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Santiago, 19 January 2023

**FORESIGHT AND TERRITORY: BUILDING SCENARIOS OF POSSIBLE FUTURES  
FOR TERRITORIAL GOVERNANCE**



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## I. THE REGIONAL CONTEXT

Latin America and the Caribbean is experiencing a period of weak economic growth, high inflation, increasing extreme poverty and rising food and fuel prices owing to the effects of the coronavirus disease (COVID-19) pandemic and the armed conflict between the Russian Federation and Ukraine, which will undoubtedly continue to deepen inequalities and affect the poorest and most vulnerable in the coming years.<sup>1</sup>

The Economic Commission for Latin America and the Caribbean (ECLAC) and other international organizations indicate that the effects of the armed conflict in Ukraine will be visible in three major areas: (i) high food and energy prices, which in turn will increase inflation further; (ii) trade, supply chains and remittances and (iii) financial assets, with the tightening of financial conditions and the possible triggering of capital outflows from emerging economies.

In the *Social Panorama of Latin America and the Caribbean, 2022* (ECLAC, 2022a), ECLAC projects that by the end of 2022 poverty will affect 32.1% of the population (201 million people) and extreme poverty 13.1% (82 million). This represents a slight decrease in the level of poverty and a slight increase in extreme poverty with respect to 2021, owing to the combined effects of economic growth, labour market trends and inflation. ECLAC also warns that during the pandemic, Latin America and the Caribbean suffered the most extensive school closures in the world (an average of 70 weeks compared to 41 weeks in other countries), which exacerbated pre-existing inequalities in terms of access, inclusion and quality. Educational continuity was primarily limited by inequalities in access to connectivity, equipment and digital skills.

In October 2022, ECLAC presented economic growth projections for 2023 for the region that indicate weaker growth for all subregions. In 2023, growth is expected to total 1.2% in South America (down from 3.4% in 2022), 1.7% in Central America and Mexico (compared to 2.5% in 2022) and 3.1% in the Caribbean excluding Guyana (down from 4.3% in 2022).

Given the aforementioned crises, the chances of achieving the targets of the 2030 Agenda for Sustainable Development are slimmer. The report entitled *A decade of action for a change of era* (ECLAC, 2022b) already noted that only one third of the 169 targets are within reach. This situation calls for ambitious action and concerted efforts by all stakeholders at the local, national, regional and global levels.

It is also unlikely that response measures proposed by States will contribute to a recovery that can transform an extractive economic model based on commodity exports with limited value added, to one that prioritizes strategic sectors for more sustainable growth, that fosters knowledge, innovation, quality employment, gender equality and a lower carbon footprint.<sup>2</sup>

For the time being, structural heterogeneity and territorial inequalities will tend to deepen if extraction-based development continues. These inequalities will remain visible, first and foremost, in the high concentration of people and economic production in a handful of locations or territories in each

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<sup>1</sup> The COVID-19 pandemic has caused the worst economic downturn and the deepest social crisis in recent years, and has disproportionately affected women, who face increased unemployment (one in two women remains outside the workforce), loss of income and an increased burden of care.

<sup>2</sup> To strengthen the big push for sustainability, ECLAC recommends investment in eight strategic sectors that can boost competitiveness and employment, lower the environmental footprint and reduce socioeconomic and gender inequalities: renewable energy, sustainable transport, the circular economy, the health industry, the care economy, sustainable tourism, digital regulation and the bioeconomy.

country, and second, in wide relative gaps between the living standards and conditions of people in different territories within countries (Genta and others, 2022).

In this context of cascading crises, it is essential to strengthen the planning processes of every country in the region. Although such processes cannot change the course of events, they can reduce improvised State action and identify the priority areas to be addressed among the broad and complex spectrum of problems listed above. States must also engage in anticipatory governance, which involves correctly addressing and anticipating social paradigms and possible changes in the environment, and exploring the future on an ongoing basis in order to adapt to it and shape it with the help of better, more sophisticated measures (ECLAC, 2021).

However, strengthening planning processes requires a solid institutional architecture, existing regulatory frameworks and a budget. The institutional framework for planning in the region is still in the process of consolidation and has encountered both progress and setbacks.

Progress has been made in regulatory frameworks aimed at establishing the rules and functions of the planning systems adopted in some countries or of planning practices in countries without planning systems. These regulatory frameworks are in line with the needs of today's societies and with emerging issues such as gender mainstreaming, environmental issues, citizen participation in public affairs, and the need to create open States in which transparency guides all public administration processes.

According to information provided by the Regional Observatory on Planning for Development in Latin America and the Caribbean, 15 countries in the region are implementing a medium-term planning instrument to guide government policies. Twenty countries are implementing a long-term instrument that reflects long-term development vision and objectives. These planning instruments are applicable for a period ranging from 2030 to 2050. Seven countries —Belize, Brazil, Guyana, Honduras, Panama, Peru and the Plurinational State of Bolivia— have national instruments to guide development policy in both the medium and long term. Eight countries —Brazil, Cuba, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua and Uruguay— have a planning mandate enshrined in their Constitution, while eight others —the Bolivarian Republic of Venezuela, Colombia, Costa Rica, the Dominican Republic, Mexico, Panama, Peru and the Plurinational State of Bolivia— have passed specific planning laws that for the most part refer to the establishment of planning systems. Lastly, seven planning exercises have been organized in the region in the last two years which reflect some degree of citizen participation.

The following are some of the ongoing challenges to the consolidation of national planning systems which contribute to setbacks:

- Dependence on political cycles —although political alternation is needed to deepen democracies, these cycles influence the political weight given to planning processes and affect the continuity and sustainability of policies, particularly State policies.
- The need for coordination between those who formulate and implement plans, policies and programmes across different sectors and territorial levels.
- The existing links between plans, budgets and public investment.
- The ability to evaluate and use information from assessments for strategic decision-making.
- Institutional abilities to retain capacities, which impinges on much-needed continuity in the design of public policies, planning and decision-making. In other words, the growing complexity of

planning exercises means that planners must update their skills to manage the incorporation of higher standards without the exercise becoming inflexible, normative or unwieldy.

- Citizen distrust in democratic institutions and the people who govern them, which indicates that States are facing an erosion of the foundations of the social contract that underpinned institutional governance and that politics, through its representative bodies, is unable to build new social compacts that ensure governability.

Less than a third of citizens in countries surveyed by Corporación Latinobarómetro trust their democratic institutions, while less than 20% trust political parties and only 12% trust their neighbours, indicating a crisis that institutions cannot ignore. This is reflected in the number of countries that have experienced social unrest, peaceful as well as violent citizen marches and the erratic results of regular citizen opinion polls on government action. The *Regional Human Development Report* (UNDP, 2021) highlights that between 2000 and 2019, the number of violent protests in five countries — the Bolivarian Republic of Venezuela, Brazil, Haiti, Mexico and Nicaragua— more than doubled the regional average. Similarly, in 2019, prior to the pandemic, exceptionally violent protests occurred in Chile and Colombia (Rojas Aravena, 2022).

## II. JUSTIFICATION AND PRESENTATION OF THE PROPOSAL

In this context of great uncertainty and volatility, accompanied by profound inequalities in terms of economic, gender-related, territorial and other opportunities, and a more informed and empowered citizenry, new ways must be sought to build bridges between the State and its citizens so as to expand institutional channels to incorporate the participation and needs of citizens on a basis of trust and collaboration in public management.

Planning can help build these bridges by creating a forum for ongoing dialogue among stakeholders to collectively define long-term development priorities and translate them into action through a consensus-based public policy agenda that covers the short, medium and long term.

This has been outlined by the Latin American and Caribbean Institute for Economic and Social Planning (ILPES) in its most recent position papers submitted for consideration by the countries at meetings of the Regional Council for Planning from 2017 to 2021.

The book *Planificación para el desarrollo en América Latina y el Caribe: enfoques, experiencias y perspectivas* (Máttar and Cuervo, 2017), submitted for consideration by the countries at the sixteenth meeting of the Regional Council for Planning held in October 2017 in Lima, states that planning for development has acquired such scope and importance that it should be viewed as a system, the basic functions of which —foresight, implementation and assessment— operate simultaneously in a variety of sectors, institutions, levels of government and time frames. The publication goes on to say that comprehensive planning for development can be achieved by adequately addressing intersectoral, multi-temporal, multi-scale and citizen participation-related challenges. Rather than individually, these challenges should be examined together in relation to the different dimensions of planning and policy instruments (Máttar and Cuervo, 2017).

The position paper submitted for consideration by the countries at the seventeenth meeting of the Regional Council for Planning held in Montevideo in August 2019, entitled *Planning for sustainable*

*territorial development in Latin America and the Caribbean*,<sup>3</sup> examines multi-scale challenges and identifies a large number of national territorial development policies (153 policies and 27 plans) covering a wide range of topics (a taxonomy of 15 thematic areas is included) and multiple approaches to territory. One of the conclusions mentioned is that the subject of territoriality is not limited to territorial plans or policies; multiple policies coexist in the territory, so it is essential to coordinate them using a systemic approach in order to generate synergies, efficiency and impact in the reduction of inequalities between territories. A guide was presented that offers suggestions on how to develop a systemic approach to both national and territorial development policies (ECLAC, 2019).

Lastly, in the most recent position paper presented to planning authorities for consideration at the eighteenth meeting of the Regional Council for Planning, held virtually in October 2021, entitled *Resilient institutions for a transformative post-pandemic recovery in Latin America and the Caribbean: inputs for discussion*,<sup>4</sup> ILPES suggests that, in view of the multiple health, economic, social and political crises faced by States in the region today, and the internal and external crises related to economic shocks, climate change, mass migration and other factors they may face tomorrow, States must strengthen their institutional capacities to become more resilient and adopt instruments that allow them to anticipate, prepare, respond and adapt to increasingly complex new realities (ECLAC, 2021). The document addresses some of these new institutional capacities, including foresight and planning to mainstream territory, gender and participation, as well as openness and negotiation, and public leadership to make public management a more collective endeavour.

Like the previous documents mentioned, this paper addresses the need to strengthen the capacities of States in two areas: the development of a culture of future planning based on foresight, and the use of planning to incorporate a territorial approach into plans and policies in the collective building of future scenarios.

Even when both the political and technical authorities of a region recognize the importance of foresight capabilities in navigating complex periods of systemic problems, these capacities have yet to be institutionalized at different levels and branches of government in most countries of the region.

Authorities around the world and in the region have recognized that foresight capabilities are essential in these times of pandemic to anticipate and examine alternative futures, develop pertinent (long-term) State policies and take action capable of shaping probable futures not only in the face of crises (pandemics, climate change effects on a territory and management of the risks of more frequent and intense socioeconomic disasters), but also in the light of potential opportunities created by the interactions and needs of the international community.

Foresight for development not only makes it easier to conceive, shape and model probable futures; it also facilitates the collective building and citizens' ownership of these probable futures, along with their inclusion in decision-making and concrete actions to make them happen (ECLAC, 2021). Applying foresight to public affairs requires States to be proactive and engage in joint leadership to anticipate change, strategically guide joint action in dialogue with stakeholders and coordinate public policies at all levels of government and the territory.

However, the approach to foresight has differed depending on the conditions in countries that have recourse to it. In some countries, exercises have been geared towards a projection of the present into the future, while foresight is more geared towards the collective and shared identification of an uncertain future that must

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<sup>3</sup> See ECLAC (2019).

<sup>4</sup> See ECLAC (2021).

be monitored for potential effects on development goals, and involves a creative process that incorporates both qualitative and quantitative variables.

There is a tendency in the region towards long-term planning processes for development (20 countries have long-term instruments). This is important as it reflects the need to think in terms of State policies to address the complexity of development problems, which transcend political cycles. However, these visions and plans are insufficient if not accompanied by a collective and participatory follow-up process, an adequate institutional framework that facilitates the adaptation of foresight exercises to existing conditions in the countries, and the use of foresight in a wide range of social organizations (Medina Vásquez, Becerra and Castaño, 2014).

Despite progress not only at the government level but also in academia and non-governmental organizations, foresight remains in its early stages in the region. In some countries it focuses on initiating discussion on the future, creating an institutional framework either at the executive or legislative level responsible for monitoring global trends that could shape the future of the country in question, developing State policies and increasing analytical capacities in some sectors of the State and civil society. These efforts, though noteworthy and necessary to develop a culture of the future, are concentrated in a handful of specialized institutions and specific areas and have not expanded to all areas of government (national and subnational) or to all social stakeholders. There is also a lack of capacity for political foresight. This all affects the ability of States to engage in proactive governance and acquire instruments to anticipate, prepare for and respond to the multiple crises they face.

This document therefore examines the issue of planning and foresight by exploring different types of foresight exercises conducted in the region together with their characteristics and approaches, and identifies favourable conditions for and obstacles to the institutionalization of foresight in State structures. It also examines how territorial specificities can be harmonized when building foresight scenarios to reflect ethnic, cultural and productive diversity in territories, combining a systemic view of the territory, multiple stakeholders and differing territorial realities.

### **III. DOCUMENT STRUCTURE**

The document will consist of six chapters as follows:

#### **Chapter I**

This chapter will examine the theoretical framework of foresight and a territorial approach to policy.

Foresight is not understood or practiced in the same way in all countries. Not all long-term planning exercises in the region have incorporated this tool, which is linked to planning and long-term vision. A territorial approach to policy, developed within States, could contribute to more balanced development within territories. Despite the above, policies based on a territorial approach can be expected to cover a wide range of sectors and issues, but with little synergy or coordination. This chapter aims to establish connections between territorial development policies and the foresight these policies should be based on.

The following specific themes will be addressed:

- A theoretical framework of foresight and related concepts such as strategic foresight, forecasts and projections used in sectoral planning and policies.

- Foresight for sustainable development and its importance for the implementation of the 2030 Agenda for Sustainable Development.
- A territorial approach to planning and policy as a strategy to enhance the economic, social, environmental and cultural assets of a territory as well as its endogenous capacities for entrepreneurship and innovation.

## **Chapter II**

This chapter will address progress made in foresight in the region, showing how it has been incorporated into national planning systems.

It will explore how many of the countries in the region have developed probable future scenarios, what the process of building these scenarios has been like, and how many of them have influenced medium-term planning.

The chapter will also look at the institutionalization of foresight at all levels of government and in the decision-making cycle, as well as the conditions that facilitate its inclusion in State institutions. In addition, it will explore how foresight could be used more extensively in the academic sector and by civil society.

The following specific themes will be addressed:

- Long-term planning and future vision and strategies.
- Scenarios of possible futures and their inclusion in the design of State policies.
- Foresight in public management.
- Building a culture of the future in public institutions.
- Innovation in public management as an essential element of foresight.
- Methods for the institutionalization of foresight: normative mandates, cross-cutting and multilevel collaborative institutional forms and specialized units, among others.

## **Chapter III**

This chapter will focus on the building of possible future scenarios at the territory level and systematize and characterize emblematic examples in the region.

With regard to the building of scenarios, it will look at policies developed using a territorial approach being implemented in the region and examine the outcomes of applying a model of systemic coordination of territorial development policies and their role as a starting point to identify the different views that converge in territories through national, sectoral and territorial policies, among others.

The chapter will provide an overview of national planning instruments with a complex territorial approach that combine past, present and future. It will also identify exercises that are strongly rooted in the monitoring of trends rather than in the collective formulation of future scenarios for a given territory, which is what foresight is all about.



The following specific themes will be addressed:

- The challenges of institutionalizing foresight in territories.
- Coordinating territorial planning instruments (strategic planning, land-use planning, national policies or strategies for territorial development and risk management) for forward-looking regional governance.
- Systematization of cases.

## **Chapter IV**

This chapter will examine the necessary participation, deliberation and ownership of future scenarios that broaden the knowledge base to validate the results of foresight exercises and the changes in leadership needed to lead these processes in scenarios of mistrust and high polarization at both the national and territorial levels.

States are rethinking their post-pandemic development priorities. This chapter will also explore how they are working via their institutional frameworks and with all agents to ensure that scenarios of possible futures are defined using negotiation, dialogue and consensus, in order to facilitate governance in the region. The chapter will also address how institutions have worked with citizens to build spaces for deliberation and the characteristics of these spaces (which are inclusive, representative of citizen diversity and multi-stakeholder) as well as their institutionalization to avoid reliance on voluntary action, which could cause setbacks and generate citizen distrust.

The following themes will be addressed:

- Trust as a uniting force for stakeholders.
- Citizen participation and deliberation in a context of polarization.
- New citizenship and public leadership in territories.

## **Chapter V**

This chapter will present a guide on foresight applicable to territories.

Based on the conceptual definition, applied research and systematization of cases of territorial foresight, a guide and related toolbox will be proposed with the following considerations:

1. A systemic and comprehensive approach to foresight exercises for sustainable development.
2. The long term as the natural timeline for foresight in territories.
3. Anticipatory governance for action.
4. Collective multi-stakeholder building of future scenarios.

## **Chapter VI**

This chapter will present concluding remarks.

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