of the region. Starting in the biennium 1976–1977, ILPES was responsible for executing part of the programme of work of ECLA, in replacement of a small Public Administration Unit that had existed in the 1950s. Accordingly, as of 1976, several of the Institute’s professional posts were financed from the regular budget of the Commission.

The changes also meant that responsibility for mobilizing the Institute’s resources was transferred to the Executive Secretary of ECLA. Thus, pursuant to resolution 340(AC.66) of the Committee of the Whole of ECLA, “the Executive Secretary of ECLA, on behalf of the Secretary-General of the United Nations, shall be authorized to accept such contributions to the financing of the Institute’s activities from governments, international agencies, foundations and public and private institutions as may help to finance the Institute’s activities in accordance with its aims and purposes

¹ See ILPES, *Proposed Strategy and Resource Management* (L.4023 (MDCRP.25/3)), Santiago, 15 July 2015.

² Economic Commission for Latin America (ECLA) resolution 199(IX) of 13 May 1961, on the establishment of an institute for planning economic development.

³ Economic Commission for Latin America (ECLA) resolution 286(XIII) of 19 April 1969, entitled “Latin American Institute for Economic and Social Planning”.

and with the guidelines laid down for it by the Governments”.⁴ At the same time, the Committee of the Whole recommended “that the member countries should increase their voluntary contributions to the Institute”.

In 1977, ILPES, ECLA and the Government of Venezuela convened the first Conference of Ministers and Heads of Planning of Latin America. On that occasion, the governments agreed to convene an annual conference of ministers of planning, and that the annual meetings of the Technical Committee of ILPES would be held in the framework of that Conference. The Conference requested UNDP to renew its financial contribution to ILPES and asked the member countries of the Institute to make good the voluntary contributions offered.

B. REGULAR SYSTEM OF GOVERNMENT FINANCING (RSGF)

At its fifth meeting, in Buenos Aires in 1983, the Technical Committee created the Regular System of Government Financing (RSGF) to promote the fulfilment of pledges of voluntary contributions to ILPES, in accordance with the statement of intent made by the governments in the early years of the Institute. Between 1983 and 1985, many governments freely and voluntarily indicated the amounts of their contributions. The Committee set a total amount of US\$ 1.5 million, which has varied little since then.⁵

In 1984, by virtue of resolution 467(XX), adopted at the twentieth session of the Commission, ECLA “noted with approval the establishment and the implementation of the new regular system of financing of ILPES” and expressed its satisfaction at the decision taken by the countries to sign a Memorandum of Understanding with ILPES to that effect.

In 1988, the Technical Committee became the Regional Council for Planning (RCP), a ministerial conference with 39 members, made up of all the countries of the region and Spain. The Council reports as a subsidiary body to the session of the Economic Commission for Latin America and the Caribbean (ECLAC, as it has been known since 1984) and to this day governs the work of the Institute. Management oversight, accountability and political guidelines are governed by the Regional Council for Planning and pass through the regular channels of ECLAC and the United Nations.

Resolution 493(XXII) adopted by the Commission in 1988 agreed with the main lines of the New Institutional Project for the period 1987–1990, which included: (a) tripartite financing from the United Nations, the governments of RCP member States (through RSGF) and extrabudgetary resources attracted by the Institute; and (b) recognition that the direct contributions to the Institute by the governments of RCP member States should constitute the regular financing of its multilateral activities and that it is important that member governments should maintain the amounts of the contributions committed and should regularize their timely payment.

⁴ Resolution 340(AC.66) of the Committee of the Whole of the Economic Commission for Latin America (ECLA) of 25 January 1974.

⁵ The current figure is US\$ 1,575,000, after the admission of Spain and several minor modifications, including the elimination of minimum contributions for the small Caribbean economies.

Meetings of the Regional Council for Planning and its Presiding Officers were held on a less frequent basis from 1994 onward, following the decision taken that year to reduce their frequency to one every four years. The reduction in the number of meetings, especially between 2007 and 2013, led to a fall in voluntary contributions by member States during that period.

With its fourteenth meeting, held in Brasilia in 2013, the Regional Council for Planning was revitalized. On that occasion, the representatives of 22 member countries of the Institute welcomed the proposal of structural change for development with equality presented by the Executive Secretary of ECLAC, drew attention to the resurgence of development planning in the region, and noted the ILPES medium-term strategic proposal. The countries elected Guatemala and Ecuador to co-chair the Presiding Officers of RCP over the 2013–2017 period. Since then, regular meetings have been held by both the Presiding Officers (Antigua (Guatemala), 2014, Santiago, 2015 and 2016, and Santo Domingo, 2018) and the Regional Council for Planning itself (Yachay (Ecuador) in 2015 and Lima in 2017). On this last occasion, Peru was elected to chair the Presiding Officers for the 2017–2019 period.

At present, requests for voluntary contributions by member States are addressed annually to national planning authorities or ministries, or ministries of foreign affairs, in accordance with the practices that have evolved over the years. Table 1 lists the institutions in each country that presently receive requests for contributions. This list has been amended over time, in keeping with changes in governance structures and the reassignment of ministerial responsibilities. The final column includes the amount of the contribution agreed upon in the 1980s which, as noted earlier, has not changed since.

Table 1
Latin American and Caribbean Institute for Economic and Social Planning (ILPES): government bodies providing voluntary contributions and agreed annual amounts, by country
(Dollars)

Country	Origin of voluntary contributions	Agreed amount
Argentina	Ministry of Economics and Public Finance	150 000
Barbados	Ministry of Finance and Economic Affairs	15 000
Bolivia (Plurinational State of)	Ministry of Development Planning	40 000
Brazil	Ministry of Economic Affairs (in replacement of the Ministry of Planning, Budget and Management)	240 000
Chile	Ministry of Foreign Affairs (in replacement of the Ministry of Planning and Cooperation)	100 000
Colombia	Ministry of Foreign Affairs (with the support of the National Planning Department)	80 000
Costa Rica	Ministry of National Planning and Economic Policy	40 000
Cuba	Ministry of Economic Affairs and Planning	35 000
Dominican Republic	Ministry of Economy, Planning and Development	35 000
Ecuador	Technical Secretariat of Planning of Ecuador (in replacement of the National Secretariat for Planning and Development (SENPLADES))	35 000
El Salvador	Technical Secretariat of the Office of the President	15 000
Guatemala	Secretariat for Planning and Programming of the Office of the President (SEGEPLAN)	30 000

Country	Origin of voluntary contributions	Agreed amount
Haiti	Ministry of Planning and External Cooperation	5 000
Honduras	Technical Secretariat for Planning and External Cooperation	15 000
Jamaica	Ministry of Finance and Planning	30 000
Mexico	Secretariat of Finance and Public Credit	180 000
Nicaragua	Ministry of Finance and Public Credit	15 000
Panama	Ministry of Economy and Finance	15 000
Paraguay	Technical Secretariat of Planning for Economic and Social Development	20 000
Spain	Ministry of Finance and Public Administration	200 000
Peru	Ministry of Foreign Affairs	50 000
Trinidad and Tobago	Ministry of Finance and Sustainable Development	40 000
Uruguay	Office of Planning and the Budget	40 000
Venezuela (Bolivarian Republic of)	Ministry of People's Power for Planning	150 000

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Latin American and Caribbean Institute for Economic and Social Planning (ILPES).

C. CURRENT OVERVIEW OF ILPES RESOURCES

The 2030 Agenda for Sustainable Development, adopted in 2015 by 193 countries at the United Nations General Assembly, will frame the work of the Organization for the coming years. ECLAC approaches planning as a means of implementation of the 2030 Agenda and the Sustainable Development Goals (SDGs) and part of ILPES activities have been directed towards supporting the countries in the alignment of their planning and public management tools with this global Agenda through training, technical assistance, applied research and expert meetings.

With regard to training activities, the Institute incorporated the vision set out in the 2030 Agenda and the SDGs into the contents of its courses on foresight for development, territorial planning, open government, public leadership and evaluation. ILPES has also incorporated this vision into PlanBarometer, a tool for improving the quality of planning systems, among the self-assessment criteria for teams implementing the Agenda at the national and subregional levels. The Regional Observatory on Planning for Development in Latin America and the Caribbean, a collective learning tool on planning systems in the region, has examined the link between planning tools and the SDGs to ascertain how the countries are aligning their national, sectoral and cross-cutting planning instruments with the global Agenda, and adapting it to their national and subregional priorities. ILPES has also examined the institutional structure created for follow-up to the 2030 Agenda, describing the normative instruments by which they are established, their mandate and institutional level, among other aspects that are relevant for 2030 Agenda follow-up. This work is reflected in the reports of the Forum of the Countries of Latin America and the Caribbean on Sustainable Development.

Technical assistance has been devoted in great measure to supporting the countries' efforts to strengthen national planning systems and to integrate the 2030 Agenda and the SDGs into national and subregional development plans. Various tools have been used to do this, such as PlanBarometer and the critical nodes methodology, in order to identify strengths and areas for development, and the links and

interdependence between goals and development plans. Opportunities have been provided for the exchange of information and experiences between staff at the country level and between different levels of government to support collective learning.

The adoption of the 2030 Agenda has opened up a fresh space for development planning and the Institute has attempted to develop the necessary tools to support the countries in their efforts to prioritize and align their objectives with the Agenda. Both the additional activities requested by the countries, which have given rise to training activities and the preparation of renewed and stronger methodologies and instruments, and the need to align the Institute's programme of work with the new requirements of the 2030 Agenda, testify to the need to give fresh impetus to the system of voluntary contributions and ensure greater predictability of income to maintain an effective and efficient response to the countries' demands for technical assistance.

In this regard, human and financial resources from both the regular budget and RSGF are crucial in keeping ILPES operational, effective and efficient. The Institute has a staff of 22 and occupies an area of offices and lecture rooms in the ECLAC building in Santiago. Its regular budget (based on funds received periodically and permanently) comes from two different sources: the regular budget of the United Nations Secretariat and contributions from member countries via RSGF. Infrastructure, logistics, office equipment and administration costs are funded from the regular budget of ECLAC. The Institute also mobilizes earmarked resources by recovering costs for training and technical assistance services. Each of these income sources is described below.

1. Regular budget of ECLAC

The allocation to ILPES of the United Nations regular budget is associated with the programme of work implemented by ECLAC on the instructions of the General Assembly. Programming is biennial and the most recent plan of work, for the 2018–2019 period, was adopted by the Commission at its thirty-sixth session, held in May 2016.⁶ ILPES resources from the regular budget of the United Nations finance the cost of four international⁷ and eight local staff members, plus a small budget for missions and for consulting and temporary assistance work. Over the past three years (2016–2018), these resources amounted to approximately US\$ 1.061 million annually.

2. Contributions from member States of RCP (through RSGF)

The resources provided under the Regular System of Government Financing are an essential complement to resources from the regular budget of ECLAC for the work of ILPES. The pattern of contributions over the 2010–2018 period has been irregular, with a notable downward trend emerging over the last three years (32% less in 2018 compared to the previous year). Extraordinary contributions were received in 2013 and 2016, as some countries paid cumulative contributions for several years at once. Over the last three-year period (2016–2018), contributions to RSGF averaged US\$ 792,000 per year. This average includes the aforementioned payment of extraordinary contributions in 2016. Including only the contributions corresponding to the respective annual payments gives an annual average of around US\$ 541,000, which is

⁶ In resolution 72/266, the United Nations General Assembly approved the change from a biennial to an annual budget period on a trial basis, beginning with the programme budget for 2020. On the basis of this decision, at its thirty-seventh session, held in Havana in May 2018, ECLAC adopted the programme of work of the Economic Commission for Latin America and the Caribbean, 2020, in resolution 728(XXXVII).

⁷ Of these four posts, two are currently under recruitment.

insufficient to maintain the Institute's operations and goes mainly to financing staff costs (91% of total expenditure). The resources ILPES receives from the regular budget of ECLAC and contributions from governments cover the Institute's general staffing costs and its technical assistance missions, meetings and seminars⁸ (see table 2).

Table 2
Latin American and Caribbean Institute for Economic and Social Planning (ILPES): overview of resources, annual averages, 2016–2018

Item	Resources	
	<i>(thousands of dollars)</i>	<i>(percentage of total)</i>
A. Regular income and expenditure		
1. Regular income	1 853	100
Regular budget of ECLAC	1 061	57
Contributions by member States of RCP (RSGF)	792	43
2. Operating expenses	1 838	100
Staff	1 672	91
Consultants, missions, workshops, seminars, etc.	166	9
B. Extrabudgetary resources (agreements and courses)		
1. Training	241	21
2. Technical cooperation	888	79
3. Total (1+2)	1 129	100
C. Substantive guidance and infrastructure, logistics and administrative costs	Contribution in kind by ECLAC officials or expenses covered by regular budget of ECLAC	
1. Participation of ECLAC officials in training and advisory services		
2. Offices, lecture and meeting rooms, auditoriums, office equipment and computers		
3. Editorial services, conferences, telecommunications, information and communications technologies, library and public information		
4. General services and security		

Source: Economic Commission for Latin America and the Caribbean (ECLAC), Latin American and Caribbean Institute for Economic and Social Planning (ILPES), on the basis of financial statements and official estimates.

As table 2 shows, the regular resources of ILPES (regular budget of ECLAC plus contributions from the member States of RCP) have averaged approximately US\$ 1.85 million over the three-year period 2016–2018 (5% less than yearly average of the three-year period 2015–2017, covered in the previous report). Fifty-seven per cent was provided from the regular budget of the United Nations and 43% from government contributions. In the period under review, operating expenses (staff, missions and consultants) averaged US\$ 1.84 million per year.⁹ This relative balance between average income and expenditure is due to the extraordinary contribution received in 2016. If this payment is excluded, the fall in voluntary contributions seen over the last two years has clearly resulted in an annual funding shortfall of more than US\$ 300,000, which has been covered by the increasingly meagre RSGF resources.¹⁰

⁸ In addition to operating expenses, a portion of the resources received through RSGF is used to cover overheads, a fund which ECLAC administers to recover general costs.

⁹ Not including the payment of extraordinary contributions, average income for the period left an annual financing shortfall of US\$ 200,000, on average.

¹⁰ At the end of 2018, the RSGF resources available were insufficient to cover the estimated expenses for 2019.

3. Training and technical cooperation agreements

The amounts of training and technical cooperation resources are set forth in specific agreements signed by ECLAC with organizations in member States, cooperation agencies and multilateral organizations, chiefly to meet emerging demands for training and consultancy services. Over the past three years, ILPES has received resources worth an annual average of US\$ 1.1 million from technical cooperation agreements (79% of the total) and courses (21%). The Institute uses these resources to cover specific costs related to the provision of training and technical assistance services (see table 2). The Institute does not charge fees for services provided to countries, nor is its work with countries in any way conditional upon the payment of government contributions (RSGF). In the case of training, these resources go entirely to recover costs incurred in the provision of international courses (consultants, travel, subsistence and training organization costs). In the case of technical cooperation agreements, resources are earmarked for specific activities identified in the agreements and ECLAC overheads. As such, these cannot be considered a source of financing for the Institute.

Table 3 shows voluntary contributions from member States over the period from 2010 to the first half of 2019. The figures show a general downward trend mitigated by the extraordinary contributions received in 2013 and 2016, when some member States paid contributions from several prior years. Excluding those payments, average contributions have been around US\$ 500,000, far short of the planned annual contributions, reflected in a gap of more than US\$ 800,000 per year.¹¹ In 2018, the last complete year covered by this report, the total amount of voluntary contributions received was the lowest since RSGF was established (1983). This, in turn, has reduced the available cash balance, which also reached a record low at the end of 2018. In the light of the critical financial situation of ILPES, the Institute will barely be able to cover the expenses for operations as of 2020 if this trend is maintained. With no change in the current trend, the Institute will have to adjust its staffing levels and operational capacity downward as of 2020, depending on the resources available.

Table 3
Latin American and Caribbean Institute for Economic and Social Planning (ILPES): voluntary contributions planned for and received from member States, shortfall and cash balance, 2010–2019^a
(Dollars)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 ^a
1. Received government contributions	985 102	667 322	471 236	1 101 580	422 820	512 493	1 420 109	568 500	386 477	182 562
2. Planned government contributions	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000	1 575 000
3. Shortfall (1-2)	-589 898	-907 678	-1 103 764	-473 420	-1 152 180	-1 062 507	-154 891	-1 006 500	-1 188 523	-1 392 438
4. Cash balance	3 336 742	2 779 265	1 807 819	1 508 941	890 363	842 411	1 651 746	1 204 809	733 258	582 831

Source: Economic Commission for Latin America and the Caribbean (ECLAC) and Latin American and Caribbean Institute for Economic and Social Planning (ILPES).

^a Information as at 30 June 2019.

¹¹ The shortfall identified in table 3 refers to the difference between the sum of expected contributions and the contributions actually received.

The current state of the resources of ILPES reflects a complex situation brought about by institutional changes in planning in Latin America and the Caribbean, and by the Institute's dynamics, strategies and initiatives over the years in a changing context in respect of the resources available to achieve the common objectives of RCP and the Commission of improving planning and public management in the region.

As argued in recent years, strengthening the Regional Council for Planning and the services provided by ILPES calls for greater resources to complement the financing mix. Income from the regular budget of ECLAC and from RSGF contributions are chiefly used to cover fixed costs, such as payroll. The costs of meetings, publications, technical assistance and training are mostly covered by resources provided under agreements or other specific arrangements.

In the light of the critical contribution levels and the potential cuts in the Institute's posts and activities, ECLAC has made provisions to supplement financing, including for some ILPES donor-funded technical cooperation agreements. Meanwhile, some of the countries that have requested technical cooperation have financed it with their own resources, such as Argentina, Mexico and Uruguay. However, while these measures have provided some support, they remain insufficient.

Each country must review whether government body identified in table 1 is responsible for processing payments and is committed to identifying possible bottlenecks in order to ensure the efficient processing of payments. It will be determined in 2020, a critical year for the Institute, whether certain activities that can only be carried out with RSGF resources will be continued.

Countries must resume payment of their contributions to maintain the operation of ILPES and ensure its sustainability, and thus achieve greater coherence and alignment with the mandate of ECLAC and the objectives of the Regional Council for Planning.