METHODOLOGICAL GUIDELINE FOR SCENARIO BUILDING PROCESS

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Lead Author	Martina Lindorfer
Contributors	Agustina Velo
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CONTENTS

SUMMARY

This methodological guideline leads the reader through the multi-stage process of building three scenarios for renewed cultural, scientific and social relations between the European Union (EU) and the Community of Latin American and Caribbean States (CELAC). The scenario building process shall ultimately contribute to the construction of a common vision within the EU-LAC Focus project for these renewed relationships. The scenario contents will rely heavily on results of analysis of project work packages WP2, 3, 4 and 5 and the work done under Task 6.1 resulting in project deliverable D6.1 on the diversity of expert viewpoints from project partners and project associates. The scenario building / learning exercise shall be a transparent, dynamic and open process implemented from the start until the end of the EULAC Focus project.

1 INTRODUCTION & OBJECTIVES

What are scenarios?

According to Fahey and Randall, 1998, "*Scenario sets provide vividly contrasting narrative descriptions of how several uncertain aspects of the future might evolve […] The scenarios are projections of a potential future. They are a combination of estimations of what might happen and assumptions about what could happen, but they are not forecasts of what will happen […] A projection should be interpreted as one view of the future that is based upon specific information and a set of logical assumptions.*"

Most importantly, scenario building is a means and not an end, and triggers a learning process ("scenario learning") which is probably the most important outcome of the exercise itself. Scenario learning is the integration of scenario development and decision making and occurs when learning from scenarios and decision making cross-fertilize. Scenarios may take decision makers and all other involved persons into new terrains, challenge conventional thinking and provoke experiments of thought. Scenario learning is ultimately about augmenting decision maker's understanding of possible futures.

Scenarios have their focus set on key driving forces, main trends of development and major uncertainties regarding the future of a certain object of investigation. The scenario method is also an instrument to improve strategic planning by reflecting options and implications of possible futures. In this sense the method is commonly used for vision building. It can assist the improvement of long-term decision making, encourage changes or support the construction of alternative future developments.

"*Scenario learning helps private and public decision makers consider the range of plausible futures, to articulate a preferred vision of the future, and to use what they learn in the formal decision-making process to foster exceptional leadership. Scenario learning enables decision makers to break free of their conventional obsession with immediate and short-term problems*" (Bonnett, T.W. & Olson, 1998)

Elements in future-based strategy according to Kees Van der Heijden,2005:
  ➢ Acknowledgement of aims.
  ➢ Assessment of the characteristics, including its capabilities to change.
  ➢ Assessment of environment, current and future.
  ➢ Assessment of the fit between the two.
  ➢ Invention and development of policies to improve the fit.
  ➢ Decision and action to implement the strategy.

How do we use scenarios in EULAC Focus?

In the EULAC Focus project we do an assessment of the state-of-art of cultural, scientific and social EU-CELAC relations (WP2-5) and hypothesize that the full potential of these relationships has not been exploited in the last decades, or said differently that the bi-regional relations were marked by a relative ineffectiveness or, at least, the inability to meet expectations. WP2-WP5 will provide a better understanding of certain aspects of the cultural, scientific and social dimension of the bi-regional relations and will produce knowledge on some success and failure stories of certain cooperation programs and measures. In WP6 we aim at developing conceptual models of how these relations can and should process and metabolize in the cultural, scientific and social area in the future. In order to imagine different activating pathways into the future, we decided to apply a scenario methodology

which shall eventually lead to the formulation of a common vision and action plans for renewed cultural, scientific and social relations and an action plan or roadmap.

The elaboration of roadmaps, or action plans through this type of scenario methodology has already been implemented by other projects of the European Commission to analyse the cooperation between the European Union and CELAC. In this regard, examples of this type of implementation can be seen in EU LAC Health[1] and ALCUE NET[2] and shall be used as a reference in EULAC Focus.

It is important to emphasize that the journey is the reward in the scenario building process. The essential output of WP6 is the formulation of a new common vision for the bi-regional relations and the scenarios are a tool to approach this next step. It is a means to initiate creative thinking along the lines of the existing situation and in the perspective of different future pathways under the umbrella of common objectives. In this sense, the process will help the individuals involved to share and reconcile knowledge in their area of expertise, make different ideas and expectations explicit, and to stimulate dialogue and ideas about responses to future challenges. The scenarios allow thinking out of the box, brainstorming ideal solutions or radical ideas, before the vision has to bring them down to a realistic strategy. This will be nevertheless necessary as we are currently in a phase where it is almost impossible to predict how politics will react to current changes in the EU and CELAC in the upcoming years.

2   STEP BY STEP GUIDE

We propose a step by step approach to build a common vision for the renewed cultural, scientific and social relations between the European Union (EU) and the Community of Latin American and Caribbean States (CELAC). The different phases are described in more detail in the next paragraphs.

2.1   DEFINITION OF SCOPE

In order to frame the scenarios the scenario-team defines the time horizon (e.g. 10 or 20 years), as well as the focal issue or central question. The key issue is the strengthening of cultural, scientific and social relations between EU and CELAC under the premise that both regions are interested in giving the relations more political relevance and clearer strategic orientation. The general theme will be narrowed down to a concrete decision or central question which affects policy making concerning the renewal of EU-CELAC relationship. The final key questions will be decided at the EULAC Focus Workshop in Quito in March 2017.

We propose these initial ideas for key questions:

➢ Which issues or goals are truly strategic for the future of EU-CELAC relations and should be at the centrepiece of the bi-regional agenda?

➢ Which factors would lead to positive changes (in the sense of higher political relevance) of EU-CELAC relations in the next 10 years?

➢ What could the EU and CELAC offer to re-launch relationships in the cultural, scientific and social dimension?

We will also use the Quito meeting to nominate a scenario team which shall consist of WP2, WP3, WP4 and WP5 representatives, members of the Trans-sectorial Board (TB), creative thinkers of the

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[1] EU LAC Health: SECOND SCENARIO BUILDING WORKSHOP: http://archive.ekt.gr/fp7/cooperation/docs/EU-LAC%20Health2nd%20Scenario%20Building_April%202013_EN.pdf

[2] ALCUE NET Foresight:
http://alcuenet.eu/assets/ALCUE%20Net%20Foresight%20Project_Report%20to%20SOM.pdf

project team and external experts.   The Trans-sectorial Board (TB) consists of the project coordinator, two co-leaders of WP2 as well as at least one representative of WP3, 4, 5, 6 and external experts. The members of the TB will be in charge of the quality assurance of project outputs, expert advice and corresponding external networks throughout the project life cycle.

Van der Heijden (2005) suggests that the scenario team members are able to "think the unthinkable, follow intuition, let their imagination run wild and suspend disbelief". The nominees for the EULAC Focus scenario team shall be able to identify with these qualities.

Timeline: M6
Responsibility: ZSI & MINCyT

2.2 SETTING THE SCENE:

In this "setting the scene" phase we collect background information which will support the scenario building workshops.
The main result of this phase will be a background document, prepared by the WP6 team, on the current status of bi-regional relations.
The background document will include (a) a review of existing visions on the future of EU-CELAC relations, which have already been formulated by relevant players (e.g. EULAC Foundation[3], EC, CEPAL, ALCUE NET Foresight Team, etc.). We might also consider using similar visions of relations with other regions in the world as a reference. If good examples of scenarios /vision can be found, these could provide the starting point for the development of the EULAC Focus specific scenarios; (b) a SWOT analysis[4] on bi-regional relations realized by the EULAC Focus consortium; (c) secondary research in order to embed the scenario plots in relevant global long-term trends related to macro-economics, technology, environment and politics (sources might be economic models of OECD or WB, demographic statistics, reports of think tanks, etc.). The aim of the "setting the scene" phase is to achieve a good evaluation of the environment in which EU-CELAC relations will develop within the defined time horizon.

Timeline: M6 – M12
Responsibility: MINCyT

2.3 IDENTIFICATION OF KEY FORCES, KEY DRIVERS AND UNCERTAINTIES:

This is an analytical phase where the scenario team constructs a conceptual model of the relevant environment based on the interdependences of trends and key forces. Key forces are those which determine success or failure of the decision / key question (in our case: factors which determine the success of renewed bi-regional relations). They are the main discriminatory factors which shape the story telling of a scenario and determine its outcome and impact. Such a key force might, for example, be the collapse of the EC, the next world economic crisis, the strengthening of CELAC-China axis, etc. At the same time we identify major driving forces and uncertainties which in turn have an impact on the key forces. This knowledge should be partly drawn from WP3, 4 and 5. For the EULAC Focus Workshop in Buenos Aires (M21), which will have a focus on the scenario building, each WP representative prepares this information for his/her dimension. WP leaders will be briefed in advance in order to streamline research questions and inputs for the scenario building. WP6 will give guidance for the collection of relevant results of the analysis from WP2, 3, 4 & 5.

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[3] The report "The EU and CELAC: Reinvigorating a Strategic Partnership by José Antonio Sanahuja is a key reference
[4] See draft in the Annex

The list of driving forces shall include the social, technological, economic (macro), environmental and political dimension and values (STEEPV).[5] EULAC Focus cross-cutting issues fit nicely within this logic and shall be given special attention.

The aim is to identify those key forces, drivers and uncertainties to which the future of cultural, scientific and social relations is especially sensitive.

A guiding question can be: "What are the crucial particulars we would like to know about the future in order to make our decision?" (Fahey& Randall, 2005)

Timeline: Buenos Aires Workshop (October 2017)
Responsibility: MINCyT, ZSI

2.4 TREND AND UNCERTAINTY ANALYSIS:

The objective of this phase of the scenario building process is to cluster key factors and driving forces according to (a) their importance for the success of the central question / decision and (b) their level of uncertainty.

During the Buenos Aires Workshop participants will rate factors on a scale from 1 to 10 according to their importance and uncertainty (or we use the poker chips method where every participant is given 25 "poker chips" which can be assigned to different factors). The result can be visualised in a grid as shown in Figure 1. Especially relevant are the quarters "high importance / low uncertainty" (could e.g. be demographic change) and „high importance / high uncertainty". Related uncertainties could be clustered in meta-categories, if applicable.

Figure 1, Importance-Uncertainty Grid
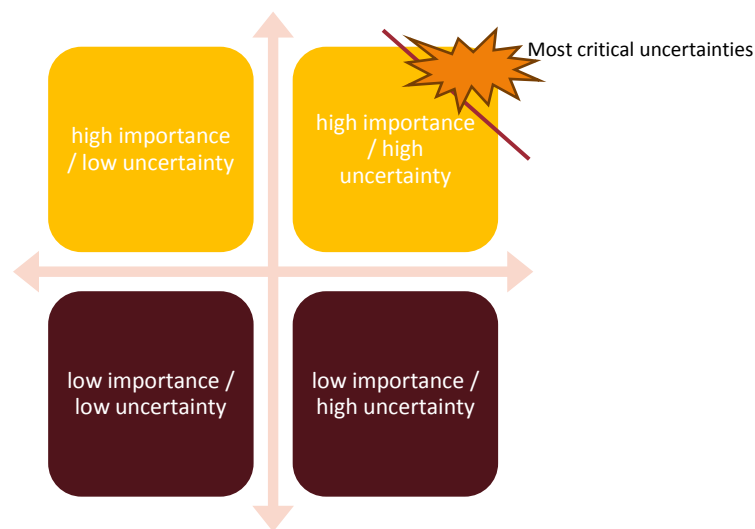
Timeline: Workshop in Buenos Aires (October 2017)
Responsibility: ZSI

2.5 SCENARIO BUILDING:

From the long list of key factors and driving trends the two most critical uncertainties will be selected. These two forces that are voted to be most unpredictable as well as most relevant for the

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focal issues become the axis of our scenario matrix.[6] The chosen factors therefore need to be decisive for the success of the central decision or the development of the central questions.

For example, if we choose the two factors "level of digital transformation" and "Latin American Integration" the scenario matrix could look like this:
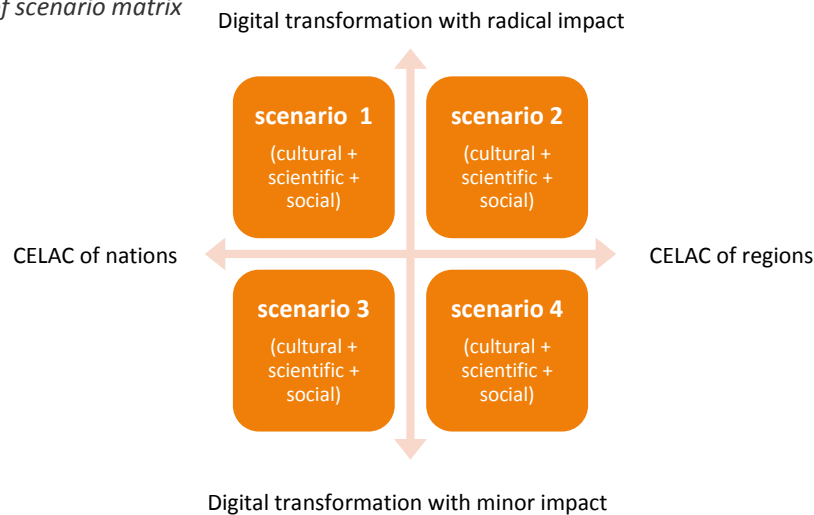
Figure 2, example of scenario matrix

Digital transformation with radical impact

scenario 1 (cultural + scientific + social)	**scenario 2** (cultural + scientific + social)

CELAC of nations ←————————→ CELAC of regions

scenario 3 (cultural + scientific + social)	**scenario 4** (cultural + scientific + social)

Digital transformation with minor impact

Our aim is to end up with three scenarios which clearly indicate different pathways for decision making which clearly shape the future of EU-CELAC relations. <u>Each</u> scenario includes the cultural, scientific and social dimension.

For each of the three scenarios a storyline or plot will be developed. Each scenario shall incorporate elements of desirable AND undesired futures. It might be convenient to tell three different stories per scenario, representing cultural, scientific and social actors. It shall be avoided to construct the three scenarios on the basis of their likelihood, respectively to choose the three scenarios in the sense of "very likely", "hardly likely" and "neutral" (this would lead to the tendency that decision makers opt for the most likely scenario). It is important that the scenarios challenge the dominant paradigm. Scenario plots shall fulfil certain quality criteria[7] and be:

> ➢ **plausible**: fall within limits what could conceivably happen (answer the why? what? how?-question)
> ➢ **differentiated**: be structurally different from each other
> ➢ **consistent**: be internally consistent
> ➢ **have decision making utility**: contribute relevant insights for decision making
> ➢ **challenging**: challenge conventional thinking

It is clear that no scenario can portray the only possible future, but that the future will be a composition of different elements of many scenarios. Again, the objective of the exercise is not to predict the future. This should be stated clearly to the audience.

Although the plots are constructed along the most critical uncertainties, also trends and drivers, which were identified in the previous steps, shall be reflected in the scenarios. Scenarios shall explain underlying structures (Which dynamics and causal relationships create trends and problems?), trends and patterns (Has this happened before? What has changed?) and visible manifestations of the first two in form of actual occurrences (What is happening?).

Timeline: Buenos Aires Workshop (November 2017) & post-processing
Responsibility: MINCyT, ZSI

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[6] Fahey , Randall:2005:64
[7] Fahey , Randall:2005

Workshop I: Buenos Aires, M21 back2back with 4th project workshop

2 days

Participants:
- Around 15 people, balanced participation from EU and CELAC and men and women, cultural/scientific/social dimension
- Scenario Team

Aim:
- Identification of key forces, drivers
- Trend und uncertainty analysis
- Rough drafting of scenarios

Rough outline:
Day1:
1. Presentation of scope & scene
2. Brainstorming/Brain-writing on key forces, drivers and uncertainties
3. Group discussion
4. Clustering of key factors and driving forces
5. Selection of most critical uncertainties
6. Drafting of scenario matrix
Day 2:
1. Review of results of 1st day
2. Rough drafting in the group of logic and plot of one scenario
3. Sub-groups draft other scenarios

2.6 VISION BUILDING & STRATEGY DEFINITION:

In this phase the project consortium elaborates a common vision for renewed bi-regional relations and defines a strategy for its attainment. All above mentioned elements will nourish the elaboration of a common vision: (a) background paper on the state of the art of current relations, (b) existing visions, (c) inputs from WP2, WP3, WP4 and WP5 and (c) EULAC Focus scenarios. The latter will build the basis for an opportunity assessment: which opportunities (and threats) are common to all (or nearly all) scenarios? How well prepared is the institutional framework for these opportunities? Which core competences are needed to implement the vision successfully?
WP6 partners will elaborate a first draft of the common vision which will then be circulated and discussed in the whole project consortium.

The strategy and roadmap to achieve the common vision will be developed in a workshop comprising the project consortium along with the TB members which will be organized during the project workshop planned for Vienna.

The strategy definition can be done in two approaches:
- Explorative: Taking the present as a starting point
- Normative: Taking the (desirable) future as a starting point

Expectations towards the EU-CELAC common vision on renewed cultural, scientific and social relations:

As stated earlier we see the unfavourable developments that the political dialogue between EU and CELAC has turned into a process with unclear objectives, blurred strategies and weak political momentum. In his recent report for the EULAC Foundation Sanahuja (2015) finds the following arguments for the elaboration of a new vision:

> "*Within the context of change, both at global level and among the regions themselves, it may be important to ask whether the projected of strategic association between and CELAC is still relevant. Certainly, the values that inspire and sustain the association remain valid, but […] they may need to be updated, thus endowing them with greater political momentum that would stimulate an agenda that aims to avoid perpetuating these values as mere symbolic expressions with no real meaning.*" (Sanahuja:2015:12)

This raises the question of how the strategic association EU-CELAC can be given new political relevance against the background of global challenges which require ever more international cooperation and solidarity.

Some objectives of a new strategic EU-CELAC agenda are already mentioned in the Sanahuja (2015)report and can be taken as a starting point for the EULAC Focus vision, such as:

➢ safeguarding and promoting shared principles and common values
➢ promotion of opportunities offered by a globalised world
➢ maximising potential benefits of the relations
➢ working towards a shared global vision under a post-Western universalism
➢ promotion of multi-stakeholder dialogues on emerging topics which include governments, private sector, universities, workers' unions, civil society
➢ promoting a dialogue which focuses less on agreements, and more on debates, authorities and mechanisms to generate confidence and consensus
➢ combining the promise of social cohesion, democratic freedoms, the rule of law, shared commitment with regionalism & effective multilateralism

The definition of new objectives, thematic priorities and mechanisms to maintain an impact oriented dialogue will be the centrepiece for the EULAC Focus common vision.

Timeline: to be ready before validation workshop (M30)
Responsibility: MINCyT, NWO

2.7 SCENARIO VALIDATION

This is the final phase we present the common vision to the extended EULAC Focus community of interest in order to do final refinements. We will take advantage of the many links that the project will have established by that time (project associates, workshop participants, stakeholders of the bi-regional dialogue, EC representatives, thematic experts, etc.). We will disseminate the scenarios and vision to these people (e.g. via newsletter) and invite them to send comments or participate in the validation workshop. The best format for reaching out to the interested community and for attracting their interest will be defined in cooperation with WP7. It is especially important that the EULAC Focus vision for renewed cultural, scientific and social relations between EU and CELAC is shared by a majority of the community concerned.

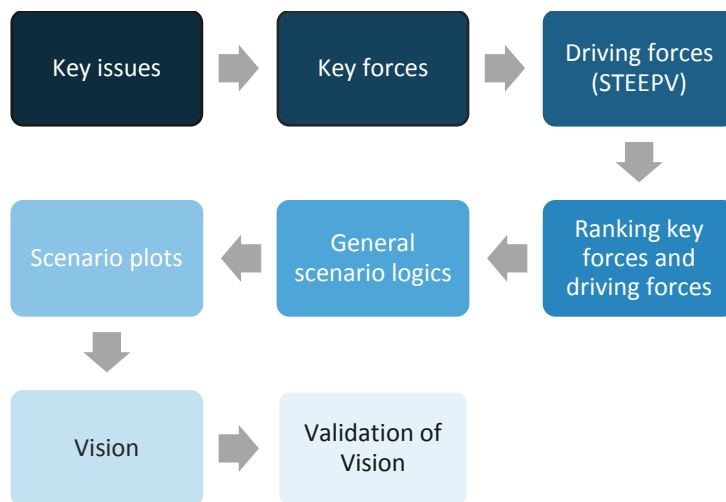The validation will be done in the form of a workshop which will be organized back to back with the project event in Quito (M13). A presentation of scenarios and the EULAC Focus vision will be included in the event program. In a subsequent qualitative workshop we will then invite participants to discuss feasibility and implementation of the action plan in the regional and national context, as well

as the next steps. Stakeholders of EU-CELAC relations will be invited to join the workshop and support and promote the decisions that will be taken.

3   OVERVIEW OF THE SCENARIO PROCESS

Figure 3 illustrates the individual steps in the scenario building process as described in Chapter 2.

Figure 3, scenario building process

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┌─────────────┐    ┌─────────────┐    ┌─────────────┐
│  Key issues │──▶ │  Key forces │──▶ │   Driving   │
│             │    │             │    │   forces    │
│             │    │             │    │  (STEEPV)   │
└─────────────┘    └─────────────┘    └─────────────┘
                                             │
                                             ▼
┌─────────────┐    ┌─────────────┐    ┌─────────────┐
│   Scenario  │◀── │   General   │◀── │ Ranking key │
│    plots    │    │  scenario   │    │  forces and │
│             │    │   logics    │    │   driving   │
│             │    │             │    │    forces   │
└─────────────┘    └─────────────┘    └─────────────┘
      │
      ▼
┌─────────────┐    ┌─────────────┐
│    Vision   │──▶ │Validation of│
│             │    │    Vision   │
└─────────────┘    └─────────────┘
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As mentioned in the introduction, the scenario process shall be as open, transparent and dynamic as possible, but with clear responsibilities and a strict time plan.

There are a number of uncertainties regarding the future of EU-CELAC relations, which stem from different possible developments of its direct and indirect environment. This is the reason why it is worth considering different plausible futures and their implications for decision making. Giving consideration to multiple perspectives is key to our scenario learning exercise. Shared stories are the tools which help us to sharpen a shared vision of renewed EU-CELAC cultural, scientific and social relationships and to plan next steps and a long-term strategy.

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Appendix A   PRELIMINARY SWOT ANALYSIS

A preliminary SWOT analysis for the status of EU-CELAC relations, Source: Sanahuja (2015)

STRENGTH

- common values (democracy, human rights, sustainibility)
- analogues world-view
- notable results in political dialogue, development cooperation & Association Agreements

WEAKNESSES

- fatigue in bi-regional relations
- Former long-term objectives no longer serve a purpose
- EU-CELAC summits lost relevance
- diffucult evolution of integration schemes in CELAC
- common values are not ednowed with greater political momentum
- CELAC is still a weak consitution

OPPORTUNTIES

- bi-reginal coop. is more urgent in times of global challenges
- chance to build more robust bi-regional relations that is better equipped to confront global challenges
- cooperation in higher education and innovation (2020 Strategy)
- new "Pact for Development"
- put citizenship, social cohesion, inclusive societies at forefront of bi-regional agenda
- CELAC as new forum for dialogue which validates existing relationship

THREATS

- China-CELAC/ new Trans-Pacific axis
- loss of confidence in EU institutons & integration model
- discomfort in democracy in both regions
- rise of populism, xenophobia & radical nationalism
- "community of values" has been overcome by history