



ILPES

**Instituto Latinoamericano y del Caribe de Planificación Económica y Social
Naciones Unidas/CEPAL-Consejo Regional de Planificación**

**Latin American and Caribbean Institute for Economic and Social Planning
United Nations/ECLAC-Regional Council for Planning**

**Institut Latino-Américain et des Caraïbes de Planification Economique et Sociale
Nations Unies/CEPALC-Conseil Regional de Planification**

**HIGH-LEVEL SEMINAR
BASIC PLANNING FUNCTIONS**

Santiago, Chile, 7 and 8 October 1999

Distr.
GENERAL

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30 october 1999

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CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
A. INAUGURAL SESSION	2
Summary of remarks by José Antonio Ocampo, Executive Secretary of ECLAC and Director of ILPES	2
Summary of remarks by Germán Quintana, Minister of Planning and Cooperation of Chile	3
B. TOPIC 1: EVALUATION OF PLANS, PROGRAMMES, STRATEGIES AND PROJECTS	4
Document summary	4
Synthesis of comments and debates.....	6
C. TOPIC 2: THE FUNCTION OF PLANNING AND POLICY COORDINATION.....	8
Document summary	8
Synthesis of comments and debates.....	9
D. TOPIC 3: THE ROLE OF LONG-RANGE THINKING: INSTITUTIONAL DOWNSIZING AND ACTION.....	13
Document summary	13
Synthesis of comments and debates.....	14
E. CLOSING SESSION	17
Summary of closing speech by José Antonio Ocampo, Executive Secretary of ECLAC and Director of ILPES	17
ANNEX	18
AGENDA.....	19
LIST OF PARTICIPANTS.....	21

INTRODUCTION

As part of its programme of work, ILPES organized a high-level seminar on basic planning functions, which was held in the Raúl Prebisch conference room at ECLAC headquarters in Santiago, Chile, on 7 and 8 October 1999. The event was attended by well-known personalities with experience in the theory and practice of economic and social planning.

The presentations and debates focused on three fundamental tasks:

- A prospective effort to incorporate foresight, consistency, unity and reduction of uncertainty, accompanied by efficient and equitable allocation of fiscal resources to provide the priority services, infrastructure and civil works needed to reduce poverty and inequality.
- Inter and intra-sectoral coordination to reconcile budget, programmes and market regulation, so as to give direction to the social process, together with consistent guidance for change, along with efficient and equitable resource allocation in accordance with the priority demands of a modern and competitive State.
- Follow-up and appraisal of plans, programmes and projects as a fundamental part of an outcome-oriented public administration model, and the establishment of a system of performance indicators.

Basic orientations emerged from the discussions that took place and the proposals that were made, together with strategic guidelines for the Institute's work and its interaction with the Governments of the region.

This document presents a summary of the seminar presentations and debates. The participant list and agenda are also both included in the annex.

A. INAUGURAL SESSION

Summary of remarks by José Antonio Ocampo, Executive Secretary of ECLAC and Director of ILPES

In his inaugural address, the executive secretary of ECLAC and director of ILPES, José Antonio Ocampo, stated that the seminar had arisen as part of a reflection aimed at reorienting and strengthening the Institute's activities. Questioning the validity of planning, he stated that he had seen a dismantling of the planning apparatus in several situations during the last few years. It therefore seemed reasonable to consider the functions rather than the institutions of planning, and he wondered which of those functions were likely to survive, which were emerging and which should be done away with. The main purpose of the seminar, therefore, was to reflect jointly on these functions, a first approximation to which was contained in the agenda for the meeting. These functions were basically as follows:

- (a) The foresight function, or long-term outlook. As an example of this, he referred to experiences in the field of: (1) multi-year public budget programming in Brazil and Colombia, where national constitutions provided for a multi-year budget; (2) the restructuring of public functions and their relation to the budget; and (3) the functioning of strategic planning units or committees, whose job was to consider what type of strategic investment should be undertaken in pursuit of national, regional and local development;
- (b) Coordination function. The public function agenda needed to be monitored, especially as regards relations between budgetary allocations and government functions and, in a broader sense, the coordination of plans and policies.
- (c) Evaluation function. This had several dimensions: programme appraisal; public investment projects; and decentralization processes. Outcome evaluation, together with public administration indicators or "contracts", were currently emerging issues.

The ECLAC executive secretary wondered whether this general overview was complete or whether there might be other planning functions.

In terms of institutional frameworks, he suggested that planning agencies had usually been set up either linked to the office of the Presidency of the Republic, or as offshoots of coordination ministries, and they tended to be attached to Governors' offices at the regional or local level. This was an attempt to strengthen the coordinating function of the executive branch of government. Several questions arose concerning planning functions: should all budgetary power be vested in the Finance Ministry, or should there be other mechanisms, since the viewpoint of that ministry was usually a short-term one? Colombia had an internal-balance triangle consisting of the Central Bank and the Finance and Planning Ministries,

covering appraisal functions and outcome monitoring, as well investment budget allocation, which was an important part of the public budget. The executive secretary ended his presentation by inviting all participants to begin debating the seminar issues.

Summary of remarks by Germán Quintana, Minister of Planning and Cooperation of Chile

The Minister of Planning and Cooperation of Chile, Germán Quintana, began his presentation by remarking how symbolic it was to be discussing planning at the end of the twentieth century. What had the significance of planning been in the 1990s, and what were the future challenges?

The Ministry of Planning and Cooperation of Chile (MIDEPLAN), dealt with planning functions in conjunction with social issues. The fact that budgetary policy was the responsibility of the Ministry of Finance had led to weakness in the ministry's coordination function, which along with other factors had generated an identity crisis, and given rise to a debate on whether the continued existence of the ministry was even worthwhile. As a result, it was necessary to: (1) build a new identity; (2) develop closer links with the Presidency; and (3) define roles, clearly distinguishing the functions of the Ministries of Planning and Finance, and the General Secretariat of the Presidency.

The Minister then offered some reflections on planning. The new field of debate related to the substantive functions of the State. Apart from the new political climate and the much heralded reconciliation between State and development in the region, planning actions also arose as an urgent necessity in the reality of the different Latin American countries. In these countries, profound social and geographic inequalities persisted, along with wide technology gaps, in an open-economy context that left countries highly vulnerable to global economic cycles. In view of the ongoing globalization process and development of market economies, the role of the State in directing and sustaining development needed to be reconsidered.

One firstly needed to think in terms of a strategic State, capable of adapting to rapidly changing situations, but able to assume long-term responsibilities at the same time. Many countries in the 1990s had functioned under short-term imperatives, and the islands of government planning-foresight that existed were few and far between. Accordingly, in view of a number of problems (economic-political weakening of the State, theoretical-practical vacuums in dealing with future challenges, pressure from social demands, etc.) it was necessary to develop a third-generation set of reforms, aimed at institutional strengthening for an efficient democratic-strategic State, to boost development processes in our countries.

For planning to play an effective role as a function of government and be more than an academic exercise, it needed to operate in the prospective applied strategy area, linked to decision-making and public action. The Minister made several comments on: (a) the relation of planning to strategic action (link between present and future); (b) reflexive functions associated with public debate and social consensus (debate on the future and the construction of a strategic agenda to enable Governments and social actors to confront different challenges, projects or country visions); and (c) the dimension (the need to view foresight functions from a geographic point of view; importance of decentralization and regional development).

The repositioning of planning in Chile needed to be based on a robust system of ex-post public-policy appraisal. MIDEPLAN was already responsible for the ex-ante assessment of public investment projects, and the Minister disclosed that work was currently ongoing to transfer the assessment function as a whole to MIDEPLAN, with a view to concentrating both ex-ante and ex-post evaluation at the central and regional levels. This appraisal function would help strengthen State foresight and planning.

The Minister concluded his presentation by claiming that comprehensive policy appraisal systems could be developed, along with effective modes of strategic management, if new content were included in foresight. Progress could also be made in building a strategic State that would be better placed to meet the challenges of development and articulate the essential social consensus.

B. TOPIC 1

EVALUATION OF PLANS, PROGRAMMES, STRATEGIES AND PROJECTS

Eduardo Wiesner

Document summary

International bodies had organized a number of meetings on the appraisal of public administration during the last eight years, but still little evaluation was being carried out. Why? Basically because evaluation was not yet a prior condition for increasing expenditure. Public expenditure was tending to grow in nearly every country in the world, despite efforts to reduce it, and despite measures taken to make the market more of a protagonist and enhance competitive mechanisms for allocating public funds.

Expenditure growth without prior evaluation of outcomes arises from certain expenditure modes, in particular automatic and rigid systems of geographical and sectoral transfer; and it is also associated with a weak institutional framework that results in high endogeneity among public policies, mainly those aimed at social sectors.

The term “integral management” is understood as the ongoing coordination of the planning, execution and appraisal processes, which feed back on one another and allow for a continuous redesign of government actions. The demand for evaluation of State actions in Latin American countries arises from three types of situation: (i) the importance of introducing greater rationality into fiscal adjustments or corrections; this assumes an adequate level of knowledge of public-sector activities and their impact to be able to make differentiated cuts in accordance with well-established priorities; (ii) the high political cost paid by governments when public opinion perceives inefficiency and a lack of efficacy in public programmes; (iii) the greater demand for transparency and accountability in more democratic societies. This generates increased demand for evaluation, but in practice the institutional rigidities mentioned above result in a market where supply is abundant – responding to the facilities that exist to finance it – but demand is relatively scarce. The basic question would therefore seem to be how to increase the demand for evaluation.

Two types of evaluation can be distinguished within the necessary exercise of public administration appraisal: one that relates to public bodies, and another that has the broader aim of appraising the macro-institutional frameworks in which these bodies operate.

Evaluation of public bodies

The evaluation of public bodies can be done in two ways: self-assessment and strategic evaluation. To increase the demand for self-assessment, evaluation needs to be turned into a learning tool – aimed at achieving better management – rather than a sanction. It should not be imposed but encouraged, and it should be introduced as a precondition for budget increases and offer clear political returns, since the people seeking such increases operate in a fundamentally political market. Presenting evaluation as a learning exercise is even more important in the absence of standard methodologies for carrying it out, and in all cases it means starting by defining specific goals in the mission of each organization at a given point in time. In the case of self-evaluation, it should be the organizations themselves and their managers that set the specific goals and the indicators to be used, together with the corresponding appraisal mechanisms and correction processes.

In principle, all public organizations should be equally ready to introduce self-appraisal mechanisms, but these need to be complemented with external assessments in the case of strategic programmes – in principle, where economic competition is more difficult to introduce and in cases where expenditure tends to rise faster than GDP.

More specifically, efforts should be focused on privatization processes, on regulation systems – particularly to verify whether or not competition is being introduced – and on

decentralization processes. In the first of these, there is evidence that privatization has tended to run ahead of the corresponding regulation, such that the net result is less competition rather than more. Evaluation is even more necessary in the second case, since there has been a tendency to introduce the transfer systems mentioned above, which are basically used to satisfy centrally assigned priorities but fail to activate the efficiency mechanisms expected of decentralization.

Evaluation of macro-institutional frameworks

Thus far, we have been referring to public bodies, but evaluation could probably have the greatest impact in the case of macro-institutional frameworks – defined as the rules of the game established to enable societies to function effectively: norms and conducts, on the one hand, and procedures to make their fulfilment mandatory, on the other (North, 1990). The first of these would basically correspond to economic, political and social regulatory frameworks, and the second to the administration of justice. These frameworks are decisive for effectiveness of project and programme appraisal processes that take place within them.

Outcome evaluation has not taken off in Latin America, particularly since it has not proved possible to overcome the particular restrictions and benefits inherent in existing macro-institutional frameworks. This institutional weakness is exploited by specific interests within the public sector to prevent evaluation being established as an instrument of reform and modernization. A large proportion of social expenditure ends up being captured by “rent-seekers”, who are more concerned to look after their own interests than in pursuing global objectives. Rent-seekers are commonplace in public services such as education, health, infrastructure, communications, justice and social security. The phenomenon of capture leads to spurious or “precise but false” evaluations, with weak links to resource allocation processes.

Synthesis of comments and debates

The first commentator argued that the viability of self-assessment might be called into question, since generating the necessary information involved additional costs. Priority should be given to external evaluation, preferably carried out by supra-ministerial bodies. In certain areas, such as education, external assessment could be carried out through sample studies, exploiting user opinion. The difficulties that arose in the decentralization processes could be dealt with through information and incentive systems.

The second commentator agreed in giving greater importance to external evaluation as a complement to internal evaluation so as to ensure accountability, and raised the need for information systems that were capable of generating reliable, objective and verifiable data.

The third commentator also highlighted the need for impact assessment, and agreed with the presenter that the incomes involved made evaluation difficult, so preference should be given to a central funding system.

The fourth commentator proposed the following conditions to make evaluation viable: (i) appraisal should relate to self-contained units and not to programmes and projects; (ii) those units should fulfil basic conditions such as having a payment unit and up-to-date information; (iii) there should be incentives – particularly linking evaluation to budgetary allocations – and a high likelihood of being subjected to external evaluation; (iv) that the accountability process should be fully implemented and the results made available to both Congress and public opinion. Lastly, the evaluation system needed to be the subject of basic political agreement, to prevent its results being used politically in the service of special interests.

In the ensuing debate, several participants reiterated that incomes should not be previously assigned. One participant also pointed to the usefulness of social participation in the appraisal process and in the diffusion of its results. Another suggested that evaluation should be seen above all as a tool of public administration, so advance publication of partial results might not be appropriate. A third participant considered that assessment should relate to goals which ought not to be defined in conjunction with the budgetary agencies, since the over-riding aim of these agencies is to maintain fiscal balance. It was also considered important for evaluation to be external, as in Latin America the main route to political survival was cronyism; this also demonstrated the importance of evaluating and modifying macro-institutional frameworks. The importance was also stressed of strengthening citizen watchdog bodies, but public organizations of that sort needed technical support in carrying out their functions.

Two participants referred to more specific issues. The first argued that resource allocation should be carried out directly and not through ministries, and should be under public control. The second stressed efficacy and efficiency indicators. As regards the first of these, the participant warned of two possible errors: (i) including beneficiaries that are not eligible; and (ii) excluding those who should be included. As regards efficiency indicators, the speaker pointed to the importance of identifying and eliciting participation from citizens, both in their capacity as consumers of public goods and as taxpayers, in order to reduce the “rent-seeker” problem.

The executive secretary of ECLAC and director of ILPES, for his part, mentioned the complexity of devising quality indicators and agreed that tied incomes generated risks of inefficiency. He suggested developing a self-appraisal system, whose main objective would be learning under an entity that was independent of both budgetary functions and political interference.

Lastly, the author of the paper himself stressed the usefulness of the budgetary incentive to inspire self-evaluation (an incentive that would not be appropriate, however, in the case of macro-institutional frameworks), and the difficulty of institutionalizing the assessment process, given that those with most to lose from it would likely be those with the greatest political power.

An important conclusion of the debate was that external assessment should not only be applied to functions considered to be strategic, but any public organization should face a high probability of being subjected to this type of evaluation.

C. TOPIC 2

THE FUNCTION OF PLANNING AND POLICY COORDINATION

Leonardo Garnier

Document summary

In Latin America today, planning seems more necessary than ever, but less well equipped politically, technically and institutionally to meet the challenges of the moment.

Those challenges – both domestic and external – require progress to be made in constructing a dynamic balance between efficiency, equity and democracy. Although this calls for a high level of technical capacity, it is, nonetheless, essentially a political task of putting the various particular interests into perspective, and reconciling them within the more general and long-term process of overall societal development.

Strategic vision requires the definition of priorities to serve as guidelines for social decision-making processes, and in the design and implementation of public policies. Based on these priorities, responsibilities need to be established so that tasks and resources are correctly distributed and allocated, and the ensuing and necessary accountability can be demanded.

One of the traditional – and no less important – challenges lies in the relation between planning and the budget. There is a renewed need for budgetary allocation to be carried out in the context of a holistic review and as part of a long-term strategy giving it meaning and coherence, since the budget goes beyond mere accountancy to become a “meeting point for the forces of society”, and is therefore a quintessentially political instrument.

Nonetheless, the budget should also be a useful tool of government: it must produce results. In the quest for results, it is crucial to have evaluation tools and processes, together with the ability to use them to generate effective incentive systems for promoting the pursuit of social efficiency in public resource allocation.

The pursuit of social efficiency relates not only to the allocation of public funds but also to their use. This concern has given rise to a new form of public management, which, in addition to direct government execution of public policies, today involves other methods of implementing policies in a private or decentralized manner. Adequate strategic coordination is needed to ensure that the allocation of public resources corresponds to government priorities, and that the systems for managing such resources also lead to improved productivity and social efficiency in public administration.

In synthesis, the strategic coordination function should be seen as one of the tools of planning that helps to advance the permanent process of constructing the necessary balance between economic efficiency, social equity and political democracy. These should be the three pillars of effective public administration, and the balance between them should permeate all government action and vision. This demands a special effort in terms of political coordination and capacity for synthesis.

For this, governments need space for political coordination at the highest level, for their action to transcend mere activism, and for policy definition to be much more than speculation. Although the coordination function demands high technical qualifications and an appropriate set of management tools, it is eminently political in content.

The pursuit of greater strategic coordination capacity does not mean depoliticizing politics and replacing them by some kind of technically optimal decision-making; it is more a matter of doing "good politics". Compared to the "get prices right" that characterized the years of stabilization and adjustment, the tasks of the moment seem to demand an equally significant effort in a new direction, namely "get politics right".

Synthesis of comments and debates

The first commentator argued that the changes taking place in the external environment of the global economy reflected a deeper process than what was generally known as globalization, and in that sense it was important to identify how the new economic paradigm affected planning activities

In Brazil, with its 160 million inhabitants, information technology had enjoyed extraordinary development in the wake of the privatization process. In that situation it was virtually impossible to prevent the national economy developing greater links with the global economy. On the other hand, in a strategic sense it was well-known that integration brought with it a series of problems for the conduct of public policies in individual countries, and a significant loss of national sovereignty in implementing them.

As integration was impossible to prevent, planning might be the instrument through which it could be channelled to preserve fairness and national autonomy in the new system in the most efficient way possible.

The challenge for the future was to adapt the entire planning apparatus accumulated over recent decades in a large institutional network unlike what we know today, to embrace the transition and accommodate to the implied loss of economic independence in the best way possible. Efforts should be made to preserve a minimum space for domestic decision-making, with very clear public policies to support sectors of society likely to be excluded from the process in a transition that was sure to be very long.

The second commentator stressed that of all the issues surrounding discussion of the role of the State, one on which perhaps little thought had been given, but which was important to bear in mind, was the role of the State as the articulator of a common strategic vision for the country. In other words, there was a need for a medium- and long-term vision, bearing in mind that markets are very good at short-run resource allocation, but like certain people they suffer from shortsightedness, which partly relates to their lack of a medium- and long-term vision for the country.

On the other hand, it was part of the coordinating role of the State to incorporate a new range of actors in working towards the common good, namely organized civil society, the private sector and the citizenry itself.

The commentator applauded the call to give a political slant to reflection on these issues, which at times suffered from an overly economic or technical bias. He argued that there was one area of State modernization, namely modernization of politics and its institutions, which was not always adequately considered, and added that a greater political connotation needed to be given to the more technical reforms of State administration. This meant understanding what needed to be measured to make improvements, so as to target resources on the most poor. It was also a matter of using information technology to make State administration more transparent, and thus restore the status of public administration.

The commentator put forward four new reasons to justify the revaluing and repositioning of the topic of coordination on the agenda of State modernization.

The first of these related to the new issues that were finding their way on to the public agenda. There were two fallacies in that regard: one was that the State and politicians would be able to resolve the problems of the modern public agenda without recourse to the citizenry and other actors. The other fallacy was that problems could be addressed by a single institution. If one considered the list of issues relating to the family, citizen safety, environment, quality of life, and land management, there was not a single one that did not involve intervention by several public institutions; each also assumed intervention by several societal actors, so coordination was inherent to effective action in addressing the new issues on the public agenda.

Secondly, the fact that the State was smaller than before in terms of institutions and staffing, but not necessarily in terms of expenditure, meant among other things that it was starting to act in conjunction with other players; it was now not only public bodies that carried out public functions, but private institutions, non-governmental organizations and civil society as well. Consequently, the fact that the State was smaller than it used to be did not mean that its functions were reduced, but rather that it had to undertake and promote those functions with the collaboration and participation of other actors. This called not only for coordination, but for a type that we had not known in the past, and that was what made the idea of strategic coordination between different actors especially relevant.

Thirdly, the degree of State decentralization had implications for coordination. Coordination in a highly centralized country was not the same as coordination in one where power was more widely shared between national, regional, provincial, and local bodies, and other actors. This clearly placed demands on coordination.

Fourthly, the tasks involved in the modernization of public administration, the simplification of procedures, user orientation, the use of information technology, public transparency – each was an issue with its own identity on the State modernization agenda at the turn of the century, which also demanded greater and more innovative coordination efforts. It was not possible to simplify procedures within the State without rethinking the relation between the different institutions; there could be no transparent State without reconsidering the inter-relationships that were bound to exist in the future. No State could serve the user well in the absence of transparency in its different institutions, or unless it was capable of coordinating itself internally rather than externally, and could avoid citizens having to go from office to office to resolve their problems, as happened in practice.

Whoever managed the money had the power to coordinate. The counterweight was political power, if and only if this political power was clearly identified and had clearly established attributions for acting in the coordination field.

On the other hand, there were issues which, by their very nature, while not managed by financial power within the State or by any fiscal or political power, might still emerge as coordinating powers by virtue of having the necessary technical expertise. In other words, there was not the remotest possibility of coordinating something in the public sector and in the State, in the absence of one of the elements mentioned above, namely political power with close links to the Presidency with wide-ranging attributions in the relevant field, or else clearly identified technical expertise.

The third commentator referred to the question of more or less expenditure. He pointed out that we were clearly going through a process involving less State rather than

more. In the post-war era when the State was everything, planning justified itself: the alternatives were planning or planning.

That was not the kind of State that existed today, which had been stripped down to its basics, making room for many activities to be undertaken by the private sector. In that context, the modern theory of contracts and transaction costs showed that the economy was basically organized in a sort of internal centralized contract, with or without a plan, with or without evaluation. Major resource allocation was taking place in a large organization, that was not a market but a planning body. That type of internal contract, which was non-transparent and clearly undemocratic in certain respects, had been replaced by a series of decentralization “contracts”. The regulation that was replacing the public enterprise was essentially a regulatory contract, and the essence of such regulatory contracts demanded a different type of activity from the State, and a different type of evaluation. Reference was also made to social expenditure, public services and regulated private-sector companies as the most important spheres of strategic planning. The commentator claimed that many State activities that in some way were related to the principle of planning and coordination, did not necessarily pass through the budget. This generated tension between the regulatory or quasi-regulatory activities that the State carried out through “parastatal” bodies. As these activities did not pass through the budget, their appraisal, either on a daily or strategic basis, could not be tied to budgetary evaluation. This was because there was basically no budgetary allocation for such activities – in other words a very small body controlled an entire sector, for example electricity, which was vast. If it was decided to link appraisal of that sector to the budget, its demand for assessment would not be equal to that of an educational or health programme. For that reason one had to consider very carefully what planning sphere and even what type of planning – daily or strategic – to use.

The commentator agreed with the principle of budgetary unification and the way in which evaluations had to be carried out on the basis of unified budgetary criteria, basically because there was an opportunity cost in raising public-sector funds, and because funds allocated for any activity that would undergo a counterpart evaluation of public-sector spending programme “benefits”, whatever those might be, had to be compared and standardized throughout the sector.

One participant argued that the clearest conclusion was that a strong market needed a strong State, but this did not mean a larger State – rather, a strong State with a different role from what it had had up to now, but a much more important and much more difficult one. The document made an important contribution by highlighting the role of politics, and it had the virtue of showing that coordination was impossible unless backed by a long-term collective vision in a public-sector dimension. There seemed to be a major coordination problem in that area: there was no collective vision; nor an active

public dimension going beyond the short-term, the particular interest, the group privilege, the interest of the rent-seeker – that was where the major challenge lay.

The political task was the challenge of democratic life; the convergence between economic, political and social issues began there. So coordination was understood in terms of coordinating rationales and interests, rather than methodologies or laws, as normally understood.

An essential goal in the new view of planning, was to put an end to discussion of models – for example, whether the model should be public or private, interventionist or market-oriented – which up to now had been time-consuming and sterile. Coordination should provide the conditions for any model to function.

Reference was next made to the topic of information. This had generated new rights, pretensions and aspirations that had to be accepted, as they helped coordination and justified the point that it was not a matter of coordinating methodologies but of coordinating interests. This involved the right to participate in the advantages of a globalized world; the right to participate in decision-making in an informed way; the right to be regionally autonomous and work together in the political economic and social fields, which apparently had been considered very difficult. Perceiving social policy and the creation of democracy as a factor of efficiency was also helpful.

D. TOPIC 3

THE ROLE OF LONG-RANGE THINKING: INSTITUTIONAL DOWNSIZING AND ACTION

Javier Medina Vásquez

Document summary

The aim of this presentation was to highlight the potential contribution of long-term thinking (foresight) to decision-making processes in Latin America.

The author firstly discussed the need for foresight in meeting the challenges facing Latin America today, given that the region had tended to have a short-range or even a micro-range outlook, and because of its progressive loss of freedom and room for manoeuvre in constructing its own future. In the region, the triumph of effective pragmatism in managing short-term macroeconomic equilibria had become clear, but this was unable to generate collective projects for the future. The urgent predominated over what was important.

The author next described the supply of foresight services currently available around the world. In this scenario it was clear that foresight was coming of age, and that

there were processes and seeds of change (for example in France), both globally and at the Latin American level, with the potential for cross-fertilization with social sciences, economics and management studies, that could lead to an improvement in foresight services and produce more serious and structured thinking.

Secondly, the current state of foresight in Latin America was analysed. It was argued that in the transition stage (the last two decades), there had been a questioning of the concept of development and planning, the absence of shared visions, of an “ideal developed society model”, and thematic and methodological dispersion. Planning had begun to be accepted as a social process, and an attempt had been made to narrow the gap between theory and practice.

In terms of contributions, it was argued that only isolated projects were being carried out. The speed and magnitude of social changes were mentioned as constraints, together with a lack of a sense of the public dimension, a lack of connection with decision-making processes, and the mental patterns and organizational culture of Latin American countries. Consequently, the alternatives for improvement needed to pay closer attention to cultural and psycho-social factors, the capacity of decision-makers, professional ethics, and most especially learning infrastructure.

Lastly, the presenter focused on the prospects for long-term thinking for the twenty-first century, mentioning the need to recognize that foresight was changing; what was needed was knowledge management; in this entire logic there were levels of action and multiple alternatives; and lastly, that all these questions were more than “institutional gardening”.

In synthesis, the presentation by Javier Medina highlighted the role of social learning in the process of constructing future scenarios, giving priority to the functions of anticipation, appropriation, action and learning in what he called “full-cycle processes”.

Synthesis of comments and debates

The first commentator argued that before addressing long-term thinking a number of points needed to be considered. For example, what citizens wanted was not in harmony with the way political élites envisaged the future, and neither of those matched the aspirations of groups that did not act institutionally or legally, but which still enjoyed significant amounts of power. The situation became more complex in view of the institutional obstacles to long-term thinking resulting from badly designed, corrupt political systems and political practices designed merely for effect. The process was gradual. The commentator identified three approaches associated with technocrat, the politician and the future reformer, respectively.

The second commentator criticized the author's position in moving outside economic thought and seeing strategy as somewhat neutral. In reality it ought not to be so, as there always had to be a powerful idea behind it (for example, capitalism and communism were not neutral). Long-term thinking was always taking place: politicians had their mind on of the next election, and statesman where thinking about the next generation.

The third commentator stressed that human beings tended to plan the future naturally and in an unstructured way. Each of these institutions (family, union, firm) had a certain shared vision, but the premises had been altered. The future was measured by the technological changes that affected all institutions. In the past it had been assumed that the job of the State was to reconcile the future visions of the different actors, whose interests coalesced around political parties. Today this function had been put in the hands of the market and, in this framework, there were two central ideas that could be suggested:

- A re-reading of the classics: the Communist Manifesto was a vision of the future, which in some way had helped to alter it.
- Trying to learn from relevant experiences

To select what was relevant required criteria based on certain values. In Latin America there was a conflict of values between individualism and solidarity, with a zero-sum game situation being envisaged where progress in terms of greater equality would restrict the development of individuality. In this context it was interesting to reflect on the future, presupposing values and conflicts for this purpose.

One commentator used the metaphor of a dense forest (seen from both land and air) to wonder what course to take? The answer was the route mapped out by air, but with observations taken on land. This metaphor served to exemplify the relationship between the short- and the long term, and to exemplify strategic planning.

Another participant argued that the word "science-fiction" seemed closely related to long-term work, whereas medium-term tools would be more appropriate to this reality.

The market logic operated with corrective actions. There were political agreements in facing future scenarios. Thus, the prospective was at the level of macroeconomics (plans were presented with a four-year horizon), science and technology (a systematic process of innovation development), regional convergence (understood in terms of the social cohesion policy of the European Union), and lastly, demographic projections (a long-term proposal).

Another participant pointed out that there were two ways of viewing the structure of society: either in terms of equality of initial opportunities (the premises of David

Hume, Friedrich Von Hayek and Karl Popper), or in terms of equality of outcomes. One ought to discuss which of these two situations should be preferred, but it seemed that equality of opportunities had triumphed.

It was remarked that in Colombia, for example, markets did not produce long-term thinking on their own, and when a public perspective was lacking, the only scenario possible was the "here and now". Models also required a long-term outlook to regulate problems of the environment or metropolitan concentration.

It was not difficult to reach consensus on certain basic issues regarding equality of opportunities. In Latin America there was no lack of ideas, but there were significant institutional and democratic obstacles, and forces operating outside the law. What existed was bad, so new ideas needed to be created.

According to one participant, it was not reasonable to claim that when faced with the dilemma between equality of initial opportunities and equality of outcomes, the former should be preferred because without equality of outcomes it was impossible to gain access to a real equality of initial opportunities. In Brazil, for example, there was no point in providing free education to children growing up in exceedingly poor homes, because they would anyway have to go out to work in order to survive. The poverty in their homes was the result of a prior situation of inequality of outcomes; consequently, equality of initial opportunities and outcomes could not be treated separately.

A debate ensued as to whether or not equality of outcomes existed. No one could predict the future. What was possible was to act today to guarantee equal opportunities for all (education, health care, etc.), and the outcomes, although always varied, were bound to be an improvement.

Equally, it was commented that one could only think of the long-term in Latin America in the context of a strong political power. A choice had to be made between the action of a strong government, such as the USSR, and a government with strengths, which led to the construction of a legitimate and democratic political power.

It was not the same thing to plan, anticipate and coordinate in conditions of uncertainty and epoch-making change. In the discussion there had probably been a dissociation between thought and action. It was better to be vaguely right than exactly wrong, hence a suggestive idea was worth much more than a precise model.

As a final comment, the author of the document claimed that it was clear that the outlook for the 21st century would be marked by continuous change. It was a matter of recovering freedom and equality through appropriate institutional frameworks. What was needed were visions to encourage the construction of what was desirable and achievable, rather than utopias.

E. CLOSING SESSION

Summary of closing speech by José Antonio Ocampo, Executive Secretary of ECLAC and Director of ILPES.

In his final remarks, José Antonio Ocampo thanked the participants, the authors of the papers and the commentators for their valuable contributions. He felt that it had been very interesting to focus on the functions of planning rather than its institutions, and he added that the meeting had brought several approaches and questions to the fore as regards the development of prospective, coordination and evaluation.

He stressed the need to develop better discourses on “utopias” since these could be more important than quantitative exercises. He underscored the concept of learning as an important factor in planning. He emphasized the new concept of “institutional density”, as the number of institutions that permit political handover, along with continuity of activities and democracy, and he stressed the transcendence of “full cycle” (anticipation-appropriation-action-learning).

Lastly, he underscored the important role played by ILPES as a forum for addressing priority themes for the region and for starting discussion on the repositioning of planning in a new context.

ANNEX



UNITED NATIONS

**HIGH-LEVEL SEMINAR
BASIC PLANNING FUNCTIONS**
Santiago, Chile, 7 and 8 October 1999
AGENDA

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Schedule		THURSDAY 7 OCTOBER	
09:00 - 10:00	Registration of participants		
10:00 - 10:50	INAUGURAL SESSION		
	- José Antonio OCAMPO, Executive Secretary of ECLAC and Director of ILPES		
	- Germán QUINTANA PEÑA, Minister of Planning and Cooperation of Chile		
	<u>Working methodology</u>		
10:50 - 11:00	- Edgar ORTEGON, Seminar coordinator		
11:00 - 11:30	Coffee break		
11:30 - 13:30	<u>Topic 1</u>		
	EVALUATION OF PLANS, PROGRAMMES, STRATEGIES AND PROJECTS		
	<u>Presenter:</u> Eduardo WIESNER		
	<u>Commentators:</u>		
	1) Rosita CAMHI	3) Alfredo JALILIE	
	2) Eliecer FEINZAIG	4) Mario MARCEL	
	<u>DEBATE TOPIC 1</u>		
	1) Luiz Carlos MENDONÇA DE BARROS	4) Orlando OCHOA	
	2) Leonardo GARNIER	5) Alfonso SALINAS	
	3) César VALLEJO	6) José Antonio OCAMPO	
13:30 - 15:30	Lunch break		
15:30 - 16:30	<u>Topic 2</u>		
	THE FUNCTION OF PLANNING AND POLICY COORDINATION		
	<u>Presenter:</u> Leonardo GARNIER		
	<u>Commentators:</u>		
	1) Luiz Carlos MENDONÇA DE BARROS		
	2) Claudio ORREGO		
	3) Fernando NAVAJAS		
16:30 - 17:00	Coffee break		
17:00 - 18:30	<u>DEBATE TOPIC 2</u>		
	1) César VALLEJO	5) Luiz Carlos MENDONÇA DE BARROS	
	2) Orlando OCHOA	6) Eduardo WIESNER	
	3) Alfonso SALINAS	7) Claudio ORREGO	
	4) José Antonio OCAMPO	8) Fernando NAVAJAS	
		9) Paul SINGER	



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AGENDA

Schedule		FRIDAY 8 OCTOBER
09:30 - 11:00	<u>Topic 3</u>	
		THE ROLE OF LONG-RANGE THINKING: INSTITUTIONAL DOWNSIZING AND ACTION
	<u>Presenter:</u>	Javier MEDINA VASQUEZ
	<u>Commentators:</u>	
		1) Manuel CAMACHO 2) Orlando OCHOA 3) Paul SINGER 4) Alfonso SALINAS 5) Juan VARELA
11:00 - 11:30	Coffee break	
11:30 - 12:30	DEBATE TOPIC 3	
		1) Eduardo WIESNER 2) César VALLEJO 3) Manuel CAMACHO 4) Paul SINGER 5) Alfredo JALILIE 6) Leonardo GARNIER 7) Javier MEDINA
13:00	CLOSING SESSION	
		- José Antonio OCAMPO, Executive Secretary of ECLAC and Director of ILPES

HIGH LEVEL SEMINAR ON BASIC PLANNING FUNCTIONS

Santiago, Chile, 7 and 8 October 1999

LIST OF PARTICIPANTS

ARGENTINA

Fernando NAVAJAS
Economista Jefe
Fundación de Investigaciones Económicas Latinoamericana (FIEL)
Avenida Córdoba 637 - Piso 4
1054 Buenos Aires

Phone: (54-11) 4314-1990
Fax: (54-11) 4314-8648
e-mail: navajas@fiel.org.ar

BRAZIL

Luiz Carlos MENDONÇA DE BARROS
Alameda Jauaperi, 176 - 5º andar - Moema
04523-010 - São Paulo

Phone: (55-11) 5052-0997 - 5052-1772
Fax: (55-11) 5052-0997 - 5052-1772
e-mail: pousoalegre@originet.com.br

Paul Israel SINGER
Profesor Titular Departamento de Economía da FEA
Faculdade de Economia, Administração e Contabilidade da USP
Av. Professor Luciano Gualberto, 908 - Cidade Universitaria
Sao Paulo

Phone: (55-11) 818-6062
Fax: (55-11) 818-6073
e-mail: singerpi@usp.br

COLOMBIA

Eduardo WIESNER
Economista - Consultor
Wiesner & Asociados
Carrera 9 No.80-15 Oficina 602
Santafé de Bogotá

Phone: (57-1) 312-9541 y 42
Fax: (57-1) 211-4919
e-mail: ewiesner@colomsat.net.co

César VALLEJO
Director CRECE
Edificio Seguros Atlas, Piso 20
Manizales, Caldas

Phone: (57-68) 748891 /93/97
Fax: (57-68) 748891
e-mail: crece@andi.org.co

Javier Eduardo MEDINA VASQUEZ
Profesor Asociado
Facultad de Ciencias de la Administración
Universidad del Valle
AA 25360
Cali

Phone: (57-2) 554-2460
Fax: (5702) 554 2470
e-mail: jemedina@ats.it

COSTA RICA

Eliecer FEINZAIG MINTZ
Asesor Presidencial
Consejo de Asesores Presidenciales y MIDEPLAN
Apartado 520-2010, Zapote
San José

Phone: (506) 234-2310 y 253-5060
Fax: (506) 234-2363
e-mail: efeinzai@gobnet.go.cr

Leonardo GARNIER
Consultor
AP 283 2010
San José

Phone: (506) 283-8359
Fax: (506) 283-8359
e-mail: lgarnier@sol.racsa.co.cr

CHILE

Germán Pablo QUINTANA PEÑA
Ministro de Planificación y Cooperación
Ahumada 48 - Piso 10
Santiago

Phone: (56-2) 675-1710
Fax: (56-2) 672-1879
e-mail: gquintana@mideplan.cl

Mario MARCEL CULLELL
Director Ejecutivo por Chile
Banco Interamericano de Desarrollo (BID)
1300 New York Avenue, NW
Washington, DC 20577

Phone: (1-202) 623-1015
Fax: (1-202) 6233574
e-mail: mariomar@iadb.org

Claudio ORREGO LARRAIN
Secretario Ejecutivo Comité de Modernización de la Gestión Pública
Ministerio Secretaría General de la Presidencia
Moneda 1160 - Piso 3
Santiago

Phone: (56-2) 694-5808
Fax: (56-2) 695-7343
e-mail: corrego@minsegapres.cl

Rosita CAMHI
Directora Programa Social
Instituto Libertad y Desarrollo
San Crescente 551
Las Condes - Santiago

Phone: (56-2) 234-1894
Fax: (56-2) 234-1893
e-mail: rcamhi@lyd.com

Robinson PEREZ
Asesor del Ministro
MIDEPLAN
Ahumada 48, piso 10
Santiago

Phone: (56-2) 675 1725
Fax: (56-2) 672-1879
e-mail: rperez@mideplan.cl

María Teresa HAMUY
Jefe, Unidad de Evaluación de Programas
Dirección de Presupuestos
Ministerio de Planificación y Coordinación – MIDEPLAN
Ahumada 48
Santiago

Arturo SAEZ CHATTERTON
Jefe, Estudios SERPLAC Metropolitana
Ministerio de Planificación y Coordinación - MIDEPLAN
Teatinos 370, piso 3, Santiago

Phone: (56-2) 250 9301
Fax: (56-2) 250 9310
e-mail: asaesz@mideplan.cl

Zunilda Marisol GONZÁLEZ REYES
Evaluadora de Programas Sociales de la Política Social, Socióloga;
Profesional del Departamento de Evaluación Social
Ministerio de Planificación y Coordinación – MIDEPLAN
Ahumada 48, piso 5

Phone: (56-2) 675-1558
Fax: (56-2) 672-9027
e-mail: zgonzalez@mideplan.cl

Patricia Carolina JARA MALES
Profesional del Departamento de Evaluación, Div. Social
Ministerio de Planificación y Coordinación – MIDEPLAN
Ahumada 48, piso 5
Santiago

Phone: (56-2) 675-1400/675-1557
Fax: (56-2) 672 9027
e-mail: pjara@mideplan.cl

Alvaro ESPINOZA NAVARRETE
Consultor
Ministerio de Planificación y Coordinación – MIDEPLAN
Ahumada 48, piso 5, of. 507
Santiago

Phone: (56-2) 675-1556
Fax:
e-mail: aespinoza@mideplan.cl

Andrea PERONI
Profesional, Area de Evaluación
Ministerio de Planificación y Coordinación – MIDEPLAN
Ahumada 48
Santiago

Phone: (56-2) 675 1556
Fax:
e-mail: aperoni@mideplan.cl

Esteban SOMS
Director de Proyectos de Desarrollo
Regional, Comunal y Urbano
CIMA Consultores
Puyehue 1324, Providencia
Santiago

Phone: (56-2) 206 6479 y 274 6812
Fax: (56-2) 206 6479
e-mail: esoms@vtr.net

MEXICO

Manuel CAMACHO SOLIS
Presidente del Partido de Centro Democrático
Amores N° 923 -Colonia Valle
03100 México, DF

Phone: (52-5) 5575-3100 y 5575-3101
Fax: (52-5) 5575-3100 (pedir tono)
e-mail: pcd@internet.com.mx

Alfonso SALINAS RUIZ
Asesor
Secretaría de Hacienda y Crédito Público
Insurgentes Sur 826, Piso 12
Colonia del Valle
03100 México, DF

Phone: (52-5) 5228-1904 al 07
Fax: (52-5) 5536-3270
e-mail: asalinas@shcp.gob.mx

PERU

Alfredo JALILIE AWAPALA
Vice-Ministro de Hacienda
Ministerio de Economía y Hacienda
Lampa-Junín 340
Lima

Phone: (51-1) 428-3566
Fax: (51-1) 426-6063
e-mail: ajalilie@mef.gob.pe

SPAIN

Juan VARELA DONOSO
Subdirector General de Análisis y Programación Económica
Secretaría de Estado de Presupuestos y Gastos
Ministerio de Economía y Hacienda
Paseo de la Castellana 162
28046 Madrid

Phone: (34-91) 583-5450 – 583-5438
Fax: (34-91) 583-7317
e-mail: jvarela@igae.meh.es

VENEZUELA

Orlando OCHOA PACHECO

Economista Consultor

Consultores Económicos Ochoa y Asociados

Centro Financiero Latino, piso 9, of. 11

Apartado 17526

Caracas 1015-A

Phone: (58-2) 283-9363 Celular: (58-14) 931-1882

Fax: 58-2-2866852

e-mail: oochoap@etheron.net

ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN (ECLAC)

Avda, Dag Hammarskjöld s/n

Vitacura

Santiago, Chile

Phone: (56-2) 2102000

Fax: (56-2) 2080252 - 2081946

e-mail: ialvear@eclac.cl

José Antonio OCAMPO

Ernesto OTTONE

Miriam KRAWCZYK

Rolando FRANCO

Alicia BÁRCENA

Ricardo FFRENCH-DAVIS

Juan Carlos RAMÍREZ

Gabriel AGHÓN

Rudolff BUITELAAR

Mauricio DAVID

Armando DI FILIPPO

Juan Carlos GONZÁLEZ

Roberto GUIMARÃES

Jorge HERNANDEZ

Klaus HEYNIG

Kunio KUSHIRO

Juan Carlos LERDA

Ana SOJO

Dietrich VON GRAEVENITZ

Executive Secretary of ECLAC and Director of ILPES

Secretary of the Commission

Director, Programme Planning and Operations Division

Director, Social Development Division

Director, Environment and Human Settlements Division

Principal Regional Adviser (ECLAC Executive Secretary)

Principal Regional Adviser (ECLAC Executive Secretary)

Economic Development Division

Division of Production, Productivity and Management

International Trade and Development Finance Division

Expert

Latin American Demographic Centre

Director, Environment and Human Settlements Division

Consultant

Social Development Division

Programme Planning and Operations Division

Economic Development Division

Social Development Division

Chief, Project Management Unit

**LATIN AMERICAN AND CARIBBEAN INSTITUTE FOR ECONOMIC AND SOCIAL
PLANNING (ILPES)**

Avda. Dag Hammarskjöld s/n
Vitacura
Santiago, Chile

Phone: (56-2) 2102000
Fax: (56-2) 2066104

Edgar ORTEGON

Coordinator of ILPES and Liaison with the Office of the
Executive Secretary of ECLAC (eortegon@eclac.cl)

Juan MARTIN

Director, Public Sector Programming (jmartin@eclac.cl)

Iván SILVA

Director, Development and Local Management
(isilva@eclac.cl)

Jorge ISRAEL

Adviser to the Director (jisrael@eclac.cl)

Luis LIRA,

Office of Regional Policies and Planning (llira@eclac.cl)

Eduardo ALDUNATE

Office of Investment Projects and Planning

Paul DEKOCK

Economic Affairs Officer

Iván FINOT

Office of Development and Local Management

Ricardo MARTNER

Office of Public Sector Programming

Alejandra NASER

Computer and Informatics Assistant

Juan Francisco PACHECO

Office of Investment Projects and Planning

Roberto SALAZAR

Office of Investment Projects and Planning

Juan Miguel YARMUCH

Office of Development and Local Management