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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) of the Economic Commission for Latin America and the Caribbean (ECLAC), at its eighteenth meeting, to be held remotely from 19 to 21 October 2021. 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 Inter-American Development Bank (IDB) 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 ECLA, 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

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 Resolution 286(XIII) of the Economic Commission for Latin America (ECLA) “Latin American Institute for Economic and Social Planning (ILPES)”, 19 April 1969.

activities in accordance with its aims and purposes 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, together with 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 for the operation of the Institute, 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 were apprised of 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—in Antigua (Guatemala) in 2014, in Santiago in 2016, in Santo Domingo in 2018 and online in 2020—and by the Regional Council for Planning itself—in Yachay (Ecuador) in 2015, in Lima in 2017 and in Montevideo in 2019. On this last occasion, Uruguay was elected to chair the Presiding Officers for the 2019–2021 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 (formerly the Ministry of Planning, Budget and Management)	240 000
Chile	Ministry of Foreign Affairs	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 Economic Affairs, Planning and Development	35 000
Ecuador	National Secretariat of Planning (formerly National Secretariat of Planning and Development (SENPLADES))	35 000
El Salvador	Technical Secretariat of the Office of the President	15 000

Country	Origin of voluntary contributions	Agreed amount
Guatemala	Secretariat for Planning and Programming of the Office of the President (SEGEPLAN)	30 000
Haiti	Ministry of Planning and External Cooperation	5 000
Honduras	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 Economics and Finance	15 000
Paraguay	Technical Secretariat of Planning for Economic and Social Development	20 000
Peru	Ministry of Foreign Affairs	50 000
Spain	Ministry of Finance and Public Administration	200 000
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 has positioned 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, using resources such as the Regional Observatory on Planning for Development, PlanBarometer, expert networks and communities of practice.

The regular budget of the Institute (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. The financial resources from both RSGF and other sources are crucial in keeping ILPES operational, effective and efficient. The Institute has a staff of 18 and occupies an area of offices and lecture rooms in the ECLAC building in Santiago. 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. ECLAC regular budget

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. As of 2020, programming is annual and the plan of work for the current year was adopted by the Committee of the Whole of ECLAC, at its thirty-fourth session, held in October 2019.⁶ 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 (2018–2020), these resources amounted to approximately US\$ 1,244,536 annually.

2. Contributions from member States of the Regional Council for Planning (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 past decade has been irregular, with a clear downward trend over the past four years. This trend was reversed only in 2013 and 2016 as a result of extraordinary contributions received those years as some member countries paid cumulative contributions for several years at once. Over the last three-year period (2018–2020), contributions to RSGF averaged US\$ 406,586 per year, which was 7.7% less than had been received in 2017–2019 and practically half of the amount received in 2016–2018. These average contributions for the period are insufficient to maintain the Institute's operations, whose expenditures go mainly to financing staff costs (97% of total expenditure). ILPES covers general staffing costs and its technical assistance missions, meetings and seminars with government contributions and resources from the regular budget of ECLAC (see table 2).⁸

Table 2
Latin American and Caribbean Institute for Economic and Social Planning (ILPES): overview
of resources, annual averages, 2018–2020

Item	Amount <i>(thousands of dollars)</i>	Resources <i>(percentages of total)</i>
A. Regular income and expenditure		
1. Regular income	1 651	100
ECLAC regular budget	1 244	75
Contributions by member States of the Regional Council for Planning (RSGF)	407	25

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). Subsequently, at the thirty-fourth session of the Committee of the Whole of ECLAC, held in New York on 15 October 2019, the Commission adopted the programme of work for 2021 by virtue resolution 736(PLEN.34).

⁷ Two of these posts are currently under recruitment.

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.

Item	Amount <i>(thousands of dollars)</i>	Resources <i>(percentages of total)</i>
2. Operating expenses	1 740	100
Staff	1 684	97
Consultants, missions, workshops, seminars, etc.	56	3
B. Extrabudgetary resources (agreements and courses)		
1. Training	204	25
2. Technical cooperation agreements	598	75
3. Total (1+2)	1 107	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) and Latin American and Caribbean Institute for Economic and Social Planning (ILPES).

As table 2 shows, the regular resources of ILPES (regular budget of ECLAC plus contributions from the member States of RCP) averaged approximately US\$ 1.65 million over the 2018–2020 period, slightly less (by 1%) than in the previous period. In 2018–2020, operating expenses (staff, missions and consultants) financed from regular resources averaged US\$ 1.74 million per year.⁹ The fall in voluntary contributions seen over recent years has resulted in an annual funding shortfall of close to US\$ 300,000, which has been covered by the increasingly meagre RSGF resources and ECLAC extrabudgetary resources.

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\$ 801,000 from technical cooperation agreements (75% of the total) and courses (25%). 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 through 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

⁹ During 2020, payroll expenses were partly financed with other ECLAC resources, given the low level of voluntary contributions and the consequent reduction of the RSGF fund.

specific activities identified in the agreements and are also used to cover ECLAC overheads. As such, these cannot be considered a source of regular financing for the Institute.

Table 3 shows voluntary contributions from member States between 2012 and mid-2021. The figures show a general downward trend mitigated by the one-off contributions received in 2013 and 2016, when some member States paid contributions from several prior years. Excluding those payments, average contributions have been below US\$ 500,000, far short of the planned annual contributions, reflected in a gap of more than US\$ 900,000 per year.¹⁰ The contributions received this year to date suggest that, unless the trend is reversed, the total voluntary contributions received in 2021 will be the lowest since RSGF was established in 1983. In 2020 and part of 2021, the reduction in the available cash balance, which reached a record low at the end of 2019, was partially and temporarily covered through the readjustment of expenditures, extraordinary financing from the regular budget of the United Nations and extrabudgetary resources. However, it is not expected that this solution can be sustained over the coming months. This situation testifies to the critical financial situation of ILPES, as was made clear in preceding financial reports. There has been no change in the situation to date and the Institute will have difficulty in covering its operating expenses as of 2022 if the downward trend in voluntary contributions continues. With no change in the current trend, the Institute will have to continue accommodate its staffing levels and operational capacity to 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, 2012–2021^a
(Dollars)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 ^a
1. Received government contributions	471 236	1 101 580	422 820	512 493	1 420 109	568 500	386 477	367 022	466 258	271 923
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)	-1 103 764	-473 420	-1 152 180	-1 062 507	-154 891	-1 006 500	-1 188 523	-1 207 978	-1 108 742	-1 303 077
4. Cash balance	1 807 819	1 508 941	890 363	842 411	1 651 746	1 204 809	733 258	442 038	746 570	969 405

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

^a Information updated at 31 July 2021.

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 over the years in a changing context in respect of the resources available, which has been particularly exacerbated but the COVID-19 crisis over the past year.

This state of affairs increases the challenges for ILPES 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

¹⁰ The shortfall identified in table 2 refers to the difference between the sum of expected contributions and the contributions actually received.

resources to complement the current 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. However, although these measures have helped, they are still insufficient for the proper functioning of the Institute.

As a matter of urgency, then, each country must review its commitment to ILPES, first by verifying whether the government body responsible for processing payments is correctly identified in table 1, and by undertaking to identify possible bottlenecks in order to ensure the efficient processing of payments. The coming months will be critical in determining whether the Institute can continue to carry out certain activities that can only be financed from RSGF resources.

It is essential that countries 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.