
Scenario Planning

1. Focus

Scenarios are designed to describe and compare various paths toward future development. Images and models of possible future developments are appropriate for exploring various options for action. Unlike prognoses, scenarios do not attempt to forecast the future unequivocally, but seek to identify possible future events and developments. These are approximations, based on the existing knowledge and experience of the participants who devise the scenarios. In other words, scenarios create a pragmatic link between the uncertainty of the future and the need to take decisions today. Thinking in scenarios is a conscious attempt to face the basic unpredictability of the future, to identify trends and developments, and to reflect upon the consequences for development cooperation projects.

This method is especially appropriate where there is a need to reduce complexity, and stimulate communication about and the negotiation of different options. Scenarios are based on the simple anthropological fact that the future is uncertain, and involves risks and potentials about which we are unable to say anything definitive. So what does the method do?

It delivers a picture of possible futures.

Scenarios are accounts of possible future courses of events and situations based on currently identifiable trends and ideas about the future.

- They are visions of alternative, consistent, future situations. Each scenario presents a vision of a possible future that is plausible (that can happen!), coherent (that is logical!) and credible (that can be explained!).
- They sharpen our awareness of potentials and risks, and provide the basic insights to risk prevention and mitigation.
- They expose and bring into focus our assumptions about future developments, and about the driving forces behind them.
- They illustrate complex projections, and make them easy to grasp. Scenarios also reveal our own strategies to cope with uncertainty, fear and risks.
- They help enable us to think in terms of alternative outcomes and generate a creative organisational climate, and enable us to think in terms of alternative outcomes and spaces for action.

It changes the participants.

The method enables participants to approach the problems from a more comprehensive, differentiated and intersubjective perspective.

Scenarios provide concrete points of reference and a stimulus for discussion.

The method promotes a systemic perspective on the problem area that takes into account different elements and relationships between results.

The method places each individual's perspective in a different light.

The method structures and promotes an exchange of different perspectives and experiences among the participants.

Scenarios can be useful both in the formulation of an overall strategy and for sub-strategies.

Presented below are the basics of the scenario method that can be applied when discussing the possible strategic orientation of a development cooperation project. This method can easily be combined with others, for instance with a Delphi survey of experts, or the

documentation of short biographies and individual expectations, or a systemic context analysis, to determine the especially relevant or critical factors for development.

2. Method

The method can be applied in the following steps:

(1) Define the context: Where are we now? Define and demarcate the area to be analysed (system boundaries), the time frame and the issue to be addressed. The starting point of a scenario is always the present. The time frame is defined as the projected interval between the present and the point in the future which the scenario seeks to describe: in four or ten years' time? Then, concise statements concerning the present situation are collected: Which trends, events or actors create the greatest opportunities or risks for the issue we wish to address? These factors can be classified into three types:

- (i) Environment: socio-economic and politico-institutional factors
- (ii) Actors: particularly important action strategies of various actors
- (iii) Possible events that may significantly affect future developments.

(2) Which factors do we need to focus on? Identify variable factors of each of the three types – the environment, the actors and possible events – that may affect future developments. It may be helpful to use the following matrix:

HIGH impact on intended action and results	major factors are known that that must be taken into account	volatile trends and lots of unknown key factors
LOW impact on intended action and results	factors that today are largely known	volatile trends that right now have little effect, but must be monitored
	LOW uncertainty	HIGH uncertainty

Rate the factors: Each factor should be rated by each participant by degree of impact on the future (1 = low, 2 = high) by degree of uncertainty (1 = low, 2 = high).

(3) Which are the main factors that will influence the future course of development?

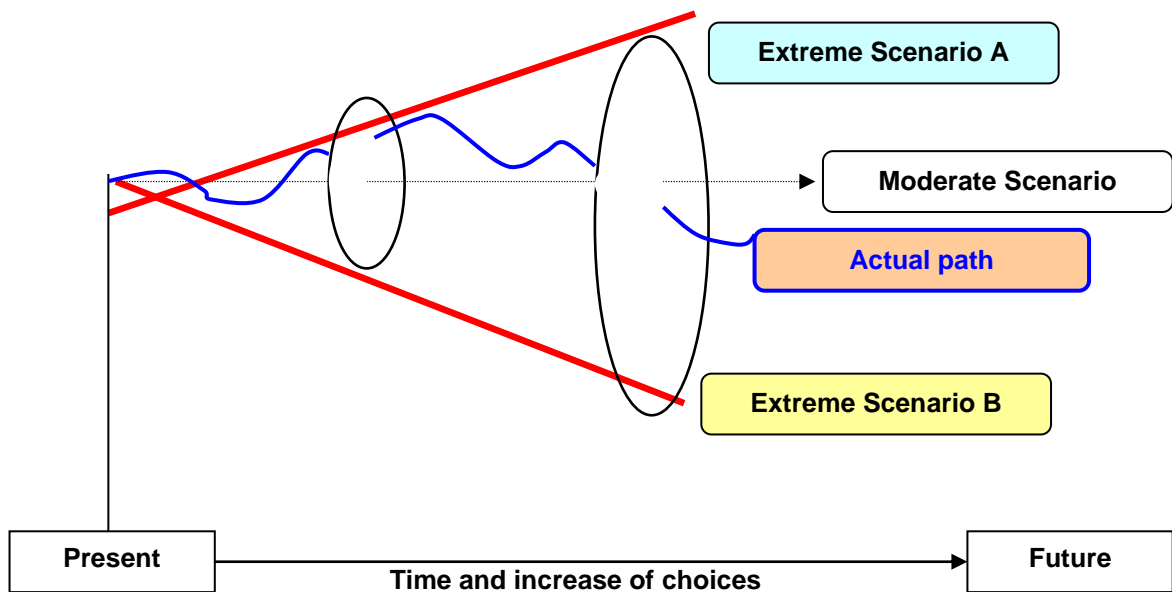
From the large number of factors, the participants select 5 to 10 main factors and indicate whether they consider them to be factors for positive or negative development.

(4) Which two scenarios should we contrast? The participants formulate two coherent, plausible visions of the future in the form of two contrasting scenarios A and B, a best case and a worst case scenario. The scenarios are put down in writing, and where possible represented in diagrams. The two scenarios form the two sides of a cone, the pointed end of which is located in the present. This is to say that the further we look into the future, the greater the degree of uncertainty.

(5) Which risks do the scenarios involve? The possible risks can be discussed in the following steps:

- (i) Which negative impacts are likely to occur?
- (ii) Who would be affected?

- (iii) How high is the likelihood that this will occur?
- (iv) How can the risk be identified early on? (triggering and interference factors)
- (v) What are the indicators for an increase in the risk? (antennae)
- (vi) Which measures can be taken to avoid or reduce the risk?
- (vii) When does a decision need to be taken as to whether the risk is acceptable? (cut-off point).



(6) Which conclusions do we draw from the scenarios for strategic development? The participants draw up recommendations for action: Assuming that you knew that scenario A would occur in year X, what would you recommend actors to do? Which steps are particularly likely to produce positive results, and where are the pitfalls?

The interpretation of the scenarios and the weighing up of the risks lead to strategic options or lines of action that are to be seen in the light of one or other of the extreme scenarios. Located between the two are the options that should first be entered in the following matrix:

Matrix of strategic options				
Alternative options in the light of scenario A: Considerations and measures	Component X			Alternative options in the light of scenario B: Considerations and measures
	Possible strategic results (= impact hypothesis)			
	Possible Lines of Action	Thematic and geographical focus	Main actors and partners	