

2. Stakeholder Analysis

2.1 Introduction

Who are the people who will benefit from any given development activity? And whose interests might be harmed by it? Identifying the stakeholders, large and small, individual and organisational, for any given activity is essential if all the people who could have a bearing on its success or failure are to have their voices heard. All stakeholders need to have their opinions taken into account, even if some are to be set aside at a later date.

Stakeholder Analysis allows managers to identify the interests of different groups and find ways of harnessing the support of those in favour of the activity, while managing the risks posed by stakeholders who are against it. It can also play a central role in identifying real development need — and that may mean devising a different programme from the one you thought you were about to embark upon.

Stakeholder Analysis should be an integral part of programme design, and appraisal. It is also a useful technique to use during reviews, missions and evaluations.

2.2 What is a stakeholder?

A stakeholder is any individual, community, group or organisation with an interest in the outcome of a programme, either as a result of being affected by it positively or negatively, or by being able to influence the activity in a positive or negative way.

There are three main types of stakeholder:

✚ **Key stakeholders.** Those who can significantly influence or are important to the success of an activity.

✚ **Primary stakeholders.** Those individuals and groups who are ultimately affected by an activity, either as beneficiaries (positively impacted) or dis-beneficiaries (adversely impacted). In a rural roads activity, primary stakeholders might include both the petty traders and small farmers whose livelihoods are positively affected by the new roads, and those

households who are adversely affected, such as by having to relocate because of road widening.

✚ **Secondary stakeholders.** All other individuals or institutions with a stake, interest or intermediary role in the activity. In a primary health care scenario, secondary stakeholders might include the local health workers, health department officials, the Ministry of Health, NGOs, DFID, other donors, private doctors and so on.

In reality, the distinction may not be clear-cut, with overlap between these main types: some primary or secondary stakeholders may also be key stakeholders.

2.3 Why do Stakeholder Analysis?

Stakeholder Analysis is used in the design and management of development programmes to identify:

✚ The interests of all stakeholders who may affect or be affected by a programme;

✚ Potential conflicts and risks that could jeopardise a programme;

✚ Opportunities and relationships to build upon in implementing a programme to help make it a success;

✚ The groups that should be encouraged to participate in different stages of the activity cycle;

✚ Ways to improve the programme and reduce, or hopefully remove, negative impacts on vulnerable and disadvantaged groups.

2.4 When to do it?

Stakeholder Analysis can be undertaken at every principal stage of the Activity Cycle (see Chapter 1, Box 1), and should be undertaken at the **Identification**, and **Design and Appraisal** stages. A review process at subsequent stages should be built into the design of the activity. One reason for undertaking Stakeholder Analysis throughout the life of an activity is because it fulfils different functions at different stages.

In **Identification**, the purpose is to undertake preliminary identification of key stakeholders. Here, it is important to identify important and influential stakeholders and decide how to involve them in design and appraisal.

In **Design and Appraisal**, undertaking detailed Stakeholder Analysis, involving all key stakeholders, is used as a basis for design and risk analysis.

At **Inception**, Stakeholder Analysis is used to plan the involvement of different stakeholders in starting up the activity.

At **Implementation**, Stakeholder Analysis is used as an *aide-memoire* to ensure the effective involvement of key stakeholders who support the programme, and to monitor key stakeholders who are opposed to it.

At **Evaluation**, it is important to review any analyses undertaken, and use them to plan the involvement of different stakeholders in reviewing and evaluating the activity.

2.5 Who should be involved?

Stakeholder Analysis should be undertaken with all stakeholders where possible, and in proportion to the planned activity. However, you may need to use your judgement over the practicality of doing so if the stakeholders are widely spread. At the same time, it is important to avoid skewing the analysis — and possibly threatening the viability or success of the activity — by failing to take into account the legitimate concerns of stakeholders simply because they are hard to reach or difficult to incorporate into your planning. If in doubt, it may be preferable to expand your planning horizon rather than exclude legitimate stakeholders.

There are different ways of undertaking such an analysis, but what is important is that any particular analysis, and the methods used to achieve it, meet the needs of the programme at that particular point in time.

Workshops, focus group discussions or individual interviews are three out of a range of techniques that can be used for this purpose (On workshops, Chapters 2.6 and 7.5 and Annex 1, and on focus groups, Chapter 3 Box 6 provide more detailed information). In all, the aim is for design and management teams to have identified all key stakeholders and to be aware of their potential impact on the activity and vice versa.

Whatever methods are used, the basic steps in any Stakeholder Analysis are:

1. Identify the key stakeholders and their interests in the activity;
2. Assess the influence and importance of each of these stakeholders in the activity.

2.6 Stakeholder Analysis workshops

The use of workshops to undertake Stakeholder Analysis is one method that has proved successful. It is not the only means of undertaking an analysis, but it is a common one. It assumes that stakeholders can be brought together and fairly represented in one space at one time, which may not always be possible. It also assumes that, once present, everyone will have an equal chance to participate, which may bias the activity in favour of the voluble, the urban-based, or the literate.

Nevertheless, the widespread use of the workshop format means that you are likely to encounter it on a fairly regular basis in the course of your work, so this section explains in fairly full detail how such a process operates.

The workshop method assumes that a facilitator is used, who can either be an outside professional or one of the participants. He or she should be experienced in Stakeholder Analysis. One facilitator can generally manage a process involving up to 25 participants. Above this number, a second facilitator may be needed.

Stage 1: Form working groups

Divide the participants into working groups of 4-6 people. Groups may either comprise individuals of similar background (e.g., managers, officials, etc) or be mixed. The participants should be involved in deciding on the constitution of groups, while the facilitator should ensure that all participants know why the groups have been formed in a particular way.

Stage 2: Inform participants about Stakeholder Analysis

Since participants need to understand their role and the purpose of the analysis, the facilitator should convey the information below. Flipcharts are ideal for this purpose.

The first flipchart should define who and what stakeholders are, using the definitions in 2.2. A key point for the facilitator to make is that stakeholders may be positively or adversely affected by an activity.

A second flipchart should define the reasons for undertaking Stakeholder Analysis, using the reasons

given in 2.3. The facilitator should give relevant examples for each of the bullet points.

¥ For bullet point 2, an example could be a flood control programme that benefits farmers (whose yields go up) but not fishers (whose catches go down). If the fishers are sufficiently angry, they may breach the embankments and the programme will fail.

¥ For bullet point 3, an example could be an urban poverty programme where an activity seeks to overcome problems caused by exploitative slum landlords. Here, the partners might include governmental ministries involved in social welfare, NGOs and community-based organisations. The activity's success may depend on building supportive links between these three stakeholders.

¥ For bullet point 4, an example could be to identify why the rural poor should participate in all stages of a rural livelihoods activity.

The third flipchart should show the three basic steps in undertaking a Stakeholder Analysis:

1. Identifying the main stakeholders using a stakeholder table (see Stage 3, below), and the reasons for their interest in the activity;
2. Identifying the influence and importance of each and showing them in a matrix (see Stage 4, below);
3. Identifying the risks that may affect activity design and discussing how they can be dealt with (see Chapter 6).

The fourth flipchart should show an illustrative Stakeholder Table (see Box 1), such as in Box 1, or one drawn from another activity.

Box 1: Stakeholder Table		
Stakeholder	Interest in project	+ve / -ve
Small farmers	Higher output and incomes	+
Food traders	More sales	+
Labourers	More jobs	+
Moneylenders	Empowered clients	-
	Less business	-
Government officials	Success of project	+
	Possible loss of rent if farmers become empowered	-

Stage 3: Completing a Stakeholder Table

Participants should be asked to compile an initial Stakeholder Table for their own activity in small groups. An hour is usually adequate for this purpose. Only the main stakeholders should be listed at this stage, with no attempt to determine whether the stakeholders listed are key, primary or secondary.

Here, a useful method for each group is to:

1. Draw an outline table on a flipchart;
2. Identify stakeholders in a brainstorming session using Post-Its to write them down (one stakeholder per Post-It);
3. Place the stakeholders in the first column of the table;
4. Select (up to) ten main stakeholders. For each one, complete the other columns (again using Post-Its);
5. Check that no important stakeholders have been missed out. If they have, add them in and complete the other columns for them also.

At the end of this period, each group should present its findings to the others, followed by a discussion to identify common ground and differences of opinion. It may be possible to agree on a single table; if not, the facilitator should suggest that each group nominate one person to produce a single stakeholder table.

Stage 4: Influence and importance

Influence is the power a stakeholder has to facilitate or impede the achievement of an activity's objectives.

Importance is the priority given to satisfying the needs and interests of each stakeholder.

In an urban livelihoods programme, local politicians may have a great influence over a programme by facilitating or impeding the allocation of necessary resources, while the urban poor (at least to start with) may have very little power to influence the outcome of the activity. At the same time, local politicians may have very little importance as far as the activity is concerned, since it is not designed to meet their needs, while the urban poor are central and very important to it.

A specimen Table of Importance and Influence is shown as Box 2. From the initial stakeholder table agreed by the participants, and using the headings shown in Box 2, list the main stakeholders in the first column. Ask the whole group to agree on influence and importance scores for each stakeholder, allowing sufficient time for discussion. To score each stakeholder, use a five-point scale where 1

Box 2: Table of Importance and Influence

Stakeholder	Importance	Influence
Small farmers	5	2
Food traders	1	3
Labourers	5	1
Moneylenders	1	4
Government officials	2	5

= very little importance or influence, to 5 = very great importance or influence.

Once each stakeholder has been scored, the facilitator should introduce the Importance / influence Matrix (see Box 3), and the scores transferred from the Table of influence and importance. The Matrix gives the relative locations of the various stakeholders, of whom those in Boxes A, B and C can now be identified as key stakeholders .

Box 3: Importance / Influence Matrix	
High Importance / Low Influence	High Importance / High Influence
A	B
C	D
Low Importance / Low Influence	Low Importance / High Influence

The facilitator should explain the Importance / Influence Matrix as follows:

Those included in Boxes A, B and C are the key stakeholders in the activity: they can significantly influence it or are most important if the activity's objectives are to be met.

Box A shows stakeholders of high importance to the activity, but with low influence. They require special initiatives if their interests are to be protected.

Box B shows stakeholders of high importance to the activity who can also significantly influence its success. Managers and donors will need to develop good working relationships with these stakeholders to ensure an effective coalition of support for the activity.

Box C shows stakeholders who are of low priority but may need limited monitoring. They are unlikely to be the focus of the activity.

Box D shows stakeholders with high influence, who can affect outcome of the activity, but whose interests are not the target of the activity. These stakeholders may be able to block the activity and therefore could constitute a killer risk .

2.7 Other types of Stakeholder Analysis

There are many other techniques that can be used for Stakeholder Analysis. The important thing is that whatever technique is used, it should be one that is found useful.

Some other common forms of Stakeholder Analysis are set out in Boxes 4-9. Two detailed examples of Stakeholder Analysis can be found: the first (Boxes 10, 11 and 12) comprises the Stakeholder Table, Importance / Influence Matrix and Participation Matrix from an Icitrap training exercise; the second (Boxes 13 and 14) comprises a Stakeholder Table and a Power and Interest Matrix for the Dir District Development Project in Pakistan.

2.8 Risks and pitfalls

Stakeholder Analysis can go wrong. It is a tool, but it does not guarantee success:

- ¥The jargon can be threatening to many
- ¥The analysis can only be as good as the information collected and used (as in GIGO : Garbage In, Garbage Out);
- ¥ Matrices can oversimplify complex situations;
- ¥The judgements used in placing stakeholders in a matrix or table are often subjective. Several opinions from different sources will often be needed to confirm or deny the judgement;
- ¥Teamworking can be damaged if the differences between groups in an activity, rather than their common ground, are over-emphasised.
- ¥Trying to describe winners and losers , as well as predicting hidden conflicts and interests, can alienate powerful groups.

Box 4: Participation Matrix

The participation matrix is used to indicate the type of participation (from being informed about the activity to actually controlling it) by key stakeholders at different stages of the activity cycle.

For example, in a rural poverty initiative in which the aim is to fully empower poor people to ultimately take over and control that activity, it may only be possible for a government agency to consult the poor at the identification and planning stages. However, as the

Action Stage	Inform	Consult	Partnership	Control
Identification		Rural poor		Govt agency
Planning		Rural poor		Govt agency
Implementation			Rural Poor Govt agency	
Monitoring & Evaluation			Rural poor Govt agency	

activity is implemented, a partnership with the poor (e.g., through groups or a facilitating NGO) may be established which, over time, involves the poor taking more and more control of the activity. As the poor gain more power, the government agency loses power and by the end is, possibly, only being consulted or informed about the progress of the activity.

Box 5: Impact / Priority Matrix

The Impact / Priority Matrix is another way of presenting the interests of different stakeholders and involves assessing the potential impact of different stakeholders. What power

Stakeholder	Interests	Potential Impact	Priority of Importance
Primary			
Secondary			
External			

do different stakeholders have to facilitate or impede the successful implementation of the activity?

Box 6: Power and Interest Matrix

The Power and Interest Matrix can be a powerful tool in assessing the feasibility of an activity. It also ensures the management team focuses on how the activity should be trying to empower or reduce the power of different stakeholders.

In formulating the Matrix the power of key stakeholders to facilitate or impede the programme (from 1 = little power to 5 = great power) is assessed, together with the interest of the stakeholder in the success or failure of the programme (from -2 = great interest in failure, to +2 = great interest in success). See Box 14.

Box 7: Readiness / Power Matrix

The Readiness / Power Matrix is used in assessing how ready different stakeholders are to participate in an activity and how much power they have.

¥ Readiness is defined as **either** the amount a stakeholder knows about the activity **or** a stakeholder's view of the activity, whether positive or negative;

¥ Power is the influence a stakeholder has over the success of the activity;

¥ X is the position from which they start;

¥ O is the position we may decide we wish them to move to.

In the above example:

¥ 1 is a senior manager. It is in our interest to move his knowledge of our programme from Low to Medium.

Stakeholders	Readiness			Power		
	High	Medium	Low	High	Medium	Low
1.		O	X	X		
2.	X			O	X	
3.	X					X
4.			X		X	O
etc.						

¥ 2 is our middle manager direct counterpart. It is in our interest to increase his influence.

¥ 3 is a programme worker. We may decide we don't need to do anything about him / her.

¥ 4 is a competing middle manager who is disruptive to the activity and whose power needs to be lessened.

In all cases where we decide that we need to do something, we now have to decide what to do and how to achieve it.

Box 8: Problems / Interests / Linkages Matrix

This Matrix is used to identify the problems different stakeholders have in the activity and the linkages between the stakeholders.

Stakeholders	Problems	Interests	Linkages
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Box 9: Supportive / Antagonistic / Constructive / Destructive Matrix

The idea is to place the stakeholders in the Matrix, then decide where you need to move them to and how you are going to do it.

(+) Constructive / Supportive	Destructive / Antagonistic (-)
1	
	2
	4
5	
	6
	3

Box 10: Stakeholder Table Example from Icitrap Training Exercise

<i>Interests</i>	<i>Likely impact of the activity</i>	<i>Relative priorities of interest</i>
PRIMARY STAKEHOLDERS		
<i>Lower income men and women smallholders of East and West Marivi Districts</i>		
Enhanced quality of life	(+)	1
<i>Women</i>		
Sustainable fuelwood sources	(+)	1
Improved water supplies	(+)	
Status	(+)	
<i>Cash crop producers</i>		
Sustained yields and income	(+/-)	3
<i>Forest adjacent dwellers</i>		
Enhanced quality of life	(+)	1
<i>Large landowners: Ekim Cattle Owners Association (ECO)</i>		
Sustained production and income	(+/-)	4
Improved livestock services	(+)	
<i>Fisher folk and processors</i>		
Sustained production and income	(+)	2
<i>Market traders</i>		
Increased trading activity	(+)	4
<i>Public service vehicle owners</i>		
Increased activity	(+)	5
SECONDARY STAKEHOLDERS		
GOVERNMENT AGENCIES		
<i>Ministry of Forests and Environment (MoFE)</i>		
Achievement of objectives	(+)	3
Better utilisation of existing infrastructure and resources	(+)	
Better trained staff	(+)	
Control of encroachment into Forest Reserve	(+/-)	
<i>Yram Fuel Wood Project (YFWP)</i>		
Development of eucalyptus plantation in Forest Reserve	(-)	4
<i>Ekim Natural Resources College (ENRC)</i>		
Better trained staff	(+)	3
Control of training programmes and other activities	(-)	
Improved training programmes	(+)	

<i>Ministry of Tourism, Wildlife and National Parks (MoTWNP)</i>			
	Achievement of programme objectives	(+)	3
	Development of tourism potential within Ekim	(+/-)	
	Better trained staff	(+)	
	Better utilisation of existing infrastructure and resources	(+)	
	Control of poaching	(+)	
	Buffer zone development		
<i>Ministry of Agriculture (MoA)</i>			
	Achievement of programme objectives	(+)	3
	Better trained staff	(+)	
	Better utilisation of existing infrastructure and resources	(+)	
	Buffer zone development	(+/-)	
	Control of encroachment into Forest Reserve		
<i>National Cattle Breeding Programme (NCBP)</i>			
	Control over stocking rates in Forest Reserve	(-)	5
<i>Ministry of Water and Fisheries (MoWF)</i>			
	Achievement of programme objectives	(+)	2
	Control of funds	(-)	
	Better utilisation of existing infrastructure and resources	(+)	
	Better trained staff	(+)	
	Reduced siltation in Lake Ekim	(+)	
<i>Department of Women s Development, Ministry of Health and Population (MoHP)</i>			
	Achievement of programme objectives	(+)	2
	Better utilisation of existing infrastructure and resources	(+)	
	Better trained staff	(+)	
NON-GOVERNMENTAL ORGANISATIONS, COMMUNITY GROUPS, OTHER AGENCIES			
<i>AFCON Nkonja</i>	Development of operating capacity	(+)	4
	Income from consultancy, management and training services	(+)	
<i>Anglican Diocese of Ekim South (ADES)</i>			
	Achievement of complementary objectives	(+)	5
<i>Marivi Integrated Development Project (MIDP)</i>			
	Achievement of complementary objectives	(+)	3
PROGRAMME DONORS			
<i>EU</i>	Fulfilment of sector policy objectives	(+)	3
	Institutional learning	(+)	
	Cost-effective disbursement	(+)	
<i>World Bank</i>	Achievement of complementary objectives	(+)	5
OTHERS			
<i>Overseas training institutions</i>	Income from consultancy work and from training scholarships	(+)	5
MINOR STAKEHOLDERS			
Department of Roads (DoR)			
Methodist Church of Nkonja (MCN)			
Roman Catholic Church			
Spiritualist Church of Nkonja			
Ekim Ornithological Club (EOC)			

Box 11: Importance / Influence Matrix

Example from Icitrap Training Exercise

**High importance /
Low influence**

**High importance /
High influence**

<p>A</p> <p>2</p> <p>1</p> <p>4 6</p> <p>16</p> <p>3</p> <p>22 5</p>	<p>B</p> <p>17 15</p> <p>20 13</p> <p>19 12 21</p> <p>9</p>
<p>D</p> <p>7</p> <p>8</p>	<p>C</p> <p>14</p> <p>11</p> <p>10</p> <p>18</p>

**Low importance /
Low influence**

**Low importance /
High influence**

Primary

1. Lower income men and women smallholders of East and West Marivi Districts
2. Women
3. Cash crop producers
4. Forest adjacent dwellers
5. Large landowners and cattle owners — Ekim Cattle Owners Association (ECO)
6. Fisher folk and processors
7. Market traders
8. Public service vehicle owners

Secondary

9. Ministry of Forests and Environment (MoFE),
10. Yram Fuel Wood Project (YFWP)
11. Ekim Natural Resources College (ENRC)
12. Ministry of Tourism, Wildlife and National Parks (MoTWNP)
13. Ministry of Agriculture (MoA)
14. National Cattle Breeding Programme (NCBP)
15. Ministry of Water and Fisheries (MoWF)
16. Department of Women s Development, Ministry of Health and Population (MoHP)
17. AFCON Nkonia
18. Anglican Diocese of Ekim South (ADES)
19. Marivi Integrated Development Project (MIDP)
20. EU
21. World Bank
22. Overseas training institutions

Box 12: Summary Participation Matrix Example from Icitrap Training Exercise

Type of participation	Inform	Consult	Partnership	Control
<i>Stage in programme</i> Identification		World Bank MoFE/YFWP/ENRC MoTWNP MoA/NCBP MoHP	EU MoWF Smallholders Women s Groups	
Planning		World Bank MoFE/YFWP/ENRC MoTWNP MoA/NCBP MoHP AFCON ADES MIDP	EU MoWF Smallholders Women s Groups	
Implementation	EU ADES	MoFE/YFWP/ENRC MoTWNP MoA/NCBP MoHP AFCON? MIDP Forest adjacent dwellers Cash crop producers Large landowners Fisher Folk	MoWF NGOs AFCON? Smallholders Women s Groups	EU Project Office?
Monitoring and Evaluation	EU		MoWF NGOs AFCON? Smallholders Women s Groups	External Consultants

Box 13: Stakeholder Table Example from the Dir District Development Project

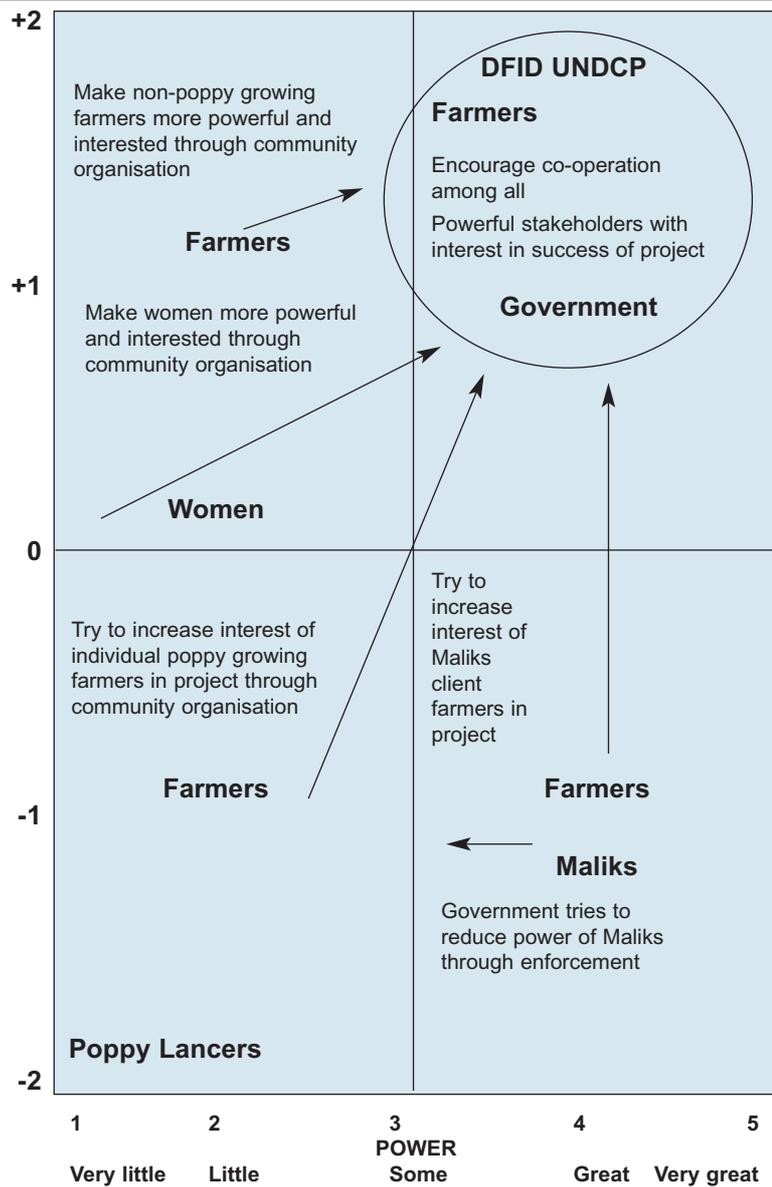
The Dir District Development Project, in Northwest Frontier District of Pakistan is a project co-financed by DFID and the United Nations Drug Control Programme. It aims to encourage farmers to give up poppy cultivation.

<i>Stakeholder</i>	<i>+/-</i>	<i>Interest</i>
Local community	+	Socio-economic development
	+	Increase in non-poppy incomes
	-	Loss of poppy income
Farmers	+	Increase in non-poppy incomes
	-	Loss of poppy income
Women	+	New income-generating activities
	+	Drinking water and sanitation
	-	Increased workload
Men	+	Increased development
	-	Loss of control over women
Traffickers	-	Loss of business
	+	Easier transport
Politicians	-	Loss of influence/ control over development funds
	+	Increase in influence
GoP / GoNWFP	+	Extra funds for drug eradication
	+	Integration of Dir into Pakistan
	+	More jobs
	+	Pakistan compliance with international commitments
Line agencies	+	More funds
	+	Gain experience
	-	Resents interference in spending funds
	-	Pressure to participate with communities
UNDCP	+	Achieve policy
	-	Worry that development overrides drug control aims
DFID and other donors	+	Achieve policy objectives
	+	Institutional strengthening
	+	Support Pakistan compliance with international commitments
	+	Reduce world supply of opium
Special Development Unit	+	Learn from DDDP
Chief Minister	+	Enforcement
	-	To please MLAs
Project staff and consultants	+	Keen to attain project objectives
	+	Future employment
Contractors	+	Increased contracts
	-	Opposed to participatory approach
Maliks	-	May lose dominance to community organisations
Poppy lancers	-	Lose jobs and income

Box 14: Power and Interest Matrix

Example from the Dir District Development Project

INTEREST IN SUCCESS OR FAILURE OF PROJECT
 +2 = very great interest in success
 -2 = very great interest in failure



Source: Steve Jones and Associates, Workshop Report, 1998.

