Stakeholder Analysis and Stakeholder Mapping

What is stakeholder analysis?

Stakeholder analysis is the identification of a project's key stakeholders, an assessment of their interests, and the ways in which these interests affect project riskiness and viability. It is linked to both institutional appraisal and social analysis: drawing on the information deriving from these approaches, but also contributing to the combining of such data in a single framework. Stakeholder analysis contributes to project design and helps to identify appropriate forms of stakeholder participation.

Definitions

Stakeholders are persons, groups or institutions with interests in a project or programme. Primary stakeholders are those ultimately affected, either positively (beneficiaries) or negatively (for example, those involuntarily affected). Secondary stakeholders are the intermediaries in the delivery process. This definition of stakeholders includes both winners and losers, and those involved or excluded from decision-making processes.

Key stakeholders are those who can significantly influence, or are important to the success of the project.

Why do a stakeholder analysis?

Stakeholder analysis helps administrators and advisors to assess a project environment, and to inform the negotiating position in project talks. More specifically, doing a stakeholder analysis can:

- draw out the interests of stakeholders in relation to the problems which the project is seeking to address (at the identification stage) or the purpose of the project (once it has started).
- identify conflicts of interests between stakeholders, which will influence the assessment of a project's riskiness before funds are committed (which is particularly important for proposed process projects).
- help to identify relations between stakeholders which can be built upon, and may enable "coalitions" of project sponsorship, ownership and cooperation.
- help to assess the appropriate type of participation by different stakeholders, at successive stages of the project cycle.
When should it be done?

Stakeholder analysis should always be done at the beginning of a project, even if it is a quick list of stakeholders and their interests. (Most people do this already, if only informally). Such a list can be used to draw out the main assumptions which are needed if a project is going to be viable, and some of the key risks.

How to do a Stakeholder Analysis

There are several steps to doing a stakeholder analysis:

i. draw up a "stakeholder table";
ii. do an assessment of each stakeholder's importance to project success and their relative power/influence;
iii. identify risks and assumptions which will affect project design and success.

This section outlines the above steps in a little more detail, providing some rules of thumb and checklists.

Stakeholder Tables

To draw up a stakeholder table:

- identify and list all potential stakeholders.
- identify their interests (overt and hidden) in relation to the problems being addressed by a project and its objectives. Note that each stakeholder may have several interests.
- briefly assess the likely impact of the project on each of these interests (positive, negative, or unknown).
- indicate the relative priority which the project should give to each stakeholder in meeting their interests.

Assessing the Influence and "Importance" of Stakeholders

Key stakeholders are those which can significantly influence, or are important to the success of the project. Influence refers to how powerful a stakeholder is; "importance" refers to those stakeholders whose problems, needs and interests are the priority - if these "important" stakeholders are not assisted effectively then the project cannot be deemed a "success".
By combining influence and importance using a matrix diagram, stakeholders can be classified into different groups, which will help identify assumptions and the risks which need to be managed through project design. Before outlining this matrix, ways of assessing influence and importance are suggested.

**Assessing influence**

Influence is the power which stakeholders have over a project - to control what decisions are made, facilitate its implementation, or exert influence which affects the project negatively. Influence is perhaps best understood as the extent to which people, groups or organisations (i.e. stakeholders) are able to persuade or coerce others into making decisions, and following certain courses of action.

Power may derive from the nature of a stakeholders organisation, or their position in relation to other stakeholders. Other forms of influence may be more informal (for example, personal connections). It may also be necessary to consider stakeholders whose power, and therefore influence, will increase because of resources introduced by the project.

Assessing influence is often difficult and involves interpretation of a range of factors. By way of example, some of the factors that may be involved are illustrated in box 1 below.

<table>
<thead>
<tr>
<th>Box 1: Variables affecting stakeholders' relative power and influence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Within and between formal organisations</strong></td>
</tr>
<tr>
<td>Legal hierarchy (command and control, budget holders)</td>
</tr>
<tr>
<td>Authority of leadership (formal and informal, charisma, political, familial or cadre connections)</td>
</tr>
<tr>
<td>Control of strategic resources</td>
</tr>
</tbody>
</table>


Importance indicates the priority given to satisfying stakeholders' needs and interests through the project. Importance is likely to be most obvious when stakeholder interests in a project converge closely with objectives. In general terms, these objectives are defined from the logical framework's goal and purpose.

Importance is distinct from influence. There will often be stakeholders, especially unorganised primary stakeholders, upon which the project places great priority. These stakeholders may have weak capacity to participate in the project, and limited power to influence key decisions. A checklist for assessing "importance" to the project is provided in box 2.

**Box 2: Checklist for assessing which stakeholders are important for project success**

When assessing importance to project success, use these "checklist" questions, the answers to which may already be suggested by the information existing in stakeholder tables:

- which problems, affecting which stakeholders, does the project seek to address or alleviate?
- for which stakeholders does the project place a priority on meeting their needs, interests and expectations?
- which stakeholder interests converge most closely with policy and project objectives?
Combining influence and importance in a matrix diagram

Importance and influence can be combined by using a matrix diagram. This is done by positioning stakeholders in relative terms according to the two broad criteria in a two by two matrix (similar to a graph with vertical and horizontal axes). This exercise in positioning will indicate relative risks posed by specific stakeholders, and the potential coalition of support for the project. These findings will inform project negotiations and design.

Drawing out Assumptions and Risks Affecting Project Design and Participation

Identifying assumptions and risks about stakeholders

The success of a project depends partly on the validity of the assumptions made about its various stakeholders, and the risks facing the project. Some of these risks will derive from conflicting interests.

Process projects are often particularly affected by stakeholder interactions and responses to project activities. Planners must therefore identify (and assess the importance of) the most plausible assumptions about each "key" stakeholder which are necessary if the project is to be successful.

By assessing the influence and importance of key stakeholders, some risks emerge. In general, risks will be evident from those stakeholders which have high influence, but interests which are not in line with project objectives. These key stakeholders may be able to "block" the project, and if this is probable, the risk may constitute a "killer assumption".

In order to go systematically through the assumptions and risks which need to be specified for each stakeholder, the checklist in box 3 may be useful.

Box 3: Checklist for drawing out assumptions about (and
risks deriving from) stakeholders

- what is the role or response of the key stakeholder that must be assumed if the project is to be successful?
- are these roles plausible and realistic?
- are there negative responses which can be expected, given the interests of the stakeholder?
- if such responses occur what impact would they have on the project?
- how probable are these negative responses, and are they major risks?
- in summary, which plausible assumptions about stakeholders support or threaten the project?

Once these risks and assumptions have been taken into account, stakeholder analysis may also contribute to the first column of the framework - the hierarchy of objectives. In particular, outputs and activities should reflect the expanded and refined analysis of risks.

For example, necessary assumptions for project success may include the need for outputs, for example, between project sponsors, establishing or strengthening the arrangements which (a) are required for a wider coalition of support, and (b) will enhance the capacity of primary stakeholders to participate more effectively. If such outputs are required in order to attain the purpose and goal of a project (given the risks and assumptions identified), this will imply a revised set of activities to attain these outputs. In this way, the findings of stakeholder analysis fits into the "...if -- and --then..." causality of the approach to project design.

Identifying appropriate stakeholder participation

Defining who should participate, in what ways, at what stage of the project cycle, contributes to a well designed project.

In many situations, it will be useful to draft a participation matrix before a logical framework is finalised.
Stakeholder analysis can contribute to the process of deciding how the key stakeholders are to be included in the project. Note that "key" refers to high importance, high influence, or both.

The matrix can be drawn up for individual stakeholders in turn, but a summary matrix can also be constructed. A hypothetical summary matrix for a project is shown below.

Key stakeholders with high influence and importance to project success are likely to provide the basis of the project "coalition of support", and are potential partners in planning and implementation.

Conversely, key stakeholders with high influence, but with low importance to project success may be "managed" by being consulted or informed.

### Example: Draft "summary participation matrix" for the proposed project

<table>
<thead>
<tr>
<th>Type of participation</th>
<th>Stage in cycle</th>
<th>Inform</th>
<th>Consult</th>
<th>Partnership</th>
<th>Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification</td>
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<tr>
<td>Planning</td>
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<tr>
<td>Implementation</td>
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<tr>
<td>Monitoring &amp; Evaluation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Using the Findings of a Stakeholder Analysis**

Findings from a stakeholder analysis are already recorded in the tables and matrix diagrams, and the risks and assumptions arising from the analysis should be included in a log frame. In addition, the analysis should have contributed to a
participation matrix that is used to explain project design. These records of the analysis are the basis for revision later on in the life of the project.

In more concrete terms, the findings of a stakeholder analysis need to be included (with different amounts of detail) into (a) the project concept note and (b) the project document. It will also be appropriate to include analysis in monitoring reports and reviews.

The project concept note

The main findings of a stakeholder analysis should be included in the project concept note. Such a summary needs to be brief, because (a) of the nature of concept notes, and (b) the analysis will probably be revised as the project design develops, interests change, and more information becomes available.

The main findings of a stakeholder analysis can be presented in a table adapted from the original listing - showing only the key stakeholders and their interests. Assumptions being made about stakeholders (and any associated risks) will appear in the fourth column of a log frame. An extended narrative is not necessary.

The project document

All project documents will need more detail than the concept note, drawing on both the stakeholder analysis and any revisions arising out of appraisal/review.