2.1   **Stakeholder analysis**

'Stakeholders' are:

■ people affected by the impact of an activity

■ people who can influence the impact of an activity.

Stakeholders can be individuals, groups, a community or an institution.

Stakeholder groups are made up of people who share a common interest, such as an NGO, church leaders and the community. However, such groups often contain many sub-groups. Seeing the community as one stakeholder group can be meaningless because some people may have very different interests from others in the same community. It may be necessary to divide the community into a number of sub-groups according to aspects such as status, age, gender, wealth and ethnicity. These sub-groups may be affected by the project in different ways, and some sub-groups may have a lot more influence on the impact of the project than others.

It might also be unwise to view the government as one stakeholder group. It may be necessary to list government ministries as different stakeholder groups if they have different, and even conflicting, opinions about a development proposal. Government at national, state and local levels may also have very different interests.

Stakeholders include:

■ **USER GROUPS** – people who use the resources or services in an area

■ **INTEREST GROUPS** – people who have an interest in, an opinion about, or who can affect the use of, a resource or service

■ **BENEFICIARIES** of the project

■ **DECISION-MAKERS**

■ **THOSE OFTEN EXCLUDED** from the decision-making process.

Stakeholders could belong to one or more of these groups. For example, someone might be a user of a handpump (user group), and also involved in the water user association that manages it (interest group, decision-maker).

Stakeholders are not only those who shout the loudest. Those who are often excluded from the decision-making process due to age, gender or ethnicity are those who are most likely to lose out if they are not included in the project planning. What methods could be used to ensure these stakeholders are involved?

Stakeholders include the winners and the losers as a result of the project. While most stakeholders will benefit from the project, there may be others who will be negatively affected by the action taken.

Stakeholders can be divided into two main types:

■ **PRIMARY STAKEHOLDERS** who benefit from, or are adversely affected by, an activity. This term describes people whose well-being may be dependent on a resource or service or area (eg: a forest) that the project addresses. Usually they live in the area or very near

the resources in question. They often have few options when faced with change, so they have difficulty adapting. Primary stakeholders are usually vulnerable. They are the reason why a project is carried out – the end users.

■ **SECONDARY STAKEHOLDERS** include all other people and institutions with an interest in the resources or area being considered. They are the means by which project objectives can be met, rather than an end in themselves.

If stakeholders are not identified at the project planning stage, the project is at risk of failure. This is because the project cannot take into account the needs and aims of those who will come into contact with it.

Exercise

Study the picture below. Villagers are concerned about a new dam which has been proposed in their valley. The dam will help provide drinking water for the city. It is decided that the project should focus on ensuring that the views of villagers are listened to so that their livelihoods are not adversely affected. Identify the different stakeholders of the proposed dam, saying whether they are primary or secondary.
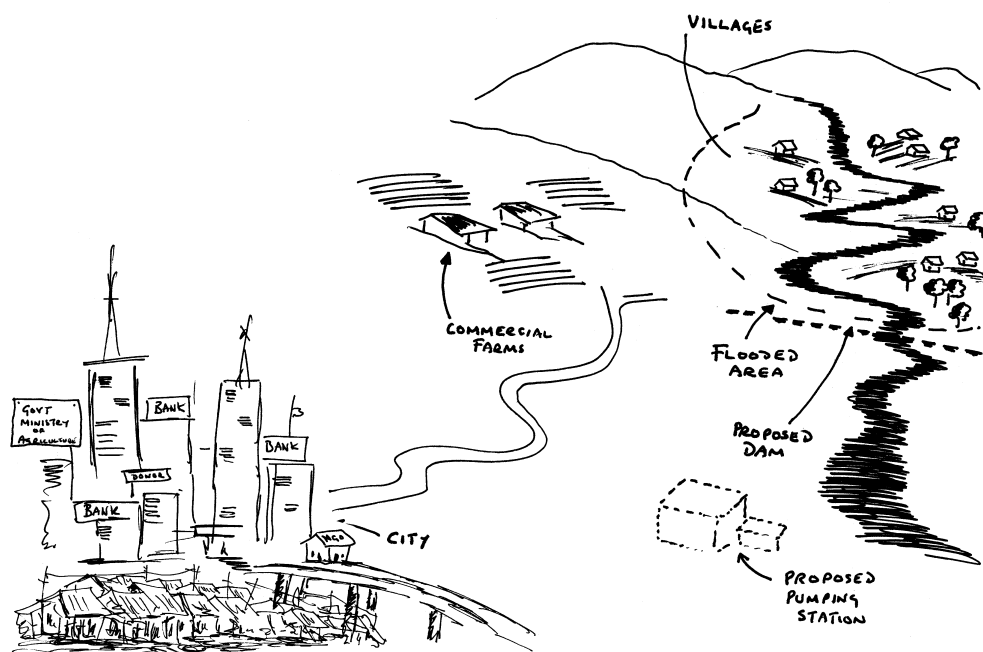
About stakeholder analysis[1]

Stakeholder analysis is a useful tool for identifying stakeholders and describing the nature of their stake, roles and interests. Stakeholder analysis helps to:

■ improve the project's understanding of the needs of those affected by a problem

■ reveal how little we know as outsiders, which encourages those who do know to participate

■ identify potential winners and losers as a result of the project

■ reduce, or hopefully remove, potential negative project impacts

[1] Based on Guidance notes: ODA (1995) *How to do a Stakeholder Analysis of Aid Projects and Programmes*

- identify those who have the rights, interests, resources, skills and abilities to take part in, or influence the course of, the project

- identify who should be encouraged to take part in the project planning and implementation

- identify useful alliances which can be built upon

- identify and reduce risks which might involve identifying possible conflicts of interest and expectation among stakeholders so that conflict is avoided.

Stakeholder analysis should be done when possible projects are identified. It should be reviewed at later stages of the project cycle to check that the needs of the stakeholders are being adequately addressed.

It is important to be aware that there are risks in doing a stakeholder analysis:

- The analysis is only as good as the information used. Sometimes it is difficult to get the necessary information, and many assumptions will have to be made.

- Tables can oversimplify complex situations.

There are a number of ways of doing stakeholder analysis. The method provided below is just one approach. The approach taken will vary depending on the type of project that is being proposed. For example, for an advocacy project we would need to consider different aspects of stakeholders than we would for a development project. The method given below is quite general and can be adapted to whatever type of project is being proposed.

Ideally, stakeholder analysis should be carried out with representatives of as many stakeholder groups as possible. It might not always be practical to do so if the stakeholders are widely spread. However, if there is a danger that important stakeholders might be excluded, more time and resources should be invested in doing the stakeholder analysis to make sure they are included.

METHOD OF CARRYING OUT STAKEHOLDER ANALYSIS

STEP 1   **Stakeholder table**

Copy the table below onto a large sheet of paper.

STAKEHOLDERS	INTERESTS	LIKELY IMPACT OF THE PROJECT	PRIORITY
Primary			
Secondary			

■ List all the possible stakeholders in the project. Divide these into primary stakeholders and secondary stakeholders. Remember to include supporters and opponents, user groups, vulnerable groups and sub-groups that are relevant to the project.

■ In the second column, write down the interests of each stakeholder in relation to the project and its objectives. These interests might be obvious. However, there might be some hidden interests, so assumptions might need to be made about what these are likely to be. Remember that each stakeholder might have several interests.

■ In the third column, write down the likely impact of the project on each stakeholder's interests. This will enable us to know how to approach the different stakeholders throughout the course of the project. Use symbols as follows:

    +   Potential positive impact on interest

    —   Potential negative impact on interest

    +/—   Possible positive and negative impact on interest

    ?   Uncertain

■ In the fourth column, indicate the priority that the project should give to each stakeholder in meeting their interests. Use the scale 1 to 5, where 1 is the highest priority.

EXAMPLE   A community identified their priority need as improved access to safe water and produced the following table.

STAKEHOLDERS	INTERESTS	LIKELY IMPACT OF THE PROJECT	PRIORITY
Primary			
Local community	Better health	+	1
Women	Better health	+	1
	Walk less far to collect water	+	
	Opportunity to socialise	—	
	Safety while collecting water	+	
Children	Better health	+	1
	Walk less far to collect water	+	
	Time to play	+	
Secondary			
Water sellers	Income	—	2
Community health workers	Reduced workload	+	2
	Income	—	
Local church	Involvement of church workers in project	+	3
Health NGOs	Better health	+	3
Ministry of Health	Achievement of targets	+	4
Donors	Effective spending of funds	+	4
	Achievement of health objectives	+	

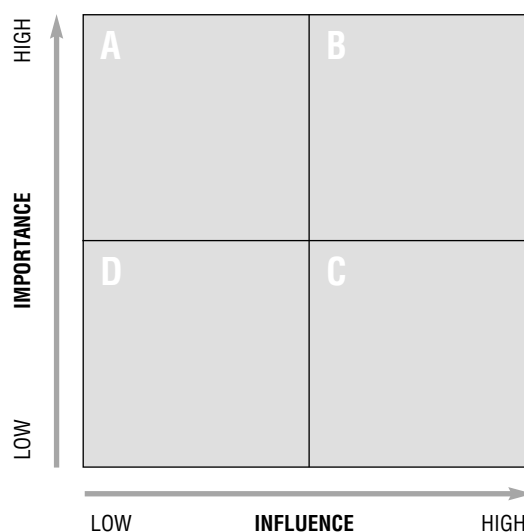**Exercise**   Complete a stakeholder table for the stakeholders identified for the proposed dam.

STEP 2 **Table showing influence and importance of stakeholders**

Some stakeholders will have more influence on the project than others. While some are in a position to influence the project so that it is successful, there might be others who feel threatened by it. Consider how to approach those whose interests will be negatively affected in order to avoid conflict and possible failure of the project. While the primary stakeholders usually have the highest priority, the table will help identify which stakeholders time will need to be spent on – either those who are allies of the project, or those who might cause problems for the project.

It is important that we do not neglect the primary stakeholders, even if we think they have low influence.

The table combines the influence and importance of stakeholders so that we can see their position in relation to each other.

INFLUENCE is the power that stakeholders have over the project.

IMPORTANCE is the priority given by the project to satisfying the needs and interests of each stakeholder.

Copy the table below onto a large sheet of paper.

Table showing influence and importance of stakeholders

Go through the list of stakeholders on the stakeholder table completed in STEP 1. Think about the amount of influence they have and the extent to which they are important to the project. Give each stakeholder a number and put the number in the place on the table above where the stakeholder falls. If they have high influence, place them towards the right of the table. If they are of high importance to the project, move the number upwards towards the top of the table.

The table can be analysed as follows:

Boxes A, B and C are the key stakeholders of the project. They can significantly influence the project or are most important if project objectives are to be met.
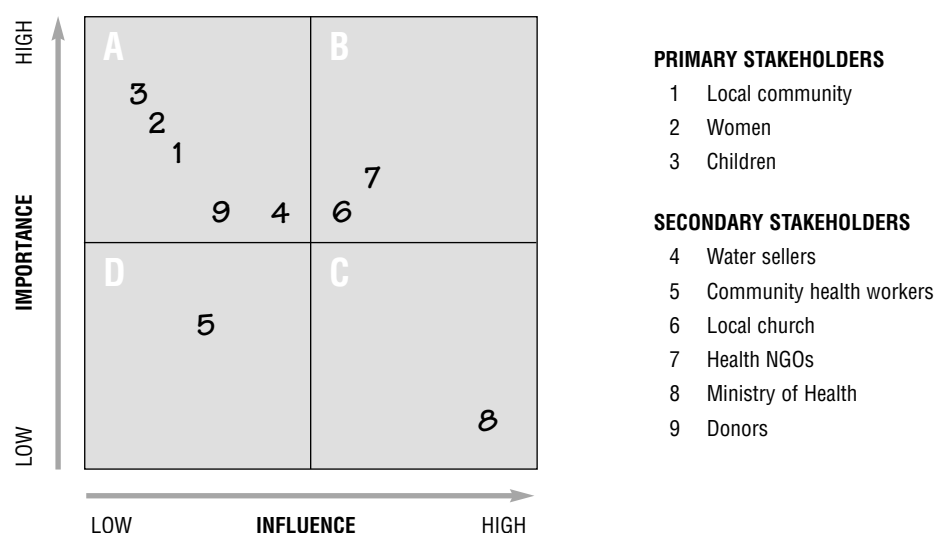
BOX A Stakeholders of high importance to the project, but with low influence. They need special initiatives to ensure their interests are protected.

BOX B Stakeholders of high importance to the project, who can also influence its success. It is important to develop good working relationships with these stakeholders to ensure adequate support for the project.

BOX C Stakeholders with high influence who can affect the project impact, but whose interests are not the target of the project. These stakeholders may be a source of risk. Relationships with these stakeholders are important and will need careful monitoring. These stakeholders may be able to cause problems for the project and it may be too risky to go ahead with the project at all.

BOX D Stakeholders of low priority but who may need limited monitoring and evaluation to check that they have not become high priority.

EXAMPLE The community identified their priority need as improved access to safe water, and produced the following table.

PRIMARY STAKEHOLDERS
1   Local community
2   Women
3   Children

SECONDARY STAKEHOLDERS
4   Water sellers
5   Community health workers
6   Local church
7   Health NGOs
8   Ministry of Health
9   Donors

Exercise   Complete a table showing the influence and importance of stakeholders for the dam project.

STEP 3   **Identify appropriate stakeholder participation**

Participation is essential in development work, but in practice it is a concept that has been misused. Participation means different things to different people in different situations. In its widest sense, participation is the involvement of people in development projects. For example, someone can be said to participate by:

■   attending a meeting, even though they do not say anything

■   taking part in the decision-making process

- contributing materials, money or labour

- providing information

- answering questions for a survey.

Often, so-called participatory projects do not actively involve stakeholders (especially primary stakeholders) in decision-making and project implementation. This can lead to unsuccessful development projects. Stakeholder participation in decision-making throughout the whole project cycle (project planning, implementation, monitoring and evaluation) is likely to result in:

- **IMPROVED EFFECTIVENESS** Participation increases the sense of **ownership** of the project by beneficiaries, which increases the likelihood of project objectives being achieved.

- **ENHANCED RESPONSIVENESS** If people participate at the planning stage, the project is more likely to target effort and inputs at perceived needs.

- **IMPROVED EFFICIENCY** If local knowledge and skills are drawn on, the project is more likely to be good quality, stay within budget and finish on time. Mistakes can be avoided and disagreements minimised.

- **IMPROVED SUSTAINABILITY AND SUSTAINABLE IMPACT** More people are committed to carrying on the activity after outside support has stopped.

- **EMPOWERMENT AND INCREASED SELF-RELIANCE** Active participation helps to develop skills and confidence amongst beneficiaries.

- **IMPROVED TRANSPARENCY AND ACCOUNTABILITY**, because stakeholders are given information and decision-making power.

- **IMPROVED EQUITY** if the needs, interests and abilities of all stakeholders are taken into account.

Active participation is likely to have many benefits, although it is not a guarantee of project success. Achieving full participation is not easy. It can also take a lot of time, and conflicting interests are likely to come to the surface.
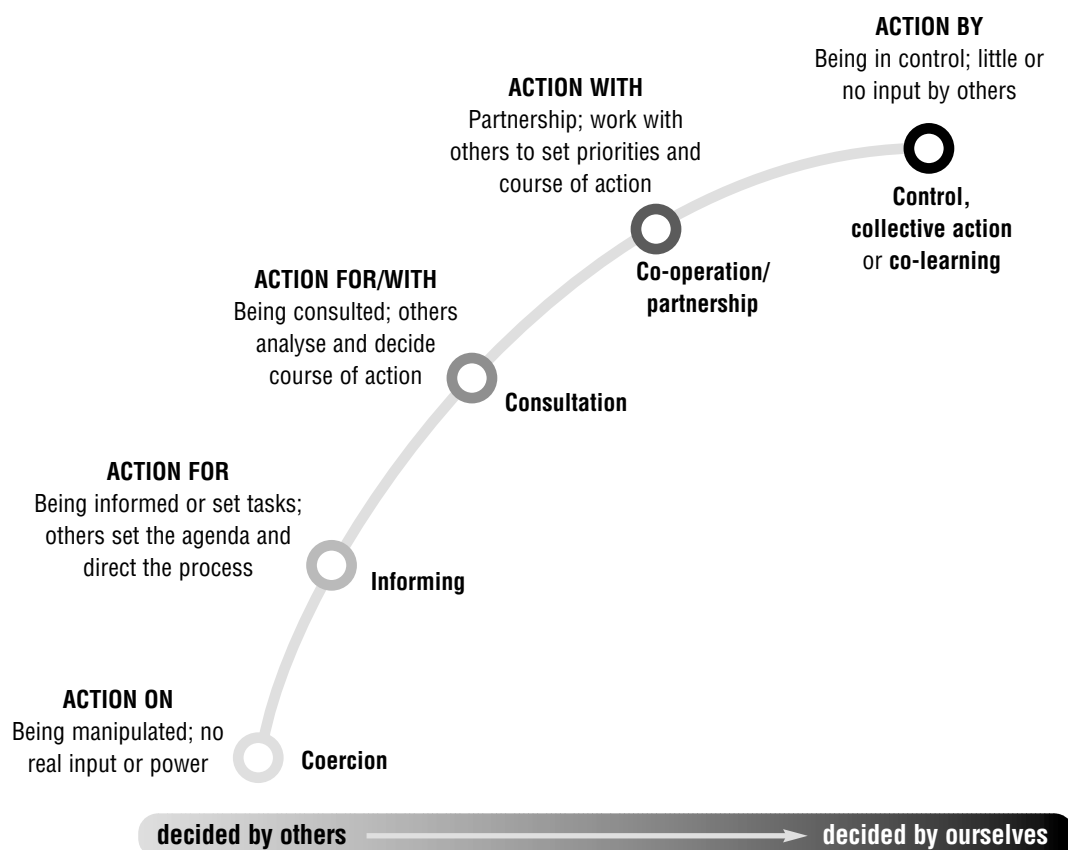
The diagram opposite outlines the different levels of participation. The lowest level may be better described as involvement rather than participation. The higher up the diagram, the greater the level of participation. Organisations need to decide what level of participation is best. Different levels of participation will be appropriate for different stakeholders at different stages of the project cycle.

Reflection

- In what circumstances might the highest level of participation not be appropriate?

- Some people would say that near the bottom of the levels there is community involvement but not participation. What is the difference between involvement and participation? When does involvement start to become participation?

- In what circumstances might the lower levels of participation be appropriate?

Levels of participation

ACTION BY
Being in control; little or no input by others

Control, collective action or **co-learning**

ACTION WITH
Partnership; work with others to set priorities and course of action

Co-operation/ partnership

ACTION FOR/WITH
Being consulted; others analyse and decide course of action

Consultation

ACTION FOR
Being informed or set tasks; others set the agenda and direct the process

Informing

ACTION ON
Being manipulated; no real input or power

Coercion

decided by others ⟶ **decided by ourselves**

Partnership is the type of participation in which two or more stakeholders share in decision-making and the management of the activity. Ideally this is partnership between project staff and the beneficiaries. However, achieving partnership with primary stakeholders can be challenging. A number of problems can arise:

■ Participation may be seen by primary stakeholders as too costly in time and money when compared with the benefits expected.

■ Primary stakeholders may lack appropriate information for effective decision-making.

■ Some primary stakeholder groups may challenge the right of other groups to participate. For example, women may be excluded from participating in a village water committee.

■ Organisations or churches may have a management structure or way of working that does not encourage primary stakeholder participation.

Reflection   ■ Is partnership easy? How might the challenges of partnership be overcome?

To identify what level of participation is appropriate for different stakeholders, draw a summary participation matrix similar to the one below. The columns represent the levels of participation on the diagram on the previous page. The rows represent the stages of the project cycle. Work through the list of stakeholders in the stakeholder matrix. Think about the extent to which they should participate for each stage of the project cycle. Consider the amount of interest or influence they have. There may be ways that we can involve them in the project which help to increase their interest or influence. Ensure that primary stakeholders participate as fully as possible to encourage ownership of the project.

Summary participation matrix

STAGE IN PROJECT	TYPE OF PARTICIPATION			
	Inform	Consult	Partnership	Control
Identification				
Design				
Implementation and Monitoring				
Reviewing				
Evaluation				

It is important to keep revising this table. During the project cycle we might find that stakeholders, who we thought should participate to a great extent, are actually not interested in participating. Or we might find that to be responsive to how the project is going, we want to encourage some stakeholders to participate more.

EXAMPLE The rural community identified their priority need as improved access to safe water, and filled in a matrix table with the following information.

STAGE IN PROJECT	TYPE OF PARTICIPATION			
	Inform	Consult	Partnership	Control
IDENTIFICATION		Health NGOs Donor	Cross section of community	
DESIGN	Donor	Community Women Children Water sellers Health workers	Health NGOs Ministry of Health Local church	Project staff
IMPLEMENTATION AND MONITORING	Donor		Women, children Water sellers Local church Health workers	Project staff
REVIEWING	Donor		Women, children Water sellers Local church Health workers	
EVALUATION	Donor		Ministry of Health Health NGOs Community	

Exercise

> Complete a summary participation matrix for the dam project.

When the table is completed, think about how participation of stakeholders might actually happen. For example, if we think a women's group should be consulted at the planning stage, consider how this might be carried out. We might decide to hold a special meeting, or to attend one of their meetings. It is important to consider our options so that we can ensure those who we think should participate in the project respond to our invitation.

The community should select members who will represent them in the project committee. Encourage them to ensure a good gender balance. These members might then require training and discussion of their expected roles and responsibilities in the project.

2.2 Research

All development work should be based on accurate, reliable and sufficient information. Good information is important in order to:

■ understand the context in which the project is taking place

■ understand the causes and effects of the issue that is being addressed

■ understand what others are doing in order to avoid duplication and to work together if appropriate

■ ensure that the response takes into account all factors and is the most appropriate and effective for the situation

■ understand how the context is changing so the response can address potential future needs or prevent problems from arising

■ justify the course of action to our organisation, beneficiaries, donors and others we are working with

■ learn from past successes and mistakes

■ provide good evidence for the response.

Research enables us to find out the facts about the need. This will help us to know how best to address it. Research involves talking to people or accessing written information.

Thorough research should look at social, technical, economic, environmental and political factors. This might help to identify new stakeholders and risks to the project. Consider:

■ the area's history

■ geography, climate, environment, eg: main features, map, communication, area, seasonal problems

■ population – numbers, age and sex profile

■ social systems and structures – religious divisions, status of women, social institutions