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FUTURE OF CUSTOMS

- Strategic foresight – plan of future work –

(Item VIII on the Agenda)

(“B” Item on the Agenda)

SUMMARY

Purpose of document

This document provides background on the discussions on strategic foresight within the Customs community, and includes a proposal for the way forward.

This document also provides information on the future of the relation between the triennial Strategic Plan and the WCO Environmental Scan, with a view to further align their respective developments and to establish clear linkages between the strategy and the world environment.

Action required of the Permanent Technical Committee

The Permanent Technical Committee is invited to:

- discuss, and if appropriate, to endorse activities in *Table 1* of this document, aimed towards further promoting strategic foresight within the Customs community and using its methods for developing the Environmental Scan 2021, as well as a long-term vision of Customs’ priorities at global level;
- discuss, and if appropriate, endorse activities in *Table 2* on the proposed way forward for the development of the Strategic Plan 2022-2025 back-to-back with a triennial Environmental Scan that would feed the strategy in terms of priority and emerging trends to consider; and
- discuss, and if appropriate, endorse the suggested centralization of strategic foresight activities under the office of the Deputy Secretary General to ensure a holistic WCO

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approach in developing the Environmental Scan and its full inclusion in the strategic planning cycle.

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I. Background

1. At its April 2018 Sessions, the PTC agreed that the Virtual Working Group on the Future of Customs (Future of Customs Group) should focus on and carry out exploratory work in two particular areas: i. Disruptive technologies – exploring its benefits, risks and role in the supply chain; and ii. Strategic foresight, as a means of better addressing the Future of Customs agenda.
2. Since April 2017, the Group and the PTC have focused on disruptive technologies as a result of which a Study Report on Disruptive Technologies was adopted by the PTC in March 2019 and by the Council in June 2019. The Study Report was developed as a living tool and will be updated on a regular basis.
3. In parallel to this work, continuing in the background, the PTC at its meeting in November 2018 had an opportunity to learn more about strategic foresight, from a presentation by the EU DG Joint Research Center. The aim was to raise awareness of what strategic foresight is and to explore how it can support the WCO Future of Customs agenda, bearing in mind that one of its main goals is to help better prepare for the changes and challenges ahead and to take the opportunity to shape the future in ways that are desired and meaningful. In addition, the PTC was familiarized with the outlines of the Future of Customs in the EU 2040 project that was launched in the intersession.
4. More information on foresight methodologies can be found in the November 2018 and October 2019 PTC meeting documents (PC0530 and PC0567).

II. Discussions at the October 2019 PTC

5. A year later, at its October 2019 meeting, the PTC held a more robust session on the topic, launched by a panel discussion consisting of foresight practitioners from the OECD, the EU and the IPCSA.
6. The speakers provided valuable insight on foresight methodologies, explaining that forecasts are important, but that foresight can complement forecasting through the use of four main approaches: horizon scanning (developing trends, forecasts, small emerging changes in the present – “weak signals”), megatrends (looking into demographics, climate change, cultural shifts which have multiple and complex implications), visioning/back-casting (trying to come up with an image of an ideal or desired future and working backwards from the future to the present to identify the necessary steps) and scenario planning (developing multiple alternative images of context or narratives of the future).
7. A speaker explained about the OECD Strategic Foresight Unit based in the office of the Secretary General which enables working with all the directorates of the OECD Secretariat and also with Member governments in setting up their priorities. The role of this Unit is to support directorates on creating more robust policymaking in areas such as migration, OECD’s flagship horizontal project on digitalization etc.
8. More information was also provided on the outcomes of the Future of Customs in the EU 2040 project whose objectives were: to better understand trends and drivers impacting the EU Customs systems; to better understand paths for how this system could develop by 2040 through scenarios; to empower policymakers and stakeholders to engage in strategic reflection and develop some collective intelligence; to generate a tool to help relevant actors and stakeholders of EU Customs engage with foresight scenarios; and to support an action-oriented reflection on what the outcomes of the foresight process could mean for decision-making today. It was also clarified that the

outcomes of the project would be linked to the actions that could already be put in place today. Different methodologies, including scenario planning, were used in the project, part of which was also a high-level workshop bringing together Directors General of the EU Customs Administrations, and in which the WCO Secretary General participated as well.

9. The key expected outcomes of the project were twofold: 1. By using scenarios as a strategic reflection space for the future of EU Customs, develop a shared vision for the future of Customs in the EU; and 2. Use outcomes to identify priorities for Customs Union development and review the Customs Union strategy. The results of the project would help draft a bi-annual communication of the Commission in 2020 and feed into the new strategy for the EU Customs Union.
10. The panellists also discussed the value that foresight brings to the strategy of an organization, how the WCO can cooperate with the OECD on this topic and areas of opportunity, as well as about the benefits of foresight for the future of Customs. The speakers stressed that all organizations are faced with uncertain and turbulent changes, and that foresight is a tool that can help better prepare a strategy for the future. The benefits of the exercise are that one can engage the participants and develop a sense of ownership, as well as a shared vision and objective of an organization. It was explained that taking part in a foresight exercise does not require for participants to be trained in foresight, but that facilitating one does. With that in mind, the OECD representative expressed his and the readiness of the OECD to cooperate with the WCO in respect of support required.
11. The panel was followed by a very fruitful and supportive discussion, with sharing of experiences and comments. There was widespread appreciation for the insightful presentations and support for the initiative of promoting foresight in the Customs community and for placing this topic on the agenda. An observer suggested that foresight methodology be included in the PICARD standards. Another explained the relevance of foresight for the development of their digital strategy.
12. In order to finalize the agenda item, the Chairperson opened up the floor to the PTC for suggestions on the way forward, other than those already provided in the PTC document. He stressed that the number and quality of interventions seemed to indicate that this was a topic that individual administrations are taking on and looking at very seriously.
13. A delegate suggested that something concrete could be done in the context of the yearly environmental scan, which was supported by another delegate, and going beyond looking only into the near future. He stressed that it might be interesting to undertake an exercise of strategic foresight with the involvement of not only the Secretariat, but of the Members as well, to help define a more long-term vision. Another delegate suggested working at two levels: one would be using foresight at WCO level and another would be looking into how the WCO can sensitize the Members around the benefits of strategic foresight. Regarding the latter, he suggested placing this on the regional workshop agendas. Another delegate confirmed the need to familiarize the Customs management with the methodology and to have it embedded into the strategic planning process of the WCO.
14. Finally, the PTC concluded the discussion by taking note of the presentations and experiences shared, as well as of the suggestions offered regarding how the Secretariat could promote strategic foresight, including sensitization activities, use of regional meetings and the Virtual Working Group on the Future of Customs, incorporating it in the environmental scanning process, and examining longer time horizons for such scans.

III. Discussions at the December 2019 Policy Commission

15. In December 2019, the Policy Commission held discussions on the Environmental Scan during a breakout session. The purpose of the session was to reflect on the current structure of the Scan, its scope, its linkages with the Strategic Plan and its frequency.
16. Delegates expressed the opinion that the scope of the Scan should not be limited to areas having a visible and direct impact on Customs operations. It should also address broader areas that could impact ways of life, consumption patterns, trade flows, and that could therefore indirectly impact Customs mission in the future, offering food for thought regarding their necessary evolution for remaining a lead agency at national level.
17. From this perspective, they considered that the Environmental Scan should be fully included in the strategic planning process of the WCO. So far, the annual Environmental Scan and the triennial Strategic Plan were developed in parallel, with no concrete linkages between them. Delegates stated that the Environmental Scan should be the basis for identifying the main priorities and trends that would guide WCO strategy for the three-year period covered by the Strategic Plan.
18. The majority of delegates were therefore of the opinion that the Environmental Scan should become a triennial document as well. It was nonetheless suggested that enough flexibility should be granted to easily amend the document in case of necessity. It was said that the Environmental Scan should be prepared and adopted by the Policy Commission and Council one year in advance of the triennial Strategic Plan, in order to agree on the main priorities for the next three years and to build the entire strategy on this basis.
19. Such an exercise would require a more systematic approach to environmental scanning, based on a globally recognized methodology. Similarly to the comments made by the October 2019 PTC, delegates called for a full inclusion of Members in the drafting of the Environmental Scan.

IV. Discussions at the January 2020 Management Away Day

20. The Management Away Day discussed the future approach to be followed for the Environmental Scan, on the basis of the main conclusions reached at the Policy Commission.
21. It was agreed that the methodology to apply should be more scientific, with the use of strategic foresight, as an internationally recognized approach, that would allow to develop a document aligned with the standards used at global level.
22. To respond to the expectations expressed during Policy Commission for an Environmental Scan that would broadly cover different global developments and trends that may have or not a direct impact on Customs operations, it was suggested to refer to the main policy documents published on a regular basis by other international organizations. The content of these documents would enrich the Environmental Scan with additional perspectives coming from other agencies having a role in border management and trade.
23. The Management Away Day recognised to importance of involving Members in this exercise and also insisted on the necessity to include the WCO Secretariat as a whole in the process. It was therefore agreed that the foresight exercise and the Environmental Scan process should be managed at the level of the Deputy Secretary

General office, to guarantee full participation of all Directorates of the WCO, as well as broad WCO Membership and Observers.

V. Proposal for a plan of future work based on use of strategic foresight

24. The overall plan of future WCO work based on the use of strategic foresight, and in line with the outcomes of the PTC, PC and Management Away Day discussions, is included in *Table 1*.
25. Actions no. 1, 3 and 5 are considered to be straightforward. Action no. 2 on developing a methodology for drafting the Environmental Scan is, on the other hand, extensively elaborated in the document below, and consists of three sub-actions: i) Expand the use of foresight methods in the development of the Environmental Scan; ii) Adopt the right methodology to respond to Members' expectations; and iii) Develop a WCO Strategic Plan based on the findings of the Environmental Scan. Furthermore, a detailed Roadmap for the Environmental Scan/Strategic plan 2022-2025 is included in *Table 2*.
26. Lastly, Action no. 4 in *Table 1* regarding developing a global WCO response to the open questions on the Future of Customs in the 20, 30 or 40 years ahead is an action that could be crafted based on the experiences gained during the revamped environmental scanning process, and will be discussed at a later stage.
- i) *Expand the use of foresight methods in the development of the Environmental Scan*
27. The conclusions of the October 2019 PTC, the December 2019 Policy Commission and the January 2020 Management Away Day made these following points clear:
- The WCO needs to develop its knowledge on strategic foresight and to come up with a concrete methodology to constitutently respond to Customs' needs in the future, in terms of adaptability and predictability;
 - Strategic foresight applied by the Secretariat needs to be further incorporated into the environmental scanning process and has to involve the Secretariat as a whole, covering all the Directorates in a horizontal manner;
 - To this end, the foresight exercise should be managed in a concentrated way within the Secretariat, at a sufficiently high managerial level to keep an overview on the entire Secretariat and allow all the Directorates to participate;
 - The exercise has to fully involve Members as well, to ensure their engagement and their ownership of the vision to be developed;
 - Observers should also be involved, as the way forward for WCO strategic approach should take into consideration business perspectives for the future;
 - Strategic foresight should also support the development of a long-term WCO strategy, going beyond the three-year strategic plan, and taking into account the trends that could have a direct or indirect impact on Customs' operations.
28. The annual Environmental Scan endorsed during June Policy Commission and Council meetings appears to be the right document to cover the expectations expressed by delegates, as its coverage is broad and includes every aspect of WCO action. The Environmental Scan is managed at the level of the Deputy Secretary General's office, allowing involvement of the whole Secretariat. The Environmental Scan is an adaptable document that could easily take the shape that would deliver the results expected by Members.
- ii) *Adopt the right methodology to respond to Members' expectations*

29. When looking at some of the available literature to define the right methodology for strategic foresight¹²³, it is noticeable that there are in fact various methodologies. Environmental scanning, also called Horizon scanning, is one of these methodologies. The purpose of these methodologies is to be able to anticipate the future and to feed policy decision on this basis. The main differences appear when it comes to the approach. The regular follow-up of recent or new trends can allow to draw possible scenarios (horizon scanning), the identification of megatrends that could have a major impact on societies and way of living offers the possibility to envisage plausible scenarios (megatrends analysis), and the Vision of an organization can finally allow for drawing preferable futures (visioning and future designing). All these methodologies can be complemented with forecasting which, while not being a foresight methodology as such, provides a statistically significant evidence base that can be used to identify major trends that can be further analysed as potential futures.
30. One method cannot be considered better than another. They all include strengths and weaknesses which have to be considered according to the expected outcomes for WCO strategy. The WCO document(s) developed through the use of strategic foresight should not be deemed to follow a particular method and can be drafted on the basis of a compilation of different methods. This would offer the flexibility to provide predictions at short-term but also on a longer term. This particular point will have to be discussed and decided with the involvement of Members and of the Secretariat staff.
31. Another point to consider is the structure of the document. During December 2019 Policy Commission, delegates stated that the current Environmental Scan, introducing the trends on the perspectives of challenges and potential answers from Customs, was relevant but not sufficient. They expressed the opinion that the Scan should go further and look at the potential challenges at different levels, i.e. social, economic, environmental, political, etc. One breakout group proposed the use of the PESTLE⁴ methodology for this purpose. It was also suggested to focus on potential opportunities as well, considering the any trends includes challenges and opportunities. They finally concluded that the Environmental Scan should be useful for Customs in their communication with national governments, stressing the need to have a document based on a solid methodology that could influence policies. These points will be considered in the draft of the Environmental Scan related to the Strategic Plan 2022-2025.
32. Finally, the December 2019 Policy Commission and the January 2020 Management Away Day agreed that the Environmental Scan should cover matters going beyond the current areas having direct impact on Customs operations. To this end, it was suggested to refer to regular sources of information published by other international organizations. Below, there is a non-exhaustive list of these potential sources, bearing in mind that they do not prevent the Secretariat from using additional sources depending on the needs. The list is purely indicative and contains:
- *UN World Economic Situation and Prospects*
 - *World Economic Forum Global Risk Report*
 - *WTO World Trade Report*
 - *OECD Development Co-operation Report*
 - *OECD Economic Policy Reforms*

¹ [https://ec.europa.eu/epsc/sites/epsc/files/epsc - strategic foresight primer.pdf](https://ec.europa.eu/epsc/sites/epsc/files/epsc_-_strategic_foresight_primer.pdf)

² <https://www.oecd.org/strategic-foresight/ourwork/Strategic%20Foresight%20for%20Better%20Policies.pdf>

³ https://www.undp.org/content/dam/undp/library/capacity-development/English/Singapore%20Centre/GCPSE_ForesightManual_online.pdf

⁴ PESTLE is an acronym covering Political issues, Economic issues, Societal issues, Technological issues, Legal issues, and Environmental issues

- OECD *International Migration Outlook*
- OECD *Business and Finance Outlook*
- OECD *Environmental Outlook*
- INTERPOL *Annual Report*
- IMF *World Economic Outlook*
- IMF *Global Financial Stability Report*
- IMF *Fiscal Monitor*
- G20 *Presidency Agenda*
- EU *Presidency Programme*
- Egmont Group *Annual Report*
- World Bank *Annual Report*
- World Bank *World Development Report*
- IOM *World Migration Report*
- UNCTAD *Trade and Development Report*
- UNCTAD *World Investment Report*
- UNCTAD *Digital Economy Report*
- Open Data sources (World Bank, OECD, IMF, European Union)

iii) *Develop a WCO Strategic Plan based on the findings of the Environmental Scan*

33. The Environmental Scan should become, as Members called for it, a policy document fully integrated into the strategic planning process of the WCO. The Secretariat would therefore like to propose a new approach, where the next triennial Strategic Plan (2022-2025) would fully be based on the findings and outcomes of the Environmental Scan. Following this approach would require the Environmental Scan to become a triennial document as well, flexible enough to be slightly reviewed on annual basis if needed, that would be developed and endorsed the year preceding the adoption of the Strategic Plan, or 2021. Using this approach would leave the Secretariat with sufficient time to develop the triennial Strategic Plan on the basis of the outcomes identified in the triennial Environmental Scan adopted the year before.

34. As the basis of the development of the next Strategic Plan, the Environmental Scan should be the result of an inclusive approach, involving WCO Members and Observers as well as the WCO Secretariat as a whole. The proposed cycle to be followed for the development of the triennial Environmental Scan and Strategic Plan could therefore be presented as follows::



35. The development of the Environmental Scan would be undertaken during the financial year preceding the adoption of the triennial Strategic Plan. Within this timeframe, WCO Directorates would be consulted to share their views on emerging trends and priorities for the next three years. Regional consultations would be organized in each of WCO Regions to perform the same kind of exercise. The feedback and views collected would be compiled into a triennial document, the

Environmental Scan, which would then be used as the basis to prepare the Strategic Plan.

36. The Strategic Plan 2019-2022 will take end at the end of June 2022, and be followed by the Strategic Plan 2022-2025. This means that the new methodology to be applied on the Environmental Scan should be used to develop the version 2021 of the Scan. A proper roadmap is therefore necessary to conduct this process in the best possible way.

Table 1. Proposed plan of future work on strategic foresight

No.	Activity	Expected outcome	Responsible	Timeline	Comment
1.	Promote strategic foresight at WCO's regional Directors' General meetings	Raised awareness of strategic foresight and its potentials in the Customs context	Secretariat (Office of the Deputy Secretary General)	FY 2019/2020 and FY 2020/2021	
2.	Develop a relevant methodology, based on strategic foresight, for drafting the WCO Environmental Scan	Establish the Environmental Scan as the reference document for the next strategic cycle	Secretariat (Office of the Deputy Secretary General)	FY 2020-2021	More information about the concrete roadmap in <i>Table 2</i> below
3.	Promote strategic foresight at WCO's regional workshops on disruptive technologies	Raised awareness of strategic foresight and its potentials in the Customs context	Secretariat (Procedures and Facilitation Sub-Directorate)	FY 2019/2020 and FY 2020/2021	Due to the Covid19 outbreak, the first regional workshop of this kind was postponed potentially for the end of the FY 2019/2020
4.	Through a number of workshops carry out a back-scanning or scenario planning exercise in order to develop a global WCO response to the open questions on the Future of Customs in the 20, 30 or 40 years ahead	A long-term vision of the priorities of Customs at global level identified, and ready for reflection in the relevant strategic WCO document(s)	Secretariat (Office of the Deputy Secretary General and Procedures and Facilitation Sub-Directorate), Virtual Working Group on the Future of Customs, PTC, Policy Commission	Start in FY 2021/2022	Develop an appropriate methodology for WCO purpose, using the outcomes of some of the experiences led by other organizations such as OECD and EU Joint Research Center

No.	Activity	Expected outcome	Responsible	Timeline	Comment
			Council....		
5.	Consider including foresight methodology into the PICARD standards ⁵	Strategic foresight included as one of the potential competencies into the PICARD standards	Secretariat (Procedures and Facilitation Sub-Directorate, Capacity Building Directorate), Virtual Working Group on the Future of Customs, PTC, CBC, Policy Commission, Council	Start in FY 2021/2022 (or potentially during the next update of the PICARD standards)	

Table 2. Proposed roadmap for Environmental Scan/Strategic Plan 2022-2025

Policy Commission and Council June 2020	Adoption of Implementation Plan 2020-2021 and Environmental Scan 2020
July 2020 – December 2020	Regional Consultations on Environmental Scan for SP 2022-2025
Policy Commission December 2020	Consideration of Implementation Plan 2021-2022
December 2020	Circulation of draft Environmental Scan for SP 2022-2025 to Management Committee
Away Day January 2021	Discussion on draft Environmental Scan for SP 2022-2025
January – May 2021	Regional Consultations on Environmental Scan for SP 2022-2025
Policy Commission and Council June 2021	Adoption of Environmental Scan for SP 2022-2025
Policy Commission December 2021	Consideration of Strategic Plan 2022-2025
December 2021	Circulation of revised Strategic Plan 2022-2025 to Management Committee
Away Day January 2022	Discussion on Strategic Plan 2022-2025

⁵ As part of the PICARD Programme, the WCO and the International Network of Customs Universities (INCU) have jointly developed the WCO Professional Standards (also known as the PICARD Standards) for operational and strategic customs managers to meet the requirements of the new international trading and strategic environment.

February – May 2022	Regional Consultation on Strategic Plan 2022-2025
Policy Commission and Council June 2022	Adoption of Strategic Plan 2022-2025

VI. Conclusion

37. The Permanent Technical Committee is invited to :
- discuss, and if appropriate, to endorse activities in Table 1 of this document, aimed towards further promoting strategic foresight within the Customs community and using its methods for developing the Environmental Scan 2021, as well as a long-term vision of Customs' priorities at global level;
 - discuss, and if appropriate, to endorse the proposed way forward in Table 2 for the development of the Strategic Plan 2022-2025 back-to-back with a triennial Environmental Scan that would feed the strategy in terms of priority and emerging trends to consider; and
 - discuss, and if appropriate, to endorse the suggested centralization of strategic foresight activities under the responsibility of the Deputy Secretary General office for ensuring an involvement of the WCO as a whole, through the development of the Environmental Scan and its full inclusion in the strategic planning cycle.
-