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ECONOMIC PLANNING AND HEADS OF  
PLANNING OFFICES OF LATIN AMERICA

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LATIN AMERICAN INSTITUTE FOR ECONOMIC  
AND SOCIAL PLANNING

Functions, achievements and future plans

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## I. WHAT ILPES IS

### 1. Authority

The Latin American Institute for Economic and Social Planning of the United Nations (ILPES) was created for the purpose of carrying out and broadening the range of activities in which ECLA was engaged in the field of training, advisory services, and research related to development planning.

Resolutions 199 (IX) of ECLA of 30 May 1961, 218 (AC.50) of February 1962, and 220 (AC.52) of 6 June 1962, adopted by the ECLA Committee of the Whole established the Institute and constitute its Fundamental Charter.

It was the clear intention of the founders of ILPES to set up a permanent and autonomous Institute, closely associated with the Latin American Governments and ECLA. This is reiterated in successive resolutions adopted by ECLA which urge both the Secretary General of the United Nations and the Latin American Governments to provide the necessary support "to convert the Latin American Institute for Economic and Social Planning into a permanent body and ensure its financing over the long-term", (resolution 286, April 1969).

Subsequently, in resolution 340 it was clearly stated that ILPES should become "a permanent Institution of the Commission, with its own identity and responsible directly to the Executive Secretary of ECLA". And in resolution 351 of May 1975 a further function was added to the traditional ones of the Institute, namely, that it should co-operate "in the exchange of experience and research results on global, sectoral and regional (area) planning between the planning bodies of Member Countries, so as to promote collaboration among them".

The contents of the various resolutions adopted by ECLA bear witness to the clear endorsement by the Governments of ILPES'

/activities over

activities over its fourteen years of existence. Similarly, a study of the resolutions shows the interest of the United Nations in supporting an Institute with greater autonomy and flexibility for carrying out functions formerly attributed to ECLA, but which this institution performed on a smaller scale.

## 2. Functions

The Governments of the Latin American countries made ILPES responsible for carrying out the functions listed below:

- (a) To raise the technical level of Government officials and specialists through training programmes in the form of courses and in-service training.
- (b) To assist Governments in establishing the institutional and technical organization required for the more efficient programming of their economic and social development policies.
- (c) To assist Governments, at a purely technical level, in preparing their economic and social development programmes.
- (d) To carry out the theoretical studies required for the improvement of planning techniques used in Latin America.
- (e) To co-operate in the exchange of experience and research results in the field of planning so as to promote collaboration among the specialized agencies of the Region.

The functions outlined above have been performed through training, advisory services, and research activities <sup>1/</sup>.

In order to improve ILPES' performance in achieving its objectives these activities were approached in the context of those problems and issues to which, in agreement with the Governments of the Member States, it was decided to accord priority. Thus, optimum use is made of ILPES' technical capacity, and those institutions and persons closely associated with planning and development in Latin America are involved in the activities.

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<sup>1/</sup> Details of these activities are provided in a separate document.

## II. WHAT ILPES HAS DONE

Since its establishment ILPES has co-operated with most of the Latin American countries in strengthening their national planning systems and procedures, in training technical staff, and in carrying out research and studies designed to improve planning on a permanent basis. ILPES, acting at the express request of Governments, has been carrying out the functions which they themselves laid down as regards assistance: in raising the technical level and disseminating technical know-how in the field of planning; establishing and strengthening the institutional and technical organization required for the programming of economic and social development; preparing development plans and programmes; carrying out studies for the improvement of planning techniques; and, lastly, in the exchange of experience and research results in the field of planning among countries of the Region.

As regards the advisory services provided by ILPES, many requests have been met and a number of countries in the Region have been served.

The most important task was that of providing assistance to Governments in establishing and improving their planning systems and in the organization of units at different administrative levels: central, sectoral, institutional, regional. In addition, ILPES co-operated in the preparation of plans and programmes, the majority of them for the countries, and, in some cases, in defining long-term development strategies which served as a frame of reference for defining the fundamental objectives of the plans. It also participated in their implementation by strengthening national planning machinery, gradually carrying out in-depth studies of sectoral and regional aspects, and perfecting basic tools in order to provide them with a wider operational base, such as short-term planning techniques, programme budgeting, investment projects, etc.

/At present.

At present all the countries of the Region have planning bodies and ILPES provided assistance to most of them at various stages of their development, and in the training of national technical staff.

Furthermore, it should be pointed out that advisory activities were carried out in close association with experts from other international and bilateral co-operation agencies, which broadened its field of action.

The training activities carried out by ILPES represent the greatest effort made so far in Latin America to provide know-how in the field of development planning.

In round figures more than 6 000 professionals took the various courses of the Institute, and more than a hundred of these were held. The basic course, the special courses, the intensive national courses which dealt with the problems and techniques of planning and development and aspects of industrial and agricultural planning, project analysis, operational plans, the courses on regional planning have all played a part, to a varying degree, in the technical training of thousands of Latin American professionals.

Research carried out by the Institute was basically of three types: research into Latin American problems and development policies; studies to perfect or improve planning tools and methodology; research work designed to serve in the preparation of texts and documents which could be used for the training of professionals in the field of development planning.

In addition, ILPES' activities prompted the publication of various textbooks, Cuadernos, and class memoranda.

Thousands of copies of class notes were published and are continually being reproduced in ILPES and in the countries. Twenty-one books were published in a number of editions of which a total of 180 000 copies were printed. Thirty issues of the Cuadernos were published of which more than 140 000 copies were printed. Five of the Cuadernos were translated into Portuguese. The number of copies printed in this language amounted to 15 000.

This document will contain only a brief summary of the activities of the Institute for the period 1 July 1974 to 31 December 1976, the greater part of the Fourth Phase which ends on 30 June 1977.

Under the Advisory Services Programme, technical assistance missions were carried to 18 countries in the Region. The principal subjects were: global and regional planning; short-term planning; industrial, agricultural and educational sectors; integration; investment projects and emergency plans. A total of 280.5 man/months were used for these missions, excluding those used in connexion with management and administration services at Headquarters.

Under the Training Programme, 16 national and international courses were held at which 526 students from 20 countries of the Region participated. The subjects covered in the various courses were: economic policy and planning; regional planning; planning and development; industrial planning; agricultural planning; annual operational plans; and development and environmental planning.

In addition, ILPES collaborated with other agencies, providing lecturers for 22 courses, for which 20.75 man/months were made available.

Under its Research Programme ILPES studied subjects such as: Abject poverty: a definition and policies for eradicating it; The State and planning; Urban planning in the context of national economic planning; Short-term economic planning and policies; Agricultural development planning; and, Social aspects of development.

Some of these subjects were discussed in seminars, which is another medium used by ILPES for obtaining information on the experiences of the countries of the Region and, in turn, for disseminating its own.

Lastly, a series of books and Cuadernos were published on subjects such as: Social development, Regional development and urban development, Short-term planning, Monetary planning and Agricultural development planning: an approach for Latin America.

/As regards

As regards the new functions assigned to ILPES, on the exchange of experiences in the field of planning, contacts were intensified with the Ministries and Planning Offices and the exchange of experiences and research results was promoted among them. Furthermore, the Planning Bulletin was launched as the medium for the exchange of experiences.

### III. GUIDELINES FOR ILPES' ACTIVITIES IN THE NEAR FUTURE

The most general frame of reference for the activities of the Institute is that represented by the functions assigned to it by the countries, as listed in the first chapter of this document. This mandate is still in force, and it is felt that it should continue to be carried out through the traditional activities undertaken by the Institute in the fields of advisory, training, and research activities. It must be stressed that the countries have more recently requested that ILPES co-operate in the exchange of experiences and research results in order to disseminate information on the work carried out by the different planning offices of the countries of the region, and to promote greater collaboration among them. In this connexion, the Technical Sub-Committee of ILPES, at the meeting held in Bogota on 12 September 1976, recommended the setting-up of a permanent forum, an initiative which resulted in this First Conference of Ministers for Economic Planning and Heads of Planning Offices.

The resolutions which will be adopted on this occasion will have a decisive influence on the orientation of, and priority to be given to the different activities of the Institute.

#### 1. The new scene

Over the last 25 years, all the countries of the region adopted a planning system in order to provide a coherent framework for Government objectives and for implementing them in the order which ensured compatibility among the short-term, medium-term and long-term objectives.

The forms of planning adopted in each country are different and are adapted to the political, institutional, economic and social conditions prevailing in each one of them.

/During this

During this same period the Latin American economy underwent fundamental quantitative and qualitative changes. Its gross product quadrupled; exports of manufactures represent today 20 per cent of the total of its exports; its development has brought it to the point where it is now an important market in international terms, for items such as capital and intermediate goods, and chemical products; its growth rate in the years prior to the oil crisis was for several years above the six per cent target set in the International Development Strategy.

In addition to the foregoing, many countries discovered and began to exploit new natural resources, opening up the possibility of faster development and creating new conditions which must be incorporated in the development strategies of the countries. Similarly, the world food crisis offers the region fresh scope for expanding its agricultural production which has been a traditionally depressed sector in most of the countries of the area.

Furthermore, the present situation as regards the endowment of skilled personnel in the field of planning, and in the wider field of the social sciences, is in no way comparable with that of previous decades. This has meant extraordinary progress in the capacity of the Governments to formulate and implement planned policies.

The growing internationalization of the economies of the Region, in addition to its position at an intermediate stage of development vis-a-vis the different areas of the World, has been accompanied by a more outward-looking approach and a change in the previous forms of external financing.

In fact, the end of the process of the easy substitution of imports has been in sight for a number of years. As a result, higher priority has been given to increasing and diversifying exports, which, in turn, has led to a change in exchange and tariff policies. In some cases this has affected not only trade flows, but also profitability and the allocation of resources among the

/different activities

different activities producing goods which are not subject to international trade. The swing in emphasis from inward-looking development to outward-looking development by some countries raises the need to decide whether the more or less generalized stimulus given to the different productive activities which predominated during the period of substitutive industrialization should be continued or the criteria of specialization, in terms of comparative advantage, under which the market is responsible for assigning resources, should be adopted; or an intermediate path of planned and concerted specialization be followed, the signals given by the market being complemented by the express consideration of other factors, both economic and social.

Furthermore, at present, private sources account for most of the external credit available and to obtain it there is not necessarily any need for a plan of development similar to those of the past, when credit was of an official nature.

How do the plans accommodate to this new development? What are the institutional links within the country, in order to ensure that this key factor in the financing of development plans does not escape the attention of the planning offices? How does this new aspect of financing affect forecasts? These and other questions are prompted by the new circumstances, which cannot be considered conjunctural ones since it is to be expected that the official credit available will be directed, to a large extent, to the more backward regions of the world, which do not include Latin America.

A further aspect which could be included under financing, but which has other implications as well, is that of foreign investment. In the past this was concentrated, in the main, in the exploitation of primary resources, subsequently it was directed towards the substitutive industry, and more recently towards exports. The agents of such investment are mainly the transnational corporations which, owing to their size, bargaining strength, and technological sway exercise considerable influence. This is a /fact which

fact which does not fall within the category of value judgements, and the rules established in connexion with the transnational corporations do not ignore the type of development of a specific country nor the trade relations between that country and the others. Therefore, the study of their performance and their place in the national economy is a matter to be taken into consideration in the formulation and implementation of any development plan, regardless of the form it takes.

Lastly, in this brief summary of some of the aspects of the new context in which the region is now evolving, it must be pointed out that the economic expansion experienced by Latin America was held up in recent years owing to the sharp recession in the central economies, which had amplified repercussions on the periphery. These are evidenced by a deterioration in the balance of payments of most of the countries, which entailed larger external debts and a reduction in the growth rate of the region from 7 to 3 per cent approximately. At the same time the inflationary process was reactivated and unemployment increased. It comes as no surprise therefore, that in view of these developments the control of the economic situation has become the major concern of the authorities. However, this crisis has also given rise to concern over matters regarding the structure of national economic systems and the manner in which these find a place in the world economy. All of this highlights the need for planned policies which harmonize those of a conjunctural nature with those designed to bring about changes in the medium term in the productive structure and in the distribution of the fruits of progress.

## 2. Problems which persist and new areas of concern

In spite of the progress made by the countries of Latin America, serious problems persist, and some have been made more acute by the negative impact of the recent crisis mentioned above.

/These problems

These problems are mainly related to the inequality in the distribution of the benefits of growth; to the persistence of high rates of unemployment and underemployment; to the spatial allocation of resources between regions and urban centers in each country; to the concentration of technological progress; to the adverse effects of the development style on the environment and the conservation of natural resources; and to the continuing vulnerability of Latin American economies to the vicissitudes of the external sector.

(a) Employment, distribution and abject poverty. The development experienced by Latin America, particularly that of the decade which preceded the recent crisis, created expectations in thinking circles of some importance that a high sustained growth rate would lead automatically to the well-being of all, would generate the necessary productive employment for absorbing the annual additions to the ranks of the labour force and would raise the level of productivity and income of a large proportion of the population which was underemployed.

Experience has shown that, in spite of the efforts made and the progress achieved by some countries in these fields, growth has not resolved the problems of equitable distribution, nor has it created the productive employment expected of it, for large gaps still remain between the extremes of poverty and wealth.

This gives rise to the need for closer links between economic and social planning, at the same time that it constitutes a challenge for planners of finding formulas through which a greater share of the fruits of progress may reach the most needy of the population. Planning is the most efficient means of resolving these acute socio-economic problems which cannot be resolved within a reasonable period of time if reliance is placed solely on the interplay of market forces.

/(b) Regional and

(b) Regional and urban development. In addition to the old problem of the absence of equity in the distribution of income, there is another linked with the pattern of recent development in Latin America. In other words, it is linked with the unequal allocation of resources among regions and among urban centers within a same country.

In the past, global plans offered little detail as regards the spatial allocation of resources. Today there is the risk of dealing, in many cases, with regional problems outside the context of global planning. What is needed is to explore and disseminate those techniques which take a more balanced approach to spatial development, within the framework of overall planning, in order to avoid the omissions of the past and the danger of some piecemeal and even unrelated approaches which are being observed at present.

Furthermore, a cursory examination will show that the growth of certain urban centers has tended to absorb an increasing share of investment resources, and in many cases, to assign them preferably to the satisfaction of the needs of the middle and high income groups.

(c) Environment. Closely related to the style of development adopted and to the agglomeration produced in some urban centers are the problems of environmental pollution, the conservation of renewable resources and the optimum exploitation of non-renewable resources. Little or no consideration was given to these matters in the earlier development plans. In contrast, at present, they are matters of major concern, and, in some cases, call for urgent action.

The conservation of renewable resources and the need to replace the vacuum left by the depletion of non-renewable resources constitute a matter of priority for government authorities and planners.

/(d) Technological development.

(d) Technological development. The technological progress which undoubtedly most of the countries of the Region have experienced has been concentrated in the modern sector of their economies, increasing the gaps in productivity between this sector and other activities which employ the majority of the labour force. This has tended to reproduce, within the countries, the growing inequalities generated between the industrialized countries and those at earlier stages in the development process.

Some countries are turning an increasing share of their resources to research in this connexion. The planning system must promote and be alert to the results of such research, since the choice and dissemination of technologies exercise a decisive influence on aspects of major importance, such as employment and productivity and, in the final analysis, on the style of development adopted.

(e) Vulnerability and interdependence. In many cases Latin American economies are still highly vulnerable to external fluctuations. This can be seen in some indicators such as: the high level of the external debt of the region, the dependence of native industries on the import of intermediate inputs and capital goods, and the inflationary pressures and restrictions to growth caused by the energy crisis.

Although Latin American economies have experienced considerable expansion and diversification, no signs of improvement can be seen in their overall bargaining power except for the conspicuous exceptions, for example, OPEP. This matter does not fall outside the scope of planning since the increase or decrease in benefits from trade flows have a considerable impact on the availability of external resources which, in many cases, continue to constitute a barrier to more rapid development.

Trade, co-operation, and international relations continue to determine the constraints or fillips, which are of the highest importance to the economic process and determine whether targets will be achieved over the longer term.

/(f) The short-term

(f) The short-term and plan implementation. The upturn in the inflationary process and the restrictions imposed by the external sector, as a result of both the high external debt, and the increase in the price of basic imported inputs prompted the authorities responsible for the management of the economies in the countries to give higher priority to the solution of conjunctural problems.

In many cases the recurrent crisis have brought to the surface basic problems related to the poorly integrated structure of Latin American economies, mainly, that of the industrial sector which, as stated earlier, is highly dependent on the import of inputs and capital goods. This in turn directs attention to the need for markets which are wider than the narrow one of their own frontiers.

From the above remarks, it can be seen that there is need to harmonize short-term policies designed to resolve emergencies, with those directed towards the solution of structural problems which keep our countries in a state of underdevelopment. Once more we can see the indivisibility of the planning process over time. Furthermore, the fact that planning has been institutionalized in the countries, that efficient techniques have been developed to integrate and improve the forecasting of the performance of the complex variables which affect the economic and social process, and that there is a greater endowment of qualified staff, has been responsible for the progress from the stages of diagnosis and the formulation of plans to the stage of implementation. This has influenced the type of technical assistance requested by the countries at present, and deserves consideration in the orientation given to ILPES' activities.

(g) State policies. The foregoing views suggest the need for an in-depth study of the subject of State policies, which at the present stage of the planning process are becoming increasingly important.

/The State

The State must be involved in the formulation of the general framework in which the various agents participate; in the orientation of them, providing signals for the market; in the arbitration of conflicts which may arise between the different social groups; and even directly in the production of goods and services; to mention only a few of the various fields which call for the permanent and urgent attention of the authorities.

The complexity of these actions make it necessary to identify the most efficient technical instruments needed for achieving the objectives proposed; the interrelationship of the different policies and the undesired effects stemming from their application; the compatibility between instruments and objectives, etc.

In addition, this must all be examined from the point of view of their viability, in the light of external constraints, the operative capacity of the State itself and the political and social resistance which may arise as a result of the application of State policies.

The above list, which is far from exhaustive, is far in excess of ILPES' possibilities. This becomes clearer if it is considered that the countries have economic and political characteristics and positions concerning development which differ widely and, therefore, the specific requests made to the Institute reflect the diversity resulting from the heterogeneity of the countries of the Region. None the less, ILPES cannot refuse to accommodate those issues which correspond to concerns which were observed when the joint studies were carried out by the Institute and Planning Offices.

The above is corroborated by the Agenda of this First Meeting of Ministers for Economic Planning and Heads of Planning Offices of Latin America, where experiences will be exchanged on matters relating to the growth and control of inflation in the context of the recent crisis; the exploitation of exceptional external resources; the social aspects of development; and regional and urban development.

#### IV. WHAT CAN ILPES OFFER

ILPES has a long history of relations with Latin American countries in the field of planning, as is shown in the account of the activities carried out during its fourteen years of existence. Those activities constitute a wealth of accumulated experience and make it unique among institutions of its kind in the region.

In addition, the Institute is in a position to increase its assistance to the countries, by using its links with ECLA, since this institution has a variety of experts which are engaged in the permanent study of many of the problems mentioned above, and whose experience and knowledge can be drawn on by the Institute for transfer to the countries through courses and advisory services.

Furthermore, the contacts of the Institute with national research centers make it possible to carry out joint studies or to subcontract them to such centers. In this way, use is made of the knowledge of the country concerned, and at the same time it is possible to mobilize Latin American expertise in an integrated manner as regards issues of importance to the Region.

This special position enables the Institute to develop its own research in the fields of its speciality and to receive, particularly from ECLA, other international agencies and research centers, the results of their research and experience for transformation into operative recommendations which could be transferred to the countries through its training and advisory activities, seminars, conferences and other means which facilitate the extension and exchange of experiences among Latin American countries. In this connexion, it seems that there is an increasing need to step up intra-Latin American co-operation, and one of the specific ways of doing this may be the exchange of experts and experiences in the field of planning and economic and social policies. This will lead to enhanced mutual knowledge which may be conducive to co-operation in other areas,

/in which

in which the contribution of the relatively more developed countries will, no doubt, be highly valuable to the more backward ones.

This has been the view of the authorities in recommending to ILPES this task which, although it is at its initial stage, promises to be one which will prove highly fruitful and beneficial to the Region as a whole.

Of course, in addition to this function, to which much greater importance will henceforth be attached, the Institute will continue to intensify its activities in those areas of concern to the countries so that they can be dealt with in a systematic manner in its courses, and in the direct advisory services provided to Governments.

Furthermore, the Institute has demonstrated its potential as an agent for guiding, and bringing together in a coherent whole, the activities of the interdisciplinary teams, using to this end the know-how of experts from other international agencies, from the civil services of the countries, and from national centres dealing primarily with problems of development. Through these means piecemeal approaches can be avoided, and a smaller complement of technical staff maintained within the Institute.

The varying demands originating in the countries will always be more than ILPES can meet; hence it is necessary to be more selective, always taking into account the Institute's specialization with the object of maintaining a degree of excellence which is reflected in better service.

The Institute's performance is not above criticism; neither can it be guaranteed that no mistakes will be made in the future; nevertheless, the countries have in this agency an instrument which they can improve in order to help them make their planning systems increasingly effective in the attainment of their ultimate objective, that of increasing the well-being of the Latin American peoples.

#### /V. SOME REQUIREMENTS

V. SOME REQUIREMENTS FOR THE EFFICIENT PERFORMANCE OF  
THE INSTITUTE'S FUNCTIONS

1. Organization and Administration

In order that the Institute can adequately fulfil the role which the Latin American Governments have assigned to it since it was established, as well as the new functions which planning agencies in the region may decide to assign to it in the future, it should have a structure and organization compatible with those purposes.

The Institute should therefore be an autonomous agency closely linked with the countries and ECLA, but with its own identity, as expressed in resolution 340 (AC.66) of the Committee of the Whole of the Economic Commission for Latin America. It should have stability, while maintaining sufficient flexibility to adapt itself to the countries' changing requirements and the increasingly high technical level of planning agencies in Latin America. It should always keep abreast of the progress made in science and be able effectively to meet, at a purely technical level, the countries' increasingly demanding requirements.

Its programmes should respond, in the first place, to the countries' demands. It is therefore essential that the orientation of its policies and programmes should be determined by those responsible for planning in Latin America. The existence of a governing body such as its present Technical Committee, which is composed of all the Ministers and Directors of Planning, has proved the best governing mechanism, since it links ILPES with all and every one of the countries. The existence, too, of a more operational group which can meet more frequently, like the present Sub-Committee formed by seven countries, seems a very satisfactory complementary mechanism.

/The management

The management of the Institute should have the necessary administrative powers to adopt flexible staff recruitment policies and to contract high-level personnel with planning experience in countries at different stages of development, and an up-to-date knowledge of the most advanced techniques and instruments.

Flexibility is also required in the Institute's financial management, so that it can tap funds from different sources to fulfil their commitments deriving from agreements or policies decided on with the countries.

Internally, there should be a broad integration of its three traditional functions--advisory services, training and research--which, moreover, should be maintained in view of the great demand from the countries for advisory services and training and the need to have a research team to support those two activities.

The Institute's courses should be kept constantly up to date and should be closely linked with the real situation and progress of planning in Latin American and other countries. Experience in advisory activities should be made use of both in the courses and in research. Likewise, the group of research specialists should co-operate in training and advisory activities.

The possibility of best serving the Governments and of having a complementary team that will meet those requirements will largely depend on the flexibility of the staff recruitment policy and on the availability of resources.

The Institute, as noted earlier, cannot be self-sufficient. It should make greater efforts to act as an element of attraction and cohesion for specialists working for the Governments or other national or international agencies. Its activities have been co-ordinated with those of other United Nations agencies, but it should make even more progress in this direction and in that of co-operating with institutions such as IBRD, IMF, CEMLA, CELA, etc. Perhaps the possibility which has been least exploited is that of

/securing the

securing the co-operation of government officials in the countries themselves. If the countries decide that ILPES should increase its functions as a technical secretariat of the planning agencies and co-operate in the technical exchange between them, the knowledge and experience gained in the various countries could be used for the benefit of the whole region.

## 2. Financing

In the first place, ILPES is bound to recognize the substantial contribution of the United Nations Development Programme throughout its existence. Without this support it would have been impossible for the Institute to carry out its many activities in the region.

Nevertheless, the excessive dependence on a single source of financing has been the main reason for the Institute's instability. Already at the beginning of the Phase IV the Institute had to reduce its staff by 40 per cent. At the same time, ILPES was subjected to an increasing demand, which in spite of its efforts it has been unable to meet on the terms it would have wished.

The situation turned critical in 1976 as a result of the financial difficulties faced by UNDP, which led to successive reductions that year and a 60 per cent cut in its 1977 contribution compared with that made in 1976.

Furthermore, the pro forma cost of United Nations staff members has increased considerably, although this has not meant an increase in salaries.

Therefore, while available funds diminished, accounting costs increased, giving rise to an untenable financial situation which led to insistence on earlier moves and new actions to overcome the crisis that threatened the Institute's very existence.

In view of this situation, most of the members of the Technical Committee of ILPES, the Ministries of Foreign Affairs of the various

/countries, the

countries, the Latin American representatives to the United Nations, the Executive Secretary of ECLA, and the management of the Institute adopted a number of measures to overcome this immediate critical situation and seek a long-term solution which would avoid the financial instability that has affected the Institute for several years.

The most important measures adopted were:

(a) To request the United Nations to create six professional posts and ten local posts for the Institute in ECLA's substantive staff. This proposal was submitted to the United Nations Advisory Committee on Administrative and Budgetary Questions on 16 November 1976. The Committee decided to report favourably on this request, which was approved by the United Nations Fifth Committee on 21 December 1976.

(b) To request a budgetary contribution for 1977 from the Latin American countries.

(c) To request UNDP to restore the sum by which the amount budgeted for the first half of 1977, the last year of Phase IV, had been reduced. UNDP agreed to raise its contribution to US\$500 000 for the first half of 1977, without however altering the total of US\$800 000 for the whole year.

(d) To promote the signing of technical assistance agreements with countries or international agencies, the most important of which are:

- (i) Several states of Brazil (agreements signed);
- (ii) CIDA-Canada to co-operate with the Governments of Haiti, El Salvador, Honduras and Bolivia (submitted for approval by the Government of Canada);
- (iii) IDB-Costa Rica-ILPES, advisory assistance in financing post-secondary education (agreement about to be signed);
- (iv) Other agreements in connexion with training and advisory services are being negotiated with the Governments of Ecuador, Bolivia, the Netherlands, and the World Bank.

/As can

As can be seen, this action, which has had the decisive support of the Latin American Governments, has enabled the emergency to be dealt with, but this does not mean that the problem has been permanently solved, since both the contribution of the United Nations through ECLA and that granted by the United Nations Development Programme for a Fifth Phase depend on the contribution which the countries themselves may decide to make.

Although ILPES was set up as a permanent agency of the United Nations, it has not been given a stable financing or a clearly-defined legal status.

In view of the interest shown by the countries and the United Nations in maintaining and giving continuity to the functions that have been fulfilled by the Institute, and considering the proposal to establish a permanent forum of Planning Ministers and Directors in the region, it seems logical that the main financing of the Institute's activities should be made up of contributions from the countries and from the United Nations. As stated previously, the United Nations has for the first time made a contribution in the form of creating posts for the Institute in ECLA, but whether or not these posts will continue depends on what the countries may decide regarding their own contributions.

The annual cost of maintaining a minimal group of specialists, with the relevant secretariat and operational expenses, is estimated at around US\$2 500 000 (two and a half million dollars). Of this sum, and merely by way of a suggestion, it is felt that altogether the countries might contribute 1 million dollars.

The past experience of leaving this in the form of voluntary contributions to ILPES, which were decided by the countries themselves, has not had satisfactory results in practice since a very small number of them actually made the contribution.

Consequently, in view of the support repeatedly expressed to ILPES Governments, a way must be sought in which that decision

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may be expressed in the form of a contribution that will provide security for the programming of future ILPES activities.

After examining various options, it is suggested that the Governments should explore the possibility of setting aside for the financing of ILPES between 1.5 and 2 per cent of the indicative figure for the UNDP contribution to their national programmes.

Stable financing would have the additional advantage of giving the Institute more freedom to sign agreements with national and international institutions, which would be reflected in more efficient and wide-ranging technical assistance to the various countries. At the same time, since it would not be so urgent to obtain resources from the sale of its services, the Institute staff would have more time to meet the demands of the relatively less developed countries.





