



## Tool Name: Stakeholder Analysis Matrices

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<b>What is it?</b>	Stakeholder Analysis is a systematic methodology that uses qualitative data to determine the interests and influence of different groups in relation to a reform	
<b>What can it be used for?</b>	While stakeholder analysis can be carried out for any type of reform, it is particularly amenable to structural and sectoral reforms. Basic stakeholder analysis should precede reform design and should be consistently deepened as reform elements are finalized.	
<b>What does it tell you?</b>	Once different types of stakeholder have been identified and listed, matrices and other illustrative devices can be developed that map: (i) the nature of their interest in policy reform (whether positive or negative); (ii) the extent to which stakeholder interests converge or overlap; (iii) their importance to the reform; (iii) their influence over the reform onto four quadrants. Stakeholder analysis is critical for informing an end-of-exercise assessment of the risks to policy reform.	
<b>Complementary tools</b>	Political mapping; Network Analysis; Think Tools. Qualitative stakeholder analysis can also be combined with mathematical models of stakeholder preferences, such as the Expected Utility Stakeholder Model, which uses scaled quantification of stakeholder preferences (Nunberg and Green, 2004).	
<b>Key elements</b>	Stakeholder Analysis is iterative and usually proceeds through the following sources of data to reach final conclusions: (i) background information on constraints to effective government policy making; (ii) key informant interviews and group workshops that identify specific stakeholders relevant to the sustainability of policy reform. When working with groups, Participants should be drawn from diverse groups of interest in order to limit bias; (iii) verification of assumptions about stakeholder influence and interest through survey work and quantitative analysis of secondary data.	
<b>Requirements</b>	<b>Data/ information</b>	Stakeholder interests are seldom explicitly spelled out in existing sources. The main sources of information are: (i) Key informant interviews and group workshops; and (ii) secondary political economy analysis in the academic and journalistic media.
	<b>Time</b>	If integrated with ongoing key informant interviews, stakeholder analysis can be conducted in a single week. In cases where there is no significant qualitative work planned, a thorough exercise would involve two to three weeks of research. However, analysis that is meant to predict the positions and influence of stakeholders in different reform scenarios is not a one-off piece of work and should emerge from the findings of other analytic work. Ensuring a complete and updated picture may require that specialists conduct the analysis over several months.
	<b>Skills</b>	Sociological or anthropological training is helpful, as is a background in political science. Local knowledge, including contacts with local experts is crucial. Those carrying out the analysis must also thoroughly understand the reform and the recent history in the sector.
	<b>Supporting software</b>	N/A
	<b>Financial cost</b>	When combined with other qualitative work, the incremental cost of stakeholder analysis can be as low as \$10,000. When no qualitative work is planned, costs can be up to \$25,000.
<b>Limitations</b>	Stakeholder analysis relies on qualitative data and perceptions and preferences. The absence of statistical representativeness places greater onus on careful selection and triangulation of data and key informants.	
<b>References and applications</b>	World Bank (2003b); DFID (2003); Brinkerhoff and Crosby (2002); Nunberg and Green (2004)	

### Stakeholder Analysis Matrices: Procedures and examples

#### Time, materials and skills needed

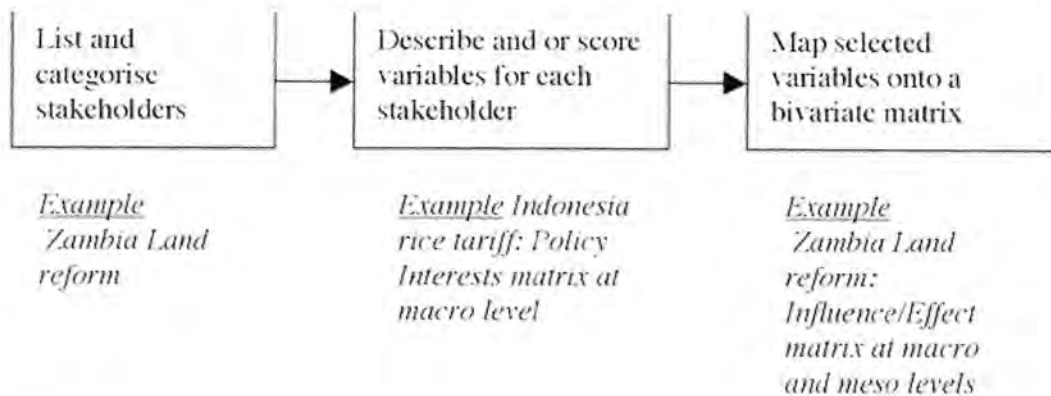
Interviews with key informants can take up to an hour. Stakeholder analysis conducted in a group workshop requires a half to one-day block of time. These methods can be triangulated to increase the robustness of the analysis. Working with both methods, the interviewer/facilitator can combine pre-prepared questions with flip chart-based matrix building. Interviews and workshops should be conducted by a skilled interviewer/facilitator with an in-depth knowledge of the country and reform context.

**Possible approach**

The following approach is a general example that can be adapted to suit the local context, views of local analysts and the research objectives. The emphasis of this approach is on group-based work as part of an ongoing process of reform dialogue. If concerns over sensitivity are an issue, or if there is a high likelihood that a group setting will introduce strategic bias into the analysis, then this procedure can be conducted independently with key informants on a one-to-one basis. Bias can be reduced through careful attention to group composition in each stakeholder workshop.

Participants are divided into working groups of 4-6 people and are informed of their role in the workshop and the purpose of the analysis, using examples of policy reform to illustrate the importance of Stakeholder Analysis. It is important that the aspects of the policy reform being discussed, both in terms of content and in any phrasing of introduction, are sufficiently specified so that the stakeholder analysis can be nuanced. To introduce and discuss, for example, electricity privatisation, is far less helpful than a more disaggregated discussion of specific policy options within this broad reform area. The following steps are summarised in Figure 1

**Figure 1. Stakeholder Analysis sequencing, with examples**



**Step 1: Listing and categorising stakeholders**

Once the small groups have been formed and the purpose of the exercise explained, groups can use flipcharts to compile an initial categorised list of stakeholders. This involves the small groups brainstorming, listing and categorising stakeholders in the policy reform before attempting to reach agreement on a single list.

These stakeholders can be listed on a Stakeholder Table, such as that shown below, on which participants comparatively score each stakeholder according to a selection of variables that might include:

- **Influence:** the power a stakeholder has to facilitate or impede policy reform design and implementation; and
- **Importance:** the priority given to satisfying the needs and interests of each stakeholder (DFID, 2003, 2.3)
- **Interest:** the perceived level of interest that each stakeholder has in the policy reform, along a continuum from commitment to status quo to openness to change
- **Impact:** the degree to which the policy reform will impact on each stakeholder
- **Power:** the level of coercive power that the stakeholder has to command compliance in the policy process
- **Resources:** the level of resources that stakeholders possess and are able to bring to bear in the policy process
- **Legitimacy:** the degree of legitimacy of each stakeholder’s interest, meaning the extent to which the stakeholder’s claims are seen as appropriate by other stakeholders
- **Urgency:** the urgency that should be attached to the competing claims of each stakeholder.

Stakeholder categories	Relevant stakeholders	Characteristics (social, geographical, organisational)	Influence Power to facilitate or impede reform	Importance Degree of priority needs and interests	Interest From commitment to status quo to openness to change
Government Policymakers					
Implementing Agency staff					
Intended beneficiaries					
Adversely affected persons					
Organised interest groups					
Civil society organisations					
Donors					
Other external stakeholders					

Source: Adapted from World Bank (2003b) and DFID (2003)

**Step 2: Mapping stakeholders onto a matrix**

Once this categorised table has been developed, participants can map their relationship with the reform process onto various forms of bivariate stakeholder analysis matrix drawn from the listed and scored variables.

Using an Importance/Influence matrix, for example, the group or key informant can identify those stakeholders in Boxes A and B as the **key stakeholders** in the process:

- **Box A** shows stakeholders of high importance to the activity but with low influence: they require particular attention in the policy design and implementation to ensure that their participation is ensured and interests protected.
- **Box B** shows stakeholders of high importance to the policy intervention who can also significantly influence its impact. Where possible, policy makers should develop good working relationships with these stakeholders to reduce risk for the reform.
- **Box C** shows stakeholders who are of low priority and low influence. Although they may need some limited involvement and monitoring, they are unlikely to be the focus of the policy reform process.
- **Box D** shows stakeholders with high influence, who can affect the outcome of the policy reform process, but whose interests are not the target of the intervention. These stakeholders may be able to block, undermine or skew policy design or implementation and therefore could constitute a 'killer risk'.

Importance/ Influence Matrix	
High importance/ Low influence	High importance/ High influence
<b>A</b>	<b>B</b>
<b>C</b>	<b>D</b>
Low importance/ Low influence	Low importance/ High influence

Source: DFID, 2003. *Tools for Development: A Handbook for those engaged in development activity*, 2.4

### Case study 1: Stakeholder Analysis in the Zambia land reform PSIA

In the Zambia PSIA, stakeholder interviews formed the basis for a dynamic mapping of stakeholders on influence/ impact continuum. This mapping supplemented the PSIA's Institutional Analysis in providing a clear overview of the actors involved in the land reform as well as their positions and power.

The key stakeholders were identified and categorized in four major groups: government and state agencies, private sector, donors and civil society (see table below). To be able to situate stakeholders on a two dimensional graph, the analysis needed to gain insights into both their characteristics and also how the reform would affect them, since this shapes their support/resistance and participation in the reform. Thus, the study first uncovered the impacts, risks, influences and perceptions of each individual group of stakeholder and then it mapped the stakeholders' relationship to the reform. Information on the potential impacts and risks was based on the qualitative and quantitative work, as well as several interviews, focus groups and meetings (details on methods see box xx). Based on those tools, it was possible to map the stakeholders' relationships with the reform in a dynamic way using the influence/effect dimensions as an organizing principle.

#### Key stakeholders

Government and State agencies	Private Sector	Civil Society
1 The President	1 Commercial farmers	26 The Chiefs
2 Ministry of Land	2 Small-scale farmers	27 Landless
3 Lands Tribunal	3 Surveyors	28 Herders
4 The Judiciary	4 Lawyers	29 FHHs, CHNs
5 Office of the Vice-President	5 Foreign Investors	30 Minority Ethnic Groups
6 Ministry of Legal Affairs	6 Commercial Banks	31 Zambia National Farmers Union (ZNFU)
7 Ministry of Local Government and Housing		32 Local NGOs
8 The City, Municipal and District Councils	<b>Donors</b>	33 International NGOs
9 Ministry of Agriculture and Cooperatives	USAID	34 Media
10 Ministry of Works and Supply	WB/IMF	
11 Ministry of Commerce, Trade and Industry	DFID, GTZ, EU	
12 Ministry of Tourism, Environment and Natural Resources		
13 Ministry of Finance		
14 Parliament		
15 The Police Force/ Ministry of the Interior		

Two figures were devised based on this information: figure one situates stakeholders by their interest and influence over *decision-making* while figure two shows their interest and influence over *implementation*. The difference between the two figures is marked. Some stakeholders have significant influence over decision-making but not over implementation as is the case with the parliament (no.14). Others, as the surveyors identified, are key implementers of any reform, even something as simple as updating the land registry. In this case, the limited size of the surveyor group provided indicative of the need for preemptive capacity-building to prevent "blockage" or delays of the reforms. The stakeholders were mapped based on their relative distance to each other as well as the absolute distance to the grids. Some stakeholders identified their positions themselves and their statements were "triangulated" with existing data.

The analysis uncovered that the stakeholders who are supposed to be the beneficiaries (e.g. women, poor rural households, etc) do not necessarily see themselves as such. In so far as perception is key in the implementation process this uncovers a social risk to the reform. Another social risk is the significant potential for conflict that is revealed through the mapping exercise. The stakeholders are rather

dispersed in all dimensions in both figures, which send a strong signal of the potential for conflict. Conflict, even if based on incorrect perceptions, is dangerous and damaging without strong institutions to channel the conflict through a participatory political process.

Fig XX. The Land Reform as Suggested by the Government

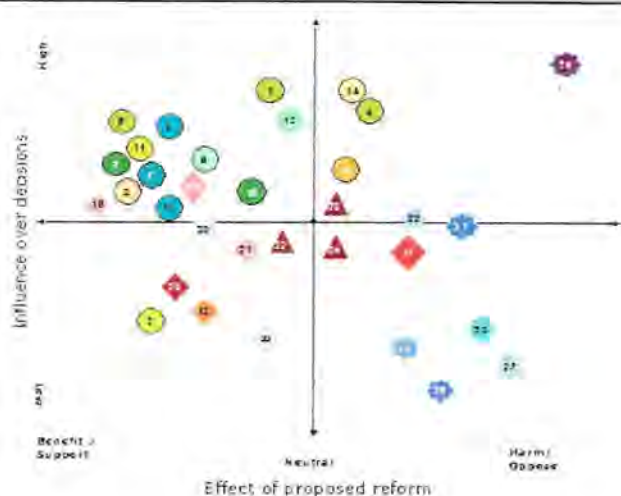
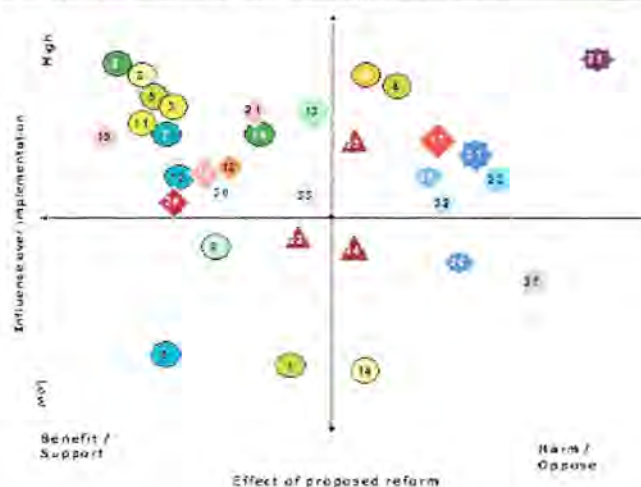


Fig XX. The Land Reform as Suggested by the Government



## Case study 2: Stakeholder Analysis in the Indonesia Rice Tariff PSIA

This PSIA conducted prior analysis of the poverty impacts of an increase in rice tariffs in Indonesia. The context for the policy reform was broadly characterised by two opposing arguments:

- Supporters of a high rice tariff policy argued that higher prices were associated with higher incomes for farmers and rural workers
- Supporters of rice tariff abolition argued that poor people are net rice consumers, who will suffer due to high rice prices

In the Indonesia PSIA, CGE modelling provided the economic evidence for policy making. To assess the poverty effects of the proposed policy, the model focused on short run and medium run effects of the proposed tariff increase across the economy using ten categories of consumers and producers of rice.

However in the highly political environment in Indonesia at the time with its fragile democracy, evidence was often not the primary factor in government decision-making. In addition to the economic evidence, a matrix of key stakeholders was created in order to identify their policy positions, why that position was held, sets of interests those positions represented and the degree of influence over the decisions (see Table 1). This helped to identify natural coalitions with similar perspectives, the most powerful and influential interest groups, and create a more transparent and clearer policy environment at time when everyone seemed to have something to say which often appeared to be contradictory.

This was done through content analysis of published policy statements- official documents, newspapers, secondary data studies and other data sources; through key informant interviews and through focus groups discussion. This information gathered was triangulated and "cross checked" during focus group discussions, using flip charts and draft matrixes.

The key players identified along the vertical axis in this case were government departments, influential government officials, external donors such as USAID and the World Bank, academics, influential policy advocates, citizen's groups and NGOs. The horizontal axis first

categorized the policy position of each key player by the explicit and implicit objectives of the position, followed by the rationale of the position held. The next two boxes on the matrix identified the benefits and constraints of the position held in the short, medium and longer terms. How the policy position would be implemented was then followed by what sets of interest or beliefs the position represented, and finally, the degree of influence of the policy actor.

The matrix was able to show how the pro tariff and anti tariff positions were not as polarized as many believed by explaining the rationale behind the positions. This helped to identify room for manoeuvre. The informal policy objectives, sets of beliefs and the official rationale for the position helped to provide insight into why agencies, institutions and individuals held certain positions, and what their vested interests were. Unexpectedly many NGO positions were shown to be very similar to positions held by large landowners who would benefit from a protectionist environment of high tariffs and higher costs for imported rice, making rice in fact more expensive. And finally, the transparency that resulted from the matrix meant that institutions and individuals could be held accountable for their positions.

Table 1. Key Actors Policy Interest Matrix, Indonesia rice tariff PSIA

Key players	Policy Objective		Argument rationale	Benefits			Constraints		Transmission channel	Interests	Degree of influence
	Explicit	In formal		(Short-term)	(Medium-term)	(Long-term)	(Short-term)	(Medium-term)			
BULOG	high tariff, regulate imports	source of finance	protect local farmers from import dumping	stable rice mkt, domestic production	Increase rice produce increase farmers (profitability)	self sufficiency control of rice economy	Don't have control of policy smuggling	Tariff less binding Creation of black market	high price- higher wages for labour, benefit to farmers	Source of income	high linked to ruling party fund raising
Dept Agric.	High tariff Encourage domestic prod of rice Self sufficiency	Its their job perform based on Agri prod	Higher returns to rice farmers	Maintain high income of farmers	More rice availability		None stated. Unsure if would encourage high wages			Political High tariff local rice prod	High (less than Bulog)
Min of Planning	No tariff to maintain low rice prices	None	Java should diversify out of rice	low price benefit to poor	stable economy food available	Efficient resource allocation removes distortion Farmers will plant high yield crop	Sustainability of diversity		Low price for rice	Pro free market, allied with infl community WB	High but declining Influence is waning
Ministry Finance & Ministry Economy	Low prices for rice	No	No rice tariff will help poor people	Increase purchase power	Flexibility to plant high price crops, less dependent on govt	Better resource allocation	Farmers will suffer in short term Employment probs	Shortage of rice, no self sufficiency	Prices and wages	Stabilized lower price of basic needs	(econ high, fin high but less so) lower than BULOG

Key players	Policy Objective		Argument rationale	Benefits			Constraints		Transmission channel	Interests	Degree of influence
	Explicit	Informal		(Short-term)	(Medium-term)	(Long-term)	(Short-term)	(Medium-term)			
Min Trade/ Industry	No tariff more open trade	Lower direct/ indirect costs to indust less politics	efficient resource allocation	low price ease pressure on wage demands	Macro econ benefit		No power to enforce		Low price for rice	industry/ prices, clean govt	medium (less than agri) declining
Min Peoples Welfare	Contradictory - high and low tariff	None	low food price for poor	low price benefit poor						less burden on them!	high (more than Min of Planning) some say no influence on tariff setting
Activist consultants	High tariff	None	protect agri prod increase productivity before indust rise	higher rural wage lowers poverty		high productivity in agri sector			price rise increase wages	maybe political ambition?	No (has no allies)
Economist academics	Low tariff	Econ principles	high price bad for poor net cons	Low price helps poor	Increased consumption					Academic based on theory and data	medium (some access to minister and media)
USAID/ WB/IMF/ ADB	No tariff	Trade liberalisation	increase welfare of world high price leads to black market	Cheap price Helps poor	Stabilize price	Market efficiency Better resource allocation	not policy makers		Like Min of Planning	free trade	high (can block) usually informal
FKTI producers NGO	High tariff	Business interest	Higher prices protects farmers	Benefit farmers		Higher productivity	not part of government		see Bulog		low but vocal
Governor of East Jawa	Ban Imports	Populist Rent seeking	Protect farmer interests	Greater sales of domestic rice	Higher incomes for farmers	Expansion of rice production	Unenforceable		Blockages at ports, customs	Election 2004	Access to media and politicians

Top 4 actors for policymaking

1. Ministry of Economy- low tariff
2. Bulog - high tariff
3. Ministry of Agriculture - high tariff
4. Bappenas- no tariff